

Online Marketing Strategy of Cibaduyt Footwear Industry in Bandung: An Effort to Face Global Hyper Competition

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ABSTRACT

There's a lot of footwear industry in Cibaduyut which not only have stores and workshops in Cibaduyut area but also sell their products through websites and catalogue. Stores and workshops still have reseller customer that doesn't have direct access to the internet. Resellers usually have a catalogue to make it easier for buyers to choose and buy products. Websites also help. Consumers don't have to come to Cibaduyut Bandung in person, they can visit the store's website and then place an order through the internet and paid via online banking or made a payment through the bank.

This research is using combine methods of qualitative and quantitative. This research is using survey method and content and descriptive analysis. Survey was conducted to online stores which sell Cibaduyut's products.

The results show that shops, workshops, catalogues and websites are part of Cibaduyut's marketing strategy to enhance sales and to face global competition. All Cibaduyut's products are made from leather, in fact it has become its unique characteristic. Artisans are using used leather to produce low cost competitive product. The target market for the product is coming from middle to low social class. This marketing strategy implemented by the Cibaduyut's businessman has been successfully made them survive in the era of global competition.

Key words : Cibaduyut's shoes, hyper competition, online store, marketing strategy

1.1 Introduction

ASEAN's competitive conditions in the footwear industry is becoming more stringent with the imposition of ASEAN - China Free Trade Agreement (ACFTA) in early 2010. This agreement opens opportunities to bring in more profit for the nation's economy. But on the other side the ACFTA provides a threat from imported products to local industries, especially Cibaduyut shoe industry. According to statistics data (Media Industry, No. 1 Year 2011, p. 3) the amount of imported goods circulating in Indonesia increased significantly from year 2000 to 2009. In addition, in 2010, approximately 75% of products circulating in Indonesia are

imported mostly from China. This proves that hypercompetition is happening in the shoe market. Hypercompetition in the shoe industry is increasing both in Indonesia and ASEAN due to the development of internet technology. In addition, the emergence of China's product is very influential on Cibaduyut shoe industry's market share because they both have the same target market, which are the people from the middle and low socioeconomic class. The second cause for the decreasing market share is the excess number of shoe production that does not match with the purchasing power of the consumers.

To address these hypercompetition, industry players perform a variety of ways to attract consumers, lower the prices and give away bonuses. Strategies that will ultimately make the company lose profits and even cause a lot of them went bankrupt (Kotler, 2003:2). Philip Kotler claimed that marketing is one way to be able to win the competition (Kotler, 2003:2). Cibaduyut shoe industry then implemented online marketing strategies to create competitive advantage. This paper presents the results of research on online marketing strategies that have been conducted by the owner of Cibaduyut shoe industry in Bandung West Java.

1.2 Research Methodology

This research combines qualitative and quantitative type of research. The focus on quantitative and qualitative analysis has a different perspective, so does the report generated. The quantitative analysis will produce a report in the form of coding sheet and table categories, while the qualitative analysis will generate reports in a narrative-analytical form. Type of data used are quantitative data to browse for content and quantitative data (messages and its meanings), which is literature study method and interviews. The purpose of this interview (Maulana, 2009: 92) is to confirm the findings obtained, which if not asked further could lead to erroneous conclusions. Qualitative data are expected to give a holistic understanding of online marketing strategies undertaken by entrepreneurs in Cibaduyut shoes.

Study about online media content is mostly done by the method of content analysis. The characteristics of content analysis are systematic, objective and quantitative which brings consequences on the use of quantitative methodology of deductive-nomotetic. The main weakness of the quantitative content analysis, referring to Krippendorff, is that it emphasize too much on the message that appears (manifest content), but give less attention to context (does not discuss the latent content) and ignore the symbolic meaning of the message so that we can't found the true message of the text. On this basis, Krippendorff defines content as a research technique for making inferences that can be replicated and valid with respect to its context. The processing of data is done by considering six aspects: price, product type, catalog, banks, delivery service and social media used.

1.3 Literature Review

Marketing strategies are segmentation, targeting, differentiation and positioning (El-Ansary, 2006:267). A company must decide at the beginning, who would he serve, divide the market (market segmentation) and do the marketing mix. Marketing mix (Brooksbank, 1994:10) should be tailored so that target customers regard it as being superior to those offered by competitors - by reflecting the firm's choice of competitive advantage. Product

includes the features, design, brands and packaging of goods or services offered, along with post-purchase benefits such as warranty and return policy. Price refers to the list price, including discounts, allowances and payment methods. Place (Shiffman & Kanuk, 2010:28) refers to the distribution of products or services through specific stores and outlets. Promotion or integrated marketing communication (Grönroos, 2007:305) is a strategy that integrates traditional marketing media, direct marketing, public relations and other marketing communications media, and also the communication aspect of the delivery and consumption of goods and services

Hypercompetition requires sustainable competitive advantage from a shoe that manufactured. Porter's competitive advantage can be obtained from (Siagian 2004:20):

1. Differentiation, which is trying to create or make unique and different product, or at least better than existing products.
2. Cost advantage, which is trying to minimize costs without reducing the value or the quality of the product. This can be done with the process innovation, designing the right products, and reducing manufacturing costs.
3. Quick response, characterized by the nature of flexible, reliable, responsive to the changes.

Meanwhile, according to Hoffman (2000:1) sustainable competitive advantage is a continuous advantage from the strategy implementation of creating a unique value which can't be duplicated and implemented by its competitors at the same time. Barney in Hoffman (2000:1) states that only a few company can create sustainable competitive advantage. Only companies that have these four things, namely the uniqueness (rareness), the value, the inability to be imitated, and inability to be substituted will be able to achieve a sustainable competitive advantage.

1.4 Research and Analysis

The data obtained shows that the website created by Cibaduyut shoes entrepreneurs, offering the opportunity to become agents of Cibaduyut's products, so that the distribution channels is lengthy. This way, the distribution channels could reach up to third level from the producers (entrepreneurs or Cibaduyut shoes craftsmen) to the manager of the website and then to the agent before reaching the final consumer. Following are the analysis results from 6 online stores, according to different categories such as price, catalogs, product type, banks, service delivery and social media marketing strategies that are used by Cibaduyut shoe industry:

1.4.1 Cibaduyut's Online Shoe Stores

From the results of the study, researchers discover six online stores created by Cibaduyut shoes entrepreneurs to encounter global competition. These online stores also presented the product and the price by offline in the Cibaduyut shoe industry. The following table are Cibaduyut's online shoe stores:

No	Online Store	Price*	Catalogue	Product Variety	Bank	Delivery Service	Social Media
1.	www.tokocibaduyut.com	160.000 – 240.000	Own catalogue	Shoes (Man, woman,	BCA, Mandiri, Bank	TIKI, JNE, Pahala	Facebook

				formal, sports, boots)	Syariah Bukopin		
2.	www.boss-sepatu.com	84.000 – 234.000	Own catalogue	Shoes (Man, woman, children)	Permata Bank, BNI	JNE TIKI Pandu Siwi Sentosa Pos Indonesia	Facebook Twitter
3.	www.grosirsepatucibaduyut.blogspot or www.cibaduyutshoes.net	Not mentioned in the online catalogue	Java Seven, Mitaco, Garucci, Basama Soga, Golfer, Picanto, Sasco, Glazer, Rigardo, G Shop & Garsy, Trekking, Catenzo, Gareu Fashion, Restu	Shoes (Man, woman, children)	BCA, BNI, Bank Mega, BRI, Mandiri, Permata Bank, Bank Muamalat	Pos Express, Pos Indonesia, JNE, TIKI	Facebook, Twitter, Flickr
4.	www.sepatucibaduyut.wordpress or www.cibaduyut.tokorumpi.com	120.000 – 432.000	Basamasoga, Catenzo, Garsel, Garucci, Hazzel's, koyoko, Mitaco, Primadona, Ratio Pradelin, Sasco, Baricco, CBR Six, G Shop & G' Arsy, Gareu, Glazer, Golfer, Hurricane	Shoes, sandals, bags, purses, jackets, clothing.	Shar (Muamalat), BCA, Mandiri	Pos Indonesia, TIKI, JNE, Pahala, PT. Pandu Siwi Sentosa, ESL, Lega, Wahana	Facebook

			, Javaseven , Picanto, Repalts, Restu, Trekking, Varanty				
5.	www.sepatucibaduyut.web.id	Men's shoes: 176.000 – 296.000 Children's shoes: 66.000 – 87.000 Women's shoes : 119.000 – 216.000	CBR Six, Garsel, Garucci, Glazer, Golfer, Java Seven, Trekking	Shoes, sandals, bags, backpack, tshirts, veil	BCA, Mandiri, BRI	TIKI JNE	Facebook
6.	www.maurizashop.com	65.000 – 348.000	Garucci, Garsel, Gshop, Java Seven, Mitaco, Basama Soga, B-One, CBR Six, Deparis, Gareu, Grutty, Hazel, Hurricane , Katzenzo, Primadona, Qirani, Raindoz, Restu	Jacket, t-shirts, trousers, shoes, bags, sandals	BCA, Mandiri, BRI	TIKI, JNE, Pos Indonesia, Hira Express	None

*all prices are in Indonesian Rupiah

The above table shows us that all websites or online stores that markets Cibaduyut products are websites run by the second party (not the producer or the entrepreneur who owns a shop in Cibaduyut). So that each site offers not only the product of a particular manufacturer, but offers many brand from other manufacturers as well.

Segmentation done by Cibaduyut shoe industry's entrepreneurs is based on demographic criteria, by grouping the market based on the gender, age and social class. Most Cibaduyut shoe industry's entrepreneur currently has a domestic target market, men and women, who came from the lower middle class and love domestic products. Nevertheless there are a small number of entrepreneurs who choose to serve niches and producing high quality specialty shoes such as boots which only marketed in Bali and abroad.

In addition to having store(s) in Cibaduyut area, many Cibaduyut shoes' entrepreneurs also have outlet(s) in other trade areas such as King's Shopping Center, Pasar Baru Trade Center and ITC Kebon Kalapa. There's also many entrepreneurs who sell products in large department stores such as Yogya Department Store and Matahari Department Store.

1.4.2. Product Category

Products offered is also varies from shoes, sandals, jackets, shirts, pants, bags, purses, jackets, clothing, backpacks, t-shirts and veil. The following is product categories table:

No.	Online Store	Product Category	Notes
1.	www.tokocibaduyut.com	Shoes and sandals (men and women)	All products (made in Cibaduyut) are presented on the website.
2.	www.boss-sepatu.com	Shoes and sandals (men, women and children)	All products (made in Cibaduyut) are presented on the website.
3.	www.grosirsepatucibaduyut.blogspot or www.cibaduyutshoes.net	Shoes (men, women and children)	Markets products from several Cibaduyut shoe producers
4.	www.sepatucibaduyut.wordpress or www.cibaduyut.tokorumpi.com	Shoes, sandals, bags, purses, jacket, clothing.	Markets products from several Cibaduyut shoe producers
5.	www.sepatucibaduyut.web.id	Shoes, sandals, bags, backpack, t-shirts, veil	Markets products from several Cibaduyut shoe producers
6.	www.maurizashop.com	Jacket, t-shirts, trousers, shoes, bags, sandals	Concentrating in marketed domestic products, not only from Cibaduyut.

Cibaduyut shoe industry always uses leather as raw materials in every product. Leather has become the habitude of Cibaduyut products. This leather is mostly produced by the craftsmen from Garut, West Java. In the use of raw materials, the craftsmen are not only using raw materials that are still intact (normally sold by the yard) but also take advantage of cheaper leather waste. This leather waste is the residual from the factory production, not from some old shoe leather later used in recycling. Today there are many shoe factories that sell leather waste to the shoe industry Cibaduyut. These leather waste are in good quality and cheap but are limited.

Models produced by the craftsmen are came from entrepreneur's demand or from the craftsmen themselves. To improve product quality and diversity of Cibaduyut shoe design, the government provides trainings conducted by the Technical Implementation Unit of the Office of Industry Development Center. The benefits of this training are many of the craftsmen in Cibaduyut now have knowledge about quality standards that must be possessed by a product and knowledge about the model development of world shoe.

Entrepreneurs in Cibaduyut is currently doing business development. In addition to selling shoes and sandals, they eventually sell other products such as bags, hand phone pouch, hats and jackets. Furthermore, to meet the demand of consumers who visit Cibaduyut, many entrepreneurs ultimately offer sports shoes, clothes, shirts, dolls and traditional foods of Bandung.

1.4.3. Price

The price offered is varied between Rp. 65,000 and Rp. 432 000. This price is aimed at different segments. The following is a table about price offered online:

No.	Online Store	Price Range*	Notes
1.	www.tokocibaduyut.com/	160.000 – 240.000	
2.	www.boss-sepatu.com/	84.000 – 234.000	
3.	www.grosirsepatucibaduyut.blogspot atau www.cibaduyutshoes.net	Not available on the website.	
4.	www.sepatucibaduyut.wordpress atau www.cibaduyut.tokorumpi.com	120.000 – 432.000	Could be considered as the most complete web, has the price list from all the catalogues available.
5.	www.sepatucibaduyut.web.id	Men shoes: 176.000 – 296.000 Children shoes: 66.000 – 87.000 Women shoes: 119.000 – 216.000	
6.	www.maurizashop.com	65.000 – 348.000	Price range for all products that sold in this website.

*All Prices Are In Indonesian Rupiahs

The price offered is on the same range. Most online stores offer discounts of up to 30% for consumers who are interested to be an agent or reseller. This policy was publicly disclosed in the web, because these online shops are targeted at agents who will sell the products to end consumers (reseller).

In determining the selling price, the Cibaduyut shoe industry is using cost-based pricing method. The entrepreneur is also implementing a strategy to give different prices to different consumers. For example, intermediaries consumers (distributor or agent) could get 20-30% discount from list price while end-consumers are given the normal price. The price

range for women sandal is between Rp. 10 000 and Rp. 70,000 per pair. While women's shoes is range from Rp.15 000 and Rp. 150,000 per pair. Men's shoes are range from Rp. 25 000 and Rp. 185 000 per pair. While men sandals is range from Rp.10 000 and Rp.100,000 per pair.

1.4.4. Bank

Payment can be made through a bank transfer from BCA, Mandiri, Bank Syariah Bukopin, BNI, Permata Bank, Bank Mega, BRI and Bank Muamalat. The following are list of banks used by Cibaduyut shoes entrepreneurs:

No.	Online Store	Bank
1.	www.tokocibaduyut.com/	BCA, Mandiri, Bank Syariah Bukopin
2.	www.boss-sepatu.com/	Permata Bank, BNI
3.	www.grosirsepatucibaduyut.blogspot atau www.cibaduyutshoes.net	BCA, BNI, Bank Mega, BRI, Mandiri, Permata Bank, Bank Muamalat
4.	www.sepatucibaduyut.wordpress atau www.cibaduyut.tokorumpi.com	Muamalat, BCA, Mandiri
5.	www.sepatucibaduyut.web.id	BCA, Mandiri, BRI
6.	www.maurizashop.com	BCA, Mandiri, BRI

The majority of online stores are cooperating with BCA and Mandiri Bank to facilitate payment of the consumer. Both was selected because they has the largest number of customers in Indonesia.

1.4.5. Delivery Services

Delivery services used by Cibaduyut shoes entrepreneur to send products ordered via online, among others are TIKI, JNE, Pahala, Pandu Siwi Sentosa, Pos Indonesia, Pos Express and Express Hira. The following is the list of delivery services used:

No.	Online Store	Delivery Service Used
1.	www.tokocibaduyut.com/	TIKI, JNE, Pahala
2.	www.boss-sepatu.com/	JNE TIKI Pandu Siwi Sentosa Pos Indonesia
3.	www.grosirsepatucibaduyut.blogspot atau www.cibaduyutshoes.net	Pos Express, Pos Indonesia, JNE, TIKI
4.	www.sepatucibaduyut.wordpress atau www.cibaduyut.tokorumpi.com	Pos Indonesia, TIKI, JNE, Pahala, PT. Pandu Siwi Sentosa, ESL, Lega, Wahana
5.	www.sepatucibaduyut.web.id	TIKI JNE
6.	www.maurizashop.com	TIKI, JNE, Pos Indonesia, Hira Express

Most online stores decided to use TIKI and JNE as a provider of freight forwarding services for both companies have good quality of service and good company image. Consumers can choose a delivery service which will be used to deliver their order because

many online stores also provide the tariffs of delivery services. Here's one screen view of one online store website:



Image 1. tokocibaduyut.com Website

For an online store, the selection of delivery services is very crucial. Delivery service can be said as what eventually became a moment of truth in the process of online marketing transactions. If the online store has been providing good service, but the product desired by consumers is missing due to the failure of delivery by the courier, the transaction is fail.

1.4.6. Social media

The use of social media such as facebook, twitter and flickr as part of Cibaduyut marketing strategy is very appealing to the adult and teenage consumers. The following is the list of social media used:

No.	Online Store	Sosial Media
1.	www.tokocibaduyut.com/	Facebook
2.	www.boss-sepatu.com/	Facebook Twitter
3.	www.grosirsepatucibaduyut.blogspot atau www.cibaduyutshoes.net	Facebook, Twitter, Flickr
4.	www.sepatucibaduyut.wordpress atau www.cibaduyut.tokorumpi.com	Facebook
5.	www.sepatucibaduyut.web.id	Facebook
6.	www.maurizashop.com	None

The majority of online stores also have a fan page on Facebook to better disseminate information about their online store. Facebook is the most widely used by online stores

because the majority of Indonesia's population now has Facebook. The number of other social media user such as Twitter or Flickr is still below Facebook.

1.4.7. Catalogue

Yearly published catalogue has become a medium for resellers and consumers to select the desired product. They can download a catalogue through the desired store's website. Yet not all Cibaduyut online shoe store website provide catalogues. But there are some catalogues which will be sent free of charge directly after the agents (resellers) conducted their first transaction. The following table is a list of catalogue categories:

No.	Online Store	Catalogue Category	Notes
1.	www.tokocibaduyut.com/	Own catalogue	All catalogues could be downloaded for free from the website.
2.	www.boss-sepatu.com/	Only provide list of products on the website.	No catalogue, consumer chose directly from the list of product on the website.
3.	www.grosirsepatucibaduyut.blogspot atau www.cibaduyutshoes.net	Java Seven, Mitaco, Garucci, Basama Soga, Golfer, Picanto, Sasco, Glazer, Rigardo, G Shop & Garsy, Trekking, Catenzo, Gareu Fashion, Restu	Catalogue will be sent free of charge after the agent conducted his first transaction.
4.	www.sepatucibaduyut.wordpress atau www.cibaduyut.tokorumpi.com	Basamasoga, Catenzo, Garsel, Garucci, Hazzel's, koyoko, Mitaco, Primadona, Ratio Pradelin, Sasco, Baricco, , CBR Six, G Shop & G' Arsy, Gareu, Glazer, Golfer, Hurricane, Javaseven, Picanto, Repalts, Restu, Trekking, Varanty	All catalogues could be downloaded for free from the website.
5.	www.sepatucibaduyut.web.id	CBR Six, Garsel, Garucci, Glazer,	All catalogues could be downloaded for free from

		Golfer, Java Seven, Trekking	the website.
6.	www.maurizashop.com	Garucci, Garsel, Gshop, Java Seven, Mitaco, Basama Soga, B- One, CBR Six, Deparis, Gareu, Grutty, Hazel, Hurricane, Katenzo, Primadona, Qirani, Raindoz, Restu	All catalogues could be downloaded for free from the website.

Because these online stores have agents as their target market who need catalogue to market the products to end consumers, the majority of online stores provide catalog files of all the products they sell to be downloaded for free. The following is display of a catalogue provided on the website:

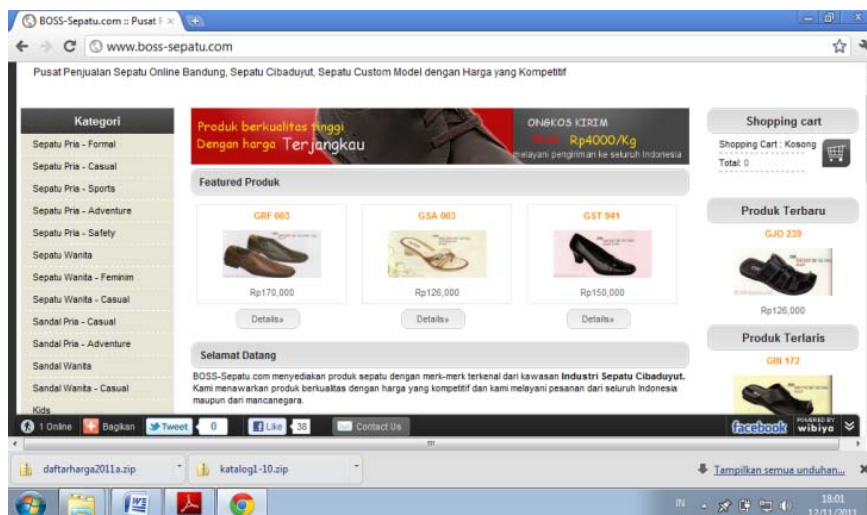


Image 2. <http://www.boss-sepatu.com/>

The agents and end customers who need a catalog could choose a catalog they favor and then they can easily download them from the website, free of charge. This ease of information is expected to make consumers purchasing decisions a lot easier. The making of this catalog has been started since 1988, but is more often used by Cibaduyut shoes entrepreneurs since 1998. In the end the use of this promotional media is widely used by Cibaduyut shoe industry entrepreneur because the catalogue is highly effective. Only interested consumers (prospective) ask for the catalogue. Usually the opportunity for a prospect to eventually buy something is very big, especially when coupled with the persuasive communication of distributors who act as opinion leaders. Catalogue could reduce promotional costs whilst has substantial impact on sales.

1.5 Conclusion

The use of the internet as a promotional media began to develop in line with the development of information technology. Many entrepreneurs in Cibaduyut began to communicate their products on the internet. This is done because the cost is relatively inexpensive but has a very broad impact. In a joint website of some entrepreneurs, they provide an online catalog that can be downloaded for free so that consumers can choose products with ease.

As an extension of the producers in delivering products to end consumers, the distributors or agents also contribute significantly as marketing communications media of the company. This marketing strategy must be continuously updated, adapted to the dynamic of shoe industry market conditions.

This study only analyzed the marketing strategies used by Cibaduyut shoe industry in developing competitive advantage. Future research should be conducted to examine whether such strategies have an impact on Cibaduyut shoe industry's competitive advantage as well as to formulate a more precise marketing strategies to be implemented and taking into account the factor of consumer satisfaction.

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