

Implementation of Green Marketing in SMEs as an Effort to Enter the International Market (Case Study of Creabrush Indonesia)

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Abstract

Green Marketing is a marketing activity that focuses on environmental sustainability. This research was conducted with consideration of the importance for every business actor to implement Green Marketing in their business activities, especially those oriented towards export. One example of a business that applies Green Marketing is the Creabrush MSME. The purpose of this study is to describe the implementation of Green Marketing in Creabrush MSME as an effort to enter the international market, explain the factors influencing the management of Creabrush MSME in implementing Green Marketing, determine the competitive advantages held by Creabrush MSME in applying Green Marketing, as well as the impact of that implementation. This research is descriptive in nature with a qualitative approach. The author conducted interviews with the owners and employees of Creabrush MSME to find out how Green Marketing is implemented in that MSME. The data analysis technique used is Miles and Huberman's data analysis technique. The results of the study indicate that the application of Green Marketing in Creabrush MSME is already environmentally friendly in terms of production, promotion, distribution, and pricing activities. Awareness of environmental responsibility, government regulations, competition in similar industries, and cost savings in waste management are factors that influence the implementation of Green Marketing in Creabrush MSME.

Keywords: Green Marketing, International Market, MSMEs Abstrak

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INTRODUCTION

The success of SMEs (Small and Medium Enterprises) in Indonesia is greatly influenced by human resources to transform environmental issues into competitive advantages in capturing market share, in line with the growing trend towards a green industry. Awareness of the importance of preserving the environment has encouraged producers to be more selective in using production materials that do not harm the environment. Companies have begun to adopt similar practices in their production processes, such as avoiding animal testing, implementing e-billing, managing and utilizing waste, recycling packaging, and more (Christine Widyaningtyas, 2018).

As a driver of the national economy, the SME sector plays an important and strategic role in the structure of Indonesia's economy. The substantial contribution of SMEs to GDP indicates that more than half of Indonesia's economic activities are supported by this sector. In addition to providing and absorbing employment, SMEs also serve as a safety net for low-income communities engaged in productive economic activities. This is because the SME sector directly meets the primary needs of society. As business units that interact directly with the public, SMEs also contribute to non-oil and gas exports in Indonesia. The total non-oil and gas exports from the SME sector reached IDR 186.0 trillion in 2015, and this figure continues to increase each year, reaching IDR 339.2 trillion in 2019.

Currently, Indonesia's development is not only focused on high economic growth but also on sustainable economic development. Sustainable economic development aims to meet needs and improve quality of life without sacrificing opportunities for future generations, including considering environmental sustainability. In measuring long-term economic development related to environmental aspects, the presentation of Gross Domestic Product figures should be expanded to account for the depletion of natural resources and environmental damage, thus providing a comprehensive picture for sustainable economic development (Zainal Fahmi Firdaus, 2021).

As two categories determining the limitations of growth on Earth, there is physical support for psychology and industrial activities, which include: food, raw materials, fuel, materials for energy generation, and ecological systems capable of absorbing waste and recycling essential basic chemicals (M. Gilang Alifandri, 2021). According to Lisboa and Simao, green marketing strategies can provide competitive advantages through proactive and long-term approaches (Lidia Simao and Ana Lisboa, 2017). Products made from natural materials certainly offer advantages by not polluting the environment, as they do

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not produce negative waste, thus contributing to environmental preservation that also impacts living beings. The implementation of green marketing is not only carried out by large companies; all business actors, including micro, small, and medium enterprises (SMEs), are expected to conduct their business by creating safe and environmentally friendly products. It is crucial for a company to maximize its growth potential by focusing on marketing activities and product sales.

LITERATURE DAN METHODOLOGY

Green Marketing

Green marketing is an innovation that emerges as a response to the increasing environmental damage caused by corporate production activities, where companies are expected to take responsibility for maintaining environmental sustainability (Ajizah and Suharyono, 2017). According to Dangelico and Vocalelli, green marketing is a marketing system that connects consumer needs with environmental concerns, allowing companies to consider long-term perspectives and achieve sustainable profits while helping to balance business objectives with environmental issues. The primary goal of green marketing is to maintain environmental sustainability; however, from a business perspective, it serves as a tool to achieve targets, both in enhancing profits and contributing to environmental preservation, encompassing activities such as product modification, changes in production processes, packaging, and advertising strategies.

In the context of green products, Kotler & Armstrong define a product as something offered to meet consumer needs, and according to Tseng and Hung in Dangelico and Vocalelli, green products have three indicators: Tangibility (product identification through aesthetics and labeling), Warranty (product safety from environmental impacts), and Reliability (product durability and quality). Green pricing attributes become an important factor in consumer perception, where many are willing to pay more for products with environmental value. Distribution channels that minimize environmental impact and facilitate product access also influence consumer choices, with a tendency to prefer distribution locations close to environmentally friendly products. Green promotion strategies are effective means for companies to demonstrate their concern for the environment through products, services, and ideas, and the government also uses green promotion to raise public awareness. Four factors that drive companies to implement green marketing strategies include Social Responsibility, which serves as a competitive advantage and reflects corporate culture; Government Pressure, which protects society

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from harmful products; Cost and Revenue, which allows for cost savings through environmentally friendly production processes; and Competitive Pressure, which encourages companies to follow competitors in adopting environmentally friendly strategies.

Micro, Small, and Medium Enterprises (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) are community-based businesses characterized by the number of employees, where small enterprises employ 5-9 people and medium enterprises employ 20-99 people. MSMEs are independent economic units owned by individuals or groups with specific assets, income, and labor. In Indonesia, MSMEs play a crucial role in creating jobs, providing income for the poor, distributing income, and alleviating poverty.

International Marketing

International marketing, according to Michael E. Czinkota, is the process of planning and managing cross-border transactions to create exchanges that are beneficial for the individuals and organizations involved, while Warren J. Keegan & Mark C. Green state that Global Marketing is the organization's commitment to pursue global market opportunities and face threats in the global market (Keegan and Green, 2017).

This research employs a qualitative method, which can be understood as data derived from verbal explanations and cannot be analyzed in numerical form. In the context of research, qualitative data encompasses descriptions of the objects being studied (Yayak Ardy Pranata Utama and Fidiana, 2016). This approach aims to provide a systematic and objective description of an event by collecting, evaluating, presenting, verifying, and validating evidence that supports the facts obtained to reach a conclusion. The data sought in this research is a narrative resulting from the interview process conducted by the researcher with research informants, namely the owner of Creabrush Indonesia.

In research, the appropriate procedures, methods, and data collection tools can help achieve valid problem-solving. Data collection in qualitative research is carried out through observation, interviews, and documentation techniques. Data analysis is a systematic process of collecting data to facilitate the researcher in drawing conclusions. According to Miles and Huberman, analysis consists of three activity steps: data reduction, data presentation, and conclusion drawing or verification.

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RESULT AND DISCUSSION

1. The Concept of Green Marketing Implemented in MSMEs Creabrush Indonesia

Products are a crucial component in a company's sales. In the context of Green Marketing, to produce quality products, the production process up to post-consumption must be carried out without causing negative impacts on consumers or the environment. According to Polonsky, Green Marketing is the utilization of limited resources while considering the needs of consumers and the company. Generally, the handicraft industry uses mixed materials, such as synthetic dyes, which make it easier to achieve the desired colors. However, the long-term use of synthetic dyes can have adverse effects on the environment, particularly through liquid waste generated, where the metal content in the waste can contaminate water quality. As an alternative, Creabrush uses natural materials such as coconut husk and eco-print techniques for color gradation. The products produced by Creabrush can be categorized as environmentally friendly products, as evidenced by their production process, which is entirely manual and carried out by workers. Tseng and Hung in Dangelico and Vocalelli explain that green products have three indicators to assess their performance: Tangibility, which includes product identification in terms of aesthetics and labeling. Creabrush's MSME uses the eco-brand "natural fiber handicraft" to differentiate its products from other handicrafts in Deli Serdang, indicating that its products are not produced with environmentally harmful materials, making it easy for potential consumers to recognize products with very low environmental impact.

Warranty, which indicates the safety of the product against environmental impacts, is evident in Creabrush's MSME products that use dyes from coconut husk, which are easily obtainable and do not contain synthetic materials. Additionally, Creabrush does not produce waste in its production process, as they process coconut husk waste as the main raw material, combined with coconut fiber and eco-print for color gradation. Reliability, which refers to the product's ability to function as intended, is assessed based on the durability and quality of the product. Creabrush's handicrafts use high-quality materials such as genuine leather for bag production, aiming to maintain the durability of natural colors combined with eco-print in the long term, while also providing uniqueness that is hard to find in various local and international regions.



Price also plays an important role in green marketing, as it reflects the selling value of the products produced by the company. In Green Marketing, the pricing of green products can reflect consumer awareness of paying more for the performance of these products. The price of green products arises from several factors, such as the quality of raw materials, production costs, and taxes. In Creabrush's MSME, prices are set based on production value, which is evident from the level of difficulty in making, size, and processing time. Currently, Creabrush's MSME has not differentiated premium pricing for domestic and local markets.

Another green marketing mix for Creabrush's handicraft products is Green Place distribution, which has indicators as described by Dangelico and Vocalelli, namely Cost and Time Savings, referring to efficiency in time and cost in distribution. Creabrush's MSME does not yet have its own gallery but places its products in galleries and markets them through the internet or social media.

Promotion in Green Marketing emphasizes the relationship between products and the environment, considering promotional activities that do not negatively impact the surrounding environment. Sarkar states that companies must build trust in consumers' minds by communicating specific and meaningful environmentally friendly products to satisfy consumers. Creabrush's MSME promotes through exhibitions, both domestically and internationally, by engaging directly with the public and potential consumers. This method allows Creabrush's MSME to interactively introduce its products and the raw materials used, as well as provide opportunities for consumers to give feedback. Additionally, Creabrush's MSME also conducts training for the community to process coconut husk waste into valuable products, with training conducted directly to observe the development of the resulting crafts.

2. Implementation of Green Marketing in Creabrush MSMEs in Efforts to Enter the International Market

The export value of Indonesian handicraft products continues to show positive growth. In 2021, the export of Indonesian handicrafts reached USD 743.50 million, an increase of 16.48 percent compared to the previous year (YoY), while in 2020, the export value was USD 638.33 million. This reflects the resilience and adaptability of Indonesian handicraft products, as well as the active role of the

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Indonesian Handicraft Exporters and Producers Association (ASEPHI) in promoting domestic handicraft products.

Creabrush MSME, which has developed handicraft production for six years using natural materials, showcases a variety of traditional Indonesian textiles dominated by natural colors. The international community's concern for environmentally friendly products positively impacts the company's marketing strategy, as these products are more easily accepted in international markets. Based on the results of interviews and observations by the researcher, there are several foreign consumers interested in purchasing traditional Indonesian textile products produced by Creabrush MSME.

However, in implementing marketing abroad, Creabrush MSME still faces various challenges and has not fully focused on international marketing. Nevertheless, this MSME has successfully entered several countries such as Malaysia, Italy, Germany, and China, and plans to concentrate its efforts more in the coming years. It is hoped that Creabrush MSME can bring these standards to Indonesia and attract public interest in handicraft products that showcase a variety of traditional Indonesian textiles with a dominance of natural colors.

3. Factors in the Implementtion of Green Marketing

Based on the results of the interviews conducted, there are several reasons why Creabrush MSME implements Green Marketing as its marketing strategy. According to Polonsky Micheal Jay, there are four factors that drive the implementation of Green Marketing strategies in a company: Social Responsibility, Government Pressure, Competitive Pressure, and Cost or Profit Issues. Creabrush MSME believes that by adopting green marketing, they can achieve dynamic marketing performance and provide benefits for all parties. Here are some green marketing factors that form the basis for Creabrush MSME in implementing its marketing strategy:

a. Social Responsbility

Creabrush MSME is aware of the importance of being responsible for the environment around its business location and strives to be an example for other MSMEs. They believe that achieving environmental goals by business actors can provide advantages and serve as an effective marketing strategy for their business.



b. Government Pressure

The government plays a role in protecting consumers and society, which impacts the implementation of green marketing. Various regulations and laws established aim to encourage business actors to carry out environmentally friendly marketing activities. Therefore, Creabrush MSME strives to produce handicrafts that do not generate waste.

c. Competitive Pressure

Competition in similar industries can influence a company's marketing strategy. In facing pressure from competitors, the company implements green marketing strategies as a way to maintain its competitiveness. Currently, Creabrush MSME has an advantage over competitors in the coconut husk handicraft industry, as it has successfully designed products with competitive quality and pricing.

d. Cost or Profit Issues

Cost savings can be achieved through more efficient production activities, namely production processes that can reduce waste. Creabrush MSME implements Green Marketing to address cost and profit issues. By using natural dyes in its production, they contribute to the reduction of hazardous waste for the environment. Additionally, the selection of easily accessible raw materials also helps them achieve cost savings.

4. Impact of Implementing Green Marketing on Creabrush MSME

According to Situmorang, companies that adopt Green Marketing will experience several positive impacts, including the ability to achieve competitive advantage, receive feedback from consumers, establish closeness with consumers, increase sales and profitability, and improve the company's image in the eyes of the public.

The results of interviews with the researcher indicate that Creabrush MSME has implemented Green Marketing, which has positively impacted the company in establishing good cooperation with various parties to build a positive image at both national and international levels through environmentally friendly products. Additionally, the health of the workers is assured as the materials used are environmentally friendly and do not negatively impact employees. This environmentally conscious approach also benefits the community. Companies that

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care about the environment contribute to the improvement of community welfare and quality of life while creating a positive image among the public.

CONCLUSION

Based on the discussion results regarding the Implementation of Green Marketing in MSMEs as a strategy to enter the international market, the following conclusions can be drawn:

1. The implementation of Green Marketing by Creabrush MSME refers to the concepts explained by Dangelico and Vocalelli, which include Green Product, Green Price, Green Promotion, and Green Place. In terms of Green Product, the products produced by Creabrush MSME meet indicators such as Tangibility, Warranty, and Reliability. They use natural materials that are easily found in everyday life. Although the prices of their handicraft products are relatively high, this reflects consumer involvement for the long term and supports environmental preservation by showcasing various traditional Indonesian textiles. Regarding Green Promotion, the company needs to provide clear information to potential consumers about the environmentally friendly products they offer.
2. Utilizing Green Marketing to enter the international market is a suitable step, as the international market is very interested in products that meet eco-friendly standards. Creabrush MSME has successfully entered several countries such as Malaysia, Italy, Germany, and China, although it has not yet been able to meet high demand due to limited labor and long production times. However, this MSME plans to focus more in the coming years, hoping to bring that standardization to Indonesia and attract public interest in handicraft products that feature a variety of traditional Indonesian textiles with a dominance of natural colors.
3. Several factors influencing the implementation of Green Marketing at Creabrush MSME, according to Tiwari et al., include: (a) Social Responsibility, where Creabrush MSME recognizes the importance of maintaining the surrounding environment and being an example for other MSMEs; (b) Government Pressure, where existing regulations influence the commitment to avoid producing hazardous waste in the production process; (c) Competitive Pressure, where competition in similar industries encourages Creabrush MSME to have distinctive features with superior quality and competitive pricing in the mid to high market; (d)



Cost or Profit Issues, where the implementation of Green Marketing helps reduce waste processing costs.

4. The impact of implementing Green Marketing is felt both internally and externally, such as the improvement of the economic quality of the community through job absorption, as well as health assurance for workers due to the use of environmentally friendly materials that do not negatively affect them. Additionally, this also contributes to the improvement of social quality in the areas where the business operates.

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