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Market Segmentation for Wetland Micro, Small and Medium Enterprises (MSME) Products in South Kalimantan

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Abstract

MSME products from wetlands in South Kalimantan include various commodities such as fish, shrimp, seaweed, and other processed products that have high economic value. The research aims to provide an in-depth understanding of the concepts of market recognition and market segmentation and provide recommendations and suggestions that can help MSMEs in developing their business. This research uses a qualitative research design to understand the experiences and perceptions of MSME entrepreneurs regarding market segmentation. Data was collected through in-depth interviews with 2 (two) MSME actors, questionnaire distribution to 30 MSMEs, and field observations. Data analysis was carried out using descriptive analysis. The market segmentation and effective marketing strategies can increase sales and customer satisfaction. The market analysis and selecting the right target market are also important steps in developing an effective marketing strategy. The wetland products present significant economic opportunities but also face challenges that require a balanced approach between development and conservation.

Keywords: MSME, Segmentation, recommendations, development.

INTRODUCTION

South Kalimantan is one of Indonesia's provinces with abundant natural resources, including wetlands spread across various regions. These wetlands function not only as an important ecosystem but also as a source of livelihood for local communities that develop various micro, small, and medium enterprises (MSMEs). MSME products from

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wetlands in South Kalimantan include various commodities such as fish, shrimp, seaweed, and other processed products with high economic value. According to data from the South Kalimantan Central Statistics Agency (BPS), in 2022 there will be more than 15,000 MSMEs in this sector, which will significantly contribute to the regional economy (BPS, 2022).

Market segmentation is an important marketing strategy that MSMEs should implement for wetland products in South Kalimantan. By segmenting the market, MSMEs can focus more on identifying and meeting specific consumer needs, thereby increasing competitiveness and market penetration. Market segmentation involves dividing the market into segments based on certain criteria such as demographics, geography, psychographics, and consumer behavior. In the context of South Kalimantan, market segmentation can help MSMEs better understand the characteristics of local and national consumers and develop more effective and efficient marketing strategies.

Banjarmasin Post General Daily's ***News Analysis rubric****, Tuesday, 25 June 2019 edition,* contains Professor Muhammad Hendry Imansyah's views regarding market segments. He said, "Businesses must know the target market segment because if they make a mistake in determining it, they will face failure" (lesp.ulm.ac.id, 2019). Therefore, wetland product MSMEs in South Kalimantan also need a comprehensive and sustainable approach to determining their market segments.

Several things, such as using digital technology to expand market reach, improving product quality through certification and standardization, balanced infrastructure development, increasing access to finance and resources, and increasing market access, are important in encouraging equitable urban-rural linkages on land. Wetlands of South Kalimantan (Susanty, Yeni, et al., 2023), and collaboration with various parties such as the government, research institutions, and local communities. Case studies from various regions show that MSMEs that successfully implement market segmentation and appropriate marketing strategies can increase their income and business sustainability. Case studies related to marketing research that add sustainable aspects by utilizing locally available materials and reducing the environmental impact of production and transportation in run bag crafts have also been carried out by Said, Laila Refiana, and Swandari, Fifi (2023). Therefore, MSMEs in South Kalimantan must continue developing their capacity and capabilities in facing increasingly competitive market challenges (Ministry of Cooperatives and SMEs, 2021).

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This paper formulates the problem of how MSMEs in South Kalimantan can effectively identify and utilize market segmentation to market their wetland products. It will also discuss marketing strategies that can be implemented for each identified market segment and how to measure the success of these marketing strategies. This paper aims to provide an in-depth understanding of market recognition and market segmentation concepts and how MSMEs in South Kalimantan can implement effective marketing strategies based on market segmentation. Apart from that, this paper also aims to provide recommendations and suggestions that can help MSMEs develop their business.This paper provides practical guidance for MSMEs in South Kalimantan on marketing their wetland products. Hopefully, this paper can contribute to developing literature regarding market segmentation marketing in Indonesia, especially in the context of MSMEs and wetland products.

LITERATURE REVIEW

In a market, sellers and buyers meet to conduct buying and selling transactions for goods or services. According to Kotler and Armstrong (2018), a market can be defined as a set of actual and potential buyers of a product or service. In this context, the market is not only limited to physical places but also includes online markets, which are growing rapidly with technological advances.

Markets can be categorized into various types based on certain criteria. Philip Kotler (2017) states that market types include consumer, business, government, and international markets. Each type of market has different characteristics and needs, so the marketing strategy must also be adjusted to the target market. For example, the consumer market focuses more on individual needs, while the business market emphasizes long-term relationships and added value.

Markets play an important role in business because they are places where companies can offer their products or services to consumers. According to Porter (1985), markets also function as a mechanism for determining prices and distribution of goods or services. In the context of MSMEs in South Kalimantan, a market is where they can sell their wetland products and get consumer feedback to improve product quality.

Micro, Small, and Medium Enterprises (MSMEs) are businesses that have an important role in the Indonesian economy. Based on Law Number 20 of 2008, MSMEs are defined as productive businesses owned by individuals or entities that meet the criteria for micro, small, and medium enterprises. MSMEs in South Kalimantan have great

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potential in developing wetland products but face limited capital, market access, and technology challenges.

Market segmentation divides a market into small, homogeneous groups based on certain characteristics such as demographics, psychographics, geography, and behavior. According to Kotler and Keller (2016), market segmentation allows companies to focus more on meeting specific consumer needs, thereby increasing the effectiveness of marketing strategies.

The main benefit of market segmentation is that it allows companies to identify and understand consumer needs better. This can help develop more relevant products and more effective marketing strategies. Market segmentation can also help companies allocate resources more efficiently and increase customer satisfaction (Kotler & Keller, 2016).

According to Kotler and Keller (2016), several criteria can be used in market segmentation, namely: 1) Demographics, such as age, gender, income, and education; 2) Geographical, such as location, climate, and population density; 3) Psychographics, such as lifestyle, values, and personality; and 4) Behavior, such as purchasing habits, benefits sought, and level of product use. Each criterion has advantages and disadvantages, so choosing the most relevant criteria for the product and target market is important.

Several strategies can be used in market segmentation, namely: 1) Mass segmentation, where the company offers one product for the entire market without distinguishing between segments; 2) Selected segmentation, where the company selects several market segments that are considered to have the most potential; and 3) Micro-segmentation, where companies offer products that are highly tailored to the needs of individuals or small groups (Kotler & Keller, 2016). In the context of MSMEs in South Kalimantan, selected segmentation may be the most effective strategy, considering the limited resources available.

MSME Market Segmentation for Wetland Products in South Kalimantan

Introduction to Wetland Products in South Kalimantan

Wetland products in South Kalimantan include various commodities such as fish, shrimp, and aquatic plants such as kale and genjer. Considering the high demand for organic and environmentally friendly products, these products have great development potential. According to data from the Central Statistics Agency (2020), the fisheries and

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wetland agriculture sector contributes around 15% of South Kalimantan's GDP, indicating the importance of this sector to the regional economy.

Selection of Target Market

Selecting a target market is an important step in a marketing strategy. According to Kotler and Keller (2016), the target market must be selected based on profit potential and suitability with the company's capabilities. In the context of MSMEs in South Kalimantan, target markets can include local, regional, and international consumers. For example, local markets can focus on consumers who care about organic and environmentally friendly products, while international markets can include countries with high demand for these products.

Marketing Strategy for Each Market Segment

Each market segment requires a different marketing strategy. According to Lamb, Hair, and McDaniel (2018), marketing strategies must be adapted to the characteristics and needs of each market segment. For example, for the local market segment, marketing strategies may include promotions via social media and collaboration with local communities. Meanwhile, for the international market segment, marketing strategies can include participation in international exhibitions and collaboration with overseas distributors.

Marketing strategies carried out by MSMEs in South Kalimantan can include various approaches, such as digital marketing, collaboration with local communities, and participation in exhibitions and bazaars. According to data from the South Kalimantan Industry and Trade Service (2021), several MSMEs have succeeded in increasing their sales through digital marketing, such as social media and *e-commerce platforms*. In addition, collaboration with local communities has also helped to increase consumer awareness and trust in wetland products.

Measuring Marketing Success in Market Segmentation

Measuring the success of market segmentation marketing is an important step to evaluate the effectiveness of the strategy that has been implemented. According to Kotler and Keller (2016), several indicators can be used to measure marketing success, namely: 1) Increase in sales, 2) Increase in market share, 3) Customer satisfaction, and 4) Return on Investment (ROI). In the context of MSMEs in South Kalimantan, marketing success

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can be measured through customer satisfaction surveys, sales analysis, and financial performance evaluation.

Marketing success in South Kalimantan can be evaluated through sales analysis, customer satisfaction surveys, and financial performance evaluation. According to data from the Central Statistics Agency (2020), several MSMEs have increased their sales by up to 20% after implementing effective marketing strategies. Customer satisfaction surveys also show that most consumers are satisfied with the quality of products and services provided by MSMEs.

RESEARCH METHODS

Research Design

This research uses a qualitative research design to understand the experiences and perceptions of MSME entrepreneurs regarding market segmentation.

Location and Research Subjects

The research location was chosen in South Kalimantan, especially in areas with many wetland MSMEs, such as Banjarmasin and Banjarbaru. The criteria for selecting MSMEs as research subjects include type of business, business scale, and understanding of market segmentation.

Data collection technique

Data was collected through in-depth interviews with 2 (two) MSME actors, questionnaire distribution to 30 MSMEs, and field observations. In-depth interviews collect information regarding MSME market experience and segmentation, while questionnaires collect quantitative data regarding measuring the success of market segmentation.

Data analysis technique

Data analysis was carried out using descriptive analysis. Descriptive analysis is used to describe the condition of MSMEs and market segmentation.

RESULTS AND DISCUSSION

Market Analysis of Wetland Products in South Kalimantan

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Market analysis is an important first step in developing a marketing strategy. According to Porter (1985), market analysis must include an analysis of strengths, weaknesses, opportunities, and threats (SWOT). In the context of wetland products in South Kalimantan, a SWOT analysis could include strengths such as high product quality and sustainability, weaknesses such as limited market access, opportunities such as increasing market demand for organic products, and threats such as competition from imported products.

South Kalimantan, located in the southeastern part of the island of Borneo, is renowned for its extensive wetland ecosystems. These wetlands are rich in biodiversity and support a variety of economic activities. This analysis focuses on understanding the region's market potential and dynamics of wetland products.

The main products derived from the wetlands of South Kalimantan include:

1. Fish and Aquatic Resources:
   - Fish species: Snakehead fish, catfish, and tilapia are prominent.
   - Shrimp and prawns: Important for both local consumption and export.
   - Other aquatic resources: Crabs, mollusks, and aquatic plants.
2. Agricultural Products:
   - Rice: Especially floating rice varieties adapted to wetland conditions.
   - Sago: Extracted from palm trees growing in swampy areas.
   - Fruits and Vegetables: Water spinach, taro, and watercress.
3. Timber and Non-Timber Forest Products (NTFPs):
   - Rattan: Used in furniture and handicrafts.
   - Mangrove wood: Utilized for construction and fuel.
   - Honey and medicinal plants: Harvested from forested wetlands.

Market Dynamics

Supply Chain Analysis

Production: Small-scale farmers and fishers dominate the production of wetland products. Traditional methods are commonly used, but a gradual shift towards more sustainable and efficient practices exists.

Processing: Minimal processing is done locally, with most products sold fresh or minimally processed.

Distribution: Products are distributed through local markets and cooperatives and sometimes directly to larger urban centers or export markets.

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Demand Analysis

Local Demand: High demand for wetland products within South Kalimantan due to their integral role in local diets and livelihoods.

National Demand: Growing awareness and appreciation for organic and traditionally sourced products drive demand in other parts of Indonesia.

International Demand: Specific products like shrimp, prawns, and rattan have significant export potential, particularly to markets in Asia, Europe, and North America.

Wetland Product Market Segmentation in South Kalimantan

Market segmentation for wetland products in South Kalimantan can be carried out based on demographic, geographic, psychographic, behavioral, Product Type, and economic segmentation. Here are the segmentation criteria for this market:

1. Geographic Segmentation
   - Regions within South Kalimantan: Focus on specific areas like Banjarmasin and Banjarbaru.
   - Urban vs. Rural: Distinguish between urban consumers and those in rural areas, as their needs and preferences may differ.
2. Demographic Segmentation
   - Age: Different age groups might have varying preferences for wetland products.
   - Gender: Preferences may differ between men and women.
   - Income Level: Higher-income groups may be more inclined towards premium products.
   - Occupation: Certain occupations may demand more specific wetland products.
3. Psychographic Segmentation
   -Lifestyle: Segmenting based on lifestyle can help identify groups that are health-conscious, environmentally conscious, or traditionalists.
   - Values and Beliefs: Consumers strongly prefer sustainable and eco-friendly products.
4. Behavioral Segmentation
   - Usage Rate: Identify heavy, moderate, and light users of wetland products.
   - Benefits Sought: Understanding what benefits consumers are looking for, such as health benefits, taste, or sustainability.
   - Brand Loyalty: Segmenting based on loyalty to specific brands of wetland products.

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5. Product Type Segmentation

- Food Products: Fish, shrimp, and other seafood harvested from wetlands.
- Agricultural Products: Rice, fruits, and vegetables grown in wetland areas.
- Handicrafts and Art: Items made from wetland plants and materials.
- Tourism Services: Ecotourism and related services leveraging the natural beauty of wetlands.

6. Economic Segmentation

- Local vs. Export Market: Differentiating between products intended for local consumption and those aimed at international markets.

Marketing Strategy MSMEs Implemented in South Kalimantan

Marketing Strategies Implemented by MSMEs in South Kalimantan

1. Utilization of Digital Platforms:

- Social Media Marketing: MSMEs in South Kalimantan are leveraging platforms like Facebook, Instagram, and WhatsApp to reach a broader audience. Social media allows for cost-effective marketing, enabling businesses to engage with customers through posts, stories, and advertisements.

- E-commerce Integration: Many MSMEs are integrating their businesses with e-commerce platforms like Tokopedia, Shopee, and Bukalapak. This expands their market reach beyond local boundaries, making their products accessible to a national audience.

2. Local Collaboration and Networking:

Community Engagement: MSMEs often collaborate with local communities and participate in regional events or markets. This helps them build a strong local presence and brand loyalty.

Partnerships with Local Influencers: Promoting products using local influencers and community leaders helps build trust and credibility within the community.

3. Quality and Authenticity Emphasis:

- Unique Selling Proposition (USP): Highlighting the unique aspects of their products, such as traditional methods of production, local ingredients, or cultural significance, helps MSMEs stand out in the market.

- Quality Assurance: Ensuring high product quality and consistent standards builds a loyal customer base and enhances word-of-mouth marketing.

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4. Customer-Centric Approaches:

- Personalized Customer Service: Offering personalized services and maintaining good customer relations encourages repeat business and positive reviews.
- Feedback Mechanisms: Implementing feedback loops to understand customer needs and preferences allows MSMEs to tailor their products and services accordingly.

5. Promotional Activities:

- Discounts and Offers: Providing discounts, seasonal offers, and loyalty programs to attract and retain customers.
- Local Advertising: Utilizing local media, such as radio, newspapers, and community boards, to reach potential customers who may not be active online.

6. Capacity Building and Training:

- Workshops and Seminars: MSMEs participate in or organize workshops and training sessions on marketing strategies, digital literacy, and business management to enhance their skills and knowledge.
- Government and NGO Support: Taking advantage of government programs and non-governmental organizations (NGOs) that offer training, funding, and resources for small businesses.

7. Sustainability and Ethical Practices:

- Eco-Friendly Products: Emphasizing sustainable and eco-friendly products to attract environmentally conscious consumers.
- Ethical Business Practices: Ensuring fair trade practices and ethical sourcing to build a positive brand image.

Evaluation of MSMEs Marketing Success in South Kalimantan

Evaluating the marketing success of Micro, Small, and Medium Enterprises (MSMEs) in South Kalimantan involves analyzing Challenges and Opportunities approach to evaluate their marketing success:

1. Challenges
   - Environmental Degradation: Pollution, deforestation, and climate change impacts.
   - Market Access: Limited infrastructure and market access for remote producers.
   - Regulation and Policy: Need for better enforcement of sustainable practices and support for small-scale producers.

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2. Opportunities

-Sustainable Practices: Promotion of eco-friendly harvesting and farming techniques.

-Value-Added Products: Development of processing industries to increase product value.

- Ecotourism: Leveraging wetlands' natural beauty and biodiversity to promote tourism.

CONCLUSION

The research results show that market segmentation and effective marketing strategies can help MSMEs in South Kalimantan increase sales and customer satisfaction. Apart from that, market analysis and selecting the right target market are also important steps in developing an effective marketing strategy. The wetland products of South Kalimantan present significant economic opportunities but also face challenges that require a balanced approach between development and conservation. By adopting sustainable practices and improving market access, the potential for these products can be fully realized, benefiting both the local communities and the environment.

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