

**The Value Chain: Marketing Performance
Business Indonesian Cluster Embroidery**

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Abstract

This article discusses improving business performance in embroidery and convection clusters using a value chain approach. Micro, Small and Medium Enterprises (MSMEs) have shown various advantages, especially their ability to survive the various crises that occur. Embroidery and Convection Cluster is one cluster that is developing and involving workforce, with appropriate technology and mostly done by women. Embroidery and convection have an upstream and downstream connection. The problems faced are still low marketing performance that causes business continuity cannot be guaranteed and ends in bankruptcy. Using the value chain as an approach, to map problems both from the input, production processes, products, and marketing. Research on embroidery and convection clusters joined in the Terate Jaya cooperative, Karangmalang Village, Central Java, Kudus, Indonesia. As a result, each chain identified problems, then strategies were developed to improve cluster performance appropriately and based on shared needs between embroidery and convection craftsmen.

INTRODUCTION

The cluster is essentially classifying core industries that are interconnected, both supporting industries, related industries, supporting services, economic infrastructure, research, training, education, information infrastructure, technology infrastructure, natural resources, and institutions related institutions. Cluster is also a way to regulate some industrial activities related to and or support one another, being in a certain location or geographical area within the framework of economic development. By dividing into clusters will be able to distinguish each role of each section (Kang & Jang, 2020).

Cluster concept is one of the strategies for developing small and medium scale businesses. Small and medium scale businesses (SMEs) are widely available throughout the world, although they use different names and criteria. Where there is uniqueness for small and medium businesses using networks to promote business through word of mouth marketing and personal references (Ramos, 2016). Europe considers human resources as another important driver of the internationalization of SMEs (Kisel'áková et al., 2019). Meanwhile, for countries such as Latin America, the success of the internationalization of SMEs affected by the variable transportation and telecommunications.

Countries that are prominent in small and medium enterprises and are specifically developed become an important part of their national economy but face problems as a result of globalization. These countries are Thailand, United Kingdom, US, Australia, Malaysia, Vietnam. For developing countries, SMEs act as a key to economic growth and prosperity (Bala & Feng, 2019). There are at least three framework forms for clusters: Diamond models, flexible specialization and collective efficiency. Flexible and specialization models are widely applied by developing countries. Flexibility contributes to the efficiency of value chain relationships (Benito et al., 2019).

Marketing performance problems do not stand alone but are interrelated in problems in the raw material chain, production, and marketing itself. Decision-making in marketing related to the competitiveness and performance (Cao et al., 2019). SMEs need to do unique things to improve performance (Eniola et al., 2019). India implement lean methods as improving performance (Yadav et al., 2019). Embroidery and convection are integrated with the apparel or garment industry. The quality and difficulty of accessing raw materials affect the quality of the raw materials used. Conventional markets and marketing, both management, the neglected role of IT

and production technology have caused limited sales volumes, eventually leading to embroidery and convection entrepreneurs in Karangmalang and Padurenan villages that have gone bankrupt.

RESEARCH METHOD

The approach used is a value chain. The value chain can map potentials and problems, the value chain as a strategy to build a chain of mutual support between similar industries, suppliers of raw and supporting materials, related industries and supporting industries. The main driver of change throughout the value chain is by digitizing (Chen, 2019). However, In marketing, the process of perceived value does not appear as a value chain (Helkkula & Kelleher, 2010).

The company can manage different parts of the value chain (Kano, 2018). By knowing who, where and how the position of members in the chain and members of the chain outside the industry will be able to identify the strengths and weaknesses of the competition as a cluster. Pakistan can have a competitive advantage if it implements a global value chain (Javed & Atif, 2019). The supply chain aims to integrate industrial systems in order to achieve marketing performance (Ahmed et al., 2018).

Identification of competitive strength refers to the concept of the Diamond Cluster, which consists of suppliers, consumers, the substitution industry, new players producing similar goods and competition among similar industries as a chain with innovation. India uses the innovation of global information technology industry to create competitive strength (Varma et al., 2018). Likewise, if a shortage of suppliers will be a barrier in terms of environmentally friendly technological innovation (Majumdar & Sinha, 2019). The threat of substitution would be low if not many replacement products on the market (Vrtana & Gogolova, 2020). The company can design strategy and product portfolio is extensive and varied assets.

The study population was 153 convection entrepreneurs and 21 embroidery entrepreneurs. Data collection uses a Focus Group Discussion, taking into account the representation of embroidery and convection craftsman members of the Cooperative. The results of the FGD are joint potential and or problems. Furthermore, the outstanding competence of every craftsman present in terms of raw materials, processes and production, and marketing will be input and consideration for determining a joint strategy.

RESULT

The value chain approach produces a problem map from upstream to downstream, which can be seen in the scheme below.

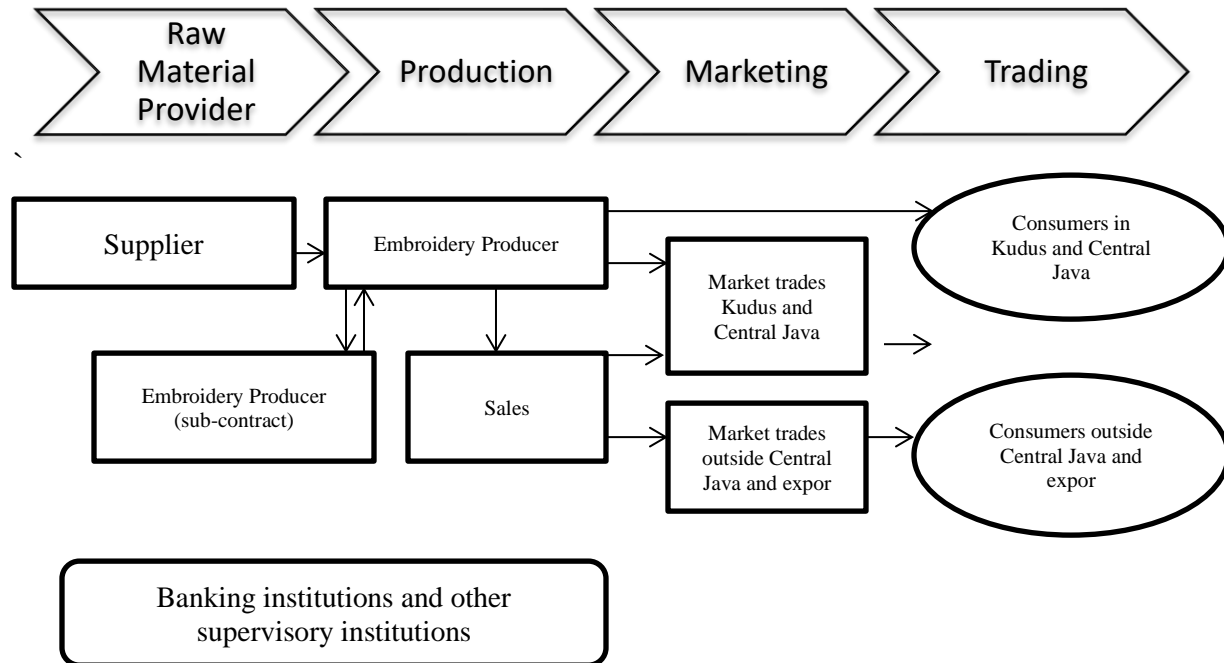


Figure 1 Embroidery Product Value Chain Mapping

The problem of raw materials among craftsmen is inefficient in terms of cost and distance to buy if done individually. The embroidery producer process faces the scarcity of skilled workers, especially for "icik" embroidery which is mostly done manually and prioritizes the skills to produce embroidery with the highest value. Furthermore, embroidery using the "juki" embroidery machine has the next class after the "icik" type. The problem faced is the market segmentation of products not at a high level, which is limited in purchasing power and usually has a rare buying frequency because the dress is not yet a major social need. The market segment does not yet understand which is "icik" embroidery and which is "juki" embroidery. Consumer orientation in terms of embroidery is at low prices as the main consideration. "Juki" embroidery is more flexible combined in clothing products, both clothing, and other clothing accessories. The impact of technology is also felt by craftsmen by the presence of computer embroidery machines. As a creative industry, the production of computer embroidery can be applied more broadly, for

example for accessories in hats, clothing, jackets, and home decoration. Computer embroidery requires operator skills. It takes a long time to educate operators. The main infrastructure requirements are expensive, and the input of raw materials is relatively large in quantity. For example, a 12-headed embroidery machine, meaning that once the production process there must be material that will be processed in 12 sections. The output is bigger but the market does not want to accommodate because segmentation is limited to consumers who have limited purchasing power and clothing is not a priority.

DISCUSSION

The value chain is a series of productive processes ranging from product input providers, production, marketing or distribution to end consumers. This approach systematically takes into account all stages starting from the raw material, the production process and also the analysis of the various linkages and information flow along the chain. Therefore, by identifying activities in and along with the production, distribution and consumer chains, it provides a complete picture of the interrelationship of the industry as a dynamic and flexible cluster. The more dynamic the cluster functions that involve the competitive factors that form diamonds, the more relevant the economic sectors can be expected. Clusters that function can revive supporting and related industries.

Application of the value chain in the context of this cluster will create stronger linkages and integration among actors to strengthen the cluster itself and increase the competitiveness of the relevant sub-sector. More value from a value chain approach is the ability to create institutional relationships and coordination between suppliers, producers, traders, and distributors. So that in addition to growing competitiveness in similar industries in the cluster also creates economic added value to supporting and related industries.

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Information on market needs is the weakest indicator to be obtained by entrepreneurs

because embroidery and or convection entrepreneurs still use conventional systems. Market surveys based on trends are not used to predict future needs. The habit that must be changed is to promote the goods they produce, without knowing what the consumer's needs are. Information on changing consumer tastes is never obtained so it always lags in one step. The entrepreneurs and/or craftsmen only know after there is a problem that there is a change in the sale of goods that are brought or entrusted to large traders/collectors. What is fundamental is that information technology is not used as a medium, both to determine market potential and to change consumer tastes.

Changes in consumer taste not only in the model but also in color, fabric type, and designation. Embroidery is the skill of the hands as outlined in the form of a kebaya dress decoration, that is, the typical clothes used by women as ethnic clothes that are only used on special or special occasions. In its development, embroidery can be used in various types of clothes and other fashion fixtures such as shoes and bags, or casual clothing models that are used for various purposes. Product innovation is very open. Only information is needed about the development of fashion on a national and global scale, given that IT has been available that can be a facility for these purposes. Besides that, the world of fashion is a very fast development. In the end, the concept of "demand creat on demand" was proven. Changes in demand should be created. Not awaited. The concept of followers for MSME entrepreneurs must be changed to be trendsetter oriented, which can be done by reviving the spirit of entrepreneurship among entrepreneurs.

The root of the problem is the mindset of the craftsmen who only rely on what habits can be done, what can be produced, and what has been sold. It is difficult to change the conventional business paradigm which has a comprehensive consequence in running a business and embroidery and convection industry that has a competitive advantage. The global era requires competition in the long run as the key to winning the competition. Competition supported by adequate marketing performance. Marketing performance is determined by product sustainability in the market. Product sustainability in the market when consumers have such loyalty. Loyal consumers are determined by their satisfaction in consuming products. Products that satisfy consumers are products that are following the tastes, both ingredients, models, prices, colors and sizes as well as other consumer interests. In this case continuous assistance, and encourages trust between the companion and partners in this case craftsmen and embroidery entrepreneurs can be expected can handle it.

As input to the preparation of a cluster development strategy, identification of activities in the chain from the availability (supplier) of raw materials to production; chain in production activities; as well as the distribution chain will be able to clearly show the constraints and problems faced by business actors and their chains in real terms. So that the mapping of problems in the chain as a business-industry can be carried out appropriately and produce strategies to overcome problems and develop them optimally.

The embroidery and convection handicraft industry are integrated with such away. Each chain, both raw materials, production, markets, and trade can be comprehensively identified as upstream and downstream industries. Potential and problems in the raw material chain, production, and marketing of embroidery and convection clusters, shown by scheme No.2

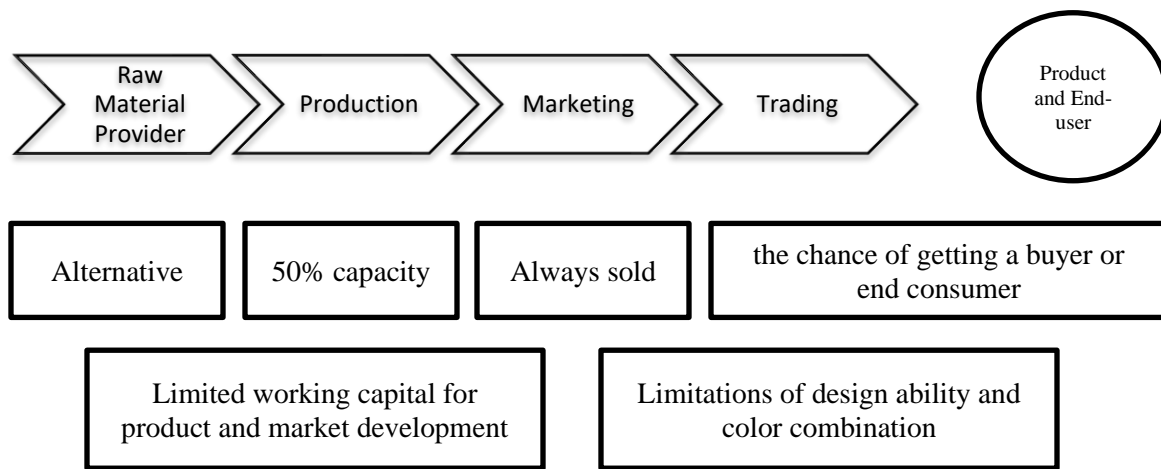


Figure 2 Mapping and challenges faced by groups of employers embroidery and convection

CONCLUSION

The embroidery and convection business still has the potential to be maintained. Problems in the chain agreed as a joint problem by the cluster member craftsmen can be solved by the division of tasks under their respective competencies. Awareness to specialize and division of work among craftsmen in the cluster is a big progress and a solution to the problems faced together as a cluster. The division of labor occurs because of the emergence of social capital, especially trust. To entrust each other's interests in decisions and solutions in the community. The actual cluster function occurs. Too bad cluster members are still bound to the accompanying "figures".

The figure in question can be from academics, bureaucrats or cluster members who act like leaders. Attempts to use the cluster approach succeed but are highly dependent on the "figure" as a leader who acts as a trigger, initiator and motivator. The cluster functions as a professional business and business chain as expected in the diamond cluster concept. The strength of the value chain as an approach can map the problems in each chain in detail and real terms because it involves the actors in the chain. The data collection method becomes very important considering that embroidery and convection craftsmen must be treated as centers in activities that involve the upstream and downstream linkages of the industry.

COMPETING INTERESTS

The authors have no competing interest to declare.

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