

# Implementing Product Diversification to Increase Sales Volume (Case Study of AYU Batik Company in Pekalongan City)

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## Abstract:

The textile industry is one of the leading industries of Indonesia, both in the domestic trade and international trade. Indonesian textile products of the flagship and pride of Indonesian batik. The purpose of this study: 1) To investigate the implementation of product diversification strategy, 2) To determine the impact of product diversification strategy to increase the export volume in the Company batik Ayu. This type of research used in this study is a qualitative study using a descriptive approach. The focus of research is on the company's product diversification strategy batik Ayu and the impact of product diversification strategy. The analysis showed that the attempt was first made by the owner is doing batik training for local people, finally in 2004 the owners founded the company Batik Cap "Ratu Ayu" Some of the uniqueness of the Batik Company Cap "Ratu Ayu the first characteristic, seen from manufacturing techniques, different from Pekalongan batik, fabric manufacturing techniques are sewed into clothes first and then dibatik. so motifs or motif connect from the front to the rear. Secondly, in terms of coloring. The method used by the Company Batik "Ratu Ayu" Pekalongan, the first following the exhibitions.

**Keywords:** diversification , export volume increase

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## I. INTRODUCTION

Indonesia is a developing country, so the development of foreign trade is very important for national economic growth and sustainable promotion. International trade currently refers to trade liberalization which is tightening business competition in foreign markets. Other than that, what should be the focus of attention is how Indonesian products can be accepted in the international market. For this reason, a marketing strategy that is more observant in reading market opportunities is needed. The textile industry is one of Indonesia's leading industries, both in domestic and international trade. One of Indonesia's textile products which has become superior and the pride of Indonesia is batik.

The level of marketing is not only influenced by external factors, such as the state of a country's economy, and social and many government decisions, but also internal factors, such as production, finance, marketing strategy, and product diversification, to quality of its human resources (HR). Companies feel the need to take a product diversification strategy when the company's current number of businesses is disproportionately facing decreased demand, increased competition, and product barriers (Boyd, Walker, and Larrache, 2005). A company needs product diversification to support its business continuity.

## II. LITERATURE REVIEW

Marketing management comes from two words, namely management, and marketing. Marketing management is a well-coordinated and managed activity. The definition of marketing management is an analysis, planning, implementation, and control program that has been planned with the desired exchanges for the intended consumers to obtain personal and mutual benefits (Lupiyo Adi, 2006). Even in today's hyper-competitive market environment, many companies are realizing that the development and introduction of new products are regularly growing. All companies are always innovating to produce new world-class products. In addition, the characteristics of the company are as follows (Tjiptono dan Chandra, 2007): 1) Focus on one or only a few businesses 2) Senior management is actively involved in defining and perfecting the product development process. 3) able to recruit and retain the best employees in their field and 4) fully aware that the production factor is good The level of novelty in new products can be reviewed from three contexts: product, organization, and market. Products can be really new inventions or innovations, such as cellular phones and compact discs. The degree of novelty can also be seen from an organizational perspective, where companies produce certain products that are

already on the market, however, nevertheless, In addition, an existing product and not a new thing for a company may be a new product for a particular market. Three important aspects need to be studied in the development of new products for the global market (Lamb Jr., et al, 2006), First, the identification of new products that can be sourced from customers, suppliers, competitors, salespeople, companies, distributors, and agencies, executives branches, head office executives, sources of documentation, and direct observation in the market environment. second, the establishment of the international new product department which performs 4 main functions: (1) ensuring that all sources of information are held (2) filtering these ideas to identify candidates or candidates for further research; (3) investigating and analyzing selected new product ideas; and (4) ensure that the organization provides its resource commitments for new candidates for its most prolific products and regularly to introduce and develop new products in worldwide. Thirdly, testing products in national markets to anticipate everything possible the possibility of problems arising. Product testing in the actual market is very necessary to be carried out before proceeding further with the full-scale introduction of new products. Diversification is a situation of making or selling very many and various types according to the results or services of a certain type or service (Moekijat, 2007). product diversification is one way to increase the sales volume that can be done by the company mainly According to Kotler and Armstrong (2008) diversification is a company growth strategy by starting a new business or buying a foreign company product. With product diversification, a company will not depend on only one type of product., but the company can also rely on other types of products (product diversification), because if one type of product is experiencing a decline, then it can be solved with another types of product. The company has to grow if they are to compete more effectively, satisfy the trustees (staff), and pull out a clear, clear 2008.

Every new product strategy has advantages and disadvantages, so the company needs to first assess the usual strategy the production strategy of diversification is the most complex strategy (by implication, because for the company, this will become the island of Borneo, New Guinea). The decision to diversify will contain high business risks. the company should do a feasibility study first After studying the results of the market test and product modification if needed, then the product is marketed on a wider market. Before making a diversification decision, it is necessary to consider the other three strategies first. How is the potential of the old product to be developed in the old market (penetration market), because there is still a lot that can be done there? The next option is a development whose products are already in a new market (market development), or when ready to develop products, Also consider marketing the new product in the old market (product development). Of course, diversification is not always the only strategic option for companies. The thing that is often carried out is a diversification strategy combined with one of the three other strategies, whatever it is, a plop board strategy This depends on the readiness of the company in terms of resources (people, money, and time). Knowing the market segmentation is also needed in the Insoff Matrix, especially to know the current product usage map in every segment. Called the old or new market development (existing or new market) is not always from a geographical point of view only, but usually, The existing market reflects the segment where our products have been used, while the new market is intended to explain as usual. To obtain information about the strengths and weaknesses of our product in a segment, or to what extent penetration has been carried out, it must be with continuous information mining, through monitoring of sales data every time, the results of surveys on the use of products at the consumer level and others. This is where information technology plays a role in marketing because managing information and data is so numerous and complexes can only be disaggregated.

Next up are exports of various kinds of goods and services that are produced domestically and then sold abroad (Mankow, 2006). From the point of view of expenditure, exports are one of the most important factors of National Gross Product (GNP), so with the change in the value of exports, the income of the people will also change immediately. Meanwhile, according to Irham and Yogi (2008) the definition of export is selling goods out of the country to earn foreign exchange used industrially / development in his country, with the assumption that exports that occur must be with diversification of exports so that if there is a loss in one can be offset by the advantages of other commodities. On the other hand, the high export of a country will cause the economy to be very sensitive to shocks or fluctuations that occur in the international market or in the world economy (Irham dan Yogi, 2008). Export activities are a trading system by way of removing goods from within the foreign country. Exports are the total goods and services sold by one country to another, includes goods, insurance, and services in a given year (Bambang Triyoso, 2008). According to Tjiptono (2008) the role of diversification in increasing product sales / income is one of the efforts in finding and developing new or market products or both, increase in income, sales, probabilities and flexibility. A type of business in either the goods or services sector requires development to be able to maintain the survival of its business. It can be said that diversification can provide great opportunities in business progress, besides that, it also provides a challenge, namely the level of competition that must be faced in the business world. One of the company's activities in carrying out the marketing strategy is through the product strategy, namely production division. Product diversification is a strategy in marketing that is carried out, especially in increasing export volume to increase sales within a company. through monitoring of sales data every time, the results of surveys on the use of products at the consumer level and others. This is where information technology plays a role in marketing because managing information and data is so numerous and complexes can only be disaggregated.

### III. RESEARCH METHODS

The approach used in this research is qualitative. Pay attention to research objectives related to the topic being researched, This research is appertain in the type of descriptive research, that is, with the aim that researchers can describe the phenomena and facts that occur in product diversification in order to increase the export volume at the yu batik company in the city of Pekalongan factually and systematically. In this research, in accordance with the objectives to be achieved, the focus of the research taken are as follows: 1) Product diversification strategy at the Ayu batik company and .2) The impact of the product diversification strategy. Data sources or sources of information are anything that can provide information about the research data needed. The data used in this research are primary data and secondary data. The data analysis technique used is trend analysis, that is, if the data used is more than two or three periods, the method used is index number. By using index numbers it can be known whether the trend or trend of the financial position, whether increasing, decreasing or constant. Trend analysis results are usually calculated in percentages. This research is a descriptive qualitative research, using secondary data from export volume at yu Batik Company to see trends over the last four years (2010-2014).This type of research is

### IV. RESULT

Batik Cap “Ayu” is located in the center of the batik industry, having unique collections such as old batik designs and new batik motif designs. The innovative dyeing process has made the Batik Cap “Ayu” Company one of the centers of batik clothing trends. Flexible designs make products at the Batik Cap “Ayu” Company accepted by all batik enthusiasts.

The following presents data on sales of Batik Cap Batik Company “Ayu” for the last 4 years (2015 – 2019):

**Table 1**  
**Batik Production**  
**Batik Company Brand "Ratu Ayu" Year 2015 - 2019**

Year	Batik Type	Amount Production Type				
		Long Cloth	Shirt	Blouse	Sarung	Sheet
		Kodi	Kodi	Kodi	Kodi	Kodi
2011	Cap	100	70	65	100	100
	Tulis	100	70	100	80	120
2012	Cap	100	80	120	110	80
	Tulis	140	90	110	110	140
2013	Cap	150	90	130	120	150
	Tulis	120	140	160	170	180
2014	Cap	160	140	130	150	180
	Tulis	200	180	190	190	180

Batik Cap Company. In 1996, the initial income was IDR 420,000,000. The amount was not too large because in that year it had not been marketed to the local community but instead was marketed to Milo's friends who were from abroad. Then in 1998, the entrepreneur started marketing to various groups. At that time the Regent of Malang was also interested and made the Batik “Ratu Ayu” Company a uniform in government agencies, and the amount of income began to increase. Entering 2000 to 2012, the income of entrepreneurs tends to increase. The increase in turnover was due to more and more consumer interest in the Batik "Ratu Ayu" Company. But there was also a decrease in turnover, namely in 2003, 2008, and 2010.

The development of a business cannot be separated from the maximum utilization of capital. This capital includes physical capital, financial capital, human capital and social capital. Physical capital in the form of raw materials and equipment is used as well as possible. After being used for batik production, all equipment and raw materials such as cloth need to be cared for properly so that they do not deteriorate quickly Furthermore, financial capital, the capital used by the Batik Cap "Ratu Ayu" company in producing batik, namely with their capital, from the profits used in additional production capital, besides that, entrepreneurs also use the results of personal assets such as the results of owned rice fields. In fact, there are lots of banks offering loans for additional working capital, but with the reason, that their own capital is still sufficient for production and considering the results of batik, it is not like other commodities whose orders are repeated every day, such as food, then the loan offer from the bank was rejected by the batik entrepreneur. The third is human capital.

The expertise of employees in the craftsmanship of the Batik Cap Company “Ratu Ayu” is mostly from Pekalongan because they are considered to have batik skills. Batik's expertise is obtained from generation to generation. The skill to make batik which has been passed down from generation to generation by these employees is a very rare potential and not everyone has it. Employees learn about coloring and drawing patterns. From this expertise, the production results of the “Ratu Ayu” Batik Stamped Company are very good and are loved by consumers. The last is social capital which consists of trust and network. Trust plays an important role in the

continuity of the “Ratu Ayu” Batik Cap Company. Entrepreneurs maintain the trust given by customers so that the business they carry out always runs smoothly. Customer orders are carried out promptly as requested. Batik is produced according to the tastes and wishes of the customer. Next, regarding the marketing network. This step is effective because the market share targeted by entrepreneurs is middle to high, namely from entrepreneurs and officials as well as from ordinary people. The government plays an important role in helping launch a marketing network. Every time the government receives visits from other regions, the Pekalongan Regency Government always promotes the work of the “Ratu Ayu” Batik Company, so that what the officials demand is that they are in great demand for training from these officials.

The step taken by the Batik “Ratu Ayu” Company entrepreneur is to set up a boutique outside the city. While this is still in Jakarta. In addition to boutiques, marketing is also carried out using a stand at Living World Mall in the Tangerang area. The company's business marketing reach. This proves that the company's “Ratu Ayu” stamped batik has been well received by the community. The marketing areas of the “Ratu Ayu” Batik Cap Company include, among others, the East Java region including Malang, Lamongan, Gresik, Surabaya, Jember, Kediri, and Madiun. The Central Java region includes Semarang, Kudus, Rembang, Tegal, Magelang. The West Java area includes, Bandung, Bogor, Purwakarta, Cirebon, Subang. Then Yogyakarta Region, Banten Province, DKI Jakarta, Bali, Kalimantan, Sumatra, Sulawesi, Maluku, overseas including Singapore, Malaysia, Hong Kong, Australia, and America. The next step in developing the Batik “Ratu Ayu” Company is by carrying out appropriate promotions to increase sales volume. With the holding of sales promotions, it is hoped that it will be able to attract potential consumers by providing information about the items being offered so that prospective buyers feel interested in the goods being offered. As for the method used by the Batik Company “Ratu Ayu” Pekalongan Regency, the first is by attending exhibitions. The marketing coordinator always attends exhibitions both locally and outside the Pekalongan area. Efforts to develop markets and expand new reach in the hope of maintaining business viability, as well as for business development to obtain an increase in profit which in the future can guarantee the “Ratu Ayu” stamped batik business. The supporting factors for the implementation of the market development strategy include 1) There are many enthusiasts of the results of Batik Company “Ratu Ayu” 2) Having a sufficient stock of raw materials so that it is easy to produce goods that must be made with batik. 3) Have reliable human resources, to produce creative hands.

The final stage in the development effort of the Batik “Ratu Ayu” Company is the implementation of the new product development strategy. As is well known, Indonesia has many batik-producing areas such as Madura, Yogyakarta, Solo, Pekalongan, Banyuwangi, Pacitan, and many others. It is hoped that this new product development strategy will enable the “Ratu Ayu” Batik Cap Company to compete in the Indonesian batik market. The strategic objectives of the new product development implemented by the craftsmen of the Batik “Ratu Ayu” Company Business are: 1) To suit the tastes of consumers who tend to be fickle, so to satisfy and attract consumers the craftsmen feel the need to adjust to the current market model 2) Malang batik craftsmen want their products to appear different in the marketing area by having their characteristics compared to batik from other regions.

## **V. DISCUSSION**

The development of new products requires effort, time, and ability, including the amount of risk and cost of failure. because in developing new product ideas, an effective strategy is often the determinant of the success and survival of a business. Factors Affecting Consumer Interest in Batik “Ratu Ayu”, namely creativity and innovation. This creativity includes new products, motifs, and marketing. Batik, which is famous for its connecting motif, seeks to improve services to attract buyers' interest because the Batik Company “Ratu Ayu” can develop due to consumer interest. Consumers are interested in buying Batik “Ratu Ayu” Company because they think of Batik “Ratu Ayu” Company as an exclusive batik that has its uniqueness and is different from other batik in Indonesia, such as in terms of manufacturing techniques and the characteristics of motifs taken from nature. Apart from that, the love for regional original works is also a factor in the interest of buyers.

Price is indeed a determining factor in attracting consumers, but different works of art also have a positive impact on sales of the Batik Ratu Ayu. As stated by Mr. Hermawan Kerjaya a marketing expert in his article entitled “UKM must be Creative and Innovative”. In his view that UKM as a company that is growing, must think of marketing. UKM should think about marketing more than large, well-established companies. The core of marketing is positioning-differentiation-brand (PDB). Positioning will be credible in the eyes of customers if it is supported by a strong, unique, and difficult differentiation for competitors to imitate. After the positioning and differentiation are appropriate, a strong brand will be formed. Finding and highlighting uniqueness is a challenge that UKM actors must pay close attention to. This requires them to continue to be creative and innovate to market their business to consumers. The increase in turnover was due to more and more consumer interest in the Batik Ratu Ayu Company. Indonesia is very rich in culture. Batik is one of the many cultures that exist in Indonesia. Batik is passed down from generation to generation and is not only used to practice painting but is also full of education contained in it. In this case, culture plays a very important role in business development, one of them being the batik “Ratu Ayu” company craftsmen.

The culture of batik will not disappear because, within the family of batik, craftsmen employees continue to pass on the expertise and skills of batik craftsmen to their children and grandchildren. Apart from that, the community also participates in maintaining and preserving the batik. In general, culture contains two capabilities at once namely the ability to preserve and the ability to develop. This ability is very dependent on the level of cultural resilience of the community. People's love for batik has also increased since UNESCO designated batik as an indigenous Indonesian culture in 2009. Batik, which was originally a dress for royal circles, can now be worn by the general public.

## VI. CONCLUSIONS

Based on qualitative research using observation, interview, and documentation techniques which were carried out in Batik Ayurveda, Pekalongan City regarding the implementation of product diversification for increasing exports in the company, some conclusions can be drawn as follows: As the data obtained by researchers, The implementation of product diversification at the Batik Ratu Ayu company in Pekalongan City can affect the value of exports. This business started with the owner conducting batik training for the local community, and in 2004 the owner established "Ratu Ayu" Batik Company. Through the "Ratu Ayu" Batik Company, this batik training became wider. The training can reach out to schools and can work with the district government to hold batik training in various regions in Central Java.

Some of the uniqueness of the "Ratu Ayu" Batik Company, namely, The first characteristic, seen from the manufacturing technique, is different from Pekalongan batik, the manufacturing technique is sewing the cloth into clothes first and then making batik. so that the patterns or batik motifs are connected from the front to the back. The second is in terms of coloring. Pekalongan batik is synonymous with deep black, darker than another batik. Employees learn about coloring and drawing patterns. From this expertise, the production results of the "Ratu Ayu" Batik Stamped Company are very good and are loved by consumers. The last is social capital which consists of trust and network. Trust plays an important role in the continuity of the "Ratu Ayu" Batik Company.

The step taken by the "Ratu Ayu" Batik Company is to set up a boutique outside the city. In addition to boutiques, marketing is also carried out using a stand at Living World Mall in the Tangerang area. The marketing reach of Batik Company "Ratu Ayu" Pekalongan Regency has spread throughout Indonesia. The next step in developing the "Ratu Ayu" Batik Company is by carrying out appropriate promotions to increase sales volume. With the holding of sales promotions, it is hoped that it will be able to attract potential consumers by providing information about the items being offered so that prospective buyers feel interested in the goods being offered. The marketing areas of the "Ratu Ayu" Batik Company include, among others, the East Java region including Malang, Lamongan, Gresik, Surabaya, Jember, Kediri, and Madiun. The Central Java area includes Semarang, Kudus, Rembang, Tegal, Magelang. The West Java area includes, Bandung, Bogor, Purwakarta, Cirebon, Subang. Then Yogyakarta Region, Banten Province, DKI Jakarta, Bali Region, Kalimantan, Sumatra, Sulawesi, Maluku, overseas including Singapore, Malaysia, Hong Kong, Australia, and America. This proves that the company's "Ratu Ayu" stamped batik has been well received by the community.

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