

## Implementation of Defensive Marketing Strategy MSME in the Time of the Covid-19 Pandemic (Case Study on Warkop Angkringan Giras in Mojokerto Regency)



**M. Syamsul Hidayat<sup>1</sup>, Sudarmiati<sup>2</sup>**

<sup>1</sup>Universitas Negeri Malang, Indonesia

<sup>1</sup>Universitas Islam Majapahit Mojokerto, Indonesia

<sup>2</sup>Faculty of Economics, Universitas Negeri Malang, Indonesia

**ABSTRACT:** The purpose of this study was to analyze the Defensive Marketing Strategy carried out by the MSME Warkop Angkringan "Giras" in Mojokerto Regency, in order to be able to compete and keep its business sustainable in the COVID-19 pandemic conditions and obtain optimal profits. This research is an exploratory research where the approach used is a qualitative approach. Qualitative researchers seek to understand life experiences in context and the meanings associated with those experiences by using Focus Group Discussions. The sample amounted to 20 people, who were taken based on certain criteria. Data collection techniques by conducting open ended interviews in the hope of obtaining more complete information from the respondent. Data analysis used descriptive analysis method. The results showed that the Defensive Marketing Strategy in the MSME of warkop angkringan "Giras" Free wifi with a Mental Model is a Competitor Orientation strategy which includes symbols, prices, product differentiation and value promotion,, Customer Orientation Strategy includes superior customer service, innovative product features, and focus in a narrow market segment and a Market Drive Orientation Strategy consisting of Digital Marketing, Healthcare Procedures, crowding services, and Hours of Operation..

**KEYWORDS:** Defensive Marketing Strategy, MSME, Internet Free wifi

### I. INTRODUCTION

The business model provides it with value about the benefits the company will provide to customers, how the company will organize it to do so, and how it will capture some of the value it provides. A good business model will provide considerable value to customers and collect (for business model implementers) a decent share of this revenue. But developing a successful business model (no matter how new) is not enough to ensure a competitive advantage. Once implemented, it is usually only a matter of years if not months before a successful new business model generates a follower. In practice, a successful business model very often becomes, to some degree, to be 'shared' by many competitors (Teece, 2010).

Marketing theory emphasizes strategies designed to get additional customers, encourage brand switching, and increase purchase frequency. This is offensive, not defensive. In times of increased competition or industries with declining markets, offensive objectives become increasingly difficult to fulfill. The cost of acquiring a new customer can substantially exceed the cost of retaining a current customer (Fornell & Wernerfelt, 1987)

Today, defensive Marketing strategies are more important than ever, with shorter new product life cycles, persistent service innovations, tremendous technological changes, global competition and the discovery of new distribution channels. (Hauser, 2008)

Especially in the current COVID-19 pandemic conditions, the world and national economic conditions are experiencing a decline. Where the economy is not growing, but is experiencing a very significant decline. Marketers or business owners must struggle to survive for the sake of their business continuity.

Defensive marketing begins with assessing the strengths and protecting the company's market position. This includes the product's brand identity, or how customers perceive the company, the marketing mix and services supporting that identity, including pricing; and how to communicate the company's products to customers, such as through advertising. (Roberts, 2005)

## **Implementation of Defensive Marketing Strategy MSME in the Time of the Covid-19 Pandemic (Case Study on Warkop Angkringan Giras in Mojokerto Regency)**

Defensive strategies are very attractive in stagnant or shrinking industries. Under such conditions, the industry tends not to attract the entry of new companies. (Govoni, 2012)

At the business level, sustainability and sustainability are often equated with eco-efficiency. However, such a reduction misses some important criteria that companies must meet if they are to be truly sustainable. Sustainability is the basis of the development debate in a global framework, where the continuous satisfaction of human needs is the ultimate goal (Brundtland, 1987). When transposing this idea to the business level, corporate sustainability can be precisely defined as meeting the immediate needs of the company and its indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities etc.), without compromising its ability to meet the needs of future stakeholders. also. To achieve this goal, companies must maintain and grow their economic, social and environmental capital base while actively contributing to sustainability in the political domain (Dyllick & Hockerts, 2002)

This research was conducted on the basis of interest in the existence of the MSME Warkop Angkringan Free Wifi business which is located in Mojokerto district. Where the free wifi coffee shop business group is located in an area near a shopping center, near campus and close to offices or companies.

This Micro, Small and Medium Enterprises Group (UMKM) is under the guidance of the Regency Government (PEMKAB) which has received special attention because the owners of these businesses are on average a group that is specially fostered in the field of entrepreneurship by several related agencies from the Regency and Provincial Governments. The study in this study was to measure the survival strategy of Warkop Angkringan Free Wifi SMEs. In Mojokerto district. Based on the description above, the author is interested in taking the dissertation title "Defensive Marketing Strategy on MSME Warkop Angkringan Free Wifi"

Based on the description above, the formulation of the problem proposed in the study is:

1. What are the characteristics of the UMKM Warkop Angkringan "Giras" Free Wifi." In Mojokerto Regency during the Covid-19 pandemic?
2. How is the behavior of the MSME Defensive Strategy (Defense Strategy) Warkop Angkringan "Giras". In Mojokerto Regency during the Covid-19 pandemic?

While the objectives of this research are:

1. to determine the characteristics of the MSME Warkop Angkringan "Giras" Free Wifi in Mojokerto Regency,
2. explain how the MSME Defensive Strategy behavior of Warkop Angkringan "Giras" Free Wifi in Mojokerto Regency

## **II. THEORETICAL REVIEW**

In its development, over the last 20 years there have been several differences in the notion of concepts and strategies, here are some notions of strategy, among others: Porter (1997) says that this strategy allows a company to outperform its competitors in the industry, but does not in itself guarantee profitability inherently in the environment. (Porter, 1997), Rumelt (1991) Strategy is seen as more than simply the coordination or integration of functions that embodies the joint selection of the product market arenas in which the firm will compete, and the key policies that explain how it will occur in competition. (Rumelt et al., 1991). Varadarajan (2010), Marketing strategy refers to the integration of organizational decision patterns that determine fundamental choices regarding products, markets, marketing activities and marketing resources in the creation, communication and/or delivery of products that offer value to customers in exchange with the organization and thus enable organization to achieve certain goals. (Varadarajan, 2010) Strategy is very simple. It's about what and why, not how or by when'. The strategy is very simple. It's about what and why, not how or when'. (Falkheimer et al., 2018)

Defensive Marketing Strategy is defined as marketing activities directed at the company's own customers or customer retention activities. Their main goal is usually to prevent customer leaving and/or increase consumption of current customers (Durvasula, Lysonski, and Mehta 2000; Erickson 1993) (Martín-Herrán & Sigué, 2019), Hauser and Shugan (1987): defensive marketing strategy as the reaction of a brand to the launch of a new competitive brand." defensive marketing strategy as a brand's reaction to the launch of a new competitive brand' (Fornell & Wernerfelt, 1987), Karakaya & Yannopoulos, (2010) Defensive strategy in a globalized market describes how managers use mental models to defend their markets. according to the market entry model (Karakaya & Yannopoulos, 2010).

In this study, the approach used is a qualitative approach. Qualitative researchers seek to understand life experiences in context and the meanings associated with those experiences (Michael D Myers, 2013) This is usually seen from the perspective of the participants. Qualitative data collection usually involves interviews, observations, and documents. Interview types include a wide range of options that range from personal, in-depth, active interviews to open survey interviews or focus group interviews. Gubrium and Holstein(2002)(Maxwell & Reibold, 2015).

# Implementation of Defensive Marketing Strategy MSME in the Time of the Covid-19 Pandemic (Case Study on Warkop Angkringan Giras in Mojokerto Regency)

Qualitative data analysis involves sorting and categorizing field notes and interview transcripts in a systematic way. Qualitative data analysis involves sorting and categorizing field notes and interview transcripts in a systematic way. (Williamson et al., 2018)

A qualitative approach is carried out in order to understand the wishes of the customer (consumers) and provide explanations related to creative concepts. In qualitative research, document analysis requires examining data and interpreting it to gain meaning, gain understanding, and develop empirical knowledge (Corbin & Strauss, 2008) (Bowen, 2009). Qualitative research methods are appropriate for conducting questions about *how* and *why* something happened. Qualitative research is most appropriate when an *explanation* and understanding of a behavior or activity is required (Carson et al., 2001), this explanation is in accordance with the nature of this research which explains *how the* Defensive Strategy is carried out by marketers (MSME Warkop Angkringan "Giras" (Free Wifi in Mojokerto Regency) will provide benefits as well as win the competition in order to sustain its business.

The data needed in qualitative research is in the form of primary data, namely data obtained through direct interviews with research subjects. The type of data needed in this study includes preferences on Defensive Strategy that is able to create *interest and* strategies for angkringan warkop owners. The data needed was obtained by conducting *interviews* with participants who were taken from the MSME owner group of Warkop Angkringan "Giras" Free Wifi in Mojokerto Regency.

The participants in this study were devoted to the owner of the angkringan warkop "Giras" who used internet facilities ( *wifi* ) in Kab. Mojokerto. In qualitative research there are no standard rules regarding sample size guidelines, generally qualitative *sampling* consists of small *sampling* units studied *in-depth*. Some research texts recommend 6-8 data units for a sample consisting of a homogeneous group, and 12-20 for a heterogeneous group (Carson et al., 2001). The number of samples in this study that are representative and not so large makes it easier for researchers to explore in depth information from the participants. The number of samples in this study were 20 MSME owners and employees of the "Giras" angkringan warkop which have internet facilities ( *wifi* ). This study will use *semi-structured interviews*, so it is necessary to develop an interview guide in advance that covers relevant issues and topics, as well as an appropriate line of questions so that the interviews run systematically (Daymon & Holloway, 2002 ).

The procedure for collecting qualitative data was carried out by involving interviews, observations, and documents. The type of interview includes a variety of options that range from personal, in-depth, active interviews to open-ended surveys or focus group interviews. Gubrium and Holstein(2002)(Maxwell & Reybold, 2015)(Van Burg et al., 2020) The type of interview that will be used is *semi-structured interview*, because in accordance with the objectives and needs of this research, namely to understand the feelings, motivations and behavior of warkop owners related to the strategy of survival, the interview method that is considered appropriate to cover the topic area is *laddering*.

Meanwhile, Data Analysis uses data analysis, including: 1) Process Analysis, which is to clarify the patterns and types of different processes that replace entrepreneurial activities, which include the origin of the emergence of business. in this case it is related to how the survival strategy of MSMEs. 2) Pattern analysis is an analysis of conceptual patterns over time that can determine the level of change and variation. *And* 3) narrative analysis, which explains and describes the results of the research from the data that has been collected. Such opinion (Langley, 1999; Miles & Huberman, 1994). That after exploring different ways of presenting data, the researcher selects the most interesting displays in order and presents them together with a narrative analysis that explains the pattern in the research view. (Van Burg et al., 2020)

### III. DISCUSSION

The results of the study indicate that Defensive Marketing Strategy is specifically related to the Internal Mental Model (Karakaya & Yannopoulos, 2010), including

#### 1) *Competitor Oriented Strategy (Competitor Oriented)* )

In this strategy, the owner tries to emphasize competitors related to symbols, prices, product differentiation and value promotion. The orientation strategy for Warkop's competitors includes a label image in the form of a name symbol)/visual Giras which comes from Lamongan, which means showing the spirit of excitement.

**Table 1. Competitor Orientation Strategy**

No	Strategy	Form
1	Symbol	Symbol/Visual : Giras (spirit/passion)
2	Price	Relatively Cheaper

## Implementation of Defensive Marketing Strategy MSME in the Time of the Covid-19 Pandemic (Case Study on Warkop Angkringan Giras in Mojokerto Regency)

3	Product Differentiation	Providing Indomie
4	Strategic location	Close to Market

Source: Primary Data Processed (2021)

### 2) Customer Oriented Strategy (Customer Oriented)

For the Consumer Orientation Strategy carried out by Warkop Giras, among others: superior customer service, innovative product features, and focus on narrow market segments

**Table 2. Customer Orientation Strategy**

No	Strategy	Form
1	Customer service	Fast and Friendly Service
2	Operational hour	Open 24 hours
3	Market Segment Focus	Youth Segment
4	Innovative Product Features	Selling Giras Coffee
5	Facility	Clean seats and rooms

Source: Primary Data Processed (2021)

### 3) Market Driven Oriented Strategy

Market-driven companies pay attention to customers and competition when making strategic decisions (Day & Nedungadi, 1994). These companies focus on sensing customer needs and anticipating competitors' moves. Such an orientation gives them a superior understanding of customer preferences and competitors' strategies (Gatignon & Xuereb, 1997) (Aloulou, 2019). Thus, market-driven firms have a sense of balance between customer and competitive orientation (Day and Wensley, 1988). Because their mental model is broader, they are open to information about customers and competitors. They have information processing mechanisms capable of detecting trends, events, competitors, and technological developments to ensure their success (Daft and Weick, 1984). In addition, they have superior strategic thinking skills that enable them to better respond to market conditions and anticipate changing competitive conditions.

The market drive orientation strategy (Market Driven Oriented strategy) of the Angkringan Giras warkop includes: Digital Marketing, Health Procedures for crowding services, and Operational Hours.

**Table 3. Market Push Orientation Strategy**

No	Strategy	Form
1	Digital Marketing	Instagram
2	Prokes	Keep your distance, wear a mask, Wash hands available
3	Operational	20 Hours

Source: Primary Data Processed (2021)

From the strategy that has been carried out by the warkop owner, in good (normal) economic conditions, the average number of visitors every month has decreased by 10%. now the number of warkop visitors has increased again by 30%. Defensive Marketing Strategy by using Mental Capital which is carried out by the warkop owner in the COVID-19 pandemic condition, in reality, it is quite capable for the survival and sustainability of the wakop business.

## IV. CONCLUSIONS

From the results of the research that has been carried out, it can be concluded that the Defensive Marketing Strategy for MSMEs whose studies are in the "Giras" free wifi angkringan warkop with Mental Model is First, the Competitor Orientation Strategy which includes symbols, prices, product differentiation and value promotion, where this strategy is a reaction to competitors. So that MSMEs can survive and win competition.

## **Implementation of Defensive Marketing Strategy MSME in the Time of the Covid-19 Pandemic (Case Study on Warkop Angkringan Giras in Mojokerto Regency)**

Second, the Customer Orientation Strategy includes superior customer service, innovative product features, and a focus on a narrow market segment. .

Third, the Market Push Orientation Strategy which consists of Digital Marketing, Health Procedures for crowding services, and Operational Hours. This strategy is based on market push, due to government regulations and changes in technology used in running MSME business activities.

In fact. The defensive marketing strategy carried out by the owner of the "Giras" Warkop Angkringan "Giras" based internet (wifi) is in reality sufficient for the survival and sustainability of this business. .

### **V. SUGGESTION**

In order to be able to improve the resilience and sustainability of their business activities, SMEs need to also use other models in the Defensive Marketing Strategy. Not only using the mental model, but also using the generic Strategy model from Michael Porter .

### **VI. RESEARCH LIMITATIONS**

In this study, this study discusses the implementation of Defensive Marketing Strategy in Warkop (Warung Kopi) angkringan SMEs. Therefore, in further research, it is possible to conduct a study on Defensive Marketing Strategies in other MSMEs.

### **REFERENCES**

- 1) Aloulou, WJ (2019). Impacts of strategic orientations on new product development and firm performances: Insights from Saudi industrial firms. *European Journal of Innovation Management*. <https://doi.org/10.1108/EJIM-05-2018-0092>
- 2) Bowen, GA (2009). Document analysis as a qualitative research method. *Qualitative Research Journal*. <https://doi.org/10.3316/QRJ0902027>
- 3) Day, GS, & Nedungadi, P. (1994). Managerial Representations of Competitive Advantage. *Journal of Marketing*. <https://doi.org/10.1177/002224299405800203>
- 4) Dyllick, T., & Hockerts, K. (2002). Beyond the business case for corporate sustainability. *Business Strategy and the Environment* . <https://doi.org/10.1002/bse.323>
- 5) Falkheimer, J., Heide, M., Falkheimer, J., & Heide, M. (2018). What is strategy? In *Strategic Communication*. <https://doi.org/10.4324/9781315621555-3>
- 6) Fornell, C., & Wernerfelt, B. (1987). Defensive Marketing Strategy by Customer Complaint Management: A Theoretical Analysis. *Journal of Marketing Research* . <https://doi.org/10.2307/3151381>
- 7) Gatignon, H., & Xuereb, JM (1997). Strategic orientation of the firm and new product performance. *Journal of Marketing Research*. <https://doi.org/10.2307/3152066>
- 8) Govoni, NA (2012). Defensive Marketing. In *Dictionary of Marketing Communications*. <https://doi.org/10.4135/9781452229669.n1001>
- 9) Karakaya, F., & Yannopoulos, P. (2010). Defensive strategy framework in global markets: A mental models approach. *European Journal of Marketing*. <https://doi.org/10.1108/03090561011047535>
- 10) Martín-Herrán, G., & Sigué, SP (2019). Offensive and Defensive Marketing in Spatial Competition. *Journal of Service Research*. <https://doi.org/10.1177/1094670518819853>
- 11) Maxwell, JA, & Rebold, LE (2015). Qualitative Research. In *International Encyclopedia of the Social & Behavioral Sciences: Second Edition*. <https://doi.org/10.1016/B978-0-08-097086-8.10558-6>
- 12) Michael D Myers. (2013). *Qualitative Research in Business and Management* (: Kirsty Smy (ed.); Second Edi). SAGE Publications Limited.
- 13) Porter, ME (1997). Competitive strategy. In *Measuring Business Excellence*. <https://doi.org/10.1108/eb025476>
- 14) Roberts, JH (2005). Defensive marketing: How a strong incumbent can protect its position. In *Harvard Business Review*.
- 15) Rumelt, RP, Schendel, D., & Teece, DJ (1991). Strategic management and economics. *Strategic Management Journal*. <https://doi.org/10.1002/smj.4250121003>
- 16) Teece, DJ (2010). Business models, business strategy and innovation. *Long Range Planning*. <https://doi.org/10.1016/j.lrp.2009.07.003>
- 17) Van Burg, E., Cornelissen, J., Stam, W., & Jack, S. (2020). Advancing Qualitative Entrepreneurship Research: Leveraging Methodological Plurality for Achieving Scholarly Impact. In *Entrepreneurship: Theory and Practice*.

## **Implementation of Defensive Marketing Strategy MSME in the Time of the Covid-19 Pandemic (Case Study on Warkop Angkringan Giras in Mojokerto Regency)**

<https://doi.org/10.1177/1042258720943051>

- 18) Varadarajan, R. (2010). Strategic marketing and marketing strategy: Domain, definition, fundamental issues and foundational premises. *Journal of the Academy of Marketing Science*. <https://doi.org/10.1007/s11747-009-0176-7>
- 19) Williamson, K., Given, LM, & Scifleet, P. (2018). Qualitative data analysis. In *Research Methods: Information, Systems, and Contexts: Second Edition*. <https://doi.org/10.1016/B978-0-08-102220-7.00019-4>