

## Marketing Strategy of a Creative Industry Company in Bandung City

Arianis Chan  
Department of Business Administration, Universitas Padjadjaran

Sam'un Jaja Raharja\*  
Department of Business Administration, Universitas Padjadjaran

— *Review of* —  
**Integrative  
Business &  
Economics**  
— *Research* —

### ABSTRACT

Bandung city has maintained the image of a creative city, which became official after UNESCO crowned Bandung as a creative city in 2015. Bandung's image as a creative city is a challenge in advancing the competitiveness of the city's creative industry against other urban cities. Marketing strategies are adopted for the creative industry players in Bandung. A quantitative research method is used to answer the research problem. This research is a descriptive one. The unit of analysis is a company in the creative industry of Bandung. The sample includes 90 companies from various actors in the sub-sector of the creative industry. Results showed that the implementation of marketing strategies in a company showed generally good results. The average company has trademark and brand elements. However, many companies, which do not have patent, set price by adding the cost of production. Post-sales service is promoted through advertising in conventional and social media. Distribution covers almost the entire Indonesia. This study recommends that business actor in the creative industry should continue to improve their capability, especially in the aspect of product marketing, such as in packing of goods, product development, packaging and use of information technology to reach a wider area for product distribution.

Keyword: marketing strategy, marketing mix, creative industry, creative city.

### 1. INTRODUCTION

The creative industry in Indonesia has enormous potential for development because the country has a diverse culture and a large population. According to the Ministry of Trade of Indonesia, the creative industry utilises creativity, skills and talents of individuals to create prosperity and employment by generating and exploiting the creativity of individuals. In addition to developing the creative industry, UNESCO also officially named Bandung as a creative city in 2015. The creative city network of UNESCO was launched in 2004. This network consists of 116 cities around the world and aims to encourage international cooperation between cities that are committed to invest in creativity as a driver of sustainable urban development, social and cultural inclusion. One of the missions of the creative city network is to integrate creative industry and culture into local development strategy.

The development of a creative city in a country cannot be separated from the efforts of the government and the creative actors in the city. As a facilitator, the government must be able to support all fund efforts made by the creative actors in

developing creativity and improving welfare in society. The Bandung city government has made a strong commitment to stimulate the creative economy through the application of new creative centres, industrial areas and research and development. This approach included the Acceleration Program for Regional Development (*PIPPK*) and *Melati* credit system, which provide financial support to businessman and incubate new creative industries. The Bandung Creative Centre (BCC) was launched in 2015 as a centre of national and international stakeholders to encourage the exchange of creative experiences and ideas.

The results of a study conducted by the Department of Business Administration UNPAD (2016) showed the current creative industry conditions in the city of Bandung. A total of 3,000 actors are serving the creative industry and are still dominated by sub-sectors, which have always been the trademarks of Bandung. These sub-sectors include fashion, culinary and design as fields that remain the options of business actors.

These companies must have various strategies in developing the creative industry. These strategies include marketing, which must be integrated into the development of products. Marketing includes branding strategy, appropriate pricing, appropriate promotion and expanding the market with effective and efficient distribution. The authors become interested in the research on the creative industry entitled “Marketing Strategy of Companies in Creative Industries in Bandung”.

## **2. LITERATURE REVIEW**

### **2.1 Marketing Strategy**

Marketing strategy evolves with time. Marketing literature unveils 32 themes grouped by genetic similarity. These themes/declensions are further grouped into categories, except for the “outliers”, which cannot be grouped under any category. Six dominant categories were identified, namely, relationship marketing, value creation, strategic management process, promotion, competitive strategy and profit maximisation (Iyamabo & Utobanjo, 2013).

The concept of marketing has a general definition. However, a definition for small and medium enterprise (SME) marketing was not provided in literature. The development of marketing theory in SMEs is rather limited and often relies on the application of classic marketing models used in large businesses (Chaston and Mangles 2002).

### **2.2 Product Strategy**

A product is the producer’s subjective understanding of “something” that can be offered as an effort to achieve organisational goals through the fulfilment of the needs and desires of consumers based on the competence and capacity of the organisation and the purchasing power of the market. A product can also be defined as consumers’ perceptions elucidated by the producer through the production or operation. In planning a product or market offering, the marketer should understand the following levels of the product (Kotler, 2012):

1. Core product - benefits of the products offered to consumers
2. Actual product - physical product or delivered service that provides product benefits
3. Augmented product - an actual product with other supporting features such as warranty, installation and service delivery

### **2.3 Branding Strategy**

Brand is an important element in product strategy. Selecting the appropriate brand will be the first step of the product to attract the attention of the market. Brand is also beneficial to producers and consumers. For producers, brands play an important role in identifying products and companies, forms of legal protection, quality assurance signals, the means of creating associations and unique meanings (differentiation), means of competitive superiority and the source of financial returns. For consumers, brands play a crucial role in identifying product sources, assigning responsibility to specific manufacturers or distributors, risk reducers, internal and external search fee suppliers, special appointments or ties to producers and symbolic tools that project self-image and quality signals.

According to the American Marketing Association, brand is defined as a name, term, sign, symbol, or design or combination of concepts intended to identify the goods or services of a seller or group to distinguish them from a competitor's goods or services.

## **2.4 Pricing Strategy**

Price can be interpreted as the exchange rate of goods and services listed in monetary unit. Price is the most important factor and motive in the market activity. Price is also the most flexible to change according to market conditions. Pricing is a critical task that supports the success of profit organisation and non-profit organisations. Price is the only element of the marketing mix that provides income for the organisation. However, pricing decisions are not easy to achieve. Overpriced products can increase short-term profits and cannot easily reach consumers.

Pricing methods can be grouped into four main categories, namely, demand-based, cost-based, profit-based and competition-based pricing method.

One of the effective solutions for pricing services includes value strategies. The main principle is to directly relate the price paid by customers with the value they receive from the consumption of corporate services. These strategies consist of three main interrelated types: satisfaction-based pricing, relationship pricing and efficiency pricing.

## **2.5 Distribution Strategy**

Successful value creation requires successful value deliveries, which does not limit the company's focus to the nearest suppliers, distributors and customers. The company should prepare the entire supply chain that connects raw material sources, manufactured goods and components and should show how it moves towards the end user. Failure to appropriately coordinate the value network will result in negative consequences.

Distribution refers to various marketing activities that seek to smoothen and facilitate the delivery or distribution of goods and services from producers to consumers in accordance with the required (type, amount, price, place and when needed).

Moore et al. (2000) and Wrigley et al. (2005) suggested that brand can drive international expansion for fashion retailers. Moore et al. (2000) found that the move from private to public ownership of fashion design houses was related to the funds required to exploit the international potential of their brands. Wrigley et al. (2005) argued that proactive opportunistic retailers are motivated to internationalise in part by their desire "to complement and enhance the domestic and foreign brand propositions as part of an integrated international marketing strategy". Thus, the uniqueness and desirability of a brand can propel a fashion retailer into new markets. Hutchinson et al. (2006, 2007)

also identified a strong brand identity as a critical driver of SME retailer internationalisation. The global appeal of the brand motivated senior management to explore the niche opportunities that were present in foreign markets. Other internal motivating factors identified in Hutchinson et al.'s (2007) study of SME retailer internationalisation relate to the personal characteristics of the founder and changes in ownership. Personality, personal relationships and global vision of the founder of SME retailers were instrumental in the decision of internationalisation. Change in ownership facilitated further international expansion for a number of firms, which was attributed to the acquisition of additional funds and the integration of management knowledge and expertise by the parent company (Evans et al., 2008).

## **2.6 Integrated Marketing Communication Strategy**

In today's global economy, which is characterised by high dynamism and fierce competition, companies determine the best method of communicating with their clients; companies do everything humanly possible to persuade customers of the quality of their product and the benefits that people obtain from using them (Clow, 2010) Therefore, communication has become a fundamental aspect of marketing and a key success factor for the company. Organisations use various forms of marketing communication to satisfy financial or non-profit targets (Shimp, 2013). Integrated marketing communication (IMC) is one of the most important communication trends adopted. The emergence of this concept influenced the strategies adopted by companies. However, authorities, state-owned companies and political parties face the realities of competition in an open economy.

## **3. RESEARCH METHODS**

The research object of the variables studied was marketing strategy. Thus, the variable was independent. The analysis units of this research object were companies in the creative industry of Bandung. The type of research used was descriptive. To obtain data, the authors used field research methods (field research) by directly referring to the object of research. Questionnaires were distributed to respondents, which include owners of companies in the creative industry. The primary data obtained were processed and analysed to draw a conclusion. In addition to field research, the author conducted library research by studying the books, magazines, articles on the Internet and journals that can serve as foundation of theoretical thinking. Data on the development of the creative industry of Bandung, creative industry policy, creative city and some concepts related to the title of the research were obtained from several sources, such as websites. Other relevant and related data were obtained from several websites by the keyword input in the search engine.

### **Population and Sample**

The population included members of companies in the creative industry of Bandung City, which were randomised from several companies. The study used a total of 90 samples. The sampling technique used was simple random sampling.

### **Data Analysis Technique**

The technique used was statistical descriptive. Data were analysed by describing them without the intention to generalise a conclusion (Sugiyono, 2004: 142). In descriptive statistics, the data were presented through tables, graphs, pie charts, pictograms, mode calculations, medians, mean (measurement of central tendencies), decile calculations, percentiles, calculation of data distribution through mean calculations and standard deviations.

## **4. RESULT AND DISCUSSION**

The current development of the creative industry shows continuous improvement. Thus, the potential and opportunities can be greatly developed. Challenges become increasingly tough because of competition. Actors in the creative industry compete not only with their domestic competitors, but also with creative entrepreneurs abroad. Therefore, an appropriate marketing strategy for business actors in this creative sector is required. The following section presents various marketing strategies undertaken by companies in the creative industry based on the results of a survey conducted on 90 actors in the creative industry.

Results show that most respondents were from the sub-sector of Fashion and Culinary. This result is supported by the data that most creative industries in Bandung City include the handicraft and culinary sectors. The culinary sub-sector contributes considerably to 30% of the total revenue of the tourism sector and the creative economy. The culinary industry has a very strong potential for development. Therefore, the government supports the advancement of this sub-sector. The city of Bandung is dubbed as a culinary city, where tourists visit for a culinary tour and eat or buy souvenirs from Bandung. Culinary has become part of the urban lifestyle.

Bandung is also famous for its start. Factory outlets, clothing companies and distribution stores have popped up in Bandung, which even earned the nickname Paris Van Java. Many muslimah fashion trends came from Bandung. Some respondents who were engaged in Muslim fashion mentioned that many of their consumers came from Jakarta and other cities. They came to shop for Muslim clothes in Bandung that are trendy and affordable.

The results of the questionnaire stated that the majority (90%) of respondents had used a unique selling proposition (USP). USP allows companies to differentiate themselves from competitors, which can be considered a company's promise to its customers. This is usually expressed in a slogan that shows the uniqueness and superiority of the product or the company's superiority. Sometimes, not all companies understand or realise they have used this USP. Many companies consider themselves unique and different from other companies although their USPs have no special distinction with others.

In terms of brand, the majority of the companies in this creative industry company have patented brands. The survey shows that perpetrators in the creative industries of Bandung City have patented several products. An awareness of the copyright in the form of brand protection has grown creative business actors. The government has also provided many facilities, such as licensing, ease of submission of services through E-filing, various brand-related training and various endeavours to fight for rights to the brands.

The brand is one of the things that consumers evaluate when buying a product. Other attributes include price, packaging and endorsers. To develop the creative

economy, the parties involved in the development of this business must have the specificity to be known in the community. The community may remember a special identifier, such as the product, packaging and the brand. Business branding is protected by law, and is one of the most important parts of the creative industry and vulnerable to be duplicated by the parties who are not responsible. Brand duplication or brand similarity is almost identical and sometimes disadvantageous to creative industry actors who painstakingly think of identification as a part of the specialty of the marketed product, whether it is a good or a bad service. Therefore, the creative industry and the brand are important and interconnected.

Brand name is the most important attribute in brand giving because it is the first name spoken when people remember the brand. The majority (75%) of the actors in the creative industry have a brand name. Based on interviews with some business actors, brand names come from the names of the founder, the family members and the founder's son and some are artificial names.

A logo is a graphical representation or symbol of a company name or a product brand abbreviation. A logo is a corporate branding strategy. The look of a logo allows consumers to easily identify a product or company brand and distinguish it from its competitors. The table above shows that the majority of creative companies have also used logos. The logos of companies in the creative industry are mostly made through the design of the companies themselves, whereas some that are made through special logo design services.

A product tagline is a series of words that are not excessively long, which embeds a company's product brand into the hearts of its customers. Taglines in this creative company are usually short and solid and represent the uniqueness of the company, although some of the respondent company taglines have taglines that are similar to those of other companies. Some people believe (22%) that taglines are not urgently needed. Thus, they do not have any.

The colour of the brand or the special colour in the brand and the dominant colour in the business layout become something that should be considered. The survey reveals that the majority (62.2%) of creative companies have special colour attributes in the brand or product.

Price has an important role in the marketing strategy and serves as a product positioning strategy. In determining the selling price, the majority of companies in the creative industry surveyed have chosen a price based on the cost of goods sold. The cost of goods manufactured is the assets or services sacrificed or submitted in the production process, which includes the cost of raw materials, labour costs, factory overhead costs and production costs. The company can determine the cost spent by determining the cost of production.

Post sales service is provided by the company to its customers after the process of buying and selling transactions. The purpose of this post-sales service is to create customer satisfaction.

The most used post-sales service is the return of a defective product under the terms and conditions stated. Post-sales services are usually valid within a certain period (e.g., 1 to 7 days after the product is purchased for fashion products) or a free consultation is offered within a specified time (e.g., for interior design services, website creation, product design or architectural services).

The creative industry includes various ways of promotion. The above table shows that not all companies use advertising as a media campaign. The advertising methods

include conventional media, such as radio television, or printed media, such as newspapers or magazines. Many creative companies use advertising through conventional media because they have a budget for it.

Sales promotion through discounts is also an alternative to advertise products. Discounts, the exchange of old goods with new merchandise, gift certificates, product samples and free trials are few examples of sales promotions. The results from questionnaires reveal that the majority (63.3%) provides discounts for creative products or makes other sales promotions. For some types of products, discounting is usually done under certain conditions, such as purchases over a certain nominal or the use of a membership card. Based on interviews with creative industry players in the fashion sector, the discount program was initiated by the Ministry of Cooperatives and SMEs. This online shopping program is usually done at the end of the year and is followed by over 700 online SMEs.

Personal selling is a component of promotion mix in addition to advertising and sales promotions that emphasise persuasive communication to inspire potential customers to buy their products. The survey shows that the majority of respondents do not use personal selling as a way of promotion because of the characteristics of creative products. Products that involve culinary, fashion and average handicrafts are only sold through advertising. Products of design, performing arts and architecture use personal selling because they require further explanation from salespeople.

Tom Duncan (2008) stated that event marketing is a promotional occasion designed to attract and involve a brand's target audience. Other promotions considered suitable for creative industry products are promotions through event marketing. Event marketing must influence (impact) and give a deep impression to every person present at the event in that customers and potential customers can remember a fun experience. Event marketing includes sponsorships on sports, education, arts and culture, seminars and exhibitions. The biggest events done by creative industry players are a trade show.

Other exhibitions are being held by the government and the private sectors. Participation in these creative industry entrepreneurs in trade fairs is usually obtained through invitations from various parties, such as the government and event organisers. According to interviews with some creative entrepreneurs, participating in trade shows has advantages and disadvantages. The advantages include the introduction of products directly to the public. One disadvantage of this approach is that not all trade shows are crowded with visitors in that sometimes the cost incurred for rental premises is not worth the expected sales.

The results of the questionnaire reveal that the use of social media as a means of production has been done by many companies in the creative industry. The most common social media are (1) Instagram, (2) Facebook, (3) Twitter, (4) YouTube and (5) Path. Based on the interviews with the participants, the rise of the use of social media is attributed to cost. Registering for a social media account does not cost anything except for Internet quota or Wi-Fi access. Advertising fees are only charged when the entrepreneur wants good promotion. A social media account is easy to use because the process of introduction to social media applications is quite simple. Thus, using social media is easy for beginners. Social media has a wide market.

The results of observation and interviews with respondents show that they chose Instagram more as a media because it focuses on posting photos of their products, and consumers can read the details on the description. Active creative entrepreneurs post their product photos daily. The more interesting the feeds are and the more followers they gain,

the easier they are followed by a wide market. A strategy in using Instagram is to use an artist or a program that is attractive to consumers and make it look as if the artist uses the product.

In terms of whether a special admin for social media is owned by the company, the answer is almost balanced between no (50%) and yes (43%). An administrator is also called a social media specialist. This role is not needed in some creative companies. Therefore, the job is usually administered by a regular employee who does other work. Some companies in the online-based creative industry have a special admin or a social media specialist.

The task of the administrator is to plan content, such as what content is published and what is the visualisation or the caption that answers questions from netizens, consumers or others. The data show that companies post on Instagram daily, whereas some companies post more than one post in one day and others post in an uncertain schedule. Another important task is showing the intensity of company's response to comments or questions that arise from the post, which is often overlooked by the company. The answers in the table above show that companies in creative industries in the city of Bandung have good intensity with their social media accounts. Interviews with some respondents reveal that the use of social media is effective. They compared companies that have not actively used social media for interaction and found that greater sales volume is observed when the company has used social media.

Distribution channels for creative company products in Bandung are not concentrated in Bandung. The majority has almost reached the entire territory of Indonesia. Some products have even exported to other countries, such as Malaysia, Singapore, Saudi Arabia, Egypt, Japan, Germany, the United Kingdom and the United States. The expansion of this distribution channel is partly due to the ease of product promotion and delivery. Potential sales from companies in the creative industry were also quite large because of the image of Bandung, which can produce products with good taste and quality. Thus, the acceptance of products by consumers outside the city of Bandung is easy.

## V. CONCLUSIONS AND SUGGESTIONS

### 5.1 Conclusions

The results of the discussion in the previous section can be concluded as follows:

1. The analysis of Bandung marketing, which includes branding strategy, product, pricing, promotion strategy and distribution strategy, was conducted in-depth.
2. The branding strategy of the product to the creative company includes brand naming. The product has others element of branding, which are logo/symbol and tagline. This conclusion is consistent with Yeoh (2014) and has five dimensions: sincerity, excitement, competence/modernity, sophistication/joyous and ruggedness/diligence of the BPS associated with the brand personality. This finding indicated that brand personality dimensions were important factors that influence brand loyalty.
3. Strategy product pricing is determined based on the cost of goods sold.
4. Corporate promotion strategy average has been used in social media as the main strategy, but conventional media is still used. The most used social media is Instagram and Facebook.



5. The distribution strategy of a creative company expands the market reach of a creative company. Bandung city is an average creative actor that has reached Bandung, its surrounding areas and even outside Java Island.

## 5.2. Suggestions

1. Establishing cooperation with universities and developing alternative resources to support creative business.
2. Ongoing technical guidance by the government in collaboration with academic and periodic evaluations on marketing aspects to establish business sustainability.

## REFERENCES

- [1] Chaston, B. Badger, T. Mangles, E. Sadler-Smith, 2002 "Knowledge-based services and the Internet: an investigation of small UK accountancy practices", *Journal of Small Business and Enterprise Development*, Vol. 9 Issue: 1, pp.49-60
- [2] Clow, K. 2010. *Integrated Advertising, Promotion and Marketing Communications* (4th ed.), Pearson Education, Upper Saddle River.
- [3] Departemen Business Administration UNPAD. 2016. Activating Creative Industry.
- [4] Duncan, Tom.2008. *Integrated Marketing Communication*. Mc Graw Hill
- [5] Evans, Jody., Kerrie Bridson, John Byrom, Dominic Medway. 2008. Revisiting Retail Internationalization. *International Journal of Retail & Distribution Management*. Vol 36 No.4 2008. Pp 260-280
- [6] Hawkins, John. 2007. *The Creative Economy : How People Make Money from Ideas*. England : Penguin Books.
- [7] Hutchinson, K., Alexander, N., Quinn, B. and Doherty, A.M. .2007. "Internationalization motives and facilitating factors: qualitative evidence from smaller specialist retailers", *Journal of International Marketing*, Vol. 15 No. 3, pp. 96-122.
- [8] Iyamabo, Jeremiah & Olutayo Otubanjo. 2013. A Three-Component Definition of Strategic Marketing. *International Journal of Marketing Studies*; Vol. 5, No. 1; 2013
- [9] Kotler, Philip. 2012. *Marketing Management : An Asian Perspective*, 6<sup>th</sup> ed. Singapore : Pearson Education South Asia Pacific Pte Ltd.
- [10] Moore, C., Fernie, J. and Burt, S. .2000. "Brands without boundaries: the internationalisation of the designer retailer's brand", *European Journal of Marketing*, Vol. 34 No. 8, pp. 919-37
- [11] Shimp, Terence A.2013. *Advertising Promotion and Other Aspects of Integrated Marketing Communications*. Cengage Learning
- [12] Tjiptono, Fandy. 2015. *Strategi Pemasaran*. Edisi 4. Yogyakarta : Andi
- [13] Tjiptono, Fandy & Anastasia Diana .2016. *Pemasaran: .Esensi dan Aplikasi* Yogyakarta : Andi
- [14] Wrigley, S., Moore, C. and Birtwistle, G. 2005. "Product and brand: critical success factors in the internationalisation of a fashion retailer", *International Journal of Retail & Distribution Management*, Vol. 33 No. 7, pp. 531-44.
- [15] Yeoh Jo Ling, 2014, Brand Personality, Brand Loyalty and Brand Quality Rating in the Contact Lens Perspective, *Review of Integrative Business and Economics Research Vol 3(2)*, pp 433-448.