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## **PROPOSED MARKETING STRATEGY TO INCREASE MERCHANDISE SALES**

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### *Abstract*

Indonesia's retail industry is crucial for the country's economy, and PT Sarinah, a State Owned Enterprise (SOE), is the only SOE operating in this sector. Founded in 1962, PT Sarinah underwent a transformation in 2020, estimated to cost around 700 billion Rupiah. To promote the revamped Sarinah and increase revenue, the management decided to create official merchandise, but sales did not reach the target. This research aims to provide a marketing strategy to increase Sarinah merchandise sales and store visits. The internal factors analyzed include the current state of PT Sarinah's STP and 4Ps marketing mix, as well as the VRIO framework. The external factors will be examined using Porter's Five Forces framework, competitor analysis, and customer analysis. The proposed STP will be developed using a SWOT analysis, focusing on internal conditions (strength and weaknesses) and external conditions (opportunity and threat). The research found that PT Sarinah has unidentified segmenting, targeting, and positioning of Sarinah merchandise, limited product categories, uncompetitive prices, lack of uniqueness, and limited online presence. To overcome these challenges, PT Sarinah should position Sarinah merchandise as an affordable Indonesian essential, diversify its product categories, emphasize brand equity, optimize the supply chain, offer promotional offers, maintain quality, improve online purchasing experience, open stores in high-traffic areas, enhance social media presence, hire influencers, and conduct various activations. Additionally, employee involvement, customer experience, operational efficiency, and relationship management strategies should be implemented. Finally, renovating the current merchandise store and creating meaningful packaging and product presentation will further enhance the company's success.

**Keywords:** PT Sarinah, Sarinah merchandise, internal and external analysis, marketing strategies.

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### **INTRODUCTION**

Indonesia's retail industry is a big part of the country's economy. It makes up a big portion of the country's gross domestic product (GDP) and gives jobs to millions of people. The sector includes a wide range of businesses, from small traditional shops to large modern retail chains. It has grown quickly in recent years due to a number of factors, such as more people moving to cities, higher incomes, and the growth of e-commerce platforms.

A report by the Indonesian Retail Merchants Association (Aprindo) says that the retail industry in Indonesia grew by 4.7% in 2020, even though the COVID-19 pandemic caused some problems (Aprindo, 2021). Indonesia's large and quickly growing middle class is one of the main reasons why the retail industry is growing there. According to a report by the Boston Consulting Group, the number of middle-class households in Indonesia is expected to increase from 24 million in 2019 to 39 million by 2024 (BCG, 2019). This is expected to drive demand for a wide range of consumer goods, including clothing, electronics, and household appliances.

The products or merchandise sold in stores to customers is an important part of the retail industry. Merchandise can include a broad range of items, such as clothing, accessories, electronics, furniture, and groceries (Berman, Evans, & Chatterjee, 2018). It also includes a wide range of tasks like planning, buying, displaying, and selling products in a store. Merchandising is a key part of a store's success because it helps them get customers, boost sales, and make money (Hines & Bruce, 2007). Moreover, organization has ensure that it meets the needs and preferences of their target customers by looking at market trends, keeping an eye on what competitors are selling, and knowing how customers buy.

One important aspect of merchandise in the retail industry is the range of products. Organization must carefully select and arrange the products they sell to meet the needs and tastes of their target customers. This includes studying market trends, keeping an eye on what competitors are selling, and understanding how customers buy (Kotler & Keller, 2016). Furthermore, product presentation and location is also an important aspect of merchandise in the retail industry. Merchandise can be sold in brick-and-mortar stores, online marketplaces, or through direct-to-consumer channels. Organizations often use merchandise as a way to promote their brand and increase revenue.

## **RESEARCH METHOD**

Research design refers to the systematic arrangement of conditions that facilitate the collection and analysis of data, with the objective of achieving a balance between relevance to the research purpose and efficiency in procedure (Kothari, 2004). In addition, it refers to various modes of inquiry that are employed within qualitative, quantitative, and mixed methods frameworks, and which offer precise guidance for the conduct of research procedures (Creswell & Creswell, 2018). It is the framework that unites all of the components of a research study. It contains the plan for data collection, measurement, and analysis. For this research, the author will first try to define the problem through observation and then analyze it from an internal and external perspective. Next, the author will find the relevant literature study to support the purpose of the research which is to increase sales at PT Sarinah. In addition to that, the author will need to gain insight from the stakeholders which will be done through various methods – qualitative and quantitative. The data collected will then use to formulate the strategy that could be implemented to achieve the research's

objective. With the formulated strategy, the author will then create a conclusion and recommendation for the company as well as how to implement the recommendation given.

## RESULT AND DISCUSSION

The SWOT analysis framework enables management to integrate findings derived from an internal analysis of the organization's strengths and weaknesses (S and W) with those obtained from an analysis of external opportunities and threats (O and T) in order to derive strategic implications (Rothaermel, 2020). According to Kotler and Armstrong (2011), the organization's strengths consist of its internal capabilities, resources, and advantageous environmental factors that enable it to serve its customers and accomplish its goals. Internal constraints and unfavorable external circumstances that could affect the organization's success are weaknesses. Opportunities are favorable external environmental factors or trends that the organization may be able to capitalize on. Threats are adverse external factors or trends that may pose performance challenges.

Based on the internal and external analysis of PT Sarinah merchandise that the author has conducted, these are the Strength, Weakness, Opportunity, and Threat of Sarinah merchandise:

**Table 1. SWOT Analysis of Sarinah Merchandise**

Strengths	Weaknesses
S1. Strategic location	W1. Limited product categories
S2. Human capital knowledge and experience	W2. Uncompetitive price
S3. Network and connection	W3. Products lack of uniqueness
S4. Brand equity	W4. Unidentified target market
S5. High quality products	W5. Limited online presence
Opportunities	Threats
O1. E-commerce growth	T1. High number of new entrants
O2. Product diversification	T2. High number of substitute products
O3. Partnership and collaboration	T3. High bargaining power of buyers
O4. Market expansion	T4. High competitive rivalry

Source: (Author Analysis, 2023)

After the SWOT are known, the author will link the internal factors and external factors by creating a SWOT Matrix to create the strategies to accomplish the objective of this research. Figure 39 below shows the strategic questions that link the organization's internal environment on its vertical axis and its external environment on the horizontal axis.

Rothermel (2020) suggest that there are four-steps of process on developing strategic alternatives:

1. **Strength – Opportunity (SO)** : This quadrant focuses on leveraging internal strengths to take advantage of external opportunities. It identifies ways to use strengths to capitalize on opportunities in the market or industry.
2. **Strength – Threat (ST)** : In this quadrant, organizations consider how to use their internal strengths to minimize or overcome external threats. It aims to develop strategies that can help mitigate risks or counteract the negative impact of threats.
3. **Weakness – Opportunity (WO)** : This quadrant explores strategies to overcome internal weaknesses by taking advantage of external opportunities. It seeks to find ways to use external opportunities to address and improve upon weaknesses.
4. **Weakness – Threat (WT)** : This quadrant highlights the need to minimize weaknesses and avoid threats. It involves identifying defensive strategies to mitigate weaknesses and avoid potential threats that may harm the organization.

Table 2 below will show the SWOT Matrix of Sarinah merchandise which includes several strategies that are suitable to be developed by PT Sarinah based on their internal and external environment. More thorough description in regards to this strategy will be explained in the next part.

**Table 2 SWOT Matrix of Sarinah Merchandise**

External to Firm			
<b>Internal to Firm</b>	<b>SWOT Matrix</b>		
	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <b>Opportunities</b>            1.E-commerce growth            2.Product diversification            3.Partnership &amp; collaboration            4.Market expansion         </td> <td style="width: 50%; vertical-align: top;"> <b>Threats</b>            1. High number of new entrants            2. High number of substitute products            3. High bargaining power of buyers            4. High competitive rivalry         </td> </tr> </table>	<b>Opportunities</b> 1.E-commerce growth 2.Product diversification 3.Partnership & collaboration 4.Market expansion	<b>Threats</b> 1. High number of new entrants 2. High number of substitute products 3. High bargaining power of buyers 4. High competitive rivalry
	<b>Opportunities</b> 1.E-commerce growth 2.Product diversification 3.Partnership & collaboration 4.Market expansion	<b>Threats</b> 1. High number of new entrants 2. High number of substitute products 3. High bargaining power of buyers 4. High competitive rivalry	
<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <b>Strengths</b>            1. Strategic location            2. Human capital knowledge and experience            3. Network and connection            4. Brand equity            5. High quality products         </td> <td style="width: 50%; vertical-align: top;"> <b>SO Strategies</b>            1.Expand into new markets or open more stores in high-traffic areas.            2.Establish strategic partnerships with local designers and artists.            3.Enhance Sarinah's online presence and e-commerce capabilities.         </td> </tr> </table>	<b>Strengths</b> 1. Strategic location 2. Human capital knowledge and experience 3. Network and connection 4. Brand equity 5. High quality products	<b>SO Strategies</b> 1.Expand into new markets or open more stores in high-traffic areas. 2.Establish strategic partnerships with local designers and artists. 3.Enhance Sarinah's online presence and e-commerce capabilities.	
<b>Strengths</b> 1. Strategic location 2. Human capital knowledge and experience 3. Network and connection 4. Brand equity 5. High quality products	<b>SO Strategies</b> 1.Expand into new markets or open more stores in high-traffic areas. 2.Establish strategic partnerships with local designers and artists. 3.Enhance Sarinah's online presence and e-commerce capabilities.		
<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <b>Weaknesses</b>            1. Limited product categories            2. Uncompetitive price         </td> <td style="width: 50%; vertical-align: top;"> <b>WT Strategies</b>            1. Enhance product differentiation and         </td> </tr> </table>	<b>Weaknesses</b> 1. Limited product categories 2. Uncompetitive price	<b>WT Strategies</b> 1. Enhance product differentiation and	
<b>Weaknesses</b> 1. Limited product categories 2. Uncompetitive price	<b>WT Strategies</b> 1. Enhance product differentiation and		

3. Products lack of uniqueness	2. Invest in social media marketing and online advertising	develop a distinctive value proposition
4. Lack of specific target market	3. Identify and target specific customer segments with unique merchandise offerings and develop tailored marketing strategies	2. Improve the online purchasing experience and offer convenient delivery options
5. Limited online presence		3. Continuously monitor and analyze shifting consumer preferences and behavior

Source: (Internal Analysis, 2023)

### **Business Solution**

This subchapter will explain the solution to the business situation and propose the implementation plan to be adopted by Sarinah. The objective of this research will be answered in this subchapter by proposing new Segmenting, Targeting, and Positioning of Sarinah merchandise as well as the marketing strategy.

### **Proposed Segmenting, Targeting, Positioning (STP)**

The proposed STP will be derived based on the customer survey that has been collected by the author and the expectation from the management of Sarinah. According to the interview, the management feels like has not yet established their STP efficiently, hence the need to transform it. This part of the research will discuss the proposed STP for Sarinah merchandise.

### **Segmentation**

Based on the survey results, the majority of Sarinah's visitors reside in the Jabodetabek area and fall within the age range of below 22 up to 32 years old. These visitors represent a diverse range of occupations, including private sector employees, SOE workers, and students. When it comes to their spending habits, they are willing to allocate a budget of Rp100,000 to Rp200,000 for a merchandise item. The survey also indicates that the visitors of Sarinah prioritize practicality and functionality over brand image or purchasing products for social status. They value products that serve a practical purpose and meet their everyday needs. Additionally, price sensitivity is a key factor for these visitors, suggesting that they are conscious of the affordability and cost-effectiveness of the merchandise they purchase.

Based on these findings, Sarinah can tailor its merchandise offerings and marketing strategies to cater to the preferences and needs of its target audience. By focusing on practical and functional products at competitive price points, Sarinah can appeal to the outgoing and price-sensitive visitors. Emphasizing the value and utility of the merchandise, rather than purely relying on brand image, can help Sarinah attract and retain its target customer base.

### **Targeting**

Based on the interviews and observations, Sarinah merchandise does not currently have a specific marketing strategy targeting a particular market segment, but it holds an abundance of opportunity. Instead, it may benefit from adopting an undifferentiated or mass marketing approach that aims to appeal to a wide range of consumers. By adopting this strategy, Sarinah merchandise can create products and marketing campaigns that have broad appeal and resonate with the majority of its visitors. This approach can help reduce costs associated with production and advertising, as the focus is on reaching a larger customer base rather than targeting specific segments. Implementing an undifferentiated marketing strategy can be advantageous in a heterogeneous market like Sarinah, where visitors come from diverse backgrounds and have varied preferences. By developing products and marketing messages that appeal to a broad range of consumers, Sarinah merchandise can maximize its potential customer base and increase sales.

**Table 3. Proposed Target Market of Sarinah Merchandise**

<b>Proposed Target Market</b>	
Region	Jabodetabek area
Age (years)	15 – 32
Gender	All gender
Spending (Rp)	100,000 – 200,000 per item
Occupation	Student and employee
Lifestyle	<b>Strivers</b> – individuals who are ambitious and motivated to improve their socioeconomic status.
Personality	<ol style="list-style-type: none"> <li>1. <b>Outgoing</b> – sociable, enjoy interacting with others, and often seek external stimulation</li> <li>2. <b>Practical</b> – prefer straight-forward and functional products. Prioritize practicality, durability, and value for money.</li> </ol>
Value	<ol style="list-style-type: none"> <li>1. <b>Practicality &amp; functionality</b> – individuals who prioritize features, reliability, and the ability of a product to meet their specific needs. They seek products that offer value for money, durability, and efficient performance.</li> <li>2. <b>Value for money</b> – individuals who prioritize getting the best value for their money. They are price-conscious, seek discounts, and value products that offer functionality, durability, and affordability.</li> </ol>
Attitudes	<ol style="list-style-type: none"> <li>1. <b>Price-sensitive</b> – prioritize finding the best deals, discounts, and value for money. They may wait for promotions before making a purchase, compare prices across different brands, and be more likely to switch brands for better prices.</li> </ol>

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2. **Usage-based** – determined by their usage patterns. They purchase products or services based on frequency of use, consumption levels, or replenishment needs.
- 

Source: (Author Analysis, 2023)

### **Positioning**

According to prior analysis, Sarinah merchandise positioning could be as the provider of “Affordable Indonesian Essentials” by offering a range of merchandise items that showcase Indonesian culture, craftsmanship, and everyday essentials at competitive prices. Sarinah merchandise emphasizing the qualities that resonate with customers seeking value for money, quality, durability, and efficient performance as well as the ones who appreciate Indonesian heritage.

With a focus on offering high-quality products, Sarinah ensures that its merchandise items are well-crafted, durable, and made from quality materials. Customers can trust that the merchandise delivers long-term value and meets their expectations in terms of durability. By providing affordable prices without compromising on quality, Sarinah merchandise offers customers a range of essential items that are not only cost-effective but also built to last. Additionally, Sarinah merchandise emphasizes the efficient performance of its products, ensuring they effectively meet customers' needs and provide practical solutions for everyday use. By positioning itself as the go-to destination for affordable Indonesian essentials that offer high-quality, value for money, durability, and efficient performance, Sarinah merchandise caters to customers who prioritize practicality, reliability, and affordability in their purchasing decisions. This positioning allows Sarinah to tap into the market of budget-conscious consumers who seek reliable and affordable merchandise items that reflect Indonesian culture and heritage.

### **Proposed Marketing Strategy (7Ps Marketing Mix)**

The proposed marketing strategy, based on internal and external analysis (SWOT) and root cause analysis, includes the 4Ps (Product, Price, Place, and Promotion) as well as an additional 3Ps (People, Process, and Physical Evidence) to account for the service aspect of Sarinah merchandise. This comprehensive approach will help ensure a well-rounded strategy that considers both product and service elements. By incorporating the 7Ps, various aspects that influence customer satisfaction and overall success could be addressed.

#### **Products**

##### **Diversify the products category**

In order to enhance the sales of Sarinah merchandise, it is recommended that Sarinah considers the introduction of innovative product categories that cater to everyday needs. This can include practical accessories such as pouches, water bottles, reversible shopping bags, and keychains, in addition to the existing product range of apparel, tumblers, and tote bags. By continuously diversifying its assortment of merchandise, Sarinah can leverage its advantageous position in product sourcing and curation to attract and retain customers.

To overcome the weakness of limited product categories, strategic partnerships and collaborations can be pursued. By collaborating with other retailers or brands that offer complementary products, Sarinah can expand its product offerings without the need for extensive investments or in-house product development. This strategy helps address the threat posed by specialized retailers that offer a wider range of products. By leveraging partnerships, Sarinah can enhance its product portfolio, provide customers with a more diverse shopping experience, and differentiate itself from competitors.

To successfully implement this strategy, Sarinah should remain informed about market trends and consumer preferences. By staying up to date, Sarinah can introduce innovative products that align with current demands and attract customer interest. Upholding stringent quality standards across all product categories is crucial to cultivating trust and loyalty among customers. This entails procuring merchandise from reputable suppliers and implementing rigorous quality control measures to ensure customer satisfaction.

By introducing innovative product categories and diversifying its merchandise assortment, Sarinah can enhance its brand image, increase customer acquisition, and foster long-term customer engagement. It is important for Sarinah to continually monitor market dynamics, adapt to changing consumer preferences, and strive for excellence in product sourcing, curation, and quality assurance.

#### **Emphasize the brand equity of Sarinah**

The aesthetic qualities and distinctive design of a product play a crucial role in attracting and retaining customers. These factors can be utilized by Sarinah to increase the appeal of its diverse product categories. By emphasizing originality and authenticity, Sarinah can position itself as a curator of products that highlight the craftsmanship, culture, and design of Indonesia. To emphasize the distinct and genuine characteristics of the products, Sarinah can emphasize the story associated with each item. By sharing the stories behind the products, such as the artisanal techniques used, their cultural significance, and the communities they support, Sarinah can create a stronger connection with consumers who value authenticity and cultural heritage. This method of storytelling can add value and increase the desirability of the products.

In addition to accentuating originality and authenticity, Sarinah can invest in creating a compelling brand story and emphasizing the quality and value of its merchandise which can help generate interest and stand out in a crowded market. This includes focusing on the aesthetics, visual appeal, and functionality of the products' designs that will showcase the amusing story of Sarinah. By collaborating with skilled designers or local artisans, Sarinah is able to produce products with unique designs that effectively highlight the distinctive characteristics of Indonesian culture and craftsmanship as well as Sarinah itself. This emphasis on design excellence can increase the perceived value of the products and set Sarinah apart from rivals.

By emphasizing the aesthetic qualities, originality, and authenticity of its varied product categories, Sarinah can strengthen its brand identity and attract consumers who value Indonesia's rich cultural heritage. Unique narratives, enhanced design elements, and an emphasis on authenticity can create a compelling value proposition that differentiates Sarinah in the marketplace.

#### **Price**

#### **Supply chain optimization**



Addressing the issue of higher product prices compared to competitors is crucial for Sarinah to remain competitive in the market. One effective strategy to tackle this challenge is through supply chain optimization. Sarinah can start by streamlining its procurement processes to ensure efficient sourcing and supplier selection. This includes negotiating favorable deals with suppliers, leveraging economies of scale, and exploring opportunities for bulk purchasing to achieve cost savings. By optimizing its procurement practices, Sarinah can secure the best pricing for its merchandise and improve its cost competitiveness. Furthermore, Sarinah should establish strong relationships with its suppliers, fostering open communication and collaboration. This enables Sarinah to address any potential issues promptly and negotiate favorable terms. Regular evaluation of supplier performance and benchmarking against industry standards can help ensure consistent product quality and competitive pricing.

Continuously monitoring the market for alternative suppliers is essential to staying informed about the availability of more cost-effective options. By keeping an eye on market trends and conducting regular supplier assessments, Sarinah can identify potential alternatives that offer competitive pricing without compromising quality. Another aspect of supply chain optimization is inventory management. By implementing effective inventory control systems and demand forecasting techniques, Sarinah can avoid overstocking or understocking of products. This ensures that the right amount of inventory is available at the right time, minimizing holding costs and reducing the risk of price markups due to excess inventory.

Overall, supply chain optimization is a critical strategy for Sarinah to reduce costs, improve competitiveness, and address the challenge of higher product prices. By streamlining procurement processes, optimizing inventory management, nurturing supplier relationships, and staying abreast of market dynamics, Sarinah can enhance its cost efficiency and offer more competitive pricing to its customers.

### **Promotional offers**

Implementing pricing strategies and promoting the value of Sarinah's products are essential aspects of attracting consumers and driving sales. Sarinah can implement these strategies in a number of ways. First, Sarinah can use bundle pricing to provide consumers with discounts for purchasing multiple products from different categories. This strategy encourages customers to investigate and buy products across diverse product categories while saving money. By bundling related products or providing complementary items, Sarinah can increase the perceived value and encourage customers to make additional purchases. To generate a sense of urgency and excitement among consumers, periodic promotional offers can be introduced. Discounts, buy-one-get-one (BOGO) deals, and limited-time special pricing can be used to raise customer awareness and encourage them to investigate the various product categories. Effective promotion through multiple channels, such as social media, website banners, and in-store signage, can increase the visibility of these offers even further.

### **Communicate value-for-money**

Pricing that is competitive is also an essential factor. Sarinah must ensure that the merchandise is priced competitively and offers excellent value. When purchasing products from Sarinah, consumers should feel as though they are receiving a reasonable price and level of quality. To effectively convey value for money, Sarinah should emphasize its products' value proposition in all marketing communications. The quality, features, and benefits of the products can be highlighted through the use of clear and compelling product descriptions, customer testimonials, and visual content. The

perception of value for money can be strengthened by demonstrating the long-term value and satisfaction that consumers can anticipate from purchasing Sarinah products.

### **Maintain the quality**

Lastly, consistent quality assurance is essential. To ensure that consumers receive a return on their investment, Sarinah should maintain high quality standards across all product categories. Regular quality reviews and customer feedback should be used to enhance product quality and customer satisfaction on an ongoing basis. By delivering products that meet or exceed customer expectations, Sarinah can solidify its position as a provider of merchandise at a reasonable price. By implementing these pricing strategies and emphasizing value for money, Sarinah will be able to attract customers who are price-conscious and desire affordable, high-quality products. These strategies contribute to the creation of a perception of fairness, value, and long-term satisfaction, thereby encouraging customers to select Sarinah products over those of competitors and nurturing customer loyalty.

### **Place**

#### **Improve online purchasing experience**

Adopting e-commerce as a complementary channel is essential for Sarinah merchandise to reach a larger customer base and cater to the rising trend of online shopping. By establishing a comprehensive online presence and providing a seamless omnichannel experience, Sarinah merchandise can effectively compete with online retailers and increase its market share. This can be accomplished by investing in a website that is user-friendly, optimizing product listings, and offering convenient online purchasing options.

By establishing an e-commerce platform and enhancing its online presence, Sarinah can capitalize on the opportunity presented by the growth of online retail. This enables Sarinah to expand its customer base beyond its physical retail locations. A user-friendly website with comprehensive product information, high-resolution images, and customer reviews can help consumers make informed purchasing decisions. Convenient online payment methods, dependable shipping options, and hassle-free return policies will enhance the customer experience and foster confidence.

The use of e-commerce platforms to facilitate the sale of goods and services is a common practice. By encouraging satisfied customers to post reviews and promptly responding to inquiries and comments, Sarinah can demonstrate outstanding customer service. Offering promotions, discounts, and personalized recommendations through multiple online channels can also aid in building customer loyalty and boosting sales. By adopting e-commerce and optimizing its online operations, Sarinah can capitalize on the potential of online retail and increase its market share.

#### **Open stores at high traffic areas**

Ensuring the visibility and accessibility of the recently opened Sarinah merchandise store is essential for maximizing customer acquisition and attracting visitors. Relocating the entire store could incur additional expenses, but supplying small booths in the South Lobby's outdoor area is a viable alternative. This strategic placement will increase the merchandise store's visibility, as visitors coming from various directions will see it, including those arriving by MRT, waiting for transportation, or being dropped off in the lobby.

By setting up small kiosks in the South Lobby's outdoor area, Sarinah merchandise can take advantage of the high foot traffic and attract the attention of visitors. This prominent location affords greater exposure and increases the likelihood of impulse

purchases and product exploration motivated by curiosity. It also provides convenience for customers, who can peruse and make purchases without having to navigate the entire store.

In addition, the strategic positioning of the booths in the outdoor area affords exhibitors the opportunity to showcase specific merchandise or provide promotional displays that will attract passersby. Eye-catching signage and visually appealing displays can pique visitors' interest and encourage them to investigate the offerings. This strategic placement enables the Sarinah merchandise to capitalize on the natural flow of visitors and increase the likelihood of converting them into customers.

By increasing the visibility and accessibility of the merchandise store in the South Lobby with small kiosks, Sarinah can increase customer acquisition and capitalize on the existing foot traffic. This strategy maximizes visibility, increases convenience for visitors, and affords the opportunity to effectively showcase products.

## **Promotion**

### **Enhance social-media presence**

Instagram is recommended as the primary platform for exhibiting products in order to increase the promotion of Sarinah merchandise. Creating visually appealing posts showcasing merchandise and highlighting special features, promotions, and partnerships can attract and engage potential consumers. Contests, giveaways, and interactive content can further increase consumer engagement and interest.

Using social media platforms such as TikTok and Twitter to expand the brand's social media reach can help to appeal to diverse demographics and grow the brand's audience. A well-planned social media strategy tailored to the assets of each platform can maximize exposure and effectively target various market segments.

In addition to social media efforts, it can be advantageous to create marketing campaigns that accentuate the newly diversified product categories. Using a combination of online advertising, social media promotions, and traditional marketing channels can effectively reach the target audience and generate interest in the product offerings.

Furthermore, proactively engaging with consumers through multiple online channels, such as social media interactions, email newsletters, and personalized recommendations, can increase customer loyalty. Providing exclusive online discounts and limited-time offers can create a sense of value, encouraging customers to make recurrent purchases and boosting overall sales of Sarinah merchandise. By implementing a comprehensive and targeted marketing strategy, Sarinah merchandise can effectively position itself as a desirable and popular retail option.

### **Influencers marketing**

Utilizing influencers can be a potent and efficient marketing strategy for Sarinah merchandise in order to reach a larger audience and build a positive brand image. Influencers with a strong presence on Instagram and other relevant social media platforms can help promote products to their followers and potential consumers through collaboration. Influencers can create authentic and compelling content featuring Sarinah merchandise, demonstrating how the products fit into their lifestyle or aesthetic. Their endorsements and recommendations can instill credibility and trust in their followers, encouraging them to investigate and purchase Sarinah merchandise. The campaign can have a greater impact by selecting influencers whose values align with Sarinah's brand identity and target audience.

In addition to product endorsements, influencer partnerships can be utilized to create a sense of urgency and enthusiasm among their followers through limited-time

promotions, exclusive offers, and giveaways. Influencers can actively engage with their audience by hosting live sessions, answering queries, and encouraging feedback, thereby fostering a two-way dialogue that builds brand loyalty. Measuring the success of influencer campaigns with metrics like reach, engagement, and conversion rates can provide valuable insights for future marketing strategies and optimize the use of influencers to generate sales and brand awareness. Overall, incorporating influencers into the marketing strategy can help Sarinah merchandise reach new consumer segments, increase brand visibility, and generate a more authentic and relatable buzz around the products.

### **Design competition**

The design competition organized by Sarinah merchandise seeks to accomplish two primary goals. First, it aims to increase community engagement and enthusiasm by promoting active participation and originality. By inviting the public to submit designs, Sarinah establishes a sense of inclusiveness and participation, thereby nurturing a closer relationship between the brand and its customers. This engagement strategy generates excitement and enthusiasm for the forthcoming merchandise launch, as the community anxiously awaits the final products that feature their creativity and contributions.

Second, the design competition functions as a platform for promoting and supporting local talent, particularly Indonesian illustrators and producers. By sourcing designs from these artists, Sarinah highlights and celebrates the country's rich artistic heritage, nurturing a sense of national pride and appreciation for Indonesian craftsmanship. This emphasis on local talent resonates with consumers who value products that embody the essence of their culture, thereby establishing a favorable association between Sarinah merchandise and authenticity and cultural significance. Overall, the design competition contributes to Sarinah's brand identity by strengthening community connections, generating enthusiasm for the merchandise, and reaffirming the company's dedication to supporting and promoting Indonesian artistry.

### **Discount and other promotion**

Sarinah merchandise can effectively attract customers and boost sales through a well-rounded discount and promotion strategy. By capitalizing on key events and holidays, Sarinah can offer compelling discounts, special offers, and attractive bundles to entice customers during festive periods. This creates a sense of urgency and excitement, encouraging increased sales and customer engagement.

Introducing a loyalty program can foster customer loyalty and repeat purchases by providing exclusive discounts, early access to new product launches, or rewards for every purchase. Social media contests and giveaways can engage customers and expand brand visibility. Collaborating with local brands, influencers, or artists for joint promotions can boost brand awareness and attract new customers.

Flash sales and daily deals can create a sense of urgency, driving immediate sales. Promoting these time-sensitive offers through various channels, such as social media, email newsletters, and the website, maximize their impact and reach. Targeting the student and employee demographic with exclusive discounts can expand Sarinah's customer base, as they tap into the spending potential of these segments.

Lastly, a well-designed referral program can stimulate word-of-mouth marketing by offering discounts or incentives to customers who refer new buyers to Sarinah merchandise. These efforts contribute to building a strong brand image and sustaining growth in the competitive retail landscape.

### **People**

## **Training and development**

The Sarinah merchandise store must implement a comprehensive training and development program to cultivate a competent and knowledgeable workforce. To improve the overall shopping experience for consumers, the training should emphasize product knowledge, customer service skills, personalized assistance, and cultural awareness. Staff members should be able to provide accurate product information, actively engage with consumers, and provide individualized recommendations based on their preferences. In addition, they must be able to handle difficult situations with empathy and efficacy. Continuous learning and feedback mechanisms will ensure that employees remain informed and inspired to provide exceptional customer experiences.

By investing in training and development, Sarinah merchandise can create a distinct and customer-centric retail environment. A trained personnel will contribute to the development of a positive brand image and increase customer loyalty. With employees who have in-depth product knowledge, exceptional customer service skills, and cultural awareness, Sarinah can stand out in the competitive retail market. Regular training updates and feedback mechanisms will enable continuous development and maintain the staff's dedication to providing exceptional customer experiences.

## **Encourage employee involvement**

Continuous development is essential to the success of Sarinah merchandise, which involves a proactive approach to identifying areas for improvement and implementing changes based on customer and employee feedback. By cultivating an environment that promotes open communication and collaboration, Sarinah merchandise is able to collect valuable insights and ideas from all stakeholders. Regular customer feedback, surveys, and reviews provide vital information regarding customer preferences and pain points, enabling the business to make targeted improvements to enhance the overall purchasing experience. Similarly, involving employees in the process of continuous improvement enables them to contribute suggestions for optimizing processes and consumer interactions, fostering a sense of ownership and commitment.

## **Process**

### **Enhancing customer experience and operational efficiency**

To enhance the process aspect, Sarinah merchandise can incorporate multiple delivery options to accommodate a variety of customer preferences. Providing home delivery for customers who value convenience and click-and-collect for those who prefer in-store pickup can improve the overall purchasing experience. By optimizing the order and fulfillment processes, Sarinah can reduce operational inefficiencies, ensure accurate and timely deliveries, and increase customer loyalty. Additionally, a seamless and efficient order fulfillment process positively influences customer loyalty and retention, as satisfied customers are more likely to return for future purchases.

Investing in advanced inventory management systems and logistics solutions is crucial for achieving a streamlined order fulfillment procedure. Real-time monitoring systems can improve communication and transparency by enabling customers to monitor their deliveries. By optimizing inventory levels, stockouts can be minimized and adequate product availability can be ensured. In addition, Sarinah is able to optimize operations and reduce expenses, resulting in increased profit margins. A well-executed delivery process not only satisfies consumers, but also enhances the company's brand reputation and market competitiveness, resulting in increased customer satisfaction and favorable word-of-mouth recommendations.

## **Customer Relationship Management**

The CRM strategy for Sarinah merchandise is intended to foster long-lasting and meaningful consumer relationships while enhancing the overall shopping experience. By implementing a solid CRM system, Sarinah is able to collect and analyze valuable consumer information, such as purchase history, preferences, and feedback. This data-driven strategy enables the company to customize its marketing efforts and deliver personalized communications, such as emails, WhatsApp notifications, and app alerts, containing pertinent product recommendations and exclusive offers. By providing consumers with personalized interactions, Sarinah hopes to create a sense of exclusivity and make them feel valued, thereby increasing their engagement and brand loyalty.

The implementation of a loyalty program that rewards repeat consumers with loyalty points for each purchase is a crucial component of the CRM strategy. These points can then be redeemed for discounts, free gifts, or exclusive access to events, encouraging customers to continue purchasing with Sarinah. Additionally, the loyalty program increases consumer retention and fosters a sense of brand community membership. Additionally, exceptional customer service is an integral component of the CRM strategy, with well-trained and empowered customer service representatives responding promptly to inquiries and resolving issues. By going above and beyond to ensure customer gratification, Sarinah hopes to leave a favorable and enduring impression, thereby encouraging customers to return for future purchases.

In addition, constantly seeking customer feedback and encouraging customers to leave reviews on products and their purchasing experiences yields valuable insights for enhancement. This feedback can be utilized by Sarinah to identify areas for improvement and resolve any customer pain points. Engaging with customer reviews and demonstrating appreciation for their feedback reinforces the brand's dedication to the consumer. This comprehensive CRM strategy enables Sarinah Merchandise to create a delightful shopping experience, nurture customer loyalty, and establish a strong brand presence in the highly competitive retail market.

### **Physical Evidence**

#### **Renovation of merchandise store**

Customers' overall purchasing experience at Sarinah Merchandise is significantly influenced by the store's atmosphere and layout. To create an authentic and alluring atmosphere, the store's design should be influenced by Indonesian culture and history. The use of traditional elements, local artwork, and cultural motifs can instill a sense of pride and connection with Indonesia's rich heritage. Natural materials such as wood and stone can be incorporated into the interior design to reflect the country's diverse landscapes. Additionally, comfortable seating areas or designated relaxation spaces can be added to encourage consumers to spend more time perusing the merchandise.

Customers should be able to navigate the store layout with relative simplicity. The visual merchandising team of Sarinah must clearly define product sections and categories with prominent signage so that consumers can easily locate the items they seek. Displays and focal points can be strategically set to attract customers' attention to particular products or promotions. In addition, the store should prominently display the Sarinah logo, which represents the brand's longstanding history and commitment to promoting Indonesian culture. Consistent branding elements, such as color schemes and fonts, should be applied throughout the store to create a unified and recognizable visual identity. The store's entrance and exterior should be well-branded to attract passersby and entice them to explore the merchandise. Creating an inviting and culturally immersive

atmosphere will not only increase customer satisfaction, but it will also leave a lasting impression, encouraging return visits and word-of-mouth recommendations.

### **Creating meaningful product packaging and presentation**

Sarinah Merchandise's marketing mix includes product packaging and presentation, which are crucial for promoting Indonesian culture and heritage. The packaging design should reflect the authenticity and uniqueness of the items, using traditional Indonesian patterns, symbols, and colors to create a sense of cultural identity. Eco-friendly and sustainable materials align with Sarinah's commitment to environmental responsibility, attracting environmentally-conscious customers. The packaging should protect the products during transportation and storage while enhancing the overall presentation.

In-store presentation is equally important, with thoughtful product arrangement, displays, and shelving. Grouping complementary products together encourages cross-selling and convenience for shoppers. Utilizing product stands or interactive displays showcases items or seasonal promotions, while engaging visual merchandising captures customers' attention and encourages them to explore the diverse range of products offered by Sarinah Merchandise. By paying attention to product packaging and presentation, Sarinah Merchandise can create a compelling and immersive shopping experience, reinforcing the brand's commitment to promoting Indonesian culture and elevating the overall perceived value of its products.

### **Implementation Plan**

Based on the findings and analysis conducted, it is found that Sarinah merchandise has not reached the targeted sales due to some reasons. The objective of this research was to increase merchandise sales and number of customers for Sarinah merchandise products. For that purpose, the author proposed for PT Sarinah to create appropriate Segmentation, Positioning, and Targeting (STP) to attract an accurate customer. Moreover, the author also proposed a new marketing strategy to achieve this objective by using the 7 Ps of the marketing mix: Product, Price, Place, Promotion, People, Process, and Physical evidence.

### **CONCUSSION**

PT Sarinah is the only State-Owned Enterprise (SOE) that operates in the retail sector. It was founded in 1962 and underwent a transformation in 2020 that was estimated to cost around 700 billion Rupiah. For the purpose of promoting the newly revamped Sarinah and increasing its revenue, the management has decided to create official merchandise beginning in December 2022. The sales between December 2022 and February 2023 fell short of the goal by a minor margin, reaching only 86% of the target. Due to this reasons, the author conduct a research study to increase merchandise sales and number of visitor from 530 people to 600 people per 2 months or 300 people per month. This occurrence happened due to several reasons Unidentified segmenting, targeting, and positioning of Sarinah merchandise. Limited products category. Uncompetitive price. Products lack of uniqueness. Limited online presence.

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