

## **ANALYSIS OF MARKETING STRATEGY TO LEVERAGE THE BUSINESS GROWTH OF WASTE BANK TRI ALAM LESTARI**

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### **ABSTRACT**

*This research analyzes the marketing strategy of Waste Bank Tri Alam Lestari (TAL) to leverage their business growth. To optimize their performance, the effect of implementing customer-driven strategies and marketing mix is analyzed. The objectives of this study are to reveal the current marketing strategies implemented by Waste Bank TAL and to recommend the advance marketing strategy to optimize their business growth. This research used a qualitative research approach and the explanatory method by interviewing the owner and its stakeholders as primary data and other sources such as journals, books, and reports are as secondary data. The result of the analysis shows that the targeted market is a niche market, customized products, and superior products. Hence, there are some factors of the marketing mix that should be optimized through their brand awareness "Kreasi Menik" to leverage the business growth of Waste Bank TAL.*

### **Keywords:**

*Customer-driven strategy, marketing mix, business growth, waste bank TAL*

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## **INTRODUCTION**

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Waste or trash has become a problem all over the world. The problem comes when waste is not maintained well cause damage and erase the cleanness of the city. Waste is an old issue in Indonesia, particularly in a big city like Jakarta. The data released by Government Environmental Agency, Jakarta in 2016 stated that the city of Jakarta produces around 6000-7000 tons (Bona, 2016) of waste a day with 13% of an aggregate waste in Jakarta is plastic garbage then more than 46.000 of them are skimming the ocean consistently (Kalimasyada, 2017). These problems must be solved by the government and society.

The government, society, and communities stated to initiate the 3R. They are to reduce, reuse, and recycle the waste to prevent the damage of the environment (Farida, 2012) and in some case convert them to become a useful product which gaining income. This 3R has been started by the government and widely accepted by society in Indonesia. The movement confronts the waste and socialized it to the people around them. Now its already started globally.

One of the waste solutions is by establishing a garbage bank. Waste Bank or Garbage Bank currently popular among Indonesian people to restore garbage or waste and convert them into some specific products. Garbage bank is a solution to overcome the garbage problems in Indonesia (Fabianus, 2014), especially in an urban city like Jakarta with a huge population. The garbage or waste or trash is characterized as a material discharged the environment and sometimes cause a harmful to society. Residents of the Ulujami Pesanggrahan subdistrict in South Jakarta have for the last 5 years been sorting their

domestic waste and grouping it according to type in Waste Bank called Tri Alam Lestari.

The initiative of establishing garbage bank in South Jakarta comes after the waste problem and the skillful women. Waste Bank Tri Alam Lestari (TAL) which initiated by Mrs. Tri Sugiarti, established in August 2014, located in Street Kampung Baru II, Ulujami, Pesanggrahan, South Jakarta. This is a small enterprise which established to recycle waste plastic and paper and convert them into a valuable product and instrument for daily life. The process is restoring, converting, and transforming waste into valuable products and generating income.

The activity was started when the owner took part in the training of recycling waste by the end of 2013. She attempted to create a creative new model of handmade products from waste paper and plastics. In the beginning, she did it alone and supported by her parents. No intention of business, only converting the waste into a product, but the idea comes up when she able to give a value add on each product. Finally, she stated establishing a small enterprise called Waste Bank Tri Alam Lestari with the product brand name "Kreasi Menik". Now she successfully generated income from selling the recycle waste product and sold hundreds of them each month to the customer.

However, Waste Bank TAL still faces many challenges especially in the marketing aspect of the business. This research analyzes the marketing strategy to leverage their business growth.

## **LITERATURE REVIEW**

Marketing is a social and managerial process by which individuals and groups obtain what they need and want through

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creating, offering, and the exchange of products of value with others” (Kotler, 1991:4). Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of goods and services to facilitate exchanges that satisfy individual and organizational objectives” (Nickels et al, 2008:350). Marketing is a process by which companies create value for customers and build strong customer relationships to capture value from customers in return (Kotler & Armstrong, 2012:28).

Marketing begins with creating value and capture the value from the customer. The company must be able to understand the customer's need, want, and demand then maintain the relationship with them.

Companies cannot serve the entire marketplace on their own, they may choose the market that can serve the best and most profitable one. The customer-driven strategy will build the right relationship with the right customers (Kotler and Armstrong 2012:214). They are four major steps in designing a customer-driven strategy.

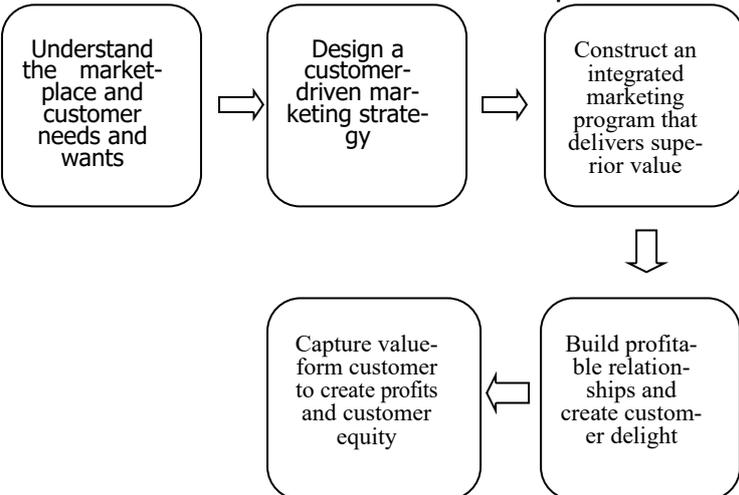
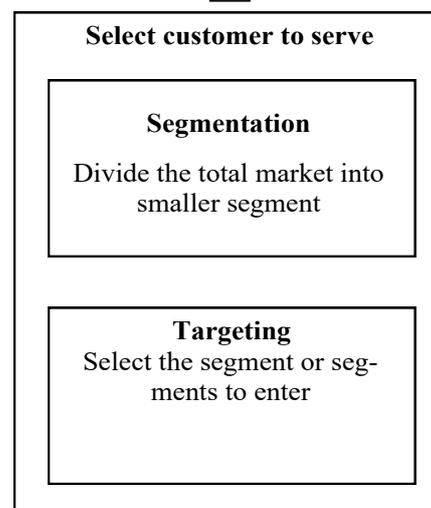
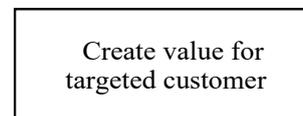
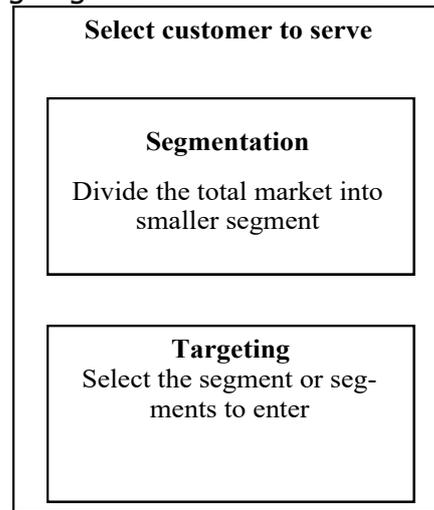


Figure 1. Simple Model of the Marketing Process

Source: Kotler & Armstrong, 2012: 29 in Principle of Marketing

According to Kotler (2012:72), the customer is the object of marketing strategy. The goal is creating value for the customer and builds profitable relationships. He emphasized that the marketing strategy is logic by which the company hopes to create customer values and achieve profitable customer relationships.

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## Figure 2. Designing Customer Driven Strategy

Source: Kotler & Armstrong, 2012: 215 in Principle of Marketing

Segmentation is to divide the customers who have different needs, characteristics, and behaviors, which might cause a different marketing plan. Usually divided based on four factors such as geographical, Demographical, Psychological, and Behavioral factors. While targeting is dividing the market into four levels such as undifferentiated (mass) marketing, differentiated (segmented) marketing, concentrated (niche) marketing, and micromarketing (local or individual marketing). Kotler and Armstrong (2012:231-232) stated that product position is how the customer mind is in defining the products, identifying a set of differentiating competitive advantages on which to build position, choosing the right competitive advantages, and selecting an overall positioning strategy.

Lastly, the marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in the target market by Kotler & Armstrong (2012). The marketing mix can be collected into seven groups of variables popularly called the 7P's marketing mix they are the product, price, place, promotion, people, process, and physical evidence.

### RESEARCH METHODOLOGY

This study used a qualitative research approach and the explanatory method to explain cause-effect relationships related to a phenomenon. A qualitative approach is an array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world (Donald and Pamela, 2011). While the explanatory

approach aims to formulate the problem to be clearly defined, screening alternative solutions and discovering the new idea to address the problems (Kothari, 2004). The explanatory method investigates the problem or situation which provides insights to the researcher.

The data collection method is a systematic and standard procedure to collect data. Generally, there are two methods to collect the data they are primary data and secondary data. Primary data is an original work of research or raw data without interpretation or pronouncement that represent an official opinion or position (Cooper, et al. 2011:100). There are two methods to collect primary data in this research are observation and interview. Observation is the conscious noticing and detailed examination of participants' behavior (Heigham & Croker, 2009:166) and an interview has been described as the gold standard of qualitative research (Silverman, 2000:51). This research interviewed with the owner of Waste Bank TAL. Hence, secondary data are an interpretation of primary data (Cooper, et al. 2011:100), the data mostly cited from textbooks, journals, and other references such as news, and website.

### FINDINGS AND DISCUSSIONS

In this part, the researcher will identify several theories of a marketing strategy by using a customer-driven strategy and marketing mix strategy.

#### Consumer-Driven Strategy

There are four major steps in designing a customer-driven strategy: they are segmentation, targeting, differentiation and positioning (Kotler and Armstrong, 2012). Market segmentation is the process of dividing the market into distinct groups of buyers who have different needs, characteristics, or behaviors,

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and who might require separate products or marketing programs. Originally, Waste Bank TAL did not have any specific market segment, all products are made by hand by recycling the waste paper or plastics. But after getting supported by the government of DKI Jakarta, this small enterprise promotes its products through exhibitions, seminars, and online marketing such as marketplace in tokopedia, and social media. Slowly, the market segment started to shaped and women who loves handcraft and recycle products were discovered.

According to Kotler and Armstrong (2012), concentrated marketing is one of the four-level of targeting in consumer-driven strategy. The researcher analyzed the customers of Waste Bank TAL and found the target market they are the women who love to use the recycled product as their daily tool and handcraft product with a unique process of production. Thus, Kreasi Menik stated to produce products with uniqueness and innovation. Concentrated marketing is the best choice for the marketing target of Waste Bank TAL as it's only a few smaller market segments known as a niche market but the products addressed the woman's need especially women who love handcraft products.

There are three steps in defining the marketing differentiation and positioning: First of all, identifying competitive advantage which can be measured by low price products or more benefits with higher prices. Waste Bank TAL through its brand Kreasi Menik sells its products with lower prices to the customers and lower than its competitor with differentiation. The competitive scope consists of a broad target and narrow target which combined in generic strategies. Based on the discussion, that Waste

Bank TAL prioritizes narrow targets that use cost focus strategy.

COMPETITIVE ADVANTAGE			
	Lower	Cost	Differentiation
COMPETITIVE SCOPE	Broad Target	Cost Leadership	Differentiation
	Narrow Target	Cost Focus	Focused Differentiation

Source: Kotler and Armstrong (2012) in Competitive Advantage  
 Figure 3. Generic Strategy of Waste Bank TAL

Another step is choosing the right competitive advantage with seven criteria of differentiation they are importance, distinctiveness, superiority, communicatory, preemption, applicability, and profitability. The main benefit of recycling products is sizeable with good patterns and shapes. The product is adjustable and made with a skillful hand and love art. The owner is very concern about the quality of the product and prefers to use good quality of raw material from waste paper and plastics.

The last step is selecting an overall positioning strategy. There are five winning value proportions such as more for more, more for the same, the same for less, less for much less, and more for less. The Waste Bank TAL selecting more benefits and less price for its positioning strategy.

Figure 4. Possible Value Proposition of Waste Bank TAL

Benefits		Price		
		More	The same	Less
More	More	More for More	More for the same	More for less
The same				The same For Less
Less				Less for Much less

Source: Kotler and Armstrong (2012:237) in Principle of Marketing

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### **Marketing Mix Strategy**

The marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in the target market (Kotler & Armstrong, 2012). Bank Sampah Tri Alam Lestari through its brand Kreasi Menik produce handicraft products from waste paper and plastics. The waste things were transformed into a valuable product for a daily tool. They are five models of popular products with different characteristics and features such as tissue box, roll-tissue container, candy or cake container, medicine box, pen container, and plate (Kalimasyada, 2017).

Price is a value that is sacrificed by a customer to get benefit from having or using a product or service (Kotler & Armstrong 2009:126). Product value gives a significant impact on the image of the product as well as consumer decision making to purchase. That's why the pricing strategy is must be clear at the beginning of a business. According to Zeithmal, Bitner, and Gremler (2006:521), there are three approaches to price structure: cost-based, competition-based, and demand-based pricing. Waste Bank TAL uses cost-based and competition-based on price structures which specifically cost including pricing only for customers who placed an order customized with a large number of recycling products. In this regard, price signaling or scanning the competitor price before setting their price is required (Andre, 2017). Kreasi Menik has a unique attribute on its products such as quality, design, and environmental friendly with lower prices. The price of each product starts from Rp.25.000 to Rp.300.000. However, the average price is set at Rp.75.000 to Rp. 100.000.

The place is how a company determines the location and distribution channel which is related to

how the product or service is delivered to the customer (Lupiyoadi, 2006:74). The office of Waste Bank Tri Alam Lestari and the gallery of Kreasi Menik is located in Jl. Kampung Baru II, Ulujami – Pesanggrahan, South Jakarta. The customer in Jakarta would likely to come and visit the gallery directly, they can see directly the process of recycling waste paper and plastics into valuable products.

Promotion is the process of communicating the benefit of products or services in attracting the market (Mc Charty, 2005:294). Strategic promotion may improve brand awareness of Kreasi Menik and Waste Bank TAL. However, due to a limited budget for advertisement and promotion, virtually free promotion can be another solution for them. Virtually free promotion is the promotion exertion that requires very limited financial cost but has time commitment requirements from individuals in the firm to achieve the target (Bamford & Bruton, 2011). Since Waste Bank TAL and its product brand, Kreasi Menik is small enterprise and does not have enough budget for promotion, using lower-cost promotional strategies such as word of mouth, attending exhibition supported by govt, free training program, and reseller request are fully demanded.

People or employees are a critical factor in determining the success of the company because people act as a bridge for what companies promise to their customers (Andre, 2017). People play an important role in the production section. Handmade products or handicrafts require a skillful and trained human resource to produce unique and innovative products. At this time Waste Bank TAL has only five employees who produces the product and two staff for marketing and production.

The main business process of

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Waste Bank TAL is started with waste products. Through its intensive production unit, the waste products were converted and transformed into valuable and unique products that are marketable and accepted by the people. Also, the process of production is transparent and everyone can see it from the beginning till the end. They produce around 100-200 pieces of products every month at their workshop and put them in a gallery.

### CONCLUSION

In this research, the researcher identifies the business and marketing strategies implemented by Waste Bank TAL. However, they are several issues and solution which could become an opportunity to improve their marketing performance and business growth.

Defining the marketing strategy of Waste Bank TAL, they focus on a niche market with lower prices and a special requirement for customized products. Brand Kreasi Menik could create customize and superior product for the specific target market. The value proposition used is more for less or more benefit and less price means selling the recycle product below the market price with high quality.

Waste Bank TAL uses several marketing mix strategies to leverage its business growth such as product penetration with a single product and customized product. Promotion through an exhibition supported by the government, training and campaign program of recycling waste and garbage. Conventional marketing by word of mouth contributes little effect of the growth of Waste Bank TAL, that's why virtual free promotion is required.

In the end, the researcher has several recommendations to improve business growth and enhance the marketing strategy execution.

First of all, they should optimize virtual promotion activities such as open more accounts in many marketplaces, and social media. Collaborate with souvenir stores and start selling through a reseller. Finally, the innovation of the product is useful to improve their brand awareness.

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