

THE SEARCHING NATURAL MARKETING NETWORKS: STUDY ON HOUSEHOLD INDUSTRY OF EBONY WOODEN CRAFTS IN INDONESIA

Syamsul Bachri *,
Darman

ABSTRACT

This study aims to trace the network marketing of household industries that formed naturally. The object of this research is ebony wooden home industry in Central Sulawesi as many as 25 business units. So, the respondents in this research are the owner of ebony wooden home industry. The method of analysis used is survey method. The results of this study found that the marketing network of ebony wooden household industry has been formed naturally through 3 network marketing channels, line 1: craftsman → consumer; line 2: craftsman → showroom > consumer intermediate media; line 3: craftsman → showroom (consumer) → consumer.

Keywords: Home Industry, Marketing Network, Ebony Wood Craft

Introduction

Household industry plays an important role in the household economy, regional, and national even global because it contributes to the aspects of life both economically and non-economics. Economically, home industries are play a role in creating a business climate, creating jobs, creating renewable resources, fostering innovation, and people's creativity. One of the most important things for the development and sustainability of small industries is marketing access (Primansa, 2011). One of the stages of small-scale industry development is the increase in marketing reach and effectiveness, increased outreach, and marketing effectiveness needs, because the potential a small industry of quality both at home and abroad. Regard to the market access, the government continues to seek to facilitate domestic and foreign exhibition venues for industry players (Pangestu, 2012). Nevertheless, opening market access through exhibitions is not enough to effectively build a network in the home industry marketing.

Networking is a useful way for small industry owners / managers to expand marketing access (Gilmore, 2006). Network marketing is an important factor for small industries because of its simple nature and structure, frequent direct contact with customers (Reijonen, 2010). Gilmore (2006) argues that network activity can be informal although important, because it can help small industry owners to take advantage of their limited resources and compete more effectively with their strong competitors. Therefore, small industries are well suited for the establishment of an effective marketing network. The network can build owner communications with consumers, attend relevant trade events, gather information on business activities to conduct a business plans and conduct some marketing activities (Gilmore, 2006). Nevertheless, the facts of research results related to household industry network is not adequate. Especially, this is true in terms of marketing activities, or the need to develop networks by the home industry in marketing.

Grath (2008) argues that given the limited resources of a small industry and the importance of network marketing and lack of expertise, traditional marketing theories are no longer applicable. Therefore, following the traditional route of marketing is not feasible for the marketing of small industries. In contrast, Hill (2001) argues that small industries have a natural ability, enables them to practice effective of marketing networks. These capabilities related to the personal characteristics of the owner are include experience, social skills, and communication, then product knowledge. The results of Grath (2008) and Hill (2001) found that marketing networking can be a means of small industries to successfully carry out their marketing activities. In other words, small industry marketing decisions can be improved through the network. The literature suggests that the lack of an appropriate marketing framework leads to the difficulty of small industry marketing and the harsh constraints of small industry resources (Gilmore, 2001 and O'Donnell, 2001). According to (Carson, 2004) "marketing networking" in a small industry that is defined as a network process by small industry owners in managing their marketing activities.

The problem of access to product marketing is also experienced by the ebony wood craft lumber industry managed by the craftsmen households in Central Sulawesi. Aris (2011) argues that the main obstacle of the woodcraft industry is a marketing problem, although local governments always include in some craft exhibitions. Ebony wood craft (*Diospyros Celebika Bakh*) is a craft made of luxurious wood (fancy wood) and has a unique and distinctive style by skilled hands. So, the home industry ebony wood craft is one of the potential of local art as well as livelihood households in Central Sulawesi.

Given the importance things about market access for the development of home industry, it is necessary to analyze the natural marketing network, to increase its sales, thereby impact to increasing income and welfare in the community, especially the ebony wood craftsmen in Central Sulawesi.

2. LITERATURE REVIEW

2.1 Household Industry

Industry is a company that carries out economic activities belonging to the secondary sector. These activities include textile mills, assembly plants, and cigarette manufacturing plants. Industry is an economic activity that processes raw goods, raw materials, semi-finished goods, or finished goods to be used as goods of higher use (Sadono, 1995). So, in general the sense of industry is a business or processing activities on raw materials or semi-finished goods into finished goods that it has added value to gain profit.

Industry is one effort to improve a welfare of the population. Besides, industrialization is also inseparable from efforts to improve the quality of human resources and the ability to utilize natural resources optimally. Law No. 5/1984 on Industry, industry is an economic activity that manages raw materials, raw materials, semi-finished goods, and / or finished goods into higher value goods for its use including engineering and engineering design activities (Wignjosoebroto). Industries in Indonesia are classified into four types, such as: (1) Large industry, has a workforce of 100 people or more, (2) Medium industry, has a workforce of between 20 - 99 people, (3) Small industry, labor between 5 - 19 people, (4) Household industry, has a workforce of between 1 - 4 people. Household industries have great potential in strengthening industrial structure in Indonesia. Primarily acting as a source of economic growth, improving overall industry efficiency, increasing income, employment, and poverty alleviation. Similarly, the potential of small industries and households is large enough to support the spread of industry, overcoming structural inequalities between urban and rural economies and supporting the rural structure of the rural economy in a more advanced direction (Simatupang et al., 1994).

2.2 Network Marketing

Networking is a useful way for small industry owners / managers to expand marketing access (Gilmore, 2006). Network marketing is an important factor for small industries because of its simple nature and structure, frequent direct contact with customers (Reijonen, 2010). Gilmore (2006) argues that network activity can be informal although important because it can help small industry owners to take advantage of their limited resources and compete more effectively with their strong competitors. Therefore, small industries are well suited for the establishment of an effective marketing network. The network can build owner communications with consumers, attend relevant trade events, gather information on business activities to conduct business plans and conduct marketing activities (Gilmore, 2006).

The literature suggests that the lack of an appropriate marketing framework leads to industry marketing difficulties (Gilmore, 2001 and O'Donnell, 2001). According to (Carson, 2004) "marketing networking" in a small industry is defined as a network process by small industry owners in managing their marketing activities. Blackburn (1990) said that the concept of network marketing has not been explored in depth by researchers who have led to a lack of documented conceptual frameworks in understanding the role and nature of networks, especially in the context of small industry marketing. Carson (2004), demonstrates that the dynamic nature of Marketing Networking Process (MNPs). The three dimensions of MNP are inseparable entities and have been proven to be closely connected. Due to the extensive use of MNPs in marketing, there is a direct link between the extent of marketing in small industries and the level of network marketing by small industry owners (Carson, 2004). Based on Carson (2004), there is a distinct overlap between the structural and relational dimensions in the activities of small industrial networks.

In line with these findings, O'Donnell (2004) has demonstrated that three dimensional networks in the context of small industries. Danis (2010), has been considered a formative composite indicator to determine the degree of intensity on managerial networks. This build are includes two different aspects: the time managers spend developing new contacts with people related to their business and the time managers spend in maintaining business-related contacts. There is a distinct overlap and the linkage between the MNPs dimension that Carson (2004) has stated. Furthermore, this dimension has convergence with the network dimensions that O'Donnell (2004) and Danis (2010) have expressed and also with the model already stated by Gilmore (2006). Thus, having a more comprehensive dimension, the integration of this dimension has been done by Hakimpoor (2011).

3. METHODS OF RESEARCH

The research is located in Central Sulawesi Province, is the center of ebony wooden household industry in Indonesia. While, the object of this research is ebony wooden home industry in Central Sulawesi as many as 25 business units. While, some respondents in this research is the owner of ebony wooden home industry. The method of analysis used is survey method, which is to survey the natural marketing network in ebony wooden home industry in Central Sulawesi.

4. RESULTS AND DISCUSSION

4.1 Brief Profile of Ebony Wood Craft Industry

The ebony wooden home industry was initially concentrated in Poso District because of the ebony wood raw material. However, in its development in 1998, there were humanitarian is conflicts in Poso district, so the craftsmen fled and eventually spread to the districts / cities in Central Sulawesi.



Figure 1. Household Industry of Ebony Wood Craft

Ebony wood craft is very unique because the type of wood used is endemic wood of Central Sulawesi which is not found in other areas. Therefore, ebony wood craft is identified by typical souvenir in Central Sulawesi. Ebony wood crafts are consists of various types such as plaque, miniature pinisi boats, Sulawesi island wall clocks, sticks, and various other customized to customer orders.

Based on the observation, information about the number of manpower, and the production capacity of ebony wooden household industries in Central Sulawesi are as follows:

Table 1. Household Wood Industry Profile of Ebony Wood

No.	Description	Total	Unit
1	Craftsmen	25	Business Unit
2	Labour	3	Person
3	Production	65	Set (years)

(Source: Survey Results, 2016)

The table above shows that from 25 units of ebony wooden home industry business, on average employs 3 workers. Production capacity per household is an average of 65 sets for ebony wood craft products. This indicates that the management of ebony wood craft business is still small scale. The development of ebony wooden home industry business is still limited due to marketing access constraints. Whereas, ebony wood craft has its own uniqueness compared to other wooden crafts. Because of its own wood type and its own pattern that can only be obtained in Central Sulawesi.

4.2 Natural Marketing Network of Ebony Wood Craft Industry

The marketing of ebony wooden handicraft home industry has various kinds of lines. During this time, the craftsmen undertake product promotion through exhibitions conducted at regional and national level. But, it is not effective in building a marketing network. Based on the search results, the traditional marketing network of ebony wood crafts is as follows:

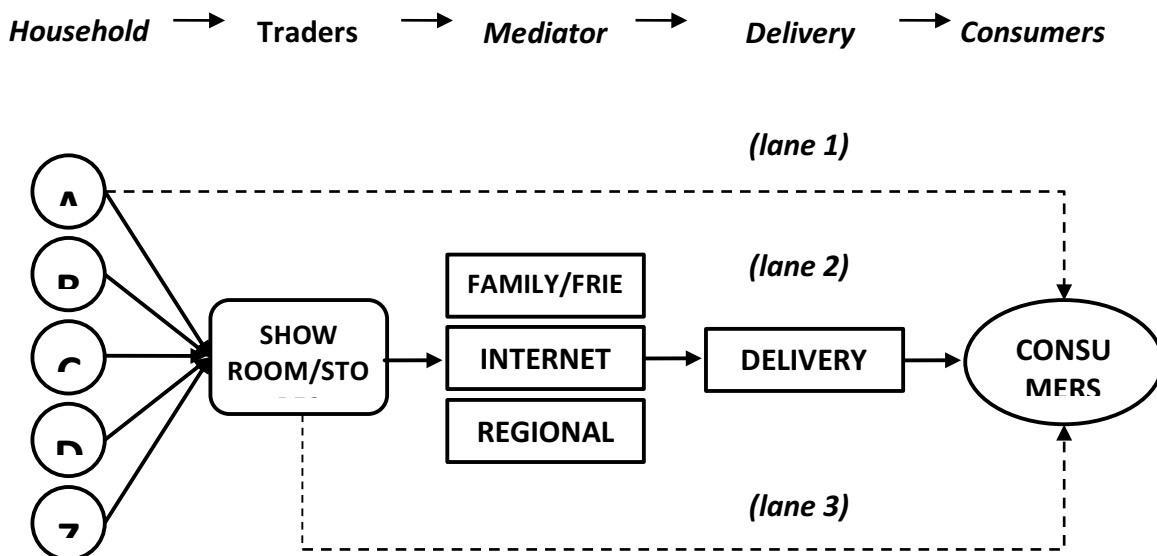


Figure 2. Network Marketing Household Industry Ebony Wood Craft
(Source: Survey Results, 2016)

The marketing network of ebony wooden household industries has been formed naturally as in figure 2 above. In line 1, the direct marketing network from craftsmen to consumers, this network is very rare because consumers do not know the location or place of craftsmen. In general, consumers prefer to buy direct products in the show room because it provides various types of products with varying prices. Usually consumers who go through line 1 are consumers who want a special order that is not available in the show room, such as natural products without painting process.

Line 2, the marketing network of craftsmen to collecting traders who have show room to consumers through intermediary media (relatives, internet, local government). The owner of the show room markets its products through intermediate media, especially through friendships outside the region. In addition, using the internet in the form of facebook to introduce and market their products. The role of local government in marketing networks is limited to introducing products through national exhibitions. Network marketing is usually out of areas such as South Sulawesi, Gorontalo, North Sulawesi and Java.

Furthermore, line 3, the marketing network from craftsmen to showbiz merchants (show room) and directly to consumers. Line 3 is the marketing network of the most widely done by craftsmen. Marketing relationship from craftsmen to entrepreneur show room in the form sale of goods in cash. If the scale is large then the relationship of craftsmen and entrepreneurs show room is consigned. Consumers generally find souvenirs typical of Central Sulawesi in the form of ebony wood crafts, so direct purchase in the show room. Consumers of this type are the tourists and local guests because of certain events that are national and international scale.

4. CONCLUSION

Based on the discussion in the previous section, it can be concluded that the network marketing of household industries ebony wood craft has been formed naturally through 3 channels of marketing network, line 1: craftsmen → consumers; line 2: craftsman → showroom > consumer intermediate media; line 3: craftsman → showroom (consumer) → consumer. The three stages are only limited relationship between the sale and the buyer, so as not established a close relationship based on partners between actors in network marketing. Based on the above conclusions, in order to increase sales of ebony wooden home industry, it can be done through an integrated marketing network that has a close relationship between the actors in the network.

5. REFERENCES

- Aris. (2011) *Peluang Usaha Produksi Aneka Kerajinan Kayu*, bisnis UKM, <http://bisnisukm.com/peluang-usaha-produksi-aneka-kerajinan-kayu.html>
- Blackburn, R. A. (1990) *Small Firms And Local Networks: Some Theoretical And Conceptual Explorations*, Presented at the 13th Small Firms Policy and Research Conference, Harrogate.
- Carson, D. (2004) *SME Marketing Networking: A Strategic Approach*, Strategic Change. vol. 13, pp. 369-382.
- Danis, W. M. (2010) The Impact Of Managerial Networking Intensity And Market-Based Strategies On Firm Growth During Institutional Upheaval: A Study Of Small And Medium-Sized Enterprises In A Transition Economy, *Journal of International Business Studies*, vol. 41, pp. 287-307.
- Gilmore, A. (2001) SME Marketing In Practice," *Marketing Intelligence & Planning*, vol. 19, pp. 6-11.

- Gilmore, A. (2006). *Networking in SMEs: Evaluating its Contribution To Marketing Activity*, International Business Review 15 (2006) 278-293. vol. 15, pp. 278-293.
- Grath, M. (2008) *Developing A Relational Capability Construct For SME*, PHD, Waterford Institute Of Technology.
- Hakimpoor, H. (2011) Marketing Networking Dimensions (Mnds) and SMEs' Performance: A New Conceptual Model," *Australian Journal of Basic and Applied Sciences*, vol. 5, pp. 1528-1533.
- Hill, J. (2001) A Multidimensional Study Of The Key Determinants Of Effective Sme Marketing Activity: part 1. *International Journal of Entrepreneurial Behavior & Research*, vol. 7, pp. 171-204.
- Pangestu, E, M. (2012) *Pengembangan Ekonomi Kreatif di Indonesia 2025*. Departemen Perdagangan Republik Indonesia, Jakarta.
- Primansa. M. (2011) *Kembangkan Industri Kreatif untuk Menghadapi Globalisasi*, <http://kem.ami.or.id/2011/10/kembangkan-industri-kreatif-untuk-menghadapi-globalisasi/>
- O'Donnell, A. (2001) The Network Construct In Entrepreneurship Research: A Review And Critique, *Management Decision*, vol. 39, pp. 749-760.
- O'Donnell, A. (2004) The Nature Of Networking In Small Firms," *Qualitative Market Research: An International Journal*, vol. 7, pp. 206-217.
- Reijonen, H. (2010) Do all SMEs practice same kind of marketing?, *Journal of Small Business and Enterprise Development*, vol. 17, pp. 279-293.
- Simatupang, P, M.H. Togatorop, R.P. Sitompul, dan T. Tambunan (1994) *Prosiding Seminar Nasional Peranan Strategis Industri Kecil dalam Pembangunan Jangka Panjang Tahap II*, UKI-Press, Jakarta.
- Sadono, S (1995) *Pengantar Teori Ekonomi Mikro*, Edisi kedua , PT. Karya Grafindo Persada, Jakarta
- Sritomo. W (2003) *Pengantar Teknik & Manajemen Industri*, Edisi Pertama , Penerbit Guna widya, Jakarta.

Syamsul Bachri *,
Faculty of Economics,
University of Tadulako, Indonesia
* E-mail: syamsulbachri09@gmail.com

Darman
Faculty of Economics,
University of Tadulako, Indonesia