

MARKETING STRATEGY OF JEMBER CIGARS

Aulia Bakhtiar Rahman¹, Mohamad Dimiyati², Ika Barokah Suryaningsih³

Faculty of Economics and Business, University of Jember, Jember, 68121 Indonesia

Abstract

This study aims to describe the importance of marketing strategy for Jember cigar products in order to have national and global competitiveness. This type of research is a literature review. The results of this study illustrate the geographical segmentation of the Jember cigar market consisting of tourist areas and major cities; demographics consist of established adulthood; psychographically consists of middle-upper class; and behaviorally consists of beginner cigar smokers and or cigar connoisseurs. In general, the marketing target of three Jember cigar companies is through the brands and variants that have issued based on the existing cigar market segmentation. That will facilitate the determination of Jember cigar product positioning in developing long term marketing strategy.

Keyword: Jember cigar, marketing, strategy

1. INTRODUCTION

Jember Regency is one of the areas in East Java that is synonymous with tobacco. This plantation has a history of hundreds of years that is attached as a trade mark so that Jember is known as a city of tobacco which has distinctive characteristics and a variety of processed tobacco products. Cigars are the most famous of the various tobacco processed products in Jember Regency. Cigars from Jember are already global and not inferior to Cuba's cigars and European countries that produce cigars. There are many people who know Besuki Na-Oogst which is a tobacco leaf from Besuki Jember. This leaf is suitable for packaging (wrapper), binder, even for the contents (filler) of the cigar. Besuki Tobacco has elastic characteristics, the taste and color of its blackish brown leaves make the name of East Java as its producing region more popular (PTPN X, 2014).

The opening of the 2018 Asian Games in Palembang last year was one of the biggest international events held in Indonesia. This momentum is used by Jember Regency to promote its flagship products including cigars in jargon 4C, namely: Coffe, Chocolate, Cigar, and Culture. 4C Jargon is an icon of Jember Regency which was initiated by the Regent of Jember, dr. Hj. Faida, M.M.R. to represent Jember in a number of national or international events. According to Head of Economic Affairs, Pudjo Satriyo Wibowo, there is a pride that Jember Regency can participate in the international event like Asian Games, where it can boast, introduce, and sell potential Jember products, namely coffee, chocolate, cigars and culture (Sofya, 2018).

Various Jember cigar products are becoming known by Indonesian cigar lovers. We know that cigars are known as products that require a knowledge, experience and expertise both in producing and marketing. In marketing cigar products, knowledge, experience and special expertise are needed. This article contains scientific discussions about marketing strategies including segmentation, targeting, positioning which aims to improve the competitiveness of cigar companies in Jember Regency.

2. DISCUSSION

2.1. Conditions of Jember Cigar Industry

Based on data from the Department of Industry and Trade of Jember 2017, there is one state-owned company, PTPN X through Cutting Bobbin Industry and three private-owned companies, namely: PT Mangli Djaya Raya, PT Boss Image Nusantara, and CV Argopuros engaged in tobacco processing and cigar production. The three tobacco companies continue to operate in producing cigars with certain specifications for foreign and domestic markets. In addition, the three companies also develop and market cigars with their

own brands for the Indonesian and international cigar market needs (Maulana, 2018).

In the Indonesian cigar market, there are Brawijaya and Airlangga brand cigars produced by PT Mangli Djaya Raya, and there are also various cigar brands owned by other cigar companies such as: Don Augusto, Bosluks, and Jember Cigar which are some of the brands produced by PT Boss Image Nusantara (BIN Cigar). According to BIN Cigar Operations Director, Imam Wahid Wahyudi, BIN Cigar had 29 brands which already had patents from premium class to medium class. The price of that cigars ranges from 500 thousand rupiah to 4.5 million rupiah per box with contents ranging from 10 sticks to 20 sticks. While the size of cigars produced using international ring gauge standards 40, 42, 44, 46, 48, 50, 52 and 54. Premium cigars of BIN Cigar are marketed domestically such as several star hotels spread in several major cities in Indonesia. Beside that, for foreign markets, premium cigars of BIN Cigar have reached various countries including China, Turkey, Japan, Malaysia and will spread to eastern Europe and the United Arab Emirates for future (Hendra, 2018).

In addition to cigar brands from PT Boss Image Nusantara and PT Mangli Djaya Raya, there are also Cardinal AG, Argopuros, Gold Medal Djanger, Gold Legong Medal, and Macho which are produced and developed by the Kartanegara Employee Cooperative PT Perkebunan Nusantara X (Persero) Jember. According to Tri Wahyuningsih, S.P., Head of Jember Tobacco Research, his party intentionally brought cigar products at the BUMN Innovation Award & Expo 2013 for sale and introduction to the public because many people only knew that cigars were foreign products such as Latin America and Europe. In that event, eighty percent of the cigar prepared for sale, especially cigars with the brand Cardinal AG 1, Argopuros 3, Gold Medal Djanger, Gold Medal Legong, Macho small cigar and large Robusta box cigars (Sandi, 2013).

2.2. Segmentation

The company can not relate to all its customers in a large, wide, or diverse market. But they can divide the market into groups of consumers or segments with different needs and desires (Kotler & Keller, 2009: 227). Therefore cigar companies must identify which market

segments which can serve effectively. This decision requires an understanding of consumer behavior and careful strategic thinking. Managers of cigar companies must understand what makes each segment unique and different to develop the best marketing plan.

According to Kasali (2005:26) market segmentation in a business activities is used to select target markets, look for opportunities, undermine market leader segments, form communication messages, better service, analyze consumer behavior, design products, and so on. There are more than 250 million Indonesian consumers, so that marketers must choose only one or several segments that have the same character and response. By understanding who the consumer is, then we can determine how to reach it, what products are needed, what prices are worth charging, and how to maintain this market from the attacks of competitors.

2.3. Targeting

According to Kasali (2005:372) many company's manager in Indonesia aim at the market intuitively. They think they know exactly who the market is and what these market needs are. For a certain period of time they succeed, but for the long term it is not necessarily. Their view of the market is determined by the cohort's glasses, which is to imagine themselves as one of the targets of the products they make. One time the market certainly changes. New generations emerge, new competitors emerge, new products offer new life styles. The media also influence changes in market tastes. Economic, political, socio-cultural changes, and so on can change psychographic maps, demographics, individual values, and so on.

Clancy & Shulman (1991) say that there are four criteria that must be met to get the optimal target market. The four criteria are as follows: (1) Responsive. The target market must be responsive to the products and marketing programs that are developed. If the market does not respond, it certainly must find out why it happened. (2) Potential sales. Sales potential must be quite extensive. The larger the target market, the greater the value. The amount is not only determined by the population, but also the purchasing power and the market's desire to own the product. (3) Adequate growth. The market cannot immediately react. The

market grows slowly until finally it melts rapidly and reaches its maturity point. (4) Media reach. The target market can be achieved optimally if the marketer chooses the right media to promote and introduce the product.

2.4. Positioning

According to Kartajaya, Yuswohady, Mussry, and Taufik (2005:57) positioning is the strategy for leading your customers credibly. There are four conditions for building positioning: (1) Based on the study of the customer. Positioning must be positively perceived by customers and be their reason to buy. That will happen if the company's positioning describes the value that the company provides to its customers and if this value really is an asset to them. (2) Based on a review of the company's capabilities and internal strengths. It is said that positioning should reflect the strength and competitive advantage of the company. Never do the company formulate a positioning but it turns out it is unable to do so. (3) Based on a review of competitors. Positioning must be unique, so that it can easily differentiate it self from competitors. If the positioning of the company is unique, the profits are not easily imitated by competitors and can be sustainable in the long run. (4) Based on changes that occur in the business environment. Positioning must be sustainable and always relevant to various changes in the business environment such as changes in competition, customer behavior, socio-cultural changes, and so on.

3. CONCLUSION

The determinations of Jember cigar marketing strategy are through a clear process of segmentation, targeting, and positioning. Segmentation of the Jember cigar market geographically consists of tourist areas and major cities; demographics consist of established adulthood; psychographics consist of the middle-upper class; and behavior consists of beginner cigar smokers and or cigar connoisseurs. In general, the marketing targets of the three Jember cigar companies through their brands and variants were issued based on the existing cigar market segmentation. This will facilitate the positioning of Jember cigar products that play at the lowest, middle, or top price level based on the taste

offered and the packaging design of the products displayed.

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