

**ANALYSIS OF SME DEVELOPMENT STRATEGIES ON PURCHASING DECISIONS CASE
STUDY UD TANJUNG JAYA SITUBONDO**

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ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) are an important part of a nation's economy, including in Situbondo. Development strategies are instruments used by the government, the business world, or local authorities to achieve long-term goals through preparation and assistance to develop and improve business capabilities. Empowering MSMEs is essentially a shared responsibility between the government, society, and companies. Research findings obtained through interviews, observations, and documentation of consumers at UD Tanjung Jaya indicate a strong correlation between MSME development strategies and consumer purchasing decisions. This finding reflects that the success of a micro business is not only determined by the existence of the product itself but also by strategic approaches in business management. One of the most notable findings is that product quality is the dominant factor in purchasing decisions. It can be concluded that the interpretation of the findings indicates that SME development strategies should focus on improving product quality, price efficiency, and customer service. However, for long-term growth, there needs to be a transformation in terms of promotion, legality, and distribution expansion so that products can reach broader and more competitive market segments sustainably.

Keywords: MSME; Development Strategy, Purchasing Decisions

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are the sector that employs the largest workforce in Indonesia, accounting for up to 97%. MSMEs are the most important part of the national economy because they are more effective in generating productive employment through investment and technological innovation. MSMEs are also more flexible, which gives them an advantage over large companies. (R. D. Rahmadani & Subroto, 2022). Therefore, SMEs play a crucial role in improving the standard of living of the community and are a sector that must be prioritized.

According to S. Rahmadani (2021), in order to meet their needs and achieve prosperity, people who have potential and are able to see their abilities clearly and identify their environment can find business opportunities and open up opportunities for the community. With these business opportunities, it is hoped that the economic income of the surrounding community can be improved. In addition, the existence of business opportunities in the surrounding area is expected to become a characteristic of the area. One of the businesses undertaken to meet basic needs is micro, small, and medium enterprises (MSMEs), one of which is UD Jaya Situbondo, which produces food products, namely tofu.

MSMEs that produce tofu play a significant role in the Indonesian economy. These tofu-producing MSMEs have high potential in the Indonesian market. The production of tempeh into tofu is a food that is very popular among Indonesians from all walks of life, including the upper and lower middle classes (Pradani et al., 2023). Micro, Small, and Medium Enterprises (MSMEs) play a very important role in the Indonesian economy. According to data from the Ministry of Cooperatives and SMEs, MSMEs contribute approximately 60% of the Gross Domestic Product (GDP) and absorb more than 97% of the workforce in Indonesia. One of the most promising sectors of MSMEs is the food industry, including tofu factories. Tofu is one of the most widely consumed sources of plant-based protein in Indonesia. UD Tanjung Jaya, located in Situbondo, is one of the tofu factories that has been operating for years. With high-quality tofu products and competitive prices, UD Tanjung Jaya has successfully built a loyal customer base. However, in the face of increasing competition and changing consumer behavior, sales development strategies are crucial to improving performance and ensuring business sustainability.

According to Tjiptono (2002), a purchase decision is a process in which consumers recognize a problem, seek information about a particular product or brand, and evaluate how well each alternative can solve the problem, which then leads to a purchase decision (Fauzi, 2021). A purchase decision is the final stage of the decision-making process in which consumers actually make a purchase. Decision-making is an individual activity directly involved in obtaining and using the goods offered (Septyadi et al., 2022).

Through this case study, the research aims to identify the business development strategies implemented by UD Tanjung Jaya, analyze the factors influencing its consumers' purchasing decisions, and provide strategic recommendations to enhance business performance sustainably. Thus, the findings of this study are expected to contribute to the development of other SMEs in the region, particularly in the aspects of marketing and strategic decision-making.

RESEARCH METHODS

The method used in this study is a qualitative approach, which is a research method designed to understand phenomena or problems in greater depth, with a primary focus on quality, meaning, and the experiences of individuals or groups involved in the study (Prasetya et al., 2024). The subjects of this study are individuals or groups who are directly related to MSME development strategies at UD Tanjung Jaya, Situbondo. In qualitative research methods, data is usually collected using several qualitative data collection techniques, namely interviews, observation, documentation, and focus group discussions (Fadilla & Wulandari, 2023). Qualitative Descriptive Data Analysis (Text/Narrative Data) uses non-statistical methods to describe phenomena, such as:

1. Key findings from interviews or observations.
2. Identification of patterns or categories in the data.
3. Descriptive presentation without statistical inference.

RESULTS AND DISCUSSION

MSME Development Strategy

Product innovation increases the variety of tofu types, adds flavor variants, or develops derivative products such as crispy tofu, stuffed tofu, or fermented tofu. Product quality maintains

consistency in quality and hygiene, uses high-quality raw materials (selected soybeans), and employs hygienic production techniques to maintain the quality of the tofu. Product packaging is attractive, functional, and environmentally friendly.

Adding product labels, expiration dates, and nutritional information. UD Tanjung Jaya has successfully maintained the quality of its tofu, with a soft texture and consistent taste. Consumers mention that product quality is the main reason they make repeat purchases. However, product innovation remains limited, and there are no significant variations from the main product (plain tofu). This strategy has been quite successful, especially in terms of maintaining customer loyalty, but there is still a need for development in terms of product innovation and diversification.

Marketing Strategy

Traditional and digital promotion combines conventional marketing methods (brochures, word of mouth) with digital media (WhatsApp Business, Instagram, Facebook) in order to gain widespread recognition. Branding has been improved by creating a consistent logo, slogan, and visual identity to enhance the image and appeal of the product. Partnerships have been established with food stalls, market vendors, and local souvenir shops as distribution partners. Promotion is still carried out conventionally (word of mouth and regular customers). Promotion efforts through social media have not been maximized due to limited resources and knowledge of digital marketing. Even so, the existence of loyal customers has kept sales relatively stable. Marketing strategies are not yet optimal and need to be improved through digital marketing training and structured use of social media.

Pricing Strategy

Competitive pricing is set by adjusting product prices to the purchasing power of the community and market prices without compromising quality. Discounts or special packages offer wholesale prices for bulk purchases or more economical bundled packages for consumers who will resell the products, such as food stalls and market vendors. Pricing is considered competitive compared to competitors in the surrounding area. A stable and affordable pricing strategy is a unique selling point for consumers. Although the company has not officially implemented a discount or bundling system, prices are considered commensurate with product quality. This strategy is successful because it supports purchasing decisions, especially for the lower-middle consumer segment.

Analysis of Consumer Purchasing Decisions

A purchasing decision is a process in which consumers consider various factors before deciding to buy a product. Based on observations, interviews, and questionnaires conducted with UD Tanjung Jaya consumers, the following are the main factors that influence purchasing decisions:

Product Quality

Consumers evaluate tofu quality based on texture, taste, freshness, and cleanliness. UD Tanjung Jaya's tofu products are considered to have a distinctive taste and consistent quality. Stable quality enhances customer trust and loyalty, and encourages repeat purchases.

Brand Image

UD Tanjung Jaya's reputation as a trusted and experienced local tofu producer influences consumers' perceptions of the value of the products they intend to purchase. A good business image speeds up the decision-making process, especially for new customers who receive recommendations from their surroundings.

Promotion

Most consumers learn about UD Tanjung Jaya through word of mouth or from existing customers. Digital promotion is still very limited at UD Tanjung Jaya. The lack of digital promotion limits the reach of new customers, but customer loyalty remains high due to the influence of the local community.

Data from Interviews/Observations/Questionnaires from Consumers

In order to determine the factors that influence consumer purchasing decisions regarding UD Tanjung Jaya's tofu products, the researchers collected data through three methods, namely interviews, observations, and questionnaires distributed to consumers. Conclusions from the interviews:

- a. Consumers are satisfied with the taste and price of the products.
- b. They suggest developing digital services and marketing.
- c. Long-term reputation gives consumers confidence.

SWOT Analysis of UD Tanjung Jaya

Strengths

Internal factors that are the strengths of UD Tanjung Jaya:

- a. Consistent product quality: the tofu produced has a distinctive taste, does not crumble easily, and does not spoil quickly.
- b. Affordable prices: pricing strategy in line with the purchasing power of the surrounding community.
- c. Consumer loyalty: many regular customers who have been buying for years.
- d. Strategic location: the business is easily accessible to local consumers.
- e. Production experience: the company has been established for a long time and is well known by the local community.

Weaknesses

Internal factors that pose challenges or obstacles:

- a. Marketing is not optimal: promotion is still limited to word of mouth; social media has not been utilized optimally.
- b. Product innovation is low: the company is still focused on one type of product (plain tofu) without any variations.
- c. Limited resources, minimal human resource training, and no modern management system.

Threats

External factors that could hinder business growth:

- a. Price and quality competition from new tofu producers offering lower prices or more attractive packaging.
- b. Increase in raw material prices (soybeans) fluctuations in the price of imported soybeans affect production costs.
- c. Changes in consumer preferences, with some consumers switching to other processed food products considered more practical.
- d. Limited digital infrastructure, with not all areas having internet access that supports online sales.

Conclusion from the above explanation, UD Tanjung Jaya has its main strengths in quality and customer loyalty, but must immediately improve innovation, digital marketing, and business legality to take advantage of broader market opportunities and face competition and regulatory challenges.

The Relationship Between SME Development Strategies and Purchase Decisions

The SME development strategies implemented by UD Tanjung Jaya Situbondo have a significant influence on the consumer decision-making process. Based on interviews, observations, and questionnaires, it can be identified that these strategies, both directly and indirectly, drive purchase interest and customer loyalty. The following is an explanation of the relationship based on the dimensions of the strategies.

Product Strategy and Purchasing Decisions

The product development strategy, which emphasizes quality, cleanliness, and consistent taste of tofu, makes consumers satisfied and more likely to make repeat purchases. This aligns with findings from interviews and observations, where the majority of respondents strongly agreed that product quality influences their decisions. The product strategy has a positive and strong relationship with purchasing decisions.

Pricing Strategy and Purchase Decisions

Competitive pricing aligned with consumers' purchasing power makes UD Tanjung Jaya's products more accessible in the market. This is evidenced by interview and observation results such as "Price matches quality," and statements from regular customers who cite price as the primary factor influencing their purchase decisions. Pricing strategy plays a crucial role in supporting purchase volume, particularly in the lower-middle market segment.

Promotion Strategy and Purchasing Decisions

Currently, promotions are still conducted traditionally, so they have not had a significant impact on attracting new customers. The average score on questions related to promotions indicates that promotions are not a dominant factor driving purchases. Promotion strategy has a weak relationship with current purchasing decisions but has great potential if developed digitally.

Distribution Strategy and Purchase Decisions

Distribution limited to the surrounding area restricts the potential for increasing the number of buyers. However, the easily accessible production location is a value-added feature appreciated by customers. Most respondents mentioned accessibility as an important factor. Distribution has a moderate relationship with purchase decisions, particularly in terms of convenience of access.

Service Strategy and Purchase Decisions

Consumers experience friendly and fast service, which enhances satisfaction and encourages loyalty. This is reflected in the results of observations on service satisfaction. Good service has a direct and positive relationship with repeat purchase decisions.

Based on the above analysis, it can be concluded that the SME development strategies that most influence the purchase decisions of UD Tanjung Jaya consumers are product, price, and service strategies.

Meanwhile, promotion and distribution strategies need to be strengthened in order to increase market reach and attract new consumers. Therefore, integrated and consumer-oriented development strategies are key to driving sustainable business growth.

DISCUSSION

In-depth Interpretation of Findings

The research results obtained through interviews, observations, and documentation of UD Tanjung Jaya consumers indicate that there is a strong relationship between MSME development strategies and consumer purchasing decisions. These findings reflect that the success of a micro business is not only determined by the existence of the product itself, but also by the strategic approach to business management. One of the most prominent findings is that product quality is a dominant factor in purchasing decisions. Consumers of UD Tanjung Jaya expressed high satisfaction with the taste, texture, and freshness of the tofu offered. This indicates that in the local food sector, trust in quality forms the basis of consumer loyalty. This aligns with consumer behavior theory, which states that high-quality products can create emotional and functional value, driving repeat purchases.

The relatively low and consistent price of the products makes consumers feel that they are “worth buying.” Consumers also mentioned that the easily accessible location of the business makes it convenient for them to make purchases, even on a regular basis. This finding supports the principle of microeconomics that price and ease of access are two of the five main determinants of purchasing decisions, especially in the lower-middle market segment. UD Tanjung Jaya's current promotional strategy still relies on traditional methods (word of mouth). Although quite effective in retaining old customers, this method has proven to be less effective in reaching new customers. The questionnaire results show low scores on the promotion indicator. This indicates a gap between product potential and information delivery strategies, which could become a barrier to growth if not immediately addressed through promotional digitalization.

The development strategies implemented by UD Tanjung Jaya (product, price, and service) align with Tambunan's theory on the dimensions of development that impact the competitiveness of SMEs. The purchasing process of UD Tanjung Jaya's consumers follows the stages of the consumer purchasing decision according to Kotler's theory, although it occurs in a simple and intuitive manner. Overall, the field research results show strong consistency and alignment with the theories used in Chapter II. This reinforces the validity of the findings that effective development strategies—particularly in terms of product quality, pricing, and service—have a significant impact on consumer purchasing decisions in SMEs like UD Tanjung Jaya.

It can be concluded that the interpretation of the findings indicates that SME development strategies should focus on improving product quality, price efficiency, and customer service. However, for long-term growth, there needs to be a transformation in terms of promotion, legal compliance, and distribution expansion to enable products to reach broader and more competitive market segments sustainably.

CONCLUSIONS

Based on the results of a study using SWOT analysis related to MSME development strategies on purchasing decisions in the UD Tanjung Jaya Situbondo case study, it can be concluded that strategies to increase consumer purchases in MSMEs should focus on improving product quality, price efficiency, and customer service. However, for long-term growth, there needs to be a

transformation in terms of promotion, legality, and distribution expansion so that products can reach a wider and more competitive market segment in a sustainable manner. Effective development strategies, especially in terms of product quality, price, and service, have a significant impact on consumer purchasing decisions in MSMEs such as UD Tanjung Jaya. After identifying internal and external factors and analyzing them using SWOT analysis, the SME UD Tanjung Jaya is currently implementing an SO strategy, which includes maintaining product quality, offering affordable prices, having a strategic location, fostering customer loyalty, increasing sales promotion, and ensuring trained and experienced human resources, while taking advantage of the limited number of competitors.

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