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## **Analysis of Understanding and Business Competition in Market Demand for Mr. Supriadi's Dupa Stick MSMEs in Bukit Lawang, North Sumatra**

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### **Abstract**

This research aims to analyze understanding and business competition regarding market demand at Lidi Dupa MSMEs run by Mr. Supriadi in Bukit Lawang, North Sumatra. These MSMEs face significant challenges after the COVID-19 pandemic, including decreased demand and price competition from imported products. The research method used is qualitative with a descriptive analysis approach, collecting data through observation, interviews and documentation. The research results show that deep market understanding and effective competitive strategies are the keys to increasing demand. Recommended strategies include improving product quality, competitive pricing, effective promotions, and distribution network expansion. The conclusion of this research is that with the right strategy, Mr Supriadi can increase market demand and succeed in tight business competition. Supriadi's suggestions include attending entrepreneurship training and seminars and joining the MSME community to get further support.

**Keywords:** *Dupa Stick MSMEs, Market Understanding, Business Competition*

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### **INTRODUCTION**

Technological developments in this modern era involve many aspects including changes in production technology and information technology as well as globalization which has resulted in business actors continuing to develop their businesses in achieving market targets amidst increasingly fierce business competition. The competition that occurs requires business people to ensure the continuity, stability and development of the business they run.

The progress of a business is not only determined by internal factors, but business people must also pay attention to external factors in the business they run. Business is divided into 2 scales, namely macro and micro. Macro scale businesses are businesses run by large companies with large capital and sales results. Macro companies usually have a wide market reach both nationally and internationally. Meanwhile, micro-scale businesses are businesses run by individuals or small business entities with relatively small capital and sales proceeds.

In Indonesia, micro businesses or commonly called MSMEs (Micro, Small and Medium Enterprises). MSMEs are an important pillar for the economy in Indonesia. Quoted from data released by the Ministry of Cooperatives and MSMEs, there are currently 64.2 million MSMEs in existence. The large number of MSMEs certainly has a huge effect on Gross Domestic Product (PBD), namely 61.07% or 8,573.89 trillion rupiah. Apart from that, MSMEs also contribute to economic activities in Indonesia with a contribution of 97% of the total workforce in Indonesia and are able to collect up to 60.4% of total investment. However, with the very rapid development of MSMEs in Indonesia, of course not all MSMEs are experiencing development. The tight competition in the business world is not only within the country, the entry of products from abroad into Indonesia is also part of the competition. In this case, there are several MSMEs that actually experienced a decline in their business due to the large number of competitors in their business, one of which includes the Lidi Dupa MSME owned by Mr. Supriadi.

Dupa sticks are a traditional craft product made from bamboo which has high cultural and economic value in Indonesia. Incense sticks are widely used in various religious and traditional activities, as well as as

decoration for homes and places of worship. Apart from that, incense sticks also have several benefits such as aromatherapy, room fragrance and even health benefits. There are several types of incense sticks, namely wooden incense sticks, spiced incense sticks and flower incense sticks. In this case, Mr. Supriadi is a business actor who has been involved in the production of wooden incense sticks for approximately 25 years in Bukit Lawang, North Sumatra.

However, in the course of the business run by him, of course there have been ups and downs in the business. After the spread of the COVID-19 virus hit, there was a significant decline in market demand for the business run by Mr Supriadi. This was caused by several factors, such as the entry of competitors from China who offered cheaper prices than Mr. Supriadi. Another factor is the limited bamboo in Bukit Lawang, resulting in increasingly expensive raw material prices.

Based on the problems above, researchers are interested in conducting research analysis related to understanding and business competition in market demand for Mr. Supriadi's Dupa Lidi MSMEs. Because researchers want to know what things influence market demand for MSMEs. With this, the author has compiled this research in the form of a journal with the title "Analysis of Business Understanding and Competition in Market Demand for Mr. Supriadi's Dupa Stick MSMEs". With the problem Based on the background above, the formulation of the problem in this research is How is the understanding and competition for market demand in Mr Supriadi's Dupa Lidi MSMEs?

## **METHOD**

In this research, researchers used a qualitative approach with a descriptive analysis model. In conducting research, data collection techniques are based on observation, interviews and documentation. Apart from that, data collection in this research also uses secondary data from journals, the internet, books, websites and other information that is considered relevant to this research topic. In this case the researcher will also analyze the data using SWOT analysis.

## **RESULTS AND DISCUSSION**

### **Profile of Mr. Supriadi's Dupa Stick**

Mr. Supriadi's Dupa Lidi was founded in 1999 in Bukit Lawang, North Sumatra. In the approximately 25 years since the establishment of this business, Mr. Supriadi has certainly gone through many phases in this business. The development of this business can be seen from the start of the business, Mr. Supriadi only used traditional equipment to process bamboo into incense sticks until now. Mr Supriadi's business uses high quality machines to support his business.

### **Findings**

This research was conducted at Mr. Supriadi's Dupa Stick UMKM which is located in Bukit Lawang, North Sumatra, which operates in the Incense Stick Production sector. As an MSME business, Mr. Supriadi's incense sticks are definitely needed for various traditional and religious events. Before the COVID-19 virus hit Mr. Supriadi's incense stick business, it was said that the incense stick supply factory really needed it. With the price offered by Mr. Supriadi which is very suitable for the factory, Mr. Supriadi's Dupa Sticks have become a very popular supplier for the factory. However, after the arrival of COVID-19 into Indonesia, Mr. Supriadi's business gradually declined, the level of factory demand for Mr. Supriadi.

In this case, the decline in market demand for Mr. Supriadi's incense sticks is caused by several factors such as changes in people's lifestyles and increasingly tight competition in the market. The factors that influence Padar demand include:

- 1) The demand for incense sticks is still high in areas that are still steeped in religious rituals and customs, so in this case the incense stick market segment is in greater demand among individual consumers or places of worship.
- 2) The affordable price of incense sticks is an important factor for consumers.
- 3) Good quality incense sticks can increase consumer demand
- 4) Carry out effective promotions to support increasing market demand.

Apart from this, Mr Supriadi certainly has competitors both in the city and outside the city and even abroad. In this case, of course, Mr Supriadi's main competitors are other small entrepreneurs who also produce incense sticks in Bukit Lawang, Medan City and its surroundings. So Mr Supriadi must be able to anticipate the big possibilities that will happen in the future.

Based on the results of the analysis that has been carried out, the following are several strategies that Mr. Supriadi can implement to increase market demand for his incense sticks, including:

- 1) Improving product quality by using high quality raw materials and developing product innovations such as incense sticks by giving colors to the incense sticks so they are attractive.
- 2) Offering competitive prices by conducting market research to find out the price of incense sticks on the market without having to sacrifice product quality.
- 3) Carry out effective promotions through social media, websites, brochures, participate in MSME exhibitions and bazaars, provide free incense stick samples to potential customers or collaborate with influencers to promote incense sticks.
- 4) Expanding the incense stick distribution network to other factories by building good relationships.
- 5) Utilizing technology to increase the efficiency of the incense stick production process.

The product development strategy presented above has been carried out after quite lengthy consideration so it is hoped that the strategy will be truly effective and provide benefits and added value for the progress of Mr. Supriadi's Stick Dupa business. The conditions of business competition in the field of incense sticks provide potential opportunities to develop so that this can provide breakthroughs that are right on target and effective for the progress and smooth running of the business.

By implementing the right strategy, Mr. Supriadi can increase market demand for incense stick production so that he can achieve success amidst increasingly fierce competition. Mr Supriadi also needs to continue to monitor market conditions and continue to adapt to changing trends so that his business continues to grow.

## **Discussion**

The business activities carried out by Mr Supriadi are some of the MSMEs which are still on a small or medium scale by producing incense sticks in Bukit Lawang where there are not too many competitors who also produce incense sticks like Mr Supriadi's business. However, in this case, even though there are not many competitors in Mr. Supriadi's incense stick production area, the entry of competitors from China has resulted in a decline in sales of Mr. Supriadi's incense sticks.

The current conditions could certainly threaten the sustainability of Mr Supriadi's business. This makes the competitiveness of business owners less than optimal because the prices offered by sellers from China are comparable to Mr. Supriadi's selling price. In this case, the inability of business owners to face competition makes business owners fall into an unstable condition both in the production of incense sticks and the income earned.

The lack of market demand for Mr. Supriadi's incense stick production is a problem faced by the owner so it is necessary to immediately find a solution that is right on target and effective so that it does not disrupt the continuity of the business in the future. In this case, Mr. Supriadi's lack of knowledge in understanding business and business competition is one of the obstacles that can hamper the business's ability to compete with other competitors both at home and abroad.

In this case, it is known that in recent years Mr Supriadi's sales have decreased both in terms of production and sales. Below, the researcher explains the SWOT technique for Mr. Supriadi's Lidi Dupa MSME business as follows:

1. Strength

In the MSME activities that have been carried out by Mr. Supriadi, there are strengths, namely incense sticks made from good materials so that they can be stored for a long time so they can be stocked in large quantities.

2. Weakness

In this case, the weakness of Mr Supriadi's business is that the availability and prices of materials fluctuate, making it difficult to produce on a large scale.

3. Opportunity

The opportunity in Mr Supriadi's incense stick business is that more and more consumers will look for incense stick products so that Mr Supriadi's business is likely to get support from the government in the form of capital or training because incense stick products are handicraft products from Indonesia which have the potential to be marketed overseas. country.

**4. Threat**

Even though there are opportunities to expand his business, Mr. Supriadi must be careful with existing threats such as imported products whose prices are much cheaper, as well as increases in raw prices which can increase production costs, thereby reducing the profitability of Mr. Supriadi's business.

From the SWOT analysis above, you can see the weaknesses, strengths, opportunities and threats of Mr Supriadi's incense stick business so that it is hoped that in the future the business owner can develop his business even better.

## **CONCLUSION**

The conclusions in this research are as follows:

1. The decline in market demand for Mr. Supriadi's incense sticks is due to the entry of products from China at prices that are much cheaper than the prices offered by business owners.
2. Lack of understanding about business competition is one of the obstacles so that the owner's business experiences a decline in turnover when external competitors enter.
3. The increase in the price of raw materials and the steps used for making Mr. Supriadi's incense sticks have become less than optimal in producing incense sticks.

## **SUGGESTIONS**

The suggestions that can be given in this research are:

1. Mr. Supriadi was advised to continue to improve the quality of incense sticks by using high quality bamboo.
2. Can conduct regular market research to understand prices and consumer preferences, so that you can provide competitive prices without reducing the quality of the incense sticks.
3. Building good relationships with other factories and expanding distribution networks to reach more consumers.
4. Always ready for market changes and consumer trends, and can utilize technology to increase the efficiency of incense stick production.
5. Creating a mature business development strategy, by implementing the right business strategy in his business Mr Supriadi can increase market demand and achieve success amidst increasingly fierce competition.
6. Mr. Supriyadi also needs to continue to monitor market conditions by adapting to changing trends so that his business can continue to grow.
7. Mr. Supriyadi can also consider attending training and seminars on entrepreneurship and business development, this will help Mr. Supriyadi to increase his knowledge and skills in running his incense stick business.

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