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Innovation Strategies and Digital Marketing of Clay Flower Pot SMEs in Facing Market Competition

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Abstract: Clay pot SMEs in Plered face increasingly intense market competition due to the presence of modern substitute products and shifting consumer behavior in the digital era, creating an urgent need for appropriate development strategies to ensure business sustainability. This study aims to analyze the product innovation and digital marketing strategies implemented by the SME “Puteri Aneka Murah” to strengthen its competitiveness in the local market. The research employed a descriptive qualitative method through field observations, direct interviews with the business owner, and documentation of production and marketing activities. The findings reveal that the SME conducts product innovation by developing diverse pot designs, expanding color variations, and providing customized products based on consumer demand. In marketing, the SME has begun utilizing social media platforms such as Facebook and Instagram, as well as online marketplaces, to broaden market reach. The SWOT analysis identifies strengths in product creativity and quality, alongside weaknesses such as production constraints during the rainy season and price competition. These findings imply that continuous innovation and optimization of digital marketing are essential strategies for enhancing the competitive position of clay pot SMEs.

Keyword: SMEs, product innovation, digital marketing, SWOT, clay flower pots

INTRODUCTION

Small and medium enterprises (SMEs) play a crucial role in the Indonesian economy by contributing significantly to employment creation, income distribution, and local economic development. SMEs are widely recognized as the backbone of the national economy, particularly in developing regions, because of their ability to absorb labor, utilize local resources, and support community livelihoods (Wati et al., 2024). In addition, SMEs tend to be more flexible and adaptive than large enterprises, allowing them to respond more quickly to economic changes and market fluctuations (Bilal et al., 2025). During periods of economic uncertainty, SMEs have also demonstrated resilience and the capacity to sustain economic activities at the grassroots level (Sofyan, 2017). Therefore, strengthening the competitiveness and sustainability of SMEs is a strategic priority for achieving inclusive and sustainable economic growth.

In recent years, rapid technological advancement has transformed business practices and consumer behavior. Digitalization has reshaped how products are promoted, distributed, and consumed. The widespread use of social media, online marketplaces, and digital communication platforms has created new opportunities for SMEs to reach broader markets, interact directly with consumers, and enhance brand visibility (Fadhilah & Pratiwi, 2021). Digital marketing enables business actors to promote their products more efficiently, reduce promotional costs, and build long-term relationships with customers. Previous studies indicate that the adoption of digital marketing strategies positively influences SME performance, particularly in terms of market expansion and competitiveness (Nisa & Misidawati, 2024). Consequently, the integration of digital marketing has become an essential component of modern business strategies for SMEs.

Alongside digitalization, product innovation is another critical factor in maintaining business sustainability. Innovation is not limited to introducing entirely new products, but also includes improving existing products, updating designs, enhancing quality, and adapting product features to evolving consumer preferences. SMEs that continuously innovate are better positioned to differentiate themselves from competitors and to respond to changing market demands (Anderson & Hidayah, 2023). In highly competitive markets, innovation serves as a strategic tool to create added value and strengthen customer loyalty. Without continuous innovation, SMEs risk losing relevance and market share, especially when faced with substitute products and shifting consumer trends (Chaffey & Ellis-Chadwick, 2019).

One of the traditional SME sectors that continues to operate amid these changes is the clay craft industry in Plered, Purwakarta Regency. Plered has long been recognized as a center of ceramic and clay-based handicrafts, producing various items such as flower pots, decorative ceramics, and household utensils. This industry is supported by inherited craftsmanship skills and the availability of local raw materials, which contribute to the distinctive quality of Plered products (Rosadi, 2018). However, despite its cultural and economic significance, the clay craft industry faces increasing challenges, including competition from mass-produced plastic and cement-based products, fluctuations in consumer demand, rising production costs, and environmental factors such as weather conditions that affect the production process.

The SME “Puteri Aneka Murah,” located in Anjun Village, Plered District, represents one of the local enterprises engaged in clay flower pot production. Like many traditional SMEs, this business must navigate a dynamic market environment characterized by intense competition, changing consumer preferences, and technological transformation. To survive and grow, the enterprise is required to adopt appropriate strategies, particularly in terms of product innovation and digital marketing. However, the extent to which these strategies are implemented and their effectiveness in enhancing competitiveness remain important questions that require empirical investigation.

In addition, understanding the internal and external conditions of SMEs is essential for formulating appropriate development strategies. SWOT analysis provides a systematic framework for identifying strengths, weaknesses, opportunities, and threats that influence business performance. Through SWOT analysis, SMEs can recognize their internal capabilities, identify areas that need improvement, and anticipate external challenges and opportunities (Budiman, 2017). This analysis is especially useful for small enterprises that often face resource limitations and operate in uncertain environments.

Based on these considerations, this study aims to analyze the product innovation and digital marketing strategies implemented by the clay flower pot SME “Puteri Aneka Murah” in facing market competition. Furthermore, this study employs SWOT analysis to examine the internal and external business conditions of the enterprise and to formulate appropriate development strategies to enhance its competitiveness and sustainability in the local market.

METHOD

This study employed a qualitative research approach using a descriptive case study design. This approach was selected because the research aims to obtain an in-depth understanding of the business conditions, innovation practices, digital marketing strategies, and challenges faced by a clay flower pot SME in its natural setting. A qualitative descriptive approach is considered appropriate for exploring processes, experiences, and strategic practices that cannot be fully captured through quantitative measurement.

Research Site and Object

The research was conducted at the clay flower pot SME “Puteri Aneka Murah,” located in Anjun Village, Plered District, Purwakarta Regency, West Java, Indonesia. This enterprise was selected as the research object because it represents a traditional craft-based SME that is actively implementing product innovation and digital marketing to face increasing market competition.

Data Sources

This study utilized both primary and secondary data sources. Primary data were obtained directly from the business owner through in-depth interviews and field observations. The interviews aimed to gather information regarding the history of the business, product innovation processes, marketing strategies, operational challenges, and business development efforts. Observations were conducted to examine production activities, product variations, marketing practices, and interactions with customers.

Secondary data were collected from relevant literature, including academic journals, books, government publications, and previous research related to SMEs, product innovation, digital marketing, and SWOT analysis. These sources were used to support the theoretical framework and to contextualize the findings.

Data Collection Techniques

Data collection was carried out using the following techniques:

1. Observation

Direct observation was conducted at the business location to understand the production process, the variety of products, the use of technology in marketing, and the overall business environment.

2. Interview

Semi-structured interviews were conducted with the business owner to obtain detailed information regarding business operations, innovation strategies, marketing activities, challenges faced, and future plans. The semi-structured format allowed flexibility to explore emerging issues while maintaining focus on the research objectives.

3. Documentation

Documentation was used as supporting data in the form of photographs, business records, promotional materials, and other relevant documents related to production and marketing activities.

4. Data Analysis Technique

The data analysis technique used in this study was descriptive qualitative analysis supported by SWOT analysis. The analysis process consisted of several stages:

- a. Data from interviews and observations were transcribed, organized, and categorized based on research themes such as product innovation, digital marketing, internal conditions, and external conditions.
- b. The data were then analyzed to identify patterns, relationships, and key issues related to the implementation of innovation and marketing strategies.
- c. SWOT analysis was applied to identify the strengths, weaknesses, opportunities, and threats faced by the enterprise.
- d. The results of the SWOT analysis were used to construct a SWOT matrix, which served as the basis for formulating alternative business development strategies.

RESULT AND DISCUSSION

Based on the observations and interviews conducted at the clay flower pot SME “Puteri Aneka Murah,” located in Anjun Village, Plered District, Purwakarta Regency, an overview of the business conditions was obtained, covering aspects of production, marketing, innovation, services, and challenges encountered in business operations.

The SME “Puteri Aneka Murah” was established in 2002 and operates in the clay flower pot craft industry. The products offered are relatively diverse, ranging from plain terracotta and duko-colored pots, patterned cylindrical pots, mini pots, to customized products such as piggy banks, ashtrays, and trophies. This product diversity serves as one of the main attractions for consumers.

In terms of human resources, the SME employs four local workers who are involved in the production and finishing processes. The involvement of local labor not only supports the operational sustainability of the business but also contributes to job creation and income generation for the surrounding community.

In terms of marketing, this SME initially relied solely on direct (offline) sales. However, along with technological developments, marketing activities have expanded through social media and online marketplaces such as Facebook, Instagram, and Shopee. In addition, the SME has established partnerships with ornamental plant entrepreneurs, government institutions, and hospitals. Regarding service quality, the business owner applies customer satisfaction principles by accepting feedback and suggestions, providing product replacement guarantees in the event of damage, and offering delivery services as well as customized orders.



Source: Author (2025)

Figure 1. Interview Documentation

From an innovation perspective, the SME continuously develops product designs in line with current ornamental plant trends that are favored by the market.

The socio-economic impact of this SME includes the creation of employment opportunities for local communities, thereby helping to reduce unemployment and increase

household income. Nevertheless, the SME also faces several challenges, including production processes that are highly dependent on weather conditions, competition from products originating outside the region, and relatively high accommodation costs.

In addition to its economic contribution, the SME also plays a role in preserving local craftsmanship through educational and training activities. The business occasionally provides training and practical learning opportunities for local students to develop skills in clay handicraft production. This activity helps transfer traditional knowledge to younger generations and supports the preservation of Plered's cultural identity as a center of clay craftsmanship.

SWOT Analysis of Puteri Aneka Murah SME

SWOT analysis is employed to identify the strengths, weaknesses, opportunities, and threats of the Puteri Aneka Murah SME based on the results of direct observations and interviews with the business owner. This analysis aims to examine the internal and external conditions of the enterprise as a basis for formulating development strategies for the clay flower pot SME (Porter, 2008).

Table 1. SWOT Analysis

Strength	Weakness
Products are of good quality and durability	The production process is highly dependent on weather conditions
Diverse product variations (plain pots, cylindrical pots, customized products, piggy banks, trophies, and ashtrays)	Pot drying becomes slower during the rainy season
Accepts customized orders according to customer requests	Production capacity is still limited
Raw materials are easily available in the surrounding area	Relatively high accommodation costs
Has utilized social media and online marketplaces	Digital payments are still limited to bank transfers
Provides delivery services and product warranties	
Opportunity	Threat
The ornamental plant trend continues to grow	Price competition with producers from other regions
The development of digital marketing	Plastic- and cement-based pot products
Collaboration with plant shops and institutions	Prolonged rainy seasons
Online markets have broader potential	Fluctuations in production material prices

Source: Primary Data Processing (2025)

Based on the SWOT analysis, it is identified that the main strengths of the SME “Puteri Aneka Murah” lie in its good and durable product quality, diverse product design variations, and its ability to accommodate customized orders according to customer demands. In addition, the easy availability of raw materials and the initial utilization of digital marketing also contribute as added value to the sustainability of the business.

However, the SME also faces several weaknesses, including its dependence on weather conditions during the product drying process, limited production capacity, relatively high accommodation costs, and a digital payment system that is still limited. These weaknesses have the potential to hinder business development if not addressed promptly. From the opportunity perspective, the increasing trend of ornamental plants, the development of digital marketing, and potential collaborations with plant shops and institutions present significant opportunities for the SME to expand its market reach. Meanwhile, the main threats arise from price competition with producers from other regions, the presence of plastic and cement-based pot products, and the risk of production disruptions due to prolonged rainy seasons.

SWOT Matrix and SME Development Strategies

Based on the results of the SWOT analysis, a SWOT Matrix was subsequently developed to formulate business development strategies that can be implemented by the SME “Puteri Aneka Murah”.

Table 2. SWOT Matrix

	Opportunity (O)	Threat (T)
Strength (S)	Strategi SO 1. Utilizing social media and online marketplaces to expand the market for customized pots 2. Developing product designs in line with ornamental plant trends	Strategi ST 1 Maintaining product quality to compete with products from other regions 2. Creating product differentiation to avoid price competition
Weakness (W)	Strategi WO 1. Enhancing digital payment options beyond bank transfers 2. Optimizing production during favorable weather conditions	Strategi WT 1. Adjusting production schedules to cope with the rainy season 2. Reducing accommodation costs through budget efficiency

Source: Primary Data Processing (2025)

Based on the SWOT Matrix, several business development strategies were identified. The SO strategy is directed toward leveraging the strengths possessed by the SME to capture market opportunities, such as optimizing marketing through social media and online marketplaces, as well as developing product designs in line with current ornamental plant trends.



Source: Author (2025)

Figure 2. Cheap Puteri Aneka Clay Flower Pots

The WO strategy focuses on addressing weaknesses by utilizing available opportunities, including enhancing digital payment systems beyond bank transfers and optimizing production during favorable weather conditions. The ST strategy is implemented by maintaining product quality in order to compete with products from other regions and by creating product differentiation to avoid price competition. Meanwhile, the WT strategy is aimed at minimizing risks arising from external threats by adjusting production schedules during the rainy season and improving cost efficiency related to accommodation expenses.

The research findings indicate that the sustainability of the SME “Puteri Aneka Murah” is strongly influenced by the ability of business actors to continuously implement product innovation and adapt to developments in digital technology. Ongoing product diversification serves as a key advantage in maintaining competitiveness amid increasingly intense market competition. Although digital marketing practices are still relatively simple, they have had a positive impact on expanding market reach.

This demonstrates that digitalization has become one of the essential factors in SME development in the current era. However, limitations in digital payment systems and production processes that remain highly dependent on weather conditions present challenges

that require further attention. With the implementation of appropriate strategies based on the SWOT analysis, the SME “Puteri Aneka Murah” has significant potential to continue developing and enhancing its competitiveness in both local and national markets. Support from the government, along with training related to digital marketing and business management, is also crucial to strengthen business sustainability.

Market Orientation and Adaptation to Consumer Trends

The findings show that the SME “Puteri Aneka Murah” demonstrates a strong market-oriented approach in developing its products. The business owner actively observes changes in consumer preferences and trends in ornamental plants by visiting plant shops and maintaining communication with ornamental plant sellers. This informal market research enables the SME to understand current market demands related to pot size, shape, color, and functionality.

Based on this market insight, the SME continuously adjusts its product designs to remain relevant and attractive to consumers. Product innovations include the development of minimalist cylindrical pots, small-sized pots for table decoration, and large-sized pots for hotels and commercial spaces. In addition, the SME offers various color options and customized designs to accommodate specific customer requests. This adaptability allows the business to respond effectively to changing consumer tastes and to differentiate its products from mass-produced alternatives.

This market-driven innovation strategy contributes significantly to the SME’s competitiveness. By aligning product development with consumer needs rather than relying solely on traditional designs, the SME is able to maintain customer interest and sustain demand despite increasing competition from substitute products such as plastic and cement-based pots. This finding highlights the importance of market orientation as a key factor in supporting innovation and long-term business sustainability in small craft-based enterprises.

Digital Readiness and Limitations

The findings indicate that the SME “Puteri Aneka Murah” has begun to adopt digital technologies, particularly in the area of marketing. The business utilizes social media platforms such as Facebook and Instagram, as well as online marketplaces like Shopee, to promote its products and reach a wider consumer base beyond the local market. This digital presence has helped increase product visibility and attract customers from different regions.

Despite this progress, the level of digital readiness remains limited. Digital tools are primarily used for promotional purposes, while other aspects of business operations, such as digital payment systems and customer relationship management, have not yet been fully integrated. Currently, the SME only offers bank transfers as a digital payment option, which may reduce transaction convenience for some consumers and limit the efficiency of the sales process.

This partial adoption of digitalization suggests that although the SME has entered the digital ecosystem, further development is necessary to maximize the benefits of digital transformation. Expanding digital payment options and adopting simple digital management tools could enhance operational efficiency and improve customer experience. Therefore, digital readiness plays an important role in strengthening the competitiveness and sustainability of SMEs in the digital era.

CONCLUSION

Based on the results of the research and discussion regarding the clay flower pot SME “Puteri Aneka Murah” located in Anjun Village, Plered District, Purwakarta Regency, it can be concluded that the SME is able to survive and grow through the implementation of product innovation and the utilization of digital marketing, although these practices are still applied on

a relatively simple scale. The diversity of products produced, ranging from plain and patterned flower pots to customized products, represents one of the main strengths in attracting consumer interest.

The results of the SWOT analysis indicate that the SME possesses strengths in product quality, design variety, and its ability to accommodate orders according to customer demand. However, the SME also faces several weaknesses, including production processes that depend heavily on weather conditions, limitations in digital payment systems, and relatively high accommodation costs. From an opportunity perspective, the increasing trend of ornamental plants and the development of digital marketing provide significant opportunities for the SME to expand its market reach. Meanwhile, the main threats arise from competition with products from other regions as well as the presence of plastic and cement-based pot products.

Based on the SWOT Matrix results, the formulated business development strategies include the utilization of digital media for marketing, the development of product designs in line with market trends, improvements in digital payment systems, and efficiency in production processes and cost management. With the implementation of appropriate strategies, the SME “Puteri Aneka Murah” has substantial potential to continue developing and enhancing its competitiveness in both local and national markets.

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