

**CHALLENGES FACING HANDICRAFT BUSINESS IN IMPLEMENTING  
MARKETING STRATEGIES FOR THEIR PRODUCTS IN MELAKA**

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**UNIVERSITI TEKNIKAL MALAYSIA MELAKA**

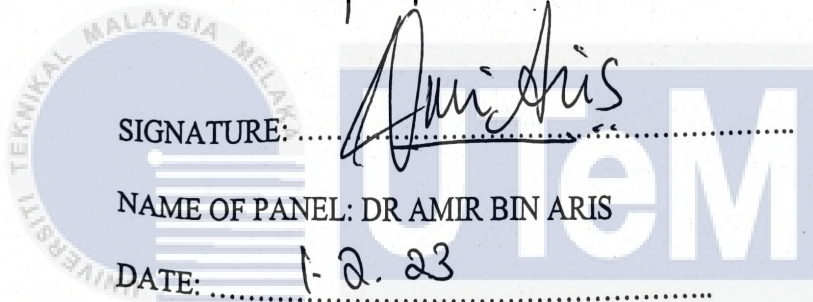

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**CHALLENGES FACING HANDICRAFT BUSINESS IN IMPLEMENTING  
MARKETING STRATEGIES FOR THEIR PRODUCTS IN MELAKA**

**RINA FELIX**

**A REPORT SUBMITTED  
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE  
OF  
BACHELOR OF TECHNOPRENEURSHIP WITH HONOURS**



**UNIVERSITI TEKNIKAL MALAYSIA MELAKA**

**2023**

## DECLARATION OF ORIGINAL WORK

I hereby declare that all the work of this thesis entitled Challenges Facing Handicraft Business In Implementing Marketing Strategies For Their Products In Melaka is original done by myself and no portion of the work encompassed in this research project proposal has been submitted in support of any application for any other degree or qualification of this or any other institute or university of learning.

  
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## DEDICATION

First and foremost, I would like to thank to The Almighty GOD who enabled me to pursue and finish this course successfully. Next I will like to appreciate the dedication of my beloved family members who educated me and motive me to learn until degree level. Besides that, I will also want to express a deep sense of gratitude to my lecturer whom also my supervisor for my final year project, Dr. Mohd. Amin Bin Mohamad for his tireless guidance, encouragement and constructive comments, suggestions and advice right during conducting my research. His staunch cooperation during the entire period makes me to complete my study both possible and successful. Last but not least, I sincerely thank to my fellow friends. They have provided me fully support and advice throughout this research. Without their blessing and encouragement, this research is impossible to complete within short period of time.



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## ABSTRACT

Marketing is a critical management discipline that enables producers of goods and services to interpret the wants, needs and desires of their customers and match, if not exceed, their delivery to their target consumers. As a result, the function of marketing strategy is to determine the nature, strength, direction, and interaction of marketing mix elements and environmental factors in a specific situation. The existence and profitability of a handicraft enterprise is highly dependent on marketing tactics that enable the seller to increase buyer awareness, attract and retain buyers for the craft. Handicraft firms are among the laggards due to lack of adequate marketing techniques to attract customers. Therefore, this study aims to examine the current marketing strategy of handicraft products, identify challenges in implementing the marketing strategy and examine the impact of challenges on the marketing strategy of handicraft products in Melaka. Exploratory research design and qualitative research methods were used in this study and about 22 respondents were involved in this research to give a better understanding of the existing problems. The main findings revealed that cost-based pricing strategies were used in handicraft companies as well as promotions including advertising, personal selling, sales promotion and publishing of goods and services. In terms of products, entrepreneurs have made several steps, such as taking care of product quality, ensuring that the right products are delivered to customers, and also finding good staff to maintain the motive and offer hard work. Referring to the discussion on location strategy, handicraft entrepreneurs are more focused on online marketing because they are facing many challenges during Covid-19, and this epidemic has convinced them that they need to start business not only in physical stores but also in online stores. By obtaining information about each marketing strategy, this research is beneficial to handicraft researchers and entrepreneurs to develop the right marketing strategy to facilitate business achievement or the success of an organization.

## ABSTRAK

Pemasaran ialah disiplin pengurusan kritikal yang membolehkan pengeluar barangan dan perkhidmatan mentafsir kehendak, keperluan dan keinginan pelanggan mereka dan memadankan, jika tidak melebihi, dalam penghantaran kepada pengguna sasaran mereka. Hasilnya, fungsi strategi pemasaran adalah untuk menentukan sifat, kekuatan, hala tuju, dan interaksi elemen campuran pemasaran dan faktor persekitaran dalam situasi tertentu. Kewujudan dan keuntungan perusahaan kraftangan sangat bergantung pada taktik pemasaran yang membolehkan penjual meningkatkan kesedaran pembeli, menarik dan mengekalkan pembeli untuk kraf tersebut. Firma kraftangan adalah antara yang ketinggalan kerana kekurangan teknik pemasaran yang mencukupi untuk menarik pelanggan. Oleh itu, kajian ini bertujuan untuk mengkaji strategi semasa pemasaran produk kraf tangan, mengenal pasti cabaran dalam melaksanakan strategi pemasaran dan mengkaji kesan cabaran terhadap strategi pemasaran produk kraftangan di Melaka. Reka bentuk kajian penerokaan dan kaedah kajian kualitatif telah digunakan dalam kajian ini dan kira-kira 22 orang responden telah terlibat dalam penyelidikan ini untuk memberi pemahaman yang lebih baik tentang masalah sedia ada. Penemuan utama mendedahkan bahawa strategi penetapan harga berasaskan kos telah digunakan dalam syarikat kraftangan serta promosi termasuk pengiklanan, jualan peribadi, promosi jualan dan penerbitan barangan dan perkhidmatan. Dari segi produk, usahawan telah membuat beberapa langkah, seperti menjaga kualiti produk, memastikan produk yang betul dihantar kepada pelanggan, dan juga mencari kakitangan yang baik untuk mengekalkan motif dan menawarkan kerja keras. Merujuk kepada perbincangan mengenai strategi lokasi, usahawan kraftangan lebih fokus dalam pemasaran dalam talian kerana mereka menghadapi banyak cabaran semasa Covid-19, dan wabak ini meyakinkan mereka bahawa mereka perlu memulakan perniagaan bukan sahaja di kedai fizikal tetapi juga di kedai dalam talian. Dengan mendapatkan maklumat tentang setiap strategi pemasaran, penyelidikan ini bermanfaat kepada penyelidik dan usahawan kraftangan untuk membangunkan strategi pemasaran yang betul untuk memudahkan pencapaian perniagaan atau kejayaan sesebuah organisasi.



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# CHAPTER 1

## INTRODUCTION

### 1.1 INTRODUCTION

Entrepreneurship has always been a powerful force and topical issue in explaining economic development, job creation, and social welfare, therefore it plays a vital part in defining a country's development. Entrepreneurship is thought to be a significant driver of transformation, change, and development, particularly for small creative businesses that are more dynamic and innovative, allowing them to grow faster and create more jobs. Small handicraft entrepreneurs are always described as slow-growth firms as many do not expand even after the long period of operation. (Mahto & Walsh, 2021)

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This chapter will discuss about the challenges facing by the handicraft business in implementing marketing strategies in Melaka. The background of study, problem statement, research questions, research objectives, scope of the study, significant of study and summary will be discussed in this chapter.

### 1.2 BACKGROUND OF STUDY

Handicrafts are an expression of a region's or country's tradition, legacy, and culture. They are the product of decades of practice and labor with specialized tools. Handicraft is the manual processing of materials using hand tools. The end outcome might be either useful or ornamental.

The materials used in the product are either natural, industrially processed, or recycled. The product models are antique, traditional, or fashionable. (Shafi, 2020) Crafts people transmit an aspect of their cultural history in the shape of ideas, forms, materials, and work methods, as well as their own values, life philosophy, fashion, and self-image. Crafts people, also known as craftsmen, have technical knowledge of materials and labour methods. They are skilled workers whose jobs need manual dexterity. Their primary tools are the strength of their work techniques and their manual talents. ( Shafi, et all , 2020)

Malaysian famous with crafts such as batik, metal craft, wood craft, woven cloth, ceramic craft, and rattan. For example, the best crafts, such as songket, batik, and silverware in Kelantan and Terengganu, and ceramics in Perak and Sarawak, can only be found in certain areas/states where they are created. In other words, a lack of product accessibility, as well as a lack of product advertising, has constrained demand. Therefore, Malaysian Handicraft Development Corporation was established to encourage small-scale production in the handicraft industry in order to sustain its market position (Amri et all, 2019).

Perbadanan Kraftangan Malaysia, popularly known as the Malaysian Handicraft Corporation, is a Malaysian registered corporation that is completely controlled by the Malaysian Ministry of Tourism and Culture. Karyaneka is a one-stop shop for high-quality Malaysian gifts, souvenirs, and handicrafts. Since 1982, Karyaneka has represented the best of Malaysian handcraft products from the top Malaysian craftsmen and artisans. For the past 30 years, Karyaneka has been tasked with developing and expanding the handicrafts industry through the development of effective local and global marketing and sales channels, the synergistic execution of events and promotions, and other initiatives aimed at marketing and selling Malaysian handicrafts to the rest of the world. (RevonmediaAdmin00, 2022). The existence and profitability of handicraft enterprises are heavily reliant on marketing tactics that enable sellers to raise buyer awareness, attract, and keep buyers for the crafts. As a result of more effective marketing techniques, successful results and appealing financial earnings are generated. Handicraft firms are among those that are collapsing behind due to a lack of adequate marketing techniques to attract clients. Handicraft marketing is passive; vendors typically rely on word-of-mouth and then wait for buyers to find them (Ramlan, 2019)

### 1.3 PROBLEM STATEMENT

Handicrafts are one-of-a-kind manifestations of a culture or community made from local materials and craftsmanship. However, as globalisation grows, product saturation increases, and artists' items compete with goods from all over the world. Traditional artisan communities and their goods can no longer be considered apart from global market trends and competition. Handicrafts are a subset of the home accessory sector, which comprises handcrafted, semi-handcrafted, and machine-made items. Fashion trends, consumer purchasing patterns, and end-market economic situations all have an impact on the home accessory sector.(Hamdzun et al 2019)

In poorer countries, the handcraft industry has long supported the tourism sector. Handicrafts that can be displayed at home or in offices are frequently appealing to tourists. Handicrafts are also attractive to tourists because of their distinctiveness, originality, and ease of packing for travel (Mogindol and Bagul, 2014). The strategy for encouraging tourists to buy handicrafts is critical. Selling handicrafts in tourist regions rather than remote locations will make a major difference. The vast majority of handcraft manufacturers sell to customers directly or through wholesalers and distributors. Some sell directly to stores, while others use a variety of channels. Most handcraft businesses currently offer their items directly to customers or through personal orders in order to generate a larger income..(Fabeil et al., 2012).

However, the handcraft business is having difficulty marketing its products. They do not grasp the market and are unable to do market need analysis. They are unable to segment the market and effectively sell their items (Van Scheers, 2017). Lekhanya (2012) analysed the marketing practises of SMEs. The study's findings demonstrated a lack of marketing knowledge and skill, as well as a restricted adoption of marketing methods by Malaysian handcraft owners or managers. According to Radipere and Van Scheers (2015), the market-related obstacles that handcraft owners confront in running a successful business are marketing, locale, lack of market knowledge, and competition, all of which are related to the industry in which the firm works. They are also uninformed of the product's demand.

#### 1.4 RESEARCH OBJECTIVES

- i. To study the current strategies for marketing the product of handicraft businesses in Melaka.
- ii. To identify the challenges in implementing the marketing strategy in Melaka.
- iii. To study the effect of challenges towards the marketing strategies of handicraft product in Melaka.

#### 1.5 RESEARCH QUESTIONS

- i. What are the current strategies used by handicraft businesses in Melaka ?
- ii. What are challenges faced by handicraft businesses in implementing marketing strategies in Melaka ?
- iii. What are the effect of challenges towards marketing strategies of handicraft product in Melaka?



## 1.6 SCOPE OF STUDY

This scope is focusing on handicrafts SME's in Melaka. The researcher chooses this study because the researcher want to know how the entrepreneurs of handicraft in Melaka do their marketing strategies during selling their handicraft products. With that the researchers will focus the handicraft places which at Jonker Walk, Pahlawan Walk( Ole-ole kraftangan), Medan Samudera Craft Centre and Kompleks Kraf Ayer Keroh, Melaka. Researcher will go to these places to interview the owner of the handicraft and ask them what challenges they mostly facing and what are the strategies that they implied to overcome their problems.

## 1.7 LIMITATION OF STUDY

The study only looked at craft entrepreneurs and not other types of business owners. The research was also not undertaken outside of Malacca City in order to save extra costs and time constraints.

## 1.8 SIGNIFICANCE OF STUDY

This study will assist the contribution of entrepreneurs in coping with the problems that handicraft businesses experience when marketing their products in Melaka. Handicraft entrepreneurs, in particular, will learn about tactics developed for advertising handicraft businesses, obstacles to handicraft marketing their items, and finally viable options for promoting handicraft businesses. Academicians and policymakers, for example, will utilize the study as a reference source when dealing with handicraft firms' issues in advertising their products in Melaka, such as doing additional research and implementing policies and programs. Meanwhile, the study will allow for an evaluation of the measures put in place to promote handicraft marketing items in Melaka.

## 1.9 DEFINITIONS OF TERMS

### **Challenges**

According to Collins English Dictionary, a challenge is something new and difficult that necessitates a great deal of effort and determination.

### **Handicraft business**

The craft industry encompasses items made by artisans or individuals skilled in a certain trade. Small businesses in the craft sector include art galleries, handmade fabrics, and gourmet goods. Entrepreneurs in the craft business are often self-employed and not franchised.

### **Marketing**

Marketing is a business term that experts have defined in a variety of ways. People may perceive the phrase differently even within the same corporation. It is essentially a management process that transitions products and services from concept to customer. It comprises estimating a product's demand, choosing a price, and deciding on distribution methods. It also requires developing and implementing a promotional strategy that incorporates both outbound and inbound marketing. (Market Business News, 2021)

### **Marketing Strategies**

A company's marketing strategy should integrate all of its goals into a single, comprehensive plan. In other words, it should not prioritize one strategy over others. It should base its strategy on market research data. To maximize profit potential, the company should concentrate on the optimal product mix. The right product mix is also critical to the company's survival. (Market Business News, 2021)

## 1.10 SUMMARY

In conclusion, this chapter is discussed about the overview of the study. It discussed the background of the study, problem statement, research questions, research objectives, scope and limitation of the study, and significance of the study. In the coming chapter, the researcher will carry out the literature review of the study. The information will be broader and more understandable.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 INTRODUCTION

This chapter examines relevant literature. To support their theoretical framework, the researchers use theories connected to marketing strategy that are derived from articles, theses, journals, and other published material. The purpose is to get a better understanding of a topic, identify research gaps, and develop a research statement that explains why a new study or investigation is required.

#### 2.2 MARKETING STRATEGIES

Marketing takes the lead in SMEs as compared to other business operations in overall corporate planning. SME marketers may associate marketing with either advertising or selling, however basic marketing concepts like segmentation, targeting, positioning, customer orientation, and gaining competitive advantage apply to both SMEs and large enterprises. Awan and Hashmi (2014). Marketing is the backbone of a company and defines how large a market share it may get in contrast to competitors. SME growth is linked to a successful product-market strategy, how managers develop and exploit market possibilities, and how they deal with challenges, as well as a larger inclination to pursue a focused differentiation strategy and a reduced proclivity to compete on price. The strategic goal of marketing is to deliver the right product to the right place at the right time with the correct promotion. After all, marketing is essential for all SMEs.(Lekhanya, 2010)

Marketing strategy, according to Walker, Mullins, and Larréché (2008), is defined as establishing the target market for a certain product or product line and ensuring that all marketing mix elements are integrated for competitive advantage and adapted to consumer demands. Marketing strategy is an important instrument for enhancing sales performance and serving as a competitive advantage for all businesses; this may help the organization grow their sales performance (Pappas, 2016). Marketing strategies include all of the essential actions, such as short-term and long-term activities, that deal with the study of the original strategic position in order to reach the aims and market objectives of the organization or firm.

The term "mass marketing" refers to infrastructure that is intended to appeal to a huge number of individuals. It is the most popular way to contact the great majority of people. The most extensively utilized mass marketing channels include newspapers, magazines, radio, television, and the Internet. Marketing is often relied on by the general public for news on political, social, and entertainment concerns, as well as pop culture coverage. Information, beliefs, and ideas are disseminated to both wide and targeted audiences through mass marketing (Anwar & Shukur, 2015). They are essential instruments for attaining public health goals. (Sashi, 2012). However, talking wellness in marketing is difficult and necessitates a diverse set of talents. "Using mass marketing to enhance public health is analogous to trying to navigate a wide network of highways with no traffic signs." If you don't know where you're going or why you're going, you're more likely to miss your deadline (Ali, 2021). The design of a marketing mix is influenced by the nature of the organization's activity and the nature of the targeted market. It must be put together in such a way that the organization can meet its consumers' wants and wishes.

Marketing, according to the Chartered Institute of Marketing (2009), is the management process in charge of finding, predicting, and economically satisfying client expectations. Marketing is a vital managerial discipline that helps producers of goods and services to interpret the wants, requirements, and desires of their customers and meet, if not surpass, them in delivery to their target consumers. As a result, marketing strategy's job is to identify the nature, strength, direction, and interaction of marketing mix-elements and environmental factors in a particular circumstance.(Daniel,2018)

A larger definition of marketing is a top-down strategy and competitive plan supported by a set of functional activities performed by line managers and a customer-driven orientation practised by all organization members with the objective of a profitable relationship. The marketing mix, according to Hashim and Hamzah (2014), is a collection of controlled marketing tools used by an institution to elicit the desired reaction from its multiple target markets.

The marketing mix notion is a technique that a firm can utilize to survive in a competitive climate. The organization manages this notion, which has four components: product, pricing, place, and promotion (Owomoyela, Oyeniya, & Ola, 2013). As a result, handicraft entrepreneurs must make judgement concerning the product, its pricing, distribution/place, and advertising, as well as the four members of the group, in order to meet the needs of their clients. (Groningen, 2012). Effective mix marketing can propel an organization toward its objectives and improve its performance in both the short and long term. Marketing plans are referred to as a continuous process since they must steer a firm to where they want to go in the long term.

Marketing management makes three key contributions to the organization's product strategy. To begin, market analysis is essential at all stages of product development to give information for items that match consumer demands and psychology. The knowledge, experience, and market research methods of marketing professionals are crucial to the formulation of product strategy. Second, the product specification is addressed in the product strategy marketing because the product strategy is created with the needs of the customer in mind, marketers must be able to translate consumer demand into product design. Third, product marketing is involved with market segmentation and programme positioning. Product positioning decisions in a strategic business may comprise only one product or brand, one product line, or a product line combination. Marketing managers can plan a product mix change to boost the company's growth rate, offer a full range of products to wholesalers or retailers, gain marketing power and save money on direct distribution, advertising, and sales, confirm the position of existing brands, and diversify to avoid reliance on a single product. (Cravens and Nigel, 2009)

Following that, as a result of activities, increasing global rivalry, poor growth in many markets, and chances for enterprises to build their market position, pricing goods has become a major strategy in many businesses. When setting the pricing of their products, companies or marketers often have numerous goals in mind, such as acquiring market position, attaining marketing performance, determining product position, developing demands, and influencing competition. A price scenario analysis must be completed before a firm decides on a pricing strategy for its product, taking into account the demand for the company's product, cost, competition, and legal pressures. The pricing aim should be defined first. Pricing situation analysis is useful for determining pricing strategies. Pricing strategies should also consider price flexibility, cost-based pricing positions, and competitive strategies. As a result, pricing study operations will include calculating the product's market sensitivity to price, determining production costs, analyzing competition, and assessing legal and ethical hurdles. (Cravens and Nigel, 2009)

Furthermore, distribution channels play a significant role in connecting suppliers and manufacturers with end users of products or services (customers). Members of the organization will have a substantial strategic advantage over competitors' channels if their distribution channels are effective and efficient. Because direct marketing has limited financial resources, the benefits of a corporation that uses the distribution channel as an intermediate are to expand market share and earn a return on investment for the main business. A widely utilized distribution method is an indirect distribution channel that employs a marketing medium of wholesalers and retailers, and other companies use direct channels for enterprises with low turnover (usually household processors as a by-product). Selection of distribution techniques from among the various alternatives available, taking into account criteria such as the type and nature of the product, the intended consumer, transportation distance from producer to consumer, distribution expenses, and so on. (Kotler, 2012).

Finally, there is the promotion approach. The existence of marketing communications lays the groundwork for the expansion of promotional activities. Marketing communication is a communication action that buyers and sellers engage in, as well as activities that aid in marketing decision-making and guide the exchange to be more satisfying by arousing all sides to do better. A good marketing communication is one that is effective in influencing the behaviour of a person or communicating party so

that communication goes smoothly and the intended goals are met. The amount of dollars allotted for promotion, the nature of the product market, the type of product being promoted, and the stages in the product life cycle are all elements that will impact the creation of a promotional mix plan. (Ibn Sukotjo and Basu Swastha ,2001).

## **2.3 CURRENT STRATEGIES FOR MARKETING THE PRODUCT OF HANDICRAFT BUSINESSES IN MELAKA.**

### **2.3.1 Promotion Strategy**

Due to its widespread exposure, advertising has the longest lasting impact on viewers' brains (Katke, 2007). The major way of communication between a producer and a consumer is through advertising. Advertising is one of the four Ps in the marketing mix and a subset of the promotion mix (product, price, place, and promotion). Advertising is a marketing approach that is used to raise consumer awareness of a product in order for them to make purchasing decisions. Advertisement, sales promotion, and public relations are examples of mass communication tools used by marketers. Although advertising throughout the mass media has an impact on audiences, television has the widest reach and is the most powerful advertising channel. In the long run, advertising has the capacity to affect individual behaviour, lifestyle, and culture. (Latif & Abideen, 2011). In order to compete in a consumer market driven by advertising, a corporation might boost their product's brand by engaging in promotional activities. (Hussainy, Riaz, Kazi & Herani, 2008).

The basic purpose of advertisers is to contact consumers and impact their awareness, attitude, and purchase behaviour. Their primary concern is to maintain consumer interest in their goods by spending money on advertising. They must also comprehend the aspects that drive client behaviour. Consumer brand preference can be influenced by advertising (Latif & Abideen, 2011). It influences consumer behaviour. People's perceptions of the impact of advertising on brands shift regularly. Others



disseminate their product message to their target audience using various advertising channels such as television, the internet (Facebook; email), newspapers, billboards, magazines, and so on. Companies devote a significant percentage of their advertising budget to the promotion of their products/services. These advertising methods influence customer purchase behaviour. (Abideen & Latiff, 2011)

When compared to traditional media advertising such as television, radio, and print, online advertising has both advantages and disadvantages (magazines). The capacity to tailor adverts to specific segments and track ad success in most real-world circumstances is one of the most significant advantages. Online marketing also allow for greater involvement (two-way communication between the advertiser and the potential customer). Concerns about the cost vs benefit of online advertising, as well as how to adequately measure its results, are the key downsides.

Karyaneka, a Malaysian handicraft business, has recently launched its first internet portal and mobile application, allowing clients from all over the world to acquire amazing Malaysian-made handicrafts. This is also to keep up with the online purchasing trend, as well as to promote Malaysia as a tourist destination and increase the country's tourism revenue. Karyaneka partnered with two major local e-commerce portals, FashionValet.com and Groupon.com, to make some of its products available to consumers through these online portals. The full catalogue of its items, which includes pewter, woodcarving, silver brass ware, Malaysian fabrics such as songket and batik, and many more, can be accessed on its existing digital portfolio, which comprises the websites [www.karyaneka.my](http://www.karyaneka.my) and [www.karyanekastore.my](http://www.karyanekastore.my). This project was made possible through a partnership with Tukul Cipta Industri Sdn Bhd (TCI), which has helped increase Karyaneka's customer reach through different offline marketing campaigns. TCI Executive Director Abdul Munaf Dr. Sultan feels that this new endeavour will help to globalize the local arts and crafts business. TCI will also debut. Karyaneka is available through a range of channels, including online sales, vending machines in important tourist destinations and kiosks, online and offline catalogue-based sales, and boutiques in major cities worldwide. This feature is expected to boost sales and enhance awareness of Karyaneka's products in Malaysia, boosting the arts and crafts industry. (Ramli, 2014)