



# Analysis of the STP Marketing Strategy for Handmade Knitwear Products in MSMEs (Case Study on Candyco\_id MSME)

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## Abstract

This research aims to analyze the Segmenting, Targeting, and Positioning (STP) based marketing strategy for Candyco\_id, a handmade knitting craft business in Malang City. This research uses a qualitative method with a case study approach to deeply explore the experiences of business owners thru interviews, observations, and an examination of marketing activities. The research findings indicate that the application of STP at Candyco\_id evolved naturally and adaptively, influenced by direct interaction with consumers and social media trends. Market segmentation is formed based on demographic, geographic, psychographic, and behavioral characteristics, with gift-giving motives and a unique preference for handmade products being dominant. The targeting is directed toward students as the primary segment, with expansion thru digital marketing reaching consumers outside the region and potentially entering international markets. Positioning is built thru the differentiation of custom services, quality craftsmanship, and storytelling that strengthens the emotional value of the product. The challenges faced include price wars, which highlight the need for consumer education about the value of craftsmanship. Overall, this research confirms that the STP strategy plays an important role in strengthening the competitiveness of handmade creative MSMEs and can serve as a reference for developing marketing strategies in similar sectors.

**Keywords:** Marketing Strategy, STP (Segmenting, Targeting, Positioning), Creative SMEs, Handmade Knitwear Products

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## I. Introduction

The creative industry is one of the sectors that has shown high resilience amidst economic dynamics because it relies on creativity, innovation, and cultural identity as its main added value. (Howkins, 2013). MSMEs (Micro, Small, and Medium Enterprises) play a crucial role in the Indonesian economy, contributing significantly to the gross domestic product (GDP) and job creation. Based on data from the Central Statistics Agency (malangkota.bps.go.id, 2022), the MSME sector contributes approximately 60% of Indonesia's total GDP and provides employment for over 90% of the national workforce. Amidst this development, creative industries such as handicrafts are experiencing significant growth. At the micro level, MSME actors involved in handmade production have a great opportunity to reach a very specific consumer segment because of the unique, esthetic characteristics of their products, which also hold emotional value for consumers. (Fuchs et al., 2015). However, these opportunities can only be maximized if MSMEs are able to design targeted marketing strategies, especially in understanding consumer behavior and changes in market preferences.

Malang City, as one of Indonesia's educational cities, has a continuously developing MSME ecosystem, particularly in the creative industries sector (Ananda & Susilowati, n.d.). According to the Malang City Statistics Agency (BPS) report, the number of MSMEs recorded at 29,058 units at the end of 2023, a significant increase from the previous

year (BPS, 2022). Among the registered micro-enterprises, many are in the handcraft or knitting sector, indicating the presence of a handmade creative industry in Malang City. With the growth in the number of creative students and young people, handmade products like knitted crafts are gaining a place in the local market. According to Shobaruddin (2020), MSMEs in Malang City face the challenges of needing to strengthen their marketing strategies and adapt to changing market trends, while the products they offer have unique and personal characteristics that are their main attraction. However, many of them still struggle to formulate and implement structured and focused marketing strategies, especially in understanding consumer needs and adapting to the rapidly changing market dynamics.

UMKM Candyco\_id, which focuses on handmade knitting crafts, is part of the local creative industry that is developing in Malang City. This business started from a hobby shared by the founder and co-founder, which is knitting. They then saw a great opportunity to turn it into a business. This business grew into a small handmade brand after gaining interest from social media. The products produced have a unique appearance and good quality, but competition with imported products, changing design trends, and limited marketing strategies pose challenges for this business in maintaining and expanding its market share. This problem reflects the general condition of creative MSMEs, which often have product advantages but lack a systematic marketing approach (Mahmudah & Munawar, 2024).



**Gambar 1.1 Gallery Candyco\_id**

STP based marketing is very important in the business world because it allows companies to understand the market and consumers more deeply. Market segmentation is done by dividing consumers into homogeneous groups based on specific characteristics such as demographics, geography, psychographics, and behavior. Psychographic segmentation shows that consumers are more interested in unique handmade products. (Fuchs et al., 2015). This aligns with the findings of Luthfiandana et al., (2024), who stated that consumers in creative markets are often influenced by emotional factors in their purchasing decisions. The next step is targeting to select potential market segments. According to Varadarajan (2010), Choosing the right target market depends heavily on the alignment between the company's capacity and market needs. Positioning, the final step in the STP strategy, focuses on efforts to uniquely and distinctively place a product or brand in the minds of consumers compared to competitors.

Thru a qualitative method with a case study approach, this research aims to explore the application of the STP strategy in Candyco\_id MSMEs and evaluate its effectiveness in strengthening competitiveness and expanding the market. This approach allows for a deeper understanding of how marketing practices at the local level can be adapted to broader market dynamics, including thru social media and digital platforms. This research is expected to provide broader insights for other creative SMEs in formulating and implementing more effective marketing strategies.

## **Literature Review**

### **Marketing**

Marketing is the process of introducing and offering products or services to customers so that they become interested and willing to buy them. According to Musa (2019), marketing is one of the main activities that a company needs to undertake to maintain its business continuity. Marketing is a strategic process undertaken by companies or businesses to understand consumer needs, create value, and build sustainable relationships with customers (Kotler & Armstrong, 2010). Marketing is understood as a strategic activity that emphasizes value creation thru a deep

understanding of consumer behavior, the integration of digital technology, and the development of sustainable long-term relationships (Lemon & Verhoef, 2016). Proper marketing implementation not only helps attract new customers but also strengthens consumer loyalty and trust in the products or services offered.

## **Marketing Strategy**

A marketing strategy is a plan designed to achieve business goals through a deep understanding of the market and consumers. A marketing strategy is a strategic planning framework designed to create value and competitive advantage in the market by involving consumer analysis, resources, and the marketing mix (Zinkhan, 1994). According to Varadarajan (2010), a marketing strategy is a series of interconnected decisions made by an organization to establish key choices regarding products, markets, marketing activities, and resource utilization, with the goal of creating, delivering, and presenting valuable products to customers while supporting the achievement of organizational objectives.

## **Market Segmentation**

Market segmentation is the process of categorizing a market into homogeneous groups based on demographic characteristics, location, consumer behavior, and needs (Luthfiandana et al., 2024). The goal is to find a more specific market and better understand consumer demand. A market segment consists of a group of customers who share similar needs and desires. Research by Wijaya & Daulay (2025) emphasizes that proper segmentation not only helps companies understand consumer preferences but also serves as the foundation for forecasting market trends and developing effective marketing strategies to strengthen competitive advantage. According to Kotler et al., (2016) Market segmentation variables are divided into four main categories. Demographics include basic characteristics such as age, gender, income, occupation, education, and family status to quantitatively understand the needs of consumer groups. Geographic segmentation is based on consumer location, such as country, city, or climate, so that products and promotions can be customized. Psychographics include lifestyle, personality, values, and interests, helping marketing strategies target segments with specific motivations and preferences. Behavior is based on product usage, benefits sought, loyalty, or purchase frequency, which is useful for designing targeted promotions.

## **Target Market**

According to Kalam (2020), the target market is a way to determine the most suitable market segment, considering the alignment between the company's capacity and resources with the opportunities and potential of each segment. The target market is a group of buyers with similar needs who are the focus of the company to be served well. The purpose of determining the target market is to provide satisfaction for customer needs and diverse desires. When customers are satisfied, demand will increase, and revenue will automatically increase as well (Nicolaidis, 2008). Market target selection should consider segment size, growth opportunities, overall segment attractiveness, and alignment with the company's resources and capabilities.

## **Positioning**

Positioning is a marketing strategy that aims to uniquely and distinctively place a product or brand in the minds of consumers compared to its competitors. Kotler (2003) defines positioning as "the strategy for credibly leading your customers." There are at least three main steps in the positioning process: identifying various product advantages that can be compared to competitors, selecting the strongest and most differentiating advantages, and effectively communicating those advantages to target consumers (Lupiyoadi & A.Hamdani, 2006). Positioning is a strategic effort used by companies to build genuine and strong trust and confidence in the products they offer.

## **II. Research Method**

This research uses a qualitative method with a case study approach to gain an in-depth understanding of marketing practices, specifically the application of the STP strategy through relevant informants. A qualitative approach was chosen so that this research could understand the context, perceptions, and experiences of the owners and employees involved in marketing handmade knitted products. The case study was applied because the focus of this research is on Candyco\_id MSMEs as a representative object for local creative MSMEs in Malang City. Data collection was conducted through in-depth interviews with the owner of the Candyco\_id gallery and the artisans located at Jl. Candi VI-D No.165, Karangbesuki, Sukun, Malang City. The interview aims to explore their perspectives on market segmentation practices, target setting, and positioning strategies for handmade knitted products. Interviews were conducted both in person and online, adjusting to the availability and convenience of the respondents. In addition to

interviews, data was also obtained thru direct observation at the Candyco\_id production and marketing site. The observations included production activities, interactions with consumers, and digital marketing activities thru social media. This observation provided a more realistic and contextual picture of marketing practices. After the data was collected, the analysis was conducted by reviewing whether the STP marketing strategy had been effectively implemented by Candyco\_id MSMEs. The findings of this research were then used as a basis for formulating potential strategies that could enhance competitiveness, expand market reach, and strengthen the position of handmade knitted products. By utilizing qualitative methods and a case study approach, this research is expected to provide comprehensive and in-depth insights into the marketing practices of creative MSMEs, while also serving as a valuable guide for Candyco\_id managers in developing effective marketing strategies in Malang City.

### **III. Result and Discussion**

#### **Result**

Candyco\_id was founded in 2021, starting from the knitting hobby of its two owners. Initially, this business only produced knitted baby shoes and knitted dolls, with limited online sales. Over time, in 2023, Candyco\_id expanded their product line by adding knitted flowers and various other trinkets, including home décor products. In the same year, they opened an offline store located at Jl. Candi VI-D No.165, Karangbesuki, Sukun, Malang City, and began integrating online and offline sales. Online sales are conducted thru platforms like TikTok Shop, Shopee, and Tokopedia, and orders are also accepted via social media and WhatsApp. Additionally, Candyco\_id also offers knitting classes, both private and group sessions. This business is managed with the support of three shift employees who assist with store operations, as well as 14 artisans, most of whom are housewives.

The research findings on Candyco\_id MSMEs indicate that the process of implementing the STP-based marketing strategy developed gradually and organically. The research findings show that this business started as a knitting hobby, which then developed into a commercial enterprise after receiving positive responses from consumers thru social media. It turns out that this transformation process has shaped a unique marketing pattern, namely marketing that is not formally planned, but rather grows from direct interaction with consumers, market demand, and visual trends developing on digital platforms. This approach is also found in many handmade creative MSMEs in various recent studies, where business owners rely on social relationships, digital interaction, and emotional content to gradually build their market (Lorincz et al., 2023)

In terms of segmentation, Candyco\_id serves various consumer groups based on demographics, geography, psychographics, and behavior. The demographic consumer base falls within the 16–45 age range, with two dominant groups: students and adult consumers who need products for gifts. Geographically, the majority of offline consumers come from Malang City, while online consumers are from major cities like Jakarta and Surabaya. Psychographic segmentation shows that consumers prefer unique, personalized, and handmade products with sentimental value. This is becoming increasingly evident as many customers order knitted flowers for gifts or specific events. Behavioral segmentation also reveals strong patterns: consumers buy products for gifts, follow trends on social media, and choose products based on content esthetics and feedback from previous customers. This finding aligns with the research by Tang et al., (2025) who found that consumers of creative products tend to be influenced by visual esthetics and digital interaction in their purchasing process.

In terms of targeting, Candyco\_id focuses on students as its primary target market. This is consistent with Malang City's character as an educational center with a large student population, making esthetically pleasing and affordable handmade products highly attractive. The primary target market purchases more crocheted flower products, keychains, and small accessories suitable for gifts and personal decoration. To better reach the established target market, the strategy is to participate in exhibitions held by cafes, institutions, and government agencies in Malang City. Business owners are also targeting foreign consumers as a potential segment, as they believe the international market values craftsmanship more and is willing to pay a higher price for handmade products. This target aligns with the global trend in the creative industry, which shows an increase in international market interest in local and cultural craft products (Herliana et al., 2022)

In terms of positioning, the research results indicate that Candyco\_id has built an image as a handmade knitwear producer offering uniqueness, quality, and custom services. Candyco\_id wants to be known as a brand that can meet specific customer demands, whether in terms of color, shape, or certain character designs. The similarity between the knitted results and the image desired by the consumer can reach 95%. They want consumers to remember that

custom knitting is only available at Candyco\_id. So this brand will always be remembered by consumers. This positioning is communicated thru social media content showcasing the product creation process, packaging, storytelling content concepts, and testimonials from its customers. This strategy reinforces the perception that Candyco\_id's knitted products are not just handicrafts, but personal works with emotional value. This practice aligns with the findings of B & Amalia (2022) who explain that handmade MSMEs tend to utilize storytelling and authentic content to build consumer trust.

Additionally, the research found that Candyco\_id faces the challenge of price wars with competitors. Many other knitters are lowering their product prices far below the value of their labor and time. The impact will be to lower the perceived value of handmade products in the eyes of consumers. To address this, Candyco\_id educates customers about the high-skill and time-consuming production process, so consumers better understand and appreciate it. Business owners also conduct monthly marketing evaluations to review strategies, promotions, and sales. This evaluation helps them adjust their marketing strategies to meet evolving needs and trends.

## **Discussion**

The application of the STP strategy at Candyco\_id reflects the characteristics of creative MSME marketing, which is adaptive, intuitive, and evolves thru direct experience with consumers. The findings regarding the diversity of segmentation, both in terms of age, location, preferences, and behavior, indicate that Candyco\_id is able to read demand patterns naturally and responsively. Although the segmentation framework refers to the concept Kotler et al., (2016), In practice, creative MSMEs like Candyco\_id tend to be more influenced by psychographic and behavioral factors. Consumers are interested in knitted products not solely for their functionality, but also for the value and symbolism inherent in handmade items. This kind of preference shows that purchasing decisions in the craft industry are heavily influenced by personal meaning, esthetic uniqueness, and the emotional connection between the product and the buyer.

Because Malang City is a student city, the most potential segment for esthetic and affordable handmade products is students. Targeting Candyco\_id toward students in Malang City illustrates the utilization of local context as a primary marketing strategy. This targeting aligns with the concept of fit between market segments and the company's capabilities. Additional targeting to foreign markets is also relevant to the internationalization of local craft products, which is widely discussed in creative industry research. International consumers who value quality and handmade processes more are a long-term growth opportunity for brands like Candyco\_id.

In terms of positioning, the uniqueness of Candyco\_id lies in the value of personalization. The ability to customize products provides a competitive advantage that not all competitors possess, as consumers can request designs, colors, and shapes that suit their preferences. This positioning aligns with the concept (Kotler, 2003) regarding the importance of creating "meaningful differentiation" in the minds of consumers. In handmade products, these differences arise from the manual touch, the maker's creativity, the narrative behind the creation process, and the quality of craftsmanship that cannot be replicated by mass production. This characteristic makes personalization not just an add-on feature, but a core part of the product's identity, fostering an emotional connection between consumers and the brand.

The findings regarding the price war highlight a common challenge for creative SMEs: low consumer literacy regarding the value of handmade products. This situation aligns with the findings of Mahmudah & Munawar (2024), which state that price perceptions of handmade products are often disproportionate to the work, quality, and time invested. Candyco\_id uses storytelling and digital education as a strategy to increase consumer understanding. This education-based strategy has proven effective for other creative SMEs, demonstrating that consumers will value craft products more when they understand the process and esthetic value. Monthly evaluations of the strategies implemented show that Candyco\_id adopts a flexible and responsive marketing approach to changes. This evaluation process includes reviewing audience engagement, social media trend developments, content effectiveness, and sales performance, allowing each marketing decision to be adapted to the latest conditions. This practice demonstrates that Candyco\_id maintains brand identity consistency while quickly adapting to market needs and the ever-changing dynamics of consumer behavior.

Overall, the discussion shows that the application of STP to Candyco\_id MSMEs is not only consistent with marketing theory but also reflects the characteristics of creative MSMEs that rely on emotional value, personalization, digital interaction, and creative processes. The integration of field data and theory clarifies that handmade marketing places the emotional relationship between consumers and products at the center of its strategy, while the STP structure serves as a framework for understanding and guiding these marketing practices.

#### IV. Conclusions and Recommendations

This research concludes that Candyco\_id MSMEs have effectively implemented the STP marketing strategy through an adaptive and experience-based process. In terms of segmentation, it forms naturally based on demographic, geographic, psychographic, and consumer behavior characteristics, indicating a strong preference for unique and personalized handmade products. The targeting is focused on students as a potential segment, and is expanded through the use of digital platforms to reach a wider market. Positioning is built through service customization, quality of workmanship, and the use of storytelling as a strategy for communicating value. The main challenge of price was prompted Candyco\_id to educate consumers about the value of craftsmanship. Therefore, it is necessary to continuously provide further education to consumers regarding the value of craftsmanship in handmade products, which will ultimately help improve understanding and appreciation for the products. The strategy is evaluated regularly so that the business can adapt to the dynamics of demand and digital trends. Overall, this research confirms that the STP approach can be an important foundation for strengthening the competitiveness of creative MSMEs, particularly for handmade skill-based products. To further enhance its competitiveness, it is recommended that Candyco\_id invest more in digital marketing and increase engagement on social media, especially to expand into international markets by leveraging global e-commerce platforms. Further market research can also help refine segmentation and targeting strategies to reach markets with greater potential.

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