PROPOSED NEW MARKETING STRATEGY FOR BAND MERCHANDISE BUSINESS (CASE: MUSTACHE AND BEARD MERCHANDISE)

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Abstract - For a long time, bands and artists used their brand to increase the number of revenue streams via different passive income sources such as sales of merchandise. This phenomenon also happened to one of an indie folk band called Mustache and Beard. This research is conducted to propose new marketing strategy based on quantitative research by questionnaire, which is spread to the Mustache and Beard's fans. The purpose of the questionnaire is to gain insights based on influencing variables of consumer purchase decision process toward band merchandise. The results of the questionnaire are analyzed using Structural Equation Modeling (SEM) to know which one is the most influencing variable within consumer decision process to buy band merchandise. Based on SEM results, the consumers are strongly affected by Individual Differences variable in considering their decision to buy band merchandise. Therefore, this research will propose the new marketing strategy based on the Individual Differences variable.

Index Terms - Band Merchandise, Marketing Strategy, Decision Process, Individual Differences

I. INTRODUCTION

The music industry is becoming one of the major roles in the national economy of Indonesia. According to the Indonesia's Minister of Tourism and Creative Economy, the contribution of the music sector to the GDP (Gross Domestic Product) in the last three years has experienced significant growth, 3.9 trillion rupiah in 2010 and rose to 5.2 trillion in 2013, which increased of an average of 11% per year and more importantly, the dual effect of the music industry is also huge through the festival and merchandise [1]. This statement also supported by the latest survey of Badan Ekonomi Kreatif which is announced that the music industry is one of four sub-sectors which are very potent because the growth is very rapid in 2015 [2]. Music has influenced fashion industry in Bandung since the distro (distribution store) was born. At first, the distro grew and developed in Bandung among indie music artists. This distribution is intended as a place to sell all products from indie bands, from tapes, CDs and merchandises from such bands as pins, stickers, and T-shirts. Distro has existed since 1993, but only fully developed in 1998 [3].

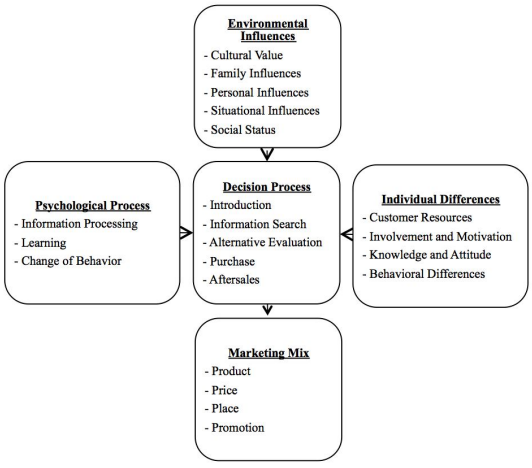
Bands and artists have for a long time used their brand to increase the number of revenue streams via different passive income sources such as sales of merchandise [4]. For example, Ozzy Osbourne earned US$35 million from concert sales and another US$15 million from merchandising in 2004 [5]. Based on that, it shows how big the business of merchandise supports the music industry itself and how important revenue stream it constitutes, not only in foreign countries but also in Indonesia, according to Indonesia's Minister of Tourism and Creative Economy as mentioned before [1]. This phenomenon also happens to one of an indie bands, called Mustache and Beard, which they want to extend their brands through merchandise. According to the manager of Mustache and Beard, the band is established in 2012 also plan to launch merchandise as their brand extension in order to gain more revenue because the company thinks that the band cannot last long for primary revenue and needs another channel of revenue. Thereby, Mustache and Beard also want to have passive income to support their financial needs, thus, Mustache and Beard Merchandise was created. Like other newcomer business, since Mustache and Beard Merchandise started to sell merchandises until now, the company has several business issues. Because of the business just has been running for approximately one year, the company still feels low brand awareness from the consumer. Because the brand awareness is low, the company cannot achieve their target of sales. The reason Mustache and Beard Merchandise cannot reach their brand awareness and target sales could be caused by the difference in each individual's consumer behavior and purchase decision toward music merchandises. Thereby, the researcher conducted questionnaire to know consumer purchase decision process towards band merchandise. The results of the questionnaire and its analysis will be use to propose the new marketing strategy that Mustache and Beard Merchandise needs to implement.

II. LITERATURE REVIEWS

STP analysis and Marketing Mix are helpful to determine the current situation of Mustache and Beard

Merchandise and to whom their products are going to be offered. There are three stages of STP analysis, which are segmenting, targeting, and positioning. Market segmentation means that the market is divided into several groups and/or segments that are based on factors such as demographic, geographic, psychological and behavioural factors. When this is done the marketers have a better understanding of the target audience and make the marketing more effective according to that knowledge [6]. Following the market segmentation, a business will evaluate each one of those market segments' attractiveness and choose one or more segment to enter. This process is defined as market targeting [7]. Based on Kotler and Keller (2009), positioning is designing the company's offering and image to have a distinctive place in the minds of the target market. The goal is to locate the brand in the minds of the customers to maximize the potential benefit to the firm. A good positioning of the brand helps the marketing strategy of the firm because it clarifies the essence of the brand, the goals to be achieved and the unique way of doing this [8]. Marketing mix is the set of tactical marketing tools—Product, Price Promotion and Place–that the firm blends to produce the response it wants in the target market [7].

The main objectives of consumer analysis are to collect information and find out what the consumer's behavior to purchase decision process. According to Kotler and Keller (2009), the consumer decision model in purchase and consuming goods and services consists of several stages, namely the introduction of needs, information search, alternative evaluation, purchasing, and after sales. The consumer decision process is influenced by three main factors, namely environmental influences, individual differences, and psychological process [8]. Figure below is a consumer purchase decision model that is influenced by three factors and the implications for the strategy.



Consumer Purchase Decision Process
Source: (Kotler and Keller, 2009)

III. METHODOLOGY

The researcher uses mix method and secondary data analysis as the methodology in conducting this research, as the purpose of this research is to identify the current business situation, formulating strategy, and implement it. The mix method consists of qualitative method and quantitative method. According to Creswell (2012), a mixed method is more than just collecting and analyzing data from a qualitative and quantitative approach. The mixed method approach provides a specific step from two methods, qualitative and quantitative. Therefore, the overall strength should be more beneficial than using qualitative or quantitative research individually. One aim of using a mixed method is to increase the possibility to achieve findings that are more trustworthy and relevant than using the approaches separately [9]. The data findings on qualitative method in this research based on observation the environment and situation of music merchandise business in Indonesia, also by interview with the manager of Mustache and Beard. The data findings on quantitative method in this research is used to gain insights about influencing factors of consumer purchase decision process towards band merchandise through questionnaire. The target of the questionnaire is the fan of Mustache and Beard. Operational Variables from Influencing Factors Consumer Decision Process:

Variable	Sub-Variable	Instrument	Scale
Environmental Influences	- Cultural Value - Social Status - Personal Influence - Situation Influence	Structured Questionnaire	Likert 5 Scale
Individual Differences	- Customer Resources - Involvement and Motivation - Knowldege - Attitude - Individual Differences in Behaviour	Structured Questionnaire	Likert 5 Scale
Psychological Process	- Information Processing and Perception - Learning - Behaviour Change	Structured Questionnaire	Likert 5 Scale

Operational Variables
Source: (Kotler and Keller, 2009)

IV. RESULT ANALYSIS AND DISCUSSIONS

The main consumer of Mustache and Beard Merchandise is the fans of the band. To support the current STP analysis, the researcher used the insight feature from Mustache and Beard's official account on Instagram. Their Instagram Insight data is representative enough because they have been using Instagram to engage with their fans for the past several years, and they have more than 10.000

followers on their account. The supporting data for Mustache and Beard Merchandise's target market analysis can be concluded from the backgrounds of their followers on Instagram. The main target market location based on geographical perspective is in Bandung, which is the birthplace of this band and where the majority of their followers come from. In demographic perspective, the main target market is the male follower from the age of 18 to 24, not yet married, and assuming that they are high school or college students with very limited income. Mustache and Beard Merchandise is also targeting their market for the middle and upper-middle class by assuming that band merchandise is not their basic needs. Other than those, currently, Mustache and Beard Merchandise is only selling their products online. Which makes their target market are their fans with high internet usage and fairly high buying habit.

After the researcher conducted the questionnaire, the researcher gained the consumer demographic profile is based on questionnaire respondent profile. In order to compare the STP Analysis from Instagram Insight data, the researcher gave some question to obtain the data background of the respondent to get the potential target market, which will be used in new STP Analysis. The target market is now adjusted based on respondent's results. The characteristic of Mustache and Beard Merchandise target market in Bandung is more focused on college student. Those persona of target market indicates the results of respondents answer which are age 18 – 24 years old, income Rp. 1.000.000 - Rp. 3.000.000 per month, Rp. 1.000.000 - Rp. 3.000.000 per month last education are senior high school and college student.

After received the data from survey result, the results of the data is processed with Structural Equation Modeling (SEM). The purpose of this data processing is to know which factor or variable (Environmental Influence, Individual Differences and Psychological Process) is the most influential toward the Decision Process variable. The conclusion of the SEM output results can be seen in table below.

Variable	Result value
Environmental Influence (EV)	0,848
Individual Differences (ID)	0,886
Psychological Process (PP)	0,536

SEM Output Results toward The Variables

Based on the table above, Individual Differences (ID) variable is most dominant in forming Decision Process with result value of 0.886, then Environmental Influence (EV) with result value of 0.848 and last Psychological Process (PP) with result value of 0.536. Based on these data, the researcher concludes the consumers are strongly affected by Individual Differences variable in considering their decision to buy band merchandise.

The Individual Differences variable has five sub-variables, which are customer resources, involvement and motivation, knowledge, attitude and individual differences in behavior. The researcher utilized SEM also to know which one from the five sub-variables of the Individual Differences variable that has the most influencing variable towards the Decision Process.

Variable	Sub-Variable	Result value
Environmental Influence (EV)	Cultural Value (EV1)	0,891
	Social Status (EV2)	0,747
	Personal Influence (EV3)	0,679
	Family Influence (EV4)	0,936
	Situation Influence (EV5)	0,91
Individual Differences	Customer Resources (ID1)	0,917
	Involvement and Motivation (ID2)	**0,987**
	Knowledge (ID3)	0,889
	Attitude (ID4)	0,983
	Individual Differences in Behavior (ID5)	0,895
Psychological Process	Information Processing and Perception (PP1)	0,925
	Learning (PP2)	0,801
	Behavior Change (PP3)	0,815

SEM Output Results toward Sub-Variable

Based on the table above, Involvement and Motivation (ID2) sub-variable is most dominant in forming Decision Process with result value of 0.987, then Attitude (ID4) with result value of 0.983, Customer Resources (ID1) with the result value of 0.917, Individual Differences in Behavior (ID5) with result value of 0.895 and last Knowledge (ID3) with result value of 0.889. Based on these data, the researcher concludes the consumers are strongly affected by Involvement and Motivation sub-variable in considering their decision to buy band merchandise. To solve the low brand awareness issue, the researcher utilizes new marketing mix 4P's based on Individual Differences variable.

CONCLUSION

Based on Structural Equation Modeling (SEM) results, the researcher concludes the consumers are strongly affected by Individual Differences variable and Involvement and Motivation sub-variable in considering their decision to buy band merchandise. To solve the company issue, the researcher proposed the new marketing strategy for Mustache and Beard Merchandise by using marketing mix 4P's, which are product, price, place, and promotion based on Individual Differences variable.

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