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## Marketing Management Strategy Of Konanami SME For Business Sustainability Amid Mining Activities In Morowali Regency

Jusmawati<sup>1</sup>, Muhammad Isra Iradat<sup>2</sup>, Mahfud Supu<sup>3</sup>, Agung Budi Winoto<sup>4</sup>, Denda Suliastun Pebrianti<sup>5</sup>

<sup>1-5</sup>Department of Management, Faculty of Economics and Business, Tadulako University

\*Corresponding Author: E-mail: [jusmawati@untad.ac.id](mailto:jusmawati@untad.ac.id)

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#### **ABSTRACT**

Konanami SME, a local microenterprise in Unsongi Village, Morowali Regency, was established under the PKK Women's Organization to empower the community through sustainable entrepreneurship. This study aims to analyze Konanami's marketing management strategy in maintaining business sustainability amid intensive mining activities in Morowali. Using a qualitative descriptive method, the research explores the application of segmentation, targeting, positioning, and the marketing mix (4P), product, price, place, and promotion. The findings show that Konanami successfully differentiates its nutmeg-based products by emphasizing natural ingredients, halal certification, and local cultural value. The enterprise applies affordable pricing, hybrid distribution and community based promotion through social media and local events. These strategies not only enhance brand recognition but also strengthen the local economy by creating jobs and supporting women's empowerment. Konanami demonstrates that a community-based business can remain competitive and sustainable even in regions dominated by mining industries through adaptive and ethical marketing management.

## INTRODUCTION

Morowali Regency, Central Sulawesi, has undergone rapid structural economic transformation in the last decade, driven by the expansion of the nickel industry and the development of integrated industrial estates such as the Indonesia Morowali Industrial Park (IMIP). This phenomenon, while attracting large investment flows and creating jobs, has also placed significant pressure on the environment, society, and the local economic structure. Massive mining concessions have affected land use and vital resources, creating both opportunities and risks for local micro, small, and medium enterprises (MSMEs) (Mosaix, 2025).

In the dynamics of an intensive extractive economy, the existence of community-based business groups such as “Konanami” in Unsongi Village (East Bungku District) that focus on processed local products reflects the community's adaptation strategy. Konanami seeks to combine the utilization of local resources (agriculture, spices, marine products) with efforts to access changing markets. However, the dominance of industrial supply chains, changing consumption patterns, and environmental pressures demand more adaptive and sustainable marketing strategies so that local SMEs can maintain business sustainability (Ramadhani & Miftahudin, 2024).



**Figure 1. Konanami MSME Logo**

Although previous studies on Morowali have highlighted macro issues (environmental impact, employment, social conflict, and investment governance), empirical literature discussing the managerial responses and marketing strategies of local SMEs amid intensive mining activities, particularly those related to sustainability, is still very limited. Therefore, this research is urgent to fill the empirical and conceptual gaps by examining Konanami's marketing management strategies as a representation of local MSMEs, with the aim of contributing to the marketing literature in extractive regions (Zaman et al., 2025).

## LITERATURE REVIEW

**The theoretical foundation of this study is built on four main pillars:**

### **1. Marketing Management and Sustainable Marketing**

Marketing management in the context of Micro, Small, and Medium Enterprises (MSMEs/SMEs) not only includes the implementation of the marketing mix (product, price, place, promotion), but also the management of Customer Relationship Management (CRM) and adaptation to resource constraints. This concept is enriched by Sustainable Marketing, which integrates environmental, social, and economic aspects into marketing strategies. For

SMEs in extractive regions, sustainable marketing manifests as environmentally friendly product attributes, community-based branding, and supply chain transparency to strengthen business legitimacy (Peattie & Belz; Kotler & Keller) (Setyawati et al., 2020).

## **2. Market Orientation, Dynamic Capabilities, and Business Sustainability**

Market orientation (Narver& Slater) and dynamic capabilities (Teece) are key to the resilience of SMEs. Market orientation enables the identification of market substitution opportunities and the development of relevant products. Meanwhile, dynamic capabilities are the ability of an organization to reconfigure internal competencies in order to respond to external disruptions, such as structural changes resulting from mining activities. Collectively, these two concepts promote Business Sustainability amid environmental turmoil (Tarihoran et al., 2023). Collectively, these two concepts promote Business Sustainability amid environmental turmoil (Cahaya et al., 2024)

## **3. Stakeholder Theory and Social Capital**

Stakeholder Theory emphasizes the importance of considering the interests of all parties (local communities, government, industry) in designing sustainable strategies (Zaman et al., 2025) . Social Capital, which consists of networks, trust, and collective norms (Putnam), is a crucial non-financial resource for community-based SMEs to access markets and achieve social legitimacy (Farid et al., 2025), especially in mining-affected areas through partnerships and collaboration.

## **RESEARCH METHODOLOGY**

This study uses a qualitative approach with an intrinsic in-depth case study design, focusing on Konanami SME in Unsongi Village, North Morowali Regency, to understand business sustainability strategies amid the pressures of mining activities (Mosaix, 2025). Data were collected from primary data through in-depth interviews, participatory observation, and documentation, as well as secondary data (regional reports and business documents). Informants were selected using purposive sampling, including SME managers, marketing staff, consumers, community leaders, and relevant agencies, until theoretical saturation was achieved (Hariani, 2025). Data validity was tested using credibility criteria (source triangulation and member checking), transferability, dependability (audit trail), and confirmability. Qualitative data analysis followed the Miles, Huberman & Saldaña model, which included data condensation (coding/categorization), data presentation, and conclusion drawing/verification. Research ethics, including informed consent and confidentiality, were strictly applied (Zaman et al., 2025).

## **RESEARCH RESULTS AND DISCUSSION**

### **1. Overview and Research Context**

Morowali Regency experienced rapid economic growth driven by the expansion of the nickel industry (2018–2024), leading to accelerated urbanization and changes in consumption patterns. This context created pressure on the MSME sector, marked by fluctuations in demand and intense competition from imported products. Konanami SME, which is engaged in local food processing in Bahodopi District (an area close to the industry),

operates in a rapidly changing external environment, requiring a strengthened marketing management strategy to achieve sustainability. Konanami has a simple management structure (6–10 workers) with a production capacity of 200–350 units per week.

Konanami's main challenges include: unstable market segmentation, competition with instant/imported products, limited capacity and branding, and the external impact of mining activities (e.g., increased logistics costs).

## 2. Market Dynamics and Marketing Strategy of Konanami SME

The results of the study show that the Morowali market is very heterogeneous. This is due to several factors, such as employee segmentation, which affects consumption patterns in the mining area. This also has an impact on the demand for several products owned by Konanami MSMEs, such as nutmeg syrup and other processed foods and beverages.



Figure 2. KONANAMI MSME Food and Beverage Products

According to Maryani, Chairwoman of UMKM:

*“We still have difficulty maintaining consistency when demand suddenly increases. We also face challenges in adjusting demand based on the preferences of mine workers, who are one of our target consumers. They prefer products that are large in portion and more instant, and they also tend not to want to try new things, such as our processed products.”*

Consumers themselves tend to prefer products that are practical and instant, but still want local flavors. However, on the other hand, there are still few stores that sell Konanami products.

## 3. STP Analysis and Marketing Mix of Konanami MSMEs

### a. STP Analysis

The STP theory emphasises the need for clear market identification (Parenden, 2024). Research findings indicate:

Market **segmentation** has been carried out informally, but it is not yet based on demographic and psychographic data. Judging from the products produced by these MSMEs, it is actually possible to strengthen the segmentation of children, pregnant women, and nursing mothers. In addition, employment should also remain a demographic segmentation factor. Geographical factors are also very important because the area is located in a mining region only about 20 km away.



**Figure 3. Map of Unsung Village to the Mining Site**

**Targeting** is still focused on mine workers, causing the risk of dependency. To reduce this risk of dependency, Konanami MSMEs can target other groups, namely:

- Primary target: Housewives and pregnant/breastfeeding mothers, because Konanami products are made from natural ingredients without chemicals, suitable for maintaining family health and safe for daily consumption.
- Secondary target: Children and teenagers aged 5 years and above, through products with a natural sweet taste from palm sugar or honey, which are safe and appealing to children.
- Additional target: Health-conscious consumers, including workers, students, and urban communities seeking traditional natural beverages in a convenient form.

**Positioning** is not yet strong due to simple branding. The results of the study show that Konanami does not yet have a clear positioning. Although Konanami already has the requirements for positioning. Its positioning potential is:

- Natural and homemade products: no preservatives, sweeteners, or artificial flavors.
- Healthy and high-quality product image: licensed by the Health Department and certified halal by the Indonesian Ulema Council (MUI).
- Social value: products made by empowered communities and members of the Unsung Village PKK.
- Local cultural value: promoting local wealth in the form of nutmeg as the main ingredient.

#### **b. Marketing Mix Analysis**

The marketing mix analysis shows that:

- Product  
Adaptive but not yet standardized. Konanami products as a whole have not been able to explain their product advantages. Although they already have PIRT and

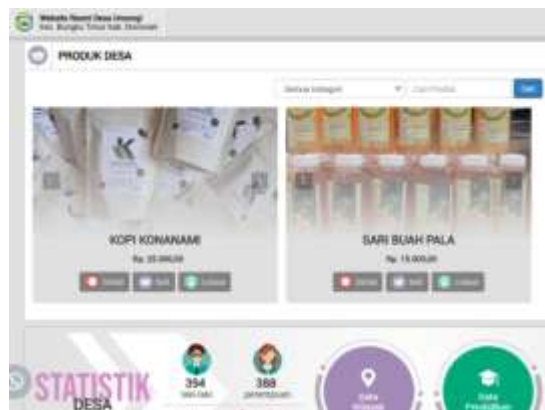
Halal labels, they do not explain their product advantages. As food and beverage products, Konanami does not list the vitamin and protein content or the composition of each product.



**Figure 4. Example of Konanami Products**

- Price

Following the increase in material costs, pricing strategies are not planned. Konanami actually sets prices based on the purchasing power of the local community, but due to the selection of raw materials and production tools that are quite rare and expensive, it sometimes faces two choices: raising prices or reducing quality.



**Figure 5. Konanami Product Price List on the Unsongi Village Website**

- Place

Distribution is uneven and still focused on event sales. Konanami only displays its products at its production facilities. In addition, they sell their products through events organized by the government. Other sales distribution is carried out when there are special requests from companies or the government.



**Figure 6. Konanami product display at the production house in Unsongi Village**

- Promotion

WA Business dominates; brand awareness is low. Konanami maximizes its use of WA Business in digital marketing to promote its products. Although its products are available on the Desa website, traffic is still very low. According to Sulfianti (Konanami marketing coordinator):

*“If the packaging and branding are strong, mine workers are more likely to trust the product. They tend to choose products that look professional.”*

This finding is in line with research by Sari (2024) and Haq (2023), which states that MSMEs in industrial areas tend to have resource limitations that hinder professional marketing strategies.

## CONCLUSION

This study concludes that the sustainability of MSMEs such as Konanami in the Morowali industrial area is highly dependent on the ability to adapt marketing strategies in response to market dynamics that fluctuate due to the presence of extractive industries.

The market structure in Morowali is characterized by high volatility caused by the mobility of mining workers and fierce competition between local MSMEs and suppliers from outside the region. These conditions create inconsistent demand and volatility in raw material costs for Konanami SME. Although the mining labor market offers great opportunities, the risks of high dependency and competitive pressure are major challenges that must be mitigated.

Konanami's strategy is still reactive and lacks clear strategic planning. Market segmentation tends to be intuitive (focusing on mine workers), while targeting and positioning have yet to establish a strong brand identity. The main weaknesses lie in:

1. Branding, pricing strategy, and promotion based on digital technology that is not yet systematic.
2. The use of digital channels (WhatsApp Business) is only effective for short-term transactions and does not build brand equity.

Thus, the current strategy has not been able to meet long-term demands, such as consistency in quality, certification, and institutional market penetration (mining company canteen vendors).

The sustainability of Konanami's business is influenced by three main factors: market

volatility, internal limitations (capacity, certification, quality management), and competition from outside products. Research confirms that the sustainability of MSMEs in mining areas requires a long-term strategy that integrates operations and marketing. Therefore, opportunities for strengthening this strategy lie in:

1. Product innovation and differentiation based on local values.
2. Optimized and planned digital marketing.
3. Collaboration with official institutions (MSME Office, mining vendors).

Strengthening branding and product certification are absolute prerequisites for achieving sustainability.

## RECOMMENDATION

Research recommendations are directed at practical and academic aspects. Practically speaking, for Konanami SME, crucial steps include updating its brand image through professional branding and packaging development, followed by market diversification (including regional online markets), improving quality management to obtain certification (PIRT/Halal), and forming strategic partnerships (B2B) with institutional parties (canteens/mining cooperatives). Meanwhile, the local government (Cooperative & MSME Office) needs to facilitate structural support, including the provision of special marketing assistance programs, the establishment of a collaborative ecosystem between MSMEs and mining companies (through MoUs or vendor schemes), and the provision of access to capital and raw material subsidies to stabilize MSME operations. Academically, further research is recommended to adopt a mixed method for comprehensive analysis, develop a contextual MSME marketing model for extractive regions, and expand the scope of comparative studies, including assessing the role of mining companies' Corporate Social Responsibility (CSR) programs on the sustainability of local MSMEs.

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