



## Analysis of Financial Aspects of Feasibility and Strategy for the Development of Reyog Craftsmen after the Construction of the Industrial Center in Ponorogo Regency

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### A B S T R A C T

Reyog handicraft industry is one of the leading SMEs in Ponorogo Regency. In early 2020, the Government of Ponorogo Regency established a new building as a production and promotion center for SMEs actors, namely the Industrial Center. This research aims to analyze the feasibility of business financial aspects and development strategies of reyog craftsmen after the construction of industrial centers. Research method using quantitative descriptive approach, informant selected using purposive sampling technique as many as 9 craftsmen. The method of data retrieval through interviews combined with a list of open questionnaires and field observations. Feasibility analysis uses NPV, PBP, IRR and B/C Ratio calculations, while development strategies are analyzed with SWOT. The results of the financial feasibility analysis of 3 types of handicrafts, namely barongan head, bujanganong mask and kelonosewandono mask indicate that the development of reyog handicraft business is feasible and continued. Swot analysis results related to the development strategy used by craftsmen consists of market penetration, product development and market development, including expanding market share by utilizing social media, maintaining the quality of raw materials used production, prioritizing the production of goods that have a faster turnover, have a stock of raw materials production for several months and maintain the prevailing price standards in the market.

**Keywords:** Feasibility, SWOT, Reyog, Industrial Center.

**JEL Classification Code:** L00, R10, O10

## INTRODUCTION

Small and Medium Industries (IKM) play an important role in encouraging economic growth, especially in terms of job opportunities, distribution of income, labor and regional and national economic development (Efendi, 2019). IKM is a business group that is able to absorb a lot of labor and become a source of income for the community, both primary and secondary (Nurhayati, 2012). Director General of Small, Medium and Multifarious Industries (IKMA) Gati Wibawaningsih said that in 2019 IKM was able to absorb 11.68 million workers or 60% of the total workers in the industrial sector in Indonesia.

The existence of IKMs is an indicator of the level of community participation in the economy. So far, IKM has proven to be reliable as a safeguard against the economic crisis, through the mechanism of job creation and added value (Triadi, 2018). On the other hand, the development of the SME sector is currently still experiencing problems, especially market access. This problem is at the same time a challenge for IKM and related agencies to develop.

Ponorogo is a district located in the western part of the province of East Java, which is directly adjacent to the province of Central Java, or more precisely, is 220 km southwest of the provincial capital of East Java, namely Surabaya. The development of IKM in Ponorogo Regency itself, according to data from the Perdagkum Office, the total IKM until the end of 2020 reached 1,475,000 business units, both formal and informal.

Ponorogo Regency has a variety of distinctive products with economic and cultural values such as reyog, batik, gamelan, wood crafts, knitting crafts, and food and drinks (mamin). Of the various kinds of SMIs scattered throughout Ponorogo Regency, the Reyog handicraft industry is one business unit that has its own uniqueness and characteristics from other IKMs, for example in terms of the use

of raw materials. The raw materials used by craftsmen in producing reyog come from animal body structures, such as feathers from peacocks, goat skins, horse tails, and cow tails. The crafts produced by reyog craftsmen consist of a peacock peacock, barongan head, bujanganong mask, kelonosewandono mask, jaranan, samandiman whip, mini reyog and the clothes used by reyog dancers. For musical accompaniment reyog produced by craftsmen in the form of: gongs, drums, ketipung, sompret, and angklung. Usually a set of reyog for performances and its attributes is sold in the price range of 20-25 million depending on the quality of the raw materials used. In addition, reyog art also plays a role in bringing the name of Ponorogo so that it is known by all Indonesian people to foreign people. This is because Reyog art is not only performed at national events, but also at international events. Reog has repeatedly represented East Java in cultural exhibitions in various countries. Indonesian embassies in various countries also play an important role in introducing Reyog to the world, as evidenced by the appearance of Reyog Ponorogo at world arts festival events such as the cultural collaboration between the Indonesian Embassy in The Hague and Ponorogo Regency in September 2019. Reyog Ponorogo performed for two consecutive days. participated on 6-7 September 2019 in the International Embassy Festival which was attended by 67 countries in the city of The Hague, Netherlands. Not only in The Hague, the reyog troupe from ponorogo also performed at the reyog obyok parade in the city of Amsterdam in the same month and year.

In early 2020, the Ponorogo Regency government through the Department of Trade, Cooperatives and Micro Enterprises (Perdagkum) inaugurated a new building specifically for IKM players in Ponorogo Regency,

namely the Industrial Center UPTD (Regional Technical Implementation Unit) Building. This building officially starts operating on February 1, 2020 during weekdays, Monday - Friday at 08.00 to 15.00 WIB and also during certain events. The central building is used as a place of production as well as a means of promoting products produced by IKM to be displayed in the Convention Hall, namely the promotion center building, making it easier for travelers or tourists from outside the city who are looking for goods, products, or souvenirs typical of Ponorogo. Currently,

he center is only focused on developing the 4 leading SMIs of Ponorogo, namely reyog, gamelan, batik, and food and beverages. At the center, the IKM actors are facilitated with the place and equipment for their production process, while the raw materials are still borne by the IKM actors. The presence of industrial centers is expected to help SMEs, especially reyog craftsmen, to increase their production and income.

The following shows the data for Small and Medium Industries (IKM) in the UPTD for the Industrial Center of Ponorogo Regency in Table 1:

**Table 1**  
**IKM Data at UPTD Industrial Center in 2020**

Name IKM	Amount
Reog . Industrial Center IKM	14
Gamelan Industry Center IKM	2
IKM Batik Industry Center	27
IKM Center for Food and Beverage Industry (Mamin)	21

Source: Perdagkum Ponorogo Regency, 2020

This study aims to analyze the financial aspects of business feasibility and development strategies for reyog craftsmen after the construction of an industrial center in Ponorogo Regency. Research can be continued and developed if this business is said to be economically feasible.

Contributions that can be taken from this research, among others; (1) For the development of science, this research can be used as a reference source for further research interested in the development of the IKM sector, especially reyog crafts. (2) For related agencies in Ponorogo Regency, such as Perdagkum, this research can be used as a contribution of ideas to conduct guidance and empowerment of reyog craftsmen.

According to Sulastri (2016), feasibility analysis is an activity to analyze a business seen from internal aspects including production, labor, marketing, finance, as well as external aspects including

law and the environment. The results of the feasibility analysis are used by the company to make a decision, whether the business is feasible or not to be implemented and developed in the future.

According to David (2011), a business or project requires a special strategy so that it can survive various obstacles. Strategies that allow a business to gain a competitive advantage can be seen from 3 aspects, namely market penetration, product development, and market development. The market penetration process is focused on expanding market share for existing products in the current market as an effort to attract customers from competitors by setting cheaper/affordable prices. The product development aspect is focused on the company's efforts to develop products and improve old products with the assumption that customers want new elements in the product. In the market development aspect, entrepreneurs focus on increasing

sales by selling their products to new markets or expanding into international/export markets. These three aspects will be related to the impact of the existence of an industrial center for reog accessories craftsmen.

SWOT analysis is the most basic analytical method to see a problem in a company viewed from four different sides. The results of the SWOT analysis are recommendations which maintain strengths, increase profits from existing opportunities, reduce weaknesses and avoid threats (Sayekti, 2020).

## METHODOLOGY

This research was carried out in Ponorogo District, namely Kauman District, Sukorejo District, Ponorogo District, Siman District, Jetis District, Mlarak District and Sawoo District which are the residences/productions of reog craftsmen in October 2020 - January 2021 using a quantitative descriptive approach.

The technique used is purposive sampling. The considerations taken are reog craftsmen who have joined the UPTD for the Industrial Center of Ponorogo Regency. Based on data obtained from the Perdagkum Office of Ponorogo Regency, there are 14 craftsmen who have joined the UPTD of the Industrial Center of Ponorogo Regency. Of the 14 craftsmen, only 9 were sampled in this study. The samples in question are reog craftsmen who produce Barongan Heads, Bujangganong Masks and Kelonosewandono Masks.

Collecting data using interview techniques combined with open questionnaires and field observations. The data used is primary data, both qualitative and quantitative. Quantitative primary data needed in analyzing business feasibility include assets, capital, sales turnover, costs, and profits. While the qualitative primary data needed is the business strategy used by the craftsmen,

as well as internal and external factors that affect the running of the reog handicraft industry. The quantitative primary data collected was analyzed using a financial aspect of business feasibility analysis, namely Net Present Value, Pay Back Period, Internal Rate of Return and B/C Ratio.

Net Present Value, shows the profit that will be obtained over the life of the investment.  $NPV > 0$ , then the project is profitable and feasible;  $NPV = 0$ , the project is at the break-even point aka no profit or loss;  $NPV < 0$ , the project loses and is not feasible to run.

Payback Period is a period required to cover investment expenditures using cash flow.

Internal Rate of Return, if the return value is greater than the prevailing interest rate, then the project is feasible to run.

Benefit/Cost Ratio is a value that indicates the level of additional benefit for each additional cost of one unit. If the net B/C value is  $> 1$ , then the project is feasible to run and develop.

While the business development strategy is analyzed using a SWOT analysis matrix to determine internal and external factors while running a reog craft business. According to Rangkuti (2009) SWOT analysis consists of 4 factors, namely: Strengths, the condition of the strengths contained in the company. Weakness is a condition of weakness in the company. Opportunities, conditions of opportunities that will occur in the future. Threats, threats that arise from outside the company. Conceptually, the development strategy in the industrial context is an attempt to analyze the condition of the target market which includes the strengths and weaknesses as well as the opportunities and threats that will be faced (Silitonga, 2017).

**Table 2**  
**SWOT Analysis Matrix**

INTERNAL EKSTERNAL	STRENGTHS	WEAKNESS
	Determine 5-10 internal strength factors	Determine 5-10 factors of internal weakness
OPPORTUNITIES	STRAREGI SO	STRATEGI WO
Determine 5-10 external opportunity factors	Creating strategies using strengths to take advantage of opportunities	Creating strategies by minimizing weaknesses to take advantage of opportunities
THREATS	STRATEGI ST	STRATEGI WT
Determine 5-10 external threat factors	Creating strategies using strengths to overcome threats	Creating strategies by minimizing weaknesses and avoiding threats

(Source : Rangkuti, 2009)

**RESULT AND DISCUSSION**

**General Condition of Reyog Craftsmen in Ponorogo Regency**

The reyog craft industry in Ponorogo Regency is a business unit that produces various kinds of reyog equipment complete with musical instruments. The models and sizes of reyog produced by craftsmen are also very diverse depending on consumer demand. Some ordered for stage purposes and some ordered only for display/home decoration. On average, these handicraft industry players still use SIUP (Trade Business Permit) as their only official business license.

Of the various types of reyog crafts produced by craftsmen, there are three types of handicrafts that have a large share with stable sales every year, namely Barongan Heads, Bujangganong Masks and Kelonosewandono Masks. Each craft, whether the barongan head, bujangganong mask, and kelonosewandono mask, has its own specifications even though they

both come from one type of craft, such as size and raw materials used. That's what makes the price of each craft is different.

The head of the barongan has a size of 50 and 60 cm which is commonly used in reyog art performances, up to the largest of 100 cm (for display). Bujangganong masks have the same size, 20 cm. The difference lies in the raw material used for hair. There are 3 types of hair raw materials commonly used, namely synthetic, cow tail and horse tail. Meanwhile, the kelonosewandono mask is produced with a size of 20 cm. The difference is based on the quality of the jamang used. Jamang is a head jewelry worn on the forehead by circling the head like a headband, usually adorning the forehead, the top of the forehead to the temples. The raw material for jamang comes from carved cowhide. Reyog craftsmen in Ponorogo do not produce jamang, all craftsmen take jamang from outside the region, such as Solo and Jogja with prices in the range of

Rp. 50,000/unit depending on the complexity of the carving.

### **Existence of Industrial Center in Ponorogo Regency**

In an effort to develop reyog craftsmen, the Department of Trade, Cooperatives and Micro Enterprises of Ponorogo Regency plays an important role, especially in providing production sites for reyog craftsmen in the form of an industrial center building. The industrial center provides assistance in the form of place facilities, machinery and equipment for making reyog. The machines and equipment provided are very complete including lathes, sensing machines, drilling machines, compressor machines, grinding machines, carving chisels, wood pellets, walang snake knives and hammers. This step was taken to gather the craftsmen in Ponorogo Regency so as to make it easier for the relevant industry offices to hold socialization or empowerment programs for Reyog business actors. The center can also create good relations between fellow reyog craftsmen. In addition, the existence of an industrial center is expected to increase the income of the craftsmen because a Convention Hall is also provided as a means of promoting reog products. Of course, there will be some impacts for reyog craftsmen before and after there is an industrial center.

### **Business Analysis and Impact of the Existence of Industrial Centers on Reog Accessories Craftsmen**

The case study was conducted in 9 craftsmen's residences spread across Ponorogo Regency. This industry is a micro business because it has an annual turnover of not more than 300 million. Reyog handicraft industry has an average production capacity of 20 units/month or 240 units/year for Bujangganong masks. While the kelonosewandono masks and

the head of the barongan because the sales are not too many, this type of craft is only produced by order. The average order received by the kelonosewandono mask and the head of the barongan is 6 units/year.

The author did not conduct research at the center, because the average craftsmen still carry out the production process in their respective homes. The existence of the center which was originally devoted to production activities and means of promoting reyog handicrafts, is considered ineffective. According to the craftsmen, the operational costs incurred when carrying out the production process at the center are more, including travel costs and consumption costs, because they have to transport their raw materials and labor there. Moreover, not all craftsmen come from downtown Ponorogo. Some craftsmen come from sub-districts which are located quite far from the industrial center.

Meanwhile, in terms of marketing, for now the center is considered not to be a potential target market for craftsmen. The lack of promotion from the manager makes the center building empty of visitors every day. This makes the products they display in the Convention Hall building not sell at all.

### **Production Aspect**

Production activities are carried out by craftsmen in their own residences. The production process of reyog handicrafts in Ponorogo Regency, both barongan heads, bujangganong masks and kelonosewandono masks uses dadap wood, goat skin and horse tail as the main raw materials. In the manufacture of reyog crafts, there are 2 important stages, namely the manufacture of frames and finishing. The first stage, the dadap wood is cut to the desired size, then the pieces are shaped according to the model using wood pellets and then arranged to make

it more presentable. The last process is to carve parts of the face, such as the eyes, nose and teeth. The second stage is the process of smoothing the frame using sandpaper. After it feels smooth enough then proceed with coloring and then dried. The head of the barongan uses oil paint because the painting is only applied to the mouth, while the bujangganong and kelonosewandono masks use pilox to make it faster because the coloring is done as a whole part of the mask. The last step of the second stage is the installation of goat skin that has been decorated to resemble tiger skin for the head of the barongan, the installation of hair on the

bujangganong mask and the installation of jamang on the kelonosewandono mask.

Some craftsmen also carry out the production process at the center. However, because the center only provides equipment, this makes the craftsmen spend more money because they have to transport raw materials and labor there. From there the existence of industrial centers does not provide any benefits in terms of production aspects because all craftsmen actually already have production equipment in their respective homes and they prefer to carry out the production process at home for reasons of operational cost efficiency.



**Figure 2**  
**Production Process for Making Reyog**

### **HR Aspect**

There are 4 employees who work with reyog craftsmen. They also work as barongan heads, bujangganong masks and kelonosewandono masks at the same time. Wages are paid using a piece rate system, i.e. the size of the employee's income depends on the production capacity produced. The average wage per unit head of barongan until it is finished is Rp. 191,667, Bujangganong mask Rp. 18,571 for the frame construction fee and Rp. 11,286 for finishing wages.

While the average wage/unit of the kelonosewandono mask for the finishing process is Rp. 10,750. If the craftsmen carry out the production process in the center, the wages given to employees also increase, assuming the cost of gasoline is Rp. 10,000 and a consumption fee of Rp. 15,000 per their arrival center. (Source: personal communication with craftsmen). So, the existence of industrial centers in terms of human resources cannot provide additional benefits to craftsmen.



**Figure 3**  
**Manpower Owned by Craftsmen**

### Marketing Aspect

Reyog sales are carried out through shops/galleries owned by craftsmen, and distributed to craft gift shops in Ponorogo. The best marketing that craftsmen have ever done is to sell their products to foreign countries. Usually the order comes from Indonesian embassies located abroad, such as America, the Netherlands, and the Arabs.

Reyog products can also be marketed through industrial centers, by

displaying their products in the Convention Hall building. Craftsmen can get more benefits, especially in terms of income, if certain events are held in the center, such as the Ponorogo Regency National Cooperative Day commemoration which is held on July 28 - August 4 2019. Based on interviews, they can sell 3-4 units of Bujangganong masks during the event. it takes place. Meanwhile, on weekdays, the center building is very quiet from visitors, so the products on display are not selling well.



**Figure 4**  
**Reog Handicraft Products that are Ready to be Marketed**

### Financial aspect

In Tables 3, 4, and 5, the average cost required in the reyog production process is presented. The average cost presented is the production cost per craft. The income obtained comes from the sale of the head of the barongan, bujangganong

masks and kelonosewandono masks. The average sales of Bujangganong masks reached 240 units/year with a selling price of Rp. 550.000 with a size specification of 20 cm and raw material for hair from horse tails. While the head of the barongan and kelonosewandono

masks, the average order received by craftsmen is 6 units/year with a selling price of Rp. 1,500,000 and Rp. 500,000.

The total turnover of the barongan head is Rp. 9,000,000, Bujangganong mask Rp. 132,000,000, and Rp. kelonosewandono mask. 3,000,000. So the total net income of each craft is as follows: (1) Barongan head, Rp. 2,350,759, (2) Bujangganong mask, Rp. 2,678,174, and (3) kelonosewandono mask, Rp. 1,337,584 in one year. The income is relatively small because the three crafts are only part of the products produced by the craftsmen. There are still many reyog products that can provide additional income every year such as dadak peacock, ganongan from cow's tail hair and synthetics, mini reog, and musical instruments to accompany the reog art that are not included in the analysis.

The existence of industrial centers does not have a significant influence on financial aspects, especially income for reyog craftsmen. This is because

the center is still very rarely holding special events during 2020.

**Environmental Aspect**

For now, liquid waste is an obstacle in the development of the Reyog business. A process that produces a lot of liquid waste, especially in the process of washing and soaking horsetail where the smell is very strong. For the time being, liquid waste is channeled through a septic tank to avoid water and air pollution around the production site.

**Legal Aspect**

As the basis for establishing a business, all reyog craftsmen use a SIUP (Trade Business License) permit as their official business license. In addition, as a micro business actor, the tax charged to reyog craftsmen is a Final Income Tax (PPH) of 0.5% in 2020. This rule is stated in Government Regulation (PP) No. 23 of 2018 concerning Income Tax on Income From Business Received.

**Table 3**  
**Average Production Cost of Barongan Head/year**

No.	Description	Amount	Production Capacity/year	Price (Rp)	Amount (Rp)
1	Dadap wood	60 cm	6 units	74,333	445,998
2	Goat skin	1 sheet		110,000	660,000
3	Sharp coconut	20 seeds		48,340	290,040
4	braid	3 meters		46,500	279,000
5	cow tail	50 seeds		183,350	1,100,100
6	stab wood	60 cm		9,200	55,200
7	battens	60 cm		2,500	15,000
8	Oil paint	250 gr		18,972	113,832
9	Wood glue	200 gr		3,067	18,402
10	Barongan eyes	1 pair		20,000	120,000
11	Putty	200 gr		1,689	10,139
12	sandpaper roll	5 meters		35,000	210,000
13	Labor	2 persons		1,150,000	2,300,000
14	Others (Electricity, Taxes & Depreciation)				1,031,530
<b>Amount</b>					<b>6,649,241</b>

(Source: Primary data, processed)

**Table 4**  
**Average Production Cost of Bujangganong Mask/year**

No.	Description	Amount	Production Capacity/year	Price (Rp)	Amount (Rp)
1	Dadap wood	20 cm	240 units	24,778	5,946,720
2	Horse tail	3 seeds		386,667	92,800,080
3	Pilox	1 bottle		24,571	5,897,040
4	Wood glue	100 gr		1,533	367,920
5	Putty	100 gr		844	202,560
6	sandpaper roll	1 meter		7,000	1,680,000
7	Labor	3 people		7,131,428	21,394,284
8	Others (Electricity, Taxes & Depreciation)				1,033,222
<b>Amount</b>					<b>129,321,826</b>

(Source: Primary data, processed)

**Table 5**  
**Average Production Costs of Kelonosewandono Masks/year**

No.	Description	Amount	Production Capacity/year	Price (Rp)	Amount (Rp)
1	Dadap wood	20 cm	6 units	24,778	148,668
2	Diadem	1 seed		50,000	300,000
3	Mustache	1 seed		3,667	22,002
4	Pilox	100 ml		8,190	49,140
5	Wood glue	50 gr		767	4,602
6	Putty	100 gr		844	5,064
7	sandpaper roll	1 meter		7,000	42,000
8	Labor	1 person			64,500
9	Others (Electricity, Taxes & Depreciation)				1,026,440
<b>Amount</b>					<b>1,662,416</b>

(Source: Primary data, processed)

Feasibility of Reyog Craft Development Business is needed to meet the projected increasing demand for reyog.

Reyog business development requires an investment of Rp. 3,783,888,

with details contained in Table 6. Investment costs consist of the cost of purchasing machines with an economic life of 8 years and equipment with an economic life of 5 years.

**Table 6**  
**Average Investment Cost**

No.	Description	Number of units)	Price per unit	Total price
1	Senso Machine	1	1,772,222	1,772,222
2	Drilling machine	1	300,000	300,000
3	Compressor Machine	1	805,556	805,556
4	Grinding machine	1	217,222	217,222
5	carving chisel	1	344,444	344,444
6	Standard petel	2	52,222	104,444
7	Petel kawung	2	60,000	120,000
8	Walang snake knife	3	22,222	66,666
9	hammer	2	26,667	53,334

(Source: Primary data, processed)

**Feasibility Analysis**

Feasibility analysis is an activity to study a business or business, in order to determine whether or not the business is feasible to run (Siregar, 2012). To assess the feasibility of the reyog handicraft business, a financial feasibility analysis is carried out, including NPV, PBP, IRR and B/C Ratio. The data used is primary data and performs forecasting for the next 10 years of business, namely until 2030. Bank Indonesia (2020) stated in a press release that Indonesia's economic growth in 2021 after vaccination will increase in the range of 4 percent. with a maximum inflation target of 3 percent. Therefore, the increase in production costs is assumed

to be 7% which is obtained from the calculation of the economic growth rate plus the inflation rate in Indonesia. Meanwhile, the interest rate used is BRI Micro KUR, 6%. The reason for choosing BRI Micro KUR financing as the discount rate is that the average interest rate in business units is relatively low and Bank BRI offices are widely spread throughout the region, eventoruralareas, makingiteasierfor micro entrepreneurs to access capital.

The calculation results from the feasibility analysis can be seen in Table 7. This feasibility is calculated per one craft, namely the head of the barongan, the mask of the bujanganong and the mask of the kelonosewandono.

**Table 7**  
**Feasibility Analysis Results of Reog Accessories Crafts**

Description	NPV (Million)	PBP (year)	IRR (%)	B/C Ratio
Barongan Head	26,355,365	1,66	80%	1,31
Bujanganong Mask	11,105,907	1,79	89%	1,02
Kelonosewandono Mask	15,331,029	2,93	52%	1,59

(Source: Primary data, processed)

Based on the feasibility calculation in table 7, all types of handicrafts show a positive NPV value, PBP is shorter than the economic life, IRR is higher than the prevailing interest rate and BCR>1. This shows that the development of the reyog craft business is feasible and continued.

Accordingto(David,2011),astrategy that allows a business to gain a competitive advantage can be seen from 3 aspects,namelymarketpenetration,product development, and market development. To find out the strategies used in running the business, reyog craftsmen were given questions in a questionnaire. The details of the questionnaire results are shown in Table 8.

**Reog Aksesoris Accessories Craftsman Development Strategy**

**Table 8**  
**Development Strategy Questionnaire Results**

No.	Development Strategy	Respondent's Answer		Reason for Dominant Answer
		Yes	No	
1.	Is in developing the Reog accessories craft business, the owner focuses on expanding the market for products that are already in the market today by setting more affordable prices, so that they can attract customers from competitors?	2 (20%)	7 (80%)	Each craftsman has their own subscription/vendor place, that's what makes our products sell quickly, but lowering the selling price is not a good way. The average price of reog accessories is that much, there is an agreement between craftsmen so that the market becomes healthier. So between one craftsman with other craftsmen are interconnected in determining the selling price. Unless the product is specifically made

		0 (0%)	9 (100%)	<p>according to the buyer's wishes, the price may be different. Good relationship with wholesalers who will make our products sell well. In addition, we also expand the market by creating social media accounts for promotions, such as Facebook, Instagram and WhatsApp.</p> <p>The industrial center has not yet had an impact on the craftsmen. The price we sell at the shops is the same as the one we leave at the center, there is also no difference in price.</p>
2.		6 (70%)	3 (30%)	<p>In addition to carrying out routine production processes, we also accept orders according to the buyer's wishes, such as size, complexity of carving, level of frame smoothness and raw materials used. It all depends on what the buyer wants. So the price varies according to quality.</p> <p>Just the same. Because to make a unique ordered product according to the buyer's wishes, no special tools are needed. And the tools in the center are actually owned by the craftsmen in their respective homes. So why do we go all the way to the center of production, if we already have all the tools at home?</p>
3.	Does the existence of industrial centers affect craftsmen, especially those related to market penetration strategies?	9 (100%)	0 (0%)	<p>Every entrepreneur if he wants his business to sell well, he must have a channel/relationship. Reog accessories craftsmen usually work with art studios and handicraft souvenir traders, not only in Ponorogo but throughout Indonesia. Therefore, in addition to selling reog accessories in the local market in the Ponorogo Regency area, we also send reog accessories out of regions such as Solo, Tulungagung, Jember, and Sumatra. Some even went abroad, such as Malaysia, Japan and Arabia, although not many, only once or twice.</p> <p>There is an influence when special events are held there. At least our products, especially masks, sell 3-4 units. However, on weekdays, the center is very empty of visitors, almost none except the manager and some craftsmen.</p>
		3 (30%)	6 (70%)	

(Source: Primary data, processed)

From the table of results of the questionnaire on the market penetration development strategy, many chose not to lower the selling price. This is supported by the reasons for the answer from Yudi Hartono:

*"Cheap or high prices for reyog crafts depend on the specifications of the buyer's order. If there is no special order, the price of reyog crafts from one craftsman to another is the same."*

In addition, according to Yudi, Priyono, and Didik:

*"We also use social media such as Facebook, Instagram and WhatsApp as a means of promotion."*

Meanwhile, regarding the existence of industrial centers on the market penetration strategy, all craftsmen chose the answer no. According to Yudi Hartono, as the head of the reyog craftsman in the industrial center: "For the selling price of Reyog handicrafts

at the center and in our own galleries/stores, there is no difference. The price is the same.” The second category of development strategy is product development both before and after there is an industrial center, according to Yudi Hartono: “Sometimes there are buyers who order specifically related to the specifications of reyog crafts. For example, the craft of Bujangganong masks is related to the use of raw materials for hair from ponytails, some ask for thicker hair, some ask it to be adjusted to their budget.” “If you want to make a special order, you don’t actually need special equipment. So no need to come to the center. We already have all the tools at home.” Meanwhile, according to 9 craftsmen, the market development strategy carried out by the craftsmen obtained almost the same answers:

*“We sell it at home, to art studios and also deposit it to craft shops in Ponorogo. In addition, we also entrust it to the center, but it is difficult to do it if there is no special event at the center. Have also sold to foreign countries.”*

Based on the results of the questionnaire, first, the market penetration strategy used by the craftsmen is to

maintain good relations with the reyog wholesalers so that market demand for reyog remains stable. In addition, the role of social media as a means of promotion such as Facebook, Instagram and WhatsApp is also a market penetration strategy carried out by craftsmen. Second, product development. Craftsmen divide their products according to the quality class produced, such as the level of carving complexity, level of smoothness, size and raw materials used. So, the price of reyog crafts will be different even though they come from the same type. Third, market development. The strategy is to create channels/relationships with art studios in all regions in Indonesia and handicraft souvenir traders in Ponorogo.

Overall the above conditions can describe the condition of reyog craftsmen in Ponorogo Regency. Likewise, the existence of industrial centers, is considered not to be able to provide additional benefits to reyog craftsmen.

Thus, this research was then developed using a SWOT matrix analysis to determine strategic steps for reyog craftsmen in Ponorogo Regency. The table of the results of the SWOT analysis is shown in Table 9.

**Table 9**  
**Results of SWOT Matrix Analysis**

	<b>Strenghts</b>	<b>Weakness</b>
<b>Internal</b>	<ol style="list-style-type: none"> <li>1. Have customers permanent</li> <li>2. Raw material quality</li> <li>3. Has a characteristic, like shape dan size</li> <li>4. Craftsman experienced</li> <li>5. Have channel/wide relationship</li> </ol>	<ol style="list-style-type: none"> <li>1. Sales decrease</li> <li>2. Production decreases</li> <li>3. Paying</li> <li>4. Product distribution decrease</li> <li>5. Crafts sometimes not as you wish order</li> </ol>
<b>Eksternal</b>		

<b>Peluang (Opportunities)</b>	<b>SO Strategy</b>	<b>WO Strategy</b>
<ol style="list-style-type: none"> <li>1. Doing promotions via social media</li> <li>2. Doing promotions directly</li> <li>3. There is a center industry as new market, though still minimal buyers</li> <li>4. Many requests from outside the area</li> <li>5. Opening opportunities overseas market</li> </ol>	<p>Reyog craftsmen can use social media to expand market share both locally and abroad. In addition, maintaining the quality of raw materials will keep their products in demand in the market.</p>	<p>With fluctuating economic conditions, craftsmen must prioritize the production of goods that have a faster turnover, such as bujanganong masks. So that the income obtained can be quickly used as business capital again.</p>
<b>Ancaman (Threats)</b>	<b>ST strategy</b>	<b>WT Strategy</b>
<ol style="list-style-type: none"> <li>1. Expensive raw materials</li> <li>2. Market growth slow</li> <li>3. Lack of activities reyog art performance cause drop in sales</li> <li>4. Style change community life who started leave traditional art</li> <li>5. Competitors from SMEs similar</li> </ol>	<p>Craftsmen must have a stock of raw materials for production for several months, thus saving more capital because the price of raw materials fluctuates and tends to increase every month.</p>	<p>Craftsmen must analyze economic conditions in determining the selling price, so that their products remain in accordance with the wishes of the market and buyers.</p>

(Source: Primary data, processed)

The results of the financial feasibility analysis show that the development of the Reyog handicraft business is feasible to run. The head of Barongan shows that the NPV value is Rp. 26,255,365, PBP for 1.66 years, IRR 80% greater than the required discount rate, 6% and B/C Ratio 1.31. The Bujanganong mask has an NPV value of Rp. 11,105,907, PBB 1.79 years, IRR 89%, and B/C Ratio 1.02. And the Kelonosewandono Mask got an NPV value of Rp. 15,331,029, PBP 2.93 years, IRR 52%, and B/C Ratio 1.59. Meanwhile, the development strategy used by reyog craftsmen consists of a market penetration strategy, a product development strategy and a market development strategy. With the right strategy, reyog craftsmen in Ponorogo Regency can run better in the next few periods.

## CONCLUSION

From the SWOT analysis, we get a competitive strategy that can be used to maximize the strengths and opportunities and minimize the weaknesses and threats that exist in reyog craftsmen, namely expanding market share by utilizing social media, maintaining the quality of raw materials. the production used, prioritizing the production of goods that have a faster turnover, having a stock of production raw materials for several months and maintaining the standard price prevailing in the market.

From this discussion, it can also be concluded that the existence of industrial centers in Ponorogo Regency has not been able to provide positive benefits for craftsmen. This is a special concern for the relevant agencies to be more active in

promoting the products found in the center, so that they can help reyog craftsmen and other IKM in getting additional income.

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