

The Role of Market Segmentation and Distribution Channel Preferences in Increasing Sales Volume of Purung Tofu Factory, Trenggalek Regency

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Abstract

Research aim : This study aims to explore the role of market segmentation and distribution channel preferences in increasing the sales volume of Purung Tofu Factory in Trenggalek Regency.

Design/Methods/Approach : This study used an exploratory qualitative approach with in-depth interview and observation methods. Data were collected from factory owners and consumers through the 5R informant selection technique.

Research Finding : The results show that market segmentation based on geographic characteristics, demographics, psychographics, and consumption behavior can help tofu factories identify the main target market. Distribution channel preferences such as traditional markets, modern stores, and direct purchase to factories have an important role in product distribution efficiency and increasing sales volume. The integration of these two aspects has a positive impact on the competitiveness and business sustainability of small-scale tofu factories.

Theoretical contribution/Originality : This study offers a theoretical contribution by integrating market segmentation and distribution channel preferences as an integrated approach in the marketing strategy of traditional tofu factories. This study also fills the literature gap regarding the effect of the combination of these two aspects on increasing sales volume in the local business context.

Practitioner/Policy implication : The findings of this study can serve as a guide for the managers of Purung Tofu Factory to design a more effective and efficient marketing strategy. In addition, local governments and industry players can use the results of this study to encourage the development of traditional food businesses through policies that support optimal management of market segmentation and distribution.

Research limitation : This research is limited to the context of Purung Tofu Factory in Trenggalek Regency, so the results cannot be generalized to tofu factories in other regions. Further studies are needed to test the model developed in tofu factories with different consumer characteristics.

Keywords : Market segmentation, distribution channel preference, sales volume

1. Introduction

In the era of increasingly fierce market competition and changing consumer preferences, increasing sales volume is one of the main indicators of the success of a business, one of which is the traditional food industry, namely tofu factories. High sales volume is not only a measure of the success of marketing strategies, but also a key factor in

maintaining business sustainability and competitiveness in the market [1]. In facing these challenges, Purung Tofu Factory must develop effective market segmentation strategies and appropriate distribution channels. Sub-optimal market segmentation strategies may hinder the achievement of sales volume targets and not reach consumers effectively. Therefore, it is important for Purung Tofu Factory to focus efforts on approaches that can reach consumers more efficiently so as to increase sales volume significantly. required to focus on product distribution so that it is distributed quickly and precisely.

Market segmentation is a strategy by grouping the heterogeneous market of a product into homogeneous market units [2]. In this study, market segmentation focuses on grouping consumers based on aspects of geographic characteristics, demographics, psychographics, and consumption behavior. Distribution channels are channels that connect goods to be transferred from producers to consumers. Distribution channel preferences include analyzing consumer choice patterns in various distribution channels, such as traditional markets, modern stores or direct purchases to factories [3]. Thus, market segmentation and distribution channels are closely related to increasing sales volume, so this research provides an exploratory approach that is used as a decision-making strategy by Purung Tofu Factory.

Previous research shows that market segmentation strategies have a significant influence on the success of a market product. Studies on market segmentation show that the higher the market segmentation, the higher the sales rate [4] [5]. In addition, research related to distribution channels reveals that distribution channels have a positive effect on sales volume [6]. However, previous studies have not specifically integrated the role of market segmentation with distribution channel preferences, especially in the context of tofu factories, especially in local areas such as Trenggalek, which have unique consumer characteristics.

The limitation of the research lies in the lack of studies that combine aspects of market segmentation and distribution channel preferences as an integrated approach in increasing sales volume in small-scale tofu factories. In contrast to previous research, it only focuses on one aspect. This makes the novelty of this research to develop an integrated model by linking the two aspects in the context of traditional tofu factories. This approach enables a more comprehensive understanding of how both aspects can play a role in increasing sales volume.

In-depth identification of market segmentation and distribution channels should be a top priority for Purung Tofu Factory to adjust to the needs and habits of its consumers. This not only supports the increase in sales volume, but also helps the business to strengthen its position in the local market as well as compete with similar products amidst increasingly dynamic market challenges. Thus, this research is expected to provide insights to strategize for the sustainability of Purung Tofu Factory.

Traditional food industries, such as tofu factories, face great challenges in maintaining and increasing sales volume in an era of increasingly fierce market competition. To address these challenges, Purung Tofu Factory has begun to develop a focused marketing strategy, including market segmentation and distribution channel preferences. Effective market segmentation allows companies to identify target consumers more precisely, while optimal distribution channels ensure that products can reach consumers quickly and efficiently. In a local context like Trenggalek, the combination of these two strategies has the potential to be a key determinant of marketing success.

Through this study, the research seeks to delve deeper into how local market characteristics and distribution preferences can be optimized to deal with challenges such as sales fluctuations. In addition, the integration between these two strategies is projected to support business sustainability, especially in the face of competition with similar products in the local area.

1.1. Statement of Problem

The problem found during the initial observation by the researcher is that the Purung Tofu Factory is one of the industries experiencing sales fluctuations with internal data obtained showing a decrease of 15% in the last 3 months. These problems show the challenges in maintaining sales volume stability.

1.2. Research Objectives

Based on the problems found, the purpose of this study is to explore the role of market segmentation and distribution channels in increasing sales volume at Purung Tofu Factory. Exploring the role of market segmentation and distribution channels is expected to make a strategic contribution to Purung Tofu Factory in increasing sales volume. In this exploration process, there are several supporting and inhibiting factors that need to be considered. These supporting factors include proximity to the local market, consumer loyalty, flexibility of distribution channels. However, there are also constraining factors that need to be addressed, which include poor infrastructure conditions, dependence on certain distribution partners and intense market competition. Through identifying these factors, the research seeks to make a strategic contribution to increasing sales volume while offering solutions to overcome the barriers.

2. Method

This research uses a qualitative approach that focuses on understanding marketing phenomena and distribution channel preferences from the perspective of the owner of Purung Tofu Factory. Data were collected through observation and in-depth interviews by researchers. The research was conducted at Purung Tofu Factory, Purung Hamlet, Panggul Village, Panggul District, Trenggalek Regency. The research location was chosen because it was based on the relevance of the location to the research topic, and the location provided easy access to conduct observations and interviews..

Informants in this study were selected using the 5R technique, namely Relevance, Recommendation, Rapport, Readlines, and Reassurance [7]. 1) *Relevance, informants selected in this study must be informants who relate to or understand the problems in this study. Informants were selected, namely the owner of the Purung Tofu Factory and one of its consumers* 2) *Recommendation, informants are obtained on the basis of recommendations from trusted people in the Purung Tofu Factory. Informants are recommended from the owner of Purung Tofu itself.* 3) *Rapport, informants ensured that researchers were closer to informants, ensured that researchers could obtain information related to data related to the Purung Tofu Factory.* 4) *Readiness, informants can be ensured that they are really ready to be interviewed. Researchers make an appointment in advance and confirm via WhatsApp* 5) *Reassurance, the informant is chosen to really talk according to the existing circumstances. Based on the informant selection technique, the selected informants are:*

Tabel 1. Research Informants

No	Informant Name	Age	Position
1	Wahyu	28	Purung Tofu Factory Owner
2	Deni	32	Consumer

Source: Author's Observation Data 2024

The data sources in this study are primary data and secondary data. Primary data was obtained from in-depth interviews with the owner of Purung Tofu Factory, while secondary

data was obtained from daily and monthly sales data. Data analysis techniques use power reduction which is carried out with several stages based on theory including data collection, data reduction, data display, and conclusion [8]. Data validity testing was carried out by triangulating interview data sourced from informant 1 and informant 2.

3. Result and Discussion

Interviews by researchers were conducted with Informant 1 on November 26, 2024 and Informant 2 on December 03, 2024 at the Purung Tofu Factory, Purung Hamlet, Panggul Village, Panggul District, Trenggalek Regency. Interviews with both Informant 1 and Informant 2 were conducted with a duration of 60 minutes each. Based on the results of the interview, the transcript of the interview through data triangulation is:

Tabel 2 Interview Transcript

No	Question	Informant 1	Informant 2	Interpretation
1	Where is the current main area of Purung Tofu Factory?	The main area of our tofu factory is in Trenggalek Regency, precisely in Panggul Village. This location was chosen because it is strategic, close to the traditional market which is the center of distribution.	As a consumer, I know that Purung tofu products are widely marketed in Panggul Market and surrounding villages. I often buy this tofu at food stalls near my house.	The strategic location of the factory in Panggul Village near the distribution center (traditional market) facilitates local distribution. Consumers confirm that this distribution is effective as the products are available around their area, both in food stalls and markets.
2	Why did you choose the region as your target market?	This region was chosen because it is close to the factory location. In addition, consumers here also make one of the daily food ingredients.	I think it is because this region is close to the factory site, so distribution is faster and costs less. Also, in this region, tofu is an everyday food that is always on the dinner table, so the demand is high.	Locating near the factory reduces distribution costs and capitalizes on local habits that make tofu a staple. Consumers recognize that this region is suitable due to their daily eating habits.
3	Are there any plans to expand to other regions? If yes, what is the reason?	Yes, we are planning to expand to Dongko sub-district. The reason is that both areas have a high potential market..	As a consumer, I have heard from traders that the factory wants to expand to other areas such as Dongko sub-district. The reason may be because there is a bigger market potential and the population is also larger.	Expansion to Dongko sub-district was planned based on market potential and a larger population. Consumers are supportive of this plan, showing confidence in the market opportunities in the new region.
4	In which areas are Purung tofu products marketed?	Saat ini tahu kami dipasarkan di wilayah lingkup kecamatan panggul seperti desa nglebeng, manggis, banjar, besuki, depok, wonocoyo.	To my knowledge, Purung tofu is marketed in the villages around Panggul Sub-district. Many peddlers sell directly to homes or	Current distribution covers Panggul sub-district and surrounding villages, utilizing mobile traders for direct access to consumers.

No	Question	Informant 1	Informant 2	Interpretation
5	What are the characteristics of the target marketing area?	The characteristics of our target areas are usually rural areas with people who tend to have lower to middle incomes. They are the type of consumers who are looking for quality but affordable food products.	small stalls around here. The target area is more in rural areas like where I live. The majority of the population has a lower middle income, so they need quality products at affordable prices.	Rural areas with lower-middle incomes are ideal targets because demand for quality, affordable products is high.
6	Who are the main consumers of your tofu products based on age, gender, or occupation?	Most of our main consumers are housewives, food stall owners, and fried food vendors. Their ages range from 25 to 50 years old, and the majority are women. They often buy tofu for family needs or small culinary businesses.	As a housewife, I feel that this product is very suitable for my family's needs. In addition, I know many food stall owners and fried food traders who buy this tofu in large quantities for their businesses.	Housewives, food stall owners, and fried food traders dominate the consumer segment with characteristics of 25-50 years of age, female, and regular need for tofu.
7	Is there a difference in product demand based on consumer groups?	Yes, there is a difference. Household consumers usually buy tofu in small quantities but routinely every day. While traders or business owners buy in large quantities according to their business needs.	Yes, there definitely is. As a housewife, I usually buy tofu in small quantities for daily consumption. But I know fried food vendors or stall owners buy in larger quantities because they need it for their business stock.	Households buy small amounts regularly, while culinary businesses buy in large quantities. This purchasing pattern reflects clear segmentation.
8	How does consumer income level affect purchases?	Our tofu products are indeed more in demand by consumers with low to middle incomes. This is because tofu is one of the choices of side dishes that are economical and easy to process.	In my opinion, Tahu Purung is very popular among consumers with low to middle income like me because the price is affordable. Although economical, the quality is good, so it is very suitable for everyday side dishes.	Low to middle income is the main factor in consuming tofu as an economical but quality choice.
9	What are the demographic characteristics of the most frequent consumers?	Our consumers are mostly rural residents with secondary education. They work in the informal sector as farm laborers,	The majority of consumers are rural people with secondary education and work in the informal	The majority of consumers come from the informal sector in villages with secondary education levels, in accordance with the need for affordable food.

No	Question	Informant 1	Informant 2	Interpretation
	membeli tahu Purung?	small traders, or micro-business owners.	sector, such as farm laborers or small traders.	
10	How do you integrate market segmentation information into your distribution strategy?	We use this information to determine the type of distribution channel. For example, for household consumers in villages, we use street vendors. While for small businesses such as food stalls, we send directly through trusted local distributors.	I see this tofu distribution as very appropriate. For example, street vendors always come directly to my house, so it is very convenient.	Distribution is tailored to consumer needs, such as traveling vendors for households and local distributors for small businesses.
11	How do you identify consumer interest in your product?	We approach directly through distributors and street vendors to get feedback. In addition, purchasing patterns in the market are also important indicators for us in understanding consumer needs.	I really like this tofu because it has a soft texture, fresh taste, and affordable price. My interest is maintained because this product is consistent.	Direct approach through distributors and traveling traders is the main method of understanding market needs.
12	What values or lifestyles do Purung tofu consumers hold?	Most of our consumers are people who live simply and prioritize healthy, nutritious, and affordable food. Tofu is their main choice because it is easy to process and suitable for all types of dishes.	As a consumer, I live simply and prioritize healthy, nutritious, and economical food. Tahu Purung meets those needs.	Simplicity and a priority on healthy and affordable food characterize consumer lifestyles.
13	What are the main market segments that Purung Tofu Factory focuses on, and how do these segments contribute to sales volume?	Our main focus is on street vendors and food stall owners. They contribute the most to sales because purchases are made in large quantities on a regular basis.	As far as I know, the main segment is street vendors and food stall owners. They buy in large quantities, so they contribute greatly to sales.	Street vendors and food stalls are the main segments with a large contribution to sales.
14	What psychographic factors influence consumer purchasing decisions for Purung tofu?	Factors such as trust in the quality of the product and the habit of consuming tofu in the region influence their decision. Many feel that Purung tofu has a distinctive taste that other products do not have.	Trust in the quality of the product and the habit of consuming tofu in our family were the main factors in choosing this product.	Trust in product quality and tofu consumption habits are the main determinants of purchases.

No	Question	Informant 1	Informant 2	Interpretation
15	What are consumer purchasing patterns?	Household consumer purchasing patterns are daily, while purchases for businesses are made according to need.	I buy tofu every day for my family's needs, while culinary business owners buy it periodically in large quantities.	Daily purchases by households and large purchases by culinary businesses reflect market needs.
16	What makes consumers loyal to your tofu product?	Consistency of taste, product quality, and ease of obtaining tofu are the main reasons for consumer loyalty. In addition, good relations with distribution partners also play an important role.	My loyalty to Purung tofu is due to its consistent taste, consistently maintained quality, and easy access through street vendors.	Consistency of quality, taste and ease of access support consumer loyalty.
17	What distribution channels are currently used to sell your tofu products?	We use traveling traders, traditional markets, and several permanent retailers in Panggul sub-district.	As far as I know, the distribution channels are street vendors, traditional markets, and several small shops around the village.	A combination of street vendors, traditional markets and retailers ensures effective distribution in target areas.
18	How to choose a distribution partner?	We choose by considering their trustworthiness and track record in working together.	As a consumer, I am not directly involved, but I see that the distribution partners are traders who are well known by the local community.	Traveling vendors are most effective in reaching consumers, especially in remote areas.
19	Which distribution channels are most effective in reaching consumers, and how does this impact sales volume?	The most effective channel is the traveling vendors who sell directly to homes or small shops. This greatly helps increase sales volume because tofu becomes more accessible to consumers who may not always go to the market.	Itinerant traders are most effective because they can reach villages far from the market. This obviously helps increase sales.	Traveling vendors are most effective in reaching consumers, especially in remote areas.
20	What is the impact of selecting distribution channels that suit market characteristics on increasing sales volume?	With proper distribution, products are easier for consumers to find, so demand is stable.	The availability of products that are easily accessible makes me buy more often. I think it can increase sales volume significantly.	Distribution that suits market characteristics increases product accessibility and sales volume.
21	What are the main transportation	We use motorbikes, three-wheeled vehicles and small	Usually I see street vendors using three-wheeled	Motorcycles and small vehicles are efficient for local distribution, but have limitations for further

No	Question	Informant 1	Informant 2	Interpretation
	methods used for the distribution of tofu products?	pick-ups as our main methods of transportation.	vehicles or motorbikes to transport tofu.	expansion.
22	Is the transportation method efficient enough? If not, what are the obstacles?	For now, this transportation method is quite efficient for local distribution. However, if we want to expand to further areas, limited transport capacity and operational costs become obstacles. In addition, sometimes damaged road conditions also hamper the distribution process.	This method is quite efficient to reach rural areas. However, poor road conditions are sometimes an obstacle.	The transportation method is quite efficient for local distribution, but challenges arise with expansion and poor road conditions.
23	What are the obstacles often faced in the distribution process?	The main obstacle is the poor road conditions in some areas, especially during the rainy season. In addition, sometimes there are technical obstacles such as vehicle damage or delays in raw material supplies that affect the distribution schedule.	I have heard street vendors complain about the damaged road conditions during the rainy season, which makes distribution a little hampered.	The main obstacles include damaged roads, rainy season, and vehicle breakdowns, which affect the smooth distribution.
24	How do you overcome these obstacles?	We overcome these obstacles by performing routine vehicle maintenance, providing backup distribution channels	As a consumer, I can only hope that the factory will work with the merchant to find a better alternative route.	Routine maintenance and finding alternative routes are the main solutions to overcome obstacles.
25	What are the constraints faced in using certain distribution channels, and how do these affect sales?	One of the obstacles is the dependence on certain street vendors. If they stop or have problems, distribution in the area can be disrupted. This of course affects sales because the availability of products in the market decreases.	Dependence on street vendors can sometimes be a problem. If they can't sell, the availability of products in my area will be disrupted.	Reliance on a particular vendor can disrupt distribution if problems arise.

Source: Author Interview Result Data 2024

The results of the study indicate that segmentation plays an important role in increasing sales volume. Market segmentation strategies based on geographic, demographic, psychographic, and consumer behavior characteristics provide effective results in reaching

consumers, thereby increasing sales volume. The results of interviews with factory owners indicate that the main marketing areas selected, namely Panggul District and surrounding villages, have strategic geographic characteristics close to factories and traditional markets. This supports the market segmentation theory put forward by Kotler and Keller [9] that segmentation strategy helps to focus resources on the most potential consumer groups. Consumers from households who are the main segment choose this product because of its affordable price and consistent product quality. Likewise, street vendors and culinary business owners such as food stalls contribute greatly to sales stability with large purchases.

Meanwhile, in terms of distribution channel preferences, this study identified that distribution channels through traveling merchants are the most effective. This is because traveling merchants can reach and serve consumers directly and in large numbers. This approach is in line with the zero-level distribution channel theory proposed by Kotler & Keller [10], where producers can use their sales force to sell directly to consumers or end customers. Traditional markets and local retailers are also important channels that complement distribution, allowing for widespread availability. However, there are constraints in distribution, such as poor road conditions and limited transportation capacity, which can affect the effectiveness of this distribution channel.

This study also highlights the synergy between market segmentation and distribution channel preferences. Distribution strategies are tailored to consumer needs that have been identified through market segmentation. Based on the interview results, street vendors focus on serving household consumers, while direct distribution through local partners is directed at small businesses and food stalls. This approach supports the findings of previous studies, which show that integration between marketing and distribution strategies can significantly increase sales volume. [4] [5][6].

In addition, consumer loyalty to Tahu Purung products is strengthened by the consistency of quality and the availability of products that are easily accessible. This reflects the importance of maintaining product quality. By utilizing market segmentation information, Tahu Purung Factory can optimize distribution strategies, increasing consumer satisfaction. Thus it can be stated that market segmentation and distribution channel preferences have a significant role in increasing the sales volume of Tahu Purung Factory. With an integrated approach that combines both aspects, the factory can increase competitiveness in the local market. Strategic recommendations include strengthening direct distribution channels and adjusting marketing strategies based on the characteristics of the identified market segments. This study makes an important contribution to the development of marketing models in the traditional food industry, especially in the local context.

4. Conclusion

The results of this study indicate that market segmentation and distribution channel preferences have a significant role in increasing sales volume of Tahu Purung Factory. The right market segmentation strategy based on geography, demographics, psychographics, and consumption behavior ensures that products can reach the most relevant consumers. On the other hand, distribution channel preferences such as street vendors and traditional markets have proven effective in ensuring product availability in strategic locations. The synergy between these two strategies creates an integrated marketing approach that successfully increases consumer loyalty and sales volume.

However, this study has limitations in the coverage area which only covers Trenggalek Regency. The findings of this study may be less relevant for areas with different market characteristics. In addition, the qualitative approach used provides in-depth insights but does

not provide quantitative data that can support the generalization of the results. Distribution constraints such as poor road conditions and limited transportation also need to be addressed to support further expansion.

As a recommendation, Tahu Purung Factory is advised to expand its marketing coverage to areas with greater market potential. The use of digital technology, such as e-commerce platforms or distribution applications, can help optimize the marketing and distribution process. Further research can use a quantitative approach to measure the influence of market segmentation and distribution channel preferences statistically, as well as explore the role of technology in supporting future marketing strategies.

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