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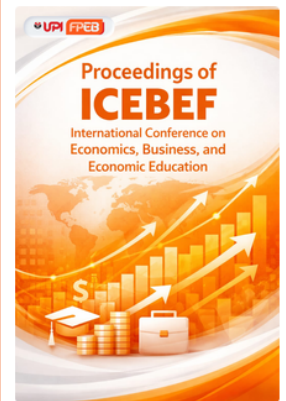
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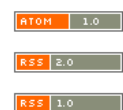
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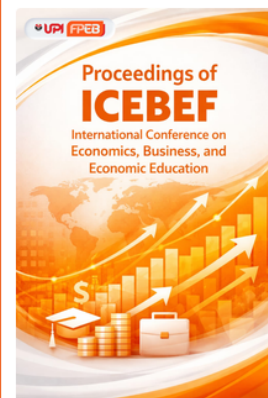
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A DUAL-MARKET STRATEGY FOR HERBAL SME PENETRATION: DIGITAL MARKETING AND LOGISTICS EFFICIENCY IN EXPORT AND DOMESTIC MARKETS

Dudi Hendra Fachrudin

Faculty of Logistics Technology and Business, Universitas Logistik dan Bisnis Internasional
Jalan Sari Asih No. 54 Bandung 40151
E-mail: dudihendra@ulbi.ac.id

ABSTRACT

This research examines the dual-market strategy within the herbal sector of Indonesian small and medium enterprises (SMEs). Indonesian SMEs have demonstrated steady growth in the export market; however, their domestic market penetration is constrained by cultural perceptions and inadequate marketing efforts. Logistical constraints and elevated shipping costs pose substantial challenges to sustainable export growth. This research employs a mixed-method approach to analyze three key aspects: the optimization efficiency of production and logistics to enhance export performance, the development strategies of digital marketing to address domestic consumer barriers, and the reduction of dependency on a single market through the implementation of a dual-market orientation. The findings are anticipated to demonstrate how SMEs in emerging markets can effectively balance international expansion as a source of innovative insights with domestic growth through the integration of digital transformation, cultural intelligence, and adaptive supply chain strategies. This study contributes by providing a framework for business development that links domestic and export competitiveness with SME resilience in the future. The dual-market strategy involves the export of goods, emphasizing logistics performance within the digital landscape. This approach is particularly relevant for SMEs in the herbal industry aiming to enhance logistics efficiency.

Key words: Dual-Market Strategy, Export, Logistics Performance, Digital, SMEs, Herbal Industry, Logistics Efficiency

INTRODUCTION

Small and Medium Enterprises (SMEs) in emerging markets have long been recognized as the backbone of economic development, particularly in Indonesia, where they contribute significantly to employment creation and export growth. Even though they are very important, many small and medium-sized businesses (SMEs) have the opposite problem: while some do well in global markets, their presence in their own markets is often not very strong. Indonesia's herbal industry is a sector with a lot of biodiversity and traditional knowledge, but it has problems with logistics, cultural attitudes, and a lack of marketing skills. Cavusgil & Knight (2015) show this paradox very clearly. Moringa-based herbal products exemplify this dynamic of an Indonesian SME specializing in. A company that has achieved consistent export success in the Australian market since 2018, driven by increasing global demand for superfood ingredients. Yet domestically, moringa (commonly known as daun kelor) faces negative cultural opinions, being traditionally associated with rural or mystical perceptions rather than positive modern health trends. Because of this, the company's contribution to the domestic market stays below 15% of total sales. This shows a big difference between international opportunity and local receipt. This situation illustrates a strategic challenge frequently encountered by internationalizing SMEs: the necessity to maintain export competitiveness while establishing a robust domestic market foundation. To solve this problem, SMEs need to have a dual-market orientation, which means they can work in both international and domestic markets at the same time (Zhou et al., 2007). This kind of framework not only makes you less dependent on one market, but it also makes you more resilient to global problems like price changes, demand changes, or logistic bottlenecks.

When it comes to herbal products, this dual-market approach needs to focus on three strategic areas: first, improving production and logistics efficiency to make exports more competitive and cost-effective; second, creating digital marketing strategies to change how domestic consumers see the products and make them more culturally acceptable; and third, putting in place dual-market management that includes both international growth and strengthening the domestic market.

As empirical studies show, supply chain collaboration and digital transformation in the herbal and food sectors are significantly influencing SME attractiveness (Christopher, 2016; Tiago & Veríssimo, 2014). Few studies also have examined how these strategies interrelate in contexts where cultural perception barriers touch local demand, as in the case of moringa-based products. This research seeks to fill that gap by probing SMEs' dual-market strategy in place of a model for balancing export reliance and domestic growth.

Accordingly, this study addresses three key research questions:

1. How can logistics and supply chain strategies boost the export performance of herbal SMEs?
2. How can digital marketing help overcome cultural perceptions to enlarge the domestic market?
3. What dual-market strategies can diminish dependency on a single export market while ensuring sustainable SME progress?

These questions will be explored, and the study aims to give both theoretically and practically. Theoretically, by advancing the balanced concept of domestic-export competitiveness for SMEs in emergent markets. Practically, by offering actionable considerations for policymakers and business practitioners seeking to incorporate logistics efficiency, digital transformation, and traditional aptitude into sustainable SME strategies

METHOD

This study employs a systematic review centered on SMEs' herbal products as the primary research unit, with comparative insights from other Indonesian herbal SMEs to strengthen analytical validity. The practical framework employs qualitative inquiry alongside descriptive quantitative data. This integration encompasses both the strategic and operational dimensions of domestic and export market performance. This method is in line with the interpretivist model, which aims to understand how SMEs create and carry out strategies in certain cultural and institutional settings (Creswell & Poth, 2018).

Research Design.

The study implements an exploratory case study design, as suggested by Yin (2018), and is suitable for investigating current phenomena within real-life contexts where the boundaries between the occurrence and context are not clearly evident (Cleland et al., 2021). The dual-market strategy—linking export performance and domestic penetration—is observed through a contextualized analysis of supply chain efficiency, digital marketing adaptation, and cultural market obstacles in the herbal industry. Some SMEs were selected as the focal case because of their distinctive position as an SME that has achieved international recognition (Australia market) yet faces persistent domestic challenges.

Data Collection by Document Analysis and Digital Traces.

To get descriptive quantitative data, we looked at internal company records from 2018 to 2022, such as export invoices, shipping cost statements, and marketing campaign reports.

Data Analysis.

The study employed a hybrid analytical approach combining qualitative thematic analysis and descriptive statistics (Swain et al., 2018):

1. **Thematic Analysis.** Braun and Clarke (2019) propose a six-phase framework, within which themes emerged concerning logistics efficiency, digital marketing adaptation, and the formulation of domestic and export strategies.
2. **Descriptive Statistics.** Export records were analyzed using quantitative indicators to illustrate performance trends, including export volume growth, logistics cost per kilogram, and domestic market share percentages (Jill & Vikas, 2018).
3. **SWOT-TOWS Analysis.** SWOT-TOWS matrix is used to identify linked internal capabilities (strengths, weaknesses) with external conditions (opportunities, threats), which analyze strategic alignments and generate actionable references. This model is to formulate dual-market strategies (Susanti et al., 2025).

RESULTS AND DISCUSSION

This section outlines and analyzes the principal findings of the study concerning SMEs' herbal dual-market strategy, organized into three primary themes:

Export Performance and Logistics Efficiency

The export records from 2018 to 2022 show that they sent moringa powder to Australia on a regular basis, with shipments happening 8 to 10 times a year. However, the number of boxes shipped was not ideal; it was only 3 to 6 boxes per shipment instead of the 14-box container capacity. This meant that logistics efficiency wasn't fully used, which drove up costs (Sitanggang, 2024). Because they used a lot of private shipping channels, the cost of shipping each item went up by about 25% to 30% compared to shipping in shared containers. There is proof that small and medium-sized businesses (SMEs) still have trouble working together on logistics because there aren't enough platforms for coordination and shipping schedules are different. But the company has begun to seek methods to share containers with other exporters via cooperative agreements established by Asosiasi Ekspor Herbal Indonesia (AEHI). In theory, these results support Christopher's (2016) claim that supply chain efficiency is not only important for operations but also important for strategy in order to stay competitive. Limited resources make pooled logistics a keyway for small and medium-sized businesses (SMEs) to save money and stay in

business. This example also shows the resource-based view (RBV): being good at logistics is a unique skill that makes exports stronger, especially for high-value, low-volume goods like moringa powder. The evidence indicates that logistics collaboration serves as a strategic facilitator for export continuity and competitiveness, especially when direct economies of scale are inaccessible for individual SMEs.

Domestic Market Barriers and Digital Marketing Responses

The company is having trouble selling moringa in the US because of cultural and perceptual barriers, even though demand for it is growing around the world. People in the area usually see daun kelor as a sign of rural customs, funerals, or low social status. This makes them emotionally resistant to it, even though it is known to be good for you (Chaudhary, 2025; Saavedra Gonzalez, van der Maden, 2015). Because of this, only 12–15% of the company's total yearly income comes from sales in the US, which is much less than the market size could be. They started a digital marketing shift in 2021 to fix this. The plan includes (1) starting educational programs on Instagram and TikTok, (2) working with small wellness influencers, and (3) running ads on Shopee and Tokopedia. These projects were meant to change how people think about moringa, from an old herbal plant to a "modern superfood."

Dual-Market Strategic Synthesis. The integration of export-focused logistics efficiency and domestically oriented digital marketing forms the foundation of SMEs' dual-market orientation (Weber, 2018).

Table 1. SWOT–TOWS analysis of SMES Herbs

Strategy Type	Description
SO (Strength–Opportunity)	Use company's strong reputation in export markets to break into the health product markets in ASEAN.
WO (Weakness–Opportunity)	Use digital marketing to fight bad cultural ideas and raise awareness about health..
ST (Strength–Threat)	To lower your dependence on one market, send company's exports to more than only Australia.
WT (Weakness–Threat)	Use container-sharing and cooperative logistics to cut down on wasteful spending.

These strategies create a dual-market competitiveness paradigm that shows how logistical efficiency, adapting to digital marketing, and cultural intelligence can all work together to make small and medium-sized businesses more resilient. This aligns with the conclusions of Zhou et al. (2007) and Knight & Cavusgil (2004), who assert that ambidextrous capabilities—harmonizing exploration (domestic innovation) and exploitation (export consolidation)—enable SMEs to sustain development amid uncertainty. They exemplify this equilibrium by simultaneously improving operational efficiency for exports and promoting domestic demand-side acceptance. The conversation shows that having a dual-market focus is not only a way to diversify but also a way to be strategically strong. It makes the company more resilient to outside shocks like trade barriers, logistical problems, or cultural opposition, and it also sets the company up for long-term success.

Combining Theory with Practice.

The results contribute to the current literature on small and medium-sized enterprise (SME) internationalization in export dependency while nurturing domestic legitimacy. This case offers a replicable model for other SMEs encountering analogous challenges in Indonesia's natural product sectors, where attaining international success must be harmonized with rejuvenating the local market.

CONCLUSION

This study examined the dual-market strategy of an Indonesian SME in the herbal sector to comprehend its equilibrium between export achievement and constrained domestic infiltration. The findings indicate that sustainable competitiveness in emerging-market SMEs can be attained by integrating logistics efficiency, digital marketing transformation, and cultural intelligence within a dual-market orientation framework. Empirical findings indicate that logistics collaboration, including container sharing and cooperative export mechanisms, significantly lowers shipping costs and enhances export reliability, thereby bolstering the firm's global competitiveness. Digital marketing serves as a transformative instrument for altering domestic consumer perceptions, framing moringa as a "modern superfood" instead of a traditional or culturally stigmatized product. These strategies enable the company to diversify risks, improve resilience, and maintain growth in both international and domestic markets.

Theoretical Contribution

This study enhances the literature on SME internationalization by conceptualizing dual-market competitiveness as a multidimensional framework that integrates operational efficiency (logistics), market agility (digitalization), and contextual adaptability (cultural intelligence). It extends prior theories by Knight & Cavusgil (2004) and Zhou et al. (2007), showing that ambidextrous strategy implementation can serve as a resilience mechanism for SMEs in volatile environments.

Managerial Implications

The results indicate three crucial measures for practitioners: adopt collaborative logistics models, such as container-sharing, to reduce export expenses and improve scale efficiency; invest in digital content marketing to educate domestic consumers and mitigate cultural biases associated with herbal products; and develop dual-market management systems to simultaneously monitor export and domestic performance metrics for equitable growth (Muhammad & Tools, 2025).

Policy Recommendations

The research highlights the necessity for enhanced logistics infrastructure support and export diversification initiatives specifically designed for herbal and agri-based SMEs (Smith, 2025). Incentivizing SME logistics clusters and digital upskilling programs can help improve competitiveness and reduce reliance on limited export destinations.

Future Research Directions

Future investigations ought to expand this analysis by executing multi-sector comparative studies across various natural product industries and incorporating quantitative performance modeling to validate the dual-market framework. Longitudinal examination of consumer behavior would yield deeper insights into the temporal shifts in domestic market perceptions influenced by digital education campaigns.

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