

CUSTOMER SEGMENT IDENTIFICATION AND ANALYSIS AS A KEY STRATEGY IN DETERMINING TARGET MARKETS FOR ICE STICK FRUIT MEDAN MSMEs

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Abstract: *This study aims to identify and analyze customer segments as a basis for implementing target market strategies for the Medan Ice Stick Fruits MSME product. This study uses a qualitative descriptive method with information collection techniques through observation, interviews, observations, and documentation. Data were analyzed using the Show Miles and Huberman model through the process of data reduction, data presentation, and conclusion drawing. The results show that customer segments can be described based on demographic variables (age and economic status), geographic (domicile area around Medan), and psychographic (healthy lifestyle and preference for practical fruit-based foods) variables. The most potential segment opportunities are children, teenagers, and housewives who need healthy, affordable, and easily available snacks. These results confirm that identifying the right customer segmentation can strengthen market targeting and increase the effectiveness of the Medan Ice Stick Fruits MSME marketing strategy.*

Keywords: *Customer Segmentation, Target Market, Marketing Strategy.*

Introduction

MSMEs are a sector that plays a strategic role in the Indonesian economy due to their significant role in employment absorption, economic equality, and increasing community income. Amidst increasing competition in the modern food industry, MSMEs are required to be able to understand consumer characteristics and needs more deeply in order to maintain business quality. One important step in the marketing process is the ability to identify and analyze customer segments as a basis for developing a market targeting strategy. Customer segmentation is not simply the process of dividing the market into similar groups, but rather a strategic process to understand consumer preference patterns, consumption behavior, and demographic and psychographic characteristics. MSME Ice Stick Fruits Medan, as one of the healthy fruit-based beverage businesses, is facing increasing competition, both from the packaged beverage industry and popular healthy snacks. Amid these developments, customer segmentation analysis is very important for MSMEs to determine the right target market, develop relevant marketing strategies, and strengthen product positions in the local market. Strengthening market targeting strategies through customer segment identification is expected to drive marketing effectiveness and increase the competitiveness of MSME Ice Stick Fruits Medan products.

Several studies have addressed customer segmentation and marketing strategies. Some studies show that customer segmentation based on demographics, such as age, gender, and income, significantly influences the development of marketing strategies for MSMEs (Sumeke et al., 2022). Other studies indicate that psychographic factors such as healthy lifestyles, awareness of natural foods, and preference for instant products significantly influence purchasing decisions

for fruit products (Syah et al., 2021). These studies confirm that systematic customer segmentation can improve marketing effectiveness and support MSMEs in developing more targeted advertising strategies. Further research by Furniawan et al. (2024) also shows that MSMEs that segment their markets based on consumer preferences and habits can increase sales by up to 30% compared to MSMEs without clear segmentation. These research findings thus generally underscore the importance of comprehensive customer segmentation as a key strategy for defining marketing, particularly in the food sector.

Although extensive research has been conducted on customer segmentation, several research gaps remain. First, previous studies have primarily focused on micro, small, and medium enterprises (MSMEs) or the food industry, resulting in few studies examining customer segmentation specifically for fruit-based snack products like Ice Stick Fruit. Second, previous studies tend to focus on demographic segmentation, while psychographic aspects and consumer behavior in the context of healthy, ready-to-eat foods have received less attention. Third, few studies integrate customer segmentation and target market strategies into a comprehensive analytical model, especially for MSMEs selling health products and fresh snacks in local areas like Medan. Furthermore, there is little research on how MSMEs use customer segmentation insights to develop marketing strategies that address evolving consumer preferences. These research gaps make this study crucial to gain a more comprehensive understanding of the role of customer segmentation in defining target market strategies for Ice Stick Fruit MSMEs in Medan.

The main innovation of this study lies in its comprehensive approach, which combines customer segment identification with a direct analysis of strategic implications for determining the target market for the Medan Ice Stick Fruit MSME. This study not only examines demographic aspects but also integrates geographic and psychographic variables as well as consumer behavioral preferences related to healthy fruit-based snacks. Furthermore, this study provides a novel contribution by focusing on local MSMEs offering fresh food products and rarely being the focus of previous studies. The qualitative descriptive approach used allows researchers to explore consumer perspectives in depth, resulting in a more realistic understanding of the characteristics of market segments. This study also provides a segmentation analysis model that can be used by similar MSMEs as a reference for determining their target market based on local market conditions. Therefore, the novelty of this study lies in the integration of broader segmentation variables, its focus on the context of MSMEs in the fruit cooking sector, and the breadth of the analysis of strategic implications for determining the target market.

With this background, this study focuses on the identification and analysis of customer segments as a basis for determining target market strategies for MSMEs in the fruit stick industry in Medan. The objectives of this study are (1) to identify the characteristics of customer segments using demographic, geographic, psychographic, and behavioral variables, (2) to show the incompatibility of customer segments with market strategies, and (3) to formulate relevant marketing recommendations based on the results of customer segmentation. This study examines the following questions: What are the characteristics of customer segments in the MSMEs in the fruit stick industry in Medan? How are customer segmentation and market strategies related? And which marketing strategy is most appropriate based on the segmentation results? To answer these questions, this study uses a descriptive qualitative method. Data collection was conducted through observation, in-depth interviews with business owners and customers, and document analysis. Data analysis is based on the Miles and Huberman model which includes data reduction, data presentation, and inference. This approach aims to provide a comprehensive overview of customer segmentation and its application to market alignment strategies in the MSMEs in the fruit stick manufacturing sector in Medan.

Literature Review

Porter's theory of competitive advantage emphasizes that companies can survive and thrive in a competitive market by offering differentiated and superior added value compared to their competitors. In the context of MSMEs, competitive advantage is not only reflected in lower prices, but also in innovation, understanding customer needs, providing consistent product quality, and building strong customer relationships. MSMEs often have limited capital, personnel, and technology; however, flexibility, closeness to customers, and the ability to adapt to market changes are sources of competitive advantage that are difficult for large companies to imitate. Therefore, this theory is the basis for value creation through customer understanding and appropriate market segmentation as a crucial strategy to achieve a superior position in the local market, as is the case for the Medan Fruit Ice MSME.

Previous research has shown that the competitive advantage of MSMEs depends heavily on their ability to identify specific customer preferences and needs. A study by Annisa and Hartono (2020) found that MSMEs that regularly conduct customer analysis can achieve more precise product differentiation in terms of taste, quality, and variety. This study's findings confirm that understanding customer characteristics is a key element in building a sustainable competitive advantage. Furthermore, the study concluded that MSMEs with customer-centric marketing strategies tend to have higher customer satisfaction and loyalty, thus having a better chance of securing their market share.

Another study by Azhari and Nawawi (2024) emphasized that the ability of MSMEs to respond to changing consumer preferences plays a crucial role in maintaining their competitive advantage. MSMEs that are adaptive and quickly change marketing strategies, adjust to market demands, and improve product quality have been shown to strengthen consumer trust. This study also shows that MSMEs' competitive advantage is based not only on their products but also on how the company builds strong relationships with customers. These findings confirm that MSMEs that foster strong relationships with customers offer unique added value, especially in local markets, whose characteristics are strongly influenced by social interactions and community preferences.

Several studies demonstrate the relationship between competitive advantage and proper market segmentation. A study by Manggu and Beni (2021) showed that MSMEs that systematically conduct demographic and psychographic segmentation can develop superior marketing strategies. Good segmentation allows MSMEs to prioritize products, determine prices, and select the most effective advertising media for each customer group. This study emphasizes that customer segmentation is not simply a marketing technique but part of a competitive advantage strategy, as it helps MSMEs focus on customer groups with high economic value.

Another study by Sihite (2022) supports these findings by showing that MSMEs that accurately identify consumption patterns can develop more relevant products with high sales value. This study demonstrates that integrating customer segmentation analysis and product development significantly impacts the competitiveness of MSMEs in the food and beverage industry. Products tailored to healthy lifestyles, local preferences, or specific consumer trends are more attractive and strengthen MSMEs' competitive position. In this context, market segmentation is a fundamental strategy that enables the creation of sustainable competitive advantage.

Although extensive research has been conducted on the competitive advantage of MSMEs, several research gaps remain that require further investigation. First, most previous studies have not explicitly examined how customer segmentation can provide a crucial foundation for building competitive advantage for MSMEs in the fresh food sector, such as fruit ice. Second, previous studies often focus on general marketing strategies, while the integration of customer

segmentation and competitive advantage at the micro-enterprise level is rarely discussed. Third, research has not sufficiently explored how MSMEs leverage local conditions and consumer preferences to create unique product differentiation that is difficult for competitors to imitate. These research gaps provide an opportunity for new research that analyzes how customer segmentation strategies can be used as a mechanism to build competitive advantage for MSMEs in the fruit ice sector in Medan.

The novelty of this study lies in its integrative approach, which combines Porter's theory of competitive advantage with customer segmentation strategies to understand how Medan's Es Buah MSME can create unique added value in the fruit snack market. Unlike previous studies that focused solely on one aspect, this study analyzes the direct relationship between customer segmentation and the creation of competitive advantage. This study also considers the context of fruit-based MSMEs, which is rarely discussed in academic literature, especially from the perspective of local competitiveness. Thus, this study provides a novel contribution in the form of an analytical model that highlights that customer segmentation is not merely a marketing tool, but rather a fundamental strategy for building sustainable competitive advantage for MSMEs.

This research framework, which is based on theoretical studies and previous research findings, shows that customer segmentation plays a key role in shaping the competitive advantage of MSMEs. Customer segmentation is analyzed using four aspects: demographic, geographic, psychographic, and behavioral. These four aspects serve as the basis for evaluating how the Medan Fruit Ice MSME adapts its product, pricing, distribution, and advertising strategies to customer characteristics. In this research framework, market segmentation is positioned as a key factor that directly influences market strategy and ultimately leads to competitive advantage in the form of product differentiation, perceived customer value, and customer loyalty. Thus, this research framework clarifies the causal relationship between customer segmentation, market strategy, and the creation of competitive advantage for the Medan Fruit Ice MSME.

Method

This study uses a qualitative research method because its main focus is an in-depth investigation of the patterns, characteristics, preferences, and meanings of consumer behavior when choosing products from Medan-based MSMEs that produce fruit stick ice. Customer segmentation in MSMEs is not limited to numbers and statistics but also includes consumer perceptions, their purchasing motives, product appeal, and customer experiences with certain products. A qualitative approach allows researchers to understand phenomena more comprehensively and contextually from the perspective of those affected. Therefore, qualitative research is very relevant to investigate how MSMEs gain competitive advantages through customer segmentation strategies and how consumers interpret the value, quality, and uniqueness of fruit snacks in Medan. This type of research emphasizes a deeper understanding that cannot be achieved with quantitative methods. Therefore, a qualitative approach is the most appropriate choice to examine the dynamics of the interaction between customer segmentation and the market strategy of Medan-based MSMEs that produce fruit stick ice.

Data were collected using three main methods: in-depth interviews, focus group discussions, and document analysis. In-depth interviews were conducted to examine in detail consumers' experiences, perceptions, and reasons for choosing Ice Stick Fruit products, as well as the customer segmentation strategies of MSME owners. These interviews were semi-structured to provide respondents with ample opportunity to express their opinions freely. Focus group discussions involved 5-7 people from various customer segments to identify common preference patterns, purchasing motives, and perceptions regarding MSME competitive advantages. The

focus group discussions allowed researchers to observe the dynamics of interactions among participants and gain a shared understanding of consumer behavior. Finally, document analysis was conducted to collect secondary data in the form of reports, articles, and online information about MSME customer segmentation in Medan and consumption trends for fruit products. These three methods were chosen to increase data depth, accuracy of interpretation, and validity of results through triangulation of data sources.

Results and Discussion

Based on research findings on the identification and analysis of customer segments for MSMEs in the fruit ice sector in Medan, several practical conclusions can be drawn for strategic decisions by business owners. These conclusions are based on three main findings: customer segment characteristics and target market strategies.

1. Product Development Based on Segment Characteristics

MSMEs must adapt the variety of flavors and product formulations to the needs of each segment.

- College students prefer strong, sweet, and modern flavors such as chocolate, mango, or bubble gum.
- Young people want natural fruit flavors with healthy properties, such as fresh strawberries, avocados, or mangoes.
- Working adults prefer flavors that are light, not too sweet, and refreshing.

This product segmentation allows MSMEs to position themselves individually for each customer group.

2. Strengthening the Image of Healthy Products

Research data shows that families highly value the quality of ingredients. Therefore, MSMEs must clearly communicate information about using fresh fruit, avoiding additives, and maintaining hygienic production processes. This can be achieved through simple packaging labels, social media posts, and raising awareness about the benefits of fruit-based snacks.

3. Optimizing Distribution Channels

Distribution is a crucial factor in purchasing decisions. MSMEs can optimize various channels:

- Sales outlets in schools, cafeterias and student dormitories.
- Small shops and kiosks in residential areas to reach young people.
- Partnership with online motorcycle taxis and local markets to serve adults.

This multi-channel distribution strategy helps increase product availability across multiple segments.

4. Segmented Marketing

Communication strategies must be adapted:

- Students respond more to visual content on TikTok and Instagram.
- Young people respond to educational content about health.
- Adults respond to promotions through practical markets.

By differentiating messages, the effectiveness of promotions can be increased.

5. Targeted Pricing

Price is a crucial factor in purchasing decisions for students. MSMEs can offer affordable packages (5–10 pieces), school promotions, or wholesale prices for larger orders. For other target markets, MSMEs can offer premium versions made from pure fruit.

6. Leveraging Consumer Insights for Sustainable Business Practices

Customer reviews from social media, marketplaces, or field observations can be used to track changes in customer preferences. This insight is crucial for updating flavor variations, refining packaging, and developing innovative products.

The results of this study indicate that customers of Ice Stik Fruit Medan MSME are divided into three main segments: students, young people, and working adults. These results align with previous studies that stated that affordable culinary products are usually preferred by young consumers who tend to be impulsive, price-conscious, and interested in flavors that align with the latest trends. This alignment confirms the fact that students are indeed a potential market for snack products. In the target group of young people, this study shows that the health and safety of ingredients significantly influence purchasing decisions. This finding aligns with previous studies that show that adult consumers, especially parents, prefer products made from natural ingredients and with minimal additives. Keywords such as "real fruit" and "safe for children", which appeared in the data analysis, support the conclusion that health perception is a key purchasing factor in this segment.

The adult segment also aligns with previous literature, indicating that productive-age consumers tend to choose products that are practical and refreshing. Fruit ice sticks are considered suitable for consumption while working or in hot weather. However, this study also found a new variation in preferences: working adults prefer a less sweet taste. This differs slightly from previous studies, which found that adults have more stable taste preferences and dislike less sweetness. This change may reflect a growing trend toward healthier lifestyles. The finding that contrasts most with previous research is the importance of distribution access. Some studies emphasize taste quality or digital advertising as the primary factors influencing purchases. However, this study found that product availability in schools, stores, and delivery services was the determining factor in customer retention. This suggests that local consumer behavior in Medan is more influenced by accessibility than advertising activities. In summary, this study reinforces previous findings on MSME customer segmentation but also provides new insights into changing adult preferences and the importance of multi-channel distribution strategies for the sustainability of culinary MSMEs.



Figure 1. Medan Fruit Ice Stick Products

Conclusion

The study results show that the determination of the target audience of Medan Ice Stick Fruit MSMEs is based on four main aspects: demographic characteristics, taste and product quality preferences, consumer purchasing behavior, and socio-economic factors of the consumer environment. These four findings answer the research questions by showing that the consumer segment of this MSME is dominated by young consumers, families, and school communities; they prefer healthy, fresh, and affordable products; they make situational but repeat purchases; and they are influenced by healthy eating trends and community recommendations. These results confirm that the right targeting strategy for MSMEs is to focus marketing on consumer groups that are responsive to nutritional value, taste variety, and affordable prices.

This research contributes to the development of marketing strategies for MSMEs by presenting a more detailed qualitative mapping of customer segments. These findings enrich the literature on MSME customer segmentation based on processed fruit products and provide practical guidance for other MSMEs in developing more accurate and customer-oriented target market strategies.

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