

# Strategic Export Practices: Enhancing Jepara Furniture Performance through Market Sensing and Exploration

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**Abstract.** This study examines the effects of export market research, export channel selection, and market sensing on the export performance of furniture manufacturers in Jepara. The research results show that market sensing, export channel choice, and export market exploration have a significant positive influence on export performance. Linear regression analysis also shows that 62.8% of export performance can be explained by market sensing, export channel choice, and export market exploration. These results have practical implications that furniture companies in Jepara must improve their market sensing capabilities, choose effective export channels, and explore export markets to improve export performance.

**Keywords:** market sensing capability, export channel choice, export market exploration export performance.

## 1 Introduction

The development of science and technology has had a significant impact on various aspects of life, including global economic growth. One sector that plays a crucial role in Indonesia's economic growth is the furniture industry. This industry not only contributes to the domestic economy but has also become one of the main drivers of national export performance.

Indonesia has established its position as one of the largest exporters of furniture products in the world, with wooden furniture products being in high demand on the international market due to their superior quality. [1]Data from the trademap shows that Indonesia is ranked as the fifth largest supplier of wooden furniture products in the world, with positive wooden furniture export growth of 6% in the 2017-2019 period. Furthermore, data from Eurostat reveals that Indonesia has an average market share of wood exports in the European Union of 2.04% from January 2017 to December 2021, which is relatively large compared to other competing countries.

The unique characteristics of Indonesian furniture, which combines the use of high-quality wood with innovative and environmentally friendly designs, have made it a favorite in various global markets, including Europe, America, Asia, and Africa. The Central Statistics Agency (BPS) reported a significant increase in the value of national wooden furniture exports, reaching

US\$ 1.99 billion in the January-December 2021 period, an increase of 32.54% compared to the same period the previous year.

The importance of this research lies in the vital contribution of the furniture industry to the national economy and its potential to support economic recovery after the COVID-19 pandemic. As a labor-intensive and export-oriented sector, the furniture industry not only plays a role in absorbing labor but also in generating foreign exchange for the country. However, the industry also faces complex challenges, including fluctuations in export values, increasingly fierce global competition, and changing international consumer preferences.

Jepara Regency, as one of the leading centers for producing wooden furniture in Indonesia, is a special focus in this research. The furniture industry has become the breath of life for the people of Jepara, with most of the population depending on this sector. However, statistical data shows that there are fluctuations in Jepara's export volume, which is influenced by various factors, including global competition and the impact of the COVID-19 pandemic.

This research identifies a research gap in the literature regarding factors that influence export performance. Several studies show different results regarding the influence of market sensing capability, export channel choice, and export market exploration on export performance. For example, [2] Saputro found a positive influence of market sensing capability on export performance, [3] while Sugiyarti did not find a significant influence. Likewise, there are different findings regarding the influence of export channel choice, with finding a positive influence, [4] while He did not find a significant effect. Similar differences in results were also found in studies on export market exploration.

These differences in findings demonstrate the complexity of the factors influencing export performance and emphasize the importance of further research to understand these dynamics in the context of the Indonesian furniture industry, particularly in Jepara. A deeper understanding of these factors will help in formulating more effective strategies to increase the competitiveness of the Indonesian furniture industry in the global market.

The main objective of this research is to analyze the influence of market sensing capability, export channel choice, and export market exploration on the export performance of the furniture industry in Indonesia, with a special focus on the furniture industry center in Jepara. Specifically, this research aims to:

- Evaluate the role of market sensing capability in improving the export performance of the furniture industry.
- analyze the influence of export channel choice on the success of Indonesian furniture exports.
- Assess the impact of export market exploration on the expansion and diversification of the Indonesian furniture export market.
- Identify strategies that can be implemented to increase the competitiveness of the Indonesian furniture industry in the global market.

By examining these factors, it is hoped that this research can make an important contribution to the development of an effective export strategy, as well as support the efforts of the government and industry players in improving the performance of Indonesian furniture exports. It is hoped that the results of this research can be a reference for policymakers in formulating policies that support the growth of furniture exports, as well as for industry players in optimizing.

## **2 Literature Review**

### **2.1. Export Performance**

Export performance is defined as the results a company achieves in international sales [5]. It reflects a company's specific behavior in utilizing its resources and capabilities in an international context at a given time. [6] Successful export performance is a critical aspect of strategic decision-making processes for both company and public policy decision-makers. For companies, export success indicates the extent to which both economic and non-economic objectives are achieved in an international context at a given time, reflecting the appropriateness of the chosen export strategies in response to the company's environment

Government policies significantly influence export performance. Countries oriented towards export follow the principle of comparative advantage, producing more of the goods that they can produce more efficiently and exporting them in exchange for goods they produce less efficiently.[7] Export performance can be measured at different levels: product, business, or company level, and can vary based on different contexts, national settings, and time horizons.

### **2.2. Market Sensing Capability**

Market sensing capability refers to an organization's ability to detect changes in its market and accurately anticipate the responses to its marketing actions.[8] This capability involves an integrative process where collective knowledge, skills, and resources are applied to market-related needs, allowing businesses to add value to their goods and services, adapt to market conditions, exploit market opportunities, and overcome competitive threats. Market sensing capability is crucial in developing market focus and enhancing company performance

It involves the processes of sensing (acquiring information about consumers, competitors, and other market elements), sense-making (interpreting the collected information), and response (utilizing the interpreted information in decision-making).[9] This systematic approach enables companies to act proactively and strategically in their. Firms that excel in market sensing capabilities gain competitive advantages and superior business performance

### **2.3. Export Channel Choice**

Export channel choice is a critical strategy for exporting companies, involving decisions on the organizational structure used to support the marketing, sales, and distribution of products in foreign markets. [10] The choice between using independent intermediaries or relying on their own resources for distribution is complex and has significant implications for the company's success in international markets .

There are three main options for organizing export channels[11] market mode (using title-taking distributors), intermediary mode (collaborating with agents or intermediaries), and hierarchical mode (using self-managed operations). [12] The choice of export channel significantly impacts the cost and performance of exporting organizations, as reversing these choices can be difficult due to the high sunk costs involved

### **2.4. Export Market Exploration**

Export market exploration involves developing new knowledge and seeking out previously unknown markets .[11] This process helps companies move away from their existing knowledge base to exploit untapped opportunities, create market variations, and renew the company's

market portfolio to ensure long-term survival. Successful market exploration informs companies about new export markets and opens new business opportunities

Effective market exploration is particularly beneficial in dynamic markets where customer needs shift rapidly, making it difficult to predict changes. [13]Companies that engage in market exploration proactively facilitate adaptation to changing market conditions and enhance their chances of superior performance. [14]However, excessive exploration can lead to pursuing overly uncertain, risky, and costly market opportunities.

### 3 Methods

This study used a quantitative methodology to investigate the impact of export channel selection, export market discovery, and market sensing abilities on the export performance of furniture enterprises located in Jepara. The research population consisted of 333 furniture exporting companies in Jepara Regency that had been operating for more than three years. The sampling technique uses probability sampling with random sampling to increase representation. Using a Likert scale-prepared questionnaire, primary data was gathered. A formula that considered five to ten times the predicted number of parameters was used to establish the sample size, yielding a sample of sixty companies. Multiple linear regression analysis was used to analyze the data and examine the impact of both individual and combination variables on export performance using SPSS software.

### 4 Results and Discussion

#### Results

Table 1. Analysis Results Multiple Linear Regression

Model	Coefficients <sup>a</sup>				
	Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
	B	Std. Error	Beta		
1 (Constant)	1,814	1,071		1,694	,096
Market Sensing Capabilities	,383	.103	,412	3,706	,000
Export Channel Choice	,237	,099	,246	2,401	,020
Export Market Exploration	,284	,110	,277	2,587	.012

a. Dependent Variable: Export Performance

The analysis's findings and multiple linear regression demonstrate that export companies' furniture export performance in Jepara is positively and significantly impacted by their capacity for market sensing, selection channel exports, and export market exploration. Specifically, variable market sensing capabilities have a coefficient regression of 0.383 with a significance of 0.000. The variable selection channel exports a coefficient regression of 0.237 with a

significance of 0.020. Temporary, the variable export market exploration has a coefficient regression of 0.284 with a significance of 0.012.

Table 2. F test ANOVA <sup>a</sup>

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	131,022	3	43,674	34,264	,000 <sup>b</sup>
Residual	71,378	56	1,275		
Total	202,400	59			

a. Dependent Variable: Export Performance

b. Predictors: (Constant), Export Market Exploration, Export Channel Choice, Market Sensing Capability

The computed F-value, according to the F test findings, is 34.264, which is bigger than F-the table, demonstrating the third variable's strong and influential independence with regard to performance export.

Table 3. Analysis Results Correlation Model Summary <sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.805 <sup>a</sup>	,647	,628	1,129

a. Predictors: (Constant), Export Market Exploration, Export Channel Choice, Market Sensing Capability

b. Dependent Variable: Export Performance

The adjusted R square value of 0.628, or 62.8%, shows that 62.8% of the variance in performance exports can be explained by market sensing capabilities, selection channel exports, and export market exploration.

## Discussion

findings from research This demonstrates that the performance of export company furniture in Jepara is positively and significantly impacted by market sensing skills. With the ability to recognize market changes and forecast responses from action marketing, the company can develop a superior competitive advantage for the products, increase performance marketing, and adapt to the changing environment. [15]Findings This is consistent with the study previously stated that market sensing capabilities are a factor important in developing market orientation and performance organization .

Next, it has been demonstrated that election channel proper export significantly and favorably affects the furniture export business's performance in Jepara. [16]Channel decision-export is a decisive strategy. How the company organizes and supports marketing, sales, and distribution of the product to foreign markets.[17] Election: the right channel possible For optimizing

performance and exporting. This outcome is consistent with research done earlier by, who stated that election channel exports are influential, positive, and significant to performance exports.

An additional study finding From export market research to performance export, this has a favorable and notable impact. [18]Companies might gain new insights and open up new prospects in the prior market by exploring the export market. Not yet known. Activity: This is very important for managers exporting because the international market tends to be more complex and dynamic .[19] They assert that the study of export markets has a substantial, favorable, and influencing impact on export performance.

Overall, the results of the study confirm a significant influence of market sensing capabilities, selection channel exports, and export market exploration on the performance of furniture export companies in Jepara. Third-factor combination This indicates how important success is to the export company, as it accounts for 62.8% of the variance in performance exports. Notwithstanding this, other factors other than those included in the research model account for 37.2% of the variance this.

## **5 Conclusion**

This study has demonstrated the significant positive impact of market sensing capability, export channel choice, and export market exploration on the export performance of furniture manufacturers in Jepara. The findings indicate that 62.8% of the variance in export performance can be explained by these three factors. Companies that excel in market sensing capabilities are better equipped to detect market changes, anticipate responses to marketing actions, and develop competitive advantages, thereby enhancing their export performance. The choice of export channels also plays a crucial role in optimizing performance, with the right channels supporting effective marketing, sales, and distribution of products in foreign markets. Furthermore, export market exploration enables companies to gain new insights and seize untapped opportunities in dynamic and complex international markets. Overall, the results underscore the importance of these strategic practices in improving the competitiveness and success of the furniture industry in Jepara on a global scale. Future research could explore additional factors that influence export performance to provide a more comprehensive understanding of the determinants of success in international markets.

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