

ENHANCING BUSINESS PERFORMANCE OF CV PRIMANTO PANGAN SELARAS INDONESIAN FRUIT CHIPS GOES INTERNATIONAL

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ABSTRACT

Javanis Food is a trademark of Malang kripik factory which is a form of entrepreneurship spirit, based on the processing technology of various fruits and vegetables into chips as food. We want to develop the potential of chips into a delicious and nutritious product, and perform the production stages based on non-chemical research experience and hygienic supervision.

Since 2015, Javanis Food has conducted production trials and cooperated with fruit farmer groups in Malang and extends to East Java. Javanis Food learns with farmers and suppliers to produce quality standards of raw materials, through desirable quality standard education and discussion during the development and planting of fruit trees.

Javanis Food wants to continue to improve the partnership standards with fruit farmers, suppliers and business partners throughout Indonesia, to produce internationally-qualified local products.

1. COMPANY PROFILE

Javanis food is a trademark of Malang chips factory that is part of our entrepreneurship based on the technology of processing various fruits and vegetables into chips.

We want to develop the potential of chips into delicious and nutritious products, and perform stages of production based on non-chemical research experience and hygienic supervision. Since 2015, we have conducted production trials and established cooperation with fruit growers in Malang and extends to East Java area. We studied with farmers and suppliers to produce high quality standards of raw materials during the development and planting of fruit trees.

Javanis food wants to continue to improve the partnership with fruit farmers, suppliers and business partners throughout Indonesia, to produce international-grade local products. Our business location is located in the area of 'Kota Wisata Batu', east Java. The 500m2 business space is built on 1000m2 land and supported by skilled manpower to produce necessary products. All products are made from natural materials and that's why we are promoting our fruit chips as health products.

Business legality brand of "Javanis"

Javanis is a legal sub-brand under CV Primanto Pangan Selaras.

Company Vision

Providing customer satisfaction that constantly wants a snack product with a touch of new innovation.

Company Mission

- Mobilize a farming community based economy.
- Providing a high quality health food product for the consumers.
- Providing excellent service quality

Business Cooperation

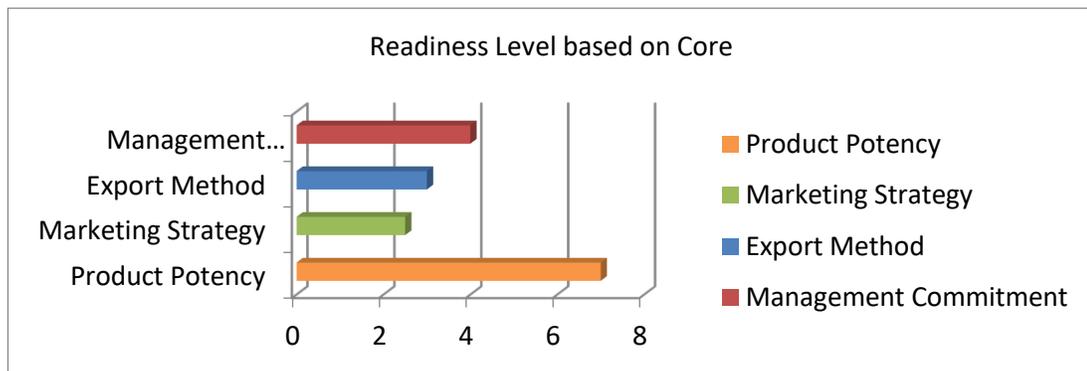
Javanis has been cooperated with some retailers in and out of the Batu City

The Company Profile Information

- PIC: Mr. Efri Gunawan
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- Email: efriqnw@gmail.com
- Office & Warehouse:
- CV Primanto Pangan Selaras
- Jalan Sumber Urip No 239
- Tlekung – Junrejo
- Kota Wisata Batu, Jawa Timur.

2. COMPANY READINESS

Readiness level based on CORE (Company Readiness to Export) methods:



From the graph above, it can be concluded that the potential of the products we analyzed is rather high because the company is producing quality fruit chips that are rarely so abroad because the chips from overseas are mostly made from potatoes, while the chips from this company are made from jackfruit, apple, bananas and chocolate bananas plus 'tempe' chips and fruit 'jenang', it certainly can be a new item for prospective customers abroad because we are offering them alternatives other than regular potato chips. After all, these fruit chips can provide more nutritional elements.

Marketing of this new product can take extra effort because it is so new, therefore, well-planned promotional planning should be well organized and forecast.

Like any new products when coming into market there is always risk factors involved. The company will make best effort to minimize conceivable risks and strive to commit to compete in the international market.

Marketing Method

CV Primanto Pangan Selaras uses the cooperative system with their retailers to market their product which normally comprises of local advertising and Youtube.

Management Commitment

The Company commitment to sell is pretty decent, but not very strong because this company still need to improve their marketing strategy in Indonesia itself.

The company is committed to sell their products to the international market, as well as within in Indonesia. Under such circumstances, new promotional marketing strategies will be derived to increase market share.

Potential Product

All these Javanis products have great potential to reach international market due to its natural ingredients, well preserved vitamins from all these natural food without any additives.

3. RECOMMENDED SERVICE IDEA

Fruit business is the business always in demand. This is not a question but an absolute statement. The fact is there is seven and half billion people on earth and everyone needs to consume fruit to survive that's another reason why fruit business is profitable because the market is already available.

The company should be expert in the field of product sourcing, procurement and product development as per the need of buyer especially in the area of Food and Beverage and understand the value of money and ever growing competitiveness market.

Different customer has different requirements depending on each country rules and regulations. The company should offer private labeling (OEM/OBM) for customers in Cans, Plastic Bag Printing, Glass Jar Sticker, Pouch Packaging and etc.

Most of our success comes from the development of a particular product for customers. Be it the packaging development, product ingredient development, product matching for better prices, or any should be ready to be developed to customers' satisfaction.

Food safety is everybody's concern, and it is difficult to find anyone who has not encountered an unpleasant moment of foodborne illness at least once in the past year. Foodborne illnesses may result from the consumption of food contaminated by microbial pathogens, toxic chemicals or radioactive materials. According to this food industry need to care more in food safety for consumers. If your product is safe and nutritious, food business will grow continuously.

Then we think the company need to take care in this sectors such as:

- Raw Agricultural Commodities
- Finished Product Testing
- Allergen Controls
- Manufacturing Operations
- Warehousing and Distribution
- Written Sanitation Practices
- Environmental Monitoring
- Maintenance of Records and Access to Records
- "Shall" vs. "Should"
- Training
- Temperature Requirements
- Validation of Preventive Controls
- Employee Health
- Cleanliness
- Plant and Grounds
- Sanitary Operations
- Filtration
- Imported foods

3.1 Recommended products

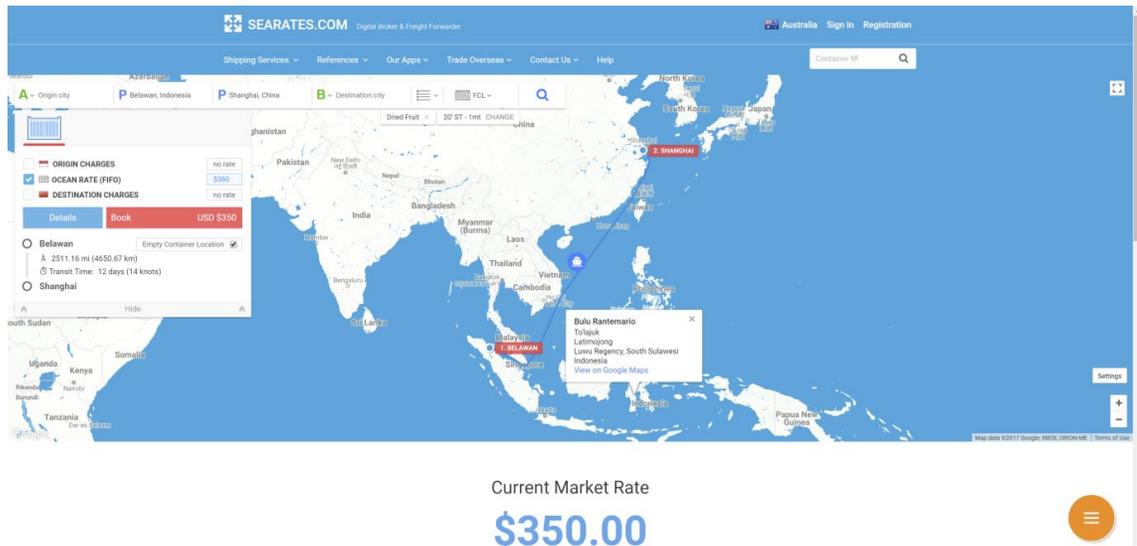
- Dehydrated fruit
- Fruits and vegetable
- Noodles
- Sweet Chili Sauce
- Bakery products
- Coffee related products
- Agricultural products
- Organic fruit juice

The reasons for recomendent products are in asia there are many raw food material and low price because of no value added products. If company can do value added from the fruits and other organic fruits, vegetable, it can be the opportunities for the company.

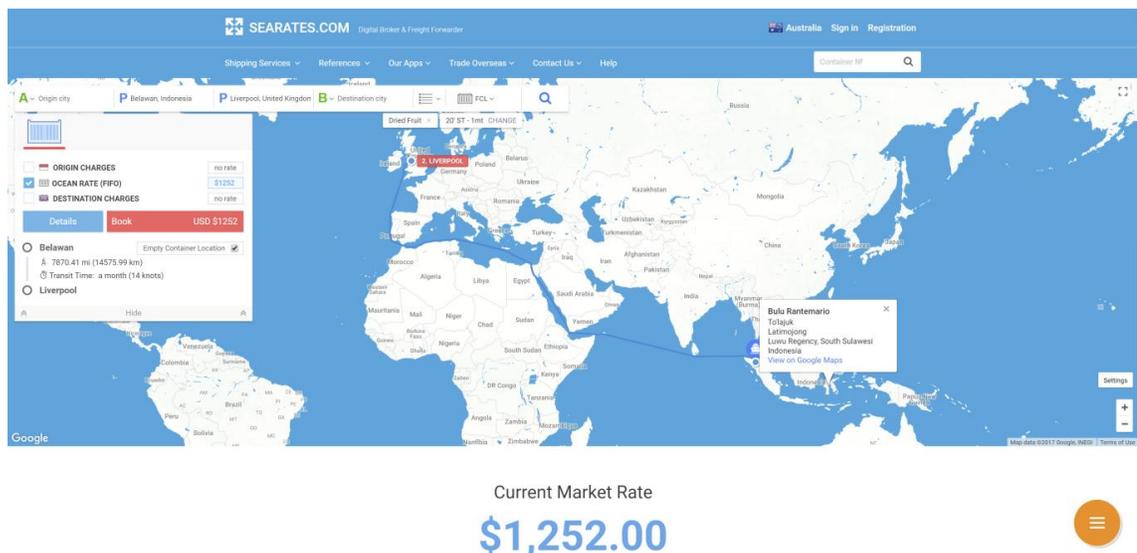
4. COUNTRY SELECTION

As an emerging country, if Indonesia have intention to export its products to other foreign countries, it would be better to choose developing countries adjacent to Indonesia, for example China.

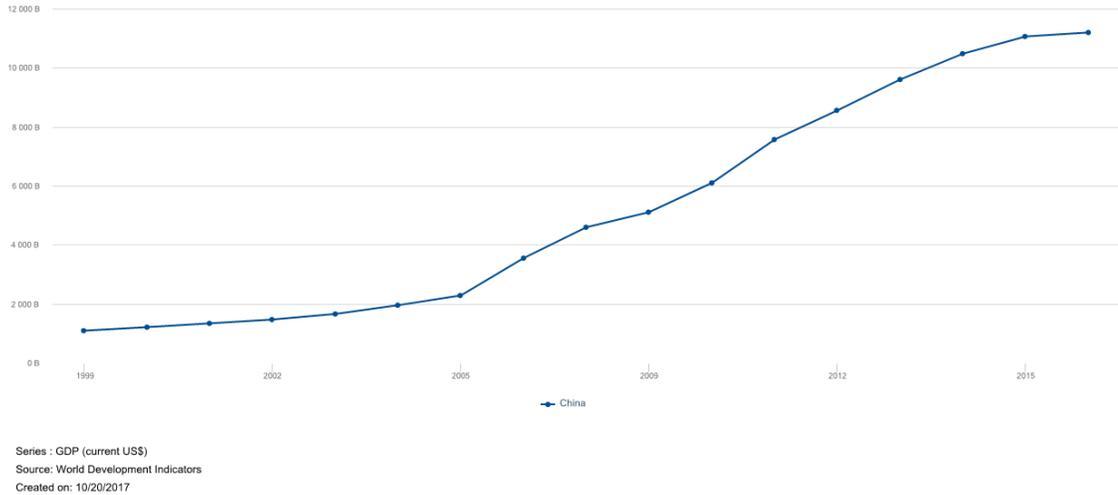
According to Searates.com, if a ton of dried fruit ship from Indonesia to China takes twelve days and cost \$350.



Comparing to shipping same amount of dried fruit to UK, it takes a month and cost \$1252. From this to comparison, sailing to neighbouring countries of Indonesia shows more feasible economic sense.



Comparing with developed countries, consumers in emerging countries most likely share similar consumption concept with Indonesia. Javanis food is considered as health food and target to the higher end market in Indonesia (in fact, it is not quite expensive about one USD each). According to World Development Indicators, China's GDP has experienced a dramatic increase in recent two decades from 863.746 billion dollars in 1996 to 11.199 trillion dollars in 2016.



Besides, from Trading Economics, wages in China also have seen a growth and reached an all time high of 67569 CNY/Year in 2016. Thus, it is not hard to see China's rising living standards and Chinese citizens' affordability for premium products.



News on Forbes, China is becoming the world's largest market for healthy eating. Spending on health and wellness has seen tremendous growth over the last decade – the market is poised to reach nearly \$70 billion by 2020 – a result of both rising incomes and awareness about wholesome living among a growing middle and upper class. Therefore, there is no doubt that China is a potential market for CV Primanto Pangan Selaras to sell its Javanis food (health fruit chips).

As we all know that China is the largest country in the world by population. It means that China is a larger market with more potential consumers than markets in other foreign countries. In addition, it has fast growing consumer market and growing number of middle income consumers. With increasing wages in China, increasing number of Chinese citizens have more disposable income to purchase products which they desire. Five decades ago, Chinese can only make ends meet, so the only thing they will consider is whether the food can appease their hunger. As living standard in China has substantially improved nowadays, consuming health food is becoming a major concern, thus it provide Javanis food a great opportunity to build its market share.

5. MARKETING STRATEGY

5.1 Segmentation, Targeting, Positioning and 4P

Segmenting : Geographical

Targeting : China

Positioning : CV Primanto Pangan Selaras is a company that produce high quality fruitchips

Promotion tools : Push Marketing

Pricing : Multipoint Pricing

Place : By Agents

Product : Javanis

5.2 Segmentation

According to trackmaven.com (2014), Market segmentation is the process of dividing a market of potential customers into groups, or segments, based on different characteristics. The segments created are composed of consumers who will respond similarly to marketing strategies and who share traits such as similar interests, needs, or locations. We recommend this company to market their products to China in various segments because it has a large population and close to Indonesia and has great potential to consume this fruit chips products.

5.3 Targeting

According to pestleanalysis.com (2016), Targeting itself is the process of picking a target market and effectively reaching them with your marketing/advertising. Targeting is an integral part of almost every big company's product development and marketing. our target market is the middle to upper class people, but in China this could be different, we will target to all classes because the price of other products in China are more expensive than in Indonesia, so this fruit chips will not be as expensive to them.

5.4 Positioning

According to economicstimes.indiatimes.com (2017), Positioning defines where your product (item or service) stands in relation to others offering similar products and services in the marketplace as well as the mind of the consumer. The positioning of CV Primanto Pangan Selaras is a company that produce high quality fruit chips and have a positive response.

5.5 Promotion tools

According to smallbusiness.chron.com (2017) Promotional tools are tactics or activities you plan and execute to persuade consumers to buy your products or services. This is digital age, a lot of people already have internet and mobile phones, especially in China, so our main promotional tools are using the online media such as website and any others.

5.6 Pricing

According to thebalance.com (2016) Pricing, as the term is used in economics and finance, is the act of setting a value on a product. The pricing of the product will increase if compare to the price in Indonesia because of added freight charge.

6. EXPORT PROCESS

According to investopedia.com, An export is a function of international trade whereby goods produced in one country are shipped to another country for future sale or trade. The sale of such goods adds to the producing nation's gross output. If used for trade, exports are exchanged for other products or services in other countries. For exportation, ocean freighter will be the primary transportation to China since this is the most economical mean.

6.1 The Process of Internalization of CV Primanto Pangan Selaras

The company will attempt some process to internationalize it's product such as :

Selecting the product that we want to export

Locate the right market

Provide the right quotation

Obtaining the customer

Expand the market

Maintaining the customer relationship

7. EXPORT RISK

There are some risk during business, such as:

Risk of the contract : Such as the shipping, cancellation product, or buyer loyalty.

Risk of the payment : There could be some delay or even worse scenario during the transaction to the retailer.

Risk of shipping : There could be some lost product or broken product during the shipping

8. RECOMMENDATION

To avoid the risk of the contract : The company must be careful and learn the market and the retailer history during contract

To avoid the risk of the payment : The company must use the secure and trusty payment that is fast and reliable, and the company must have a clear payment solution to the retailer.

To avoid the risk of shipping : The company must pack the products securely so the risk of the broken product will decrease and the company must use the right insurance to cover the product.

9. CONCLUSION

The conclusion is this company needs to improve their marketing in local market because the marketing in the local market itself is considerably low, but if the company wants to

export, the idea is like what we showed above, it could be done because the chips of this company is quiet unique so this could work well in abroad especially with good marketing.

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APPENDIX

Approval letter

Malang, 12 Sep 2017

Kepada:
Bpk Efri Gunawan
CV. PRIMANTO PANGAN SELARAS
Batu – Jawa Timur

Perkenalkan saya,
Nama : Raga Etsenna W & Andi Kristian
Jabatan : Mahasiswa Manajemen di universitas Ma Chung Malang

Bersama surat ini kami mengajukan permohonan kerjasama dalam studi pemasaran internasional untuk produk yang dihasilkan oleh CV Primanto Pangan Selaras. Studi pemasaran ini diperkirakan membutuhkan waktu 3 bulan. Tujuan dari kerja sama ini adalah:

1. Mengevaluasi kesiapan perusahaan dalam memasuki pasar internasional
2. Membantu memasarkan produk ke pasar internasional

Pada akhir studi kami akan sampaikan hasil studi kami berupa:

1. Kesiapan CV Primanto Pangan Selaras dalam memasuki pasar internasional
2. Potensial pasar internasional yang dapat dimasuki oleh CV Primanto Pangan Selaras
3. Potensial tambahan pendapatan / revenue

Demikian surat permohonan ini kami ajukan, dan atas kerjasamanya kami ucapkan terima kasih

Hormat kami,

Pemohon


Raga Etsenna

Disetujui



CV Primanto Pangan Selaras

Pictures of the company and the visiting





Company Logo



- **List of Question and answer**

How's the preparedness of human resources company?

Human Resources (HR) is currently being prepared for production personnel.

They have been trained on production quality and have been certified by Batu City Health Office

As for the sales force is still limited and this is a homework that must be completed

Will the company be able to meet the growing number of orders if it exports?

Current installed production capacity is 5,000 packs / week, but market absorption is 500 packs / week. This means that only 10% of installed capacity can be absorbed by the market.

Is the basic needs of the company able to produce good quality?

Good quality can be measured from 3 things:

Process, how the right work order to produce a quality product is maintained

Technology, utilizing the right technology

HR, preparing skilled manpower to produce the desired product

All three of the above (process, technology and people) are well prepared

Is the machine owned by the company capable of producing in large quantities?

The answer is at number 2

Is the company able to improve the quality of the product if required to produce a more international product?

The answer is at number 3

How does the company to market this product abroad?

Currently the company only as a supplier for customers who do export. The company does not have direct customers abroad.

Where is the company's goal to market this product?

For chips products, targeted market segments are upper-middle-market segments, as product prices are relatively high, so they can not enter the lower segment

for fruit 'jenang' products, its market segment is lower market segment, because its price is affordable

What companies are willing to take risks in doing this international marketing?

As long as business risks are manageable, company will take the risks

How committed is the company in marketing this product?

we will commit to give our best

If the company succeeds in exports and has customer abroad, what is the commitment that the company give to the customer?

The company's commitment is "to maintain the level of customer satisfaction" by ensuring quality products are produced as expected by the customer

