

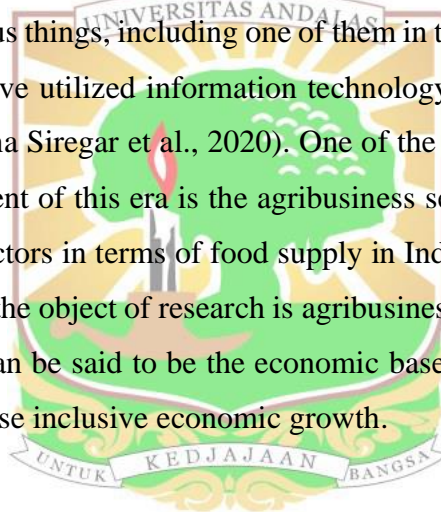
# CHAPTER I

## INTRODUCTION

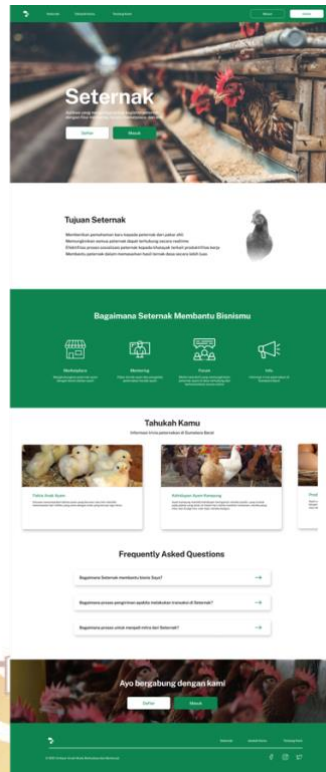
This introductory chapter consists of the background of the research will be described, the formulation of the problem from the research, the purpose of the research, limitations of the problem, and the systematics of writing the final project.

### 1.1 Research Background

Information technology in Indonesia is developing very rapidly and quickly. With the existence of information technology, it can make it easier for a human ecosystem to run various things, including one of them in the business world. Many entrepreneurs today have utilized information technology for the development of the business itself (Yana Siregar et al., 2020). One of the business sectors that can adapt to the development of this era is the agribusiness sector which is one of the important industrial sectors in terms of food supply in Indonesia. Furthermore, the sub-sector that will be the object of research is agribusiness in the poultry industry. The poultry industry can be said to be the economic base of the people who have high potential to increase inclusive economic growth.



Based on the potential points of advances in information technology and the poultry industry in Indonesia. Then in 2021, a digital product named “Seternak” was pioneered as one of the proposed solutions that can be developed to solve these kinds of problems. Seternak is an idea that has been initiated in the context of a startup idea competition in the field of culture held by the Ministry of Education and Culture (Kemendikbud) Republic of Indonesia. The following is an overview of the current Seternak homepage products that we can see in **Figure 1.1**.

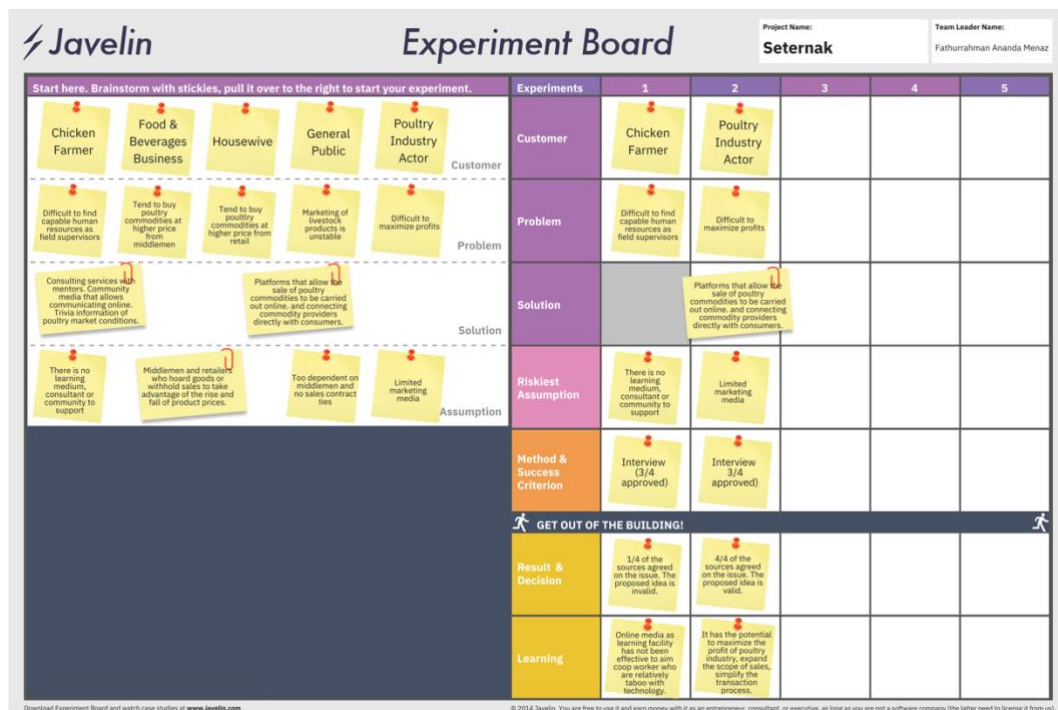


**Figure 1.1** Current Seternak Homepage

This project is a semi-completed project that the product has not fully operated and still does not have the ability to make any transactions. Therefore, the product will then require careful product development to operate according to its original purpose. Seternak is currently equipped with 4 main features, including marketplace, mentoring, forums, and trivia. However, in this study, product idea validation needs to be carried out because some of the proposed features are still based on the assumptions of the founders, and not on the results of market needs research. This aims to prevent consumers from finding the initial product difficult to understand, complex to use, and inadequate concerning their needs. These side effects result in consumers' dissatisfaction with their purchase and a state of frustration that is called feature fatigue (Thompson et.al., 2005 in (Cesaretto et al., 2021)).

Validation process is carried out using the javelin board tool. Javelin Board is a tool/framework for carrying out idea validation through an experiment (Wayan Yudha Pratama et al., 2022). Javelin Board is often used by startup developers in validating ideas based on the desire of the user or (User-Centered Design)

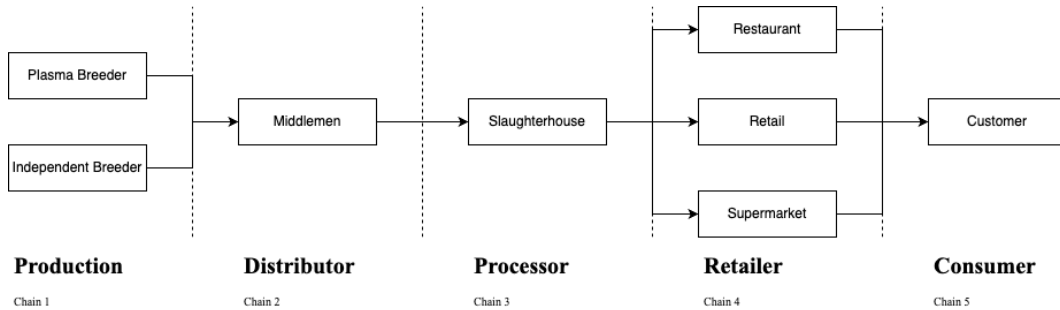
(Widyono, Hendrakusma, and Akbar 2019). The assumption testing method was carried out by conducting an interview with Drs. Syahrial Syarif, M.B.A. (owner of CV Nusa Maulana Abadi which consists of subsidiaries in the form of shops poultry and laying hen farms in Payakumbuh City), Mr. Agung Perdana (owner of the Sari Optical (SO) farm and chairman of the Indonesian People's Poultry Association (PINSAR) in West Sumatra), Mr. Khazatul Israr (owner of PT Rajawali farm and 1 out of 2 poultry actors who has closed house coop in West Sumatra), and Mr. Dodi Mulyadi (owner of Faliq Farm). Validation results using the javelin board can be seen in **Figure 1.2**.



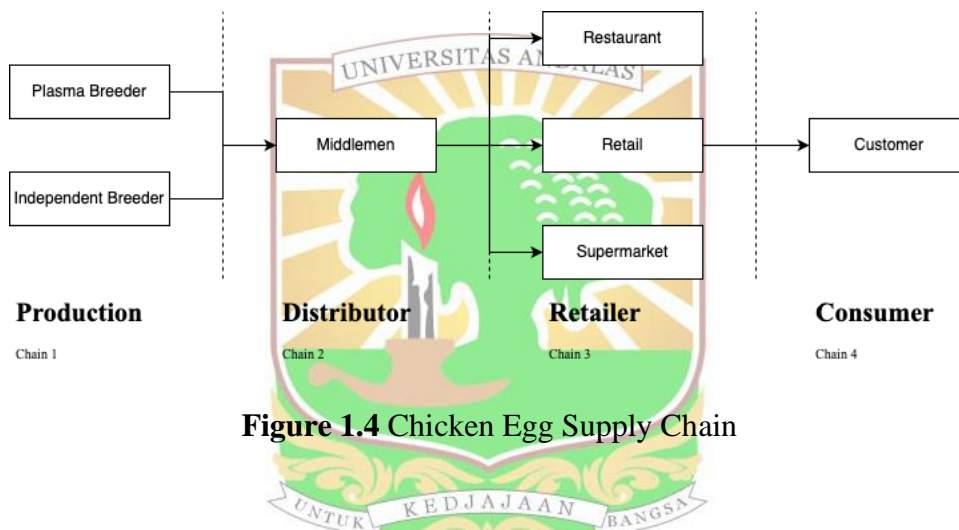
**Figure 1.2** Seternak Solution Validation with Javelin Experiment Board

Based on the use of the Javelin Board method for validation of this product idea. It is concluded that the problem that is validated and can be further developed is the problem of the marketing processes. Based on one of the source's statements, Drs. Syahrial Syarif, M.B.A., stated the business problems of the livestock sector after this pandemic period was unstable marketing of chicken eggs and depended on middlemen. This instability leads to a level of sales that although it does not fall much but is only at the same point for a long period (stagnant). The current supply chain for the poultry industry in Payakumbuh can be seen in **Figure 1.3** and **Figure**

1.4. He also stated that the digitalization solution is one of the right ideas to solve the current problems.



**Figure 1.3** Chicken Meat Supply Chain



**Figure 1.4** Chicken Egg Supply Chain

Therefore, for this problem, the proposed feature is the marketplace. Marketplace system is a medium for buying and selling products carried out between sellers and buyers, but the two parties do not do it directly. Transactions are carried out in a place referred to as the electronic market. By utilizing this system, farmers can inform their agricultural products to other parties with faster use of time through the marketplace system (Putra Fhonna & Humaira, 2021).

The marketplace will be equipped with supporting features of a business dashboard, digital payment integration, invoice generators, and sales reports from digital transactions. The business dashboard will display graphical data visualizations of various indicators of the business status of partners (poultry shop owners and breeders). Digital payment integration is a feature provided so that end-

users / consumers can make payments digitally (such as via bank transfers or digital wallets) and proof of transfer will be uploaded in the column provided. The invoice generator will attach transaction records through the marketplace which will be integrated with sales reports. Also, the sales report will display details of income, products sold, and sales quantity from digital transactions.

The potential for online sales with the media of this marketplace product is supported by research by Ipsos Group S.A in (Ipsos, 2021) which states 73% of Indonesian consumers admit that shopping online is easier than shopping in conventional stores. And 83% of the total respondent population believes in online sites or application recommendations. Another study, it was stated by the Ministry of Cooperatives and Small and Medium Enterprises that of the 56 million Micro, Small, and Medium Enterprises, only 3.75 million or around 8% have utilized digital marketing technology to support their business activities. Strengthened by Syarizka's statement (2018) in (Abdurrahman et al., 2020) regarding the use of digital marketing as a marketing medium for products and/or services is proven to be able to increase the income of MSMEs by up to 26%.

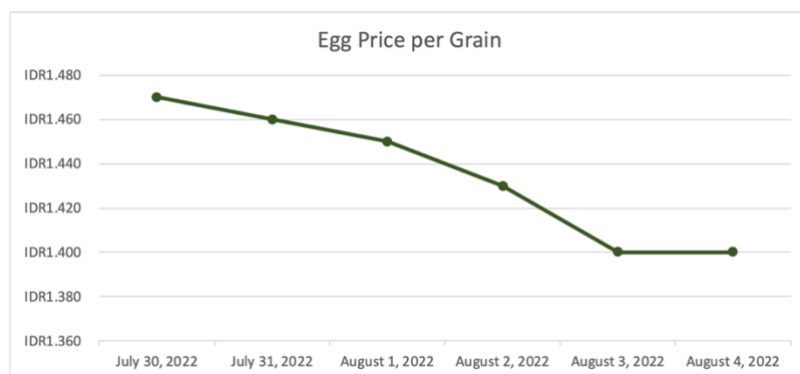
According to Wardhana in (Widyakto & Tri Widyarti, 2021), one of the advantages of digital marketing is that it cuts costs much lower when compared to conventional marketing processes. The low cost of marketing by utilizing digitalization is expected to affect competitive selling prices to attract more customer attention. In addition, digitalization of marketing is also carried out by utilizing internet technology which makes consumers comfortable in terms of ease of access and practicality. Customers can make transactions anytime and anywhere simply using a device.

Based on the results of the study in (Elysia et al., 2016), digital sales of livestock products have proven to have a positive impact. From the point of view of breeders and livestock industry players, digital sales can help to sell their livestock products to users without being limited to regions to increase consumers and can see product information as well as the price of competitors' products.

Meanwhile, from a consumer point of view, this helps to get information on livestock products easily and can compare livestock products before making a purchase.

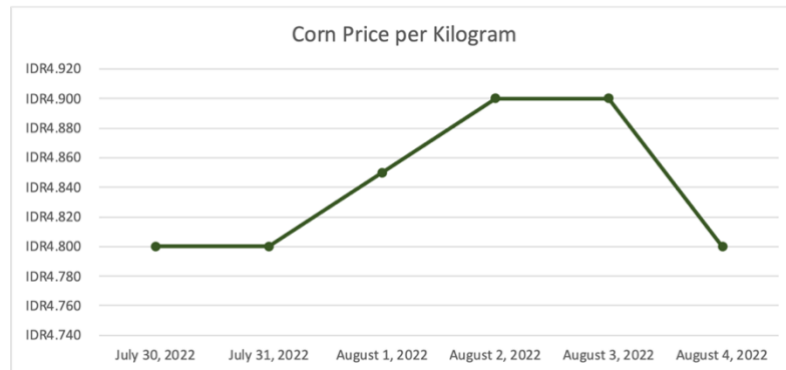
The urgency of implementing digital sales (through marketplace platforms) can be seen from the state of economic recovery after the Covid-19 pandemic. Based on the results of the study (Nasrun, 2020), An effective strategy for economic recovery after the Covid-19 pandemic is to rely on community businesses, Micro, Small, and Medium Enterprises (MSMEs), cooperatives and Village-Owned Enterprises (BUMDes) that process natural resources and are businesses that have been carried out by the community with their local wisdom. And there is a need to strengthen business in the form of capital, telecommunications networks, business digitization, forming business networks, and marketing expansion.

In addition to problems related to the digitization process of the marketing process, one more problem was obtained from the results of an interview with Mr. Agung Perdana, the owner of the Sari Optical (SO) farm and chairman of the Perhimpunan Insan Perunggasan Rakyat Indonesia (PINSAR) in West Sumatra. The problem found is that farmers in Payakumbuh are still figuring out the daily price updates of conventional production products. Conventionally, is meant to ask through voice calls, written messages, or in person every day (usually done in the morning). The price change of one of the production results (chicken eggs) can be seen in **Figure 1.3** the price change of one of the means of livestock production (corn) can be seen in **Figure 1.4**.



**Figure 1.5** Egg Price Update





**Figure 1.6** Corn Price Update per Kilogram

The formulation of the solution to this problem is to provide the features “Berita” in the application. The feature will provide updates on livestock commodity prices from both production facilities and livestock products every day and present news related to market conditions through articles and information related to the livestock sector. With this feature, livestock industry players can see commodity price updates every day through one integrated medium without having to be done conventionally.

Based on the background that has been described and the solution to be initiated, the researcher raised the problem in a study entitled "**Product Business Model Development of Seternak Using Lean Startup Method and The Implementation**". This research is expected to help solve problems regarding marketing methods that are currently running in the livestock industry. The method used to formulate the entire series of research processes, from identifying problems to implementing solution ideas, is the lean startup methodology.

## 1.2 Problem Formulation

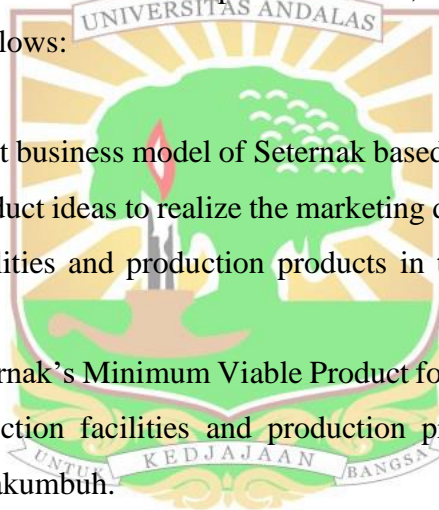
Based on the background that has been explained, the problems that will be discussed in this study can be formulated as follows:

1. How to develop product business model of Seternak based on the validation results of previous product ideas to realize the marketing digitalization of livestock production facilities and production products in the livestock industry in Payakumbuh?
2. How is Seternak's Minimum Viable Product implementation for market digitalization of livestock production facilities and production products in the livestock industry in Payakumbuh?

### 1.3 Research Objective

Based on the formulation of the problem above, the objectives of carrying out this study are as follows:

1. Develop product business model of Seternak based on the validation results of previous product ideas to realize the marketing digitalization of livestock production facilities and production products in the livestock industry in Payakumbuh.
2. Implement Seternak's Minimum Viable Product for market digitalization of livestock production facilities and production products in the livestock industry in Payakumbuh.



### 1.4 Problem Limitations

For the research to be carried out focused on the topic of discussion, the limitations of the problem will be described as follows:

1. The application will be tested with poultry shop owners and/or chicken farmers in Payakumbuh City, West Sumatra.
2. The sub-sectors of agribusiness that will be the object of research are laying the poultry industry.



3. Commodities that can be marketed through the Seternak marketplace feature are livestock production facilities and livestock products.
4. Research focuses on improving applications from a product development business perspective.

## **1.5 Writing Systematics**

The writing systematics used in the preparation of this final project can be described as follows:

### **CHAPTER I**

#### **INTRODUCTION**

This chapter will be presented the background of the research, formulation of the problem, the purpose of the research, limitations of the problem, and the systematics of writing.

### **CHAPTER II**

#### **LITERATURE REVIEW**

In this chapter, the theoretical basis will be outlined which is the reference in the preparation of this final project. The discussion will include animal husbandry, startup business, marketing, business model generation, lean startup, alpha, and beta testing, and previous research.

### **CHAPTER III**

#### **RESEARCH METHODOLOGY**

In this chapter, the implementation stages of the research process will be explained, starting from conducting preliminary studies, problem identification, problem formulation, data collection process, application development methods, and closing.

#### **CHAPTER IV APPLICATION DEVELOPMENT**

Application development explains the stages carried out in answering the formulation of the problems using the methods that have been set out in the research methodology.

#### **CHAPTER V IMPLEMENTATION AND DISCUSSION**

Implementation represents the use of Seternak application in the future using original data from potential users. Meanwhile, the discussion section explains things that need to be considered and analyzed that are not described in the application design.

#### **CHAPTER VI CONCLUSION AND SUGGESTION**

This chapter explains the conclusions of the entire research as well as the suggestions needed for the startup development and subsequent research stages.

