

CHAPTER I INTRODUCTION

A. Background

Indonesia is an agricultural country with extensive agricultural land and abundant natural resources. In addition, most of Indonesia's population works in the agricultural sector. Based on data from the Central Bureau of Statistics (2022), total employment as of August 2022 reached 4.55 million people, and most of labor works at the agricultural sector, reaching 1.86 million people. Therefore, business empowerment in the agricultural industry is essential to economic development nationally and regionally. One economic development is forming the ASEAN Economic Community, which aims to improve financial stability in the ASEAN region.

Various efforts are made to create a superior market position in the agricultural industry, including crop diversification, agricultural mechanization, and processing of agricultural products to increase their selling value. Crop diversification can be defined as adding more crops to the existing cultivation system, replacing low-value commodities with high-value commodities (usually fruit and vegetables for export markets), integrating crops and livestock (traditionally defined as mixed farming), integration of crops and trees (usually defined as agroforestry) or producing commercial crops such as coffee and cashew (Pratiwi, 2021). According to Aldillah (2016), agricultural mechanization is the process of using agricultural machines to increase the efficiency of human labor, the degree and standard of living of farmers, and the quantity and quality of agricultural production. In addition to crop diversification and agricultural mechanization, other efforts that can be made are processing agricultural products. One of the results of processing agricultural products is wheat flour. Wheat flour results from processed wheat seeds that are ground until the texture turns smooth and white. Wheat flour is widely used as a food ingredient, such as cakes, bread, noodles, and pasta. Indonesian people consume a lot of bread and noodles as a substitute for rice. Based on 2020 food consumption statistics data released by the

Ministry of Food Indonesia, the average per capita consumption of sweet bread in 2020 reached 1,129 ounces per week. While, based on Indonesia Eximbank Institute (IEB), an Indonesian Export Financing Agency (LPEI), from the World Instant Noodle Association, global instant noodle consumption reached 116.56 billion. Indonesia was ranked second, with 12.6 billion servings or 10.84% of world consumption 2020. However, the process of serving noodles is not so instant because it still must be cooked first, even though it requires a relatively shorter time when compared to rice. In contrast to bread, bread can be consumed instantly and lasts 2-3 days. The development of the bakery business has promising prospects. Bread has the potential to become people's daily food because of the busy work and activities that make it impossible to eat food in stalls or cook for yourself.

Bread is a food product made from wheat flour, fermented with baker's yeast (*Saccharomyces cerevisiae*) and water, which is then added with sugar, salt, milk, fat, emulsifier, and delicious ingredients such as chocolate, cheese, and raisins. Bread products have a hollow texture developed with yeast, making the final product soft and fluffy. Based on the bread dough formulation, bread types can be divided into three types: white bread, sweet bread, and soft roll. According to Wahyudi (2003), sweet bread dough is made from a formulation that uses a lot of sugar, fat, and eggs. White bread is bread dough that uses little/no sugar, skim milk, and fat. Meanwhile, soft roll dough is bread dough made from a formula that uses more sugar and fat than plain bread dough. In Indonesia, sweet bread products are still in great demand by consumers. Based on 2020 food consumption statistics data released by the Ministry of Food Indonesia, the average per capita consumption of sweet bread in 2020 is 58,869 ounces per year. Along with the high demand for sweet bread products, the competition of bakery businesses is increasing. With this increasingly fierce industry competition condition, every business needs a superior business strategy to survive or even become a leader in the competition.

In formulating business strategies, each business has different environmental characteristics according to the scale, the type of business involved, and the competitive conditions in the business. This has led to the need for an in-depth analysis of the company's internal environment, which includes strengths and weaknesses as well as external environments beyond the business's control, such as

opportunities and threats that the business will face. One way that can be used to analyze business environment is a SWOT analysis. Mayang et al (2020) explains that SWOT analysis systematically identifies various factors used to formulate company strategy. This analysis is based on a logic that can maximize strengths and opportunities while minimizing weaknesses and threats simultaneously. Using SWOT analysis, the right system can be designed based on a business's strengths, opportunities, weaknesses, and threats. The right system will allow the business to win the competition during increasingly fierce business competition. The primary key to winning the competition is providing value and customer satisfaction. Both things are very dependent on the performance of a business. If a company can provide value and satisfaction to customers, then a business will gain consumer loyalty. According to Steviani and Samuel (2015), loyalty can be defined as an emotional bond with the company by making repeat purchases repeatedly and recommending the company to others, although they have other options. The factors that influence customer loyalty include caring. Companies must be able to see and overcome all the needs, expectations, and problems customers face. If a business has earned loyalty from customers, then a business can achieve the desired profit level. Based on the explanation above, business strategy is crucial in building customer loyalty and trust. In designing the right strategy, a business needs to analyze internal and external factors consisting of strengths, opportunities, weaknesses, and threats. If a company has the right strategy, then a business can achieve its goals and success in its industry.

B. Research Problem

The level of business competition in Indonesia is currently increasing. One of the profitable businesses in Indonesia is the bakery because bread is food in great demand by people in Indonesia. Thus, the scale of the bakery in Indonesia is very diverse, ranging from a small scale, commonly referred to as the home industry, to a large scale. Many bakeries are in big cities, one of which is Bogor City. One of Bogor's businesses engaged in the sweet bread industry is the Warung Bluder. Warung Bluder is a business that has turnover less than IDR 300 million per year.

Based on Law 20 of 2008 concerning Micro, Small, and Medium Enterprises, businesses with sales proceeds of less than IDR 300,000,000 per year are included in the type of Microenterprises. So that Warung Bluder is one type of Microbusiness. Warung Bluder is a personal business owned by the writer. The writer wants to develop the business strategy for his personal business. So, Warung Bluder is chosen as the object for this final project. Warung Bluder is located on Durian Raya Street No. 70, Baranangsiang, East Bogor, Bogor City, West Java.

The Warung Bluder started its business in 2018. In 2020, the Warung Bluder expanded its market reach by using consignment assistance, including Capital fruit (CF), Duta Buah (DB), and Rumah Buah (RB) branches in Cibubur, Tomang, Tangerang, and Serpong. The product offered is bluder bread with multiple flavors, including hazelnut, chocolate, cheese, raisin, and crunchy choco. Bluder bread is a combination of bread and cake that has a soft and smooth texture. Bluder bread has a pyramidal shape but is not tapered. This bread has been around since the time of the struggle for independence. Bluder bread was brought by Europeans and became a mandatory dish for the Dutch army when they colonized Indonesia. However, until now, bluder bread is still a typical food much favored by the people of Indonesia. Bluder bread is made from wheat flour added with yeast to produce bread that expands perfectly but also feels soft when consumed.

The surface of the bluder bread is coated with egg yolk during the manufacturing process so that it is yellow brown. The manufacturing process of bluder bread in Warung bluder using a private kitchen. Bluder bread can last for 3 days at room temperature, 5 days in the refrigerator, and 1 month if placed in the freezer. Warung bluder markets its products in a store together with Forestree coffee to attract consumer's interest. This is because the culture of drinking coffee has become one of the trends for youth. Coffee has also become the identity and lifestyle of the capital's young people.

Forestree Coffee is a culinary beverage business that was established in 2016 and was first opened in Bogor, West Java. In 2018, Forestree has officially become a franchise beverage company, and now has 100+ outlets spread across several islands of Indonesia, including Sumatra, Java, Kalimantan, and Sulawesi. The meaning behind the name Forestree Coffee is Three of Life, which is a

magnificent tree with 3 branches that present coffee, tea and fruit. Foresthree was founded by two brothers, namely Haidar Wurjanto & Rangga Wurjanto. Currently, the management of Foresthree Cofee (Simha Group) has been strengthened by experts in the field of F&B management such as Mr. Hendy Setiono (Babarafi Group) and Deva Mahendra (Indonesia artists). Foresthree Coffee is one of the fast-growing businesses with high sales potential. Foresthree is one of the famous coffee brands in Indonesia that offers various flavor variants, including classic coffee, double shot, flavored coffee, signature crème, milk, tea, and lemon splash series. Foresthree Business has a vision to make the Foresthree Brand the main foundation in learning and growing as a usefull entrepreneur and interpreneur.

Foresthree coffee and bluder bread are matching products. In Warung Bluder there is also promotion activities like discount in an Independence Day. Warung Bluder only relies on one platform to advertise and doing promotion activity: Instagram. Promotions and advertise from Instagram are not done consistently. Even though it only uses one promotional platform, Instagram, Warung Bluder does not have a content creator who oversees managing its Instagram social media. Feeds on Instagram are still not well organized. In fact, content creators have a very important role in business marketing strategies. A content creator can help produce interesting content, build branding consistency, create content that is easier to find on social media. Social media such as Instagram, Twitter, and TikTok are now a link for everyone.

The reach provided by social media is very broad. Promotions carried out using social media are commonly referred to as digital marketing. Things that need to be considered in digital marketing include media publications, applications, advertisements, social media, influencers, to KOL (key opinion leader). Social media management is one of the strategies that must be managed properly. Management of social media that is not managed properly causes the messages of advertisements to customers not to be conveyed properly.

Apart from content creators, Warung Bluder also does not have employees with special positions in product marketing. This condition causes Warung Bluder not yet have an organized plan and continuous evaluation for their strategies. An organized plan and continuous evaluation are part of strategic management.

Warung Bluder does not have data in the field, such as demographic conditions, customer behavior, average income, and competitor strategies which is very important for business growth. The advantages of a product only are not enough to increase the competitiveness of a business.

Strategic management are very important for new businesses and businesses that have long existed in the market. With the right strategy, the steps of a business will become clearer, the products offered will be right on target, and the business opportunity to grow will be even greater. In addition, strategic management can also help a business evaluate its performance. With a superior strategy, the business will have a target to be achieved in the future. The consequence arising from the absence of a good strategy is the sales volume of bluder bread has not yet reached the target. Warung Bluder is a micro business. Based on an interview with the founder of Warung Bluder, the monthly sales target for bluder bread is 2,000 pcs. 1,000 pcs are consignment sales target which target of Capital Fruit 250 pcs, Duta Buah 250 pcs, and Rumah Buah 500 pcs. While another 1,000 pcs are targeted for bluder bread in stores and resellers. Data on sales of bluder bread can be seen in Figure 1.

Capital Fruit, Duta Buah, and Rumah Buah are the consignment of Warung Bluder. Consignment sales have a high value compared to in store and order/reseller sales. Based on Figure 1, the highest sales of bluder bread in 2022 was in January, which was 1,813 pcs. However, every month, sales of bluder bread have not reached the set sales target of 2,000 pcs. Therefore, it is necessary to have the strategy to increase the sales. In designing the right strategy, it is essential to get the important information to convert potential buyers into loyal customers. The information can be found by analyzing the internal and external factors of the business.

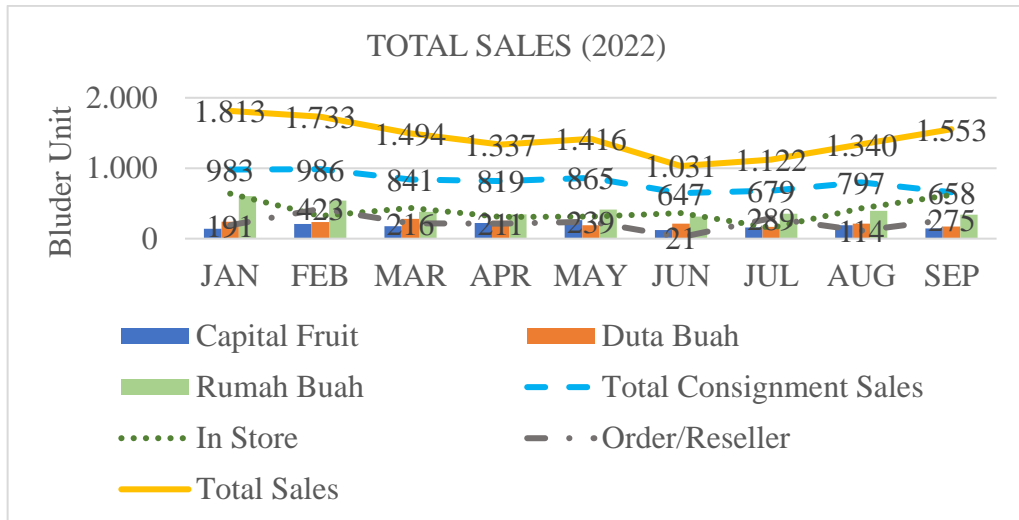


Figure 1. Sales of Bluder Bread S

Source: (Warung Bluder, 2022)

Analyzing the internal and external factor of the business can be done using SWOT analysis. Based on the statement of the problem, the researcher wants to analyze the following questions:

1. What are the strengths and weaknesses of Warung Bluder?
2. What are the opportunities and threats of Warung Bluder?
3. What is the business strategy that suits the strategic conditions of Warung Bluder?

Based on the formulation of the problem, the researcher felt the need to conduct research entitled "**Business Strategy Analysis of Warung Bluder (In Bogor City, West Java)**"

C. Research Objectives

Based on the description described and the formulation of the problem, it can be formulated the purposes that were discussed in this study are as follows:

1. Analyze the IFE matrix of Warung Bluder.
2. Analyze the EFE matrix of by Warung Bluder.
3. Formulate the right business strategy for Warung Bluder.

D. Benefit of Research

Based on the background, it is hoped that this research can provide the following benefits.

1. For Warung Bluder bakery, this research is to determine the best business strategy that suits the strategic conditions of Warung Bluder
2. For Government, it can be used as input and consideration in decide policies related to the bakery, especially policies that can improve the welfare of entrepreneurs.
3. For Academics, this research can be used as the reference material and information that can be used to conduct further research related to SWOT analysis and strategy development.
4. For Reader, this research can be used as a reference in determining the right business strategy.

