CHAPTER I. INTRODUCTION

A. Research Background

In the current era of global market competition, the urgency for every company or entrepreneur to continuously innovate in developing marketing strategies has become increasingly crucial to attract and retain customer interest. The intensity of competition with competitors offering similar products automatically creates a significant challenge for companies or businesses. Therefore, companies are required to be able to implement measurable and adaptive programs and strategies in order to win market competition and achieve long-term competitive advantage.

Strategy is something very important because with a marketing strategy, the product we offer can be well known by the public or potential buyers, so it can be said that a company will be successful if that company is capable of composing a business strategy that is good and effective. Therefore, an effective business strategy formulation requires deep analysis of the company's internal conditions, the external environment, and competitor movements. This comprehensive strategic approach is essential for achieving sustainable competitive advantage an long term organizational growth.

Marketing is a combination of activities that are interconnected and related to understanding consumer needs, as well as developing promotions, distribution, services, and prices so that consumer needs can be well-satisfied at a certain profit level (Kharisma, 2023). This comprehensive set of activities acts as a crucial bridge connecting the firm's offerings to the dynamic demands of the marketplace. Ultimately, the goal is not merely to sell, but to create and deliver superior customer value, ensuring loyalty and sustainable profitability.

Marketing management is the science and art of selecting target markets and intensely maintaining and growing customers by creating, delivering, and communicating superior customer value (Kotler and Keller, 2016). This dicipline requires continous adaptation to market changes, technological shifts, and envolving consumer demands to remain effective. Ultimately, succesful marketing management ensures that organizational goals are met by satisfying the needs and wants of the targeted consumer base.

The marketing mix also known as the 4Ps (Product, Price, Place, and Promotion) is a foundational tool used by companies to implement their marketing strategies in the target market.According to Kotler and Armstrong (2018) the marketing mix 4Ps is an interrelated strategic toolkit used to satisfy market needs and achieve organizational objectives. Effective execution of the marketing mix requires consistent management and careful integration of all elements to ensure they complement each other and maximize customer value. Ultimately, the primary goal of optimizing the marketing mix is to create a compelling offering that satisfied the specific needs and desires of the chosen customer segment.

The key to success for companies operating in the sales sector is sales volume. Companies must be able to sell the products they offer according to the predetermined targets so that the company obtains profit that can support the life of the business being run. The implementation of a precise and accurate marketing strategy through leveraging opportunities and strengths can increase the company's profit, thereby enabling the company to survive or excel in market competition. According to Kotler and Armstrong (2016) the marketing mix is a set of marketing tools used by the company to continously achieve its goals in the target market.

One effort that can be developed is establishing Micro, Small, and Medium Enterprises (MSMEs), which is explained in law No. 20 of 2008 that MSMEs are small companies owned by an individual or owned by a small group of people with a certain amount of wealth and income. MSMEs constitute a sector that plays an important role in the economy; MSMEs are very instrumental in the development of the regional and national economy. According to Kwartono (2009), the understanding of MSMEs is economic activity of the people who have a maximum net wealth of IDR 200.000.000 excluding the land and building used for the business. Or those who have a maximum annual turnover of IDR 1.000.000.000. and are owned by Indonesian citizen. It cannot be denied that the large number of MSMEs scattered across various regions necessitates that MSMEs adopt appropriate strategies so that their business can continue to compete with other MSMEs. Therefore, the establishment of a business must be accompanied by strategic planning so that the business has the right direction to achieve the desired goals.

Agribusiness encompasses the complete process from upstream to downstream, starting with the production of inputs like superior seeds, fertilizers, and animal breeds at the upstream level. This stage continues with cultivating horticultural crops (such as cassava and potatoes) or livestock farming (chicken and beef) on agricultural's land. Post harvest activities involve sorting, drying, and initial processing to aintain quality. Distribution through cooperatives or cold chains delivers materials to mid level industries, culminating in marketing finished products at traditional markets or modern retail.

Culinary serves as the final recipient of the agribusiness chain, transforming upstream raw materials into high value dishes like pentol, a snack based on tapioca flour, meat and local spices. This integration creates an economic cycle like steady culinary demand drives uostream farmer production, while consistent agribusiness supply enables culinary innovations such as flavor variants or ready to sell packaging. Agribusiness culinary from upstream to downstream provides the foundation for MSMEs to survive and grow.

The culinary MSME named "Pentol Asik" is an MSME that produces and sells trendy snack, specializing in various types of *pentol* (meatballs). Located at Jl. Rimbo Kaluang, GOR H. Agus Salim , Padang, West Sumatera, the MSME has been operating for 5 years since its establishment in 2020, opening everyday from 16.00 until 23.00. Pentol Asik offers a modern, 100% halal, hygienic, and preservative free product lineup, featuring variations such as original *pentol*, chili *pentol,* mushroom *pentol*, mozarella *pentol,* minced meat *pentol,* and quail egg *pentol,* complemented by varied signature sauces like chili sauce, korean sauce, black pepper sauce, and barbeque sauce like we can see from Appendix 1.

As a downstream agribusiness enterprise, Pentol Asik demonstrates a strong dependence on the agricultural sector because almost every stage of its production process relies on agricultural and livestock commodities. The primary raw materials, including beef, chicken meat, eggs, tapioca flour, cooking oil, garlic, shallots, and various spices, are obtained from farmers, livestock producers, and agricultural distributors. This indicates that the continuity of Pentol Asik's business operations is closely linked to the availability, quality, and price stability of agricultural commodities. Any fluctuation in agricultural production, such as seasonal shortages or increases in commodity prices, directly affects production costs and business profitability.

This dependency extends beyond the main ingredients to the product variations offered by Pentol Asik. Popular menu variants, particularly the mushroom filled and bird's eye chili filled pentol, require a continuous supply of fresh horticultural products. Mushrooms are sourced from mushroom cultivation businesses, while fresh chili peppers, garlic, shallots, and other spices originate from vegetable farmers. Consequently, the business creates sustained market demand for horticultural products and contributes to strengthening the market linkages between agricultural producers and food processing MSMEs.

The strongest agribusiness connection can be observed in the production of Pentol Asik's signature spicy sauces, which represent one of the business's primary product differentiators. The preparation of these sauces requires substantial quantities of fresh chili peppers combined with garlic, shallots, tomatoes, sugar, and other agricultural ingredients. Since chili peppers constitute the main component of the sauce, increasing sales volume directly translates into higher demand for chili production. As a result, Pentol Asik indirectly contributes to increasing the economic value of chili commodities by transforming them into processed products with considerably higher market value than the raw agricultural produce itself.

Furthermore, Pentol Asik performs an important downstream function by creating value added agricultural products. Instead of selling raw commodities such as meat, tapioca flour, mushrooms, and chili peppers in their unprocessed form, these materials undergo a series of production activities, including ingredient preparation, mixing, shaping, cooking, filling, sauce production, packaging, and marketing. Each stage enhances the utility, quality, convenience, and market appeal of the final product. Through this transformation process, relatively low value agricultural commodities become diversified ready to eat food products that command significantly higher selling prices and satisfy changing consumer preferences.

Beyond value creation, Pentol Asik also generates broader economic benefits within the agribusiness system. Its production activities create employment opportunities for workers involved in food preparation, packaging, marketing, and distribution while simultaneously supporting income generation for upstream suppliers such as livestock farmers, vegetable growers, spice producers, flour distributors, and local traders. This demonstrates that Pentol Asik is not merely a culinary MSME but also an integral component of the agribusiness value chain, connecting primary agricultural production with processing, marketing, and final consumption. Through these linkages, the business contributes to agricultural value addition, rural economic development, and the sustainability of local agribusiness systems.

B. Research Problem Statements

Pentol Asik began its venture at its first location in Rimbo Kaluang and has expanded to several branches. This expansion included several strategic locations, such as Transmart Padang, Bukittinggi, and the newest outlet recently opened on Jl. Cendrawasihbut this branch only lasted for 6 months. Currently, Pentol Asik's operation have been streamlined, with only one location actively serving customers that is the branch at GOR H. Agus Salim Padang. Pentol Asik's business development system utilizes a franchise model, where the branch managers are required to source their raw material stock (goods) directly from the main store.

The closure of some branches was attributed to specific factors. The branch at Transmart Padang is no longer operating due to the seclusion and lack of visitors at Transmart, which directly led to a significant decrease in sales volume. Meanwhile, the branch in Bukittinggi ceased operations because the local manager no longer sourced supplies from the main store. And the one at Cendrwasih close due to lack of consumers.

GOR H. Agus Salim area is known as a highly strategic and vital location for culinary activities in Padang. This area collectively serves as a major focal point for food vendors, making it an open air food court highly favored by young people. Its primary applies in its function as a popular hangout center, providing an ideal place for young adults to gather and socialize with their friends. Furthermore, GOR H.

Agus Salim's proximity to various universities in Padang makes it one of the main destinations for students. For students, this area serves as a place to relieve stress after class hours, a perfect spot for chatting, as well as culinary hub offering a diverse selection of food. The combination of these factors namely the crowd, social value, and culinary variety ensures that GOR H. Agus Salim is a highly prospective location for establishing and developing a food business.

Although Pentol Asik Rimbo Kaluang is the first branch to open and have stable sales, it is currently experiencing a decline. The sales of pentol asik show a significant rise and fall at a certain times,where a considerable decrease in sales volume occurs during the student academic holiday period. This indicates a high dependency on the young customer segment who favor trendy snacks, thus their mobility and availability around the business location significantly influence the level of buying and selling.

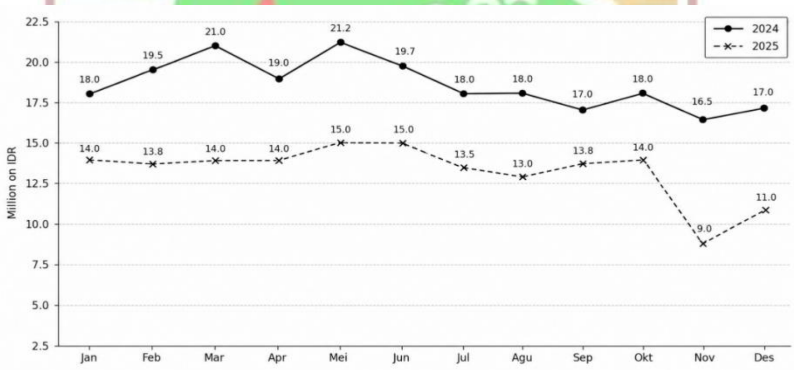

Figure 1. Sales Turnover of Pentol Asik

Sales turnover of Pentol Asik in Figure 1 indicates that monthly turnover in 2025 exhibited high volatility, featuring a general upward trend shaped by seasonal factors. Pentol Asik experienced an overall decline in annual sales turnover of approximately 28.1% in 2025 compared with 2024, decreasing from IDR 222.6 million to IDR 160.1 million. This substantial reduction indicates weakening sales performance and highlights the challenges faced by the business in maintaining revenue growth amid increasing market competition and changing consumer purchasing behavior. Concerns persist that this downturn may continue into future years, placing the Pentol Asik culinary MSME at risk of financial losses.

Declines in sales volume likely stem from reduced purchasing decisions, despite the 30% profit margin on production costs secured by Pentol Asik, which reflects solid cost control yet underscores the challenge of scaling amid market pressures. Competitors offer consumers broader product options, while the increasingly digital marketplace enables consumers to compare and purchase products conveniently through mobile applications without leaving home. Furthermore, fluctuations in economic growth directly influence MSME performance by affecting consumers' purchasing power and spending behavior. During periods of slower economic growth or economic uncertainty, households tend to prioritize essential expenditures and reduce discretionary spending on food and beverage products, thereby limiting sales opportunities for culinary MSMEs. Although Pentol Asik maintains a 30% profit margin from production costs, sustained declines in sales volume may undermine long-term business sustainability despite its efficient cost management. Consequently, a decline in turnover significantly affects the enterprise's income and business resilience. Thus, the core issue addressed in this study is the decline in product sales turnover at Pentol Asik Padang MSME, which adversely affects sales volume.

The decline in revenue experienced by the Pentol Asik business during the 2024–2025 period is cannot be separated from the increasingly competitive dynamics in the culinary industry, changes in consumer preferences, and limitations in the marketing strategies applied. Under these conditions, the use of the marketing mix framework (4P), namely Product, Price, Place, and Promotion, becomes important as a basis for identifying the causes of declining revenue and designing structured improvement strategies. The application of the marketing mix allows business owners to comprehensively evaluate aspects of product, price, place, and promotional activities, so that the improvement steps taken can be more targeted and mutually supportive. In terms of product, adding flavor variants, fillings, or side menus can serve as differentiation that attracts back consumers who have started switching to competitors. In terms of price, adjusting pricing strategies to remain competitive yet stable, along with the use of promotional packages, can increase purchase frequency without damaging the product's image in the eyes of consumers. In terms of place, relocating or adding sales points in locations with higher consumer traffic, as well as developing additional distribution channels such as online ordering, has the potential to expand market reach. Meanwhile, in terms of promotion, optimal use of social media can increase brand awareness and reach the young market segment that is the main target for spicy snacks. Thus, the marketing mix is needed by Pentol Asik because it provides a comprehensive, structured, and measurable approach to formulating marketing strategies to overcome the decline in revenue. Through evaluation and adjustment of each of the 4P elements, this business can shift its marketing strategy from one that was previously based on habit to one that is analysis-based, making it more effective in stopping the downward trend in revenue and restoring sales growth in the following period.

This study employs the 4Ps framework (Product, Price, Place and Promotion) to describe marketing mix implementation at Pentol Asik, as it offers a straightforward, proven model for MSMEs facing sales voaltility. The 4Ps directly tackle core challenges, the Product aspect covers everything related to the food being sold, including taste, size, variations, ingredient quality, and presentation. For a pentol business, this is the most visible element to consumers and largely determines whether customers will return. Price relates to setting competitive yet profitable pricing, including discount strategies or special packages to attract buyers. In a culinary business with many competitors, price often becomes a primary consideration alongside taste. Place concerns the sales location and distribution channels, such as street-side stalls, locations near campuses, or online ordering. Strategic and easily accessible locations significantly influence the number of customers. Promotion encompasses all efforts to inform and attract potential buyers, such as social media promotions, banners, or personal selling. In the digital era, effective promotion has become one of the keys to increasing sales.

Based on Figure 1, declining sales turnover is one of the problems frequently faced by MSMEs in maintaining business continuity amid increasingly intense market competition. In facing this condition, business actors need to implement appropriate marketing strategies so that products offered can continue to attract consumer interest and increase sales volume. In Pentol Asik MSME, the main issue examined in this study remains focused on the core marketing factors that directly affect the decline turnover,namely the product, price, place, and promotion. In addition, 4P is more in line with the characteristic of MSMEs, which generally have limited resources and a simple business structure, so the analysis becomes more focused, practical, and relevant to the real conditions of the business. Therefore, the 4P marketing mix is considered more suitale for this study because it is able to describe the factors that caused changes in business turnover. Based on the issues and problem formulation above, the research questions are:

1. How's the business profile of the business?
2. How's the implementation of marketing mix at Pentol Asik Padang, West Sumatera?

C. Research Objective

Based on problem formulated above, the objective for this research are:

1. To describe the Pentol Asik business' profile
2. To describe the implemetation of marketing mix at Pentol Asik Padang

D. Research Benefit

The benefits expected from this research are:

1. This research is expected to know how the business owner run the business
2. It is expected to know the implementation of marketing mix in Pentol Asik Padang, West Sumatera.
3. This research is expected to provide input and suggestion to the owner of the Pentol Asik Padang regarding marketing mix so that can be used for making appropriate decisions in the future.
4. For academic, hopefully this research could be useful for as a reference for further research.