

CHAPTER I INTRODUCTION

1.1 Object Overview

1.1.1 Company Profile



Figure 1.1 PT Bumi Mulia Seed Logo

Source: The director of PT Bumi Mulia Seed, 2019

PT Bumi Mulia Seed is a local seed agribusiness company engaged in developing superior hybrid corn and rice seeds. This company had been establishing in 1998 under the name UD Bumi Mulia, but in early 2021 it changed its name to PT Bumi Mulia Seed. In the past 23 years, he has established cooperation with several domestic and foreign companies. It has developed various kinds of rice seeds, corn seeds, vegetables, and fruits.

1.1.2 Vision and Mission

- Vision

To Become the main partner of farmers in promoting their independent and to operate on a global scale.

- Mission

Realizing self-sufficiency in promoting quality and sustainable food security.

1.2 Research Background

In this era of globalization, the development of science and technology is growing fast, this will have a positive impact on companies engaged in various industrial fields such as the trade and service industries. Of course, this does not rule out the possibility that these companies will compete with other companies that issue similar products. Therefore, company management must be able to process the company well.

PT Bumi Mulia Seed is one of the companies developing its company by making products that able to compete with its competitors. PT Bumi Mulia Seed is a local Indonesian agribusiness company engaged in providing superior hybrid corn seeds.

Corn (*Zea Mays*) is one of the carbohydrate-producing food crops, in addition to wheat and rice (Pertanian B. L., 2014). In Indonesia, nine provinces are the largest corn production centers based on land area and production, namely East Java, Central Java, Lampung, South Sulawesi, West Nusa Tenggara, North Sumatra, North Sulawesi, Gorontalo, and West Java. Figure 1.2 shows that East Java ranks first in maize production in Indonesia with the highest production and land area. And the lowest position is the province of South Sumatra.

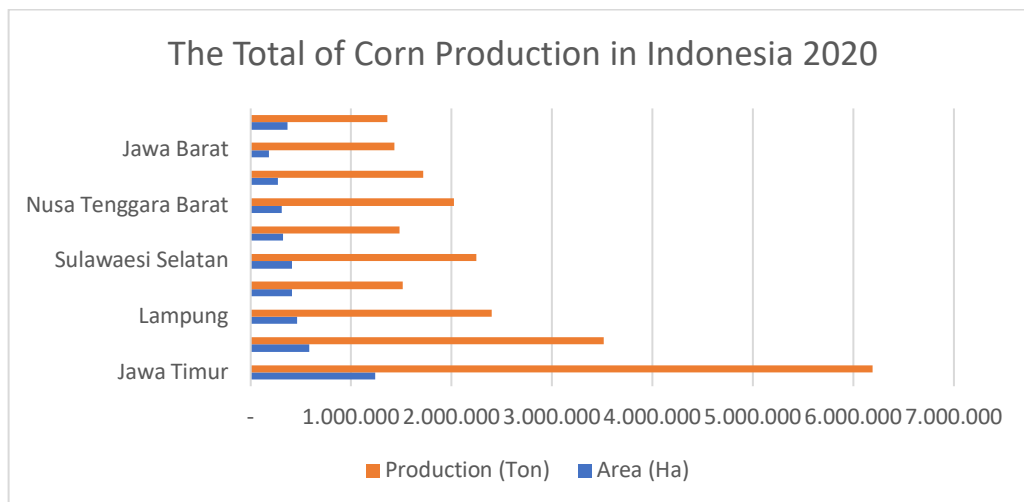


Figure 1.2 Total of Corn Production in Indonesia 2020
Source: (Pertanian B. P., n.d.)

In Indonesia, corn is the main food commodity after rice which has a strategic role in agricultural and economic development. The development of this commodity contributes to the supply of food, animal feed, and industrial raw materials (Pertanian K. , 2017). Figure 1.3 shows that the main component of corn is 51% as animal feed rations, while for corn seed it is 11.47%, and for industrial needs, it is 21.24%. Thus, the role of corn is more as a feed ingredient.

Number	Items	Year					Growth Average 2013-2017 (%)
		2013	2014	2015	2016	2017	
A.	Supply (000 Ton)	21,749	22,314	22,845	24,859	28,358	6,97
1	Production						
	Production Input	-	-	-	-	-	-
	Production Output	18,512	19,008	19,612	23,578	27,949	11,15
2	Import	3,255	3,348	3,479	1,317	434	-30,61
3	Export	18	43	246	36	24	123,52
4	Change in stocks	-	-	-	-	-	-
B.	Utilization (000 Ton)	21,748	22,314	22,845	24,859	28,358	6,97
1	Feed	1,305	1,339	1,371	3,768	4,693	51,45
2	Seed	75	87	88	98	115	11,47
3	Manufactured for:						
	Food	-	-	-	-	-	-
	Non Food	4,786	4,817	8,25	8,5	9,35	21,24
4	Waste	1,087	1,116	1,142	1,243	1,418	6,98
5	Food Materials	14,495	14,956	9,654	11,25	12,782	-0,53
C.	Per capita availability (Kg/Capital/Year)	58,26	59,31	37,79	43,49	48,81	-1,79

Figure 1.3 Corn Supply and Use 2013-2017
Source: (Pertanian K. , Neraca Bahan Makanan, 2017)

With the high market demand for corn, PT Bumi Mulia Seed sees an opportunity to create an agribusiness company embroiled in providing hybrid corn seeds. For decades, UD Bumi Mulia has collaborated with several large national and international companies. In 2019, UD Bumi Mulia suffered a huggled loss. Those caused by damage to corn due to long queues that occur at the factory when they want to process the corn seeds. The imbalance between the excess corn harvest that occurs in the field and the inadequate corn processing land at the factory. Therefore resulted in the obstruction of the corn processing process, losses for partner companies, and a reduction in the number of employees (Attachment 1). Data reduction in the number of employees is evident in Figure 1.4.

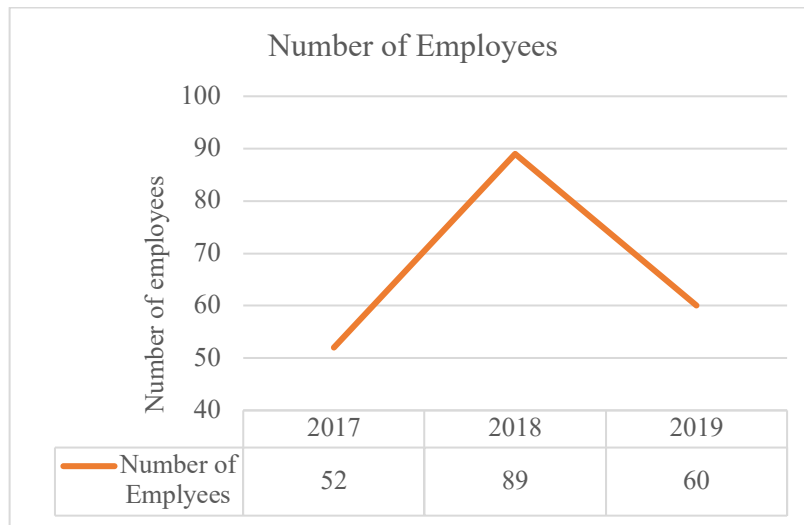


Figure 1.4 The number of employees of UD Bumi Mulia 2017-2019
Source: UD Bumi Mulia data, 2019

In 2018, the number of employees of UD Bumi Mulia increased by 18%. However, in 2019 there was a decrease in the number of employees to 14% of employees. The number of employees at UD Bumi Mulia has increased or decreased due to a decrease or increase in the amount of production at partner companies, which can also be affected by the number of employees.

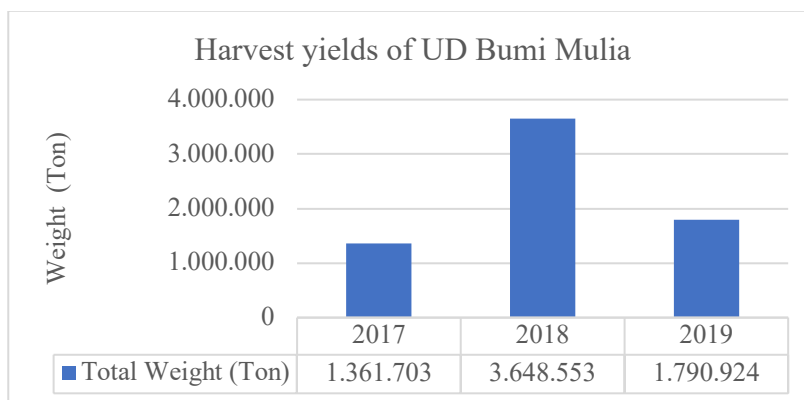


Figure 1.5 UD Bumi Mulia's Harvest yields 2017-2019
Source: UD Bumi Mulia Seed data, 2019

Based on the results of an interview with director of PT Bumi Mulia Seed, the loss to UD Bumi Mulia is also evident in Figure 1.5 that occurred in 2019 when working with an international company. UD Bumi Mulia was adequate to produce

34%-tons of superior hybrid maize seeds, then dropped to 27%-tons in 2019. Due to these losses and even not wanting to continue to depend on company partners, UD Bumi Mulia saw an opportunity to establish a processing plant seeds and independent companies with products that are not inferior to other large companies (Attachment 1). This is the right way to grow the company.

As a new company and developing a new product, PT Bumi Mulia Seed needs a plan to promote its products appropriately. It can be known as marketing is part of the company's management and is also a significant factor for the company. With proper product marketing, it will be able to increase sales and seize market share. If that happens, the company will certainly get the maximum profit. However, if product marketing is not carried out or is not incorrectly or inappropriately, there will be a reduction in sales. This will have the effect of decreasing the income received by the company.

To avoid a decline in sales, PT Bumi Mulia Seed needs a marketing strategy. The marketing strategy currently being carried out by PT Bumi Mulia Seed is holding field meetings with farmer groups for 80 days after the corn planting period (HST), planting demonstration plots (Demplot) in several provinces, sub-districts, and villages. Collaborate with sole agents or distributors in several regions in Indonesia, and contribute to government projects by cooperating with farmer groups in each district. The main target of PT Bumi Mulia Seed's corn planting area is in several commercial corn-producing provinces such as Lampung, Gorontalo, South Sulawesi, West Nusa Tenggara, East Nusa Tenggara, and also East Java (Attachment 1).

The level of success of the marketing strategy that has been carried out is unknown when it is effective or not. Therefore, to determine the level of success in marketing their products, companies are required to know all the needs and desires of consumers to create products that suit consumer needs. The company's success in marketing its products depends on tips and marketing strategies that are carried out by implementing the right marketing strategies. So that companies can create, maintain and develop consumer demand convincingly and sustainably. If sales turnover is come down slowly, it must be analyzed whether this is due to an

ineffective marketing strategy or perhaps influenced by changes in consumer tastes and behavior.

Based on the description above, the current situation forces companies to better plan and formulate marketing strategies. Marketing strategy formulation is needed to survive in the center of today's competition, by paying attention to environmental changes that can affect the company's marketing performance. Therefore, planning requires an analysis that can have a positive impact on the company. In previous research (Rozi & Widodo, 2017), the appropriate analysis is to determine the formulation of marketing strategy is SWOT analysis and IE matrix. SWOT analysis can be used as an evaluation material, the basis for the company, and to find out the opportunities that exist. Therefore, researchers are interested in taking the title "The Analysis of SWOT and IE Matrix toward Marketing Strategy of PT Bumi Mulia Seed."

1.3 Problem Formulation

PT Bumi Mulia Seed is a local Indonesian agribusiness company engaged in providing superior hybrid corn seeds. In Indonesia, corn is the main food commodity after rice which has a strategic role in agricultural and economic development. The development of this commodity contributes to the supply of food, animal feed, and industrial raw materials.

For decades UD Bumi Mulia has collaborated with several large national and international companies. In 2019, UD Bumi Mulia suffered a huge loss. Those caused by damage to corn due to long queues that occur at the factory when they want to process the corn seeds. The imbalance between the excess corn harvest that occurs in the field and the inadequate corn processing land at the factory. Therefore resulted in the obstruction of the corn processing process, losses for partner companies, and a reduction in the number of employees.

Due to this loss, UD Bumi Mulia saw an opportunity to establish a seed processing plant and an independent company with products that were not inferior to other large companies. As a new company these building a new product, these

products are unknown by the market. Therefore, PT Bumi Mulia Seed needs a proper marketing strategy plan to promote its products.

Some of the marketing strategies have been used by PT Bumi Mulia Seed such as holding a field meeting with farmer groups on 80 days after the corn planting period (DAT), making demonstration plots (Demplot) planted in several areas, etc. However, the success rate of this marketing strategy is unknown whether it has been effective or not. Therefore, to determine the level of success, the company must conduct a SWOT (Strength, Weakness, Opportunity, and Threat) analysis in determining marketing strategies.

Based on the research background above, this research question can be formulated as follows:

1. What is the internal (strengths and weaknesses) and external (opportunities and threats) environment at PT Bumi Mulia Seed?
2. How is the condition of PT Bumi Mulia Seed in the SWOT analysis?
3. How is the right marketing strategy of PT Bumi Mulia Seed using SWOT analysis?

1.4 Research Objectives

Based on the research question, the purpose of this study are:

1. To determine the condition of PT Bumi Mulia Seed's environment, both internally and externally.
2. To find out the condition of PT Bumi Mulia Seed in the SWOT analysis.
3. To find out the right marketing strategy of PT Bumi Mulia Seed's using SWOT analysis.

1.5 Research Benefit

This study is expected to provide benefits to the researchers, marketing division of PT Bumi Mulia Seed, and readers.

1. Theoretical Benefits

This research will contribute to increasing knowledge in the field of marketing strategy and also as a reference for further research in the field of marketing strategy in case study cases.

2. Practical Benefits

This research can be used as material for planning a marketing strategy for PT Bumi Mulia Seed as well as providing input that the company may need in the future.

1.6 Systematic Writing

The writing structure is arranged to provide a general overview and about the research performed with the following structure are:

a. CHAPTER I INTRODUCTION

This chapter contains an overview of the objects overview, research background, problem formulation, research questions, research objective, benefit of research, and systematic writing.

b. CHAPTER II THEORIES AND FRAMEWORK

This chapter explains the theories that will support research made through reviews of the literature and previous research. This section also contains a research framework for this paper.

c. CHAPTER III RESEARCH METHODOLOGY

In this chapter, the subject matters are research type, operational variable, research stage, social situation and sample, data collection and data sources, validity test, and data analysis techniques to explain and answer the problem.

d. CHAPTER IV ANALYSIS AND RESULT

This chapter contains discussion and explanation regarding this research based on the analysis done in this project and elaborates the theories that already stated in Chapter II.

e. CHAPTER V CONCLUSION AND RECOMMENDATION

Consists of restatement of the problem, brief description and procedure, principal findings and conclusions, and recommendations for further research.