

CHAPTER I

INTRODUCTION

I.1 Background

The growing number of people entering the formal labor force, combined with their hectic lifestyles, has resulted in an increase in healthy organic snack demand. This is due to the fact that healthy snacks provide instant satiation and a much-needed break during a stressful day. Based on Fortune Business Insight (2020) this market of healthy snacks is being propelled by the emerging trend of avoiding the risk of certain chronic diseases and maintaining health through thoughtful consumption of these snacks. The on-the-go nutrition trend is quickly gaining traction among millennials and adults as they seek snack solutions to address nutrient deficiencies and other health issues in their hectic schedules.

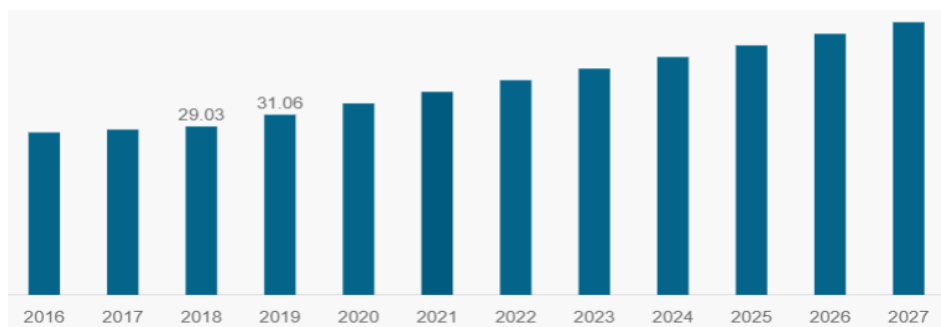


Figure I.1 Global Healthy Snacks Market Size, 2016-2027 (USD Billion)

Source: Fortune Business Insight (2020)

Based on Fortune Business Insight (2020), changes in healthy lifestyles by consuming organic snack products are increasingly becoming a global trend. Current consumer awareness of organic labels in the food sector continues to experience high market demand. This can be seen from the data that global sales of organic food reached \$50.1 billion, up 4.6% with a growth rate of 2% every year. The results of the 2020 survey were conducted by observing organic sales and the results show that consumers are increasingly looking for organic labels, especially

in the food sector. One of the effects is because consumers' perception of clean and healthy food is the main goal.

Based on Mondor Intelligence (2020), global growth in organic food is predicted to increase by 16.44% compound annual growth rate (CAGR) from 2020 to 2025. Currently, health problems are one of the causes of increasing consumer awareness in the world in an effort to maintain health and reduce environmental impacts. Organic food is a product that has good quality and health for the body because it is processed without the use of chemicals or pesticides and is free of GMO (Genetically Modified Organisms) compared to conventional food. The development of the organic food business is increasingly creative because of consumer considerations to start trying and familiarizing themselves with organic food.

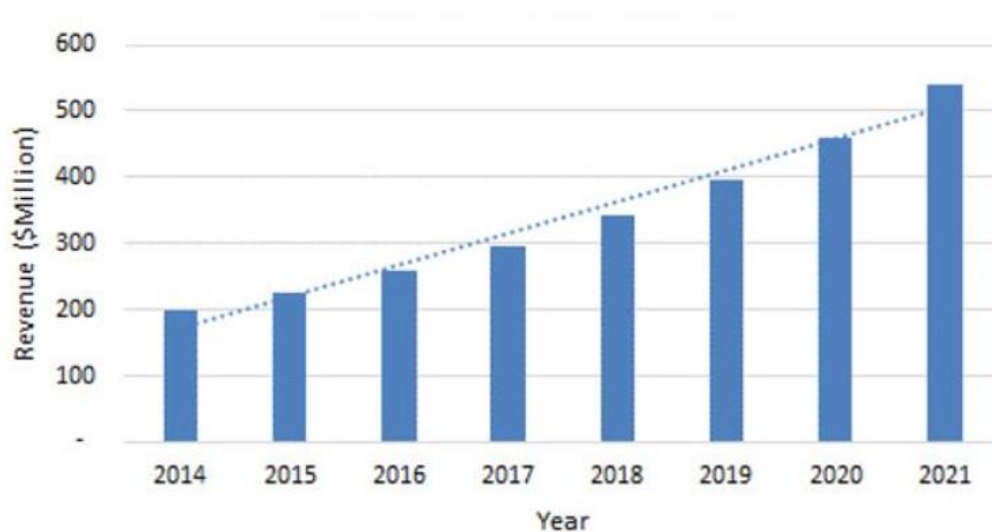


Figure I.2 Asia Pasific Healthy Organic Food Products Market, 2014-2021
(\$ Million)

Source: Allied Market Research (2020)

This is reinforced by Allied Market Research (2020) that healthy organic foods and Beverages in the Asia-Pacific market is expected to reach \$327,600 million by 2022, from \$115,984 million in 2015, at a CAGR of 16.4% from 2016 to 2022. The organic beverages segment occupied a dominant share, accounting for about three-

fifths of the market in 2015, and is expected to maintain this trend during the forecast period. The organic fruits and vegetables and other organic food segments collectively accounted for half of the Asia-Pacific organic food market share in 2015.

In Indonesia, the food and beverage industry has also experienced significant development. It can be seen from the growth in market size which is the largest compared to other industries.

Table I.1 Industry Market Size Growth in Indonesia

No.	Industry	Market Size (%)
1.	Food and Beverages	55
2.	Gadget	42
3.	Telecommunication	37
4.	Toiletries	29
5.	Automotif	29
6.	Dairy Product	16
7.	Cosmetics	16

Source: Kemenperin (2019)

It is also strengthened by the statement of Kemenperin (2019) that the growth of the food and beverage industry has far exceeded the growth of the other industry. The food and beverage industry has a considerable influence on economic growth in Indonesia. The application of a clean and healthy lifestyle is highly recommended to all people in Indonesia despite the presence or absence of the Covid-19 outbreak. This is because maintaining body immunity is very important to keep the body healthy and avoid disease, especially in the community among young people who still have to be assisted. The application of a clean and healthy lifestyle can be done by doing habits such as maintaining a clean environment, regular exercise, and eating nutritious foods.

This opportunity is also what Mamaberry Chips Gourmet is trying to take advantage of. Mamaberry Chips Gourmet is an MSME engaged in the healthy snack food sector. Mamaberry Chips Gourmet was founded in 2017 with a business-to-consumer (B2C) business model, which is a business model that focuses on marketing and selling products to consumers. Based on the results of interviews with the management of Mamaberry Chips Gourmet, Mamaberry Chips Gourmet vision is “to become the reputable brand for healthy snack chips in Indonesia with sales growth every year”. Mamaberry Chips Gourmet’s mission is to provide high quality healthy snacks and gluten free for Indonesians families.

Mamaberry Chips Gourmet comes with a wide selection of types of chips and flavors. There are five variants of salted egg chips that you can choose from. Starting from original potatoes and balado (potato chips), chicken skin (chicken skin chips), fish skin (fish skin chips), to pot-a-edamame (potato mix and crispy edamame) in pouches and jars with prices ranging from IDR 45,000 – IDR 115,000.

During the pandemic, policies encouraging social isolation, staying at home, and other actions encouraged consumers to increase online shopping, use of social media, and internet telephony, among other things. As a result, business-to-consumer (B2C) sales have increased, as has business-to-business (B2B) e-commerce, particularly online sales of medical equipment, household necessities, and food products. During a pandemic, e-commerce can help alleviate several challenges, such as providing data services, improving delivery services, increasing network capacity, and lowering or eliminating transaction fees on digital payments. This is an opportunity for the health food industry to grow, as one example is Mamaberry Chips Gourmet, which sells healthy food products.

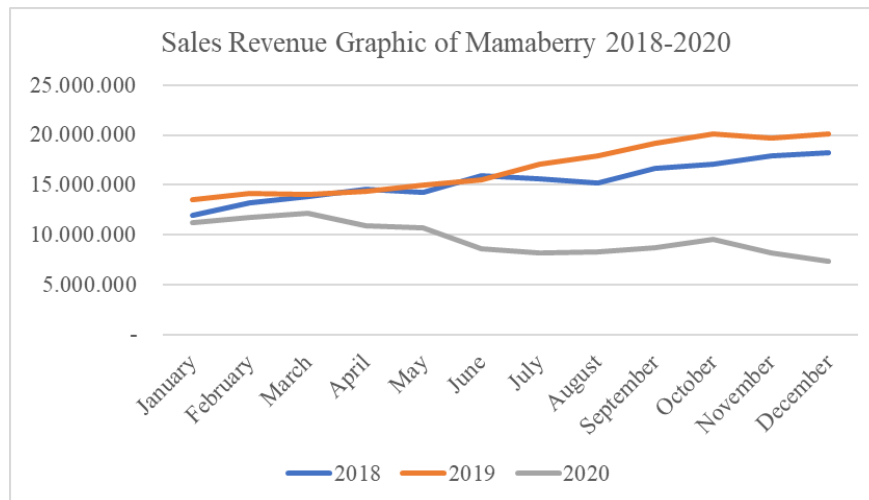


Figure I.3 Comparison Mamaberry Chips Gourmet Sales Revenue 2018-2020

Source: Mamaberry Chips Gourmet (2020)

Figure I.3 shows that Mamaberry Chips Gourmet's income in 2 years from 2018 until 2019 will increase steadily. Unfortunately, Mamaberry Chips Gourmet's sales income in 2020 has decreased very significantly month after month, with the highest sales revenue in March reaching Rp12,139,838. In December 2020 Mamaberry Chips Gourmet's income decreased very drastically, reaching Rp7,333,962. In comparison to 2018 Mamaberry Chips Gourmet sales revenue has increased significantly month after month with average sales revenue of Rp15,380,082 and in 2019 the sales revenue has increased by an average of Rp16,702,253. In 2020 the sales revenue has decreased significantly with an average of Rp9,631,090. As a result, in order to overcome a significant decrease in income and increase sales, the company must develop a good marketing strategy for the future.

In conclusion, Mamaberry Chips Gourmet does not show an advantageous position in the last three years of sales revenue. It does not reach the mission of the company. The vision and mission of Mamaberry Chips Gourmet is to provide healthy and safe snack options for Indonesian families and to become the leading brand for healthy snack chips in Indonesia with sales growth every year.

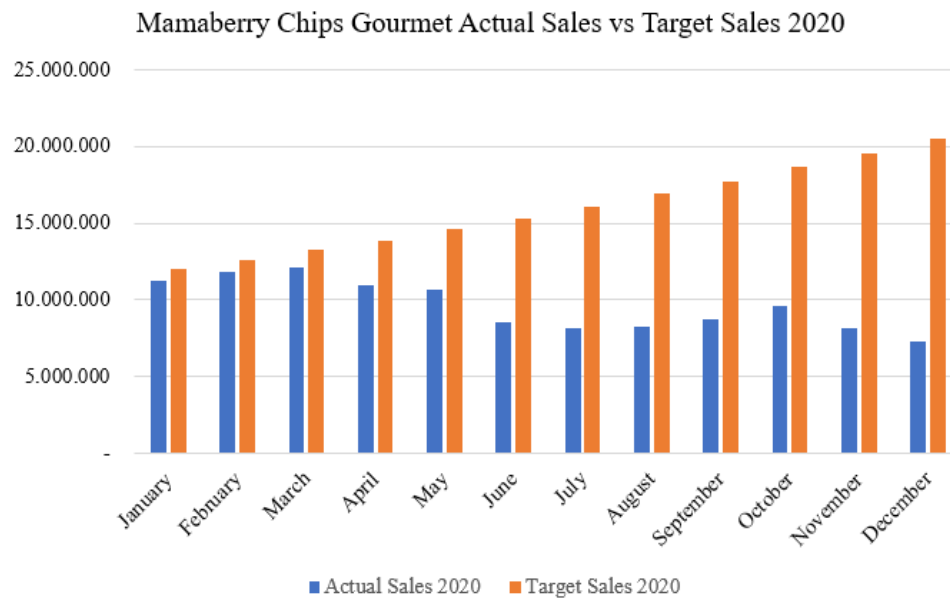


Figure I.4 Actual Sales vs Target Sales 2020

Source: Mamaberry Chips Gourmet (2021)

Based on the data in Figure I.4, it can be seen that during the period January to December 2020 the sales target of Mamaberry Chips Gourmet did not meet the sales target that had been set. In the actual 2020 sales, the average from January to December was Rp.9,631,090, while the sales target from January to December 2020 was Rp.15,917,127. It can be concluded that there is a gap between the current condition and the conditions to be achieved.

In order to strengthen the existing marketing strategy, a comparison of the 4p marketing mix was made with competitors who produce organic healthy snacks including Whole Chips, Everything Banana Chips, and Casa Grata which have the same product segment as Mamaberry Chips Gourmet. Refers to Wheelan, et al., (2016) marketing mix is the specific combination of key variables under a corporation's control that can be used to influence demand and gain a competitive advantage over competitors.

Table I.2 Marketing Mix 4P

Aspects	Mamaberry Chips Gourmet	Whole Chips	Everything Banana Chips	Casa Grata
Product	 • Potato chips • Fish skin • Sweet Potato • Chicken skin • Opak • Edamame • Gluten free • 50gr, 65gr, 75gr,	 • Cassava • Yellow Ube • Purple Ube • Gluten free • 15gr, 90gr	 • Chili garlic • Roasted garlic • Seaweed • Sugar Cinnamon • Black Pepper • 80gr	 • Sea salt crackers • Herbscrackers • Sesame & Chia Crackers • 20gr, 70gr
Price (IDR)	39.000-99.000	4.500-24.900	25.000	15.000-29.500
Place	Offline store :- Online store: Shopee & Tokopedia	Offline store : Namaste Cimahi & Bandung, Numi Alam Sutera Online Store : Shopee & Tokopedia	Offline store: Pantai Indah Kapuk Online store: Shopee, Tokopedia, Official Website	Offline store: - Online store : Shopee, Tokopedia, Blibli, Website.
Promotion	Interactive media (Instagram)	Advertising (Billboard, Facebook ads, Google ads) Interactive media (Instagram), Direct marketing (Reseller),	Advertising (Billboard), Interactive media (Instagram, Official website)	Interactive media (Instagram, Facebook)

Source : Related Brand Information Data (2021)

Based on Table I.2, Analysis of marketing mix is Mamaberry Chips Gourmet has the most six product variants, but the promotional media used limited only uses Instagram social media with a large number of product variants. Ideally, for products that have many variants, there must be an equal effort to communicate the product variants or media that is sufficient to accommodate the market to educate the product variants. By having many product variants, the distribution channel

owned by Mamaberry Chips Gourmet is limited only through the online store. In the range price of IDR 39,000-99,000 the price range owned by Mamaberry Chips Gourmet is from medium to high. Ideally for products that run out quickly, product prices can be affordable and have a wide price range. In comparison, Whole Chips has four using extensive promotional media such as billboards, google ads, interactive media, and resellers. In addition, Whole Chips also has distribution channels offline and online that accommodate them to educate the Whole Chips product variants. Whole Chips also has a more competitive range with a more affordable IDR 4,500-24,900 range. In conclusion, Mamaberry Chips Gourmet's 4PS marketing mix has not yet been able to support one element to another or is weaker than its competitors.

On the other hand, to strengthen the data obtained, an PDCA interview was conducted with the Owner of Mamaberry Chips Gourmet. According to Jagtap and Teli (2015), PDCA can assist an effective and useful problem solving process. It can be very effective in a number of ways. First, it can help create new solutions and improve processes. This is reinforced by Sokovic, Pavletic, and Pipan (2010), the application of the PDCA approach means continuously looking for better methods to make improvements.

Table I.3 Mamaberry Chips Gourmet Owner PDCA Interview

No.	Stages of Strategic Management	Answer
1.	Plan (Strategic planning activities)	- There is no mature marketing strategy planning - No market research done
2.	Do (Strategy Planning Execution)	- Execution is carried out spontaneously only by the owner - Promotion is still limited only through social media Instagram - Does not have one superior product as a signature of the brand - Limited raw material suppliers - Does not have an outlet store due to limited resources - Lack of promotional media

3.	Check (Result after execution)	- Does not reach the company's target - Lacking of feedback from customers
4.	Check (Evaluation after executing the plan)	- There is no evaluation when the strategy is implemented or after it is implemented
5.	Action (Improvement)	- No improvement due to limited resources - Does not have a customer database

Source: Owner of Mamaberry Chips Gourmet (2021)

Based on table I.3, there is currently no mature marketing strategy plan for Mamaberry Chips Gourmet, it can be seen that in terms of promotional activities, Mamaberry Chips Gourmet only relies on promotions from social media Instagram and the e-commerce platform. The owner of Mamaberry Chips Gourmet stated that the response or feedback from the target market is still far from the target set by the company. From the data obtained, Mamaberry Chips Gourmet also does not have a customer database and there is also no checking and evaluation of the marketing strategies that have been implemented.

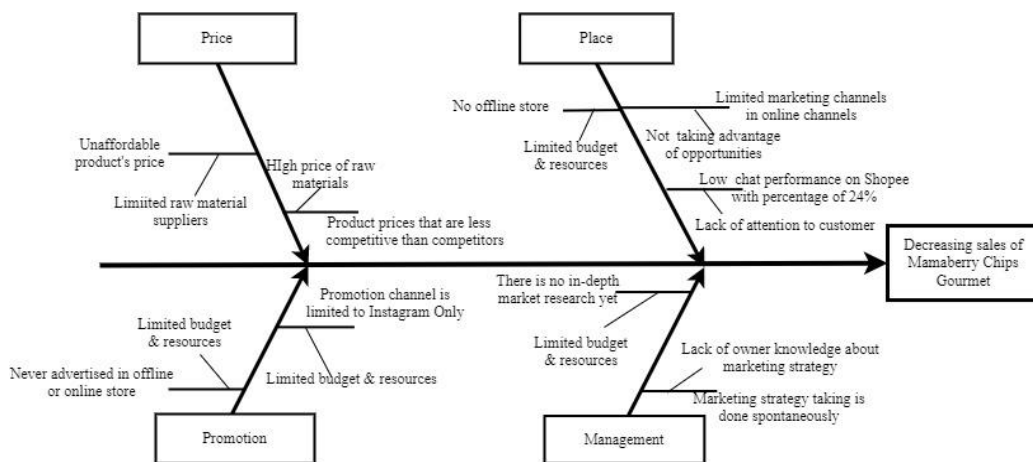


Figure I.5 Fishbone Diagram

Based on the image of figure I.5, it is known that several factors caused the revenue target not to be achieved. These factors include Price, Promotion, Place, and Management. In Price, the problems that occur are in the form of prices that are less competitive than competitors and prices that are less affordable, this is due to the high price of raw materials from suppliers and the limited number of suppliers of

raw materials. In the Place factor, the problems that occur are limited marketing channels in online channels, chat performance on Shopee with a percentage of 24%, and the absence of an offline store. This is due to limited resources and funds. The next factor is Promotion, with problems that occur in the form of having never advertised in offline or online stores and only using Instagram as a promotional medium. The last factor is Management, with the problems that occur are strategy making is done spontaneously, there is no in-depth market research, due to limited human resources & research.

I.2 Alternative Solution

Based on the results of the identification of the root of the problem that has been done previously, several alternative solutions can be identified to solve the problem. The following is the generation of alternative solutions which can be seen in Table I.4.

Table I.4 Alternative Solution

No	Root of The Problem	Potential Solution	Weight
1.	Price: Product prices that are less competitive and affordable compared to competitors	Product development with cheap raw materials (generating more affordable products) in order to compete with competitors.	15%
2.	Place: Limited marketing channels in online channels, low chat performance and absence of offline stores	Designing online marketing programs and offline channels to increase market reach.	15%
3.	Promotion: Limited marketing communication mix	Designing digital marketing programs to increase product brand awareness.	26%
4.	Management: There is no marketing strategy planning done.	Designing an effective marketing strategy to increase sales.	44%

Based on the results of root cause identification and data mining, the main potential problems can be solved by designing an effective marketing strategy to increase sales.

In order to determine which potential solution will be selected, the table I.4 is filled in to describe the value of each potential solution with the criteria of cost, convenience level, execution time, impact of problem solving to determine which potential solution will be the focus for the existing root of problems. Provisions for filling in the table are a score of 1 for the lowest value and a score of 4 for the highest value. The filling of this score is based on the importance or influence of each potential solution on the criteria. The higher the score, the more important the potential solution is to the criteria. Based on discussions with the President Director (Owner) of Mamaberry Chips Gourmet, the following results were obtained.

In the cost criteria, the value describes 1 = the alternative solution requires a very large cost, 2 = a fairly large cost, 3 = a small cost, 4 = a very small cost. The explanation of scores for the convenience level criteria is 1: the level of implementation of alternative solutions is very difficult, 2 = difficult, 3 = relatively easy, 4 = very easy. The explanation of the scores for the execution time criteria is 1: implementation of potential solutions takes a very long time, 2 = relatively long, 3 = relatively short, 4 = very short. The explanation of scores for the impact of problem solving criteria is 1: very small impact, 2 = relatively small impact, 3 = relatively large impact, 4 = very large impact. The explanation of scores for the impact of problem solving criteria is 1: very small impact, 2 = relatively small impact, 3 = relatively large impact, 4 = very large impact.

Table I.5 Comparative Score Between Potential Solutions and Criteria

Criteria	Cost	Convenience Level	Execution time	Impact of Problem Solving	Total Score (%)
Potential Solution 1	2	1	1	1	15%
Potential Solution 2	1	1	1	2	15%
Potential Solution 3	2	2	3	2	26%
Potential Solution 4	4	4	3	4	44%

Source: President Director of Mamaberry Chips Gourmet (2021)

I.3 Problem Formulation

Based on the problems described in the background, the formulation of the problem in this final project is "How to design a marketing strategy for Mamaberry Chips Gourmet to increase sales?".

I.4 Objectives of Research

In order to answer the formulation of the problem that has been identified, this final project aims to design a marketing strategy for Mamaberry Chips Gourmet so that it can increase sales.

I.5 Benefits of Research

It is hoped that this research can provide benefits for:

a. For the company

The results of this research can be taken into consideration in decision making regarding the marketing strategy that will be taken and know the strength of the competitiveness of similar products with other companies.

b. For Future Researcher

As a process of learning and practicing the method studied in college to deal with problems in the real world in this problem product marketing analysis.

c. For readers

As a reference for people who will do research in the future.

I.6 Writing Organization

This final project is described with systematic writing as follows:

Chapter I Introduction

In the introduction, the gap between the needs or ideal conditions with current conditions is accompanied by supporting data. Based on the root of the problem that have been identified, several alternative solutions are formulated to solve the problem. Among the alternative solutions that have been formulated, one solution will appear to be designed.

Chapter II Literature Review

The theoretical foundation chapter contains theories or general concepts related to problems and designs, theories or models or standard frameworks related to problems and designs, and the selection of theories or models or standard frameworks used in the design.

Chapter III Methodology Design

The completion methodology is an explanation of the method that has been selected in the Literature Review chapter. This chapter describes the steps of the final project in details are systematic design, design stage, verification mechanism description and description of the design validation mechanism.

Chapter IV Integrated System Design

All activities in the context of designing an integrated system for problem solving can be written in this chapter. Activities that are carried out can be in the form of data description, design specifications and design standards, design process, and design results.

Chapter V Validation and Evaluation of Design Results

This chapter presents the validation of the design results, evaluation of the design results with sensitivity analysis, and analysis of the implementation plan of the design results using a strategic roadmap.

Chapter VI Conclusion and Suggestions

In this chapter, the conclusions of the problem solving are described and carried out as well as answers to the formulation of the problems that exist in the introductory part. Suggestions for solutions are presented in this chapter for the next final project.