

IMPROVE THE PROMOTION STRATEGY OF KAN JABUNG

Faiqotul Ummah;Charistantya Iddo;Abdul Wahab Hakimy;Shelma Amalia;Tommy Minggus;Ludovica Fortunata Cutrona; Liem Gai Sin, M.Bus (Adv), Ph.D

ABSTRACT

KAN Jabung is a cooperative established in 1979. KAN Jabung is a cooperatives that run several business. But, the main business for KAN Jabung is product from cow. Producing dairy milk for people is one of the core business. Lately, milk is become a vital need for people. Milk is the best way to maintain human good health. Delicious taste will never bored people who consume milk. In fact, milk consumption is raising year by year. But, people in the outskirt of the town still has a minimum consumption. So, team 22 think a strategy that suit in these facts. The strategy is going to take an advantage from minimal educating about milk. Milk nutrition isn't just about the vitamin or calcium, but natural nutrition from milk still brought by the pasteurate ways. Because in UHT way, the nutrition is wasted because of heat and the company has to fill artificial nutrition and in people mindset natural is always better than artificial.

Our effort is based on KAN Jabung vision and mission. Being competitive agribusiness cooperatives, and grow sustainably is KAN Jabung vision. This vision means that KAN Jabung has to improving steadily and sustain the profit. Taking segment in family and kids, KAN Jabung hope is to penetrate this product until accepted by citizen in uptown and downtown.

Keyword:*Milk, Strategy, advantage, profit, uptown, downtown*

1. COMPANY PROFILE

KAN Jabung is a learning organization. As a learning organization KAN Jabung continues to improve the quality of human resources and management systems. As KAN Jabung attributes high value to human resource and management systems development the company did not hesitate to cooperate with other institutions that have competence in their respective fields.

1.1 Vision

Being competitive agribusiness cooperatives, and grow sustainably.

1.2 Mission

To cling to the identity of cooperatives

Improving the quality of life of Members, Employees and Society

Globally oriented and environmentally friendly.

Build human resources devoted and professional.

Following the developments of science and technology.

1.3 Quality Policy

Improve living standards for members by meeting their needs in terms of economic, social, cultural, environmental and technological.

Improving the quality of life of employees to help meet the needs of life, safety, and future security.

Make improvements and development continues to Human Resources and Management Systems toward a culture of the organization, in order to increase the benefits and productivity.

1.4 Willpower

Grow together towards a better tomorrow.

1.5 Motto

Serving & Giving

Management and organizational structure of a complete and orderly is one KAN Jabung organizational excellence. Here we provide a complete organizational structure KAN Jabung today.

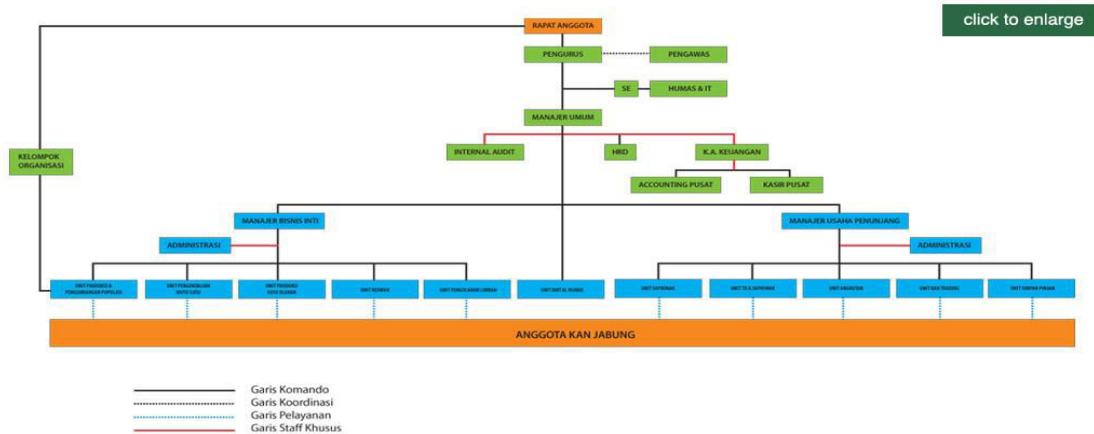


Figure 1. Organization Structure

Address : JL. Suropati 4-6 Kemantren, Jabung Malang 65155
 Website : <https://www.kanjabung.co.id/>
www.jabmilkkanjabung.com
 PIC : Ratna Lidia S. (Marketing Executive)
 0822 3333 2862
 E-mail : kanjabmilk@gmail.com

2. COMPANY READINESS

2.1 CORE (Company Readiness to Export) methods

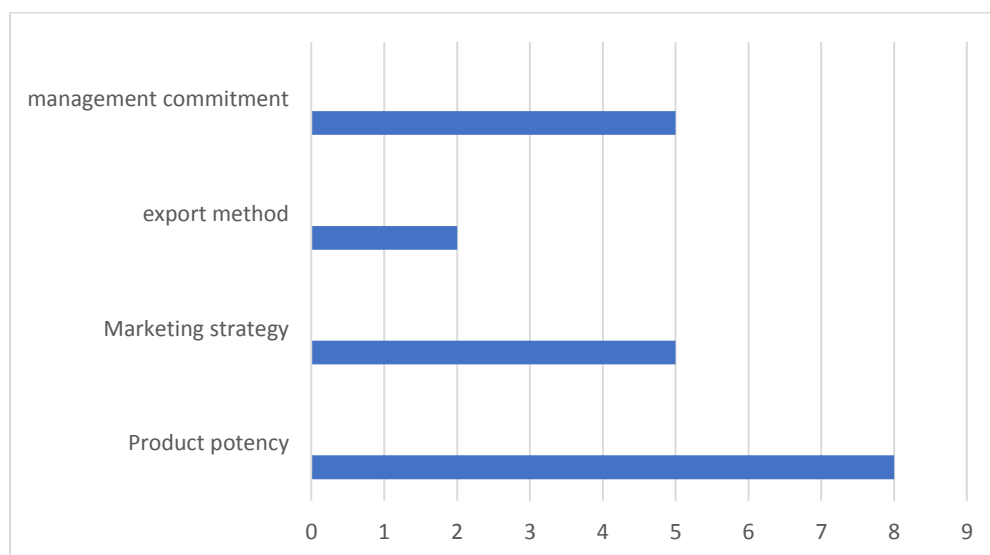


Figure 2. CORE Analysis

2.2 Core analysis

Below there is depicted an analysis of the CORE methods:

Management commitment got 5, the company is already committed to doing business.

Export method was attributed a value of 2 as the company does not generally engage in export transactions.

Marketing strategy

Why do we give a value 5 for marketing strategy, because according to us the strategy of KAN Jabung is good in marketing, the shortage lies from the lack of Manpower.

Product potency

From the results of interviews with KAN Jabung, it can be concluded that the products of KAN Jabung considered to have the potential to compete in the international market. Therefore, we as consultants believe that this product can reach the international market.

2.3 Overview of KAN Jabung's Readiness for Export

From the interviews and CORE analysis, our group concluded that KAN Jabung is not fully ready to start exporting, but in terms of products, KAN Jabung has a potentially expanding product, so we as consultants can assist the company by providing an overview of the steps that need to be taken. KAN Jabung's shortcomings comprise not the product itself, but the company's system. Therefore, the firm must improve the system first and then focus on exports.

On the other hand, KAN Jabung product is very potential to be exported, so this can cover the company's deficiency and become excess product so in the case of export readiness, our group give value 8 out of 10.

3. RECOMMENDED PRODUCT IDEA

A good strategy helps a business focus on the target they serve best and how to satisfying their customer wants or needs by staying focused on profitability. So we suggest Berkat Anugerah to use this strategy:

Segmenting: Geographical

Targeting: ASEAN

Positioning: Based on category product --> Milk which almost all people drink it

Promotion tools: Push Strategy

Pricing: Single Product

Place: Directly to Customer

Things to do

Improving Exposure

Introducing our product through event and occasion.

Education

Educate people to know how good and what the differentiation of our product with the other product.

This is the reasons, why we choose that idea

The types of product that this company sells are:

Pasteurized Milk

Yoghurt

Plain Milk

Frozen

KAN Jabung is located in Malang, Indonesia and currently have some active client such as Rubelan and some agents in downtown and one in Surabaya too.

After providing a general overview about the company and its readiness for export, we are going to examine potential ideas to increase KAN Jabung's brand image and customers' share.

4. COUNTRY SELECTION

In this section, we are going to analyse which are the markets that KAN Jabung should prioritize. Once again, we want to stress the importance of focusing on Indonesian market first. In Indonesia, the shortage of labour for the production of dairy products represents an enormous obstacle because large production cannot be achieved. Consequently, cooperatives such as KAN Jabung cannot meet Indonesia and other developing countries increasing demand for dairy products. However, Indonesian government is issuing policies to promote, incentivise and help to grow cooperatives firms. In addition to this, Indonesian demand for dairy products is constantly increasing. As KAN Jabung is an already established and legitimized company within its district, it could use this as its advantage to further increase its presence in the Indonesian market.

Furthermore, an overview of the business opportunities in ASEAN countries will be provided. ASEAN, Association of Southeast Asian Nations, includes 11 countries namely Thailand, Vietnam, Indonesia, Malaysia, Philippines, Singapore, Myanmar, Cambodia, Laos, Brunei.

First of all, as the company is making a first attempt to export its product, KAN Jabung should target countries closed to Indonesia. The rationale behind is that KAN Jabung would have a better understanding and access of countries not distant from Indonesia. This concept is highlighted in the Uppssala model that sees Internationalization as an incremental process. (Johanson, 1997) As part of this incremental process, firms should export to countries that are closed to their cultures to avoid additional liability of foreignness costs and decrease the risks.

Indonesia

In 2017, the Minister of Agriculture issued a regulation that imposed private dairy business to buy local milk and/or invest in Indonesian farmers' dairy production activities.

This regulation is expected to harm U.S. exports of dairy products in Indonesia. However, this represents an opportunity for firms such as KAN Jabung to get in contact with Private companies to grow substantially within Indonesia.

ASEAN countries business opportunities

ASEAN is one of the largest economic potentials in the world. With a total population of 620 million, ASEAN is a lucrative market for business people. The growth of the middle class and the increase in home expenditure is one of those keys. Therefore, we choose ASEAN and utilize MEA as a bridge to do export.

With the establishment of an integrated economic region in Southeast Asia region known as the ASEAN Economic Community (MEA) or ASEAN Economic Community (AEC), Indonesia and nine other ASEAN members are entering a very tight competition in the economic field. Basically, MEA is a very important container for the progress of ASEAN countries in realizing prosperity so that its existence must be responded positively. And it is expected that countries in Southeast Asia can compete and can put ASEAN into the largest market in the world.

As a dynamic society, we should be able to see more positive impacts from the free market of Southeast Asia or MEA. ASEAN Economic Community or MEA is largely focused on four issues:

MEA as a single market in Southeast Asia that functioned as a unified market place and production base. The creation of such a unified market and production base will eliminate restrictions on the flow of goods, investment, capital, services, and professionals among countries in Southeast Asia.

MEAs are oriented to form a highly competitive economic region with policies, consumer protection, and various agreements to create mutual equitable economic conditions.

Growing Micro Small and Medium Enterprises (MSMEs) that have high competitiveness and supported by ease in obtaining capital.

MEA is integrated with the global economy so that the market reaches the countries in Southeast Asia is much more optimal.

Therefore, MEA will be a good opportunity to boost RI trade because trade barriers tend to decrease, or even become non-existent. This will have an impact on increasing exports, which in turn will increase Indonesia's GDP.

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Asia's leading milk exporters

Top milk exporting countries in Asia

(Unit: \$ million, 2015)

China	40
Thailand	33.1
S. Korea	17.9
Indonesia	10.5
Japan	8.5
Singapore	6.8
Malaysia	4.7
India	4
Vietnam	1.7



Source: United States
Department of
Agriculture/ ANN

Graphic by
Nam Kyung-don
don@heraldcorp.com

Indonesia adds a strong value to ASEAN since it is one of the leading milk exporters in Asia and the quality and quantity of the milks exceed the Asian standard. This Fact help KAN Jabung in promotion, because KAN Jabung doesn't need to introduce Indonesian milk anymore. So the probability of market retention is low.

KAN Jabung has so many options to choose between Indonesia and ASEAN market. Outskirt people of Indonesia still need milk nutrition, Indonesian low milk consumption, one of the leading milk exporter.

5. MARKETING STRATEGY

5.1 Segmentation

Age : 5 – 50

Gender : All Gender

Create a new view of market that this product has more natural benefit than the usual milk product in convenience store. Taking a chance that people lack of knowledge about milk nutrient. Such as the differentiation making method that separate the nutrient from it's origin. This chance can breakthrough in some points because people nowadays looking for natural product to fulfilled their needs. They believe that natural product has more benefit than the artificial one.

5.2 Targeting

According the segmentation, we target kids and moms. Because the highest drinker of milk is kids, and mom is the number one advisor for their family to drink milk. In this targeting, we believe we could step up to the another level in market.

5.3 Positioning

Making Milk from KAN Jabung has many natural benefit. The differentiation from other milk product is from how it is made and prove that we are better than the other. We did a test to compare with other same level product and we won it. We have confident that our product could make a better image than the other.

5.4 Promotion tools

Push strategy: personal selling emphasis and complex new products. Those are things that we think suit the Business to customer where the potential customers can be classified into certain number of location.

As we suggest the company to keep on updating their video promotions as well as its qualities. As we enter the international market, the customer will also need to keep an eye for products' maintenance.

5.5 Pricing

We are using single-pricing. We think that single-pricing method is very suitable for mass product. Every place has the same price. For customer has our own price and for the reseller has one too.

5.6 Place

Directly send some team to sell the product, see how it goes, and evaluate it. In downtown of a city is a good place to sell this. Because they want a natural product and natural nutrient within the milk. The artificial nutrient will bring their worry higher.

6. EXPORT PROCESS

Exporters should seriously consider having the freight forwarder handle the formidable amount of documentation that exporting requires; freight forwarders are specialists in this process. The following documents are commonly used in exporting; which of them are actually used in each case depends on the requirements of both our government and the government of the importing country

EXPORT CLEARANCE COMPLIANCE

Customs declaration of export goods through EDI system.

To be eligible for export EDI customs declaration, company doing export must have MOU with Indonesia Customs.

Export cargo may be assigned by customs to either GREEN or RED Lane.

Documents Required

PEB (EXPORT DECLARATION FORM)

Original Invoice

Original Packing List

Related Certificate for certain items

Relevant and valid permits for controlled items

As per Indonesia Customs EDI Export systems, which may call for the pre-inspection of export goods if Customs EDI response effects RED LANE, therefore, Export Declaration Form should therefore be submitted to Customs EDI two days in advance.

IMPORT CLEARANCE COMPLIANCE

Customs declaration of import goods through EDI system.

To be eligible for import EDI customs declaration, company doing import must have MOU with Indonesia Customs.

Importer must be a registered company with a valid import license.

Import cargo may be assigned by customs to either GREEN or RED Lane.

Documents Required

PIB (IMPORT DECLARATION FORM)

Bill of Lading

Original Invoice

Original Packing List

Import License

Copy of Importer's VAT form

Paid duties and tax form

Insurance

Power of Attorney

Related Certificate for certain items

Relevant and valid permits for controlled items

It is advisable to have complete set of import documents at least 2 days before the arrival of vessel to enable correction of documents.

In general the customs procedures for export import are as follows:

The exported goods must be reported in advanced to the customs office by filling out the export declaration (PEB) documents.

- PEB registration must include Company Master Number (NIPER) and is provided with complementary documents. PEB must be submitted no sooner than 7 days before the estimation date of export and no later than prior the exported goods enter the Custom Area. Customs complementary documents
- Invoice and Packing List
- Payment Receipt of State Non-Tax Revenue (PNBP).
- Payment Receipt of Custom Exit (in case of exported goods subject to customs exit)
- Documents from related technical institutions (in case the exported goods subject to provision of prohibition and/or restrictions)
- At the customs office that implements PDE (Pertukaran Data Elektronik - Electronic Data Exchange) system, the customs, exporter/PPJK (Pengusaha Pengurusan Jasa Kepabeanan – Customs Clearance Service Company) are obliged to deliver PEB using Customs PDE system.
- The settlement of export tax if the exported goods subject to export tax. The delivery of PEB can be done by exporter or being authorized to PPJK.
- Physical and documents checks of the exported goods
- Approval and loading of exported goods to the carriers

7. EXPORT RISK

The risk that will occur in KAN JAbung if export is a lack of public interest on this product, because this product is a product that is not well known, so the market competitiveness of KAN Jabung will be lost to products that are well known and have a brand.

8. RECOMMENDATION

KAN Jabung is not fully ready to start exporting, but in terms of products, KAN JAbung has a potentially expanding product, so we as consultants can assist in export readiness for KAN Jabung. Because the shortcomings of KAN JABUNG exist on the company's system is not the product, so in our opinion, KAN jabung must improve the system in the company first then can do the export with the help of us as a consultant. on the other hand, KAN Jabung product is very potential to be exported, so this can cover the company's deficiency and become excess product so in the case of export readiness, our group give value 8 out of 10.

9. CONCLUSION

KAN Jabung is a business that has a product that has the potential to be marketed to the international market. but to achieve the desired success, KAN Jabung must improve the marketing strategy that exist in the company, in order to compete in the international market.

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