

Enhancing Product Quality and Marketing to Compete with Similar Businesses at Panca Perkasa Coffee Milling Company

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Abstract

Purpose: This research aims to enhance Panca Perkasa Coffee Milling Company's competitiveness amidst intense competition with similar UMKMs, which has led to a decline in coffee product sales and negatively impacted the company's growth. The study identifies strengths such as affordable prices, accepted quality, consistent production capacity, and preservative-free raw materials while noting product development and monitoring weaknesses.

Method: The study utilizes a mixed-method approach, combining qualitative and quantitative research designs. Data collection methods include surveys, interviews with key stakeholders, and analysis of sales and production records. Analytical techniques involve SWOT analysis to assess strengths, weaknesses, opportunities, and threats, alongside statistical methods to evaluate sales trends and customer preferences.

Practical Applications: The findings suggest practical strategies for network expansion, such as forming partnerships with distributor agents and leveraging technology, especially social media, to reach broader markets and attract new customers. Additionally, maintaining price stability, improving product quality, ensuring production continuity, and introducing attractive packaging innovations are recommended to boost competitiveness.

Conclusion: The study concludes that implementing the identified strategies can significantly enhance Panca Perkasa Coffee Milling Company's market presence and sales. The results highlight the importance of strategic marketing, technological utilization, and continuous product improvement in overcoming competition and fostering business growth.



Introduction

Field Work Practice (PKL) is a mandatory activity for National Education University (UNDIKNAS) students in Denpasar. This activity provides students with a real-world understanding of the work environment, teaches them to work, and boosts their confidence in the workplace (Aksa, 2023; Huda et al., 2022). This activity aims to equip students with practical skills, preparing them to work in their respective fields based on their knowledge and technology. One of the companies offering this opportunity is Panca Perkasa Coffee Milling.

Indonesia, being an agrarian country, relies on the agricultural sector as a source of livelihood and a pillar of development. The agricultural sector plays a crucial role in economic growth, with coffee being a notable commodity in the plantation subsector with excellent growth prospects (Anggarawati & Nasution, 2023; Syahrial et al., 2023). The domestic coffee industry is diverse, ranging from home-based industries to multinational coffee companies. The products cater to domestic and international consumption, making the domestic coffee market attractive for entrepreneurs and conducive for investment (Pratama et al., 2023).

According to (Khasanah et al., 2021) coffee is a beloved beverage worldwide and an integral part of daily life. It is a significant global trade commodity, linking developing countries, which are major producers, to developed nations, the primary consumers (Legesse, 2019). Coffee is the third most consumed beverage globally, after water and tea. The industry's growth positively impacts major coffee-producing countries, supporting the livelihoods of over 125 million people worldwide. Indonesia ranks fourth among the world's largest coffee producers, following Brazil, Colombia, and Vietnam (Ibnu & Rosanti, 2022; Silva et al., 2023).

There are two main types of coffee: Arabica and Robusta. Robusta coffee contains slightly more caffeine than Arabica. In Indonesia, Robusta coffee accounts for 87.1% of the country's total coffee production. It is traded in various forms, including coffee beans, roasted coffee, ground coffee, instant coffee, and other coffee-containing products. Robusta coffee plants adapt better than Arabica, growing well in lower altitudes, making them prevalent in Indonesia (Kurnia, 2023; Nugroho, 2021; Syaputra, 2019).

Panca Perkasa Coffee Milling is a household industry established in 1968 in Klungkung, Bali, specializing in producing high-quality Robusta coffee powder. The selected coffee beans are of the finest quality from Pupuan Tabanan Village, Bali. The beans are processed into consumable coffee powder, starting with sorting by soaking in water—floating beans indicate lower quality. The soaked beans are then milled, sun-dried, roasted until brown, ground into powder, cooled, and packaged. To consume, the coffee powder is brewed with hot water.

Panca Perkasa Coffee Milling consistently maintains and enhances the quality of its products to ensure competitiveness and high market value, surpassing other small and medium enterprises (SMEs). Quality control from raw material procurement to the final product is crucial to preserving the quality of coffee powder during storage. Every processing stage must be meticulously executed to produce high-quality coffee powder.

Method

The methods used in this Field Work Practice (PKL) involved a comprehensive approach to understanding and participating in the coffee production process at Panca Perkasa Coffee Milling. The primary focus was on integrating theoretical knowledge with practical skills in a real-world setting. The marketing strategy focused on product pricing, distribution policies, and advertising opportunities. The company aimed to expand its market reach by leveraging partnerships with distributor agents and using social media to attract potential customers. Maintaining competitive prices, enhancing product quality, and ensuring continuity were essential components of the strategy. By integrating these methods, Panca Perkasa Coffee Milling maintained high standards in production while developing effective marketing strategies to enhance their market presence and competitiveness.

Result

Human Resources (HR) are the main factor of production for converting raw materials into products (Bodenchuk, 2022; Kusnadi & Riyanto, 2022). The HR team is led by a production manager responsible for managing all production factors and motivating the HR team to think productively. This ensures they can select suitable raw materials in terms of quality and quantity, determine effective production methods, and operate machinery efficiently to produce competitive market products. The roasting and grinding of coffee should ideally be integrated into a single package, with the process stages sequentially starting from the raw material selection. According to (Setyani et al., 2018), the diverse physical characteristics of coffee cherries in shape and size can cause the horn skin to peel along with the fruit skin. Coffee beans without the horn skin are more prone to physical and flavour degradation than those still encased in it. Therefore, sorting coffee by size helps reduce defects caused by processing. The subsequent stages include roasting, blending, grinding, and packaging, with the type, volume, and form of packaging chosen according to the target market.

Moreover, production capacity is realistically determined based on market absorption, covering small to medium-scale industries [IKM]. An integrated production unit ensures more consistent product quality with competitive production costs. The production target is set based on market demand. Quality control should adhere to the standard quality criteria for coffee powder and be monitored regularly and systematically. This activity aims to detect deviations at each process stage to quickly and accurately implement precise corrective actions.

The high number of competitors among similar SMEs intensifies competition for the market. This competition poses a challenge for Panca Perkasa Coffee Milling in marketing, especially since the company experienced a period of inactivity since its inception.

Marketing activities, known as the marketing mix, fundamentally focus on product pricing, distribution policies, and advertising opportunities. Effective marketing requires a strategy that contributes to the company's goals: improving product quality and expanding distribution networks. Marketing involves not just sales but also fulfilling orders, scheduling deliveries to consumers, encouraging repeat purchases, and fostering long-term business relationships. Many modern marketing activities use digital technology and computers for optimal decision-making.

To address the challenges faced by Panca Perkasa Coffee Milling, the company must take several actions to build and develop the business further. These include expanding marketing networks by establishing partnerships with distributor agents and leveraging technology such as social media to broaden the market and attract potential customers. Maintaining competitive prices, improving quality, ensuring product continuity, and introducing innovations like attractive packaging can enhance competitiveness. The smoothness of production and marketing processes significantly influences business success. Advances in information and communication technology impact trading systems. Internet-based information systems are essential for expanding marketing reach and increasing sales turnover (Supaya et al., 2021). This will help the company's products grow and succeed.

Discussion

Marketing activities primarily focus on product pricing, distribution policies, and advertising opportunities, known as the marketing mix. Effective marketing requires a strategy that contributes to the company's goals: improving product quality and expanding distribution networks. Marketing involves not just sales but also fulfilling orders, scheduling deliveries to consumers, encouraging repeat purchases, and fostering long-term business relationships. Nowadays, many marketing activities leverage digital technology and computers to make optimal decisions.

Panca Perkasa Coffee Milling's strengths include affordable prices, acceptable product quality, consistent production capacity, and preservative-free raw materials. However, the company's weaknesses include limited product development and inadequate supervision and evaluation. Intense competition from similar SMEs makes it challenging to expand the consumer base. This business group's marketing method is quite simple: relying on word-of-mouth promotion and selling to several restaurants, hotels, and villas.

Competition among similar SMEs involves product quality, pricing, and marketing efforts. As the business grows, Panca Perkasa Coffee Milling faces difficulties in marketing due to tight competition, resulting in decreased consumer purchasing power for their products. These issues prevent the business from fully benefiting from its activities. Suboptimal marketing activities result in relatively low sales of processed products. Therefore, a strategy related to marketing aspects is needed to address the problems faced by the business.

Conclusion

Field Work Practice (PKL) is a mandatory activity for National Education University (UNDIKNAS) students in Denpasar. This activity provides students with an understanding of real-world working conditions, teaches them how to work, and builds their confidence in the workplace. This activity aims to equip students with practical skills, preparing them to work in their respective fields based on their knowledge and technology.

Panca Perkasa Coffee Milling is a household industry located in Klungkung, Bali, established in 1968. This company excels in producing Robusta coffee powder. The coffee beans selected are of the highest quality, sourced from Pupuan Tabanan Village, Bali.

The strengths of Panca Perkasa Coffee Milling include affordable product prices, accepted quality of the coffee powder, consistent production capacity, and preservative-free raw materials. However, the increasing competition from similar SMEs makes it challenging for Panca Perkasa Coffee Milling to expand its consumer base. The company needs to take steps to build and develop itself further to overcome these challenges. By doing so, the company's products will grow and succeed significantly.

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