

ANALYSIS OF THE STRATEGY FOR DEVELOPING MSMEs OF BANANA CHIPS FOOD SUPPLY CHAIN

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Abstract

Micro, Small, and Medium Enterprises (MSMEs) in Indonesia play a fairly strategic role in the nation's economy. With one of the considerable potentials in the banana chip MSME center, it can be an opportunity in a business carried out by utilizing the supply chain. The supply chain in a business is very important to implement, where the availability and distribution of existing goods will greatly affect the sustainability of a business being run. This study aims to analyze the supply chain development strategy of banana chip food MSMEs by using an interactive model data analysis developed by Miles & Huberman. The results revealed that the supply chain development strategy of MSMEs in banana chip food includes product development, inventory, distribution and marketing, as well as consumers. Hence, an alternative supply chain model can be developed from the analysis of channel development and wider marketing distribution to dominate the existing market share in order to achieve the goals of a business run by a banana chip entrepreneur.

Keywords: *Strategy, Supply Chain, Management, MSME*

1. INTRODUCTION

Indonesia has a great deal of potential in terms of MSMEs. Banana chip SMEs are one of them. Where banana chips are an industrial business that can develop its own market through supply chain development. Small and medium-sized banana chip businesses can create new jobs as they grow. Due to the situation, it controls up to 99% of all business in Indonesia.

The availability and distribution of goods have a significant impact on the long-term viability of a business's supply chain (Aprilia, 2021). Supply Chain Management (SCM) is a set of methods for integrating suppliers, warehouses, and other areas of an employer's warehouse in an efficient manner (Rosyidah, 2017). The resultant product can be distributed at the optimal quantity, location, and time to minimize costs and maximize customer satisfaction. SCM aims to make the entire system efficient and effective by minimizing costs associated with transportation, distribution, inventory of raw materials, work-in-process, and finished goods (Arif, 2018). According to Warella et al., (2021), several major stakeholders are interested in supply chain management: suppliers, manufacturers, distributors, retailers, and consumers.

Based on the preceding context, the purpose of this study is to analyze and develop a supply chain strategy model for banana chips MSMEs. Hence, this study focuses on the creation of a supply chain strategy model for banana chips MSMEs.

2. RESEARCH METHOD

The research method used in this study is qualitative in nature and is based on an investigation of existing theories and the results of previous research from existing theories, and the results of previous studies have been collected and analyzed which then the results of thoughts are presented in the form of research discussions.

3. RESULT AND DISCUSSION

3.1. Condition of MSMEs in Indonesia

The Ministry of National Development Planning (also known as Bapenas) reports that Indonesia's economic growth has recently increased by 0.5%. One of the pillars of economic growth can be seen in the movement of key Micro and Small Enterprise activities in both the traditional and modern sectors (MSMEs) (Cahyono et al., 2019). This independent company, operated by the lower middle class, plays a crucial role as a motor for the national economy. Micro, small, and medium-sized enterprises (MSMEs) are strengthened by the fact that they are dispersed throughout the nation and control approximately 99% of Indonesian business activities, of which more than 98% are micro businesses. It also has advantages in a number of other areas, such as special focus capabilities, country flexibility, low cost, and innovation speed (Sinuraya, 2020).

3.2. Product Development

Banana chips can be flavored in a variety of ways, including original, sweet, and spicy, at chip shops to facilitate product development. In addition to banana chips, potato and cassava chips are also available at the chip vending machines. Nevertheless, it is best known as the center of banana chips. Not only is there a "Sale" banana chip souvenir center as a product variation that aims to maintain a longer product life cycle (Pujawan, 2010), but there is also a center for micro, small, and medium-sized enterprises (MSMEs). In addition to product variants, innovation in the form of banana chips is utilized in product development. If the chips were previously only available in longitudinal slices, they are now available in thin slices similar to potato chips. Previously, powder form was used for banana chip flavoring. At present, a liquid flavoring is used. In addition to product and flavor variations, packaging sizes are also subject to change. From 100 grams to 1 kilogram in terms of packaging. The price per kilogram of banana chips ranges between Rp. 35.000 up to Rp. 40.000

According to the supply chain perspective, the design of new products is one of the most crucial functions, along with the procurement of raw materials, production, and distribution (Pujawan, 2010). Fisher (1997) explains that the supply chain functions can be roughly divided into two categories: the physical function and the market mediation function. In addition to market research and after-sales service, the development of new products falls under the market mediation function. One of the responsibilities of the product development section is the creation of new products. MSME Chips's product development is inseparable from previous market research. Younger consumers, for instance, prefer thin slices to longitudinal slices when it comes to variations in the shape of chips. Consequently, as a result of this development, banana chips are gaining popularity among a variety of demographics.

In the current era, where product variety is the most important aspect of market competition, companies, in this case Banana Chips MSMEs, must have the most efficient means of creating new variants without introducing excessive complexity into their own supply chain (Pujawan, 2010).

3.3. Supply

In studies of supply chains, product return management determines a company's competitiveness (Pujawan, 2010). However, there is no product return management in the business practices of Banana Chips small and medium-sized enterprises. The inventory will be discarded if the product has expired or is no longer fit for consumption. On the basis of inventory classification according to its function (Pujawan, 2010). Due to the seasonal nature of product demand, Banana Chips SMBs must implement Anticipation Stock, or the inventory required to anticipate an increase in demand. Companies can predict significant spikes and patterns in the number of random requests by predicting certain conditions (Cuandra et al., 2022).

3.4. Distribution and Marketing

Banana chips Small and medium-sized enterprises must utilize short product distribution channels. This short distribution channel indicates that the product is distributed directly from the manufacturer to the final consumer. Almost all chip business actors manufacture and sell their own chips, which they then resell at their outlets. There are also a few establishments that do not manufacture their own chips but instead purchase them from other vendors. Most farmers, producers, and sellers are the same individual. MSME actors choose the short distribution channel due to the low latency of raw materials and lower production costs. The vast majority of banana chip MSMEs perform almost all supply chain activities themselves, including product design, manufacturing, and distribution (Pujawan, 2010).

3.5. Consumer

Designing the supply chain network is a strategic activity that involves determining the location, number, and capacity of manufacturing and distribution facilities within the supply chain network (Pujawan, 2010). According to Klibi et al., (2010), the purpose of a supply chain network is to satisfy customer demands. Obviously, customer requirements can fluctuate over time. On the customer side, a strong supply chain network can provide a high level of reaction speed, inclusive of services and especially product availability (Sourirajan et al., 2009). In the context of the supply chain, the cost of providing highly responsive services must continue to adhere to the principle of efficiency.

3.6. Supply Chain Strategy for Banana Chips SMEs

The following is the supply chain model applied by the Banana Chips SMEs:



Figure 1 Supply Chain Model Applied by Banana Chips MSMEs

In this model, producers can directly sell chips to consumers. Producers can sell their goods directly to consumers through an online marketplace. However, in this instance, the seller must possess sales process expertise. Because consumers have their own interests in comparing products to one another.

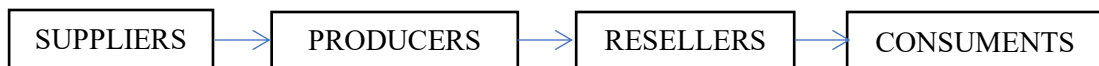


Figure 2 Supply Chain Model Applied by Banana Chips MSMEs

In this model, sellers do not produce the chips they sell, but instead acquire them from other sellers or shops that produce chips which is from suppliers. Producers and retailers both sell chip products, so that sellers don't have to consider the production process, which requires raw materials, and they don't have to be concerned that the inventory of goods for sale lacks consumer appeal.

Therefore, in order for the micro, small, and medium-sized enterprises (MSMEs) producing banana chips to meet the supply chain strategy's target, the seller must understand the product and market characteristics. In addition, (Mulyati, 2017) by utilizing a decoupling point as a point of convergence between customer requests and activities based on forecasting. Obviously, this will influence product inventory. Additionally, in order to optimize the supply chain, the distribution and marketing of products that have received less attention must be enhanced. The scope of the product marketing area must expand and innovations must be implemented. It is possible to develop Figure 2 in supply chain management in order to expand the product marketing area.

Banana chips MSMEs can become wholesalers, launch an online sales system via resellers, and supply products to retailers. Thus, it is necessary to increase product marketing resources. Through the presence of resellers, limited sales resources can be overcome (Sudarwati & Satya, 2013). These resellers may be members of the general public or even students. There are currently a large number of students who sell online as resellers of other people's products while studying.

If Banana chips MSMEs are able to capitalize on this momentum, it will be to the advantage of both parties. This reseller system will assist small and medium-sized businesses that manufacture chips. Banana chips MSMEs will benefit greatly from the assistance of resellers, who are primarily students with extensive knowledge of information technology and digital marketing. One of the applications of information technology in the supply chain is the marketing network. Additional applications (Pujawan, 2010) include:

- a. Gathering information,
- b. Provides access from a single point of contact,
- c. Analyze, plan and make tradeoffs based on information,
- d. Collaboration with partners.

4. CONCLUSION

MSMEs can be one of the proofs of supporting the Indonesian economy. One of them is the banana chip SMEs which have implemented supply chains in their development by designing new products to dominate market share. The supply chain carried out by entrepreneurs in the distribution process in the development process can expand the scope of the product marketing area by carrying out various innovations. Therefore, Model 2 in supply chain management can be developed to expand the product marketing area. Chip producers can become wholesalers and start to open an online sales system through resellers and supply retailers' products. Thus, resources must also be increased in terms of product marketing.

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