

PT XYZ PERISHABLE GOODS PRODUCTION STRATEGY IN 2023

Ribka Revinda Pracoyo¹, Salsabila Anindisa Sembodro², Subandi³,
Sekar Widyastuti Pratiwi⁴

^{1,2,3,4} Institut Transportasi dan Logistik Trisakti, Jakarta, Indonesia

* corresponding author: sanindisaaa@gmail.com,
ribkarevindapcy@gmail.com, Subandigue@gmail.com,
Sekarwidy10@gmail.com

Abstract: This study is based on development of agroindustry in Indonesia to determine the strategies used in the effort to compete with other agroindustry company. The main purpose of determining strategy so that PT XYZ as agroindustry company can see the internal and external condition in the company objectively in order to compete with the other agroindustri beef meltique company. Therefore, this study provides information on how important the strategy production such as the production process, storage, and distribution until the goods reach the consumer in a state where the quality of the product is always maintained.

Keywords: *SWOT, First Mile, Production Strategy, Cold Storage*

Introduction (Include Literature Review)

Currently, many variations of processed foodstuffs are circulating in restaurants, supermarkets, or even in our refrigerators. There are many types of frozen food products in circulation. They start with processed fruits, vegetables and processed meat.

Consumption of meat has become a habit of society, and of course, people are familiar with beef as their daily foods. Beef can be processed into a variety of dishes, including steak. A steak is a piece of meat cooked by grilling method. The beef that is famous for being juicy and savory is wagyu. Wagyu is a term for cows from Japan that is famous for its enjoyment but has a relatively high price.

PT XYZ is a beef meltique processing company. PT XYZ processes beef, with the melt process. It is a process that beef is injected with vegetable

fat to get marbling as same as wagyu. PT XYZ offers wagyu-like meat at an affordable price. The development of the food processing industry is now increasingly rapid, and this can see from a large number of successful requests, especially during peak seasons. Stock availability is a serious problem because the lack of production machines causes safety stock to hamper and cannot meet customer demands optimally.

At the production (procurement) stage, the problem is the availability of production machines to fulfill production capacity. Then the issue at the collection and storage stage is the lack of availability of facilities (cold storage) and the availability of essential infrastructures such as electricity, clean water, and others. Availability (unplug reefer) is a different problem at the transportation stage.

Literature Review

First mile is the stage where the product is taken from the factory and handed over to the logistics party to the warehouse or distribution center. (Halldórsson, Altuntas Vural, and Wehner 2019)

The more goods that are processed, the greater the warehouse is needed. If the existing warehouse cannot accommodate these goods, an additional warehouse is required by renting a warehouse which will affect costs. The warehouse has a vital role as a temporary storage place before the goods are processed and made into finished goods ready to be distributed. PT XYZ uses cold storage as the primary storage, which utilizes low temperatures to maintain the quality of its products. The potential for increasing demand for cold chains in Indonesia is enormous, especially in the beef industry.

According to Husein Umar (1999), Strategic Management is an art and science of making (formulating), applying, and evaluating strategic decisions between functions that enable organizations to achieve future goals. Strategic Management is more than just making and implementing strategic plans. However, in a broader scope is a continuous process that includes all

activities carried out to make plans, actions, and policies to achieve the goals or mission of a company.

There are three kinds of analysis needed to prepare strategic management for manufacturing companies; namely internal environmental analysis, external environmental analysis, and strategic environmental analysis. Research of the company's internal and external environment using the SWOT method (Strengths, Weaknesses, Opportunities, and Threats) is required to obtain beneficial strategic choices for the future. Build strengths, reduce weaknesses, expand opportunities and ward off threats. Several things influence a company's strategic management are the importance of customers, continuous improvement, performance measurement, cultural transformation, and involvement of company management. (An and Ramadhannyb 2020)

According to Galavan (2014), SWOT analysis (Strength, Weakness, Opportunity, and Threat) is an analysis to obtain beneficial or effective strategies that implement according to the market and general conditions at that time. Opportunities and threats are used to determine the external environment and then the strengths and weaknesses are obtained through analysis within the company or internally. (Pemasaran 2014)

SWOT analysis is a method to describe and compare how the conditions and ways to evaluate a business problem and project based on external and internal factors.

According to Irham (2013), analyzing more SWOT can be seen with external and internal factors.

a. External Factors

Factors outside the company will affect the formation of opportunities and threats, usually from outside the company. These external factors include macro business, industrial, law, politics, and social media.

b. Internal Factors

When considering the influence from within the company, several factors can influence how the company can achieve a result. These factors are very close

and can control by the company. These factors include functional organizations such as human resources, physical resources such as property and assets, marketing, financial resources, and management and operational information systems.

Method

The method used in this research is the qualitative method. This qualitative method was a direct interview with the resource person. Interviews were conducted by directly visiting the company, PT XYZ, located on Cileungsi-Jonggol, West Java. The data collected is primary data in the form of interviews.

SWOT analysis is an analytical technique used to evaluate strengths, weaknesses, opportunities, and threats. The stage for implementing SWOT analysis is by visualizing a SWOT analysis diagram or matrix, then preparing goals such as identifying what strategy you want to develop, then brainstorming with the relevant team, after determining the objectives of the SWOT analysis and gathering input from the group. You can conduct a SWOT analysis for the next step. The four components in the diagram develop a strategy for the present and the future. (Majid et al. 2022)

The research at PT XYZ uses qualitative methods, which data collection is carried out by observation and interviews with employees and consumers. The problem-solving methodology used in the analysis of the finished product production system using the SWOT method is as follows:

1. Determination of research problems and objectives
2. Identify the Cold Supply Chain system that affects the distribution and production of PT XYZ products
3. Identify the marketing area of PT XYZ
4. the production system uses a cold chain to distribute finished products and raw materials. The method used is the SWOT, which sees in terms of Strength, Weakness, Opportunity, and Threats.
5. Making decisions from the results of the analysis.

Table 1. Matrix SWOT

IFAS	STRENGTH (S) Determine 5-10 internal strength factors	Weakness (W) Determine internal strength factors
EFAS	STRATEGI SO Create strategies that use strengths to take advantage of opportunities	STRATEGI WO Create strategies that minimize weaknesses to take advantage of opportunities
Threats (T) Determine external threat factors	STRATEGI ST Create strategies that use strength to overcome threats	STRATEGI WT Create strategies that minimize weaknesses and avoid threats

Source:(Rangkuti 2019)

Discussion and Result

Meltique meat agroindustry is an individual business led by Mr. Dave Kevin Hutomo Poetra, known as Mr. Kevin. PT XYZ's Agroindustry is located at Jalan Mekarsari Cileungsi-Jonggol. PT XYZ agroindustry is an agroindustry that processes raw meat into a finished good.

The process of producing and distributing meltique meat at PT XYZ carries daily. Meat Melt Agroindustry PT XYZ in distributing its products markets to well-known restaurants such as *Sushi Tei*, *FOGO*, *Waroeng Steak*, and *Steak 21*, as well as to retailers such as AEON in the Jabodetabek area. The production strategy that includes the most critical variables that the Agroindustry has implemented describes as follows:

1. Packaging

Packaging is a vital thing in Agroindustry activities. Packaging also affects the quality of our products. Besides that, it also influences consumers to make choices about what products they want to consume.

2. Service

Agroindustry PT XYZ always strives to satisfy its customers. One of the efforts made to meet customer satisfaction is by exchanging damaged

products due to quality control errors on product quality and lack of attention to temperature during distribution which results in decrease in the quality of the meat melt. PT XYZ maintains customers' trust by replacing damaged or unfit meat according to the customers' demand. Usually, some customers exchange for products that are still eligible and reduce the price on the invoice.

3. Distribution Strategy

Distribution is the final marketing series that needs to be carried out by PT XYZ Meat Meltique Agroindustry to deliver its products to consumers.

The existence of timely product delivery by distributing distribution using a cold chain system to consumers cannot separate from 3 main aspects of distribution, namely:

(1) Transportation System

The transportation equipment used by the Agroindustry in the distribution of meltique meat products is one CDD and CDE truck accompanied by a cold chain system with a cooling truck room temperature of around -15°C to distribute it to consumers'.

(2) Storage System

PT XYZ Agroindustry, always store their products in their production because after the meltique meat produces, it goes through a packaging process, then it is stored in cold storage using in -15°C so that the product quality is still hygienic and the quality is maintained. Afterward, PT XYZ distributed them to restaurants and retailers in Jabodetabek City.

Table 2. Analysis SWOT

IFE	
<i>STRENGTH</i>	<i>WEAKNESS</i>
<ol style="list-style-type: none"> 1. Good personal branding of the public makes the demand for meat melt from within and outside the country. 2. Meat melt from PT XYZ is well known by many famous restaurants. 3. The taste, quality, and price are guaranteed & affordable 4. Relatively guaranteed goods 5. The meat used by PT XYZ is an imported from Australia 6. Effective administrative process 	<ol style="list-style-type: none"> 1. Lack of production machines is one of the weaknesses of PT XYZ. The current devices are not sufficient to meet the existing demand, especially during the seasonal season. In one production PT XYZ can't be sure because it's not certain, but it usually reaches 6-10 tons in a day 2. Warehouses that are not large enough and are not ready to meet the existing demand. Currently, PT XYZ can only accommodate as much as 300 tons to store raw materials, which causes them not to be able to meet the existing demand and choose to hold orders or sometimes refuse to maintain customer satisfaction. 3. Reluctant to expand 4. The technology, which is used to control the temperature still manually, not automatically.
EFE	
<i>OPPORTUNITIES</i>	<i>THREATS</i>
<ol style="list-style-type: none"> 1. Market share is certain (captive market) and has regular customers. 2. The most advanced meat processing technology will increase the factory's productivity and efficiency. 3. Always be consistent with the distribution system by, using cold even though it is delivered out of town, so that the quality of the product maintains to the consumers. 	<ol style="list-style-type: none"> 1. Do not over produce because the selling price will be elastic. 2. Be aware of new competitors 3. Reduced Human Resources due to the Covid-19 pandemic 4. PT XYZ can be stated to be stable in selling, even though it is in the post-covid era & the presence of FMD because consumers trusted PT XYZ for the quality of its products.

Source: Data Interview

Table 3.1 Matrix SWOT

IFAS	Strength	Weakness
<p>EFAS</p>	<ol style="list-style-type: none"> 1. Good personal branding of the public makes the demand for meat melt from within and outside the country. 2. Meat melt from PT XYZ is well known by famous restaurants 3. The taste, quality, and price are guaranteed and affordable 4. Relatively guaranteed goods 5. The meat used by PT XYZ is imported from Australia 6. Effective administrative process 	<ol style="list-style-type: none"> 1. Lack of production machines is one of the weaknesses of PT XYZ. The current devices are not sufficient to meet the existing demand, especially during the seasonal season. In one production PT XYZ can't be sure because it's not certain, but it usually reaches 6-10 tons in a day 2. Warehouses that are not large enough and are not ready to meet the existing demand. Currently, PT XYZ can only accommodate as much as 300 tons to store raw materials, which causes them not to be able to meet the existing demand and choose to hold orders or sometimes refuse to maintain customer satisfaction. 3. Reluctant to expand 4. The technology, which is used to control the temperature still manually, not automatically.

Table 3.2 Matrix Analysis SWOT

Opportunity	SO	WO
<ol style="list-style-type: none"> 1. Market share is certain (captive market) and has regular customers. 2. The most advanced meat processing technology will increase the factory's productivity and efficiency. 3. Always be consistent with the distribution system by, using cold even though it is delivered out of town, so that the quality of the product maintains to the consumers. 	<ol style="list-style-type: none"> 1. Availability of production is guaranteed to expand the range of unmet demand 2. Quality assurance can be ensured by forming, the basis for adding new markets at competitive prices. 	<ol style="list-style-type: none"> 1. PT XYZ must upgrade the number of production machines from the previous one to achieve seasonal demand. 2. To compete in local and international markets, PT XYZ must prepare more modern technology to compete with other competitors.
Threat	ST	WT
<ol style="list-style-type: none"> 1. Do not over produce because the selling price will be elastic. 2. Be aware of new competitors 3. Reduced Human Resources due to the Covid-19 pandemic 4. PT XYZ can be stated to be stable in selling, even though it is in the post-covid era & the presence of FMD because consumers trusted PT XYZ for the quality of its products. 	<ol style="list-style-type: none"> 1. The availability of products is relatively guaranteed so that it can meet consumer demands from year to year, and the orders on product quality require companies to always carry out product development. 2. With a relatively smooth administrative process, the problem of rising import taxes can be observed and overcome. 	<p>It is not able to overcome the problem of storing goods in cold storage if the over product is seasonal because the warehouse owned by PT XYZ is not enough to accommodate. In the end, it can cause many losses for the company.</p>

Conclusion

Based on the results of the above discussion, it can be concluded that the production strategy implemented by the Meat melt Agroindustry includes the transportation system, storage system, and distribution channel using the cold supply chain is considered to implement quite well. The production strategy makes it easy for PT XYZ's meat melt products to be found in well-known restaurants and supermarkets in Jabodetabek City and have outstanding product quality. However, Agroindustry requires to evaluate the warehouse or cold storage used by adding cargo capacity so that beef melt can be stored more effectively and efficiently to produce more products and meet market needs during seasonal times. In addition, it is necessary to evaluate the means of transportation used so that product delivery is more effective and efficient if it is required to expand distribution channels overseas.

Based on the interview results, the production mix variable using SWOT analysis represented by the service, production strategy, and distribution strategy using the cold supply chain system together affects the product quality of the meat melt produced by PT XYZ. However, the production strategy is still improved.

The production strategy applied by PT XYZ's Meat Melt Agroindustry in facing business competition is to pay attention to several factors. Among others, the resulting production targets are not emphasized because the process of making meltique meat is only made by order. Lack of warehouse capacity and production equipment causes the company to lose the opportunity to get big profits because it cannot meet seasonal demand—the selection of raw meat materials is imported directly from Australia. The obstacle is that PT XYZ is reluctant to expand soaring demand during the certain season. Hence, the lack of production equipment and cold storage capacity makes PT XYZ lose the opportunity to reach a broader market. The SWOT analysis of this company shows that there are still many factors to be

improved, and the implementation of the production strategy at PT XYZ may be almost successful if the company expands to create an international-class company.

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