

# The Strategy of Onion Cracker Agroindustry Development in Bandar Lampung City

Tubagus Hasanuddin<sup>1</sup>, Nurul Fajri Indah Lestari<sup>2</sup>

<sup>1</sup>Departement of Extention and Community Development, University of Lampung, Indonesia

<sup>2</sup>Graduate School, University of Lampung, Indonesia

Corresponding Author: tb\_sijati@yahoo.com

## Article Info

Volume 82

Page Number: 10020 - 10026

Publication Issue:

January-February 2020

## Abstract:

This purpose of this research are 1) to analyze strategy onion cracker agroindustry development, and 2) the level of consumer satisfaction and loyalty of onion cracker agroindustry, 3) to analyzed internal and exsternal factor of onion cracker agroindustry . The research was conducted from February – May 2018. This research used to case study and the samples are stakeholders from agroindustry, government, employees, and consumers of onion crackers. The sample of consumers used snowballing method and onion cracker agroindustry are purposive. The method of data analyzes used descriptive analysis by using analysis Customer Satisfactin Index (CSI), SWOT analysis and Quantitive Strategic Planing Matrix Analysis (QSPM). The results showed that (1) the strategy of onion agroindustry development are strength and opportunities strategy, 2) consumers of onion crackers angroindustry are satisfied and loyaltyconsumer, (3) the main strength of onion cracker agroindustry development are to increase production capacity and the main weakness are lack of promotion activities, (4) the main opportunities of onion cracker agroindustry are the needs product and interests of consumers were high, and 5) the main threat of onion cracker agroindustry are less capital and minimum supported the government.

**Keywords:** consumer, development strategy, onion cracker

## Article History

Article Received: 18 May 2019

Revised: 14 July 2019

Accepted: 22 December 2019

Publication: 17 February 2020

## I INTRODUCTION

Food security is one of the pillars of development in Indonesia, and a basic human need. In Law No. 18 of 2012 it is stated that food security is a condition of fulfilling food for the country up to individuals. At present food security still refers to one staple food, namely rice. The Ministry of Trade (2016) states that the amount of Indonesian rice consumption is around twice that of neighboring countries such as Malaysia and Vietnam. The high demand for rice causes Indonesia to import rice from other countries. Therefore, one effort that can be done to reduce the amount of rice consumption is through a food diversification program. Food diversification is a program that is carried out so that people are not fixated on only one staple food and are encouraged to consume other food as a substitute

for staple food (rice) which has been consumed. The view of the people who consider rice to be the main energy source needs to be abolished by finding alternative food substitutes for rice. One food ingredient that has a similar nutrient content is cassava derived from tubers.

The nutritional content of cassava is more than rice. This causes cassava to be used as food diversification because it has a higher carbohydrate and calorie content than rice. The 2015 Central Bureau of Statistics showed that the highest cassava production was found in Lampung Province at 7,387,084 tons. The contribution of Lampung Province in cassava production in Indonesia in 2015 was 33.87 percent, which means that a quarter of the production in cassava in Indonesia came from Lampung Province. One form of diversification is onion cracker. Crackers

are a type of dry food with main ingredients tapioca flour which comes from processing cassava. One of the crackers that is often consumed by the community is onion crackers. Onion crackers are processed between tapioca flour, fish, and mixed onions into one unit. The process of food diversification is expected to run rapidly through onion cracker products considering that crackers are a type of food favored by the community. The processing of onion crackers is carried out in an agro-industry business. In addition, agro-industry also plays an important role in the acceleration of food diversification. Bandar Lampung City is also a city in Lampung Province which has a lot of cassava processing business to become crackers.

One of the onion cracker agroindustries in Bandar Lampung is Onion WindaPutri Crackers Agroindustry. This onion cracker agroindustry is classified as a micro business where the turnover received by this agroindustry is still less than Rp 50,000,000. In addition, this agro-industry is able to produce onion crackers with one production, which is equal to 7 quintals.

Customers from this agro industry are wholesalers who will later be resold to retailers and end consumers. The process of developing agroindustry is also inseparable from consumers or customers. According to Dorward (2013), high food prices will have an impact on development, these high food prices cause the need for low food prices in order to stimulate broader economic growth, and increase labor productivity in the economy, especially small farmers in the world agriculture. To find out, it is necessary to analyze the level of customer satisfaction and loyalty, so that the agro-industry is able to make customers loyal to their products so that they become regular

customers of WindaPutri Onion Crack Industry. But Agroindustry has not been able to maximize the state of the internal environment and the state of the external environment. In the internal and external environment, namely from the number of workers who are still permanent or have not experienced an increase. Table 1 shows the number of workers in WindaPutri Onion Crack Industry.

Table 1  
 Labor in Agroindustri Winda Putri 2015 - 2018

No	Year	Labor (person)
1	2015	10
2	2016	14
3	2017	14
4	2018	14

Source : Onion cracker WindaPutri Agroindustry, 2018

Based on Table 1, it can be seen that the workforce in the WindaPutri Onion Crack Agroindustry has not increased in the last three years since 2015 until now. However, this agro-industry is still in the development stage. This is evidenced by the external factor, which is that

customers experience fluctuations, but if seen from the average per year, the customers of WindaPutri Onion Crack Agroindustry experience an increase. Table 2 shows the number of customers from WindaPutri Onion Crack Agroindustry.

Table 2  
Amount customer in Agroindustri Winda Putri 2015 – 2018

No	Years	Customers (person)
1	2015	9
2	2016	14
3	2017	18
4	2018	20

Source : Onion cracker Winda Putri agroindustry

Based on Table 2, it can be seen that the number of customers of onion crakerWindaPutri Agroindustry has increased the number of customers each years. The increase in the number of customers occurred starting from 2015. Conditions like this indicate that agroindustry is still trying to improve the development of its business. The effort that can be made by this agro-industry is to develop the right strategy.

## II LITERATURE REVIEW

According to Devendra (Putri, 2017), cassava or cassava plants have main products which are divided into three parts, namely 6 percent leaves, 44 percent stems and 50 percent tubers. Cassava is rich in carbohydrates which is around 80 percent - 90 percent with starch as its main component. The tubers in cassava plants are very useful for consumption, besides being a plant containing carbohydrates, cassava also has other nutrients such as calories, protein, fat, potassium, phosphorus, iron, vitamin A, vitamin B, vitamin C1 and water that is beneficial to the body. Crackers are a type of dry food with raw materials tapioca flour derived from cassava. Many crackers have been modified with various flavors such as shrimp crackers, fish crackers, onion crackers, and cheese flavored crackers. Some of the things that are required that can affect the quality of crackers are attractive colors, flat surface of the former slices, even thickness, expand 3-5 times when fried, and have a compact taste (Suprapti, 2005).

Agribusiness is an activity that is intact and

cannot be separated between one activity and other activities, starting from the process of production, processing of products, marketing and other activities related to agricultural activities (Soekartawi, 2001). Agroindustry is an activity that utilizes agricultural products as raw material, designs and provides equipment and services for these activities (Soekartawi, 2001). Mowen and Minor (2002) say consumer satisfaction is the overall attitude shown by a consumer to a product both goods and services after they buy and use the item. Sumarwan (2003) says consumer satisfaction and dissatisfaction is the impact of a comparison between consumer expectations before purchase and what consumers actually get from the product purchased. According to Grunert, Sophie, and Josephine (2014), the sustainability of food existence will occur if the higher food production is carried out, the greater the use of such food production. Francis and M. Ataman (2008) say that an increase in food prices will give particular concern to poor countries. Food prices that continue to soar will worsen the trade balance of underdeveloped countries.

Consumer loyalty is when consumers are satisfied with the first purchase, then the next purchase is done repeatedly on one brand, decision making is no longer needed because consumers already know deeply about the brand (Suryani, 2008). Strategy is a tool used by companies to fulfill long-term goals based on goals, priority resources, and follow-up of the company. Development strategy is a plan that will

determine actions in the future with the aim of improving the quality of work and technical capabilities so that goals will be optimally achieved (Rangkuti, 2005). In making a strategy an internal and external environment analysis is carried out. Internal environmental analysis aims to identify a number of strengths and weaknesses found in the company's internal resources and business processes. Internal environment consists of variables (strengths and weaknesses) that exist within the organization but are usually not in short-term control (Hunger and Wheelen, 2003). The company's external environment analysis aims to identify opportunities and threats that are in the external environment. SWOT analysis is one way to identify various factors to formulate a strategy. SWOT stands for strengths, weaknesses, opportunities (opportunities or opportunities), threats (threats). This analysis is based on logic by maximizing strengths and opportunities, and simultaneously minimizing weaknesses and threats (Rangkuti, 2005).

### III RESEARCH METHOD

The research method used in this study is a case study on an onion cracker agroindustry. This method is specifically for researching one object that is discussed in detail. This method is used to obtain data on customer satisfaction and loyalty as well as strategies for developing agroindustry. To get the development strategy first an analysis of internal and external factors is carried out. The study was conducted at the WindaPutri Onion Crack Industry in LabuhanDalam Village, TanjungSenang District, Bandar Lampung City. Determination of research locations was done purposively with the consideration that Onion WindaPutri Crackers Agroindustry has been active in producing onion crackers since 2014 and has not been able to maximize the internal and external conditions of agro-industries. Determination of consumer respondents is done using the snow bolling method as many as 60

consumers. Data were collected through interview techniques with onion cracker agroindustry, Bandar Lampung City Department of Industry using questionnaires and direct observation in the field, while the data analysis method used was descriptive analysis using the Customer Satisfaction Index (CSI), SWOT and Quantitative Strategic Planing Matrix analysis(QSPM).

### IV RESULT AND DISCUSSION

Analysis of internal factors in agroindustry uses several components, namely (1) production, production activities in agroindustry are held every Monday to Friday except Saturday and Sunday. The production target per one production is 600-700 kg onion crackers. The main raw material needed in conducting production activities is tapioca flour, (2) income, the income earned by the agroindustry in each month still fluctuates due to climate and weather, (3) management and funding, applied in accordance with management function theories that have good planning activities, organizing, directing the implementation and evaluation, (4) human resources, labor in WindaPutri Onion Crack Agroindustry totaling 14 people and all male sex. The status of labor possessed by agro-industry is a permanent labor, (5) marketing, this onion cracker product is still packaged simply using clear plastic and the brand is thenbound by raffia. In analyzing internal factors, strengths and weaknesses are obtained. The strengths obtained are large production capacity and its weaknesses, namely the lack of promotion activities that can increase the demand for onion cracker products [1-14].

Analysis of external factors also uses several components, namely (1) competitors, the competitiveness of similar businesses has positive benefits for agroindustries, because agroindustries will continue to be motivated to improve product quality, reduce production costs, and innovate in product development so that consumers have many choices processed products that can be

bought. However, for agroindustry, there is increasingly competitive competition, (2) customers or consumers, agro-industry has many customers or consumers, this is because consumers' needs and interests in onion crackers are high, besides, many agro-industry consumers are satisfied, after being satisfied, consumers become loyal to WindaPutri onion crackers, (3) climate and weather. Climate and good weather can be an opportunity for agro-industrial activities so that they can provide benefits to agro-industry owners. However, climate and weather can also be a threat to agroindustry owners because it can affect production yields, (4) technology, the use of technology in WindaPutri Onion Crack Agroindustry is used 80 percent in production activities, (5) government policies, government policies deemed not support the sustainability of agro-industry because there is no active role from the Department of Industry on agro-industry. On the analysis of external factors there are opportunities and threats [15-19].

Opportunities obtained are the needs and interests of consumers for high products, and the threat is obtained, namely the lack of active role of the local government in agro-industry. To get the development strategy, an analysis using SWOT and internal and external matrices was carried out. The IE matrix can be divided into three major parts which have different implications. First, the provisions in cells I, II or III, can be described as growing and building. Second, divisions that enter cells III, V and VII can be handled well through a strategy of maintaining and maintaining (hold and maintain). Third, divisions that enter cells VI, VIII and IX are divested. IE Matrix explains that IFE value is 2.686 and EFE value is 2.465. If each of the total IFE and EFE scores is mapped in the IE matrix, the current position of agroindustry is in cell V, which is growth. This means that WindaPutri

onion cracker agroindustry response to external factors faced is quite moderate. The development strategy was obtained using SWOT analysis and Quantitative Strategy Planning Method (QSPM). The chosen development strategy comes from a combination of strength and opportunity (opportunity), selected four strategies for agroindustry, namely (1) the production of raw onion crackers is increased especially in summer so that it can still meet consumer demand for onion crackers in the rainy season through the application of production machine tools that are complete and owned by agro-industry, (2) maintaining and increasing production so that consumers remain satisfied and loyal to onion cracker products. (3) Promotional activities carried out by repairing cracker packaging using packaging technology, (4) following micro business development conducted by the Department of Industry in Bandar Lampung City. Customer satisfaction analysis is calculated by the CSI method and uses 9 attributes, namely taste, price, packaging size, texture, ease of obtaining products, color, shape, aroma and nutrient content. The CSI calculation results obtained at 71.04 percent. Based on the satisfaction index, the CSI value of onion crackers lies in the range 0.66 - 0.80. This shows generally the customer are satisfied.

Consumer loyalty can be measured using the loyalty pyramid based on loyalty criteria which consists of the reason consumers consume onion crackers because of the price factor (switcher buyer), because of habits (habitual buyer), because they get satisfaction in previous consumption consumers really like onion crackers (liking the brand), and consumer actions to suggest to others or reduce to consume onion cracker WindaPutri (committed buyer). Figure 1 shows the level of the pyramid of loyalty from consumers of WindaPutri onion crackers.

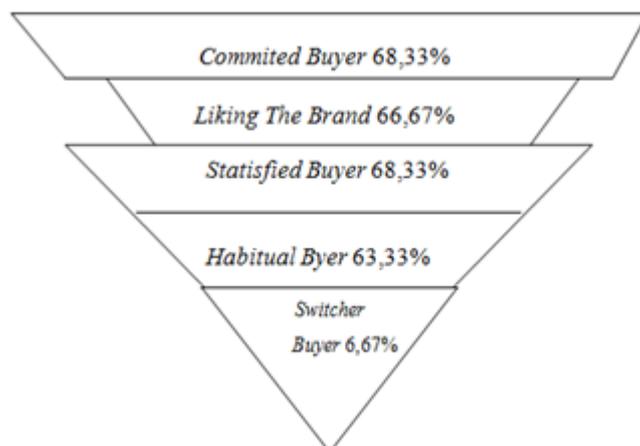


Fig. 1. Pyramid of loyalties from the WindaPutri Onion Crackers

## V CONCLUSIONS

The results showed that (1) the strategy of onion agroindustry development are strength and opportunities, 2) consumers of onion crackers agroindustry are satisfied with CSI of 71.04%, and loyal, (3) the main strength of onion cracker agroindustry development are to increase production capacity and the main weakness are lack of promotion activities, (4) the main opportunities of agroindustry are consumer needs and interests of high products while the main threat of agroindustry is the lack of active role of local government, (5) the main opportunities of onion cracker agroindustry are the needs product and interests of consumers were high, 5) the main threat of onion cracker agroindustry are less capital and minimum supported the government, and (6) consumers of onion crackers in Bandar Lampung City are in the criteria of satisfaction, pyramid of customer loyalty onion crackers is loyal. Government supported is needed to developed onion agroindustry, and futher study about contribution promotionactivities to increase production capacity is important.

## VI REFERENCES

- [1]. Central Bureau of Statistics. 2015. Cassava Production in Indonesia. NationalBPS. Indonesian
- [2]. Dorward, A. 2013. Agricultural labour productivity, food prices and sustainable development impacts and indicators. *Food Policy Vol 39 pages : 40-50.* <https://www.sciencedirect.com/science/article/pii/S0306919212001285>.
- [3]. Grunert, K.G., Sophie H., and Josephine W. 2014. Sustainability labels on food products: Consumer motivation, understanding and use. *Food Policy Vol 44 pages :177-189.* <https://www.sciencedirect.com/science/article/pii/S0306919213001796?via%3Dihub>.
- [4]. Francis, Ng., and Ataman A. 2008. Food price increases and net food importing countries: lessons from the recent past. *Agricultural Economis Vol 39 pages 443-452.* <https://onlinelibrary.wiley.com/doi/epdf/10.1111/j.1574-0862.2008.00350.x>
- [5]. Hunger, J.D and Wheelen, T.L. 2003. Strategic Management. Andi. Yogyakarta.
- [6]. Ministry of Trade. 2016. RI Still Imports Food. Ministry of Trade. [http://www.cnnindonesia.com/ekonomi/20151227211740-92-100585 / Mendag-2016-ri-still-import-food /](http://www.cnnindonesia.com/ekonomi/20151227211740-92-100585/Mendag-2016-ri-still-import-food/). Accessed November 5, 2018

- [7]. Mowen, J. and M. Minor. 2002. Consumer Behavior. Fifth Edition. Volume 2. Erlangga Jakarta
- [8]. Putri, R M., D.A.H. Lestari and W.D. Sayekti 2017. Performance and Development Strategy of Primkopti in Pesawaran Regency, Lampung Province. JIA Vol 5 (2): 184-191. <http://jurnal.fp.unila.ac.id/index.php/JIA/article/view/1657/1483>. Accessed November 5, 2018.
- [9]. Rangkuti. 2005. SWOT Analysis of Techniques for Dissecting Business Cases. Gramedia Main Library. Jakarta.
- [10]. Soekartawi. 2001. Agribusiness, Theories and Applications. PT. Raya GrafindoPersada. Jakarta
- [11]. Sumarwan, U. 2003. Consumer Behavior. Ghalia Publisher. Jakarta.
- [12]. Suprapti, L. 2005. Tapioca Flour Making and Utilization. Kanisius. Yogyakarta.
- [13]. Suryani, T. 2008. Consumer Behavior: Implications for Marketing Strategy Issue 1. Graha Science. Yogyakarta
- [14]. Daly, A., Arnavut, F., Bohorun, D., Daly, A., Arnavut, F. and Bohorun, D., The Step-Down Challenge. *International Journal of Psychosocial Rehabilitation*, Vol 22(1) 76, 83.
- [15]. Knapen, J., Mysza, A. and Moriën, Y., 2018. Augmented individual placement and support for people with serious mental illness: the results of a pilot study in Belgium. *International Journal of Psychosocial Rehabilitation*, Vol 22(2), pp.11-21.
- [16]. Monterosso, D.M., Kumar, V. and Zala, K., 2019. Spiritual Practices in The Era of Smartphones & Social Networking: A Comparative Study. *International Journal of Psychosocial Rehabilitation*. Vol 22 (2) 45, 57.
- [17]. Shafti, S.S. and Ahmadi, M., 2018. Improvement of Psychiatric Symptoms by Cardiac Rehabilitation in Coronary Heart Disease *Vol 22 (2)* 80, 89.
- [18]. Bonsaksen, T., Opseth, T.M., Misund, A.R., Geirdal, A.Ø., Fekete, O.R. and Nordli, H., 2019. The de Jong Gierveld Loneliness Scale used with Norwegian clubhouse members: Psychometric properties and associated factors *Vol 22 (2)* 88, 100.
- [19]. Kurian, J., Christoday, R.J. and Uvais, N.A., 2018. Psychosocial factors associated with repeated hospitalisation in men with alcohol dependence: A hospital based cross sectional study. *International Journal of Psychosocial Rehabilitation*. Vol 22 (2) 84, 92.