

# Chapter I

## Introduction

### I.1 Research Background

Indonesia has so many sectors that can be potentially be developed in the future. One of the sector that has potential to be developed as a business opportunity in the future is agribusiness sector.

Table I.1 the number of cattle slaughtered reported  
(Source: Central Bureau of Statistics)

Terak	2008	2009	2010	2011
Sapi Potong	1 154 167	1 286 305	1 324 154	1 519 178
Kerbau	77 854	79 436	81 622	64 923
Kuda	4 174	5 741	7 909	4 076
Kambing	564 815	594 516	612 765	655 517
Domba	237 497	245 063	280 610	285 676
Babi	691 837	783 156	816 416	859 546

Table I.2 Indonesian vegetable productivity levels in the period 2008-2012  
(Source: Central Bureau of Statistics and Directorate General of Horticulture)

No.	Provinsi/Province	Tahun/Year				
		2008	2009	2010	2011	2012
1	Bawang Merah	9,35	9,28	9,57	9,54	9,69
2	Bawang Putih	6,42	6,72	6,77	8,07	6,70
3	Bawang Daun	10,51	10,24	9,40	9,47	10,21
4	Kentang	16,70	16,51	15,94	15,96	16,58
5	Kubis	21,51	20,03	20,51	20,88	22,56
6	Kembang Kol	12,31	11,87	11,60	12,02	11,53
7	Petai/Sawi	10,36	9,98	9,82	9,44	9,74
8	Wortel	14,90	14,86	14,87	15,86	15,87
9	Lobak	21,06	15,69	15,55	15,05	17,21
10	Kacang Merah	4,78	4,86	5,23	5,23	4,68
11	Kacang Panjang	5,46	5,77	5,70	5,76	6,01
12	Cabe Besar	6,37	6,72	6,58	7,34	7,93
13	Cabe Rawit	4,47	5,07	4,56	5,01	5,75
14	Paprika	24,30	22,65	34,37	59,13	54,84
15	Jamur	67,58	54,93	89,78	92,26	71,11
16	Tomat	13,66	15,27	14,58	16,65	15,75
17	Terung	8,82	9,38	9,25	9,95	10,26
18	Buncis	8,52	9,48	9,22	10,44	10,38
19	Ketimun	9,68	10,39	9,61	9,73	9,97
20	Labu Siam	31,73	27,86	34,59	44,29	40,43
21	Kangkung	6,80	7,38	6,36	6,38	6,00
22	Bayam	3,66	3,66	3,12	3,42	3,36
23	Melinjo	8,19	12,98	14,38	13,81	13,42
24	Petai	13,46	6,92	6,73	7,54	6,87
25	Jengkol	8,94	8,19	7,24	8,33	8,39

Based on Table I.1 and I.2, it can be seen that the level of productivity and demand for vegetable and livestock tend to increase. Darmin Nasution said Indonesian agribusiness sector is currently heading to a positive trend. This is evident from the balance of trade in the agricultural sector which tends to surplus.

Changes in lifestyle and outlook on food in the future will be changed. Character tendency of consumers that will occur in the future and have already begun to be

felt today include consumer demand for safety, nutritional value, taste, and food availability will increase rapidly. In Indonesia, the modern market (hypermarkets, supermarkets, and minimarkets) will grow at a very high growth rate. Although the number of large supermarket chain is reduced, but the last increase, so the balance of power shifted from producers / farmers to multinational companies. Seeing these conditions, would have predicted the existence of competition between domestic food products with imported products (which are often higher quality with lower prices). Consumer demand for agricultural products and livestock in the future will be increased, as this will encourage the agribusiness sector to continue to increase in terms of the quality of the product to the service provided.

Table I.3 Numbers of entrepreneur for agribusiness sector in West Java

(Source: Department of Food Crops in West Java Province)

No	Perusahaan/Kel. Tani/Gapoktan	jenis usaha
1	Agro Alam lestari	Aneka produk segar dan olahan hasil pertanian, peternakan, perkebunan, kehutanan dan kuliner
2	Asosiasi Pasar Tani Gesat Jabar	
3	Asparta Bungbulang	
4	Aspartan Jati Ayu	
5	Aspartan Parahyangan	
6	Aspartan Resik	
7	Aspartan Sabilulungan	
8	Aspartan Sugema	

Based on Table I.3, it can be seen that there are a lot of entrepreneurs for agriculture and livestock in West Java. Seeing a pretty competitive market conditions, it needs a special approach in providing services to consumers, so that satisfaction and customer loyalty will continue to be increased.

Abo Farm is a packing house that was founded in 2008, as a follow-up of agribusiness training programs organized by the Foundation in collaboration with Fathul Ilmi Training Center for Agribusiness and Horticulture, Kayu Ambon Lembang. Nowadays, Abo Farm has agriculture, packaging and distribution of vegetables business. Abo Farm was established from economic empowerment of rural communities in particular peasant society, seeks to jointly implement the planned cultivation, friendly environment with prudent application of pesticides to be accepted either by export markets, super markets, and local markets. Thus it can further improve the income and standard living of the farmers.

HARGA YANG DITERIMA PETANI DAN MARGIN PEMASARAN  
(DIHITUNG BERDASARKAN % TERHADAP HARGA YANG DITERIMA KONSUMEN)

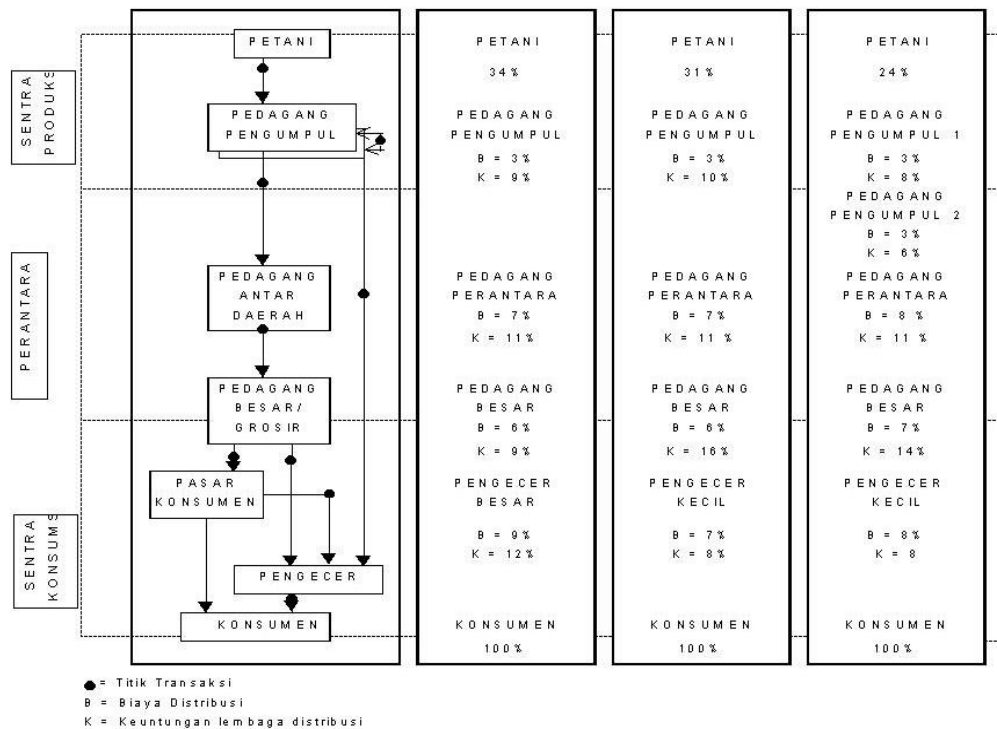


Figure I.1 Chain Profit Distribution of Business Players

(Source: Comodity Futures Agency)

Based on figure I.1, the biggest advantage to be gained in the distribution of the product is on the actors not being the manufacturer of a product (wholesalers). Seeing these conditions, efforts should be made to increase the profits of the producers in order to improve the welfare of producers. As one of business player in organic vegetables, Abo Farm seeks to improve customer satisfaction and loyalty and it is also able to increase the profitability of the company. By doing distribution system development based on delivery order, it is expected to increase revenue and market share of Abo Farm than ever. Abo Farm will not only distributes organic vegetables to the customers but also will distribute the livestock. The business process that will be started from the ordering process, the receipt process, the packing process and the last is delivering process. This service which will be implemented by Abo Farm is categorized as limited liability partnership. Limited liability partnership means that people who will be the partner of Abo Farm will have a limited obligation such as fulfilling the needs with high quality.

To know the feasibility of delivery order service, investment feasibility analysis is needed in order to know how their investment worthiness. Business feasibility analysis is performed to determine whether the implementation of the distribution system is feasible when viewed from the aspect of the market, technical and financial. In the financial aspect, the feasibility will be measured by Net Present Value (NPV), Internal Rate of Return (IRR) and payback period (PBP). The technical aspects will be measured by the distribution center location, the used of the website, the needs of equipments, transportations and human resources. Sensitivity analysis is also necessary to see how the effect of changing the number of requests through the delivery order system against the business feasibility level.

## **I.2 Research Question**

1. How does the feasibility of Delivery Order service that will be done by Abo Farm based on market aspect?
2. How does the feasibility of Delivery Order service that will be done by Abo Farm based on technical aspect?
3. How does the feasibility of Delivery Order service that will be done by Abo Farm based on financial aspect?
4. How does the level of sensitivity of the delivery order service of Abo Farm based on the change of specific variables?

## **I.3 Research Objective**

1. Analyzing the feasibility of the delivery system that will be carried out by Abo Farm seen from the market aspect.
2. Analyzing the feasibility of the delivery system that will be carried out by Abo Farm seen from the technical aspect.
3. Analyzing the feasibility of the delivery system that will be carried out by Abo Farm seen from the financial aspect.
4. Analyzing the sensitivity levels of implementation delivery order service by looking at the change of specific variables.

## **I.4 Research Limitation**

1. Interest rates, inflation, taxes and other economic conditions are considered normal and stable over the analysis period.

## **I.5 Research Benefits**

1. As a consideration of business investment decisions made by Abo Farm farming.
2. As an input that can be considered in terms of the regulatory framework regarding the company's business development further.
3. As an input in marketing innovation more broadly.

## **I.6 Report Outline**

### **Chapter I Introduction**

This chapter describes the background and brief explanation of the topic discussed in this final project, to give readers the big picture of the problem that will be discussed in this research. The objective of this research also stated on this chapter.

### **Chapter II Literature Review**

This chapter explains the basic theory and terms that is going to be used to support the finding of this research analysis. The theories are based on books, journals and articles on the Internet.

### **Chapter III Research Methodology**

This chapter shows the readers about the research methodology and also variables that are used in the analysis model formulation to describe the data processing method.

### **Chapter IV Data Collection and Data Processing**

This chapter explains the process of collecting and processing data related to the final project.

### **Chapter V Data Analysis**

This chapter presents the results of data processing as the implementation of research methodology. This research project will mainly discuss the comprehensive analysis of the results.

### **Chapter VI Conclusion and Recommendation**

This chapter display results of the study, author's conclusions, and project summary. In this chapter, the author also concludes the result find the best alternative of the answer for the research question