

## CHAPTER I INTRODUCTION

### I.1 Research Background

Micro, Small and Medium Enterprises (SMEs) have a strategic role in national economic development. According to BPS (Badan Pusat Statistik) data in 2014, number of SMEs in Indonesia is amounted to 57.89 million units, or 99.99 percent from total number of national economy operators. SMEs contribute to employment for 96.99 percent and GDP (Gross Domestic Product) amounted to 60.34 percent. SMEs also contribute toward increase of national income in term of export earning amounted to 27.700 billion and create role toward total export amounted to 4.86 percent.

R&D Shining Shoes is one of SMEs engaged in the creative industry that offers special premium shoes cleaning and care services. This business idea refers to the business owner's partiality for sneakers type of shoes, but not yet know the suitable treatment for those shoes type. R&D Shining Shoes has 2 branches in Bandung which located in Sukapura and Antapani, and 3 franchise branch located in Tangerang, Solo and Cibitung. The target market of R&D Shining Shoes are youngsters such as students, collegian and young executives who use sneaker type of shoes and now penetrated into wallets and purses laundry services for housewives.

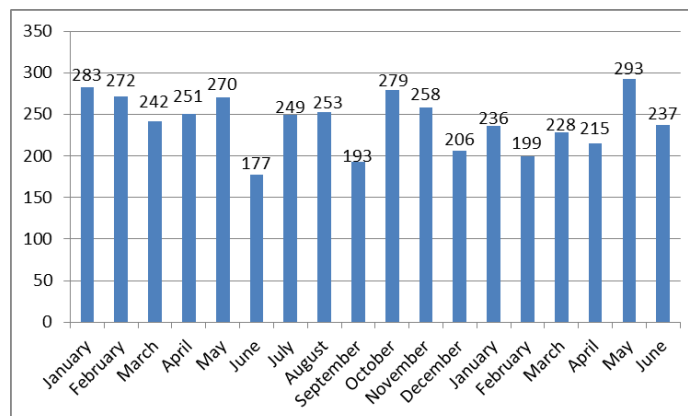


Figure I.1 R&D Shining Shoes' customer data in 2016-2017 at Branch Sukapura Bandung

(Sources: Internal data of R&D Cleaning Shoes)

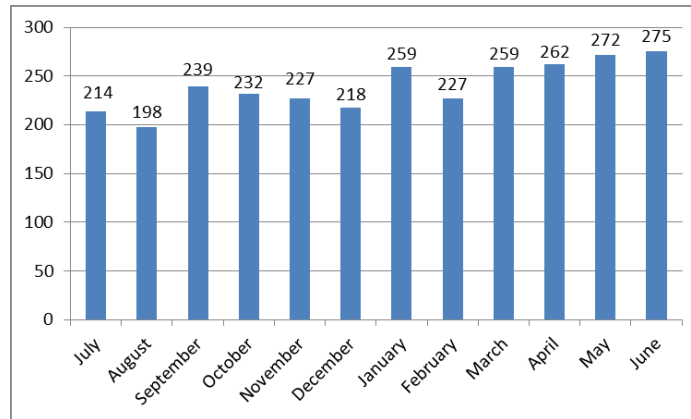


Figure I.2 R&D Shining Shoes' customer data in 2016-2017 at Branch Antapani Bandung

(Sources: Internal data of R&D Cleaning Shoes)

Table I.1 Profit per month in million rupiah at R&D Shining Shoes Branch

(Sources: Internal data of R&D Cleaning Shoes)

|                          |         |
|--------------------------|---------|
| Sukapura                 | 15 - 20 |
| Antapani                 | 23 - 27 |
| Note: in million rupiahs |         |

Based on customers data in 2016-2017 at R&D Shining Shoes Branch Sukapura and Antapani Bandung at Figure I.1 and Figure I.2, number of customers who use the services of R&D Shining Shoes are amounted to 7223 customers and expected will be increase. Beside that income per month in Antapani and Sukapura branch can be viewed on Table I.1. As it considered sufficiently developed, then the business would like to perform additional new branch to expand its business which aim to increase their profit and perform branding. Location for this additional branch is located in Subdistrict Coblong, Bandung. Consideration in choosing Subdistrict Coblong as the third branch in Bandung is because according to Badan Pusat Statistik Kota Bandung data in 2015 and 2016 those area is one of district with most desently populated in Bandung with population 132.002 and population density 137 inhabitants/km<sup>2</sup>. Beside that according to Badan Pusat Statistik Kota Bandung, Human Development Index (HDI) in Bandung City in 2015 was amounted 79,67 which means Bandung City has high human development. Where HDI is comparative measurement of income, expectation of life, years of scholly, elitaration rate to all countries all over the world. HDI is

used to classify whether a country is developed or developing country, and also to measure the influence of economic policy on quality of life. Below is the HDI category.

Table I.2 Human Development Index (HDI) Category

(Sources: <http://herususilofia.lecture.ub.ac.id/files/2015/12/Makalah-kel-11-PPSDM.pdf>)

| Category                    | Humand Development Index (HDI) |
|-----------------------------|--------------------------------|
| Very high human development | 1 to 47                        |
| High human development      | 48 to 94                       |
| Medium human development    | 95 to 141                      |
| Low human development       | 142 to 187                     |

Based on questionnaires data that have been distributed before towards 100 respondents randomly about consumer behavior, obtained result that average ownership of shoes per capita is 3 to 6 pairs with result of percentage as many as 52% of the total respondents, as many as 37% of the total respondents have show ownership in amount of 1 to 3 pairs, as many as 11% of the total respondents have show ownership in amount of 6 to 9 pairs and as many as 0% of the total respondents have show ownership in amount more than 9 pairs. Number of shoes ownership per capita can be seen on Figure I.4 below:

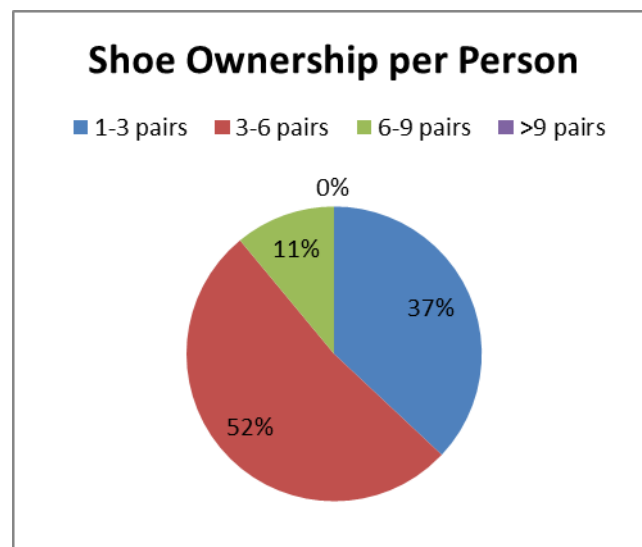


Figure I.3 Number of Shoes Ownership per Person  
(Sources: Questionnaire Data Distribution)



Figure I.4 Result of Internal Survey of Target Market Behavior  
(Sources: : Questionnaire Data Distribution)

Beside that, according to results of the data collecting and processing from questionnaire data that have been distributed before, obtained result as many as 41% respondents perform personal care for cleaning their shoes, as many as 23% respondents use laundry services for performing shoe care and treatment and as many as 36% respondents use special shoe care services to perform shoe care and treatment. Thus, can be concluded that shoes laundry business has good prospectif seen from where respondents perform their shoe care and treatment.

Therefore, based on the data shown above it is necessary to perform feasibility analysis related to third branch establishment of R&D Shining Shoes in Bandung.

## **I.2 Problem Identification**

Based on the background that has been stated before, the problem identifications of this research are as follows:

1. How is the business feasibility in establishing third branch of R&D Shining Shoes in Bandung in terms of market aspects?
2. How is the business feasibility in establishing third branch of R&D Shining Shoes in Bandung in terms of technical aspects?
3. How is the business feasibility in establishing third branch of R&D Shining Shoes in Bandung in terms of financial aspects?
4. How is the sensitivity and risks rate in establishing third branch of R&D Shining Shoes in Bandung?

### **I.3 Research Objectives**

The objectives of this research are as follows:

1. Analyze the feasibility in establishing third branch of R&D Shining Shoes in Bandung in term of market aspects.
2. Analyze the feasibility in establishing third branch of R&D Shining Shoes in Bandung in term of technical aspects.
3. Analyze the feasibility in establishing third branch of R&D Shining Shoes in Bandung in term of financial aspects.
4. Analyze the sensitivity and risks in establishing third branch of R&D Shining Shoes in Bandung.

### **I.4 Benefits of Research**

Benefits that can be obtained from this research are as follows:

1. Can be used as reference to R&D Shining Shoes in considering decision when would develop business.
2. To determine business potential of R&D Shining Shoes.

### **I.5 Research Limitations**

In order to get the research done in focused to the purpose, the limitations of this research are as follows:

1. Interest rate, inflation tax, and other economic conditions are considered constant during the research is conducted.
2. Target market located in Kecamatan Coblong, Bandung, West Java.

### **I.6 Writing Systematics**

The writing systematics of this research is described as follows:

#### **Chapter I Introduction**

This chapter describes about the background of research, problem identification, the purpose of research, the benefit of research, the limitation of research, and writing systematics.

#### **Chapter II Literature Review**

This chapter contains the detail description of literature study that examined from the existing researcher as supporting references in conduct this research. In

addition, this chapter will discuss the related theory and method that will be used to solve the problem.

### **Chapter III Research Methodology**

This chapter contains detail steps explanation of the research that includes: problem identifications stage, hypotheses formulating and model developing stage, identifications and conduct variable operational, compile research questionnaires, design data collecting and processing, design data processing analysis.

### **Chapter IV Data Collecting and Processing**

This chapter contains explanations related to data collecting and processing of this research.

### **Chapter V Analysis**

This chapter contains analysis that conducted to data that has been obtained as well as proposed improvements by the researcher. Analysis that will be conducted are market analysis, technical analysis, financial analysis, sensitivity rate and risk analysis.

### **Chapter VI Conclusion and Suggestion**

This chapter is the last part of the Final Project that describes the conclusions of the research that has been performed as well as the suggestions for the next study.