



ANALYSIS OF THE FEABILITY STUDY AND MARKETING MIX OF COFFEE BUSINESS IN OKU REGENCY SOUTH SUMATERA PROVINCE

By

Bursana¹, Munajat², Fifian Permata Sari³

^{1,2,3}Department of Agricultural Economic Study, Post Graduate Program University of Baturaja

Email: ³fifianpermatasari@gmail.com

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ABSTRACT

The coffee agro-industry has quite a big opportunity for development, where the prospects and market opportunities for the ground coffee business have many enthusiasts. South OKU Regency is the center for ground coffee MSMEs in South Sumatra. This research examines the marketing mix and development strategy for ground coffee businesses in South OKU Regency. This research was carried out in Mekakau Ilir District, South OKU Regency. The location determination was carried out purposively considering that Mekakau Ilir District, South OKU Regency is the coffee center in South Sumatra, especially South OKU. The research will be carried out in November 2023. The research method used is the survey method and the sampling method uses the census method where all those registered as coffee businesses in South OKU are taken as samples. There are 30 coffee business actors registered with the South OKU industry and trade service and all of them were taken as research samples. The results of the research show that the coffee business in South Oku Regency is feasible to operate with a feasibility level of the Net B/C value of 3.08 shows that the implementation of the coffee powder business which has been running for more than 5 years using an interest rate of 9.95% will provide a net profit of 3.08 double, which means that every investment made is equal to Rp. 1 money will produce a profit of Rp. 3.08, so that the ground coffee agro-industry activity is feasible to carry out.

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Corresponding Author:

Fifian Permata Sari

Department of Agricultural Economic Study

University of Baturaja

Ki Ratu Penghulu Street, Baturaja

Email: fifianpermatasari@gmail.com

1. INTRODUCTION

The coffee agroindustry has quite a big opportunity for development, which can be seen from the number of requests that are starting to increase. Ground coffee is a product of processing coffee beans which has good market prospects and opportunities. Ground coffee has many fans, from young people to old people. Ground coffee agroindustry is not easy to do because it not only requires a deep understanding of the characteristics of the coffee, the processor also has to know the ins and outs of the ground coffee product itself.

South Sumatra is one of the largest coffee producing provinces apart from the islands of Java and Sulawesi. This can be seen from the potential area of coffee plantations in South Sumatra, specifically in Empat Lawang, South OKU, OKU, Muara Enim, Lahat and Pagaralam.

The potential of coffee in South OKU Regency means that coffee processing industries, both small scale and large scale, are starting to emerge to take advantage of the opportunity. Some of them process the coffee beans into ground coffee which has high economic value. The ground coffee industry is starting to attract a lot of interest

from entrepreneurs in South OKU Regency, resulting in competition to seize ground coffee market share. Competition in the Ground Coffee industry in Mekakau Ilir District, OKU Regency. There are 30 Ground Coffee MSMEs registered with the South OKU Regency Trade and Industry Service.

In Mekakau Ilir District, South OKU Regency, there are many processed coffee products, such as sugar palm coffee powder, arabica coffee and robusta coffee from Mekakau Ilir District, so the feasibility and marketing mix of this ground coffee business is important to see whether or not the business is worth running. Regarding the marketing mix or marketing mix (Kotler, 2019), explains that the marketing mix is a combination of four marketing elements, namely product, price, promotion and distribution channels, which are components that can be controlled and can be used by the company to influence consumer responses. . Therefore, entrepreneurs need to know what the right marketing mix combination is to implement in order to attract as many consumers or customers as possible, so as to obtain maximum profits. Based on several existing backgrounds, it is interesting to study further regarding the feasibility of the coffee business and the marketing mix in South OKU Regency

2. RESEARCH METHOD

This research was carried out in Mekakau Ilir District, South OKU Regency. The location determination was carried out purposively considering that Mekakau Ilir District, South OKU Regency is the coffee center in South Sumatra, especially South OKU. The research will be carried out in November 2023. The research method used is the survey method and the sampling method uses the census method where all those registered as coffee businesses in South OKU are taken as samples. There are 30 coffee business actors registered with the South OKU industry and trade service and all of them were taken as research samples

3. RESULTS AND ANALYSIS

3.1. Feability study of coffee business

The results of the research show that the coffee business in South Oku Regency is feasible to operate with a feasibility level of the Net B/C value of 3.08 shows that the implementation of the coffee powder business which has been running for more than 5 years using an interest rate of 9.95% will provide a net profit of 3.08 double, which means that every investment made is equal to Rp. 1 money will produce a profit of Rp. 3.08, so that the ground coffee agro-industry activity is feasible to carry out. Table 1 below shows the results of the income and feasibility analysis of coffee businesses in the southern OKU district.

Table 1 Income and feability study of coffee business in South OKU Selatan, 2023

| Average cost | Value |
|---------------------------|---------------|
| Production (Kg) | 131,67 |
| Variable cost (Rp/year) | 5.564.000 |
| Fixed cost (Rp/year) | 424.848,33 |
| Production cost (Rp/year) | 5.988.848,33 |
| Profit (Rp/year) | 9.675.000 |
| Income (Rp/year) | 3.686.151,67 |
| Total income (Rp/year) | 18.430.758,33 |
| Net B/C Ratio | 3,08 |

Source: Primary data, 2023

Based on Table 1, the average income from the coffee powder business in Mekakau Ilir District is obtained from the reduction between the revenue from the coffee powder business and the production costs of the coffee powder business. Based on the results of the analysis of coffee powder business revenues, the average is IDR. 9,675,000.00 (Rp/Production) and the average total production cost is Rp. 5,988,848.33 (Rp/Production) then the average coffee powder business income is Rp. 3,686,151.67 (Rp/Production) and Rp. 18,430,758.33 (Rp/Production/Month).

Table 1 also explains the Net B/C criteria for the coffee powder business resulting in a Net B/C value of 3.08. Net B/C is 3.08 more than one so the Net B/C value is less than 1 (Net B/C < 1). The Net B/C value of 3.08 shows that the implementation of the coffee powder business which has been running for more than 5 years using an interest rate of 9.95% will provide a net profit of 3.08 double, which means that every investment made is equal to Rp. 1 money will produce a profit of Rp. 3.08, so that the ground coffee agro-industry activity is feasible to carry out.

3.2. Marketing mix of coffee business

Marketing is a social process carried out by a person or group to fulfill needs by offering and exchanging products and services that have value, so as to provide maximum satisfaction. In marketing there are marketing strategies that have an important role in influencing consumers to purchase a product or service which is often referred to as the marketing mix. According to Kotler (2005) the marketing mix is classified into four broad groups which are referred to as the 4 Ps of marketing, namely product, price, place and promotion, namely as follows:



a. Product Mix

Based on the research results, the product produced by business actors is ground coffee. On average, the coffee powder has a brand and is registered with the South OKU Regency Trade Office. The brands used are in accordance with Saefudin's (1983) theory, namely short, easy to spell, read, simple, easy to remember, pleasant to hear, and do not give a negative impression. The form of the product produced is black powder and the color of the ground coffee is very dark. The form of packaging used by business actors is the traditional method, namely using transparent plastic in sizes 1 kg, 1/2 kg, 250 grams, 200 grams, 100 grams and 50 grams. The packaging has a logo adapted to the brand. The shelf life is one year for unopened packaging, and 1 – 2 months for opened packaging. Apart from that, some coffee powder packages already have halal labels, so consumers feel safe when consuming them.

b. Price mix

Based on research, it shows that the pricing method offered by business producers to consumers is a method based on competitors' prices. According to Epriani, Endaryanto, Indriani (2017), price really determines the success of a product being marketed, because price is something that consumers really consider when consuming a good or service. The prices offered to consumers vary according to the size of the packaging. The price for 1 kg packaging is IDR 80,000.00, for 1/2 kg packaging IDR 40,000.00, for 250 gram packaging IDR 20,000.00, for 100 gram packaging IDR 8,000.00, and for 50 gram packaging IDR Rp. 4,000.00. The price of ground coffee offered to consumers is IDR 80,000.00/kg. The payment method used by coffee powder business actors is cash, with the aim of avoiding losses and debts.

c. Place mix

The places where coffee powder is sold are in different places, some sell it to local communities in South OKU, there are also those who sell it outside the area, such as to OKU Regency and East OKU. On average, coffee powder business actors in Mekakau Ilir District sell themselves with the help of family members to sell their coffee powder products. Based on the research results, the location for selling coffee powder can be said to be strategic, because the sales location is easy to reach, accessible by public transportation and is located in a market or community. However, the location where coffee powder is sold is quite far from the location of the coffee powder production business, which means business actors have to incur additional costs for transportation costs. There are 2 types of distribution channels in the coffee powder business, namely first: producers sell to end consumers directly, and second: producers sell to retailers. On average, business actors do not use distributors, but rather retailers who come to the sales place to buy the ground coffee, then sell it to final consumers, so that the transportation used to move the coffee powder from the producer to the trader is borne by the trader himself.

d. Promotion mix

To convey these characteristics and advantages, ground coffee producers need to carry out a promotional mix, namely: advertising, face-to-face sales, publicity and sales promotions.

1. Advertising

Based on research results, coffee powder businesses in Mekakau Ilir District on average have not carried out promotional activities by means of advertising, citing the owner's lack of knowledge in using technology and limited capital. However, some business actors already carry out promotions through social media such as Facebook and Instagram and there are also those who use promotional activities through sales promotions, namely by participating in exhibitions held in South OKU Regency, such as official events.

2. Face to face sales

The Coffee business in Mekakau Ilir District has carried out promotional activities by means of face-to-face sales, and usually business actors promote it first to the people closest to them.

3. Publicity

Based on research results, coffee powder businesses in Mekakau Ilir District have not carried out promotional activities through publicity, due to limited capital owned by business actors, so these promotional activities have not been implemented. Based on the research results, promotions carried out by coffee powder business actors have not been implemented in their entirety, this is due to a lack of knowledge in using technology and limited capital owned by the coffee powder business.

4. CONCLUSION

Based on the research results, it can be concluded as follows:

1. The feasibility value of coffee MSMEs in Mekakau Ilir District, South OKU Regency using a B/C Ratio of 3.08 means that each investment made is IDR. 1 money will produce a profit of Rp. 3.08, so that the ground coffee agro-industry activity is feasible to carry out
2. The marketing mix for South OKU ground coffee is classified into four groups which are referred to as 4Ps in marketing, namely product, price, place and promotion carried out by coffee powder business actors which have not

been implemented effectively. Overall, this is caused by a lack of knowledge in using technology and limited capital owned by the coffee powder business.

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