

# The Priority of Marketing Strategy of Coffee in Tana Toraja

Dwi Prasetyawati Thana<sup>1</sup>, Rahim Darma<sup>2</sup>, Rahman Kadir<sup>3</sup>

<sup>1,2</sup> Agribusiness Study Program, Graduate School, Hasanuddin University Makassar

<sup>3</sup> Agribusiness Study Program, Graduate School, Hasanuddin University Makassar

**Abstract:** *Coffee has the promising prospect to be cultivated to perceive the more growing market and growing demand of the coffee. This study aims to formulate the pattern of marketing strategies that can be the right choice to be applied by PT. Sulotco Jaya Abadi in coffee marketing activities based on certain criteria. This research is an explanatory research in the form of applied research that is descriptive (explanation without hypothesis) by using qualitative approach with focus of analysis to arrange alternative strategy by using 7 influential informant in decision making at PT. Sulotco Jaya Abadi. The analysis used is analysis of SWOT analysis to formulate alternative strategy based on internal-external factor of company and AHP analysis to know priority strategy for PT. Sulotco Jaya Abadi. The results showed that priority strategy of PT. Sulotco Jaya Abadi based on predetermined criteria, which is easy to implement, budget enough, contribute in improving company image, and contribute to the achievement of company mission is (1) maintaining the quality of the coffee beans produced; (2) increase production capacity; (3) maintaining and improving the quality of human resources through the development and training of employees; (4) developing domestic and international markets and buying coffee from the community; and (5) undertake tree rejuvenation and rehabilitation of coffee plantations.*

**Keywords:** Strategy, Marketing, Coffee, Toraja Coffee

## 1. Introduction

Coffee has the promising prospect to be cultivated to perceive the more growing market and growing demand of the coffee, in which at the moment the demand of coffee is more increasing supported by many parties who start business to serve coffee as the freshening drink in the cafes spreading all over Indonesia even in the rural areas (Purnama, 2014).

Coffee as a plantation crop, has a lucrative development opportunity for the next 25 years, which is indicated by the NPV value achieved at greater zero, so the value of Gross B / C, Net B / C, PR ratio and IRR respectively imply business feasibility of developing coffee especially arabica coffee (Alam, 2006).

Coffee is the kind of beverage favored by most people around the world. Not just because it is tasty consumed by consumers of coffee drinkers, but also because of the economic value for countries that produce and export coffee beans (like Indonesia). The role of coffee commodities for the Indonesian economy is quite important, both as a source of income for coffee farmers, foreign exchange sources, industrial raw materials producers, as well as employment providers through processing, marketing and trade (export and import). Since 1984, the share of Indonesian coffee exports in the international coffee market is ranked the fourth highest after Vietnam, Brazil and Colombia. In 2015, Indonesia produces 691 thousand tons of coffee beans, Colombia produces 840 thousand tons of coffee beans, Vietnam produces 1.65 million tons of coffee beans, and Brazil reaches 2.9 million tons of coffee beans (Alamtani, 2016).

As demand for coffee increases, PT. Sulotco Jaya Abadi has a new challenge to implement various strategies in marketing the coffee products that are produced so as not to be displaced by the presence of new competitors who also provide coffee processing products, either in the form of dried beans or in the form of processed powder. The fierce competition faced by the company will have an impact on company performance and market share. The selection of appropriate strategies in the marketing process will greatly affect the achievement of the vision and mission of PT. Sulotco Jaya Abadi.

## 2. Literature Survey

### a) Commodity of Coffee

Coffee is one of the most useful agricultural products as a base for making refreshment drink. Because useful refresh the body, coffee drink is very popular in the community and widely cultivated by people, especially in the highlands. Coffee plants are a type of tropical plant that can grow anywhere, except in places that are too high with very cold temperatures or barren areas that are not suitable for plant life, for example in the North Pacific Latitude of the Pacific, the tropics in the Sahara desert, and the southern latitudes of the entire Pacific Ocean and Australia in the North where the land is very barren (Rahardjo, 2012).

There are two types of coffee that are commonly known and have important trade values, namely *C. Canephora* (Robusta coffee) and *C. Arabica* (arabica coffee). According to Alamtani (2016), arabica coffee (*Coffea Arabica*) comes from the mountain forests of Ethiopia, Africa. In their natural habitat, the plant grows under the canopy of lush tropical forest. This type of coffee grows at

an altitude above 500 meters above sea level. Arabica coffee will grow up when planted at an altitude of 1000-2000 meters above sea level. With the rainfall ranged from 1200-2000 mm per year. The best environmental temperature for this plant is 15-24°C. This plant can not stand at a temperature near the freezing point below 4°C.

One place that is very suitable in cultivating for coffee plants, either of arabica coffee or robusta coffee is TanaToraja district. TanaToraja is one of the best tourist attractions in South Sulawesi which is located approximately 500 km from Makassar. Coffee originating from the island of Sulawesi is called "Toraja coffee" has a unique characteristic, has a strong aroma and physical characteristics are very special namely the seeds heavy. Not surprisingly Toraja coffee is very popular in other countries such as Japan. This unique coffee is grown in rich volcanic soil around Mount Sesean on the island of South Sulawesi. This coffee is cultivated in small home gardens by ten families belonging to the tribe "Toraja". Toraja is one of several independent ethnic groups in the highlands of Sulawesi who have successfully maintained their distinctive cultural identity reflected in their language, social and religious rituals (Sallatu, 2006).

#### **b) Functions, Objectives and Marketing Strategies**

The marketing function is (1) to conduct the market research, (2) exercise control over the annual plan in a company / organization, (3) control the profitability, (4) evaluate and improve the efficiency of spending and the impact of marketing costs, (5) and serves in strategic control. In other words, the profit aspect is not always the goal of marketing (Gobel, 2015).

The purpose of marketing is not to expand sales to anywhere but to know and understand the customer in such a way that the product or service fits with the customer and then sells itself. From these statements can be understood that the orientation of the company / organization should not only be limited to the extent to which the product can be sold and consumed and gain big profits but it takes effort to know and understand customer desires so appropriate and satisfied (Purnaya, 2016).

According to Swastha & Irawan (2013), the strategy is a series of large designs that describe how a company should operate to achieve its goals so that in running a small business in particular it is necessary to develop through its marketing strategy. Peter & Olson (2013), in his book argues that marketing strategy is the design, implementation and control of plans to influence exchange in order to achieve organizational goals.

Tjiptono (2007), adds a marketing strategy consisting of five interrelated elements, namely market selection, product planning, pricing, distribution systems, and marketing communications (promotion). The ability of a company's marketing strategy to respond to any changing market conditions and cost factors depends on the analysis of environmental factors including technology and lifestyle, market factors, and seasonal demand as well as

competitive factors including cost strategies and structures.

From the opinion of experts mentioned above, it can be concluded that the marketing strategy is a series of designs undertaken or established by a company / organization to achieve the expected goals by taking into account various aspects of the consumer, both in terms of environmental changes and the consumers themselves.

#### **c) Formulation of strategies and environmental analysis**

Strategy formulation is the process of preparing the steps forward that is intended to build the vision and mission of the organization, set corporate strategic and financial goals, and design strategies to achieve these goals in order to provide the best customer value. The formulation of marketing strategy is influenced by some internal and external aspects (Hariadi, 2009).

Companies must pay attention to the environment that influences them in determining a marketing strategy. Companies must adapt to the company's environment in order to succeed in the long term (Hunger dan Wheelen, 2007). This environment is divided into internal and external environments. The internal environment includes the inside of a company that is a company resource that can become a company's strength if managed effectively and efficiently and if otherwise becomes a weakness of the company. The external environment is the factors beyond the control of the company that can influence the choice of direction and action, organizational structure, and internal processes of the company (Hariadi, 2009).

## **2. Materials and Methods**

This research was conducted at PT. Sulotco Jaya Abadi in Bolokan, Tiroan Village, Bittuang, TanaToraja District. This study was conducted for ± 2 months from June to July 2017.

This research is an explanatory research in the form of applied research which is descriptive (explanation without any hypothesis) by using qualitative approach with focus of analysis to arrange alternative strategy by using 7 influential informants in decision making at PT. Sulotco Jaya Abadi. The analysis used is SWOT analysis to formulate alternative strategy based on internal-external factor of company and AHP analysis to know the priority of strategy for PT. Sulotco Jaya Abadi. Data collection in this research is done through 3 (three) ways, namely: library study conducted to obtain secondary data and to get basic theoretical studies relevant to the problems studied, field studies (observation) conducted to collect primary data through the spread of questionnaires to know the internal and external factors of PT. Sulotco Jaya Abadi in conducting marketing activities and in-depth interviews and FGDs are collecting data by conducting question-answer directly with selected informants in order to obtain deeper information that is not accommodated from the questionnaire.

### 3. Results

#### a) History of PT. Sulotco Jaya Abadi

PT. Sulotco Jaya Abadi is a national private company (domestic capital investment) which is engaged in cultivation and commerce business. The company is located in two districts consisting of TanaToraja Regency (LembangRanteLimbong, Kurra Sub-district, Se'seng Village and Tiroan village, Bittuang Sub-district) and North Toraja District (LembangAwan, AwanRanteKarua Sub-district). This company is on the former land owned by a Dutchman named H.J. Stock Van Dijk.

PT. Sulotco Jaya Abadi is headquartered in Surabaya, East Java. The company was established on the basis of notarial deed no 21 dated August 19, 1986 by notary Rika You Suo Shin in Surabaya. PT. Sulotco Jaya Abadi is operated based on the decision of the Governor of the Provincial Government of South Sulawesi no. 08 / KPTS / III / BKPM / 87 dated 7 March 1987, which was confirmed through the decision of the Minister of Home Affairs no. 19 / HGU / 1988 dated September 20, 1988. The land clearing activity started on March 7, 1987 with a total operating area of 1,199,364 ha with the status of Cultivation Rights (CR) which is valid for 30 years and can be extended.

Initially, the process of coffee processing done in Fullwash Process began in 1989. Fullwash is the processing process to obtain coffee beans by drying dry HS to water content of 6-5% and then hulled. Then in 2010, the company started the process of processing civet coffee. Luwak coffee processing is done not as simple as ordinary coffee processing because it takes quite a long time. In making civet coffee, coffee used is arabicacerry coffee which is the type of coffee seeds taken from the garden and then given to the mongoose as the main food after that remove the dirt and dirt is cleaned and then processed into a green beans.

In 2016, PT. Sulotco Jaya Abadi started producing coffee through Semiwash Process. Semiwash is processing to get coffee beans by drying dried HS until moisture content 20-18% then dehulling and repainted until Water Content 11-12%.

#### b) Informant Identity

The identity of the informant describes the condition or circumstances and status of the person. Informants are very helpful for the smoothness of research and facilitate researchers to find out the informations needed. Informants in this study include people who have background as the perpetrator that influence the taking of policy at PT. Sulotco Jaya Abadi and master and know the required information related to this research.

Based on interviews using a questionnaire on research at PT. Sulotco Jaya Abadi then obtained informant data as follows:

**Table 1: Identity of PT. Sulotco Jaya Abadi**

No	Identitas					
	Nama	Usia (Thn)	Pendidikan	Jabatan	Lama Bekerja	
					Thn	Bln
1.	Sudarlan	51	S1	Head Office	30	8
2.	Imanuel Sude	51	S1	Head of Plants	27	4
3.	Dorkas M. Radha	48	S1	Head of Administration	17	4
4.	Rantelimbong	49	SLTA	Head of Region Asri	28	4
5.	Petrus Pekonglean	39	S1	EO of Barakai Regional Head	6	4
6.	SeliTandi Padang	33	S1	EO of Livestock and Fish Head	5	10
7.	Markus Palallo	37	S1	EO of Processing Techniques Head	4	8

Table 1 shows the names of the company's informants consisting of seven people, Mr. Sudarlan as the head of PT. Sulotco Jaya Abadi, Mr. ImanuelSude as head of the plant, Mrs. Doras M. Radha as head of administration, Mr. Rantelimbong as head of Asri region, Mr. PetrusPekonglean as EO of Barakai Regional Head, IbuSeliTandi Padang as EO livestock & fish head, and Mr. Markus Palallo as EO of processing techniques head. These informants are helping researchers in filling out questionnaires, FGDs and interviews.

#### c) Analysis of Internal and External Factors PT. Sulotco Jaya Abadi

Internal analysis is an analysis of strengths and weaknesses owned by the company. Strength owned by PT. Sulotco Jaya Abadi, a good corporate image / reputation, physical environment (area, altitude, soil fertility) supports arabica coffee cultivation, premium quality of coffee beans, adequate production facilities, reward system for partners and employees who are solid and motivating, certified products from various institutions, and experienced human resources. The weakness is owned by PT. Sulotco Jaya Abadi, among others: promotional activities are still lacking, productivity per tree is low, product selling price is less competitive, production capacity in fulfilling demand at consumer demand is not enough, limited labor at harvest time, big operational cost, and the products offered are less varied.

External analysis aims to analyze opportunities and threats owned by PT. Sulotco Jaya Abadi in running his business. Opportunities owned by PT. Sulotco Jaya Abadi is an open market both domestically and internationally, customer satisfaction is fulfilled, consumer's income and purchasing power increases, fluctuating dollar rate, and e-commerce business continues to grow. The threat faced by PT. Sulotco Jaya Abadi, the age of the old labour and the



new young workers are not interested in working in plantations, local culture, fluctuating coffee commodity prices, competitor capable of producing Toraja coffee with competing quality claims, increasing human resources wages, changes climate and weather are uncertain, public coffee production declines, the existence of coffee shop entrepreneurs who buy coffee directly to the farmers, and the rules of taxation are getting tighter.

**d) Internal-External Matriks(IE)**

Internal-external matrix or abbreviated IE matrix is based on analysis of internal and external factors combined into one suggestive model. The IE matrix is based on two criteria, ie the total weighting of internal factors (IFE) on the X axis and the total weighting of external factors (EFE) on the Y axis.



**Figure 1:** Internal-External Matriks PT. Sulotco Jaya Abadi

Figure 1 shows that the position of PT. Sulotco Jaya Abadi is in cell V on IE matrix. The strategy cell shows the company's best strategy to hold and maintain. This indicates that the appropriate strategy used by PT. Sulotco Jaya Abadi is a strategy of market penetration and product development.

**e) SWOT Matrix**

The strategy generated from IE matrix only generates a general strategy alternative without any more technical implementation strategy at enterprise level. Therefore IE matrix is equipped by matrix SWOT which is concrete steps which should be done by PT. Sulotco Jaya Abadi. The key to the success of the SWOT matrix is to bring together internal and external key factors to form a strategy. SWOT Matrix is a systematic identification of various factors to formulate the company's strategy. This matrix is based on logic that maximizes strength and opportunity but can simultaneously minimize weaknesses and threats

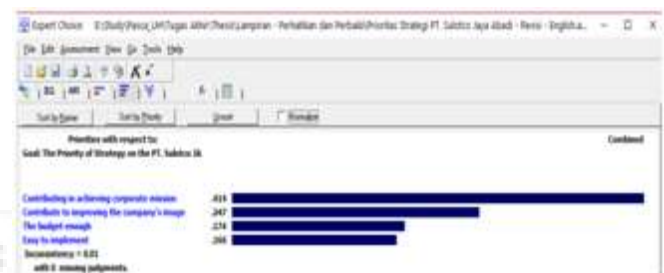
Based on the SWOT matrix of PT. Sulotco Jaya Abadi, several alternative strategies that can be formulated are increasing production capacity, maintaining the quality of the beans produced, developing domestic and international markets, maintaining and improving the quality of human resources through the development and training of employees, doing more promotional activities and maximizing the use of internet network , rejuvenating the trees and rehabilitating the coffee plantation, buying coffee from the community, bringing in harvest from the outside, recruiting marketing personnel, increasing product variety, developing effective rewards for partners

and employees, development of farmer groups, and increasing cost efficiency.

**f) AHP Analysis**

After determining some alternative strategies, then the next will be analyzed AHP to determine which strategy will be a priority to be done at PT. Sulotco Jaya Abadi. To choose the right strategy, there are several criteria that will be considered in the selection of strategy, namely: easy to implement / implemented, budget enough, contribute in improving corporate image, and contribute to the achievement of corporate mission.

After analyzing the data through Expert Choice 2011 application, the following results are obtained:



**Figure 2:** The Order Priority Sequence Selection Criteria Alternative Strategy PT. Sulotco Jaya Abadi

Figure 2 above shows that in the alternative priority selection strategy PT. Sulotco Jaya Abadi, the first priority criteria is to contribute to the achievement of the company's mission with a value of 0.414, then the second to contribute in improving the image of the company with a value of 0.247, the third has a budget with a value of 0.174, and which is in the last or fourth sequence is an easy to apply / implemented criterion with a value of 0.166.



**Figure 3:** The Order Priority Strategy Under Criteria Easy to Implement / Execute

Based on Figure 3, the fifth highest priority order of choice of alternative strategies based on easy-to-apply criteria is first to maintain the quality of the coffee beans produced with a value of 0.107, the second to buy coffee from the community with a value of 0.096, the three farmer group coaching with the value of 0.095, the fourth doing tree rejuvenation and rehabilitation of coffee garden with value 0.093 and the fifth developed effective reward for partners and employees with value 0.092.



Figure 4: The Order Priority of Strategy Based on the Criteria of Budget Enough

Based on Figure 4, the fifth priority order of the highest selection of alternative strategies based on sufficient budget criteria is first to maintain the quality of the coffee beans produced with a value of 0.136, the second increase the production capacity by 0.116, the third to rejuvenate the tree and rehabilitate the coffee garden with a value of 0.093, the fourth increase quality of human resources through employee development and training with value 0.090, and fifth developing domestic and international market with value 0.80.



Figure 5: The Order Priority of Strategy under Criteria Contributes In Improving Corporate Image

Based on Figure 5, the fifth priority order of the highest choice of strategy alternatives based on criteria contributes to improving the company's image is first to maintain the quality of the coffee beans produced with a value of 0.138, both maintain and improve the quality of human resources through the development and training of employees with a value of 0.111, the third increases capacity production with value 0.096, fourth rejuvenated tree and rehabilitation of coffee garden with value 0.089 and the fifth is developing effective reward for partners and employees with value 0,085.

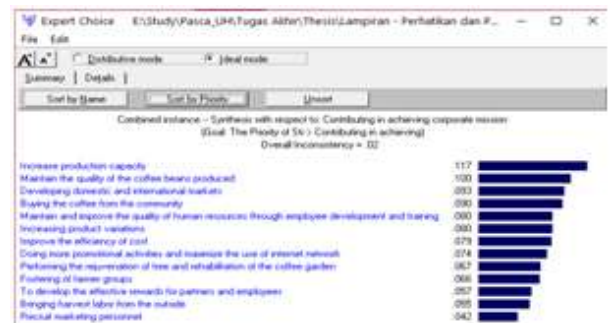


Figure 6: The order Priority of Strategy Based on Criteria of Contributes to the Achievement of Company's Mission

Based on Figure 6, the fifth highest priority order is the selection of strategic alternatives based on the criteria. Contributing to the achievement of the company's mission is first to increase the production capacity with the value of 0.117, the second to maintain the quality of the coffee beans produced with a value of 0.100, the third to develop the domestic and international markets with a value of 0.093, the fourth to buy coffee from the public with a value of 0.090 and the fifth is to maintain and improve the quality of human resources through the development and training of employees and add variety of products with a value of 0.080.

#### 4. Conclusion

Based on predetermined criteria, that is easy to implement / implemented, budget enough, contribute in improving corporate image, and contribute in achieving company mission, hence priority of strategy that can be applied by PT. Sulotco Jaya Abadi is (1) maintains the quality of the coffee beans produced; (2) increase production capacity; (3) maintain and improve the quality of human resources through the development and training of employees; (4) developing domestic and international markets and buying coffee from the public; and (5) doing tree rejuvenation and rehabilitation of coffee plantations.

#### References

- [1] Alam, Syamsu., 2006. Kelayakan Pengembangan Kopi Sebagai Komoditas Unggulan di Provinsi Sulawesi Selatan. *E-Journal Jurusan Sosial Ekonomi Fakultas Pertanian Universitas Hasanuddin*, 11 (1): 11-28.
- [2] Alamtani, 2016. Jenis dan Karakteristik Kopi Arabika dan Robusta. *E-publikasi Outlook Kopi*, 23:1-116.
- [3] Gobel, Fariz., 2015. Fungsi Pemasaran dalam Dunia Bisnis. *Journal of Binus Business Review*, 3(2):882-897.
- [4] Hariadi, Bambang., 2009. Strategi Manajemen. Jakarta: Bayumedia Publishing.
- [5] Hunger, David & Wheelen, Thomas., 2007. Manajemen Strategis. Yogyakarta: CV. Andi Offset (Penerbit Andi).
- [6] Najiyati & Danarti. (2010). Kopi: Budidaya dan Penanganan Pasca Panen. *Journal of Agriculture*, 3(2): 183-199.
- [7] Peter, J. Paul dan Olson, Jerry C., 2013.

PerilakuKonsumen&StrategiPemasaran. Jakarta:  
SalembaEmpat.

- [8] Purnama. (2014). Asean Economy Community (AEC) BagiKepentinganPelaku Usaha Perkebunan Jawa Barat.*Diponegoro Journal of Economy*, 1(2): 14-37.
- [9] Purnaya, I GustiKetut., 2016. EkonomidanBisnis. Yogyakarta: CV. Andi Offset (PenerbitAndi).
- [10] Rahardjo, Pudji., 2012. Kopi: PanduanBudidayadanPengolahan Kopi Arabikadan Robusta. Jakarta: PenebarSwadaya.
- [11] Sallatu. (2008). AnalisisPangsaPasardanTataniaga Kopi Arabika di KabupatenTanaTorajadanEnrekang, Sulawesi Selatan.*JurnalInstitutPertanian Bogor*, 2(8): 23-65.
- [12] Swastha, BasudanIrawan, 2008. ManajemenPemasaran Modern. Yogyakarta: Liberty Offset.
- [13] TjiptonoFandi, 2007. StrategiPemasaran. EdisiKedua. Yogyakarta: Andi Offset.

### Author Profile



**Dwi Prasetyawati Thana** was born inTanaToraja, South Sulawesi, Indonesia on November 1<sup>st</sup>, 1988. She earned aBachelor's Degree (S.P.) in 2012 at the Faculty of Agriculture, Hasanuddin University, Indonesia. In 2015 until now, studying at the Faculty of Agriculture of Hasanuddin University, Makassar, Indonesia. This paper is part of her thesis was supervised by Prof. Rahim Darma, MS., Ph. DandProf. Dr. Abdul RahmanKadir, M. Si.

