

Chapter I Introduction

I.1 Research Background

Small and Medium Enterprises (SMEs) are one of the economic entities which have important role, position, and potential in Indonesia's economy because the SMEs are able to absorb the workforce of Indonesia about 97% and contributing 57% of the total Gross Domestic Product (GDP) of Indonesia in 2012 (Ministry of cooperatives and small and medium enterprises of the Republic of Indonesia). SMEs generally have superiority in the fields of utilizing natural resources and labor intensive, such as agricultural industry, forestry, animal farm's, fisheries, trade and restaurant.

Pangalengan is one of the regions in Indonesia which is famous as an animal farm's industry, especially for the fresh cow's milk products and processed foods from the fresh cow's milk. Ti Sukamenak (TS) SME is one of the SMEs which is located in Gang Dangdeur, Kampung Sukamenak RT 02 RW 18, Pangalengan, Bandung Regency. TS SME established in 2008 and produces snacks, such as milk caramels candy, milk dodol, milk crackers and milk nougat.

There are several competitors that are produce milk candy caramels and sell their products in Pangalengan namely TK SME, Barokah SMEs, Harry's Farm SME, Mentari SME, Ciwidey SME, and the other SMEs. TS SME currently only sells the products to Pangalengan and Lembang. Due to high competition among SMEs in Pangalengan make owner of TS SME wants to redefine the market area, especially to the city of Bandung. The very simple packaging became one of the obstacles of TS SME to introduce the product to the city of Bandung. This is because of many snacks which have attractive packaging are being sold in the city. In addition, limited costs, human resources, and low knowledge of marketing communications are also the obstacle of TS SME to introduce the milk caramels to Bandung (Owner of TS SME, in-depth interview December 17, 2013).

A preliminary survey is conducted to find out the opinion of the society of Bandung city, who became target market of TS SME. The respondents of this survey are 21 people consists of employees, students and housewives. The questions are about the product milk caramels taste, packaging and promotions. The results of preliminary survey can be seen in table I.1.

Table I.1 Respondents Opinion about Milk Caramels Product
Source: Preliminary Survey

No	Variable	Quantity	Reason
1	Taste	90% Like	Milk caramels have a sweet taste like milk candy, and delicious.
		10% Standard	Milk caramels have a sweet taste.
		0% Not like	-
2	Packaging	9% Interesting	Packaging has variety of colors so that attract buyers.
		67% Standard	The product packaging is not attractive because it has a very traditional design and standard, the color of the packaging is still monotonous, the form of plastic packaging is less attractive and seemed a bit old, packaging does not describe the quality of the product, the packaging is too simple and does not attract attention of respondent at the first time to see the product.
		24% Not Interesting	Color, material, size, and layout of packaging less attractive, the plastic used in the packaging does not give the impression of hygienic, and packaging design is still traditional.
3	Promotion	90% Don't know	Respondents don't know about the product before.
		10% Know	Respondent never seen milk caramels candy but the product ever bought by parents but respondents forgot about the products brand that is purchased

Based on table I.1, it can be identified that TS SME have the opportunity to enter the market in Bandung because 90% of respondents liked the milk caramels candy. However, milk caramels candy has weakness of the product packaging whereas 95% of respondents stated that packaging is one of the important factors to purchase the new product and 90% of the respondents did not know about milk caramels made by TS SME. Milk caramels is a good product because made from high quality fresh cow's milk obtained from the Cooperative of South Bandung Farmers (KPBS) Pangalengan and do not use preservatives or other chemicals substance, but TS SME didn't known about how to inform and market the product to public and it hasn't gorgeous packaging. TS SME should be able to formulate a marketing communications design to inform the public about products of TS SME, attract potential buyers, and making the product to be known by the visitors who came to the city of Bandung and the people who live in the city of Bandung. Therefore, further research is needed to formulate the appropriate marketing communications design for TS SME.

I.2 Research Question / Problem Formulation

Based on the description of the background, it is necessary to research which can help TS SME to formulate a marketing communications design in order to achieve the targets of TS SME. This study used a benchmarking approach to the other SMEs that have been successful communicate the product to public. In addition, the company's ability to apply the design have been made will be considered in formulating the design of marketing communications to be made later. Issues that will be raised in this study are as follows:

1. What kind of marketing communications programs that is being done by TS SME to introduce and promote the milk caramels?
2. What kind of marketing communications programs that is being done by the competitor of TS SME and the other SMEs that have successfull to introduce and promote the milk caramels to public?
3. How is the appropriate marketing communications which can be implemented by TS SME?

4. What are the steps that must be done by TS SME to implement a marketing communications design that will be formulated?

I.3 Research Objective

The objectives of this research are:

1. Identify marketing communications programs that are being done by TS SME to socialize and promote milk caramels candy.
2. Identify marketing communications programs that are being done by the others SMEs that are produce snacks that have been successful market their products public.
3. Formulate a marketing communications design that is feasible and can be implemented by TS SME.
4. Create the steps to implement the marketing communications design that has been formulated.

I.4 Research Limitation

The limitation of this research is the research was not conducted to the implementation stage.

I.5 Research Benefit

The benefits of this research are:

1. The results of this study can provide guidance for TS SME to introduce and promote the products to public. The marketing communications design that has been formulated is expected to increase sales volume and revenues of TS SME.
2. The steps that have been made to implement a marketing communications design that has been formulated is expected to facilitate the owner of TS SME to carry out the design.

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 the research. The objectives of the research, the limitation of the research, the benefit of the research and report outline are also stated in this chapter.

Chapter II Literature Review

This chapter explains the basic theory and terms that is used to support the finding of this research analysis. The theories are based on books literature, scientific publications, magazines of government and information on the Internet.

Chapter III Research Methodology

This chapter shows the readers about conceptual model of the research and systematic phase to solve the problem.

Chapter IV Data Collection and Analysis

This chapter contains the data from TS SME, the other SMEs that are benchmarked and similar products that have successfully implemented the marketing communications. Also, the analysis of the research that is conducted based on the benchmark results obtained.

Chapter V Program Recommendation

This chapter contains the marketing communications design that have been formulated for TS SME based on the analysis performed and the stages of a business process which can lead the SMEs to carry out the marketing communication design.

Chapter VI Conclusion and Suggestion

This chapter shows research summary, the results of the study and suggestion for the next research.