CHAPTER I INTRODUCTION

I.1 Background

The food industry in Indonesia is growing along with the increase in basic needs and household needs. Despite the current pandemic conditions, the food industry faces several challenges. One of them is due to the weakening purchasing power of the people. However, the Ministry of Industry noted that the food industry was still able to grow positively by 1.58% in 2020. While entering the first quarter of 2021, the industry's growth was recorded at 2.45%. This shows that the food industry can survive until now.

In addition, with the rapid development of technology that triggers the emergence of various purchasing systems during this pandemic, business actors in the food and beverage industry are looking for various gaps in the sales system by expanding their market reach online. There are several choices of online platform, one of them is social media.

Based on Hootsuite data, Indonesia has 170 million of active social media users, which is 61,8% from the total of Indonesian Population. The percentage of internet users who use every social media platform in Indonesia based on a survey shows that YouTube occupies the first position with a percentage of 93.8%, followed by WhatsApp at 87.7% and in the top third is Instagram with a percentage of 86.6%. With the growth in the food sector and the high number of social media usage in Indonesia, it can open opportunities for business actors, especially Small and Medium Enterprises (SMEs) to develop business in the food sector with the help of social media. One of the players in this industry is *Makaroni Kendo*.

Makaroni Kendo is one of the home industries which produce macaroni with various kinds of flavors and shapes. Established in 2017, *Makaroni Kendo* began their production in Bandung and only has a market in the campus UPI Bandung area. According to the results of interviews with one of the owners, *Makaroni Kendo* now has moved their production house to Sumedang and

widened the reach of its market to all over Indonesia. Main targets of *Makaroni Kendo* are women and men aged 17-35 years who like snacks. Macaroni they produced now has 12 variant flavors and two different types of macaroni.

Since its establishment, the purchasing system has been carried out offline and online through the help of social media WhatsApp and Instagram. In 2018, the owner began to use Shopee as their sales system. The marketing system is only focusing online*,* through the account Instagram with the usernam*e* @Makaroni.kendo. Instagram social media is used as a promotional medium to introduce products, direct potential buyers to Shopee accounts, and increase brand awareness of *Makaroni Kendo*. After using Instagram since 2017, the *Makaroni Kendo* now has Instagram followers as many as 1744 followers with 761 uploads. One of the owners of *Makaroni Kendo* said that there are some constraints on Instagram marketing. One of them is the insignificant effect of the increase in sales of products, the slow increase in followers*,* and engagement. Problems were encountered supported by the presence of data sales *Makaroni Kendo* in online and offline with a target monthly who wants to achieve.
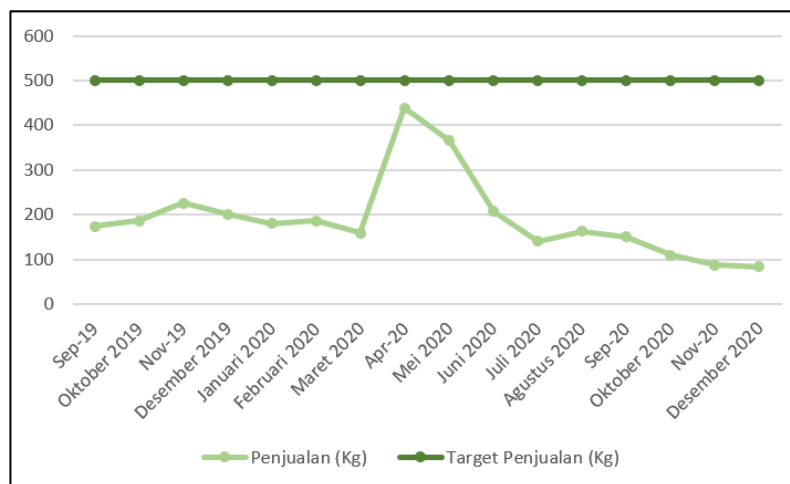

Figure I. 1 *Makaroni Kendo* Instagram Sales

Figure I.1 shows the data of sales during the year 2020 with the targets set by owner, 500 kilograms per month. The target set has not been achieved. Sales increased as significantly in April and re-experiencing a decline in the month of May. The owner stated that in April is the month of Ramadan and Eid al- Fitr,

so that sales can be increased and meet targets. Next month, *Makaroni Kendo* gets a low sale and continues to experience a decline until the end of 2020. The presence of the sales is volatile, and targets are not achieved can be a problem that needs to be known to the cause. Necessary preliminary survey to determine the cause of the problems were experienced by *Makaroni Kendo*.

A preliminary survey regarding the repurchase rate was conducted to see if the product quality was in line with the market. From the data provided by the owner, it was found that 13 out of 15 resellers were recorded as making repeat purchases with each reseller minimum purchase is 10 kilograms while two others did not repurchase. Other supporting data can ensure the quality of products *Makaroni Kendo* is in the Shopee e-commerce. *Makaroni Kendo* got a product rating of 4.8 out of 5 stars with 244 ratings. The Data showed that the product is accepted by the market and has a good quality.

To determine brand awareness on *Makaroni Kendo*, the preliminary survey is conducted to analyze the number of respondents who already know *Makaroni Kendo*. The following are the results of the preliminary survey.
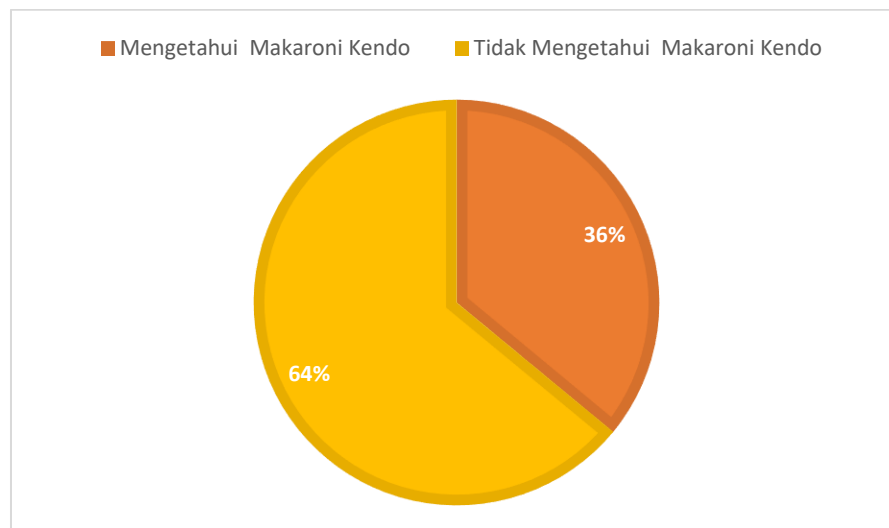

Figure I. 2 Brand Awareness Preliminary Study

In Figure I.2 can be seen that the percentage is still low. The number of respondents who know *Makaroni Kendo*, only 36% of 25 respondents. From the statement that expressed by the owners, increasing brand awareness is the

goal principle of doing marketing activities through Instagram.

Table I. 1 Comparison of Engagement Rate to Competitor

No	Instagram Account	Indicator		
		Followers	Total Post	Engagement Rate
1	@Ngehe_id	126k	2011	1,05%
2	@Makaroni_cikruhdr	118k	2700	1,21%
3	@Lokasaji	689k	185	3,11%
4	@Makaroni.kendo	1737	782	0,82%

Improper management of social media can reduce the awareness of the brand. Therefore, a preliminary study was conducted using a comparison of media analysis igblade.com with Makaroni Kendo competitor. Table I.1 Shows the comparison of several indicators to the competitor in the same industry. Engagement rate percentage of Makaroni Kendo is 0.82%, indicating that Instagram Makaroni Kendo has low engagement rate compared to its competitor which has similar characteristic. This shows that competitors could improve their Instagram account management skills and have a significant impact on social media.

It required the preliminary survey to identify the shortage of *Makaroni Kendo* Instagram performance. The preliminary survey was conducted with in- depth interviews with 10 respondents with the criteria of active Instagram users.

Table I. 2 Preliminary Study of Instagram Features

Shortage	Total
Less interesting content	Eight of 10 respondents' states that
Incomplete caption	Six of 10 respondents' states that
Incomplete bio	Five of 10 respondents' states that

4

No testimonials	Three of 10 respondents' states that
Instagram *stories* content does not attract follower interaction	Nine of 10 respondents' states that
Low quality content	Seven of 10 respondents' states that
Incomplete Highlight	Three of 10 respondents' states that

Table I.1 shows some shortage of *Makaroni Kendo* Instagram Performance that can help improve the Instagram management. Data complaints expressed by the respondents showed that there is still a lack of Instagram management and can be a data supporter of owner's statement regarding the number of low followers and low engagement.

From the results of the preliminary study and help of media analytic, it shows problems in the management of Instagram *Makaroni Kendo* that has not been able to increase brand awareness. This indicates the need to identify the design of improvements in social media Instagram *Makaroni Kendo* with some criteria that should be considered.

I.2 Problem Formulation

Based on the background, *Makaroni Kendo* needs to improve the design of their Instagram marketing program. (Lauwis & Setyawati, 2018) is a previous study that used benchmarking methods in its research. Benchmarking method can compare performance by producing best practices from competing companies. To identify the criteria that are right in the decision-making is done using the method of AHP (Damdinsuren & Ishdamba, 2017).

1. What are the criteria and sub-criteria that need to be considered on social media Instagram *Makaroni Kendo*?
2. Who are the right benchmark partners to *Makaroni Kendo* for each of the social media Instagram criteria?

3. What are the gaps between social media Instagram *Makaroni Kendo* and benchmark partners?

4. What are the recommended improvements for social media Instagram *Makaroni Kendo*?

I.3 Research Objectives

Based on the formulation of the problem, the following are the objectives of this study:

1. Identify the criteria and sub criteria that can be used for the proposed design of a social media marketing program.

2. Identify the right benchmark partner for *Makaroni Kendo*.

3. Identify gaps between *Makaroni Kendo*'s Instagram accounts with benchmark partners

4. Formulate Recommended improvements for marketing programs through *Makaroni Kendo* Instagram.

I.4 Problem Limitation

The problem that is discussed in the study is based on the limits of the following:

1. The scope of the preliminary survey respondents are Instagram users who do not know Instagram *Makaroni Kendo*.

2. Data sales are limited only within the period, in the year 2020.

3. Research is only carried out until the recommendation stage and not until the implementation stage.

I.5 Research Benefits

The benefits are expected from this research include:

1. Provide recommendations to *Makaroni Kendo* with the criteria and sub-criteria for managing Instagramaccounts, which have been sorted by priority.

2. With the recommendations from the results of this study, it is hoped that

it can be a reference for furtherresearch on the design of improving social media marketing for an Instagram account.

I.6 Writing Organization

This final project is described with systematic writing as follows:

Chapter I   **Introduction**

This chapter contains a description of the identification of problems in the research object of *Makaroni Kendo*. Part of this chapter contains the background of the problems faced by the company, formulation of the problem, the limitations of the final project, the benefits of the final project, and the systematics of writing.

Chapter II   **Literature review**

This chapter contains literature relevant to the problems and discusses the results of books references/research/other references that can be used to design and solve problems. In addition, this chapter will also explain the methods used for research; Benchmarking and Analytical Hierarchy Process (AHP).

Chapter III   **Problem Solving Methodology**

This chapter describes the research steps in detail, including research data, presentation of conceptual models, systematic problem solving, data collection and processing, and data analysis techniques.

Chapter IV   **Integrated System Design**

This chapter explains the stages of data collection carried out by distributing questionnaires to respondents with predetermined

criteria. The data processing stage is based on the questionnaire data recapitulation until the objective of AHP data processing is to get a benchmark partner from each criterion by considering the priority level. In addition, the determination of the gap and future performance is also carried out to be analyzed at the next stage.

Chapter V   Result Analysis and Evaluation

This chapter presents an analysis of the results of data collection and processing. The analysis is in the form of gap identification results then compared between the use of social media Instagram *Makaroni Kendo* with benchmark partners.

Chapter VI   Conclusions and Recommendations

This chapter contains a comprehensive explanation of the conclusions regarding the research that has been done and suggestions for *Makaroni Kendo* and further research with similar problems and methods.