

Chapter I Introduction

I.1 Background

Small and Medium Enterprise (SME) in Indonesia plays an important role in advancing the economy. SME provides employment for the people of Indonesia and contribute to encourage economic growth after financial crisis in 1997. SME industry is one sector that is able to survive from the impact of the global crisis. This is because SME has a flexible character and can be conducted easily by various levels of society both under and medium.

According to statistics of the development of SME, there are 55,3 million SME units scattered throughout the territory of Indonesia. In 2012, the entire effort contributed Gross Domestic Product (GDP) of 57,12% and the contribution of labor by 97,3% or 101,72 million workers (BPS, 2013). Therefore, necessary to get the right policy to support SME.

SME sector is directly related to the public interest. One of SME engaged in processed agricultural development efforts is SME of Binangkit Ciwidey Women Farmers Group chaired by Betty Feronika. The SME Binangkit comprises a group of women as farmers who have the task of developing agriculture and processed agricultural products in the region Ciwidey, Bandung Regency. SME Binangkit develops agriculture and develops horticulture crops processed products: corn cheese stick, cassava stick, cassava leaves stick, strawberry stick, strawberry lunthead, carrot chips, carrots lunthead, pineapple seblak, mushrooms shredded, cassava leaves beef jerky, banana stick, and pumpkin lunthead (Betty, personal communication, October 7, 2013).

Kencana Mas Corn Cheese Stick is a snack having the form of stick that processed from the main ingredient of corn. This product should has the potential to compete in national and international markets. This is because of there is a great opportunity to enter the market with similar competitor products that are few in number, but the number of customer requested for products Kencana Mas Corn Cheese Stick still have not reached the expected target. This is evident from the amount of product sales in the month of February to December 2013 (Betty,

personal communication, October 7, 2013). Based on the Figure I.1, it can be seen that the sales of Corn Cheese Stick Kencana Mas is fluctuation and has not reached the expected sales target SME owner, which is 1000 packs/month. But SME not knowing and attributes most influential wanted by consumers.

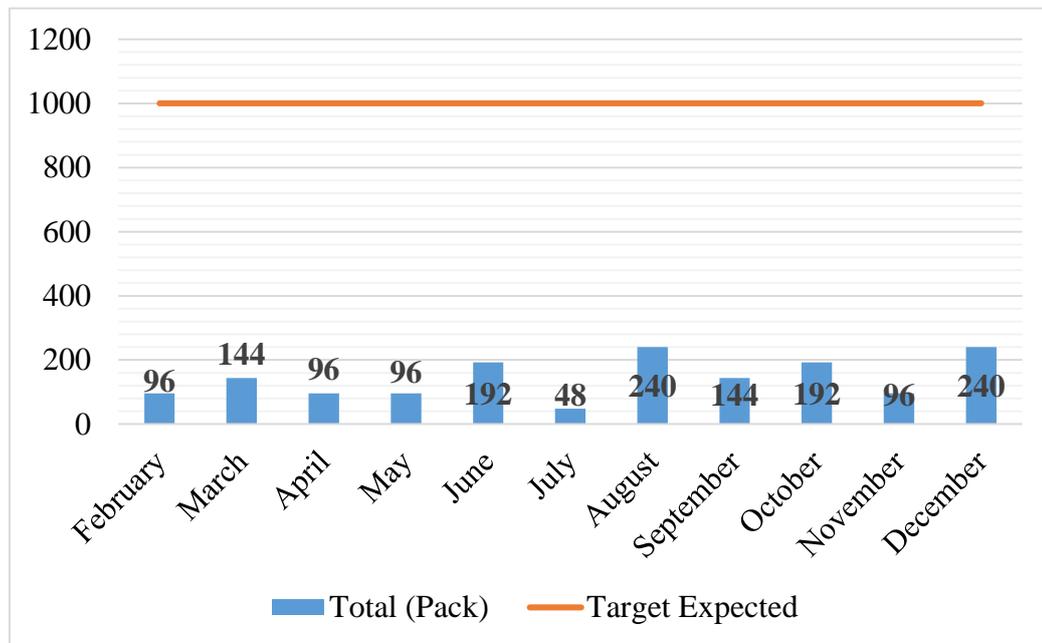


Figure I. 1 Sales Record of Kencana Mas Corn Cheese Stick in February-December 2013
(Source: Sales Data of Kencana Mas)

To determine the cause of not achieving the sales target, then performed a preliminary survey by interviewing the 10 respondents who have consumed Corn Cheese Stick Kencana Mas. The target respondents are people in Bandung who love snacks and has the average age of 16 to 26 years old with the purchase of Corn Cheese Stick Kencana Mas in a range of one to three times a month. Based on preliminary survey results, obtain several complaints from respondents regarding the quality of the product Kencana Mas Corn Cheese Stick. Based on these complaints can be seen that respondents complaints faced by SME Binangkit are varied. From that complained there are seven types of complained, with five complained that dominated. It can be seen from the categories of respondents complaint that occurred in 2013 which can be seen in Table I.1.

Table I.1 Complaints Type Respondents Kencana Mas Corn Cheese Stick
(Source: Preliminary Survey, 2013)

Number	Respondents Complaints
1.	The lack of corn flavor in the corn cheese stick
2.	The corn cheese stick colour is less attractive
3.	The information in the packaging label is not complete
4.	The packaging is simple and less attractive
5.	The product has low durability (lasts up to one month)

In conclusion, the problem statement of the research is to identify the priority of attributes that needed by customer. Beside that, it is also give the alternative recommendation to improve product quality of Kencana Mas Corn Cheese Stick. Hopefully, it can increase sales products at the future.

I.2 Problem Formulation

Based on the description of the background obtained by the formulation of the problem for SME Binangkit as follows:

1. What are the attributes of Kencana Mas Corn Cheese Stick based on the dimensions of the quality of the product?
2. What are attribute related to quality product of Kencana Mas Corn Cheese Stick need to be improved and and to be maintained?
3. How the recommendations of product improvement Kencana Mas Corn Cheese Stick that could be implemented SME Binangkit based on benchmarking?

I.3 Research Objectives

The objectives of this research are as follows:

1. Knowing the attributes of Corn Cheese Stick Kencana Mas based on the dimensions of product quality.
2. Identify the attributes that needs to be improved and to be maintained related to product quality of Kencana Mas Corn Cheese Stick.
3. Formulate recommendation about product improvement Kencana Mas Corn Cheese Stick that can be implemented in SME Binangkit based on benchmarking.

I.4 Limitations of The Research

Focused research in order to conform with the purpose of research, it is necessary to limit the problem, namely:

1. The research is done for product Kencana Mas Corn Cheese Stick.
2. The company to compare is Prima Rasa.
3. The target respondent is society has the average age of 16-26 years old both migrants and domiciled in Bandung who likes snacks.
4. The research is not until the implementation stage.

I.5 Benefits of Research

The benefits of this research are:

1. As a reference for SME Binangkit to know attributes of Corn Cheese Stick Kencana Mas should be improved.
2. Can give recommendations for the improvement of product quality Corn Cheese Stick Kencana Mas.