

FEASIBILITY STUDY OF TINE'S DELICACY BUSINESS DEVELOPMENT IN SURABAYA

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ABSTRACT

Tine's Delicacy is an online bakery business operated in Surabaya. This study aims to analyze the feasibility of Tine's Delicacy business development in Surabaya, through business environment, industrial structure, marketing, legal, technical, human resource, and financial perspective.

This is an evaluation type of applied study. Data retrieval technique used in this study was interview, observation, survey, projection of Tine's Delicacy internal data and literature study. Saturation sampling technique was used in interview method and accidental sampling technique was used in survey method. The population of survey method was people who live in Surabaya.

This study shows that Tine's Delicacy's plan of business development is feasible from all perspectives, except legal perspectives, because Tine's Delicacy hasn't got any license related to its location and business license.

Keywords: feasibility study, business development, bakery shop

INTRODUCTION

The growth of food and beverage industry is increasing rapidly. One of its supporting factors is the size of customers' demand caused by lifestyle and people's growing income (Fahmi, 2014). Data of customers' increasing demand of food product can be seen in Badan Pusat Statistik's February 2014 booklet. People's expense in food consumption in March 2013 grew 12% compared to one in September 2012. Bank Indonesia's Retail Sales Survey in November 2013 shows that top sales products including food, beverage and tobacco (month to month). Research centre of Lembaga Management Fakultas Ekonomi Universitas Indonesia's macroeconomic projection 2011-2015 also shows food and beverage prospective growth. The data predicts that market size in food, beverage and tobacco industry will continue to grow to 25.9% in 2015. The change in consumer behavior to pastry and bakery product is one of the supporting factors to the large size of market demand (Poh et al., 2013). At first pastry and bakery product's role is as a snack, then it changes to one of main course alternative. Customer's demand to bakery product is affected by their practical and efficient lifestyle (Sabatini and Japariato, 2014). Besides increasing demand of food product and change of consumer behavior to pastry and bakery product, Tine's Delicacy online sales record also support its planning to build an outlet. This study aims to analyze the feasibility of Tine's Delicacy business development in Surabaya, through business environment, industrial structure, marketing, legal, technical, human resource, and financial perspective.

RESEARCH METHODS

This research is an evaluation type of applied study. Data retrieval technique used in this study was interview, observation, survey, projection of Tine's Delicacy internal data and literature study. Saturation sampling technique was used in interview method to a bakery chef, one of competitor's employee and one of supplier's employee. Accidental sampling technique was used in survey method. The population of survey method was people who live in Surabaya.

FINDINGS, DISCUSSION AND CONCLUSION

PEST analysis shows that Indonesia's business environment is supportive to Tine's Delicacy bakery business development. Several opportunities for Tine's Delicacy business are potential market size growth in food, beverage and tobacco industry, potential market opportunity as an effect from ASEAN Economic Community 2015, the change in consumer behavior to bakery product and development of information technology as a marketing media. Several threats to Tine's Delicacy business are the improvement of employees' basic salary in 2015 and government's rules of health insurance. Five forces analysis shows that Tine's Delicacy business has a good position in competition. Its several strengths and weaknesses are product differentiation, supplier alternative, limited budget and existence of new bakery business. SWOT analysis taken from business environment and industrial structure analysis shows that Tine's Delicacy has many opportunities but has not enough strengths to take the opportunities so the applicable strategy to be used is selective maintenance strategy.

Tine's Delicacy business development is feasible from marketing perspective because of its clear segmenting, targeting and positioning (STP) and its ability to define marketing mix strategy. In legal perspective Tine's Delicacy business development is not feasible due to the absence of any license related to its location and business. In technical perspective, Tine's Delicacy is qualified because of the existence of location, area layout and supporting technology. In human resource perspective Tine's Delicacy business development is feasible because Tine's Delicacy has planned its manpower, recruitment and selection standard operating procedure, compensation and performance appraisal. Tine's Delicacy is also feasible from financial perspective. Tine's Delicacy is able to make projection of income statement and cashflow, NPV calculation shows positive result and IRR calculation result is higher than interest rate. Sensitivity analysis also shows positive result, it means that Tine's Delicacy business development is feasible.

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