



PROPOSED SOLUTION TO THE STRATEGY OF AN AGRIBUSINESS COMPANY TO EMBARK ON ONLINE BUSINESS (Case Study: PT Charaka)

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Abstract

In Indonesia, the internet has caused substantial changes in many industries, including the agro-industry, just as in many other countries. PT Charaka, as a leading agribusiness company, feels the need to thrive in this digital age by delivering home delivery to its end-consumers who buy through their new online platform called Charaka Mart. This research is aimed at finding out what to do to maintain their position in the business and to embark on the online business.

The external and internal environmental analysis conducted in this research shows that the strengths of Charaka include their strong commitment to local farmers and their high customer reputation. Online business, however, is something entirely new for them. This may be a good opportunity in fact, but they must be aware of the possibility that their competitors will follow what they are doing.

The results indicate that PT Charaka should increase the use of agricultural technology to build stronger engagement with local farmers in order to maintain their position. In their marketing strategy, they should also be active on social media and highlight their strengths. Finally, to be directly connected to their end customers, they should optimize their new online platform to market their products.

Keywords: Agribusiness, Business Strategy, Online Business, Technology.

1. Introduction

Agribusiness or agribusiness is an industry that usually relies on perishable and bulky / voluminous local natural resources. Its presence becomes very strategic as one of the pillars of the economic system of Indonesia nowadays. However, Gunawan (2017) suggests that there has been a shift to a more complex business direction in the agricultural and agro-industrial business fields. The internet has dramatically affected business behavior in Indonesia, as it has in many other countries. IT is now being used to foster business and market activity. In the business sector, internet access is closely linked to receiving orders and placing orders for goods or services, namely online trade (e-commerce). This has caused substantial changes in many industries, including the agro-industry.

Online commerce can be defined through online platforms as the purchase and sale of physical goods and services. Online platforms include websites and mobile applications that facilitate transactions through product display and payment and delivery enabling. In Indonesia, the online commerce market is projected to grow up to eight times bigger from 2017 to 2022, from \$8 billion of spending in 2017 to \$55 to \$65 billion by 2022. The penetration of online commerce would increase to 83 percent of internet users in 2022, from 74 percent today, with approximately one quarter of these users completing purchases. Indonesia has become Southeast Asia's largest online trade market. All this shows is +how great an opportunity for many industries, including agro-industry, the online business is.

A. Company Profile

PT Charaka is an Indonesian agribusiness company established on 1 December 2001. They produce and deliver various types of healthy food crops to many Indonesian cities. They are the pioneer of Indonesia's certified pesticide-free crop producer and claimed to be the industry's leading company since the year they've been established so far. Their vision and mission is to create a healthy society through healthy food.

PT Charaka began its business in Bekasi, Indonesia, which has now become its headquarters location. They have a number of branches in Bandung, Surabaya, Cianjur, Brebes, Yogyakarta, Dieng, and Garut as of January 2019. They had only 3 employees at the beginning, but now they have over 200 employees.



Figure 1. PT Charaka's Logo

All their products are naturally grown (natural agriculture). Using plant extracts recommended by the FDA (Food and Drug Administration) and the EPA (Environmental Protection Agency), their products also underwent a post-harvest neutralization process to eliminate pesticides attached to fruit and vegetables. The increase of public awareness of health, food safety, and environment makes Charaka products a solution for today's society.



Figure 2. Charaka's Products

Their products are delivered to their customers who are companies owning supermarkets all around Indonesia, such as PT Trans Retail Indonesia and PT AEON Indonesia.

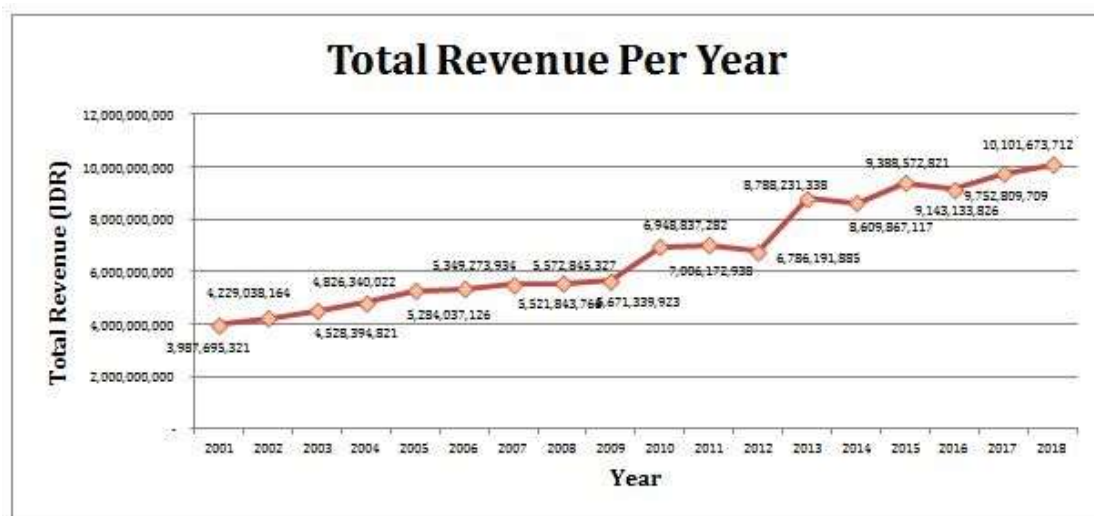


Figure 3. Total Revenue per Year

Over the years, it can be seen that PT Charaka's revenue increases almost every year. The increase in each year is considered stable, with the exception of a slightly significant increase in the years 2010 and 2013. There is a small decrease in the year 2012 which is around 1 billion less than the year before. However, the increase in the next year after that, which is around 4 billion rupiahs, is able to boost the revenue.

B. Business Issue

PT Charaka needs to keep innovating to maintain its position as a leading company in the business. Their closest competitors are constantly following what they are doing, such as PT Anugrah Mandiri and PT Tani Unggul Nusantara. They must therefore be one step ahead of them all the time. With regards to the marketing and sales aspect of their products, PT Charaka has been doing the same thing over all aspects of the business for 17 years. They have done it conventionally by distributing their products to supermarkets throughout Indonesia for their end-consumers to buy later.

PT Charaka believes in this digital age that they should make the best of technology to create marketing and sales innovation. In the form of a website and mobile application called Charaka Mart, they are now developing online platforms. It's an online platform where people can buy PT Charaka's products and get them delivered to their homes. They are planning to launch the online platforms in the near future.



Figure 4. Charaka Mart Homepage

Online delivery is only available as a starting point in the Jakarta and Bekasi area. Bekasi is chosen as it is where Charaka's distribution center is located so that the availability of the products can be easily ensured. Jakarta is chosen because this Indonesian capital city is the city with the largest sales of the products of Charaka. They are going to store their products every 2 weeks in their representatives. They will also ensure that the delivery process takes as little time as possible and is as smooth as possible, so customers will not have to worry about the freshness and quality of the products they receive.

Their head-to-head competitors, who are other pesticide-free producers of agricultural products, have done nothing digital. If they do it right, the company will benefit from this innovation and will leave them far behind their competitors. Being the first to contact end-consumers directly using the IT approach will be another competitive advantage for Charaka and this will also be a new revenue stream for the business. However, as the online business for this company is a completely new thing, they feel the need to fully understand what they are currently facing and what they should do to continue to thrive.

2. Methods

The conceptual framework that can be seen in Figure 5 is the research scheme that the researcher will use in this study. The analysis done in this research is external environment analysis and internal organization analysis as explained by Hitt, et al (2016). The data is collected by conducting literature review and depth interviews with the managers of the company.

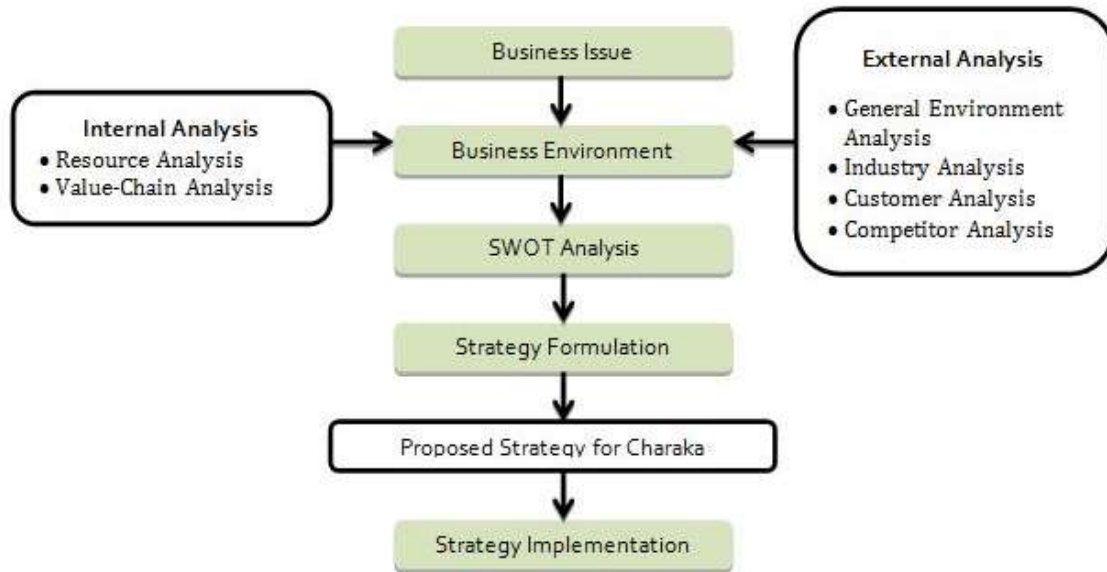


Figure 5. Conceptual Framework

A. External Environment Analysis

1. General Environment Analysis

Political

The Indonesian Ministry of Agriculture's vision in 2015-2019 is to implement sustainable farming-bioindustry systems that produce various healthy foods and high-value products based on local food sovereignty resources and farmers' welfare (Ministry of Agriculture, 2014). Joko Widodo claimed in 2019 that the development of online and offline trade transactions must be balanced, which will have an impact on connecting the ecosystem online and offline. As a solution for farmers, small and micro entrepreneurs facing the 4.0 Industrial Revolution, he also offered an online marketplace (Utami, 2019).

Economic

Indonesia's agriculture sector has long been an important source of income for local households. The sector has been able to attract necessary investment partly as a result of adopting business-friendly initiatives. Despite major gains, crop yields are restricted by a set of challenges, such as limited farmers' access to capital and outdated infrastructure. To address these issues, President Joko Widodo's administration has successfully increased the use of mechanized agricultural technology, invested in infrastructure, and expanded the overall agricultural land area. In the period 2013-2017, production index of food crops had increased each year. Food crops production index in 2017 were 120,12 which increased by 7.02 points compared to last year (Badan Pusat Statistik, 2017). Agricultural GDP link indices rose again 0.45 points at a constant price from 103.36 in 2016 to 103.81 in 2017. In 2017, however, the agricultural sector's contribution to Indonesia's total GDP dropped from 13.47% in 2016 to 13.14% in 2017.

Sociocultural

Indonesian people's culture imprinted agriculture because of Indonesia's tropical climate and decent soil. Agriculture is regarded as Indonesian society's best support. Badan Pusat Statistik (2017) has stated that those who work in farm and agriculture sector reached 39.68 million people or 31.68% of total working employee in Indonesia. The priority of the government has been to improve the welfare of people working in the agriculture sector. As a result of various efforts made by the Ministry of Agriculture, farmers' welfare is increasing. Based on BPS (Badan Pusat Statistik) data, the number of low-income people in rural areas

in March 2017 was 17.1 millions, a decrease of 600,000 compared to the previous year. In Indonesia, however, the number of farmers is falling annually. BPS has noted that the majority of the existing farmers is 45 years of age and older. One of the biggest factors of the refusal of the younger generation is that they learn farming on their own.

Technological

Simple agricultural technology has slowly, but surely been left behind. The use of rice mills and hand tractors can be found in different Indonesian villages. The internet is one of the best technology implementations in our time. Geographically, digitization is uneven across Indonesia. However, connected Indonesians are very digitally savvy. E-commerce revenue in Indonesia reached USD 6 billion in 2016, with online purchases made by 78 percent of current internet users. Over the next five years, the industry is expected to grow by about 18 percent annually, reaching a market volume of USD 16.4 billion by the end of 2020 (McKinsey and Company, 2018).

Demographic

Rural populations are generally strongly correlated with the agricultural sector, and therefore rural populations are strongly correlated with farmers. Indonesia is experiencing rapid urbanization as the industrial sector is growing rapidly rather than the agricultural sector. Meanwhile, the trend of agricultural-engaged employment is declining in terms of employment. In 1960's, agricultural-engage employment contributed about 70% of the total employment of Indonesia. Since then, it was steeply decreasing and became 35% presently, along with rapid growth of urban sectors (Syuaib, 2016).

Global

Global agriculture will face three major challenges in this century, namely how to feed a growing world population, how to contribute to reducing the world's high prevalence of rural poverty, and how to respond to increased concerns about natural resource base management (McCalla, 2010).

Environment

Based on Indonesia's land use characteristics, nearly 30% is recognized as agricultural land. Although it covers only 6.8% of the total land area of the country, Java accounts for more than 29% of the total arable land area and contributes more than half of the harvested area of national food crops (Onder et al., 2011). Fundamentally, agricultural activities contribute both positive and negative environmental effects. Agriculture can certainly be expected to preserve the natural resource if carried out in a sustainable manner and prevent the degradation of soil, water and air quality. However, the negative effects can come from excessive and wrong usage of pesticide, chemical fertilizer, and plant hormone.

2. Industry Analysis

Threat of New Entrants

The likelihood of firms entering an industry depends on two factors that are entry barriers and the retaliation expected from current industry participants. The government policy, economies of scale, capital requirements, and switching costs are some of the significant entry barriers that may discourage competitors from entering a market. Despite some challenges, agricultural development programs and policies implemented by the government are currently able to boost and contribute significantly to national economic growth. According to Chavas (2008), developed-country agriculture has a typical L-shape average cost function, which means that production costs drop steeply to start with and gradually as the production scale increases. The capital requirement for entering the agricultural industry is considerably high, as a new company that wants to enter the business must have a large amount of money, especially if it wants to have its own farm. In this business, the switching cost is relatively low. If customers are not satisfied, when they go to supermarkets to buy an agricultural product, they can easily switch to other products. Companies seeking to enter

the agricultural industry also need to anticipate existing firms' reactions as almost every segment of the agricultural industry has been affected.

Threat of Substitute Products

There are many other agricultural products in the supermarkets of the upper class. Approximately 40% are pesticide-free and 60% are not pesticide-free. Most of the pesticide-free products are not significantly different so customers who have a big concern on health but have not been loyal to any brand can try another brand as long as it is pesticide-free. Meanwhile, there are several online platforms that can be used by customers to purchase agricultural products for online platforms. Most existing online platforms, however, do not supply their own branded agricultural products. Therefore, it won't be easy to find another online platform like Charaka Mart.

Bargaining Power of Buyers

Buyers' negotiating power is relatively high. Customers have many online and offline options in this era. Supermarkets work with many agricultural product producers to provide many options for the customers. Supermarkets don't rely on one company only therefore they have a high bargaining power. They also have this agreement called the "trading term" which is the amount of portion that they can get from the sale of a product.

Bargaining Power of Suppliers

By developing a long-term relationship with them, some companies try to manage or reduce the power of suppliers. A company should also take into account engagement with farmers. Companies engaged in pre-harvest activities are more likely to have a higher negotiating power.

Intensity of Rivalry Among Competitors

There are some factors that need to be addressed in the analysis of the environment of the competition. Slow industry growth, lack of differentiation or low switching costs, and high exit barriers are some of the factors that make competition more intense. In 2019, the Ministry of Industry targeted an increase in agro-industry growth of 7.1 percent (Nugroho, 2019). There are several sectors that will enjoy great opportunities in this political year, including the agribusiness. The competition among pesticide-free producers is also intense as they offer similar major quality. Most of those companies, however, have not used any digital approach. In this industry, the exit barrier is relatively high particularly for those firms that own their own farms.

3. Customer Analysis

In order to obtain customers' insights, questionnaires are distributed to be filled by potential customers. Population of this research is men and women aged 31 to 60 years old who live in Jakarta and Bekasi. Based on Badan Pusat Statistik data, the population with this specific criteria is 5,442,155 people. After calculating the population, the next step is defining the ideal amount to cover the amount of men and women for the respondents using the Slovin Formula. Using margin error of 10% ($e = 10\%$) and total population (N) is 5,442,155, the calculation shows that the required amount of respondent is 100 respondents. The questionnaires are then spread and 102 respondents filled them. The results are as follows:

Customer's Habit and Preferences in Online Shopping

Ninety-five percent of all respondents shopped online. The first thing that made them go shopping online varies from curiosity trying online shopping not to have time to go to a supermarket or shopping center. For more than a year, more than 70 percent of them have gone shopping online, indicating that they are already used to shopping of this kind. Most of them regularly go online shopping. In fact, they do it around once a month. They buy various types of products online, including fashion items, airplane and train tickets, and agricultural products. Usually they use mobile banking and credit cards for payment. Most respondents think the main advantage of online shopping is that they don't have to go to a shopping

center or supermarket and the main disadvantage of online shopping is that they can't check the product themselves and try it out. All of this habit and preferences show that these potential customers are very familiar with online shopping which means that using online platforms like Charaka Mart is not a strange thing for them.

Customer's View on Online Shopping's Factors

Based on the score that the customers gave to each factor, the ranking of all factors can be determined. The most important factor is guarantee of product quality followed by guarantee of product originality. The third most important factor is promotion which means that customers see marketing promotion as something that will attract them. As for the fourth, fifth, and sixth most important factor is product price, product availability, and product variation respectively. The seventh most important factor is how easy-to-use the online platform is. Delivery speed is considered the next most important factor because some customers think that one of the disadvantages of online shopping is they have to wait for the products to be delivered. The ninth most important factor is design of the website/application. Payment options offered by the online marketplace are considered the next most important factor by the customers. The least most important factor of all the factors mentioned is delivery fee.

Customer's Habit in Using Online Platform to Buy Agricultural Products

Nearly 60% of the respondents bought online agricultural products. In Happy Fresh and Sayurbox, they mostly buy them. Most of the people who bought online agricultural products do it at least once a month. This is a good thing because it shows that people are used to regular online purchases of agricultural products.

Customer's Motivation in Buying Pesticide-Free Products

More than half of the respondents say they have a major health concern. They also claim to know a lot about the danger of pesticide, which explains why almost 90% of the respondents have bought pesticide-free products. The frequency of them buying pesticide-free products varies but most of them do it once a month. All of this result shows that Charaka's products are something that they would go for. However, getting them to buy pesticide-free agricultural products via online platform will be Charaka's homework, therefore the appropriate marketing strategy is needed.

4. Competitor Analysis

In terms of physical goods (agricultural products) and service (online delivery), the closest competitors to Charaka are by far:

- PT Anugrah Mandiri (AM)

Anugrah Mandiri was founded in 2011 as an agribusiness company. For nearly 8 years now, they have been Charaka's closest competitor. They also produce agricultural products that are pesticide-free and sell them at a lower price than Charaka. Supermarkets, however, say that their quality of product is still below Charaka. Their products are less attractive in terms of size, shape, cleanliness, and freshness than the products of Charaka. Most customers therefore still prefer the products of Charaka to theirs. PT Anugrah Mandiri holds around 25% of the total market of pesticide-free agricultural products. In addition, the commodities that they sell are less than Charaka.

- PT Tani Unggul Nusantara

PT Tani Unggul Trading Nusantara was founded in 2014 and is an agribusiness company aimed at improving the welfare of Indonesian farmers. They generate mostly non-branded non-pesticide-free products, but the exception is their potato products. Their potatoes are branded as "Sunrise" and pesticide-free as well. They may be quite new on the market but their potato products have already become one of the biggest

competitors of Charaka. Overall, they hold around 20% of the whole market of agricultural products.

- **HappyFresh**

HappyFresh is South East Asia's online grocery platform that enables people to shop products from grocery stores around the city. It operates its own delivery fleet and staff from partnering supermarkets to pick up the fresh groceries. Established in 2014, the company operates in Indonesia, Malaysia, and Thailand. HappyFresh allows customers directly from supermarkets to order food or grocery. This start up claims it is possible to send customer orders in just one hour.

- **Sayurbox**

SayurBox provides a platform for customers to order directly from the farmers in the form of a mobile application and a website. They source and deliver the products directly to the convenience of the customer's door within 24 hours from partner farmers. Their products come from local farmers directly with the fair price for their work and the love they put in growing their food. They are currently supplying their products to the areas of DKI Jakarta and South Tangerang.

B. Internal Environment Analysis

1. Resource Analysis

The tangible resource is the number of assets that can be calculated and scrutinized. Meanwhile, the intangible resource is a resource that is difficult to be imitated and analyzed by competitors because it has grown into the company's history (Hitt et al, 2016).

Tangible Resources

- **Financial Resources**

As a company that has led the business for 17 years, Charaka has no financial problem. First established in 2001, the company used the capital of the founder and loan from the partners of the company. They were able to pay back all the loan in their second year. They have not submitted any loans since then because they can rely solely on their internal operations. Their ever-increasing sales also play a major role in their financial condition. Charaka has its own financial division that manages the activity of invoicing and buying. There has been no significant problem in this division throughout the years.

- **Organizational Resources**

The organizational resources of Charaka are divided into several divisions to support the company from various aspects. They have the Division of Finance, HR, R&D, Production, Marketing, Sales & Distribution, and Management. Since last year, all of the data in Charaka is stored online which means they have gone paperless. PT Charaka has started to utilize online platforms to simplify the information sharing. This new system is really helpful because in Indonesia, PT Charaka has several branches in different regions.

- **Physical Resources**

Charaka's physical resources include their office in Bekasi, their number of warehouses in Bandung, Surabaya, Cianjur, Brebes, Yogyakarta, Dieng, and Garut, and also their representatives for online delivery.

- **Technological Resources**

Charaka is specialized in agricultural products free of pesticides. They have used an internationally accepted technology for removing pesticides from crops throughout all these years. Those crops go through a postharvest neutralization process to eliminate pesticides. Charaka also keeps up with the latest technology therefore they create Charaka Mart. They want to approach the agriculture commodity business using technology. Their online

platform will be one of the most valuable technological resources that Charaka has.

Intangible Resources

- **Human Resources**

They have only 3 employees at the beginning, but now they have over 200 employees. They have faced some human resource issues throughout the years, such as high turnover rates and unmotivated old employees to learn new things. However, they still haven't made any breakthrough to solve their problems regarding human resources. This is unfortunate because usually a company can only grow as much as their employees grow.

- **Innovation Resources**

They have made various innovations over the years. Their latest innovation is, of course, another breakthrough online platform. These innovation ideas came first from the manager who has 15 years of agricultural experience from his previous job before setting up the company. The director always passes on the ideas that he has to his employees and ask them to develop and give feedback.

- **Reputational Resources**

As a brand, Charaka has a great reputation among customers, shown in the consistently increasing sales of Charaka's products and also from the quick survey that PT Charaka conducted a few years ago. Among supermarkets, they also have a good reputation. About 90 percent of all supermarkets that have continuously ordered Charaka from them over the span of 17 years. Charaka also has a good reputation among farmers as a result of Charaka's attractive payment system.

C. Value-Chain Analysis

Value-chain analysis is a tool that companies use to understand each of its operational parts in creating a value. (Hitt et al, 2016).

Primary Activities

- **Supply-Chain Management**

PT Charaka obtains the local farmers' raw materials. In several regions in Indonesia, they are in partnership with farmers. Compared to other regions in Indonesia, the quality of crops harvested in those regions is best. PT Charaka works only with farmers whose harvest meets the company's quality and quantity.

- **Operations**

The whole process to convert raw materials into final products that is done by this company is what really gives value to their products. The process involves an internationally-accepted pesticide neutralization step and two quality checking steps which results in Charaka producing only high quality agricultural products.

- **Distribution**

Charaka has been doing great in making sure that their delivery and storage system doesn't damage their products. Before the delivery, the products and the packaging are checked two times which are after the products reach their distribution center in Bekasi and before the products are delivered to supermarkets. For their online delivery to end-consumers, PT Charaka will have two representatives in Bekasi and Jakarta. In order to assure the freshness and the quality of their products, they will stock their products in their representatives every 2 weeks.

- **Marketing and Sales**

STP

PT Charaka has already known its online platform target customer. PT Charaka's end-consumers are segmented based on demographics and psychography. They live in big cities, particularly in Java and Bali, demographically. They are aimed at people aged 31-60, mostly female, and those with at least a bachelor's degree as their background in education. They target those with a monthly income of over 15 million rupiahs for the income. Psychographically, they are aimed at people who are not price-sensitive and who have a huge health concern. In terms of their products, Charaka positions itself as a producer of luxurious, high quality, pesticide-free agricultural products.

Marketing Mix

Product: Charaka offers various kinds of pesticide-free products. Meanwhile, the online platforms that Charaka offers are in two forms which are the website and mobile application called 'Charaka Mart'. 'Charaka Mart' is an online platform that can be used to order PT Charaka's products. **Price:** The price of Charaka's products varies from Rp63,500 per 500 grams of onions for the brand Charaka Onion 27 to Rp55,500 per 1200 grams of potatoes for the brand Oriental Diet Crops. **Place:** Charaka's products are sold in supermarkets all around Indonesia. **Promotion:** Charaka has done several things to promote their products. They made printed magazine and newspaper advertisements, conducted demonstrations and provided SPGs (Sales Promotion Girls) in supermarkets, and sponsored local events. They did not do any online promotion, though. They haven't had their own website and social media until now. They do not think these are necessary all this time because they are all conventional in their marketing and selling activities. This is unfortunate as younger businesses have already owned their own websites and social media to contact their end-consumers. If Charaka had been active online, for years they could have been in contact with their customers.



Figure 6. Charaka's Product Display on Supermarkets

- **Service**

Charaka also promises a good service for their customers. They regularly visit supermarkets to ask their customers for feedback.

Support Activities

- **Finance**

Charaka has its own finance division which manages their financial activities as well as the invoicing and purchasing activities. Throughout the years there has been no significant problem in this division. They haven't filed for any loan since their second year because they can solely generate fund from their internal operations.

- **Management Information Systems**

hereAll data in Charaka has been stored online since last year, meaning they've gone paperless. This new system is really helpful because in Indonesia, PT Charaka has several

branches in different regions. Using the Internet in their management information systems provides a more effective and efficient way for PT Charaka to manage each department's business process.

- **Human Resources**

PT Charaka does not require potential employees to have similar educational background to the positions they apply. PT Charaka trains the skills new employees need to have once they enter the business. PT Charaka chooses to work with IT experts to enter the digital world. They've got their own IT team, but for regular maintenance it's more. External parties manage the creation and development of online platforms. Since they first tried to change their organizational system into an integrated online system in early 2018, they have been working with these people.

D. SWOT Analysis

From all the exploration of current internal organization and external environment, we can conclude and analyze some strategic factors that can be listed in SWOT analysis.

Table 1. SWOT Analysis

Strength	Weakness
<ol style="list-style-type: none"> 1. Charaka has high capital 2. Charaka has a strong engagement with farmers 3. Charaka use an internationally accepted method of pesticide neutralization 4. Charaka's customers have been loyal to them for years 5. Charaka has a great reputation as the pioneer of pesticide-free agricultural products producer 	<ol style="list-style-type: none"> 1. Charaka has never been directly connected to their end-consumers 2. Lack of technological approach in the farming activities 3. IT approach in marketing is a completely new thing for Charaka 4. Charaka's products are not significantly different from closest competitors
Opportunity	Threat
<ol style="list-style-type: none"> 1. Agricultural technology can prevent future problems in the farming activities 2. Government support in IT approach in agriculture 3. Closest competitors haven't used any IT approach 4. Customers are familiar with online-shopping 	<ol style="list-style-type: none"> 1. Competitors may imitate what Charaka does in the future 2. Trading term may get very high in the future resulting in Charaka's products become very expensive

Results and Discussion

A. Proposed Business-Level Strategy

Based on the internal and external analysis, the generic strategy proposed to PT Charaka would be the focused differentiation strategy. The focus strategy is an integrated set of actions taken to produce goods or services that serve a specific competitive segment's needs. Meanwhile, the differentiation strategy is an integrated set of actions taken to produce goods or services at an acceptable cost perceived by customers as different in ways that matter to them. Through the differentiation strategy, the firm produces distinctive products for customers who value differentiated features more than they value low cost.

B. Charaka's Market Segment

In this case, the specific segment that Charaka serves is healthy food enthusiasts or people who have a big concern with health. Usually, this group of people comes from those in the upper middle and high social classes, but mostly from high social classes. For this group, the health attribute appears to be a relatively more important consideration for Deloitte (2016)

when it comes to what they consume. This is a segmented group, so the activities of Charaka must be directed to what the group needs.

C. Charaka's Differentiation Strategy

The approaches to differentiation should come from as many sectors of the business as possible. These approaches are listed in Table 2.

Table 2. Charaka's Differentiation Strategy

Sector	Differentiation Strategy
Upstream	Have a strong relationship with their suppliers (local farmers) by offering an attractive payment and increasing the use agricultural technology.
Production	Become the first and the only company to use an internationally-accepted pesticide neutralization method.
Downstream	Provide home delivery for end-consumers who purchase through their online platform called Charaka Mart

D. Proposed Solution

TOWS matrix generates the alternative strategies for the research. These strategies are generated by exploring strength and opportunity and counteracting weakness and threat of Charaka. The proposed business solution is the conclusion of the strategies generated in the TOWS Matrix.

Increase the use of agricultural technology to create a stronger engagement with local farmers

If Charaka can work with farmers to increase the application of technology in the farming activities, Charaka will avoid a lot of loss that the company and the farmers could face in the future. This can create an even stronger commitment between farmers and Charaka as Charaka can ensure farmers' livelihood in many regions. This can also guarantee Charaka's future supply of raw materials as their competitors have not used such a strategy.

Highlight their strengths in their marketing strategy and be active on social medias

They should emphasize the fact that they are the pioneer of this internationally accepted method in Indonesia because their customers are those who have a great health concern. They should also emphasize their strong engagement with local farmers in their marketing program. To adapt to the latest technological developments and have a direct connection with their customers, however, Charaka needs to be active online by having their own website and social media as a start.

Optimize their new online platform to market their products

It will not be difficult for them to develop an established online platform to market their agricultural products with their high capital and government support. They have a great reputation and loyal customers in promoting their new online platform which is beneficial to them. Charaka doesn't have to deal with trading term by having their own online platform and they can set the price on their own. However, they should have their own IT team as they will have to focus on IT approach from now on as well.

E. Proposed Marketing Mix Strategy for Charaka Mart

Product

- **Variety**

The online platforms offered by Charaka are in two forms that are website and mobile application. For both Android and IOS users, it will be available. As all Charaka's products are available online, customers will have a variety of options. These options vary from staple to fruit and vegetable products such as potato.

- **Quality**

Also, customers should not worry about the quality of the products as Charaka promises to send the products to the customer's place immediately to guarantee the freshness. If customers are not satisfied with the products they receive, they may reject the products and in return receive better quality products.

- **Design**



Figure 7. Charaka Mart's Interface

Charaka Mart will have a simple design and large font to make it easy for customers to see as the target market is those aged 31-60 whose visions are usually no longer as clear. They will make the order steps as simple as possible so that using it, this rather older generation will not have a problem. Charaka Mart mostly uses a simple design dominated by black and light grey which are considered neutral and elegant colors.

- **Features**

When customers enter the application for the first time, they will have to choose the type of crop they want to order, whether it is potato, tomato, rice, carrot, or others. They can also choose products from Best Sellers if they just want to choose from the best of the best. Then, they will be directed to a page where they are faced with the brands of the specific commodity that they choose before. They will have to choose the quantity of products they want to order after choosing the brand. They will then have to choose the destination of delivery and the option of payment. And then, the confirmation page will show you where you can see the overall order information, including the payment instructions.

- **Warranties**

Since Charaka Mart is the only official online platform launched by PT Charaka, customers will not have to worry about product originality. In contrast to buying from other online platforms that may not guarantee the originality of Charaka's products they sell, buying from Charaka Mart is already a guarantee.

- **Returns**

To ensure the freshness, products will be sent immediately to the customer's place for those who order from their online platforms. If customers are not satisfied with the products they

receive, they may not take the products the supplier brings with them. The delivery-man will bring back the products to Charaka's representatives and he will be back to the customer's house with a much better quality product right away.

Price

- **List Price**

Charaka's online products will be cheaper than the price in the supermarkets as there is no trading term to add to the price. The price in the supermarkets will be about 25 percent lower than the price.

- **Discounts**

Discount offers made by any brand, of course, aim to attract the attention of consumers, So that, there are many discounts that can be offered by Charaka with utilizing the certain moment such as First Purchase Discount, Charaka's Birthday, and The Feast Religious days.

- **Payment Period**

Charaka will provide different payment types, including ATM transfers, mobile banking, internet banking, credit card, COD (Cash on Delivery), and even a virtual wallet. Receipt of payment will be displayed on the website or application. Unless the customer selects Cash on Delivery (COD) as their payment option, after clicking the "Buy" button, they will be given 30 minutes to complete the payment. Once the payment is received, the product will be delivered to their home.

Promotion

- **Sales Promotion**

For their Sales Promotion, they can implement Discount, Free Delivery, and Bundling Package, and CR Points. CR Points are loyalty rewards obtained by customers when purchasing the products sold in Charaka Mart. Every purchase of Rp10,000 will receive 10 CR Points. As CR Points act like a currency in this platform, customers can directly use CR Points to make another purchase in Charaka Mart.

- **Advertising**

To increase the awareness of customer towards Charaka Mart, they should advertise on Instagram, Facebook, Print Media, Brochures, and Printed Ad on The Product's Packaging.

- **Personal Selling**

In an event or exhibition, Charaka can make personal sales that they can present their products to consumers in detail. Charaka can also open a supermarket booth and assign the selling to a Sales Promotion Girl (SPG).

- **Public Relations**

This program may be in the form of donations such as giving 10 percent of Charaka Mart's profit to poor local farmers. This program is expected to increase the interest of customers who, in addition to buying the products of Charaka, can also make donations that benefit the disadvantaged.

- **Direct Marketing**

Charaka can provide the subscription feature on their official website that will be entered by the consumer who visits their website to get some information about any promotion that Charaka provides. Charaka should also provide the consumer who subscribes to it with a discount voucher of IDR 50,000–IDR 100,000.

Place

- **Coverage**

Online delivery is only available as a starting point in the Jakarta and Bekasi area. Bekasi is chosen as it is where Charaka's distribution center is located so that the availability of the products can be easily ensured. Jakarta is chosen because this capital city of Indonesia is the city with biggest sales of Charaka's products. Jakarta is also right on the west of Bekasi and the center of these two cities are only 22 km apart.

- **Inventory**

PT Charaka will have representatives in Bekasi and Jakarta for their online delivery to end customers. They will store their products in their representatives every 2 weeks to ensure the freshness and quality of their products.

- **Transport**

As long as there is no customer complaint, the entire delivery service will be completed within less than 1 hour after the payment has been completed. Only Rp7,500 for the delivery fee will be charged to customers whose seats are not more than 5 km from the nearest Charaka representative. It is reasonable since by ordering online customers don't have to spend money on gas or parking ticket when they go to supermarkets.

Conclusion

This research is done to achieve some objectives. The generic strategy proposed to PT Charaka would be the focused differentiation strategy based on the internal and external analysis. Charaka's specific segment is healthy food enthusiasts or people who have a major health concern. Usually, this group of people comes from those in the upper middle and high social classes, but mostly from high social classes. Meanwhile, the strategy of differentiation should come from as many business sectors as possible. The differentiation in Charaka can come from the upstream, the production, and the downstream sector as well.

To maintain their position as a leading agribusiness company in this digital era, there are several strategies that can be proposed to PT Charaka. First, to create a stronger engagement with local farmers, they should increase the use of agricultural technology. In their marketing strategy, they should also be active on social media and highlight their strengths. Finally, to market their products, they should optimize their new online platform. With their strengths and the right marketing strategy, it shouldn't be hard for them to develop an established online platform to be directly connected to their end-consumers.

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