Development strategy of Bontolojong Turatea coffee (case study CV Bontolojong in the Ujung Bulu Village Rumbia District Jeneponto Regency)

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Abstract. Coffee arabica with honey processing was developed by CV. Bontolojong and given the brand "Bontolojong Turatea coffee." Agribusiness coffee has not developed well, so it is necessary to research to determine its development strategy. The purpose of the study was to illustrate the prospect of the business development of Bontolojong Turatea coffee through the CV. Bontolojong and formulate an effective alternative strategy in the development of the Bontolojong Turatea Flavor Coffee honey. This research is a case study and takes data through observations, in-depth interviews, and FGD. The analytical methods used are Internal and external factors analysis and SWOT analysis. Conclusion Research suggests that (1) The prospect of business development of Bontolojong Turatea coffee with honey processing is very large because it can be a mainstay product in Jeneponto Regency. As a specialty coffee product, this coffee has an opportunity in the domestic market. The growing demand for coffee and household consumption is in line with the growth of population and community economy. In 2016-2020, domestic coffee consumption was projected to grow above 8, 22%. (2) An effective strategy for the development of agribusiness Bontolojong Turatea Coffee is aggressive (growth with the concentration of horizontal integration). The alternative strategies are; 1) Enlarge the operational capital and business scale, 2) Strengthening the capacity and skills of the company's human resources by utilizing empowerment agencies and government support, 3) Improve product control quality, 4) Create innovation products by looking at consumer tastes trends, and 5) Utilize the opportunity of partnership cooperation to expand marketing distribution line.

1. Introduction

Coffee is the most widely traded commodity in the world, and its produced in over 50 developing countries. Indonesia is the fourth coffee exporting country in the world and contributes greatly to the needs of global coffee consumption [1]. International Coffee Organization (ICO) records the consumption of Indonesian coffee in the period 2016/2017 reaches 4.5 million Bag in packaging 60 kg/lb. Indonesia is in the sixth country with the largest coffee consumption in the world. At the same time, the world's largest coffee consumption is the countries belonging to the European Union with a
consumption of more than 42.6 million lb (60 kg). Domestic coffee consumption can be seen in table 1, showing increased coffee consumption in the last ten years [2].

Table 1. Domestic consumption in Indonesia [2].

| Year   | National consumption (In 1,000 packs 60 kg) |
|--------|---------------------------------------------|
| 2008/9 | 3.333                                       |
| 2009   | 3.333                                       |
| 2010   | 3.333                                       |
| 2011   | 3.667                                       |
| 2012   | 3.900                                       |
| 2013   | 4.167                                       |
| 2014   | 4.333                                       |
| 2015   | 4.500                                       |
| 2016   | 4.600*                                      |
| 2017   |                                             |

*) Approximate

High demand coffee is an opportunity for the coffee industry to thrive and compete. In the 2015-2016 harvest season, it is likely the shortage of global coffee needs of 3.5 million packets of coffee beans (in the packaging 60 Kg of coffee beans) [3]. It has not yet fulfilled the global consumption needs because of the challenges that are categorized into three sustainable pillars that are economical, environmental, and social.

The five-year action plan ICO document reveals three pillars of the coffee development challenge; Economic challenges include fluctuations in world coffee prices, the increasing cost of input, decreasing availability of land for new coffee plantations, small farm size and limited access to credit, Economic and institutional EBD facing Producers, and The coffee value chain can be complex. On the social aspect faced the challenge of a significant gender gap in agribusiness business access, declining the regeneration of coffee farmers, and need to improve the social conditions of coffee producers, especially smallholders. In environmental aspects, farmers face adverse impacts from global climate change, extreme weather, the need for endurance varieties, and water scarcity on the stage of the coffee value chain [1].

The domestic market of coffee will play an increasingly important role. Compared to citizens of Europe and the Americas, Indonesians are not coffee lovers – yet. The consumption of Indonesian coffee per capita in 2014 reaches 1.347 Kg. While coffee consumption of countries – coffee importing countries such as 4.3 Kg in America, 3.4 Kg in Japan, and 10 Kg in various European countries. But with Indonesian per-capita consumption having already doubled in just a few years, domestic demand looks to be on a fast-growing trend.

Local demand is driven by the lifestyle changes that accompany urbanization and economic development. Indonesian coffee consumers have grown to all gender and profession. Instant coffee is very popular, where the brand 3-in-1 tap into many markets. At the same time, high-income consumers love the coffee shop and become a lifestyle trend. Coffee continues to be an integral factor in the daily routine of society. Consequently, foreign and local franchises are scattered throughout the country [4].

The SME coffee industry in Indonesia continues to experience developments ranging from the home industry in the countryside to the proliferation of coffee shops in urban areas. As the center of coffee development in Indonesia, South Sulawesi has contributed to being the second producer in the domestic market [3]. In the northern region of South Sulawesi Province has been known as Toraja Coffee and Kalosi, while the southern area that has been planting coffee is also developing coffee processing industries to compete in the domestic market.

Jeneponto is one of the regencies in the south of South Sulawesi Province, which has been managing the coffee industry. Its development area is located in the sub-district of Rumbia, under the foot of Bontololjong Mountain and Lompobattang Mountain. In 2013, the Arabica coffee of honey flavor began to be developed by CV Bontololjong and was given the trademark "Bontololjong Turatea coffee." Until the year 2017, agribusiness coffee pioneered by CV Bontololjong has not been able to compete in the domestic market, so it is necessary to do research to describe the prospect of business development of coffee Bontololjong Turatea honey flavor and formulate alternatives Effective strategy in its development.
2. Research methods

2.1. Research Area
This research will be focused on CV Bontolojong as one of the coffee industry in the region Rumbia district. Rumbia district is a central area of coffee development in the Jeneponto Regency. This research was conducted in the year 2017.

2.2. Case selection methods and research informant
In this study, a single case selection was held purposive by selecting CV—Bontolojong as a company that develops arabica coffee with the brand Bontolojong Turatea coffee typical of honey flavor. Case studies were chosen in consideration that specialty coffee products are only produced by CV Bontolojong in the district of Rumbia. According to [5], case studies are a strategy that is more suited when it comes to the question of a study on how or why, when researchers have little opportunity to control the events that will be investigated and when focused His research lies in contemporary phenomena (present-day) in a real-life context.

This research uses informants as a resource consisting of key informants and supporting informants. The key informant is those who know and have a variety of basic information needed in the research of informant advocates, those who are directly involved in the social interactions studied. The total number of informants is 16 people consisting of company directors, employees, and organic coffee farmers.

2.3. Data and Analysis techniques
The process of analysis is the most important process to understand the information contained in a case, analyzing the issues, and deciding what to do to solve the problem [6]. In this process, information or research data is distinguished from two types, namely primary data and secondary data. Primary data is an in-depth data of interviews, FGD, and field observations, and secondary data is derived from the institution's documentation related to the research.

The study uses a qualitative descriptive approach that uses the internal-External matrix Summary analysis tool and SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats). The SWOT matrix is an essential matching tool to help Governments, and stakeholders develop four types of strategies, namely (1) SO strategies that use internal power to utilize external opportunities, (2) WO strategies i.e., a strategy aimed at fixing internal weaknesses by utilizing external opportunities, (3) an ST strategy that is a strategy that uses internal forces to avoid external influences and threats, and (4) The strategy of WT is Strategies that are geared towards reducing internal weaknesses and avoiding environmental threats [6].

3. Results and discussion

3.1. General conditions
According to the interview results of the research informant, in the years 1970, farmers in Ujung Bulu village began planting coffee at the height of 900 – 1700 MDPL. Coffee seedlings (The estimate is a variety of Liberica and Robusta) originated from Gowa and Bantaeng regencies. At that time, farmers planted coffee in hopes of increasing economic income compared to cultivating food crops. However, these two varieties of coffee do not give good results for farmers. In 1984-1985, most farmers replaced it with Arabica coffee. Coffee farming is the main source of livelihood for the people of Ujung Bulu. For decades, farmers sold their products in the form of a timber (mixed red and green Cherry coffee) at a low price. Even with the urges of household needs, farmers often sell or ensure the results of a coffee plantation in one garden area to the merchant (middle man). This system is, of course, very detrimental to farmers, and the poverty chain continues to spin on the farmer family Ujung Bulu Village.

This situation encourages Mansyur, head of Ujung Bulu Village, to strive for improvement on the quality of cultivation and agribusiness coffee in Ujung Bulu village. Then CV. Bontolojong was
established in the year 2013, where the company is presently based on a thought to create a business container sustainable agriculture system development, the development of agribusiness coffee, and reducing the bad impact of the Middle Man in the area. In general, employees of CV. Bontolojong has a kinship relationship with the company’s director as well as his workforce is also a coffee farmer. CV Bontolojong is included in the small, medium-sized industry because it has a workforce of between 5 – 19 people with a capital of 50-100 million rupiah. CV. Bontolojong has two business units that are agribusiness coffee Bontolojong Turatea and compost fertilizer.

Within four years, coffee marketing Bontolojong Turatea Coffee is only on a local scale. Therefore in the process of analysis of the case of CV Bontolojong is required data internal and external factors to be formulated as alternative strategies for the development of coffee agribusiness Bontolojong Turatea.

3.2. Internal and external factors analysis
According to Rangkuti [6], internal environmental analysis is an analysis to assess and identify factors of strength and weakness while the external environment includes the opportunity and threat factors of an organization. The internal environment relates to areas of management, human resources, organizational finance, production, and marketing. The external environment comprises a macro environment affecting the long-term decisions and microenvironment affecting the company’s activities. The internal and external factors Analysis can be seen in Tables 2 and 3.

**Table 2. Internal factor analysis summary.**

| Internal strategy factors | Weights | Rating | Scoring (Weight x Rating) |
|--------------------------|---------|--------|---------------------------|
| **Strengths**            |         |        |                           |
| 1. Availability of raw materials | 0.114  | 3      | 0.341                     |
| 2. Experienced Workforce Availability | 0.093  | 3      | 0.278                     |
| 3. Value Added Products  | 0.126  | 4      | 0.505                     |
| 4. The Product includes Specialty coffee Grade | 0.120  | 3      | 0.360                     |
| 5. Has a licensing of the household food industry | 0.101  | 3      | 0.303                     |
| **S score**              | 0.554  |        | 1.787                     |
| **Weaknesses**           |         |        |                           |
| 1. Limitation of business Development capital | 0.067  | 2      | 0.135                     |
| 2. Lack of marketing promotion activities | 0.067  | 2      | 0.135                     |
| 3. Production process using simple technology | 0.086  | 2      | 0.173                     |
| 4. Coffee production place still stay with other functional buildings | 0.074  | 2      | 0.147                     |
| 5. The high cost of production due to the small scale of business | 0.074  | 2      | 0.147                     |
| 6. corporate management is still relatively low | 0.078  | 2      | 0.156                     |
| **W score**              | 0.446  |        | 0.893                     |
| **Total ( S + W )**      | 1.00    |        | 2.680                     |
| Difference Strenght – Weaknesses (X) | 0.895   |        |                           |
### Table 3. External factor analysis summary.

| External strategy factors                                           | Weights | Rating | Scoring (Weight x Rating) |
|---------------------------------------------------------------------|---------|--------|---------------------------|
| **Opportunities**                                                   |         |        |                           |
| 1. Business capital offerings for coffee entrepreneurs from BRI      | 0.111   | 3      | 0.333                     |
| 2. The trend and lifestyle of coffee drinking in a coffee shop is   | 0.139   | 4      | 0.556                     |
| getting higher                                                      |         |        |                           |
| 3. Demand for organic coffee in increasingly high on domestic       | 0.102   | 3      | 0.306                     |
| markets                                                             |         |        |                           |
| 4. Government support and policy                                    | 0.088   | 2      | 0.176                     |
| 5. Support Assistance and training of empowerment and R&D institutions | 0.111   | 3      | 0.333                     |
| **Total score**                                                     | 0.551   |        | 1.704                     |
| **Threat:**                                                         |         |        |                           |
| 1. Global climate change which affects the availability and quality | 0.111   | 3      | 0.333                     |
| of raw materials                                                    |         |        |                           |
| 2. Switching a farmer partnership with the company because of       | 0.111   | 3      | 0.333                     |
| economic needs                                                      |         |        |                           |
| 3. Buyer's bargaining power and consumer's tastes                    | 0.111   | 3      | 0.333                     |
| 3. Many coffee industry competitors in other regions                | 0.114   | 3      | 0.342                     |
| **Total score**                                                     | 0.447   |        | 1.341                     |
| **Total (O + T)**                                                   | 0.998   |        | 3.045                     |
| **Difference Opportunity – Threat (Y)**                             |         |        | 0.363                     |

The results of the analysis summary of internal and external factors (IFAS & EFAS) show some of the highest variable weights and ranks. On the strength factor, value-added products and products, including Specialty coffee Grade is a factor that has a high score—processing the red cherry coffee to become a grade specialty coffee ground, providing the added value of 44.65%. This value-added calculation uses the Hayami method. The resulting product also has the brand "Bontolong Turatea," in which the name Bontololjong derived the name of the mountain located in the village of the fur ends and Turatea is another name of the County Jeneponto. This brand shows the origin of the coffee produced.

The variables that have the highest weight and rating on the weakness factor are the lack of marketing promotional activities and the weak management of the company. Every part of the company requires good management, effective and efficient, especially on the production, finance, and marketing parts. In terms of administration, the company has not done the record well, so it is quite difficult to analyze production development, finance, and marketing of the company. In the field of marketing, the company hasn't done a lot of promotional activities, as well as no partnerships in marketing. Marketing products solely rely on the Facebook media and Instagram of Bontololjong coffeeshop. Product availability based on pre-order order so that it is enough to make consumers difficult to taste the product Bontololjong Turatea coffee.

The company needs to quickly capture existing opportunities by demonstrating product excellence, where the odds with the highest weighted score are on the trend and lifestyle of high coffee drinking.
Another opportunity that can support the company is the credit offer for the BRI coffee entrepreneurs. These opportunities can be utilized to increase the company's operational capital. The growing demand for coffee in the domestic market also gives the company an opportunity to partner with various stakeholders. Mansyur stated that some coffee industry had offered cooperation with CV Bontolojong but in the case of not wearing the original brand when marketed. It is not in line with the company that expects Jeneponto coffee to be famous and to compete with its own brand. This consideration is the basis of the rejection of cooperation with potential partners. Corporate sustainability also needs to take into account threats from the outside, especially in the coffee industry competitors in other regions, the consumer bargaining power, consumer tastes, The economic needs of farmers, and global climate change.

Bontolojong coffee includes specialty coffee with grade 80.34 according to taste test results in ICCRI, Jember. The strongest flavor in Bontolojong coffee with a score of 10.00 is sweetness, uniformity, and clean up [7]. In the year 2016, organic coffee demand rose up to 15% [8]. Coffee consumption is a trend among the community. Enjoying specialty coffee in certain coffee shops is a lifestyle community, so that the prospect of the development of coffee still has a great opportunity. Based on the Data Center and Agricultural Information System Ministry of Agriculture, National coffee consumption in 2016 reached about 250 thousand tons and grew 10.54% to 276 thousand tons. The consumption of Indonesian coffee throughout the period of 2016-2021 predicted to grow, on average, 8.22%/year [9]. The results of Euromonitor market research that specialty coffee shops and franchise cafes in Indonesia grew rapidly in for the last five years. Now the number reaches 1,083 stores. Most are in Jakarta. The growth of coffee sales for personal consumption achieved a growth of 7 percent per year. The trading value is expected to reach Rp 11.9 trillion in 2020 [10].

3.3. Internal-External Matrix Strategy

The internal-external matrix is developed from the General Electric matrix (GE Model) model. The parameters used include internal parameters and external factors encountered. This Model is suitable for determining corporate strategy [5]. Based on the internal-external Factor analysis. The strategic summary obtained a score of IFAS 2,680 and EFAS 3,045. This value determines the position of the company's strategy in the Growth position with the concentration through horizontal integration can be seen in table 3. This strategy is a growth strategy with the effort to expand the company with partnerships, and the company focuses on improving the marketing strategy and improvement of product quality. Companies need additional funds to grow by taking advantage of opportunities in cooperation with financial institutions.

| Total score factors external strategies | Total score Factor Internal strategy |
|----------------------------------------|-------------------------------------|
| High (3-4)                              | Medium (2-3)                        |
| Growth                                 | Growth through Horizontal integration |
| Concentration through vertical integration | Stability                           |
| Medium (2-3)                           | Growth through Horizontal integration |
| Growth                                 | Growth through Concentration in stability profit strategy |
| Low (1-2)                              | Growth                              |
| Growth                                 | Diversification of Concentric       |
| Low (1-2)                              | Liquidation                         |
| Growth                                 | Diversification of conglomerate     |

3.4. Strategy formulation

At the strategy formulation stage, the strategy was chosen to take into consideration the strategic growth direction with the concentration through horizontal integration and the results of the SWOT matrix analysis. The growth strategy in the SWOT matrix is a strategy that uses the strength to capitalize on opportunities. The Growth strategy seeks to develop the company following the long
term objectives. The concentration strategy through horizontal integration is a strategy that focuses on a single line of business to bring out product excellence and expand by partnering or merger with similar industries to enlarge Domestic market access opportunities [5].

Table 5. SWOT matrix.

| Strength – Opportunities (SO)                                      | Weaknesses – Opportunities (WO)                                      |
|-------------------------------------------------------------------|---------------------------------------------------------------------|
| Increase business scale by utilizing opportunities                | Increase operational capital by utilizing existing financial institutions |
| Strengthening capacity and skills of human resources               | Expanding network marketing and digital marketing distribution       |
| Improve product control quality to improve the competitive advantage in flavor and specialty grade | Improve infrastructure capacity and coffee processing technology      |
| Create innovation products by looking at consumer tastes trends    | Reduce the cost of production so it can provide a competitive price   |
| Utilize the opportunity of partnership cooperation with the empowerment and research, financial institutions and the support of central and local government programs |                                                                        |

| Strength – Threat (ST)                                            | Weaknesses – Threat (WT)                                            |
|-------------------------------------------------------------------|---------------------------------------------------------------------|
| Create patent rights from specialty coffee products               | Set the market segment for specialty coffee products                 |
| Establishing a farmer cooperative to help the coffee farmer economy | Create business rules for our business partners                      |
| Provide warehouse and drying house to face the change Willson     | It attracted consumers by associating the promotion of coffee with tourist potentials around the Rumbia subdistrict and a documentary about agriculture in Rumbia. |

By considering the strength variables and opportunities with the highest score from the internal-external matrix, then the concentration of the horizontal strategy integration is on the strengthening of the competitive advantage of the product and expanding the distribution network Marketing. This strategy can be implemented by:

1. Increase operational capital and enlarge the scale of business.
   Companies should dare to make growth by raising capital. The willingness of Bank Rakyat Indonesia as funders is an opportunity to be utilized. By enlarging the business scale, the production cost can be reduced, and the company can provide competitive price

2. Strengthening the capacity and skills of the company's human resources
   Management capacity needs to be improved by strengthening skills in each division. Especially in production and quality control, marketing, and finance. Government through the Department of Cooperatives and SMEs and the Office of Industry and Trade can play a role in this.

3. Improve product control quality to improve the competitive advantage in flavor and specialty grade
   Competitive advantage should be strengthened with quality control. The standardized processing process is set on the production part so that, the flavor produced by Bontolojong Coffee can be consistent

4. Create innovative products by looking at consumer tastes trends.
   The competition in the coffee industry is increasingly tight, with the emergence of newcomers and trend drinking coffee in a coffee shop. Companies need to read market trends and create new innovations that can attract consumers.
5. Utilize the opportunity of partnership cooperation to expand the marketing distribution line by offering partnership in the form of agency, reseller, and product supplier in CoffeeShop.

In the 4.0 Revolution Era, business activities need to follow trends and digitization in business activities. The promotion team can be formed, trained, and accompanied by empowerment institutions and various stakeholders who are partnering with Ujung Bulu village. The expansion of distribution lines can be done with partnerships. This will facilitate the consumers to the product of the Bontoljong Turatea coffee.

3.5. Compare results with other research

The results of the SWOT analysis of the Internal-external factor matrix is an alternative strategy Growth where the research was in line with Sihaloho’s research [11], which revealed agribusiness strategy in Humbang Hasundutan District which extends Network Marketing and create good cooperation with investors. In line with the research of Purba's [12], Sitorus [13] and Utami [14], which revealed that the development of agribusiness coffee could be done by improving the quality and production of coffee and increasing the role of the government in supporting agribusiness coffee North Sumatera.

The Alternative strategy of SWOT analysis CV Bontoljong in line with Supriatna’s research [15] examines the SME case study Careuh Coffee in Bali, where the strategy can be done by strengthening the HR marketing, digitizing marketing and implementing Below the line marketing.

4. Conclusion

Based on the results of the analysis of coffee development strategy Bontoljong Turatea Honey Flavor Case Studies CV Bontoljong in the village Edge Feather, which includes internal-external factor analysis summary (IFAS and EFAS) and SWOT analysis, then can conclude as follows:

1. Business development prospect Bontoljong Turatea Coffee flavor honey is very large because it can be a superior product in Jeneponto Regency. The increasing demand for coffee and household consumption will be in line with the growth of population and community economy. Period 2016 – 2022, increased consumption is projected to be growth above 8.22%.

2. Effective strategy on the development of agribusiness Bontoljong Turatea Coffee is an aggressive strategy (Growth with concentration through horizontal integration) with alternative strategies are; 1) Enlarge the operational capital and business scale, 2) Strengthening the capacity and skills of the company’s human resources by utilizing empowerment agencies and government support, 3) Improve product control quality, 4) Create innovation products by looking at consumer tastes trends, and 5) Utilize the opportunity of partnership cooperation to expand marketing distribution line.

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