

# MODUL

## CURRENT ISSUE IN BUSINESS & MANAGEMENT

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**MODULE**  
**CURRENT ISSUE IN BUSINESS AND MANAGEMENT**

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## **PREFACE**

This module is designed and developed in support of the Current Issue in Business and Management course (odd semester 2020/2021). It provides learning resources and ideas for the development and implementation of business issues in the real world.

The module consists of 9 chapters with the topics are: introduction to current issues in business and management, entrepreneurial intention, sustainable automotive, fashion industry, customer behavior and journey, food business, big data, corporate social responsibility, and fintech.

Hopefully, this module can be used widely as the main course guideline in the Current Issue in Business and Management class at IPMI International Business School and facilitate the learning process resulting in improvement in students.

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# CHAPTER 1. INTRODUCTION TO CURRENT ISSUE IN BUSINESS AND MANAGEMENT

## Learning Outcome

1

Understand the importance of current issue in business and management

2

Understand format of business report

## 1.1 Structuring Your Business Report

A business report may contain:

A. Front cover

The front cover should be brief but descriptive of the project. It should also include the date of completion/submission of the report, the author/s, and their association/organisation.

B. Executive Summary

The executive summary follows the title page, and should make sense on its own. The executive summary helps the reader quickly grasp the report's purpose, conclusions, and key recommendations. You may think of this as something the busy executive might read to get a feel for your report and its final conclusions. The executive summary should be no longer than one page. The executive summary differs from an abstract in that it provides the key recommendations and conclusions, rather than a summary of the document.

C. Table of contents

The table of contents follows the executive summary on a new page. It states the pages for various sections. The reader receives a clear orientation to the report as the table of contents lists all the headings and sub-headings in the report.

D. Introduction

The introduction sets the stage for the reader. It gives the context for the report and generates the reader's interest. It orients the reader to the purpose of the report and gives them a clear indication of what they can expect.

E. Analysis and Discussion

The discussion is the main part of your report and should present and discuss your findings. It should give enough information, analysis, and evidence to support your conclusions, and it should provide justification for your recommendations. Its organization will depend on your purpose, scope, and requirements, but it should follow a logical and systematic organization. The discussion should be subdivided into logical sections, each with informative, descriptive headings and a number.

Where your report's purpose is to recommend the best solution to a problem, you should show clear analysis of all options. You should explain any analytical framework you used, such as SWOT or cost benefit analysis. This analysis of options can often be presented effectively in tables.

Table X. Informant's Brief Profile

Code	Name	Position	Business/institutions
R1			
R2			

R3			
R4			
R5			

R1 mentioned that ...

Table Y. Summary of Informant's Feedback

Code	Main Points	Key Values
R1		
R2		
R3		
R4		
R5		

## F. Conclusions

A business report usually needs both conclusions and recommendations. The difference between conclusions and recommendations in a report lies in the orientation to time. Conclusions typically relate to the present or past situation.

G. A list of references

Whenever you use information from other sources, references must be provided in-text and in a list of references. The style of referencing uses APA.

H. Appendices.

If material is important to your discussion and is directly referred to, then it should be included in your discussion proper. However, you might want to use appendices to include supplementary material that enhances understanding for the reader. You might use appendices to provide details on the process or analysis you underwent (or which was required by your supervisor or lecturer).

When you choose to include information in appendices, you should refer to it clearly in your text (*refer Appendix A*). A single appendix should be titled APPENDIX. Multiple appendices are titled APPENDIX A, APPENDIX B, etc. Appendices appear in the order that they are mentioned in the text of the report.

## 1.2 Writing Your Business Report

Now that you have organised your thoughts, you need to put them into writing. Ensure your writing demonstrates clarity and logic. You should think constantly about your readers and make your report easy for them to read. To achieve good readability, you should:

- Use effective headings and subheadings
- Structure your paragraphs well
- Write clear sentences with plain language
- Keep your writing professional
- Use white space and well-chosen fonts
- Use footnotes, tables, figures, and appendices appropriately.
- Use effective headings and subheading

### 1.2.1 Use Effective Headings and Subheadings

Headings and subheadings are useful tools in business writing. Ensure they are descriptive of the content to follow. In other words, rather than labelling a section Section 2.5, it would be better to describe it as 2.5 Justification for the high-risk scenario. It is also essential that the hierarchy of headings and subheadings is clear. Use formatting (font size, bold, etc.) to show headings versus subheadings. Headings/subheadings at the same level should use parallel form (the same grammatical construction). The following examples illustrate this principle.

Ineffective headings with non- parallel construction	Effective headings with parallel construction
Establishing formal sales organisation	<i>Establish formal sales organisation</i>
Production department responsibilities	Define responsibilities within the production department
Improve cost-accounting	Improve cost accounting

(Adapted from Munter, 1997, p. 53)

Use sentence case for headings. This means that your first word should have a capital letter, but subsequent words have small letters, unless, of course, they are proper nouns (Write Limited, 2013). Remember to ensure that all material placed underneath a heading serves that heading. It is easy to go off on a tangent that does not relate to a heading.

Remember also that all content must relate to your purpose. Every time you write a new section of your report, check that it fulfils the purpose of the report.

### 1.2.2 Structure Your Paragraphs Well

Your headings will help create logical flow for your reader, but under each heading, you should create a series of paragraphs that are also logically ordered and structured. Paragraphs should be ordered in a logical sequence beginning with the most important material first. Within your paragraphs you should also use a structure that helps your reader. Each paragraph should begin with a topic sentence that states the main idea or topic of the paragraph. Typically, a paragraph will have between 100 and 200 words and will have the following structure.

2.2.1 Topic Sentence (States Main Idea of Paragraph)

2.2.2 Explanation Sentence (Explains or Expands on the Topic Sentence)

2.2.3 Support Sentences (Give Evidence for the Idea in the Topic Sentence and Include Statistics, Examples, and Citations)

2.2.4 Concluding Sentence (Optional Final Sentence That Answers the Question ‘So What?’; This is Your Opportunity to Show Your Critical Thinking Ability)

Remember to link your paragraphs well. The first sentence (usually the topic sentence) is a good place to make a link between paragraphs. One of the most common ways to link paragraphs is to use the principle, ‘something old, something new’. This means you will include a word or phrase that contrasts the topic of the previous paragraph with the topic of your new paragraph. Take a look at the topic sentence at the beginning of this section 3.2. You will see that this topic sentence links to the material before it. For an example showing how to link ideas in a paragraph using the ‘something old, something new’ principle, see Appendix B.

### 1.2.3 Write Clear Sentences with Plain Languages

Academic and business writing should be clear. You want to clearly communicate your understanding of the topic and the strength of your argument. In order to do this, keep your sentences short and use plain language where you can (Write Limited, 2013). Sentences that are too long and complicated are difficult to understand. A good average length is 15–20 words (roughly 1.5 lines). Try not to go over 2 lines. Sometimes students try to use big words in order to sound academic. This is not always a good idea. If you need a big (sometimes technical) word, fine. However, if a shorter one does the job, use it. For example, use is better than utilise, and change is better than modification.

*Look at the following example.*

Phase one of the project included the collection of a range of data and research material completed during 2011, which was utilised in the creation of a range of soon to be finalised analyst ‘personas’, and input into the planning of a new enhanced information architecture for the business’s online channel, particularly resources for current analysts.

*Now look at the following version.*

In 2011, the team undertook phase one of the project. They collected a range of data and research material. Using this collected material, they created analyst ‘personas’. They also began to plan an enhanced information architecture for the business’s online channel. Current analysts can use some of the resources the team have created.

You will notice some of the sophisticated words have changed to plainer ones. You will also notice that the sentences are shorter and easier to understand.

Another change relates to ‘active voice’. You will notice that the first example uses some ‘passive voice’: which was utilized. Passive voice enables writers to omit the people (or doers) from their sentences. However, readers often appreciate knowing ‘who’ does something. You will notice in the second example, the writer adds a doer: team. This means the writer can now use the active voice: In 2011, the team completed...All of these techniques—short sentences, plainer language, and active voice—will help your reader understand your message in one reading. This is especially important in business writing where readers have busy working days.

#### 1.2.4 Keep Your Writing Professional

Ensure you use an appropriate tone for your readers. Where possible, use personal pronouns we and you: We recommend you check the building’s foundations. Personal

pronouns create a friendly tone that is appropriate for New Zealand business and government. They also help the writer avoid the passive voice. And, as stated above, readers like to know 'who' will do something. However, sometimes you might want a more formal tone where personal pronouns are not appropriate. In these cases, you can use words like research or report as your sentence subject: This report discusses..., This research has found that... . Another way of ensuring appropriate tone is to avoid terms that may be interpreted as offensive to ethnic or other groups. Be careful to use gender-neutral terms. For example, use plural pronouns (they when referring to clients) rather than gender-specific pronouns (he or he/she). Another aspect of tone relates to the use of contractions. Contractions are words like we've or it's. They are informal. For many business reports and for all academic reports, you will need to avoid them and write what we have or it is.

#### 1.2.5 Use White Space and Well-Chosen Fonts

White space refers to the empty space on the page. Business reports which have a more balanced use of white space and text are easier to read and more effectively communicate main points and subordinate ideas. Create white space by:

2.5.1 Using lots of headings and subheadings

2.5.2 Creating large margins along all edges (usually 2.5–3cm)

2.5.3 Breaking up your page with tables, charts, and graphs where possible

2.5.4 Using bulleted lists.

#### 1.2.6 Number Your Pages

Your title page has no number. Use Roman numerals for the executive summary and table of contents (i, ii, iii), and Arabic numbers for the remainder of the report (1, 2, 3 ...).

#### 1.2.7 Use Footnotes, Tables, Figures, and Appendices Appropriately

Footnotes should be used sparingly. Points that are important can usually be integrated into the text. Footnotes or endnotes should not be used for referencing (see References above).



In business reports, tables and figures are often used to represent data, processes, etc. Tables and figures should be inserted in the text of the document, close to the discussion of the table/figure. If the information is something which the reader could refer to rather than should refer to, then it may go in the appendices. Tables and figures have different purposes. A table contains an array of numbers or text (such as a SWOT table). A figure is something that contains graphical content, such as graphs created in Excel, organisational charts, or flow charts.

Insert each table/figure one-and-a-half or two lines below the text. The table/figure should be identified with a label and title which describes the content, for example, *Table 1. GDP of New Zealand, 1988–2002.*

If a table, figure, or appendix is included in a document, then there must be text that refers to it! The text should refer to it by name (*As Table 1 shows ...*). The text should explain the highlights of the table or figure, not every detail. Do not leave it to the reader to try to figure out why you included the table or figure in your document. At the same time, ensure that your tables/figures supplement and clarify the text but do not completely duplicate it. Also ensure that there is sufficient information in the table or figure so that the reader can understand it without having to consult the text. Footnotes immediately underneath the table or figure should be used to explain all abbreviations and symbols used.

## CHAPTER 2. ENTREPRENEURIAL INTENTION

### LEARNING OUTCOME

1

Critically evaluate many factors related to entrepreneurial intention and apply the knowledge gained to business sector

2

Articulate their understanding and awareness about entrepreneurial intention and the best practice

*Project by:*

*Aisyah Safira Putri (18111005), Aliefia Aphrida Surdadi (19111007), Aafa Pratama Putra Hartadi (18111013), Nurul Fadiah (18111040) and Vincent Rafael Yonnas (18111050)*



## **EXECUTIVE SUMMARY**

Entrepreneurial intention (EI) is defined as “the conscious state of mind that precedes action and directs attention toward entrepreneurial behaviors such as starting a new business and becoming an entrepreneur. Individuals with greater entrepreneurial intention are more likely to establish their own firms after graduation. Many factors go into the decision of whether to become an entrepreneur, including personal or psychological, environmental, cognitive and demographic ones.

Entrepreneurs are important to market economies because they can act as the wheels of the economic growth of the country. By creating new products and services, they stimulate new employment, which ultimately results in the acceleration of economic development. Tress Bien Business Report 2020 provide an extensive insight about how top entrepreneurs develop their motivation that lead them to establish a company.

## **INTRODUCTION**

### **1.1 Background**

Entrepreneurship pivots around a different paradigm of thinking and behaviour, which transforms the internal workings of an organization to become forward thinking, innovative and competitively resilient (Brown, Davidsson, and Wiklund 2001). According to Dhliwayo and Vuuren (2007) An entrepreneurial mindset indicates a way of thinking about business and its opportunities that capture the benefits of uncertainty. Referring to Senges (2007), it portrays the innovative and energetic search for opportunities and facilitates sanctions aimed at exploiting opportunities.

McGrath (2000) identifies five key elements of entrepreneurial leadership which can be concluded as 1) Continuous search for opportunity - Entrepreneurial creates analogical thinking 2) Framing - Define success on different terms and articulate strategic direction 3) Stocking an opportunity register - Entrepreneurial seek out identify opportunities. 4) Focus - Entrepreneurial focus on strategically thinking to make a better decision which they will get opportunities. 5) Promoting adaptive execution - Entrepreneurial leaders use discovery driven planning.

Establishing an entrepreneurial mindset is important to sustain the competitiveness of economic organizations and the socioeconomic lifestyle of the population through value and job creation. This importance is portrayed in the sense it enables supporters of new ideas to establish organizations with new valuable ideas, which are resourced and developed in an encouraging and enabling culture (Thompson, 2004).

## 1.2 Problem

In general, some people are still struggling i.e fear to take the first step in becoming entrepreneurs. Such issues are portrayed from a business owned by Bagawan (KPMG). The dilemma faced is how to compete with competitors who have been initially established.

Meantime, we understand that the entrepreneurial mindset becomes a necessity in today's era. Companies are now competing in building their human resources and are rich in entrepreneur mindset. This issue can be portrayed from the first example from the Dinginsonic company. Dinginsonic. co, is an electronic company based in Surakarta and was founded in 1945. Dinginsonic believes that to be able to compete in the industry, they need more creativity in which these skills are encompassed as one of the components in the entrepreneurship mindset. The company concerns how to build and apply entrepreneurial mindset. Meanwhile, entrepreneurs tend to take risks. As a company they notice that minimizing the risk while encouraging the entrepreneurs to embrace such a culture requires capacity to maintain both sides. Moreover, the burden is on the company's ability to align the employees' foresight towards the company's vision.

The other similar examples are coming from Angel's group. Some businesses are struggling in managing their operational issues. In this case, the company is facing an integrity issue among the employees. The company needs to strengthen integrity enforcement both from the culture of the company and as individual employees.

## 1.3 Purpose

The purpose of this business report is to provide critical analysis of how the entrepreneur mindset works and how we can analyse the potential strategy for these

companies to use. By analysing, we then come up with the best recommendation related to problems of entrepreneurial mindset that the company is facing.

## ANALYSIS AND DISCUSSION

### 2.1 Entrepreneurial Mindset in Indonesia



Above is a graphic representation of numbers of entrepreneurs in Indonesia by 2019. According to Director of Small and Medium Industries, Metals, Machinery, Electronics and Transportation Equipment (LMEA) Endang Suwartini, the number of entrepreneurs in Indonesia has exceeded 3.1 percent of the total population, which is currently around 260 million or around 8.06 million, this figure exceeds the international standard of 2 percent. However, Endang Suwartini added the statement in which the number of entrepreneurs in Indonesia is still far less than other Asian countries. The ratio of entrepreneurs in Indonesia is still lower than those in Malaysia which account for 6% of the total population followed by Singapore 7% and Thailand 5%.

This definitely has something to do with the factors that influence someone to become entrepreneurs. Studies have also been conducted to discover what initiates individuals to become entrepreneurs and start new businesses. Therefore, the initiation of a new business venture is commonly defined as a purposive as well as intentional career choice. It has been added by Krueger, Reilly and Carsrud that it is important to study entrepreneurial intention because it facilitates research in explaining as well as modelling the reason as to why a substantial number of entrepreneurs decide to start their own business.

A good number of researchers have found that attitude was an important predictor of entrepreneurial intention. A research conducted by Marques et al. found that attitude was a strong and direct influencing factor when it comes to predicting entrepreneurial intention. Krueger and Brazea tested the attitude-intentions of students; the finding showed that attitude had a significant influence toward intention. In a study done by Hazzouri et al. it was identified that the intention to participate in entrepreneurial activities were based on their entrepreneurial attitude. It was also disclosed that in order to enhance entrepreneurial attitude role models and information passed down from personal experience was needed. Therefore, attitude plays an important role in affecting individuals on choosing entrepreneurs as a career.

The selection of one's career has been known to be governed by the value it has within the society; this can be seen in entrepreneurship activity as well. In most cases, an important factor influencing one's intention of selecting entrepreneurship as a career path are their social influences. In the case of entrepreneurship, the most relevant social influences are family, friends and role models. Families have been found to have a positive influence on an individual's entrepreneurial intention. Studied by Nor Aishah (2002) also supported the fact that there is a significant relationship between family background and choice to become entrepreneurs based on many studies that showed that many successful entrepreneurs are from families whose fathers are entrepreneurs. Therefore families and relatives have also significantly influenced one's intention to become entrepreneurs.

Over the past decades, the influence of education on entrepreneurial achievement has indeed turned into a topic of much discussion. According to Farashah (2013) as a result of the drastic increase in the number of entrepreneurial programs along with the interest of the government as well as universities in entrepreneurial programs, it has become crucial to come up with more conceptual as well as theoretical developments regarding entrepreneurial education. Thus, the term "entrepreneurial education" can be referred to the overall procedure of providing individuals with the relevant concepts as well as skills that will help them in identifying opportunities that were overlooked by others and to

gain insight and knowledge to act where others have hesitated. Garavan and O'Connell (1994) have pointed out some of the most common objectives of entrepreneurial education. In their opinion, the first objective of entrepreneurial education is to gain knowledge relevant to the area of entrepreneurship. The second objective is to obtain skills for using as techniques, analysing business situations, as well as synthesizing action plans. The last objective is to stimulate entrepreneurial drive, talent as well as skills. Past studies have clearly revealed that entrepreneurial education occupies a key role in cultivating entrepreneurship spirit among graduates whereby, it has been found that entrepreneurial education is strongly correlated to entrepreneurial intention as graduates who majored in entrepreneurship revealed high intention of becoming an entrepreneur by starting their own business (Pihie, 2011). Therefore, entrepreneurial education is a significant factor that affects students' intention of becoming an entrepreneur.

## 2.2 Entrepreneurial Mindset from Start-Up Unicorn Atau Top 4 Global Business

### 2.2.1 Go-Jek

Gojek, a ride hailing unicorn company, was founded by Nadiem Makarim. He established the Go-Jek in October 2009. He came up with this business idea when he realised that ojek drivers would sit around most of their time while waiting for customers to come to them. He came up with this application so that ojek drivers can fully utilise their time. What he did was he brought both parties of potential customers and drivers together through an online platform.

Besides having a degree in Master of Business Administration from Harvard Business School, his intention to build Gojek was initially because of his personal experience of using ojek transportation almost every day to his workplace to get through traffic jams in Jakarta. This indicates that entrepreneurial education affected his reason to build a business.

The reason Gojek became a unicorn company is because of the social impact that Gojek delivered. This commitment is what drives Gojek to always prioritize close partnerships between companies, employees and customers. This has been proven, it did not take long

for Gojek to have a successful social impact on the community, starting from creating more job opportunities to providing alternative transportation for customers.

The strategy used by Gojek is to apply the data driven decision. At the gojek. decisions, plans and steps essentially based on data. Nadiem believes that data driven formulation is a valuable procedure in making company decisions. Fundamentally, Gojek smart business acumen and corporate brilliance are the two main factors that could propel Indonesia's startup business revolution and to become the unicorn company with a net worth of approximately Rp 140 billion.

### **2.2.2 Tokopedia**

Tokopedia was founded by William Tanuwidjaya and Leon Alpha Edison, both of them went through the same cycle and experienced the same challenge. They established Tokopedia in August 2009 to democratize commerce through technology. They thought, in order to stop this vicious cycle, something has to be done to shorten the gap between big cities and small cities. Tokopedia's business idea was to connect the customer and sellers in one platform which is now called Marketplace. Through Tokopedia sellers from around Indonesia have an opportunity to open up a business with limited capital.

Ever since graduating, William dreamed of being able to set up his own company. He has a dream to have his own internet company later. Another reason that made William build Tokopedia is because he understands the emergence of a gap between traders and buyers, and the absence of a platform that can bring both parties together.

The success of Tokopedia cannot be separated from the culture to maintain innovation. Having and combining a lot of knowledge can help Tokopedia decide what steps to take next. William highly encourages its employees about the importance of new ideas, innovation and bright ideas that drive the progress of the company. The right way to get ideas and innovation is to be brave in making decisions and not afraid to make mistakes. These factors made Tokopedia a well-known marketplace in Indonesia with a worth of approximately \$7 billion.



### **2.2.3 Bukalapak**

Bukalapak is a unicorn and one of the largest e-commerce companies in Indonesia. Founded by Achmad Zaky, Nugroho Herucahyono and Fajrin Rasyid in 2010, Bukalapak initially started as an online marketplace to enable small medium enterprise go online. The company expands into many areas beyond its origins, including online-to-offline solution by empowering traditional mom-and-pop stores called warung as its partners. As of 2019, the company has more than 4.5 million SME sellers, 70 million monthly active users, 1.9 million warung partners, and averaging two million transactions per day.

Inspired by the consumptive life of Indonesian people, Achmad Zaky wants to create something that is useful for many people. He was able to see that SME enterprises were not yet literate in marketing, management and technology. With those considerations Achmad Zaky started Bukalapak in 2010.

The strategy which Bukalapak concentrated on is to always be visible, this strategy aims to grab more market share. Bukalapak routinely exposes the marketplace through advertisements both on social media and on television. In order to grab the attention of the Indonesian people, Bukalapak also creates advertisements in a unique and creative way. Furthermore, Bukalapak always puts forward the analysis of customer habits. This is intended so that Bukalapak are capable to provide appropriate services and to satisfy their customers. With those few strategies Bukalapak has become one of the largest marketplace in Indonesia with a net worth of approximately \$2.5 billion.

### **2.2.4 Traveloka**

Traveloka was founded by Ferry Unardi Derianto and Albert Zhong. They established the Traveloka application in February 2009. Their motivation in building Traveloka came as a result of having personal experience on how difficult it was at that time to make plane reservations when he wanted to return to his hometown Padang from the United States. Today Traveloka has paired with over 100 airlines, 450.000 hotels, more than 400 car rental companies in Indonesia and has become an online platform for users to narrow down their options of airlines, accommodations and transportation. This service has been spreading rapidly among Southeast Asian countries with roughly 35 million users.

It is undeniable that the Traveloka brand has skyrocketed due to continuous promotional and marketing efforts. The channels used are television, print media, and online media. The concept of success adopted by Traveloka is to focus on offering the best and innovative products and services to all consumers through large strategic promotions. Amidst the valuable strategy that has been applied in the company Traveloka has made it to become one of the Unicorn Start-up with roughly net worth of \$2 billion.

## 2.3 Possible Strategies

### 2.3.1 Possible strategies for Bagawan's Cafe

We understand Bagawan's concern over the location matter, therefore we give out several solutions. We suggest that Bagawan needs to stay in his current strategic location. With strategic places among 4 other cafes, we assume that the crowd movement traffic is considered high. According to one of the Top 5 Startup strategies, we suggest Bagawan to Strengthen the cafe's concept and design. The concept will surely impact menu, design, and marketing. Therefore, choosing the right concept is crucial. After finding the core uniqueness of the cafe we recommend Bagawan to identify the traffic and audience around. Next, we advise to use the concept to identify the target audience. Then determine if the location fits the audience. According to Bukalapak Strategy, we propose an idea in which he needs to ensure that your cafe is accessible for customers with/without their own transportation. The visibility of the cafe must be easily identified from the street or the sidewalk. Moreover, referring to the business strategy of Traveloka, is offering promotions during non-peak hours to get people in the cafe together with training the service crew to upsell other menu items to maximize profit.

### 2.3.2 Possible Strategies for Dinginsonic, co.

What they can do to have entrepreneurs in their company is to encourage them to voice their ideas, drive innovative thought by empowering employees to make decisions and by hosting productive brainstorming sessions. Also, entrepreneurs are not born but made so we should provide training to our employees to shape them to become entrepreneurs.

For risk mitigation by companies problems: what they can do is to shape the mindset of entrepreneurs in which, for every risk that they take the company will reward them

accordingly. (Bigger Risk, Bigger Reward). If the risk they took hindered the company's performance, they will work additional hours as a way to return. Also, by using Risk Mitigation Tools like Reward system, Sanction, Insurance to encourage entrepreneurs to take risks.

And the last concern of how can they align their vision and the company's vision strategies are as follows: Firstly, narrow the company's vision (simplify to things you want to achieve goals & the strategic direction). Secondly, when hiring your employees ensure that they are aware of the vision of the company from day 1. Thirdly, share the regular intervals, how well the company is making efforts to reach its mission and vision. Lastly, constant reminder during meetings on the same vision they want to achieve.

### **2.3.3 Possible Strategies for Angel's Restaurant**

We understand that the Restaurant's operational issues are located in the integrity matter. We believe that to be able to implement a strong integrity working culture needs to be done in both aspects as an individual and as a business. To prevent such an integrity crisis we recommend Angel Have a deep background check regarding the employment history, Include an integrity test during recruitment process, Targeting the ethics matter during the interview, Manage regular inventory monitoring, Continuously educate employees with monthly trainings and workshops and last but not least, is to install security systems.

On the other side, an equivalent on mitigation is decisive. Therefore we suggest Angel to provide a fair compensation and sanction, building healthy communication practices, Strict 'No stealing policy' and apply immediate termination. Aligning the integrity of the individual and its importance at the corporate level in creating a culture of integrity is crucial. As a company, we cannot expect our employees to have high integrity without providing a working culture of integrity that provides consistency, trust, and predictable results. High integrity organizations are characterized as organizations that are collaborative, constructive, innovative, transparent, with high employee morale, valued customer loyalty, and strong partnerships. By establishing a working culture full of integrity, the opportunity for employees to have high integrity both as employees and as individuals increases.

## CONCLUSION AND RECOMMENDATION

Entrepreneurship mindset is a way of thinking and it is about the way in which people approach challenges and mistakes. Establishing an entrepreneurial mindset is important to sustain the competitiveness of economic organizations and the socioeconomic lifestyle of the population through value and job creation. However, the entrepreneurial mindset in Indonesia is still developing as the percentage of entrepreneurs is one of the lowest in Asean countries (3.1%). In conclusion, an increase in the number of entrepreneurs in Indonesia is followed by the factors that influence a person to become an entrepreneur. These factors consist of; entrepreneurial attitudes; influence of family and relatives; and entrepreneurship education. Those factors also influence several founders of top 5 global companies in Indonesia. In general, starting a business, surviving and being able to operate the company properly is a challenge for some entrepreneurs. This can be proven by several questions from clients that have been discussed previously. It is imperative to see how the strategies of big companies such as GOJEK, Traveloka, Tokopedia and Bukalapak can build up and be successful. Most successful businesses prioritize social impact, are able to solve problems in society, are customer centered, stick to data and information to always innovate.

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## CHAPTER 3. SUSTAINABLE AUTOMOTIVE

### LEARNING OUTCOME

1

Critically evaluate many factors related to sustainable automotive and apply the knowledge gained to business sector

2

Articulate their understanding and awareness about the business of sustainable automotive and the best practice

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**McKinky  
& Company**



## **EXECUTIVE SUMMARY**

The automotive industry has been a part of our lives since the very first invention of automobiles in the 1800s. Ever since then, countries after countries, corporations after another, continuously tries to dominate and reap all that they're able from the sector. Little did we know, the cumulative undertakings done on behalf of the industry have taken their toll on the world.

Although the automotive industry is fundamental to global economic growth, there have been numerous links that connect the line with environmental issues that exist today. Around the world, automotive manufacturers are striving forward with implementing sustainable principles and processes within their workflow to produce a sustainable product on behalf of the company. Yet as time goes on, the idea has turned into a challenge to automakers, as it became an obligation that they need to uphold and fulfill.

The McKinky & Co. Business Report 2020 will try to dissect what underpins the concept of Sustainable Automotive. The perspective and knowledge of experts, international automotive manufacturers, and their stakeholders are some of the things that compose this report. Among other things, McKinky & Co. also provides analysis and prospective solutions to our clients' complications.

## **INTRODUCTION**

### **1.1 Background**

The first accounted contribution to the automotive industry takes us back to the 1860s when petrol-driven engines were first developed. At the time, France and Germany pioneered the phenomenon, then hundreds of manufacturers from all over the world were quick to follow. Known also as the Brass Era, the latest technology which forms a car at the time advanced at full tilt due to the number of small manufacturers which emerged and competed simultaneously.

Just before the Great Depression in the United States began, an article published by Popular Science in 1929 stated that from the existing 32 million cars in the world, 90% of them were made by American car factories. That figure is equivalent to one motorcar

per 4.87 people (Popular Science, 1929). In 1904, Frank Leslie compiled a list in Frank Leslie's Popular Monthly Magazine, which states more than 50 existing car manufacturers around the states of America at the time.

Fast forward to today, the number of existing cars on the globe has reached roughly around 1.42 billion (Okefor, 2020). This figure has not once grown stagnant, with more and more vehicles being produced by the day. Wagner (2020) stated that over 92 million vehicles were manufactured globally in 2019, with China, Japan, and Germany leading the game.

The industry contributes an enormous share of global revenues all by itself. IBISWorld, a research firm, positioned the global automobile sales and manufacturing in number 5 and 6 respectively as the biggest industry by revenue in 2020. Addley stated that if the industry were to form a country, it would be the world's 6th largest economy. Unfortunately, it's not all roses and daisies.

For an industry to evolve that massive globally, some things needed to be sacrificed. Although the automotive industry has been around in under 200 years, it has left a monstrous footprint on the planet. From energy consumption to road construction, owning a vehicle can have a whole lot of environmental problems on its own. Even when a car is no longer being used and disposed of through recycling, the malicious impact can still exist from the decay (National Geographic, 2019).

Approximately 90% of how a car could impact the environment is through the emissions caused by air pollution and fuel consumption. Heavy pollution caused by ground vehicles can generate global warming, acid rain, and damage our health by crippling natural air production (Green, 2018). Not to mention, roads that exist to support ground travel are also environmentally detrimental (National Geographic, 2019).

Today, the global automotive industry is challenged to be more environmentally friendly, or in simpler terms, sustainable. The University of Alberta defined sustainability as meeting the current need without compromising the need of future generations. Co-founder of Volans John Elkington argued that companies should implement the three

principles of sustainability (profit, people, planet) if they're looking for long-run sustainability themselves. It's not that simple, however.

Iyer (2019) notes that among the seven critical challenges the automotive industry presently confronts, sustainability is one of the highly pivotal challenges that they're facing. Switching the usual business practices to a more sustainable approach is quite complex and can't be done in a short time. The reason for it being difficult varies, from the existing compulsive habits or settling for the barest minimum.

Understanding how sustainability works, how it can benefit our future, and how to become one is essential to implement. We believe that a deep, thorough, and continuous apprehension should be achieved across sectors, including the ever-increasing automotive industry, and that is what this report is trying to achieve. Not only that, but we will try to elaborate our analysis from the issues that our clients who are involved in the industry currently face.

## 1.2 Clients' Problems

We received a total of 8 questions from 8 different clients. They're elaborated as follows:

### 1. Tres Bien Consulting Group (TBCG)

TBCG represents Hyundai, and their products are publicly used in South Korea. The South Korean government provided subsidies to encourage their citizens to switch their vehicles to electric cars. The public facilities and infrastructure are sufficient for electric vehicles to operate (e.g., public charging stations). They provide two types of products: electric and hybrid (combined electric and gasoline cars).

They expanded to a few other countries, including Indonesia. However, the national education rate for electric vehicles is still quite low, and buyer tax is still relatively high. Their question is:

- A. How can they (Hyundai) be able to compete despite the existing obstacles? (i.e., infrastructure, taxes, lack of education, and price competition)
- B. What strategies can Hyundai take to expand to other continents?

C. What country do you think has the most significant opportunities as their market?

2. Deloitte (Xspace)

Xspace is an electric vehicle manufacturer in the U.S., who is looking for an opportunity to expand to Indonesia. The reason behind this is the announcement made by the Indonesian government that targets 20% of the national vehicle production being electric vehicles in the year 2025. But they're uncertain if the prospect is good or not. They asked our opinion towards this matter.

3. CIA Corp

CIA Corp wishes to know how they can produce sustainable automotive from a very minimal source.

4. Y&L Group

Y&L Group wishes to create an environmentally friendly car, they learned that it may cost them such a high price. They've tried to reduce the budget but it reduces the vehicle performance in between. Yet when they tried to sell the product with a high price, customers were not interested to buy them. They asked what they should do regarding the matter.

5. KPMG

KPMG recently released a new four door hybrid sports car. They unveiled the prototype in Indonesia's biggest car exhibition (GIIAS). The public was ecstatic about the design, and they were ready to buy it even though they are not ready for a mass production (will start next year; 2021). The public also demanded KPMG to sell the vehicle in other countries. They would like to know:

- A. With so many potential customers and a plan for mass-production for next year, how can KPMG tell their customers to wait for another year for the product?
- B. What strategy should KPMG use to expand to another country even though they haven't planned to expand their business globally?

- C. After the success of their first model, they plan to make a six-door hybrid SUV. Will it gain more benefits than our previous model? (SWOT needs to be included).

#### 6. Aquatic Consultant

Aquatic consultant is a startup in the automotive business, producing environmentally friendly vehicles. They'd like to consult on how their business can be more sustainable besides producing environmentally friendly vehicles.

#### 7. Jisuyoim Firm

Jisuyoim owns a rental company that provides luxury vehicles from sedans to MPVs (Multi Purpose Vehicles). They said and we quote, "After the cars we rented are old enough, we will sell it to several companies that have a high possibility of purchasing it." Their question is:

- A. Our opinion towards why the price of a used luxury sedan tends to fall and is cheaper than MPVs and SUVs.
- B. Why do we think the vehicles that enter Indonesia have most of their features disabled when on the other hand, their factory has those features?
- C. They also would like to know why we think that the Volvo S80 is very cool, exotic, and luxurious.

#### 8. Accenture (Accenture Logistics)

Accenture Logistics' business process comprises delivering products across Java using trucks. Their question is:

- A. What kind of sustainable automotive you recommend,
- B. Is it cheaper compared to gasoline-powered vehicles?
- C. Does the current infrastructure support the alternative? (They stated and we quote, in the case of gasoline being available everywhere in every rest area)

### 1.3 Purpose

McKinky & Co. Sustainable Automotive 2020 Report seeks to draw the public's attention towards the need for sustainability efforts within the automotive industry. To achieve

that, this report will provide accurate findings that could widen the reader's current horizon and understanding. Issues brought forward by our clients are an actual example of how a company can achieve automotive sustainability by addressing the issues surrounding it. The analysis that we provide can be referred to in later days as the basis for strategy implementation and decision making.

## **ANALYSIS AND DISCUSSIONS**

### **2.1 Sustainable Automotive Concept**

The trends of sustainability grow rampant today, affecting businesses across different sectors. Nielsen Holdings, an American firm that focuses on information, data, and market measurement, issued a report in 2018, which compares the sales of three standard household products. The products were divided into two: a regular and a sustainable one. The result shows that items with specific claims such as sustainability could be sold twice as easy (Nielsen, 2018). What about sustainable automotive?

Throughout the decade, the growth of science and technology made sustainable cars an opportunity. An 'eco-friendly vehicle' is a term that defines motorcars that hold less damaging effects on the planet, compared to the majority of vehicles which exist today (i.e., those who run on gasoline or diesel). Also known as green vehicles, most are mainly powered by state-of-the-art technologies (e.g., electric-powered, fuel cell-powered, hybrid electric, etc.) and alternative powers. These certain vehicles aren't restricted to personal vehicles, but public transportation as well.

From around the globe, car manufacturers began testing with sustainable ideas and plans for decades. However, assembly-line production wasn't a prospect at the time because of how eco-friendly vehicles were poorly designed. Resource inefficiencies (e.g., limited fuel options) formed the majority of complaints back then.

Take electric cars for example. The plan, prototype, and model had been discovered since the 1900s; thus, it's not entirely new. However, when Ford Motor Company founded the Model T in 1908 and began mass production shortly after, the public's interest in electric vehicles began to sharply decline. One of the reasons was expressed by Matulka (2014),

which acknowledges that the price for one electric vehicle could be twice as high compared to the ones powered by petrol.

It wasn't until 1997 when Toyota decided to mass-produce its Prius line. Since then, the hybrid-electric Toyota Prius became the world's first mass-produced eco-friendly vehicle (Matulka, 2014), increasing the leverage on hybrid automobiles. Next, the establishment of Tesla Motors in 2006, which is committed to extravagant electric sports car manufacturing, became another milestone in the sustainable automotive industry.

Dr. Jursh, The Director of PwC Strategy&, stated that the current environmental trends show the continuous need for sustainability within the automotive industry. The trend varies, from low-to-zero emissions vehicles to carbon-neutral manufacturing processes. He believes that automobile manufacturers must be able to re-evaluate their sustainability efforts in order to stay ahead.

Following the explanation, the continuation of sustainability within the automotive industry will most likely come from specific trends such as shared mobility methods, electric vehicles, autonomous driving, and sustainable processes. To integrate at least one of them, manufacturers must be able to implement feasible, sustainable, yet cost-saving solutions within their business models. To do so, they must at least pay attention to several issues.

Climate change, the need for a more sustainable value chain, and digital answerability are just a few reasons why automobile manufacturers should add sustainability within their process. The impacts of climate change kept on revealing itself by the minute. That too includes those caused by the automotive industry.

Experts revealed that the automotive industry has always been a major contributor to global greenhouse gas emissions (GHG; Calvert, 2020). Research by the World Energy Outlook in 2019 revealed that SUVs emitted more than 450Mt worth of Carbon Dioxide emissions globally. As a result, lawmakers from around the world are demanding car manufacturers be more responsible towards the environment, through their manufacturing process to the product themselves.

As resources are decreasing and some depleted by the minute, a controlled, naturally prolonged value chain is becoming a priority for the industry. This particular value-adding process can be achieved through the recycling mindset. The examples given by Dr. Jursh that companies could implement are component recycling, circular economy, viable research and development, and sustainable impact measurement and reporting.

## 2.2 Sustainable Automotive Through The Perspective of World's Automotives

### 2.2.1 Nissan

The Nissan Motor Company Limited or better known as Nissan is a multinational automotive manufacturing company headquartered in Yokohama, Japan. Their business started 86 years ago (December 1933). Precisely 66 years later, the company has been a part of the Renault-Nissan-Mitsubishi alliance. As of 2013, the company was recognized as the sixth-largest automotive manufacturer in the world, and the biggest manufacturer in North America the year after.

In efforts of producing sustainable products, Nissan manufactured and sold over 320,000 electric vehicles as of 2018. These statistics put the corporation as the world's largest electric car manufacturer in the world. They've come a long way indeed from when they first introduced Nissan Altra in 1997, their first-ever line of the battery-powered vehicle.

Just 13 years later, Nissan presented the Nissan LEAF. This particular model would then be the first mass-produced all-electric vehicle that was launched globally (NBC News, 2008). As of today, the Leaf model is still ranked the all-time best selling electric vehicle (Cobb, 2015).

### 2.2.2 Tesla

Previously known as Tesla Motors, Inc highly focuses on clean energy and eclectic vehicle manufacturing. The company was founded in 2003 and focuses highly on the automotive, energy storage, and energy production industry. Their products range from electric cars, battery-powered energy storage (for homes), solar panels and roof tiles, and more.



After some time in the market, precisely in 2019, their market share increased to over 50% from the previous year. Within the same year, they hold the global position of best battery electric passenger vehicle manufacturer and plug-ins in the world by the number of sales. This year marks yet another success of theirs: selling 1 million units of electric vehicles.

Tesla's vision was to prove that electric vehicles could be better than gasoline-powered motorcars and that they're gazillion-times better for the climate. The company claims that all of its products are sustainable, and they continue to work on ways to make the process sustainable as well. Tesla envisioned "a world powered by solar energy, running on batteries, and transported by all-electric cars." Through their products, Tesla is ensuring that everyone can contribute their efforts in sustainability and clean energy production (Tesla, 2018). That is why the company decides to manufacture clean and renewable energy-generating products that can be used in almost every home (e.g., solar panels, solar rooms, Powerwall energy storage). Not only that, Tesla decides to keep its patent source open and accessible to anyone interested in building electric automobiles of their own (Tesla, 2018).

### 2.2.3 Ford

Ford Motor Company has been in the industry for quite a long time (117 years). Henry Ford founded the company and has been (although not always) passed down several times to his descendants, with the family having a weighty voting power but smaller ownership. As of today, the company had grown into an American multinational vehicle manufacturing corporation, with services such as vehicle financing, leasing, and other services.

Their works comprise various models of automobiles (luxurious, commercial, SUVs, and pickup trucks) as well as their parts. Their growth is quite immense: from producing over 5.5 million autos and employing more than 213,000 employees in 2008 to being the second-largest vehicle manufacturer based in the United States. In 2017, its revenue reached \$156.7 billion globally (Fortune, 2019).

Their endeavors of developing environmentally-friendly initiatives involve establishing adaptable fuel vehicles (Ford Focus Flexifuel), hybrid electric motorcars (Ford Escape Plug-in Hybrid), plug-in electric vehicles (Azure Transit Connect Electric, Ford Fusion Energi Plug-in Hybrid), hydrogen-powered shuttle busses in airports and convention centers, and its plan of producing more fuel-efficient cars. Ford Motor also ventured the ECONetic program as an effort to satisfy the need for higher fuel efficiency and lower carbon emissions mandated by governments worldwide.

#### 2.2.4 Hyundai

Hyundai Motor Company is a South Korean motor car manufacturer based in Seoul, Korea. The corporation was established in 1967 (52 years ago) and has since functioned as the gigantic integrated production facility in the world (Taylor III, 2010). As of today, their products are sold in more than 190 nations worldwide.

The business began its electric and hybrid vehicle production in 1988. Their first electric automobile model was called the Sonata Electric Vehicle and was invented in 1991. The model had undergone a completely expansive growth that endured more than a decade and managed to make its debut at the LA International Auto Show.

Their eco-friendly models did not stop there. They also have a few other eco-friendly models, such as the Kona Electric that were first introduced in South Korea and have the highest sales amongst other electric vehicles on the United Kingdom market in early 2019 (What Car, 2019).

#### 2.2.5 BMW

Bayerische Motoren Werke (BMW) is a transnational vehicle manufacturing corporation based in Germany. The company was founded 104 years ago and manufactured over 2.5 million automobiles in 2019. The company once manufactured aircraft engines and now concentrates on luxury vehicles and motorcycle models.

BMW developed a sub-brand called the I (i) models, which concentrates laboriously on selling entirely electric and plug-in hybrid automobiles. The sub-brand was established in 2011 and initially launched two vehicles: the i8 plug-in hybrid, which ended

production in June 2020 with more than 20,000 sales (Kane, 2020), and i3 all-electric, which sold more than 165,000 automobiles at the beginning of 2020, according to BMW.

In the forthcoming years, the sub-brand i is plotting to extend their models further. They prepared the all-electric SUV model called iX3 to be released at the end of 2020, and the i4 all-electric sedan model in the following year (Furlong, 2020). To plot beyond, the company is arranging for their autonomous vehicle (AV) called the iNext to be available as autonomous taxi mobiles in cities around the world.

#### 2.2.6 Mercedes-Benz

Also based in Germany, the brand concentrates on manufacturing luxury and commercial automobiles. They suited international markets. Aside from their products, their services ranged from monetary automobile-related assistance to automobile repair and maintenance. In 2018, the company achieved the title of largest premium vehicle seller in the world by having sold more than 2.3 million passenger vehicles throughout the world (Taylor et al., 2019).

As their contribution to eco-friendly measures, the company extended multi-concept cars such as hybrid-electric, fully electric, and even powertrains powered by fuel-cells. The company has also experienced a coalition with several eco-friendly companies, such as Vivint Solar in 2017, to design energy storage for homes from solar power. Their plan of going beyond the milestone includes the \$11 billion investment to ensure that every Mercedes-Benz has a fully electric or hybrid version available on the market (Matousek, 2018).

### 2.3 Sustainable Automotive in Indonesia

According to Hidayat (2018), the Indonesian automobile industry contributes 10.16% to the nation's GDP. Statistics Indonesia shows that the number of national passenger vehicles in 2018 is more than 16.4 million, not including the entirety of motorized vehicles (a total of 146 million units in 2018 and climbing). There are over 2.7 million vehicles alone within the city of Jakarta.

The ever-rising number of vehicles in Indonesia is causing various problems of its own. According to the researchers of the Institute of Technology Bandung, eight sources of air pollutants were indicated between the year 2018-2019. Based on the research, the highest recorded pollutants came from vehicle carbon emissions, with 32-41% in the rainy season and 42-57% in the dry (Kurniawati, 2020).

As an effort to counteract the negative environmental impact caused by motorcars, the Indonesian government announced an initiative of Low-Cost Green Car (LCGC) in 2007. The initiative involves plans to help develop a series of vehicles with a fuel efficiency of at least 20 km/liters and a relatively lower price than the ones in the market. One of the models includes the Daihatsu Ayla and Toyota Agya.

In 2019, The President of Indonesia Joko Widodo signed the presidential regulation on electric vehicle production in Indonesia (Aisyah, 2019). He recognizes the materials needed to build the majority of components that build electric vehicles (i.e., batteries) can be found abundantly in Indonesia, which makes the country a strategic business destination to establish a new industry of electric automobiles (Aisyah, 2019). For that reason, he hoped that the signed decree, the long list of plans and targets, as well as the laws and regulations that follow may attract an ample of foreign investors that could help make the initiative a reality.

Among other things, Grab, a Singaporean ride-hailing company that expanded its business to Indonesia in 2014, launched a series of Electric Fleet at Soekarno-Hatta International Airport in early 2020. The service is called GrabCar Electric and will be made available for Terminal 3 Soetta's airport passengers. GrabCar Electric was made possible through the partnership between Grab and Hyundai, which deployed 50 Hyundai Ioniq Electric Vehicles. Both companies are eager to expand the number to 500 units in Indonesia by the end of the year.

Electric vehicles have become a somewhat new milestone in Indonesia. The country is eager to manufacture more electric vehicles in the upcoming years and made clearer regulations that are needed to make this plan more than just a possibility. As of now, the

government is developing the economical facilities and infrastructure to support the emergence of the electric vehicles industry in Indonesia.

## 2.4 Attainable Solutions & Strategies

### 1. Tres Bien Consulting Group (TBCG)

TBCG represents Hyundai from South Korea which the government encourages people to start transitioning from conventional cars to electric cars. Hyundai also wants to expand their market to Indonesia, but in Indonesia the education about electric cars is still low and the buyer tax is relatively high. We are really sure that there are many obstacles in the electric cars business nowadays, but in the long run electric cars business will be profitable and if Hyundai moves fast they can be the pioneer for electric cars in Indonesia. To compete through the obstacles, Hyundai can intensify the branding of its electric cars by having a collaboration with an established brand for example Hyundai X Grab to increase the awareness of the market in Indonesia. In our opinion, Indonesian market nowadays is already more sensitive towards electric cars because it is better for the environment. By doing that, in the near future we can expect the reduction of buyer tax and supportive infrastructure for electric cars. For the price, Hyundai can make their own plants for the electric cars in Indonesia. By doing that, it can reduce the cost of an electric car and can reduce the price.

To expand to other continents, we suggest Hyundai to use 4 strategies:

- 1) Find Partners → Hyundai can have a partnership with a local distributor, especially continents that doesn't have Hyundai.
- 2) Coordinate Value-Activities across the continents → Hyundai can maximize the efficiency, effectiveness, flexibility, and learning.
- 3) Approach the continents using global integration but implement a local responsiveness in between.
- 4) Try to adapt to local markets → Hyundai has to do this because different countries have different processes of how things should be. (Different distribution channels, local competitions, and cultural differences.)

Regarding which countries we think has the most significant opportunities as their market are North America, Singapore, and Western Europe. We choose those countries or continents because they already have the incentives for electric vehicles such as lower tax compared to conventional vehicles and also some of them already have a sufficient infrastructure to support electric cars.

## 2. Deloitte (Xspace)

Xspace is an electric car manufacturer from the United States that wants to expand their business to Indonesia. Deloitte asked us about the prospect of electric car business in Indonesia whether it's good or not. We think the prospect of electric cars in Indonesia is going to be good, beside the government vision in 2025 about electric cars, sooner or later the car industry will be filled by electric cars for the sake of the environment because someday we will run out of fossil fuels. Even more, the president of Indonesia also issued a presidential decree regarding the development of electric cars in Indonesia.

If Xspace is going to expand its market in Indonesia, Xspace has to consider many things for expanding their market in Indonesia. First of all, Xspace has to build their own representative office and plants for operational purposes. Then, Xspace has to build their brand image to increase the brand awareness towards Indonesian market. For example, brand building can be done by doing some marketing and advertising activities such as making a charging station for every electric car but name it "The Xspace Charging Station" in many locations but for starters Xspace should make it in Jakarta and Xspace should do it with a collaboration of established company in Indonesia. There are also some supporting factors that Xspace should consider such as the quantity of service stations and charging stations in Indonesia as it would affect the willingness to pay for the target market.

However, Xspace also has to know that this business would take some time to reach profit because nowadays the majority of Indonesian people are still using conventional cars because the price of available electric cars in Indonesia are still too expensive for the majority of Indonesian. In conclusion, The prospect in Indonesia

regarding electric cars is good but if you see it in the long run, because SpaceX has to consider many things to expand their market in Indonesia.

### 3. CIA Corp

There are several components used as the basic resources for electric vehicles such as electric engines, motor controllers, and batteries, whereas the most important component to make Electric Cars (EV) is the batteries itself. The battery stores electrical energy and is the equivalent of a fuel tank in an internal combustion engine.

As the battery stores the electrical energy, thus the battery becomes the most important component source of an EV - the bigger the capacity, the higher driving distance. Battery's size and weight also have large implications on vehicle performance, however, the larger and heavier the battery, worsens the energy efficiency.

The materials used to make batteries are lithium, nickel, cobalt, manganese, and graphite. Although there are quite a few components of the battery itself, Tesla, who has opened the patent for the battery components, used less resources to make the battery. Components used are Lithium-ion (NMC - Lithium nickel manganese oxides). This makes Tesla have lower production costs than other EV produced.

Even though Tesla has lower battery components, they face challenges such as the scarcity and high cost price of cobalt and manganese - as it only produced in very few countries. However, the scarcity of cobalt and manganese in the European countries and in America, creates a potential for Indonesian, as Indonesia is one of the countries that produces both elements, as stated by the President of Indonesia, Joko Widodo.

To produce a sustainable EV with a very minimum resources and cost, it is best to find an option to substitute cobalt and manganese. However, without using cobalt, the production process becomes more sophisticated. Lithium-iron phosphate can be used as the best replacement for both cobalt and manganese and able to reduce the price up to \$100 / kWh. Not only it is cost beneficial, it also offers a longer life cycle as well as thermal and chemical stability, which improves battery safety.

#### 4. Y&L

The cost of production of an environmentally friendly electrical vehicle, is still significantly higher than regular gas-fueled vehicles. However, as stated by The Financial Times consultant, the manufacturing cost will reduce by  $\frac{1}{5}$  in 2023, to \$19,000.

Even though it remains high, the environmentally friendly vehicles are getting more demands, due to buyers demands for luxurious interiors and more sustainably sourced materials.

The high demand itself is being pushed by countries that encourage buyers to buy battery powered vehicles as it supports environmental sustainability. This creates a high potential for companies to produce EV, although the production cost may be higher than gas-fueled vehicles.

The vehicle must be marketed as a high end luxury vehicle, to set up the right target market. As stated by the managing director of Cairn Energy Research Advisors, consumer confidence is the key. When people are confident with their job and economy, more likely they will buy a luxury vehicle.

#### 5. KPMG

With the high level of enthusiasm from the public, we believe that potential buyers will be willing to wait until KPMG is ready to mass-produce. For the waiting game, there are two ways to make the public content with their future products that we could think of. For starters, KPMG can open a pre-order system, which is not a new thing in the automotive industry. There are a lot of people out there who are eager to wait for a specific amount of time to get their dream cars. For example, you have to wait 2-4 years for a Suzuki Jimny in Indonesia. The second one would be providing handcrafted customization, such as custom badges/insignias on the care, or hand-stitched seats with leather of choice. This method could keep the buyers' excitement



high while anticipating the incoming cars. Rolls-Royce has been using this method for a long time.

Expanding to another country is not a small matter, therefore KPMG must strategize carefully to achieve further success abroad. But if KPMG hasn't planned to expand the business globally, why bother to prepare a strategy to do so? We suggest that KPMG should focus on their business in Indonesia, observe how the sales go, try to beat your competitors here and there, etc. for years to come. After that KPMG can plan their expansion abroad provided they are ready to do so. From the question itself, we could see that they're not ready for this.

KPMG wants to release a 6-door hybrid SUV, which we found amusing and confusing. First of all, SUVs are usually classified as 5-door cars (yes, you count the baggage door), as for 6-door cars they are so rare we don't have the idea at first how they look like. You have to go to a special workshop to customize it. And the second one is that the door count is not a feature at all. Most super/hypercars have 2 doors, so do most pickup trucks. Aside from the hybrid part, we couldn't see how a 6-door car would appeal to the public. Lastly, the design. We have found some pictures of these kinds of cars, and they are not the most pleasant things to see (if the cars are exactly as they meant). Imagine a limousine that is supposed to be elegant, but bulky in this case.

The SUV itself is hugely relative to other types of cars, and now add some lengths to it and voilà, you got an enormous giant on the street. Eye-catching? Yes. Practical? No. Is it necessary? Absolutely not. If KPMG still wants to release hybrid extra-large cars, we believe they would be better with hybrid minibus/van similar to Isuzu Elf, Toyota HiAce, etc. (10-12 seaters, ironically with 3-4 doors) or go back with a more conservative 5-door SUV approach with appealing design and features. All in all, we think it would be best for KPMG to forget the 6-door hybrid SUV plan.

## 6. Aquatic Consultant

There are various ways to make your business more sustainable. 'Greening your business' is the most suitable term for the situation. The best news is: it doesn't necessarily have to correlate with producing sustainable products alone.

One of the solutions that Aquatic can try to pull is to instill sustainability methods within every process of the business, including every mind of their employees. Even if Aquatic is trying to use less convenient-product (i.e., single-use products) within their workplace and integrates the reuse, reduce, and recycle mindset, it counts as developing sustainable and environmentally-responsible behaviors within their work. This particular culture can be intensely promoted to gain more of their customers' trust.

Next, Aquatic can implement the green procurement practice, where they try to maximize product and service sourcing that are supplied sustainably. One of the ways to do so is to review their procurement practices consistently (making sure they remain relevant to the existing eco-friendly trends) or even source their products from local manufacturers.

But if they are looking to make another sustainable product, the Aquatic Consultant can develop supporting technologies for autonomous driving. Autonomous driving changes the way humans get from point A to B significantly, and not just because we don't have to, in a sense, fully control the vehicle in the process. According to Thomson (2020), the existence of autonomous vehicles reduces travel times and selects the best possible route, reducing traffic congestion in the process. And to add, the research conducted by the U.S. The Department of Energy (DOE) states that automated vehicles could reduce their energy consumption rates by 90 to 200%.

Not only that, but by utilizing Big Data and IoT, The Aquatic Consultant can develop a technology that notifies its customers how much energy they're using (whether it is electricity or gasoline) per month for transportation alone. This will provide a new type of intelligence to Aquatic's customers. Aquatic can also add another feature of recommending what customers' should do to cut energy usage.

## 7. Jisuyoim Firm

If you asked about why secondhand luxury sedan prices drop, we believe it is highly related with the market itself. High-level income people in Indonesia buy new luxury sedans, while middle-low income people buy mid-range or even economic SUV/city cars. This condition is affected by the enormous amount of tax and the low level of practicality and utility of luxury sedans, especially with the road condition in Indonesia.

Some countries have their own regulations in terms of safety features such as Airbags and safety rating. Regarding the additional features, some may be available in *Complete Build-up (CBU)* vehicles imported from the brand's home countries, but *Complete Knockdown (CKD)* which is assembled and manufactured in Indonesia, may miss a certain number of features. Since CKD cars are assembled and manufactured locally, the government requires a certain amount of parts to be sourced from Indonesia, which Indonesia may not have those parts. Also, most CKD cars are tailored to suit Indonesian market in terms of price and technological awareness, which may require the manufacturer to remove some features.

Volvo S80 may have their great early years. It was a brilliant car, though I may have to emphasize on the "was". Most of European sedans older than 10 years are unreliable, especially for daily use. This matter is related with their spare part prices and availability. Although, old European sedans in Indonesia have their own fan base, which most of them still own old European sedans from different brands.

#### 8. Accenture (Accenture Logistics)

Sustainable automotive doesn't only come with electric and hybrid technology. By having a measured output of gas on every trip is already a responsible effort for sustainable automotive. Although, if you want to take it further, your company can buy Hybrid Electric Vehicle (HEV) Trucks or even apply to pre-order Electric Vehicle (EV) trucks.

*Volvo*, a Sweden car company, has been selling an HEV Diesel-electric Truck called *Volvo FE Hybrid* since 2013. A cheaper option would be *Mitsubishi Fuso Eco Hybrid*

which has a whopping 30% better fuel economy than regular trucks. In case you want a real EV truck, Tesla is currently developing an EV truck called *Tesla Semi*, capable of traveling 997km from full battery, has a *Tesla Autopilot* --an autonomous driving system, and an extreme acceleration with 0-100kmh in 5seconds --6 seconds quicker than Toyota Yaris. Tesla said the Semi will be available in 2021. Toyota also joined the party by announcing *Toyota Project Portal* in 2017, which is currently in the development phase.

In-term of price, currently EVs still have a huge price gap compared to gasoline-powered vehicles. EVs currently still in a penetration phase in developing countries like Indonesia. Although, in the long run EVs would be more efficient even for commercial use, considering the price of electric energy is *less than half the cost of diesel* and how quickly it accelerates.

Currently, the infrastructures still have a long way to go. Indonesia only has 62 charging stations that's capable of charging trucks. But, Indonesia has made a handful of moves and announcements on opening their doors towards EVs.

Regarding what you can do in the near future, you can build charging stations in your offices which we believe are spread around Java island. Tesla came up with another technology called *Megacharger* -- a solar-powered charging station, which is capable of charging Tesla Semi's battery in 30 minutes to a capacity to travel 640 km. That being said, if you start from a full battery, a trip from Jakarta to Surabaya, would only need less than a 30 minute stop in one of your Mega Charging stations, which is powered by solar energy.

## **CONCLUSION AND RECOMMENDATIONS**

In conclusion, pursuing sustainability is becoming the strategy of the future for companies in various industries. For the automotive industry, sustainability presented itself as an opportunity for vehicle manufacturers to become a market leader as more and more countries are creating the needed infrastructure to make sustainable transportation possible.

As there is a huge opportunity to expand their business to countries that are still unfamiliar with sustainable vehicles, we recommend vehicle manufacturing companies to set the right target market and use the right marketing strategies, as presented in this report. And since the sustainable automotive industry is somewhat new in several countries (e.g., Indonesia), we highly recommend eco-friendly vehicle manufacturers to dive into the existing laws and regulations within the nation and to intensify the public awareness towards their brand first, through education, marketing campaigns, and even collaborating with the government.

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## CHAPTER 4. FASHION INDUSTRY

### LEARNING OUTCOME

- 1 Critically evaluate many factors related to the fashion industry and apply the knowledge gained to business sector
- 2 Articulate their understanding and awareness about the business of fashion industry and the best practice

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## **EXECUTIVE SUMMARY**

Zadora Consulting was established in 2021 to provide consulting services about the problems that occur in each company, relating to the field of data information systems and matters relating to the fashion and textiles industry. We provide various solutions, appropriate steps to our clients and also facilitate experts in their fields to solve problems to completion. With proper handling, as well as the use of technology as a whole. Our team has been learning a lot by much of Fashion Revolution manifesto, program, project, and policy advisory which helps clients on seeking more deep understanding how might global fashion industry could be more sensible to care more and let dignity of people who working in fashion supply chain to be happened in fair. Because satisfaction makes us provide the best service to our clients.

## **INTRODUCTION**

### **1.1 Background**

The fashion industry is a multibillion-dollar global business that focuses on designing and marketing clothing. Some observers distinguish between the fashion business (which produces "high fashion") and the apparel industry (which produces "mass fashion"), but the lines between them had blurred by the 1970s. Fashion is best defined as the style or types of clothing and accessories worn by groups of people at any one moment.

What makes Indonesia unique in the world of fashion? Indonesia's textile sector is a top priority in the country's economic plans. In other words, fashion is a crucial segment for the Indonesian economy, and wage regulation and policy have a substantial impact on employment and GDP. A competitive edge for its labor-intensive sector, as well as dignity. Consumer goods, fashion, and lifestyle products have a global market. In the fashion sector, with strong and steady underlying assets of artistic and also passionate and sensitive artisan works.

Our country team in Indonesia has gained a lot of knowledge from the Fashion Revolution manifesto, program, project, and policy advisory, which has aided us in gaining a better understanding of how the global fashion industry could be more sensible in caring more

and allowing the dignity of people who work in the fashion supply chain to be respected in a fair manner. They're more than just cost-allocation tools to move and run production of textile and fashion made in Indonesia or anywhere else.

## 1.2 Problems

Industry Fashion is very significantly impactful for the Indonesian economy, and has a good projection in the future. An industry that has the potential to be followed by difficult challenges, especially in business activity, there's always challenges and problems that need to be faced, it could be raw materials, technology, human resources, and many more.

In Zadora's client, from the elite group, they want to sell the products to a Global Market, how to compete with the other Global Fashion Brand then in the competitive market (crowded) how to create a value brand identity that differentiate with other brands. Then from the Mets, in this pandemic era, the situation has a bad impact on the economy, especially to people's purchasing power, so they want to know how to boost sales in this Covid era.

From Butik P&J Collection, their activity is to serve the very unique and Made in Indonesia Hijab and Gamis, they want to cut the cost to have competitive prices in the market, the problem is they are not sure yet which cost that may we reduce. In Denver Corp they want to run a Thrift business, but still need to analyze this activity and need advice. Last one is magical miracle clothing, they have an offline store and now, they also want to shift to online. They need to know how to build their own store image and be able to sell a unique point of view regarding fashion, how can they create their own competitive advantage?. However, domestic producers are having a hard time due to this situation. Pandemic situations also make it hard for businesses to operate in Indonesia, there are so many problems that are thought of by businessmen in Indonesia.

## 1.3 Purpose

- I. Current Situation of Industry Fashion in Indonesia
- II. Projection of Industry Fashion in The Future
- III. Impact of Pandemic to Industry Fashion

## IV. Discussion and Offer Best Solutions/Strategies

### ANALYSIS AND DISCUSSION

#### 2.1 Fashion Industry in Indonesia

The textile and textile products industry (which includes garments or clothes) is critical to the Indonesian economy because it is one of the country's largest foreign exchange earners. Because of its consistent economic growth and status as the world's fourth most populous country, Indonesia is a desirable market for textiles and garments. Local and international fashion brands are battling for market share.

##### 2.1.1 Overview of the Market

During the projected period, the Indonesian textiles industry is predicted to grow at a rate more than 5%. Accelerating export growth is a significant market driver.

- The market's reliance on imported raw materials is anticipated to be a constraint.
- The government pushed the textile and textile product industry (TPT) to develop in order to fulfill the demands of the fashion sector, and it is anticipated to be able to exploit economic prospects.

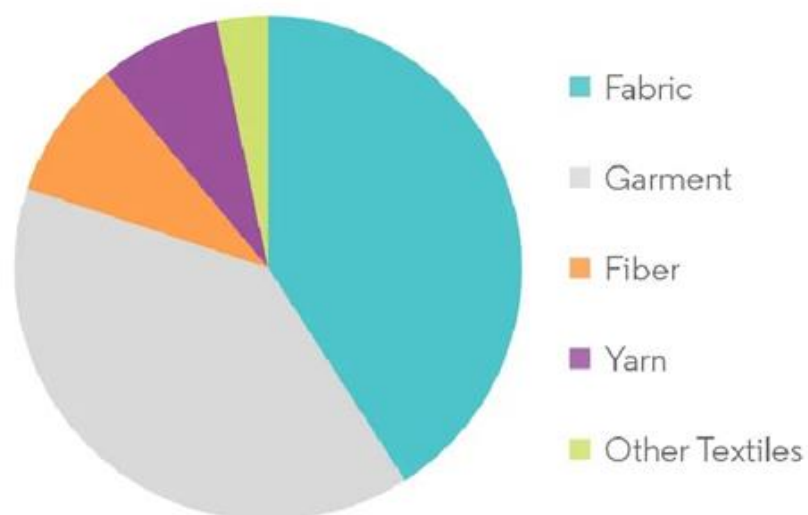
##### 2.1.2 Key Market Trends

- Indonesia is one of the world's top ten textile-producing countries, ranking ninth overall. Aside from that, the country is the 12th biggest exporter of textiles and clothing in the world, with key exporting destinations such as the United States, Europe, and the Middle East.
- According to Mordor's Analysis, Indonesia's competitiveness in the textile industry has increased, attracting more investment due to the country's stable economy.
- Cotton costs between \$300 million and \$600 million per year to import from the United States, Australia, and Brazil.

##### 2.1.3 Fabrics Stand Out as the Largest Segment

There were around 28 percent in volume and approximately 40 percent in income for Fabrics. The expanding spending power of individuals, the need for new fashion, the spread of online commerce, and the growth of sales channels are all contributing to an increase in domestic demand for clothing. By 2030 Indonesia hopes to be among the top five textile and clothing manufacturers in the world thanks to an ambitious strategy to digitalize the industry. Industry 4.0 technologies are seen as being the key to developing smart factories in Indonesia's garment sector. Aiming towards Indonesian 4.0 status urges the nation's expanding garment industry to embrace cutting-edge technologies such as virtual reality, 3D design, automation and the Internet of Things (IoT) (Internet of Things). As a result, the market analyzed is seeing an increase in demand due to these causes.

Textiles Industry, Revenue (%), by Textile Type, Indonesia, 2019



Source : Mordor Intelligence



Figure 1. Revenue of Textiles Industry 2019

## 2.2 Pandemic Impact in Industry Fashion

Despite ongoing challenges, Indonesia does rank among the various international's largest fabric generating countries. Based on global fabric output in 2019 (which changed earlier than the COVID-19 disaster disrupted the complete international economy), Indonesia ranked sixth; a respectable ranking, despite the fact that Indonesia unearths

itself a ways behind the back of international wide variety one, China, in phrases of world marketplace share. China leads, especially because of its growing manufacturing and income of substances together with cotton, yarn, fiber, and different completed merchandise or apparels.

**Top Textile Producing Countries (end-2019, prior to COVID-19 crisis):**

Country	Global Market Share
China	52.2%
India	6.9%
United States	5.3%
Pakistan	3.6%
Brazil	2.4%
<b>Indonesia</b>	<b>2.4%</b>
Turkey	1.9%
South Korea	1.8%
Thailand	1.1%

**Source: Grand View Research**

Figure 2. Top Textile Producing Countries

In the era of the COVID-19 pandemic causing a global slowdown, especially for exporters of textiles and textile products, especially in underdeveloped countries. As industrial processes are often labor intensive and require little formal training, this sector is one of the main exporters for many developing countries. The impact of the pandemic on the textile industry is very worrying because this business employs many people in developing countries, including Indonesia.

This is not unlike previous crises that impacted the supply and demand side of the industrial industry, but also other social segregations are lowering demand for clothing around the world and disrupting global production and value chains. Concerns have also been raised about the COVID-19 outbreak in the apparel industry.

The Indonesian textile industry is expected to record a CAGR of greater than 5%, during the forecast period. The acceleration of export growth is the main driving factor for the market. This can be measured by the high dependence on imported raw materials which is likely to hamper the market. The fabric segment accounts for about 28%, by volume, and about 40%, by revenue and domestic garment demand is also increasing. This is due to the increasing purchasing power of the people, the demand for new fashions, the expansion of internet retail, and the expanding sales channels.

It was found that 4.2 million people currently work in the textile industry. The majority of them are women who work to support their families. While the pandemic is a threat to the workforce, the increasing presence of automation could wipe out millions of jobs. New machines are safer to use, resulting in less workplace injuries, but when machines can produce more product, factory owners have more reason to lay off employees. Despite these threats, women still continue to work for low wages because there is very little support available to them if they wish to quit.

One of the policy issues that is detrimental to textile workers is the distribution of textile factories, such as large production differences. This is particularly problematic as workers have to move to keep their jobs or face layoffs and end up in dire financial circumstances as a result. Therefore, with the presence of COVID-19, industrial textiles have a very influential influence on the per capita income of a nation.

### 2.3 Possibles Strategies

No	Clients	Problem	Suggestion
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1	Denver Corp.	Suggestions to start business in thrifting fashion	Find your unique selling point, make sure your products it's a steal, unique, fun,one of a kind and inexpensive also affordable
2	Elite Consulting	Make the products different from others and attract the attention of Global Customers	Analyze the market Segmentation, recommend to scour emerging markets.
3	Mets	Factor to boost our strategy globally during pandemic era.	Hear and see the latest developments about the products currently being marketed. Collaborate with Indonesian things such as design and what is the pride of Indonesia itself.
4	Miracle Clothing	Build our own store image and be able to sell unique point of view regarding fashion, create our own competitive advantage.	Your brand's USP has to be memorable, assertive, focus on the customer and the value you give them, and evoke feelings, emotions and memories. Offer something your competitors don't.



5	Butik PJ Collection	The way to cut cost to have competitive price in the market and create	Diagnose your changing cost economics all the way from the
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		competitive price in fashion industry	raw materials stage to the final price paid by the ultimate consumer. Assess the long-run shifts in the cost position of the competitors relative to their own.
6	McMoney	The development of fashion in Indonesia, change the mindset of Indonesian to be able to love domestic product compared to foreign product.	Indonesia is an attractive market for textiles and clothing because of its steady economic growth, as well as the world's fourth most populated country.

## EXPLANATIONS

### 1. Denver Corp.

- Problem : Suggestions to start business in thrifting fashion
- Solution : Create your brand and find your unique selling point. Now that you know what second-hand goods you want to offer, it's time to think about your brand. Make a list of your store's vibe, style, and target audience before you open. Your USP is what sets you apart from the competition. This is an essential

component of every successful company. Do whatever it takes to make your company stand out, whether it's via a colorful logo or fascinating content. Brand positioning in the market relates to how customers perceive your company in comparison with your rivals. Make your job engaging and positive at all times.

## 2. Elite Consulting

- Problem : Make the products different from others and attract the attention of Global Customers
- Solution : International companies based in mature economies can use their relationships in emerging markets to speed along innovation. Whether a company chooses to bring new products from emerging economies into mature ones or is taking current offerings into a developing country, emerging markets are ripe with opportunities. Taking advantage of these growing economies can give a company the competitive edge they are looking for in global markets. Differentiate your brand by being creative and innovative, Innovation should be a part of every aspect of a business. Companies need to innovate at every level, especially when planning for a global expansion. The key to innovation is to develop a strategy that harnesses market trends, as opposed to reacting to them. Companies that are able to do so successfully as they expand into new markets gain the edge over their competition.

## 3. Mets

- Problem : Factor to boost our strategy globally during pandemic era
- Solution : The way is to hear and see the latest developments about the products currently being marketed. collaborate with Indonesian things such as design and what is the pride of Indonesia itself. promote products or services regularly to increase brand awareness. After getting feedback from consumers, it can increase engagement. Also advertise more often on upcoming events. Once you've defined your marketing campaign goals, it's time to change those goals to be more specific. To do this, you can use a formula called SMART which stands for Specific, Measurable, Attainable, Relevant, and Timely. In other words, your goal should be specific (S), measurable (M), achievable (A), relevant (R), and time-bound (T).

#### 4. Miracle Clothing

- Problem : Build our own store image and be able to sell unique point of view regarding fashion, create our own competitive advantage
- Solution : We suggest using instagram and websites, with this media people can buy your products directly from your photos and videos. With a unique selling point you can attract new customers, retain the existing one (build loyalty), reduce customer acquisitions cost and find your company a perfect branding. Your company has to take note to be different and compete with other brands. Your brand's USP has to be memorable, assertive, focus on the customer and the value you give them, and evoke feelings, emotions and memories. First step, your company can:

1. Define your business's mission, goals, and Identity what's your company story. No one else can match this. Owning it allows you to establish a memorable and effective unique selling proposition.
2. Offer something your competitors don't. This begins by researching your competition and making a note of what their USP is.
  - Who do they target?
  - How are they targeting them?
  - What do they offer that nobody else does?

Figure out what they do well and what they don't do well. Then, rather than trying to replicate what they do well, instead focus on any gaps and weaknesses. By offering something other people are not, you differentiate yourself from your competitors.

3. Make Your USP Irresistible, Compelling, And Straightforward. This follows on from above because no matter what your unique selling proposition is, it has to stand out. Without even thinking about it, your customer needs to have a good feeling about you. They may not even understand it, but deep down they just know you are what they need. This doesn't happen by accident. YOU have to consciously

and intentionally create this. We will give you some tips on how to run your instagram.

- I. Build a habit of posting about your products. Create posts about your products at a regular cadence, such as a certain day of the week, so your community members build a habit of looking at your products regularly.
- II. Reveal the process behind creating your products. Take your community behind the scenes using stories to see the hard work that goes into making your products.
- III. Show all variations of your products. Display all your product options, so your customers can have a selection of different colours, sizes and types of material to choose from.
- IV. Create Story Highlights for different products.
- V. Use a backdrop. Think about what colours and textures will help your products stand out, such as a white or patterned wall. You can just use a piece of fabric as your backdrop.
- VI. Share photos and videos that your customers have posted with your products.
- VII. Create tutorials on the different ways that people can use your product.
- VIII. Encourage interaction to build confidence. Use the question sticker in your stories to open it up to questions on your products. This way, people can learn more about your products and feel confident making a purchase.

## 5. Butik PJ Collection

- Problem : The way to cut cost to have competitive price in the market and create competitive price in fashion industry
- Solution : A cause the Inflation affects each company in an industry differently, the first step is to diagnose your changing cost economics all the way from the raw materials stage to the final price paid by the ultimate consumer. This involves constructing a value chain, a diagram that shows the value added at each step in the whole market process and exposes shifting cost components. Next, you assess the long-run shifts in the cost position of your competitors relative to your own. Finally, you factor the implication of future inflation into your own costs and those of the competition.

This kind of analysis provides the backdrop for formulating an effective strategy and defense to help you avoid (or escape from) the competitive pricing trap, whether you want to become the low-cost producer in the industry, focus your sales efforts on a particular segment of the market, or differentiate your product from your competitors.

## 6. McMoney

- Problem : The development of fashion in Indonesia, change the mindset of Indonesians to be able to love domestic products compared to foreign products
- Solution : Indonesia is an attractive market for textiles and clothing because of its steady economic growth, as well as the world's fourth most populated country. Both local and global fashion companies are vying for market share.

Based on data from CNBC Indonesia (2019), the development of the fashion industry can contribute around 18.01% or IDR 116 trillion to its creative economy. In other words, fashion is also a cohort for Indonesia's economy and its wages regulation and policy significantly affect employment and its GDP for sure. The Creative Economy Agency (BEKRAF) also continues to make efforts to strengthen the ecosystem and encourage growth in this sub-sector.

To change the mindset for Indonesian people is education, especially as Indonesian people, we all know they are consumptive. Change the consumer mindset to be productive so that we can reduce expenses and increase income for our country and be proud of the product in their own country. Improve product Competitiveness that will affect consumer interest will be the products that we produce with quality assured and affordable prices. Third, diversification and increased value-added raw materials of abundant natural resources into export-oriented products.

Implementing sustainability in Indonesia can help Indonesia's fashion industry's development as implementing sustainability also means that we care towards the environment and protect it as well. It also promotes a better economy regarding

waste as well. Additionally, implementing sustainability also means being considerate towards humanity and reducing the environmental impact to the country. So yes, Indonesia can experience further growth with the implementation of sustainability starting in the fashion industry.

#### 2.4 Diversification of The Economy and Opportunities for Foreign Investment

Value-added manufacturing processes facilitated by foreign investors are in great demand. Furthermore, as worldwide rivalry grows more intense, textile firms that lack the resources to compete might be taken over via partnerships, joint ventures, and private equity investment.

There are plans to increase the Indonesian government's assistance for the textile sector. New roads and ports have been constructed during the present government, enhancing the country's logistics. Import restrictions on textiles and textile products are being tightened as well in order to reduce the flow of illicit textiles into the country. Training programs for the industry are being established in collaboration with businesses, aimed at creating trained workers who can utilize the newest technologies, such as 3D printing.

Export markets for Indonesian goods, particularly textiles, must be diversified as well, since the country's largest market, the United States, may slap tariffs on a range of Indonesian items at any moment. Australia, New Zealand, South Korea, and Japan are all nations that have just signed the IA-CEPA trade agreement, therefore they represent new potential international markets. In addition, the Middle East and North Africa, which now account for more than half of Indonesia's abroad missions and trade agreements, is a growing market for its Muslim fashions.

#### CONCLUSION

Fashion Industry is one of the industries that provide a lot of income in Indonesia, based on statista.com revenue in the Fashion segment is projected to reach US\$8,976m in 2021 and in the Fashion segment, the number of users is expected to amount to 117.0m users by 2025, by the process starting from textile raw materials, tailors, sellers, distributors, and consumers, of course there are lots of open jobs in this industry. Based on the data

and projection, surely the fashion industry will become a very large economic contributor to the country in the future.

The quality of Indonesian fashion goods is no less competitive than foreign products even though there are many foreign brands that produce their goods in Indonesia. Good growth is of course followed by comparable challenges. One of the biggest challenges is that so many Indonesian people choose foreign brand rather than local brand. Also many businessmen face challenges to growth their own brand. Therefore, all with very good prospects in this industry, business actors, government, and users/consumers must continue well to improve this industry.

## **RECOMMENDATIONS**

In today's fast-paced fashion world, trends come and go extremely swiftly. The designers are anxious to show off their latest creations, since new collections are being released on a regular basis. To compete with your competitors you have to be different and unique, even authentic, but still following the trends. A solid connection allows companies to understand the requirements of their customers and build products that meet those needs. Furthermore, when companies are directly associated with their clients, they will be aware of changes in their likes and preferences. The company must examine specific trends that repeat themselves in order to forecast both current and future fashion. However, this may need a significant amount of expertise. As a consequence, the technique may not be appropriate for new designers in the business, as they need to have been in the market for some time to grasp the patterns that have been in the sector. Alternatively, fresh designers might study to determine previous design trends.

As consumers become more conscious of social and environmental concerns in the garment industry and adjust their tastes, the niche market of fair trade clothes will grow in the coming years, enabling for additional manufacturing and high-value-added sectors in the global value chain. This would imply that, in order to acquire a major portion of the market share, producers should collaborate with the government and retailers to address the industry's social and environmental issues.

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## CHAPTER 5. CUSTOMER BEHAVIOR AND JOURNEY

### LEARNING OUTCOME

1

Critically evaluate many factors related to customer behavior and journey and apply the knowledge gained to business sector

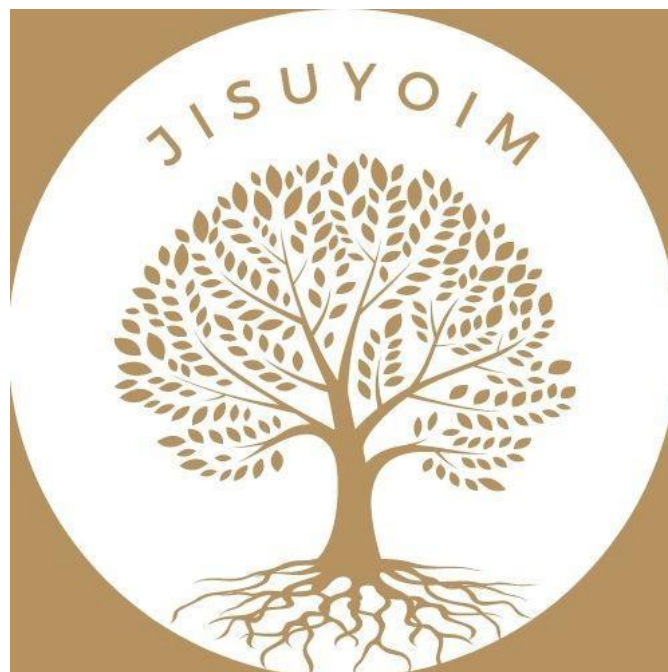
2

Articulate their understanding and awareness about the business of customer behavior and journey and the best practice

*Project by:*

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## **EXECUTIVE SUMMARY**

Consumer behavior is the normal thing of consumers and the processes they use to choose, use (consume), and dispose of products and services, including consumers' emotional, mental, and behavioral responses. Consumer behavior is important because this way marketers can understand what influences consumers' buying decisions. By understanding how consumers decide on a product they can fill in the gap in the market and identify the products that are needed and the products that are obsolete. Consumer behavior also helps marketers decide how to present their products in a way that generates maximum impact on consumers.

There are problems shown by our clients. The first from CIA Group is how to convince consumers to buy the product than the competitors' product, second from Y&L Firm they are the micro small medium enterprises their profit is falling dramatically due to the significant changing of customer behavior in the pandemic so their competitors have done mass production and have lots & cheaper products, their problem is how to reach out wider customers, Third from Aquatic Firm and their business is beauty makeup, as a new entry business industry how their company supposed to do to make some engagement toward people as their customer to interest their product and how their company reach customers globally, and last from McKinsey Firm they consider as very small scale business, they don't have any experience whatsoever and they would like to expand their market online, they need us to solve the problem how to establish a solid online market and audience in environment that's completely beyond their experience.

As the consulting firm to help our clients of their business and the key recommendation of the clients' problem are they need to know their audience or the target market, to create the business also they need to know their competitive advantages to make the less big risk of their business traffic, create their business to get the attention how the audience think about their business become a thought leader, to create the engagement one of the marketing part in this era are optimize social media and optimize to use of ecommerce.

## INTRODUCTION

### 1.1 Background

Over time, changes in business models continue to evolve and change, where now people who are interested in business must continue to learn and develop by keeping up with market developments that continue to increase and of course change and change. The market only follows the direction and path of the consumer, the developments and changes from the consumer side are very varied and varied, therefore as a market we must know very well about the existing consumer behavior.

So what is consumer behavior, Consumer behavior is the study of consumers and the processes they use to choose, use (consume), and dispose of products and services, including consumers' emotional, mental, and behavioral responses. Consumer behavior is important because this way marketers can understand what influences consumers' buying decisions. By understanding how consumers decide on a product they can fill in the gap in the market and identify the products that are needed and the products that are obsolete.

### 1.2 Problem

There are problems shown by our clients the first from CIA Group their consultation is if we as a marketer, how to convince consumers to buy the product than the competitors product, second from Y&L Firm they are the micro small medium enterprises, their profit is falling dramatically due to the significant changing of customer behavior in the pandemic. And their competitors have done mass production and have lots & cheaper products, their problem is how to reach out wider customers,

Third from Aquatic Firm they ask as consultant that their business is beauty makeup, as a new entry business industry how their company suppose to do to make some engagement toward people as their customer to interest their product and how their company reach customers more globally, and last from McKinky Firm they consider as very small scale business, they don't have any experience whatsoever and they would like to expand their market online, they need us to solve the problem how to establish a solid online market and audience in environment that's completely beyond their experience.

### 1.3 Purpose

The Purpose of this report is to provide critical analysis of how to get to know the consumer behavior of their market and we can analyse the potential strategy for these companies to use. By analyzing, we then come up with the best recommendations related to consumer behavior that company is facing.

## ANALYSIS AND DISCUSSION

### 2.1 Concept of Consumer Behavior

Today, businesses around the world recognize that “the consumer is supreme and his sovereignty prevails.” The ability of the consumer is immense. Consumer isn't merely a straightforward entity. Sherlekar and Krishnamoorthy treat the patron to be a riddle. “Consumer may be a broad term and someone who uses a product or service or deals with it will be called a consumer.” it's not necessary that the actual person should be a buyer of the merchandise or service. A consumer may be termed as a personal who identifies a requirement or desire then makes purchases. Consumers are considered the most significant person within the economy who constantly tries to realize a higher standard of living by acquisition of products and services. within the present marketing scenario the success of any firm depends upon the satisfaction of consumers. For satisfying the consumers it's mandatory for the firms to possess thorough knowledge and understanding of the behaviour of consumers so as to 'Please the King' of the market.

The behavior of a consumer is an endeavor at prediction of his action while evaluating, acquiring, using or disposing goods and services. Behavior is an observable action or activity of an individual's being. according to Hutt, Isaacson and Blum, “Behavior may be a response of the organism that's conceptualized by the observer during a specified and systematic manner.” Behavior of a consumer springs from his deeply held values and attitudes, wishes, emotions and impulses. His behaviour is the impression of his inner life.

Consumer behavior may be a vast and sophisticated subject. it's simply a subsection of the larger field of human behaviour. Consumer behavior may be a dynamic and

multidimensional process and reflects the totality of consumers decision with reference to the acquisition, consumption and disposition of products, services, activities and ideas. "Consumer behavior involves the purchasing and other consumption related activities of individuals within the exchange process." It could be a study of how individuals make decisions to spend their scarce resources like time, money and energy on consumption related items. Shiffman and Kanuk have known that "consumer behavior is the behavior that customers display in trying to find purchasing, using, evaluating and casting off products and services that they expect will satisfy their needs". According to Cundiff, Still and Govani, "consumer behavior could also be viewed as an orderly process whereby the individual interacts along with his or her environment for the aim of creating market-place decisions on products and services."

In the words of Hoyer and MacInnis, "consumer behavior involves understanding why, when, where, how, how much, how often, and for a way long consumers will buy, use, or get rid of an offering." M.S. Raju and Dominique Xardel have illustrated "consumer behavior because the accumulation of how individuals and groups recognize and determine their needs and the way they purchase and knowledge goods and services to satisfy those needs."

Consisting of the mental and physical activities of consumers, through which they acquire, use or dispose goods and services and acquire satisfaction from them. It's a system within which various behavior affecting elements are linked by flows of direct and indirect influence. Consumer behavior is the social, economic and psychological behavior of consumers as they become responsive to, evaluate, purchase, consume and structure the ideas about the products and services.

Consumer behavior specifically comprises three basic activities acquiring, consuming and disposing.

- Acquiring includes activities like trying to find information regarding product features, evaluating alternative products or brands and buying. It refers to the factor that influences the product or service choices for consumers.
- "Consuming refers to how, where, when, and under what circumstances consumers use products." This activity is extremely important because it's symbolic implications for the consumer.

- Disposing includes how consumers obtain an offering they previously acquired. “Consumer behavior is an interdisciplinary science.” It involves concepts from various human behavior sciences. The discipline of consumer behavior has borrowed from economics, psychology, sociology, anthropology and other diverse disciplines.

## 2.2 Insight of Consumer Behavior in Indonesia

### 2.2.1 The Effect of Influencer on Social-Media

The development of technology and information greatly affects the behavior of consumers who want to be practical and efficient, both in consuming products to meet their needs and desires. Currently, social media is a daily necessity for a person, of course, it can affect the way companies communicate with their consumers. This encourages companies to be good at reading the market situation in the community to share information openly.

The literature study conducted on the influence of influencer marketing as a modern era digital marketing strategy concluded that influencer marketing is a marketing strategy by utilizing social media platforms. In addition, the role of influencer marketing is suitable to be used to increase brand image (Brand Image) effectively and increase consumer brand awareness of the brand.

The example as Beauty Influencer is a digital marketing strategy using an influencer marketing strategy. Beauty influencers focus on beauty products such as cosmetics. A beauty influencer certainly has a role to promote a beauty product in the form of video content or writing which is then uploaded on their social media platform, beauty influencers take advantage of their social media because their number of followers is quite large and they have a strong influence on their followers. The creators on social media platforms become aspirational figures who have a strong influence on the minds of consumers. This certainly can encourage beauty products to look at opportunities for beauty influencers to have the potential as a powerful promotional media. According to Sinaga et al. (2018) a review of a product given by a beauty influencer will indirectly stimulate the audience's purchase intention. So that beauty influencers have an effect on increasing the existence and sales of the brand.

According to Kotler and Keller (2009) one of the roles in purchasing decision-making behavior is influencers. Influencers have a clear and focused topic, whether it's traveling, beauty, food or film. Whatever discussion is raised, it must be clear and focused so that it has relevance to the people who will be the target market (Arif, 2019).

Purchasing decisions have been associated with many things that have a positive influence such as price (Tarigan, 2016), product quality (Silsilia et al, 2015), celebrity endorser (Gumelar, 2016). If you pay close attention when a the influencer shares information and has expertise in teaching certain skills about beauty, inform experience of travelling with travel business, give the impression and detail stuff of food for food influencer, the experience and review use the car or automotive for automotive influencer, by using, impression or explain the experience and review of the product and service, it will attract and grow trust that can influence followers to try, so that a purchase decision will be created.

### 2.2.2 The Influence of Top E-Commerce in Indonesia

When looking at online markets to expand your business within Southeast Asia, Indonesia should be at the top of your list. With an expected four-fold growth rate from US\$12.2 billion in 2018 to US\$65 billion in 2022, there is much to look forward to in the Indonesian eCommerce market. Indonesia's exponential e-commerce growth is fuelled by four main factors: a growing middle class, high internet and mobile penetration rates, a growing number of fintech and alternative finance options, and e-commerce tech investments.

Indonesian consumers show a strong preference for omnichannel, meaning that they will look at both online and offline shops when they know what they want to buy: 83% of consumers live in big cities, and 81% of consumers live in small cities. There are many ways to shop, and no one will shop the same way twice. The key is designing a strategy in the search phase is very important, given that customers interact with many brands through multiple channels at the same time. In Indonesia alone, 66% of respondents said that they are open to choosing other brands or will buy various brands when shopping online. This means, all business scales, have a great opportunity to compete in a greater scope in Southeast Asia.

Aside from the findings, this study shows great potential for building brand loyalty and growth as there is no dominant player in the e-commerce market in Southeast Asia. On average Indonesians shop on 3.8 platforms before they make a purchase decision, which shows a great potential for brands in Indonesia to grow their market here. Therefore, providing rewards for customers through a loyalty program is very important. Studies show that respondents with a loyalty program show that they are 1.5 times more likely to be promoters than those without a loyalty program, 45% more likely to make recommendations, and 25% more likely to have a higher purchase frequency.

As Indonesia's online consumers are active on e-commerce sites all year, any time is a good time to enter the market. However, the last quarter of the year has several large-scale events meant for e-commerce merchants to drive sales by offering promotions and discounts to consumers.

These major online shopping events include:

- Shopee's 10.10 sale;
- 11.11, also known as Singles' Day; and
- 12.12, Indonesia's own 'National Online Shopping Day' known locally as HarBolNas

How e-commerce Platforms are Attracting Consumers:

#### A. Targeting young adults

According to a survey by Snapcart Research<sup>7</sup>, half or 50% of Indonesian online shoppers are millennials (aged 25-34), followed by Gen Z (15-24 years) at 31% and Gen X (35-44 years) at 16%. Baby Boomers (age 45 and above) comprise only 2% of the total number of shoppers.

As a large proportion of the consumer base in Indonesia are young working adults, it would be useful to target them to expand your presence. For instance, in Indonesia, the median age for women to have their first pregnancy is from age 25-29.8 This means that you could target young families in your product line and marketing campaigns to capture their attention.

#### B. Enticing consumers through online and offline advertisements



In terms of other methods that drive Indonesian consumers to e-commerce platforms, 24.5% of all respondents on a Snapcart survey received information about e-commerce from television advertising, while 24.3% obtained information by word of mouth from family, relatives, and friends. Ads on social media like Facebook, Instagram or Twitter accounted for 21%, and 15.1% obtained information from ads on online sites.

As Indonesia is one of the countries that has the largest number of social media users in the world, it is no doubt that social media has a huge impact on almost everything: from political movements, campaigns or issues to entertainment to e-commerce. Users of Facebook, Twitter, Instagram and others from Indonesia occupy a sizable portion of all social media users.

Based on the survey results, advertisements on both online and offline portals can attract consumers to your e-commerce site, and should be leveraged upon to draw new customers in. Another thing to note is that longer, interactive content like videos, shows and live streaming appear to engage shoppers well in Indonesia.

Now that we know where, what, and how online consumers in Indonesia shop online, let's find out more about the major online shopping events in the last quarter of each year.

### 2.2.3 The Effect of Social-Media

With the increasing use of the internet, electronic commerce (e-commerce) is carried out by businesses of all sizes. E-commerce is defined as a way to sell and buy goods and services via the internet network or social media. Information technology, especially the internet, greatly affects the world of marketing, even the use of the internet for marketing is considered a trend setter. The increasing use of the internet is directly proportional to its use in the marketing world, so it is said that online marketing is gaining in popularity in line with the increasing popularity of internet use.

Information search and ease of use of social media are the most important stages for decision making in shopping on social media. Before consumers make a purchase, usually

they will look for information about the product they want or the product that is being offered by the manufacturer. For consumers who want to shop on social media, information searches can be seen through search engines on the internet, or by going around looking at online shops that are often displayed on the internet. The information collected can be in the form of price, brand, product quality, product specifications, product form and others which are then used as a consideration for consumers whether to buy the product or not.

Currently, buying and selling activities using the internet are very prevalent among upper, middle and ordinary people. Consumers no longer need to leave the house if they want to shop for something, only with a smartphone, laptop, or notebook that uses internet access and various other social media applications. Given the current popularity of social media, it can make it easier for producers to promote their products. With the existence of social media, it is hoped that the online buying and selling transaction process will be more colorful.

In shopping on social media, comfort and satisfaction when shopping on social media can cover the perception of the price offered and balance the feeling of security when shopping on social media. In a study, jointly the variables of product, price, promotion, ease of purchase, and trust have a significant effect on purchasing interest in social media.

Social Media (Social Media) consists of two words: media and social. Understanding according to language, social media is a tool or means of community communication to get along. Another term social media is "social network" (social network), namely networks and relationships online on the internet. Therefore, according to Wikipedia, social media is an online media, where users can easily participate, share, and create content including blogs, social networks, wikis, forums, and so on.

Social media is also an effective business promotion tool because it can be accessed by anyone, so that the promotion network can be wider. Social media is an indispensable part of marketing for many companies and is one of the best ways to reach customers and clients. Social media such as blogs, facebook, twitter, youtube, and so on have a

number of benefits for companies and are faster than conventional media such as print media, TV ads, brochures and leaflets. Several online social media indicators, namely:

#### A. Convenience

When someone wants to shop In social media, the thing that is a consideration for online shoppers is the ease of use factor. This convenience factor is related to how online transactions are operated. Usually, prospective buyers will experience difficulties when transacting online for the first time, and tend to discourage them due to security factors and do not know how to transact online. On the other hand, there are also potential buyers who take the initiative to try because they have received information about how to transact online. A good online shop website is one that provides instructions on how to transact online, starting from payment methods, and features to fill out purchase forms.

#### B. Trust

The next thing a buyer should consider is whether they trust a website that provides an online shop and online seller on that website. Buyers' trust in the online shop website lies in the popularity of the online shop website. The more popularity of a website, the more buyers are sure and trust the reliability of the website. Furthermore, buyer's trust in online sellers is related to the reliability of online sellers in ensuring transaction security and ensuring that transactions will be processed after payment is made by the buyer. This condition is related to the existence of online sellers. The more technology develops, the more technology-based fraud mode in the online shop is developing.

## 2.3 Consumer Behavior from The Perspective of Six Top Unicorn Start-Ups

### 2.3.1 Go-Jek

Gojek was founded by Nadiem Makarim and two others in October 2010. Gojek started its business as a motorbike motorcycle taxi service through the call center and while standing only had 20 drivers. The title of unicorn status was won by Gojek in 2017 when the valuation was estimated at 1.2 billion US dollars. After two years, the status of Gojek increased to decacorn. Based on the latest CB Insights research entitled "Global Unicorn Club: Private Companies Valued at \$ 1B + (as of March 14, 2019)", Gojek became the first technology company in Indonesia to have a valuation of 10 billion US dollars and entitled

to hold decacorn status, higher than the unicorn rank. Gojek now has operations in 204 cities and districts in Indonesia. Not only that, but overseas expansion has also been carried out in several Southeast Asian countries, including Vietnam, Singapore, and Thailand.

In terms of attracting consumers and knowing consumer behavior, Go-Jek implements various marketing strategies. One of them is in determining the tariff. Pricing activities play an important role in the marketing mix process. Pricing decisions are very important in determining how far a service is valued by consumers and the image building process. Pricing also provides certain perceptions in terms of quality. In this case Go-Jek sets a fairly cheap rate for its service users so that consumers who previously used regular motorbikes then switch to Go-Jek.

Apart from the pricing strategy, Go-Jek is also taking advantage of current technological developments. One of them is a strategy in service promotion. For example, the determination of advertising media using the internet, social media, brochures, radio, direct selling, events, media partners, and also through traditional marketing such as word of mouth publications. Go-Jek itself is also very familiar among artists, so in this case Go-jek also uses artists as brand ambassadors to attract consumers.

### 2.3.2 Traveloka

Traveloka is a leading Southeast Asia online travel company that provides a wide range of travel needs in one platform, enabling customers to create moments together with their loved ones. Traveloka offers flights, hotels, trains, flight + hotel packages, attractions & activities, connectivity products, airport transports, buses, and car rental. The Traveloka mobile app has been downloaded more than 30 million times, making it the most popular travel booking app in the region.

According to (Bolton et al., 2013) the millennial generation appreciates feedback and programs to follow clear directions. Traveloka has this service in their application to make their customers satisfied. Therefore, it can be said that customer satisfaction can be one reason why consumers want to make repeat purchase intentions (Dwipayana, 2017).

Repurchase intention is included in the post-purchase action. So, post-purchase satisfaction or dissatisfaction with a product greatly influences subsequent consumer behavior. Besides that it is the best variable to predict future behavior is experience (Kotler and Keller, 2009: 190). According to Lin and Watcharee (2013), adjusted expectations tend to be updated through the current measured consumption experience. Adjusted expectations or expectations after the consumption experience will direct customers to increase their sensitivity to products or services (Liao et al., 2010). In this context, if the performance of the product or service is higher than the customer's expectation at first, then the customer will be happy and may be surprised, a satisfied customer is a customer who can adjust their level of expectation (Lin and Watcharee, 2013).

### 2.3.3 Tokopedia

Tokopedia was first established by two friends, William Tanuwijaya as CEO and Leontinus Alpha Edison as CTO and COO on February 6, 2009. On August 17, 2009, the site Tokopedia (dot) com officially launched. Over time, the injection of funds from Alibaba in 2017 then brought Tokopedia to become a unicorn startup. It took eight years for Tokopedia to achieve this status.

Tokopedia is a marketplace business model in Indonesia that is present in mobile applications. Tokopedia provides opportunities for individuals, small shops, and brands to offer and sell products or services online. Tokopedia has a program to support Micro, Small and Medium Enterprises (MSMEs) and individuals so they can develop businesses by marketing products online. Tokopedia is under the auspices of PT Tokopedia which was founded by William Tanuwijaya and Leontinus Alpha Edison on February 6, 2009 (Tokopedia, 2018). Tokopedia has a distinctive feature, apart from the many goods or services offered, there are many promos that are provided, such as free shipping there are events or certain days, for example, you must enter a promo code. The interface or user interface (UI) of Tokopedia is simpler and lighter. It's easy to make a complaint when you want to file a complaint, it's just that the complaints sent via email response messages are quite long.

### 2.3.4 Bukalapak

Bukalapak is one of the e-commerce startups in Indonesia who received a unicorn title. This startup was founded by Achmad Zaky along with two of his friends, Nugroho Herucahyono and Fajrin Rasyid, in 2010. At that time, they read about potential opportunities to develop an online store website which is now known as e-commerce. His foresight finally paid off with Bukalapak being transformed into a startup with a unicorn title in 2018.

Bukalapak.com provides a variety of features to provide convenience for its users to find the products and information they want and to attract more consumers, buk Bukalapak.com provides discount features. The Impact of Using the Bukalapak.com (Caesar) Site is where this feature is used for pelapak to make his merchandise sell faster and the desire of the buyer to get goods at a cheaper price and be able to make mutually beneficial transaction agreements. And with this feature, Bukalapak.com provides a special page to display a list of discounted items. Bukalapak also has a negotiable item price feature, where consumers can negotiate the price of the goods they want to pelapak and with this feature consumers also provide consumers to get goods at prices according to their wishes. These features lead to unplanned buying behavior because more or less these features also influence consumers in making decisions in shopping online.

From the data above, it can be concluded that the features of the buk Bukalapak.com site make it easier for users when visiting buk Bukalapak.com, the daily discount feature that becomes a reference, the products displayed according to user interests, and the track record of vendors selling products are displayed as purchase reference. This is what makes Bukalapak.com a reference when shopping online. And form impulsive buying behavior for users of Bukalapak.com.

Social media plays an important role in the sustainability of buk Bukalapak.com in promoting products offered by sellers who use the buk Bukalapak.com site as a means of buying and selling online. Social media is also very open and allows consumers to be involved where they can provide suggestions, testimonials of satisfaction, and even consumers can help to promote the product being promoted. Because with the social media buk Bukalapak.com, you can update information about the latest, most popular products and discounts directly. In other words, this plays an important role in attracting

consumers to use the buk Bukalapak.com site. The social media used by buk Bukalapak.com include Facebook, Twitter, blog and Youtube.

### 2.3.5 OVO

The startup in the field of e-wallet, OVO, officially holds unicorn status in 2019. OVO itself is mentioned as a mobile payment application made by LippoX in 2017. The news of the status of the unicorn OVO first emerged from the data provider of the platform for analysis and machine intelligence, CB Insights, which has a list of startup groups that have won the unicorn title. In the list, there is a startup name OVO. Three investors have joined OVO, namely Grab, Tokopedia, and Tokyo Century Corporation. OVO valuation is said to have reached 2.9 billion US dollars or equivalent to IDR 40 trillion as of October 2019.

OVO is an online wallet that collaborates with Grab and is very popular among the public. Only OVO has its own application different from GoPay. Almost All people from teenagers to parents use the Ovo application. With ovo, people can pay in the same way as gopay, by scanning a QR code via cellphone to a QR code available in the shop that will make a transaction, however, some shops have used special EDC machines for OVO. Gloria Jeans Coffees itself already uses an EDC machine and provides an OVO cashback promo of 15% with a maximum cashback amount of IDR 15,000. Customers who order the piccolo latte menu for IDR 30,000 pay using OVO. With cashback, of course, customers feel that the price of a piccolo latte is cheaper than cash payments.

Payment with ovo is also easier than GoPay, because the one who processes it is a shop employee, the customer only applies with a registered mobile number. The difficulty that often occurs is networking. 3. Online Payment via Cash Back The cashback application is not yet widely used by the general public. Not much different from Gopay and OVO. Cashback is also an online wallet that provides cashback to its users. The only difference is that the Cashback application provides different cashbacks, unlike GoPay and Ovo, where the cashback nominal is certain. The payment is slightly different, namely sticking our cellphones to the tools that have been provided by the cashback. This payment uses a system such as Bluetooth. My customer who happened to order an iced coffee latte for IDR 40,000 paid using the Cashback application. And according to him, the price can be

cheaper because you get cashback. It's just that the difficulty sometimes lies in attaching the cellphone to the cashback device.

### 2.3.6 JD.Id

JD.id was founded by Liu Qiandong, who has very strong work ethics in efforts to make JD.id as one of the most trusted online shopping websites known for their outstanding innovation and technology. JD.id has their main mission which is to “make the joy happen” bringing contentment to customers in Indonesia by providing very fast, reliable, and ensured safety services when choosing a series of original products with tremendous quality. This company also utilizes their own logistics fleet and is supported by a broad network connection all throughout Indonesia. Having to match their competitors, JD.id vision is to become the most famous yet trustable e-commerce company by providing services mentioned previously.

From the beginning of JD.ID's presence, this e-commerce company claimed not to specifically target its customers. For JD.ID, everyone who has a smartphone or who is internet literate is considered a target. This was said by Teddy Arifianto, Head of Corporate Communications & Public Affairs JD.ID during the MX Campus with JD.ID event at the Bandung Institute of Technology some time ago.

With the B2C (Business-to-Consumer) business model and having a catalog that continues to grow from various price and product variants, segmentation will be formed organically depending on the category and the goods (Teddy 2016). According to him, consumers at JD.ID are unique because they come from various groups who have different interests. Therefore, his party is committed to meeting the diverse needs of its consumers.

Currently, JD.id number of subscribers has exceeded 3 million people. And, the number of our subscribers continues to grow every day, both those who access via the web and mobile applications. From all the existing categories, there are three categories that are most sought after by customers, namely the smartphone, camera & accessories, and beauty category. And once a transaction, JD.id consumers spend an average of Rp. 3 million to Rp. 8 million (Teddy 2016).



## 2.4 Possible Strategies

### 2.4.1 Possible Strategies for CIA Group

The CIA Group having a problem to convince the customers to buy their product and prefer their product than the competitors product. This problem we knew that almost all entrepreneur facing this kind of problem, we have a solution for CIA Group there are the things they should know what kind of product they production and sell it for the consumer, the product that consumer needs is the priority than the product not the priority for the consumer. Second is know your target market, this one is the first thing their group should know it, because before to production the product without know who is the target market is nothing, the target market could determine the product idea, the quality of product, the design of product, the price of product. Third is knowing their competitive advantage, competitive advantage is defined as the ability to stay ahead of present or potential competition. This is typically done by evaluating strengths and weaknesses of competitors and seeing where the business can fill in the gap or step up and improve, companies develop a competitive advantage when they produce attributes that allow them to outperform their competitors.

Next bring out the advantages of the product, to successful product launch, you must get the word about their product and entice people to buy it, there some attention to bring out the advantage of the product first to give the clear company and product attention, the consumer have to know clear about what kind of the business and what the product their business bring, second is increase the revenue, when their launch a new product and sell well, it can cover the development and launch costs to generating a profit for their business, next is business relationships, a successful product launch can lead to larger companies making offers to acquire their company.

Next Always install a product image to consumers, the brand imagery is the result of all visuals that represent the brand's identity. The images that make up your brand imagery can appear in a variety of forms, from billboards to Instagram, websites to print ads.you can view brand imagery as an opportunity to visually communicate with your potential customer. Whether you're modern or traditional, simple or complex, clean or edgy, show them who you are, why they should trust you and how if they choose your product it will make their lives simpler or better.

And lastly, use language that is easy to understand, the language is also sensitive for some consumer, because the business is also affected for the product and how the audience knows their business and product clearly, for the PT or the education companies the language should use by formal and always make sure the information is accepted by the audience. The language in the world is different and very unique so the business should know what language that is easy, connect with their business, the place that business is running, and the target market.

#### 2.4.2 Possible Strategies for Y&L Group

Increase your brand awareness and become a thought leader can be in various ways, this is necessary if we want the products we have to always be superior products, the first is to create a unique perception of the brands and products we sell, where this will highlight our products compared to existing products, and among other products, this will be easy for customers to remember because we have a product advantage that is uniqueness, even we can make it a thought leader among existing products, because when customers buy the item, they remember the products and brands we have.

Looking for influencer partners, which is very helpful to be the attraction of the products we make, we have to adjust our products to which influencers are suitable, this will create a brand image and be admired, especially by the influencer's fans, the brand that is built will quickly rise. Moreover, these influencer fans can talk about the products we have with their friends or even their environment.

Then we can also optimize the use of social media, which is a weapon in terms of marketing and sales, encouraging to create unique and different content, of course, dare to appear among competitors, there are also several tricks such as using the right use of Instagram and Facebook ads, too Twitter and proper marketing plus the use of hashtags, this will make it easier for brands to be seen by the public at large, even in different countries and regions.

#### 2.4.3 Possible Strategies for Aquatic Team

We understand that aquatic team as a new entry in the business industry need to create the target market and should know how to get attention from the audience, Our solution to create the engagement one of that is branding, the audience will be interesting when they know first about brand name, the business idea, the products, and business innovation. First one is to create the traffic of aquatic brand names. To reach out the traffic of aquatic brand names we give the solution to create by using social media platforms and influencers. As we mentioned before, consumer behavior in Indonesia is more effective in digital marketing, this part more effective because the era. We give the project of aquatic team to do to create the traffic brand name, do collaboration with the beauty influencer to posting some picture of the situation of places in Jakarta and there are the logo of #aquatic with the unique caption, because influencer could be the connection of aquatic business startup to create the attention of audience to know more about aquatic, and make the content is viral, when the audience interest they start to discuss on their social media, lead the consumer to follow aquatic social media and next after aquatic product launches they could give endorsement for beauty influencer and need them to explain the product detail, and don't forget to put how the consumer can buy their product, it could be using e-commerce, and website. Maintenance should be updating the social media every day and give the special event or special price.

Second is how to reach more globally, the search for new customers is one of the struggles that business owners face these days, we have a solution for aquatic team to reach more globally:

1. Use digital places and take advantage of the power of the internet and spread awareness about your business and its services/products all over the world without any limitations!
2. As entrepreneurs, aquatic team should be able to reach different types of customers for the growth of your business. Be careful not to disgrace/insult anyone by forcing your views on them! And one of the best ways is to avoid talking politics on social media.
3. Utilize all platforms of social media. Be sure that you are constantly using and updating all of the platforms i.e Facebook, Twitter, Instagram, and Youtube. Do some research to find out where you can get the maximum reach.
4. If the aquatic team has a small budget, they can connect with influencers to scale up

their business. This is a quick way to get out of large audience

5. Quality testimonials are one of the ways to grab attention of the customers. Just be real and portray what others have earned by partnering with aquatic business.

#### 2.4.4 Possible Strategies for McKinky

Firstly, it is important to Identify the goals and objectives that are needed to build your online presence. You should start by asking your company a question: Why must your business be active online in the first place? And by answering this question, it will help define a big-picture objective that is needed for your company, whether it would be engaging local followers and growing a greater community presence, building awareness for a new product and generating leads for it, or providing a timely customer service channel to boost customer loyalty. The next step is to produce consistent and valuable contents in a scheduled and orderly manner. This is very crucial because you are providing free and useful information to your audience, as well as attracting potential customers online. This would lead us to number three which is developing relationships with your customers, by retaining existing customers through quantity and quality engagement previously mentioned before in content creating.

By doing this, you are now able to leverage the most effective social media channel for your company by looking over the engagement rates and compare in finding which one is proven to be the most effective. Aside from that, it is also important to create a website as it is the most powerful tool for communication. A website is very important because it helps establish your company's credibility and professionalism as a business, and is very convenient in helping your company in increasing sales opportunities. The next step is to experiment with online advertising because this will create trust among the audience as it showcases the details of the products and features that can be beneficial to customers, as well as increasing the brand awareness among the targeted audience.

The next step is to research more about marketing influencers that fits your company's standards, as well as goals and objectives, and apply them to your business. Collaborating with influencers have helped companies give a clear delivery of advertising messages through influential people and opinion leaders, not just from the business itself. Lastly is to always track and monitor your activity by using different kinds of tools provided from

the internet, this will allow your company to be involved in the progress and conversations that have been made by your customers through your online media presence.

## **CONCLUSION AND RECOMMENDATION**

In conclusion, consumer behavior is the study of consumers and the processes they use to choose, use (consume), and dispose of products and services, including consumers' emotional, mental, and behavioral responses. Consumer behavior is important because this way marketers can understand what influences consumers' buying decisions. By understanding how consumers decide on a product they can fill in the gap in the market and identify the products that are needed and the products that are obsolete. By looking at the data, Indonesia's exponential e-commerce growth in consumer behavior is fueled by four main factors: a growing middle class, a growing number of fintech and alternative finance options, and e-Commerce tech investments.

All the factors mentioned have a significant impact on consumers behavior whether it would be psychologically, personally, socially, or culturally. This impact is also undoubtedly shown from the six unicorn startups we mentioned including JD.id, Ovo, BukaLapak, Tokopedia, Traveloka, and Go-Jek which is proven to have an immense and rapid growth the past few years, and is predicted to continue in doing so in the future. It is also successfully proven in regards to the questions that we received from our clients, as well as our provided solution and analysis. All these factors will play a role in developing relationships because building trust and relations to customers is very crucial as they will always come back to us because of the trust we have built upon them.

For our recommendation, we think that it is very essential to have clear objectives in order to be able to implement the right type of strategies that are aligned with your businesses. This includes things such as how influential it is to learn all the steps that are needed to establish a strong online media presence for your business. Not only would it maintain its sustainability, but it would also increase its brand awareness and help boost the market share. This would also strongly affect how customers view, think, and purchase your products in the present and the future. Another strategy we'd also

recommend is using different types of promotional mix tools including advertising, personal selling, direct marketing, public relations, and sales promotions that could be applied to your businesses. By having to test them out, it will clearly show which one is proven to be the most effective tool depending on what type of businesses you are running.

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## CHAPTER 6. FOOD BUSINESS

### LEARNING OUTCOME

- 1 Critically evaluate many factors related to food business and apply the knowledge gained to business sector
- 2 Articulate their understanding and awareness about the business of food business and the best practice

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## **EXECUTIVE SUMMARY**

This report discusses the problems that clients undergo regarding their business that is running specifically in the Food Industry. The main topic covered in this report is “Food Business in the Post COVID-19” and due to this matter, a lot of business industries are affected including the food business, where usually food businesses are able to reach their goal, but because of the pandemic, not even half of the target is reached.

Moreover, this report also underlines the clients’ frustrations in solving their problems that are occurring to their businesses. In addition to that, this report provides analysis and discussion regarding the following: current situation of food industry, business insights, challenges along with the solutions for clients.

## **INTRODUCTION**

### **1.1 Background**

A well-known virus known as the Corona Virus was discovered at the end of 2019 in China which then spread to the entire globe and affected Indonesia in the beginning of 2020. Not only health that is at risk and affected but also businesses as that is what makes people survive day by day. Food businesses are one of the most affected industries, just like what Oxford Academic stated that “The food supply chain, one of the most important sectors of the economy, it has been seen that COVID-19 has an impact on the whole process from the field to the customer.”

Furthermore, concerns regarding the industry have arisen starting from the food production, processing, up until the distribution to customers. Not only the ingredients or process of the industry that are taken into consideration but also the amount of working employees, fluctuation of consumers’ demands, production facilities with its policies, and moreover financial constraint regarding the food supply chain and production. In addition to that, safety and cleanliness towards this industry plays an important role during this situation as it may affect one’s health.

“Some consumers may remain worried about the transmission of COVID-19 through food delivery, but there has not yet been evidence to suggest that the virus can be spread

through food or packaging (Kerry, 2020).” This statement arises from everyone around the world as everything now becomes a concern to human beings. Mainly due to the fact that food is an essential part of our daily life. Nonetheless, Denver Consultant exists to help food businesses to strive again even though pandemic is still occurring and Indonesia’s economy is not yet back to normal. Denver Consultant will help solve food industry issues by analyzing the current situation and giving the best possible solution that might help boost up food businesses’ sales.

## 1.2 Problem

People who run or own a business should be prepared with any kinds of risks that may come their way. It is important for them to be ready to tackle any issues occurring within the business and find the best solution in order to keep the business going. Even so, often with a much-prepared strategy or plan, a business can still fall. However, it is normal for that to happen as problems occur throughout the business journey which then will eventually help improve and grow the business. The possible problems that might happen may include financial-related issues and changing strategies to keep the business running. Also, it is understandable that solving problems would not be enough in just one day.

During this COVID-19, Denver Consultant clients came up with some inquiries that might help them solve their food business problems. One of our clients, G-Fud, which is a food stand that was created by a group of friends, suffered significant loss on their customer base and sales. This problem often transpires especially with the COVID-19 occurring. Our other clients, Zadora, McMoney, and Warteg PJ are also going through a state that might wholly impact their food business.

Zadora wonders what kind of marketing strategy tips both for online and offline that might boost up their business sales. On the other hand, McMoney wants to start running a restaurant during this situation which may be challenging hence why they asked what kind of data that Denver Consultant might be able to prove for their upcoming restaurant. Additionally, Warteg PJ, a small food business that is experiencing a fluctuation on their business once set their target market only focused towards university students however, since now classes are done online and the university students mostly are returning back

to their hometown, Warteg PJ is losing their customers. Thus, they want to expand their customer and reach for new customers outside the local area and are thinking of expanding it through online as well.

### 1.3 Purpose

1. Analyzing the situation
2. The impacts of COVID-19 towards food business
3. Discussion of relevant problems occurring impacted by the pandemic
4. Understanding and providing solutions to clients' inquiries

## ANALYSIS AND DISCUSSION

### 2.1 Current Situation of Food Industry

It is known that the food industry is one of the biggest industries in the world, including Indonesia. In 2018, it was reported that Indonesia has about 265 million consumers with the value of the food and beverage processing industry that is estimated to be IDR 1,238 trillion. The reason behind this is because of Indonesia's continuously increasing population. This was a great success for the country's economy until the COVID-19 was discovered where the population started to decrease.

The pandemic of COVID-19 has hugely impacted Indonesia's economy. In order to broaden the spread of COVID-19, the Government of Indonesia made a decision to implement large-scale social restrictions (PSBB). Some restaurants, cafes, markets were restricted, Hence, dining in were prohibited and this impacted the industry exceedingly. With quite strict regulations, it is not enough for food businesses to rely only on takeaway and online delivery services also with the fact that customers prefer preparing their own food rather than getting takeaway or online delivery services as they were fearful that somehow the virus might have gotten or will affect the food. It brings a result to where restaurants were closed as their revenue kept on decreasing tremendously. Even worse, it reached the point where it went bankrupt.

Additionally, based on thejakartapost.com, the Food and Business Industry out of 17 cities that are observed, 13 cities experienced a significant decrease in their daily

earnings. Five big cities that were mainly impacted by this matter were West Jakarta, South Tangerang, Depok, Central Jakarta, and Bandung with about 32% decrease in daily earnings per outlet. After some time of analyzing the situation, in Jakarta some restaurants were allowed to reopen but only for 25% of the full capacity.<sup>4</sup>

## 2.2 Guidance during COVID-19

It is necessary to understand the condition that is impacting everyone and everything especially in the food business industry, especially with assumptions coming up concerning that the virus could affect food. As stated by GOV.UK, "It is very unlikely that COVID-19 is transmitted through food or food packaging." However, it is understandable that people are concerned and doubtful towards the smallest things, let alone regarding food which is a necessity for human beings.

Therefore, there are some points to know about COVID-19 and food as the following which can eventually help gain trust for customers. For food business owners, it is highly crucial to implement this policy of washing their hands habitually with soap and water for at least 20 seconds and this has to become a routine including when:

1. Before and after handling food
2. Before touching or handling clean cutlery, utensils, dishes, and all items that will be used for customers
3. After handling dirty items or utensils that are used by customers
4. After transactions (handling money) hence it is advised to use non cash payment
5. After touching or cleaning tables or doors
6. After coughing or sneezing

These are some policies that are mandatory to follow for all food businesses especially those with restaurants and that customers are allowed to dine in. Not only that, food packaging for food delivery is highly important to take into account as well. Food safety practices and staff should implement the policy before doing so. Additionally, the workspace of the food business should be kept hygienic, for instance by doing disinfectant every week. Aside from that, staff that may have COVID-19 symptoms should

do self-isolation. Thus, by implementing the importance of hygiene and sanitation, this will lessen the possibility of spreading COVID-19.

### 2.3 Challenges Faced by Clients

Every business that is established will go through issues that could help potentially improve the business' performance and not to mention, sales. Not only that, although different kinds of business have their own challenges and reasons as to why they have to go through its challenges, it might determine whether the business' goals or vision and mission is clear or not.

The table below describes Denver Consultant's clients' inquiries. With their curiosity and questions, especially wanting to bring their food business right on track again. Most of the clients mentioned their current situation and followed by their concerns or inquiries.

Table 1. Challenges faced by clients

No.	Clients	Situation	Inquiries/Concern
1.	Zadora	-Not Specified-	<ul style="list-style-type: none"> <li>Marketing strategy tips in online and offline</li> </ul>
2.	McMoney	Opening a restaurant	<ul style="list-style-type: none"> <li>What data can you provide to our restaurant?</li> </ul>
3.	G-Fud	Opening a food stand in food court, but due to the pandemic, suffered a significant loss in our customer base and to the business' sales	<ul style="list-style-type: none"> <li>What do you think we should do?</li> <li>Do you have any advice for us?</li> </ul>
4.	Warteg PJ	Loss of customers as initially the targeted customers are university students but now classes are done through online and students are back to their hometown hence affecting the business' sales	<ul style="list-style-type: none"> <li>How could we expand our business through an online platform?</li> <li>How many ways are there?</li> </ul>

## 2.4 Solution for Challenges

### 2.4.1 Zadora

- **Online:** For online marketing strategy we suggest you to promote your food to influencers, instagram ads, facebook ads and collaboration with the restaurant already have a value example if you have a restaurant you can make a collaboration with the restaurant that have a good value and make collaborations menu. When finding an influencer to promote your food business, make sure to find the right one, find an influencer that has speciality in the food industry. For example, hire someone who enjoys cooking or knows a lot about food or that has experience in the food industry. Do not hire someone that has a different speciality in a different industry although they are influencers as well.
- **Offline:** For offline marketing strategy you can put your food on newspaper, you can also print about your restaurant menu in brochures and share it to people starting from a 5 km range from your restaurant, and you can also advertise your restaurant on billboard. However, the disadvantage of doing so is that it costs a lot of money. Hence, only do so when you are certain that your sales or profit are financially stable first.

### 2.4.2 McMoney

## Pesan Makanan Online Jadi Pengeluaran Terbanyak Konsumen saat Pandemi

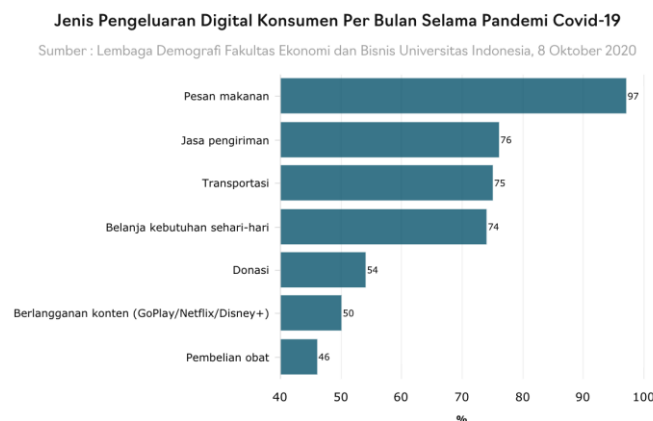


Figure 2. (Translation title of graph) Ordering food online is the consumer's biggest expenses during the pandemic

Research from Lembaga Demografi Faculty Economy And Business University of Indonesia shows that the result is 97% digital expansion of ordering food online. This means that food business is still potential in digital sales, therefore, food business is still convincing and potential which shows that your plan in establishing a restaurant can come to life.

Figure 3. Possible locations for new restaurant



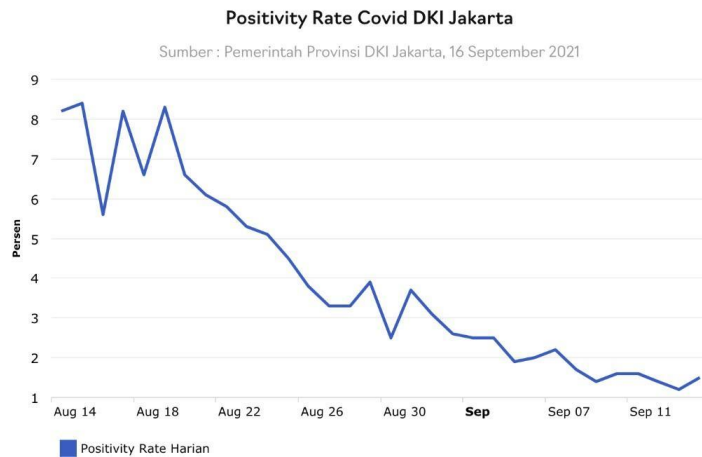
Sumber: Dinas Kependudukan dan Pencatatan Sipil Provinsi DKI Jakarta

- Solution #1: The demographic of Jakarta Pusat (Central Jakarta) on Figure 3 shows the amount of residents that are living in Central Jakarta. We can see that in Kemayoran, Central Jakarta, it has the most residents therefore, and followed by Senen and Tanah Abang.

We suggest that McMoney open a restaurant in that area. Although, there may be a drawback which is that a lot of established restaurants already existed nearby the location, however, make sure to have an element of uniqueness in your restaurant to make it stand out from other restaurants.

Figure 4 (Translation title of graph) Continues to decline, DKI Jakarta's COVID-19 positivity rate reaches 1.5%

## Terus Menurun, Positivity Rate Covid-19 DKI Jakarta Capai 1,5%



- Solution #2: The graph above describes the positivity rate in Jakarta that keeps on decreasing which means that people will start going out again hence one of the biggest possibilities is going and hanging out at a restaurant. It is also estimated that the positivity rate of COVID-19 specifically in DKI Jakarta to keep on decreasing as the COVID-19 cases in DKI Jakarta is known to be diminishing.

### 2.4.3 G-FUD

Our advice is for G-FUD to have to try to switch to online food, as food businesses now have gained consumer's trust back by being hygiene with the food they are providing. Not to mention that Figure 2 shows that ordering food online is the consumer's biggest expense during pandemic. Thus, this becomes a great opportunity for food businesses to continue to strive.

We suggest you do the marketing in social media like Instagram ads and Tiktok, and try to sell the food in online e-commerce like Go Food and Grab Food. Based on bisnitempo.co, transactions in Go-Food itself have reached 20%. In addition to that, stated that about 94% of Micro, Small and Medium Enterprises (MSME) or also known as Usaha Mikro Kecil dan Menengah (UMKM) joined the Go-Food community.

Additionally, 43% of the MSME are those who just started establishing their own business and are inexperienced. Moreover, it is estimated that Indonesian online food will expand about 11,5% every year starting from 2020 until 2024. Food businesses sales

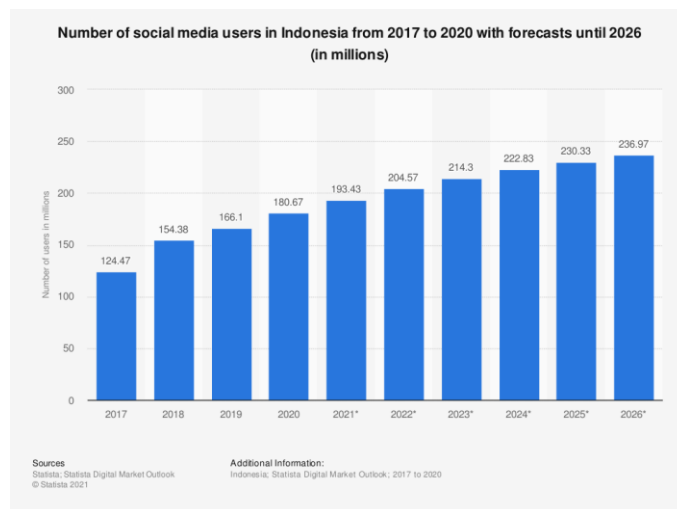


contribute 27,85% of total e-commerce sales in 2018 making it the largest category in e-commerce transactions.<sup>7</sup> Therefore, although in the beginning your food business suffered significant loss specifically on your customer base and sales, it could be improved and eventually, your food business will stabilize.

#### 2.4.4 Warteg PJ

To begin with, we think that your idea of creating the concept of a food business is quite interesting. As we know, during this pandemic offline sectors have a huge effect, the revenue is extremely decreased, thus we support your idea to expand your business through online platforms and making use of the most of it. First you have to create a social media account for your restaurant like Instagram and Tiktok. These are the two applications that people currently use the most. On Instagram, we suggest you to upload your food and it's ingredients and for tiktok you can create short videos to promote what Warteg PJ is able to offer.

Figure 5. Number of social media users in Indonesia from 2017 to 2020 with forecasts until 2026



The role of social media is impactful as it will help you to find and engage with your possible customers. As seen on Figure 5, the number of social media users in Indonesia is escalating. Not to mention that the concept of your food business “Warteg” is a great combination with social media as it is important to maintain traditional foods or Indonesian-typical foods. Afterwards, you can endorse some influencers and use google

or Instagram ads to increase your insight in social media. You can also put your food in online applications such as GoFood and GrabFood. GoFood and GrabFood is also one of the most popular applications for customers to order food. This will help your market to grow especially if you also provide vouchers and promotions as Indonesians are attracted to those.

## **CONCLUSION AND RECOMMENDATION**

In conclusion, although in the beginning of the COVID-19 pandemic, restaurants are closing and going bankrupt, data shows that eventually food businesses will expand again and still will continually strive. Hence, despite of COVID-19's existence, the food industry in Indonesia still has big potential. As a matter of fact, it is estimated to grow with exceeding numbers as the sector offers huge investment opportunities. Besides the uncertainty of the economy and the COVID-19 cases, it is important to come up with an interesting concept for your food business as this can attract customers to purchase your food both online and offline. Which shows that digitalization plays an important role these days in your business.

Just like all existing businesses that got affected by this horrible situation, Denver Consultant's clients went through a situation where it inhibited their business' performance. Hence why, the way to do business is now transforming into trends that we never thought of. It is important to adapt during these times because if not then businesses will not be able to survive and it will go bankrupt. Concluding from the discussions above, it is true that these four things have become a trend: multi-channel order, restaurants tend to be smaller, app-based service, and delivery service. As much as losses that happened because of the massive condition, it has created an abundance of advanced innovations in the food business industry.

It is important to be able to adapt especially in the food industry because the current condition is still fluctuating. Even so, making use of social media and collaborating with your food business is what all owners should be doing. Food safety and hygiene is critical to follow to gain customer's trust and to keep the business going. The food industry is an immense type of business that plays a huge role in the country's economy. Hence, diving in and striving for food businesses should be a thing that will continue to grow.

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## CHAPTER 7. BIG DATA

### LEARNING OUTCOME

**1** Critically evaluate many factors related to big data and apply the knowledge gained to business sector

**2** Articulate their understanding and awareness about the business of big data and the best practice

*Project by:*

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## **EXECUTIVE SUMMARY**

This report discusses how a business takes advantage of the technology era to find solutions for any problems in business activity. One of the tools that can help companies is Big Data. Big data Put simply, big data is larger, more complex data sets, especially from new data sources. These data sets are so voluminous that traditional data processing software just can't manage them. But these massive volumes of data can be used to address business problems you wouldn't have been able to tackle before.

Big Data became a raw material of business, a vital economic input, used to create a new form of economic value. Big Data In fact, with the right mindset and good analytical skills it could be helpful for the future of a company.

## **INTRODUCTION**

### **1.1 Background**

In this technology era, there are so many internet activities running in a day. Platform media has ushered in a revolution and compelled a paradigm shift in business operations around the world. As a result, enormous amounts of data have been collected from a variety of social media outlets, forcing the use of this data for business objectives. Despite its relevance, little research has been done on the commercial implications of Big Data analytics.

Big data analytics refers to an assortment of a large volume of data and technology which is gathered from different sources, and make it possible for a business to gain an edge over their rivals through enhanced business performance. Goes defines the concept of big data as huge volumes of numerous observational data used in the decision-making process. Schroeck and Shockley described big data (BD) as real-time information, media data nontraditional form, IT-driven data, social media, and huge volume data. While 'Variety' and 'Volume in Big Data' have got significant consideration; whereas many studies highlight the vital roles of Veracity, velocity. Here it is pertinent to mention that analytical skills and tools are the essential 'components' for big data analytics (BDA].

The application of big data analytics (ABDA) has piqued the interest of scholars and practitioners during the last decade. According to recent studies, the ABDA is a fundamental driver of organizational success across a wide range of industries. Furthermore, there has been rapid growth in the executives' recognition of the potential benefits associated with the ABDA. The annual public and private investment in big data analytics applications has skyrocketed to billions of dollars around the world. The ABDA can boost corporate efficiency and effectiveness and operate as a game-changer due to its great strategic and operational potential. The ABDA is a major differentiator and significant determinant for high-performing enterprises' success.

## 1.2 Problem

There are always problems in running a business, especially to predict the future and create the strategy. During this time our client wants to take advantage of using Big Data for their business, our clients is from any sector of business. In Denver the businesses operating in agriculture want to know what kind of data they need to create strategy for the future, PJ Gaming Buddy, the startup that is running in game development, they has create a game called *Garuda: Unity in Diversity* wants to maximize the data to develop their games without breaking the laws in Indonesia, which in Indonesia itself is still not developed because it is related to government regulations regarding data confidentiality and various other factors.

In the Magical Miracle side, they thinks want to use *cloud* for their data but still not sure about it, they want to know which one is the best solution to organizing the data for their company. Then in McMoney as an investment company, from Big Data they need to know which sector is very suitable and profitable for the future. Last one from our client is elite consultant, they want to know the competitive advantage of using big data and explain the importance of big data.

## 1.3 Purpose

1. Analyzing the situation of each business and sector
2. Understanding the problems
3. Discussion relevant to Big Data

4. Offer the best solution

## **ANALYSIS AND DISCUSSION**

A set of methodologies and technologies for capturing, storing, transferring, analyzing, and visualizing massive amounts of structured and unstructured data is called Big Data Analysis. BDA is defined as a process of transforming data into insight that will drive corporate decision making and organizational strategic direction based on insight generated from data to forecast the future, according to the Operations Research and Management Science. As a result, BDA encompasses skills, technology, processes, and practices for data analysis, allowing businesses to gain a better understanding of their consumers and markets, as well as assist in future decision-making.

BDA consists of four stages, according to the Chartered Global Management Accountant (CGMA), (a governing body focusing on governing accountants), reporting, analysis, monitoring, and prediction. Data is visualized in reporting, and it can be used to explain historical occurrences within an organization. The term "analysis" refers to a thorough examination of possible causes for historical events. Monitoring gives the company the ability to make decisions for their company.

There are various multinational companies or industries especially the medical sector benefiting from their establishment using big data analysis technology. These fields will generate large amounts of data, and big data analysis processes are necessary to make the effective decisions for the improvement of the company itself. These applications include healthcare, telecommunications, network optimization, trip estimation, retail, financial industry, energy consumption, etc.

1. Healthcare sector: Improving health is significantly necessary for economic growth of a state. The healthcare industry generates a huge amount of data that can be used to improve the decision-making of the doctors and other healthcare workers. In addition, the application of big data in the medical field can improve people's quality of life by developing real-time disease analysis to improve the innovation of medicine and other medical technologies to cure new diseases coming from mutation and evolution. In addition, due to the large scale of public health data, big data analysis



techniques are needed to track, monitor, store, and analyze individual moving objects exposed to high-level hazardous environmental factors. It is to determine the relationship between the data and environmental risks. Big data analysis improves the quality of healthcare systems by using call logs and sensor data to provide feedback mechanisms, and also plays an important role in predicting outbreaks of diseases such as Ebola and CoronaVirus as nowadays track issues.

2. Network Optimization: this sector utilizes big data and business intelligence methods to design mobile networks to provide effective services for their customers and clients. Network operators can use this framework to collect, store, and analyze user or core network data to predict traffic changes, achieve effective signaling, automatic network self-configuration, network congestion, intelligent transmission development and intelligent network optimization.
3. Trip Estimation: The large amount of data generated by mobile users during a call is called Call Data Records (CDR), which enables researchers to collect, process, and analyze the trip's estimations, especially from the router recommendations's big data, location tracking, trip creations, and commuting. In this starting point, by deploying smart multi-mode platforms that leverage privacy and global boundaries, mobile big data can also help route recommendations in complex environments. Algorithms monitor city conditions in real time, identify crowded routes, and propose alternatives. To ensure security, data sets are usually anonymized using computer-generated unique identifiers to replace customer phone numbers. Research on mobile big data for travel prediction has proven to be important for improving transportation planning. In a sentence, big data helps to manage a trip estimation through the logarithm they have to easily help the company to manage the big data for their customer's trip plan.
4. User Behavior Modeling: It can help understand navigation patterns used to develop user-centric applications. This application is essential for detecting social media anomalies or abnormalities, fraud or scam, and spam. It can also enabling social behavior modification for targeted marketing and help sich brands to promote their products without any promotion deeds.

- Human Body Movement Simulation: People keep the general model for a period of time. Therefore, repeating this pattern can effectively predict global movement, and can use geo-tag data, GPS data, call data records and large amounts of data on social media platforms to be applied to disease management, traffic planning, emergency situations, and disease outbreak prevention.

In the explanation above we now know big data has a big impact on several industries with high levels of difference. Big data can help people or companies to help the establishment through data management and analysis. Various sectors above can utilize big data by its interest to form and make the model using the big data to make and process something elaborate with their own interest.

## 2.1 Current Clients Company Situation

In the past, Business demand for business analytics and business intelligence has been demonstrated by a number of studies as shown in recent studies expertly. As a result, not all businessmen know the data that can facilitate the operation of their business. Therefore, this journal will show what obstacles are experienced in business and how to solve them.

Table 2.1

No	Clients	Problem	Suggestion
1	Denver Food Co.	Data that is involved in the Agriculture sector  Business strategies correlate with Big Data.	Trigonal Smart Management Agricultural System (Cloud Computing)  Recommendations for land conditions starting from planting schedules, providing nutrition, detecting pest attacks,

			and harvest.  Increase productivity through providing proper nutrition with big-data and minimizing the use of sensors.
2	Unknown Label (Group 2)	The Importance and Competitive Advantage of Big Data.	Generate valuable insight. Asset optimisation and cost reduction.
3	Magical Miracle	Data for company investment and the sectors that are beneficial.	Data-driven investment models - Fundamentally-based and economically motivated, financial statements, as well as market data like prices, returns, volumes, etc.
4	McMoney	Implementing Cloud Systems and maintaining data organized.	Data Scrubbing, Data cleansing and arranging based on attributes related to data itself.
5	PJ Consulting	Game developers have to maximize the data regarding the regulation in Indonesia, how to solve the problems.	Interpret the key facts and habits of gamers - Create a gaming experience - Tracking player performance in order to gauge the difficulty of certain levels

## 2.2 Possible Strategies for Clients

"The Age of the Customer" is a term coined by Forrester Research, which refers to a time in which consumers, rather than businesses, are making the choices that affect businesses. When it comes to gaining a better understanding of a customer's needs, organizations are starting to use their Big Data for this purpose. In an era where online companies must genuinely understand their consumers' experiences and behavior in order to flourish (or even survive), it is vital that they can quickly access Big Data sources and exploit that data to acquire crucial insight. Everyone understands that analytics are only as good as the data on which they are based, yet organizational bottlenecks and technological restrictions have left many businesses unable to provide quality data to their analytics. When it comes to customer experience, they often lack the step-by-step blueprint of the consumer journey that might disclose key behavioral insights. As a consequence, their analytics are often inaccurate, insufficient, or unavailable to the public. We have reached the point where you must ensure that you have the data necessary to fully know and comprehend your consumers' experience and behavior. We have to know what our best strategies are so our client can do it right.

1. Performance Management: understanding the significance of large data in enterprise databases using pre-defined queries and multidimensional analysis is part of performance management. This research relies on transactional data, such as years of client purchase behavior and inventory levels and turnover. Managers may ask queries such, "What are the most lucrative client segments?" and obtain real-time responses that can be utilized to make short-term business choices and long-term strategies.
2. Data exploration: Data exploration heavily relies on statistics to explore and find solutions to problems that managers may not have considered earlier. Predictive modeling methods are used in this approach to forecast user behavior based on prior business transactions and preferences. Cluster analysis may be used to divide clients into groups based on common characteristics that may have gone unnoticed by analysts. Managers may conduct targeted activities such as tailoring marketing messaging, upgrading service, and cross/upselling to each individual group once these groups are identified. Another prominent use is predicting which set of users

will "drop out." With this knowledge, managers may design proactive measures to retain this user category and reduce churn. With a greater focus on digital, inbound marketing, businesses seek to attract prospects to their website by providing them with entertaining, rich, and tailored content. Organizations may do experiments by testing two websites, each with distinct content such as white papers and demonstrations, events such as webinars, and landing page and lead form designs. The outcomes of these trials may assist in predicting which combination of these factors will result in the best conversion rate of site visits to qualified leads, and qualified leads to customers.

3. **Social Analytics:** The large quantity of non-transactional data that exists nowadays is measured by social analytics. Much of this information is available on social media sites, such as Facebook chats and Yelp reviews. Social analytics may be divided into three basic categories: awareness, engagement, and word-of-mouth or reach. The exposure or mentions of social material are examined, and measures such as the number of video views and followers or community members are often used. The degree of activity and interaction among platform users, such as the frequency of user-generated material, is measured by engagement. Recently, mobile apps and platforms such as Foursquare have provided corporations with location-based data that can be used to gauge brand recognition and engagement, including the number and frequency of check-ins, with active users rewarded with badges. Finally, reach quantifies the amount to which material is shared with other people across social media sites. Variables such as the number of retweets on Twitter and shared likes on Facebook may be used to calculate reach.
4. **Decisions science:** Non-transactional data, such as consumer-generated product ideas and reviews, may be used to enhance the decision-making process. Decision scientists, on the other hand, use social big data to do "field research" and test ideas rather than relying on social analytics to assess established goals. Ideas and polls may be solicited from the public via crowdsourcing techniques, such as idea creation. The worth, validity, practicality, and fit of these ideas are determined by decision scientists in combination with community input, and they finally report on whether or how they propose to put these ideas into action.

With the use of Big Data it will also improve the customer experience. Targeting the right leads, gathering prospective consumers into your database so you can later convert them is called lead acquisition. The marketing, sales, and customer service techniques you utilize to acquire new clients will be determined by the leads you gather during this early phase. If you had a way to guarantee that only high-quality leads were being collected, you could greatly improve your conversion rate. And to perform the sentiment analysis, consumers don't always respond rationally, as game theory has revealed. Emotions and gut impulses sometimes override rationality when determining which items or companies to purchase. So understanding how customers feel is as vital as knowing what they believe. Companies may now undertake 'sentiment analysis' using big data. An AI generally uses machine learning algorithms to identify minor signals about what emotionally inspires people. With this sort of sentiment data, firms may adapt their message to be more emotionally attractive, and therefore give a better customer experience. Big data's actual strength rests in its predictive capability. Companies are no longer confined to insights about their history and present thanks to big data. They may also get a peek of their own future as well as the future of the market as a whole. Companies may now evaluate a certain customer's purchase behaviors, as an example of this capability in action.

## **CONCLUSION AND RECOMMENDATION**

In conclusion, the availability of Big Data, low-cost commodity technology, and new information management and analytic tools have combined to provide a once-in-a-generation opportunity in the history of data analytics. Given the confluence of these developments, we now have the ability to evaluate massive data sets in real time and at a reasonable cost for the first time in history, which is unprecedented in human history. There is nothing theoretical or trivial about these skills. In terms of efficiency, productivity, revenue, and profitability, they offer a significant step forward and an unmistakable possibility to reap substantial advantages.

Businesses must be aware of this change and plan for its execution via people and material resources. Those that profit from their 'Data Clients' capital will expand their competitiveness and innovative opportunities. We provided a quick review of big data in

this paper, covering the primary problems and future difficulties, as well as customer management problems and our suggestion for them as a use case for big data.

It is important for the company to understand their customers better so they can give their customers the best experience. Making use of Big Data in nowadays era will increase the profit for many companies. It is easy to use and handle if we know further of the importance of Big Data. It will help to gain customer's trust and to keep the business going in the future.

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## CHAPTER 8. CORPORATE SOCIAL RESPONSIBILITY

### LEARNING OUTCOME

1

Critically evaluate many factors related to corporate social responsibility and apply the knowledge gained to business sector

2

Articulate their understanding and awareness about the business of corporate social responsibility and the best practice

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## **EXECUTIVE SUMMARY**

This report discusses the problems and obstacles that businesses and startups face related with their CSR (Corporate Social Responsibilities) systems, it also overviews the importance of CSR in companies and what are the advantages and disadvantages of having a CSR system in your company. We highlight the need of CSR systems in companies and all types of organizations around the world, our purpose is to make sure CSR is supporting the SGD goals which would allow fairness and wellness for every community. Additionally, as consultants we would like to refer to questions and issues that some companies have experienced and we will share our recommendations on how these issues can be addressed. By analyzing the companies and discussing the different options of CSR that can be applied to their businesses.

## **INTRODUCTION**

### **1.1 Background**

Corporate Social Responsibility is the activity of being responsible for our surroundings, including the people who surround us, the environment around us and other aspects. And for many years it has been a concern for the human kind, we try to be fair and ethical with our surroundings in order to function well among all communities. These past few years CSR has been a big factor in the business world, where it could define your brand value, depending on your business's CSR actions.

As a result, many companies and governments and communities now join forces and grow interactions in order to work as a whole and create a healthy business environment where everyone is benefited and no one is affected negatively. Before businesses were simply driven by their economic results, today however, businesses focus on maintaining a great image which shows that they are socially, morally, legal, and ethically responsible as a company.

Corporate social responsibility will provide companies with a new concept of value, not only how much money they are able to fund and contribute into their community, but also their involvement in other activities which will improve their surrounding communities starting from their own shareholders and employees. As it is an important

matter, many businesses seek to be more corporate socially responsible and seek the help of external organizations which are capable of providing strategies and systems for those companies.

Over 50% of companies that have been surveyed regarding their growing success, is said to be because of their CSR efforts<sup>1</sup>. And over 90% of customers would choose a company that contributes to the good cause<sup>2</sup>. However, some companies and startups feel burdened by the fact that a CSR strategy is a big addition to their budget, on the other hand, there are companies that are still solely focused on the monetary results of a business. We as consultants intend to enhance the importance and benefits of obtaining a CSR strategy and how it can help business grow and develop.

## 1.2 Problem

The newly started businesses and companies are trying to maintain their finances in the terms that they are saving not simply for funding future activities and expansions but also for emergencies and to make sure they are not affecting the funds for daily operations. Another common issue is that businesses do not oversee the need of a good CSR system to maintain their employees' motivation, one of the strategies of CSR is also supporting their employees in any way that may increase their efficiency and performance.

Corporate social responsibility provides companies with the view that being unethical at the expense and sacrifice of the environment, health and human lives, will be seen as bad and create a bad value image for the companies. Of course companies wish to be smart when it comes to saving costs and being expense conscious for their operations in their companies, often companies or startups like one of our clients named *PJ Furniture* question whether applying a sudden CSR strategy will take time or disturb the ongoing operations at their company?, which is a big concern for businesses because they have to be wise regarding the strategy they wish to approach and that is most suitable for their business. Another example of a concern from companies or startups regarding CSR strategies is from one of our clients named *Mets Consultants* who is worried that the shareholders at the companies will either be satisfied with acquiring a CSR strategy and in which way might affect the trust with the shareholders.

### 1.3 Purpose

1. Further study the importance of CSR for the business sector
2. Understand the purposes of CSR
3. Analyse issues which business go through when wanting to apply CSR
4. Finding solutions to mentioned concerns or issues

## ANAYSIS AND DISCUSSION

### 2.1 Perception on CSR and its Impact on The Real World

In an increasingly globalized business world, intangible assets such as corporate reputation are becoming increasingly important and inseparable from (large) corporations. CSR then, is an excellent way for companies to give back to their societies and along the way gain valuable points for themselves from the general public. But how does corporate reputation and in turn CSR translate into the real world? Where results weigh heavier than everything else.

Evidence strongly suggests that the performance of a company's CSR is positively and closely associated with indicators or markers of a firm's successes; such as financial performance (Tsoutsoura, 2004; Waddock & Graves, 1997), customer trust (Salmones, Crespo, & Bosque, 2005; Marin, Ruiz, & Rubio, 2009; Van den Brink, Odekerken-Schröder, & Pauwels, 2006), customer buying behaviour (Mohr, Webb, & Harris, 2001), stakeholder trust (Castaldo, Perrini, Misani, & Tencati, 2009), employee satisfaction (Coldwell, Billsberry, Meurs, & Marsh, 2008), and firm attractiveness (Albinger & Freeman, 2000; Jones, Willness, & Madey, 2010; Maheshwari & Yadav, 2015; Turban & Greening, 1997). This goes to show that a company's CSR performance is indicative of a specific firm's sustainable success. Further evidence also shows that CSR has larger positive effects on external stakeholders (customers and consumers) than internal stakeholders (employees) (Lee, Park, & Lee, 2013; Raub & Blunschi, 2013).

But also, CSR as in itself can be further divided into three main branches, Ethical CSR, which focuses the justices and fairness in the practices that they practice (Carroll, 1991), Strategic CSR, which focuses on conducting social services to communities with some

kind of profit orientation to the company (Porter & Kramer, 2006), and Philanthropic CSR, which focuses on giving back to the society without expecting anything in return (Carroll, 1991), this type of CSR is most commonly inferred to by the general public. One of the easiest examples of large-scale CSR and its impacts onto the real world (specifically, onto Indonesia) is about the construction of Indonesia's Semanggi Interchange (Flyover Semanggi). Where, the 360 billion rupiah project was wholly funded by PT. Mitra Panca Persada (a subsidiary of Japan-based Mori Building Company) was then constructed PT. Wijaya Karya Tbk.. Led by then ex-Jakarta Governor Basuki Purnama, it goes to show that CSR, if correctly used, can be a very powerful tool for companies and nations alike.

## 2.2 Benefits and Disadvantages of CSR

### 2.2.1

#### Advantages

1. It builds a corporation's public trust / image
2. It enhances positive relationships (customer or partners)
3. Increase profit

#### Disadvantages

1. CSR costs money to implement (more detrimental to smaller businesses)
2. It may enhance investor resistances
3. It promotes greenwashing
4. Shift in a firm's profit-making goal

## 2.3 Issued Faced by Clients

Client	Context	Question
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PJ Furniture	Operating a furniture retail store and is looking to enter the CSR-space.	Hi, we are from PJ furniture. We've been operating for a year now and this CSR concept is a whole new thing for us. Could you explain how we could start implementing CSR effectively without interrupting our company's operations? Is it financially safe for a start-up company? We would very appreciate an answer from you
Mets Consultants	Not specified	Hello guys, we are METS consultants. By making a CSR program, can the company get the stakeholder's trust? If can, how and explain it please

## 2.4 Solution and Recommendation

### 7. PJ Furniture

For starters, we would recommend that you do a socialization to your internal team (employees & management) on what CSR is and what benefits it entails for the company itself and for the surrounding communities. After socialization, since the company itself is still considered a start-up, it is not to be recommended to immediately expending resources for any CSR activity or project. Instead, put away certain percentages of your profits on every sale you make and put those gains into a separate CSR fund. These percentage should be actively monitored and maintained to ensure that these activities do not hurt your internal financial cash-flow at all.

As for activities once a target nominal has been reached in the fund, we believe that you can start off with some volunteer work considering that you are a furniture company and then you can move up from there. Simply, just follow these following steps :

1. Make a socialization program for your employees and for your fellow directors
2. Set aside a certain percentage of your profits to put into a CSR Fund
3. Use that CSR fund within set routing intervals (quarterly, semi-annually, annually)
4. Actively monitor the CSR percentage to maintain your start-ups' cash flow
5. Once your fund has reached a certain target, brainstorm what to do internally

#### 8. METS Consulting

Only making profits for its shareholders is no longer the most important goal in a company. Especially within larger companies. As these companies grow in size, so too does their carbon footprints grow. And as the world around us becomes more environmentally conscious, and humanitarily-conscious, becoming an entity that contributes back to society is becoming increasingly important.

Simply, by giving back and being conscious and in turn socially-responsible of our surroundings, not only will we show that profits are not on the top of our mind, but also show that we care about making our business more sustainable, more ethical, more transparent and above all else, more accountable. These factors are what makes shareholders, stakeholders and consumers alike lend their trusts to us. This in turn, creates a higher value for our brand, our image, our products and within companies, the most important indicator (relatively), creates a higher share

### **CONCLUSION AND RECOMMENDATION**

In conclusion, CSR is an important action that firms should give society a sense of corporate responsibility. By providing an impact to a firm in changing the way firms and corporations environment did, giving them a great value to the public. Firms need to accomplish CSR in addition to aiming for profit maximization and maximization of the benefits. A firm that wants to achieve and apply CSR need to pay attention to the community and environment around the company to get the idea of CSR and the public. Mainly CSR is involved with economic responsibility. Firms need to invest in economic projects from where they receive goodwill and financial support for the firms.

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## CHAPTER 9. FINTECH

### LEARNING OUTCOME

1 Critically evaluate many factors related to fintech and apply the knowledge gained to business sector

2 Articulate their understanding and awareness about the business of fintech and the best practice

*Project by:*

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***PJ Consulting***

THE RIGHT PARTNER FOR YOUR BUSINESS PROBLEM

## **EXECUTIVE SUMMARY**

This paper covers the challenges that customers experience in running their businesses, particularly in managing their partnership with Financial Technology (Fintech) firms. The topics addressed include explaining financial technology from many perspectives and publications; identifying financial technology in Indonesia and its implementation; and examining important indicator facts that influence financial technology. Furthermore, a discussion on several questions with clients that they are experiencing is included to obtain more clear perspectives on the specific difficulties that clients experience, as well as the solutions that we provide. Discussion in this report involves clients asking the ideal customer for certain businesses, the relevance between Fintech and economic growth, and the process of startup companies collaborating with Fintech. To respond to this, we provide comprehensive explanations regarding the right target consumers, how Fintech's impact on economic growth in Indonesia, and how startup companies could implement Fintech without financial troubles.

## **INTRODUCTION**

### **1.1 Background**

Nobody can deny that the present wave of digital technology revolution is still ongoing. The advancement that is regarded as an innovation disruption, an innovation effectively alters an existing system or market by bringing functionality, simplicity of use, convenience, and low cost (Bower & Christensen, 1995), has transformed the face of the globe through social contact and personal interactions. In comparison, the progress of digitization is exceeding the development of other industries. In a more extreme case, the number of individuals who possess a mobile phone (cell phone) today is likely to be far more than the number of people who have access to power or clean water.

The digital technology tsunami has permeated practically every element of the world's people's lives and economies, including transportation, health, education, retail, hotels, and even banking. The phrase "digital economy" refers to a type of economic activity that is based on digital technology. Tapscott (1994) coined the term "digital economy," which refers to how technology and business strategies are altered not just in business operations, but also in the way products and services are produced and sold, as well as

the structure and aims of the firm. businesses, as well as the dynamics of commercial competition

Numerous companies are striving to capitalize on technology advancements. The public as customers may easily do transactions by using an application from various brands of company; in the telecommunications business, there are WhatsApp, Telegram, and Facebook; in the film industry, there are Netflix, Disney Host, and HBO Go; and in transportation, there are Gojek, Grab, and Uber. Technology is already entering the banking business as well. People may simply do any financial transaction tasks thanks to financial technology. Disruptive Innovation has also happened in the Financial Services Industry, disrupting the worldwide landscape of the Financial Services Industry. From its industrial structure to its intermediation technology to its consumer marketing approach. All of these changes contribute to the birth of a new phenomena known as Financial Technology (Fintech).

## 1.2 Problem

In 1994, founder of Microsoft, Bill Gates stated "...banking is required, but banks are not..." This demonstrates how the banking sector will shift toward virtual banking without a physical bank presence in the future (Sotubo, 2020). Private and alternative investment options, as well as internet financing platforms, are easily accessible to people. The traditional financial business, such as banking, cannot help the public because it is restricted by rigorous restrictions and the banking industry's limits in helping the community in specific areas. People are seeking alternatives to traditional financial sector services, such as financing options that are more democratic and transparent, with lower financial service prices, and that reach a larger community. As a result, these Fintech services have the potential to fully replace banking services. Because FinTech services are inexpensive, quick, and accessible from anywhere, at any time, and on any device, this industry is rapidly expanding.

FinTech is not a new phrase in the financial business, as technology and money have long been intrinsically tied. FinTech must be allowed freedom to flourish due to its enormous potential that may bring more prosperity to the society, then because of the risk that may exist, adequate regulations and policies are required to hinder the fraud and scam.

However, the intensity of discussion and research on the relationship between finance and technology has recently been rather high, especially considering FinTech's fast penetration due to its flexibility and convenience. This subject has also piqued the interest of a variety of organizations in Indonesia, including stakeholders, researchers, and financial business practitioners, as well as the general people (community) as clients or users of FinTech.

### 1.3 Purpose

1. Explain the definition of financial technology and its relevance.
2. Provide a deeper understanding of how financial technology business works especially in Indonesia.
3. Identify any issues clients are having with financial technology companies.
4. Analyze potential financial technology strategic initiatives and find the proper suggestions.

## ANALYSIS AND DISCUSSION

### 2.1 Definition of Financial Technology

The definitions of FinTech may be found in a variety of literatures. FinTech, in its broadest meaning, refers to the use of technology to create financial solutions (Arner, et al, 2015). FinTech is defined specifically as the application of digital technology to financial intermediation difficulties (Aaron, et al, 2017). In a larger sense, FinTech is described as an industry of firms that employ technology to improve the efficiency of the financial system and the delivery of financial services (World Bank, 2016). FinTech is also described as technology innovation in financial services that can result in the creation of business models, apps, procedures, or products that have a meaningful impact on the supply of financial services (FSB, 2017).

According to a 2017 report by the International Organization of Securities Commissions (IOSCO), "the term FinTech is used to characterize a number of creative business models and new technologies that have the potential to alter the financial service sector." The FinTech landscape is further divided into eight categories: payment, insurance, planning, lending and crowdfunding, blockchain, trading and investing, data and analytics, and

security.

Financial technology, according to Bank Indonesia, is a "phenomenon of a mix of technology and financial aspects that revolutionized business models and lowered entry barriers." This definition recognizes two major consequences of the three financial technology developments, namely: Changing business models, financial services are carried out using concepts and models that are different from previously; Lowering business entry barriers with the rise of unregulated financial service players and providers capable of providing financial services similar to those provided by regulated actors. Bank Indonesia's financial technology language does not relate to or limit the definition of certain institutional/institutional or financial/payment instruments. As a result, the scope is quite broad and non-exclusive (financial technology business models might fall into more than one category), and it can be done by anybody, whether conventional financial institutions or new startups developing novel financial technology business models (Ilman et al., 2019).

## 2.2 Financial Technology and Its Application in Indonesia

FinTech development will promote the realization of the three aims outlined in the Indonesian Financial Services Sector Master Plan 2015-2019, which are as follows: Contributive, optimizing the role of the financial services sector in accelerating national economic growth; stable, ensuring financial system stability as the cornerstone for long-term development. Inclusive Increasing access to money in order to promote the community's well-being (OJK, 2016).

FinTech also plays a role in Indonesian economic progress by encouraging an even distribution of the population's level of welfare, assisting in meeting the country's still very huge domestic funding needs, promoting the export capability of MSMEs, which is currently low, growing national financial inclusion, and stimulating the distribution of national financing, which is still unequal in 17000 islands.

To maximize FinTech's contribution in Indonesia, a commercial synergy between FinTech and the incumbent industry is required (Banks and Non-Bank Financial

Institutions). This endeavor can take numerous forms, including: first, the collaboration of information channels between FinTech and incumbent financial institutions by using a large amount of consumer data and distribution channels that have already been established. The use of the FinTech function is intended to boost the efficiency of bank and financial institution operations. Second, product collaboration is a consumer solution. FinTech businesses, in collaboration with banks and financial institutions, must carry out a design process in order to build solutions that benefit both sides. This synergy may be carried out by banks with core MSMEs business and FinTech that provides a digital MSME platform (Kunjani, 2018).

Consumer protection and national interest are two risks in the FinTech industry. In terms of consumer protection, it includes, among other things, the following: User money is safeguarded. Potential loss or fall in financial capability as a result of FinTech activity, whether caused by abuse, fraud, or force majeure. Data security for users FinTech customers' privacy concerns are vulnerable to purposeful or inadvertent data exploitation (hacker assaults, spyware, etc.), whereas national interests include Anti-Money Laundering and Terrorist Financing Prevention Because of the convenience and speed provided by FinTech, there is a risk of abuse in money laundering and terrorism funding operations. Stability of the Financial System Adequate risk management is necessary to avoid compromising the financial system's stability (Haqqi & Suzianti, 2020).

There were 104 fintech firms in Indonesia in November 2022, varying from deposits and loans to payments and capital expansions. Peer-to-peer (P2P) loans and electronic payments are the two fastest-growing areas of fintech in Indonesia. According to Bank Indonesia (BI), the value of electronic money transactions hit Rp. 25.4 trillion in July 2021. This figure climbed by 5% from the previous month's figure of Rp. 24.1 trillion. This is also the biggest amount in a single year on record. Electronic money transactions in July 2021 were also 57.7 percent more than Rp 16 trillion in the same month last year. This demonstrates that consumers are increasingly adopting electronic money as a daily payment method (Annur, 2021).

### 2.3 Business Problems Experienced by Clients and Their Solution

Every business has problems, whether it is when they are just getting started or along their journey. Problems will continue to exist as a measure for the business whether it can continue to survive or not. In doing business, facing problems is inevitable for companies. Problems can be critical for your business especially when it is not taken care of. However, experiencing and solving problems also make your business stronger to face the next challenges. It all depends on how we respond to and resolve any problems that occur in our business.

Based on our previous update on our platform, PJ Consultant's clients have issued about their problems. Some of them wish to develop their business further with Fintech collaboration, some are new companies who want to collaborate with but do not want to be financially affected. Responding to those issues, we have provided answers and also solutions for those who have asked with include in the table below:

No	Clients	Problems	Suggestion
1	Magic Miracle	New FMCG Company want to apply Fintech in their company but doesn't affect our budget highly	Collaborate with Fintech to have Digital Wallet and Financial Planner in the new Company, especially because the sector FMCG, the company can easily make the payment for more easier
2	Mets Company	How Fintech increase the speed of turnover money and improve community's economy and the impact of fintech in sense of Indonesian GDP	Automated financial services increases the speed of money turnover; Fintech improves SMEs' economy through funding and lending; Fintech's positive impact to Indonesia's GDP adding more than 25 trillion rupiahs because Fintech caused growth in the financial sector



			and employment and increase in labor income.
3	Elite Company	The ideal customer and are they interested in F&B	The Ideal Customer are Urban City (easy internet access & banked population) and also People around aged 16-64
4	Zadora	Managing customer transaction and collecting our customer data because are afraid that if the data is hacked by irresponsible people	Providing several trustworthy fintech company names and using evaluation methods was provided by our company.  The variable include: Past performance, License, and Management

## CONCLUSION AND RECOMMENDATION

In conclusion, Fintech brought revolution to our financial system. Fintech brought changes to our financial system and aims to automate the deliveries of financial services. Not only that, Fintech also positively affects Indonesia GDP by adding more than 25 trillion rupiahs. Fintech holds a crucial role in Indonesia's economy, especially for SMEs. Fintech could help more in funding for SMEs and is projected to make Indonesia one of the largest digital economy countries in the world. Fintech is carrying a promising future in Indonesia, not to mention all the potential that Indonesia possesses right now.

Although it affects the economy and GDP growth in a positive way, Fintech is not entirely risk-free. When it comes to dealing with data, one risk that comes to mind is data protection or cyber crime. Fortunately, there are numerous Fintech companies that are trustworthy and are less likely to have such issues. To evaluate which company that can

be trusted, some variables to be considered include past performance, license, and management.

Fintech offers a better way of managing a company's financial system. However, not all companies can use the same program. For instance, FMCG companies with sales of daily goods, etc, are different from individual businesses. If a startup fmcg company wants to apply fintech in the business, there are various programs they could start with. One of them that we recommend is digital wallet, meaning by allowing customers to use e-wallet to do business transactions. When applied, Fintech doesn't affect the company's budget highly. Therefore, Fintech is a great tool to manage the financial system in a company.

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