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# Duck Nugget Frozen Food Market Analysis and Marketing Strategy as a Startup Business Plan in Indonesia

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Based on statistical data, the population rate in Indonesia reaches 4 million a year. Prominent contribution it is assumed to be the bonus for the food industry growth in Indonesia. According to, the development of food industry, specific as a frozen food increase at 7% a year. The frozen food industry manufactures specific products like sausages, potatoes, and nuggets. The ingredients of the frozen food are chicken, fish, or manufactured beef. In addition, beef favored by the majority of frozen food manufacturers. On the other hand, duck is rarely used as a food ingredient by a industry. In fact, every year the number of duck consumption is increased, so there is a chance aim to analyze marketing strategy for the duck nugget production. Accordingly, PT. BEFINDO FOOD chooses manufactured duck as the main ingredients of its frozen food production. The purpose of the business to create the biggest duck nugget manufacture in Indonesia with good quality product. In order to achieve the result, we reduce the fat amount and duck smell, and improve the production process so that this product is healthy and no cholesterol remains in the duck nugget product. PT. BEFINDO FOOD will apply Competitive Profile Matrix and SPACE Matrix to investigate position and preferred strategy. In addition, the NICE method is performed in this work together with a company. PT. BEFINDO FOOD will maintain its nugget duck sales using electronic media and cooperation with other company to analyze marketing strategy.

**Keywords:** Frozen food, Duck nugget, Sales marketing.

## 1. INTRODUCTION

Indonesia has 250 million people and have potential market share for domestic and international retail businessmen. The highest population, it's a presence of a variety of modern retailers can trigger changes and developments in new manifestations that can eventually generate new shopping styles for the Indonesian community [1]. The frozen food industry manufacturers is realize that they have to come up with new innovation in this competitive business as a instant semi cooked food industry has become the major food industry in Indonesia. There are variant products from fast food industry such as semi cooked food in packaging, e.g. nuggets, sausages, potatoes (wedges and steak fries). It's only takes a few minutes to cook before customer eats the frozen food pro-

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duct. Any packaged such as semi cooked food products are available in the supermarket or groceries. Semi cooked food system does not only easy cooking, but also contains recommended nutritional intake for children and teenagers. These age groups have main consumers of instant semi cooked food to complete the nutrition they need to do daily activities. The growth of the food and beverage industries in Indonesia is increased gradually. This fact has become the starting point for PT. BEFINDO FOOD to build food industry as its main business, specifically frozen food. The variants of instant semi cooked food are available in Indonesia such as potatoes (wedges and steak fries), sausage, and nuggets. The main ingredients of sausages and nuggets are processed chicken, beef, or fish. Frozen food business is favorable

and has a good prospective. A lot of manufacturers gain huge profit from the frozen food industry. It is proved by the number of frozen food businesses that grow rapidly, strengthen by the sales of their flagship products [2]. However, there are frozen food companies that made loss as the result of poor marketing strategy and unimproved service quality. That being said, the success of a frozen food business in making itself stand out of other competitors is determined by the correct marketing strategy and good bond with the consumers, like being responsive to their interests and what they are concerned about. The majority of consumers in Indonesia prefers the instant semi-cooked food made of processed such as chicken, beef, or fish as a ingredient is almost similar to the food they consume daily. Moreover, these ingredients are easy to cook and they have become the Indonesians' main menu. However, duck, as one of protein source, has yet familiar in Indonesian market as it contains high fat amount and cholesterol. In fact, when the cholesterol of skin-off duck is compared to the cholesterol of skin-off chicken, it is proved that the amount of the cholesterol of both ingredients is nearly similar and it is still considered healthy. Therefore, to encourage of consumers to choose duck frozen food is to reduce the fat amount and its smell. According to Chef Rendy Kongs, the executive chef of *Warung Bebek Yu' Tien*, the fat amount and smell of a duck can be reduced by boiling the duck for around 2 to 3 hours. The boiled duck along with its broth into a freezer for 1 hour will be reduce a white fat and float. By achieving consumers' satisfaction and main goal in conducting the frozen food business, every business person who plays role in this industry must be aware that the customers' happiness will attract new potential consumers. A happy customer will tell others about one's experience when using a product or service. In other words, the customers build the "word of mouth". The word-of-mouth promotion is viewed as an effective traditional marketing strategy – other than modern media – to gain more customers. Based on graphic survey provided by *Badan Pusat Statistik* (Statistics Indonesia), the number of duck consumption in Java increased from 2010 to 2016. It's indicates that duck meat consumption it was grown rapidly and becomes a favored food source. Therefore, producing frozen food with duck meat as the main ingredient seems prospective for the business. Duck meat is the least favorite food source for most consumers due to its high fat amount and smell. Therefore, PT. BEFINDO FOOD needs to develop an innovation in the food production process to reduce the fat amount and smell. Although duck meat is more expensive than chicken, it is favored as the alternative nugget to consume. Furthermore, duck is one of domestic fowls that is also considered as commodity due to its potential to lay 180 eggs per year and making an alternative poultry meat

as food source. The chart above describes that the participation rate of cooked processed meat consumption (*nugget*) is at 27.31% by March 2018. The percentage increase is at 6.98% over one year from March 2017, which is at 20.33%. The increase of Indonesians' consumption rate is the firm basis to produce duck meat nugget as the new innovation in frozen food business which is aims nugget consumers in Indonesia. In addition, there is a probability that the innovation will open new market share, in which the duck nugget is chosen as an alternative nugget. PT. BEFINDO FOOD is going to be the pioneer in duck nugget business. It's aims to produce reasonable amount of duck nugget to meet Indonesians' daily food consumption. In order to confirm that duck nugget is the emerging competitor to chicken nugget, PT. BEFINDO FOOD conducted a survey that aims nugget consumers in Indonesia as the respondent. The chart of the survey result, which was obtained from 71 respondents, describes the probability of duck nugget to be the breakthrough in the frozen food industry.

Furthermore, every company including PT. BEFINDO FOOD might find any problems related to products, marketing, and operation. One of challenges in starting this business is the lack of nugget product in the bigger market that using duck meat as its ingredients. Accordingly, the value of duck nugget might be still questionable. Usually, most consumers will go to supermarket when they want to buy variants of nugget, but there is no duck nugget there. Therefore, this is expected to be the profitable business opportunity. Some consumers might be interested in trying new variant of nugget product as they have consumed same variant all the time. Nevertheless, the available new product might not tempt enough to make them switch their preference. Here, the duck nugget will be the new competitor in nugget business as the consumers might be interested in trying new product and it is seen as alternative nugget ingredients. Therefore, "Duck-Duckan" duck nugget is expected to wider the consumers' preferences [3]. PT. BEFINDO FOOD is a company that produces processed duck meat nugget. It is made of selected duck meat with high quality standard of production and hygienic, so it results in a high quality product and safe for consumption. The address of PT. BEFINDO FOOD is on Jl. Raya Narogong Blok Pv. Timur RT.3/RW.1, Ciketing Udik, Bantargebang, Bekasi, West Java, 17153 with brand name is "*Nugget Bebek Duck-Duckan*". The brand name is adopted from an English word "duck" and Indonesian word "dadakan", which means "suddenly" literally. In this context, "dadakan" defines the instant food product from duck that is ready to cook fast at any time. The nugget product has pays attention in the amount of calorie so that it meets consumer's nutritional intake. This duck meat nugget is produced for the consumers who favor

duck nugget or duck meat lovers who are interested in consuming duck meat (see Figure 1).



Figure 1. Company logo PT. BEFINDO FOOD

Duck meat from one reliable supplier. These days, there are a lot of suppliers that provide livestock, such as duck. PT. Pokphan is known as the most prominent livestock supplier in Indonesia. Cooperation with suppliers is considered efficient to cut the cost. The company also cooperates with PT. ISM Bogasari, a company who provides the mixed raw ingredients to be processed into substances needed for Duck-Duckan nugget production, like spices, flour, etc. All ingredients are transported by container ships based on the specification of each cargo. The cooperation between the company and supplier companies that provide duck meat, spices, and flour is fundamental. The duck nugget production requires these ingredients. The challenge in the production is related to produce the duck nugget that has as natural duck flavor as possible and using the healthy and safe ingredients. It aims for the high quality product and leads to consumers' satisfaction. Consumers' contentment is one of important factors in bringing about the loyalty to a product. PT. BEFINDO FOOD is going to be the pioneer in duck nugget business. It aims to produce reasonable amount of duck nugget to meet Indonesians' daily food consumption. PT. BEFINDO FOOD it's not only focusing on the production but also the strategy to aim the wider market to distribute the Duck-Duckan nugget across Indonesia, especially the capital cities. Distributors and supermarkets like Carrefour and Giant are the suitable media to market the product. The other function of these media is to enable consumers to get the product [4]. Based on statistical data, the population growth rate in Indonesia reaches 4 million a year [5]. This fact is understood to be the prominent contribution of the number of human population. In relation to that, there is a large number of populations in Indonesia and it is potential for developing instant food industry. In addition, Indonesians favor the modern and practical food. Therefore, food and beverage

manufacturers compete with each other to create new innovation. These days, a dynamic situation in the industries has to adjust them with this condition. It is assumed that the dynamic lifestyle we have these days is initiated by the millennial who love trying new things, specifically in Indonesia. Accordingly, any food company is expected to be responsive in creating new innovation to win the market as the similar companies are also take part in the race. Hence, PT. BEFINDO FOOD creates a new innovation by producing nugget with duck meat as its main ingredient, as the alternative to other nugget products. This innovation will enable the duck meat lovers to enjoy our duck nugget, the new variant, which we name it "nugget bebek Duck-Duckan". Our product will only last for 5 to 6 hours if it is not kept inside a freezer container and does not use preservatives. Therefore, the nugget must be put in the freezer to keep it fresh. By using electronic technology such as social media is the opportunity to create the strength in the product marketing. PT. BEFINDO FOOD views it as the opportunity to build and develop a promotion media. However, the product is not only promoted using electronic media, but also cooperation with other companies. A good marketing strategy will affect the company positioning. The brand positioning built by the company is "duck nugget Duck-Duckan is appetizing, finger-licking good and textured, rich in vitamins and minerals, and wrapped in a zipped lock packaging". Furthermore, the company uses perceptual map to find out the company position in the instant frozen food industry. The perceptual map is also useful for the company to build consumers' perception about the product.

## 2. METHODOLOGY

The number of consumers who prefer duck meat in every area across Indonesia is increased. It is the opportunity for PT. BEFINDO FOOD to start the business, supported by professional marketing management to aim the market share. The company uses high quality standard duck meat as the main ingredients of duck nugget product, and it is processed with standardized raw ingredients. The raw material is processed using the production machine to make the duck nugget. Accordingly, PT. BEFINDO FOOD will maintain its product quality to keep it stand out among the competitors of similar business [6]. In order to analyze the competitors of semi cooked nugget business, we apply Competitive Profile Matrix (CPM). This instrument is applied in the input stage. Competitive Profile Matrix shows clear description of both the strength and weakness points of the company compared to the competitors. The analysis of competitive profile matrix is based on assessment of critical success factor. Here, each factor is assessed in the same scale for every company. Furthermore, the rating is varied to enable the comparative

analysis. To identify the strength and weakness of the competitors of PT. BEFINDO FOOD, in relation to their strategic positioning, then PT. JAPFA and PT. MALINDO FOOD were chosen as representative samples of the competitors [7]. Table 1 shows the sample analysis from PT. BEFINDO FOOD, PT. JAPFA and PT. MALINDO FOOD (see Table I).

Table I. Competitive Profile Matrix

Critical Success Factor	W	PT. Befindo Food		PT. Japfa		PT. Malindo Food	
		R	S	R	S	R	S
Innovative product (marketing aspect)	0.3	3	0.9	3	0.9	3	0.9
Applying digital marketing (marketing aspect)	0.2	3	0.6	3	0.6	3	0.6
Production process with high quality standard (operational aspect)	0.2	3	0.6	3	0.6	2	0.4
The company is registered on official records of the Ministry of Industry (human resource aspect)	0.1	2	0.2	3	0.3	2	0.2
The company has a concrete plan to develop human resource (human resource aspect)	0.1	2	0.2	2	0.2	2	0.2
The company has specific accounting software (financial aspect)	0.1	3	0.3	3	0.3	3	0.3
<b>TOTAL SCORE</b>	<b>1</b>		<b>2.8</b>		<b>2.9</b>		<b>2.6</b>

where, W, R, and S stand for weight, ranting and score, respectively. Here, the Positioning Strategic and Action Evaluation matrixes are applied by a company to determine which strategy to be taken. There are separated into four quadrants framework in the matrix that consists of conservative quadrant, aggressive quadrant, defensive quadrant, and competitive quadrant (see Figure 2). It can determine which one that is most suitable for the organization. There are horizontal and vertical axes in the SPACE matrix. These axes depict both the internal and external dimensions of a company. Internal dimensions consist of financial strength (FS) and competitive advantage (CA), whereas external dimension consists of environmental stability (ES) and industrial strength (IS). The result obtained based on the calculation of the matrix above is described as follows:

Axis X = the average score for CA + the average score for IS  $(-2.75) + 3.25 = 1$

Axis Y = the average score for FS + the average score for ES  $= 4 + (-4.75) = -0.75$

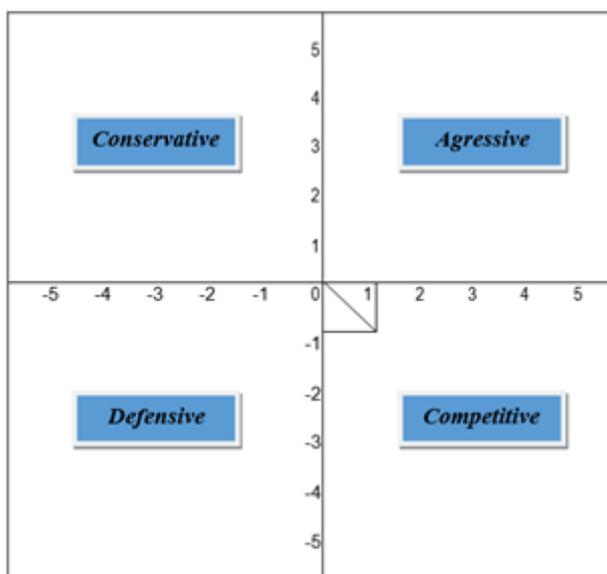


Figure 2. Four quadrant framework business SPACE Matrix PT. BEFINDO FOOD

The vector of this particular SPACE matrix shows us that PT. BEFINDO FOOD is heading to the *competitive quadrant* (bottom right). It tells us that PT. BEFINDO FOOD applies some strategies. First, *backward integration* is a marked by the establishment of corporate owned duck farming. Second, the *forward integration*, which is manifested in the corporate owned retail shop called Befindo Store. Third, *horizontal integration* is implemented in the company acquisition. PT. BEFINDO FOOD takes over PT. Serafood that produces nugget with the brand called Hato. Fourth, the *market penetration*, which is related to marketing strategy by creating company website and social media accounts to promote the duck nugget product. Fifth, PT. BEFINDO FOOD develops as many as retail shops to reach wider market share. This strategy is called *market development*. Sixth, PT. BEFINDO FOOD focuses on *product development*, which is producing variants of Duck-Duckan duck nugget flavor [8].

3. RESULT AND DISCUSSION

The analysis result of the competitive profile matrix of the nugget business tells us that PT. BEFINDO FOOD can compete effectively with other brands of similar companies that have been known in public. The reason of the duck nugget by PT. BEFINDO FOOD offers high quality product that is implemented in its zipped lock packaging and attractive logo. In addition, this competitive thrive can be observed through marketing process of the product. PT. BEFINDO FOOD is not only apply direct selling to the customers, but also implements the key drivers in sales marketing strategies that consist of sales effectiveness, definers, shapers, enlighteners, excitors, and controllers (see Figure 3).

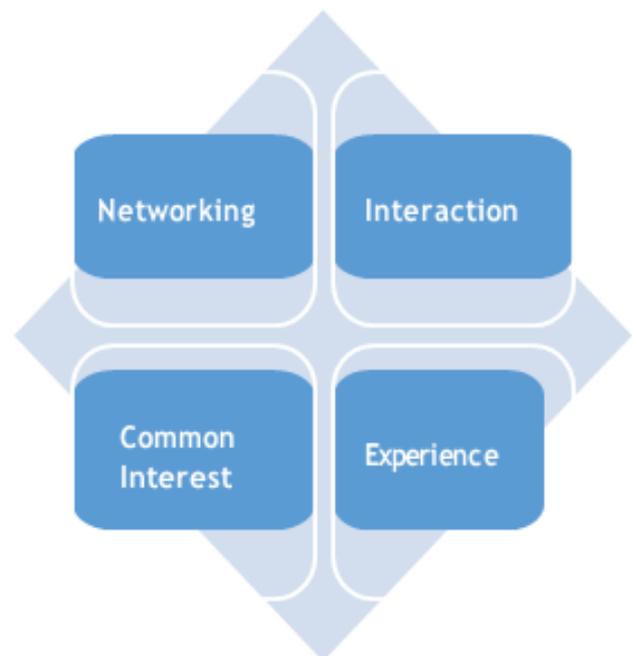


Figure 3. Networking, Interaction, Common Interest, Experience in PT. BEFINDO FOOD

*Networking* is defined as socioeconomic business activity, in which a group of businesspersons attempt to identify, create, or act upon a business opportunity. Business networking is a type of social networking that allows a group of business persons to establish mutual partnership in business. There are some prominent businesses networking organizations that create a specific networking model activity which is it enables a business person to build a new business partnership and would come up with a business opportunity at the same time. A professional networking service is an implementation of information technology to support the establishment of a business network. Many business persons believe that business networking is a more effective method with low cost in order to establish new business opportunities than the use of advertisement. The reason of that is, the business networking is an activity that involves more personal commitment than organizational commitment. A business networking can be established within a local business community, or, on a large-scale, through internet. A lot of business networking websites has been grown in recent years due to the internet's capability to connect people across the countries. Internet-based companies frequently create *lead* business to be sold to larger companies, and to obtain sources of data. PT. BEFINDO FOOD has established mutual relationship with the prominent retail industries in Indonesia such as Alfamart, Indomaret, Giant, and Carrefour (see Table II) .

Table II. List of retail industries partnering with PT. BEFINDO FOOD

NO.	COMPANIES	OUTLET	CATEGORY	SHIPPING	DC	TOTAL NUMBER OF EACH OUTLET
1	Hero Supermarket	Giant, Hero	Ekstra, Ekspres	DC, Direct	3%	100
2	Indomareo Primastama Tbk	Indomaret	Minimarket	DC	3%	15,528
3	PT. Sumber Alfaria Tjaya, Tbk	Alfamart	Minimarket	DC	3%	13,522
4	PT. Sumber Alfaria Midi Utama	Alfamidi	Minimarket	DC	3%	1,478
5	PT. Continental Indonesia	Carrefour	Transmart	DC	3%	25
6	PT. TransMart	Carrefour	Express	Direct	3%	20
<b>Total number of listed outlets</b>						<b>30,673</b>

Data processing was performed on 202 questionnaire data, Mahalanobis Distance and multicollinearity were used for data cleansing through SPSS. The result shows 6 data that are declared as outliers and cannot be used. Thus, the processing data only processed 196 to obtain the result.

#### A. Interaction

The importance of interaction or communication is one of the key factors that determine the success of business' growth. PT. BEFINDO FOOD must be able to generate mutual relationship with the suppliers, distribution channels, customers, and to build internal interaction with the employees of every division. Furthermore, the communication with customers, in terms of providing good quality of customer service, is viewed as the most important aspect of interaction. The customer is the foundation of the PT. BEFINDO FOOD's success. It is related to the customer's satisfaction as a result of mutual interaction that is maintained between the two parties to

grow and widen the potential customers. The first interaction through to the website it's contains information about the products and services provided by PT. BEFINDO FOOD. There are at least four advantages of interaction by using the company website. First, the website enables the company to keep introducing its profile in 24 hour in 7 days non-stop, so people will recognize the company and its business it's immediately. Second, the company can establish reputable images, like trustworthy and professional. Third, the website can be useful for the indirect selling in order to gain large number of consumers. Fourth, the website enables the company to find out new business partners like investors, vendors, and suppliers to build mutual cooperation. The second interaction is through salesperson. The salesperson is the pivotal role of every company. Therefore, the first job desk is to find out any databases that fit in the company's target market. Then, the salesperson makes a phone call to arrange the meeting to convey the presentation. Next, as the schedule has been set, the salesperson will do a presentation to introduce PT. BEFINDO FOOD. The last step, the salesperson will send a follow up 3 days after the initial presentation until the deal happens.

#### B. A Common Interest.

The common interest term here refers to similar interests between consumers and salespersons that may carry financial value or price from product both parties. It might be manifested through the emotional bonding between the consumers and salespersons to achieve similar interests. The main dimension of common interest is to the extent to which the established cooperation can be effective and efficient in order to meet both the consumers and the business. Take for example; it can be carried on by giving discount, alternatives of paying method, and payment schedule.

#### C. Experience

One of the strategies applied by PT. BEFINDO FOOD is implemented technique design in the product packaging as a means to deliver customer experience specifically their emotional bonding upon the product. Duck nugget does not a familiar daily food product. Therefore, the availability of duck nugget by PT. BEFINDO FOOD will offer an alternative. In order to deliver the customers' emotional bonding, PT. BEFINDO FOOD does an in-depth research on potential future customers' desire so the upcoming product is getting familiar for them. This company does not present the zipped lock packaging innovation for the Duck-duckan nugget, but being thorough in the nugget's taste, texture, and aroma. In addition, Duck-duckan nugget has including tomato sauce and chili that can be added when serving. These supplementary are viewed as the product differentiation, so the company has added value.

The main purpose of above mentioned strategy to satisfy the customers. Moreover, by applying the strategy the company can envisage the probability of the repeat order upon Duck-duckan duck nugget. Furthermore, it is expected that the customers will recommend the product of PT. BEFINDO FOOD to future customers telling them more about the quality. The customer loyalty have important role for the company during maintain its customers, then it will increase the financial performance of the company and it helps the company to maintaining business continuity.

#### 4. CONCLUSIONS

Building networking is fundamental in order to increase the selling. In addition, the effective and efficient communication or interaction within the networking is one of the factors to develop the business. PT. BEFINDO FOOD must be able to maintain mutual relationship with the suppliers, distribution channel, customers, and also the relationship with their employees of every division. Furthermore, the communication with customers, in terms of providing good quality of customer service, is viewed as the most important aspect of interaction. The customer is the foundation of the PT. BEFINDO FOOD's success. It is related to the customer's satisfaction as the result of the mutual interaction that is maintained between the two parties to grow and widen the potential customers.

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