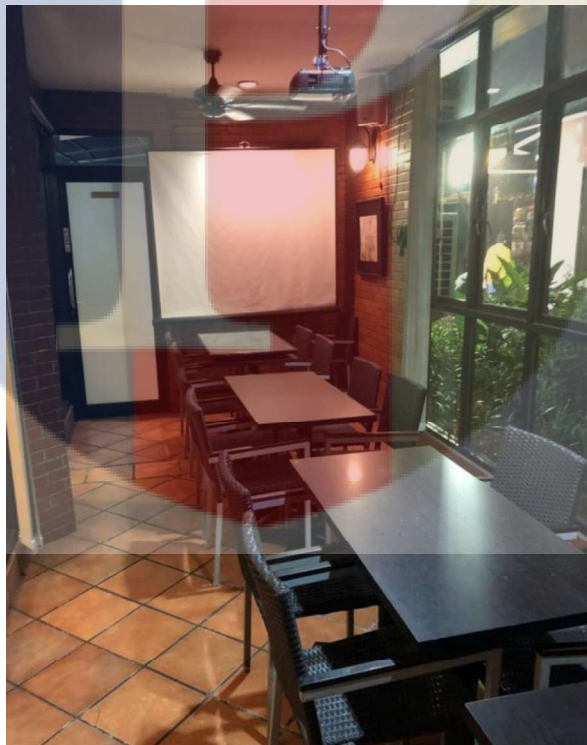


## CHAPTER 3

### Marketing Plan

#### 3.1. Business Description

Pappajack is a café that sells food and drinks which were originated from the culture of Malaysia, where it also apply some modern classic live music performance with modern and convenient design. Pappajack now is still developing and not long ago on 18 October, 2018 has opened the 31<sup>st</sup> outlet in Wisma AKR Building and will continue to develop and innovate to expand more. Some value added that our competitor doesn't have are VIP room, arcade machine, live music and variety of menu choices.



*Picture 3. 1. :VIP Room*

*Source: Pappajack elaboration*



*Picture 3. 2. :VIP Room*

Source: Pappajack elaboration

Our VIP room have facilities such as a projector for people to have a meeting and presentation. No restriction on smoking. On request it could be turn into a birthday party room which can be decorated as the customer request. Soon it will be complete with a karaoke facility



*Picture 3. 3. : Arcade Game*

*Source: Pappajack ellaboration*

Our new arcade game is designed for people that are spending a long time in Pappajack whether its for work or meeting. This is a new idea so it could attract more value when people visit Pappajack. We analyze that many co working places are now opening in office tower, which means more value is needed to maintain our loyal customer.



*Picture 3. 4. : Live Music*

*Source: Pappajack ellaboration*

Live music every weekend as one of our concept to attract customer, as customer could request what kind of song they want to be sung by the singer. There will be a different singer every weekend so people will not get bored. This applies every Friday until Sunday only.

## **3.2 External Environment Analysis**

External environment analysis is the primary study and analysis of macro-environmental forces, industry analysis and competitor analysis in the aspect of a business's growth. For analysis of external environment (David 2011) implied that, the best method is PESTE analysis because the analysis is very detailed and accurate to detect the external threats that might affect the stability of businesses.

### **3.2.1 Political**

According to experts (Ahmad 2007), he implied that the economic politic in Indonesia give a great impact to ongoing businesses by various new rules in which it might impact the import of base items for Pappajack. This is due to the fact that some of Pappajack's base ingredients are still imported from overseas. For example, the coffee beans and some of its raw noodle are currently still importing from Malaysia. There is a tax increase or a new rule about importing that is applied, so we must be prepared in order to create a more sustainable business.

### **3.2.2 Economy**

Based on the LSI in the year of 2017, Indonesia's economic growth reach 5.07% compared to last year. It implies that the citizens' spending will increase, so the percentage of people going to a café that will eat has increase as well. Based on the research paper made by David S.S (2008), it implied that the greater economic growth, the greater potential a country has. Thus, a business succeeds more in the culinary business because people tend to spend more on good food than a good wallet, according to his research on Jakarta. For example, based on real case like Pappajack, a higher exchange rate between IDR and USD could affect us as our

ingredients are based from countries outside of Indonesia. When dollar price goes up, our profit will be slightly reduced due to the fact that our cost will also increase (cost of goods sold or COGS).

### 3.2.3 Social

As our population kept on growing based on the chart below, which means that a new group of people's needs will be needed as variety of people like different products. For example, some people may like soft, healthy food, while others could like crunchy and savory fast-food. Pappajack is one of the solutions of those consumption needs which are targeted for a middle-class category. Middle class category is one of the most potential market as their habit tends to eat outside rather at home especially during working hours.

Population, Rate, and Density Population  
According to District/City, 2016-2017

District/City	Population		Rate of Growth		Density	
	2016	2017	2016	2017	2016	2017
Kepulauan Seribu	23,616	23,897	1.18	1.19	2,714	2,747
Jakarta Selatan	2,206,732	2,226,830	0.96	0.91	15,621	15,763
Jakarta Timur	2,868,910	2,892,783	0.88	0.83	15,258	15,385
Jakarta Pusat	917,754	921,344	0.39	0.39	19,068	19,143
Jakarta Barat	2,496,002	2,528,065	1.32	1.28	19,268	19,516
Jakarta Utara	1,764,614	1,781,316	0.99	0.95	12,032	12,146
DKI Jakarta	10,277,628	10,374,235	0.98	0.94	15,517	15,663

Source: Projection of Population Census Population 2010

Jakarta in Figures 2017

### 3.2.4 Technology

Currently, technology has also play an important role to increase the revenue of the current Pappajack. For example, Go-food which means that customer is not required to go to the outlet to eat but they can simply sit at home and order. This is why the impact is positive due to the improving technologies. The negative side is the competition is far more complex because the rivalry will be expanded not only in the nearby area but the whole Jakarta, which means that a quality to preserve the food while on delivery must be noticed to be able to compete with another cafe. For Pappajack, it is also important to keep updated to follow the trends especially with the use of social media, like Instagram, which is used by everyone in their variety of technology.

Social media in this era is a great way to advertise the product you offer or sell, which implies that technology now play an important role of advertisement, due to the fact that it is much cheaper than the advertisement on TV or public banner. For example, an online ad on Instagram can be set to target the suitable market and people, which makes advertisement with a less cost, but more effective and more targeted. During this era, people tend to use social media more other than any platform, which means its great for brand recognition also.

### 3.2.5 Environmental

Environment is also important due to the fact that a good café must have a great fresh air area in the outdoor so people would feel comfortable. On the other side, there are a lot of café that are willing to pay extra costs for those places, which makes the price of some specific space ridiculously expensive. According to Alma

(2014), cafés that have a great fresh space would more likely attract more attention to potential customers. He stated that cafés that have a great space has a 87% success rate to make their business sustain in the long run even with an average food service.

### **3.3 Industry Analysis**

#### **3.3.1. Porter's Five Forces**

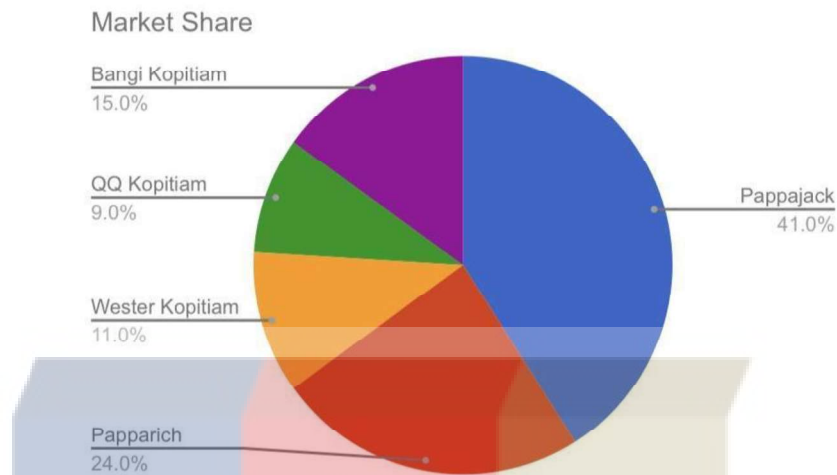
##### **1. Threat of new entrants**

The threat for a new entrant is low due to the fact that the capital to open a restaurant in Jakarta is not cheap, which is why it's not easy to start a new restaurant and expand especially in the café section, where taste and service is not guaranteed for new entrants. Due to that, it is extremely important to satisfy the current customers, so they will not go elsewhere to find the satisfaction they need. Not to mention the limited space we have in Jakarta, which lead to a high fixed cost to enter into the industry.

##### **2. Industry Rivalry**

Pappajack as a café in Jakarta do have a lot of competitor: Bangi kopitiam, QQ kopitiam, Western coffee, and Papparich. For example, with Papparich which have a very similar name, food, concept and environment, it's very important for Pappajack to keep making a continuous innovation so we will be able to survive in the rivalry and competition.





Picture 3. 5. : Graph Of Market Share

Source: Personal Data

### 3. Threat of substitute

Recently there is a place called co-working space that is at 25<sup>th</sup> floor of APL tower that might substitute Pappajack as their price range is lower than Pappajack, has a more comfortable place, and a stronger wifi. However one of the cons is that they don't supply food, which means the place have its own pros and cons for now. Not to say that in the future, this could be a substitute for professionals that wants to work with a wifi and comfortable place as they provide free drinks also and no time limit with just a single payment. This could affect Pappajack greatly, which is why more value added must be implemented in the future to compete with new competitors that are continue developing

### 4. Bargaining power of suppliers

Due to the fact we have various of suppliers (not only one wholesale) to supply our base ingredients, we assume that it's not a threat. If ever the supplier has

a problem, there will always be a market to fulfill our base ingredients, but it may just cut our COGS by max 2-4%.

#### 5. Bargaining power of buyers

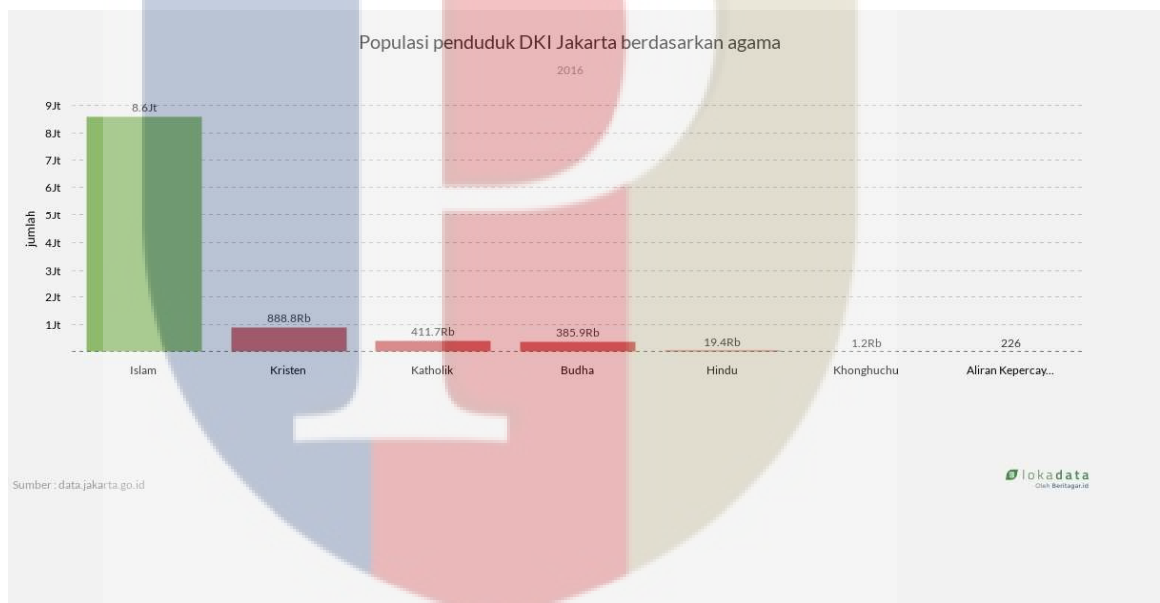
Due to the pricing competitiveness, common foods that usually exist in other restaurants like fried rice would need to be upgraded. This is why it's important that our value added is being implied. Additionally, the service must be fully maintain as well as our base fresh ingredient to separate us from the lower market. The bargaining power of buyers is big due to our pricing is above standard price, which is why our taste must have above standard ratio. Not only the taste but the confines and freshness of the surrounding environment must also be balance to give the experience as good as possible and to compensate our price. This is why feedback is important to help us realize which needs to be improve. For example, the VIP area which are being implied in this final project is based on the questionnaire and customer feedback. This is why now our branch, which is located near an office building, will have a private VIP room for more satisfaction service.

#### **3.4. Segmentation**

Pappajack offer a comfortable place to hang out or work with a very affordable price among professional and mall visitor. Pappajack currently are preparing to expand with the intention to get more brand recognition. With the use of segmentation research, Pappajack could make the perfect plan on which target segment fits the surrounding areas.

## 1. Demographic segmentation

Pappajack sells food and beverage that are affordable in Jakarta lifestyle. In general, in terms of income, Jakarta is segmented into middle to high class. While gender and race doesn't affect Pappajack's customer segmentation. Pappajack is now targeting a lower price range so a new target segment for middle to below could be achieved. One of the most important thing to maintain is our HALAL certificate as this is important, because majority of people in Jakarta eats halal food. To avoid any religion issue, Pappajack is 100% halal as we are aware that the majority in Jakarta are Muslim.

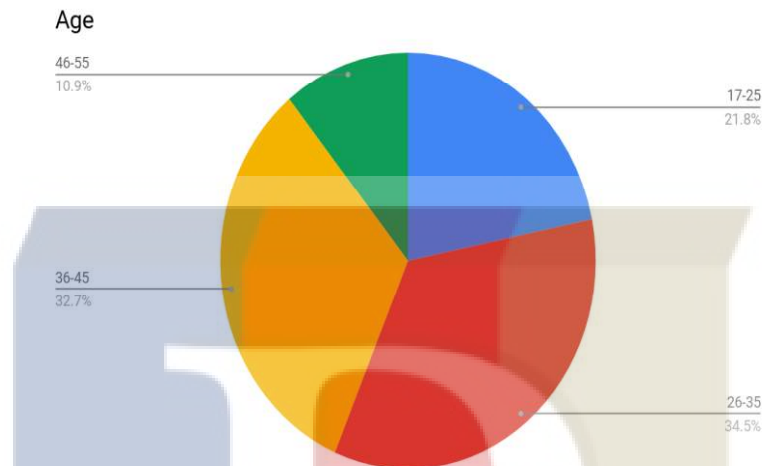


Picture 3. 6. : Religion graphic

Source: Toko Data

According to this chart, we could see that the majority consumer in Jakarta without any doubts are Muslim, which means a halal food is required and need to be maintained. We realize that by creating a menu that is not halal, and it was not

as profitable because most of the consumers are Muslim, which is why our innovation in menu is all Halal to avoid any religion issue.



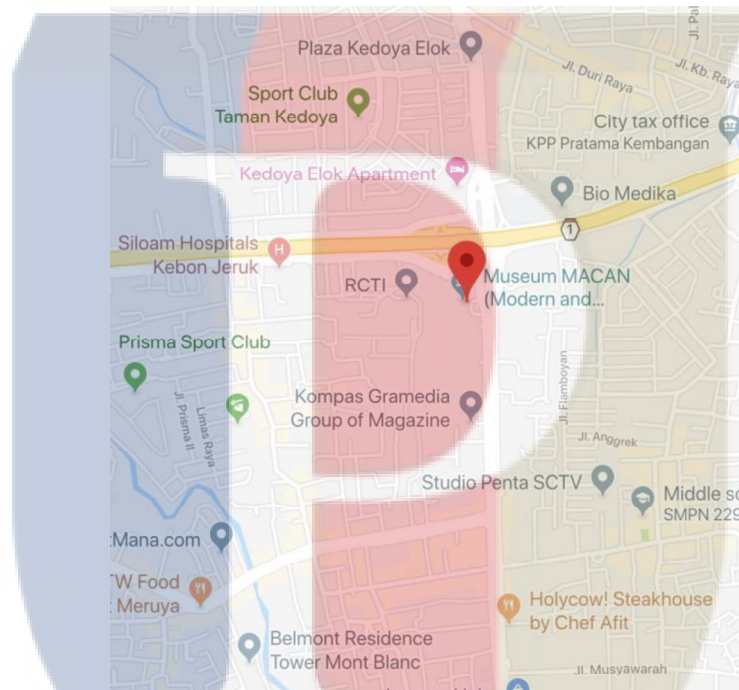
*Picture 3. 7. : Age Graph*  
*Source: Personal Data*

The customers' preference regarding the menu, place, and price varied over the age range. Younger people at the age of 17-25 years old would want a fairly cheaper price fast-foods in a comfortable and entertaining place. On the other hand, the people at the age of 46-55 would prefer enjoying a simple light meal that is healthy even with a slightly higher price, but it should be a relaxing and friendly environment restaurant.

## 2. Geographic segmentation

Pappajack is a cuisine that are intended for local Jakarta consumer to enjoy. This is the reasons that our recipes from our origin is modified to fit the taste of local Jakarta people. To fit with our strategy, our 1<sup>st</sup> implementation for expanding is in Wisma AKR which is near a museum and office tower. This is the most

strategic place as we get both target consumer from people that go to the museum and professionals that work daily in the office tower. Not to mention our place is near the lobby area in which people will pass by everyday before they go to the museum or office. Seeing a good result, we are currently in process to open at Pondok Indah Mall at Food Gallery replacing Excelso.



*Picture 3. 8. : Maps*

*Source: Google Maps*

For instance, the map above shows the location of Pappajack in Wisma AKR Building with the red indicator. Within the 5 km range, it could be seen that the customers that would come to the restaurant include workers from AKR Tower, RCTI, City Tax Office, Kompas Gramedia, Bio Medika, Studio Penta SCTV, patients from the Siloam hospital, or sportsman from the Prisma Sport Club. There is also an art space in the same building Pappajack is located which is called Museum Macan, which implies that visitors could also have a meal beforehand or

afterwards in Pappajack. This shows the geographic segmentation that Pappajack AKR Building is strategically located. Those people are most likely to be attracted to dine in Pappajack because it's near, fast in service, and deliciously made to serve customers' specific desires.

### 3. Psychographic segmentation

The physiographic segmentation for Pappajack is towards people that want enjoy a great food taste with a comfortable place. With the increasing of middle income society, pappajack is becoming one of the most favourable place. accompanied by a wifi and a VIP place for professionals to have a meeting or work while enjoying food and drinks. We are aware that our competitor doesn't have a vip room, like papparich that is why this will become a strategy for Pappajack to take the opportunity to meet the people needs.

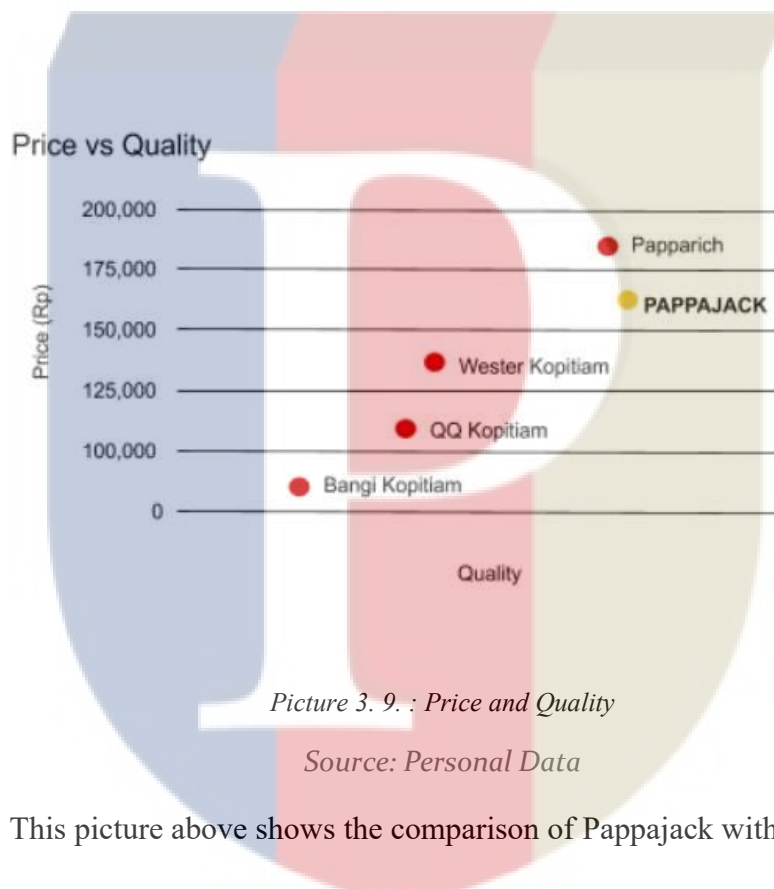
### 4. Behavioural segmentation

For now based on our staff interaction with customer, customer that visit always ask for a optional vip room, especially those near an office tower. They also requested a more basic menu for example, an Indomie and a burger. Seeing this opportunity we decide to create a menu based on the recommendation we receive form our loyal customer. Which is why after we implement it for few months the result were amazingly above expectation.

## 3.5 Positioning

Pappajack is a cuisine that offer great food variety with a comfortable environment for enhancing and maximising the customer satisfaction and experience in the restaurant. One of our value added is that every table has its own

electricity socket which means, people don't need to be in a certain spot for their electricity socket. Thus making Pappajack one step above them. Taste is also one of our attribute to compensate the higher price we set among our rival in the industry. We bring a Malaysian food to Indonesia and enhance its taste to suit Indonesia people.

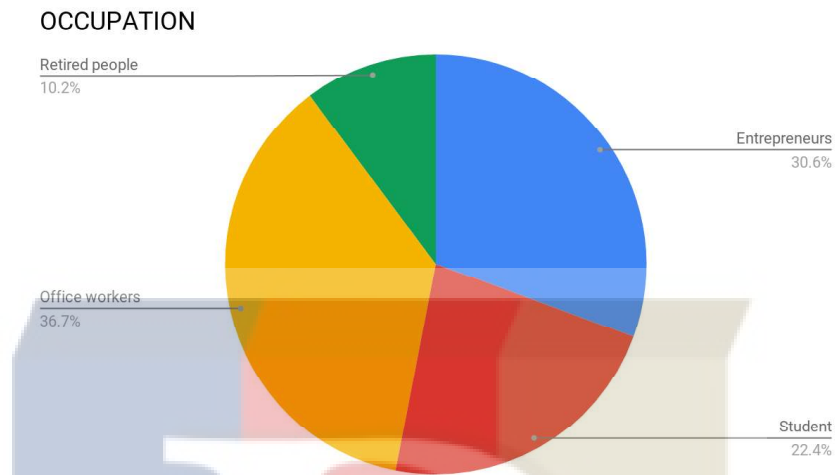


Picture 3. 9. : Price and Quality

Source: Personal Data

This picture above shows the comparison of Pappajack with its competitor. In terms of price, Pappajack could attract a middle and high class people. In terms of quality, Pappajack is quite a few steps above competitors due to various facilities that others cannot offer.

### 3.6 Targeting



*Picture 3. 10. : Targeting Graph*

*Source: Personal Data*

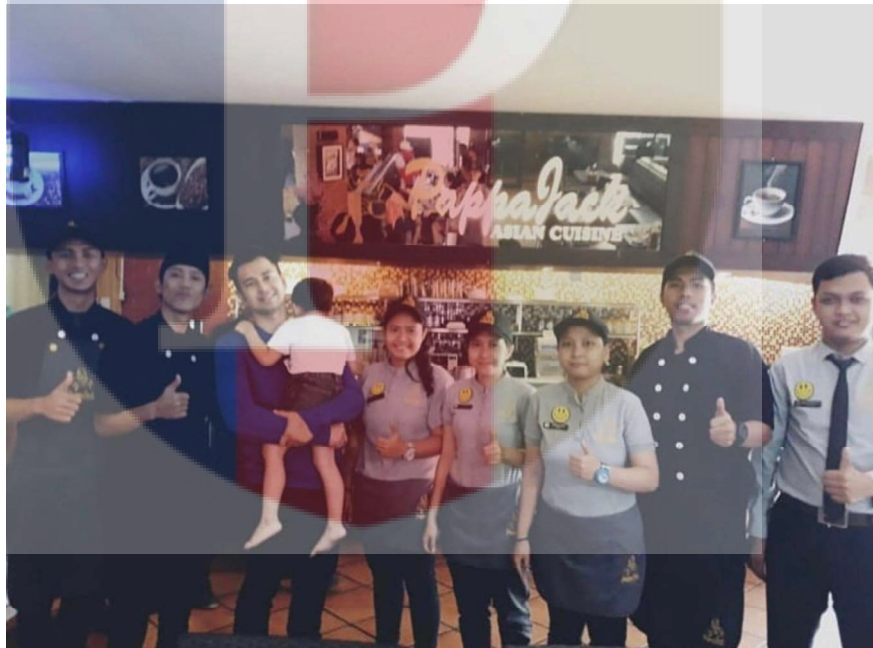
Based on the survey conducted Pappajack is a middle class restaurant which specify for various purposes. The survey was conducted by our manager in Pappajack outlet which he brings a personal note and ask question to corresponding customers limited to 200 samples. This is why the customers that come dine in the restaurant vary from their backgrounds .As seen on the picture above our customer are mostly from entrepreneurs and office workers in which they like to do meetings, gathering, and hang out at a cafe-like restaurant. They are usually middle class income earners as many other office workers income.



### 3.7. SWOT Analysis

#### Strength:

1. We have good brand awareness as many actresses in Indonesia have visit us and those were documented in our official Instagram page.
2. Have a private space for meeting and gathering
3. More variety of menu compare to competitor in the market
4. Fresh ingredient
5. Taste that are made to suit the taste of Indonesian, while others mostly still use their original recipe.



*Picture 3. 11. : with famous artist*

*Source: Pappajack Instagram*

Weakness:

1. Price is higher compared to rivals
2. Portion of the food which are lesser than our competitor
3. Our promotion is not good enough
4. Not enough variety of snacks as competitors have right now

Opportunity:

1. Create a VIP room so they can hold a private meeting in a room
2. Makes a various traditional snack to feel the gap of complain
3. Expand overseas or in other cities
4. Create a menu so people get a variety of choices

Threat:

1. Newcomer with similar name

Based on the analysis, our rival, Papparich, is currently making a huge promo to attract customer. In order to keep Pappajack sustainable, we would like to make an innovation that will adapt to the market and also listen to customer's complaint through questionnaire that we hope can satisfy the customers. Papparich has a very similar menu to Pappajack, even has a very similar design to Pappajack, which is why brand recognition is very important, so people don't get confused with the similarity of name.

## 2. New café

Based on the cafés that keep appearing at Jakarta, competition are getting more intense because promotion, price, service and food taste become people's attention while picking the place they want to visit. As a result, as the current café owner, we must always innovate and makes a new menu/trend so people will still get the interest to visit routinely to Pappajack.

## 3. Co Working Space

Co Working Space is Coworking is a business services provision model that involves individuals working independently or collaboratively in shared office space. They offer their spaces to provide customer with equipment, space and services that they could use to work. Which is a threat as the price they offer is 60k rupiah for 6 hours which include a WIFI. Which is why we are going to innovate a vip room to compete

### **3.8 Marketing Mix**

Based on the marketing mix analysis writer will create a business plan that will be implanted in Pappajack,

#### A. Product

Pappajack is a traditional Malaysian cuisine that are adapted to Indonesian recipe to suit the taste of fellow locals. So far, our product suits well with local, based on the survey we conducted at our own café. For example, the fried egg noodle we have is the favorite among customers. Not only it has the perfect texture, but it also has a fresh ingredient that makes a value added to our product. However

as time goes by, people need something new so they would not get bored with our current menu. Starting January 2019, Pappajack has added new menus like Indomie with fried sausage, fried dumplings, fried spring rolls and chicken popcorn, which are intended to give something new to our customers.

## B. Price

Price is one of the most important factors as its very competitive in Jakarta market, not to mention the promotion war from Credit cards, gojek, ovo and it's in house promotion. Pappajack's price is currently higher than our competitor but still affordable for most middle-class people. Based on the survey conducted, usually people spend around 80k - 100k included with drink per person, while for our competitor, it will be around 75k-90k, and not to mention the various promos that they have offered. Nevertheless our strength is in the comfort and private space (not to close with someone else's table) you could have. For example, even in Starbucks, there will only be a certain place that has electric socket, but in Pappajack, every seat has its own electric socket, which means people don't need to scramble for an electric socket. Our value added is not only on the comfort, but also in the taste, people tend to compliment our taste, which means that the price justify the price gap that our rival has. Based on the analysis, we are strong enough to compete with their price as our higher price is justified by many other factors. However in this final project, writer will make a promo that potentially could make the price even more competitive then our current rival that have a gap between Rp 10-20k for food and drink at lunch/dine.

### C. Place

Pappajack is designed to not only for teens to hangout but also for professionals, which is why Pappajack tend to open its outlet near an office tower, but in the same time, it has also opened near shopping malls. For example, our outlet in Pacific Place Mall has reach the target market that we want to attract. Due to the positive response we get by the implanted targeted market, we start to open new branches based on the place that can meet our targeted market like Soho and Plaza Mandiri. Our next target is to open at Wisma AKR and Pondok Indah Mall, which are currently under development. The value we get by having an outlet near an office tower is that a lot of order come not only when people visit, but also the delivery to a certain office tower.

### D. Promotion

Promotion is a way for companies to attract customers buying their products. A few things that Pappajack did was an online ad through Instagram. Pappajack can decide which target consumer that need to be achieve during the promotion. Apart from ads, Pappajack also do a food promotion during 3-6 PM, which is usually a quiet hour with less customer. This means that Pappajack will be giving a free drink (coffee) for any product that customers buy. We also implement a morning menu promo to attract customers that are willing to do breakfast at our place, like the 10k (dim sum) promo for every dim sum that is available during the day. Moreover, a billboard board was also one of the promotions that has been implemented so people will be aware that Pappajack is inside the food complex.

Surprisingly, the promotion implemented was a high success and affected the overall sales of Pappajack.

Promotion List	Date	Achieved/Unachieved
with bank BCA and BNI	20 Jan	achieved
10k dimsum	14 Feb	achieved
buy food, get free drink	12 Mar	achieved
banner promo	14 Mar	achieved

### 3.9 Business plan and development

#### A. New menu variant

Pappajack had planned to make a new menu so returning customer have something new to order and doesn't get irritated or bored with the current menu we have. Based on the interaction with our customer, our server told us that they want something new on the menu as our returning customer complained. This was proven among other outlets too, which is why we are inventing a new menu so the customer satisfaction could be fulfilled. After further discussion, we decided to implement the new menu at the beginning of March 2019.



Picture 3. 12. : New Menu



Picture 3. 13. : New Menu

## B. Promotion

Pappajack currently lacks the promo needed when compare to its competitor, which is why now we are going to improve our promotion strategy to be able to compete with its current competitor by giving a promo that is exciting. First, promo that is being implemented currently is during a quiet hour 3-6 PM, which is for every food you buy without exception, any variant will get a free coffee or iced tea. Not only that, our outlets that are close to an office tower also offer an early breakfast package menu, from selected dim sum that cost only 10k rupiah excluding coffee or 15k rupiah including coffee. We also have a new promo with

OVO that will make customer have 10% cashback. To expand more on promotion, we also make an exclusive membership card for people who spend 5 million within the range of 1 month. The benefit of this card is whenever people come back to Pappajack, they will have an exclusive discount of 10% and a free 1-hour VIP room without any charge. This card expires in a year, but during the next year if people want to extend the card, they only need to spend 50% of the total amount before which is 2.5 million. By credit card, we also expand our promotion by working with several banks such as HSBC, BCA, CITIBANK and MANDIRI. Though HSBC and Citibank are being implemented starting march 2019, BCA and Mandiri are still in progress of negotiation.



Picture 3. 14. : Promotion





*Picture 3. 15. : Promotion*

### C. Advertisement

Pappajack had plan to make a billboard in certain mall and food complex to make awareness that Pappajack is inside the mall / food complex. Not only billboard, but currently our staff are also giving brochure of promotion in the entrance of malls or food complex, so people will be aware over the promo that we might offer. For online marketing, we use Instagram ads to make more brand awareness towards Pappajack. The goals is to let people see our promo and the menu we offered.



*Picture 3. 16. : Billboard Advertisement*

#### D. Development

Pappajack planned to make several new outlets which includes Wisma AKR, Pondok Indah Mall and Transmart Cikokol. So far, the realization that has been achieved are the new outlets in Wisma AKR and Pondok Indah Mall, which are operating right now. While pappajack will keep expanding, we have a new concept of a VIP room that includes a project monitor and speaker for a business meeting. Currently our outlet at Flavor Bliss Alam Sutera and Wisma AKR Kebon Jeruk have implemented that, which have a very positive outcome for the few months after we implemented the idea. We believe that a higher customer

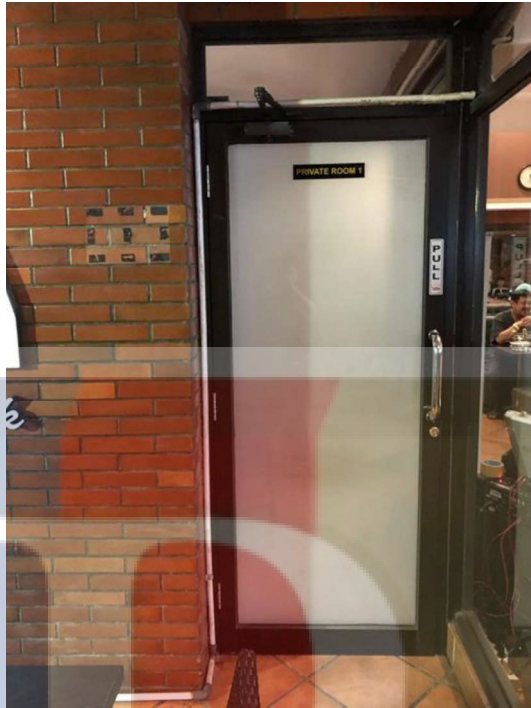
satisfaction will lead to a better royalty toward our brands. The VIP concept was based on the customers survey that are being spread among outlets through the conversation between our staff and customer directly.



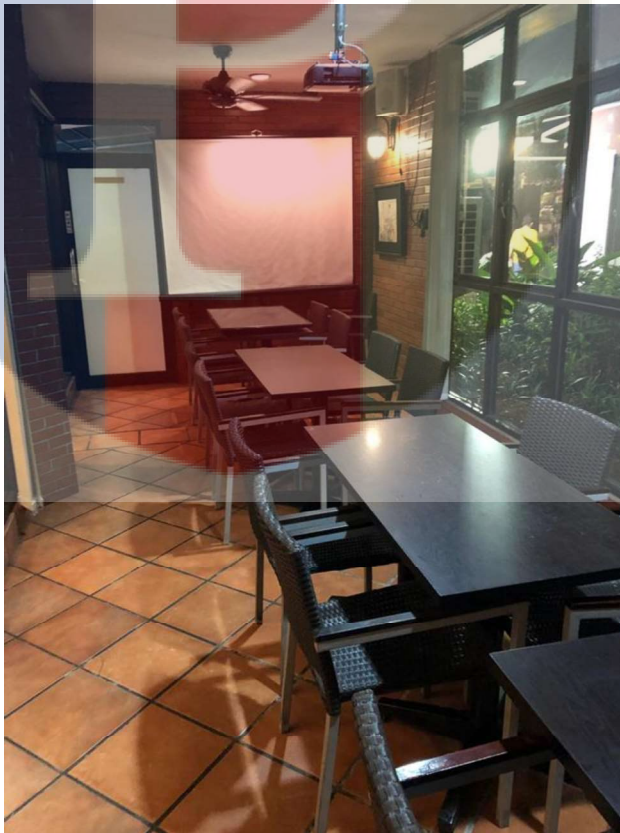
Picture 3. 17. : Grand Opening



Picture 3. 18. : Grand Opening



*Picture 3. 19. : VIP ROOM*



*Picture 3. 20. : VIP ROOM*

#### E. Delivery Partner

Before Gojek was around, Pappajack have developed its own delivery system, but with gojek now, we could make more profit with less cost rather than our own delivery method. After several discussion we are finally on GO-FOOD which makes people easier to order. However, with our new partner there will be a set of new standards on packaging that's need to be implanted towards our customer.

1. Make sure the food is well tied so it won't fall during the deliver process with Gojek.
2. To ensure the same menu was given according to the order received.
3. Cashier must give transaction slip to Gojek drivers.
4. Extra training if paid by Gopay system.

### 3.9 Financial Plan

#### 1. Income statement

Table 3.1 Income Statement

Pappajack Income Statement January-June 2019			
Revenues			
	Sales	7,800,000,000	
	Cogs	3,224,000,000	40% Margin
Total Revenues		4,576,000,000	
Expenses			
	Salaries		194,000,000
	Rent expense		318,000,000
	Depreciation Equipment and Building		113,000,000
	Utilities expense		316,000,000
	Advertisement expense		119,000,000
	Total Expense		1,060,000,000
	Income before tax 10% PB1		3,516,000,000
	Net Income		3,164,000,000

Source: Pappajack Data

## 2. Cash flow

Table 3.2 Cash Flow

Pappajack Cash Flow			
	Year1	Year 2	Year 3
Cash on hand	2,500,000,000	3,555,000,000	3,552,000,000
Cash sales	15,600,000,000	18,720,000,000	20,080,000,000
Total cash	18,100,000,000	22,275,000,000	23,632,000,000
Cash paid out			
promotions	300,000,000	330,000,000	360,000,000
COGS	5,680,000,000	6,200,000,000	6,500,000,000
wages	965,000,000	1,100,000,000	1,350,000,000
equipment depreciation	226,000,000	326,000,000	352,000,000
rent	634,000,000	734,000,000	894,000,000
other expense	250,000,000	275,000,000	300,000,000
Total cash	7,545,000,000	8,723,000,000	9,756,000,000
owner withdrawal	7,000,000,000	10,000,000,000	11,000,000,000
Total cash paid out	14,545,000,000	18,723,000,000	20,756,000,000

*Source: Pappajack Data*

### 3. Balance Sheet

Table 3.3 Balance Sheet

Pappajack Balance Sheet January-July 2019				
Assets				
Current Assets				
	Cash		1,400,000,000	
	Inventories		94,000,000	
	Pre paid		6,000,000	
	Other		21,000,000	
	Total current assets		<b>1,521,000,000</b>	
Fixed assets				
	Property and equipment		3,521,000,000	
		Total Asset	<b>5,042,000,000</b>	
Owner Equity				
		Investment Capital		2,500,000,000
		Retained Earnings		2,542,000,000
		Total Equity		<b>5,042,000,000</b>

Source: Pappajack Data