

Internationalization Strategy for Sembalun Specialty Coffee to Meet Foreign Consumer Demand; Case Study of Kopikey SMEs, Lombok, Indonesia

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ABSTRACT

Indonesia has a rapidly growing coffee industry. Various regions in Indonesia have their own coffee characteristics and are an attraction for each region, one of which is Sembalun coffee in East Lombok Regency, Lombok Indonesia. The problems that occur in the internationalization of Sembalun coffee provide our motivation to investigate how the internationalization strategy for Sembalun Lombok specialty coffee works using the fishbone diagram analysis tool, by knowing the cause and effect or root of the problem. carry out exports in destination countries. The internationalization of Sembalun specialty coffee is a very important internationalization strategy for those wishing to compete in the global market and achieve sustainable growth.

INTRODUCTION

The internationalization of SMEs in the midst of globalization and high competition needs to always be improved so that SMEs are able to meet global challenges, by increasing product and service innovation, developing human resources and technology, as well as expanding marketing areas through creative industries (Meldona et al., 2022). One of Indonesia's typical culinary industries is the coffee industry. Abroad coffee lovers experienced a significant increase from 1995 to 2015 (from \$12.5 billion to \$30 billion) (Morris, 2018; Torok et al., 2018) and this is a very promising opportunity, especially for Indonesia, one of the largest and most varied coffee producers (Torok et al., 2018). As one of the largest coffee producing countries in the world, Indonesia has a rapidly growing coffee industry. Various regions in Indonesia have their own coffee characteristics and are their own attraction in each region, one of which is coffee which comes from Sembalun District in East Lombok Regency, Lombok Indonesia.

The coffee industry and culinary delights in East Lombok continue to develop, the average plantation production, especially coffee, is 288 tons per year. This condition is in line with the current situation, where the coffee shop business is growing rapidly, including those in Sembalun District. This is indicated by both the people of Sembalun and tourists who initially enjoyed instant coffee and black coffee plus sugar at home have now shifted to coffee shops and enjoy various coffees from espresso machines plus other snacks (Ariyani, 2022). Sembalun Coffee from East Lombok is one of the famous types of coffee from the region (Hizmi et al., 2023). This coffee is grown in the Sembalun highlands, East Lombok, which has an ideal climate for growing coffee. Sembalun Coffee is known for its distinctive and unique taste, and has an attractive aroma.

For coffee lovers, trying Sembalun Coffee from East Lombok can be a satisfying experience, because apart from the delicious taste of the coffee, you can also experience the natural beauty and local culture of the Sembalun area. At its peak, a new chapter for Sembalun coffee began three years ago, following which the villages in the sub-district, which have an altitude of 800-1,156 meters above sea level, became tourist destinations, both domestic and foreign, especially for coffee lovers close to the entrance and exit for climbing Mount Rinjani. There are so many enthusiasts that Sembalun coffee production always sells out in local and international markets. Kopikey needs to prepare the understanding, knowledge and skills needed for internationalization. Even if it is true, it is necessary for internationalized SMEs to develop business adaptation strategies because each destination country has different provisions in international markets (Rahmi et al., 2023).

THEORETICAL REVIEW

In the initial findings, an interesting problem was found, namely the increasing demand for pop-up coffee. The internationalization of Sembalun coffee in the last decade has increasingly decreased, and interestingly this decline is not due to decreased demand but decreased supply, due to less effective management arrangements for internationalization. Kopikey needs to prepare the understanding, knowledge and skills needed for internationalization. Even if

it is true that it is necessary for internationalized SMEs to develop business adaptation strategies because each destination country has different provisions in international markets (Rahmi et al., 2023) there is high demand by various countries, but the amount produced by exporters is not able to meet the demand of international markets or destination countries, even though the supply of Sembalun coffee is very abundant. The increasing interest of foreign consumers in Sembalun coffee is of course an opportunity, an opportunity not to be wasted and must be addressed in determining their strategy for marketing Sembalun coffee products, and if this is not addressed it will have an impact and impact on consumer loyalty to the product. , there needs to be improvements to internal and external driving factors (business environment, especially globalization) (Sultoni et al., 2022).

This research will examine these problems so that the internationalization of these SMEs will be better in the future, so as not to lose potential customers, we will review one of the exporters of Lombok's typical Sembalun coffee abroad, namely kopikey. Kopikey has built cooperation with international coffee partners and succeeded in internationalizing the product. them, in accordance with what has been explained above, the problems that occur need to be studied and provide suggestions for research problems. Previous research discussed internationalization with a non-research approach (Ambarwati et al., 2023; Rahayu et al., 2023; Rahmi et al., 2023), in this research we will review the barriers to internationalization in a case study using a Fishbone diagram approach (Ishikawa, 1989) by paying attention to the root of the problem or root cause analysis (RCA) (Latino et al., 2019). Currently, there are no researchers investigating this research using this approach. With this research, it is hoped that the problems that occur can be resolved and produce useful recommendations.

METHODOLOGY

The research method uses qualitative methods with the aim of revealing the real circumstances and conditions of the research object based on the results of observations made using a case study approach. The data obtained is in the form of words or images so there is no emphasis on numbers. Data was obtained from field observation interviews and documentation. Data analysis in this study used Fishbone (Ishikawa, 1989), Fishbone diagrams, also known as cause-and-effect diagrams or Ishikawa diagrams (Wong et al., 2016), are visual tools used to analyze and visualize the possible causes of a problem or event. The name "fishbone" comes from the physical shape of the diagram which resembles a fishbone. Fishbone diagrams are usually used in various fields such as manufacturing, industry, quality, health care, and others (Nurlaila et al., 2023; Setyawan, 2022). The goal is to assist problem solving by identifying and understanding the root cause of a problem or failure.

The basic structure of a fishbone diagram consists of a horizontal axis that represents the problem or effect to be solved, and a vertical axis that connects the fishbone lines. These fishbone lines serve as a category of potential causes that may influence the problem. Commonly used categories are "Man, Method, Machine, Material, Measurement". Each fishbone line is then filled in with causal

factors that may be related to the problem or effect to be solved. These factors are often grouped into more specific subcategories. In practice, fishbone diagrams help in identifying the root cause of a problem, focusing improvement efforts, and directing the team to take appropriate action. By analyzing and visualizing potential causes in detail, fishbone diagrams can be an effective tool in improving quality, efficiency and productivity in a variety of contexts. This diagram works For identify root problems that occur (Shinde et al., 2018).

In conclusion, Fishbone Analysis is also called a cause-and-effect diagram. The fishbone diagram analysis tool is widely used in management science. In this research, the fishbone diagram (cause and effect) is used in economics to discuss the causes of undesirable consequences or impacts (effects) faced by the Sembalun Lombok specialty coffee industry, namely SMEs Kopikei. The steps in compiling and making a fishbone diagram (Ilie & Ciocoiu, 2010) are as follows:

1. Identify problems, symptoms and also consequences or consequences. The problem itself must be a desired or undesired event characterized by the risks that follow and the problem must be treated in such a way with the aim of eliminating or reducing (decreased) the problem itself.
2. Formalize the problem using the interview method and determine the consultation techniques that will be used to find out the actual situation and conditions that occurred.
3. Identify the main causes and secondary causes by taking the initial step in the form of grouping the interview results by categorizing the interview answers. Below are the criteria for the main causes and secondary causes.
4. Prioritize criteria by codifying the main causes and secondary causes from the results of the interview and start making a fishbone diagram by discussing or using brainstorming techniques to determine the main causes and secondary causes in detail along with the fish heads (key problems).
5. Making a fishbone diagram, then analyzing the diagram whether it is accepted or not. If it is not accepted, then go back to process or step 4. If the fishbone diagram criteria are met, then the diagram is ready to be presented.

RESULTS AND DISCUSSION

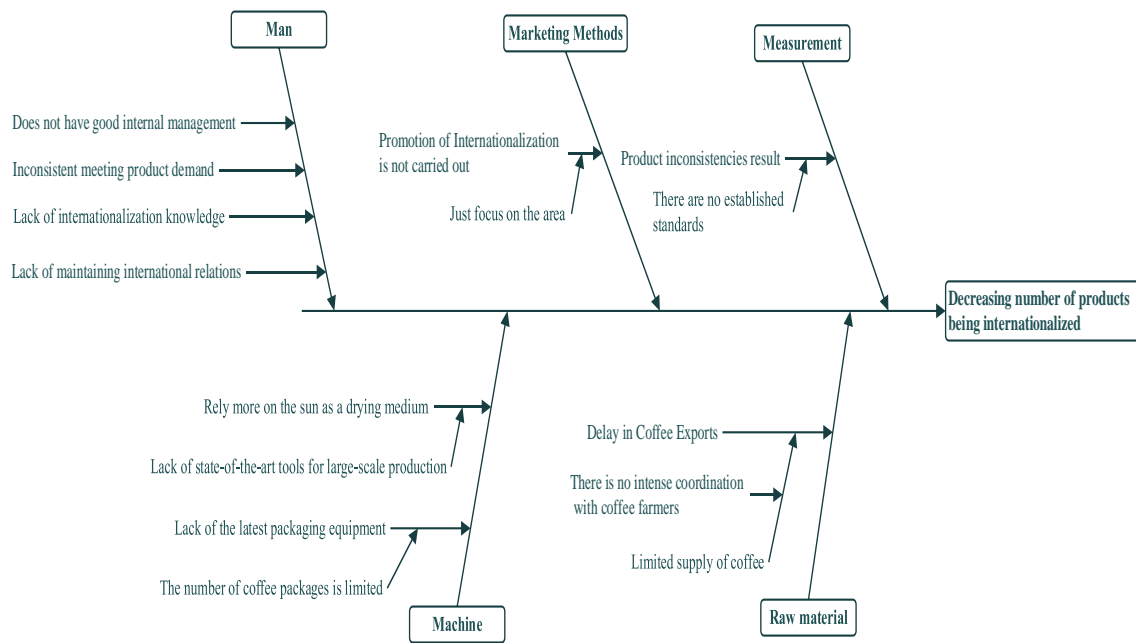


Figure 1, Fishbone Diagram

From Figure 1, namely the Fishbone Diagram, you can be known there is several factors that cause decline sales, including: Man, Methods Marketing, Measurement, Machines, and RAW Material. Here are the detailed results:

a. Man

1) Does not have good internal management

Based on the results of interviews, it was found that business owners (SMEs) had not yet decided professionally regarding the internationalization of their products abroad, treatment was not carried out specifically so that internationalization did not follow the standards and culture of the destination country.

2) Inconsistent meeting product demand

The findings show that product delivery is often uncertain so that when there is a large demand, only what is available will be sent according to the existing stock.

3) Lack of internationalization knowledge

The results of the interviews did not show a tendency for a detailed understanding of internationalization, especially of the countries they were going to, business owners only relied on an understanding of internationalization in general that existed in Indonesia. don't know how it works in practice in the destination country.

4) Lack of maintaining international relations

The results of the interview revealed that relations with foreign partners were still lacking, communication was only established when communicating orders, not extended.

b. Marketing Methods

1) Internationalization promotion is not carried out

The promotion carried out is only limited to domestic activities in the Lombok area, so the form of internationalization is only based on government events or visits from foreign tourists visiting the Rijani Mountains.

c. Measurement

1) Inconsistencies in the coffee products produced

There are no standards set by the business owner, the coffee produced sometimes has inconsistent taste, although this is not too significant or without eliminating the characteristics of sembalun coffee, but this needs to be corrected.

d. Machine

1) Rely more on the sun as a drying medium

Lack of the latest equipment for large-scale production, often foreign demand for products is very large but processing limitations are limited

2) There is no state-of-the-art packaging equipment

Packaging equipment still uses conventional and unsophisticated methods, product packaging is still done manually with available tools.

e. Raw material

1) Coffee Export Delays,

The results of the interviews resulted in the conclusion that business actors (SMEs) often experience delays in the delivery of Sembalun coffee products, this is because the collection of coffee beans at farms is not optimal, there is no intense coordination with coffee farmers, this is what causes limited supplies of coffee to be sent, goods in Ship a week or more after ordering.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the analysis above, the importance of having good management related to internationalization is because it helps Sembalun coffee SMEs (Kopikey) in managing the cross-border expansion process effectively and efficiently. Good management can help SMEs understand cultural differences, regulations and international markets, as well as optimize global business opportunities. Apart from that, good management can also help SMEs manage risks that may arise during the internationalization process. Having good management regarding internationalization is very important for Kopikey who wants to develop and be successful in the global market. Good management plays a key role in guiding Kopikey through the challenges and opportunities that exist in the international market, as well as helping Kopikey to achieve its business goals effectively and efficiently at a global level.

Apart from having good management to manage the business in the context of internationalization, demand for products must be met, meeting demand for internationalized products is important for expanding market share, increasing income, facing global competition, and improving Kopikey's image in the international market. Meeting the demand for internationalized products can help Kopikey achieve sustainable growth, face global challenges, create new opportunities and significantly expand business reach. With demand coming from international markets, Kopikey can also increase their product and service innovation, optimize supply chains, and increase overall operational efficiency. In addition, by responding to the demand for internationalized products, Kopikey can also gain valuable experience in operating in global markets and expand their international business network. On the other hand, the internationalization strategy is worth paying attention to because it can help Kopikey to take advantage of larger market opportunities abroad, reduce production costs by taking advantage of comparative advantages, and increase Kopikey reputation at the global level. By having a good internationalization strategy, Kopikey can also expand its distribution network, access quality human resources, and increase innovation through collaboration with international partners. Thus, knowledge of internationalization strategies is very important for Kopikey who wants to compete in the global market and achieve sustainable growth.

This research also found that marketing or promotion methods are still considered inadequate. Promotion is an important element in product internationalization because it can help increase product visibility, awareness and acceptance in the global market. By carrying out the right promotions, Kopikey can attract the attention of potential consumers in various countries, expand market share, and strengthen the brand image at the international level. In addition, promotions can also help create consumer confidence in the product and differentiate the product from competitors in the global market which is often very competitive. Thus, it is important for Kopikey who want to internationalize their products to plan a promotional strategy that is effective and in accordance with the characteristics of the target market. In the context of product internationalization, promotions can also help communicate the added value of products to consumers in the global market, such as product superiority, quality, sustainability, innovation, and so on. By carrying out effective promotions, Kopikey can create closer relationships with consumers in various countries and build consumer loyalty to their brand. Promotions can also help Kopikey identify changes in market trends and consumer needs in various regions, thereby allowing Kopikey to adjust their marketing strategies more quickly and effectively. Therefore, it is important for Kopikey who want to be successful in internationalizing their products to place the importance of promotion in their global marketing planning.

Sembalun coffee SMEs must have good standards. The importance of having standards for products produced in internationalization is very large. By having clear and defined product standards, Kopikey can ensure that the products produced have consistent quality. This is important to maintain

consumer confidence in international markets. Many countries have regulations and quality standards that must be met by products entering their markets. By having appropriate product standards, Kopikey can ensure that their products meet these requirements and do not face obstacles in international expansion. In a competitive global market, products with high quality will be more sought after by consumers. By having high product standards, Kopikey can compete more effectively in international markets and expand its market share. High product standards reflect Kopikey commitment to quality and consumer satisfaction. This can help build consumer confidence in international markets, which is key to successful global expansion. By having clear product standards, Kopikey can reduce risks related to consumer complaints, product returns, or even potential legal problems due to products that do not meet standards. Finally, the importance of using the latest equipment in processing products is so that the production process becomes more efficient, accurate and of high quality. The newest equipment is usually equipped with advanced features that can increase productivity, reduce errors, and produce high-quality products. Apart from that, the use of the latest equipment can also help Kopikey compete in an increasingly competitive market by producing products that are more innovative and attractive to consumers.

FURTHER STUDY

Typical Indonesian products which have special and attractive characteristics can provide a new perspective for foreign tourists, of course the internationalization of typical Indonesian products can make a very valuable contribution to other products and can win the hearts of the international and global market. Therefore, the internationalization of SMEs products or regional specialty products needs to be paid close attention both theoretically and practically, there is a need for further research regarding regional specialty products that have distinctive and unique characteristics.

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