

## FEASIBILITY ANALYSIS OF BUSINESS; CASE STUDY IN INDONESIA MINIMARKET

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### ABSTRACT

This study discusses the feasibility analysis of the business of selling online and offline on mini market is already in line and see the results of the analysis SWOT on each of the elements business used in the online sales. The data used in this study are primary data. Retrieval of data used by way of a market test by distributing questionnaires to 55 respondents was selected using non-probability sampling with technique. purposive sampling results of the validation test  $t_{count} > t_{table}$  with the 5% significance show valid questionnaires and retail business means the reliable mini market demand by prospective customers. The results of the financial feasibility of identification, including  $NPV > 0$ , Rp 444 806 520 means the mini-market retail business feasible. Payback period is obtained in the ninth. Results 2015-2016 Internet user data on demographic segment increased significantly also aspects of technology and internet users growing rapidly in the modern era. The result of identification of analysis strengths and threats states that the power of business that sell staples, the location within the housing and provided services inter whereas its business challenges the traditional market, wet market and supplier delays delivering goods.

Keywords: SWOT, NPV, Internet users demographic segments.

### 1. INTRODUCTION

Since 5 years ago, mini market growth in Indonesia is very large, this is due to the impact of economic growth in Indonesia as well as the development of equitable development undertaken by the government of President Joko Widodo. The existence of Indonesia's economic growth significantly impacts the creation of welfare for the whole society. The Central Bureau of Statistics released economic growth figures Indonesia I & II quarter of 2017 amounted to 5.01% lower than in 2016, namely 5.18%. The increase in welfare that occurs almost anywhere in Indonesia raises the amount of consumption of Indonesian society is quite large, visible from the last 10 years the number of retail sales is in a position beyond the value of GDP in spite of GDP decline.

Indonesia's large population, accompanied by the development of internet usage on mobile devices, desktop, and tablet in Indonesia has been increasing in recent years. Growth in the number of Internet users is followed by a growing number of users of social media services. Based on the data and the background of the development of internet users is increasing, the researcher is interested in conducting research on the implementation of the sales strategy of using online media to perform analysis using the concept analysis feasibility with a view financial aspects, market, marketing, technology and business opportunities and challenges observed from OK Mart.

## 2. RETAIL INDUSTRY IN INDONESIA

At first the retail industry in Indonesia are shaped like traditional wet markets and traditional markets, but development of the times and the changes in consumption behavior of citizens are demanding retailers to create a shopping place that is able to meet local needs for comfort and convenience in shopping so that opened the first modern outlets in Jakarta with format Sarinah department store with a name in the 1960s. In the following year came the modern retail outlets more modern both inside and outside the country seems like Hero, Sun, Metro, Sogo, Indogrosir, Indomaret, Alfamart, and others. The retail industry in Indonesia showed a good performance, especially traditional retail, and modern retail.

The growth of modern retail mini market very large because Indonesia is a fertile ground for the establishment of a retail business. Retail growth factors are a large number of population, the growth of the good performance, the growth of equitable development, the growing number of middle-class population and the needs of the community to meet basic needs. This is supported by research Mulya, Ali Sandy (2017) which stated investment opportunities has a significant influence on sustainable *enterprise*, and value-added companies significantly affect indirectly on *sustainable enterprise* through a set of investment opportunities in which to develop business retail businesses need a good performance,

According to Director General of Domestic Trade Ministry of Commerce, Sri Agustina which the Business Information Focus (2016) states that the retail outlets in Indonesia continue to experience positive growth in the last 10 years with the growth of modern retail format mini market 400%.

===== Appendix 1 =====

The year 2010 to 2015 the number of modern retail on the entire format has increased the number of outlets is increasing supermarket of 2010/2015 amounted to 130%, the increase in department store of 2010/2015: 125%, increase in hypermarket 2010 / 2015 year 157% and the greatest increase seen from the mini format that is 204%.

## 3. BUSINESS STRATEGIES

The research was conducted at the mini market growing in West Java. Mini market selected as the research object is OK Mart.

Ok Mart is a mini market with format non franchise that has potential competitors, namely the franchise named Alfamart mini market and Indomaret. The marketing strategy mini market this franchise that sale shopping every weekend at a low price so as to create consumer interest to shop at the minimarket franchise., It is appropriate to research Mulya, Ali Sandy (2017) claimed the generic strategy affect the company's sustainability and business strategy needs to be done for the development of firms proxied by Mini market.

To cope with the various threats from the presence of mini market franchise, OK Mart chose to use some strategies to be superior to its competitors, such as a) Providing home delivery to consumers in the residential area where Ok Mart is, without providing additional service fee, b). Setting a lower price than its competitors for goods of basic needs, c). Sale shopping is not only during weekend alone but on a normal day for certain products, for example, buy 1 get 1 free, or promo purchase with the purchase, and promo discount for payment by debit card or credit card particular bank, d) provide purchase services via telephone, SMS, or other digital media, which make it easy for consumers to shop at OK Mart.

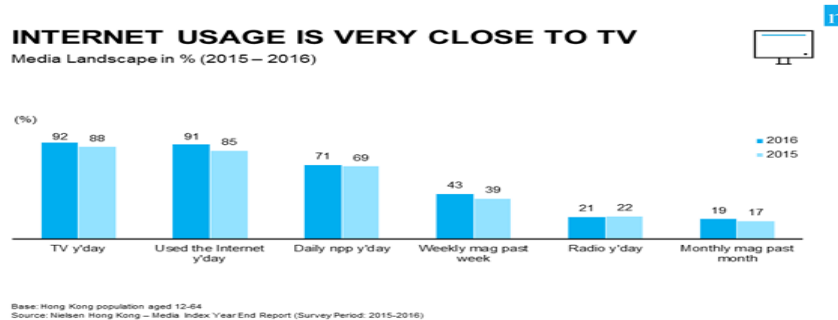
## 4. FEASIBILITY OF BUSINESS

In assessing the feasibility of the business concept Mart Ok, researchers focused primarily on the financial aspects, market and marketing aspects as well as aspects of the technology. Some aspects of the feasibility study have relevance to one another, such as financial aspects, have a relation to aspects of the market and sales because it includes the value of sales projections. Sales projections will be associated with the projection of incoming cash, while the projected costs would be associated with the projected cash out. Projections of cash inflows minus outflows flow projections will generate net cash flows. The net flow is used to perform a feasibility analysis on the financial the aspects

The marketing aspect, researchers use market theory (Pheng, 1990) which states that the market in society has an important role as a center of economic activity and cultural center. As the center of economic activity, a market is a meeting place for producers and consumers. Through the market, people can get their production needs such as capital, equipment, and energy. Based on the above market theory, minimart OK Mart in the main activity is providing daily necessities through diverse and quality products that can meet the needs of consumers. Besides main activities carried out by mini market OK Mart is providing daily needs through a diverse and high-quality product to meet consumer needs. Besides the main activity, OK Mart is to conduct surveillance and control of resources OK Mart so that all operations run properly and in accordance with the procedure OK Mart operation. While the main power source to the success of OK Mart is the source of sufficient capital for business development, and the presence of qualified human resources Karthigaipriya.T and Srividya.D, to ensure the smooth operation of the store, the trademark of every product sold in Ok Mart equipped with activities and selling goods through retail software to facilitate activities sales and purchases of daily necessities products. Furthermore, the process of providing products daily necessities, OK Mart mini market in cooperation with suppliers, among others; Gas Pelita Nusantara, five Pandavas, Indomarco, Tirta investment, Surya Anugerah Sentosa. Management mini market create Customer Relationship the relationship to consumers by doing; Telemarketing, this service is provided to its customers at the beginning of the month as a way to reach the hearts of consumers in terms of satisfying the needs of everyday life, then the email is a forum for the delivery of criticism and suggestions from consumers for Management OK Mart. Via email expected any form of complaints can be resolved quickly by providing the best solutions from OK Mart management to consumers. Furthermore, management does self-service, which means that the management was OK Mart gave full power to consumers in finding, determining and choosing everyday products in accordance with the wishes and needs of consumers.

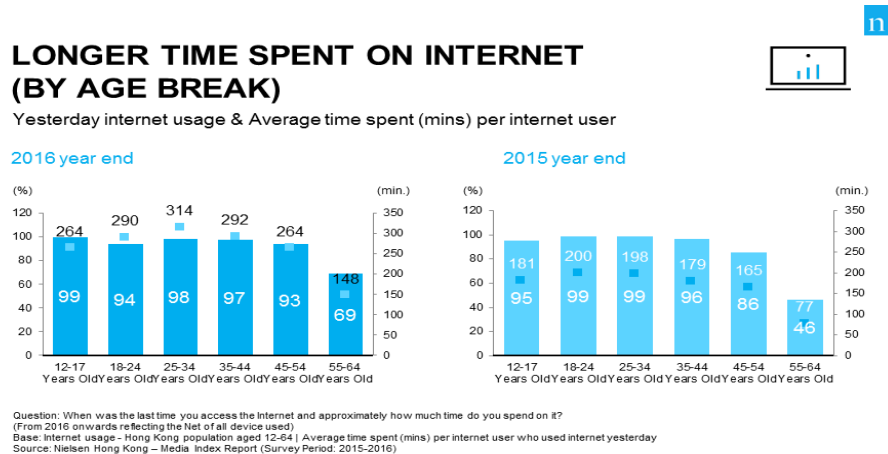
Technological aspects we can see how the use of Internet technology in the period 2015 - 2016, which we can see in the table below

**Compared With Use of Internet Television**



On the bar chart above shows that the use of the internet is growing rapidly from 2015 - 2016. Until this has been a shift in the use of television, radio, newspapers, magazines with the use of the internet, because of the ease of access the internet that helps people obtain the desired information; save time and energy; can play games online and others. While the benefits of watching television only differed from the use of the android program that has many benefits.

**Use of the Internet Based on User Age**



The bar chart above show the number of Internet users aged 12-17 years; The 25-34 and 34-54 years of age is the most widely used internet age. Of the overall bar chart information known to many people who use the Internet in everyday life and it is becoming a business opportunity, especially the retail business. By 2015 Internet users aged 45-54 by 86% and the age of 55-64 by 46%, in 2016 increased significantly, ie from 86% to 93% for ages 45-54, while from 46% to 69% ages 55-64.

People aged 25-54 can become a major target for retail businesses like OK Mart for teenagers, employees, housewives are assisted in the fulfillment of practical shopping needs, they do not have to bother - bother to go out of the house only to shop, but only with using the internet to buy goods they need. Facility messages between supplied OK Mart, starting from receiving orders from consumers through online or come directly to the store to make online and offline sales strategy is profitable and makes OK Mart can compete and thrive.

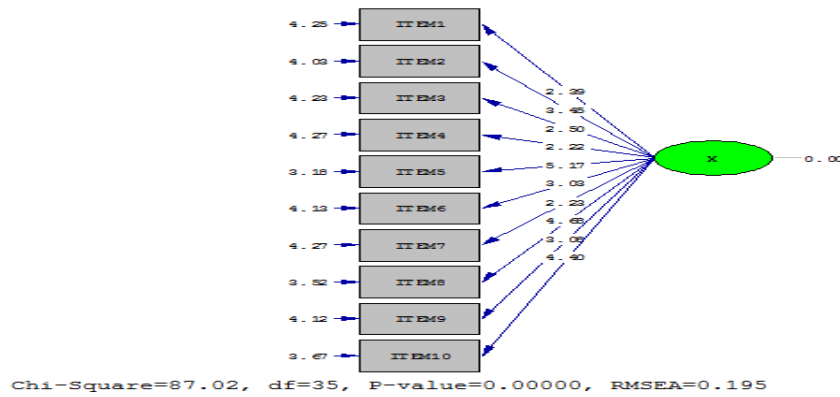
Based on the above table it can be concluded that with more and more people using the internet, the more easily we get potential customers. ease of payment and transaction security becomes an important point that must be considered in marketing using the internet. Good after-sales service is also one of the factors that need to be considered, the aim that consumers make purchases back to our store.

**ASPECT MARKET**

Market Survey is used to assess the business feasibility OK Mart, held between February and March 2017 regarding the factors that influence consumers in shopping at the mini OK Mart. The data used are primary data by distributing questionnaires to 55 respondents were selected using *non-probability sampling* with technique *purposive sampling*

According Rangkuti (2008) Validity is a measure that indicates the level of validity a tool measuring. A valid measuring instrument has validity. Instead of measuring instruments that are less valid means it has a low level of validity. By using LISREL test equipment on the number of respondents 55 people, it can produce t value. Item variables considered valid if the value of t is greater than t table (2,022)

**Confirmatory Factor Analysis**



====Appendix 2====

**Summary of Hypothesis Results**

No	statement	t count	t-table	Description
1	I shopped ok mart because of its location within easy reach of the home	2,390	2,022	VALID
2	I shopped OK Mart because the products offered range	3.448	2.022	VALID
3	I shopped the OK Mart because no service messages between	2,498	2,022	VALID
4	I shopped at the OK Mart for their shopping via SMS	2,224	2,022	VALID
5	I shopped ok mart because the products offered completely	5.168	2.022	VALID
6	I shopped at the OK Mart because the products offered quality good	3.028	2.022	VALID

7	I shop at ok mart because the price offered is ok mart cheaper than anywhere else	2,228	2,022	VALID
8	I shopped ok mart because of the atmosphere convenient store	4.682	2.022	VALID
9	Employees serving with friendly	3.085	2.022	VALID
10	I shopped ok mart for promotion expenditure attract	4,402	2,022	VALID

Umar (2002) in the book Research Methods Business that reliability is a value indicating consistent a gauge in measuring symptoms the same one. Each gauge should have the ability to provide a consistent measurement result.

==== Appendix 3 ====

Cronbach's alpha test results on each item show the number more than 0,270 tables of values, therefore it can be concluded that whole grains otherwise reliable for tilapia alpha has approached index 1 (one).

==== Appendix 4 ====

Based on the profit and loss statement and balance sheet OK Mart can be concluded that the ROI, NPV and Payback Period as follows:

<b>ROI (one year)</b> = Net income - investment value / value of investments x 100%	<b>NPV</b> NPV = C0 + (C1 / (1 + r) )	<b>Payback period</b> = capital investment / Net income 12 months
28.86% = 29%	Rp 444,806,520.33	9.3 months = 9 months 9 days

NPV parameters used to assess the feasibility of a Bisnis. Apabila NPV value obtained is greater than 0, it can be concluded that businesses are eligible to run. Based on the calculation of net income after taxes in the next five years can be generated total NPV of USD 444 806 520, which means that the retail business is OK Mart feasible. Calculation of ROI (Return On Investment) for the first year obtained worth 29%, which means that OK Mart to get a return on capital from the sale of 29% and a turnover of OK Mart will be obtained in the ninth

**SWOT OK Mart**

Model SWOT analysis below is used to analyze the strengths (strengths), weaknesses (weaknesses), opportunity (chance), and threats (threats) of the mini market. Researchers looked at the extent to which the value "PLUS" as the basis of electoral considerations mini market located in a residential area and how the condition and situation of the mini market business.

<b>Strength</b>		<b>Weakness</b>	
1.	Retail closest to consumer	1.	Human error in the operations of
2.	Sell staples and diverse products	2.	Operating times are fairly short when compared with other minimarkets
3.	There are promotional strategies to attract both customers and consumers	3.	Store decoration simple
4.	Provides convenience in shopping	4.	Salaries below the minimum wage
5.	Providing practical convenience for customers in the shop.	5.	Application systems error for the sale of goods online
<b>Opportunities</b>		<b>Threat</b>	
1.	Absence shop or provider of daily needs in Housing Serua, Depok	1.	The presence of minimarket franchises scattered in Depok
2.	Location competitors quite far from OK Mart	2.	Competitor promotional strategy every weekend.
3.	Available message service	3.	The presence of traditional retailers such as traditional merchants, wet market and a grocery store in Depok
4.	There are some suppliers who are partners OK Mart	4.	The time delay in sending goods supplier
5.	Many customers move to OK mart via online because of the convenience of shopping		

## CONCLUSION

Based on the calculation of profit in the next five years can be concluded that the NPV (Net Present Value) of Rp 444 806 520 which shows that the  $NPV > 0$  meaning that businesses OK Mart feasible (feasible). Values obtained positive ROI OK Mart identifies that a business can receive a sum of money/ income on operations and OK Mart will get a payback on its investment in the ninth month in the first year. Based on the results of SWOT, OK Mart management needs to continuously maintain the existing opportunities and strengths, while the challenge of human error and the salary is below standard UMR regional government regulations.

Step strategy in the field of Human Resources are OK mart employees need to attend training mini market in order to know the management and procurement of equipment mini market in the retail business. Necessary also the equalization of salaries wage and the development of the strategic use of online sales is also very important because, with the increase of people who have gone shopping online, it will be a lot of customers who shopped at the OK mart, coupled with the special promo program customers who shop online. Automatic all customers could be regulars from OK Mart

Profitability on business viability by focusing on aspects - financial aspects, market, and marketing aspects, as well as technical and technological aspects, the researchers concluded that the contribution of the most dominant is the facilities the convenience of shopping online, the behavior of consumers shopping in small amounts but often. While from SWOT analysis, researchers concluded that the contribution of the availability of home delivery and mini market non franchised locations are in residential operating time from 7:00 to 22:00 hours, a factor that most contributes to making a profit from the business mini market. ,

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$$\begin{array}{l} \text{ITEM4} = 0.252 * X, \text{ Errorvar.} = 0.388, R^2 = 0.141 \\ (0.113) \quad (0.0908) \\ 2.224 \quad 4.273 \end{array}$$

$$\begin{array}{l} \text{ITEM5} = 0.394 * X, \text{ Errorvar.} = 0.112, R^2 = 0.582 \\ (0.0762) \quad (0.0351) \\ 5.168 \quad 3.178 \end{array}$$

$$\begin{array}{l} \text{ITEM6} = 0.297 * X, \text{ Errorvar.} = 0.271, R^2 = 0.245 \\ (0.0980) \quad (0.0656) \\ 3.028 \quad 4.130 \end{array}$$

$$\begin{array}{l} \text{ITEM7} = 0.369 * X, \text{ Errorvar.} = 0.828, R^2 = 0.141 \\ (0.166) \quad (0.194) \\ 2.228 \quad 4.272 \end{array}$$

$$\begin{array}{l} \text{ITEM8} = 0.486 * X, \text{ Errorvar.} = 0.235, R^2 = 0.501 \\ (0.104) \quad (0.0668) \\ 4.682 \quad 3.520 \end{array}$$

$$\begin{array}{l} \text{ITEM9} = 0.403 * X, \text{ Errorvar.} = 0.478, R^2 = 0.253 \\ (0.131) \quad (0.116) \\ 3.085 \quad 4.118 \end{array}$$

$$\begin{array}{l} \text{ITEM10} = 0.451 * X, \text{ Errorvar.} = 0.243, R^2 = 0.456 \\ (0.102) \quad (0.0660) \\ 4.402 \quad 3.672 \end{array}$$

**Appendix 3**  
**Reliability Test**

**Reliability Statistics**

Cronbach's Alpha	N of Items
,722	10

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
item_1	38.22	12.692,		332,709
item_2	38.85	11.645,		374,702
item_3	38.35	11.971,		390,699
item_4	38.45	11.141,		428,693
item_5	38.62	11.018,		508,678
item_6	38.71	11.580,		468,687
item_7	38.60	12.096,		469,691
item_8	38.44	12.102,		389,700
item_9	38.76	11.739,		275,724
item_10	38.69	12.588,		251,720

**Appendix 4**

Income Statement Projection

OKMart

2017

Description	2017
<b>REVENUES</b>	
Sales (YoY)	Rp 1.813.038.462
Other	
Cost of goods sold	Rp 1.517.444.893
Gross profit	Rp 295.593.569

<b>EXPENSES</b>	
operating expenses	
Cost of store fixtures:	
plastic bags 18 cm	Rp 480.000
plastic bags24cm	Rp 1.620.000
plastic bags40 cm	Rp 1.740.000
Gasoline	Rp 980.000
Thermal paper roll	Rp 144.000
Cashier Printer	Rp 216.000
Handphone fee	Rp 2.448.000
HVS Paper	Rp 162.000
Inkjet printers	Rp 140.000
Electricity costs	Rp 6.000.000
building rental fee	Rp 12.000.000
Salary Cost:	
Store Manager	Rp 42.000.000
Assistant Manager	Rp 36.000.000
Clerk 1	Rp 19.200.000
Clerk 2	
Employeeescashier1	Rp 19.200.000
Employeeescashier2	Rp 19.200.000
bonus / compensation of	Rp3.000.000
Cost marketing:	
Brochure	Rp 5.400.000
Banner	Rp 560.000
VoucherRp 15,000	Rp 900.000
Voucher Rp 20,000	Rp 1.000.000
Wifi	
cardMember	
Website	
Merchandise	

Total operating costs	Rp	172.390.000
income before depreciation	Rp	123.203.569
depreciation of fixed assets	Rp	4.749.170
income before tax	Rp	118.454.399
Taxes 1%	Rp	1.184.544
Total after-tax income	Rp	117.269.855

## Balance Sheet Projection

OK Mart

2017

Description	2017	
<b>Assets</b>		
Current Assets		
Cash	Rp	111.027.558
Inventories	Rp	15.327.726
Total current assets	Rp	126.355.284
The fixed assets of		
Store equipment	Rp	29.213.357
store equipment depreciation	(Rp	4.749.170)
Total assets	Rp	24.464.187
Total Assets	Rp	150.819.471
<b>Liabilities</b>		
Tax Payable	Rp	1.184.544
Equity	Rp	91.000.000
Profit	Rp	117.269.855
Prive	( Rp	58.634.927)
Total Liabilities	Rp	150.819.471



