

# **ENHANCING BUSINESS PERFORMANCE OF CV. JATI MAKMUR PASURUAN USING E-BROCHURE MARKETING STRATEGY**

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## **Abstract**

This report provides an analysis and evaluation of CV Jati Makmur in entering the new market. CV. Jati Makmur is a plywood industry operating more than 15 years in producing woodworking, aiming to grasp the international market for expansion. There are various analysis methods included in the observation. These methods of analysis include Segmenting, Targeting, and Positioning. To conquer the market share in China and Japan as well to increase economic competitiveness several recommended strategies are incorporated. This strategy involves pricing strategy, distribution and promotion strategy.

In addition, this report also observes the fact that the analysis contains some limitations as well as risks. These risks include external factors such as Government, Competition, and Technology that will affect the future development of CV. Jati Makmur. This report finds the prospects for CV. Jati Makmur in its current position is positive. The major area of weakness requires further investigation and remedial action by management.

**Keywords:** *Plywood Industry, Export, Nusantara Project, Business Strategies, Risks, Limitations*

## COMPANY PROFILE

CV Jati Makmur is a growing company that has an objective to expand their current market share in the worldwide woodworking industry. To conquer the worldwide market demand through export, CV Jati Makmur needs to carefully consider the marketing strategy that they will employ. One of the primary marketing tool is through the use of website. CV Jati Makmur has established their website, that is readily accessible at [www.jatimakmur.com](http://www.jatimakmur.com) . However, the website has not been utilized to its optimum potential. The information regarding the products, process, pricing and the company itself is not sufficient. Alongside the maximum utilization of website, our group has summarized the following strategy for CV Jati Makmur to dominate the world market share.

Address: RAYA BUKIR STREET 55 PASURUAN, EAST JAVA, INDONESIA

Website: [www.jatimakmur.com](http://www.jatimakmur.com)

Contact: Muhammad - 081703511613 - [Muhammad.jm55@gmail.com](mailto:Muhammad.jm55@gmail.com)



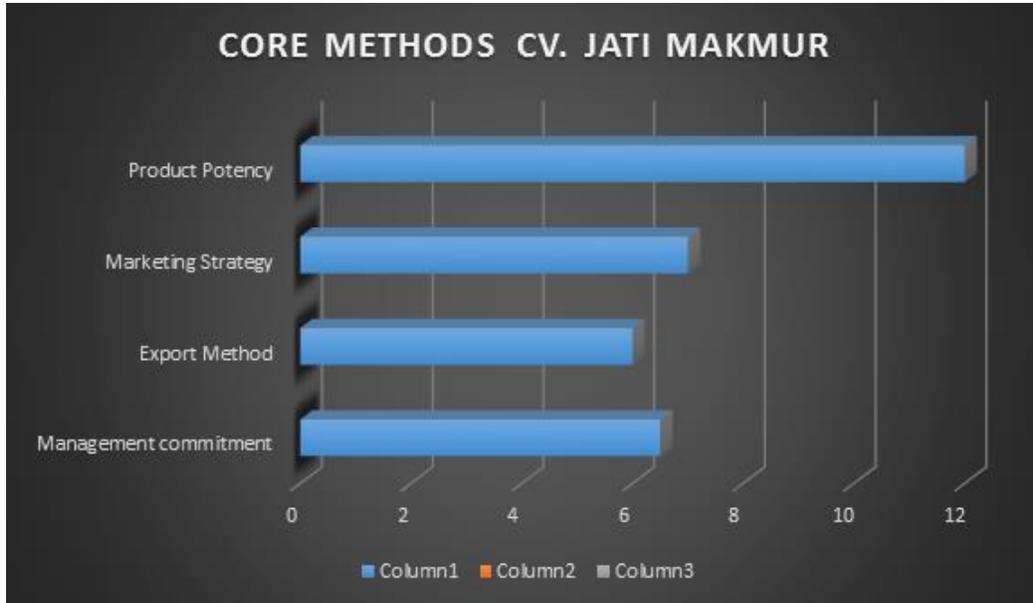
**Figure 1.** Company Photo



**Figure 2.** Company Logo

# 1. COMPANY READINESS

## 2.1 Company Readiness to Export Methods



**Table 1.** Core Methods CV Jati Makmur (interview.2017)

## 2.2 Core Analysis (interview.2017)

Based on the chart, CV Jati Makmur have a high potential product, it shows that CV Jati Makmur have a chance and already to export around the world. The quality product of CV Jati Makmur, for instance the plywood, has been tested in laboratory. Based on the testing result is CV Jati Makmur's plywood is suitable and is safe to be marketed in the international market.

In order to be able to export their products abroad achieve, CV Jati Makmur must be capable of increasing their production capacity for supply to international market. Currently, CV Jati Makmur has only been capable of supplying for the national market (Indonesia). To increase production, CV Jati Makmur can start the process of automation in their production. This involves utilizing machineries and equipment for their manufacturing process. Alongside that, CV Jati Makmur can increase the number their employees. They can focus on creating another division in their organizational structure, the export division. This division will focus on handling the manufacturing and selling of Plywood for exports.

The plywood of the CV Jati Makmur are 100% passed in laboratory testing. As we know, every country has different standard of the quality because of territory, culture, behavior, and weather. Furthermore, CV. Jati Makmur is already on the first step towards this point.

This company has make the marketing and join the association of plywood, by in that association we can exchanges the ideas with the others member in that groups. Next, from the website of the company shows and tells the consumers about what product they are produce and offer. But

unfortunately, the company's website are really not up to date about the product. Company can make some advertisement or create a page through social media to interact directly with the customer, and update about the uses or benefits of the product and also maybe the company can share some of the tips and trick to use the product in the correct way.

In conclusion from the analysis, we can conclude that CV Jati Makmur are ready to export outside the country as they have the own product with good quality that have been proved in laboratory test but, their capacity of the plywood are not enough to be export. So, the company must increase the capacity product or plywood to allow them to be export, and expand their market into international market and there are some suggestion or way that the company may be follow in order to make this goal success in their company.

## **2. RECOMMENDED PRODUCT IDEA**

### **Core Product**

According to Woodsolutions (2017), plywood is wood veneers bonded together to produce a flat sheet. An extremely versatile product, plywood is used for a wide range of structural, interior and exterior applications - from formwork through to internal paneling. Plywood is an assemblage of wood veneers bonded together to produce a flat sheet.

According to APAwood (2017), plywood has been one of the most recognized and trusted wood building products for decades. Manufactured from thin sheets of cross-laminated veneer and bonded under heat and pressure with strong adhesives, plywood panels have superior dimensional stability and an excellent strength-to-weight ratio and are highly resistant to impacts, chemicals, and changes in environmental temperature and humidity. With more than a dozen common thicknesses and over twenty different grades, plywood is well-suited to a multitude of demanding applications. According to Woodsolutions (2017), plywood offers many benefits:

### **Increased stability**

Plywood offers all the inherent advantages of the parent wood plus enhanced properties in its laminated structure.

### **High impact resistance**

Being a wood based material, plywood has the ability to accommodate the occasional short-term overload; up to twice the design load. This is useful where seismic activity or cyclonic winds can occur. This property is also effective when used as construction flooring or as concrete formwork. Plywood's laminated structure distributes loads from impact over a larger area on the opposite face, which effectively reduces the tensile stress.

### **Surface dimensional stability**

The cross laminated construction of plywood ensures that plywood sheets remain relatively stable under changes of temperature and moisture. This is especially important in flooring and formwork construction where moisture exposure is very likely.

### **High strength to weight ratio**

With high strength and stiffness to weight ratios, plywood is very cost effective to use in structural applications such as flooring, shearwalls, formwork and webbed beams.

### **Panel shear**

The panel shear of plywood is nearly double that of solid timber due its cross laminated structure. This makes plywood a highly effective material to use in gussets for portal frames, webs of fabricated beams and as bracing panels.

### **Chemical resistance**

Plywood does not corrode and can be used in chemical works and cooling towers as a cost-effective, durable material when preservative treated.

## **3.2 Actual Product**

As the initial exporting strategy, CV Jati Makmur will export plywoods to China and Japan. These are the type of products that will be exported to those countries, following the standard and regulation :

### **1. Uty Mix (Faceback MLH Wood & Core in Sengon Wood)**

5 mm : min order 250 pcs

7.5 mm: min order 160 pcs

12 mm: min order 110 pcs

15 mm: min order 90 pcs

18 mm: min order 75 pcs

### **Uty Alba (Full Sengon)**

5 mm : min order 250 pcs

7.5 mm: min order 160 pcs

12 mm: min order 110 pcs

15 mm: min order 90 pcs

18 mm: min order 75 pcs

The basic function of plywood is to be used as a building material, but there are many standards for plywood manufacture released by many associations and/or certain countries, for example

The Harmonised European Standard (2017) enabling the CE marking of plywood is EN 13986:2004+A1:2015 Wood-based panels for use in construction – characteristics, evaluation of conformity and marking.

Hardwood Plywood & Veneer Association (2017) develops and publishes voluntary product standards for the industry, including: ANSI/HPVA HP-1-09 American National Standard for

Hardwood and Decorative Plywood and HP-SG-1996 Structural Design Guide for Hardwood Plywood Wall Panels

Meyertimber.com (2017) explains there are at least 2 standards for plywood product:

EN 314-2:1993 Plywood—Bonding Quality, classifies plywood by bonding quality only and gives rise to 3 bond classes dependent upon the intended end use. Bonding quality is determined by the adhesive type and core veneer quality (physical defects such as knot holes and splits), and

EN 636: 2003, Plywood—Specifications, classifies plywood by taking into account the bond quality AND the biological durability\* of the wood species used in the plywood.

Because of that, certain modification has to be adjusted to meets the specifications needed by those standards, particularly when CV Jati Makmur plans to export in a new geographical market area.

### 3.3 Augmented Product

According to Marketingteacher.com. (2017), augmented product is the non-physical part of the product. It usually consists of lots of added value, for which may or may not pay a premium. So, the augmented idea for the product consist of the product warranties, customer care, delivery, and services.



**Figure 3.** Product Packaging

Beside than assuring product warranties, customer care, delivery and services, the modification for.

CV Jati Makmur could be applied to the product packaging as looks at the figures above. Wooden boxcontainer can be used as an additional modification for the product packaging. It offers benefits to protects the plywood from a direct crash during the product shipment, also to prevent it from water. The packaging design also facilitate to move the product easily and systematically in a certain amount of plywoods per container.

## 3. COUNTRY SELECTION

CV Jati is a fairly a SME business and is just beginning to start to export their products across Indonesia with the vision to obtain the world market share for the wood industry. It would be crucial for the business to understand the market first and start with small steps to minimise the risk of failure and loss.

The very first step that CV Jati should take is to define the market in which the company wants to export to. This involve setting which country they first would want to export their Plywood to. According to Nakayasu and Makarennu (2013) , Japan has the highest demand for Indonesian Plywood, holding 43.8% of the overall Indonesian plywood export. The second country with the

highest demand for plywood is china with US\$686.9 million or 9.7% of the plywood. This can be analyzed from the table III shown below.

According to the website of CV Jati Makmur is a beginner in the export industry it would advisable for the company to merely focus on both countries mentioned first.

In Japan plywood used to make traditional house, we know about Japan traditional house used many thin wood as known as plywood like silde door, wall, centre pole, and many more, because mostly made of plywood.

According idforex (2013) now japan also have high construction in their country, it might be increase the chance for CV Jati Makmur to export their plywood. In china plywood has high demand is usually used for industry, and civil engineer.

\*side notes: consider law regarding exporting to these countries\*

TABLE III. CONSUMPTION AND DEMAND MARKET OF INDONESIAN PLYWOOD

Countries	Amount (cubic meter)							
	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected	2015 Projected
Australia	37,693	24,873	43,094	39,996	37,862	37,884.74	37,864.27	37,862.23
Canada	5,396	611	855	8,156	8,156	8,148.72	8,155.27	8,155.93
France	926	8,374	12,329	8,492	77	164.52	85.75	77.88
China	22,622	199,292	377,114	762,181	992,820	990,108.99	992,548.90	992,792.89
Germany	92,994	71,897	85,998	73,476	66,107	66,192.01	66,115.50	66,107.85
Japan	1,043,884	972,862	1,075,100	1,228,093	1,033,702	1,035,483.40	1,033,880.14	1,033,719.81
Korea	202,618	194,317	170,303	207,255	147,704	148,265.04	162,960.83	996,665.99
Malaysia	40,681	32,913	64,434	8,526	75,961	75,339.48	75,898.85	75,954.78
Netherlands	40,524	29,741	26,023	27,605	20,638	20,706.57	20,644.86	20,638.69
New Zealand	684	1,042	1,458	770	531	534.03	531.30	531.03
Singapore	78,087	63,063	93,048	109,527	76,852	531.30	18,689.04	68,362.07
Saudi Arabia	224,636	295,508	313,968	334,368	314,304	314,481.69	314,321.77	314,305.78
Taiwan	353,992	334,394	398,927	363,970	301,637	314,321.77	31,910.35	31,908.75
UAE	272,445	142,251	111,415	86,540	57,964	58,279.02	286,224.55	20,011.01
UK	40,714	27,592	3,113	37,429	31,411	57,995.50	311,512.05	284,890.69
US	177,735	165,686	212,368	159,158	145,566	145,750.58	145,584.46	57,208.38

**Table 2.** The table indicates the consumption and demand for the Indonesian Plywood as per 2013

No	Company
1.	China State Construction Engineering Corporation (CSCEC) Phone 020-86496111/6222 Email overseas Website chinaconstruction.com Address csecc international fortune center, f322, building 2, no 5, anding road, Chaoyang district, Beijing

2	China Railway Construction Corp Ltd East Yard No. 40, Fuxing Road, Haidian Dis BEIJING BEJ 100855 P: +8610.52688600 F: +8610.52688302
16.	Obayashi Corporation Shinagawa Intercity Tower B 2-15-2 Konan, Minato-Ku Tokyo 108-8502 Japan
19.	Kajima Corporation 2-7, Motoakasaka 1--chome Minato-ku, Tokyo 107, Japan

**Table 3.** List of Plywood Company on China & Japan (Enr.2017)

Based on the data from Table IV the plywood, there are high demand for plywood in Japan and China. Because of that, CV Jati Makmur has a good opportunity to do export into those countries.

Widen connection and create partnership with mainly construction and furniture company in Japan and China. By undergoing a strategic partnership, CV jati will experience economies of scale and not to mention a bigger promotional footprint.

CV Jati Makmur must first identify the companies from these countries (Japan and China) in which they would like to conduct a partnership with. Afterwards, they can contact these companies through direct mail, offering to become their suppliers. In order to attract the market, they may have to lower than the competitors, employing a competitive pricing marketing strategy.

#### **4. MARKETING STRATEGY**

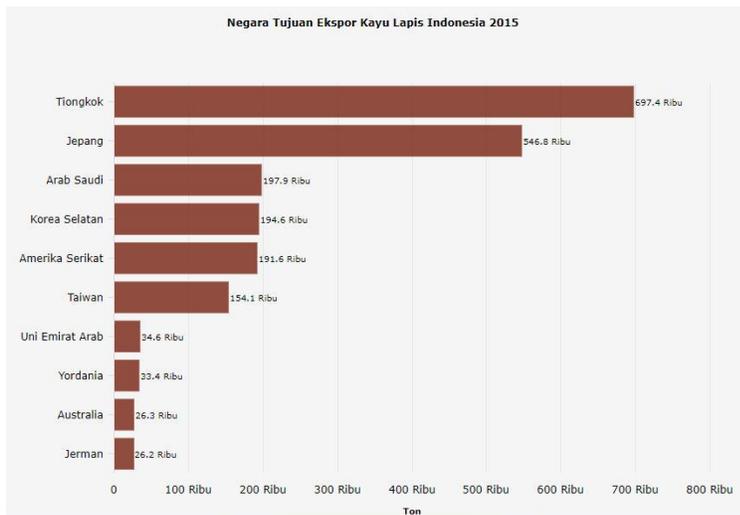
(Smallbusiness,2017) Marketing is a key functional area in most customer-driven organizations. It is an umbrella for a process that includes product research and development, advertising and other promotions, and product sales and service. In some companies, marketing professionals have to work hard to get company leaders to allocate ample budgets to their departments. This

often comes down to persuading them that marketing poses several key benefits to the organization.

### Segmenting: Geographical

- Targeting: Asia Countries japan n china
- Positioning: Based on category product
- Promotion tools: Push Strategy
- Pricing: Multipoint Pricing
- Place: Via Agents (Not directly to customers)

## 5.1 Segmentation



**Table 4.** The Destination Countries of Indonesian Plywood Export 2015 (BPS,2017)

According to Philip Kotler, “Market segmentation is the sub-dividing of market into homogeneous sub-sections of customers, where any sub-section may conceivably be selected as a market target to be reached with a distinct marketing mix.”. (Yourarticlelibrary,2014).

Based on the data from BPS in 2015, Asia is the largest destination for Indonesian plywood export. Asia Regional is the most potential geographical segment for CV Jati Makmur to begin exporting plywood.

## 5.2 Targeting

According to Keegan and Green, targeting is the process of evaluating segments and focusing marketing efforts on a country, region, or group of people that has significant potential to respond.

The data from BPS in 2015 shows Japan and China as the largest destination country for Indonesian plywood export. Those countries could also become the specific marketing target for CV Jati Makmur to begin exporting plywood.

## 5.3 Positioning

According to Kotler (1997: 262): "Positioning is the act of designing the company's offer so that it occupies a distinct and value placed in the target customer mind". (firman-inside, 2017).

There are a certificate of quality standards required by Japanese Agriculture Standard (JAS) for a company to produce and export plywood. In order to get the certificate, the company has to pass in product quality test provided by JAS.

Therefore, all the plywood companies that has been exporting products to Japan must be certified by JAS, so the design and quality of the products have the same standard. As the conclusion, CV Jati Makmur should be focused on product quality as the market positioning by achieving quality standards, beside also improving service quality.

## **5.4 Pricing Strategies**

### **Penetration pricing**

According to Product Focus. (2017) when a company set a low price to increase the sales when entering a market so they gain a market share. ,since plywood has a high demand in japan in the last few years , the penetration is the best way to enter the Japanese market to gain a market share and be able to adjust the price later to profit , it's not easy to enter the Japanese market without setting a right strategy , and because of that many companies before was driven out by local competitors .

Chinese market : according to Claessens, M. (2017). the product price in penetration pricing at least should cover it costs the price shouldn't be too low or jati makmur would have a loss ,this will create a very high sales, the main idea of this pricing strategy is to keep the competition out of the market , low price must be preserved to keep a place in the market.

### **Premium Pricing**

According to Learnmarketing.net. (2017). when a company set the price high to have an image to customers that it exclusive product. The demand is high, Japanese market in order for jati makmur to gain profit in the Japanese market the company have to set a pricing strategy like premium pricing to gain more sales, this pricing strategy is mostly targeting the middle and high class .

Chinese market : according to郝延 (2017). jati makmur must look at the competitors' products and how the company can compete with other competitors and see if the plywood is offered is it one of the highest quality product ? if its yes , then customers in china have to expect that the price is high because what is offered to customers is a luxurious product with a price that suit it , compared to other competitors.

## **5.5 Distribusi Channel**

Kotler et al (2010) "A channel of distribution comprises a set of institutionswhich perform all of the activities utilised to move a product and its title from productionto consumption".

(w3cargo, 2017) CV Jati Makmur will trade in the international market through partnership with companies from the export destination country. Sales will be done by the sales representatives or agents from those countries. It benefits CV Jati Makmur to focus on the centralized production and quality maintenance from Indonesia, and to increase the distribution efficiency.

## **5.6 Promotion**

### **Direct Marketing**

CV Jati Makmur can use a direct marketing approach to reach to the customer. Since Jati Makmur is a B2B business, Jati Makmur can use a direct marketing strategy through the use of e-brochure. Creating and sending e-brochure electronically reduces printing cost.

### **Designing e-brochure**

CV Jati Makmur may create their own e-brochure by hiring a web designer. However, this alone may be moderately costly. In addition, the company would need to conduct a further research on an exceptional web designer at a reasonable price. Another alternative is to use the third party to design this e-brochure. An example of third party website that design e-brochure electronically is e-brochure.au, that can be accessed at <http://e-brochures.com.au/> E-brochure.au creates a printed brochure that could be published on mobile devices as well as computers.

### **Marketing through e-brochure**

This e-brochure could be sent to companies that may in need of Plywood, such as furniture, through email. Otherwise, this e-mail could also be published at the Jati Makmur's website. Email marketing facilitates Jati Makmur to reach wider market using a moderately low amount of budget. In fact, a joint study from Shop.org and Forrester Research (2017) summarized that 85% of the US retailers decide email as one of the most effective customer acquisition strategies. Along with that, the E-brochure could publish at the Jati Makmur's website. E-brochure serves the purpose to provide additional information for interested parties by presenting this information in a visually appealing form of medium. E-brochure could be emailed to furniture companies in China and Japan such as IKEA China, 6.4.4 Trade exhibitions

CV Jati Makmur could join trade exhibitions in order to create brand awareness and build brand image. Joining international trade exhibition will increase their international exposure. This international trade exhibition includes Furniture Asia and Woodsouth China. Jati Makmur can focus on joining International trade exhibitions in China and Japan since China and Japan are their main market target. 99% of marketers said the marketers found unique value from trade shows that could not be obtained from other marketing mediums. Deriving from The Changing Environment of Exhibitions (2017), their 3 most valued aspects of trade shows were: 60% of exhibitors said the value the ability to see lots of prospects and customers at the same time; 51% of exhibitors said that the value face-to-face meetings with prospects and customers, and 47% said that the value the ability to meet with a variety of players face to face, such as customers, suppliers, resellers, etc. More information on any trade fairs for the plywood industry could be accessed at the TradeFairDates websites or as in the link listed in the reference below.

Exhibitions are open to a large and sometimes diverse range of audiences, allowing a platform to promote Jati Makmur's product to a broader group that may have little or no knowledge of the products and services. Product and market testing can be carried out at trade shows and exhibitions to gain industry or general opinion about Jati Makmur's offering. Jati Makmur can boast the high quality of plywood that the company has to offer. In this trade exhibition, CV. Jati Makmur can also showcase a video about their work in progress in making the Plywood.

Being involved in a trade show or exhibition can provide with opportunities to branch out to business-to-business trading and create a customer database from the visitors to display booth. Jati Makmur can also build a potential client database for future communications including follow-ups after the exhibitions, feedback and marketing research. CV. Jati Makmur can then email their potential client's electronic brochure and coupons or vouchers to attract these potential clients, as a method to follow up their clients.

By joining trade exhibitions, Jati Makmur can display products or provide information about services, with the goal of making immediate or future sales. In fact, according to CEIR: The Spend Decision: Analyzing How Exhibits Fit Into The Overall Marketing Budget, 81% of trade show attendees have buying authority. Which means more than 4 out of 5 people walking the aisles are potential customers for exhibitors. When this is the case, the additional benefits are just icing on the cake.

### **Customer testimonial**

It is important for the company to build trust with their prospective customers. Since the company had already been exporting based on the website company [www.jatimakmur.com](http://www.jatimakmur.com) to some customers across the country, these customers can give testimonials, that can be included in their website, social media, catalogue, brochures. These will enhance that Jatimakmur has deliver top quality products.

### **Offer nationwide and worldwide shipping**

In sync with the method 2 proposed earlier regarding partnership. Jatimakmur can offer a discounted and perhaps free shipping to their partners. This will help to attract more companies to accept being their partner to buy and use Jatimakmur's plywood. It is crucial as well to include mentioning specifically at their websites, brochures and other marketing medium that they handle world-wide shipping.

### **For the exporting plan**

The company must increase the production of the plywood to be able to Meet global demands or the should move some of their operation and place offices overseas so it would be easier to operate and to connect with international customers easily , there are many things they must take into consideration when moving or operating in another country like the climate , economic , politics and cultur

## 5. EXPORT PROCESS

There is a complete guidance for doing export by the Directorate General for National Export Development (DJPEN Kemendag) that can be accessed from the Ministry of Trading official website. According to DJPEN Kemendag (2017), first there are 4 requirements to be fulfilled:

The firm has legal entity (Berbadan Hukum), such as CV (Commanditaire Vennotschap), Firm, PT or Persero (Limited Liability Company), Perum (Public Corporation), Perjan (Departmental Company), and Cooperative (Koperasi)

Having NPWP (Tax Payer Registration Number)

Letter of legal from the government as issued by :

- Trading Business License (SIUP) from the Department of Commerce
- Industrial License from Department of Industry
- Domestic Investment Business License (PMDN) or Foreign Investment (PMA) issued by the Investment Coordinating Board (BKPM)
- Having Export Identity Number (APE)

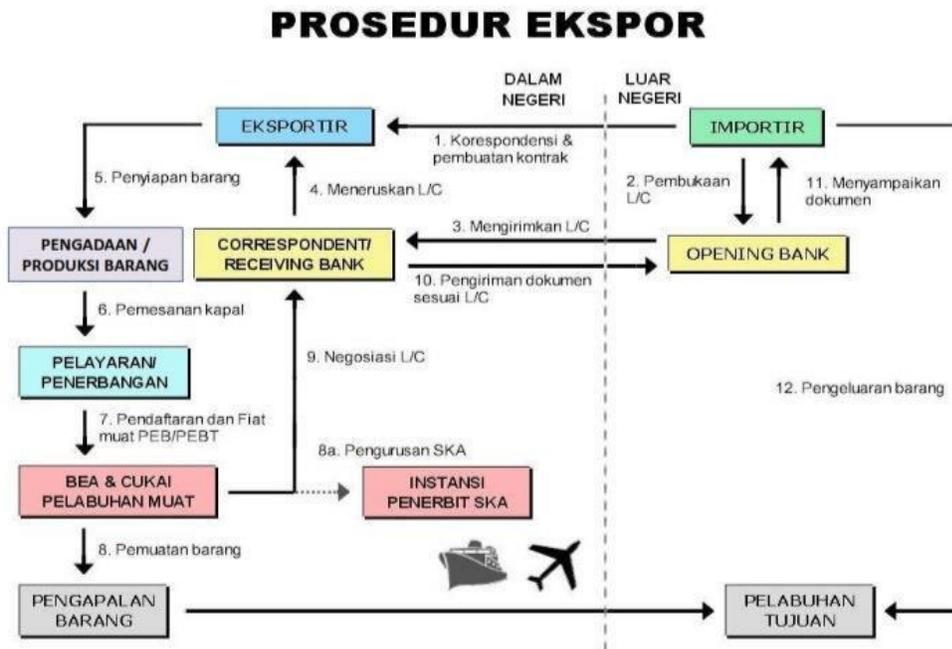


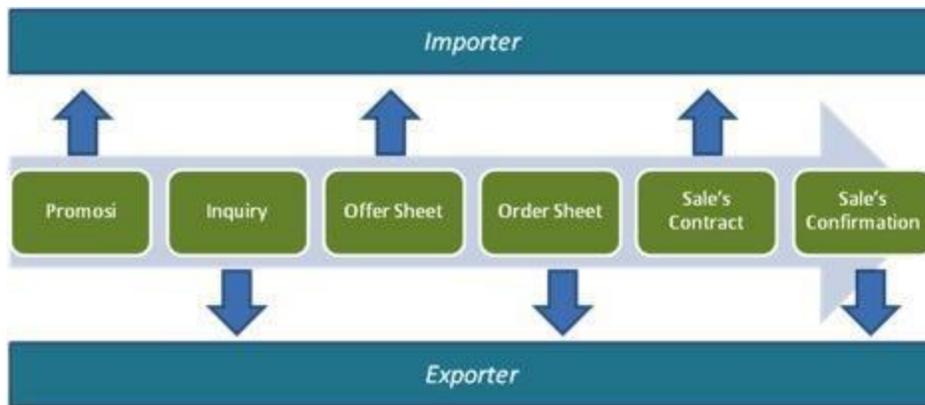
Figure 4. Procedure of export

The figure above shows the overall flowchart to do export in Indonesia. At least there are 11 steps to do export using letter of credit (L/C).

According to Investopedia (2017), L/C is a letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. In the event that the buyer is unable to make payment on the purchase, the bank will be required to cover the full or remaining amount of the purchase.

According to DJPEN Kemendag (2017), by using L/C there are 4 main processes in exporting, consist of sales contact, L/C opening, cargo shipment, and shipping document.

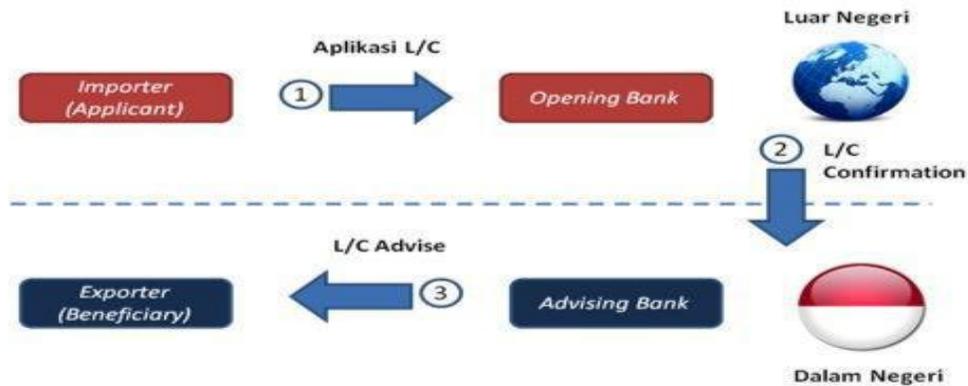
### 6.1 Sales Contract



**Figure 5. Sales Contract Process**

Sales contract is an approval document/letter between seller and buyer which is the follow up of purchase order requested by importer. It contains the payment requirements of the sold goods, such as prices, quality, quantity, shipping method, insurance and others. The contract is the basis for the buyer to fill the application form of L/C to the bank.

### 6.2 L/C Opening



**Figure 6. L/C Opening Process**

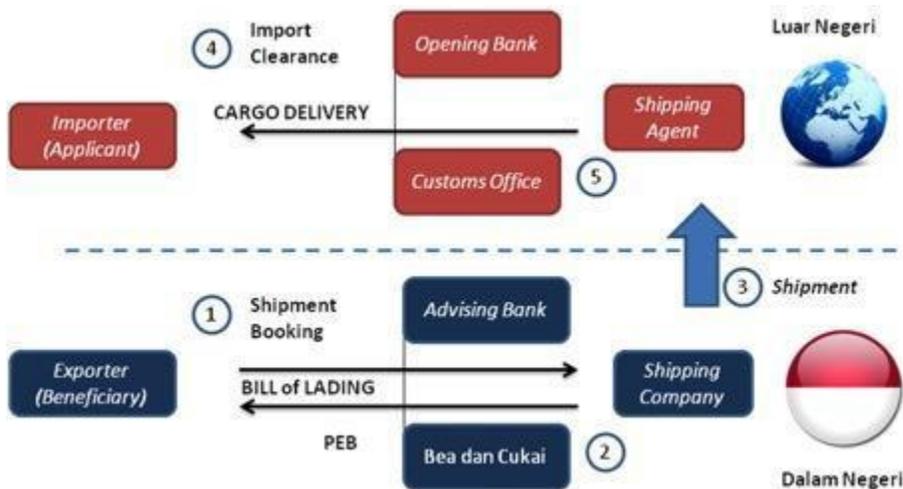
Importer ask the *Opening Bank* to open L/C guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount based on the sales contract.

Opening bank will open L/C though correspondence bank in the exporter country, called as Advising Bank. Proses pembukaan L/C ini dilakukan melalui media elektronik, sedangkan penegasan dalam bentuk tertulisnya akan dituangkan dalam L/C confirmation yang diteruskan dari opening Bank kepada advising Bank untuk disampaikan kepada Eksportir

Advising Bank will check for L/C opening validity from the Opening Bank, if it is accepted then the advising Bank will send the L/C adviceto the exporter.

### 6.3 Cargo Shipment

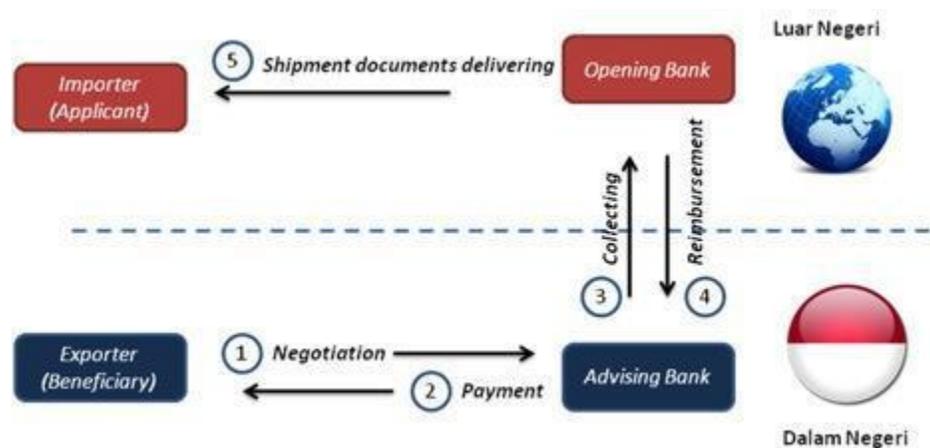
The significant output from this process is the shipping document which is the proof that the exporter has shipped the goods ordered by the importer according to the requirements set in the L/C



**Figure7. Cargo Shipment Process**

### Shipping Document

It is a monetization process of shipping documents for the exporter and is a process for claiming the goods paid for the importer



**Figure8.** Shipping Document Negotiation Process

According to DJPEN Kemendag (2017), there is also flowchart of customs and clearance to be determined in doing export, as the government monitor both imported and exported goods and its import/export duties from *Kantor Pabean* (Customs Office). The procedure to export goods:

The goods to be exported must be reported to Kantor Pabean by filling the documents of Pemberitahuan Ekspor Barang (PEB)

PEB registration must include Nomor Induk Perusahaan/NIPER (Company Master Number) and is provided with complementary documents. PEB must be submitted no sooner than 7 days before the estimation date of export and no later than prior the exported goods enter the Custom Area. Customs complementary documents:

- Invoice and Packing List
- Payment Receipt of State Non-Tax Revenue (PNBP).
- Payment Receipt of Custom Exit (in case of exported goods subject to customs exit)
- Documents from related technical institutions (in case the exported goods subject to provision of prohibition and/or restrictions)
- At the customs office that implements PDE (Pertukaran Data Elektronik - Electronic Data Exchange) system, the customs, exporter/PPJK (Pengusaha Pengurusan Jasa Kepabeanan – Customs Clearance Service Company) are obliged to deliver PEB using Customs PDE system.
- The settlement of export tax if the exported goods subject to export tax. The delivery of PEB can be done by exporter or being authorized to PPJK.
- Physical and documents checks of the exported goods
- Approval and loading of exported goods to the carriers.

## **Pabean Legal Flowchart**

There is also legal flowchart to be determined in doing export, as the government monitor both imported and exported goods and its import/export duties from *Kantor Kepabeanan*. The procedure to export goods:

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- PEB registration with Nomor Induk Perusahaan (NIPER), and fill the complementary document, which consist of :
- Invoice and Packing List PNBK payment receipt
- Export duties payment receipt, and Documents with related agency
- Pay off the export tax according to the condition
- Product physical checking and document check
- Approval and product load to the shipper/carrier

## **6. EXPORT RISK**

Despite having a detailed analysis and comprehensive strategies for expansion to China and Japan, there is risk involved. Eliminating the risk 100% is not possible. However, through a detailed planning and thoughtful evaluation the risk can be minimized and anticipated. Below is the list of possible risk that may become a threat to CV Jati Makmur.

### **Competition**

CV Jati Makmur also should pay attention to other Indonesian plywood companies who export to China and Japan. These companies have the loyal customer who has been using the products and services made by the competitor instead.

According to Beritasatu (2012), Indonesian Plywood export is also experiencing a tight competition with the Malaysian plywood exports. The Vice Chairman of the Indonesian Forest Entrepreneurs Association (APHI), Nana Suparna, mentioned that Indonesia's current wood products and business development trends are experiencing a decline. This includes Indonesian production of furniture and Plywood. Nana Suparnu also said that the event was unfortunate especially since the Indonesian wood industry is forced to recognize the benefits of Malaysia, which incidentally actually have a large scale forests.

In the future, there will be an advancement in technology. CV Jati Makmur's competitors may employ the latest technology for the woodworking production. Currently, the wood and wood industry are developed using labor intensive production processes. Over a period of time, many industries may prefer automation and if CV Jati Makmur does not keep track utilizing the latest technology for CV Jati Makmur's production then CV Jati Makmur may be left behind and become unfit for the market.

## **Change in government rules and regulation**

Government rules and regulations often alter with the change of government as well. Hence it is possible that the rules and regulations regarding exports and imports in China and Japan change in time. For instance due to increasing concern on environment and protecting local plywood producer the Chinese and Japanese government may discourage the import of plywood through imposing tariffs. This changes in regulation would severely affect CV Jati Makmur, in the way that it will be very expensive to export to Japan and China.

## **Shipping problems**

Since CV Jati Makmur sends the goods to China and Japan via shipping, there is a risk of the goods being damaged before it reaches the hands of the customers. This may be due to a natural disaster or strong waves during the expedition.

CV Jati Makmur should pay attention to until where the company is liable for the delivery of goods. CV Jati Makmur should pay attention to the FOB. Deriving from Investopedia (2017), FOB refers to Free on board, which is a trading term that shows if the seller or buyer of the goods has liability for the goods that are damaged or broken in the shipping period between the buyer or the seller. If CV Jati Makmur offers "FOB until the shipping point", this indicates that the buyer handles the risk while the plywood is being delivered, and if CV Jati Makmur offers "FOB until destination" this means that the CV Jati maker will handle the risk of loss or damage of the goods until it reaches the buyer. Customers would prefer FOB until destination especially noting that the distance between Indonesian and China AS well as Indonesia and Japan is very far. However, offering FOB until destination would significantly add cost to CV Jati Makmur.

## **Agents**

Exporting to China and Japan for the first time may be difficult for CVJati Makmur especially since CV Jati Makmur is not familiar with the most suitable and effective distribution method. CV Jati Makmur may employ agents to help the distribution of the plywood to customers. However, employing distribution agent to sell the goods would increase cost for the company.

## **7. RECOMMENDATIONS**

The above paragraphs mentioned the risks that are caused by external factors that may affect CV. Jati Makmur's long-term growth. Hence, to tackle those risk mentioned earlier, several recommendations are developed, as the following:

### **Competition**

To remain competitive in the plywood industry when the competitors are starting to use technology, CV Jati Makmur should keep up with the advancement of technology by investing in it. Currently, CV. Jati Makmur may try to offer discounts for new customers and emphasize the high quality of plywood to customers. This can be communicated through the marketing approaches explained earlier. CV. Jati Makmur can improve the company competitiveness through differentiation in the plywood. Differentiation can be done by offering the customer the best quality of Plywood by using the top quality of wood.

CV. Jati Makmur can also assure the customers that the Plywood is free from wood mite, lice, and parasites as it has been coated with the appropriate woodworking medical treatment. Along with that CV. Jati makmur can enclose the certification of their woodworking. The certification indicates the grade and the quality of the woods.

### **Corporate social responsibility**

It may be difficult to control any changes made by the Government. However, CV Jati Makmur can reduce the risk of the government implementing regulations that disrupt CV Jati Makmur's trade by gaining favor from the government through conducting a Corporate Social Responsibility (CSR) every a particular period of time. According to Investopedia (2017), Corporate social responsibility refers to a company's initiative to asses and take the responsibility for the company's action on the effect the company created to the environment as well as the social wellbeing. Doing a CSR also improves the reputation and establish a great brand image of CV Jati Makmur as well as raising public awareness towards the company. Forbes (2017), mentioned that conducting CSR allows companies to create a brand differentiation. CSR was used as a strategy for differentiation by Timberland, where Timberland hand the voice and incorporate Timberland's company values into Timberland's business model.

There are ranges of different types of Corporate Social Responsibilities that CV Jati Makmur can do. In Indonesia, where CV Jati Makmur obtains the wood for the plywood, the corporate can conduct a planting 1000 trees activities. Conducting these types of CSR in Indonesia may help CV Jati Makmur to win over the support from Indonesia government for exporting abroad. When the Indonesian government support CV Jati Makmur, the government may give a range of benefits to the company such as a reduction or grace period of export tax or even subsidies.

After gaining a certain market share from the market in China and Japan, CV Jati Makmur can then conduct a simple CSR in these countries. Not only that this would help to win over the government support it will also, as mentioned earlier, create a brand differentiation for the company.

### **Travel Insurance**

The company can include travel insurance for the shipping expedition. On the other hand, adding travel insurance to cover the risk of the expedition would add cost for CV Jati Makmur. Thus, instead, CV Jati Makmur can pass on the travel insurance fare to the customer. The customer can select whether to insure the goods on board or up to the front door. The customer can even not insuring the wood works at all. Although no insurance would be cheaper from the customer's perspective, however keep ing in mind, the risk would be borne by the customer by themselves.

So, CV Jati Makmur can provide FOB until destination to the customer but the customer may have to pay a slight mark up in price for the insurance cost to cover the risks during the expedition.

## **Agent**

Exporting with the help of agents imposes cost CV. Jati Makmur. Hence, CV. Jati Makmur should stop using agents after becoming familiar with the distribution methods, after several years exporting to China and Japan. From the distribution agents, CV Jati Makmur can learn how to distribute the goods to the customers. Also, after gaining loyal customer from the agents, CV Jati Makmur can encourage the customer to contact CV Jati Makmur directly instead. This can be done through the offering of discounts and voucher in a direct approach to CV Jati Makmur's loyal customer obtained from the agents. For instance, CV Jati Makmur uses an agent to sell the plywood to a furniture company in China. After several years this furniture company would become a loyal customer of CV Jati Makmur and will keep on buying the CV Jati Makmur's Plywood from the agents. Instead, CV Jati Makmur can directly contact this furniture company and offer them to order directly to CV Jati Makmur without the help of the agent. If the furniture company do this, the furniture company will get, for example, 10% off the price of the Plywood.

## **8. CONCLUSION**

Ultimately, CV. Jati Makmur has a high potential to thrive in the market. This is supported along with the analysis throughout the report. Segmenting, Targeting, and Positioning analysis, as well as risk analysis, allows CV. Jati Makmur to fully grasp the market condition and to fully understand how to conquer the market share in China and Japan, especially since those two countries have the highest demand for plywood. The strategies that are being recommended in the earlier part of the report will assist CV. Jati Makmur to gain more demands for the high-quality Plywood they offer.

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