



Model Commercialization of Chips Product at Cluster of Chips at Pojok Cimahi: a Preliminary Study

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Abstract

Pojok Cimahi is well known as a chips industry in Cimahi City and famous for its various chips products. The cluster that is the main attraction for researchers to further investigate the commercialization model and its business is the chips cluster in Pojok Cimahi. Commercialization is a process that begins with technological insights that end with products that are marketed in a sustainable manner. This study uses qualitative methods and exploration research to SMEs in Pojok Cimahi Clusters, through in-depth interviews of 10 SMEs. The purpose of this research is to know the commercialization model of cluster chips, how the current cluster condition, and what can be recommended for better cluster improvement in the future. Based on the findings, SMEs in the cluster chips in Pojok Cimahi are in the comfort zone. Although in terms of product commercialization through product innovations based on suggestions from customers show a positive and effective in sales, but viewed from the business side there is no further innovative marketing strategy.

Keywords: 'commercialization' 'cluster' 'SMEs' 'model commercialization' 'chips cluster'

1. Introduction

Indonesia has a diverse cluster type with various cluster models as well. Each cluster offers a product or service that has its own uniqueness. One of the interests of researchers in researching clusters is in terms of commercialization and business. How a cluster can survive and innovate amidst intense competition both within clusters and beyond clusters. The cluster that is the main attraction for researchers to further investigate the commercialization model and its business is the chips cluster in Pojok Cimahi. Pojok Cimahi is located on Jalan Setiamanah, Cimahi City. This area is famous for a wide range of chips industry centers such as cassava chips, basreng, slondok, batagor goreng, and so forth. The most famous product in this cluster is its spicy cassava chips product. The industry is based on home industry by using simple equipment. Due the name of Pojok Cimahi is well known as a chips industry center, many buyers are coming directly to this place, by buying small or large parties, to take home as souvenir or resell to their respective areas. Although the POJOK CIMAH I chips cluster is already well known and has been covered by electronic and print media, but not much has been discussed clearly or in how the commercialization and business systems in this cluster. Even the choice of chips type products there are diverse, which means the SMEs in this cluster continues to innovate. The purpose of this research is to know the commercialization model of cluster chips, how the current cluster condition, and what can be recommended for better cluster improvement in the future.

2. Literature Review

2.1. Commercialization for SMEs

Commercialization is part of business activities. However, in the sense according to Professor K (2011, as cited in Ismai et al., 2014), commercialization and business have different roles. Commercialization is a continuation of product R & D results to enter the market (K, 2011; as cited in Ismai et al., 2014; Mazzarol, Reboud and Soutar, 2011), while the business talks about maintaining sales and profits. Issues involved in this business are cost and mass production, focusing more on marketing and sales. Product issues are not addressed in business but in commercialization. In large company, there has been an effective correlation of a systematic approach to the New Product Development process combined with Research and Development which is closely linked with marketing of business activities. Unfortunately, in general this does not happen in small companies, they do not follow a systematic approach, such as what is applied by large companies. Decisions made by small companies tend to be at a certain time or special, opportunistic, and informal. This is what causes NPD and commercialization in the realm of SMEs is the most challenging thing (2). Commercialization is a process that begins with technological insights that end with products that are marketed in a sustainable manner. Creating economic value with knowledge to be a new product or product that has significant improvements or services that meet customer needs. Internal and external resources have a potential impact on business growth and commercialization performance in small companies. Factors that influence it include; Innovation and risk taking (personal entrepreneur), growth strategy, company characteristics, and life cycle phase affect the growth of business activity in small company. Moreover, small companies usually lead by the original owners or entrepreneurs, so the deci-

sion depends on the leaders of the company (3). Many SMEs are superior in technological inventions or innovations, however, have problems with manufacturing facilities, marketing channels, and global contacts to get to know their products. Although SMEs have limited resources, SMEs still have to find ways to achieve economies of scale of production, in order to market their products, and offer other support services that will foster business activity in the realm of SMEs in a vibrant and innovative way. On the one hand, of course the market has an important role to determine successful innovation; Successful commercialization is required in this case, in order to determine their market innovations that have been done. Therefore, SMEs can have many benefits from the commercialization process undertaken. Innovation is not only done in an internal way that is by the company but, can also through cooperation with other companies call open innovation (4).

2.2. Pojok Cimahi as Cluster

Cluster is a group of the industry engaged in the same field at a particular location that arises from the existence of workers, influenced by historical factors, culture, social, educational level of business owner, availability of existing infrastructure or facilities, composition of business actors, and others (Schmitz & Musyck, 1994 as cited in Handayani et al., 2012). Clusters play an important role for the development of industrial competitiveness such as for efficient productivity, encouraging and accelerating innovation and facilitating commercialization in clusters (Porter, 2008 as cited in Handayani et al., 2012). There are three broad cluster ways that affect the competitiveness of a company; First, clusters can increase company productivity and enhance competitiveness; Second, clusters can increase innovation capacity as driven by competitiveness within clusters; Third, clusters can encourage or create new business or further industrial cluster expansion (6). Pojok Cimahi is an area in Cimahi City which is famous as a center of production and sales of various kinds of chips, one of which is the most famous is spicy cassava chips, and bas-reng chips (baso goreng = fried meatballs) chips. There are many manufacturers who sell their products at home stores. Pojok Cimahi is an area where many SMEs are doing business in the same field, selling in the same place, and the same raw materials. They compete between neighbors and open jobs for the community around Pojok Cimahi. Based on the meaning of the theory mentioned previously, Pojok Cimahi enter cluster category.

3. Methodology

This study uses qualitative methods to SMEs in Pojok Cimahi Clusters, through in-depth interviews of 10 SMEs. The research exploration was conducted to find out the commercialization model of Pojok Cimahi Cluster product so that they can continue to grow and become famous as a producer center and seller of various spicy chips. The purpose of this research is to know the commercialization model of cluster chips, how the current cluster condition, and what can be recommended for better cluster improvement in the future. In addition supported by primary data, this research is supported by secondary data derived from journal articles, proceedings, books, electronic newspapers, blogs, YouTube, and other sources that support this research. Additionally, in addition to knowing the commercialization model of this cluster product, researchers also approached the model of commercialization of similar products from famous brands in Indonesia. As one of the inputs to create a new commercialization model for product innovation, as commercialization speaks about Research and Development and its innovations, which will be related to future suggestions.

4. Analysis and Discussion

4.1. Cluster Conditions in Pojok Cimahi

Pojok Cimahi is located on Jalan Setiamanah, Cimahi City. This area is famous for a wide range of chips industry centers such as cassava chips, basreng, slondok, batagor goreng, and so forth. There are many choices of chips on offer, starting from the raw materials used, the flavors offered, and the prices offered by SMEs in the Pojok Cimahi. Initially, there was 1 successful SMEs doing business in cassava chips in Pojok Cimahi, the success of SMEs that motivate the neighbors around to build the same business. While many competitors are in the same location selling the same product, it makes the chips products offered more varied and innovative, as SMEs in these clusters compete with each other to meet market needs and demands (7). The most famous product in this cluster is its spicy cassava chips product. Thus, almost all producers in this cluster use raw materials of cassava, although the price of cassava raw material rises, not so disturbing the production due to high demand and profits. The industry is based on home industry by using simple equipment. The majority of production still involves human labor as well as employment opportunities for those who drop out or need additional money around this cluster area (8). Due the name of Pojok Cimahi is well known as a chips industry center, many buyers are coming directly to this place, by buying small or large parties, to take home as souvenir or resell to their respective areas. Based on the data collected, the majorities of SMEs have their own suppliers of raw materials and have established their businesses independently. The average origin of raw material suppliers comes from the same region, because raw material suppliers offer directly to the SMEs in this cluster. Judging from the production and marketing conditions that exist in this cluster, they already have their own market, and stable in production because it is stable also in raw material stock. Thus, there is no further marketing strategy.

4.2. Model Commercialization and Business of Chips Products in Pojok Cimahi

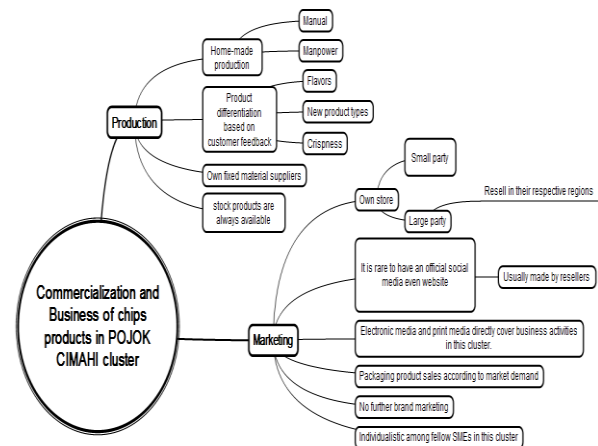


Fig 1.: Model commercialization of chips products in Pojok Cimahi

As discussed in the review literature, commercialization is a process or part of Research and Development or innovation of new products or services to be mass marketed. In this case, the commercialization of products in the chips cluster at Pojok Cimahi is discussed in depth how they innovate in competing in the same product domain, same production location, same sale, and relatively same price. Making products in Pojok Cimahi chips cluster can be famous and tempting when viewed from the business side. Model commercialization of chips products in this cluster can be seen from the side of production and marketing, as below;

Production

On the production side, the commercialization stage focuses more on input from customers, how they conduct RnD in product innovation is based on feedback from buyers. They always listen, what kind of chips products customers want, then SMEs will make it and sold directly at the store, and still receive feedback from customers. This is what makes the chips product in this cluster very diverse, including the variety of flavors offered, the types of chips offered, the crispness of chips offered, and the development of new products offered, all cannot be separated from the role of customers who always provide innovative input, and SMEs are always trying to make product innovations and meet the needs and demands of customers or markets. Although the scale of production that is in this cluster is still household-based and using simple equipment, they can meet market demand and always available products ready for sale at the store. Although there is a special order with a large quantity, the production of special orders can be completed 2-3 days, supported by a strong supply of raw materials and a lot of workforce. Researchers observe and analyze that commercialization by SMEs in this cluster focuses more on product innovation, which is then mass-produced and sold, although the production process until packaging is still manual or simple.

Marketing

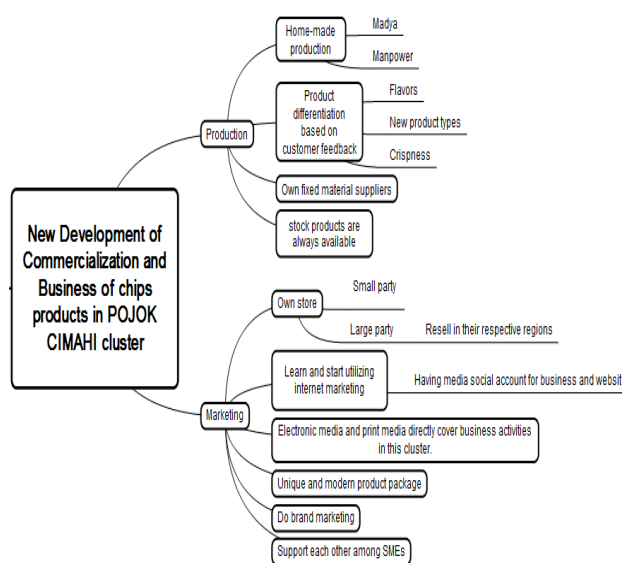
Viewed from the marketing side, the business process on marketing undertaken by SMEs in this cluster further develops on the packaging of chips products, which the market asks or adapts to market conditions. Packaging of chips products offered such as, packaging of chips products for resale with prices offered ranging from Rp500 to Rp5000 per pack. The other chips product packaging offered is, customers can buy the chips as per their needs which are measured through kg weight, the price starts from Rp20.000-Rp40.000/kg. They are more doing marketing strategies with a 'wait for the ball' system or in other words wait for the old and new customers in their store. There is no further development of marketing strategies yet any further brand marketing; it is very rare that they have social media for businesses and even websites. Based on information from respondents, this is because customers who come to this cluster are always crowded and more profitable direct sales at the store; As for, delivery of products to out of town is coming from customers who have been shopping directly to the store. Due to its well-known cluster of chips in Cimahi, the name Pojok Cimahi or this cluster is several times ever covered by electronic media and print media. The role of media is help to market the name of this cluster nationally, so that business activity here is more alive. Unfortunately, fellow SMEs in this cluster are still individualistic and there is no equity price, all business activities are carried out independently and secrets.

In this cluster there is an association of SME chips to help fellow SMEs in this cluster advanced. But in practice, the association is not running optimally.

4.3. The Development of a New Commercialization Model and Business Process Based on a Well-Known Brand for the Cluster of Chips Pojok Cimahi

Based on the results of the analysis that has been described, it is known that SMEs in Pojok Cimahi cluster is good enough in the commercialization of products through innovations made and liked by the market. But, as cited in Ismai, Sidek, & Nor, 2014, has explained, commercialization and business are two things that have different roles. Commercialization is more focused on product innovation while business, more focus on marketing, both things must go hand in hand. In this case, researchers analyze commercialization and business models for similar products by comparing with one of well-known brands in Indonesia. We compare the model of commercialization of product and business in Pojok Cimahi chips cluster with one famous brand of chips. Brand

XXX, could be famous and successful because it prioritizes the development of the brand, in addition to products that may be similar to the products sold in clusters of chips. In terms of commercialization Brand XXX products are more up to date in terms of taste, but there are also SMEs in Pojok Cimahi clusters that sell and produce up to date products in terms of taste. In terms of business or packaging, Brand XXX is more innovative, utilizing internet marketing well, making reseller's marketing strategy through resellers, very attractive and modern packaging, even getting into retail is an excellent achievement for a business that develops brand and product at the same time. What makes the price offered by Brand XXX compared to the products offered by SMEs in Pojok Cimahi chips cluster is very gap. Therefore, the results of observation and a brief analysis of the SMEs clusters chips and chips which already has a well-known brand, the researchers made a model of commercialization and business development as below; **Fig. 2:** The development of a new commercialization model and business process for the cluster of chips Pojok Cimahi



5. Conclusion and Recommendation

5.1. Conclusion

Based on the results of the analysis and discussion, SMEs in the cluster chips in Pojok Cimahi are in the comfort zone. Although in terms of product commercialization through product innovations based on suggestions from customers show a positive and effective in sales, but viewed from the business side there is no further innovative marketing strategy. SMEs in the chips clusters in Pojok Cimahi more rely on customers who come to the store, whether old or new customers, with simple packaging. Limitations of knowledge and the courage to try innovation in terms of marketing or business become the obstacles experienced by SMEs in Pojok Cimahi. Though the role of business or marketing is to introduce commercialization products that have been made or in production to the market. In the current chips business development, there are many emerging new brands even some of them are famous, the selling price offered by these brands is very much different from the price offered by SMEs in this cluster. It would be very unfortunate if, SMEs in the cluster chips in Pojok Cimahi not aware of this, although until now the demand is very high but it would be better if continued innovation in terms of commercialization of products and business, so that SMEs will continue to be able to compete and adapt.

5.2. Recommendation

From the result of this research, the researcher make some recommendation points that can be done through tripple helix approach, that is government, academic, and business (SMEs in chips cluster at Pojok Cimahi), based on the new commercialization and business development model that has been developed in this research (see figure 2), as below;

1. Revive the association of SMEs in the chips cluster at Pojok Cimahi

The functions of associations in addition to managing prices or support each other among SMEs as well as business consultation media and opening up new business ideas from chips cluster development, the SMEs association can also be one of the gateways for governments or academics to provide counseling or training programs for the advancement of these clusters.

2. Provide counseling, training, and other program services about the development of existing businesses

SMEs need to be provided with counseling and training with regard to existing business development from academia or government, or even from successful business practitioners, in order to gain new insights.

3. Training branding and internet marketing

This is quite important given and done; Technological developments and globalization are growing rapidly.

4. Innovation product and marketing

Innovation must be done in all lines of the company, but in this case the development of innovation on the production side can be done starting from the use of medium scale equipment, to accelerate production to maxima and continue to innovate in products made tailored to the needs and market demand. On the marketing side, innovation can start by creating attractive and modern packaging to increase the value of selling and added value, start daring to market the product through internet marketing, and make other marketing strategies to keep business activities and commercialization going forward.

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