

PT Garam's Salt Pricing Strategy In Maintaining Salt Price Stability at The Farmer Level

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ABSTRACT

Keywords:

salt; price; strategy

The purpose of the study is PT Garam's Salt Pricing Strategy In Maintaining Salt Price Stability at The Farmer Level. This research design uses a quantitative research approach This type of research uses descriptive research methods. By paying attention to the SWOT matrix, the strategy that can be done by the company is to lay a solid foundation to prepare itself for excellent performance on farm by modernizing and mechanizing fencing, infrastructure development, preparing human resource and corporate capacity building the off farm sector through downstream salt derivative chemical industries (Soda Ash Factory, Cosmic Soda and Pharmaceutical Salt) as well as strengthening marketing and sales strategies to strengthen PT Garam's product brand and Increase market share for processed salt (both table salt and lifestyle salt). Other potentials are affirming the legality of ownership of PT Garam (Persero) Surabaya office, port cooperation with private and state-owned enterprises, changing the ownership status of Garam Islamic Hospital, developing and optimizing the area around the head office of PT Garam (Persero) in Kalianget as heritage and tourist visits.



Introduction

Salt is a strategic commodity and political commodity in Indonesia (Salim & Munadi, 2016), and salt is one of the complements of food needs and is a source of electrolytes for the human body. Indonesia has the potential as a producer of salt with iodized salt quality because Indonesia is one of the largest maritime countries in the world with a sea area of 70 percent of the total area of Indonesia and has the second longest coastline in the world. The ocean area reaches 5.8 million square kilometers and the coastline length is 95,181km (MA'ARIF, 2021)

In Indonesia, salt is divided into 2 (two) categories, namely Consumption salt and Industrial Salt (Ministry of Industry, 2014). Consumption salt is salt used for consumption or can be processed into household salt and diet salt for public consumption. Meanwhile, industrial salt is salt used as a tray / auxiliary material in the production process. Salt grouping based on the Regulation of the Minister of Industry of the Republic of Indonesia Number 88/M-IND/PER/10/2014 as shown in figure 1 (Faulkner & Bowman, 1995).

Currently, salt is included in strategic commodities because salt is not only used for household consumption needs, but most industries in Indonesia require salt (CAP, pharmaceuticals, mining, fertilizers and others). The need for salt in Indonesia tends to increase from year to year in line with the rate of population growth and industrial development, especially the pharmaceutical, food and beverage, and mining industries in Indonesia. Currently, the need for consumption salt in Indonesia is still met by domestic production and imports, while the needs of industrial salt are still fully met by imported salt (Kaplan & David, 2020).

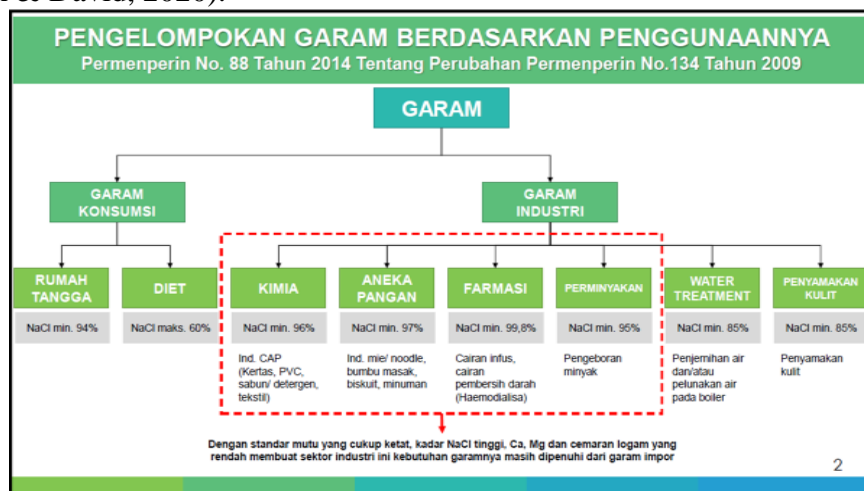


Figure 1 Salt Grouping based on Permenperin No. 88/2014

PT Garam is a state-owned company engaged in salt production in Indonesia that has a vision of **"To become a world-quality salt industry company"** and has a mission: 1) To become a producer of salt raw materials and derivatives, as well as world-quality processed salt to meet national needs; 2) Committed to maintaining sustainable product supply; 3) Ensuring the satisfaction of consumers and stakeholders; PT Garam as a state-owned company also acts as a development agent and consistently maintains the guarantee of national salt availability and always strives to realize food sovereignty in Indonesia (Kasali, 2018).

Currently, PT Garam is the only producer of raw material salt and only with a production share that contributes 20% of total national production. However, PT Garam's production results become a reference for salt farmers in determining their salt prices, because PT Garam is a reliable salt supplier both in terms of quality and quantity (Rochwulaningsih, 2013).

The difference in the quality of salt production between PT Garam and salt farmers can be seen from the production process carried out, PT Garam produces salt with an area per each salt above 500 Ha, where the incoming seawater is evaporated (raising sea water content) and reducing impurity starting from Bozem until the crystallization process is carried out in different fields (as shown in Figure 1.2) while smallholder farmers carry out all salt making processes in 1 (one) the same land, this is what distinguishes the quality of its production, so that the selling price of salt from PT Garam is always a reference for smallholder salt farmers in determining the price of salt (Wati, Daryanto, & Setiawan, 2015).

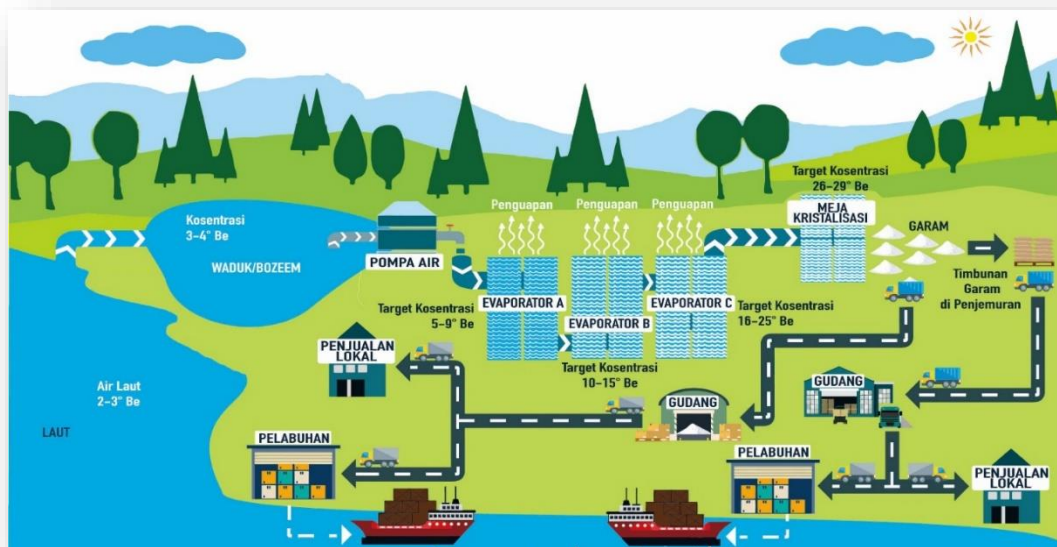


Figure 2 PT Garam's Salt Production Process

Salt prices have always been very crucial in the national salt trading system, PT Garam as a state-owned company that produces salt in determining salt prices is very concerned with external factors in determining the price policy, including climate factors, demand factors from customers and the entry of imported salt. Prices fluctuate greatly every year, and PT Garam is expected to be able to act as a price stabilizer institution so that salt prices in the market can meet the welfare of farmers. This study examines the price of salt in the market with pricing carried out by PT Garam. In addition, this research is also limited to pricing policies by PT Garam (Herman, Noor, & Mulyadi, 2014).

In practical terms, this research can develop insights, contribute, input and suggestions to PT Garam's management in setting salt selling price strategies with the aim of creating a good national salt ecosystem.

Research Methods

This research design uses a quantitative research approach. This type of research uses descriptive research methods. (Sugiyono, 2021) suggests that quantitative research methods are research methods used to examine certain populations or samples, data collection using research instruments, data analysis in the form of statistics, with the aim of testing hypotheses. With this study, a quantitative approach was used to measure the effect of human resource planning and development on productivity. The productivity in question is the result of processed seafood products. This research is causal comparative that relates causes or reasons with two or more variables and compares the results of previous research and tests theories.

Results and Discussion

IFE Matrix Analysis

This analysis tool is used to see the internal condition of the company in determining the factors of strategic advantage owned by the company. The stages in IFE analysis are basically the same as the stages in EFE analysis. The weighting in this analysis is based on the relative importance of each factor to succeed in the industry entered by the company, while the rating scale is based on the condition of each critical

success factor that exists. The criteria for the weight and rating given are:(Haendra, Maarif, Affandi, & Sukmawati, 2021)

Table 1 IFE Matrix PT. Salt

Critical Success Factors	Weight	Rating	Weighted score
Strength			
1. Has a production area of 5,340 Ha	0,15	4	0,60
2. It has 12 regional offices throughout Indonesia.	0,10	3	0,30
3. The only state-owned company engaged in salt	0,10	3	0,30
4. Has many warehousing facilities in all production centers	0,10	3	0,30
5. Has 2 piers to serve shipments outside the island	0,05		0,10
	0,50	2	1,60
Weakness			
1. Factory production capacity is not optimal	0,10	3	0,30
2. The quality of raw material salt products has not been homogeneous	0,15		0,45
	0,10	3	0,20
3. Factory Frequent Shutdown	0,05		0,05
4. Mindset is still struggling with raw material salt	0,10	2	0,20
		1	0,20
5. Uneven distribution of products	0,50	2	1,20
	1,0		2,80

Source: Data processed 2023

Information:

Weight: 0.00 to 0.05 = No effect
 : >0.05 to 0.10 = Less influential
 : > 0.10 to 0.15 = Quite influential
 : > 0.15 to 0.20 = Influential
 : More than 0.20 = Very influential

Rating : 1 = Ugly
 : 2 = Average
 : 3 = > average
 : 4 = Superior

The following are presented the results of the IFE Matrix analysis at the company concerned.

The explanation of the results of the IFE Matrix analysis can be known from the following examples.

1. In the strength factor, the weight of 0.15 with a rating of 4 on the ownership of production land covering an area of 5,340 Ha shows that PT Garam is the only company with a core business_nya in producing salt that produces ± 20% of national salt production is very influential in determining salt prices nationally because its competitors are smallholder farmers with only a small area with a range of 2 to 10 Ha per individual farmer (Purnanto, Suadi, & Ustadi, 2020).
2. On the weakness factor, the weight of 0.15 with a rating of 3 on PT Garam's salt production is still not homogeneous, this shows that the quality of salt produced still does not meet market needs for industrial companies so that the quality that is not homogeneous is quite influential in competition with farmers whose quality is far below the quality of PT Garam's premium salt, or it can be likened that for now PT

Garam is still considered a competitor of smallholder farmers, which PT Garam should focus on serving the industrial market if the quality of salt is homogeneous (Haryadi, Suryanto, Mukhlis, & Anggraini, 2023).

The results of IFE analysis at PT. The salt presented in table 1 shows the company's total score of 2.80. This shows that the company's current condition shows a strong internal position in developing the company's core business in the future (Wardana, Sutopo, & Hisjam, 2023).

EFE Matrix Analysis

External factors have a direct or indirect effect on the company. After identifying various opportunities and threats that can support and hinder the company in achieving its goals, the next step is to compile a profile of opportunities and threats contained in the external environment using EFE analysis tools (Maflahah & Asfan, 2021). Through this analysis, the determination of external factors selected based on the possible influence of these factors on the company's potential strategic position or so-called critical success factors. Next, determine the weight and rating of critical success factors, followed by multiplying the weight value by the rating to get a weighted score of all critical success factors. Weight indicates the relative importance of each factor to succeed or bring success to the company in the industry, while the rating indicates the condition of each critical success factor that exists (Harun et al., 2023).

The last step is to add up the total scores to get a weighted total score.

Table 2 PT GARAM EFE Matrix

Critical Success Factors	Weight	Rating	Balanced score
Opportunity			
1. Competitors do not have salt production land	0,10	2	0,20
2. The market share of refined salt is still very broad	0,20	3	0,60
3. Salt produced by smallholder farmers has not been able to compete with PT Garam's salt	0,05	2	0,10
4. Stipulation of Presidential Regulation 126/2022: Acceleration of National Salt Development	0,10	2	0,20
5. All Industries need salt owned by PT Garam	0,05	3	0,15
Threat			
1. The processors know the cycle of PT Garam's funding needs	0,10	3	0,30
2. Dependence on Climate	0,15	3	0,45
3. There has been no determination of salt commodities as staple & important commodities of the State	0,15	4	0,60
4. Import salt that seeps into consumption salt	0,05	3	0,15
5. The quality of smallholder farmers is getting better	0,05	1	0,05
	1,0		2,80

Source: Data processed 2023

Information:

Weight: 0.00 to 0.05 = No effect	Rating : 1 = Ugly
: >0.05 to 0.10 = Less influential	: 2 = Average
: > 0.10 to 0.15 = Quite influential	: 3 = > average
: > 0.15 to 0.20 = Influential	: 4 = Superior
: More than 0.20 = Very influential	

The explanation of the results of the EFE Matrix analysis can be explained from the following examples of critical success factors:

1. On the opportunity factor, the weight of 0.20 with a rating of 3 on the very broad market share of processed salt means that for now the fulfillment of processed salt in the market has a very large entry opportunity, and has a significant influence on the company's business development to develop and increase the market share of processed salt (Nugroho, Susandini, & Islam, 2020).
2. In the threat factor, the abundance of substitute products with a weight of 0.15 and a rating of 4, indicates that the absence of government determination of salt into the component of Basic & Important Goods (Bapokting) greatly affects the ups and downs of prices because there is no dasae price determination from the government for the price of salt to be sold, when inu still uses market mechanisms that are influenced by the system and political permits from private business actors.

The total weighted score of 2.80 obtained by the company from EFE analysis shows that the company is in a condition that is strongly influenced by threats that can affect the salt industry in Indonesia, this is what needs to be done risk mitigation and political goodwill in Indonesia in developing a good national salt trade system (Rochwulaningsih, Sulistiyono, & Utama, 2020).

SWOT Matrix Analysis

After using EFE and IFE analysis as input stages, SWOT matrix analysis is then used as the initial matching stage analysis. The SWOT matrix is an advanced analytical tool that is important in determining and developing appropriate strategy alternatives.

This matrix will draw up an overarching picture of the company's strategy that is based on internal strengths and weaknesses and on external opportunities and threats. Key success factors used in the SWOT matrix are key success factors from the analysis of the company's external and internal environment based on strengths, weaknesses, opportunities and threats. The following is presented SWOT matrix at PT GARAM.

Table 3 SWOT MATRIX PT GARAM

SWOT matrix	Strength(s)	Weakness (W)
	<ol style="list-style-type: none"> 1. Has a production area of 5,340 Ha 2. It has 12 regional offices throughout Indonesia. 3. The only state-owned company engaged in salt 4. Has many warehousing facilities in all production centers 5. It has 2 piers to serve shipments outside the island. 	<ol style="list-style-type: none"> 1. Factory production capacity is not optimal 2. The quality of raw material salt products has not been homogeneous 3. Factory Frequent Shutdown 4. Mindset is still selling raw material salt 5. Uneven distribution of products
Opportunity	SO Strategy	WO Strategy
<ol style="list-style-type: none"> 1. Competitors do not have salt production land 2. The market share of refined salt is still very broad 3. Salt produced by smallholder farmers has not been able to compete with PT Garam's salt 4. Stipulation of Presidential Regulation 126/2022: Acceleration of National Salt Development 5. All Industries need salt owned by PT Garam 	<ol style="list-style-type: none"> 1. Modernization of salt production processes 2. Increase the market share of refined salt 3. Establish good communication with salt farmers so that the quality increases 4. Restrictions on the sale of raw material salt to processors 5. Maintain the continuity of product availability in the market 	<ol style="list-style-type: none"> 1. Perform regular factory maintenance 2. Prepare backup spare parts in anticipation of sudden shutdowns 3. Optimize the role of regional sales to increase the distributor network 4. Maintain product stock guarantees 5. Maintain good relationships with customers
Threat	ST Strategy	WT Strategy
<ol style="list-style-type: none"> 1. The processors know the cycle of PT Garam's funding needs 2. Dependence on Climate 3. There has been no determination of salt commodities as staple & important commodities of the State 	<ol style="list-style-type: none"> 1. Developing salt downstream business 2. Producing salt with industrial quality 3. Maintain the company's cashflow so that customers do not play with prices 4. Carry out regular absorption of people's salt 	<ol style="list-style-type: none"> 1. Strengthen communication with customers 2. Optimization of company assets 3. Optimize the capacity of existing refined salt plants

4. Import salt that seeps into consumption salt	5. Communicate actively with the government
5. The quality of smallholder farmers is getting better	

Source: Data processed 2023

From the SWOT Matrix analysis above, matching the company's strengths (S), weaknesses (W), opportunities (O) and threats (T) resulted in several alternative strategies, namely the SO, ST, WO strategy and the WT strategy. The guidelines for selecting alternative strategies are:

1. The SO strategy is chosen if the company has the strengths to take advantage of various opportunities.
2. ST strategy is chosen if the company has strengths in dealing with various existing threats.
3. The WO strategy is chosen if the company tries to overcome its weaknesses by taking advantage of various existing opportunities.
4. The WT strategy is chosen if the company seeks to overcome weaknesses while avoiding the threats it faces.

From the SWOT matrix, companies can use alternative SO Strategies, namely by using the strengths owned by PT Garam to take advantage of existing opportunities so that company goals will be achieved.

By paying attention to the SWOT matrix, the strategy that can be done by the company is to lay a solid foundation to prepare itself for excellent performance on farm by modernizing and mechanizing fencing, infrastructure development, preparing human resource and corporate capacity building the off farm sector through downstream salt derivative chemical industries (Soda Ash Factory, Cosmic Soda and Pharmaceutical Salt) as well as strengthening marketing and sales strategies to strengthen PT Garam's product brand and Increase market share for processed salt (both table salt and lifestyle salt).

QSPM Matrix Analysis

Table 10 QSPM Matrix PT. SALT

Information	Weight	Alternative Strategies					
		Market Penetration		Market Development		Product Development	
Chance		AXLE	BAG	AXLE	BAG	AXLE	BAG
Competitors do not have salt production land	0.10	2	0,2	3	0,3	2	0,2
The market share of refined salt is still very broad	0.10	2	0,2	3	0,3	3	0,3
Salt produced by smallholder farmers has not been able to compete with PT Garam's salt	0.10	3	0,3	3	0,3	3	0,3
Stipulation of Presidential Regulation 126/2022: Acceleration	0.05	1	0,05	2	0,1	3	0,15

PT Garam's Salt Pricing Strategy In Maintaining Salt Price Stability at The Farmer Level

of National Salt Development								
All Industries need salt owned by PT Garam	0.20	3	0,6	2	0,4	4	0,8	
Threat								
The processors know the cycle of PT Garam's funding needs	0.15	3	0,45	3	0,45	4	0,6	
Dependence on Climate	0.15	3	0,45	3	0,45	3	0,45	
There has been no determination of salt commodities as staple & important commodities of the State	0.05	1	0,05	3	0,15	2	0,1	
Import salt that seeps into consumption salt	0.05	1	0,05	2	0,1	3	0,15	
The quality of smallholder farmers is getting better	0.05	3	0,15	2	0,1	3	0,15	
Strength								
Has a production area of 5,340 Ha	0.05	4	0,2	3	0,15	3	0,15	
It has 12 regional offices throughout Indonesia.	0.05	2	0,1	3	0,15	3	0,15	
The only state-owned company engaged in salt	0.15	3	0,45	3	0,45	3	0,45	
Has many warehousing facilities in all production centers	0.10	2	0,2	2	0,2	2	0,2	
Has 2 piers to serve shipments outside the island	0.05	2	0,1	2	0,1	2	0,1	
Debilitation								
Factory production capacity is not optimal	0.10	3	0,3	3	0,3	2	0,2	
The quality of raw material salt products has not been homogeneous	0.10	2	0,2	3	0,3	3	0,3	
Factory Frequent Shutdown	0.15	1	0,15	2	0,3	2	0,3	
Mindset is still selling raw material salt	0.15	3	0,45	3	0,45	3	0,45	
Uneven distribution of products	0.10	2	0,2	2	0,2	2	0,2	
			4,85		5,25		5,7	

Information:

AS (Attractive Score): The relative attractiveness or attractiveness of the application of each strategy seen from existing factors. Here is a description of the US numbers (Attractive Score):

- 1 = Uninteresting
- 2 = Somewhat Interesting
- 3 = Interesting
- 4 = Very interesting

TAS (Total Attractive Score) : The total AS value of each strategy offered.

Strategy Setting

In the formulation of strategies obtained strategies through an evaluation matrix of alternative strategies, namely the QSPM (Quantitative Strategic Planning Matrix) matrix. Based on several previous analyses, alternative strategies chosen are Product Development Strategy, Market Development Strategy and Penetration Strategy where these three strategies are most likely to be implemented by the company. The US weight and value in the QSPM analysis are calculated objectively by considering the results of interviews and observations of the company. The weight value is the same as the weighting of the EFE and IFE Matrices. Attractive Score is a value that indicates the relative attractiveness of each strategy. The total value of TAS is obtained by multiplying the weight by the US value. From the QSPM matrix, the highest value is found in alternative product development strategies so that it can be concluded that companies should prioritize product development strategies as their strategic choices.

Discussion

In addition to the company's vision and mission that have been redefined and used as the basis for determining the strategy of PT Garam (Persero) by setting targets to be achieved in the perspective of finance, customers, internal business processes as well as learning and growth. The company's strategic goals in the long term from a financial perspective are more aimed at increasing profitability and revenue. In the customer perspective, the company's strategic goals in the long term focus more on increasing the portion of processed salt sales to raw material salt, expanding salt market share and customer satisfaction.

In the perspective of internal business processes, there are 5 strategic objectives of the company in the long term, namely:

- a. Intensifying existing salt fields
- b. Increased volume of refined salt production and health (Lososa)
- c. Improve the quality of raw material production
- d. Increase the amount of salt and mineral derivative products
- e. Increase the volume of SWRO salt procurement (KSO)
- f. Increase utilization of non-salting assets

In the perspective of learning and growth, there are 2 strategic goals of the company in the long term, namely optimizing IT in every business process and increasing the competence of all employees

Referring to the strategy map with a balanced scorecard 4 perspectives, the company's strategic objectives in the context of the RJPP can be illustrated on the strategy map in the figure below.

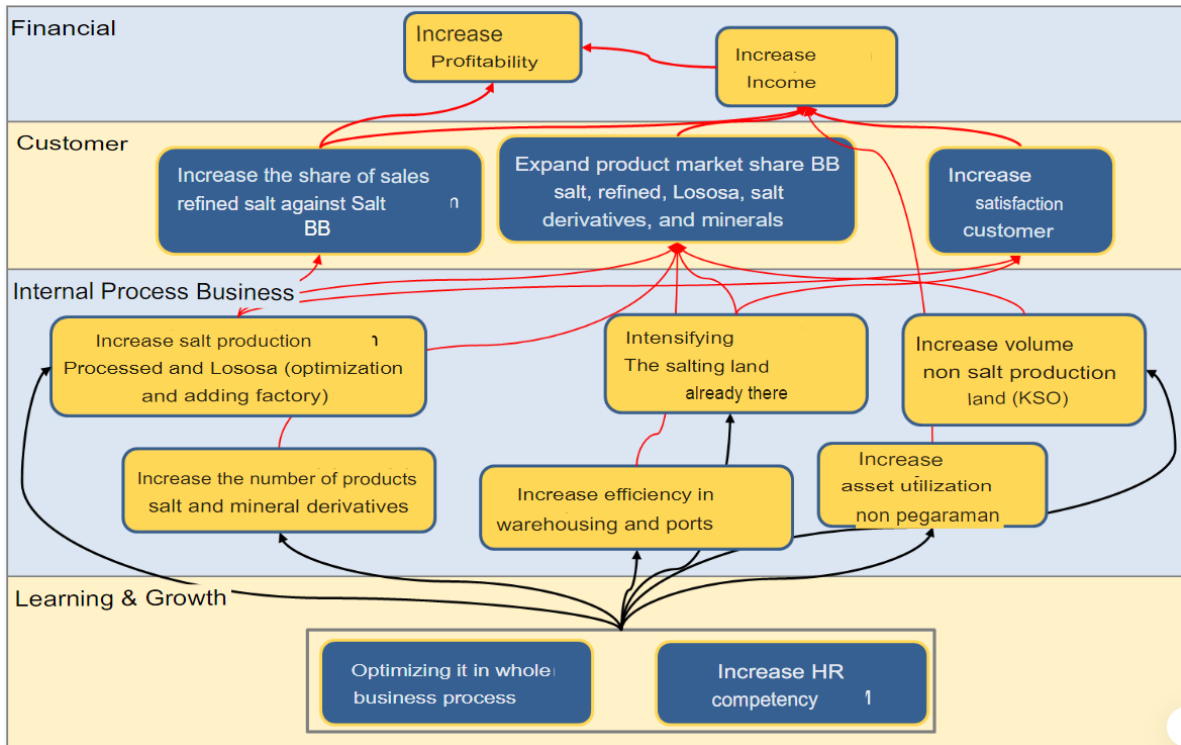


Figure 1. PT Garam Strategy Map

Grand Strategy

The company's strategic position is planned to be in quadrant I which can be seen in the picture below. In an effort to achieve these goals and strategic positions, several strategic initiatives have been formulated which are grouped into the master strategy (Grand Strategy) to be carried out.

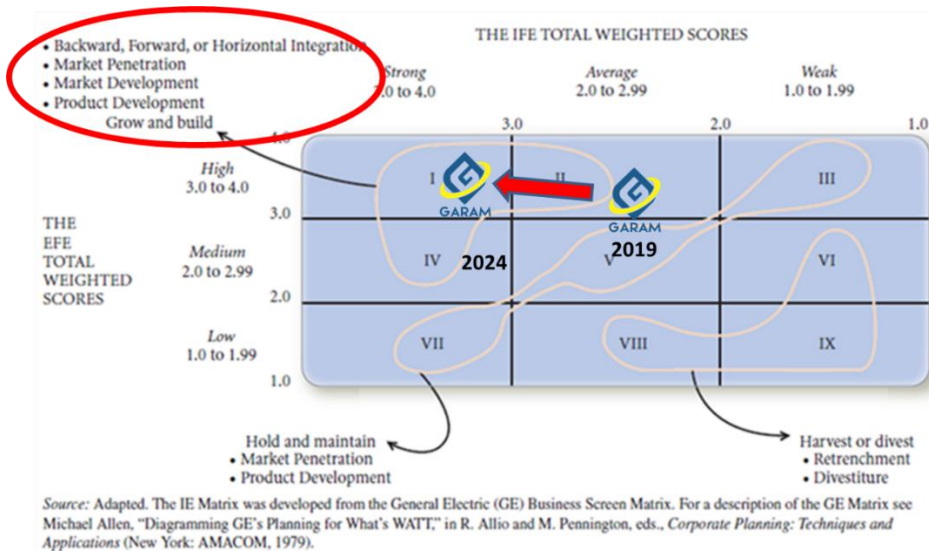


Figure 2. Strategic Position of PT Garam

The strategic initiatives that have been formulated to achieve the goals and strategic position of PT Garam (Persero) consist of:

1. Increase in the sales volume of raw material salt
2. Increase in sales volume of refined salt
3. Increase in sales volume of low sodium salt

4. Manufacture and Development of New Products Based on Salt and Mineral Derivatives
5. Optimization of non-salting assets

The grouping of strategy initiatives into master strategies can be seen in Figure 1.



Figure 3 Initiatif Strategi PT Garam

Increase in Raw Material Salt Sales Volume

The strategy to increase the sales volume of raw material salt is to enter into an offtaker agreement with the various food industries and increase the production capacity of raw material salt oriented to salt quality with a NaCl content of >95%, while the program to increase raw material salt production is an intensification and electrification program for salt land and raw material salt from non-salt land, namely by the Sea Water Reverse Osmosis process (SWRO).

Salt production from salt fields owned by the company will be increased to the optimum production limit. Especially for salt land in Gresik, Manyar, there will be a reduction in production volume targets because part of the land will be used for the Chemical Plant work program. Land use is rustling for the Chemical plant project in the year.

The raw material salt production work program through the SWRO process carried out with Operational Cooperation (KSO) with PLTU and Pertamina Patra Niaga is the main program in encouraging raw material salt sales volume because the potential for raw material salt production from each SWRO is around 1 million tons per year. The SWRO process itself produces raw material salt products. In the SWRO process, PT Garam (Persero) will utilize Brine waste from PLTU or Pertamina Patra Niaga using a crystallization unit to obtain high-quality salt.

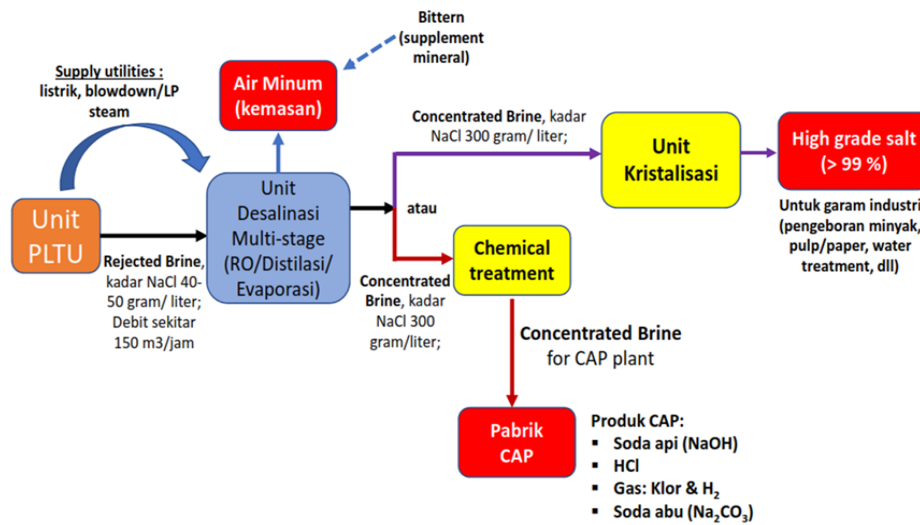


Figure 4. Process Sea Water Reverse Osmosis

Produksi air baku FTP-1 Jawa & PLTU-PLTGU Gresik



Figure 5 PLTU Area for KSO

The KSO plan with PLTU will be carried out at one of the PLTU owned by PT. PLN with a plan to produce raw material salt of 100,000 tons per year, while KSO with Pertamina will be carried out in Dumai, Riau with a plan to produce raw material salt from 100,000 tons per year to 1 million tons per year. PT Garam (Persero) itself plans to invest in its own SWRO plant in the area near the PLTU with a target of producing raw material salt of 400,000 tons per year. PLTU area that has the potential to be used as a KSO area.

In the KSO program with PLTU and Pertamina, PT Garam (Persero) becomes the off-taker (buyer) of the production of raw material salt which the company will resell at a higher price to customers, while the PLTU and Pertamina Patra are the parties who invest in SWRO. In KSO with PLTU, PT Garam (Persero) gets 8% of the proceeds from the sale of raw material salt. This is different from the KSO of PT Garam (Persero) with Pertamina Patra where Pertamina Patra will get profit sharing from the sale of raw material salt of 60%, while PT Garam (Persero) is 40%.

To increase productivity in the cultivation land, it is also necessary to pay attention to the maintenance of the salt land. Some of the salt land maintenance activities include: mechanization of collection equipment for Sampang salt land, mechanization of 7 units of Wheel Exavator equipment and construction of concrete buis for Manyar salt land, and investment in washing machines to improve the quality of raw material salt.

Increase in Sales Volume of Processed Salt

The increase in processed salt sales volume will also be followed by growth in processed salt production volume. Processed salt itself is a raw material salt product that is processed so that it is ready for consumption. The processed salt consists of packaged coarse salt, refined sacks, packaged refined salt, lososa salt, and top grade salt.

The existing factories are in Gresik, Sampang, Camplong, and Manyar while in the future new factories will be built in Bipolo, Cirebon, Segoromadu and Sumenep. Details of the types of processed salt production from each factory are as follows: Gresik Factory produces Losose salt, refined packaging, and refined sacks; Sampang factory produces packaged coarse salt and refined packaging; The Camplong plant produces fine salt sacks, fine packaging, and coarse packaging; The Bipolo factory produces packaged fine salt; The Cirebon factory produces refined salt sacks, fine packaging, and rough packaging; The Manyar factory produces sacked fine salt; and the Sumenep Factory produces refined salt sacks.

There are several programs to repair, maintain, and add plants to increase the volume of processed salt production. The salt processing plant in Segoromadu has a machine revitalization program, the addition of a refined salt plant, and the construction of a refining plant. In the Manyar factory, there is a maintenance program and the addition of equipment or factory inventory. At the Sampang factory there is an expansion of the factory building and the addition of a salt washing machine. While the factory in Camplong there is an addition of a warehouse building and several factory improvements. For the factory in Bipolo there are plans to add machines and rehab buildings. In the Cirebon factory, there is a plan to build a factory and its equipment.

Apart from the production of refined salt, to increase the sales volume of refined salt, PT Garam (Persero) also plans to procure top grade salt and packaged refined salt through strategic alliances with private processors. In this strategic alliance, PT Garam (Persero) will sell raw materials which will then be processed to produce top grade salt and sack refined salt. The results of this processing will be bought back by PT Garam (Persero).

Addition of Low Sodium Salt Sales Volume

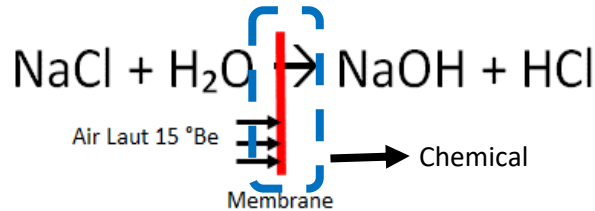
The addition of low sodium salt volume is a special initiative program where people need a healthy lifestyle. This is an opportunity for Lotosa salt products. Currently PT Garam (Persero) produces Lososa salt from a processed salt factory in Gresik. Lososa salt is the flagship product of PT Garam (Persero) for the type of salt consumption. So far there is a wrong perception in the eyes of customers that Lososa salt is a salt that can cure or in other words Lososa salt is only for sick people. This reduces the Lososa salt market, even though Lososa salt should be consumed by anyone. Therefore, PT Garam (Persero) needs to make the right marketing strategy for Lotosa salt.

Manufacture and Development of New Products Based on Salt and Mineral Derivatives

The manufacture of new products based on salt derivatives is a downstream program of salt products that get added value so that they have a high level of profitability.

Some of the salt derivative products produced include pharmaceutical salt, spa salt, soap, aroma therapy, craft salt, high sulfate salt, water purifier, and gypsum.

The company will also develop NaOH and HCl mineral products, which have wide market potential and high selling value. The production of this mineral is carried out by utilizing 150 Be seawater using a special membrane. The chemical process can be seen in Picture 1.



Picture 1 Chemical Equation of Process of Getting NaOH and HCl

Processing/utilization of salt waste (bittern) can contribute revenue to the company. Bittern itself can be used in the tofu preservation process. In addition, Bittern can also be used as raw material for making isotonic, Epsom, and Mg(OH)₂.

Optimization of Assets Not Related to the Main Business

The company has other assets besides for the core business that has the potential to generate revenue, for that in order to optimize a supportive work program is needed. Activities that have been and will continue to be carried out and contribute to other income are: renting official houses and renting unused warehouses located in regional marketing areas. Other potentials are affirming the legality of ownership of PT Garam (Persero) Surabaya office, port cooperation with private and state-owned enterprises, changing the ownership status of Garam Islamic Hospital, developing and optimizing the area around the head office of PT Garam (Persero) in Kalianget as heritage and tourist visits.

Conclusion

By paying attention to the SWOT matrix, the strategy that can be done by the company is to lay a solid foundation to prepare itself for excellent performance on farm by modernizing and mechanizing fencing, infrastructure development, preparing human resource and corporate capacity building the off farm sector through downstream salt derivative chemical industries (Soda Ash Factory, Cosmic Soda and Pharmaceutical Salt) as well as strengthening marketing and sales strategies to strengthen PT Garam's product brand and Increase market share for processed salt (both table salt and lifestyle salt).

The company's current condition shows a strong internal position in developing the company's core business going forward.

The Company is in a condition that is strongly influenced by threats that can affect the salt industry in Indonesia, this is what needs to be done risk mitigation and political goodwill in Indonesia in developing a good national salt trade system.

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