

Improving the Quality of Processed Apple Products Through the Home Industry Food Permit (PIRT) to Encourage Marketing Development in Batu District, Batu City

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ABSTRACT

Apple "Malang" is one of the typical fruits from Batu City with a unique taste. Currently, there are various processed apples on the market. These different processed products have their respective advantages that are adjusted to the producer. This activity aims to encourage marketing development by improving the quality of apple-processed home industry players by taking care of PIRT permits to promote development marketing in the Batu sub-district. The P-IRT Permit (Home Industry Food Permit) controls the safety of various food products, from raw materials and processing processes to ready-to-sell products. Therefore, the existence of PIRT permit regulations is closely related to food safety for consumers. The problems experienced by partners are the lack of knowledge of business actors regarding the importance of having a PIRT permit and issues in developing the market. The results of this activity are obtaining a PIRT permit certificate and a significant increase in market share; namely, before having a PIRT permit, market share is only in the local market (grocery store). Therefore, reach a wider market share, and start doing online marketing. This activity concludes that the PIRT permit obtained by the home industry can provide benefits, namely products can be easily marketed, market distribution, and target products will be more comprehensive. In addition, they can increase consumer confidence in the product in approximately three months. The problems experienced by partners are the lack of knowledge of business players regarding the importance of having a PIRT permit and difficulties in developing market share.

Keywords: *Quality Process, Home Industry Food Permit (PIRT), Batu District*

1. INTRODUCTIONS

Batu City is a city that connects Malang City with Kediri City and Malang City with Jombang City. This geographical condition makes Batu City one of the famous tourist destinations and many visitors from various regions. Batu City has three sub-districts, namely Batu, Junrejo and Batu sub-districts. Of the three sub-districts, Batu District is the centre of activity and the central point of government in Batu City where there is the Batu Mayor's office and the Batu City Government; besides that, Batu Regency also has the largest number of tourist attractions with various souvenirs when compared to 2 (two) other districts. [1]. One of the favourite souvenir products is processed

apples which contain phenolic compounds that inhibit the -glucosidase enzyme, thereby lowering the glycemic index [2]. Processed apple products are available with a variety of products, namely apple chips, apple jenang, apple pie, apple candy, apple syringe, apple pastry, etc. Based on the research results, processed apples have their market share compared to other processed fruits such as processed citrus fruit or durian fruit [3]. It is not easy to compete in and reach the market; home industry players need to always innovate in developing products and start producing unique products and, of course, not yet on the market.

To improve the marketing development of processed apples, home industry producers need to

improve product performance, namely by taking care of PIRT permits. PIRT regulations are applied to home industries with small to medium capacities. The specific purpose of granting PIRT permits is for food products with a low risk of damage [4]. The current condition is that there are still many processed apple food products that do not meet the distribution requirements, there are still many processed apple products that use ingredients that should not be in processed products, the responsibility and awareness of producers about the safety of the food produced are still low and the lack of knowledge of producers about food safety. Problems like this often arise with the lack of food quality standards that can impact consumer health. This research activity uses a sociological juridical approach to determine the impact arising from the implementation of an effective PIRT permit. The location of this activity is in Batu District, Batu City. The data are primary and secondary data obtained through PIRT producers as business actors and authorized policymakers, namely the Batu City Health Office, which regulates and supervises the circulation of home industry food products, especially processed apple products. Data collection techniques were carried out by triangulation of data, namely observation, interviews, and documentation. Observation activities are carried out by observing the activities of processed apple producers after obtaining a PIRT permit, how they improve quality and develop marketing strategies. Interview activities were carried out in-depth (in-depth interviews) with the informants through a list of questions that had been prepared, and all practical activities were documented to complete the compilation of existing data. While for the informants (Indonesian National Food and Drug Administration and the Semarang City Health Office), interviews were conducted directly through the interview guide instrument.

The management of the PIRT certificate is very important for all types of businesses, especially food producers. According to [5], "In order to operate a food business legally, there are regulations to which food vendors must adhere, including proper licensing". The granting of PIRT permits does not only look at the conditions that occur in the home industry. The producers will also be given training and counselling on choosing good raw materials, safe production processes, free from contamination, and proper handling of the final product. All activities are expected to improve the management of home industry players to provide good product processing to consumers in terms of product quality and safety. Thus, it is hoped that Apple processed products can compete in the market, be better known to the public, and expand market share. This activity aims to determine the effectiveness of having a PIRT license on increasing sales and developing the marketing of processed apple products.

2. LITERATURE REVIEW

2.1 Characteristics of Home Industry

Home industry players are businesses owned by individuals and business entities that have met certain criteria. As stipulated in legislation No. 20 of 2008, the criteria of home industry players can be said as MSMEs are distinguished by each, including micro-businesses, small businesses, and medium enterprises. Based on Article 6 and its explanation, Law No.20 of 2008 on MSMEs, the criteria of MSMEs are as follows:

1. Micro Business Requirements:

- a. Has a maximum net amount of Rp50,000,000.- (fifty million rupiah); this does not include land and buildings of businesses.
- b. Total annual sales result is a maximum of Rp300,000,000.- (three hundred million rupiahs).

2. Small Business Requirements:

- a. Total net worth of more than Rp50,000,000.- (fifty million rupiahs) up to a maximum of Rp 500,000,000.- (five hundred million rupiahs) this does not include land and buildings of businesses.
- b. The total annual sales proceeds must exceed Rp300,000,000.- (three hundred million rupiahs) to a maximum of Rp 2,500,000,000.- (two billion five hundred million rupiahs).

3. Medium Business Requirements:

- a. Total net worth of more than Rp500,000,000.- (five hundred million rupiahs) up to a maximum of Rp10,000,000,000.- (ten billion rupiahs) this does not include land and buildings of businesses.
- b. Total annual sales proceeds of more than Rp2,500,000,000.- (two billion five hundred million rupiahs) to a maximum of Rp50,000,000,000.- (fifty billion rupiahs).

2.2 PIRT Permit

The home industry is part of MSMEs whose processes are carried out in the homes of each producer. The cottage industry is currently growing in line with the growth and market demand for a product that is getting higher and becomes a source of Indonesian national income. This is evidenced by the increasing number of cottage industries registering their business permits at the relevant agencies. In addition to the capital that is not too large, the promised benefits are also many, such as no need to pay for renting a business location, much more time with family and of course being able to carry out business activities with the help of other family members.

In managing the PIRT permit, each home industry player must meet some terms and conditions [7]. Before the product is sold to the free market, it

would be better to already have a PIRT license, especially for food and beverage products. The PIRT license is important because it can guarantee consumers that the product meets applicable health standards. A PIRT permit certificate issuance is to issue a 15-digit PIRT with a validity period of 5 years. This period can be extended for food and beverages that have a shelf life of more than seven days, as well as for food and beverages that have a shelf life of fewer than seven days, including the Healthy Food Service group [8]. The process for obtaining a PIRT permit takes approximately one week to 3 months. Managing a PIRT license can provide several advantages, namely:

1. Home industry players can expand their market share and sell products calmly because they are safe by applicable regulations.
2. The PIRT code can increase the marketability of the product and make it easier to market.
3. Home industry players can avoid administrative sanctions or cases such as violating regulations in food or products that are not suitable for consumption.

2.3 Marketing strategy

Strategy is an attempt by economic actors to win the competition. Everyone has a different strategy depending on the potential of human resources in the home industry, the characteristics of the products being sold and the characteristics of the targeted market segments. In general, the marketing strategies of micro, small and medium businesses are grouped into four components called the Marketing Mix. The four components are also called the 4 P's, namely product, price, place, promotion. The relationship between the components in the Marketing Mix can be described as follows.

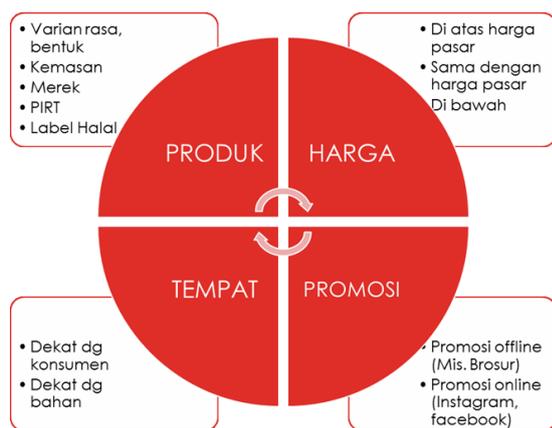


Figure 1. Marketing Mix in the home industry business

2.4 Competitive Strategy

In addition to knowing the marketing strategy, home industry player needs to know competing strategies. This needs to be disputed because the home industry is not separated from its competitors in

carrying out its business activities. Therefore, home industry management needs to create a competitive strategy so that business continuity can be guaranteed. The principle of competitive advantage is actually to create different compared to its competitors. Here are some alternative strategies to create competitive advantages through marketing online, product quality, product variants, brand status, packaging quality, seller's friendliness, PIRT Ownership, and Halal label ownership.

3. METHODOLOGY

This research activity uses a sociological juridical approach to determine the impact arising from the implementation of an effective PIRT permit. The location of this activity is in Batu District, Batu City. The data are primary and secondary data obtained through PIRT producers as business actors, authorized policymakers, namely the Batu City Health Office, which carries out the function of regulating and supervising the circulation of home industry food products, especially processed apple products. Data collection techniques were carried out by triangulation of data, namely observation, interviews, and documentation. Observation activities are carried out by observing the activities of processed apple producers after obtaining a PIRT permit, how they improve quality and develop marketing strategies. Interview activities were carried out in-depth (in-depth interviews) with the informants through a list of questions that had been prepared, and all practical activities were documented to complete the compilation of existing data. While for the informants (Indonesian National Food and Drug Administration and the Batu City Health Office), interviews were conducted directly through the interview guide instrument.

4. RESULTS AND DISCUSSION

Based on the data triangulation activities carried out, a description of the results of this activity with indicators for making PIRT permits that have an impact on improving product quality and market development is described in the following explanation:

1. PIRT Permit for Product Quality Improvement

To improve product quality, home industry producers of processed apple products register with related parties, namely the Batu City Health Office (DINKES), responsible for providing information, training and issuing PIRT permit certificates. After all, has been recorded by the DINKES, all home industry producers are given training and assistance to process products into higher quality and suitable for public sale. This training activity consists of materials related to food safety, good food production methods, using food additives with correct standards, and packaging and labelling. During this training activity, all participants are expected to apply the information they have learned correctly to apply for a PIRT permit certificate

immediately. Home industry producer partners who have succeeded in obtaining a PIRT permit certificate can do wider marketing to various regions because they have obtained official legality from the relevant Health Office. The PIRT permit certificate is valid for five years and can be extended, while the length of the PIRT permit process takes one week – 3 months, depending on each region. With the inclusion of a PIRT number for producers, it is expected to produce better products in terms of quality and can become more trusted by consumers. Based on information from the Batu City Health Office, there are provisions for obtaining a PIRT certificate, namely by:

1. Fill in the form provided by the health office in the relevant area.
2. Home industry players visit the Health Office (Dinkes) in the relevant area. by bringing requirements such as:
 - a. Copy of producer's ID card
 - b. 4×6 colour photos, four sheets
 - c. Domicile Address of Village Production (If the Production Address is not the same as the KTP Address)
 - d. Copy of SIUP
 - e. Counselling Certificate (If New).
 - f. Photocopy of Extension Certificate and Original PIRT Certificate (If Old / Extension).
 - g. Business Location Map.



Figure 2. Speakers from the Faculty of Economics UM and DINKES Batu city are providing materials

- h. Photocopy of PIRT Production Certificate Application Form.

2. Market Share Development

Home industry manufacturers perform a SWOT analysis as an initial step in carrying out a market development strategy. The SWOT analysis carried out is a recapitulation of the strengths, weaknesses, opportunities and threats of processed apple products that they produce with competitors' apple products. An internal and external business environment assessment is also carried out to determine the position

of stone apple processed products. Producers use several indicators as a benchmark, namely taste, packaging: volume, durability, packaging, price and promotional media. The home industry manufacturers are also studying good business management, especially for the digital marketing process.

Marketing and sales activities that were previously carried out traditionally, namely selling products by placing the product in a storefront only, are now starting to be developed by selling through social media such as Facebook and Instagram and utilizing marketplace access, which is currently available easily accessible by every individual. In addition, with the SWOT analysis carried out, producers of processed apple products have begun to diversify, such as apple milk, fried apple ice cream, etc. The purpose of marketing development activities is to increase connectivity and accessibility to achieve a wider market share. Based on the activities that have been carried out, producers can carry out marketing development activities well, and it is just that they need further assistance regarding the management of social media or the marketplace they run. Various things still need to be done to increase sales and the products marketed can increase even more.

5. CONCLUSION

Processed apple products are products that attract tourists because of the distinctive and unique taste of stone apples. Each manufacturer owns various processed apple products. Many apple product processing producers in the Batu sub-district do not have a PIRT permit. To have a PIRT certificate, producers must submit their business to the relevant Health Office. The DINKES will immediately follow them up to provide training and assistance containing materials related to food safety, good food production methods, how to use additional ingredients for food with the standard the right one, and the last one is about packaging and labelling. Having a PIRT certificate will have an impact on improving product quality. Consumers can trust products that already have a PIRT number because they already have official legality from the government. Products that already have a PIRT certificate can be sold to the free market with a wider market share range. Producers of processed apple products need to develop marketing, SWOT analysis, and good business management. Market share development can be done by selling through social media such as Facebook and Instagram and utilizing the existing marketplace to reach a wider range of consumers.

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