

EXECUTIVE SUMMARY

More than two hundred million Indonesians consume rice as a staple food. Public awareness of the nutritional content of the food they consume is quite low and lately awareness of these nutrients has become a growing trend. This trend was followed by the emergence of culinary businesses that use organic rice as their raw material. Our research on the end consumers of organic rice shows that the availability of rice and the high price of organic rice are variables that affect consumers not to consume organic rice even though they are already aware of the health benefits of organic rice.

The data we obtained from Euromonitor showed that the rice industry in Indonesia was controlled by non-brand companies by 86.7% in 2018. Some of technology-based rice supplier brands and cut the rice distribution chain such as Beras Merah Putih serving only the Business to Consumer segment, including TaniHub, Crowde and Five Kilo. While several brands of organic rice suppliers at present include O-Rice, Eka Farm, and Ricetami.

In Indonesia, the current organic rice market growth in the year ranges from 15-20% per year. According to Indonesian Organic Statistics data, the total area of land used to grow organic products reaches 261,400 hectares and 79,800 hectares have been certified. The second largest organic product is organic rice whose production reaches around 12,276 tons.

The increase in demand for rice in Indonesia is caused by several things such as the growth of rice culinary business in Indonesia especially in Greater Jakarta, the lifestyle of people who increasingly utilize technology such as GO-JEK and GRAB, a healthy lifestyle that increases, and an increasing population of Indonesia. The certainty of this increased demand is apparently not supported by sufficient production so the Indonesian Government had to import rice. Moreover, organic rice production is currently still limited compared to inorganic rice production. The gap between the demand and supply of organic rice is one of the factors causing the organic rice business to be interesting. Other factors that make this business attractive are opportunities such as the availability of rice production land and the existence of production and distribution strategies that can make the company able to offer prices that are cheaper than current market prices, the existence of marketing strategies that add value to company's target customers, and a good image of the company with a vision of healthy consumers and the environment and the welfare of Indonesian farmers.

Therefore, PT Pangan Indonesia Raya is present as a supplier of organic rice by utilizing agricultural land in Sukabumi, West Java by cooperating with local farmers and conducting partnerships with farmer groups. The company will be headquartered in

South Tangerang and will have branches in Depok and Bekasi with distribution center in Sukabumi and Hub warehouses in Depok at the start of operations and in Bekasi in the fourth year. This business will produce products in the form of rice or finished goods. Rice produced by Beras Merah Putih will be made in accordance with Indonesian National Standards (SNI).

What makes Beras Merah Putih more special than other organic rice as a whole is the existence of an organic rice awareness program to increase the final consumer awareness of the benefits of organic rice, easy to get because besides the marketing team going directly to the field, B2B applications and social media like Instagram and Facebook will also be provided as well as a website. The company will guarantee the availability of rice at competitive prices for customers by making agreements / contracts for regular customers who want it. In addition, the production process uses an integrated organic farming system through the certification process from INOFICE which is expected to increase production capacity.

The target of Beras Merah Putih are the Middle and Large Class Rice Culinary Business in Greater Jakarta with an annual turnover of over Rp 2.5 billion. Based on the results of interviews to find out the needs with several Culinary Business speakers, they need certainty of the price offered and certainty of the quality of rice offered. 47% of the culinary business that we study is willing to turn to organic rice with price considerations.

Beras Merah Putih will use a Cost Focus strategy by implementing distribution channel cuts by self-management, a combination of collaboration with farmers and partnering with organic farmer groups, land acquisition and application of an integrated organic farming system both on company land and farmer partner land, and provide additional services to our customers that is delivery services and organic rice awareness programs.

Total of funding needed by PT Pangan Indonesia Raya is Rp. 17,000,000,000 (seventeen billion rupiah), consisting of investment funds for agricultural equipment / machinery as well as software systems and working capital. These funds will be obtained entirely from the owners of the company. By using the DCF calculation at a capital cost of 12.46%, PT Pangan Indonesia Raya's business is feasible to run with an NPV value of Rp 78,125,000,000,-, IRR of 48,54%, and a payback period of 4 years and 7 months. In addition, the level of investment risk of 67.94% or medium category and the level of probability of loss (NPV <0) of 7.05% or low, can be a consideration that supports this business.