

THE MECHANISM OF THE LIFE CYCLE OF THE CONSUMER GOODS INDUSTRY SECTOR OF INDOMIE PRODUCTS AT PT.INDOFOOD SUKSES MAKMUR TBK.

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Abstract

Indonesia has extraordinary wealth in terms of resources, both natural and cultural resources. One form of this heritage can be seen in the culinary field, including food inherited from ancestors and food acculturated by foreign cultures. An example is noodles or bakmi, which were introduced by the Chinese community as popular food in Indonesia. For the Chinese people, noodles have a shape like a string that can be stretched out long, and the way to eat them by sucking them up illustrates the durability of life. On the other hand, instant noodles or noodles that can be served quickly are industrial in a broad and narrow sense vizIn a broad sense, industry is all activities that humans take advantage of natural resources while in the narrow sense industry is an activity an economy that processes raw materials into semi-finished materials. Investment is spending at this time to buy real assets (such as land, houses, cars and so on) or financial assets with the aim of obtaining greater income in the future. A well-managed product life cycle will help marketers better able to retain profitable products and drop unprofitable products. Sandals are the initial stage in the product life cycle where manufacturers introduce new products to the market or society in general. This stage is characterized by slow growth where the product is introduced to become well known and begins to be accepted by customers. This period saw an increase in sales. This maturity stage can be divided into 3 stages. The first is the slow scaling stage, in which total sales increase but most of the demand comes from existing customers and few new buyers. Second, the stability stage, where sales volume does not increase anymore but remains constant because only old customers buy the product. No more new buyers coming in. Third, gradual decline, where sales decline because some customers start switching to other products. In the decline phase, sales and profits will experience a significant decrease. If you don't apply the right strategy, products that offer risk disappear from the market. the life cycle is the life cycle from birth to death. Understanding the life cycle can also be interpreted as a series of changes and growth in the development of an organism from the beginning of life to maturity and produce offspring.

Keyword : *product life cycle and share price of Indomie products*

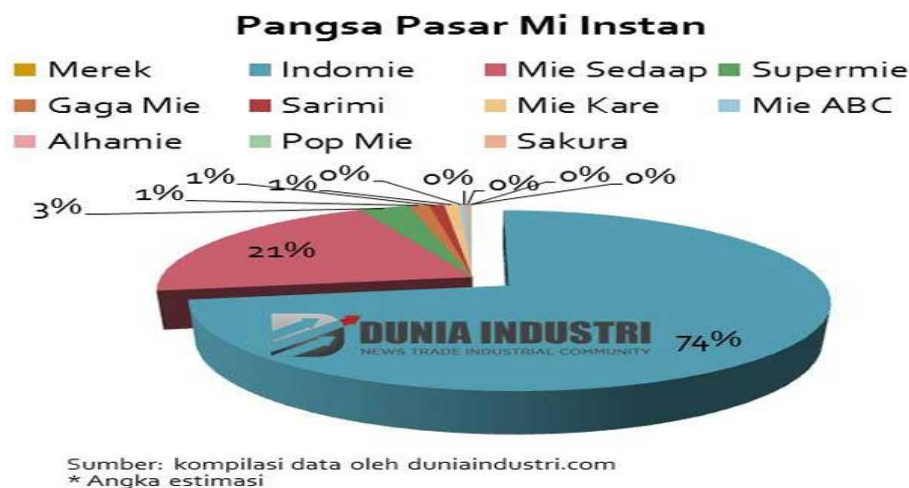
1.INTRODUCTION

Indonesia has extraordinary wealth in terms of diversity, both natural and cultural resources. One form of this diversity can be seen in the culinary field, including food inherited from ancestors and food acculturated by foreign cultures. An example is noodles or bakmi, which were introduced by the Chinese community as popular food in Indonesia. For the Chinese, noodles are shaped like a string that can be stretched out, and the way to eat them by sucking them in symbolizes longevity. On the other hand, instant noodles or noodles that can be served quickly originated in Japan where they were known as ramen, and later became instant noodles. (Harsanto, 2015). Instant noodles are practical and ready-to-eat foods, which can be an alternative to traditional staple foods such as rice, tapioca or cassava which take a long time to prepare and consume. For those who don't have much time to cook and consume staple foods as usual, instant noodles are a practical choice. Although it

requires a cooking process, instant noodles are relatively easy to prepare. In general, instant noodles have the advantage of being easily available, practical in processing, affordable, and quite filling. (Harsanto, 2015)

Indomie Kuah with Chicken Broth Flavor became the first successful product on the Indonesian market due to its suitability with local people's tastes. Indomie's sales experienced a very large increase in 1982 when Indomie Kuah Rasa Kari Ayam was launched, and continued to increase with the launch of the Indomie Mi Goreng variant in 1983, showing how popular Indomie instant noodles are among Indonesian people. (Harsanto, 2015). The first product that was successful in the Indonesian market was Indomie Kuah with Chicken Broth Flavor because it suits Indonesian tastes. Indomie's sales experienced a major increase in 1982 when Indomie Kuah Rasa Kari Ayam was introduced, and continued to increase with the presence of Indomie Mi Goreng in 1983. This shows how popular Indomie's instant noodles are among Indonesian people.

Instant noodle fan diagram.



Product life cycle graph

Product Life Cycle



The scope of this research is to explain the life cycle of indomie products and share prices and dividends of PT. Indofood Sukses Makmur Tbk.

1.1.Industrial Theory

According to Sumaatmadja (1988) that industry in the broad and narrow sense is In a broad sense, industry is all human activities that take advantage of natural resources while in a narrow sense the industry is an activity an economy that processes raw materials into semi-finished goods. According to Hamilton and J. Linge (Arifin, 19997:20) industry is activity

factories that process raw goods or raw materials mechanically or chemicals into a valuable end result

1.2. Investment Theory

According to Haming and Basalamah (2003) Investment is an expenditure at the present time to purchase real assets (such as land, houses, cars and so on) or financial assets with the aim of obtaining greater income in the future. According to Hasibuan (2005) Meanwhile, the notion of investment according to Hasibuan is a financial investment in which an investor invests his money in a form of business within a certain time from everyone who wants to profit from the success of his work. According to Tandelilin (2001) The definition of investment according to Tandelilin is a commitment to a number of other funds made at this time with the aim of obtaining profits in the future.

1.3. Life cycle theory

According to Levitt (1965) A well-managed product life cycle will help marketers be better able to maintain profitable products and stop unprofitable products. According to Canon, Pereault and McCarthy (2008), the life cycle describes the stages that a completely new product idea goes through from start to finish. According to Anderson and Zeithaml (1984), the life cycle is an important concept used to describe a series of stages of a product starting from the introduction stage until the product begins to experience a decline in sales until it finally leaves the market (decline).

1.4. Previous research

The fourth study entitled "The Influence of Price, Promotion and Product Quality on Indomie Consumer Purchasing Decisions at PT. Alamjaya Wirasentosa Kabanjahe "in Management Journal Volume 7 Number 1 (2021) p - ISSN: 2301-6256 and e - ISSN : 2615-1928. This study aims to determine the effect of price, promotion and product quality on purchasing decisions. In this study, prime data was obtained by administering a questionnaire by asking questions to respondents. The number of respondents in this research was 115 people. Based on the results of statistical analysis, partially showing price, promotion and product quality have a positive and significant effect on purchasing decisions. Based on the F test it can be seen that F count (50.667) > Ftable (2.69) and a significance level of $0.000 < \alpha (0.05)$. That is, it also shows that there is a significant influence between price, promotion and product quality on purchasing decisions

2. RESEARCH METHODS

The research method used by researchers in this study is a qualitative approach with descriptive methods. The research method used is a qualitative method. "Methodology is the process, principles, and procedures that we use to approach problems and seek answers" (Mulyana, 2008: 145). According to Sugiyono (2007: 1), a qualitative research method is a study that is used to examine natural objects where the researcher is a key instrument, data collection technique the data is combined, the data analysis is inductive, and the results of qualitative research emphasize meaning rather than generalization. Qualitative research aims to maintain the form and content of human behavior and analyze its qualities, instead of turning them into quantitative entities (Mulyana, 2008: 150). The purpose of this descriptive research is to make systematic, factual and accurate descriptions, pictures or drawings of the facts, characteristics and relationships between the phenomena investigated. The type of data used in this study is the type of quantitative data,

where to obtain the quantitative data that is by distributing questionnaires to respondents to be able to assess or score on each respondent's answers. The source of data used in this study is primary data, namely data obtained directly from the source or place of the research object. In this study, primary data was taken from the collection of questionnaire data given to respondents at the Langsa City SKPK. The population in this study were all SKPK in Langsa City as many as 30 SKPK. Furthermore, the sample used by the author in the study is a saturated sampling technique or census, meaning that all populations are sampled. Meanwhile, the respondents in this study were the Head of Sub-Division of Finance, Treasurer of Sub-Division of Finance and Financial Operators in each SKPK so that a total of 90 respondents.

3.RESULTS AND DISCUSSION

Instant noodles have become a very popular food in Indonesia. The MARS Indonesia study, which was launched in 2016 concerning Consumption Profiles of Food Products, revealed that as many as 92.4 people in Indonesia from a survey conducted in 7 major cities in Indonesia were consumers of instant noodles. Instant noodles can be called the favorite instant food in Indonesia because they are cheap, make them easy and practical, last longer, or even taste good. As a result, instant noodles have become a very popular substitute for rice in households, boarding houses, and even among office workers. This can be seen from:

- One of the cities with the highest level of instant noodle consumption, namely Semarang City with 97%.
- Posisinya diikuti oleh Makassar (95,2%) dan Bandung (94,2%).
- When viewed from the age of consumers, the highest level of consumption of instant noodles is among adolescents aged 15-24 years, which is equal to 95.6%.
- In the age range of 25-34 years it was 93.9% and 90.5% for those aged 35-55 years.

3.1.Indomie instant noodle product life cycle

a) Introduction

Instant noodles were first recognized in Indonesia in 1969. In 1972, Indomie began to be produced and marketed to consumers. PT. Indofood Sukses Makmur, Tbk, introduced variants such as Indomie Mie Noodlez and Indomie Laksa. The introduction stage is the initial stage in the product life cycle where manufacturers introduce new products to the market or society in general. This stage is characterized by slow growth, which is caused by several factors, including:

- Limitations in expanding production capacity
- Technical problems that may arise
- The level of consumer knowledge that is still new about the product
- Companies must adapt to market situations and conditions
- Delays in product distribution to consumers, especially in terms of supplying products to the market.

b) Growth

The growth stage is the phase in which the introduced product becomes well-known and begins to be accepted by customers. During this period, there was an increase in sales. In 1982, PT. Indofood Sukses Makmur, Tbk introduces a new flavor variant, namely Chicken Curry. Then in 1983, they also released the Mie Goreng variant. In the following year, PT. Sanmaru Food Manufacturing Co. Ltd was acquired by PT. Sarimi Asli Jaya, the producer of Sarimi. Three years later, they launched Pop Mie, an instant noodle product in a cup container, with chicken and baso flavors.

c) Maturity

In 1982, Indomie introduced a new flavor, namely Chicken Curry. A year later, they launched the Mie Goreng variant. In 1983, PT. Sanmaru Food Manufacturing Co. Ltd was acquired by PT.

Sarimi Asli Jaya (Sarimi producer). Three years after that, they introduced Pop Mie, which is instant noodles in a cup with chicken and baso flavors. Currently, Indomie is at a stable maturity stage in its product cycle. They have achieved stability, have strong brand equity, and remain a well-known instant noodle brand.

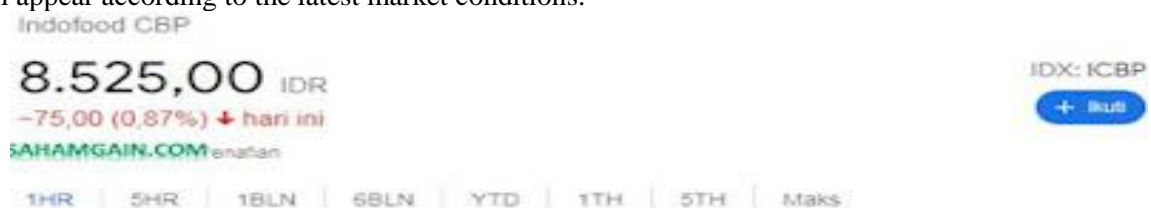
Even though sales turnover increased slowly, Indomie remained competitive and tried to maintain market share from its competitors. This maturity stage can be divided into 3 stages. The first is the slow scaling stage, in which total sales increase but most of the demand comes from existing customers and few new buyers. Second, the stability stage, where sales volume does not increase anymore but remains constant because only old customers buy the product. No more new buyers coming in. Third, the decline stage, where sales decline as some customers start switching to other products. In 2003, a new competitor appeared for Indomie products, namely Mie Sedap from PT. Wings Food, although still a new product, Mie Sedap is also popular. Until now, Indomie continues to try to develop various variants of these instant noodles, such as Kriuk Noodles, Selera Nusantara, Indomie Jumbo, Kriting Noodles, Taste if Asia, and Indonesian Culinary. In addition to the variety of flavors, Indomie is also trying to improve their product packaging.

d) Decline

In the decline phase, sales and profits will experience a significant decline. If the right strategy is not implemented, the product offered is at risk of disappearing from the market. This situation is influenced by the threat of internal and external factors that may occur. The last stage in the product life cycle is the decline phase which can last for a long time, and is determined by several factors such as changes in consumer tastes, competitor activities, and company policies to discontinue the product. On October 7, 2010, Taiwanese authorities announced that Indomie sold in their country contained two prohibited preservatives, namely sodium benzoate and methyl p-hydroxybenzoate. Both ingredients should only be used in the production of cosmetics. As a result, all "Indomie" instant noodle products were withdrawn from the market in Taiwan. Similar bans are also in place in Canada and Europe. This incident caused Indomie's demand from abroad to decrease. However, this situation did not last long, and Indomie managed to regain public trust.

3.2. Indomie share price per lot

Stock prices in the market can of course change. To see real time stock prices easily, you can open Google.com and type "ICBP Shares". After that, the most updated Indomie share price per lot will appear according to the latest market conditions:



Indomie's share price per lot is IDR 8,525 per lot. Lot is a share trading unit, where 1 lot is equivalent to 100 shares. The minimum purchase of shares is 1 lot and multiples thereof.

So, to buy 1 lot of Indomie shares, the minimum capital you need to spend is $\text{IDR } 8.525 \times 1 \text{ lot} \times 100 \text{ shares} = \text{IDR } 853.949$. Don't forget to add the purchase fee.

This means that a minimum capital of around IDR 850,000 is needed to buy Indomie shares. Indonesian stock prices can be volatile. It's a good idea to always cross check with the most updated stock prices. On the Stock Exchange, ICBP is one of the market leaders in the consumer goods industry sector and has an established fundamental performance. But keep in mind that no stock is immune to correction. Many assume that consumer goods stocks, especially those whose products are easy to find and are always needed by the public, are stocks that are immune to correction. In fact, this is not the case.

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In the ICBP stock chart above, we can see that the ICBP stock trend is actually moving down, even though there are many technical rebounds and minor uptrends in the downtrend. This means that no blue chip stock is immune to correction.

3.3. Indofood dividend (for passive income)

However, consumer goods companies with well-established performance, such as ICBP (Indomie Products which are well known to the public), have good stocks for long-term investment, namely by implementing income investing. Income investing is an investment strategy with the aim of getting large passive income from dividends. ICBP itself regularly distributes dividends of around 40-50% of its net profit every year. The dividend value per share of ICBP is also relatively large compared to companies in one industrial sector, where the dividend per share of ICBP is around IDR 215 per share. This dividend value is quite high compared to companies in the consumer goods sector. Moreover, ICBP always distributes dividends regularly, and the dividends distributed are also within a reasonable range (40-50%) of net profit, so that the company still has net income that is included in equity for business development capital.

4. CONCLUSION

The definition of life cycle is the cycle of life from birth to death. Understanding the life cycle can also be interpreted as a series of changes and growth in the development of an organism from the beginning of life to maturity and produce offspring. The product life cycle includes introduction, growth, maturity, decline. Indomie's share price per lot is IDR 8,525 per lot. Lot is a share trading unit, where 1 lot is equivalent to 100 shares. The minimum purchase of shares is 1 lot and multiples thereof. The dividend value per share of ICBP is also relatively large compared to companies in one industrial sector, where the dividend per share of ICBP is around IDR 215 per share. This dividend value is quite high compared to companies in the consumer goods sector. Moreover, ICBP always distributes dividends regularly, and the dividends distributed are also within a reasonable range (40-50%) of net profit, so that the company still has net income that is included in equity for business development capital.

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