

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Project

Economic development is increasing following the development of an increasingly modern era. The business market began to open and compete freely, many products and services were offered, as well as the increasing consideration of customer needs. If the company wants to survive and become a winner, then producers must anticipate the attitudes and behavior of consumers who are increasingly critical and selective in choosing and assessing the goods or services consumed. For this reason, companies must increase their role in dealing with this and must be able to increase sales volume.

Basically, the success of efforts to increase sales volume is unlikely to be successful apart from all the functions that exist in the business (company) environment. Although there are interdependencies between functions within the company file, marketing activities are one of the main goals in developing a business.

Internet marketing is a tool as an intermediary for marketing communications which is currently widely used by social media in introducing products or services in the modern world, one of which is by utilizing the media as a promotional tool. Various small to large business activities take advantage of this development to run their business. The number of competitors is a consideration for entrepreneurs to enter in a very tight competition. Appropriate marketing and media strategies are used to reach the target market so that sales volume and profit always increase.

One of the products that can gain market share is citronella oil, the ingredients of which are easy to find in Indonesia. Citronella oil is one of the essential oil commodities that has considerable prospects among other mainstay essential oils that have a large world market share, such as 90 % patchouli oil, 67 % ylang oil, 26 % vetiver oil, 12 % citronella oil, nutmeg oil 72 %, and clove oil 63 % based on

Directorate General of Plantations (2006). Citronella oil is made from the citronella plant which is distilled from the stems and leaves. Lemongrass plants can now be used into various kinds of derivative products from the distillation of lemongrass.

Lemongrass (*Cymbopogon nardus* L. Rendle) is a plant that has high economic potential, because this plant is widely used for consumption, aromatherapy and natural pesticides. Lemongrass has regional names, namely lemongrass (Malaysia), citronella grass (English), and lemongrass (Indonesia) based on Quattrocchi (2006). Citronella plant as a producer of essential oils is a commodity in the agro industry sector that has good prospects and has strong competitiveness in foreign markets. From the distillation of the leaves, citronella oil is obtained which in the world of trade is known as Citronella Oil.

Lemongrass has efficacy as a remedy for sinusitis or respiratory disorders. Lemongrass oil extract can be used as a liniment. The stems of lemongrass tubers can be boiled in warm water and used as fragrance in bath tubs, its benefits are to refresh the body and relax tense muscles. The oil produced from citronella extract can be used to repel mosquitoes and protect against mosquito bites. Lemongrass root is efficacious as a urine laxative, sweat laxative, phlegm laxative (cough medicine), mouthwash and body warmer. The leaves are used as a cold medicine, appetite enhancer, postpartum treatment, fever reliever and seizure reliever according to Wibisono (2011).

Lemongrass plants are divided into three types, namely citronella (*Cymbopogon winterianus*), kitchen lemongrass (*Cymbopogon flexuosus*) and palmarosa grass (*Cymbopogon martini*) based on Wijoyo (2009). After the development of lemongrass as a raw material for making essential oils, now the innovation that must be developed is to make derivative products from essential oils that are not only of economic value but can also bring benefits to its users. One of the products that can be developed is hand sanitizer, liquid soap and solid soap.

Based on the answers by interviewees Derivative Products Made from Citronella, Al Faza is one of the products of the UPPKS group business that processes citronella into essential oils and in collaboration with BUMDes Mekar Jaya produces other derivative products such as hand sanitizers that have WHO

standards in Sungai Pakning Village, Bukit Batu District, Bengkalis Regency. The citronella oil business of the UPPKS group is something that is rarely carried out in Bengkalis Regency because of limited land to grow raw materials on a large scale so that not many people can produce and process them. the UPPKS group obtains raw materials from communities who have citronella plantations as well as their own land. This shows that the Agro industry of the UPPKS and BUMDes Mekar Jaya groups has the potential to become the herbal product or herbal medicine of choice for both the Sungai Pakning community and people outside the Sungai Pakning or throughout Indonesia.



**Figure 1.1 Derivative Products Made from Citronella in Sungai Pakning**

*Source: Documentation, 2021*

The interesting thing is that the marketing strategy that has not been carried out optimally so that the number of sales does not match the owner's target, one of which is the admin or business owner who is less active in marketing the product as a promotion, both in posting photos, arranging words in promotions and others. Marketing strategies that have been carried out by business owners only through social media such as Facebook, WhatsApp groups and promotions are mostly done through word of mouth, and from a collection of organizations. Therefore, a marketing strategy is needed through digital marketing that can market derivative products from lemongrass oil so that it can be known and reached by many people. Marketing strategies through digital marketing can increase the number of sales and profits of derivative products from citronella oil.

Based on Gumilang (2019), Digital Marketing is one of the very large marketing media that has an influence. Digital marketing is seen as the best media

as the most effective and efficient promotional tool and able to increase sales volume significantly. This issue shows how important digital marketing is in the success of the Agroindustry of the UPPKS and BUMDes Mekar Jaya groups in increasing sales and achieving market targets.

Therefore, this paper seeks to explore what digital marketing strategies can be applied to the Al Faza citronella oil agroindustry and Mekar Jaya BUMDes hand sanitizer, so that the results obtained can contribute to agro-industry management in marketing products in the UPPKS group and BUMDes Mekar Jaya. Based on the above background, the researcher is interested in doing the project **“Planning and Implementing of Digital Marketing as a Marketing Strategy for Derivative Products Made from Citronella in Sungai Pakning”**.

## **1.2 Identification of the Project**

Based on the explanation of the background above, the problems that arise are: How to plan and implement digital marketing as a marketing strategy to help sales of derivative products made from Citronella in Sungai Pakning.

## **1.3 Purpose of the Project**

The objectives of this project are divided into 2 (two), namely the general project purpose and spesific project purpose, as for the purpose of the project Planning and implementing of Digital Marketing as a Marketing Strategy for Derivative Products Made from Citronella in Sungai Pakning are as follows:

### **1.3.1 General Purpose**

The general objectives of this project is to sell derivative products made from Citronella in Sungai Pakning at least 50 (fifty) bottles using digital marketing as a marketing strategy.

### **1.3.2 Spesific Purpose**

The spesific objectives of the Planning and implementing of Digital Marketing as a Marketing Strategy for derivative products made from Citronella in Sungai Pakning are as follows:

1. To find out the digital marketing plan as a marketing strategy for derivative products made from citronella in Sungai Pakning.
2. To find out digital marketing implementation as a marketing strategy for derivative products made from citronella in Sungai Pakning.
3. To find out the obstacles in the implementation of the marketing strategy planning project for derivative products made from citronella in Sungai Pakning.
4. To find solutions to obstacles in the implementation of the marketing strategy planning project for derivative products made from citronella in Sungai Pakning.

#### **1.4 Significance of the Project**

This project is expected to be useful for interested parties or related parties where the benefits of this project are:

1. The researched institution  
This project is expected to be used as material for thinking and consideration for entrepreneurs in making decisions about digital marketing strategies in increasing sales of Citronella derivative products in Sungai Pakning in order to gain more profit and be better known by the public, both people in the Sungai Pakning area and outsiders in the Sungai Pakning area.
2. The writers  
This project can be used as additional experience, insight and as a guide for the completion of a proposal which is one of the requirements for completing an Applied Degree in the Department of Business Administration and can be used as a means to enhance the development of creativity and innovation of writers.
3. The community  
This project is expected to be used as additional information, knowledge about the various benefits of Citronella derivative products and references in the preparation of the next proposal or similar project.

## **1.5 Time and Place of Project Implementation**

The implementation of this project will be carried out from June to November 2021. Implementation of marketing strategies through digital marketing of derivative products made from citronella strategic planning projects are carried out at the location itself which is located on Sudirman Street, Sungai Pakning, Bukit Batu District, Bengkalis Regency and marketing will be done by promoting on social media.

## **1.6 Writing System**

The writing systematics of the final project Planning and Implementing of Digital Marketing as a Marketing Strategy for Derivative Products Made From Citronella In Sungai Pakning is as follow:

### **CHAPTER 1 : INTRODUCTION**

In this chapter describe the Background of the Project, Identification of the Project, Purpose of the Project, Significance of the Project, Time and Place of Project, and Writing System.

### **CHAPTER 2 : LITERATURE REVIEW**

In this chapter describe related theory and literature review in the final project report.

### **CHAPTER 3 : METHOD AND ACCOMPLISHMENT PROCESS**

In this chapter describes the Project Preparation, Project Implementation Plan, Project Accomplishment Plan, and Schedule and Budget of the Project.

### **CHAPTER 4 : RESULT AND DISCUSSION**

In this chapter describe the Profil of Business Activities, Project Activity Implementation Reports, which Include Project Preparation, Project Implementation, Project Completion, Project Reporting, and Marketing Reports.

### **CHAPTER 5 : CONCLUSION AND SUGGESTION**

In this chapter contains a summary of the writing results in the previous chapters written in a conclusion as well as suggestions as recommendations for improvement in the place of writing.