

CHAPTER 1

INTRODUCTION

1.1. Background

Indonesia is a country that has a significant level of cigarette industry. According to the Ministry of Industry, tobacco processing is essential in driving the national economy. This can be seen from the availability of jobs and employment in this industry, reaching 6.1 million people. So, it is not surprising that the number of active smokers in Indonesia is ranked third in the world. Based on data collected from the 2021 Global Adult Tobacco Survey (GATS) by the Ministry of Health (Kemenkes), there has been an increase in adult smokers by 8.8 million, namely from 60.3 million in 2011 to 68.1 million. In 2021. In addition, the survey shows that the average monthly amount for cigarettes is IDR 382,091.72.

Based on a report from the Directorate General of Customs and Excise (DJCB) from the Ministry of Finance, cigarette production in July 2023 reached 27.79 billion cigarettes. This number has increased by 14.22% compared to the previous month. Cigarette production in July this year also increased by 8.64% compared to last year. In line with the continued increase in the number of cigarette users and production, many retail stores choose to carry out the process of buying and selling cigarettes. CV Ajisata is a retail shop that purchases and sells spiced cigarette products. This place is located on Jl. Sudiro km. 2.8 RT 01/RW 01, Karang Daleman Hamlet, Mertoyudan District, Magelang Regency. Four cigarette product types are sold: Tani Madjoe, CK, Asshika Habbat, and Asshika Gold. These four products differ based on price, spice content, and fermentation process. PT Indo Kretek Tobacco, Malang, East Java, produces spice cigarette products at CV Ajisata.

Until now, CV Ajisata still uses a manual sales system, has not implemented a data analysis system to order goods from suppliers, and does not have a system for recording historical data on goods. The shop only places orders by relying on personal opinion based on checking the remaining stock of goods in the warehouse, so human error often occurs in the form of errors in estimating the number of goods ordered. Apart from that, employees rarely check the number of goods in the warehouse, so there are often delays in ordering, even though the distance between goods to be delivered from the factory to the shop is quite far and takes at least one day from placing the order. These events resulted in

stockouts. This stockout impacts the availability of products in the shop where each customer has their preferred product, affecting customers who come from far away for therapy places.

Inventory management is critical to daily operations and business sustainability in the competitive retail world. Stockout, which refers to a situation where the stock of spiced cigarettes at CV Ajisata runs out before it can be refilled, is a problem that is often faced. Based on interviews and observations that have been carried out with CV Ajisata stakeholders, several things are expected. The owner of CV Ajisata hopes that stockout incidents can be reduce by knowing the proper order quantity. The shop employees wish that the stock of goods can be known without repeatedly checking the inventory of goods in the warehouse. Consumers hope that stock supplies will always be available because spiced cigarettes produced by PT Indo Kretek Indonesia are only available at CV Ajisata in the local area.

1.2. Formulation of The Problem

Based on the background described in sub-chapter 1.1, observations and interviews with stakeholders, and initial analysis of data obtained from stakeholders at CV Ajisata, several problems were found, such as the absence of a clear track record of product quantities, stockouts, product orders using opinion and there is a stockout. So, the problem formulation is to reduce stockouts of four types of products with a total stockout of 12,564 pcs within the period January to June 2023.

1.3. Research Objectives

Based on the background described in sub-chapter 1.1, there are several research objectives to be achieved, as follows:

- a. Find improvements that can be implemented to reduce stockout problems by at least 20%.
- b. Find a system that can make checking goods in the warehouse easier.

1.4. Research Limitations

The limitation of this research are:

- a. Recording of stock data on January 6, 2023 – June 24, 2023, according to permission from the owner of CV Ajisata.

- b. Data on sales of goods from January 6, 2023, to June 24, 2023, according to permission from the owner of CV Ajsata.
- c. There are no economic constraints except the standard limitation in order to supplier.

