

CHAPTER 1

INTRODUCTION

1.1 Background

The Merapi volcano (Indonesia), which located 30 km north of the inner city of Yogyakarta, is one of the most active and hazardous volcanoes in the world, with more than 70 eruptions since 1548 (Voight et al., 2000b). It is known for frequent small to moderate eruptions, pyroclastic flows produced by lava dome collapse, and the large population settled on and around the flanks of the volcano that is at risk. Its usual behavior for the last decades abruptly changed in late October and early November 2010, when the volcano produced its largest and most explosive eruptions in more than a century, displacing at least a third of a million people, and claiming nearly 400 lives (Surono *et al.*, 2010).

According to Marhaento and Kunia (2014) based on the National Disaster Mitigation Agency (BNPB) data, the eruption of Mount Merapi in 2010 has caused damage and losses of Rp. 4,23 trillion. More details explained that the total value of damage was Rp. 1,1 trillion (27%), while the total of losses was Rp 3,08 trillion (73%). The biggest value of the losses suffered by the housing sector, which reached 39% of the total value of loss. Followed by the loss of water resources and irrigation sectors, which reached 13% of the total value of loss. The greatest damages suffered by the agricultural sector with total damages reached Rp. 1,326 trillion or 43% of the damages total value. Followed by the industrial sector and SMEs losses of Rp 382 billion or 12.4% of the damages value. Overall the cultivation of food crop agriculture sector was the most affected by the impact with the total value of Rp 1,3 trillion, which is 31.4% of the total value of damage and losses. Housing Sector Rp. 512.6 billion, which is 13% of the value of damage and losses, industrial sector and SMEs with a total value of 415, 4 billion impact or 11% of the total.

The eruption resulted many survivors who most of them worked as a farmer that lived surround the mountain lost their jobs. In addition, as the volcano destroyed their home they had to live in the temporary shelter provided by the government.

During three years after the eruption, many disaster recovery programs have been conducted by the Government and Non-Government Organization (NGO) to recover the survivors. One of the purposes of that program is to empower the survivors, especially the women by giving them skills. Those skills is hoped to

enable them doing small scale economies activities in order to generate additional income. These programs were conducted in many villages affected by the volcano eruption (Purnama *et al.*, 2014). Even Kompak NGO made a showroom which located near their permanent houses.

Five years passed, NGO and government already not play any role in this area. Now, those women who got the skills training have to run the showroom and business on their own. But because of some basic marketing problem, the showroom is not running properly now. Along 2015, they already close the showroom because of many product already expired. This is happen because of the decreasing of total customer along this three years. Most of the women already back being a farmers or stock farmers.

1.2 Problem Formulation

The problem formulation that can be concluded according to the background is the Mount Merapi SME does not have capable marketing strategy because they depends on NGO and Government.

1.3 Objectives

Based on problem formulation, the objectives of this research are:

- a. To identify the weakest criteria
- b. To specify the alternatives solution
- c. To decide the alternatives solution priority to be implemented

1.4 Scope and Limitation

- a. The data collection did in April 2015 until June 2015.
- b. This object of this research is innovative product
- c. The object of this research were SME of Mount Merapi victims in Cangkringan, Sleman, Yogyakarta. The location of the research were in Randu Sari Permanent Residence and Kuwang Permanent Residence.
- d. Randu Sari was represented by Mrs. Chalimah who is an artisan of knitted bag and wallet. Then in Kuwang residence represented by Mrs. Juminten and Mrs. Misriah. Both of them run the same SME but Mrs. Juminten is an artisan of pillow, wallet, and pencil box. While Mrs. Misriah is an artisan of necklace, earring, and brooch made of beads. They were chosen as the respondents because the rest of the artisan were had another profession and it was hard to find the right time to them to be interviewed.