

## ANALYSIS OF CASCARA BUSINESS COMPETITION USING PORTER'S FIVE FORCES MODEL AT PT AGRITAMA SINERGI INOVASI

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### Abstract

The cascara market in Indonesia has great potential due to the increasing interest in health-oriented beverages. However, PT Agritama Sinergi Inovasi (AGAVI) faces competitive challenges in the form of high supplier bargaining power, lack of awareness of the domestic market, and threats from substitute products such as tisane and herbal tea. This study aims to analyze the level of competition in the cascara business of PT Agritama Sinergi Inovasi (AGAVI) using Porter's Five Forces model. The research method used is a qualitative approach through interviews, observations, and documentation to collect data. Data analysis was carried out descriptively with source triangulation to ensure the validity of the findings. The results of the analysis show that the bargaining power of suppliers is at a high level, while the bargaining power of buyers and the threat of newcomers are at a medium level. The threat of substitute products is at a low level, while the level of competition between competitors is at a medium level, providing innovation opportunities for AGAVI. This research contributes to enriching the understanding of business competition in the health-based beverage market, especially in the sustainability-based beverage industry. These findings provide insights for AGAVI to improve competitiveness by expanding markets, especially for customer loyalty in the B2C segment, market education, and strengthening partnerships with local coffee farmers, while creating additional income opportunities for coffee farmers and supporting industry sustainability.

**Keywords:** Cascara, Porter's Five Forces, Health Beverages, Business Sustainability, Business  
Competition, Business Innovation.

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### INTRODUCTION

The herbal and health-based beverage industry continues to show an upward trend globally<sup>1</sup>, including in Indonesia. Cascara, which is the skin of the coffee fruit, now being

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<sup>1</sup> Kong, W., Jiang, L., Cui, Q., Xu, J., Yuan, Q., & Liu, J. (2024). Global research trends on herbal teas: bibliometric analysis and visualization. *Beverage Crop Research*, 4(1), 0–0. <https://doi.org/10.48130/bpr-0023-0040>

processed into herbal drinks that are in demand by the market because of its high antioxidant content and sustainable nature. In the International Coffee Organization (ICO) report, cascara is said to have great potential to add value to the coffee industry, especially for coffee-producing countries such as Indonesia. However, this innovation also faces significant challenges in the form of market competition, regulations, and a lack of understanding of the domestic market about the benefits of cascara products.

In the current era of globalization, the rapid development of technology, communication, and the internet has created an information exchange system in a world that seems to have no space and no borders.<sup>2</sup> On the other hand, globalization has a big impact on business dynamics, business development is getting more and more rapid, this is marked by increasing competition between companies that is getting tighter and tighter. Traders around the world compete to dominate the fast-growing giant market, but not all traders are able to make a lot of profit.<sup>3</sup> This is relevant to the condition of the herbal beverage industry, especially cascara, which offers great opportunities in the midst of increasingly complex competitive challenges.

Cascara, which is the skin of the coffee fruit, has attracted attention as an innovative product in the tea beverage industry because of its added value as a basic ingredient of cascara that is beneficial to health. Amid increasing awareness of healthy and sustainable beverage consumption, the cascara market has great potential to grow, both domestically and internationally. PT Agritama Sinergi Inovasi as one of the players in the cascara industry faces challenges in taking advantage of these opportunities, especially with fierce competition from other players, the threat of substitute products, and the bargaining power of suppliers and buyers. Although cascara has significant economic potential, few studies have discussed how to analyze the competition of the cascara business, especially PT Agritama, in dealing with these market dynamics.

The market for cascara is growing rapidly. This can be seen from the global market value of cascara products which is estimated to reach USD 610.3 million in 2024.<sup>4</sup> The global demand for cascara products is expected to increase at a compound annual growth rate (CAGR) of 10%, with the market value predicted to reach USD 1.59 billion by the end of 2034. The annual growth of the global cascara market shows that cascara has great potential in the market.<sup>5</sup>

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<sup>2</sup> A. Hermawan., S. Maesaroh., & B. Purwaamijaya. (2021). *User Experience-Based Digital Marketing Strategy to Increase User Growth and Start-up Engagement in Tasikmalaya*. London: Taylor & Francis Group.

<sup>3</sup> Fauzi, MA, Purwaamijaya, BM, & Nugraha, MR (2024). *The Influence of Marketing Content on Consumer Buying Interest on Instagram Rumah Batik Komar*. *Journal of Bachelor of Sharia Economics*.

<sup>4</sup> Cascara Product Market Outlook (2024-2032). (n.d.). Retrieved from Fact.MR: <https://www.factmr.com/report/cascara-products-market>

<sup>5</sup> Khaerunnisa, T., Setiawan, I., Trimo, L., & Mukti, G. W. (2024). *Kombucha Cascara Marketing Strategy Using the 7P Marketing Mix Concept with SWOT and QSPM Matrix Analysis (Case Study of PT Agritama Sinergi Innovation Bandung City)*. *JIA (Scientific Journal of Agribusiness) : Journal of Agribusiness and Agricultural Socioeconomic Sciences*, 9(2), 171–185. <https://doi.org/10.37149/jia.v9i2.1173>

One of the companies that produces cascara tea is PT Agritama Sinergi Inovasi. AGAVI was founded in 2019 and currently has five business brands, namely Netisane, Agavi Innovation, Agavi Institute, Agavi Lab, and Perfume Products (Borage Wellness & Psyche Aromatic). Netisane is a brand from AGAVI that sells tisane (tea blend) products with cascara as the main raw material. Cascara tea products produced by PT Agritama Sinergi Inovasi utilize coffee cherry peels that have been combined with various spices, spices, and flowers, giving cascara a unique fruit flavor. However, the competitive challenges faced by the company do not only come from domestic players, but also from substitute products, such as other herbal teas and conventional coffee drinks.<sup>6</sup>

Cascara, as one of the coffee by-products-based products, has gained attention in the Indonesian market because of its added value as a healthy herbal drink.<sup>7</sup> Nonetheless, PT Agritama Sinergi Inovasi (AGAVI) faces significant competitive challenges in the industry. Based on the results of interviews with the co-founder and AGAVI staff, the company faces challenges in competing with competitors. Therefore, an in-depth analysis of business competition is needed to determine the company's competitive position and level of competitiveness in the market.

In dealing with these problems, in-depth analysis of business competition is needed, one of which is through Porter's Five Forces model, which has proven effective in evaluating the attractiveness and competitive position of an industry. Some common strategies are PESTEL (Political, Economic, Social, Technological, Environmental, Legal) analysis, this framework examines the political, economic, social and technological factors that influence market dynamics, aiding in strategic contextualization.<sup>8</sup> BCG Matrix, this tool categorizes products based on market growth and market share, guiding resource allocation decisions.<sup>9</sup> Out of a variety of alternative strategies, Porter's Five Forces Model was chosen because it has proven to be effective in evaluating the attractiveness and competitive position of an industry. In addition, this study seeks to analyze the competition of the cascara business with other health drinks that can affect the position of PT Agritama Sinergi Inovasi in the cascara market.

The urgency of this research lies in the importance of understanding the structure of the cascara market in Indonesia which is still in the early stages of its development. Cascara not only provides income diversification opportunities for coffee farmers, but also a solution to sustainability problems through processing agricultural waste into value-added products. This research is also a guide for other industry players to understand the potential and challenges of the cascara business, thereby encouraging the growth of the industry based on innovation and sustainability.

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<sup>6</sup> AGAVI, 'Produk AGAVI', *Agavi.Id* <<https://www.agavi.id/netisane>>.

<sup>7</sup> Macklin, B., Prawiranegara, P., Asdak, C., & Nugroho, C. P. (2024). *Economic Analysis of Processing Coffee Cherry Waste into Cascara Tea with Different Drying Methods: A Case Study in the Cikamiri Sub Watershed, Cisarua Village, Samarang District, Garut Regency. April.*

<sup>8</sup> Klimova, & Aksinina. (2023). Analytical tools for determining the company's strategic opportunities and points of growth. *elibrary.ru*.

<sup>9</sup> Kukartsev, Fedorova, Tynchenko, Danilchenko, Ereemeev, & Boyko. (2019). The analysis of methods for developing the marketing strategies in agribusiness. *IOPscience*.

The use of Porter's Five Forces Model in previous research shown in<sup>10</sup> this article highlights five main forces affecting the shale gas market in China: supplier forces, buyer forces, barriers to entry, substitution threats, and the level of competition among players. The article<sup>11</sup> examines the impact of Porter's Five Forces model on the performance of small and medium-sized enterprises (SMEs) to provide strategic insights to support business sustainability. Soraya Dias' research<sup>12</sup> shows the use of Porter's Five Forces model to analyze the impact of Additive Manufacturing technology on a company's business strategy. In Nindy Novianti Anggraeni's research<sup>13</sup> in analyzing the cascara business, using the Triple Layered Business Model Canvas (TLBMC) approach and the Plus Minus Implication Analysis (PMIA) method, namely economic, environmental, and social aspects. Meanwhile, in the research, Tazkia Khaerunnisa used SWOT Matrix and QSPM to analyze the marketing strategy of Kombucha Cascara PT Agritama Sinergi Inovasi in facing competition in the herbal beverage industry. The results of the study show that the marketing condition of kombucha cascara is in a strong internal and external position with a score above 2.50, reflecting the company's ability to take advantage of strengths and opportunities, as well as overcome weaknesses and threats. In Winata and Syafira's research<sup>14</sup>, an analysis of Tahubudi product strategy in facing competition was carried out using Porter's five strengths and an Islamic perspective.

## RESEARCH METHODS

The research method used in this study is a qualitative method using the Porter's Five Forces model. The qualitative method was chosen because this approach allows researchers to explore in depth the dynamic and complex phenomenon of competition.<sup>15</sup> The Porter's Five Forces model was chosen because this framework is relevant for analyzing the structure of competition in an industry. Compared to other analysis tools, such as PESTEL or BCG, this model focuses more on business competitive dynamics, such as supplier bargaining power, buyer bargaining power, threats from newcomers, substitute products and competition among existing competitors. This is in accordance with the purpose of the research to evaluate the level of competition and competitive

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<sup>10</sup> Yunna, W., & Yisheng, Y. (2014). Analysis of the competition situation of shale gas industry in China: Applying Porter's five strengths and scenario models. *Renewable and Sustainable Energy Review*, 40, 798–805. <https://doi.org/10.1016/j.rser.2014.08.015>

<sup>11</sup> Ndzabukelwako, Z., Mereko, O., Sambo, T., & Thango, B. (2024). *The Impact of Porter's Five Forces Model on SME Performance: A Systematic Review*. <https://doi.org/10.2139/ssrn.4999059>

<sup>12</sup> Dias, S., Espadinha-Cruz, P., & Matos, F. (2023). Porter's Five-Power Model Proposal for Additive Manufacturing Technologies: A Case Study in Portuguese Industry. *Procedia Computer Science*, 217, 165–176. <https://doi.org/10.1016/j.procs.2022.12.212>

<sup>13</sup> Anggraeni, N. N., & Wibowo, R. (2021). Analysis of the Development of Kombucha Cascara at UD. Matt Coffee with the Triple Layered Business Model Canvas Approach. *JSEP (Journal of Social and Agricultural Economics)*, 14(1), 19. <https://doi.org/10.19184/jsep.v14i1.19871>

<sup>14</sup> Winata, RA, & Syafina, L. (2024). Analysis of Tahubudi product strategy in facing competition using Porter's five forces and Islamic perspective. 6(2), 87–100.

<sup>15</sup> Sakaran, U., & Bougie, R. (2016). *Research Methods for Business: A Skill-Building Approach* (7th edition). John Wiley & Sons.

position of PT Agritama Sinergi Inovasi in the cascara industry. This research was conducted at PT Agritama Sinergi Inovasi which is located on Jalan Sangkuriang No. C2 Dago, Coblong District, Bandung City. The determination of the location of this research was carried out deliberately with consideration as one of the pioneers of the cascara industry who has experience and innovation in processing coffee husk waste into value-added products.

The types of data used in this study are primary data and secondary data. Primary data were obtained through observation, semi-structured interviews, and documentation. In qualitative research, the minimum number of samples is not recognized and the informants are taken in small numbers, even in certain cases only 1 informant can be used. The researcher's benchmark in determining the number of informants is not in the representation, but if the depth of information is sufficient.<sup>16</sup> Based on this explanation, in this study, primary data was obtained from interviews with co-founder, RND Manager, and Business Development Officer. Sampling is carried out purposively by selecting informants based on their knowledge and involvement in the research topic. This strategy was chosen to ensure that the information obtained is in-depth enough to support a comprehensive analysis. Secondary data is collected through articles, industry reports, and books obtained from various institutions or agencies related to this research and various literature related to this research. In this study, the researcher uses a descriptive analysis technique, which is an analysis method that tends to use words or narratives to explain the phenomenon or data obtained. Data analysis was carried out using source triangulation, namely data reduction, data presentation, and drawing conclusions using Porter's Five Forces.<sup>17</sup>

## **RESULTS AND DISCUSSION**

### **Conditions of Cascara Business Competition in Indonesia**

Cascara in Spanish "skin" is a by-product of coffee processing where the cherry peel of the coffee fruit and its pulp that has been dried are then brewed.<sup>18</sup> Cascara tea has a sweet taste and a distinctive aroma like herbal tea with aromas such as mango, cherry, rose petals and even tamarind.<sup>19</sup> The stages of the process of making tea from coffee peels

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<sup>16</sup> Martha, E., & Kresno, S. (2016). *Qualitative Research Methodology*. (1st printing). Depok: RajaGrafindo Persada.

<sup>17</sup> Milles and Huberman (1992). *Qualitative Data Analysis*, Jakarta: Universitas Indonesia Press, p. 16.

<sup>18</sup> Tampubulon, S. D., Seleleubajak, M. B., & Nurhayati. (2024). The Effect of Drying Method and Temperature on the Quality of Cascara Tea. *Journal of Agriculture*.

<sup>19</sup> DePaula, J., Cunha, S.C., Cruz, A. (2022). Volatile fingerprints and sensory profiles of cascara coffee tea produced in Latin American countries. *Food*, 11(19). <https://doi.org/10.3390/foods11193144>

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consist of sorting and washing coffee fruits, peeling and drying the fruit skin.<sup>20</sup> The drying process can help shape the aroma and taste of the resulting tea product.<sup>21</sup>

Cascara is known as an antioxidant and free radicals that can delay cell damage so it can be used as a refresher and alternative in the treatment of high blood pressure, heart disease, and cancer. Cascara also contains inhibitors of the enzymes  $\alpha$ -glucosidase and  $\alpha$ -amylase, which are good for consumption for diabetics. In addition, cascara can protect the stomach and is good for the skin to look tight.<sup>22</sup>

Cascara, which is a by-product of coffee berries, is gaining attention amid increasing public awareness of sustainability and health-based products. In recent years, various cascara products, including cascara tea and fermented beverages such as cascara kombucha, have been introduced to the market. However, competition in this industry is still relatively low compared to other beverage industries, such as herbal tea or coffee, because cascara is not widely known by general consumers. Several small and medium-sized companies, including PT Agritama Sinergi Inovasi, have begun to enter this market by taking advantage of cascara's uniqueness as a healthy, environmentally friendly, and locally-based product. However, the industry also faces challenges from more established tisane and herbal tea products. Companies in the cascara industry need to compete in terms of product innovation, market education, and building efficient distribution channels.

Cascara business opportunities in Indonesia are also marked by the increasing awareness of the Indonesian people towards a healthy lifestyle which is a great opportunity for the development of the cascara business. The product is promoted as a low-caffeine beverage with a wide range of health benefits, such as being rich in antioxidants and environmentally friendly, which is suitable for environmentally conscious urban consumers. Cascara also offers new opportunities to utilize previously underutilized coffee waste, thereby increasing economic value in the coffee industry. This is not only interesting from a sustainability point of view but can also create an additional source of income for coffee farmers. Because cascara is still in the market introduction stage, companies engaged in this field can pioneer and build consumer loyalty early, before the market becomes more saturated. However, as a new product, one of the challenges is also the lack of recognition and understanding of the product, both in terms of benefits and economic potential. Thus, intensive educational efforts are needed through marketing and branding campaigns to increase this awareness.

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<sup>20</sup> Arya, S. S., Venkatram, R., More, P. R., & Vijayan, P. (2022). Coffee bean processing waste for utilization in food: a review. *Journal of Food Science and Technology*, 59(2), 429–444. <https://doi.org/10.1007/s13197-021-05032-5>

<sup>21</sup> Firdissa, E., Mohammed, A., Berecha, G., & Garedew, W. (2022). Coffee Drying and Processing Methods Affect the Quality of Arabica Coffee Varieties (Coffee arabica L.) in Gomma I and LimmuKossa, Southwestern Ethiopia. *Journal of Food Quality*, 2022, 1–8. <https://doi.org/10.1155/2022/9184374>

<sup>22</sup> Muzaifa, M., Rohaya, S., & Sofyan, H. A. 2022. Physicochemical and organoleptic quality characteristics of coffee peel tea (cascara) with the addition of lemon and honey. *Agrointek : Journal of Agricultural Industry Technology*, 16(1), 10–17.

## Porter's Five Forces Analysis

This model was introduced by Michael E. Porter in 1979 and aims to evaluate the attractiveness of an industry through five main forces: supplier bargaining power, buyer bargaining power, newcomer threat, substitute product threat and competition among existing competitors. This model helps identify factors that affect the profitability and competitiveness of a business. Porter's Five Forces or often referred to as Porter's Five Forces Analysis is a model created by Michael Porter that aims to describe the framework as an analysis of the development of business strategies or a competitive environment that contributes to competitiveness and competitive advantage.<sup>23</sup>

### Bargaining Power of Suppliers

Suppliers have power if they are able to raise prices or reduce the quality of materials. This strength is high if the supplier is few, raw materials are scarce, or the switching cost is high.<sup>24</sup> This analysis refers to the supplier's ability to influence the price, quality, or availability of raw materials or services required by the company. Supplier strength is high when the number of suppliers is small, the products supplied are unique, or the company is highly dependent on a particular supplier. When the power of suppliers is high, they can increase costs or reduce quality, thus affecting the profitability of the company.

**Table 1. Bargaining Power of Suppliers**

Indicator	Analysis
Product quality level	The quality level of suppliers is stable due to the existence of applied quality standards and price agreements that are in accordance with the quality of raw materials.
Number of suppliers needed	The number of suppliers needed is about 2-3 suppliers to avoid the risk of single supply and support the stability of raw materials.
Supplier market competition	The competition of the supplier market is always neutral and relative, without aggressive competition, with the main focus on quality and long-term relationships with regular customers.

Source: Data Processing, 2024

The bargaining power of suppliers is at a high level. This is due to the relatively small number of suppliers available, especially for cascara raw materials, which are important materials in this industry. The availability of cascara suppliers in Indonesia is still limited, so companies have very limited options in choosing alternative suppliers. In addition, the quality of cascara provided by other suppliers has not been able to match the taste and quality standards produced by the main suppliers today. Based on the results of the interview, it was stated that the taste of cascara from other suppliers is not as good as the one currently used. This dependence of a company on a particular supplier gives great

<sup>23</sup> Chairunisa, R., & Irawan, F. (2020). Analysis of Entity Value After the Implementation of Financial Technology by PT Bank Negara Indonesia (Persero) Tbk. *Sustainability: Journal of Management and Journal of Accounting*, 5(2), 105–116.

<sup>24</sup> Cerah, DS (2022). Micro Environment of the company-Porter's Five Strengths. In *management principles*.

power to suppliers to determine the price or quality of the products they provide. Thus, this situation shows that the bargaining power of suppliers is at a high level, as it is difficult for companies to find alternative suppliers without sacrificing product quality.

### **Buyer's Bargaining Power**

This power assesses the bargaining power or bidding power of buyers or consumers, the higher the bargaining power of buyers in demanding lower prices or higher product quality, the lower the profits or profits that the company will get.<sup>25</sup> Buyer power is the ability of buyers to influence the price and quality of the products or services offered by the company. Buyer power is high when they have a lot of alternative options, it's easy to switch to competitors, or when buyers buy in bulk. In this situation, buyers can suppress prices or demand better quality and service.

**Table 2. Buyer's Bargaining Power**

<b>Indicator</b>	<b>Analysis</b>
Buyer dominance level	The dominance of buyers is not constant, depending on the amount of demand.
Buyer's market share annually	The buyer's market share is fairly constant, because there is always a need for products produced, such as coffee shops that serve cascara in their menu.

Source: Data Processing, 2024

The dominance of buyers is not constant and depends on the amount of demand, so buyers are not always in a strong position to demand lower prices or higher quality. In addition, the relatively constant market share of buyers indicates that the demand for products is always there, providing a stable position for companies to determine product prices and quality without excessive pressure from buyers.

Buyers' bargaining power is at a medium level. This is due to several factors. Although cascara products have limited alternatives due to the lack of consumer awareness of these products, there are many other alternative options for tisane drinks, especially tisane that uses a tea mixture. Based on the results of the interview, it was stated that cascara alternative products have not developed much because people are not fully aware of the value of cascara. In fact, many farmers or industry players still throw away coffee husks without being processed into cascara. However, when compared to tea-blend-based tisane drinks, buyers have many other options on the market.

The ease of switching to alternative products such as different types of tea gives buyers the ability to lower prices or demand better quality on tea-based tisane. However, for cascara products themselves, buyers' bargaining power tends to be lower because this product does not yet have a strong enough alternative in the market. With the combination of these two conditions, the overall bargaining power of buyers is at a med level, reflecting that although buyers have several options, they do not completely dominate the market or the bargaining power of the company.

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<sup>25</sup> Aprillia, Z. Z. (2020). "Design of the Performance Assessment Information System for the Project Coordinator of PT Atrium Propugnatorum Teknika". *Journal of Business Administration*, Vol. 16 (1), pp: 86–102.



### Newcomer Threat

This threat refers to how easily newcomers can enter the industry. The threat of newcomers in similar industries has resulted in increasingly fierce competition which has an impact on declining profits. The threat level of newcomers is measured based on the ability of newcomers to enter and compete with other similar companies.<sup>26</sup>

**Table 3. Newcomer Threat**

Indicator	Analysis
Capital requirements	The capital requirement to open a cascara industry business is around 100 million rupiah, depending on the scale of the order. The main capital is for operations, raw material stock, equipment, initial packaging, and premium training for farmers.
Customer loyalty level	Flexible loyalty levels depend on customer match. The highest loyalty is in the B2B segment such as coffee shops, while B2C loyalty is still low and needs to be further developed.
Access distribution channels	Access distribution channels use expedition services, because they have wide coverage and ensure timely delivery.
Distribution cost	The cost of distribution is relative and depends on the delivery distance.

Source: Data Processing, 2024

The threat of newcomers in the cascara industry is at a medium level. This is due to several factors, such as the capital requirements to start a cascara business are medium, which is around 100 million rupiah, which is used for the provision of materials, equipment, initial packaging, and premium training for farmers. Although this amount is not too high, it can still be an obstacle for some newcomers who have limited capital. Customer loyalty is also an important factor. Loyalty in the B2B segment, such as coffee shops, tends to be high due to attachment to certain products, while loyalty in the B2C segment is relatively low, thus opening up opportunities for newcomers to enter. In addition, open access to distribution channels, especially through marketplaces, makes it easier for newcomers to enter the market. Selling through the marketplace is highly dependent on buyers' preferences in choosing expeditions and delivery locations, so it does not hinder newcomers too much.

Overall, the threat of newcomers is at a medium level. Despite the barriers in the form of capital needs and customer loyalty in certain segments, easy distribution access and flexible loyalty in the B2C segment provide opportunities for newcomers to enter the market and compete with existing players.

### Threat of Substitute Products

This threat occurs when there is an alternative product or service that is cheaper or offers similar benefits. Strong replacement products can limit the industry's ability to maintain high prices.<sup>27</sup> The threat here relates to the risks arising from alternative products

<sup>26</sup> Fiorenita, F., & Dwianika, A. (2021). "Application of Five Porter Analysis to the Effectiveness of Business Continuity of SMEs (UD Rey Collection Case Study)". *Journal of Management Science & Accounting (JSMA)*, Vol. 13 (1), pp: 37–47.

<sup>27</sup> Porter, ME (2008). *Five Competitive Forces That Shape Strategy*. Harvard Business Review.

or services that may replace the products or services offered by the company. This threat increases if replacement products offer lower prices, higher quality, or unique features that appeal to consumers. The threat of substitution can reduce demand and depress prices in the industry.

**Table 4. Threat of Substitute Products**

Indicator	Analysis
The level of need for substitute products	Consumers will choose similar products with different brands according to the needs of replacement products, but it is not a threat because Netisane has a uniqueness that is difficult to replace in its market.
Ease of obtaining replacement products	Consumers can easily get substitute products like tisane, and easily accessible herbal teas, but Netisane has a unique advantage that sets it apart from substitute products.

Source: Data Processing, 2024

Threat of Substitute Products is at a low level. The level of demand for replacement products shows that consumers tend to choose similar products with different brands as needed. Although consumers can easily get replacement products at lower prices, they do not offer the same quality and benefits as premium products such as Netisane, as revealed through interviews. This shows that despite the availability of replacement options, Netisane's quality and benefit advantages remain factors that maintain its competitive position in the market.

### **Rivalry Among Existing Competitor**

A high level of competition occurs when there are many competitors, the growth of the industry is slow, or the products in the market are not well differentiated. Fierce competition can squeeze profit margins because companies have to compete in price, quality, or innovation to maintain market share.<sup>28</sup>

**Table 5. Rivalry Among Existing Competitor**

Indicator	Analysis
Number of competitors	The number of competitors in the Bandung area is around 10 industries. However, the potential competitors are only 5 industries.
Increase in the number of competitors	The estimated increase in competitors every year is around 1-2 industries, especially from coffee business players.
Raw material differentiation	Most industries use the same materials but the quality is different. The differentiation of raw materials with the honey method without any wasted efficacy is the main advantage of Netisane compared to other competitors.
Total production costs	The cost of cascara production is not fixed, depending on the increase in raw materials and demand. In addition, raw materials are also influenced by external factors such as weather and the availability of premium raw materials, with a range of IDR 90,000–IDR 150,000 for 1 kilogram.

<sup>28</sup> Wheelen, Thomas L. & Hanger, J. David, *Strategic Management and Business Polic* (New York: Pearson, 2012) 5.

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Source: Data Processing, 2024

Competition in this industry is at a medium level. This is shown by the number of competitors in the Bandung area which reaches around 10 industries, but only 5 of them are considered potential competitors. In addition, the growth rate of competitors is relatively stable with an increase of about 1-2 industries per year. This factor suggests that despite the competition, there is no significant spike that can drastically increase the intensity of the competition.

The differentiation of raw materials used by the majority of industries is relatively low, because the same raw materials are used by most industry players, despite the difference in quality. However, the irregular total cost of production, due to fluctuations in raw material prices and demand, is a factor that limits competitors' ability to compete aggressively. Thus, although competition encourages companies to continue to innovate, the level of competition is still within control.

### **Discussion**

The results of the study have explained the competition in the cascara business at PT Agritama Sinergi Inovasi (AGAVI) and Porter's Five Forces analysis related to the competition. The main findings, namely the high bargaining power of suppliers, the bargaining power of buyers at a medium level, the threat of newcomers at a medium level, the threat of substitution products at a low level, and the intensity of competition among competitors are at a m level. This discussion links the findings to Porter's Five Forces theory and previous studies.

#### **Bargaining Power of Suppliers at a High Level**

The high bargaining power of suppliers is due to the limited number of suppliers as well as the dependence on key suppliers to maintain quality standards. As per Porter's theory<sup>29</sup>, suppliers have great power when companies rely on specific resources that are difficult to obtain from others. In this context, similar findings are described by Anggraeni & Wibowo (2021), which show that the limitations of high-quality raw materials increase supplier dominance. Therefore, AGAVI feasible strategy includes diversification of raw material sources and strategic partnerships to reduce the risk of dependency.

#### **Buyers' Bargaining Power at a Medium Level**

The findings show that although buyers have alternatives to other herbal products, low awareness of cascara limits buyers' ability to suppress prices. Porter's theory supports that the bargaining power of buyers increases when alternatives are easily accessible. A study by Fiorenita & Dwianika (2021) supports that intensive market education can reduce buyer power, as it increases consumer preferences for unique products such as cascara.

#### **Threat of Newcomers at a Medium Level**

A not too large initial capital and easy access to distribution channels open up opportunities for newcomers, although customer loyalty in certain segments is a barrier.

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<sup>29</sup> Porter, M. E. (2008). *The Five Competitive Forces that Shape Strategy*. Harvard Business Review.

According to Porter (2008), barriers to entry, such as capital needs and customer loyalty, determine the threat level of newcomers. A study by Dias et al. (2023) shows that companies can maintain their position by innovating and increasing the added value of products, which is relevant to the context of cascara highlighting sustainability and health benefits.

### **The Threat of Substitution Products at Low Level**

The uniqueness of cascara as a coffee waste-based product with health benefits makes it difficult to replace. Porter emphasizes that the threat of substitution is low when a product has unique advantages that are difficult to replicate. A study by Arya et al. (2022) corroborates that sustainability-based products have a more stable competitive position than conventional-based alternatives.

### **Intensity of Competition Among Competitors at a Medium Level**

A stable number of competitors and a low level of product differentiation create less intense competition. This is in accordance with Porter's theory that the level of competition depends on the number of competitors and the growth rate of the industry. Winata & Syafira (2024) also show that product differentiation is key in reducing competitive pressure in the herbal beverage industry.

The results of this study provide insight that AGAVI needs to focus on customer loyalty in the B2C segment to expand the consumer market. In addition, it establishes partnerships with local suppliers who can ensure the supply of quality raw materials. Market education through marketing campaigns is also important to increase consumer awareness of cascara as a sustainability-based health drink.

## **CONCLUSION**

This study highlights the application of Porter's Five Forces model to analyze the competitive landscape of the cascara business, especially in PT Agritama Sinergi Inovasi (AGAVI). The findings of this study show that the high bargaining power of suppliers is the main challenge due to the limited quantity and quality of cascara raw materials in Indonesia. Meanwhile, buyers' bargaining power is at an intermediate level because cascara products are not yet fully known by the market, although there are other alternatives to tisane and herbal products. The threat from newcomers is also at a mid-level level, driven by relatively affordable start-up capital and open distribution access, although customer loyalty is a barrier to new competitors. The threat of substitution products is at a low level due to the uniqueness of cascara as a coffee waste-based product that has health benefits and sustainability value that is not easy to replace. The intensity of competition between competitors is at a medium level, providing opportunities for AGAVI to continue to innovate to strengthen its market position.

This research offers a new contribution in the form of a sustainability strategy model that utilizes cascara as an innovative solution to process coffee waste into value-added products. In addition, these findings show the importance of efforts to expand the market, intensive market education to increase consumer awareness of cascara products and establish partnerships with suppliers to reduce the risk of dependence. The application of these findings can support the growth of innovation and sustainability-based industries,

while creating additional income opportunities for coffee farmers. As a suggestion, further studies can explore a broad quantitative analysis and involve many companies.

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