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New Era Chain Supply on Retail Food Industry in Indonesia

Bob Foster¹

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Abstract

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New Era Chain Supply on Retail Food Industry in Indonesia

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Abstract. The purpose of this study is to find out a new era in the supply chain of the food retail business in Indonesia. The development of the number of retail food actors is a phenomenon that occurs due to the support for the ease of opening retail food. Factors that support the growth of retail food at this time is the high level of mobility of people who are busy demanding speed and practicality, in any case, is no exception to the fulfilment of basic needs such as food. In the era of disruption, business change is very visible, the way of doing business which used to emphasize owning (ownership) becomes sharing (sharing roles, collaboration resources). The existence of phenomena such as go food, go send, go shop, goat, grab food, and other application-based media are developing in the latest era. This phenomenon changes the view of the supply chain, one of which is affected by the retail food business. The discussion in this research is about a new era in which there are supply chains, food retail business, the role of technology, marketing, distribution channels, and descriptive effectiveness. The study was conducted using qualitative descriptive methods, namely using literature or literature studies, using journals, books, magazines, and the web that are relevant to research. The conclusion in this research is the development in this era in distribution, warehousing, transportation, and services in food retailing supported by internet application-based providers including go food, grab food, etc. making it easier for retailers and consumers to transact. The development of this new era experienced many improvements in terms of delivery, cost, and time so that the more days the more effective the supply chain in the food retail industry.

1. Introduction

The business sector that is currently developing is the trade sector. The trade sector is the non-agricultural sector which provides the smallest contribution in total income [1]. The trade sector, including the retail industry, is an important industry sector and should be taken into account, especially in its contribution to the Indonesian economy. The growth of modern retail every year records a range of 10% to 30%. This is indicated by the expansion of modern retail to rural areas and into people's residential areas [2].

Trading activities in the culinary business are currently busy with the community. The development of the number of retail food actors is a phenomenon that occurs due to the support for the ease of opening retail food. Food retailing is the choice of many people because of the type of business that is easier to do than other businesses. Besides that, retail food is much in demand by the community because it does not require too much capital costs and does not require that someone who runs it must be highly educated. The era of economic globalization accompanied by the rapid development of technology, the impact of very tight competition, and rapid changes in the business environment [3].



Factors that support the growth of retail food at this time is the high level of mobility of people who are busy demanding speed and practicality, in any case, is no exception to the fulfillment of basic needs such as food. This requires good supply chain management, in supply chain management, the most important ideal strategy is to emphasize the essence and ability to manage accuracy to respond to consumer demand [4]. This strategy is realized by the application of company policy in handling the six factors driving supply chain performance, namely facilities, inventory, transportation, information, resources, and prices [5].

At this time the company has entered the era of disruption. Many companies try to make adjustments to the era. Because the ability to adjust it directs the company to victory. The era of disruption is an era that will change not only the way of its business but up to its business fundamentals, starting from the cost structure to its culture, even to the industrial ideology [6]. In the era of disruption, business change is very visible, the way of doing business which used to emphasize owning (ownership) becomes sharing (sharing roles, collaboration resources). One of the units in the company that is very affected in disruption is marketing. The marketing sector spearheads the company that is most quickly affected. One form of the influence of disruption in marketing is the presence of an Online marketing system. The marketing system is called online, the arena uses the internet as a means of marketing goods or service products to consumers.

Explanation of the era of disruption by the above explanation has occurred in almost all industries, both service industries, and manufacturing industries. And it also happens in almost all professions, such as government, medicine, administration, front office, cashier, banking, marketing, lecturers, teachers, and other professions. Almost all professions are required to learn a lot about environmental change. Because the learning process will lead us to understand renewal in change. There are five important things in the era of disruption, namely, First, disruption results in saving a lot of costs through business processes that become simpler. Second, it makes whatever quality it produces better than before. Third, disruption has the potential to create new markets, or make those who have been excluded so far have been excluded. Fourth, the products/services resulting from this disruption must be more accessible or accessible to its users. Fifth, disruption makes everything smart. Smarter, more time saving, and more accurate [6].

In the past, all businesses need to be owned by themselves, controlled by them, if now they share roles. Thus the main strength of the company in the era of disruption is, lies in how much the company's ability to share roles among stakeholders. Therefore, the mindset or mindset that develops is not just a phenomenon today but must be able to think tomorrow or, brought by the reformer to the present [6]. This mindset results in every business actor must have the ability to learn so that we realize that every time there is a change and every time a renewal is needed.

The existence of phenomena such as go food, go send, go shop, go mart, grab food, and other application-based media are developing in the latest era. This phenomenon changes the view of the supply chain, one of which is affected by the retail food business. Technology facilitates the alignment and integration of all key supply chain actors, increasing the level of visibility and transparency so that resource estimates will be more certain. This is possible because the development of the volume and movement of goods can be known at any time. Resource planning management procedures, in accordance with the adoption of Industry 4.0 paradigm, will increase productivity, flexibility, and overall agility towards changes that might occur in the supply chain. Proper alignment and integration between key supply chain actors and increased levels of visibility and transparency will ensure more precise estimates of resources (people, goods, and equipment). Thus, there will be an optimization of resources, procurement time, and marketing, and increasing equipment usability.

2. Research Methodology

The study was conducted using qualitative descriptive methods, namely using literature or literature studies, using journals, books, magazines, and the web that are relevant to research.

3. Result and Discussion

Several previous studies have been analyzed about the effectiveness of online marketing, such studies include the Effectiveness of Advertising on Social Networks as One of the Marketing Strategies of Small and Medium Enterprises (SMEs) Using the method, compiled by Prisma Lisawati, the research was conducted to test the effectiveness of advertising through social networks as one of the marketing strategies of SME products using the EPIC (Empathy, Persuasion, Impact, Communication) method. The results of the study delivered that the marketing strategy of product advertising through social networks is very effective. Furthermore, the researcher suggests that producers actively marketing their products through social networks need to update or update advertisements and product information so that it will continue to stimulate consumers' memories of products that have been seen and continue to do sales promotions because promotional activities have a very effective impact in increasing sales.

Utilization of Social Media as Media Product Marketing and Indonesian Potential in Efforts to Support the ASEAN Community 2015 (Social Media Marketing Study on Twitter Kemenparekraf RI and Facebook Disparbud West Java Province), compiled by Ita Suryani, the research was conducted to provide a complete and in-depth description of the use of social media as marketing media to support the ASEAN Community 2015. The results of the study revealed that a number of smart companies, not only use social media as marketing media but have become supporters of business activities, facilitating and strengthening the function of communication to the public.

The research on the supply chain in one company entitled, analysis of the supply chain of sausage food industries from producers to consumers in the city of Bandung, was compiled by Desra Isma Diana. The study describes the effectiveness of the supply chain in one company using the scorecard method. The results of the study that the planned supply chain went well.

Research on a literature review of the effectiveness of product marketing using online marketing systems in the era of disruption compiled by Teguh Suropto in 2018. The research explains the strength of online marketing in the era of disruption has a positive impact on companies, because companies have good product marketing strategies to achieve goals.

From some of the previous studies, we tried to conduct further research by analyzing a new era in the food industry supply chain in Indonesia. Our research will complement the results of previous studies with the main studies we will undertake including supply chains in food retailing during the era of disruption.

3.1 Supply Chain

The definition of the supply chain (supply chain) is: *"A supply chain encompasses all activities associated with the flow and transformation of goods and services from the raw material stage to the end-user (customer), as well as the associated information flows. A supply chain is also an integrated group of processes to source, make, and deliver products"* [7].

The supply chain is all integrated activities including information flow relating to three aspects, namely: (1) sources; (2) the production process, and (3) the product delivery process.

There are three components in the supply chain, namely:

- 1) Upstream supply chain,
Includes various company activities with suppliers, including procurement of raw materials and companion materials.
- 2) Internal supply chain,
Includes all processes of importing goods into warehouses that are used up to the production process. Its main activities include production and inventory control.
- 3) Downstream supply chain,

Covers all activities that involve shipping products to customers. The main focus of its activities is distribution, warehousing, transportation, and services.

The simulation of the flow of goods and information in the supply chain can be described in Figure 1 as follows:

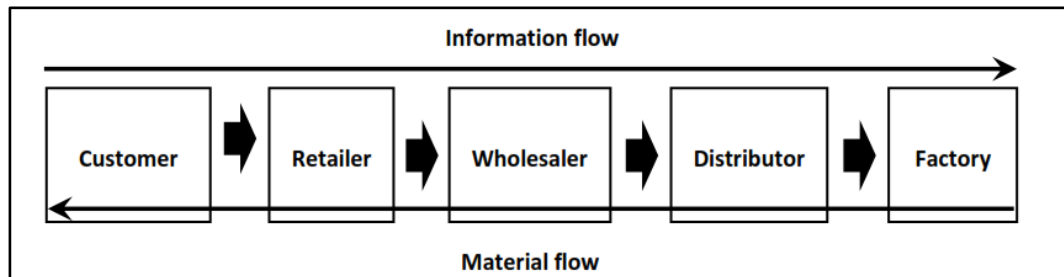


Figure 1. The flow of Goods and Information in the Supply Chain [7]

Supply chain management is one of the efforts to meet customer needs because basically supply chain management pays attention to how the process of goods to the hands of consumers by paying attention to the quality of goods, such as durability, the integrity of goods, response time ordering. Besides supply chain management also emphasizes the quality of services that are facilitated to customers such as response time and labor efficiency to meet customer needs.

The function of supply chain management is to coordinate the flow of materials, information, and money between all related companies such as supply companies and other companies related to material supply, manufacturing companies that process materials supplied, distributors and retailers [8].

From the above concept retail business is included in the downstream supply chain which focuses on distribution, warehousing, transportation, and services. This new era in downstream supply presents new breakthroughs based on internet applications that enable companies to achieve the functions of supply chain management.

3.2 Food Retail

The word retail comes from the French, "ritellier", which means to cut or break something. In Indonesian, the word retail can also be interpreted as "retail". Related to the activities carried out, retails describe activities to break down goods or products that are produced and distributed in large quantities and in bulk to be consumed by end consumers in small quantities according to their needs [9]. The retail marketing mix is a set of marketing tools that companies use to pursue their marketing goals [10]. The retail mix includes all actions a company can take to influence the demand for its own products and all actions that a company might take can be summed up as a group of variables including products, location, price, and promotion.

Meanwhile, retailing is a business venture that seeks to market goods and services to end consumers who use it for personal and household purposes. Products sold in the retailing business are goods, services, or a combination of both [11]. From some of the definitions above, it can be concluded that retail is all business ventures that directly direct their marketing capabilities to satisfy the final consumer.

According to Berman and Evans (2001) [11], there are three characteristics of retailing, namely:

1. *Small Average Sale*

The level of retailing sales in these stores is relatively small because the target is the final consumer who buys in small quantities.

2. *Impulse Purchase*

Purchases that occur in retailing are mostly unplanned. This must be observed by retailers, namely how to find the right strategy to maximize purchases to optimize revenue.

3. *Popularity Of Stores*

The success of retailing depends very much on the popularity and image of the store or company. The more famous the store or company, the higher the level of visits, which in turn has an impact on revenue.

Online Retailing Online retailing, commonly called e-retailing or e-tailing, is a retail activity that is carried out online through the internet. Retail electronics is a retail format in which retailers and consumers communicate with each other through interactive electronic networks [12]. Meanwhile, retail electronics is retail that is done through the internet [13].

In its evolution, modern retailers increase market share and concentration, thereby increasing purchasing power which causes an imbalance of bargaining power in the supply chain, reducing supplier competition, influencing consumers through reduced innovation, long-term losses, reduced choices, and higher prices. These effects are often neglected, thus affecting the continuity of consumption and production [14].

Modern retailers reduce the strength of their suppliers' bargaining power, first increase their market power, by controlling market share in the downstream market. Market domination and dominant position can be used as a means of negotiating requirements on the supplier market (upstream market), by applying conditions that provide more benefits, including price cuts. The two-sided market example above is in the credit card market, where banks will have two sides of the market faced, namely the credit card holder's customer market and the merchant market [15].

The minimum degree of cooperation needed for a relationship and cooperation more closely reflects the level of trust and mutual assistance. Interdependence is influenced by competitive institutions, market structures and behaviours that determine the availability of choices and the strength of prospective partners' bargaining power resources in the market [16].

The basic concept above directs that food retailing in the new era has the overall characteristics of the retail business. Food retailing in the age of internet applications such as this demands products, locations, prices, and promotions that are increasingly competitive and growing due to the fast pace of food retailing companies compared to consumers.

3.3 The Role of Technology

The implications of Industry 4.0 on logistics are very large and important [17]. Demand for individual products and services will continue to increase. Thus, logistics within and outside the industrial system must adapt to a changing environment. The logistics system will be increasingly complex so that it cannot be handled with usual planning and control practices.

One application to handle supply chain performance is through the use of the internet and computer-based information technology. This phenomenon was first mentioned in 2011 in a proposal for the development of a new concept of German economic policy based on a high-tech strategy [18]. The industry as a sector of human activity that is mostly related to the movement, processing, and marketing of materials (materials), as well as transactions and exchange of information (data), experienced many changes that will continue to occur, then enter a new stage of the industrial-technological revolution called Industry 4.0 (smart industry)) or Industry 4.0 (smart industry).

Zezulka, et al. (2016) uses Industry terminology 4.0 in three interrelated factors, namely [19]: (i) digitalization and simple technical integration - economic relations with complex technical - complex economic networks, (ii) digitization of product and service offerings, and (iii) new market model. All of these human activities are interconnected with many communication systems today. The most widely used technologies are the Internet of Things (IoT), the Internet of Service (IoS), and the Internet of People (IoP) which rely on Physical-Cyber-Systems (Cyber-Physical-Systems). This

technology enables communication entities (in an Industry 4.0 environment) to link to each other and utilize data from producers during the system life cycle without being limited by the company and country barriers. All related parties can obtain relevant information and data at any time so that they can more clearly know the developments that occur in supply, processing, and transportation as the basis for business planning, management, and evaluation. The pattern of communication also changes not only between humans (Customer to Customer / C2C) but also between humans and machines (Customer to Machine / C2M) and between machine to machine (M2M) [20]. M2M and smart products are not treated as independent parts but are supporters of IoT. Smart products are sub-components of the Physical-Cyber System [21].

This transformation will dramatically affect the management of the organization according to incentives, environmental configuration, and new contexts. This revolution caused profound changes, not only in industry but also in society, in rhythm and economic outlook, in the way work was planned and operationalized, as well as ways of working that had to be oriented to human-machine interaction, etc.

The internet transformation of the digital industry is still on-going, but artificial intelligence, big data, and connectivity show certainty of a new round of digital revolution [22]-[23]. Industry 4.0 is on its way and will have an important influence on the complete transformation of the industry because it represents progress on three points, namely: (i) Digitizing production - information systems for production management and planning; (ii) Automation - a system for data acquisition from production lines and using machines; and (iii) Linking manufacturing sites in a comprehensive supply chain.

The company corrects its weaknesses using partnership relationship management to maximize the performance of its supply chain. It is evident from the results of research that by sharing information resources and using e-processes, companies can improve their close relationships with partners to improve competitiveness and can maximize the performance of their supply chains [24].

This era makes the production process of the company to be low cost, this era can create abundance which is characterized by free economy and sharing economy. Free economy including sending free letters via e-mail, free long-distance calls via WA, free books via pdf drive, free movies, and music via youtube, all this will be massive happening in all fields [25]. The digital economy is fully supported by the birth of the internet while changing people's shopping patterns, namely by the existence of e-commerce [26]. E-commerce as one of the revolutions in the field of trade has become a medium of buying and selling from books to heavy equipment; from food to clothing accessories

The role of technology in this era is changing the way humans do many jobs ranging from communicating, transacting, producing, innovating, and traveling. Many of these activities can be accomplished through digital technology using computers and smartphones to speed up the process and save resources. The new era also gave rise to a technology system based on artificial intelligence that made the supply chain more effective.

3.4 Marketing and Services

Every product produced by the company will then be distributed to consumers, the process of distributing these goods through a process that is often referred to as marketing. Marketing is defined as a process of identification and meeting between people and their needs, the process through the management of functions and creative processes, communication, and delivery of value of the product to consumers, to produce a mutually beneficial relationship [27]. Meanwhile, Marketing Management is defined as an art and science of choosing marketing targets and taking, capturing, and developing consumers through creativity in communicating with consumers.

With this understanding, it can be understood that the key to success in marketing depends on two things, namely the consumer market and the product market. The consumer market will receive many goods and services with various brands. The strength of the brand or brand will depend on the quality, appearance (packing), availability, and support it with attractive communication and reliable service. While the product market must be able to provide education and information in a good and

professional manner, with the hope that producers will be able to make and sell products to consumers by making a profit. In this process, there is one important thing, namely communication. Communication between producers and consumers can be done one of them through advertising. With these advertisements, consumers understand the product and strive to buy it.

While marketing communication can be interpreted "All of the marketing mixes that involve communication between organizations/companies and the target audience elements in all forms that are intended for performance marketing" [28]. From the basic concept of marketing, we can understand the relationship between producers and consumers very important in the company's success in marketing its products in the market.

One of the units in the company that is very affected in disruption is marketing. The marketing sector spearheads the company that is most quickly affected. One form of the influence of disruption in marketing is the presence of an online marketing system. The marketing system is called online because it uses the internet as a means of marketing goods or service products to consumers. With the ease of accessing the internet, everyone can see, choose, and finally decide to buy, just by looking at the various types of products displayed at various prices. And in a matter of seconds, anyone can decide whether or not to buy the goods he has seen.

The increasing number of internet users in Indonesia has had a big impact on the company. Many companies make changes to their business processes, so the products they sell can be easily absorbed in the market. One of the changes made by many companies is a product marketing medium or media. The company seeks to bring its product-market quickly to consumers, they use the internet as a means to market and sell their products. Digital marketing is a marketing activity including branding that uses various web-based media such as blogs, websites, e-mails, AdWords, or social networking [29]. Of course, digital marketing isn't just talking about internet marketing. While the internet network is a wide and large worldwide computer network, connecting computer users from one place to another around the world. The internet which stands for inter and networking is a collection of computer networks and various types of types that communicate with one another using a standard of communication [30].

The market which was conventional in nature has changed into a digital form of market, without form, but has a wider range without limits. Of course, this is a form of new innovation in the industry. However, in the era of disruption of new innovations that have been formed, it is not enough to just stop there, online marketing innovations must continue to be developed, as changes accelerate. It is not enough for a company to only innovate by changing its shape, size, and design but more importantly is the ability to read the future [31]

This marketing system becomes very simple and simple but is able to provide complete, clear, and interesting information for consumers. Consumers are given a wider shopping space without limits of space and time, wherever whenever consumers can see and choose the items to be purchased. This is very different from conventional marketing, conventional marketing is very dependent on space and time, because the market cannot be moved anywhere, and time to access is very limited.

Marketing and food retail services in this modern era can use online media including gofood, grabfood, twiter, instagram, facebook, and several other media, and based on buying and selling applications such as Tokopedia, Bukalapak, and others. By using this online media, a product can be marketed and communicated to consumers quickly without knowing the time limit. The excellence of social media is the main key to marketing success for goods and services. This makes it easier for marketing and food retail services in this modern era.

Using online media services such as gofood & grabfood has several advantages that make it easy for consumers, among others, as follows:

1. Service Performance

The service performance factor consists of easy-to-understand online order attributes, fast order confirmation messages, fast loading time, error-free order processing, fast order delivery, and order return policies.

After the customer completes an order, the next gofood / grabfood system looks for a driver for the customer. An order confirmation will be made by the driver either by telephone or through the chatroom on the platform page. Some of these steps are carried out to suppress the processing of order errors made by the driver so that order returns can be avoided.

2. Ease Of Access

A variety of partner product offerings, promotional product offers, other unique product recommendations, and support in various ways of payment. This service category is very helpful for customers because it contains the latest merchant or partner information around customers. Therefore, customers can not only enjoy food but get the latest culinary information updates and promotional product offers.

Support of various payment methods is done through gofood / grabfood user service categories, including cash and using virtual money with the names go-pay, ovo, funds. This virtual or electronic money payment method is more practical, many attractive promos are offered to motivate consumers to use the payment system.

3. Interaction

Availability of online chatrooms, availability of product images, and good communication interactions. Communication interaction is very important in go-food platform services. The availability of online chatrooms that makes it easy for customers and drivers to communicate. Questions about customer food orders have become easier and more practical.

The availability of product images in retail online is a very important thing in influencing consumers to buy. Based on internal go-jek surveys, transactions can increase by 22.85%, in addition, 70.4% of the menu added photos have higher-order numbers. Restaurants / go-jek partners who put photos for their menus on the go-food application, get a very good response related to the sale of their products.

4. Information

Information on product availability and information provided is accurate. The importance of menu information and partner or restaurant information is a major consideration for consumers using online application services. The assessment information can be a reference for consumers to buy quality food in terms of taste and service through the platform. On the other hand, this assessment system can help the development of partners who are just starting a business. It is intended that new sellers are able to learn so that they can be trusted by customers.

5. Securities

With each use of an online account, security is a key factor in maintaining consumer confidence. With the existence of virtual money payments on the platform gofood / grabfood, which is known as a go-pay account, ovo, funds. The ownership of go-pay, ovo, and fund accounts is a form of consumer trust in service providers in the form of money and customer information.

3.5 Warehouse, Distribution and Transportation

American marketing association defines distribution channels as the structure of inter-company organizational units and extra-company, wholesale, and retail agency agents and dealers, through the name of a commodity, product or service marketed services [32]. From the expert understanding above, it can be concluded that the distribution channel is an activity of moving goods from producers to consumers effectively and efficiently where, the process of channeling the goods can pass through various collaborations between producers, agents, large traders, and small traders and even producers can also cut off supply chain paths to sell directly to consumers.

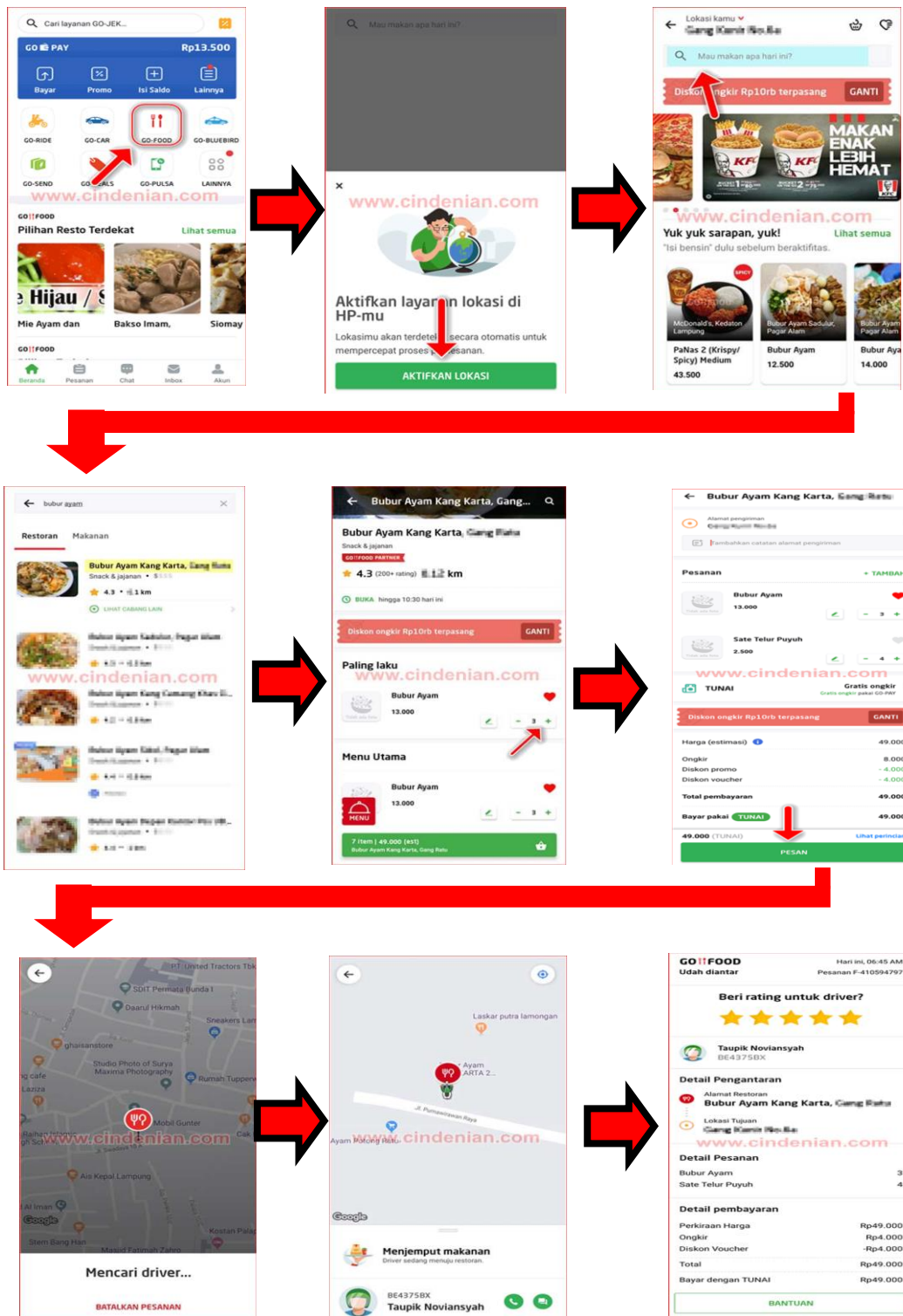


Figure 2. New Era of Supply Chain Flow in Food Retail Industry in Indonesia

The logistics chain starts from and ends at the warehouse which was before the factory and after it to the consumer. Therefore, warehouses have always been an important centre of the flow of goods in and determine the performance of the supply chain. Industry 4.0 requires that warehouses serve as the main source of competitive advantage for logistics providers. The adoption of the Industry 4.0 paradigm will introduce extraordinary changes in the way warehouse works today. The introduction of 'smart' management during the adoption and implementation of an appropriate Warehouse Management System that will transform warehouse activities into future logistical requirements in accordance with Industry 4.0 paradigm. Actors and stakeholders in the supply chain need to be integrated to ensure overall coordination and harmony between all phases of the value chain. For example, transportation will be able to communicate their position and predict arrival times to an intelligent warehouse management system, so that they can select and prepare docking slots, optimize the delivery of just-in-time and just-in-sequence.

The development of information and communication technology is growing rapidly, including online-based transportation and distribution services. Easily sending goods in this case food with the time, distance, and costs that have been determined to make the company and consumers trust each other. The process of distribution of goods is in collaboration with application-based providers such as go-food. Grab-food. Go-sent, go-mart, and other applications that make it easy for retailers and consumers.

3.6 The Effectiveness of the New Era of Supply Chains on Retail Food

Effectiveness is a measure that states how far targets (quantity, quality and time) have been achieved by management, which targets have been determined in advance [33].

The Main Purpose of Supply Chain Management, among others:

1. Delivery or delivery of products on time to satisfy consumers Main Purpose of Supply Chain Management, among others.
2. Reducing costs
3. Improve all results of the entire supply chain (not just one company).
4. Reducing time.
5. Concentrate on planning and distribution activities

From the objectives of supply chain management and the definition of effectiveness above descriptively, the development of this new era has experienced many improvements in terms of delivery, cost, and time so that the more effective the supply chain in this food retail industry.

4. Conclusion

From the results of this study, it can be concluded that the new era of the supply chain in the retail food industry in Indonesia is included in the downstream supply chain which focuses on distribution, warehousing, transportation, and service. The role of technology in this era is changing the way humans do many jobs ranging from communicating, transacting, producing, innovating, and traveling. Many of these activities can be accomplished through digital technology using computers and smartphones to speed up the process and save resources.

Marketing and food retail services in this modern era can use online media including gofood, grabfood, twiter, instagram, facebook, and several other media, and based on buying and selling applications such as Tokopedia, Bukalapak, and others. By using this online media, a product can be marketed and communicated to consumers quickly without knowing the time limit.

An appropriate Warehouse Management System that will transform warehouse activities into future requirements of logistics by Industry 4.0 paradigm. The process of distribution of goods is in collaboration with application-based providers such as go-food, Grab-food, Go-sent, go-mart, and other applications that make it easier for retailers and consumers to transact. The development of this

new era has experienced many improvements in terms of shipping, cost, time so that the more days the more effective the supply chain in the food retail industry.

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