

Implementation of Value Chain Management in Strengthening Distribution Channels: A Business Coaching Study at the Lavida Depot Jakarta

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ABSTRACT

The bottled drinking water (*air minum dalam kemasan*, AMDK) industry in Indonesia faces increasingly intense competition due to the rapid growth in the number of producers and registered brands. This situation prompts PT Harazaki Surya Abadi, the producer of Lavida bottled water, to strengthen its competitiveness by improving its distribution channels. This study aims to analyze *and implement value chain management in strengthening distribution channels: a business coaching study at the Lavida Depot Jakarta* in the development of the Lavida Jakarta Depot as a strategy to expand distribution coverage and enhance sales performance. The research adopts a business coaching approach, with data collected through interviews, direct observation, and document analysis. The analytical framework includes the Business Model Canvas, Porter's Five Forces, SWOT analysis, and VRIO framework to identify key problems and strategic needs. The findings indicate that limited distribution reach is the main barrier to Lavida's market growth. The implementation of value chain management is realized through the design of business processes, development of standard operating procedures, marketing and sales planning, and strengthening of procurement and logistics systems. The results demonstrate that a value chain-based approach improves the operational readiness of the depot in supporting effective and efficient distribution channel strengthening.

KEYWORDS



Bottled Drinking Water Industry; Distribution Channel; Lavida Jakarta Depot; Value Chain Management; Business Coaching

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INTRODUCTION

Clean water is an essential need for human life, especially to support daily activities such as consumption, sanitation, and hygiene (Alum et al., 2024; Devgade & Patil, 2023; Okesanya et al., 2024; Shrestha et al., 2023). Along with the development of modern life, the need for practical, safe, and easily accessible drinking water is driving the increasing demand for Bottled Drinking Water (AMDK). Bottled water is produced through specific processing and filtration processes and then packaged in various sizes to meet consumer needs.

Based on the Indonesian National Standard (SNI), bottled water is defined as raw water that has been processed, packaged, and deemed safe for consumption, including mineral water and demineralized water (Badan Standardisasi Nasional, 2017; WHO, 2017). In Indonesia, bottled water is classified into several main types, namely mineral water, demineralized water, natural mineral water, and dew drinking water, as stipulated in the Decree of the Minister of Industry of the Republic of Indonesia Number 96-M-IND/PER/12/2011 (Kementerian Perindustrian RI, 2011; Prasetyo et al., 2020), with various other innovative variants—such as high-pH, oxygenated, and naturally flavored bottled water—that continue to grow in the market (Euromonitor International, 2023; Rahman et al., 2021; Editorial Liputan6.com, 2024).

The bottled water industry in Indonesia shows consistent growth with an average annual increase of at least 5%. To date, there are more than 1,200 producers with around 2,100 bottled water brands that have distribution permits (Subagyo, 2023). Statista data shows that Indonesia

ranks fifth in the world's largest bottled water industry, with a market value of US\$10.24 billion. This growth is influenced by changes in people's increasingly adaptive consumption behavior and rising awareness of health and drinking water quality. In addition, product innovation is an important factor in maintaining competitiveness in an increasingly competitive business environment (Nugroho, 2023). Data from the Central Statistics Agency (BPS) also shows an increase in the percentage of households that use bottled water as their main source of drinking water.

Bottled water consumption in Indonesia is uneven between regions. DKI Jakarta Province is recorded as the region with the highest level of bottled water consumption, where 79.39% of households used bottled water as their main source of drinking water in 2023 (Central Statistics Agency, 2023). The high level of consumption is influenced by population density, high community mobility, and the needs of large institutions such as offices, hotels, hospitals, restaurants, and modern retail networks. Jakarta is also the center of national economic activity, where more than 98% of large companies operate in the region (IDEAS, 2024). This condition makes Jakarta a highly potential market for bottled water producers, including local producers who want to expand their distribution range.

The competition in the bottled water industry is dominated by big brands, with Aqua as the market leader, controlling around 50% of the national market share (Dwi, 2024). Other brands such as Prima, Cleo, Club, Le Minerale, and several other national and local brands only control small individual market shares. About 28% of the remaining market share is divided among many small and local producers who generally operate in limited distribution areas. In this context, the position of bottled water products in the market is largely determined by pricing strategy and distribution effectiveness. Lavidia bottled water products produced by PT Harazaki Surya Abadi are positioned in the medium price category, but their distribution is still limited to the Sukabumi and Bogor areas, resulting in a limited market share.

Limited distribution coverage has caused Lavidia's AMDK sales performance to fall short of targets. The company's internal data shows that production capacity is used at only around 33% of maximum capacity, resulting in unused capacity at production facilities. In addition, the company has unused assets in the form of buildings in the West Jakarta area that have not been utilized optimally. PT Harazaki Surya Abadi's production and sales trends during the 2022–2024 period showed a significant decline, both in production volume and sales, although the variety of products offered was quite diverse. This condition indicates that the company's main problem lies not in production capacity, but in the effectiveness of distribution and value chain management.

Distribution is a strategic activity that plays an important role in ensuring that products reach consumers efficiently, from order management and distribution channel selection to customer payment arrangements (Hitt et al., 2020). In the food and beverage industry, including bottled water, an extensive and structured distribution network is a key factor in increasing sales and expanding the market. Although Lavidia has made limited distributions to the Jakarta, Tangerang, Depok, and Bekasi areas and entered several modern market channels, these distribution activities have not been managed in an integrated manner. Brand strengthening still relies heavily on word-of-mouth, which, although effective for small-scale businesses, requires the support of a strong distribution system to be sustainable (Irawan, 2023).

Jakarta has very diverse market characteristics, including household, corporate and institutional segments, modern trade, traditional markets, and the HORECA sector (hotels, restaurants, and cafes). Research shows that health factors, ease of access, and trust in product quality are the main determinants in household decisions to choose bottled water (Aslani et al., 2021; Puspita et al., 2023). With a consumption rate of 88 liters per capita per year and total consumption of nearly one billion liters per year, even a relatively small market share still holds significant economic value for producers (Ikhsan et al., 2022). On the other hand, the gap in clean water supply in big cities such as Jakarta also opens opportunities for bottled water products to meet community needs (Fikri et al., 2023).

Based on these conditions, PT Harazaki Surya Abadi sees a strategic opportunity to expand the distribution of Lavidia bottled water to the Jakarta area through the use of unused assets by building the Lavidia Jakarta Depot. The value chain management approach is seen as relevant to create added value through strengthening key and supporting activities, ranging from inbound logistics and depot operations to outbound logistics, marketing activities, and firm infrastructure. Through a business coaching approach, this research focuses on the design and implementation of a value chain-based distribution system as an effort to increase the operational readiness of the depot, expand the distribution range, and support the optimal and sustainable utilization of production capacity.

METHOD

This research used a qualitative approach with a business coaching method oriented toward solving the company's real problems through the processes of analysis, design, and implementation of strategic solutions. This approach was chosen because the research aimed not only to understand the phenomenon but also to produce operational recommendations that could be directly applied to strengthening Lavidia's AMDK distribution channels. Business coaching allowed researchers to act as strategic facilitators who worked collaboratively with company management to design and implement value chain management-based changes.

The object of the research was PT Harazaki Surya Abadi as the producer of Lavidia brand bottled water, with a focus on developing the Lavidia Jakarta Depot as a distribution center. Data collection was carried out through in-depth interviews with the company's owners and management, direct observation of operational and distribution activities, and study of the company's internal documents, which included production, sales, and operational system data. The combination of data collection techniques was used to obtain a comprehensive understanding of the company's existing conditions, distribution problems, and potential depot development.

Data analysis was carried out in stages using several strategic analysis tools. The Business Model Canvas was used to map the existing business model and identify elements that needed adjustment to support distribution strengthening. Porter's Five Forces was used to analyze the competitive structure of the bottled water industry and the external pressures faced by the company.

SWOT analysis was used to identify strengths, weaknesses, opportunities, and threats that affected distribution strategies, while VRIO analysis was used to evaluate the company's internal resources and capabilities for creating a sustainable competitive advantage. All analysis results were then synthesized within the framework of value chain management to

design business processes, standard operating procedures, marketing and sales strategies, as well as procurement and logistics systems for the Lavidia Jakarta Depot.

RESULT AND DISCUSSION

Implementation of Business Coaching

The implementation of business coaching at PT Harazaki Surya Abadi is carried out in the 2024–2025 period through three main stages, namely data collection, program design and implementation, and evaluation of results. In the initial stage, data collection is carried out through interviews and observations of financial, operational, sales and marketing units, as well as human resources to obtain a comprehensive picture of the company's existing condition.

This stage resulted in the finding that the company's main problem lies in the limited distribution range which has an impact on low production capacity utilization and decreased sales performance. The discussion with management was then directed to the company's strategic needs to expand distribution to the area with the highest level of bottled water consumption, namely Jakarta.

The second phase is focused on the preparation and implementation of the business coaching program agreed with the management, namely the opening of the Lavidia Jakarta Depot as a distribution center. The use of unused assets in the form of buildings in the Tomang area, West Jakarta, allows the company to expand its distribution network without additional property investment. At this stage, the researcher provides assistance in designing business processes, organizational structures, job descriptions, Standard Operational Procedures (SOP), as well as marketing and sales activity plans. The third stage is the evaluation stage to assess the suitability between the implementation of the program and the business coaching goals that have been set.

During the implementation of business coaching, several main obstacles were found, including limited human resources that led to duplication of positions and the company's readiness to enter the modern market due to cost considerations. Therefore, the program is focused on expanding distribution channels through the opening of depots supported by strengthening business processes and value chain-based SOPs, so that the operations of the Lavidia Jakarta Depot can run effectively and efficiently.

Business Model Improvement and Distribution Channel Expansion

The results of internal and external analysis show that low brand recognition and distribution limitations are the main factors in the non-optimal utilization of PT Harazaki Surya Abadi's production capacity. Although the company has been making deliveries to the Jakarta area since 2022, the deliveries are made directly from the factory in Bogor, resulting in relatively high and less efficient logistics costs. The opening of the Lavidia Jakarta Depot is expected to reduce distribution costs, increase delivery speed, and open up new market opportunities through canvassing and personal selling activities.

The distribution channel expansion strategy is focused on a business to business (B2B) approach by targeting institutions, communities, and companies through personal selling, sponsorship, and canvassing activities. This approach was chosen in response to the company's limited resources in competing directly with multinational brands that have greater promotional and advertising capabilities. By leveraging the connections that the company already has, this

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strategy is expected to be able to build long-term relationships with high-volume customers and create demand stability.

The existence of the Lavidia Jakarta Depot as a logistics center strengthens the effectiveness of the marketing strategy. The depot functions as a distribution node that ensures the availability of products in the Jakarta area and its surroundings, thus supporting more responsive marketing activities. The integration between the expansion of distribution channels and marketing activities shows that the strengthening of distribution is not only operational, but also strategic in increasing the competitiveness of the company.

Value Chain Implementation at Lavidia Depot Jakarta

The implementation of value chain management at the Lavidia Jakarta Depot is carried out by designing business processes and SOPs that include primary activities and supporting activities. In inbound logistics activities, the depot manages product receipt from the central factory, quality and quantity inspection, and stock management based on a digital system with FIFO principles to maintain product quality. Operational activities include order confirmation, transaction recording, invoice issuance, and integrated distribution coordination through information systems.

Outbound logistics activities are focused on delivering products to customers on schedule with documented proof of handover, while marketing and sales activities are directed at canvassing, sponsorship, and personal selling to expand customer networks. After-sales service activities are carried out through handling complaints and product returns by the depot admin. In terms of supporting activities, the company prepares an organizational structure, job description, SOP, and procures operational and information technology support facilities to ensure that all activities run synergistically.

The results of the value chain analysis show that the implementation of structured business processes and SOPs is able to create added value through increased stock availability, ease of ordering, and delivery speed and accuracy. However, marketing and sales activities still need further strengthening due to limited human resources and the implementation of all marketing activities plans. This shows that competitive advantage through the value chain requires the full support of all activities, both main and supportive.

Evaluation of Business Coaching Results and Depot Performance

The evaluation of the business coaching results shows that the opening of the Lavidia Jakarta Depot has been fully realized and will start operating from July 2025. The preparation of business processes, SOPs, organizational structures, and marketing activity plans have also been completed and approved by management. The implementation of business processes reaches full level because the operational activities of the depot have referred to the designed workflow. However, the implementation of SOPs has not been carried out because it has not been socialized, while the implementation of the organizational structure has only reached 40% due to recruitment limitations, especially in sales and marketing positions.

On the procurement side, most of the operational needs have been met, although some distribution and marketing support facilities are not yet available. The sales performance of Depo Lavidia Jakarta during the July-October 2025 period showed total sales of 7,585 cartons with monthly fluctuations, which indicates the existence of market potential as well as

challenges in maintaining sales consistency. The 330 mL product variant was the highest sales contributor, while the 1.5 L variant had the lowest sales, indicating the Jakarta market's preference for small, practical packaging.

Overall, the results of business coaching show that the implementation of value chain management through the opening of depots and the design of operational systems is able to increase distribution readiness and open up opportunities to increase sales. However, the sustainability of distribution performance and the creation of long-term competitive advantages depend heavily on the full implementation of SOPs, strengthening human resources, and consistency in the implementation of marketing and sales strategies that have been designed.

CONCLUSION

This study demonstrates that applying value chain management via a business coaching approach effectively strengthened Lavida's bottled water distribution channels at PT Harazaki Surya Abadi, where limited distribution range had caused low production capacity utilization and declining sales; establishing the Lavida Jakarta Depot using unused assets enabled expansion into high-consumption Jakarta areas without new investments, enhancing operational readiness through redesigned business processes, organizational structures, job descriptions, and Standard Operating Procedures (SOPs). Key activities like inbound logistics, operations, and structured outbound logistics improved stock availability, ordering ease, and delivery speed, while bolstering marketing via personal selling, canvassing, and sponsorship expanded B2B networks. However, suboptimal supporting activities—particularly human resources and marketing, including incomplete SOP implementation and sales/marketing structures—limited full competitive advantage, underscoring the need for sustained commitment to value chain enhancements. For future research, a longitudinal study could evaluate the depot's long-term sales impact and test integrated digital tools (e.g., CRM systems) for optimizing supporting activities in similar small-scale AMDK producers.

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