

## **Investment Feasibility Study for the Development of Salak Chips Products at PT Spirit Jaya Snack and Coffee, Malang City, East Java**

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INDEXING	ABSTRACT
<p><b>Keywords:</b> Keyword 1; Investment feasibility Keyword 2; Development Keyword 3; Salak Chips Products Keyword 4; Payback Period method Keyword 5; Net Present Value</p>	<p>The purpose of this research is to evaluate the feasibility of investment in new product development at PT. Spirit Jaya Snack and Coffee. The research method used is a quantitative method, using data collection techniques through interviews, observation and secondary data analysis. The results of the study show that the development of new products at PT. Spirit Jaya Snack and Coffee is worth doing, with a Net Present Value (NPV) value of Rp. 1,262,301,332, Payback period (PP) of 11 Months and Internal Rate of Return (IRR) of 17.39%. However, the company needs to consider several factors, such as market risk, operational risk, and financial risk to ensure the successful development of new products for salak chips.</p>

### **Article History**

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### **INTRODUCTION**

The snack and coffee industry in Indonesia has grown rapidly along with increasing public awareness of healthy lifestyles, the desire to try new flavors, and advances in production technology (Firmansyah and Rahman, 2025). In this highly competitive market condition, companies engaged in this sector must continue to innovate to remain relevant and able to maintain their competitiveness. PT Spirit Jaya Snack and Coffee, as one of the companies that has been operating in this field, needs to consider new products as a strategic step to expand market share.

PT Spirit Jaya Snack and Coffee, which has experience in the snack and coffee market, needs to conduct an in-depth evaluation of various aspects in the development of new products, such as market analysis, risk analysis. This feasibility study is expected to provide a clear picture of whether the development of the new product is feasible, as well as provide a solid basis for the investment that will be taken by the company. As the trend of consuming healthy, organic, or locally flavored, products develops, PT Spirit Jaya Snack and Coffee needs to adapt to these changes, to ensure business desires and expand market reach.

According to Sofian (2024) a business or business feasibility study is an activity that studies in depth or the business to be run, in order to determine whether the business is feasible or not. To determine whether a business is feasible or not can be seen from various aspects. Every aspect to be said to be worthy must have a certain standard of value, but the decision to judge is not only made on one aspect. The assessment to determine feasibility must be based on all aspects that will be assessed later. A business feasibility study is also a study of a business plan that not only analyzes whether or not a business is feasible to be built, but also when it is routinely

rationalized in order to achieve maximum profits for an indefinite time. For example, plans to launch new products.

The phenomena that occur at PT Spirit Jaya Snack and Coffee at this time are market conditions and business opportunities, the company's financial performance, and the evaluation of new products. In highly competitive industries such as snacks and coffee, the absence of product innovation can make PT spirit jaya snack and coffee lag behind competitors who continue to develop new products. Consumers may switch to other brands that offer a more diverse selection of products and are in line with the latest trends or tastes. Researchers can now take some relevant theories from previous researchers, conducted by Widowati and Sinaga of the Faculty of Engineering, Tribhuwana Tunggal University on the feasibility study of the business of making red bricks made from sengguruh dam compounds shows that the quality produced in general has a good value when compared to various local products

The reason for the researcher to take the title, "Investment Feasibility Study for the Development of Salak Chips Products at PT Spirit Jaya Snack and Coffee" can be seen from important aspects related to the company's strategic decisions in facing market dynamics and business challenges. The researcher sees opportunities for innovation and product diversification. New product development is one way for companies to innovate and offer solutions that are relevant to the needs or desires of the market. This feasibility study is important to evaluate whether the new product developed really has the potential to be accepted by the market and provide benefits for the company. Decision-making in the development of new products often involves large investments, both in the form of capital and other resources. Therefore, such decisions must be based on accurate and objective data and analysis.

For these reasons, the feasibility study of new product development investments is very important to ensure that the investment made will provide maximum results and help the company achieve its goals in a competitive market.

## **LITERATURE REVIEW**

### **Investment**

According to Wati (2019), investment is to sacrifice dollars now for dollars in the future. From this understanding, there are two important attributes in investing, namely the existence of risk and grace period Sacrificing money means investing a certain amount of funds (money) in a business when it is currently or when the investment begins. Then expect a return on investment accompanied by the expected level of profit in the future (within a certain time).

Investments can be made in various fields of business, therefore investments are divided into several types. In practice, the types of investments are divided into two types, namely:

a. Real investment

Real investment is an investment made in fixed assets such as land, buildings, equipment, or machinery

b. Financial investment

Financial investment is an investment in the form of an employment contract, purchase of shares or bonds, or other securities such as certificates deposits

Investment can also be interpreted as investing in an activity that has a relatively long period of time in various business fields. Investment that is invested in a narrow sense is in the form of certain projects both physical and non-physical, such as projects to establish factories, roads, bridges, building construction, and research and development projects.

## **Business Feasibility Study**

According to Agustin *et al* (2023), and Sofian (2024), a business feasibility study is a process that investigates a proposed business in depth to assess its feasibility. It is necessary to conduct research or analysis to ascertain what factors should be considered when conducting the analysis to get the best possible results. In addition, we need a research methodology used to collect data, calculate, and evaluate feasibility analyses

## **Benefits of Feasibility Study**

It is certain that the establishment of a business or project will provide various benefits or advantages, especially for business owners. In addition, other benefits and benefits can also be reaped by various parties with the presence of businesses. The following are the parties that need a feasibility study with various interests (Yoon, 2018; Aray *et al*, 2023; Chukwuka and Igweh, 2024) :

1. Business people/company management  
The business person/management of the company needs a feasibility study as a basis for making a decision to continue the business idea or not. If based on the results of the feasibility study of a business idea is declared feasible, the business person/management will run the business idea to develop their business.
2. Investor  
The investor needs a feasibility study as a basis for making a decision whether to invest in a business or not. If based on the results of the feasibility study a business idea is declared feasible, the investor will invest his capital in the hope of getting a profit from the investment invested, and vice versa.
3. Creditors  
The creditor needs a feasibility study as one of the bases in making a decision, whether to provide credit to a proposed business or not. If based on the results of the feasibility study of a business idea is declared feasible, the creditor will provide credit in the hope of obtaining a profit in the form of a price, as well as should.
4. Government  
The government needs a feasibility study as a basis for making a decision, whether to grant a license to a business or not. If based on the results of a feasibility study a business idea is stated to be able to improve community welfare, provide job opportunities, optimize existing resources, and can increase Regional Original Income (PAD), then the government will grant permission, on the other hand, if a business has a negative impact greater than its benefits, the government will not give permission for the proposed business idea.
5. Society  
The community needs a feasibility study as a basis for making decisions, whether to support a business or not. If based on the results of a feasibility study a business idea is stated to have a greater positive impact on the community than the negative impact, then the community will support the business idea. However, if a feasibility study states that a business idea will have a greater negative impact on society than its positive impact, then the community will reject the business idea. (Ichsan *et al.*, 2019) Business feasibility studies are scientific methods. One of the requirements for the scientific method is systematic. The dataset must be designed as well as possible.

## RESEARCH METHOD

The approach in this study is a descriptive quantitative approach, because this research is presented with numerical figures. This is in accordance with the opinion of Waruwu *et al* (2025), quantitative research is a type of research that uses numerical data processing to produce structured information. The analysis techniques used in this study are:

### 1. Payback period method (PP)

The Payback Period method is a method that measures how quickly an investment can be returned (Suad Husnan and Surwansono, 1994 p. 208), and the weaknesses of this method are:

- a. Ignoring the value of money.
- b. Ignoring cash flow after the payback period

Payback period method calculation formula:

$$Pp = \frac{\text{Investment}}{\text{Net Cash/Year}} \times 1 \text{ Year} \dots \dots \dots (3.1)$$

### 2. Net present value (NPV) method

The formula commonly used in calculating NPV is as follows:

The criteria for determining NPV are:

$$NPV = \frac{\text{net cash 1}}{(1+r)} + \frac{\text{net cash 2}}{(1+r)^2} + \dots + \frac{\text{net cash 3}}{(1+r)^n} - \text{Investment} \dots \dots (3.2)$$

- a. If the NPV is greater than zero (positive), then the investment is accepted.
- b. If the NPV is less than zero (negative), then the investment is rejected

### 3. Internal rate of return (IRR) method

Formula used

$$IRR = \frac{P1 - C1 \times P2 - P1}{C2 - C1} \dots \dots \dots (3.3)$$

Where:

P1 = 1st interest rate

P2 = 2nd interest rate

C1 = NPV to 1

C2 = 2nd NPV

## RESULT AND DISCUSSION

### Result

Table 1. Research Results

No.	Measuring Instruments	Measurement Results	Industry Average	Information
1	PP	11 months	3 years	Proper
2	NPV	1.262.301.332	1.000.000.000	Proper
3	IRR	17,39%	10 %	Proper

### Discussion

#### 1. Payback period (PP)

Based on the calculations that have been made, it is found that the time needed for investment in the development of salak chips products can be returned in a relatively short time of 11 months. On an average of 3 years, it can be concluded

that the investment made by PT. Spirit Jaya Snack and Coffee is very good for the company. This research is supported by research conducted by Fathurohman, (2008).

2. Net present value ( NPV )

Based on the calculations that have been carried out to find out the NPV value, the result is around Rp. 1,262,301,332, the industry average is Rp. 1,000,000,000, so it can be concluded that NPV has characteristics that are feasible for the development of salak chips products because it gets a positive value (+) with an interest rate of 17.39%. This research is supported by researchers conducted by Fathurrohman, (2008).

3. Intern rate of return (IRR)

Based on the calculations that have been carried out to find out the IRR value, the result is 17.39%. While the industry average is 20%, it can be said that the business of developing salak chips is feasible and good for the company. This research is supported by Fathurrohman, ( 2008 )

## CONCLUSION

Based on the results of the research and discussions that have been carried out, it can be concluded that:

1. Investment in salak chips products is feasible to be made at PT. Spirit Jaya Snack and Coffee. Based on the results of the calculation of NPV, IRR, PP shows that investment in salak chips products has a positive NPV value, an IRR higher than the applicable interest rate, and a relatively short PP.
2. Based on the results of the calculation of the overall financial feasibility using the Payback Period (PP), Net Present Value (NPV) and Internal Of Return (IRR) methods, it shows that the company has sufficient financial ability to fund investment in the development of salak chips products.

After conducting research on the feasibility of investment in new product development carried out at PT. Spirit Jaya Snack and Coffee and Based on the conclusions that have been obtained, the suggestions that can be given by the researcher are:

1. Based on the results of the analysis, the investment in salak chips products is feasible and has good potential returns. The investment in new products (salak chips) carried out by PT. Spirit Jaya Snack and Coffee can be continued in the future, because it has the potential to provide profits for the company in the future.
2. PT. Spirit Jaya Snack and Coffee can set an example for other businesses in considering the amount of investment required as well as the potential that can provide profits.
3. PT. Spirit Jaya Snack and Coffee must monitor and evaluate the performance of the investment regularly to ensure that the investment remains viable and profitable.

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