



Tapping the New Source of Growth: New Marketing Strategy for a Heavy Equipment Distributor in the Nickel-Mining Sector

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ABSTRACT: Indonesia which owns 23% of the world's nickel reserves, is in the early phase of the nickel sector development, which affects the heavy equipment industry to support operations. PT Kaizen Distributor, Tbk is a seller of an Articulated Dump Truck (ADT) and the sole distributor of the Kaizen brand in Indonesia. To date, the corporate has focused only on sales to the coal and gold mining sector and is yet to conduct nickel-mining market penetration to the fullest. This is indicated by a decrease in the corporate nickel sub-sector contribution from 26% to 16% and instability of unit sales. While the current ADT competition is very competitive, therefore, the purpose of this research is to formulate a new marketing strategy to focus on the nickel-mining segment. The qualitative methods were used by carrying out observations, in-depth interviews, and utilizing supporting data from internal and external corporate reports. SWOT Analysis is a generic framework used for business environment analysis. The Positioning Maps and the Existing 4Ps Marketing Mix are used to assess the corporate's positioning and strategies. As the research result, the corporate needs to develop strategies based on the relationship between the corporate's internal-external environment factors using TOWS and make changes in Positioning regarding more product variety and more attractive promotion campaigns. This repositioning is supported by the development of the Existing 4Ps Marketing Mix, such as by improving the features of existing products and proposing a larger capacity type, considering pricing strategies, increasing supply allocation, widening market area coverage, attractive maintenance packages, flexible financing, and product bundling package offers. Also, the addition of other 3Ps as a form of improvement is by evaluating salesperson's competency in entering new markets, increasing the efficiency of customer surveys, and adding new product support points.

KEYWORDS: Marketing Mix, Nickel-Mining, Positioning, Promotion Strategy

1. INTRODUCTION

Indonesia is known as a country with abundant resources and reserves of minerals which are increasingly being used for the needs of the country and the world. The mining sector is Indonesia's largest source of income [1] which is still dominated by coal, commonly used as fuel for electricity generation. However, the sustainability of coal mining is increasingly in doubt due to the depletion of coal reserves and massive exploration in previous years and the negative impact of using fossil-based energy, which is considered to pollute the environment. This market condition is worsened by the emergence of a green energy campaign that many European countries follow by prohibiting fossil-based energy, thus limiting the import of coal [2]. This impacts Indonesia's coal mining activities as the country that contributes to the fourth-largest coal production in the world [3]. On the other hand, when viewed from the existing potential for different types of mineral mining, nickel as a source of clean energy is considered to have prospects in the next few years. As of 2021, Indonesia has the world's largest nickel reserves of 21 million tons [4] or about 23% of the world's total reserves [5]. Indonesia plays a vital role in supplying the world's nickel materials. In 2019, Indonesia became the largest nickel ore producer globally, with a total of 853,000 metric tons of nickel [6]. In the next few years, many researchers have predicted that there will be a spike in world nickel production due to the increasing development of nickel derivative products, one of which is batteries. The growing popularity of electric vehicles reflects the rising demand for nickel as the primary raw material for batteries. In addition, there is also the presence of solar cell technology, which is more synonymous with clean energy. The demand trend will continue to increase until 2030 [7]. Seeing the existing potential, the Government of Indonesia has begun to seek to improve both the quantity and quality of production in line with the increasing demand for nickel. It starts from the increase in mining production capacity to construct nickel processing smelters which are pretty aggressive to increase product down streaming.

This is supported by regulations prohibiting the export of nickel ore in Ministerial Regulation Republic of Indonesia No. 11 Year 2019, as it is purposed to create added value for nickel products [8].

Mining activity is strongly related to heavy equipment that supports infrastructure development projects, exploration of mining materials to obtain relevant results, and transportation of materials. The advantages of using heavy equipment are its quick time, great power, and other economic values. The heavy equipment industry in Indonesia itself is still very dependent on coal mining. Including PT Kaizen Distributor, Tbk¹ as a big player in Indonesia's heavy equipment trading industry, as one of the products is Kaizen¹ Articulated Dump Truck (ADT). Most corporate revenue comes from the coal mining sector [9]. The market trend discussed above can be a big consideration for the heavy equipment company to diversify its focus from the coal sector to another sector, such as nickel, which is currently growing in its early phase. The increasing demand for nickel in the domestic and international markets is an excellent potential to increase heavy equipment sales or the market share of companies in the nickel mining sector. Nevertheless, according to the Company Internal Data [9], there is a fluctuating trend in Kaizen ADT sales. The corporate is still too focused on unit sales operations to the coal mining sector as the corporate's largest source of income. This issue was also validated by the Marketing Mix Specialist in the Mining Sector, who analyzes the growth of both market share and competitors in the mining sector. The brand competitors are Vocauto, Caliperr, Bezka, and Donghwa¹.

The sales instability is also supported by data of the decrease in sales contribution of the nickel mining sector from 26% in 2020 to 16% in 2021, while the percentage contribution of other mining sectors increases, as shown in **Figure 1**.

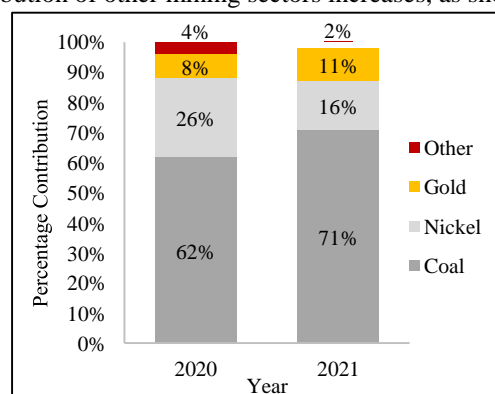


Figure 1. Mining-Sector Contribution of The Corporate [9]

The Manager of the Strategic Marketing Department revealed that maintaining sales volume is essential to maintain the corporate's operations, but also must consider macro policies that affect the growth of the mining sector, such as the presence of the Paris Agreement that targets OECD nations should end coal use entirely by 2030. This is certainly a signal for the corporate to start to think about a strategy to enter and gain market share in the mining sector other than the coal sub-sector. One challenge faced by the corporate in entering the nickel segment is the loyalty of its customers, in which most of them have been using competitor products. According to Wikimedia Foundation Inc. [10], the Vocauto brand is the market leader in the segment. It is the prime pioneer of the ADT vehicle, which was introduced in the market in 1966. Thereby, the corporate needs to develop a marketing strategy to maximize nickel mining market penetration by increasing sales of products that meet the needs and requirements; one of the products is ADT which will be discussed in this research.

2. LITERATURE REVIEW

2.1. SWOT Analysis

SWOT analysis presents the strength (S) and weakness (W) as internal aspects of the corporate and offers the opportunity (O) and threat (T) as external environmental aspects. The internal factors come from the resources and capabilities of the corporate, while the external factors are things from competitiveness, customer expectations, and some other macro-economic situations. SWOT analysis is part of the planning process where the corporate needs to assess the current conditions and the future that will affect the

¹ Fictitious business names are used due to company confidentiality



operation of achieving the corporate goals. The existence of a SWOT assessment also helps the corporate to determine which things should be prioritized.

2.2. TOWS Matrix

TOWS or known as TOWS-K was first introduced by Professor Heinz Wehrich, University of San Francisco in 1982 in his article published in the journal Long Range Planning [11]. A TOWS matrix is a tool to develop strategies based on the relationship between the corporate's external and internal environment factors, or between threats, opportunities, weaknesses, and strengths [12]. According to Fitriani [13], the TOWS matrix can be used to create companies and marketing strategies for businesses.

2.3. Positioning Maps

Positioning refers to the means of the company in placing or moving a product to the desired level and in accordance with consumer attention. There is a term perceptual map that is part of positioning theory. A perceptual map is a visual representation of consumer perceptions and preferences [14]. This framework illustrates how consumers view different products, services, and brands along various dimensions. By presenting customer perceptions, marketers can find a point where customer needs have not been met, thus opening up marketing opportunities.

2.4. Marketing Mix

A marketing mix is a set of tactical marketing tools, which are product, price, place, and promotion that the firm blends to produce the response it wants in the target market [15]. The marketing strategy implementation quality relies on the relevance and coherence between those four elements that make up the marketing mix theory. In a specific definition, this can be summarized as the right product for the product element, in the right place for the place element, at the right price for the price element, and at the right time for the promotion element. Therefore, it is necessary to do such things: create a product or service that a particular group of people wants, sell it in a place regularly visited by these groups, market it at a price that corresponds to customer expectations, and make it available when these customers want it.

1) *Product*

Product is an essential element in a marketing program, in which it can influence other marketing strategies. Purchasing a product is not just to own the product but also to buy a product to meet consumer needs and wants [14]. A product is anything that can be offered to a market to be noticed, obtained, used, or consumed and can fulfill a want or need. Another definition of product is everything that can be offered to the market for attention, possession, use or consumption, including physical goods, services, personality, location, organization, and ideas or thoughts [16].

2) *Price*

Price is the only element of the marketing mix that generates revenue, while the other aspects create costs [15]. Many scientists consider the price as one of the essential elements of the market, which increases profits and market share [17]. Price also is one of the most flexible marketing mix elements as it can quickly adapt to environmental changes. In theoretical economics, the notion of price, value, and utility is an interconnected concept. The term utility refers to an attribute attached to a good, which allows the goods to meet the needs, and wants and satisfy consumers (satisfaction). Value is the amount of a product to be exchanged with other products. Value can be seen in a barter situation, will but already using money as a measure called price. So, the price is the value of an item expressed in money [18].

3) *Place*

The place is a combination of location and decisions on distribution channels [19]. In this case, it relates to how to deliver products and services to consumers and where the strategic location is.

4) *Promotion*

The promotion variable is utilized by the company to reach its goals and achieve the target market. It refers to how the marketing communications are used to inform customers and other stakeholders about products or services offered [20]. Promotion involves several tools, such as strategic sales promotion, advertising, sales force, and public relations [14]. The promotion aspect is strongly related to marketing communication as the means the corporate seeks to inform, persuade, and remind buyers directly or indirectly about the products and brands the company sells.

Another popular model for the development of the 4Ps marketing mix is called 7Ps, which was founded by Booms and Bitner (1981). The 7Ps model complements the 4Ps developed by McCarthy and covers the shortcomings of this model by adding aspects of People, Process, and Physical Evidence.

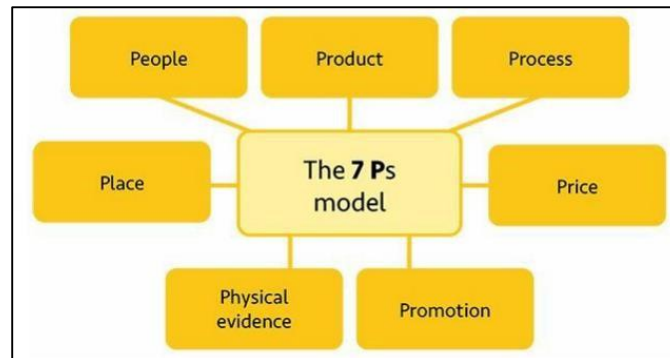


Figure 2. The framework of 7Ps Marketing Mix [21]

5) *People*

The people aspect refers to the people involved who contribute directly or indirectly to the provision of products and services. People do not represent the corporate's customers but rather the staff who implement marketing strategies. Typically, people refer to those who come into contact with prospective customers [21].

6) *Process*

The process component is how the marketer provides effective and appropriate customer service. This can include customer service, advice, opening hours, or home delivery. It leads to the way of building brand loyalty [21].

7) *Physical Evidence*

The physical evidence component represents tangible products owned by the organization. It can be store or digital promotion channels [21].

3. METHODOLOGY

In this study, the author uses a qualitative method. Qualitative methods are defined as research procedures that utilize descriptive data, such as in the form of written or spoken words from people who can be observed. The data collection technique aims to describe the existing conditions in the company. It includes primary and secondary data, where there are several types of qualitative research sources of data sources: visual analysis, literature study, individual or group interviews, or focus group discussions (FGD) [22]. According to Febriansyah [23], The data collection method is field research, carried out by conducting a direct review of the institutions as the object to obtain obtaining primary and secondary data. The author started the research through qualitative observation. The immediate observation is conducted within the internal staff activities in the corporate. The author also collected primary data from the in-depth interview with internal corporate staff and through an FGD activity with the strategic marketing department team. To enrich the research data, the author obtains several internal corporate data. Besides, external reports from the internet are also used to support the research findings.

4. RESULT AND DISCUSSION

4.1 Business Environmental Aspect

The business environment refers to a set of conditions or forces that affect the functioning of a business. They may be outside or inside the organization. Understanding the nature of the business environment and its changes is an essential part of business analysis and designing competitive strategies. Using SWOT Framework, the author defines Strengths (S) and Weaknesses (W) from the corporate's resources, capabilities, and current strategy. Meanwhile, Opportunities (O) and Threats (T) are defined based on various factors outside the corporate that is relevant to operations, such as nickel industry growth, political aspect, customer analysis, and competitors' analysis.



Table 1. SWOT Analysis of Kaizen ADT Sales by PT Kaizen Distributor, Tbk [7], [8], [9], [24]

STRENGTH (S)	WEAKNESS (S)
<ol style="list-style-type: none"> 1. Have an extensive marketing and distribution network 2. Have a good reputation for providing high-quality equipment and product support 3. Have a good relationship with stakeholders 4. Have a satisfied service and maintenance facility 5. Have a variety of marketing channels where customer needs in finding product and service information can be easily obtained by using the available channels 	<ol style="list-style-type: none"> 1. Research and development of the corporate is majority about the marketing activity, and the product development depends on the manufacturer’s controls 2. Product availability aspect is still deficient 3. Uncertain satisfaction level with the total cost of products and services offered (price) due to the relatively high product price 4. Limited product variety
OPPORTUNITY (O)	THREAT (T)
<ol style="list-style-type: none"> 1. Nickel production in Indonesia is in the early development stage and is forecasted to consistently grow in the next few years as the popularity of electric cars and the world’s demand for batteries increases 2. Government support in increasing nickel production capacity along with the massive downstream development 3. Nickel price is predicted to keep rising, seeing the trend from the past five years 4. Majority nickel-customer has less competency in the maintenance aspect, as the business is newly established 	<ol style="list-style-type: none"> 1. The impact of a bilateral agreement between Indonesia and China in constructing nickel smelter in Indonesia, which may lead to the customers’ preferences and characteristics in choosing lower prices over quality 2. Customer’s preference in a ready-stock unit rather so as they can produce and get profit soon 3. More product variety offered by competitors 4. More promotion campaigned by competitors, such as more flexible financing

4.2 Proposed Strategic Marketing

4.2.1 TOWS Matrix

The TOWS matrix can clearly describe how the external opportunities and threats faced by the corporate and adjust to the strengths and weaknesses it has. Accordingly, it is known that the TOWS matrix identifies four strategic alternatives, namely SO strategy, ST strategy, WO strategy, and WT strategy.

Table 2. TOWS Matrix

S-O STRATEGY	W-O STRATEGY
<ol style="list-style-type: none"> SO1. Expand the sales coverage of nickel-mining customers apart from the Sulawesi area (S1, S5, O1) SO2. Participate in a national project in the nickel mining sector, such as the HPAL smelter at Maluku (S1, S2, O2) SO3. Create a special sub-department to target nickel-mining customers so that they are separated from the high intensity of coal sector operations (S1, O3) SO4. Make the most of the available digital marketing channel to educate the nickel customer regarding the value proposition of Kaizen ADT (S5, O4) 	<ol style="list-style-type: none"> WO1. Analyze nickel-customer job profile and create a proposal for the product development possibility to further increase the principal’s product variety and market needs coverage (W1, W4, O1) WO2. Point out the superiority of the corporate’s product support facility by promoting long-term benefits, such as maintenance package and used equipment service (W1, W3, O4) WO3. Propose to the principal (supplier) to increase unit allocation for the nickel-mining sector penetration (W2, O1, O2, O3)



S-T STRATEGY	W-T STRATEGY
ST1. Propose to the principal to increase ADT variety that meets the customer requirements and prepare for future needs, such as bigger capacity or economic type (S1, T1, T3)	WT1. Collaboration with a third-party (finance institution) to provide a creative financing facility and as the means to reduce the corporate's risk (shared risk) (W1, T4)
ST2. Maximize the resource competency in service by assisting nickel-mining customers in forecasting the need for heavy equipment in the near future (S3, S4, T2)	WT2. Evaluate inventory management to achieve optimum stock availability, especially for ADT (W2, T2)
ST3. Retain existing customers by consistently giving satisfied product support (S2, S3, S4, T1)	WT3. Reconsider the pricing strategy for nickel mining customers, including offering promotion campaign in terms of payment or financing aspects (W3, T3, T4)
	WT4. Offer product bundling package to impress (as if) price saving (W3, T1, T4)

S-O Strategy: S-O strategy is commonly mentioned as the Aggressive Growth Strategy. It is a strategy to use the corporate's internal strengths to take advantage of external opportunities. As mentioned in the SO1 in **Table 2**, expanding sales coverage is an effort to take advantage of the corporate's extensive marketing and distribution network. Currently, digital technology is widely used throughout Indonesia. The corporate has also prepared a marketing communication channel to reach potential customers. Until 2021, the corporate has only succeeded in selling ADT products in the Sulawesi area. Seeing the market potency, nickel mining locations are also spread to Maluku and Papua Island. This opportunity must be exploited by the corporate seeing the potential for promising growth. The government has also strongly supported the downstream industry, which an HPAL smelter in Maluku is in the construction process to meet the nickel demand for battery application. In order for the corporate to focus on taking advantage of the existing opportunity without being disturbed by operational activities in the coal sector, the author proposes a solution to create a subdepartment for the specialization of nickel-mining customers. As companies can market their products in various ways, the author also proposed a maximization of available channels to educate nickel-mining customers regarding the value proposition of Kaizen ADT as the fourth strategy. This is an effort to form a customer mindset that the value offered by the corporate is a high-quality product and after-sales service provided by the corporate, which is purposed for the ease of long-term necessity, in which the aftersales includes pre-sales consultation, supply of spare parts, equipment maintenance to training for operators. This strategy is also in accordance with the research results by Fitriani [13] that an aggressive growth strategy can be started by promoting products on social media and conducting B2B online sales.

S-T Strategy: The S-T strategy or diversification strategy is formulated to maximize strength and minimize external threats. Vitalisova et al. [25] mentioned that this particular cell is a stabilization strategy that aims to maintain the market position and make changes only to the extent necessary. As the corporate has experienced a few loss deal cases on ADT sales, the approach that can be taken is to look at future needs. Customers are currently prioritizing ready-stock heavy equipment units [26]. However, if they have had a bad experience using a competitor's product, it is possible to switch the brand. The corporate, which not only sells products but also sells services, can maintain relationships with customers and assist them in planning or forecasting future needs. So, this can also help the corporate procure units that take a long time. Still related to the provision of services, the corporate must be committed to giving satisfied product support. Not only pursuing sales targets but also ensuring that the products and services that have been provided to existing customers are able to make them consistently do repeat orders, for instance, by listening to their feedback and giving appreciation to them. The appreciation given can be through a bonus in maintenance services or convenience in the next purchase transaction. The following strategy is the importance of adding new types of products. When compared to competitors, they have trucks with small and large capacities. This can give customers options to suit their needs. If the need is large but the use of small capacity trucks, it will increase costs and reduce work efficiency.

W-O Strategy: The W-O strategy, which can be called a reversal strategy, attempts to minimize the weaknesses and maximize tile opportunities. Seeing the market potential, the corporate should understand the target customer in terms of their activities and behavior so that the corporate can provide appropriate products and services. The corporate is a distribution company without any comprehensive equipment manufacturing facility, so a product development idea must be proposed to the principal who creates the heavy equipment. Initial analysis for product development tailored by customer jobs will create new ideas to increase product type.



As with the dynamics of mining activities, it is possible that current equipment may not be needed in the future as miners will need a larger capacity. With limited research and development facilities and customer dissatisfaction with product prices, the corporate can use a strategy to show its superiority regarding product support facilities for long-term needs. This is an added value that can be offered. Moreover, this will make it easier for customers to find maintenance and ease after-sales service. As there is a weakness in limited stock by looking at the increasing demand, it is necessary for the corporate to propose additional unit allocations to maximize market penetration as new customers want to start production immediately to quickly reach production targets and earn profits.

W-T Strategy: The W-T strategy can be called a defensive strategy which aims to minimize weaknesses and threats. Companies that are faced with various external threats with internal weaknesses are actually in a dangerous position. Therefore, that firm may have to fight for its survival or may even have to choose liquidation. Looking at the factors of internal weakness and external threats faced by the corporate, the defensive strategy that can be done is firstly by collaborating with third parties, especially finance companies, to facilitate financing or payment for heavy equipment purchases. This is due to the limitations of the corporate's capability even though it is the competence needed to face threats related to the attractiveness of emerging competitors' financing strategies. Besides, as the basis of the inventory system used by the corporate is zero inventory, the strategy for stocking ADT units to target nickel-mining customers must be carried out optimally. If it is not, the inventory costs may swell and leads to higher operational costs, so as it reduces the profit margin. Regarding WT3, the corporate must reconsider the pricing strategy specific for nickel mining customers, which will be discussed in more detail in Marketing Mix at the Price aspect. Another defensive strategy is related to the promotion of bundling packages to answer weaknesses related to price issues and customer preference in choosing lower prices.

4.2.2 Positioning Map

Product positioning will be influenced by aspects of competitors who sell similar products. The author uses the combination of data from both interview results with the internal staff as a member of the sales team and customer survey results conducted by the corporate to represent the customer's voice. The author found six prominent aspects that were most frequently mentioned during the interview. These aspects will be used for the positioning map, which are product price, product quality, spare parts price, product support readiness, promotion campaign, and product variety. Product price is usually the most sensitive thing customers consider when purchasing equipment. As the Strategic Marketing Department staff reported during the discussion, price is the top third key driver customers consider in selecting the equipment. In line with that, the product's quality is commonly compared to the price offered. Moreover, as heavy equipment is generally used for the long term, the quality aspect is taken into account because it will affect future costs. The Head of the Strategic Marketing Department stated, "*Mining customers need a product that performs good durability and productivity because the utilization rate is very high for long-term projects*" [26]. Related to these quoted words, the spare parts price and product support readiness is also interconnected to support after-sales services. The last correlation is between promotion campaigns and product variety, which is essential for attracting new customers in the new market.

Table 3. Current ADT Product Positioning [26]

MAP	DATA	POSITION
Product Price vs. Quality	As a sales team member, the Area Head mentioned, " <i>The ADT product price ranking starts from Kaizen brand as the highest, followed by Vocauto, Caliperr, Bezka, and Donghwa, respectively. Nevertheless, the price of Bezka and Donghwa is similar due to the pricing adopts a case-to-case pricing basis.</i> " In terms of quality, the same interviewee reported, " <i>As I interacted with customers, they are really not satisfied with the Caliperr ADT product because the product has the most technical problems found in the field.</i> " To be specific about fuel efficiency, he also claimed, " <i>In general, our product is the most efficient compared to competitors. However, fuel consumption is also based on the field of work, the way the operator uses it, and the mining load.</i> "	Top right among others



Spare Parts Price vs. Product Support Readiness	Based on corporate internal data regarding the customer survey, top positions for spare parts prices are occupied by two brands, namely Kaizen and Caliperr brands [9]. The rest is followed by Vocauto, the pioneer of ADT products in the world. In terms of product support, the Head of the Strategic Marketing Department said, "Seeing the corporate resource, we are quite confident for the product support readiness owned by the corporate. This is the uniqueness of the corporate service offering that no competitors have." Even though, in general, the facility is not as mature as product support for the coal-mining area.	Top right among others
Promotion Campaign vs. Product Variety	The Area Head mentioned, "Our corporate's promotion campaign is less attractive. Meanwhile, competitors ease the term of payment. For instance, we have experienced a loss deal due to Bezka's attractive and flexible term of payment offering and product stock availability." The corporate only offers one type of ADT. Meanwhile, competitors provide at least two types with different payload capacities.	Bottom left among others

To highlight the reasons behind Kaizen's position, Table 3 summarizes the supporting data. It then is illustrated in the Positioning Maps, as shown in Figure 3.

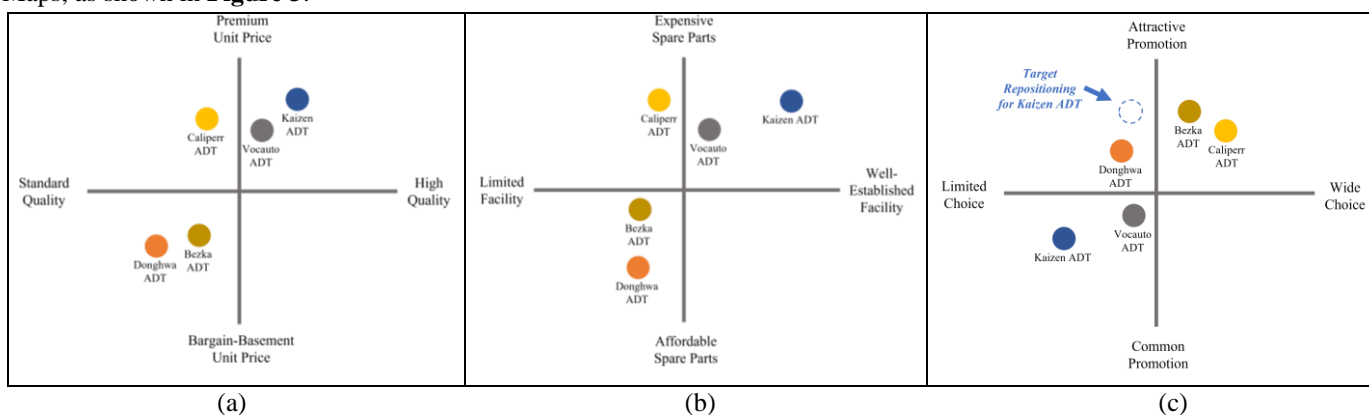


Figure 3. Map of: (a) Current Positioning of Unit Price vs. Unit Quality, (b) Current Positioning of Spare Parts Price vs. Product Support Facility, (c) Current Positioning of Promotion Campaign vs. Product Variety and Its Proposed Positioning (blue font)

Kaizen ADT repositioning was carried out for the promotion campaign versus product variety aspect map. This is because ADT's position is very unfavorable. Therefore, it will be tough to attract new customers in new markets. In terms of campaign promotions, Kaizen ADT is positioned at the same level as a competitor who sells Bezka ADTs because the promotions offered have succeeded in attracting new customers. In fact, customers do not know the quality of the product itself. Bezka distributor maximizes their role related to promotion campaigns. It can be seen that although the quality is not as good as Kaizen Brand, but the corporate experienced a loss deal against Bezka due to the flexible financing offered by Bezka distributor. Such flexible financing is a down payment of 20% split 12 times and a grace period of 12 months [26].

On the other hand, the product variety aspect of Kaizen ADT needs to be concerned as Kaizen ADT is at the lowest point among others. As mentioned in Table 1, the corporate has limited product variety, which is only a capacity of 40 ton. Seeing this, the Area Head stated, "When there is a customer (necessity) or a mining-site field that requires a size of 60 ton, we will definitely lose to the competing brand (as now we only have one smaller type)". Product variety increases consumers' likelihood of finding a good match with their preferences [27]. This far, competitors have at least two types of ADT products. Donghwa has two kinds of products with a capacity of 45 ton, which is similar to 40 ton of Kaizen ADT, and a product with a capacity of 35 ton, which is below Kaizen ADT. Meanwhile, the Vocauto brand has two types of products with a capacity of 40 ton or equal to Kaizen ADT and a capacity of

60 ton which is higher than the capacity of the Kaizen ADT. Adding one type of ADT can place Kaizen in a more suitable target segment.

In this case, the author proposes to add a variety of a larger type of capacity because the market for the upper size class ADT is still considered a blue ocean, a yet unexploited or uncontested market space that has only been possessed by Vocauto since 2016 and Bezka since 2017. In addition, seeing the potential for smelter growth that will continue to increase production, mining capability, especially hauling activity, will also be escalated. As a response given by the Area Head regarding the author's question about the necessity to create a larger size type, he answered, "I think it is a must (to create a larger type) because Vocauto now has no impactful competitors (for the same class)." The target market for the upper size class will also be different from existing products, such as from the scale of the corporate. Companies like Vale and Weda Bay are examples of large-scale companies. As said by the Area Head, "Yes, the ADT 60 ton class (upper size) is used at the Weda site. This is because the use of greater capacity trucks reduces traffic but still achieves production targets." [26].

4.2.3 Marketing Mix

1) Product

Articulated Dump Truck products provided by the corporate are Kaizen Brand with the only type, 40 ton. ADT is one of the many types of Kaizen products used to transport soil/materials in mining fields. This 40-ton class product is generally used in medium to large-scale mines.

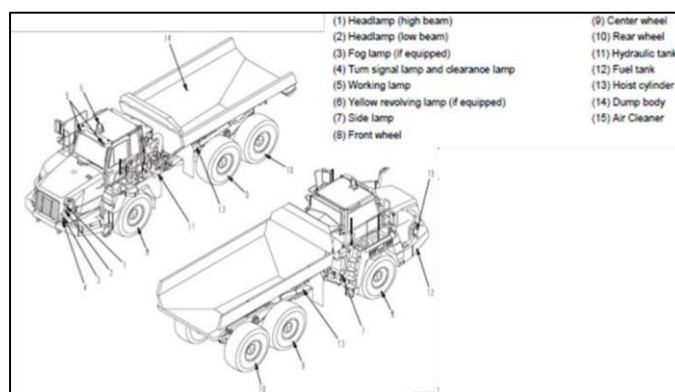


Figure 4. Articulated Dump Truck Product [28]

The 40 ton Kaizen ADT has many features that adopt technological advances. As mentioned by a Marketing Mix Specialist during the interview, "The Kaizen ADT has relatively more complete features, for instance, PLM that competitors do not own." The optional Payload Meter (PLM) is a feature where data stored on equipment activities such as production volume and truck work conditions can be accessed and downloaded directly via a personal computer, thereby speeding up the analysis process. However, the author found the nickel-mining customers' pain mentioned by the interviewee, which is about the issue of carryback material. Nickel rock tends to stick to the inside surface of the vessel [26], so the material dumping process is less effective. To overcome this, the author proposes improving the product's value according to the customer's needs by increasing the non-stick vessel feature. One possible method is through the metal coating. The recommendation given by the author is based on the current opportunities where the Area Head stated, "Currently, there is no factory that makes standard vessels (non-stick) for nickel-mining, where customers need them. From Kaizen, Vocauto, or other (brands), there is no technology as a response to this issue" [26]. This can be a distinct differentiation value for Kaizen ADT products and make the corporate a technology pioneer.

As previously mentioned about the proposed solution in adding a new type, further, the author plans to make the current type, 40 ton ADT, into an economic class. Although in terms of different capacities, the type of economy with a smaller capacity will suit the small industry segment, which is in terms of production capacity and readiness of mining infrastructure. Elimination of product features as a replacement of developed non-stick vessel features can reduce the cost of goods sold.

2) Price

The corporate currently uses premium pricing in selling the 40 ton ADT. Premium pricing is the practice of keeping the price of one of the products or services artificially high in order to encourage favorable perceptions among buyers based solely on the price [10].



The product price of the corporate is set by considering many aspects, the first of which is the classification of customer loyalty. The more loyal the customer, the higher the price given. In providing prices for non-loyal customers, the corporate usually compare prices with the competitors', from warranty and maintenance package. During the interview, the Marketing Mix Specialist reveals, "We set a price around 3-7% higher than the competitor's price" [26]. As a distributor, the corporate applies a markup pricing for the COGS they have when ordering to the principal, including the shipment cost. Besides, the margin price will be considered as gross profit for the corporate. The corporate also determines the selling price based on the sector: mining, agricultural, construction, and forestry.

In accordance with the presence of a new type that can make the old type an economic type, the author argues that it is more suitable to apply the skimming pricing strategy instead of premium pricing. Skimming pricing relates to the adjustments to the perception that good product quality must still be done by setting a high price at the beginning but will decrease over time according to the quality standards provided. A bigger promotion budget is needed to support the strategy's success.

Unlike the case with the new type of ADT product. Premium pricing will be appropriate because this type is a complete package larger capacity with the addition of a non-stick vessel feature. New product prices should meet the company strategy by increasing profit and satisfying customers. Product quality and price are the prime factors that affect the product's success once it is launched in the target market. With a larger customer scale target company, a large production capacity will be in line with the company's financial capabilities, which tend to be better, so they may not be sensitive about the price given. Nevertheless, the selling price is also determined by the sub-sector, not only based on four sectors. It is because each sub sector's maturity and capabilities are also different, such as between the coal and nickel sub-sectors, in which coal-mining companies are likely more well-established than most nickel-mining customers.

3) *Place*

The company's head office is located in Cakung, East Jakarta. The corporate has an inventory warehouse for heavy equipment stored within the head office area. As the corporate uses a zero-inventory system, only a small number of units are stored in the warehouse. The procurement of new goods is carried out based on the issued purchase order (PO). Loco and Franco inventory systems are used in alliance with third parties for unit shipments for heavy equipment classes such as ADT products. In terms of service support, the corporate has many support sites in the coal mining location as the corporate is more mature in supporting coal rather than the nickel mining sector. As for nickel, site support exists, but it covers several nickel mining sites, not only one to one scheme serving coal mining. Therefore, the branch office handles this to deal with product issues in the nickel mining site. According to the interview with the Area Head, there are ten support points to serve nickel-mining customers. Eight points are located in the Sulawesi area, one point is located in the North Maluku, and another point is located in Gag Island.

For the Place aspect, as the corporate focused on inventory planning and logistic activity, therefore stock availability is a big concern. Although the company is currently still adjusting to the buffer stock supply system, its total needs have not been able to meet the market. As stated by Area Head for nickel-mining customers, the current supply allocation obtained by the corporate is not sufficient to meet market demand, which is currently still open. For instance, if illustrated, the corporate can only supply six units out of ten units demanded by the market [26]. Meanwhile, the customer prefers ready stock units so as they can achieve production targets and gain profit soon. Referring to **Table 2**, the author encourages the corporate to propose higher unit supply allocation to the manufacturer so as the customer needs can be fulfilled in a shorter lead time.

The corporate should also take advantage of an extensive marketing network; as mentioned in **Table 1** about Strengths, the corporate has an extensive marketing network that is spread to the eastern part of Indonesia, Papua [29]. Meanwhile, as mentioned in **Table 2**, currently, ADT sales only cover the Sulawesi area, so it is necessary to expand to Maluku and West Papua. However, increasing market concentration in the Sulawesi area must also be carried out to maintain the company's position in the Sulawesi area. Accordingly, the new product type can fit the big size company, such as Vale. Existing opportunities must also be exploited because competing brands currently focus on Halmahera in Maluku area. As stated by the Area Head during the interview, "(Nickel-mining) customers in the Sulawesi area are not familiar with the type of product with a larger capacity, which is 60 ton. This is because Vocauto (promotion) is less aggressive in promoting to Sulawesi."

4) *Promotion*

Warranty Package: Heavy equipment sales are generally accompanied by warranty aspects to meet customer needs and satisfaction. For this 40 ton Kaizen ADT, the warranty offered is the unlimited hour of truck operation for one year. If the customer finds a



product defect for less than one year, then the customer will get full coverage from Kaizen. For certain cases, there is an extended warranty of 4,000-5,000 hours for one year or 8,000 hours for two years. The warranty program and product features from Kaizen ADT are still generalized to all sectors; there is no specialization or specific specification for the nickel mining buyers. Meanwhile, the corporate can offer an extended warranty of up to 10,000 hours meter or two years for power train components. This package can be equipped with specific terms and conditions. The defect is coming from Kaizen genuine spare parts, and there is obvious historical data and routine maintenance from customers. This offering is considered competitive as other competitors offer the same [26].

The flexibility of Term of Payment and Financing: In terms of payment, the corporate accepts the leasing method from the bank with a grace period of 2-3 months. After placing an order, the customer usually pays a booking fee before finally making a down payment of 10-20% of the agreed unit price [26]. Regarding the pricing aspect, promotion for existing products is essential to consider in the skimming strategy. The high price at the beginning will not burden the customer too much if the terms of payment and financing are simplified. The promotion aspect that can be proposed regarding sales is the existence of staggering down payments which make buyers pay their down payments gradually. The split down payment scheme is the same as that carried out by Bezka, which succeeded in attracting customers even though the Bezka distributor had several times experienced leasing problems with third parties [26]. However, the corporate can prepare such preventive action against possible risks by collaborating with a finance company; the right strategy can be carried out by considering risk sharing. Such promotional programs can reduce the company's outflow costs so that customers can use the product and understand the benefits before making full payments.

Product Bundling Package: Bundle pricing is an excellent way for businesses to sell multiple products for a slightly lower rate, convincing buyers that they are getting a bargain compared to purchasing each item individually. As mentioned by the Area Head during the interview, "In open overburden activities, customers usually need a minimum of three and a maximum of five ADT, depending on the hauling distance, along with one excavator as a complement. There is also another complement, which is using a (crawler) dozer." Based on this, the author proposes the possible product bundling for a package of four ADTs and one excavator or three ADTs and one crawler dozer. This is because their functions are complementary for the loading and dumping of materials. However, it is essential to be concerned that the higher-value items' profits must cover the losses it takes on the lower-value product.

Sales Promotion through Loyalty Program: The current sales promotion is mostly about spare parts selling discounts which are only available on special dates towards the end of the year [29]. Hence the author proposes another program that might fit the case. In managing B2B relationships, it is necessary to pay attention to customer loyalty, one of which is through service quality. The author proposes that the company can provide a unique offering for customers who are in the anniversary moment. Unique offerings can be in the form of special unit prices or the purchase of spare parts as part of long-term unit maintenance. This will reduce maintenance costs incurred by the customer in the future.

Advertising: Advertising is the presentation of non-personal information about sponsor-funded products, brands, companies, or outlets. Advertising aims to influence consumers' beliefs, attitudes, and images towards products and brands and consumer behavior. Most of the corporate advertisements related to product promotions are from the use of online media such as the official website, email marketing, social media, and mobile apps. In addition to the website, the corporate use Instagram, Facebook, Twitter, and YouTube for promotional and advertising media. This is a form of corporate strategy, namely digitalization. However, the corporate website's performance is still inferior compared to competitors (refer to **Figure 5**).

According to **Figure 5**, in the Indonesia region, the corporate's total website visits are inferior to Caliperr Distributor, where the number of visits is more than twice the entire visit of the corporate during the period November 2021 - January 2022. Of the total visitors of the Kaizen website, it is known that 75.38% of the total visitors came from organic search [30]. Organic search is a method where a user inputs several keyword searches to link to a website. This shows that the visitors who come are those who already know the corporate and the brands it offers. The remaining percentage is from direct channels where visitors type the website address directly in the browser. However, there is a trace percentage of visitors from social media. All online promotional media must be integrated and refer to the main media sources (official website) that display a lot of information related to the company and products. Existing social media provides a link to the product's website address only, not the main website address. Meanwhile, there is other news besides the products themselves listed on the main website. This needs to be evaluated to convey the announced information properly to potential customers. The YouTube channel and the official website also do not link to the corporate TikTok

account, which is popular nowadays. Accordingly, the author proposes to connect social media to the home page’s official website. The comprehensive product and service information can be reached from the official home page websites.

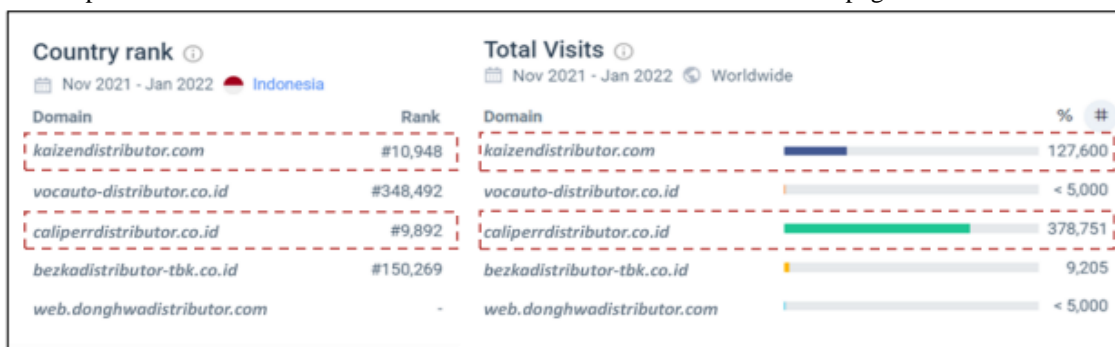


Figure 5. Website Traffic of the Corporate and Competitors [30]

Furthermore, it is important to add a testimonial page that reviews product performance and service quality provided by the corporate on the home page of the official website. Testimonials can also be presented as content on social media, such as Instagram, as a concise form of marketing. As is the existing content, testimonials are inserted into the YouTube video with a duration of a few minutes long. In addition, the author also proposes a live report or content that presents actual conditions at the mine site. It is also needed to show potential customers or followers on social media that the product brand sold by the corporate is more than just a name. Indirectly, awareness and social media engagement will also increase. Live reports must also be able to convey the entire activity so that the audience can feel the same atmosphere.

Similar to existing online media content, both Instagram and YouTube, product-related content is less updated in educating customers. The last YouTube content update regarding Kaizen ADT was seven years ago, and it still focuses on the coal mining sector. Regarding this, the author recommends regularly updating advertising content purposed to the potential customers in the nickel-mining industry [31]. Similarly, when introducing a new type of product, it is necessary to do a focused massive education that highlights the features and benefits offered by the product and service by the corporate. Besides, all social media should be linked to each other, such as YouTube, that links to the TikTok account, and the official website that links to the TikTok account. This may increase the TikTok account engagement, which is currently less updated and have few followers.

5) **People**

In this case, the people involved are salespeople and service teams or mechanics. Entering a new market which is the customer characteristics will be different. This indicates the need to monitor and evaluate salespersons’ performance and regular training to educate market developments and promotions that can be offered to new customers, where the strategy formulation comes from the Strategic Marketing Department team. Regarding communication, the corporate can make standard visits that the salesperson must conduct. The frequency of visits represents the quality of relationships and communication with customers.

According to the interview results with the Marketing Mix Specialist Staff regarding the mechanics, the readiness in the nickel sector is still limited. Thus, it is necessary to prepare mechanic readiness as the party who ensures service quality goes according to plan and after-sales service related to maintenance can remain satisfactory. Readiness is not only based on the number of human resources but also the mechanics quality. The author also proposed adding one more strategic marketing staff whose responsibility is to focus on the nickel-mining sector for the big machinery class. This will maximize efforts to understand the market and implement massive penetration.

6) **Process**

The process within the corporate can affect the performance of the service provided. Process refers to how the marketer provides effective and appropriate customer service, involving the delivery of the product to customers. The aspect of an efficient, consistent quality of services given to the customer and timely delivery are desirable conditions. The company has enough to maximize the service transaction process through mobile applications for customers that are used for delivery tracking or equipment monitoring. The application is already connected to the data center displayed at the Corporate Command Center, a room to monitor the movement of the customer journey. However, the market research team is still conducting manual surveys regarding customer satisfaction. As

the result of discussions with the author, the team has recently conducted a customer satisfaction journey [9]. The author proposes a comprehensively asked survey in the application so that the data is integrated with the customer journey recorded in the database. By maximizing it, ensuring the quality of service to customers can be efficient and results in real-time. This data will also give a signal to the team to respond immediately if there is customer dissatisfaction with the service.

7) **Physical Evidence**

The physical evidence variable of the marketing mix refers to the tangible expression of a product and how it is purchased and used. Indeed, services delivered by customers often require supporting facilities so that the service will be understood by customers. Marketers in giving quality services need to pay attention to elements of physical services, such as office buildings and room facilities, telecommunications equipment, and others. One of the physical evidence that has a very significant effect is the product support facility. As the interview results, The Marketing Mix Specialist said, “Maintenance service support specifically in the nickel mining sector not as complete as and not as good as in the coal-mining site support. In the coal-mining site, there is good mechanic competence or human resource readiness, and routine equipment monitoring. Also, there is an initiative from the maintenance team as a prevention action to detect failure before equipment breakdown.” The maintenance service support for nickel-mining is not as mature as the coal-mining sector, either for the mechanic’s competence or readiness. In addition, the existing nickel-mining customer support points are still combined into a single point that handles more than one mining site. During the interview, The Area Head mentioned, “Support Point Kendari handles more than one site, which are South Konawe, Baubau, Raha, and Bombana Regency” [26]. This is certainly a consideration in terms of distance and time, both when the customer wants to do service, sending mechanics from the main office, or sending spare parts. Thus, the author proposes adding support points along with the massive expansion carried out by the salesperson in marketing Kaizen ADT.

This proposal is a form of differentiation of the corporate in terms of product support or after-sales service facilities. In **Figure 6**, the black dot represents existing support points. Based on the potential nickel mines, as shown by the red star in **Figure 6**, there will be a possibility of additional mining locations and smelter construction in the northern part of Papua. It is because there is even a nickel mine concession in the area, but the location has not been reached by the corporate, which is marked with no dots. This is the author’s basis for proposing the preparation of location points in the area, accompanied by adequate marketing and sales expansion.

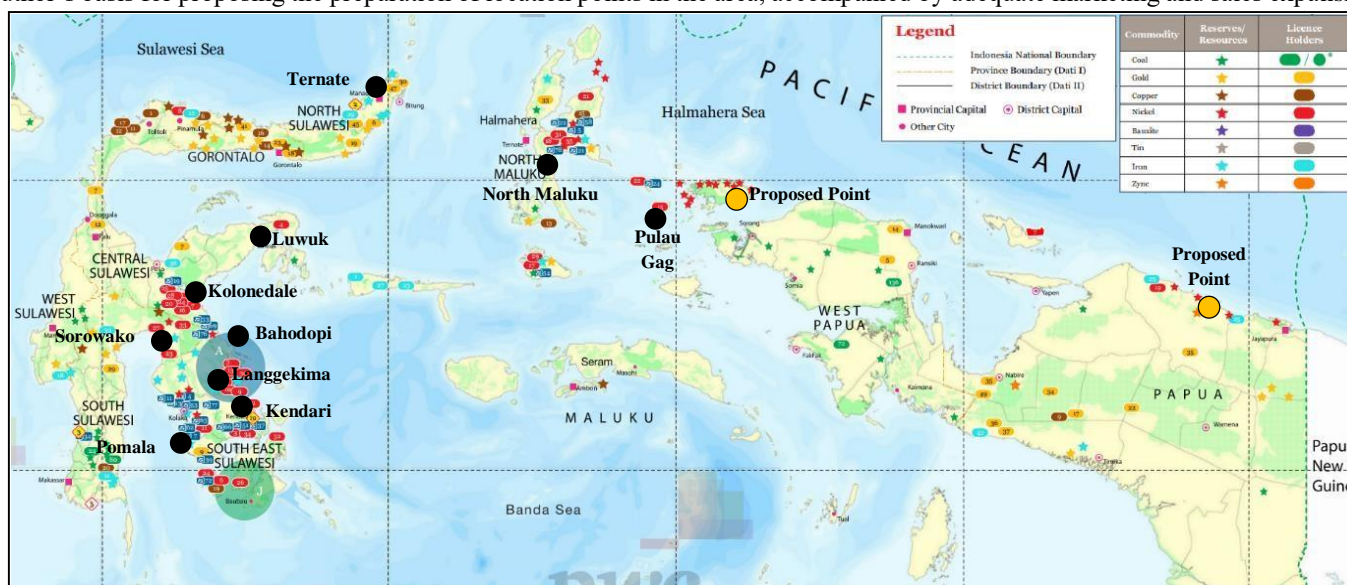


Figure 6. Existing Support Points (black dot) and Proposed Expansion (yellow dot) [9], [26], [32]

5. CONCLUSION

Seeing the current opportunities in the increasing nickel demand, the corporate must start aggressively penetrating the nickel-mining sector to increase sales, a form of sector diversification, and maintaining a dominance position in various sectors. The use of the TOWS Matrix as a follow-up to the SWOT is aimed to determine the relevant strategies toward the external and internal factors. In the TOWS Matrix, the author also visualizes Kaizen ADT’s positioning against competing products. This will instill consumer



perceptions of how attractive Kaizen ADT products look to them. The author also developed the Marketing Mix from the existing ones because of its suitability to the strategy carried out by the corporate. So, in its implementation, the corporate can align with the current situation. Regarding the positioning, the author proposes repositioning by targeting a quadrant with slightly more product choices with the most attractive promotion campaign. The addition of product variety is an effort to expand coverage by targeting customers who need a larger capacity ADT. It is also necessary to be equipped with promotional strategies that attract customers' attention by adjusting the capabilities of the customer's company. On the other hand, the proposed Marketing Mix Strategy includes the development of existing 4Ps, such as improving the features of existing products and proposing a larger capacity type, considering pricing strategies, increasing supply allocation, widening market area coverage, attractive maintenance packages, flexible financing, and product bundling package offers, and the addition of other 3Ps as a form of improvement is by evaluating salesperson's competency in entering new markets, increasing the efficiency of customer surveys, and adding new product support points.

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