



Application of Marketing Mix in Rental Company (Case Study of Pt. Asialog)

William Wicaksana

Master of Business Administration, School of Business and Management, Bandung Institute of Technology

ABSTRACT: Since the change into new century, United nations has promoting several urgent matters for improving humanity as whole. One of the point is the severance of climate change, in which affecting all daily activities including business. The matter has force government to enforce more strict regulation for reducing the cause of climate change, one of the main cause is the reducing of planet earth's green area. Therefore, it affecting all business operation of forest company. In addition, the matter becoming much worst due to massive illegal logging and other acts of reducing forest without responsibilities to mend the damage. The affected companies including PT. ASIALOG are experiencing in lower revenue, this circumstance push the company to finding alternative business opportunity.

It author goal to formulating marketing strategy with finding strong alternative product for the company. nevertheless, there are several critical points to address, the company declare specific request for the alternative business limited to current company's area of operation. Second, the alternative business should based on company's tugboat and barge assets.

In this research, the method author used is qualitative research through structured interviews with various stakeholders in the industry and framework used is marketing mix 7Ps with preliminary framework of STP (Segmentation, Targeting, and Positioning). The main point is compare target market of current PT. ASIALOG with alternative business of tugboat and barge using Porter's five forces template. Following the study, author find alternative business of tugboat and barge for PT ASIALOG is competitive sound and profitable in long term. Based on Porter's five forces analysis, aspects with high threat level of current business is 21 compare to alternative business of tugboat and barge with 5 aspects. Following the target market analysis, author purposing brand positioning using brand concept image management. The brand image divide into two aspects of functional and symbolic to formulating marketing strategy using marketing mix 7Ps. Overall, author conclude that the alternative business for PT. ASIALOG is competitive and profitable in long term.

KEYWORDS: Alternative business, Competitive, Marketing, Strategy.

INTRODUCTION

ASIALOG was a log producing company that founded in Palembang, South Sumatera. It business was acquiring forest concession from government, producing wood log and selling the product to both domestic and export market. Due to its geography's nature, Indonesia is one of the biggest countries in terms of tropical rainforest areas. The company produced log for domestic. However, in recent years, rising of illegal logging and climate change impacted company business. Illegal logging (Pembalakan liar in Indonesia) is the term for all unlawful and organized activities regarding the utilization of wood produced forest (UNDANG-UNDANG REPUBLIK INDONESIA NOMOR 18 TAHUN 2013, 2013), resulting in massive deforestation. Between 2001 to 2021, Indonesia has lost 28,6 million hectares of its forest, the majority of cause for the loss was illegal logging, shifting to agriculture, and logging which are contributing up to 96 percent (Indonesia deforestation rates & statistics: GFW 2023). One of the areas, Jambi province which is the company's main area of operation, has lost 1,75 million hectares. This led to the company's main problem endangering daily operations and undermining the legitimate wood market due to their offering wood price getting lower. One of the driving forces behind climate change is deforestation which was caused by illegal logging. The massive amount of deforestation leads to regulation change that is hard to follow. However, the system verification has led to a positive impact of international recognition for Indonesia` timber export industry.

1.1 Research Questions

- How to finding strong product and solutions through capture customer needs using user-centered marketing strategy for PT. ASIALOG?



- How to formulate marketing strategy for PT. ASIALOG alternative business opportunity?

1.2 Research Objectives

Formulating marketing strategy with finding strong alternative product for the company

1.3 Research Scope and Limitation

This study is limited to analyzing the business situation of PT. ASIALOG with situations of company as HPH-based log producing company compared to IPHHK log producing companies. The company decided to pivoting their business strategy including the exact political, economic, and environmental situations as of 2022 with specific area of operation in South Sumatera and maximizing company's assets. Author focuses on analyzing alternative business products with porter's five forces and formulating marketing strategy with marketing mix (7Ps).

2. LITERATURE REVIEW

2.1 STP (Segmentation, Target market and Positioning)

STP (Segmentation, Target market and Positioning) is a framework for market research. Market targeting using Porter's five forces Porter's five forces are a set of tool analysis for determining competitiveness of a business industry. Author applied porter's five forces template (see appendix) for better understanding and lessen the error in application of the framework. To the left of each potential threat source, there is a square box marked "DF". The analyst should check off the boxes for those sources which they consider to be major contributors to the threat level of a particular force. (Dobbs, 2014) Complete template of Porter's five force is written on appendix A Market positioning A product's position is the complex set of perceptions, impressions, and feelings that consumers have for the product compared with competing products. It is important to locate a company's brand in consumers' minds relative to competitors, carefully selecting the distinct attributes and benefits that the brand promises to offer. For effective positioning, the company must planning the brand's positions that gives huge competitiveness advantage at certain target market and to promote it through formulation of marketing mix. The physical properties of the product are used to create a message and appeal to a target market, as well as keep the product fresh in the consumer's mind. Perceptual positioning Perceptual positioning focuses more on ideas and concepts of a product. Positioning using Brand Concept image Management (BCM) framework The framework is a template for planning brand positioning over time through life cycle stages and other marketing instruments. The template divides position attribute into three aspects: Functional, Symbolic and experiential. Functional objective related to means for solving external problems that require certain products or services, it involves physical properties and thus cover physical positioning. Both cover perceptual positioning The use of BCM framework to ensure the sustainability of customer's values translated into marketing strategy. BCM framework can be refer in appendix B

2.2 Marketing Mix (7Ps)

Consequently, author include 3 aspects of P (people, physical evidence and process). Marketing mix 4Ps template can be refer at appendix C Product This aspect encompasses the entirety of what is created to fulfill customer requirements. Core benefit refers to the value that customers purchase which is then manifest as a tangible product or service (Borza and Borza, 2014). Price Price denotes the amount of money that must be exchanged in order to receive the benefit of the product (Borza and borza, 2014) Place Place include company activities that enable customers to access our products are essential. Promotion Promotion encompasses all company activities that communicate products to customers and persuade them to purchase (Borza and Borza, 2014). Physical evidence In the service industry, customers are unable to accurately gauge the quality of performance due to its intangible nature (Rathod, 2019). Hence, tangible evidence is essential in order to convince customers of the quality of service. This tangible proof can include but is not limited to architecture, interior design, employee uniforms and other physical representations that shape the customer's perception of the company's level of service. Process A process represents a sequential method to create a value proposition that has been promised to the customer (Rathod, 2019). In the service sector, where much of the product is intangible, customer experience is paramount and much of this experience lies in how the company operates within its process.



2.3 Research Metodology

The research method used qualitative method (Sandelowski, 1995) by collecting primary data through structured interview (Fontana and Frey, 2005) with potential customers, internal staff and other related stakeholders. In a structured interview, the interviewer asks all respondents the same series of per-established questions with a limited set of response categories (Fontana and Frey, 2005). It is a scripted questionnaire where the question is given by the interviewer in a straightforward manner and with little to none variations. The respondents will answer within limited form and given in a similar manner. The use of this method is to get a straight and truthful answer from respondents while limiting the error. The content of the interview used a porter five forces template as the basis of questions in the appendix.

3. BUSINESS SOLUTION

Supply-side economies of scale: High, the the company doing river transportation may transporting goods above the minimum quota agreed with service taker. According to company`s potential customer and past record, during high tides the tugboats may proceed smoothly and faster that during low tide. Demand-side benefit of scale: High network effect, In service business, the product offered is in intangible form. Therefore, the products needs validation with past customers. The higher quantity of potential customers used the company`s products, the company brand more validated. As the result, the values of the products are higher. As stated before, service industry`s products are in intangible form however, human resource provided by the company is at forefront to delivering the products. As the consequence, customers` switching cost to the competitors especially new entrants higher. Capital requirement to build tugboat and/or barge is very high. In tugboat and barge industry, availability of units ready to rent at the moment of notice is exceptionally essential. From interviewing [potential customer, most of the projects they undertaken (namely, transporting coal, dirt or sand) are happen at the moment notice as consequence of volatility of their market. If their customers request more goods delivered, then the quota to transfer the goods increased which need immediate additional vessels. Therefore as long as vessels ready, incumbent or new comer does not matter. The potential customers that author interviewed are part of networking system designed to be intermediary for main customer company to easily gathering information about readily available tugboat and barge vessels. For new entrants, they needs to familiar with these intermediaries for operating in the industry. At the minimum, company crews especially the captain who responsibility is operating the vessel need to obtain license. While exist different and specific market segment namely: dirt transportation, coal transportation and so forth, availability of the vessels are the utmost importance and incumbent can not fulfil market needs of the vessels due to high capital requirement. As the result, incumbent will not hinder any new entrants in the business.

3.1 Analysis of Alternatives

Table III. 1 Analysis of business alternative compare to previous business

	Porter five forces Timber Industry	Porter five forces Tugboat and Barge Industry
Threat of new entrants	4 categories in high threat condition	All of threats are low
Threat of new substitute	2 threat categories is high value	1 category is high threat level
Threat of suppliers	All of threats are low	All of threats are low



Threat of buyers	High threat in 6 categories	3 categories are considered as high level threat, 1 category is considered as medium to low
Threat of competitive rivalry	6 categories in high threat condition	One of the category is in high level
conclusion	21 categories of Timber industry are in high threat value of 36 category while in tugboat and barge industry, 5 categories are high level threats. The tugboat and barge industry more competitive and have higher profit potential.	

As result of Porter’s five forces analysis above, it can be infer that PT. ASIALOG business industry before analysis is uncompetitive and the profit in long term is limited. Author has conclude that the new business based on the analysis for the company is rental business of tugboats and barges in river areas.

III. 2 Marketing Strategy formulation

After found alternative business for the company, the author formulating marketing strategy based on STP (segmentation, targeting and positioning) and marketing mix of 7Ps. However, few steps already done before thus those steps skipped. the skipped steps are segmentation and targeting. segmentation are done according to company area of operation while targeting market done with Porter’s five forces of new alternative business. Hence, the marketing strategy formulation is as follows: First, developing brand positioning. This steps done through application of Brand Concept image Management (Blankson, 2016). then formulating marketing mix of 7Ps. For application of marketing mix, formulation based on seven aspects i.e product, price, place, promotion, people, physical evidence and process. This involving interview potential customer for gathering insights and know their values.

III.3 Brand positioning

Table III.2 Brand Concept image Management of PT. ASIALOG alternative business

	Life Cycle Stages		
	Introduction	Elaboration	Fortification
Positioning objective	Establish image	Enhance value of image	Brand concept association
Functional	Provide river transportation service around Musi river (South Sumatera area)	Provide skillful and experienced crews for operating the tugboat while keep maintained the tugboats and barge in top condition, plus keep pricing in competitive compared to competitors	Provide inclusive river transportation for other than commercial purpose. I.e religious purpose, community purpose, in time of emergency situations other related purpose.



symbolic	Become one of the leading and most trusted river transportation brand in South Sumatera area	Market shielding with simple but nevertheless, effective strategy through application of marketing mix 7Ps to preserve establish symbolic image.	Provide the use of company assets for corporate social responsibility programme.
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As can be seen above, Author propose two side of brand image for sustain of the business in long term. first focusing in delivering high quality product to met customers need with maintain very quality control in company assets and human resources. Second, creating symbolic persona for company’s business in order to cement company reputation and become one of the leading brand in South Sumatera area.

4. CONCLUSION

Before conclude the finding, these are the questions author try to answering:

- How to finding strong product through capture customer needs using user-centered marketing strategy for PT. ASIALOG?
- How to formulate marketing strategy for PT. ASIALOG alternative business opportunity?

The answer for each questions are as follows:

Author proposing PT. ASIALOG is focusing more on rental business of tugboats and barge as alternative business. Based on Porter’s five forces analysis, rental tugboat and barge more competitive and profitable in long run with five high threat aspects compared to log business in which the high threat aspects are twenty first.

For marketing strategy, author proposing on two aspects: First, focusing on company image management to ensure lucrative business in long run whilst applying marketing mix 7PS for short and middle term strategy.

4.1 Recommendation

Author analyze specific aspect business and marketing for the company. It may differ for entire of company operation apart of the analyzed section. The whole completed analyzed may differ the point of view for the alternative business

The company have other business sources beyond the tugboat and barge that may or may not affected the outcome of this thesis.

More financial analysis needed in order to determining exact potential profit. A quantitative analysis of potential profit may provide better view of the alternative business.

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