



Proposed Marketing Strategy for PT Safaat

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ABSTRACT: Indonesia has strong economic growth, driven by a large and growing consumer market, provides significant opportunities for companies in the fuel transportation sector to access a growing middle class and increasing consumer purchasing power. However, the fuel transportation industry is faced with various challenges, including regulatory issues, safety and technological advances. Despite its success as one of the largest fuel transportation services companies in South Sumatra, PT Safaat faces challenges in reaching new customers and retaining existing customers in a highly competitive market. With the increasing number of players in the fuel transportation industry, PT Safaat needs to find effective ways to differentiate itself from its competitors and promote its services to a wider audience. The object of research in this final assignment is the condition of the fuel industry market in Indonesia which is currently being followed by PT Safaat. A contextual framework for appropriate marketing strategies for companies is needed to address these issues.

This final project research uses internal and external environmental analysis to find company business solutions. Internal analysis uses Resource Analysis, Capability Analysis, Value Chain Analysis, STP Analysis and Marketing Mix. External analysis uses PEST analysis, Porter's Five Forces Analysis, Competitor Analysis, and Consumer Analysis. SWOT analysis is carried out to analyze the company Strengths, Weaknesses, Opportunities and Threats and through TOWS Analysis to obtain marketing strategy development from this research.

KEYWORDS: Consumer Research, Industrial, Fuel Industry, Fuel Transportation Industry, Marketing Strategy, TOWS Matrix.

INTRODUCTION

Indonesia economy has been growing at a steady pace in recent years, with an average annual growth rate of around 5,72% (Badan Pusat Statistik, 2022). One of the main drivers of Indonesia economy is its large and growing consumer market. With a population of over 270 million people, Indonesia is one of the largest consumer markets in Southeast Asia (www.worldbank.org, 2022). The country's energy infrastructure is critical to its economic growth, and the fuel transportation industry plays a crucial role in ensuring the safe and efficient delivery of fuel to various industries. A key part of Indonesia's energy infrastructure is its fuel transportation network. This network enables the safe and efficient delivery of fuel to various parts of the country, including industrial and residential areas. The transportation of fuel is also essential to the country's overall economy, as it helps to maintain the country's supply of energy and support the growth of various industries. Fuel consumption in Indonesia refers to the amount of fuel that is consumed by the country's economy, including its industries, transportation sector, and households. Indonesia is one of the largest fuel consumers in Southeast Asia and has seen an increase in fuel consumption in recent years due to economic growth and increasing demand for energy. According to data from the Indonesian Ministry of Energy and Mineral Resources, Indonesia's fuel consumption in 2020 was approximately 52 million kiloliters (esdm.go.id, 2021), with the transportation sector being the largest consumer of fuel. Based on data from the Ministry of Energy and Mineral Resources, the distribution of fuel transported by tank trucks in Indonesia over the past five years from 2016 to 2020. The data reveals that in 2016, a total of 8.26 billion liters of fuel were transported by tank trucks in Indonesia. This increased to 8.71 billion liters in 2017 and further to 9.22 billion liters in 2018. The upward trend continued in 2019, with 9.36 billion liters of fuel transported by tank trucks. However, there was a slight decrease in 2020, with 8.96 billion liters of fuel transported by tank trucks (esdm.go.id, 2021). The fuel transportation sector in the South Sumatera region of Indonesia is facing a rapidly changing landscape and companies operating in the region must continuously strive to improve their operations and adapt to the changing needs of the industry. PT Safaat is a company engaged in fuel industry transportation services in Palembang since 2008.



BUSINESS ISSUE

PT Safaat has been able to maintain its position as one of the largest fuel industry transportation services in Palembang due to its commitment to providing high-quality service to its customers. Despite its success as one of the largest fuel transportation services in South Sumatera, PT Safaat is facing challenges in reaching new customers and retaining existing ones in a highly competitive market. With the increasing number of players in the fuel transportation industry, PT Safaat needs to find effective ways to differentiate itself from its competitors and to promote its services to a wider audience. One of the challenges that PT Safaat is facing is the issue of outstanding invoices from one of its partners. This issue is affecting the company's cash flow, making it difficult for them to operate effectively. Timely payment of invoices is crucial to maintaining a steady cash flow. The problem of outstanding invoices from one partner can have a ripple effect on the entire business, leading to further difficulties in meeting financial obligations. With the increasing competition in the fuel transportation industry in Palembang, to overcome these challenges PT Safaat must re-evaluate their business strategies to attract new customers.

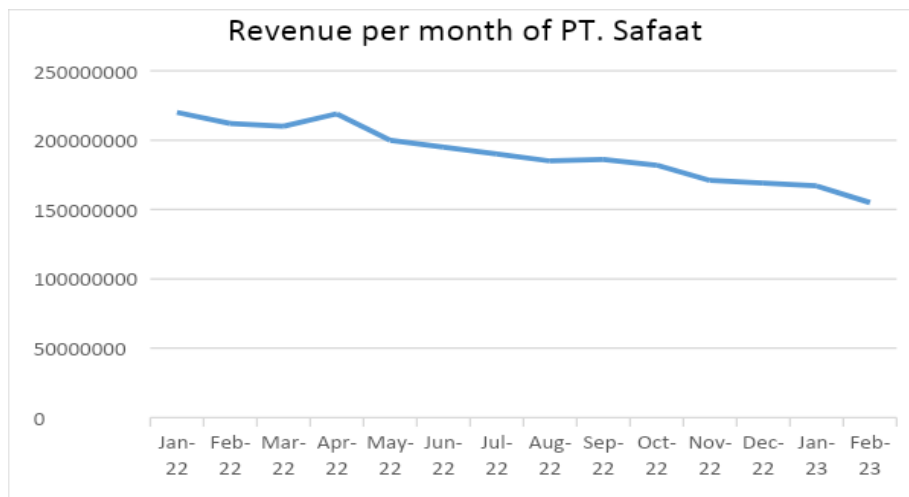


Figure Data Revenue per month of PT Safaat
(Source: Internal data of PT Safaat, 2023)

This data shows a decline in revenue per month for PT Safaat, with a decrease from 2022 to 2023. This decline may be attributed to various factors, including increased competition and external economic factors. It is important for PT Safaat to develop and implement effective marketing strategies to address these challenges. The purpose of this research is to identify and analyze current business condition of PT Safaat and suitable marketing strategy to apply to PT Safaat, in order to help the company to improve its business performance. The research will focus on identifying and developing a comprehensive marketing plan that can help PT Safaat to improve their company performance.

CONCEPTUAL FRAMEWORK

The author has established a conceptual framework with the aim of providing a clear and systematic plan for conducting research:

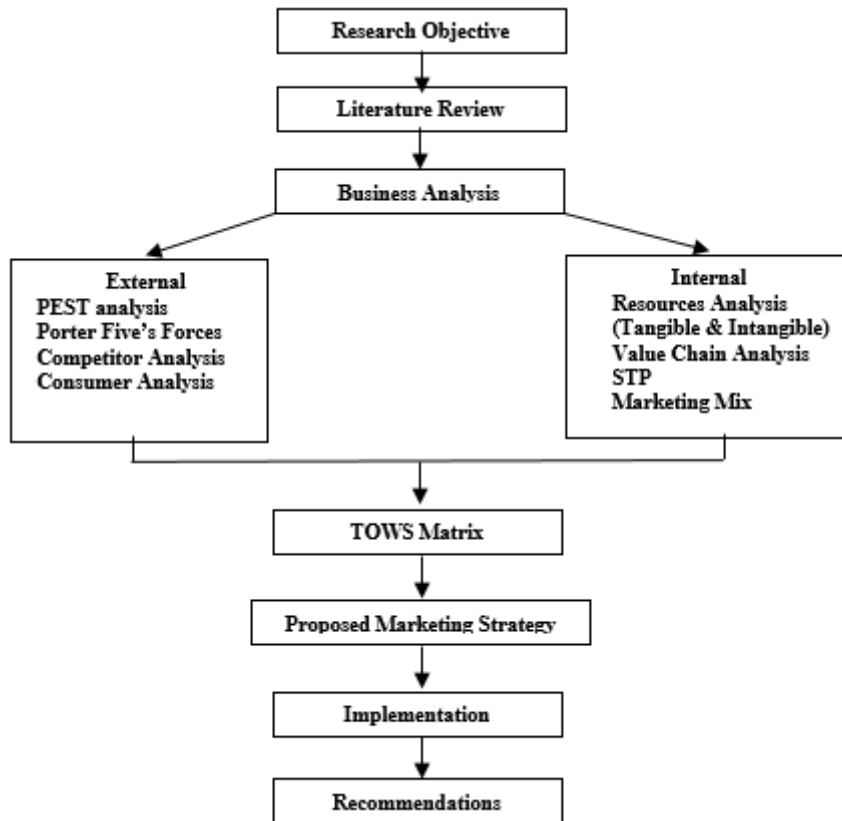


Figure Conceptual Framework

The conceptual framework for analyzing the business issue of PT Safaat centers on a comprehensive environmental analysis that encompasses both external and internal factors. In the external realm, a PEST Analysis explores political, economic, social, and technological factors, identifying trends, opportunities, and threats. Porter's Five Forces evaluates competitive forces within the industry, while Competitor Analysis delves into the strengths and weaknesses of rivals. Customer Analysis focuses on understanding customer characteristics, needs, and behaviors. The internal analysis explores PT Safaat capabilities and resources. Resource Analysis evaluates tangible and intangible assets such as financial resources, human capital, technology, and intellectual property. Value Chain Analysis identifies opportunities for cost reduction or differentiation.

Findings from the external and internal analyzes inform a SWOT analysis, identifying internal strengths and weaknesses and external opportunities and threats. This guides improvements, leveraging strengths, capitalizing on opportunities, and addressing challenges. The TOWS Matrix builds on SWOT, aligning internal strengths and weaknesses with external opportunities and threats to develop strategies aligned with PT Safaat goals, categorized as SO, WO, ST, and WT.

The conceptual framework emphasizes the significance of consumer research throughout with interview to potential customer in shaping PT Safaat's strategies and responses to the dynamic business.

METHODOLOGY

The data sources were obtained from internal company data, from observations and interviews with PT Safaat management and potential customer PT Safaat. Data from the Ministry of Energy and Mineral Resources (ESDM) was used to conduct a PEST analysis and apply Porter's Five Forces framework to gain insights into the political, economic, and regulatory factors that influence the industry.



RESULT AND ANALYSIS

The author must examine the environment of the firm in order to identify the issues that arise at PT Safaat and offer solutions. Both internal and external analyses were carried out by the author. PEST Analysis, Porter's Five Forces, competitor analysis and consumer analysis are used in external analysis. Internal analysis, resources analysis (tangible and intangible), value chain analysis, STP analysis and marketing mix. The TOWS matrix analysis were then used to examine both internal and external influences.

A. PEST Analysis

Politically, government support for domestic production and distribution, as indicated by Decision Letter Number 146.K/10/DJM/2020, fortifies the position of local Diesel Fuel businesses. Economic factors, such as a 5.21% GDP growth in 2022, impact the oil and gas sector, with declining demand due to the COVID-19 pandemic affecting consumption and production. Socially, the economic slowdown, rising unemployment, and uncertainty during the pandemic contribute to decreased demand, affecting the oil and gas industry's income and employment. The industry must adapt to changes in consumer preferences, rising expectations for service quality, and increased competition. Technologically, companies need to invest in operational and marketing strategies to address these shifts. The overall scenario highlights the need for adaptive strategies in response to dynamic political, economic, social, and technological factors in the Indonesian Diesel Fuel industry.

B. Porter's Five Forces

The Indonesian fuel distribution industry faces various dynamics outlined by Porter's Five Forces analysis. The threat of new entrants is high, posing opportunities for established companies to strengthen market control and customer loyalty through strategic processes. The bargaining power of suppliers, particularly PT. Pertamina, is relatively high due to its dominant position, while multinational suppliers like Shell and Total provide alternatives. Buyers exert significant bargaining power, driven by price sensitivity, negotiation capabilities, and the concentration of large buyers. The threat of substitutes is currently low, given the underdeveloped infrastructure for renewable energy. Rivalry among existing competitors is intense, focusing on price competition, innovation, and technology adoption. To navigate these forces successfully, fuel distribution companies in Indonesia must prioritize innovation, operational efficiency, and strategic responsiveness to market dynamics and regulations.

C. Competitor Analysis

The advantage of direct strategic partnerships with several Pertamina subsidiaries by PT Safaat is an opportunity to continue to develop in order to remain competitive in a market that is constantly changing. Then PT Safaat can utilize the experience and feedback from its loyal customers to build a stronger brand identity so that it can differentiate itself from its competitors and build trust with new customers. Finally, PT Safaat can consider expanding its distribution reach by exploring new distribution channels in order to reach a wider market and reach new customers.

Not only opportunities, but this analysis also presents threats that will occur if an evaluation is not promptly conducted at PT Safaat. The looming threat is intense competition with competitors who have greater strength in building brand identity and broader distribution channels. This could pose a significant threat to the enhancement of service offerings to customers, potentially causing customers to switch to competitors due to the higher and more appealing brand image of the competitors, capturing the attention of customers.

D. Consumer Analysis

The author conducted interviews with several potential PT Safaat new target market customers. The author interviewed with three different potential target industry segments such as, the palm oil plantations company, the pulp mill company, and the state-owned enterprises (BUMN).

Table Target Market PT. Safaat

Respondent	Characteristics
1. Palm Plantations Company Industry: Agriculture or palm oil plantation.	- Significant need for fuel transportation to support agricultural machinery operations.



	<ul style="list-style-type: none"> - Requires consistent and large-volume delivery services for extensive palm oil farming processes. - Depends on fuel for powering machinery and vehicles in palm oil farming activities.
2. Pulp Mill Company Industry: Paper manufacturing.	<ul style="list-style-type: none"> - Relies on fuel as a raw material to operate production machinery and ensure a smooth paper manufacturing process. - Requires a stable and reliable supply of fuel to maintain factory productivity. - Needs timely fuel delivery services to prevent disruptions in the production process.
3. State-Owned Enterprises (BUMN) Industry: State-Owned enterprise.	<ul style="list-style-type: none"> - Relies on fuel as a raw material to operate production machinery and ensure a smooth paper manufacturing process. - Requires a stable and reliable supply of fuel to maintain factory productivity. - Needs timely fuel delivery services to prevent disruptions in the production process.

1. Service Quality: The service quality provided by PT Safaat, as gleaned from interviews with key industry players, underscores the critical importance of reliability, timeliness, and flexibility in fuel transportation services. For palm oil plantation companies, the ability to meet large-scale fuel needs, coupled with expertise, reputation, and responsive complaint handling, are paramount in selecting a service provider. Paper mill companies emphasize on-time delivery, fleet adaptability, and efficient communication, viewing service reliability and flexibility as crucial factors influencing production efficiency. State-owned companies prioritize on-time delivery, supply reliability, and adaptability to market changes, highlighting the significance of fleet suitability, reputation, and efficient complaint resolution in fuel transport service partnerships. PT Safaat's commitment to meeting these service quality criteria positions it favorably as a trusted and preferred partner in the dynamic fuel transportation industry.

2. Trust: Trust emerges as a pivotal factor in the selection of a fuel transport service provider, according to interviews conducted with key stakeholders in the palm oil plantation, pulp mill, and state-owned sectors. The consensus among companies from various industries underscores the significance of a transporter's reputation for integrity, honesty, and consistent performance in building and maintaining trust. Evaluation criteria for selecting work partners heavily revolve around the transport company's ability to meet trust expectations, with a strong emphasis on ethical standards and a history of reliable and honest service. PT Safaat's should have a commitment to upholding these trust-centric criteria positions it as a reliable and trustworthy partner in the competitive landscape of fuel transportation services.

3. Competitive Pricing: Competitive pricing stands as a pivotal determinant in the selection of a fuel transport service provider, as revealed by interviews with palm oil plantation, pulp mill, and state-owned companies. The consensus among these diverse sectors highlights the significance of aligning prices with service quality and the ability to adapt pricing strategies to accommodate varying company policies and industry dynamics. PT Safaat's emphasis on providing competitive prices without compromising service quality positions it favorably in the fuel transportation industry, meeting the demands of clients seeking a balance between cost-effectiveness and service excellence.

4. Purchase Intention: Purchase intention considerations among palm oil plantation, paper mill, and state-owned companies shed light on the importance of factors such as innovation, reputation, and reliability in fuel delivery. PT Safaat, with its positive industry reputation and recognized reliability, emerges as a potential work partner for these companies. While palm oil plantation companies require further assessment, paper mill companies express openness to collaboration with PT Safaat, if provided competitive pricing and flexibility in meeting their specific needs. State-owned companies, prioritizing innovation, express interest in potential collaboration with PT Safaat, particularly if it aligns with their special requirements and supports sustainable fuel supplies.



Based on interview findings, PT Safaat also received complaints from two different existing customers, which posed significant challenges in responsive service that met customer expectations. This problem is mainly influenced by the limited number of employees in the company, which limits their ability to provide highly responsive and satisfying services. As a result, this can lead to unmet customer needs and desires, giving rise to a real gap between what customers expect and what PT Safaat can provide.

E. Resources Based View Analysis

PT Safaat, a key player in the fuel transportation industry in Indonesia, exhibits a robust Resource-Based View (RBV) analysis that encompasses both tangible and intangible resources critical to its success. Financially sound with consistent monthly profits, the company demonstrates independence from external investors. The well-structured organizational framework, including marketing, accounting, operations, and finance divisions, ensures optimal operational efficiency. Tangible assets such as an expanded facility and a diverse fleet of 26 fuel trucks position PT Safaat to meet customer demands effectively. In terms of technology, the company strategically employs social media for targeted engagement, prioritizing a personalized approach for business development. Intangible resources, including competent human resources fostering a culture of innovation and a commitment to adopting modern technologies, contribute to PT Safaat's adaptability and continuous improvement. Moreover, the company's strong reputation for reliability, punctuality, and safety underscores its competitive advantage in the fuel transportation industry. In summary, PT Safaat's RBV analysis highlights a comprehensive set of resources propelling its success and differentiation in a highly competitive market.

F. Value Chain Analysis

PT Safaat's value chain analysis reveals key components in its fuel distribution operations. In inbound logistics, the company focuses on procuring vehicle tanks for oil storage. Operations center around efficient fuel distribution, utilizing car tanks replaced periodically in compliance with regulations. Outbound logistics leverage technology, employing monitoring applications for efficient fuel delivery. Marketing and sales, though lacking a dedicated department, aim for effective market reach. The absence of after-sales services represents an area for potential improvement. Support activities include firm infrastructure, highlighting the need for a robust organizational structure and management systems. Human resource management focuses on training but faces challenges in limited resources and performance measurement. Technology development showcases strengths in monitoring applications but reveals weaknesses in using outdated tools like Google Maps. Procurement relies heavily on a single supplier, presenting a vulnerability, while the absence of a planting tank.

G. STP Analysis

The STP (Segmentation, Targeting, Positioning) analysis for PT Safaat provides a strategic framework for its marketing plan. In segmentation, PT Safaat can categorize its market based on variables like industry type, company size, geographic location, and fuel consumption patterns. This enables personalized marketing efforts tailored to the specific needs of each segment. Targeting involves selecting segments to focus resources on, considering factors like size, growth potential, and compatibility. PT Safaat may target large industrial companies in sectors like plantations and pulp mills with high fuel consumption. Positioning is crucial for how PT Safaat is perceived in comparison to competitors. Differentiation factors, including reliability, competitive pricing, and technological advancements, can be emphasized to establish a unique value proposition. Effective communication of this proposition helps PT Safaat carve out a distinctive position in the market, setting it apart from other fuel delivery providers. The STP model serves as a foundational tool for PT Safaat's marketing strategy, guiding the prioritization of offers and the creation of targeted messages to engage diverse audiences.

H. Marketing Mix

PT Safaat, a fuel transportation services company, follows a systematic process from order placement to fuel delivery, ensuring reliability and efficiency. The company implements a flexible pricing strategy based on distance and vehicle fuel capacity, which is calculated through a formula. Strategic office locations and truck storage contribute to operational efficiency, minimizing refueling times. Although social media promotion appears to be inactive via Facebook and Instagram. PT Safaat primarily relies on partnerships for business, emphasizing the importance of long-term relationships over online presence.



➤ **Leveraging Strategic Partnerships for Fuel Source Diversification (SO1):**

Utilize existing partnerships with Pertamina subsidiaries to collaborate with alternative fuel suppliers, reducing dependence on a single source and enhancing operational resilience.

➤ **Strengthening Customer Relationships through Efficient Fuel Distribution (SO2):**

Capitalize on efficient fuel distribution to enhance customer satisfaction, strengthen relationships, and expand market share in the energy industry.

➤ **Utilizing Advanced Technology for Service Differentiation (SO3):**

Leverage advanced technology, including monitoring applications and communication systems, to improve service quality, operational efficiency, and differentiate PT Safaat from competitors.

➤ **Implementing Defensive Driving Training for Operational Excellence (SO4):**

Enhance service quality and reduce operational risks by implementing defensive driving training for drivers, aligning with PT Safaat's commitment to safety.

➤ **Minimizing Price Competition Impact through Technology Efficiency (ST1):**

Focus on advanced technology to streamline operations, optimize routes, and minimize costs, enabling PT Safaat to maintain competitiveness despite price competition.

➤ **Improving Promotion Initiatives for Customer Attraction (WO1):**

Enhance promotional efforts to communicate strong customer relationships, attracting new clients and capitalizing on the opportunity of maintaining positive customer ties.

➤ **Enhancing Service Quality to Justify Premium Pricing (WO2):**

Overcome high operational costs by improving service quality, creating a competitive advantage, and justifying premium pricing for PT Safaat's fuel distribution services.

➤ **Implementing Cost-Cutting Measures for Price Competition Resilience (WT1):**

Counter the pressure from intensive price competition by implementing cost-cutting measures, optimizing routes, and leveraging technology to maintain operational efficiency.

➤ **Addressing Limited Promotion through Targeted Marketing in Economic Instability (WT2):**

Mitigate the weakness of limited promotion during economic instability by executing targeted marketing campaigns that highlight PT Safaat's strengths and reliability in fuel distribution services.

CONCLUSION AND RECOMMENDATION

A. Conclusion

The conclusions will be discussed as follows:

1. Based on business issues that arise at PT Safaat as well as the results of external and internal environmental analysis, it shows that the current business condition of PT Safaat still has great opportunities for development in solving the problem of limited marketing strategies owned by PT Safaat. Even though PT Safaat has to face many challenges, such as high competition in the fuel distribution industry due to increasing competition. Apart from that, there are challenges that come from the presence of various strategies and innovations from competitors. PT Safaat also has not been able to say much in responding to the challenges that come, due to various weaknesses it has such as poor human resource management and the absence of stages for studying the data and experience that PT Safaat has. This means that PT Safaat has limited marketing strategies to respond to challenges innovatively, creatively, skillfully and professionally. PT Safaat needs to improve its marketing strategy to be more organized and able to maintain and even increase its profits.

2. Based on PT Safaat's external and internal environmental analysis and TOWS Matrix analysis, the following are the results of the marketing strategy formulation created:

- Creating a Marketing Plan, PT Safaat must implement this strategy to carry out promotional activities effectively and efficiently which in the future, PT Safaat can use this Marketing Plan as a performance evaluation guide and preparation to face changes and market dynamics so that activities the marketing carried out remains relevant.
- Social Media Development is proposed to reach more attractions such as creating a brand image, higher attractiveness and increasing sales conversions.



B. Recommendation

The suggestions that the author can conclude from this research are:

1. There is potential in subsequent research to produce research within the next six months to produce business strategies and implementation plans that are more relevant to future situations.
2. There is potential in subsequent research to create more detailed implementation plan steps so that business stakeholders can better understand the implementation plan.
3. There is potential for subsequent research to conduct deeper exploration of the company's external and internal environment so that it can produce more effective business strategies to compete in the fuel transportation industry.

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