



## Marketing Strategy Using new wave Marketing Approach to Increase Customer Loyalty in Cement Industry (Dynamix Case)

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**ABSTRACT:** Cement Industry is becoming more dynamic; a decade ago, market conditions were still very ideal, with demand and production in balance, but the presence of new entrants tightened competition, forcing Dynamix to survive in the face of an attack from low-cost cement products. This study was conducted to determine what can be done to preserve and boost sales through effective marketing strategy and a focus on customers. The investigation began by examining the market's dynamic competition and evaluating Dynamix's strengths and weaknesses, as well as potential risks posed by competitors or emerging market segments in Indonesia. The presentation is carried out in a systematic and detailed manner to offer recommendations that meet the needs of facing against competitors. To gain a comprehensive understanding, a study approach was used that included both quantitative and qualitative analysis to investigate the stages of the customer's decision-making process when choosing which product to use.

The study also examines literature on marketing strategy, using the most recent techniques as a reference, where the theory has been applied by various companies. Having the right theoretical framework will be one of the main base foundations in providing insight and perspectives to build the most effective marketing plan. With this research, it is hoped to contribute Dynamix journey to meeting future challenges by implementing the explained strategy of focusing on target customers through recommended activities in terms of communication material selection and marketing activities. Hopefully, this study will be able to make Dynamix the leading cement brand in Indonesia.

**KEYWORDS:** Brand Loyalty, Cement Industry, Customer Journey, Dynamix, Marketing Strategy, New Wave Marketing.

### INTRODUCTION

Indonesia is a massive developing country, according to Badan Pusat Statistik (BPS) in their publication Statistical Yearbook of Indonesia 2023 mention that population in Indonesia in Jun 2022 are 269.58 million people and will increase up to 333.57 million people in 2050, it means there will be a lot of infrastructure needed and impacting the demand of cement, lots of new factories were built. But it turns out not enough people are buying cement, especially since Covid-19 stopped a bunch of building projects. Now there's more cement supply than demand, which results in low utilization. With low utilization rates, producers must sell the product to ensure the plant still running, in orders to do that finally we can avoid price war in the market, New Player sell product very cheap at the end reduce revenue. The characteristic of Cement product is that it has a low engagement where the consumer didn't really care about differentiation and usually price sensitive. In this industry especially in retail segment we have several consumer and stakeholder that we must manage such as Retailer, Homeowner, Builder/Applicator (usually call them Mason) and Architect. Mason is one of the most customer, since they are the real user, and they will influence other customer to use the product that they prefer. The customer journey of mason to purchase product can be divided into several stage, starts from trigger, search, evaluate, decide, use the product, and share the experience. Dynamix, a cement product from PT Solusi Bangun Indonesia, Tbk, needs to survive in this over supply era through comprehensive marketing activities especially for Mason segment to increase loyalty that will lead to increase purchase of the product and generate more revenue. Dynamix must present in every customer journey to ensure that the product will be the top of mind. The right marketing strategies is necessary to ensure Dynamix become the most favorable brand according to business issues, through optimizing activity in every touch point of customer journey focusing on Mason and creating impactful marketing communication.

### LITERATUR REVIEW

For a better understanding on creating impactful marketing strategies, author need to find out the existing theory that effective to generating the best formulation. Starts with Customer-Based Brand Equity (CBBE) theory, According to Keller (2013) the concept

of customer – based brand equity (CBBE) to provide unique point of view on what brand equity is and how it should best be built, measured, and managed. four steps of sequences to build a strong brand, the four steps is based on a set of fundamental questions that customers frequently: (1) Who are you – Brand Identity, (2) What are you – Brand Meaning, (3) What about you? What do I think or feel about you? (brand responses). Segmenting, targeting, positioning (STP) is important to help the company to divides the market into discrete groups, targeting focuses on identifying the most appropriate segments to prioritize, and positioning shapes customer perceptions by emphasizing distinctive value propositions. Company can focus to identify demand potential, set items apart from competitors, and acquire an advantage in competition.

After the company strategy is set from the segmentation, target audience and how our brand will be perceived in customer mind the next action is creating marketing mix. According to Kotler marketing mix are the set of tactical marketing tools product, price, place, and promotion that the firm blends to produce the response it wants in the target market.



**Figure 1. The Four Ps of the Marketing Mix**

In this new era, the marketing strategy and the approaching customer is evolving, the competition landscape and marketing concept has significantly changed, also customer very open minded and get a lot of information from many sources it also changes the marketing traditional paradigm that was called Legacy Marketing transformed into New Wave Marketing Concept. Legacy Marketing and New Wave Marketing have two distinctive approaches including characteristics and strategy. Legacy marketing closer to traditional marketing and have nine core elements in their design including, segmentation, targeting, positioning, differentiation, Marketing-Mix (Product, Price, Place, Promotion), selling, brand, service, and process. In this horizontal period customer no longer treat as an object but as a subject and the nine element is shifting to 12C Concept such as Segmentation to Communitization, Targeting to Confirmation, Positioning to Clarification, Differentiation to Codification (of DNA), Product to Co-Creation, Price to Currency, Place to Communal Activation, Promotion to Conversation, Selling to Commercialization, Brand to Character, Service to Care and Process to Collaboration. The transition from legacy to new wave marketing has been fueled by technological improvements and shifting customer demands for more interactive and relevant information.

## METHODOLOGY

For this research, the primary data will use Quantitative and Qualitative technique. The main output from the research is to understand Strength and weakness of the Company, is it still relevant to mitigate the problem or we should improve it, researcher use several approaching methods such as VRIO (Valuable, Rare, Inimitable, Organized), STP (Segmenting, Targeting, Positioning) and the marketing mix. From the research also we will analyze Threat and opportunity from the external including main competitor using PESTEL (Political, Economic, Social, Technological, Environment, and Legal), Porter's Five Forces (Threat of New Entrants, Threat of Substitute, Power of Suppliers, Power of Customers, Rivalry Among Competitors). The targeted population in this research are



Male and female with productive age 18 – 56 years old. The area of population is in Java, because in Java there are so many new constructions and the Mason which is subject in this research mostly came from Java. According to Badan Pusat Statistik (BPS) in 2022, number of Permanent Workers in Construction Companies 789,498 Mason from is from java, it's equal with 68 % out of Mason in Indonesia 1,158,493. To determine the sample size of respondents for questionnaires, The Slovin approach was used for this study because of its simplicity and equal ability to select all elements of the population as sample elements. The error tolerance on this research was set at a 10% significant level, therefore a sample of 100 people were chosen for the survey, with each answering 99 questions. The questionnaire was distributed online through a form google form. The equation formula for the Slovin Model Method is as follows:

$$n = \frac{N}{1+N(e)^2}$$

n : required sample size or number of respondents

N : population size

e : margin of error can be tolerated; e: 0,1 There are following conditions for e:

The value of e = 0,05 (5%) for a large population

The value of e = 0,2 (20%) for a small population

## RESULT AND DISCUSSION

### 1. Internal Analysis

#### A. Segmenting, Targeting, Positioning (STP)

Dynamix is cement that can be consider new brand in Indonesia, since it was launched in 2019, the product availability is nationwide, but the main distribution is in Java since, the most construction in Indonesia is located in Java. In the explanation below is the main target audience Dynamix

**Table 1. Current Target Dynamix**

Geographic	Majority area of Indonesia Sumatera, Kalimantan, Bali, Sulawesi and especially Java with focus of retail product in traditional retailer / General trade market
Demographic	Gender: Male Age: 25 – 56 years old Education: Any education Social Class: middle - low
Psychographic	Simple life, living for tomorrow, concern about their family, focusing on the daily needs especially meals, house, education for their son.
Behavioural	Mason that looking for cement that can make their job easier and faster with a good quality, good result and can be used for all construction purpose, easy to find when they need it, and care with them.

Dynamix is positioned as a multipurpose cement for wide range type of building or infrastructure with a good quality by using the advance technology that will give a solution for mason in their daily working activities.

#### B. Marketing Mix

Dynamix have 3 type of products Dynamix Serba Guna, Dynamix Masonry & Dynamix Extra Power, in the market Dynamix can categorize premium price with the price around IDR. 44,000 – 60,000. Dynamix is available in almost all region in Indonesia, but the main area is in Java with 63.5% contribution. Dynamix currently focuses on Facebook & Instagram as the communication channel. Most of the promotion is currently for retailers, while less focus on mason segment.



## C. VRIO

In order to assess the competitiveness of Dynamix regarding to the business process and advantages, author has created the main outline based on VRIO framework, it finds out that Dynamix have a reputable corporate image since the company is the subsidiary of PT Semen Indonesia (Persero), Tbk. The product quality is undoubtedly since its already certified with SNI standard. Dynamix supply chain and availability is massive in nationwide and have a good after sales service to handle complaint or any issue regarding to the product.

## 2. External Analysis

### A. PESTEL

2024 is a political year, but with the resiliency of the economy in Indonesia and government policy to increase their spending on infrastructure from IDR 392 trillion to IDR 422.7 trillion will give a positive impact in Cement Industry also Indonesian economic resilience expected to continue the positive trend up to 5% until 2024. According to BPS, Indonesia's population is expected to rise at a rate of around 1% per year until 2030, when it would reach nearly 300 million people, behind it all there are issues that must be faced, one of which is the need for housing, where the housing backlog is now reaching 12.7 million. since digitalization is rapidly growing, 185.3 million people in Indonesia is using internet using several social media, and its change on how people interactions, get the latest information, looking for something or the journey to purchasing products.

Indonesia aims to achieve Net Zero Emissions by 2050. The cement industry has implemented steps to achieve sustainable industrial growth for all stakeholders, although continuing to create high emissions until 2023. Applied research is essential for producing environmentally friendly cement that can address the requirements of a low-carbon sector. In terms of protecting the consumers about the quality of the company's products, it must comply with Quality Management System through SNI ISO 9001:2015 and it must update continuously. The other legal aspects in manufacture and cement industry are according to the labour, company must obey the rule about salary, pension funds, etc. With all of those law will simultaneously change the market landscape and competitions.

### B. Porter's Five Forces

Using Porter's five forces, researcher has objective to understand company positioning and maintain competitive advantage among competitors.

- **Threat of New Entrants**, a decade ago, cement manufacture is only dominated by several big player, but in 2023 the manufacturer is rapidly increasing up to 13 producer and more than 20 Brands.
- **Power of Suppliers**, the largest cost in Cement industry are the production process and distribution cost. In terms of production, the material mostly is available since the cement plant is located in the main source of raw material.
- **Threat of Substitute**, there are some innovations to substitute the cement usage, but the significance is low, for example when build a house customer use some wood, but its only for decoration, since the price is quite high, and the durability is lower compared to house with foundation using cement.
- **Power of Buyers**, bargaining power of buyers is crucial in this industry since the product is already using the SNI standard and there is low product differentiation. The real user of the product is Mason, when the product is not available in the surrounding area of the project they will switch to competitor, because the project must continue.
- **Rivalry Among Competitors**, the rivalry among competitors is very intensive, since the number of cement producer and product brand is growth rapidly, and the newcomers using low price strategy to grab customer.

### C. Competitor Analysis

Cement competition can divide into three categories of player:

- **SIG Group**, consist of Semen Padang, Semen Andalas, Semen Baturaja, Semen Dynamix, Semen Gresik, Semen Tonasa. All that brand is already existed and became local hero in each area around Indonesia. Since they are established long time ago, the positioning of this brand can categorize as Premium Product.
- **Non-SIG Group**, Tiga Roda and Bosowa, this brand also already existed in Indonesia for long time ago, this brand is similar with SIG group that position of their brand is as Premium Product and premium price.



- **Newcomers**, New cement brand from local or abroad investor like China and India such as Semen Bima, Semen Merah Putih, Semen Singa Merah, Semen Grobogan and many other brands, since they are newcomers, the strategy to penetrate market is using low price strategy.

**3. SWOT Analysis**

After conducting research to understand the internal analysis of Dynamix including the STP, marketing mix aspect and VRIO analysis researcher can conclude the strength and weakness of Dynamix Brand. Researcher also conducting the external analysis including PESTEL analysis, Porter’s five forces competitor analysis and customer analysis to have a comprehensive aspect of potential threat and opportunities, the following is a SWOT analysis of Dynamix.

- **Strength**, Dynamix has a good quality product and have several types of products and SKU to provide the customer’s needs. Distribution and Channel is massive in nationwide scale with 70,000 retailers. The Marketing and supporting team resources is sufficient to support and solve the issue in the market and give a solution.
- **Weakness**, Pricing has a wide range and customers expected that the price can be more competitive since a lot of newcomers offer the cheaper price. Not many activities that in touch to mason, while they are the important customer since they are the real user and can influence homeowner.
- **Opportunities**, Infrastructure spending is increasing from Rp. 392 trillion to Rp. 422 trillion, also the housing backlog issue the amount is up to 12.7 million. It means there are a lot of demand that came from infrastructure and residential, Indonesian economic resilience expected to continue the positive trend, people will tend to spend their money. Technological advancement and digitalization are accelerated during pandemic Covid-19, even mason is familiar with social media, and it became a potential channel to approach them.
- **Threats**, additional capacity, and competitors that launch so many brands, make the competition is very tough. Newcomer’s segment using pricing strategy to penetrate the market with cheap price, and it will accelerate of customer switching. In cement industry, the product differentiation is very low, since it has a SNI standard. Non-SIG competitors that’s exist a long time ago consistent to create program to support mason, and the cost to switch the customer is high.

**BUSINESS SOLUTION**

**A. Proposed Target Market**

Based on the research that collecting data from 140 Masons across Java and process the data using IBM SPSS, the new target of Dynamix customer and relevant positioning is:

**Table 2. New Target Dynamix**

Geographic	All Java, primarily in East Java and Central Java
Demographic	Gender: Male Age: 36 – 56 years old Education: High School Social Class: middle - low
Psychographic	Simple life, living for tomorrow, concern about their family, focusing on the daily needs especially meals, house, education for their son. Like to use social media especially WhatsApp for source of information
Behavioral	Mason that looking for cement that can make their job easier and faster with a good quality good result and can be used for all construction purpose, the price is in line with the product quality, easy to find when they need it, and care with them.

With all those criteria from the target market, the positioning from Dynamix that researcher proposed are: Dynamix, high-quality product that easy to use, has good adhesion, and is resistant to many types of weather, provide strong and long-lasting house and structures. Dynamix gives solutions for every need.



## B. New Wave Marketing Strategy

- **New Wave Strategy**, the core of new wave strategy are Communitization, Confirmation and Clarification. Instead of segmenting the market Dynamix can start to focus on creating or joining existed communities, blend in with the customer and clarify not what is Dynamix positioning but how customers perceived what they get.
- **New Wave Tactics**, six tactics of new wave marketing are Codification (of DNA), Co-Creation, Currency, Communal Activation, Conversation and Commercialization. Dynamix should communicate louder about their solution that they can offer to masons, that they have different product based on application and can digging more about the real DNA from Dynamix to share to customers. Collaboration with community can create other potential offering, it could be improvement from existing product or the derivative product that might be needed from customer or can give a new service such as job information in nearest area. Dynamix can offer more flexible price depend on occasion or bundling it with other services such as combine with design consultation or with other compliment product. Activate the community can be the tools for Dynamix to endorse the members to take part in Dynamix activities such as sport activities like football, badminton, or hobbies like fishing. Dynamix can make a conversation with customers, not push them to listen and pay attention but Dynamix develop permissions before sending any message across customers. Dynamix can involve the mason community to become their ambassador through customer get customer program. With this initiative Dynamix and the community will be sharing long term profit orientation.
- **New Wave Value**, Character, Care and Collaboration are the three new wave value. Dynamix can build a Trustworthy and Care character in approaching customers, with consistency and sincere action in every touch point and activities will strengthen its characters. When make interaction with customers ensure that Dynamix is care, not only give a excellence services based on standard operating procedure but also care in what customers need and understand what they feel and Dynamix should always listening insight from customers. Collaboration is a phase that Dynamix ask the customers to involve in the process, it can be done in every customer journey, Dynamix should involve the customer to collaboration for a better product, better delivery better services.

## C. Marketing Activities in Each Customer Journey

- **Aware to Appeal**, in these stages, Dynamix should ensure that masons aware with the existence of the product, through several activities for online such as: Social media activities especially on WhatsApp, Facebook, and YouTube, collaboration with Key Opinion Leader or other building material social media to leverage the wider target audience and offline: massive Point of Sales Material such as shop blind, brochure, flyer. For the mass area Dynamix also can put media placement on Billboard focusing on strategic area. Participating in local communities also can increase the awareness of Dynamix.
- **Appeal to Ask**, Dynamix should create Below the Line activities such as mason training and do it regularly and massive in potential market, so will increase their desire to use the product. In that event they can ask thoroughly and Dynamix can educate them about the main benefit of the product
- **Ask to Act**, when they are convinced that the product is suitable with their needs, the next stages is act, they will try to use our product is it the result is meet with their expectations. They will come to retailer to purchase the product, in this journey Dynamix can create promotion program for example if purchase 10 zak of product will get free gift such as t-shirt, hat, etc.
- **Act to Advocate**, to increase loyal customers Dynamix can make a loyalty program such as Create massive community, for masons also join with relevant community to became Dynamix ambassadors and became the frontliner. Point Rewards for every purchase of Dynamix products, with this program they will continue to purchase the products. Educational scholarship for masons and their families, they are concern about their family, so with these activities can increase the engagement between Dynamix and Mason. Family Trip, the income from mason can categorize as middle low income, they still focus on living for tomorrow, if we can create activities to make them happy, it will increase emotionally attached to brand Dynamix. Consultation design, we can educate them and sharing knowledge for mason, and it will support on their daily activities when they are needed support according to construction method or design the building. Social Media Activities where Dynamix can featuring with mason to get positive feedback and upload it the Dynamix social media asset, it will increase trust from target audience.



## CONCLUSSION

Dynamix have a several advantages compare to competitor such as distribution and channel, the product quality also superior and have several variant to answer the customer needs. Even though the market is quite promising since the infrastructure budget is increasing and the residential project will grow, in terms of competition Dynamix must be aware with newcomers who try to acquire customer with low price strategy.

As a mitigation, there are several solutions that Dynamix can do, through creating new marketing strategy, not only focus on retailers but must think the long-term strategy and pay attention to the real product user and product influencer which is mason. With the right marketing activities and communication and ensure Dynamix present in each customer journey using new wave marketing strategy approaches will give a sustainable benefit for company. They will be loyal with the brand, became ambassador and will defend the Brand. The increase of loyal customers will increase revenue and profitability for the company.

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