

Application of Segmenting, Targeting And Positioning (STP) and Networking, Interaction, Common Interest and Experience (NICE) Model On Startup Company of Service Provider in Indonesia

Sutanti^{a*}, Tantri Yanuar Rahmat Syah^a, Darmansyah HS^a, and Semerdanta Pusaka^a

^aFaculty of Economics and Business, Esa Unggul University, Tangerang 15170, Indonesia

Abstract

Indonesia Start-up Company has several excellent products. One of them is a machine installation service of tire industry with completion on time and high level of precision to fulfil end user need (specification) effectively and efficiently. This advantage is the competitive advantage of the company's products compared with the other installation services of tire machinery industry which mostly are general contractor. As a newcomer in the area of tire industry installation service in Indonesia, the company is still not recognized so it needs a good marketing strategy to compete in existing industries. Marketing framework of the company is focus on customer satisfaction resulting in high levels of business and customer profitability. The company uses the following strategies-STP (Segmenting, Targeting and Positioning) which prioritizes relationship marketing using NICE (Networking, Interaction, Common Interest and Experience) tactics. The objective of this paper is to know the opportunities of the application of STP strategy which prioritizes relationship marketing using NICE tactics in Business to Business market in Indonesia. The qualitative study will analyze the library data by referring to the books and other sources that support this issue. Thus this paper is expected to generate the information about the possibility of the using STP strategy, relationship marketing and NICE tactics in service provider business.

Keywords: Customer Satisfaction, STP, Relationship Marketing and NICE

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1. INTRODUCTION

Start-up company is a business service provider of tire machine installation and engineering contractor. Start-up company offers seven regular and development services. The company is located in Tangerang, Indonesia to save operational cost and also close to the tire industry. The founders of this company are some professional engineers who are responsible and experienced more than 20 years in the installation of tire industry.

First target market is five tire industries located in Indonesia, Java Island, Botabek (Bogor, Tangerang and Bekasi) area. Marketing objectives of Start-up Company are to create and to increase the value for customers so that the creations of customer satisfaction and customer loyalty that will affect the profit level the company. It can be done by (1) Diversifying the products offered, (2) Fostering and building good relationship with customer by giving good service to create loyalty to company, and (3) Giving and preserving brand image in customer's mind (brand awareness).

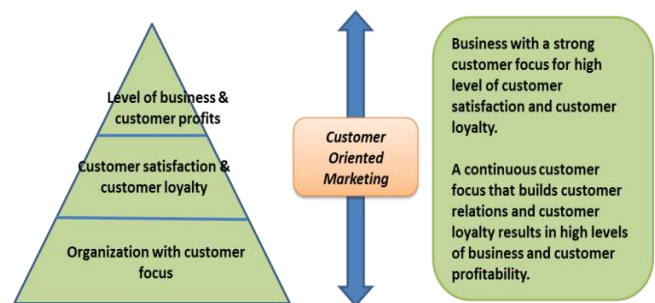


Fig 1. Focus on Customer Satisfaction and Profitability
 Source: Roger J. Best

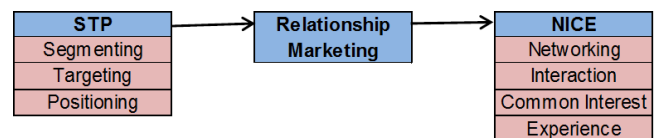


Fig 2. Marketing Strategy of Indonesia Startup Company

Marketing framework of Start-up Company is to focus on customer satisfaction resulting in high levels of business and customer profitability. The strategy used by Start-up Company is STP (Segmenting, Targeting and Positioning) strategy which prioritizes relationship marketing using NICE (Networking, Interaction, Common Interest and Experience) tactics to achieve company objective.

*Corresponding author. Tel.: +62215674223
 E-mail address: tanti15810@gmail.com
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2. STP (Segmenting, Targeting and Positioning) Theory

2.1 Segmenting

Philip Kotler [2], Segmentation is a market segmentation effort on heterogeneous purchasing groups in terms of interest, purchasing power, geography, buying behaviour and lifestyle. Because the target market is the business market (Business to Business) then the segmentation is done using the criteria of business market segmentation. Kotler and Keller [3], Business market segmentation is divided into five variables: demographic variables, operating variables, purchasing approaches, situational factors and personal characteristics. Start-up company uses demographic variables, operational variables, purchasing approaches, and situational factors.

2.1.1 Demographic

Kotler and Keller [3], Segmentation based on demographic is divided into three: industry, company size, and location Demographic segmentation of start-up company uses industry and location to be explained as follows. Segmentation based on industry, The Central Bureau of Statistics (BPS) [4] divides the industry based on the raw code division of the field. Based on BPS data, there are 22 industries in Indonesia and Start-up Company is categorized as the number 11 in the rubber industry and plastic goods.

Segmentation of Start-up Company is also based on industrial demographic then there are three major industries that need the company's products to run its business. Three major industries based on priority scale of the company: (1) Tire industry, (2) Rubber-based industry. Because rubber industrial flow process is almost the same as flow process of the tire industry therefore the machine types used are almost the same. This facilitates the installation of industrial machinery using rubber as its raw material with the experience of machine installation in tire industry and (3) General manufacturing industry. With more than 20 years' experience in tire industry engineering is Indonesia Start-up Company's competitive advantage in providing engineering accessories fabrication in the form of pressure tank and vessel, support/ pipe rack and conveyor for other industries. Kotler and Keller [3], Segmentation based on location, market divided by geographical location. Based on the location (geographical location), tire industry in Indonesia is mostly located in Java Island, Java Island is a good market for tire industry installation services.

2.1.2 Operational Variables

Operational variables are variables related to customer and user technology and customer capabilities. Based on operational variables, for the group division of user service installation of tire industry machine we can see through the installed capacity of tire industry. Group user service of tire industry machine installation can be divided into three

groups: (1) Small capacity plant, (2) Medium capacity plant and (3) Large capacity plant

2.1.3 Purchasing Approaches

Kotler and Keller [3], Segmentation based on purchasing approaches is divided into three segments: purchasing function organization, purchasing criteria, power structure, and nature of existing relationship. Segmentation distribution based on purchasing approaches, Start-up Company only divides the market with segmentation purchasing criteria. Purchasing criteria are some important things that customers look for in purchasing start-up company products. Segment distribution can be based on the important criteria sought by customers are. (1) Start-up company customers who consider quality as an important criterion in purchasing start-up company products and (2) Start-up company customers who consider price as an important criterion in purchasing start-up company products.

2.1.4 Situational Factors

Kotler and Keller [3], Segmentation of situational factors is to divide the market based on industry such as urgency, specific application and purchase order size. Segmentation based on situational factors to be used by Start-up Company is a specific application. The specific application is how Start-up Company specifies its products. Product group consists of seven regular and development services.

Table 1 Start-up Company Products

Product Group	Product
Regular service	1. Machine maintenance service and over haul
	2. Accuracy and calibration of tire industry machinery
Development service	3. Services installation of machinery tire industry
	4. Industrial pipeline installation services
	5. Industrial tire machine upgrade services
	6. Advisory and consultant services
	7. Engineering accessories fabrication

2.2 Targeting

Philip Kotler defines a target market as a well-defined set of customers whose needs the organization plans to satisfy. He suggests that the target market may be the total focus of the organization or it may be viewed as only a starting point for later expansion to other market segments. He recognizes that there are many groups and you probably won't target them all.

In marketing its products, Start-up Company prioritizes marketing to five tire industries with medium to big capacity factories and located in Java Island Botabek area. The characteristic of start-up company customer is concerned with comfort and safety in work, high

technology is a necessity and price change is not a sensitive issue.

2.3 Positioning

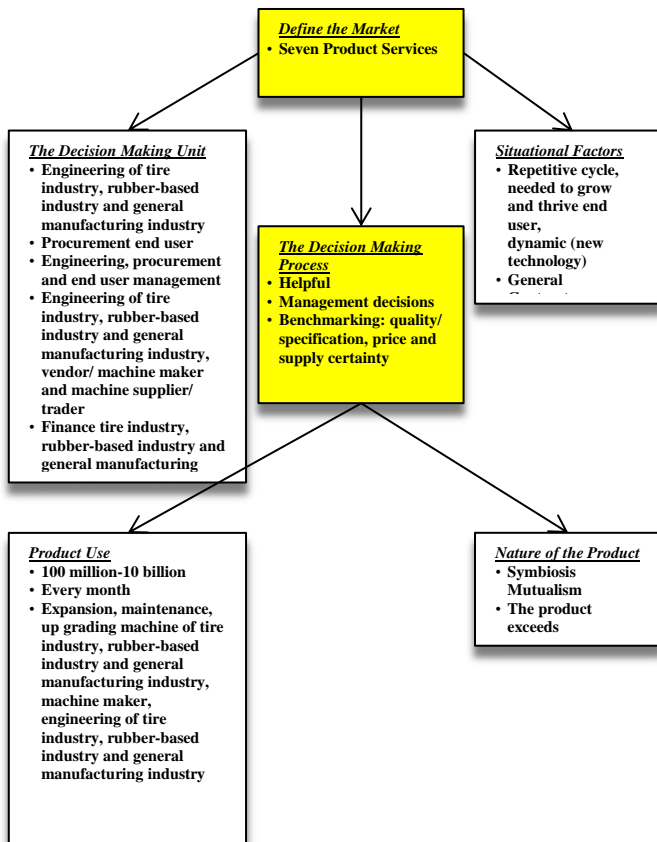


Fig 3. Identification of Customer and Consumer Startup Company
Source: Management Consulting Club Processed

2.3.1 The Decision Making Unit

Based on founders’ survey on tire company, buyer organizations will decide to buy based on the following items: price specification, scope, payment method, machine price to be installed, completion time and after sales service. Products services of Start-up Company are used by engineering of tire industry, rubber-based industry and general manufacturing industry. This product is purchased by end-user procurement. While making decisions on supplier selection is the engineering, procurement and management or owner of the company from the end user. In making decisions, there are some parties who can influence the election. They are engineering of tire industry, rubber-based industry and general manufacturing industry, vendor / machine maker and machine supplier / trader. The entities dealing with payment after using start-up company products are finance of tire industry, rubber-based industry and general manufacturing industry.

2.3.2 Situational Factors

Nature of startup company usability is a routine product that has repeated cycles needed for growth and development as well as the dynamic nature of the end user to follow the new technology. So far, there are 8 (eight) service providers for tire industry installation. Generally these service providers are general contractors, mechanical contractors and suppliers.

2.3.3 The Decision Making Process

Decision-making process is an action performed by management to achieve organizational goals. In making decisions, purchasing decisions are based on benefits rather than decisions based on pleasure so that decisions taken should benefit the company in achieving its organizational goals.

The existence of the need to purchase this service product is triggered by the management decisions in meeting the needs of the company's customers. That is to have machines ready to use in prime conditions so that production costs can be reduced to a minimum but the products produced in accordance with customer needs.

In the decision-making process, the end user/ consumer will perform a benchmark study or comparative study of the product to be purchased. The factors compared in the benchmark study are quality (specification), price and supply certainty.

2.3.4 Product Use

Start-up Company offers 3 groups product based on project value.

Group	Project Value	Product Name
A	High	Machine Installation Advisory Piping Maintenance & Over Haul Machine Up-grading Calibration & Accuration
B	Medium	Machine Installation Engineering Accessories Fabrication Maintenance & Over Haul Machine Up-grading
C	Low	Machine Installation Piping Machine Up-grading

The frequency of product requirement is every month. The above products are used for expansion of new factory and old factory, maintenance, machine up grading of tire factories, rubber-based factories and general manufacturing factories. In the installation of the above service products require cooperation with machine maker and engineering of tire industry, rubber-based industry and general manufacturing industry.

2.3.5 Nature of the Product

The natures of the products offered have mutualism symbiosis relationships. Mutualism symbiosis is the relationship that happens between the entities based on mutually beneficial relationships with. Mutual benefit because each entity has something valuable to be exchanged with other parties. In this case between the customers, the consumer and Start-up Company have mutualism symbiosis relationship. Based on founders' experiences in installing of tire industrial machinery, Indonesia startup company includes service advisory related to the installation of tire industry machines. This advisory service is provided free of charge in the form of advice and the best machine installation solution for consumer based more than 20 years' experience owned by Indonesia startup company in installing tire industrial machinery. This free advisory service is only provided by Start-up Company while the competitors charge additional fees for this service. Consumer benefit is avoiding of machine error so that it can save installation cost and can produce on time. While Start-up Company has added value in the eyes of customers as a professional company in its field because it provides service that exceeds customer expectation that is customer target that is reached and customer get additional knowledge from free service advisory. With the satisfaction gained the customer of Indonesia Startup Company--in this case is Tire Company--is expected to provide recommendations to other parties so that Indonesia Start-up Company gets free marketing promotion in the form of word of mouth. This promotion can only be achieved if the customer is satisfied with the services offered by Start-up Company.

2.3.6 Brand

As a new entry, Start-up Company must determine the positioning of its products to be marketed. Positioning is the act of designing the offer and image of the company to be considered something different or special in the minds of customers. With more than 20 years' experience in tire industry engineering, Start-up Company provides customer satisfaction in the installation services of tire industry machines with a commitment to timely completion and without any rework.

A brand [6] is a name, term, design, symbol, or other feature that distinguishes an organization or product from its rivals in the eyes of the customer. Our corporate emblem uses globe emblem that indicates that our company offers a tire industry service product that can be used all over the world with initial focus in Indonesia. This symbol also describes the vision of Start-up Company to be the best service provider of tire machine installation and engineering contractor in Indonesia. The globe is formed from with red and blue semicircles. Two semicircles describe the service products offered by Start-up Company that are integrated with each other and complement each other. The red semi-circle is chosen because it represents the ambition, passion, motivation and passion of the

founders of startup company to become the best service provider of tire machine installation and engineering contractor in Indonesia. While the blue semi-circle is chosen because it signifies engineering that prioritizes communication and professionalism.

3. Relationship Marketing

Keegan, Duncan, and Moriarty [7], "Relationship Marketing is an approach to marketing with its customers that promote both the company's long-term growth and the customer's maximum satisfaction". Philip Kotler [8] also mention that relationship marketing is a practice to build long term relationships that satisfy with key parties include customers, suppliers, and suppliers in order to maintain preferences and business in the long term.

Start-up company uses relationship marketing as a tool of customer marketing that enhances the company's long-term growth and maximum customer satisfaction. A good customer is an asset in which when handled and served properly will provide long-term income and growth for a company. Through relationship marketing, Start-up Company will be more aware of the demands and needs of consumers, enabling the provision of products that meet customer specifications by using NICE (Networking, Interaction, Common Interest and Experience) tactics.

4. NICE (Networking, Interaction, Common Interest And Experience) TACTICS

Transactional marketing is for mass product marketing and B2C marketing. Haryanto [9], Relation marketing do not use 4P tactics but NICE. Relationship marketing is more appropriate for B2B marketing, marketing services and marketing-based networking. Relational marketing is an effort to increase customer loyalty and commitment to stay in touch with the marketers concerned so that retention of old customers is maintained.

Start-up company uses relational marketing with marketing strategy to achieve company target using networking, interaction, common interest and experience or NICE tactics.

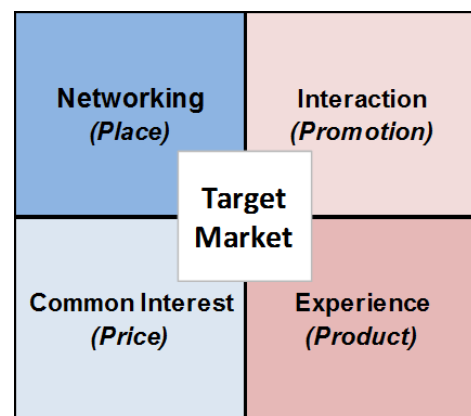


Fig 4. NICE (Net Working, Interaction, Common Interest and Experience) Source: 4P Marketing Modified

4.1 Networking (Place)

In business, networking is a relationship with a lot of people, regardless of current benefits, but also the future. Start-up Company must establish a strong network with competitors, customers, suppliers, and other stakeholders, in order to create a strong competitiveness for the organization.

In running and developing its business, Indonesia Start-up Company realizes that a good networking is an important key to be able to sustain and grow. Indonesia startup company builds networking with its customers (1) Tire industry, (2) Rubber-based industry and (3) General manufacturing industry.

In first five years networking target is the medium and big tire industries in Botabek area. Start-up Company in particular builds its network in the tire industry with suppliers, competitors, machine suppliers, tire manufacturers and stakeholders. The networking is in form of (1) Participating in industrial tire communities, (2) Annual participating in local and international exhibitions and (3) Working closely with machine maker

4.2 Interaction (Promotion)

Service installation of tire industry machine is business trust, therefore appearance and service in office of startup company, at customer offices as well as at installation locations is an important factor. During working hours the employee appearance should be neat, trendy for special key person is a must to wear a suit and tie. The goal is that customers and prospective customers (tire companies) to believe that startup company is professionally managed.

Interaction is promotion. Promotion is various activities of the company to communicate and introduce to the target market. Promotional variables include sales promotion, advertising, sales force, public relations, and direct marketing. Promotional variables or commonly called marketing communication mix, Philip Kotler [8]. Start-up Company interacts through website and personal selling.

First interacts is through website. The website contains information regarding product, company service facility, and virtual tour on the existing integration system at Start-up Company, troubleshooting process of tire industry machine, maintenance, accuracy, calibration and advisory of tire industry. As well as various related news regarding annual company achievement.

By having the website, Start-up Company has several advantages. First, introduce company profile, more people know the profile so more famous profile of start-up company widely. Second, lead to professional impression. Prospective customers will surely pay more attention and trust in companies that already have a website. Third, as a means of indirect sales in searching for new prospective customers in large quantities outside the five tire companies that have been targeted by Start-up Company. Fourth, as a means of finding new partners to work together. By publishing, Start-up Company will be known by people regarding the existence and existence of Start-up Company.

Website opens a mutually beneficial cooperation opportunity with machine maker, competitors, material suppliers and investors.

Second interacts is through personal selling. Salesperson or key account is the main marketing communication tool through personal selling on the business to business. The embodiment of personal selling is formed in the procurement of sales force which will get direct supervision from the department of marketing and sales of Start-up Company. Andris A. Zoltners [11], the sales force is a powerful driver of revenues, and because salespeople are entrusted with a company's most important asset—its relationship with its customers—they have a significant and often determining impact on an organization's success. Sales force of Start-up Company is the main driver in achieving company revenue because it deals directly with the customer so that the interaction process is important in getting the order. The interaction process between Start-up Company with customer can be described as follows. First, acquaint with prospective customers (decision makers from the customer) either face to face or via telephone. Second, visit prospective customers to introduce start-up company products by sharing and presenting company profile, introducing product, conveying product image and company to prospective customers. Third, follow-up prospective customers on a regular basis so that sales occur. Fourth, close the sale. Fifth, periodic evaluate each customer and prospective customer every six months.

In interacting with potential customers or customers, sales force start-up company provides the best customer service, way of work, attitude, speech and action to prospective customers or customers. Good service to customers is a good promotion for Start-up Company. As a company engaged in services, word of mouth promotion (word of mouth marketing) can only be achieved if customers get a satisfactory experience of the services offered by Start-up Company.

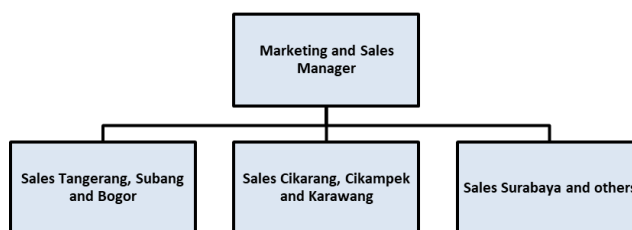


Fig 5. Sales Force Organization

4.3 Common Interest (Price)

Price is the amount of money that consumers pay to buy the product or replace someone's property. Price includes last price, discount, allowance, payment period, credit terms, and retail price. Common interest or shared needs is the emotional bond that exists between consumers and marketers to achieve a shared value. Allowance is a common interest for startup company as a supplier,

consumer and decider. Based on founders 'study to be able to achieve the sales target that has been determined, Indonesia startup company allocates 2%-20% of the transaction price for this allowance program.

4.4 Experience (Product)

Satisfied customers are expected to repeat their orders and will give recommendations to other parties (word of mouth). Customer loyalty is one of the important assets in creating business and customer profitability.

The following is how startup company maintains customer loyalty. (1) After sales service by providing 24-hour call center that responds to any customer within 24 hours during product warranty period, (2) Building database marketing (Customer Relation Management) which is an important part of the marketing industry in transacting and building relationships with customers. Benefits of database marketing are (2.1) Means of communicating with customers by asking the level of satisfaction on a regular basis after using the product of startup company, (2.2) Establish communication with customers personally so that the closeness between the customer with the product of startup company so that the creation of loyal customers, (3) Provide special benefits for customers, (3.1) In a regular visit, startup company provides advisory and consultant services free of charge to its customers to improve productivity in accordance with the needs of end users and (3.2) Startup company also provides special rates for its loyal customers.

5. CONCLUSION

Taking the business opportunities in Indonesia, startup company uses STP (Segmenting, Targeting and Positioning) marketing strategy. By using STP strategy, the market of installation services of tire industry machines in Indonesia can be identified and divided into several groups, the startup company determines which group will be the target company by considering the competitive advantage owned by the start company. Then startup company positioned the company as main contractor.

More than 20 years' experience in tire industry engineering is the competitive advantage of startup company. Startup company provides customer satisfaction in the installation services of tire industry machines with a commitment to timely completion and without any rework. Startup company adopts a product leadership strategy by providing assurance without any rework on each product. Startup company is the only one providing this guarantee which this strategy does not get from other competitors.

Due to the clear market target of Business to Business (B2B) in Indonesia which are several tire companies in Indonesia, startup company uses relationship marketing that focuses on customer satisfaction and profitability. Through relationship marketing, startup company is more understanding of the demands and needs of its customers, thus enabling the provision of products according to customer specifications. In this relational marketing, the sales force of startup company is an important company asset in achieving corporate revenue and sustainability. In building the relationship marketing, startup company does not use 4P tactics but NICE in achieving the target company. The tactic is networking, interaction, common interest and experience. Building networking, interaction, sharing common interest and giving good experience with tire company and stakeholders will be the best solution in achieving the target company.

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