MARKETING STRATEGY FOR BANDREK HANJUANG: MARKET DEVELOPMENT IN CENTRAL BOGOR REGION

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Abstract — Bandrek is the traditional drink of the original Bumi Parahyangan or Sunda. This drink is made from natural ingredients and has benefits such as warming and nourishing the body. Bandrek Hanjuang is one of the pioneers in producing bandrek instant powder. The number of new players both large and small companies has been contributing in hampering Bandrek Hanjuang sales growth. There are many of competitors that use ginger as the beverage core ingredients. These companies are considered as direct competitors to Bandrek Hanjuang. Since 2011 not achieved the target of sales and competition is getting tighter in Bandung. Therefore, Bandrek Hanjuang has decided to expand its market to outside Bandung and Cimahi by entering Sukabumi on January 2012 and Bogor on July 2012. Bandrek Hanjuang requires appropriate marketing strategies for market development in Bogor. The range of marketing budget is limited between IDR 50-75 million. The purpose of this research is to provide suitable marketing strategies within the given budget. Bogor Tengah was chosen as the sampling area due to higher population density since this area is supported with facilities such as residential, offices, schools, and tourism spots. In this research, a market development model is developed as the synthesis of literature and case study. This model is utilized to analyze market characteristic and to determine the appropriate marketing strategy based on the market characteristic. Applying this model in Bandrek Hanjuang case, complemented with company external and internal analysis, the research shows that Bogor market characteristics are heterogeneous and the appropriate marketing strategy is guerrilla attacks. The proposed business solution implementation includes human resource plan, schedule planning, and financial budget to run a guerrilla marketing. The marketing strategy would be carried out at the beginning of July to December 2012; first to test the market and then slowly would penetrate the market. The required resources to do guerrilla marketing is 9 people with estimated budget of IDR 70.5 million. This budget is still in accordance with the request of the company.

Keywords: Market Development Strategy, Guerilla Marketing, Market Development Model, Bandrek, Bandrek Hanjuang, Central Bogor.

I. INTRODUCTION

Bandrek Hanjuang contributes the largest sales for Hanjuang brand which accounts for about 60 percent of the company’s total sales. The remaining 40 percent is divided between Bajigur (30%) and the other individual brands (10%). Currently the company is able to produce 50,000 sachets of Bandrek Hanjuang per day in which this capacity can still be pushed to the maximum of 100,000 sachets per day.

The positive growth in Indonesia beverage industry has encouraged the players to continue to innovate from using natural ingredients and artificial materials. Ranging from big brands to small brands, all brands produce drinks with various flavors and benefits. The volume and variety of beverage products that use ginger as core ingredients are increasing. This has been a threat to the company because ginger is the main ingredient of Bandrek Hanjuang. This rising competition has impacted Bandrek Hanjuang sales and shares. There is a growth in the average revenue from 2010 to 2011 (IDR 543,289,000 to IDR 584,752,872). Although there is a positive growth, this growth is still below company’s target. Based on these data, the company wants to develop its market in order to increase sales in the year 2012. The problem is the revenue is not reach target of company and many competitors come in base area of sales of bandrek Hanjuang. Then the company wants to improve revenue by entering ne market.

To ensure targeted growth and market share, the company has planned to expand to outside Bandung and Cimahi in 2012; entering Sukabumi and Bogor. Market development for Sukabumi and Bogor has been performed since January 2012, while for the Bogor will be carried out in July 2012. The business issue in this final project is the strategy formulation for Bandrek Hanjuang to perform market development in Bogor. Bogor City is considered fit with the characteristic of Hanjuang products. Bogor’s weather is considered suitable for body-warming beverage products. Limitations of this research is the marketing strategy should result in marketing programs with total cost that does not exceed limited budget, IDR 50-75 millions.
II. BUSINESS ISSUE EXPLORATION

A. Framework

Business issue - business issues in the final project is a marketing strategy for market development Bandrek Hanjuang in Bogor City. Companies need marketing strategy to enter the market as a strategy to grow in Bogor. In this project, the company want a strategy to entering market by choosing one area in Bogor.

Market development theory - After learning what is business issue that is faced by Bandrek Hanjuang, then the next step is theoretical review supported by literature study and case study. Literature study in market development, theories that support this project are growth strategy-market development, share-growth strategies, and marketing warfare. In market development theory, the researchers learn about the strategies, choose market development model. In joining the theory, the basic principle is the others theory can support the detail of others theory. After getting the theory in accordance with the strategic objectives of the company's market development. The next step is to conduct the case study to determine the implementation of the theory in the field. One company was chosen from the beverage industry is an industry that is occupied by Bandrek Hanjuang, and one company chosen by the drinks industry from outside the industry. this market development strategy step aims to describe choices of market development strategy and determinant factors to analyze. The result will be market development model.

Choosing market development solution- After studying about market development theory and case study, the next step is choosing the most appropriate market development strategy for Bandrek Hanjuang to enter in Central Bogor. Internal and external analysis is needed to complete the analysis in choosing market development solution. STP and marketing mix are needed to analyze internal variables for market analysis.

Marketing strategy for selected market development solution - After get the most appropriate strategy for Bandrek Hanjuang as market development solution, and the next step is detailing the marketing strategy for selected market development solution becomes success in the market. The strategies will be developed in tactics to enter in market become easy. Recommending implementation plan of the detail strategy. The detail strategies which are developed need the implementation plan. So, the next step is recommending implementation plan of the detail strategy for Bandrek Hanjuang.

B. Theoretical Review

Theoretical review is divided into two sections: literature study and case study. Theoretical review will produce a model strategy and also the identification of variables for market analysis.

Literature study - Literature study starts from seeing generic strategic and determine the strategy for growth. Then, after getting the appropriate market development strategy, the next step is to complete it with three other theories which relevant to the main theory. In this case, the company wants to offer existing Bandrek Hanjuang products to enter new markets. Therefore, the strategy chosen is the Market Development Strategies for the organization looks for a new market for its existing product range. Market development strategy for growth and development will involve the creation of new markets. Whitwell, Luke and Doyle (2003) describe three underlying reasons for companies to market development, namely the opportunity to develop existing synergies and value offerings, the market growth of the which both viable and competitive present opportunities for the organization, and the desire to move away from market a little to the wider market.

There are six steps for selecting, reviewing, and developing new markets that can be adapted by the company (Dann, 2007). However, on this project until the analysis done for the preparation of test marketing phase.

Here are six stages of new market development;
1) Target acquisition: defining the target market.
2) Preliminary screening market: see the match between the value the new product market potential.
3) Business analysis: learning opportunities and business conditions.
4) Market development: the process of adapting existing offering value and the appropriate marketing mix for the new market.
5) Test marketing: product launch for the small scale of the broad market. As with new product development, test marketing is recommended before the full product roll-out commences into a new market.
6) Full roll-out: the gradual conversion of the new market to the existing market that can be used for follow-up strategy of market penetration. The focus is on moving the customers from their _new market
segment’ status to being part of the market segment of ‘current users’.

Case study- This case study also aims to learn what is done by the company and important variables for the market development strategy. The selection of companies based on the use of strategy and industry. First case is Kuku Bima Energi. Kuku Bima Energi become a market leader defeated Extra Joss who previously is the market leader. The second case is XL. After doing the strategy, XL managed to reach the target to be second position and shifting Indosat. What can be learned from the above two cases is the price, product, advertising, distributor and consumer behavior.

C. Model Development Model
The first step for formulate the model of market development is problem identification. The main issues to be faced by the company is marketing strategy for market development to the city of Bogor. After that search for variables to complement the marketing strategy. Identification of variables done in two ways: literature study and case study. In the literature study of this thesis uses the theory of growth strategy - market development (Dann & Dann, 2007), tactics and requirements (Dann & Dann, 2007), share growth strategies (Walker, Mullins, Boyd, and Larrache, 2003), marketing warfare (Kotler, 1981 & 2006), notes on marketing strategy (Dolan, 1997).

Related articles that used in this study is Porter (1980) to analyze competitive strategy. Then, to know about the application about marketing warfare, the previous research that studied in this study is Asep Rimbawan’s final project (Strategi Flank Attack Frestea untuk Meningkatkan Pangsa Pasar di Bogor). In the case study, there are two cases to minimize the risk of the use of models. The two cases are analyzed and the Kuku Bima Energy and XL. Literature study and case study were combined to obtain the variables to the instrument and also as a model for determining the strategy for the company.

D. Internal Analysis
Bandrek Hanjuang conduct market segmentation to obtain the desired company. Segmentation approach in doing that is by analyzing the demographic, geographic and psychographic. Data obtained from internal sources. Company classify every people regardless their sex, age, marital status, social class and occupation in demographic part. Bandrek Hanjuang recently serves customer from local city in Indonesia and other countries. Although Bandrek Hanjuang can be categorized as beverage, it serves different need of customers in which it is not proposed as thirsty relief like common beverages are. However, it is proposed to serve the need of customers who want to be warm and healthy by drinking healthy beverage routinely, especially in the cold temperatures. Bandrek Hanjuang is currently targeted for every people regardless their sex, age, and social class. The brand positioning of Bandrek Hanjuang is stated as follows. :—For every people from any sex, age, and social class, Bandrek Hanjuang is a traditional healthy beverage brand which is made of natural ingredients, processed hygienically and warm the body.

Product- Bandrek Hanjuang primarily contains natural traditional ingredients such as ginger, palm sugar, cinnamon, and other traditional spices which give off an enticing aroma and a distinguished good taste. Price- Bandrek Hanjuang has two types of packaging since it is targeted to cater every social class groups in the market. First is plastic sachet package for low-end segment and second is paper pouch package for middle-end and high-end segment. The price for plastic sachet package is Rp. 10,000 per 10 sachets, while the price for paper pouch package is Rp. 46,000 per pack. Place- Place in product sales Hanjuang Supermarket, Minimarket, Gift Shop, by, Factory Outlet, traditional markets, Cafes, Distributors and Agents. Cities that become points of sale Hanjuang like Bandung, Jakarta, Makassar, Aceh, Pekanbaru, Bogor, Banjarmasin, Garut, Cirebon, Tasik and others. Promotions - Hanjuang so far done in the form of promotional brochures, website, event sponsorship, the exhibition of food, drink test (sampling) at the supermarket / minimarket.

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Central Bogor was chosen as the area to be analyzed because it is the center of the city of Bogor and also dominated by the central government, the largest university, central office, restaurant, hotel, traditional market, the Botanical Garden, malls and factory outlet. Bogor Tengah is also close to the door Toll Jagorawi which is the entrance access to the tourist city of Bogor. The research design using questionnaires to determine the characteristics of the market. The first stage is to look for variables based on market development model that is formed from the literature study and case study. Type of data collected in this project is the quantitative data. Techniques of data collection in this study using two sources, namely the primary data and secondary data. Primary data obtained from market or customer. Data obtained using a questionnaire as a tool to obtain data. Secondary data obtained from the literature study, case study, and desk research. Questionnaire spread at Central Bogor. The data sample required is 100 peoples using Slovin' theory with 10% errors. To avoid the possibility of sampling errors, the questionnaire distributed in Central Bogor total of 110 peoples. All data are valid (all correlation coefficient greater than 0.240) and reliable (cronbach's alpha result 0.689 and 0.739 categorized as moderate and high reliability).

E. Market Development Analysis

Variable situation analysis - Firms see variable situation on the ground and then the results of all studies included in the framework. It aims to determine the market / customer, firm, and competitor characteristics on current conditions.

The analysis above shows that the market characteristics of the Central Bogor is a heterogeneous market. Many needs and preferences are being met by other brands. The Company has limited resources in marketing, R & D, and / or production resources and competencies. Competitors have heavy money has the resources, human resources, R & D, company competency, capability and lower cost. Variables situation analysis result can be drawn below at Figure 4. After analyzing the situation variable, the next step is to match the variable current situation with the market development model. As seen in Figure 5.

III. BUSINESS SOLUTION

From the three strategies in the market development model, the model that corresponds to the Bandrek Hanjuang current state is guerilla attack. The analysis has shown that the market characteristic of the Central Bogor is a heterogeneous market where the market's needs and preferences are being full filed by other brands. The company has limited resources in marketing, R&D, production resources, and competencies. The competitors have higher capital resources, human resources, R & D, company competency, capability and lower cost. The offense strategy for Bandrek Hanjuang includes: Communicate the value offering to related market segments (Bandrek Hanjuang must communicate the value offering by targeting specific groups in limited geographic areas), Produce a competitive advantage: (Bandrek Hanjuang has to create a competitive advantage with the resources and competences, although limited when compared to major competitors. In this case, Bandrek Hanjuang should be able to take advantage of a good market test), and Increasing demand for product (Bandrek Hanjuang should increase demand by advertising in the form of communication and offering an attractive price. Promotion becomes important in the market test to attract people to try and buy the product).

Bandrek Hanjuang shall perform defense strategy as well, to match or exceed rival's competitive advantage through product differentiation and brand awareness or marketing communication. Bandrek Hanjuang is already differentiated by variations in taste and attractive packaging. However, Bandrek Hanjuang is lacking in brand awareness and marketing communications. Bandrek Hanjuang has to perform this strategy with high mobility, high speed, and unpredictability. In implementation, Bandrek Hanjuang has to perform quickly, intensely, with such agility so that it would be difficult for larger competitors to respond. Bandrek Hanjuang also needs to target specific customer groups in limited geographic areas. In this case, Central Bogor with its market segmentations would be an appropriate as the area for market test.
To enter new markets, Bandrek Hanjuang requires marketing strategies to acquire new customers and increase sales. Before entering the market, Bandrek Hanjuang must first define the segmentation, targeting, positioning and marketing-mix of products for the Central Bogor. Segmentation- The segmentation based on age results in 10-55+ years due to potential spread in this age group category. From the research result, the occupation of potential buyers is student, college student, employee, government employee, entrepreneur, housewife, and others. In term of psychographic, the segmentation includes people who like to drink a body-warming beverage, people who like to drink a body-warming beverage with more benefits, and people who like to drink a healthy traditional beverage.

The analysis has shown that the market characteristic of the Central Bogor is a heterogeneous market where the market’s needs and preferences are being full filed by other brands. There are tea, coffee, bandrek, wedang jahe, sekoteng, bajigur, milk, hot chocolate, ginger milk, and ginger coffee as body-warming beverage in the perceptions of customers.

After segmenting the market, then the company should determine which ones are the targeted markets (Kotler, 2006). Bandrek Hanjuang is proposed to targeted age group for 17-55+, because this group is still growing according to the company. Then, in terms of demographics, Bandrek Hanjuang is targeted for both male and female, people from socio-economic status (SES) A to D. Bandrek Hanjuang targeted student, college student, employee, government employee, entrepreneur, and housewife. For market test Bogor, geographically, Bandrek Hanjuang targeted Central Bogor region. Bandrek Hanjuang also targeted people who like to drink a body-warming beverage with or without added benefit, and people who like to drink a healthy traditional beverage.

From heterogeneous market has shown in segmentation, Bandrek Hanjuang is proposed to targeting people who like drink bandrek as a body-warming beverage. The reason is to strengthen the basic need of customer which match with Bandrek Hanjuang. To implement the marketing strategy, Bandrek Hanjuang can using a bandrek customer’s profession to makes a priority which profession that would be introduced first. Here is targeting priority recommendations, based on percentage customer population who drink bandrek as a body-warming beverage: (1) Employee, (2) Housewife, (3) Government Employee, (4) College student and (5) Entrepreneurs and others. After targeting bandrek as a body-warming beverage, then Bandrek Hanjuang targeting: (1) People who drink wedang jahe, bajigur and sekoteng as a body-warming beverage, because this category still in traditional beverage category which is same category with bandrek. (2) People who drink STMJ, ginger milk and ginger coffee as a body-warming beverage, because this category still use ginger as one of ingredients of beverage which is same ingredients with bandrek. (3) People who drink tea, milk, hot chocolate and coffee as a body-warming beverage, because this is huge target among body-warming beverage, but it is not easy to change tea and coffee customers’ perceptions about body-warming beverage. The brand positioning of Bandrek Hanjuang is stated as follows: "For people who love to indulge themselves at their leisure time with a traditional body-warming healthy beverage, Bandrek Hanjuang is a delicious bandrek which offers many choices of variant taste, uniqueness, and the finest natural ingredients to satisfy their desire, because Bandrek Hanjuang uses carefully-selected ingredients blended in a right composition and processed in a hygienic way."

Product and price from Bandrek Hanjuang still the same with existing. In Place strategy, Bandrek Hanjuang focus in supermarket, minimarket, and traditional warung. In promotions Bandrek Hanjuang uses guerilla marketing promotion strategy.
IV. IMPLEMENTATION PLAN

The selected marketing communications are in-store advertisement, posters & brochures, free samples distribution & sales promotion booths, family events, websites, social media and blog competition. The implementation of solutions for Bandrek Hanjuang will be explained by breaking down the human resource management plan, timeline scheduling, and required budget.

Table 2 – Human Resource Management Plan Proposed

<table>
<thead>
<tr>
<th>Activity</th>
<th>Quantity (person)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Store Advertisement</td>
<td>2</td>
</tr>
<tr>
<td>Posters &amp; Brochures</td>
<td>2</td>
</tr>
<tr>
<td>Free Samples Distribution, Booth Sales Promotion, Family</td>
<td>3</td>
</tr>
<tr>
<td>Website, Blog Competition and Social Media</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>9</strong></td>
</tr>
</tbody>
</table>

Table 3 – Timeline Activities for Bandrek Hanjuang Strategies

<table>
<thead>
<tr>
<th>Activity</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media, Websites</td>
<td></td>
<td></td>
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<tr>
<td>Free Samples</td>
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<td></td>
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<tr>
<td>Booth Promotion, In-Store Advertisement, Posters &amp; Brochures</td>
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<td></td>
<td></td>
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<tr>
<td>Family Events</td>
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<td></td>
<td></td>
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<tr>
<td>Blue Competition, Market Research, Evaluation</td>
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</tbody>
</table>

Table 4. Budgeting of Marketing Strategy Implementation

<table>
<thead>
<tr>
<th>Activity</th>
<th>Expense</th>
<th>Quantity</th>
<th>Price</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Store Advertisement</td>
<td>1 year</td>
<td>Rp 100,000</td>
<td>Rp 100,000</td>
<td></td>
</tr>
<tr>
<td>Posters &amp; Brochures</td>
<td>1 year</td>
<td>Rp 20,000</td>
<td>Rp 20,000</td>
<td></td>
</tr>
<tr>
<td>Free Samples Distribution, Booth Sales Promotion</td>
<td>1</td>
<td>Rp 5,000</td>
<td>Rp 5,000</td>
<td></td>
</tr>
<tr>
<td>Family Events</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blue Competition, Market Research, Evaluation</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

The total estimated cost is IDR 70.5 million. This budget is still in accordance with the request of the company; between IDR 50-75 million. Return on investment is about 0.5, it means the company get back 50% from the investment.

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In guerilla attack or guerilla marketing, communication message is important. A message strategy is an idea about how to creatively and persuasively communicate a brand message to a target audience. Generally, such strategies blend rational and emotional thinking and integrate them in a creative way. (Duncan, 2005). Bandrek Hanjuang can create a creative message in all marketing communications.
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