FAMILY BUSINESS MARKETING PRACTICE: A CASE STUDY IN THE TIMES OF COVID-19

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ABSTRACT

PT. PRIMA TUNGGAL MANDIRI is a company or family business that was founded in 2011 in Semarang. Engaged in the automotive industry, which is a tire distributor, wholesale and retail trade, then ventured into car and motorcycle repair shops. Tires are one of the commodity items which have triggered increasingly competitive business competition. In 2018 this company launches a new service, on the road service (OTR Service), which offers professional mechanical call services, affordable prices, and promotes convenience and comfort for consumers. But even though it has been running for almost two years since it was launched, the development of the number of customers has not been as expected and has not had a big impact on the company. This makes the company feel the need to evaluate its marketing strategy. The purpose of this study is to evaluate the marketing strategy of the OTR Service service, define problems and challenges, then formulate a marketing strategy to optimize OTR Service service opportunities. The results showed the marketing strategy undertaken by PTM was inefficient and ineffective due to the lack of resource capabilities and competencies, and the absence of a matrix or measurement in each of its marketing activities.

Key words: Family, Business, Marketing, Case, Study

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1. INTRODUCTION

The increasingly business competition requires company to have an effective strategy to be able to survive and continue to grow. The strategy can cover a number of things, but its main goal is to strengthen its competitive advantage and optimize the opportunities available to successfully win the competition. Therefore, every company, no exception the family company must have a mature strategy.

Family business is one of the pillars of the world economy. In Indonesia, family businesses dominate market capitalization with a percentage reaching 62%.
As a company in general, a family company must be able to manage its business productively so that it can be passed on to the next generation, but also it can further provide an impact and contribution to the community.

Families who are trying to grow their businesses in a certain size must be able to consider the right reasons when selling products or services to the market (Davis and Pellegrin, 2020). According to Davis and Pellegrin (2020) there are two main reasons, 1) all businesses have a life cycle, so businesses must be able to maintain themselves so that they can always be in a competitive stage, then 2) businesses need to consider their marketing strategies especially when facing changes in consumer patterns, but on the other hand, also considers its internal capabilities (which are mainly supported by the capabilities of its business successors).

This was conveyed by Davis and Pellegrin (2020) above, found by researchers at PT. Prima Tunggal Mandiri, hereinafter referred to as PTM, which finds it difficult to determine the right marketing strategy for one of its business services, which will be further explained in this study. The aims of this paper are to explain: method implemented by PTM to market its products primarily in the OTR Service?, 2) problems and challenges faced by PTM in the marketing strategy of OTR Service services?, 3) ways to optimize OTR Service services through the concept of marketing strategies that have been developed by experts?.

Contributions from this paper would be providing additional insight into business marketing strategies in family businesses. This case study is expected to be reference regarding family business marketing strategies to face automotive business competition; therefore, this research can be considered as a source of knowledge and open for further research.

2. LITERATURE REVIEW
Ritson (2011) explains that strategy is a kind of plan of action in the future, carried out by senior management at a high level of abstraction. The strategy is defined by Rangkuti (2014) as comprehensive planning by the company in achieving the stated vision and mission. Pearce and Robinson (2008) state that strategy is corporate planning that takes into consideration the conditions of future competition in order to achieve company goals.

On the other hand, marketing can be described as the process of defining, anticipating, creating, and meeting the needs and desires of consumers for products and services (Wheelen & Hunger, 2011). Companies can use two or more marketing programs simultaneously because each type of programs such as advertising, promotion, sales, personal selling, customer service, or product development has different effects on demand (Kotler & Armstrong, 2012). It is important to realize that marketing involves more parties than is defined by market members, many people must be involved in the communication process both within the organization and beyond this aims to make marketing run successfully (Kotler, Keller, Ancarani and Costabile, 2014).

Information in marketing becomes important in determining new product strategy decisions. The information used comes from various sources, both internal and external. Appropriate survey data have shown that information quality, organizational formalization, task complexity, market conditions, decision-making style, and involvement of organizational / group members are all positively related to the use of information which leads to productivity and marketing quality. While on the other hand Internal company information (such as sales volume, profitability, and promotional budgets), as well as other required external information (such as market share and market growth rates), are the main sources of current information development.

Social media offers new possibilities for getting consumers' attention in ways that are very different from search ads and display ads, the two dominant forms of online advertising.
Barefoot & Szabo (2009) emphasize that marketing techniques using social media can be easily explained as using social media platforms to promote the company and the products offered. Dehghani (2013) revealed that social media provides new opportunities, opens the way to enhance the company's brand image, and must be placed as a top priority. New and old brands will also use social media to increase their competitiveness in the market and to gain momentum with their customers to achieve customer satisfaction. Through the use of social media will make it easier to achieve interactive systems that are user-friendly, also understand the special and unique needs of consumers.

Mayfield (2008) identified five specific characteristics that emphasize the operation of the whole social media, namely participation, openness, conversation, community, and connectedness. With all the conveniences offered, social media has been categorized into one of the marketing methods. Besides of social media, it also needed to look at competitive conditions, the purpose of which is to examine the business or industry domain in which an organization operates and identify business pressures that may arise and be dependent on the organization.

Analysis derived from the use of the five forces framework from Porter is usually applied to the series of products or services run by the company. Porter (2010) divides sources of potential pressure in an industry into five categories. Here are some factors to consider in the five strengths of analysis: industrial competition, new competitors, substitute products, buyer, and supplier. The answers to these questions help identify factors in the industry or business domain that have the potential to have an impact on the organization, whether positive or negative. Through these questions, the company can identify several things such as business pressure or business threats from competitors or new competitors, where the company's relationship with buyers and suppliers can create new opportunities.

3. METHODOLOGY

The research method used in the Group Field Project is a qualitative method. The qualitative method according to Malhotra (2010) is an unstructured exploratory research methodology based on a small sample that provides insight and understanding of the problem.

The activities of observation, data collection, and analysis were carried out in the PTM office located at Jalan MT. Haryono No.654, Jagalan, Kec. Central Semarang, Semarang City, Central Java 50124. Supporting data obtained through interviews with two speakers, namely Hendi and Irma. Hendi was made a guest speaker because he was positioned as the manager of retail operations, while Irma was the successor of the family business which played an important role because without a structural position one could make important decisions related to the company. In addition to interviews, researchers also communicate with parties in the company and observations at PTM, and assess the internal and external environment at PTM, the goal is that the proposed solution can be relevant to client needs.

Types and sources of data used in this study are primary data which are empirical data obtained directly by researchers in accordance with the objectives of the study (Malhotra, 2010). In this study, the research team conducted interviews directly with PTM representations: a) Irma as the successor of the business, b) Hendy as operational manager.

4. DISCUSSION

PTM is a company engaged in the retail of goods which was originally for cars, then penetrated into the business of spare parts services specifically for tires of all types of vehicles (including two-wheeled vehicles and large vehicles). Initially, the company was founded by Ibnu Haryaji in Semarang on April 1, 2011, Ibnu Haryaji was the first generation or founder. Starting from distribution companies, namely tires, oil, batteries, and other supporting
automotive needs, then from distribution, PTM expanded its business to retail workshops, whose focus was to serve private four-wheeled vehicles, four-wheeled vehicles for transportation and two-wheeled vehicles. For offline workshops, PTM offers car tire products, as well as car oil changes, spooling - balancing services, nitrogen contents, and tire patches.

Based on information, since it was founded in 2011, PTM has not had a written vision and mission. However, one PTM manager stated that there was a vision that was used in running PTM business for distribution products namely,

"Becoming the Largest Java and National Distribution Company"

Then, for retail workshops, the vision is

"Become the most recognized tire shop in all of Semarang"

For the mission, PTM does not yet have the details, so it is related to the values and culture that exist in the company and also has not been well documented. This mission, value, and culture does not mean that it does not exist at all but has been recognized in daily business processes, because the background of this company is a company founded by the family of Ibn Haryaji, which of course business perspective is derived from this family's perspective.

PTM organizational structure is still simple and meets the functional organizational structure type. This structure in concept is to divide the organization based on function (marketing, production, human resources, finance, and so on). In practice, at PTM, their divisions are finance, sales counters, mechanics, drivers, warehouses. So that the organizational structure is as follows Figure below.

In PTM, the five functions above are considered as divisions. The five divisions are directly responsible to the directors, namely the second generation PTM, namely Mr. Irwan. In Figure 4.1. below, illustrated supervisors in each division are responsible for staff. The composition of each division is led by a supervisor with staff ranges from one to eight employees. Each supervisor has the duty to ensure that each staff carries out their respective duties and obligations, providing information to the directors if there is equipment or competencies needed for each division.

[Figure 1 Organization’s Structure]

OTR Service is a car repair service that can be ordered by customers to certain places according to the agreement with the customer. OTR service is aimed at customers who live in Semarang and want oil change but there is no time to go to the garage. Ordering for OTR Service can be done through the company's prepared WhatsApp contact, this contact number is different from the one used for offline workshop services. Service hours are Monday to Saturday from 9:00 - 19:00 (local time), with the last booking hour at 16.00 (local time). The following are the services of the OTR Service are Nitrogen content, tire replacement, oil change, balancing.
This company business activities in Semarang from 2011 until before COVID-19 were in a condition of good and stable economic growth, therefore there were no issues related to this. During a period of healthy economic growth, people tend to value time and comfort more, so the need for OTR Service services will increase along with economic growth.

Semarang has a significant productive age distribution (Kusnandar, 2019). According to informants, people in the Semarang area between the ages of 20 and 40 have tended to have buying power for OTR kites. What's more, according to the interviewees, judging from their lifestyle, this age group tends to be easier to adapt to new things. The population group also has a fairly busy profession, so it tends to not have time for trips to the workshop and waiting in the workshop. On the other hand, the lifestyle and awareness of driving safety in the community, especially in Semarang are relatively very good, so that car driving has become a lifestyle in carrying out daily activities, so the business potential of car engine maintenance is very good in the city. This is considered an opportunity for PTM.

PTM business has no cultural obstacles to OTR business, only what happens is the product introduction process that needs special handling to be recognized by most customers. Habits of people who focus on price and lack of appreciation of service / comfort / time savings become obstacles in offering OTR Service services. Communities in Semarang still have a tendency to make prices a determinant in making decisions to transact, especially for commodity products. In addition, the majority of people are still accustomed to going to the garage to change a tire or car oil. Although in other aspects of life people have begun to adapt delivery services or services at home, such as online shopping services, or other online services.

In general, the technology used for service at the workshop location is a technology commonly owned by the workshop that provides spooring, oil balancing and replacement services and other general repair services. The technological innovation needed is not too significant for OTR business, because the services provided are actually the same as motor vehicle maintenance services in general, the difference is that products can approach consumers through OTR mobile services. PTM continues to invest in modern workshop equipment. Complete modern equipment provides a professional OTR Service image. In its operations PTM has equipment to change tires, change oil, tire balancing, and refill N2 winds and modern standard workshops and operational cars for service mobility needs.

Awareness of communication technology also makes it easier for companies to serve customers. WhatsApp service is very helpful in communication with prospective customers (broadcast service information and promo’s). The service is used by PTM to connect with customers when ordering or serving questions, as well as communication with suppliers when

![Figure 2 Consumers](http://www.iaeme.com/IJM/index.asp)
the products needed by customers are not ready stock. PTM continues to strive to improve the capabilities of its human resources to be more aware of technology, especially the use of efficient and effective social media.

For PTM the relevant environmental component is the plague. In early 2020 the Covid-19 pandemic issue emerged, and this also had an impact on the PTM business. At a glance, since the central government decided on a policy of social restrictions and in Semarang itself the Community Activity Restrictions was implemented since 27 April 2020, this impact was also felt by PTM.

The economic stability is valid until early 2020. After the COVID-19 pandemic wave, the Indonesian economy has gradually declined. The Central Statistics Agency (BPS) released the pace of economic growth in Indonesia in the first quarter of 2020 only by 2.97 percent (Adrian, 2020). The economic downturn due to COVID-19 had an impact on PTM sales decline.

During pandemic, the value of the rupiah against the US dollar is getting weaker. Especially with the COVID-19 pandemic, the exchange rate of the rupiah against the US dollar reached Rp 16,500. This causes tire products to increase in price because some raw materials are imported by suppliers. One of the tire products that has increased is the 175/70 R12 GTR series with an initial price of 540,000 which has increased to 551,000.

This has a direct impact on the PTM distribution and retail business in April 2020, because the selling value of the products offered at PTM needs to be adjusted to the price given by the supplier. PTM is trying to ensure that its profit margins do not decrease dramatically when real business is generally constrained since the emergence of the Covid-19 pandemic.

In 2020, the company actually has a plan to open Tirezone for buses and trucks, but because of the COVID-19 outbreak, the plan was decided to be postponed. Delays in the business opening, and sluggish sales of products and services, which affect the company's smooth cash flow, have an impact on PTM's ability to pay for bank loan working capital. According to informant sources, PTM faced interest charges which were borne permanently by the company even though business conditions were not as busy as before the emergence of local government policies regarding the Covid-19 outbreak.

From interviews with informants, and after knowing the market segmentation, it can be classified that the OTR service market target is the upper-middle class that has private vehicles, especially cars and motorcycles in Semarang City and Semarang Regency. PTM company in carrying out the promotion of advertising services OTR Service using radio media. According to the interviewees, the selection of radio media was used because most radio connoisseurs listened to information through car vehicles. However, advertising through these media is not measurable and does not bring customers as expected. This is as revealed by Irma as the successor to the business as follows:

“*The company has an advertising program via radio. The company does not have the right measurements on radio advertising, so the impact of advertising is not measurable. Based on sales trends, there was no significant increase after advertising on the media*”.

Based on these interviews it can be concluded that PTM in running the promotion of OTR Service advertisements using conventional radio media. This is in accordance with the definition of advertising, where advertising is a means of communication from sellers to influence consumers in disseminating information about their products.

Personal sales activities carried out by PTM related to OTR Service services, by direct communication to customers where the PTM team seeks to help and / or persuade potential buyers to buy OTR products or services. PTM's personal selling activities are carried out in
the workshop environment and during exhibitions. Personal selling at the exhibition was not a priority of PTM in its promotion strategy. While personal selling in the workshop environment is still one of the main focuses of the marketing strategy undertaken by PTM. This was done considering the impact on sales that are more significant than other strategies. Personal selling in the workshop environment using brochures, banners, and catalogs. Based on the data found, it can be understood that PTM conducts personal sales at workshop and exhibition events.

Based on interview, the authors found a program of sales promotion activities carried out by PTM in promoting OTR Service services. The program is carried out by using discount vouchers given to customers during exhibitions, as well as through social media. The sales promotion strategy through the voucher only gets a small customer return.

This is as stated by Irma as follows:

"The company has a sales promotion program to spur sales in the form of a 50% voucher for OTR services and 100% free services. However, only a few of these vouchers make use of it".

Based on the data found, it can be understood that PTM conducts sales promotions by providing sales promotions in the form of service vouchers. Within the scope of publicity & public relations, PTM does not yet have public relations or marketing who are directly responsible.

This was reinforced by Irma's statement as follows:

"The company has a website for publicity to introduce company services and products. The company has also been interviewed on Semarang local radio. This publicity only brought to cater to prospective customers who did yet making the transaction. The company is also active in participating in several sponsorship events such as events in city halls which were attended by more than 2,000 people However, participation in sponsorship events on average results in fewer than 5 customers."

Based on the findings of these researchers, PTM carries out community relations activities by providing information to the public, such as publicity and sponsorship activities. This is consistent with PR theory which is a comprehensive communication effort of an organization to influence the perception of the general public so as to build awareness, credibility, and image of the product to be able to attract attention. This can be seen from the efforts of PTM by providing information to the public through company profiles, giving speeches on public holidays through social media and participation in sponsorship events to increase brand awareness.

To promote its business, PTM regularly updates social media. However, interaction activities on PTM social media accounts are still limited. Through social media, PTM also uses a mention reward strategy where customers who post and mention when using the OTR Service get a bonus voucher. On the other hand, new customers can place orders through WA contacts through social media profiles and company websites. To date, there are 300 customer bases generated from social media. Most of the customer base is obtained from social media activities on Instagram such as regular posts and advertisements. This is reinforced by Hendy's statement:

"The company is trying to keep up with current trends through internet marketing. The company has a website and social media as a means of internet marketing. We are sure that in the future Instagram will become a potential media for OTR Service marketing services."

Based on the findings of these researchers, PTM conducts internet marketing activities through corporate websites and social media to be able to interact with new customers and old customers. This is in accordance with the definition of internet marketing which is a form of
marketing communication through interactive media that allows two-way flow of information where users can participate and modify the content of information they receive in real-time.

5. CONCLUSIONS AND RECOMMENDATIONS

Based on the strategy that has been carried out by PTM in marketing OTR Service services, the company has the following problems and challenges:

- A pandemic condition that impedes the pace of business.
- PTM does not have a marketing department or division so the marketing process is inefficient and ineffective. This certainly has an impact on HR who do not have core competency capabilities in the field of marketing.
- PTM does not have a marketing plan and a special budget for marketing.
- PTM does not have a marketing strategy matrix, so the marketing program that is run is difficult to measure the results.
- The strategy applied in integrated marketing communication is not optimal.

For recommendations, there are strategies that might be useful for PTM:

- PTM needs to build an internal marketing division or a team that has the capability to focus on marketing.
- PTM needs to make marketing plans and their budgeting both with their internal capabilities and in collaboration with consultants.
- PTM needs to build a matrix of each marketing strategy so that the most efficient and effective strategy is obtained.
- Companies need to optimize marketing communication strategies. There are many options that companies can do to optimize their strategies. Companies need to try each strategy and compare the results matrix then choose the most efficient strategies for generating transactions. Also important is which strategy is most efficient at gathering customer databases.

REFERENCES


