

Marketing Strategies and Their Impact on Marketing Performance of Indonesian Ship Classification Society

Budi Rustandi Kartawinata, Aditya Wardhana

Department of Business Administration, Faculty of Communication and Business, Telkom University, Bandung, Indonesia

Abstract: *This study investigating marketing strategies that includes implementation of market strategies and marketing mix strategies that affect the marketing performance of Indonesian Ship Classification Society. In this research, which includes the implementation of market strategies which includes segmentation strategy, targeting strategy, and positioning strategy (STP) and marketing mix strategies which include product strategy, price strategy, distribution strategy, promotion strategy, process strategy, physical evidence strategy, and people strategy (7Ps), meanwhile the performance of the marketing of covering the sales volume, profit, and market share. The type of research is descriptive method and used a method of causality by using path analysis. This study using a survey method and proportionate clusters sampling method. Data is collected from the population of Indonesian Ship Classification Society's customers as 13,272 customers using with the sample collection formulas obtained a total of 200 customers in Indonesia as respondents. Marketing strategies (consist of market strategies and marketing mix strategies) and marketing performance of Indonesian Ship Classification Society in general shows good condition. The dominant factor in the market strategies is targeting. The dominant factor in marketing mix strategies is distribution. The dominant factor in the marketing performance is sales volume. Market strategies significantly influence on the performance marketing as 21.3 %. Marketing mix strategies significant influence on the performance marketing as 22.8 %. Market strategies significant influence on the marketing mix strategies as 49.4 %. Marketing strategies which includes the market strategies and marketing mix strategies simultaneously have significant influence on the performance marketing as 34.4 %.*

Keywords: marketing strategy, market strategy, marketing mix strategy, marketing performance

1. Introduction

Referring to a decree of the minister of sea transportation No. Th. 1/17/2 dated 26 September 1964 provisions concerning the implementation of an obligation ships Indonesian flag to have a classification certificate of a vessel which is issued by the only national classification society assigned by the central government of Indonesia namely the Indonesian Classification Bureau (BKI). BKI established on 1 July 1964 who then been confirmed in a government regulation No. 28/1964 on the establishment of the Indonesia Classification Bureau. BKI activities related classification company and statutory ship covering: (1) examination of construction, supervision and testing, and and issuing classes certificates of registration of a ship, (2) inspection and examination buoyant tools and facilities construction off the coast, (3) acting as an agent and/ or represent foreign classifications/ a foreign consultant, (4) carried out inspection and certification in the field of statutoria based on authorization from any government from the government of the Republic of Indonesia and other countries, (5) drawing or plan approval (SOPEP/ SMPEP), damage control plan, sewage treatment plant, garbage management plan, cargo securing manual, fire control & safety plan, P&A manual (chemical tanker), operation manual, stability calculation/ booklet; (6) compliance survey & certification (Marpol Annex I-VI), anti fouling system (AFS), performance standard for protective coating (PSPC), cargo ship safety equipment certification, cargo ship safety construction certification, ISM certificate (DOC & SMC), ISPS certificate (ISSC), loadline certificate (ILLC & KM.3), cargo gear certification, CAS certification; (7) testing and certification of material and components, (8) testing and

issuance of certificates of qualifications of welder, welding inspektor, and more welding specialist, (9) industrial certification.

Partners and competitors who strong are members of iacs yaitu 13 classification board foreign shipping as Bureau Veritas (BV), American Bureau of Shipping (ABS), Det Norske Veritas (DNV), Germanischer Lloyd (GL), Llyod's Register (LR), Nippon Kaiji Kyokai (ClassNK), China Classification Society (CCS), Croatian Register of Shipping (CRS), Indian Register of Shipping (IRS), Korean Register of Shipping (KR), Polish Register of Shipping (PRS), Registro Italiano Navale (RINA), Russian Maritime Register of Shipping (RS).

Marketing strategy for 2009-2013 are: (1) implement the marketing offensif and promotive and using the information technology system. To give information about the services and services via websites www.klasifikasiindonesia.com, (2) the expansion of business network and service network. Strategy the addition of a network of new service office who handles classification and statutory activities has not been carried out because still needs to be optimization of the branch of the one who is and the market potential of that develops. However until with the office of the main branch have been separated the organizational structure of the field of special marine and industrial. While the strategy of expansion of business network has been done to establish cooperation with potential partners to develop the market, (3) Providing quality and every professional services businesses with competitive rates. This strategy has been applied in order to obtain employment and the continuity set competitive adapted to market forces

Cooperation with the classification has experienced a fall in foreign among others caused by the following: (1) Reduced output for cooperation with the foreign classifications for foreign classification agencies have opened the agency business in Indonesia, (2) New regulations from (International Association of Classification Societies (IACS) that does not allow Non Exclusive Surveyor (NES) implemented periodic survey and statutory.

Based on the description above, necessary marketing strategies of the study conducted by BKI in order to increase its sales performance to be able to be the host in its own country which in turn would increase the power of competitiveness in the domestic market and past global. Hence, researchers make the title of this study is Marketing Strategies and Their Impact on Marketing Performance of Indonesian Ship Classification Society. The formulation of problems in this research are: how the market strategy conducted by the Indonesian ship classification, how the marketing mix strategy conducted by the Indonesian ship classification, how the marketing performance of the Indonesian ship classification, how much the influence of market strategy and marketing mix strategy partially on the marketing performance of the Indonesian ship classification, how much the influence of market strategy and marketing mix strategy simultaneously on the marketing performance of Indonesian ship classification society.

2. Review of Literature

Marketing Strategy: In organizations that manage multiple companies or business units (a diversified company) there are at least three levels of strategy, i.e. corporate level strategy (corporate level strategy), business unit strategy (business level strategy) and strategy of functional (functional level strategy). Marketing strategy (including marketing strategy) on the level of strategy and functional strategy, such as the financial operation, the human resource, and other (Kotler & Armstrong, 2012). McCharthy (2011) a marketing strategy specifies a target market and a related marketing mix. It's a big picture of what a firm will do in some market. Two interrelated parts are needed: (1) a target market that is a fairly homogenous (similar) group of customers to whom a company wishes to appeal; (2) a marketing mix that is the controllable variables the company puts together to satisfy this target group. Cravens (2009) strategy consist of the analysis, strategy development, and implementation of activities in: developing vision about the markets of interest to organization, selecting market target strategies, setting objectives, and developing, implementing, and managing the marketing program positioning strategies design to meet the value requirements of the customers in each market target. Kotler & Armstrong (2012) marketing strategy is the marketing logic by which the company hopes to create customer value and achieve profitability customer relationship. Mooradian (2012) marketing strategy specifies the who, what, when, where, why, and how the business: (1) Who the firm will serve – the customers and segments the business will serve; (2) When the firm will serve the customers and those needs – that is, what “occasion” the firm will target; (3) Where the firm will do business – the geographic markets the firm will serve; (4) What needs the

firm will meet; (5) How the firm will serve those customers and needs – the means (resources and distinctive competencies) the firm will bring to bear to serve those customers and their needs better than competition; and (6) Why the firm will do these things – the compelling business model that specifies how long term revenues will exceed costs by reasonable rate of return on the capital employed. Mooradian (2012) strategy formulation and implementation is: (1) segmenting, targeting, positioning (STP); (2) marketing mix; and (3) customer relationship management (CRM).

Market Strategy: The company is not able to relate to all its customers in the market are large, spacious, or diverse. They divide into groups of consumers or market segments with different needs and desires. Then the company should identify which market segment can be served effectively. Kotler & Keller (2012) dan Levy & Grewal (2008) stated that an effective marketing requires marketers to: identify and determine the profile of various groups of the buyers who have needs and preferences different (segmentation/ market segmentation), choose one or more segments market should go in the determination of market (targeting or market targeting), and for each segment of the target market determine and communicate many benefits market offering company (positioning/ market positioning). Cravens (2009) stated that the process of market segmentation (segmenting dealing with a number of activities and decisions as follows: the determination of the market that will be defining segmented the market to be), identify market segments, the formation of market segments (forming market segments), segmentation (find strategy approach of various strategies segmentation), selecting election strategy and the segmentation (segmentation strategy). Cravens (2009) dan Kotler & Keller (2012) stated that the determination of target market (market targeting) is an activity that is carried out after we can perform segmentation of all different market potential, then the company must decide what kind of and how many segments that will be targeted. Target market (target market) consists of a number of buyers who share my needs and characteristics that will be served by the company. The process of selection of the segment we are going to offer our products and services are known by the term targeting. The company can choose a covering market as follows: full market coverage, multiple segment specialization, single segment concentration, and ethical choice of market targets). Cravens (2012) the positioning strategy is the combination of marketing program (mix) strategies used to portray the positioning desired by management to the targeted buyers. The decision of the election of the target market is a central point of the strategy of marketing itself and became the basis in determining the purpose and development strategy positioning. Because of it, positioning strategy is the main factor in increasing the power company market position in a particular market than their competitors. So positioning is a business to infuse an impression (image) specifically in mind of consumers to products even against the company target. Kotler & Armstrong (2012) positioning is the act of designing the company's offer so that it occupies a distinct and value placed in the target customer mind. In order that target consumers understand and appreciate what behavior by the association

in relation to its rival. After making stages of the process target (targeting) and identify target market, then companies need to positioning products or its service (positioning) through to customers.

Marketing Mix Strategy: The duty of a marketers is to create marketing activity and gather all marketing program which integrated to create communicating, convey value to customers. Kotler & Armstrong (2012) marketing mix is 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. Marketing tools or the marketing mix or often referred to as the four P's (The Four Ps of the Marketing Mix). The marketing mix is the basis of the benefits that are delivered to customers and marketers. The Four Ps of marketing illustrate that this is a process of value creation. Zeithaml & Bitner (2009) stated that in the services marketing needs to be added the elements that constitute a development of the concept of the marketing mix for the service. The added elements in the development of services marketing mix: people, process, dan physical evidence. Lovelock & Wirtz (2011) stated that the marketing mix of services developed by adding three elements, namely: process, physical environment, and the people, so that the service marketing mix into The Seven Ps i.e. product, price, place, promotion, people, process, and physical evidence.

Kotler & Keller (2012) product is anything that can be offered to a market to satisfy a want or a need, including physical goods, services, experiences, events, persons, places, properties, organizations, information, and ideas. Product of the sense that something can be seen not only physically, but what can be offered to meet and satisfy the needs and the desire of the market Kotler & Armstrong (2012) service is an activity, benefit, or satisfaction offered for sale that is essentially intangible and does not result in the ownership of anything.

Kotler & Armstrong (2012) price is the amount of money charged for a product or service; the sum of values that customers exchange for the benefits of having or using the product or service. The price of the sense not only the money redeemable for a product or service, but more broadly again is the sum of all value given to all consumers benefit he received or used of a product or service. Kotler & Armstrong (2012) stated that the prices should be based on perceptions of consumers against value received, not on the cost of the seller and producers.

Kotler & Armstrong (2012) marketing channels are sets of interdependent organizations that help make a product or service available for use or consumption by the consumer or business user. The distribution channels are important element in the delivery of products or services. The ease of access, comfort in making transactions in the speed is serving in service delivery and timing are important element that can add value to consumers.

Kotler & Armstrong (2012) promotion mix or marketing communication mix is the specific blend of promotion tools that the company uses to persuasively communicate customer value and build customer relationship. The promotion that also determine the success of marketing

program. Elements of the promotion of having three a key role i.e. provide information and advice needed, persuade the target customers, and remind them to buy on the right time. Promotion or hotchpotch of marketing communications consisting of five models of communication is key: advertising, sales promotion, personal selling, public relation, and direct marketing. Kotler & Keller (2012) stated eight main models of communication that are: advertising, sales promotion, events & experiences, public relation & publicity, direct marketing, interactive marketing, word of mouth marketing, and personal selling.

Marketing Performance: Ferdinand (2000) stated that the performance of the marketing of a factor which is often used to measure the impact of the company marketing strategies applied. Marketing strategies always directed to produce the performance marketing (as sales volume and the level of sales growth). Slater dan Narver (1995) described the outcomes of the application of marketing strategies as kepusan consumers, the success of new products, sales increase, and profitability. Fandy *et al* (2008) profitability analysis is the assessment was to review the effects of various strategy and marketing program against covetousness and can hope to the contribution of the product or the centre of certain products. While productivity a consequence analysis is an assessment of sale or the market resulting from the application of certain marketing strategies. In the analysis covering traditional methods by productivity: analysis the historical relations, competitive analysis of parity, market and experimentation, in this case the company testing different level or a combination of marketing effort alternate to determine its impact on the sale. Rust, *et al*. (2004) in Fandy, Gregorius, Dadi (2008), O'Sullivan (2009), Walker (2004) outlined elements in the chain of marketing productivity model as follows: (1) marketing strategy and tactic such as loyalty program, cross selling dan up-selling; (2) customer impact, such as customer awareness, customer association, customer attitudes, customer attachment dan customer experience; (3) marketing assets such as brand equity dan customer equity; (4) Market impact such as elasticity literally more small, the level of retention, larger loyalty and longevity of customers; (5) financial impact such as Return on Investment (ROI), Internal Rate of Return (IRR), etc. Craven (2009) stated that the performance marketing is the contribution of the implementation of marketing strategies and the creation of value on corporate profits measured by sales, operating profit, and market share.

The Relation between Market Strategy, Marketing Mix Strategy, and Marketing Performance: Cravens (2009) stated that implementation strategies (segmenting the market, targeting, positioning) relating to marketing mix strategies (4Ps or 7Ps). Mooradian (2012:40) stated that there are three things which are interconnected namely: (1) *segmenting, targeting, positioning* (STP); (2) *marketing mix*; and (3) *customer relationship management* (CRM). Research conducted by Zahay, *et al* (2010), O'Cass (2003), Grey, *et al* (2002), Frosen, *et al* (2010), Van der Brink (2006) stated the marketing strategy will impact on improving performance of marketing, as other factors such as corporate culture, innovation, development of new products, the use of e-

commerce, the customer relationship management, brand loyalty, equity brand, and others.

3. Research Methods

This research using quantitative research methods, tries to to analyze factors which of market strategy and marketing mix strategy have the influence on marketing performance from the Indonesian Classification Society's customers in Indonesia. Based on the above explanation, hence writers suggested seven a hypotheses which will be expressed on paragraf-paragraf next. Research model used by a writer are as follow:



Figure 1: Research Model

Research from those mentioned above, obtained four different constructs was: market strategy, marketing mix strategy, and marketing performance.

Hypotheses: As researchers explained earlier, this study examines the effects of service quality, customer value, and customers satisfaction to behavioral intentions. The following hypotheses will be tested in this respect:

- H1: Market strategy partially will be positively related to marketing performance
- H2: Marketing mix strategy will be positively related to marketing performance
- H3: Market strategy will be positively related to marketing mix strategy
- H4: Market strategy and marketing mix strategy simultaneously positively related to marketing performance



Figure 2. Path Analysis Model

Sample Selection: The population in this research was Indonesian Classification Society's customers who have been using classification services until December 2014. A technique that is used in this research was cluster sampling, where it includes non-probability sampling technique which choose samples to cover a considered appropriate by researchers (Sekaran, 2006). A unit of the analysis used in this research is the customer Indonesian Classification Society which be poured into in the questionnaire with the total 40 questions, which is divided into three parts: market strategy as much as 12 questions, marketing mix strategy about 28 questions, and marketing performance about 3 questions. Information on analysis unit processed using software SPSS. The sample collection done in all the Indonesian Classification Society's customers that were 200 sample that consist of ship companies (tanker, roro, ferryboat, cruise, container, bulk carrier, barge, hopper, heavy lift, floating production, diving support vessel, fireboat, platform supply vessel, tugboat, cable layer, crane vessel, drillship, dredging, fishing vessel, research vessel, harbor tugs, cargo ship, war ship, sailing ship, submarine, landing crat), ship building companis, and ship material supporting companies around Indonesia. A period of data collection done in July to December 2014. According to Hair et al (1998), the number of respondents all it took was $N \times 5$, where N are the number of questions that are found on a questionnaire. So in this research the number of respondents all it took was $40 \times 5 = 200$ respondents. A scale used in this research is likert scale with five value numerical score ranging from 1 through 5, outlined as follows: strongly disagree, do not agree, quite agree, agree, and certainly would agree.

Result: All data analysis was conducted by SPSS. About 3 major methodes of multivariate analysis were used to analysis the data. Firstly, the correlations employed Pearson's correlation coefficient followed by path analysis. The constructs were, also tested for validity and reliablity and were found to be relatively sound. Then, the proposed model was tested using SPSS.

Table 2: Path Output

Path	Standardized Coefficient β	Std. Error of the Estimate	t-value	p	R Square
Market strategy → marketing performance	.240	.310	2.844	.000	.213
Marketing mix strategy → marketing performance	.508	.084	4.420	.000	.228
Market strategy → marketing mix strategy	.465	.217	1.673	.000	.494
Market strategy and marketing mix strategy → marketing performance	.284	.115	2.239	.000	.344

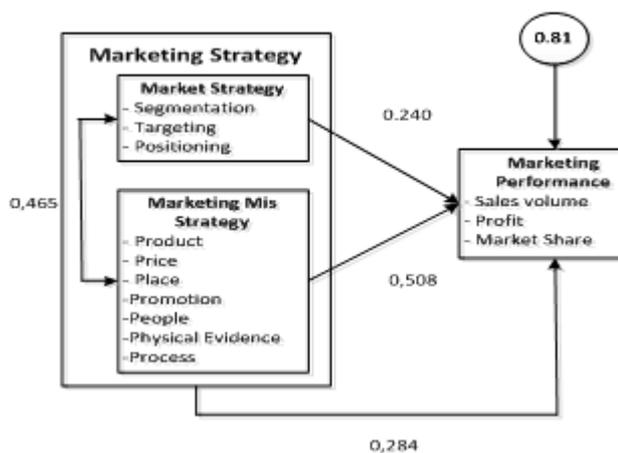


Figure 3: The Path Output

From research that has been done obtained that:

1. Market strategy will be positively related (0.470) to marketing performance
2. Marketing mix strategy will be positively related (0.361) to marketing performance
3. Market strategy will be positively related (0.444) to marketing mix strategy
4. Market strategy and marketing mix strategy simultaneously positively related (0.294) to marketing performance

The research which was done in be the result of the third side variables that are market strategy and marketing mix strategy, which directly give the impact on marketing performance to use the Indonesian Classification Society at 34.4%. Variable market strategy gives the impact on marketing performance at 21.3%. Variable marketing mix strategy gives the impact on marketing performance at 22.8%. Variable market strategy gives the impact on marketing mix strategy at 49.4%. Therefore, it is very important for the parties to pay attention to the development of the two variables to marketing performance of Indonesian Classification Society. The value of the increase in the market strategy and marketing mix strategy, which will have to improve marketing performance.

4. Conclusion

The marketing strategies consist of market strategy and marketing strategy which directly affect the marketing performance partially and simultaneously at Indonesian Classification Society's customers. The market strategy gives the impact on marketing mix strategy.

References

- [1] Cravens, W. David and Piercy, F. Nigel. 2009. *Strategic Marketing*, 9th Edition. Singapore: McGraw Hill/ Irwin.
- [2] Fandy Tjiptono, Gregorius Chandra, dan Dadi Adriana. 2008. *Pemasaran Strategik: Mengupas Topik Utama Pemasaran Strategik, Branding Strategy, Customer Satisfaction, Strategi Kompetitif hingga e-Marketing*, 1st Edition. Yogyakarta: Andi.
- [3] Ferdinand, A.T. 2000. *Manajemen Pemasaran: Sebuah Pendekatan Strategik*. Research Paper Series, No. 1.
- [4] Frosen, Johanna, Tikkanen, Henriki, Jaakkola, Matti, and Vassinen, Antti. 2013. Marketing Performance Assessment Systems and The Business Context. *European Journal of Marketing*, Vol.47, Issue.5/6, p. 715-737
- [5] Grey, L. Brendan, Matear, Sheelagh, Matheson, K. Philip. 2002. Improving service firm performance. *Journal of Services Marketing*, Vol. 16 Iss 3 pp. 186 - 200
- [6] Kotler, Philip. and Armstrong, Gary. 2012. *Principles of Marketing*, 14th Edition. New York: Pearson Educated, Limited.
- [7] Kotler, Philip. and Keller, L. Kevin. 2012. *Marketing Management*, 14th Edition. New York: Pearson Educated Limited.
- [8] Levy, Michael. and Grewal, Dhruv. 2008. *Marketing*, 1st Edition. New York: McGraw Hill/ Irwin.
- [9] Lovelock, Christopher. and Wirtz, Jochen. 2011. *Services Marketing: People, Technology, Strategy*, 7th Edition. New Jersey: Pearson Education, Inc.
- [10] McCharty, E. Jerome. Perreault, D. William. and Cannon, P. Joseph. 2011. *Basic Marketing: A Global-Managerial Approach*, 18th Edition. New York: McGraw Hill/ Irwin.
- [11] Mooradian, A. Todd. Matzler, Kurt. Ring, J. Lawrence. 2012. *Strategic Marketing*, 1st Edition. New Jersey: Pearson Education, Inc.
- [12] O' Cass, Aron, and Craig, Julian. 2003. Examining Firm and Environmental Influences on Export Marketing Mix Strategy and Export Performance of Australian Exporters. *European Journal of Marketing*, Vol.37, Issue.3/4, p. 366-384
- [13] O'Sullivan, Don, Abela, V. Andrew, Hutchinson, Mark. 2009. Marketing Performance Measurement and Firm Performance. *European Journal of Marketing*, Vol.43, Issue.5/6, p. 843-862
- [14] Sekaran, Uma. 2006. *Research Methods for Business* (Edisi 4). Jakarta: Salemba Empat.
- [15] Slater, F.S., and Narver, C. J. 1995. Market Orientation and The Learning Organization. *Journal of Marketing*, Vol. 59.

- [16] Van den Brink, Douwe., Schroder, Odekerken Gaby., and Pauwels, Pieter. 2006. The Effect of Strategic and Tactical Cause-Related Marketing on Consumers' Brand Loyalty. *Journal of Consumer Marketing*, Vol.23, Issue.1, p. 15-25
- [17] Walker, Rheet., Slater, Road., Callaghan, Bill.. & Johnson, Lester.2004. Measuring Marketing Performance Against The Backdrop of Intra-Organizational Change. *Marketing Intelligence and Planning*, Vol.22, No. 1. P. 59-65
- [18] Zahay,Debra., and Griffin, Abbie. 2010. Marketing Strategy Selection, Marketing Metrics, and Firm Performance. *Journal of Business & Industrial Marketing*, Vol. 25, Issue, 2, p. 84 - 93
- [19] Zeithaml, A. Valarie. Bitner, J. Mary.andGremler, D. Dwayne. 2009. *Services Marketing: Integrating Customer Focus Across the Firm*, 5th Edition. Singapore: McGraw Hill/ Irwin.