



## **Pertamina Energy Marketing Strategy and its Effect on Environment Performance**

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**Received:** 28 February 2019

**Accepted:** 14 April 2019

**DOI:** <https://doi.org/10.32479/irmm.8024>

### **ABSTRACT**

The purpose of this study is to explore whether the Pertamina energy marketing strategy has a positive effect on environment performance. In addition, we also verify whether Pertamina energy marketing strategy was seen from internal factor analysis summary and external factor analysis summary analysis, so we could find out the competitive position of the Pertamina energy. The methods of this study are mix methods. A strengths, weaknesses, opportunities, and threats analysis was the main method used for qualitative in this study and path analysis for quantitative methods. The empirical data were obtained from the Pertamina energy marketing strategy survey. Regarding the research results, in addition to Pertamina energy marketing strategy proved to have a positive and significant effect on environment performance, marketing strategy implications on Pertamina energy based on indicators that are the strengths and opportunities of Pertamina energy in the future, then an adequately applied marketing strategy is an intensive strategy with market penetration that is marketing to a wider market.

**Keywords:** Pertamina Energy, Marketing Strategy, Internal Factor Analysis Summary, External Factor Analysis Summary, Environment Performance

**JEL Classifications:** E6, Q430, Q470, Q480

### **1. INTRODUCTION**

The growth of the energy sector in the country is very fast driven by the increasing demand of the community for energy in accordance with the level of their needs. The purpose of energy development is so that everyone can occupy healthy energy can support the continuity and improvement in their social welfare both for shelter, place of business, offices and so on (Boothman and Craig, 2016). Based on data onto the Central Statistics Agency from 2014-2016, the total population growth of Bandung Energy Area reached an average of 63721 people. The population growth of Bandung Energy Area with an average annual percentage of 1.8% and the total population growth of Bandung City reached an average of 9153 people. Growth of the population of the city of Bandung with an average annual percentage of 0.37%. This population increase in Bandung Energy Area has led to an increase

in the need for energy, which has encouraged energy suppliers to provide alternative energy solutions that are more feasible and affordable. Suppliers are starting to look for fertile and adjacent areas to build energy (Jaafar et al., 2016). This increase is in line with social and economic developments, due to birth rates and the flow of migrants.

Various efforts were made by energy suppliers to attract consumers and increase sales of their energy products. Starting from the model, type, price and various promotions carried out. The high competition in product marketing has an impact on the volume of product sales. Therefore entrepreneurs must be able to apply the right marketing strategy so that the sales volume does not decrease and continues to grow and develop. The problems faced in building energy and environmentally sound energy are very complex. Not only concerns financing but also concerns marketing problems.

Moreover, for this sharia concept energy only exists then it will need the right marketing strategy to be able to attract consumers and increase the energy market share (Morgan and Rego, 2008).

The most effective marketing strategy used by a company is one of the marketing mix strategies. A company cannot win market competition if it only relies on sale. And sales will not be created well without being supported by a good marketing strategy. Pertamina Energy has been marketing marketing for energy to have implemented a marketing strategy, among others (Kanagal, 2009):

### 1.1. Product Strategy

All energy product located at Pertamina Energy are cluster models.

### 1.2. Price Strategy

Prices determined by Pertamina Energy for each type of energy product differ depending on the building area and the energy area. The selling price includes value added tax.

### 1.3. Place Strategy

Pertamina Energy is located in Bandung and adjacent to the Buah Batu toll gate, Supermarket, Telkom University, Al Islam Hospital.

### 1.4. Distribution Strategy

Distribution strategy is a energy service strategy to consumers based on the way payments are made. Pertamina Energy carries out a distribution strategy by opening a energy marketing office. With the presence of a marketing office, the company can provide services and complete information about the products found at the Pertamina Energy.

### 1.5. Promotion Strategy

Promotion is useful for communicating products of the public. It is expected that with the promotion of a product can be known by the community and lead to interest in buying it.

## 2. LITERATURE REVIEW

Marketing strategy is the marketing logic where companies hope to create customers value and achieve profitable relationships (Kanagal, 2009). (Strategy, 1963) “to explain that marketing strategy is the four step process of designing and managing a marketing strategy (analysis, planning, implementation, and management). First the situation analysis considers market and competitors analysis, market segmentation, and continues learning about market. Second, designing a marketing strategy entails customers targeting and positioning strategies, marketing relationship strategies, and planning for new product. Third, marketing program development consist of product/service, distribution, price and promotion strategies designed and implemented to meet the needs of targeted buyers. Fourth, strategy implementation and management look at organizational design and marketing contro”.

Graubner, 2006 explains that “marketing strategy consists of four steps in the process of designing and managing to market strategies (analysis, planning, implementation, and management).” First, situation analysis considers markets and competitor analysis,

market segmentation, and continues to learn about markets. Second, design marketing strategies that require target customers and placement of strategies, relationship marketing strategies, and planning for new products. Third, marketing development programs to consist of products/services, distribution, prices and promotional strategies designed and implemented to meet the needs of targeted buyers. Fourth, strategy implementation and management look at organizational design and marketing control.

Cavusgil and Zou, 2006 state that there are four concepts in formulating marketing strategies in relation to managing new products that already exist in new markets, namely:

1. Market penetration strategy, which is a strategy focused on selling service mixes and products to existing target markets. In an effort to increase revenue, management seeks to increase prices and build markets based on customers who are solid and loyal to the company.
2. The strategy of developing new products is an idea of developing new products of existing markets. Changing markets, changing needs and customers must remain a serious concern from the energy industry.
3. Market development strategies, namely strategies that focus on developing new markets for existing products and services. In conditions like this energy usually builds new units and expands new market shares.
4. Diversification strategy is a strategy to introduce new products and services to new market shares. This strategy offers long-term potential, but this strategy also has a very high level of risk.

Implementation of this concept is very important to use to be able to provide benefits and satisfaction to guests in accordance with the products they have, namely product formulation so that the marketing program carried out can run effectively and efficiently.

The design and implementation of the marketing strategy has a reciprocal relationship that is aligned with the direction, obstacles and allocation of resources owned by the company. The marketing strategy consists of analysis, strategy development and implementation activities in developing a vision of the market that is of interest to the organization, selection of target market strategies, goal sett and development, implementation, and managing to market programs positioning strategies designed to meet customers needs in each market target (Ovtchinnikov, 2010).

Environment performance is a construct commonly used to measure the impact on implementing corporate strategy. Environment performance should be measured using various measurement criteria at the same time (multiple measurement). If using measurements of a single criterion (single measurement) then it will not be able to provide a comprehensive understanding of how the environment performance of a company is actually (Cavusgil and Zou, 2006).

## 3. METHODOLOGY

In this study using mixed methods, namely qualitative methods and quantitative methods. Qualitative methods use SWOT analysis,

while quantitative methods to test hypotheses. This study uses primary data and some secondary data. The location of this research was conducted at the Pertamina Energy. The sample of this study was all 30 suppliers of Pertamina Energy.

In this study the sampling technique is not used because the sample studied is the whole of the population that is or is called a census. Analysis method the data used is using analysis of external factor analysis summary (EFAS) and internal factor analysis summary (IFAS). Where before making the IE matrix, an SWOT analysis is carried out first, the results are summarized in EFAS and IFAS tables. The application of SWOT analysis is carried out by considering strengths and weaknesses as internal factors as well as opportunities and threats as external factors owned by Grand Pillar.

The analysis used consists of 2 types, namely: (1) Descriptive analysis especially for quantitative variables and (2) verification analysis, in the form of testing hypotheses using statistical tests. Verification analysis is emphasized to reveal the behavior of research variables, while quantitative descriptive analysis is used to explore the causal factors. The analytical method used is cross-sectional.

## 4. RESULTS AND DISCUSSION

### 4.1. Strengths and Weaknesses of Pertamina Energy

In the present, the strength of Pertamina Energy is shown by indicators of the completeness of room facilities, completeness of house facilities, location of Pertamina Energy formulation, special adjustments to prices, intensity of promotion, quality of employee services, employee competence, collaboration with other parties.

In the future, indicators that show the strength of Pertamina Energy are the presence of complete room facilities, complete home facilities, Pertamina Energy locations, special adjustments to prices, promotion intensity, employee service quality, employee competence, collaboration with other parties. Pertamina Energy has no weaknesses because management views weaknesses that exist on the present to be corrected in the future. Internal environment variables that are the strengths and weaknesses for Pertamina Energy both now and in the future are in terms of location (Boothman and Craig, 2016; Jaafar et al., 2016).

### 4.2. Pertamina Energy Opportunities and Threats

Based on the analysis of Pertamina Energy's opportunities for the external environment, currently indicated by conducive indicators of security stability, flexible regional government policies, stable inflation rates and the rupiah exchange rate against the US dollar, keep abreast of information technology that can help the company's operations and preservation of natural resources in the neighborhood around Pertamina Energy. Meanwhile, what has become the threat to Pertamina Energy at the present time is the increasing rate of energy growth, the culture of the people in the residential environment provides comfort. In the future, all the indicators will be an opportunity, but Pertamina Energy's management must keep all these indicators in order not to become a threat to the future. The external environment variables that

represent the opportunities and threats to Pertamina Energy both now and in the future are the hotel growth rates are increasing (Digital Asset, 2016; Hussain and Miras, 2015; Mulyani, 2017).

### 4.3. Position of Pertamina Energy in the Present and Future

Pertamina Energy's position in the IE Matrix in the present and future. Based on the results of the analysis, it can be seen that, after analyzing the internal and external environment both now and in the future, the next step is to move the score of the IFAS/EFAS matrix. The total weighted value of IFAS at the present time is 4.33 and for the future is 4.69. While the EFAS score of the present time is 4.37 and in the future is 4.78 so that the company position in the IFAS/EFAS matrix. The position in cells I mean that Grand Dillar is in position of growth and development (growth and development) and a strategy that can be applied is the strategy of market penetration, market development and product development. Market penetration strategies can be done by finding new market shares for existing products or services, through more vigorous marketing efforts. In addition, the position in cells I can also carry out market development in the sense of introducing existing products or services into new geographical areas. Product development is done so that it becomes varied and the products developed must also be innovative. The position of Pertamina Energy in the present and in the future is to grow and develop (grow and develop), reformulating the marketing strategy and the implication of the marketing strategy on Pertamina Energy are an intensive strategy (Bakhtieva, 2017; Morgan and Rego, 2008; Varadarajan and Yadav, 2002).

### 4.4. Effect of Pertamina Energy Marketing Strategies on Environment Performance Coefficient of Determination

Based on the above Table 1 obtained a correlation coefficient of 0.848, meaning that the relationship of marketing strategies with environment performance is very strong in Table 2.

The Table 2 above shows that the coefficient of determination ( $R^2$ ) of 0.719 means that 71.9% of environment performance variables can be explained by independent variables in this case the marketing strategy, which also means that marketing strategies has a strong influence on environment performance. Variables outside the model or other factors which are equal to 28.1%.

**Table 1: Model summary**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. error of the estimate
1	0.848 <sup>a</sup>	0.719	0.672	1.72461

<sup>a</sup>Predictors: (Constant), Strategi marketing  
Source: Data processed

**Table 2: Relationship level**

Correlation coefficient (r)	Relationship level
0.00 < r < 0.199	Very low
0.20 < r < 0.399	Low
0.40 < r < 0.599	Middle
0.60 < r < 0.799	Strong
0.80 < r < 1.000	Very strong

Source: Sugiyono (2011. p. 148)

The results of the statistical analysis, the regression equation is produced a  $Y = 3.133 + 0.531X$ . From the above equation can be interpreted as follows if the value of  $X$  is zero, then the  $Y$  value is 3.133, meaning that if there is no marketing strategy variable, the environment performance variable has a value of 3.133. While  $0.531X$  states that if every increase in one unit of variable  $X$  (marketing strategy) will increase the value of variable  $Y$  (environment performance) by 0.531.

Based on the results of hypothesis testing for the  $F$  test obtained a significance level of 0.000 when compared with alpha of 0.05, then the level of significance is smaller when compared to alpha, thus the hypothesis can be accepted, meaning that if the marketing strategy increases, environment performance will also increase.

After testing the hypothesis with the  $F$  test, the next stage tests the hypothesis with the  $t$  test. The results of the  $t$  test analysis obtained a significance level of 0.000 when compared with alpha of 0.05, then the significance level is smaller when compared to alpha, thus the hypothesis can be accepted which means that if the marketing strategy increases, environment performance will also increase.

#### **4.5. Pertamina Energy Marketing Strategy Formulation**

The position of Pertamina Energy in the future is in quadrants I, because the strategies that can be applied to the future are growing and develop, which consists of market penetration, market development, and product development strategies. In cells I there are several alternative strategies that can be done namely intensive strategy and integrative strategy.

In an intensive strategy, the action that can be taken is market penetration, which is to seek a larger market share for existing products or services through more vigorous marketing efforts. Intensive strategies can also be done with market development in terms of introducing existing products/services to new geographical areas. In addition, in this strategy product development can also be carried out by creating innovative new products and adding product variations.

Based on variable indicators that is the strengths and opportunities of Pertamina Energy in the future, then an adequate marketing strategy is implemented is an intensive strategy. The strategy includes market penetration, market development and product development strategies (Graubner, 2006).

#### **4.6. Implications of the Pertamina Energy Marketing Strategy in the Future**

##### *4.6.1. Product*

Completeness of current energy facilities even though it is already a strength, but still needs to be improved in the future in order to be more competitive with new competitors.

##### *4.6.2. Place*

Pertamina Energy's location is a strength in the future, because development plans for the Pertamina Energy area will have an impact on the ease of access.

##### *4.6.3. Price*

In general, the price policy applied by Pertamina Energy is very flexible. A specific adjustment to the price of Pertamina Energy is a competition-based pricing policy.

##### *4.6.4. Promotion*

Promotions can be carried out periodically to remind consumers, and to better introduce the existence of Pertamina Energy and by adding existing media to be more varied and potential consumers can also better understand the existence of Pertamina Energy. This is also done to better communicate existing products and new products and price changes.

##### *4.6.5. People*

Like energy companies in general, people are very important things both in terms of appearance and service provided. Good service is an absolute thing in the company, as is Pertamina Energy. Therefore, the management of Pertamina Energy always conducts briefings. The briefing is given by each Department Head every morning for 30 min (between 09.30 and 10.00). The briefing is intended so that employees always carry out standard operational procedures. In addition, to evaluate deficiencies or mistakes the previous day and provide a solution. With daily briefings, employees will always remember their duties and obligations, even though their duties and obligations have been done well but still need to be improved.

##### *4.6.6. Partnership*

To improve the environment performance of Pertamina Energy, collaboration with travel agents needs to be improved even though there is an online marketing era now but collaboration with other parties is still very much needed.

##### *4.6.7. Packaging and programming*

Packaging and programming are two things that must exist on a product. How to package a product to be attractive and varied. The packages and programs offered by Pertamina Energy will be very varied.

## **5. CONCLUSIONS**

The strength of Pertamina Energy is indicated by indicators of completeness of facilities, complete energy facilities, location of energy close to public facilities, special adjustments to prices, intensity of promotion, quality of employee services, employee competence, cooperation with other parties, and energy packages.

Pertamina Energy's opportunities for the external environment are indicated by conducive indicators of security stability, flexible regional government policies, stable inflation rates and the rupiah exchange rate against the US dollar, following developments in information technology that can assist the company's operations, and preservation of resources natural power in the surroundings of Pertamina Energy. Whereas the threat is that the growth rate of energy has increased, the culture of the people in the Pertamina Energy residential neighborhood has provided comfort.



Pertamina energy's position in the IE matrix in the present and future. Based on the results of the analysis, it can be seen that, after analyzing the internal and external environment both now and in the future, the next step is to move the score of the IFAS/EFAS matrix. The total weighted value of IFAS at the present time is 4.33 and for the future is 4.69. While the EFAS score of the present time is 4.37 and in the future is 4.78 so that the company's position in the IFAS/EFAS matrix. Position in cells I mean that Pertamina Energy is in the position of growth and development and strategies that can applied is a strategy of market penetration, market development and product development.

Marketing strategy proved to have a positive and significant effect on environment performance, marketing strategy and marketing strategy implications on Pertamina energy based on variable indicators that are the strengths and opportunities of Pertamina energy in the future, then an adequately applied marketing strategy is an intensive strategy with market penetration that is marketing to a wider market. This can also be done with intensive and selective advertising in print and electronic media, conducting personal selling (sales calls), sales promotions, and publicity. Market development (market development) by increasing cooperation, product development can be done by adding facilities to the latest technology. The implication of the marketing strategy of Pertamina energy in the future are linked to the marketing mix such as the product by renovating and completing its facilities with more modern facilities so that Pertamina energy can compete more. In terms of location it is very strategic because it is close to public facilities. Promotion can be done by adding promotional media to be more varied, and more aggressively collaborating with other parties. Prices are generally very flexible. Periodic promotions to remind consumers, as well as communicate existing products, as well as new products and price changes that occur. Browse by giving a briefing every morning. Collaboration with other parties can be enhanced by increasing collaboration.

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