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GJMBR-E Classification: *JEL Code: M30, M39*



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Implementing Personal Selling Business to Business on New Product Development of PT. Duta Karya Mandiri

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Abstract- **This paper discusses the new product which produced by PT. Duta Karya Mandiri engaged in the automotive manufacturing industry. This new product will be promoted using Business to Business promotion leads middle and upper-class segmentation. More specifically, it aims to address how to determine promotion strategy for the clothes wall hooks of PT. Duta Karya Mandiri?. A series of the structured interview was conducted with the chairman of PT. Duta Karya Mandiri. This study was only investigated in Indonesia which focused on implementing personal selling business to business toward general suppliers of apartment developers in the Greater Jakarta areas.**

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I. Introduction

It is widely stated in the literature (Tambunan, 2006) that small and medium enterprises (SMEs) in developing countries are socially and economically for some reasons, including:

1) Wide dispersion across rural areas and rural economies;
2) Their ability to employ a significant amount of the labor force in their local economies; and
3) Their ability to provide an opportunity for entrepreneurial and business skill development. (Tahi Hamonangan Tambunan, 2011).

According to Vivi Alatas, the World Bank's Lead Economist Poverty Alleviation Program, Indonesia has 57 million SMEs in Indonesia by 2013 that can absorb 96% of workers and contribute to 58% of Indonesia's GDP. However, this figure has not increased since 2010. Therefore it is necessary for the help of SMEs to upgrade. (Marketeers.com, 2016).

The government seeks to encourage large companies to take an active role in empowering SMEs. One of them is PT. Astra International, TBK with Dharma Bhakti Astra Foundation (DBAF) focusing on SMEs, especially it engaged in small scale manufacturing (Kiki Oktora, 2017). PT. Duta Karya Mandiri (PT DKM) is a partner of SMEs which joined the Dharma Bhakti Astra Foundation (DBAF). The company that started a business in 2004 is engaged in the automotive component manufacturing industry.

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On 2010, PT. Duta Karya Mandiri was recruited by YDBA to become a supplier of Avanza and Xenia bars-headrest components of PT. Astra International, Tbk. Nevertheless, the bargaining position of PT. DKM to PT. Astra International, Tbk is low because there is no legal cooperation agreement so that the ordering of this bar-headrest product can be stopped at any time by PT. Astra International, Tbk if other suppliers have better product quality with more competitive price. It is what drives PT. DKM, which currently plays in the Business to Business market, should expand its business with new product lines so that income sources not only depend on PT. Astra International, Tbk.

The idea of making this new product stems from the amount of scrap from the production of automobile backrest poles for PT. Astra International, Tbk which reaches 3 tons per month. The rest of this iron is sold very cheap for Rp 3,000, - per kilogram to iron waste traders, while the purchase price ranges from Rp 9,000-Rp 10,000. PT. DKM obtains the potential revenue from scrap sales reaching Rp 7,000,000 per month up to Rp 84,000,000 per year. Based on previous research (Oktora, 2017), the scrap will be used as a base material for producing multifunctional hangers. However, after doing some testing, Mr. Rajid as the owner of PT. DKM said that the scrap was not by the production needs of multifunctional hangers due to the size of the remaining iron that is less long. The volume of the iron that can be used was only about 30% - 40% of the total production.

After the author conducted several interviews and observations with Mr. Rajid at the factory PT. DKM, finally the idea came to produce clothes wall hooks. This hanger can be produced by using scrap or new material in the form of mild steel, which is by the skill of labor and machine capacity owned by PT. DKM so that the production cost incurred is low. It is expected that this could be an opportunity for PT. DKM who want to expand the business of new products in Business to Business market which is planned to be marketed to the apartment developers in Jakarta, Bogor, Depok, Tangerang, dan, Bekasi areas.

Apartments are becoming residential trends among urban communities. It is due to the lack of land in the big city so that everyone is actively looking for a place to live close to the work environment and

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complete with supporting facilities. Over the past nine years, developers have raised average apartment prices by 18% annually. The increase occurred in 2014, where the price of apartments in the Central Business District increased by 39% to Rp 42 million per m2, and the premium housing area rose by 26% to Rp 36 million per m2. (Pusat Data Kontan, 2015). Seeing the significant growth of apartments, the apartment developers in Jakarta and surrounding areas will also be competing to find general suppliers who can supply a variety of furniture with unique design and affordable prices. PT. DKM is increasingly convinced to take opportunities in the Business to Business market with its new product, the clothes wall hooks.

This study focuses on personal selling business to business on new product development toward vendor of apartment developers in Jakarta, Bogor, Depok, Tangerang, and Bekasi (Jabodetabek) areas and aims to determine promotion strategy for the clothes wall hooks of PT. DKM. It employs a qualitative descriptive analysis by conducting a series of structured interviews with the chairman of PT. DKM. The results from the structured interviews are analyzed so that can decide what kind of new product will be produced.

This paper is structured as follows. The first section will start with introduction continue with the next section provides a literature review. Moreover, section 3 explains the methodology which is used in this study. Section 4 presents the results and the findings. The last section concludes and highlights important implications of the study.

II. Literature Review

Business market or better known as Business to Business is a marketing transaction of goods and services sold from one company to another company, not from company to end user. According to Hutt (2014) in his book "Business Marketing Management B2B", Business to Business customers are in the form of business, government, and institutions. Business consumers make purchases of industrial goods to establish or facilitate production processes or use them as components for other goods and services, for example, manufacturing, service companies, and transport companies. While government agencies and private institutions buy industrial goods to organize and provide services to their market segments, namely the general public.

According to Cravens (2009), promotional strategies include planning, implementing and controlling an organization's communication to consumers and other target audience. The purpose of promotion in a marketing program is to achieve the desired communication objectives management has with each targeted person, thereby helping to encourage potential consumers to be aware of the range of products and services available. Here is an explanation of some promotional strategies.

a) Advertising

Advertising is a form of communication of goods or services in a non-personal way using one or more media such as television, radio, magazines, newspapers, and online. Advertising becomes the right tool for creating strong associations with a brand. Advertising for SMEs can be done in social media, online media, and print media because the cost is cheaper than television and radio, as well as a targeted target market. If the promotion capital owned by SMEs is minimal, can advertise through traditional media, such as brochures, flyers, and banners. (Goukm.co.id, 2017).

Cravens in his book "Strategic Marketing" describes the advantages of using advertising to communicate with consumers is because of the low cost per exposure, diverse media, control of exposure, consistent message content, and the opportunity to design creative messages. Advertisements also have a disadvantage, such as, can not interact directly with consumers and can not hold the attention of consumers in the long term.

b) Personal Selling

Personal selling is a promotional strategy, which creates verbal communication between a salesperson (a representative of a company) and a potential consumer with the aim of making or affecting the sale of a product or service. Personal selling has several advantages, namely, salesperson can interact directly with consumers to answer questions and master goals, can target buyers, and have access to knowledge of the market and competitors and also provide the feedbacks.

c) Sales Promotions

Sales promotions cover a wide range of promotional activities, including contests, product samples, point-of-purchase installations, product placements in films and other product placements, incentives and coupons. This promotional strategy offers several advantages, including to target buyers, respond to specific circumstances, and create incentives for purchases.

d) Public Relations

If a company or a product is promoted positively without the company having to pay it, it is called communication through public relations. This promotional strategy has high credibility because it is seen as news, not seen as an advertisement. Public relations can also create an important contribution to the promotion strategy when it is planned and implemented to achieve specific promotional goals.

e) Direct Marketing

Direct marketing is an interactive promotional strategy that uses one or more media to influence a

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measured response or transaction at any location, such as direct mail, telemarketing, catalog marketing, online channels, television sales, and radio/magazine/ newspaper sales. What distinguishes direct marketing is the opportunity for marketers to get direct access to buyers.

f) Interactive / Internet Marketing

Components that are very influential in this promotion strategy is the internet, CD-ROM, and interactive television. Interactive media makes it easy for buyers and sellers to communicate with each other. The Internet presents an important role in promotional strategies. Also, the Internet can also be used to identify products that lead to sales (sales leads), conduct surveys based on websites, provide product information, and display ads.

III. Methodology Research

The population for this study is Duta Karya Mandiri Enterprise in Jakarta area to evaluate the result from the qualitative study. Qualitative research consists of two parts, namely, a direct and an indirect. The author uses a direct technique with depth interview method, where the authors interviewed Pak Rajid as the owner of PT. Duta Karya Mandiri to dig information.

As for some structure of interview according to Cooper and Schindler (2006), namely unstructured interview, semi-structured interview, and structured interview. In this study, the authors use semi-structured interview which is a combination of interviews with a list of structured questions and adjust questions according to responses given by Pak Rajid.

The data used in the study consisted of two types, namely primary data and secondary data. Primary data is a source of data that directly provide data on data collectors (Sugiyono, 2014). To obtain primary data, the authors make direct observations through Forum Group Discussion and interviews with owners, leaders, and employees of PT. DKM.

While secondary data is data source which indirectly gives data to the data collector, such as the document or obtained through others (Sugiyono, 2014). In this study, secondary data obtained through literature study either derived from previous research journals, articles, books, or documents owned by PT. DKM. After the required data successfully obtained, the authors perform data analysis with qualitative techniques. According to Malhotra (2010), there are three general steps that can be done when performing qualitative data analysis, namely:

a) Data Reduction, where the authors sort the data to the exclusion, reinforce, or summarize data research results.
b) Data Display, where the authors develop a visual interpretation of data into the form of diagrams, graphs, or matrices to understand patterns and relationships between data.
c) Conclusion Drawing and Verification, where the authors consider the meaning of the data being analyzed and assess the research questions it has. So that later can be concluded gap between actual condition and ideal condition of PT. DKM.

No.	Date	Activity
1	7 April 2017	The first meeting with the owner of PT. DKM started from the introduction with the owner of PT. DKM is Mr. Rajid Basri, followed by a discussion on the development of new product realization of scrap-based multifunctional hangers and took place on April 7, 2017, at PT. DKM located at Jalan Al-Taqwa km 0.5, Jatirangga, Jatisampurna, Bekasi. This meeting
2	12 June 2017	The author held a second meeting on June 12, 2017, to demonstrate the results of market research on the form and price of multifunctional hangers contained in IKEA, Inform a, and Ace Hardware to Mr. Rajid in the form of photo slide in power point.
3	7 August 2017	At the third meeting, the author asked Mr. Rajid about the competitor of multifunctional hangers in Indonesia.
4	6 September 2017	The fourth meeting, bringing Pak Rajid with Mr. Pikki Azis as IKEA Supply Chief Representative at the factory of PT. DKM to discuss the stages of becoming an IKEA supplier.
5	23 September 2017	Mr. Rajid turned out to have a more solute idea for a new product that is producing clothes wall hooks by using scrap or new material in the form of mild steel, which is by the expertise of labor and machine capacity owned by PT. DKM to minimize production costs.
6	1 November 2017	This time meeting tells about the research related clothes wall hooks product that author do to some apartment developers, like PT. Sindeli Propertindo Abadi, PT. Mahardika Gagas Sejahtera, and PT. Sinarmas Land.
7	6 November 2017	Mr. Rajid said that the prototype is still in the process of working and there are some parts of the clothes wall hooks completed by sub-cont PT. DKM
8	7 November 2017	Mr. Rajid also asked the author team to give a few more days to complete the prototype. Furthermore, the authors suggest Mr. Rajid provide promos to apartment developer vendors in the form of free delivery charge for each purchase more than 500 units clothes wall hooks within a radius of 57 kilometers (Jabodetabek area).

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IV. Result and Findings

Promotion strategy is a form of communication between the seller and the potential buyer that can influence the attitude and behavior. (Perreault, Cannon, & McCarthy, 2014). The author recommends three kinds of Business to Business promotion strategies, in the form of personal selling, marketplace, and sales promotion that can be utilized by PT. DKM to market its clothes wall hooks toward the general suppliers of apartment developers. Here's an explanation of these promotional strategies.

a) Personal Selling

Personal selling is a promotional strategy whereby a representative of a company meets the consumer personally to offer a product or service. Personal selling is very dominant in the Business to Business market because the number of potential customers is relatively small and currency payments are large compared to the Business to Customer (B2C) market. The importance of personal selling in the marketing mix depends on several factors such as the nature and composition of markets, product lines, and corporate objectives and financial capabilities. Maximizing the effectiveness and the efficiency, personal selling function must be carefully managed and integrated into the marketing mix of a company. (Hutt, 2013).

The salesperson is a link for specific marketplaces and consumers. The salesperson must have extensive knowledge of the products it offers, competitors' products and trends in the consumer industry. Also, a good salesperson not only tries to sell to consumers. Instead, they try to assist consumers in making purchasing activities by understanding the needs and wants of consumers and informing the advantages and disadvantages of the products they offer. In the book "Basic Marketing" by Cannon et al. (2014) mentioned several techniques must be executed by each salesperson and the process to select the salesperson. It becomes very important to note for PT. DKM will be successful in marketing new hanger products to specific consumers by using personal selling strategy.

According to Hutt (2013), in choosing a salesperson must pay attention to some job requirements such as recruitment and selection, training, supervision and motivation, and evaluation and control. Recruitment process becomes very important because to capture as many candidates to get the best candidate. There are two methods of salesperson recruitment:

i *Direct Method*

When a company must determine whether to hire an experienced salesperson or less experienced directly, it all depends on the size of the company, the sales task, the training capabilities of the company, and its market experience. After recruiting, periodic training is needed to strengthen experienced salesperson skills, especially when a company's business environment changes drastically. The salesperson needs to have in-depth training on company practices and policies, product information, relationships with corporate customers, and professional selling skills.

Companies should also consider the amount of salary and incentives for salesperson as a form of motivation that is closely related to the individual's perception of the type and amount of rewards from various levels of job performance, as well as the value that the salesperson places in the rewards.

Furthermore, the performance of salespeople should also be measured using behavior-based or outcome-based. Behavior-based measures sales person's knowledge of the company's products and technologies. This control system is suitable when the salesperson is inexperienced and when the salesperson is asked to show some non-sales activities, such as assisting with new product development. Outcome-based measures sales results, market share growth, new product sales, and profit contribution. This control system is appropriate when the ability and effort of the salesperson is the determinant of the sales proceeds.

ii *Labor recruitment agencies method*

Due to PT. DKM does not yet have a specific employee salesperson, then the previous team of writers has acted as direct salespersons who visited several apartment developers namely PT. Sindeli Propertindo Abadi, PT. Mahardika Gagas Sejahtera, and PT. Sinarmas Land by showing a catalog of clothes wall hooks. It turns out that apartment developers tend to choose to make purchases from general suppliers who can supply household furniture in the form of packages to apartment developers. This to control the costs that will be incurred by the apartment developer.

In addition to recruiting directly, PT. DKM can also recruit salesperson through labor recruitment agencies. The recruitment system of the recruitment agency consists of a freelance system (direct contract employee with a service user company), and an outsourcing system (contract with recruitment agency but works in a service provider company).

By using a freelance system, the recruitment agency only acts as the provider of a prospective workforce tailored to the demands and needs. The workforce is also the responsibility of service user companies without having any more ties with recruitment agencies. While using an outsourcing system, the employees in a service user company will become the responsibility of the recruitment agency's management, according to the agreement between two parties, include the rights and obligations, the facilities to be received by the employees, and et cetera.

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Benefits for companies which using labor recruitment agencies, for example, service companies can save time and cost of the recruitment process, recruitment agencies may provide candidates through the process of adjusting to the demand standards of the service user (in a certain number) so that the number of candidates choice can be directly selected by the service user company, as well as the recruitment agency, can provide candidates, either fresh graduate or who have provided with specific skills and particular experiences.

Career Development Center University of Indonesia (CDC UI) and PT. Multijaya Anugrah Mandiri are some labor recruitment agencies which can help PT. DKM is looking for human resources according to demand and requirement. Seeing the limitations of human resources and have no experience in promoting strategy in any form, the author suggests that Mr. Rajid as the owner of PT. DKM can recruits salesperson through labor recruitment agencies, such as CDC UI and PT. Multijaya Anugrah Mandiri by using a freelance system, so that PT. DKM can have permanent employees who can do personal selling.

The author has given coaching to Pak Rajid about personal selling, either by direct method recruitment or through labor recruitment agency. With target market hooks PT. DKM targeting to the apartment, of course, salesperson required by PT. DKM must have networking capabilities, so he/she can capture connections to many general suppliers of apartment developers in the Greater Jakarta area.

b) Business to Business Marketplace

Business to Business (B2B) has a larger trading volume that enables business actors to develop their import and export business. Therefore, a portal is needed to bring together producers with distributors, wholesalers, and retailers between exporters and importers, in the form of a marketplace. B2B Marketplace is a business model where a website not only helps promote merchandise, but also facilitates online money transactions. In Indonesia, there are some marketplace already known by the public, such as IndoTrading.com, Indonetwork.co.id, Mbiz.co.id, and Indonesia-product.com. The author recommends IndoTrading.com marketplace as the second promotional strategy that PT. DKM run to market the clothes wall hooks because the site more interesting to look regarding design.

IndoTrading.com is a company and business directory website, not an e-commerce site or buying and selling. This site was founded by Handy Chang started from the difficulty of the perpetrators of SMEs to compete with big players in local and international markets. Through this site, SMEs are expected to realize and understand the importance of existence in the online sphere, and can be a solution for SMEs who want to develop digitally, but do not have the power of information technology (IT) to manage it. Indotrading.com has several services to help business owners compete digitally. In addition to marketing products and services on the site, IndoTrading.com also provides website creation services, Search Engine Optimization, Google Ad-words, statistical data, content management, and other digital marketing services. To get this digital marketing services, SMEs is charged from Rp 1,900,000 to Rp 2,300,000 per year, depending on the completeness of the selected service facility. (Goukm, 2017).

c) Sales Promotion

According to Cannon et al. (2014), sales promotion refers to a number of marketing activities, in addition to advertising, publicity, and personal selling that stimulates interest, trial, or purchase by end consumers or others in a network. Sales promotion is used to complement other promotional strategies. While advertising campaigns and salesperson strategy decisions tend to affect over a period, sales promotion activity usually lasts only for a limited period. Sales promotion can be implemented quickly and get immediate sales results compared to advertising. The form of sales promotion that is directed to the B2B segment is the trade show exhibition or better known as a trade show that can attract attention and interest to the company and its products. The exhibition usually lasts three to seven days in one city. The Indonesian Building Technology Expo (Indobuildtech) is one of the annual trade fairs in Indonesia.

Indobuildtech is the renowned trade show featuring a variety of products and services for the interior and building market. Since its launch in 2003, Indobuildtech has succeeded in drawing attention, and enthusiasm from international companies participating in this exhibition. By attracting 55,000 key buyers annually, Indobuildtech is known as a platform to enter the Southeast Asian market. Shortly, this exhibition will take place in Indonesia Convention Exhibition (ICE), BSD City, Tangerang for seven days from May 2-8, 2018.

The exhibition consists of building materials & equipment, architecture fundamentals, and design & decor essentials. Participating as a participant in the Indobuildtech exhibition next year is the third promotional strategy that the authors recommend to market clothes wall hooks of PT. DKM, which can later enter the design & decoration areas (design & decoration). PT. DKM can order stand first at www.indobuildtech.com, and then the exhibition committee Indobuildtech will contact PT. DKM representative to explain more about the costs and procedures following this exhibition.

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V. Conclusion

In general, it can be concluded that using some proper B2B promotion strategies are needed, so that increase the sales of PT. DKM clothes wall hooks products. The distribution of benefit that can be given to PT. DKM is to establish the Business to Business promotion strategies for clothes wall hooks. Recruiting salesperson through labor recruitment agency is one of promotion strategy which PT. DKM should implement first because of it is easier and cheaper than the other strategies.

Follow-up can be done by PT. DKM, such as market to the general supplier of other apartment developers, complete the Business to Business marketplace promotion, develop the Business to Consumer market to promote clothes wall hooks, and evaluate clothes wall hooks's sales. These tasks will become a benchmark for determine corporate strategy, either by developing other promotional strategies such as advertising and publicity, producing another types of hanger, or even creating new products which unrelated to the usage of scrap.

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