

CHAPTER 2 - LITERATURE REVIEW

2.1 Value Proposition

The Value Proposition Canvas is a strategic tool used in business and product development to design and improve products or services that effectively meet customer needs and expectations. It's part of the broader Business Model Canvas framework, which helps organizations visualize and design their business models. The Value Proposition Canvas specifically focuses on the value offered to customers.

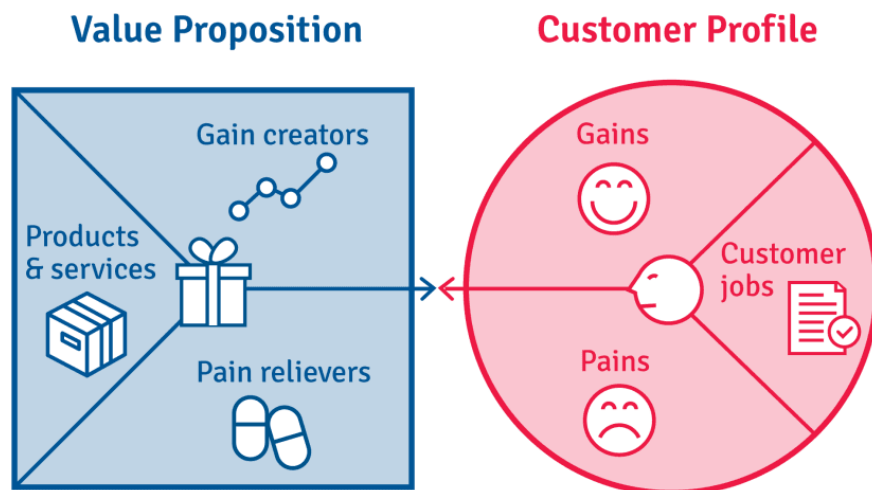


Figure 2.1 Value Proposition

The Value Proposition Canvas consists of two main components.

2.1.1 Customer Segment (Right Side)

This side of the canvas represents the target customer or user. It helps you understand their specific needs, pains, and gains.

Customer Jobs: Identify the key jobs or tasks your customers are trying to accomplish.

Pains: List the challenges, frustrations, or problems your customers experience while trying to fulfil their jobs.

Gains: Highlight the benefits, desires, or outcomes your customers seek when they successfully complete their jobs.

2.1.1 Value Proposition (Left Side)

This side of the canvas outlines the value your product or service provides to the customer.

Products & Services: Describe the specific features, attributes, and offerings your product or service provides. **Pain Relievers:** Explain how your product or service alleviates or solves the pains identified by the customer.

Gain Creators: Describe how your product or service creates benefits or gains for the customer, addressing their desires and needs.

The goal of the Value Proposition Canvas is to establish a clear alignment between what customers need and what your product or service offers. It helps you create value propositions that resonate with your target audience. Here's how to use the canvas effectively:

- **Customer Discovery:** Start by gaining a deep understanding of your target customers. Conduct interviews, surveys, and research to identify their jobs, pains, and gains.
- **Value Proposition Creation:** Based on your understanding of the customer, develop or refine your value proposition. Clearly articulate how your product or service addresses customer pains and provides gains.
- **Alignment:** Ensure that there is a strong alignment between the customer segment and the value proposition. Your product or service should effectively address the needs and desires of your target customers.
- **Iterate:** The Value Proposition Canvas is a dynamic tool. As you learn more about your customers or as market conditions change, be prepared to iterate and adjust your value proposition accordingly.

The Value Proposition Canvas is often used in conjunction with other tools and methodologies, such as the Business Model Canvas, to create a holistic view of your business and customer value creation. It can be particularly valuable for start-ups,

product development teams, and organizations looking to better understand their customers and design products that meet market demands.

2.2 Selling

Described by Philip Kotler in his book "The Principle of Marketing," selling is recognized as one of civilization's oldest vocations. Those engaged in selling are known by various titles such as salespeople, sales representatives, account executives, sales consultants, sales engineers, agents, district managers, and account development representatives. Nevertheless, according to (Pederson, Wright, & Weitz, 1988), their interpretation of selling expands beyond mere influence and persuasion. They argue that selling also encompasses assisting customers in identifying problems, furnishing information on potential solutions, and delivering after-sales service to ensure lasting satisfaction. Hence, selling isn't solely about generating sales or persuading customers to make purchases; it involves understanding the customer's primary concerns, aiding them in comprehending these issues, resolving them with the products or services offered, and cultivating enduring, valuable relationships.

2.2.1 The Nature of Selling

According to (Jobber & Lancaster, 2009), selling is commonly perceived as the straightforward act of securing a sale. However, in reality, selling is a multifaceted process that requires a comprehensive set of principles, techniques, and considerable personal skills. It encompasses various tasks and approaches, making it a complex endeavour. Selling involves conceptualizing approaches beyond a simplistic "how it is done" perspective, aiming to ensure successful deal closure as the culmination of the selling process. Many companies invest significant resources in training their sales force to master the art of selling, underscoring its pivotal role as the primary link between the company and its customers. (Marshall & Johnston, Relationship Selling and Sales Management, 2005) defines selling as the organizational activity performed by a company's salesforce, salespeople, or salespersons, encompassing both selling functions and organizational duties.

2.2.2 The Nature of Selling Marketing

(Marshall & Johnston, Relationship Selling and Sales Management, 2005) discusses the integral role of selling within marketing. Companies that embrace the marketing concept gather information from customers to make strategic decisions regarding product offerings, target markets, distribution channels, pricing strategies, and communication methods. Sales activities serve not only to secure sales but also to gather valuable information for use in marketing strategies. Moreover, the 4P's Marketing concept (product, place, price, promotion), also known as the marketing mix, serves as a toolkit for marketers to develop effective marketing strategies, thereby contributing to sales activities. Salespersons utilize the Promotional Mix or Marketing promotional mix (including advertising, sales promotion, public relations and publicity, and direct marketing) to ensure the practice of integrated marketing communication (IMC) between the firm and its customers. This highlights the synergy between sales and marketing, emphasizing their collaborative role in creating optimal selling practices.

As per (Walker, Boyd, John, & Larreche, 2003), various competitive factors influence markets concerning selling. A market-oriented perspective, comprising customer-orientation and sales orientation, is evident in selling activities. This perspective represents a fusion of marketing principles and selling principles derived from real-world selling practices.

2.2.2.1 Customer-Oriented Marketing

Customer Oriented (Walker, Boyd, John, & Larreche, 2003) refers to a strategy cantered around enhancing product or service quality while minimizing costs, ultimately aiming to boost customer satisfaction and loyalty. This approach prioritizes understanding and meeting customer needs and perceptions promptly, with the goal of not only enhancing satisfaction but also fostering retention. (Kotler & Amstrong, 2006) similarly advocate for customer-oriented marketing as a cornerstone of sustainable marketing, emphasizing that companies should structure

their marketing activities from the customer's perspective. This entails diligently identifying, serving, and fulfilling the needs of specific customer segments.

2.2.2.2 Sales-Oriented Marketing

(Walker, Boyd, John, & Larreche, 2003) Sales-Oriented focuses on prioritizing the production of goods or services desired by the firm rather than aligning with customer needs. This orientation emphasizes selling efforts over addressing critical customer needs. The focus lies on achieving high sales volume levels to increase market share, capture market share from competitors, and explore new market segments. According to (Perreault & McCarthy, 1999), Sales-Oriented approaches aim for specific levels of unit sales, dollar sales, or market share without necessarily emphasizing profitability. Marketers in this orientation prioritize sales growth, believing it directly correlates with increased profitability. Therefore, maximizing the likelihood of purchase becomes a primary concern for businesses.

2.2.2.3 Salesperson

In the realm of sales, a Salesperson serves as the representative of a company to its customers, engaging in various activities such as prospecting, communication, selling, service, information gathering, and relationship building (Kotler & Amstrong, 2006). Salespeople are categorized based on their roles and responsibilities in the sales process (Manning & Reece, 2007). In today's business landscape, salesforces or salespersons must possess a diverse set of skills to compete effectively. Unlike in the past, where simple presentation and closing skills sufficed, modern salespeople must demonstrate proficiency in a wide range of skills to navigate contemporary sales and marketing activities, which prioritize the customer perspective alongside sales objectives (Jobber & Lancaster, 2009).

2.3 Personal Selling

Personal selling stands as one of the oldest professions globally. Described by (Kotler & Amstrong, 2006), personal selling entails direct interaction between a firm's salesperson or sales force and potential customers, aiming to secure sales and foster lasting customer relationships.

The essence of selling lies in satisfying customers by promoting products or services to address their needs. As described by (Olson & Peter, 2010), the promotional mix comprises advertising, public relations and publicity, sales promotion, and personal selling. Additionally, (Kotler & Amstrong, 2006) affirms that personal selling constitutes an integral component of the promotional mix. Personal selling involves direct interpersonal communication between salespersons and individual customers, facilitated through various means such as face-to-face interactions, telephone conversations, emails, video conferences, or web conferences. In situations requiring more intricate sales processes, personal selling can prove more effective than advertising. Salespeople have the opportunity to delve deeper into customer inquiries, gaining insights into their specific needs, and tailor marketing offers and presentations accordingly.

The company's representatives, including salespersons, often serve as consultants to assist buyers in making informed decisions. Through face-to-face selling and telemarketing, direct contact with customers is established, aiming to achieve customer satisfaction through the guidance, education, and consultation provided by the salesperson during the personal selling process.

2.3.1 Face-to-face

(Jobber & Lancaster, 2009, p. 174) elucidated the direct method in salesperson and customer interaction. This approach involves a representative acting on behalf of the company, describing all products or services provided by the company directly or in face-to-face interactions. (Zeithaml, Bitner, & Gremler, 2010) assert that face-to-face interactions constitute the essence of selling, occurring directly between customers and salespersons. Both verbal and non-verbal communication play crucial roles in determining the quality of service in sales, alongside tangible cues such as employee attire and other symbols of service like equipment, informational brochures, or the physical setting.

2.3.2 Telemarketing

Telemarketing, as described by Sugars (2006), involves the practice of communicating with prospects via telephone media. It typically entails both incoming and outgoing calls, encompassing inbound and outbound telemarketing.

According to Manning & Reece (2007), telemarketing serves as a channel through which the sales process is conducted via telephone. It serves two primary purposes: sales and services. Baack (2007) further elaborates that telemarketing involves salespersons using the telephone to make sales calls and presentations to customers. There are two main types of telemarketing:

- Inbound telemarketing occurs when employees handle incoming customer calls (call-ins) in response to customers who initiated contact, aiming to serve and engage them.
- On the other hand, outbound telemarketing takes place when employees initiate calls to prospective customers or clients (call-outs), with the objective of reaching as many customers as possible to promote campaigns or establish relationships with previous purchasers.

2.3.3 Personal Selling Process

The personal selling process outlines the steps involved when a salesperson interacts with a customer or potential buyer. As stated by (Kotler & Amstrong, 2006), the selling process comprises seven key steps: prospecting and qualifying, pre-approach, approach, presentation and demonstration, handling objections, closing, and follow-up.

- "Prospecting and Qualifying" The initial phase of the selling process involves prospecting and qualifying, during which the salesperson identifies potential customers who meet specific criteria. This involves conducting research to assess their financial capacity, business volume, unique needs, geographical location, and growth potential, in order to determine the suitability of the prospect.
- "Pre-approach" During this stage, the salesperson gathers comprehensive information about a prospective customer before initiating any sales call or direct contact. It is imperative for the salesperson to gain a deep understanding of the prospect's organization, products, and services they offer, thereby positioning themselves as a knowledgeable sales consultant. Additionally, the salesperson

strategizes on which potential customers to approach, the information they aim to gather, and how to effectively make a compelling sales pitch.

- **Approach:** This stage occurs when the salesperson meets the customer for the first time. It's crucial for the salesperson to initiate the interaction with a positive and engaging demeanour, creating a favourable impression. This step involves attention to the salesperson's appearance, opening lines, and subsequent remarks. The opening should be impactful and positive, followed by insightful questions aimed at understanding the customer's primary needs and capturing their attention and interest. Philip Kotler emphasizes the importance of listening to the customer at every stage of the selling process.
- **Presentation and Demonstration:** During this phase, the salesperson conveys the "value story" to the buyer, demonstrating how the company's offerings address the customer's needs. This step emphasizes the concept of "stop selling and start helping," focusing on building relationships and satisfaction by offering solutions to customer problems. Consultative selling, as described by Hannan (2004), is a sales skill that emphasizes listening to provide tailored solutions and address customer needs effectively within a sale.
- **Handling Objections:** During this phase, the salesperson actively addresses and resolves any objections raised by the customer. This involves answering questions, providing clarification, and instilling trust in the salesperson's capabilities and the company's products or services. Employing a positive approach, the salesperson seeks out any hidden objections, encourages the buyer to articulate concerns, leverages objections as opportunities to provide additional information, and ultimately turns objections into reasons for purchasing.
- **Closing:** Following the resolution of customer objections, the salesperson endeavours to close the sale. In this critical step, the salesperson directly asks the customer to place an order or encourages immediate purchase. Various closing techniques can be employed, such as asking for the order, reviewing points of agreement, offering assistance in completing the order, accommodating buyer preferences, or highlighting the consequences of delaying the purchase.

Additionally, the salesperson may propose price solutions such as discounts or additional quantities at no extra charge, effectively incentivizing the customer to make a purchase.

- **Follow-Up:** Follow-up is essential for salespersons to gauge customer satisfaction both before (pre-purchase) and after (post-purchase) a transaction, as well as to encourage repeat business. By reaching out to customers after a sale, salespersons not only ensure satisfaction but also demonstrate commitment to providing excellent after-sales service, thereby fostering strong relationships between customers and both the salesperson and the company.

2.4 Deductive Review

2.4.1 Business Strategy

Various textbooks define business strategies as high-level plans devised by companies to achieve specific objectives. A strategy is deemed successful when it enables business growth, enhances financial performance, and reinforces competitiveness. Conversely, if a strategy fails, the company must either revise its approach or face the risk of closure. As outlined by business-case-analysis.com, a business strategy serves as a comprehensive plan for achieving a company's vision, prioritizing objectives, fostering successful competition, and optimizing financial performance within its business model.

Executed by top management within an integrated framework, this strategy entails identifying, analysing, and leveraging profitable opportunities while mitigating business risks. Moreover, it facilitates the maximization of existing resources to address the company's inherent weaknesses.

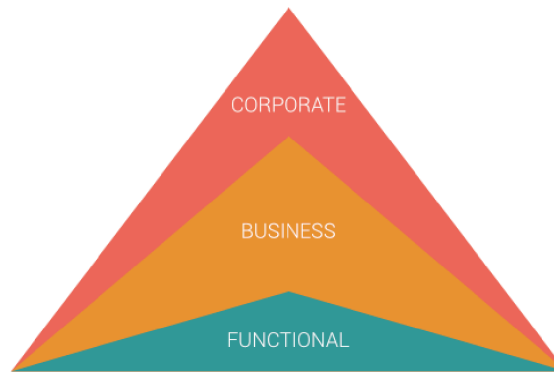


Figure 2.2 Level Of Business Strategy

1. Corporate Level Strategy

The execution of this business strategy falls under the purview of top management, utilizing an integrated framework. Its aims include identifying, analysing, and capitalizing on profitable opportunities, as well as assessing potential business risks. Furthermore, this strategy serves to optimize the utilization of existing resources to mitigate the company's inherent weaknesses.

2. Business Level Strategy

Business-level strategy pertains to a specific business entity and its operations. These strategies are tailored to strategic business units and are applicable within distinct product-market segments. They encompass the determination of a strategic business unit's competitive position. Typically, these strategies are formulated by general managers who translate the company's vision and mission into actionable strategies.

3. Functional Level Strategy

Functional level strategies encompass decision-making at the operational level within specific functional areas, including production, marketing, finance, human resources, among others. These strategies involve setting short-term functional goals. First-line managers or supervisors typically develop strategies at this level. The implementation of practical strategies in the form of measurable goals contributes to the attainment of business-level strategies.

2.4.2 Marketing

Marketing involves various stakeholders within a company and constitutes a pivotal aspect of business operations, facilitating the flow of goods or services from producers to consumers. According to Kotler (2008), marketing encompasses a set of goals, objectives, policies, and regulations guiding a company's marketing endeavors in response to the dynamic environment and competitive landscape. It is described as a social managerial process through which individuals and groups satisfy their needs and desires by creating, offering, and exchanging valuable products with others. This concept underlying the definition of marketing incorporates considerations of needs, wants, and demands.

2.4.3 Marketing Strategy

As per Assauri (2013), a marketing strategy entails a comprehensive set of goals, objectives, policies, and guidelines that steer a company's marketing endeavors over time, at various levels, in response to the ever-changing environment and competitive landscape. Conversely, Swasta (2008) defines marketing strategy as a holistic system of business activities encompassing planning, pricing, promotion, and distribution of goods and services aimed at satisfying the needs of buyers. Both perspectives emphasize that a marketing strategy provides guidance concerning market segmentation, target market identification, positioning, and the marketing mix. The marketing mix comprises four key elements: product, price, promotion, and place.

2.4.3.1 Segmentation Targeting and Positioning (STP)

Hanlon (2016) noted that Segmentation, Targeting, and Positioning (STP) represent a prevalent strategic approach in modern marketing. This model is frequently employed in practice and proves valuable in designing marketing communication strategies. By employing the STP model, marketers can effectively prioritize ideas, craft personalized messages, and deliver them appropriately to engage with diverse audiences.

In essence, STP marketing, or Segmenting Targeting Positioning, is a widely adopted marketing model consisting of three stages: segmenting the market,

targeting the most profitable segments, and positioning products in the most advantageous manner.

The primary emphasis of the STP marketing model lies in audience-centric approaches rather than product-centric ones. By prioritizing the most valuable segments, businesses can tailor their product marketing strategies to ensure message delivery resonates with each audience segment.

STP marketing is a popular approach utilized by many companies in crafting marketing strategies. Some advantages of the Segmentation Targeting Positioning model include:

- Direct and focused marketing strategies, such as targeted advertising, new product development, or brand differentiation, achieved by allocating resources towards target segmentation.
- Identification of market growth opportunities through the exploration of new customer segments and product usage.
- Effective and efficient matching of company resources to target market segments that offer a higher return on marketing investment.
- Enhancement of the company's competitive positioning.

As previously explained, to implement the STP marketing model you have to do 3 steps, namely:

1. Market segmentation (Segmenting / Segmentation)

The segmentation stage involves dividing customers into groups based on similar characteristics and needs.

This process enables businesses to tailor their approach to effectively address the specific needs of each group, rather than employing a one-size-fits-all strategy.

To segment the market, various approaches can be utilized, such as:

- Demographic. Basing it on the audience's personal attributes such as age, gender, education, employment or marital status.
- Geographical. Base customer segmentation based on certain countries, regions, cities or neighborhoods.
- Psychographics. Segmentation based on certain personalities, values, or lifestyles.
- Behavior. Base market segments by grouping people based on how they use the product, loyalty to the product or benefits they seek.

2. Determining targets or objectives (Targeting)

The second stage of the Segmenting Targeting Positioning model involves identifying the marketing targets from the segmented groups.

In this step, it's essential to approach the task with a realistic mindset. Evaluating the potential and attractiveness of each segment from a commercial standpoint is crucial. By doing so, you can assess the alignment between your available resources and the segments deemed most promising in terms of benefiting the brand and company. To evaluate and select targets, several factors must be considered, including:

- Size: How big is the market segmentation and its potential for growth in the future
- Profitability: Determine which segments offer the potential for higher profits for your product or service. Consider the Lifetime Value of Customers in each segment.
- Accessibility: Evaluate the ease or difficulty of reaching the target market segment with your marketing messages. Consider any obstacles that may hinder communication with targeted segments.
- Focus on benefits: Each segment requires different benefits.

- Difference: There must be measurable differences between segments.

3. Positioning the product (Positioning)

he positioning stages involve defining how your product or brand is perceived in the minds of potential customers. The objective is to establish your product or brand as superior to competitors.

Therefore, in the final step of the STP marketing model, it's crucial to understand how to position your product for the most appealing target market segment with the potential for higher profits. To formulate effective positioning strategies, consider the following tips:

- Offer solutions. Re-examine the needs and potential problems or obstacles of each of your target market segmentations. By knowing the obstacles or potential problems they face, you can design the right message about how your product or service can solve their problems more effectively.
- Identify Unique Selling Proposition (USP). Find the right answer to the question why should customers buy and use your product or service? Think about offers that you can provide that cannot be found in other competitors.
- Develop marketing campaigns specific to target market segmentation. Make sure you make an attractive offer that is difficult for them to refuse.

Market segmentation involves defining specific market segments and dividing a large customer base into target subgroups comprising both current and potential customers. It is a consumer-centric process applicable across various business types. Researchers typically identify common characteristics such as shared needs, preferences, behaviors, or demographic profiles when segmenting markets. Market segmentation operates on the premise that distinct segments necessitate different marketing approaches, with diverse customers being targeted through varied offers, pricing, promotions, distribution channels, or a combination of marketing variables.

Once market segmentation is completed, companies should understand the needs and desires of their selected segments. Identifying untapped needs in the market is crucial, as there may be customers underserved by competitors. Determining the most profitable segments and deciding which ones to serve are essential steps. Three market coverage alternatives can be applied: undifferentiated marketing, differentiated marketing, and concentrated marketing.

The final stage in target marketing is product positioning. Firms develop "positioning statements" to specify the position they aim to occupy in the minds of their target customers relative to competitors' offerings. Since customers continuously compare products or services, marketers must devise positioning strategies to enhance perceptions of their products. Effective product positioning entails four key characteristics: being built around benefits for prospective customers, differentiation from competitors' offerings, possession of relevant skills, resources, and credibility to deliver on implied promises, and defensibility against competitors' actions to neutralize or preempt the positioning strategy.

2.4.3.2 Marketing Tactic

Once a company has established a precise positioning in the minds of consumers, it must differentiate itself from similar competitors. Differentiation becomes essential as a fundamental tactic concerning content (what is offered), context (how it is offered), and infrastructure (encompassing employees, facilities, and technology). Upon determining the desired differentiation, the subsequent step involves creatively applying this differentiation to the marketing mix elements (product, price, place, promotion, physical evidence, people, process). Hence, the marketing mix is deemed a creation tactic. Nevertheless, selling also serves as a capture tactic that warrants consideration, given its pivotal role in transactional activities and direct revenue generation.

To realize competitive strategies within the business landscape, effective marketing tactics are indispensable. Marketing tactics play a critical role within a company's operations. According to Sula (2004), there are three primary tactics aimed at supporting strategies to capture market share within a category, which include:

a. Differentiation

In a differentiation strategy, a company aims to establish uniqueness within its industry across specific dimensions that buyers typically value. By identifying several attributes deemed significant to buyers in the industry, the company positions itself uniquely to address these needs. This distinctive positioning allows the company to justify charging a premium price. This strategy emphasizes shaping buyers' perceptions, encompassing aspects such as quality, image, and innovation (Kotler et al., 1997).

Content (what to offer) is a differentiation dimension that refers to the value offered to customers. Context (how to offer) is a dimension that refers to the way the company offers products. This is related to the company's service to consumers. If the product is not possible to repair, then another step that the company can take is to improve services that can add positive value and enhance the quality of various things, such as delivery, maintenance, and product repair. And the last one is the infrastructure dimension, which refers to the human resources, facilities, and technology used to differentiate content and the previous context. A company can differentiate its products when or how it is offered. But the most effective thing is to integrate both of them so that the differentiation offered is vital, especially supported by a competent infrastructure. The combination of the three should be a strength for the company to continue its activities. (Sula, 2004)

b. Marketing Mix

Marketing mix means the techniques of product, distribution, promotion and pricing to generate and implement exchanges, and to reach the target markets. "Marketing mix-interrelated activities and approaches to meet customer needs and achieve marketing goals for the product, a whole (Sereikienė-Abromaitytė, 2013). "Marketing mix - a set of relevant factors and solutions that enable customers to meet the (national) needs and achieve the goals set by the company (Pruskus, 2015). As per Singh (2016), Marketing encompasses a multifaceted array of marketing combination variable approaches employed by companies to promote their products and services. Conversely, Kotler (2008) defines the marketing mix as a series of strategically managed tactics concerning product, price, place, and promotion that businesses utilize to offer desired solutions to the target market. The elements within the marketing mix serve as controllable tools that directly impact customer satisfaction (Chelliah & Kwon, 2011). A marketing strategy facilitating comparison with competitors is the marketing mix of services, encompassing 7Ps: products, prices, place, promotions, participants, physical evidence, and processes (Lovelock, Wirtz, & Mussry, 2010).

These primary marketing mix elements, which function individually, are complemented by additional elements acknowledged in scientific literature and by some authors: people, process, and physical evidence. This extension to the traditional elements is often referred to as the "7P marketing complex" in academic discourse. The planning of marketing activities can incorporate all elements of the marketing mix.



Figure 2.3 Marketing Mix 7P

1. Marketing Product

The product is an essential part of the element in the marketing mix because it contains the values of the company that will be sold to consumers. Dang (2015) emphasizes that the product is the first and one of the key marketing elements. Products sold by companies can take various forms, including physical goods, services, experiences, participants, locations, and ideas or ideas. Product is anything that can be offered to the market to satisfy wants/needs. (Kotler & Armstrong, 2016).

2. Price

According to Kotler and Armstrong (2009), the price is known as the amount of money to be paid for a product or service, or the value of the exchange help that customers get for a certain amount. "Thus, the direct expense of the transaction is the amount of money the

consumer has to pay for the good or service expected to buy. Price is one of the essential marketing mix items, and many scientists consider the price as one of the market's most important factors, which not only increases profits but also increases market share. However, not only price one of the key factors in a competitive situation that directly affects the company's revenue and productivity metrics, but it is also one of the most versatile marketing mix components that can adapt quickly to changes in the environment. Therefore, it is the price is perceived as the only element of the marketing mix, generating revenue and the most critical customer satisfaction and loyalty factor. Singh (2016) highlights that a significant factor in determining prices is influenced by the cost of the product, marketing strategy and costs associated with the distribution, advertising costs or price changes in the nature of the market.

3. Place

According to Martin (2014), Another essential element of marketing is a place that is also called the distribution, which is defined as the process and methods by which products or services reach customers. Determination of location is significant in the company because it can affect the income earned and costs to be incurred. According to Sumarni and Soeprihanto (2010), location is defined as the channel used by producers to deliver the product from producers to consumers or industrial users. The distribution that helps customers and users to find and keep purchasing their products from manufacturers/providers at the time of need. Thus, the distribution may become a complex functioning system where producers, brokers and independent trade and the interests of consumers wholly

compatible with each other in a particular environment and a certain time.

4. Promotions

Promotion, which helps to increase consumer awareness in terms of their products, leads to higher sales and helps to build brand loyalty. Thus, the promotion of the marketing mix is a tool that helps disseminate information, encourage the purchase and affects the purchase decision process.

5. Participant

Hurriyati (2010) stated that all employees' attitudes and actions, even the way of dressing and appearance have an influence on consumer perceptions or the success of service delivery. It can be said that participants in service companies play an important role because it can influence the perception of consumers. Participants are all people who play a role in providing services that can influence the perception of buyers, including company employees, consumers and others in the company environment

6. Physical Evidence

Physical evidence is physical evidence that can be felt by the human senses by sight, touch, and smell. This physical evidence covers office buildings and other supporting elements such as shops, stalls, and others. Building is an example of part of physical evidence, this characteristic can be an added value for consumers as a service company that has character. Attention to the interior, building fixtures, including lightning systems, and a spacious layout are important considerations and can affect the mood of visitors.

The building must be able to create an atmosphere with attention to ambience so as to provide the best experience for visitors, especially for a company with a target market with certain tastes.

7. Processes

The process of a service company has an important role because the process of service products will be seen by consumers. According to Hurriyati (2010), the process is all work activities that involve procedures, tasks, schedules, mechanisms, activities and routines of how products or services are distributed to consumers. According to Zeithaml & Bitner in Hurriyati (2010), the process is considered as all the actual procedures, mechanisms and activity streams used to deliver services

According to research conducted by Mohammad (2015) elements of products, processes, and physical evidence have a significant effect on consumer satisfaction, while price, location, promotion, and participants have insignificant effect. From research conducted by Ismail, Mubarak, and Thulkifly (2015) at the Bank of Ceylon in Batticaloa District, the results show that all elements of the marketing mix in the form of products, prices, locations, promotions, participants, physical evidence, and processes significantly influence customer satisfaction.

c. Selling

The final component of the marketing tactic is selling, which involves persuading or convincing consumers about the benefits of the products being offered and how they provide solutions or additional benefits. Effective sales communication focuses on emphasizing the value inherent in the product or service being promoted. Three crucial factors from the consumer's perspective need to be taken into account: their

needs, desires, and budget constraints, all of which shape the target market.

By recognizing these elements, a company can demonstrate to consumers that it doesn't just sell products or services, but also offers solutions. This approach, based on the company's products or services, builds consumer trust. Consumers will perceive the company not as merely selling items, but as providing solutions tailored to their needs. Establishing trust is paramount to successful selling. Consumers will view the company as a partner that comprehends their requirements, rather than a stranger peddling irrelevant products. This relationship is reinforced by an empathetic attitude displayed during transactions (Kotler & Keller, 2010).

2.4.3.3 Supply Chain Operation Reference (SCOR)

The Supply Chain Operation Reference (SCOR) model was crafted by the Supply Chain Council (SCC) with the aim of assessing the efficiency of supply chains. This model offers a set of standardized terms that facilitate decision-making, organization, and execution of supply chain operations. SCOR has several processes which represented in Figure 2.1 as follows:

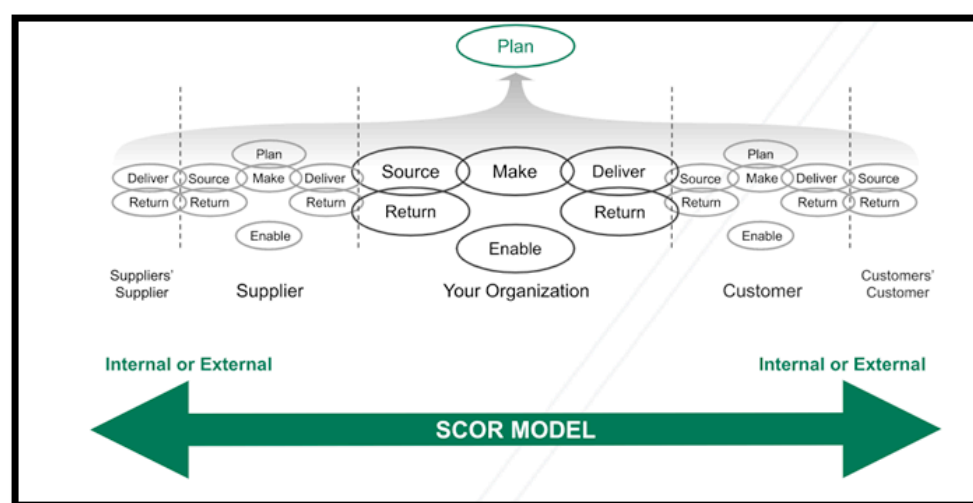


Figure 2.4 SCOR Model

a. Plan

It is analysing the information and forecasting market trends of goods and services. Marketing and finance departments apply planning process by monthly and yearly reports

b. Source

It is a procurement system with procurement model. It includes search, negotiation and evaluation agents to amend supplier selection, negotiation, and evaluation.

c. Make

It is the manufacturing of goods not only in terms of time but also about production belt and batch.

d. Deliver

It is the processes, which provides finished goods and services to reach planned or actual demand.

e. Return

It is processes, returning the goods or receiving the product.

2.4.3.4 Program Evaluation & Review Technique (PERT)

Program Evaluation and Review Technique (PERT) serves as a valuable project management instrument utilized for scheduling, organizing, and coordinating project tasks (Rijaluddin & Ajie, 2020; Febrianto, 2011). PERT, an abbreviation for Program Evaluation and Review Technique, is a strategic method designed to minimize delays and production disruptions while streamlining the integration of disparate project elements to expedite project completion (Rijaluddin & Ajie, 2020; Upadi, 2011). PERT comprises various components, including:

- a. Activity, An assignment or task necessitates a specific timeframe, financial resources, and necessary facilities for completion. Such activities are typically represented by arrow symbols.
- b. Event, Signifies both the initiation and culmination of an activity. Events are denoted by circular symbols (nodes) accompanied by sequential numbers, starting from a lower number for preceding events.
- c. Activity, time activity duration refers to the time required to execute a specific task. Typically, three estimated time frames are considered for completing an activity:

1) Optimistic timing (a)

When the activities were carried out, there were no obstacles.

2) Realistic time (m)

Time of activities carried out in normal conditions with certain acceptable obstacles.

3) Pessimistic time (b)

When the activity was carried out there were more obstacles than it should have been.

- d. Estimated Time of activity Completion, the three estimates time are then used to get the expected activity time with the formula:

$$t = \frac{a + 4m + b}{6}$$

(Source: Aryo Andri Nugroho, 2007)

2.4.3.5 Marketing Value

Marketing value, as described by Kartajaya (2001), encompasses the array of values cultivated by businesses via their brands, services, and operational procedures, aiming to enhance customer satisfaction. Enterprises poised to succeed in the era of economic

globalization are those adept at implementing marketing value across their brand identities, service offerings, and operational frameworks activities.

a. Brand Value

As stated by Sutojo (1983), a product brand embodies distinguishable significance, facilitating its differentiation from similar counterparts through various means such as words, colors, symbols, and visible logos. Conversely, according to Kartajaya (1995), an entity denotes something possessing a unique and distinct identity. From the point of view of consumer interest, in addition to having value, a brand is also useful as:

- Facilitating memorability of the product: Achieving this objective entails various strategies, including selecting a distinct and memorable name or one that leaves a compelling impression. The primary goal is to ensure ease of recall.
- Stimulating purchase motivation: Brand names frequently serve as the foremost tool in capturing consumers' interest.
- Fostering positive associations/affiliation: A brand name capable of evoking pride in consumers upon purchase significantly contributes to fostering customer loyalty. Many individuals perceive ownership of goods or services bearing a particular brand as an indication of belonging to a specific social class (Nicolino, 2004).

On the other hand, for the benefit of entrepreneurs, brands have benefits as:

- a) Acting as a pillar for promotional initiatives; a trusted brand has the ability to entice repeat purchases, essentially promoting itself through buyer loyalty (self-promotion).

- b) Sustaining market presence; the renown of brand names, combined with endeavours to uphold or enhance product quality, fosters buyer allegiance to the product brand.
 - c) Mitigating the impact of price-based competition. To a certain extent, buyer loyalty to the product brand diminishes the likelihood of consumers switching to alternative products solely due to price differentials.
 - d) Facilitating the introduction of new products into the market. A trademark can smooth the entry of a new product variant into an existing product line-up. Consumers familiar with the old product brand are more likely to perceive the new product as possessing comparable quality, viewing it as part of a familiar brand "family." This perception is expedited if the new product is closely related to its predecessor.
 - e) Offering legal safeguarding for product features or attributes.
- b. Service Value

The swift evolution of information technology has reshaped traditional perspectives regarding product quality. While in the past, factors like quality, price, and packaging were potent tools for market penetration amid fierce competition, today, they are no longer sufficient. The service aspect has emerged as a distinct facet that remains notably effective in competitive control. Technological advancements and societal progress cannot supplant this service element. Even with high technology, effectiveness in meeting consumer interests is contingent upon the provision of excellent service. This service component stands as the linchpin of a successful marketing endeavor aimed at fulfilling consumer needs and satisfaction.

According to Sviokla, a company's capacity to deliver services to customers significantly determines its level of success and quality. Providing exemplary service fosters a larger market share and enhances company profitability (Lupiyoadi et al., 2009). Parasuraman et al. (1991) define service quality as the extent to which the service delivered aligns with customer expectations. Parasuraman identifies five dimensions of service quality, which include:

- **Tangibles:** This pertains to the appearance and functionality of the company's physical facilities, infrastructure, and the overall environment, serving as tangible evidence of the services rendered by the company or service providers.
- **Reliability:** This reflects the company's capability to deliver services as promised consistently and accurately. Service performance must align with customer expectations, ensuring punctuality, equal treatment, absence of errors, a compassionate approach, and services executed with precision.
- **Responsiveness:** This denotes the company's agility in delivering services promptly and accurately to consumers, accompanied by clear communication. Prompt service delivery is essential to prevent customer dissatisfaction stemming from prolonged waiting periods.
- **Assurance:** This encompasses various aspects such as employee product knowledge, quality of customer service, attentiveness, courtesy, information dissemination skills, assurance of security in service utilization, and fostering consumer confidence in the company.
- **Empathy:** This involves providing personalized attention to customers, including easy accessibility, effective communication channels, and efforts to understand and address customer wants and needs.

c. Process Value

The process concerns the ability of employees to carry out processes/actions in accordance with what is expected or determined by the company as well as the ability to carry out designs to make the change process if needed, especially in dealing with competitors. Kartajaya and Davenport (2001) stated that there are three important processes that can be "dismantled" and have a major impact on customer satisfaction:

- Product development process
- Order fulfilment process
- The process of handling customer problems, especially those related to customer complaints.

This ensures differentiation from competitors and is pivotal in navigating customer satisfaction.

2.5 Business Model

The customer value proposition is centered on understanding the multifaceted needs of the target customers and devising solutions that offer superior value at a lower cost compared to existing alternatives. Meanwhile, the profit formula delineates the financial structure of the business model, outlining how the firm generates profits and creates value by delivering solutions to customers. Key resources encompass various assets and capabilities such as products, technology, human capital, distribution channels, partnerships, and brand equity, all essential for delivering the value proposition effectively. Key processes denote the operational and managerial procedures that underpin the business, facilitating scalability and enhancing value delivery to customers. Illustrated in Fig. 8, these four crucial elements—customer value proposition, profit formula, key resources, and key processes—form the foundational framework of any business. While the former two elements define value for customers and the firm respectively, the latter components, comprised of

path-dependent routines and accumulated experiences, shape the operational principles and values of the business model, elucidating how value is delivered to both customers and the firm.

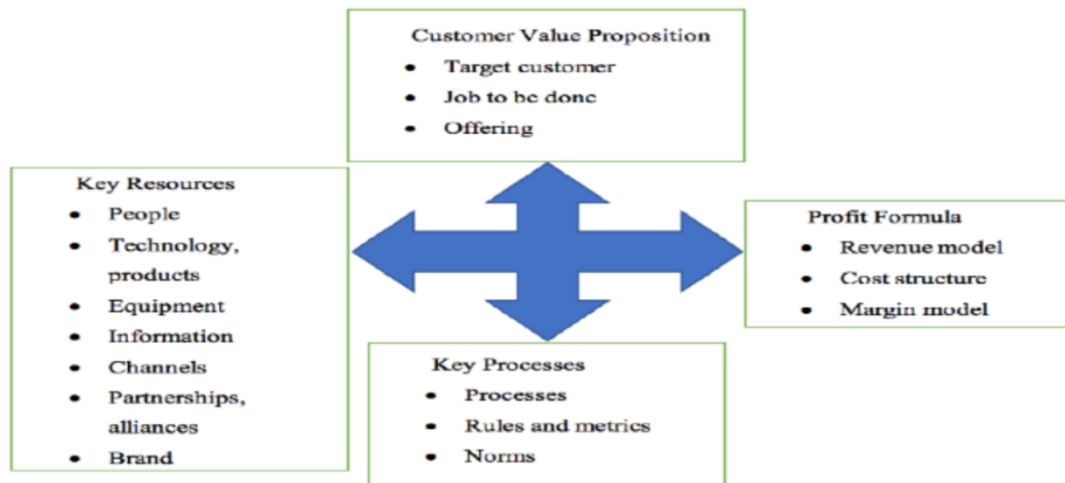


Figure 2.5 Component of a Business model