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# Analysis And Formulation of Marketing Strategies in Third Party Logistics (3pl) to Increase Sales

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## Abstract

The logistics business is one of the business sectors that has a high growth rate, this is in line with the increasing needs of people's lives accompanied by increasingly sophisticated technological developments. ABC Company is the grandson of the Pertamina group and is a subsidiary of Pertamina Patra Niaga as a Commercial and Trading sub-holding. Currently, the marketing strategy carried out by ABC is still not good. There is no specific marketing strategy that can directly attract customers outside of the parent company. This study aims to formulate and analyze marketing strategies using external and internal analysis.

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## Keywords

Marketing Strategy, SWOT Analysis, Five-Forces Porter, PEST Analysis.

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## INTRODUCTION

Currently, the logistics business is one of the business sectors that has a high growth rate, this is in line with the increasing needs of people's lives accompanied by increasingly sophisticated technological developments. Based on data from Ken Research (2020), the Logistics Market in Indonesia in 2020 – 2024 shows a graph that continues to increase, meaning that the logistics business in Indonesia is always growing from year to year. Based on the report, in 2024 market conditions in Indonesia, especially logistics, are projected to experience an average compound annual growth rate (CAGR) of 7.9% of revenue and fulfill up to a value of US\$ 300.3 billion. PT Pertamina group is a company engaged in the oil and gas energy sector, having various businesses from upstream to downstream the oil and gas business with oil and gas operations, ranging from exploration, exploitation, processing, procurement, transportation, distribution, storage to marketing and this is the core business, and of course all these activities are opportunities for the logistics industry. ABC Company is the grandson of the Pertamina group and is a subsidiary of Pertamina Patra Niaga as a Commercial and Trading sub-holding. With this position, ABC is given the flexibility to do business with other sub-holdings but still in the corridor or core business in the logistics

sector. By focusing on this business, stakeholders provide targets in the form of revenue and profit values by looking at the development of long-term business strategies. Although the business that is targeted and engaged in still depends on the business potential of the parent company, in this case PT Pertamina group. However, ABC has not been able to capture the business potential that exists in the parent company because management does not get enough trust from the management of the parent company in managing work that is in accordance with the core/identity of ABC.

Referring to internal data, there is an opportunity for transportation and logistics work of Rp. 20.5 T which of course can be taken or worked on by ABC with adjustments to the company's core business, namely 3PL providers, but within the PT Pertamina group itself there are several companies that are almost the same business as ABC which are of course competitors in getting opportunities from jobs that there is. Currently, the marketing strategy carried out by ABC is still not good. This can be proven by the fact that there is no other income and only depends on the operations of the parent company. There is no specific marketing strategy that can directly attract customers outside of the parent company PT. Pertamina is one of the reasons for the lack of income other than the parent company. So far, ABC only does marketing to

companies within PT. Pertamina itself and the brand owned by ABC is not very well known yet. Therefore, a marketing strategy is needed that can help ABC improve its brand as well as attracts customers from outside the parent company to increase sales from ABC. In solving this problem, this study aims to formulate and analyze marketing strategies using external and internal analysis. External analysis is carried out by means of PEST and Five Porter's analysis, while for internal analysis it can be conducted by Value Chain Analysis. In addition, SWOT is also conducted to help formulate a strategy from the analysis previously mentioned.

## **LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

### **Third Party Logistics**

In 1980, Third-Party Logistics (3PL) has successfully evolved over the last three and a half decades to become a reliable choice in increasing the effectiveness and efficiency of supply chains. 3PL in management and supply chain is an organization that functions as a 'third person' business that provides outsourced services in the areas of distribution, warehousing and delivery services (Alfredsson, 2003). Based on research conducted by Maloni and Carter (2006), there are three reasons why a company wants to use a 3PL service provider in its operations, namely: 1) expertise and economies of scale from supporting logistics service providers; 2) Focus and efficiency of logistics service providers that lead to service improvement; and 3) Involving logistics service providers allows companies to focus on their company's core business competencies.

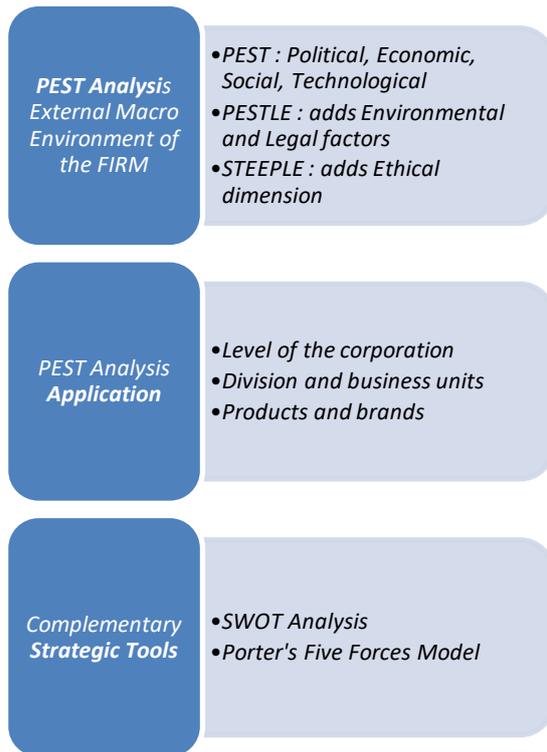
As a result of the development of this 3PL, more and more large 3PL companies have emerged to compete in this business. Apart from companies, researchers are also starting to pay attention to 3PL research as companies begin to adopt 3PL services. Capgemini and Langley (2017) provide an interesting view of the 3PL industry. This positive and collaborative relationship between shippers and logistics service providers has developed consistently in the last 2 decades. The skills in working between the two have made their work relationship continue to improve and make their service quality even better. Most shippers claim that using the services of a logistics provider not

only results in reduced costs but also improves the quality of customer service.

### **PEST Analysis**

PEST is a macroenvironmental factor analysis framework commonly referred to as, STEP, SEPT, or STEEP. PEST constituents can be thought of as macro-environmental factors and their usefulness rests on the assumption that the success of a particular organization or management solution cannot be understood without having information relevant to a particular business environment (Buchanan and Gibb, 1998). The business environment can be defined as all the relevant physical and social factors outside the organization that are considered in the decision-making process. According to Ward and Rivani (2005) PEST analysis assumes that certain external circumstances that characterize the business environment can affect an organization's capacity to generate value. Therefore, PEST analysis provides a "satellite view" for assessing the external environment (Ward and Rivani, 2005). This is particularly relevant when trying to narrow down a very large business environment to study organizational information systems.

PEST stands for the four causes of change in the external environment: political, economic, social and technological. PEST analysis is an effective method and is often used to study and identify strategic risks. This PEST analysis has a function to find out the causes of changes and environmental impacts on the macro external scope that exist in company competition. In this external scope, there are components or variables that cannot be controlled by the company, so it requires analysis to adapt to a dynamic competitive environment. Decision makers or management often try to understand external factors and assess how the business model must develop to adapt to external factors. PEST has traditionally been used in two different ways. The initial way to do this is to analyze the position of a particular organization or industrial sector in a particular business environment. After that study the feasibility of management in a competitive business environment.



factors, strengths and weaknesses, while external aspects include environmental factors, opportunities and threats. SWOT analysis is used to evaluate business aspects in terms of strengths, weaknesses, opportunities and threats (Kim, 2005). SWOT identifies internal and external aspects that are important to achieve business objectives. Internal aspects refer to features that are within the control of the business, while external aspects are factors beyond the control of the business (Bull et al., 2016). Based on a mix of strengths, weaknesses, opportunities, and threats analysis, SWOT analysis can be used effectively to generate alternative choices for businesses. The technique can clearly explain how strengths and weaknesses can be matched with opportunities and threats.

SWOT analysis is a method that analyzes the condition of the company and involves four main components in two dimensions (internal and external) starting from strengths, weaknesses, opportunities and threats. Strengths and weaknesses are part of the internal conditions of the organization and/or company, while opportunities and threats are part of external factors. SWOT analysis is usually carried out in a grid of four quadrants. Table 2.1 below is an explanation of the four components in SWOT.

SWOT analysis identifies the organization's strengths and weaknesses by examining factors in its environment and determines the organization's external opportunities and threats. This analysis can provide an overview to help companies adapt their resources and capabilities to market conditions. This strength and opportunity component is a component that can provide positive results to the company and can be beneficial for the organization or company. While weaknesses and threats are components that can give negative results to the company and do not provide benefits to the company. Therefore, the basis for formulating an effective strategy for companies to compete in the market is an analysis of the internal strengths and weaknesses that exist within the company, as well as the opportunities and threats that exist from its external environment. The role of the manager in using the SWOT method is to balance external and internal analysis to balance the company's strengths and weaknesses relative to market opportunities and threats.

**SWOT Analysis**

Component	Description
<i>Organizational Strengths</i>	Characteristics of companies that provide benefits to the company
<i>Organizational Weaknesses</i>	Characteristics of the company that shows the company's shortcomings
<i>Environmental Opportunities</i>	External elements that exist in the environment that provide benefits to the company
<i>Environmental Threats</i>	External elements that exist in the environment that can cause problems for the company

SWOT analysis is one of the strategic planning frameworks used to assess an organization, plan, project or business activity. In addition, SWOT is also one of the important situational analysis methods that can help managers identify the internal and external conditions of the organization (environment). SWOT analysis has two sides: internal and external. Internal aspects include organizational

## Five-Forces Porter Model

The Five Forces Framework was created by Harvard Business School Professor Michael Porter and was first published in the Harvard Business Review in 1979. The Five Forces framework is an influential and direct tool for identifying the specific strengths associated with a particular business using an inside-out perspective (Johnson, Scholes, & Whittington, 2008). The framework distinguishes five forces in the microenvironment that drive competition and harm an organization's ability to generate profits. The origins of Porter's five forces framework are based on an industrial economics or industrial organization (IO) approach. The IO approach assumes that the attractiveness of the industry in which an organization operates is determined by the market structure because market structure influences the behavior of market contributors (Raible, 2013). Market structure, in turn, influences the strategic behavior of organizations; for example, market success depends on competitive strategy.

Furthermore, the success of the organization indirectly depends on the market structure. Mohapatra (2012) states that "individual strengths and collective impacts will change along with changes in government policies and macroeconomic and environmental conditions". In addition, the five forces framework can be seen as something that can be used when completing an industry analysis. Even upon closer inspection, it becomes clear that the model allows an organization to gain a deeper understanding of how profits are divided among the five forces in a given industry. Hence, it will enable organizations to gain a better understanding of which industry players hold the most power and possibly dictate the rules of activity. In addition, the framework allows organizations to gain not only a glimpse of the industry at a given point in time, but also a view of industry dynamics and potential future changes

## METHODOLOGY

At this stage the steps to be conducted are divided into two, namely Literature Study and Problem Identification and Preliminary Company Evaluation. In the first step, literature study and problem identification will be carried out to find out the problems that occur in the company and find out the methods



that will be used to solve the problems. In this case, the issues to be raised are related to the marketing strategy of PT. X to increase its sales. Then the method that will be used is SWOT analysis, Porter's five-force model, value chain analysis and PEST analysis. After knowing the problems and methods to be used, then a preliminary company evaluation will be carried out. In this step, the current performance of PT. X will be assessed to know the existing conditions in detail and the situation of the third-party logistics (3PL) industry. This preliminary company evaluation can be done by interviewing the director or manager of PT. X to determine the condition of the company's sales and existing marketing strategy.

After that, there are several steps that conducted in this research, starting from collecting data, identifying internal and external environments, analyzing internal and external factors, formulating strategies using SWOT, determining the best strategy through FGDs, formulating implementation plans and formulating conclusions and suggestions. Initially, data collection will be carried out in this study. The data that will be collected is as follows: (1) Data regarding existing marketing strategies; (2) Data on competitors (3) Data regarding sales. Then the data to be collected is conducted by interviewing the manager or director or head of the relevant division at ABC Company directly. After that, external environmental conditions were identified using the Porter Five-Forces model and PEST analysis. In addition, internal environmental conditions are also identified using value chain analysis. Then after getting the internal and external environmental conditions at company, the next is the analysis of internal and external factors using the SWOT component.

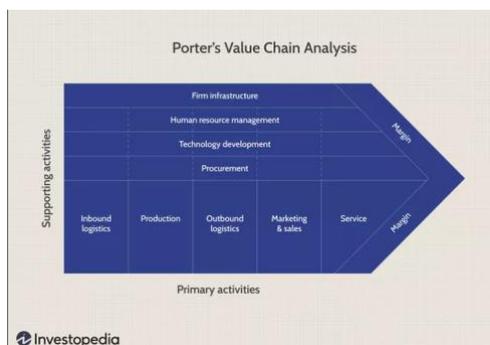
After obtaining internal and external factors from ABC, then a strategy is formulated using the SWOT matrix. Basically,

all internal and external factor analysis is entered into the SWOT matrix and then formulates a strategy based on four combinations namely SO, ST, WO, and WT. The strategy that has been formulated based on the four combinations above, is then conducted in an FGD with the marketing strategy team to determine the best strategy and formulate future implementation plans for the company. After getting the results of the best strategy to be implemented, conclusions and suggestions were formulated regarding this research

## RESULTS AND DISCUSSION

### Internal Environment Identification

In this section, the results of identifying the internal environment of PT. X used the value chain analysis method developed by Porter. The business management concept of the value chain was introduced and explained by Michael Porter in his popular book "Competitive Advantage: Creating and Sustaining Superior Performance." The value chain concept involves all aspects of business operational activities and can be studied in combination with supply chains. While supply chains focus on the process of procuring goods and services from suppliers, value chains study added value at various intervals through a series of activities or processes aimed at creating profitable value for a product offering. In general, value chain business activities are usually divided into primary activities and secondary activities. The main activity is directly related to the creation of goods or services. Support activities are activities that help improve efficiency and bidding work to gain a stronger competitive advantage among co-workers



Based on the results of the assessment, the

results of the internal environment identification analysis were as follows:

1. Good consistency of its product quality and good service reputation.  
PT. XYZ has always been committed to maintaining the consistency of its product quality in all segments and providing good service (responsive, reliability, and speed) to its customers, and current customers are aware of it (Mr X, personal interview, 2022).
2. Good relationship and extensive network with suppliers  
As one of the Pertamina Group which has many networks and cooperative relationships with other companies, PT. X was able to get good cooperative relations and an extensive network through its parent company. PT. X has attracted many suppliers or network relationships with other companies with competitive prices and reliable.
3. Lack of advertising programs  
According to the Marketing & Sales Manager, the focus of PT. X marketing promotion activities from year to year are sales promotions to boost short-term sales. Very little advertising activity, due to limited financial ability to fund advertising programs on television, newspapers and radio. The lack of advertising programs results in low brand awareness of its products compared to its main competitors.
4. Lack of skills from marketing resources  
According to the same source, PT. X is experiencing a shortage of salespeople with leadership and marketing skills. The quality of some branch office leaders is low. Currently PT. X does not have a program to develop existing managers and new talent in marketing to anticipate opportunities for increased demand for paint in both existing markets and other geographic markets.
5. Limited ability of internal funds to expand the business. To take advantage of the opportunities that exist, PT. X should expand its activities in both existing and/or new markets and products. Increasingly aggressive business expansion requires greater funding to achieve significant growth. There will not be enough internal funds available to finance this type of growth, so X will need to raise funds from external sources. So far, X has followed an incremental growth

style so that its internal funds are still sufficient to finance it.

### External Environment Identification

This section will present the results of identifying the external environment of ABC using the PEST and Porter's Five-Forces analysis methods developed by Porter. Porter's 5 Forces is an analytical model used to help identify industry structures and help companies determine their competitive strategy. This model was developed by Harvard Business School professor Michael E. Porter as part of his book "Competitive Strategy: Techniques for Analyzing Industries and Competitors," which was published in 1980. This model can be applied to any segment of the economy. This helps explain why different industries maintain different levels of profitability. PEST stands for Political, Economic, Social and Technological. This analysis is used to assess these four external factors in relation to the business situation. Basically, PEST analysis helps determine how these factors will affect business performance and activities in the long term. This method is often used in collaboration with other analytical business tools such as SWOT analysis and Porter's Five Forces to provide a clear understanding of the situation and related internal and external factors.

This section will present the results of identifying the external environment which has been conducted through PEST analysis and Porter's Five-Forces. The following below is the result of the identification of the external environment that has been carried out.

1. The trend of the development of high demand from the logistics market  
Based on data from Ken Research (2020), the Logistics Market in Indonesia in 2020 – 2024 shows a graph that continues to increase, meaning that the logistics business in Indonesia is always growing from year to year. Based on the report, in 2024 market conditions in Indonesia, especially logistics, are projected to experience an average compound annual growth rate (CAGR) growth of 7.9% of revenue and fulfill up to a value of US\$ 300.3 billion.
2. There is business and infrastructure assistance from the parent company  
ABC is the grandson of the PT Pertamina group and is a subsidiary of PT Pertamina Patra Niaga as a Commercial and Trading sub-holding. With this position,

ABC is given the flexibility to do business with other sub-holdings but still in the corridor or core business in logistics. In addition, the parent company also often provides business opportunities that can be carried out by the company's children and grandchildren.

3. Lack of business trust from the parent company  
PT X has not been able to capture the business potential that exists in the parent company because the management does not get enough trust from the management of the parent company in managing work in accordance with the core/identity of ABC. This is because the company is relatively new, so it takes experiences that can attract the attention of the parent company through the main business of ABC.
4. Intense rivalry among the existing competitors  
Business from PT. X provided by the parent company (PT. Pertamina) is also a business opportunity that can be taken also by other competitors who are still within the scope of the same group. Therefore, the opportunity for PT. X in doing business with the parent company can still be threatened due to competition within the same parent company group.
5. High Threats of New Entrants  
In today's logistics business, there are lots of new companies that are taking business potential from third party logistics due to the large number of online transactions from online trades. This business potential has started to attract many companies to build new business models related to logistics so that the threat from new entrants is also taken into consideration.

### SWOT Analysis

In this section, identification results from the internal and external environment will be collected which will then be analyzed through Internal Key Factors (IFAS) and External Key Factors (EFAS) for ABC Company. The following table below is the result of IFAS and EFAS for ABC has been done.

Internal Key Factors (IFAS)	
<b>Strengths</b>	
1	Good consistency of product quality and good service reputation.
2	Good relationship and extensive network with suppliers
<b>Weaknesses</b>	
1	Lack of advertising strategies
2	Lack of skills from marketing employees
3	Limited ability of internal funds to expand the business

External Key Factors (EFAS)	
<b>Opportunities</b>	
1	The trend of the development of high demand from the logistics market
2	There is business and infrastructure assistance from the parent company
<b>Threats</b>	
1	Lack of business trust from the parent company
2	Intense competition among competitors
3	High threat of new entrants

After obtaining IFAS and EFAS from PT. X, then the results of data collection from the FGD with related stakeholders were collected and the weight, value and final score of each SWOT component were calculated. The value of this score will be the basis for determining the best strategy category to be used by the company based on the SWOT strategy coordinates. The following below is the result of calculating the score of each SWOT component.

No.	Internal Factors	Weight	Rating	Score
<b>Strengths</b>				
1	Good consistency of product quality and good service reputation.	0.2	2.5	0.5
2	Good relationship and extensive network with suppliers	0.2	2.8	0.6
Sub Total				1.1
<b>Weaknesses</b>				

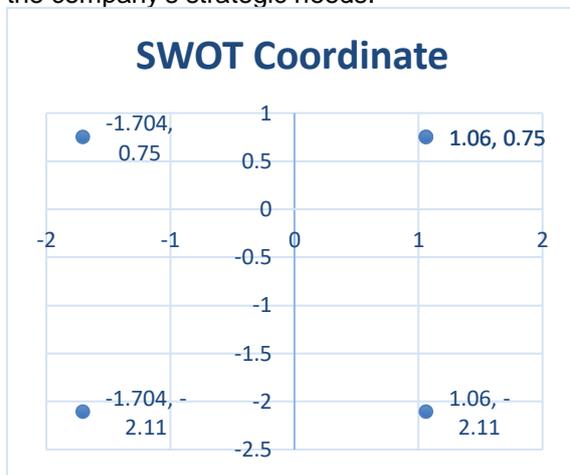
No.	Internal Factors	Weight	Rating	Score
1	Lack of advertising strategies	0.2	3.42	0.7
2	Lack of skills from marketing employees	0.2	2.7	0.5
3	Limited ability of internal funds to expand the business	0.2	2.4	0.5
Sub Total				1.7
Final Score				2.8

Based on the table above, the sub-total value for the strength's component is 1.1 and 1.7 for weaknesses. The higher the score of each component, the greater the influence of the component on company goals or it can be said that the strategy associated with this component is more necessary than the other components. In this case, a strategy to cover weaknesses is more needed than to strengthen the strengths component.

No.	External Factors	Weight	Rating	Skor
<b>Opportunities</b>				
1	The trend of the development of high demand from the logistics market	0.15	2.6	0.4
2	There is business and infrastructure assistance from the parent company	0.15	2.4	0.4
Sub Total				0.8
<b>Threats</b>				
1	Lack of business trust from the parent company	0.25	3.7	0.9
2	Intense competition among competitors	0.2	2.6	0.5

3	High threat of new entrants	0.25	2.66	0.7
Sub Total				2.1
Final Scor				2.9

Meanwhile, based on the table above, the sub-total value for the Opportunities component is 0.8 and for Weaknesses is 2.1. The higher the score of each component, the greater the influence of the component on company goals or it can be said that the strategy associated with this component is more necessary than the other components. In this case, a strategy to anticipate threats is more needed than to take advantage of the opportunity's component. The results of the previous SWOT component calculations are then mapped in a Cartesian diagram to determine the position of the company's strategic needs.



Meanwhile, Figure 4.3 above is the result of mapping the Cartesian diagram according to the previously calculated coordinates. Based on the strategy mapping above, it is found that the Defense strategy category is prioritized compared to other combination strategies because it has the farthest distance from point 0. The meaning of this SWOT strategy mapping shows that strategies related to Defense are prioritized compared to other strategies. After obtaining the position from the company's SWOT, it is then followed by an FGD with stakeholders to discuss the strategies that will be used within the company. Based on the results above, a strategy in the Defense category (W-T combination) is more needed for companies to achieve goals and solve problems that occur. Therefore, the next process after the SWOT analysis is an FGD with stakeholders which will then formulate a strategy according to the company's needs. The following below is a

strategy that was successfully formulated in the FGD.

Strategy	Program and Objectives	SWOT Component Coverage
Market Penetration	1. Advertising Goal: Increase brand awareness, increase sales	W1, W2, T1, T2, T3
	2. Sales Promotion Goal: Increase sales	W1, W2, T1, T2, T3
	3. Increase distribution coverage Goal: Increase sales and brand awareness	S1, O1, O2, O3
	4. Increased focus on Project Channels Goal: Increase brand awareness and image and increase sales	W1, W2, T1, T2, T3
	5. Approach Program Goals: Build a closer relationship with customers, Build positive value in word-of-mouth	S2, O1, O2

Strategy	Program and Objectives	SWOT Component Coverage
Product Development	1. Product Modification Goal: Attract new buyers and retain existing ones	S1, S2, T1, T2
	2. New Product Development Goal: Meet new customer needs	S1, S2, T1, T2, T3
Enter New Market Geography	1. Market expansion in other regions Goal: Increase sales and image	W1, W2, O1, O2
Development of Efficient Operations	1. Anticipate increased demand Goal: avoid inventory shortages and production and delivery delays	S1, S2, T2, T3
	2. Efficient Operation Goal: Reduce costs and increase profits	S1, S2, T2, T3
Develop good HRM practices	1. Revitalizing the Role of the HR department Objective: Develop a good HRM practice	W1, W2, T1, T2, T3

Strategy	Program and Objectives	SWOT Component Coverage
	with a strategic orientation	

After obtaining the formulation of the strategy and its implementation, it is necessary to have strategic priorities that need to be carried out by the company's stakeholders. The priority strategy that can be used by stakeholders is through a SWOT analysis that has been done before. It can be seen that the combination strategy needed for the company is a defense strategy, namely a combination of Weaknesses and Threats. Therefore, the priority strategies to be used within the company are as follows: (1) Advertising; (2) Sales Promotion; (3) Increased focus on the project channel; (4) Revitalizing the Role of the HR Department. These strategies then aim to increase brand awareness and company image to increase sales and increase market share that can be provided by the company.

### CONCLUSION

Based on the results of the research that has been done, the following conclusions are obtained: (1) Based on the results of the analysis, the external conditions of company X are the trend of the development of high demand from the logistics market, the existence of business and infrastructure assistance from the parent company, the lack of business confidence from the parent company, intense competition among competitors, the high threat of new entrants (2) The external conditions of company X based on the results of the analysis are good consistency of product quality and good service reputation, good relationships and extensive network with suppliers, lack of advertising programs, lack of skills from marketing resources, limited internal funding capabilities to expand business (3) Based on the results of the SWOT analysis, the company needs a strategy in the Defense category (W-T Combination) where the strategy is advertising, sales promotion, increasing focus on project channels and revitalizing the role of the HR Department.

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