

ENHANCING BUSINESS PERFORMANCE OF PT. BENTOEL PRIMA

Gabriel Bin Susabda; Ryan Eleazar

ABSTRACT

Currently, PT. Bentoel Internasional Investama, Tbk ("Bentoel" or "Company") and its subsidiaries, is a member of the British American Tobacco Group, the world's second largest tobacco group by global market share with trademarks in more than 200 countries.

Bentoel is the fourth largest cigarette producer in Indonesia with a market share of 7%. Bentoel manufactures and markets a wide range of tobacco products such as machine clove cigarettes, hand-rolled cigarettes and white cigarettes. Our main portfolio includes Dunhill Filter, Dunhill Mild, Club Mild and Lucky Strike Mild. We also produce and market local brands such as Neo Mild, Tali Jagat, Bintang Buana, Sejati, Star Mild and Uno Mild, as well as global brands such as Lucky Strike and Dunhill.

Bentoel employs over 6,000 employees, from starting to build partnerships with tobacco farmers, buying and processing leaf tobacco and cloves, to cigarette production, marketing and distribution.

1. COMPANY PROFILE

PT Bentoel Internasional Investama Tbk is a member of British American Tobacco Group (the second largest group in the world based on global sales). Currently the company is ranked among the 4 largest cigarette producers in Indonesia. With dozens of already created brands, and with more than 8,000 employees, PT Bentoel Internasional Investama believes to be the fastest growing cigarette company in Indonesia.

History of The Company

Beginning in 1930 when Mr. Ong Hok Liong underwent a home-based cigarette industry called Strootjes Fabriek Ong Hok Liong. Then in 1954 the cigarette factory changed its name to PT Cigarette Company Tjap Bentoel. Bentoel Group became the first company in Indonesia to produce machine-made cigarette filter cigarettes and wrapped its cigarette case with plastic in the late 1960s. In 1990 Bentoel became a public company listed on the Jakarta and Surabaya Stock Exchanges. Then Rajawali Corpora took over the management of the Bentoel company in 1991. The company changed its name to PT Bentoel Internasional Investama Tbk in 2000. In 2009 British American Tobacco acquired PT Bentoel Internasional Investama Tbk and merged with PT BAT Indonesia Tbk on January 1, 2010.

Company Vision

Can be the fastest growing tobacco company in Indonesia

Company Mission

With four strategic pillars of Growth, Productivity, Building a Champion Organization, and Sustainability, the company is confident of realizing a vision that is shaped.

Culture applied in PT. Bentoel:

Corporate culture in the bentoel body has become a work spirit of loyalty in everyday activities.

The credibility of a trusted company.

Marketing MIX Bentoel

Organizational Structure

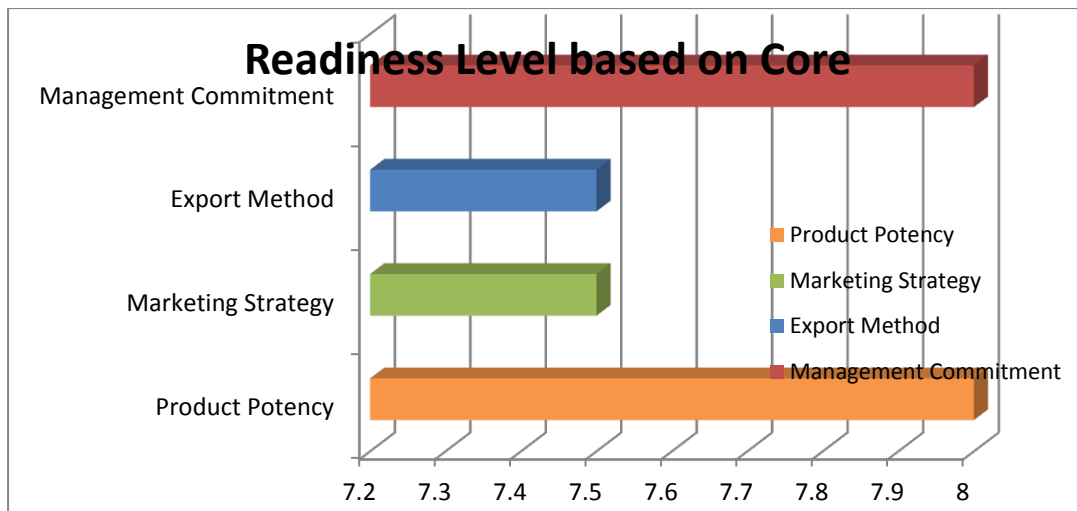


Company structure



2. COMPANY PROFILE

Readiness level based on CORE (Company Readiness to Export) methods



From the graph above, it can be concluded that bentoel company produces quality tobacco and can compete in overseas market. Tobacco produced by this company comes from various regions in Indonesia, especially in the area of East Java, making this company grow quickly. In addition to quality tobacco and with a relatively affordable price this product is in great demand.

From the side of the company's commitment we are glad to know that our products are well known, the company is not only known in Indonesian society but also society abroad.

Then in terms of products, according to Indonesian society and society abroad, tobacco company has a distinctive taste of Indonesia's quality, while in the community abroad this company's products will be tobacco that can be spelled out has a unique taste. That way the company is very instrumental to increase the country's foreign exchange.

3. RECOMMENDED PRODUCT IDEA

A company that wants to grow needs a good strategy and system. Strategy is a planned plan of action or policy that is used to support the achievement of the main or overall goals. The right strategy and system can make companies grow faster than inappropriate strategies and systems, because companies must be able to satisfy their customers' wants and needs while using the right strategy. So, we recommend PT. Bentoel to use this strategy:

Segmentation, Targeting, and 4P:

Segmenting : Geographical

Targeting : Europa (Yunani)

Positioning : PT. Bentoel is a member of British American Tobacco Group (thesecond largest group in the world based on global sales).

4P PT. Bentoel:

Product PT. Bentoel

PT. Bentoel manufactures, markets and distributes cigarettes in Indonesia, which includes hand-rolled cigarettes, machine-kretek cigarettes, and white cigarettes. example of PT. Bentoel:

- Dunhill mild 20
- Dunhill filter
- Dunhill white filter
- Lucky strike
- Lucky mild strike
- Bentoel filter 12
- Bentoel filter 16
- Price
- Product price of PT. Bentoel per pack:
- Dunhill mild = Rp.20.000
- Dunhill white filter = Rp.20.000
- Dunhill filter = Rp.16000
- Lucky strike = Rp.18.000
- Lucky strike mild = Rp.13.000
- Bentoel filter 12 = Rp.13.000
- Bentoel filter 16 = Rp.16.000

Promotion

Promotion strategy conducted by PT. Bentoel, among others, by advertising, promotion in big events and personal selling.

Place

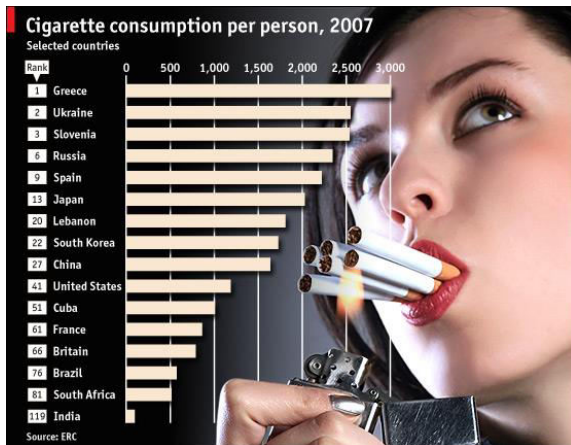
Distribution channel used by PT. Bentoel is an indirect distribution channel, through one or more intermediaries. PT. Bentoel distributes products through appointed authorized distributor namely PT. Bentoel Main Distribution. In personal selling PT. Bentoel divides 3 (three) divisions: dropping division, SRO division (special retail outlet) and RRO division (retail outlet register).

At the time of PT. Bentoel stand bentoel products still consistently create new products with LTLN (Low Tar Low Nicotine). Bentoel in its journey has a strong strategy to get the best position in the eyes of customers. When American British Tobacco becomes a permanent owner, the superiority of tobacco produced begins to increase the revenue owned by bentoel itself.

4. COUNTRY SELECTION

The greek country is a suitable country to market tobacco products this is supported because the Greek society is a heavy smoker By burning and sucking up to 3,000 cigarettes per person, the Greeks beat people from all countries of the world in terms of cigarette

consumption for a year last. That's the result of a study from an ERC marketing research agency quoted by The Economist website Monday 12 May 2008.



Although including a country with a relatively small population of only about 10 million people, but 44% of them listed as active smokers. an average of one active smoker in a greek country can spend about 3000 cigarettes each year.

Economy	Ease of Doing Business Rank ▲	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property
Bahrain	66	75	47	79	25
Greece	67	37	58	76	145
Vietnam	68	123	20	64	63
Morocco	69	35	17	72	86
Jamaica	70	5	98	91	128
Oman	71	31	60	61	54
Indonesia	72	144	108	38	106
El Salvador	73	140	139	88	69
Uzbekistan	74	11	135	27	73
Rhodes	75	60	82	56	56



This is data from June 2016 Resource : <http://www.doingbusiness.org/rankings>

According to the figure, the greek country ranks 67th in cross-border trade categories. Cross-border trade is a policy to trade with other countries or policies when firms export and import.

Greece has a mixed capitalist economy with the public sector accounting for about half of GDP. Tourism plays an important role, giving most of GDP and income from foreign exchange. Exports of manufactured goods, including telecommunications, software and hardware, foodstuffs and fuels accounted for much of the Greek income. At present the per capita income of the Greek state reaches 22736.46 as shown below



Source: id.tradingeconomics.com/greece/gdp-per-capita

Greece is also one of the countries with the highest price of cigarettes. the price for a pack of cigarettes ranges from IDR 66k per pack. but even so smokers there are not worried about the price. in this typical, WHO noted that the age group of 40 to 55 years is a group that is active in smoking cigarettes.

From the data above the greek country can be a market for the cigarette industry because in terms of quantity, greece occupies the country with the most active smokers. This is very profitable for the cigarette industry in marketing its products in the country of Greece. although the price of cigarettes in the country is quite expensive but active smokers will still buy it.

5. MARKETING STRATEGY

Tangible resources:

High quality raw materials

The number of spots found in the event to promote new products

Have product variations to suit customer needs

The number of outlets spread throughout Indonesia

Has certification of ISO 17025: 2005

Have modern equipment and information systems to perform physical tests

Winning e-company awards three times

Has first rank certificate as the best issuer in the cigarette sector

Intangible resources

Have a brand that is not foreign to the community

Corporate culture in the Bentoel body has become a work spirit of loyalty in everyday activities.

The credibility of a trusted company

Strength

Quality of raw materials

The quality of raw materials of Dunhill cigarettes is reliable, raw material quality becomes the mainstay to compete with four other big Indonesian cigarette companies (Gudang salam, Djarum, Sampoerna and Wismilak).

Mastering market share

Non-tobacco products PT. Bentoel as a whole lost the market share of Indonesia's cigarette market. Sampoerna leads with 24.2% market share, runner-up position Gudang Garam 23.6% and in third place Djarum 20.4%.

Credibility

Companies that have stood for almost a hundred years certainly have good corporate credibility. The credibility of Bentoel is not built overnight, but through the long road and the various achievements that have been made.

Culture

Corporate culture in the body of Bentoel has become the spirit d'corps. In the daily activities of corporate culture is animating all the activities of employees so that employee performance becomes more effective and efficient.

Threats

Regulations and local regulations on anti-smoking

This law enables a decrease in the number of smokers and demand for cigarettes occurring in an area with anti-smoking regulations.

Increased competitor of mild type cigarettes

The promising future market share of mild cigarettes allows the emergence of newcomers in the mild cigarette industry competition. Judging from the positive trend of mild cigarettes, many of the cigarette manufacturers began to penetrate the market share of mild cigarettes. For now the big cigarette manufacturers already produce mild cigarettes, Gudang Garam there Surya Signature, from Djarum born LA Light, which is quite threatening Sampoerna at this time,

High cigarette taxes

High cigarette taxes make people's low purchasing power to cigarette so that there is a decrease of cigarette demand.

Reduced event sponsored by cigarette industry

Reduced event sponsored by cigarettes is the impact of the mindset of people who support anti-smoking and want to reduce the promotion of cigarettes contained in the event, especially young events

Strategy recommendations for PT Bentoel:

Strengthen the growth of Neo Mild Products on the International Market in order to compete against the white cigarettes that have been favored by foreign smokers

Neo Mild Cigarettes is a white cigarette product that is expected to compete with white cigarettes that have been circulating in overseas markets though in Indonesia alone this cigarette is less competitive with mild flavor and does not give profit target but with marketed abroad Neo Mild will be able to compete with competitors other

Promoting SKM Promotion sector mild in international events

The number of events held Bentoel an opportunity for bentoel to promote new products without advertising costs. With the number of events, will increase the brand awareness of the product so that the product is easy to recognize and remember the customer. (Java Jazz, Jak jazz, Stunt Ride ,dan Dance Modern)

The Reason Choosing Idea

Less interested in SKM cigarette products in International

Overseas smokers are used to white cigarettes and are already addicted to the taste given by white cigarettes.

The defeat of the SKM filtered market share from competitors

Although Bentoel Filter has the quality of tobacco and cloves that are not less than the competitors, but the difference in price makes Bentoel filter can not change the position of Gudang Garam International from the first rank and the lack of distribution and promotion makes strongly reinforce the position of International Gudang Garam as Champion.

Segmentation, Targeting, Positioning

Segmenting

Adults (age 20 and above). Keep in mind that cigarettes will cause addiction and addiction is not only because of the cigarette but also because of the taste given by the cigarette, the addiction makes a person can not move to another product. Seen from the above understanding, it can be concluded that smokers have become a permanent profit contributing to cigarette companies, because the side effects that can be caused by cigarettes then the government is strictly prohibited hard and cigarettes may only be consumed for age 20 years and over.

Targeting

The country of Greece is the country with the most cigarette consumption today. After Greece there is the state of Ukraine, slovenia with the highest consumption of cigarettes. According to WHO some countries in Europe are included in the black category with the highest amount of cigarette consumption. One billion people are currently listed as active smokers. Countries that record the highest cigarette consumption are mostly located in Eastern Europe and Russia and surrounding countries

Positioning

PT. Bentoel has substantial capital and guaranteed capital availability under the auspices of American British Tobacco company. Bentoel has a strong strategy to get the best position in the eyes of customers. The excellence of tobacco owned by Bentoel when American British Tobacco became a permanent owner began to increase the revenue owned by Bentoel itself. Although many new products produced by PT. Sampoerna and Gudang Garam, Bentoel remain optimistic in the sales of its products.

Pricing Strategy

In Lupiyoadi (2011: 61) Pricing strategy is very significant in giving value to consumers and affect product image, and consumer decision to buy. Kotler (2012: 509) pricing method can be approached by selecting the final price by adding factors such as psychological pricing where consumers use price as an indicator of quality and price policy the company (company pricing policies) with the aim of providing quotas to salespeople to be given to consumers and for the profitability of the company.

Products produced by PT. Bentoel has a relatively expensive price in the community about the products owned by Bentoel does not make Bentoel product sales decline. PT. Bentoel quickly and responsively issued a new strategy to solve the problem that is with new products with a more affordable price for the middle class, so that the middle class community can also dig the product of PT. Bentoel. With the planned strategy and system of PT. Bentoel is able to compete with other competitors and can reach out to reach a wider market

Distribution Channel

Distribution is a very important part of the marketing mix. Companies that do not have the right distribution will get the company in trouble. Determination of distribution channel strategy depends on the objectives and resources owned by the company. global distribution strategy (Dilger, 2013) is one of the distribution strategies, with a broad market reach to distribute its products (Egan, 2007).

PT. Bentoel can avail himself as a member of the British American tobacco group. by entering as a member of British American tobacco group, PT. Bentoel can get information or some channels to be able to market its products in overseas markets. The inclusion of British American Tobacco which incidentally includes the world's largest tobacco companies, allowing Bentoel to expand its business to the International through the help of British American Tobacco company.

Promotion

Promotion is very important for a business to be able to sell its products. according to (Lamb et al, 2009: 146), "promotion strategy is a plan for optimal use of promotional elements: advertising, public relations, personal selling, and sales promotion". According to Kotler and Armstrong (2012: 62), Promotion (Promotion) is an element used to notify and persuade the market of new products or services in the company through advertising, personal sales, sales promotions, and publications.

One of the promotional tools is event. by holding an event then a product can be marketed indirectly. The number of events held Bentoel an opportunity for Bentoel to promote new products without advertising costs. With the number of events, will increase the brand awareness of the product tersbut making it easier for the product is known and remembered customer. Like Dunhill mild. The allocation used by Dunhill Mild is widely used to create an

event, especially the events created are periodical events (Java Jazz, Jazz Jazz, Stunt Ride, and Modern Dance).

6. EXPORT PROCESS

Firstly, cigarette commodity is not included in commodities subject to export duty pursuant to Regulation of the Minister of Finance No. 140 / PMK.010 / 2016 as amended by PMK Number 13 / PMK.010 / 2017 on Stipulation of Exported Goods Subject to Export Duty and Export Duty Tariff. So, NO! The cigarettes you export will not be subject to the Export Duty.

Cigarette producers who want to export cigarettes, then cigarettes that can be exported are cigarettes that have been paid his likes, which means the packaging must have been attached to the excise band. For cigarette exports, there are no restrictions on export restrictions and restrictions that must be met. It should be remembered, however, that the state may have prohibition rules and restrictions on imports of tobacco products that must be met.

Based on the Regulation of the Director General of Customs and Excise No. PER-35 / BC / 2014, the exportable Goods of Excise may obtain the facility of excise duty. However, prior to this to be exported cigarette, shall apply for the stipulation of excise tariff on tobacco products for export purposes to the Head of Customs and Excise Office supervising the producer company in accordance with the provisions stipulated in the Regulation of the Director General of Customs and Excise No. Per-40 / BC / 2014 as already amended the latest by Perdirjen Number 40 / BC / 2016 concerning Procedures for the Determination of Excise Tariff on Tobacco Products.

Furthermore, as a protector of cigarette transport to be exported, the company must submit a Notice of Excise Tax Return (PMBKC) with Export CK-5 document to the Head of Customs Office supervising the company. This CK-5 document serves to protect the BKC transport from the origin to the port of loading during the period specified in the CK-5 document.

For export purposes, the Company is required to prepare and submit Export Declaration of Goods (PEB) with BC3.0 documents at the Customs and Excise ports office and attach export CK-5 documents. If the notification that the company submits has been approved, the company will obtain an Export Service Note (NPE). This is when the cigarette can be loaded into the carrier for export.

7. EXPORT RISK

Here are some export or foreign trade risks:

Transport risk

International transport has a tendency to travel further and further with frequent hand-over loads and storage periods in longer-standing warehouses. It may result in increased risk of damage, loss and theft when compared to domestic trade. As a consequence, the importers must understand their legal rights in matters of transportation.

Unexpected events risk

Strikes, natural disasters or wars can result in the failure of delivery of goods. Unexpected events can also dramatically alter the cost of transportation due to a rise in the price of a ship's fuel or the closing of an economical shipping lane. A good provision of a "disaster" set in either contract will be able to protect both parties.

Legal risk

The rules and laws of a foreign State may change or be applied differently from the previous period which will be able to thwart and discourage transactions. Customs permits may suddenly be unavailable.

Exchange rate risk

If the price has been fixed in a particular currency in an international contract, the subsequent exchange rate fluctuations will inevitably benefit one party at the expense of the other party's losses. The easiest solution to avoid uncertainty is to set the price of the contract in its own currency. But it does not eliminate the exchange rate risk as entrepreneurs may still face the risk of weakening their own currency which may occur within the timeframe between the contract date and the date of payment.

8. RECOMENDATION

In the export process, things need to be considered very much and a company must be careful to be able to export the products then PT. Bentoel as a cigarette production company should pay much attention to the export process of its products. It is very important to be noticed in the export that the tax-free facility is provided after it can be proven that the tobacco result has been completely exported and the Treasurer of the Customs and Excise Office of origin and customs office of loading port has examined and then stated on page 2 (two) documents notification of mutation of excisable goods (PMBKC) CK-5 in the Treasurer's note column that the tobacco result has been completed/ finished in export. So make sure the document CK-5 Export company has been filled with complete and fond.

9. CONCLUSION

Based on the report, Bentoel it was entered the international market, Bentoel also was be the second largest company in American British Group. It's mean Bentoel was have a long period playing their market in International. But, Bentoel have a some problem about their market in Indonesia, their product sometimes not really be known as the best product cigarette in Indonesia. There are some factor that must be fixed or increased. The main factor is about the taste the lot of people in Indonesia not really like the flavor of the Bentoel Cigarette. They have some problem about the flavor that makes they lose with Sampoerna or Dji Sam Soe company.

Beside that, Bentoel must focus to in the design of their pack of cigarette, i know the Bentoel Cigarette package design it was a good design. But, Sampoerna and Dji Sam Soe package design more better than Bentoel, it's more simple but much more attract people.

Overall Bentoel Company was have a power to join the international market and with their experience will be make their power be more and more, also can be like Sampoerna and Dji Sam Soe that have a better flavor.

10. REFERENCE

Assael, H.2010. *Consumer Behavior in Marketing Action*. Prantice Hall Inc. EnglewoodCliffs, New Jersey.

Choi, S. C., 1991, Price Competition in a channel structure with a common retailer, *Marketing Science*, Vol. 10, No. 10, pp.271-296.

Copeland, M.T., 1923, Relation of Consumers' Buying Habits to Consumer Goods, *Harvard Business Review*, Vol.1, pp.292-299.

Egan, J., 2007, *Marketing Communications*, 2nd ed., Sage Publications Ltd, English.

Frazier, G.L., and Lassar, W.M., 1996, Determinants of Distribution Intensity, *Journal of Marketing*, Vol. 60, No. 4 (Oct., 1996), pp.39-51

Goffin, K., 1999, Customer Support: A cross industry study of distribution channels and strategies, *International Journal of Physical Distribution & Logistics Management*, Vol.29, Iss 6, pp. 374-398.

Kotler., P., 1997, *Marketing Management: Analysis, Planning, Implementation, and Control*, 9th ed., Prentice Hall International Editions, New Jersey

Kotler, P. 2009. *Manajemen Pemasaran : Analisis, Perencanaan, Implementasi dan Pengendalian*, 2nd Edition, Erlangga Publisher, Jakarta

Kotler, P., & Keller, K. L. (2012). *Marketing management (14th ed.)*. New Jersey, US: Pearson Education, Inc.

Lupiyoadi, R. 2011. *Manajemen Pemasaran Jasa Teori dan Praktik*. Penerbit Salemba Empat.

Chiang, W.K., dan Li, Z., 2009, An analytic hierarchy process approach to assessability consumer's distribution channel preference, *International Journal of Retail & Distribution Management*, Vol.38, No.2, pp.78-96.

Choi, S. C., 1991, Price Competition in a channel structure with a common retailer, *Marketing Science*, Vol. 10, No. 10, pp.271-296

Mallen, B., 1996, Selecting channels of distribution: a multi-stage process, *Journal of Physical Distribution & Logistic Management*, Vol.26, No.26, pp.5-21

Mandel, J., K., 2004, 'Cutting your distribution cost', [Online, diakses 17 Desember 2015]

Lamb. (2009). *Essentials of marketing* (6th ed). Mason, US: South-Western Cengage Learning

Rangkuti. (2013). *Analisis SWOT: teknik membedah kasus bisnis (17th ed.)*. Jakarta, ID: PT. Gramedia Pustaka Utama.

Chiang, W.K., dan Li, Z., 2009, An analytic hierarchy process approach to assessability consumer's distribution channel preference, *International Journal of Retail & Distribution Management*, Vol.38, No.2, pp.78-96.

Mullins, J.W., Walker, O.C., Larreche, J.C., dan Boyd, H.P., 2005, *Marketing Management: A Strategic Decision- Making Approach*, 5th edn, McGraw-Hill, New York

Griffin, A., dan Page, A.L., 1993, An Interim Report on Measuring Product Development Success and Failure, *Journal Product Innovation Management*, Vol.10: 291-308.

Holton, R.H., 1958, The Distinction between Convenience Goods, Shopping Goods, and Specialty Goods, *Journal of Marketing*, Vol.23, No.1, pp.53-56.

Jindal, R. P., Reinartz, W., Kraft., M., and Hoyer, W.D, 2007, Determinants of the variety of routes to market, *International Journal of Research in Marketing*, Vol.24, pp.17-29.