

STP REVISION WHICH LEADS TO CHANGE ON BUSINESS MODEL AND MARKETING STRATEGY OF BRIGANDINE WITH THE PURPOSE OF EXPANDING THE MARKET SHARE

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Abstract — *Football industry Indonesia is currently on the rise and got a lot of public attention. As a result of increasing interest in the sport, many opportunities have opened up. One is the opportunity to market the complementary product to perform activities of playing football / Futsal such as the jersey. Brigandine Football is a startup company that creates football/Futsal sportswear. Brigandine was founded in late 2011. There are few issues that brigandine face, the biggest problems is the lack of sales & promising future market. The step that we will take to find the root cause are to do internal an external analysis, The purpose of internal analysis is to know the weaknesses & strength of the company. And, The purpose of the external analysis is to find out the external factor of the business that can influence the company. From the analysis, find out that there are 3 root causes, they're: 1) The pricing strategy is not suitable (pricing is higher than competitors). 2) The lack of physical store. 3) The lack of product extension, service and warranty. The sequence of problem solving for brigandine starts with the revision of STP. This revision made because the behavioral factor that is different from the survey and the STP that brigandine has, so it need some adjustment to fit into the segment that already shaped by the market. And then followed by the revision of business channels. After the revision of business model, we will try to give solution for brigandine problem. The first one is choosing the type of physical stores, continued with the addition of product extension/services/warranty. And then finally, the revision of pricing strategy for brigandine. The STP revision is in the targeting and positioning area. While the changes in the business model are in customer segment, value proposition, channels, and customer relationship. The solutions gives to Brigandine root cause is choosing the mobile store as their official store, the addition of product extension in terms of Armless Jersey, Long sleeve Jersey, Training Vest, Jersey for kids & additional service in terms of Number printing service. And the last is choosing a promotional price strategy and discount & allowances as the pricing strategy to expand the market share of Brigandine.*

Keywords: physical store options, additional product extension/services/warranty, pricing strategy.

1. Introduction

Football industry Indonesia is currently on the rise and got a lot of public attention. From mid 2010 until now, there are many events that represent the statement before, such as: the exhibition of world cup trophy in Jakarta, the television rating of AFF cup final that exceed the world cup 2010 finals (Marketeters, 2011), and also the counsel from President Susilo Bambang Yudhoyono that advising to use football as a tool for national awakening.

A. Brigandine

Brigandine Football is a startup company that creates football/Futsal sportswear. Brigandine was founded in late 2011. The brand name was inspired from body armor of the middle ages, that made from cloth garment, generally canvas or leather, lined with small square steel plates riveted to the fabric. The founder sees the resembles between football players nowadays with the knights of the middle ages, who fought for their clubs/country in the football matches.

Mission of Brigandine is to create sportswear that promote the uniqueness and pride of Indonesian football, and the vision is to become the leading sportswear brand from Indonesia.

The organizational structure of brigandine is not too big and simple, because the company condition that still in the start-up phase. Figure 1.1 describes the organizational structure of brigandine. There are only 3 division bellow the director, they are Marketing & Sales that have 2 sub-division the social media sales and social media concepor, Finance, and Operations that have 2 subdivision the design team and the production.

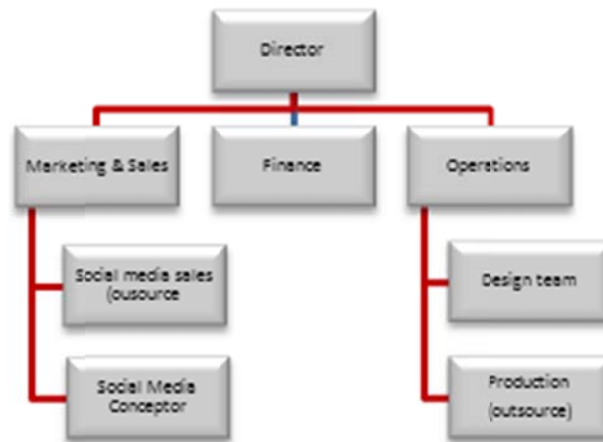


Figure I.1 Organizational Structure

B. Products

Brigandine products are made from 2 kinds of material, the dry fit fabric and the Serena fabric.



Figure I.2 Dryfit & Serena Fabric



Figure I.3 Brigandine Products

The product material usually was the combination of dry-fit and Serena fabric. The price was set in Rp.150.000,-

C. Business Model



Figure 1.4 Business Model of Brigandine

- 1. VALUE PROPOSITION**
The value proposition of this business model is from the design and their newness, because there is no product that declare to sell “Indonesian Theme” in the jersey market.
- 2. CUSTOMER RELATIONSHIP**
In this business model, buyers can pick their own product from the channels and contact the seller immediately.
- 3. CHANNELS**
This company chooses to communicate to their customers through social media channels, which are Facebook, Twitter and their website.
- 4. CUSTOMER SEGMENTATIONS**
The target market of the company are football/futsal fans&player, and fanatics of Indonesian football
- 5. KEY PARTNERSHIP**
The apparel manufacture / producer is the key partner for this business. This based on the fact that to have our own production factory will increase our cost structure and it will become very ineffective step to take as a start up company.
- 6. KEY ACTIVITIES**
The first activity, the designing, is done by inserting the value (the Indonesia & ethnic theme) into the jersey, with the result of a harmonic combination of jersey design and the pattern itself. The second, social media selling, is done by directly connected with the customer and doing promotion through twitter, Facebook, and website.
- 7. KEY RESOURCES**
The key resources of this business are the design team, without them, the value creation process cannot be started. This design team must have the ability to create designs that suitable to the theme that was given by the social media conceptor
- 8. COST STRUCTURE**
Those things above is included into the cost structure because the need to use the service of expert in every field. On the web selling the expert use is twittland Bdg that has duty acting as social media sales. In the designing, brigandine need the service of product designer, and for production cost, the service needed is the convection services.
- 9. REVENUE STREAMS**
The only revenue stream comes from the jersey sales, because of that, the sales volume must come in large number to cover the cost structure.

10. PRODUCTION PROCESS



Figure I.5 The Flow of Production of Brigandine

In the production process, every product (shirt&short) was costing between Rp.60.000-75.000/set, with a minimum order of 20 pieces. The crucial thing in this process was on the QA that must done carefully & very detail .

11. SELLING PROCESS



Figure I.6 Selling Process of Brigandine

1) Post the product through available channels. 2) Accepting orders from the social media 3) Save customer data, this move was important to collect data about customer profile. 4) Deliver the product via delivery service (Tiki/JNE), for region DKI/Java no shipping cost, but for delivery area outside Java, there will be additional shipping cost Rp.10.000, -/shipment. In this process we also give the estimated time when will the product arrives to the hands of the customer. 5) re-check if the product already accepted by the customer, if the product didn't come in the range of time that we promise, we will give back the customer money

D. Business issue

There are few issues that the writer wants to raise, they're:

Promising future market

In world cup 2010, the AFF cup 2010 and the European cup 2012 a while ago, Indonesian society seems to hit by a football fever. Most of supporter using the jersey from their favorite team every time. Based from the article on a web, the sales of jersey when the European cup 2012 occurs increase triple than usual day. (beritajatim.com, 2012). From the research on google insight, the author finds out that the trends of football/Futsal business in rising since the year of 2006-2008, and it's still going up until now. And Based on the distribution channel that Brigandine have picked (Facebook), the market size for social media is quite large. This can be seen from the Facebook users that reach almost 40 million people in Indonesia.

Lack of sales

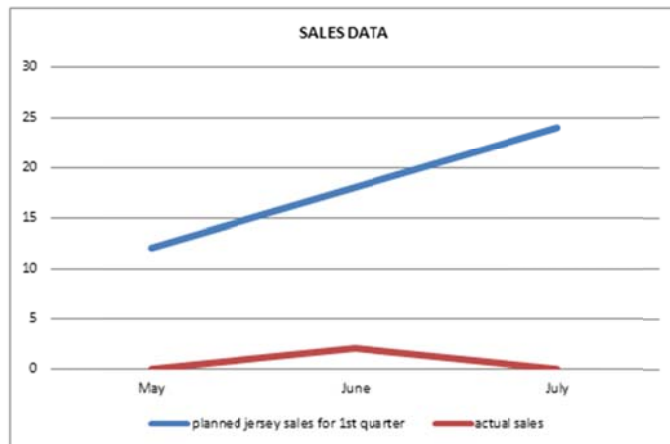


Figure I.7 Brigandine Sales Data

The second issue is the lack of sales of the product. We can see from the graphic above that the comparison of the planned and actual result of the sales is having a high gap.

Price is more expensive

Based on the data from competitor website, the price comparison with competitor, our product charge much higher than them.

Online marketing is applied Material for the product is the same with competitors, The design theme offering was different. But low in response

Based on direct observation, the online marketing channel use by Brigandine is through the social media (Web, Facebook and Twitter). The material used to create the product is the same with the material competitors use to create their product. Things that differ from this 3 design are the theme they inserted to the jersey. On Vilour, they use the simpler and sporty design, but on SPECS and Brigandine they inserted the Indonesian motif theme on their product. From this 3 facr, the response from the customer is stil low.

From these symptoms, we tried to group it into a certain group of problems, they re:

- *Market potential*
This symptom is the reason why the owner of the business is still trying to find the solutions of the problems, because of the growing future market of the business.
- *Distribution Channels problems*
These symptoms are grouped into the distribution channels problems is because 1) there is the possibility the lack of sales is happening because there is something wrong with the marketing channels, maybe this business need some offline channel to initiate sales.
- *Value proposition problems*
These symptoms are grouped into the value proposition problems because, 1) the lack of sales is happening because the wrong market segment is being targeted or 2) the value of the product don't fit with the customer value.
- *Pricing strategy problems*
These symptoms are grouped into the pricing strategy problems because 1) the price is not suitable to the target market, 2) the pricing strategy is wrong for an entry level company.

2. Business Issue Exploration

Conceptual Framework

As mentioned earlier, the business issue in this business is 1) Pricing Strategy Problems 2) Marketing Problems 3) Value Problems. The step that we will take to find the root cause are to do some analysis, which are : 1) Internal Analysis 2) External Analysis.

- *Internal Analysis*

The purpose of this analysis is to know the target segment of the company, the value proposition of the product, and on which stage the company & product are at.

- *External Analysis*

The purpose of the external analysis is to find out the external factor of the business that can influence the company. These analyses are necessary to get a wider perspective about the industry, to find out the value proposition of the competitor, and to find the wants&needs of the customer.

The research method is illustrated in figure II.1.

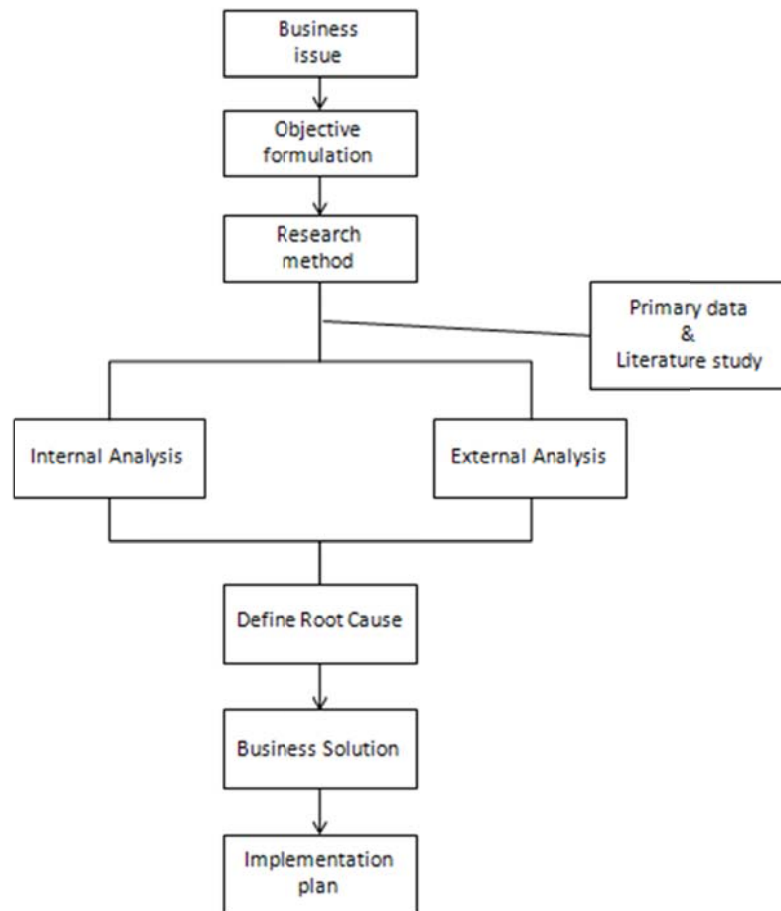


Figure II.1 Research Method

For the conceptual framework, to break down the problem issue into the root cause, there are 3 different steps that the researcher will take. For the first problem issue, the researcher will cross analysis between existing marketing mix, with competitors marketing mix, product life cycle and 5 competition forces analysis to find the best pricing strategy for this business. For the second problem issue, the researcher will cross analysis the existing marketing mix and the customer analysis and the competitor marketing mix to find the best distribution channel for this business. For the 3rd issue,

the researcher will use the existing marketing mix, comparison with the customer analysis and the product life cycle to find a suitable value proposition to the market.

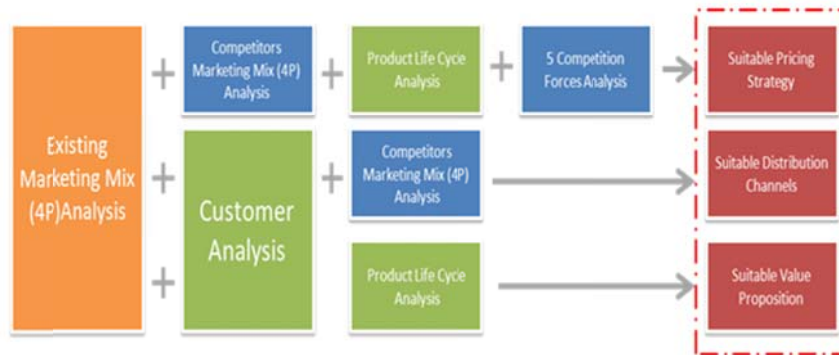


Figure II.2 Conceptual Framework

Business Situation Analysis

Bandung is well known for its textile quality across Indonesia and all over the world, many foreigners come to Bandung just to search for cheap, quality textile. In this business there are a lot of suppliers (producer) of sportswear. The most famous area of textile producers is on Jalan Suci. On the left and right of the street we can see many of the suppliers. For the buyers, they usually use the product for training football and Futsal. Their demand that the product have a good material quality, nice design, contain certain brand from international clubs and have a reasonable price. There are two substitutes product that can replace football sportswear, they are 1) Sportswear Replica/Imitation 2) Football theme T-shirt. Based on direct observation, there are many similar companies on Jalan Suci and Jalan Gudang Utara. For the availability of raw materials, the main area of the seller was on Jalan Otista, Jalan Tamim, and Cigondewah. The possibility of suppliers to integrate forward is considerably small, because it will cause them a little profit compare with their business now. There are 2 market segments of this industry. They are 1) Premium sportswear and 2) Economics Sportswear apparel.

- *Premium sportswear-segment*
The premium sportswear segment is more demand for quality, brand and design of the product.
- *Economics sportswear -segment*
For the economics sportswear segment, they're solely focusing on the functions of the sportswear. And they are very price sensitive.

To summarize the 5 competition forces, writer will put it into the table bellow. And as for the position of Brigandine in the industry, they can be included in the potential entry.

Table II 1 Five Competition Forces Summary

Risk of entry by potential competitor	Low	Lot of suppliers
		The availability of raw material is high
		Low capital to start a company.
Bargaining power of buyers	High	Demand of qualities, brand and design
		Price sensitive customer
Threats of substitute products	High	Imitate sportswear
		Attack premium product, Quality near the premium product, Sells by "riding" international brands
		Football Theme T-shirt

		Offer lower price than economic product, Have a close connection with football community, Sells myth&legends about football
Bargaining power of suppliers	Low	High number of similar companies
		High number of raw materials available
		Low possibility of suppliers to integrate forward
Rivalry among established firms	High	Premium
		Compete in material quality, design, and brand strategy
		Economic
		Compete in pricing strategy

Company Situation Analysis

To analyze the company situation, writer use the Product lifecycle theory.

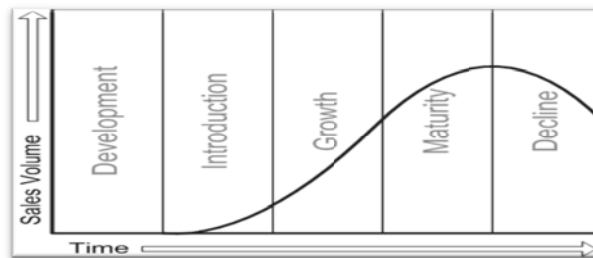


Figure II.3 Product Life Cycle

Based from the trends we find on the business issue, we can see that the jersey products in Indonesia are on the growth phase phase. Strategies that suitably are offering product extensions, service, and warranty. Set price to penetrate markets. Build intensive distribution. Advertise to build awareness and interest in the mass market. And reduce sales promotion to take advantage of heavy consumer demand. With marketing objectives is to maximize market share.

Competitors Analysis

To analyze the competitors we will use the marketing mix (4P's) method which are; 1) Product 2) Price 3) Promotion 4) Place The competitors analyze is the big players in local market, they are 1) Vilour 2) Specs. The reason the writer chooses Vilour & Specs as competitors, because Vilour&Specs have the most similar positioning with brigandine even though they both have bigger market share regionally and nationally. The result of the analysis is explained in the table below

Table II 2 Marketing Mix of Brigandine Competitor

	Vilour	Specs
Product	Jersey, Training suite Other sport jersey	Jersey, Shoes, Training suite, Accessories, Other sport equipment
Price	Rp.95.000 - RP. 105.000	RP. 100.000 - Rp.120.000
	Rp.225.000- Rp.275.000	Rp.275.000- Rp.390.000
Place	Stores in	Concept stores in

	Bandung, Web sites.	shopping mall, Ramayana Department stores, Web sites.
Promotion	Web, Store, Endorsement, Facebook, Twitter.	Web, Store, Advertisement, Endorsement, Facebook, Twitter

Customer Analysis

Maslow Hierarchy Theory

Table II 3. Maslow Hierarchy Theory Table



Based from the Maslow hierarchy theory of needs above, the product that Brigandine sell can be included on 2 degrees, the safety needs and the esteem needs.

Method of Data Collection and Analysis

To find out the customer characteristic, the writer tries to spread a survey a few Futsal places in Bandung. The reason the writer to pick a Futsal place is because Futsal places are the place where the target market for brigantine is usually gathered. The Futsal place chosen area are: 1) Futsal 35 on Antapani 2) YPKP Futsal on Jl. Suci 3) Meteor Futsal on Jl. Antapani. The reason to spread the questioner in those places because many Futsal lovers in Bandung usually gathered and play Futsal in those places. To do the simple random sampling, the researcher spread the questionnaire in the Futsal places that already mentioned before.

The time of spreading is divided into 3, in the morning (09.00-10.00) noon (12.00-14.00) and in the night (19.00-20.00). At that time, the researcher finds groups that playing Futsal and gives the questionnaire to them. The research is using a questionnaire to determine the characteristic of the desire customers. There are four main variables that made to the questionnaire. The variable is about distribution channel, jersey value, behavioral, and preferred pattern of the jersey.

Existing Marketing Strategy Analysis

To analyze the existing marketing strategy we will use the marketing mix (4p’s) & STP
 To summarize, these are the marketing mix of brigandine (table 2-12)

Table II 4. Brigandine Marketing Mix Summary

	Brigandine
Product	Jersey
Price	Rp.150.000
Place	Facebook
	Web sites
Promotion	Web
	Facebook
	Twitter

And the STP, with the Segmenting is:

Table II 5 Brigandine Segmenting on Market

Segmenting	
Geographic	Jakarta, Bandung, Jawa Tengah, DI.Yogyakarta, Jawa Timur, Kalimantan Timur, Sumatera Selatan, Sulawesi Selatan, Sumatera Utara
Demographic	<18 (Student), 18-22 (College Student), 23-30 (Young Professional) >30 (Professional), <1000.000, 1000.000-2000.000, 2000.000-3000.000, >3000.000.000
Phsyncographic	Futsal/Football Player, Club Fans, Sports Activist, National Team Fans, Fashionista, community
Behavioral	Offline buyers, School/Campus Event, Community Event, online buyers

The targeting,

Table II 6 Targeting of Brigandine

Targeting	
Geographic	Bandung, Jakarta
Demographic	18-22(College Student), 23-30(Young Professional), 1000.000-2000.000, 2000.000-3000.000
Phsyncographic	Futsal/Football Player, Club Fans, National Team Fans, Fashionista
Behavioral	International Football/Futsal Event celebrators, online buyers

And the positioning

“Soccer jersey for youth football activities, fans with unique design and prefers to buy online”

Root Cause Analysis

To find the root cause, the researcher will take 3 analysis using the result of the analysis tools above.

The analysis are:

- Pricing strategy issue analysis
- Distribution channels issue analysis
- Value Proposition Issue

1) *Pricing Strategy Issue Analysis*

As we know from the industry analysis before, Brigandine from the perspective in industry is in the group of new entry players. The main goal of Brigandine at this time is to take a market share in the industry. And also we know, from the product life cycle analysis, the Brigandine product is at growth stage. To analyze the pricing strategy issue analysis, we will use the characteristic from product life cycle. From the product life cycle theory by Kotler, we will see that the best strategy when a product in a growth stage are we can see that the best price strategy for a product on growth stage are : set price to penetrate markets. Penetration pricing is the pricing technique of setting a relatively low initial entry price, often lower than the eventual market price, to attract new customers. The strategy works on the expectation that customers will switch to the new brand because of the lower price. Penetration pricing is most commonly associated with a marketing objective of increasing market share or sales volume, rather than to make profit in the short term.

This strategy also very suitable for Brigandine position in the industry, brigandine target is to enter the competition of the established firms, so they need to increase their market share.

As we know, the price that Brigandine charged for every product is higher than their competitor. This mean Brigandine use skimming pricing strategy which is setting the price higher than the competitors. Based on the product life cycle pricing strategies on growth phase, this pricing was not suitable because at this stage of product life cycle (growth) we should set the product price to penetrate markets to increase our market share, which means that the product should set a price lower than the competitors. From the analysis above, we can conclude that the price brigandine charge is higher than the competitors which resulted in failure of the product to enter the market and seize a market share of the industry. So the root cause is the pricing strategy is not suitable (pricing is higher than competitors).

2) *Distribution Channels issue*

To find the distribution channel problem root cause, the writers will compare the marketing mix of Brigandine and the competitors with special focus on the “place”. Table 2-17 show the comparison between Brigandine and the competitors.

Table II 7. Marketing Mix Comparison

	Vilour	Specs	Brigandine
Place	Stores in Bandung, Web sites.	Concept stores in shopping mall, Ramayana Department stores, Web sites.	Social Media (Web sites and Facebook)

From table 2-17, we can see that only Brigandine that don’t have a physical store, while both of the competitors have it. After comparing the marketing mix between Brigandine and the competitors, we will compare the result with the customer survey which is the analysis based on distribution channels, the summary can be seen in figure 2.19. From the customer analysis, we can see that most

of the respondents usually buys from the official store, not from online social media (Facebook, twitter and web sites).

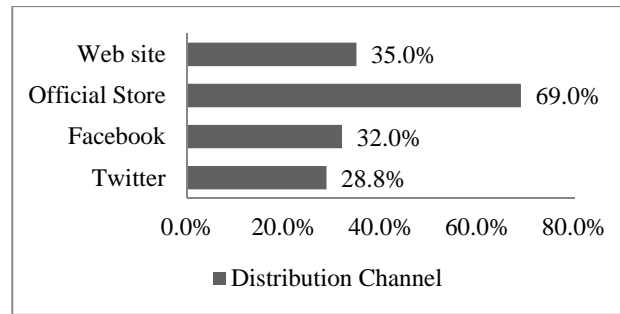


Figure II.4 Distribution Channel Survey Result (survey:2012)

Based on the fact above, can be seen that customer usually buy a product from the official store and rarely from online social media. From this fact, we can see the false step of Brigandine to choose social media as their primary distribution channel. The lack of physical store made brigandine cannot display their product and made customer cannot see the product directly and leading to the lack of sales. So can be concluded that there is the lack of physical store that can display product which resulted into lack of sales. So the root cause is the lack of a physical store.

Value Proposition issue

To break down the value proposition issue, the researcher will try to analyze using the existing marketing mix, the customer survey, and the product life cycle theory.

From the comparison of fact and theory, there are a few analysis that must be made. They're:

- 1) we can see that the value that Brigandine gives to the customer is suitable, where the customer wants design, and brigandine gives product that emphasizing in design.
- 2) Brigandine still haven't offer any product extension, warranty and additional services for their product, where based on the product Lifecycle theory, in the growth phase, those are the strategies that must be done.
- 3) The preferred pattern that the customer wants is still not clear, so brigandine still need to do more research on this matter.

From the analyze above, we can conclude that the Brigandine product is correct to put design and material quality of their value proposition, but they must determine the preferred pattern that will use as guidelines for their design. Although brigandine doesn't have problems with the product value, there are other factors that make brigandine sales doesn't meet the target. From the analysis, product in the growth phase should offer product extension, service, and warranty while brigandine doesn't offer it. These factors (lack of product extension, service, warranty) are causing the lack of sales on brigandine business. So the root cause for this issue is the lack of product extension, service and warranty.

Root Cause

From prior analysis, we can conclude there are 3 root causes, they're:

- The pricing strategy is not suitable (pricing is higher than competitors).
- The lack of physical store.
- The lack of product extension, service and warranty.

The writers also see the need to revise the STP (segmenting, Targeting, Positioning) of brigandine and to adjust it with the customer research because there are difference in the behavior of the target. The difference is the habit of buying jersey online is not as high as brigandine thought.

Besides the STP, brigandine also need to do a deeper research about the preferred pattern of the customer.

3. Business Solution

Brigandine have 3 root causes in their business, but before we jump in to fix that, there are some minor issues that have to be fixed first. It started with the revision of STP. This revision made because the behavioral factor that is different from the survey and the STP that brigandine has, so it need some adjustment to fit into the segment that already shaped by the market. And then, following the revision of STP, the revision of business channels in the business model is needed. Because as we know from chapter 2, the offline channel isn't suitable for the jersey business. After the revision of business model, we will try to give solution for brigandine problem. The first one is choosing the type of physical stores, continued with the addition of product extension/services/warranty. And then finally, the revision of pricing strategy for Brigandine.

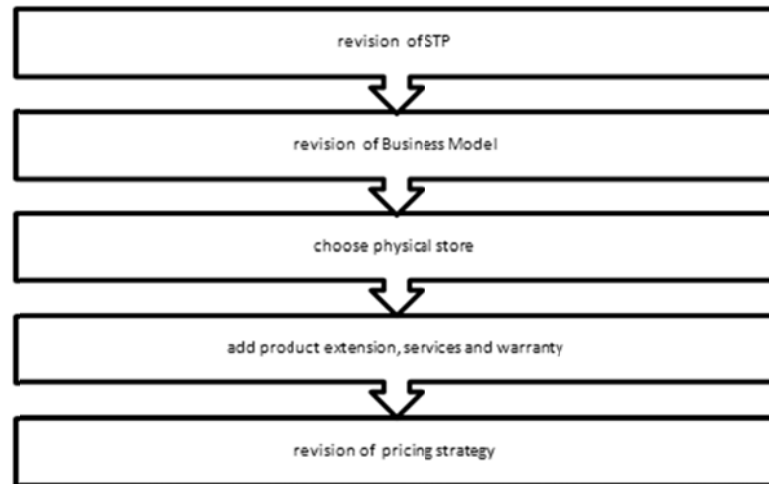


Figure III.1 Problem Solving Sequence

Revise Brigandine STP (Segmenting, Targeting, Positioning)

The revision of Brigandine STP is needed because the writer sees the difference between the STP that brigandine have, with the real market. The difference is that from the behavior of the customer. In the real market, especially in Bandung, the customer not used to buy from the online store. They usually buy the jersey directly into the store. So based on that, the writer see that Brigandine need to adjust their STP.

Table III 1 Existing STP of Brigandine

Segmenting	
Geographic	Jakarta, Bandung, Jawa Tengah, DI.Yogyakarta, Jawa Timur, Kalimantan Timur, Sumatera Selatan, Sulawesi Selatan, Sumatera Utara
Demographic	<18 (Student), 18-22 (College Student), 23-30 (Young Professional) >30 (Professional), <1000.000, 1000.000-2000.000, 2000.000-3000.000, >3000.000.000
Phsyncographic	Futsal/Football Player, Club Fans, Sports Activist, National Team Fans, Fashionista, community
Behavioral	Offline buyers, School/Campus Event, Community Event, online buyers

Targeting	
Geographic	Bandung, Jakarta
Demographic	18-22 (College Student), 23-30 (Young Professional), 1000.000-2000.000, 2000.000-3000.000
Phycographic	Futsal/Football Player, Club Fans, National Team Fans, Fashionista
Behavioral	International Football/Futsal Event celebrators, online buyers
Positioning	
<i>“Soccer jersey for youth football activities, fans with unique design and prefers to buy online”</i>	

Because of that, the changes in brigandine STP are done in the targeting area. This will make the brigandine business focus change into the biggest segment. The positioning for brigandine is also change. The new positioning for Brigandine is act as a product for youth footballers, with economic price. The change in positioning is perfecting the aim of narrowing the Brigandine focus

Table III 2 New Targeting& Positioning for Brigandine

Targeting	
Geographic	Bandung,
Demographic	18-22 (College Student), 0-1000.000
Phycographic	Futsal/Football Player
Behavioral	Offline buyers
Positioning	
<i>“Soccer jersey for youth footballers (college students), with economic prices”</i>	

Revise Brigandine Business Model

The revision is done on the right side of the business model (value, channel, customer relationship and customer segment) also in the cost structure section. The aims of this change is to narrowing the target segment and to replace the channel that is suitable with the target market.

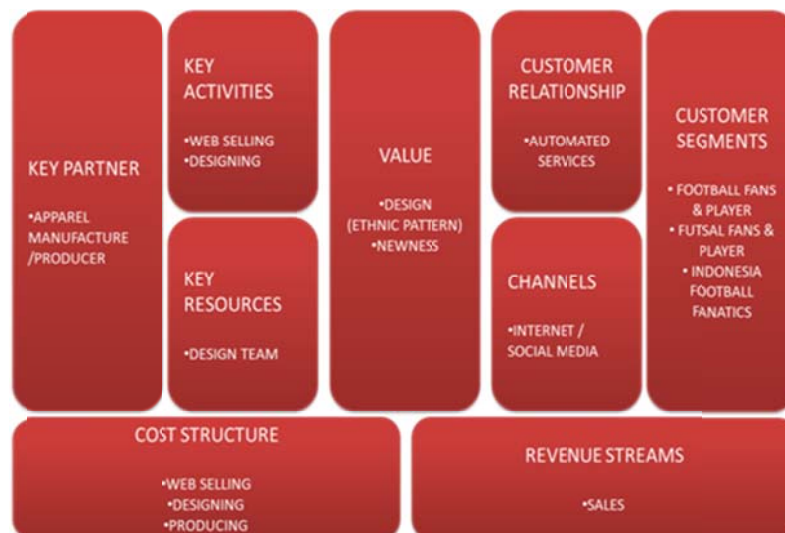


Figure III.2 Area That Will be Changed in The Old Business Model

After the changes writers made above, Figure 3.4 pictured the new business model for Brigandine.

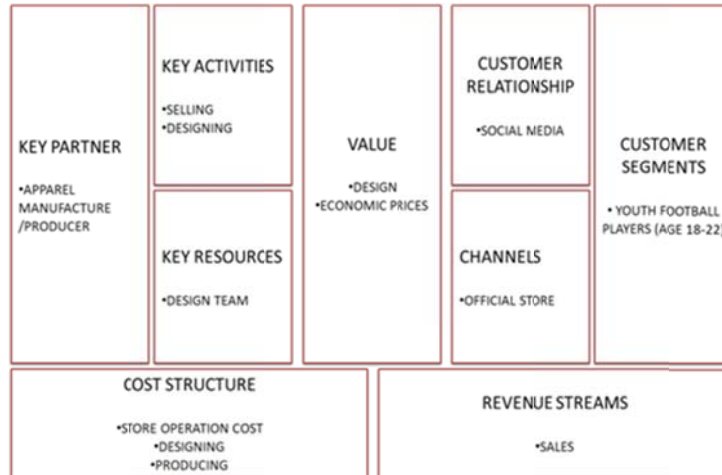


Figure III.3 New Business Model for Brigandine

Create physical store to display product.

The writer will explain about the options of physical store to display the product. The options are:

- Retail distributors.
- Own branded store
- Own mobile store

To compare the best distribution channels for brigandine, the writers will use the functions of distribution channels by Kotler as a base to analyze which is the suitable distribution channel for brigandine, and to analyze the advantages and disadvantages of each distribution channel. Things that will be examined are : 1) Information 2) Promotion 3) Contact 4) Matching 5) Negotiation 6) Transportation 7) Financing 8) Risk

The comparison between each distribution channel is summarized in the table below

Table III 3. Comparison Table of Distribution Channel

	Retailer store	Own branded retail store	Mobile store
Investment	Rp.10.000.000	Rp.36.000.000/year + Rp.35.000.000 for the renovation cost.	Rp.105.000.000 (Car + Modification)
Operational Cost	Rp.1.600.000/month	Rp.1.600.000/month	Rp.1.600.000/month
Information	Can get a good market intelligence	Need to do a market survey to get market intelligence.	Can get a good market intelligence
Promotion	Promotion divided between our brand	Only can do passive promotional strategy,	Can do active and passive promotional

	and the retailer's brand	need other media to support	strategy
Contact	Medium contact with customer	High contact with customer	High contact with customer
Matching	Cannot do any act of matching of demand	Can do acts of matching the product with demand	Can do acts of matching the product with demand
Negotiation	Cannot do any negotiations on prices	Can do negotiations with customers	Can do negotiations with customers
Transportation	-	-	-
Financing	-	-	-
Risk Taking	Risk can be divided between two parties	Risk all goes to the company	Risk all goes to the company

Matching to with the brigandine strategy to expand the market share, the writers see that the best distribution channels that support those visions is the self branded mobile store. This because the advantages of mobile in the terms of collecting information, doing promotion, close contact with the customer, the ability to match to customer demand. Event though the capacity of its mobile store is limited, and the investation is more expensive, the decision to take mobile store as the brigandine distribution channel is worth the cost .

Add product extension, service and warranty

In this sub chapter, we will discuss about the addition of product extension and services. As we know from the chapter 2, Brigandine is being analyzed have a flaw in the absence of product extension, services and warranty which leading to the lack of sales.

The product extensions to propose for brigandine are : 1)Armless Jersey 2)Long sleeve Jersey 3)Training Vest 4)Training Jersey for kids

And the additional services is: 1)Number printing service

Set pricing strategy with objectives to penetrate markets

Figure bellow will explain the sequence of brigandine pricing strategy creation based on Philip Kotler book.



Figure III.4 Pricing Strategy Step (Kotler, 2006)

a. *Set Pricing Objectives*

brigandine choose the objectives of the pricing is to maximum market share. Besides it is suitable with the strategy that sets by the product Lifecycle, brigandine needs to increase the volume of their sales. To achieve that, brigandine should set the price lower than the competitors.

b. *Determining Demand*

Based on the survey, the price is in the last position in the decisions about buying the product. So we can conclude that the demand in this business is inelastic.

c. *Estimating Cost*

To estimate the cost, we will need to know the investment, fixed cost and variable cost of this business. They're:

Table III 4. Table of Investment, Fixed Cost and Variable Cost

Investment		
Car buy	RP	75.000.000
Modification cost	RP	30.000.000
Press machine	RP	5.000.000
Total investment	RP	110.000.000
Fixed cost		
Shop keeper a year	RP	20.800.000
Transportation cost a year	RP	6.000.000
Total fixed cost	RP	26.800.000
Variable cost		
Production cost	RP	30.000
Bags	RP	1.500
Designer	RP	4.500
Total variable cost	RP	36.000

d. *Analyzing Competitors Cost, Prices, and offers*

From the analyze on chapter 2, we know that brigandine price is much higher than the competitor.

Table III 5. Comparison Between Brigandine Price and Competitors

	Vilour	Specs	Brigandine
Price	Rp.95.000 - Rp. 105.000	RP. 100.000 - Rp.120.000	Rp.150.000
	Rp.225.000- Rp.275.000	Rp.275.000- Rp.390.000	

So the best decision is to set the price below the competitors.

e. *Selecting a pricing method*

For the pricing method, we will use the target return pricing

$$\text{Target Return Pricing} = \text{unit cost} + \frac{\text{Desired return} \times \text{invested capital}}{\text{unit sales}}$$

In this business, the company set to have an ROI rate of 50%, with the target sales of 1500 products.

$$Rp. 36.000 + \frac{0,5 \times Rp. 110.000.000}{1500} = Rp. 72.667$$

And also, we need to calculate the break even point in based on the selling price of Rp.72.667

$$BEP = \frac{F}{P - V}$$

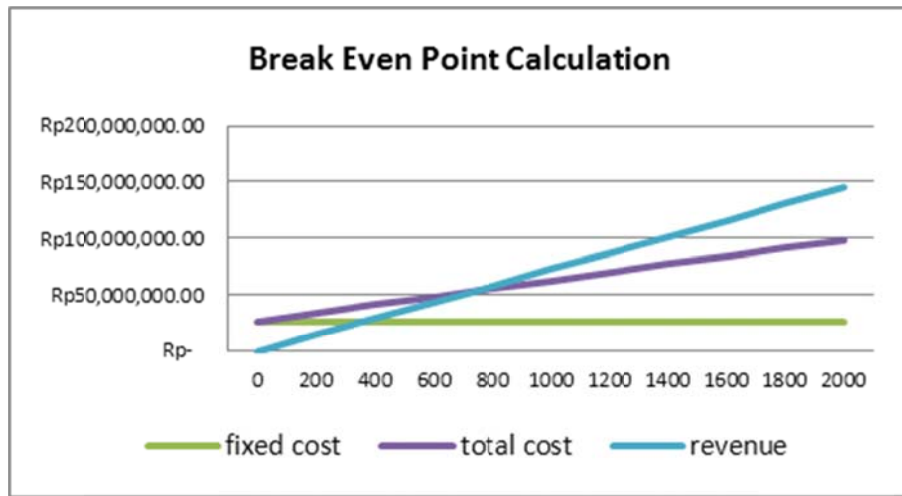


Figure III.5 Break-Even Point Graphic on Brigandine Business

The result of the break even points analysis is, in a product the company must sell a minimum of 731 products. In revenue, the company must gain Rp.53.112.448, -.

f. Selecting the Final Price

The final price sets are the promotional price strategy, which emphasize in psychological discount, the strategy setting artificially high price and the offering the product at substantial savings. the companies can promote sales by adding a free low-cost warranty or service contract. Also brigandine will use the discounts and allowances and emphasizing in the quantity discount to boost up the sales.

4. Implementation Plan

After the analysis and solution on chapter 2 and 3, now we will discuss about the implementation plan for Brigandine to improve the marketing problems on their business. The implementation will be divided into 3 points, which is timeline scheduling, Resources needed and budgeting.

1. TIMELINE SCHEDULLING

To execute the implementation plan of the solutions offered in chapter 3 of this final project, schedule is composed of 12 months beginning January 2013 to December 2013. If it breakdown, the plan is divided into 2 phase, preparation and implementation phase. January 2013 as the preparation phase, and Feburari until December 2013 is the implementation phase. Time frame or scheduling for the strategy implementation process is very important to keep the schedule remains on track. In addition, timeline schedule is also required to make budgeting for the overall strategy. With this time frame, Brigandine will be able to prepare the proper marketing strategy implementation.

2. RESOURCES

The resources needed to do the activities proposed is divided in 3 types, they're:1)Financial 2)Human 3)Physical. The Financial resources needed for this activities is approximately about Rp.180.000.000,-. The breakdown of this resources will be explained in the budgeting chapter. For the Human resources, is divided into 2 part. The first one is the front office, which main task is to connect directly to the customer, and trying to innitiate sales.

The second part is the back office, which main task is mainly to do marketing research and marketing.

3. BUDGETING.

Budgeting plan is propose to the company's and designed to match the company financial ability to implement the overall strategy. The budget is aligned with the timeline schedule

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