MARKETING STRATEGY OF KLM™

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Abstract—KLM is one of PT. XYZ product that managed by Health Care Business unit. KLM is a transparent intravenous dressing that aims to reduce the number of phlebitis and IADP (Primary blood stream infections). Among the intravenous dressing, KLM only can seize 29% of market share in Indonesia. And in 2011, the sales of KLM were decline for more than 50% from sales in 2010. This condition happened in DKI Jakarta and Bandar Lampung. While on the other regions, the number of sales is too volatile. Since PT. XYZ has already implemented marketing strategy for KLM, the existing marketing strategy of KLM has to be evaluated to increase the market share and number of sales. The conceptual framework which is used is coming from the external factor of PT. XYZ and internal factor as well. The external factor is using Porter Five Forces analysis, Situation analysis (5C), and Perceptual map. And the internal factor is using marketing mix, product life cycle, and customer analysis. The samples are taken from hospitals in Jakarta. The sampling structure is intended to review the actual wants of KLM’s customers. The root cause analysis has resulted in three areas of improvement: (1) KLM has ineffective marketing communication, (2) the relationship with distributor that not well maintained and cause the distributor not focus in selling KLM, and (3) the relationship with the customer that not maintained properly. The recommendation includes the improvement in more effective marketing strategy, relationship with the distributor and customer as well. The activities targets are the nurse division, especially the head of nurses and infection control nurse, the hospital management, and PPNI as the influencer. The strategies including product introduction, product trial, brochures, seminar and workshop, and seminar sponsorship. The estimated budget for the new marketing strategy and relationship management is Rp 332,890,000.- for one year.

Keywords: Marketing strategy, Relationship management, KLM, Transparent intravenous dressing

I. INTRODUCTION

PT. XYZ already produced transparent wound dressing for more than 30 years, named KLM. It has been synonymous with quality and performance. KLM is a transparent film dressing that can help improve patient outcomes. KLM is a standard for treatment of stabbed wounds to intravenous (IV Site Care). KLM was chosen by the medical community because it can reduce the risk of phlebitis and IADP (Primary blood stream infections). This is due to meet the ideal function of KLM dressing intra-venous, such as Protect (prevent entry of microorganisms on a puncture wound), Secure (strongly fixates catheter) and Monitor (allows observations to anticipate the occurrence of infection). PT. XYZ has a complete product portfolio, the size and type for the medical community and patients by offering a solution for every need of transparent dressings.

In 2011, the sales of KLM were decline for more than 50% from sales in 2010. If the condition still appears in further year, KLM will lose its market share. The volatile sales also come from other cities in Indonesia as well. The problem might appear due to lack of coordination with the distributor. The approximate root cause of the business issue will be elaborate in further section. The data gathered by doing interview to the users of Tegaderm™, which is hospital, and the area is limited to DKI Jakarta area due to limited resource.

II. BUSINESS ISSUE EXPLORATION

The issue that currently faced by the company is the low market share and decreasing sales. Therefore the marketing strategy of KLM has to be evaluated. The business issue exploration is
done using external and internal analysis of KLM and PT. XYZ. The conceptual framework can be seen in figure 1.

From the situational analysis using 5C analysis, found the position of KLM among its competitors. This position can be seen in perceptual map in figure 3.

KLM position in product life cycle can be seen in figure 4. Product life cycle a graph showing time plotted against the monetary sales of a product as it moves from introduction through growth maturity to decline (Wheelen & Hunger, 2006).

The decision making process of the I.V. dressing can be seen on figure 5.
and to make the customer buy the product can be seen in figure 7 and 8.

III. BUSINESS SOLUTION

Business solution initiated by determines specific segmentation and positioning of KLM. Furthermore, new marketing strategy is proposed to increase brand awareness of KLM to potential customer through certain division in decision making process, maintain the relationship with the current customers, and distributor as well.

The business solution can be concluded from the result of the interview. The interview was aimed to understand the literal wants of the customers. The wants of the customers can be seen in figure 6 below.

Figure 6 Costumer Wants Over Medical Devices
The most critical aspects that wanted by the customer are quality and comfort to its patients. The proper way to introduce the medical devices

Figure 7. How the Customers Know the Product
Figure 8. What makes customer wants to purchase medical devices
From the above figures, concluded the effective ways to market KLM to its potential customers. And to maintain the relationship with its current customers, the wants of the customers over the supplier can be seen in figure 9.
The proposed business solution of KLM is conclusion from the interview’s result from the customers. The proposed business solution can be seen in table 1.

<table>
<thead>
<tr>
<th>Part of Hospital Division</th>
<th>Promotion Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infection control nurses and The head of nurse</td>
<td>Product Introduction, Product trial, Brochures, Seminar and workshop, Seminar sponsorship</td>
</tr>
<tr>
<td>Hospital management</td>
<td>Product Introduction (emphasize on cost and benefit of KLM)</td>
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<tr>
<td>PPNI</td>
<td>Seminar and workshop, Seminar sponsorship, Product introduction</td>
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Table 1. Promotion Activities

Communication objective of proposed promotion activities is to build brand awareness of potential customer about KLM and to maintain the relationship with loyal customer. Long term objective for these promotional strategies are increasing company’s sales growth and seize more market share. For infection control nurses and head of nurse, the proposed marketing strategy will emphasize on product awareness, product interest, product evaluation and product trial. The proposed marketing strategy will stress on infection control nurses and head of nurse since they have big influence in choosing I.V. dressing.

The proposed marketing strategy also has to capture hospital management since the hospital management is the part of hospital that makes the decision. The marketing strategy has to emphasize on the cost and benefit due to the aims of hospital management is to serve the patients but still has to consider the cost of the product has been used. PPNI needs to be approached so that it can give influences to its member. Thus, it member can change the perception about I.V. dressing.

Since KLM has both loyal and potential customers, PT. XYZ has to choose build strategic option to gather more market share and maintain strategic option to retain the loyal customers (Brennan, Canning, and McDowell, 2007). This strategy can be done by using the promotion activities that can be seen in table 1.

The aim of those promotion activities is to make KLM as top of mind brand in term of transparent intravenous dressing. This can be done by be present much to its customer; whether by product introduction or product display.

It might be confirmed that the proposed strategy will be followed by KLM’s competitor whenever the proposed marketing strategy will help KLM to seize more market share. Since 100% of the respondents said that the most critical thing in choosing intravenous dressing is price, PT. XYZ can give more discounts to its loyal customer.

PT. XYZ is using geographical organization structure. The disadvantages that occur in geographical organization structure can be overcome by training and capable first line supervision. The salesperson is crucial in implementing the firm’s segmentation strategy, therefore careful coordination and control are required to align personal selling efforts with marketing objectives. The training has to be run periodically to equalize the skills of the sales person and to improve coordination among PT. XYZ and its distributor. The coordination with its distributor needs to improvised due to many shortage of KLM’s stock.

IV. CONCLUSION AND IMPLEMENTATION PLAN

The current marketing strategy of KLM is still ineffective. Therefore, more effective marketing strategy is proposed. As part of marketing strategy, relationship management to its customer and distributor also proposed due to seize more market share and create more loyal distributor.

The proposed marketing strategy will be scheduled in 14 months to build awareness, recall, and understanding (Keller, Strategic Brand Management, 2008). Total cost of 14 months promotional activities is Rp 332,890,000.- and its exclude the incentives program.

REFERENCES
