

## **Marketing communications of an online store entering an emerging market. Case: Adrenalindealer**

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Degree Programme in International Business

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<p><b>The title of thesis</b> Marketing communications of an online store entering an emerging market. Case: Adrenalindealer</p>	<p><b>Number of pages and appendices</b> 47+36</p>
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<p>This thesis is a product-based study with the objective of creating a marketing communications plan for Adrenalindealer. The commissioning party is a distribution company, Menikmati Distribution. The company recently launched the online store Adrenalindealer in the Indonesian market. The online store focuses on youth culture, skateboarding, motocross and surfboarding.</p> <p>The primary objective of this thesis is to create a comprehensive marketing communications plan that helps Adrenalindealer to reach the right customers with the right type of promotion tactics. The secondary objectives are to acknowledge the factors in operating an online store in an emerging market and to what extent they affect the marketing communications of a company.</p> <p>The creating process is based on a marketing communications plan framework and influenced by the CREF-model for marketing. Also affecting the creation of the plan are the author's observations of the Indonesian market and various market research conducted by research companies.</p> <p>This thesis consists of two parts; the report and the outcome, the Marketing communications plan for Adrenalindealer. The plan brings together all the factors affecting the choices of tools and tactics, and explains the communications tactics and scheduling in detail. The schedule is created for the year 2013.</p> <p>The outcome of this thesis provides guidelines that the company can continue utilizing after the scheduling period, and create future marketing communications plans based on the information presented in this thesis.</p>	
<p><b>Key words</b> Marketing communications plan, online store, emerging market, CREF-model</p>	

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# 1 Introduction

The booming Indonesian economy and expected growth in retail have made Indonesia an attractive market (Business Monitor International 2012). The emerging middle class phenomenon has increased the consumers' purchasing power, affecting their consumption habits (Euromonitor International 2012). Through technological improvements, the online environment has experienced change as well. Increasing amount of time is spent online and e-commerce is growing dramatically. (Eddy & Pratignyo 2012.) The changing environment requires companies to have up-to-date knowledge of the marketing communication possibilities.

This thesis is a product-based study on the marketing communications of an online store entering an emerging market. The author creates a comprehensive marketing communications plan, found in Attachment 1, where the findings of how an online store should be promoted in Indonesia are presented. This thesis introduces the theories behind the creation of a marketing communications plan, and the actual process and decisions in creating the plan. The marketing communications plan is made for Menikmati Distribution, which launched an online store Adrenalindealer.com in the beginning of October 2012.

The topic for the thesis was chosen in Spring 2012 after the Menikmati Distribution informed the author about their plans for launching an online store. The author completed her internship in Indonesia doing marketing for the company in 2011, and having a long background of working in retail in Finland, she was interested in the topic of marketing communications of an online store. There is a demand for the project, because the company currently doesn't have a marketing communications plan. The primary goal of the Marketing communications plan for Adrenalindealer is to provide the company a comprehensive plan to reach the right customers with the right type of promotion tactics. The secondary goals are to acknowledge the influencing factors of the market environment and how they affect the plan.

## 1.1 Menikmati Distribution

Menikmati Distribution is a distribution company located on the island province of Bali in Indonesia. The brands that the company represents are sold in accounts throughout Indonesia in different locations depending on the target market and the product. Menikmati Distribution was founded in 2009 and it has grown fairly fast with a broad range of brands. The products are action sports related, ranging from surf equipment to apparel and books. Brands that the company distributes are internationally known Electric Visual, On A Mission, Cobian, Creatures Of Leisure, Eat Sleep Surf, Swox, Zinka, Ear Care, Sticky Bumps, Waxbuddy, Indosole, Boombotix, Soggybones Magazine, Stormrider Guidebooks and Indo Surf & Lingo.

In the beginning of October 2012, Menikmati Distribution launched an online store called Adrenalindealer.com. Besides Menikmati Distribution's own brands, Adrenalindealer also sells other companies' products on consignment agreement. The store ships consumer products everywhere in Indonesia with free delivery and with a seven days right to return the products, without questions asked. Adrenalindealer already offers a wide range of products, but more brands continue to join the store. Wider range of products also widens the target market, because not all brands are considered "core" and only for certain lifestyles and sport enthusiasts.

The company has already began promoting Adrenalindealer on social media and with sponsorships, and it has gained attention on publications. Currently there are three people handling the marketing communications: the owner of the company, the Business Development Manager and a marketing intern. The marketing interns work in the company only for a specific time period, so a comprehensive plan for the marketing communications would ensure the continuity in the promotion efforts.

Ambitious goals have been set for Adrenalindealer regarding the future, because the company is interested in expanding outside Indonesia. However, for the first few years the online store will only focus on operating in Indonesia, improving the shopping experience, the product offering, and promotion.

## 1.2 The objectives of the thesis

The primary objective of the thesis is to find out how to reach the right customers, the target groups, with the right type of promotion. As explained more in detail in Chapter 2.2, the focus points of marketing have shifted and traditional communication strategies that are based on mass media and deliver generalised transaction-oriented messages are not as effective as they were before. Therefore, the primary objective is to find the right type of promotion tactics for Adrenalindealer. The secondary objectives are to acknowledge the factors in operating an online store in an emerging market and to what extent they affect the marketing communications of a company.



Figure 1. The objectives of the thesis

The goal of the thesis is to create a comprehensive marketing communications plan for Adrenalindealer, since such a plan is at the moment non-existent. Having a plan helps to ensure the consistency in promotion efforts, especially as there are different people handling the promotion in the company. Also a goal of the thesis is to help Menikmati Distribution to promote the online store Adrenalindealer in such an effective way that the marketing communications reach the right customers and create enough awareness in the target market to drive potential customers to the website. Since Adrenalindealer is a retail outlet, the marketing communications should also affect the consumer decision process during purchase and post-purchase.

### **1.3 The structure of the thesis**

This report is divided into four chapters: introduction; theory of marketing communications planning; the creating process of the marketing communications plan for an online store; and finally a summary. The introduction chapter provides the reader some background information about the commissioning company Menikmati Distribution and the company's online store Adrenalindealer.com. The chapter justifies the need for the project and also explains the objectives that affect the contents of the thesis.

The second chapter introduces the main theory of marketing communications planning with a framework. The stages of the framework are clearly displayed in a figure and described in detail. The chapter continues with a second theory of a new marketing model, which is more suitable for the current marketing environment. The importance of it is justified and the variables in the model are explained in detail. Finally, a new marketing communications planning framework is created, which combines the aforementioned theories and should be used as a basis in the creating process of the marketing communications plan for Adrenalindealer.

After the presentation of the theoretical framework in chapter two, the third chapter covers the creating process of the plan. The chapter begins with a description of the process schedule from the author's point of view, and continues with the empirical and



research material that affects the decisions made in formulating the contents of the plan.

The final chapter summarizes the whole report. The author also evaluates how the objectives of the thesis were achieved, and how successful the project was. In conclusion, the author gives recommendations for further research in the topic.

## 2 Marketing communications planning

The marketing communications planning framework by Fill (2009, 309) enables companies to create a cohesive plan, that brings together the promotional elements required in order to constitute communications activities into a logical sequence. In the framework, the rationale for decisions is based on information generated at previous levels of the framework. Communication strategy is developed in order to satisfy the communication objectives, and the marketing communications planning framework is used to show the key elements, some of the linkages and the integrated approach. Further defining the linkages in the selection process of communication tools and media, theory by Strauss & Frost (2012, 293) is included in the communication mix paragraph. Figure 2 presents the elements of the marketing communication planning framework by Fill (2009, 309).

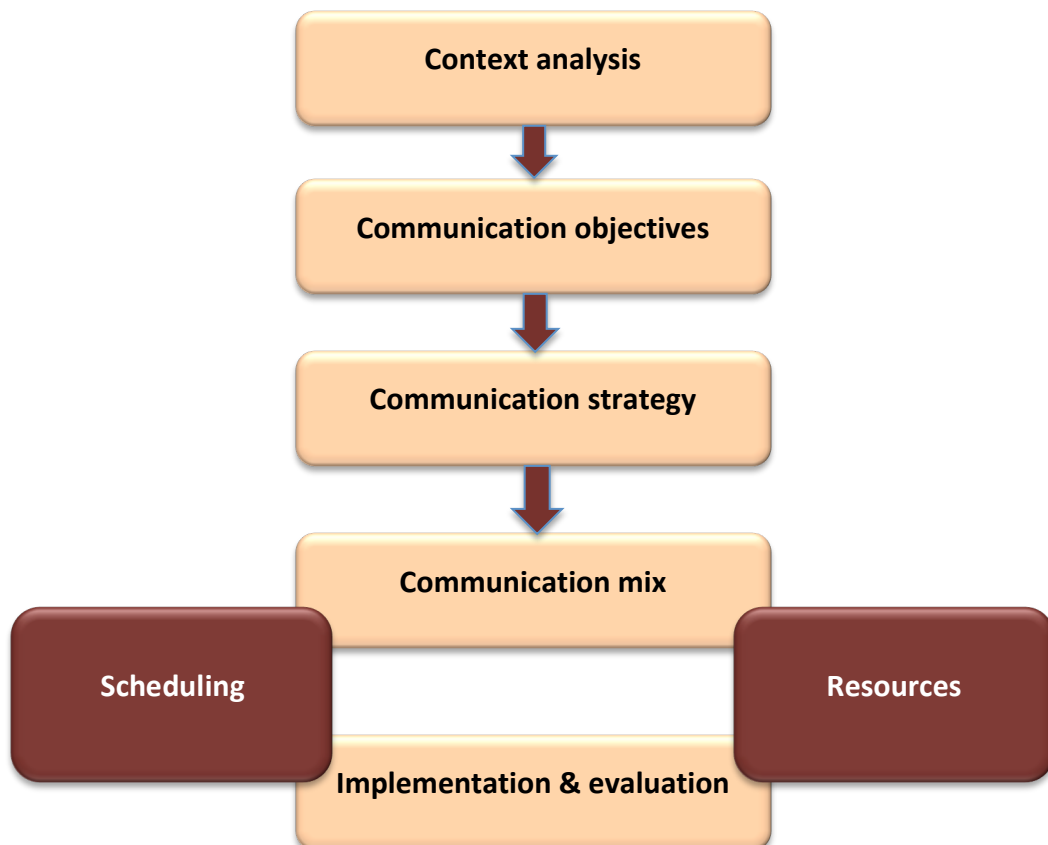


Figure 2. The marketing communication planning framework (Fill 2009, modified)

The focus points of marketing have shifted as the effects of the internet amplify the need for collaborative and transactional marketing (Salmenkivi & Nyman 2008, 217). Therefore, Chapter 2.2 presents the CREF-model developed by Sami Salmenkivi. CREF-model has a broad effect on marketing communications planning, because it brings out the current focus points and reveals the consumer attitudes, presenting a model for successful marketing in the current environment.

## **2.1 Elements of a marketing communications plan**

### *Context analysis*

Context analysis is an important first step in the planning process. Analysing the context in which the marketing communications occur helps to understand the market and the factors that help the company in reaching the communications objectives, or are a possible threat. The analysis can be divided according to different elements. The customer context includes the customer segment characteristics, levels of involvement and types of perceived risk. The business context includes the company's marketing strategy and plans and a competitor analysis. The internal context considers the company's financial situation and marketing expertise. The external context focuses on the social, political, economic and technological restraints and opportunities the market environment possesses. (Fill 2009, 311.)

### *Communications objectives*

The communications goals are important in the planning process for they provide a balance to the plan, influence the choice of the communications mix, provide time frames for campaigns, and suggest how the communications activities should be evaluated. The goals consist of three main elements: corporate objectives, marketing objectives and marketing communications objectives. The corporate objectives are also included in the business or marketing plan and they refer to the mission and the business area. The marketing objectives are output-oriented and can be sales-related, such as sales revenues and market share. The marketing communications objectives can be presented for example as awareness levels, comprehension, attitudes towards and degree of preference. The choice of communication objectives depends on the current

context in which the company exists and where it wants to exist in the future. (Fill 2009, 312.)

The objectives should be made SMART, which stands for specific, measurable, achievable, relevant, targeted and timed. The process of making objectives SMART helps the company to realize what is to be achieved, when, where and with which audience. By specific it is meant that the company should know the actual variable that is to be influenced, whether it is awareness, attitudes or some other element. Outcomes have to be able to be determined, and the objectives should be measurable. The objectives should be achievable and realistic, otherwise there will be lack of motivation and desire to succeed in the company's part and lack of relevancy in the context in which the company is set. Targeted and timed objectives help to understand what is the target audience and over what period of time should the campaign be run and assessed. (Fill 2009, 335.)

#### *Communications strategy*

Purpose of a communications strategy is to position the company's offering in the minds of the target audience using an individual approach that reflects the needs of each case (Fill 2009, 295). The communications strategy depends on the target audience; whether it is a consumer segment or a distributor. The strategy should be customer-oriented and not evolve around methods or media. In addition, the strategy should be consistent with the target group characteristics established in context analysis, in terms of communication needs of the audience. (Fill 2009, 312.)

Three types of strategies can be identified: push, pull and profile strategies. The strategies are referred to as the 3Ps of marketing communications strategy. Pull strategy is intended to influence consumers and end-user b2b customers with purchase as a communication goal, whereas push strategy is intended to influence marketing channel intermediaries with relationship development as a communication goal. Profile strategy is intended to influence all relevant stakeholders with reputation building as a communications goal. (Fill 2009, 295.)

### *Communications mix*

The communications mixes are very linked to the types of objectives and strategies chosen. The choice of tools and media needs to be justified, since it is based on the communications objectives, target group and the company's resources. Selecting tools that enable message consistency is crucial. (Fill 2009, 313.)

Understanding the desired effects of the tools used is important because different tools are more appropriate for building awareness and others for encouraging transactional behavior. (Strauss & Frost 2012, 293.) Whereas the selection of marketing communication tools is influenced by the objectives and strategies, the selection of media used is influenced by the target market. In order to reach the potential customers, the company has to be aware of the target audience's media preferences. (Strauss & Frost 2012, 292.)

Marketing communications campaigns should incorporate both online and offline tools in order to successfully drive traffic to a website. Online tools are meant to persuade consumers who are already online to visit a website, and offline tools are meant to create awareness among consumers who will be going online in the near future. Integrating the online and offline campaigns is crucial, since studies have shown that consistent appearance of the advertisements is most effective. (Laudon & Traver 2010, 7-34.)

### *Resources*

Resources refer to the financial issues, time that is available and the quality of available marketing expertise in the company. The cost of the selected strategy should be proportional to the size of the company and the market in which it operates. The company's level of profitability affects the available budget. (Fill 2009, 313.)

### *Scheduling and implementation*

The marketing communications activities should be scheduled according to the objectives and the strategy. Different tools of the communications mix are linked to the communications objectives to a large extent, so scheduling is crucial in order to achieve the preferred outcome. Scheduling is also important if the company is planning on us-

ing multiple strategies. Gantt chart is a helpful planning aid to clearly present the schedule for each activity. (Fill 2009, 313.) Special dates, such as public holidays, and seasons in the target market also have a major influence on scheduling, because they affect media consumption habits and other factors. Some objectives might be more easily achieved during those special times, which has to be considered while planning a schedule.

### *Evaluation & Feedback*

Performance of the tools and media used should be evaluated, whether it is the evaluation of fulfilled or unfulfilled communication goals or the evaluation of a specific tools performance. Return on investment is a performance metric that fits many tools, but there are also other evaluation metrics that are specific for each tool. (Fill 2009, 313.)

Campaign feedback completes the planning process, implementation and evaluation of a marketing communication campaign. Feedback compiles for example the performance of the tools used, occurrence of problems during implementation, appropriateness of the strategy, how the objectives were accomplished and whether the resources were sufficient. Feedback provides important information for the context analysis of future campaigns and companies have the possibility to learn from their previous campaigns. (Fill 2009, 314.)

## **2.2 The CREF-model**

The most known marketing mix model of 4 P's, developed by Jerome McCarthy in 1960, suggests that the most important factors to be considered in marketing are product, price, place and promotion. The purpose of 4 P's is to help develop an optimal response in the target market by blending the variables in an optimal way. The product variable is based on the thinking that a good product will sell itself and the price variable is based on the most suitable price for the product sold. The place variable is based on availability in the right place, at the right time, and the promotion variable aims to make the product known. (Salmenkivi & Nyman 2008, 218-219.)

However, the nature of marketing is changing as the effects of the internet amplify the need for collaborative and transactional marketing (Salmenkivi & Nyman 2008, 217). The old marketing mix model is not applicable anymore as such, since the focus points of marketing have shifted. Traditional communication strategies that are based on mass media and deliver generalised transaction-oriented messages are not as effective as they were before because of the changing consumer attitudes and the nature of marketing communications. Therefore, Sami Salmenkivi has developed an alternative model that transforms the old 4 P's model to reflect the current marketing environment. The model is called the CREF-model and it replaces the variables of 4 P's with collaboration, revenue model, experience and findability as presented in Figure 3 below.

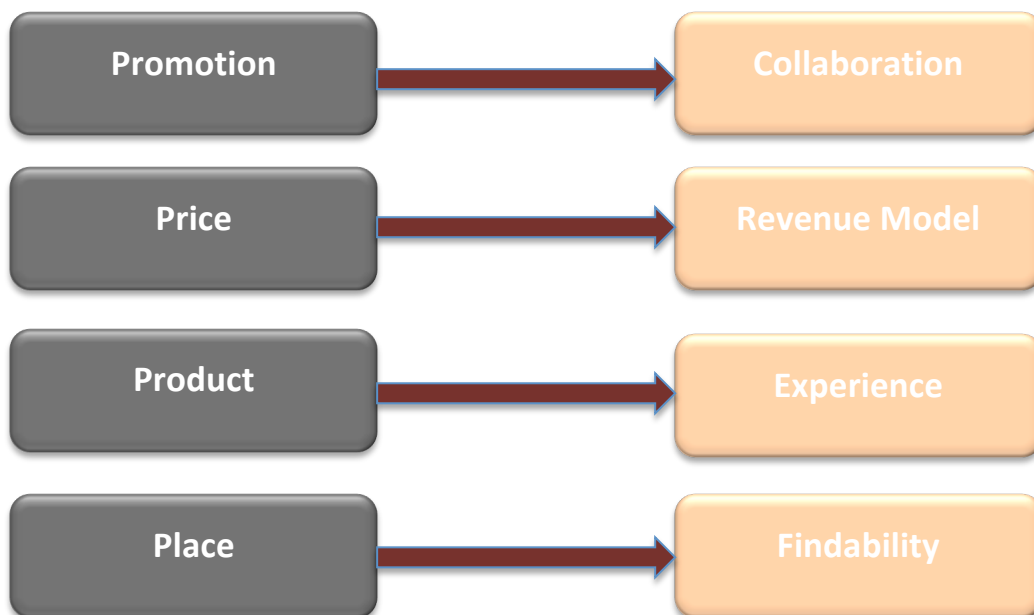


Figure 3. 4 P's vs. the CREF-model

### 2.2.1 Collaboration

According to Salmenkivi & Nyman (2008, 221), companies nowadays have to be able to create engagement and a dialogue between them and the customers. A dialogue enforces the brand knowledge of the customers, enhances the power of advertising and might provide the company useful ideas for further developments. Engaging the customers is also a positive experience for them, because according to research, high involvement has a favourable effect on the brand image. Instead of focusing on reaching

the target audience and feeding information to them, the focus should now be on getting the target audience to generate added value for themselves and the company. At the same time, companies should be aware of how to affect the contents of what customers generate and share in their communities. (Salmenkivi & Nyman 2008, 221-222.)

Applying the collaboration variable is possible online; in social media and on the company website. People want to create content and the company can benefit from it. For example, offering customization or giving the customers an opportunity to mix and match products and finally share their creations to the community, leaves the customers with an image of versatile service and functionality. (Salmenkivi & Nyman 2008, 223.) Salmenkivi & Nyman (2008, 230.) have defined six forms of collaboration: data collection and following customer conversations, uploading marketing campaigns on the internet, viral marketing, affiliate programs, user-generated marketing communications, and crowdsourcing.

### **2.2.2 Revenue model**

The price of a product isn't as significant in the consumer decision process as it used to be. Economic developments and changes in the consumption habits have decreased the importance of pricing in western markets. Customers might attach certain values to certain products, so they are willing to forgive a higher price for a service, experience or features received in return. Even if advertisements focus on pricing, the images of a received product and a price have a more essential role than just the price. Competing with price with cheap, generic products from China isn't profitable, so the added value of a product is what is significant. The possible added values are defined as ethicalness and responsibility, emotionality and experientiability, a story created with marketing, and an image of quality. (Salmenkivi & Nyman 2008, 252-255.)

Even though the revenue model was created to reflect the western markets, Indonesian market isn't far behind because of the booming economy and the rise of middle class. Indonesian middle class is also beginning to favor international, ingeneric products



with an added value, which will be covered more in detail later in Chapter 3.3 of this report.

### **2.2.3 Experience**

In today's society highlighting experiences is a strong trend in services such as going to the hairdresser. Companies have also started to make buying a product to feel like a special experience. Customers gather experiences from events, services, marketing and products, so companies and their products should be experiences, and their marketing communications should create stories that the customers can share forward. (Salmenkivi & Nyman 2008, 264-265.)

Factors affecting a multidimensional experience begin from the receiving of information of a product through different communication channels. Marketing, purchase situation, the product itself, delivery, packaging and customer service all have an effect on the formation of an experience. (Salmenkivi & Nyman 2008, 266.)

Marketing communications can also be made an experience. It is important that the entity forms into a story that is communicated in various media, linking the beginning of the story to later parts. As already mentioned in Chapter 2.2.1, high involvement has a favourable effect on brand image. Mass media, such as television and magazines, can only present a promise of an experience, but in the internet the customer can actually take part in the advertisement; for example interactive Flash-animated advertisements propose the customer to take part. (Salmenkivi & Nyman 2008, 268-272.) "Banner blindness", when people have learned how the banner advertisements and the actual text are normally located on a website, can be prevented with attention-seeking banner advertisements. Creative "roadblock" advertisements that exploit the whole area of a website, have proven to be effective in addition to banner advertisements that are customized to show different content in different circumstances. (Salmenkivi & Nyman 2008, 276.)

### **2.2.4 Findability**

Findability means how easily a brand, a product or a person can be found via a search process or by accident. Products have to be found in the right places at the right time, which refers to the marketing communication mix and scheduling. The company and its products can increase their findability in search engines with search engine optimization (SEO) and search engine advertising (SEA). People usually want to find what they're looking for already on the first page of the search results, so the higher the ranking in the search results, the more the visitors to the website. By doing SEO, companies edit the content of their websites for the search engines to find them better. Even more important than the content itself is the amount of links to the website on other websites. Google estimates a websites popularity based straight on the amount of links leading to it, so networking is required to enhance the ranking in Google's eyes. SEA places the company website right on top of the search results, even if normally the website would be far from the first result page. Planning SEA, it is important to consider what words people use to search for information. In addition, the company should consider what words it wants people to find the website with. Buying related words can be almost as effective as buying descriptive words. (Salmenkivi & Nyman 2008, 278-285.)

### **2.3 Effect of the CREF-model on the marketing communications plan**

The CREF-model is developed to work with the trends in the current marketing environment and therefore it has a remarkable effect on the marketing communications plan. Old communication tactics evolving around mass media need to be given less weight, and the focus should be on collaborating with the customers, adding value to products, creating experiences for customers and making products easy to find. The model's influence begins already when defining the marketing communications objectives, because each variable itself can be considered a communication goal. As Adrenalindealer is a new company, some goals will need more weight put on to and not all the CREF-model variables might even fit in the most important communications goals in the beginning. However, as some aspects of the Indonesian market environment be-

come more similar to the current western market environment, the CREF-model will definitely become even more important in the communications goals.

Marketing communications strategy and communications mix are strongly linked to the goals, so the CREF-model affects also the selection of those. The previous chapters already suggested some suitable tactics that will be covered later in the report. Even more than it affects the selection of the actual tools and media, the CREF-model affects the content used on advertisements and other communications tactics.

As the CREF-model affects the communications objectives, it automatically affects the evaluation as well. Applying the CREF-model has been successful if the evaluation reveals that the company has indeed collaborated with the customers, added value to products, created experiences and increased findability.

## **2.4 Marketing communications planning framework for Adrenalindealer**

Fill's framework for marketing communications planning is an excellent basis for a marketing communications planning process, but it could be modified to clearly include the requirements of today's marketing environment. A special marketing communications planning framework was created for Adrenalindealer, presented in Figure 4. The overall structure follows Fill's framework, but the media selection step by Strauss & Frost (2012) is connected also to the context analysis and therefore given more weight. The CREF-model's influence is integrated to the framework and the steps that are affected by the model are clearly pointed out in Figure 4.

Following the special framework during the planning process enables the creation of a plan, that is based on a famous theoretical framework, but also takes into consideration the new requirements of marketing with a new theoretical marketing model.

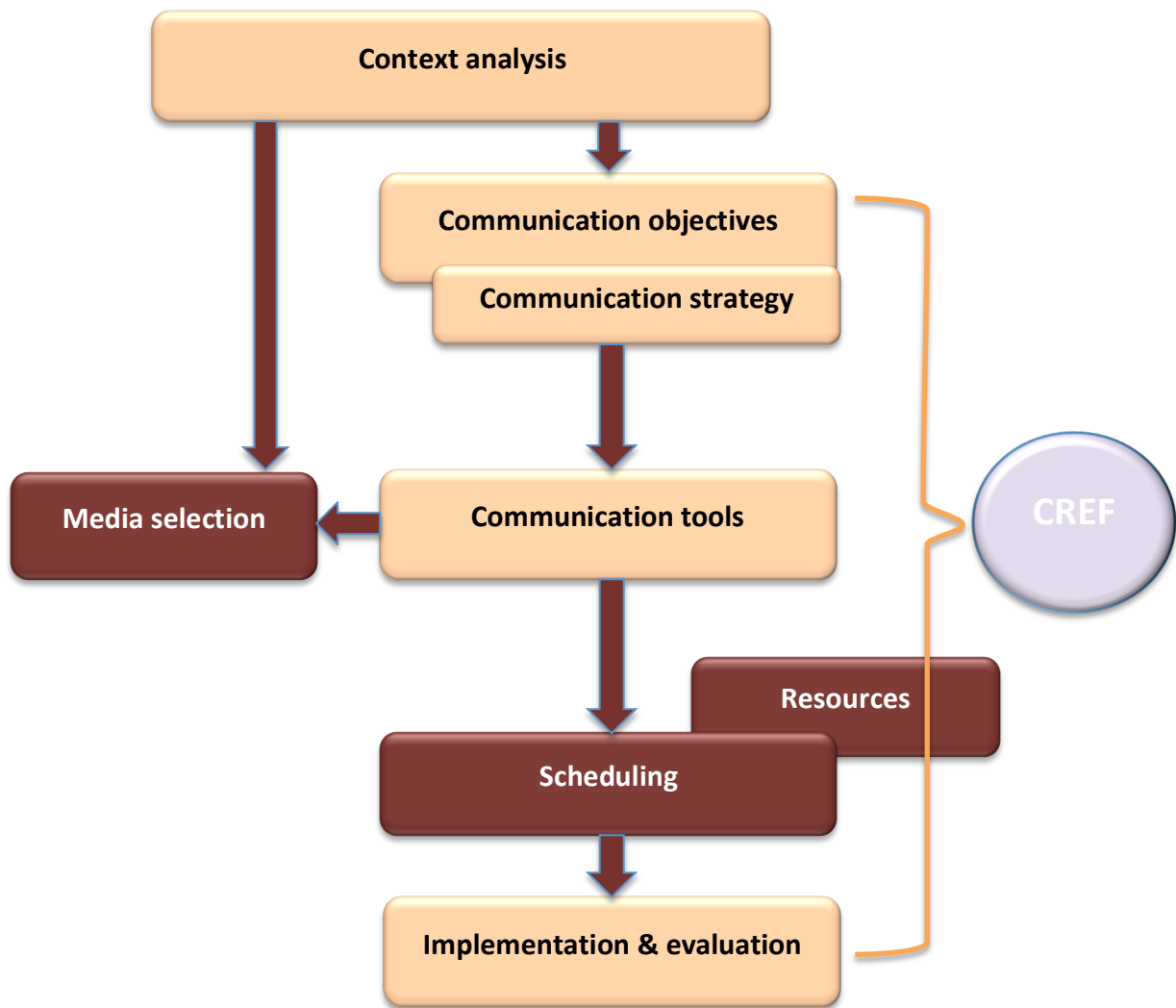


Figure 4. The marketing communications planning framework for Adrenalindealer combined from the theories of Fill (2009), Strauss & Frost (2012) and Salmenkivi & Nyman (2008)

### **3 Creating the marketing communications plan for an online store**

In this chapter the author explains the process behind creating a marketing communications plan. The process follows the marketing communications planning framework, because all the decisions need to be justified, as the stages of the framework affect each other. This chapter presents the context analysis, defining the communication objectives, selecting the communication strategy and the communication mix, planning the schedule and determining the evaluation methods, all applied to Adrenalindealer and the Indonesian market environment.

The purpose of this chapter is to help the reader of the Marketing communications plan for Adrenalindealer to understand, why the plan is structured the way it is, and what factors have affected the contents of the plan. In addition, the schedule for the authors time management regarding the project is shown in Chapter 3.1 below.

The idea for the topic was first considered in January 2012 when the author was finishing her marketing internship at Menikmati Distribution, the company behind Adrenalindealer. The Business Development Manager of the company, Clemens Berger, shared the company's plans of opening an online store later in 2012, so the author considered it to be a great opportunity to continue in the marketing field. Mr Berger shared further information and progress of the online store in April 2012, and the author began planning a schedule for the project.

#### **3.1 Schedule for the creating process**

In the beginning of May 2012, the author finally chose the topic of the project to focus on marketing communications. Menikmati Distribution didn't have a marketing communications plan for the online store, evoking a need for a plan that would be applicable in the Indonesian market. The author attended a job-based course of marketing communications in Spring 2012, which helped her to begin collecting the marketing communications theories and topic literature for the project in May 2012. She also col-

lected some research material related to the topic before travelling to Indonesia in June 2012.

In Indonesia the author attended weekly meetings in the company premises and had the opportunity to follow up-close the process of creating an online store. Marketing was also one of the topics of the meetings and the company had already started to plan sponsorships for upcoming events. Because of technical problems, while in Indonesia the author focused on deepening the knowledge on the field of marketing communications and collecting empirical and research material of Indonesia as a market environment, instead of already beginning the creating process. In addition, she interviewed Mr Berger to get a deeper understanding of the Indonesian market and how the online store will fit in the market.

The author's own observations in Indonesia, an interview and research articles by numerous research companies are the basis of the information used later in this chapter. After returning to Finland in Autumn 2012, the schedule for implementing the information and finalizing the theoretical parts was tight. The online store was already launched in the beginning of October 2012, but the author finalized the project report during October 2012 and handed in the final version of the report in the beginning of November 2012.

### **3.2 Project SWOT analysis**

The purpose of a project SWOT analysis is to define the effect of internal and external environments on the project. The analysis is based on the author's notes in the beginning of the process and later during the process of creating the marketing communications plan. The internal and external environment factors in the SWOT analysis might have an effect on the outcome of the project. Therefore, it is important to point the factors out as it is helpful for the author, and clearly states the conditions in which the project was conducted.

The internal factors can be divided in the author's strengths and weaknesses. The author's interest and motivation in the topic can be seen as a strength, and the fact that she has lived in Indonesia for over a year. She has already done marketing for Menik-mati Distribution, and therefore has previous experience from the Indonesian market. Despite the experience, the author doesn't speak enough Indonesian for a language barrier to not be a problem, which can be seen as a weakness. Indonesian market environment is also very different to the Finnish market environment.

The external factors can be divided in opportunities and threats. Clear need for the project is the biggest opportunity, which leads to gaining knowledge on marketing communications. After the project, the author should have enough knowledge on the topic to work in the field of marketing communications. The biggest external threat is the lack of existing marketing plan in the commissioning company. An existing plan would facilitate the creation of a communications plan for the market. The author's other obligations could also be seen as a threat, as the time schedule is tight.



Figure 5. Project SWOT analysis

### 3.3 Indonesian economy and retail industry

Indonesia's economy has been growing since 2004 with an average annual GDP growth rate of 6.2% in the forecast period from 2012 to 2016 (Business Monitor International 2012, 7). Currently, GDP per capita remains modest at US\$3,617 but it is expected to grow to reach US\$6,055 by 2016 as can be seen in Table 1 below (The Economist Intelligence Unit 2012). According to long forecasts, GDP per capita could almost triple to reach US\$10,633 in 2020 if the economy continues to grow unobstructed (Business Monitor International 2012, 21).

Table 1. Figures of the Indonesian economy (The Economist Intelligence Unit 2012)

	2011	2012	2013	2014	2015	2016
GDP (US\$ bn at market exchange rates)	846	897	1,016	1,161	1,350	1,563
GDP per head (US\$ at market exchange rates)	3,448	3,617	4,053	4,584	5,279	6,055
Personal disposable income (US\$ bn)	289,1	290,5	320,1	358,1	410,2	465,0
Household consumption (US\$ bn)	462,2	483,7	535,6	599,0	681,5	771,1
Household consumption per head (US\$)	1,880	1,950	2,140	2,360	2,660	2,990

Indonesia's population exceeds 240 million people and it is expected to increase by 14 million by 2016. In 2005, 48% of the total population resided in urban areas but due to the urbanization trend the number could be as high as 64% by 2016. 70% of working Indonesians are employed in the informal sector with salaries only quarter of the amount the ones employed in the formal sector earn. (Business Monitor International 2012, 7.) However, the continued economic growth has triggered an emerging middle class phenomenon. Comprising 1.6 million people in 2004, the middle class grew explosively reaching 50 million in 2009. By 2014, in only 5 years, it will most likely triple to 150 million. (Business Monitor International 2012, 13.)

The overall economic growth can be seen in the retail segment as it is forecast to grow 27.8% to US\$190,47 billion by 2016. New product entries, improvements in distribution and aggressive advertising can be seen as factors driving the growth in addition to the economic development. (Business Monitor International 2012, 15.) Food domi-



nates the income spendature with 46% of household income, but the proportion is likely to fall to 36% by 2016. The reduction implies that an increasing amount can be spent on other consumer goods such as apparel and electronics. (The Economist Intelligence Unit 2012.) With the emerging middle class phenomenon the purchasing power of consumers has increased. As international brands have become available in Indonesia, they are associated as being of superior quality compared to local brands. Hence, middle class has began favoring international brands and new items of clothing and footwear are purchased more often than ever. (Euromonitor International 2012.)

Of the biggest Indonesian cities, Jakarta is the undisputed capital of the retail industry. In addition to Jakarta, the biggest growth can be seen in Bandung, Semarang, Surabaya and Medan. Retailers are also targeting secondary cities such as Makassar, Denpasar, Yogyakarta and Palembang. (Business Monitor International 2012, 14.) Indonesia's physical infrastructure will remain the biggest obstacle to an even faster economic growth since roads, railways and sea ports are in a poor state. According to Business Monitor International (2012, 9), Indonesia has an ambitious infrastructure revitalization plan, but the country has failed to keep the pace of growth in infrastructure spending in % of GDP on the same level with the overall growth of GDP. Because of the sub-standard infrastructure, it costs an estimated three times as much to ship goods from northern Indonesia to Jakarta as it does to ship the goods from Jakarta to Singapore. (The Economist Intelligence Unit 2012.)

### **3.3.1 E-commerce in Indonesia**

In 2012, the value of online shopping transactions is estimated to reach US\$266 million. The value is expected to grow 79.7% to US\$478 million in 2013 and in 2014 the growth speeds up even more to reach an estimated US\$736 million. (IndoTelko 2012.) Currently the share of e-commerce is a drop in the ocean, because the total retail sales are estimated at US\$134 billion. The most popular goods bought online are fashion good, followed by travel bookings and entertainment. Some categories that are becoming popular in developed countries, such as grocery shopping, don't exist. (DailySocial & Veritrans 2012.)

The biggest challenges in e-commerce concern infrastructure, products and services, and payment methods. The internet speed is still relatively slow, but broadband penetration rate is forecast to be up to 30% in 2015. As for the overall economic growth, the sub-standard physical infrastructure in Indonesia is a challenge also for e-commerce because of unreliable delivery times. (DailySocial & Veritrans 2012.) Berger (2012) also pointed out that many houses lack a clear delivery address, which is a major challenge in delivering the goods to the customer. When compared to physical retail outlets, the current e-commerce players haven't yet succeeded to offer as broad a range of quality products with competitive prices. Customer support is also quite unformed. The third challenge deals with payment methods, because Indonesian banks are slow to adapt to online transactions. (DailySocial & Veritrans 2012.) The biggest banks, BCA and Mandiri, already launched their online payment platforms earlier in 2012. Both banks claim their platforms will boost customer confidence in conducting online transactions, and that in turn will affect the overall growth of e-commerce in Indonesia. (Mamuaya 2012.) Customers of other banks are required to use bank transfer, which is the most complicated payment option. In tests conducted by DailySocial and Veritrans in major online shops in Indonesia, completing a transaction via bank transfer required nine steps. When compared to the four steps that a transaction via credit card only requires, the number for bank transfer is quite high. However, bank transfer is still the most widely used method of payment with 70% of the overall amount of transactions. (DailySocial & Veritrans 2012.)

### **3.3.2 Smartphones and m-commerce**

In the first quarter of 2012 smartphone sales in Indonesia exceeded US\$1.4 billion, with a smartphone penetration rate of 62% (GfK Group 2012). According to Oktofani (2012), a report by Indonesia Finance Today revealed that the smartphone penetration rate had grown to 67% as of mid 2012. As in the whole retail industry, the rising middle class is the reason for the growth in the smartphone market. Smartphones can be seen as secondary needs, but now many Indonesians can afford to fulfill the secondary needs as well. Although the majority of demand is focused on urban areas, more and

more people in the rural areas are demanding smartphones because of the social networking possibilities. (Oktofani 2012.)

Desktop computers are still the primary way to access the internet in Indonesia, but in March 2012 the amount of internet capable mobile phones per household already passed the amount of desktop and laptop computers. As 31% of Indonesian households own a desktop computer and 29% own a laptop or a notebook, 78% of households owned an internet capable mobile phone. Online activities via mobile phones are only going to increase, so companies have to examine the possibilities of taking advantage of the trends to the fullest regarding marketing communications. (Nielsenwire 2011.)

Indonesia's GDP growth and the large percentage of people using smartphones suggests that there is an opportunity for companies to engage in m-commerce and quickly become market leaders in the area, because not many companies have realized the potential of m-commerce yet (Hewett 2012). MasterCard Worldwide (2012) suggests also that mobile shopping is on the rise, because mobile phone is the device of choice for online shoppers in the emerging markets. As in e-commerce, payment methods can be considered a challenge in m-commerce also, but small companies have already begun developing possible solutions (Hewett 2012). In a recent research it was also found out, that consumers using a phone application when shopping were more satisfied than the ones using the mobile web (Deatsch 2012).

### **3.4 Adrenalindealer's target market**

Adrenalindealer offers a product range of apparel for men and women, sports gear for motocross, skateboarding and surfboarding, and additional sports-related products such as books and sunblock. The company targets four main groups; young Indonesians with an interest in the youth culture, motocross scene, skateboarding scene, and surfboarding scene.

The first target group of young Indonesians interested in youth culture is the largest market, because it doesn't have the "core" aspect to it. The group includes both males and females, 15-35 years old. Younger people are not officially included in the target group, but they do play a role in spreading the word and building awareness among the actual target group. The group is part of the middle class, because Adrenalindealer offers international, quality brands. People in the target group reside most likely in big cities.

The second target group is the motocross scene; the motocross riders and people involved in the motocross scene. People in this group are mostly male and closer to their thirtys than the first target group. As a sport, motocross requires spending in quite expensive equipment, so the enthusiasts are most likely part of the middle class. Majority of the tracks are located in Java and Indonesia has its own Championship Tournament. Motocross meetings are also organized.

Skateboarding scene is the third target group that consists of skateboarders and people involved in the skateboarding scene. This target group is the opposite of the motocross target group, as skateboarders are younger and skateboarding equipment isn't as expensive as motocross equipment. People in the target group are mostly male and consist of middle class and lower classes. Smaller competitions are organized throughout Indonesia, but the biggest ones are organized near or in Jakarta. Because of the chaotic traffic and the nature of law enforcement in Indonesia, skateboarders can usually only skate in skate parks. Therefore, skateboarders usually reside relatively close to the parks. Happen Skateboarding Magazine will soon be releasing a skate park database.

In general, urban Indonesians don't want to look like surfboarders, but there is a demand for surfboarding equipment, so the fourth target group mostly consists of expatriate surfboarders and people involved in the surfboarding scene. This target group includes both males and females and the people in the target group reside in surfable coastal areas.

As three of the target groups consist mostly of middle class Indonesians, further research focuses on the middle class. According to Eddy & Pratignyo (2012), middle

class Indonesians are willing to experiment with brands, but value for money is key to them. They are interested in promotions, but they also appreciate a diverse offering of products. As already mentioned in Chapter 3.3, middle class has started favouring international brands and due to the economic growth they are purchasing new items more often than ever. 95% of middle class homes own a TV that is watched approximately 4,5 hours a day with sports programmes being the most popular entertainment. However, the youth is increasingly consuming media online, meaning that the newspapers and TV have shifted to news websites and video websites. 89% of middle class Indonesians have a Facebook account, meaning that they are really into social networking. Mobile phones have already become an important platform for online activities, opening a space for companies to focus marketing efforts to include mobile content. As middle class is increasingly online, consumers also discuss brands and products in different social networks and discussion forums, urging companies to engage in the discussion and to connect with consumers through various social media channels. (Eddy & Pratignyo 2012.)

According to Laudon & Traver (2010, 6-10) the more time people spend using the internet, the more they turn their back on traditional media. However, as already mentioned in this chapter, in Indonesia consumers spend time watching TV for approximately 4,5 hours a day, while they spend time on the internet on average 2 hours per day according to a Nielsen survey conducted in Jakarta and Greater Jakarta, Bandung, Surabaya, Yogyakarta, Semarang, Medan, Palembang, Makassar and Denpasar (The Jakarta Post, 2011). Although the youth is leading the change to the online environment, there is still a big difference to Singapore where people spend on average 3,5 hours online per day (Nielsenwire 2011).

A research study where 92% of the Indonesian respondents were between ages 15 and 34, conducted by the companies DailySocial and Veritrans (2012), revealed that the top five computer internet uses are search, social networking, e-mail, news, and music and video. Figure 6 ahead showcases the full internet use statistics in a descending order. Although social networking is very popular with 89% of the respondents engaging in it, blogging isn't yet as popular in Indonesia as it is in the western countries. 91% used the internet for searching information, 78% for using e-mail and 65% for reading or

watching news. Entertainment also made it to top five, 56% using the internet for listening to music and watching videos. The number of respondents using online banking was already a promising 41%, so with the developments in that area and the whole online environment in the future, the number will surely go up.

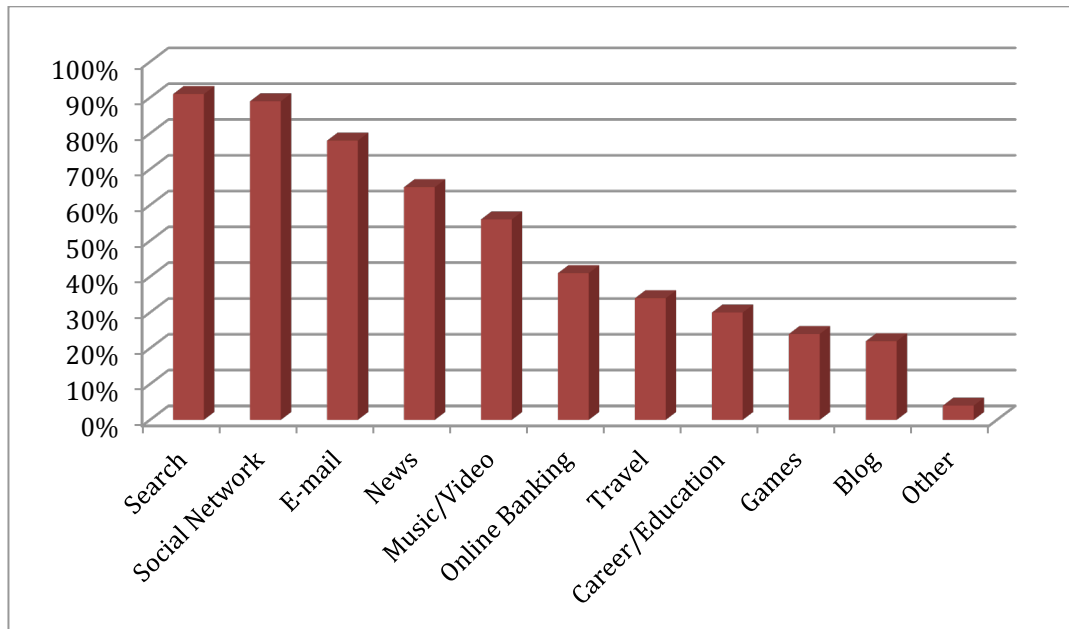


Figure 6. Top computer internet uses of young Indonesians (DailySocial & Veritrans 2012)

Figure 7 ahead reveals the top used mobile phone functions. According to the research the top three uses are the same among both computer and mobile phone users, even though searching (55%) drops into third place in mobile phones, moving chat (69%) and e-mail (59%) to the top placings. Reading news wasn't one of the most popular uses, but entertainment was higher in the mobile phone than in the computer internet rankings. 47% of the respondents listened to music and 30% played games with their mobile phones. Surprisingly, blogs made the list with 8% of respondents. Watching videos isn't one of the top mobile phone uses, possibly because of the size of the screens in mobile phones and limitations in the mobile internet speed. As the technology develops, watching videos has the potential to rise into the top mobile phone uses in the future, as it currently is in the top five of the computer internet uses.

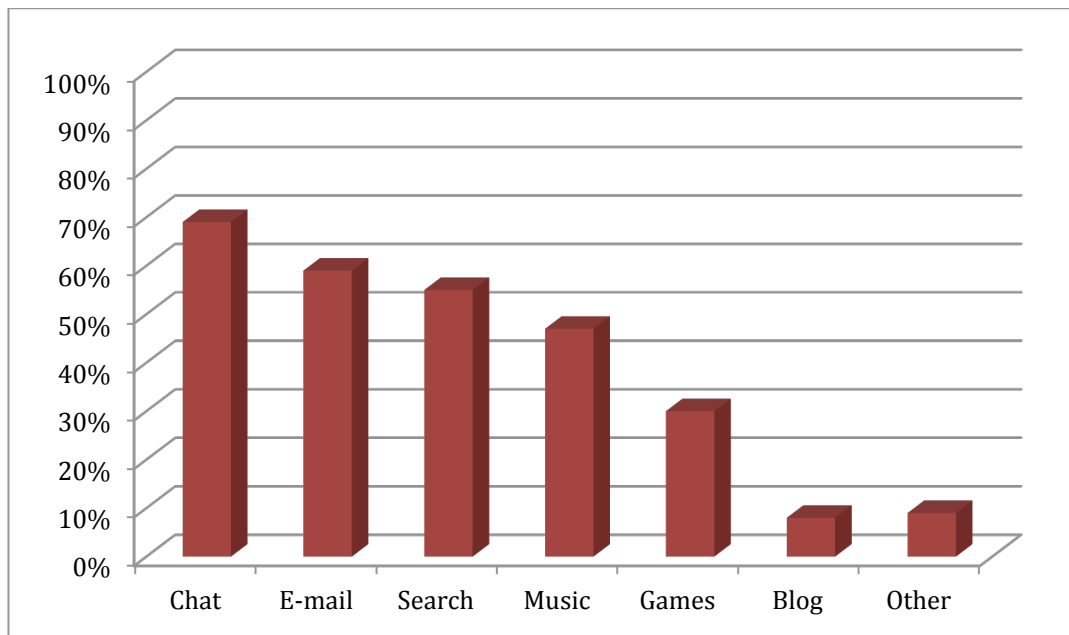


Figure 7. Top mobile phone uses of young Indonesians (DailySocial & Veritrans 2012)

Other than payment methods used, online shopping wasn't included in DailySocial & Veritrans' statistics but another research conducted by the market research company Ipsus (2012) revealed that 44% of the Indonesian respondents buy products online. Indonesia also had a high rate of 69% in visiting sites for info on products the respondents were thinking of buying. Ipsus' research supports the findings that middle class Indonesians are smart shoppers appreciating value for money.

An article by Baskoro (2012) revealed the most common values of online transactions in Indonesian rupiah (Figure 7.?) as a result of a research. 53% of the respondents in the research said that the most common value of their purchases is between 100,000 and 500,000 rupiah. The second most common value was not as specific, but according to the respondents still less than 5 million rupiah. 11,5% respondents spent less than 100,000 rupiah per transaction and for 10,5% the value of the purchase did not matter at all, as for them it could be any amount. Finally, 8% said the value to be less than 1 million rupiah. According to the statistics it is clear that products in the price range from 100,000 to 500,000 rupiah are the most popular purchases.

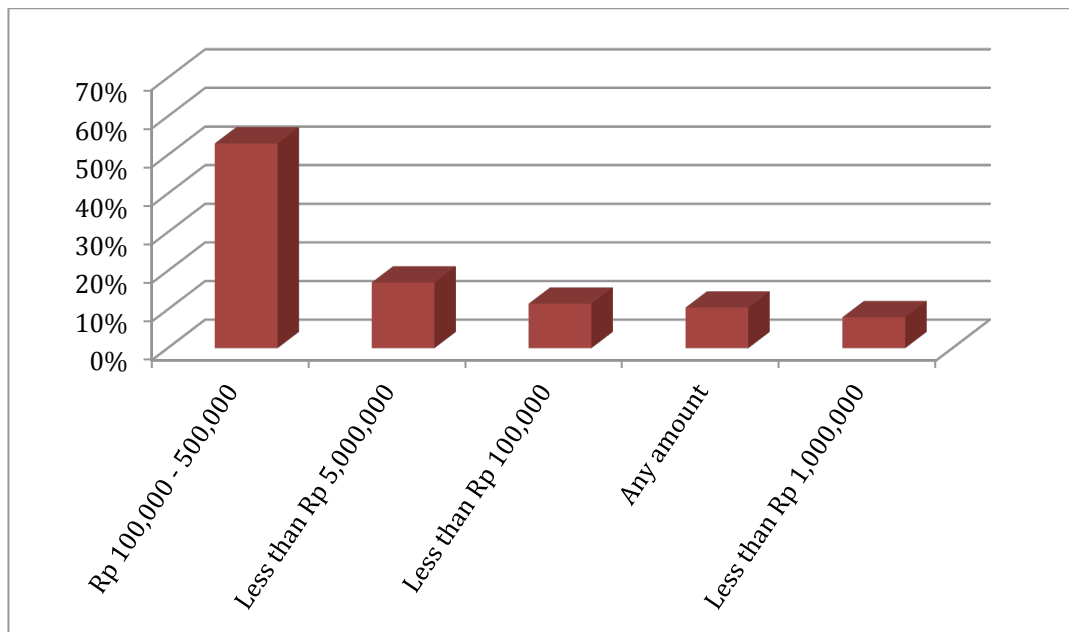


Figure 8. The value of online transactions in Indonesian rupiah (Baskoro 2012)

In DailySocial & Veritrans' research 41% of the young respondents did online banking, but in the Ipsus research, 45% of the respondents did online banking, which is yet another promising statistic for the development of online payment method usage in retail. (Ipsus 2012.) As mentioned in Chapter ?? about e-commerce in Indonesia, currently bank transfer is the most widely used method of payment in online shopping with 70% of transactions, followed by other payment methods. 41% of the respondents used BCA bank's online banking, but only 15% of the respondents were Mandiri's customers and used their online banking. Cash on delivery is still common with 24%, but credit cards have already went past it with 30% of the respondents using them for their online purchases. Figure 9 showcases the statistics. (Veritrans & DailySocial 2012).



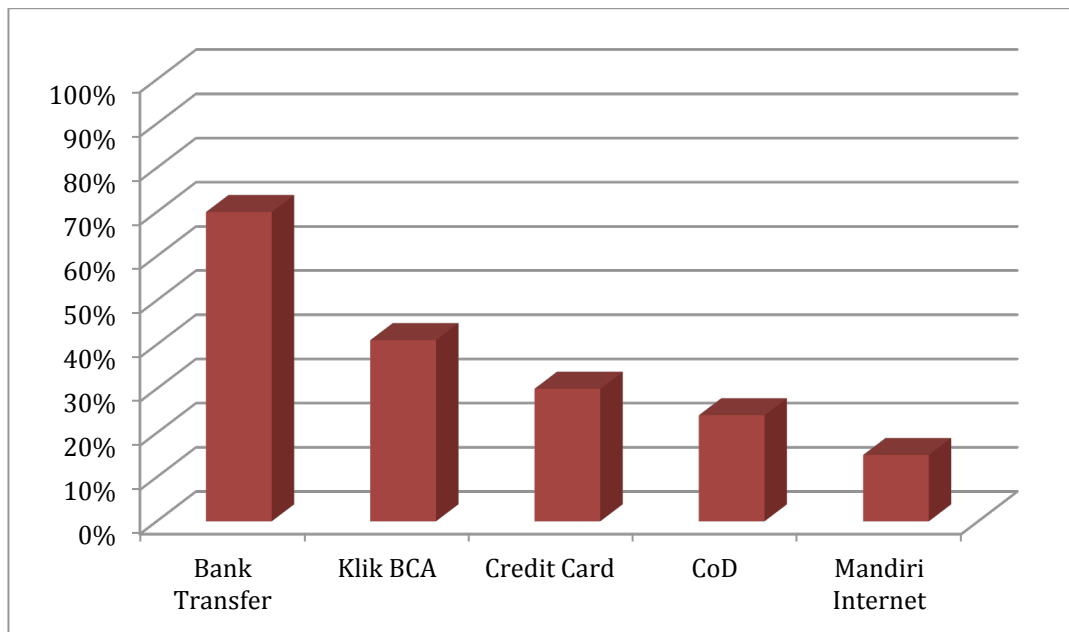


Figure 9. Methods of payment in e-commerce in Indonesia (DailySocial & Veritrans 2012)

Indonesians have also revealed what they feel could be improved in e-commerce. A majority of the respondents stated that trust could be improved. The second most common answer, competitive pricing, was still far behind trust in the statistics. The other answers spread pretty evenly: uniqueness, good seller reputation, recommendations and product availability. (Baskoro 2012.) The statistics could be interpreted in a way that if a company succeeds on all the areas that consumers felt should be improved, it is able to better compete in the market and attract more customers.

## Competitors

Indonesia's e-commerce is still at its early stages, so the amount of online stores isn't very high yet. Competition is low, and Adrenalindealer is the first online store combining the target markets of youth culture and extreme sports. However, there are existing online stores that offer parts of the same product range.

Zalora.co.id is a large online store operating in Indonesia, Malaysia, Singapore, Thailand, Philippines, Vietnam, Taiwan and Hong Kong. The store offers fashion for men and women, accessories, beauty products and home decor. The brands that also Zalora

sells are Arnette, Electric Visual, Indosole, Rip Curl and Surfer's Paradise. With almost 140,000 fans on Facebook, Zalora has already established a strong base of customers. Zalora's target market is wide, because it offers all kinds of products. It can be perceived also as a weakness, because the company isn't able to build strong relationships with specific target groups.

Loserkids.co.id is an online and offline store operating in Indonesia, USA, Australia and the UK. The stores offer action sports and youth apparel, ranging from clothes to shoes and apparel. The brands that also Loserkids sells are Vestal and Skullcandy. Like Zalora, Loserkids already has an existing fan-base on Facebook with 75,000 fans. Loserkids' product range isn't very broad as it only sells a few brands.

OakleyIndonesia.com can be considered an indirect competitor. Oakley is an eyewear brand that has really succeeded in becoming Indonesia's favourite; the company has almost 650,000 fans on Facebook. The possibilities of having Oakley at Adrenalindealer could be considered, especially because Zalora is also selling Oakley.

VariasiMX.com is an online store operating in Indonesia. The store offers motocross gear, also selling Alpinestars and UFO. The product range is quite broad, which makes VariasiMX a considerable competitor in the motocross target market.

### **3.5 Defining the communications objectives**

Adrenalindealer is a newcomer in the Indonesian e-commerce market, which is the most important factor affecting the marketing communications objectives. As stated in Chapter 2.1, communications objectives consist of corporate, marketing and marketing communication goals.

Adrenalindealer's corporate goals focus on order fulfilment, since payment methods, logistics and Indonesia's physical infrastructure make operating an online store in Indonesia challenging (Berger 2012). Order fulfilment is crucial in order to create trust and build a trustworthy image for the company. Adrenalindealer should be perceived

as the online store that fulfils customers' needs accurately and without delays. However, speed-related attributes shouldn't be used in marketing communications until the company can be certain of the speed and accuracy of the delivery process.

The most important goal in marketing is to steadily grow the market share for the next two years (Berger 2012), which is possible by earning the Indonesian consumers' trust and offering a wide range of international brands with competitive pricing that attract the middle class. Increasing the conversion rates of website visitors to number of orders is of great importance.

As Adrenalindealer is entering the retail market, the main marketing communications objective is to create awareness and develop trust among consumers. Other objectives are to increase Adrenalindealer's findability, encourage consumers to navigate to the webstore and to affect their purchase decisions. In addition to increasing the findability, the CREF-model presented in Chapter 2.2 adds engaging the customers and creating an experience to the objectives.

The corporate, marketing and marketing communication objectives all include trust in some way. Therefore, Table 2 showcases the most common attributes that help develop trust in transactional relationships (Farhoomand 2001, 338).

Table 2. Factors affecting the development of trust (Farhoomand 2001)

Factors	Trust Effects
Reputation	Positive
Willingness to customise	Positive
Expertise	Positive
Frequency of business contact	Positive
Anticipated future interactions	Positive
Intention for future interaction	Positive
Size	Positive
Publicity	Positive
Confidential information sharing	Negative
Length of relationship	Negative
Perceived power	Negative

### 3.6 Selecting the communications strategy

After defining the communications objectives, the communications strategy should be selected. Adrenalindealer's communications are directed at targeted end-user customers, so the messages for positioning the company should be part of a pull strategy (Fill 2009, 297). Pull strategy can be executed with advertising supported by sales promotions, but also with direct marketing and in various ways online (Fill 2009, 298). The outcomes of the context analysis and the needs of the target groups suggest that the messages used in the strategy should include the target audience's interest in promotions, interest in international brands, the expectations of value for money, and the most probable amount of money spent on a product (Rp 100,000-500,000) A right mix of appealing advertisements, sales promotions, direct marketing and marketing public relations forms into an effective pull strategy that leads people to the webstore and affects their purchase decisions.

Along with the pull strategy, a profile strategy needs to be implemented to build Adrenalindealer's reputation and affect the consumers' attitudes towards the company. The messages used in the strategy should enhance the positioning of the company in consumers' minds. (Fill 2009, 294.) Advertising in the strategy shouldn't include any products, but the messages used should only concentrate on the company image: an exciting action-packed company whose products make the customers' hearts beat faster. In addition to both offline and online advertising, the strategy can be executed with marketing public relations, especially social media, viral marketing and sponsorships.

Consumers will be interested in the company already with a pull strategy, but positioning with a profile strategy will become critical as the e-commerce in Indonesia expands and the competition increases. Having successfully positioned the company in the consumers' minds already at this stage will give the company a competitive advantage in the future.

### 3.7 Selecting the communications mix

Selecting the marketing communications mix is based on the context analysis, communications objectives and communications strategies. The communications objectives and strategies guide the selection of communication tools, whereas the selection of media used is influenced by the target market according to the marketing communications planning framework for Adrenalindealer, which was introduced in Chapter 2.4. Affecting the selection process in addition is the fact that Adrenalindealer is an online store, so online communication tactics should be heavily used, but offline tactics shouldn't be forgotten because they help to build trust and awareness.

The communications tools are defined as advertising, public relations, sales promotion, direct marketing and personal selling (Fill 2009, 25). Out of these five tools, only personal selling is not needed currently, because the traffic to the online store is not yet big enough. Having a customer service representative work in a real-time chat would be a waste of time and resources at this stage. The communications objectives for Adrenalindealer, defined in Chapter 3.5, are creating awareness, increasing findability, developing trust, encouraging navigation to the website, affecting purchase decisions, engaging the customers and creating an experience. Different tools are suitable for different objectives, therefore an Objective-Tool Matrix (Table 3) was created based on the theoretical information of the tools from Strauss & Frost (2012).

Table 3. Marketing communications Objective-Tool Matrix for Adrenalindealer (Akanen 2012, based on Strauss & Frost 2012)

Objective	Marketing			
	Advertising	Public Relations	Sales Promotion	Direct Marketing
Creating awareness	✓	✓		
Increasing findability		✓		
Developing trust		✓		
Encouraging navigation to the website	✓	✓	✓	✓
Affecting purchase decisions			✓	✓
Engaging the customers	✓	✓		
Creating an experience	✓			

Table 3 above clearly suggests that the most useful tools for Adrenalindealer’s communication objectives are advertising and marketing public relations. Sales promotion and direct marketing have to be included in the mix, because they affect consumers’ purchase decisions and drive traffic to the website. The tools can be applied alone or as a combination. Sales promotion combined with advertising is effective in a pull strategy. On the other hand advertising combined with marketing public relations is effective in a profile strategy. Target market guides the selection of media, therefore all the factors presented earlier in Chapters 3.3 and 3.4 should be considered in the next chapter.

## Media selection

Media can be divided into offline and online media. The most important factors affecting the selection of offline media are the location of the target groups and their media consumption habits. The reach, frequency, geographic flexibility, image-building capacity and production costs of a medium are to be considered. (Pelsmacker 2010, 279-280.)

In Chapter 3.3. the locations that are the most attractive retail-wise were mentioned to be Jakarta, Bandung, Semarang, Surabaya, Medan, Makassar, Yogyakarta, Palembang and Denpasar. Offline presence in magazines distributed and TV programs aired in those locations could be seen as effective. Taking part in events organized in those locations in the form of sponsorships is a tactic to be considered. Magazines and TV have a large audience and they are good for image-building. Magazines are more selective, but in TV it is not always possible to direct the message to a specific target group. Magazine advertisements are cheaper, but there are only a handful of magazines in Indonesia that are suitable for Adrenalindealer's advertisements. The production costs of a TV advertisement are high, so the message needs to be as appealing as possible for it to bring good return on investment. (Pelsmacker 2010, 286, 288.) Attracting even more attention and enhancing a positive impact on the advertisement likeability is possible by using a celebrity endorser (Pelsmacker 2010, 240). Some brands that Menikmati Distribution represents are already sponsoring known motocross-riders and famous rock band members, which could be considered. Although watching TV is still the most popular pastime for Indonesians with 4,5 hours a day, online media is becoming more and more popular as the technology improves and the middle class expands.

The physical location of the target groups isn't as important in online media, because people have an access to the same content everywhere in Indonesia. However, Adrenalindealer still needs to be present where the consumers are. The top online activities of young Indonesians between ages 15-34 are search activities, social networking, e-mailing, news-reading and video-viewing. In order to reach the consumers, Adrenalindealer needs to be visibly present when consumers engage in those activities online.

Successful presence is achieved by selecting the right websites for advertising, increasing findability during search activities, engaging people in social media and uploading videos or being present during video-viewing. According to research, online media tactics such as e-mail direct marketing, rich media ads and affiliate marketing have proven to be effective, compared to banner advertising for example (Strauss & Frost 2012, 297). Google search engine optimization and search engine advertising are excellent for increasing findability. The first step however is to find the right keywords, because the amount of traffic to the website is directly dependent on the amount of people who search on that keyword (Halligan & Shah 2010, 63). Social media profiles shouldn't be forgotten, because according to eMarketer (2012), almost 83% of online Indonesians use Facebook and according to Youthlab Indo (2011), the Indonesian youth are using Twitter more and more because of the maturity of Facebook.

Different Indonesian websites offer visibility in advertising, because as mentioned previously, news-reading is one of the most popular online activities. Popular news sites such as Detik.com have their own sports section, which would be optimal for Adrenalindealer. More suitable website advertising options for Adrenalindealer are presented in Attachment 1. In addition to actually purchasing advertising space, it is possible to utilize a third party company for retargeting: display advertisements are shown for people who have already visited Adrenalindealer's website, following them wherever they browse to. The purpose is to recapture the interest a consumer has already shown towards the company. (ReTargeter 2012.)

Growth in the smartphone penetration rate in Indonesia has led to an increase in online activities via mobile phones. The top online activities of young Indonesians via mobile phone are quite similar to online activities via computer: chatting, e-mailing, search activities, music-listening and gaming. Mobile phones have a huge potential for marketing communications, as the technology has developed so that the advertisements can be made quite similar to the ones on a computer browser.

Consumer trust in media needs to be considered, because developing trust in Adrenalindealer is such an important communications objective. Consumers are most likely to trust the opinions and recommendations posted by other consumers, rather than the



messages that the company feeds. Editorial content, such as a newspaper article, is also highly trusted followed by brand websites. E-mail newsletters, advertisements in newspapers, sponsorships, advertisements in magazines and TV are also trusted. In comparison, online banner advertisements and text advertisements on mobile phones are not very trusted. (Strauss & Frost 2012, 363.) Consumers trust offline media more than online media, which is another reason not to focus only on online media, even if Adrenalindealer is an online store. According to a research conducted by Youthlab Indo (2011) among 17-26 year old Indonesians, the respondents trusted newspapers, TV, magazines and Twitter the most.

In conclusion, the marketing communication tools for Adrenalindealer are advertising, marketing public relations, sales promotion and direct marketing. The choices of media should include magazines, TV, event sponsorships, various online tactics and various mobile phone tactics. Attachment 1 covers these aforementioned tactics in more detail.

### **3.8 Resources**

Menikmati Distribution's financial situation is solid with income from two hotels in addition to the distribution business the company has been operating since 2009. The company has allocated a monthly budget of approximately 140 million rupiah for Adrenalindealer's marketing communication. Extensive marketing communication is needed in the beginning to achieve a sufficient level of awareness for the company.

Currently there are three people handling marketing in the company: the owner of the company, the Business Development Manager and a marketing intern. The owner of the company is involved in the planning process, but the Business Development Manager and the marketing intern are responsible for most of the implementation part. The company also employs their own graphic designer, who is experienced in creating regular advertisements, Flash-advertisements and other web content.

The language used on Adrenalindealer's website is Indonesian, but the marketing communication efforts have been conducted in English so far. Using a foreign lan-

guage in a two-way communication with the consumers is unlikely to develop the required level of trust. Regardless of their English skills, consumers expect interaction with a company in their own language. (De Bortoli & Maroto 2012.) Therefore, especially the person handling Adrenalindealer's social media should be able to speak fluent Indonesian.

Menikmati Distribution has the financial resources, the marketing expertise and the design knowledge to be able to conduct the marketing communication efforts. However, some parts such as video production for TV advertisements the company would have to outsource because of lack of equipment and expertise. Hiring an Indonesian person to handle the company's social media communications, or having Indonesian marketing interns should be seriously considered. Engaging the consumers will be even more important in the future when the market expands and the number of competitors is higher.

### **3.9 Scheduling and implementation**

The majority of Adrenalindealer's product range isn't dependent on different seasons, because apparel and sports equipment are bought and used year-round. Surfboarding equipment is an exception, because the months during the dry season in Indonesia, from May until September, are considered as the high season for the sport. The sport can still be done year-round, only the locations with the best weather conditions change. Although the sales of the majority of Adrenalindealer's products isn't affected by climate seasons, some other seasonal changes have been recorded in the overall consumer spendature in Indonesia.

Festive seasons such as Ramadan and other Indonesian public holidays provide an opportunity for more aggressive advertising, sales promotions and direct marketing. According to a research, Indonesian consumers spend more on food, apparel and electronics during the festive season of Ramadan. Middle class households increased their spending by 16% in 2010. During the season consumers buy convenient products for themselves, but they also buy products for gifting. Consumers didn't only change their

buying behavior, but also their media consumption habits as the number of TV viewers increased by 14%. The increase in TV viewers is explained by the fact that consumers prefer to stay home during the season and spend time with family and guests, but at the same time watch TV. (Madhav 2011.)

A pulsing schedule would be the most suitable for Adrenalindealer's communications. Certain level of communications needs to be done during the whole year, but higher levels of communications need to be done during a particular period (Pelsmacker 2010, 275). On a normal season Adrenalindealer should avoid overexposure in advertising that annoys consumers. Indonesia's current magazine selection doesn't offer that good targeting possibilities except for skateboarding and surfboarding magazines. Therefore, the company should do print advertising in various magazines with a broader target audience and evaluate, which ones had the best response levels. TV advertising should also be done during the festive season when there's even more viewers. Sports and youth entertainment programmes are popular in Indonesia, so airing an advertisement during those programmes is likely to reach the target group of 15-35 year old Indonesians.

Online advertising is cost-effective and can be done year-round on various websites. The increased focus should still be on the holidays as in offline advertising. Marketing public relations is a tool that needs to be used continuously so that the customer engagement is consistent. Social media channels need to be updated many times a week with fresh content. Search engine optimization is a neverending process, because keywords should be monitored monthly and new products require new keywords. Event sponsorships depend on the amount of suitable events, but there are annual events such as the Rip Curl Surf & Music Festival that takes place in every October in Bali.

Direct marketing should take place every month in the form of an e-mail newsletter. E-mail can also be used to inform consumers about the special promotions when the holidays are closer.

### 3.10 Evaluation

The performance of each marketing communication tool and media should be evaluated with various metrics that are related to the communication objectives. The objectives of creating awareness and increasing findability can be measured with the number of visitors to the website. Findability can also be measured by regularly following the search engine rankings of the website. Developing trust can be measured with comparing sales of online versus offline for the same products, the number of purchases per customer over time, or even the number of abandoned shopping carts. Encouraging navigation to the site can be measured with the number of visitors per tactic used. Affecting purchase decisions can be measured with comparing the number of orders with the number of consumers that have been exposed to sales promotion or direct marketing. (Strauss & Frost 2012, 64.)

Engaging the customer needs to be measured mostly on the social media platforms. Number of comments, likes and other methods of engagement is important. Out of all the objectives, creating an experience is probably the hardest to measure. Customer feedback is the most valuable measure, but also the number of visitors to the website via an experience-creating advertisement can be used in the evaluation. In general, online marketing tools can be evaluated more accurately than offline, because in the online environment each click is monitored.

## 4 Summary and conclusions

The primary objective of the thesis was to find out how to reach the right customers with the right type of promotion for Adrenalindealer. The planning process should be based on a marketing communications framework, since there are various factors affecting the planning process. The most important finding was, that companies shouldn't only choose the marketing communications tactics they feel like doing, but instead do the research and follow the steps of a framework in order to find to most suitable communications mix. In addition to a framework, the new CREF-model for marketing should influence especially the content of the communications as the nature of promotion is changing.

Analysing the current market environment, the company's situation and the company's target groups was a crucial first step, because without the information, it was impossible to define the most suitable communications objectives for the company. The communications objectives are meant to guide the company, what they're aiming for with their communications and also, where they want to be. As Adrenalindealer is entering the market, the objectives should most importantly concentrate in creating awareness, increasing findability and developing trust.

Following the steps, the communications strategies needed to be selected. Pull- and profile-strategies turned out to be suitable for companies with targeted end-user customers. Pulling customers in with appealing combinations of different tools, and building Adrenalindealer's reputation with tools concentrating on the profile should guide the selection of the communications tools and tactics, or communications mix as a whole.

In addition to the communications strategies, the previously defined communications objectives affected the selection of the communications tools. Out of the five promotion tools, only personal selling was left out as not applicable, and advertising, marketing public relations, sales promotion and direct marketing should be utilized. In these tools, a variety of tactics needed to be chosen. The selection was based on the information found out during the first analysis of the market environment, the company's

situation and the company's target groups. Based on such facts as Adrenalindealer is an online store, the Indonesian youth is increasingly online, the popularity of social media, the increasing amount of broadbands and smartphones, and the cost-efficient possibilities, online tactics were chosen to be the majority. However, because of the trust issues in emerging markets, the importance of offline media was also emphasized.

When planning a schedule for the communications, an important finding was the positive effect of Indonesian holidays on retail spendature. The communications mix was partly scheduled around these holidays, with exceptions in some tactics that need to be implemented continuously. Therefore, the pull- and profile strategies should be implemented in a pulsing schedule. The importance of evaluation was also stressed, because ineffective tactics shouldn't be implemented. The performance of each tool and tactic is directly connected to the fulfilment of the communications objectives.

Following the steps of the framework clearly helped to acknowledge all the factors that influence the planning process of marketing communications, and to what extent. The primary and secondary objectives of the thesis were therefore reached, since the steps of the framework also answered the question of how to reach the right customers with the right type of promotion.

For now the outcome of the thesis, the Marketing communications plan for Adrenalindealer, is applicable as such and presents the basic decisions and guidelines for the company's marketing communications. However, further research could be done on the characteristics of the target groups to be able to choose the communications tactics even more precisely. The company's resources might not be enough for conducting an in-house research, but there is a research company called Youthlab Indo that conducts many kinds of research of the Indonesian youth. The Indonesian economy is also developing at such an unbelievable pace that changes in the market are sure to happen.

Once Adrenalindealer has implemented and evaluated the marketing communciations campaigns, the company could also change the communciations objectives in the future, and as the objectives change, also the performance metrics have a different meaning. Instead of focusing on creating awareness and developing trust, the company

could for example focus on lowering customer acquisition costs or increasing customer conversion rates. The new focuses are possible if Adrenalindealer has successfully created awareness and a trustworthy image after implementing the tactics in the marketing communications plan.

As challenging as it was to create a marketing communications plan from a scratch to a company that operates in such a different market environment, the author is satisfied with the outcome of the project. Besides providing the company a concrete plan, the project also resulted in great deal of knowledge on marketing communications and marketing communications planning for the author herself.

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Marketing communications plan

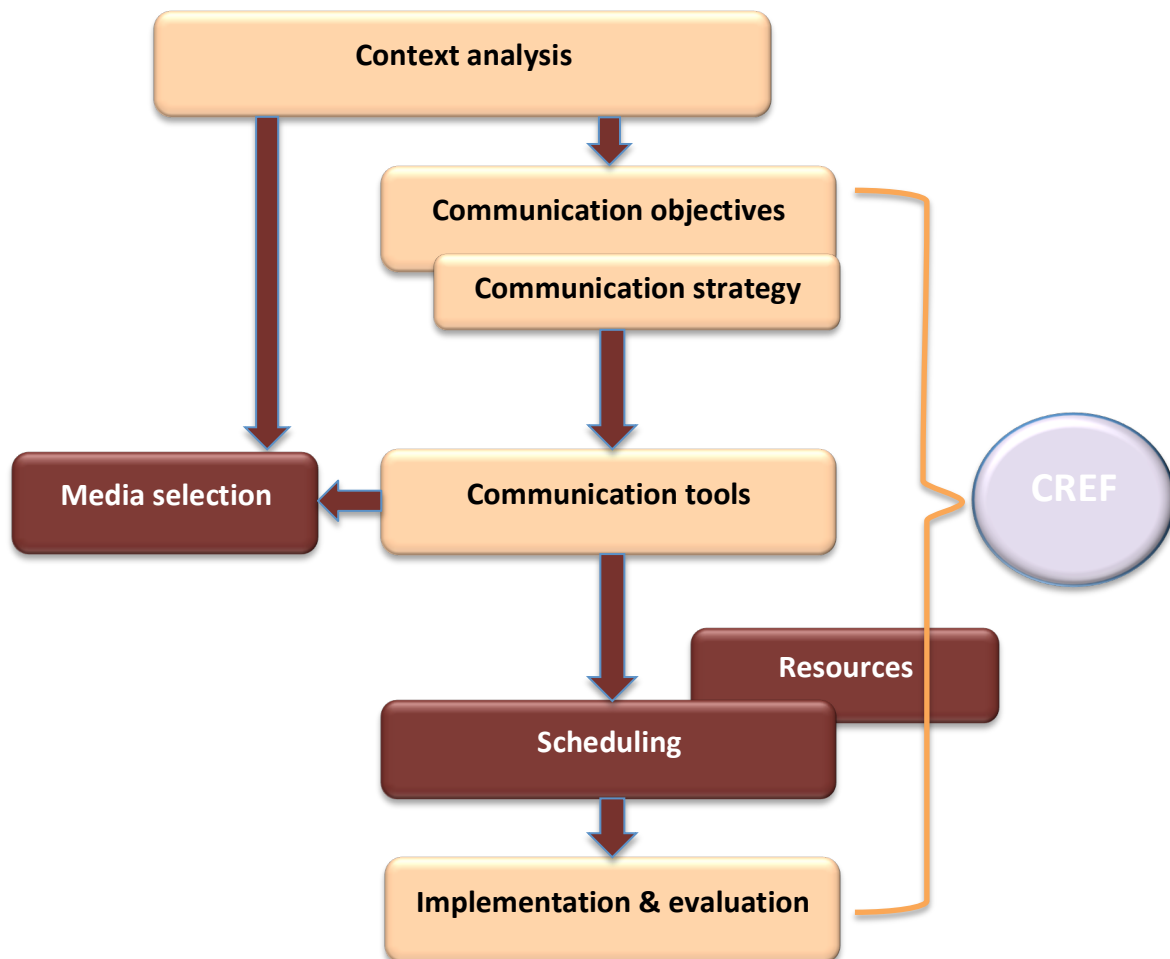
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# INTRODUCTION

This marketing communications plan provides Adrenalindealer guidelines that can be followed in the year of 2013. The plan is based on a framework that is a combination of a theoretical framework and a marketing model. The tactics that are presented in the plan are a combination of theoretical application and the author's creative implementation. The plan is structured into seven main chapters: Context analysis, communications objectives, communications strategy, communications mix, scheduling, resources and evaluation.

The purpose of this marketing communications plan is to help Adrenalindealer to implement the most suitable marketing communications tactics while promoting the online store. As there are no previously existing plans, this marketing communications plan can be followed for the time period it was created for, and later adjusted for a new time period as necessary.



# CONTEXT ANALYSIS

## External environment

### Opportunities

- Indonesia's economy is expected to continue growing
- Forecast growth of 27.8% in the retail segment by 2016
  - New product entries, improvements in distribution, aggressive advertising
- Income spendature proportions change
  - Increasing amount spent on apparel and electronics
- Size of the middle class will most likely triple to 150 million people by 2014
- Purchasing power has increased
  - Middle class has began favoring international brands
  - New items are purchased more often than ever
- The value of online shopping transactions is forecast to grow by 79.7% in 2013, compared to 2012
- Broadband penetration rate is forecast to be up to 30% in 2015
- Opportunities of becoming a market leader in m-commerce
- Current range of quality products with competitive prices in e-commerce not broad

### Challenges

- Sub-standard physical infrastructure is the biggest obstacle to an even faster economic growth
  - Shipping costs remain high
  - Unreliable delivery times for e-commerce
- Internet speed still relatively slow
- Slow adaptation to online transactions by Indonesian banks
  - Trust issues with payment methods
- Indonesian legislation prohibits certain type of content in very public advertisements (eg. revealing bikini pictures in billboards)

## Target market

Adrenalindealer's target market can be defined in four different groups.

Table 1. Adrenalindealer's target groups

<p style="text-align: center;"><b>Youth culture</b></p> <ul style="list-style-type: none"><li>▪ Indonesians interested in youth culture</li><li>▪ Male and female</li><li>▪ 15-35 years old</li><li>▪ Middle class</li><li>▪ Residing in big cities</li></ul>	<p style="text-align: center;"><b>Motocross</b></p> <ul style="list-style-type: none"><li>▪ Motocross riders and people involved in the motocross scene</li><li>▪ Mostly male</li><li>▪ 25+ years old</li><li>▪ Middle class</li><li>▪ Residing mostly in Java</li></ul>
<p style="text-align: center;"><b>Skateboarding</b></p> <ul style="list-style-type: none"><li>▪ Skateboarders and people involved in the skateboarding scene</li><li>▪ Mostly male</li><li>▪ 15+ years old</li><li>▪ Middle class and lower classes</li><li>▪ Residing all around Indonesia, relatively close to existing skate parks</li></ul>	<p style="text-align: center;"><b>Surfboarding</b></p> <ul style="list-style-type: none"><li>▪ Surfboarders and people involved in the surfboarding scene</li><li>▪ Male and female</li><li>▪ 15+ years old</li><li>▪ Expatriates and Indonesians</li><li>▪ Residing in surfable coastal areas</li></ul>



## Competitors

The market should be monitored for new competitors and Adrenalindealer should also be aware of the moves of the existing ones. Adrenalindealer doesn't have any direct competitors, since it's the first online store in Indonesia currently offering this type of various action sports product range. However, there are a few online stores operating in Indonesia that can be considered as competitors, since they offer some of the same brands to the same target groups.

- Zalora.com
  - Also sells Arnette, Electric Visual, Indosole, Rip Curl, Surfer's Paradise, plus various other brands such as Volcom
- Loserkids.co.id
  - Also sells Vestal, Skullcandy, plus other famous brands Macbeth, Raen Optics, Famous Stars & Straps and Obey
- OakleyIndonesia.com
  - Oakley is the number one eyewear brand in Indonesia
- VariasiMX.com
  - Also sells Alpinestars, UFO, plus various other motocross brands

## Company

- Solid financial situation
- Marketing expertise
  - Marketing intern handling social media
- Current communications language English
- Knowledge of all the sports and target groups

# COMMUNICATIONS GOALS

- Corporate goals focus on order fulfillment
  - Building a trustworthy image for the company
- Marketing goals focus on steadily growing the market share
- Marketing communications goals can be seen in Table 2 below

Table 2. Marketing communications Objective-Tool Matrix

Objective	Marketing			
	Advertising	Public Relations	Sales Promotion	Direct Marketing
Creating awareness	✓	✓		
Increasing findability		✓		
Developing trust		✓		
Encouraging navigation to the website	✓	✓	✓	✓
Affecting purchase decisions			✓	✓
Engaging the customers	✓	✓		
Creating an experience	✓			

# COMMUNICATIONS STRATEGY

Adrenalindealer should implement two communications strategies: Pull and Profile

**Pull strategy** – pulling customers with appealing communications

- Customer characteristics affecting the content:
  - Interest in promotions
  - Expectations of value for money
  - Interest in international brands
  - The most probable amount of money spent Rp 100,000-500,000
- Sales promotion combined with advertising, marketing public relations or direct marketing

**Profile strategy** – reputation building and affecting consumer attitudes

- Content related to the desired company image
- Different content appealing to different target groups
  - Youth culture
  - Skateboarding
  - Motocross
  - Surfboarding
- Marketing public relations and advertising

# COMMUNICATIONS MIX

## ADVERTISING

Advertising can be divided in offline and online advertising, and further in different media and tactics. The communications objectives for advertising are to create awareness, encourage navigation to the website, engage the customers and create an experience.

## Websites

Advertising on websites offers visibility and it is easy to land on the online store only with one click. Online advertisements can also improve sales and website visits, even if the actual advertisement wasn't clicked. In order for the advertising to be effective, it should be done on the right websites to reach the target groups.

## Display advertising

- Helps to build awareness even if the advertisement isn't clicked
- Various sizes, depending on the website
- Various types
  - Graphic banner ad
  - Interstitial ad (a full-page ad shown before the actual website content)
  - Expanding ad (an ad that expands when the mouse is hovered above it)
  - Wallpaper ad (an ad shown as the wallpaper of the website)
- Rich media advertisements engage people
  - The ad is programmed so that people can affect the content of it by clicking or typing in text
- Should be done year-round in various websites
- Pull strategy should be used especially in the beginning and during promotions
- Profile strategy can be used at other times

## List of possible websites

- KapanLagi.com
  - Entertainment and lifestyle news and articles
- Sportku.com
  - Sports news
- Maniakmotor.com
  - Motorbike industry news and other content
- Kaskus.co.id
  - Indonesia's largest discussion forum
- Sport.detik.com
  - Sports section of the most visited news site in Indonesia
- Viva.co.id
  - Popular news site
- Kompas.com
  - Popular news site
- Indosurflife.com
  - Weather forecasts and other content for surfers

In addition to buying advertising space from specific websites, Adrenalindealer can use third parties to handle the placing of the advertisements on the most appropriate sites. The advertisements can be targeted according to the website content, or they can be retargeted to appear to people who have already visited the online store.

**Retargeter.com** is one of the companies offering such a service in Indonesia.

Google's AdSense works with a similar logic, and Search engine advertising (page 15) can be handled from the same existing Google account.

## Youtube

Youtube provides a great platform for banner advertisements that are shown through the whole duration of a video. Basically Youtube offers two options for advertisers: banner advertising and in-stream advertising.

- Targeted advertising is possible with the Google Video Targeting Tool

- Enables the selection of relevant videos
- Only on the content of Youtube's trusted partners that are regularly checked to ensure the appropriety of their uploaded content
- The Video Targeting Tool is tied to the Google AdWords account, hence creating a new account is not necessary

## Banner advertising on Youtube



Figure 1. Example of banner advertisements on Youtube

- Supports Flash, rich media and basic images

## In-stream advertising on Youtube

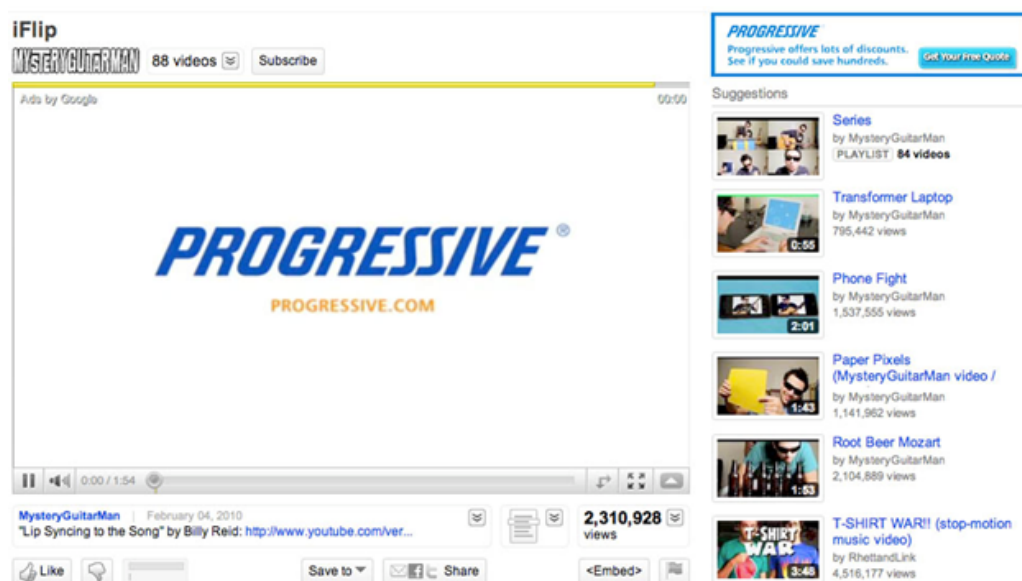
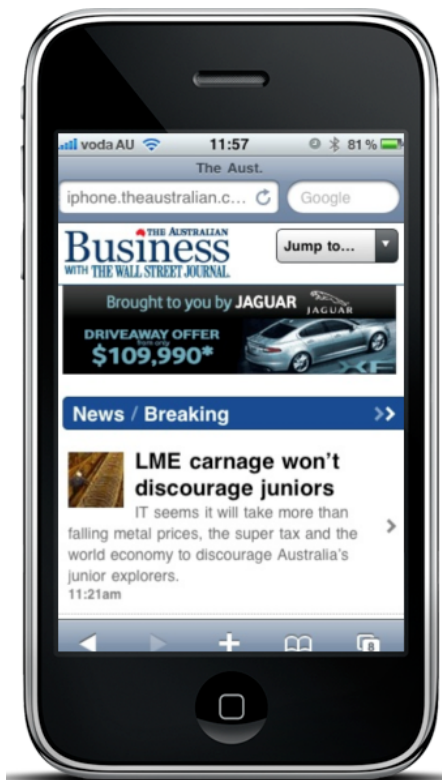


Figure 2. Example of in-stream advertising on Youtube

- Television advertising experience
- Shown in the beginning of a video
- Click through to the company's website
- Companion banner advertisement shown on the side for the whole duration of a video

## Mobile internet advertising

Mobile phones are increasingly used to access the internet, which makes mobile internet an interesting advertising platform. One of the most interesting companies offering mobile advertising solutions is Big Mobile ([www.bigmobile.com/id](http://www.bigmobile.com/id)), which works with premium Indonesian publishers: XL, Indosat, AXIS, YAHOO, TELKOMSEL and OPERA.



- Basic banner advertisements
- High visibility interstitial pages
  - Shown for 5 seconds on the whole front page of top mobile destination sites
  - Facebook, Twitter, Detik.com
- Also interactive campaign mobile sites are possible
  - Integrated payment methods
  - User-generated content via MMS

Figure 3. Example of a Jaguar mobile internet banner advertisement

## Evaluating Website, Youtube and Mobile internet advertising

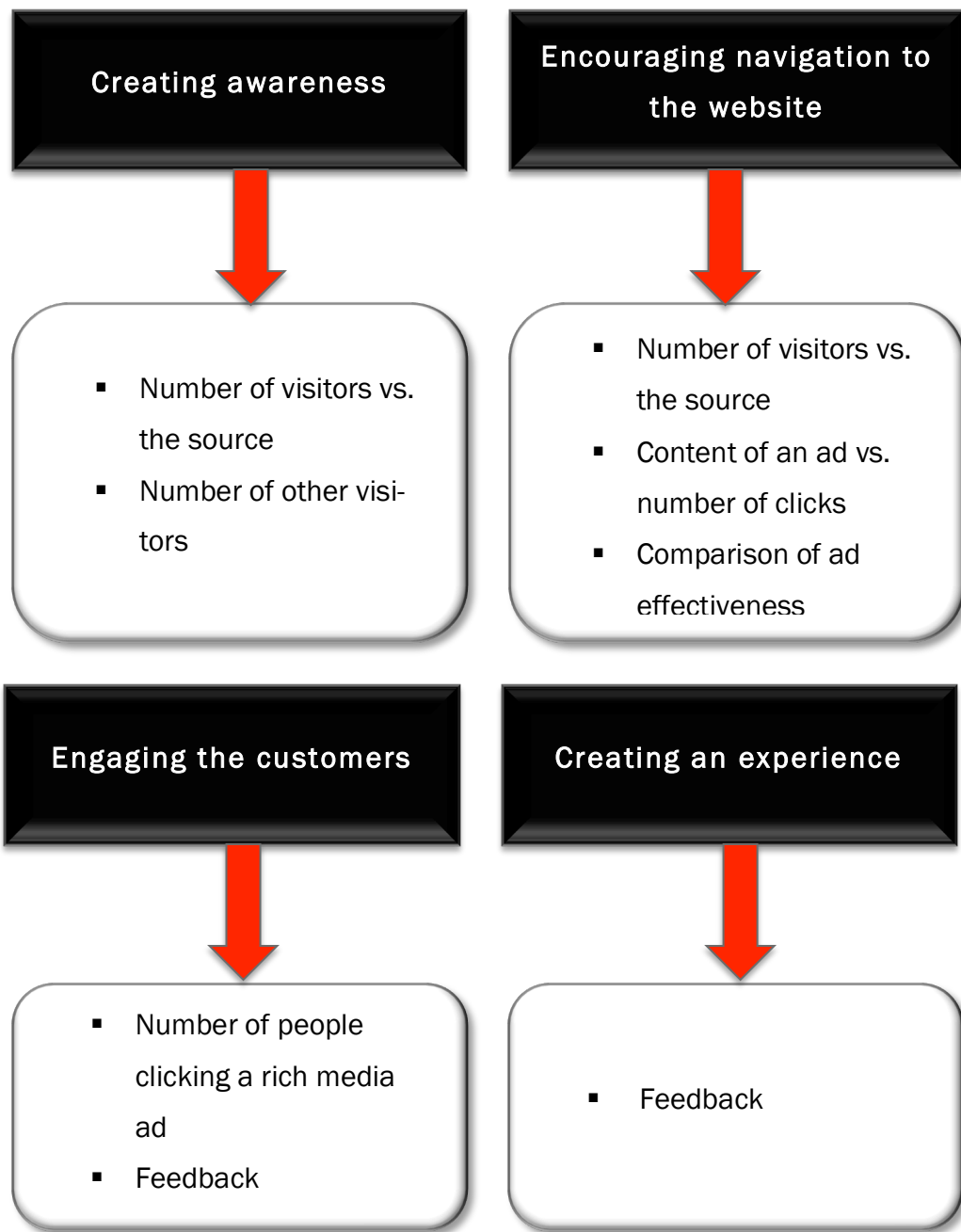


Figure 4. Online advertising evaluation metrics

## Facebook

Facebook advertising offers highly efficient targeting possibilities in a social media that over 50 million Indonesians are currently using.




Ad Preview <a href="#">Edit</a>	Targeting <a href="#">Edit</a>
<p><b>ELECTRIC INDO</b></p>  <p>Electric is all about SKATE, MX and SURF! Click here to get the latest info on promos and new products!</p> <p>You like this.</p>	<p><b>This ad targets 113 users:</b></p> <ul style="list-style-type: none"> <li>▪ who live in Indonesia</li> <li>▪ 35 years old and younger</li> <li>▪ who like #Surfing, #Bicycle motocross, #Bullet for My Valentine, #Linkin Park, #Superman Is Dead, komunitas sepeda fixie, #BMX racing, #Skate, #Skatepark, #Skateboard, #Paramore, peter says denim, #Sunglasses, #Billabong, #Motocross, #Macbeth Footwear, #Avenged Sevenfold, #Skateboarding, killing me inside, killing me inside fans club, #Quiksilver, #Insight, obey clothing indonesia, #Billabong (clothing), #Volcom, #Slank or #Macbeth</li> <li>▪ who are not already connected to ELECTRIC INDO</li> </ul> <p>Suggested Bid: \$0.06 – 0.15 USD</p>
<p><a href="#">View on Site</a> · <a href="#">Create a Similar Ad</a></p>	

Figure 5. Example of a Facebook advertisement and targeting

- Advertisements can be used to drive more traffic to the Adrenalindealer Facebook page, or the actual online store
- Targeting can be done regarding
  - Location
  - Age
  - Gender
  - Interests
  - Access point (mobile)

For example targeting an ad for Indonesians who are 35 years old and younger, and have announced motocross as one of their interests, offers a target audience of over 113 000 people. The same demographic group with an interest in skateboarding instead of motocross offers a target audience of over 231 000 people. For surfing the audience is almost 278 000 people (October 2012).

## Evaluation

The advertising campaign can be monitored almost in real-time throughout the whole duration of the campaign. Facebook also allows the user to create reports in Excel or website format regarding advertising performance and responder demographics. The demographics reports provide valuable information about the location, age and gender of the users who have clicked or seen the advertisement.

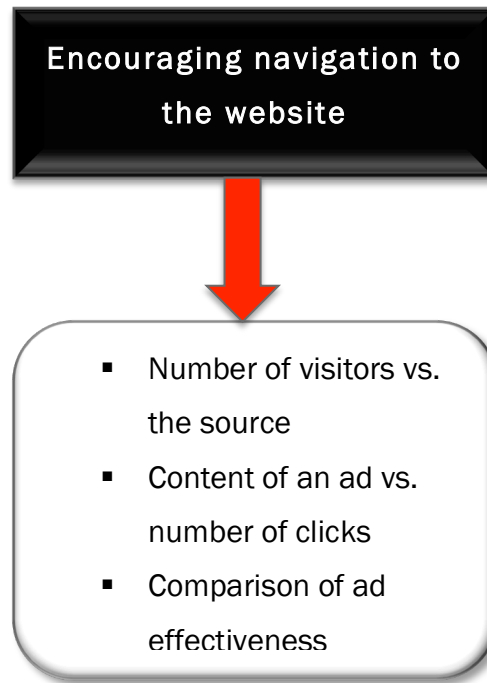


Figure 6. Facebook advertising evaluation metrics

## Search engine advertising (SEA)

Search engine results can be affected without paying anything (see SEO on page 24), but better ranking in the results can also be bought. Advertisements are shown at the top of the page before the organic results, at the end of the page or on the side.

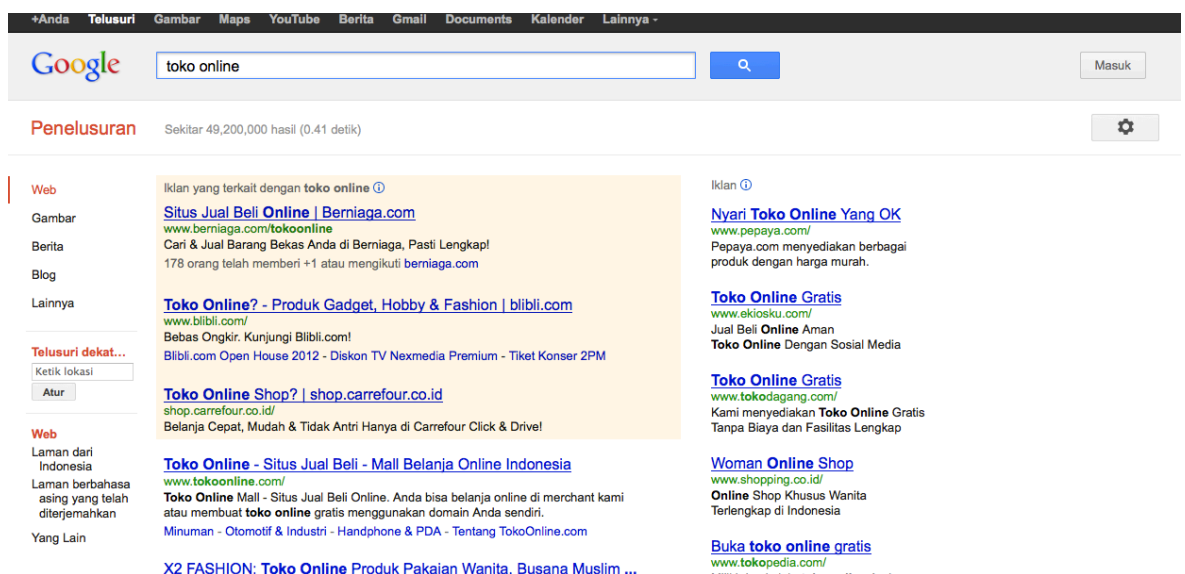


Figure 7. Google's search results page showing organic and advertised results

- Search keywords are auctioned to the highest bidder
- Any keyword can be bought
  - Keywords unrelated to the content of the website cost more
- Still cost-effective in Indonesia
- Effectively increases findability
- Keyword investigations at Google AdWords Keyword Tool (see SEO on page 24)  
<https://adwords.google.com/o/KeywordTool>

## Evaluation

Evaluating search engine advertising is mostly based on the keywords used. The keyword list should be updated according to the results.

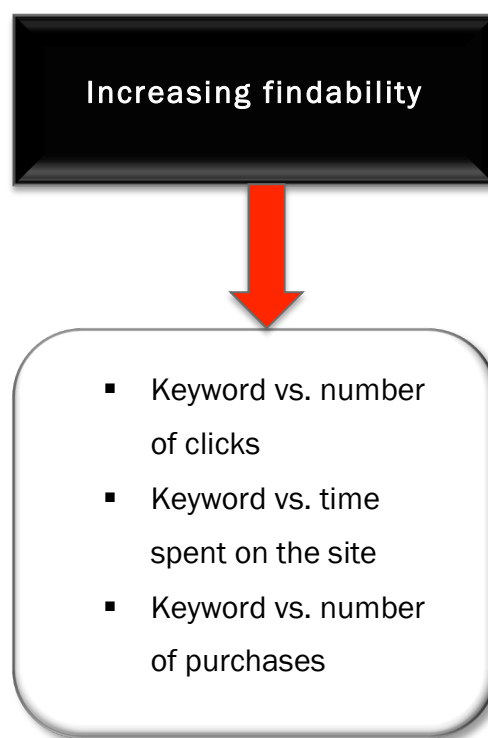


Figure 8. SEA evaluation metrics

## Magazines

The magazine offering in Indonesia isn't very wide, but there are some magazines suitable for Adrenalindealer. Core magazines suggested here are limited to one for skateboarding and two for surfing, but there are various entertainment and youth culture magazines.

### Happen Skateboarding Magazine

The only core magazine for the Indonesian skateboarding scene

12 issues per year

Contact

Marketing

marketing@happenmagz.com



### Juice Magazine

Nightlife, street culture and music magazine

12 issues per year

Contact

Marketing

+62 21 769 3571

sales@mediasatu.com



## Rolling Stone Indonesia

Youth culture magazine that covers music, TV, movies and politics

12 issues per year

Contact

Esti Artrijanti

esti@rollingstone.co.id



## FHM Indonesia

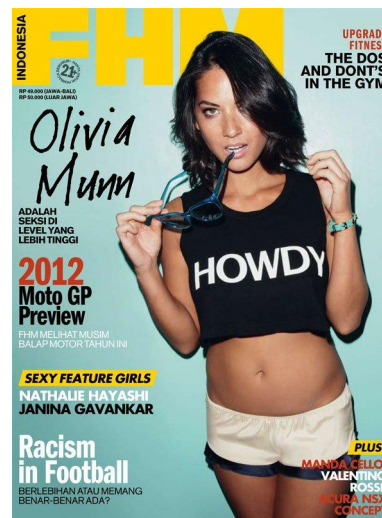
Entertainment magazine for men over 21yo

12 issues per year

Contact

+62 21 3983 2381

roy@fhm.co.id



## The Beat

Entertainment guide for Jakarta & Bali

Published biweekly

Contact

+62 21 9390 4092 Jakarta

+62 746 3751 Bali

info@beatmag.com



## Surftime Magazine

Indonesia's free surf magazine

6 issues per year

Contact

Andrew



## Lines Magazine

Indonesia's other free surf magazine

4 issues per year

Contact

Lorca Lueras



## Evaluation

Evaluating the effectiveness of magazine advertising can be difficult. Magazine advertising is great for increasing awareness and encouraging navigation to the website and it shows in the overall number of visits, but a profile strategy can't be evaluated in detail, because there are no statistics of offline leads to the website. Combining value-increasing sales promotions (page 22) to the advertisements when using pull strategy is one way to monitor the campaigns. Each magazine advertisement can include a specific URL (e.g. [www.adrenalindealer.com/fhm](http://www.adrenalindealer.com/fhm) for FHM Indonesia) where, for example, a special discount code can be claimed. Therefore, only purchase decisions can be properly evaluated.

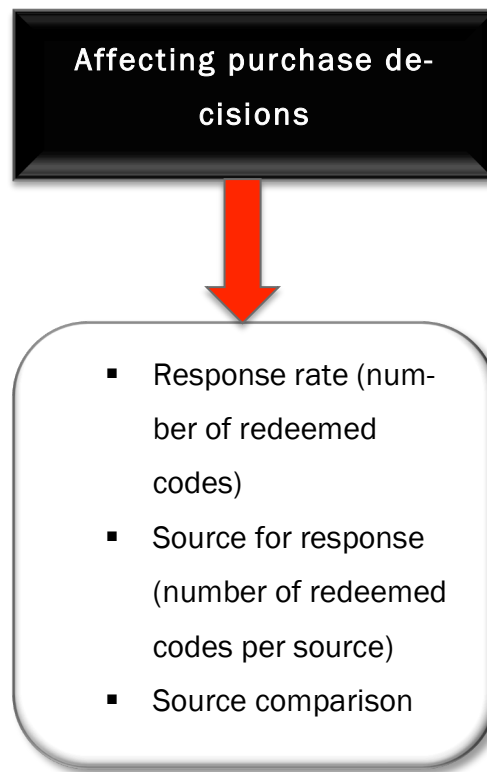


Figure 9. Magazine advertising evaluation metrics

## Television

Television advertising offers visibility, but the targeting possibilities are not as good as online or in magazines. Television is a great media for reaching large audiences during the holiday promotions, since people spend more time watching it.

- Planning process should start as soon as possible
- Adrenalindealer should air the first big advertisement in August 2013
- Using a celebrity endorser might be beneficial
  - Even more attention
  - Positive impact on the likeability of the advertisement
  - Indirect effect on the attitude towards the company
- The story or the theme of the advertisement should be extended
  - viral marketing in the form of Youtube videos
  - the look of display advertisements on websites
  - the look of social media profiles

- The advertisement should be aired during entertainment shows, TV series, sports programmes or action movies that are popular among the youth
  - MTV Indonesia, movies on Global TV

## Evaluation

Evaluating the effectiveness of television advertising is also quite difficult. People might head to the website soon after an advertisement is aired, so a spike in the number of visitors or new Facebook fans could be used as a measurement to some extent.

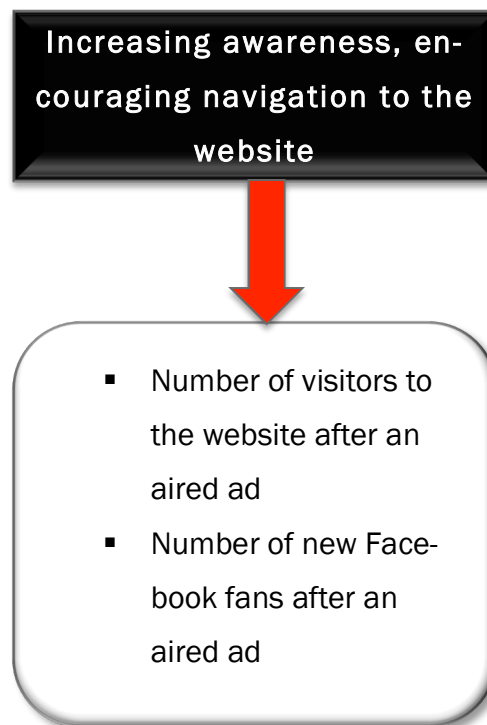


Figure 10. Television advertising evaluation metrics



## SALES PROMOTIONS

Sales promotions can be divided in value-increasing and value-adding promotions. The communication objectives for sales promotions are to encourage navigation to the website and affect purchase decisions.

### Value-increasing sales promotions

- Short-term benefits, aiming for immediate behavioral response
- Redeemed with a special promo code
- Valid for a short period of time
- Offered in advertisements (magazines, internet), e-mail marketing
- Discount pricing and money-off vouchers
  - Holiday promotions
  - Special date promotions (e.g. Customer's birthday)
  - New/old collections promotions
- Customers can also get accumulating discounts > the amount of discount increases as the value of order increases (e.g. 5% discount for order value of Rp 500,000, 10% discount for order value of Rp 1,000,000, 15% discount for order value of 1,500,000)

### Value-adding sales promotions

- Long-term benefits, aiming for added value
- Redeemed with a special promo code
- Valid for a longer period of time
- Offered in advertisements (magazines, internet), e-mail marketing, inside delivery packages
- Benefits received over different periods of time
  - Instant (free gift with the order)
  - Delayed (free gift with the next order)
  - Accumulated (loyalty programme)

- Gifts can be sticker packages (Adrenalindealer and/or the brand ordered), other Adrenalindealer promo products, inexpensive products aimed for different target groups (e.g. Fin keys for surfers)
- Customers become part of a loyalty programme automatically once they create an account
  - Free products or money-off vouchers when the value of orders exceeds a specific sum

## Evaluation

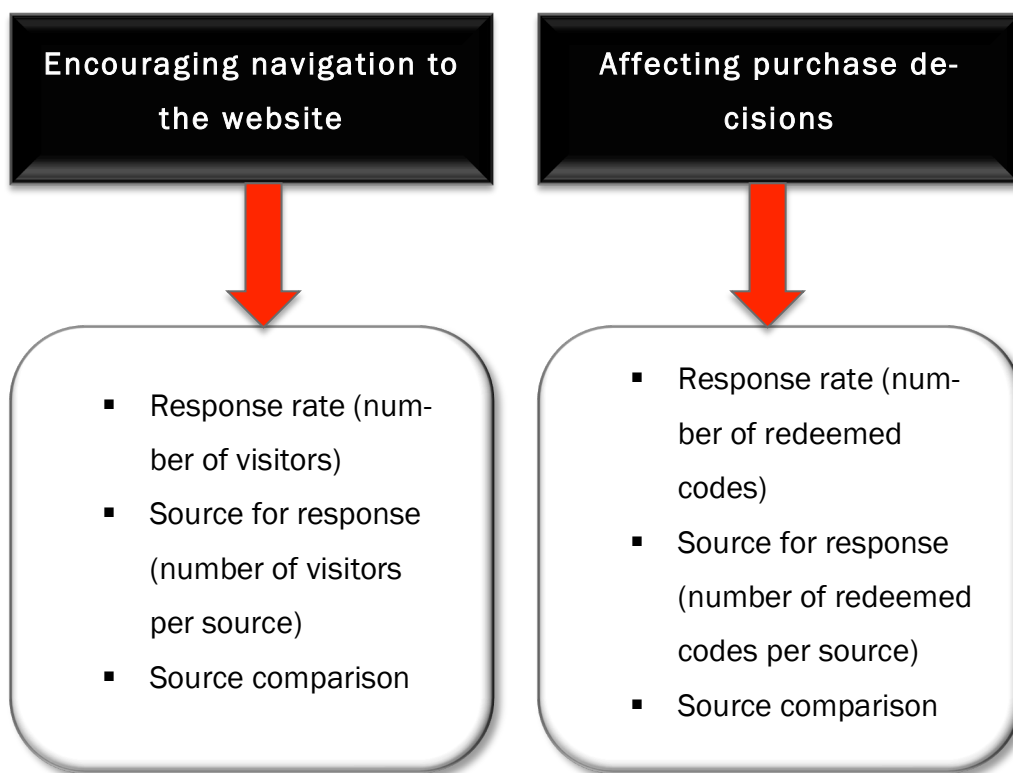


Figure 11. Sales promotions evaluation metrics

## MARKETING PUBLIC RELATIONS

Marketing public relations can be divided in search engine optimization, social media, viral marketing, affiliate programs, sponsorships and press releases. The communication objectives for marketing public relations are to create awareness, increase findability, develop trust, encourage navigation to the website and engage the customers.

## Search engine optimization (SEO)

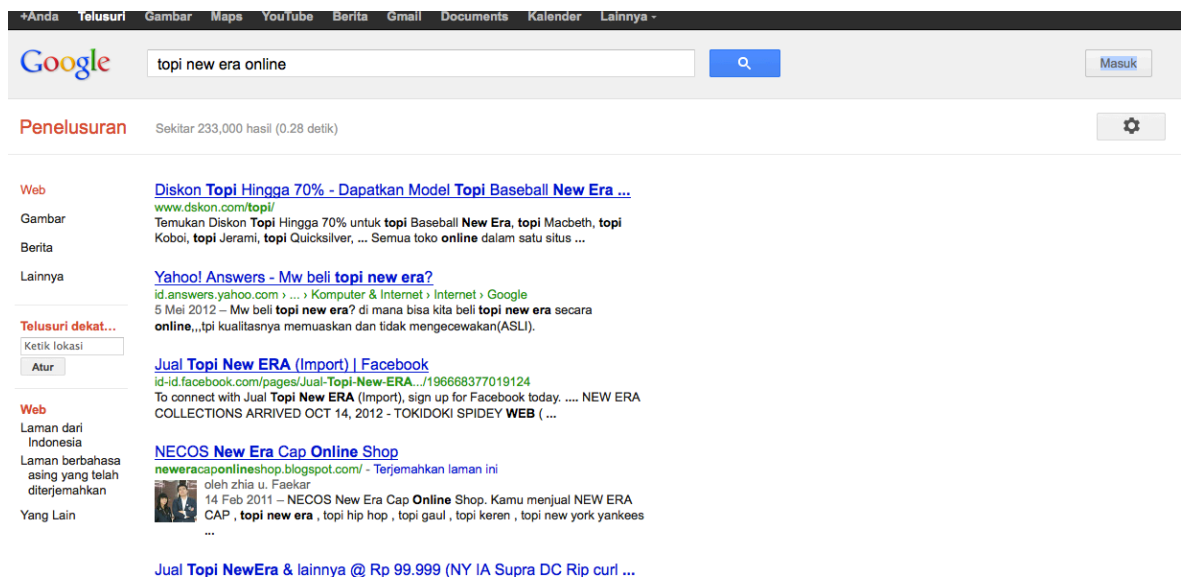


Figure 12. Google's search results page showing organic results without advertisements

- Affects the ranking of Adrenalindealer's different sites in organic search engine results
- Ranking is affected by
  - Content (seen by visitors) and HTML meta tags (hidden from visitors) on a site
  - High-quality incoming links to a site
  - Frequency of updates
- Content and HTML meta tags can be optimized with keywords describing the content
- Best keywords have to be discovered
  - Web logs > The keywords that have led visitors to the site from a search engine

- Keyword investigations at Google AdWords Keyword Tool  
<https://adwords.google.com/o/KeywordTool>
- Monthly monitoring

Table 3. Example investigation of the most used keywords including the word “skate” in Indonesia

Keyword	Local Monthly Searches	Competition
skate	60,500	Low
skateboard	49,500	Low
skater	40,500	Low
skateboarding skate	27,100	Low
skateboards	22,200	Low
skate board	3,600	Low
skate logo	3,600	Low

### Evaluation

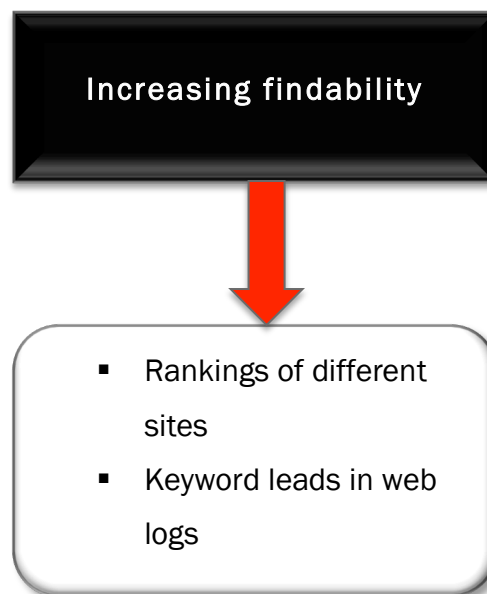


Figure 13. SEO evaluation metrics

## Social media

Adrenalindealer should be present in all popular social networks, but the most focus should be put on Facebook because of the amount of people using it, and it's possibilities when compared to other networks.



- The most popular social network with over 50 million Indonesian users
- Main function of a Facebook page is to build a relationship with consumers
  - No hard selling
- Content that attracts reactions of the fans or calls for action
  - Using rewards to further increase engagement
- The “4-1-1 rule” for every six pieces of content shared
  - 4 from the represented brands or other people
  - 1 Adrenalindealer’s own
  - 1 industry update (events or other recent happenings in youth culture, motocross, skateboarding or surfboarding)
- Most content should be aimed for the target group that Adrenalindealer’s fans mostly consist of
  - Facebook Insights show which target group’s content attracted the most views and reactions
- Advising people instead of selling
  - Current trends in a product collage, sports-related tips etc.
- Giving the inside story
  - Posting behind-the-scenes photos creates trust
- Being responsive
  - The fans’ questions should be answered



- The second most popular social network with almost 20 million Indonesian users
- Communication based on short, 140-character messages
- Building a following is crucial
  - Relevant users that belong to the target groups or represent a brand can be searched with keywords and followed
  - Engaging in conversations attracts other users interested in the topic and they might become Adrenalindealer's followers
- Updates shouldn't be automatic Facebook-connected updates
- Findability can be increased with relevant hashtags in Indonesian language



Instagram

- Free photo sharing application for iPhone and Android
- A great channel for posting behind-the-scenes photos of Adrenalindealer
- Photos should be posted several times a week
- Findability can be increased with relevant hashtags in Indonesian language
- Not available for Nokia or BlackBerry mobile phones

## Viral marketing

- Content on Adrenalindealer's website, Youtube or social networks that people want to share to their friends
- Entertaining or funny
- Videos and pictures are the most likely to go viral
- Could be integrated with the TV campaign
  - Fun content that supports the campaign story in short videos and pictures

## Evaluation of Social media and Viral marketing

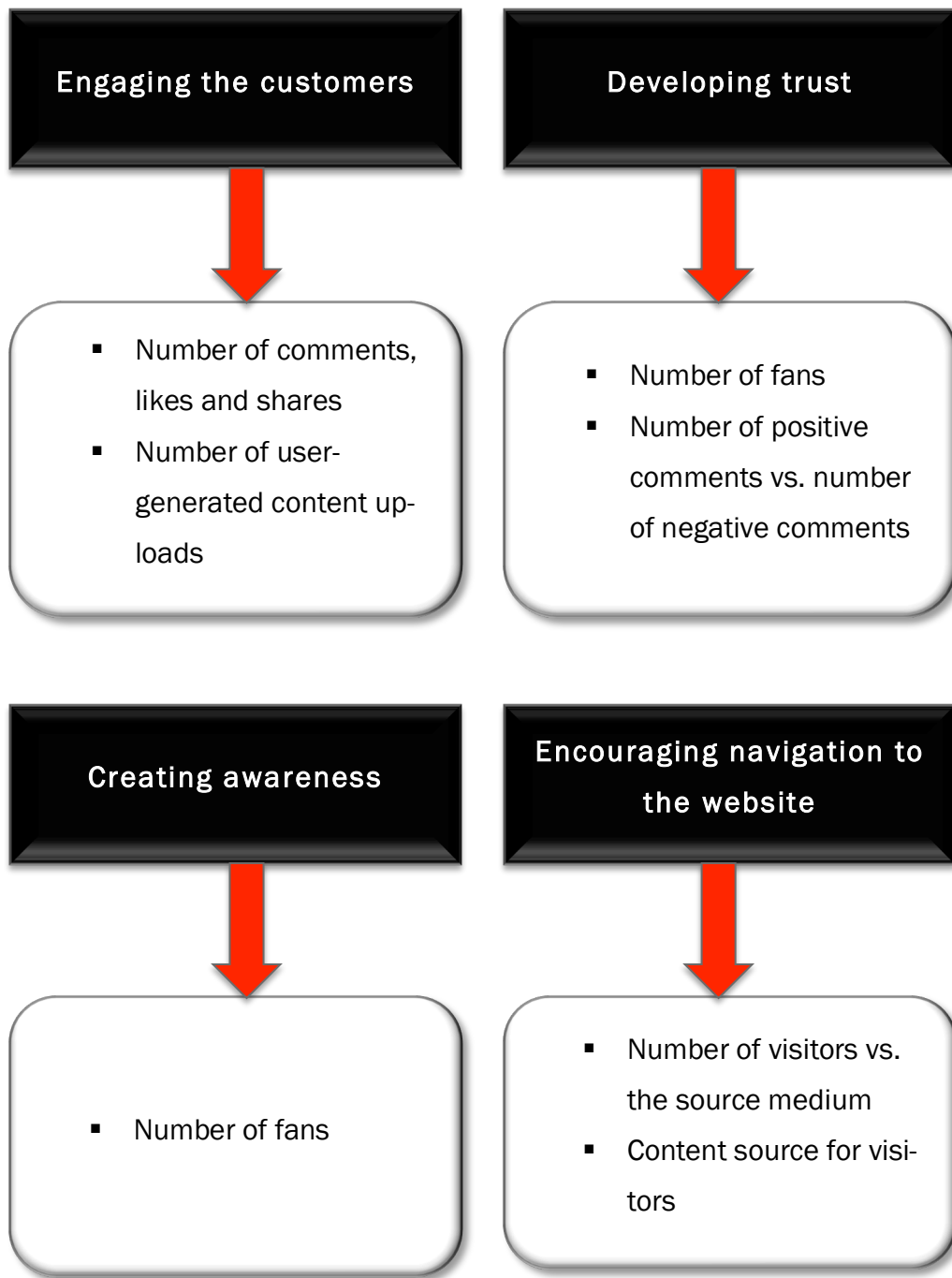


Figure 14. Social media and Viral marketing evaluation metrics

## Affiliate program

In an affiliate program, a person can acquire a personal code that can be put on their blog, social network account, or shared by the person in any other mean such as e-mailing. The idea is, that the person's friends get a small discount of their purchase by using the person's code. The person earns points each time the code is used. Later, the person can exchange the points for products or vouchers, once above a specific amount of points.

- No additional costs for Adrenalindealer after the initial programming and graphic designing work
  - "Free" advertisements on the internet
- Can be advertised on Adrenalindealer's website and social network profiles in order to attract more affiliates
- Can be implemented continuously
- Affiliates work as recommenders
  - Recommendations help to develop trust

## Evaluation

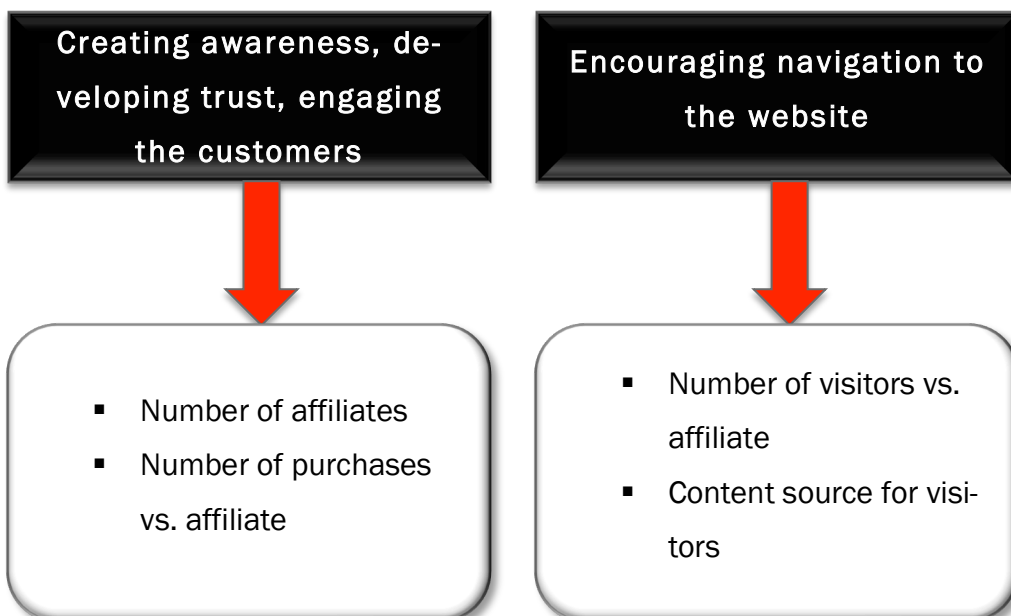


Figure 15. Affiliate program evaluation metrics



## Sponsorships

Sponsorships are great for creating awareness and promoting a positive image of Adrenalindealer. New events are organized every year, therefore the suitability of each event should be assessed individually. Sponsorships can be done whenever a suitable event is organized, and if there's room for it in the budget.

- Event sponsorships related to the target groups
  - Skate competitions
  - Motocross competitions
  - Surf & Music Festival
  - Ombak Bali
  - Other events that attract young Indonesians

## Evaluation



Figure 16. Sponsorships evaluation metrics

## DIRECT MARKETING

Direct marketing can be divided in two tactics: monthly e-mail newsletter and e-mail marketing. The communication objectives for direct marketing are to encourage navigation to the website and to affect purchase decisions.

The direct marketing database consists of people subscribed to a newsletter. In order to have a greater impact, the number of subscriptions should increase. Besides on the website, people should be able to subscribe on the company's Facebook page. More subscribers can be attracted with value-increasing sales promotions such as money-off codes.

### E-mail newsletter

- Sent to people subscribed
- In the beginning of the month, once a month > possible increased frequency in the future
- Can be intergrated with the website > newsletter published also on the website
- Creative HTML layout
- Large amount of links to various sites in the online store
- Content should be appealing and cover all the target groups
  - Inspiring product collages
  - New product arrivals
  - Top products
  - Event sponsorship-related coverage
  - Indonesian MX, skate and surf scene
- Making it easy to unsubscribe builds trust

### E-mail marketing

- Sent to people subscribed to the newsletter
- Smaller lists of relevant customers for personalized marketing
- Whenever sales promotions take place

- Creative HTML layout
- Content should be appealing with many opportunities to act on the offer
- Making it easy to unsubscribe builds trust

## Evaluation

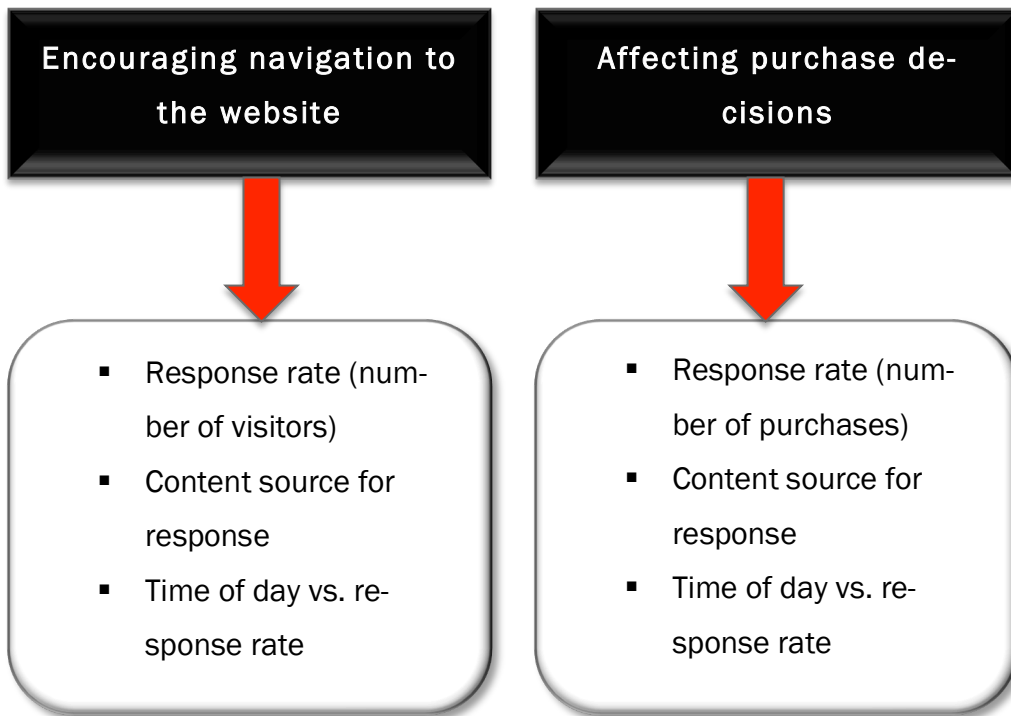


Figure 17. Direct marketing evaluation metrics

# SCHEDULING

Adrenalindealer should use a pulsing schedule for its marketing communications. Certain level of communications is required every month, but also higher levels should occur during particular periods.

- Higher level periods of communications
  - Before and during holiday promotions (see Table 4)
    - Especially the New Years, Christmas, Lebaran and Independence Day
  - Before and during other sales promotions
- During high level periods, reaching a large target audience is more important than frequently exposing a particular target group to communications
- During regular level periods, focus can be on selective media and particular target groups

Table 4. Indonesian public holidays 2013

<b>Date</b>	<b>Weekday</b>	<b>Name</b>
<b>January 01</b>	<b>Tuesday</b>	<b>New Year's Day</b>
January 24	Thursday	The Prophet Muhammad's Birthday
<b>February 10</b>	<b>Sunday</b>	<b>Chinese New Year</b>
<b>March 12</b>	<b>Tuesday</b>	<b>Nyepi/Hindu New Year</b>
March 29	Friday	Good Friday
May 09	Thursday	Ascension Day of Jesus Christ
May 25	Saturday	Waisak Day
June 05	Wednesday	Ascension of the Prophet
<b>August 08</b>	<b>Thursday</b>	<b>Idul Fitri/Lebaran</b>
<b>August 17</b>	<b>Saturday</b>	<b>Independence Day</b>
October 15	Tuesday	Idul Adha
<b>November 05</b>	<b>Tuesday</b>	<b>Muharram/Islamic New Year</b>
<b>December 25</b>	<b>Wednesday</b>	<b>Christmas Day</b>

Table 5. Adrenalindealer's marketing communications schedule for 2013

Tool	Tactic	Month											
		01	02	03	04	05	06	07	08	09	10	11	12
Advertising	SEA	High activity	Regular activity	According to the situation	According to the situation	According to the situation	According to the situation	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity
	Websites	High activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	High activity	Regular activity	Regular activity	Regular activity	High activity
	Youtube	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	High activity	Regular activity	Regular activity	Regular activity	Regular activity
	Mobile	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	High activity	Regular activity	Regular activity	Regular activity	Regular activity
	Facebook	High activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	High activity	Regular activity	Regular activity	Regular activity	High activity
	Magazines	Preparations	Preparations	High activity	Regular activity	Regular activity	Regular activity	Regular activity	High activity	Regular activity	Regular activity	Regular activity	Regular activity
	TV	Preparations	Preparations	Preparations	Preparations	Preparations	Preparations	Preparations	High activity	Regular activity	Regular activity	Regular activity	Regular activity
Sales Promotions	Value-increasing	High activity	High activity	High activity	According to the situation	According to the situation	According to the situation	According to the situation	High activity	According to the situation	According to the situation	High activity	High activity
	Value-adding	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity
Marketing Public Relations	SEO	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity
	Social media	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity
	Viral marketing	Preparations	Preparations	Preparations	Preparations	Preparations	Preparations	High activity	High activity	High activity	Regular activity	Regular activity	Regular activity
	Affiliate programs	Preparations	Preparations	Preparations	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity
	Sponsorships	According to the situation	According to the situation	According to the situation	According to the situation	According to the situation	According to the situation	According to the situation	According to the situation	According to the situation	According to the situation	According to the situation	According to the situation
Direct Marketing	Newsletter	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity	Regular activity
	Marketing	High activity	High activity	High activity	Regular activity	Regular activity	Regular activity	Regular activity	High activity	Regular activity	High activity	High activity	High activity

High activity	Regular activity	Preparations	According to the situation	No activity/evaluation
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# RESOURCES

- The allocated budget is \$15,000 per month
- Year 2013 totals \$180,000
- Shouldn't be divided equally because of the costs of TV advertising and production, and the pulsing schedule
- TV advertising production needs to be outsourced
- Other advertising content can be created in-house

Table 6. Budget dividence for 2013

	Month							
	01	02	03	04	05	06	07	08
<b>Budget</b>	\$20,000	\$12,000	\$18,000	\$8,500	\$8,500	\$8,000	\$15,000	\$50,000
<b>Total</b>	\$140,000							

	Month			
	09	10	11	12
<b>Budget</b>	\$7,500	\$7,500	\$10,000	\$15,000
<b>Total</b>	\$40,000			

## Graphic designer as a resource

- Graphics for display ads on websites, Youtube, mobile internet and Facebook
- Magazine ads
- Graphics for sales promotions
- Viral marketing content
- Graphics for the affiliate program
- Layout of the monthly newsletter and direct marketing (HTML)

## Changes in the company resources

- Indonesian-speaking person to handle social media

# EVALUATION

Evaluating the marketing communications should be done at the end of each campaign period with the evaluation metrics mentioned along with the tools and tactics. Evaluation is crucial in order to find out which tactics have the best ROI and which ones shouldn't be applied anymore in the future.

- Enough time between evaluation and a new campaign
- Different strategies and content can be tested in different campaigns
- The first 4 months should be evaluated with detail in order to find the most optimal content for the highest activity in July-August

After evaluating the performance of the tools and tactics, a feedback should compile the performance, occurrence of problems during implementation, appropriateness of the strategy, how the objectives were accomplished and whether the resources were sufficient.

The marketing communications objectives will probably change in the future, therefore the evaluation methods need updating as well.