

Entry Strategies to Indonesian Market

Case: MoveaRoll

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<p>MoveRoll Oy, an internationally growing and expanding Finnish company located in Porvoo, has invented a unique technology to produce a paper roll conveyor which the company believes will revolutionise the paper roll handling industry. Moreover, after establishing itself in the Finnish market, the company has started expanding its business to countries like Sweden, USA, and China. Likewise, the process of expanding to the Russian market is currently underway and the company has recently launched its product in the German market by attending the paper trade fair. Furthermore, MoveRoll has introduced its product in China and soon the company will approach India while another big player in the paper industry, Indonesia, is to be analysed.</p> <p>This study has been conducted for MoveRoll as market research for the company by creating a marketing plan with an emphasis on the Indonesian market. The paper is mainly divided into three parts, initially, after the introduction part, a theoretical framework is established consisting of the necessary literature review needed in the study. The theory part comprises of external (market) and internal (company) analysis enlisted with PEST analysis, Porters Five Forces, and SWOT analysis. A literature review of marketing strategies is given as well.</p> <p>On the other hand, the external analysis part will provide information regarding the macro and microenvironment. In addition, a list of Indonesian paper producers and machinery suppliers will also be given, which was done through market research. Internal analysis will provide information focusing on MoveRoll Oy itself. At the end, a marketing strategy will be established for the company to consider when approaching the market in a practical and efficient way.</p>	
<p>Keywords Paper Industry, MoveRoll, Indonesian paper mill, B2B market, Marketing strategy, Marketing Mix, IMC, Segmenting and Positioning.</p>	

GLOSSARY

PEST	Political, Economic, Social (Cultural), and Technological
SWOT	Strengths, Weaknesses, Opportunities, and Threats
SCP	Structural-Conduct-Performance
B2B	Business to Business
B2C	Business to Customer
IMC	Integrated Marketing Communication
GDP	Gross Domestic Product
CIF	Cost Insurance Freight
EDC	Export Development Canada
FDI	Foreign Direct Investment
IRPA	International Public Relation Association
IWS	Internet World Stats
MT	Metric Ton
APKI	Association of Pulp & Paper Companies (Association of Paper Dan Kertas Indonesia)
ICN	Indonesian Commercial Newsletter
CDMS	Customer Driven Marketing Strategy

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1 Introduction

The perception of writing the thesis about market research and marketing plan concerning the Indonesian market for MoveRoll Oy came into my consideration while I was undertaking my internship at the same company. After having an understanding of how MoveRoll Oy functions, I was given a few tasks to analyse Indian market, which later led to use in marketing activities in the Indian Market. Indonesia came into discussion while the workload of the Indian market had reduced.

However, the research will be conducted in order to get the broader picture of the Indonesian paper industry so that the company could approach the market. This paper will concentrate on two specific parts in terms of importance; firstly, a research on the Indonesian paper industry will be performed in order to find the present situation, future outlook, important players in the industry. Secondly, a marketing plan will be created for MoveRoll Oy concerning the Indonesian market.

1.2 Thesis Objective and research questions

The core objective of the thesis is to study the Indonesian market and justify its attractiveness for the Finnish paper roll handling equipment producer and supplier MoveRoll Oy. The secondary objective is to create a comprehensive marketing plan for the case company. In addition, finding important players or potential customers in the Indonesian market is another key objective of the study, which will be done as a part of the market research.

Therefore, the research questions to be answered:

- How attractive is the Indonesian market for MoveRoll Oy?
- Who are the main players in the market?
- What is the appropriate marketing strategy to enter into the market?

MoveaRoll Oy operates precisely in the paper machinery industry; there will be an overview of the Indonesian paper machinery market, especially concerning the paper roll conveyor market. Therefore, finding important players or future potential customer in the market is one of key aspects of the study, which will be conducted in the market research part of the thesis.

1.3 Thesis Method and Data Collection

Market research, popularly known as a systematic collection and analysis of data that provides market insights, more precisely customer information which leads to make correct decisions when doing marketing activities (Kotler 2010, 129). Considering the nature of the objectives, qualitative research method was chosen in the study.

In the empirical part, data will be collected from secondary sources considering the nature of the data needed in the thesis for instance finding paper mills, potential partners and giving the overall view of the market. This could also be named as desktop research where data will be collected from company database, webpages, industry related organization's webpages, and publications of different company or organizations. For the personal data collection part, which involved finding important personnel of a company, LinkedIn and company, webpages will be used.

A through marketing plan later will be given in order for the commissioning company to imply into practice when going into the market. In that part of the thesis, the author will use personal experience as having been working in the same company with a relatively similar task facilitated the author to understand how this kind of market works in practice.

2 Theoretical Framework

The theory part of the thesis will provide general concepts and definitions of tools and models needed to analyse the target market and establish an efficient marketing plan. The theory part generally will be divided into two smaller parts: analysis tools and recommend strategies. Therefore, analysis part will also be divided into two other parts naming them as external and internal analysis. External analysis is target market analysis, which will be conducted by PEST and Porter's Five Forces. These tools are well known and widely used when examining macro and microenvironment of a market. It is also important to take note that macro and micro environmental analysis are the most vital parts when market research is being considered. On the other hand, internal analysis will be done by SWOT analysis focusing to find out the pros and cons of the commissioning company.

According to Kotler (2010, 88) Market analysis is considered to be a vital part in an organization's marketing process which includes understating the market, current situation, and customer needs. External and Internal analysis are considered to understand both the market and its customer which helps to determine the company's own strengths, weaknesses, and change needs in filling the gap to meet the market expectation.

In the strategy part, the followings have been chosen. The reason behind choosing these strategies will be described in each individual part.

Customer driven marketing strategy: includes market segment, targeting, differentiation, positioning leading to identification, and creating value for target customer.

Marketing Mix: or 4P's is a popular marketing tool used in order to create marketing activities needed.

Integrated Marketing Communication: can be described as an alternative to the marketing mix. However, this method is more popular in niche market and has highly positive impact when a company is trying to build a brand.

Internal Analysis

2.1 SWOT Analysis

There are few steps that needs to be considered before an organization plans their business strategy for long term, such as situation analysis; SWOT analysis has been used as a tool to comply with the situation analysis. SWOT stands for consecutively Strengths, Weaknesses, Opportunities, and Threats. In addition, SWOT analysis is done as an assumption so that company can align internal activities with external situation in order to set the right plan. SWOT, as a situation analysis, technically consists of two different parts, internal part comprises of strengths and weaknesses, and the external part describes the opportunities and threats from the outside environment. One of the most important parts of SWOT analysis is to be realistic about the strength and weaknesses of the organisation, product, idea etc. The utmost vulnerable outcome from a SWOT analysis should distinguish where the organization is today and where it could be in the future. (Pahl 2007, 4-5)

Why is SWOT analysis important? Well, it is simple, SWOT helps you to understand your business, address weaknesses, deter threats, capitalise on opportunities, and take advantage of the strengths and thus the business will develop its goals and set a plan to achieve them. Therefore, before MoveRoll can enter into the Indonesian market, it has to understand what the company will need to develop further to handle the market challenge, what sort of external threats the company would face, justification of opportunities in the market and most of all what advantages can be taken from the market.

2.2.1 Strengths

According to James Pershing, “strength is an internal competence, valuable resources or attributes that an organization can use to exploit external environment.” Furthermore, strengths can be defined as any quality company holds that assists in gaining competitive advantage over its competitor or counterpart. In addition, strengths can be something that attracts customer to buy the product for instance newly introduced innovative features. (Pershing 2006, 1096)

2.2.2 Weaknesses

A weakness according James Pershing is the other way around of strengths; weakness is lack of internal competence and valuable resources that an organization needs in order to perform in external environment. In another word, weakness any quality or attribute that the organization does not possess but needs to acquire or improve in order to survive in an external environment, more precisely in a competitive situation. (Pershing 2006, 1096)

2.2.3 Opportunities

Opportunity stands as any favourable situations or drifts that external environment represent to a certain type of business, could be anything for instance having cheap furniture store beside a university residence. Opportunity is a hypothetical indicator of how much potential the business could have in the target area. (Sunita 2005, 245)

2.2.4 Threats

In very normal understanding, a threat is something that opposes the business form external environment. A threat is generally means of substances that warns a business concerning a specific issue. (Sunita 2005, 245)

External Analysis

Customer relationship is one of the most significant aspects that define success in business in many ways. However, in order to create and maintain a good relationship with the customer, it is necessary to understand the market environment consisting of the general environment, competitive environment, and the macro and microenvironment. Macro environment is consisted with all the larger social forces in the target country, Indonesia in this case study, is to be analysed and demonstrated by the PEST analysis method. Furthermore, microenvironment analysis is conducted with Porter's Five Forces in order to picture operating industry.

2.3 PEST Analysis

As mentioned above, one of the significant objectives of the study is to “analyse and justify the level of attractiveness of the Indonesian market.” In general, a company cannot operate in a market without having to know how the market operates. Management has to make several key decisions before entering into the market. Moreover, effective decision can be made when management acquire adequate knowledge concerning the market. In order to do that it is utterly significant to examine Indonesia as a potential market, which can be named as macro environment analysis. PEST analysis is one of the most common and significantly used tools of analysing the macro environment.

The PEST analysis looks at the key external features that are out of the control of business but have higher degree of influence on the business and business environment. Additionally, PEST analysis examines and defines the relationship among those external factors that the company itself cannot control. Moreover, it is made to understand the stability or growth and decline of a market. However, there are many other ways to analyse macro environment, for instance PESTEL analysis, DEEPLIST analysis. PESTEL stands for (Political, Economic, Social, Technological, Environmental, and Legal analysis, which are an extended version of PEST with more focus given in-

dividually on social, environmental, and legal issues. Additionally, DEEPLIST stands for Demographics, Economic, Environmental, Political, legal, Informational, Social and technological analysis.

These two methods are usually applied when research is done for consumer products to dig information from the deepest level. Nevertheless, this paper concentrates only on business market of Indonesia; therefore, it is not necessary to look for unrelated information, which has no influence on business. (Mike Morrisson, 2013)

PEST comprises of the political, economic, social, and technological view. Usually, PEST analysis is done to get the idea of a market before conducting new business, analysing demand of products, suitability of business in the target areas. It is also done before starting a new business or coming out with new products. (Lawson, 73-76)

A general preview of PEST analysis is given below in table format.

Political Factors	Economic Factors
<ul style="list-style-type: none"> • Political Stability • Tax laws • Political change • Extreme situation (war, invasion etc.) • Govt. influence in changing laws • Environment and Consumer protection legislation 	<ul style="list-style-type: none"> • Income distribution • Exchange rate • Labour cost • Banking policies & Interest rate • FDI/Investment • GDP • Income distribution • Level of employment • Energy availability
Socio Cultural Factors	Technological Factors
<ul style="list-style-type: none"> • Change in Culture • Customer values • Changes in demographic 	<ul style="list-style-type: none"> • R&D situation • Impact of emerging technologies

<ul style="list-style-type: none"> • Age of Population • Geographic Distribution • Birth & Death rate • Life expectation • Education & Healthcare 	<ul style="list-style-type: none"> • Internet, communication • Spread of technology • E-commerce
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Table 1: PEST Analysis

2.3.1 Political and Legal Environment

Political environment has a very important impact on every business operation. The political environment includes all laws, government agencies, and lobbying groups that influence or control individuals or organizations in a society. A government controls and restricts a firm's operations sometimes by encouraging and offering support or sometimes by discouraging and banning or restricting its activities. International law identifies the right of nations to grant or deny permission to do business within its political borders. (Example essays)

2.3.2 Economic Environment

The economic environment consists of all factors-such as salary levels, credit trends, and pricing patterns- that affect consumer spending habits and purchasing power. When a company wants to operate business in another country, company ought to collect answers to those questions about wealth, income, expense and all the related questions. A country with lower agricultural and industrial output has few market opportunities; on the other hand, industrial country offers more opportunities for different kind of goods (Kotler 2009, 88)

2.3.3 Social Environment

Sociological elements affect a company's capability to serve its customers or sell goods and services. The cultural environment includes institutions and other forces that affect the basic values, behaviours, and preferences of the society-all of which have an effect on consumer buying decisions. Usually people think what they learn from society, it shapes their value and beliefs (Kotlar 2009, 98).

2.3.4 Technological Environment

Technological environment is one of the most important issues of international business. The technological environment consists of those forces that affect the technology, which can create new products, new markets, and new business opportunities. Technological environment is the most dramatic force that shape business in many ways. Technology makes business easier. Technology defines a country's business environment. Nowadays, in every field of business, it is obligatory to use technology. A technological analysis is done to have the knowledge about a countries technological advancement, which also includes R&D sector (Griffine 2005, 58-59)

2.4 Porter's Five Forces

As mentioned above external environment consists of general and competitive environment. Generally, business faces direct challenges from competitive environment. In addition, before developing any business it is merely important to understand what factors influence most in determining the profitability of business. Assessing competitive environment must be undertaken in order to justify those factors. Porter's five forces framework is an analytical tool to assess the competitive environment. The model helps an organization to determine the profit potential of a specific industry by examining the interaction among five competitive forces.

Although, Porter's Five Forces are undertaken from a perspective of an incumbent organization, Henry (2008, 69) argued that it can also be used to determine whether a company should enter a market or not. Organisations that are thinking of entering an industry will need to know they can successfully compete with incumbents in the industry. In MoveRoll's perspective, the same priority towards competitive environment should be given as the company is in approach of entering into an industry totally unknown. Therefore, Porter's Five Forces will be used as a justification to determine to competitive environment of the paper roll handling industry in Indonesia.

This specific model is based on an economic theory known as the "Structure-Conduct-Performance" model. The Five Forces are (1) Threat of new entrances, (2) Bargaining power of buyers, (3) Bargaining power of suppliers, (4) Threat of substitute product or service, (5) Rivalry among the industry. Moreover, by examining all these five forces an organization is able to assess its ability to compete effectively within an industry (Henry 2008, 69-70)

2.4.1 Threat of New Entrants

The threat of new entrants is the degree to which new competitor may decide to enter an industry causing to reduce the level of profits earned by existing firms leading to

make intense competition. As a result, market becomes less attractive when the threat of new entrance is relatively higher. The main barriers to entry include economies of scale, capital requirements, product differentiation, access to distribution channels, cost advantage and technology protection. (Henry 2008, 71-72 & Manktelow 2005, 57)

2.4.2 Bargaining Power of Buyers

Buyers in modern day market can have power to drive their expected price, product quality and so on relying upon the nature of the industry. In this case, as well, the greater the bargaining power of buyer in an industry, the industry consequently becomes less attractive. The power of buyers is increased in the following cases: size of orders, standard industry, low switching cost, product become less important to the quality of buyer's product, threat of backward integration. (Henry 2008, 72-74 & Manktelow 2005, 57)

2.4.3 Bargaining Power of Suppliers

Suppliers possess strong power over participants in an industry by raising prices or reducing the quality of purchased goods. Maintaining good relation may help to minimize the risk of increasing bargaining power of suppliers because a market with huge potential might become less attractive when suppliers possess too much power. Some of the affecting elements are numbers of suppliers, size, or capacity of suppliers, uniqueness of service, cost of changing and lack of substitute supplies. (Henry 2008, 74-75 & Manktelow 2005, 57)

2.4.4 Threat of Substitute Product

Competition will become harder for existing product if there is a greater chance to have a substitute product in the industry, therefore, the market will be less attractive. The existence of substitute product leads customer to switch to buy the other product

easily in response to higher price. There are some affecting elements such as time and cost of entry, special knowledge, economies of scale, protection of technology and so on. (Henry 2008, 75 & Manktelow 2005, 57)

2.4.5 Rivalry among the Industry

The rivalry occurs among companies producing goods that are close substitutes for each other. When an organization in an industry exhibits a higher degree of rivalry, this causes industry profits to be reduced accordingly. The following factors affect competitive rivalry; equally balanced competitor, slow industry growth, high fixed cost, switching costs, high exit barriers, and customer loyalty. (Henry 2008, 76 & Manktelow 2005, 57)

2.5 Marketing Plan: Tools and Strategies

2.3.2 Customer Driven Marketing Strategy

In practice, it is indisputably impossible for a company to serve all the customers available in a geographic area/market. Considering the number of buyers and their various demands and interests, it is highly recommended for the company to select a specific part of the market that can be served best in the most profitable way to develop and maintain a good relationship with the right customer. Hence, customer driven marketing strategy is defined as very proficient way, which assists the company to create value for customers and business relation, by mainly four major steps: segmentation, targeting, differentiation, and positioning. These steps are briefly illustrated in the given figure. (Kotlar 2010, 215-216)

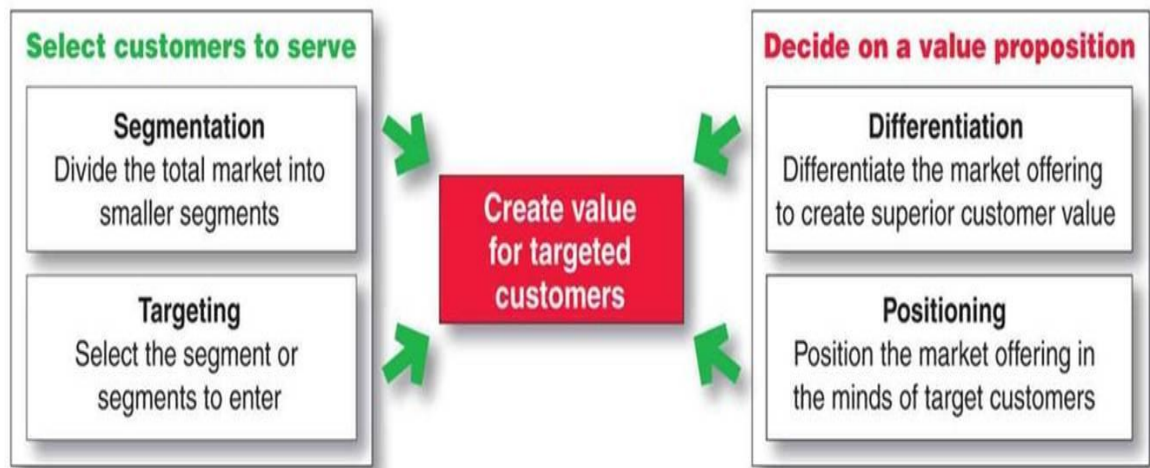


Figure1: Customer Driven Marketing Strategy (Kotlar & Armstrong 2010)

Segmentation and Targeting: A market consists of different types of customer, products, and needs. A company has to determine which segments offer best opportunities. In addition, it is important to divide the consumers into different segmentations measured by different variables like geographic, demographic, psychographic, and behavioural factors. According to Kotler (2010, 73), market segmentation is the process of dividing a market into different group of buyers depending upon their needs, characteristics, buying approach, size and they might require separate marketing actions.

After a company defines market segments, it can enter one or many of these segments. Targeting involves the evaluation of each segment including its attractiveness and selecting one or two of them to enter. It is highly recommended to a company to choose a segment with a better potentiality in order to continue business in the end. (Kotler 2010, 73)

Differentiation and Positioning:

After a company has decided which segments to enter, it is also significant to decide how it will differentiate its market offerings to each target segments. A product positioning is the place where the product occupies to compare to a competitor's product in the buyers' mind. Consumers would have no reason to buy the product if it is perceived same as other product. Company has to create a unique technique to differentiate its product by imposing the advantage of the product into a consumer's mind. (Kotler 2010, 74)

However, in the case of this study it is essential to note that the target customers for MoveRoll are business organisations or B2B consumers. These types of customers buy products to use in their production process. A number of differences are apparent between B2B customer and B2C customer in buying process, buying unit, market structure and decision making process. Knowing the characteristics of decision makers in the buying process enormously helps the seller company to approach in the right method and way. An effective customer driven marketing policy can indeed be made if case company pays attention to segment characteristics. They must be measurable, accessible, substantial, differentiable, and certainly actionable. (Kotler 2010, 193-195)

2.3.3 Marketing Mix

Marketing mix or widely known as the 4Ps, as was initially proposed by J. McCarthy in 1960, is a very popular marketing tactic used by marketers all around the world. The 4P is the combination of Product, Price, Place, and Promotion, which assists a company to achieve its objectives through marketing activities by providing the customers' needs.

It is necessary to describe firstly, a product, which means goods or services or combination of both that a company offers to customers or markets, price is the amount of money customers are willing to pay when receiving the goods or services. Place however, is not only just a physical place in the modern market, but rather all the distribu-

tional activities thus carrying the right product to the right place, to the right customers at the right time are included in the component place. Finally, promotion comprises of all the actions creating promotional balance to communicate and pursue customers for purchasing the product. (Kotlar 2013, 80)

A brief illustration is given below in figure format:

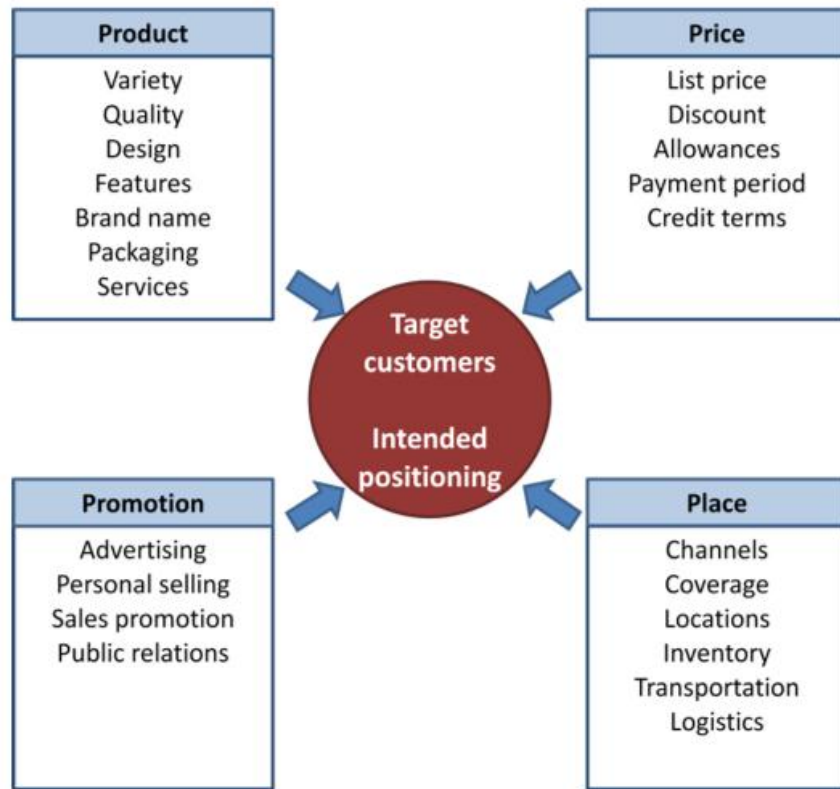


Figure 2: Marketing Mix (Kotlar & Armstrong 2013, 81)

4Ps in B2B Market

It is worth to mention that the nature of 4Ps is rather different in B2B compare to B2C market. In B2B, market buyers choose on technical product specifications, the product could be specialised depending upon the demand, after sales and technical service are also highly significant, reliability and backup service are highly crucial elements of the marketing mix in B2B market. In terms of promotional elements of marketing mix, much more emphasis is highly likely to be given on personal selling. Moreover, sales promotion is used extensively in B2B markets. Publicity and advertising are highly considered especially when launching a new product or going to new market. Exclusively

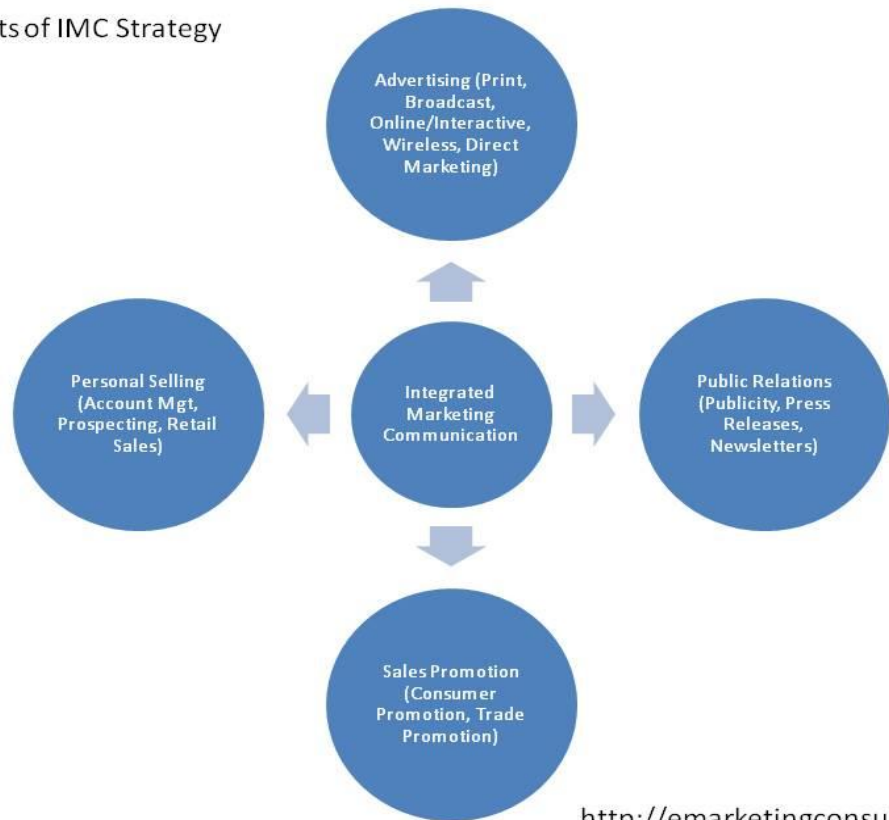
direct marketing can be most effective as message that can be tailored closely to individual customer needs (Jobber & Lancaster 2009, 33)

On the other hand, pricing in B2B market is counted by overall value of a product. Price is always going to be a key factor in the marketing mix in B2B as it is highly likely to be more negotiated in B2B than B2C. However, place in B2B has rather different positioning as intermediaries are often used. Logistic aspects and reliability of in-time delivery are highly valued in B2B market (Withy & Lancaster 2012, 256)

2.3.4 Integrated Marketing Communication (IMC)

According to a business dictionary definition, integrated marketing communication is “An approach to achieving the objectives of marketing campaign, through a well-coordinated use of different promotional methods that are intended to reinforce each other.” Moreover, American association of Advertising defines IMC that it recognises the value of a comprehensive plan that the strategic roles of a variety of communication disciplines advertising, public relations, personal selling, and sales promotion combining them to provide clarity, consistency, and maximum communication impact. In other word, IMC is the combination of traditional marketing, promotional activities, and internet marketing. (Business Dictionary 2013)

Components of IMC Strategy



<http://emarketingconsult.com/blog/>

Figure 3: Integrated Marketing Communication

2.4 Summary

The whole chapter of theoretical framework helps the reader to understand the literature review and adequate knowledge for the study, which is based on the strategic planning process. However, the internal and external environmental analysis for the case company and the target market will be conducted. External analysis will be conducted in two parts: PEST analysis will describe the broader aspects of the country and Porter's Five Forces will be considered specifically to get the picture of the paper industry of Indonesia. On the other hand, the internal analysis will be taking place similarly in two different parts consisting of McKinsey's Seven Framework and the SWOT analysis.

The following chapters are going to be presented on how the above concepts and analysis tools are going to be applied into the case company.

3 Internal Analysis: MoveRoll Oy

3.1 Swot Analysis

In this part, different aspects of MoveRoll itself will be defined using SWOT as a tool of analysis.

3.1.1 Strengths

Any new and innovative products that are introduced to market have its certain area of strengths as for customers are always looking for opportunities to experience new product. MoveRoll's new and innovative roll handling technology was invented in 2004 and within this short period, it has already claimed a good position in different market including Finland, Sweden, and USA. Having been awarded InnoSuomi 2009 MoveRoll strengthens its claim of importance in the perspective industry and possible potentiality in different market. The strongest asset of the MoveRoll conveyor is that it is a new technology, which has high potential to replace the traditional conveying system in the pulp and paper industry.

According to the MoveRoll's webpage, "MoveRoll is using a new innovative technology and does not have any moving part; roll conveying is processed only by pressure elements generating the movement of roll." In addition, roll controlling is as easy as ever when using MoveRoll conveyor. In addition, accelerating, controlling speed, breaking and locking the roll in specific place is some of the strongest points of conveyor. Unlike the traditional system, the conveyor is easy to move from one place to another.

“The conveyor is modular and can be assembled directly onto plain floors without the need of supporting structures or foundation” which gives the user far more flexibility than ever along with the easiest of installation process. Easy maintenance makes it comparatively cheaper than traditional conveyor in terms of not only cost but also a long life span and highly considered safety benefits in the modern work environment. Moreover, being a Finnish company has its own strength as Finland as a brand is one of the strongest around the globe.

3.1.2 Weaknesses

Being a new player in any industry can always have various weaknesses in some extent. Not having enough workforces, especially in marketing could be something to take into consideration when going global. In addition, MoveRoll does not sell directly to end customers making it obligatory and mandatory to buy the product from system supplier, which could be lengthy at some point. Finding a suitable system supplier in Indonesia, however, needs some extra effort by MoveRoll. In addition, not having local offices or representatives in the market could be noted as a potential weakness.

Moreover, the production procedure of the conveyor is usually done in Finland; therefore, worldwide shipment (to some places) might be lengthy, for instance, shipping to Indonesia could take months and the cost might be high as well. Besides, some might argue that the price of the conveyor would possibly be considered higher in some markets where physical labours are rather cheap. MoveRoll, so far, only sells its product to paper mills, which may not have a greater number of customers. Finding other types of customers like any type of newspaper publishing company could be a potential future customer considering the fact that a vast number of newsprint roll is used on a daily basis.

3.1.3 Opportunities

MoveaRoll, as a new technology, has a huge opportunity to gain a good market share in pulp and paper industry worldwide. The extremely huge paper industry worldwide offers a great potential for MoveaRoll to grow bigger. MoveRoll’s conveyor is by far

the safest in use of conveying paper roll; therefore, the company can take advantage of the worldwide growing tendency for workers safety. Thus, the company can gain a big share in the market with the right approach to make potential customer understand the user

The higher growth rate of Indonesian paper mills is a huge opportunity for MoveRoll to make the move to enter the market there. Many paper companies are installing and upgrading their mills, which could be an enormous opportunity to gain a good market share in Indonesia. In addition, MoveRoll has been approaching some of the larger paper markets such as USA, China, Germany and India and their success there could be used to demonstrate their brand marketing there showing their success and by presenting favourable customer stories and feedback.

As mentioned above MoveRoll does not sell to end user directly, this strategy could actually boost the sales if a partnership can be made with any experienced, distinguished and reputable sales partner who had better market experience in the Indonesian paper industry. In adding, MoveRoll does not wish to create or hinder any competition with existing system suppliers but rather making them collaborate and run the business in a co-existing policy. In the Indonesian market there are few companies dominate paper production, pursuing those in the right way would make it much easier for MoveRoll to start the business more efficiently. In addition, Finland maintains a good relation with Indonesia historically and many Finnish companies like Metso, Finnpro (has established an office) are already doing the business there successfully, MoveRoll could take that advantage with assistance specifically from Finnpro.

3.1.4 Threats

The foremost threat MoveRoll could face in the market in Indonesia is counterfeiting. If at some point someone decides to make a copy of MoveRoll's conveyor technology and start selling it worldwide and do it at a cheaper price, there is no way MoveRoll can stop them except by legally protecting the patent right of the technology. Establishing a market in certain country could be more challenging especially for European companies because of complications that may appear from that country's bureaucracy.

Furthermore, establishing partnership could be challenging for instance when a well-established company could refuse to sell the system to a certain market where their product is already in high demand. The higher import tax rate might be a threat, as it will cause the price to go up which will lower profit and may affect its success.

4 Market Description and Analysis

This part consists of three different sections:

1. A general overview of Indonesia will be described briefly in the beginning,
2. Followed by the PEST analysis in order to picture the overall market situation of Indonesia,
3. Finally, Porter's Five Forces will be used to determine the competitive intensity and therefore attractiveness of the market of the paper industry in Indonesia, more specifically in the roll handling part of the paper industry.

4.1 Overview of Indonesia

Indonesia is situated in Southeast Asia, a country consisting of over 17,000 islands between Indian and Pacific Ocean having an area of 1,904,569 square km where 1,811,569 square km in land and 93,000 square km is covered with water. Indonesia has a huge population with a number of about 251 million ranking 4th in the world (CIA 2013). However, only 6,000 islands are inhabited and the biggest islands are Sumatera (473,606 sq. km), Kalimantan (539,460 sq. km), Irian Jaya (421,981 sq. km) Sulawesi (189,216 sq. km), and Java (132,187 sq. km). The country also shares islands of Kalimantan with Malaysia and Irian with Papua New Guinea. (Elganet 2013)

Some general information regarding Indonesia is given below in a table format:

Official Name	Republic of Indonesia
Location	South Eastern Asia
Capital	Jakarta
Total Area	1,904,569 square km
Population	251 million
Languages	Bahasa Indonesia (Official), English, Dutch and many local dialects
Govt. type	Republic
Main cities	Jakarta 9.121. million, Surabaya 2.509 million, Bandung 2.412 million, Medan 2.131 million, Semarang 1.296 million (2009)
Boarder countries	Malaysia, Papua New Guinea
Administrative Divisions	30 Provinces
Legal system	Civil law system based on Roman-Dutch model and also influenced by customary law
Economic Growth	6% (2012)
GDP	1.212 trillion

Table 2: Indonesia in General. (CIA 2013)

4.2 PEST Analysis

The PEST analysis is widely used in defining the macro environmental factor of a country. The PEST analysis consists of Political, Economic, Socio-cultural and Technological Factors. In this specific case the PEST analysis will be described with those facts affecting the case company both directly and indirectly

4.2.1 Political Factors

Indonesia being the third most populous democracy in the world and the largest nation in Southeast Asia has been carrying a good reputation pursuing cooperative relations with its neighbours leading the continuation peace and stability in the region. Through its vigorous involvement of NAM (Non Aligned Movement), The Organization of Islamic Conference (OIC), The Association of Southeast Asian Nations (ASEAN), The ASEAN regional forum, The Asia Pacific Economic Cooperation (APEC) forum. The country started its democratic process in 1999 when the very first parliamentary balloting took place in nearly four decade, following first presidential election in 2004. (U.S. Department of State 2013)

In recent years Indonesia's risk profile has improved significantly due to the fact of political and macroeconomic stability, not to mention about the distinguish improvements in governance. (EDC 2013 & U.S. Department of State 2013)

Political Issues Affecting the Business Climate

Since the democratic transition, the Indonesian government has been facing great challenges in merging democracy, restoring the country's economy and in bringing the benefits of development to all citizens. Some of the major political issues with economic implications are periodic outbreaks of communal violence around the country specifically in central Sulawesi, greater autonomic demands or independence in Papua and deep-rooted weakness in the rule of law in most levels throughout the country. However, the government has started a massive decentralization of political and economic authority to the districts though the implementation but has not been even and yet many issues are still unresolved involving power and revenue sharing between central and local governments. Accusations of high-level corruption, particularly in the judiciary are continuing.

(U.S. Commercial service 2013 & U.S. Department of State 2013)

Concerning the tax issues of the case company, Indonesia duties are assessed on a Cost Insurance Freight (CIF) basis. The following taxes are charged on the landed cost (custom values+ duties+ excise) of the imported goods. In addition, value added tax is 10% and VAT on imported can be credited as input VAT if imported goods are used for business. (KPMG 2013)

4.2.2 Economic Factors

The Indonesian economy has been growing more than 6% on the average annually since 2007 and many recent studies suggested the long-term safe growth for the economy. Surprisingly, during the financial crisis the nation had exceeded and beaten its regional neighbours and joined G20 as result of economic advancement made by the government under President Yudhoyono from 2004-2009. The Government in addition, made distinctive reforms in the financial sectors including tax and custom reforms, the use of treasury bills and capital market. Moreover, fiscally conservative poli-

cies uplifted the overall economic performance from debt to GDP ratio of less than 25%, fiscal deficit below 3% and lowest rate of inflation in years. Fitch and Moody had upgraded Indonesia's credit rating to investment grade in December 2001, which is a phenomenal outburst. (CIA 2013)

Some figures & facts of Indonesia's economy are given below:

Terms	Number/Percentage
GDP (Purchasing Power Parity)	\$1.212 Trillion
GDP (official exchange rate)	\$894.9 billion
GDP per capita	\$5,000
GDP Growth Rate	6%
Contribution in GDP by sectors:	
Agriculture (15.4%), Industry (46.5%)	Service (38.1%)
Central bank disc. rate	6.37% (2010)
Labour force	118 million
Inflation rate	4.5% est. (2012), 5.4% (2011)
Unemployment rate	6.1% (2012), 6.5% (2011)
Exchange rate	\$1 = 9,670 IDR (2012)
Export	\$188.7 billion
Import	\$179 billion
FDI	\$6.7 billion (27.2% increase of 2012)
Major Export Partners	Japan, China, Singapore, South Korea, India, Malaysia
Major Import partners	China, Singapore, Japan, South Korea, USA, Thailand, Malaysia

Table 3: Economic facts & figures of Indonesia, data are in \$USD (CIA 2013)

The economic trend as shown above has been uplifting over the course of years, especially foreign investment that has lately been boosting the Indonesian economy. Japan, South Korea, and Singapore remain three major countries to invest in Indonesia. Among the major sectors getting highest proportion of FDI is mining, chemical, metal, machinery, board, and pharmaceutical. The amount of FDI has increased after Fitch & Moody's Investors Service raised the country's sovereign credit rating to investment grade in late 2011 and early 2012. (Wall Street Journal 2013)

However, contrasting many Asian countries, Indonesia's economy is boosted mostly by domestic demand rather than exports resulting in the least impact of economic slowdown worldwide. Experts have suggested that a vast number of populations have entered the middle class and McKinsey Global Institute said in September that rising income would add an additional 90 million people to the country's consuming class by 2030. (Wall Street Journal 2013)

However, Indonesia still fights with poverty and unemployment, corruption, inadequate infrastructure, a complex regulatory environment and unequal resource distribution among regions. The Government has been struggling to improve infrastructure of the country and the challenges continue in 2013. In addition, labour unrest in many industries over wages remains unresolved while reducing its fuel subsidy program in time of high oil price. According to EDC (2013), several recently announced and in some extent, controversial rules on trade and investment have been implemented and will be watched closely until post-election 2014. However, Indonesia's vast potential will surely continue attracting foreign investors. (U.S. Department of State 2013)

4.2.3 Socio-Cultural Factors

Indonesia is one of the most populated countries in the world, having a number of 251 million people, which ranks fourth in the world. The aging structure in Indonesia is reasonably vibrant for business prospects considering about 44% of total population being under the age of 24. Moreover, about half of the population are living in urban areas with a 1.7% increasing urbanisation ratemaking Indonesia a bigger consumer

driven economy. In addition, more than 42 % of total population can be classified as working class while the country is going to be young in the near future with the median age being 28.9 years. The age structure of Indonesian population at a glance:

0-14: 26.6% (male 34 million/female 32.8 million)

14-24: 17.1% (male 21.88 million/ female 21.11 million)

25-54: 42.2% (male 53.76 million/female 53.32 million)

55-64: 7.6% (8.87 million/female 10.16 million)

65 years and over: 6.4%

Indonesia is well known for its liberal policy toward business by opening the door for multinational companies to come and invest in the country. Bahasa Indonesia is considered the official language of Indonesia; however, English is widely spoken in the country and considered as the second official language. There are some local dialects spoken in some areas of the country for instance Javanese. (CIA 2013)

Education in Indonesia is considered very important, as about 91% of total population is literate making the country one of the top literate countries in the region. However, there are strong arguments against the government's spending on education as only 3% of total budget goes to education expenditure. Private sector education plays a big and important role in the country and primary education is mandatory which highly drives the demand of paper inside the country. The healthcare situation of the country is yet to improve to global standard making strong demand to increase health budget (2.6% presently) and about 20% of children below the age of 5 years are suffering from being underweight. (CIA 2013)

4.2.4 Technological Factors

Along with the development of economy and living standard, there have been vast improvements in the technological environment in Indonesia. Internet, in general, plays a significant role in Indonesian lifestyle ranking the eighth highest number of internet user in the world with a number of more than 55 million and dramatically rising.

About 22% of the total population have access to internet and more than 96% of users are active in social media like Facebook and Twitter. Indeed, Indonesia is the fourth most active country in the Facebook community. In addition, LinkedIn is widely used in the professional community as well. Boosting economy in Indonesian territory catching attention of giant companies to invest in Indonesian country and the R&D activities has been set into priority to increase awareness. However, Indonesian paper machineries are almost 100% imported and the country is yet to set its own paper machinery industry. (IPRA 2013 & IWS 2013)

4.3 Market Description

In this part of the report, a number of issues will be discussed in order to visualize the picture of paper market in Indonesia. Firstly, a general discussion will be reflected describing key issues related to the paper industry. Second part will be consisted a preview of roll handling industry situation and thirdly Porters five forces will be enforced in order to justify the core issues which determines the level of attractiveness of the Indonesian market to case company.

4.3.1 Paper Industry Review: Indonesia

Currently, Indonesia holds the tenth largest position among paper producing countries and the ninth largest in pulp production. In addition, Indonesia has production capacity of more than 12 million Metric ton paper and paperboard per year and 7.1 million MT of pulp per year. According to data published recently, many experts have argued that the country has the potential to become the third largest paper producing country in the world in the coming years having advantages over the availability of wood basic material and one of the world largest tropical forests. In addition, Indonesia is a tropical country where trees grow three times faster than in non-tropical regions like Europe, also geographic locations in the fastest growing Asian market holds a huge potential as the paper demand is constantly rising. Supporting the industry, recently ministry of forest promoted US \$15billion to expand production capacity of paper to 18.5 million MT and pulp to 16 million MT per year. (ICN 2013 & RAPP 2013)

According to APKI (Association of Pulp & Paper Companies), Indonesia has 80 pulp and paper companies including 67 paper mills, 3 pulp factories, and 10 operating factories of pulp and paper. Most of the pulp and paper factories are located in West and East Java. Java currently holds 64 factories totalling more than 85% of country's paper production. Among the factories, PT Indah Kiat in Serang, PT Indah Kiat in Banten and PT Tjiwi Kimia in Sidoarjo are the largest ones. On the other side, Sumatra has 14 pulp and paper factories producing mainly pulp. One of the largest companies in Sumatra is PT Riau Andalan Pulp & Paper in Riau. (ICN 2013)

Main Players in Pulp & Paper Industry

PT Indah Kiat Pulp and Paper Tbk (IKPP) of Sinarmas group is the largest paper producer with an installed capacity of 2.11 million MT per year. IKPP has three factories in Tangerang. A short list of the Indonesian paper mills are given below.

	Name	Products	Capacity
1	Indah Kiat- Perawang	Pulp, Writing and Printing paper	600,000 TPA (Paper) 2,000,000 TPA (Pulp)
2	Indah Kiat- Serang	Coated box board, Liner board, Printing, Paper Board, Paper tube & cartoon box	1,260,000 TPA
3	Indah Kiat- Tangerang	Printing, Photocopy, Duplicating Papers	100,000 TPA
4	PT Pabrik Kertas Tjiwi Kimia TBK	Coated art, cast coated, carbonless paper, school & office stationary.	12,00,000 TPA + 320,000 additional capacity

5	PT Pindo Deli Pulp & Paper Mills	Art paper, Paper Board, Packaging, Tissue & coated paper	1,500,000 TPA
6	PT Lontar Papyrus Pulp & Paper Industry	Pulp, Bleached hardwood	652,000 TAP
7	PT FAJAR SURYA WISESA Tbk.	Coated Duplex aBoard, Packaging and Fluting paper	1,200,000 TPA (+350,000 TPA to be installed in 2013)
8	Riau Andalan Pulp & Paper (APRIL)	bleached hardwood craft pulp, Printing & copying Paper	3,000,000 TPA Pulp, 350,000 TPA Paper
9	PT. Pabrik Kertas Indonesia	Kraft Liner, test liner, Coated Duplex & Manila Board	700,000 TPA
10	United Fiber System Ltd (PT Hutan Rindang Banua)	Pulp	600,000 TPA
11	Kertas Nusantara, Pulp Mill Mangkajang	Pulp	600,000 TPA
12	PT. SURABAYA AGUNG INDUSTRI PULP & KERTAS	Uncoated Woodfree Paper, Woodfree Color Paper, NCR Base, Grease-proof, MG Paper	486,000 TPA

13	ASPEK KUMBONG, PT (Korindo)	Newsprint	4,20,000 TPA
14	PT. Parisindo Pratama	Printing & writing, craft,	240,000 TPA

Table 4: Indonesian Paper Manufacturer. (Source: Company webpage & APKI 2013)

In addition, the top seven in the given list are either fully owned (top 3) or the Sinar Mas Group owns maximum of the shares, which is part of APRIL the biggest paper producer in Asia owning mills in different countries. However, a full list of Indonesian paper mills will be attached in the appendix part and that list will be detailed with names, addresses, divisional or factory addresses, production capacity, types of produced paper, contact details of the companies.

4.3.2 Paper Roll Conveyor Industry

A very general statement of Indonesian paper machinery industry according to ICN (2009) Most of the factories built in recent years are larger and almost all of them use the most updated technology/machinery. Relatively older factories are also upgrading their system gradually. Therefore, that trend shows a good opportunity for MoveRoll to enter into the Indonesian market. However, there is handful number of companies existing related to paper roll conveying industry offering different types of conveying systems to factories around Indonesia as for instance slat conveyors, Roll conveyors, belt conveyors, carry line conveyors, power rollers and so on. Short reviews of a few conveyor maker/suppliers are presented below:

PT. Regam Koral Adiyasa: An engineering firm that designs, manufactures and installs drag conveyors, apron conveyors, chain conveyors, Slat conveyors, round conveyors and so on. Possible competitor for MoveRoll

PT. Lestarijaya Perkasa Agung: A company engaged in providing material and factory automation machinery and specially conveyors. However, the company itself does not manufacture any of its products but rather being an agent for different renowned companies like Carryline of Sweden, Hepco, Fabreeka conveyor belt and many more. Therefore, the company present a good opportunity to MoveRoll in future collaborating

PT Mitra Perkasa Cemerlang: An Indonesian company offering conveyor belts, V-Belts, Timing Belts, Roller Idlers, etc. A possible partner for MoveRoll

PT. Cipta Karya Peresisi: A company manufactures wide range of custom fabricated products to customer specification for a specific and general industry offering flat belt conveyors, airport check in conveyors, slat chain conveyors, power roller conveyors and so on. This company is however, not yet in the paper industry even though they offer services to every available industry making itself for MoveRoll both a possible partner and a competitor.

PT. Central Conveyor Belting: A Jakarta based highly motivated company promises to be market leader by providing innovative products and technologies for conveyor belts and accessories for instance Conveyor rollers, V-Belts, Conveyor Belts, Roller Chains and much more. The company is also a direct agent that has stockists, factories, workshops, and representatives of different companies indicating the company to be possibly both a competitor and a partner for MoveRoll.

PT. Surya Cipta Jaya Makmur: The Company is specialised in designing, manufacturing, and the installation of conveyor systems including chain conveyors, Roller conveyors, screw conveyors, Thermoplast conveyors, and many others, and furthermore, could be a possible competitor for MoveRoll.

Note: Sources are webpage of every company

4.4 Porter's Five Forces

Generating a picture of the Indonesian paper industry helps to understand the market situation in general. Applying Porter's five forces will lead to the understanding of the significant aspects of the Paper Roll conveyor industry itself.

4.4.1 Threat of new entrants

Considering the fact that MoveRoll's technology is new in the market, the threat of new entrants, as such, does not exist for MoveRoll, for the time being. Threat of new entrants usually refers to the degree of competitiveness between an existing company and new companies that tend to enter into the market. In which case, there has to be a company that already has established its market in a certain geographic area. First, MoveRoll having a new and innovative product has to establish the market with the Indonesian paper manufacturer. Although, it is least likely to have any kind of threat of new entrants in near future, there are chances of having this kind of threat in the long run for an open economic market, like Indonesia.

Also as mentioned earlier, the Indonesian economy is boosting and FDI rate is increasing rapidly in every given year, paper makers are also investing in the Indonesian market, this attractiveness might catch the attention of new entrants to some extent especially when China has its connection in Indonesia. Threat of new entrants however, can be prevented by making loyal customer through strong allies and quality services with relatively lower price. Copyrighting in Asian market is utmost important when a company is entering into the market with a new and innovative technologies. The vital point for MoveRoll is to create a strong brand in the market before the possibility of threat from new entrants.

4.4.2 Bargaining power of Buyers

It is generally considered that the bargaining power of a growing market such as the Asian market is relatively higher compare to Europe and the USA market because of the fact that most of the companies intend to gain the customer loyalty. However, the buyer possesses a higher degree of bargaining power when the market offers many suppliers with the same/similar products. MoveRoll would not face the threat of higher bargaining power as it offers a new and unique technology which no other companies have. In addition, it is worth to mention that the buyer has more power when switching cost from one product to another when it is low. Hence, considering MoveRoll's conveyor price as it is cheaper than traditional conveying system, bargaining power of the Indonesian buyer would certainly favour MoveRoll.

4.4.3 Bargaining Power of Supplier

There could be little argument concerning whether bargaining power of suppliers (those who supply raw materials or parts of conveyors) could affect Indonesian market or not considering the fact that most of the suppliers of MoveRoll are located in Finland. However, if in any case, MoveRoll face the threat from suppliers, it would not only affect the Indonesian market but also in every single market the company operates now. In contrast, it is least likely for MoveRoll to face any kind of a situation considering the fact that MoveRoll has been maintaining a very good relationship with the supplier. In addition, MoveRoll has various suppliers delivering different parts of conveyors and if in any cases one or more suppliers increase the prices of goods or decrease the quality, it would be easier for MoveRoll to look for other suppliers without any harm done to its own product.

On the other hand, suppliers have another form in case of MoveRoll naming it as system suppliers. System suppliers are those who act upon MoveRoll when selling to end customers. Therefore, the bargaining power of these system suppliers are not to be taken lightly as MoveRoll's sales strategy is to sell only via these suppliers. MoveRoll has to maintain a strong relation from the beginning with a written contract comprising of laws with every possible terms and conditions. The clearer the contract is, the easier it is for the company to maintain its relation with the other part. Likewise, choosing the right supplier would make a positive contribution not only in maintaining the good relationship in between but also in selling products. Though MoveRoll is responsible to market its own product, choosing the right/well established system supplier could contribute to get to be known in the Indonesian market.

4.4.4 Threat of Substitute Products:

Having a unique product, as we discussed earlier, has its own advantage when going into a new market. However, it can easily be converted into a challenge if other companies decide to establish similar product especially when an existing company is making a good return in its business. However, in the case of Indonesia it is quite logical to say that the threat of substitute products is relatively low in the market as most of the machinery in paper industry is being imported. On the other hand, a company like **PT. Regam Koral Adiyasa** could be a bigger threat, in the long term, coming up with a substitute product, as it is claim to be an innovative engineering firm specialising in conveying belts or these types of products.

MoveRoll produces a unique and cheap conveyor compare to traditional conveying system and it would not be easier for a mill to replace the conveying system once MoveRoll's system is established. It would take years for another product to be commercialised given the thought that MoveRoll is not trying to compete with anyone but rather being cooperative. However, no product is safe form the threat of substitute products in this age of globalization, as ideas and information flow all around the world within a fraction of second. Therefore, it is logical to say that MoveRoll should

not be concern of substitute products but rather established markets with reliable partner and customers with its unique product and good service. In addition, it is worth to note that having a backup plan ready would be safer for the time when a substitute product poses a threat. In this case, R&D should be working and on-going to optimise the product into more advanced level.

4.4.5 Rivalry among Competitors

It is worth to mention that not only MoveRoll has a unique product but it also has a unique strategy not to compete with existing system suppliers moving the competitive edge to MoveRoll's side. The company rather kills the possibility of having rivalry among the competitors by essentially not making any. However, if we consider existing system suppliers as competitors for MoveRoll Oy given the thought that MoveRoll has yet to convince them to sell its conveyor. Which means those suppliers will be benefiting by MoveRoll's effort considering the fact that MoveRoll itself has to market the product to the end users in most cases.

However, most of the existing system suppliers are Indonesian are welcoming new companies to be partnered with, indicating the growth possibility in the market. **PT. Central Conveyor Belting** could be of one example; the company is highly motivated and takes responsibility to spread the product into the market. In contrast, the other companies like

PT. Surya Cipta Jaya Makmur and PT. Regam Koral Adiyasa might be considered as direct competitors according to the description given in the webpage and rivalry, if happen which is very unpredictable at this stage, could happen among these.

To sum up, among all the five forces, there is only one (the bargaining power of the buyer) is high, while other forces are relatively low. The bargaining power is higher if we consider all the paper producers as not all companies possess a strong financial situation. In addition, MoveRoll cannot precisely target all companies in the Indonesian market at the beginning. Therefore, it would be purely logical to say that the paper roll conveyor market in Indonesia offers enormous potential to MoveRoll.

5 Marketing Plan

This Chapter will be covering all the suggested strategies for the case company including customer driven marketing strategy with segmentation and positioning. In addition, the marketing mix will later be added describing the aspect of the 4Ps (Product, Price, Place, and Promotion). However, the author has decided to make a combination of integrated marketing strategy and promotion since most of the aspects of integrated marketing strategy act similar to promotional activities by spreading the information or making awareness of the product.

5.1 Customer Driven Marketing Strategy

Entering into a new market with a new product is always challenging, especially to be recognised within the industry itself. Therefore, for MoveRoll, it is impossible to attract the entire group potential customer. Customer driven marketing strategy (CDMS) will help MoveRoll to focus on target marketing by identifying marketing segments, differentiating, and positioning. Moreover, CDMS would help to reduce the marketing cost of the company by avoiding mass marketing especially when the company is about to operate in the B2B market.

5.1.1 Segmenting and Targeting

As mentioned in the theory part, segmentation is the process of narrowing down the overall market into smaller groups in order to select the right target-customer group on which the company will initially focus on. Similar to consumer market, the business market has some variables when segmenting the market, for instance the geographic and demographic segments. There are, however, some other types of variables when segmenting business market, like current situation, purchase approach etc. Considering the nature of MoveRoll's business, current situation of the potential customer/mills is highlighted in the process. Moreover, checking the background information of buying

decision maker would contribute positively in the case of MoveRoll particularly when going to Asian market. (Kotlar 2010, 222)

Firstly, the business market geographic segment is a region or a country (Indonesia, in this case) that marketing activities are taken place. In addition, the demographically paper industry is the broader area that narrows down to the paper machinery industry in which MoveRoll concentrates. However, as mentioned earlier most of the paper mill is situated in Java province, MoveRoll’s primary target should be concentrated to that area specifically. It is also important to note that, corporate offices of most of the companies are situated in the capital Jakarta.

It is very significant for MoveRoll to pay attention to the current situation of the paper mill in order to justify how big the mill and how much paper it produces every day/month/year. There are 84 pulp & paper mills listed in APKI (Association of Paper Dan Kertas Indonesia). However, out of those 84 mills, the author has been able to finalise a list of 50 of the biggest paper mills in terms of production volume per year. Information regarding the 50 mills can be found in the company webpage or on the internet. However, companies with less production capacity have not been included because those are not qualified as future potential customer for the case company. However, the segments are placed into three groups out of these 50 mills according to production volume.

Segment A	Production per year is 251,000 MT or above (15 mills)
Segment B	Production per year in 140,000 to 250,000 (14 mills)
Segment C	Production per year in less than 140,000 (21 mills)

Table 5: Target Segmentation of paper mills

Segment A is has total number of 15 paper mills that produce more than 250,000 MT per year. This group should be targeted supremely in the beginning in order to estab-

lish the market and that would significantly help the company to establish MoveRoll as brand too. However, when targeting these companies, knowing the decision maker of the company will be an advantage.

Generally, in Indonesia, as likewise in any of the other Asian countries, personal relationship with potential business partner could influence the success of the business. Therefore, knowing and understanding who the responsible persons are (the decision makers) who make the final decision in purchasing process will be an additional advantage for the case company. However, other segments can be considered to pursue after having the initial feedback back from segment A. Moreover, companies that are having new mills or upgrading old mills can be included in segment A.

Regarding targeting, according to Kotlar (2009, 197) there are four different ways of how a company can target potential customers and these includes undifferentiated (mass) marketing, differentiated (segmented) marketing, concentrated (niche) marketing, micromarketing (local/individual) marketing. Due to the nature of MoveRoll's business, concentrated or niche marketing suits the Indonesian marketing most, which means the company will be focusing on one target group (segment A) in order to achieve a strong position in the market. After becoming established in the market, the company can move on to next segment. However, it is suggested to take the niche marketing, but it does not mean that the sales team would not pursue other companies when the opportunity is presented, for instance, when attending a business seminar or trade fair, every single company could be a potential customer. Mass marketing is unnecessary in this case and advertising on TV or newspaper would not bring any prospect to the company especially when operating in the B2B market.

5.1.2 Differentiation and Positioning

By having a unique product, it is extremely easy for MoveRoll to differentiate its product from any other product. Differentiation itself is a competitive advantage for MoveRoll, as the company promises to deliver a better quality and service to their custom-

ers. Below is the positioning map when comparing the MoveRoll conveyor with traditional system of roll conveying.

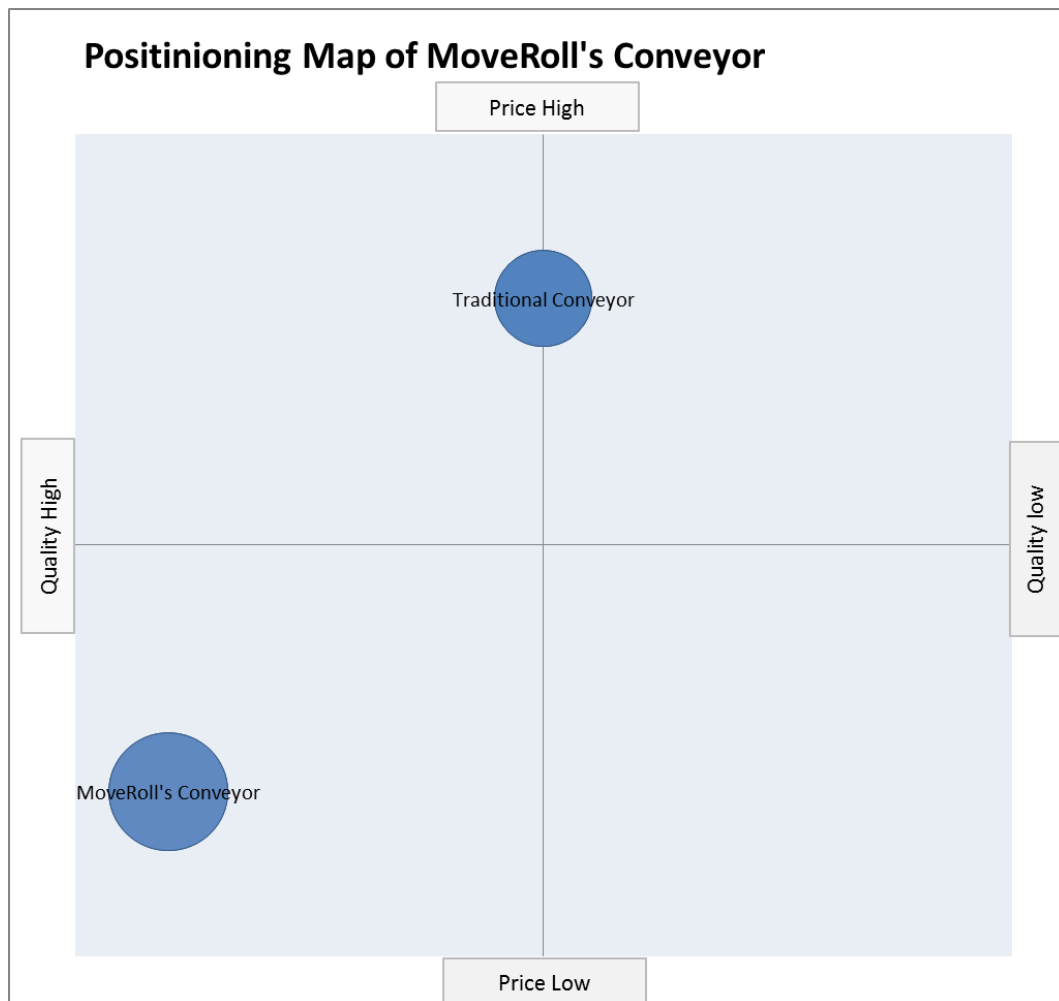


Figure 5: Positioning Map of MoveRoll's Conveyor

Even though MoveRoll's conveyor is cheap, the quality of the product is well estimated. Having a cheaper yet high quality product gives MoveRoll a pricing advantage over other systems available in the market, thus, it positions itself, intensely. Traditional systems are, however, more complex and cannot be moved from the place that it is installed in, whereas, MoveRoll's conveyors are easy to move from one place to another and has almost no complexity. All these features contribute to MoveRoll on its way to differentiate and position itself among other exiting conveying systems. In addition,

MoveRoll can manufacture conveyors of different sizes according to the demand of the buyer.

To sum up, the positioning statement of MoveRoll Oy in the Indonesian market would be, *“MoveRoll guarantees to provide its customer an innovative conveying system that is best in quality which will redefine the experience of roll handling making it easier, safer, and cheaper than ever”*

5.2 Marketing Mix

In order to be successful in business it is necessary to have right product. Nonetheless, having the right product does not mean customer will come and start buying the product. In order to influence customer, organization should take initiatives to make customer aware of the product. However, neither of these alone, no both of them together, is sufficient for the success of business. Price and place of offerings must also be considered. Therefore, the purpose of marketing mix is to let potential customer know about the product, price of the product, place to buy the product by commencing a specific set of promotional activities taken by company itself. The marketing mix is a very widespread marketing strategy for the company in order to serve the right customer with the right product, at the right time, in the right place and through the right way. These aspects are demonstrated in the 4P's including Product, Price, Place, and Promotion. All these aspects will be combined in order to create suitable marketing tactics. The fundamental strategies for each of those sections are

- Product: System selling (conveyor)
- Price: Value added pricing
- Place: Personal selling/selling through system supplier/sales partner
- Promotion: Personal communication channels

A brief discussion of the marketing activities on each of the 4P's will be given below in order to achieve success in the Indonesian market when introducing the conveyor in the B2B market.

5.2.1 Product

As mentioned in the differentiation section, MoveRoll offers a unique technology, which is far more flexible than traditional conveying systems. It is moreover, a smart and promising technology having the potential to claim the leadership position in the paper industry. Having the capacity to offer various sizes, the conveyor uniquely differentiates itself from other available systems in roll handling industry. In the B2B market, buyers always look for better, smarter, and easy solution especially when buying for productive purpose. Providing all the details of the product in a catalogue along with the user instruction or training provided by the supplier company makes it easier for the buyer to operate the product. Following will be the information on elements in the product category. These features should be highlighted when marketing the product.

Brand name: The brand has many advantages over the old system and possesses the higher possibility of gaining good market share and customer attention. MoveRoll is yet to build a good brand name in paper industry. However, the process of building MoveRoll as a brand has already started for the company has been expanding to different countries, by building good customer relationship, spreading the name through all the possible channels, and making partnership around the world. Going to the Indonesian market can be considered as part of the global brand building process in a very explicit context. The company is well intended to developing good relations with renowned companies/suppliers/sales partners in the paper industry and that should ease the way to build and maintain its brand name. It can be highly challenging for the company to build a brand name within short period of time specially when the market has no knowledge of the product. However, with the right approach from management and its sales team, the process will be easier once the company enters into market.

Product Design: The conveyor has been designed to be user friendly, compact, and unique. Perhaps, the most innovative parts of the design are how easy, safe, convenient it is to make the paper roll with the least damage or imperfection. MoveRoll needs to specify how the product is designed in order to let its customers know.

Quality: MoveRoll won the InnoSuomi award in 2009. The conveyor is already being sold in Finland, Sweden, USA, and China, which shows the high quality and reliability of the product. Mentioning all the quality features will help to catch the potential and existing customer's attention, and bring the best possible result.

Features: MoveRoll is now highlighting its conveyor with a new and innovative technology. The roll conveying process is done by pressure elements that generate the movement of roll, which can be accelerated by controlling the speed, break, and lock when the roll in place. However, all these features and specifications would help the customer to understand easily how the conveyor works in practice. In addition, it will send a message regarding the easy operation method, safety issues, and other benefits of the conveyor.

Customer Care: MoveRoll's engineering team is sent to train each and every customer when the conveyor is sold. Providing good service and being committed to the customer is always a priority to the company as the CEO himself takes care of issues thus becoming a role model for others in the company to follow.

5.2.2 Price

According to Kotlar (2010, 315) price is the only elements producing revenue in marketing mix. In business, price is not only the amount of money charged for a product but also is a factor to create customer value and build customer relationship. When the price is too high, the demand gets lower, but low price means no profit in the seller perspective. Thanks to the innovative technology of MoveRoll, it offers, comparatively, a lot cheaper system than traditional conveying systems.

However, even though MoveRoll has a fixed policy in pricing, sometimes, with B2B products, it is highly difficult to set the right price. To solve the issues, MoveRoll is suggested to approach value based pricing as a key pricing strategy. In this method, the price will be fixed more likely based on the buyer's perception rather than the seller's cost. There are few steps to be followed in this process; firstly, finding out buyer needs and expected price, which could be done by personal meetings or interviews or even after having a product trial session with buyers. Secondly, price is set according to buyer's perspective. Thirdly, all fixed cost and variable costs are summarised and finally, seller company can add values, benefits, and service charges to the product, which will finally fix the total price. This method of pricing has been chosen in order to connect with the customer driven marketing strategy.

5.2.3 Place

MoveRoll initially does not necessarily need to have a physical place in Indonesia. The company aims to generate partnerships with a local suppliers. Hence, making partnerships would eliminate the hassle of acquiring a physical place in Indonesia. However, in the early stage of building the market, it is necessary to put their best effort to create customer awareness. On the other hand, comparing to consumer market, business market usually comprise with smaller (in number) but larger (in terms of buying unit) number customer. Therefore, personal selling method should be most effective instigating with company own sales force. In addition to that, having a local sales partner would make this process most effective considering the fact of that MoveRoll's sales force has very little insights of practical situation of Indonesian market.

However, in a very ambiguous future perspective, MoveRoll could consider having its own production unit and local office in Indonesia. That should only be considered if the number of sales rises up to a certain level where transportation costs becomes a burden.

5.2.4 Promotion

When introducing the product, the utmost significant task is to create customer awareness. Due to the nature of the business market, it is unnecessary to use mass-marketing channel such as TV, Newspaper, or Radio. Therefore, personal communication channels are the most effective way to identify the right customer and create awareness. In this method, sales persons and/or sales partners directed by MoveRoll would contact the customer by face-to-face meeting, sending an email, or by making a phone call. Moreover, it is vital to remember to collect feedback from customers after approaching them. However, more promotional aspects will be described in integrated marketing communication part.

5.3 Integrated Marketing Communication (IMC)

Generally, integrated marketing communications provide a method designed to convey a very specific and consistent message via best fit/chosen promotional activities to potential buyers. Delivering consistent information about a brand or an organization helps to establish a subconscious trend towards the product in the customer's mind. According to Boone (2010, 1-3) IMC co-ordinates all the promotional activities (such as advertising, sales promotion, personal sales and public relation) helping marketer to reach the right customer in a unified customer focused promotional strategy. The reason behind choosing IMC as a marketing method is that it helps to reduce the mass activities and cost of marketing but generates the best possible outcome by reaching the right customer.

Therefore, some of the major tools of IMC are detailed which should benefit MoveRoll when starting promotional activities.

Advertising: Massive media advertising should not be considered, as it will not be as effective as in the B2B market. Advertising could initially be considered in APKI's official newsletter, website and paper trade show "Pulp Paper Asia 2014" (webpage, brochure, publications). However, no official directory can be found in the internet but might be published in the local area or industry based magazine or directory. In addi-

tion, the company could use help by using RISI, which is highly integrated among the world paper community.

Sales promotion: Sales promotion might be most effective when the company establishes itself in the market. However, it can also be utilized, to be established in the Indonesian market given the thought that MoveRoll already has cost advantage over traditional systems. Giving discount, package sales, free service, or training could be included in the activities to increase sales volume. Sales promotional advertisement can be given in the company webpage, sending newsletter, instant buying in fair, or exhibition, direct order when the product is shown to customers.

Personal selling: MoveRoll has a great strategy of visiting mills, attending trade fair, and meeting and recruiting important personnel. Pulp and Paper 2014 is a great opportunity for MoveRoll to introduce the conveyor in the Indonesian market. However, MoveRoll can arrange meetings with a few selected professionals of renowned paper manufacturers in order to discuss a business prospect and if possible, the company should consider a range of product trials as it would be a great initiative to influence decision makers. In addition, this strategy also helps to create personal relationships with decision makers, which very likely to influence the Indonesian market. In addition, prospective sales partners could take this step in order to increase sales.

Direct Marketing: Direct marketing is one of the most effective ways in the B2B market. MoveRoll can start commencing the direct marketing method by making phone calls, sending emails provided with product details i.e. brochure, newsletter are also highly responsive way of making personal sales. MoveRoll should target some, especially selected customer (target segment A or APRIL, Sinar Mas group) and approach them in direct marketing method.

Trade shows: Moreover, in the B2B market, one of the most stirring ways of promoting new products is by attending trade fairs. A handful number of trade shows are taking place every year and the number in on the rise and certainly some of these trade fairs, MoveRoll, as a prominent paper producer, could attend:

- **Propak Indonesia-** November 20-23, 2013
Place- Jakarta Indonesia
This is an international series of exhibition for processing, packaging, and end line printing industries.
- **3rd Pulp & Paper Aisa 2014** is the largest paper trade show in the region. MoveRoll is highly recommended to attend this show as most of the major players in the paper industry from around the world attend. The date of the show is in September from the 10-11 2014.
More details of the fair can be found at <http://www.pulppaperasia.com/>

Internet communication: Websites are the most important tool of internet communications, MoveRoll already offers in three different languages with great explanatory content such as product details, blog, and videos. Sales partners, system suppliers, and customer stories could be included on the webpage in the future. English is widely spoken in the Indonesian corporate culture; therefore, MoveRoll does not necessarily need to have it in the Indonesian language. Moreover, the company also has great communication tools like email, video blog, social media i.e. Facebook, Skype, and LinkedIn. These attributes can be helpful in developing the Indonesian territory.

6 Conclusion and Recommendation

6.1 Thesis Process

The initial process of the thesis started while I was working in MoveRoll Oy. During that period, I was asked to search for information regarding paper industry of different countries such as Japan, South Korea, Thailand and Middle East. Therefore, initial information-collecting process concerning Indonesian market can be noted as a part of the thesis. However, the real process of the thesis started when I met to discuss with the CEO of MoveRoll Oy Mr. Mikko Rantanen and we decided to conduct a precise research and a make a marketing plan concerning Indonesian market. Therefore, I started to write the paper starting with the introduction part, later followed by theoretical framework. In the theory part, various business models were carefully considered providing related literature review.

In the next part, practical information regarding Indonesia was provided by PEST analysis. Porter's five forces were used to commence micro environmental analysis, which provides information on Indonesia's paper industry including a list of future potential customer and a list of potential partners/competitors. Author has gathered these information from a number of reliable sources such as company webpage, journals, publications, company directory, Industrial journal and so on. However, company analysis was commenced using SWOT as a model that provides information of the case company MoveRoll Oy.

The final part of the thesis consist a marketing plan for the case company which gives a clear understanding of what should be done before and after entering in the Indonesian market. Different marketing activities and tactics were sensibly suggested to the case company. All suggestions were considered based on information found in market analysis and company analysis, which was conducted by SWOT analysis.

6.2 Reflection of my own learning

Writing the paper was such a great learning experience for me as student of International Business. I have had opportunity to execute several qualitative and quantitative researches during my study period in HAAGA-HELIA. However, conducting this kind of desktop research was rather new experience for me. Learning is a never-ending process, in my learning process; one of the most significant aspects I have come to learn is how important market research is for a company before deciding to enter into a new market. In addition, I have attained a vibrant understanding of various business models that I have used in the thesis. Precisely, it helped to enhance my skills and strengthen me as a future potential professional in prospect business field.

Business models such as PEST, SWOT, Porter's five forces, Customer Driven Marketing Strategy, Marketing mix and integrated marketing communication were used in the paper. Writing about these models helped me to understand theoretical approach of them, but applying in practice was rather challenging in the beginning, which I successfully overcome at the end. In addition to that, I also realised the essentiality of choosing right models when conducting a research, which will certainly help me to conduct research more accurately in future. Moreover, knowing how to find precise and related information is one of the key elements in any form of research. Selecting the right information is as important as deducting relatively less important info as I have come to learn in during my analysis. Time management was another important aspect of my learning process as it is vital to meet the deadline in any type of project.

6.3 Summary of The findings

Market outlook	Positive: A promising market with high potentiality
Analysis Methods Applied	PEST, SWOT, Porters 5 Forces
Macro Environment: Country (Indonesia)	<ul style="list-style-type: none"> • Great Economic Outlook • Positive Business Environments and Investment friendly
Micro Environment: Pa- per Industry	<ul style="list-style-type: none"> • Production of paper is increasing • Advanced & modern machinery is in high demand • Increasing number of new paper Mills • No direct competition
Strategy Applied	<ul style="list-style-type: none"> • Customer Driven Marketing Strategy • Marketing Mix • Integrated Marketing Communication
Target Customer	Appendix 1
Target Segments	Table 5
Marketing Objective	<ul style="list-style-type: none"> • Create Customer value and Awareness • Close Customer relationship
Competitive Advantage	Positioning of the Product
How to apply marketing strategy into practice	<ul style="list-style-type: none"> • Personal Selling • Personal Communication • Introductory event/ fair • Sales Partner • Create awareness

Table 6: Summery of the findings

6.4 **Limitations of the Study**

The study itself focuses on situational analysis concerning both the external and internal environment, identifying the target customers, and making a relevant strategy to reach those customers. However, limitation as such can be identified in the planning process as there is no evaluation and control of the strategy given, no personal interview or field research/questionnaire has been conducted or provided because the study was rather concentrating on finding the potential customer and evaluate the overall market situation in the Indonesian territory. In addition, detailed scheduling of the marketing activities in the marketing mix has not been included due to the nature of the market and the product.

However, the given marketing tactics can further be stimulated by conducting personal interviews or sending questionnaires to the Indonesian paper professionals to find out their views on the MoveRoll's conveyors.

6.5 **Summary**

As mentioned in the objective part, the core objective of this study is to analyse the Indonesian market and its attractiveness to MoveRoll Oy. After carefully analysing external aspects, PEST, and Porters 5 Forces in the study above shows the attractiveness and opportunities of the market. More and more Indonesian existing paper mills are being modernised, not to mention that a big number of new mills are in the process of building up and expanding because of internal growth of paper demand. It is highly recommended to take the first step for MoveRoll to give its effort in finding a reliable sales partner. Because the area is totally unknown to MoveRoll, finding a local sales partner would help to introduce the company and its products to the region and help speed up the process in entering the market there.

The company then would make a great effort in utilising the resources more effectively especially in the very beginning with segmented target customers. Since the target companies are larger or medium in size, the volume they produce is also higher leading MoveRoll to approach with the right strategy and effort since MoveRoll's conveyors are the best fit in bigger production units. In addition, the financial situations in those companies are better; therefore, decision in investing in such a wonderful, efficient, and innovative system would probably favour MoveRoll. MoveRoll should approach the bigger companies for more than one production unit.

The positive economy and the higher demand of the paper industry motivate many companies to open and establish businesses in Indonesia. It is highly likely that these trends will continue for the near future. Technological advancement is also taking place as the demand grows. Renowned companies like Metso Paper, ABB, Hägglunds Drives; Kvaerner is operating in the market. However, by having so much competitive advantage over others, MoveRoll should approach the market in Indonesia by establishing a close relationship and customer value in the Indonesian market in order to operate for the long term. In addition, there are no direct competitors or threats to MoveRoll's products, only with the right effort, a strong brand in the Indonesian market can be built within a short period.

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Appendix 1



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