

**BRAND STRATEGY OF BADAQ LNG FOLLOWING COMPANY
TRANSFORMATION**

FINAL PROJECT

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Master of Business Administration Program

School of Business and Management

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BRAND STRATEGY OF BADAK LNG FOLLOWING COMPANY TRANSFORMATION

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Date of Passing of Final Test (15/12/2023)

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ABSTRACT

Indonesian natural gas liquefaction company, Badak LNG, is transforming its business due to a decrease in feed gas supply. After being a non-profit LNG plant operator for more than four decades, the company has recently started sharing expertise and providing LNG-related services to other LNG companies. As previous company's transformation study highlighted lack of marketing experience, data from past five years also shows unachieved revenue growth target, which is one of the signs of failed marketing. The research aims to determine the appropriate brand strategy, as the core of marketing strategy, and develop a brand-building plan for Badak LNG.

Based on evaluation to the characteristics of the business as B2B services provider, it is more suitable for Badak LNG to adopt corporate branding strategy. The company could leverage on its extensive experience and expertise to develop a corporate brand as LNG services provider. To follow the strategy, a brand mission is defined to provide reassurance for the customers. After evaluating its target market and competitors, Badak LNG's defined brand personality or value proposition can be defined. In addition, a brand promise based on functional attribute is developed, which is meant to tell the customers that Badak LNG will always know the solution to their problems. Internalization and enculturation of brand values are important for corporate branding, and the company should communicate brand values not only to markets but also internal stakeholders. The company needs to improve its consistency in incorporating brand values into its communication strategies. Based on gap analysis conducted on Badak LNG's brand building components against what are theoretically acceptable or satisfactory, several components which are non-existent need to be developed, while the other components which exist but not satisfactory need to be improved.

Keywords: LNG industry, services, B2B market, branding strategy, corporate brand

VALIDATION PAGE

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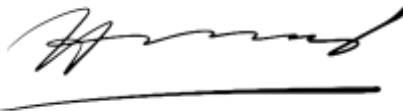
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Bandung Institute of Technology

Approved,

Bandung, 18 December 2023

Final Project Advisor,



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STRATEGI BRAND BADAK LNG DALAM RANGKA TRANSFORMASI PERUSAHAAN

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ABSTRAK

Perusahaan pencairan gas alam Indonesia, Badak LNG, tengah melakukan transformasi bisnis sebagai respon atas berkurangnya pasokan *feed gas*. Setelah menjadi operator kilang LNG dengan basis *non-profit* selama lebih dari empat dekade, Badak LNG baru-baru ini mulai berbagi keahlian dan menyediakan layanan terkait LNG kepada perusahaan LNG lainnya. Sebagaimana studi transformasi perusahaan sebelumnya menyoroti kurangnya pengalaman pemasaran, data dari lima tahun terakhir juga menunjukkan tidak tercapainya target pertumbuhan pendapatan, yang merupakan salah satu tanda kurang efektifnya pemasaran. Penelitian ini bertujuan untuk menentukan strategi *brand* yang tepat, sebagai inti dari strategi pemasaran, dan menyusun rencana *brand building* bagi Badak LNG.

Berdasarkan evaluasi terhadap karakteristik bisnisnya sebagai penyedia jasa B2B, maka *corporate brand* merupakan strategi yang lebih tepat bagi Badak LNG. Perusahaan dapat memanfaatkan pengalaman dan keahliannya yang luas untuk mengembangkan *corporate brand* sebagai penyedia layanan di bidang LNG. Untuk mengikuti strategi tersebut, *brand mission* didefinisikan untuk memberikan kepastian bagi pelanggan. Setelah mengevaluasi target pasar dan pesaingnya, *brand personality* atau *value proposition* Badak LNG dapat ditentukan. Selain itu, dikembangkan pula *brand promise* berdasarkan atribut fungsional yang dimaksudkan untuk meyakinkan pelanggan bahwa Badak LNG akan selalu memiliki solusi atas permasalahannya. Internalisasi dan enkulturasi nilai-nilai *brand* penting untuk pencitraan *brand* perusahaan, dan perusahaan harus mengkomunikasikan nilai-nilai *brand* tidak hanya kepada pasar tetapi juga pemangku kepentingan internal. Perusahaan perlu meningkatkan konsistensinya dalam memasukkan nilai-nilai *brand* ke dalam strategi komunikasinya. Berdasarkan *gap analysis* yang dilakukan terhadap komponen *brand building* Badak LNG terhadap apa yang secara teoritis dapat diterima atau memuaskan, terdapat beberapa komponen yang belum ada dan perlu dikembangkan, sedangkan komponen lain yang sudah ada namun kurang memuaskan perlu ditingkatkan.

Kata kunci: industri LNG, jasa, pasar B2B, strategi *branding*, *corporate brand*

FOREWORD

Praise and deep gratitude to Allah SWT for the abundance of grace, and guidance of Him that made this final project can be completed properly. This final project entitled “Proposed Marketing Strategy for PT Badak NGL’s One-Stop Services in The LNG Industry” is structured to meet the requirements of graduation from the Master of Business Administration Program, Bandung Institute of Technology.

Thank you profusely for all the help that has been given, both directly and indirectly during the preparation of this final project to complete, especially for:

1. My family, for all your love, patience, and encouragement.
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I realize that this final project has not been perfect, both in terms of material or presentation. Therefore, any suggestion and constructive criticism to improve this final project are highly welcomed.

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CHAPTER 1 INTRODUCTION

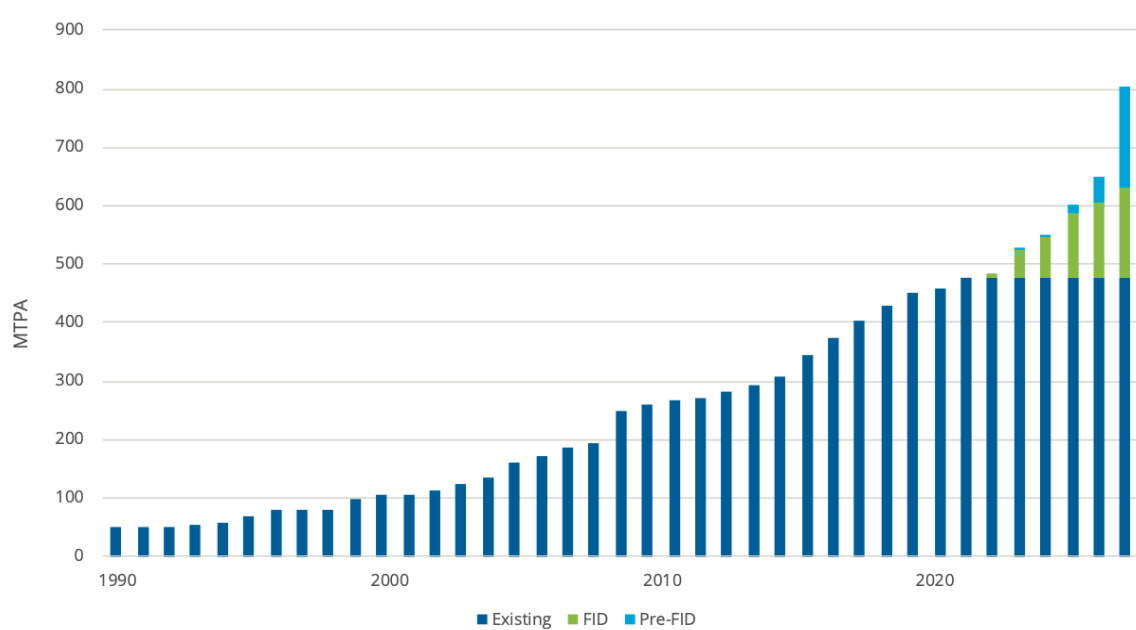
1.1. Background

1.1.1. *Emerging LNG Industry*

Before the development of LNG technology, the transport of natural gas was primarily via pipeline because of its low density characteristics that requires special handling. The development of LNG has altered things entirely, and with the advancements in technology and costs, gas is now becoming an internationally traded commodity (Jensen, 2004). LNG began to be monetized by shipping in special-purpose vessels in the early 1960s, with resource-rich countries like Algeria shipping LNG to the UK, and Abu Dhabi shipping to Japan (Deloitte Center for Energy Solutions, 2017). Since then, LNG became popular and its long-term view is more positive than that of other fossil fuels because of its lower cost and less emissions during production or combustion (Bresciani, Heiligtag, Lambert, & Rogers, 2020).

Over the past two decades, global LNG trade has experienced rapid expansion, driven by significant demand growth in Asian market and large natural gas resources in Qatar, Australia, the United States, and the Russian Federation. Qatar emerged as a major LNG exporter in mid 2000s with overall nameplate capacity of 180 billion cubic meter (bcm) which doubled to 382 bcm between 2002 and 2012. The revolution of shale gas in the late 2000s inverted the United States from becoming a major LNG importer into a future competitive exporter (IEA and KEEI, 2019). Since 2010, an increasing number of emerging markets has joined as the LNG importers, from 7 countries in 2010 (Cornot-Gandolphe, 2018) to 46 countries in 2022 importing from 20 exporting markets (International Gas Union, 2023).

Global liquefaction capacity has also continued to grow. In 2022 the total capacity reached 478.4 million ton per annum (MTPA), of which 19.9 MTPA of the growth from preceding year is contributed primarily due to capacity added in the United States. The United States is the market with highest liquefaction capacity with 88.1 MTPA, followed by Australia with 87.6 MTPA and Qatar with 77.1 MTPA. The average global utilization rate also increased to 89% compared to 80.4% in 2021 (International Gas Union, 2023).



Source: Rystad Energy

Figure 1.1. Global Liquefaction Capacity Development from 1990 to 2028 (International Gas Union, 2023)

According to 2023 World LNG Report by International Gas Union, a total of 178.3 MTPA of liquefaction capacity were under construction or approved for development as of April 2023. Adding up to this, 997.1 MTPA of liquefaction capacity is currently in the pre final investment decision (pre-FID) stage, the majority of which are located in the United States and Canada (International Gas Union, 2023). Large LNG project usually take an elapsed time of roughly 10 years between inception and first gas delivery for greenfield projects with no previous infrastructures. Its typically 1 year for feasibility assessment, 2 years each for pre front end engineering design (FEED) and FEED, and 5 years for construction before entering commissioning and finally the operation phase (PwC, 2014).

1.1.2. Badak LNG Business Transformation

Bontang LNG plant, which is operated by PT Badak Natural Gas Liquefaction (“Badak LNG”), is among the oldest LNG plant in the world, along with Brunei LNG in Brunei Darussalam, ADGAS LNG in United Arab Emirates, and Arzew LNG in Algeria which all were established in the 1970s (International Gas Union, 2023). Contrarily with the fact that in the other parts of the world LNG projects are rapidly growing, Badak LNG is experiencing a declining phase. Since 2005, the number of running LNG trains has continue to decline

until in 2023 only 2 out of 8 LNG trains on the site are in operation. This condition is a direct result of declining feed gas rate coming from East Kalimantan fields (PT Badak NGL, 2023).

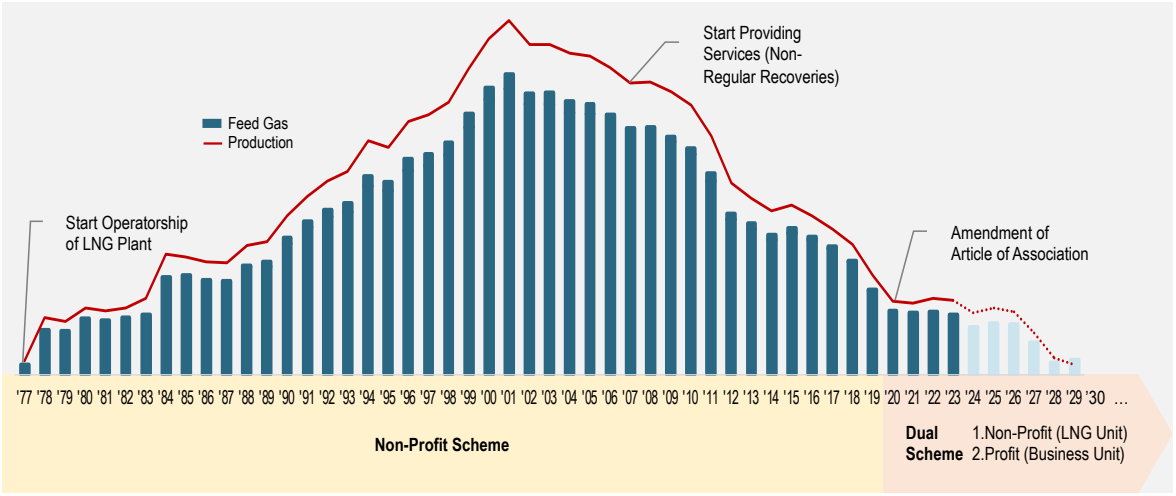


Figure 1.2. Historical Trend of Feed Gas and Production of Bontang LNG Plant (PT Badak NGL, 2023)

The uncertainty of future LNG plant operation has triggered Badak LNG to transform the business moving forward. Since 2007 Badak LNG has been sharing the expertise and experiences in LNG processing to peer LNG companies as well as oil and gas companies from many parts of the globe (PT Badak NGL, 2023). According to the company’s website, at least 15 technical services have been provided by Badak LNG to domestic companies and companies from overseas including the United States, Yemen, Brunei Darussalam, and Timor Leste. The company has also provided commissioning and start-up assistance (CSUA) for no less than 13 projects in Indonesia, Norway, Yemen, Angola, and United States. Badak LNG is also experienced in providing training related to LNG plant for at least 37 companies from domestic and overseas such as Yemen, Norway, Angola, Mozambique, Timor Leste, Japan, United States, Mexico, France, India, and Singapore (PT Badak NGL, 2020). This non-liquefaction business is believed to be more sustainable since it is unconstrained by the availability of non-renewable feed gas.

1.2. Badak LNG Company Profile

1.2.1. Brief History

Badak LNG’s journey began with the discovery of large natural gas reserves: the Arun gas field in North Aceh, discovered by Mobil Indonesia in late 1971, and the Badak gas field in

East Kalimantan, discovered by Huffco Inc. in early 1972. Both companies worked together under a production sharing contract (PSC) with Indonesia's state oil company Pertamina. With no experience with LNG, Pertamina, Mobil Oil and Huffco agreed to develop LNG projects to export large quantities of LNG.

Months of efforts to find potential buyers finally paid off, with LNG purchase agreements approved for five Japanese companies: Chubu Electric Power Co., Kansai Electric Power Co., Kyushu Electric Power Co., and Nippon Steel Corporation. and Osaka Gas Co., Ltd., December 5, 1973. The contract, later known as the “1973 Contract,” obligated the buyer to import LNG from Indonesia for 20 years, before the LNG plant was completed.

Bontang LNG project began in 1974 with the development of two LNG trains, Train A and B, which began production in 1977, with a total LNG capacity of 3.3 MTPA, and continued with the development of Train C and D, whose production began in 1983. Production of the E, F, G and H trains began in 1989, 1993, 1997 and 1999 respectively. Bontang LNG plant then has eight LNG production lines with a total capacity of 22.5 MTPA.

The great success of the LNG project is due to the cooperation of many parties. Since then, Badak LNG has been considered a pioneer in the history of Indonesia’s LNG industry. The company has now been operating for more than four decades and has made significant contributions to the international natural gas industry (PT Badak NGL, 2019).

1.2.2. Business Activities

Badak LNG was established as a non-profit entity to operate natural gas liquefaction facilities (“Bontang LNG Plant”) owned by the Ministry of Finance on behalf of the Republic of Indonesia for the benefit of Government of Indonesia and Gas Producers in East Kalimantan Region, which supply natural gas to the liquefaction plant. The majority of shares is held by PT Pertamina Hulu Energi with 55% ownership, followed by VICO Indonesia (20%), PT Pertamina Pedeve Indonesia (15%), and Total E&P Indonesia (10%) (PT Badak NGL, 2019). The plant site is located in Bontang, East Kalimantan and the head office is located in Jakarta.

According to the Original Article of Incorporation No. 19 dated 18 March 1974, the purpose and objective of Badak LNG is to use, operate, and maintain a gas liquefaction plant and related installations for land transportation, liquefaction, storage of liquids, and delivery of natural gas within the territory of Indonesia, especially taken from the Badak field, East Kalimantan, taken from in the framework of the Production Sharing Contract (PSC) between Pertamina, Roy M. Huffington Inc., Virginia International Company.

The company's Article of Association has been amended several times. The amendment of Articles of Association No. 59 dated 27 February 2020 Article 3 change the company's business activities to include the following:

1. Utilize, operate, and maintain natural gas liquefaction plant (LNG plant), installation and infrastructure related to the operation of the plant, storage, regasification, and other products (including LPG and condensate) produced from the liquefaction plant. The implementation of the above activities includes operating plants that use oil and/or natural gas and its derivatives as raw materials.
2. Provide, manage, and run technical education services, including providing training services in the fields of LNG, LPG, and safety, including operational training on LNG/LPG plant and regasification, as well as other plants that use oil and/or natural gas and its derivatives as raw materials.
3. Provide consulting and/or engineering services related to the design, operation, maintenance, and other fields as well as carrying out procurement, construction, commissioning, and start-up services, for various oil and gas processing facilities and their derivatives, and other related services.
4. Provide manpower to carry out maintenance, repair, and operation of gas liquefaction plant (LNG plant), and/or other plants that use oil and/or natural gas and their derivatives as raw materials.

The main activity in Bontang LNG Plant produces liquified natural gas (LNG), liquified petroleum gas (LPG), and condensate as a side product. The LNG is transported to Japan, Korea, and Taiwan while LPG is sold to domestic market and condensate is sent back to Gas Producers.

As LNG plant operator, Badak LNG has no revenue or expenses of its own for the LNG operations. Badak LNG receives operating funds from the proceeds of Gas Producers' LNG and LPG sales in accordance with the "Amended and Restated Bontang Processing Agreement" dated 9 February 1988. Expenses are allocated between Gas Producers in accordance with this agreement.

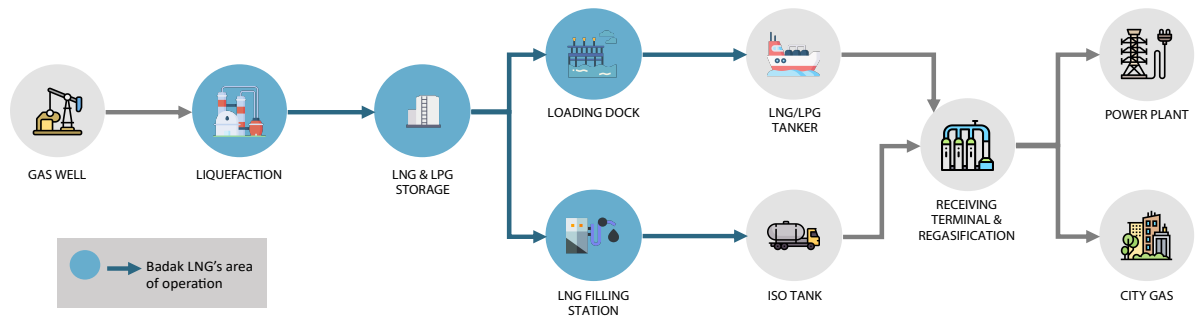


Figure 1.3. LNG Supply Chain

In addition to operating the LNG plant facilities, Badak LNG also provide other non-regular recovery (NRR) services such as commissioning & start-up assistance (CSUA), operation & maintenance (O&M), training, and other technical services for other LNG plants. The scope of NRR services offered by Badak LNG is the following.

1. Technical Services

- Feasibility study
- Troubleshooting and repair
- Front end engineering design (FEED), detailed engineering design (DED), engineering, procurement, construction (EPC)
- LNG experts (consulting service)

2. Commissioning and Start-up Assistance

- Commissioning and start-up assistance (CSUA)
- Operational readiness advisory

3. Operation and Maintenance (O&M) Services

- Maintenance management system development
- HSEQ management system development
- Experienced and professional personnel to operate LNG plant

4. Training

- Operator training
- Maintenance training
- LNG plant turn around
- LNG and hydrocarbon firefighting
- Laboratory analysis
- LNG plant production planning
- Marine operation

To increase the opportunities for the provision of non-regular recovery services, Badak LNG participate in a joint venture named Badak Chiyoda Enerproco LLC (BChE), a limited liability company based in Houston, Texas, United States of America as regulated under the Company's Agreement dated effective on 31 May 2017.

1.2.3. Vision, Mission, Culture, and Corporate Values

Following the amendment of company's business activities in Article 3 of Badak LNG's Article of Association in 2020, the new corporate vision, mission, culture, and values of Badak LNG are established by the President Director & CEO on 28 January 2021 and stipulated in the Memorandum No. 012/BJ50/2021-079 on "Changes in Vision, Mission, and Values of PT Badak NGL".

1. Vision

Excellence and Global LNG Operation.

2. Mission

Manage and Develop Effective and Efficient LNG Facilities Operations based on International Standard, built upon Security, Safety, Reliability, and Profitability.

3. Corporate Culture and Values of Badak LNG is aligned with BUMN (State-Owned Enterprises)'s core values, known as AKHLAK:

a. Amanah (Trustworthy)

Upholding the trust given. Badak LNG members are expected to keep promises and commitments; to be responsible for tasks, decisions, and actions taken to completion; and to stick to moral and ethical values.

b. Kompeten (Competent)

Constantly learning and developing capabilities. Badak LNG members are expected to improve competence to respond to ever changing challenges; to help others learn; to complete tasks with the highest quality; to have the courage to make decisions quickly and accurately based on measurable risks; to prioritize occupational health and safety and to have concern for others, social environment, and nature as way of life; and to serve sincerely and tirelessly.

c. Harmonis (Harmonious)

Caring for each other and respecting differences. Badak LNG members are expected to respect everyone regardless of their backgrounds; to help and support each other for the interest of the company; and to create conducive work environment.

d. **Loyal**

Dedicated and prioritizing the interests of the nation and country. Badak LNG members are expected to maintain the good name of fellow workers, leaders, BUMN (State-Owned Enterprises), and the State; to be willing to sacrifice to achieve bigger goals; to be obedient to leaders as long as it is not against the law and ethics; to contribute beyond expectations to develop and enhance national capacity; and to never give up in facing challenges and hopes.

e. *Adaptif* (Adaptive)

Continuously innovating and being enthusiastic in driving and facing changes. Badak LNG members are expected to adjust quickly to be better; to continuously make improvements to keep up with technological developments; to be proactive; to be creative and innovative in generating solutions and added value; and to show passion, enthusiasm, and positive energy.

f. *Kolaboratif* (Collaborative)

Building synergistic cooperation. Badak LNG members are expected to provide opportunities to various parties to contribute; to be open in working together to generate added value; to mobilize various resources for the interest of the company; to synergize aggressively to provide maximum added value for the company and other stakeholders; and to find the best solutions when dealing with different interests that emerge.

1.2.4. Organization Structure

Badak LNG's organization structure is presented in Figure 1.4 below. The company is led by the Board of Directors consisting of President Director & Chief Executive Officer (CEO) and Director & Chief Operating Officer (COO). The organization under Director & COO is responsible for the whole liquefaction plant operation or LNG production activities ("LNG Unit"). Meanwhile, the organization under Deputy Director, Marketing & Business Development is responsible for strategic activities, such as company's long term plan, and business development for NRR services ("Business Unit").

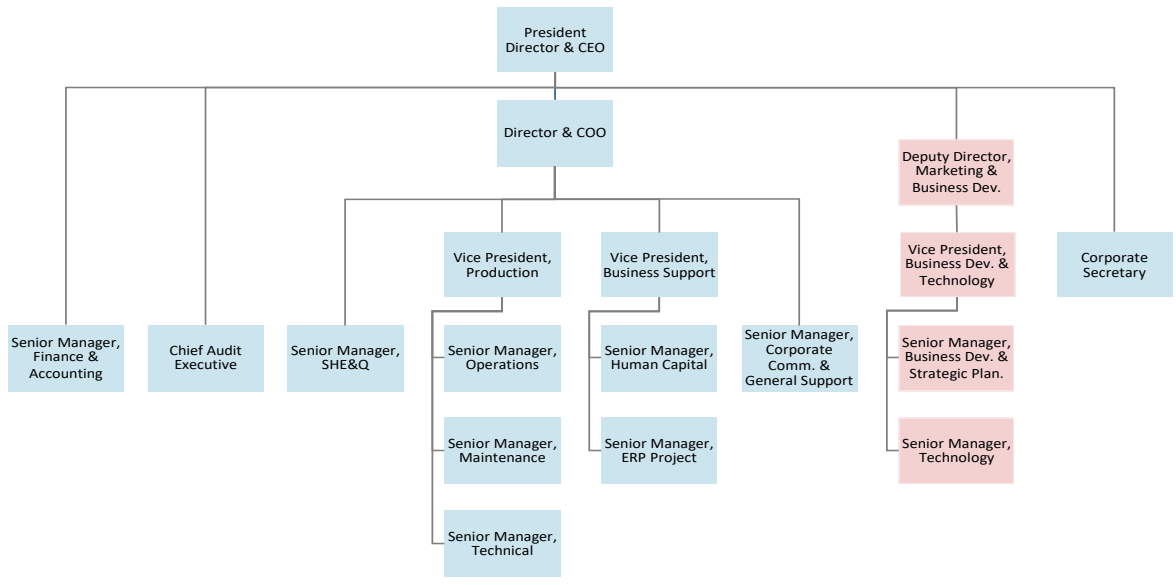


Figure 1.4. Organization Structure of Badak LNG

Marketing & Business Development Division comprises of two departments that are Technology and Business Development & Strategic Planning (BD&SP), each is led by a Senior Manager.

BD&SP Department is responsible to plan, create and implement business plan which includes the Company's long-term strategic plan and look for opportunities to obtain potential projects for the company's continuity as well as planning, monitoring, implementation and reporting of the Company's business development activities and investment activities. Furthermore, the department is responsible for the revenue and profit targets so that they can provide maximum benefits for the company. Meanwhile, Technology Department is responsible to develop studies for Company's strategic projects.

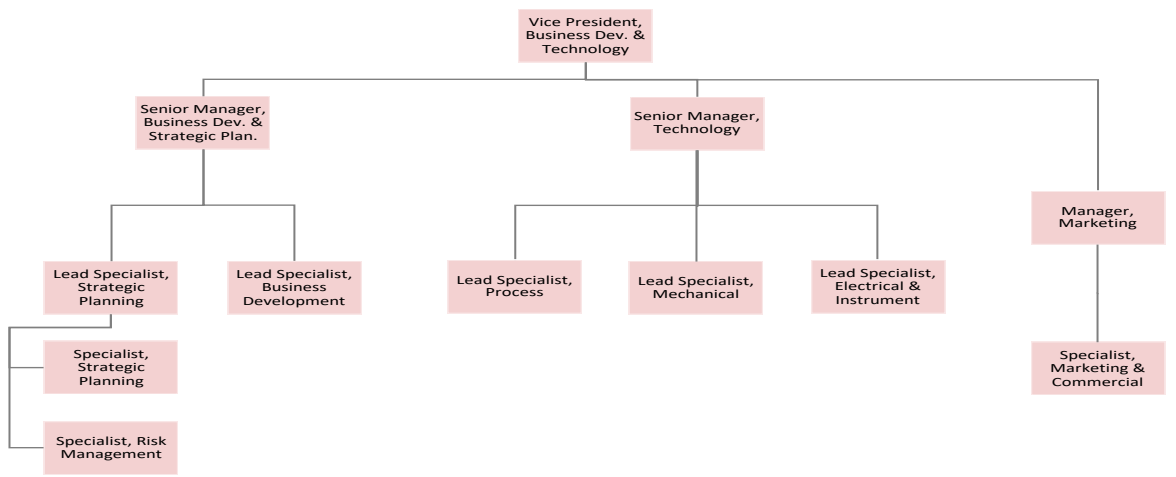


Figure 1.5. Organization Structure of Marketing & Business Development Division

1.3. Business Issue

Bontang LNG plant is renowned as one of the oldest and once was one of the largest LNG plants in the world (International Gas Union, 2023). Badak LNG as the plant operator has gained acknowledgement in the LNG industry from the operatorship. Operational excellence is the strong point in Badak LNG's existence in the LNG industry.

For more than four decades, Badak LNG has been all about operational performance. According to an operational performance benchmarking among 18 LNG plants worldwide in 2020, Badak LNG is the pacesetter for 4 of 16 benchmarked aspects, mainly in safety performances, reliability, and operating costs. In national scale, Badak LNG is recognized for its environmental performance excellence through the award of PROPER¹ Gold. Badak LNG has been awarded PROPER Gold for 12 times since 2011, which places the company as one of the companies in Indonesia to achieve most PROPER Gold from the Ministry of Environment and Forestry.

Recent issues brought up by declining feed gas have forced the company to transform. In late 2020, Badak LNG assigned "Badak LNG Transformation Task Force" through the Decree of President Director & CEO No. 351/BJ00/2020-077 dated 21 December 2020 to develop company transformation study. According to the study, the Principle of Agreement and Shareholder Agreement which stipulates that Badak LNG cannot make profit are no longer valid with the issuance of the Company Law in 1995 as amended into Law No. 40 of 2007 and with the expiration of the PSC (Badak LNG Transformation Task Force, 2021). With this legal standing, Badak LNG seeks to transform into a profit-oriented company. Badak LNG realizes that the expertise in commissioning & start-up assistance (CSUA), operation & maintenance (O&M), training, and other technical services are rock-solid foundation to enter global emerging market for LNG projects.

The transformation study covers developing business scheme for the future of the company, developing human resources transformation strategy, and developing blueprint of company's transformation. This study found that one of the weaknesses of Badak LNG is its lack of experience in marketing. As the company is shifting towards profit-oriented business, Badak LNG requires to develop new core business function, among others is marketing

¹ PROPER is a Public Disclosure Program for Environmental Compliance in Indonesia. PROPER is a form of government policy, to improve the company's environmental management performance in accordance with what has been stipulated in the legislation (Sekretariat PROPER Kementerian Lingkungan Hidup dan Kehutanan, 2019).

function (Badak LNG Transformation Task Force, 2021). Since the beginning, there has never been a marketing function in Badak LNG given the nature of the business, let alone to have an established marketing strategy. Only in late 2021, Marketing Section was established under Marketing & Business Development Division, at the same time the division which previously named Strategic & Business Division got its current name.

Referring to company long term plan (*Rencana Jangka Panjang Perusahaan*) for year 2023-2031, Business Unit is targeting growth in revenue expressed as compound annual growth rate (CAGR) by 23,5% (PT Badak NGL, 2022). However, data collected from Annual Report of 2022, prognosis of 2023 financial performance, and Work Program & Budget (*Rencana Kerja Anggaran Perusahaan*) of 2024, shows that revenue growth is far below the desired figure. Not meeting company objectives could be a sign of failed marketing (Forbes Council Member, 2020).

Table 1.1. Revenue Performance of Business Unit

	2024 ²	2023 ³	2022	2021	2020	2019
Revenue (thousand USD)	3.906	9.950	10.632	11.979	8.023	8.347
Revenue growth (%)	-61	-6	-11	49	-4	
CAGR	-14	4	8	20	-4	

Another indicator of performance being reviewed is the number of projects. In 2019, Business Unit signed 23 projects with domestic and overseas clients. In 2020 and 2021, Business Unit only had 4 and 2 deals. COVID-19 pandemic might be the main reason. Fortunately, one of the projects in both years was a big one and it helped with achieving revenue. In 2022, after the pandemic situation lessen, Business Unit managed to obtain more projects with a total of 18 projects. However, in 2023 the number of projects largely decreased to only 7 projects. The summary of these past years' number of projects is presented in Figure 1.6.



² Based on Work Program and Budget of year 2024.

³ Based on prognosis of year-end financial performance as of October 2023.

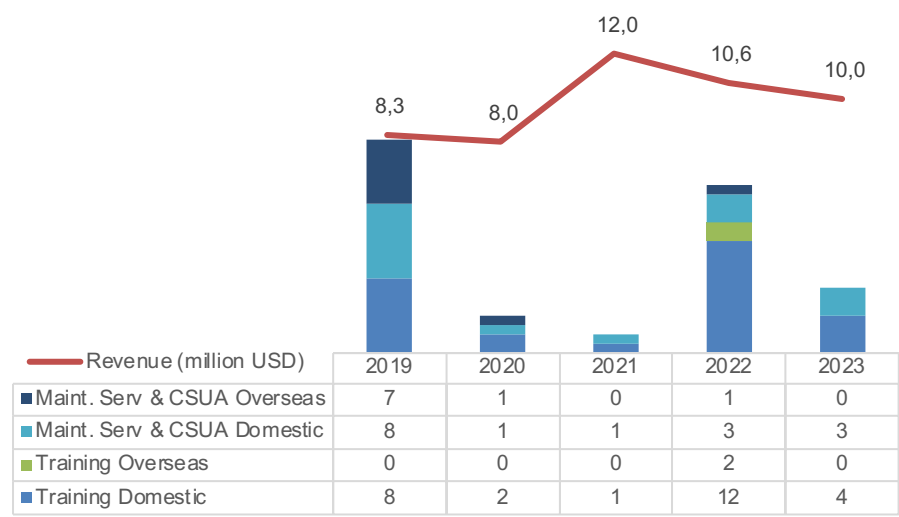


Figure 1.6. Number of Business Unit Projects



It concerned the boards that Business Unit’s performance is not sustainable enough. Business Unit needs strategy to help the company to get to a sustainable and profitable business. After being a non-profit operating company for more than four decades, Badak LNG need to establish a brand as the core of its marketing strategy, as branding works longer term. Brand management serves as the major marketing tool to build customer equity which is the proper focus of marketing (Kotler & Armstrong, Principles of Marketing, 2012). As a company providing services, one of the challenges in marketing would be that the offered products are intangible and likely to vary in quality. Branding can address these issues, to make the abstract nature of services more concrete (Keller, Strategic Brand Management, 2013). In a services company, especially a knowledge-intensive business services, brand management is critical to sustain its credibility, reduce the clients’ perceived risk, and maintain long-term competitiveness (Santoz-Vijande, del Río-Lanza, Suárez-Álvarez, & Díaz-Martín, 2012).

1.4. Research Objectives

When a company transforms from non-profit into profit-oriented, a lot of things need to change, among others is how company’s brand image is perceived. Therefore, the objectives of this research are the following:

1. To determine the appropriate brand strategy for Badak LNG following its transformation into a profit-oriented services company.

2. To develop brand building plan for Badak LNG following its transformation into a profit-oriented services company with maximizing the potentials that the company possesses.

1.5. Research Questions

With the baseline of previously defined research objectives, this research will address these questions:

1. What is the appropriate brand strategy for Badak LNG?
2. What is the plan of Badak LNG's brand building?

1.6. Research Scope and Limitation

Due to complexity, and to focus on important issues, these are the scope and limitations of this research:

1. The research focuses on company's services business, without considering any potential goods the company might sell in the future.
2. Company's business is considered as pure business to business (B2B), putting aside individual customers who might come from certain type of services.

1.7. Writing Structure

The study consists of four parts:

1. Introduction

This chapter contains the background, company profile, and general business issue that led to the necessity for the business issue to be solved.

2. Business Issue Exploration

This chapter will explain the conceptual/theoretical framework, research methodology, and detailed analysis of the business issues.

3. Business Solution

This chapter will bring analysis of the appropriate solution to address the business issue and circumstances faced by the company.

4. Conclusion and Implementation

This chapter concludes the answers to the research questions and elaborates an implementation plan of the selected solution including the necessary activities, timeline, and resources requirements.

CHAPTER 2 BUSINESS ISSUE EXPLORATION

2.1. Conceptual Framework

Conceptual framework is the researcher's explanation of how the research problem would be explored in an integrated way of looking at a problem under study (Liehr & Smith, 1999). It shows the series of action the researcher intends carrying out in the research. Conceptual framework to be used to solve business problem is presented in Figure 2.1.

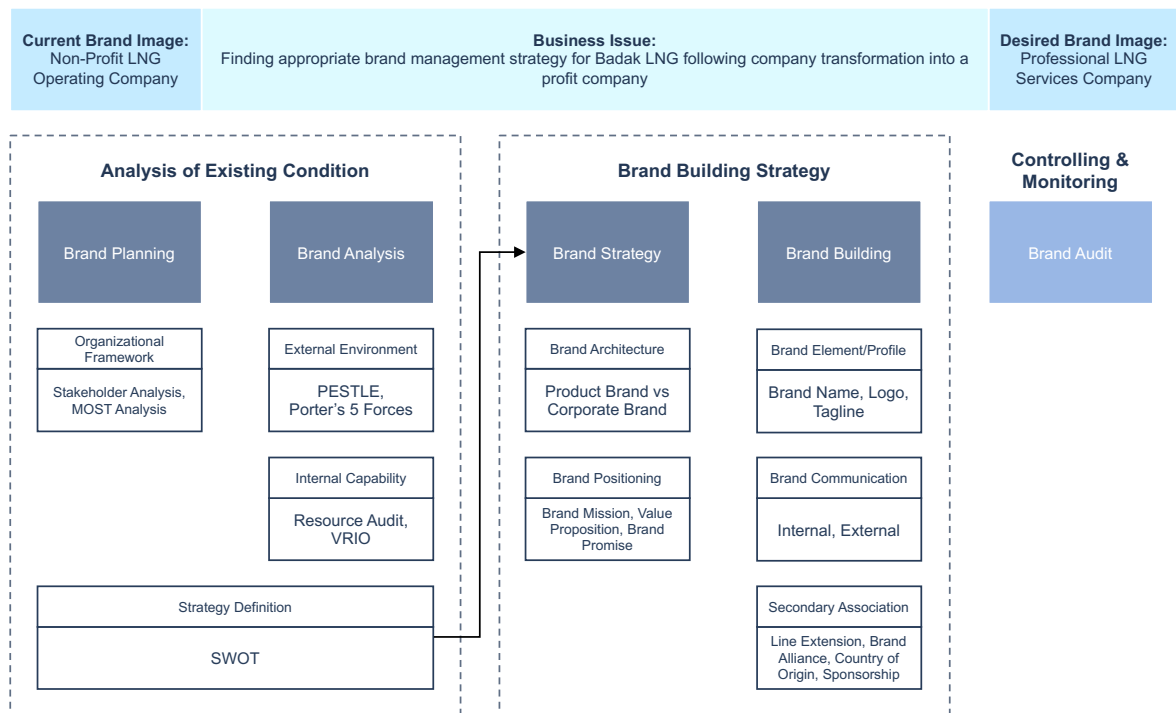


Figure 2.1. Conceptual Framework

Badak LNG doesn't have a brand strategy since the company transformation first took place. The purpose of this brand strategy is to help the company to get to a sustainable and profitable business. Branding literature claims that the process of branding starts with market positioning and analysing the company's core values. It requires an in-depth understanding of an organisation's culture, vision, and mission (Keller, Strategic Brand Management, 2013). This research starts with conducting stakeholder analysis to first identifying the needs and expectations of related parties before determining strategy, considering that the company has many stakeholders with different interests (LNG Unit vs Business Unit). It is then followed by MOST (mission, objectives, strategy, and tactics) analysis to evaluate Badak LNG's strategy as a corporation.

Previously, as a non-profit operating company, the main key performance indicator (KPI) of Badak LNG is safe and reliable plant operation. The company has only been benchmarked among peer LNG companies for its operational aspects. With the vision of becoming profit-oriented, the position of the company as a service provider needs to be assessed. PESTLE (political, economic, sociological, technological, legal, and environmental) and Porter's Five Forces will be used as tools for analyzing external business environment to provide a detailed picture of the situation facing the organization. Resources audit and VRIO (value, rarity, imitability, and organization) will be used for internal capability analysis. Finally, SWOT (strengths, weaknesses, opportunities, and threats) will be used to determine company's position combining internal and external aspects to further formulate strategy.

The research will continue with determining appropriate brand strategy for Badak LNG. It starts with selecting which of branding architecture strategies is better suited for Badak LNG based on the characteristics of both product branding and corporate branding, followed by assessing Badak LNG's brand positioning. The result will determine follow up strategies of brand building programs. For a full cycle of brand building process, a brand audit needs to be conducted, however this will not be included in this study.

2.2. Theoretical Framework

2.2.1. Branding

According to Oxford Dictionary of Business and Management (2009), brand is a "tradename used to identify a specific product, manufacturer, or distributor" (Law, 2016). American Marketing Association define brand as "a name, term, design, symbol or any other feature that identifies one seller's goods or service as distinct from those of other sellers" (American Marketing Association, n.d.). In marketing industry, brand is referred as more than that. It is something that actually creates a level of awareness, reputation, prominence, etc. in the marketplace. Therefore, a brand is more than just a product as it can have dimensions that differentiate it in some way from other products designed to satisfy the same needs. These differences can be rational and tangible, or they can be symbolic, emotional, and intangible (Keller, Strategic Brand Management, 2013).

Brand is important for both customers and companies. For consumers, brands identify the source of a product or service, and enable consumers to assign responsibility to a particular manufacturer or merchant. Brands also simplify consumers' product decision as they allow consumers to recognize past experiences with the product or service and with its marketing program (Keller, Strategic Brand Management, 2013). Brands convey a set of values which

may be considered at various stages of the organizational decision making process including the determination of the characteristics of the product or service, the search for potential suppliers and the evaluation of proposals (Sweeney, 2002). For the companies, brands are used identify their products in operational activities. A brand is also used to retain intellectual property rights through registering trademarks, patents, or copyrights. More importantly, brands help the companies to secure a competitive advantage as lasting impressions in the minds of consumers may not be easily copied by other companies (Keller, Strategic Brand Management, 2013). Having a notable brand that's "strong" is important as it can help to establish distribution networks, facilitate brand extensions that will help the acceptance of new products, and increase the flexibility of pricing (Kay, 2006).

2.2.2. Services Branding

Branding has a significant role in service companies because powerful brands increase the trust of customers as they facilitate a better visual depiction and comprehension of intangible products (Berry, 2000). They decrease the perceived monetary, social, or safety risk associated with services, which are difficult to assess prior to purchase (Berry, 2000).

Services require a different approach to brand development than the product brand development would involve (O'Cass & Grace, 2004). In goods, the product is the primary brand, meanwhile with services, the company is the primary brand (Berry, 2000). The tendency to conceptualize the brand “in terms of physical goods” fails to account for the very different nature of services when compared to physical products (O'Cass & Grace, 2004).

A service brand is a combination of what the company says the brand is, what others say, and how the company performs the service from the customer's point of view (Berry, 2000). A service can be branded through the association of different components; through the “company’s presented brand, external brand communications, customer experience with company, brand awareness, brand meaning, and brand equity” (Berry, 2000). There are distinct dimensions that are relevant in consumers’ minds when considering decisions regarding service brands; employees, facilities, experience, and word-of-mouth (O'Cass & Grace, 2004). Marketers have typically considered the branding of services from two different perspectives. Using the company's name as the brand name or employing traditional brand management to create a unique brand for the service (O'Cass & Grace, 2004).

According to Berry (2000), service companies build strong brand through distinctiveness and consistent message, they perform their core services effectively, by connecting their brands with trust, and by reaching customers' emotion. The figure below illustrates four methods by which service companies can strengthen their brands. Companies that have the greatest brands typically utilize all four approaches (Berry, 2000).

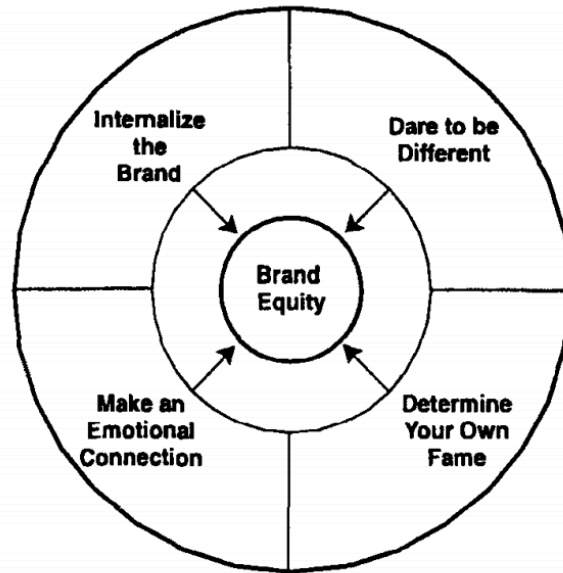


Figure 2.2. Cultivating Brand Equity (Berry, 2000)

2.2.3. *B2B Branding*

The view of branding has been myopically interpreted by marketers as having little to do with business markets. Associated primarily with the emotional value of the product, branding was thought to have a limited association with the rational process, which is traditionally considered in the decision making process of organizations (Robinson, Faris, & Wind, 1967). A study found that branding only had a relative importance of 16% when buyers were deciding to make a purchase decision. Other attributes were found to be more important including delivery period (27% relative importance) the most desired attribute, followed by price (24%), technology (19%) and finally the availability of parts (14%) (Bendixen, Bukasa, & Abratt, Brand Equity in the Business-to-Business Market, 2004). Another study found branding to be secondary to pricing, logistics, and service (Zablah, Brown, & Donthu, 2010). However, the increasing importance of branding in the B2B market (Seyedghorban, Matanda, & LaPlaca, 2016) is attributed to the fact that brands have an effect on the purchasing decision of industrial buyers (Kuhn, Alpert, & Pope, 2008). The increasing similarity of the quality in B2B markets increases the importance of branding (Leek & Christodoulides, 2011).

From the literature, business-to-business buyers are different from consumer buyers. They're motivated by profit and have limited budgets (Webster, Jr. & Keller, 2004). Within the process of decision making, the nature of the buyer, the attributes of the customer company, and the nature of the purchase situation all have an individual effect on the importance of branding, but there may also be interactions that affect the decision (Leek & Christodoulides, 2011).

It's unclear as to what degree B2B companies should be branding. There is an assumption that B2B companies should brand at the product level, similar to consumer markets. However, this is not necessarily practical with the variety of products or the short product life cycle, or the production of custom products (Baumgarth, 2010). It is believed in B2B that corporate brands are more important than product brands (Aspara & Tikkanen, 2008). Research has documented that 31% of companies focused on a corporate brand strategy, while 47% employed a combination of corporate branding and other levels of the branding hierarchy (Baumgarth, 2010).

2.2.4. *Brand Building*

Brand building takes a long-term approach with support from the highest management and implemented thoroughly across all of the managerial processes. To incorporate brand consistency and clarity into the strategy process, Kotler and Pfoertsch (2006) advocate for a five step process that involves brand planning, brand analysis, brand strategy, brand building, and brand audit.



Figure 2.3. Sequence of Brand Building Process (Kotler & Pfoertsch, B2B Brand Management, 2006)

Van Gelder (2003) explains that brand strategy is initiated by a comprehensive understanding of the business strategy that ensures strategic consistency. The strategy for

corporate development and the brand strategy should be synced in order to maximize value for stakeholders (Van Gelder, 2003).

Brand strategy is a strategic planning tool that should not be confounded with a marketing strategy. A marketing strategy describes the manner in which the products and services will be marketed to the intended audience. The brand strategy will incorporate marketing strategy but will go beyond that. As marketing is concerned with communicating with customers and the market, the brand strategy is concerned with creating a brand's image and personality that is intended to communicate to audiences and how it will be done. The brand strategy will be employed to describe how the company will enhance their internal communication (Ropo, 2009). Brand strategies involve brand equities and identities, brand architecture and other strategies that have the purpose of creating and maintaining value of the brands (Kay, 2006).

A brand is not created through the creative design of logos or other symbolic features, instead, it is created through the experience people have with a particular product and the way the organization addresses external perceptions. This implies that developing a brand is more than just a translation from external forces to internal goals, but also involves a process of communication between both groups, not solely led by marketing or advertising professionals. Also, it implies that branding is primarily a strategic endeavor that has the potential to have a significant impact on culture and identity. As a result, creating a brand is more complex than simply developing a marketing plan (Stensaker, 2007).

As the importance of branding increases in the B2B and service industries, so does the concept of brand equity. The brand equity concept was initially developed by Aaker (1991) and Keller (1993). Aaker (1991) defined brand equity as the “set of brand assets and liabilities linked to a brand, its name, and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers.” Keller (1993) defines customer-based brand equity (CBBE) as “the differential effect of brand knowledge on consumer response to the marketing of the brand.” The equity of brand can be considered positive or negative. Positive brand equity is the magnitude of the marketing advantage a brand possesses over a fictitious or unnamed competitor. Negative brand equity is the magnitude of negative public perception associated with a particular brand. (Berry, 2000).

According to Aaker’s (1991) brand equity model, the value from brand equity is based on five different categories; these are “brand loyalty,” “name awareness,” “perceived quality,” “brand associations in addition to perceived quality,” and “other proprietary brand assets (patents, trademarks, channel relationships, etc.)” (Aaker, 1991).

According to Keller's CBBE model, building a strong brand involves a sequence of steps. These steps (brand identity, brand meaning, brand response, and brand relationships) are structured in a six brand-building blocks which are assembled as a brand pyramid (Keller, Strategic Brand Management, 2013). At the top of CBBE pyramid, brand resonance, occurs when all the other brand-building blocks are completely synchronized with customers' needs, wants, and desires (Keller, Building Customer-Based Brand Equity, 2001).

Berry (2000) proposed a service-branding model of service brand equity through analyzing the strategies of 14 mature high-performance service companies. The study advocates that brand equity comprises two components: brand awareness and brand meaning (brand image) (Berry, 2000). The primary source of brand awareness is the company's presented brand, i.e., the company's controlled communications. Having secondary impact on brand awareness are external brand communications, which refer to information customers receive about the service which is essentially uncontrolled by the company via word-of-mouth communications, and public relations (Berry, 2000). Brand meaning, on the other hand, is said to be mainly influenced by the customer's experience with the company. Having secondary influence on brand meaning is said to be the company's presented brand, and external brand communications (Berry, 2000). Brand awareness and brand meaning both contribute to brand equity for experienced customers, but not to the same degree (Berry, 2000).

Kuhn et al. (2008) modified Keller's (1993) CBBE model to fit B2B context. Industrial markets differ by many aspects, such as their decision-making processes, involved actors in purchasing, and the brand architecture. Therefore, the study proposed that only salience, performance, imagery, and judgments blocks of the CBBE model apply for the B2B markets, but feelings does not (Kuhn, Alpert, & Pope, 2008). The study found that performance attributes are more significant to industrial buyers than the outlook. Additionally, technology had a significant impact on performance. Also, credibility as a part of the brand judgement block also had a significant impact. In regard to the resonance, dimensions of loyalty, attachment, community, and engagement were not considered relevant; instead, partnerships were recognized. The study considered reputation as a significant component of the buyers, and the use of salespeople was crucial to the development of brand equity (Kuhn, Alpert, & Pope, 2008).

In more recent study, Steenkamp et al. (2020) had studied the subdimensions of Keller's CBBE framework for B2B service industry and proposed a framework named Servbrand. The study considered brand salience, performance, and judgment blocks relevant for the

B2B service industry. However, minor alteration was made to the performance block, feelings were not considered relevant, and the image block was replaced with people aspects (Steenkamp, Herbst, De Villiers, Terblanche-Smit, & Schmidt, 2020). Judgments block was renamed as opinions, including a specific focus on trustworthiness and overall satisfaction (Steenkamp, Herbst, De Villiers, Terblanche-Smit, & Schmidt, 2020). Lastly, brand resonance was changed to brand relationships consisting of personal and partnership aspects as the critical element of value creation (Steenkamp, Herbst, De Villiers, Terblanche-Smit, & Schmidt, 2020). However, the Servbrand Framework has not yet been applied in different locations or industries. Steenkamp et al. (2020) also stated that the framework's applicability should be extended to other sectors to show the model's usefulness within different B2B service contexts.

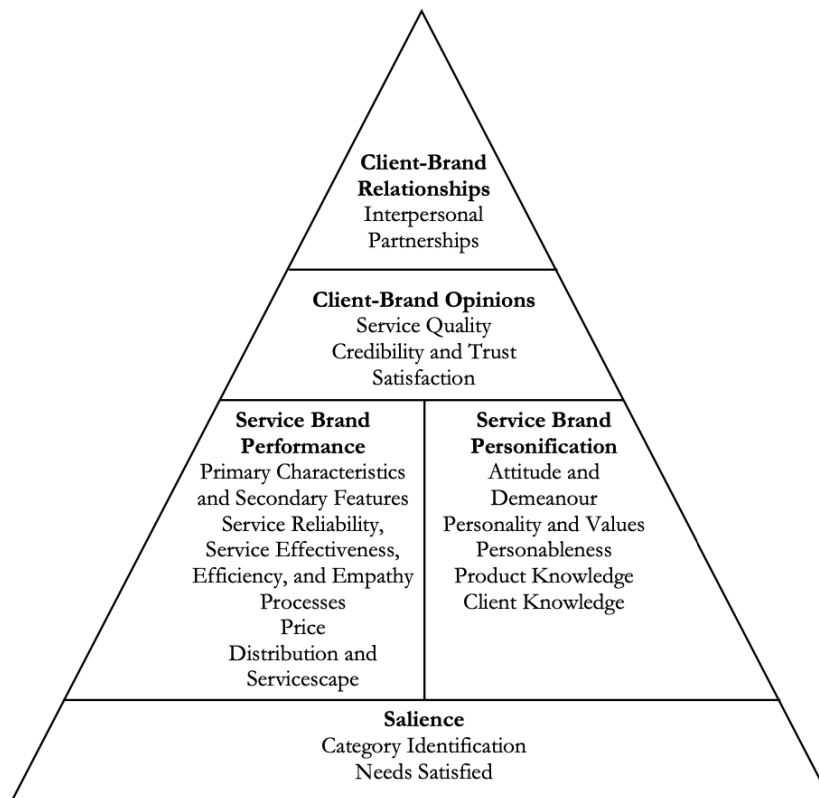


Figure 2.4. Servbrand Framework (Steenkamp, Herbst, De Villiers, Terblanche-Smit, & Schmidt, 2020)

2.3. Research Methodology

2.3.1. Research Method

To achieve the objectives, this research will use qualitative investigation method. Qualitative research is a form of exploratory research that involves non-structured data collection

methods. It involves the gathering, analysis, and interpretation of data that is not easily quantifiable (Parasuraman, 1991). Qualitative research's way to collect data allows for greater freedom. In addition, the methods used vary widely, with open-ended, exploratory, and wide-ranging processes and little, if any, assumptions on the part of the researchers (Bouchrika, 2023). Any research that employs non-structured questions or observational techniques is considered qualitative. However, qualitative research is typically characterized by having a smaller number of participants or units. Other words, a large study that involves multiple representative participants would not be considered qualitative research, even if it employs some random questions or observations (Parasuraman, 1991).

2.3.2. Research Technique

To carry out investigation, this research will use gap analysis technique. Gap analysis focuses on investigating two perspectives that are the current state and the desired future state in order to identify the differences between them. These differences serve as the basis for developing plans that will lead to the desired outcome (Cadle, Paul, & Turner, 2014). The typical approach used to analyze the gap is as follows:

1. Investigate and explore the existing condition.
2. Analyze perspectives and develop representation of the desired situation.
3. Compare and contrast the two perspectives and identify the differences and necessary actions in order to transition from the present situation to the desired situation (Cadle, Paul, & Turner, 2014).

2.3.3. Research Design

Research design refers to the overall strategy and analytical to integrate the different components of the study, thus ensuring that the research problem will be thoroughly investigated. It constitutes the blueprint for the collection, measurement, and interpretation of information and data (University of Southern California, 2023). Exploratory research will be used in this paper. Exploratory research is a form of research that has the primary goal of providing insight into and understanding of the situation that the researcher is dealing with (Parasuraman, 1991).

2.4. Analysis of Business Situation

2.4.1. Stakeholder Analysis

One of the most important aspects of business analysis is interacting with stakeholders. Stakeholders can support or oppose changes and they have knowledge which the analyst needs. As such, the value of working closely and effectively with stakeholders cannot be underestimated (Cadle, Paul, & Turner, 2014).

Table 2.1. Badak LNG's Stakeholders Analysis

Stakeholder	Needs	Expectation	Power / Interest	Engagement Strategy
Executives	<input type="checkbox"/> Operation stability <input type="checkbox"/> Maintained reputation	<input type="checkbox"/> Business sustainability	High / High	Manage actively
Business Partner	<input type="checkbox"/> Maximum profit	<input type="checkbox"/> Business sustainability	High / High	Manage actively
Shareholders	<input type="checkbox"/> Operation stability <input type="checkbox"/> Maintained reputation	<input type="checkbox"/> Business sustainability	High / Medium	Keep satisfied
Customers	<input type="checkbox"/> Quality of services <input type="checkbox"/> Timely delivery of services <input type="checkbox"/> Competitive price	<input type="checkbox"/> Competitive price	High / Medium	Keep satisfied
Gas Producers	<input type="checkbox"/> Undisturbed plant operation <input type="checkbox"/> Maximum plant thermal efficiency <input type="checkbox"/> Efficient operating expenses	<input type="checkbox"/> Maintained plant reliability <input type="checkbox"/> Minimum post operation liabilities	High / Low	Watch
Ministry of Finance (Asset Owner)	<input type="checkbox"/> Maximum revenue from utilization of assets <input type="checkbox"/> Proper maintenance of assets	<input type="checkbox"/> Minimum post operation liabilities	High / Low	Watch
Management	<input type="checkbox"/> Safe operation <input type="checkbox"/> Timely payment of salary	<input type="checkbox"/> Business sustainability	Medium / Low to High	Keep inside
Supplier	<input type="checkbox"/> Timely payment <input type="checkbox"/> Fairness in tender process	<input type="checkbox"/> N/a	Medium / Low to High	Keep inside
Staff level employees	<input type="checkbox"/> Safe operation <input type="checkbox"/> Timely payment of salary	<input type="checkbox"/> Business sustainability	Low / Medium to High	Keep informed
Local Government	<input type="checkbox"/> Tax payment <input type="checkbox"/> Employment	<input type="checkbox"/> N/a	Low / Low	Ignore

The process of identifying stakeholders involves thinking about all of the major groups that could be affected by the business situation or area of investigation. Stakeholder analysis, as presented in Table 2.1, focuses on analyzing all of the stakeholders and categorizing them by their degree of influence and their areas of concern (Cadle, Paul, & Turner, 2014). Each category needs to be managed in different manner. The high power/ high interest stakeholders need to be closely involved at all stages and in any key decisions. The high power/ medium interest stakeholders need to be kept informed where necessary so that they do not begin to develop unhelpful interest. The high power/ low interest stakeholders need to be watched to ensure that they do not have their interest aroused. The medium power stakeholders, with a range of level of interest from low to high, need to be kept inside. The low power/ medium to high interest stakeholders needs to be kept as informed as possible with regular communication. The low power/ low interest stakeholders do not require a great deal of consideration (Cadle, Paul, & Turner, 2014).

2.4.2. External Business Environment

2.4.2.1. PESTLE Analysis

PESTLE analysis will be used as a framework for investigating and analysing the external environment of Badak LNG. The framework identifies six key areas that should be considered when attempting to identify the sources of change: Political, Economic, Socio-cultural, Technological, Legal, Environmental (Cadle, Paul, & Turner, 2014). is constructed for Badak LNG in LNG services environment.



Table 2.2. PESTLE Analysis

Aspect	Analysis
Political	<p>[P1] Soaring European LNG demand occurred following sharp decline in Russian pipeline gas supplies in response to Russian-Ukraine conflict. As the result, LNG plant operators and investors are rushing to expansion plan of the liquefaction capacity and project FIDs (International Gas Union, 2023).</p>
Economic	<p>[Ec1] In contrast to point P1, a fair portion of 997.1 MTPA of aspirational liquefaction capacity currently in pre-FID stage are unlikely to progress due to the weak economic, combined with difficulties to access financing for fossil fuel projects (International Gas Union, 2023). Additionally, high LNG prices globally are also pressuring demand for gas and LNG, leading price-sensitive buyers to turn to cheaper alternatives (International Gas Union, 2023).</p>
	<p>[Ec2] PwC projected that the world economy will double in size by 2042, growing at an annual average rate of around 2.6% between 2016 and 2050, driven largely by emerging market and developing countries (PwC, 2017). Indonesia could rise to 4th place by 2050 (PwC, 2017).</p>
Sociocultural	<p>[S1] Increased awareness on environmental issues is expected to influence business. A global poll in 2022 found that climate change is a common topic for half of people globally, around 68-70% of them are concerned about the effects that are already apparent in their country and other countries. The study also stated that the public believed that there was a shared responsibility between the government, businesses, and individuals (Ipsos Global Advisor, 2022).</p>
	<p>[S2] In this digital era, people are accustomed to using online media in daily activities. There are 5.16 billion internet users globally today, which is approximately 64.4% of the total population. Among this group, there are now 4.76 billion social media users worldwide, which is approximately 60 percent of the total population (We Are Social, 2023).</p>

Aspect	Analysis
Technological	<p>[T1] According to 2023 World LNG Report, AP-C3MR is the most popular liquefaction technology among established LNG plants, with a total of 45 LNG trains or 33% of the total number of LNG train in the world. If sanctioned plants and plants under construction are included, in the upcoming years, technology BHGE SMR will dominate with 27% and put AP-C3MR in second place with 24% (International Gas Union, 2023).</p>
	<p>[T2] The development in information and communication technology (ICT) sector is believed to have positive impacts on economy by increasing the overall efficiency and productivity. The development of ICT in Indonesia can be seen from the access and use that continues to increase along with the development of various supporting infrastructure for ICT (Das, Gryseels, Sudhir, & Tan, 2016).</p>
Legal	<p>[L1] Harmonization of tax regulations in Indonesia through Law (<i>Undang-Undang</i>) No. 7 year 2021 regarding “Harmonization of Tax Regulations (<i>Harmonisasi Peraturan Perpajakan</i>)” may have impacts on business. Several provisions that have been changed and/or added, including implementation of natura tax (benefit in-kind), changes of individual and corporate income tax rates, depreciation, and amortization, as well as international agreements in the field of taxation (Badan Pemeriksa Keuangan, 2021).</p>
Environment	<p>[En1] The Government of Republic of Indonesia has targeted to increase the energy mix in 2050 to 1,000 MTOE by increasing the contribution of natural gas by 24% as explained in Presidential Decree No. 22 year 2017 regarding “General Plan of National Energy (<i>Rencana Umum Energi Nasional</i>)” (Rahmat, 2017).</p>
	<p>[En2] Decarbonization is becoming a more prominent feature in recent proposed and developing LNG projects. As the demand for low carbon LNG increases, more participants in the industry are expected to focus on the decarbonization of their operations (International Gas Union, 2023).</p>

2.4.2.2. Porter’s Five Forces Analysis

Porter’s Five Forces analysis will also be used to consider the external business environment, but it has a different focus from that of the PESTLE analysis. This methodological approach

examines the domain of business or industry within which an organization is involved and identifies the business forces that are likely to affect the organization (Cadle, Paul, & Turner, 2014). The potential sources of pressure are divided into five categories: Industry Competitors, New Entrants, Substitutes, Buyers, Suppliers (Cadle, Paul, & Turner, 2014). The following table is constructed for Badak LNG in LNG services environment.



Table 2.3. Porter's Five Forces Analysis

Aspect	Analysis
Industry Competitors	The level of competition for the services in the LNG industry is considered low . Not many companies are able provide the range of services provided by Badak LNG.
New Entrants	Threat of new entrants as LNG service provider is considered low . The requirement for expertise is the main barrier to the entrance. The likelihood of new entrants coming into the industry is small because there are only limited numbers of LNG companies with the similar experience as Badak LNG.
Substitutes	The availability of substitutes is considered high . Customers can go to EPC companies for technical services, or to manpower suppliers for O&M and CSUA, or training institutes for their training needs. However, most services provider don't have online LNG plant and real experience to learn from. Compared to the suppliers of these substitutes, Badak LNG has competitive advantage that the substitutes cannot offer.
Buyers	Customers of the LNG services business have much choice to choose from although the capability of suppliers varies. The customers are considered to have the high power in the relationship.
Suppliers	As service provider, the dependence on suppliers is low . The primary assets are manpower which come from internal resource. Badak LNG also has access to external resource such as former employees or retirees.

2.4.3. Internal Capability

2.4.3.1. MOST Analysis

MOST analysis will be used to analyze what the company has set out to achieve (the mission and objectives) and how it aims to achieve this (the strategy and tactics). A MOST is usually

used during the strategic analysis, since it can demonstrate strength within the organization or expose inherent weaknesses (Cadle, Paul, & Turner, 2014).

Table 2.4. MOST Analysis of PT Badak NGL

Aspect	Analysis
Mission	<p>Badak LNG’s mission statement:</p> <p>“Manage and develop effective and efficient LNG facilities operations based on international standard, built upon security, safety, reliability, and profitability.”</p> <p>The mission stated above is a result of discussion and agreement between the Board of Directors and the Board of Commissioners (PT Badak NGL, 2022).</p>
Objectives	<p>Company’s objectives set out in Key Performance Indicator (KPI) are summarized below:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Minimizing lagging indicators as well as maximizing the leading indicators of health, safety, security, and environment (HSSE) <input type="checkbox"/> Maximizing plant efficiency and production <input type="checkbox"/> Control of project execution <input type="checkbox"/> Control of expenditure and implementation of cost efficiency program <input type="checkbox"/> Maximizing EBITDA and revenue <input type="checkbox"/> Implementation strategic initiatives program <p>The KPI above is an agreement between Board of Directors and shareholders. Each item is cascaded to levels below Board of Directors.</p>
Strategy	<p>Badak LNG’s business strategy is translated from company’s long term plan as seen below:</p> <p>For LNG Unit: “The pillars of PT Badak NGL’s strategy to achieve production and shipment reliability as well as plant efficiency include operation optimization and plant maintenance program.”</p> <p>For Business Unit: “The pillars of PT Badak NGL’s strategy for business development includes assets utilization, providing services from company’s expertise and competence, as well as strategic investment.”</p>
Tactics	<p>Badak LNG’s tactics to execute business strategy are presented in company’s long term plan. Other than breakdown programs under each business strategy, the company also define key enablers including HSSE, human capital, and risk management.</p>

The first two aspects (mission and objectives) represent what Badak LNG wishes to achieve, and the latter aspects (strategy and tactics) describe how the company is going to do this. Badak LNG has defined all aspects in MOST. Company's mission is clearly defined in formal document, MNL/BSMART/01 "General and Compliance," as well as company website, hence it is accessible to all stakeholders. Company's objectives are documented in Key Performance Indicators (KPI). Each objective has specific and measurable target. Business strategy and tactics to implement business strategy are documented in company's long term plan.

Looking at the definition above, company's objectives is considered consistent with its mission. Each keyword in mission statement such as "effective and efficient", "security, safety", "reliability", and "profitability" has been translated into single KPI. However, even though business strategy and the tactics that follow have been defined, the statements are written in a document with limited access, even for Badak LNG's permanent employees. It is a potential for weakness in the organization as the MOST are not communicated to all internal stakeholders.

2.4.3.2. Resources Audit

While MOST provides a statement of intent for the organization, a resource audit will be conducted. Resource audits analyze key areas of internal capability in order to identify the resources that will enable business change and those that will undermine or prevent such efforts (Cadle, Paul, & Turner, 2014). The five areas of resource to examine are financial, physical, human, reputation, and know-how (Cadle, Paul, & Turner, 2014).

Table 2.5. Resource Audit

Area	Result
Financial	<ul style="list-style-type: none"> □ Separate financials between plant operation and services business. □ Financial ratio highlights in 2022 for business unit – profitability ratio: 16%; debt to assets ratio: 20%; debt to equity ratio: 25%; USD 5.2 million current assets to USD 1.045 million current liabilities.
Physical	<ul style="list-style-type: none"> □ Three active LNG processing trains, while the other five are already or undergoing decommissioning process or idle. □ Maintenance workshop consisting of machinery and heavy equipment workshop, electrical workshop, and instrument workshop. □ Laboratory accredited with SNI ISO/IEC 17025:2017 (Testing and Calibration Laboratories), consisting of LNG laboratory, gas laboratory, and wet laboratory. □ Badak LNG Learning Center with 10 classrooms, 5 assessment rooms, a computer room, a plant simulator, a plant miniature showcase, a cafeteria. □ Fire training ground with various fire simulator, including LNG fire, and rescue simulator such smoke chamber and confined space. □ Full-board accommodation options which are guest house with 20+ rooms and apartment with 100+ rooms. □ Recreational and sport facilities. □ Essential public facilities including hospital, airport, worship places, all integrated in Badak LNG area. □ Land, buildings, equipment, and all physical assets are owned by the Government of Indonesia (Ministry of Finance, represented by Lembaga Manajemen Aset Negara or LMAN).
Human	<ul style="list-style-type: none"> □ Permanent employees of 661; non-permanent employees (fix-term and outsource) of 1,811. □ Employees working experience – 5-10 years: 40%; 10-15%: 20%; >15 years: 40%. □ Ninety-nine employees certified as assessor for competency. □ Salary is bound by collective labor agreement (CLA) between company and employees; registered to and authorized by Ministry of Manpower.

Area	Result
Reputation	<ul style="list-style-type: none"> □ Recognized for excellence in HSSE. □ Twenty-five awards in 2022 in various areas including safety, environment, energy, public relations, social and human capital. □ Has been awarded PROPER Gold by the Ministry of Environment and Forestry for 12 times since 2011. □ Managed to achieve level 8 of the International Sustainability Rating System 7 (ISRS7) in 2009. This achievement leads Badak LNG to become the first oil and gas company in the world that manage to reach such a level. A year later, in 2010 the company is awarded with ISRS 8 level 8. □ Received the “Award of Honor” from the US Safety Council for a noteworthy safety performance. □ Received “Sword of Honour” award from the British Safety Council for work safety and “5 Star Safety” award from the British Safety Council. □ Achieving more than 120 million safe man-hours.
Know-how	<ul style="list-style-type: none"> □ Integrated management system called Badak LNG SHEQ Management System and Attitude Reinforcement Technique (BSMART). □ Certified management system: ISO 45001:2018 (Occupational Health and Safety Management System), ISO 50001:2018 (Energy Management System), ISO 14001:2015 (Environmental Management System), ISO 9001: 2015 (Quality Management System), ISO 37001:2016 (Anti-Bribery Management System). □ Company procedure starting from policy level until operational level are accessible by employees through intranet. □ Own Professional Certification Agency (<i>Lembaga Sertifikasi Profesi</i> Badak LNG or LSP Badak LNG) licensed by National Body of Profession Standardization (<i>Badan Nasional Sertifikasi Profesi</i> or BNSP) with 60+ certification schemes related to LNG and oil & gas industries. The LSP Badak LNG has provided certification for 700+ Badak LNG employees and external parties.

2.4.3.3. VRIO Analysis

In addition to resource audit, VRIO analysis will also be used to narrow down resources or capabilities that are core competency that make the company differs. To lead to a sustainable competitive advantage, a resource or capability should be valuable, rare, inimitable (including non-substitutable), and organized. From VRIO analysis, it is expected that company's competitive position could be explained (University of Minnesota, 2015).

Badak LNG provide various services related to LNG plant; technical services, commissioning & start-up assistance (CSUA) services, operation & maintenance (O&M) services, and training services; hence VRIO analysis is conducted relative to companies which provide similar services.



Table 2.6. VRIO Analysis

Resources	V Valuable	R Rare	I Inimitable	O Organized
Active LNG processing trains	Yes	Yes	No	Yes
Maintenance workshop	Yes	No	No	Yes
Accredited laboratory	Yes	No	No	Yes
Badak LNG Learning Center	Yes	No	No	Yes
LSP Badak LNG	Yes	Yes	No	Yes
Plant simulator	Yes	Yes	No	Yes
Fire training ground	Yes	Yes	No	Yes
Integrated accommodation & public facilities	Yes	Yes	No	Yes
Manpower expertise	Yes	Yes	Yes	Yes
Manpower experience	Yes	Yes	Yes	Yes
Certified assessor in LNG field	Yes	Yes	No	Yes
HSSE excellence	Yes	Yes	No	Yes
Integrated management system	Yes	No	No	Yes
ISO certification	Yes	No	No	Yes

2.4.4. Strategy Definition

SWOT analysis will be used to consolidate the results from the external and internal business environment analysis. SWOT stands for: Strengths, Weaknesses, Opportunities, Threats. SWOT is used to summarize and consolidate the key issues identified when analyzing an organization and its business environment. It follows the use of external and internal analysis techniques (Cadle, Paul, & Turner, 2014). Once the SWOT has been developed it is then used as a means of evaluating the organization's business situation and identifying potential strategies for the future (Cadle, Paul, & Turner, 2014).

Table 2.7. SWOT Analysis of Badak LNG

	Analysis
Strengths	<p>[S1] Being one of the oldest LNG companies in the world gave the experience of all phases in LNG life cycle from project phase until declining phase, even decommissioning.</p> <p>[S2] Manpower expertise and experience in LNG industry.</p> <p>[S3] Achievements and recognition in HSSE excellence and social responsibility.</p> <p>[S4] Integrated learning facilities which consist of not only classrooms but also include active LNG plant, maintenance workshop, and laboratories for on-the-job training; fire training ground; plant simulator; accommodation and public facilities.</p> <p>[S5] Own Professional Certification Agency (LSP Badak LNG).</p> <p>[S6] Established and accessible management system.</p> <p>[S7] Company's strategy has supported both LNG Unit and Business Unit's objectives.</p> <p>[S8] Legal standing to conduct profit-oriented activities with the amendment of Article of Association (<i>Anggaran Dasar</i>) dated 27 February 2020.</p>

	Analysis
Weaknesses	<p>[W1] Badak LNG has been operating as a non-profit operating company for decades. Since the establishment, the company has been bound by operatorship agreement with gas producers which stipulates that PT Badak NGL operates with at cost basis. This scheme has created and nurtured a culture that is different from that of profit-oriented company.</p> <p>[W2] The company do not own physical assets; all the physical assets belong to LMAN.</p> <p>[W3] Personnel remuneration that is bound by CLA may cause problem in term of price competitiveness.</p> <p>[W4] Lack of experience in marketing & commercial.</p> <p>[W5] Lack of communication of business strategy to support achieving company objectives.</p>
Opportunities	<p>[O1] Support from Indonesian Government on the utilization of natural gas is expected to accelerate the sector's growth and, in the end, enhance the whole business chain.</p> <p>[O2] Development of new LNG plants in the upcoming years. At least 66 new LNG trains are expected between 2023-2028.</p> <p>[O3] Expected global economic growth, including Indonesia's which is predicted to be one of the biggest players by 2050.</p> <p>[O4] Trends of online media usage and development of information & communication technology which allow more efficient communication with clients and possibility to offer online-based services.</p> <p>[O5] Absence of competitor with comparable expertise.</p> <p>[O6] Growing demand for gas & renewable energies</p>

	Analysis
Threats	<p>[T1] Political and economic situation in certain countries may hinder market penetration or disturb project execution.</p> <p>[T2] People's awareness of climate change, energy transition, and emission reduction targets may discourage investment of oil & gas projects, causing uncertainty of growth of LNG industry in longer-term.</p> <p>[T3] Different liquefaction technology, which is not used in Badak LNG plant, getting more popular.</p> <p>[T4] Potential competition from peer companies, which are LNG companies from the same age group.</p> <p>[T5] LNG plant asset is owned and controlled by the Ministry of Finance.</p> <p>[T6] Regulation issued by Indonesian Government or client's local government, for example regulation on taxes, may cause commercial problem.</p>

According to SWOT analysis above, Badak LNG has internal and external factors which might support or restrain each other. Badak LNG appears to have more strengths identified than the weaknesses. From external factors, there are several opportunities and threats existing at the same time. The following are proposed strategy from combining these factors.

- **S-O Strategy:** Badak LNG can make the most of opportunities from the growth of LNG & gas industries which is also supported by economic growth and the government, by means of providing services utilizing company's experience, manpower expertise, and available facilities.
- **S-T Strategy:** Badak LNG may overcome potential obstacles from competition by creating unique value proposition from all the resources combined. The other strategy is through strategic positioning so that Badak LNG will not have to deal with unnecessary challenge.
- **W-O Strategy:** Badak LNG may overcome potential restraints to grow by leveraging on the wide open opportunities to drive related parties to be aware of and deal with their shortcomings. Related parties need to be made aware of the upside risk from making passes at business opportunities.
- **W-T Strategy:** Badak LNG may avoid being exposed to negative impacts by realizing weaknesses and threats and use them to measure and mitigate risks.

2.5. Conclusion of Business Analysis

Cause-and-effect or fishbone diagrams will be used to provide visual of how undesirable effect or problem is related to its causes. The fishbone diagram is constructed right to left with the problem in the box at the 'head' of the fish. The categories to consider about the problem are then shown on the 'skeleton' leading into the fish's backbone. Finally, the specific issues are represented by the small 'bones' that lead into these. Once the diagram has been constructed, further work can be done to investigate the issues identified and to find the most likely, or most significant; one approach to this is to look for common factors in the various categories (Cadle, Paul, & Turner, 2014). In this study, six Ps formula will be used to identify and categorize the issues: Product/Service, Price, Place, Promotion, People, Process.

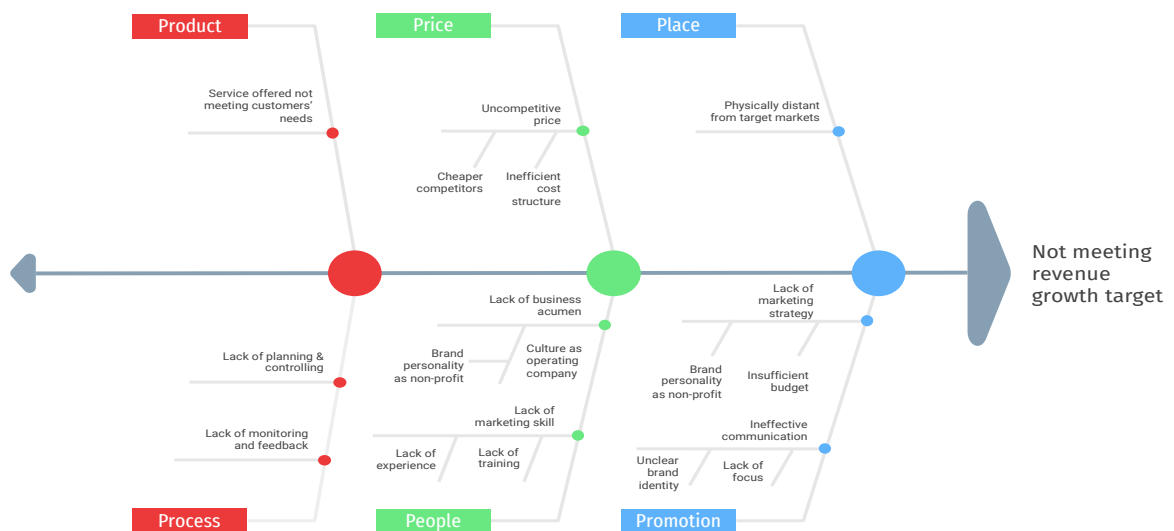


Figure 2.5. Fishbone Diagram

CHAPTER 3 BUSINESS SOLUTION

3.1. Brand Building Model

Brand building model for Badak LNG’s case is adopted from model proposed by Harkestad et. Al. (2012). The model is modified from Keller’s Brand Equity Model (2008). Even though Keller’s model claimed to be replicable for any business, some researchers proposed modified models that are applicable for B2B and services industry. Components of the model proposed by Harkestad are identified for gap analysis.

To conduct gap analysis, this research starts with contrasting the existing and desired situation by considering whether the desired component in brand strategy and brand building journey exist in Badak LNG’s current case. Later in more detail parts, each component will be analyzed whether Badak LNG’s current case works well or have problems; and how significant the problems are.

Table 3.1. Gap Analysis of Brand Building Components

Component		Badak LNG’s Case	
Brand Strategy	Brand Architecture	Not existing	
	Brand Positioning	Brand Mission	Not existing
		Brand Value Proposition	Not existing
		Brand Promise	Not existing
Brand Building	Brand Profile	Brand Name	Existing, satisfactory
		Logo/ Symbol	Existing, satisfactory
		Tagline/ Slogan	Existing, not satisfactory
	Brand Communication	Internal Culture	Existing, not satisfactory
		Internal Promotion	Not existing
		External Culture	Not existing
		External Promotion	Existing, not satisfactory
	Secondary Association	Line Extension & Brand Alliance	Existing, satisfactory
		Country of Origin	Existing, satisfactory
Sponsorship		Existing, satisfactory	

3.2. Brand Strategy

3.2.1. Brand Architecture

Brand architecture is an underlying relationship between the core values and the identity that affects the way a company manages its brands. The design of a brand's architecture can concentrate on the corporate side, the product side or a combination of the two (Urde, 2003). According to Urde (2003), there are four brand architectures that firms may use: (1) corporate branding, (2) product branding, (3) corporate-and-product - with dominant use of the corporate brand, and (4) product-and-corporate - with dominant use of product brands (Urde, 2003).

Corporate branding is the practice of using a corporate name and brand name together, whereas product branding is the process of creating separate brand names for different products (de Chernatony, 1997). The primary difference between product and corporate branding is the focus of the brand. The purpose of product branding is to reach one consumer or consumer segment with a single message, while the goal of corporate branding is to reach multiple consumers with a single message that is significant to all of them, although each member of the audience may perceive the message differently (Shahri, 2011). Unlike product branding, corporate branding necessitates a greater degree of focus within the organization. One of the consequences of this is that corporate branding requires a planning perspective that takes into account the association between external opportunities and core abilities, as well as internal activities that are consistent and cohesive (Khan, 2009).

Conferring Yu Xie and Boggs (2006), international branding strategies should be based on an understanding of its economic, technological, socio-cultural and competitive conditions. Yu Xie and Boggs (2006) further argue that these factors can be summarized as stakeholder interest, corporate image and reputation, marketing complexity, marketing costs and product characteristics. Douglas, Craig and Nijssen (2001) argue that the three factors affecting international companies' branding strategies are market dynamics, firm-based drivers, and product-market drivers.

Alizadeh et al. (2014) suggested a framework of influencing factors in selection of branding strategy for multi business companies entering emerging or developing market. Eventhough the model said to need testing in different economies (Alizadeh, Moshabaki, Hosseini, & Naiej, 2014), the individual factors will be used in this research to select brand architecture strategy for Badak LNG. The paper has also outlined a comparison between product and corporate branding. The characteristics of selected brand architecture will be used to analyze Badak LNG's gap to implement the strategy.

Table 3.2. Case Analysis of Factors Influencing Brand Architecture

Influencing Factor	Product Brand	Corporate Brand	Badak LNG Case
1. Stakeholder interest	Need to appeal to only those who buy and use the product	Need to appeal to a number of groups, including customers, employees, business partners, shareholders	With B2B activities, Badak LNG services need to appeal to broad stakeholder interests
2. Social and cultural factors	Does not reflect the organization's cultures	Has a broader social responsibility as it reflects the organization's cultures	Some services rely on Badak LNG's culture, such as safety-related services
3. Corporate image and reputation	Not emphasized since brand image is drawn from customers' experience with tangible product	Emphasized for intangible product	Badak LNG services are intangible product
4. Political and legal factors	Cannot help manage political and legal instabilities	Corporate reputation can help manage political and legal instabilities	While Badak LNG entering global market, any kind of instabilities may present
5. Market complexity	Cannot help maintain credible product differentiation in complex market	Can create trust, stability, and differentiation in complex market	Type of services provided by Badak LNG are imitable, hence requires secured differentiation
6. Industry characteristics	Less adaptive to rapidly growing, changing and dynamic industry	More adaptive to rapidly growing, changing and dynamic industry	LNG services is not considered dynamic like, for example, IT industry
7. Marketing cost	Higher marketing cost to develop formulations and positioning for individual products	Lower marketing cost as marketing budget is allocated solely to single corporate brand	As Badak LNG's services business started small, cost efficiency is important
8. Product characteristics	Copy and imitation is easy	Copy and imitation is difficult to nearly impossible	Type of services provided by Badak LNG are imitable, hence requires protection

Influencing Factor	Product Brand	Corporate Brand	Badak LNG Case
9. Organizational characteristics: Age	Can be implemented to both new and old organizations	More suitable for old organizations with long history and experiences	Badak LNG has experience as one of the oldest LNG plants
10. Organizational characteristics: Size	Can be implemented to both small and large organizations	More suitable for large organizations with visible corporate reputation	With > 2,000 employees, Badak LNG is considered a large organization
11. Organizational characteristics: International experience	Generally selected by firms with international experience from which they have fine understanding of consumers	Generally selected by firms which lack of international experience	Badak LNG has international experience from providing services to oil & gas companies worldwide.
12. Organizational characteristics: Top management philosophy	More suitable for organizations with enterprise-oriented philosophy (little or no responsibilities about society)	More suitable for organizations with institution-oriented philosophy (significant role for organization in society)	Badak LNG has always been socially responsible
13. Moderating factors: Strategy	Do not require strategic fit between business unit and the corporation	Requires strategic fit between business unit and the corporation	Badak LNG's services business is linked to corporate vision, values, and cultures
14. Moderating factors: Internal organization	More preferred for a decentralized organization structure	More preferred for a centralized organization structure	Badak LNG's business unit organization is separated from LNG plant organization
15. Moderating factors: Driving forces	Business unit management perceive high value of the own business unit	Business unit management perceive high value of organization as a whole	Business unit always leverage the value of Badak LNG as a whole
16. Moderating factors: External prestige	Does not require high perceived external prestige	Requires high perceived external prestige	Badak LNG believes in positive corporate reputation from publication and word-of-mouth

Referring to the analysis conducted above, Badak LNG's cases are mostly suitable for corporate branding. Nearly all case analysis of influencing factors, which are no. 1, 2, 3, 4, 5, 7, 8, 9, 10, 12, 13, 15, and 16, are in favor of corporate brand, while no. 6, 11, and 14 are in favor of product brand.

3.2.2. *Brand Positioning*

The creation of a positioning strategy is sometimes called the most significant field of brand management. The process of positioning brands is attempting to find the appropriate position in order to create the desired associations. It always follows segmenting and clarifying the target market; product or service cannot be positioned without first understanding who to reach (Kotler & Pfoertsch, B2B Brand Management, 2006).

Often, B2B companies have only a handful of significant accounts that contribute to the majority of their revenue and profit. Additionally, it's also more important to explicitly define target markets, because the possibilities to differentiate one product from another are less common in B2B (Kotler & Pfoertsch, B2B Brand Management, 2006).

Positioning statement utilizes the brand's most powerful assets and defines what the brand is all about. It demonstrates uniqueness and thus the point of difference. It infers why customers should purchase and utilize the company's products and services, rather than those of a competitor. It also describes why they address concerns more effectively than others (Kotler & Pfoertsch, B2B Brand Management, 2006).

3.2.2.1. *Target Market*

Business customers can be categorized by geography, demographic, etc. For effective segmentation, market segments must be measurable, accessible, substantial, differentiable, and actionable (Kotler & Armstrong, Principles of Marketing, 2012). In the evaluation of different market segments, a company must consider three aspects: the size of the segment and its growth, the structural attractiveness of the segment, and the goals and resources of the company (Kotler & Armstrong, Principles of Marketing, 2012).

The services provided by Badak LNG are technical service, operation and maintenance service, commissioning & start-up assistance, and training. Since the area of expertise of Badak LNG employees is related to LNG, the market for these services are mainly LNG and LNG-related companies. Other than LNG/LPG production plants, LNG/LPG distribution services, and LNG regasification facilities, the upstream and downstream industries may



also have needs to service that Badak LNG offers. As for LNG plants, they can be categorized by plant capacity, liquefaction technology, and their life cycle phase. Location-wise, market can be categorized based on geographic location. Detail information is presented in **Appendix 2**.

Table 3.3. Market Segments of Badak LNG's Services

Category	Market Segments
Industry	LNG/LPG production , LNG/LPG distribution, LNG regasification, oil & gas exploration, petrochemicals
Life cycle phase	project phase, early operation phase, continuous operation phase, declining phase
LNG plant capacity	small (<10 MTPA), medium (10-20 MTPA), large (>20 MTPA)
Geographic location	Asia, Europe, North America, South America, Africa, Australia
LNG technology	Air Products , Baker Hughes, Conoco Phillips, Shell, Linde, others

After considering different segments, which groups and how many to target need to be considered. A target market is composed of a collection of consumers who have a shared set of needs or traits that the company decides to serve (Kotler & Armstrong, Principles of Marketing, 2012). In the evaluation of different market segments, there are three aspects to be considered: the size of the segment and its growth, the structural attractiveness of the segment, and the goals and resources of the company (Kotler & Armstrong, Principles of Marketing, 2012).

Since the core expertise of Badak LNG is operating the integrated LNG/LPG plant, the primary target of the services should be LNG/LPG production companies. According to report by International Gas Union (IGU) in 2022 there are 46 LNG companies with a total of 135 LNG trains scattered in 22 countries around the globe. In addition, 66 LNG trains are sanctioned or under construction, so the total global capacity is expected to expand to 625 MTPA by 2028. The LNG plants are further grouped based on their current phase in the life cycle. LNG companies which are in the middle of project phase (pre-operation), early operation phase, continuous operation phase, and declining phase, have different needs.

Since Badak LNG has experienced all these phases, the services offered can respond to all these needs. The LNG plants mentioned above vary in plant capacity. Based on past experience, this factor does not influence the need for LNG services, hence the target market should be LNG companies in all size. Geographic location also proven not hindering the delivery of services by Badak LNG in the past. Badak LNG has provided services to many countries in almost all continents.

The next parameter to consider is the liquefaction technology. Badak LNG use Air Product's AP-C3MR technology for all LNG trains. According to 2023 World LNG Report, AP-C3MR is the most popular liquefaction technology among established LNG plants, with a total of 45 LNG trains or 33% of the total number of LNG trains in the world. From past experience, not all Badak LNG's client have the exact same technology. However, most of them use different type from Air Products, either AP-C3MR, AP-C3MR/SplitMR, AP-DMR. It is reasonable to assume the target market from technology usage point of view are LNG plants which use Air Products's technology, regardless of the type, which make up a total of 75 LNG trains or 56% of global LNG trains. If sanctioned plants and plants under construction are included, in the upcoming years, Air Products will remain dominating with 87 LNG trains or 43%.

3.2.2.2. *Nature of Competition*

Badak LNG provide various services related to LNG plant; technical services, commissioning & start-up assistance (CSUA) services, operation & maintenance (O&M) services, and training services. Table 3.4 are identified companies which provide similar services as Badak LNG.

As an LNG plant operator, the search of Badak LNG's competitor starts with researching peer LNG plant operator which may also provide services. Among LNG companies established in the 20th century, which are considered having comparable expertise in LNG plant operation, Badak LNG is the only company to provide non-operational services. It is learned from corporate websites of Marsa El Brega LNG (Libya), Brunei LNG (Brunei Darussalam), ADNOC Gas (United Arab Emirates), Algeria LNG, Malaysia LNG, North West Shelf Woodside Energy (Australia), Qatar Gas, Rasgas (Qatar), Atlantic LNG (Trinidad), and Nigeria LNG, these companies offer solutions in LNG production, loading, and distribution. Meanwhile, these business activities are part of Badak LNG's non-profit operation of LNG Unit, hence these LNG companies are not considered Badak LNG's competitors.



Table 3.4. Badak LNG's Competitors

Company	Technical Services	CSUA services	O&M Services	Training Services
1. Intertek, United Kingdom	V	V	V	V
2. McDermott, United States	V	V	V	V
3. Wood Group, Scotland	V	V	V	-
4. Petrofac, United Kingdom	V	V	-	V
5. Siemens Energy, United States	V	-	V	V
6. Burns & McDonnell, United States	V	V	-	-
7. Cegelec Vinci Energy, France	V	V	-	-
8. Tokyo Gas, Japan	V	-	V	-
9. JGC Holdings Corporation, Japan	V	-	-	-
10. WorleyParsons, Australia	V	-	-	-
11. Synergy Engineering, Indonesia	V	-	-	-
12. PetroEdge, Singapore	-	-	-	V
13. PETROTEKNO, Indonesia	-	-	-	V
14. PTC, Indonesia	-	-	-	V
15. INSTEP, Malaysia	-	-	-	V
16. SAIT, Canada	-	-	-	V

All the companies listed in Table 3.4 operates across nations. None of these companies specialized in LNG but offer LNG services among their list of products. Since the services offered by Badak LNG are diverse, not many companies offer the exact same services, while many companies provide only part of the services. Another thing to note is that none of the companies listed are operating companies like Badak LNG.

3.2.2.3. Point-of-Parity and Point-of-Difference Associations

Points-of-difference are brand-specific associations that are strongly associated with the brand. Conversely, points-of-parity are associations that are not necessarily unique but may be shared with other brands. Associations that are competitive with regard to points-of-parity may be able to counter the competitor's points-of-difference. Correlational points-of-parity may counter any potential disadvantages from a points-of-difference (Keller, Strategic

Brand Management, 2013). Badak LNG's points-of-parity and points-of-difference compared to its competitors, specifically competitor no. 1 through 5 from Table 3.4 are listed in Table 3.5 below.

Table 3.5. Badak LNG's Point-of-Parity and Point-of-Difference Associations

Points-of-Parity	Points-of-Difference
<ul style="list-style-type: none"> <input type="checkbox"/> One-stop solutions/ end-to-end LNG services. <input type="checkbox"/> Operates globally. <input type="checkbox"/> Expertise & experience in providing services for LNG plants. 	<ul style="list-style-type: none"> <input type="checkbox"/> Expertise & experience in operating LNG plants. <input type="checkbox"/> Integrated with real-scale online LNG plants.

Badak LNG is similar to other LNG services providers in several aspects. They all offer their services as a one-stop solutions from which customers can find most of their needs from end-to-end. All these companies operate globally, even though they are headquartered in different countries (United States, United Kingdom, or Indonesia). They all leverage the expertise and experience in providing services for LNG plants.

On the other hand, Badak LNG separate itself from other LNG services providers in two aspects. First, as mentioned earlier, Badak LNG is the only services provider which is also an LNG plant operator. Second, from the fact the company is also an operating company, the services provided by Badak LNG is integrated with access to a real-scale and online LNG plant.

3.2.2.4. Brand Mission

Brand mission is a statement that is associated with the corporate mission and vision that focuses on one specific benefit that differentiates the company from its competitors (Kotler & Pfoertsch, B2B Brand Management, 2006). Before a company can begin to plan and execute branding approach, it must first define what it intends to achieve (Kotler & Pfoertsch, B2B Brand Management, 2006).

Badak LNG envision "Excellence and Global LNG Operation." The company's mission is to "Manage and Develop Effective and Efficient LNG Facilities Operations based on International Standard, built upon Security, Safety, Reliability, and Profitability." On many

occasions, Badak LNG mention the intention to share its knowledge and experience. One of Badak LNG's business profile book quotes President Director & CEO's message, "Badak LNG is committed to improving human resource capabilities. To achieve this, we established Badak LNG Learning Center as a training facility for employees and external parties who want to learn all aspects related to LNG plant operations. In addition to training services, we also provide technical services to assist with projects or maintenance at other LNG companies." The brand mission statement can be written as the following.

"Badak LNG is committed to preserve and enhance our expertise in LNG field through sharing them. Badak LNG is driven to be the center of excellence through supporting our global customers and the industry with unparalleled quality services."

The statement above is aligned with the vision and mission as corporate, translate the directors' message, and at the same time provide reassurance for the customers.

3.2.2.5. Brand Value Proposition

Value proposition is the entire set of benefits the company promises, also defined as the personality of the brand. The personality of a brand can aide in the differentiation in the market. The personality has a significant impact on the brand's recognition, which increases the brand's intrigue and memorability, it also promotes positive attributes like energy, youthfulness, and responsiveness, which are important to many brands (Kotler & Pfoertsch, B2B Brand Management, 2006). Value propositions serve as the differentiation between one brand from another. They respond to the customer's question, " Why should I purchase your brand over a competitor's? " Companies must create strong value propositions that provide them the greatest advantage in their target markets (Kotler & Armstrong, Principles of Marketing, 2012).

To offer a unique value proposition, companies must exceed the quality expectations, be dependable, responsive, and customer-oriented (Marquardt, Golicic, & Davis, 2011). Badak LNG offers expertise and experience as its core values, but the company can offer more. Packed within the one-stop solution services, are the advantages of giving trust to experts who are also practitioners in LNG plant operations. When the customer needs technical services, commissioning & start-up assistance, or operation & maintenance services, Badak LNG can offer not only people who "know" the know-how, but also "do" the know-how. If

the customer needs training, Badak LNG can also provide first-hand experience practicing in a real scale running LNG plant. In addition, Badak LNG is open to customize the services according to what customers favor. Badak LNG can define its brand personality as, for example, **“professional, trustworthy, customer-oriented”** since the people delivering the services are literally ones with profession in LNG plant operation & maintenance; and the company itself has been doing the job for decades.

3.2.2.6. *Brand Promise*

Brands that are powerful demonstrate their commitment to the organization, the pledge that is made to everyone about the experience they will have when they partner with the company. It's vital to have a distinct brand's promise (Kotler & Pfoertsch, B2B Brand Management, 2006). A brand is the corporation's commitment to provide a specific set of attributes, benefits, services, and experiences to consumers. The brand's promise must be concise and genuine (Kotler & Armstrong, Principles of Marketing, 2012).

Badak LNG has been operating the LNG plant for almost five decades. Through these years, the company has experienced every life cycle of an LNG plant; starting from the development, expansion project, continuous operation, until decommissioning; Badak LNG have experienced it all. With this fact, Badak LNG could argue that whatever the customers are experiencing, Badak LNG had experienced it before and is willing to support the customers with whatever they need. Badak LNG's brand promise could be:

“We Always Have the Answer to Your Problem.”

The brand promise above is based on functional attribute, which is meant to tell the customers that Badak LNG will always know the solution to their problems. It can be clearly understood and is distinct. At the same time, it gives the relationship benefits from putting the customers' mind at ease while working with Badak LNG. It is important to note that frontline employees must be able to communicate the appropriate brand promise to the customers.

3.3. **Brand Building**

3.3.1. *Brand Elements/ Brand Profile*

Brand elements are both visual and physical components that serve to distinguish and identify a company's product or service. They must be designed with long-term vision to demonstrate the brand's essence, personality, and culture as a whole (Kotler & Pfoertsch,

B2B Brand Management, 2006). Clifton et al. (2003) defines the elements of the brand as any of the following combinations or individuals: name, letters, numbers, a symbol, a signature, a shape, a slogan, a color, a sound, or a particular font. The formal brand elements are all considered together to create the visual identity of a brand or corporation. To reduce the likelihood of diluting or weakening the brand, this visual identity of the brand should follow a set of criteria: available, meaningful, memorable, protectable, future-oriented, positive, and transferable (Kotler & Pfoertsch, B2B Brand Management, 2006). Badak LNG has established rules regarding corporate visual identity that specify the utilization of each brand element (PT Badak NGL, 2018). Whether each Badak LNG's brand element meet the criteria is presented in Table 3.6 and is further reviewed in the following sub-sections.

Table 3.6. Badak LNG's Brand Element Characteristics

	Avail- able	Mean- ingful	Memo- rable	Protect- able	Future- Oriented	Positive	Trans- ferable
Brand Name	V	V	V	-	V	V	V
Logo/ Symbol	V	V	V	V	V	V	V
Tagline/ Slogan	-	V	V	-	V	V	V

3.3.1.1. Brand Name

Brand name captures the central concept or theme of a product in a concise and economical manner. Brand names can be used to communicate information effectively (Keller, Strategic Brand Management, 2013). Among the brand elements, the name is considered the most important component because it can be used to communicate a universal language. Companies should attempt to maintain their brand's name and, if possible, never alter it. However, the name itself is not sufficient to distinguish companies' visual attributes. It should be incorporated into other components in a balanced manner (Clifton, 2003).

A proper name for a company, product or service can be equally as important as the brand itself. The name has a direct impact on the perception of the brand because the brand name will be employed in all forms of communication between the company and its potential customers (Kotler & Pfoertsch, B2B Brand Management, 2006).

Based on the Articles of Association, the company's legal name is PT Badak Natural Gas Liquefaction. However, for branding purposes, PT Badak NGL uses the name "Badak LNG" as the company's identity (PT Badak NGL, 2022). The name "Badak" came from the Badak

Gas Field, East Kalimantan, which was found by Huffco Inc. in early 1972. In Bahasa Indonesia, badak means rhinoceros.

The name “Badak LNG” is not used by any other companies across global market, moreover since it has been used since the establishment of the company in 1974. It is a metaphor-type name which capture the essence of the brand and communicate the nature of business as an LNG company. It is common for LNG companies to use descriptive name from the name of country or specific location of their plant site. Even though the word “badak” was also originated from a location, it also translates to the name of an animal, which makes it different from most LNG companies. The brand name is easy to remember, read and spell as it is short and have simple combination of vowels and consonants in it. The only downside of using the word “badak” is that this particular word is not protectable as it has been used by another brand in different field (beverages) which is very popular in Indonesia. However, it may not be wise to change the name because it already carried a lot of history.

3.3.1.2. Logo/ Symbol

Logos is the name given to products or services which indicate origin, ownership, or association. Logos range from obvious corporate names or trademarks that are written in a unique style, to completely abstract concepts (Keller, Strategic Brand Management, 2013). Logo is the graphic representation of the brand name or corporation. An effective logo meets both visual and practical requirements. The corporate values and traits must be reflected in the logo and incorporated into the overall marketing strategy (Kotler & Pfoertsch, B2B Brand Management, 2006).

The power of graphics shouldn't be disregarded, as humans are more likely to accept images and symbols. It's simpler to communicate an attribute or value via a symbol than via factual information, this is especially true for B2B area, where complex functional benefits need to be described in a vivid and memorable way (Kotler & Pfoertsch, B2B Brand Management, 2006).



Figure 3.1. Badak LNG Logo

Badak LNG logo consists of logogram and logotype. The logogram and logotype reflect simplicity, modern, clean, dynamic, and professional. The typography used is modern and solid. Two drops of LNG colored red and blue synergize into one force that builds continuous harmony (sustainable) to achieve excellent results. The color red symbolize energy, spirit, courage, action. Blue symbolizes clean energy, innovation, professional, high technology, modern, stable, trust. Black symbolize integrity, sturdy and tough (PT Badak NGL, 2018).

3.3.1.3. Tagline/ Slogan

Brand's tagline (or slogan) is a recognizable phrase that is commonly associated with a brand in marketing communications. The primary function of a tagline is to enhance the brand reputation via the brand name and logo. These three brand elements together comprise the core of the brand (Kotler & Pfoertsch, B2B Brand Management, 2006). Tagline is a description or promotional statement about the brand. They often participate in advertising and other promotional efforts (Keller, Strategic Brand Management, 2013). A tagline should have both functional and emotional value at the same time. In B2B, the practice of creating a tagline is still not prevalent, despite the obvious benefits (Kotler & Pfoertsch, B2B Brand Management, 2006).

Badak LNG use the tagline “Center of Excellence” to reflect company’s vision while showcasing the company’s achievement. Not only does the tagline represent LNG Unit’s excellent performance as one of the oldest LNG companies in the world, but the tagline also represents Business Unit’s experiences in providing services for other companies in the industry. Unfavorably, the phrase “center of excellence” had been used in many places by other organizations. Even some company within the same industry as Badak LNG. To differentiate the tagline with others, Badak LNG could insert “LNG” to identify that the company is the center of excellence in LNG industry. The tagline then could be proposed as **“Center of LNG Excellence.”**

3.3.2. Brand Communication

While the primary objective of B2C content is to instill awareness and an emotional experience, B2B content has a significant practical and strategic purpose. The communication methods should primarily discuss the benefits of the product or service as well as the specific requirements that are being satisfied by the offering (Kotler & Pfoertsch, B2B Brand Management, 2006). Rather than providing prospective clients with large

amounts of paper that describes their abilities and competencies like many companies in the B2B sector still do, it is important to discover the explicit needs of the customers. Customers are not interested about the product itself and only want a solution to their problems (Kotler & Pfoertsch, B2B Brand Management, 2006).

The marketing strategies employed by companies in business markets should be based on a comprehensive understanding of the information processing that occurs when B2B buyers make their decisions. While the nature of many industrial products and markets may necessitate a focus on functional brand values, there is a need to recognize that emotional considerations, such as trust, security, and peace of mind, can still be of importance to organizational buyers, as well (Kotler & Pfoertsch, B2B Brand Management, 2006).

3.3.2.1. Internal Culture

Internal branding is a relatively new concept in marketing. Traditionally, the primary focus of brand marketing has been on the external world, failing to recognize that a successful external brand communication is primarily dependent on the employees' commitment to the organization's brand values (Harkestad & Øyvind, 2012).

Culture is a means of broadcasting brand values. Hofstede et al. (2010) describes manifestation of culture by four different means; starting from the outer are symbols, heroes, rituals, and values. Symbols can be words, pictures, gestures, or other objects that have a specific meaning only to those that share the same culture. Particular actions and signatures, such as the unique organization's signature, are all examples of different types of symbols. Ritual is a collective endeavor that is conducted within a culture for a specific purpose and is socially imperative to those involved. Heroes are recognized for their attributes that are valued highly within their society and which serve as a role model for behavior. Symbols, heroes, and rituals are all part of the term "practice". Values are central to the formation of cultures. They are the tendency to favor certain states of affairs over others, and as feelings that concern the association of things like evil and good, and moral behavior and immoral behavior (Hofstede, Hofstede, & Minkov, 2010). In Badak LNG, an internal culture is already existed. It's beneficial to recognize and identify this culture before attempting to alter it.

There is one practice that the management and employees always do on every occasions. It is a combination of shouting the words "*hebat, kuat, tahan lama*" or "great, strong, long last" while making gestures of raising thumb, expressing greatness; raising fist, expressing strength; and raising index finger pointing up to express long-lasting. Usually the

management, act as the heroes in cultural term, lead the cheering and the employees follow. This cheer was meant to give affirmation of optimism to the members of organization when facing uncertainty of feed gas supply which will decide the company's future. This practice does not represent the desired functional value of the brand. Internalization of brand values need to be carried out in line with internalization efforts of corporate values (AKHLAK).

3.3.2.2. Internal Promotion

Communication about the brand can be accomplished using the three core components of internal branding: effective communication with all employees, persuading employees of the value of the brand and its relevance to their work, and finally connecting every position in the organization to the delivery of the brand values. Additionally, the developed brand values are internalized through three primary channels: organization's culture (already discussed in previous section), internal communication media, and training of sales personnel (Lynch & de Chernatony, 2004).

Badak LNG has an internal magazine, named SINERGY, that is published quarterly. The magazines are available in prints and in electronic forms. Observed from the content of the magazine, it has dedicated spaces for various topics such as CSR corner and HSSE corner. This is supposedly a great opportunity to communicate the organization's functional values by introducing values corner to promote corporate values as well as brand values. Other internal media to promote brand values is company's television channel "LNG TV." Badak LNG has its own television channel which most of the time air company's news and program. This is also a great way to communicate brand values.

The other means to internalize brand values is through sales force training. In many instances, the only interaction between the industrial buyer and the seller is through the salespersons of the company. How they act, what they say, and how they appear can all be considered as the company's values. This emphasizes the significance of proper training and education (Lynch & de Chernatony, 2004).

3.3.2.3. External Culture

To avoid conflict or negative impact on business, it's crucial to be aware of the culture a company will encounter. When communicating the brand in a different country with a different culture, it's important to respect and follow their culture's rules. Before entering another culture, business should be ready for the symbol, hero, ritual, and value of their culture. By taking precautions and preparing for the four different dimensions, many

potential issues can be avoided, and this will increase the probability of success. However, when it comes to communicating the brand values in a different culture, the most difficult part may be to convert them into a format that is appropriate. In some instances, the discrepancies will be too great, which will lead to a lot of difficulty in adjusting and combining. These instances necessitate extra dedication to planning (Harkestad & Øyvind, 2012). This particular element will not be studied in this paper as it should be a case-by-case effort.

3.3.2.4. External Promotion

Brand values should be transmitted both internally and externally. In the Lynch and de Chernatony (2004) model, the corporate brand is externalized through marketing mix. In a B2B setting, the external marketing communication mix should consist of advertising and public relations, sales forces (sales), trade shows (promotions) and direct marketing (Lynch & de Chernatony, 2004). Table 3.7 below summarizes external promotions implemented by Badak LNG.

Table 3.7. Badak LNG's External Promotion.

	Forms	Consistency	Satisfactory
Advertising	Not performed	n/a	No
Sponsorship	National-scale conferences	No	No
Publicity	National media outlet	No	No
Sales Forces	Not available	No	No
Trade Shows	Mostly as visitor	n/a	No
Direct Marketing	Mostly emails	No	Yes

Advertising and Public Relations

The traditional methods of advertising are typically singular message that attempts to influence audience. Many B2C companies want to communicate their message to as many people as possible, but this is often not the case in the B2B sector (Harkestad & Øyvind, 2012). Badak LNG has never advertised in any media. With B2B companies, Badak LNG may consider advertising in branch magazines to be more efficient as their target audience are industry specific.

Public relations involve events and sponsorships, publicity and the placement of products. In regard to public relations, the potential opportunities for B2B companies to communicate their brand values are numerous, one of them is sponsorship. Badak LNG occasionally participate in sponsorship. Most of the time, the sponsored events are national-scale conference. It is arguable whether the sponsorships help communicating the brand, since the event might not have the right audience for Badak LNG. Ultimately, companies can attempt to communicate their brand values via publicity. As for publicity, only recently Badak LNG started to be visible to the media and took attempt to get publicity by national media. To reach more desired markets, the company may take publicity to more international audience.

Sales Force

Sales force is similar to personal selling in the communications mix, which is still the primary form of brand value communication in B2B markets. When they have the appropriate circumstances, they can communicate the brand values to customers, this has a significant impact on both the sales figure and the bottom line, as well as the way the brand is perceived in the market (Lynch & de Chernatony, 2004). Badak LNG has limited number of personnel in the Business Unit and none of them are titled as salespersons. The company should consider expanding the Business Unit organization for the long run.

Trade Shows

For corporate buyers, trade shows and exhibitions are the most important sources of information to lead to brand recognition. However, it can be quite expensive in order to achieve the desired level of attention (Bendixen, Bukasa, & Abratt, Brand Equity in The Business-to-Business Market, 2004). Badak LNG has participated in many events, meaning that the company has already following the correct path. However, trade shows are most effective when a company specializes in a particular service that is of interest to prospects that are sure to attend the show. It is not recommended to attend random trade shows in order to increase the brand's reputation and awareness, if the audience is not part of the company's intended audience (Harkestad & Øyvind, 2012).

Direct Marketing

Direct marketing has the benefit of having a specific goal that is aimed at the intended audience. The direct marketing approach can be implemented in multiple ways, one example

is using full-circle campaigns that include a message in the email a link to corporate website and phone numbers. It can also be employed to invite people to meet at a trade show. The objective is to have the recipient take some action towards the email, such as visiting the website, making a phone call or signing up for an event (Harkestad & Øyvind, 2012). Badak LNG implemented direct marketing occasionally. There has not been a procedure to maintain or implement this approach consistently.

3.3.2.5. Badak LNG Internal & External Communication

This section is dedicated to present the result of observation to Badak LNG's communication means and their conformity with internal and external branding requirements to advocate corporate brand equity.

Non-Online Tools

Badak LNG have various media for communication, mainly with internal and external parties, including company magazine, local television channel, and booklet. Table 3.8 below summarize the observation on these media. The main focus of observation is to find the consistency of the media with branding principles.

Table 3.8. Badak LNG's Utilization of Non-Online Tools for Internal and External Communication

Type	Target	Observation
Company Magazine "SINERGY"	Internal & External	<input type="checkbox"/> Available in prints and online as e-magazine. <input type="checkbox"/> Incorporate company's brand name, logo, but no tagline . <input type="checkbox"/> Articles written in Bahasa Indonesia and English.
Local Television "LNG TV"	Internal	<input type="checkbox"/> Mainly broadcast corporate news. <input type="checkbox"/> Incorporate company's brand name, logo, and occasionally show tagline. <input type="checkbox"/> Only use Bahasa Indonesia. Not an issue for internal communication.
Business Profile Booklet	External	<input type="checkbox"/> Incorporate company's brand name, logo, and tagline. <input type="checkbox"/> Color theme consistent with company's color palette. <input type="checkbox"/> Some available in Bahasa Indonesia and English, some only use Bahasa Indonesia .

Online Tools

Badak LNG uses online media for non-formal communication with internal and external stakeholders, including company website and social media such as LinkedIn, Instagram, Facebook, X, and Youtube. Observation on various communication media is presented in Table 3.9 below.

Table 3.9. Badak LNG's Utilization of Online Tools for Internal and External Communication

Media	URL	Target	Observation
Company Website	www.badaklng.com	External	<ul style="list-style-type: none"> <input type="checkbox"/> Incorporate company's brand name, logo, and tagline. <input type="checkbox"/> Color theme consistent with company's color palette. <input type="checkbox"/> Available in Bahasa Indonesia and English. <input type="checkbox"/> Special page to promote services business (solutions.badaklng.com). Some information is not updated.
LinkedIn	Badak LNG www.linkedin.com/ company/badaklng	External	<ul style="list-style-type: none"> <input type="checkbox"/> Incorporate company's brand name, logo, and tagline. <input type="checkbox"/> Color theme consistent with company's color palette. <input type="checkbox"/> Mention affiliation with Pertamina in bio. <input type="checkbox"/> Only posts in Bahasa Indonesia. <input type="checkbox"/> Posts mostly about awards, corporate news, and CSR activities. Lack of promotion of services business, only 1 every 15 posts. <input type="checkbox"/> Quite active to post frequently.
Instagram	PT Badak NGL (@badaklng.id) www.instagram.com / badaklng.id	Internal & External	<ul style="list-style-type: none"> <input type="checkbox"/> Incorporate company's brand name, logo, but no tagline. <input type="checkbox"/> Color theme consistent with company's color palette. <input type="checkbox"/> Mention affiliation with Pertamina in bio. <input type="checkbox"/> Only posts in Bahasa Indonesia. <input type="checkbox"/> Posts mostly about awards, corporate news, and CSR activities. Lack of promotion of services business, only 1 every 15 posts. <input type="checkbox"/> Quite active to post frequently.

Media	URL	Target	Observation
Facebook	Badak LNG – Maju Bersama Masyarakat www.facebook.com/badaklng.id	Internal & External	<input type="checkbox"/> Incorporate company’s brand name, logo, but no tagline. No tagline , but instead mentioning “ <i>Maju Bersama Masyarakat</i> ” which is a CSR message. <input type="checkbox"/> Color theme consistent with company’s color palette. <input type="checkbox"/> Mention affiliation with Pertamina in bio. <input type="checkbox"/> Only posts in Bahasa Indonesia. <input type="checkbox"/> Posts mostly about awards, corporate news, and CSR activities. Lack of promotion of services business, only 1 every 15 posts. <input type="checkbox"/> Quite active to post frequently.
X	Badak LNG https://twitter.com/badaklng_id	Internal & External	<input type="checkbox"/> Incorporate company’s brand name, logo, and tagline. <input type="checkbox"/> Color theme consistent with company’s color palette. <input type="checkbox"/> Mention affiliation with Pertamina in bio. <input type="checkbox"/> Only posts in Bahasa Indonesia. <input type="checkbox"/> Posts mostly about awards, corporate news, and CSR activities. No promotion of services business. <input type="checkbox"/> Less active compared to other media.
Youtube	Badak LNG Official www.youtube.com/@badaklngofficial	Internal & External	<input type="checkbox"/> Incorporate company’s brand name, logo, and tagline. <input type="checkbox"/> Color theme inconsistent with company’s color palette. <input type="checkbox"/> Only posts in Bahasa Indonesia. <input type="checkbox"/> Posts mostly about awards, corporate news, and CSR activities. Lack of promotion of services business, only 1 every 15 posts. <input type="checkbox"/> Quite active to post frequently.

3.3.3. Secondary Association

3.3.3.1. Line Extension and Brand Alliance

A line extension is a form of brand extension, which occurs when a brand is incorporated into a new product that targets a new market segment. As opposed to a brand that is completely new and unknown to the public, an established brand will already be recognized by the public. The new product can also take advantage of the brand's reputation, and the

costs of marketing will be decreased. Additionally, a line extension can have a positive feedback effect on the parent brand (Keller, Strategic Brand Management, 2013).

Joint marketing or co-branding is the practice of two or more brands collaborating on their marketing strategy and advertising their products or brands together (Simonin & Ruth, 1998). These products or brands can be represented in physical form or in symbolic form. Simonin and Ruth (1998) studied that such alliances have effects of spillover on consumer attitudes towards brands.

Both line extensions and brand alliances are appropriate strategies for B2B companies. As both line extensions and brand alliances can take advantage of the other's associated resources, this can be a method of building brand equity, instead of just a potential outcome (Harkestad & Øyvind, 2012). The benefits of these strategies are also applicable to business and consumers. Companies that are expanding services are common, and they can be beneficial in a strategic sense (Keller, Strategic Brand Management, 2013).

Badak LNG has established a joint venture in the United States, named Badak Chiyoda Enerproco LLC (“BChE”), which is headquartered in Houston, Texas. Badak LNG partners with two United States-based companies: Chiyoda International Corporation (“CIC”); wholly owned subsidiary of Chiyoda Corporation, Japan; and Enerproco LLC, a Texas-based oil & gas technology company. Through BChE, Badak LNG take advantage of the other partner’s brand image, as the other partners do with Badak LNG’s. Chiyoda is a globally renowned contractor in LNG field which control 40% of global market for LNG facilities design, engineering, procurement, and construction (Badak Chiyoda Enerproco LLC, 2020). Meanwhile, Enerproco has extensive experience in oil & gas technologies which can be a compliment to Badak LNG’s expertise. This partnership between the three companies combines respective capacities to provide services mainly in North America (Badak Chiyoda Enerproco LLC, 2020).

3.3.3.2. *Country of Origin*

Country of origin is a collection of associations dedicated to a particular geographic region. These associations can also promote a sense of comfort as well as a bond between brands because of the geographical similarity. It can also have a negative effect if the country has a negative reputation. Additionally, the country of origin can also authenticate the product or service that the company is offering (Harkestad & Øyvind, 2012). Laws and regulations are also a vital part of a company’s origin. More proximate geographic locations often eliminate issues associated with different laws and regulations. Establishing foreign offices that are

accessible to clients, is a solution to demonstrate commitment and eliminate issues that would occur if the company's headquarters were far from clients and the country of origin was considered a problem (Harkestad & Øyvind, 2012).

The establishment of BChE is also a solution to potential geographical issues. According to 2023 World LNG Report, the majority of liquefaction capacity in the pre final investment decision (pre-FID) or approved for development are located in the United States and Canada (International Gas Union, 2023). Operating with United States license and physically located close to the potential customers, BChE can pour attention and respond promptly to customers' needs.

3.3.3.3. *Sponsorship*

The primary objective of sponsorship is to associate the company with events or other benefits that will positively impact them. The goodwill aspects of sponsorships distinguish them from advertising, since it is a form of communication that benefits society as a whole, along with it concealing the commercial purpose (Keller, Strategic Brand Management, 2013). It's obvious that the majority of sponsorship is oriented around B2B. Sponsorships are an exceptional method of developing brand equity as the purpose of advertising is less apparent than direct advertising (Keller, Strategic Brand Management, 2013).

As mentioned in previous section, Badak LNG occasionally sponsors national scale conference. This type of events does not act as a long term secondary association. Other company program closest to sponsorship which can be beneficial as secondary association for Badak LNG's contribution for an academic institution named LNG Academy. LNG Academy is vocational program established by Badak LNG in partnership with Jakarta State Polytechnic (*Politeknik Negeri Jakarta*) which offers study in the field of gas processing technology (LNG Academy, 2021). Badak LNG provide full scholarship for LNG Academy students, from tuition to monthly allowance until the students graduate. The students' accomplishment, for example, in academic competition and events or in their job after they graduate, reflects positively not only to LNG Academy but also to Badak LNG.

CHAPTER 4 CONCLUSION AND IMPLEMENTATION

4.1. Conclusion

From assessing the company's case against the characteristics of brand architecture, the most suitable brand strategy for Badak LNG is corporate branding. To follow the strategy, Badak LNG should carry a brand mission which is aligned the vision and mission as corporate and provide reassurance for the customers. After evaluating its target market and competitors, Badak LNG's defined brand personality or value proposition is "trustworthy, professional, customer-oriented." In addition, Badak LNG should state a brand promise based on functional attribute, which is meant to tell the customers that Badak LNG will always know the solution to their problems.

Table 4.1. Proposed Brand Strategy for Badak LNG


Component		Proposal
Brand Strategy	Brand Architecture	Corporate branding
	Brand Positioning	Brand Mission "Badak LNG is committed to preserve and enhance our expertise in LNG field through sharing them. Badak LNG is driven to be the center of excellence through supporting our global customers and the industry with unparalleled quality services."
	Brand Value Proposition	Professional, Trustworthy, Customer-Oriented
	Brand Promise	"We Always Have the Answer to Your Problem"

As an established company, Badak LNG already has brand profile or elements which consists of brand name, logo, and tagline. However, Badak LNG should concern about the protectability of the brand name and tagline as both may also be used by other companies. In corporate branding, internalization and enculturation of brand values are important, hence brand communication must target not only the markets but also internal stakeholders. The challenge of enculturation in an established organization is that the organization already have their culture built after decades. Brand communication need to be implemented consistently. As for external communication, Badak LNG need to be targeting the right audience. Whether



it is advertising, publicity, participation in trade shows, the company need to be selective. The implementation of direct marketing, which is also a way of brand communication, need to be consistent. Every tool of communication, online or non-online, need to showcase brand profile and values.

Table 4.2. Proposed Brand Building Plan for Badak LNG

Component		Proposal		
Brand Building	Brand Profile	Brand Name	Badak LNG	
		Logo/ Symbol		
		Tagline/ Slogan	“Center of LNG Excellence”	
	Brand Communication	Internal Culture	Internalization program to promote brand values which align with corporate values.	
		Internal Promotion	<input type="checkbox"/> Maximize utilization of internal communication media to promote brand values, such as allocating a special corner for internalization of values. <input type="checkbox"/> Make sure to use brand profile consistently in every internal communication media.	
		External Culture	Conducting thorough planning case-by-case before entering different culture.	
		External Promotion	<input type="checkbox"/> Invest in advertisement in branch magazines. <input type="checkbox"/> Invest in relevant sponsorship that have a direct, positive, and measurable effect on brand equity. <input type="checkbox"/> Increase media publicity. <input type="checkbox"/> Assign dedicated personnel as salesperson and properly train them. <input type="checkbox"/> Selective participation in trade shows. <input type="checkbox"/> Create procedure to make sure consistent implementation of direct marketing.	

Component			Proposal
			<input type="checkbox"/> Make sure to deliver brand message accurately, start with using English or dual languages in all external communication media. <input type="checkbox"/> Make sure that all external communication media are up to date. <input type="checkbox"/> Make sure that all online media are consistent in promoting brand values and use brand profile.
	Secondary Association	Line Extension & Brand Alliance	Leverage participation in joint venture BChE and partnership with Chiyoda and Enerproco as secondary associations to enter untapped service markets.
		Country of Origin	Leverage participation in joint venture BChE, a US-based company, as secondary associations when doing business in North America.
		Sponsorship	Leverage sponsorship in LNG Academy program as secondary association.

4.2. Implementation Plan & Resources Requirement

Based on gap analysis conducted on Badak LNG's brand building components against what are theoretically acceptable or satisfactory, several components which are non-existent need to be developed, while the other components which exist but not satisfactory need to be improved. Components that are already satisfactory need to be maintained and implemented consistently.

Implementation of brand building includes enculturation of brand values, external promotion, strengthening sales force, and brand equity measurement. Enculturation of brand values is intended for internal stakeholders, focusing on reinforcement of brand values and intensifying product knowledge. For external promotion, beside targeted marketing, company also needs to make sure consistency in online media communication. As frontline employees, sales force need to be strengthened, starting with assigning enough number of employees and maintaining their competency through training. Periodically, a brand audit is recommended to measure brand equity with evaluating brand inventory (supply side) and brand exploratory (demand side). The output of brand audit shall be used to adjust brand building plan.



Table 4.3. Proposed Brand Building Implementation for Badak LNG

Program	Responsibility	Annual Cost (USD)		Timeline				
		Low-End	High-End	Year 1	Year 2	Year 3	Year 4	Year 5
1 Enculturation of Brand Values								
• Reinforcement of brand values	Management	13.600	20.300					
• Intensifying product knowledge on all employees	Business Dev.	2.100	73.000					
2 External Promotion								
• Targeted marketing								
• Direct marketing	Marketing	3.600	18.000					
• Participate in LNG events	Marketing	79.500	460.300					
• Sponsorship	Marketing	76.000	227.000					
• Consistent online media communication								
• Redesigning company website	Corp. Comm.	6.000	12.000					
• SEO usage	IT	30.000	96.000					
• Updating website	IT	-	-					
3 Strengthen Sales Force								
• Recruitment	Human Capital	6.000	10.000					
• Employment	Human Capital	24.400	48.700					
• Sales team training	Human Capital	2.900	3.900					
4 Brand Equity Measurement								
• Brand Audit	Business Dev.	3.500	5.000					
Total		247.600	974.200					



Table 4.4. Proposed Brand Internal & External Communication

Type	Target Audience	Proposed Improvement	Proposed Frequency
Company Magazine “SINERGY”	Internal & External	<input type="checkbox"/> Incorporate tagline. <input type="checkbox"/> Allocate special corner for communicating brand values. <input type="checkbox"/> Made article about types of services to intensify product knowledge.	1x quarterly
Local Television “LNG TV”	Internal	<input type="checkbox"/> Promote brand values through video. <input type="checkbox"/> Broadcast video about services business activities to intensify product knowledge on employees.	Several times daily
Business Profile Booklet	External	<input type="checkbox"/> Standardize all booklet with company’s color palette. <input type="checkbox"/> Standardize the language used in booklets, make sure that all booklets have English version. <input type="checkbox"/> Communicate brand mission and brand promise.	Every opportunity
Company Website (www.badaklng.com)	External	<input type="checkbox"/> Make sure that every information in the web page is up to date. <input type="checkbox"/> Communicate brand mission and brand promise.	1x weekly
LinkedIn: Badak LNG (www.linkedin.com/ company/badaklng)	External	<input type="checkbox"/> Post about services business more frequently, not to be overshadowed by other company activities. <input type="checkbox"/> Post with dual language to reach foreign audience.	1x weekly

Type	Target Audience	Proposed Improvement	Proposed Frequency
Instagram: @badaklng.id (www.instagram.com/ badaklng.id)	Internal & External	<input type="checkbox"/> Incorporate tagline. <input type="checkbox"/> Post about services business more frequently, not to be overshadowed by other company activities. <input type="checkbox"/> Post with dual language to reach foreign audience.	1x weekly
Facebook: Badak LNG – Maju Bersama Masyarakat (www.facebook.com/ badaklng.id)	Internal & External	<input type="checkbox"/> Rename the profile, removing “ <i>Maju Bersama Masyarakat</i> ” which is a CSR message. <input type="checkbox"/> Incorporate tagline. <input type="checkbox"/> Post about services business more frequently, not to be overshadowed by other company activities. <input type="checkbox"/> Post with dual language to reach foreign audience.	1x weekly
X: Badak LNG (https://twitter.com/ badaklng_id)	Internal & External	<input type="checkbox"/> Post about services business more frequently, not to be overshadowed by other company activities. <input type="checkbox"/> Post with dual language to reach foreign audience. <input type="checkbox"/> More active to post.	1x weekly
Youtube: Badak LNG Official (www.youtube.com/ @badaklngofficial)	Internal & External	<input type="checkbox"/> Use company’s color palette. <input type="checkbox"/> Post about services business more frequently, not to be overshadowed by other company activities. <input type="checkbox"/> Post with dual language to reach foreign audience.	1x weekly

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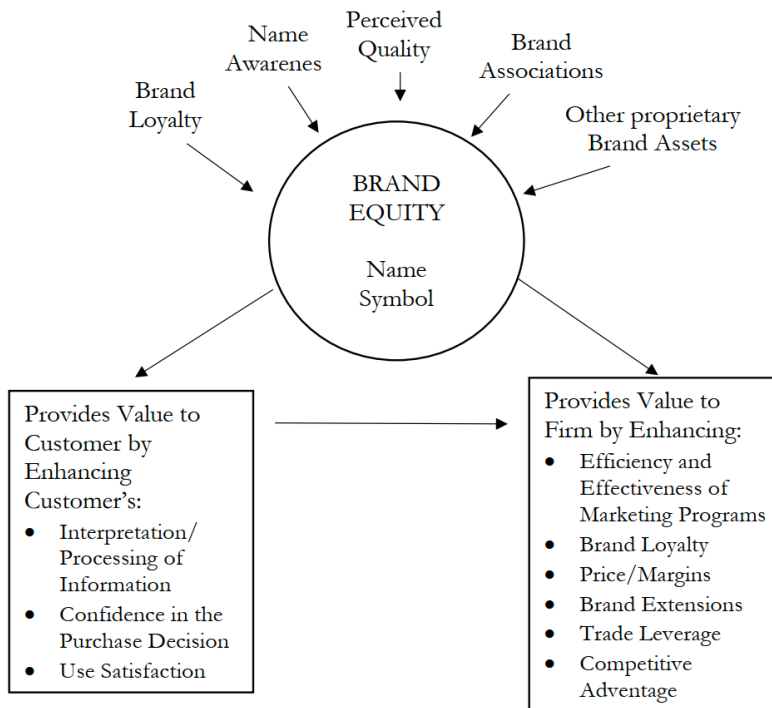
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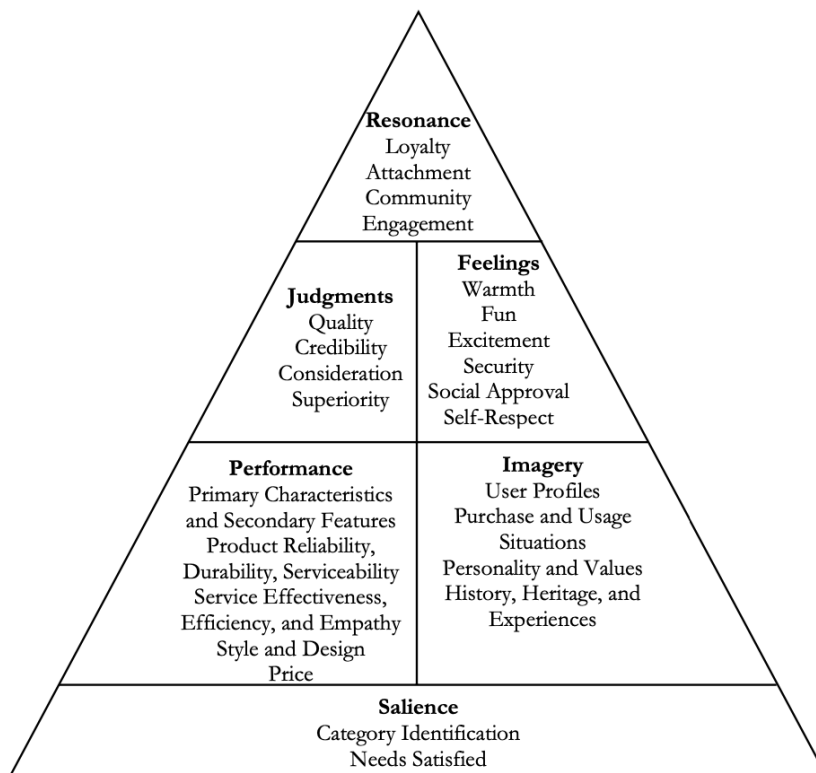
APPENDIX

Appendix 1. Brand Building Model

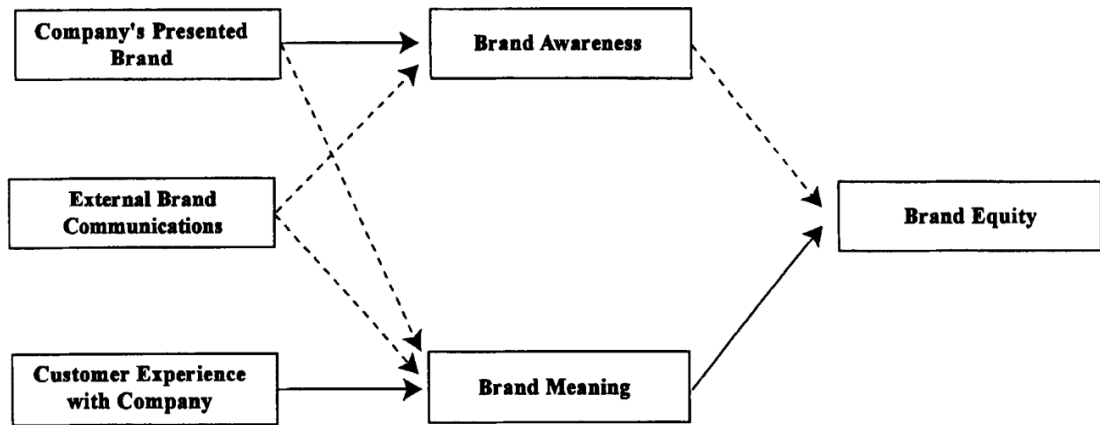
1. Aaker's Brand Equity Model (Aaker, 1991)



2. Keller's Customer-Based Brand Equity Pyramid (Keller, Strategic Brand Management, 2013)



3. Berry's Service-Branding Model (Berry, 2000)



Appendix 2. Market Data

Table A.1. Number of Global Existing and Planned LNG Plant (International Gas Union, 2023)

	LNG Companies	LNG Trains	Total Capacity (MTPA)
Existing Plant	46	135	478,45
FID/Under Construction	12	66	147,23
Grand Total	58	201	625,68

Table A.2. Number of Existing and Planned LNG Plant Based on Region (International Gas Union, 2023)

	LNG Companies	LNG Trains
Existing Plant	46	135
Africa	10	18
Asia	6	16
Europe	6	12
Middle East	5	21
North America	7	44
South America	1	1
Australia & Oceania	11	23
FID/Under Construction	16	66
Africa	4	5
Asia	1	1
Europe	1	1
Middle East	1	2
North America	6	53
South America	2	3
Australia & Oceania	1	1
Grand Total	62	201

Table A.3. Number of Existing and Planned LNG Plant Based on Liquefaction Technology (International Gas Union, 2023)

	LNG Companies	LNG Trains
Existing Plant	46	135
Air Products	27	75
ConocoPhillips	11	24
Linde	2	2
Shell	4	14
Others	1	2
Baker Hughes	1	18
FID/Under Construction	12	66
Air Products	4	12
ConocoPhillips		8
Linde	1	1
Shell	1	2
Others	5	7
Baker Hughes	1	36
Grand Total	58	201

Table A.4. Number of Existing LNG Plant Based on Liquefaction Capacity (International Gas Union, 2023)

Plant Capacity	LNG Plant
Large (>20 MTPA)	6
Medium (10-20 MTPA)	10
Small (<10 MTPA)	30
Grand Total	46

Table A.5. Number of Planned LNG Plant (FID/Under Construction) Based on Expected Operation Year (International Gas Union, 2023)

Expected Year	LNG Train
2023	3
2024	24
2025	4
2026	28
2027	3
2028	4
Grand Total	66

Table A.6. Badak LNG's Clients – LNG Companies

Company	LNG Technology	Capacity (MTPA)	Location
Company A	AP-C3MR	7,20	Asia
Company B	Linde MFC	4,30	Europe
Company C	AP-C3MR/ SplitMR	6,70	Middle East
Company D	AP-C3MR/ SplitMR	7,60	Asia
Company E	ConocoPhillips Optimized Cascade	5,20	Africa
Company F	AP-C3MR	2,00	Asia
Company G	AP-C3MR	5,25	North America
Company H	AP-C3MR/ SplitMR	13,50	North America
Company I	AP-C3MR	15,30	North America
Company J	AP-DMR	3,40	Africa

Appendix 3. Competitor Data

Table A.7. Badak LNG's Competitor

Company	Industry	Brand Promise	Remarks
Intertek, United Kingdom	Multi-industries	Intertek Total Quality Assurance expertise, delivered consistently with precision, pace and passion, enabling our customers to power ahead safely – as we firmly position Intertek as the trusted partner for end-to-end Total Quality. Assured.	Highlight comprehensive experience
McDermott, United States	Multi-Industry	Unparalleled LNG Experience McDermott is one of the most experienced engineering and construction firms serving the LNG market, and for more than 60 years, we have remained at the forefront of LNG technology and innovation. Our experience and know-how allow us to design and build for the entire LNG value chain, from our state-of-the-art LNG liquefaction facilities, to cutting-edge LNG storage and distribution terminals.	Highlight unparalleled LNG experience
Wood Group, Scotland	Energy	Turning vision into reality We have the skills, experience and creativity to add value throughout the LNG asset lifecycle. From the earliest screening or conceptual phases through to establishing a robust basis of design in the pre-FEED stage, ready for FEED execution and the final investment decision, we also provide ongoing asset support and improvement.	Highlight extensive range of services, quality, and people.
Petrofac, United Kingdom	Energy	A leading international service provider to the energy industry We use our engineering know-how and our consultancy expertise to design, build, and operate world-class energy facilities that are engineered for safety, optimal efficiency, and low emissions.	Company website does not explicitly promoting LNG-related services even though the company have some portfolios in LNG industry
Siemens Energy, United States	Multi-Industry	Siemens Energy provides integrated Gas to Power solutions throughout the LNG value chain, offering pre-FEED services, traditional equipment supply, and trusted partnerships. We collaborate with owners, developers, liquefaction licensors, and EPCs, leveraging extensive capabilities in engineering, module fabrication, digital solutions, and financing. Siemens Energy is your sustainable partner from ideation through the lifecycle of your facility.	Highlight financial & environment conciousness

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