

CHAPTER 3 – BUSINESS SOLUTION

3.1. 4C Diamond Model

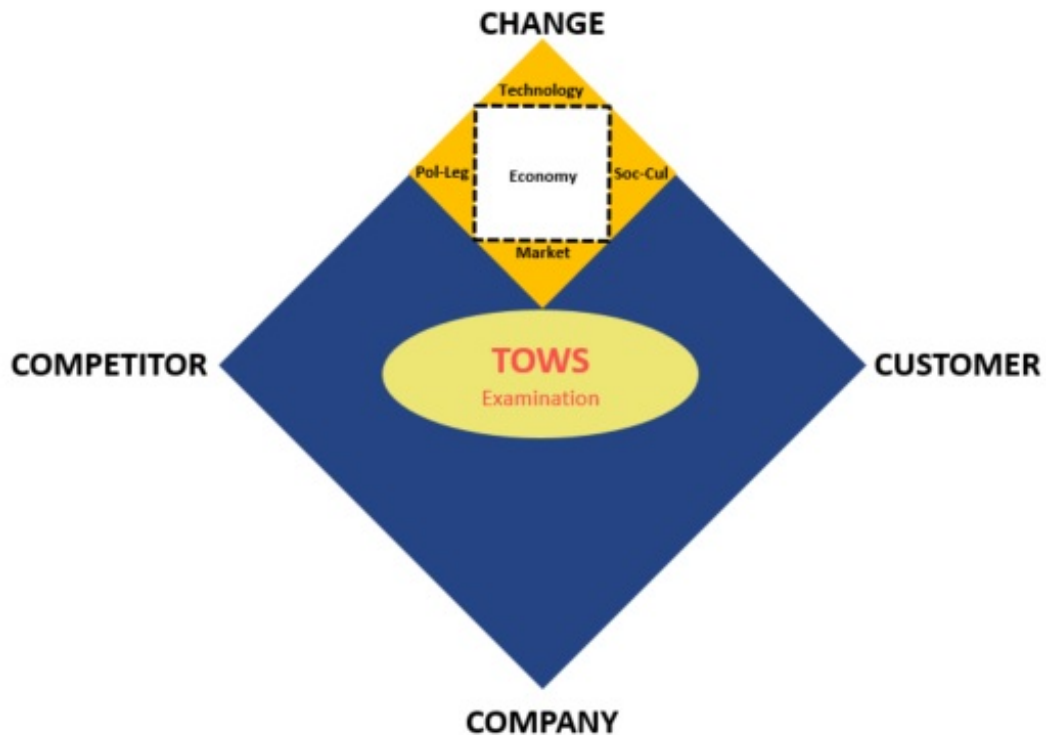


Figure 3.1 4C Diamond Model

(Source: MarkPlus, 2002)

Change: This section refers to the results of the PEST analysis above, which explains the various factors that influence the development of the MyPertamina application which is summarized as follows:

1. Political & Legal: The Palapa Ring project that is being undertaken by the Government as the provision of an integrated network integrated with telecommunications companies is a driving factor for increasing public accessibility and equitable connectivity to the use of telecommunications networks including internet services. So that this will move the company in building electronic-based transaction services, in addition to that the Government has also set up electronic service matters regulated in

Government Regulation number 82 of 2012 concerning the implementation of electronic systems and transactions and Article 4 paragraph 1B of the minister of communication and information regulation by Law number 36 Year 2014 concerning corporations in the form of State-Owned Enterprises and / or Regional-Owned Enterprises and / or Organizing Work Units in their environment; which states the organizer of the electronic system.

2. Technology: The development of service digitization which has now adopted four technologies that have an impact on changing business models to consumer behavior, namely mobile internet, cloud technology, internet of things, and big data advanced analytics, where the application of this technology is in line with the connection of consumer needs to digital content. This opportunity creates companies especially in collecting data which can be seen in Figure 2.5 which illustrates a significant increase in big data advanced analytics, one of which can produce customer data profiling that is useful in building programs or promos that are right on target and comprehensive.
3. Socio-Cultural: The population in Indonesia is very aware of the consumptive nature of digital content, this is explained by the average length of time of internet usage per day of 3.5 hours which is almost twice as large as daily internet usage in the United States. The word 'netizen' has emerged as Indonesian people who are very consumptive in digital content. In addition, this phenomenon causes the Internet population in Indonesia to increase rapidly due to the increased accessibility of mobile Internet which is expected to add 50 million new internet users from 2015 to 2020.

4. Economy: The digital economy is able to make a significant contribution to Indonesia's GDP in 2017, reaching 7.3 percent, while Indonesia's economic growth is only 5.1 percent. This implies that Indonesia's digital economy has very promising prospects, This is one of the reason which MyPertamina application as Pertamina's digital economy product can contribute to its main business line. Gasoline purchase which can now be carried out transactions through electronic payments and points programs that open opportunity for cooperation with different industry companies for loyalty programs that are expected to stimulate customer demand in transactions for Pertamina products.

Customer: An explanation of the customer is described in the previous market segmentation section. The market segmentation for MyPertamina based on the results of qualitative research is men aged 25-40 years who already have a family and work as employees or professionals, already accustomed to and often use internet-based applications on mobile. For behavior that can be described from the customer's profile is to have a profit orientation what they will get when doing something, whether in accordance between the price and the product / service they get. In the interpretation of MyPertamina, the beneficial value aspects have been applied to customers in every transaction of Pertamax, Pertamax Turbo and Pertamina Dex products in the form of points that can be collected to be exchanged for interesting prizes, so that this beneficial value can be realized because every rupiah the customer pays for the amount of gasoline purchased will get more than one profit in every gasoline transaction, namely the gasoline product itself and redeem points.

Competitor: This section describes the market competition of MyPertamina in competing in the market of loyalty programs originating from the same industry, oil and gas, which have now entered and developed their respective loyalty programs, including Shell Clubmart, and BP Fuel Retail - Ponta.

Table 3.1 Competitor analysis: point earnings

Point Earnings					
MyPertamina		Shell ClubSmart		BP Fuel Retail - Ponta	
Product: Fuel (per liter)					
Pertamax	25 points	Shell Super	1 point	BP90	100 points
Pertamax Turbo	100 points	Shell V-Power	2 points	BP92	100 points
Pertamina Dex	100 points	Shell Regular	1 points	BP95	100 points
				BP Diesel	100 points
Product: Lubricants					
		1LT Helix HX3	5 points		
		1LT Helix HX5 15W-40	15 points		
		1LT Helix HX7 10W-40	20 points		
		4LT Helix HX3	20 points		
		4LT Helix HX5 15W-40	60 points		
		4LT Helix HX7 10W-40	80 points		
Product: Food and beverages					
		Pastry	10 points		
		Coffee	17 points		
		Chicken Katsu	20 points		

Before explaining the contents in the table above, Shell Club Smart applies the concept of loyalty program by using a card system that can be used specifically for the purchase of all fuel products at the Shell gas station in Indonesia including buying lubricants, food and beverage products with earned extra points using the Shell ClubSmart card. Furthermore, BP Fuel Retail - Ponta which is the application of the concept of collaboration loyalty programs in the form of collecting points for each Ponta member who refuel at BP gas station in Indonesia.

The point earnings scheme between the three platforms shows a significant difference. MyPertamina chose to focus on premium fuel products which were limited only to used Pertamina, Pertamina Turbo, and Pertamina Dex products with different points classification based on fuel quality. Pertamina purchases will get 25 points per liter, while Pertamina Turbo and Pertamina Dex will get 100 points per liter. This is similar to BP Fuel Retail - Ponta which applies additional points only for refueling with a count of 100 points per liter for all fuel products including BP Fuel Retail - Ponta gives points for fuel with RON 90 where MyPertamina does not apply the same policy, even though Pertamina has a Peralite product with RON 90.

A very different comparison is shown by Shell ClubSmart which applies a point earnings system for each transaction of fuel and non-fuel retail products available at the Shell gas station in Indonesia. However, the points given by Shell ClubSmart are relatively small for purchasing fuel products because the maximum points earned only 2 points per liter, while for products with the Lubricants category have an average addition of 20 points per product purchased. For the food and food category is beverages have an average of 15 additional points per product.

Table 3.2 Competitor analysis: point redeem

Point Redeem					
MyPertamina		Shell ClubSmart		BP Fuel Retail - Ponta	
Blue Sky Lounge	40.000 points	Fuel Discount Rp 5.000	90 points	Discount 35% Jungle Land	2.000 points
Concordia Lounge	40.000 points	Fuel Discount Rp 10.000	150 points	Voucher TheLorry.com Rp 20.000	3.000 points
Jakarta Aquarium	50.000 points	Lubricants Discount Rp 10.000	150 points	Voucher TheLorry.com Rp 150.000	5.000 points
Pertamax Turbo Backpack	50.000 points	F&B (deli2go) Discount Rp 10.000	150 points	Discount 10% TheLorry.com	5.000 points
Pertamax Turbo Jacket	60.000 points			Voucher Airy Hotel Rp 100.000	5.000 points
Die Cast Lambo	120.000 points			Voucher OYO Hotel Rp 100.000	5.000 points
Die Cast Truck	120.000 points			Discount 50% Amaris Hotel Serpong	5.000 points
				Voucher Wearinasia Rp 150.000	5.000 points

Table 3.3 explains the use of points obtained by transactions at each gas station owned by the three companies. Of these three platforms, Shell ClubSmart provides fewer benefits for customers, because it only provides redeem points with a choice of discounts for every purchase of fuel products, lubricants, and food & beverages contained in the gas station area. However, Shell's strategy is very interesting when viewed from the perspective of optimizing business units, where the use of redeem points can be used directly in the gas station area.

Furthermore, similar concept in loyalty program is applied by MyPertamina and BP Fuel Retail – Ponta. In terms of redeem points MyPertamina cannot compete with the nominal of BP Fuel Retail – Ponta offers, because the redeem point system implemented by BP Fuel Retail - Ponta is a discount of e-vouchers, whereas MyPertamina provides e-vouchers with greater redeem points that can be used by customers without having to add cash and enjoy the promotion. In giving a different experience, MyPertamina differentiates by selling its exclusive products such as backpacks, jackets and die cast that can be purchased only with redeem points.

Company: Due to the changes that affect the oil and gas business which has now led to digital transformation along with the development of infrastructure and technology nationwide, it has resulted in changes in customer behavior in using oil and gas products. Customers are now integrated with internet-based applications to enjoy and use every product that they wants as a form of customer convenience, so that this is also seen as an attractive opportunity for oil and gas company Indonesia From the description of variations for the redemption points offered by Shell and BP. Pertamina should prepare a massive loyalty program strategy by collaborating with other companies to create attractive and beneficial gifts for customers.

3.2. Eisenhower Matrix

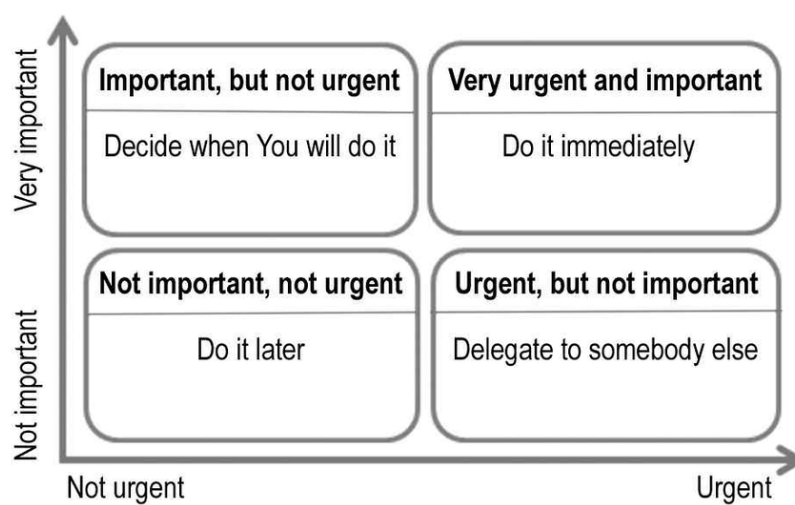


Figure 3.2 Eisenhower Matrix

(Source: Krogerus, Tschappeler, Earnhart, 2012)

The Eisenhower Matrix also referred to as Urgent-Important Matrix helps to prioritize tasks by urgency and importance, sorting out less urgent and important tasks which one should either delegate or not do at all. This matrix divides the tasks into 4 categories: Important and urgent, Important but not Urgent, Urgent but not so important, neither urgent nor important. The work jotted under the first box is the “do first” work (Andra, 2010)

According to Eisenhower Matrix, researchers can place priorities on which MyPertamina emphasis the strategies for its future loyalty program. Based on the results of previous TOWS Matrix that there are two strategies for SO2 and SO1 which can be applied on Eisenhower Matrix to define the priority strategy. These two strategy choices will be analyzed further in 4 categories contained in the Eisenhower Matrix in order to get an overview of strategies that are important and can be executed in the near future. The analysis of the Eisenhower Matrix's description in the following illustration below.

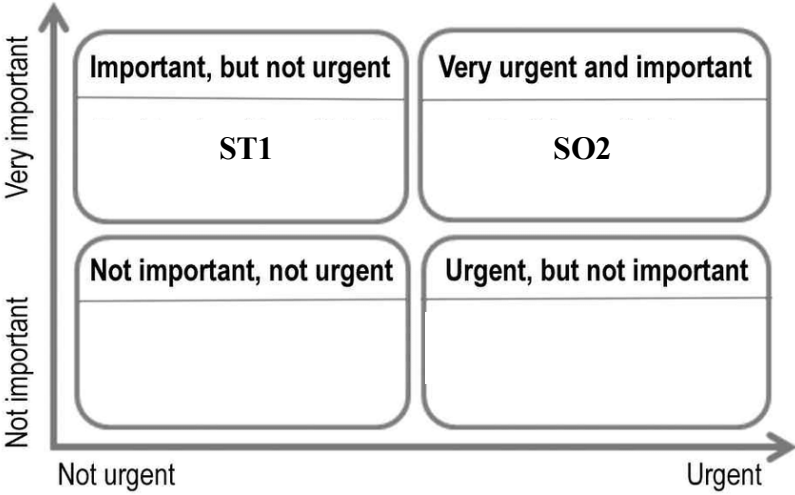


Figure 3.3 Analysis of Eisenhower Matrix
(Source: Krogerus, Tschappeler, Earnhart, 2012)

The Strategy SO2 represents the situation that Vice President Customer Care Pertamina discourse about e-voucher implementation in the form of collaboration strategy to create a big impact for loyalty program provided by MyPertamina and the importance of loyalty providers to improve loyalty features on MyPertamina.

Collaboration of e-voucher development strategy which executed in the near future as a form of implementation of the internal party's objective in responding to the constraints of determining what program loyalty to do. Otherwise, for important but not urgent conditions related to ST1 as a differentiation strategy for personalized loyalty programs. This means using internal strengths to minimize potential threat which explained personalized e-voucher that can redeem by user grading systems which creates more benefits for user who have high points or big transactions that will get a personalized rewards from MyPertamina. This needs an internal competence to develop user experience in MyPertamina platform.

However, this is constrained by the system developer and the limited human resources in the digital division, which is related to the explanation from Mr. Dedi as Customer Relationship Management Manager. *"In developing the MyPertamina application which concerns the system and features, it can not be solved in a short time because the system developer is a third party who has an access, another constraints about coordination and agreement between the digital division, customer care, and brandcom, regarding to the context of single division can not decide to change the system or add features in the MyPertamina application"*.

Based on the analysis of Eisenhower matrix that SO2 will be more reliable to execute as a main strategy in order to develop loyalty program of MyPertamina, which is certainly appropriate to the management concerns about e-voucher concept that previously explained by Vice President Customer Care Pertamina. Further, there is the time constraints of finished program called Berkah Energi Pertamina in Juli 2019, Therefore, Pertamina need to be prepared for the potential collaboration which related to the respondents insights below.

1. Patra Jasa

The synergy of Pertamina's subsidiary, where the advantage of redeeming MyPertamina points is the discounted facility for Patra Jasa hotels.

2. Tugu

The synergy of Pertamina's subsidiary which includes insurance products, especially accident insurance that can be accessed or accessed with the MyPertamina point exchange system.

3. Pertamedika

The synergy of Pertamina's subsidiaries in particular will provide differentiation by providing health services such as Medical Check Up which can be accessed with MyPertamina redeem points.

4. Pertamina Retail

The synergy of Pertamina's subsidiary that makes BBM vouchers an object that customers will get through MyPertamina redeem points.

5. Garuda Indonesia

The form of collaboration between MyPertamina and Garuda Indonesia is the realization of the redemption of MyPertamina points with Garuda Miles, where prizes that can be redeemed are airplane tickets in accordance with predetermined points. It is also a form of SOE synergy implementation in the context of developing a loyalty program, moreover Garuda Indonesia has also been integrated with LinkAja's digital ecosystem.

6. Telkomsel

The collaboration implemented with Telkomsel can be said as a synergy of SOEs where Telkomsel is a subsidiary of Telkom that has been registered in LinkAja's digital ecosystem. Where the form of implementation is an internet data package program specifically created for MyPertamina users

by exchanging their MyPertamina points or can be exchanged for MyTelkomsel points.

7. MAP

In this section, it explains the forms of collaboration with companies that are not included in the concept of synergy between SOEs, SOE subsidiaries and Pertamina's subsidiaries. Collaborating with MAP is a form of implementing a loyalty program that is able to attract women because the benefits obtained by MyPertamina users are exchanging points for MAP vouchers that can be used to shop at merchants registered with MAP.

3.3. Simple Multi Attribute Rating Technique (SMART)

Simple Multi Attribute Rating (SMART) is a comprehensive model of decision-makers to account for things that are qualitative and quantitative. In a decision-making model with SMART trying to cover any shortfall from the previous model without computerization (Mustajoki and Hämäläinen, 2007); (Kuhn, 2002). SMART is also possible to structure a system and environment into components interact with each other and then unite them with measure and regulate the effects of the elements of a system error (Kuhn, 2002).

$$u(a_i) = \sum_{j=1}^m w_j u_j(a_i), \quad i = 1, 2, \dots, m$$

Stage 1: Determine the number of criteria used.

Stage 2: Determine the criteria weights to each criterion by using the 1- 100 interval for each criteria urgent priority.

Stage 3: The normalization of each of the criteria by comparing the weights of criteria by the number of weighted criteria. Using this formula below.

$$= \frac{w_j}{\sum w_j}$$

Stage 4: Provide criteria parameter value on each criterion for each alternative.

Stage 5: Determine the value of the utility to convert the value of the criteria for each criterion raw data criteria.

Stage 6: Determine the final value of each criterion by shifting the values obtained from the normalized value of the raw data criteria with weight normalized value criteria. Then total value of the multiplication.

The SMART method can be used to assist in analyzing problems that occur and determine the direction and focus of solving those problems through weighting in each alternative to assist management in designing to make decisions for making programs to solve problems. The following is a series of analysis of partnership loyalty program with the SMART method.

Table 3.3 SMART: Criteria

Criteria	Items
C1	Redeem Points
C2	Collaboration Category
C3	Sector
C4	Registered on LinkAja!

Table 3.4 SMART: Alternatives

Alternative	Criteria			
	Redeem Points	Collaboration Category	Sector	Registered on LinkAja!
Patra Jasa	120.000	Synergy of Pertamina subsidiaries	Hotel	No
Tugu	80.000	Synergy of Pertamina subsidiaries	Insurance	No
Pertamedika	120.000	Synergy of Pertamina subsidiaries	Healthcare	No
Pertamina Retail	20.000	Synergy of Pertamina subsidiaries	Fuel	No
Garuda Indonesia	120.000	SOE Synergy	Flight	Yes
Telkomsel	20.000	Synergy of SOE subsidiaries	Data / Internet	Yes
MAP	20.000	None	Retail	No

Table 3.5 SMART: Weight of the normalization criteria

Criteria	Items	Weight (Wj)	Normalization
C1	Redeem Points	28	0.28
C2	Collaboration Category	30	0.30
C3	Sector	20	0.20
C4	Registered on LinkAja!	22	0.22
		100	

Table 3.6 SMART: Parameter value

Group	Value
Low	1
Mid	2
High	3
Very High	4

Table 3.7 SMART: Value of sub-criteria

Criteria	Items	Stock	Value
C1	Redeem Points	10.000 - 25.000	4
		26.000 - 50.000	3
		51.000 - 80.000	2
		> 80.000	1
C2	Collaboration Category	Synergy of Pertamina subsidiaries	4
		SOE Synergy	3
		Synergy of SOE subsidiaries	2
		None	1
C3	Sector	Hotel	3
		Insurance	2
		Healthcare	2
		Fuel	4
		Flight	3
		Data / Internet	3
		Retail	3
C4	Registered on LinkAja!	Yes	4
		No	3

Table 3.8 SMART: Final score

Alternative	Criteria	Value of Sub-Criteria	Value Utilities	Weight of Normalization	Score	
Patra Jasa	Redeem Points	1	0.00	0.28	0.00	0.580
	Collaboration Category	4	1.00	0.30	0.30	
	Sector	3	0.67	0.20	0.13	
	Registered on LinkAja!	3	0.67	0.22	0.15	
Tugu	Redeem Points	1	0.00	0.28	0.00	0.513
	Collaboration Category	4	1.00	0.30	0.30	
	Sector	2	0.33	0.20	0.07	
	Registered on LinkAja!	3	0.67	0.22	0.15	
Pertamedika	Redeem Points	1	0.00	0.28	0.00	0.513
	Collaboration Category	4	1.00	0.30	0.30	
	Sector	2	0.33	0.20	0.07	
	Registered on LinkAja!	3	0.67	0.22	0.15	
Pertamina Retail	Redeem Points	4	1.00	0.28	0.28	0.927
	Collaboration Category	4	1.00	0.30	0.30	
	Sector	4	1.00	0.20	0.20	
	Registered on LinkAja!	3	0.67	0.22	0.15	
Garuda Indonesia	Redeem Points	1	0.00	0.28	0.00	0.553
	Collaboration Category	3	0.67	0.30	0.20	
	Sector	3	0.67	0.20	0.13	
	Registered on LinkAja!	4	1.00	0.22	0.22	
Telkomsel	Redeem Points	4	1.00	0.28	0.28	0.733
	Collaboration Category	2	0.33	0.30	0.10	
	Sector	3	0.67	0.20	0.13	
	Registered on LinkAja!	4	1.00	0.22	0.22	
MAP	Redeem Points	4	1.00	0.28	0.28	0.560
	Collaboration Category	1	0.00	0.30	0.00	
	Sector	3	0.67	0.20	0.13	
	Registered on LinkAja!	3	0.67	0.22	0.15	

Based on the results of the SMART analysis listed in table 3.8, the final assessment of several alternative options for developing collaboration of MyPertamina loyalty programs has been determined within the highest score about 0.927 from Pertamina Retail.