Chapter 2. Literature Review

2.1 Theoretical Foundation

2.1.1 Transformation of Marketing

Based on Markeeters, marketing has evolved (Bella, 2020). Starting from so-called Marketing 1.0, concentrating on producing the greatest products to enable the business to operate in a product-driven manner. Subsequently, the phrase "marketing 2.0" surfaced, emphasizing client-oriented strategies because every customer has distinct needs. In marketing 3.0, it is necessary for marketers to uncover clients' unmet desires. Additionally, businesses need to consider how their operations affect social communities and the environment.

The emergence of the digital world altered the terrain and ushered in a new era known as Marketing 4.0. It is also referred as New Customer Experience (CX) in the modern day and happens at every point of the customer journey. The five phases of the customer experience are referred to as 5As (Aware, Appeal, Ask, Act, and Advocate). Following the Awareness stage, which discusses how consumers learn about a product or brand, comes the Appeal stage, which is when consumers begin to show interest in the product or brand. The consumer will attempt to learn more about the associated brand or product in the following step (Ask). The customer may decide to make a purchase if the information presented to them is successful in persuading them (Act). It doesn't end there, if the client is happy with the good or service they have acquired, they will tell others about it (Advocate).

The latest one which is very relevant and broadly accepted by society, ‘Marketing 5.0’ discusses how five major factors are driving ever-more-advanced technologies. The growing number of generations who are tech-savvy, the adoption of a digital lifestyle, the paradox of digitalization (both positive and negative effects), the ever-improving state of technological advancements, and the irreversible symbiosis between people and technology.

Figure 2.1 The Marketing Evolution

(Source: Kartajaya et al., 2021)

Through the integration of technology's broad reach, human understanding, and ethical considerations, Marketing 5.0 establishes a framework for brands striving for long-term success and relevance (Kartajaya et al., 2021). Marketing 5.0 is an answer to the three main problems that modern organizations face. First issue is coexistence of multiple diverse customer generations, each with their own viewpoints and inclinations, presents the first challenge. The second issue is the divisiveness that rising inequality is causing in markets. The digital gap, which divides individuals into those who see technology adversely and those who see it positively, is the third challenge.

Marketing 5.0 mimics the capabilities of human marketers by leveraging cutting-edge technology like virtual reality, robotics, sensors, and artificial intelligence. AI and its machine learning algorithms, in particular, are useful in revealing important customer insights from data that would be difficult for humans to analyze. Determining the significance and underlying motivations of AI findings still requires human interpretation.

In order to quicken the rate at which customers base can migrate to digital platforms, companies can offer customers enticing incentives. More than financial incentives, informed communications that demonstrate how new digital capabilities can significantly improve the customer experience are also crucial. Businesses should pinpoint and resolve the main areas where customers are now irritated by analyzing whole customer touchpoints. Then, give alternatives where digital offer remedies for frequent problems that arise from offline interactions.

In order to support customization, predictive analytics, and other data-driven strategies which are centre of marketing 5.0, businesses must also create the data ecosystems necessary. New digital ways can thrive when conventional restrictions on pricing, distribution, and client access are lifted. In conclusion, organizations can expedite their digital transition through customer incentives, pain point resolution, value creation, process transformation, asset connectivity, and value reimagining.

Marketing 5.0 also conveys the contextual promotion model that has long been used online to tailor ads to browsing history. Online contextual marketing has been used for a while to target adverts based on browser history. By using technology that is able to replace human-level situational awareness, skilled marketers use their gut feeling to present clients with the ideal customized and well-tailored offering at the ideal time, place, and context.

Agile marketing is also a recent topic. The utilization of real-time data, decentralized quick-response teams, adaptable product development platforms, concurrent supply-demand processes, and quick experimentation in market testing are all characteristics of an agile retail marketing approach, which is emphasized in Marketing 5.0. Companies need to be as flexible as their customers in order to stay ahead of the competition and adapt quickly enough. Agile innovation teams need to strike a balance in order to propel new growth engines, even though operational stability is still necessary to support scalability.

2.1.1.1 Nine Core Elements of Marketing

Hermawan Kartajaya introduced "The Nine Core Elements of Marketing" (Fakhira, 2023) which is the core of marketing which consists of segmentation, targeting, positioning, differentiation, marketing mix, selling, brand, service, and process. We are also introduced STV-triangle which forms the foundation of all corporate operations, and is comprised of those nine marketing elements. The acronym representing strategy (mind-share), tactics (market-share), and value (heart-share), abbreviated as STV-triangle.

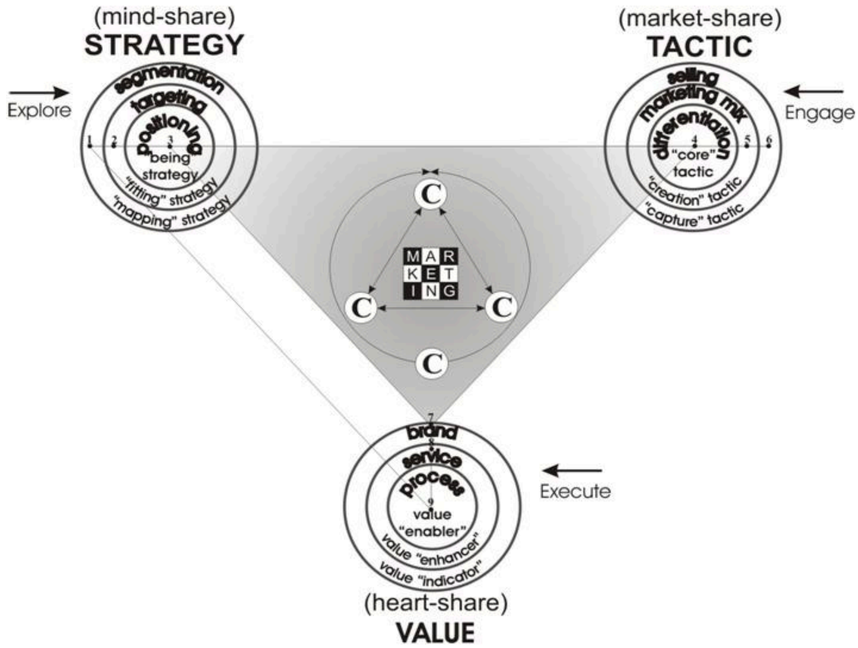

Figure 2.2 Nine Core Elements of Marketing

(Source: Fakhira, 2023)

2.1.1.2. Marketing Strategy

Marketing strategy (Fakhira, 2023) is related with customer management. This involved an exploration phase which is part of the plan to comprehend market segmentation. A company needs to form a justification on the market environment. After that, the company can identify its target market to make efficient use of its resources. The last step is positioning, where the corporation has to plan offers that also affect the brand's reputation. Thus, the business can legitimately draw in new clients.

A market segment's attractiveness can be evaluated using a number of different factors. First, by examining market size, segment's profitability and size. In addition, it can be viewed in terms of market expansion, or, keeping an eye on the expansion of the market niche you wish to pursue. The competitive environment comes next, where marketers take into account how the competitive environment may either directly or indirectly impact the business, specifically the marketing part.

The method of segmenting a market involves first identifying which customer behavior groups to target and then breaking the market up into smaller segments based on comparable characteristics. Both static and dynamic properties can be used to divide up the consumer base. Static attributes refer to segmentation based on fixed attributes, such as geography and demographics, that do not characterize purchasing and usage behavior. Dynamic attributes, on the other hand, are a segmentation classification based on dynamic attributes that directly represent the qualities, such as values, behavior, and lifestyle, that affect customers' purchase decisions.

The process of choosing the most desirable market segments as the primary goal is known as targeting. The market size, market growth, competitive environment, and competitive advantage are the four factors that can be applied. To make sure the segment is both profitable and sizable, market size evaluation is used. After that, market growth is taken into account to determine how the market sector you wish to target is growing. Competitive environment aids in the consideration of the direct and indirect influences that the competitive environment has on marketers. Last but not least, a company's strength in controlling or catering to particular segments is assessed using its competitive advantage. A corporation can determine how many product categories and varieties to offer to the market by evaluating its goals and available resources. Single segment, selective specialization, market specialization, product specialization, and full market coverage are among the segments that can be chosen.

Positioning is the process by which a business decides what message it wants to convey to and leave on the minds of its customers. Three goals are the focus of positioning: the customers, the company, and the communication. Building customer perceptions, internalizing product perceptions among staff members, and presenting product characteristics or services to customers are all about positioning. In positioning a product or service, a corporation must take into account the benefits that customers will receive based on the extent to which the market can benefit from using them.

Four categories can be used to group benefit levels. The degree to which the provided product or service satisfies the needs and expectations of the target market is known as the performance benefit factor. The second benefit component is convenience, wherein the corporation provides ease of use, storage, and purchase of the goods. Thirdly, the degree to which the product offers the proper price is known as the price-benefit factor. This involves taking into account both the high side (premium pricing) and the low side (price discount). The psychological benefit factor measures how much a given good or service might assist clients in developing their sense of self-worth, social acceptability, prestige, and self-actualization.

Five components can be used to create a positioning statement. Who is the target market, to start with? This is an indication of the potential market in which the good or service will be provided. The second is brand, which is a representation of the value provided to clients. The frame of reference, or the product category or specification that the brand competes in, comes in third. Fourth, the company's points of distinction, or what sets its products apart from competing ones on the market. And lastly, a competitive advantage gives consumers hope that the brand will live up to its promises.

2.1.1.3. Marketing Tactics

Tactics (Fakhira, 2024) include selling, marketing mix, and differentiation. A strategy that has been devised to engage potential clients is translated into specific procedures called tactics. The goal of differentiation is to stand out from the competition by combining the infrastructure, context, and content of what firm can offer to clients. Then, to give the business a competitive position in the market, the marketing mix consists of offer, access, and communication. can be used with the 4Ps: promotion, place, pricing, and product. Products include features, design, packaging, quality, and variety. The price then comprises the credit terms, payment duration, price list, and discounts. Place is location and inventory, allows customers to enjoy products through channels with specific coverage.

The art of creating differentiation (Kotler & Huan, 2021) that a business offers to the market should be made through the integration of content (what the business can offer to customers), context (how the business offers that value to customers) and complements (enablers, with which the brand communicates that value will be delivered to the customer). The positioning tagline becomes a reality with the aid of differentiation.

A marketing mix is a strategy that combines two elements: offer, or what the company is offering the market, and access, or how potential customers can access the offer. Price and product both represent the offer. Access is represented in place and promotion.

Talking about product, there are 3 stages of product consumption which are core product, actual product, and augmented product. The benefit that customers of the good or service will receive is the core product.

Next, there is the actual product, which has color, style, branding, fashion, and quality. Finally, warranties, shipping, services, installation, financing, and customer support are all included within augmented products. Customers that purchase augmented products receive benefits beyond the product's core features.

There are four methods for calculating a product's selling price. The first method is called cost-based pricing, in which prices are determined by adding a profit margin to the cost of raw materials. Next is value-based pricing, which bases a product's price on its entire benefits, for instance a luxury brand. Thirdly, there is market-based pricing, wherein supply and demand determine the prices of goods and make them comparable. The last pricing tactic is competition-based pricing, which sets prices for products that are comparable to those of rivals.

Businesses use place as a marketing strategy to make sure that their products are accessible for consumption. It comprises establishments or sites that are easily accessible to consumers of goods and services. A location consists of four components which are convenience, existence (easily accessed), variety, safety and on-time of the products.

The purpose of promotion is to help the target consumer identify the product. Various media can be used to provide the activities, and the messages will be strategically presented to compel customers to take action (purchase). Campaigns and promotions can be approached in three ways: emotionally, morally, and rationally. Promotional messaging in emotive campaigns emphasize the consumers' feelings. On the other hand, moral campaigns typically address societally accepted moral principles. Messages highlighting characteristics or benefits that customers can obtain or enjoy from the provided goods or services are a common aspect of rational advertising.

However in this research, provided that Indojek provides service-based offerings, researcher will add 3 more Ps, which are Physical Evidence, People and Process. This marketing mix model is the one that will be used further in this research. Aside of that, 7Ps (promotion, place, pricing, product, process, physical evidence and people) is the most recommended model of marketing mix, especially in digital environment as per Manoj (2013) in Asian Journal of Multidisciplinary Studies, replacing 4Ps: promotion, place, pricing, and product.

Figure 2.3 Marketing Mix 7Ps

(Source: Maulid, 2022)

Marketers have four windows of opportunity to start their advertising campaigns. Beginning with a small momentum that lasts for a very brief period of time or unique occasions for certain people, like a customer's birthday. Then there is a big momentum, which often lasts for a few days to a few weeks, like in the case of a corporate anniversary campaign. Next, there's a great momentum at the national level. Certain occasions, like independence day, elections, and school holidays, are inevitable. Grand momentum, which is a subset of macro level momentum and manifests globally during events like Christmas, Eid, or New Year's celebrations, is the last type.

Selling is the process by which businesses link with customers to get payments. There are three categories of sales—short, medium, and long term—if data is gathered according to the sales period. The sole goal of short-term sales is to increase market share. In the meantime, medium-term sales strive to guarantee that the provided products find their way into clients' minds. Unlike short-and medium-term sales, long-term sales aim to win over clients' hearts and loyalty in addition to their primary objective.

2.1.1.4. Marketing Value

In order to fulfill the vision and goal, the value component is used as brand management (Fakhira, 2023). This is done by creating a powerful brand that is bolstered by suitable service and efficient procedures. A brand is a resource that adds value for consumers by raising their level of satisfaction and helping them recognize product or service quality. Brand awareness and customer satisfaction will lead to loyalty. This fact is supported by Karunia (2021) that concluded in his research that brand loyalty among Honda Vario motorbike consumers in Samarinda city is significantly influenced by brand awareness and customer satisfaction. Brand awareness and customer satisfaction with the Honda Vario brand significantly influence brand loyalty towards Honda motorcycles.

More than simply logos and symbols, a brand's strength in the market relative to its rivals is measured by its brand equity. The components of brand equity are perceived quality, brand recognition, brand association, brand loyalty, and other brand assets (trademark, competitive advantage, and patents).

A company's approach to providing customers with items that last is through service. There are five ways to evaluate the quality of a service: reliability, assurance, tangibles, empathy, and responsiveness. Delivery, price, and quality are all factors in the process of building a company's value for its clients. To satisfy clients, businesses need to be able to develop systems that provide value for them, boost financial efficiency while maintaining the highest standards of quality, and deliver goods in an appropriate and accurate manner.

The process of creating value through a company's assets is called branding (Fakhira, 2024). The first of many components that make up a brand is its name. The second component is the tagline, a succinct statement that contains firm information. Furthermore, the brand's logo might serve as a representation. Fourth, is a model or fictitious figure that is representative. Packaging is the final one. When a product is in the hands of a customer, the packaging can leave an impression.

Businesses can also evaluate brand equity, which is made up of five components (Kotler & Huan, 2021): perceived quality, brand recognition, brand association, brand loyalty, and other brand assets.

1. Brand associations are elements that consumers might associate with a brand in order to help it stick in their minds.
2. Brand awareness is a gauge of how well consumers recognize or recall a company's name or line of products. Beginning with unaware of brand, brand recognition, brand recall, brand spontaneous, dan top of mind. In another literature, there are 4 stages of brand awareness (Spencer, 2024), which are recognition, recall, top of mind, and preference. Brand preference means brand & products of the brand are not only in the mind, but also in the heart of users.

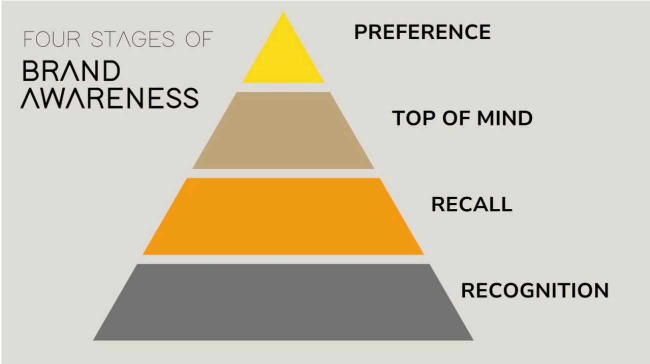

Figure 2.4 Four Stages of Brand Awareness

(Source: Spencer, 2024)

3. Perceived quality refers to how a customer feels about a brand or product's quality. A product or service's quality can be evaluated in a number of ways, including its economic value (durability), ease of repair (serviceability), consistency of performance (reliability), secondary elements (features), primary operational characteristics (performance), lack of defects (conformance with specification), and final appearance quality (fit and finish).

4. Brand loyalty, which gauges a company's strength by looking at how devoted a consumer is to a specific brand or item. Five types of brand customers can be identified.

- The first group is *switcher,* made up of those who can readily switch due to price sensitivity.
- Subsequently, there is *habitual buyer,* loyal customers who experience contentment but occasionally become unhappy due to their heightened awareness of potential competitors' novel offers.
- Third, *satisfied buyer with switching cost*, contented consumers who are sensitive to increased switching costs are those who must pay money to move to a different brand.
- *Brand lovers,* customers who enjoy the brand. Customers in this group have strong emotional attachments to particular brands, which makes them particularly like such products.

- The best customers are *commited buyers* or brand loyalists who take pride in using or wearing merchandise from a certain company. Occasionally, they even promote that brand to others.

5. Brand assets, such as a competitive advantage, patent, trademark, or distribution channel, are anything that strengthens and expands brand equity.

In alignment with the research objective, researcher will use theories above, such as brand recall and preference (brand awareness) as constructs to build research instruments to understand level of stickiness of ProDrivers program (in mind and heart of ProDrivers users) and its meaning towards drivers, aside of that service quality dimensions will be made for exploring further the product and service qualities that ProDrivers program and its partners has provided for drivers.

2.1.1.5. New Wave of Marketing

Hermawan Kartajaya from book New Wave Marketing (2013) said that the nine core elements of marketing have been refined to create New Wave Marketing, which makes greater sense in the current time. For example, the growth of the Internet as a communication tool has changed marketing strategies, pushing conventional media out of the picture. The existence of New Wave Marketing does not imply the elimination of Legacy Marketing, which is suitable as a foundational framework; rather, it refers to altering the vertically oriented tactics to a more horizontal flow.Businesses on a tight budget that require high impact marketing can benefit from New Wave Marketing. In this research, New Wave Marketing is a marketing theory that is suitable for ProDrivers program, given the condition of Indojek that is in the urgent condition to reach profitability by reducing expenses.

The components of the nine core elements of marketing changes in this horizontal era. In other words, if we want to involve customers, the market is essentially a subject rather than an object because doing so would boost the development of marketing value. For instance, the change is from differentiation to codification, positioning to clarity, targeting to confirmation, and segmentation to communization. Co-creation, currency, communal activation, and conversation replace the four Ps of marketing mix (product, price, location, and promotion). Next, a brand turns into a character, a service into care, and a process into collaboration. Below is the comparison between both concepts.

Table 2.1 New Wave Marketing in Comparison

9 Core Elements of Marketing	New Wave Marketing
Segmentation Markets are categorized according to either static or dynamic characteristics. Geographic and demographic segmentation is an illustration of a static attribute type. Segmentation is also behavioral in the interim such as psychographic values	**Communitization** The goal is to bring consumers together as a community of individuals who share a shared identity, purpose, and set of values. As a result, the community's wellbeing must always come first as strategic decisions.
Targeting The targeting concept often has three criterias. First, make sure the market segment you've chosen has room for growth, profitable for the business, and sufficiently vast. Second, the targeting approach needs to be grounded in the competitive	**Confirmation** In this New Wave era, the company's first strategic move is to investigate and examine the customer community more thoroughly in order to determine which segments would be suitable for horizontal and strategic engagement. Confirming

advantages of the relevant organization. Last, the target market segment should be based on competitive environment.	comes next after viewing the current customer communities.
Positioning The act of putting brands and products in the thoughts of consumers. Positioning is about giving customers a sense of competence, trust, and confidence. However, businesses no longer have control over their brands in the high-tech world.	**Clarification** A brand's image will soon become hazy, particularly since anyone may write a brand's positioning statement and disseminate it through already-existing social media platforms. Therefore, clarify rather than repositioning is what needs to be done.
Differentiation founded upon originality, rather than replicating others, firm is the one who invented the idea. Then, firm is able to execute it with dedication and consistency, rather than by trial and error. Lastly, it is not only pretention, but genuinely trustworthy.	**Coding** Firm should create distinctions at the "DNA level" as opposed to just the surface. Additionally, businesses need to be able to establish stronger connections with their customers in order to provide customized goods that set them apart from the competition.
Product In general, the steps of product creation involve discovery, which includes idea generation and screening. The development stage, which includes concept and product testing, is the	**Co-creation** Products are more dynamic, interactive, and originate from several sources. The corporation and its customers co-created it. The first step in putting co-creation into practice is

second. Commercialization (product introduction and assessment) comes in third.	figuring out what consumers buy and choosing the ideal customers to participate in co-creation.
Price Price is originated by the company based on economy theory and internal firm consideration on profit-loss calculation	**Currency** Three factors led to changes in pricing to currency. First, customer negotiations, the corporation will first adopt a more horizontal pricing strategy. Second, the dynamics of costs and prices will grow and fall in a transparent manner more and more because of interconnection. Thirdly, marketers offer goods that they have jointly developed with the consumer base. A product's price will fluctuate freely and become flexible.
Place Place is merely the medium which company uses to offer their products/ services, or where the buyers and sellers meet each other to do transaction.	**Communal Activation** Communal activation has a position in the new wave marketing. because customer community and product go through a co-creation process for the benefit of the community. As long as you have a mobile, immersive, social connecting platform that works both offline and online, you may engage in communal activation.

Promotion Conceptually, advertising, public relations, personal selling, direct marketing, and sales are the five components of promotion that are collectively referred to as the marketing communications mix.	**Conversation** a strategy for marketing that is less on ‘convincing’, instead more focused on "conversing" with customers, turning the brand into a topic of discussion between two or more consumers.
Selling The capacity to map and create a strong network that supports the sales process (creating a strong network).	**Commercialization** Customer recommendations are far more reliable and easily shared through networks, as everything is more interconnected. The capacity to "commercializing" the network by optimizing it to generate sales through recommendations is pivotal.
Brand How a product or company is perceived, looked and felt from outside.	**Character** Personality serves as your "true self" or actual content, whereas the brand is only "the cover" or outside layer. According to Triple C', the brand needs to change into a compelling figure that exudes an aura and is continuously charismatic.
Service Service is driven by "demand" from customers. In order to encourage repeat business,	**Care** Customer "needs" are the centre of care. The goal of care is to provide services that are most

businesses are required to go above and beyond for their customers.	pertinent to the needs and preferences of the clients. Care focuses more on giving customers the greatest and most relevant experiences possible so that they will willingly refer the business or product to others.
Process An efficient and well-managed value chain process yields high quality, economical costs, and timely delivery. Effective processes enable the realisation of value creation for customers.	**Collaboration** Business process activities have become more integrated and transparent, with companies viewing suppliers, customers, and distributors as partners who share the fundamental partnering principles of vision, intimacy, and harmonised impact between parties to produce a collaborative process.

2.1.2. Social Business Model Canvas

Based on socialbusinessdesign.org, Alexander Osterwalder created the business model canvas (BMC) in 2008 as a one-page business model design website that illustrates the business model of an enterprise. However, BMC cannot be properly applied to institutions or businesses that place high priority on social missions in their products. Important aspects of nonprofit projects, especially those pertaining to their beneficiaries and their missions, were left out of the BMC. The Social Innovation Lab and Tandemic designs are the basis for Social Business Model Canvas (SBMC). It consists of thirteen basic elements, as you can see, this model explains in detail how company generates, distributes, and retains value. Since organizations are built up of interrelated, entwined components, each block is firmly related to the others.

Pertaining to the topic of this research, Social Business Model Canvas will be used to map out how the ProDrivers program which was launched in 2016 can still exist for long-term, and not dependent on Indojek as major contributor of budget. To easily provide the insight and correlation of business components, SBMC will be beneficial to be used in this case. Researcher will also highlight the essential additions to SBMC after getting all data supporting improvement of ProDrivers program.

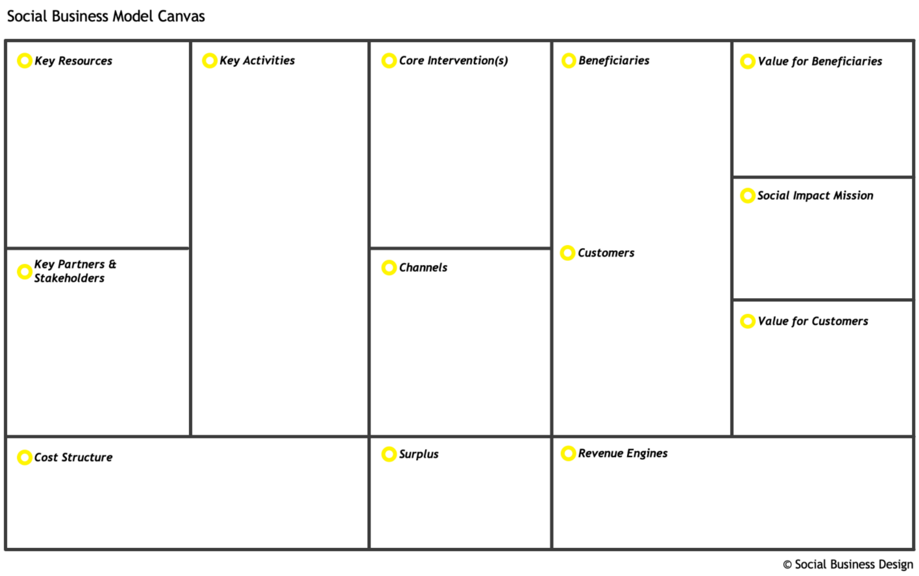

Figure 2.5 Social Business Model Canvas

(Source: Social Innovation Lab and Tandemic designs)

Here is below the explanation of each block on Social Business Model Canvas.

1. Social Impact Mission means to emphasize the most significant social change a company wants to produce,
2. Beneficiaries. These are individuals whose lives the organization seeks to significantly improve. Target groups in this block should be precisely identified using segmentation criteria such demographics, geographics, psychographics, and behaviors.

3. Core Intervention(s). Offered good, service, or resolution. A business may have one or several core products, particularly if its clients and beneficiaries are not the same. It is crucial to include a list of them all here.
4. Value for Beneficiaries. In this part, there will be list all of the benefits and painkillers that the beneficiaries should receive.
5. Customers. This block reveals the true identities of the payers, this may be the beneficiaries, and if they can't afford it, then any third party which will be able to cover all the costs for beneficiaries.
6. Value for Customers. This has same concept as 'Value for Beneficiaries', but the difference is only this part is for Customers.
7. Channels. Primary channels via which the business informs, educates, conveys, and engages with the public in addition to marketing and anything related with solution delivery. These can be owned or acquired, digital or tangible.
8. Key Activities. Mission-critical tasks required to maintain the business' operations.
9. Key Resources. Basic resources which can be financial, technological, intellectual, human, or physical. These are tools which are used for business to do its activities.
10. Key Partners and Stakeholders. Parties (public and/ or private) who supply essential outside resources or assistance for the business model to succeed. Business should differentiate between partners which have direct/ contributive business as usual (BAU) work collaborations with the firm and stakeholders who are anyone affected by the operation and existence of the business.
11. Cost Structure. Important cost factors that affect the company. These could include personnel, infrastructure, technology, marketing, and so on.
12. Revenue Engines. All the various ways the company brings to generate profits. As an example, a business might provide its solutions for one-time purchase or recurring ones (i.e., subscription, leasing), sponsorships, intermediary fees, or even donation-based streams.

13. Surplus. How the corporation plans to use the surplus from its revenue to re-invest for future plan.

2.1.3. SOSTAC® model

Marketer PR Smith, located in the UK, initially developed the SOSTAC® framework in the 1990s (Chaffey, 2023). Due to its well-known simplicity and efficacy, this planning framework has been extensively embraced by businesses of all sizes. SOSTAC®, stands for Situation, Objectives and Strategy, Tactics, Action, and Control, consists of six steps (Maulid, 2022). In this research, SOSTAC model is the construct and guidance to translate research output into structured and executable action plan for Indojek.

1. Situation: ‘Where are we now?’

On this stage, firm are required to perform a SWOT analysis tailored to the digital space and examining the various facets of the microenvironment, such as intermediaries, competitors, and customers, as well as examining the macroenvironment. All of these are needed to understand fully about the situation firm is into at that point of time.

SWOT analysis (Kennedy, 2020) stands for strengths, weaknesses, opportunities, and threats. Opportunities and threats relate to external/ outside events and trends, whereas strengths and weaknesses are evaluated by looking at the internal side of a company. The data from the competitive, internal, and external assessments is combined to create the SWOT framework. The SWOT framework incorporates the most crucial data from these evaluations. When finished, the SWOT analysis helps identify the strategic problem the company is facing. Using SWOT analysis to develop the firm's strategies is also beneficial.

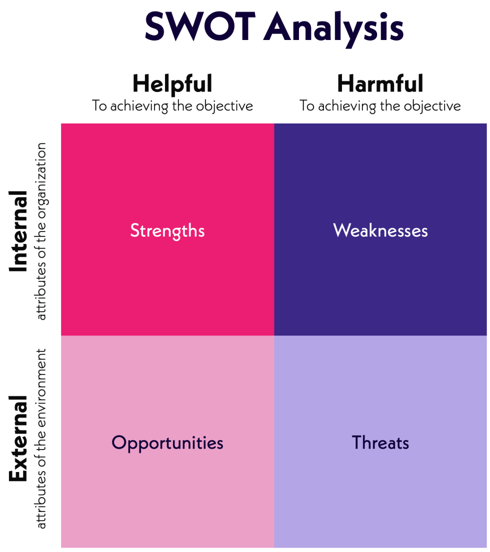

Figure 2.6 SWOT Framework

(Source: Rumsey, 2023)

2. Objectives: ‘Where do we want to be?’

This could be a plan for the channels of communication as well as precise goals in terms of numbers, including expected sales volumes and savings, but first of all, firm should set SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) objectives then implement the 5s model to clarify firm’s marketing and business plans. 5S stands for Sell (aim to grow sales), Serve (add value by leveraging online technology), Speak (get close to customers and open 2 ways communication), Save (reduce cost/ expense, in the other word, being efficient) and Sizzle (extend brand by providing exception experience online).

3. Strategy: 'How do we get there?'

The strategy section provides an overview of how to accomplish the goals for each of the decision points covered in this chapter, by segmentation, targeting, and proposition building. Moreover, online value proposition, sequence, data integration and tools that we can utilize to achieve our objectives.

4. Tactics: the use of traditional and digital communications tools is referred to as tactics.

Information on the marketing mix, CRM, customer experience, and digital communications are all included in this. Briefly, everything should be included into 7Ps marketing mix.

5. Action: which pertains to project management abilities, change management, and action plans. This should be structured, scheduled & sequential steps which is written in a form of flow chart, gantt chart, table activity based time.

6. Control examines how management data, such as analytics, is used to evaluate the accomplishment of tactical and strategic goals as well as areas for development to improve outcomes even further. This includes defining Key Performance Indicator (KPI)

2.1.4. External Business Analysis

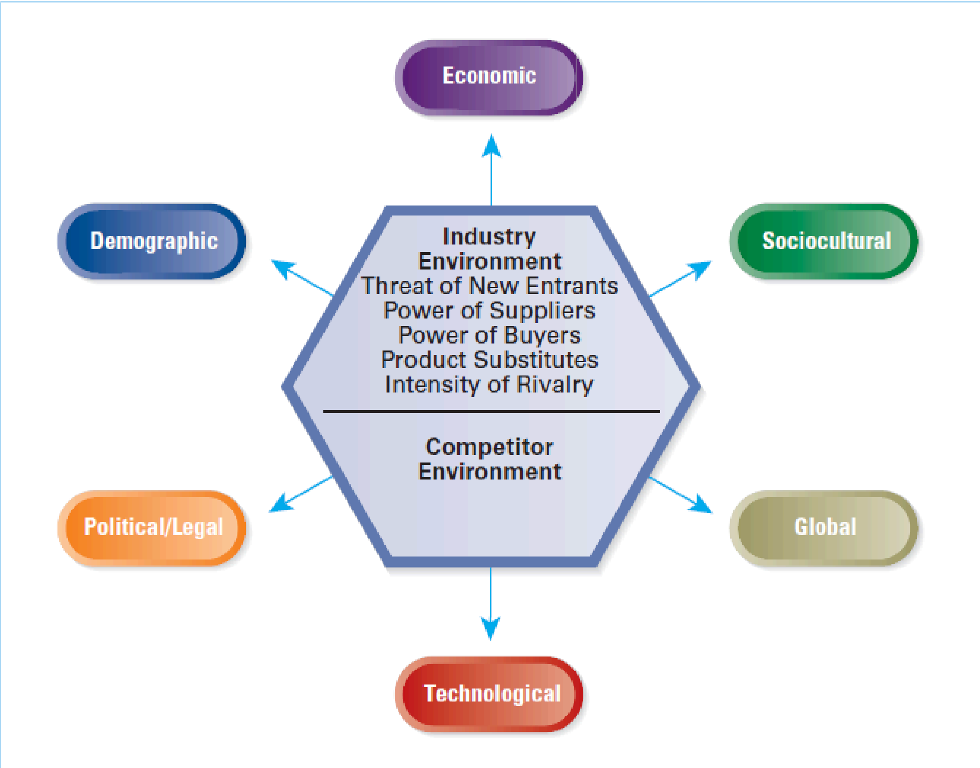

Figure 2.7 The External Environment

(Source: Hitt et al., 2009)

There are 3 external environments of a firm (Hitt et al., 2009). First is General-level. The aspects of society at macro-level that affect an industry and the businesses that operate in it categorized into "environmental segments" or 6 aspects which are economic, demographic, political/ legal, technological, global, sociocultural. In conducting external, there are 4 steps, strating from scanning for early indicators of trends and changes in the environment, then monitoring by observing patterns and changes in the environment in order to discern significance. Followed by forecasting/ predicting expected results by keeping an eye on changes and trends. Finally, Assessing by establishing the relevance and timing of environmental shifts and trends for business strategy and management.

Demographic Segment	• Population size • Age structure • Geographic distribution	• Ethnic mix • Income distribution
Economic Segment	• Inflation rates • Interest rates • Trade deficits or surpluses • Budget deficits or surpluses	• Personal savings rate • Business savings rates • Gross domestic product
Political/Legal Segment	• Antitrust laws • Taxation laws • Deregulation philosophies	• Labor training laws • Educational philosophies and policies
Sociocultural Segment	• Women in the workforce • Workforce diversity • Attitudes about the quality of work life	• Concerns about the environment • Shifts in work and career preferences • Shifts in preferences regarding product and service characteristics
Technological Segment	• Product innovations • Applications of knowledge	• Focus of private and government-supported R&D expenditures • New communication technologies
Global Segment	• Important political events • Critical global markets	• Newly industrialized countries • Different cultural and institutional attributes

Figure 2.8 The General Environment: Segments & Elements

(Source: Hitt et al., 2009)

Second is industry-level. Group of elements that have a direct impact on a firm's competitive responses and activities. This part connects to Porter's Five Forces. Porter’s Five Forces consist of bargaining power of customers, bargaining power of suppliers, threat of substitute products, the threat of new entrants, and intra-industry rivalry. This theory is developed by Michael Porter in 1979 (Michaux, 2015). The first (Bensoussan & Fleisher, 2014) is competitive rivalry, which refers to the level of competition you currently face in a given business. The threat of new competitors or the ease with which they could join the market will determine the attraction of an industry.

The more barriers to entry the market, the better. Various barriers to entry, such as economies as scale, when a company gets bigger, efficiency will get better, product differentiation which leads to clients loyalty towards company's product which is deemed special, high need for capital, exorbitant switching charges which are one-time expenses that customers pay when they choose other suppliers, access to distribution channels which influences how available a company's goods and services are on the market, cost disadvantage independent of scale where long-standing rivals have financial advantages (efficient cost) over recent arrivals, and eventually governmental directives which regulate who is allowed to enter a sector through licencing and permit procedures. Not to mention the readiness and strength of incumbents to retaliate.

The prospect of replacements (substitute products) illustrates how quickly an alternative good or service can take the place of an old one. Products which come from outside of a certain industry and serve the same or comparable purposes as those produced by that industry are known as substitutes. Product substitutes generally pose a serious threat to a business when there are little to no switching costs for customers, the substitute product is less expensive, or its quality and performance capabilities are on par with or better than those of the rival product.

Buyer power and supplier power are the last two forces. A buyer's ability to negotiate can affect a number of factors, including the price they are willing to pay and the level of quality they anticipate from you. Customers desire to purchase goods at the best price—the amount that allows the business to achieve the lowest feasible rate of return on its capital investments. Buyers haggle for cheaper pricing, better quality, and higher levels of service in order to cut costs.

Conversely, suppliers can potentially use price increases and product quality reductions as tools to gain leverage over businesses that are competing in the same industry. A company's profitability is impacted by the actions of its suppliers if it is unable to offset cost increases by using its own pricing system. If suppliers are powerful, this could have an adverse effect on the price and caliber of firm supply chain.

Finally, firm still needs to analyse competitors by compiling and evaluating competitors data, and providing information about a company's immediate and indirect rivals, The anticipated effects of competitive dynamics on a firm's endeavors need to be assessed in order to provide returns that surpass average and win the market. This is due to the interdependence of the businesses in an industry, where decisions made by one company typically result in competitive reactions. When a business is put to the test by a rival's actions or sees a chance to strengthen its position in the market, the degree of competitive rivalry increases.

The last aspect of the external environment that needs analysis is the competitive environment. The focus of competitor analysis is on every business that a corporation directly competes with. Firms need to comprehend 4 things when conducting a competitor analysis, from competitor's motivations as demonstrated by its long-term goals, competitor's belief about the industry, as demonstrated by its assumptions, competitors' activities, as demonstrated by its current strategy, then competitor's strengths and flaws indicate about its capabilities

2.1.5. Revenue Model

In order for ProDrivers program to survive, Indojek should create a business model which can create revenue stream. Given the flexibility of ProDrivers program, where it has its own application page inside drivers application, there are numerous possibilities of revenue streams that can be made. Revenue will be transferred to ProDrivers budget pool which will be utilized to enhance drivers welfare.

There are 5 questions that need to be answered in order to provide comprehensive revenue model.

1. Who. This refers to payer of our products or service, from whom we get the source of the money. We can refer it as a client, budget holder, procurement department, anything that is source of payment. A firm can identify several types of clients, such as:

- Advertiser. Paying for the chance to advertise a different product
- Sponsor. Paying for something or someone who isn't making enough money.
- Insurer. Settling a portion of the risk that is insured.

2. What. Things that are compensated. This can be more than cash, We can trade products or services for something other than money. Common substitutes for monetary income consist of:

- Data. Paying a supplier by providing them with (personal) data.
- Activities. Paying the supplier by rendering (minor) services.
- Shares. Paying the provider with a portion of upcoming income streams.

3. For What. After payment, what the client receive in addition to paying for the goods or services and getting it (pay per product), customers can also pay depending on getting another advantage. For example, they can pay for:

- Per use. By simply having to pay for the actual amount or frequency of use.
- Per result. By paying just for the results obtained.

- Per add-on. By paying just for the additional features added to the base product.

4. How. It refers to method used by customers to make the payment. By default scenario, ownership is obtained by making a direct, full payment of the entire amount. It is a simple transaction. However, customers can also pay by:

- Lease. Paying for a product's exclusive use for a predetermined amount of time
- Credit. Paying for a good or service over a predetermined length of time.
- Subscription. Paying for a limited time's use of a shared good or service.

5. How much. Meaning the amount that needs to be paid. Everyone is aware that the advertised price is merely the opening offer in a discussion. However, in addition to set pricing and bargaining, prices can also be established by:

- Auction. Fulfilling the bid amount agreed upon by many parties.
- Volume discount. Paying a fee determined on the quantity of goods acquired.
- Dynamic pricing. Paying a price determined by supply, demand, location, and time.

Figure 2.9 Revenue Model Framework

(Source: Ron, 2023)

Based on landmarks.co, there are 17 Common Revenue Model as below.

Table 2.2 Revenue Model

(Source: landmarks.co)

Model	Definition	Pros	Cons
Subscription	consumers obtain access to product or service in exchange for a recurrent payment, usually made once a month or once a year.	- recurring revenue might be useful for predicting. - a fantastic method to establish enduring connections with clients - recurring payment customers tend to be more engaged and have a higher lifetime value.	- challenging to find clients who are prepared to pay a regular charge. - challenging to raise prices without losing clients. - The possibility of churn—customers terminating their subscription—alway s exists.
Markup	particularly prevalent in retail and online enterprises, where products are purchased at wholesale costs and subsequently offered to	- simpler to start since company do not invest in creating or developing a good or service, - less risk involved. - scaling up business may be	- challenging to compete just on price. - investing in branding and marketing could be necessary to set company apart. - pricing may be narrow margins.

	clients at a premium	simpler because company can just purchase additional inventory as needed.	
Licensing	common for digital goods, where clients pay a one-time cost to access offering	- a great method to get one-time money from clients. - consumers that purchase a license usually think company's product is worth more. - since it's intangible commodity or service, scaling up may be simpler.	- challenging to find clients who are prepared to pay a one-time charge. - possibility of customers distributing purchased product without paying for it exists at all times. - challenging to generate recurring revenue or upsell consumers.
Advertising	prevalent in the internet enterprises, this model involves the sale of advertising space on their website or in their email	- an effective method to generate income from customers who are not yet prepared to make a purchase of goods or service. - provide as an	- Advertising has the potential to interrupt and disturb the user's experience. - subject to fluctuations depending on market conditions. - necessary for

	newsletter.	additional source of income that complements existing revenue types. - scaling up can be facilitated by the absence of a physical product or service to offer.	company to allocate resources towards marketing and branding in order to attract potential advertisers.
Donation	prevalent practice for non-profit organizations involves customers making monetary donations to support the cause or organization.	- effective method to generate income from customers who are deeply committed to certain cause. - donors can usually claim tax deductions for their donations. - little pressure to earn money when gifts are not anticipated to be recurrent.	- acquiring consumers who are willing to donate money can be challenging. - allocating resources towards marketing and branding efforts in order to attract potential funders. - donations are subject to variation depending on economic circumstances.
Affiliate commission	typical for online firms to pay a commission to	- a very effective method for generating income from clients who	- locating high-quality affiliate programs might be challenging at times.

	affiliates who refer consumers.	already have a keen interest in company’s content - have the potential to offer significant value through their marketing and promotional efforts on behalf of business. - scaling up can be facilitated by not manufacturing all the products that are sold.	- to attract affiliates, it may be necessary to allocate resources towards marketing and branding. - commissions are subject to variation depending on the performance of the affiliate.
Sponsors	It is becoming more prevalent for those who create content online.	- serve as an effective means of generating income from corporations or individuals that endorse company’s cause. - hold a favorable perception of organization's value. - scaling up can be facilitated as there is no involvement of tangible	- obtaining sponsors that are willing to provide financial support might be challenging. - consider allocating resources towards marketing and branding efforts in order to attract potential sponsors. - subject to variability depending on economic

		products or services in the business model.	circumstances.
Data Sales	It is typical for online businesses to sell data that they have gathered.	- Benefits of scaling up - a crucial asset for organizations. - can be facilitated as there is no involvement of tangible products or services in the business model.	- acquiring unique data sets might be challenging. - long duration of the sales process - data rates are subject to variability depending on market conditions.
Project-Based Services	Typical for organizations that offer consulting or similar services	- serve as an effective method to create income from customers that require consulting services. - can be tailored to meet the specific requirements of the customer. - scaling up can be facilitated by the absence of a physical product or service being sold.	- highly practical - require a consistent flow of resources in your pipeline. - projects can vary in response to economic situations.

Retainer-based services	A typical and regular source of income for firms that offer consulting or other services.	- a subscription model can be an effective method to establish a consistent stream of income for a services-based company. - customers generally make an initial payment for your services. - scaling up can be facilitated as there is no involvement of tangible products or services in the business model.	- require assistance in identifying a service that generates consistent and significant profits through a retainer agreement. - minimizing customer attrition - tough in determining the optimal pricing for retention strategy.
Tickets, Events, Workshops	Prevalent for businesses that host events or workshops	- an effective method to generate income from customers who have a genuine interest in company's event. - pre-event ticket sales are available. - virtual events and seminars have a greater potential	- require a systematic approach to promoting events on a regular basis - in order for it to be sustainable, it is necessary for the margins to be substantial. - necessary to compensate employees in order

		for scalability.	to assist in the smooth execution of an event.
Royalties	Typically found in businesses that offer digital content, such as books, music, or software.	- can be acquired through either a per-sale or per-use arrangement. - advantageous for scalability as it does not involve the sale of tangible goods or services. - extremely asynchronous	- tracking sales and commissions might provide challenges. - usually a low percentage commission - royalties can exhibit significant fluctuations.
Manufacture (D2C)	most well-known model. You manufacture a product and subsequently distribute it to customers, either through your own retail outlet, a third-party vendor, or alternative channels.	- possess absolute authority over your goods. - possible to establish company's own brand. - the ability to directly communicate with customers.	- initiating the process can incur significant costs. - imperative to allocate resources towards marketing and branding. - responsible for overseeing inventory management and shipping operations.
Library	typical for	- has the ability to	- potential for

Access	enterprises that provide digital content, such as books, music, or software. Customers have the option to access material either through a subscription or by paying for each use.	access a broad demographic of potential clients - can gain income from clients who have a genuine interest in their content. - easier to expand the business as one is not selling a tangible product or service.	unauthorized replication of digital content - ensuring user retention following their initial payment for access - providing a distinctive collection of books
Rent/Lease	- typically seen in enterprises that provide tangible products, such as machinery or automobiles. Customers have the option to temporarily rent or lease your products.	- can result in a steady stream of income. This income can be considered passive, as it does not require active effort. - if profit margins and demand are sufficiently high, revenue stream has the potential to be scaled up.	- significant initial costs - estimated expenses for potential damages
Community Access	Typical for firms that provide tangible	- ability to access a broad demographic of	- challenging to transition to a higher-priced

	products or services. Customers have the option to access your product or service either through a subscription model or on a pay-per-use basis.	potential customers - as community expands, compounding becomes more prevalent. - a significant increase in the availability of online community software and technology.	subscription level. - engaging in community moderating can be a laborious task that requires a significant amount of time and effort. - maintaining a consistently high level of involvement from the community
Marketplace	typical for firms that provide a platform for other businesses to market and sell their products or services. Customers can gain entry to the marketplace by either subscribing or opting for a pay-per-use arrangement.	- purchasers generally bring their own customers. - ability to generate revenue from both the buyer and seller segments of the market. - no requirement to create your own products, save from the marketplace itself.	- quality control might pose challenges. - chicken-egg conundrum refers to the challenge of acquiring initial buyers and sellers. - resolving conflicts and allocating resources to enhance customer assistance

2.1.6. Internal Marketing

According to Berry & Parasuaraman as quoted by Kimura (2017), The goal of internal marketing is to draw in, nurture, inspire, and keep skilled workers by providing them with job-products that meet their needs. Internal marketing is the strategy of designing work products to meet human needs and the attitude of viewing employees as customers. Kimura (2017) also quoted Ballantyne which defined internal marketing as Internal marketing is a method of developing relationships where staff autonomy and expertise work together to generate and disseminate new organizational knowledge that will question internal practices that must be altered to improve the caliber of relationships in the marketplace. Newly published journal by Brown, et al. (2024) also says by instilling in employees the ideal brand values and empowering them to embody and communicate those values in their customer-facing interactions, internal marketing aims to make staff members more customer-friendly, sales-focused, and market-oriented.

According to aforementioned definitions of internal marketing, we can conclude that internal marketing should fulfill employees' needs, trigger spark inside employees in order to enhance the performance of employees. The effort should be made based on good relationship between company and employees of which the employees feel empowered, heard and eventually transfer brand values from company to customers. As a quote from Richard Branson, saying "if you take care of your employees, they will take care of the clients".

Based on Ahmed & Hafiz (2013), there are 3 phases in development and evolution of the internal marketing concept.

1. Employee motivation and satisfaction. The fact is internal marketing derives from efforts to improve service quality. Inconsistency in delivering service may create consequences in the quality. Key assumption here is "to have satisfied customers, firm must have satisfied employees"

2. Customer orientation. Starting point in 2nd phase is by having good relationship between customers and employees, it does not only affect purchase and repeat purchase, but also provide marketing opportunity for organization. To take advantage of the opportunities, employees have to be ingrained with *customer-oriented* personnel. The purpose of internal marketing here is to have motivated and customer-conscious employees.

3. Strategy implementation and change management. This derives belief that internal marketing has cross-functional integration mechanism within organization or in more sophisticated term, internal marketing is perceived as a holistic management process to integrate multiple functions where company's personnel becomes a resource for marketing function or implementation of function strategies of a company, hence the newest model links internal marketing with external marketing program. This phase puts emphasis in implementation of marketing to achieve real-customer satisfaction whilst still appreciating the central role of employees.

Synthesizing definitions and phases of internal marketing, Ahmed & Hafiz (2013) defines 5 main elements of internal marketing, as below.

1. Employee motivation and satisfaction
2. Customer orientation and customer satisfaction
3. Inter-functional coordination and integration
4. Marketing-like approach
5. Implementation of specific corporate or functional strategies

In this research, researcher may use elements above to assess how ProDrivers program can leverage Indojek drivers motivation towards being more customer-oriented, whether or not ProDrivers program help drivers to perform their task correctly, and whether or not ProDrivers program can extend company's service excellence to customers. Drivers' satisfaction (as customer in this context theory) becomes an important metric which is assessed in this research, because it results in drivers' loyalty towards ProDrivers utilization. This is supported by research that has been done by Mulyono (2016), when students, acting as customers, are content because their expectations have been fulfilled, students will be motivated to pursue further studies at the same college due to their satisfaction. In addition, the students who express satisfaction would highly recommend their college to other potential students.

In the internal team, researcher may also use internal marketing perspective to assess how inter-function the coordination of ProDrivers program, how the marketing approach is and whether or not ProDrivers program is utilized for specific corporate or functional strategies.

2.2 Conceptual Framework

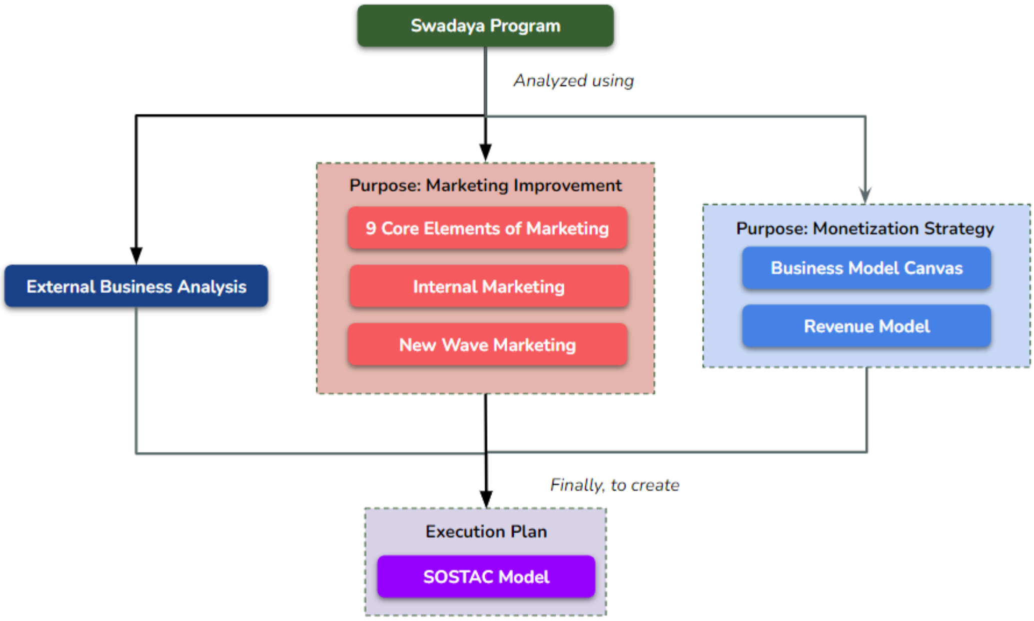

Figure 2.10 Conceptual Framework

In this research, ProDrivers program which has been initiated and run by Indonesian leading on-demand company (ride-hailing) since 2016 will be analyzed using external business analysis, starting from macro-level consisting of 6 dimensions, economic, sociocultural, global, technological, political/legal, demogrpahic, followed by industry-level analysis, threat of new entrants, power of suppliers, power of buyers, product substitutes and intensity of rivalry. In the end, there's also competitors analysis.

In order to understand current overall marketing performance, researcher will also deep dive 9 core elements of marketing, consisting of segmentation, targeting, positioning, selling, marketing mix (7Ps), differentiation, brand, service and process, then internal marketing which explores about drivers motivation and satisfaction, drivers' orientation towards customer satisfaction, inter-functional coordination and integration of ProDrivers program, marketing approach and implementation of specific corporate or functional strategies related to ProDrivers program. Finally, researcher will find out the possibility of implementing new wave marketing as part of marketing improvement.

Monetization strategy will also be developed as part of making ProDrivers program sustainable in a long run. To ensure the strategy become comprehensive, researcher will utilize social business model canvas consisting of 13 boxes which are social impact mission, beneficiaries, core interventions, value for beneficiaries, customers, value for customers, channels, key activities, key resources, key partners and stakeholders, cost structure, revenue engines, and surplus. Revenue model will help researcher to determine the most feasible revenue generator for ProDrivers program.

In the end, all marketing and business improvement, including monetization strategy will be concluded into actionable points that will be in a form of SOSTAC. Summarizing all findings and conclusion derived from research instruments will result in executable points that will be translated into defined situation, objective, strategy, tactics, actions (including timeline) and control procedures.