

THE STRATEGY OF REACHING THE INTERNATIONAL MARKET SHARE FOR PT. HILDAN FATHONI INDONESIA

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EXECUTIVE SUMMARY

PT. Hildan Fathoni Indonesia is a company that has two product lines, such as product safety, product and crafts. As the company does not yet have the experience in terms of export products. Therefore, a much-needed strategy to sell the company's products with the scale Internatioal. PT. Hildan Fathoni makes the United States as a target market. its marketing strategy using articles and YouTube with the title that is effetive and in accordance with the research that's been done.

Keywords:Lamp, Lamp Shade, United Kingdom, export, article, YouTube.

1. COMPANY PROFILE

PT. Hildan Fathoni Indonesia is a holder a brand of 'Hildan Safety' and also make product about handicraft who the name is "Lampion Ku". That was a center for craft lampion in Indonesia. The craftsman 'Lampion Ku' have dozens of years do lampion orders from all regions in Indonesia had even export the craft lampion to various countries in the world. More than 100 clients satisfied & be the Customerk also consumer of "Lampion Ku" such as government and public company. "Lampion Ku" has more than 300 variation of handicraft product.

"Lampion Ku" has many facilities like the most competitive price, Free support consultation from team professional customer services, the production of large capacity, Has an office & amp; a storehouse permanent own so the quality of the product & amp; services more secure. Having business legality under PT Hildan Fathoni Indonesia, Open cooperation to reseller, procurement of goods & tender, Serving delivery to Indonesia & export. (lampionku.com, 2017)

Business Legality Brand Of "Lampion Ku"

Lampion Ku has officially join business legality under PT. Hildan Fathoni Indonesia. PT. Hildan Fathoni also already registered "Lampion Ku" brand Through the ministry of law and human rights of the republic of Indonesia, the directorate general of intellectual property rights. (lampionku.com, 2017)

Lampion Ku Vision

Cottage industries of "Lampion Ku" involves many craftsman and able to perform lampion in large numbers, a souvenir & amp; handicraft, in addition more people join craftsman "Lampion Ku", it will add an income source for the people around (socialpreneur). For PT. Hildan, that any business should have a positive impact to the community empowerment. (lampionku.com, 2017)

For Lampion Ku, writer have a vision of "industrialization craft products", leading to the need for this and strategies like an industry that is already go international. The vision is proven by the addition of the production site and warehouse, human resource management system and the implementation of a professional. (lampionku.com, 2017)

Business Coorperation

Craft Lampion Ku have worn by various events of for a very big company and regional governments, there are many events need craft lampion, either in a little or in the number of thousands of some the event such as:

Chinese New Year celebration, Christmas and new year, Indonesia Independence Day, Company Anniversary, Collage Anniversary, Decoration shopping center, Decoration park, Birthday party, Etc. (lampionku.com, 2017)

THE COMPANY PROFILE INFORMATION BASED ON

PIC: Mr. Fathoni Hildan (+828125254782) +62 341 578742 (INDONESIA & International)

Email: info@hildansafety.co.id & http://lampionku.com/tentang-kami/

PT. HILDAN FATHONI INDONESIA

JL.Moch.Rasyid No.9 B, RT.12 RW.03, Kelurahan Mulyorejo, Kec. Sukun, Kota Malang, Jawa Timur, Indonesia 65147. Email: info@Lampionku.com

2. COMPANY READINESS

2.1 Readiness Level Based On Core Method

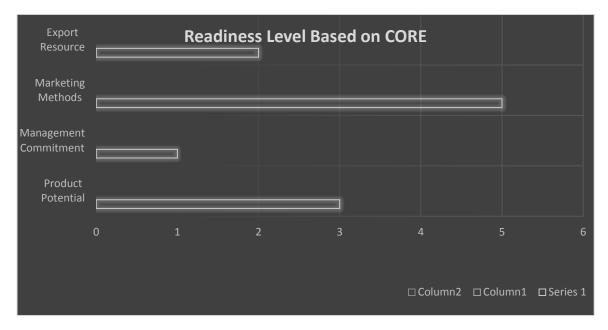


Image 2.1 Graphic of CORE Analysis

CORE Analysis

Export Resource

In the image 2.1, export resource got 2 points from a scale of 1 point until 10. There are a reason why export resource got 2 points for PT. Hildan Fathoni Indonesia. The reason is PT. Hildan Fathoni Indonesia have not enough workers for the handicraft product like lantern product, this company have not enough workers to serve consumer demand. Mr. Hildan said that the demands from overseas buyer usually over a lot of lanterns, like 1 container contains 100.000 lanterns just for one month. PT. Hildan Fathoni Indonesia just have ten until fifteen workers, and one worker just can produce 15 lanterns per day, it means for month 15 workers can produce less than 6.750 lanterns. But, he also said if the overseas buyers just want 1000 until 5000 lanterns per month, he can handle it and he can accept the overseas buyer demand. So, it depends with the overseas buyer demand.

Marketing Methods

Marketing methods of PT. Hildan Fathoni get 5 points, because Mr. Hildan said the current marketing strategy is very effective. PT. Hildan Fathoni Indonesia use Marketplace for its current marketing strategy. Marketplace is a location for sellers and buyers meet in one place for buy or sell a product. The example marketplace in Indonesia is Tokopedia, and Bukalapak, and the example international marketplace is Alibaba. Only with this strategy, PT. Hildan Fathoni Indonesia can get many buyers, but the company's problems are this company has been never done the export before. In fact, PT. Hildan Fathoni Indonesia have

many demands from overseas buyers, but this company can't handle and accept that demands. So that the reasons why export marketing methods 5 points.

Management Commitment

PT. Hildan Fathoni Indonesia has low commitment for go international, that because this company can't take the risk. Mr. Hildan said if the company resource such as the worker and the product are in high level of standardization, he can take the risk, go international need to have big production capacity, so Mr. Hildan afraid if he can't meet overseas buyers demand, except the demand from overseas buyer is in company production capacity.

Potential Product

Potential product get 3 points for the potential product because there is a reason behind that. The reason is, although PT. Hildan Fathoni Indonesia have not enough workers, but PT. Hildan Fathoni have an excellent worker because this company require workers to have great serve to consumer or client. The greats serve is like the workers must fast respond about anything, such as once the phone rang the workers had to pick up the phone, and then an email from client must be reply under in 6 hours. PT. Hildan Fathoni Indonesia is not just a trading company, but this company also become advisor for client. This company's client usually came to company head office and ask for recommendation safety product that client's need, so the workers must be the fastest and be good friend for client. Mr. Hildan said the workers great serve is the competitive advantage for this company although the product is not rarely, and the client agree with that.

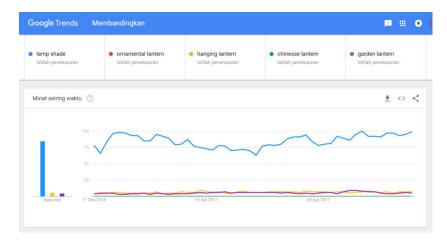
3. RECOMMENDED PRODUCT IDEA

The types of product that this company sells are handicraft products, such as:

- Ornamental lantern
- Hanging Lantern
- Chinese Lantern
- Garden Lantern
- Equipment Decoration
- Decorative Lighting
- Lamp Shade
- Brass Lamp

To search for a product that has a good future, then to do a search of data about consumer interest against a product. search data is done can be done online as well as offline. But if the market share of companies exist in foreign countries, preferably done online. Therefore, PT. Hildan Fathoni using google trends (trends.google.com). Google trends can look for how consumers will be interested in a product by entering a product key. the data obtained is derived from a specific minimum period of 1 year. below there is a picture about the trends of products PT. Hildan Fathoni.

Image 4.1 Trends of Hildan's Product



Resource:

https://trends.google.com/trends/explore?q=lamp%20shade,Equipment%20Decoration,decorative%20lighting,brass%20lamp

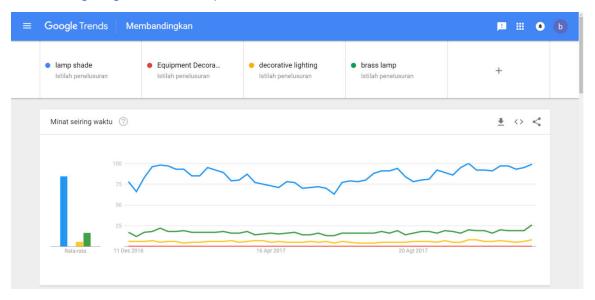


Image 4.2 Trends of Hildan's Product (Resource:

https://trends.google.com/trends/explore?q=lamp%20shade,Equipment%20Decoration,decorative%20lighting,brass%20lamp)

The pictures above show the trend some products Hildan Fathoni within 1 year (2016-2017). Products that have a lot of searches is the lamp shade. look products other than the lamp shade has no trend that is pretty high. Therefore, the author recommends that preferably PT. Hildan Fathoni focus selling lamp shade for the international market.

4. COUNTRY SELECTION

Looking for the target country market share is not an easy thing. needed to locate data on product demand in a country so as not to choose the wrong market share. Therefore, the author looking for a data request lamp shade by using google translate and search for data request through go4worldbusiness and alibaba.

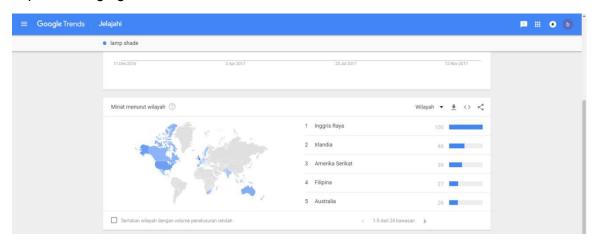


Image 4.1 Search Result Source:

(https://trends.google.com/trends/explore?q=lamp%20shade)

Data according to google trends, the demand for most high shade lamp is in the country of United Kingdom. on the second there were Ireland and 3rd there is United States. But the data is not necessarily true, because it is necessary to view the data requests in the market directly.

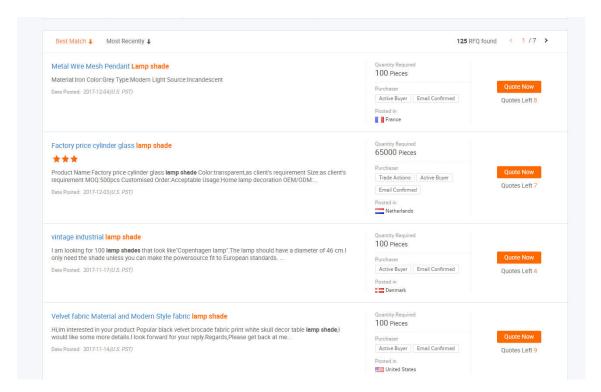


Image 4.2 Demand Result from Alibaba (Sources:

https://sourcing.alibaba.com/rfq_search_list.htm?fsb=y&IndexArea=rfq_en&CatId=&SearchT_ext=lamp+shade)

Lamp Shade Buyers and Buying Leads

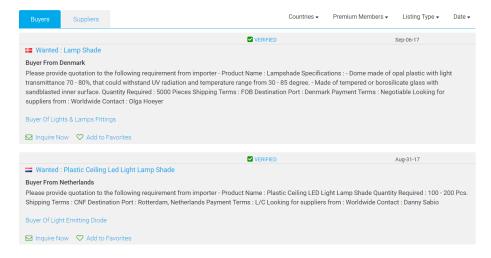
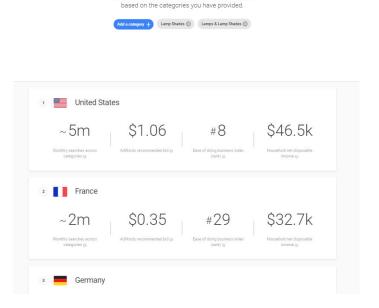


Image 4.3 Demand Result from Go4worldbusiness (Source: https://www.go4worldbusiness.com/find?searchText=lamp+shade&FindBuyers=)

From the pictures above, then it can be inferred that it turns out there is no United Kingdom export request against the lamp shade. more data is required in order to assign a country to become a target.



Here are your top market suggestions

We've found markets that best match your business

Image 4.4 Market Result (Source: https://marketfinder.thinkwithgoogle.com/intl/en/markets/)

To get further data, then the author using market finder from google. Market finder is a website to get the recommendations market according to the company's product categories. the author uses the category of lamp shade in order to get a specific market, and the result was the United States suggested by google to serve the market.

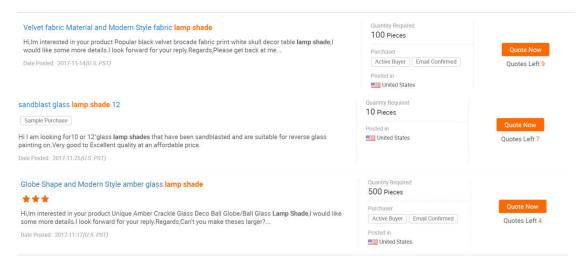


Image 4.5 The Result of the Request Lamp Shade

(Source: https://sourcing.alibaba.com/rfq_search_list.htm?fsb=y&IndexArea=rfq_en&CatId=&SearchText=lamp+shade)

The above data is data search according to alibaba. Data above also shows the United States request concerning lamp shade in the last few days.

5. MARKETING STRATEGY

A company that want to grow need a strategy. Strategy is a plan of action or policy designed to achieve a major or overall aim. The right strategy could make a company grow faster than inappropriate strategy because the company can satisfy their customer wants and needs when use the right strategy. So, the writer suggests PT. Hildan Fathoni Indonesia for use this strategy:

5.1 Segmentation, Targeting, Positioning and 4P

Segmenting : Geographical

Targeting : United States

Positioning : PT. Hildan Fathoni Indonesia is fast respond company and

a doctor for company which need a specific product

Promotion tools : Push Marketing

Pricing : Multipoint Pricing

Place : By Agents

Product : lamp shade

5.2 Segmentation

According to trackmaven.com (2017) "Market segmentation is the process of dividing a market of potential customers into groups, or segments, based on different characteristics." The author suggests a geographical segmentation for PT. Hildan Fathoni. Geographical

segmentation aims to classify consumers in certain regions to be focus of serving consumers. The authors suggested that PT Hildan Fathoni select continental America because according to data request lamp shade on the continent.

5.3 Targeting

According to pestleanalysis.com (2016) "Targeting itself is the process of picking a target market and effectively reaching them with your marketing/advertising." By looking at the data, then it can be known to target countries that want to become consumers in a market in the Americas. The data showed that the American market is the potential need of lamp shade. data request in alibaba also shows the various request lamp shade by America.

5.4 Positioning

According to economictimes.indiatimes.com (2017), positioning defines where your product (item or service) stands in relation to others offering similar products and services in the marketplace as well as the mind of the consumer. Positioning affect to consumer decision when consumer want to buy a product. For example, a consumer want to buy a cheap fastfood, and then directly that consumer got the answer that consumer want to buy Mc Donnald's. It means Mc Donnald's positioning in the mind of the consumer is Mc Donnald's as a cheap fastfood.

The positioning of PT. Hildan Fathoni Indonesia in the consumer's mindset is PT. Hildan Fathoni Indonesia is a fast respond company, and a doctor for the company that need a specific product, appropriate with client demand and the client budget.

5.5 Promotion tools

According to businessdcitionary.com (2017) promotion tools is "the techniques and materials used by those who are involved in the promotion of goods and services. Most business that need to sell their goods or services to the public will make extensive use of various marketing tools, such as market research and advertising to help further their success." Products lamp shade PT. Hildan Fathoni will be sold internationally, so marketing tools PT. Hildan Fathoni using online media. Online media used articles and youtube. This article will be redirected to the destination country in the section title, for example "wholesale Cheap Lamp Shade of good quality in the USA + mobile phone number" and made a youtube video with the same title.

5.6 Pricing

According to economictimes.indiatimes.com (2017), pricing is "Price is the value that is put to a product or service and is the result of a complex set of calculations, research and understanding and risk taking ability." For pricing strategy, the authors choose the multipoint strategy. Multipoint strategy is a strategy set the price different between one buyer with another buyer. different pricing is based on the model of the goods market demand, and there are many factors that affect the cost of such exports to the country of destination. (quickbooks.intuit.com, 2017)

5.7. Place (Distribution)

Place or distribution is a very important part of marketing mix. A company which don't have a right distribution will make the company fell difficultly. Will fell difficultly because that company can't sell the product. According to marketingmix.co.uk (2017), a company must have accessible place to potencial consumer.

Distribution lines that will be used by PT. Hildan Fathoni is sea routes with the use of a ship. everything about the purposes of the export will be handed over to the Freight Forwarder, ranging from maintaining the document, until delivery.

6. EXPORT PROCESS

For the export process PT. Hildan Fathoni need the services of a Freight Forwarder. Freight Forwarder is a company engaged in the field of agents who supervise the delivery and receipt of goods exports and imports. with the freight forwarder, then the required documents for export will also assisted the process of dealing. freight forwarder needed by PT. Hildan Fathoni is located in the city of Surabaya, but the Freight forwarder in the city have a pricing policy and systems. The following is the name of the freight forwarder in Surabaya:

PT. Tridomini Tama

- Document required:
- NPWP
- Surat Pengukuhan Pengusaha Kena Pajak
- API
- TDP SIUP Surat Ijin SKEP (if needed)
- Packing List, Invoicce
- B/L

Mnimum of LCL: 2 cubic

The company is not willing to say costs because it is the competitive advantages of each company.

PT. Hermes Transindo

From Surabaya to Dover Kent, United Kingdom

Ocean Freight USD 360/20' Container

USD 450 /40' Container

USD 525/HC Container

USD 50 per CBM/MTO

Surabaya Canalfee IDR 120.750/20" – IDR 220.500/40"

Seal fee IDR 85.000/container

BL fee IDR 100.000 / Document

6.1 The Process of Internalization of PT. Hildan Fathoni

PT. Hildan Fathoni will pass through some process of internalization or the process of selling its products. According to thebalance.com, there are several stages to the company started exports. The stages are:

The selection of the products that you want to export.

PT.Hildan Fathoni already select the product, and the selection of the product based on market research that is already done.

Find the right market share.

PT. Hildan Fathoni already get its market share based on market research that's been done, and its market share is the United States. <u>According to happy-creative.co.uk (2012) perform market research has many benefits.</u> One of its benefits is reduced even avoid risks which will appear as a loss for not getting the consumer.

Give the price of goods according to specifications

PT. Hildan Fathoni only make or manufacture goods only when there is a request to avoid storage costs and care. This company product prices vary because it is produced according to the specifications requested by the customer. The strategy that is applied is called multipoint pricing strategy. According to www.mhhe.com, this strategy can be a competitive company advantages in terms of pricing.

Get customer

Find the customer can be done through market place. Not difficult to find a buyer in the selection of an appropriate share of the market region. But, getting an agreement with consumers is not an easy thing. According to quickbooks.intuit.com (2017) there are 6 ways how to get consumers, one of the most important thing is to pay attention and learn the culture of the buyer.

Find a Freight Forwarder and choosing the right delivery

The next step is going to do is find a Freight Forwarder that can serve the LCL. PT. Hildan are companies that still do not have enough workers, so if doing FCL delivery will have difficulty in the production of goods or procurement process. Then upon attainment of getting FF, then the company should make a deal with the buyer regarding the method of shipment. The most effective delivery method for supplier is FOB. According to accountingtools.com (2017) responsible pembelilah starting from the port of loading to the port of shipment, the supplier is only responsible for delivering the goods to the port of unloading only.

A sustainable relationship

After the completion of sending, then it is better if the company can build a sustainable <u>relationship</u>, so that buyers can make a purchase. According to winman.com (2017) have a good relationship with customers can enhance efficiency in marketing costs because companies will not throw money again for promotion. It is possible that a satisfied customer will be a promotional tool also for the company or the customer will do the promotion to his closest people (word of mouth).

7. EXPORT RISKS

There is some risk in the export process. According to worldtrade.jp (2009), these risks are:

The risk of the contract

The contract made should be discussed properly, lest there be an important stone unturned in the contract, such as payment terms, cancellation terms, and others. often times when buyers feel a loss, then the buyer will cancel the contract unilaterally, or if the buyer disappeared when the goods have been sent. Many factors in the contract that really need to be cared for and studied well before it.

Risk Payments

As at the risk of the contract, the buyer may not be paying after the goods are delivered. The risk of this often happens when the manufacturer and the buyer agree with payment in addition to the I/c. If payment is in addition to the L/C, it will be the most instrumental factor is the trust factor, because there is no binding. Different if using I/c, L/C contained in the agreement with the bank and binding, if the buyer does not immediately pay according to the time specified, then the bank can sue manufacturers.

Risk of Shipping

Nobody else can guarantee the goods until it is completed with a good condition. Although there are insurance, safety of goods is not necessarily assured, too. Disbursement insurance rated long enough. Therefore, it is recommended using the FOB delivery because the manufacturer is only responsible for the goods until arive at the port. So if there is an accident, then the responsibility of the buyer.

8. RECOMMENDATION

Recommendations for PT. Hildan is:

The company can avoid the risk of the contract

The company is expected to address the risks and problems that occur in the contract. Companies should be more careful when in the process of negotiating joint buyers. Because the company does not have the experience of export, then the better companies are looking for people who are already more skilled and experienced in this field, such as for example Mr. Daniel Joon who is one of the professors at the University of Ma Chung.

Can avoid payment risks

If the company did indeed intend to export, then it would be nice if companies begin to take care of the L/C to avoid the risk of payment and fraud perpetrated by the buyer.

To avoid the risk of shipping

Because of the risk other than FOB CIF and CNF as fairly risky, then as much as possible of the company must be good at persuading shoppers to conduct FOB delivery. But if it does

not allow for the FOB, so it would be nice if companies invite 3rd party bank to avoid and minimize the risk that will probably happen.

9. CONCLUSION

PT. Hildan Fathoni Indonesia is a company that sells crafts such as lamps, lamp shade, and others. After doing some research, the products have good potential to be sold is the lamp shade. Then, after doing research for a product the author doing research for export, the country of destination. The country that has the potential of high demand against the lamp shade is American. After doing research on potrnsial products and the country of destination of exports need to be done, then the next line delivery. The authors recommend delivery by using sea routes and the author makes the strategy about the risk that occurs when using sea routes PT. Hildan Fathoni need mentors to guide in the export process, because there will be many difficulties when first doing exports. Finally, the author suggested that PT. Hildan Fathoni uses the services of a freight forwarder that is in the city of Surabaya due to the close proximity to the location of the Office.

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