

EFFECTIVENESS OF PLN'S AGGRESSIVE MARKETING IN ORDER TO IMPROVE SALES

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Abstract:

In order to accelerate energy growth, President Joko Widodo has launched a 35000 MW power plants program. It is feared that the construction of the 35,000 MW power plant will have a negative impact on the PLN Company if the energy purchase contract is using the Take or Pay method for 25,000 MW power plants which is controlled by the private sector or known as an independent power producer (IPP).

Now day PLN has done an aggressive marketing program to increase energy sells of electricity and hopes that all energy can be sold 100%. In the aggressive marketing program PLN provides discounts on new consumer and added power, but unfortunately the information program is not widely known by Indonesian residents.

Although the promo program carried out by PLN is not yet widely known to the public, but until the second quarter of 2019 PLN energy sales increased by 4.31% at the same time from the previous year. Optimism for increased sales will emerge and even exceed the RUPTL target, if the packaging of an aggressive marketing program is modified and the information dissemination of the program is extended to newspaper, radio and television.

Keywords: aggressive marketing program, power added promo, and Effectiveness Program.

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INTRODUCTION

35000 MW power plants program

In 2015 President Director Joko Widodo launched the 35000 MW power plants development program. The purpose of this program is expected to have a positive impact on the Indonesian economy and accelerate the achievement of electrification in Indonesia from 88% in 2015 to 97% at the end of 2019 [1].

Another, the 35000 MW power plants is believed to be able to increase the growth of electricity sales from 800 Kw hours per capita to 1300 Kw hours per capita [2].

Impact 35000 Mw power plants Program

In addition to the positive impacts there would have been a negative impact on PLN, when the program was not properly escorted. The composition of the 35,000 MW power plant is 25,000 MW done by the private sector / IPP and 10,000 MW by the PLN [3].

If the take or pay power agreement is applied to all IPP power plants, it will have a negative impact on PLN. The take or pay

agreement should only be applied to the power plan that have high reliability and are cheap and have priority to be operated and entered the system in accordance with the optimization of the merit order. If the take or pay agreement is imposed on IPP power plants that do not have high reliability and are expensive, it will become a burden for PLN so that it can have a negative impact on the selling price of electricity to the public.

PLN will have surplus energy when all 35,000 MW power plants enter the system. Another negative impact for PLN when the power plant cannot be sold, even more so if the agreement to purchase electricity from the IPP uses a take or pay method where PLN must bear all costs of purchasing electricity from the IPP even though the electricity is not used.

Energy Growth Targets For Sale at RUPTL 2019 - 2028

Target an average increase in selling energy growth in the 2019-2028 RUPTL are 6.6% per year, with the hope that the increase in energy sales growth will be able to increase economic growth in Indonesia. The focus now is whether PLN can increase selling energy in 2019 by 5.6%.

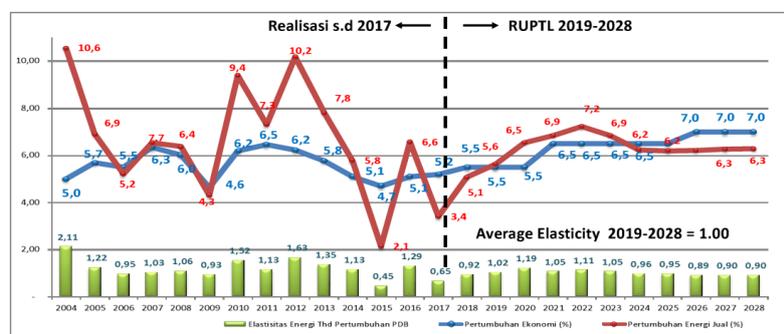


Fig. 1 Growth Chart of Energy Selling RUPTL 2019 - 2028

Improving Sales through PLN's Aggressive Marketing Program

To ensure that all 35,000 MW of generating power can be sold and in accordance with the sales target in the RUPTL, PLN is conducting PLN's aggressive marketing program. PLN's aggressive marketing program is carried out by:

- Organizing mobile marketing activities by opening service point stalls in several crowded places.
 - Dissemination of promotional program information through Social Media.
 - Campaign for the use of electric stoves and electric cars.
- There are several offers given in PLN's aggressive marketing

programs, including:

- Power-added discount program
- Discounted new pairs.
- Add electricity + internet PLN 74% discount.

The purpose of PLN's aggressive marketing program are increase sales, provide ease of service for the public, provide

education related to PLN's business processes, provide information publications, and provide the latest information on PLN service products.

The following picture show in Fig. 2 are examples of aggressive marketing program PLN;



Fig. 2: Aggressive Marketing Program Brochures

LITERATURE REVIEW

Consumer Motivation

Consumer motivation is a condition in an individual that directs the desire of individuals to carry out activities towards the goals to be achieved. With motivation someone will show behavior directed at one goal to achieve the goal of satisfaction [4].

Motivation is a need that is enough to encourage someone to act. A person has many needs at a certain time. Some needs are bigenis (needs arise from biological stress, such as hunger, thirst, discomfort). Psychological needs (needs arising from psychological pressure, such as the need for recognition, appreciation, or a sense of group membership). Needs will be a

motive if pushed until they reach an adequate level of intensity [5].

Abraham Maslow Theory

Basically, human needs are divided into 5 levels are shown in Fig. 3. This level which is arranged like a pyramid begins with a push from the lower level which is also called the Maslow's Hierarchy of Needs. This need starts from the lowest level, namely basic biological needs to more complex psychological motives. Needs at the next level will be met if the actor has completed at least half of the previous needs? As a new psychological needs will be met if the basic needs have been met.

Maslow's Hierarchy of Needs

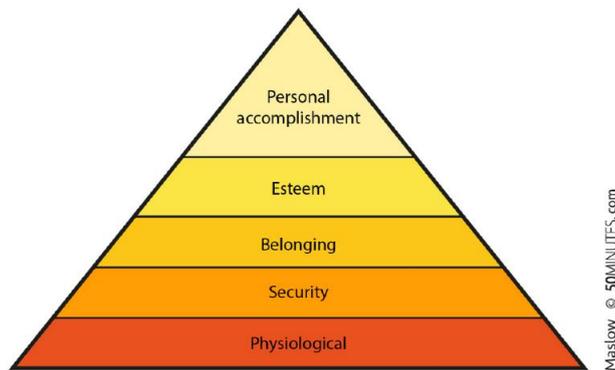


Fig. 3 Maslow's Hierarchy of Needs

Maslow divides the level of human needs as follows:

- Physiological needs** are the first level. Eating, drinking, sleeping, breathing, etc., are all functions related to personal survival. Since these are basic, vital needs, they are obviously the most important: they certainly exceed needs for security, esteem, etc.
- Next, the **security needs**. You might think immediatly of physical integrity, but that isn't restricted to this category - protection against theft and damage also fall under this

- category. Maslow states that security needs Lead people to prefer what is familiar, rather than the unknown.
- When these two types of needs are met, those related to love, affection or social relations (the **need to belong**) appear. This third category takes into account the social nature of the human being.
- This leads to the fourth level of the pyramid, which is the **need for esteem or recognition**. This category refers to the needs relating to status, employment, power and

money that define us in society.

- e. Finally, at the top of the pyramid stand the **need for personal** accomplishment. While the needs of the lower levels depend on the perceptions of others, the needs at the top of the pyramid are related to the development of the individual and their personality. According to Maslow, these needs can take any form, as long as they comply with the individual wishes of the person. In other words, since I want to be (a doctor, for example), a need related to becoming that (such as the need to know how the human body works), appears automatically [6].

Achievement Theory by Mc Clelland (1961)

Mc Clelland (1961) states that there are three important things that become human needs, such as:

- Need for achievement (need for achievement)
- Need for affiliation (the need for social relationships/ almost the same as Maslow's social need)
- Need for Power (drive to regulate)

Herzberg's Theory (1966)

According to Herzberg (1966), there are two types of factors that encourage a person to try to achieve satisfaction and distance themselves from dissatisfaction. These two factors are called hygiene factors (extrinsic factors) and motivating factors (intrinsic factors). Hygiene factors motivate someone to get out of dissatisfaction, including relationships between humans, rewards, environmental conditions, and so on (extrinsic factors), while motivating factors motivate someone to try to achieve satisfaction, which includes achievement, recognition, progress in life, etc. (intrinsic factor).

Evaluation Of Ad Effectiveness

Most advertisers try to measure the effect of advertising communication - that is, the potential influence on awareness, knowledge, or preference. They also want to measure the effect of this advertising sale, in the form of:

- a. Communication-effect research (Research-effect research), trying to determine whether the ad communicates effectively. There are three main testing

methods. The consumer feedback method asks consumers to answer the following questions:

- What is the main message you get from this ad?
 - What do you think the ad wants you to know, believe, or do?
 - How likely is it that the ad will influence you to take action?
 - What worked well in the ad and what did bad?
 - What do you feel about the ad?
 - Where is the best place to reach you with this message?
- b. Research the influence of sales. The fewer other factors that can be controlled such as features or prices, the easier it is to measure the effect of advertising on sales. The impact of sales is most easily measured in a direct sales situation and the least in terms of brand building advertisements or corporate image. Researchers measure the impact of sales through historical and experimental data analysis [7].

RESEARCH METHOD

The research method used is descriptive because the research objective is to obtain answers related to the opinions, responses or perceptions of someone so that the discussion must be carried out qualitatively or using the description of words. "Descriptive research tries to find an appropriate and sufficient description of all activities, objects, processes, and people" [8].

In order to obtain accurate data descriptive research is carried out through surveys, case studies, studies, causal-comparative studies, correlation studies, and so on. Each form of descriptive research has a different function and purpose, while this descriptive study belongs to the "case study" category.

The survey was conducted by distributing questionnaires online to 139 people spread in several cities in Indonesia. The age data of the surveyed participants is as follows Table 1:

Table 1: The age data of the surveyed participants

No	Generation	Years	Count
1	Baby Boomers generation	< 1960	7
2	X generation	1961 - 1980	44
3	Y generation	1981 - 1994	84
4	Z generation	1995 - 2010	4
			139

Analysis

Factors Affecting Consumer Motivation

4P Are factors that can influence consumer motivation. 4P is a marketing tactic that can be used in different combinations to win the hearts of consumers in the target market. This 4P can be controlled depending on internal and external conditions. The combination of different marketing tactics to meet the needs and desires of consumers is called the use of 'tactical marketing mix'.

Based on the survey that has been done, the data obtained factors that influence consumer motivation for PLN products as follows:

Promotion

Promotion on PLN is expected to increase sales of electricity, so consumers or prospective customers are motivated to

immediately make new pairs and add power.

PLN has made a promotional program related to new pairs and added power through social media that is delivered in a chain. But the program was apparently not widely known by the public, this is evidenced by the survey data in Fig. 4 that only 29.4% of the public were aware of the promotion program launched by PLN. This is because the dissemination of information on promotional programs conducted by PLN only utilizes social media without paying and inform the chain and has not been done through paid media, television and radio.

Based on the survey that has been done it is known that if the information on promotional programs such as adding power and new tides is known by the public at large, it will have an impact of 43.4% of the public will take part in the promotion opportunity to add power and new tides.

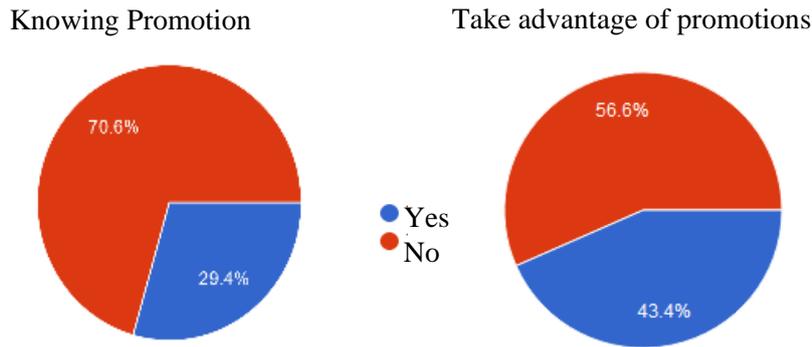


Fig. 4 Percentage of survey results related to promotions

Product

Based on the survey in Fig. 5 that has been done at present there are 80.9% (consisting of 7.4% who are very satisfied, 35.3% Satisfactory and 38.2% are quite satisfied) customers are satisfied with the quality of PLN electricity products but there are still 19.1% customers who are not satisfied with the quality of PLN's electricity products. To retain customers, the products offered by PLN must be of

high quality. At present PLN is still benefiting because PLN is still a Monopoly company and does not yet have a competitor, so whatever the quality of the products offered by PLN, consumers inevitably have to choose PLN. If in the future PLN is no longer a Monopoly company and if PLN does not make its citizens qualified, it could be that consumers of PLN will move to subscribe to competing companies.

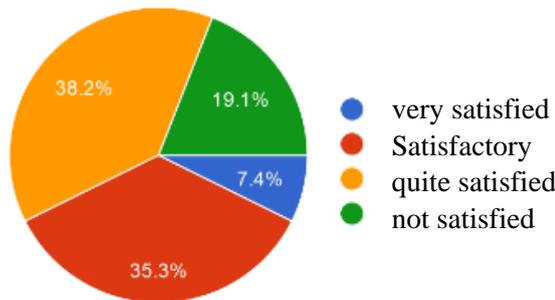


Fig. 5 Percentage of survey results related to the quality of PLN electricity products

Price

PLN is a government company so the price of electricity or often called BET (basic electricity tariff) is entirely determined by the government. At present there are still types of tariffs subsidized by the government. For non-subsidized BET currently Rp. 1,460 per 1 Kwh. With BET determined at this time there are still customers who complain about BET prices.

This can be seen in the survey data in Fig. 6 that there are 75.7% of customers feel that the existing BET is not in accordance with the ability of consumers. To overcome complaints against tariffs, PLN must immediately conduct an efficiency program for reduce the cost of production.

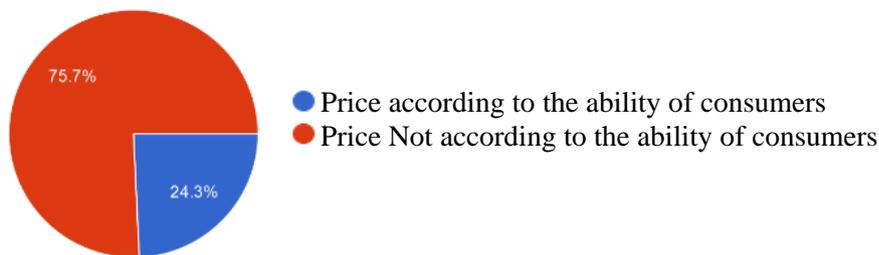


Fig. 6 Percentage of survey results related to the Price

Process

The process of new customer service and added power services must be done quickly and in accordance with standards so that PLN can immediately sell electricity to consumers and consumers immediately enjoy electricity. If the service process is carried out without following the existing standards, it will result in losses. The loss can be in the form of income losses or Asset losses. Example: if the KWH

Meter wiring for new customers does not meet the standards, it will result in the calculation of energy usage that is not appropriate and will result in damage to PLN's assets. According to consumers, the current PLN service process is standar, it can be seen in Fig. 7 that there are 67.4% of respondents stated that PLN service time is in accordance with the standard service days.

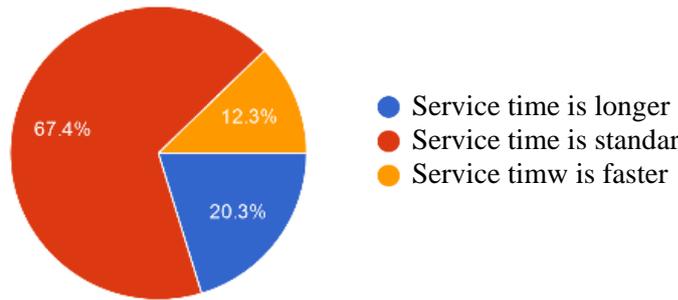


Fig. 7 Percentage of survey results related to PLN service time

Relationship Theory Of Motivation With Aggressive Marketing

According to Maslow's theory, the tendency of consumers to use electricity is primarily for their physiological needs in the form of home lighting only, if the psychological needs have been fulfilled, then new self-actualization needs will be considered such as the use of electrical energy for other social needs such as; watching, using air conditioner, cooking and using other electrical equipment.

The use of electrical energy for consumers still depends on the economic capabilities of these consumers. The ability of the human economy will increase if the country's economy increases. So it can be concluded that an increase in energy sales will be the same as an increase in a country's economy.

Based on Achievement Theory by Mc Clelland, if you want to be successful in increasing sales of electricity, then the aggressive marketing program must be modified. modification

is done by directing public opinion through television, print and radio. The trend center of modern society today is to live healthy without pollution and waste, and to live frugally and live cleanly. On this occasion PLN can carry out opinion by way of starting a campaign to use electric cooker and electric vehicle. With use electric cooker and electric vehicle, the community can move safely, practically and inexpensively, and use electric cooker and electric vehicle do not have exhaust gas (reduction) which can cause pollution. Unlike the LPG and oils, it still leaves exhaust gas. The campaign to use use electric cooker and electric vehicle will be more effective because there are still opportunities that consumers will want to use electric stoves and other electrical equipment as seen in Fig. 8, the survey results that there are 31.9% of respondents who will add electrical equipment in the near future.

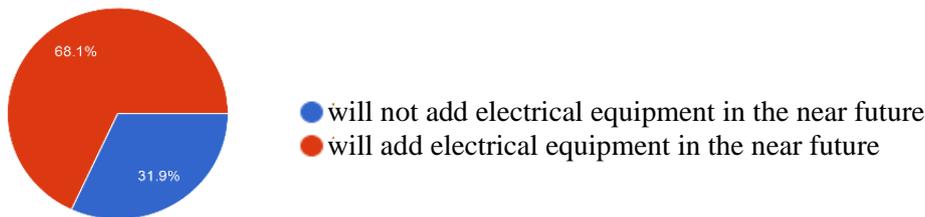


Fig. 8 Percentage of survey results related to consumer desire to add electrical equipment

Unlike the case with Herzberg's motivational theory that emphasizes customer satisfaction factors that are influenced by hygiene factors. When juxtaposed with the survey data of 80.9%, consumers feel that the quality of PLN product services is quite good. Based on the survey results, it is still possible that there will be additional sales through the promotion program of new pairs and added free power because PLN's electricity products are already of quite good quality.

The opportunity for an effective aggressive marketing program is quite large because based on survey data, it is stated in Fig. 9 that 50.7% of respondents consider the promotion program to be effective if known by many people. With the increase in electricity sales, it will have a positive impact on the energy absorption of the 35000 MW power plant.

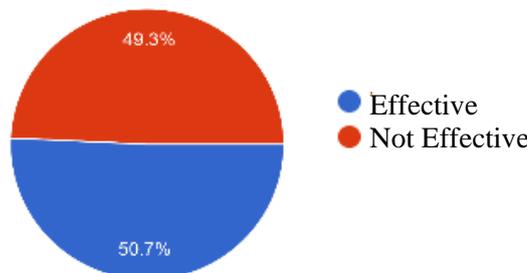


Fig. 9 Percentage of survey results regarding the effectiveness of the PLN promo program

PLN'S Outcome Aggressive Marketing Program In Improving Electricity Energy Sales

Up to the second quarter of 2019 new electricity sales

increased by 117.32 Terawatt hours (TWh) or increased by 4.31% compared to last year in 2018 in the same period of electricity sales of 112.46 TWh. Even though this year the

energy sales target based on the RUPTL grew by 5.6% or reached 247.3 TWh. As of June 2019, electricity sales have only reached 47.44% " [9].

Based on the analysis conducted in literature and integrated with survey data, it can be ascertained that PLN's aggressive marketing program is not 100% effective.

The ineffectiveness of PLN's aggressive marketing program can be seen from the survey data which states that only 29.4% of respondents are aware of the program and the achievement of sales increases has only reached 4.31% of the target of 5.6%. This means that the method of delivering the program needs to be innovated because there is still a chance of success. This can be seen from the survey data that there are still 70.6% of respondents who do not know PLN's agrarian marketing program.

CONCLUSION

The conclusions that can be submitted:

- The effectiveness of aggressive marketing programs when not 100%.
- PLN's aggressive marketing program will be more effective if it is modified by way of coupling public opinion and improving product quality.
- Disseminating information on aggressive marketing programs should be disseminated through print, television and radio.

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