

# CHAPTER 1

## INTRODUCTION

### 1.1 Background

The advance of technology, transportation and communications has a big impact to all of human kind, and also to the way people do business. Every day we are bombarded with a bunch of information through media and have many forms. A company with a big scale production and market would need more of evaluating what they already done and what should be done to make it even better from the current situation. From all things they should be concern apart from their production and sales, there also the marketing department who take role to informing and introduce the product that the business want to offered to the market, through advertising and promotion.

As nowadays people connect and impacted by the technology in everyday doing. The simplest are the internet and social media that we use such as Facebook, open a particular website, video games and even another form of connecting people. The users are also increase in every second. The data from *Internet Stats Live*, Indonesia also has a big amount in using the internet. The advertisement also has a

big role since they will sponsor the related media to advertise their brand or product.

It is also very critical to avoid or reducing noise in the marketing process, so the message can delivered correctly. This is related to the effectiveness of the media choosing and message execution. Where the advertisers must find a way more creative idea to reach their target market. Such as the outdoor advertising media only has a chance being seen by the target market about 2-3 seconds, this is the challenges for the advertisers to put the message to be fit in 2-3 seconds time frame. Also the place company choose to advertise their product. (Bruneau, 2011).

The role of advertising to reach as much as possible of the people or viewers that purposely to be the potential customer of one product or brand. Focusing of brand awareness and repeating about the details of the product or brand. Then information can be the brand name, availability, benefits, appearance and how to get the product. Would help the target customer understand and have an intention to purchase. (Khan K. R., Advertising, 2011).

Companies use advertisements as part of a marketing program to increase sales of their products and services. Also play a role to help the awareness of the product and giving information about the features of the product. Companies have the marketing department

that doing advertising and promotion, are to make sure the process of delivering message being effective and right on the target market.

In advertising there are many tools to reach the target market, and of those tools are promotion tools include the Above-the-Line and Below-the-Line. Above-the-line advertising includes tactics used to reach a mass audience and build a brand for a new or existing business. There are many of advertising activities and it will be chosen depending on the target market the company trying to capture. For Below-the-Line sales promotion is an immediate or delayed incentive to purchase, expressed in cash or in kind, and having short duration.

Bogasari Flour Mills already known as the biggest producer of flour in Indonesia. According to Aptindo (2016) it has a capacity of production about 3,6 ton per year has make this company being the highest producer of flour in the world in one location. This company started their business in 1969 located at Tanjong Priok, North Jakarta and the second factory in Tanjung Perak, Surabaya in 1972.

Since 1981 bogasari has already develope this business with Bogasari Baking School and Bogasari Baking Center which already spread in big city in Indonesia. Also Bogasari reach a lot of achievement in quality of the product and has reach the small medium enterprise that in these days being the sustainer and user of

their products. Thus, a big company like Bogasari will need more effort in their advertising activity.

Bogasari has advertising and promotion department which duties includes those two promotion tools are Above-the-Line and Below-the-Line. Activities regarding Above-the-Line in Bogasari are multimedia (radio and television), outdoors (signage and advertisement on public transportation), print ad (tabloid and culinary newspaper) and Internet (website and social media). Aforementioned activities are intended to support Bogasari in advertising their brand and product. As for Below-the-Line the activities includes trade fairs, exhibitions, training, factory visit, talk show, competition, awarding, and Bogasari Mitra Card for small and medium enterprise collaboration.

The marketing strategy of a company also depends on their level of stage in product life cycle. A product life cycle is a new product progresses through a sequence of stages from introduction to growth, maturity, and decline. It is associated with changes in the marketing situation, thus impacting the marketing strategy and the marketing mix (NetMBA, 2010). Bogasari now in the maturity stage which in their promotion would need differentiation and building a brand loyalty.

In market competition Bogasari has the biggest share in the market, it reach more than 50% of wheat flour (JakartaGlobe, 2014).

Separate into two factory which has their own market, make Bogasari can fulfill their customer's need. As it is also will enhance them to make the customer aware about their brand and positioned it on their mind as it is what they actually used and find. The role of advertising must be the concern to enhance a manufacturer to improve their quality and also to remind their existence in customer's mind.

The advertising trend nowadays has changed the social media is as important and as relevant to marketing, advertising and branding as it has ever been. This past year has brought to light many social media statistics including website traffic, follower counts, social media mentions, hash tag usage, and user demographics (Rand, 2016). This is due to advancement in technology and increased consumer needs for access in acquiring information. Therefore it is the chance for advertisers to increase their efforts in generating up-to-date and more appropriate advertising. Advertising tools has also shifted into more viral media which in practice can cover larger amount of audience even shorter amount of time.

So far Bogasari has succeed in marketing their products through those advertising strategy, however it is imperative for them to pay a close attention in positioning their product so that they may gain advantage in comparison with their competitor in the market. The consumer has become more powerful and important in the twenty first century than in previous years. Customers are no longer bound

by rules to any particular brand. Several search engines and a huge range of products, consumers are now in control of what they wish to see, hear and buy; they are no longer inactive via the internet. (E. Thorson, 2011).

In this study will concern about the effort of advertising which focused to the end user of the company's product. Because the dynamic and rapid change of consumer desire, will impact to the way a company introducing their brand or product. Through a focus and narrow advertising effort it will create a better chance for a company to positioned their brand or product also another features related to their differentiation.

Therefore this study is conducted to review overall performance of Bogasari advertising activities. Also with purpose of maximizing and provide more perspective in the application of advertising strategy. With hopes that it would increase not only the company financial performance in terms of profit but also a great brand positioning in the mind of the customer and differentiate from the competitors.

## **1.2 Research Questions**

- a. How Bogasari used advertising tools to create awareness and positioned their brand or product to the customer's mind?
- b. Describe the Above the Line advertising especially in outdoor and print advertising in Bogasari.

## **1.3 Objectives**

- a. To know Bogasari effort in using advertising to create awareness and positioned their brand and/or product to the customer's mind.
- b. To describe the Above the Line advertising especially in outdoor and print advertising in Bogasari.

## **1.4 Significance**

### **1.4.1 For Bogasari Company**

This study hopefully can serve as references in the future in specific to generating more creative and effective advertising strategy of Bogasari. As performance always need to be improve to get a greater result in the future.

#### 1.4.2 Academic Significance

The result of this study can be used as the references to the similar study research or continual study, especially about the reviewing the above-the-line advertising performance in Bogasari company.

#### 1.4.3 Practice Significance

The result of this study can be used to give information of reviewing the advertising media performance and for the practitioners references to do the study.

### **1.5 Scope of this study**

CHAPTER I: This chapter will explain about the background of this study, the purpose of this study, the research questions, the significance and also the scope of this study.

CHAPTER II: This chapter will explain about the previous study, the literature review include the advertising and above-the-line advertising also the media of advertising such as radio, television, print advertising, internet and outdoor advertising.

CHAPTER III: This chapter will explain about the research methodology include research design used is descriptive evaluative design, time and place of the study, and data collection method is observation method.

CHAPTER IV: This chapter explain about the result of the study and the discussion the result.

CHAPTER V: This chapter will explain about the conclusions and suggestions of the result from this study.