

Integrated Marketing Communication Strategy For Cannon Viking: Case Study Of Cannon Far East Indonesia

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Abstract

Cannon Far East Indonesia (CFEI) is one of the market leaders for PU (polyetherane) processing machine providers in Indonesia. However, in bedding and mattress PU application, CFEI encounters difficulties in selling Cannon Viking machines which negatively affects CFEI sales in Indonesia. Even with economic recovery post-pandemic, CFEI's position in the bedding and mattress market does not seem to change significantly, in comparison to the growth of the processing industry in Indonesia. Hence, the brand awareness issue of CFEI's Cannon Viking machines is to be explored further in this research, as well as its impact on consumer's purchase intention. This research contributes to the analysis of the bedding and mattress market of PU applications in Indonesia, as well as the factors impacting customer purchase intention within the industry. The objectives of this research are to conduct internal and external analysis of CFEI, identify factors influencing purchase intentions for consumers, and create promotion strategies to increase the brand awareness of CFEI's Cannon Viking products. This research utilizes qualitative methodology for data collection and hypothesis analysis. The research data are collected using observation of CFEI's operations, questionnaire distributions, and interviews with CFEI's customers. The external analysis was conducted using PESTEL Analysis, Porter's Five Forces, Competitor and Customer Analysis, while the internal analysis was conducted using VRIO, Marketing Mix, STP Analysis, and Value Chain Analysis. The result of the research shows that IMC affects both Brand Awareness and Consumer Perception, which also affect Purchase Intention respectively. CFEI is recommended to implement the IMC plan with a stronger emphasis on the strength of Cannon Viking machines and initiate digital marketing activities to form a stronger online presence in Indonesia.

Keywords: *Polyetherane, Integrated Marketing Communication, Brand Awareness, Consumer Perception, Purchase Intention*

Introduction

In 1937, Dr. Otto Bayer, a German industrial chemist along with his team, created a material called 'Das Di-Isocyanat-Poluadditionsverfahren' or Polyetherane, which is a revolutionary invention for the future of the world of engineering (Das & Mahanwar, 2020). Polyetherane or 'PU' is considered a remarkable and immensely versatile type of polymer that can be found in various forms and applications, such as automotive, bedding, building or construction, furniture, and insulation (Peyrton & Avérous, 2021). PU has been an integral part of material engineering, starting from shoes to aeronautical coatings, due to its durability and toughness (the polymer is as durable as metal while being as elastic as rubber), as well as its resistance to various chemicals (Das & Mahanwar, 2020). PU is the 6th most used polymer in the world, with a worldwide production of 18 million tons per year (Simón et al., 2018).

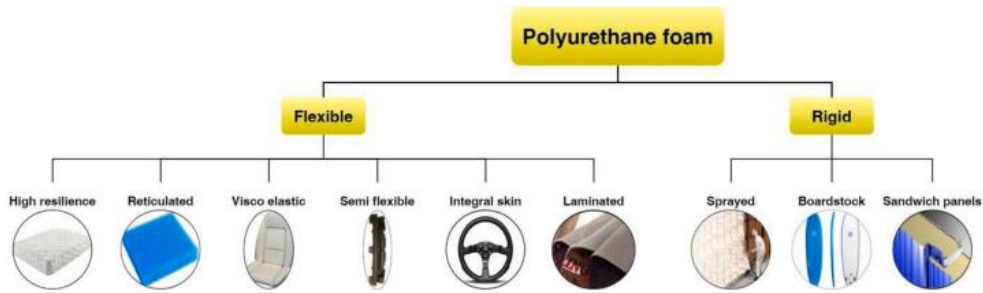


Figure 1. Various application examples of PU Foam (Peyrton & Avérous, 2021)

Flexible polyutherane foams (F-PUFs) are used in various day-to-day activities such as automotive, filters, and furniture or cushioning for beddings (Figure 1) On the other hand, the application of Rigid polyutherane foams (R-PUFs) are designed for the thermal insulations in various appliances, transport or pipe insulations and construction (Figure 1).

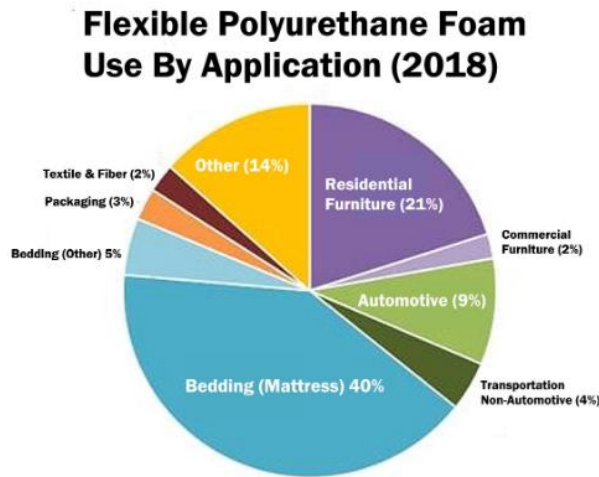


Figure 2. Application Percentage of F-PUFs (Polyutherane Foam Association, 2021)

The percentage focuses on the NAFTA (North America Free Trade Agreement) markets for the PU industry. In these international markets, bedding for mattresses possesses the greatest potential among other potential applications of PU, followed by residential and furniture with 21% of its application. The global demand and consumption of PU were roughly estimated to be around 60,5 billion USD in 2017 and are forecasted to be over 79 billion USD by 2021 (Gama et al., 2018).

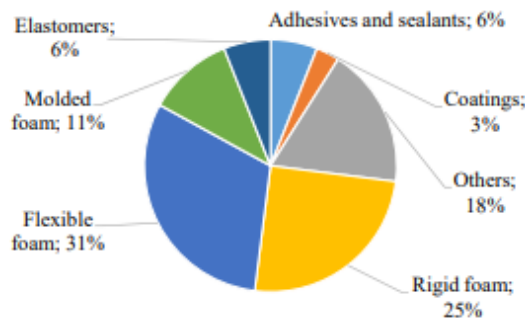


Figure 3. Percentage of PU's global consumption in 2016 (Gama et al., 2018)

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Furthermore, because of the strength and versatility of PU, the demand for the materials grows and is represented in global demands and opportunities. The expansion of machinery required to manufacture the materials and its raw materials feedstocks are growing in line with the economic growth of a region, for example, in 2017-2019 Saudi Arabia and the US Gulf Coast, as well as China and Europe, were experiencing expansion in PU feedstock (Sonnenschein, 2021).

Table 1. Estimated global PU production by regions 2015-2017 (in kilotons)

Region	2015	AAGR 2015/2016	2016	AAGR 2016/2017	2017
NAFTA	3616	6,1%	3835	5,6%	4048
South America	890	-3,9%	855	1,9%	871
China	8165	3,2%	8425	3,7%	8740
EMEA	5950	4,4%	6210	4,1%	6462
Asia Pacific	2845	5,8%	3009	7,5%	3235
Total	21466	4,0%	22334	4,6%	23356

Source: Austin and Hicks, 2023

China leads the global PU production with 8740 kilotons worth of PU products in 2017, followed by EMEA (Europe, the Middle East, and Africa) with 6462 kilotons, and NAFTA with 4048 kilotons. However, Asia Pacific experienced the highest AAGR (Average Annual Growth Rate) in 2016-2017 with 7,5%, followed by NAFTA with 5,6% and EMEA with 4,1%. Moreover, with significant growth in the automotive, construction, appliances, furniture, interior, and packaging industries, Asia Pacific is the regional leader in the PU market with 45% of the global PU market share in 2022 (Research, 2022). The extraordinary growth rate of the PU industry in Asia Pacific also affects Indonesia, as the Asia Pacific country with the third largest population after India and China. Furthermore, companies such as Cannon Group provide the solution for PU production by providing equipment and machines for Indonesian companies which contributes to the growth of PU production in Asia Pacific.

Method

The research framework of how the research explores and analyzes the business issue is shown in Figure 4.

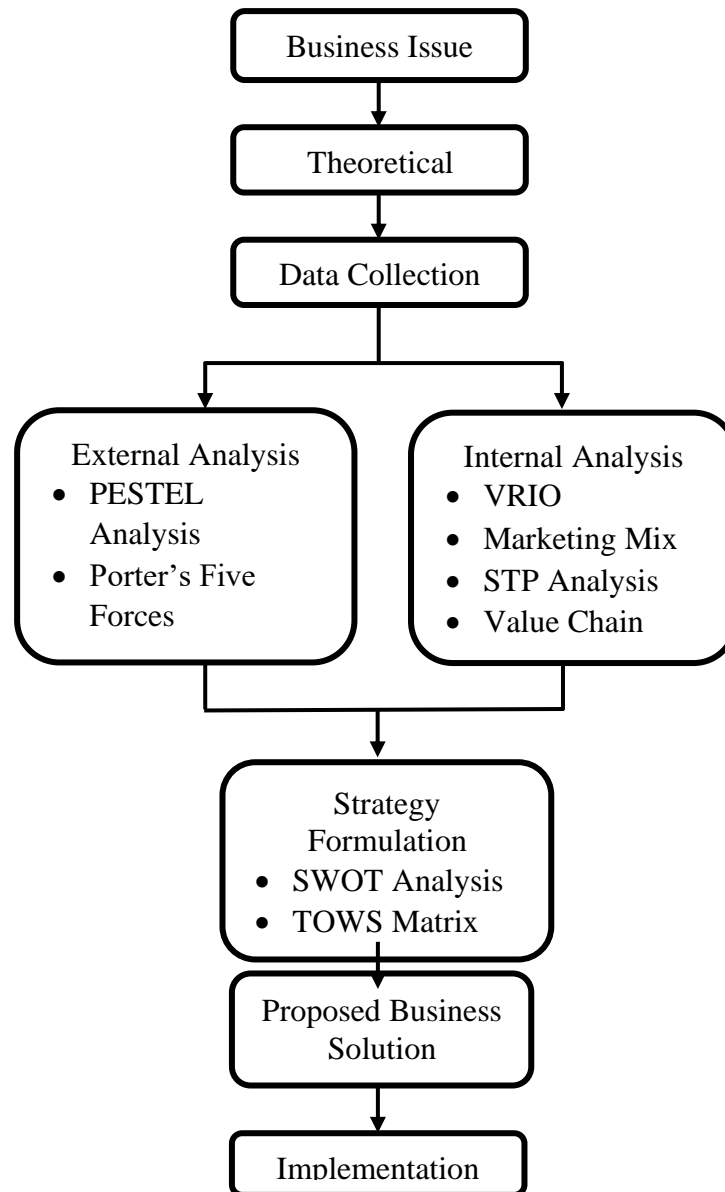


Figure 4. Research Design

The research design outlines the comprehensive strategy for conducting research to address specific research inquiries. It is a structured framework comprising methodologies and procedures for gathering, analysing, and interpreting data to explore the research's core issues (Cresswell, 2017). Figure 4 also shows the research methods chosen to conduct the study.

Result and Discussion Analysis

In this chapter, the result of the data analysis will be explored and concluded with the proposed business solutions based on the analysis mentioned earlier. External and internal analysis results will be explained, followed by the SWOT analysis and TOWS matrix elaboration. Lastly, the implementation plan will be explained along with the justification for the plan and the business solutions.

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External Analysis

As mentioned in the previous chapter, four external analysis methods are used in the research; PESTEL Analysis, Porter’s Five Forces, Competitor Analysis, and Customer Analysis. The result of the four analyses will involve the opportunities and threats aspect which is the staple of external analysis.

PESTEL Analysis

a. Politics (Opportunity)

Indonesia’s governmental policies on the procurement of goods and services have recently been amended from Presidential Regulation (PP)No. 16 year 2018 to Presidential Regulation No. 12 year 2022. The changes are designed to improve governance, transparency, accountability, and budget allocation, and address severe corruption issues in the country. Although the government is not the direct consumer of CFEI’s products, the regulation ensures the competitiveness of local production to be utilized by government institutions, boosting the capability of domestic machine producers to thrive. However, the technology limitation and production capacity of Indonesia’s domestic PU machine producers still allow international players to contribute to the market, enabling local companies to keep contributing to the market, while still thriving in providing machines for larger-scale production.

Furthermore, the upcoming Presidential Election and Members of Legislature in 2024 is one of the signals for the general improvement of the country. The positive changes in governmental structure, policies, and leadership will also have a positive impact on the industry. Aligned with the National Long-Term Development Plan (RPJPN – Rencana Pembangunan Jangka Panjang Nasional) to achieve 28% in GDP (Gross Domestic Product) of the processing industry in 2045 (Bappenas, 2024), which can be translated as thorough improvement in the various industry, PU processing included.

Economy (Opportunity)

The economic recovery of Indonesia post-COVID-19 pandemic has been observed to be progressing positively, albeit slowly, based on the 4,8% projected economic growth of 2024 or 0,4% lower than the 5,2% target set by the government (INDEF, 2023). The Indonesian economy is growing by 4,94% from the third quarter of 2022 to the third quarter of 2023, in the middle of a slowing down of the global economy, climate change, and a decrease in the price of Indonesia’s top export commodities. The 1,60% growth is also observed in the second to third quarter and is still expected to grow in the fourth quarter of 2023, based on the end-of-the-year trend of long holidays in Indonesia which is the opportune moment for an increase in consumption that leads to an increase in liquidity, accelerating the economy even further (INDEF, 2023).

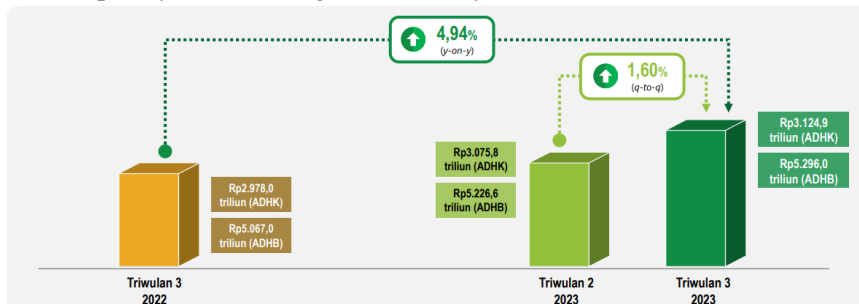


Figure 5. Indonesia Economic Growth Quarter III 2023 (Badan Pusat Statistik, 2023)

Moreover, Indonesia's processing industry also experienced 5,20% growth compared to the preceding quarter, which is supported by the strong demand in the domestic market (Badan Pusat Statistik, 2023). CFEI as one of the key contributors to Indonesia's PU processing industry has the leverage to maximize this opportunity to develop advanced business strategies and effectively compete in this potential growing industry.

Social (Opportunity)

Since the revocation of PPKM (Pemberlakuan Pembatasan Kegiatan Masyarakat) on December 30th, 2022, Indonesia's social and economic condition has been steadily recovering. In line with economic growth especially in the processing industry, the demand for skilled labor has been increasing, reducing the amount of unemployment in the country. A total of 4,55 million of labor were absorbed in August 2022 – August 2023, further decreasing the unemployment rate from 8,42% to 7,86 (Badan Pusat Statistik, 2023). With reduced unemployment and an increase in financial aid from the government, Indonesian households' purchasing power can be increased resulting in higher spending on various household items, including beds and mattresses as one of the consumer products for Cannon Viking machines. The total revenue of the mattress market in Indonesia increased by 6,46% from 147,30 million US\$ in 2022 to 156,80 million US\$ in 2023, which is a sign of opportunity for CFEI to gain higher revenue through the development of effective business strategies.

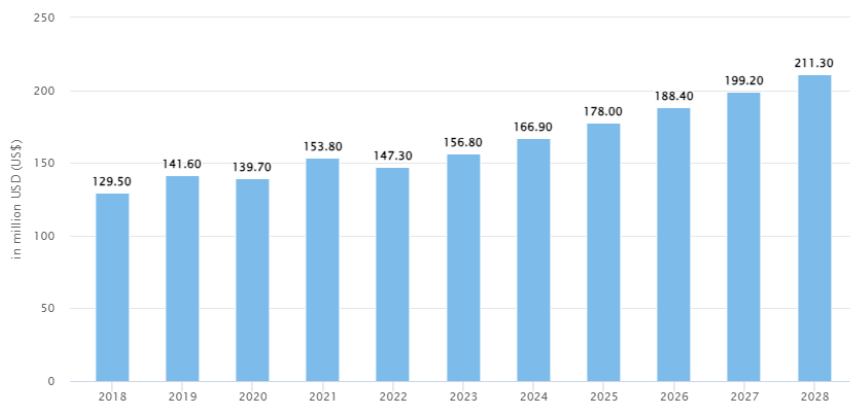


Figure 6. Indonesia Mattress Revenue (Current and Projected, 2018-2028) (Statista, 2024)

Technology (Opportunity)

The normalization of Indonesia's economic and social situation during the pandemic causes higher technology utilization. It drives a revolution from society 4.0 which is industry heavy into society 5.0 with higher dependency on the interconnection between people and digital technologies (Kibtiah & Medeleine, 2023). The thickness of digital technologies' involvement in daily lives makes digital marketing a staple aside from conventional marketing. The interconnection of people through various platforms online and social media is creating new opportunities for marketers to attract customers using digital platforms (Bala & Verma, 2018). Through the technology utilization in digital marketing, which is an integral part of IMC, CFEI gains the opportunity to create more engagement with customers (Mangold & Faulds, 2009), influence customers decisions (Helm et al., 2013), and enhance their buying decision online (Cetinã et al., 2012).

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Aside from opportunities in marketing and promotion aspects for CFEI, the development of PU processing technology since its conception in 1937 has seen a multitude of technological applications. PU's versatile applications from automotive, bedding, construction, furniture, insulation, and medical have integrated the substance into various industries with high demands. This circumstance also becomes an opportunity for CFEI to compete in various industrial applications in Indonesia.

Environment (Threat)

The environmental concerns about the impact of factory operations and the impact of PU as a substance that contains various harmful chemicals for living organisms affect CFEI as one of the providers of PU processing machines in Indonesia. The threats of cocktails of harmful chemicals contained in PU are not only dangerous for humans but also aquatic organisms when the waste is discharged directly into waterways (Adenugba et al., 2016). Moreover, the pollutants released from the production process are highly toxic and capable of polluting soil as well, causing severe impact on the environment (Adenugba et al., 2016). A study conducted in 2019 shows that a total of 6.3 billion tons of plastic were generated globally from 1950 to 2018, highlighting the potential of microplastic ingestion for humans through bioaccumulation by freshwater and marine organisms, causing obesity, cancers, recurrent miscarriages, and sterility (Alabi et al., 2019). With the growing environmental concerns raised due to the pollutants, various governmental actions were carried out starting from production limitations, strict policy enforcement regarding factory operations, and fines based on waste mistreatment. Not only regulators, but consumers also started to be more environmentally conscious of the products they consume, and prefer the ones that are more environmentally safe.

Legal (Opportunity)

Compliance with the law and governmental policies is crucial for a company to continue operating in a country. PP (Peraturan Pemerintah) No. 22 the year 2021 about the Implementation of Environmental Protection and Management regulates environmental protection, water quality management, air quality management, ocean protection and quality management, environmental damage management, waste management, governmental observation, and administrative sanctions for violators which is one among many legal matters to be complied by CFEI. By complying with the legal standard of conduct in Indonesia both in daily operations, products, and services provided, CFEI has the opportunity to become the core partner for PU processing companies in Indonesia.

Porter's Five Forces

a. Competitive Rivalry – Among Existing Competitors (High)

The PU processing industry is highly competitive, with multiple high-end brands competing for a larger market share. The competition is even more intense in the F-PUF's mattress application, where the majority of competition takes place (Polyetherane Foam Association, 2021). Based on the questionnaire result, multiple companies operate at the scope of Continuous Lines Block (Slabstock) and Discontinuous Lines in Indonesia, a mixture of various European and Chinese international companies, along with several locally made manual types of machinery. At the moment, because of Cannon Viking's introduction period to the Indonesian market, CFEI has to compete not only with major international brands such as Hennecke, Sunkist, and Laader Berg but also with several local companies that already established their brand image

in the local market such as PT MST (Multi Sarana Tekkindo). The current competitive circumstances are also affected by the nature of the industry which requires heavy equity investment, high switching costs, and the need for companies to offer unique features to stay ahead of the competition.

b. Threat from New Entrants (Low)

The majority of the PU processing machine providers in Indonesia have been operating for years, and some of these companies even had a global presence for decades before entering the Indonesian market. New entrants are required to invest heavily in technology, distribution lines, suppliers, and experienced operators to operate close to the current players' level of operations. Even after the new entrants can muster capital for the initial investments, the process needs to take years before the company starts making a profit in the industry. Hence, years of experience in the field, millions of dollars of investment in R&D, and established relationships with suppliers and customers have made the barrier to entry into the industry extremely high.

c. Bargaining Power of Suppliers (Moderate)

Slightly different from the PU processing industry with abundant sources of chemicals as raw materials, the business that provides PU processing machines is reliant on parts and raw materials in constructing the machines. Also, the majority of big players in Indonesia, including CFEI do not produce the machines within the country and rely on machine supplies from abroad. In the case of CFEI, Cannon Viking machines are produced in Manchester, United Kingdom, and the process to procure the machines depends on how fast the materials and parts can be assembled abroad, before making for shipment to Indonesia. Even with the steady supply of components among European nations, including the United Kingdom, there are more vendors outside of the Cannon Group which is involved in transporting the machine for CFEI in Indonesia. These circumstances not only affect CFEI but also its competitors, creating moderate difficulties in the relationship with suppliers.

d. Bargaining Power of Buyers (Low)

With the high investment needed to start a PU processing business and high switching costs, customers are left with little to no options in choosing PU processing machine brands. Even with the possibilities of machine customization to better suit the needs of customers, there are only several companies such as CFEI that enable machine customization, lowering the bargaining capability of customers even further.

e. Threat from Substitute Products and Services (Low)

Currently, in the PU processing industry which has high switching costs, there are no better alternatives for PU machines due to the requirements for PU processing companies to produce high yield in a short period. One of the possible alternatives for smaller business scale is to utilize manual labor in PU processing, which is time-consuming, highly volatile in terms of quality, and not cost-effective for larger operations. Since there are no plausible alternatives for the PU processing industry but to keep operating PU processing machines, the threat from substitute products and services is to be considered as low.

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Competitor Analysis

Competitors listed in the table below are selected based on several considerations; similarity in products and segmentation in the PU market, capacity to provide service all over Indonesia, and the answers from respondents in the provided questionnaire. The competitor information below is related to the competition in bedding and mattress application of PU in Indonesia. There are three main competitors of CFEI's Cannon Viking in Indonesia, Hennecke, Laader Berg, and Sunkist.

Table 2. Competitor Analysis

Attributes	Cannon Viking	Hennecke	Laader Berg	Sunkist
Products	EcoSlab, Blockmatic, Maxfoam, Easymax, C-Max	Jflex, Multiflex, BLOCFOAMAT, QFM	Maxfoam 50, Maxfoam Compact, Multimax	SA-1BM, SA-1AF, SA1AR
Price		<i>Confidential</i>		
Service Range	All over Indonesia (local technicians available)	All over Indonesia	All over Indonesia	All over Indonesia
Attributes	Cannon Viking	Hennecke	Laader Berg	Sunkist
Factory Location	Manchester, UK	Sankt Augustin, Germany	Aalesund, Norway	Taipei, Taiwan
Address	Cannon Far East Indonesia, Apartment MAQNA Residence, Ruko No. 7, Business Park Kebon Jeruk. Jl. Raya Meruya Ilir, No.88 Meruya Utara, Kembangan	PT Techno Indo Pratama, Ruko RJS Blok 3B No. 5 Jalan Jalur Sutera Timur Alam Sutera – Banten	PT Prakarsa Uretan Chemindo, Alam Sutera, Jl Jalur Sutera Timur Ruko Renata Blok 3B No 8, RT.001/RW.015, Kunciran, Kec. Pinang, Kota Tangerang - Banten	10th Floor, No.200, Section 2, Jinshan South Road, Taipei
Promotion	Website, company visits, exhibition	Website, company visits, exhibition, social media (LinkedIn,	Website, company visits, exhibition, social media (LinkedIn)	Website, company visits, exhibition, social

Facebook, Instagram, X)	media (LinkedIn, Facebook)
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Source: Author, 2024

Based on the competitor analysis table, CFEI's Cannon Viking has more product options to better cater to the various needs of the customers. Moreover, CFEI is the only country representative among the four companies, because Hennecke-OMS and Laader Berg appointed a local company for its operations, and Sunkist does not have country representation in Indonesia, which affects competitor's capacity to provide locally-trained technicians for the machines. However, in the promotion aspect, CFEI is lacking in the promotional variety, since competitors have utilized digital marketing to supplement their promotional activities, which is essential to reach more audiences in Indonesia. As for the price, considering the fluctuation of the exchange rate in Euros, U.S. Dollar, and Taiwan Dollar to Rupiah, as well as the nature of fierce competition in the PU industry, the disclosure of the price range of the machines is strictly limited.

Customer Analysis

The data collected through interviews and questionnaires were utilized as the source for customer analysis. The customer analysis in this study is related to the effect of IMC on brand awareness and consumer perception, which in the end affect customer purchase intention. The interviews and questionnaires were conducted with the current and potential customers of Cannon Viking, who do have familiarity with Cannon machines, whether through previous projects or had the opportunity to receive a sales visit from CFEI. There are six representatives from six different companies were interviewed, and twenty questionnaire results obtained from fifteen different companies, with results as follows:

- a. According to the respondents' answers to interview and questionnaire questions related to IMC and brand awareness, the existence of the website, machine exhibitions, personal and direct sales from the representative, as well as digital marketing in the form of social media information are essential to creating brand awareness of Cannon Viking products. This statement is evident from the majority of respondents (85%) who know about foam blocks and furniture PU processing machines offered by CFEI. As for the questions related to IMC and consumer perception, the information regarding Cannon Viking's strength, specifications, and features is mostly delivered through sales visits (95%). This is evident in the interview answers of those who have been visited by CFEI sales representatives to express their perception of the quality, cost, features, and capability of Cannon machines.

Improving the current promotional and marketing activities of CFEI is part of the IMC-related questions in both interviews and questionnaires; which is considered to be lacking by respondents. One of the major highlights from the interview is that CFEI does not have a social media presence and no official website, with only available websites for Cannon Far East Singapore and Cannon Group. To add digital marketing which is part of IMC into the arsenal of Cannon Group, the marketing and promotion activities will be more effective in increasing brand awareness and positive consumer perception. Based on the result, the author concludes that H1 and H2 are accepted.

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Table 3. Hypothesis Analysis of the Relationship of IMC to Brand Awareness and Consumer Perception

Hypothesis	Description	Result
H1	There is a positive influence of IMC on brand awareness	Accepted
H2	There is a positive influence of IMC on consumer perception	Accepted

Source: Author, 2024

- b. On questions related to brand awareness and purchase intention, the answer to the question shows that respondents all agree that the awareness of the presence of the brand, affects the intention of the company to purchase the machine. Respondents also showed that brand awareness pertains to product quality, and by being unaware of the brand, they will not even consider putting the brand into internal discussions. Moreover, to also aware of not only the brand but also the products provided by the brand is essential and affects the purchase intention.

Since the effect of brand awareness is positive on purchase intention, boosting the brand awareness of CFEI machines is essential to influence consumers' purchase intention. A high level of brand awareness will enable a brand to be considered as one of the potential options when they are planning to buy a product. Therefore, the author considers that H3 is accepted.

Table 4. Hypothesis Analysis of the Relationship of Brand Awareness to Purchase Intention

Hypothesis	Description	Result
H3	There is a positive influence of brand awareness on purchase intention	Accepted

Source: Author, 2024

The question on consumer perception was also asked to the respondents in both interviews and questionnaires. The answer to the question is that the positive impression on price, design, machine compatibility, and quality, affects the tendency for the company to purchase a product. This would mean that the perception that consumer has of various aspects related to the machines, affects the intention for product purchase. The situation would also apply vice versa, the negative perception would only hinder the intention of the company to purchase a product. Because consumer perception is important in determining the purchase intention of consumers, maintaining a positive impression through positive exposure to a company's brand and products is essential. Hence, the author concludes that H4 is accepted.

Table 5. Hypothesis Analysis of the Relationship of Consumer Perception to Purchase Intention

Hypothesis	Description	Result
H4	There is a positive influence of consumer perception on purchase intention	Accepted

Source: Author, 2024

Internal Analysis

a. VRIO

Based on observation of CFEI operations and internal discussions with CFEI representatives, VRIO analysis was conducted to analyze which resources contribute to

sustainable competitive advantage for the company. The analysis is important to maximize the utilization of potential resources effectively and improve the competitive advantage of the company in the market. The resource analysis will be categorized into two segments: intangible resources and tangible resources.

Table 6. VRIO Analysis

No	Resources	V	R	I	O	Total	Competitive Implication
<i>Intangible</i>							
1	Local technical service available for machine repair and setup on-call	Yes	Yes	No	-	2	Temporary competitive advantage
2	Best lead time for machine delivery	Yes	Yes	No	-	2	Temporary competitive advantage
3	High number of technical experts	Yes	No	-	-	1	Competitive parity
4	Patented technologies and processes in PU processing	Yes	Yes	Yes	Yes	4	Sustainable competitive advantage
5	Healthy financial position	Yes	Yes	No	-	1	Temporary competitive advantage
6	Strong branding and global presence	Yes	No	-	-	1	Competitive parity
7	High investment in R&D	Yes	Yes	No	-	1	Temporary competitive advantage
Tangible							
8	A higher degree of machine flexibility	Yes	Yes	Yes	Yes	4	Sustainable competitive advantage
9	Better output in quality and quantity	Yes	Yes	No	-	2	Temporary competitive advantage
10	Efficient machine maintenance	Yes	Yes	Yes	Yes	4	Sustainable competitive advantage
11	Less technical engineers are required for machine setup	Yes	Yes	No	-	2	Temporary competitive advantage
12	The machines are designed with energy, emission, and waste efficiency	Yes	Yes	No	-	2	Temporary competitive advantage

Source: Author, 2024

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Within the scope of VRIO analysis, CFEI possesses three resources that are the source of the company's strengths; patents in the PU processing and technologies, high degree of machine flexibility, and efficient machine maintenance. The three strengths are to be considered as the reasons why CFEI is the market leader for PU processing in Indonesia, and its source of sustainable competitive advantage.

Marketing Mix

7P's of the marketing mix (Product, Price, Place, Promotion, People, Process, and Physical Evidence) that the CFEI team has applied are further described in the analysis below;

a. Product

Within the scope of bedding and mattress PU applications, CFEI sells the following machines: Continuous Line with EcoSlab (diverse high-quality flexible PU slabstock), Maxfoam (rectangular flexible foam box), Easymax (small to medium-sized furniture and mattress foam producer), C-Max (higher density foam and specialty grades), and Discontinuous Lines with Blockmatic (high resilience, supersoft, visco-elastic foam on block-by-block basis). Cannon machines possess advantages in flexibility, available features, and cutting-edge technology.

b. Price

Due to price confidentiality, the information on machine prices provided by CFEI is limited. However, during the discussion with the CFEI representative, it was disclosed that the price offered would generally include the machine set, the control unit, the spare kit, technical service, and other installation necessities.

c. Place

The CFEI office is located in Apartment MAQNA Residence, Ruko No. 7, Business Park Kebon Jeruk. Jl. Raya Meruya Ilir, No.88, Meruya Utara, Kembangan, Jakarta Barat. The CFEI is the country representative of Cannon Group, with regional head office in 2 Woodlands Sector 1, #03-08, Woodlands Spectrum, Singapore. With the actual company representation in Indonesia, CFEI can expedite assistance for customers and send local technicians and engineers effectively and efficiently.

d. Promotion

Currently, the promotional activities of CFEI emphasize direct promotion and selling to the companies that process PU in the bedding and mattress industry. CFEI also utilizes the Cannon Group, Cannon Viking, and Cannon Far East websites as the digital form of its marketing and promotion activities.

d. People

The staff and management team of CFEI work together to fulfill a singular goal, to provide dedicated engineering solutions for people in Indonesia. The marketing and promotion team members are responsible for the sales visit to potential companies, in presenting the most suitable machine needed by the company. The technical team is on standby for machine setup and repairs when needed.

e. Process

Starting with initial communication with CFEI sales representatives and potential customers regarding machine requirements, further communication, and meetings between CFEI sales representatives and potential company representatives, discussions on machine specification, requirements from customers, and comparison with competitors, then the sales representative will send the quotation to the potential customers, after negotiation process the sales representative will send final quotation, and upon approval on the price and terms set on the quotation, the project will be signed off and started will the machine delivery process.

f. Physical environment/evidence

Located in the heart of the business district in West Jakarta, the CFEI office serves as the platform for the daily operations and administrative activities of the company. Most of the communication with customers is done online through e-mail, conference calls, and online meetings, with exceptions on sales visitations to potential customers.

STP Analysis

a. Segmenting

Table 7. Segmentation Analysis

Indicators	Segmentation	
	A	B
Machine Types	Continuous Lines	Discontinuous Lines
Foam Types	Furniture Foams, Mattresses, High Quality, and High Density Flexible Slabstock, Specialty Grades Foam	Slabstock, High Resilience, Supersoft, Visco-Elastic
Company Scale	Small to Large Companies	Newcomers, Small to Medium Companies
Company Location	Jabodetabek, Banten, Jawa Timur, Jawa Tengah, Jawa Barat, Sulawesi Selatan, NTB, Bali	Jabodetabek, Sumatra Utara, Jawa Tengah, Riau

Source: Author, 2024

The CFEI operates in two segmentations, based on two machine types; Continuous Lines and Discontinuous Lines. The two machine types represent a broader scope of market segmentation, based on foam types, the scale of the company, and the location of the company.

b. Targeting

The targets of CFEI are companies that process PU for mattress and bedding applications, operating with continuous lines and/or discontinuous lines machines, starting from newcomers to large-scale companies in Indonesia’s PU processing industry.

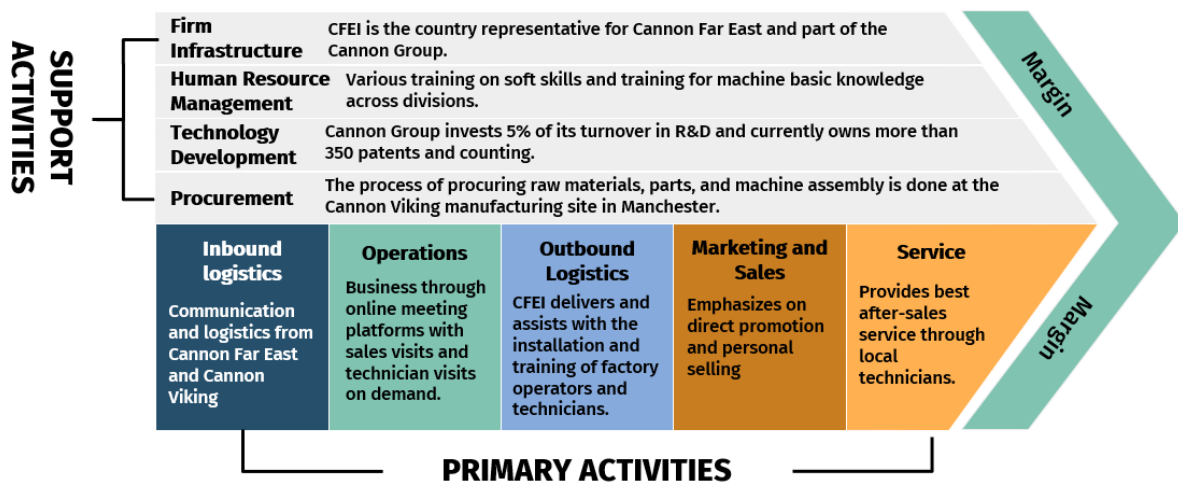
c. Positioning

The distinction that makes CFEI stand out among its competitors is these unique value propositions represented by the company;

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- **Customer problem:** The customer needs a reliable machine provider with a cost-efficient, high-quality, and high-quantity yield that provides top-of-the-line service.
- **Customer jobs to be done:** To fulfill customer needs in operating a machine with high cost-efficiency, high quality, and high quantity yield, and provide the best service in terms of installation, maintenance, and repair.
- **Frame of reference:** Supplying a wide range of industries with dedicated engineering solutions worldwide.
- **Basic requirements:** Can produce and deliver PU processing machinery.
- **Unique value propositions:** All Cannon machines are equipped with highly flexible cutting-edge technology, enabling growth, cost-efficiency, energy, and waste-efficiency, and accompanied by local and international expertise.
- **Reasons to believe:** CFEI is part of the Cannon Group with more than 50 years of experience in the PU industry, an entrepreneurial group with 30 companies in 40 countries, and employs more than 1,200 people worldwide. The Group also owns more than 350 patents and invests 5% of its turnover in R&D (Cannon Group, 2023).
- **Distinction from the competitor:** A higher degree of machine flexibility, more advanced technology in terms of production quality and quantity, efficient machine maintenance, and local technicians to provide service promptly.

Value Chain Analysis



- *Operations:* The business has been done majorly through online meeting platforms since the COVID-19 pandemic, with sales visits and technician visits on demand.
- *Outbound Logistics:* CFEI delivers machines to the factory location and assists with the installation. CFEI technicians will also conduct training for factory operators and technicians.
- *Marketing & Sales:* CFEI currently emphasizes direct promotion and selling while utilizing Cannon Group and Cannon Far East websites for digital marketing.
- *Service:* CFEI strives to provide cost-effective after-sales service for customers by providing local technicians for repair and maintenance. The cost and time needed to invite technicians and engineers from abroad are high, especially during accidents or major repairs.

• **Support Activities**

- *Firm Infrastructure:* CFEI is the country representative for Cannon Far East and part of the Cannon Group. Cannon Far East in Singapore oversees the operations of various country representatives in Asia Pacific.
- *Human Resource Management:* CFEI maintains highly skilled team members through various training on soft skills and training for machine basic knowledge across divisions. The investment done by Cannon Group amounted to 3.5 days of average training per capita per year.
- *Technology Development:* Cannon Group obtained more than 350 patents and invested 5% of its turnover in R&D, and was considered obligatory for Cannon Group which also works in pioneering the development of new inventions in various engineering solutions.

Procurement: As a country representative, the role of CFEI is to maintain relationships with customers and provide engineering solutions in the form of PU processing machines. The process of procuring raw materials, parts, and machine assembly is done at the Cannon Viking manufacturing site in Manchester, before being transported to Indonesia via freight.

Strategy Formulation

SWOT Analysis

Table 8. SWOT Analysis

Strengths	Weaknesses
1. More product options and variations	1. Higher price in general
2. Actual company representation instead of appointing a local company as country representative	2. Over emphasize on direct selling and promotion
3. Locally trained technician	3. Minimum digital presence and digital marketing (no CFEI website and social media accounts)
4. CFEI is Indonesia’s market leader in the PU processing industry	4. Competitors have stronger brand awareness on mattress and bedding PU application
5. Cannon machines are more technologically advanced (patents and high investment in R&D)	5. Similar to competitors, no locally manufactured machines in Indonesia
6. High degree of machine flexibility and cost-efficient maintenance, energy and waste management	6. CFEI does not have a dedicated representative to handle the specific bedding and mattress market
7. Higher yield and productivity ratio in comparison to competitor	
Opportunities	Threats

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<ol style="list-style-type: none"> 1. Processing industry growth in GDP contribution 2. Presidential Regulation No. 12 the year 2022 with exceptions on limitations in technology and production capacity in Indonesia 3. Indonesia's economic growth post-COVID-19 pandemic 4. Reduced unemployment rate and increase in purchasing power in Indonesia 5. Society 5.0 in Indonesia 6. High barrier to entry for the PU processing industry 7. Low to no threats from product substitution 	<ol style="list-style-type: none"> 1. High level of competition among competitors in the same industry 2. Harmful impact of chemicals released from PU processing on humans 3. Harmful impact of chemical waste on the environment (water, soil, air, and living organisms) 4. Environmentally conscious customers
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Source: Author, 2024

Business Solutions TOWS Matrix

Table 9. TOWS Matrix

	Weaknesses	Strengths
Opportunities	<p style="text-align: center;">WO Strategy</p> <ol style="list-style-type: none"> 1. Emphasize promoting the Easymax machine as the budget option for small, and medium companies (W1, O1, O2, O3, O4). 2. Start investing in digital marketing activities to extend CFEI's promotional reach and boost brand awareness (W2, W3, W4, O5). 3. Emphasize CFEI's cutting-edge technology on yield quality and quantity on promotional content (W5, O6, O7). 	<p style="text-align: center;">SO Strategy</p> <ol style="list-style-type: none"> 1. Create synergized and consistent promotional materials based on IMC that emphasize CFEI's competitive advantage (S1, S2, S3, S4, S5, S6, S7, O1, O2, O3, O4, O5, O6, O7).
Threats	<p style="text-align: center;">WT Strategy</p> <ol style="list-style-type: none"> 1. Create a marketing campaign on Cannon's effort to develop environmentally friendly technology (W1, W5, T2, T3, T4) 	<p style="text-align: center;">ST Strategy</p> <ol style="list-style-type: none"> 1. Start participating in local and Asia Pacific PU processing technology exhibitions (S1, S2, S3, S4, S5, S6, S7, T1)

2. Create a digital marketing division to specialize in creating digital marketing materials (W2, W3, W4, T1)	2. Create promotional materials with emphasis on technological advancement with environmental concerns in mind (S5, S6, T2, T3, T4)
3. Appoint a marketing representative to handle the bedding and mattress market (W2, W3, W4, W6, T1)	

Source: Author, 2024

Based on the TOWS matrix above, there are nine possible marketing strategies that capitalize on the combination of aspects within the SWOT analysis. The goal of these strategies is to utilize IMC in improving brand awareness, customer perception, and purchase intention of CFEI's Cannon Viking machines.

Weakness-Opportunity (WO) Strategy

1. Emphasize in promoting the Easymax machine as the budget option for newcomers, small, and medium companies. (W1, O1, O2, O3, O4). As per the questionnaire and interview results, CFEI has developed an image of selling high-cost machines, although with suitable quality. Considering the growth potential of Indonesia's processing industry, especially for bedding and mattresses, PU processing companies in Indonesia need quality machines that fit their budget as well. Cannon has been diversifying its product to cater to the needs of business on a smaller scale as well, hence, the introduction of Easymax as the solution for PU processing on the budget. By emphasizing the availability of multiple machine options provided by CFEI, potential customers will have more options for capitalizing on Indonesia's economic growth.
2. Start investing in digital marketing activities to extend CFEI's promotional reach and boost brand awareness (W2, W3, W4, O5). One of the biggest weaknesses of CFEI's current marketing strategy is the imbalance between conventional and digital marketing activities, which affects the brand awareness of Cannon Viking machines. To rely on global content from Cannon Far East in Singapore and Cannon Group will not be sufficient to cover Indonesia's Society 5.0 information searching habit. Local online presence needs to be established through CFEI's website, and social media accounts (Instagram, Facebook, X, and LinkedIn), which are all part of the IMC, supplementing the ongoing direct and personal marketing activities. By building a strong online presence in Indonesia, brand awareness and customer perception of Cannon Viking machines can be boosted to compete with the brand awareness and customer perception of competitors.
3. Emphasize CFEI's cutting-edge technology on yield quality and quantity (W5, O2, O6, O7). Because the PU industry has a high barrier to entry and no product substitution for the processing machines, to stay ahead of competitors CFEI needs to promote the advanced technology possessed by Cannon Viking machines. Since the machine was manufactured originally in Manchester, UK not in Indonesia, the overall capacity and environment to produce equipment with higher quality are better, capitalizing on the fact that using machines

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that are manufactured abroad will boost the capacity of mattress and bedding production in Indonesia.

Strength-Opportunity (SO) Strategy

Create synergized and consistent promotional materials based on IMC that emphasize CFEI's competitive advantage (S1, S2, S3, S4, S5, S6, S7, O1, O2, O3, O4, O5, O6, O7). Among the five major promotional tools of IMC, currently, CFEI only focuses on Sales Promotion, Personal Selling, and Direct Marketing, with minimum engagement in Advertising, Public Relations, and Digital Marketing. With multiple advantages and strengths available, CFEI can strengthen its brand awareness and customer perception, reaching far more audiences when the three remaining IMC tools are activated. The promotional materials, while created to capture local audiences should also be created consistent with the international campaign of Cannon Group, creating synergy in the promotional activities. CFEI also has an advantage in the PU industry due to its position as the market leader, making the promotional activities for Cannon Viking more effective. As a result, not only CFEI can maintain the current customers by providing information on new technology and machine updates, but the marketing activities will also reach new potential customers.

Strength-Threat (ST) Strategy

1. Start participating in local and Asia Pacific PU processing technology exhibitions (S1, S2, S3, S4, S5, S6, S7, T1). One of the promotional events to showcase the current advancement in PU processing technology and the value for money of the machines is through seminars, exhibitions, etc. CFEI can participate in such events to increase brand awareness and customer perception because people are now allowed to travel and visit events freely. CFEI can also justify the cost with the high value offered by the machines, in terms of performance, output, and maintenance, compared to the competitors.
2. Create promotional materials with an emphasis on technological advancement with environmental concerns in mind (S5, S6, T2, T3, T4). One of the vantage points possessed by CFEI is that Cannon Group is one of the pioneers in PU processing technology. One of the selling points of the advanced machines offered is the machines are designed with energy, emission, and waste efficiency. One of the systems patented by Cannon Group is the Cannon Viking Cardio System, which utilizes CO₂, which has no harmful effect on humans as a blowing agent instead of Methylene Chloride which is generally more harmful to the machine operators. By highlighting the commitment to environmental protection carried out in the technological development of Cannon machines, potential customers will be more aware of making educated choices in choosing a machine brand while preserving the environment.

Weakness-Threat (WT) Strategy

1. Create a marketing campaign on Cannon's effort to develop environmentally friendly technology (W1, W5, T2, T3, T4). One of the ways to address relatively high machine prices and the environmental impact of PU processing is to bring the narrative of the effort done by Cannon in terms of developing machines with environmentally friendly technology. Telling the story from the business perspective, in balancing between environmental impact and business operations, will bring a new point of view for potential customers and other stakeholders with an interest in environmental protection.

2. Create a digital marketing division to specialize in creating digital marketing materials (W2, W3, W4, T1). To create an online presence and boost awareness on Cannon Viking machines, CFEI has to take the next step in developing a dedicated team to create digital promotion materials and address PR-related issues. The promotion materials created by the team should also be aligned with the global message brought by Cannon Far East and Cannon Group, in the packaging that is interesting for Indonesian audiences. The dedicated team will also be responsible for social media engagement, as one of the current weaknesses of CFEI marketing operations. The dedication to social media presence will boost engagement with potential customers, and stakeholders, and establish a stronger media presence for CFEI in Indonesia.
3. Appoint a marketing representative to handle the bedding and mattress market (W2, W3, W4, W6, T1). Since one of the weaknesses of CFEI is no dedicated marketing representative to cover the bedding and mattress market of Cannon Viking, appointing a marketing representative dedicated to the market is essential for CFEI. Having a dedicated salesperson for the market, who will be responsible for the sales of Cannon Viking machines will contribute to higher brand awareness and better customer engagement.

Proposed Business Solutions

Implementing the IMC strategy will be necessary to answer the current obstacles encountered by CFEI in promoting Cannon Viking machines. The proposed business solutions for CFEI will utilize the promotional tools of IMC which will explained further in the table below

Table 10. IMC Plan for CFEI’s Cannon Viking

Integrated Marketing Communication Plan for CFEI’s Cannon Viking	
Advertising	<ul style="list-style-type: none"> • Create a series of videos with content emphasizing the strength of Cannon Viking machines.
Sales Promotion	<ul style="list-style-type: none"> • Promotes the Easymax machine in multiple marketing channels to boost brand awareness.
Personal Selling and Direct Marketing	<ul style="list-style-type: none"> • Participate as an exhibitor in local and Asia Pacific PU processing technology exhibitions. • Appoint a marketing representative for the bedding and mattress market.
Public Relations	<ul style="list-style-type: none"> • Create a short video on Cannon’s effort to develop environmentally friendly technology.
Digital Marketing	<ul style="list-style-type: none"> • Create a digital marketing division focusing on creating digital promotion materials. • Establish online presence by creating a CFEI website, and social media accounts.

Source: Author, 2024

Implementation Plan and Justification

Based on the TOWS matrix, there are seven plans to be implemented using IMC promotional tools. The kick-off for plan implementation is proposed to initiate in early March 2024, with ample time to prepare resources and gain approval from the Cannon Far East regional office in Singapore.

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Conclusion

CFEI is a country representative of the Cannon Far East regional office in Singapore, a wholly owned company of the Cannon Group that provides worldwide dedicated industrial solutions for various reactive polymer processing technologies. One of the focal points of CFEI is to provide industrial solutions for various processing industries, including PU processing with bedding and mattress applications in Indonesia. Cannon Viking machines is the solution provided by CFEI for the key industry players of the bedding and mattress industry in Indonesia. To find the most suitable marketing strategy for CFEI in promoting Cannon Viking machines, the author conducted various analyses with the following conclusions.

The external analysis used in this research consists of PESTEL analysis, Porter's Five Forces, Competitor Analysis, and Customer Analysis, while the internal analysis used are VRIO, Marketing Mix, STP Analysis, and Value Chain Analysis. The external factors that become opportunities for CFEI are the recent amendment of PP No. 16 year 2018 to PP No. 12 year 2022, the upcoming General Election in 2024, global political stability, Indonesia's economic growth post-COVID-19 pandemic, Indonesia's society 5.0, high barrier to entry in the PU processing industry, and low threats from product substitution. On the other hand, the high level of competition within the industry and the harmful effect of chemicals released from PU processing on the environment are the threats to CFEI.

Furthermore, the internal factors that are the strength of CFEI in competing in the industry are the technological superiority in terms of machine options and variations, more advanced technology, a high degree of flexibility, cost, energy, and waste efficiency, as well as high machine yield and productivity. Also, Cannon Group does not appoint any local company as its representation but properly establishes its footing through CFEI in the market, enabling CFEI as the market leader for the PU industry in Indonesia and locally trained technicians for timely service. As for the weaknesses of CFEI, the machines are considered to be more costly in general, not locally manufactured, overly exerting direct marketing, and with minimum digital presence, resulting in competitor's stronger brand awareness in the mattress and bedding industry.

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