

DEVELOPMENT OF MARKETING PLAN AS A BUSINESS RECOVERY STRATEGY: A CASE STUDY OF COMPANY XYZ

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ABSTRACT

This article explores the post-disaster recovery of company XYZ a furniture manufacturing company in Yogyakarta, Indonesia, after the 2006 earthquake. The earthquake disrupted the company's operations and the local community. To aid in the region's recovery, the Yogyakarta Central Java Community Assistance Program (YCJ-CAP) was initiated. Company XYZ faced challenges in rebuilding its business and community relationships. The Australian government, through Australian Aid (AUSAID), provided substantial non-cash assistance to company XYZ due to its significant impact on the local community. However, the assistance came with conditions, including operating sustainably and integrating Corporate Social Responsibility (CSR) into its business to meet these requirements, company XYZ adopted a CSR-based marketing strategy, focusing on environmental sustainability and community engagement. This strategy involved activities like strengthening promotions, improving marketing communication, conducting internet marketing campaigns, developing new eco-friendly products, and engaging with the local community. The case study of company XYZ illustrates the importance of balancing profit-oriented business practices with the social and environmental aspects of CSR. The company's transformation towards sustainability and social responsibility presented challenges, but it also revealed the potential for business growth through CSR integration. In summary, this article sheds light on post-disaster business recovery, emphasizing the role of CSR-based marketing in rebuilding a company's operations and fostering community bonds.

1.0 INTRODUCTION

The earthquake disaster in Yogyakarta on May 27, 2006 had a profound impact on the lives of the local population and surrounding areas. It caused a massive loss of life, with thousands of casualties, as well as considerable damage to public infrastructure and residential areas, disrupting everyday activities and forcing significant recovery efforts and costs. Initially, rehabilitation efforts concentrated on rehabilitating impacted citizens' houses and restoring public services, as well as managing the psychological well-being of the displaced people. The following phase emphasized reconstructing the community's livelihoods, particularly by restarting their commercial operations. One company that was considered to have a significant impact on the livelihoods of earthquake victims was company XYZ, located in the village of Bungas, Jetis Subdistrict, Bantul Regency, Yogyakarta. Company XYZ is a manufacturing company specializing in the production of furniture and home furnishings with a market in Europe. The company has had established buyers in France and Italy, as well as several other European countries. They market both finished products and semi-finished products, which, in

the furniture business, are commonly referred to as subcontracted work. Their target market comprises low and middle-end furniture, with competitive pricing, necessitating high production volumes and sales to compensate for the low profit margins. Following the earthquake, recovery and rehabilitation activities attempted to assist firms like company XYZ in resuming operations and contributing to the region's economic revival, while also addressing the immediate needs of the impacted populace.

The company received non-cash assistance from the Australian government through Australian Aid (AUSAID) because it was considered a lifeline for disaster victims. The aid provided to this company was the largest ever granted by the Australian government to a private sector company in Indonesia. The primary consideration for providing this assistance was due to the company's perceived impact on the local community, particularly its role in employing workers from the surrounding area, specifically the residents of Bungas Village, which was an area heavily affected by the disaster in Bantul. There were numerous requirements for assisting company XYZ, including:

1. The corporation was obligated to conduct its operations in accordance with the principles of sustainable development.
2. The corporation needed to create a corporate social responsibility (CSR) program that was intimately interwoven with its business operations.

Imposing these conditions posed a unique difficulty for the company because it had suspended operations in the days following of the earthquake due to the loss of its production facility. The company was also at a standstill in terms of production, which resulted in no cash flow because there were no sales. Following the earthquake, the company's actions included locating usable assets and pursuing accounts receivable in order to generate cash flow.

The business case presented in this article is around how the company modified its marketing strategy after receiving a tough investment from a charity organization. In addition, the corporation faced the daunting task of business recovery, as practically all of its assets had been damaged.

2.0 ISSUES

The main issues in this business case revolve around how the company can persuade potential or former buyers to re-establish business relationships with them. Additionally, the company must align its business agenda with the preferences of the non-business entity providing funding. Company XYZ also needs to adapt its business strategy to align with the preferences of the benefactor. In the investigation conducted by the consulting team appointed by the funder, the Research and Development Management Faculty of Economics and Business at Gadjah Mada University (PPM FEB UGM), it was found that company XYZ had issues with the local population. The residents of Bungas Village believed that the company's operations, which often involved the use of large trucks to transport exports, were damaging the village roads. The compensation provided by the company to repair the damaged roads was considered insufficient in relation to the impact of the company's operations.

Another problem faced by the Bungas community was that the employees of company XYZ primarily came from other areas, namely Sukoharjo and some from East Java, while only a

small number of Bungas residents were employed by the company. They perceived that the company did not bring significant benefits to their village.

Upon confirmation with the company, it was revealed that they believed they had already provided sufficient compensation to the village of Bungas. This compensation took the form of direct contributions to the village authorities by filling the village and neighborhood funds, ranging from Rp 500,000 to Rp 2,000,000. Regarding employment issues, the company adhered to a principle of professionalism, only hiring employees with the necessary skills and experience in the furniture industry, which, according to them, were lacking among the residents of Bungas.

Based on this situation, two overarching marketing-related issues need to be addressed:

1. Strengthening and restructuring the company's marketing strategy in line with the funder's agenda.
2. Maintaining good relationships with stakeholders while still providing economic benefits for the company undergoing the business recovery process

3.0 CHOICE OF CSR-BASED MARKETING STRATEGY

AUSAID has stipulated that the company must operate its business based on the principles of sustainable development. Given this requirement, the company's choice of strategy should focus on environmental aspects. Additionally, based on the analysis of the situation, the company faces stakeholder issues, so it needs to build its marketing strategy based on Corporate Social Responsibility (CSR).

Zadek (2006) provides a general definition of corporate social responsibility as the commitment of a company or business to contribute to sustainable economic development while considering the social responsibilities of the company, emphasizing the balance between economic, social, and environmental aspects. Initially, CSR was a paradigm or executive viewpoint within a company that looked at the operational impact of its business on the environment and the quality of social life (Olsen et al., (2006),

Kotler (2005) mentions one evolving marketing paradigm as social marketing, where the goal of marketing is not only to satisfy consumer needs but also to achieve long-term consumer well-being (Crane and Desmond, (2002), Carroll, (1999), Maignan, and O.C. Ferrell, (2004). Easton and Araoujo (1994) state that a company's marketing strategy has the potential to bring about social change. Based on this, the company has the choice to create beneficial or damaging social effects (Lee and Park (2008), Drumwright (1994), Bhattacharya and Sen (2004), Morsing and Schultz (2006)).

Corporate social responsibility (CSR) in company marketing is a practical form of the social marketing paradigm (Lafferty and Polonsky (1999), Du and Sen (2010), Belz and Peattie (2012), Porter and Kramer (2006). Olsen et al. (2006) state that CSR strategies directly impact a company's performance. At a minimum, it can change consumer perceptions of the company's products or its corporate image, Belz and Peattie (2012), Porter and Kramer (2006), Sen and Bhattacharya (2001), Peattie and Peattie (2003)). However, the short-term objectives of CSR implementation have been criticized (Zadek (2006) Marom (2006), McWilliams and Siegel

(2001), Epstein and Roy (2003), Mohr, Webb, Deborah and Harris (2001)). Zadek (2006) suggests that CSR strategies have diverse objectives according to an organization's learning stages. Table 1 shows the objectives of CSR strategy implementation according to an organization's learning stages:

Table 1: CSR and Organizational Learning Strategies

Stages of Organizational Learning	CSR Practice	The Company's CSR Objectives
Defensive	Rejecting social practices and responsibilities	Surviving attacks on reputation that can, in the short term, impact sales, productivity, and brand
Obedient	Adopting CSR practices as an operational cost	To mitigate the economic value decline in the medium term due to reputation risk and legal claims
Managerial	Embedding social issues in the core company management processes	Gaining long-term benefits through integrating CSR into business operational practices
Strategies	Integrating social issues into the core business strategy of the company	Gaining an advantage as a market leader by being the first company to integrate corporate strategy and innovation with social issues.
Community	Encouraging broad industry participation in addressing social issues through CSR	Obtaining long-term benefits from community actions. For example, long-term product loyalty

Source: Zadek (2006), page339

Based on the classification table provided by Zadek (2006), the company can select its CSR strategy in alignment with the organization's resources and objectives. Company XYZ utilizes this classification to determine its marketing strategy, considering the funder's preferences and the company's resource capabilities.

4.0 THE PROCESS OF FORMULATING A MARKETING PLAN

The process of formulating the marketing plan was initiated simultaneously with the commencement of the post-disaster business recovery program in January 2008. This program was officially named the Yogyakarta Central Java Community Assistance Program (YCJ-

CAP), involving several stakeholders, including RHK representing the funder, PPM FEB UGM, and Q Trade as business consultants. The planning of the marketing strategy involved the management of company XYZ, PPM FEB UGM, and Q Trade. RHK's role was to provide oversight to ensure that the marketing plan aligned with the initial concept of the post-disaster recovery program.

PPM FEB UGM was responsible for developing the marketing plan for company XYZ as part of its role in supporting the implementation of the AUSAID post-disaster recovery assistance program. The marketing plan was crafted by integrating CSR into it. The plan was divided into two categories: market penetration and creating an environmentally-friendly business atmosphere. Based on these two sets of strategies, several marketing activities were outlined. Table 2 illustrates the marketing activity plan with a duration of 6 months.

Table 2 CSR-Based Marketing Activity Plan

No	Program	Activity	Duration	Target
1.	Strengthening promotional activities	<ul style="list-style-type: none"> Designing more attractive product leaflets and catalogs Sales trip to Jakarta and Bali from July 25 to August 10, 2008 	2 weeks	New buyers from the existing market
2.	Communication with customers	<ul style="list-style-type: none"> Writing email and introducing YCJ-CAP to customers. Improving management's communication skills with customers.. Product exhibition at Ambarukmo Plaza from February 22 to 24, 2008. 	2 weeks	A 10 percent increase in local market sales
3.	Internet marketing campaign	<ul style="list-style-type: none"> Building the company website. Advertising through internet media. 	1-2 months	<ul style="list-style-type: none"> Website Company XYZ. A 30 percent increase in sales from the current market
4.	Developing standard procedures for raw material inventory	Identifying sources of raw materials	2 months	Certification from Inhutani
5.	Development of new products	Designing new products for furniture and handicrafts	2 months	New products are being marketed
6.	Social marketing	<ul style="list-style-type: none"> Handicraft products made from leftover raw materials. 	1 month	Increasing the income of the

		<ul style="list-style-type: none">• Selling surplus production materials, with the proceeds becoming revolving funds for the Bungas community.• Training		surrounding community
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Source: Marketing Plan Document, PPM UGM, January 2008

Simultaneously with the implementation of the YCJ-CAP program, the company began to rely on environmentally-friendly products. These environmentally-friendly products became company XYZ flagship offerings for two main reasons:

1. **Low Competition in Eco-Friendly Furniture:** The major players in the Indonesian furniture and home furnishings industry had not yet shifted their focus to environmentally-friendly products as their flagship offerings. They were generally still catering to the low-end product market due to its high demand. Based on this fact, competition in the eco-friendly furniture industry was not intense.
2. **Promising Profit Margins:** The demand for environmentally-friendly products was in a growth phase, even though the price per item fell into the high-end category. This meant that the company had the potential to earn promising profits due to the willingness of consumers to pay a premium for eco-friendly items.
3. **Technological Capability:** The necessary technology for producing environmentally-friendly furniture was already possessed by the company. Furthermore, once the YCJ-CAP program was completed, the company would acquire the machinery required for producing these eco-friendly products.

5.0 IMPLEMENTATION OF MARKETING ACTIVITIES

5.1 Strengthening Promotion Activities

This program consisted of two activities: creating leaflet-newsletters and product catalogs and conducting sales trips to Jakarta and Bali. The purpose of writing leaflet-newsletters was to directly inform both existing and potential customers of company XYZ about why they temporarily ceased production, as well as to communicate what the company was doing with the support of YCJ-CAP for its recovery. The implementation of the leaflet-newsletter writing activity began with discussions between PPM FEB UGM, company XYZ, RHK, and QTI to agree on the content of the leaflet-newsletter. Subsequently, the design of the leaflet-newsletter was the responsibility of PPM FEB UGM.

The content and design of the leaflet-newsletter had to receive approval from RHK. In this process, there was a delay in the approval process due to differences in perception between the marketing activity coordinator and RHK. The marketing activity coordinator believed that marketing issues required a sense of urgency, necessitating quick decision-making. However, this did not align with RHK's emphasis on accountability. These differing perceptions caused the leaflet-newsletter delivery to be postponed from February 2008 to March 2008.

The second activity of the promotion reinforcement program involved conducting sales trips to Jakarta and Bali. The purpose of these activities was to have face-to-face meetings with potential buyers to market company XYZ products. The primary objective of this activity was to secure orders or inquiries from organizations targeted during the sales trip. The sales trip to Jakarta took place from July 27 to August 5, 2008. The targets for the sales trip included prominent retailers in Jakarta that typically sold eco-friendly furniture and home furnishings. Several multinational corporations and state-owned enterprises were also targeted. The outcome of this sales trip was a sales contract and order plan with Bokdesindo. Bokdesindo expressed interest in company XYZ's products, and this interest was followed up with a consignment agreement.

The sales trip to Bali was not carried out as CV Kwas needed to promptly follow up on the results of the sales trip to Jakarta, and this momentum could not be missed. Overall, the sales trip activities proceeded smoothly and yielded results in line with expectations.

5.2 Strengthening Marketing Communication Activities

This program consisted of three main activities: composing electronic letters to customers, English language courses for the marketing team, and an exhibition at Ambarukmo Plaza from February 22 to 24, 2008.

The electronic letters to customers were written to establish communication with consumers. This activity was carried out by company XYZ's marketing personnel, who sent emails about product offerings to several customers who had long been the company's target market.

The English language courses were conducted to enhance the communication skills of company XYZ's marketing team because the company's target market included international consumers. These courses took place from August 1 to August 31, with Mrs. Lely as the designated personnel. The courses were held at the ELTI institution, with a course fee of Rp 2,550,000. As of the writing of this report, no test results were available to assess the program's achievements.

The exhibition at Ambarukmo Plaza was initiated by RHK, featuring outstanding products from SMEs under their support. The results of this exhibition were promising, as there was interest from local and national consumers in purchasing company XYZ's products. However, the challenge faced during this activity was internal coordination issues within PPM FEB UGM, which resulted in suboptimal achievement of the activity.

5.3 Internet Marketing Campaign:

This program consisted of two interrelated activities: building an internet website for company XYZ and designing the website content to align with the company's objective of becoming a producer of eco-friendly furniture and furniture products.

PPM FEB UGM was responsible for website development, while the design process was carried out by company XYZ. From a technical perspective, PPM FEB UGM purchased the domain and designed image templates for company XYZ. Subsequently, company XYZ's was responsible for populating the image templates with photos of their latest products.

5.4 New Product Development and Social Marketing:

This program involved interrelated activities as company XYZ aimed to engage the local community to achieve mutual well-being through their production activities. The company's new product development included creating several new furniture and handicraft designs. Additionally, the remaining sawdust from production was distributed to each neighborhood (RT) and the Family Welfare Development (PKK) groups in Desa Bungas. This sawdust held a high economic value as it was used as fuel by small handicraft industries in Bantul. The proceeds from selling the sawdust were then used for a community revolving fund. This fund was allocated for training programs related to income generation activities, such as training in pencil holder or souvenir making.

Another activity in this program involved sending company XYZ's staff to attend a 3D Mac course. This was done to facilitate the development of new products through computer simulation, eliminating the need for raw material expenses.

Furthermore, the program included the creation of handicraft products using leftover wood furniture materials. The products produced included photo frames and pencil holders, which aligned with the local community's capacity to make these items. PPM FEB UGM also organized a dedicated sales trip to Solo to market the products created by the community. The results of the Solo sales trip are outlined in Table 3.

Tabel 3 Hasil Sales Trip Ke Solo Juli-Agustus 2008

Address	Contact Person	Order	Product
Pabelan Kartasura	Pak Timan - 08122580169	20 pieces	5 picture frame besar, 5 picture frame kecil 5 pencil cases 4 pencil cases
Jl Dr Rajiman 501 Laweyan	Daniel-0271-714024	There is none	There is none
Jl Cakra 21 Kauman Solo	0271-646182	20 pieces	5 big picture frame, 5 small picture frame 5 pencil cases 4 rounded pencil cases
Jl Trisula VI 2 Kauman Solo	M Muhyidin-0812258831	20 pieces	5 big picture frame, 5 small picture frame, 5 big picture frame, 4 rounded pencil cases

Source: Marketing Activity Report, PPM FEB UGM, September 2008

6.0 CONCLUSION: LESSONS FROM COMPANY XYZ'S CASE

As a disaster-prone country, the business recovery model of company XYZ can serve as a reference for post-disaster business recovery activities in Indonesia. What is unique and challenging for business practitioners and academics in this case is the need to create synergy between the interests of the funding entity or the non-profit sponsor, represented by AUSAID, and the management of company XYZ, which has a profit-oriented orientation.

These differing interests pose a challenge because, in the decision-making process, the AUSAID sponsor, represented by RHK, prioritizes activity accountability and proper decision-making procedures. Consequently, decision-making processes take a longer time. The company XYZ's management, along with their partners PPM FEB UGM and Q Trade, prioritize seizing business opportunities promptly in every decision. Losing momentum in a business decision could lead to unmet marketing activity goals.

The interaction between a business and a non-profit organization with a different financing model is fundamentally different from the relationship between investors and a company. Non-profit organizations do not expect a financial return on their funding but rather anticipate the execution of specific issues in line with their agenda. In the case of company XYZ, the company had to transform its business practices from a profit-oriented approach to a company that considers social and environmental aspects. Based on this organizational transformation agenda, a CSR-based marketing strategy became the foundation for the company's marketing plan. In the short term, the company faced challenges in adjusting to the new business paradigm, but company XYZ began to see a larger business potential through changing their business practices to incorporate social responsibility.

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