

CHAPTER I

INTRODUCTION

1.1 Background of The Study

The current era of globalization makes business actors required to compete in winning market share. This competition is not only carried out by one sector, but is carried out by all business sectors. In Indonesia itself, there are several business sectors that are divided into several groups, namely, the agricultural sector; consumer goods industry; financial; basic and chemical industries; infrastructure, utilities and transportation; trade, services and investment.

According to BPS data, there are 197,030 units of construction companies in Indonesia in 2022. The highest number of construction companies is found in West Java with a total of 12,884 companies and the smallest number is in West Bandung with a total of 68 companies. This number is of course composed of small-scale construction companies and also large-scale construction companies. According to the central statistics agency in 2020, there were 87 foreign construction service business entities with active status and operating in Indonesia.

Construction activities are a very important service field for Indonesia for the time being, this is in line with the existence of government programs that are determined to prosper life community. Construction services activities are defined as efforts to realize, maintain, change, improve, complete or destroy structures and their completions, as well as rebuild a building, structure, facility, system or other physical form as property or infrastructure that involves a constructing supply chain

ranging from the goods industry, construction materials, construction technology and equipment and construction labor.

In general, construction itself is divided into two types (Rani, 2016). Namely the first is the construction of buildings consisting of buildings, housing, hotels, and others. Second is the construction of civil buildings, such as bridges, roads, airfields, tunnels, irrigation, dams and others.

The difference between the two is the final result of the construction of building in the form of buildings where people work, such as office buildings, hospitals, warehouses, and so on. Building construction also has a workplace on a relatively small location, the foundation condition on the site is relatively small, and management is required to progress the work. As for the construction of civil buildings, construction projects control nature for the benefit of man, work that takes place on a large and long site, the condition of the foundation at each location is very different from one another, management is required to solve the problem, not to cause progress.

Construction companies certainly have their own advantages in running their business. This does not only apply to national companies, but also applies to foreign companies in Indonesia. Along with the rapid development of national infrastructure, many foreign companies or business entities have sprung up to compete with national companies or business entities belongs to the government.

This competition certainly requires business actors to have a marketing strategy . that can see opportunities in running their business. This strategy can certainly be used to increase the sales value of the company which will later be related to the survival of the company.

Marketing management has a very strong relationship with external factors of the company. Not only does it serve as an analysis of existing opportunities. Strategy also serves as a whole to win the competition.

Strategy according to Charles (2010) is the whole concept of a company that can regulate itself and all activities. Strategy that have a goal so that the business being run can be successful. Strategy carrying out competition and making returns to shareholders.

Marketing is an activity that aims to identify and find human needs (Rahmawati & Fajarwati, 2016). Marketing can be interpreted as "meeting needs profitability". which is how the company can meet consumer needs in a way that is beneficial to consumers and the company.

The marketing strategy is to bridge the relationship between the company and its consumers. Another role is as a facilitator of the process of identifying product opportunities, defining market segments and identifying customer needs. The marketing department also specifically designs communication between companies and customers, sets down price targets and designs product launches and promotions (Hanafi et al, 2020).

Marketing strategy according to Assauri (2013) is a series of goals and objectives, policies and rules that can give direction to the company's marketing efforts from time to time, on each of them levels, references and allocations, especially in response to the company in the face of the changing environment and competitive circumstances.

PT Pengembangan Industri Logam is one of the foreign construction companies in Indonesia. This company works on projects with the qualifications

of implementing services for warehouse and industrial construction. as well as Mining and Manufacturing Construction Implementation Services.

PT Pengembangan Industri Logam has two experiences in project work. Namely AMIN copper smelter project and Dairi Zinc-Lead Mining Project in the field of implementing services for the construction of smelter, industrial buildings and construction of mining project . in the field of mining and manufacturing construction implementation services.

As a foreign company in Indonesia, having a good marketing strategy is one of the mandatory things for companies. With this strategy, the company is expected to compete with other foreign and local business who already dominate in the field of construction services. Marketing strategies are used by companies to achieve the strategic goal of competitiveness and high profitability.

1.2 Problem Identification

There are several foreign construction companies in Indonesia. but not all of them can develop. Some of them were unsuccessful in winning market share and were required to cease operations. This makes foreign construction companies required to have the right marketing strategy in supporting the survival of their business.

1.3. Research Question

Based on the background of the problem above, the following is the formulation of the problem in this study, namely:

1. What is the strategy of PT Pengembangan Industri Logam in running its business in Indonesia?
2. What are the obstacles experienced by PT Pengembangan Industri Logam in running its business in Indonesia?

1.4. Purpose of The Study

Based on the formulation of the problem above, the objectives of this study are:

1. To find out what factors can meet the criteria for contractors in Indonesia;
2. To find out what obstacles are experienced by foreign construction companies in Indonesia

1.5. Significance of The Study

This research is expected to have an impact on business actors, researchers, or universities.

1.5.1. Theoretical Significance

Theoretically, this research is expected to play a role in the growth of construction services, especially foreign construction services in Indonesia. This research is expected to add insight into good marketing strategies that can be carried out by foreign business actors in Indonesia.

This research is expected to be a reference for the next research with the selection of related topics. This research can be used as reading material that can provide broad knowledge for readers, especially foreign construction business actors in Indonesia.

1.5.2. Practical Significance

In practical terms, this research is expected to provide benefits for students, business actors, and part of the management faculty. For academics, this research can be used as a reference for further research. For business actors, this research is expected to be a guide in determining the marketing strategy to be implemented. For management faculty, this research helps in determining the topic of marketing strategy.

1.6. Organization of The Thesis

The thesis will consist of five chapters with explanations in each chapter. In chapter one, the researcher will write down the background of the existing problem, followed by identifying the existing problem. Based on the identification of the problem, a research question will be made with the purpose of research.

In chapter two, there will be significant theories used as reference material for research. This theory will later contain marketing strategies and also construction services. In chapter three, will be explained about the research paradigm, research strategy, research design, research location, data collection methods, data analysis, validity and reliability, and objectivity. In the fourth chapter, it contains the results of the research that has been carried out. Answering the formulation of the problem already presented in the first chapter. And in the fifth chapter will contain conclusions and suggestions from the study.