

Design and Marketing Performance Analysis on Business Government and Enterprise Service Unit at Telkom XYZ Area by Using Balanced Scorecard for Marketing

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Abstract— Measuring the performance of marketing division is still rare to be encountered, due to the limited measurement tool. The evaluation of marketing performance is usually associated only with the number of 'sales' both in volume and revenue, for instance the BGES unit at Telkom XYZ area. Thus, how well the implementation of marketing strategy plan cannot be known. Therefore, the marketing performance will be measured financially and non-financially by using balanced scorecard for marketing methods. That is an integrated method consisting of four perspectives. The four perspectives are marketing capabilities and resources, marketing orientation, customer value, and financial performance. BGES unit shows 78% on their marketing performance, with the main priority of work is the customer value that scored 3.59, then financial performance which has a value of ROMI (return on marketing investment) as much as 139%. For marketing capabilities and resources aspect, the score is 3.66, and marketing orientation achieved 3.64 out of 5. Therefore, the BGES unit performances are categorized as effective but some strategies to several sub-criteria from those perspectives still need to be developed.

Keywords—*Marketing Performance, BSC for Marketing, ROMI, Customer Value*

I. INTRODUCTION

Universally, every company have sales & marketing division in their organizational structure, that is responsible to sell products and services to consumers so that the company gains a large amount of profit. Therefore, this sales & marketing is the most crucial division in a company. Based on Philip Kotler, S.C. Johnson & Son [1] that marketing has the primary responsibility for achieving profitable revenue growth and marketing people do this by seeking, maintaining, and growing profitable customer value. Thus, some firms in evaluating their marketing performances whether fulfilled the company's needs or not always associate it with the large number of products sold. Though these parameters are not the only indicator to measure the success of marketing performance [2].

As it has mentioned earlier, BGES unit measures their sales performance and marketing distribution by using the one and only main indicator i.e. the revenue that can be achieved in certain time-period per each sale segments. Furthermore, if a month's target cannot be reached, the remaining targets will be shifted to the following months. From the right perspective, if only

the target income and real income are used as the measurement tools of success, then the strategy implementation still can be monitored, but the factors that should be improved remain unclear due to the performance trigger factors can only be seen from financial perspective. Therefore, it is possible this single indicator is influenced by a limited understanding on how the company evaluates marketing performance. One reason is that many companies cannot measure marketing, because many marketers still lack of understanding to show and increase their contribution to company performance [3].

In 2017 the BGES unit has not been able to achieve the expected revenue target as much as 23%. However, if it is observed deeply, the performance from August to October is increased approximately 3 - 5%, while from January to July only shows 1 - 2%. This score performance succeed put Telkom XYZ area in top bottom three out of nine areas. So it can be concluded that the BGES unit's performance is not optimal. Therefore, more detail and sharper analysis are needed to measure the performance of sales and marketing on BGES unit both financially and non-financially.

The paper objectives are to know which aspects in the process of sales functionality and marketing distribution can be monitored and to develop the design of performance measurement, whether it is met and in accordance with the mission and strategy that has been planned to be implemented or not. The paper structure begins from introduction, literature review concerning marketing performance measurement, then move to methodology, followed by results and analysis, then finally summarize the conclusion.

II. LITERATURE REVIEW

A. Balanced Scorecard for Marketing

The focus on marketing performance assessment using the balanced scorecard is the thought contribution by Antonio Pimenta da Gama who tried to present an integrated model in evaluating marketing performance. And one way to achieve the integral is through the BSC concept, which

then begins by adapting the BSC to marketing [3].



Figure 1 Scheme of Balanced Scorecard for Marketing

- Marketing Resources and Capabilities

The resources regard to tangible and intangible assets that are controlled by the company, so the company must have the capability and skills in utilizing these assets to meet market demand and achieve company goals. The marketing resources intended are the company's assets, knowledge, finance, physical, reputation, human, information, relations and laws, and organizations which, when transformed by existing capabilities, can create valuable results [4]. While marketing capabilities can be found at different levels of organizational structure which seen as "marketing employees repeatedly apply their knowledge and skills to turn marketing input into output" [5], those indicators as follows.

Table 1 List of Marketing Resources Indicator

Capabilities Type	Definitions	Description
Pricing	The ability to earn optimal revenue from enterprise customers	Using skills and pricing systems to respond quickly to market changes
		Knowledge of competitor pricing tactics
		Doing an effective job of the price of the product / service
		Monitor price and competitor price changes
Product Development	The ability of the company to manage and develop the products or services offered	Ability to develop new products / services
		Develop new products / services to exploit R & D investments
		Test new product / service marketing
		Successfully launching new products / services
		Insure that product / service development efforts are responsive to customer needs

Table 2 cont. List of Marketing Resources Indicator

Channel Management	The ability to create and maintain effective and efficient channel distribution	Strength of relationship with distributors
		Attract and retain the best distributors
		Proximity in working with distributors and retailers
		Add value to our distributor business
		Provide a high level of service support to distributors
Marketing communication	The ability to manage customer perceptions value	Developing and executing advertising programs
		Public relations skills
		Advertising management and creative skills
		Brand image management skills and processes
Selling	The ability to obtain orders from customers	Giving salespeople the training, they need to be effective
		Sales management planning and control system
		Selling skills of salespeople
		Sales management skills
		Providing effective sales support to the salespeople
Market information management	The ability of companies to learn about their markets and use their market knowledge	Gather information about customers and competitors
		Use market research skills to develop effective marketing programs
		Track customer wants and needs
		Make full use of marketing research information
		Analyse our market information
Marketing planning	The ability to imagine a marketing strategy that optimizes a match between a company's and its market's resources	Marketing planning skills
		Ability to effectively segmenting and targeting markets
		Marketing management skills and processes
		Developing creative marketing strategies
		Thoroughness of the marketing planning process
Marketing implementation	The process by which the intended marketing strategy is transformed into the embodied resource implementation	Allocating marketing resources effectively
		Organizing to deliver marketing programs effectively
		Translating marketing strategy into action
		Executing marketing strategies promptly

- Marketing Orientation

Conceptually, market orientation is interpreted as an organization that gets information about the market and has the ability to use the information advantage to create superior value for their target

customers. Therefore, market orientation by now has two different perspectives, ie market orientation is viewed as a cultural perception by Kohli and Jaworski (1990), and is seen as a behavioral perspective by Narver and Slater (1990). However, since the validation tests on behavioral perspectives proposed by Narver and Slater in UK and Canada have conducted and declared valid [6], as well as the one in Sri Lanka is also valid [7]. Thus the market orientation used in this study will regard to the perspective by Narver and Slater (1990). That market orientation consists of three components as follows.

Table 3 List of Marketing Orientation Indicator

Capabilities Type	Definitions	Description
Customer Orientation	Monitoring customers and developing competitive strategies in creating customer value, an understanding of customer needs	<ol style="list-style-type: none"> 1. We encourage customers to provide customer comments and complaints because it helps us do a better job. 2. After-sales service is an important part of our customers 3. We are always looking for ways to create customer value in our products. 4. We measure customer satisfaction regularly. 5. Our company would be much better if the sales force worked a little harder. 6. In corporate sales, the most important job is to identify and help meet the needs of our customers. 7. We define quality as the extent to which our customers are satisfied with our products / services
Competitor Orientation	The ability to monitor or identify, analysis, and gather information about competitors and distinguish them with top management	<ol style="list-style-type: none"> 1. We regularly monitor our competitors' marketing efforts. 2. We often collect marketing data on our competitors to help guide our marketing plans. 3. Our salespeople are instructed to monitor and report on competitors' activities. 4. We respond quickly to competitors' actions. 5. Our main managers often discuss the actions of competitors. 6. We consider opportunities based on competitive advantage.

Table 4 cont. List of Marketing Orientation Indicator

Inter-functional coordination	An integrated marketing that is, all departments in the company are involved in playing an important role in satisfying customers (as production, finance and other departments)	<ol style="list-style-type: none"> 1. In our company, marketing people have strong input into the development of new products / services. 2. Marketing information is shared with all departments. 3. All departments are involved in the preparation of business plans / strategies. 4. We do a good job in integrating all departmental activities. 5. Marketing people regularly interact with other departments. 6. Marketing is seen as the prosecution of business direction for all parts of the company.
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- Customer Value

Customer value measurement for services sector such as telecommunication company is adopted from research results by Dodds, Monroe and Grewal (1991) with some adjustments to the research results of Wang, Lo and Yang about customer value measurement on confirmatory factor analysis and relevant composite to the telecommunication industry company [8]. So that, the indicator of customer value measured on:

Service quality perceived by customers

The communication service provider:

- a. Always provides excellent in overall service.
- b. Offers a high-quality service.
- c. Provides excellent service in every respect.

Sacrifice perceived by customers

Please provide your evaluation in terms of:

- a. Prices charged by the communication service provider.
- b. The time it takes to get an appropriate offer.
- c. The effort required to receive the selected offer.

Customer Value

- a. Overall, the chosen offerings are value for money.
- b. The chosen offerings are worth to what is given as energy and effort.
- c. Comparing with major competitors, deals with providers is a good option.

- Financial Performance

Return on Marketing Investment (ROMI) calculations are used to measure the rate at which marketing expenditures and investments actually contribute to earnings [9]. As for the calculations, it requires a minimum of two years on marketing campaigns and sales data, as well as marketing expenditures will be considered acceptable if ROMI is positive. The formula used in calculating ROMI according to Paul [10] is as follows:

$$\text{ROMI (\%)} = \frac{[\text{Revenue attributable to marketing (\$)} * \text{Contribution margin (\%)} - \text{Marketing expenses (\$)}]}{\text{Marketing expenses (\%)}}$$

B. Interpreting Likert scale that is not Likert data type

Measuring the individual's nature or attitude by using the total score out of question items categorized as Likert scale, but its not Likert data type. Therefore, this Likert scale considered as the interval measurement [11]. Hence, the interpretation scores result solved based on Likert's Summarated Rating method [12] as follows:

i. Defining rating scale

This aim of this step, to know the perception values, the interval of perspective index, the conversion of perceptual index intervals and performance statements. The calculation formula of the rating scale is:

$$\text{Rating Scale (RS)} = \frac{(m-n)}{b}$$

Where:

- m = The highest score in the answer score
- n = The lowest score in the answer score
- b = Number of classes / categories of answers

ii. User perception index

Based on the calculations contained in KEPMENPAN No.16 of 2014 in [12], to calculate the perception index of the user, we use the following formula:

$$\text{- Weighing Value (c)} = \frac{(\text{Number of Weights})}{(\text{Number of Elements})}$$

$$\text{- User Perception Index} = \frac{(\text{Total Perception Values per Element})}{(\text{Total Elements})} \times (e)$$

Where:

- The number of weights is 1 for each question on the questionnaire
- Number of elements known as, namely the number of questions on the questionnaire
- Weighing value obtained by 1/number of questions
- Total Perception Values per Element is the cumulative result for each questionnaire
- Total element known as the number of respondents

III. METHODOLOGY

The figure below shows the conceptual model of this paper.

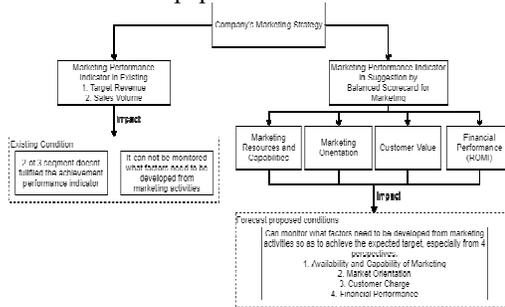


Figure 2 Conceptual Model

Based on the conceptual model figure above, indicate that the first step in this research is identifying the company's marketing strategy by conducting interviewed and direct observation to the company's marketing division, then discovering the assessment indicators of the marketing performance used nowadays. Next is do review to previous research models as well as the theory related to marketing performance measurement. Thus, the researcher found out that the relevant model for this case is, Balanced Scorecard for Marketing, an indicator of the assessment on marketing strategies measured by marketing resources and capabilities, marketing orientation, customer value and financial performance (return on marketing investment/ROMI). Wherein, for weighing on indicators of marketing resources and capabilities, marketing

orientation, and customer value using points Likert scale 1 to 5 with the management of weighting results, the analytical hierarchy process (AHP) method was used. As for giving weighting on the indicator of financial performance (return on marketing investment / ROMI) measured and interpreted based on the formula of ROMI calculation. As the results, it is stated that these marketing performance indicator could be recommended as a reference to assess the success of marketing strategies used today and for the future.

IV. RESULT AND ANALYSIS

A. Relevance Statement of Marketing Performance Indicators

There are 7 irrelevant questions out of 37 proposed to be measured on marketing performance against the marketing resources and capabilities perspective, due to those statements currently doesn't exist on BGES unit marketing conditions. Those irrelevant points lie on all points of sub-indicators of product and development capabilities and two first points on sub-indicators of marketing communication. Therefore, only 30 relevant statements conform to be a test indicator in measuring the current marketing performance condition at the BGES unit.

Meanwhile on marketing performance indicator towards the marketing orientation perspectives, from 19 proposed statements to measure, there is no irrelevant statement found. Thus, these are accepted and declared relevant to be tested in measuring the current marketing performance condition of the BGES unit.

B. AHP Priority Scale Statement

There are 3 respondents to determine the priority scale of the four perspectives on marketing balanced scorecard, which are:

1. Manager of BGES Unit
2. Assistant Manager Territory Sales
3. Assistant Bidding – PM & OBL

From the results of criteria calculations on the 4 x 4 matrix with random index (RI) value of 0.90, we obtained consistency index (CR) of 0.021. Thus, the main

perspective priority at BGES unit sequentially is:

- a) Customer value perspective, with weight of importance equals to $0,50 * 100\% = 50\%$,
- b) Financial performance perspective, with weight of importance equals to $0,20 * 100\% = 20\%$,
- c) Marketing capabilities and resources, with weight of importance equals to $0,16 * 100\% = 16\%$,
- d) Marketing orientation perspective, with weight of importance equals to $0,14 * 100\% = 14\%$.

C. Marketing Capabilities and Resources Perspectives

We use a method according to Weksi Budiaji's research in 'How to interpret Likert scale that is not Likert data type' to analyze the total score, in consequence of such case is considered as an interval measurement [13]. Therefore, we can solve the results interpretation of these scores based on the Likert's Summarated Rating method [14] as follows:

1. Defining the scaling range

Table 5 Scaling Range Definition

Perception Value	Interval Perception Index	Interval Conversion Perception Index	Performance Statement
1	1,0 - 1,8	20 - 36	Very Bad
2	1,9 - 2,6	37 - 52	Bad
3	2,7 - 3,4	53 - 68	Undecided
4	3,5 - 4,2	69 - 84	Good
5	4,3 - 5	85 - 100	Very Good

2. Calculate the value of the user perception index

The perception index results for each criterion on the perspective of marketing capabilities and resources as follows.

Table 6 Summary analysis result of marketing capabilities and resources perspective on BGES unit

Perspective	Total Score	Perception Values
Marketing Capabilities and Resources	989	3,66
Sub - Criteria		
a Pricing	134	3,72
b Channel Management	171	3,80
C Marketing Communication	72	4,00
D Selling	149	3,31
E Marketing Information Management	162	3,60

Table 7 cont. Summary analysis result of marketing capabilities and resources perspective on BGES unit

F	Marketing Planning	168	3,73
G	Marketing Implementation	133	3,69

From the table summary results above, the total score obtained by the BGES Unit in the perspective of marketing capabilities and resources is 989, which means the value on this perception achieves approximately 3,663, and is categorized as 'Good' performance. Meanwhile the current conditions indicate that sales indicators 'undecided' in performance. This is clearly demonstrated by the unequal performance of revenue achievements by the three sales segments in the BGES unit. Therefore, the BGES unit must do extra work to undertake sales force in all segments to be able to deliver the best results in meeting the revenue target set by the center. By establishing more intimacy with the customer, to know the information about the customer's needs, and the needs of their customers itself.

D. Marketing Orientation Perspectives

Data calculation in this perspective, mostly following the steps on the previous perspective. Including its rating scale definition. Therefore, to check the rating scale definition, see Table 3. Scaling Range Definition. Thus, the perception index results for each criterion on the perspective of marketing orientation as following table.

Table 8 Summary analysis result of marketing orientation perspective on BGES unit

Perspective	Total Score	Perception Value
Marketing Orientation	623	3,66
Sub - Criteria		
a Customer Orientation	243	3,86
b Competitor Orientation	183	3,39
c Inter-Functional Coordination	197	3,65

From the table summary results above, we can see that the total score obtained by the BGES Unit in the perspective of marketing orientation is 623, which means that the value of perception achieves number 3,64, and categorized as 'Good' performance. Meanwhile, current

conditions indicate that for the sub-criteria value of competitor's orientation is 'hesitant' in performance. This is marked by less aware on BGES unit in knowing the movement of competitors, seen from the absence of a specific record on how many of their target market is missed due to customers using the services of other providers. Therefore, BGES unit needs to know who their market competitors are in that area and regularly monitor their competitors' marketing, for example through Telkom's market share calculation for 19 regions, which are their potential market.

E. Customer Perspectives

Data calculation in this perspective, mostly following the steps on the previous perspective with little adjustment with the scaling range definition. That is:

1. Defining the Scaling Range

Table 9 Scaling Range Definition for Customer Perspective

Perception Value	Interval Perception Index	Interval Conversion Perception Index	Performance Statement
1	1,0 - 1,8	20 – 36	Strongly Disagree
2	1,9 - 2,6	37 – 52	Disagree
3	2,7 - 3,4	53 – 68	Neither Agree or Disagree
4	3,5 - 4,2	69 – 84	Agree
5	4,3 - 5	85 - 100	Strongly Agree

2. Calculate the value of the user perception index

Total score obtained by the BGES Unit in the perspective of customer value is 2163, which means, the value of perception achieves approximately 3,59, and categorized as 'Good' performance. Whereas in customer sacrifice criteria, Telkom's customer in the area of XYZ stated that the sacrifice or effort they need to get the offer they want is 'almost the same' with the treatment received from the competitors of Telkom. Therefore, the BGES unit needs to make an immediate revision so that customers can buy Telkom products without have to spend a considerable effort compared to its competitors, that is best to provide a solute product offering to customers thus the

customers do not need to do tracing and time long enough to get an appropriate product offer.

Table 10 Summary analysis result of customer value perspective on BGES unit

Perspective	Total Score	Perception Value
Customer Value	2163	3,59
Sub - Criteria		
a. Services Quality	778	3,87
b. Customer Sacrifices	545	2,71
c. Customer Value	840	4,18

F. Financial Performance Perspectives

In the perspective of financial performance, we didn't distribute questionnaires to several respondents to obtain results. Thus, by using the ROMI formula, we get the calculation score approximately 139%. It shows that marketing expenses incurred each month are effective for marketing activities and highly productive. As the return of marketing investment cost that exceeds 100 percent. While for the long term, indirectly this number of ROMI will give influence to the consumer about how the consumer will aware of brand about telecommunication service products and internet service providers as well as to give impact to the increased purchasing motive from Telkom customers. Overall, the score proofed the performance of existing marketing activities in the BGES unit for all marketing mix managed to contribute as much as 139% increase in profit on marketing expenses that reached Rp102.400.000, - per month.

G. All Perspectives

Table 11 Achievement of BGES unit performance based on BSC for marketing

No.	Perspective	Weighted	Score	Score (%)	Achievement
1	Customer Value	50%	3,59	72%	36%
2	Financial Performance	20%	104%	100%	20%
3	Marketing Capabilities and Resources	16%	3,66	73%	12%
4	Marketing Orientation	14%	3,64	73%	10%
Total		100%			78%

It shows the achievement of BGES unit performance measured by BSC for marketing is 78%. As that, some criterias

need to be immediately addressed by BGES unit to improve their overall performance, especially on customer value, and another three perspectives exclude financial.

V. CONCLUSION

Based on the measurement result of marketing performance at BGES unit at Telkom XYZ area with Balanced Scorecard for marketing method, it can be concluded that:

1. The first priority is the customer perspective, as much as 50%. As for the weight of performance on this perspective, the BGES unit has reached score of 3,59. The score comes up with the inference, the customer perspective "Agreed" that quality services they gained and the sacrifices they gave is negative linear so that customer value is satisfactory.
2. The second priority is the financial performance, as much as 20%. The results of return on marketing investment (ROMI) calculation shows the return on investment spent on marketing costs is positive, indicated by score number of 139%.
3. The third priority is marketing resources and capabilities, as much as 16%. As for the weight of performance on this perspective, the BGES unit has reached score of 3.663 of the total weight of 5. It indicates the achievement of BGES unit performance for this perspective is in the category of "Good".
4. The priority the marketing orientation perspective, as much as 14%. As for the weight of performance on this perspective, the BGES unit has reached score of 3.643 of the total weight of 5. It indicates the achievement of BGES unit performance for this perspective is in the category of "Good".
5. Overall performance of BGES unit based on Balanced Scorecard for Marketing measurement is 78%. To improve the performance of BGES unit, it is necessary to change the marketing strategy that can increase the value of sales on the perspective of marketing

capabilities and resources, improve the knowledge of competitor orientation in the perspective of marketing orientation, and reduce the sacrifice of customers in the perspective of customer value.

6. For the next research, there should be a modification and more review related to the BSC for marketing method and also its application.

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