

International Market Plan Report: AETOS Going to Malaysia and Indonesia

1. Executive Summary

International marketing involves the firm in making one or more marketing mix decisions across national boundaries and AETOS Company is not an exception. An effective marketing plan by AETOS needs to examine its international target markets like Indonesia and Malaysia through the SLEPT approach in examining the various aspects and trends in the international marketing environment through the **S**ocial/cultural, **L**egal, **E**conomic, **P**olitical and **T**echnological dimensions. Current situation and trends in the security industry indicate the need to market security service to the two countries while focusing on integrating with the domestic defence units and other international and private security organizations to offer both internal and external security surveillance, control and response. The aim is to ensure that core capabilities are improved and available in all situations. The target points should be entry and exit points to the two countries as well as other security prone places in both urban and rural regions. AETOS needs to consider forming mergers with existing national, private and international security bodies and focus to publicize itself in the major security exhibitions and showcases in the Asia-Pacific region. The main market segmentation to be considered include: geographic, psychographic, behavioral, and demographic segmentation. AETOS can best position itself in these markets by: identifying market niche, winning niche customers from other competitor , winning the unhappy customers , offering exemplary security services , having competitive prices, using technology, employing mix marketing strategy, and continuously developing and adjusting its positioning strategies. The company should consider the 7Ps of marketing mix in its action plan, which includes **P**roduct, **P**rice, **P**lace, **P**romotion, **P**eople, **P**rocess and **P**hysical evidence with good controls and contingency plans.

2. Current Situation and Trends

Socio-political changes in the recent decades have created new environment for the security industries of different countries (PUTU, 2010). National security budgets have decreased and competition has become more intense and international hence very few countries across the globe will rely on their domestic markets in the future (European Defence Agency, 2007). The

prediction of such conditions in the security industry suggests the need for AETOS to expand to international markets.

Both Indonesian and Malaysian defense industry has been progressing but at a slow pace (TaiyouReports, 2013). The country's main defense concerns are Singapore and Indonesia. Given the current economic situation and a possibility of improved relations with Indonesia, the Malaysian military will probably focus on continued modernization, improved domestic defense production capabilities and a re-balancing of the forces with a focus on procuring more basic equipment (TaiyouReports, 2013).

The biggest security threat to the state of Malaysia and Indonesia by far are Wahhabism and Shia Islam (Emerging Asia, 2011). Wahhabism is regarded as a puritanical strain of Islam practiced in Saudi Arabia. Several Shia Muslims have been detained under the Internal Security Act (ISA) for their beliefs (TaiyouReports, 2013). Recently, both the Indonesian and Malaysian governments have outlined their desire to see multilateral discussions of traditional security issues (TaiyouReports, 2013). Despite the inherent political tensions between Singapore and Malaysia, they have inter-connected histories that resemble the complex relationship (Emerging Asia, 2011).

In Indonesia and Malaysia, bigger requirements of defense are fulfilled by the presence of multinational corporations such as EADS, BAE Systems and Eurocopter (Emerging Asia, 2011). The governments have been actively engaging and marketing the Defense Industry through exhibitions such as LIMA, Langkawi International Maritime and Aerospace Exhibition, which are the largest defense and civil showcases in the Asia Pacific (Emerging Asia, 2011).

3. Performance Review

AETOS began operations after its establishment in 2004 following the merger of the Auxiliary Police Forces of PSA Corporation, Singapore Technologies Kinetics Ltd and Changi International Airport Services Pte Ltd (CIAS). The merger brought together the Singapore's security units in maritime, key installations protection and aviation under one umbrella of operation.

The AETOS auxiliary police force has a command structure comprising a commander and three deputy commanders. The deputy commander East region commands a security force in charge of aviation security terminal operations at the Singapore Changi airport. The deputy commander West region commands a security force in charge of maritime security operations across various installations on the Western part of Singapore. The deputy commander SSU looks after Security Screening Unit and security functions at the terminal gate-hold rooms.

Therefore, with growing economic landscape that requires adequate security measures to attract more investors, there is still market in the security industry. As a current employee at AETOS Company in the capacity of an auxiliary police officer, this is a marketing plan report that would help the company expand its business to neighboring countries, which have security problem including Malaysia and Indonesia.

4. Key Issue

In line with the prediction of expanding reliance in international security services, and the move by AETOS company security services to Malaysia and Indonesia, there are a few challenges and opportunities that AETOS needs to comprehend. A challenge can emerge from the Singapore's laws, which are different from the Indonesia's and Malaysia's laws (US Commercial Service, 2012). However, the three countries have some similarities in their social aspects including religion, language, and material culture. The similarities can serve as potential opportunity for AETOS to gain market in the target countries due to positive customer perception that would be developed towards its campaigns and promotional events.

Economically, Malaysia and Indonesia are regarded as emerging economies just like Singapore (US Commercial Service, 2012). This suggests that security services are on high demand, a fact that AETOA can use as an opportunity for penetrating the foreign markets. Due to high influx of FDIs in Malaysia and Indonesia, AETOS should also focus on foreign investors in the two international target markets.

Malaysia is rapidly advancing in Information Technology and electronic communication (US Commercial Service, 2012). Hence, this should be used by AETOS as an opportunity of growth through information access from its target clients and in spurring management control capabilities.

5. Objectives

From the perspective of the domestic Defense Forces in Indonesia and Malaysia, the following core capabilities must be improved and available in all situations:

1. To ensure timely and effective Command, Control, Communication, Intelligence, Surveillance and Reconnaissance of the operation zone
2. To ensure efficient mobility and protection in the operation zone
3. To integrate and maintain continued mutual support with crisis repair expertise from the domestic industry
4. To meet defense requirements through the company's capacities in: Command and Battlespace Management (CBM) systems, Secure CIS systems and networks, Situation picture systems, Special vehicles, Munitions, Weapon systems, and Battlefield engineering and fortifications.

□ 5. Marketing Strategy

AETOS Company should take a look at the geopolitical situation in the two target countries. The geopolitical significance of the neighboring countries to Singapore is important as there are many flashpoints in the region that could have an impact on the target security market in Malaysia and Indonesia.

It could be deduced that the main concern for security industry in Indonesia and Malaysia is domestic and international terrorism due to internal sources like the Islamic groups and political tensions with neighbouring countries. Hence, both domestic security situation and external security situation needs to be considered for effective penetration and performance into the market. Malaysia has good relations with Indonesia. Hence, the political approach to get into these markets needs to be based on similar diplomatic approaches. However, the two prime international target markets have soured relations with Singapore. This can be a threat to the success of AETOS. It can also be strength since AETOS would be perceived to have more security secrets of Singapore hence Indonesia and Malaysia can trust their services against external security threats.

An effective strategy by AETOS to the target countries needs to focus on mergers as one of the success strategy that the company had tested and used while in Singapore. In the merger strategy,

AETOS should focus on not only national defense and security but also private and international security bodies operating in Indonesia and Malaysia. Internationally, AETOS should merge with bodies charged with bigger requirements of security in the two countries like EADS, BAE Systems and Eurocopter.

AETOS needs to focus on how to fill the gap and needs in the existing corporations. Since the Indonesian and Malaysian governments have outlined their desire to see multilateral discussions of traditional security issues, AETOS has the opportunity to win business in the two security markets by presenting its interest to serve in the two countries. Hence, this can effectively convince the two governments to permit its operation on the basis that AETOS would create a common tie and share a common goal of establishing positive diplomatic relations.

AETOS should focus to publicize itself in the exhibitions such as LIMA, Langkawi International Maritime and Aerospace Exhibition, which are the largest defense and civil showcases in the Asia Pacific. Through this strategy, the company can gain publicity not only to the two target security markets in this report but also to other international markets in the Asia-Pacific region.

6. Action Plan

6.1 Market segmentation, targeting and positioning

The two main segmentations in the AETOS approach to the two international security markets should be internal and external. Internally, the company's target should be the most challenging security threats in the two countries that can be associated with global terrorism. Externally, the company's target should be on international threats from countries, which Malaysia and Indonesia do not have positive/good diplomatic relations. Hence, AETOS should focus to identify some of the reasons why Indonesia and Malaysia perceive Singapore and China as a security threat to them, which should form part of their selling points to penetrate and establish the company's operations in the two countries.

Geographic Segmentation

Here, AETOS should aim to offer security services in the nearby ASEAN countries that face security threat and crime. These should be Malaysia, Indonesia, and Philippines. In these

countries, target regions and prospected customers should be corporate bodies, security industry, airport, ports, sea borders, buildings, apartments, banks and state gatherings. The target areas in the target countries should be those that have faced security threat and those that have not. Here, AETOS will win market by asserting to be different from its competitors who might have failed to curb the situation. Two main regions in this segment should be urban and rural given that they are all prone to security threat.

Psychographic segmentation

AETOS needs to acknowledge that despite targeting neighboring countries that may share some national cultures, its psychographic segmentation should consider that each country has its own psychographic and as well as demographic variables because of variety ethnics and variance in certain cultural elements (Goldsmith, 2002; Gonzalez and Bello, 2002). The company must first understand the lifestyles and personality values of Malaysians, Indonesians and Philippines. In trying to establish the lifestyles of these people, AETOS should focus on what constitutes their activities, interests, opinions, and personality values (Grewal, Mehta, Kardes, 2000). Hence, the sub-segments in the psychographic segment will target these various constituents of their lifestyles as well as personal and psycho-social values.

Behavioral Segmentation

Customers' behaviors are different hence AETOS should not assume that Malaysians exhibit the same behavior as Philippines or Indonesians. Behavior is influenced by and individual's need (Marketing Teacher, 2013). Hence, AETOS need to understand and segment this market further into those who need security for economic purposes, social purposes, and psychological purposes. Behavior is influenced by benefits of the product/service (Marketing Teacher, 2013). Hence, AETOS can access and win this market segment by assuring the prospected clients that the company offers quality security with high convince and response speed that are in line with current economic status. Attitude towards security services can influence how AETOS gets and win this segment. Hence, the company should accommodate all variants of behavior and categorize them for efficient service delivery despite being enthusiastic, positive, indifferent, negative, or hostile. AETOS should be focused to categorize its customers in this segment based on user status (Brunsø, Scholderer, and Grunert, 2004). There will those clients who are non-

users of security services who should be convinced to start using AETOS services. There will be also ex- users, potential users, first time users, and regular users.

Demographic Segmentation

In this segmentation, AETOS should consider: income, gender, age, employment status, education, religion, race, and culture (Marketing Teacher, 2013) of Malaysians, Indonesians, and Philippines so as to effectively access and win market. The company should target personal security sector from individuals with high income (employed/self-employed) despite their gender, age, education level, religion, and culture. However, the company should understand that the target countries have similar race and closely related cultures (Ahmad, Omar and Ramayah, 2010) hence these would ease its penetration efforts.

Positioning Strategy

This report recommends key strategies that AETOS can use to position itself in the geographic, psychographic, and behavioral market segments. The company should find a niche for security service by focusing on under-served regions, points and individuals. The company should strive to win niche customers from other competitors (Business, 2013). Focus should also be put in winning the unhappy customers by assuring them to provide what past security firms have failed in. the company should not offer cheap price since customers usually associate high prices with quality services. Hence the company's prices should just be competitive (Business, 2013).

AETOS should strive to display exemplary security services making it the icon in the three countries. Technology should be part of convincing element that AETOS should use. The company should invest much effort in knowing its customers deeper to develop intimate customer relationship and trust (Robertson, 2005; Kotler and Armstrong, 2006). AETOS should adopt mix marketing strategy to create awareness and attract customers from its market segments and the competitors' segments. These strategies should be easy-to-use website, radio, TVs, internet, regular magazines, newspapers, posters and billboards. However, the message should be short and clear and meaningful to the target customers (Kotler and Armstrong, 2006). Lastly, AETOS should continuously develop and adjust its positioning strategies as time goes based on demographic, social, and economic changes in the three target countries.

An effective positioning of AETOS security services in the neighboring countries should start with is publicity to the target markets in Malaysia, Indonesia, and Philippines. This is to create deep and broad brand awareness (Kotler, 1994). AETOS needs to create meaning in its marketing communication (Holt, 1994) by clearly and effectively communicate to the target market segments its past performance record in Singapore and long experience in security services, which makes it competent to offer security solution to the Malaysian, Indonesian, and Philippine clients.

AETOS can adopt imagery to communicate its potential but in the context of local cultural meaning in every market segment (Kotler, 1994) for prospected customers develop the feel for shared brand values. The company should attest to its customers that AETOS's brand has strong personality based on its merger history and heritage with key firms in Singapore. The company needs to communicate in its marketing-mix that AETOS security services suits all clients ranging from personal, private, public and foreign sectors.

AETOS should regularly monitor and evaluate the response, feelings and judgments of prospected clients towards its marketing-mix strategies to adjust towards establishing positive feelings (Holt, 1994). AETOS should identify itself in every marketing channel used that it is '*a company that is built on cultural principles and values of the ASEAN people*' so as to develop intense and active relationship with its customers due to high psychological bond the company's security services (Kluckhohn et al., 1962).

6.2 Applying the 7Ps of Marketing Mix

To achieve good penetration and establishment in the two new markets, AETOS should consider the 7Ps of marketing mix, which include **Product**, **Price**, **Place**, **Promotion**, **People**, **Process** and **Physical evidence**.

In the **Product** aspect, the best way for AETOS to penetrate and establish in international security markets by finding out what prospective clients wants first and then develop the strategy on how to handle them (CIM, 2009). Even though the clients in the two countries appear to need both domestic and internal security services AETOS needs to conduct a survey in public, private and international bodies to ascertain varying security needs upon which it should rely on to develop its strategy, workforce and resources.

In the **Place** aspect, AETOS should ensure that it proposes to the government of Indonesia and Malaysia as well as other target countries that it will provide its security services to the threat-prone places where Islamic terrorist are perceived to dominate. AETOS needs to assure the governments of its target countries that it will have prompt and timely prevention and response to any security threat emerging from both internal and external sources. Externally, AETOS needs to assure the Malaysian and Indonesian governments and its security partners that the company will focus on entry and exit points of international visitors to the countries. Hence, the target places to offer security services needs to be airports and seaports. Since place aspect requires provision of adequate quantity while keeping storage, inventory, and distribution costs at acceptable rate (CIM, 2009), AETOS should assure the government of Indonesia and Malaysia that there would be adequate security personnel for every domestic and international target points, which can be achieved by recruiting majority of the workforce from the native population.

In the **Price** aspect, AETOS Company should first conduct a survey on what other security firms charge for their services to the Indonesian and Malaysian security sectors. Here, the main aim is to be competitive and not cheap (CIM, 2009). To be competitive, the company should not only focus on tendering international security services but also sets a strategy to remain competitive. This can be achieved by adding additional domestic surveillance services in the domestic/international tenders provided the company can still make profit.

In the **Promotion** aspect, AETOS should be prepared to brand and advertise its security services. In the branding and advertisement strategy, the company should focus to use global media, notably Internet tools. The global media that the company should refer its prospective clients to will require the company to use Podcasts, Facebook page, YouTube, Website, and Twitter among others (Mullin, 2013). These are social media tools that can help the company to internally advertise itself to the target security markets. To position itself in Singapore and Indonesia, AETOS Company should further consider good public relations with its target market countries (CIM, 2009). To gain good attention from the prospected clients in the two countries, AETOS should actively participate in the international showcases where bigger security bodies like EADS, BAE Systems and Eurocopter also participate. In this view, the company will gain good corporate identity hence promoting its security services to both small and big sector in the

international market. AETOS can also offer voluntary response to security threats to its target countries as an additional way to position itself.

In the **People** aspect, AETOS should assure its prospective clients in the target countries that its workforce, whether sourced from the local target security markets or internationally sourced from Singapore, will be adequately trained and highly motivated to work in the countries of their assignments. This is to ensure that the company creates a positive image in the public domain (CIM, 2009). Pro-active link with clients after security control or response should be part of after-sales support that AETOS should assure its prospective clients in the international market. In this aspect, the company should plan to liaise and communicate this to its clients to find out any pending threats or needs after the security incidence, which has been curbed from taking place or after the security response.

In the **Process** aspect, AETOS needs to assure their prospective clients that it would take the shortest time possible to detect and alert their clients of a looming security threat and give adequate precautions to be taken. The company should further assure the target clients that it would take the shortest time to respond to any emerging security threat at the client premise. Prompt notice and response to clients' threats would require AETOS to assure the prospected clients that it has real-time and dedicated communication link with 24/7 attendance. Hence, this would add value to customer satisfaction with the company's processes in providing their services (CIM, 2009).

It may be challenging to provide **Physical Evidence** on security. However, AETOS should assure their prospective clients and avail evidence of testimonials on how they have provided security services in Singapore in the East and West regions. To create more trust in the international market, AETOS should refer its prospective clients to existing clients in Singapore. Positive testimonials in the company's website and Facebook page can also help the company gain market in its international target markets like Indonesia and Malaysia.

8. Controls

AETOS needs to embrace three steps in its performance controls in Indonesia and Malaysia. These include setting the security standards, measuring performance against standards and correcting deviations from the plan (CIM, 2009).

The company should aim to gain market in three sectors including public, private and international clients in a span of one year. The company should also aim to start getting profits from the sixth month after their entry in Indonesia and Malaysia due to large capital investment that international ventures consume (CIM, 2009). The response to security threat at the client premise should be set within 5-7 minutes after detection or notification. Customer complaints should be kept at minimal as possible unless the emerging situation was not anticipated in the actual security strategy.

To obtain measurements and ensure rapid feedback of information, AETOS should adopt the use techniques including reports, meetings and special measurements of specific parts of the marketing programme, such as cost-benefit analysis on customers, product lines and territories or marketing audits for a thorough examination of every aspect of marketing in a particular country. The company should use benchmarking to permit comparison of various aspects of the business like efficiency of service distribution, customer response times, service levels and complaints, with other companies that are not necessarily from the same business sector. When performance has deviated sufficiently from the plan, AETOS should change the plan or its management team charged with the responsibility of executing the plan.

9. Contingency Plans

AETOS should acknowledge that the law of Singapore is different from the laws of Indonesia and Malaysia. Hence, this can be a challenge to the success of their plan to get to these international markets. Additional legal challenges to the company's plan to these international markets may come from laws governing the International Monetary Fund (IMF) and World Trade Organization (WTO) treaties, patents and trademarks. Hence, the best response is to engage not only law experts in the target host countries but also experts in international trade law for interpretation purposes. It might be difficult to achieve a cohesive marketing strategy in the AETOS target countries due to variation in economic growth level between Singapore, Indonesia and Malaysia. This together with exchange rates and global currency movement can adversely affect pricing of AETOS services in the foreign markets. Hence, the best response is to transact in local currency of the host countries.

REFERENCES

- Ahmad, N., Omar, A. and Ramayah, T. (2010). Consumer Lifestyle and Online Shopping Intention. *Business Strategy Series*, 11(4), 227-243.
- Brunsø, K., Scholderer, J. and Grunert, K.G. (2004). Closing the Gap Between Values and Behavior –A Means-End Theory of Lifestyle. *Journal of Business Research*, 57(6), 665-70.
- Business (2013). *The Ten Best Positioning Strategies: Owning a winning Position*. DELUXE.
- CIM (2009). *Marketing and the 7Ps*. Chartered Institute of Marketing.
- European Defence Agency (2007), a Strategy for the European Defence Technological and Industrial Base, Belgium
- Emerging Asia (2011). SWOT Report: China India Indonesia Malaysia Philippines Thailand Vietnam. Political & Economic Risk Consultancy Ltd.
- Goldsmith, R. E. (2002). Some personality Traits of Frequent Clothing Buyers. *Journal of Fashion Marketing and Management*, 6(3), 303-316.
- Gonzalez, A. M. and Bello, L. (2002). The Construct Lifestyle in Market Segmentation the Behavior of Tourist Consumers. *European Journal of Marketing*, 36(1/2), 51-85.
- Grewal, R., Mehta, R., Kardes, F. (2000). The Role of the Social-Identity Function of Attitudes in Consumer Innovativeness and Opinion Leadership. *Journal of Economic Psychology*, 21, 233-252.
- Holt, D.B. (1994), Consumers' Cultural Differences as Local Systems of Tastes: A Critique of the Personality/Values Approach and an Alternative Framework, in *the Proceedings of the 1994 Asia Pacific Advances in Consumer Research*, 1, eds. Joseph A. Cote and Siew Meng Leong, Provo, UT: Association for Consumer Research.
- Kluckhohn, C. et al. (1962), Value and Value Orientation in the Theory of Action, in *Toward a General Theory of Action*, eds. Talcott Parsons and Edward A Shils, New York: Harper and Row.
- Kotler, P. (1994), *Marketing Management*, 8th Edition. London: Prentice Hall International Inc.
- Kotler, P. and Armstrong, G. (2006). *Principles Of Marketing* , 11 Edition , Prentice Hall, USA.
- Marketing Teacher (2013). *Consumer Behavior Segmentation, Demographics and Behavior*, England
- Mullin, P. (2013). *A Guide to Digital Marketing: The Case of Internet and Social Media*. India, Macmillan Publishers
- PUTU (2010). Defence and Security Industrial Strategy. *Global Security Report*. UK.
- Robertson, B. (2005). *Ten Rules Of Product Positioning, Medical Marketing & Media*, 40 (5), 52-58

TaiyouReports (2013). *Defense and Security in Malaysian*. Retrieved October 31, 2013, from http://www.taiyoureports.com/Heavy-Industries?product_id=183

US Commercial Service (2012). *Doing Business in Asia-Pacific: 2012 Country Commercial Guide for U.S. Companies*. U.S. & FOREIGN COMMERCIAL SERVICE AND U.S.