

Blue Ocean Strategy of Pertamina (Indonesia's State Owned Company) to Anticipate Foreign Competitor Threats on the Ron 92 & Ron 95 Petrol Share Market

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Abstract:

The enactment of Law Number 22 Year 2001 concerning Oil and Gas ended PERTAMINA's (Indonesia's State-Owned Oil Company) monopoly in the Indonesian non-subsidized fuel oil market to enable private and foreign players to enter the downstream side of the Oil and Gas business activities. As a result, PERTAMINA experienced business competition with foreign companies in the non-subsidized fuel market, especially high-octane RON 92 and RON 95. The level of the market share of non-subsidized fuels by PERTAMINA had decreased. The more aggressive foreign competitor will pose a big threat if PERTAMINA does not improve itself. The purpose of this study is to identify measures to compete with other foreign oil players. The study uses a questionnaire survey and interviews of 40 (forty) respondents at PERTAMINA and Shell gas stations. In facing competition with competitors, PERTAMINA uses the Blue Ocean Strategy (BOS) as a business competition strategy. The results of the methodology using the BOS shows that the problem of quantity and quality (including cleanliness) of the supporting facilities at PERTAMINA gas stations are the two main factors that must be improved if PERTAMINA wants to survive against the threat of competitors who will always try to fetch the PERTAMINA market. The ability of PERTAMINA to develop environmentally friendly and pollution-free products allows PERTAMINA to leave the 'red sea' to the 'blue sea'. However, the factors of promotion and information are given to customers are not strong, so that customers are not interested in Bio-fuel products issued by PERTAMINA. In addition, the accuracy of fuel filling, accuracy of payments, and adequacy of facilities at PERTAMINA gas stations can be improved to increase customer loyalty. Finally, high-octane fuel that is pollution-free and environmentally friendly is a factor that can be created by PERTAMINA and has the opportunity to get big profits for PERTAMINA.

Keyword: *Blue Ocean Strategy, Red Ocean Strategy, Competitive Intelligence, Value Innovation, strategy canvas.*

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INTRODUCTION

The entry of foreign companies into the RON 92 and RON 95 fuel markets in Indonesia has caused a change in the level of market share for PERTAMINA. Even though PERTAMINA still dominates the first RON 92 and RON 95 fuel markets in Indonesia, the information gathered in this study shows that the number of competitors' consumers has increased.

It is clear that the inclusion of Pertamina's competitors in the sale of high-octane fuel is a serious threat, that has resulted in PERTAMINA losing a few percent of the market share that PERTAMINA has held so far and the threat will get bigger if PERTAMINA does not do something. It is the innovation that can make PERTAMINA again

become the market leader that fully controls the high-octane fuel market share. The study aimed to encourage PERTAMINA as a State Owned Company to carry out a qualified strategy to get out of 'the red sea' competition towards 'the blue sea' which can make PERTAMINA freely seek benefits for the interests of the nation and state (Prunckun, 2010). To the best of author knowledge, there is no published study on applying Blue Ocean Strategy on retail industry specifically gas stations in Asian countries or the research on it is still scanty. In responding the formulation of identified problems, this study tries to formulate a *problem solving strategy* using the *Blue Ocean Strategy* method.

LITERATURE REVIEW

According to Kim and Manborgne (2004), the key

point of the *Blue Ocean Strategy* (BOS) is that the *Blue Ocean Strategy* is the result of a decade long study of 150 strategies that have been implemented by more than 30 industries for 100 years (1880-2000). *Blue Ocean Strategy* is a strategic step to create differentiation and low prices simultaneously. The goal of the blue ocean strategy is not to join the competition in existing industries, but to create new market space or create blue oceans and make competition irrelevant. The Blue Ocean Strategy offers a set of methodologies and tools for creating new market spaces. Blue Ocean Strategy is alluded to a business opportunity for an item where there is no challenge or less challenge. This procedure rotates around scanning for a business in which not many firms work and where there is no valuing weight. Other definitions is that BOS or value innovation management is the strategy that reframes the strategic challenge from involving in competition to make competition irrelevant and provides a series of approaches that maximizes opportunity and minimizes risk (Leavy, 2005). “WHEN WE ASK PEOPLE to define what BOS is and what drives its success, we typically get one of three answers. Some see it as fundamentally about how to reconstruct market boundaries and offer a leap in value to buyers. Others see the essence of BOS as about unlocking business model innovation through strategic pricing, target costing, and the like so a company can seize new customers profitably. And still others see it as fundamentally about releasing the creativity, knowledge sharing, and voluntary cooperation of people through the proper approach to employees and partners. All three are correct answers” (Kim & Mauborgne, 2015).

In the present condition most firms work under exceptional challenge and attempt to do everything to pick up piece of the pie. At the point when the item goes under valuing weight there is constantly a likelihood that a company's tasks could all around go under risk. This circumstance as a rule comes when the business is working in a soaked market, otherwise called 'Red Ocean'. The system plans to catch new request, and to make rivalry unessential by presenting an item with unrivaled highlights. It enables the organization in make gigantic benefits as the item to can be valued somewhat soak in view of its remarkable highlights.

This study sees the Blue Ocean Strategy as being

able to offer a systematic and renewable methodology and process in solving food distribution problems during the Covid-19 pandemic. The framework and tools used in the *blue ocean strategy* include: a four-step framework, an eliminate-reduce-improve-create scheme. There are three key concepts in building a blue ocean strategy, namely: the value of innovation, the application of tipping point leadership, and a fair process. To describe the market universe Renée Mauborgne and W. Chan Kim use the term ‘red ocean’ and ‘blue ocean’

Red vs. Blue Ocean Strategy

Red Ocean Strategy Focus on current customers	Blue Ocean Strategy Focus on noncustomers
• Compete in existing markets	• Create uncontested markets to serve
• Beat the competition	• Make the competition irrelevant
• Exploit existing demand	• Create and capture new demand
• Make the value-cost trade-off	• Break the value-cost trade-off
• Align the whole system of a firm's activities with its strategic choice of differentiation OR low cost	• Align the whole system of a firm's activities in pursuit of differentiation AND low cost

Nowadays firms are under intense competition and pursuing to find ways to gain market share. The pricing pressures causing threat for the products could always be overcome even though the business is under declining market or ‘Red Ocean’ status.

Potential value creation in new product and services is created by making difference between benefit and cost in the view of customers. This value is exploited by market opportunity that depends on the success of the firm in obtaining competitive advantage over other firms which is must to outperform its rivals (Raith, Staak, & Wilker, 2016). Value innovation is achieved using two economic laws of increasing marginal utility and decreasing marginal cost that confirm the perfect integration of high utility with low cost (Jian-jun & Hai-min, 2007). Kim & Mauborgne (1999, January-February) stated that a systemic approach to value innovation helps organization break the traditional competition and thus become free.

Saputri & Mulyaningsih’s (2015) study on merchandise business of Yogyakarta stated that a merchandise company implemented BOS where

value innovation had a critical position where Kedai Digital created 3 distinguished value innovation namely free design, a unique location and a one-stop shopping concept that made the company leading position in the industry and made competition irrelevant instead of playing in the red ocean. They found 8 standard value within competition namely volume, price, prestige, quality, promotion, service, variation and on-time delivery.

Based on the ultimate goal of BOS which is to create differentiation and low prices simultaneously through three key concepts, namely: innovation value, implementing *tipping point* leadership, and fair processes. So this study considers the BOS method to be the most suitable to answer the threat of Pertamina's market share in the Ron 92 and Ron 95 market segments.

METHODOLOGY

Research Approach

This research uses a qualitative approach. Cresswel. (2015). The reason of using qualitative approach in this study is to identify the threat of reducing Pertamina's market share in the Ron 92 and Ron 95 market segments. This qualitative research process involves important efforts such as interviews, studying the procedures, gathering specific data from informants, analyzing data inductively from specific themes to general themes, and interpreting the data. (Moleong, 2017). The type of research used is a type of qualitative description by identifying the threat of market share owned by Pertamina in the Ron 92 and Ron 95 market segments. Qualitative descriptive research seeks to describe, record, analyze and interpret types of threats (Sugiyono, 2016). In other words, this study aimed to obtain information about the existing situation in order to develop strategies of problem solving.

Data Validation

This study uses triangulation techniques in the data validation stage (Suyanto, 2018). Triangulation technique is checking data by matching it with something outside the data for comparison. Triangulation techniques are carried out through interviews, direct observation and indirect observation.

Data Collection Methods

The main data sources obtained by researchers in this study are words, actions and additional data

such as other documents. This study uses data collection techniques to obtain primary and additional data sources. The types of data obtained in this data collection consist of primary data and secondary data. Primary data is obtained through in-depth interviews with informants (Cresswel, 2015). The secondary data is obtained from observation and study of documents related to the research objectives.

Data Analysis Techniques

In this study, data analysis was carried out by researchers from the beginning of the study and during the research process. Data obtained, then collected to be processed systematically. Starting from interviews, observation, editing, classifying, reducing, then data presentation activities and concluding data. The data analysis technique in this study uses an interactive analysis model to identify problems and develop a problem solving strategy using the Blue Ocean Strategy method. Tavallae (2010).

Results and Discussion

The results of interviews conducted by researchers with 40 (forty) respondents at PERTAMINA and Shell gas stations show that Shell is PERTAMINA's strongest competitor. Table 4.1 shows a recapitulation of the results of the researcher's survey. This questionnaire is to map the strengths and weaknesses of PERTAMINA and its competitors, in this case Shell and also to map the canvas strategy.

Recapitulation of Survey Results of Pertamina Gas Station Users and Shell Gas Station Users

No	Factor	PERTAMIN A (Average Value of Respondents)	Shell (Average Value of Respondents)
1	Good location and within short distance from the place of activity	3.9	3.5
2	Based on competitive prices	3.6	3.6
3	Good quality	3.8	3.9

4	The right quantity	3.7	3.9
5	Good and pleasant service	3.5	3.8
6	Good facilities, clean and comfortable	3.4	3.9
7	Good supporting facilities, clean and comfortable	3.4	4.0
8	Payment accuracy & speed	3.6	3.9
9	BIO Fuel which provides added value for environmental conservation and pollution-free	4.5	0

Information: 5 = Strongly Agree; 4 = Agree; 3 = Simply Agree; 2 = Disagree; and 1 = Strongly Disagree

Table 4.1 mentioned that PERTAMINA's respondents preferred the location of the gas stations to be better and more affordable, this was due to the large number of PERTAMINA gas stations networks, compared to Shell which still had few gas stations. For middle and upper class consumers, it does not affect the price, because high octane fuel prices are only influenced by world oil prices, which fluctuate in accordance with global demand. For Shell consumers, the quality of Shell fuel has good and appropriate quality and quantity, as well as PERTAMINA consumers who believe that the quality and quantity of high octane fuel from PERTAMINA also has good and appropriate quality. Shell customers stated that the services provided were very good and pleasant compared to PERTAMINA's services. Good, clean and comfortable facilities from Shell Gas Station are superior to the good, clean and comfortable facilities

provided by PERTAMINA. Likewise, supporting facilities that are good, clean and comfortable from Shell are also superior to supporting facilities from PERTAMINA. For the accuracy and speed of Shell payments from PERTAMINA, PERTAMINA has the latest innovations, namely Bio PERTAMAX AND Bio PERTAMAX PLUS which has added value for environmental preservation and is pollution free which enable PERTAMINA to leave *Red Ocean to Blue Ocean*

Implementation of *Blue Ocean Strategy* by PERTAMINA in the High-octane Fuel Market (RON 92 and RON 95)

Mapping of PERTAMINA's competitors

From the results obtained from the collection of information collected through questionnaires distributed to consumers and the results of observations, the advantages and disadvantages of PERTAMINA's competitors such as Shell, Total and Petronas are obtained. The advantages and disadvantages of competitors are factors for this study to be analyzed and formulated into the *Blue Ocean strategy*. The advantages of competitors are as follows;

- The competitor's ability to keep their gas station area clean.
- The ability of competitors to provide adequate lighting, throughout the gas stations area
- The competitor's ability to keep the toilets clean at their gas stations.
- The competitor's ability to always maintain clean and well-maintained water and tyre air filling facilities.
- The ability of competitors who can always provide clean and well-maintained wipes and soap, as well as washbasins and sprinklers.
- The ability of competitors to provide additional servants in cleaning the gas tank and wiping the windshield and rear.
- The competitor's ability to provide the exact change money for payment made by customers.
- The ability of competitors to provide accurate number of fuel consume based on customer's request.
- Vehicle engines that use competitors' products

are more efficient than PERTAMINA's products.

- The high octane of fuel owned by the competitor give satisfaction for customers.

In an industry, there is no business that has perfection as every industry has its own shortcomings. Information listed below provides the shortcomings of PERTAMINA's competitors;

- The inability of competitors to build gas stations in all regions in Indonesia.
- The inability of the competitors to provide the same price as one gas station with another gas station has a different price.
- The inability of the competitors to provide fast service in terms of payments due to the payment booth is located in the middle of the meter machine.
- The inability of the competitors to deal with the implementation of licensing with the local government resulting the closure of the gas stations causing customers to look for other gas stations.
- The inability of competitors to deal with local residents causing several gas stations were forced by the surrounding community to close, and made their customers look for other gas stations.
- The inability of competitors to produce fuel that produces pollution-free vehicles.
- By using a competitor's product, the vehicle engine becomes less powerful.
- The dispenser machine used to fill fuel is inadequate.

From the results obtained from the collection of information collected through questionnaires distributed to customers and the results of observations, PERTAMINA has the advantages and disadvantages. The advantages and disadvantages of competitors are factors for this study to be analyzed and formulated into the *Blue Ocean strategy*. The advantages of competitors are as follows;

- PERTAMINA as an old player has already owned a very wide network in Indonesia, from cities to villages.
- PERTAMINA as an old player also has wider

distribution channels indicated by the large number of refineries and oil storage places in many places in Indonesia.

- Pertamina gas stations have a place to wash cars and motorbikes, as well as a place for a car saloon.
- PERTAMINA gas stations has a large area to rest, which can be used by customers.
- Pertamina gas stations have a large parking area for cars and motorbikes, which can be used by customers.
- The PERTAMINA gas station is equipped with a mini market accompanied by a cafe or restaurant.
- The PERTAMINA gas stations are equipped with automated teller machines from various banks, so that consumers can withdraw cash, if needed.
- Pertamina gas stations have a dispenser, which is used to fill up more fuel.
- Vehicle engines that use products from PERTAMINA have better acceleration power.
- PERTAMINA has environmentally friendly, pollution-free products called BIO Pertamax and BIO Pertamax Plus.

In an industry, there is no business that has perfection, every industry has also shortcomings. Below is the information obtained in questionnaires and observations in regard to the shortcomings of PERTAMINA;

- Customers feel unsatisfied with services at PERTAMINA gas stations, so it needs to be improved again.
- Services at PERTAMINA gas stations do not get windshield and rear glass cleaning services.
- Services at PERTAMINA gas stations don't get a good smile from its workers.
- Services at PERTAMINA gas stations do not benefit from offering the existing facilities at PERTAMINA gas stations.
- Services at PERTAMINA gas stations are not professional because they are not serious when serving customers.
- The cleanliness and comfort of PERTAMINA

gas stations are not maintained, so it makes customers feel uncomfortable.

- At PERTAMINA gas stations, the toilets are not well maintained, which makes customers uncomfortable.
- At PERTAMINA gas stations, the toilets are not equipped with soap, tissue and water spray.
- The PERTAMINA gas station is not equipped with a price list displayed on the PERTAMINA billboard, which is in front of the PERTAMINA gas station.
- At PERTAMINA gas stations, facilities such as water and tyre's air refilling are not properly maintained and are not clean.

Superiority of Pertamina's Products.

PERTAMINA is a state-owned company that is the pride of the state, having served the people of Indonesia since the early days of this nation's independence, PERTAMINA strives to provide the best for consumer satisfaction, but there are many obstacles that must be faced by PERTAMINA, such as corruption. With many obstacles, PERTAMINA has difficulty in giving its best, however PERTAMINA has reliable personnel in making new breakthroughs in terms of products, so that PERTAMINA's shortcomings can be covered.

PERTAMINA's engineers identify the problem that would be experienced by the world's population, where there would be a reduction in non-renewable energy sources, such as fossil fuels. As more and more energy sources from fossil fuels are depleted and starting to decrease, the engineers from PERTAMINA are innovating the mixing fossil fuel with renewable fuels, a product called Bio Pertamax, Bio Pertamax Plus and Bio Diesel. PERTAMINA engineers know that there will be less fossil fuel oil, with less fossil fuel it can increase costs, so that fossil fuel becomes expensive (Surjandari, 2007).

By blending it with renewable fuel oil, PERTAMINA will get more benefits. Renewable fuel oil can be obtained in all regions in Indonesia, because plants that produce renewable fuels grows in Indonesia. Crops such as corn, sugar cane, cassava, jatropha, coconut and palm oil are commodities that are easily obtained and grown in Indonesia. People in the world are saturated with pollution fumes produced by motorized vehicles, by

using this Bio fuel, people do not need to worry, because motorized vehicle engines that use Bio will reduce the level of pollution in the air, Bio products from PERTAMINA can reduce global warming that is felt by people in the world. By using Bio products, the community will help protect the earth from global warming.

Strategy Canvas

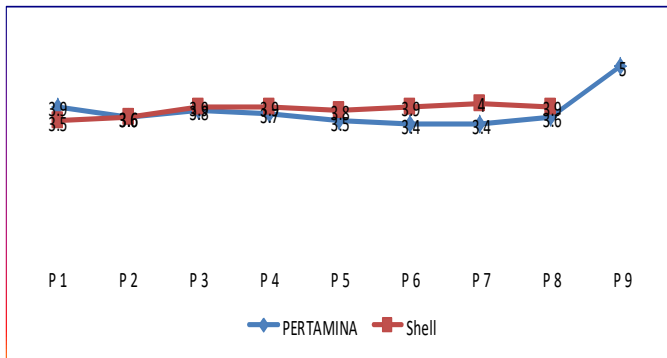
The horizontal axis on the strategy canvas captures the range of factors that an industry competes on and invests in, while the vertical axis captures the offering level that buyers receive across all of these key competing factors. A value curve or strategic profile is the graphic depiction of a company's relative performance across its industry's factors of competition.

Chan Kim and Renée Mauborgne's (2005) stated that the strategy canvas allows organization to see in one simple picture all the factors an industry competes on and invests in, what buyers receive, and what the strategic profiles of the major players are. It exposes just how similar the players' strategies look to buyers and reveals how they drive the industry toward the red ocean. Importantly, it creates a commonly owned baseline for change.

The strategy canvas serves two purposes:

- It captures the current state of play in the known market space, which allows users to clearly see the factors that an industry competes on and invests in, what buyers receive, and what the strategic profiles of the major players are.
- It propels users to action by reorienting their focus from *competitors* to *alternatives* and from *customers* to *noncustomers* of the industry and allows you to visualize how a blue ocean strategic move breaks away from the existing red ocean reality.

Canvassing Strategy based on Recapitulation of Survey Results of Pertamina Gas Station Users and Shell Gas Station Users abovementioned is depicted below,



Source: Based on Processed Data derived from Recapitulation of Survey Results of Pertamina,s Gas Station Users and Shell Gas Station Users

P 1 Good location and within short distance from the place of activity

P 2 Based on competitive prices

P 3 Good quality

P 4 The right quantity

P 5 Good and pleasant service

P 6 Good facilities, clean and comfortable

P 7 Good supporting facilities, clean and comfortable

P 8 Accuracy & speed of payment

P 9 BIO Fuel which provides added value for environmental conservation and pollution-free.

Based on figure abovementioned it can be concluded that PERTAMINA's ability to leave *Red Ocean* can be done because PERTAMINA is able to issue Bio-fuel which can provide added value to consumers.

Four Action Framework

Analysis using the *Blue Ocean Strategy* approach to the business competition strategy adopted by PERTAMINA in the RON 92 and RON 95 fuel market begins with implementing the *Four Actions Framework* (Ken ,2001). As explained in the previous chapter, the analysis of the *Four Actions Framework* includes an attempt to answer 4 (four) basic questions below:

- What factors in the industry should be eliminated or eliminated? (ELIMINATE)
- What factors in the industry should be reduced to below industry standards? (REDUCE)
- What factors in the industry should be improved so that they are above the industry standard? (RAISE)

- What factors can the industry create and have not previously had? (CREATE)

In the fuel market, the RON 92 and RON 95 *Four Actions Framework* can be described as follows:

- Factors in the market for RON 92 and RON 95 that Pertamina should eliminate (ELIMINATE).

- According to the results of the analysis obtained from questionnaires and observations, it is known that customer complaints are the cleanliness of the gas stations area which is less clean and sometimes dirty. The second factor that PERTAMINA should eliminate in the RON 92 and RON 95 fuel market is the poor and poorly maintained quality of the supporting facilities at PERTAMINA's gas stations. Water and tyre's air refilling that are not well maintained, toilets that are not maintained, broken and dirty. Another factor is that the less bright gas station lighting must be removed so that every corner of the gas stations area becomes bright, this makes customers more comfortable coming to Pertamina's gas stations. The factor of poor access to gas stations should also be eliminated to improve the quality and performance of PERTAMINA.

- Factors in the market for RON 92 and RON 95 that PERTAMINA should reduce (REDUCE)

- The main factor to reduce is the unpreparedness of employees to provide change money if customers pay using big denomination cash, as well as their attitude when serving customers when refueling. Gas stations employees who are not professional when serving guests must also be reduced. If PERTAMINA employees are professional in serving customers, customers will feel comfortable when meeting gas station employees. The result of the professionalism of the gas stations employees will result in services that are served, fast and precise. Another factor is lack of smiling reflecting less friendly attitude causing customers uncomfortable.

- Factors in the market for RON 92 and RON 95 that PERTAMINA should increase (RAISE)

- Particularly with the problem of availability of gas station facilities, the results of the interview show that customers expect one or more of the

following facilities at PERTAMINA gas stations: car wash, repair shop, wheel spooling & balancing, mini market, café, clean toilets, and comfortable and clean places of worship (prayer). Apart from that, customers also expect a sales stand for various PERTAMINA products (such as oil) and the availability of oil change facilities. Also increasing distribution vehicles and building new refineries

- Factors in the market for RON 92 and RON 95 that PERTAMINA should create (CREATE)

- From the results of the interviews with the gas station customers, they basically hope that PERTAMINA can produce high-octane fuel (such as RON 92 and 95) which is environmentally friendly. Consumers' expectations are mainly based on the increasing awareness of environmental conservation issues. The ability of PERTAMINA to innovate is very good but its promotion is lacking, therefore apart from the above customers expectations, the results of the interview show that the following factors should be created by PERTAMINA:

- (a) collaborating with environmental non-governmental organizations (NGOs) such as WALHI, Green Peace and WWF in a campaign for Bio Pertamax and Bio Pertamax Plus products that are more environmentally friendly, reduce pollution and contribute to environmental conservation;
- (b) cooperate with the GPS provider and include the location of the Bio Pertamax and Bio Pertamax Plus gas stations in the GPS map;
- (c) create a Bio Pertamax member card that can be used to obtain purchase discounts (for example: 5 percent);
- (d) build a community of users of Bio Pertamax and Bio Pertamax Plus; and
- (e) cooperate with an outsourcing company in order to obtain a more skilled and better workforce at gas stations.

Descriptively the various components of the *Four Actions Framework* can be summarized in the following matrix:

Four Actions Framework from PERTAMINA on the RON 92 and RON 95 Fuel Market

<p>ELIMINATE Availability of fuel stock; Poor Quality of Supporting Facilities; The condition of the access road to the gas station is not good.</p>	<p>RAISE The accuracy of the fuel filling machine that cannot be tampered with (in accordance with the Definite Fit principle); Adequate facilities; Adequate supporting facilities for PERTAMINA products at PERTAMINA gas stations Build refineries and increase distribution vehicles.</p>
<p>REDUCE Excessive Hospitality; Gas station employees who chat while serving; Not ready for change</p>	<p>CREATE Friendly High-octane Fuel; Environment and Affordable Prices (relatively cheap); Collaboration with environmental NGOs in the campaign for Bio Pertamax and Bio Pertamax Plus products that are more environmentally friendly, reduce pollution and contribute to environmental conservation; Collaborating with GPS providers and entering the location of the Bio Pertamax and Bio Pertamax Plus gas stations in the GPS map; Create a Bio Pertamax member card that can be used to get purchase discounts; Building a community of Bio Pertamax and Bio Pertamax Plus users; Collaboration with outsourcing companies to get more skilled and better gas station workforce</p>

Value of Innovation

- "Vehicles that are environmentally friendly and pollution free, which are only used by people who love and care about the environment"
- Collaborating with environmental NGOs such as Walhi, Green Peace and WWF to campaign for BIO Pertamina and BIO Pertamina Plus products that can protect and protect nature as well as reduce world pollution.
- In collaboration with the GPS provider, by entering the BIO Pertamina and BIO Pertamina Plus gas stations in the GPS map.
- Building a community for Bio Pertamina and Bio Pertamina Plus users.
- Collaboration with outsourcing companies to get more skilled and better gas station workers.
- Set up call centers for BIO Pertamina and Pertamina Plus customers.
- Receive a BIO member card for the purchase of 250 liters by collecting payment receipts (Get 5% discount for Pertamina products).
- BIO member card holders get free tire washing for every 40 liters purchase.
- Smiles, Greetings and Greetings are given to all customers, which are always controlled via CCTV.
- The purity of Bio fuel is always checked by foreign consultants, according to European standards.
- Vehicles for environmentalists
- Complete other supporting facilities

Exit from Red Ocean to Blue Ocean

- Creating an unrivaled market space
- PERTAMINA made an innovation by creating BIO fuel products which were distributed to its consumers
- PERTAMINA is an oil company that creates BIO fuel products, the first in Asian countries.
- Make competition irrelevant.
- PERTAMINA's competitor SPBU, does not sell BIO fuel oil products.
- PERTAMINA's competitor gas station only sells fossil fuel products.

- There is no PERTAMINA competing gas station that wants to sell BIO fuel.
- Create and capture new requests.
- Customers want fuel oil which makes engines more durable and economical.
- Customers want less pollution from their vehicles.
- Environmentalists want products that are environmentally friendly, and make the earth cleaner.
- The Government wants to reduce pollution in Indonesia.
- WHO recommendation that companies in the world undertake a *go green* program.
- Global warming caused by excessive pollution in motor vehicle fumes and industrial machinery.
- Breaking down the value-fee exchange.
- Fossil fuels are decreasing as the demand for energy is increasing, it can be seen that with more *demand* but decreasing *supply*, from an economic perspective, the price of fuel oil will soar.
- Bio fuel oil is a mixture of fossil fuels and renewable fuels. The price of renewable fuels is not expensive, because they are made from plants.
- In the future, the price of fossil fuels will be more expensive, but bio fuels will be cheaper
- Integrate the entire system of company activities in pursuit of differentiation and low costs.
- PTPN is a state-owned company that produces various plant products for the government and the state. PERTAMINA can cooperate with PTPN to support bio fuel products (Samid, 2009).
- PERTAMINA can acquire private plantation lands, in order to increase production of bio fuels.
- Cooperating with farmers to build plantations for bio fuel production.
- Build new plantations in large areas such as Kalimantan, Sulawesi and Papua.

- Build refineries for biofuel near the plantations.
- Build pipelines for biofuel, destined for refineries to ports. In order to support distribution to consumers.

Pertamina has basically made a very good breakthrough, in creating its new products, namely Bio Pertamax and Bio Pertamax Plus, but what PERTAMINA has done is not optimal. According to the data obtained, people really want pollution-free air and all lines have led to *go green or back to nature*. This is a very good value if PERTAMINA can maximize it, with its bio-fuel project. This is a form of *Blue Ocean Strategies* for PERTAMINA, which is recommended to be implemented and maximized.

This bio fuel can be maximized because there are no competitor's gas stations that sell the bio fuel even in Asian countries, so competition elapsed. PERTAMINA can go alone and maximize large sales, with the composition of Bio also makes production prices cheaper so that maximum profits can be obtained.

Reconstructing Market Constraints

- Observing the Strategic Groups in Industry.

The fuel oil industry is carried out by many companies in Indonesia, such as PERTAMINA, and also PERTAMINA's competitors such as Shell, Total and Petronas. Bio Petramax and Bio Pertamax Plus products are developments from Petramax and Petramax Plus (RON 92 and RON 95) which products are also sold by Shell which produced Super and Super Extra, Total produce Performance 92 and Performance 95, and Petronas produce Primax 92 and Primax 95 and the products issued by PERTAMINA's competitors were substituted products issued by PERTAMINA such as Bio Pertamax and Bio Pertamax Plus.

- Observing the Strategic Groups in Industry.

The ability of other companies as PERTAMINA's competitors in pursuing Bio fuels is possible, this is because they have reliable personnel in innovating. With government support, cooperation with other SOEs in the procurement of Bio raw materials, PERTAMINA does not need to worry, because the price that PERTAMINA will get is cheaper than its competitors, and customers are loyal to PERTAMINA.

- Observing the Buyer Chain.

The chain of buyers in PERTAMINA is actually not large, this is because PERTAMINA builds its own chain like the existing PERTAMINA gas station, PERTAMINA gas stations only sells its own products.

- Paying attention to emotional or functional appeal for buyers

Products issued by PERTAMINA are environmentally friendly products, this is because fuel oil is mixed with renewable fuels, the combustion results from consumer engine vehicles will be better, and the pollution emitted is less than burning from fossil fuels. People who care about the environment will love environmentally friendly products even more, even if the price of Bio Pertamax and Bio Pertamax Plus is increased, environmentalists will still buy.

- Attention to global issues

PERTAMINA as a company that produces bio products, is in accordance with the needs needed by society today, with the global warming of the earth and increasing pollution, making customers look for something that can reduce the problem. *The current trend* that wants to *go green* and *Back to Nature* is the right time to build Bio products issued by PERTAMINA.

- Focus on the Big Picture, Not the Numbers

PERTAMINA's vision to become a *World Class Oil and Gas Company* will be realized if PERTAMINA makes improvements in many things, so that in the future PERTAMINA can build its *gas* stations in various countries. PERTAMINA started its vision from its own country, by improving PERTAMINA's gas stations in terms of services, facilities and products. PERTAMINA innovates in the form of products, this can be seen from the products of Bio Pertamina and Bio Pertamina Plus, the exhaust emissions from Bio Pertamax and Bio Pertamax Plus are very low, and are included in European exhaust emission standards. For bio fuel products PERTAMINA could penetrate the market share in Europe.

V. CONCLUSION

By utilizing Blue Ocean Strategy enable Pertamina, the State Oil Company of Indonesia to identify the countermeasures to overcome the threat of shifting

market shares toward other foreign gas stations. The problem of quantity and quality (including cleanliness) of the supporting facilities at PERTAMINA gas stations are the two main factors that must be improved if PERTAMINA wants to survive against the threat of competitors who will always try to acquire the PERTAMINA market. The ability of PERTAMINA to develop environmentally friendly and pollution-free products allows PERTAMINA to move from competitive market in 'red ocean' toward the new market in the 'blue ocean'.

However, the lacking of the factors of promotion and information given to customers need to be further improved to attract customers using free pollution environmental Bio fuel and high octane products. In addition, the accuracy of fuel filling, accuracy of payments, and adequacy of facilities at PERTAMINA gas stations can be improved to increase customer loyalty. For future study the focus on promotion, information and hospitality aspects need to be further scrutinized to strengthening the quality of the business.

Conflict of Interest. The authors confirm that there is no conflict of interest to declare for this publication.

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