

## MARKETING MIX STRATEGY ANALYSIS OF BUTONG TEA PRODUCTS AT PT PERKEBUNAN NUSANTARA IV (BAH BUTONG TEA UNIT)

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### ARTICLE HISTORY

Received [ 30 Jan 2025 ]  
Revised [ 08 April 2025 ]  
Accepted [ 09 Sept 2025 ]

### Abstract

The rapid evolution of the Indonesian beverage industry has compelled traditional agribusiness firms to diversify their operations from bulk commodity production to consumer-oriented retail markets. As competition intensifies, state-owned enterprises (BUMN) must adopt sophisticated marketing frameworks to successfully transition into the Business-to-Consumer (B2C) segment. Within this context, PT Perkebunan Nusantara IV (PTPN IV) has strategically leveraged its heritage in tea production to establish a presence in the competitive retail landscape. This study aims to discover the implementation of the 7P marketing mix strategy by PT Perkebunan Nusantara IV Unit Bah Butong which released a new product to enter the retail market in Indonesia. The product is a black tea with the brand name "Teh Butong". The tea produced is categorized as powdered tea and teabags with premium and regular quality. This study uses qualitative methods with data collection using interviews and observation techniques of PTPN IV employees that are responsible for the teh Butong product. The results of the study showed the importance of implementing the 7P marketing mix strategy as an effective way to obtain the consumers. This study also explained how PTPN IV's efforts in maximizing the marketing activities of its new tea products by utilizing the 7P marketing mix strategy as an effort to increase sales to achieve the targets of the company. The findings imply that the company's marketing mix strategy is centered on building brand loyalty within the local market to sustain competitiveness. It is also imperative for management to perform regular assessments of these strategies to drive sales growth and broaden market reach.

**Keywords:** Business to Consumer, Brand loyalty, Brand Awareness, Grade, Marketing Mix, Tea

**How to Cite:** Author, A.A., & Author, B.B. (2025). Instructions/Template for Preparing Manuscript for JISEB. *Jurnal Ilmiah Sosio-Ekonomika Bisnis*, 28 (02), 58-65. <https://doi.org/10.22437/jiseb.41502>



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## INTRODUCTION

PT Perkebunan Nusantara IV (PTPN IV) Unit Bah Butong is a state-owned enterprise (BUMN) located in Bah Butong Village, Sidamanik Subdistrict, Simalungun Regency, North Sumatra Province, operating in the agricultural sector, specifically agro-industry. At present, the main commodity produced by PTPN IV is palm oil. However, during its early establishment, this SOE was originally a Dutch-owned company that focused on tea production, which began during the Dutch colonial era and was later nationalized following Indonesia's independence (Agustina, 2020). The total area of tea plantations managed by PTPN IV is 2,588.95 hectares. The tea products are classified based on processing quality, ranging from the highest to the lowest grade, namely BOP.I, BOP, BOPE, BP, BT, PF.DUST I, BP II, BT II, PF II, DUST II, DUST III, DUST IV, FANN II, BM, and FLOOF (Damanik, Harahap, & Pailis, 2015). In managing large-scale plantations, adhering to plant carrying capacity is essential for sustaining product quality; this balance prevents the degradation of the production ecosystem and safeguards consumer confidence (Nasution et al., 2023)

The company markets its tea products under the brand names "Butong Tea" and "Tobasari Tea." These brand names are derived from the locations of the tea plantations owned by PTPN IV, namely Bah Butong Village and Tobasari Village (Agustina, 2020). This study focuses exclusively on the Butong Tea product produced by PTPN IV Unit Bah Butong. Butong Tea has been commercially produced since the issuance of the BPOM (National Agency of Drug and Food Control) distribution permit on October 15, 2020. The introduction of this product aimed to increase company profitability and diversify its product portfolio, as previously PTPN IV did not sell tea products directly to consumers and was only engaged in large-scale export-oriented business-to-business (B2B) transactions (Dewi, 2020).

However, following an evaluation conducted by the new management of PTPN IV in 2020, export-oriented tea sales experienced a decline in demand, resulting in continuously decreasing profits. Consequently, a new strategy was required to enhance tea sales performance and improve company profitability. As a result, the company conducted market surveys and identified a highly promising market segment for premium and regular tea products in Indonesia's retail market (Siregar, 2020).

The company identified significant market opportunities, particularly given the long-established reputation and recognized quality of tea produced by this state-owned enterprise (SOE). Accordingly, the company decided to enter the retail market through a business-to-consumer (B2C) approach by marketing premium and regular tea products (Agustina, 2020; Dewi, 2020; Siregar, 2020). As a newly introduced product, Butong Tea faces several market-entry challenges, especially in attracting consumer interest within Indonesia's highly competitive retail tea market. Therefore, the implementation of an effective marketing mix strategy is considered essential to achieving the company's marketing objectives.

The marketing mix is widely recognized as a critical determinant of a product's competitive performance and its ability to influence consumer purchasing behavior. Without effective marketing strategies, even high-quality products may fail to achieve market success (Kotler, 2000; Maulana, Najib, & Sarma, 2021). Through the strategic application of the marketing mix, the company aims to enhance its competitiveness by delivering high-quality tea products to consumers. Butong Tea is offered in tea bag and loose-leaf powder formats and is distributed through both online and offline channels

in 100 g and 250 g packaging sizes (Dewi, 2020).

In marketing Butong Tea, the company applies an integrated marketing mix strategy that encompasses product development, market targeting, and quality assurance. The company consistently maintains product quality by implementing strict selection and testing processes for tea leaves based on predefined quality criteria. This approach is intended to strengthen product positioning in the premium and regular tea segments.

This study aims to analyze how PTPN IV Unit Teh Bah Butong implements the 7P marketing mix – Product, Price, Place (Distribution), Promotion, Process, People, and Physical Evidence – in marketing its newly introduced tea products. The study further examines how these strategies support the company's efforts to produce premium and regular tea products capable of competing with established brands in Indonesia's retail market and to achieve favorable consumer acceptance.

Previous empirical studies underscore the importance of the 7P marketing mix in influencing purchasing decisions. Sukotjo and Radix (2020) demonstrated that purchasing decisions at Teta Beauty Clinic in Surabaya were significantly affected by the 7P marketing mix. Similarly, Marcelina and Tantra (2021) found that purchasing decisions in the guest house sector were strongly influenced by price, promotion, place, people, and physical evidence. Furthermore, Putri et al. (2019) identified five internal strengths – taste, packaging, certification, price, and sales location – and four internal weaknesses – production capacity, labor constraints, limited promotion, and packaging design – in the marketing of original black tea produced by the Gondang Sari Kemuning tea industry in Karanganyar. Likewise, Fadila et al. (2022) reported that product differentiation and functional attributes significantly influenced the marketing performance of small-scale rubber farmers, whereas value-added and resonance did not exhibit significant effects.

## RESEACRH METHODS

This study adopts a qualitative research approach to develop an in-depth understanding of the phenomena experienced by the research subjects, particularly those related to behavior, attitudes, motivation, perceptions, and actions (Zahrah et al., 2021). This approach is appropriate for addressing the research objectives, as it enables direct engagement with the research setting and facilitates a comprehensive interpretation of social interactions through field-based data collection.

Data were collected through multiple qualitative techniques to enhance the credibility and trustworthiness of the findings. Specifically, the study employed (1) in-depth interviews, involving direct, face-to-face interactions between the researcher and key informants to elicit detailed and context-rich information relevant to the research objectives, and (2) direct observation, which allowed the researcher to systematically examine marketing activities and organizational practices in their natural setting, thereby ensuring greater accuracy and contextual validity of the data (Yulita, Daryanto, & Indrawawan, 2021).

To strengthen methodological rigor, data triangulation was applied by integrating information obtained from different data sources and informant categories. The use of multiple informant groups enabled cross-validation of findings and reduced the potential for single-source bias. In addition, methodological triangulation was achieved through the combined use of interviews and observations, allowing the

researcher to corroborate empirical evidence across different data collection methods.

The study involved nine informants, categorized into three groups: (1) Main Informants (MI), consisting of marketing assistant staff of PTPN IV Unit Bah Butong; (2) Supporting Informants I (SI1), comprising employees from the technical administration and processing division; and (3) Supporting Informants II (SI2), consisting of office administrative staff of PTPN IV Unit Bah Butong. This classification of informants was intended to capture diverse organizational perspectives and to enhance the confirmability and dependability of the research findings.

Overall, the application of triangulation, systematic data collection procedures, and multiple informant perspectives was designed to ensure the credibility, trustworthiness, and analytical rigor of the qualitative findings.

## RESULTS AND DISCUSSION

### Implementation of the Marketing Mix Strategy on Product

In implementing the marketing mix strategy related to the product dimension, the Main Informant (MI) explained that *“PTPN IV Unit Bah Butong produces three types of tea: black tea, green tea, and white tea. Among these, black tea is the most preferred by consumers; therefore, the company continues to focus primarily on black tea production. Product diversification for other tea types is currently still in the product development stage. The informant further emphasized that Butong Tea represents the company’s flagship product, characterized by its premium quality, stronger aroma, and darker, more concentrated color compared to similar products”*.

Supporting Informant I (SI1) stated that *“the company prioritizes high-quality raw materials in tea production and manages approximately 15 tea grades. For retail markets, Butong Tea powder products classified as Grade II include FAN II and BT II, while Grade III powder products utilize the FLOOF grade. Meanwhile, Butong Tea in tea bag form falls under Grade II, specifically FANN II and DUST IV. The tea is processed without additives and has a shelf life of up to two years from the production date”*. Supporting Informant II (SI2) noted that *“although Butong Tea is relatively new in the retail market, it has already obtained several certifications, including ISO 9001:2015, ISO 22000:2018, halal certification, and BPOM registration”*.

Based on these interviews, it can be concluded that PTPN IV Unit Bah Butong emphasizes high product quality to differentiate *Butong Tea* from competing products. The company maintains its focus on black tea, which is most preferred by consumers, while selecting specific tea grades to establish product distinctiveness. Despite being a relatively new retail product, *Butong Tea* is supported by multiple quality certifications that enhance its market value and consumer trust. Kotler et al. (2024) argue that the product element of the marketing mix should not only focus on functional attributes but also incorporate a Unique Selling Proposition (USP) capable of delivering a distinctive consumption experience and conveying the product’s historical narrative to consumers.

### Implementation of the Marketing Mix Strategy on Price

In terms of pricing strategy, the company sets product prices based on guidelines established by the head office. The Main Informant (MI) explained that *“the prices of Butong Tea are designed to remain competitive with similar products in the market while reflecting its premium quality. The product is positioned within the middle-to-upper market*

segment. Premium Butong Tea is sold at IDR 15,000 for 250 g and IDR 9,500 for 100 g, while regular Butong Tea is priced at IDR 12,000 for 250 g and IDR 7,500 for 100 g”.

The analysis indicates that the pricing component of the marketing mix implemented by PTPN IV falls within the “good” category, with a score of 69.33%. This suggests that the pricing strategy aligns with product quality and consumer expectations while differentiating prices between premium and regular variants and considering competitor pricing. Prasetyani (2023) highlights that well-designed pricing strategies within the marketing mix enhance customer satisfaction and contribute significantly to long-term customer loyalty.

### **Implementation of the Marketing Mix Strategy on Place**

The place (distribution) strategy aims to ensure product availability and facilitate transactions between producers and consumers through strategic distribution channels. The Main Informant (MI) stated that *“Butong Tea is easily accessible to consumers, as PTPN IV has entered modern trade channels, including major supermarkets such as Suzuya Mall Siantar, Super Swalayan, SmarCO, Oke Supermarket, Kasimura Supermarket, Brastagi Supermarket, and Lucky Jaya Supermarket. In addition, the product is distributed through general trade channels, such as traditional markets and small retail outlets, and is also available via online platforms under the Rumah BUMN program, including Shopee, Lazada, and Tokopedia. Consumers and tourists may also purchase the product directly at the PTPN IV tea unit”*.

The place dimension was rated “very good,” with a score of 61.54%. This favorable assessment reflects consumers’ perceptions that *Butong Tea* is widely available and easily obtained across various distribution channels, including modern retail outlets, traditional markets, and online platforms.

### **Implementation of the Marketing Mix Strategy on Promotion**

To increase sales, the company employs various promotional strategies that are implemented in a planned and continuous manner. The promotion dimension achieved a “very good” rating, with a score of 76.15%. The Main Informant (MI) explained that *“promotional activities at the unit level primarily support initiatives coordinated by the head office. Promotional efforts include the distribution of posters and pamphlets, as well as digital marketing through social media platforms such as Instagram and Facebook. The head office marketing team organizes weekly bazaars and events, offering free tea samples to consumers. Additionally, the company provides price discounts for bulk purchases of 1,000 units or more, subject to approval procedures and formal agreements with distributors”*.

Supporting Informant I (SI1) added that *“the company also utilizes endorsement strategies by collaborating with well-known public figures, such as Mak Beti (YouTuber), Babe Cabita (comedian), and Zeze Zhuang (YouTuber/TikTok content creator), to enhance brand visibility and sales performance”*.

These findings indicate that promotional activities are conducted through multiple channels, including direct promotion, social media marketing, printed materials, and celebrity endorsements, to increase public awareness of *Butong Tea* as a new product. This approach aligns with Belch and Belch (2018), who emphasize that promotion functions as a primary communication tool to inform, persuade, and remind target consumers of product advantages while fostering brand awareness and encouraging product trials.

### **Implementation of the Marketing Mix Strategy on Process**

The process element of the marketing mix encompasses production and marketing procedures that support service delivery and transaction completion. The implementation of the process strategy was rated “good,” with a score of 76.9%. The Main Informant (MI) explained that *“sales services operate according to standard working hours, while the head office organizes bazaars and promotional events, particularly during visits by government officials or tourism-related events, where marketing stands are established to facilitate direct sales transactions”*.

Supporting Informant I (SI1) emphasized that *“tea production strictly follows established Standard Operating Procedures (SOPs) to ensure product quality. The production process includes tea grade selection through sorting, manual packaging for loose tea products, and centralized packaging for tea bags in Bandung. Branding emphasizes the tea’s regional identity from Simalungun Regency, reflected in its distinctive taste, aroma, color intensity, and the incorporation of traditional ulos motifs on the packaging. Butong Tea is widely available in supermarkets, traditional markets, and online stores”*.

Overall, the findings indicate that the production and marketing processes are standardized, quality-oriented, and aligned with distribution and branding strategies.

### **Implementation of the Marketing Mix Strategy on People**

Regarding the people dimension, PTPN IV has assigned human resources according to specific roles and responsibilities. The analysis shows that this dimension falls within the “good” category, with a score of 53.8%, indicating that employees demonstrate professionalism, honesty, responsibility, and friendliness in marketing activities.

The Main Informant (MI) explained that *“marketing personnel possess relevant skills and are divided into specific roles, including marketing administration staff, digital marketing personnel, and central marketing teams responsible for direct sales through events, bazaars, and online platforms”*. Supporting Informant II (SI2) emphasized that *“individuals involved in promotional activities are selected based on marketing expertise, public speaking ability, and organizational oversight under the administrative management structure”*.

These findings suggest that the people component of the marketing mix is supported by skilled personnel with clearly defined responsibilities, contributing to effective product distribution and promotion.

### **Implementation of the Marketing Mix Strategy on Physical Evidence**

In terms of physical evidence, the company emphasizes packaging design and product quality to attract consumer attention. This dimension was rated “good,” with a score of 69.2%. The Main Informant (MI) explained that *“Butong Tea packaging features distinctive elements, including traditional ulos fabric motifs and the Simalungun regional identity. Packaging varies between loose tea and tea bag products, with premium variants featuring ulos-themed designs, while regular products use simpler packaging”*.

Based on the interview findings, it can be concluded that two primary packaging formats are used: flexible packaging and boxed packaging. Premium products incorporate *ulos* motifs, whereas regular products do not, thereby clearly differentiating product segments while reinforcing regional identity. Overall, the implementation of the marketing mix strategy focuses on building brand loyalty in the local market to enhance competitiveness. This finding is consistent with Zeithaml et al

(2018), who emphasize that physical evidence (packaging) and process elements are particularly critical for new products in shaping first impressions and encouraging repeat purchases. Continuous evaluation of marketing mix implementation is therefore essential to improve sales performance and expand distribution coverage.

## CONCLUSION

The implementation of the marketing mix strategy – comprising product, price, place, promotion, process, people, and physical evidence – at PTPN IV Unit Bah Butong for the newly introduced product branded as *Butong Tea* has been effectively integrated. *Butong Tea* demonstrates strong market value through its premium quality, derived from carefully selected tea grades, and is supported by multiple certifications that enhance its commercial appeal. Promotional activities for *Butong Tea* are conducted through various channels, including posters, social media platforms, and influencer endorsements, as well as through direct marketing initiatives such as bazaars and the provision of free tea samples. These strategies enable *Butong Tea* to compete effectively with other products in both online and traditional markets.

Despite efforts to ensure methodological rigor, this study has several limitations. First, as the findings are based on a qualitative approach using interviews as the primary data collection method, the results may differ if alternative methodologies are applied. Second, the study focuses exclusively on internal company stakeholders, and the findings may vary if external perspectives – such as those of consumers or other relevant actors – are incorporated. This research therefore represents an initial step in analyzing the marketing mix strategies implemented by the company, and further studies are required to validate and extend these findings.

Finally, this study is expected to provide practical insights for companies operating in Indonesia's retail product sector by assisting them in identifying and evaluating marketing mix strategies that may contribute to success or failure in marketing products, particularly those newly introduced to the market.

## ACKNOWLEDGMENTS

Thankyou to all parties who have helped so that the completion of this research can be carried out as planned.

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