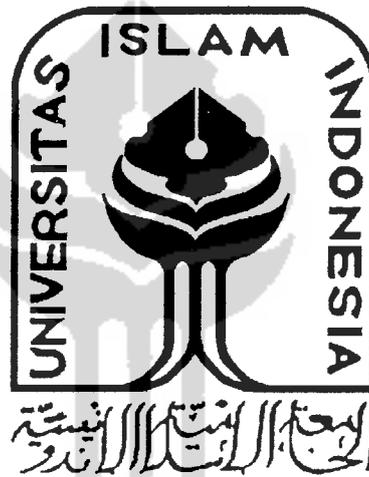


**THE ANALYSIS OF MARKETING STRATEGY AT TOYOTA
KIJANG INOVA**

A THESIS

**Presented as Partial Fulfillment of the Requirements
To Obtain the Bachelor Degree in Management Department**



By

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YOGYAKARTA
2005**

THE ANALYSIS OF MARKETING STRATEGY AT TOYOTA KIJANG INNOVA

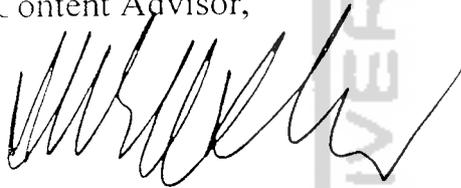
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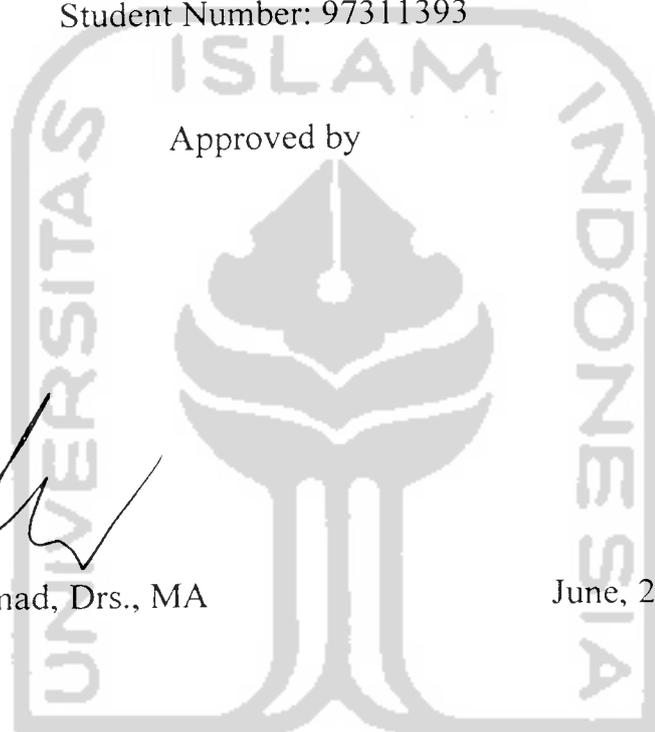
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Finally, this thesis is still far from perfect, but hopefully this thesis could be useful for the company itself to analyze their marketing strategy and able to implement the appropriate strategy in their business.

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Jogjakarta, June 2005

Willy Gunawan



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ABSTRACT

Marketing strategy, like the other corporate strategies, is a point that really needs to be concerned by the company in order for them to run their business. It is because; marketing strategy can be used as a fundamental tool which can be planned systematically in obtaining the company's goal, by developing its competitive superiority through the market entered and marketing program that is used to serve the target market.

This research is done in Toyota Astra Motor by using questionnaire as a research instrument, which is filled by customer, the management staff of the company until the second level (supervisor).

In this research the writer uses two analysis tools, they are SWOT diagram analysis (4 quadrant), and SWOT matrix analysis (4 cell). The use of SWOT Diagram analysis is to determine the company's position according to the strength and the weaknesses possessed by the company and also the threats and opportunity faced by the company. While the SWOT matrix analysis is done to be able to determine another alternative for company's strategy.

The result of this research shows that the business position of Toyota Kijang Innova is on the second quadrant for the SWOT analysis. This result shows that Toyota Kijang Innova is at the growth position.

Based on that analysis, the company can use the combination of ST strategy alternative. The strategy instrument that can be done by the company to use the strength in order to reduce the threat is by improving product and service quality to the customer, and price level adaptation to surpass low product demand, maintain the product quality, service to the customer and price level adaptation which is relatively better than the competitor, using province economic potency to increase market segment, improve and apply drive to change in order to settle the insufficient support from the university and the government policy.

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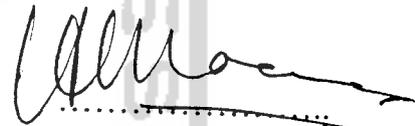
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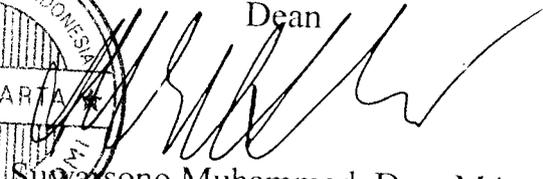
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CHAPTER I

INTRODUCTION

1.1. Background of the Study

Marketing is a business function that held is to recognize every need and every demand of customer, to decide what market target which can be fulfilled well by the company, otherwise to design every product, service or proper program to serve its market (Kotler & Armstrong, 1996: 5).

Marketing is not one isolated business function. Marketing is the basic philosophy which becomes every organization's guideline. The main issue of marketing is creating customer satisfaction through one-way link development with the important customer. Marketing division itself can not do this thing alone in order to achieve this goal. This department has to work together with the other department in the organization or company through value creating system in order to give a superior value to the customer.

Many people thought that marketing is all about advertising and selling, but the real marketing is how to create market leadership through customer comprehension and find the solution of customer satisfying because of quality, value or superior service. If the customer can not get the value itself or in other words they are not satisfied, whatever it costs that is allocated for advertising, it will not be replaced.

The purpose of marketing is to effectively allocate and coordinate the marketing resources and activities to accomplish the organization objectives within a specific

product market (Walker Jr. Boyd Jr. Earache, 1993:13). In order to achieve the marketing goal of every company or organization, it is very important for each company or organization to formulate their marketing strategy. The decision that involves in the marketing strategy is about the market segmentation, market targeting, positioning, and marketing mix. All those decisions are the key success for the company. Knowing the segment, the target market, well positioning in the market will affect the objectives setting of the company. A wrong decision of one of the activities will affect to the goals achievements. That is important to set the marketing strategy well. Well planning, implementation, and control of the marketing strategy will help the company to achieve the goal of the company.

When Toyota Kijang was produced in the first time at 9th June 1977, in which the design was simple with its square *half door* pick up and the window made from canvas and plastic. At that time, Kijang was produced as a means to compete with Colt T 120 which was the leader of pick-up car market. It was not astonishing if Kijang was positioned as “*Andalan Dunia Usaha*”. This campaign was used by Toyota to advertise its first product of Kijang at 70’s until 80’s.

In the next development, slow but sure, Kijang has switched its character. It was from small pick up to become minibus. Starting from the third generation of Kijang (Super Kijang 19986-1996), Kijang then demonstrated the next marketing campaign which was “*Kijang Memang Tiada Duanya*”. From that kind of slogan Toyota Astra Motor tried to say that emotionally, consumers have received the presence of Kijang. It is supported by sales data from 1987 until 1997 in which Kijang was always sold

more than 30.000 units for every year, and it lasted until the fourth generation of Kijang (Kijang Capsule, 1997-2004).

On 1st September of 2004 Kijang showed its latest models which named Kijang Innova and built under IMV (Innovative Multipurpose Vehicle) platform. Now Kijang has “Beautiful [R]evolution” as its campaign. Kijang Innova does not mean at the same level with Mitsubishi Kuda, Isuzu Panther or Daihatsu Taruna. But now Kijang has entered Chevrolet Zafira and Honda Stream territory which are premium multi purpose vehicle class. From the first Kijang production, it can be concluded that Kijang has switched its position from inferior goods carrier into luxurious human carrier. In other words, Kijang has raised its class in every moment it shows its latest model.

Based on the statement above, it is interesting to know Kijang’s latest segmenting, targeting, and positioning. The result from its research will be written as a thesis entitled:

“The Analysis of Marketing Strategy at Toyota Kijang Innova”

which the product of Astra Motor International, Tbk.

This research will analyze the competition, current marketing strategy, and affectivity of Kijang Innova, SWOT analysis and later will formulate the alternative strategy for Toyota Astra Motor to market Toyota Kijang Innova.

1.2. Problem Identification

The marketing strategy has an important role in developing and managing the business, so that it will keep survive in the local or even global competition and also to find the best strategy for the managers. The appropriate marketing strategy is very important because it can perform strategic plan to win the competition in the accessible market.

Toyota Kijang Innova is one of Toyota Astra Motor Companies. As a product company, marketing strategy is important.

Therefore, in this thesis the writer will identify the problems through some questions below:

1. How is the marketing strategy of Toyota Kijang Innova?
2. How is the current position of Toyota Kijang?
3. What is the most appropriate Marketing Strategy based on the current situation?

1.3. Problem Formulation

Marketing plays important roles to keep the business survive. High competition, increasing market segmentation, complexity, and smart buyer have created a higher importance in the marketing strategy. Then the problem is what kind of Marketing Strategy of Toyota Kijang Innova that is more appropriate to be implemented to deal with tightening competition, and rapidly changing of Indonesian family vehicle market share.

1.4. Limitation of Research Area

The limitations of the research are used to limit the scope of the research so that the research can be more specific. Therefore, the research limitations are:

1. The research will involve PT. Toyota Astra Motor as the manufacturer of Toyota Kijang Innova.
2. In the research what will be analyzed are all things related to marketing.
3. The marketing strategy analyzed is the strategy for Toyota Kijang Innova.

1.5. Research Objectives

The purposes of the research are:

1. To identify current Marketing Strategy of Toyota Kijang Innova.
2. To know the position of Toyota Kijang Innova in the multi purpose vehicle competition.
3. To determine the marketing strategy that can be applied precisely based on the position of the product in the competition.

1.6. Research Contributions

1. For company management

This research is expected to give information about Toyota Kijang Innova position (business strength position and the most appropriate marketing strategy that could be implemented).

2. For the writer

This research is expected to provide the researcher experience in conducting marketing research process especially in marketing strategy and expected to give marketing knowledge in marketing field.

3. For others

It is useful to get information related to the marketing strategy about similar research and give more knowledge about product marketing.

1.7. Definition of Terms

These are some definitions of terms that should be defined to avoid miss understanding of the research. Those are:

- Marketing is the process of creating product, then planning and carrying out the pricing, promotion, and placement of that product by stimulating buying exchanges in which both buyer and seller profit in the same way (Sarah White, 1998).
- Marketing strategy is defined as the analysis, strategy development, and implementation activities in selecting market target strategies for the product-markets of interest to the organization, setting market objectives, and developing, implementing, and managing the marketing program positioning strategies designed to meet the needs of customers in each market target (David W. Cravens, 1997: Strategic Marketing).

a strategy that maximizes the strength and opportunity and also minimizes the weaknesses and threat of the company.



CHAPTER II

REVIEW OF RELATED LITERATURE

In this chapter we will try to understand about the meaning of strategy and what are the characteristics of strategy in order to make it effective for the company. To make the strategy more effective, inevitably it also needs a good management. In this chapter we will also discuss the meaning of strategic management and knowing what is the principal component of management strategy.

Every company must notice buyer's need and wants so as to compete in the market. Thus in this chapter we will also discuss the meaning of marketing strategy and the importance of making a good marketing strategies for the company. This chapter also discusses about the SWOT concept since SWOT, by knowing the internal factor and the external factor of the company, can be used to find the best strategy for the company.

2.1. Strategy and Strategic Management

There is no single, universally accepted definition of strategy. Different authors and managers have different definitions, depending on how they understand the subject. Experience has shown that it is better not to provide a precise definition of what strategy is; rather, the emphasis should be on understanding issues that underlie various definitions and then see which definitions holds up better in specific content.

Two keys in understanding strategy will be to examine the dimensions of strategy and define criteria for evaluating an effective strategy.

Quinn provides a framework for both¹. For Example, with regard to dimensions of strategy, he suggested four aspects, viz.: 1). Strategy contains three essential elements: Goals and objectives to be achieved, key policies that should guide actions and action programs that are to be initiated to accomplish the goals. 2). Good strategies are formulated around a select number of concepts and thrust areas. This is needed for cohesion, balance and form. 3). the strategy should help in building a position that can withstand unforeseeable external forces and 4). In an organization, there is a hierarchy of related and mutually supporting strategies.

For a strategy to be effective, it must have the following key characteristic²:

1. Objectives and goal since are clearly stated and considered to be decisive and attainable;
2. There is scope for initiative and freedom of actions—the chosen strategy should also enhance commitment;
3. It should enable mobilization and use of resources at decisive points in order to ensure success and enhance the superiority of the firm vis-à-vis the competition;

¹ Das, Rajnan (2000). *Crafting The Strategies: Concept and Cases In Strategic Management*. New Delhi: Tata Mcgraw-Hill Publishing Company Limited.

² Das, Rajnan (2000). *Crafting The Strategies: Concept and Cases In Strategic Management*. New Delhi: Tata Mcgraw-Hill Publishing Company Limited.

4. It should have flexibility and maneuverability to facilitate the alternation of a course of action and also to minimize the fixed allocation of resources to defend the firm's position in market;
5. It must be championed by committed leadership; in other words, the interest and values of key managers must match the needs of their role;
6. The strategy must make use of speed, secrecy and intelligence to initiate a surprise attack on opponents, with a view to altering the relative competitive position;
7. The strategy must protect the resource base of the organization as well as the key operating points from attacks by competitors.

Mintzberg describes strategy as plan, pattern, position and perspective³. Strategy is a *plan* since it spells out a conscious and intended course of action to deal with a situation. Strategy is a *pattern*, in a stream of actions taken by a firm, which implies a consistency in managerial behavior and thought processes. It needs to be noted that strategy as a *plan* and strategy as a *pattern* can be different; for example, plans may not be 'realized' while a pattern may emerge without a formal plan.

Strategy is also a position in the sense that it is a 'fit' between the firm and its environment. Such a position can be achieved through a plan or through a pattern of behaviour. Defined on this basis, strategy is really aimed towards seeking and

³ Das, Rajnan (2000). *Crafting the Strategies: Concept and Cases in Strategic Management*. New Delhi: Tata Mcgraw-Hill Publishing Company Limited.

Strategic management is defined as the set of decisions and actions that result in the formulating and implementation of plans designed to achieve a company's objectives.⁴

Strategic management involves the planning, directing, organizing, and controlling of a company's strategy-related decisions and actions. By strategy, managers mean their large-scale, future-oriented plans for interacting with the competitive environment to achieve company objectives. A strategy is a company game plan. Although that plan does not precisely detail all future deployments (of people, finances, and material), it does provide a framework for managerial decisions. A strategy reflects a company's awareness of how, when, and where it should compete; against whom it should compete; and for what purpose it should compete.

Using the strategic management approach, managers at all levels of the firm interact in the planning and implementing. Therefore, an accurate assessment of the impact of the strategy formulation on organizational performance requires not only financial evaluation criteria but also non-financial criteria—measures of behavior-based effects. In fact, promoting positive behavioral consequences also enables the firm to achieve its financial goals.⁵

Strategic management will lead the company to make strategic decisions. Strategic decision is a tool to gain company missions. Strategic decision will make

⁴ Pearce, John A, *Strategic Management: Formulation, Implementation, and Control*, 7th edn, McGraw-Hill Book Co., 2000.

⁵ Pearce, John A, *Strategic Management: Formulation, Implementation, and Control*, 7th edn, McGraw-Hill Book Co., 2000.

the company's policies, which is the guide for the company how to act. These policies will show how source must be allocated and how the job in the company should be done, so manager can implement strategy appropriately.

2.1.1. The Principal Component of Management Strategy

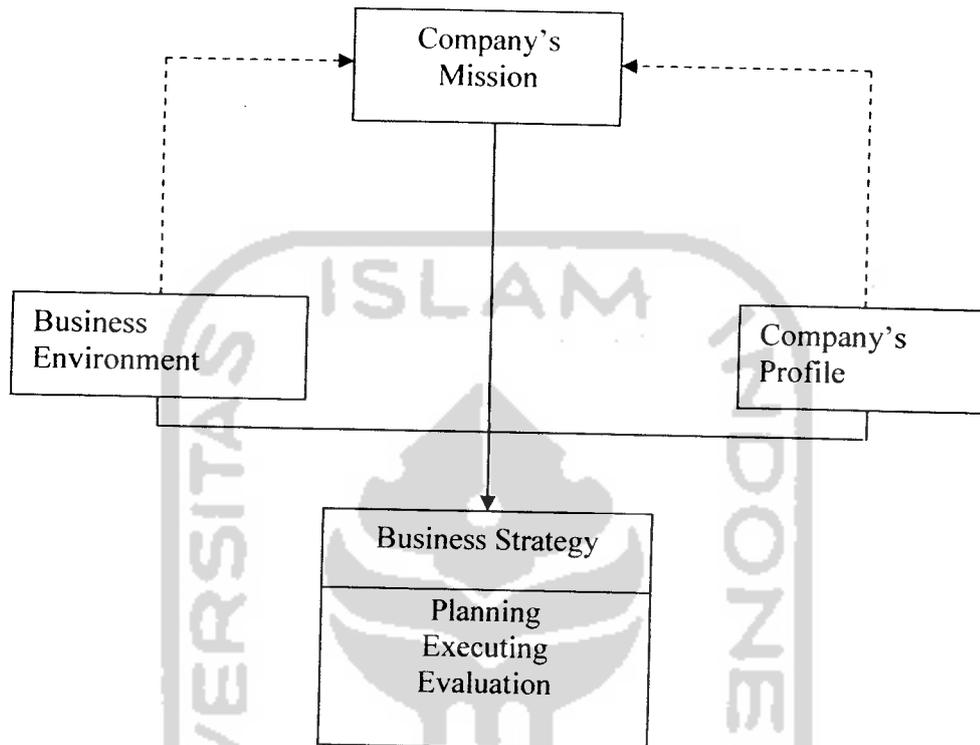
In the practice, the component of business strategic is done according to the management principal function, they are planning, implementing, and controlling, because of that, business strategy consist of three process that connected to each other and unbroken, the process of formulating, execution, and controlling of the strategy. The last process is needed for giving a feedback to next planning process.

The Principal Component of Management strategy⁶

1. Business environment analysis
Need to analyze the business opportunities and threats.
2. Company profile analysis
Need to identify the strength and the weaknesses of the company.
3. Business strategy (planning, execution, and evaluation)
Need to obtain the company's goal,
4. Company's mission

⁶ Suwarsono (1994), Manajemen Strategik: Konsep, Alat Analisa, dan Konteks. UPP AMP YKPN

Figure 2.1. The principal Component of Management Strategy⁷



1. Business Environment Analysis

Business environment analysis is meant to try to identify the business opportunities, which need attention from executives, and at the same time, is aimed to examine the business threats that need anticipation by the company.

Business Environment analysis consists of:

- ◆ Macro environment Analysis

⁷ Suwarsono (1994), Manajemen Strategik: Konsep, Alat Analisa, dan Konteks. UPP AMP YKPN

This environment consists of economy, technology, politics environment including government, law, and socially-culture environment.

- ◆ Industrial environment (competitive environment)

Industrial environment is placed between the macro environment and the prospect of the company and because of that; it is called as the intervening variable. However, without being influenced by macro environment, industrial environment can also stand itself to the company's objective.

2. Industrial Environment and Competitor Analysis

Industry environment analysis and competitor is undivided part from the business environment analysis. A lot of things influence industry environment in general such as industry growth, product innovation, technology improvement, competition, and government policy, change of customer attitude and lifestyle, and also business risk.

Industry environment analysis is a way to find the threats and opportunities of the business as the effect of strategy and business behavior of competing business in one marketing environment.

company holds huge market share. In this market structure, the barrier to enter is very low.

- E) Perfect Market competition. There are many sellers and buyers which do not have the power to influence market. Barrier to entry is very low and almost zero. In the competition environment analysis, the condition of competition in the industry is depending on five main competition forces.

These five forces are power of supplier, power of buyer, threats of potential entrants, threats from substitutes, and intensity of rivalry among existing operators. This reflected that the competition is not only with the existing company but everything is a competitor for the company in a certain situation.

Any change in the above five forces alters both competitive rivalry and industry profitability. This being so, a strategist needs to understand each of these five forces in all their subtleties and complexity in order to develop the correct insight.

3. Company Profile Analysis.

The formulation of business strategy gives sign that there is a deeper analysis to the appearance of business opportunities and threats. Besides that, the company must understand their internal factor precisely to be able to know their strength and weaknesses. From the internal analysis, the company will be able to know the company's strategic advantages profile.

In identifying the internal variable, the functional approach is used because it is the simplest approach. According to this approach, company's profile can be seen

from all kind of business function inside the company such as marketing, financial, operational and production, human resource, research and development and company culture functions.

4. Company Mission

Company mission has a very important role in achieving the company's objective. The mission gives instructions also the boundary in the process of obtaining the objective. Based on that, the owner and the management not only try to achieve the objective but the objective that is being obtained must be in conformity with the company's characteristic.

In the process of formulating strategic management, the formulation of company mission is usually done first, even the process of formulation; it cannot leave the internal and external factor. Company mission is the answer to the question "what is our business" for now and for the future.

2.2. Marketing Strategy

Every company must understand buyers' needs and wants and effectively combines and directs the skills and resources of the entire company to provide high levels of satisfaction to its customers. It is referred to "that model of competing, which links R&D, technology, innovation, production, and finance—integrated through marketing's drive to own a market—is the approach that all competitors will take to succeed in the 1990's"⁹ Rather than a specialized function within the

⁹ David W. Cravens (1997). *Strategic Marketing*, Fifth edition, Irwin.

organization, marketing is a central process of the entire business. Marketing includes all of the various actions of the organization that are aimed at providing customers with superior value.

Numerous definitions are used to define marketing nowadays. As Kotler (2000a:8) defines it as:

“Marketing is a social process by which individual and groups obtain what they need and want through creating, offering, and freely exchanging products and services of values with others”.

From the definition above, marketing is viewed as an exchange process that can be done by either individual or organization to satisfy their needs and wants. Moreover, the most important part is not selling but to know and understand the customer so well that the product or service fits and sells itself.

While Stanton (1991:5) defines it as, “Marketing is a total system of business activities designed to plan, price, promote, and distribute want satisfying products to target markets to achieve organizational objectives”.

It means that marketing is an interaction trying to make an exchange connection. Marketing makes decisions in setting the price of the product, promotion and distribute the goods and services to the consumer. Considering that, there are many activities had to be done in marketing, it should be arranged well so that marketing can be done effectively and efficiently, which is through marketing management.

Marketing Management is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals.¹⁰

This definition recognizes that marketing management is a process involving analysis, planning, implementation, and control; that it covers goods, services, and ideas; that it rests on the notion of exchange; and the goal is to produce satisfaction for the parties involved. The planning step is a very crucial step in to secure the life and the success of the company. This process is a process based on forecasting of the possibilities that can happen in the future like the diversification of the program, procedure, and policy in order to gain the goals of marketing.

Marketing plans are developed, implemented, evaluated, and adjusted to keep the strategy on target. After making a good marketing plan, the next step is executing the conception. In executing marketing plan, we need special step that is called Marketing Strategy.

Marketing Strategy is defined as the analysis, strategy development, and implementation activities in “selecting market target strategies for the product-markets of interest to the organization, setting marketing objectives, and developing, implementing, and managing the marketing program positioning strategies designed to meet the needs of customers in each market target”.¹¹

¹⁰ Kotler, Philip. (1980). *Marketing Management: Analysis, Planning, Implementation, and Control (Ninth Edition)*. New Jersey: Prentice Hall

¹¹ David W. Cravens (1997). *Strategic Marketing*, Fifth edition, Irwin.

company can maximizing their Strength and Opportunities and also minimizing the threats for the company.

Strengths

Strength is a resource advantage relative to competitors and the needs of the markets when firms serves or expects to serve. It is a distinctive competence when it gives the firm a comparative advantage in the marketplace. Strength arises from the resources and competencies available to the firm.

Weaknesses

A weakness is a limitation or deficiency in one or more resources or competencies relative to competitors that impedes a firm's effective performance.

Opportunities

An opportunity is a major favorable situation in a firm's environment. Key trends are one source of opportunities. Identification of a previously overlooked market segment, changes in competitive or regulatory circumstances, technological changes, and improved buyer or supplier relationships could represent opportunities for the firm.

Threats

A threat is a major unfavorable situation in a firm's environment. Threats are key impediments to the firm's current or desired position. The entrance of new competitors, slow market growth, increased bargaining power of key buyers or suppliers, technological changes, and new or revised regulations could represent threats to a firm's success.

SWOT analysis can be used in many ways to aid strategic analysis. The most common way is to use it as a logical framework guiding systematic discussion of firm's resources and the basic alternatives that emerged from this resource-based view. As what one manager sees as an opportunity, another may see as a potential threat. Likewise, strength to one manager may be a weakness to another. Different assessment may reflect underlying power considerations within the firms or differing factual perspectives. Systematic analysis of these issues facilitates objective internal analysis.¹²

2.3.1. SWOT Analysis Steps.

Several steps are needed to make a SWOT analysis:

1. First steps

Determining the internal factor in the company, which are the strength factor and the weaknesses factor compare to the same kind of business, and then determine the external factors, which are the opportunities factors, and the threats factor to the company in doing their business. Then, make table, in which the first table consist of the strength and weaknesses factor and in the second table consist of opportunities and threats factor.

2. Second steps

After classifying all factors as strengths, weaknesses, opportunities and threats and then in the second column of table, every factor is being given a value, starting

¹² Pearce, John A and Robinson R.B (2000). *Strategic Management: Formulation, Implementation, and Control*, 7th edn, McGraw-Hill Book Co.

from 1.0 (most important) until 0.0 (not important), according to the influence of that factor to the company (all of that value cannot be scored more than 1.0).

3. Third steps

Calculating the rating or the score (in the third column) for each factor by giving a scale from 4 to 1 score from the internal and external factor.

Score 1: Below Average

Score 2: Average

Score 3: Above Average/ Good

Score 4: Very Good

And then we multiply the score and the value in the fourth column, the product of the multiplication is to place the company in the SWOT diagram.

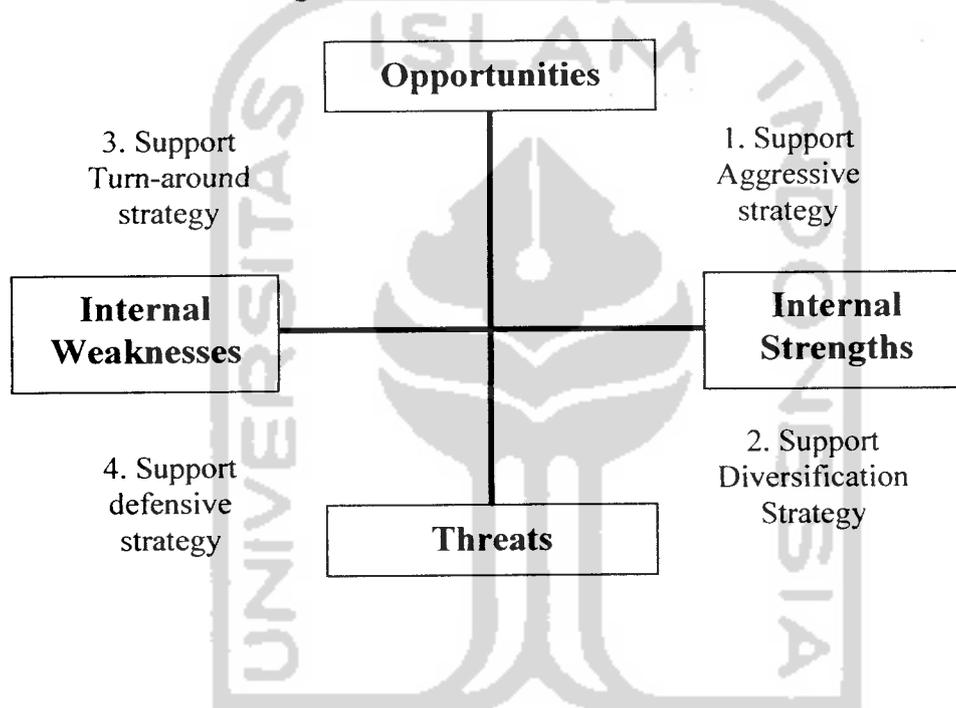
3. Fourth steps

Making comparison between product of multiplication of Strength and weaknesses score, Opportunities and threats score. If the score of the strength is more than the weaknesses score it can be said that the position of the company is stronger from its competitor and also in the others ways if the score of the strength is less than the score of weaknesses It means that the position of the company is weaker than its competitor. If the product of the multiplication from Opportunities score is more than the threats score it means that the company have more opportunities that its competitor while the threats from other company is meaningless for the company. In the other ways if the product of multiplication of opportunities scores is less than the

threats score, it means that the company is losses in the competition of getting the opportunities.

According to that SWOT Analysis, the company can be positioned in the four quadrants in the SWOT analysis diagram, as shown below:

Figure 2.2. SWOT Analysis Diagram



Source : Rangkuti, Freddy. (2002). Analisis SWOT: Teknik Membedah Kasus Bisnis. Jakarta: Gramedia Pustaka Utama. : 19-20

First Quadrant: This is a very good condition. The company has Opportunities and Strengths so it can use all the opportunity exist. The strategy that must be applied in this condition is the strategy supporting the aggressive growth policy (Growth oriented Strategy).

CHAPTER III

RESEARCH METHOD

3.1. Research Method

The research method employed in this study use the qualitative analysis. The researches will asses the performance of company's position and strategy used in the market by using internal and external variable data.

3.2. Research Object

The objects being investigated in this study were the strategy used by PT. Toyota Astra Motor to market Toyota Kijang Innova to reach its success. Toyota Kijang always raises its class and repositioning the product in the market since it was launched in the middle of 70's stage by stage. It is interesting to know the market position of Toyota Kijang Innova since it is totally a brand new Kijang.

3.3. Research Instrument

1. Internal - External Matrix.
2. SWOT Matrix

3.4. Data

3.4.1. Type of Data

There are two kinds of data that the researcher needs to do the research, they are:

1. Primary Data

Primary data are data which describe Toyota Kijang Innova, involving:

a. Manufacture Marketing Activities.

It means that observing every marketing activities subscribed by Toyota Astra Motor to build Toyota Kijang Innova product image among its competitor, involving every marketing campaign held by Toyota Astra Motor.

b. Operational Activities.

Collecting about Toyota Kijang Innova production activities data, such as building material for Toyota Kijang Innova. The operational activities will determine the product price policies which support Toyota Kijang Innova positioning campaign.

c. Services Activities.

Observing about service held by Toyota Astra Motor to support the Toyota Kijang Innova customer, including pre sale service or after sale service, such as every sales facilities, maintenance depot, or spare part availability.

2. Secondary Data

Secondary data are data that support the primary data obtained from the annual report of the company and information published on the website media, magazine, journals, and newspaper. The secondary data supporting the writer to obtain the valid product data.

3.4.2. Data Collection Method

Methods that are used in this research are:

1. Interview

Interviewing is information and data collection through direct face interchange on meeting with party holding information needed by writer, such as information about market share, sales volume, and the profit earning of the company.

2. Observation

Observation has been done in the research area and systematically used to gather and support the data.

3. Questionnaire

The questionnaire has been given to the personnel of the company, such as the upper level of marketing manager, personnel manager and director of PT. Toyota Astra Motor.

4. Bibliography

a. Literature Study

Understanding and studying books and journals related to the problem discussed.

b. Document Study

A study using notes or reports from the past performance study.

3.5. Data Analysis Technique

Internal analysis covers some company's management functions that consist of corporate structure, corporate culture and corporate resources. Marketing aspects which are included in the corporate resources will be studied deeply with marketing mix analysis. And for the external condition which has influenced to the company's performance, is divided into two factors; macro environment and micro environment. Macro environment consists of demographic, economic, political or legal, socio-cultural and technological environment. Micro environment consists of customers, suppliers, competitors, new entrants, and relative power of stakeholders.

Analytical tools used SWOT analysis that consists of SWOT matrix and Internal – External Matrix that resulted from Internal Strategic Factors Analysis Summary (IFAS) and External Strategic Factors Analysis Summary (EFAS).

1. Internal Strategic Factors Analysis Summary (IFAS).

Determining IFAS:

- a. List Strengths and Weaknesses (5-10 each) in the 1st column.
- b. Weight each factor from 1.0 (Most Important) to 0.0 (Not Important) in the 2nd column based on that factor's probable impact on a particular company's strategic position. **The total weight must sum to 1.00.**
- c. Rate each factor from 5 (outstanding) to 1 (poor) into 3rd column, based on management's current response to that particular factor. Each rating is a judgment regarding how well the company's management is currently dealing with each internal factor.

- d. Multiply each factor's weight (2nd column) times its rating (3rd column) to obtain each factor's weighted score in 4th column.
- e. Add the weighted scores to obtain the total weighted score for the company in 4th column. This tells how well the company is responding to the strategic factors in its internal environment.
- f. From the analysis, it can be drawn a comparison between strength and weaknesses. If the strength is greater than weaknesses, it means that the company has a strategic advantage compared to the same industrial group.

Figure 3.1. Internal Strategic Factors Analysis Summary (IFAS)

Internal Strategic Factors	Weight	Rating					Weighted Score
		5 Out standing	4 Above Average	3 average	2 below average	1 Poor	
Strengths: A. B.							
Weaknesses: A. B.							
Total							

Source: *Wheelen, Thomas L. and Hunger, J. David; Strategic Management and Business Policy, 2000*

2. External Strategic Factors Analysis Summary (EFAS).

Determining EFAS:

- a. List Opportunities and Threats (5-10 each) in the 1st column.

- b. Weight each factor from 1.0 (Most Important) to 0.0 (Not Important) in the 2nd column based on that factor's probable impact on a particular company's strategic position. **The total weight must sum to 1.00.**
- c. Rate each factor from 5 (outstanding) to 1 (poor) into the 3rd column, based on management's current response to that particular factor. Each rating is a judgment regarding how well the company's management is currently dealing with each external factor.
- d. Multiply each factor's weight (2nd column) times is the rating the (3rd column) to obtain each factor's weighted score in the 4th column.
- e. Add the weighted scores to obtain the total weighted score for the company in the 4th column. This tells how the company responds to the strategic factors in its external environment.
- f. From the analysis, it can be drawn a comparison between opportunities and threats. If the opportunity greater than threat, it means that the company has greater opportunity than threat that might arise from external environment.

Figure 3.2. Internal Strategic Factors Analysis Summary (IFAS)

Internal Strategic Factors	Weight	Rating					Weighted Score
		5 Out standin g	4 above average	3 average	2 below average	1 Poor	
Strengths: A. B.							
Weaknesses: A. B.							
Total							

Source: *Wheelen, Thomas L. and Hunger, J. David; Strategic Management and Business Policy, 2000*

3.6. Market Attractiveness Business Position Analysis

There are many steps that should be done to identify the competitive strategy in order to make the directed evaluation. These steps are:

1. Identify and evaluate the internal variables
2. Identify and evaluate the external variables
3. Determine the business position

In spite of those steps, still there is an important step, i.e. identifying the key success factor as a competitive strategy and compare with the competitors.

After identifying the key success factor, some steps should be executed:

- a. Prioritize which of the key success factor for the company.
- b. Determine the weight of key success factor on the total of 1.00, and then give rating to each variable by using four scale measurements. In this measurement,

the rate of 1.00 is a major weakness, 2.00 are weaknesses, 3.00 is medium 4.00 is strength, and 5.00 is the major strength.

- c. The next step is to multiply the key success factor which has been weighted by the rates.
- d. Sum the result of multiplication, so it will get a result which is called an average value.
- e. Take a conclusion about the company's competitive advantage and its weaknesses.

The Market Attractiveness or Business-Position Matrix suggests conducting a forecast of future changes in market attractiveness or competitive position in addition to, but separately from, an assessment of the current situation. This reflects the fact that a decision to target a particular segment is a strategic choice that the firm will have to live with for some time in the future.

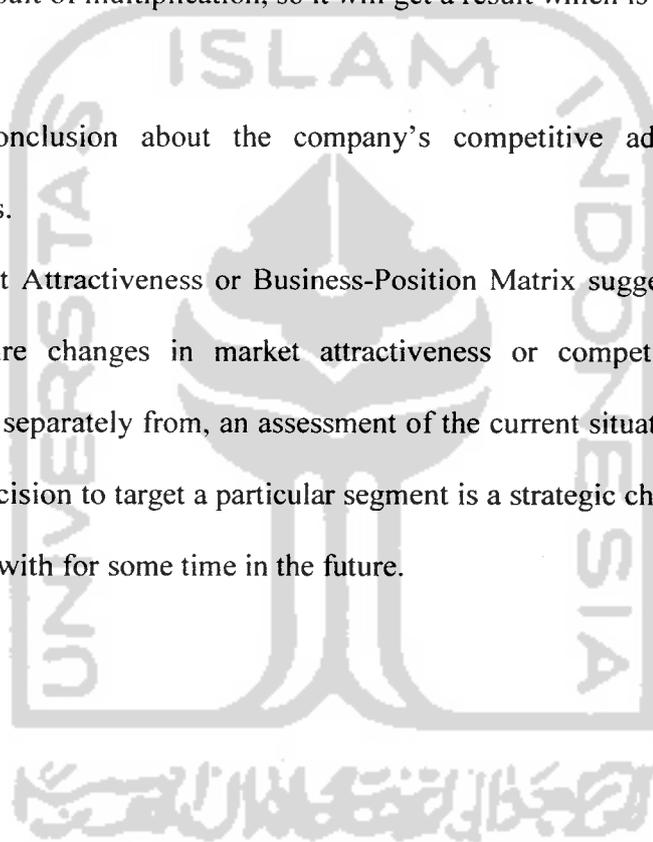


Figure 3.3. Market Attractiveness or Product-Position Analysis

		Market Attractiveness		
		4.0	3.0	2.0
Business Position: It's Ability To Compete	3.0	I Invest/Grow	II Invest/Grow	III Selective Investment
	2.0	IV Invest/Grow	V Selective Investment	VI Harvest/ Divest
	1.0	VII Selective Investment Divest	VIII Harvest/ Divest	IX Harvest/ Divest

Source: Aaker, David A., *Strategic Market Management*, 4th edition, (1997)

Note:

Invest/Grow : Represent the organization's best long-run opportunities for growth and profitability.

Selective Investment : Divisions positioned have a high relative market share position but compete in low-growth industry.

Harvest/Divest : Divisions of the organization have a low relative market share position and compete in slow or no market industry. Because of their weak internal and external position, these

businesses are often liquidated, divested, or trimmed down through retrenchment.

3.6.1. SWOT Analysis

The tools used to arrange the company's strategic factor is SWOT analysis. This analysis can describe clearly the external opportunity and threat faced by the company as well as strength and weaknesses owned. By using SWOT analysis, it can be determined the company's strategies factor in kinds of SWOT matrix.

The indicators included into the SWOT matrix are an indicator which has a high weight and rate on the internal and external variables. It is because those indicators are important for the company in understanding the current and future strategy.

After SWOT matrix has been arranged, the next step is determining the alternative strategic which is arranged based on the result of strategic factor analysis whether internal or external factor. Thus, the strategic factor that has been determined can be implemented wisely as what has been indicated by the company. A company can see what the best strategy is used in facing the competitors and in order to increase the target market, and also to anticipate the threat faced by the company.

Steps in determining SWOT matrix:

- a. Make a list of opportunities as the company's external factors.
- b. Make a list of threats as the company's external factors.
- c. Make a list of strengths as the company's internal factors.
- d. Make a list of weaknesses as the company's internal factors.

3.6.2. Space Analysis Matrix

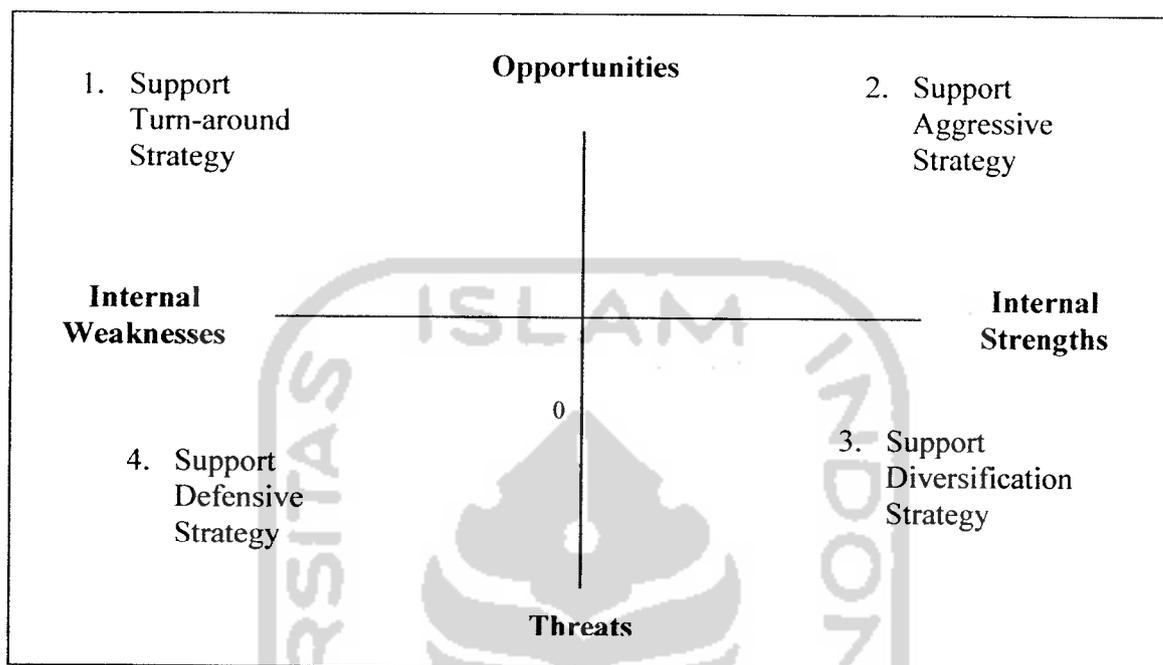
From the result of the total calculation of score and value on the strength, weakness, opportunity, and threat component, we determine the number of those variables that have a big contribution to the Product.

From the total result of calculation of score and value on the opportunities component, we will obtain a number. Several variables have big contribution to the opportunities for the company. Meanwhile, the other variables give relatively lower contribution to the company. From the calculation of Positive factor and Negative factor, it will be determined the position of the product.

According to SWOT analysis above, the coordinate for the SWOT table can be determined, as follows:

- X axis = Strength – Weaknesses
- Y axis = Opportunities – Threats

The coordinates above will be put in the SWOT diagram as seen in the picture below Horizontal axes on the diagram represent kind of internal strategy factor of the company that consists of Strength and Weaknesses of the company. While the vertical axis represents the external strategy factors which consist of opportunities and Threats faced by the company. Each quadrant has a different interpretation which means each quadrant also has a different implementation of strategy.

Figure 3.4. Space Analysis Matrix

CHAPTER IV

PRODUCT PROFILE, DATA ANALYSIS AND FINDINGS

4.1. Product Profile

4.1.1. Toyota Astra Motor Profile

Toyota Astra Motor is the biggest national automotive manufacture. It was established on 12 April 1971, as initially meant to be an importer and Distributor Company of Toyota products in Indonesia. But it had rapid progress, so finally a manufacturing company was established.

Finally, two years later, in 1973, PT. Multi Astra was established, especially for manufacturing company. In 1976 PT. Toyota Mobilindo was established as a body manufacturer for Toyota Products in Indonesia. In 1982, PT. Toyota Engine Indonesia was established. This is an important company, since it was designed to create and produce its own car (product).

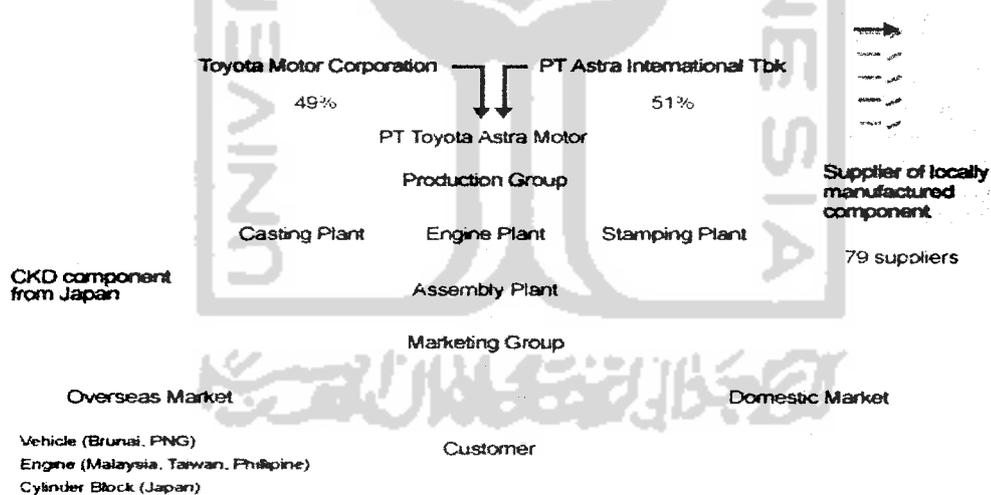
On 31 December 1988, to strengthen the operational performance, Toyota Astra Motor whose 51% of its stocks were held by PT. Astra International and 49% of it is stock were held by Toyota Motor Corporation were merged with other companies, that is PT. Multi Astra, PT. Toyota Mobilindo, and PT. Toyota Engine.

With this merger Toyota Astra Motor now has had of Rp. 1.73 Trillion as the total investment, according to the company financial report. The company has two big manufacturing factories which are located in two places. The first factory is

located in Sunter, North Jakarta. Due to the raising demand of Toyota products, then PT. Toyota Astra Motor was invested approximately Rp. 462.2 Billion to establish the second factory.

The second factory is located in Karawang, West Java on 100 hectare are of land which officially operating in 2000. This company also has wasted recycling installation which was built on 3500 meters square. Supported by 4500 qualified skillfull human resources in all over Indonesia, the best products and better after sales service network, make Toyota become leader of national automobile market share.

Figure 4.1. Toyota Production Line



Source: *Toyota Astra Motor Website*

4.1.2. Toyota Kijang Profile

The born of Toyota Kijang, could be said as one of Indonesian automotive historical milestones. The launching of Kijang itself was breaking the Indonesian trend which was delighted in foreign products. The launching of Kijang by Toyota Astra Motor which was named with local animal was considered as blunder. Moreover, from the physical appearance, it could not be proud of.

In the middle of 70's when Indonesian people was delighted in foreign products, Toyota Astra Motor launched Toyota Kijang by which Indonesian named, designed and produced. Except the name, the physical appearance of Toyota Kijang is really different from its competitor; it is really modest with all whole squares on its body. Even Astra Motor itself was pessimistic that Kijang would be famous.

The door did not use glass but it used transparent plastic, so it had to be pulled with the washer twice or more in order to properly work. At that time, it was really hard effort for Astra to sell that kind of product.

Time had passed by and Kijang started energetically run. Day to day, car which was designed in Indonesia-designed by Indonesian culture, started increasing its selling even in the rural area. Since in the firs time Kijang was designed as Basic Utility Vehicle and it was positioned as an agro product carrier. The Success of this Kijang which was popular with its orange and young yellow colors could not be separated from its price. Priced in 1.35 million rupiahs per unit, relatively cheaper for a new car, which at that time it was sold for more than 2 million rupiahs.

Finally, the hard works of Toyota Astra Motor are gave a positive maximal result. Increasing on demand, stage by stage evolution, happened when it was launched Toyota Original Body in 1986. This model reached 300.000 of the total production until 1991. At the end of 2000 Kijang reached 800.000 units of the total production with export value of 718.276.177 U.S dollar. Since then, Kijang was sold 74.000 units per year until 2003, what starlight of Toyota.

A. Toyota Kijang Phase 1

Figure 4.2. Toyota Kijang Phase 1



Source: *Otomotif Magazine*

Toyota Kijang phase 1 was introduced for the first time on 9th June 1977 with KF 10 as its code. Its model is very simple, being imaged as square half door pick up with window made from canvas and plastic. Machine hood which opened to rear direction make this generation known as Kijang *Buaya*.

The door itself seems like lastly pasted on. Uncomforted driving position and shifter stick is hard to reach. Double wish bone front suspension with leaf per pasted on across while in the rear also using *under axle* leaf suspension. Using 3K type of engine (1200 cc) the same as Toyota Corolla and 4 speed of transmission.

B. Toyota Kijang Phase 2

In 1981, shown the kijang 2nd generation which KF20 as its code. Seems similar but there are many changes in this Kijang which was nicked as Kijang *Doyok*. Hood grills till door surface which is the same as the body.

Figure 4.3. Toyota Kijang Phase II



Source: *Otomotif Magazine*

There is an increasing of capacity in engine, from 3K to 4K, meaning that it has 1300 cc, but still using 4 speed transmissions. Otherwise the suspensions are still the same as KF 10. At the development, this Kijang has been upgraded, such as: improving on transmission and brake booster added. In December 1985 it was

launched the KF 21 which is the same as KF 20 with engine upgrading. This time it was chosen 5K (1500 cc) type as its engine.

C. Toyota Kijang Phase 3

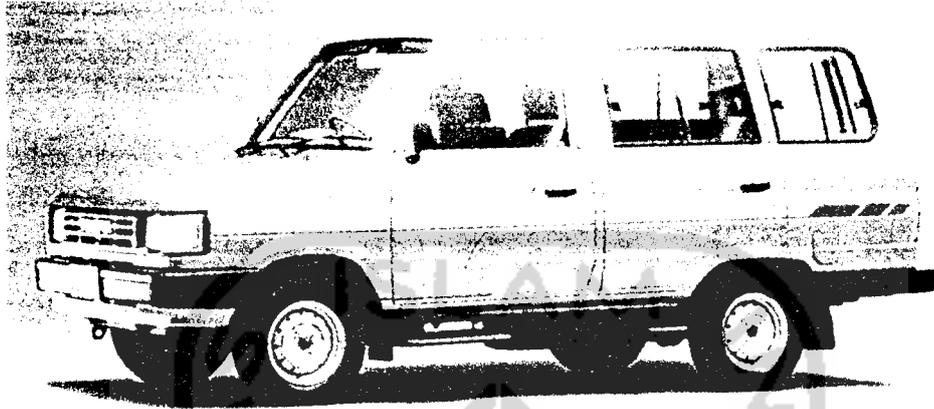
It could be said as the golden era of Toyota Kijang. Began in 1986 until 1996, its class was divided by two, which are 1986-1992 (known as Super Kijang) and 1992-1996 (known as Kijang Grand).

Its model is changed; there is no square model anymore. It was changed with a rounded model. Body manufacturing used with *full pressed body* technology. Improving on *recirculating ball* steering system used *variable gear ratio*.

There is a change also in suspension system, *tensioned stalk double wishbone* as its front suspension and rear over axle suspension. At this Kijang for the first time it used disc brake.

In 1991 there was an improvement on steering system which used *rack and pinion*. Toyota Kijang phase 3 still used the same machine of 5K which was the same as Toyota Corolla 1976.

Figure 4.4. Toyota Kijang Phase III



Source: *Otomotif Magazine*

At the end of 3rd the generation, it was launched KF 42 and KF 52. Both of them did not use 5K type machine anymore, as substitution it used 7K (1800 cc) type engine.

D. Toyota Kijang Phase IV

The evolution model was from the past generation, since it did not leave any design line from the last model. Aerodynamic model and rounded design made this model be called as capsule.

Further more the interior design makes the passenger feel more comfortable. There is disabling a difference on seat configuration for short chassis and long chassis.

The front suspension steel uses double wishbone. It still uses 7K engine with improved valve chink, which operates with hydraulic system. Besides 4-speed of transmission and 5 speed transmissions, it is also offered 4 speed automatic transmissions. A month later it was launched the diesel version.

Figure 4.5. Toyota Kijang Phase IV



Source: *Otomotif Magazine*

In February 2000, it was launched Kijang with an *injection system*.

E. Toyota Revo

Toyota Revo is Kijang which exported and marketed at Philippines. There is no change in exterior the same as Kijang Injection model. The difference is in the interior which left sided steer and 2+1 seat configured. Toyota Revo costs at 338 thousand – 833 thousand Philippines Pessos.

Figure 4.6. Toyota Revo



Source: *Otomotif Magazine*

Revo is not the first Philippines Kijang, there is Super Kijang model that is exported to Philippines, namely Tammaraw (it means “cow”). Mostly these Tammaraw models are used for taxi.

Figure 4.7. Toyota Tammaraw



Source: *Otomotif Magazine*

F. Toyota Condor

Toyota Condor is Toyota Kijang which is marketed at South Africa, Nigeria and other African countries. Toyota Condor is available at front wheel drive (4x2) and four wheel drives. With 205 mm of ground clearance plus semi high roof.

It is powered by 1800 cc engine and 2400 cc engine, plus 3000 cc diesel turbo. It costs at 131.325 rand for 1800 estate type and 204.455 rand for 3000D 4x4 (114 million-255 million rupiahs).

Figure 4.8. Toyota Condor



Source: *Otomotif Magazine*

The same as Philippines, in South Africa there is also available Kijang Super generation namely Venture. It is available at 1800 cc and 2200 cc engine.

Figure 4.9. Toyota Condor Interior



Source: *Otomotif Magazine*

G. Toyota Unser

Toyota Unser is the same as Kijang Capsule models sold in Indonesia. It is marketed at Malaysia. There is no difference of specification with Indonesian Kijang Capsule.

Figure 4.10. Toyota Unser



Source: *Otomotif Magazine*

H. Toyota Zace

Toyota Zace has the same specifications as Toyota Condor. It is available in 4 wheel drive version too, with the same engine as Toyota Condor. In Taiwan, Zace is sold at 633 thousand dollars Taiwan (114 – 188 million rupiahs).

Figure 4.11. Toyota Zace

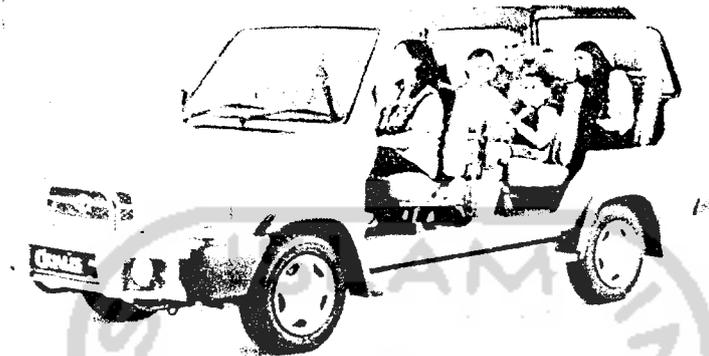


Source: *Otomotif Magazine*

I. Toyota Qualis

Toyota Qualis is Toyota Kijang which is sold at India. It has Kijang Super model with 2400 cc of engine. It has faced front seat configuration for every passenger seat. The difference with Super Kijang model is in the dashboard. Qualis used Kijang Krista EFI dashboard model.

Figure 4.12. Toyota Qualis



Source: *Otomotif Magazine*

4.2. Research Findings

The marketing strategy Toyota Kijang Innova was observed based on two kinds of analysis, marketing mix analysis for internal analysis and industrial structure analysis for external analysis.

4.2.1. Internal Analysis

Internal analysis of the Product includes product attributes, brand image, packaging, and product supporting service

a. Products Attributes

Developing of product or service requires of margin advantages which have been offered. These advantages lately will be communicated and offered by these product attributes, such as quality, feature, trend and design.

1. Product Quality

From days to days, Kijang always gives more technology, durability and comfort for each Kijang evolution, such as softer driving, better driving position, and high durability.

2. Consistency

High consistency of quality, it means that product quality-free from failure and consistency from quality level which has been promised or approved. In this factor Toyota Kijang can give quality as well as its competitor, but in some part Toyota Kijang is not good as its competitor, consistently Kijang gives quality which has been paid and hoped by its customer.

3. Product Feature

A product can be offered with some feature. A beginning model without any additional feature, such Kijang phase 1, could be the beginning point. Toyota Astra Motor creates higher evolution of Kijang which is produced with additional feature called competition device to differentiate its product with the competitor. Being the first product which implements needed and valuable new feature is an effective way to win the competition. Toyota has implemented several new features, such as VVT-I engine, parking sensors, common rail injection (available at diesel models) and more.

4. Design and Models

The other way to win the competition is by characteristic designed and models. This brand new Kijang has left its character and tries to implement a new model and follows trend as multi purpose vehicle.

b. Branding

The characteristic specialization of professional marketing is how to create, protect and raise the product brand and its service. Toyota Astra has done it well since Kijang has a good brand image. Kijang brand image itself has a great brand equity, which consists of awareness of customer about Kijang, high brand loyalty, quality perception of Kijang, high brand association and good distribution network.

c. Packaging

Rising of competition and rising of similar product makes Astra offering several bonuses as an attraction to its consumer, such as alloy wheel, double din head unit, increasing standard audio design, and leather seat bucket.

d. Product Supporting Service

Wide and large of Toyota service network with their good technician is one of factors of many which make Toyota Kijang leads the market share for utility vehicle class. Moreover, the availability of Toyota Kijang spare parts which consists of several spare parts quality makes Toyota Kijang Innova be considered as the main choice.

4.2.2. Internal Strategic Factors Analysis Summary (IFAS)

Figure 4.13. IFAS of Toyota Kijang Innova

Internal Strategic Factors		Weight	Average weight	Rating	Average weight X rating
Strengths					
1	Pricing policy	4	0,071428571	3	0,21
2	Product Quality control	4	0,071428571	4	0,29
3	Resale value	5	0,089285714	5	0,45
4	Brand loyalty	4	0,071428571	5	0,36
5	Advertising	4	0,071428571	3	0,21
6	Brand Image	5	0,089285714	5	0,45
7	After Sales Service	4	0,071428571	4	0,29
Sum of Strengths					2,26
Weaknesses					
1	Feature implementation	4	0,071428571	2	0,14
2	Packaging	4	0,071428571	3	0,21
3	Product performance	5	0,089285714	3	0,27
4	Understanding competitor abilities	4	0,071428571	3	0,21
5	Products build materials	4	0,071428571	2	0,14
6	Design and model	5	0,089285714	3	0,27
Sum of Weakness					1,24

Source: *PT. Toyota Astra Motor*

Importance:

- 1 = the variable is unimportant to the product
- 2 = the variable is less important to the product
- 3 = the variable is fair enough to the product
- 4 = the variable is important to the product
- 5 = the variable is very important to the product

Rating:

- 1 = the product has poor capability
- 2 = the product has below average capability
- 3 = the product has average capability
- 4 = the product has above average capability
- 5 = the product has outstanding capability

a. Strengths

1. Pricing Policies

PT. Toyota Astra Motor offers quality of product with lower price than Kijang Innova competitors. The company tries to reach new loyal customer and segment with customer satisfaction. This variable has great importance to the company; the pricing policies of Kijang Innova becomes the strength of competitiveness (weight of importance = 0.0714) and its rating is average (rating = 3) than its closest competitor.

2. Product Quality Control

PT. Toyota Astra Motor also gives great importance to its product by giving great quality control (weight of importance = 0.0714) and its rating is above average (rating = 4) among its competitors. PT. Toyota Astra Motor needs to keep a good quality control in order to get price benefits and loyal customer.

3. Resale Value

Toyota Kijang has a great brand image and it has risen Toyota Kijang demand from day to day, and it increases the using value of Toyota Kijang. This condition makes the physical condition owned by the product become the strength of competition (weight of importance = 0.089) and its rating is outstanding (rating = 5).

4. Brand Loyalty

The customer of Toyota Kijang always buys Toyota Kijang newest models as their main vehicle. This is one of the important variable to product (weight of importance = 0.0714) and its rating is outstanding among the competitor (rating = 5).

5. Advertising

It is intended to introduce means to introducing a new product to customer and there is frequently low of advertising. Toyota Kijang Innova gives average importance (weight of importance = 0.714) and its rating is average (rating = 4).

6. Brand Image

Toyota Kijang was born at 1977 and it is produced simultaneously until now and it had a great product life cycle. Toyota Kijang Innova is the 5th evolution of Toyota Kijang family and it has great brand image. This is one of the important variable to product (weight of importance = 0.089) and its rating is outstanding among the competitors (rating = 5).

7. After Sale Service

Great service network and the availability of Toyota spare parts becomes one of important variable factors to the product. (Weight of importance = 0.0714) and its rating is above average among the competitors (rating = 4).

b. Weaknesses

1. Feature Implementation

Even though Toyota Kijang Innova is installed by interesting and great feature but its competitor had implemented this feature long time ago. It means that Kijang Innova had been left behind by its competitor.. This becomes one unimportant variable to the product (weight of importance = 0.00714), but its rating is below average (rating = 2).

2. Packaging

The Toyota Kijang product is also packaged with several options, but it is not as interesting as its competitors, such as lack of audio and video system which packaged with. This variable is one of important things to the product (weight of importance = 0.0714), but its rating is above average (rating = 4)

3. Product Performance

Even though Kijang Innova has already been installed with several kinds of comfort supporting devices and build with average chosen materials in order to compete with its competitor but still it can not defeat its competitors. This variable is one of the important things to the product (weight of importance = 0.0892), but its rating is fair (rating = 3).

4. Understanding Competitor Abilities

Toyota Kijang Innova is not aware to the competitor capabilities because only a few products that provide the same utility as Innova. And the other competitors come from vendors which import CBU (*completely Built Up*) products from foreign country and Toyota feels that they do not have enough resources to compete with Kijang Innova (weight of importance = 0.0714). But, the product rating is average (rating = 3).

5. Products Build Materials

PT. Toyota Astra Motor tries to push Kijang Innova production cost by using some local materials which has average quality. Even though this variable is

4.2.4. External Strategic Factors Analysis Summary (EFAS)

Figure 4.14. EFAS of Toyota Kijang Innova

External Strategic Factors		weight	Average Rating	Rating	Average Rating X Weight
Opportunities					
1	Indonesian driving culture	4	0,093023	4	0,37
2	Market growth	5	0,116279	4	0,46
3	Governmental policy support	4	0,093023	3	0,28
4	High profit	4	0,093023	3	0,28
5	Technology Implementation	5	0,116279	3	0,35
Sum of Opportunities					1,74
Threats					
1	Response from the competitors	4	0,093023	3	0,28
2	Global political and economic condition	3	0,069767	2	0,14
3	Low entry barrier	4	0,093023	3	0,28
4	Economy stagnancy	3	0,069767	3	0,21
5	Regulation change	4	0,093023	2	0,19
6	Fluctuation of foreign change	3	0,069767	2	0,14
Sum of Threats					1,24

Source: *PT. Toyota Astra Motor*

Importance:

- 1 = the variable is unimportant to the product
- 2 = the variable is less important to the product
- 3 = the variable is fair enough to the product
- 4 = the variable is important to the product
- 5 = the variable is very important to the product

Rating:

- 1 = the product has poor capability
- 2 = the product has below average capability
- 3 = the product has average capability
- 4 = the product has above average capability
- 5 = the product has outstanding capability

a. Opportunities

1. Indonesian Driving Culture

There are cultures, such as Balinese and Javanese that always bring their whole family together if they move to outside town, and Innova, which is a family vehicle, accommodates that kind of culture. This variable is important to the product (weight of importance = 0.0930) and gives higher opportunities to the product that the competitors have because its rating is above average among the competitors (rating = 4)

2. Market Growth

The product, which is Toyota Kijang Innova, has big opportunities to develop the market share and the market size together with the increasing of sales traffic in recent year. This variable is one of important variable for the product (weight of importance = 0.116) and gives higher opportunities to the company than competitors have because its rating is above average among the competitors (rating = 4).

3. Governmental Policy Support

The governmental policies about import taxes protect the national industries and manufactures. This variable is important to the product (weight of importance = 0.0930). Its rating is average among the competitors (rating = 3).

4. High Profit

The Toyota Astra Motor realizes that maintaining the relationship with the customer or potential customer becomes a very important value to the company. By setting up a good relationship with customer, the company can improve the service

performance in course of compliment and the loyal customer will lead the company higher profit. This variable is one of important variables for the product (weight of importance = 0.0930). Its rating is average among the competitors (rating = 3).

5. Technology Implementation

The development of technology is an opportunity for company to improve the products performance. The use of VVT-I (Variable Valve Timing Injection) or Common Rail Injection for diesel machine increase the product performance and attract the potential customer. This variable is important for the product (weight of importance = 0.116), but its rating is average among the competitors (rating = 3).

b. Threats

1. Response from the Competitor

There are many companies who play in the same market, even though their products are relatively more expensive but it is fair enough, comparing to the feature and technology they are installed. Even that Kijang Innova is cheapest, comparing to its competitors. The company should not misjudge the competitors. The closest competitor will try to steal the potential market, if the company does not serve the customer with good satisfaction and performance of service, the potential market might be taken by the competitors. This variable is one of the important variables to the product (weight of importance = 0.0930). Its rating is above average among its competitors (rating = 3).

2. Global Political and Economic Condition

The bad political condition and monetary crisis in Indonesia made fluctuation of foreign exchange especially US dollar, making business people unwilling to run their business. Moreover the global economic and political issues have occurred in recent years. The company will get difficulties to get customers because the decrease of national purchasing power. This variable is unimportant to the company (weight of importance = 0.0697) and becomes a small threat to the product because its rating is below average among the competitors (rating = 2).

3. Low Entry Barrier

The company should prepare for the new competitor and always monitor the competitor to maintain the leading position. The company may need to revise the existing strategy or build new strategic planning to overcome the threat from its competitors. This variable is important to the company (weight of importance = 0.0930) but it becomes a small threat to the company because its rating is average among the competitors (rating = 2).

4. Economy Stagnancy

High inflation and economic stagnancy are things that are very difficult for the company to control. The condition that does not support the economic recovery will make the company hard to run the business and get difficulties to expanding their market. This variable is less important to the company (weight of importance = 0.0697) and it becomes a small threat to the company because its rating is below average among the competitors (rating = 3).

5. Regulation Change

Government regulation change gives small threat to the company. This variable is less important to the company. The regulation changes do not directly affect the activities of the company. This variable is important to the product (weight of importance = 0.093) and it becomes a small threat to the company because its rating is below average among the competitors (rating = 2).

6. Fluctuation of Foreign Change

The implication of foreign exchange fluctuation will have an indirect effect to the company. This variable is less important to the product (weight of importance = 0.0697) and it becomes a small threat to the company because its rating is below average among the competitors (rating = 2).

4.2.5. Internal – External Matrix Result

By using market attractiveness business position matrix, it can be founded the company's business position. By identifying the internal factors that become the strengths and weaknesses as well as external factors as opportunities and threats, then the factors are compared. The external opportunities and threat are systematically compared with internal strength and weaknesses. The objective is the identification of one of four patterns in the match between the internal and external situation of a firm.

From Strength, Weaknesses, Opportunities and Threat (SWOT) analysis it is found that the total score for internal analysis is **3.5** which consist of score for product strength (**2.247**) and score for the weaknesses (**1.246**). From the internal analysis result we found that company strength exceeds the weaknesses by **+1.001**. On the

other side, the total score for external analysis is **2.97**, which consists of score for company opportunity (**1.743**) and the threat (**1.231**). From the internal analysis result we found that threat exceeds the opportunities by **+0.512**. Then the result is plotted in the following SWOT analysis.

4.2.6. Market Attractiveness/Business-Position Analysis

Figure 4.16. Internal – External Matrix

		TOTAL SCORE OF INTERNAL STRATEGY			
		Strong	Average	Weak	
		4.0	3.0	2.0	1.0
TOTAL SCORE OF EXTERNAL STRATEGY	4.0	I Growth	II Growth	III Retrenchment	
	3.0	IV Stability	V Growth Stability	VI Retrenchment	
	2.0	VII Growth	VIII Growth	IX Retrenchment	
		1.0			

Source: *Wheelen, Thomas L. and Hunger, J. David; Strategic Management and Business Policy, 2000*

- I = Concentration via Vertical Integration
- II = Concentration via Horizontal Integration
- III = Turnaround

- IV = Pause or Proceed with Caution
- V = Concentration via Horizontal Integration or Stability (No change or Profit Strategy)
- VI = Captive Company or Selling Out
- VII = Concentric Diversification
- VIII = Conglomerate Diversification
- IX = Bankruptcy or Liquidation

4.3. Market Position Analysis

Internal – External matrix above indicates that product is in **Quadrant V**, it means that growth through concentration in the product's current segment can be achieved into product differentiation and/or by selective investment through product advertising or technology implementation. Although the product is in a moderately attractive market share where it was to remain, its competitive position is only average.

A product in this position may attempt to solidify and strengthen its presence in its current market share by identifying its weaknesses. In these cells, the product's objectives are more defensive in nature to avoid the current of future loss in sales and profit. In this quadrant, product can acquire market share, service facilities, distribution network, or externally through joint ventures with another company in the same manufacture industry, such as Toyota Avanza and Daihatsu Xenia.

4.3.1. Space Analysis Matrix

From the result of the total calculation of score and value on the strength, weakness, opportunity, and threat component, we determine the number of those variables that have a big contribution to the Product.

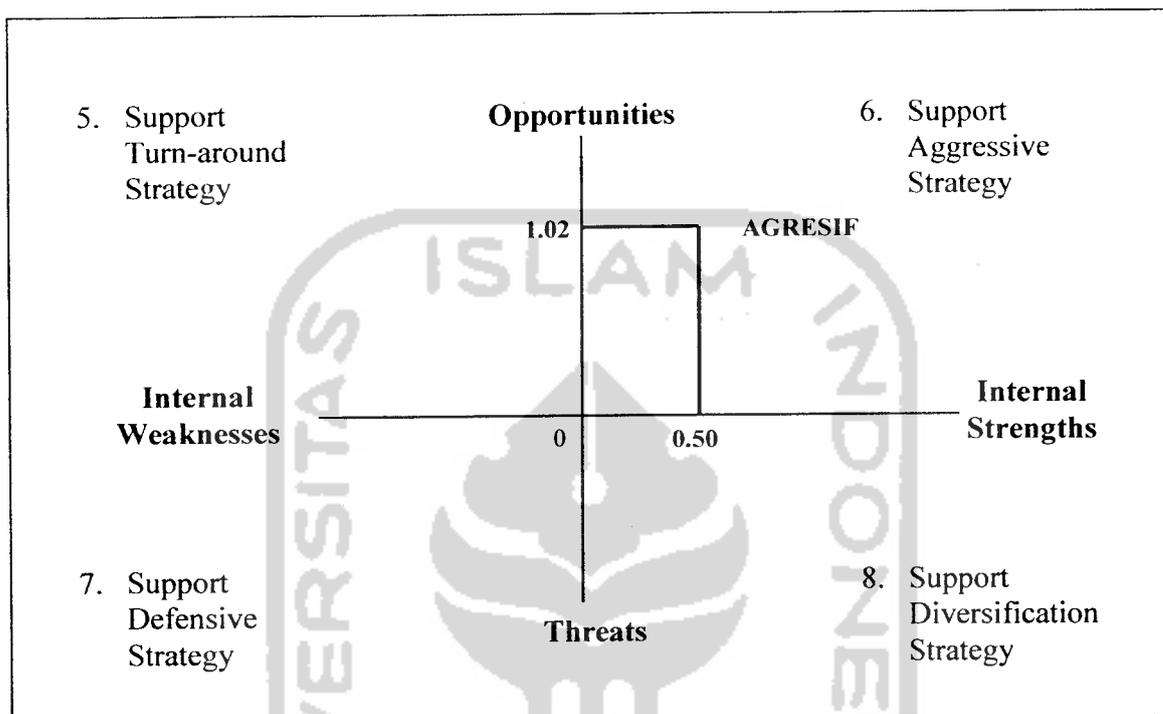
From the total result of calculation of score and value on the opportunities component, we will have a number. Several variables have big contribution to the opportunities for the company. Meanwhile, the other variables give relatively a lower contribution to the product. From the calculation of Positive factor and Negative factor, it will determine the position of the product.

According to SWOT analysis above, the coordinate for the SWOT table can be determined, as follows:

- X axis = Strength – Weaknesses = $2,26 - 1,24 = 1,02$
- Y axis = Opportunities – Threats = $1,74 - 1,24 = 0,5$

The coordinates above will be put in the SWOT diagram. As seen in the picture below, Horizontal axes on the diagram represent kind of internal strategy factor of the company that consists of Strength and Weaknesses of the product. While the vertical axis represents the external strategy factors which consist of opportunities and threats faced by the product. Each quadrant has a different interpretation which means that each quadrant also has a different implementation of strategy

Figure 4.17. Space Analysis Matrix



From the result of data processing which has been already done by using the SWOT analysis procedure, we get the coordinate point as follows:

- X axis = Strength – Weaknesses = 2,26 - 1,24 = 1,02
- Y axis = Opportunities – Threats = 1,74 – 1,24 = 0,5

From the result of the coordinate point above, if we put that in the SWOT analysis diagram, the product will be placed on the second Quadrant. Second quadrant gives condition that the product has great opportunities; meanwhile, the product still has an average internal strength. It means that it has a medium product value among to its competitor, and it needs to be increase in order to lead the market.

The external condition has a positive influence to the product and it supports supporting Toyota Astra Motor to achieve their goal with Toyota Kijang Innova. At the end, Toyota Kijang Innova has the resources to obtain its goal.

4.3.2. SWOT Analysis

The tools used to arrange the product's strategic factor is SWOT Analysis. This analysis can describe clearly the external opportunity and threat faced by the product as well as strength and weaknesses owned. By using SWOT Analysis, it can be determined the product's strategies factor in kinds of SWOT Matrix. The indicator entered to the SWOT matrix is an indicator which has a high weight and rate on the internal and external variables. It is because those indicators are important for the product in understanding the current and future strategy.

After SWOT Matrix has been arranged, the next step determines the alternative strategic which is arranged based on the result of strategic factor analysis whether internal or external factor. Thus, the strategic factor that has been determined can be implemented wisely as what has purposed by the product. Toyota Kijang Innova manufacturer can see what is the best strategy used in facing the competitors and in order to increase the target market, and also to anticipate the threat faced by the product.

Figure 4.18. SWOT Analysis Matrix

SWOT Matrix

<p style="text-align: center;">Internal Variable</p> <p style="text-align: center;">External Variable</p>	<p style="text-align: center;">Internal Strengths (S)</p> <ol style="list-style-type: none"> 1. Pricing policy 2. Product quality control 3. Resale Value 4. Brand Loyalty 5. Advertising 6. Brand Image 7. After sales service 	<p style="text-align: center;">Internal Weaknesses (W)</p> <ol style="list-style-type: none"> 1. feature Implementation 2. Packaging 3. Product Performance 4. Understanding competitor abilities 5. Product built materials 6. Design and model
	<p style="text-align: center;">External Opportunity (O)</p> <ol style="list-style-type: none"> 1. Indonesian driving culture 2. Market growth 3. Governmental policy support 4. High profit 5. Technology implementation 	<p style="text-align: center;">S ~ O Strategy</p> <ol style="list-style-type: none"> 1. (S: 1,2,5,7 ~ O: 1,2) Increase sales with high quality of service, high performance and service accuracy. 2. (S: 2 ~ O: 4) Maintain the customer satisfaction to get more brand image and brand loyalty 3. (S: 3 ~ O: 2) Improve facilities in order to get optimal capacity of service.
<p style="text-align: center;">External Threat (T)</p> <ol style="list-style-type: none"> 1. Response from the competitors 2. Global economic and economic condition 3. Low entry barrier 4. Economy stagnancy 5. Regulation change 6. Fluctuation of foreign change 	<p style="text-align: center;">S ~ T Strategy</p> <ol style="list-style-type: none"> 1. (S: 1,4,5 ~ T: 1,2,3,5) Anticipating the tight competition with improving quality and managerial improvement especially in marketing strategy 	<p style="text-align: center;">W ~ T Strategy</p> <ol style="list-style-type: none"> 1. (W: 1,2 ~ T: 4,5) Create a better performance and efficiency to faced unpredictable future.

Source: Wheelen, Thomas L. and Hunger, J. David; *Strategic Management and Business Policy*, 2000

4.3.3. Strategy Determination

Based on the SWOT Matrix above, it can be arranged four main strategies they are S ~ O strategy, W ~ O strategy, S ~ T strategy, and W ~ T strategy. Each strategy has its own characteristic. And based on the analysis, it can be arranged many strategic alternatives for Toyota Kijang Innova, they are:

a. S ~ O strategy

In deciding the S ~ O strategy, a management should be able to create a strategy that makes use of product's strength to take the opportunity. Toyota Kijang Innova exploits the strength of high resale value, brand loyalty, after sales service quality, and brand image to take the opportunity of growth by growing sales with high quality of service, and maintaining Toyota Kijang brand equity.

b. W ~ O strategy

The management can choose a differentiation strategy to be implemented in the W ~ O strategy. This strategy should be able to minimize the weaknesses to take the opportunity. Toyota Astra Motor should increase the promotion activity-since there is lack of advertisement. Cooperating with market growth and governmental policy support. Toyota Astra Motor also can prepare professional employee and increase managerial ability and experience to face the competitors.

c. S ~ T strategy

The S ~ T strategy is strategy built by using strength owned by the product to defeat its threat. PT. Toyota Astra Motor should anticipate the tight competition with quality and managerial improvement especially in marketing strategy to defeat the

CHAPTER V

CONCLUSION AND RECOMMENDATION

5.1. Conclusion

The tools used to arrange the product's strategic factor is SWOT Analysis. This analysis can describe clearly the external opportunity and threat faced by the product as well as strength and weaknesses owned. By using SWOT Analysis, it can be determined the product's strategies factor in a kind of SWOT Matrix. The indicator entered to the SWOT matrix is an indicator which has a high weight and rate on the internal and external variables. It is because those indicators are important for the product in understanding the current and future strategy.

After SWOT Matrix has been arranged, the next step is determining the alternative strategic which is arranged based on the result of strategic factor analysis whether internal or external factor. Thus, the strategic factor that has been determined can be implemented wisely as what has purposed by the product. Toyota Kijang Innova manufacturer can see what is the best strategy used in facing the competitors and in order to increase the target market, and also to anticipate the threat faced by the product.

The questioners that used to make SWOT analysis can not write down to the thesis because it was off the record interviewing by the management of Toyota Astra Motor.

5.1.1. Market Attractiveness/Business-Position Analysis

\Figure 5.1. Internal – External Matrix

		TOTAL SCORE OF INTERNAL STRATEGY			
		Strong	Average	Weak	
		4.0	3.0	2.0	1.0
TOTAL SCORE OF EXTERNAL STRATEGY	4.0	I Growth	II Growth	III Retrenchment	
	3.0	IV Stability	V Growth Stability <u>(Kijang Innova)</u>	VI Retrenchment	
	2.0	VII Growth	VIII Growth	IX Retrenchment	
	1.0				

5.2. Market Position Analysis

From the matrix calculation indicates that Kijang Innova is in **Quadrant V**. It means that growth through concentration in the product's current segment can be achieved into product differentiation and/or by selective investment through product advertising or technology implementation. Although the product is in a moderately attractive market share where it is to remain, its competitive position is only average.

A product in this position may attempt to solidify and strengthen its presence in its current market share by working to shore its weaknesses. In these cells the objectives of the product are more defensive in nature to avoid current or future loss in sales and profit. In this quadrant, product can acquire market share, service facilities, distribution network, or externally through joint ventures with another company in the same manufacture industry, such as Toyota Avanza and Daihatsu Xenia or KIA Visto and Hyundai Atoz.

5.3. Recommendations

1. Based on the SWOT Matrix above, it can be arranged four main strategies, they are S ~ O strategy, W ~ O strategy, S ~ T strategy, and W ~ T strategy. Each strategy has its own characteristic. And based on the analysis, it can be arranged many strategic alternatives for Toyota Kijang Innova, they are:

a. S ~ O strategy

In deciding the S ~ O strategy, a management should be able to create a strategy that makes use of product's strength to take the opportunity. Toyota Kijang Innova exploits the strength of high resale value, brand loyalty, after sales service quality, and brand image to take the opportunity of growth by growing sales with high quality of service, and maintaining Toyota Kijang brand equity.

b. W ~ O strategy

The management can choose a differentiation strategy to be implemented in the W ~ O strategy. This strategy should be able to minimize the weaknesses to take the opportunity. Toyota Astra Motor should increase the promotion activity-since there is

lack of advertisement. Cooperate with market growth and governmental policy support, Toyota Astra Motor also can prepare professional employee and increase managerial ability and experience to face the competitors.

c. S ~ T strategy

The S ~ T strategy is a strategy built by using strength owned by the product to defeat its threat. PT. Toyota Astra Motor should anticipate the tight competition with quality and managerial improvement, especially in marketing strategy to defeat the threat on global economic and political condition and the response from its competitors. Since there are many competitors in the same segment, but the tight competition in this business makes the company consider the customer satisfaction as the highest priority.

d. W ~ T strategy

The strategy created from this cell is the performance and efficiency strategy. In this cell, management should be able to minimize weaknesses in order to defeat the threat. By improving performance and efficiency strategy, PT. Toyota Astra Motor can minimize the chance from its competitors to steal the market share. Then, it can defeat all threat from the competitors and global economic and economic condition. In order to get better general performance, the company management can solve the weaknesses first by improving the product performance, implementing new technology and feature. So, by this way hopefully the product's general performance will be more optimal.

2. Based from marketing attractiveness analysis result above, it gives condition that the product has great opportunities; meanwhile, the product still has average internal strength. It means that it has a medium product value among its competitor, lack of customer awareness and it needs to be increased in order to lead the market, since now that its competitor not only comes from local manufacture, but also come from overseas due to Toyota Astra Motor decision to export Toyota Kijang Innova through south east Asia and some part of Africa. The external condition has positive influence to the product such as governmental policies about low tax pricing to product which uses more than 40% local content of materials, and its lowering the Toyota Kijang Innova price itself. It is really supports Toyota Astra Motor to achieve their goal with Toyota Kijang Innova, even that, Toyota Kijang Innova has to implement new technology, and feature to obtain higher product performances.

Due to the result of the research on Kijang Innova located in quadrant V, it is recommended that Toyota Kijang Innova protects the existing marketing and the segmenting program and concentrates on investment in segments where profitability is good and risk is relatively low. It means that company should implement growth strategy through concentration in the product's current segment that can be achieved by increasing the product value offered to the current market. A product in this position may attempt to solidify and strengthen its presence in its current industry by working to solve its weaknesses.

The company should give more attention on the development of market segment. The continuous improvement of its product market segment is relatively

important, because it is one of important factors to determine the product strategic planning and organizational effectiveness. And it is the fundamental basic of position maintaining.



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