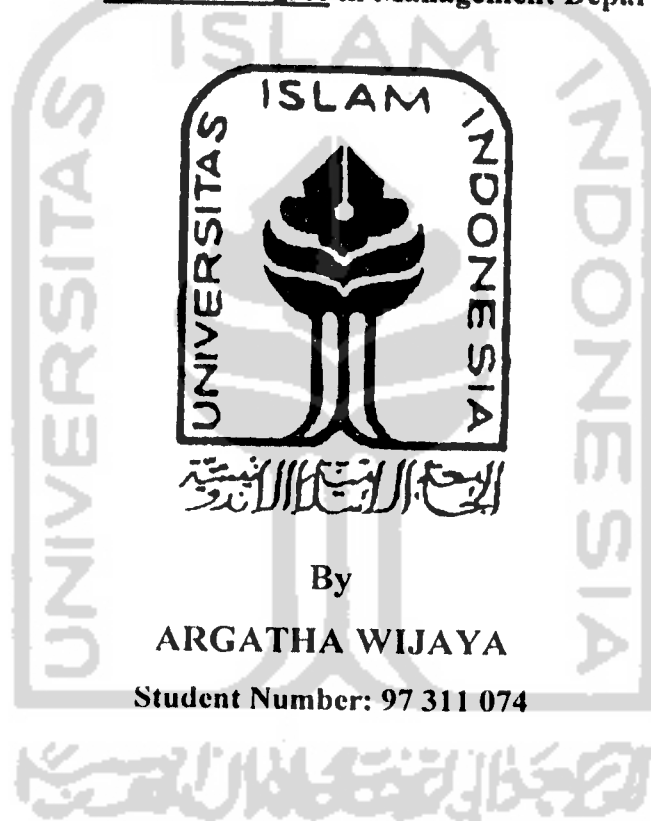


**THE ANALYSIS OF COMPETITIVE STRATEGY OF  
PT. INDO JAYA MOTOR TO FACE THE JAPANESE  
AND NON JAPANESE MOTORCYCLE BRAND**

**A THESIS**

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



By

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YOGYAKARTA**

**2006**

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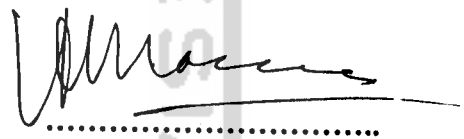
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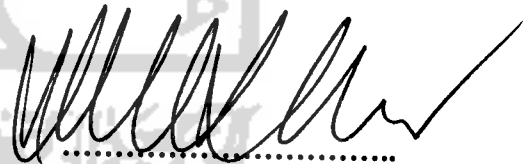
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Jogjakarta, November, 2005

Argatha Wijaya

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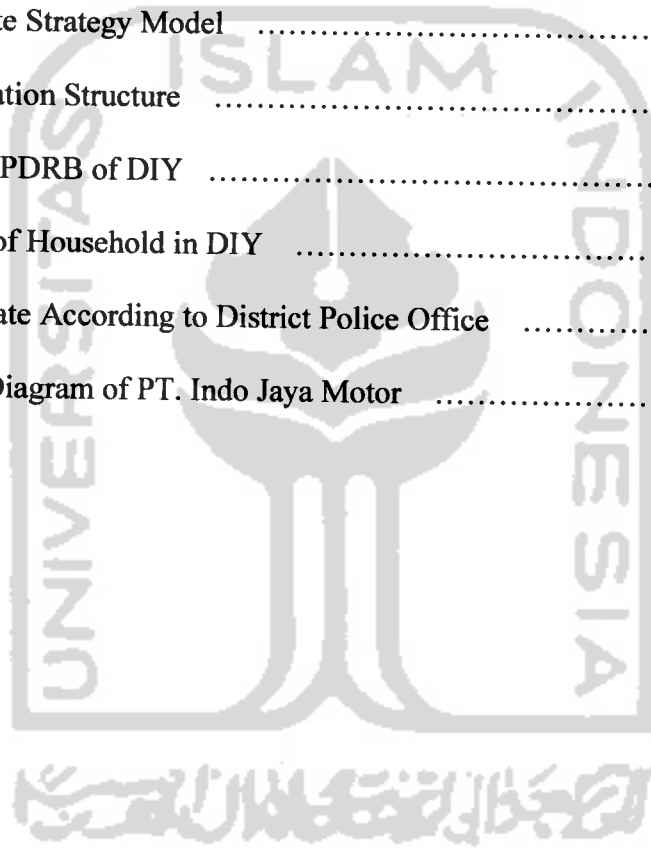


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## ABSTRACT

The competition of Suzuki brand motorcycle selling condition in Jogjakarta territory is very competitive. This is because there are two official main dealers of Suzuki motorcycle that is PT. Indo Jaya Motor and PT. Kharisma Mataram Jaya Gemilang Motor. The fast growing market conditions open the opportunity to build business in the field of motorcycle selling. The one that make this more interesting is how to make a better market share and to keep this business survives from the attack of the non-Japanese motorcycle brand especially the motorcycle product from China.

The problems formulations in this research were to identify the efforts of PT. Indo Jaya Motor to increase the optimal quality strategy to win the incoming emulation from PT. Kharisma Mataram Jaya Gemilang Motor as a Japanese Brands and from non Japanese Brand. And the second problem is to identify the marketing strategy that will be conducted by PT. Indo Jaya Motor to get the market share.

In answering the problems above, the writer used qualitative analysis. Qualitative analysis is an analysis in the form of non-statistic realized by the result of the observation that will be used as the data analysis served in the form of table. The instrument used is SWOT. Analysis and industrial structure analysis. The primary data source is taken from the interview in Indo Jaya Motor and secondary data from scientific books, newspaper and another literature.

The result is PT. Indo Jaya Motor has to maintain service quality with the orientation of customer satisfaction, extending new market segment, motivating sales force with the regular training, promoting to market target, and doing intensive promotion to targeted market. Also they have to maintain the existing market with the service of after sales service, come up differently with the inwrought service quality excellent, improve professionalism of sales force, repair reward system and maintain the existing network. One thing that can be considered in this business is the condition in the country which is unstable and the economic conditions because of the multi dimension crisis. This condition make the people wait to buy the motor transportation

# CHAPTER I

## INTRODUCTION

### 1.1. Background

The competition in the market nowadays is getting tighter, and this condition makes every company find a creative way or alternative to develop its business. The most important thing is not to lose market share, this must be done to maintain the company itself and to gain optimal profit. Businessman has to be able to manage its company in every business sector including marketing sector.

Companies would not be able to survive if they cannot market or sell their goods and services. Every company has to be able to survive no matter what the worst situation is. This situation is related to the competition between businessman, which is very important for them to make a good marketing strategy. With good marketing strategies, a company can find a way to compete and win the competition.

When the economic grows, business activity increases. This condition gives impact on the competition among businessman. Market condition was used to be seller market, now it turns to buyers market. Sellers market means that the consumers try to find the product by themselves. On the other hand, buyer market means the product tries to find the own consumers.

According to Maslow's Hierarchy of Needs, besides needing basic needs, people also need self esteem. To have a mean of transportation is one of the self-esteem. This is the reason why running business in this field has prosperous

future. Based on a research done by PT. Indo Jaya Motor, we can find out that the population in Daerah Istimewa Yogyakarta is 3.2 million people. Two-third from the population has motorcycle. This number will keep increasing based on the growing of population in the Daerah Istimewa Jogjakarta, especially Jogjakarta is well known as a student city, so there are a lot of people from other region come to Jogjakarta to study. These condition creates the opportunity for the people to build business in the motorcycle selling. One interesting issue about motorcycle business in Jogjakarta is how to keep or maintain this business. The competition of Suzuki brand motorcycle selling condition in Jogjakarta is very competitive. This situation happens because there are two official main dealers of Suzuki motorcycle that is PT. Indo Jaya Motor and PT. Kharisma Mataram Jaya Gemilang Motor.

This condition shows that PT. Indo Jaya Motor has to work harder to keep the number of selling and its market share, especially when the new competitor, non Japanese motorcycle appears in Jogjakarta.

**Table 1.1. Market share in DIY Marketing Area**

MERK	2000 (%)	2001 (%)	2002 (%)	2003 (%)	2004 (%)
HONDA	54,70	58,22	63,86	46,55	57,22
SUZUKI	21,10	26,61	19,33	18,32	19,96
YAMAHA	21,59	13,84	15,01	17,34	13,44
KAWASAKI	2,30	1,26	1,29	0,82	0,64
VESPA	0,31	0,07	0,18	0,08	0,06
CHINESE BRAND		0,01	0,34	16,89	8,68

*Source : Samsat DIY*

**Table 1.2. Total Market and Motorcycle Seller**

<b>Sales</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Indo Jaya	3.376	1.422	1.444	3.851	2.111
Kharisma	5.589	1.766	841	1.117	1.424
Total Market	42.479	11.982	11.822	27.115	17.706
Market Share	21,10 %	26,61 %	19,33 %	18,32 %	19,96%

*Source : Samsat DIY*

Based on the table above, this research is conducted to analyze the strategy of PT. INDO JAYA to face the non Japanese motorcycle product. The title of this research is: **“THE ANALYSIS OF COMPETITIVE STRATEGY OF PT. INDOJAYA MOTOR TO FACE THE JAPANESE AND NON JAPANESE MOTORCYCLE BRAND”**

### **1.2. Problem Identification**

The tighter competition happens because of the competition between two Suzuki Official Main Dealers as a Japanese brand and the motorcycle produced by Chinese as non Japanese Brand. China has produced motorcycle which has the same appearance as Japanese motorcycle. It also imitates the strategy used by Suzuki main dealers. Suzuki main dealers need a right strategy to keep their market share and become a market leader.

According to F.David and C.Bowman (1995), a succeed strategy that is applied by a company will be easily followed by all new competitors which wish to follow to compete in the business. There is one way to anticipate this threat is to always create the new thing. It will make the position of PT. Indo Jaya Motor to be step ahead among those competitors.

### **1.3. Problem Formulating**

After identifying the problem, some questions can be formulated as follows:

- a. What is the effort of PT. Indo Jaya Motor to increase the optimal quality strategy to win the incoming emulation from PT. Kharisma Mataram Jaya Gemilang Motor as Japanese Brand and Chinese motorcycle as non Japanese brand?
- b. What is kind of marketing strategy that will be conducted by Suzuki or PT. Indo Jaya Motor to obtain, get or maintain the market share?

### **1.4. Limitation of Research Area**

Motorcycle businesses grow rapidly in Jogjakarta. It is because many students have motorcycles during their studies in this city. In the future, it is predicted that the demand of motorcycle is still high. The limitation is to know the marketing strategy used by Suzuki especially PT. Indo Jaya Motor to keep the market from PT. Kharisma Mataram Jaya Gemilang Motor and the competitor such as Honda, Suzuki, Kawasaki, Sanex, Jyaling.

### **1.5. Research Objectives**

This research is aimed to conduct a feasibility study to business of Suzuki brand motorcycle by PT. Indo Jaya Motor. The result of this research is expected to provide a reverence for PT. Indo Jaya market to apply an effective strategy to win the competition.

## **1.6. Research Contribution**

There are some benefits from this research, which are stated as follow:

### **1. For the Company**

The Result of this research is expected to give input, which can be used as consideration to formulate competitive strategy so that PT. Indo Jaya Motor is able to win the competition from PT. Kharisma Mataram Jaya Motor. In future, PT Indo Jaya Motor can expand its business in motorcycle industry.

### **2. For the Writer**

It is expected that this study can add the ability and skill for the researcher in analyzing problem.

### **3. For the Reader**

It is expected that this research can provide a new reference as a competitive strategy in the company in the real world.

## **1.7. Definition of Terms**

### **SWOT Analysis**

SWOT analysis represents an analysis which aims to know the internal condition (strength and weakness) and also external condition of company (opportunity and threat). It can be applied by company, utilize to make balance to the strategy applied by their competitors, which also serve the same target consumer.

### **1. The impact**



This means effect, influence, and collision. The term is to know whether there are any influences or effects of the competitor (Swanell, 1980:285).

## 2. Strategy

It is a fundamental pattern of present and planned objectives, resources deployment, and interactions of an organization with markets competitors and other environmental factor (Swanell, 1980; Hunger, 1995; Rangkuti, 1999).

## 3. Marketing

It is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, service to create exchanges that satisfy individual and organizational goals (Swanell, 1980; Hunger, 1995; Rangkuti, 1999).

## 4. Product

Anything that can be offered to a market for attention, acquisition use, or consumption that might satisfy a need or want. Thus, a product may be physical good, service, retail, store, person, organization, place or idea (Swanell, 1980; Hunger, 1995; Rangkuti, 1999; Porter, 1985).

## **1.8. Research Method**

In this thesis, researcher makes qualitative and quantitative approach in presenting information and calculation to make a global picture about the situation that concerning accurate circumstance as it is (Porter, 1980).

- Method of data collecting used,

1. Literature Study

Several references are taken from books, journal, magazine, newspaper, which are related with the topic discussed.

2. Field Study

To obtain relevant data, the researcher has selected several data or information from the company, its annual report, marketing strategy, and others.

- Data collecting conducted by:

1. Observing the Company

Performing a direct observation to the company activity to get a clear picture about the company.

2. Interview

To obtain data, the researcher in this study has also conducted an interview with the management PT. Indo Jaya.

In conducting an analysis, writer use the following analyzes:

1.8.1. SWOT Analysis

- IFAS Matrix (Internal Strategic Factor Analysis Summary)

IFAS is an internal Factor analysis by pursuant to functional approach, moreover, it can be seen as various existing business function.

- a. Organizational chart of the company
- b. Marketing
- c. Company Resource
- d. Company cultural
- e. Other important functions

The several phases according to IFAS (Rangkuti, 1999) which are explained as follows:

- a. Determining factors as a strength and also company weakness.
  - b. Weighting gift, starting the from 1,0 (very important) up to 0,0 (insignificant)
  - c. Calculating value rating to every factor, by giving scale 5 (outstanding) up to 1 (poor)
  - d. Counting weight score, and process the analysis
- EFAS Matrix (External Strategic Factor Analyses Summary)

Several external factors that will be analyzed are:

- a. Market analysis
- b. Competitors analysis
- c. Distributor analysis
- d. Governmental analysis

The several phases according to EFAS (Rangkuti, 1999) which are explained as follows:

- a. Compiling 5 up to 10 opportunities and threat for company
- b. Weighting gift, starting the from 1,0 (of very importance) up to 0,0 (insignificant)
- c. Calculating value rating to every factor, by giving scale 5 (outstanding) up to 1 (poor)
- d. Counting weight score, and analysis process.

**Tables 1.3. Combination of IFAS and EFAS ( Matrik SWOT)**

<b>EFAS</b>	<b>IFAS</b>	<b>STRENGTHS ( S)</b>	<b>WEAKNESSES ( W)</b>
<b>OPPORTUNITIES ( O)</b> Determine 5-10 Eksternal opportunity factor		<b>STRATEGY SO</b> Create the strategy using strength to exploit the opportunity	<b>STRATEGY WO</b> Create the strategy which weakness minimization to exploit the opportunity
<b>THREATHS ( T)</b> Determine 5-10 Eksternal threat factor		<b>STRATEGY ST</b> Create the strategy using strength to overcome the threat	<b>STRATEGY WT</b> Create the strategy which minimize weakness and avoid the threat

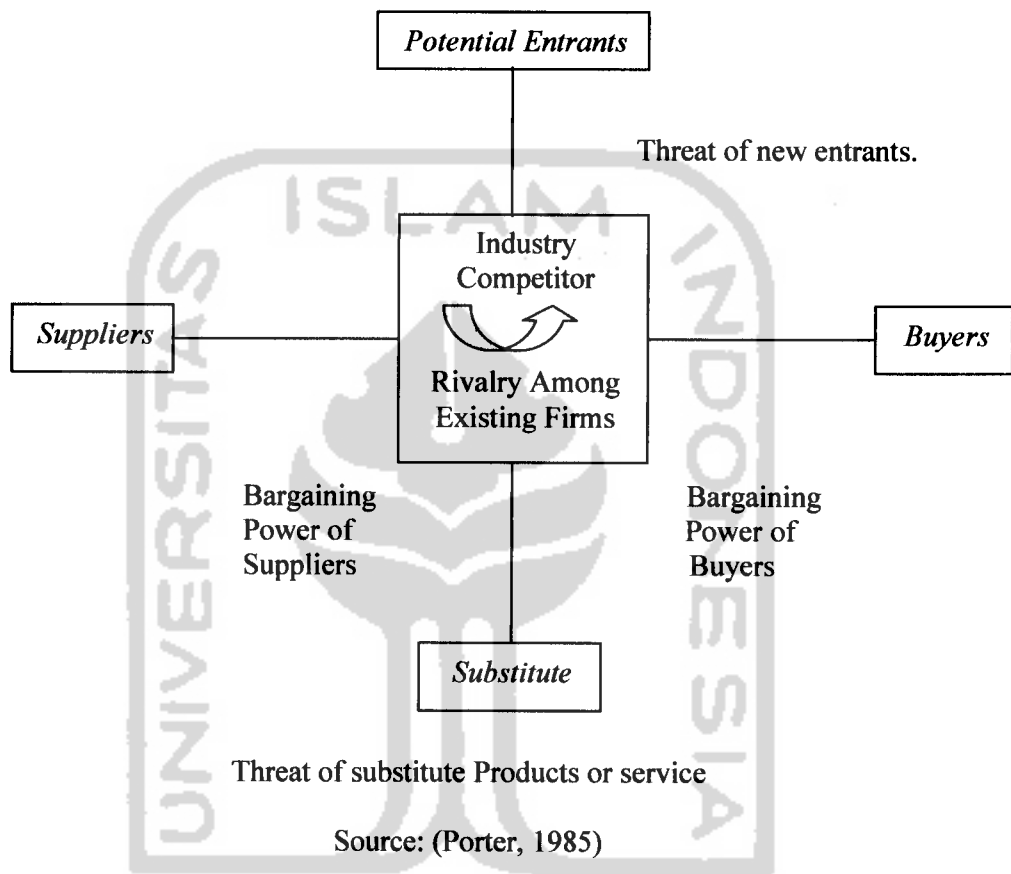
Source: SWOT Analyse of Surgery technique of business case ( Rangkuti, 1999)

### 1.8.2 Analyze the Industrial Structure

According to Porter (1985), there are five emulations strength on how to anticipate the emulations action in the field of industry, distributor, substitution product, new comers and also consumer attitude. Existence of potential newcomer will lessen the profit, which during the time owned by company. The numbers of newcomer in the industry depend on the resistance from that industry, so they will make a limitation on that industry.

Porter depicted industrial structure Analysis Company as follows:

**Picture 1.1. Diagram Forces driving industry competition.**



## CHAPTER II

### REVIEW OF RELATED LITERATURE

#### 2.1. Theoretical Review

This chapter will discuss some theories, which are relevant to the topic of the research. These theories are taken from various literatures.

##### 2.1.1. The Definition of Strategy

In a company, problem will come at any time and from any direction. That is why, every company has to listen carefully to the change of its environment. In facing some changes, every company requires a method called strategy.

A lot of experts have opinions to hit the strategy definition. There are a lot of different definitions that have been published. Some the different definitions stated because of basic difference from science concept. Moreover, these are several various definitions of strategy provided:

- According to R.D. Buzzell And B.T. Gale (1987:31):

*“Policy and decision is a key used by management that having a big impact at finance performance. This decision and policy usually entangle the important commitment resource and cannot be changed easily”*

- Strategy definition according to Alfred Chamdler (Hill And Jones: 1995:23)

*“Applying a purpose and a long-range target in a company, and instruct the action and also resource location which is needed to reach the purpose and the target”*

- According To James Brian Quinn ( Mintsberg And Quinn: 1996:112)

*"The Pattern or plan that integrates on organization's major goals, polices and action sequences into a cohesive whole"*

Based on several definitions provided in previous discussion, it can be basically concluded a definition of strategy, that strategy is a plan which exploits all integrated function covering determination of purpose and expect the long term target, action, policy, resource allocation use by the company in reaching target by paying attention to internal condition and external company (Porter: 1997:45).

### **2.1.2. Definition of Strategy Management**

Company can develop the strategy to overcome the threat from competitor and newcomer. The process analysis, formulation and evaluate to the company strategy applied in environmental anticipation of the company poured in management strategies.

Definition of Strategic Management according to Pearce and Robinson (Pearce and Robinson, 1994) is:

*"The Process of identifying, choosing and implementing activities that will enhance the long-term] performance of an organization by setting direction and by creating ongoing compatibility between the internal skill and resources of the organization and the changing external environment within it operates."*

Definition of Strategic Management according to Hunger and Wheelen (Hunger And Wheelen, 1996) is:

*"Set of managerial decisions and action that determine the long-run performance of a corporation."*

From the above definition we can conclude that there are some perspectives in strategic management. There is one similar perspectives about definition of strategic management that are process the formula, implementation and evaluate a corporate activity by using company resource (Rangkuti, 1999).

### **2.1.3. Process of Strategic Management**

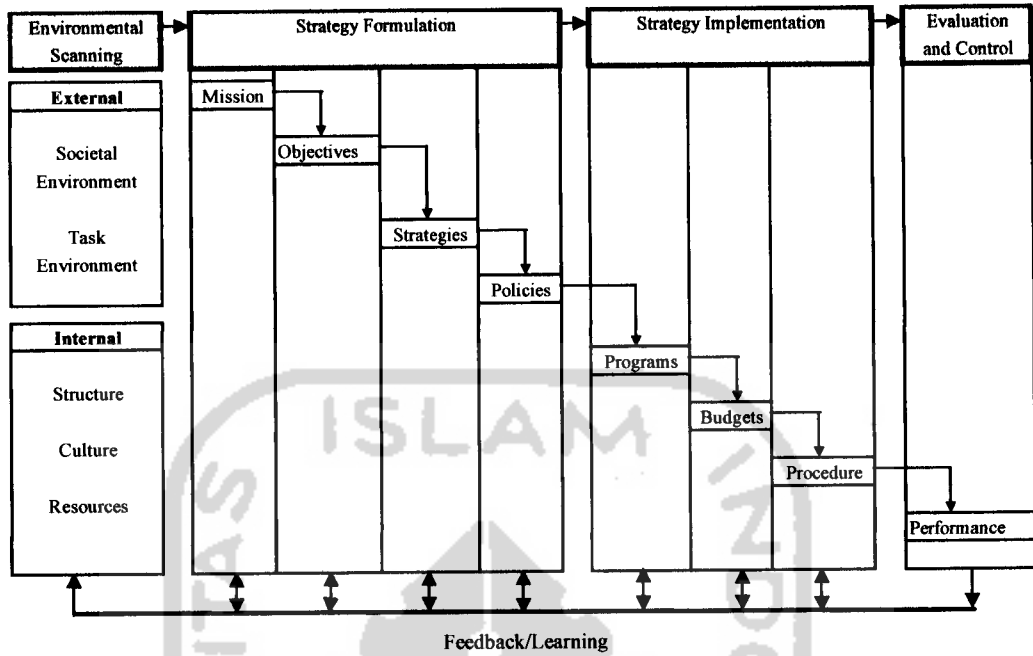
The process strategic management is divided into four especial phases of strategy, which are explained as follows:

#### **2.1.3.1. First Phase**

Strategic management process is started by scanning environment covers internal and external environment. The next step is to implement strategy into program, budget and procedure. For the final step is to evaluate and control performance.



**Picture 2.1. Schema of Strategic Management Model**



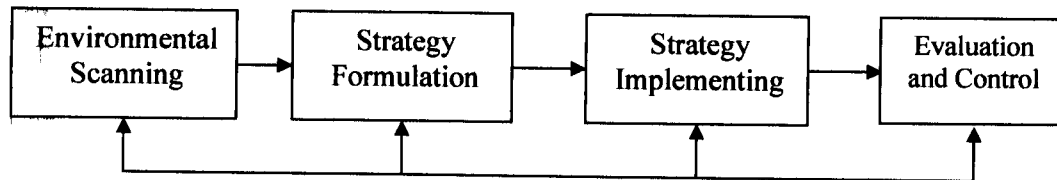
Source: Hunger and Wheelen, Strategic Management, 1996

The Scheme Picture of the process of strategic management contains of four steps (Hunger And Wheelen, 1996) which are described as follows:

1. Environment Scanning
2. Strategy Formulation
3. Strategy Implementation
4. Evaluation and Control

This following picture 2.2 is provided to explain the four phases of strategy management

**Picture 2.2. Four Phases of Strategy Management**



Source: Hunger and Wheelen, Strategic Management, 1996.

At the Environmental Scanning phase, the company uses environmental scanning at the location of the company, covering internal environment and external environment.

#### 2.1.3.1.1. External Environment

External environment of company consists of the opportunity and threat faced by company (uncontrollable). In this environment, there are two elements, which are task environment and societal environment.

##### 1. Task Environment

Task environment is the element in external environment, which has an effect to the operational activity in the company.

##### 2. Social Environment

Social environment is on element in the external environment that indirectly influences the long-term corporate activity. Oftentimes company faces the external environment, which always change quickly. Sometimes the changes

in external environment make a strategy is harder to be applied. (Hunger And Wheelen, 1996). To face the quick change of environment, company has to be able to analyze the change. According to Porter (1997) external environmental analysis represents the correct process in handling the environmental condition of external which changes quickly. The analyze change cover three activities, which are explained as follows:

a. Scanning.

It is a representing effort to learn all segments in public environment. Through scanning, company identifies the signals of early change which possible happens in public environment. It also provides an assistance to detect of all changes may happen in company (Michael, Duane, and Hiskinson, 1997).

b. Monitoring

Monitoring is the ability to detect the meaning of every occurrence environment. In this process, occurs by an Accessing phase, representing process of moment, determination and environmental change, and also tendency in strategic management in company element (Hunger And Wheelen, 1996).

c. Forecasting

The forecasting activity is to forecast future market situation. Forecasting can be done by quantitative analysis (statistical test) or by analyzing the qualitative description (Vernon, 1993).

#### 2.1.3.1.2. Internal environment

It is related to company's strength and company's weakness. This internal environment has predictable character but sometimes it can be unpredictable by company management. Internal environment consists of three elements (Hunger And Wheelen, 1993) which are explained as follows:

##### 1. Structure

This element goes together with effort of company in organizing. In the case of communications, authority and workflow are often known as chain of command.

##### 2. Culture

Culture represents beliefs, expectation and value owned by every person in the company that becomes a company culture.

##### 3. Resources

Resources are asset owned by company for the activity for the operation, human resource or the other assets.

#### 2.1.3.2. Second phase

The process of strategy formulation represents a long-range company planning development. Effective management is a mixed of opportunity and threat faced and also strength and weakness owned by the company (Hunger And Wheelen, 1996). This phase covers:

##### 1. Mission

Mission is a reason of why the company exists. It is a unique purpose owned by company which differentiates the company with other companies.

## 2. Purposes and Target

After company mission is determined, target and strategy are set as guidance to reach the purpose.

## 3. Policy

Policy is used as guidance in decision-making process and used to determine the direction of company policy related to company mission and target.

### 2.1.3.3. Third phase

Strategy implementation represents the process of how the management translates the strategy and policy selected by the company in the company daily activity through the development of program, budget and procedure (Hunger And Wheelen, 1996).

### 2.1.3.4. Fourth phase

This Phase includes the evaluation process or control. Evaluation or control is a process to monitor the activity and performance of company and result obtained by the company. The environment changes so quickly, so company must monitor it every time.

## 2.1.4. The Definition of Competitive Strategy

The formulation process of competitive strategy conducted by the company can attribute to its environment. The target of competitive strategy to a labor unit in a industry is to find the position in the industry where the company can hold out to emulation pressure or can lessen the pressure positively. Emulation intensity in an industry is not a problem of coincidence or mischance.

On the contrary, emulation of an industry takes root at the basic economics structure and walks outside existing competitor behavior.

Emulation circumstance of an industry depends to fifth of strength of fundamental emulation. Merger from this five strength determines the final profit potency in industry (Porter, 1997).

#### **2.1.5. Strategic Control**

Management needs the existence of observation process in executioning the strategy planning. This observation process is done with the target of the strategy, which is used by the management. This observation process is called Control Process to the strategy. The definition of Strategic control according to Hill and Jones is (Hunge And Wheelen: 1993).

*" The Process of establishing the appropriate type of control system, at the corporate, business and functional levels in the company which allow strategic managers to evaluate whether a company is achieving superior efficiency, quality, innovations, and customer responsiveness and implementation its strategy successfully"*

Strategy control represents the final evaluation process performed within every phase. This phase aims to give the relevant information that can be protected from planning gap between the objectivities and activity at the moment  
There are three types of control process, which are explained as follows:

### 1. Tactical Control.

This tactical control emphasizes at the implementation program and uses the middle term of measurement (6 month until 1 year).

### 2. Strategic Control

This strategic control relates to the basic corporate strategy that is relation between company and environmental. These strategies focus on the company as a whole and have the long-range size of measurement.

### 3. Operational Control.

Operational control is a control for corporate activity, which is done at the moment (today until 6 month).

There are three levels in the hierarchy of control, which are cooperating level, divisional level and functional level. At corporate level, control is focused at maintaining a balance from various different activities in company. On this level, strategic control and tactical control are very important. In business level, control is done by the company for conservancy and repair from competitive position owned by company. On this level, tactical control is very needed. Functional Control has the role to develop the existing function in company (Hunger Wheelen, 1996).

#### **2.1.6. Strategy Management Levels**

According to Wahyudi (1996), there are three levels in strategy that are similar in the organization structure. They are Corporate Strategy, Business Strategy and Functional Strategy. Strategy in the corporate level are a strategy that is used to get the excellence competition in product market.

Business Strategy is a strategy that is used by the company where the company can earn effectively competent in business or industry to make the best advantage. These levels make a point for decision making of strategy to get an excellence compete and effective emulation in an industry (Hill and Jones, 1995).

Functional Strategy is the strategy that is used to repair the effectiveness of the functional operations in the company (Hill And Jones, 1995). Functional Strategy relates to the decision making which is concerned supporter division (Wahyudi, 1996: 26). Moreover several strategies applied in corporate strategy are divided into three big factions, which are:

#### 2.1.6.1. Vertical Integration.

A company uses vertical integration by producing required input (backward integration) or distributing the output that has been produced (Hill and Jones, 1995). This strategy is aimed to the cost-saving of operation cost, avoiding marketing expense, better operation for quality and protection for technology (Michael, Duane and Hoskinsson, 1997). Moreover, according to Hax and Majluf, vertical integration is divided into four sections, which are:

##### a. Full Integration

Full Integration is a strategy where the company produces all input which is needed to the production process and distributes the output by itself.

##### b. Taper Integration

Representing a strategy where the company still gives the input from independent supplier and still entangle the outside party in distributing the output (Hill And Jones, 1995).



c. Quasi Integration

It represents a strategy where the company does not have the full ownership for assets, which have a value chain, so there is interference from outside. This Quasi Integration represents the alliance strategy as an alternative strategy of Vertical Integration.

d. No integration

It represents a strategy where the company in doing their activity produces products and its products distribution is depended from external side from the company.

2.1.6.2. Strategy Diversify

This strategy is used when the company owns the excess of resource, ability and nucleus interest that has the benefit (Peteraf, 1993).

The Strategy is diversified into two types, which are:

a. Related Diversification

It represents the diversifying strategy to the new business activity, which has relation with business activity in the value chain from the same business.

b. Unrelated Diversification

It represents diversification into new business, which does not have relation with the previous business.

In its operational activity this company applies diversified strategy, which will obtain a value added. Additional value may be obtained by company are from

a. **Acquiring and Restructuring**

Company can get a value by acquisitioning other companies, which have inefficiency and low performance and then repair the company so that company becomes efficient.

b. **Transferring Competencies**

This Value Creation is used by searching new business that has connection with the previous business which has the same or better distinctive competencies to provide efficiency.

c. **Economic of Scope.**

Economic of Scope can be reached by company at the time of two or more unit business share resources to each other. Company applies low cost position in each business operated. But diversified by economies of scope will give the profit, if there is a significant relationship /between value-creation function with the new company business activity.

According to Michael, Duane and Hoskinsson (1997) several purposes of a company to conduct a diversification are:

- a. To neutralize the strength of competitor market (for example to neutralize the power of competitor company by doing acquisition distribution outlet that is similar to the company).
- b. To expand the portfolio of the company by decreasing the managerial work risk (for example if single business broke, the top manager will be able to remain working in the diversified company).

### 2.1.6.3. Business Level Strategy

The main target is important emphasizing actions, which must be taken to provide the value for consumer and get the excellence, compete through utilization of interest in market of a certain product. In Business Level Strategy, there are three alternatives to reach the competitive advantage (Hilland Jones, 1995), which are:

a. Cost-Leadership Strategy

This strategy calls Generic Competitive Strategy; some of strategies above can be seen in the tables 2.1.

**Tables 2.1. Generic Competitive Strategy**

	<b>Cost Leadership</b>	<b>Differentiation</b>	<b>Focus</b>
Product Differentiation	Low (principally by price)	High (principally by unique)	Low to high (prie or uniqueness)
Market Segmentation	Low (mass product)	High (many market segment)	Low (one or afew segment)
Distintive Competency	Manufacturing and material management	R&D, sales and marketing	Any kindn of distinctive competency

*Source: Hill and Jones, 1999.*

By seeing product differentiation, market segmentation and distinctive competency in a company, company strategy can be identified by company. Cost-leadership Strategy emphasizes at the low-cost production and company offers the product with the function, which can be accepted by consumer at the low cost competition. It should be applied constantly in order to push the cost. Low expense offers a conducive position for the company to do quick adaptation to the

environmental change, learning a new ability and technology (Michael, Duane, Hoskinsson, 1997). By applying low-cost, the barrier to entry owned by big company make the company very efficient, while all comers surely require the very big capital to vie with the company having strategy of low cost. The weakness of Strategy cost-leadership is when other company can find the methods to produce the same product with lower expense or company strategy has been learned by competitor (Hill And Jones, 1995).

b. Differentiation Strategy

To obtain a competitive advantage, company may produce unique service or goods which have not ever been produced by competitor. This step may gratify the consumer satisfaction. Company will apply high-level product which is principally different in quality, innovation, and customer responsiveness. Company also will choose some market segments for the product according to its market requirement. Distinctive Competency, which must give more attention to the technology, that pushes the existence of various innovations to product yielded or R & D, marketing and sales. This strategy costs very expensive, so it needs the existence of management to control or make the cost low. The kindliness of Strategy differences is the existence of brand loyalty from all customers so that it represents a competitive advantage. In bargaining power of supplier and buyer, company also has the excellency because they will buy the raw material with low cost with the good quality. Company has two competitive advantages, which are the existence of brand loyalty and the level of fund, where they have to make the different product varieties compared to other competitor.

### c. Focus Strategy

This strategy is used to obviate from the direct confrontation with its entire competitor by making a concentration at the smaller market compartment (Wahyudi, 1996). Basis for strategy focus is that a company can serve the tight segment industry more effective and efficient than its competitor operating the industry level (Michael, Duane, Hoskinson, 1997). There are two kinds of focus strategy, which are:

#### 1. Focus Differentiation

In focus differentiation, a company has competition with other companies that apply differentiation strategy to more than one market segment.

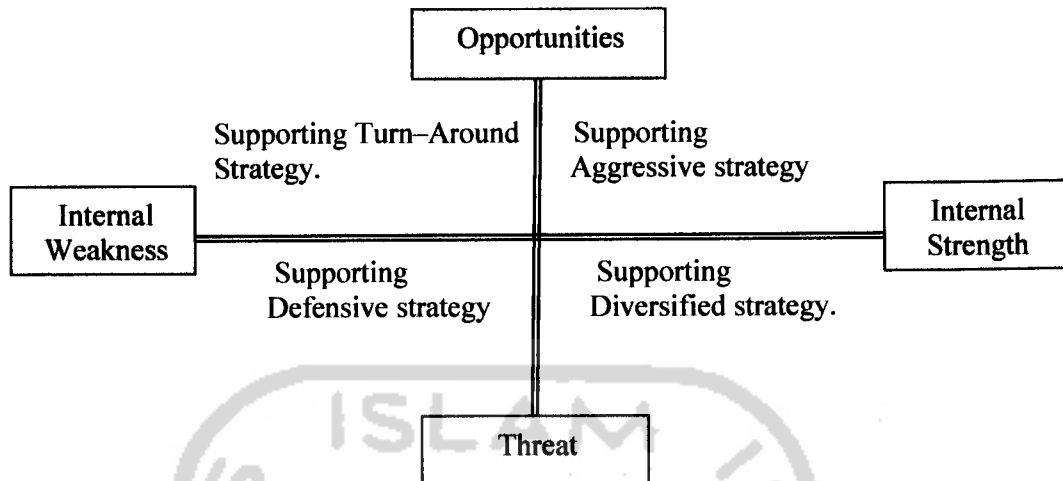
#### 2. Focus Differentiation

In focusing in Differentiation Company, the company will get more complete information and react quickly to environmental change. In the development of the product quality, the company has the more circumstantial knowledge about product quality and its growth.

### 2.1.7. SWOT Analysis

To make target analysis to internal and external environment is very significant for any company. The company needs to do the environmental analysis before they determine what kind of strategy can be executed (Hunger And Wheelen, 1996). This can be seen clearly at picture 2.3 that shows the process mode of the Analysis Management SWOT.

**Picture 2.3. Scheme Process the environmental Analysis.**



*Source: Rangkuti, Analyze the SWOT, 1999.*

According to Rangkuti (1999) the models which are used by SWOT analysis are:

1. SWOT Matrix which is used to analyze the strength, weakness, opportunity and threat in creating a strategy.
2. External Matrix (EFAS) and Internal (IFAS) which are used to analyze the internal and external factors from the company.

Another model, which can be used to identify the external strength, is by using the analysis of industrial emulation data strength for the purpose of identifying opportunity and threat faced by the company. Competitor Matrix represents one of appliance in analysis industry which can be used in environmental company analysis process.

Porter also introduced a model of industry analysis that is known as five forces model. This model is used to know the intensity of company emulation in

its industry and the profit potency. These five of the basic strengths are explained as follows (Hax And Majluf, 1991):

1. Intensity of Rivalry Among The Industry Competitor

Competition represents the strength center of industrial attractiveness. In many industries, companies compete each other to look for the strategic competitiveness and high profit. Competition usually happens because of the price, product innovations, and other action to reach the product differentiation (like service, unique advertisement campaign, and product warranty).

2. Threat from New Entrants

Newcomers have to face some obstacles. They should have good resistance in facing though competition against existing companies.

a. Economic of scale

Producer will face a dilemma if their competitors in this time have small scale company which will experience of the loss in expense. However, new producer with the big scale company and with the big production volume will reach the economic scale.

b. Product Differentiation.

The existence of certain unique form of product, which is produced by company, makes the company has high brand identity. From time to time consumer will realize that the product of a company is unique.

c. **Capital Requirement**

Competing in new industry requires the investment of company resources. Besides physical facilities, capital is required for the supply, activity of other business function and marketing.

d. **Switching Cost**

Switching cost is an expense happens only once, when the consumer buys products from other distributors. These expenses are: buying new machine, training expense to all workers, even psychological expense that comes when the buyer goes to other distributors.

e. **Government Policy**

Through license and permission conditions, government can control the entry of industrial perpetrator. The government can make a limitation / restriction into equipments industry (utilities) to give the certifiable service and existing capital conditions.

3. **Threat from Substitutes**

The existence of substitution product will influence the demand of consumer. It will also influence products, which will be produced by the company.

4. **Bargaining Power of Suppliers**

Dicker strength of distributor is influenced by the amount of suppliers, the available of substitution, switching cost supplier, applying of strategy of backward integration, and the important of raw material. The potential way for the distributor to get the strenght for the company in an industry is to improve



the price and lessen quality of product sold. If company cannot close the make-up of expense happens through the price structure, profitability will decrease because of the of distributor's action.

## 5. Bargaining Power of Buyers

Company will try to maximize the return for their capital. Buyer prefers to buy the product at possible low price. To lessen the expense, buyer will claim the higher-level service quality, and also cheaper price. Dicker strength with the buyer influenced by the buyer, the available of substitution goods, buyer's switching cost, applying of integration Strategy, the importance level of the product for the consumer, level of purchasing power of the consumer and many more.

### 2.1.8. Corporate Strategy

Corporate Strategy of a company can be identified by looking at the Model of Corporate Strategy by using SWOT analysis. A company can consolidate the external strategic that is owned by company, which are opportunities and threats become the first category of competitor position.

Company will have the various alternatives in formulating a strategy by combining competitive positive and industrial attractiveness in nine-cell matrix (Hunger And Wheelen, 1996). Trough the each factor in the SWOT, corporate strategy is formulated as follows,

**Picture 2.4. Corporate Strategy Model**

Business Strengths / Competitive position.

	Strong	Average	Weak
High	<u>Growth</u> 1 Concentration Via Vertical Integrasi	<u>Growth</u> 2 Concentration Via Horizontal Integrasi	Retrenchment 3 Turnaround
Medium	<u>Stability</u> 4 Pause or Proceed with Caution	<u>Growth</u> 5 Concentration Via Horizontal Integration	Retrenchment 6 Captive Company or Selling Out
Low	<u>Growth</u> 7 Concentric Diversification	<u>Growth</u> 8 Conglomerate Diversification	Retrenchment 9 Bankruptcy or Liquidation

Source: Hunger and Wheelen, 1996.

The diagram identifies nine cells of company strategy, but it can be grouped three especial strategies, which are:

- a. *Growth Strategy* represents company growth (cell 1, 2, and 5) or strive diversified (cell 7 and 8)
- b. *Stability Strategy* is a strategy which is applied without chopping round strategy.
- c. *Retrenchment Strategy* (cell 3, 6 and 9) is the effort to minimize or reduce the effort that is conducted by the company.

This is the explanation about the action from each strategy:

1. Growth Strategy

Growth strategy is designed to reach the growth in sale, asset of profit or combination. This is reachable by cutting the price, developing new product, adding product quality, or improving to access broader market. The effort can be done by minimizing the cost to improve the profit. This way represents the all-important strategy if the company conditions stay in the fast growth.

2. Growth strategy through Concentration and Diversifying

There are two basic strategies from growth at corporate level that are concentration at one particular industry and diversified to other industry. Based on the research result, company which has good performance tends to perform the concentration. While, the company that has bad performance tends to make a diversification to improve the performance.

If the company chooses the concentration strategy, they can grow through the horizontal integration and vertical integration from the internal or external resource.

If the company chooses the diversified strategy, they can grow through concentration or diversified to the billionaire, either through internal new product development and acquisition.

### 3. Concentration through the Vertical Integration (cell 1)

The growth through concentration to the vertical integration is done by using backward integration (taking over function supplier) or by using forward integration (taking over distributor function). This represents the special strategy for the company to own a strong position in competitive market (high market share) in powered a good industry.

To increase business strength or competitive position, this company has to execute the effort of minimizing of inefficient operation and expense to control the quality and also product distribution.

Vertical integration can be achieved not only by using internal resource but also external resource. The advantage from vertical integration is a decreasing in the expense and also the increasing of coordination and control. This represents the best way for strong company to improve competitive advantage in attractive industry.

### 4. Concentration through horizontal Integration (cell 2 and 5)

The growth strategy through horizontal integration is an activity to extend the company by developing location, and improving the product type and service.

If the company stays in the attractive industry (cell 2), the target is to improve the sale and profit by exploiting advantage from economic of scale in production and marketing. The Company will use the consolidation strategy (cell 5) if the position of the company in the moderate attractive industry. The target is relatively more defensive by avoiding the loss of sale and loss profit.

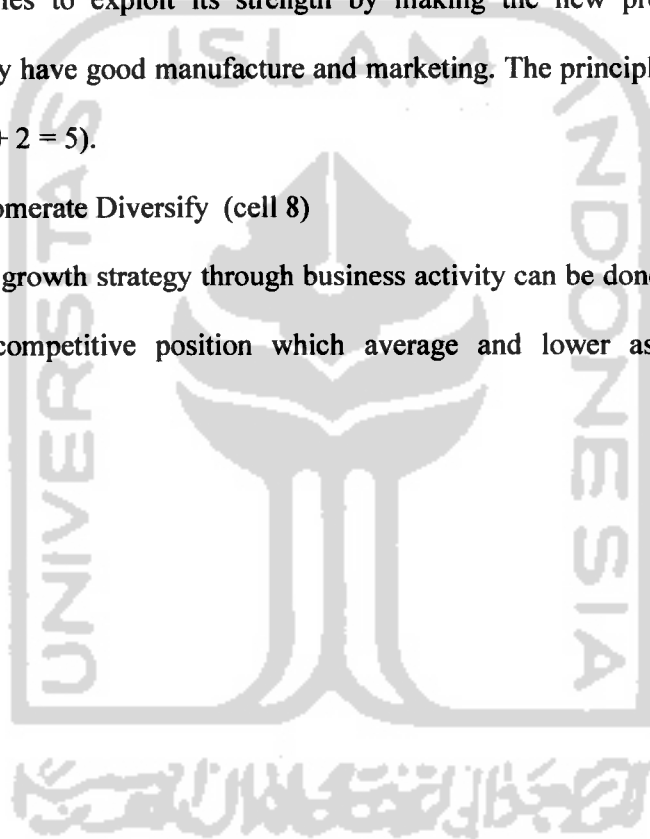
The company in this cell can extend the market, products facility and technological through internal development and also external acquisition or other joint ventures with the company in same industry.

5. Concentric Diversify (cell 7)

The growth strategy through diversification is usually done by the company which owns very strong competitive position condition but. The company tries to exploit its strength by making the new product efficiently because they have good manufacture and marketing. The principle is to create the synergy (2 + 2 = 5).

6. Conglomerate Diversify (cell 8)

The growth strategy through business activity can be done if the company faces the competitive position which average and lower assess fascination industry.



## CHAPTER III

### COMPANY PROFILE

#### 3.1. Market Condition of Automotives Industry

Uncertainty of politics situation, economic crisis and multi dimension crisis still hit Indonesia economics in 2002. Surprisingly, the sales of motorcycle keep increasing. It was about 45% in 2003. In previous year, the sales reached 201 thousand units. In 2001 the national automotive industry sales reached 94 thousand units, it is bigger than the sales in year 2000, which was only 60 thousand units. Indonesia's automotive sales are bigger than Thailand's sales. Gaikindo side forecast that in this year the sale in automotive industry will reach 250 thousand units, but all industrial perpetrator estimate that the sale is going to reach 290 thousand units (Kedaulatan Rakyat, July 20, 2004).

**Tables 3.1 Market Share in DIY**

MERK	2,000		2,001		2,002		2,003		2,004	
	Sales	%	Sales	%	Sales	%	Sales	%	Sales	%
HONDA	23,235	54.70	6,976	58.2	7,549	63.86	12,623	46.55	10,132	57.22
SUZUKI	8,965	21.10	3,188	26.6	2,285	19.33	4,968	18.32	3,535	19.96
YAMAHA	9,171	21.60	1,658	13.8	1,774	15.01	4,701	17.34	2,380	13.44
KAWASAKI	975	2.30	151	1.30	153	1.29	221	0.82	113	0.64
VESPA	133	0.31	8	0.07	21	0.18	22	0.08	11	0.06
MONA			1	0.01	40	0.34	4,580	16.89	1,535	8.68
<b>Total</b>	<b>149.371</b>	<b>100</b>	<b>171.822</b>	<b>100</b>	<b>225.608</b>	<b>100</b>	<b>269.372</b>	<b>100</b>	<b>141.582</b>	<b>100</b>

*Info : 2004 data only until June Source: Samsat DIY*

### **3.2. History of PT. INDO JAYA MOTOR**

PT. Indo Jaya Motor has been operating since February 1977 with the form of individual company owned by Mr. David Liando. Its first place was the Perwakilan Street in Jogjakarta. The street lies in the heart of Jogjakarta city. The growth of the company need more representative management and show room, so in 15 June 1990 the individual company change to the PT (Limited Corporation) and Head Office (Show Room) moved to the Jend. Sudirman Street No 44 Jogjakarta ( $\pm$  200 meter) toward east from Tugu Jogyakarta, without closing the first company in the Perwakilan Street.

To make a faster growth and to anticipate the growth of automotive market in DIY so they have opened several company branches:

- a. Indo Jaya Wonosari that Located in Sugiyo Pranoto Street No 12 Wonosari, in 1996.
- b. Indo Jaya Sleman that located in Magelang Street No 151 Jogyakarta, in 1997.
- c. Indo Jaya Dongkelan that located in Bantul No 313 Jogyakarta, in 1997.
- d. Indo Jaya Kadipiro that located in Wates Street Km 2 Jogjakarta, in 1997.
- e. Indo Jaya Ambarukmo that located in Laksda Adisucipto Street No 102 Jogjakarta, in 1998.
- f. Indo Jaya Kotagede that located in Pramuka Street No 111 Jogjakarta, in 1998.

Besides those company, they also use another dealer called SUN Motor which have 4 branches:

- a. SUN Motor Sleman located in Magelang Street Km 5, 7 Jogjakarta.
- b. SUN Motor Gejayan located in North Ring Road No 4 Gejayan Jogjakarta.
- c. SUN Motor Umbul Harjo located in Menteri Supeno 101 A Jogjakarta
- d. SUN Motor Kalasan located in Kalasan Street Km 10 Jogjakarta.
- e. One dealer in Wates Kulon Progo that is SANDRA MOTOR that located in Diponegoro Street No 26 Wates Kulon Progo.

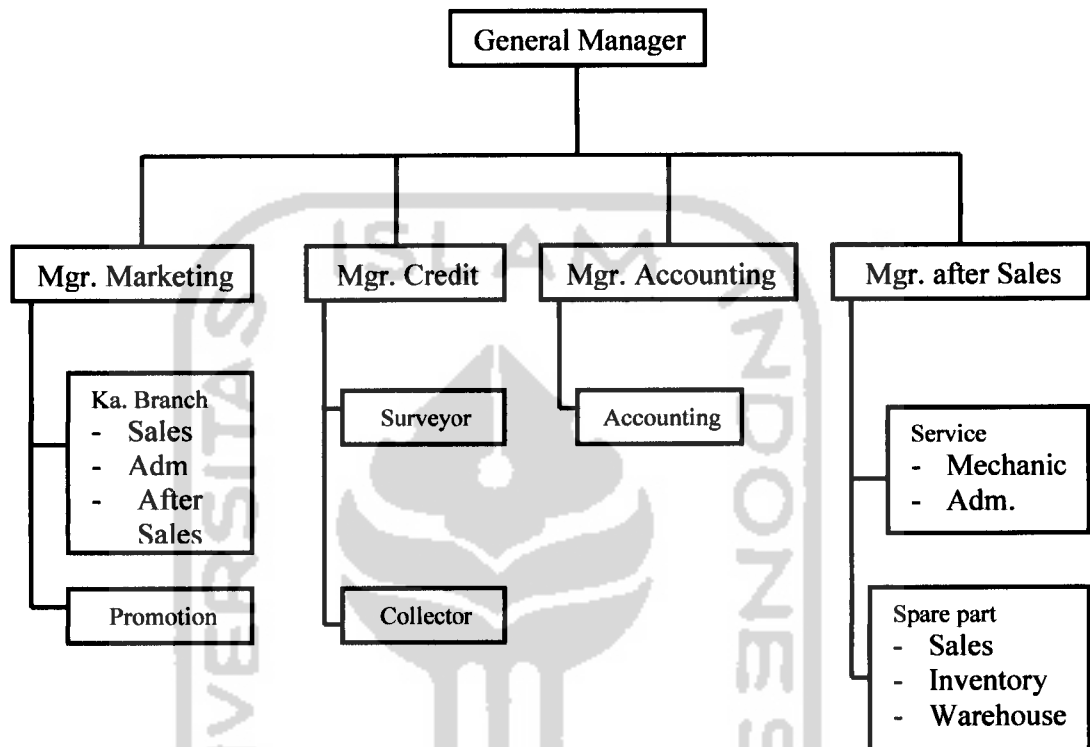
### 3.3. Company Data

1. Company Name : PT. INDO JAYA MOTOR
2. Marketing Zone : D I Y, Region State of Yogyakarta that is:
  1. Kotamadya Jogjakarta
  2. Kabupaten Dati II Sleman.
  3. Kabupaten Dati II Bantul.
  4. Kabupaten Dati II Kulon Progo.
  5. Kabupaten Dati II Gunung Kidul
3. Address : Jend. Sudirman Street No 44 Jogjakarta



### 3.4. Organization Structure

Picture 3.1. Organization Structure



## 1. General Manager

### a. Function

The function of General Manager is to coordinate and responsible to the employees, operate the company and responsible to the direction to manage the company.

In managing the company, General Manager has some functions:

#### 1. Planning

As a planner General Manager must make some decision to get the target, that is:

- To arrange the work planner
- To control the work whether it is according to the plan or not
- To give instruction in working implementation

#### 2. Organizing

After finishing work planner we need a people to execute it. People who work together to achieve certain target is called organization. In this organization they work like in the plan that have been set up before to get the target of the company.

#### 3. Instruction

After the plan and the organization done, General Manager must give the instruction to the employees how to get the target of the company.

**b. Authority and Responsibility**

1. Make the decision in the company operation.
2. Represent the management in the company or out the company.
3. Look and research the operational of the company to get the maximal profit.
4. Arrange yearly budget with the head department.
5. Control and evaluate to the work plan that has been make by the company.

**2. Marketing Department**

**a. Function**

This department is the point spare of the company to get the income, this division have duties to serve the customer, promote and sell the product.

**b. Authority and Responsibility**

1. Make and arrange selling budget that has been use.
2. Make and arrange the promotion budget.
3. Make coordination with other departments.
4. Searching for opportunities and making a selling.
5. Giving full information about the product that they want to sell to the customer.

### 3. Credit

#### a. Function

This department is one of the financial departments that gives the profit to the company. This department has an operation like the financial leasing institution. This department has a duty to give the credit to the customer.

#### b. Authority and Responsibility

1. Make and arrange the budget to give the credit to the customer.
2. Make coordination with other departments.
3. Searching for the opportunities to make the low interest credit.
4. Giving the full information about the credit product that they want to sell to the customer
5. Make a survey to the credit receiver candidate.

### 4. Accounting

#### a. Function

This department is one of the accounting departments that monitor all the company cash flow.

#### b. Authority and Responsibility

1. Make and arrange the budget plan that is needed for the company operational.
2. Make coordination with other department.

## 5. After Sales Department.

### a. Function

This department support the marketing program to sell the product, this department must serve customers, give maintenance, spare parts, and as media to promote.

### b. Authority and Responsibility

1. Make and arrange the budget to buy tool for maintenance and to buy spare parts.
2. Make and arrange the division of service promotion budget.
3. Make coordination with other departments to make promotion.
4. Searching for the opportunities to sell spare parts.
5. Giving the full technical information to the product that wanted to be sold to the customer.
6. Responsible to the after sell service to the product in the customer hand (sold product)

**Table 3.2. Indo Jaya Motor Selling**

<b>TIPE</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>RC BRAVO</b>	899	245	361	486	209
<b>TORNADO</b>	504	94	159	265	90
<b>SATRIA 120</b>	568	276	152	233	98
<b>A 100</b>	24	29	4	1	1
<b>RGR 150</b>	71	10	4	1	
<b>TS 125</b>	16	6	11	1	1
<b>SHOGUN</b>	1,594	762	734	2,455	1,707
<b>GSX 250</b>				9	4
<b>FXR 150</b>					1
<b>TOTAL</b>	<b>3676</b>	<b>1422</b>	<b>1425</b>	<b>3451</b>	<b>2111</b>

*Info: 2004 data only until June Source: Indo Jaya Motor in Unit*

This table shows the market share of Suzuki in DIY which made by two official dealers. They are PT. Indo Jaya Motor and PT. Kharisma Mataram Jaya Gemilang Motor.

**Table3.3. Total Market and Motorcycle Selling**

<b>Sales</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Total Market</b>	42.479	11.982	11.822	27.115	17.706
<b>Indo Jaya</b>	3.376	1.422	1.444	3.851	2.111
<b>Kharisma</b>	5.589	1.766	841	1.117	1.424
<b>Market share</b>	21,10	26,61	19,33	18,32	19,96

*Source: Samsat DIY in %*

## **CHAPTER IV**

### **DATA ANALYSIS**

In order to find a suitable and precise strategy, company has to identify, analyze and diagnose the opportunity and risks in a working environment. This process of formulating strategy, policy and also tactics are designed to direct managers to reach the company target. The changing of situation and environment condition will affect the environment of a company. As a result, there will be not only some opportunities to increase the work but also threat to a company.

#### **4.1. Environmental Perception**

##### **4.1.1. Macro External Environment**

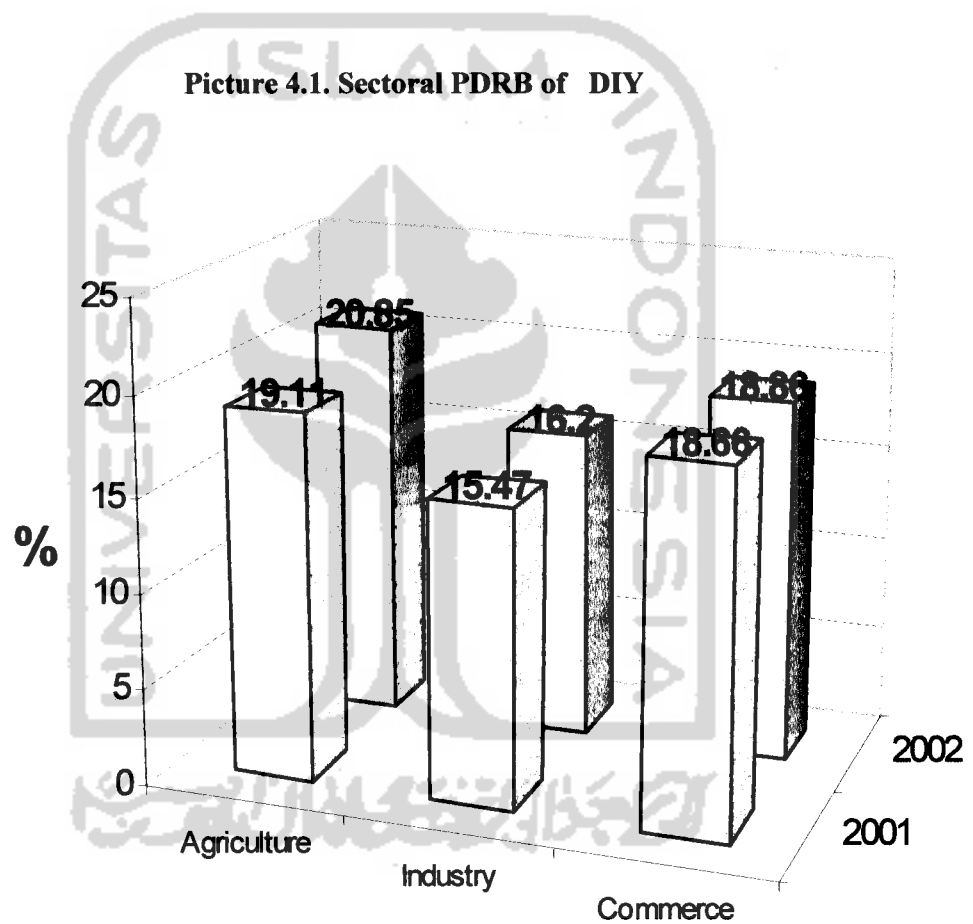
###### **1. Political Aspect**

Indonesian political situation after social riot happened in May 1998 has been changing rapidly. Anything might be change in every minute or hour which could influence the future of this country. The new government failed to change Indonesia free from multidimensional crisis, and also failed to maintain the unity of Indonesia.

###### **2. Economic Aspect**

Indonesian economic condition has not been improving since the crisis happened in several Asian countries. The accumulation of foreign government and private debt, the dramatic increase of banking interest in Indonesia's banking system after Bank Indonesia issued the BLBI, and the

decrease of Rupiah exchange rate towards US Dollars made a big effect to the Indonesia's economic system. However, the Indonesian economic was not fully ruined, it can be seen from some small and medium enterprises that still exist because of their excellent resistance toward economic crisis. Jogjakarta has a significant growth in agricultural, industry and commerce sectors. It can be seen from the data of PDRB chart as follows.



Source [BPS, (2003; 571)]

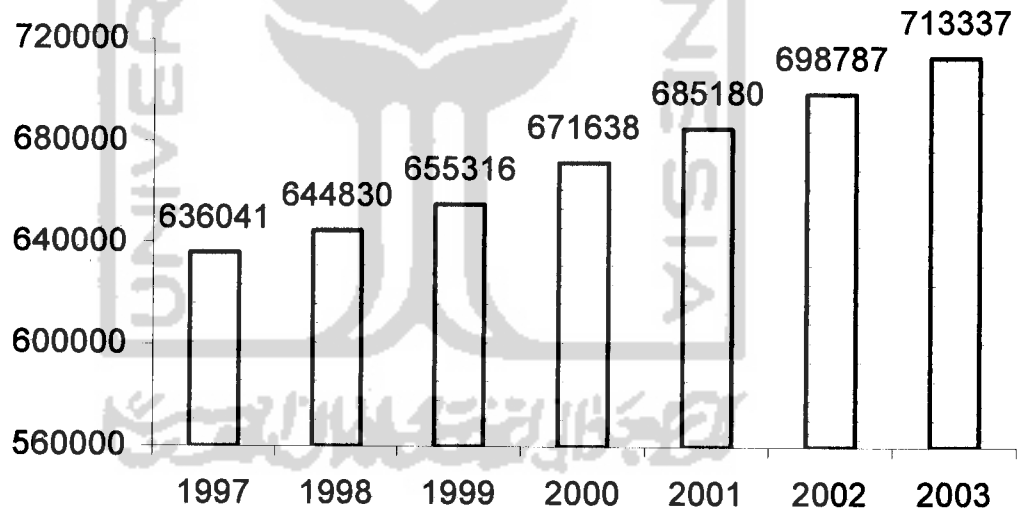


### 3. Cultural Aspect

The population number in Jogjakarta has increased every year. In 2003, there are 3.264.942 population which is 50,57% male population and 48,43% female population. The population is spreading all over Jogjakarta with the width of 3185,80 kilometer square and the density level of 1024,84 people per kilometer square.

Along with population growth, the need of transportation has to be developed. The following data provided in picture 4.2 shows the increasing number of Jogjakarta household from 1996 to 2003.

**Picture 4.2. Growth of Household in DIY**



*Source [BPS, (2004; 85)]*

Besides as a student city, Jogjakarta is also recognized as a center of a living Javanese culture in this millennium. We can find various cultural interests in this town. The tradition of giving a high value to the culture and

members of Jogjakarta Palace has become a unique interest that attracts domestic and foreign tourists.

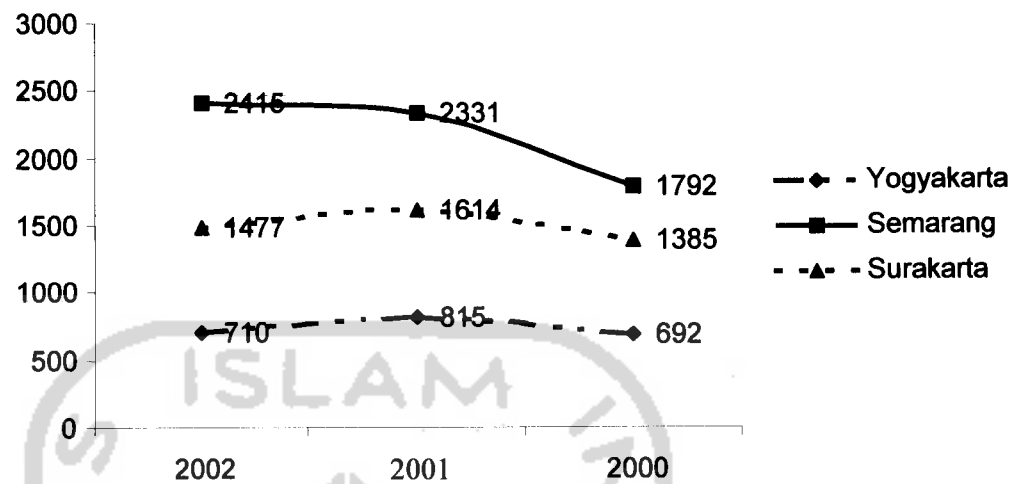
#### 4. Technological Aspect.

The use of technology, including informatics technology has become a priority in the world of trading. The role of informatics technology is not only to create automatic business process and make it efficient, but also to endeavor a business and to create a fair competition. Virtual world has become part of global society, including Jogjakarta society. This easily can be seen by the fact that there are many Internet centers springing up like mushroom in Jogjakarta. This condition is well supported by the city itself since Jogjakarta is known as one of “student cities” in Indonesia also adapts (global) technological development.

#### 5. Security Aspect.

Jogjakarta is one of small city, which is considered as safe city. It can be referred from picture 4.3 to give an illustration of a low crime rate in Jogjakarta, compared to other neighboring cities. This conducive climate has been created not only by the fact that Jogjakarta is still holding its traditional culture, but also by the existence of many universities and educational institutions. The satisfying security condition becomes one factor that people need to consider to choose a place to study.

**Picture 4.3. Crime rate According to District Police Office**



Source [BPS, (2003)]

#### 4.1.2. Industrial Structural Industry

##### Analysis of Forces Driving Industry Competition

##### a. Threat of incoming potential newcomers

Due the more flexible and easy access to import products, more China-based products are found in the market. Those products are either a CKD (Completely Knocked Down) or a CBU (Completely Build Up), or even assembled in Indonesia. One of the products is China-based motorcycle company “Daiheyo” that has already established an assembling factory in Berbah, north Jogjakarta

Some obstacles that hinder potential newcomers:

- 1) *Economic of scale*: Indo Jaya Motor one of the largest motorcycle company has made a strong network with 12 main outlets all around

Jogjakarta, with the after-sale facilities, service centers, and spare-part centers. With its broad network, the cost of marketing and promotion per unit become lower. This condition will minimize the total cost of the company.

- 2) *Product differentiation*: PT. Indo Jaya Motor has been recognized for its good reputation as an official dealer of Suzuki-Japan based motorcycle in Jogjakarta. The services which are unique compared to other automotive dealers. By giving big discount price, low interest rate, and special price for certain institutions. With all of the facilities, consumer will be interested to buy its product and will keep buying for a certain period of time. These facilities indeed, have distinguished Indo Jaya Motor from other regular dealers and have been a significant factor to attract consumers.
- 3) *Capital requirement*: aside from the tight requirements for quality guarantee like exhibition display, integrated 3S facilities (Sales, Service, and Spare-parts) and representative location, capital plays a very important role to establish sustainable operation.

b. Treat of substitute products

The existence of other means of transportation as an alternative choice such as bus, taxi, padicab, “andong” and bicycle will probably influence people when they choose transportation. These substitutions have a strong position if they have advantages and distinction. However, means of transportation in Jogjakarta are not sufficient and decent, compared to the

need of transportation of local people. University students are among those people who need a flexible transportation that provide a good service to any destination. Consumers will probably have some alternatives of transportation if there is cheaper and safer transportation, which can give excellent service to any destination, at any time until late in the evening.

c. **Bargaining Power of The Buyers**

Consumers do not only search for cheap motorcycle but also search for an excellent service and after sale guarantee. Moreover, consumers will usually try to bargain the price. They tend to bargain even though they have been offered a discount price and low interest rate for credit facility. The number of people who want to buy the products, the availability of substitution goods, and the importance of the product and the purchasing power of the people also influences the bargaining power of the consumers.

d. **Bargaining Power of The Suppliers**

The first thing that suppliers would do is to offer their products. However, there is one condition that can give suppliers have a strong position. It is a condition where the products have special quality that is significant to the buyers, such as Multi-Purpose Vehicle, affordable price, low operational cost and good quality. In this case, suppliers, indeed, have a very potential price, low operational cost and good quality.

**Table 4.1. Sale Comparison between Brands in Jogjakarta**

M E R K	2 , 0 0 4	
	S A L E S	%
H O N D A	1 0 , 1 3 2	5 7 . 2 2
S U Z U K I	3 , 5 3 5	1 9 . 9 6
Y A M A H A	2 , 3 8 0	1 3 . 4 4
K A W A S A K I	1 1 3	0 . 6 4
V E S P A	1 1	0 . 0 6
M O N A	1 , 5 3 5	8 . 6 8

Source: [Samsat, DIY]



between 0,0 (les important) to 1,0 (very important). According to the above external analysis, the need of two-wheel transportation as the most profitable opportunity in Jogjakarta has become a crucial need of the local people. Moreover, the economic growth of the city and its image as a student city has created the second highest weight (0,125). Oligarchic market with only few main dealers of motorcycles with various brands is valued 0, 1. The behavior of the local people who tend to try new products has the lowest value (0.05). Total values of weighted score reflect how companies react towards external strategy factors. This total value can be used to compare one company to another company that run the same business.

Threat from a competitor such as PT. Kharisma Mataram Motor, is valued (0, 15). This value weight is given in regard to the fact that PT. Kharisma Mataram Motor is actually as the one out of two Suzuki authorized main dealer which has a very good reputation. According to the previous analysis, the aspect of the similarity of China-based motorcycles with market leader product has the highest value (0,125). The unstable political condition in Indonesia and its effect toward business have the lowest score (0, 1). It is because we have not seen the direct effect of political condition in Jogjakarta so far. The threat from imported goods is valued 0,075 because imported goods have a certain market of their own.

The process of determining a rating is based how influential a factor is toward company policy. The increasing need of means of transportation is rated highly (5) because it has become the focus of marketing department of Indo Jaya Motor recently. Exiting China-based motorcycle is rated at 4, especially those

which start to occupy the market with their facilities. Another factor that Indo Jaya Motors take the image of the city into account is rated 3. This factor is a very good attraction to new comers and it has been predicted that there will be more and more people coming to Jogjakarta. Oligarchic market and customary behavior of the local people are rated at 2. However, PT. Indo Jaya Motor still has to anticipate the unpredictable political condition in Indonesia, which sometimes causes a delay, or hesitation in the market. Prestigious imported good, which enters Indonesian market, is another factor that is rated at 2.

#### 4.1.4 Internal Environment of the Company

##### 1. VRIO Framework

###### a. Value :

- 1) Customer Satisfaction Service Standard
- 2) Sales facilities, service and complete spare parts
- 3) The first Suzuki Authorized main dealer

###### b. Rareness:

- 1) A strong brand image
- 2) Reasonable Price of the products
- 3) Appropriate and accurate promotion strategy

###### c. Imitability:

- 1) The need of extra cost to establish a network and service standard that is customer-satisfaction oriented.
- 2) The need of training to create professional marketing staffs.



3) The need of extra cost to arrange an appropriate management and strategy.

d. Organization:

1) The arrangement of Human Resource Development especially for sales forces in order to be able to increase its marketing power.

2) Analysis of functional sources

a. Organizational Chart

The company's organizational chart has been efficiently arranged and fulfilled with each of employee's job description.

However, the company does not have a standard written job description.

b. Corporate Culture

The corporate culture in the company is shaped according to the objective of Indo Jaya Motor itself, where service quality is highly emphasized because Indo Jaya Motor sells the same products with the one sold by other competitors. The slogan is "Our customers will get the best services which have never been given by other branded organization". Besides, the company has created an image that Indo Jaya Motor is not simply an ordinary merchant of motorcycles, instead, it is a professional entrepreneur with future mission.

c. Marketing

1. *Segmenting*. As a player in a automotive market in Jogjakarta, Indo Jaya Motor has put itself at marketing segment. This is because this segment consists of several buyers which are different in desire, need, and purchasing power, geographic location, their behavior and habit towards purchasing people who buy motorcycle to fulfill the need of transportation, those people usually have a high mobility and consider motorcycles prestigious and safe. An individual marketer applies marketing because he tends to see the characteristic from consumer in offering product. The segmentation between low class until high class is too wide.

2. *Targeting*. In offering its product, PT. Indo Jaya Motor tries to serve entire consumer group with all products. Company produces products, which are needed by consumer according to their interest, and purchasing power.

3. *Positioning*. PT. Indo Jaya Motor represents the old player in motorcycle business, which play powerful role by placing forward certain marking which during the time have been recognized by society. Giving cheap price with the prima service by offering discount and credit with the low interest are the identity of PT. Indo Jaya Motor. This

position is taken by PT.Indo Jaya Motor because one brand competitors in Yogyakarta, PT. Kharisma Mataram, does not put itself into this position. It is expected that this position can be made as a weapon to maintain the new market.

a. Finance and Accounting

High performance in the financial and accounting department will affect the operational expenditure of the company. So that PT. Indo Jaya Motor should maximize its financial and accounting department function.



Table.4.3.

**NERACA PT. INDOJAYA MOTOR  
PER 31 DESEMBER 2004 (In Rupiah)**

<b>CURRENT ASSET</b>		<b>Current Liability</b>	
Cash	1,436,537,787	AP	6,355,300,000
A/R	3,231,135,455	Tax Payable	16,252,181
Supplies	3,957,738,393	Expense Payable	1,100,786
Tax DP		Unearned Revenue	<u>587,709,060</u>
Tax	<u>138,454,576</u>		
<b>Total Current Asset</b>	<b>8,913,090,885</b>	<b>Total Current Liability</b>	<b>6,960,362,027</b>
<b>Fixed Asset</b>		<b>Equity</b>	
Building	255,305,702	Capital Stock	110,000,000
Vehicle	90,850,000	Retained earnings	1,141,896,802
Inventory	178,405,786	Fiscal Correction	335,604,158
Acc. Depr.	<u>-348,073,338</u>	Laba/ Rugi tahun Berjalan	<u>541,716,048</u>
<b>Total Fixed Asset</b>	<b><u>176,488,150</u></b>	<b>Total Equity</b>	<b><u>2,219,217,008</u></b>
<b>Total Assets</b>	<b>9,089,579,035</b>	<b>TOTAL PASIVA</b>	<b>9,089,579,035</b>

Source: Indo Jaya Motor

**Table 4.4.**

**LAPORAN LABA/RUGI PT. INDO JAYA MOTOR  
PER 31 DESEMBER 2004 (In Rupiah)**

<b>SALES</b>		
Cash Sales	19,330,961,590	
Credit Sales	6,627,999,995	
Service Income	<u>10,054,545</u>	
<b>TOTAL SALES</b>		<b><u>25,969,016,130</u></b>
<b>COST of SALES</b>		
Beginning Balance	2,508,512,338	
Purchase	25,744,225,559	
Supplies	28,252,737,897	
Ending Balance	<u>3,957,738,393</u>	
<b>COST of GOODS SOLD</b>		<b><u>24,294,999,504</u></b>
<b>GROSS INCOME</b>		<b>1,674,016,626</b>
<b>OPERATING EXPENSE</b>		
Salary Expense	224,655,000	
Advertaising Expense	601,123,411	
Marketing Expense	300,600,000	
Misceleneous Expense	86,337,171	
Freight Expense	141,650,480	
Transportation Expense	33,975,775	
Administration Expense	52,725,070	
Maintenance Expense	28,242,695	
Oil Expense	38,949,625	
Accum Depr-Asset	38,808,343	
Land and Building Tax	<u>3,018,208</u>	
<b>TOTAL OPERATING EXPENSE</b>		<b><u>1,550,085,778</u></b>
<b>Gain or Loss</b>		<b>123,930,848</b>
<b>Other Income / Revenue</b>		
Interest Revenue	<u>417,785,200</u>	
<b>TOTAL OTHER INCOME / REVENUE</b>		<b><u>417,785,200</u></b>
<b>GAIN or LOSS BEFORE TAX</b>		<b><u><u>541,716,048</u></u></b>

*Source: Indo Jaya motor.*

The following table will give some financial ratios to measure the performance of Indo Jaya Motor:

**Table 4.5. Monetary Ratio [of] Indo Jaya Motor per 31 December 2004**

<b>Explanation</b>	<b>2004</b>
<i>Current ratio</i>	1,3 x
<i>Total asset turnover</i>	2,86 x
<i>Debt to equity (%)</i>	3.27 %
ROI (%)	16,78 %
ROA (%)	3,07 %
<i>Net profit margin (%)</i>	2 ,00 %

*Source: Internal Data*

- 1) *Asset of Management ratio* is used to measure the effectiveness of the company in managing owned asset. This ratio of sowed whether existing asset amount in balance represent the amount which reasonable evaluated from current sales levels. At this opportunity, asset of management ratio will be evaluated at totalizing asset turnover. On per 31 December 2004, Indo Jaya Motor has total asset turnover of equal to 2,86 times.
- 2) *Profitability Ratio* is measured to know how far management effectiveness in managing the company. This management effectiveness covers the functional activity of management, like financial, marketing, human resource and operational. A lot of factors influence whether the company will earn profit or not. While ROA is used to measure the advantage level from investment of capital owner and calculated by pursuant to owned asset.

**Table 4.6. Cash Flow Indo Jaya Motor per 31 June 2004.**

KETERANGAN	JANUARI	PEBRUARI	MARET	APRIL	MEI	JUNI
<b>INFLOW</b>						
Sales	3.231.835.000	2.259.820.000	2.632.287.500	2.075.261.500	3.032.758.500	2.634.617.000
Installment	1.345.764.845	1.158.796.640	1.273.126.852	1.218.037.780	1.261.125.585	1.376.136.000
Service Center	31.667.630	29.381.550	36.291.600	37.022.660	36.721.655	37.060.955
Other Income	12.698.100	11.593.100	6.398.000	4.660.000	7.042.350	12.848.700
Sub total	4.621.965.575	3.459.591.290	3.948.103.952	3.334.981.940	4.337.648.090	4.060.662.655
<b>OUTFLOW</b>						
Ops, Cost / Exp	459.109.650	629.946.100	560.261.700	601.249.850	544.646.550	581.065.450
Selling Expense	35.506.950	47.123.500	50.665.775	47.504.800	53.997.000	45.052.225
Transportation Exp.	46.084.750	2.731.800	37.444.850	26.297.000	32.910.650	14.526.200
ATK	7.261.600	10.688.850	12.707.500	8.793.750	8.350.000	11.860.850
Other Expense	1.427.000	3.074.900	127.700	1.161.400	27.400	462.600
Tax	29.756.600	25.474.500	33.243.150	6.729.200	21.219.700	7.915.300
Sub total	579.146.550	719.039.650	694.450.675	691.736.000	661.151.300	660.882.625
<b>Total L/R</b>	<b>4.042.819.025</b>	<b>2.740.551.640</b>	<b>3.253.653.277</b>	<b>2.643.245.940</b>	<b>3.676.496.790</b>	<b>3.399.780.030</b>

*Source: [Internal Data]*

From the above cash flow statement, PT Indo Jaya Motor gains good profit. Several issues need more attention to reduce the cost are unnecessary promotion expenses, recruitment and consumption.

**b. Human Resource**

The human resources management of PT. Indo Jaya Motor has a poor quality in knowledge of sales, good service and promotion in automotive business. This is because when the employees are recruited, their educational background is not suitable with their duties. To increase the employee's performance quality, the management has conducted a training to reach professionalism of each area. Employees who only have limited ability finally can improve their knowledge through this training.

#### 4.1.5. Factors Analysis Summary (IFAS)

After analyzing the internal environment of the company, the good use of functional VRIO framework source, collectable hence are assessed in Internal Factors Analysis Summary (IFAS) in the following table:





**Table 4.7. IFAS**

Internal Factors		Weight	Rating	Weighted Score	Comment
	<b>Strengths</b>				
S1	▪ Quality and product design	0,1	3	0,3	Have the good quality
S2	▪ <i>The 23 years experience</i>	0,05	2	0,1	First Main Dealer Suzuki in Jogjakarta
S3	▪ Financial	0,1	4	0,4	The good financial condition
S4	▪ <i>Company image</i>	0,1	3	0,3	<i>Cheap, fast and flexible service</i>
S5	▪ Good quality service	0,15	5	0,75	Customer satisfaction service
	<b>Weaknesses</b>				
W1	▪ High employee turnover	0,1	2	0,2	There is no balance reward
W2	▪ <i>Less promotion</i>	0,15	4	0,6	<i>Promotion not in corporate image</i>
W3	▪ Company culture is family culture	0,05	1	0,05	Company culture is effect by the family
W4	▪ <i>The limit distribution channel</i>	0,1	2	0,2	<i>No flat distribution channel to the marketing area</i>
W5	▪ The unsporing sales force	0,1	3	0,3	Bad training and high turnover
		1		3,20	Above the average

The weight given for each factor starts from 1, 0 (most important) until 0, 0 (insignificant), pursuant to the effectiveness factors to strategic position of the Indo Jaya Motor. Pursuant to internal review perception above, hence service quality becomes a special pillar in Indo Jaya Motor. This point earns the biggest

15). Indo Jaya Motor gain strength with the existence of support from design and product quality, factor of finance and company image. It can be seen by the same score (0, 1). The position as a pioneer gets smaller score, which is only (0, 05).

When promotion can not pursue certain point, it is considered to be failed. Promotion, in this case, gets small score, it is only (0.15). That score is the biggest score in weakness part. The second in weakness part (0, 1) is the high employees turn over, distribution limited channel and less support sales force quality. These things of course will affect the way of operating system in Indo Jaya Motor. It needs clear support coordination from each organizational share of Indo Jaya Motor. Next point in weakness part is the bad corporate culture of ownership in Indo Jaya Motor, which is family form of ownership, it gets the smallest score (0, 05).

The 5<sup>th</sup> rating is given to a marketing focus at prima service quality because it represents factor determining in Indo Jaya Motor operational policy in this time. Factor of the company's finance gets the 4<sup>th</sup> rating, because it represents supporter for the fund of all activities in the company. Quality, product design and also company image represent the new opportunity for the guarantee of motorcycle quality.

Weakness factors have huge effect on operational at Indo Jaya Motor. Promotions get the highest rating which is 4. The value of sales force gets rating 3 because it's inefficient sales on Indo Jaya Motor. This weaknes is influenced also by the number of turn over of finite distribution and employees, which is included in rating 2. While, company culture which less supports the company activities is

included in rating 1. This total value is sowed on how a company responds to its internal strategic factors.

**Table 4.8 Calculation of Value and Score**

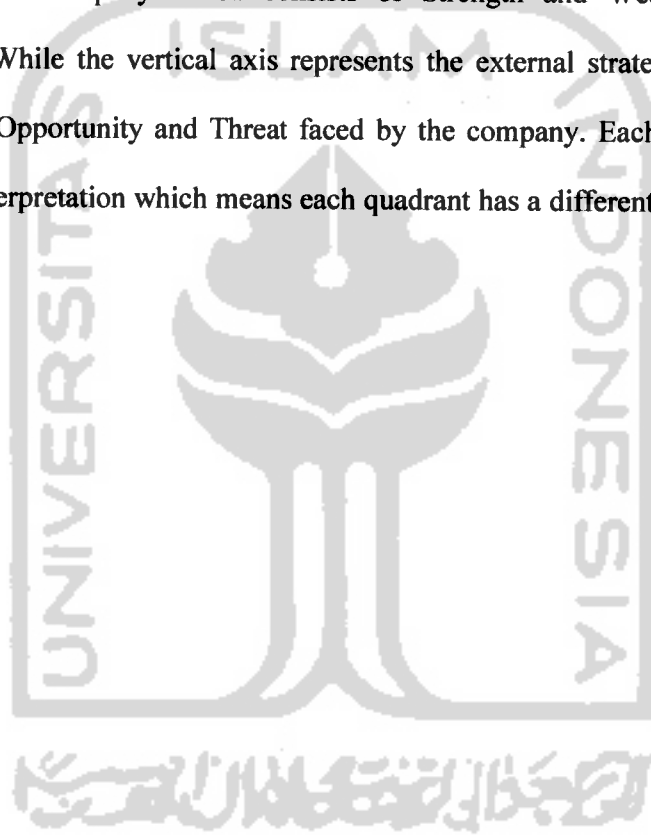
*Classification*

<b>Internal Factors</b>	<b>Value</b>	<b>Score</b>	<b>V*S</b>
<b>Strenght</b>			
Quality and Product Design	0.1	3	0.3
The 23 Years Experience	0.05	2	0.1
Financial	0.1	4	0.4
Company Image	0.1	3	0.3
Good Quality Service	0.15	5	0.75
<b>Summary</b>			<b>1.85</b>
<b>Weaknesses</b>			
High Employee Turn Over	0.1	2	0.2
Less Promotion	0.15	4	0.6
Company Culture is Family Culture	0.05	1	0.05
The Limit Distribution Channel	0.1	2	0.2
The Unsporting Sales Force	0.1	3	0.3
<b>Summary</b>			<b>1.35</b>
<b>Position</b>			<b>0.5</b>
<b>External Faktor</b>			
<b>Opportunities</b>			
Economic Grow	0.125	4	0.5
Student City	0.125	3	0.375
The Need of Transportation	0.15	5	0.75
Oligarchic Market	0.1	2	0.2
Society Custom	0.05	2	0.1
<b>Summary</b>			<b>1.925</b>
<b>Threats</b>			
The Older Player PT. Kharisma Motor	0.15	5	0.75
Incoming China Based Product	0.125	4	0.5
Indonesia Politic Situation	0.1	3	0.3
The Entry of Import Product	0.075	2	0.15
<b>Summary</b>			<b>1.7</b>
<b>Position</b>			<b>0.225</b>

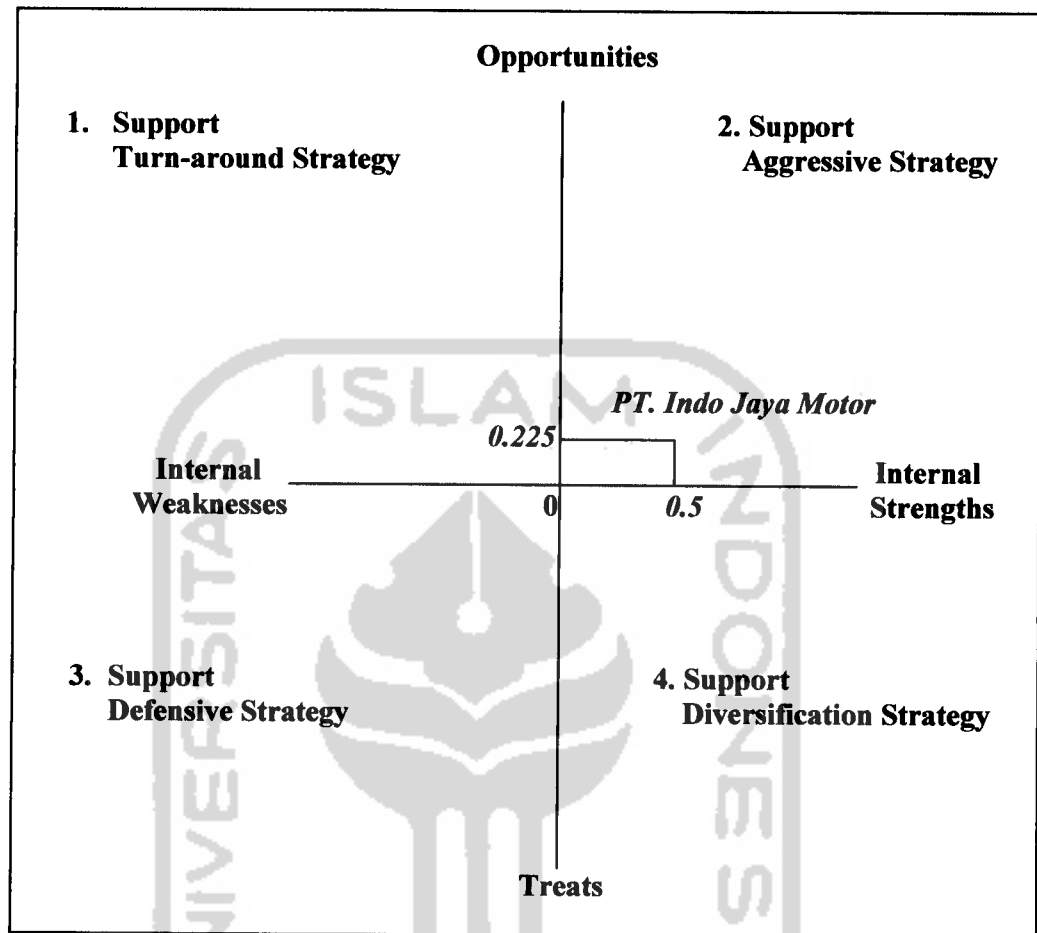
According to SWOT analysis above, the coordinate for the SWOT table can be determined, as follows:

- X axis = Strength – Weaknesses =  $1.85 - 1.35 = 0.5$
- Y axis = Opportunities – Threats =  $1.925 - 1.7 = 0.225$

The Coordinates above will put in the SWOT diagram as seen in the Picture 4.4. Horizontal axes on the diagram represent kind of internal strategy factor of the company which consists of Strength and Weaknesses of the Company. While the vertical axis represents the external strategy factor which consists of Opportunity and Threat faced by the company. Each quadrant has a different interpretation which means each quadrant has a different implementation of strategy.



Picture 4.4. SWOT diagram of PT Indo Jaya Motor



## 4.2. Strategy Formulation

From the result of data processing which applus the SWOT analysis procedure, we get the coordinate point is presented as follows:

- X axis = Strength – Weaknesses =  $1.85 - 1.35 = 0.5$
- Y axis = Opportunities – Threats =  $1.925 - 1.7 = 0.225$

### 4.2.1. Strategic Factors Analysis Summary (SFAS) Matrix

Based on the result in Internal Factors Analysis Summary (IFAS), External Factors Analysis Summary (EFAS) and also various considerations accompanying, the Strategic Factors Analysis Summary (SFAS) Matrix is discribed as follows”

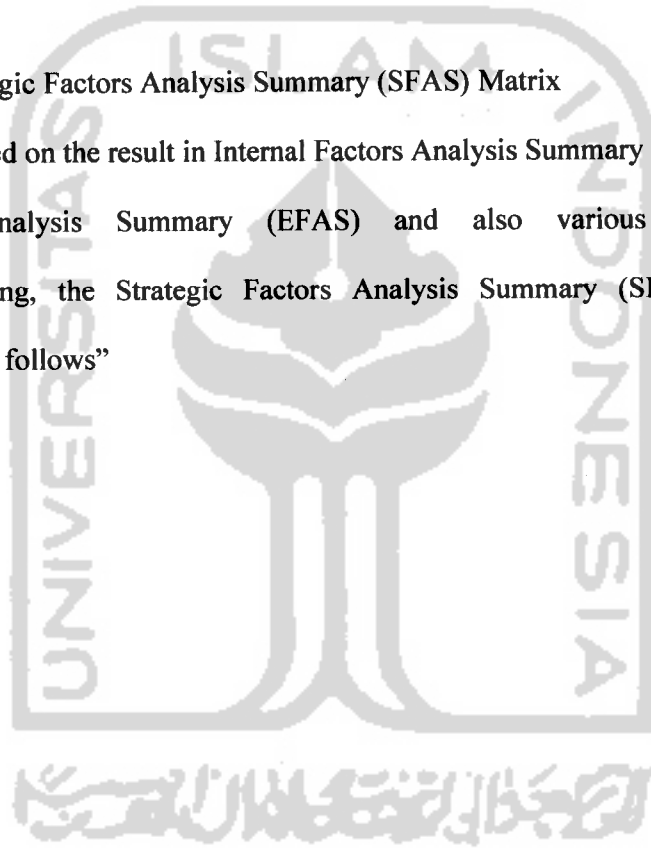


Table 4.9. SFAS MATRIX

Key Strategic Factors	Weight	Rating	Weighted Score	Term			Comment
				Short Term	Intermediate term	Long Term	
S3	0,1	2	0,2			x	The good financial condition Customer satisfaction service
S5	0,15	5	0,75			x	
W2	0,1	4	0,4	X			Promotion not in corporate image <i>No flat distribution channel to the marketing area</i>
W4	0,1	3	0,3	X			
O1	0,1	2	0,2		X		
O2	0,1	3	0,15		X		
O3	0,1	4	0,4	x	x		Increasing of the new student Transportation as basic need
T1	0,15	5	0,75	x			
T2	0,1	2	0,2	x			Having good positioning Cheaper product
	1		3,35				Above the average

Pursuant to the above perception analysis, where excellent service quality is as the biggest opportunity to maintain the market share in Yogyakarta given by highest weight (0, 15). Later this opportunity requires the respond from brooding of Indo Jaya Motor management to determine the marketing focus at requirement of transportation appliance and expand it to Yogyakarta as student town so that given by score (0,1). This opportunity is also strengthened with the economics condition, which starts by the goodness, so the score is (0, 1). Same score is also given to financial factor which supports all activities from Indo Jaya Motor.

Indo Jaya Motor as one of formal dealer player of Suzuki brand in Yogyakarta during the time get the new emulation threat from another Suzuki dealer, PT. Kharisma Mataram Motor, the score given is (0,15). The threat from some motorcycle brands from China and Korea which offer motorbike products at cheaper price with equal design with motorcycle products from Japan. This condition is should be taken into consideration, the score is 0.1.

Weakness by weight (0, 1) what require to be taken heed by promotion less be directional its target and distribution channel limited from Indo Jaya Motor, so that later do not have an in with its sale.

The ratings above are given by using the same consideration from EFAS and also previous IFAS. Division term above relied on by duration of strategy applying of mentioned in organization of Indo Jaya Motor. Such As:

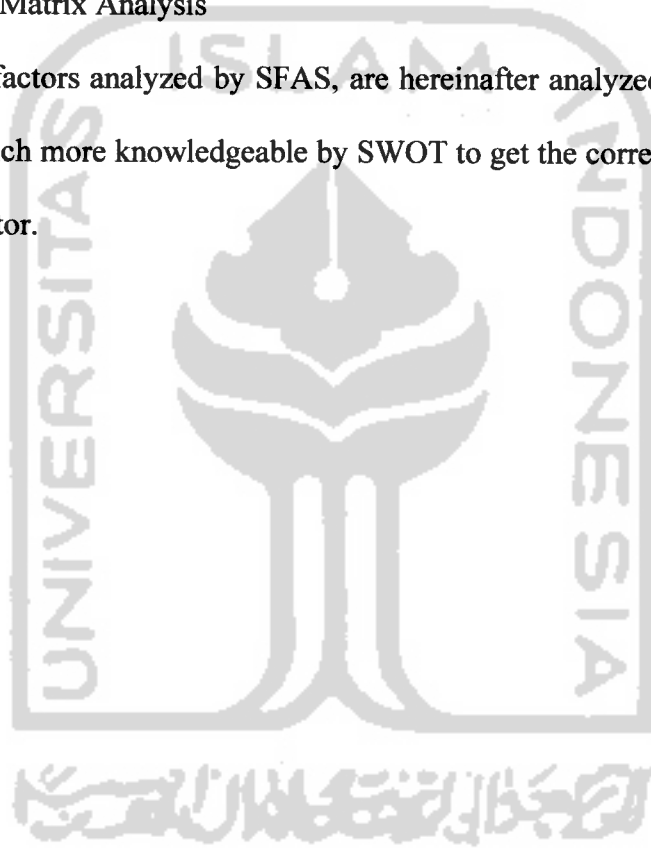
1. Company's finance and prima service quality will be executed continuously; the duration is about 5 years.



2. Marketing with the focus to economic growth, Yogyakarta's population, and huge number of motorcycle demand is only done to earn more responsive consumer to a market change by intermediate period of time.
3. Short-range term is used to immediately overcome the existing weaknesses or problems, so that the impact will not getting worse.

#### 4.2.2. TOWS Matrix Analysis

Strategic factors analyzed by SFAS, are hereinafter analyzed by using matrix TOWS or which more knowledgeable by SWOT to get the correct strategy for the Indo Jaya Motor.



**Tables 4.10. SWOT MATRIX.**

<p><b>Internal Factors (IFAS)</b></p> <p><b>External Factors (EFAS)</b></p>	<p><b>Strengths (S)</b></p> <ul style="list-style-type: none"> <li>▪ Quality and product design</li> <li>▪ Financial</li> <li>▪ Company image</li> <li>▪ Service quality, guarantee and easy</li> </ul>	<p><b>Weaknesses (W)</b></p> <ul style="list-style-type: none"> <li>▪ High employee Turn over</li> <li>▪ Bad promotion</li> <li>▪ Limited distribution channel</li> <li>▪ Less quality Sales force</li> </ul>
<p><b>Opportunities (O)</b></p> <ul style="list-style-type: none"> <li>▪ Economic growth</li> <li>▪ Yogyakarta as education city</li> <li>▪ The need of transportation</li> <li>▪ Oligopoly market</li> </ul>	<p><b>SO Strategies</b></p> <ul style="list-style-type: none"> <li>▪ To keep the quality service with Customer Satisfaction orientation</li> <li>▪ To wider new <i>market</i> segment</li> </ul>	<p><b>WO Strategies</b></p> <ul style="list-style-type: none"> <li>▪ Motivate the Sales force with training</li> <li>▪ Make a promotion to the market target</li> </ul>
<p><b>Threats (T)</b></p> <ul style="list-style-type: none"> <li>▪ The older player PT. Kharisma</li> <li>▪ Entry of the China product</li> <li>▪ Politic condition in Indonesia</li> </ul>	<p><b>ST Strategies</b></p> <ul style="list-style-type: none"> <li>▪ To keep the market with after sales service</li> <li>▪ Look's different with "Kualitas Layanan Terpadu 2003"</li> </ul>	<p><b>WT Strategies</b></p> <ul style="list-style-type: none"> <li>▪ Increase sales forces professionalism</li> <li>▪ Repair the reward system</li> <li>▪ Keep the good network or channel</li> </ul>

Pursuant to the above analysis, hence with the inferential SWOT matrix that the most precise strategy for Indo Jaya Motor in this time is GROWTH STRATEGY (column hatched). With the consideration those identifying analyses executed get the factor of strength and opportunity, which is more amount than other factor. Therefore clarification of strategy formulation focused at column hatched, that is:

1. Maintaining service quality with the orientation of customer satisfaction represent the solidarity between strength focus the inwrought service by exploiting opportunity expand requirement of transportation appliance, and also by considering successfulness to yield make-up of sale from motorcycle market during the time. This strategy is one of the efforts to realize the vision and mission Indo Jaya Motor. If Indo Jaya Motor is getting bigger, it does not mean it will neglect its service to customer, and Indo Jaya Motor will maintain Its service quality or even improve it. This strategy is also to maximize the quality of sales force. HRM takes care of the professional image in the eye of Yogyakarta society.

2. Extending segment.

This strategy represent the responsibilities from economic growth in Yogyakarta and fascination Yogyakarta as student town progressively increase it sum up the comers living in very requiring Yogyakarta of flexible and cheap transportation medium. This hawker represent the carefulness attitude in the access to market newly by considering economic and political growth, and also the factor of safety in Yogyakarta. Therefore to handle this new market which has new characteristic,

new quality, and different motorcycle demand Indo Jaya Motor needs the make-up of ability from sales force. Indo Jaya Motor has to consider maintaining and looking after for the networks, which has been built.

Hereinafter the strategy is written in some policies, programs, and also tactics, which later will be recommended by writer.

#### **4.3. Generic Analysis Strategy**

The following analyzing represents an analysis to determine the policy of a company, which has been executed by an approach used to excel the competitor in industry. The determination of strategy policy to compete with competitors is not far from the influence of five emulations of strength in industry. There are 3 strategic approaches, which potentially can excel the company of broker property of other. Those three generic strategies are:

1. *Leadership Cost*, the policy of leadership cost of the following is intended to emphasize low cost operation, so that Indo Jaya Motor can give its sale service with efficient and effective operational cost. The other post, which should be reduced, is the post of promotion. Where in this post we have to do promotion which shoot directly to the targeted consumer. Like when performing a promotion of direct sales, giving service to customer having good prospect, the given service is better has the character of tactical, efficient, effective, precise, and quickly. This matter is needed besides for the thrift of, also to give more professional service impression.

2. *Differentiation*, this strategy policy is used to get a competitive advantage by giving unique service. Other brands usually do not have such service so that they can gratify the consumer requirement. Company also will choose some market segments for its products according to its market requirement. As formal dealer player of Suzuki brand motorcycle, different strategies are needed to extend the company market. Other market extension also aim to progressively defining the society of Jogjakarta the existence of Indo Jaya Motor and this market extension is better started by trying new market in Jogjakarta. This different strategy is used by Indo Jaya Motor in the form of make-up of service quality. This is strongly needed to rebuild the image of professional motorcycle dealer. As we know that the image was damaged because of the economic crisis.
3. *Focus*, this strategy policy is applied by company to fulfill the requirements from a certain group of consumer. Although the above strategy policy suggested extending the market, the focus of marketing strategy of Indo Jaya Motor is also to fulfill the market in Jogjakarta. This is because the 23 years existence of Indo Jaya Motor in automotive industrial market in Jogjakarta and expected to exist so that Indo Jaya Motor is able to serve its marketing goals effectively and also efficient interest.

#### **4.4. Implementation Strategy**

At the implementation phase, the strategy of Indo Jaya Motor is to represent the result from planning and stipulating by operational manager by getting some input and information from managers. The strategy, which is specified and used by Indo Jaya Motor, has not been giving enough attention to environmental and internal potencies, in the other word, the strategy is too broad and unspecified.

So far, Indo Jaya Motor has been walking with its efficiency in selling motorcycle products in many levels, but efficiency and effectiveness have to be improved so that Indo Jaya Motor can achieve clearer marketing focus. The other thing, which Indo Jaya Motor should do, is to maximize market and internal potencies, so Indo Jaya Motor can earn maximum support.

The implementation of strategy in Indo Jaya Motor is only emphasized on quality of sales force and its marketing energy and promotion, but without clear goal. Such as those, which have been explained in the previous chapter, a company strategy in order to get the more gratifying result needs support and participation from all company staffs from the grass root employee until the highest level manager. This is done to integrate the company's vision and mission in order to achieve good company culture.

#### **4.5. Evaluating and Controlling**

As we know the evaluation done by Indo Jaya Motor is only limited to programs of marketing and promotion, which use sales force basic. Sales force in the field found many information and technical problems. They sent that information to sales programmer, and promotion staff. The solution will be given related to the programs, policies and also strategy, which have been made.

Evaluation and operation represent the important matter in execution of a company strategy, where this represents the way to be more responsive and to listen more carefully the changing of environment and company condition. The environmental change and company condition are expected to change swiftly and precisely. Indo Jaya Motor has to start in forming an evaluation system, responsive operation and take a careful listen to the change in the world of automotives by relying in all internal potencies.



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## CHAPTER V

### CONCLUSION AND RECOMMENDATION

#### 5.1. Conclusion

Based on several analysis and discussion in previous section, there are several conclusions concerning the strategy of Indo Jaya Motor to expand its business by applying SWOT matrix model. This matrix combines strength, weaknesses, opportunity and resistance.

In this Indo Jaya Motor case, the combinations are:

- SO Strategies
  - Maintain service quality with the orientation of customer satisfaction. Service quality is the main things to make customers further have transaction with buyers, so customer satisfaction is essential.
  - Extend new market segment. By extending new market segment Indo Jaya Motor is expected to sell more products.
- WO Strategies
  - Motivae sales force with the regular training. Facilitae prosperous sales staffs with further training, so that they can improve their ability.
  - Have promotion to market targetand do on intensive promotion to targeted market

- ST Strategies
  - Maintain the existing market with the service of after sales service.
  - Come up differently with the service quality excellent 2003.
- WT Strategies
  - Improve professionalism of sales force
  - Repair reward system by giving more bonuses to prosperous staffs in order to add the spirit of selling more products.
  - Maintain and add existing network.

Indo Jaya Motor has certain strategy to compete with the existing competitors. In the following is several internal and external strategy of Indo Jaya Motor:

- Company Internal Environment

1. Customer Satisfaction

Indo Jaya Motor sells exactly the same products with their competitor. That is why Indo Jaya Motor has to maximize their service quality. The motto of Indo Jaya Motor is “Our customer will accept the best services which have never been given by other organization brand”. Another motto of Indo Jaya Motor is “Indo Jaya Motor is not simply an ordinary motorcycle dealer which represents professional entrepreneur”

## 2. Company Resources.

The ratio of asset management is used to measure the effectiveness of a company in managing owned asset. This ratio showed sums up the existing asset in balance sheet, which represents the amount of evaluated current sales levels. Asset of management ratio evaluates total turnover asset. Indo Jaya Motor has total turnover asset which is equal to 2, 86 times. This is showed that Indo Jaya Motor can maximize its total turnover asset.

### - Company External Environment

#### - Market

The entrepreneurs from small to middle class industry have good resistance in facing the economic crisis. The data of high growth in commercial sector can be seen in PDRB data according to the field in Jogjakarta.

#### - Competitors

In general motorcycle market uses oligopoly system.

Based on analysis, there are several important findings which are:

1. China based motorcycles has entered Indonesian market in the form of CKD, CBU, and also motorcycles, which are assembled in Indonesia.
2. Consumers prefer to buy not only by considering its price but also its after sales service (consumers are very selective in choosing brands)
3. Japanese brand motorcycles are old player. They are well-known in Indonesian and have good image. The after sales service is satisfying with their repair shops all over Indonesia.

In order to make Indo Jaya Motor grow faster, the management takes a few SWOT strategies which are to:

1. Maintain service quality with the orientation of Customer Satisfaction

- Quick and Satisfaction Services

To make the customers enjoy when they need services in selling department and repair shop.

- Low Interest Credit. Giving promotional program, for example by giving credit for special profession. It will make easier for customer to buy new motorcycles.
- Giving a free of charge service after doing three times services. By giving a bonus, it is expected that consumers will come again to make another service in Indo Jaya Motor.

- Held special occasion, for example free service for special institutions.
- 3 x 24 hours service claim. In order to make customers can believe in the services of Indo Jaya Motor.
- Giving discount facility for the spare part. To make customers using the original spare part

## 2. Extending segment

- Program the even “kanvasing” every even date in bustle center, out of reach area and housing service of dealer Suzuki.
- Participating in many exhibitions  
To make a direct marketing to the new customer
- Crate a radio program called “Autopro” in RRI Pro 2  
Making an air promotion to reach the customer which far from the company.
- Recruiting sales staff selectively  
To increase the human resource quality in order to give better service to customer
- Performing specified training for the sales force, sales counter, and mechanic.  
To make the company better they must increasing the quality of their human resource.

## **5.2. Recommendation**

To face the tight business emulation, as a recommendation, the writer will recommend:

Indo Jaya Motor should maintain its service quality with the orientation of customer satisfaction. If customer satisfy, they will come back to do repurchasing. Indo Jaya Motor should extend its new market segment. New market segment is prosperous for Indo Jaya Motor to add its sales volume. Indo Jaya Motor should motivate its sales force with the regular training. Training can improve human resource working quality.

Indo Jaya Motor should promote its products to its market target. Doing selective promotion is very important. Indo Jaya Motor has to maintain the existing market with the service of after sales service. Consumer will come again to make more transaction with Indo Jaya Motor. Indo Jaya Motor should come up differently with the inwrought service quality.

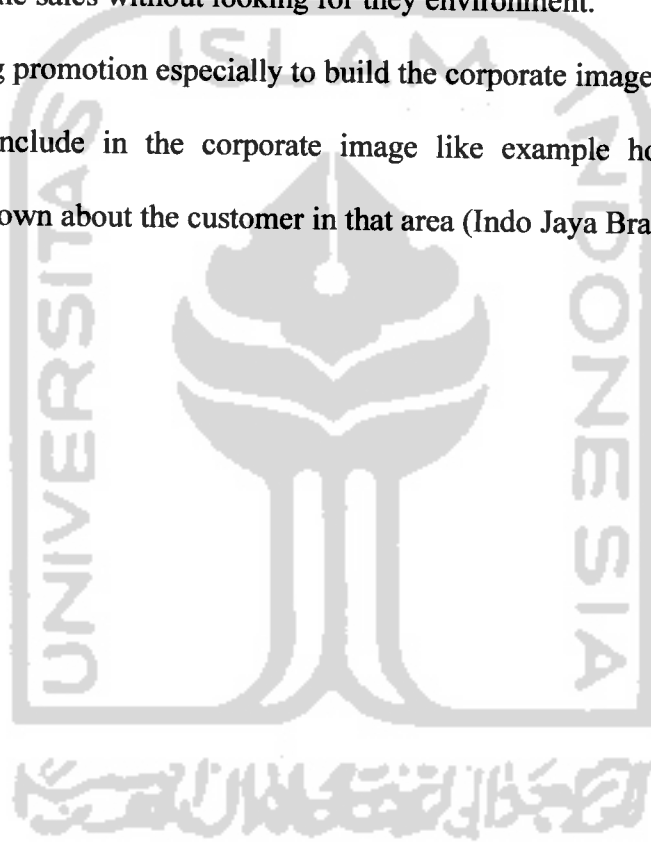
Indo Jaya Motor should improve its professionalism of sales force. The more professional the sales force, the more motorcycles they can sell. Indo Jaya Motor should repair its reward system by giving more bonuses to prosperous staffs in order to add the spirit of selling more products. Bonuses can maximize the effort of its sales staffs in selling motorcycles. Indo Jaya Motor should maintain and add the existing network. Networking is very important for such business.

Usually the company forgets to increase the level in the HRD development; they focused in the marketing department, in Indo Jaya Motor the

are a budget to increase it but still low, better for Indo Jaya Motor to increase the budget of HRD development by giving more time to make more training to increase their ability.

Maximizing existing resource to reach for the advantage compete. In Indo Jaya Motor they are a lot of resource that have been forgotten, they focused to how make the company make a lot of money but they use just new resource like how to make the sales without looking for they environment.

Doing promotion especially to build the corporate image. There are many things that include in the corporate image like example how to make the marketing known about the customer in that area (Indo Jaya Brand).



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**MAIN DEALER SEPEDA MOTOR SUZUKI WILAYAH DIY  
PT. INDOJAYA MOTOR SUKSES**

Jl. Jenderal Sudirman No. 44 Telp. (0274) 513030, 566166, 583003 Fax. (0274) 518600 Yogyakarta  
Jl. Magelang No. 151 Rogoyudan Telp. (0274) 624229, 624568/69 Fax. (0274) 624570 Yogyakarta

**SURAT KETERANGAN**

NO : 012/MKT-IJMS/I/05

Dengan ini menerangkan bahwa mahasiswa yang tersebut di bawah ini:

Nama : Argatha Wijaya  
Tempat/Tgl Lahir : Yogyakarta 13 September 1979  
Alamat : Jl. Jlagran Lor 29A  
: Yogyakarta  
Nim : 9 7 3 1 1 0 7 4  
Jurusan : Manajement  
Universitas : Universitas Islam Indonesia

Yang bersangkutan benar telah menyelesaikan kerja praktek/riset di **PT. Indojaya Motor Sukses Yogyakarta.**

Dari tanggal : 1 April 2004  
Judul : "THE ANALYSIS OF COMPETITIVE  
: STRATEGY OF PT. INDOJAYA MOTOR  
: TO FACE THE JAPANEZE AND  
: NON JAPANEZE MOTORCYCLE BRAND"

Demikian surat keterangan ini dibuat untuk dapat dipergunakan sebagaimana mestinya.

Kepada Yth:  
Kepala PT. INDO JAYA MOTOR  
Di Jogjakarta

Dengan hormat.

Ditengah rutinitas dan kesibukan Bapak/Ibu saat ini, perkenankanlah saya untuk meminta sedikit waktu Bapak/Ibu untuk mengisi daftar pertanyaan yang ada pada halaman berikut. Daftar pertanyaan ini dibuat untuk melengkapi data yang diperlukan dalam penyusunan skripsi pada Program Internasional Universitas Islam Indonesia Yogyakarta dengan judul: **THE ANALYSIS OF COMPETITIVE STRATEGY OF PT. INDO JAYA MOTOR TO FACE THE JAPANEZE AND NON JAPANEZE MOTORCYCLE BRAND**

Saya sangat berharap jawaban Bapak/Ibu merupakan informasi yang sungguh-sungguh dan sesuai dengan pendapat Bapak/Ibu sendiri, karena hal tersebut merupakan sumbangan yang tak terkira bagi terciptanya kesahihan dan tujuan penelitian ini. Akhir kata, atas segala bantuan dan partisipasi Bapak/Ibu dalam penelitian ini saya ucapkan terima kasih.

Hormat saya

Argatha Wijaya

---

**Profil Responden**

---

1. Nama: .....

2. Jenis Kelamin

Pria

Wanita

3. Jabatan Bapak/Ibu saat ini: .....

---

*Analisis Lingkungan Internal*

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Jawablah pertanyaan di bawah ini dengan memberikan tanda (√) pada kotak jawaban yang tersedia menurut pendapat saudara! **Kriteria Jawaban:** **SB:** Sangat Bersaing; **SKB:** Sama Kuat Bersaing; **TB:** Tidak Bersaing; **STB:** Sangat Tidak Bersaing. Jawaban didasarkan pada kondisi relatif dibandingkan pesaing.

---

**Pemasaran**

---

<u>Pertanyaan</u>	<u>Kinerja Jawaban</u>			
	SB	SKB	TB	STB
1. Bagaimana pasar yang dimiliki oleh perusahaan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Bagaimana kualitas produk yang dihasilkan oleh perusahaan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Bagaimana pelayanan yang diberikan kepada customer?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Bagaimana promosi yang dilakukan oleh perusahaan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Bagaimana jaringan distribusi yang dimiliki perusahaan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Bagaimana tingkat harga yang ditetapkan oleh perusahaan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Produksi**

---

**Pertanyaan**

**Kinerja Jawaban**

SB SKB TB STB

1. Bagaimana proses produksi, kontrol kualitas dan usaha efisiensi yang dilakukan oleh perusahaan?

**Finansial**

---

**Pertanyaan**

**Kinerja Jawaban**

SB SKB TB STB

1. Bagaimana posisi keuangan perusahaan saat ini jika dilihat dari posisi likuiditas, solvabilitas dan rentabilitas perusahaan?

**Sumber Daya Manusia**

---

**Pertanyaan**

**Kinerja Jawaban**

SB SKB TB STB

1. Bagaimana tingkat pendidikan karyawan perusahaan?  
2. Bagaimana program pengembangan dan pelatihan karyawan?

## Teknologi

---

### Pertanyaan

### Kinerja Jawaban

SB SKB TB STB

1. Bagaimana sistem teknologi yang dimiliki perusahaan saat ini untuk mendukung peningkatan kualitas produk?

## Budaya Perusahaan

---

### Pertanyaan

### Kinerja Jawaban

SB SKB TB STB

1. Bagaimana pelaksanaan kerjasama antar tim yang ada dalam perusahaan?
2. Bagaimana komunikasi dua arah antara atasan dan bawahan dalam perusahaan?
3. Bagaimana kontribusi atasan untuk melakukan perubahan pada karyawan dalam perusahaan?

## *Analisis Lingkungan Eksternal*

Jawablah pertanyaan di bawah ini dengan memberikan tanda (√) pada kotak jawaban yang tersedia menurut pendapat saudara! **Kriteria Jawaban:** **SM:** Sangat Menarik; **M:** Menarik; **TM:** Tidak Menarik; **STM:** Sangat Tidak Menarik. Jawaban didasarkan pada kondisi relatif dalam pengaruh masing-masing variabel pada perkembangan sukses perusahaan.

### Lingkungan Perekonomian

<u>Pertanyaan</u>	<u>Kinerja Jawaban</u>			
	SM	M	TM	STM
1. Bagaimana tingkat inflasi saat ini?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Bagaimana kerjasama yang dilakukan dengan perusahaan lain?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Bagaimana potensi ekonomi daerah yang ada?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Lingkungan Teknologi

<u>Pertanyaan</u>	<u>Kinerja Jawaban</u>			
	SM	M	TM	STM
1. Bagaimana perkembangan teknologi khususnya teknologi pembuatan kendaraan roda 2 pada saat ini?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Lingkungan Pemerintah

<u>Pertanyaan</u>	<u>Kinerja Jawaban</u>			
	SM	M	TM	STM
1. Bagaimana kebijakan pemerintah daerah dan pusat di bidang ekspor?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Bagaimana kebijakan pemerintah daerah dan pusat dibidang industri ban kendaraan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Lingkungan Sosial**

---

***Pertanyaan***

***Kinerja Jawaban***

- |  | SM                       | M                        | TM                       | STM                      |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. Bagaimana jumlah komposisi penduduk yang ada? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Bagaimana dampak permintaan produknya?        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Lingkungan Pesaing**

---

***Pertanyaan***

***Kinerja Jawaban***

- |   | SM                       | M                        | TM                       | STM                      |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. Bagaimana pengaruh struktur persaingan pasar saat ini?     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Bagaimana kualitas produk yang dimiliki oleh para pesaing? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

***Bobot Kepentingan Variabel Internal Perusahaan-***

---

Seberapa besar (%) bobot kepentingan fungsi manajemen fungsional di bawah ini terhadap kinerja perusahaan?

- Pemasaran : .....
- Operasional : .....
- Keuangan : .....
- Sumber Daya Manusia : .....
- Penguasaan Teknologi : .....
- Budaya Perusahaan : .....

Seberapa besar (%) bobot kepentingan pengaruh faktor-faktor di bawah ini terhadap kinerja perusahaan?

- Lingkungan Perekonomian : .....
- Lingkungan Teknologi : .....
- Lingkungan Pemerintah : .....
- Lingkungan Sosial : .....
- Lingkungan Pesaing : .....

