

Strategic Development Through Competitor Analysis of PT. Isra Presisi Indonesia's Case for Entering the Non-automotive Market

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Abstract—Purpose – The purpose of this paper is, through competitor analysis, to help PT. Isra Presisi Indonesia devise strategies to enter new, non-automotive markets. **Design/methodology/approach** – Business coaching, gathering competitors' information through online research and by conducting a series of semi-structured interviews with competitors and their customers to gauge competitors' strengths and weaknesses. The results from the interviews were analyzed using qualitative descriptive methods. **Findings** – The findings show that PT. Isra Presisi Indonesia can enter more than one non-automotive market, but it would have to implement all of the strategies devised in this paper because identified competitors are already very well established. To succeed, PT. Isra Presisi Indonesia must be at least on a par with competitors when entering new markets. **Research limitations/implications** – The limitation of this paper is that it can only be used by a B2B company similar to PT. Isra Presisi Indonesia and the list of the competitors in this document is in no way complete. **Originality/value** – The paper adds to the literature of competitor analysis in B2B (business-to-business) Small-Medium Enterprises (SMEs) in Indonesia.

Keywords – *Competitor analysis, Small-Medium Enterprises (SME), B2B, non-automotive market, strategic development.*

I. INTRODUCTION

In Indonesia, manufacturing industry is one of the important sectors underpinning the economy. According to Badan Pusat Statistik [1], manufacturing industry has always contributed more than 17% of Indonesia's GDP and the growth of manufacturing industry has been constant since the 1990s. The automotive industry is a key component of manufacturing [2]. For the last five years, the automotive industry has been the third-largest sector in manufacturing, contributing greatly to Indonesia's GDP [3].

However, although the growth of manufacturing industry in Indonesia can be said to have been stable in the last five years and the contribution of the automotive manufacturing industry contributes substantially to Indonesia's GDP, the growth rate of the automotive industry in Indonesia has been slowing down since 2013 [4]. An analysis of industrial development issued by the Ministry of Industry [5], estimates that growth in the automotive industry decreased by 2.36% compared to the previous year.

PT. Isra Presisi Indonesia is a B2B SME (Small-Medium Enterprise) that produces various goods services, e.g. dies' assembly, machining processes, and the manufacture of precision parts, jigs, checking fixtures and mold makers.

The company was established in 22 October 2011 and now located in Cikarang, Indonesia. The company is making around Rp 18M annually and has 36 employees. Currently, its clients are all engaged in various aspects of automotive manufacturing. PT. Isra Presisi Indonesia has the capacity to provide products and services to other industry sectors.

Given the slackening growth in the automotive manufacturing industry (described earlier), the company must diversify into new markets to maintain business continuity and increase sales. Within the manufacturing sector, it should be able to service 14 other industries besides automotive but as yet it has failed to do so.

In addition, its advantageous location in the industrial area of Cikarang, in which non-automotive companies also operate, provides a potentially excellent opportunity to access new markets. However, to be successful, the company has to know about the likely competition.

Competitors constitute similar companies that offer similar products, and/or services, target the same customers and operate in the same industry [6]. Competitor identification can increase the awareness of a company's management about the opportunities and threats it will likely face. For a company's marketing function, competitor identification can help to support analysis of the company's marketing tools [7]. Competitor identification, which can also be described as competitor intelligence, is valuable for strategic planning. One of its objectives is to identify a competitor's weaknesses so it can provide one's company with possible new market share opportunities [8].

After identifying the competitors, the company needs to analyze them in order to know:

- the company's unique selling points (USPs) when it comes to products and/or services
- the gaps in the marketplace
- the strategies that will generate competitive advantage.

The Digital Marketing Resource Center proposes six steps that can be used for developing a competitive analysis. Gamble [9] postulates a four-step analysis for compiling a strategic map group. Bhasin [10] describes seven steps for competitor analysis. After doing the competitor analysis by mapping the competition, a company can determine the strategies that will likely give it a competitive edge.

In addition to being able to strategize appropriately, by identifying its competitors PT. Isra Presisi Indonesia can determine the best new markets to enter, which new customers it should target and which new products and services it should best develop. At present, the company does not have this information. Therefore, a competitor analysis needs to be done before PT. Isra Presisi Indonesia enters any new market.

This study employs a qualitative descriptive analysis by gathering information on competitors using online research and conducting a series of semi-structured interviews with these competitors and their customers. The results of the semi-structured interviews are analyzed to gauge competitors' strengths and weaknesses. The results are then discussed in order to ascertain the best strategies for PT. Isra Presisi Indonesia.

This paper is structured as follows: Section Two provides the mapping conditions for PT. Isra Presisi Indonesia. Section Three details a conceptual background of competitor analysis. Section Four explains the methodology used in this study. Section Five presents the results and the related discussions. The last section concludes and highlights important implications of the study.

II. FRAMEWORK

This research identifies the current gaps within the company then prioritizes the most important ones requiring solutions.

A. Business Process

Based on the definition presented by Indrajit [11], a business process is a number or series of activities that convert an input or enter into output or result of the business process. A business process can be said to be good if a series of activities carried out from quality inputs produce excellent outputs. Of course, quality inputs should be followed by good processes to ensure such excellent outputs. The gaps identified in business processes were:

SIM is a planning system that is part of the internal control of a business that includes human utilization, documents, technology, and procedures by management to solve business problems such as product cost, service, or business strategy. Currently, every production process in PT Isra Presisi Indonesia is standalone, which makes it difficult for management to maintain quality controls across different orders. For example, it can be difficult to know the number of hours a machine is in use. PT Isra Presisi Indonesia needs to have a system that can be used by the management to monitor production from beginning to end.

PT Isra Presisi Indonesia produces dies and molds based on customer orders (job orders). In future, PT Isra Presisi Indonesia intends to extend its production process to allow it to use molds as blueprints for the mass-manufacturing of products.

PT Isra Presisi Indonesia's employees come from various disciplines. To improve competence, the company must provide training to improve performance.

Segmenting, Targeting, and Positioning

According to Kotler [12], as there are too many different types of consumers with different needs for a single company

to service, a provider must segment the market and devise strategies to best penetrate that segment. This process consists of three steps: market segmentation; setting target markets; and market positioning.

The gap that was identified in STP analysis is as follows:

The production of dies and molds can be repurposed to make various products for many industries; not just products for the automotive industry. However, currently the dies and molds are used only to make automotive spare parts. PT Isra Presisi Indonesia wants to expand into other markets besides automotive manufacturing but to achieve this it must map out potential areas to service in other markets, so as to ascertain the sectors where it will most likely succeed while using its existing technologies.

B. Marketing Mix

According to Kotler [12], the marketing mix is a set of tactical and controlled marketing tools a company can employ to generate the desired response of the target market. The marketing mix consists of everything a company can do to influence its product demand. The marketing mix can be grouped into four sets of variables.

The gap that was identified in marketing mix analysis is as follows:

A website is now considered a key marketing tool. Although PT Isra Presisi Indonesia sells directly, it still requires an informative website to reflect the company's professionalism. The current website needs improvement. For example, it should have an English language component to attract and cater for potential customers who do not understand Indonesian.

C. Porter's 5 Forces

Porter's 5 Forces is a model used to analyze how competitive environments will affect the marketing of a product. Five competitive forces determine the industry's long-term appeal: competition among competitors, the threat of new entrants into the industry, supplier bargaining power, buyer bargaining power, and threats from replacement products. The gap that was identified is as followed:

As mentioned earlier, PT Isra Presisi Indonesia has a target to develop its business in other manufacturing and automotive market sectors. To be able to see other market potential, can be known through analysis of company competitors. However, currently PT Isra Presisi Indonesia does not know who its competitors and what capabilities they have. For that, PT Isra Presisi Indonesia needs to do competitor mapping to know other market potential and why PT Isra Presisi Indonesia cannot enter in the same market with its competitors. Then, PT Isra Presisi Indonesia can formulate a strategy so that it can compete in the same market with its competitors.

From six gap that were identified in PT Isra Presisi Indonesia, this paper was focused on solving the problem that was in Porter's 5 Forces, that is shaping strategies through a mapping competitor.

III. CONCEPTUAL BACKGROUND

According to Gamble [9], the steps to build a strategic group map are as follows:

Identify competitive characteristics that describe the strategic approach used in the industry. Specific variables used in making strategic group maps are price/quality range (high, medium, low), geographical coverage (local, regional, national, global), product extension (broad, narrow), distribution channel selection (retail, wholesale, Internet, multiple), and the level of service offered (no-frills, limited, full).

Plot companies on two variable maps based on their strategic approach.

Establish companies that occupy the same map location to the same strategic group.

Draw a circle around each strategic group, making the circle proportionate to the size of the group's share of total industry sales revenue.

Based on the guidance of Michael Knowles Consulting, competitor mapping should identify competitors, identify the products they make or the services they offer and detail their strengths and weaknesses.

According to Bhasin [10], the identification of existing competitors in the market, analysis of the strengths and weaknesses of competitors, and compiling a portfolio of the company's competitors are the first steps to devising a strategy to compete in a market.

Based on guidance from the Digital Marketing Resource Center, the six steps to developing a competitive analysis are as follows:

Identify current competitors and potential competitors (e.g. product quality, media, customer service and price)

Create a competition matrix. In the left column write the competitor's company name. On the horizontal axis, list the variables you want to know.

Extend the selected variables if necessary and create a separate matrix for variables containing many indicators

Review the matrix to determine the company's weaknesses. Decide where the gap is in the competitive matrix because it represents a strategic opportunity for the company.

Based on the above, business coaching competitor mapping was carried out using a competition matrix and mapping per variable. The stages were as follows:

Identify current major competitors

Identify the variables that one wants to compare: product, place, promotion, price

Identify the strengths and weaknesses of competitors

Create a competition matrix

Create appropriate strategies to deal with competitors

The options decided upon fell under the Market Dominance Strategies outlined in Jaideep's article, 'Competitors and Their Marketing Strategy': (i) market leader, (ii) market challenger, (iii) market follower, or (iv) market nicher.

IV. METHODOLOGY

In conducting this study, data was collected using primary and secondary collection methods. Primary data collection was done by way of interviews and observation techniques. Secondary data was collected by literature review, applying theories that exist in the book and also through the website to attain the theoretical basis used in this study. Here is a further explanation of the techniques of data retrieval:

A. Interview

The interviews were conducted with the owner of PT Isra Presisi Indonesia and several management-level employees. In conducting interviews, the coach used an in-depth interview method. According to Malhotra [13], in-depth interview is a method of unstructured, direct, and personal interview conducted to find in-depth information about a topic. Interview questioning is considered semi-structured, which should not follow a prescribed template. Interviews were also conducted with competitors' employee (who did not want to be named) to ascertain required information.

B. Observation

Malhotra [13] explains that observation is done to capture and see information directly about topics of interest. Author made such an observation to learn first-hand about the condition and state of the production processes at PT Isra Presisi Indonesia. This direct observation was also conducted to further support the interview results. By doing so, the author also informed himself more clearly on business activities, end products and about the machinery and technology used by PT Isra Presisi Indonesia.

The collected data was then analyzed using content analysis methodology. Sandelowski [14] views content analysis as a method of research that provides a systematic and objective tool for describing and measuring occurring phenomena. Content analysis is also known as a method for analyzing documents, by examining problems theoretically to improve the understanding of existing data.

Content analysis is done after in-depth interview and observation obtains raw data - data that has not yet been selected and processed. This data has to be sorted to sift out extraneous variables.



Fig. 1. Market Dominance Strategies

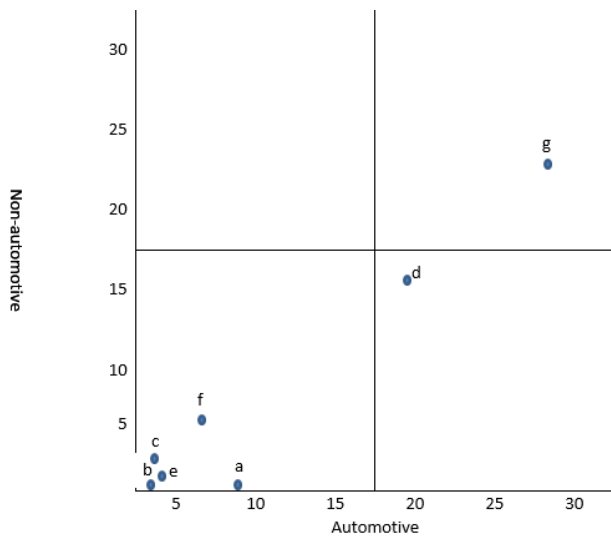
V. ANALYSIS

From the identification, it was found that there are six major competitor of PT Isra Presisi Indonesia. They are:

- a. PT Masindo Mitra Sukses
- b. PT Surya Selindo
- c. PT Berlindo Mitra Utama
- d. PT Kurnia Mustika Indah Lestari
- e. PT Toyo Dies
- f. PT Shuket Engineering

From the variables that were identified (Exhibit 1 – Exhibit 10) the matrix of mapping competitors is as follow

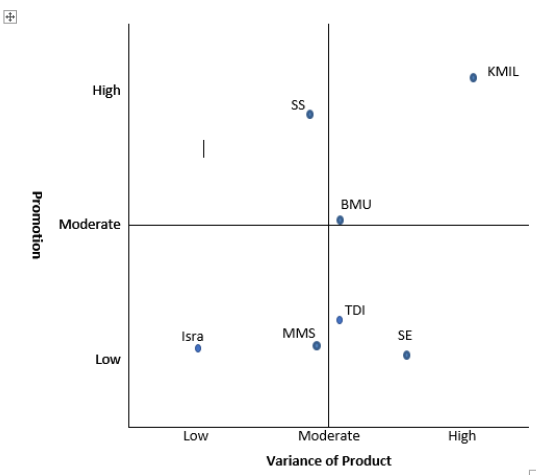
- a. Comparison between customer owned in automotive and non-automotive industries



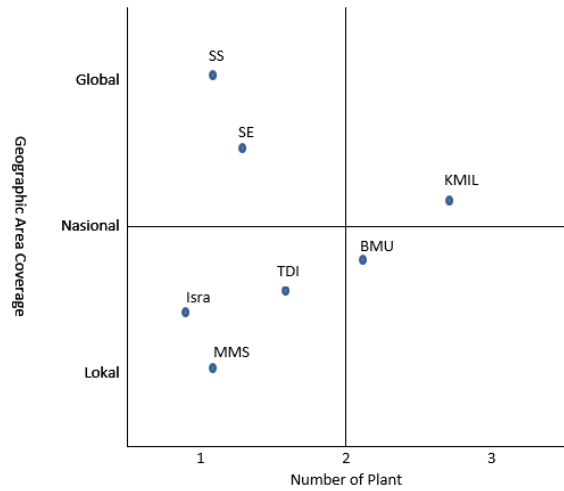
Information:

- a = PT Isra Presisi Indonesia
- b = PT Masindo Mitra Sukses
- c = PT Surya Selindo
- d = PT KMIL
- e = PT Berlindo Mitra Utama
- f = PT Shuket Engineering

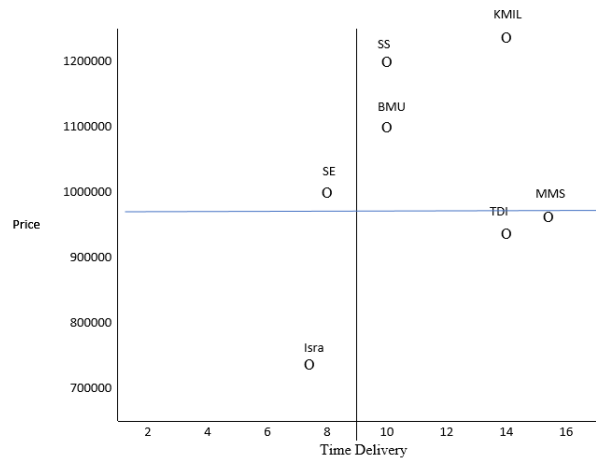
- b. Comparison between promotional rates performed with product variations



- c. Comparison between geographic area coverage with number of owned plant



- d. Comparison between the price that can be given and the timing of delivery



Based on four of the matrix above, the advantages and the weaknesses that can be draw from the competitors is as follow:

- Advantages:
 1. The diversified industries
 2. Variations of products and services offered more diverse
 3. Technology and machines are superior
 4. More superior human resources skills
 5. More experience
 6. The factory size is wider
 7. Available inquiry on company website
 8. Listed on Google Maps
 9. Dual language on the company website
 10. Available bilingual if contact by phone
- Weakness
 1. Not too full to include non-automotive companies around Delta Silicon
 2. Not too utilizing social media for promotion and networking
 3. From some competitors, the Isra website is more updated and informative

4. The price offered is more expensive
5. Longer processing time.

According to the four types of dominance strategy in the market, PT Isra Presisi Indonesia was proposed to select and implement niche market strategy in order to develop new market. Here are some reasons why they need to choose the market nicher strategy:

1. In four matrix, PT Isra Presisi Indonesia is in quadran niche player. So, the author recommends that PT Isra remain in the quadrant and run the strategy of market domination in niche market.
2. Cannot use the strategy of market dominance market leader because their market share is not the largest, while the definition of market leader is the company with the largest market share.
3. To run market challenger and market follower strategy is currently not possible because of all the limitations in PT Isra Presisi Indonesia. For example, the limitations on the area of production plant that caused PT Isra Presisi Indonesia is currently not possible to add production machinery. That way, PT Isra Presisi Indonesia has not been able to equate the conditions with its competitors and can only rely on what is owned today.

In niche market strategies, focusing on specialization is a basic idea in carrying out this strategy. There are eight aspects of specialization that can be done by a company that will run niche market strategy. Of the eight aspects of the specialization Shown in Figure 2 previously, PT Isra Presisi Indonesia can perform four aspects of specialization. Here are the four specializations:

1. Vertical Level Specialist:

In this strategy, a company is advised to choose a focus on the production process. With networking and personal selling capabilities owned by the company owner, PT Isra Presisi Indonesia can utilize it to approach a company whose business is similar to PT Isra Presisi Indonesia and offer to participate in the production process. For example, in making a dies project undertaken by company A, PT Isra Presisi Indonesia may offer to make some precision parts of the dies that will be made.

2. Customer Size Specialist:

In this strategy, a company is advised to focus on customers on a small, medium, or large scale. In the identification of customers owned by competitors, it is known that the customers of its competitors is a company that most have big and have a name. Therefore, to avoid competition with its competitors, which is bigger and better known, PT Isra Presisi Indonesia should not target a big company as their new customers who already have a name. To undertake the development of new markets, PT Isra Presisi Indonesia can do so starting from finding customers of non-automotive companies with small scale companies.

3. Product or Product Line Specialist:

In this strategy, a company is advised to determine the product focus and make it a specialty. It is recommended

that PT Isra Presisi Indonesia focus on its ability to repair services instead. Indeed, some competitors can also do this repair service, but each competitor usually focus on getting customers who make new products because the profit received from repair services will be smaller when compared with making new products. However, from competitor mapping results obtained that PT Isra Precision Indonesia can provide a cheaper price and can work orders faster when compared with competitors.

At PT Isra Presisi Indonesia, repair services represent 25% of services to create new products. For that reason, with a much cheaper price (compared to a customer paying 100% to PT Isra Presisi Indonesia) then the company should change the focus of products and services provided to repair services.

4. Geographic Specialist:

This strategy suggests to a company choosing a customer on a specific area scope. This strategy is most suitable to be run by PT Isra Presisi Indonesia because the location of the company itself is already in the industrial area of Cikarang in which there are non-automotive companies. In addition, competitors have not penetrated customers around the Delta Silicon location. Thus, focusing on this aspect of specialization PT Isra Presisi Indonesia does not have to compete head-to-head with its main competitors.

From the list of non-automotive companies located in the Cikarang industrial area around Delta Silicon, there are 105 non-automotive companies in the region. Of the 105 non-automotive companies, only a few companies are customers of the competitors. Obviously, this would be very profitable if PT Isra Presisi Indonesia can approach companies that have not become a customer of its competitors.

In addition, the selection of location-based specializations will also benefit the company in terms of distribution costs and marketing costs incurred. As has been mentioned that PT Isra Presisi Indonesia utilizes the ability of direct selling owned by the owner of the company. With the selection of customers close to the location of the company, then the ability to direct selling can be maximized.

For the new market to be targeted, it is recommended that PT Isra Presisi Indonesia targeted the plastics industry, basic metal industry, and metal goods industry (electronics). Here is why:

1. Based on the list of potential customers located in the vicinity of PT Isra Presisi Indonesia, it is known that 31% of the total companies are in the plastic industry, 29% are in basic metal industry, and 23% are in the goods industry metal (electronic). The strategy recommended to be run by PT Isra Precision Indonesia is a niche market strategy with geographical specialization, so it is recommended that PT Isra Presisi Indonesia focus on the three industries mentioned above for non-automotive industry because the company that are in that three industries is dominant in the vicinity of PT Isra Presisi Indonesia.

2. When viewed from customers owned by competitors, it is known that in addition to the automotive industry, competitor's PT Isra Presisi Indonesia most have a customer engaged in the electronics industry. By adopting the information, then the electronic industry is one of the industries that can be entered by PT Isra Presisi Indonesia.

The follow-up suggestion that can be done by PT Isra Presisi Indonesia in applying the niche market strategy is as follows:

1. Plot the location of the list of potential customers starting from the closest to the location of PT Isra Precision Indonesia.
2. Visiting potential customers based on the results of the plot location, starting from the nearest.
3. Finding out the needs of potential customers in the near future that could be made by PT Isra Presisi Indonesia and record when the customer needs it.
4. Offer products and services by utilizing the capabilities of personal owners of good company owners or follow the tender to be held in the near future.

VI. CONCLUSION

From the mapping results, the weakness of PT Isra Presisi Indonesia when compared to its competitors are as follows:

- Customer companies only from the automotive industry
- Have not tried to offer a variety of products and services, other than what has been done
- Technology and machines are also owned by competitors
- Lack in human resource skills
- Experience in this business is still relatively short when compared to its competitors
- The size and number of factories is smaller
- There is no inquiry on the company website
- Company locations on Google Maps sometimes do not appear and are not on the company's website
- Only use Indonesian language on company website
- No operator autoresponders are available when contacted by phone and serving only in Bahasa Indonesia
- Has no alliance with Japanese companies

The recommended market domination strategy for PT Isra Presisi Indonesia is a niche market strategy. For the new

market industry to be targeted, PT Isra Presisi Indonesia will target the plastics industry, basic metal industry, and metal goods industry (more specifically in electronics) since the three industries are the dominant industries that are involved by non-automotive companies in the Delta region Silicon. In addition, the main competitor's PT Isra Presisi Indonesia has the most customers in the electronics industry other than automotive industry. Therefore, the electronics industry is believed to be an industry that has a great opportunity to enter.

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