

# *Analysis of Competitive Advantages at PT. Dipo Star Finance Bali Branch*

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**Abstract-** The purpose of this study was to determine the competitive advantage of PT. Dipo Star Finance's Bali Branch through Analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT). Data collection through interviews with predetermined sources. This study was analyzed qualitatively. The results of this study showed that 1) the strength: consists of competitive interest rates, market share, fast and flexible administration process, competent and professional workforce, and has many branches spread across Indonesia. 2) Weaknesses: consist of limited experts, lack of supporting facilities, limited technology, lack of promotion or door-to-door introduction and supporting rules that have not been maximized. 3) Opportunities: consist of increasing vehicle needs, increasing tourism services, high community potential, cooperating and opening branches. 4) Threats: consist of many competitors, unhealthy competition, and shrinking value of vehicles every year, increasing number of vehicles, and government policies.

**Keywords:** *competitive advantage; strength; threat; opportunity; weakness*

## I. INTRODUCTION

In this globalization era, the challenge that should be faced by the company is getting hard. It is not only aimed to survive, but should be able to have competitive advantages than other companies. In the competitive advantages within business environment, not all of them who work in that field are considered competitor, but only potential competitor and those who newly get into the competition are potential as business competitor.

Competitive advantage is the heart of the company performance to compete in the market. Competitive advantages basically grow from the value or benefit which can be made by the company for the buyer which is more than the production costs. Competition happened because one or more competitors feel the pressure or see the opportunity to fix their competitive position.

Competitive strategy is a field that becomes main attention of the managers which really depends on the deep understanding about industry and competitors. The purpose of competitive strategy for a business unit is to find position in an industry where the company can protect themselves

well toward the competitive pressure (power) or can affect the pressure positively.

PT. Dipo Star Finance is one of the companies that engaged in the financing sector (leasing) in automotive credit and heavy equipment, that always maintain its credibility and loyalty toward consumers. With satisfying services and fast credit process make this company survive. Various credit package with always low interest and fast process make this company is able to compete with similar companies. However, with the recent condition, the competition between finance companies is getting tighter, marked by many new competitors that offer very low interest, make PT. Dipo Star Finance must make right strategy. The haunted concern is the turning of consumers to the competitor's company, thus decrease the sales value. Based on the description above, the statement of this problem is to know:

1. Internal and external conditions of PT. Dipo Star Finance
2. Strengths, weaknesses, opportunity, and threats variables like what being faced by PT. Dipo Star Finance in marketing the products

## II. LITERATURE REVIEW

### A. *Competitive Advantage*

Competitive advantage is everything that is done very well by a company compared to their competitors [1]. When a company can do something and another company cannot, or having something that is needed by the competitors, it describes competitive advantage. Having and keeping competitive advantage is very important for long term success of an organization. Generally, a company can maintain the competitive advantage just for certain period because it is imitated by competitor and the weakening of the advantage.

Competitive advantage is dynamic process, because it should be done continuously. Thus, it needs barrier in order to be hard to imitate. Competitive advantage describes that a company can work well compared to other companies even though they work in the similar industry. Sustainable Competitive Advantage (SCA) conceptual model in a

product, which is built based on company organizational skill resources seen as competitive advantage resources of a business in market. Resource and skill in building product characteristics, developing product and company in an industry are proven to help creating strong position of competitive advantage in a business..

In many researches showed that competitive advantage and market oriented are proven to have influence toward overall business performance and even though market oriented only one of the many other factors, competitive advantage obtained if the activities carried out have lower cost or more superior than the competitors, and total competitive advantage is the combination of cost advantage and differentiation produced by various link elements among value for customer (*customer delivered value*)

The best competitive advantage defense in a business depends on the defense of resources and unique skill owned by the company. The position of competitive advantage that can survive is the key of the superiority of long term business performance. Re-infestation of resources and new skill or recent skill is viewed important to strengthen (or prevent the worn-out) competitive advantage. The strong competitive advantage can produce strong advantage position in carrying out the value perceived by customer will be higher than the others and able to create relatively low cost which in the end encourage the achievement of performance differentiation that supported by::

1. Market oriented skill
2. Company resources such as: overflowed natural resources, low salary of the employees, energy cost which is relatively cheap, the right technology, the efficiency of production performance, and efficient marketing.

Besides the competitive strategy, is the combination between ending (purpose) which is fought by the company with wisdom where company trying to get the goal [2]. Developing competitive strategy is developing general formula about how the business will compete, what should become the purpose and what policy needed to achieve that goal. In formulating the company's strategy should consider four main factors determining the limits that can be achieved by the company well, such as [2]:

1. Strengths and weaknesses of the company is the profile of wealth and the skill is relative to the competitors, included financial resources, technology, brand identification and others.
2. Personal values of organization is motivation and needs of key executive and other personal that should apply the chosen strategy
3. Strengths and weaknesses combined with those values determine the internal limit toward competitive strategy which can be applied by the company to succeed
4. External limit determined by industry and wider environment. Opportunity and threats of the company determine the competitive environment, with risk and potential reward that accompany it.

In this case, external limit as the example of government policy, social interest, evolving customs, and others.

Strategy makes it possible for organization to obtain competitive advantage from three bases: cost leadership, differentiation, and focus [1]. Cost leadership produce standard goods where there is lowest cost per unit for consumers which are sensitive with the cost. Differentiation is strategy aimed to produce product and service considered by industrials and aimed at consumer who is not sensitive towards cost. Focus means produce product and service that fulfill the needs of small group of customers.

## *B. Environmental Analysis*

Environment includes factors outside the company which can create opportunity or threats for the company [3]. Environmental analysis means as a process used strategic planning to monitor environmental sector in determining opportunity or threats towards the company. It needs environmental analysis because environmental sector is the main influence toward the changes of strategy. Environmental analysis gives chances for strategic planning to anticipate the opportunity and make plan to do choose response towards this opportunity

### *1) Internal Environment*

All companies have strengths and weaknesses in various functional businesses. Internal environmental analysis identifies strengths and weaknesses which become basis for company's strategy. None of the companies are as strong or weak in all fields. Internal environment of the company becomes factors that influence the direction and actions that come from the company's internal. Strengths are resources, skill, or other advantages relative to competitors and the needs of market served or want to be served by the company. Weaknesses are limitation or shortcomings in resources, skill, and capabilities that seriously hamper the effective performance of the company. Internal factors of the company generally consist of: (1) management, (2) human resources, (3) production and operation, (4) marketing and distribution, (5) capital and finance, and (6) research and development factor [1].

Internal environment of the company is an understanding of thinking about matching the strengths and weaknesses of the company's internal with opportunities and threats in the environment [3]. Internal environmental analysis is a process where strategic planning studies marketing and distribution of the company, research and development, production and operation, resources and employees of the company, and finance factors and accounting to determine where company has vital ability, so that company can make use of opportunities in the most effective way and could handle the threats in the environment [1].

## 2) *External Environment*

External environment analysis needs to be done to formulate the company's strategy. Identification of opportunities and threats are done through external. External environment of a company consist of two groups of factors that related to each other which play important role in determining opportunities, challenges, and barriers faced by the company [3]. First, is societal environment that consists of variables from outside and usually do not look at operational situation of a company, such as economic factor, social culture, politics, and technology. Second, those are variables that directly influence the prospect from industrial environment itself, including government, community, supplier, competitor, consumer, interested groups. External environment of the company consists of all condition and strengths that influence the choice (option) of strategy and determine the competitor's situation. Strategy management model shows this external environment as three interacted segment: (1) operational environment, (2) industry, and (3) distant environment. Distant environment usually do not have direct contact with operational situation of a company, such as politics situation, economic, social culture, and demographic, also technology development (PEST).

### III. RESEARCH METHOD

#### A. *Research Method*

This research used descriptive method, namely the problem solving process investigated by describing the condition of the subject/object of the research (someone, institution, community, and others) at the moment based on facts that appear as they are.

#### B. *Research Design*

The research design is Qualitative Descriptive, by identifying the factors of strengths, weaknesses, opportunities, and threats of PT. Dipo Star Finance. Started with data collection stage, it is basically not only an activity of collecting data, but also pre-analysis classification activities. In this stage, data is divided into 2, such as: internal evaluation and external evaluation of the company. Then, the data is analyzed by using SWOT analysis.

#### C. *Variable Identification*

There are several variables being identified. In the External Evaluation, there are some variables identified such as: Economic Environment, Politics, Social Culture, Law, Technology, and Structural Industry. In the Internal Evaluation, there are some variables identified and analyzed further are management, human resources, production and operation, marketing and distribution, capital and finance, research and development. Those are done to obtain strategic policy which is more focused on marketing. Variables identification above are done based on relevant theories..

#### D. *Research Location and Object*

The research location was done in PT. Dipo Star Finance in Jalan Raya Puputan, Kompleks Rukan Graha Renon Unit 4 Denpasar. The research object is competitive strategy of PT. Dipo Star Finance.

#### E. *Data Types and Data Sources*

Data used in this research is qualitative data, namely data which are not in the form of numbers, the data is in the form of picture about PT. Dipo Star Finance and other explanations that related to writing. Quantitative data is data in the form of numbers or data about total revenue and sales, marketing cost, interest rate, and others that related to numbers

Data sources used in this research are: primary data, namely data which are collected directly from the object. In relation with this research, primary data covers the total revenue and sales, marketing costs, interest rate, competitor information, and the condition within the company. Primary data sources are obtained in some ways:

##### 1. *Observation*

The writer did direct observation about the application of marketing by the company's management in the process of marketing they have done.

##### 2. *Interview*

Interviews were conducted with informants such as General Manager and Marketing Manager along with company personnel who are considered as able to give detail information.

#### F. *Data Analysis Technique*

Analysis technique used is SWOT Analysis by using qualitative descriptive method. This analysis is done in order to obtain images about strengths, weaknesses which are affected by internal company's policy, meanwhile, opportunities and threats are affected by policy which is uncontrolled or done by company, in the means that it is affected by the external factors of the company. Variables identification strength, weakness, opportunities, and threats are obtained by doing interview with the informant like General Manager and marketing department supervisor.

### IV. RESULTS AND DISCUSSION

#### A. *Internal and External Factors*

##### 1) *Identification of Internal Factor (IFAS)*

Based on the result of internal environment analysis of the company in the form of strengths and weaknesses which has an effect on the development of leasing business, then the strengths and weaknesses factors are identified. The analysis result will be used to formulate alternative business strategy into SWOT analysis [4]. The following will be analyzed about the strengths and weaknesses of PT. Dipo Star Finance.

a) *Strengths*

1) *Competitive Interest Rate*

PT Dipo Star Finance has cheap credit package with 0% interest with a credit period of 1 year or commercial vehicles type (MITSUBUSHI). With this low interest rate package, many customers and potential customers choose Dipo Star as their financing partner. Non-binding interest rate and can change at any time can facilitate consumers in making financing decisions.

2) *Market Share*

With the growing growth of leasing companies in Bali make PT Dipo Star Finance is focusing on a limited market namely commercial vehicles, passenger, bus, and heavy equipment. In addition, PT Dipo Star Finance ventured to finance used vehicles and over credit from other leasing. This policy was taken because according to their management experience that depend on family's income for commercial vehicle business will give more effort to pay off their loans with concern of their vehicle is taken, they will be financially troubled.

3) *Fast Process and Flexible Administrations*

PT Dipo Star Finance is very experienced in serving the customers or prospective customers in BALI region, where the marketing staff are ready to serve for 24 hours start from the process of purchasing car, surveying, until the financing process is approved. Administrative requirements submitted to prospective customers are very easy to fulfill.

4) *Competent and Professional Workers*

PT Dipo Star Finance is a growing finance company supported by employees who have ability, integrity, and commitment to always be the best. The company always implement training program intensively for the employees to contribute to the company.

5) *Has Many Branches Spread in Indonesia*

The addition of the number of offices will continue to be used as business proactive steps and also to further accelerate the company continuously to keep the customer satisfaction. Market analysis will be keep developing along with the opportunities that are still wide open and more attractive to the investor who are interested in automotive financing. Supported by experience and a good business network, we believe that we will be able to win the market competition.

b) *Weaknesses*

1) *Limited experts, where HR (Human Resources) or experts in PT Dipo Star Finance require additional training to produce competent personnel.*

2) *Lack of supporting facilities, some of important facilities that still leave an impression and complaint for every customer who does transaction such as the existence of large and adequate parking lot.*

3) *Technology that is still limited, the less competitive technology aspect makes its own constraints in term of service to customers.*

4) *Door to door promotion or introduction, to increase the socialization related to the introduction of product and service offered to customers, PT Dipo Star Finance BALI Branch Unit uses the solution by introducing the service through door to door. In this way, it is possible that the marketing staffs needed are still a lot, so this method is still less efficient and effective.*

5) *Supporting rules which is not maximum. The Lack of supporting rules regarding financing institutions, that support every operational activities and the process of withdrawing vehicles that have arrears >3 months.*

2) *External Factor (EFAS)*

Based on the analysis of the external environment of the company which includes opportunities and threats that affect the development of leasing business, then the opportunities and threats factors are identified. The result of the analysis will be used to determine the position of the company by using internal-external matrix (IE Matrix) that will map the position of the company in a diagram. After knowing the position of the company, then the result of analysis is used to formulate alternative business strategy into SWOT analysis. The following will be analyzed about the opportunities and threats of PT. Dipo Star Finance.

a) *Opportunities*

1. *The Needs of Vehicles Continue to Increase*

The increasing community income and the desire to improve their social status, also make the higher the purchasing power of community towards passenger vehicles. Many companies need commercial vehicles to facilitate the distribution of goods and services.

2. *Increasing Tourism Services*

Bus sales also experienced an increasing because Bali is one of tourism destination for domestic or international tourist so it much needed by the travel and hotel entrepreneur to support the accommodation facilities.

3. *High Community Potential*

The high potential of Balinese community can be seen from the level of economic mobility and trade

4. *Cooperating,*

In creating an opportunity to realize the support for the development of investment in PT. Dipo Star Finance collaborate with various parties

5. *Branch Opening*

The opportunity to open branches in many regions gives its own opportunities for the business development of PT. Dipo Star Finance.

b) *Threats*

1). *A Number of Competitors*



PT. Dipo Star Finance not only has competitors that come from leasing companies but also more and more Private Banks and Regional Credit Bank that have the same credit policy with leasing, and moneylender/loan sharks despite giving high interest for the given loan.

#### 2). Unfair Competition

Car dealers sometimes have finance partners on their vehicles. So that there is an impression that customers who actually want to be financed by PT. Dipo Star Finance are forced to be funded by leasing appointed by the dealers even though the loan interest given is higher than interest given by PT. Dipo Star Finance.

#### 3). Shrinking Value of the Vehicles Each Year

Vehicles are goods that experience depreciation in value each year, not the same as land. Commercial vehicles are a type of vehicle that has depreciation value is very high than other private vehicles because commercial vehicle is vehicle forced to drive every day so that this type of vehicles are very vulnerable towards damage and road accidents. Losses occur if the customers experiences congestion because the value of the vehicle being sold cannot cover the obligation of the customer and it is borne by PT. Dipo Star Finance.

#### 4). The Number of Vehicles Increases

The ease of getting a vehicle and increasingly tempting cheap interest package make customers are competing to have desired vehicle by not paying attention on their financial. This is shown in the first 3 months of smooth payment but in the next month, the payments start to arrears.

#### 5). The Policy of Indonesian Government

Government policies such as fuel prices, custom duties, vehicles spare parts Bank Indonesia's interest are also a threat because it affects the customers of PT. Dipo Star Finance in making loan installment.

Based on the identification of internal and external factors, a strategy that can be developed so that the company can compete and develop its business when business condition are increasingly tight is a defensive strategy that aims to maintain the existence of the company from the high business competition and various external uncertainty that are difficult and even impossible to control or predicted. Another strategy is stable growth that is PT Dipo Star Finance performs role growth gradually in accordance with priority scale.

## V. CONCLUSION

Based on the result of the study, the conclusions are:

1. Internal factors of PT Dipo Star Finance consist of strengths factors, namely 1) competitive interest rate, 2) market share, 3) fast and flexible administration, 4) competent and professional workers and 5) many branches spread in Indonesia. The weaknesses consist of: 1) limited experts, 2) lack of supporting facilities, 3) limited technology, 4) lack of promotion or door-to-door

introduction, and 5) supporting rules that have not been maximized.

2. External factors of PT Dipo Star Finance consist of Opportunities factors, namely: 1) the needs of vehicles continue to increase, 2) tourism services that continue to increase, 3) high community potential, 4) cooperating and 5) branch opening. The threats consist of: 1) the numbers of competitors, 2) unfair competition, 3) the value of vehicle shrinks every year, 4) the number of vehicles increases, and 5) government policies.

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