

THE BUSINESS STRATEGY ANALYSIS TO GAIN COMPETITIVE ADVANTAGE IN LOGISTICS INDUSTRY

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Abstract - The aim of this study is to analyze a business strategy of Global Jet Express as a startup company in logistic industry in Indonesia. Global Jet Express Indonesia established since end of 2015, which as one of subsidiary of China Oppo smartphone group. The method in this research used qualitative method, with in-depth interviews and FGD (Focus Group Discussion) of the respondents were considered to have experiences and knowledge in the field of delivery services business. The analysis of business strategy formulation used competitive advantage strategy that compared with 3 similar logistics, they are DHL, JNE and Si Cepat. The analysis consist three stages: the first stage is an Input Stage, the second stage is the Matching Stage and the last stage is Decision Stage. The results showed that the business strategy of J & T has the strength in the field of information technology and lack of professional personnel also few of drop point. Based on the analysis of alternative strategies QSPM formulated, Global Jet Express should be use Strategy 1 "Optimize the customer service, Emphasis to promote Global Jet Express brand with Pick-up Service, create the brand image".

Keywords: Business Strategy, Start up, Global Jet Express, QSPM strategy

I. INTRODUCTION

The growth of e-commerce in Indonesia from 2013 - 2016 show a significant increase, both in number of transactions and the number of buyers (see figure 1). This growth had an impact on the growth of other businesses such as logistic industry.

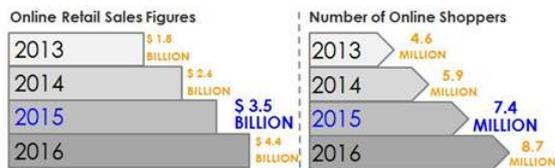


Figure 1 : Indonesia E-commerce Market
Source : Menkominfo, 2014

Logistic industry, an important part of the e-commerce business. Rather than being viewed as a supportive industry to other functional areas previously, now, logistics has been regarded as a strategic industry on its own. In Indonesia, the potential for growth is very promising (figure 2). Logistics has emerged from merely a supporting activity that facilitates trade to a crucial sector by which the nation's competitiveness is measured.

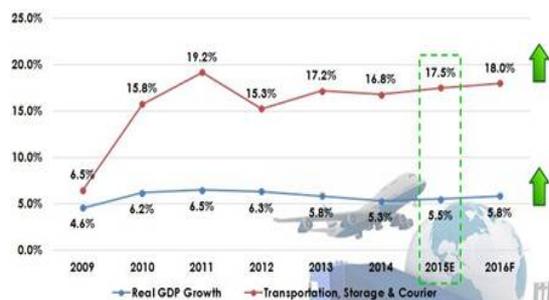


Figure 2 : Economic growth & Logistic Market
Source : BPS, 2014

Global Jet Express as a start up, in order to compete with the industry will need to analyze the SWOT (Strengths, Weaknesses, Opportunities and Threats) that exist to knowing the competitive advantage strategy (Porter, 2010). By knowing the competitive advantage, the company can determine strategies alternative strategies to achieve competitive advantage strategy (Marcos & Mustamu, 2014).

II. LITERATURE REVIEW

2.1. Strategic Management

Strategic management can be defined as an art and science of formulating, implementing, evaluating the cross-functional decisions that will enable an organization to achieve its objectives (David, 2015). The strategic management process is best implemented when everyone within the business understands the strategy. The five stages of the process are goal-setting, analysis, strategy formulation, strategy implementation, and strategy monitoring (Burgelman, 2008).

2.2. Competitive Advantage Strategy

Porter (2010) define that competitive advantage is a business concept describing attributes that allow an organization to outperform its. Porter defined the two types of competitive advantage an organization can achieve relative to its rivals: lower cost or differentiation. This advantage derives from attribute(s) that allow an organization to outperform its competition, such as superior market position, skills, or resources. In Porter's view, strategic management should be concerned with building and sustaining competitive advantage.

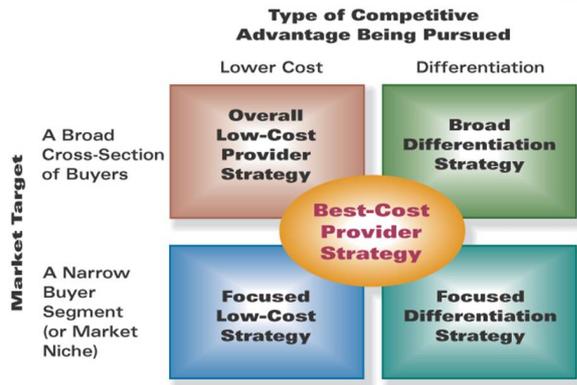


Figure 3 : Competitive Advantage Strategy
 Source : David, 2015

In the process of crafting strategy (figure 3) company have to decide five basic competitive strategies such as overall low-cost, broad differentiation, focused low-cost, focused differentiation and best-cost provider.

2.3. External Analysis

PEST analysis is assess the potential of a new market. The general rule is that the more negative forces are affecting that market the harder it is to do business in it. The difficulties that we have to be dealt with significantly reduce profit potential and the firm can simply decide not to engage in any activity in that market (Jurevicius, 2013).

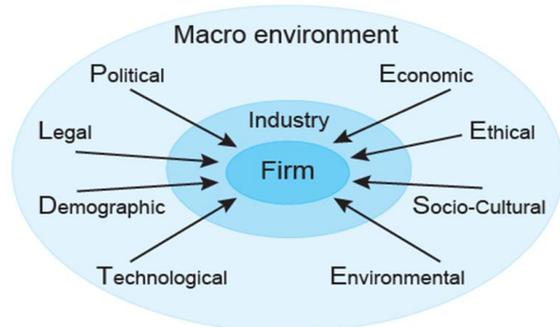


Figure 4 : Macro Environment
 Source : Kotler, 2012

Porter’s Five Forces analysis is a very useful tool for business strategist. It is based on the observation that profit margins vary between industries, which can be explained by the structure of an industry.



Figure 5 : Porter’s Five Forces
 Source : Porter, 2010

2.4. SWOT Matrix

SWOT analysis is then used in four ways to develop strategies: using strength to take advantage of opportunities (SO), to reduce the likelihood and impact of threats (ST), using the opportunities to overcome weakness (WO), and being aware of limitations that emerge from the combination of weaknesses and threats (WT) (Collado, 2013).

2.5. QSPM Matrix

Decision stage is the last stage of strategy formulation in which a tool is used called Quantitative Strategic Planning Matrix or QASM Matrix. There are a number of alternative strategies and the Quantitative Strategic Planning Matrix (QSPM) can be used to objectively evaluate the most suitable strategy among the list of all the alternative strategies. The data is collected and a matrix is developed by using quantitative method for strategic planning. The identification of the external & internal crucial success factor is regarded as the basis of QSPM Matrix. The relative attractiveness of feasible alternative action can be determined by only specially designed technique of QSPM Matrix (David, 2015).

III. METHODOLOGY

The researchers used Interview and FGD (Focus Group Discussion) for indicate the factors and score. The respondents consist 7 person that related with logistic and e-commerce business (CEO, manager, staff, courier, customers).

The final output of this research is that researcher could give and provide new information to PT. Global Jet Express about how to predict and analysis the best formulation strategy to increasing competitiveness, then try to highlight the new innovation and new entrants in this industry.

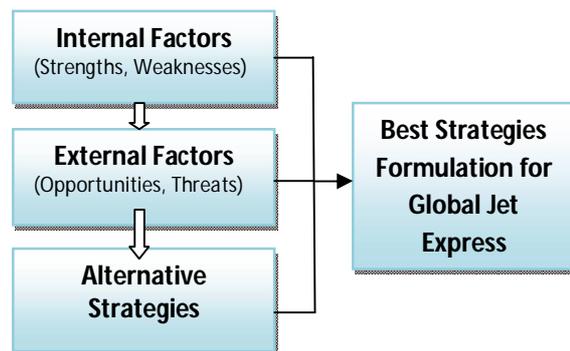


Figure 6 : Theoretical framework
 Source : Researchers, 2016

IV. DATA ANALYSIS

Based on the theoretical framework, researchers start with analyze the internal and external factors to describe the dimensions to be studied.

4.1 SWOT analysis

Table 1 : SWOT Matrix

	Strengths : 1.Pick up service 2.High Technology 3.Quick Claims strategy 4.Affordable price 5.Flexible management mecanism	Weaknesses : 1.Inadequate management system 2. Small scale, lack of financial support 3. The lack of professional personnel 4. The last KM problem 5. Few drop point 6. Limited of space
Opportunities : 1.The increasing of economics 2.The increasing of middle class 3. The increasing of e-commerse 4.The improvement of Transportation system 5. The support of government 6. The Local & global connection	Strategy S-O 1. Promote & collaboration pick Up service with e-commerse Company (S1,O3, S5) 2. Create the brand image with demonstrating excellence technology & quick claim strategy (S2, S3, O5, O6	Strategy W-O 1. Implementation management System, exp. ISO 9001 : 2015 (W1, O1) 2. Collaboration with online business & transportation company (W2, O2, O3,O4) 3. Increasing of drop point with agent Collection (W2, W5, W6, O4,O5,O6)
Threats : 1.The local competitors 2.Foreign express enterprise 3.The domination of PT Pos Indonesia 4.Lisence requirement (Complex & not transparant) 5. Indonesia regulation	Strategy S –T 1. Promote pick up service with Competitive price (S1,T1,S4) 2. Collaboration with foreign Expresss company (S2,T2, S5, T3)	Strategy W-T 1. Recruiting local proffesional for Implementation quality management system (W1, T1, W3, T5) 2. Collaboration with PT Pos Indone-Sia for remote area (W4, W5, W6, T3,T5).

Source : researchers, 2016

Table 1 show that Global Jet Express (J & T Express) have 5 strengths and 6 weaknesses for the internal factors. The external factors consist 6 opportunities and 5 threats. With utilization of Stengths and weaknesses, we can take the advantage of available opportunity and threats. The combination strategies that J&T express can be implementation especially : (1) collaboration with e-commerce and transportation business, therefore the lack of financial support can

be solve. (2) Collaboration with foreign express company, also PT Pos Indonesia, so the problem that related few drop point and the last KM problem can be solve. (3) Recruiting local professional for implementation quality management system, so the company performance can be improve. (4) Create the brand image with highlighting pick up service, competitive price and quick claim system.

4.2 IFE and EFE Analysis

Tabel 2 : IFE (Internal Factors Evaluation) Matrix

Table: IFE MATRIX									
Internal Factors	Weight	Rating				Weight Score			
		J&T	JNE	DHL	Sicepat	J&T	JNE	DHL	Sicepat
Strengths									
PICK-UP Service	0,087	4	3	2	2	0,348	0,261	0,174	0,174
High Technology	0,089	4	3	4	3	0,334	0,267	0,356	0,267
Quick Claims strategy	0,096	4	3	4	2	0,360	0,307	0,336	0,192
Competitive Price	0,091	4	4	2	3	0,364	0,364	0,182	0,273
Flexible management mechanism	0,079	4	3	3	4	0,296	0,253	0,253	0,296
Weaknesses									
Inadequate management system	0,092	2	4	4	2	0,184	0,368	0,368	0,138
Small scale, lack of financial support	0,090	3	3	3	2	0,270	0,270	0,270	0,180
Lack of professional personnel	0,092	2	3	4	2	0,184	0,276	0,368	0,184
"The last kilometer" problem.	0,098	2	3	3	2	0,196	0,294	0,294	0,196
Small scales and few drop point	0,088	2	4	4	2	0,176	0,352	0,352	0,132
Limited of space	0,098	2	4	4	2	0,172	0,392	0,392	0,147
Total	1,000					2,884	3,404	3,345	2,179

Source : researchers, 2016

From IFE (Internal factor Analysis) matrix result in table 2, it can be seen that JNE has overall best score (3.404), the 2nd rank is DHL with 3.345, the 3rd rank is J & T (2.884) and the lowest score is Si Cepat (2.179). Thus, for current condition J&T can not compete with JNE and DHL, especially in management system, drop point and office space.

Tabel 3 : EFE (External Factors Evaluation) Matrix

Table: EFE MATRIX									
Main Internet Factors	Weight	Rating				Weight Score			
		J&T	JNE	DHL	Sicepat	J&T	JNE	DHL	Sicepat
Opportunities									
The rapid increase of economy and middle class in Indonesia	0,080	3	3	3	3	0,240	0,240	0,240	0,240
The rapid development of E-commerce in Indonesia.	0,200	3	4	3	4	0,600	0,800	0,600	0,800
The improvement of the transportation network	0,045	3	3	3	3	0,135	0,144	0,135	0,144
The support of national local government.	0,070	3	4	3	4	0,210	0,245	0,210	0,245
Indonesia government open policy strategy for foreign investment.	0,094	4	2	4	2	0,376	0,188	0,376	0,188
Indonesia's logistics to be Locally Integrated & Globally Connected effectively & efficiently.	0,097	3	3	3	3	0,310	0,310	0,310	0,291
Threats									
The serious competition of domestic express enterprises.	0,099	4	4	4	4	0,396	0,396	0,396	0,396
The congenital advantage of the domestic national postal operators Pos Indonesia	0,057	2	2	2	2	0,086	0,128	0,131	0,086
Foreign express enterprises	0,083	2	2	3	2	0,166	0,166	0,249	0,166
Licensing Requirements may be complex and non-	0,089	2	4	3	3	0,178	0,356	0,267	0,267
lack of a sound regulations	0,086	2	2	2	2	0,172	0,198	0,151	0,129
Total	1,000					2,869	3,171	3,065	2,952

Source : researchers, 2016

EFE (External Factors Evaluation) shown that overall JNE is the best and has the highest score (3.171), the 2nd rank is DHL (3.065), the 3rd rank is Si Cepat and J & T is the lowest position (2.869). The result on J&T mainly in "threats" area, there are domestic national postal, foreign enterprise and licensing requirement.

To gain business strategy in detailed, IE Matrix is used to get detailed corporate strategy. As the result from internal factor analysis and external factor analysis of J&T Express, with 2.884 of total IFE and 2.869 of total EFE in internal-external (IE) matrix will result that J&T Express is in cell number V.

4.3.QSPM Analysis

Based on the analysis of alternative strategies QSPM formulated from the QSPM form in the below table shows that the highest TAS value is Strategy 1 "Optimize the customer service, Emphasis to promote J&T brand with Pick-up Service, create the brand image " with TAS value is 8.000. This strategy will be the first priority implemented to develop J&T Express.



Figure 6 : IE Matrix

Source : Researchers, 2016

Tabel 4 : QPSM Matrix

Strategies	TAS	Order of Priority
Strategy 1	8.000	I
Optimize the customer service, Emphasis to promote J&T brand with Pick-up Service, create the brand image (S1, O2, O4, O6)		
Strategy 2	5.381	IV
Keep increase customer's demand-drive technology, perfect the order, trace and track, and quick claim process for tech (S2, S3, O6) S-O		
Strategy 3	3.259	V
Promote and advertise J&T Express's quick claim system to keep the package safe and comfort the customers. (S3, T3)		
Strategy 4	6.000	III
Improve the management system, fomulate reasonable strategy. (W1, O2, O4, O6)		
Strategy 5	7.046	II
Improving staff's quality, attaches great importance to the talent training (W3, O1)		
Strategy 6	2.000	VI
Set up more drop point and production line to increase brand influence and compete with JNE or other foreign express company (W5, W6, T1, T2, T4)		

Source : researchers, 2016

V. DISCUSSION AND CONCLUSION

5.1. Conclusion

J&T Express as a start-up in logistic company has a strength in high technology, because the company is the same holding company with Oppo smartphone that strength in technology. J & T also provide pick up service with affordable price. However, comparating with JNE and DHL, J & T pick up services is few number, lack of professional management and system.

But compared to Si Cepat that is also a newcomer, J & T can be compete.

5.2. Recommendation

J & T can creating the brand image, so the company will be strong in the brand image (Aaker, 2013), especially in pick up service. The company also need to improving staff quality for give the high quality services with talent training and improving the management system with implementation ISO management system.

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