

The Strategy of PT. Astra Honda Motor in Maintaining Competitive Advantage Sustainably Motorcycle

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ABSTRACT

The motorcycle industry in Indonesia has been growing year after year, and consumers have a wide choice of Japanese and Chinese brands, which are aggressively promoting electric products. Based on sales figures from the Indonesian Motorcycle Industry Association (AISI), the Honda brand consistently dominates the market, achieving 80% market share and the highest sales growth over the past ten years. PT. Astra Honda Motor (AHM), as the Sole Brand Holder Agent (ATPM), AHM as the market leader, has responded to these dynamics by implementing robust strategic management to maintain and grow its implements a Sustainable Competitive Advantage (SCA) strategy: Positioning strategy through the product image of Honda motorcycles as high-tech, tough, fuel-efficient, with a wider range of product variants, and a trusted global brand. Distribution strategy through showrooms, authorized workshops, and spare parts outlets throughout Indonesia and relatively easy to find. A pricing strategy that sets prices quite high compared to competitors to demonstrate Honda's market leadership and product quality by providing assurance about its products The internal analysis shows AHM's strengths lie in its strong brand image, product quality, extensive distribution network, and skilled workforce, while weaknesses include high pricing and limited promotional efforts. Externally, AHM benefits from economic growth, high public trust, and growing motorcycle demand, yet faces threats such as currency fluctuations and fierce competition. The IFE score of 3.32 and EFE score of 3.47 indicate that AHM is effectively leveraging strengths and responding well to environmental challenges.

Keywords: Sustainable Competitive Advantage (SCA), Positioning strategies, Distribution strategies, Pricing strategy, PT. Astra Honda Motor (AHM)

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1. Introduction

In Currently Literature Review, Indonesia's relatively strong economic growth over the past 10 years, averaging around 5%, has driven various economic and industrial sectors to grow quite well. One industry that has thrived in Indonesia is the transportation sector, namely the motorcycle industry. Over the past 10 years, growth has fluctuated but remains quite strong. The production of AISI member motorcycles consists of several brands, including Honda, Yamaha, Suzuki, and Kawasaki. In recent years, Chinese-made motorcycles have begun to enter the Indonesian two-wheeled automotive market. Motorcycle sales figures are shown in the following table.

Table 1. Sales Motorcycle In Indonesian 2014-2024

ITEM	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Honda Sales (In Thosand unit)	1.367	1.289	1.319	1.319	1.463	1.474	960	1.221	1.255	1.433	1.611
Others (In Thosand unit)	718	535	423	387	405	403	247	301	373	525	399
Jumlah (In Thosand unit)	2.084	1.824	1.742	1.706	1.868	1.878	1.207	1.522	1.628	1.958	2.010
Market share Honda	65,7%	70,7%	75,7%	77,3%	78,3%	78,5%	79,5%	80,2%	77,1%	79,4%	80,3%

Honda motorcycles have been around in Indonesia since the 1960. With all their advantages, they continue to dominate the market with an increasing market share, while simultaneously meeting the needs of a robust, fuel-efficient, and economical means of transportation for the public. Responding to these challenges, the organization behind Honda's success in Indonesia continues to strengthen itself. PT Astra Honda Motor (AHM), as the Sole Agent (ATPM), represents a synergy of technological excellence and marketing network in Indonesia, a collaboration between

Honda Motor Company Limited, Japan, and PT Astra International Tbk, Indonesia. Honda Motor's technological excellence is recognized worldwide and has been proven on numerous occasions, both on the road and on the racetrack. For the Indonesian motorcycle market, PT Astra Honda Motor offers a diverse product mix, providing consumers with a wide choice. It offers several product lines, including underbone (underbone) models, automatic scooters, sport bikes, and large motorcycles.

PT Astra Honda Motor currently has four assembly plants. The first is located in Sunter, North Jakarta, which also serves as its headquarters. The second is located in Pegangsaan Dua, Kelapa Gading. The third is located in the MM 2100 area in West Cikarang, Bekasi. The fourth is located in Karawang. This is the newest assembly plant, having commenced operations in 2014.

With these facilities, PT Astra Honda Motor currently has a production capacity of 5.8 million motorcycles per year, meeting the growing demand for motorcycles in Indonesia. One of the pinnacle achievements of PT Astra Honda Motor was its 50 millionth production unit in 2015. This was the first such achievement by the motorcycle industry in Indonesia, even within ASEAN.

To support the needs and satisfaction of Honda motorcycle customers, PT Astra Honda Motor is supported by 2,400 sales showrooms, 3,600 service centers or AHASS (Astra Honda Authorized Service Stations), and 7,850 spare parts outlets, ready to serve millions of Honda motorcycle users throughout Indonesia. The motorcycle industry is currently a major industry in Indonesia. PT Astra Honda Motor alone currently employs approximately 20,000 people, plus hundreds of vendors and suppliers, and thousands of other network partners, all of which have a tremendous

economic impact. This entire economic chain is estimated to provide employment opportunities for approximately half a million people. PT Astra Honda Motor will continue to work to produce enjoyable, safe, and economical two-wheeled transportation that meets the expectations and needs of the Indonesian people.

This study will discuss strategies Management which implemented by AHM. external opportunities, Internal strengths and weaknesses (SWOT Analysis) to maintain and develop sustainable competitive advantage.

2. Literature Review

Strategic management is a process that essentially selects the best strategic alternatives for a company in all aspects to support its business operations. Companies must implement strategic management continuously and be flexible to changing conditions on the ground or in the environment.

According to Thomas L. Wheelen and J. David Hunger (2012), strategic management is the set of managerial decisions and actions that determine the long-run performance of a corporation. It includes strategy formulation, strategy implementation, and evaluation.

According to William F. Glueck and Lawrence R. Jauch (2000), strategic management is a stream of decisions and actions that leads to the development of an effective strategy or strategies to help achieve objectives.

According to Gregory G. Dees and Alex Miller (1996), strategic management is a process that combines three major interrelated activities: strategic analysis, strategy formulation, and strategy implementation.

Meanwhile, according to Fred R. David and Forest R. David (2015) Strategic management can be defined as the art and science of formulating, implementing, and evaluating cross functional decisions that enable an organization to achieve its objectives. As this definition implies, strategic management focuses on integrating management, marketing, finance and accounting, production and operations, research and development, and information systems to achieve organizational success.

2.1 Strategic Management Process

Strategic management involves sequential and interrelated processes. According to Thomas Wheelen and J. David Hunger, the main stages of the strategic management process are:

1. Environmental analysis, including the detection and evaluation of the internal and external environment.
2. Strategy formulation, including the development of long-term plans by formulating mission statements, objectives, strategies, and policies.
3. Strategy implementation, is the process of implementing the strategy, starting with the development of programs, budgets, and implementation procedures.
4. Evaluation and control, is the process of evaluating how the strategy is being implemented and the extent of its performance.

2.2 Strategic Management and Competitive Advantage

A company is said to have a competitive advantage if it has an advantage over its competitors in attracting consumers and defending itself against the forces of competitors trying to pressure the company (Hariadi, 2005). To achieve competitive advantage, a company must be able to offer superior product value than its competitors. This added value can take the

form of more competitive prices or high-quality products tailored to customer desires. Competitive advantage provides the opportunity for a longer competitive life.

To develop a sustainable competitive advantage (SCA) (Akker, 1998), strategies can involve a variety of strategic functional areas, such as positioning strategies, pricing strategies, distribution strategies, global strategies, and others. At least three factors are prerequisites for developing SCA and strategic success. These factors are:

1. Basis of Competition: This factor requires valuable and effective assets and competencies or deliverables.
2. Where You Compete: This factor requires selecting a product's target market.
3. Whom You Compete Against: Selecting or determining which competitors to face and which to avoid.

For Sustainable Competitive Advantage/SCA to be effective, it should be:

1. Substantial: It must be sufficiently different.
2. Sustainable: It must be able to withstand environmental changes and competitor actions.
3. Leverage: It can act as a lever or influence customers.

There are several strategic actions a company can take (Porter, 1985) to achieve Sustainable Competitive Advantage/SCA. There are at least five strategic actions a company can use:

1. Differentiation: The existence of unique values or elements that provide added value (superior value) to customers, such as quality, reliability, convenience, prestige/image, brand, and others.
2. Low Cost: A company has an absolute cost advantage over competitors due to innovation, economies of scale, learning curves, and other factors.
3. Focus: Focus on areas where the company has a competitive advantage, whether in product, market segment, or geography.
4. Preemption: Becoming a pioneer in its field to gain an advantage over competitors by creating innovation.
5. Synergy: A strategy that relies on synergies between two similar companies to increase customer value and reduce operating and investment costs.

3. Research Implementation

In this research, The data collection method is through a study of data documentation of AISI members' motorcycle production reports, journals and articles related to the research problem. The research data was analyzed using the following steps:

1. Factor identification and SWOT analysis
2. Internal factor analysis (IFE matrix)
3. Internal factor analysis (EFE matrix).

3.1 Factor identification and SWOT analysis

SWOT Analysis

The following is an identification Factor of strengths, weaknesses, opportunities, and threats for the sustainable transformation project in the Honda motorcycle business at PT Astra Honda Motor.

Strength <ul style="list-style-type: none"> Strong image and brand High-quality products Showrooms, service stations, and spare parts distributed in almost every city in Indonesia. A wider product offering and a wider selection Competent human resources in their respective fields 	Weakness <ul style="list-style-type: none"> High product prices Spare parts prices are quite expensive Promotions are less attractive and limited
Opportunities <ul style="list-style-type: none"> High economic growth The trend of people owning motorcycles Export opportunities to other countries High public trust in Honda motorcycles Large population 	Threats <ul style="list-style-type: none"> Economic crisis Fluctuations in the Rupiah exchange rate Unrecovered purchasing power Fierce product competition

Table 2. SWOT Analysis

Matricks SWOT

	Strengths <ul style="list-style-type: none"> Strong image and brand High-quality products Easily accessible showrooms, service stations, and spare parts. More diverse product offerings Competent human resource 	Weakness <ul style="list-style-type: none"> High product prices Spare parts are quite expensive Promotion is less attractive and limited No brand ambassadors to represent the product image
Opportunities <ul style="list-style-type: none"> High economic growth Large population Social trends Export opportunities High public trust in Honda product technology 	Strategi SO <ul style="list-style-type: none"> Optimizing production capacity Educating the public through safety riding (e.g., in schools) Increasing exports to other countries 	Strategi WO <ul style="list-style-type: none"> Create products at attractive prices Educate users about genuine spare parts Find brand ambassadors who represent the product's image
Threats <ul style="list-style-type: none"> Economic crisis Fluctuations in the Rupiah exchange rate Unrecovered purchasing power Fierce product competition 	Strategi ST <ul style="list-style-type: none"> Offers longer credit periods Extend the guarantee period 	Strategi WT <ul style="list-style-type: none"> Providing alternative parts (KW1) More intensive promotions

Table 3. Matricks SWOT

3.2 Internal factor analysis (IFE matrix)

Identification of internal factors (Company Strengths and Weaknesses) Analysis of the company's internal factors is demonstrated using the Internal Factor Evaluation (IFE) matrix.

Internal Analysis Factor	Weight	Rating	Score
Strength <ul style="list-style-type: none"> Strong product image and brand High-quality products Showrooms, authorized workshops, and parts stores throughout Indonesia Diverse product offerings and a wide selection High production capacity Strong product image and brand High-quality products 	0,10 0,10 0,15 0,10 0,10 0,05	4,0 4,0 3,5 3,5 3,5 3,5	0,40 0,40 0,525 0,35 0,35 0,175
Weakness <ul style="list-style-type: none"> High product prices 	0,15	3,5	0,52

<ul style="list-style-type: none"> Spare parts are quite expensive Less intensive promotion No strong brand ambassadors representing the product image 	0,15 0,10 0,10	3,0 2,5 2,5	0,45 0,25 0,25
Total	1,00		3,32

Table 4. Internal Factor Analysis (IFE matrix)

3.3 Eksternal Factor Analysis (EFE matrix)

Identification of external factors (Environmental Opportunities and Threats) The analysis of the company's external factors is demonstrated using the External Factor Evaluation (EFE) matrix.

Eksternal Analysis Factor	Weight	Rating	Score
Opportunities <ul style="list-style-type: none"> High economic growth Large population High trend of motorcycle ownership Promising export opportunities High public trust in Honda product technology 	0,10 0,10 0,10 0,10 0,10	3,5 4,0 3,5 2,5 4,0	0,35 0,40 0,35 0,25 0,40
Threats <ul style="list-style-type: none"> Global economic crisis Fluctuations in the Rupiah exchange rate Unrecovered purchasing power Fierce product competition 	0,15 0,15 0,15 0,05	3,5 3,0 3,5 2,5	0,525 0,45 0,525 0,125
Total	1,00		3,47

Table 5. Eksternal Factor Analysis (EFE matrix)

1. Result

The SWOT analysis shows that AHM's strengths can offset its weaknesses, and AHM is quite capable of capitalizing on opportunities and mitigating threats.

Meanwhile, the internal factor analysis using the IFE matrix yielded a score of 3.32, with a strengths score of 1.85 and a weaknesses score of 1.40, indicating that AHM is effectively leveraging its strengths and overcoming its weaknesses. Meanwhile, the external factor analysis using the EFE matrix yielded a total score of 3.47, above the weighted average of 2.5, indicating that AHM is responding very well to opportunities and threats in the motorcycle industry. In other words, the company's (AHM) strategy effectively capitalizes on existing opportunities and minimizes the effects of external threats.

AHM has remarkably maintained its sustainable competitive advantage, as evidenced by the continued growth of Honda motorcycle market share (Table 1) despite significant fluctuations in motorcycle sales over the past 10 years. AHM has been able to leverage its strengths to capitalize on opportunities.

PT. Astra Honda Motor (AHM), to maintain and develop sustainable competitive advantage (The Sustainable Competitive Advantage / SCA), implements strategies namely: Positioning strategies through the image of Honda motorcycle products with high technology, toughness, fuel efficiency, more diverse product variants and trusted Global Brand; Distribution strategies through showrooms, authorized workshops, and spare parts outlets spread throughout Indonesia and are quite easy to find, Pricing strategy that places prices high enough compared to competitors to show market leadership and quality of Honda products by providing guarantees for its products. And its success can be seen from the continued increase in Honda motorcycle market share in Indonesia despite a decline in motorcycle sales.

4. Conclusion

The analysis reveals that PT. Astra Honda Motor (AHM)'s strengths include: strong image and brand, high-quality products, easily accessible showrooms, service stations, and spare parts, a diverse product offering, and competent human resources. The perceived weaknesses include: high product prices, relatively expensive spare parts, less attractive and limited promotions, and the lack of brand ambassadors representing the product image.

Meanwhile, PT. Astra Honda Motor (AHM) can capitalize on opportunities such as: relatively high economic growth, a large population, the growing trend of motorcycle use, export opportunities, and high public trust in Honda technology. The challenges faced include: the economic crisis, fluctuations in the Rupiah exchange rate, stagnant consumer purchasing power, and intense product competition. To maintain and develop a sustainable competitive advantage (SCA), PT. Astra Honda Motor (AHM) implements the following strategies: positioning strategies through the image of Honda motorcycles as high-tech, durable, fuel-

efficient, with a wider range of product variants, and a trusted global brand. Distribution strategies through showrooms, authorized workshops, and spare parts outlets spread throughout Indonesia and are quite easy to find; Pricing strategy that sets prices quite high compared to competitors to demonstrate market leadership and the quality of Honda products by providing guarantees for its products.

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