



Business to Business (B2B) Market Penetration Strategy for PT Perro Manufacturing Business

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ABSTRACT: This research focuses on PT PERRO which has encountered challenges in revenue growth and stagnant sales on electric vehicle two-wheeler product. The objective of this study is to identify the factors influencing consumer purchasing decisions and analyze the internal and external business conditions of PT PERRO. The theoretical framework employed in this research encompasses consumer behavior in the purchasing process, market trends, and market penetration strategies to enhance PT PERRO's revenue.

KEYWORDS: Business Condition, Consumer Behavior.

1. INTRODUCTION

The COVID-19 pandemic has created unprecedented disruptions in all industries, including state-owned companies. Governments worldwide have implemented social distancing and lockdown measures, forcing businesses to adapt to new challenges and opportunities. Only 2% of companies surveyed said they were fully prepared for the pandemic, while 57% experienced serious disruptions. Among these, 72% reported negative effects, with 17% experiencing significant negative effects and 55% mostly negative effects.

However, the post-COVID-19 recovery phase presents new challenges for businesses. Although some companies have adapted to the pandemic's changes, they may find adapting to the post-pandemic world challenging, especially if they rely solely on pandemic-driven demand for their products or services. The post-pandemic world is characterized by high uncertainty, making it difficult for businesses to plan for the future. Failure to innovate may result in significant revenue and market share declines, leaving businesses behind.

PT PERRO is a subsidiary of PT FORTDA, an Indonesian State-Owned Company. PT PERRO focuses on providing engineering services and solutions to various industries, including defense and security, energy, and transportation. Their products range from defense and security equipment, such as radar systems and electronic warfare systems, to renewable energy solutions like solar power systems. However, the business run by PT PERRO is still dependent on the parent company, namely through the production of weapons, military, and heavy equipment from the both direct appointment and tender mechanism process by the parent company.

It can be said that the manufacturing business plays a pivotal role in driving the company's performance and overall growth. In relation to PT PERRO's manufacturing business, it is important to note that there has been a decline in sales since 2020, and the company has struggled to regain sales figures compared to previous years.

In the electric vehicle components sector, the products are motors, converters, lamps, controller, brakes and others that are specifically tailored for the unique requirements of the electric two-wheeler. However, despite the rising market, the sales of electric vehicle components remain stagnant, even as the machines and railway sectors continue to thrive and attract significant corporate interest.

2. LITERATURE REVIEW

2.1 Business Buying Behavior

Business buying behavior, as explained by Kotler and Armstrong (2018), refers to how organizations act and make purchases within the B2B realm, and they also outline eight stages that characterize the process of preparing business buying behaviors.

- a. Problem Recognition: The buying organization identifies an existing need or recognizes a problem that necessitates a solution.
- b. General Need Description: Articulate the general requirements and specifications for the desired solution.



- c. Product Specification: The organization translates the general need description into specific technical details and precise requirements for the desired product or service.
- d. Supplier Search: The organization engages in a systematic search to identify suitable suppliers who have the capabilities to meet their requirements.
- e. Proposal Solicitation: The organization invites the selected suppliers to submit proposals that address the specified product requirements.
- f. Supplier Selection: The organization evaluates the received proposals and chooses the supplier(s) that best align with their requirements.
- g. Order-Routine Specification: The organization provides detailed order specifications to establish clear expectations.
- h. Performance Review: The organization assesses the supplier's performance to evaluate the effectiveness of the purchase decision.

2.2 Business Buying Organization

This theory recognizes that B2B buying decisions involve cross-functional teams known as buying centers, comprising individuals from various departments who collectively influence the purchase decision.

- a. The Buying Centre: A central concept in business buying organization theory that refers to the cross-functional group of individuals within an organization who are involved in the purchasing decision-making process.
- b. Roles Within the Buying Center: Different individuals assume specific roles that contribute to the purchasing decision.
- c. Organizational Factors: These factors encompass various aspects of the organization's structure, culture, and policies that influence how decisions are made and suppliers are evaluated.

3. METHODOLOGY

3.1 Research Approach

The research approach employed in this study is qualitative research, which is crucial for understanding broader issues, market dynamics, perceptions, decision criteria, and competitive context in B2B research.

3.2 Data Sources

The data sources include primary data gathered through interviews, observations, and internal documents, as well as secondary data from government reports and academic publications.

3.3 Data Collection

In-depth interviews are conducted with the company itself to obtain comprehensive insights across diverse topics, while also engaging with three existing customers to assess reputational resources, and four potential customers to analyze consumer behavior.

3.4 Data Analysis

The data analysis employs research instruments to acquire the necessary information and insights sought by the researcher.

4. RESULT

4.1 PESTLE

The political environment demonstrates strong government support for EV adoption, with subsidies provided to foster domestic manufacturing and achieve national net-zero emissions goals. The economic landscape in Indonesia remains steady, with steady growth driven by improved domestic demand and positive export performance. Socially, there is a growing preference for domestic manufacturing, which boosts optimism and procurement activities in the manufacturing sector. Technological advancements and the adoption of Industry 4.0 initiatives contribute to improved efficiency and competitiveness. Legal regulations encompass various aspects, including production requirements, incentives, and infrastructure development, all aimed at curbing emissions and fostering sustainability. Environmental concerns and Indonesia's commitment to mitigating climate change and improving air quality further drive the inclination towards EV adoption and impact manufacturing companies involved in supplying EV components.

4.2 Market Analysis

The electric vehicle market in Indonesia has exhibited steady growth, with several brands introducing electric vehicles in the



country. Electric vehicle sales have shown significant increases, with a remarkable surge in battery-electric vehicle (BEV) sales. The sales of electric vehicles in Indonesia are projected to rise in the future, presenting a promising market opportunity for electric vehicle component manufacturers like PT PERRO. The government's full support for electric vehicles, backed by regulations, policies, and incentives, aims to accelerate adoption and domestic production, contributing to a sustainable and environmentally friendly transportation landscape in Indonesia.

4.3 Consumer Analysis

Through direct interviews with four respondents, valuable insights were gathered. It was observed that in the electric vehicle two-wheeler industry, companies are receptive to suggestions during the need description phase and exhibit an open and consultative decision culture. They often rely on recommendations from other industry players or trusted manufacturers when selecting a manufacturing company. Reputation, experience, and quality are prioritized by large-sized companies, while medium-sized companies prioritize competitive pricing while considering product quality. Medium-sized companies also rely on market trends and competitor observations to identify problems and make purchasing decisions. The factors influencing PT PERRO's customers' buying process include the quality of the manufacturing company and its products, the company's capabilities to meet their specific needs, interpersonal relationships with the manufacturing company, professionalism of service, and price considerations in certain sectors.

4.4 7P Marketing Mix

PT PERRO manufacturing, located in Bandung, Indonesia, focuses on expanding its market share in the EV two-wheeler sector by enhancing visibility and attracting potential customers. The company's strengths lie in its strong reputation, skilled workforce, significant production capacity, and ability to offer customized products. However, PT PERRO faces challenges in terms of self-promotion, product delivery delays, and occasional higher pricing compared to competitors.

In terms of pricing, PT PERRO considers production costs, competition, and market demand to offer competitive and affordable pricing that aligns with the perceived value of its products. The company maintains two office facilities in Bandung and Jakarta to ensure optimal availability and accessibility. Promotion efforts include direct engagement with targeted clients, personalized interactions, and showcasing product portfolios on their website. PT PERRO's physical evidence is demonstrated through the quality and reliability of its products, while its people, comprising a skilled workforce and knowledgeable employees, contribute to customer satisfaction. The company follows a comprehensive process that involves planning, preparation, production, quality checks, packaging, handling, and delivery stages to ensure efficient manufacturing and delivery of products.

4.5 Resources & Capabilities Analysis

PT PERRO manufacturing's primary office is located in Bandung, with additional support provided by its branch office in Jakarta. Regarding financial resources, PT PERRO has the necessary funds for its corporate development, although its financial health has been assessed as less robust, but it is improving. The company generates revenue from three key sectors: selling weapon components and heavy equipment to parent companies, as well as selling machines and transportation components.

In terms of technology resources, PT PERRO possesses advanced machinery, including the state-of-the-art AXIS 5 machine, which stands as the most sophisticated machine in its category. Human resources are a priority for PT PERRO, with a focus on ensuring the presence of skilled employees, implementing ongoing employee development programs, and establishing a knowledge transfer system.

Innovation is valued at PT PERRO, as evidenced by their international certifications related to innovation and knowledge management systems. The company also aims to introduce product innovations on an annual basis. Finally, PT PERRO has gained recognition as an experienced manufacturing company and has been a subsidiary of PT FORTDA for over 30 years. The company consistently upholds international standards in its operations, contributing to its strong reputation.

4.6 VRIO

Based on the VRIO framework analysis, PT PERRO possesses valuable resources, such as advanced technology machines that enable high production capacity and customization options due to the variety of available machines and international certification in innovation management.



Considering that PT PERRO is a subsidiary fully owned by PT FORTDA and it is not fully promoted yet within the industry stakeholders due to its current focus on internal products from the parent company, this situation presents an opportunity to intensify its promotion efforts among industry stakeholders. PT PERRO manufacturing can leverage its valuable resources, including its connection and reputation as a PT FORTDA subsidiary, advanced technology, and innovation, to strengthen its market presence. By highlighting these strengths and effectively communicating its competitive advantages, PT PERRO manufacturing can enhance its visibility and credibility among industry stakeholders.

4.7 Business Situation Conclusion

No	Description	Weight	Rating	Weight x Rating
Opportunities				
1	Rising market trend and potential of EV two-wheelers product	0.23	4	0.92
2	There are various large companies in the EV two-wheelers as potential customers	0.09	2	0.18
3	Customers demonstrate a preference for customized products.	0.20	4	0.80
Total		00.52		
Threats				
4	The level of competition in the industry is increasing.	0.20	4	0.80
5	Market loyalty is moderate.	0.11	2	0.22
6	Some segments in the electric vehicle sector, require competitive pricing	0.17	3	0.51
Total		0.48		
Total Final		01.00		3.43

After engaging in discussions with the management of PT PERRO and conducting extensive data research, the obtained ratings and weights were incorporated into the EFE Matrix. The analysis yielded a total weighted score of 3.43, which exceeds the threshold of 2.5. This indicates that PT PERRO is well-positioned to capitalize on opportunities while mitigating potential threats. However, it should be noted that there is room for improvement since the maximum achievable total weighted score is 4.0.

No	Description	Weight	Rating	Weight x Rating
Strengths				
1	Having over 30 years of experience and being recognized as one of the highest-quality providers in the market.	0.11	3	0.33
2	Ability to manufacture custom-made industrial products according to customer orders.	0.15	4	0.60
3	Capability to produce various machines and components.	0.15	4	0.60
4	Gained relations and reputation as PT FORTDA’s subsidiary.	0.07	1	0.07
Total				



Weakness				
5	Relatively higher price compared to competitors and substitutes.	0.12	2	0.24
6	Insufficient promotion efforts.	0.16	2	0.32
7	Limited engagement with industry players.	0.16	2	0.32
8	Delays in delivery time occasionally occur.	0.08	1	0.08
Total				
Total Final		01.00		2,56

According to the analysis of the Internal Factor Evaluation (IFE) matrix, the total score for the manufacturing business of PT PERRO is 2.56. This score surpasses the threshold of 2.50, indicating an internal position for PT PERRO to enter the industry. PT PERRO can leverage its strengths and capabilities to address existing weaknesses and effectively compete in the market within the industrial sector.

4.8 SWOT Analysis

Based on the previously discussed External Factor Evaluation (EFE) and Internal Factor Evaluation (IFE) analyses, an analysis of PT PERRO's manufacturing business can be mapped into a SWOT (Strengths, Weaknesses, Opportunities, and Threats) framework.

Strengths
<ol style="list-style-type: none"> 1. Having over 30 years of experience and being recognized as one of the highest-quality providers in the market. 2. Ability to manufacture custom-made industrial products according to customer orders. 3. Capability to produce various machines and components. 4. Gained relations and reputation as PT FORTDA's subsidiary.
Opportunities
<ol style="list-style-type: none"> 1. Rising market trend and potential of EV two-wheelers product 2. There are various large companies in the EV two-wheelers as potential customers 3. Customers demonstrate a preference for customized products.
Weakness
<ol style="list-style-type: none"> 1. Relatively higher price compared to competitors and substitutes. 2. Insufficient promotion efforts. 3. Limited engagement with industry players. 4. Delays in delivery time occasionally occur.
Threats
<ol style="list-style-type: none"> 1. The level of competition in the industry is increasing. 2. Market loyalty is moderate. 3. Some segments in the electric vehicle sector require competitive pricing

4.10 TOWS Analysis

The analysis conducted in the TOWS Analysis provides a range of alternative strategies for PT PERRO manufacturing based on the combination of its external and internal factors. It is important to note that the purpose of the TOWS matrix is to present a set of potential strategies that the company can consider in response to market competition and other challenges.



No	Alternative Strategies	Strategy Description	Category Strategy
1	SO1	Strategic partnership with PT FORTDA to expand the markets.	Market Penetration
2	SO2	Broaden the market for electric vehicles by targeting large and mature EV two-wheelers company.	Market Penetration
3	WO1	Engaging in trade shows and exhibitions focused electric vehicle industry to promote our products.	Market Penetration
4	WO2	Enhancing manufacturing efficiency through the Lean Manufacturing.	Product Development
5	WO3	Initiating knowledge-sharing and organizing networking events with relevant industries to foster deeper connections.	Market Penetration
6	ST1	Enhance customer relationships by actively building and nurturing connections with current clients.	Product Development
7	ST2	Integrate a dedicated Research & Development department within the company's organizational structure, emphasizing product innovation and technological advancements.	Product Development
8	WT1	Forming a strategic partnership with PF International Logistic, a subsidiary of PT FORTDA, which specializes in local and global logistics to enhance the efficiency of delivery processes.	Product Development
9	WT2	Creating a pricing strategy for certain market standards, ensuring quality work without compromising on service flexibility for customers.	Product Development
10	WT3	Assessing the supply chain, order processes, and post-purchase experience to optimize customer satisfaction.	Product Development

4.11 QSPM Analysis

The QSPM method evaluates each process by assessing the level of interest or attractiveness of each strategy. The strategic priorities are determined based on the TAS value, which represents the total value of the highest attractiveness score. The TAS value is calculated by multiplying the weights assigned to each external and internal factor with the corresponding attractiveness score (AS).

Rank	Alternative Strategies	Total Attractiveness Score (TAS)
1	Broaden the market for electric vehicles by targeting large and mature EV two-wheelers companies	05.58
2	Engaging in trade shows and exhibitions focused on electric vehicle to promote our products	05.49
3	Strategic partnership with PT FORTDA to expand into new customers	05.29
4	Enhancing manufacturing efficiency through the Lean Manufacturing	05.24



5	Forming a strategic partnership with PF International Logistic, a subsidiary of PT FORTDA, which specializes in local and global logistics to enhance the efficiency of delivery processes	05.09
6	Creating a pricing strategy for certain market standards, ensuring quality work without compromising on service flexibility for customers	05.05
7	Integrate a dedicated Research & Development department within the company's organizational structure	04.85
8	Initiating knowledge-sharing and organizing networking events with relevant industries to foster deeper connections	04.61
9	Enhance customer relationships by actively building and nurturing connections with current clients	04.61
10	Assessing the supply chain, order processes, and post-purchase experience to optimize customer satisfaction	04.52

5. CONCLUSION

PT PERRO Manufacturing operates in the equipment industry in Indonesia and has the opportunity to tap into the growing market for electric vehicles (EVs). However, the company has encountered challenges, including a decline in revenue growth and stagnant sales of EV two-wheeler components. The buying process of PT PERRO's potential customers is influenced by factors such as the quality of the manufacturing company and its products, the company's capabilities to meet specific needs, and interpersonal relationships within the industry.

6. RECOMMENDATION

Based on the findings in this research, recommendations for PT Perro manufacturing business are:

- 1 Broaden the market for electric vehicles by targeting large and mature EV two-wheelers companies,
- 2 Engaging in trade shows and exhibitions focused on electric vehicle industry to promote our products,
- 3 Strategic partnership with PT FORTDA to expand into new customers,
- 4 Enhancing manufacturing efficiency through the Lean Manufacturing.

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