



## ANALYSIS AND STRATEGY FORMULATION OF HEAVY EQUIPMENT DISTRIBUTOR COMPANIES IN INCREASING MARKET SHARE IN ACEH AND NORTH SUMATERA REGIONS

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### Abstract

*The global commodity economy continues to play a central role in international trade in 2024. According to a report from the World Bank, global commodity prices this year have increased by around 5% compared to the previous year, driven by high demand from major countries such as the United States, China, and OPEC countries. Heavy equipment plays an important role in supporting the main sectors of the global commodity economy, especially in Indonesia. PT XYZ is one of the industries that plays in the heavy equipment industry in Indonesia with the K brand Japan product. To provide the best service to customers, the company established a branch in the city of Medan, North Sumatra to get closer to customers for work areas in the provinces of North Sumatra and Aceh. The market conditions for heavy equipment in these two provinces are very competitive with various competing brands, indicating significant challenges that must be overcome to provide more service value to customers. This study aims to gain a comprehensive understanding of PT XYZ's position in the heavy equipment market, as well as to formulate effective strategies to overcome challenges in maintaining and increasing K's market share in the North Sumatra and Aceh regions.*

**Keywords : Market Share, Strategic, Porter Value Chain, Porter Five Forces, SWOT**

### 1. INTRODUCTION

In 2024, the global commodity economy plays a significant role in international trade. The global economic recovery after the COVID-19 pandemic has increased demand for key commodities such as oil, gas, metals, and agricultural products. According to the World Bank, global commodity prices rose 5% compared to the previous year, driven by demand from major countries such as the United States, China, and OPEC members. However, prices remain volatile due to geopolitical uncertainty, climate change, and technological developments. Indonesia's commodity economy showed a positive trend in 2024, driven by increased production and exports of coal, palm oil, and nickel. The government is encouraging economic diversification through processing and downstream industries to reduce dependence on raw material exports.

This effort attracts foreign investment in the mining and plantation sectors, creates jobs, and supports sustainable economic growth. Heavy equipment plays a central role in Indonesia's mining and plantation sectors. The use of appropriate heavy equipment increases productivity and operational efficiency, strengthening competitiveness in the global market. Innovations in heavy equipment technology, such as environmentally friendly and fuel-efficient engines, also support the sustainability of the commodity industry. PT XYZ, is the largest heavy equipment distributor in Indonesia. The company holds the distribution rights for leading brands under the K brand, known for its quality and reliability. PT XYZ plays a role in supporting the mining and plantation sectors through high-quality heavy equipment, rental services, maintenance, and operator training. The company's distribution network is spread throughout Indonesia, including the Medan branch. This

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branch supports operations in North Sumatra and Aceh, two regions with high demand for heavy equipment due to dynamic commodity activities.

In 2024, North Sumatra and Aceh recorded positive economic growth, driven by the production and export of commodities such as coal, palm oil, rubber, coffee, and precious metals. The local government continues to improve infrastructure and accessibility to support the industry, while encouraging environmentally friendly sustainable practices. The heavy equipment market in North Sumatra and Aceh is highly competitive. Competition includes new unit sales, after-sales services, and spare parts provision. Other factors such as product prices, financing flexibility, and commodity price fluctuations also affect demand. Government investment in infrastructure, such as toll roads and ports, also drives heavy equipment market activity. This shows the need for PT XYZ to strengthen its strategy in order to compete again in a highly competitive market. Due to these market conditions, researchers use Porter's Value Chain analysis to see internal factors and Porter's Five Forces analysis to see external factors in the environment so that a strategic analysis can be carried out using the SWOT matrix in order to increase the market share of the K brand and become a market leader in North Sumatra and Aceh.

**2. IMPLEMENTATION METHOD**

This research was conducted at PT XYZ which sells heavy equipment brand K for the Aceh and North Sumatra areas. The research time that the researcher carried out was in the period October - December 2024. This study uses a qualitative approach by exploring the impact of external and internal factors on PT XYZ's strategy to sell the Komatsu brand in the Aceh and North Sumatra regions. The research process begins with collecting relevant data, identifying factors that influence market share, analyzing and formulating strategies, validating and validating data, and determining conclusions and suggestions based on the research results. The research process begins with collecting relevant data, which includes:

- Sales data and related market trends.
- Information about customers and competitors in the heavy equipment market.
- Current company strategy.

The data will be collected from the results of interviews with management at PT XYZ. Through the data collected, researchers will gain a better understanding of market conditions and factors that influence marketing strategies. After the data is collected, the next step is to identify the factors that influence market share using several analysis methods. First, Porter's Value Chain analysis at PT XYZ evaluates the activities that contribute to the company's competitiveness in the heavy equipment market in North Sumatra and Aceh. In facing fierce competition from competitors, PT XYZ needs to identify and optimize key activities in the value chain, such as procurement, distribution, after-sales service, and innovation in marketing and financing, to create a competitive advantage. Second, information collection through Porter's Five Forces analysis to analyze the strength of external competition at PT XYZ, including threats from substitute products, customer bargaining power, and potential new entrants.

- Threat of new entrants, analysis to see if there are new competitors to PT XYZ's business.
- Supplier bargaining power, analysis that looks at how strong PT XYZ's supply chain is in facing the heavy equipment market.
- Buyer bargaining power, an analysis that describes the market's ability to XYZ's business.
- Threat of substitute products or services, an analysis to see if there is a threat to products and services in XYZ's business.
- Competition between competitors in the industry, analyzing XYZ's strengths against competitors in the heavy equipment industry.

The results of this analysis will be used to group SWOT (Strengths, Weaknesses, Opportunities, Threats) factors to identify the strengths, weaknesses, opportunities, and threats faced by PT XYZ to increase Komatsu's market share. Then continue using the SWOT Matrix



analysis to help the company formulate strategies based on the company's internal and external conditions, with the aim of maximizing strengths and opportunities, and minimizing weaknesses and threats. After the SWOT Matrix analysis is carried out, the next stage is the use of the QSPM (Quantitative Strategic Planning Matrix). This matrix is used to evaluate strategic choices resulting from the SWOT Matrix analysis more objectively. QSPM provides weight or pareto for each key factor that influences the success of the strategy, so that the company can determine the most effective strategy and in accordance with existing conditions.

The next stage is Focus Group Discussion (FGD), where the results of the Pareto SWOT Analysis data obtained from the QSPM are discussed in depth by the company's management team and other related parties. This discussion aims to formulate a strategy that will be implemented by PT XYZ to face challenges in the volatile heavy equipment market, especially in the Aceh and North Sumatra regions. Finally, this study is closed by compiling conclusions and suggestions. Conclusions are based on the results of the analysis carried out, while suggestions are given as strategic guidance for PT XYZ to improve its competitive position in the market and achieve its goal as a market leader in the region. This research flow describes a systematic and comprehensive approach in formulating a strategy that focuses on improving the competitiveness of PT XYZ with the K brand in the heavy equipment industry.

**3. RESULTS AND DISCUSSION**

The results of the SWOT matrix are obtained from the analysis of internal and external factors using Porter's Generic Value Chain and Porter's Five Forces, to determine all company factors.

**Table 1 SWOT Matrix**

	<b>STRENGTHS</b>	<b>WEAKNESS</b>
	1. PT XYZ has a planned logistics system with historical and population analysis to control units and after-sales for customer needs. 2. PT XYZ routinely innovates to create efficient and effective products for customer success. 3. PT XYZ Medan has a network of branches and sites throughout Indonesia to get closer to customers. 4. PT XYZ collaborates with various leasing companies to assist prospective customers. 5. PT XYZ actively visits customer projects to understand the constraints directly. 6. PT XYZ offers free trial units and technical consultations to prospective customers. 7. PT XYZ provides a unit	1. PT XYZ's special models require longer supply times because there is no stock. 2. For rare units and spare parts, PT XYZ must request stock from the principal. 3. PT XYZ provides special discounts for certain customers. 4. PT XYZ Medan's sales area is large so it requires an additional sales person. 5. Special packages are only available at certain leasing companies. 6. The gender diversity ratio is small, with 8% women and 92% men.

**ANALYSIS AND STRATEGY FORMULATION OF HEAVY EQUIPMENT DISTRIBUTOR COMPANIES IN INCREASING MARKET SHARE IN ACEH AND NORTH SUMATERA REGIONS**

*Alvino Mario Haloho<sup>1</sup>, Rulianda Purnomo Wibowo<sup>2</sup>, Yeni Absah<sup>3</sup>*

	exchange program and periodic maintenance. 8. PT XYZ has a militant and agile organizational structure with 105 employees and good supporting infrastructure.	
<b>OPORTUNITIES</b>	<b>SO STRATEGY</b>	<b>WO STRATEGY</b>
<ol style="list-style-type: none"> <li>1. Competitors' after-sales are less than optimal.</li> <li>2. CPO prices are stable.</li> <li>3. Palm oil bowheers are planning replanting on average.</li> <li>4. Pulp prices are stable.</li> <li>5. ICI 3&amp;4 coal prices fall to new normal, ICI 5 is stable.</li> <li>6. Principals care about customer projects.</li> <li>7. Principals create inventory depots in several areas.</li> </ol>	<ol style="list-style-type: none"> <li>1. REGAIN MARKET SHARE IN ALL SECTORS WITH AGGRESSIVE PENETRATION</li> <li>2. OPTIMIZE KOMATSU'S DOMINANCE IN INCREASING MARKET SHARE</li> </ol>	<ol style="list-style-type: none"> <li>1. STRENGTHENING PT XYZ'S COLLABORATION IN THE INTERNAL AND EXTERNAL VALUE CHAIN</li> <li>2. IMPROVING OPERATIONAL EXCELLENCE THROUGH DIGITAL IMPLEMENTATION</li> </ol>
<b>TREATS</b>	<b>ST STRATEGY</b>	<b>WT STRATEGY</b>
<ol style="list-style-type: none"> <li>1. Low competitor prices with massive sales and innovation.</li> <li>2. The mindset of the North Sumatra and Aceh markets has changed to single-use.</li> <li>3. Construction businesses are starting to use drones and robotics to replace small heavy equipment.</li> <li>4. The price of K products is premium and increases every year, different from competitors who are slow to innovate.</li> <li>5. H brand products have a strong product image with competitive prices.</li> <li>6. T brand products are aggressively entering the market with new products, payment schemes, and attractive warranties.</li> <li>7. S brand products focus on the second and third tier markets with competitive prices and flexible payment schemes.</li> </ol>	<ol style="list-style-type: none"> <li>1. IMPROVE CUSTOMER EXPERIENCE WITH EXCELLENT PRODUCT AND AFTER-SALES SUPPORT</li> <li>2. IMPROVE PRODUCT VALUE WITH EXISTING RESOURCES OF PT XYZ</li> </ol>	<ol style="list-style-type: none"> <li>1. IMPROVE INDIVIDUAL AND TEAM COMPETENCE</li> <li>2. INCREASE WORKING SPIRIT IN THE TEAM</li> </ol>



Next, based on the SWOT Matrix analysis, weight calculations were carried out using the Quantitative Strategic Planning Matrix (QSPM) method.

**Table 2** Internal Key Factors Score Assessment

Internal Key Factors (IFAS)		Bobot	Rating	Skor
<b>Strength</b>				
1	PT XYZ has a planned logistics system with historical and population analysis to control units and after-sales for customer needs.	0,060	3,67	0,22
2	PT XYZ routinely innovates to create efficient and effective products for customer success.	0,059	3,60	0,21
3	PT XYZ Medan has a network of branches and sites throughout Indonesia to get closer to customers.	0,062	3,80	0,24
4	PT XYZ collaborates with various leasing companies to assist prospective customers.	0,060	3,67	0,22
5	PT XYZ actively visits customer projects to understand the constraints directly.	0,057	3,53	0,20
6	PT XYZ offers free trial units and technical consultations to prospective customers.	0,061	3,73	0,23
7	PT XYZ provides a unit exchange program and periodic maintenance.	0,060	3,67	0,22
8	PT XYZ has a militant and agile organizational structure with 105 employees and good supporting infrastructure.	0,061	3,73	0,23
<b>Sub Total</b>				<b>1,76</b>
<b>Weakness</b>				
1	PT XYZ's special models require longer supply times because there is no stock.	0,047	2,87	0,13
2	For rare units and spare parts, PT XYZ must request stock from the principal.	0,048	2,93	0,14
3	PT XYZ provides special discounts for certain customers.	0,055	3,40	0,19
4	PT XYZ Medan's sales area is large so it requires an additional sales person.	0,055	3,40	0,19
5	Special packages are only available at certain leasing companies.	0,048	2,93	0,14
6	The gender diversity ratio is small, with 8% women and 92% men.	0,051	3,13	0,16
<b>Sub Total</b>				<b>0,95</b>
<b>Nilai Akhir</b>				<b>2,71</b>

Based on the table above, the subtotal value for the strengths component is 1.76 and weaknesses is 0.95. The higher the score of each component, the greater the influence of the component on the company's goals or it can be said that the strategy related to the component is more necessary than other components. In this case, the strategy to strengthen the strengths component is prioritized over covering weaknesses.

**ANALYSIS AND STRATEGY FORMULATION OF HEAVY EQUIPMENT DISTRIBUTOR COMPANIES IN INCREASING MARKET SHARE IN ACEH AND NORTH SUMATERA REGIONS**

*Alvino Mario Haloho<sup>1</sup>, Rulianda Purnomo Wibowo<sup>2</sup>, Yeni Absah<sup>3</sup>*

**Table 3** External Key Factors Score Assessment

External Key Factors (IFAS)		Bobot	Rating	Skor
<b>Opportunities</b>				
1	Competitors' after-sales are less than optimal.	0,049	2,53	0,12
2	CPO prices are stable.	0,063	3,27	0,21
3	Palm oil bowheers are planning replanting on average.	0,064	3,33	0,21
4	Pulp prices are stable.	0,064	3,33	0,21
5	ICI 3&4 coal prices fall to new normal, ICI 5 is stable.	0,065	3,40	0,22
6	Principals care about customer projects.	0,066	3,47	0,23
7	Principals create inventory depots in several areas.	0,069	3,60	0,25
<b>Sub Total</b>				<b>1,45</b>
<b>Threat</b>				
1	Low competitor prices with massive sales and innovation.	0,057	3,00	0,17
2	The mindset of the North Sumatra and Aceh markets has changed to single-use.	0,054	2,80	0,15
3	Construction businesses are starting to use drones and robotics to replace small heavy equipment.	0,057	3,00	0,17
4	The price of K products is premium and increases every year, different from competitors who are slow to innovate.	0,059	3,07	0,18
5	H brand products have a strong product image with competitive prices.	0,064	3,33	0,21
6	T brand products are aggressively entering the market with new products, payment schemes, and attractive warranties.	0,065	3,40	0,22
7	S brand products focus on the second and third tier markets with competitive prices and flexible payment schemes.	0,061	3,20	0,20
<b>Sub Total</b>				<b>1,30</b>
<b>Nilai Akhir</b>				<b>2,76</b>

Meanwhile, based on the table above, the subtotal value for the opportunities component is 1.45 and the threat is 1.30. The higher the score of each component, the greater the influence of the component on the company's goals or it can be said that the strategy related to the component is more needed than other components. In this case, a strategy to take advantage of opportunities is more needed than anticipating the threat component. After obtaining the results of each strength, weakness, opportunities and threat component, a SWOT analysis is carried out.

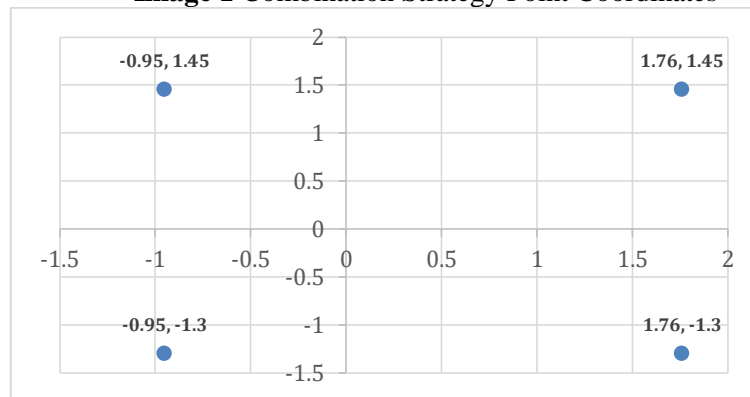
**Table 4** SWOT Matrix Combination

Komponen 1	Koordinat SWOT		Komponen 2
	X	Y	
S	1,76	1,45	O
W	-0,95	1,45	O
W	-0,95	-1,30	T
S	1,76	-1,30	T

After getting the value of each coordinate for each combination, then these coordinates are mapped in a Cartesian diagram to find out the position of each combination strategy. The following is a Cartesian diagram graph that has been successfully obtained in the previous process.



Image 1 Combination Strategy Point Coordinates



The image 1, above is the result of mapping the Cartesian diagram according to the coordinates that have been calculated previously. Based on the strategy mapping above, it is found that the aggressive strategy category (S-O Strategy) is prioritized compared to other combination strategies because it has the furthest distance from point 0. The meaning of this SWOT strategy mapping shows that strategies related to aggressive are prioritized compared to other strategies. Strategy to use internal strengths (Strength) to take advantage of external opportunities (Opportunities). After obtaining the position of the company's SWOT, it is then continued with FGD with stakeholders to discuss the strategies that will be used in the company.

#### 4. CONCLUSION

Based on the results of the research that has been conducted, the following conclusions were obtained:

1. The internal condition of PT XYZ has a competitive advantage through a wide and planned logistics distribution system network, and massively carries out digital innovation based on superior solutions supported by a strong organizational structure and oriented towards Solution and Moving As One. Then, to maintain and improve competitiveness and customer satisfaction with Komatsu products, an improvement strategy is needed that focuses on overcoming delays in supply of units and after sales caused by dependence on principals, improving the image of Komatsu products in the eyes of customers, increasing package limitations to attract competitor customers, and changing gender inequality.
2. The external condition of PT XYZ has the advantage as the sole agent for Komatsu in Indonesia which strongly supports the situation for customer projects such as creating financing packages, discounts, creating inventory depots, etc., and is supported by the stability of commodity prices such as CPO, Pulp, and coal which are stable so that the market conditions in North Sumatra and Aceh are quite good. However, the company must pay attention and create other packages that can attract potential customers, especially competitor customers because the competition is very tight from competitors who provide competitive prices, massive innovation, and flexible payment schemes, so the company needs an innovation strategy and improvement of after-sales services to maintain competitiveness.
3. Based on the results of the SWOT analysis, the company needs a strategy with the Aggressive category (S-O Combination) where the strategy is to improve customer experience with excellent product and after-sales support, expand market share with aggressive penetration in all sectors, integrate digital technology for efficient operations, improve internal and external collaboration through digitalization and rebranding programs all employees can become an extension of the company in making sales to customers.

**ANALYSIS AND STRATEGY FORMULATION OF HEAVY EQUIPMENT DISTRIBUTOR COMPANIES IN INCREASING MARKET SHARE IN ACEH AND NORTH SUMATERA REGIONS**

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