Business Development Strategy Through Value Creation Analysis in Automotive E-Commerce Platform (Case Study: XYZ Platform)

Maria Jacklyn Brilyani Putty Patty, Popong Nurhayati, and Fuad Wahdan Muhibuddin*
School of Business, IPB University

*fuadwahdan@apps.ipb.ac.id

Abstract. The Positive growth of automotive industry presents XYZ as an integrated digital automotive platform, which serve e-commerce for new and second hand vehicles. Since XYZ Platform launched, has not contributed to company’s sales growth as well. In spite of macro and micro economic factors, we argue lack of value proposition provided by company. This paper aims to analyze XYZ platform value creation in relation to map business strategy. The study was qualitative research. Value proposition canvas, brand consideration matrix, four-step framework were conducted as tools analysis. Result shown the consumer have a low level of product knowledge and brand consideration of XYZ Platform, even though its value fit with consumer expectation. Furthermore, VPC 1.0 were formulated as business strategy to enhance XYZ Platform Session leads to transaction by considering seven functional element and two emotional elements.

Keywords: Automotive E-Commerce Platform, Value Creation, business strategy.

1. Introduction
Positive growth of Indonesia economic since 2017 to 2018 trigger growth of automotive industries up to 6.86% from 1.077 million unit to 1.151 million unit [1]. In other hand, BCG reported in 2020 Indonesian middle class reach 52%. These condition as a potential market presented XYZ as integrated digital automotive platform which serve e-commerce for new and second hand vehicles.

Since launched, XYZ Platform has not contributed significantly to company sales growth. Company sales in July 2019 tended to decrease by 44,357 units or 19.1% compared to same period last year. The sales declining in July was recorded deeper than sales in June which fell 5.5%. The achievement of the number of visitors in 2019 decreased 39.25% from the previous year. Based on survey conducted by XYZ Company throughout September to December 2018, the Platform is not known as an automotive e-commerce platform but rather as a brand that distributes gifts or flash sales. which in that time period was carried out 4 times a flash sale of a car for Rp. 50,000,000. The achievement of these activities only reached 10% for the target register.

However, the potential market is not only the main focus in developing a business, but also the fitness of the value with market needs [2]. The value delivered from a product or service can have direct implications on the level of brand or product awareness [3]. Value creation discusses consumer experience and the benefits felt by consumers. Value in general is what consumers pay and value advantage is obtained from low costs that are proportional to the value or benefits obtained and value
can be created through the activities shown in the value chain [4]. According to references [5] a company has an advantage in competing, if the company is able to provide the same benefits as competitors at a lower cost or provide more benefits than competitors. Value creation is an effort to produce a product or service into something needs and attracted to prospective customers [6]. The study aims to identify the value proposition developed by company, assess the value by perspective consumers, and redesign value proposition.

2. Materials and Methods

2.1 Research Design

The study was qualitative research with case study approach. There are two type of data, primary and secondary data. Sampling technique conducted was probability sampling, multi-stage stratified sampling approach. There are two stages of stratified sampling to get potential respondents. First stage criteria are the people whom understood about XYZ Platform and other e-commerce platform, and the second one is the personal who already accessed XYZ Platform. A total of 100 respondents were obtained from questionnaires in the Greater Jakarta area with an age range of 18-44 years.

2.2 Tools Analysis

Some tools analysis were conducted to value creation analysis, there are value proposition canvas, brand consideration metrics, and four steps framework analysis. Value proposition canvas (VPC) was conducted to identify value developed by XYZ as VPC 0 and redesign value as VPC 1. VPC adopted from Osterwalder and Pigneur [7]. Brand consideration metrics were applied to evaluate value in perspective customers. This step to assess how customers consider a brand in purchase decision or to evaluate consumer responses. Consumer response refer to the utility of products or services which is tailored their need and wants/desire [8]. Metric of brand consideration developed from element of value. There are 30 element of value divided into four tiers developed from hierarchy of needs Maslow theory that helped company’s value creation [9]. The elements of value shown below.

![Element of Value](image_url)

**Figure 1. Element of Value**
The four-step framework is part of the Blue Ocean Strategy. Blue Ocean Strategy as a strategic step that emphasizes the creation of new demand and market space for which there are no competitors yet [4]. The four-step framework serves to eliminate the number of actions of the four attributes above as follows 1) Eliminate what factors should be eliminated from factors that have been taken for granted by the industry? In your industry, what features are not really that important but are out of habit, always offered to customers, 2) Reduce what factors should be reduced to below the industry standard? In your industry, what features should be reduced because they do not provide high value to customers, 3) Increase what factors need to be increased to above the industry standard? In your industry, what features should be given because it is able to provide very high value to customers; although maybe this feature has been offered by competitors, 4) Create what factors the industry has never before offered that must be created? In your industry, what new features should be created; new features that are able to provide high value to customers, and so far have never been offered by customers.

3. Results
3.1 Characteristic of Respondent
Data were collected from two different types of questionnaires each 100 respondents (first stage). The respondent group has various characteristics based on gender, age range, domicile, occupation and income level. This study only focuses on the characteristics of consumers who are in the Greater Jakarta area with an age range of 18-44 years. Out of 100 respondents, 22 respondents or 22% did not know about XYZ and other e-commerce platform. Based on these data, only 78 respondents or 78% of the total respondents were fit to be interview for second stage of multi stage stratified random sampling.

Data spread of second stage of sampling method were 41.03% customer aware and already accessed XYZ Platform, 17.95% customer aware and has not accessed XYZ platform, and 41.03% not aware about XYZ Platform but aware another e-commerce platform.

3.2 Validity and Reliability Test
The applied questionnaire in this study was tested through validity and reliability tests. The aims of validity test is to determine the suitability of the measuring instrument. The first 20 sample data were used to test the validity and reliability of the questionnaire used in the study. If through 20 samples all items show validity and reliability, the questionnaire is considered valid and reliable to be used in research with the actual sample needed, which is 100 samples. Validity test used with the SPSS version 22 program. Validity test by comparing between r count value with r table for degree of freedom (df) = n-2.

Table 1. Validity Test Variable Functional (X$_1$), Emotional (X$_2$), And Brand Consideration (Y)

| Item | R Count | R Tabel Functional | Status |
|------|---------|--------------------|--------|
| 1    | 0.942   | 0.4438             | Valid  |
| 2    | 0.926   | 0.4438             | Valid  |
| 3    | 0.828   | 0.4438             | Valid  |
| 4    | 0.884   | 0.4438             | Valid  |
| 5    | 0.839   | 0.4438             | Valid  |
| 6    | 0.877   | 0.4438             | Valid  |
| 7    | 0.935   | 0.4438             | Valid  |
| 8    | 0.874   | 0.4438             | Valid  |
| 9    | 0.887   | 0.4438             | Valid  |
| 10   | 0.876   | 0.4438             | Valid  |
| 11   | 0.815   | 0.4438             | Valid  |
Based on TABLE 1 shown that all of the statement items in the distributed questionnaire are valid, because R count > R table. In this case n is the number of samples in this study (n) = 20. Then the magnitude of df can be calculated from 20 to 2 = 18. With df = 18 and alpha = 0.05 obtained R table = 0.4438. Furthermore, the reliability test is performed to show the reliability of a variable using the Cronbach's Alpha method, proven by one's answer to the question is consistent or stable over time and produces a Cronbach's Alpha value > 0.6. The results of processing the reliability test are shown in TABLE 2.

|   |   |   |
|---|---|---|
|   |   |   |

**Table 2. Reliability Test**

| Variabel                  | Alpha Cronbach | Status  |
|---------------------------|----------------|---------|
| Functional (X₁)           | 0.976          | Reliable|
| Emotional (X₂)            | 0.950          | Reliable|
| Brand Consideration (Y)   | 0.856          | Reliable|

TABLE 2 shown all variables have a sufficiently large alpha coefficient > 0.6, then it could be stated all the measurement concepts of each variable from the questionnaire are reliable.

3.3 Identify Value Proposition Canvas (PVC 0)

XYZ Platform offers value as an all in one platform around automotive, namely as a provider of the latest information about automotive to buying and selling new and used cars. In addition, XYZ Platform is here to be able to assist consumers in purchasing management by providing full features ranging from searching for information related to products to after sales services. XYZ Platform defines its value starting from the discovery of solutions offered to solve the problem of target consumers who have not been realized or in the future or commonly referred to as technology push. In delivering its value, XYZ Platform created a variety of superior features such as expert choice for used car seekers with Principal Company quality standards to “eDokumen” services to help consumers take care of vehicle documents and vehicle tax extensions online. Mapping VPC 0 has shown the suitability of the products offered with the needs of consumers described in the customer profile above.

However, Value Proposition Canvas 0 could be ideal if it assessed based on the view of consumers not only the views of producers. Therefore, the next step is to examine the variables from VPC 0 based on the perspective of the target consumer through the analysis of Brand Consideration Metrics.
3.4 Analysis of Brand Consideration Metrics

This study analyzes the related product knowledge to find that of the 10 variables, only 4 variables are the percentage above the average while the other 6 variables are still below 50% or below the average. Then, the respondent's view of XYZ Platform shows that from the sixth percentage the variable is also still low, namely below 50%, so it is assumed that the features available are not yet fully selected by consumers or part of customer consideration. The majority of respondents visit XYZ Platform once every 2-3 months (21.9%) and once a month (25%).

Their goals include reading news about automotive, finding information about new and used cars and comparing prices and features of this car, which can be the main focus of XYZ Platform for the development of their value. Furthermore, there is an analysis of the reasons respondents did not access e-commerce buying and selling cars which stated that the majority were anxious because they wanted to see and inspect the car directly (68%) and the problem of transaction transparency (68%). Of the features that XYZ Platform has, respondents consider a complete car selection filter, extensive payment options and a credit simulation feature to be the most useful. These three features are potential to be used as input in VPC 1 with the aim of increasing XYZ Platform's possibility as part of customer consideration. Based on respondents' experience and expectations, the researcher also identified values potential to improve brand trust XYZ Platform that had a positive impact on being part of consumer considerations. From the results of data processing it is found that the image of XYZ Platform as Principal Company platform makes the majority of respondents choose to consider and transact on XYZ Platform.

The next step, as a start-up, new benchmarking with competing companies is needed. The results of benchmarking these are important to be input in VPC 1. The most popular brands according to the majority of respondents are Mobil123, BeliMobilGue and Carmudi. The conclusion from benchmarking that there are 8 different services or features of which 6 of them will be recommended as input in VPC 1, namely the category of choice based on the dealer, dealer review, video review, consulting and negotiation services with the seller / dealer, check the price of the car before being sold, and direct inspection services. These six services are considered appropriate for answering pain customers and completing services in XYZ Platform according to the needs of the target respondents obtained from the results of previous studies.

The conclusion from benchmarking that there are 8 different services or features of which 6 of them will be recommended as input in VPC 1, namely the category of choice based on the dealer, dealer review, video review, consulting and negotiation services with the seller / dealer, check the price of the car before being sold, and direct inspection services. These six services are considered appropriate for answering pain customers and completing services in XYZ Platform according to the needs of the target respondents obtained from the results of previous studies.

After conducting various stage of identification, the results obtained are concluded in the form of check points. Which is important elements for XYZ Platform to improve as a start-up or new e-commerce, especially in the automotive field. The element informs is one of the elements to be considered, because it is based on product knowledge and access objectives of the majority of respondents (56.5%), namely knowing XYZ Platform as a platform for providing automotive information and buying and selling information for new and used cars online, so this becomes material for consumers who ultimately access XYZ Platform with the aim of finding information about automotive, new and used cars that are provided in full by XYZ Platform. Meanwhile, the reason for the element quality needs to be considered because it is based on the statement of the majority of respondents who choose to do transactions in XYZ Platform (43%) feel guaranteed and trusted because principal company property is known to be a company with high quality assurance. These two elements are prioritized, because they play an important role in building the impression and awareness of the target consumers.

Furthermore, the element is variety closely related to the aim of XYZ Platform's access, which is to compare car features and prices chosen by 31.3% of potential respondents. The products offered by XYZ Platform must be diverse so that they can be choices for consumers and become a comparison
material between products. Then, another reason is that as many as 39% agree that the diversity of filters helps consumers to choose the ideal product. Furthermore, consumer expectations are increasing, especially those who are interested in selling their cars through XYZ Platform. Consumers who sell their cars want cars to sell quickly, so XYZ Platform needs to pay attention to the element of making money by increasing its network and car sales services. The results of benchmarking with Mobil123, Carmudi and BeliMobilGue are able to be the basis for developing the features and services of XYZ Platform, such as direct inspection and direct consultation with dealers that consumers want.

Other elements, namely reducing cost and reducing effort are based on the potential of XYZ Platform with its selection features expert. This feature can be more demonstrated to target consumers to be a choice or consideration for consumers who want to find products at affordable prices and guaranteed quality. Then, eDokumen services can be maintained and redeveloped to facilitate consumer activities in handling vehicle documents such as vehicle tax. The last functional element that needs attention is organized. XYZ Platform must be consistent as a platform managers all-in-one that helps manage their purchasing customers, from reliable sources of information seeking, the process of purchasing a transparent, quality and guaranteed safe car, to services after sales such as booking services.

Emotional elements that need to be prioritized provide access and reduce anxiety. This is based on the concern of the majority of potential respondents (68%) who still choose not to transact cars online because the transaction is feared to be less transparent and the condition of the car is not in accordance with information. Therefore, XYZ Platform is able to provide a clear and secure transaction path. Then, the order tracking feature that is constantly updated for 24 hours has emerged as an advantage of XYZ Platform. In addition, XYZ Platform can also provide an opportunity for consumers to contact the dealers relevant they choose to consult directly regarding car specifications and price negotiations. This can be done by including the contact number of each dealer that works with XYZ Platform.

3.5 Four-Steps Framework

In this study, the Four-Step Framework becomes the next step to follow up on the results of the analysis Brand Consideration and VPC 0 that has been mapped previously.

| Table 3. Four Steps Framework |
|---------------------------------------------------------------|
| **ELIMINATE** | **RAISE** |
| (NONE) | Latest information services about automotive |
| | Features compare cars |
| | Credit simulation feature |
| | Network dealer in Indonesia |
| | Serving consultancy online |
| | Complete car filter selection |
| | Selection features Expert |
| | The best promo package |
| | Features compare cars |
| | E-Document Services |
| | Extensive payment options |
| | Service Booking Service |
| | Product image of ASTRA |
| | Guaranteed safe transactions |
| | Variation in price range <150 million |
| | DAMAGE |
| CREATE | |
Flash sale promos  Order tracking feature  Categorization Dealer  Classification Dealer based ratings and reviews consumer  Access to negotiations with sellers/dealers direct  Transaction security guarantee from ASTRA  Direct inspection service  Video review  Check the price of the car before it is sold

3.6 VPC 1.0 Formulation
Based on the previous discussion, we get some changes to the value creation as outlined in VPC 1.0. Not all parts of the value proposition canvas are subject to change. Table 2 shows the segment that has changed.

Table 4. Additional Value For VPC 1.

| Gain Creators            |          |
|--------------------------|----------|
| GC 1                     | Social media updates and SEVA catalogs or magazines as the latest source of information about the automotive world |
| GC 2                     | Collaboration with influencers automotive for reviews car |
| GC 3                     | Order tracking features |
| GC 4                     | Document and publish inspection activities conducted by experts ASTRA or come directly to the location of consumers to be witnessed directly |
| GC 5                     | Categorization of dealers |
| GC 6                     | There is a review product the form of videos and photos |

| Pain Relievers           |          |
|--------------------------|----------|
| PR 1                     | There is a guarantee of secure transactions from ASTRA |
| PR 2                     | Providing access for consumers to witness inspections directly by ASTRA technicians |
| PR 3                     | Providing consulting services and direct negotiations with sellers / dealers |

| Customer Gains           |          |
|--------------------------|----------|
| CG 1                     | Able to contact the dealer directly for consultation and negotiation |
| CG 2                     | Able to witness a car inspection directly |

| Customer Pains           |          |
|--------------------------|----------|
| CP 1                     | Difficult to find a platform with complete information about automotive |
CP 2  Difficult to find platforms with detailed and reliable information regarding cars sold
CP 3  Less feel transparent transactions when transacting online
CP 4  Want to see the car inspection directly
CP 5  The car transaction process is less convincing and cannot negotiate with sales direct

Based on TABLE 4 shown the number of amendments which are the result of adjustments from previous research steps. Three customer pains were added and two customer pains were reformulated. Moreover, amendment occur in customer gains, namely there are two additional points from the results of adjustments with other aspects of the customer profile. In the pain reliever column, there are three additional points that were expected ability to answer consumer expectations. Finally, amendment in the gain creator column, i.e. there are five additional points from the results of the previous analysis and one point that is detailed to adjust the new customer profile. These amendments based on Brand Consideration Metrics which need to be improved.

4. Discussion

The result of analysis above shown value contained in VPC 0 which is developed by XYZ company fit to customer expectation based on customer profile and delivered value of viable product in XYZ platform. Nevertheless, we found some problem captured by brand consideration metric analysis, that product knowledge of XYZ platform has low response percentage (below 50%), it shown from six out of 10 variables containing XYZ values had below 50%. Mount of consumer’s view on XYZ platform were low percentage, means this e-commerce not a consumer brand consideration. Moreover, we found some values were unknown and not part of customer consideration, such as Expert's selection service. This service actually is value differentiation between other e-commerce platform.

Some customer pains had not been answered such as transaction security, negotiation access with dealers, and the ease of connecting to an extensive dealer network. These three concerns become input for the formation of new value creation.

In addition, we found a phenomenon that second hand car user market experienced a positive trend till 2018. Some e-commerce platform such as Mobil123, Carmudi, and BeliMobilGue exploited to outperform their trade services. It can also be used by XYZ Platform to increase its transaction target by focusing on developing second hand car user trading service.

The main purpose of this value creation is to increase awareness of XYZ Platform as an all in one platform in terms of purchasing managing new and second hand car user online. The all in one service intended to achieve the XYZ Platform goal, which is to help upgrade the lives of its target market by making transactions through XYZ Platform. The goals achieved by measure out the levels of sessions and drive in transactions.

Therefore, through the formulation of the matrix and the formulation of the Four-Step Framework produced new value creation which is outlined in VPC 1.0 and as well as strategic movement that could be carried out by XYZ platform. Strategic recommendations are also adjusted to the current pandemic conditions, then the transactions are not the main objective is improving product knowledge of XYZ platform features TABLE 5 below shows some of the recommendation for XYZ Platform to do as a bisnis strategic in creating and delivering value to target consumers according to the Brand Consideration metrics.
Table 5. Additional Value for Vpc 1.

| No | Element | Strategic Recommendation |
|----|---------|--------------------------|
| 1  | Informs | a. Each product is given a review in the form of videos and photos according to the interests of the target consumers to provide more actual information related to the condition of the car or the form of transactions carried out.  
    b. Promoting XYX Platform as XYZ principal company digital platform by boosting promotions per feature, such as expert selection features, credit simulations, eDocument services, and booking services. |
| 2  | Quality | Maintain XYZ Principal Company quality standards through the various services XYZ Platform offers. |
| 3  | Variety | a. Collaborate with many dealers throughout Indonesia.  
    b. Offering more diverse price variations, especially for price ranges under Rp 150 million. |
| 4  | Makes money | a. Focus on the second hand car user market.  
    b. Expanding dealer network and market coverage. |
| 5  | Reduce cost | Improve service performance that makes consumers feel easier, such as extensive payment options, eDocument services, compare cars, online booking services, and inspections directly to consumer locations. |
| 6  | Reduce effort | XYZ Platforms more guidance of consumers in purchasing managing both new and second hand car user. |
| 7  | Organized | a. Clarify the transaction flow and provide transaction security from XYZ Principal Company.  
    b. Provide direct inspection services or verify documentation that can be accounted for to show to consumers.  
    c. The rating given to each dealer is given with XYZ Platform. |

Emotional Element

| 1  | Reduces anxiety | a. Clarify the transaction flow and provide transaction security from XYZ Principal Company.  
    b. Provide direct inspection services or verify documentation that can be accounted for to show to consumers.  
    c. The rating given to each dealer is given with XYZ Platform. |
Elemen Emosional

Provide access

2. a. Provide access to contact the dealer / seller directly to be able to consult and negotiate.
b. Make dealer categorization.
c. Enter the contact number of each dealer.

References

[1] Gaikindo. Indonesian Automobile Industry Data [internet]. [accessed on 10 December 2019]. Available at: https://www.gaikindo.or.id/indonesian-automobile-industry-data/.

[2] D. Ibarra, J. Ganzarain, JI. Igartua, “Business model innovation through industry 4.0: A review”, Procedia Manufacturing, vol 22, pp. 4-10, 2018.

[3] Keller & Kotler, Marketing Management. 13rd ed., Erlangga: Jakarta, 2009

[4] W. Chan Kim, R. Mauborgne, Blue Ocean Strategy: How to Create Uncontested Market Space and Make The Competition Irrelevant. Harvard Business School Press: Massachusetts, 2005.

[5] M. Porter, Competitive Strategy, Techniques For Analyzing Industries And Competitors. The Free Press: New York, 1998

[6] MA. Hitt, RD. Ireland, RE. Hoskisson, Management Strategic: Competitiveness and Globalization. Salemba Empat: Jakarta, 2005.

[7] A. Osterwalder, Y. Pigneur, Business Model Generation – A Handbook for Visionaries, Game Changers and Challengers. John Wiley and Sons, Inc: New Jersey, 2010.

[8] KL. Ailawadi, SA. Neslin, K. Gedenk, “Pursuing the value-conscious consumer: store brands versus national brand promotion”. Journal of Marketing, vol 65, pp 71-89, 2001.

[9] E. Almquist, J. Senior, N. Bloch, “The elements of value”, Harvard Business Review, vol September, 2016.