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**STRENGTHENING WESELPOS DOMESTIC PRODUCT COMPETITIVENESS USING
BUSINESS MODEL**

Hardiyanto and Mohammad Hamsal
School of Business and Management
Institut Teknologi Bandung, Indonesia
hardiyanto@sbm-itb.ac.id

Abstract— Financial service business of PT. Pos Indonesia has been showing the significant growth for contribution revenues. The contribution of financial service business to PT. Pos Indonesia revenues is up to 34% at 2011. Financial service business has potential to increase the revenue by its potential large market and its competitive advantage. The revitalization plan of PT. Pos Indonesia explained that financial service business will be increased on the transaction number and on product portfolio. Currently, not all financial service products of PT. Pos Indonesia have equitable growth. Weselpos domestic product is a product which has decreased the number of transactions from year to year. In formulating business strategies, the analysis of business environment is done either externally and internally to get SWOT (Strength, Weakness, Opportunity, and Threat) of the business. The root cause problem is PT. Pos Indonesia is insensitive about business environment change. The root cause problem of the business is addressed using TOWS Matrix strategic formulation and business model to strengthen the strategy with strategic positioning as a guideline. Differentiation in the process of delivering services to consumers is proposed as strategic positioning, which is from human-based become automatic based. The strategies are focused on increasing customer satisfaction and increase customer loyalty. The implementation of the strategy consist of: create new products portfolio auto-service based, develop the existing products through the development of transaction process, making customer relationship management, and create the right marketing program. The implementation is needed one year time period.

Keywords: Weselpos Competitiveness, Business Model, Weselpos Product Development, Financial Services

1. Introduction

The financial service business has potentially growth on its contribution for PT. Pos Indonesia revenue. PT. Pos Indonesia recorded that the financial service contributes 34% of PT. Pos Indonesia total revenues in 2011. The large potential market of financial service business should be leverage by PT. Pos Indonesia with its competitive advantage which has large network all around Indonesia. The revitalization plan of PT. Pos Indonesia explained that financial service business will be increase on its transaction number and increase on product portfolio.

A. PT. Pos Indonesia Business Scope

PT. Pos Indonesia is the first postal industry in Indonesia that established on August 26, 1746. The line business of PT. Pos Indonesia include of postal mails and package, logistic, property, financial service, retail, and philately.

Vision

“To be the Market leader in Indonesia by delivering the most reliable mail, parcel & logistic network and trusted financial services.”

Mission

- We are committed to provide our customers with consistent on time delivery and best value for money.
- We are committed to provide our employees a safe, enjoyable, and rewarding working environment.

- We are committed to provide our stakeholders attractive returns and continued growth.
- We are committed to make a positive contribution to our communities.

We are committed to behave in a transparent and trustworthy manner to all our stakeholders.

B. *Financial Service Business Unit*

The financial service business unit has several products:

- System Online Payment Point (SOPP) this is the fastest, easiest, and practical in payment of cellular bill, phone bill, assurance, credit, tax revenue, and also reload the mobile.
- Wesel products are the financial service for remittance to other people both domestically and abroad. For *wesel* products, PT. Pos Indonesia divide its products depend on the priority and the service quality. The products are:
 - ✓ *Weselpos Standard* product is the remittance media to the domestic area destinations to all around Indonesia. The services fastest service level is 2 days (Day +2) money can be receipt by receiver and the money can be delivered to receiver home.
 - ✓ *Weselpos Prima* is the remittance media to domestic area with fastest service level Day + 0 or Day +1.
 - ✓ *Weselpos Instant* product is the remittance to domestic destination area equipped with PIN. Money can be taken in all post offices all around Indonesia.
 - ✓ *Weselpos Berlangganan* is the remittance to domestic destination area with the number of money to be transferred is constant and routine.
 - ✓ *Weselpos Luar Negeri* is the remittance service with destination around the world with service level is H+0, PT. Pos Indonesia doing cooperation with Western Union.

C. *Business Issues*

The revitalization plan of PT. Pos Indonesia stated that financial service business is the businesses that will be develop in 2012 and 2013 by PT. Pos Indonesia. The financial service products are experiencing unequal in the growth of transactions. *Weselpos* domestic product, *wesel instant* and *wesel prima*, experiencing significant decrease in the number of transaction from 2010 to 2012 about 11.71%. This condition should be solved by PT. Pos Indonesia to pursue the revitalization goal. The players on financial business service, remittance, are dominated by bank industry. The fierce competition on financial service business might be the cause of the decrease on *weselpos* domestic product transaction. Nowadays, bank industry is leveraging their competencies to innovate the products to increase the quality of services and give more products portfolio to customers. This will be a big challenge for *weselpos* domestic product as the financial service business by PT. Pos Indonesia to compete with the competitors. Issues and challenges should be faced by PT. Pos Indonesia with create good business strategy.

2. **Business Issue Exploration**

In order to create a good business solution, the business issues on the previous chapter should be explored with further analysis. The comprehensive analysis is conducted to get the root cause of the business issue. Thus, the conceptual framework of business issue exploration is needed.

D. *Conceptual Framework*

The business issue is analyzed by doing environmental scanning to get the strengths; weaknesses, opportunities, and threats (SWOT) of the *weselpos* domestic products. Wheelen and Hunger explained that environmental scanning is include of external factors and internal factors. The data of SWOT analysis is used to get the root cause of the business. After get the root cause, the proper strategy is developed to solve the main cause of business issue. The main strategy is developed to increase number of transaction and also to increase the product portfolio as explained on PT. Pos Indonesia revitalization plan for financial service. This conceptual framework can be seen at figure 2.1 below.

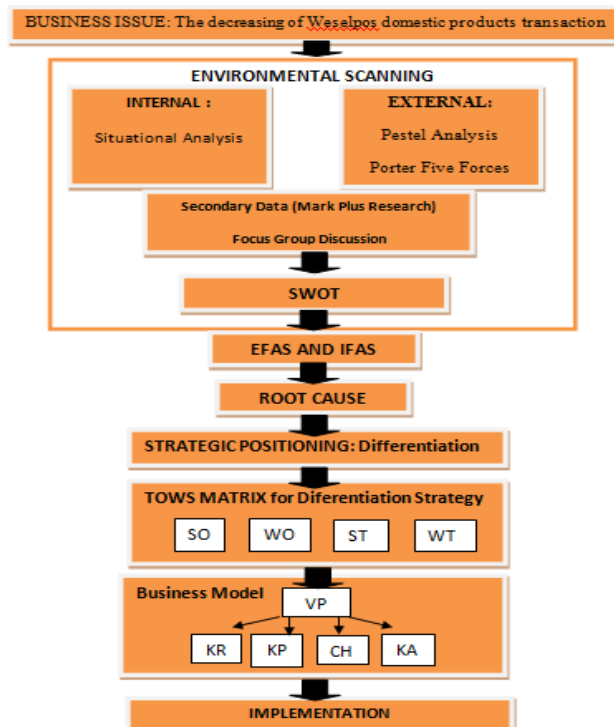


Figure 2.1 Conceptual Framework

E. Method of Data Collection and Analysis

The method that used to get the internal data analysis is interview with financial service business development department and based on previous research by PT. Pos Indonesia. The method that used to get external data is based on desk research, and study literature.

F. Analysis of Business Situation

a. External Scanning

The societal environment includes those general forces that do not directly touch on the short-term activities of the organization but that can, and often does, influence long-term decisions. These forces include economic forces, technology drivers, changes in government policy or regulations or political-legal forces, and socio-cultural forces. Trends in the economic area can have obvious implications for the farm business the PEST analysis is analysis the factors that not

Table 2.1 PEST Analysis

Parameter analysis	Information
Politic–Legal Forces	<ul style="list-style-type: none"> • PT. Pos Indonesia’s financial service business is protected under law No. 38 of 2009 concerning general provisions Chapter 1 Article 1, paragraph 1. • The business scope for financial service is restricted to enter the bank services such as deposit etc. It is stated on law No. 38 of 2009 section 5 paragraph 1 letter

	d
Economical Forces	<ul style="list-style-type: none"> the financial services sector has an important role in mobilizing and allocating funds from surplus units to deficit units of the economy and thus participate mobilize and support the national economy. the financial services sector may affect the amount of investment and working capital provided the business and the level of consumption, all of which are necessary to promote the sustainable and stable of economic growth High economic growth, stable and sustainable will open up greater opportunities for the financial services sector to grow and thrive, because the demand for financial services from the business community and the public will increase. <i>Vise versa</i>.
Sosio-Culture Forces	<ul style="list-style-type: none"> Indonesian over age 15 Years Old who have bank account only 19.6% (still large potential market) Technological development lead people have shifting on habit. (online shopping, use financial service as need) People tend to expect easy process, easy to access, and 24 hours service availability for financial service supported by technology development
Technological Forces	<ul style="list-style-type: none"> Internet Technology lead financial service industry to shorten transaction time and increase the quality service.

According to Michael Porter (understanding industry structure, 2007), the essence of the job of strategist is to cope with competition. The arena in which competition takes place is the industry in which company and its rivals view for business. The corporation is the most concerned with the intensity of competition within industry. The level of this intensity is determined by basic competitive forces.

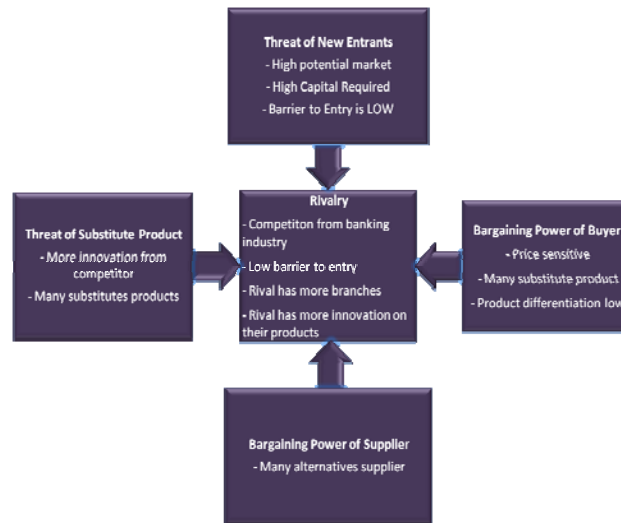


Figure 2.2 Porter's 5 Forces Analysis

The porter's 5 forces depict that the business still attractive for new comers due to its potential market.

b. Internal Scanning

Based on the focus group discussion with business development department of PT. Pos Indonesia, the analysis objects that might be the cause of the transaction decrease of weselpos domestic product last few years are;

1. The satisfaction level of customer about weselpos domestic product.

If the customer did not satisfy with the services then customer will looking for another substitute's product. In other hand, if the customer is satisfy with the service then the customer will be loyal.



Figure 2.3 Satisfaction level Analysis Framework

The analysis result show that the satisfaction Level of Weselpos Domestic is LOW that is caused by:

- The ability of solving problem become the parameter that causing customer dissatisfied with services.
- The rare frequencies of promotion caused customer have low awareness about the product information.
- The customer expectation of service is not fulfilled because of not effective transaction process, low availability service, and low accessibility of service.

2. The potential market size of weselpos domestic

The market size analysis is used to know whether the market is already on maximum size or still there is a potential customer to be grabbed. If the market is already on the maximum position, the business

is already on the mature phase and hard to increase the transaction number. In other hand, the transaction can be increased if the market still large. The step of analysis is shown on figure 2.4 below.

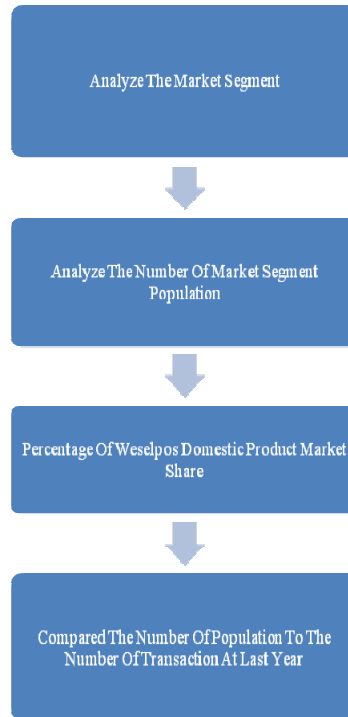


Figure 2.4 Market Size Analysis Frameworks

The conclusions of the potential market analysis are;

- The number of transaction at 2012 is reach 1,055,919 people. The market size of financial service is 113,330,300 people. Let's assume that the market of weselpos domestic is about 14 percent as the number of market share. It means that the number of potential market is about 15,866,242 people.
- From the calculation above, the potential market of Weselpos domestic product is still high. There is about 14,810,323 potential customers need to be grabbed for Weselpos domestic products.

c. SWOT

The external and internal analysis captured the strengths, weaknesses, opportunities, and threats for weselpos domestic product.

Table 2.2 SWOT Analysis

Strengths	<ul style="list-style-type: none"> • The wide spread networks • Affordable Rates • Do not be bound by any entity • Supported by the IT infrastructure for real time system • Has couriers who know the area and address in each branch • It has a strong affiliation with the Banks BNI, Mandiri, BTN • Transaction without bank account • Instant service and easy process • High liquidity
Weaknesses	<ul style="list-style-type: none"> • Not effective promotions strategy

	<ul style="list-style-type: none"> • Only have 3800 online branches • Low availability: Pos Office closed at 5 P.M no transaction after 5 p.m. • The transaction process of wesel instant and wesel prima is not effective and efficient. • Human based services while the competitors start to self services system.
Opportunities	<ul style="list-style-type: none"> • Business financial services still have promising market potential about 80% of Indonesia's populations still do not have a bank account. • Full support from the government in providing funds refresher. • Indonesia's huge potential market (237 million people in 2010), and about 14 Million people still potentially to grabbed for weselpos Domestic. • Macroeconomic indicators (growth of 6.3 to 6.5%) • Customer need of simple, easy, and instant service to support customer's development in modern life style.
Threats	<ul style="list-style-type: none"> • Innovation and intense competition from competitors such as Banks for financial services product. • Many substitutes product for weselpos service • The development and innovation of technology • New entry in financial services • Law Barrier for postal industry to hold financial services • Shifting customers behavior become IT based.

d. Root Cause

The root cause of the business issues is analyzed with interrelation diagram as a tool. The parameters that are used to find the root cause are from weakness and threats. External and internal factors are used as tools to analyze the business conditions. The threat from external factor is generate from the development of technology. The development of technology causing the shifting habit of the customers that expecting effective and efficient service, cheap tariff, easy process, easy accessibility, and 24 hours services.

The societal shifting habit causing the players in the financial services industry did innovations on their products. Banks start to leverage the technology to provide service with self service based, easy accessibility, easy process, and 24 hours services that come close nearby the customer places. The product such as ATM, E-Banking service, SMS Banking, Phone banking, etc is accommodating the needs of the customers. The innovations in the product causing there are so many substitutes' products for the financial service.

From the internal issue, PT. Pos Indonesia products are not generated by the customers need yet. From the several parameters such as accessibility, availability, promotion method, problem solving ability, ineffective transaction process of products, and also the law barrier causing PT. Pos Indonesia got the lowest satisfaction level index in the industry.

Theoretically, unsatisfied customers will look for the better products to accommodate their needs. This condition causing the market of weselpos domestic decreased. The cause of these weaknesses of weselpos domestic products is that PT. Pos Indonesia did not have a good business model. This condition causing PT. Pos Indonesia did not sensitive to every change that happen in the business environment.

According to PPM Management team (2012), the Indonesian companies tend to feel safe and not sensitive about the changing in the business environment. Many companies that not develop their business model because feels comfort with the company's conditions, the changing in technology development would lead customers will expecting more for the product and service. (Business Model Canvas, PPM Management Team, 2012: 255). It is clear that PT. Pos Indonesia has the same condition for its weselpos domestic product.

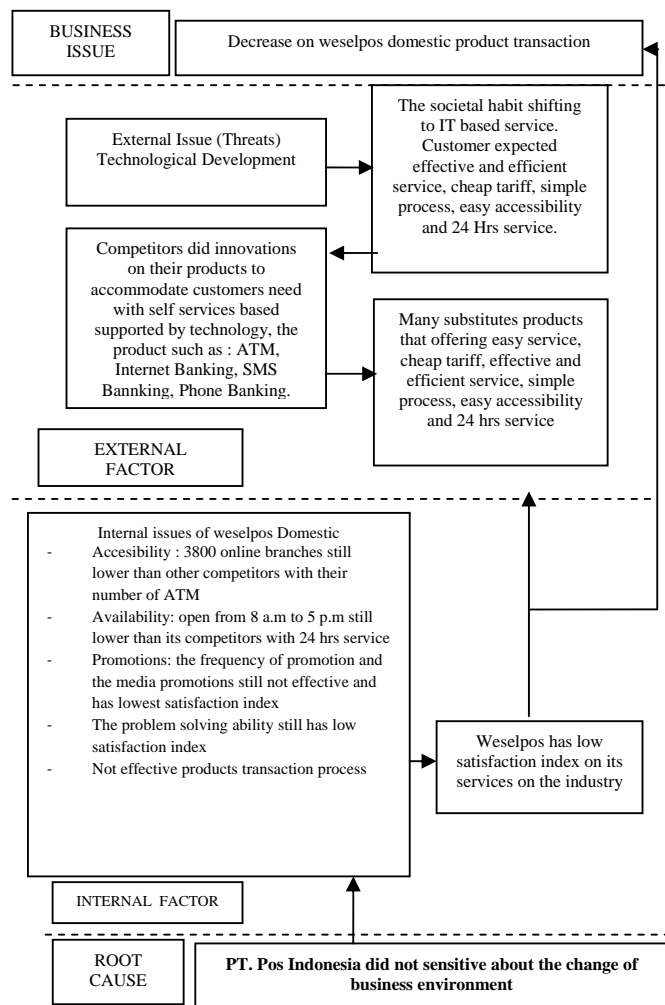


Figure 2.5 Root Cause

3. Business Solution

The business solution main idea is create strategy to solve the problem of Weselpos domestic product that is caused by insensitivness of PT. Pos Indonesia about the change of business environmentt. TOWS matrix is required to generate alternative strategies. In other hand, the business model canvas is required as tools to create the business strategic to develop the Weselpos domestic product in order to increase the number of transaction and compete with the competitors. Before the create the strategies for weselpos domestic, the first to do is determine about weselpos's strategic positioning as guide line to pursue the revitalization plan goal for financial service business by develop weselpos domestic products.

G. Business Strategy Formulation

The strategic formulation goal is to increase transaction number and increase product portfolio as stated on revitalization plan in 2013 (Corporate Plan). To determine strategy, firstly should be determined the strategic positioning as guidance to create further strategies. To determine strategic positioning, EFAS and IFAS components are needed to know how to leverage weselpos domestic competitive advantages to face the threats and to achieve the corporate goals.

Table 3.1 Business Strategy Framework

<p>Root cause: PT. Pos Indonesia di not sensitive to the change of business environment</p> <p>Effect:</p> <ul style="list-style-type: none"> • Standard products • Low Satisfaction index from customers
<p>IFAS:</p> <ul style="list-style-type: none"> • Leverage competitive advantages (24000 branch offices and IT infrastructure) to develop product with instant service, more effective, and efficient. • Leverage IT system to change the human based service into auto service (self-service based). • Increase availability of service and accessibility of service. <p>EFAS:</p> <ul style="list-style-type: none"> • large size potential market • Innovation product of competitors with more accessibility service, availability service, and auto service based.
<p>Strategic positioning: Differentiation on deliver service process</p> <p>Human based → mixed (Human based + Auto service based)</p>
<p>TOWS Matrix:</p> <ul style="list-style-type: none"> • Increase number of online branches to increase Accessibility • Develop the product into self service such as ATM Pos, with 24 hours availability. • Make a coo-petition in transaction cash to account and account to cash with banks • Coordination with government to provide PSO in order to provide the affordable rate for weselpos domestic to compete with other competitors.
<p>Strengthen strategy with Business Model Innovation:</p> <p>OFFER DRIVEN → CUSTOMER DRIVEN</p>
<p>Strategic Formulation:</p>

- Increase satisfaction by develop products
- Boosting sales by customer relationship management and promotion strategy

The table above depict that the problems that are faced by weselpos domestic are low satisfaction level, standard products, and insensitive about the business environment change. It means that to pursue the corporate goal, increase transaction and increase portfolio product, should be achieved after those problems are solved.

The tendencies of developed strategies are to create new products and to develop existing product that are adjusted to customer expectation (easy accesibility, 24 hours services, easy process, cheap tariff, and easy process). In other hand, the program plan to boosting sales should be done. The business model innovation's epicenter driven should to change from offering driven into customer driven. The summary of business model strategies can be seen on table below.

Table 3.2 Summary of Business Model Strategies

Customer Segment	Expetations of service: low tariff. Easy access, 24 hours service, easy process
Value Proposition	<ul style="list-style-type: none"> ➤ Conduct the price that affordable to customers and give a profit. ➤ Set the price at least same to the competitors prices. (Banks) ➤ Increase the number of online branches. ➤ Cooperation with retail industry to provide the service ➤ Cooperation with banks to provide cash-to-account service and account-to-cash service. ➤ Create long distance transaction application via website supported with Internet technology. ➤ Create On-line transaction using website. ➤ Create new service system to IT based service and machine based. ➤ Develop Weselpos self service transaction using Website and Internet. ➤ Conduct an innovation and improvement on transaction process

Channel	<ul style="list-style-type: none"> ➤ Increase the frequency of TV Ads. ➤ Choose the right place as promotion media, ex: TV, magazines, news paper, and Internet. ➤ Doing cooperation with Online shopping communities (kaskus, toko-bagus) as partner for ads media. ➤ Increase the number of online branch. ➤ Conduct online service for transaction ➤ Conduct new application system for long distance transactions. ➤ Mix the online and offline service. ➤ Cooperation with retail industry to increase the number of availability services and accessibility of services. ➤ Increase the human resource skill in solving problem.
Cusstomer Relationship Strategy	<ul style="list-style-type: none"> ➤ Interaction face to face to customers, phone call, email, and instant messages. ➤ Classify the loyal customer with regular customers ➤ give more benefit to loyal customers based on the number of transactions ➤ special reward for loyal customer (door prize, shopping discount, free vacation tour, etc) ➤ Fun bike (all ages target market) ➤ Cooking competitions (for women target market) ➤ Fustal tournament (for teenagers target market). ➤ Enter the online shopping communities (kaskus, toko-bagus, etc)
Key Activities	<ul style="list-style-type: none"> ➤ Increasing sales on weselpos domestic product ➤ Develop the weselpos products ➤ Create stable network and strong connectivity
Key Resources	<ul style="list-style-type: none"> ➤ Develop system capabilities for online service ➤ Develop employee skill ➤ Develop employee knowledge of products and standard operation procedure

	<ul style="list-style-type: none"> ➤ Increase the number of online branches for more service availability and accessibility ➤ Increase the security system for transactions
Key Partnership	<ul style="list-style-type: none"> ➤ Optimum Operational IT system ➤ Cooperation for new products development ➤ Increase availability and accessibility of service ➤ Increase availability and accessibility of service ➤ Develop marketing strategies for weselpos domestic product
Revenue Stream	<ul style="list-style-type: none"> ➤ Boasting sales by customer relation program and product innovation. ➤ Propose the PSO for financial service products.
Cost Structure	<ul style="list-style-type: none"> ➤ Cooperation with Telco provider to minimize the operational cost ➤ Optimize the resource ➤ Conduct R&D target and key success factors. ➤ Financial management control

The business model above is about the actions to strengthen the main strategies focus wich are to increase satisfaction level by developing new product and develop existing product, and to boosting sales.

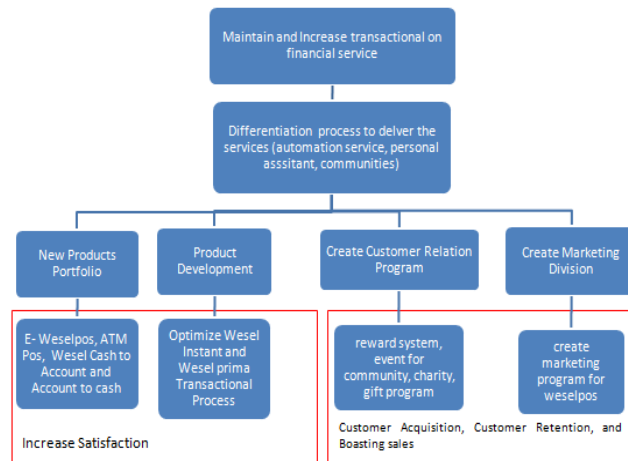


Figure 3.1 Business Strategy Formulations

H. Conclusion

- The goals of the corporate on the revitalization plan are to increase transaction of financial service and increase its products portfolio.
- The problem that are faced by financial service business unit is the drop on transaction number of weselpos domestic product.
- Root cause problem is PT. Pos Indonesia did not sensitive about the business environment change.
- To solve the root cuase, Business model is used to strengthen strategies that is developed using TOWS matrix to increase weselpos domestic competitiveness.

- The positioning strategy is differentiation on process delivering the services from human based into mix human based and auto service based.
- The business model epicenter driven is change from offer driven into customer driven
- The strategies are proposing existing product development, and new product development to increase satisfaction level then the customer will interest to make transaction. The new proposed product portfolio are; E-Weselpos, ATM Pos, Account-to-Cash and Cash-to-Account, and new wesel instant. These strategies goal are to increase number transaction by increase product portfolio as stated on corporate revitalization plan in 2013.
- The strategies are proposing to build customer relationship program and creating marketing program to boosting sales as explained on figure 3.1 about strategy formulations.

4. Implementation Plan

The proposed strategies is need 1 year time period in 2013 to be implemented. The proposed new portfolio products are; E-Weselpos, ATM Pos, Cash-to-Account, Account-to-Cash, and New Weselpos. The proposed actions to boosting sales are Customer Relationship Management, and Promotion program.

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