

**TOYOTA DELIVER ITS BRAND VALUE TOWARDS
VALUE BASED MANAGEMENT
UNDERGRADUATE THESIS**

**TRIA ANANDITYA
11201509008**

**Submitted to fulfill the
requirement of the
undergraduate degree
program**

**Department of Management
Faculty of Business & Social Sciences**

**BSD City, Serpong, Tangerang, Indonesia
May 2018**





PREFACE

This thesis is a form of academic and scientific report based on the students' research activities during a given period. The thesis report is a mandatory part of the completion of the undergraduate degree.

Grateful acknowledgment is here made to those who helped this researcher gather data for this thesis. This work would not have reached its present form without their invaluable help.

BSD City, Serpong, Tangerang, May 1, 2018

Dr. Samuel Prasetya
Department Head
International Business
Administration

Dr. Satiri
Department Head
Management

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CHAPTER I – INTRODUCTION

I.1. BACKGROUND

Japanese manufacturer has dominating Indonesian automotive market nowadays, not surprisingly that many automotive manufacturer very interest with Indonesian market because of big population and the increase of per capita GDP but there is another not surprising fact that Indonesia also called as Japanese backyard of automotive industry because actually Indonesia automotive industry is dominating by Japanese manufacturer and that is one of the reason American and European manufacturer has facing the difficulties to gain their market share or simply to compete with the Japanese manufacturer in Indonesia (Indonesia Investment, 2017).

Likely Toyota mostly could meets or exceeds the requirements of consumer needs or the other said Toyota mostly successfully listen to Indonesia desire about car, shown by their large variation of their product that has a large range type of cars from LGCC until luxury car has successfully sold in Indonesia. This fact shown that Toyota can meet the requirement of consumer needs. Because of its successful sales in Indonesia, now Toyota has become the market dominant or market leader in Indonesia because simply it has the biggest market share compare to any competitors (Maressa, 2017).

And there is a unique phenomenon that most of Indonesian has chosen Toyota to be their preferences as their valuable brand they can get compare to other brand even similar products from Japan because in fact Toyota in 2017 literally doubled the number of sales from the second highest than directly shows that Toyota is actually the market dominant or market leader for automotive industry in Indonesia (Indonesia Investment, 2017).

I.2. RESEARCH PROBLEMS

There are several research problems to be investigated in this research, as follows:

1. This research attempts to study the implementation of value based management to deliver their value.
2. This research attempts to study about the impact of Toyota act directly to consumer which has predicted by Toyota before.
3. This research attempts to study the domination of Toyota in Indonesian automotive industry through its marketing activities.

I.3. RESEARCH QUESTIONS

Referring to the above research problems, the following research questions are formulated;

1. Question #1: fact that Toyota has dominating Indonesian automotive industry, how Toyota implements their value based management to deliver their value?
2. Question #2: for the Indonesian automotive industry, how to sustain with the position of market dominance based on the perspective of value based management?

I.4. RESEARCH PURPOSES

Referring to the above research problems and questions, this study aims for the following issues;

1. The main purpose of this research is to analyze the implementation of value based management in sustaining from market leading position in Indonesian automotive industry. This research mainly focuses on automotive industry which competes in the same geographic area.

CHAPTER II - LITERATURE REVIEW

II.1. MARKET DOMINANCE

Market dominance or also known as market is a company with the largest market share in an industry that can often use its dominance to affect the competitive landscape and direction the market takes. When the company has sold their product with the highest proportion compare to competitors, they can called market leader, one of the reason is they simply sold the highest volume of goods or services sold in the market (Rouse, 2017).

A company that already becomes market leader is a tempting target for competitors, so in order to maintain their sustainability in the market, this kind of situation drives the market leader to have some kind of incentive to improve marketing efficiency and effectiveness. If the marketing strategy of a company has already efficient and effective, it is directly make the process of meeting customer needs effectively than the companies can produce the right product at the right price where it is very important for a competitive marketplace to stay ahead from the competitors (Linton, 2017).

II.1.1. MARKET SHARE

Generally, market share is expressed as a percentage of the total number of dollars spent by consumers in a market. Market share could be a value or volume, if value is based on the total share of the company out of total similar segment sales while volume refer to the total product sold by the company out of total units sold in the market. These percentages give a quick reference of a company's relative dominance or weakness (Rouse, 2017).

II.1.2. MARKET VALUE

Market value is the value of company according to the stock market, it could determine by calculating the company's shares outstanding to its current market price, which means it also affected by fluctuations by the supply and the demand of the product. It believes as the true value what a buyer worth at a given period of time. It is also known as the market capitalization (Gad, 2018).

II.1.3. MARKET GROWTH

Market growth is the increase or decrease in the measure of a business opportunity for a product or service over time. It is commonly estimated as the rate change in total sales in an industry or product category. Consumer demand is driven by

a company's ability to increase perceived value, set optimum price points, improve product usefulness, or increase advertising (Spacey, 2017).

II.2. VALUE BASED MANAGEMENT

Value based management is an approach which a company stick on a key value drivers to cover the company process of creating, managing, and measuring value. The way value based management works is different from company profit focused, value based management deals with long term effects that focused on company sustainability and expected reflect in the future cash flow of the company, where the profit focused tend to focusing on short term effects (Tang, 2017).

Value based nowadays is different than in the past, in the old days value based management is similar to planning systems. But now it focuses on a better decision making for whole levels inside an organization especially for manager they used to make a better decision applying value based performance metrics expect to present good benefit. It is like restructuring to achieve maximum value on continuing the business cycle life. Value based management believed has high impact and often realized in improved the economic performance (Koller, 2012).

While value based management expected to brings high impact and improvement it will directly maximize the value creation consistently as it goes the implementation of value based management. As the value drivers set in the beginning inside the company to be delivered to customers, value creation gives fully information to customers what are they willing to pay, it implies that the customers expecting a value of the product they willing to pay and it called as value creation (Leverage Point, 2014).

II.3. VALUE CREATION

Value creation is the main purpose of any business entity. Different with traditional financial measures where traditional methods assessing organizational performance by today's economy, while value creation in today's companies is increasingly represented in intangible drivers like innovation, people, ideas, and the brand itself. By creating value of a product, it helps customers to choose the optional available product in the market from value the company tries to create within a product (Hillstrom, 2015).

Value creation could be defined as the performance of actions that increase the worth of goods, services, or even a business. A company now focuses on value creation to build more valuable product or services for customers, as well as a shareholders want to see their stake appreciate in value (Leverage Point, 2014).

It also defined as creating management goal rather than a traditional financial measure of performance, value creation tend to ignore short term effects to achieve

profitable and long lasting growth. Value creation recognized as a better management because it is become the first priority for the employees inside an organization and all company decision making. If the stakeholders holding the value creation set in the beginning, they will know where and how to grow and try to make a better capital than the competitors and they will develop more talent than the competitors (Hillstrom, 2015).

But before the manager creates value they have to understand the sources and drivers of value creation within the industry, organization, and the marketplace. By understanding what creates the value will help the managers focus capital and talent on the most profitable opportunities for the organization growth. After the value created it is important for a company to consistent to the alignment of actions and capabilities with the customer value preposition is the core of strategy execution (Hillstrom, 2015).

Value based management is closely related to value creation, when a company successful implement the value based management it is believe will maximizes the value creation of the company. Because value based management deal to ensure, manage, measure, monitor, encourage, and support to maximized value is realized (Value Based Management, 2016).

II.3.1. FEATURES

Product features are characteristics of your product that describe its appearance, components, and capabilities. They describe what it is, what makes it valuable, extraordinary or essential for the consumer and it mostly are the specifications of a product. Feature distinguished between similar products which create a value into a product, so the customer can differentiate between products in the market by giving a competitive advantage to the product (Shewan, 2018).

II.3.2. PRODUCT DESIGN

Product design is the way business deals with development of ideas that leads to the creation of products, it mostly deals with tangible product, it is intended the functionality in an efficient, safe, and liableness of the product where the designs will attract the targeted consumers. Product design has believe to bring a real value to the user, so it is what sets companies apart and gives a real edge over competitors (Martin, 2014).

II.4. VALUE DRIVERS

Value driver are sets of values within a product, anything that can added that will increase the value of its product and can be delivered to consumers so they would be differentiate among existing similar product. The more a company added a value

into their product, it will make their product more attractive in the market (Track Maven, 2013).

A value of a product influence the consumers to pay the product, the more value within a product the more influence it has to make a purchase decision of a product. It creates perception that a product seems better than competitors. But when the company want to create as many value drivers as possible in order to distinguished their product, it forces the company to consistently monitoring the market to take the first advantage of changes in consumer behavior because it change the demand of the product itself (Track Maven, 2013).

A value driver does not always added directly into the product, a customer service beside the product could be a value driver for a company (Track Maven, 2013). Because a value generated also from the services company provide and value drivers itself concentrate in a three broad types, there are operational, financial, and sustainability drivers that expected consistently maximize the upcoming company profits (Krogger Highlights, 2015).

II.4.1. RELIABILITY

Product development usually takes time and one of the focuses is the reliability of the product. Reliability is a possibility of a product cycle will be still usable or not, longer the product cycle is, the more reliable the product will be. It might be measure by certain time and condition to determine a reliability of a product. And the other fact about this is the reliability of such processes directly affects the profitability of a manufacturing firm as well as the reliability of its products (Rasmussen, 2018).

II.4.2. AFTER SALES

After sales service refers to various processes which make sure customers are satisfied with the products and services of the organization. It used to maintenance or repair of equipment by its manufacturer or supplier, during and after a warranty period. After sales created by company as a form of their responsibilities of what they sold to the customers and it also makes sure products and services meet or surpass the expectations of the customers (Haque, 2017).

II.5. PREVIOUS STUDY

FIGURE 1: PREVIOUS STUDY

Title of Research or Article, including authors (using the automated referencing)	Variables & Sub-Variables	Findings
The Values-Based Innovation in the Organization. Working on a Competitive Concept. First Insights in Mexico Using the Panel Method (Mejia-Trejo & Rodríguez-Bravo, 2018).	Mission & Vision: <ul style="list-style-type: none"> • Normative • Normative Innovation • Normative Value Based Innovation Corporate Values: <ul style="list-style-type: none"> • Strategic • Business Model Innovation • Strategic Value Based Innovation Customer Values: <ul style="list-style-type: none"> • Instrumental • Product Innovation • Instrumental Value Based Innovation 	The study found in order to achieve normative value based innovation (VBI), any organization should focusing on their main and core values.
Usage of Mobile Value Added Services and Its Association to Demographics (Javiya & Bhayani, 2017).	Value Added Services <ul style="list-style-type: none"> • Age • Gender • Education • Occupation • Monthly income Potential Future	Demographic variables such as Age, Gender, Education, Occupation and Monthly Income do play a vital role in use of Mobile Value Added Services because needs and tastes across the different groups are different and hence service providers.
Innovative advertising campaign: - A case study of Volkswagen India (Pawar, Munagekar, & Bhosale, 2016).	Brand Management: <ul style="list-style-type: none"> • Awareness • Knowledge • Liking • Preference • Conviction • Purchase 	The model has a hierarchy that affect each variable, it believes the six variables are creating decisions to customer purchase.
Business Model Innovation – A Concept between Organizational Renewal and Industry Transformation (Business Model Innovation <ul style="list-style-type: none"> • Designing value propositions • Value-added architectures • Sales modes 	Innovation cannot be separated from adoption processes in markets.

Title of Research or Article, including authors (using the automated referencing)	Variables & Sub-Variables	Findings
Freiling, 2018).		
Consumer Purchase Intention of Foreign Brands Available in Pakistan: A Moderating Effect of Television Advertisement (Afzal, Butt, Mahmood, Israr, & Sajid, 2017).	Consumer Purchase Intention <ul style="list-style-type: none"> • Country of Origin • Trust on Brand • Perceived Fashion Ability • Moderating TV ad's 	Consumer purchase intention is influenced by perceived fashion ability, trust on brand and advertisement

II.6. DIFFERENCES IN STUDIES

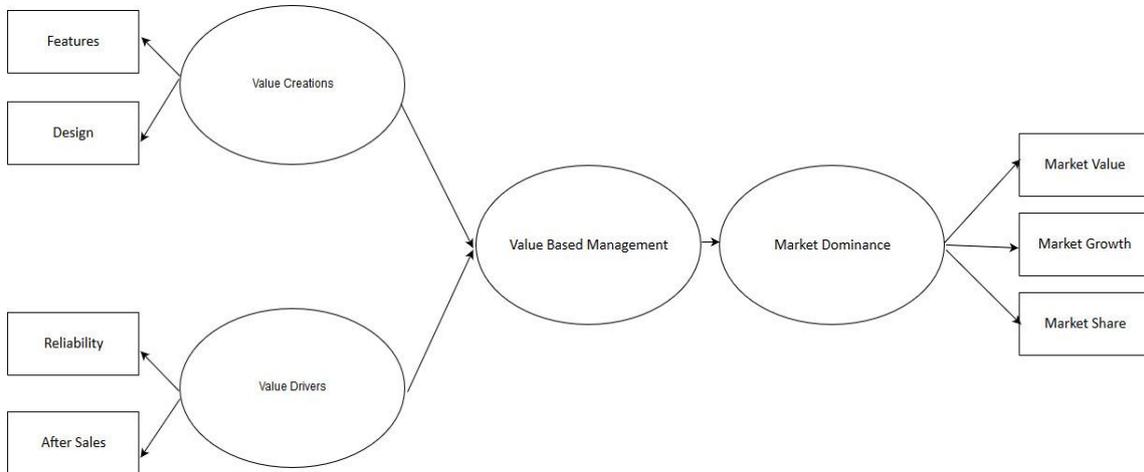
The differences between previous study and my study are some of them are focusing on the effect of branding where my study is focusing how the value of the brand can deliver into consumer or the prospective customers.

In some cases the study relying on findings the role of value on an organizations or even value added into a product than define the effect of it, it has the correlation to my study which it can be my secondary data on my study and some of the previous study come out with the effect of how an organizations deliver its value to the customers through media that it is likely the same with my study and also the study find the consumer preferences/consumer purchase intention based on the trust on the brand, here I can conclude that Toyota which has domination on the automotive market already get the trust from its costumer and grab the intention of their consumer or the prospective customer.

II.7. RESEARCH MODEL AND HYPOTHESIS

II.7.1. RESEARCH MODEL

FIGURE 2.1: RESEARCH MODEL



II.7.2. HYPOTHESIS

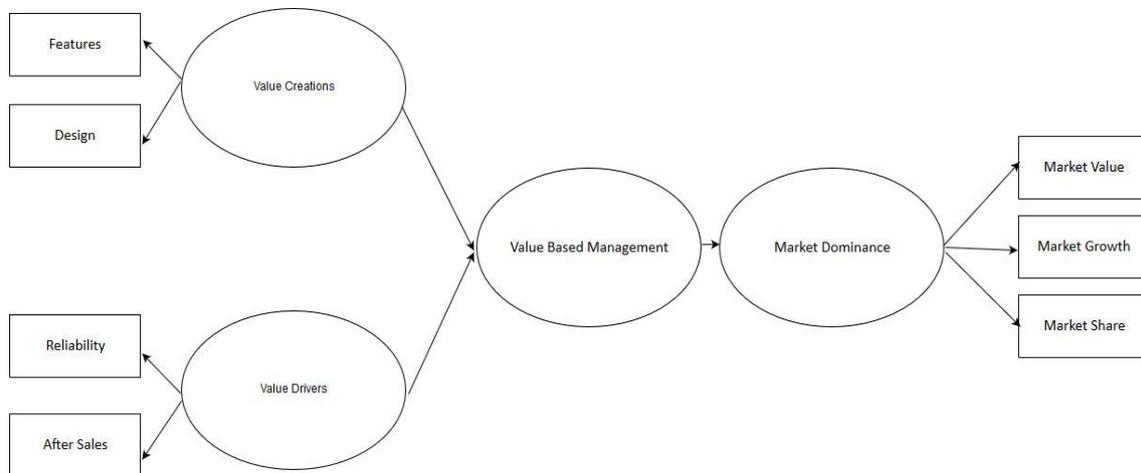
FIGURE 2.2: HYPOTHESIS

RESEARCH QUESTION	HYPOTHESES
1. How Toyota implements their value based management to deliver their value?	1. Toyota has delivered their value based on value based management.
2. How to sustain with the position of market dominance based on perspective of value based management?	2. Value based management has a strong influence toward market acquisition and sustaining in the position of market dominance.

CHAPTER III - RESEARCH METHOD

III.1. RESEARCH MODEL AND TYPE OF RESEARCH

FIGURE 3.1: RESEARCH MODEL



III.2. TYPE OF STUDY

The purpose of study is to analyze Toyota value based management towards consumer preferences. The second purpose is to find out what type of criteria that Toyota valuing their products to sustain the competitive automotive industry. The data collected will be related to existing variables. Therefore, this research can be classified as descriptive analysis that can describe the phenomena or characteristics of the data.

III.3. TYPE OF DATA

There are two types of data used in this research. They are primary and secondary data. The primary data is gathered by distributing questionnaires and interview some of Toyota users. The secondary data will be gathered through literature and internet journal that can support the information of this research. The data collected consists of quantitative data therefore this research is also called quantitative research.

III.4. DATA GATHERING

The primary data in this research is based on questionnaires and interview sessions. The target interview is the current costumer of Toyota brand to know the main reason why they buy a Toyota, and the questionnaires also to answer the reason how effective Toyota to deliver its brand value through their branding and marketing that also affect their company performance to acquire the market.

The data that is use in this study are obtained through secondary sources. The data that includes of financial reports as the main source for analysis of study, and the other secondary data such as earlier textbooks about ads, finance, accounting, marketing, and business essentials were also used and also gathered from previous study.

III.5. POPULATION AND SAMPLE

I am using probability sampling with a cluster sampling method because I collect the data based on geographical and to gathered my data, the filtration of my target population of correspondences are from Banten and due to the unknown nature of the population due to lack of data, the number of correspondences will be calculated based on Surveysystem.com.

FIGURE 3.2: SAMPLE SIZE

Data	
Calculated Sample Size	1,436,178
Confidence Level	95%
Confidence Interval	0,8
Sample Size Needed	150

Source: (SurveySystem.com).

III.6. VALIDITY AND RELIABILITY

III.6.1 VALIDITY

FIGURE 3.3: VALIDITY (PRE-TEST)

		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10
Q1	Pearson Correlation	1	.129	-.213	-.332*	.135	.094	-.143	.009	.213	.088
	Sig. (2-tailed)		.348	.118	.013	.326	.496	.298	.947	.119	.521
	N	55	55	55	55	55	55	55	55	55	55
Q2	Pearson Correlation	.129	1	-.338*	.212	-.009	.109	.040	-.151	.105	-.098
	Sig. (2-tailed)	.348		.012	.120	.948	.429	.773	.273	.446	.477
	N	55	55	55	55	55	55	55	55	55	55



Q3	Pearson Correlation	- .213	- .338*	1	.056	.032	- .134	.242	-.156	.102	-.115
	Sig. (2-tailed)	.118	.012		.687	.818	.329	.075	.257	.459	.403
	N	55	55	55	55	55	55	55	55	55	55
Q4	Pearson Correlation	- .332*	.212	.056	1	.222	.086	.204	.152	- .159	-.069
	Sig. (2-tailed)	.013	.120	.687		.104	.535	.136	.268	.247	.616
	N	55	55	55	55	55	55	55	55	55	55
Q5	Pearson Correlation	- .135	- .009	.032	.222	1	.071	.030	.052	.017	.144
	Sig. (2-tailed)	.326	.948	.818	.104		.605	.829	.704	.903	.294
	N	55	55	55	55	55	55	55	55	55	55
Q6	Pearson Correlation	.094	.109	- .134	.086	.071	1	- .096	-.246	- .184	-.274*
	Sig. (2-tailed)	.496	.429	.329	.535	.605		.484	.070	.179	.043
	N	55	55	55	55	55	55	55	55	55	55
Q7	Pearson Correlation	- .143	.040	.242	.204	.030	- .096	1	-.006	.053	-.056
	Sig. (2-tailed)	.298	.773	.075	.136	.829	.484		.963	.701	.683
	N	55	55	55	55	55	55	55	55	55	55
Q8	Pearson Correlation	.009	- .151	- .156	.152	.052	- .246	- .006	1	.176	.428*
	Sig. (2-tailed)	.947	.273	.257	.268	.704	.070	.963		.200	.001
	N	55	55	55	55	55	55	55	55	55	55
Q9	Pearson Correlation	.213	.105	.102	- .159	.017	- .184	.053	.176	1	-.006
	Sig. (2-tailed)	.119	.446	.459	.247	.903	.179	.701	.200		.964

	N	55	55	55	55	55	55	55	55	55	55
Q10	Pearson Correlation	.088	-.098	-.115	-.069	.144	-.274*	-.056	.428**	-.006	1
	Sig. (2-tailed)	.521	.477	.403	.616	.294	.043	.683	.001	.964	
	N	55	55	55	55	55	55	55	55	55	55
*. Correlation is significant at the 0.05 level (2-tailed).											
**. Correlation is significant at the 0.01 level (2-tailed).											

Source: (SPSS).

III.6.2 RELIABILITY

FIGURE 3.4: RELIABILITY (PRE-TEST)

Cronbach's Alpha	N of Items
.145	10

Source: (SPSS).

III.7. METHOD OF ANALYSIS

III.7.1 DESCRIPTIVE

The method that is used in this particular research is descriptive, and the data will be gathered by using secondary data and also questionnaire.

FIGURE 3.5: DESCRIPTIVE STATISTICS

	N	Sum	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Q1	55	77	.494	.244	.420	.322	-1.894	.634
Q2	55	60	.290	.084	2.926	.322	6.811	.634
Q3	55	98	.738	.544	.661	.322	.148	.634
Q4	55	110	.903	.815	.784	.322	.068	.634
Q5	55	135	1.942	3.771	.977	.322	-.707	.634
Q6	55	114	.959	.921	.764	.322	-.190	.634
Q7	55	145	1.310	1.717	-.155	.322	-1.749	.634
Q8	55	87	.809	.655	2.008	.322	5.642	.634
Q9	55	184	.775	.601	-.449	.322	.613	.634
Q10	55	108	1.186	1.406	1.248	.322	.669	.634
Valid N (listwise)	55							

Source: (SPSS).

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