DEALER CLASSIFICATION AND TACTICAL MARKETING OF
PT HINO FINANCE INDONESIA

1*Wisnu Bayu Aji, 2*Ariska Banon Junior, 3*Mohamad Yusak Anshori
1,2Airlangga University, Surabaya, Indonesia
3Nahdlatul Ulama University, Surabaya, Indonesia
Corresponding Author: wisnu.bayu27@gmail.com

Abstract : PT Hino Finance Indonesia is a financial service company that is also a Captive Finance from
PT Hino Motor Sales Indonesia. During the period of 2015-2017, PT Hino Finance Indonesia always did
not achieve the targets which set by the company's management. Marketing strategy which carried out
by PT Hino Finance Indonesia is still not effective enough to compete in the current Hino financing
market. The marketing mix strategy that is carried out is not focused on dealers who contribute well to
the company. This study aims to classify which dealers have a sales contribution and good non-
performing loan (NPL) performance for PT Hino Finance Indonesia. The next goal is that the results of
this study are expected to be an alternative strategy for company management. This research was
conducted by using survey method of in-depth interviews with the marketing mix variables that have
been carried out by the Company at this time. The informants from this study were Hino sales manager
and dealer manager of PT Hino Finance Indonesia. From the results of the interview cluster analysis
was conducted using the Ward & K-Means Cluster method in determining which dealers were suitable
given the 4P marketing mix strategy (Product, Price, Promotion, Place).

Keywords: PT Hino Finance Indonesia, Methods of Ward & K-Means Cluster, Marketing Mix.

Abstract : PT Hino Finance Indonesia merupakan perusahaan jasa keuangan yang juga merupakan
Captive Finance dari PT Hino Motor Sales Indonesia. Selama periode 2015-2017, PT Hino Finance
Indonesia selalu tidak mencapai target yang telah ditetapkan oleh manajemen perusahaan. Strategi
pemasaran yang dilakukan PT Hino Finance Indonesia masih belum cukup efektif untuk bersaing di
pasar pembiayaan Hino saat ini. Strategi bauran pemasaran yang dilakukan tidak terfokus pada dealer
yang memberikan kontribusi baik bagi perusahaan. Penelitian ini bertujuan untuk mengklasifikasikan
dealer mana yang memiliki kontribusi penjualan dan kinerja kredit bermasalah (NPL) yang baik untuk
PT Hino Finance Indonesia. Tujuan selanjutnya adalah hasil penelitian ini diharapkan dapat menjadi
alternatif strategi bagi manajemen perusahaan. Penelitian ini dilakukan dengan menggunakan metode
survei wawancara mendalam dengan variabel bauran pemasaran yang telah dilakukan oleh Perseroan
saat ini. Informan dari penelitian ini adalah manajer penjualan Hino dan manajer dealer PT Hino
Finance Indonesia. Dari hasil analisis cluster wawancara dilakukan dengan menggunakan metode
Ward & K-Means Cluster dalam menentukan dealer mana yang cocok diberikan strategi bauran
pemasaran 4P (Product, Price, Promotion, Place).

In recent years, the pace of credit growth by the finance company in finance industry increasingly slow and sluggish. In 2012 and 2013, the slowdown is due to the rules of Bank Indonesia policy Loan to Value (LTV). According to the Economic Report of Bank Indonesia in 2014 recorded a credit growth slowed to 11.6% compared to 2013 by 21.6%. In 2015, finance receivables negative growth of 0.8%, from IDR 366.2 trillion to IDR 363.2 trillion. But in mid-2017, the performance of finance companies increased slightly compared with the previous year although they tend to be sluggish. It is a challenge for the finance company to start thinking about a strategy to survive in the midst of sluggish economic conditions. Not only set strategy, Financing Companies also should improve credit quality is closely related to the financing sources. As industry which engaged in services, quality of service becomes very important for consumers and business associates.

PT Hino Indonesia Finance is a finance company that is also a Captive Finance of Hino brand vehicles. Finance Indonesia PT Hino officially operate as a finance company 200th in the finance industry homeland in 2014. As foreign-owned company engaged in the Industrial Financing, PT Hino Finance Indonesia not only focus on the services to consumers, but also how to improve the service as manifestation of the corporate culture that prioritizes customer satisfaction business partners, namely PT Hino Motors Sales Indonesia (HMSI).

According to internal data PT Hino Motors Sales Indonesia, PT Hino Finance Indonesia Hino recorded sales of 4,140 units by the end of 2017. When compared to the total sales of Hino of PT Hino Motors Sales Indonesia in 2017 is 30,007 units, the market share obtained by PT Hino Finance Indonesia is only 24.14% of the total sales of Hino throughout Indonesia. This is because each dealer is also working with various finance companies outside the group itself.

In order to realize the company's vision is to be a partner leading financial, sustainable, and innovative for Hino, and satisfy every stakeholder, the management of PT Hino Finance Indonesia have sales targets each year are expected to be achieved by each branch of PT Hino Finance Indonesia. Target and actual sales PT Hino Finance Indonesia can be seen in the table below:

Table 1. Target vs. Sales PT Hino Finance Indonesia Year 2015-2017

<table>
<thead>
<tr>
<th>Tahun</th>
<th>HMSI Sales</th>
<th>Hino Finance Indonesia Target Sales</th>
<th>(%) Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>22,067</td>
<td>1,566</td>
<td>215</td>
</tr>
<tr>
<td>2016</td>
<td>22,332</td>
<td>3,039</td>
<td>1,858</td>
</tr>
<tr>
<td>2017</td>
<td>30,007</td>
<td>4,985</td>
<td>4,140</td>
</tr>
<tr>
<td>TOTAL</td>
<td>74,406</td>
<td>9,590</td>
<td>6,213</td>
</tr>
</tbody>
</table>

From the table above, PT Hino Finance Indonesia always not achieve the sales targets set by management at each year. Several factors affect the sales of PT Hino Finance Indonesia, namely:

- Competition products (leasing, sales & lease back and credit packages).
- Price competition (interest, fees and admin costs).
- Competition financing schemes (tenor, total disbursement, and the minimum payment).
- Quality of service (speed of loan approval, sales incentive, and reward dealers).

Based on several problems above, researchers intend to do clustering data based on the contribution of sales Dealer, and overdue, as well as drafting a marketing strategy of each dealer.

LITERATURE REVIEW

Marketing Management

According to Kotler and Keller (2016: 27), Marketing Management is an art and science of choosing target markets and acquire customers through superior service delivery and value of consumer communication. Marketing management has a very important role in every company. Among them, plan a new product and choosing the appropriate market share and introducing new products to the general public.

Marketing strategy

Kotler and Armstrong (2014) stated marketing strategy is a marketing logic by which a company hopes to create customer value and achieve profitable relationships. A good marketing strategy should not only be designed...
to affect consumers, but is also influenced by the consumer. So the marketing strategy can be designed with oriented to consumer response to certain things. The marketing strategy should be developed, implemented, and modified based on the results of research and analysis on consumers.

**Business to Business Marketing (B2B)**

Management Business to Business (B2B) in principle different from Business to Customer (B2C) although in terms of market size is narrower but not necessarily easier to administer. Business customer relationship and suppliers more closely than in the consumer market and geographically more concentrated buyers (Kotler, 2009). From the consumer side Business to Business (B2B) has a complexity in terms of decision-making where many internal customers who are directly or indirectly involved in decision-making so that marketers should be able to identify anyone who occupies that position and then attempt to establish a relationship effective.

**In-Depth interview**

According to (Sugiyono 2011: 317), the interview was used as data collection techniques if researchers want to conduct a preliminary study to find problems that must be investigated, and if researchers want to know the things of the respondents more in-depth and the number of respondents bit. Data collection techniques can be done in a structured interview or not the structure and can be done through face to face or using telephone.

**Ward method and K-Means Cluster**

A method actually serves two purposes, namely to minimize the variation in the cluster (within-cluster variation) and maximize inter-cluster variation (between-cluster variation). It is suggested that the method of hierarchical and non-hierarchical be used side by side. First, an initial clustering solution is obtained by applying the hierarchy, such as Ward method. According Wakhidah (2010) K-Means is an algorithm to cluster n objects based on attributes into k partitions, where k < n.

![Image](image.png)

**Figure 1. The K-Means Clustering in Action**

Such images are steps in the algorithm K-Means Cluster with the following explanation:

1. Determine the number of clusters
2. Determining the value of the centroid

In determining the value of the centroid of the initial iteration, the initial value centroid done randomly. Whereas if you specify the value of the centroid which is a phase of iteration, then use the following formula:

$$\bar{v}_{kj} = \frac{1}{n_k} \sum_{i=1}^{n_k} X_{ij}$$

**Equation (1)**

Information:

- $\bar{v}_{kj}$: Centroid / average cluster into a variable-k for all j.
- $n_k$: The amount of data into the k-th cluster members.
- $X_{ij}$: I-th value of the data that is in the cluster to the variable j.

1. Calculates the distance between the centroid point with a fixed point of the object. To calculate the distance can use Euclidean Distance, namely:

$$d_e = \sqrt{\sum_{i=1}^{n} \sum_{i=1}^{n} (a_{ij} - b_{ij})^2}$$

**Equation (2)**

Information:

- $d_e$: Euclidean Distance
- $a_{ij}$: I-th data values to the variable j the centroid
- $b_{ij}$: I-th data values to the variable j in the object

1. grouping Objects

To determine cluster membership is by calculating the minimum distance of the object to the centroid of each cluster.

1. Back to stage 2, do loops until a centroid value generated fixed and cluster members do not move to another cluster.

**Marketing mix**

In the marketing mix there is a set of marketing tools known in the term 4Ps product (product), price (the price), place (place or distribution channels) and promotion (promotion). Marketing mix has elements that are very influential in the sales because these elements
can affect consumer interest in making purchasing decisions.

**Model Analysis**

Based on the existing problems, then researcher try to make the conceptual framework as follows:

Figure 2. Conceptual Framework

---

**METHODS**

The data that used in this study are primary data and secondary data. The primary data obtained by conducting in-depth interviews with informants from the dealer Hino and observation. In-depth interviews conducted directly with the informant were selected based on the consideration that the informant was a skilled and competent in the field, namely senior sales and manager. Secondary data were obtained from the sales data PT Hino Finance Indonesia and PT Hino Motors Sales Indonesia. In addition, secondary data were also obtained from literature searches through books, literature, mass media, and writings related to the research topic.

In this study, the approach used is qualitative with the cluster method. Judging from the relationship between the elements, the type of research is explanatory research is research that explains the causal relationship between the elements of the study. In the implementation, data collection is done by taking from the database accounts receivable at PT Hino Finance Indonesia.

The data used in this research is the primary data on sales data and overdue each dealer at PT Hino Finance Indonesia in 2016 and 2017. The data is derived from the database system accounts receivable PT Hino Finance Indonesia.

**Figure 3. Flow Chart Stages of Data Analysis**

---

The first thing to do is the calculation of the variable Sales. Then, do the standardization of the variables Sales, BPKB OVD and OVD. Furthermore, it can be known about the sequence clustering method with hierarchical clustering (Ward method) and the method of K-means Cluster. The last to do the interpretation and do profiling results cluster. Stages Ward method and the method of K-Means Cluster as follows:

**Figure 4. Flow Chart Ward Stages Methods and Methods K-Means Cluster**

---

**Figure 2. Conceptual Framework**

![Conceptual Framework Diagram]
RESULT AND DISCUSSION

In determining the informant as a research subject by way of non-probability sampling, which means informants have had a good experience in the field and can also be called as an expert. Selection of each informant was carried out by determining intentionally with relevant informants Consider having competent and able to provide answers to questions. Details of informants can be seen in the following table:

Table 2. List of Informants

<table>
<thead>
<tr>
<th>No</th>
<th>Informant</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Imam Sutikno</td>
<td>Manager - PT Gita Ratu Makmur (Pekanbaru)</td>
</tr>
<tr>
<td>2</td>
<td>Ahmad Safi'i</td>
<td>Manager - IPN Tuban</td>
</tr>
<tr>
<td>3</td>
<td>Karyadi Wono</td>
<td>Manager - IPN Kletek</td>
</tr>
<tr>
<td>4</td>
<td>Ferdy williansyah</td>
<td>Manager - Hbando Aromda Motor (Jakarta)</td>
</tr>
<tr>
<td>5</td>
<td>Cipta Ardi Nugroho</td>
<td>Manager - Hudaya Maju (Tangerang)</td>
</tr>
<tr>
<td>6</td>
<td>Elgin Marchilous</td>
<td>Manager - IPN Surabaya</td>
</tr>
</tbody>
</table>

While the relevant overview of some informant interviews shown in the table below:

Table 3. List of Triangulator

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Triangulator</th>
<th>Position</th>
<th>Data Validity Technique</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Product, Price,</td>
<td>Dwi Andriyanto</td>
<td>Senior Manager - Hino Finance Indonesia</td>
<td>Data Triangulation</td>
</tr>
<tr>
<td>2</td>
<td>Promotion, Place</td>
<td>Agus K. Sanjaya</td>
<td>Branch Manager - Hino Finance Cab. Surabaya</td>
<td>Data Triangulation</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>Yusuf Perkasa G</td>
<td>Branch Manager - Hino Finance Cab. Bali</td>
<td>Data Triangulation</td>
</tr>
</tbody>
</table>

Depth interview questions to the informant built using the marketing mix variables and secondary data as supporting data. But because there is no physical evidence factor, people, and process within the marketing mix variables for business to business marketing. Researchers simply using factors such as: product, price, promotion and place, to find out the problems in the current conditions on the ground perspective.

Table 4. List of Questions Informants

<table>
<thead>
<tr>
<th>Variable</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion</td>
<td>1. Have you ever heard about PT Hino Finance Indonesia?</td>
</tr>
<tr>
<td></td>
<td>2. Where did you hear about PT Hino Finance Indonesia? What are your thoughts on that?</td>
</tr>
<tr>
<td></td>
<td>3. Have you ever seen a brochure PT Hino Finance Indonesia? What are your thoughts on that?</td>
</tr>
<tr>
<td></td>
<td>4. Are you interested in marketing PT Hino Finance Indonesia or not?</td>
</tr>
<tr>
<td></td>
<td>5. Is marketing promotion effective PT Hino Finance Indonesia in competition with other leasing?</td>
</tr>
<tr>
<td></td>
<td>6. Will you expect regarding promotion PT Hino Finance Indonesia in the future?</td>
</tr>
<tr>
<td></td>
<td>7. What do you think about marketing promotion PT Hino Finance Indonesia? What is your opinion?</td>
</tr>
<tr>
<td></td>
<td>8. What do you think about marketing promotion PT Hino Finance Indonesia? What is your thoughts?</td>
</tr>
<tr>
<td></td>
<td>9. What is the opinion of the product from the PT Hino Finance Indonesia?</td>
</tr>
<tr>
<td></td>
<td>10. Are the rules advanced directly PT Hino Finance Indonesia in the future?</td>
</tr>
<tr>
<td></td>
<td>11. Are the rules advanced directly PT Hino Finance Indonesia in the future?</td>
</tr>
<tr>
<td></td>
<td>12. Are the rules advanced directly PT Hino Finance Indonesia in the future?</td>
</tr>
<tr>
<td></td>
<td>13. Are you willing to buy products PT Hino Finance Indonesia?</td>
</tr>
<tr>
<td></td>
<td>14. Are you willing to buy products PT Hino Finance Indonesia?</td>
</tr>
<tr>
<td></td>
<td>15. Are you willing to buy products PT Hino Finance Indonesia?</td>
</tr>
<tr>
<td></td>
<td>16. Are you willing to buy products PT Hino Finance Indonesia?</td>
</tr>
<tr>
<td></td>
<td>17. Are you willing to buy products PT Hino Finance Indonesia?</td>
</tr>
<tr>
<td></td>
<td>18. Are you willing to buy products PT Hino Finance Indonesia?</td>
</tr>
</tbody>
</table>

Data analysis

In this study, the data of sales & overdue from Hino dealerships will be analyzed by using the method of Ward and K-Means Cluster assisted by application IBM SPSS Statistics 25. The results of the cluster can be seen in the following table:

Table 5. Results of Cluster Dealer

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Segmentation</th>
<th>OVD</th>
<th>OVD</th>
<th>OVD</th>
<th>Response</th>
<th>Dealer Name</th>
<th>Cluster Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronze</td>
<td>Low Risk &amp; Potential Sales</td>
<td>61 Up</td>
<td>31-60</td>
<td>7-30</td>
<td>1</td>
<td>Hino Dealerships</td>
<td>Bronze</td>
</tr>
<tr>
<td>Gold</td>
<td>High Sales &amp; Medium Risk</td>
<td>61 Up</td>
<td>31-60</td>
<td>7-30</td>
<td>1</td>
<td>Hino Dealerships</td>
<td>Gold</td>
</tr>
<tr>
<td>Silver</td>
<td>Low Risk &amp; Medium Risk</td>
<td>61 Up</td>
<td>31-60</td>
<td>7-30</td>
<td>1</td>
<td>Hino Dealerships</td>
<td>Silver</td>
</tr>
</tbody>
</table>

Based on the results of cluster analysis of internal data and the company’s marketing mix strategy from depth interviews to several internal parties (PT Hino Finance Indonesia) and external (Dealer Hino). As for the design of marketing strategies that can be an alternative for the management of PT Hino Finance Indonesia is as follows:

- Cluster 1 (Bronze): Low Risk and Potential Sales
  - Product: Extra-counter sales in each of these clusters dealer.
  - Price: No Informant
  - Place: Medium Risk
  - Promotion: The addition of satellite branches in order to improve faster service to the dealer.

- Cluster 2 (Gold): Low Risk and High Sales
  - Product: Product Sale & leaseback along dealer sales incentives.
  - Price: Extra-counter sales in each of these clusters dealer.
  - Place: Medium Risk
  - Promotion: The addition of satellite branches in order to improve faster service to the dealer.
**CONCLUSION**

Based on data analysis and discussion that has been done in the previous chapter, the conclusion that can be drawn are:

1. Cluster analysis can be used to group data Hino dealer contribution as decision support in defining marketing strategy in PT Hino Finance Indonesia.

2. Sales results of analysis variables, BPKB OD, OD7-30, OD31-60, and OD61 up the data showed that 41 Hino dealers in 2016 and 2017 are grouped into four clusters, and have a different classification of the level of sales potential and risks.
   - Cluster 1, which consists of 35 objects is the cluster with the value of sales is lower than average and the risk value is low; with these characteristics can be concluded that the first cluster is a cluster that is recommended to obtain a good marketing program because it potentially has a lot of sales.
   - Cluster 2 consisting of two objects is the cluster with the value of sales is higher than average and the risk value lower than the average, with such traits can be concluded that the cluster 2 is a cluster that has the potential for very good sales without the risk of bad debts, But in this cluster have a bad service to the submission process BPKB, thus management should evaluate the performance of this BPKB process related dealer.
   - Cluster 3 consisting of three objects has sales were also higher than average, but the high risk of bad loans anyway. This should be a concern of management of PT Hino Finance Indonesia in conducting marketing strategies to dealers included in this cluster.
   - Cluster 4 which consists of one object with sales above the average level of risk below average anyway. Clusters are the best cluster management that should be able to be utilized in making a more optimal marketing strategy again.

**REFERENCES**


