Strategic Marketing Approaches For Automotive Industries : A Literature Review Study

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Abstract: This study aims to analyze the marketing strategies employed by the Indonesian automotive industry in response to the era of disruption. Through a comprehensive literature review, this research identifies current trends in the automotive industry, including the adoption of digital technologies, changing consumer behavior, and global competition. The findings reveal that the Indonesian automotive industry has undertaken various efforts to enhance competitiveness, such as product innovation, export market expansion, and the implementation of digital technologies. However, challenges persist, including intensifying competition and shifting consumer preferences. This study concludes that to remain relevant, the Indonesian automotive industry needs to continuously adapt to market changes and strengthen digital marketing strategies.

Keyword: Digital marketing, Consumer behaviory, Product innovation, Automotive Industry

INTRODUCTION

Quoted from the Indonesian Ministry of Industry's press release in 2023, the Ministry has been focused on enhancing the performance and global competitiveness of the domestic automotive industry. Minister of Industry Agus Gumiwang Kartasasmita affirmed that national automotive products have achieved a high level of competitiveness in international markets, as evidenced by car exports to Australia, which adhere to stringent standards. The domestic automotive industry is currently supported by 23 companies with an annual production capacity of 2.35 million units, directly employing 38,000 people and indirectly supporting over 1.5 million jobs across the entire value chain. In 2022, the four-wheeled vehicle manufacturing sector successfully exported 473,000 completely built-up (CBU) units, representing a 60.7% increase from the previous year, with export value reaching USD 5.7 billion.

PT Toyota Motor Manufacturing Indonesia (TMMIN) has been recognized for its over 50 years of contribution to developing Indonesia's automotive sector, including innovations such as the Kijang Innova Zenix, which is produced with 70% local components. TMMIN has also implemented Industry 4.0 technology in its production processes and established the Toyota xEV Center to promote green mobility. With an annual production capacity of 320,000

units, TMMIN's exports in 2022 reached 136,000 CBU units to over 100 countries. TMMIN aims to export more than 8,000 units of the Kijang Innova Zenix in 2023, with the expectation of further increasing exports to 17,000 units by 2025.
(Ministry of Industry of the Republic of Indonesia, 2023).

According to Hoeft (2023), the automotive industry is currently undergoing significant digital transformation. Companies are struggling to effectively balance short-term and long-term goals in an unpredictable and constantly evolving business environment. In response to this challenge, automotive companies have implemented more efficient planning and evaluation processes, including quarterly business reviews (QBRs). QBRs are frameworks that help organizations allocate resources in line with their strategic objectives. This is achieved through quarterly assessments and resource allocation for strategic initiatives, aiming to create operational stability. Topics covered include critical aspects such as pricing or quality that shape a group of projects and/or products. Quarterly processes aim to foster transparency in resource allocation and adjustments across all business areas, emphasizing the impact of initiatives and products on organizational strategic priorities. QBRs are commonly implemented in digital and transformation business units, with the goal of delivering sustained value through the use of adaptable work methods.

Brewis et al. (2023) argue that the widespread adoption of new technologies, from mobile computing devices to social media platforms and artificial intelligence, is digitally transforming organizational operating environments. These technologies are underpinned by digitized big data, with the proliferation of big data and big data analytics (BDA) offering significant opportunities to build market knowledge, identify target markets, and gain strategic marketing insights. Strategic use of big data has been shown to increase organizational output, productivity, performance, and revenue growth. However, a significant proportion of companies in the UK and the US do not view data as a business asset, and many profitable companies fail to leverage the benefits of this new resource, which can have cost implications for profitability and competitiveness. Low engagement with big data is often attributed to the challenges organizations face in harnessing and extracting value from this resource.

Automotive Business

According to Hakim et al. (2023), the automotive industry is a sector heavily influenced by technological advancements, particularly the Internet of Things (IoT). The Indonesian automotive industry is currently undergoing a significant transformation under the Making Indonesia 4.0 roadmap, launched by the government in 2018. The aim of this roadmap is to enhance the industry's competitiveness and position Indonesia among the top 10 economies globally by 2030. The Internet of Things (IoT) plays a crucial role in the fourth industrial revolution by improving operational efficiency and reducing costs. This technology enables devices to connect and communicate with each other via the internet, allowing for real-time monitoring of production and schedules, increasing efficiency, reducing costs, and making companies more competitive. The implementation of IoT in the Indonesian automotive industry encompasses various dimensions, including finance, regulations, management, operations, technology, innovation, ideas, and resources.

Ryu and Do (2023) argue that the automotive industry is undergoing a major transformation, shifting from a traditional focus on hardware competitiveness to software competitiveness. This article highlights that software is now considered a critical component in competition, on par with powertrains. Amid the automotive industry's transition to the MECA era (Mobility, Electrification, Connectivity, and Autonomy), major automakers such as Volkswagen and Toyota are striving to transform into software companies through investments in startups, mergers and acquisitions (M&A), and collaborative ventures. Furthermore, managing software assets in the automotive industry is challenging, especially since automotive parts suppliers often own software assets, hindering technology exchange. This article attempts to address this issue by suggesting ways to break down "black-boxed" software

assets into tradable components, assess their value, and introduce the concept of software asset technology exchange. Additionally, the article proposes a structured approach to recycling used software assets and establishing a software asset management system for registration and monitoring.

Strategy Marketing Approaches

According to Wijaya et al. (2024), marketing strategy is defined as a set of activities and approaches employed by organizational management to enhance marketing performance in the era of disruption. Disruption refers to a period of significant change involving systemic and organizational transformations. This phenomenon becomes evident when information technology and digital technology experience rapid and superior development. Effective marketing strategies in the era of disruption encompass marketing mix strategies, online affiliate strategies, and social media strategies. Despite the changes brought about by disruption, the marketing mix remains essential, albeit with adaptations through digital marketing channels. The Resource-Based View (RBV) theory supports this research. This theory posits that marketing strategies employed in the era of disruption can be more effective. One policy implication of this research is the recommendation for business management and marketing techniques that can enhance marketing performance in the age of disruption.

Hidayati et al. (2024) define marketing strategy as a systematic approach involving the collection and analysis of data related to digital marketing efforts. The objective of marketing strategy is to identify and understand various components of the digital marketing mix, such as digital products, pricing, and promotion, as well as their impact on digital trust. The types of marketing strategies discussed include:

a) E-Product, a strategy focused on digital products or products marketed through digital channels. This involves developing and offering products that can be accessed and purchased online.

b) E-Price, a digital pricing strategy. This involves using algorithms and data analysis to determine competitive and attractive prices for consumers in the digital market.

c) E-Promotion, a promotional strategy that utilizes digital channels such as social media, email, and search engines to reach and attract consumers. This includes digital advertising campaigns, content marketing, and promotions through online platforms. In this context, the importance of e-trust or digital trust in digital marketing strategy is evident. E-trust is a key factor influencing consumer behavior in the digital market, and marketing strategies must focus on building and maintaining consumer trust through transparency, security, and excellent customer service.

METHOD

This study employs a literature review methodology. A literature review involves presenting a framework that examines both recent and past findings to determine whether there has been any progress in the outcomes of the 'Strategic Marketing Approaches For Automotive Industries: A Literature Review Study,' which is a research study that examines and interprets existing literature on a specific issue.

According to Kraus et al. (2022), a literature review is a study that analyzes and synthesizes existing literature by identifying, challenging, and developing theoretical building blocks through the examination of a collection (or several collections) of previous works. As a standalone work, a literature review enables authors to enhance their understanding of previous work in their respective fields, making it easier to identify gaps in the literature and discover new avenues for research. More importantly, literature review articles have the advantage of challenging existing or established beliefs and standards about a field or topic, thereby highlighting critical issues and factual errors and encouraging future scholarly discussions on the subject.

The objective of this research is to gain a comprehensive understanding of the subject. This process involves identifying research questions through a systematic search technique and evaluating relevant material. A literature study is conducted to analyze patterns of correlation between various studies on inventive work behavior in numerous previous research works. The process of evaluating the literature is conducted using databases found in various electronic or digital resources through published magazines, articles, and journals, both domestic and international, with two primary keywords: "Marketing Strategy" and "Automotive Business Industry." These keywords are used to search for similar studies. During this search, previous studies were found that included similar keywords but with different areas of emphasis. The selection of literature to be referenced in this study is determined by its relevance and significance to the research objectives.The research method contains the type of research, sample and population or research subjects, time and place of research, instruments, procedures, and research techniques, as well as other matters relating to the method of research. This section can be divided into several sub-chapters, but no numbering is necessary.

RESULTS AND DISCUSSION

While numerous theoretical frameworks and established findings exist, this study identified specific patterns related to the automotive industry. Researchers have found that these patterns can serve as a useful framework for fostering and promoting an innovative work culture within the automotive sector. Additionally, this research can contribute to enhancing marketing strategies for the automotive industry through the application of this framework, particularly in the realm of digital marketing, as shown in the figure below:
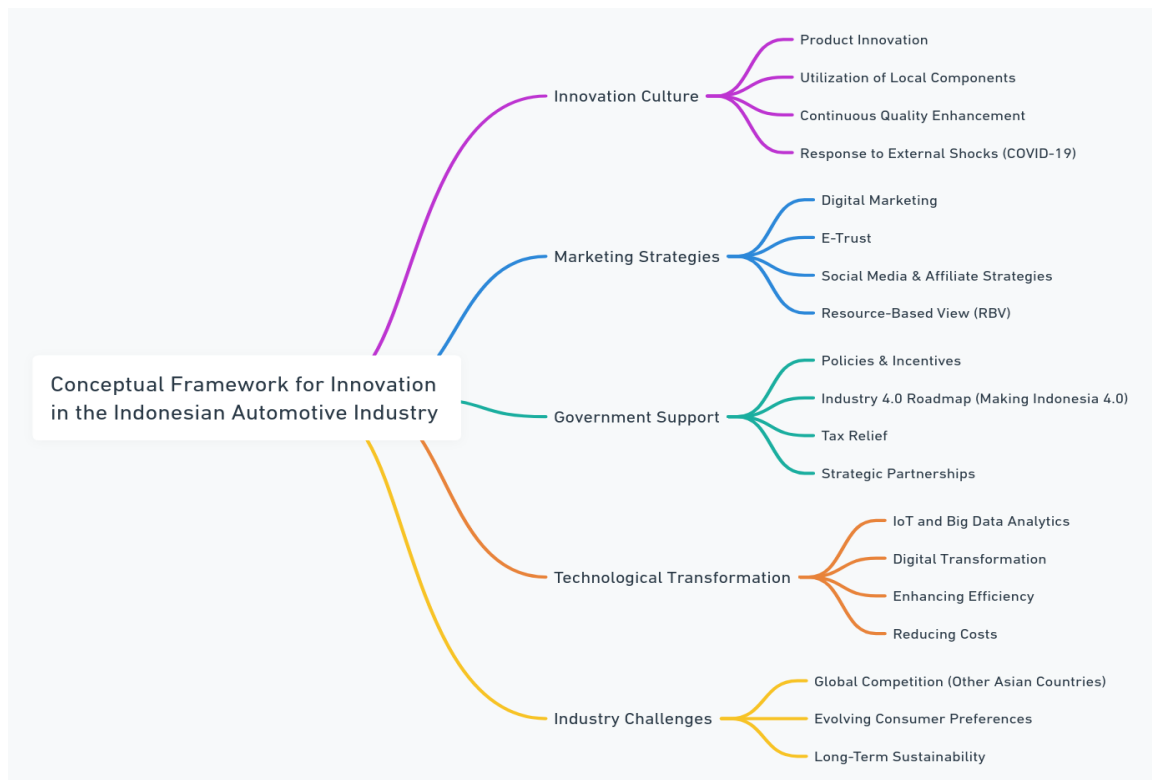

Figure 1. Conceptual Framework

The increased export market share and performance of the domestic automotive industry demonstrate Indonesia's significant potential to compete on the international stage. Government support through policies and incentives has also played a crucial role in driving the growth of this industry. Product innovation and the utilization of local components, as exemplified by TMMIN, indicate that the Indonesian automotive industry is capable of

producing high-quality products that meet international standards. The COVID-19 pandemic highlighted the vulnerability of the automotive industry to external shocks. However, the government's swift response in providing tax relief demonstrates efforts to maintain industry stability. The global automotive industry's challenges have compelled the Indonesian automotive sector to continuously innovate and enhance product quality to remain competitive.

Digital transformation through technologies like IoT and big data analytics offers significant opportunities for the industry to boost efficiency and competitiveness. QBRs or Quarterly Business Reviews can serve as a framework for strategic resource allocation, demonstrating the need for automotive companies to adopt more flexible and responsive approaches to changing business environments. Effective marketing strategies in the era of disruption must incorporate digital media, online affiliate strategies, and social media. Adapting marketing strategies to digital media is crucial for staying relevant and competitive. The significance of e-trust in digital marketing strategies highlights the importance of building and maintaining consumer trust through transparency, security, and excellent customer service.

The automotive industry is heavily influenced by technological advancements, particularly the Internet of Things (IoT). The Indonesian automotive industry is undergoing a significant transformation under the Making Indonesia 4.0 roadmap. This initiative aims to enhance the industry's competitiveness and position Indonesia among the top 10 global economies by 2030. IoT plays a pivotal role in the fourth industrial revolution by improving operational efficiency and reducing costs. This technology enables devices to connect and communicate, facilitating real-time monitoring of production processes and enhancing overall efficiency.

The article also proposes a structured approach to recycling used software assets and establishing a software asset management system. Moreover, effective marketing strategies in the era of disruption encompass the marketing mix, online affiliate strategies, and social media. Despite the changes brought about by disruption, the marketing mix remains essential, albeit with adaptations through digital marketing channels. The Resource-Based View (RBV) theory supports this research, suggesting that marketing strategies employed in the era of disruption can be more effective. One policy implication of this study is the recommendation for business management and marketing techniques that can enhance marketing performance in the age of disruption. Marketing strategy is defined as a systematic approach involving the collection and analysis of data related to digital marketing efforts.

The research findings indicate that the Indonesian automotive industry has made substantial progress in recent years, driven by government support, technological advancements, and increased exports. Government policies and incentives, such as tax breaks, infrastructure development, and research funding, have created a favorable environment for industry growth. The adoption of IoT and Industry 4.0 technologies has enhanced efficiency, reduced costs, and enabled data-driven decision-making. The focus on product innovation, particularly through locally sourced components, has contributed to the industry's ability to meet international standards. However, challenges persist, including intense competition from other Asian countries, fluctuating global economic conditions, and the need to adapt to changing consumer preferences. To sustain long-term growth, the industry must continue to invest in research and development, strategic partnerships, and government policies that promote innovation. By addressing these factors, the Indonesian automotive industry can solidify its position in the global market and contribute to the country's economic development.

In particular, the shift towards electric vehicles presents both challenges and opportunities for the Indonesian automotive industry. Challenges include the need for significant investments in charging infrastructure, battery technology, and supply chains. However, opportunities also exist, such as the potential to develop a domestic EV ecosystem and reduce dependence on imported components. By embracing this transition, the Indonesian automotive industry can position itself as a leader in the global electric vehicle market.

CONCLUSION

this study reveals that the Indonesian automotive industry has made significant strides in recent years. As a master's student in marketing management, I view this study as an important example of how marketing strategies, innovation, and government policies can shape the competitiveness of an industry. In the case of the Indonesian automotive sector, the conceptual framework offers insights into how product innovation, digital transformation, and strategic marketing can drive industry growth.

From a marketing perspective, the shift toward digital channels, such as IoT and big data analytics, reflects the need for companies to adapt to modern consumer behavior. Digital marketing strategies, like the integration of social media and online affiliate marketing, are crucial for engaging consumers and maintaining brand relevance in a disruptive era. As a student of marketing management, I understand how vital it is to incorporate these digital tools into comprehensive marketing plans to build customer trust, or "e-trust," which is especially important in a fast-evolving, tech-driven landscape.

Additionally, the role of government incentives and policies, such as those under the "Making Indonesia 4.0" roadmap, cannot be overlooked. They offer a strategic advantage by supporting product innovation and enhancing competitiveness, helping Indonesian automakers compete internationally. This combination of marketing, innovation, and policy support can serve as a model for how industries adapt to both domestic and global challenges. However, challenges remain, including fierce competition from other Asian countries and the shifting demands of global consumers. To sustain long-term growth, continued investment in research and development, strategic partnerships, and responsive government policies will be essential.

The emerging opportunities in electric vehicles (EVs) also present a fascinating challenge for marketing professionals and opportunities. Understanding how to market and position EVs, amidst infrastructure limitations and changing consumer expectations, will require innovative approaches and a deep understanding of both the local market and global trends. Investments in infrastructure and supply chains are needed to support the domestic EV ecosystem, which, if successfully developed, could position Indonesia as a leader in the global EV market. By addressing these key factors, the Indonesian automotive industry can enhance its global competitiveness and contribute meaningfully to national economic growth. In this way, the research not only addresses immediate industry needs but also opens doors for future growth through strategic, data-driven marketing efforts.

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