

The Influence of Market Attractiveness and Core Competence on Value Creation Strategy and Competitive Advantage and Its Implication on Business Performance

Authors : Firsan Nova

Abstract : The average Indonesian watches 5.5 hours of TV a day. With a population of 242 million people and a Free-to-Air (FTA) TV penetration rate of 56%, that equates to 745 million hours of television watched each day. With such potential, it is no wonder that many companies are now attempting to get into the Pay TV market. Research firm Media Partner Asia has forecast in its study that the number of Indonesian pay-television subscribers will climb from 2.4 million in 2012 to 8.7 million by 2020, with penetration scaling up from 7 percent to 21 percent. Key drivers of market growth, the study says, include macro trends built around higher disposable income and a rising middle class, with leading players continuing to invest significantly in sales, distribution and content. New entrants, in the meantime, will boost overall prospects. This study aims to examine and analyze the effect of Market Attractiveness and the Core Competence on Value Creation and Competitive Advantage and its impact to Business Performance in the pay TV industry in Indonesia. The study using strategic management science approach with the census method in which all members of the population are as sample. Verification method is used to examine the relationship between variables. The unit of analysis in this research is all Indonesian Pay TV business units totaling 19 business units. The unit of observation is the director and managers of each business unit. Hypothesis testing is performed by using statistical Partial Least Square (PLS). The conclusion of the study shows that the market attractiveness affects business performance through value creation and competitive advantage. The appropriate value creation comes from the company ability to optimize its core competence and exploit market attractiveness. Value creation affects competitive advantage. The competitive advantage can be determined based on the company's ability to create value for customers and the competitive advantage has an impact on business performance.

Keywords : market attractiveness, core competence, value creation, competitive advantage, business performance

Conference Title : ICBEHSS 2014 : International Conference on Business, Economics, Humanities and Social Sciences

Conference Location : Bali, Indonesia

Conference Dates : October 09-10, 2014