

**Developing Distribution Channel through Web Store
(E-Business) at Olympic Furniture**

THESIS

**Submitted to fulfill one of the requirements to obtain degree of
Magister Management**

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FACULTY OF ECONOMICS
MAGISTER OF MANAGEMENT
MASTER OF BUSINESS ADMINISTRATION
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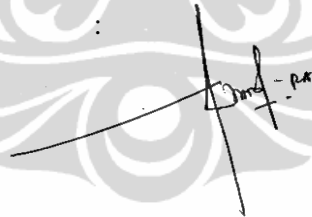
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Telah berhasil dipertahankan di hadapan Dewan Penguji dan diterima sebagai bagian persyaratan yang diperlukan untuk memperoleh gelar Magister Management pada Program Studi Magister Management – Master of Business Administration, Fakultas Ekonomi, Universitas Indonesia.

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PREFACE

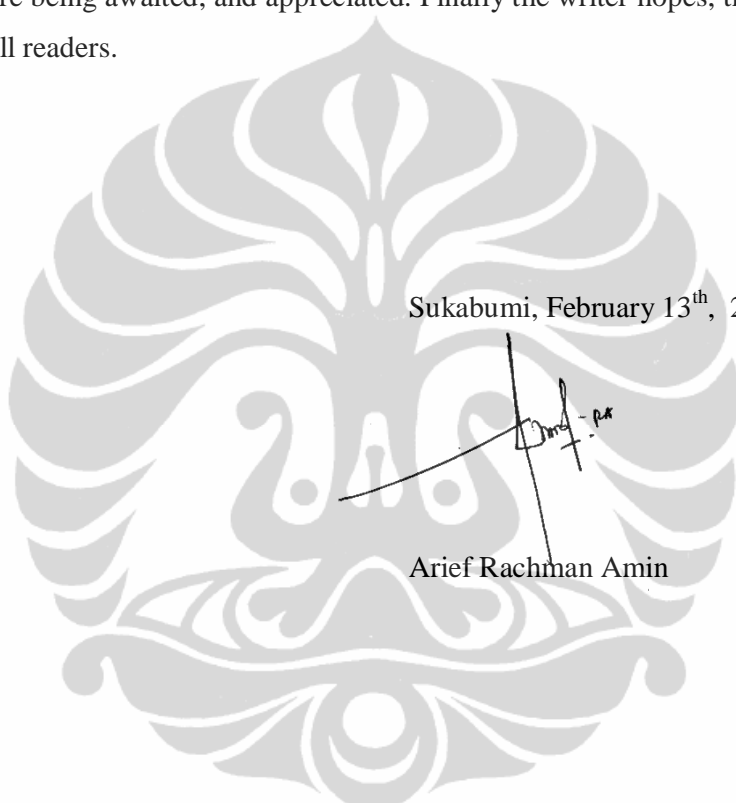
Alhamdulillah, all my gratitude to The Mighty Allah, for making me having the ability to finish my thesis with unlimited strength and spirits in every conditions. Gratitude for His hand of helping through all people surround me.

I would like to express my gratitude to all those who give me the possibility to complete this thesis. And I also would like to thanks to the Faculty for giving me permission to commence writing thesis and giving me the best thesis advisory Mr. Yudho Giri Sucahyo MKom., PhD., my family, and all other parties. Many remarkable people have also made this final paper possible.

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The writer realizes that this thesis is not perfect at all. Therefore any inputs from any other parties are being awaited, and appreciated. Finally the writer hopes, this thesis can be useful for all readers.



Sukabumi, February 13th, 2009


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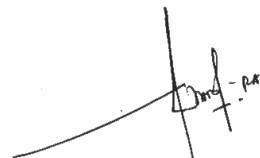
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ABSTRACT

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Study Program: Magister Management

Title : Developing Distribution Channel through Web Store (E-Business)
at Olympic Furniture

Competition in furniture business is very tighten now. Though there are a lot of Indonesian furniture producers and distributors, some players from foreign countries are also expanding their market in this country. Today Olympic Group has four distribution channels that contributing company's revenue, those are: Traditional Retail Outlet (TRO); Modern Retail Outlet (MRO) such as: Carrefour, Giant, Hypermart; Direct Selling (DS) such as: OFAL, Mer, Furnimart; and Export. However Casmi realizes that selling activity is not only the activity of selling product itself but also it has to deliver value to all customers.

The existing distribution channels are not enough to increase market share and revenue at all. As a market leader, Olympic should find another strategy to increase its revenue through developing a new distribution channel in order to get competitive advantages.

This research focuses on how Olympic develops a new distribution channel as another income by using Theory of Generic Strategy Process Model. The strategy process model consists of four steps strategic analysis. The steps are Strategic Analysis, Strategic Objectives, Strategic Definition, and Strategic Implementation.

The result of Generic Strategy Process Model is strategic business plan “ *Developing Distribution Channel through Web Store (E-Business) at Olympic Furniture* “ or furniture selling activity through the Internet. One of company's consideration why Olympic should sell furniture through the Internet, because it just enables to enlarge internal resources that company has invested in ERP, and IFS information system in 2001. For the further discussion, some analytical data and facts will be presented in this study.

Key words:

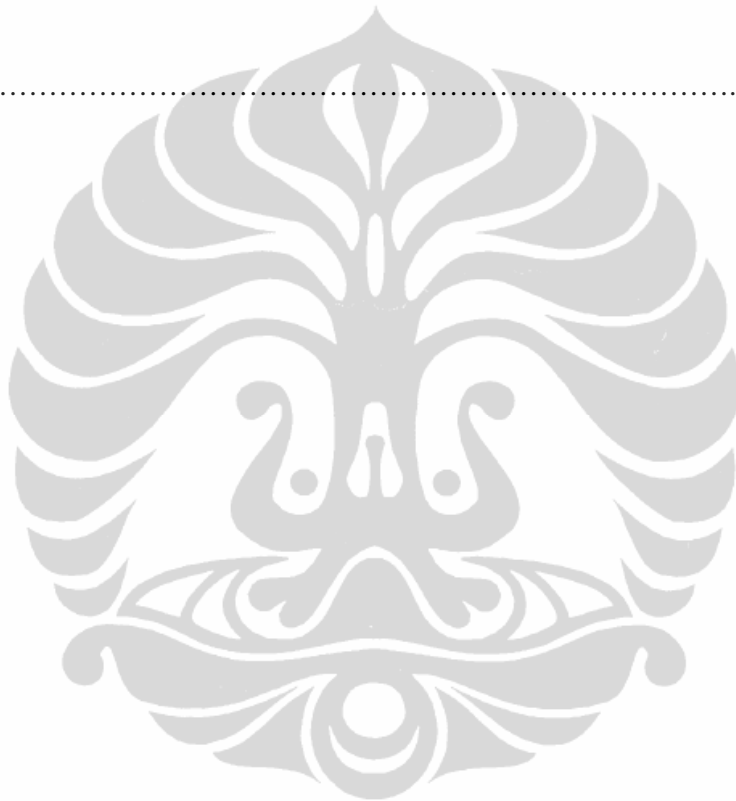
Distribution channel, web store, e-business

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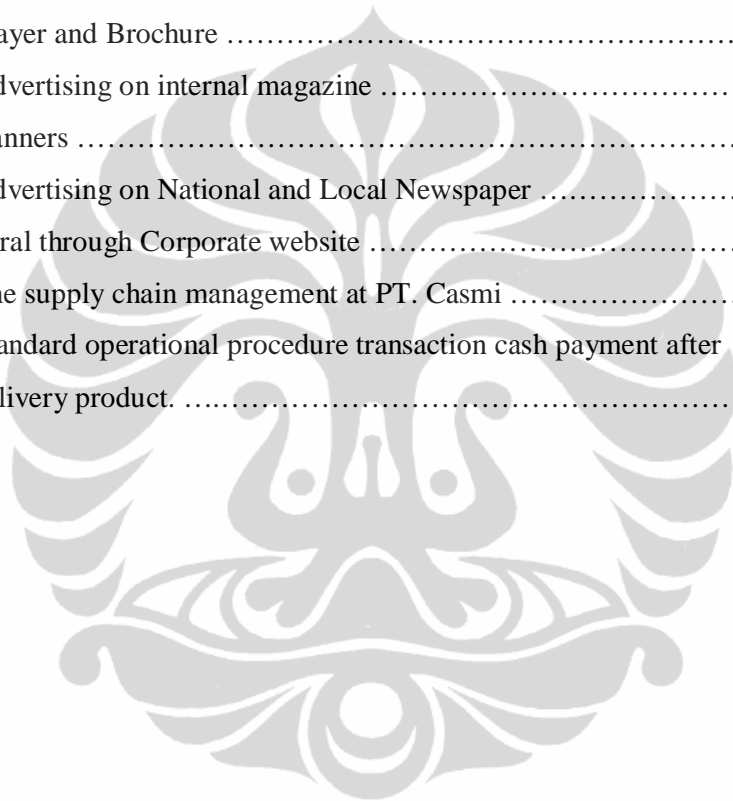
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CHAPTER 1 INTRODUCTION

1.1 . Background

PT. Cahaya Sakti Multi Intraco (Casmi) is one of the biggest furniture trading company in Indonesia which belongs to PT. Cahaya Lintang Surya, holding company of Olympic Group. The headquarter of the company is located in Bogor. Casmi is a multinational company which is supported by 79 branches spreading from Sumatra to Irian. It has been operating for twenty five years.

Today, furniture business is very competitive. Several experienced players and new comers try hard to fill in furniture market segmentation ranging from low price to high price. They also compete to expand their distribution channel in order to get market share as much as possible. The competition does not only come from furniture producers or distributor companies, but also from furniture retailers and dealers.

The role of Government also contributes positive influences to business of furniture in Indonesia. Imported furniture from other countries like China, Malaysia, Vietnam, Europe, and USA grow fast. So everyone could have the same opportunities to do business with many global furniture provider. They provide many variation in model, design, product, and price. Competitive pricing can not be denied especially for product made in China.

On the other hand, Internet at this time shows significant number of growth, it is never denied that infrastructure development follows as fast as the increasing of users who access. Searching information becomes fast and simple, and using Internet is a new life style. To adapt and take the opportunity of external condition from the Internet growth, in 1996 Olympic launched corporate website which only provide public information about company profile, product, address of distribution office, and so on. The visitors of the Olympic web grow fast year by year. As a market leader Olympic would like to improve not only in designing product but also service level to its customers including how to improve static website to web store.

It is important for Casmi to get big market share that would be expected to increase revenue. However it realizes that selling activity is not only the activity of

selling product itself , but it also has to deliver value to all customers. Delivering value to all customers is the integrated activities starting from how to get customers as much as possible, retain them, then create their loyalty.

Four distribution channels are exist now, those are: Traditional Retail Outlet (TRO); Modern Retail Outlet (MRO); Direct Selling (DS); and Export. Even though internal condition of four existing distribution channels are still good enough in contributing market share and revenue, another distribution channel strategy should be prepared for the company's future. The effectiveness, reachness, and cost of investment will also be analyzed and discussed in this study.

1.2. Problem Definition

Since company's web site was uploaded, there is an opportunity to sell furniture through the Internet, but company does not execute the strategic plan. Comprehensive visibility study for the strategy should be conducted to measure probability whether new distribution channel could be developed or not.

Why is selling activity through the Internet more prospect?. Positive benefit selling product using Internet are: a. New stream of getting revenue; b. Market exposure (could reach customer widely and personally every time, every where); c. Decreasing cost (renting cost for product display, promotion cost, and so on); d. Cutting short product lifecycle; e. Increasing customer loyalty; and f. Increasing value chain.

By considering demand analysis, competitor analysis and factors such as those define by Kumar (1999) an Internet or online revenue contribution (ORC) objectives can be set. This key e-business objectives states the percentage of company revenue directly generated through online transactions. However, for some companies such as B2B service companies, it is unrealistic to expect a high direct online contribution. In this case, an indirect online presence but purchase occurs using conventional channels, for example a consumer selecting a product on a web site and then phoning to place the order. Online revenue contribution objectives can be specified for different types of products, customer segmentations and geographic markets. They can also be set for different digital channels such as web, mobile or interactive digital TV.

Nowadays customer becomes more selective and careful in determining what furniture knockdown they want to buy.

1.3. Objectives

The objective of this research is: to develop new distribution channel by improving company's website to company web store.

1.4. Scope of Limitation

Developing new distribution channel will be focused on Indonesian market, because the market is still good enough for doing furniture business. If only ten percent from two hundreds millions of population uses knockdown furniture, and in a year of each person spend their money for it Rp.300.000, it becomes six billions. So new distribution channel strategy should be well prepared for the next coming years.

1.5. Methodology

The data will be used in the study were collected using the following activities: (systematical steps of data collection describe on Figure 1.1)

a. Bibliography research

Data collected from books, journals, and articles with regards to grow strategy is used as a supporting tool for analysis.

b. Observation

Direct observation is also conducted, based on researcher's experience in the industry.

c. Data Collection

Data is also collected through company's public industrial documents, internal documents, colleagues discussion, colleagues interviews, annual meeting discussion, and online questioners.

1.6. Conclusion & Recommendation

Conclusion based on the data taken from stage a, b, c. Then strategic business plan will be recommended by the best alternative of research in every aspect such: as time, cost of investment, person who executes the plan, expected revenue, etc.

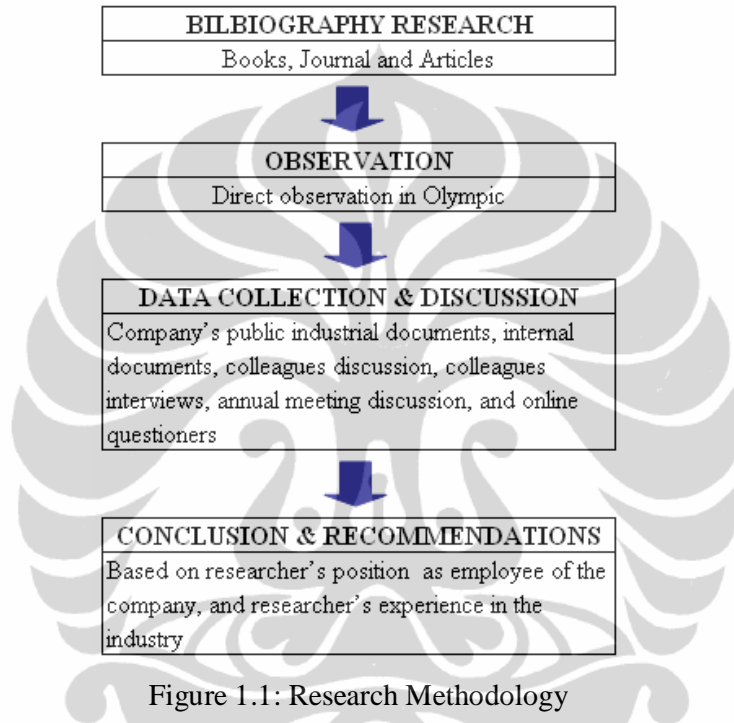


Figure 1.1: Research Methodology

Some specific activities are conducted in this study to get deeper information and easy to implement web store through systematically steps in order to achieve the objective in developing new distribution channel. Those steps are: 1. Analyzing external aspect (external opportunities and threats) and internal aspect (internal strength resources and weaknesses); 2. Benchmarking others existing virtual store site; 3. Looking for the external web developer and order them to create web design which is interesting and easy to navigate; 4. Arranging digital product catalog that will be uploaded; 5. Developing system and procedure for transaction process and also payment system process for customers; 6. Developing delivery system; and 7. Developing system for controlling all selling activities through the Internet.

CHAPTER 2

LITERATURE REVIEW

2.1. History of E-Commerce

Initially, Internet is interconnection of computer that are not owned whoever. Internet was born in 1969 when a group of researcher in The United States Department of Defense was connected to four computers in UCLA, Stanford Research Institute, Utah University, and California University in Santa Barbara. This link is conducted to create a network to communicate between one another. This network is recognized with term ARPAnet. ARPA is abbreviation from Advanced Research Project Agency that form a part of The United States Department of Defense.

Three years later, more than fifty universities and military agencies have been linked together in network, and other computer network starts emerge around state and world. Along with growth of ARPAnet, the connections link network cooperation between military, educator clan, and experiment of NASA. All components hit computer network, this network started connected one another (interconnected). This is the beginning of history of "Internet".

At the same time, Internet infrastructure grows continually . In the middle of 1980s, National Science Foundation (NSF) develops network that have capability of high-speed connectivity, and connected to computer center in all United States. NSFnet replaces network ARPAnet. Then NSFnet later collaborates with other network that existed in, such as number of university, research laboratory and hi-tech companies. For a few years, commercial traffic is prohibited in Internet. Then in 1991, federal government allowed by forming Commercial Internet Exchange (CIX).

Now, millions of consumer has accessed internet. Internet quickly becomes shopping centre, a cybermall that practical. Book, boutique, gamete, jewel, concert ticket, pizza, or lobster offered by stores in Internet on the chance of tens of million potential buyer ready to buys product offered.

2.2. Web Utilization in Strategic Business Plan

Timmers (1999) identifies no less than 11 different types of business model that can be facilitated by web. Those are: (1) E-Shop – Marketing of the company or shop via the web; (2) E-Procurement –Electronic tendering and procurement of goods and services; (3) E-Malls – Collection of e-shop such as Indigo Square (www.indigosquare.com); (4) E-Auctions–These can be B2C, e.g. eBay (www.ebay.com) or predominantly B2B e.g. QXL (www.qxl.com); (5) Virtual Communities - These can be B2C communities such as i-Village (www.ivillage.co.uk) or B2B communities such as Vertical Net (www.vertical.net); (6) Collaboration platforms – These enable collaboration between business or individuals, e.g. E-groups, or now of Yahoo! (www.yahoo.com) services; (7) Third-party marketplaces – marketplaces are described in Focus on electronic B2B marketplaces; (8) Value-chain integrators – Offer a range of services across the value chain; (9) Value-chain service providers – Specialize in providing functions for a specific part or the value chain such as the logistic company UPS (www.ups.com); (10) Information brokerage – provide information for consumers and businesses, often to assist in making the buying decision or for business operations or leisure; (11) Trust and other services – example of trust services include internet shopping is safe (ISSI) (<http://www.imrg.org/isis>) or TRUST-e (www.truste.org) which authenticate the quality of service provided by companies trading or the web.

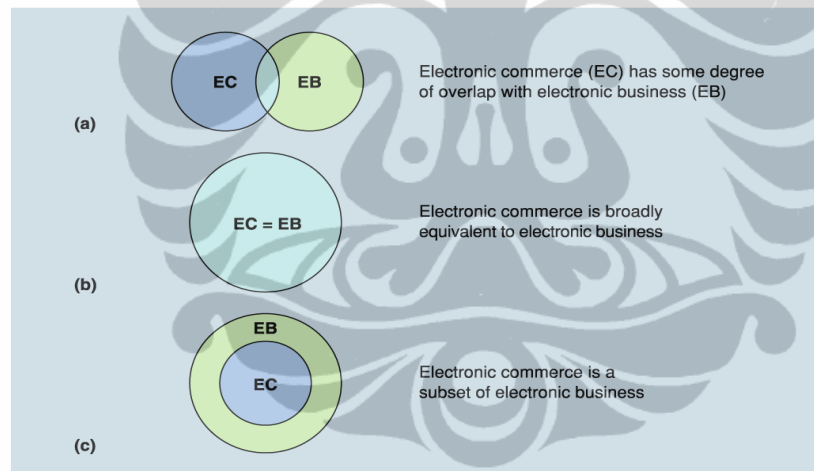
2.3. E-Business

When people hear “e-business,” they generally think selling over the Web. Electronic Business or e-business in short refers broadly to the use of technologies, particularly the Information and Communication Technologies (ICTs), to conduct or support to improve business activities and processes, including research and development, procurement, design and development, operation, manufacturing, marketing and sales, logistics, human resources management, finance, and value chain integration.

A subset of e-business is e-commerce, which describes the buying and selling of products, services, and information or making transactions via computer networks,

including the Internet. The main difference between them is that e-commerce defines interaction between organizations and their customers, clients, or constituents. On the other hand, e-business is also encompasses an organization's internal operations.

In other words, these two can be used interchangeably. Figure 2.1 below shows some alternative viewpoints of the relationship between e-business and e-commerce. In Figure 2.1 (a) there is relatively small overlap between e-commerce and e-business, From Figure 2.1 we can reject Figure 2.1(a) since the overlap between buy-side and sell-side e-commerce is significant. Figure 2.1 (b) seems to be more realistic, and indeed many commentators seem to consider e-business and e-commerce to be synonymous . It can be argued, that Figure 2.1 (c) is most realistic since e-commerce does not refer to many of the transactions within a business, such as processing a purchasing order, that are part of e-business.



Source: Chaffey, Dave "E-Business and E-Commerce Management Third Edition" (2007)

Figure 2.1: Three alternative definitions of the relationship between e-business and e-commerce

2.3.1. E-Business Concepts

In details, Gendron, Michael P. (2006), described that e-business can be defined from the following perspectives:

- Communications: Delivery of goods, services, information, or payments over the computer networks or any other electronic means.

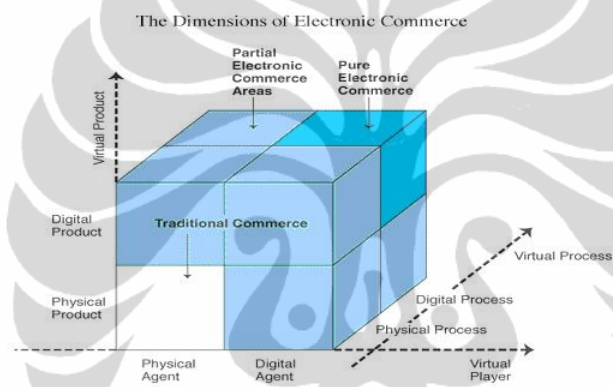
- Commercial (trading): Provides capability of buying and selling products, services, and information on the Internet and via other online services.
- Business process: Doing business electronically by completing business processes over electronic networks, thereby substituting information for physical business processes.
- Services: A tool that addresses the desire of governments, firms, consumers, and management to cut service costs while improving the quality of consumer service and increasing the speed of service delivery .
- Learning: An enabler of online training and education in schools, universities, and other organizations, including businesses.
- Collaborative: The framework for inter- and intra-organizational collaboration.
- Community: Provides a gathering place for community members to learn, transact, and collaborate.

Porter, Michael E. (2001) provided summary of how internet influences industry. Simply, e-business could be any system that suppliers, distributors, or customers use the ICT, particularly the Internet, as the basis for conducting their business operation, for example:

- Communicate with clients or suppliers via email;
- Send email to other organizations to order supplies;
- Sell or promote products or services via a web site and/or email;
- Publish a web site to provide public information about the business;
- Use the Internet for online banking and paying bills;
- Research information about customers and competitors using web sites;
- Provide technical or customer service by email or web site; and
- Manage and distribute internal organization documents via an intranet.

2.3.2. Dimensions of E-Business

Perspectives and the degree of digitization of product, process, the delivery agent, and the business can be pure or partial e-business/e-commerce (see Figure 2.2). In traditional commerce, all dimensions are physical while all dimensions are digital in pure e-business/e-commerce. Obviously, in partial e-business/e-commerce, all other possibilities include a mix of digital and physical dimensions. Particularly in the developing countries, the partial e-business/e-commerce has been adopted due to inadequate enabling environment (such as a suitable infrastructure, policies, and financial resources).



Source: Choi/Stahl/ Winston "Electronics of economic commerce" (1997)

Figure 2.2: Dimension of E-Business / E-Commerce

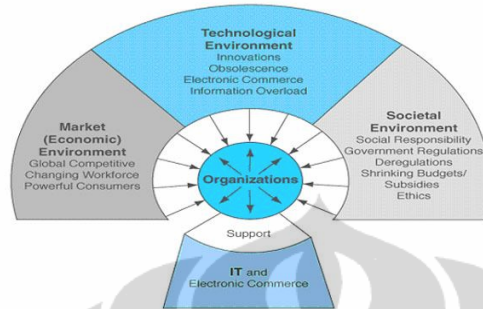
2.3.3. Types of E-Business

Porter, Michael E (2001) summarized that two fundamental factors that determine profitability: 1. industry structure, which determines the profitability of the average competitor; and 2. sustainable competitive advantage, which allows a company to outperform the average competitor. These two underlying drivers of profitability are universal; they transcend any technology or type of business. At the same time, they vary widely by industry and company. The broad, supra-industry classifications so common in Internet parlance, such as business-to consumer (or "B2C") and business-to-business (or "B2B") prove meaningless with respect to profitability. Potential profitability can be understood only by looking at individual industries and individual

companies. In this study the topic of e-business will include all the transacting business or exchanging business-related information between:

- **Business to Business (B2B):** It typically takes the form of automated processes between trading partners and is performed in higher volumes. B2B can also encompass marketing activities between businesses, and not just the final transactions that result from marketing. B2B also is used to identify sales transactions between businesses. In other words, business making online transactions with other business(s). B2B e-business focuses more on creating highly efficient and transparent markets that would transform the structure of industry value chains.
- **Business to consumer (B2C):** It describes activities of commercial organizations serving the end consumer with products and/or services. In other words, it is an exchange and transaction of information, products or services between a business and a consumer(s). The B2C e-business can help limit set up costs of merchandising store, save salesperson, as well as develop a more efficient supply chain.
- **Consumer to consumer (C2C):** It is an Internet-facilitated form of commerce that has existed for the span of recorded history in the form of barter, flea markets, swap meets, garage/yard sales and the like. In other words, consumers sell directly to other consumers.
- **Business to government (B2G):** Businesses conduct transactions electronically with government regarding various business licensing or reporting requirements or where businesses sell products or services to government. In other words, government buys or provides goods, services, or information to/from businesses or individual citizens.
- **Business to employee (B2E):** Information and services made available to employees online. For example, as in B2E portal, where a company or organization intranet that is customized for each employee. It includes specific information and personalized data such as personal hyperlinks, stock quotes, sports scores and news clips. It could even include a video feed to their children's day care center.

E-Business has contributed new opportunities for small and large organizations to compete in the global marketplace (see Figure 2.3).



Source: Porter, Michael E., "Harvard Business Review, *Strategy and the Internet*" (2001)

Figure 2.3: Major business pressure and the role of e-business

One of the biggest changes in electronic communication is how approaches to transmitting and transforming information can be used for competitive advantage. For examples, Evans and Wurster of Harvard (1997) argue in their classic paper "Strategies and the new economic information" that there are three characteristics of information which, when combined with disruptive Internet technologies can have a major impact on a marketplace. These characteristics of information are: Reach; Richness; And Affiliation. But Sharma Chetan, Herzog J., and Melfi V (2008) discussed in *Mobile Advertising: Supercharge Your Brand in the Exploding Wireless Market* that information system has five points of framework as key measurement of the Internet role. When it is combined with technologies, Internet has also a major impact on a marketplace. Those five points of framework are:

1. **Reach.** Conventionally, 'reach' refers to the potential number of customers a business can interact with. The Internet enables reach to be increased nationally and internationally at low cost through making content available via search engines. "Reach" also refers to the number of different categories and products a consumer interface (e.g. store, catalogue, or web-site) can cover: witness the large range of product available through e-businesses which have used the web to extend their product range.
2. **Targeting.** Marketers could select audiences target more accurate, because technology helps them to know better customer's behavior. It enables to identify

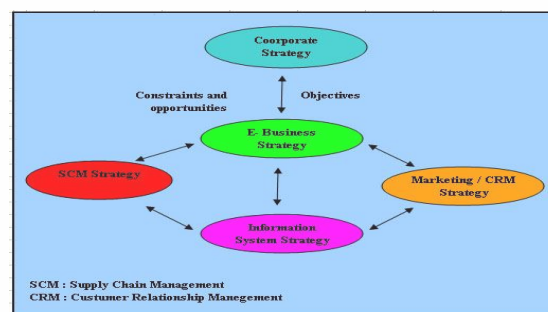
when customers do browsing, which site they always visit, and what kind of information that really want.

3. Engagement. It refers to how marketers develop brand awareness through the internet. They create a relationship between company and customers through effective interaction where customers could ask more information to the marketers. The highest level of engagement is customer loyalty.
4. Viral Effect. This point describe that Internet could be used as a marketing media to offer their products or services in a social community.
5. Transaction. The last point refers to how many transactions occur in a certain period. The transaction could be happened online or even offline as the effect point 1, 2, 3, and 4 above.

2.4. E-Business Strategies

E-Business strategies is definition of the approach by which application of internal and external electronic communications can support and influence corporate strategy. An important aspect of e-business strategies is that they create new e-channel strategies for organization. E-channels strategies define specific goals and approaches for using electronic channels. E-Channels strategies also need to define how electronic channels are used in conjunction with other channels as a part of multi-channel e-business strategy.

However, these corporate objectives should based on new opportunities and threats related to electronic network adoption, which are identified from environment analysis and objectives define in e-business strategy.



Source: Chaffey, Dave "E-Business and E-Commerce Management Third Edition"

Figure 2.4: Relationship between E-Business Strategy and other Strategies

Figure 2.4 above explains how e-business strategy should relate to corporate and functional strategies.

Myers et al, (2004) provide useful summary of the decision required about multi-channel marketing. The characteristics of a multi-channel marketing is e-business strategy. There is limited research on how business have integrated e-business strategy into existing strategy, although author such as Doherty and McAulay (2000) have suggested it is important that e-commerce investment be driven by corporate strategy. Research of retail banks by Hughes (2001) suggests that, in the early phases of e-business development, there is no clarity in e-commerce strategy at senior level.

Through considering alternative strategy process models such as those of Figure 2.5 below, common elements are apparent:

1. Internal and external environment scanning or analysis is needed. Scanning occurs both during strategy development and as a continuous process in order to respond to competitors.
2. A clear statement of vision and objectives is required. Clarity is required to communicate the strategic intention both to employees and the marketplace. Objective are also vital to act as a check as to whether the strategy is successful!
3. Strategy development can be broken down into strategy option generation, evaluation and selection. An effective strategy will usually be based on reviewing a range of alternatives and selecting the best on its merits.
4. After strategy development, enactment of the strategy occurs as strategy implementations.
5. Control is required to monitor operational and strategy effectiveness problems and adjust the operations or strategy accordingly.

Hackbarth and Kettinger (2000) suggest a four-stage 'strategic e-breakout' model with stages of : (1) Initiation ; (2) Diagnosis of the industry environment ; (3) Breakout to establish a strategic target ; (4) Transition or plotting a migration path.

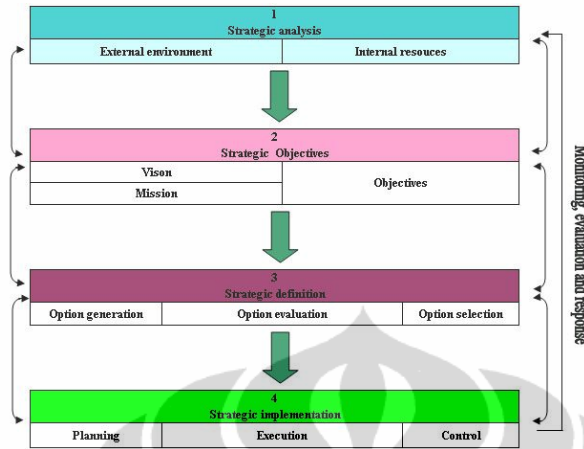
Lynch (2000)	Johnson and Scholes (1999)	Mc Donals (1999)	Smith (1999)
Sequential corporate strategy model	Parallel corporate strategy	Sequential marketing strategy model	Sequential marketing strategy model
Environment analysis (e.g. marketplace, customers, competitors) Resources analysis (e.g. human, financial and operational)	Strategic analysis (environment, resources, expectations, objectives, and culture)	Situation review (marketing audit, SWOT analysis, assumptions)	Situation analysis
Vision, mission and objectives	Strategic choice (generation of options, evaluation of options, selection of strategy)	Goal setting (mission, corporate objectives)	Objective setting
Strategy development	Strategic implementation (resource planning, people and system, organization structure)	Strategy formulation (marketing objectives and strategy, estimated expected results, identify alternative plans and mixes)	Strategy
Strategy implementation		Resource allocation and monitoring (budget, first year implementation plan)	Tactics, Actions, Control

Source: Chaffey, Dave "E-Business and E-Commerce Management" Third Edition 2007

Figure 2.5: Alternative strategy process models

2.5. Strategy Process Models for E-Business

Plant (2000), following examination of 40 US and European organizations, suggests that e-commerce strategy (buy-side and sell-side) should devise approaches for seven dimensions made up of four positional factors (technology, service, market, brand) and three bonding internal factors (leadership, infrastructure, organizational learning). Existing environment analysis, objective setting and strategy definition are naturally still required. However there is greater emphasize on restructuring and resourcing through using new technology to build an infrastructure and supporting knowledge management to achieve quality customer service. The use of two ways arrow in Figure 2.6 to indicate that each stage is not discrete, but rather it involves referring backwards or forward to other strategy elements.



Source: Chaffey, Dave “ E-Business and E-Commerce Management “ Third Edition. 2007

Figure 2.6: Generic strategy process model

Each strategy element will have several iterations. The arrow in Figure 2.6. highlight an important distinction in the way in which strategy process model are applied. Referring to the work of Mintzberg and Quinn (1991), Lynch (2000) distinguishes between perspective and emergent strategy approach. In the perspective strategy approaches he identifies three elements of strategy – strategic analysis, strategic development, and strategy implementation, and these are linked together sequentially. Strategic analysis is used to develop a strategy, and it is then implemented.

2.5.1. Strategic Analysis

Strategic Analysis is the element of how to analyze situation before setting strategic business plan. Elements of situation for an e-business are summarized in Figure. 2.7 below. For the effective, and responsive e-business, it is essential that situation analysis or environmental scanning and acting on the knowledge acquired.

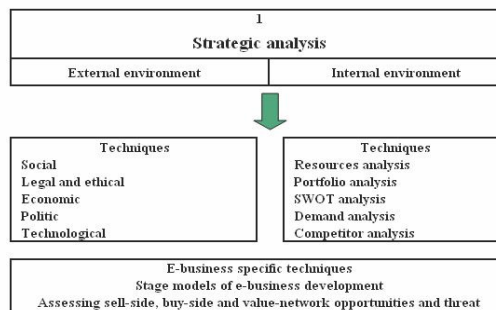
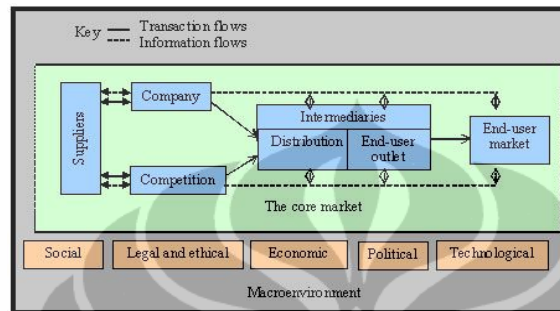


Figure 2.7: Elements of strategic situation analysis for e-business

A. Factors in Macro Environment of An Organization

Factors of macro-environment could be reviewed by using the widely used *SLEPT framework*. SLEPT stands for Social, Legal and Ethical, Economic, Politic & Technological factors (see Figure 2.8).



Source: <http://www.unescap.org/icstd/applications/projects/e-business-GMS/tw2/modules.asp>

Figure 2.8: The Macro-environment of E-market System

The SLEPT factors are:

- Social factors—these include the influence of consumer perceptions in determining usage of the internet for different activities.
- Legal and Ethical factors—determine the method by which product can be promoted and sold on line. Government on behalf of society, seek to safeguard individual's right to privacy.
- Economic factors—Variant in economic performance in different countries and region affect spending patterns and international trade.
- Political factors—National governments and trans-national organizations have an important role in determining the future adaptation and control of the internet and the rules by which it is governed.
- Technological factors—Changes in technology offer new opportunities to the way products can be marketed.

B. Internal Environment

B.1. Resources Analysis

Resources Analysis is the activity to review of technological, financial, and human resources of an organization and how they are utilized in business processes. These resources must be harnessed together to give efficient business process.

B.2. Portfolio Analysis

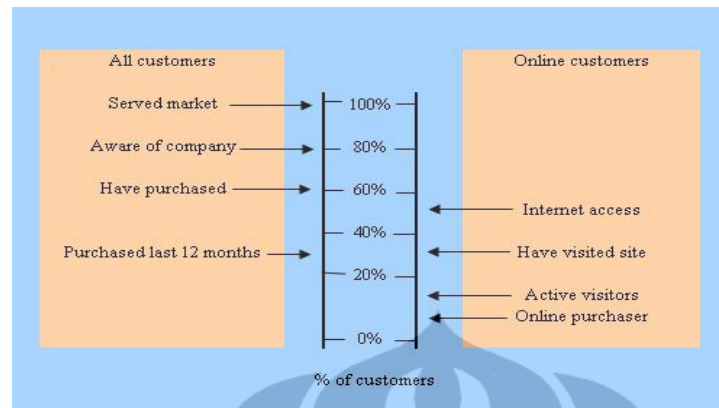
Portfolio analysis is the study of how a portfolio performs under different scenarios, and it is used to determine the optimal portfolio composition for getting the best value possible. The System makes portfolio management easy and gives a more reliable result due to its sophisticated yet simple interface, which enables to capture expert knowledge from within company and apply it to portfolio management efforts. Leveraging the existing company knowledge with unique combination of software system technology and advanced analysis methods gives the power to develop and manage company's portfolios better and more confidently. Choosing a company portfolio is similar to choosing a portfolio of stocks--making the right choices can significantly reduce risk while preserving overall return.

B.3. SWOT Analysis

Environmental factors internal to the company usually can be classified as strengths (S) or weaknesses (W), and those external to the firm can be classified as opportunities (O) or threats (T). Such an analysis of the strategic environment is referred to as a SWOT analysis. The SWOT analysis provides information that is helpful in matching the company's resources and capabilities to the competitive environment in which it operates. As such, it is instrumental in strategy formulation and selection.

B.4. Demand Analysis

Demand analysis means assessments of the demand for e-commerce services amongst existing and potential customer segments. There will be lower quantity of online customers towards all customers (see Figure 2.9).



Source: Chaffey, Dave “E-Business and E-Commerce Management Third Edition “ (2007)

Figure 2.9: Customer demand for e-marketing services for B2B company

B.5. Competitor Analysis

Competitor analysis in marketing and strategic management is an assessment of the strengths and weaknesses of current and potential competitors. This analysis provides both an offensive and defensive strategic context through which to identify opportunities and threats. Competitor profiling coalesces all of the relevant sources of competitor analysis into one framework in the support of efficient and effective strategy formulation, implementation, monitoring and adjustment.

Given that competitor analysis is an essential component of corporate strategy, it is argued that most firms do not conduct this type of analysis systematically enough. Instead, many enterprises operate on what is called “informal impressions, conjectures, and intuition gained through the tidbits of information about competitors every manager continually receives.” As a result, traditional environmental scanning places many firms at risk of dangerous competitive blindspots due to a lack of robust competitor analysis.

2.5.2. Strategic Objective

Strategic Objective is a key element of any strategy process model since (1) the strategy definition and implementation elements of strategy must be directed at how best to achieve the objectives and (2) the over all success of e-business strategy will be assessed by comparing actual results against objectives and taking action to improve

strategy (3) Clear, realistic objectives help communicate the goals and significance of an e-business initiative employees and partner. Note that objective setting typically takes place in parallel with strategic analysis, defining a vision and strategy for e-business as part of an iterative process. Figure 2.10. highlights some of the key aspects of objective setting that will be covered in this action.

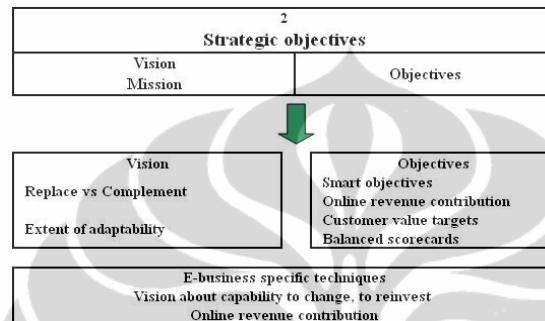


Figure 2.10: Elements of strategic objective setting for e-business

A. SMART Objective

The most well known method for setting objectives is the S.M.A.R.T. way, the SMART approach is well understood amongst managers. S.M.A.R.T refers to the acronym that describes the key characteristics of meaningful objectives, which are Specific (concrete, detailed, well defined), Measurable (numbers, quantity, comparison), Achievable (feasible, actionable), Realistic (considering resources) and Time-Bound (a defined time line). Lets look at these characteristics in more detail. SMART objective then are the stepping stones to the achievement of company's goals.

A.1. Specific

Specific means that the objective is concrete, detailed, focused and well defined. Specific means that it's results and action-orientated. Objective must be straight forwards and emphasize action and the required outcome. Objectives need to be straightforward and to communicate what you would like to see happen. To help set specific objectives it helps to ask:

- WHAT is the company going to do?
- WHY is this important for company to do?

- WHO is going to do what?
- WHEN does company want this to be completed?
- HOW is company going to do this?

A.2. Measurable

If the objective is measurable, it means that the measurement source is identified and we are able to track the actions as we progress towards the objective. Measurement is the standard used for comparison. For example, what financial independence means to the company, may be totally different compared to what it means for you. As it's so often said if you can't measure it, you can't manage it ! It's important to have measures that will encourage and motivate you on the way as you see the change occurring, this may require interim measures. Measurements go along way to help us to know when we have achieved our objective.

A.3. Achievable

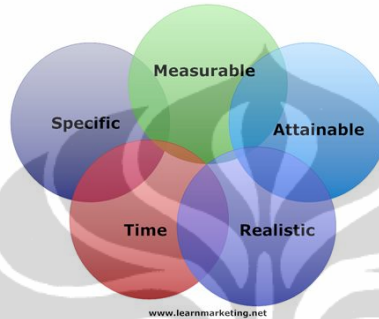
Objectives are set to be more realistic and achievable, if the objective is too far in the future, company will find it difficult to keep motivated and to strive to attain it. Objectives, unlike aspirations and visions, need to be achievable to keep you motivated. I do feel that objectives need to stretch you, but not so far that you become frustrated and lose motivation.

A.4. Realistic

Objectives that are achievable, may not be realistic..... however, realistic does not mean easy. Realistic means that you have the resources to get it done. The achievement of an objective requires resources, such as, skills, money, equipment, etc. to the task required to achieve the objective. Whilst keeping objectives realistic, ensure that they stretch company. Most objectives are achievable but, may require a change in your priorities to make them happen. Look at the success of e-selling activity“ Amazon.com, eBay, and etc.

A.5. Time-Bound

Time-bound means setting a deadlines for the achievement of the objective. Deadlines need to be both achievable and realistic. If you don't set a time you will reduce the motivation and urgency required to execute the tasks. Timeframes create the necessary urgency and prompts action.

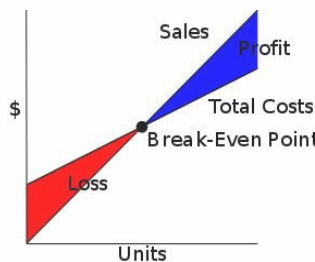


Source: www.learnmarketing.net

Figure 2.11: SMART Chart.

B. Online Revenue Contribution (Break Even Point)

Horngren, C., Sundem, G & Stratton, W (2002) describes the break-even point for a product is the point where total revenue received equals the total costs associated with the sale of the product ($TR=TC$). A break-even point is typically calculated in order for businesses to determine if it would be profitable to sell a proposed product, as opposed to attempting to modify an existing product instead so it can be made lucrative. Break-Even Analysis can also be used to analyze the potential profitability of an expenditure in a sales-based business (see Figure 2.12).



Source: www.wikipedia.org/wiki/bep

Figure 2.12: Graph of Break Even Point

2.5.3. Strategy Definition

Strategy Definition is formulation, review and selection of strategies to achieves strategic objectives. Figure 2.13 shows for each area of strategy definition that managers could generate different options, review them, and select them. The six key decisions think about how these decisions are going to vary according to the many different organizational characteristics: B2C, B2B, physical product or intangible services or mixed, sized of organization, stage in product lifecycle, market penetration, not-for-profit.

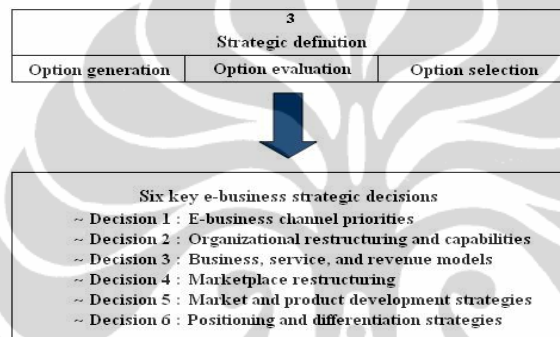


Figure 2.13: Elements of strategic definition for the e-business

2.5.4. Strategy Implementation

Strategy Implementation consists of planning, actions, and controls needed to achieve strategic goals. It includes all tactics used to achieve strategic objectives. The main tactics and actions required are summarized in Figure 2.14.

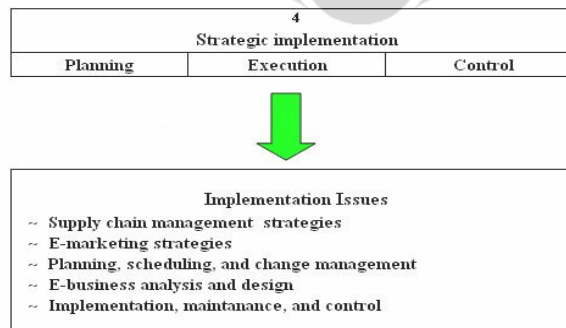


Figure 2.14: Elements of strategic implementation for the e-business

A. Supply Chain Management (SCM)

Supply Chain Management (SCM) is the coordination of all supply activities of an organization from its suppliers and partners to its customers. For most commercial and not for profit organization SCM could be distinguished between upstream supply chain activities which are equivalent to buy side E-Commerce and downstream chain activities which correspond to sell side E-Commerce (see Figure 2.15).

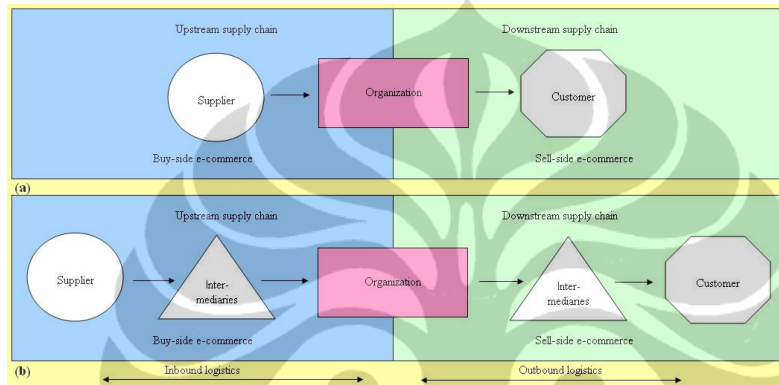


Figure 2.15: Members of the supply chain: (a) simplified view, (b) including intermediaries

2.6. E-Marketing

The definition of marketing and what it encompasses has not changed in essence as a result of the use of the Internet as a new marketing channel. Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. The scope of e-marketing, then, includes the tools that enable interactions with individuals in digitally networked and interactive environments. This interaction can extend to the actual delivery of a growing number of digital products.

2.6.1. Three Main Function of Markets

Three main functions of markets can not be separated, each of them is being influenced with others, those main functions of market are:

1. Matching buyers and sellers;

2. Facilitating the exchange of information, goods, services, and payments associated with market transactions; and
3. Providing an institutional infrastructure, such as a legal and regulatory framework, that enables the efficient functioning of the market.

2.6.2 E- Marketplace Components

There are ten e-marketplace components that support the activity of transaction on the internet. If there is no one or two components, the process will be pursued. Those e-marketplace components are:

- Customers (Buyers): impulsive, patient, analytical
- Sellers
- Products
- Infrastructure
- Front end - The portion of an e-seller's business processes through which customers interact, including the seller's portal, electronic catalogues, a shopping cart, a search engine, and a payment gateway
- Back end - The activities that support online order-taking. It includes fulfillment, inventory management, purchasing from suppliers, payment processing, packaging, and delivery
- Intermediaries - A third party that operates between sellers and buyers
- Other business partners
- Support services
- Digital products - Goods that can be transformed to digital format and delivered over the Internet.

2.6.3. Four P of marketing mix

In popular usage, "marketing" is the promotion of products, especially advertising and branding. However, in professional usage the term has a wider meaning that recognizes that marketing is customer centered. Products are often developed to

meet the desires of groups of customers or even, in some cases, for specific customers. Philip Kotler and Gary Armstrong (1996) divided marketing mix into four P. The four P of marketing mix – product, pricing, placement, and promotion need to be discussed within the context of the customer oriented Internet marketing or e-marketing.

A. Product

A product means a good or service that a business produces or offers to its customers. The Internet has created new virtual service offerings, such as online news, real time stock quote services. The product management, product marketing and aspects of marketing deal with the specifications of the actual good or service, and how it relates to the end-user's needs and wants.

B. Pricing

The pricing of good refers to the process involved in determining the amount to charge for a specific physical good or service. The Internet presents a new venue for marketers to produce a variety of interesting pricing strategies. Some sites providing free services for visitors in order to create a community for which it can sell advertising space. Frequent purchase systems are also being used to help strengthen customer loyalty and encourage repeat buying. By using a search engine technique, consumers are easy to compare prices of goods offered for sales on the net. An interesting method of pricing goods on the Internet is through offers made by consumers. For example, Priceline.com allows buyers to request their own price for airline tickets, hotel reservation, cars and financing. In order to filter out non serious shoppers, requests are binding if they are accepted.

C. Placement

Placement is frequently referred to as outbound logistics or distribution. The distribution task entails moving the product from the producers to the customer. The product can travel directly from producer to customer or it may be channeled through intermediaries, such as wholesalers, warehouses, and/or retailers. E-commerce involving the sales of physical goods can be very in exchanging information between

businesses and delivery companies. The interfacing of sales or purchasing system with delivery companies enable faster pick up of goods from warehouses and shop floors for faster delivery to the customer.

D. Promotion

The sales and marketing function is a separate entity in the customer oriented value chain, and the activities performed in this capacity fall under the traditional marketing category called promotion. The successful promotion of a product requires that, at a minimum, a positive message be received by potential customers. This message may be communicated through many advertising mechanisms. Controlled advertising media is a common method used by companies. In each year, a business will normally set an advertising budget to spend in advertisement and allocate it to the existing advertising mediums including newspaper, billboard, on line advertising, magazine etc. Using Internet to create an awareness of products is a relatively low cost and increasingly effective medium. Internet marketing firms are aggressively selling their services to businesses. They provide the services of attracting Internet users to specific client web sites.

2.6.4. Other P of Marketing Mix

As well as the standard four Ps (Product, Pricing, Place, and Promotion) as mentioned above, there are also sometimes considered an extra three, totalling seven and known together as the extended marketing mix. These are:

- *People*: Any person coming into contact with customers can have an impact on overall satisfaction. Whether as part of a supporting service to a product or involved in a total service, people are particularly important because, in the customers' eyes, they are generally inseparable from the total service. As a result of this, they must be appropriately trained, well motivated and the right type of person
- *Process*: This is the processes involved in providing a service and the behaviour of people, which can be crucial to customer satisfaction .

- *Physical evidence*: Unlike a product, a service cannot be experienced before it is delivered, which makes it intangible. This therefore means that potential customers perceive greater risk when deciding whether or not to use a service. To reduce the feeling of risk, thus improving success, it is often vital to offer potential customers the chance to see what a service would be like. This is done by providing physical evidence, such as case studies, or testimonials.

2.7. Essential Principle For Good Web Design Feature

Williams, Robin (2006) divided five essential principles for good web design feature. Those principles are: 1. Text – background does not interrupt the text, text is big enough to read, but not too big, the hierarchy of information is perfectly clear, columns of text are narrower than in a book to make reading easier on the screen; 2. Navigation – Navigation buttons and bars are easy to understand and use, navigation is consistent throughout web site, navigation buttons and bars provide the visitor with a clue as to where they are, what page of the site they are currently on, frames, if used, are not obtrusive, a large site has an index or site map; 3. Links - link colors coordinate with page colors, links are underlined so they are instantly clear to the visitor; 4. Graphics - buttons are not big and dorky, every graphic has an alt label, every graphic link has a matching text link, graphics and backgrounds use browser-safe colors, animated graphics turn off by themselves and does not over animated; 5. General Design - pages download quickly, first page and home page fit into 640 x 460 pixel space, all of the other pages have the immediate visual impact within 640 x 460 pixels, good use of graphic elements (photos, subheads, pull quotes) to break up large areas of text, every web page in the site looks like it belongs to the same site; there are repetitive elements that carry throughout the pages, clear in messages and information that will be transferred to users.

CHAPTER 3

ORGANIZATION PROFILE

This chapter describes the history of PT. Cahaya Sakti Group, philosophy, vision, and mission, organizational structure, culture, product, and technology.

3.1. The History of Olympic Group

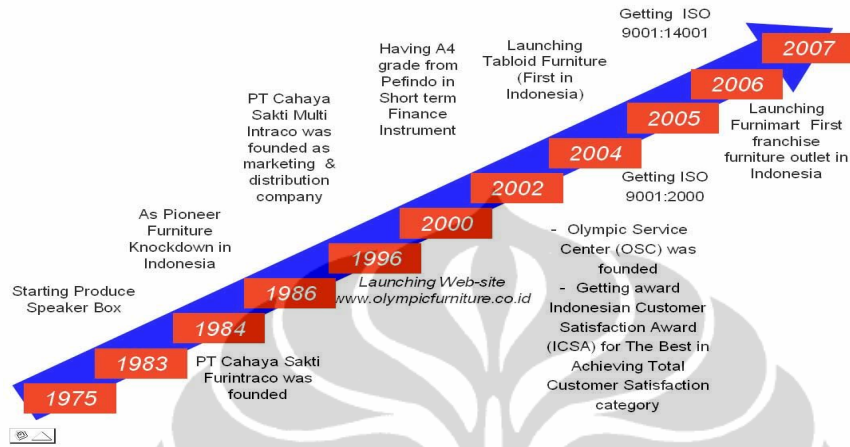
At the beginning, PT Cahaya Sakti Furintraco is a home industry of loudspeaker box producer by using particle board as primary materials. It is founded by three brothers, those are AU Bintoro, Eddy Mulyanto and Simarba Atong in 1975. Up to 1979 this home industry was still small industry which rented a very simple warehouse in Bogor .

In 1980, the three brothers formed a small private company named CV Cahaya Sakti Electronics and develop its effort in area Kaum Sari RT 01/05 Kelurahan Cibuluh, North Bogor and build a factory by producing of loudspeaker box .

This factory had been growing fast, on 29 November 1983 the three brothers founded PT Cahaya Sakti Furintraco. It concerns with furniture business on producing activities. Product furniture knockdown was produced at first is study desk. The company use “ Olympic “ as the name of product branding.

As the activities of market and distribution expanding, in 1986 PT. Cahaya Sakti Multi Intraco was established. Mr. Au Bintoro as Chairman of Olympic Group considers that the important aspect of increasing market and distribution channel should be followed by expanding in variety of products. The company starts developing Bed Room Set, Living Room Set, Children Set, Kitchen Set, and Office Set. This development is also to fulfill the increase of customers demand to knockdown furniture especially in design and feature of product. Twenty five years (1986 to 2008) is a long journey for the company to get mature and become a market leader in furniture knockdown manufacturing and trading. Customer satisfaction is the main goal of the company. Working hard as a team work is the way how to increase company's performance better.

Figure 3.1 describes Olympic history graphic start from 1975 to 2007, and the business achievements that has been made.



Source: Corporate Secretary of Olympic Furniture

Figure 3.1: Olympic History Graphic

Today Olympic knockdown Furniture is needed by customer nationally and also internationally. It is indicated that Casmi has 49 branches and 30 KIANI (districts distribution point), spreading all over Indonesia and they distribute nationally for more 3600 traditional retailer outlets, and 250 modern retailer outlets (see Figure 3.2.).



Source: Corporate Secretary of Olympic Furniture

Figure 3.2: National distribution map

Olympic products are also exported to more than 100 countries (see Figure 3.3).



Source: Corporate Secretary of Olympic Furniture

Figure 3.3: International distribution map

Realizing that fulfilling customer needs is very important, Casmi tries to diversify different brand in order to get market in any segmentations, such as ; Albatross, Solid, Princess, Olympica, and Inovatif.

Successfulness of Olympic Group has been proved by accepting some reward from national and international institutions. Those awards are : Indonesia Customer Satisfaction Award (2002-2008), 28th International Award For The Best Trade Name (2004), Super brand (2006/2007), Indonesia Good Design (2006), Solo Best Brand Index (2008), Marketing Award (2006), Indonesian Golden Brand (2006), The 7 Indonesia's Most Admired Companies (2007), Top Brand (2003-2008), ISO 9001 – 2000 (2005-2008), Primaniyarta Award (2006 to 2008), E-Company Award (2007 & 2008), and 12 awards recorded in Museum Rekor Indonesia (2004 – 2007) (see Figure 3.4).



Source: Corporate Secretary of Olympic Furniture

Figure 3.4: Reward

Those reward above that has been achieved by Olympic, only one of them which connecting with Information Technology is E-Company Award. It has been twice getting reward, first in 2007 then in 2008. E-Company Award is yearly award held by one of the best business and economic magazine “Warta Ekonomi “. The purpose of the event is to support implementation of Information Technology development in Indonesia. More than 1200 Indonesian companies participated in the event, they have been implemented Information Technology to increase their productivity, efficiency, and revenue.

3.2. Company Philosophy, Vision, and Mission

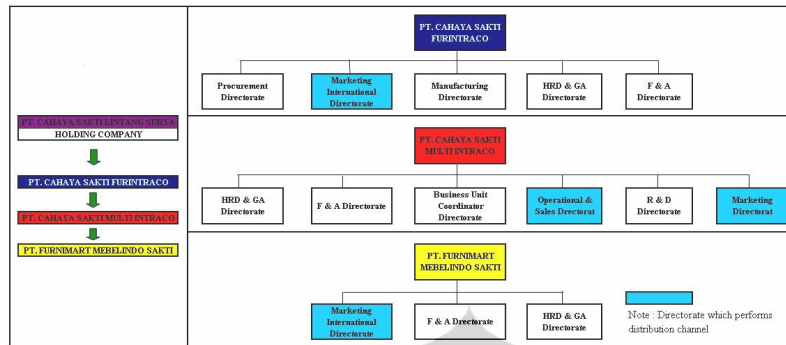
The philosophy of Olympic Group is “The Best Generation Conducting For The Best Regeneration“. It means that the higher level of personnel as the best generation in the organization (like ; Supervisor, Managers, General Manager, Chief, CEO) should transfer their ability, skill, positive culture and value in managing company to achieve its goals and objectives to the next generation (younger/lower level personnel). They should transfer their knowledge in the right time, place, and person. So the company could keep improving in all aspects.

Company’s vision is “ *to become comprehensive, integrative, and world class furniture company* “.

Company’s mission is “*giving performance competitive advantages and harmony cooperation for business relationship and also giving benefit for all the interested parties*“.

3.3. Organizational Structure

Olympic Group as a holding company which the company name is PT. Cahaya Sakti Lintang Surya. It consists of several companies; produce, distribute, and sell product furniture knockdown (see Figure 3.5).

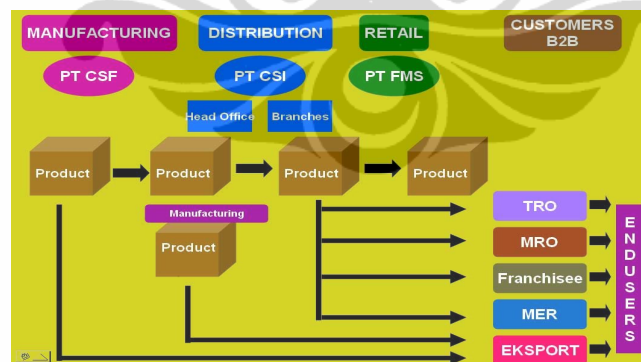


Source: Corporate Secretary of Olympic Furniture

Figure 3.5: Organizational structure

According to distribution channels, Olympic Group can be divided into:

- PT. Cahaya Sakti Furintraco - Business focuses on Mass Production Process & Export Activities.
- PT. Cahaya Sakti Multi Intraco - Business focuses on coordinating mass production in business units, distributing, and selling finished goods to Tradisional, Modern Retail Outlet (B2B), and Project (B2B, B2G)
- PT. Furnimart Mebelindo Sakti - Business focuses on distributing and selling finished goods to Direct Selling Activities (e.g. Factory Outlet and Franchise)



Source: Corporate Secretary of Olympic Furniture

Figure 3.6: Flow of distribution channels

3.4. Organizational Culture

Organizational culture in Olympic based is “*learning organization*” where human resources considered as the most important capital to achieve organizational

objectives. Every personnel has a change to improve their ability and skill in order to raise quality of human resources. Company provides training, workshop, or even scholarships. Some facilities like sport hall, mosque, and medical center are provided in order to keep good health and high productivity.

3.5. Product

As a market leader in furniture knockdown manufacturing and trading company Olympic mission is to fulfill customer needs especially in furniture. Olympic has large range of products and price starting from Bedroom set, Living room set, Children set, Kitchen set, and Office set. And it is also divided into 3 class segmentations; Brand Albatross (middle-up market); Olympic (middle market); Solid / Princess / Inovatif (Low-middle market) (see Table 3.1).






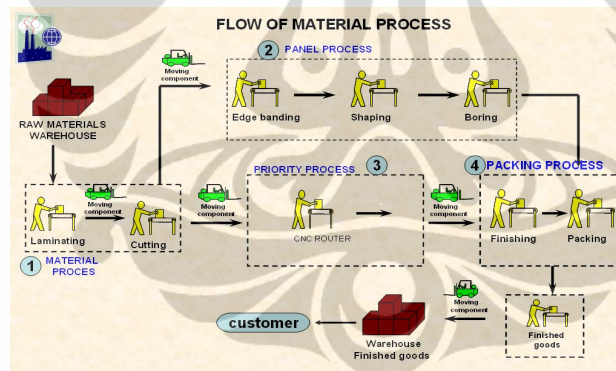
Product series	Type	Description	Product Image
Bedroom Set " EVEREST "	LPB010407E	3 Doors Wardrobe	
	LPS010407E	2 Doors Wardrobe	
	MRS010407	Dressing Table	
	RGD010407E	Double Bed	
Livingroom Set	LHS-8107	Wall Unit	
	AVR-8107	Audio Video Rack	
Office Set " PLATINUM "	MTB010180	Office Desk	
	MTS010180	Office Desk	
	MTK010180	Office Desk	
	JTB010180	Joint Table	
	BCH010180	Book Cabinet	
	BCH010280	Book Cabinet	
Kitchen Set " PLATINUM "	KKD010880	2 Doors Kitchen Set (top)	
	KAD010880	2 Doors Kitchen Set (top)	
	KBD010880	2 Doors Kitchen Set (bottom)	
	KAS010880	Corner Kitchen Set (top)	
	KBS010880	Corner Kitchen Set (bottom)	
	KKT010880	3 Doors Kitchen Set (top)	
	KBT010880	3 Doors Kitchen Set (bottom)	
	KAT010880	3 Doors Kitchen Set (top)	
KLX010880	3 Doors Kitchen Set (bottom)		
Bedroom Set For Teenager " Chic & Hip "	LPB013161	3 Doors Wardrobe	
	RTL013161	Single Bed	
	BLK013161	2 Doors Locker	
	MBB013161	Study Desk	

Table 3.1: Products

3.6. Technology

3.6.1. Technology in Production Process

Olympic as a market leader always keep best quality of its product in order to make customers satisfied. The quality of the product depends on how product being produce. Meanwhile in production system Olympic mostly uses mass production in a large quantity, except in project order. Quality control is conducting starting from receiving raw material, production process until delivery finished goods. New high technology machines are involved in every detail of the process. Membrane / CNC machine, Wang Thai machine, Selco machine, Shaper machine, Brand machine, Vacuum machine, Multi mate Vertical and horizontal boring machine are fully automatic and self programmed so the output are more precise. Those machines are imported from China, Germany and Italia. General steps in production process are: Laminating, Cutting, Edge banding, Shaping, Boring, Finishing, and Packing (see Figure 3.7).



Source: Manufacturing Division of Olympic Furniture

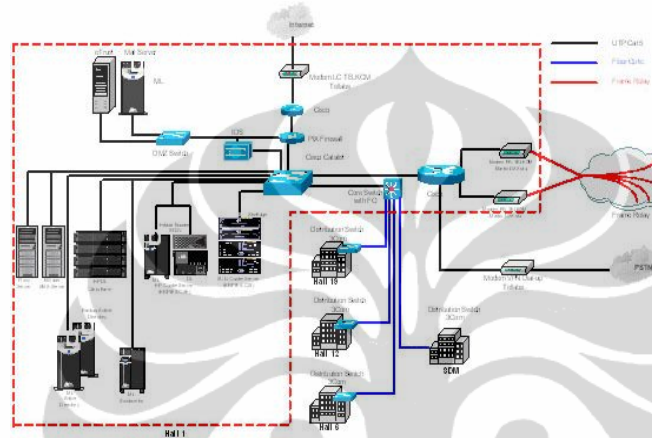
Figure 3.7: Flow of Material Process

3.6.2. Information Technology

For supporting business expansion of the company, and adopting in line with advancement of information technology in globalization era, Olympic Group has implemented Business Solutions Software ERP (Enterprise Resource Planning) world scale system from IFS (Industrial Financial System) and also used Database Oracle. Information Technology System that enable Olympic operation controlled on line 24 hours between

headquarter and branches. Transactions, stocks, and payment are recorded on time every seconds.

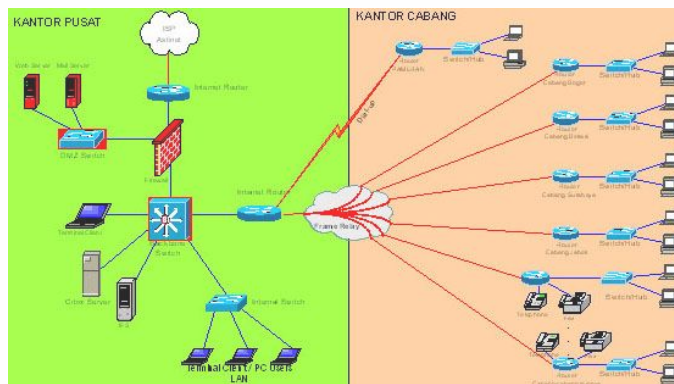
Olympic uses 768 kbps for bandwidth capacity, it is divided into two kinds of usage. First usage 416 kbps is for internet browsing and banking. The second usage 352 kbps is for Virtual Protocol Network (VPN) (see Figure 3.8).



Source: IT Department of Olympic Furniture

Figure 3.8: Scam of Hardware and Infrastructure

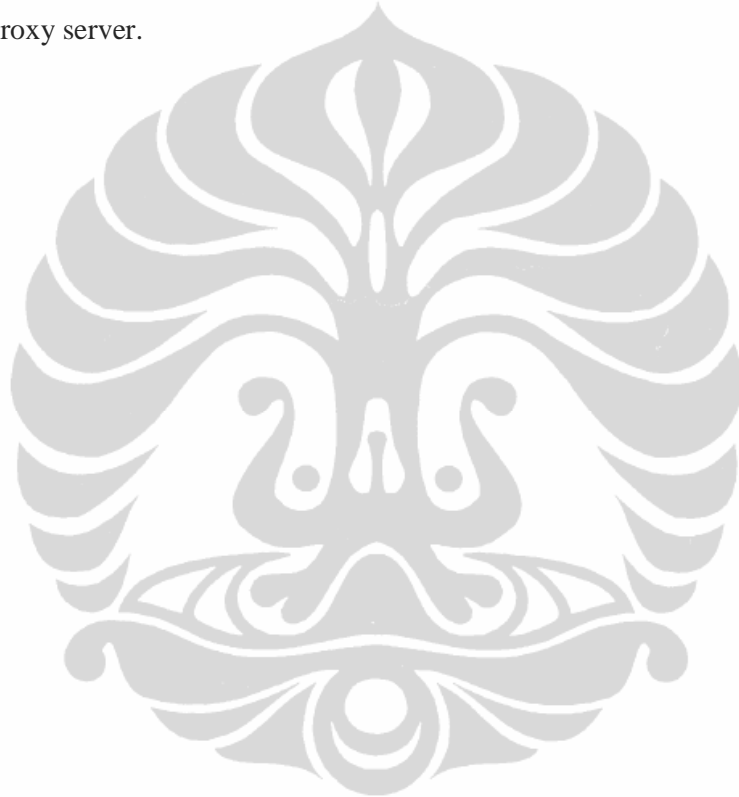
Communicating with all branches has been implemented. On the Figure 3.9 below, it shows the diagram of intranet and extranet interconnection. Olympic uses Multi Protocol Label Switching in order to transfer data from branch to head office or on the other way around. And it is also used or communication using telephone or facsimile all the time through Voice Over Internet Protocol (VoIP). Every user has different Internet Protocol (IP) address.



Source: IT Department of Olympic Furniture

Figure 3.9: Diagram Intranet & Extranet Network

The Internet browsing and banking process flow pass through router 1720 and filtered by firewall 515E before the data is received by the server. Olympic uses proxy server to accommodate internet Browsing, Banking, and VPN. Firewall and proxy server are set as a filter. Only certain Web Address, IP, username, and password are allowance to be accepted. The other process is VPN which is used for communicating with branches. Data is sent by branches through MPLS and passes through Router 3745 then received by proxy server.



CHAPTER 4

E-BUSINESS STRATEGIC PLAN

As discussed before in the previous chapter, new distribution channel will be proposed and develop in order to increase company competitive advantages by using existing potential company's strength and opportunity. Based on Sharma Chetan, Herzog J., and Melfi V (2008) on their argue on five point framework of internet, Olympic has achieved level 1 " *Reach* ", since company's website was launched in 1996. In this study is expected that four others point of framework could be develop until level of transactions.

4.1. Attractive Web Design

In order to attract visitors which were often perceived as dynamic and successful owing to the rapid increase into sites, or sales, or due to initial valuations on stock markets. There are some reasons , why the name of virtual store is "www.mebelstore.com" ?. Every visitors are expected to search Olympic's web easily, if they use search engine like; Google, Yahoo, or any other things by using selected key words. Before deciding the name, specific interviewed has been conducted to ten persons who are not familiar in browsing and ten others person who are very familiar using internet, about how if they want to find a lot of online furniture shop information. There are some repetition words they expressed, such as; "belanja furniture, furniture knockdown, tempat belanja mebel/furniture, beli mebel, furniture panel, belanja panel mebel, and so on". On the other hands using name of www.mebelstore.com, "mebel means furniture and store means shop place". Based on common words repetition above, online value preposition which is proposed in www.mebelstore.com is " Tempat Belanja Furniture Knockdown ". It is put on the top of left side the web home page. Those phrase should also be repeated in every single pages of web. The more phrases is repeated higher rank appears in the search engine. Attractive web display design also contribute value added for the company to attract visitors. It will develop image whether the company is good, qualified, and trustable or the other way around. Create feature of the virtual store is developing trust from public. The information that will be sent

should be easy to understand, lay out of the information, picture, and description should be well arranged. And the last consideration it should be easy for visitor to be download or accessed. Loading data process must be quick. Therefore in designing the display of virtual store should be attractive and easy to navigate. .

4.2. A Generic Strategy Process Model

According to the theory on chapter 2, Chaffey, Dave (2007) divided the generic strategy process model into four stages. Those strategies are Strategic Analysis, Strategic Objectives, Strategic Definition, and Strategic Implementation.

4.2.1. Strategic Analysis

Strategic analysis is divided into two categories, first is External Environment and second is Internal Environment.

A. External environment

External environment contribute high influences to establish strategic analysis on developing strategic business plan. If the environment does not support, of course the strategic plan will not be easy to be applied. In this study, External Environment will be discussed by using SLEPT techniques. This takes the form of a SLEPT analysis, i.e. an investigation of the Social, Legal, Economic, Political, and Technological influences on a business. In addition it is also important to be aware of the actions of competitors. These forces are continually in a state of change. Since there is no specific research on SLEPT factors connecting with the growth of online shopping in Indonesia, the study of its factors theory refer to what Chaffey, Dave (2007) summarized.

A.1. Social

Social factors relate to pattern of behavior, tastes, and lifestyles. A major component of this is a change in consumer's behavior resulting from changes in life styles including the way to purchase their needs. The age structure of the population also alters over time (currently we have an ageing population). An understanding of social change gives business a better feel for the future market situation. On October 2007 in Indonesia there are no less than 500 bloggers who participated in blogger party. It shows that they want to express themselves through media like; blog, yahoo

messenger, friendster, face book, and you-tube, they want to communicate. This fact pushes born of “clash of authorization” or condition where everybody feel comfort, feel have authority, and want to communicate it. Traditionally people’s behavior in communication only if they meet each other, or even by phone. Today improvement in technology pushes trend of communication moved to virtual interactions. No limit communication is an opportunity for Casmi to offer its product through online shopping. Digital marketing and sales are prospected activity in the future, richness or high content of information, personally, reach potential number of profitable customers every time, every where, and affiliation or effective links with partners and also compatible organization.

A.1.1. Growth of Internet users in social life

On this Table below, it shows that growth of internet users still sixteen millions, and in 2008 it becomes more than 1 billions internet users increased (see Figure 4.1 and 4.2).

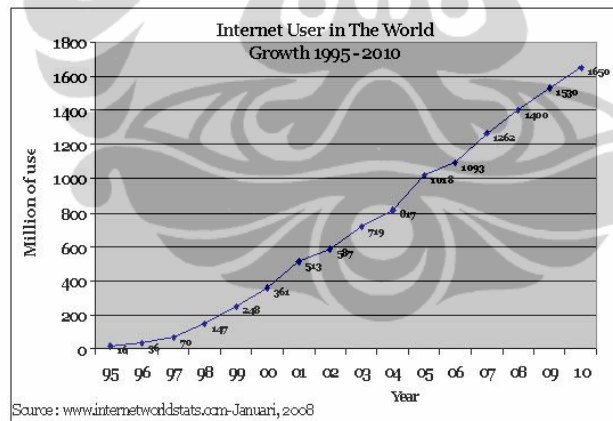
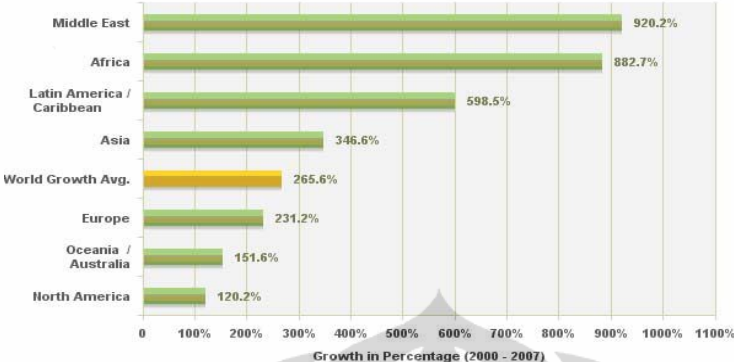


Figure 4.1: Internet Users in The World Growth 1995 – 2010

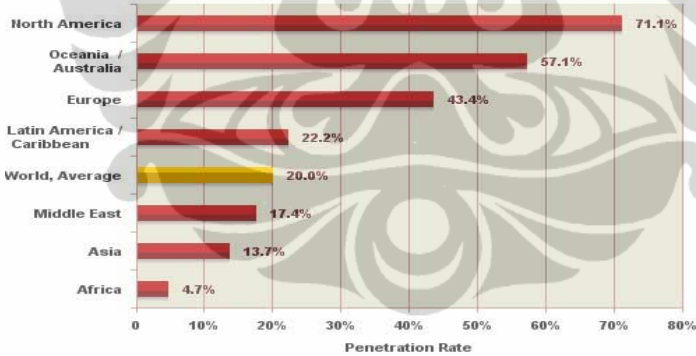
Spreading of internet users started from America, but based on diagram below it also spreads in other regions. It shows internet technology become more familiar and extremely growth.



Note: Total World Internet Users estimate is 1,319,872,109 for year-end 2007.
 Copyright © 2008, Miniwatts Marketing Group - www.internetworldstats.com

Figure 4.2: Internet Users in The World Growth In Percentage

Then the data below shows that level of internet penetration by region estimated become opportunity of the internet user growth, especially in region that has small quantity of internet users, such as Asia which is still growth 346,6% in 2000 until 2007, but penetration is still 13,7% (see Figure 4.3).



Source: www.internetworldstats.com
 Copyright © 2008, Miniwatts Marketing Group

Figure 4.3: Level of Internet Penetration In Percentage

In 2007, Internet users in Indonesia are around 20 millions by estimated growth 900% from 2000 to 2007. It's about 8.5% penetration from whole number of populations.

Information technology and communication growth in Indonesia increase positively. At the beginning of this year one of the growth mention is the growth of 51% of mobile internet through cellular phone. Users of mobile phone can access

information through Internet wherever, and whenever they want to. Penetration of mobile phone such as cellular phone, personal digital assistant, notebook, and so on in Indonesia is high. It reaches 39%. Meanwhile high speed internet users using mobile device at the end of 2007 is 315.000 persons, and it is the highest users in ASEAN (see Figure 4.4).

The data of infrastructure and communication technology growth above give the opportunities for the growth of business of content industry. So without application and content, internet likes an empty wide road. Application on the internet can be used for e-mail, chatting, world wide web, and e-commerce. If the users of internet grow, change of e-commerce grow become bigger.

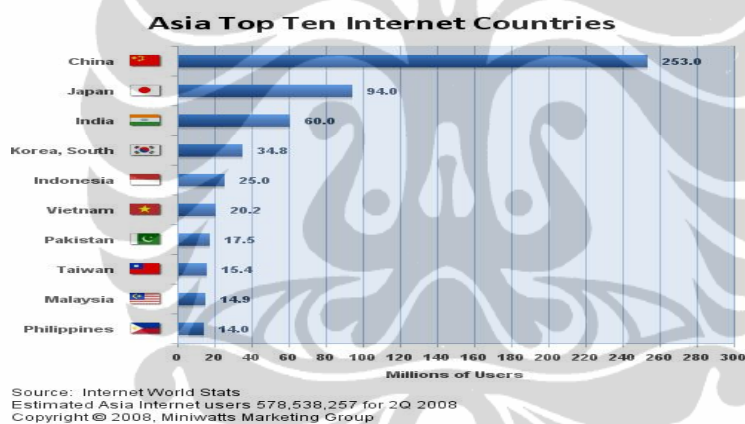
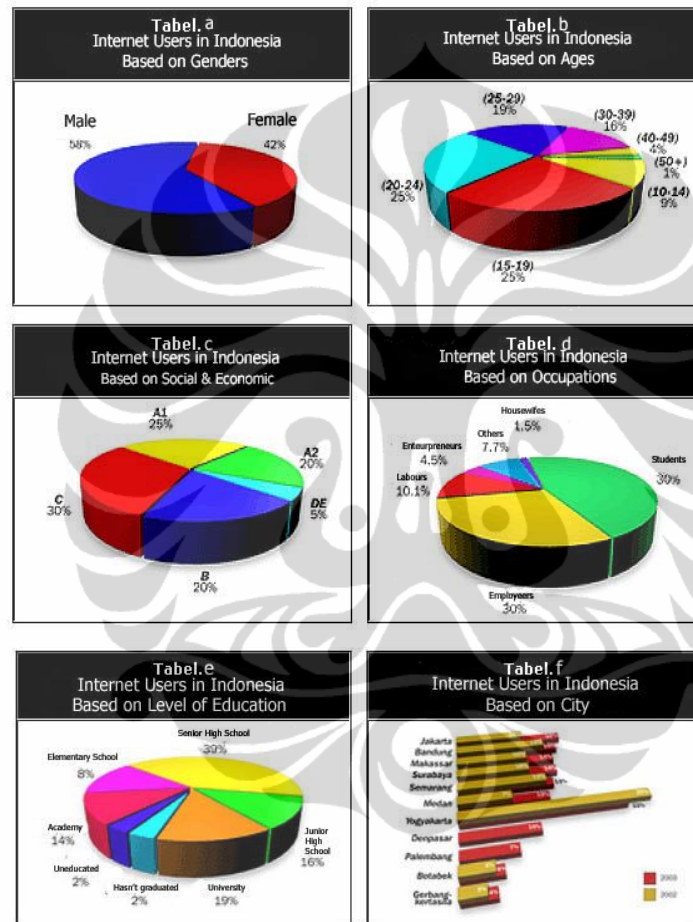


Figure 4.4: Asia Top Ten Internet Countries

According to the statistic data from <http://www.kadin-indonesia.or.id/proposal-online/beriklan-internet.php> and Asosiasi Penyelenggara Jasa Internet Provider (APJII), internet users in Indonesia at the end of December 2007 achieves 25.000.000 users which could be divided into: (1) Internet users based on sex (male 58% and female 42%) *Table a.*; (2) Internet users based on ages (10-14; 9%, 15-19; 25%, 20-24; 25%, 26-29; 19%, 30-39; 16%, 40-49; 4%, 50 < 2%) *Table b.*; (3) Internet users based on social and economic status (A1 25%, A2 20%, B 20%, C 30%, DE 5%) *Table c.*; (4) Internet user based on occupation (House wife 1,5%, Student 38,2%, officer 38%, worker 10,1%, entrepreneur 4,5%, others 7,7%) *Table d.*; (5) Internet users based on

educational level (elementary 8%, junior high school 16%, senior high school 39%, academy 14%, University 19%, has not graduated 2%, no education background 2%) *Table e*; (6) Internet based on city of users (Jakarta; Bandung; Makasar; Semarang; Medan; Yogyakarta; Denpasar; Palembang; Bogor Tangerang Bekasi; *Table f*.



Source: <http://www.kadin-indonesia.or.id/proposal-online/beriklan-internet.php>

A.2. Legal and ethical

Legal and ethical are continually being updated in a wide range of areas, e.g. consumer protection legislation, environmental legislation, health & safety and consumer & provider protection law, etc. In Indonesia There is some anxious society that consider Internet become controversy materials in it. Copyright infringement, pornography, patent, and hateful utterance (Hate speech). It is usual and difficult to be

taken care. Now Indonesia has a cyber law. It is published in March 25, 2008 by Information Technology and telecommunications Department, and approved by parliament and president on March 30, 2008.

A.3. Economic

Economic changes are closely related to social ones. The economy goes through a series of fluctuations associated with general booms and slumps in economic activity. In a boom nearly all businesses benefit and in a slump most lose out. Other economic changes that affect business include changes in the interest rate, wage rates, and the rate of inflation (i.e. general level of increase in prices). Businesses will be more encouraged to expand and take risks when economic conditions are right, e.g. low interest rates and rising demand. According to the speech of the President Susilo Bambang Yudhoyono in 15 of August 2008 in front of parliaments, Indonesia in semester II 2008 applies growth with equity as the strategy for the economic sector. Additional acceleration in economic development influenced positive effects toward decreasing unemployment rate and also poorness rate. Economic sector grows from 5,5% in 2006 to 6,3% in 2007 even it is in the middle of global crisis economic condition. In the first semester of 2008, economic grows 6,4%. Foreign exchange reserve increases and reaches \$ 60 millions in July 2008. Inflation is estimated at 6,5% (see Table 4.1), interest rate expected at 8,5% for 3 months.

Monthly Indonesia's Consumers Price Indices and Inflation.
2005, 2006, 2007, Jan-May 2008 (2002=100), June - October 2008 (2007=100)

Months	2005		2006		2007		2008	
	CPI	Inflation	CPI	Inflation	CPI	Inflation	CPI	Inflation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
January	118.53	1.43	138.72	1.36	147.41	-1.04	158.26	1.77
February	118.33	-0.17	139.53	0.58	148.32	0.62	159.29	0.65
March	120.59	1.91	139.57	0.03	148.67	0.24	160.81	0.95
April	121.00	0.34	139.64	0.05	148.43	-0.16	161.73	0.57
May	121.25	0.21	140.16	0.37	148.58	0.10	164.01	1.41
June	121.86	0.50	140.79	0.45	148.92	0.23	110.08*)	2.46*)
July	122.81	0.78	141.42	0.45	149.99	0.72	111.59	1.37
August	123.48	0.55	141.88	0.33	151.11	0.75	112.16	0.51
September	124.33	0.69	142.42	0.38	152.32	0.80	113.25	0.97
October	135.15	8.70	143.65	0.86	153.53	0.79	113.76	0.45
November	136.92	1.31	144.14	0.34	153.81	0.18		
December	136.86	-0.04	145.89	1.21	155.50	1.10		
Inflation Rate		17.11		6.60		6.59		10.96

*) Since June 2008, CPI has been based on a consumption pattern obtained from 2007 Cost of Living Survey in 66 cities (2007=100)

Source: <http://www.bps.go.id/sector/cpi/table3.shtml>

Table 4.1: Monthly Indonesia's Consumers Price Indices and Inflation

It shows that the economic of Indonesia stable and become stronger. Decentralized system creates local government to improve the economic sector getting better. Economic grows not only in Java, but also in Sumatra, Kalimantan, Sulawesi, and Papua. People has strong buying power. It is good for business investment in every sectors including business on online shopping. Marketing through internet (channel, promotion, and selling) will be more prospected in 2008 by rapid penetration process.

A.4. Political

Political changes relate to changes in government influence. Political changes are closely tied up with legal changes. At the end of 2007 political practices is inspired by business practices. Participation, competition, and society liberalization in politics are growing better, whereas accountability aspects have not yet. Along process globalization and foreign investment, the government has never given up to push accountability growing to a higher level. Acquisition and merger practices are under control of government. In its journey, more and more project of obligation of public service that offered to public company. Government puts discipline and shows tendency that its role become strength. This Dynamics will strengthen fair atmosphere of competition practices at existing industries.

A.5. Technological

Changes in technology have also become particularly significant in the post-millennium world. This is particularly true in terms of modern communication technologies. The creation of databases and electronic communications have enabled vast quantities of information to be shared and quickly distributed in a modern company enabling vast cost reductions, and often improvements in service. Organizations need to be aware of the latest relevant technologies for their business and to surf the wave of change. Improvement in technology is also needed. High level penetration of the internet will occur in 2008. Jumping movement of internet penetration is predicted run well followed by level of technology adoption in Indonesia. Today infrastructure enable internet penetration happened, such as ; warung Internet, Wi-Fi, broadband and internet network. Even government facilitate hot spot at every place in Indonesia then do champagne spreading internet reaching to some villages. Project of Palapa Ring is being developed by the government for providing strong signals in telecommunication access

and internet access. The project will serve connectivity for more than 40.000 villages all over Indonesia. There should be booming in number of internet users in 2008.

B. Internal Environment

Porter, Michael E. (2001) provided summary of how internet influences industry. Simply e-business could involve any system like, suppliers, distributors, and customers. One hands from supplier's side, the Internet can expand the size of the market, and on the other hands from buyer's side, the proliferation of internet approaches creates new substitution threats. One of key success factor to develop new distribution channel in Casmi is how to maximizing internal environment. It should be well identified and used as a strength to get an opportunities in expanding size of market. Reduces barriers to entry such as the need for a sales forces, accesses to channels and physical assets. Any thing that internet technology eliminates or makes easier to do.

B.1. Resources Analysis

Olympic has three competitive advantages in internal resources. First in Information Technology Resources, ERP as an integrated Information Technology that has been applied in Olympic since 2001, connecting head office and branches. Company provides 256 kbps bandwidth capacity for online shopping. Second in Human Resources, Olympic has 79 distribution offices all over Indonesia, where finished goods are put as an inventory in every branches. Distribution teams are more than 270 persons in branches and four persons are in head office. Two persons in head office are in marketing department who are in charge in marketing program and two others are in IT department who are in charge in online system technical support. The third in Financial Resources, every month Olympic pays Rp.107 millions for online system Multi Protocol Label Switching (MPLS) and 768 kbps Internet bandwidth to PT. Telkom. Those are fixed cost that Olympic always pay.

B.2. Portfolio Analysis

Portfolio Analysis is used as one of Strategy Analysis technique whether the new business plan that will be proposed to the management is profitable or not. Management must convince that all the investment should contribute revenue. From the

internal side whole aspects of the company strength which involved must be manage well in order to achieved the goal. Since selling product through the internet will reach wider area of the market, it is expected market share will also be added. According to Portfolio Analysis Model below on Table 4.2, developing new distribution channel could be concluded that it is prospected new business plan in the future. Because all expensive investment cost has been invested in Olympic. The strategic business plan only enlarge all potential aspects that Olympic has. It is shown on the table: (1) Most elements of applications do not exist are in high potential quadrant; (2) Only five elements are in strategic quadrant; and (3) seven others element which the applications has been exist are in key operational and at the support quadrant investment are estimated small.

STRATEGIC	HIGH POTENTIAL
~ Web store controlling system *** ~ Customer complain information system ** ~ Management reporting information system ** ~ Executive information system * ~ ERP information system *	~ Sales forecast *** ~ Marketing order *** ~ E-Procurement *** ~ E- Payment *** ~ Hot line service *** ~ CRM information system *** ~ NPCA information system *** ~ Citric * ~ Lease line *
KEY OPERATIONAL	SUPPORT
~ IFS Distribution * ~ IFS Financial information system * ~ IFS Human Resources information system * ~ Barcode attendant list application * ~ HPP application (Visual FoxPro teller mate) * ~ Autocad for D & PD * ~ WIP Tracking module application *	~ Web virtual store *** ~ Digital catalog information system *** ~ Retail shop ** ~ Corporate web site ** ~ E-Mail system * ~ ESMSIS *

Note :

* Application exist, does not need to be developed

** Application exist, and need to be develop

*** Application does not exist

Source: Chaffey, Dave “ E-Business and E-Commerce Management Third Edition “ (2007)

Table 4.2: Portfolio Analysis Models

B.3. SWOT Analysis

Before developing new distribution channel, SWOT analysis has been conducted in order to explore potential strengths and opportunities and overcome potential weaknesses and threats.

B.3.1. Sampling Technique of SWOT Respondent

The research object sampling is population's member of Casmi employers. Today number of the employers are 1292 persons, meanwhile those are at the level of manager considered as unit sampling in SWOT respondent. According to Terry G. Vavre (1997) formula to determine number of unit sampling is:

$$n \geq \frac{N \times Z^2 \times \sigma^2}{N \times \varepsilon^2 + Z^2 \times \sigma^2}$$

Where:

- n = Number of unit sampling (the bigger n is the better of unit sampling)
- N = Population (1292 employers)
- Z = Confidence Level 95% = 1,96
- σ = Deviation Standard 1,084 (9 scale)
- ε = Confidence Interval CI (0,5)

$$n \geq \frac{1292 \times (1,96)^2 \times (1,084)^2}{(1292 \times (0,5)^2 + (1,96)^2 \times (1,084)^2)}$$

$$n \geq \frac{5832,210907}{323 + 4,51409513} = \frac{5832,210907}{327,5140951} = 17,80 \infty 18 \text{ persons}$$

At the end of 2007, eighteen employers who are at manager level conducted SWOT analysis in order to formulate strategic planning in 2008. The results of their discussion directed to the next year company's continuous improvement. It is tabulated and divided into four keys success factors. Those factors are; Man, Method, Machine, and Material. Detail SWOT analysis result are:

I. Strength.

Key success factors of human resources (Man) get average score 8, online system (Method) get average score 8, district distribution point (machine) get average score 8.3, and product (material) get average score 7.75.

II. Weakness

Key success factors of human resources (Man) get average score 6, online system (Method) get average score 6, district distribution point (machine) get average score 8, and product (material) get average score 7.

III. Opportunity

Key success factors of human resources (Man) get average score 6.75, online system (Method) get average score 6.8, district distribution point (machine) get average score 7.6, and product (material) get average score 7.5.

IV. Threat

Key success factors of human resources (Man) get average score 6.3, online system (Method) get average score 7.3, district distribution point (machine) get average score 6, and product (material) get average score 7.5.

Score of SWOT could be analyzed by comparing the result of Strength x Opportunity (S x O) and Weakness x Threat (W x T). Those comparisons are;

- Man S x O = 54 W x T = 38
- Method S x O = 54.4 W x T = 44
- Machine S x O = 63.9 W x T = 48
- Material S x O = 58.1 W x T = 52.5

Since the score of Strength and Opportunities (S x O) is bigger than Weakness and Threat (W x T), the strategic plan is recommended to be conducted in 2008 (see Appendix).

B.4. Demand Analysis

Since www.mebelstore.com has been uploaded for try out on April 2008, there has been some improvement in number of visitors. The table below taken from statistics report of mebelstore.com which shows that promotion activities influence number of visitors. It is started to draw curiosity to hit mebelstore.com. <http://www.mebelstore.com/webapps/stat/index.php?f=awstats.html&p=200804> to 200909 is the web apps address provide data starts from April to September 2008.

Monthly history

Month	Unique Visitors	Numbers of Visitors	Pages	Hit	Bandwidth
Jan 2008	0	0	0	0	0
Feb 2008	0	0	0	0	0
Mar 2008	43	58	3004	4813	38.73 MB
Apr 2008	211	316	20498	30349	260.60 MB
Mei 2008	250	369	29995	42521	394.15 MB
Jun 2008	363	640	46043	63166	675.22 MB
Jul 2008	794	1151	102548	144411	1.39 GB
Agu 2008	817	1239	86187	122524	1.26 GB
Sep 2008	1333	1991	159939	228707	2.40 GB
Okt 2008	0	0	0	0	0
Nov 2008	0	0	0	0	0
Des 2008	0	0	0	0	0
Total	3812	5765	448215	636494	6.39 GB

Source: www.mebelstore.com/spanel/stats/index.php

Table 4.4: Number of visitors

Visitor's behavior data is collected to complete this study as supported data for measuring demand analysis. Since www.mebelstore.com has been uploaded on April 1, 2008 there is only 316 visitors hit the site (see Table 4.4). It is too small visitors that are expected do transaction on mebelstore.com. In order to get a lot of information, online questioner is used to investigate the study deeper. Some attractive product voucher as a gift are provided for lucky respondents who fill in the questioner. Online questioners published through viral system links with famous e-newspaper www.kompas.com held in July 11 to August 22, 2008 (42 days). It indicates that from 336 visitors or respondent, the data indicates that:

- Gender

Users can be divided into two categories male and female. In this study respondents are almost equal between male and female, as shown on Table 4.4 below.

GENDER	QTY	PERCENTAGE
MALE	179	53,27%
FEMALE	157	46,73%
TOTAL	336	100,00%

Source: www.kompas.com

Table 4.4: Respondents by gender

- Time of Visiting Web

Mostly visitors hit the web at 09.00 to 10.00 in the morning, and they usually hit at the office, as shown on Table 4.5 below.

TIME	FREQ	%	TIME	FREQ	%
01.00	1	0,3%	13.00	23	6,8%
02.00	3	0,9%	14.00	32	9,5%
03.00	2	0,6%	15.00	21	6,3%
04.00	2	0,6%	16.00	17	5,1%
05.00	5	1,5%	17.00	19	5,7%
06.00	5	1,5%	18.00	9	2,7%
07.00	8	2,4%	19.00	11	3,3%
08.00	27	8,0%	20.00	11	3,3%
09.00	37	11,0%	21.00	10	3,0%
10.00	35	10,4%	22.00	4	1,2%
11.00	24	7,1%	23.00	2	0,6%
12.00	26	7,7%	24.00	2	0,6%
SUB TOTAL	175	52,08%	SUB TOTAL	161	47,92%
GRAND TOTAL			336 100,00%		

Source: www.kompas.com

Table 4.5: Internet visiting time

- Visitor by City hit www.mebelstore.com

Based on statistics data based sent by kompas.com, we have 336 visitors who came from different city in Indonesia. It indicates that those city has potential market to apply online furniture shopping through the internet, and those also has been covered by Olympic distribution office (see Table 4.6).

No	CITY	QTY	No	CITY	QTY	No	CITY	QTY
1	BANDUNG	13	22	BATAM	2	43	KEDIRI	1
2	SURABAYA	12	23	BLITAR	2	44	KLATEN	1
3	SEMARANG	11	24	CILACAP	2	45	KUPANG	1
4	BALI	7	25	CIREBON	2	46	MAJALENGKA	1
5	MEDAN	6	26	INDRAMAYU	2	47	MAKASAR	1
6	SLEMAN	6	27	LAMPUNG	2	48	MANOKWARI	1
7	YOGYAKARTA	6	28	MADIUN	2	49	MENADO	1
8	SLEMAN	6	29	PADANG	2	50	PALANGKARAYA	1
9	MALANG	5	30	PALEMBANG	2	51	PALU	1
10	PONTIANAK	5	31	REMBANG	2	52	PANDEGLANG	1
11	BANTUL	4	32	BAGANSIAPAPI	1	53	PANGKALPINANG	1
12	SIDOARJO	4	33	BANGKALAN	1	54	PATI	1
13	BANTUL	4	34	BANJARMASIN	1	55	PEKANBARU	1
14	BALIKPAPAN	3	35	BENKULU	1	56	PEMATANG SIANTAR	1
15	JAMBI	3	36	BINJAI	1	57	PURWOKERTO	1
16	JEMBER	3	37	BOJONEGORO	1	58	SAMARINDA	1
17	KUDUS	3	38	BONTANG	1	59	SUBANG	1
18	SOLO	3	39	CILEGON	1	60	SUMEDANG	1
19	TEGAL	3	40	DUMAI	1	61	TARAKAN	1
20	ACEH	2	41	GERSIK	1	62	TIMOR LESTE	1
21	BANYUMAS	2	42	JEPARA	1	63	JAKARTA	174
SUB TOTAL		111	SUB TOTAL		51	SUB TOTAL		194
GRAND TOTAL						336		

Source: www.kompas.com

Table 4.6: Respondent by city

B.4.3. Their Behavior Towards Online Shopping

On the questioner there are two option questions that the visitors must select the answer whether they have been doing transaction in online shopping or never at all.

NUMBER OF VISITORS	Have you ever done online shopping ?				In last 3 years, how many transactions did you do online ?							
	Yes I have		Never		0		1 times		Twice		3 or more than 3 times	
	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%
336	13	3,87%	323	96,13%	9	2,68%	3	0,89%	1	0,30%		0,00%

Source: www.kompas.com

Table 4.7: Behavior of respondents toward doing online shopping

The Table 4.7 above shows that there is still small number visitors who are willing to purchase product through the internet. It is about 13 visitors or only 3,87% who has done online shopping, then visitors who do transactions in last 3 years only 3 visitors about 0,89% do one transaction, and then 0,3% or 1 visitor do twice transaction. The rest just looking for the information then they purchase off line in the shop.

B.5. Competitor Analysis

Competitor analysis is also a key aspect of e-business situation analysis, reviewing of e-business services offered by existing and new competitors and adoption by their customers. Resources including skills or technologies that provide a particular benefit to customers should be maintained and developed by Olympic Furniture as core competencies. Core competencies is one approach to identify internal strength. Customers should get value depend on product quality, service quality, price and fulfillment time. Olympic must deliver customer value, different from competitors. Selling furniture through internet is an opportunity to develop as a new distribution channel for Casmi.

Since internet become popular and all the infrastructure recommends to be used as the aims for transaction. Some players try to expand their business channels through the internet. The study in this thesis only discuss about furniture trading through the internet. Casmi realizes that there will be competition in online business, but Casmi wants to be different with others. Some activities must be done by management in order to compete in the market.

Some player who has been exist and open transaction in Indonesia are www.selaras.net, www.gudangfurniture.com, www.b2bfurniture-online.com, and any other online shopping. Some other serve Internationally are www.ikea.com, and www.sauder.com. They compete each other in four P of marketing mix, Product, Price, Place, and Promotion. Only Index, and Napolly furniture have been providing services and distributions for wide range coverage area in Indonesia, but those are still contributing corporate information.

The study of benchmarking only focuses on competitor who plays in Indonesia, because it is considered that Indonesian market is still big enough based on its population right now. Based on Robin Williams (2007), some competitors who have published online could be analyzed according to their web features (text, navigating, links, graphic, and general design), strategies, and sales programs that they offer to the customer. Some of them focus on B2C, and some others focus on B2B. Those competitors are:

1. Web of Index / www.homecenterindonesia.com

Text: Clear

Page downloaded: Medium

Animation Feature: No animation

Content: Clear and not confusing

Web Theme: Clear

Web Design: Consistence

Navigation: Easy for any users

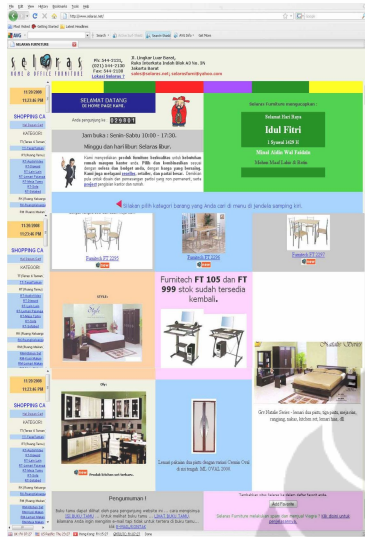
Message: Informative

Segmentation: Public Information

Remark: Company web site/providing information only



2. Web of Selaras Furniture / www.selaras.net



- Text: Clear
- Page downloaded: Medium
- Animation Feature: Little
- Content: Confusing
- Web Theme: Clear
- Web Design: Not consistence
- Navigation: Too simple but complicated (no short cut to home)
- Message: For Product informative but there is no delivery procedure

Segmentation: B2B, & B2C , Product low, middle to high end

Payment system: BCA

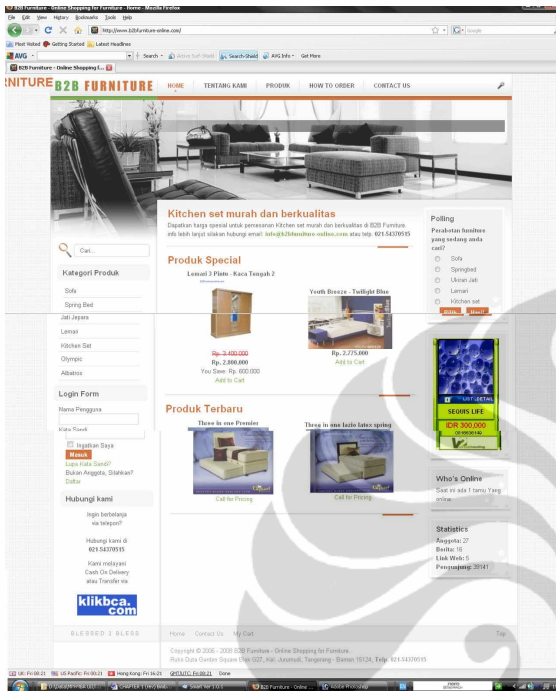
Remark: Online Shopping

3. Web of Gudang Furniture / www.gudangfurniture.com



- Text: Clear
- Page Downloaded: Medium
- Animation Feature: Little
- Content: Simple
- Web Theme: Clear
- Web Design: Consistence
- Navigation: Easy for any users
- Segmentation: B2B & B2C, Product middle to high end
- Message: Informative and simple
- Payment system: BCA, Mandiri & Niaga
- Remark: Online Shopping

4. Web of www.b2bfurniture-online.com



- Text: Clear
- Page Downloaded: Medium
- Animation Feature: No animation
- Content: Too simple
- Web Theme: Clear
- Design Web: Consistence
- Navigation: Easy for any users
- Segmentation: B2B, & Product low, middle to high end
- Message: Informative and too simple
- Payment system: Internet banking “Klik BCA”, and Cash on Delivery
- Remark: Online Shopping

5. Web of www.napollyfurniture.com

- Text: Unclear
- Page Downloaded: Medium
- Animation Feature: No animation
- Content: Too simple
- Web Theme: Clear
- Web Design: Consistence
- Navigation: Easy for any users
- Segmentation: Public Information
- Message: Informative and too simple
- Remark: Company web site / providing information only



C. Stage Models of E-Business Development

In an early model focusing on sell-side web site development, Quelch and Klein (1996) develop five stage model referring to development of sell side e-commerce. For existing companies the stages are; (1) Image and product information; (2) Information collection; (3) Customer support and services; (4) Internal support and services; (5) Transaction.

Considering sell-side e-commerce, Chaffey et al. (2006) suggest there are six choices for a company deciding on which marketing services to offer via an online present :

Level 0: No web site or presence on web

Level 1: Basic web presence. Olympic places an entry in a web site, listing company name such as www.mebelstore.com to make people searching the web aware of the existence of the company or its products.

Level 2: Simple static informational web site. www.mebelstore.com contains basic company and product information, sometimes referred to as brochure ware.

Level 3: Simple interactive site. Users are able to search the site and make queries to retrieve information such as product availability and pricing. Queries by e-mail may also be supported.

Level 4: Interactive site supporting transactions with users. Online shopping should provide easy transaction and provide easy navigation for user.

Level 5: Fully interactive site supporting the whole buying process. Provides relationship marketing with individual customers and facilitating the full of marketing exchange. Then easy payment should be provided by on line system.

4.2.2. Strategic Objectives

In managing strategic objective, the study focuses on three aspects of Vision, Mission, and Objectives itself. Those are still referred to corporate Vision, and Mission. *Vision of E-Business Strategic Plan for Casmi is “ To become market leader in online furniture shop in Indonesia “. And Mission of E-Business Strategic Plan are: to provide the best online services for the customers, to provide the best online marketing*

program, to provide the best online furniture prices. The Objectives of E-Business strategic plan are :

1. To develop and build technically web virtual store (E-Commerce) through the internet especially for B2B & B2C. Developing virtual store in Olympic does not need a lot of investment anymore, because Olympic has invested in ERP infrastructure, including intranet and extranet in 2001 for online system which is integrated with all branches. Even if there is no selling activities through internet ,there are fixed cost for Multi Protocol Label Switching (MPLS) and cost for 768 kbps Bandwidth with total amount Rp.107 millions per month to PT. TELKOM. So selling furniture through internet is apart of maximizing the existing infrastructure itself. Then for designing web, Olympic could use outsourcing web developer. Web design should be interesting in feature and easy to navigate, even for beginner. Content should be informative and the message are easy to understand.
2. To develop and publish on line electronic catalog. Selecting of product display on digital catalog should be prepare well, because those represent whether the product good or bad. Setting good price and discount are also important for attracting customers. Since virtual store is selling activity with low cost, so all the cost such as; rent cost, and promotion cost will be allocated for subsidizing selling price. Range of product should be completed including bedroom set, children set, office set, kitchen set, and others. After all preparations done, digital product catalog will be uploaded.
3. To develop system and procedure of transaction process (Customer Order & Customer Payment). One of the purpose buying online is to make it simple. Every where, every place customer just browse on the internet, type web address, hunting product, read specification, compare the price with the budget, then do transaction. Customer could pay by using credit card, transfer through the bank or customers can pay cash at home after delivery. Standard Operational Procedure (SOP) for transaction process to payment process should be arrange systematically and easy to operate (Standard Operating Procedure on appendix).

4. To develop system and procedure delivery product. One of the company strength is supported by 79 branches. It means Casmi could deliver order product fast. It is estimated delivery system is not more than 1 x 24 hour, if the product is ready stock. System and procedure for delivery product should also be arrange well (Standard Operating Procedure on appendix).
5. To develop system and procedure in controlling all transactions and target achievement. Since all transaction recorded on IFS system, Casmi will be easy to control every detail transaction, or ever it could control whether product has been delivered or not.

A. Replacement vs. Complement

When two elements of strategic objectives are being set, we have to know weather the new distribution channel is the channel that contributes revenue for Casmi as a replacement or complement (see Table 4.8). Replacement means if a new strategic objectives plan replaces the old one, and there will be no additional revenue in the financial statements. On the other hands, if it is a complement strategic objectives plan, the company will get additional income as revenue, and it is obvious stated in financial statement as an income or cash inflow (see Table 4.13).

DIST CHANNELS (DC)	Actual All Distribution Channels in 2008					
	Apr		Mer		Jun	
	Value	%	Value	%	Value	%
TRO	42.656.271.739,24	58,1%	58.648.915.542,00	72,9%	67.096.477.322,00	67,1%
MRO	11.863.033.056,35	16,2%	7.002.604.434,00	8,7%	8.787.279.462,00	8,8%
DSO	2.159.336.002,45	2,9%	2.300.229.576,23	2,9%	2.627.400.082,98	2,6%
EXPORT	16.720.805.722,80	22,8%	12.533.433.842,67	15,6%	21.499.428.777,58	21,5%
SUB TOTAL	73.399.446.520,84	100,0%	80.485.183.394,90	100,0%	100.010.585.644,56	100,0%

DIST CHANNELS (DC)	Actual All Distribution Channels in 2008					
	Jul		Ags		Sept	
	Value	%	Value	%	Value	%
TRO	56.419.256.054,00	66,6%	63.880.987.680,00	67,4%	54.430.342.953,00	63,8%
MRO	9.858.706.563,00	11,6%	11.365.657.989,00	12,0%	8.621.086.596,00	10,1%
DSO	2.577.864.758,81	3,0%	2.489.318.847,57	2,6%	2.340.478.384,10	2,7%
EXPORT	15.835.525.534,38	18,7%	17.018.987.733,14	18,0%	19.969.347.891,78	23,4%
SUB TOTAL	84.691.352.910,19	100,0%	94.754.952.249,71	100,0%	85.361.255.824,88	100,0%

DIST CHANNELS	Apr - Sept 08	%	New Dist Channels, Selling Furniture through Internet	? Must contribute revenue as Complement
TRO	343.132.251.290,24	66,2%		
MRO	57.498.368.100,35	11,1%		
DSO	14.494.627.652,13	2,8%		
EXPORT	103.577.529.502,35	20,0%		
Grand Total	518.702.776.545,07	100,0%		

Source: IFS reporting sheets

Table 4.8: Revenue from existing distribution channels TRO, MRO, DSO, & Export.

Selling furniture through internet in this study is expected give new additional revenue for Olympic, without any influence towards earning resources that already exist.

B. Extent of adaptability needed

Changing Olympic organizational culture is the toughest task that will ever take on. The organizational culture was formed over years of interaction between the participants in the organization. Organizational cultures form for a reason. Perhaps the current organizational culture matches the style and comfort zone of the company founder. Culture frequently echoes the prevailing management style. Since managers tend to hire people just like themselves, the established organizational culture is reinforced by new hires. When people in an organization realize and recognize that their current organizational culture needs to transform to support the organization's success and progress, change can occur. But change is not pretty and change is not easy.

To support and implement new distribution channel Casmi should adapt its organizational culture from off line trading to online trading. The strategic objectives is set to response transformation. The good news?. Organizational culture change is possible. Culture change requires understanding, commitment, tools and system. Creating Standard Operating Procedure, and clearly socialization are needed as the adaptation activity to achieve the plan. *The point is how to change the activity of selling from offline to online selling activity by using existing internal resources.*

C. SMART Objectives

S.M.A.R.T refers to the acronym Specific, Measurable, Achievable, Realistic, and Time-Bound (a defined time line).

Specific

In developing new distribution channels, specific objective means that the objective is concrete, detailed, focused and well defined. Objective must be straight forwards and emphasize action and the required outcome. To help set specific objectives the study uses 4W and 1H methods:

- WHAT is the company going to do? To develop new distribution channel “ Selling Product Furniture through internet and the target are B2B and B2C “ .
- WHY is this important for company to do? Because new distribution channel contributes additional marketing activities, brand awareness, and revenue for the company by using low cost of investment.
- WHO is going to do what? Who else need to be involved? Marketing or Sales and Operational Division, supported by all Branches. Some one else will be involved is web developer as an outsourcing web developer.
- WHEN does company want this to be completed? At the end of March 2008, and it is expected running well in the first of April 2008.
- HOW is company going to do this? By using systematically steps referred to well planning and well implementation which will be presented in next discussion (see 4.2.4).

Measurable

The objective of developing new distribution channel should be measurable. In order to convince management that new distribution channel gives other revenue, three method of financial measurements are used for analyzing the business plan. First methods are BEP methodology for calculating estimated Return of Investment. Second method is Target Profit Budgeting. And the third method is calculating by using Net Present Value (NPV). Those methods are very common in evaluating the new business plan. Then the result suggest company whether it is recommended or not.

1. Break Even Point Analysis & Target Profit Budgeting

The study tries to present two scenario of budgeting allocations. Scenario I presents Break Even Point (BEP), and Scenario II presents Target Profit before tax.

- Scenario I Break Even Point (BEP) Method

Target sales via www.mebelstore.com is set 50 millions. It is estimated from historical potential www.olympicfurniture.co.id visitors from April to June 2008 with average 4.739 visitors (see Table 4.9: Historical visitors of

www.olympicfurniture.co.id). Assumed that 2,1% of 4.739 visitors do transactions in [www. mebelstore.com](http://www.mebelstore.com) for each visitor is Rp.500.000. It means 100 visitors multiplied by 500.000 equal 50 millions.

www.olympicfurniture.co.id visitors				
MONTH IN 2008			Total	Average
Apr	Mei	Jun		
2.637	5.210	6.369	14.216	4.739

Source: www.imjakarta.com/webapps/stats.html

Table 4.9: Historical visitors of www.olympicfurniture.co.id

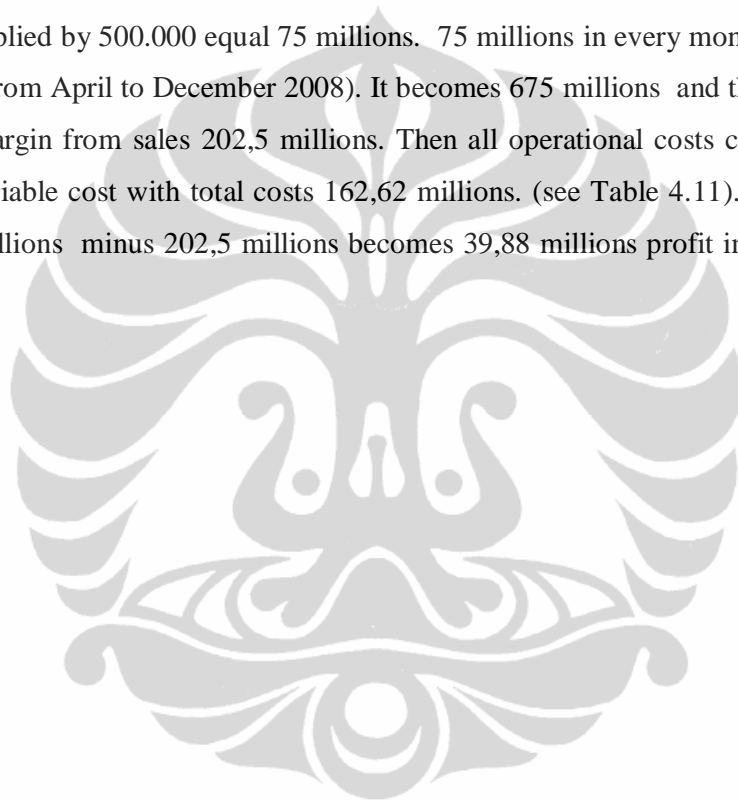
50 millions in every months for 9 months (starting from April to December 2008) becomes 450 millions and the writer put 30% gross margin from sales is 135 million. Then all operational costs consist of fixed cost and variable cost with total costs 135 millions. (see Table 4.10). If Cost or expense and revenue are equal ; there is no net loss or gain, and one has “broken even”. Therefore has not made a profit or a loss. So Break Even Point will be achieved in 9 months.

One hand, Those belong to fixed cost are; designing web virtual store, hosting, maintenance, and promotion. On the other hand, those belong to variable cost are ; selling expense, delivery cost, and general & administration expense.

Cost of Multi Protocol Label Switching (MPLS) and Bandwidth Capacity to PT. Telkom, are not calculated., because developing new distribution channel through online shopping is the only activity to enlarge function of potential internal resources. Even if there is no online shopping, Olympic still should pay the fixed total cost for telecommunication Rp.107 millions per months.

- Scenario II Target Profit Budgeting

Target sales via Target sales via www.mebelstore.com is set Rp.75 millions. Seventy five millions is estimated from historical potential www.olympicfurniture.co.id visitors from April to June 2008 with average 4.739 visitors (see Table 4.10: Historical visitors of www.olympicfurniture.co.id). Assumed that 3,2% of 4.739 visitors do transactions in www.mebelstore.com for each visitor is Rp.500 thousand. It means 152 visitors multiplied by 500.000 equal 75 millions. 75 millions in every months for 9 months (starting from April to December 2008). It becomes 675 millions and the writer put 30% gross margin from sales 202,5 millions. Then all operational costs consist of fixed cost and variable cost with total costs 162,62 millions. (see Table 4.11). Earning before tax 675 millions minus 202,5 millions becomes 39,88 millions profit in term of 9 months.



PT. CAHYA SAKTI MULTITRACO		B E P BUDGETING												Doc. No.
BOGOR - INDONESIA		MEBEL STORE.COM (SCENARIO I)												Page
		2008												Revised
		(In Millions Rupiah)												Date
NO.	KETERANGAN	APR	MEI	JUN	JUL	AGT	SEPT	OKT	NOV	DES	TOTAL	%	REMARK	
1	PRODUCT SALES													
	Olympic Product	50,00	50,00	50,00	50,00	50,00	50,00	50,00	50,00	50,00	50,00	450,00	100,00	
	Merchandising Product													
	Other Product													
	TOTAL PENJUALAN	50,00	50,00	50,00	50,00	50,00	50,00	50,00	50,00	50,00	450,00	100,00		
2	COST OF GOOD SOLD													
	Olympic Product	35,00	35,00	35,00	35,00	35,00	35,00	35,00	35,00	35,00	35,00	315,00	100,00	
	Merchandising Product													
	Other Product													
	TOTAL COGS	35,00	35,00	35,00	35,00	35,00	35,00	35,00	35,00	35,00	315,00	100,00		
3	GROSS PROFIT													
	Olympic Product	15,00	15,00	15,00	15,00	15,00	15,00	15,00	15,00	15,00	15,00	135,00	100,00	
	Merchandising Product	-	-	-	-	-	-	-	-	-	-	-	-	
	Other Product	-	-	-	-	-	-	-	-	-	-	-	-	
	TOTAL GROSS PROFIT	15,00	15,00	15,00	15,00	15,00	15,00	15,00	15,00	15,00	135,00	100,00		
4	OPERATION EXPENSE													
	Design Web Virtual Store	2,22	2,22	2,22	2,22	2,22	2,22	2,22	2,22	2,22	20,00	4,45	Fixed 1 time (it will be depreciated)	
	Hosting	0,11	0,11	0,11	0,11	0,11	0,11	0,11	0,11	0,11	1,00	0,22	Fixed 1 time (it will be depreciated)	
	Maintenance	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	18,00	4,00	Fixed Cost Every month	
	Promotion	4,44	4,44	4,44	4,44	4,44	4,44	4,44	4,44	4,44	40,00	8,89	Fixed Considered twice April to Dec 08	
	Selling expense	1,25	1,25	1,25	1,25	1,25	1,25	1,25	1,25	1,25	11,25	2,50	Every month	
	Delivery Cost	4,64	4,64	4,64	4,64	4,64	4,64	4,64	4,64	4,64	41,74	9,28	Every month	
	General & Adm Expense	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25	2,25	0,50	Every month	
	TOTAL OPERATION EXPENSE	14,99	14,99	15,01	15,02	15,02	14,98	14,98	15,01	15,02	135,00	29,83		
5	OPERATIONAL REVENUE	0,01	0,01	(0,01)	(0,02)	(0,02)	0,02	0,02	(0,01)	(0,02)	(0,00)	0,00		
6	EARNING BEFORE TAX	0,01	0,01	(0,01)	(0,02)	(0,02)	0,02	0,02	(0,01)	(0,02)	(0,00)	(0,00)		

Table 4.10: Scenario I BEP Budgeting

PT. CAHAYA SAKTI MULTINTRACO		TARGET PROFIT BUDGETING												Doc. No.	
BOGOR - INDONESIA		MEBELSTORE.COM (SCENARIO II)												Page	
		2008												Revised	
		(In Millions Rupiah)												Date	
NO.	KETERANGAN	APR	MEI	JUN	JUL	AGT	SEPT	OKT	NOV	DES	TOTAL	%	REMARK		
1	PRODUCT SALES														
	Olympic Product	75,00	75,00	75,00	75,00	75,00	75,00	75,00	75,00	75,00	75,00	75,00	675,00	100,00	
	Merchandising Product														
	Other Product														
	TOTAL PENJUALAN	75,00	75,00	75,00	75,00	75,00	75,00	75,00	75,00	75,00	75,00	75,00	675,00	100,00	
2	COST OF GOOD SOLD														
	Olympic Product	52,50	52,50	52,50	52,50	52,50	52,50	52,50	52,50	52,50	52,50	52,50	472,50	100,00	
	Merchandising Product														
	Other Product														
	TOTAL COGS	52,50	52,50	52,50	52,50	52,50	52,50	52,50	52,50	52,50	52,50	52,50	472,50	100,00	
3	GROSS PROFIT														
	Olympic Product	22,50	22,50	22,50	22,50	22,50	22,50	22,50	22,50	22,50	22,50	22,50	202,50	100,00	
	Merchandising Product														
	Other Product														
	TOTAL GROSS PROFIT	22,50	22,50	22,50	22,50	22,50	22,50	22,50	22,50	22,50	22,50	22,50	202,50	100,00	
4	OPERATION EXPENSE														
	Design Web Virtual Store	2,22	2,22	2,22	2,22	2,22	2,22	2,22	2,22	2,22	2,22	2,22	20,00	0,03	Fixed 1 time (it will be depreciated)
	Hosting	0,11	0,11	0,11	0,11	0,11	0,11	0,11	0,11	0,11	0,11	0,11	1,00	0,001	Fixed 1 time (it will be depreciated)
	Maintenance	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	18,00	0,03	Fixed Cost Every month
	Promotion	4,44	4,44	4,44	4,44	4,44	4,44	4,44	4,44	4,44	4,44	4,44	40,00	0,06	Fixed Considered twice April to Dec 08
	Selling expense	1,88	1,88	1,88	1,88	1,88	1,88	1,88	1,88	1,88	1,88	1,88	16,88	2,50	Every month
	Delivery Cost	6,96	6,96	6,96	6,96	6,96	6,96	6,96	6,96	6,96	6,96	6,96	62,61	9,28	Every month
	General & Adm Expense	0,38	0,38	0,38	0,38	0,38	0,38	0,38	0,38	0,38	0,38	0,38	3,38	0,50	Every month
	TOTAL OPERATION EXPENSE	18,05	18,06	18,07	18,08	18,09	18,04	18,05	18,08	18,08	18,08	18,08	162,62	12,39	
5	OPERATIONAL REVENUE	4,45	4,44	4,43	4,42	4,41	4,46	4,45	4,42	4,42	4,42	4,42	39,88	(0,20)	
6	EARNING BEFORE TAX	4,45	4,44	4,43	4,42	4,41	4,46	4,45	4,42	4,42	4,42	4,42	39,88	5,91	

Table 4.11: Scenario II Target Profit Budgeting

2. Net Present Value (NPV) and Pay Back Periods

Implementing new distribution channels by selling furniture through internet makes Casmi invests in designing web by outsourcing to web developer. It costs Rp.20 millions, and other cost for hosting is Rp.1 million, then maintenance cost for 1 year Rp.18 millions. All the investment becomes Rp.39 millions. The interest rate or require rate of return based on interest of bank loan is 10%. If it is expected until 3 year for pay back period so the calculation will be:

Cash outflow	Rp.39.000.000
Cash inflow year 1	Rp.39.000.000
Cash inflow year 2	Rp.50.000.000
Cash inflow year 3	Rp.53.537.000

The formula are :

$$\text{NPV year 1} = - \text{Cash outflow} + \left(\frac{\text{Cash inflow}}{(1 + \text{interest rate})} \right)$$

$$\text{NPV year 2} = - \text{Cash outflow} + \left(\frac{\text{Cash inflow}}{(1 + \text{interest rate})^2} \right)$$

$$\text{NPV year 3} = - \text{Cash outflow} + \left(\frac{\text{Cash inflow}}{(1 + \text{interest rate})^3} \right)$$

	Cash outflow	Interest rate	Cash inflow	NPV
Year 1	39.000.000	10%	39.000.000	-3.545.455
Year 2	39.000.000	10%	50.000.000	2.322.314
Year 3	39.000.000	10%	53.537.000	1.223.140
TOTAL			142.537.000	0

Table 4.12 : Calculation of NPV and Pay Back Period

If **NPV = 0**, the investment would neither gain nor lose value for the company

Achievable

Objectives are set to be more realistic and achievable, if the objective is too far in the future, company will find it difficult to keep motivated and to strive to attain it. If 3,2% of 4.739 visitors do transactions in www.mebelstore.com for value of each visitor is Rp.500 thousand. It means 152 visitors multiplied by 500.000 equal Rp.75 millions. Seventy five millions per month considers as achievable objective.

Realistic

Objectives that are achievable, may not be realistic..... however, realistic does not mean easy. Realistic means that you have the resources to get it done. The achievement of an objective requires resources, such as, skills, money, equipment, etc. Olympic has resources to develop new distribution channel, and the objective is realistic and reasonable. *According to three calculation of measurable objective, Rp.75 millions to Rp.100 millions is the realistic target sales for Casmi to be achieved in online store. Those target sales will contribute profit after deducted by operational cost.*

Time-Bound

Time-bound means setting a deadlines for the achievement of the objective. Deadlines need to be both achievable and realistic. *Time schedule to implement the plan are divided into 2 categories; first preparation time starts from February 1 to March 31, 2008; second running selling through internet starts from April 1, 2008.*

SMART objectives link one and the others forming whole objectives, solid and should be resistance toward any changing, even there are changing in environment, social, law, economic, politic, and technological (see Figure 2.11).

D. Online Revenue Contribution

Based on previous discussion that new online distribution channel should be contributed additional revenue for Casmi. So the new business plan is complementary

from existing distribution channels. An assessing of the direct and indirect contribution of the internet to sales, usually expressed as a percentage of overall sales revenue.

Data mebelstore.com transactions taken from IFS system with period April to September 2008 are on the Table 4.13 below:

Months in 2008						Total	Average
Apr	Mei	Jun	Jul	Aug	Sept		
-	1.393.636	509.091	-	8.404.545	41.997.273	52.304.545	8.717.424

Source: IFS integrated system Olympic Furniture

Table 4.13: Transactions

There is tendency increasing in transaction on August and September 2008. But it is still under BEP target sales (50 millions per month), if the company will reach BEP in 9 months.

Contribution of mebelstore.com to the whole transaction among four distribution channels shows on the Table 4.14 below:

DIST CHANNELS (DC)	Actual All Distribution Channels in 2008						Total	Average
	Apr	Mei	Jun	Jul	Aug	Sept		
TRO	42.656.271.739,24	58.648.915.542,00	67.096.477.322,00	56.419.256.054,00	63.880.987.680,00	54.430.342.953,00	343.132.251.290,24	57.188.708.548,37
MRO	11.863.033.056,35	7.002.604.434,00	8.787.279.462,00	9.858.706.563,00	11.365.657.989,00	8.621.086.596,00	57.498.368.100,35	9.583.061.350,06
DSO	2.159.336.002,45	2.300.229.576,23	2.627.400.082,98	2.577.864.758,81	2.489.318.847,57	2.340.478.384,10	14.494.627.652,13	2.159.336.002,45
EXPORT	16.720.805.722,80	12.533.433.842,67	21.499.428.777,58	15.835.525.534,38	17.018.987.733,14	19.969.347.891,78	103.577.529.502,35	17.262.921.583,73
SUB TOTAL	73.399.446.520,84	80.485.183.394,90	100.010.585.644,56	84.691.352.910,19	94.754.952.249,71	85.361.255.824,88	518.702.776.545,07	86.194.027.484,60
mebelstore.com	-	1.393.636,35	509.090,90	-	8.404.545,42	41.997.272,66	52.304.545,33	8.717.424,22
% contribution of mebelstore.com vs Existing DC	0,000%	0,002%	0,001%	0,000%	0,009%	0,049%	0,010%	0,010%
TOTAL	73.399.446.520,84	80.486.577.031,25	100.011.094.735,46	84.691.352.910,19	94.763.356.795,13	85.403.253.097,54	518.755.081.090,40	86.202.744.908,83

Source: IFS integrated system Olympic Furniture

Table 4.14: Actual distributions channel April to June 2008

According to data from Table 4.3, 4.7, and 4.9, It is obvious that there is high correlation between culture of visitors in online purchasing behavior toward the transactions or selling activities through the internet. If they use the internet just looking for the information, it will affect negative growth to the sales performance of the business model. And on the other ways, if their culture in online purchasing is more comfortable, sales will grow up and perhaps it will attract business player to this prospected opportunity business. We can see how success amazon.com, eBay.com, and any other online shop then it is followed by local online shopping provider like gramedia, bhineka.com, glodokshop.com, and so on.

E. Customer Value Target

Competitive advantages that Olympic will offer to the customers is delivering customer value. Strategic objectives target must be set before the planning implemented. Olympic focuses on product quality, service quality, competitive price, and fulfillment time as customer value target. *Customer Value target in this Strategic Business Plan is 3,2% from the average of historical Olympic corporate web's visitors. It is 4.739 visitors (see Table 4.9) which are expected do online transaction with Rp.500 thousand per visitor, then target customers are B2B, and B2C.*

F. Vision about capability to change, to reinvest

According to Strategic business plan's vision "To become market leader in online furniture shop in Indonesia", *there are two significant aspects to be considered. First aspect connecting with human resources who are the object of change in organizational culture from offline selling activities to online selling activities. Second aspect connecting with reinvest in web designing to the outsourcing developer. Reinvesting in web designing is Rp.39 millions which consist of designing web, cost of hosting, and cost of maintenance.*

4.2.3. Strategy Definition

The strategy definition is the activity of the company to formulate, review, and select the strategies to achieve strategic objectives. In Olympic online shopping as the

strategy is formulated based on vision and missions, so it is necessary to frequently revisit and revise them. In Figure 2.13 the six key decisions think about how these decision are going to vary according to many different organization characteristics : B2C, B2B, physical products, or intangible services or mixed, sized of organization, stage in product lifecycle, market penetration, not-for-profit, What strategy decision would be taken for organizations for Olympic is familiar with?

A. Option Generation

Since the existing distribution channels have not contributed maximum sales, Olympic should find out another new distribution channel. *Some consideration for finding new distribution channels are; integrated, low cost of investment, wide society range, and use optimal company strength. Selling activities are focused on B2B and B2C.*

B. Option Evaluation

If Olympic opens new branches or even new outlet in the giant super mall of the central of the big city, it will be very costly. Developing subsidiary or agent also need a lot of money to be invested. *Today what the strategic business plan for Olympic is how to get more revenue by using small investment, company strength, and company's opportunities in order to maintain market share especially in furniture knockdown market.*

C. Option Selection

Based on some condition above, selling product furniture knockdown through internet is one of new solution in developing new distribution channel. How to calculate whether it is costly or not, how long does the cost return back, and how much money will be contributed to the company. It has been discussed before and easily to be measured. *Target Profit budgeting is more recommended and this distribution channels become complement revenue contribution. Minimum sales should be achieved is Rp.75 millions per month.*

D. E-Business Strategic Decisions

Answering what strategy decisions would be taken by Olympic. 3 decisions are taken in this study to formulate, review, and select the strategies to achieve strategic objectives. First decision 1: E-business channel priorities, second decision 3: Business, service and revenue models, and third decision 6: Positioning and differentiation strategies.

D.1. Decision 1: E-business channel priorities

De Kare-Silver (2000) suggested that strategic e-commerce alternatives for companies should be selected according to the percentage of the target market who can be persuaded to migrate to use the e-channel and the benefits to the company of encouraging migration in term of anticipated sales volume and costs for initial customer acquisition and retention. In Olympic visibility study, target market is on B2C, and B2B market segmentation. It is focused on A1 25%, A2 20% and B 20% of the internet users based on social and economic status (Source: <http://www.kadin-indonesia.or.id/proposal-online/beriklan-internet.php>). On the occupation side Olympic is expected to encourage people who has fixed income and use the internet such as officer, worker, and entrepreneur about 44,6% to purchase furniture online.

D.2. Decision 3: Business, service and revenue models

Business model is a summary of how a company will generate revenue, identifying its product offering, value added services, revenue sources and target customers. Revenue model describes model of generating income for an organization. In this new strategic business plan Olympic is suggested to find out new distribution channel for getting new income or revenue by using potential internal resources and external opportunities.

D.3. Decision 6: Positioning and differentiation strategies

Companies can position their products relative to competitors according to four main variables: product quality, service quality, price and fulfillment time. Chaston (2000) argues that there are four options for strategic focus to position a company in the

online market place. He says that these should build on existing strengths, but can use the online facilities to enhance the positioning as follows; (1) Product performance excellence. Enhance by providing online product furniture customization or providing unique product furniture that only sells in online store; (2) Price performance excellence. Use the facilities of internet to offer favorable pricing to loyal customers or to reduce prices where demand is low (for example, in normal market condition price of study desk MBP-0505 is Rp.910.000 or 30% discount from price list Rp.1.300.000 but in the low demand, discount will be added to 40%, so the price decrease become Rp.780.000); (3) Transactional excellence. A site such as software and hardware offers transactional excellence through combining pricing information with dynamic availability information on products listing number in stock, number on order, delivery order procedure, and payment system; (4) Relationship excellence. Personalization features to enable customers to review sales order history and place repeat orders.

4.2.4. Strategic Implementation

A. Planning

Planning is a basic scenario of business plan. Through well calculation and planning we could estimate and evaluate the achievement of the goals. Before implementing new distribution channel and having transaction via www.mebelstore.com, there are some preparation should be conducted:

1. The company should prepare special product and price that will be offered in online shop. How much discount will be offered. According to the theory of Four P of Marketing Mix (Chapter 2); Product should be differentiated, and unique. Consumer get product only buying through online shopping ; Price should be in competitive level. If consumer buy at the exhibition, he will get 25% discount from price list, but if he buy through online shopping he will get 30% from price list for a certain product.
2. The company should make and socialize standard operating procedure of how to implement distribution and ordering system through internet to be supported by branches (*Standard Operating Procedure will be attached on appendix*). Based on Marketing Mix, placement is frequently referred to as outbound or distribution.

The distribution task entails moving the product from producers to customers (See Figure 4.5). Delivery system should be designed well and it should also implemented well in distribution offices. Cost of installment and delivery should be set reasonable and realistically. Delivery cost is set between Rp.50.000 to Rp.100.000, it depends on the distance to deliver, and cost of installment is set by average cost Rp.15.000 for one item.

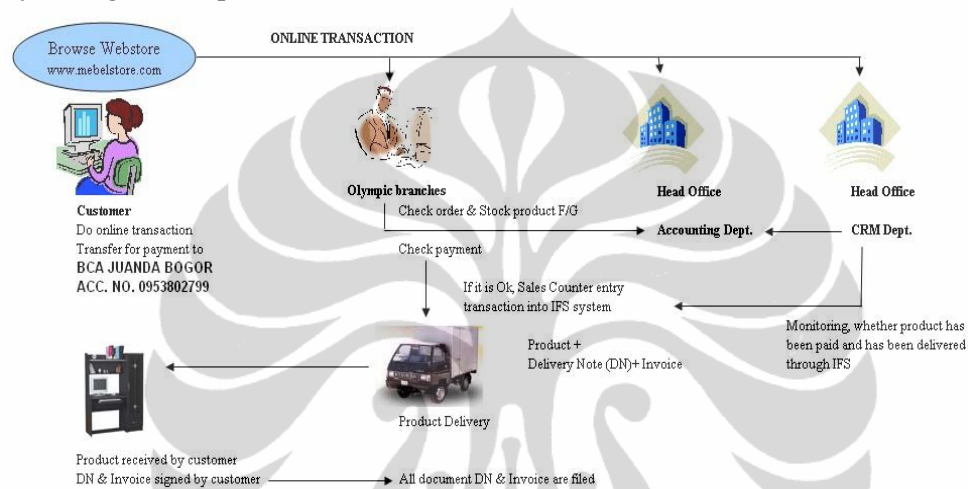


Figure 4.5: Standard Operational Procedure Online Transaction.

3. Customize new account system for new specific customer on IFS system in order to monitor how many transactions happened in the certain period, *e.g. customer who are served by Casmi branch in Bandung the customer code become BA-MSTORE (BA is code of Bandung area and MSTORE is code of transaction via internet).*
4. Propose outsourcing web designer by selecting proper web developer in order to cut cost efficiently. Ask them to create attractive virtual store. The web should be ; fast in loading data, easy to navigate, full of informative content, easy to transfer message, clear in theme, good in layout design, and eliminated unused animations (see Figure 4.6).

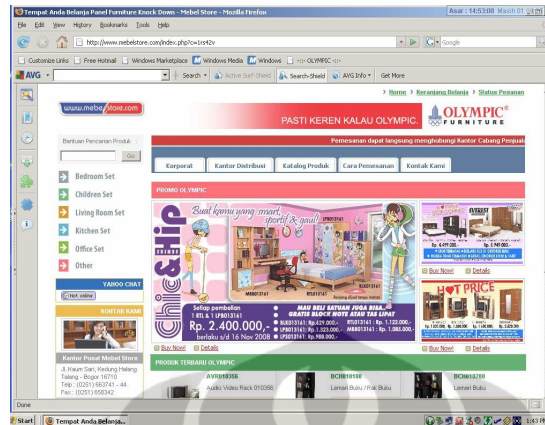


Figure 4.6: Web display Proposal

5. Selecting qualified personnel in managing www.mebelstore.com in head office. Head office becomes central in managing and monitoring all the activities of mebelstore.com and someone should have responsibility in presenting attractive sales program.
6. Providing alternative payment system
The philosophy of online shopping is to make purchasing product is easier and comfortable rather than shopping offline, so it should be supported by system of easy pay. In this study the writer propose three alternative for payment system. Those are:
 - Payment by transferring money to the company BCA bank account.
 - Cash payment after the order received by the end users.
 - Payment by using leasing company.
7. Promotion activities of www.mebelstore.com
Before and after www.mebelstore.com has been uploading on the internet, promotion activities are needed to be conducted. Because every body doesn't always know what *mebelstore.com* is? Promotion activities means socialization activities. We could divide into 3 categories: (1) Off line promotion activities; (2) On line promotion activities; (3) Promotion through link with other website (see Figure 4.7 to 4.12).

7.1. OFF LINE PROMOTION ACTIVITIES

Promotion is a part of marketing mix, as one of the biggest furniture company, off line promotion activities could be held in every event and media such as ;

a. Using Retailer Outlet Name Board.

It can be put in front of furniture shop by using the shop name. The main messages are printed on the outlet name board are “ Olympic brand “ (Olympic logo, picture of product, and awards) and also Name of the outlet, Olympic address like ; call center, SMS center, E-mail center, web site, and mebelstore.com. Those are put on the board in order to create public opinion that Olympic is easy to be bought, and easy to be contacted. Olympic furniture are every where (see Figure 4.7).



Size: 100 cm x 400 cm

Figure 4.7: Outlet name board

b. Using Promotion printed FLAYER or BROCHURE

Flayer and brochure are printed and disseminated to the visitor of exhibition or distributed to every housing field. On the flayer we could also present attractive sales program like ; additional discount for a certain items, hot price, buy one get one free, cash back, special offer, limited edition items, or even promote special prize for 100 first buyers. Flayer and brochure can also be distributed through magazine or newspaper delivery. Flayer and brochures are still considered as low cost promotion that possibly give high contribution to sales (see Figure 4.8).



Size: 2 x A4

Figure 4.8: Flyer and Brochure

c. Using Internal Magazine published by Olympic

Introducing through internal media is quite similar with commercial advertising, the different is, it manage and publish by its own, so the cost for promotion will be low rather than using commercial one. In Olympic internal magazine named “ Tabloid Furniture “ which publishes all about furniture. Every months tabloid are printed about 5000 exemplar and distributed through its distributions outlet such as ; Traditional Outlet, Modern Retail Outlet, Institution, Furniture Cash and Credit company, and etc. (see Figure 4.9).



Figure 4.9: Advertising on internal magazine

d. Using Banners

It could be digitally printed banner or paint banner. Banner can be put in every exhibitions, or marketing evens such as Launching product, gathering, exhibitions, and any other even. The messages are still the same with Outlet Name Board, but in Banners we don't put name of the outlet. Today there are some creative banner which are put by using knockdown standing tools.

Branding activity is more efficient by using banners. Especially if we do exhibition in a small area like in the mall, school, or any other places (see Figure 4.10).



Size: 2 x (160 cm x 60 cm)

Figure 4.10: Banners

d. Using Advertising media on National or Local Newspaper

Medias are tools to communicate with public, any messages are expected received or read by the readers (see Figure 4.11). In this study, Casmi wants to introduce and how to make public know about mebelstore.com and the mission of that online store.



Figure 4.11: Advertising on National and Local Newspaper

7.2. ON LINE PROMOTION ACTIVITIES

In order to maximize promotion activities, we could use online promotion like ; local radio broadcaster, TV station, or even other commercial online website. The information will reach widely to the public and the content of the message are clearly delivered, but it will be costly.

7.3. LINK WITH OTHER WEBSITE

Beside the site stand alone as a virtual store, It will be better if we use viral system that link with other website. The more viral systems are disseminated and the bigger opportunities the visitors hit mebelstore.com. It is suggested that www.mebelstore.com is possible to link with Olympic corporate website (see Figure 4.12) first www.olympicfurniture.co.id, then with other website which has established and visited by thousand of visitor everyday like; kompas.com, detik.com, alibaba.com, and so on. Another opportunities to develop viral, we could also join with some online communities, blogs, commercial site, or even social site.

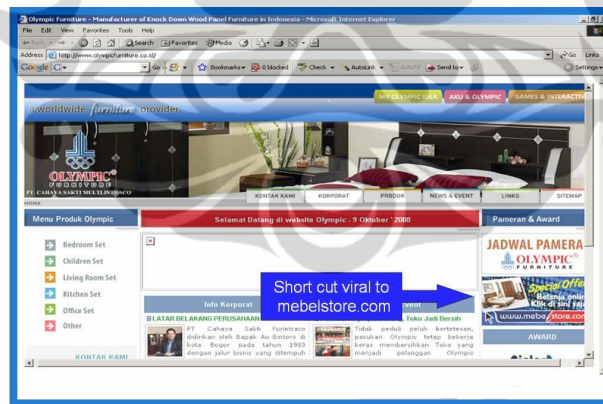


Figure 4.12: Viral through Corporate website

B. Execution

The implementation of the planning should be measured by using dead line (see Table 4.15). If the project will be applied on the April 1, 2008, then time schedule should be proposed as:

channel for suppliers to reach end users to reducing the leverage of intervening companies. Internet procurement and digital market tends to give all companies equal access to supplier and gravitate procurements to standardized products that reduce differentiation. Reduced barriers to entry and the proliferation of the competitors downstream shift power to suppliers. Fulfillment demands toward supplies become on time.

Referring to the theory of Supply Chain Management (SCM) on chapter II, SCM in Casmi does not use simplified view. It is including intermediaries at downstream supply chain, and number of suppliers play significant role at upstream supply chain as inbound logistics (see Figure 4.13).

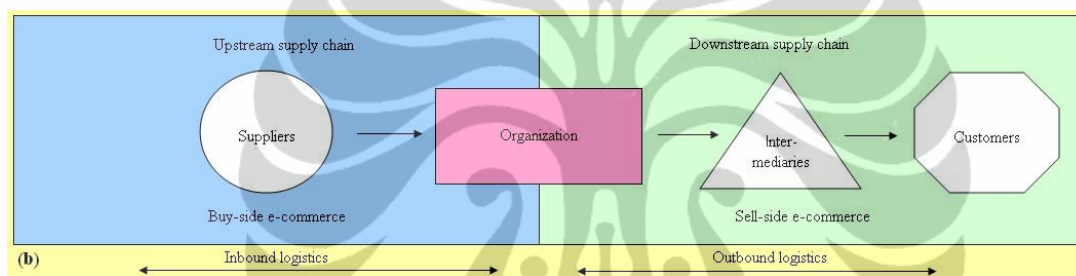


Figure 4.13: The supply chain management at PT. Casmi

Casmi is supported by two kinds of supplier such as; PT. Cahaya Sakti Furintraco, and some business unit. The business units are PT. Cipta Panel Buana, PT. Cahaya Furindotama, PT. Megah Tunggal Pratama Mandiri, PT. Cahaya Buana Pacific, and so on. Those suppliers are manufacturing divisions which supply finished goods. On the process of downstream supply chain, head office is supported by 79 intermediaries as distribution access which are called branches and kiani.

Since ERP has been implemented in 2001, it enables SCM used online system starting from suppliers to customers. In this study one recommendation could be proposed to cut transportation cost in delivery finished goods process. If the customer orders product in a large number, Casmi could manage delivery system from supplier directly deliver to customer without involving intermediaries. For example: the cost of transportation from supplier to head office's warehouse for 14.000 kilogram is Rp.1 million, and head office warehouse delivers those product to branch's warehouse needs also Rp.1 million, then branch delivers four times to customers Rp.600.000. The whole

transportation cost becomes Rp.2.600.000, and three times handling product, download and upload on the truck has probability of product reject. If delivery process could be done directly from supplier to customer, the cost of transportation will be Rp.1 million and only one time handling of uploading and downloading finished goods on the truck. Head office and branches just coordinate to collect order as much as possible until capacity of the order available for one delivery vehicle capacity. SCM in Olympic could also supply product furniture on time according to customer order. Allocation of finished good for every branches will be presented in detail by type and quantity. Production order should be based on market needs.

D.2. E-Marketing Strategies

In this strategic business plan *Olympic develop strategy of how to communicate with customers, and deliver the best service and value. The scope of e-marketing includes the tools that enable interactions with individuals in digitally networked and interactive environments.*

B.3. Planning, Scheduling, and Change Management

As we have discussed before on Chapter 4. Strategic Implementation B. Execution, developing new distribution channel (selling furniture through online shopping) Planning and scheduling start from February 1 to March 31, 2008. In detail the most risky is the activity how to change management in working culture. *Socializing Standard Operating Procedure starts from February 23 to March 22, 2008 (29 days) through intensive training for distribution teams in branches. Training mebelstore.com staff in managing all transaction, monitor delivery order, and creating marketing program starts from March 24, to March 27, 2008.*

B.4. E-Business Analysis and Design

Since company's virtual store has been uploaded on April 1, 2008, there are still obstacles to achieve the last five point internet framework. Detail explanation will be discussed systematically bellow:

1. Reach. Olympic has develop website in 1996 and web store in April 1, 2008 as an electronic catalogue, public could access and find any information about company, products, dealers, price, and also after sales service. This information could reach nationally or even internationally for twenty four hours and seven days a week.
2. Targeting. Team marketers in Olympic has been selected target market that company wants to be offered. Those target are B2C, and B2B. Products and prices are offered based on their needs. To attract customers, some unique products are sold only at online store.
3. Engagement. Through web store, marketers also build brand awareness. Presenting the advantages of brand and socializing to the public through access online. They create a relationship between company and customers by using effective interaction where customers could ask more information to the marketers.
4. Viral Effect. Some product and attractive marketing program have been offered at web store.
5. Transaction. Based on online questioner at kompas.com, Indonesian customer's behavior prefer do transaction offline rather than online. They are hesitated to transfer money first for their payment, they like buying product then pay it at home. The data shows that 30% of transaction on October to December at general cash account belong to customers who are doing transaction offline by using media internet (see Table 4.16).

HISTORICAL SELL OUT VIA ONLINE STORE				
CUSTOMER-ID	MONTH			TOTAL
	OCTOBER	NOVEMBER	DECEMBER	
GENERAL CASH	268,885,674	253,935,882	301,428,458	824,250,014
Online Shop 30% from GENERAL CASH	80,665,702	76,180,765	90,428,537	247,275,004

Table 4.16: Offline transactions October to December 2008

Another standard operational procedure should be proposed to manage offline transaction as an impact of customers who do browsing (see Figure 4.14).

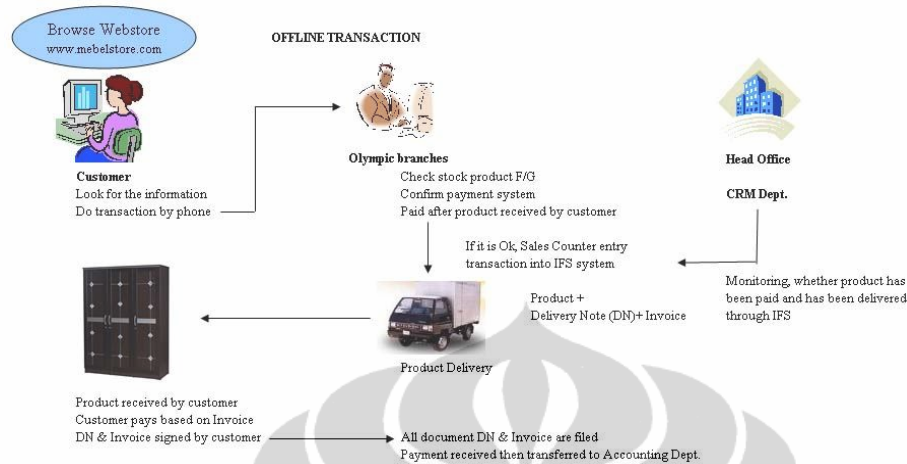


Figure 4.14: Standard operational procedure transaction cash payment after delivery product.

B.5. Implementation, maintenance, and control

Implementation activities is the creation of the system modules by coding and scripting, module integration and testing and change over to the live system. Maintenance phase commences after the system live. Certain maintenance activities involve measurement of an information system's effectiveness and update to correct errors or introduce new features necessary to improve its value to the organization. Control activities are necessary to conduct, it uses to make sure that all the implementation running well based on planning. *Olympic should control all the activities starting from preparation, implementation and getting revenue from www.mebelstore.com systematically. Periodically reviewing enables to make the system getting better through the improvement.* It is expected that new distribution channel contribute revenue and also getting new customers.

CHAPTER 5

CONCLUSION & RECOMMENDATION

5.1. Conclusion

Answering the objective of this study, strategy process models for e-business is used as a framework for approaching strategy development. These paper ended with conclusions:

- a. According to SWOT analysis, the score of Strength x Opportunity is bigger than Weakness x Threat means that developing new distribution channel by improving company's website to company web store is possible to be conducted at Olympic.
- b. Internal environment such as: information technology, human resources, and infrastructure for distribution activities support the activity in branding, conducting brand awareness, interacting with customers, improving service level to customers, and developing customer's loyalty.
- c. Small cost of investment is needed for developing new distribution channel by extending function and benefit of the internal resources.
- d. According to online questioner "kompas.com", external environment like; internet user's behavior toward online shopping is still low.
- e. Based on theory "Five point of Internet framework", Olympic could improve its website from Reach, Targeting, Engagement, Viral Effect, to Transaction. Since online shopping's behavior is still low, the strategy how to improve website to web store until the level of Transaction directed to offline transaction based on Viral Effect.

5.2. Recommendation

Some recommendation could be proposed in this study to achieve the objective of developing distribution channel through web store. At the end, improvement of website to web store must reach "transaction" level. Those recommendations are:

- a. Create and socialize standard operational procedure for payment after delivery product. This procedure accommodate external environment of the internet

user's behavior who are doing browsing on company's web and purchasing by phone then paying order product after delivery (still offline transaction).

- b. Keep doing online and offline promotion to influence number of transaction. The fact shows that on September 2008 transaction increased to Rp.41.9 millions.
- c. Finding out another simple payment system, such as: doing cooperation with banking, or financial institutions. Simple online payment create customer comfortable to do transaction.
- d. The company is recommended to choose Target Profit Budgeting. The target sales is expected more than seventy five millions per-month (see Table 4.12), in order to keep company having profit in term of ninth months ahead. The key point is " the bigger sales revenue company gets the greater profit the company has got ".

For the next research, it is recommended to cover several variables such as in this study in order to get more accurate result. However since there is no available secondary data, primary data collection should be conduct to fulfill the data required for measurements.

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SWOT ANALYSIS PROBLEM IDENTIFICATION

Sub System : CRM DEPARTMENT

APPENDIX 1

KEY SUCCESS FACTORS	STRENGTH (Internal)	SCORE	WEAKNESS (Internal)	SCORE	OPPORTUNITY (External)	SCORE	THREAT (External)	SCORE	COMPARISON		PROBLEM	NO PROBLEM
									5 x 0	W x T		
Human Resources (Man)	Having more than 270 persons who are ready to serve delivery order at branches	9	Human error on entry data process	6	Growth of Indonesian population influencing number of potential buyer	5	Customer's buying power is still weak	8	54,0	38,0		√
	Having 4 persons in head office who are good at marketing and IT	7			Reaching as much as possible of profitable customers	7	Customer's churn to competitors	7				
					Increasing of Internet user community	7	Careless administrator / Hecker	4				
					Providing comfortable shopping place	8						
Online system (Method)	Having Voip & Vpn dial for 24 hour communication between head office and branch	9	Network error Programme error	7 5	Growth of internet infrastructure	7	Socialization of using internet is still low	7	54,4	44,0		√
	Having EIS System for deciding company strategic plan	8			E-Commerce starts booming in Indonesia	5	Online shopping culture is low	8				
	Having JFS Distribution System for supplying product precisely by type, quantity, and distribution place	8			Having access point to interact with customers	8	Politic & economic situation in Indonesia has not recovered	7				
	Having JFS Financial System for calculating profit or lost every time	8			Effective promotion with low cost	7						
	Having JFS Inventory system for purchasing material to supplier or manufacturer and managing inventory finished goods	7			All marketing activities based on customer's needs	7						


SWOT ANALYSIS PROBLEM IDENTIFICATION


Sub System : CRM DEPARTMENT

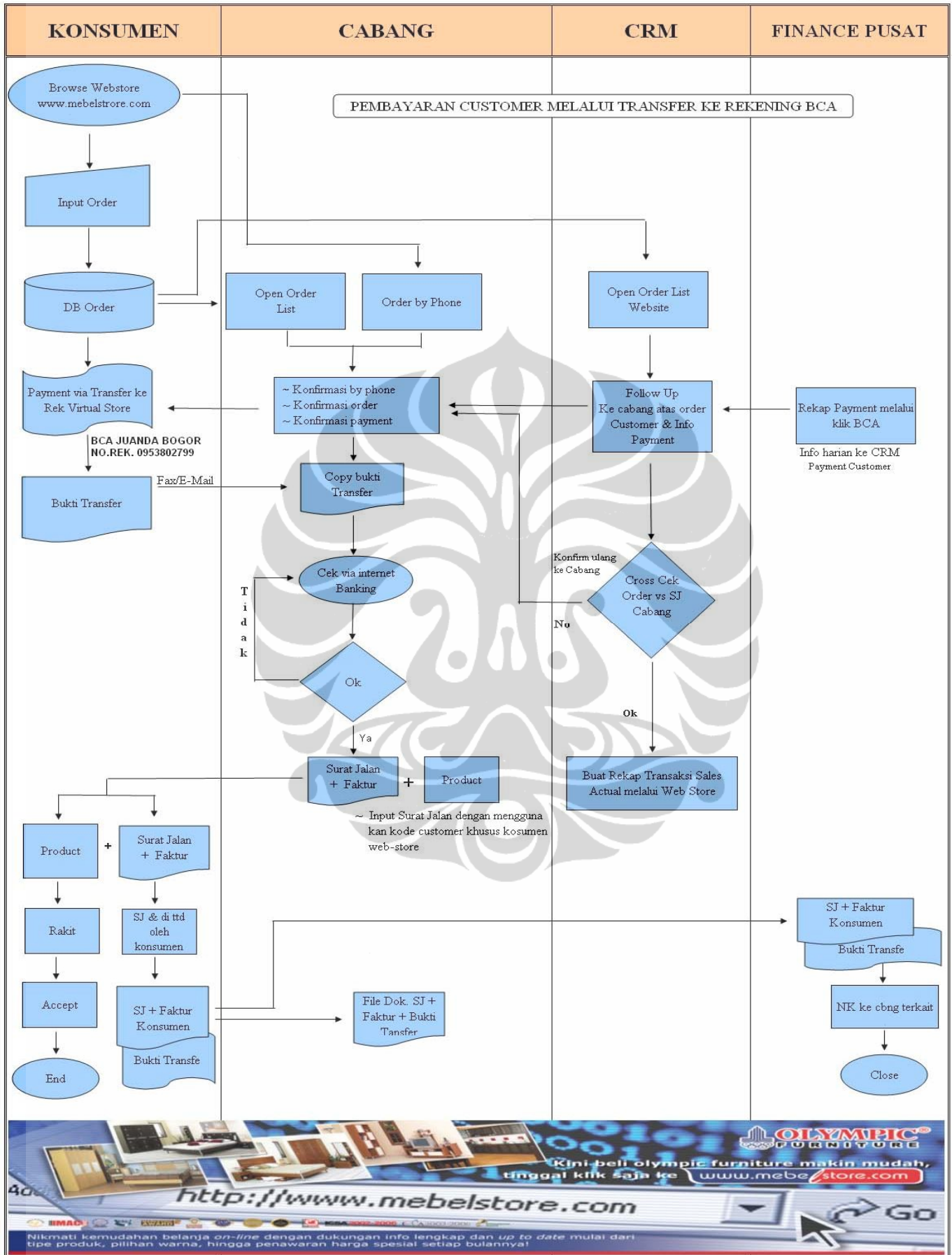
APPENDIX 1

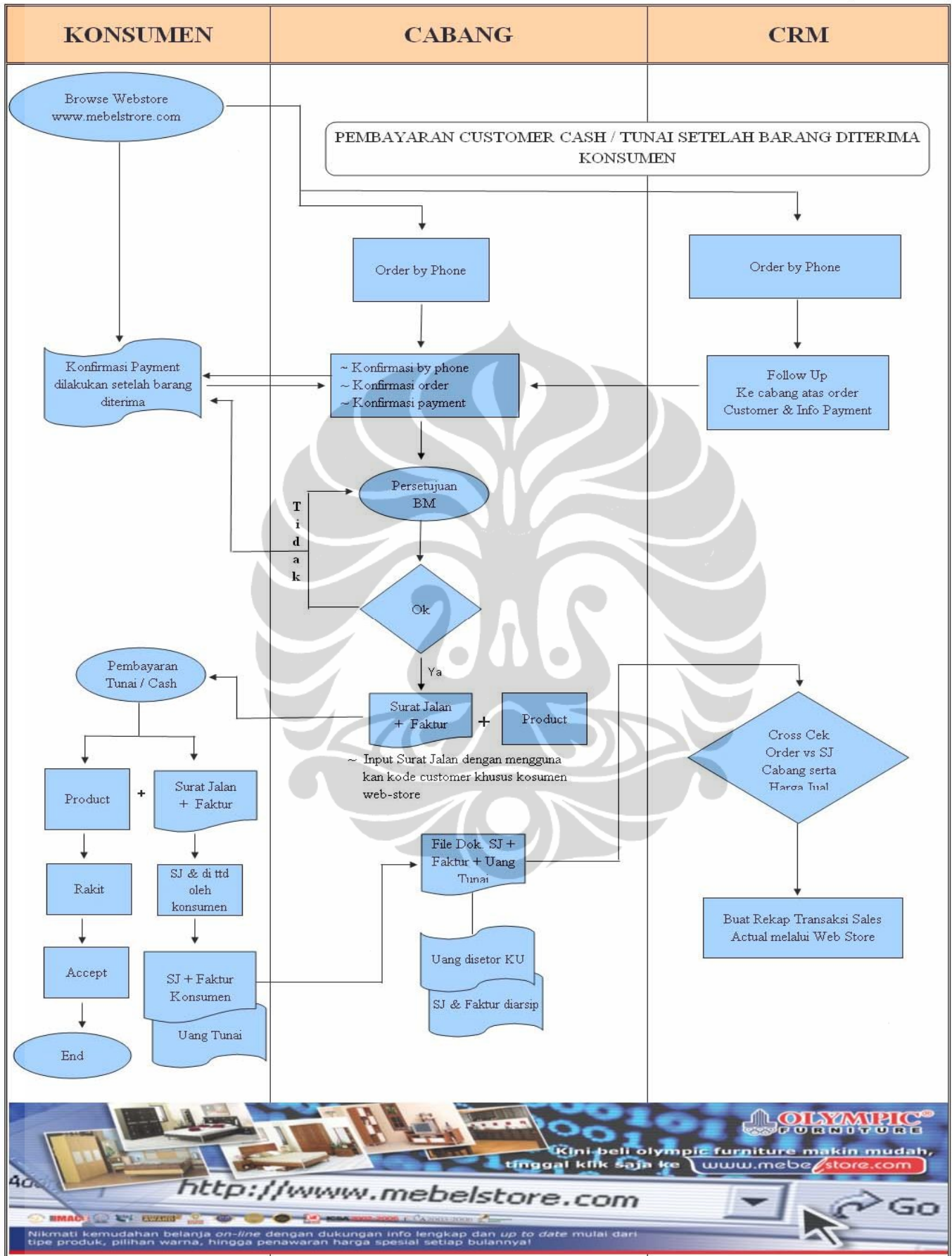
KEY SUCCESS FACTORS	STRENGTH (Internal)	SCORE	WEAKNESS (Internal)	SCORE	OPPORTUNITY (External)	SCORE	THREAT (External)	COMPARISON		PROBLEM	NO PROBLEM
								5 x 0	W x T		
Online system (Method)	Having Centralizing integrated JFS system for transaction data on a server at head office	7									
	Having Corporate web site for public information	8									
	Having SMS & Call Center, customer could be easy to interact with company.	9									
District distribution point (Machine)	Having 49 branches & 30 Kiani for distributing product to the customers	9	High cost to invest (Buy or rent assets)	8	Increasing service level to customers	8	Growth of furniture home industry.	5	63,9	48,0	✓
	Having 79 warehouse for keeping finished goods inventory safely near the customers	8			Faster in delivery product rather than competitors	8	Competitors expand their distribution	7			
	Having 120 operational cars for delivery customer order activity	8			Market could be maintained intensively	7					
Product (Material)	Product has been known well by public	9	Manufacturing needs a lot of time to supply all completed finished goods	7	Customer could be involved in designing new product	8	Competitors imitate design, models and price	7	58,1	52,5	✓
	Having wide range of product type	8			Customer could be involved in setting price of product	7	Competitors socialize that their product as good as Olympic	8			
	Having wide range of design and function	7									
	Competitive price	7									

 OLYMPIC® CRM. Dept.	PT CAHAYA SAKTI MULTI INTRACO	No Dok	001/CSI-CRM/PROG/VS/II/08
	WEB STORE	Tanggal	6 Maret 2008
		Hal	1 of 3
		Rev	0 / 0
		Cc	All BM. TRO, YNH, All Dirk & Dept Pusat

1. **Nama Program** : **WEB STORE** APPENDIX
 Web Store adalah aktivitas *Sales & Marketing* yang menggunakan media internet (*Virtual Channel*) yang merupakan implementasi konsep B2C.
2. **Tujuan dan Sasaran Program** : A. Membuka Channel Distribusi baru yang memanfaatkan Teknologi Informasi.
 B. Meningkatkan penjualan OLYMPIC Retail.
3. **Nama Situs Virtual Store** : " **www.mebelstore.com** "

4. **Pelaksanaan Program** : Target implementasi *Web store* akan mulai dilaksanakan pada tanggal 1 Maret 2008.
5. **Penjelasan Program** : A. Produk yang ditawarkan dalam program ini ada dua kategori, yaitu:
1. *Reguler Product/Core product*, yang ditampilkan dalam bentuk produk katalog.
 2. *Product Over Stock*, yang ada di cabang-cabang akan ditampilkan dalam bentuk "Hot Sale" pada halaman utama Virtual Store.
- B. Harga Jual yang dicantumkan pada *virtual store* adalah :
 Untuk produk reguler, harga yang ditampilkan adalah harga **price list diskon 30 % tidak termasuk ongkos kirim dan rakit**.
- C. Program promosi yang dicantumkan pada webstore hanya untuk produk OVER STOCK (Tidak untuk produk *reguler/core product*).
 Program promosi yang dibuat harus semenarik mungkin, sehingga menarik minat konsumen untuk masuk dan bertransaksi di web store.
- D. Program ini dikoordinasikan oleh IT Directorate dan sebagai pelaksana operasional dilaksanakan oleh CRM Departement.
- E. Materi Program Sales dalam Web Store dikoordinasikan dan dikelola bersama antara CRM Depatemen dengan Brand Manager terkait.
- F. Mekanisme pendistributian ke konsumen diatur dan dilaksanakan oleh cabang-cabang terkait dibawah koordinasi GM. Sales.
6. **Target Konsumen Program** : Target konsumen pada *web store* yaitu dibatasi hanya untuk konsumen yang berada di seputar wilayah kantor perwakilan OLYMPIC Retail.
- Ditegaskan kembali : Tidak melayani konsumen di Luar Negeri
7. **Prosedur Pelaksanaan Program** : A. Program ini dikoordinasikan oleh IT. Directorate dengan penanggung jawab operasional oleh CRM Departement.
- B. Pemilihan Produk, Promosi dan Price yang ditawarkan ke konsumen akan dikoordinasikan dengan Brand Olympic Manager.
 - C. *Flow of Document* dan *Process* untuk *Web store* terlampir.

 CRM. Dept.	PT CAHAYA SAKTI MULTI INTRACO			No Dok	001/CSI-CRM/PROG/VS/II/08
	WEB STORE			Tanggal	6 Maret 2008
				Hal	1 of 3
				Rev	0 / 0
				Cc	All BM, TRO, YNH, All Dirk & Dept Pusat
<p>8. Budget Biaya Program :</p> <p>A. Investasi awal pembuatan website + Hosting <i>web store</i> Rp. 20.000.000,00.</p> <p>B. Biaya update & maintenance content <i>web store</i> Rp. 1.000.000,00/update.</p>					
Dibuat oleh,	Diketahui oleh,	Disetujui oleh,	Diperiksa oleh,	Disahkan oleh,	
CRM. Mgr	IT. Mgr	LMD	CFO	MD	





REKAPITULASI ONLINE KUESIONER

APPENDIX 3

www.kompas.com

No	Pertanyaan	Jumlah responden		Jawaban							
		Laki-laki	Perempuan	Ya	Tidak						
	Jenis kelamin responden	336									
				179	157						
				322	14						
1	Apakah anda memiliki produk furniture knockdown ?										
				Olympic	Olympia	Solid	Fant	Expo	Lain-lain		
2	Jika ya, Furniture merk apa ?			272	75	74	52	52	50		
				Modern Retail		Toko Furniture		Furniture			Lain-lain
3	Dimanakah anda membeli produk Furniture tersebut ?			153	177	7					11
				Murah	Banyak pilihan	Mudah dijangkau					Lain-lain
4	Apakah alasan anda belanja di Modern Retail ?			38	123	65					110
				Baik	Cukup	Jelek					
5	Bagaimana menurut anda kualitas produk Olympic ?			133	174	29					
				Murah	Cukup terjangkau	Mahal					
6	Bagaimana harga produk Olympic ?			68	252	16					
				Ya	Tidak						
7	Apakah anda akan merekomendasikan teman/keuarga anda untuk membeli produk Olympic Furniture ?			239	97						
				Ya	Tidak						
8	Apakah anda pernah berbelanja melalui Internet ?			13	323						
				3 kali atau lebih	2 kali	1 kali					tidak pernah
9	Apakah anda melakukan transaksi di tiga tahun terakhir ini ?				1	3					9

Catatan

Untuk pertanyaan No. 2 dan 3 responden boleh menjawab lebih dari 1 jawaban

REKAPITULASI SARAN DARI 336 RESPONDEN

APPENDIX 3

SARAN	JUMLAH	%
Kualitas produk harus ditingkatkan	126	32.7%
Design produk perlu dikembangkan	72	18.7%
Harga cukup kemahalan	25	6.5%
Tidak ada saran (kosong)	21	5.5%
After sales service perlu ditingkatkan	17	4.4%
Pengembangan penggunaan material tahan air	16	4.2%
Variasi warna perlu diperbanyak	12	3.1%
Program Pull lebih ditingkatkan	12	3.1%
Perluas lagi jaringan distribusinya	12	3.1%
Produk harus anti jamur	9	2.3%
Assembling Instruction tidak jelas	9	2.3%
Promosi lebih gencar	8	2.1%
Warna & design khusus untuk produk anak	7	1.8%
Pengembangan penggunaan material kayu Solid	7	1.8%
Produk yang ada dicatalog sering kosong	6	1.6%
Perbanyak model minimalis	5	1.3%
Lebih sering pameran	4	1.0%
Harga sebaiknya sudah termasuk ongkos kirim & rakit	3	0.8%
Perbanyak material promosi (brosure, price list)	2	0.5%
Koordinasi program ke toko kurang baik	2	0.5%
Perlu diberikan Acc & SP Cadangan	2	0.5%
Beli secara kredit	2	0.5%
Foil susah dibersihkan jika terkena noda	1	0.3%
Model produk dibatasi	1	0.3%
Perlu melakukan Sales melalui Internet	1	0.3%
Perlu dikembangkan menggunakan material plastik	1	0.3%
Identitas pada produk harus jelas	1	0.3%
Perbaiki pakaging produk agar tidak cepat rusak	1	0.3%
TOTAL	385	100.0%

REKAPITULASI PUJIAN DARI 336 RESPONDEN

APPENDIX 3

PUJIAN	JUMLAH	%
Modelnya menarik, bagus, & trendy	19	27.1%
Kualitas produk baik	17	24.3%
Harga Kompetitif & terjangkau	12	17.1%
Type produk beragam	10	14.3%
Adanya after sales service OSC	3	4.3%
Sering memberikan discount	2	2.9%
Variasi warna lengkap	2	2.9%
Olympic mudah didapat	2	2.9%
Sering berpromosi dan berpartneran dipusat perbelanjaan	1	1.4%
Secara fungsi dapat memenuhi keinginan konsumen	1	1.4%
Selalu berinovasi	1	1.4%
TOTAL	70	100.0%