



UNIVERSITAS INDONESIA

**MARKETING COMMUNICATION PLANNING
DEVELOPMENT FOR
PT.BLACK BISHOP, A CONTENT PROVIDER COMPANY**

THESIS

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MAGISTER OF MANAGEMENT – INTERNATIONAL MASTER OF
BUSINESS ADMINISTRATION**

**JAKARTA
JUNE 2010**



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Submitted as one of the requirement to acquire the degree of MM.MBA

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**FACULTY OF ECONOMICS
MAJORING IN MM-MBA**

**JAKARTA
JUNE 2010**

THE STATEMENT OF ORIGINALITY

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Place : **Jakarta**

Date : **June 25, 2010**

PREFACE

My utmost gratitude to Jesus Christ, because of His blessing I managed to finish this thesis. The purpose of this writing is to fulfill one of the requirements to acquire a Magister Management – International Master of Business Administration degree from the Faculty of Economics of UNIVERSITY OF INDONESIA - I.A.E de GRENOBLE, UNIVERSITE PIERRE MENDES. I realized that without the help and support from many parties, from the beginning of the program until the completion of this thesis; I would have never finished the program.

Please allow me to express my gratitude to:

1. For my queen and my baby princess that never failed to give me extra spirit whenever the going gets tough;
2. My parents, who have been so supportive of me, materially and emotionally;
3. The rest of my family for their understanding and their support;
4. Mr. Firmanzah, PhD, my Thesis Counselor, for his time and valuable insights during the completion of this thesis;
5. All the university staffs, who have helped me, whether directly or indirectly, during my years in this program;
6. And all my colleagues who have helped me, without any hesitation, either by providing me with their insightful information and knowledge or just for being good friends.

Hopefully this writing would be useful for knowledge development in the future.

Jakarta, June 2010

Writer

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ABSTRAK

Nama : Richard
Program Studi : MM.MBA
Judul : Pengembangan Perencanaan Komunikasi Pemasaran
PT. Black Bishop, Sebuah Perusahaan Penyedia Konten

Tesis ini disusun untuk menjadi panduan PT. Black Bishop dalam melaksanakan kegiatan bisnisnya di sektor *Content Provider*, dengan penekanan pada perencanaan pemasarannya. Bergerak dalam suatu industri yang penuh dengan persaingan dan lingkungan usaha yang tergolong memiliki ketidakstabilan yang tinggi maka perusahaan haruslah memiliki sebuah perencanaan bisnis yang baik khususnya perencanaan yang berfokus pada komunikasi pemasaran. Dengan menerapkan strategi diferensiasi dan diferensiasi yang terfokus dengan mengandalkan keunikan, maka Black Bishop memerlukan suatu rencana komunikasi yang sesuai dengan kapasitas keuangan perusahaan serta siklus ekonomis produk perusahaan.

Kata kunci:
Perencanaan Komunikasi Pemasaran, Strategi Pemasaran

ABSTRACT

Name : Richard
Major of Study : MM.MBA
Title : Marketing Communication Planning Development for
PT. Black Bishop, A Content Provider Company

This thesis is set to be a guidance of Black Bishop in conducting its business as a Content Providers, with emphases at marketing planning. Doing business in an industry with heavy competition and high environment instability like RBT business line, then a company needs to formulate a proper business plan focusing in marketing plan that emphases marketing communication. By implementing different strategy and focused different strategy tat more bring uniqueness on its products, Black Bishop is need to formulate a communication marketing plan that also inline with its financial capacity and its product life cycle.

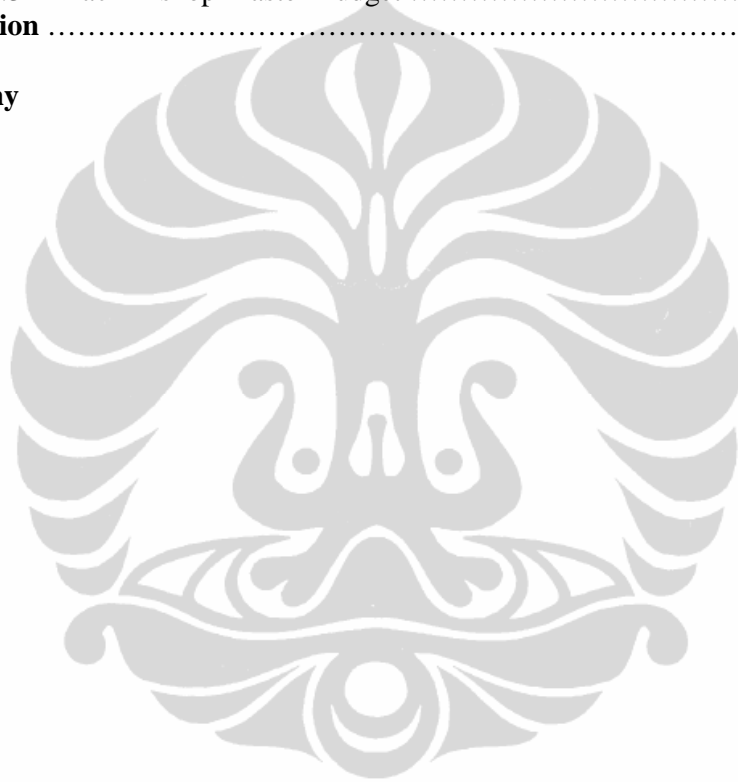
Key words:
Communication Marketing Planning; Marketing Strategy.

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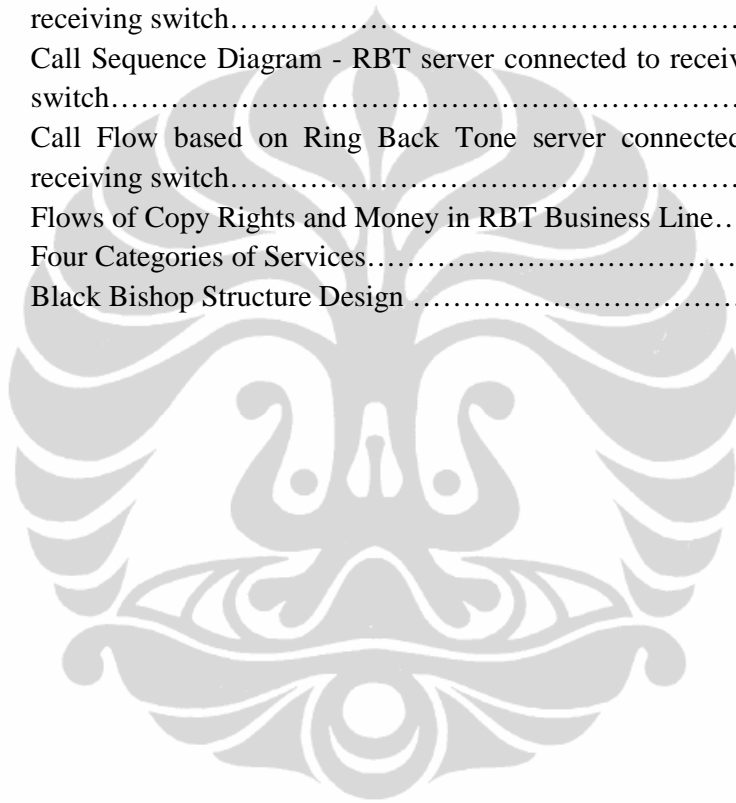


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CHAPTER 1

INTRODUCTION

The business plan consists of a narrative and several financial worksheets. The narrative template is the body of the business plan. The real value of creating a business plan is not in having the finished product in hand; rather, the value lies in the process of researching and thinking about the business in a systematic way. The act of planning helps to think things through thoroughly, study and research if you are not sure of the facts, and look at your ideas critically. It takes time now, but avoids costly, perhaps disastrous, mistakes later.

This business plan is a generic model suitable for all types of businesses. However, it should be modified to suit particular circumstances. It will be judged by the quality and appearance of your work as well as by your ideas.

It typically takes several weeks to complete a good plan. Most of that time is spent in research and re-thinking the ideas and assumptions. But then, that's the value of the process. So make time to do the job properly. Those who do, never regret the effort. And finally, be sure to keep detailed notes on your sources of information and on the assumptions underlying your financial data.

1.1 BUSINESS OPPORTUNITY ANALYSIS

Based on the definition of marketing in the Principles of Marketing; Kotler & Amstrong; 2008: page 5, it is stated that “*marketing is the process by which companies determine what products or services may interest customers...*”, Writer conducted an analysis on three current events and determined that there is an opportunity for a business.

1.1.1 Challenges for Marketing in the Time of Crisis

Since late 2008, the world economy has been experiencing great turbulence. Starting with the Subprime case in the United States, the world has gotten into a global crisis up until present day. All companies have begun to tighten-up their budgets and cut their expenses in order to maintain their competitive edge. Marketing division as the front-line of every company in generating revenues nowadays face a very heavy burden, as they are expected to maintain their current market while trying to gain new ones, all of which must be done with decreased budget. This situation creates a need for a breakthrough where marketing can increase the value of their company, and all the while, maintain their company's competitiveness in the market.

One of the marketing expenditure is advertisement. Many of the companies try to communicate their brand to mass market by doing television and/or radio commercial. Some of the companies try to present their brand as interesting as possible whether by using an interesting plot of story, catchy tag line, a very decent jingle, et cetera, just to embed their brands into customers' minds. Those efforts are costly. Some of those commercials are so good that not only do they attract potential buyers but they also become very well-known commercials in Indonesia.

In the effort of making a good jingle, many companies spend a large portion of their budget to hire talented music arrangers. They even use famous artists to sing the jingle in their commercials. Therefore many of commercial jingles in Indonesia are popular in Indonesia, such as Indomie jingle (Selera Nusantara), Teh Botol Sostro (Nikmatnya Tak Tergantikan), Djarum Cokelat (songs by Nidji & Erwin Gutawa), et cetera. However, the said companies have only used those jingles for advertizing purpose. No one has realized that through the development of technology these days, there is an opportunity to exploit this expense to generate direct revenue for companies to fund their marketing in order to be more aggressive.

1.1.2 Strong Fan Base of Domestic and Foreign Football Club

People of Indonesia can be categorized as football lovers. Many of domestic and foreign football clubs have official or non-official fans clubs with strong connection between the fans. Many of those fans are fanatic fans, who will proudly state their support and their love upon a certain club. Their statement can be in the form of wearing t-shirt of the club's uniform, stickers, scarves, pins and many more. And the most obvious form is the club's anthem, which are usually memorized by their fans and sung out loud whenever their favorite clubs are playing or whenever a group of fans are gathering.

The high level of interest in football in Indonesia has attracted many business players to step in and create revenue stream by exploiting this community. Starting from TV rights, merchandizing, mobile content and public events. Many of new products are offered only to satisfy the huge desire of football fans in Indonesia.

1.1.3 Booming of RBT Segment in Telecommunication Industry

In telecommunication industry nowadays, there is a segment that has been experiencing massive increase. And that segment is Ring-back tones (RBT for short). What is RBT? A **Personalized Ring-back Tone (RBT)** or **Audible Ringing Tone** is the preferable song or sound, which replaces the standard waiting tone, that is heard on the telephone line by the calling party after dialing and prior to the call being answered at the receiving end, usually the song or sound is determined by the number's owner. RBT started to be implemented since Seelig's RBT patented filed in 2001 - US Patent No. 7,006,608. The first functional prototype for RBT replacement as we know them today was created by PromoTel, a US company using Karl Seelig's RBT technology in August 2001, published in an Advertisement in the Economist Magazine 2001 and as an Article in the OC Register.

RBT in Indonesia was introduced in September 2004 by Telkomsel and then followed by other telecommunication providers (to be stated as **Providers** from this point forward). With RBT, all cellular users can personalize their waiting tone by selecting one song or unique material. RBT taken from an original song uses only 30 seconds cut from the said song. Unique materials used as RBT may be in the forms of sound effects, jokes, a line conversed by a known individual, or any kind of interesting sounds. Nowadays all songs from many genres can be used as RBT, either that Pop, Dangdut, Rock, Jazz,, Religious songs, or even traditional songs.

To activate an RBT, a customer is required only to enter the RBT number code to Providers' systems through a Short Message System (SMS) or call the Providers' service centers. The list of RBT codes is provided in the Providers' websites. For songs that have just been released, the RBT codes are usually provided in the album covers. Customers can use more than one song as their RBT.

By paying a certain charge (depending on which Providers those customers use), customers can use more than one song per period. A period usually means one month or one week; whichever is chosen by the customers. Those songs will be played differently for different calls that try to reach the number. The price list for RBT services in Indonesia is presented below:

Table 1.1 RBT Services Price List in Indonesia

(in Rupiah)

Provider	Description		Registration Charge		Content ⁽¹⁾		Renewal Charge
	Code	Brand	Using SMS	Calling ⁽³⁾	Original	Sound effect	
Telkomsel	NSP	Halo ⁽²⁾	250	500	9,000	5,000	7,500
		Simpat	350	700	9,900	5,500	8,250
		AS	350	700	9,900	5,500	8,250
Indosat	iRing	Mentari ⁽²⁾	5,500		8,000	6,000	5,500
		IM3 ⁽²⁾	5,500		8,000	6,000	5,500
Pro XL	RBT	XL ⁽²⁾	350	500	5,500	5,500	5,500
Axis	RBT	Axis ⁽²⁾	300	500	7,700	7,700	5,500
Three	RBT	Three Putih ⁽²⁾	250	N/A	7,000	7,000	7,000
		Three Hitam ⁽²⁾	250	N/A	7,000	7,000	7,000
Mobile 8	RingGo	Fren ⁽²⁾	250	500	9,000	9,000	9,000
Esia	RBT	Esia ⁽²⁾	FOC ⁽⁴⁾	FOC ⁽⁴⁾	9,000	7,000	

⁽¹⁾ per song per month

⁽²⁾ Exclude VAD Tax (10%)

⁽³⁾ per minute

⁽⁴⁾ FOC = Free of Charge

Sources: www.telkomsel.com; iring.indosat.com; rbt.xl.co.id; rbt.axisworld.co.id; www.three.co.id; www.ringgo.obile-8.com; www.esia.co.id

Since it was first introduced in Indonesia, RBT segment has shown rapid development. It was reported that it has been producing significant income for Providers, despite the fact that only 20% of the telecommunication customers are using this service. And yet, in 2009, the Providers in Indonesia earned approximately a total of Rp.2.5 Trillion. Furthermore, all players in this segment are targeting Rp.3.5 trillion in 2010 with 40% growth of revenue. This forecast was established because statistically, since 2008, this segment has shown a stable growth in revenue (taken from: Swa, March 2010 edition).

Although the RBT segment shows a marvelous income, the Providers in Indonesia do not truly act as the talent scouts. This segment is categorized only as *Value Added Services*. They open their doors to all parties to make the agreement to publish their song(s) as RBT, either directly with the artists themselves or through a Content Provider. One of the Providers, Esia, even provides the opportunities for its clients to market their own creations as RBT. While the Providers are not the talent scouts for the RBT Segment, these Content Providers are. Usually, after signing an

artist, who in their opinion has a good song that can be exploited as RBT material, they will approach the providers to offer the rights to publish the said material.

1.1.4 Business Idea

As shown by the first fact, the marketing people need a new breakthrough to increase their company value directly or indirectly. And the second fact shows that there are anthem songs of domestic and foreign football clubs where the fans in Indonesia memorize those songs with all their heart. And the third fact shows that there are some of customers in telecommunication industry, who are willing to pay large sums of money to show their interest and/or merge their own characteristic into their cellular which leads to the booming of RBT segment in telecommunication industry. If we observe those conditions, the first two have the basic requirement to be successful in RBT business line, which is a decent song enjoyed by many people.

Therefore by taking advantage of the booming of RBT in telecommunication industry, there is an opportunity to exploit company jingle and football club anthem, for which the company puts a lot of efforts and money, as RBT. Therefore, the Writer determines that there is one business opportunity to offer those companies and clubs a service as a CP that acts as the mediator between them and Providers in Indonesia so those companies can “capitalize” one of their marketing expenses and generate direct income for them; football clubs can have additional income and also for the new established company. And also to provide an opportunity for all customers of the Providers to use a certain jingle/anthem as their own characteristic.

By using the analysis, the Writer decides to build a new mobile content provider focusing on RBT content. Black Bishop, the company discussed in this writing, will act as a CP and pursue all Jingles that have the potential to be exploited as RBT and football club’s anthem as its main strategy.

1.2 BUSINESS PROFILE

1.2.1 Systematic of RBT

How does RBT system work? There are several methods within the switching system to interrupt the call connection flow in order to replace the standard "ring-ring" ring-back tone with a custom ring-back tone to provide the service. RBTH's licenses and intellectual property cover all the combinations within the network that can provide the service.

The first diagram below shows the ring-back tone system connected to the calling party's switch and the dotted lines show the basic sequential call processing flow:

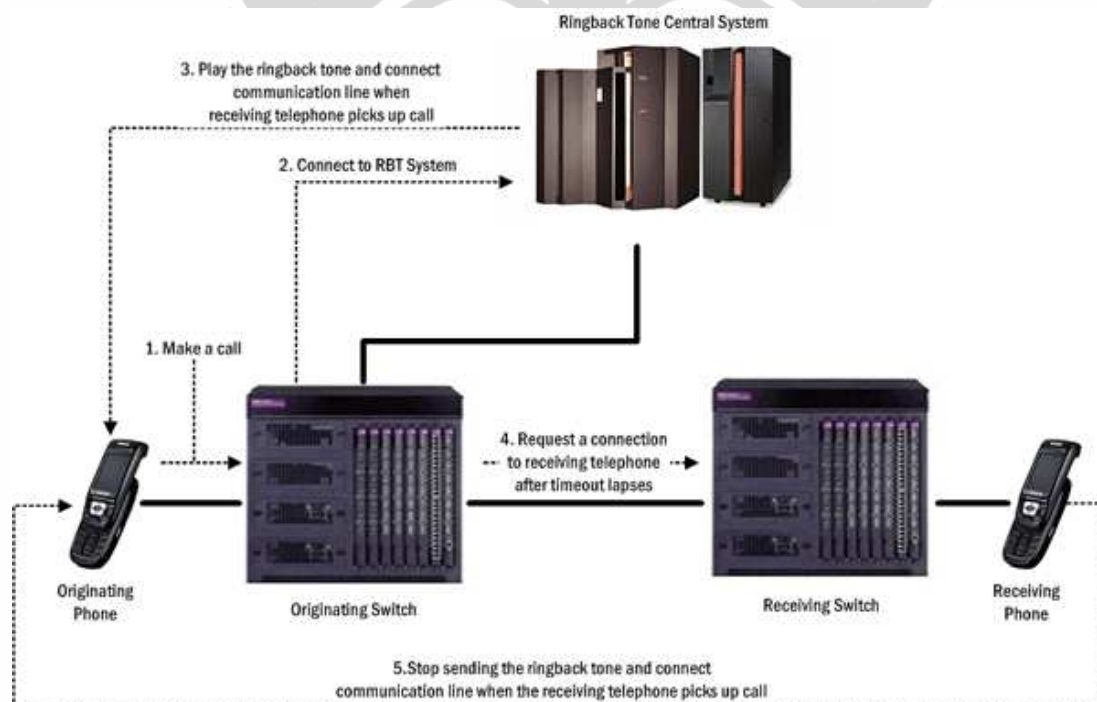


Figure 1.1. Call Flow based on Ringback Tone server connected to originating switch

(source: www.rbth.com)

Whenever a customer calls the specific number, the system of the Provider of the caller would identify whether or not the caller has activated a RBT. If the call

recipient has activated a RBT to be played whenever the caller of the number requests a connection to his/her number, then the Provider's system would send a command to RBT server to play the RBT while simultaneously request a reception from the provider of the call recipient. This system is not commonly used in Indonesia, except when the Providers want to broadcast a commercial or an announcement to its customer.

A more detailed sequence diagram that shows the step by step events that occurs in the above figure is shown here:

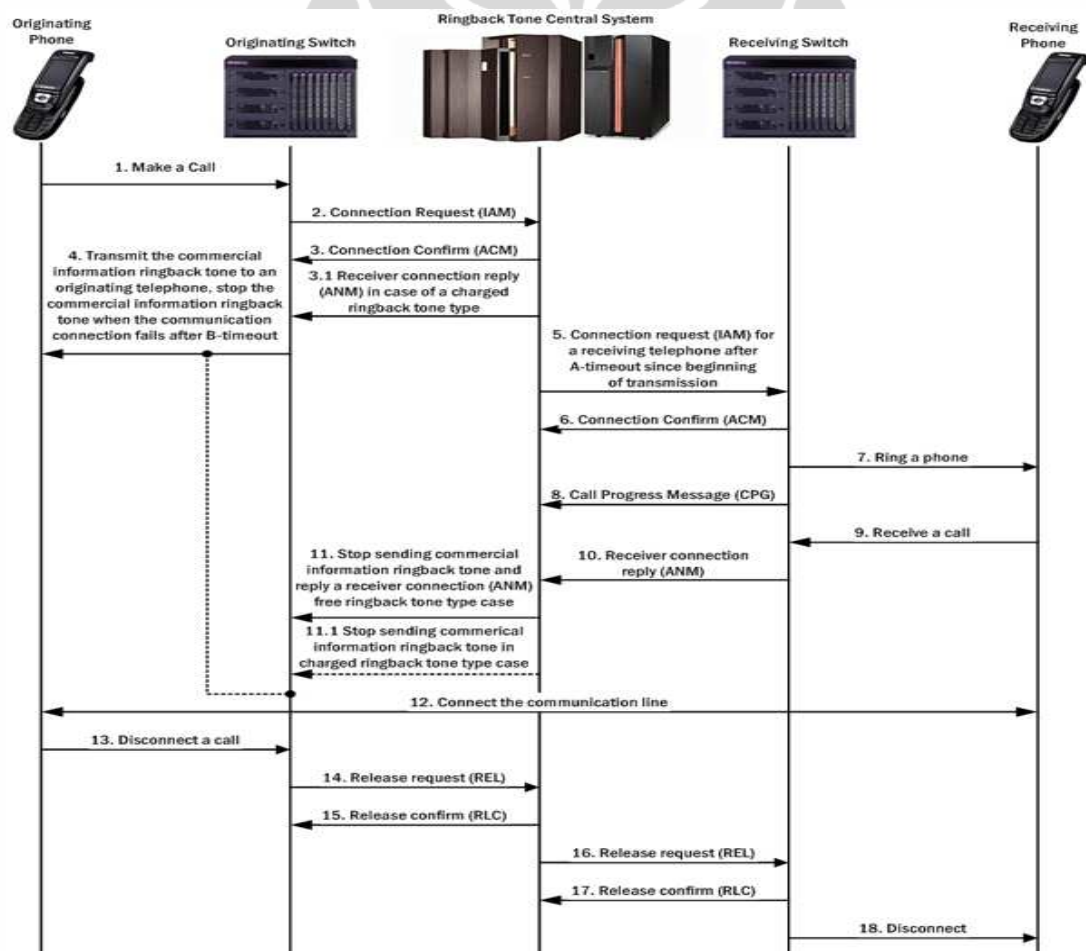


Figure 1.2. Call Sequence Diagram - RBT server connected to originating switch

(source: www.rbth.com)

The other common architecture, as mentioned above, is for the ring-back tone system to be connected to the receiving switch (the receiver of the call is the ring-back tone subscriber). This is shown in the following figure:

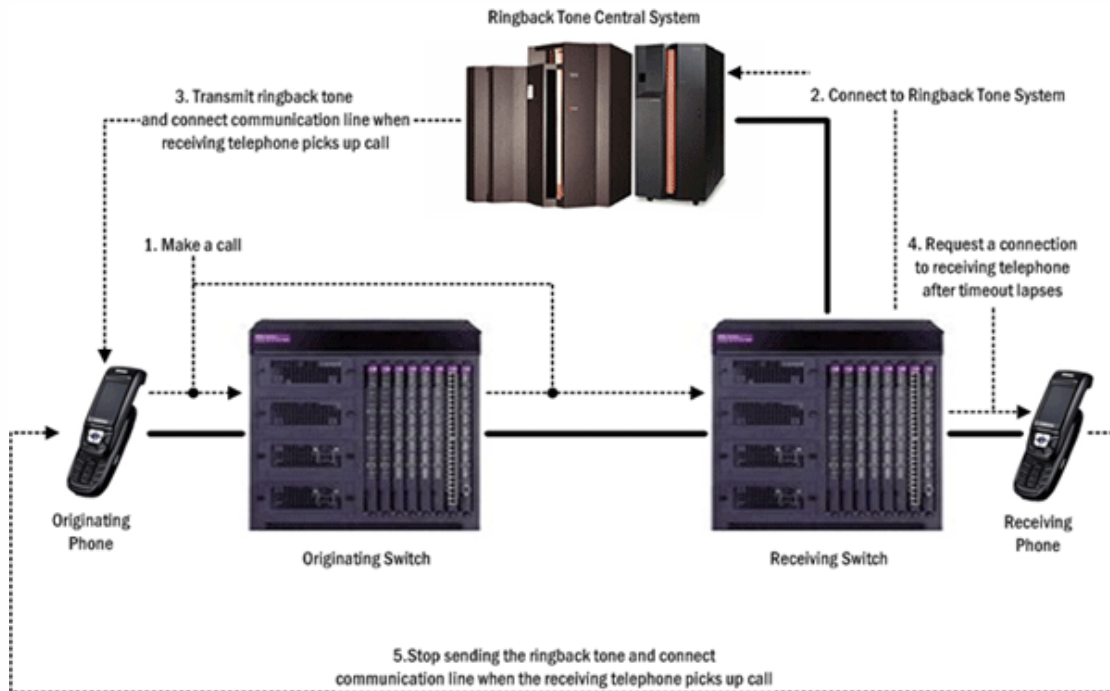


Figure 1.3. Call Flow based on Ringback Tone server connected to receiving switch

(source: www.rbth.com)

Whenever a customer calls a specific number, the provider of the caller will forward the reception's request to the provider's system of the recipient. When the request enters the system, it shall detect RBT activation of the recipient's number. If an activation exists, then the system shall send a notification to the RBT server to play the song to be heard by the caller while waiting for the recipient to pick up the call. A more detailed sequence diagram that shows the step by step events that occur in the above figure is shown here:

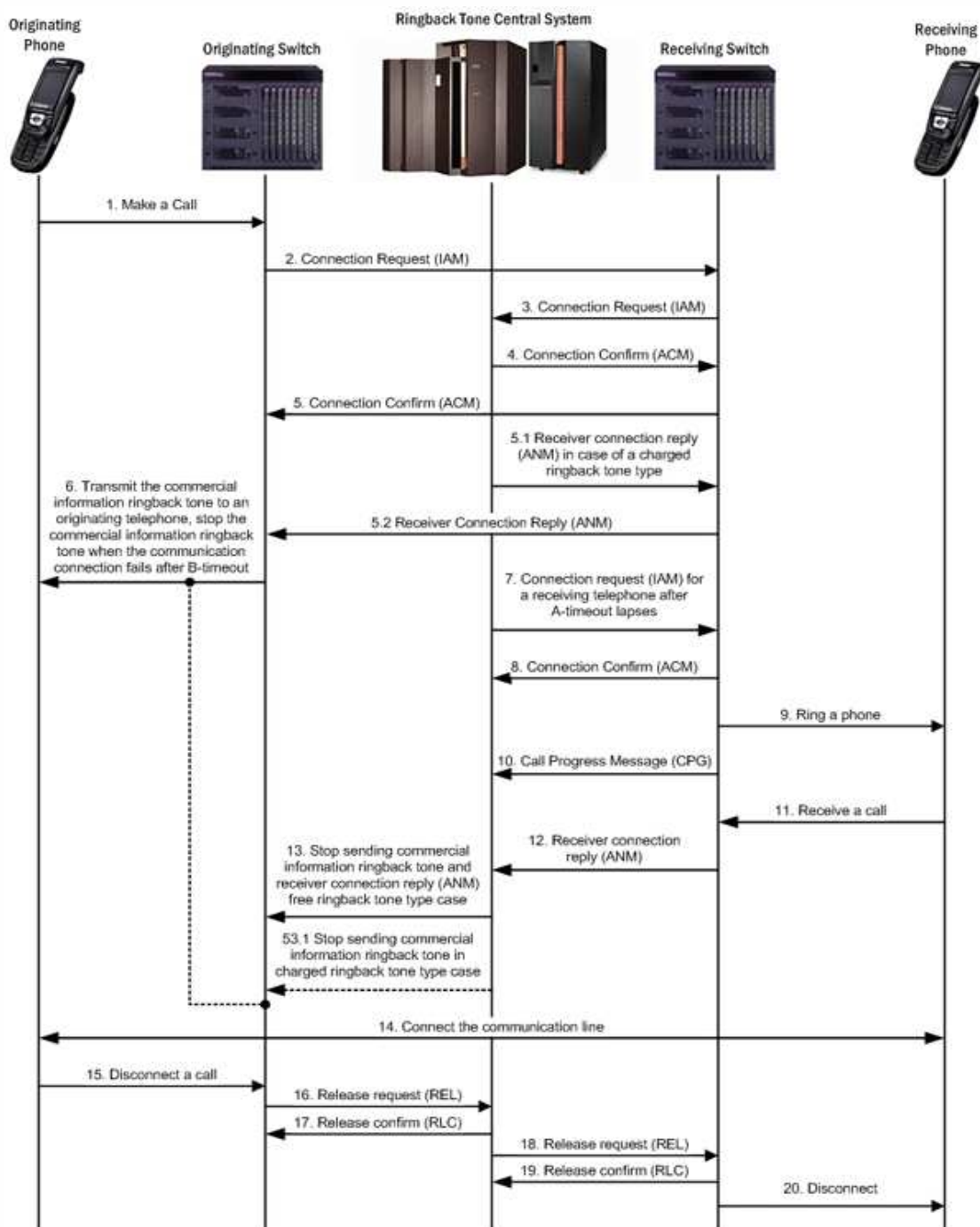


Figure 1.4. Call Sequence Diagram - RBT server connected to receiving switch

(source: www.rbth.com)

1.2.2 Legal Aspect

Legal aspects stated here include all legal aspects that need to be considered in running a CP-RBT, which are related to Copyright, Holder of the Copyright and also the use of Copyright. The regulation applies for such legal aspects in Indonesia is Law of Republic of Indonesia number 19 year 2002 regarding Copyright (Copyright Law). The regulation stated that the creations that are protected by the laws are all creations in the fields of science, art and literature, one of which is song or music with and/or without text. As described before, RBT is a song or a part of a song. And by that definition the creation that is used as RBT is a creation that is protected by the law.

What is Copyright? Copyright is exclusive rights for the Creator or the Receiver of the right to publish or duplicate the creation or to give consent to publish or to duplicate the creation without violating the requirements stated by the law (Copyright Law, paragraph 1 article 1 point 1). Therefore, the new company has to be the receiver of the copyright first before it can “sell” that right to Provider to use the creation as RBT.

As previously described in the systematic of RBT, the song used as RBT is stored in a server, so whenever a call is made to the RBT subscriber but not yet received, that server would play the song for the caller but not distribute the song to any party. That action, based on Copyright Law, paragraph 1 article 1 point 5, is categorized as “announcement”, definition of which is all actions, whether it is reading, broadcasting, workshop, selling, circulating, or distributing a creation using any device, including internet, or any action whatsoever that can make a creation be read, heard, or watched by other people.

To comply with that regulation, the new company must first acquire the exclusive right on the creation before approaching any Providers to use the song as RBT. Only then the new company can legally gain any economic benefits from that

song and avoid any legal suit on exploiting that song, either for Jingles or any material used as commodities by the new company.

1.2.3 Definition of Content Provider

A CP (Content Provider) or Mobile Content Provider is a partnering company of Providers that provide services in telecommunication industry, such as:

- Specific materials that can meet customers' satisfaction in personalizing their cellular. Materials offered to the market up to the completion of this thesis are:
 - a. Pictures that can be used as personal screen saver.
 - b. Electronic games which are compatible with certain handset.
 - c. Full-length song(s).
 - d. RingBack Tones (RBT).
 - e. Premium Services such as Jokes, Horoscope, Prediction, certain celebrity profile, Daily Pray, et cetera.

Except for RBT, those materials can be downloaded directly to customer's cellular with certain prices. A customer chooses what he/she wants to download, enters the number code of that material and sends it to the number provided by the Providers that the customer uses. And thereafter, the material will be sent either through SMS, MMS or GPRS to the customer number.

For RBT Premium Services, and other services of the same kind, customers will receive this material continuously until he/she unregisters his/her number from the system. But for others services, it's a one time service only.

- Services that can be used by any company in order to advertize their product/service/event directly to potential market using mass Short Message System (SMS for short).

Up to the end of 2009 IMOCA (Indonesian Mobile & Internet Content Association) recorded 63 Content Providers in Indonesia as members of the association. But not those entire CP provides talent scouts for RBT segment. The largest players in CP-RBT are the music labels such as Sonny, Musica, Program, et cetera. Such CPs have the advantage of already establishing themselves as music artists producers and music distributors before they become CP. Therefore they already have collection of artists with decent songs and who have been released to the market before they offer those songs to Providers to publish it as RBT.

But there are also small players that try to compete in this business line. This CPs can be categorized in three (3) groups, which are:

- a. Independent Labels, which are small labels that have contracts with artists of small caliber. This type of CPs uses RBT as a way to generate income and promote songs of their artists.
- b. Small Labels that hire artists to sing traditional or religious songs and sells the albums in niche markets. This type of CPs uses RBT in extent of their markets and to increase their income.
- c. Mediator CP, which only acts as mediator between artists that are trying to sell their song as RBT but with insufficient knowledge of the procedures. To these CPs, artists only give limited right to publish their songs as mobile or internet content or to activities that publish their songs not in the form of the right to release and/or sell albums using their songs.

The new company will start its business as Mediator CP and when the time is right it will move up to small label and then turn into the independent label eventually. And since no other CP has ever tried to exploit Jingle, this will be the new company a distinctive characteristic as a new player in CP business line. The new company will also pursue new artists that have not given away their rights to publish their art as RBT, either by playing a brand new song created by them or playing a song that belongs to public with a new arrangement.

1.3 COMPANY PROFILE

1.3.1 *Ownership and Legal Entity*

The new company discussed in this writing is named Black Bishop, whereas the form of the company would be a Limited Liability. The ownership of Black Bishop consists of three (3) shareholders with composition and positions described below:

Table 1.2 Shareholders Composition

No.	Name	Share Composition	Position in Company
1.	Richard Sumbayak	70%	Director
2.	Farah Nadya	15%	Marketing Director
3.	Christianna LP Sumbayak	15%	Commissioner

As required by the regulation in Indonesia, the establishment of Black Bishop will acquire the following:

- a. To draw up an Article of Incorporation before a Notary.
- b. To register to the clerk of court to be announced as supplement to the State Gazette of the Republic of Indonesia.
- c. Company Listing Register.
- d. Domicile Notification Paper.
- e. Tax-payer Identity Number.

1.3.2 *Company Statement*

The mission statement of a company should guide the actions of the organization, spell out its overall goal, provide a sense of direction, and guide decision-making. It provides "the framework or context within which the company's

strategies are formulated. Developments and purposes of the Black Bishop are formulated into vision, mission, and value as described below.

a. Goals

To increase the wealth of shareholders and its employees, to provide any company, which would become our client, an opportunity to capitalize one of their expenses and to simultaneously preserve the good jingles so any telecommunication customers can use it to characterize him/herself.

b. Core Business of Black Bishop

The core business of Black Bishop is mobile content provider that specializes in RBT and full-track songs with two material categories:

i. Jingles

Pursuing a very catchy and decent jingles used in commercials in Indonesia. And since this strategy has never been used in RBT segment in Indonesia up until the completion of this thesis, this strategy would provide a unique characteristic for Black Bishop as the new player in business line.

ii. Football Club's Anthem

Pursuing football club's anthem to satisfy the fanatic fan of soccer clubs in Indonesia.

iii. Independent Artist

Pursuing new and unknown artists that have good song material to use as RBT.

c. Mission

Black Bishop's missions areas described below:

- i. Build a good relationship with all clients and providers.
- ii. Develop employee competency and professionalism in creative business.

d. Vision

To become a great player in creative industry and serve Indonesia market with breakthrough in marketing and music business lines.

e. Value

Values to be implemented in the company are:

i. Open-mind

All personnel in the company must have open-minded point of view to explore all possibilities of any material from any type and genre of music that can be used as new commodities to increase company value.

ii. Appreciation

All persons in the company must learn to appreciate all type and genre of music and show maximum appreciation for clients' best interest.

iii. Persistence

As the company pursues the concept of RBT and new artists, all personnel in the company must be persistent in doing their jobs to achieve company's mission.

iv. Compliance with the Laws

It is important for all personnel in the company to understand the legal implications of all actions regarding Copyrights Law in order to avoid any legal suit that will put the company at risk.

1.4 Marketing Communication Planning

As already discussed before, RBT business line shows a promising profit for all players involved. Therefore, to seize the opportunity to be an established player in the business, this marketing communication plan was written to formulate the best marketing strategy for Black Bishop that fits with the business characteristic, current condition and also the small size of capital that company has. There are two main commodities of Black Bishop, RBT Jingle and RBT Anthem. Through this marketing communication plan, Writer would like to set the best scheme for company in the short term and the possible marketing opportunity for the long term.

When it comes to marketing plan, 4Ps of marketing mix are commonly used by a business player. But in RBT business the Price is already fixed by the Providers and all CP must obey that settlement. The Place is obvious, and that is all area where the Providers establish their telecommunication network area. Because these 2Ps are already established, then this plan shall not discuss these factors. The marketing strategy would only discuss the steps for the first two stages of life product cycle for Black Bishop's commodities.

1.5 PURPOSE OF THIS WRITING

The purposes of formulating this marketing communication plan are:

- a. As guidance for Black Bishop in manage the marketing process such as target market, promotion channel and its target audience.
- b. As guidance for Black Bishop in settling its organization structure to support the company vision and strategy.
- c. Calculating the capital needed before the company could self-fund the operational expenses.

1.6 METHOD OF WRITING

This business plan was written by review literature and completed using premier data as its complementary. The research used is a descriptive research, using convenient sampling method. There are 15 questions asked in the questionnaire. The participants may answer freely with one requirement only, that he/she must have personal cellular. The purpose of the questionnaire is to gain information regarding:

- a. The reason a participant is using an RBT.
- b. Types of jingles they prefer.
- c. Jingles that the participants know and like.
- d. Whether or not there is an opportunity to sell jingles as RBT.

CHAPTER 2

INDUSTRY ANALYSIS

Black Bishop is a new company engaged in a business as a Content Provider (“CP”) that specializes in providing RBT for Telecommunication Providers (“Providers”). Like any other new company, Black Bishop should recognize its business scope to gain an adequate knowledge regarding the challenge it’s going to face and to prepare a proper strategy to achieve the desired goals.

The external analysis was implemented by including several points, namely the business environment, competitive rivalry within the industry, type of competition the company is going to face, trend analysis, and market dominance and positioning. These analysis regarding market trend and market share were done by collecting data from many sources related to the industry, market and market trend with direct and indirect correlation with the business of Black Bishop.

2.1 Competitive Rivalry within the Industry

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.

Industry environment analysis is aimed more at the rivalry aspects within the industry scope. Rivalry within an industry comes either from direct and indirect competitors in the business. By gaining knowledge of the competitors, the Company

is able to evaluate how the competitors impose threats to the Company and prepare itself with the proper strategy after evaluating its own capability.

A. Direct Competitors

The direct competitors of Black Bishop are all CPs providing RBT for Providers in Indonesia; especially the ones that are focused on finding unique materials and act as Mediator CP (see page I-10). Up to the end of 2009, it was estimated that there were over than 100 CPs providing services for the Providers. The significant number of players in this business line is caused by the following:

a) Low on Industry Barrier

In the theory of competition, barriers to entry mean obstacles in the path of any company that make it difficult to enter the market. Franklin M. Fisher in his book, *Diagnosing Monopoly*, stated that a barrier to entry is anything that prevents entry when entry is socially beneficial. In the matters of CP business line, the entry barriers are in the forms of: (1) the large amount of required capital that needs to be pledged as sunk cost upon entering the business line; (2) control of the resources; and (3) government regulation regarding the business line itself, including but not limited to, the copyright law.

To establish a new CP company, the initial capital must meet the minimum amount of capital required by the Laws, which is the same with any other companies. And also to work an agreement with the Providers to publish intellectual works from the copyright owners and to market the commodities as RBT.

The resources of RBT commodities are all musicians in Indonesia. The major music labels are now transformed into the major players in CP business line as they sign up all the currently popular artists. However, there are also independent artists that are still fighting to penetrate the Indonesia music

industry. Many of these artists do not belong to any labels; however their work can still be exploited as commodities. From this point of view, we may conclude that the resources in this particular business line are still open for any party to seize it.

Another aspect that may be viewed as barrier to enter the market is the Indonesia taxation regulation, which stated that starting in 2010; taxes are applied to mobile content providers taking the role as mass commercials through SMS. This regulation is implemented due to complaints from customers in telecommunication industry regarding commercial texting that have started to make them feel uncomfortable. However, there has not been any tax regulation specifically aimed to RBT. The only regulation that directly impacts this business line is the copyright law.

Upon consideration of the above mentioned conditions, we may conclude that the entry barriers of the business line are low; which is the same for the exit barriers, thus causing the business to attract many players.

b) Indonesia Music Industry Development

As the technology evolved, RBT and digital music business lines save the music industry. This is because these two innovations create a massive incentive for music people, not only the stars, both the major stars and the independent labels' ('indie labels'") stars, or even for the music labels. As Jan N. Djuhana (Senior Director of Artists & Repertoires of Sony BMG) stated, the comparison of income from CD or cassettes to RBT is now 1 to 5. Therefore, many music labels have expanded their business scope into RBT business line.

B. Indirect Competitors / Substitute Products

From the analysis in chapter I, the main focus of Black Bishop is to pursue commercial jingles that have been published and are favored by the Indonesian market as its commodities and release it as RBT. Despite its RBT form; the jingle can be used as one on one marketing for the company while simultaneously generating direct income for the clients. Seizing advantages of RBT business line is the main idea of Black Bishop, which can also be categorized as a breakthrough in marketing practices in Indonesia.

This marketing function surely overlaps with two others that do not belong in the exact same line within Black Bishop.

a) SMS Blast

This function consists of other mobile content companies, which offer their services to deliver clients' advertisements through mass SMS system to telecommunication systems using the "system to person" technology. The concept of this service is delivering the advertisement directly to the potential customers, as many as they can with low price. The services rendered by this particular group indirectly inflict the Black Bishop's service area.

b) PR Agency/Advertising Agency

This group consists of PR Agency/Advertising Agency, which is the agency the clients trust to deliver to them a good commercial to represent Clients' products and/or to manage the publication matters. Therefore Black Bishop needs to consider these parties as competitors as well as partners that can be used as the entry door to gain trust from targeted Clients.

2.2 Competition Diagnosis

The characteristics of RBT business line are described below:

- a. Many players offer homogenous commodities which are songs from music industry.
- b. All CPs in the industry have no power in establishing price for its commodities. The price is fixed by Providers and CPs are required to follow.
- c. No party can monopolize the resources of materials that can be exploited as RBT.

By evaluating those characteristics the Writer reached the conclusion that the type of competition faced in RBT business line is the perfect competition.

2.3 Trend Analysis

From the Writer's point of view, there are three factors why a customer chooses a specific RBT for their mobile phone, namely:

- The desire to express that he/she is familiar with the current music trend. This is shown from the RBT he/she uses, which is usually a hit song sung by a very popular artist.
- The desire to express his/her feeling at the time of RBT activation. For this reason, love songs become the favorite amongst the youngsters, and the group is the largest amongst the RBT users.
- To express themselves to their surrounding society regarding their cultures, regions, or religions that they believe in. This is the reason this special segmentation rose so quickly last year.

The following describes the trends that are directly related with the development of RBT business line in Indonesia:

A. RBT Business Line

The massive development in RBT segment in Indonesia changes the view of Providers where in the beginning of its introduction most of them underestimated this business. But now they see this segment as a very promising segment that needs to be managed seriously. Many facilities are developed by Providers to generate more revenue from RBT segment, such as:

- a. All Providers provide RBT, not only in monthly bases but also weekly bases.
- b. Initiated by Esia and now followed by others, Providers now provide a copy function with which customer can “copy” the RBT used by a number he/she calls, provided that the number called belongs to a same provider as the customer’s.
- c. Esia and Telkomsel now provide opportunities for its customers to record and upload their own original RBT directly and can sell it as RBT by calling a certain number from their cell-phone.

Events such as Panasonic Award, SCTV Music Award, a few of music awards in Indonesia, acknowledged artist with the most downloaded RBT. This award is also followed by many labels by giving appreciation to its artists with singles downloaded by 1 million customers. The following is the list of artists taken from the nominees in SCTV Music Awards, who’s RBTs were downloaded by more than 2 million people.

Table 2.1 Nominees of SCTV Music Awards 2009

No.	Artist	Song Title
1	Afgan **	Bukan Cinta Biasa
2	Agnes Monica	Teruskanlah
3	Armada *	Mau Dibawa Kemana
4	Derby *	Cintailah Diriku
5	D'Masiv **	Rindu Setengah Mati

Table 2.1 (continued)

No.	Artist	Song Title
6	Ello	Masih Ada
7	Geisha *	Takkan Pernah Ada
8	Goliath *	Masih Disini Denganmu
9	Hijau Daun *	Selalu Begitu
10	Kotak *	Pelan-Pelan Saja
11	Lyla *	Jatung Hati
12	Nindy *	Cinta Cuma Satu
13	Pasto *	Tanya Hati
14	Ridho Rhoma **	Menunggu
15	Rossa	Hati Yang Kau Sakiti
16	Salju *	Kasih
17	The Virgin *	Cinta Terlarang
18	Ungu	Kuingin Selamanya
19	Vierra *	Rasa Ini
20	Wali **	Baik-Baik Saja

*) new comer artists **) the second album artists

(Source: <http://musik.liputan6.com>)

Based on the list above, Writer concludes that songs from pop genre with easy listening arrangement using romantic lyrics are dominating the music industry and the RBT business line as well. The music industry is targeting the youngsters with this type of music, therefore this founding is in line with the statement of *Asosiasi Rekaman Indonesia* (Indonesian Recording Association) which stated that youngsters is the largest market for RBT.

Another interesting founding is that on that list, 12 artists are new comers, 4 are artists publishing their second albums and only 4 of them are artists with more than 2 albums. This shows that as long as Indonesian market is in favor of the song, anyone can dominate the chart. For example, Wali with their song “Baik-Baik Saja”, manage to acquire 13 millions activations within a period from October 2009 until December 2009 and to establish themselves as the artists with the most downloaded RBT in Indonesia and in the World. Prior to Wali, Hijau Daun with “Suara” acquired

9 millions activations until mid 2009. Goliath, also a new comer, managed to acquire 3 million activations. (*due to limited data, the activation numbers of the rest of the artists can not be stated*)

B. Music industry in Indonesia

Music industry of Indonesia in these past few years has been dealing with the most threatening factor, the piracy. In 2007, Government promulgated a new regulation regarding additional tax for music albums. In the socialization of the said regulation, the Government stated that the tax will be used to fight piracy in Indonesia. However, there has not been any visible improvement after the said regulations were implemented. Since 2007 both music labels and artists have been joining forces to start a campaign against piracy. To support this, many artists have even tried using merchandizes to lure the customers to buy only the original albums instead of the pirated ones. But no matter what they do, piracy continues to worsen minute by minute. Before, artists with single(s) dominating the music chart normally would have physical album sales up to 2 or 3 millions copies. In 2009, selling physical albums amounting to 500,000 copies would be considered as high.

In relation to the development in technology, it would seem like RBT is providing the music industry with a way out of bankruptcy. They are able to sell their music through telecommunication industry and survive from the threat of piracy, because through RBT, no one is able to duplicate the song and gain economic benefit from it. Despite the argument among musicians, RBT is surely helping to keep the stream of income for artists and labels. One single can generate more income through RBT compared to the sale a physical album.

The fact that RBT generates more profit than the sale of the physical albums, whether the profit come from RBT capability of generating higher revenue than physical albums or because of the lower costs to produce and promote the singles, has attracted the interests of the business players in the industry and shifted its norm. All

labels are now focusing on searching talents based on whether or not the artists have good RBT material. As the conclusion, the trend in music industry of Indonesia is in favor of RBT and therefore there is an opportunity to acquire new artists with good materials to sell as RBT.

C. Telecommunication Industry

In 2008, telecommunication industry in Indonesia was recorded as the sixth largest market in the world with total of customers reaching more than 116 millions. And those numbers have been continuously increasing since. Cumulatively, until the end of 2009, the telecommunication's customer numbers reach around 146 millions and for 2010 they targeting 218 millions customer or customer numbers growth around 50% from 2009.

Table 2.2 Providers' Customers in 2009 and Target Customers in 2010

Providers (Brands)	Customers up to 2009 (in million)	Target Customers for 2010 (in million)
Telkomsel (Halo-Simpati-As)	82	100
Indosat (Mentari-IM3)	39	45
Pro XL (XL)	31,4	35
Three (3)	10	14
Axis (Axis)	1,5	2
Esia (Esia)	11	14
Mobile-8 (Fren)	4	8
Total	146	218

Note: The customers' numbers above are rough estimates that Writer has managed to gather from many sources and still need further clarification.

Sources: detik.com, kompas.com, barie-brothers.com, mediaindonesia.com

From *Asosiasi Rekaman Indonesia* (Indonesian Recording Association), up to the end of 2009, there was almost 20%, out of 140 million customers of cellular in Indonesia, who were using RBT, among which approximately 2 millions are continuous users (using RBT every month in 2009) (*www.bakrie-brothers.com*, *RBT Bisnis yang Menjanjikan by Republika and Setyanavldlta Llvtkacansera*) whereas

almost of those customers are youngsters. Income contribution from RBT is approximately 5% of total income per year for every Provider in Indonesia. This trend is predicted to increase in the future, in line with the increase in the volume of songs, reasonable price and also the innovation in the business line.

In 2009, this segment provided 2.4 trillion Rupiah, 50% of which is controlled by Telkomsel as the largest player in the telecommunication industry. Based on the past experience, where the growth of revenue in this segment from 2006 to 2009 were stable, therefore in 2010 Providers predicted that they are to gain 3.2 trillion Rupiah or 40% increase in revenue. This would give positive signal to RBT business line that Providers still offer serious corporation for all CP in Indonesia.

Another positive signal shown by Providers is the long term agreement with outsourced third parties acting as servers to store the content. As described in the previous chapter, for RBT, the Providers need a server that is connected to their system where if someone calls one of their customers' numbers the call would be automatically directed to the server playing the RBT. Building an adequate server to serve such need requires a large amount of capital, and not to mention the maintenance expenses, which would eat away at the Providers' profits. Therefore, instead of building the servers themselves, they choose to outsource the need.

In Indonesia, the system used to support RBT segment is the system wherein an RBT server is connected to a receiving switch, while the recipient is the one activating the RBT. This is why each time a call is made to a number activating an RBT, the first command to pop-up on the cellular phone's screen is "Diverting the Call". Below is the picture of the system:

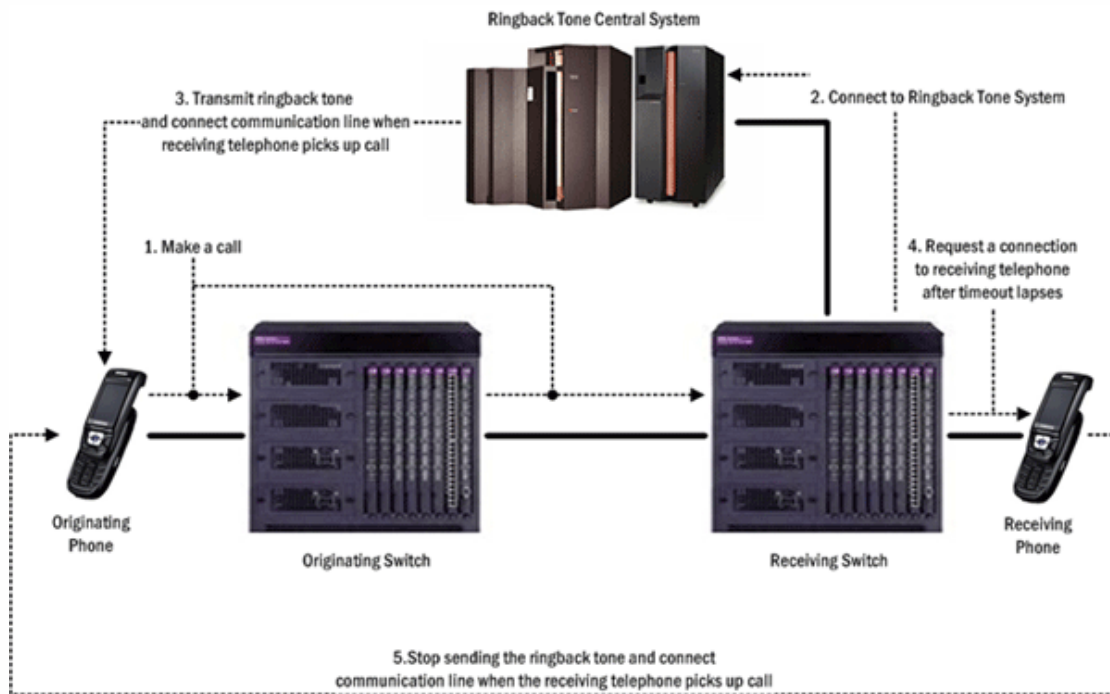


Figure 2.1. Call Flow based on Ring Back Tone server connected to receiving switch

(source: www.rbth.com)

Since all of the Providers have agreements with third parties to outsource this need for servers, RBT CP is not required to have their own server to keep their content. This is also one of the reasons why the Providers receive more shares from RBT activation charges.

2.4 Market Dominance

Market dominance is the measurement of the strength of a [brand](#), [product](#), [service](#), or [firm](#), relative to competitive offerings. There is often a geographic element to the competitive landscape. In defining market dominance, you must see to what extent a product, brand, or firm controls a product category in a given geographic area. Typically there are four types of market dominance strategies, based on Porter, which a marketer will consider: (1) market leader, (2) market challenger, (3) market follower, and (4) market nicher.

A. Market leader

The market leaders are the dominant players in an industry. These players have substantial market share and strong bargaining power in terms of resources ownership, setting price. There are several ways of calculating market dominance. The most direct is [market share](#). This is the percentage of the total market serviced by a firm or brand. A declining scale of market shares is common in most industries: that is, if the industry leader has say 50% share, the next largest might have 25% share, the next 12% share, the next 6% share, and all remaining firms combined might have 6% share.

Market share is not a perfect proxy of market dominance. We must take into account the influences of customers, suppliers, competitors in related industries, and government regulations. Although there are no hard and fast rules governing the relationship between market share and market dominance, the following are general criteria:

- A company, brand, product, or service that has a combined market share exceeding 60% most probably has market power and market dominance.
- A market share of over 35% but less than 60%, held by one brand, product or service, is an indicator of market strength but not necessarily dominance.
- A market share of less than 35%, held by one brand, product or service, is not an indicator of strength or dominance and will not raise anti-combines concerns of government regulators.

In RBT business line the market leaders are the major music labels that already have well-known artists as their resources, for examples Sony BMG, Musica, Nagaswara and Program. Artists from those labels contribute the largest share of RBT income. Based on the statement of a Telkomsel Director in his interview with [www.detik.com](#) during the release of [LangitMusik.com](#), these CPs, known as the Big Ten hold almost 60% of RBT songs.

The reasons behind their dominance in RBT business line are:

- i. Before becoming a CP, these players have established themselves as successful music labels, which means that many of their artists already have strong fans bases in Indonesia. Therefore they have no trouble to market the songs of those artists. Not only that, usually in the contract, the usage of songs copy rights between the artists and the producers are not limited only to physical albums but also to sell the songs in any kinds of forms such as games soundtrack, film soundtracks, RBT or full-content music, and many more.
- ii. They are having an economic of scales, where the marketing effort to boost the sale of the physical albums of their artists can also be utilized to boost the sales of RBT.
- iii. Due to their reputation as the major music labels, many of the new talents sent their demo to them. This helps these CPs in minimizing the costs of scouting new talents. Furthermore, the trust gained from the Providers puts their artists first in the Providers' advertisements and increases the number of activation of these artists' new songs.

B. Market challenger

A market challenger is a firm in a strong, but not dominant position that is following an aggressive strategy of trying to gain market share. It typically targets the industry leader, but it could also target smaller, more vulnerable competitors. The fundamental principles involved are:

- Assess the strength of the target competitor. Consider the amount of support that the target might muster from allies.
- Choose only one target at a time.
- Find a weakness in the target's position. Attack at this point. Consider how long it will take for the target to realign their resources so as to reinforce this weak spot.

- Launch the attack on as narrow a front as possible. Whereas a defender must defend all their borders, an attacker has the advantage of being able to concentrate their forces at one place.
- Launch the attack quickly, and then consolidate.

Some of the options open to a market challenger are:

- line extensions
- introduce new products
- improve service
- change distribution
- cost reductions
- intensify promotional activity

In the business line of RBT of Indonesia, companies that are the market challengers are the middle-class music labels. These companies are not only music labels but they also expand their business to artist management so they are able to gain more profit in exploiting their artists. They have been fighting so hard for new talents that they discover by their own talent scouts to establish their artists as well-known star in the music industry or artists that fit their standard that they took away from smaller label companies. These companies are trying their best to become one of the market leaders, either in music industry or in RBT business line.

These challengers have injected huge amount of capital in order to fund their artists whether by putting short video clips of several artists simultaneously or intensively approaching TV production houses to seize as many appearance slots as they can get for their artists. Or even work some of arrangement with Providers to heavily promote the RBT of their artists through SMS Blast.

C. Market followers

A market follower is a firm in a strong, but not dominant position that is content to stay at that position. The rationale is that by developing strategies that are parallel to those of the market leader, they will gain much of the market from the leader while being exposed to very little risk. The advantages of this strategy are:

- no expensive R&D failures
- no risk of bad business model
- “best practices” are already established
- able to capitalize on the promotional activities of the market leader
- no risk of government anti-combines actions
- minimal risk of competitive attacks
- don't waste money in a head-on battle with the market leader

In the business line of RBT in Indonesia, there are a number of CPs categorized as Small Music Labels that produce recording artists singing “religious” songs, in which no copy rights fee is needed for exploiting these songs. There is a trend in the music industry in Indonesia during Idul Fitri celebration for Islam and Christmas celebration for Christian), where the major music labels use their artists to produce religious albums. And this trend has already been proven effective in Indonesia. And because of that success, a number of small labels follow the trend and produce the “publicly owned” (hence, no copyrights) religious songs and sell it as music album and RBT.

D. Market Nicher

In this niche strategy (Porter's Competitive Strategy,1993) the firm concentrates on a select few target markets. It is also called a focus strategy. It is hoped that by focusing ones marketing efforts on one or two narrow market segments

and tailoring your marketing mix to these specialized markets, you can better meet the needs of that target market. The niche should be large enough to be profitable, but small enough to be ignored by the major industry players. Profit margins are emphasized rather than revenue or market share. The firm typically looks to gain a competitive advantage through effectiveness rather than efficiency. It is most suitable for relatively small firms and has much in common with guerrilla marketing warfare strategies. The most successful nichers tend to have the following characteristics:

- They tend to be in high value added industries and are able to obtain high margins.
- They tend to be highly focused on a specific market segment.
- They tend to keep their operating expenses down by spending less on R&D, advertising, and personal selling.

In the business line of RBT in Indonesia, a number of CPs are categorized as Small Music Labels that produce recording artists singing traditional songs, in which no copy rights fee is needed for exploiting these songs. The other CP categorized as a Market Follower is Mediators CP, where the CP acts only as a mediator between the self-funding artist and Providers in Indonesia. These two groups of CPs are only targeting the small group of customers in the market by pressing down the expenses for the copy rights of the songs.

These CPs target the telecommunication customers, who wish to express their love for their traditional roots. By exploring this segment these CPs can sell songs that are owned by the public, for which Copyrights do not need to be paid, and enjoy high return at the end.

Black Bishop would position itself as a market nicher due to the decision to pursue a segment that no other player has entered before. RBT Jingles and Anthems surely have high margin for the Clients and the Black Bishop. For Clients, their jingles or anthems are usually used only to communicate their products to their

potential customers and they never gained direct revenues from the said jingles and anthems. After selling those as RBTs, the Clients shall acquire additional income from these materials. For the Black Bishop, since the materials are already available and ready to be marketed, the costs are lower in acquiring one commodity and the margin is relatively higher compared to other CPs. For RBT Anthems, Black Bishop is focused only on their marketing efforts to satisfy the needs of football fans community in Indonesia, community of which has a large number of members.

2.5 Government Regulations related to the business

Government regulation needs to be considered also, because the violation of these regulations could result in the lost of business permits and harm the credibility of a company in front of the Clients.

A. Copy Rights Law

Copyrights are exclusive rights for the Creator or the Receiver of the right to publish or duplicate the creation or to give consent to publish or to duplicate the creation without violating the requirement stated by the law (**Copyright Law, Law no.19 Year 2002**, paragraph 1 article 1 point 1). Therefore, the new company has to be the receiver of the copyright first before it can “sell” that right to the Providers to use the creation as RBT.

Violation of this regulation can risk court punishment and financial lost for Black Bishop from the legal claims from the owner of the copyrights. Therefore Black Bishop needs to be sure that the content is not a copy from another copyright and to emphasize that the risks from violating the copyright would be borne by the Clients.

B. Anti-Pornography Law

In the latest draft of ministry regulation that is about to be issued by the Ministry of Communication and Information in 2010, it is stated that every CP must evaluate their content before releasing it to the market. It must not consist:

- Pornography
- Other content that, according to law, would be categorized as content violating the Pornography and Pornoaction Laws.

Therefore before releasing the content to the Providers, the Black Bishop needs to ensure that there is no porn in the content to avoid violating this law or it will end up in court.

There seems only a limited Government regulation that implemented in RBT business line of Indonesia. The reason is because in 2008, the current selected President, Susilo Bambang Yudoyono, stating his support for creative business development in Indonesia. And that support is realized in soft regulation for establishing a new company in creative business such as RBT business line.

2.6 Conclusion

As a conclusion, RBT business line is a prospective business to process judging from its revenue trend that is rapidly increasing and the interest from the Providers, which shows that they are going to support this segment. But due to heavy competition in the industry, as a new player, who would likely be at the bottom of the food chain, Black Bishop needs to implement a marketing strategy that enables the company either to stand-out in a crowded market or try to pursue a certain group that has not been served by other competitors.

CHAPTER 3

MARKETING STRATEGY FOR BLACK BISHOP

Marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. A marketing strategy should be centered on the key concept that customer satisfaction is the main goal. The marketing scheme of Black Bishop was arranged accordingly to the development of operational target and the financial capability of the company based on Product Life Cycle of its each main commodity with proper Marketing Communication Strategy.

In formulating marketing strategy Writer would like to consider the Product Life Cycle. A Product life cycle is a theory that recognizes four separate developmental stages in the life span of a product, with each stage characterized by its own distinct marketing opportunities and restraints. In a product's *introductory stage*, growth is slow, with minimal profits due the sales just start and the marketing costs are arising to introduce the product to the market. If the product is successful, it goes into a *growth stage*, where its growth rapidly expands by new market entries, improved distribution channels, and shrewd pricing strategies. A *maturity stage* follows, where sales and profits stabilize. Finally, the product goes into a *decline*, where sales and profits decrease. The product life cycle theory states that a typical product's life cycle follows the form of an S-shaped curve, although some products may have a very rapid growth stage or an immediate decline. Also, some mature products can have their life cycle reversed.

3.1 Business Process Identification

Before formulating the proper marketing strategy, it is best to identify the business process of CP:

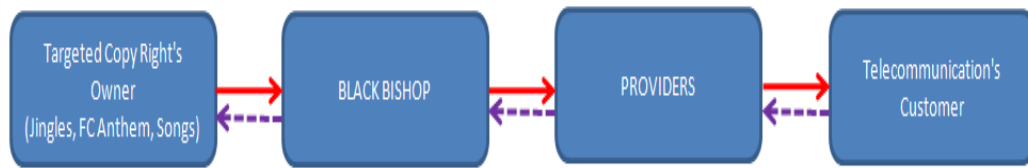


Figure 3.1 Flows of Copy Rights and Money in RBT Business Line

The above picture describes the flow of copy rights before a song can be published as RBT to telecommunication providers' customers. The main-targeted Copy Right's owners refer to *Football clubs (FC) with large fan base and great anthem* and *companies with potential jingles* (these parties shall be referred to as "Clients" from this point forward). The red line shows the flow of copy rights of a song and the blue one shows the flow of money in RBT business line. The blue lines show the flow of money whereas the original source comes from *telecommunication customers* (these parties shall be referred to as "Customers" from this point forward).

The concept of earning revenue from RBT sales is "profit sharing" between CP and the Copy Rights owners. In normal song RBT, the revenue is divided between Providers, CP/Music Labels, the artists and the creator of the song. But for RBT Anthems & Jingles, the revenue is divided between Providers, CP, artists (for RBT Jingles, whether or not the artists receives shares depends on the agreement between the artists and Clients) and Clients. The artists in RBT Jingles do not receive share, because usually in the production of commercial jingles the artists and Clients usually have an arrangement wherein the artists give up the art work without any flow of revenue in the usage of the art except the number stated in the contract or it's clearly stated in the contract that the usage of the art is only for a certain period.

		What or Who is the direct recipient of the service?	
		People	Possessions
What is the nature of the service act?	Tangible Actions	People Processing (Services directed at People's bodies)	Possession Processing (Services directed at People's physical possession)
	Intangible Actions	Mental Stimulus Processing (Services directed at People's Mind)	Information Processing (Services directed at People's intangible assets)

Figure 3.2 Four Categories of Services

Lovelock & Wirtz (2007); *Service Marketing: People, Technology, Strategy*, 6th Edition, Pearson Education International

To formulate the proper marketing communication, Black Bishop should determine what its offer means to the Clients and Customers. And for that, Writer is using “Four Categories of Services” from Lovelock & Wirtz (2007); *Service Marketing: People, Technology, Strategy (Sixth Edition)*; Pearson Education International. In the book, it is stated that customers would behave differently to the marketing effort that a company made, whether the service is targeted at customers in person or at their possessions and whether service actions and output are tangible in nature. Using these two indicators, services are divided into four categories, which are:

a) **People Processing** (*tangible action at people*)

In this category, the services are directed at the customers. The customers must physically enter the service system, willingly to cooperate with the service operation and spend time for their desires are being fulfilled. It means that the customers are an integral part of the process. Because of that, managers should be thinking about process and output from the standpoint of what happens to the customers which will help to identify not only what benefits are being created at each point in the process but also the nonfinancial costs incurred by the customers in terms of time, mental and physical effort.

b) Mental Stimulus Processing (*intangible actions at people*)

The services are directed at people's mind. Obtaining the full benefit of such services requires an investment of time and a degree of mental effort on the customer's part. The service itself can be delivered to each customer in distant location through a system. Or it can be delivered to a group of customers that gathering in one facility at the same time. The core of these services is information based which can be converted to digital bits and stored into one "container" so the customers can use it later on the production date.

c) Possession Processing (*tangible actions at people's possessions*)

In this category, customers ask a service organization to provide tangible treatment for some physical possessions. In the most possessions processing services, the customer's involvement is usually limited to dropping off the item that needs treatments, requesting the service, explaining the problem, and later returning to pick up the items and pay the bill.

d) Information Processing (*intangible actions at people's possessions*)

The services are to handle one intangible assets that highly dependent on the effective collection and processing the information.

As described before, Black Bishop is offering its service to the Clients and Customers. For Clients, the service of Black Bishop is considered as Information Processing, where the company offers to manage the use of intangible assets of Clients (jingle/anthem), converting them as a commodity in RBT business line to generate additional revenue for them. And yet to allow them to release the copyright Black Bishop also need to treat them as Mental Stimulus Processing where it requires an interesting proposal to getting a yes from the Clients. For customers, the service of Black Bishop is categorized as Mental Stimulus Processing, where using RBT of Black Bishop would be satisfying for them

psychologically. By acknowledging these; Black Bishop can now determine how to communicate their service to Clients & Customers.

3.2 Objectives

Before setting the marketing strategy, it best set the objectivity that Black Bishop want to reach in short and long term as guidance and evaluation tools of its operation.

3.2.1 Short-term Objectives

The short-term objectives for Black Bishop would be:

- a. To conceal copyrights from potential Clients for RBT Jingles in one year to anticipate any competitors copied company's strategy.
- b. To reach growth stage for RBT jingles in one year to boost the funding capability to pursue RBT Anthem.
- c. Well established name for Black Bishop in Indonesia business as a company that stand out in the crowded industry of marketing.

3.2.2 Long-term Objectives

The long-term objectives for Black Bishop would be:

- a. Discover business opportunities with the scope of RBT business line or music industry or marketing business.
- b. Discovering more unique material as RBT to satisfy the telecommunication customers in Indonesia.

3.3 Marketing Strategy for Black Bishop

For determining the best business strategy, Porter's Competitive Strategy, 1993 can be imposed. In the theory, the strategy evaluates the competitive advantage and competitive scope that a company wants to pursue. The competitive advantage means that company puts in their best efforts to offer the market a unique/different commodity from its competitors or serving the existing

market with the same activities that its competitors offered with more efficient. And the competitive scope refers to the size of the market that company targeting. Porter's Competitive Strategy describes that there are four types of strategy that can be implemented. Please see the following picture:

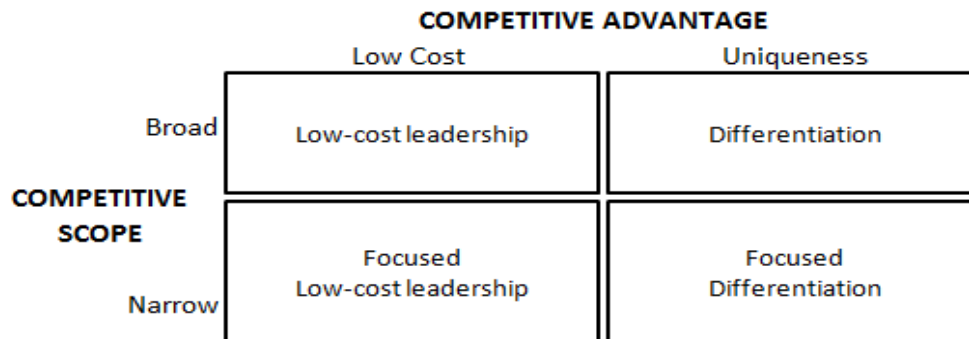


Figure 3.3 Porter's Competitive Strategy (1993)

As a conclusion of the previous chapter, Black Bishop is going to enter a market with perfect competition with a very interesting opportunity but which consists of many players that are already established and with low barrier entry that allows even more players to enter the market. Due to that, to ensure that company success in the business, Black Bishop has to apply the appropriate marketing strategy. Along with the market dominance theory, then it's best for Black Bishop to come forward with uniqueness as its main bargaining.

3.3.1 Target Market

A. RBT Jingle

For RBT Jingles, the target customers are the broad market of telecommunication customers but they are divided into two categories of customers for RBT Jingles. The first group is within the Clients' environment, namely all the staffs; family members of the staffs; member of suppliers, distributors and other parties closely related to the Clients' environment. By implementing this approach, Black Bishop would successfully manage to create a captive market for itself.

Captive market is market where the potential consumers face only one proposition so their only choices are to purchase what is available or to make no purchase at all. In the strategy of RBT Jingles, Black Bishop attempt to create a captive market for itself. It is a common practice for a company gives a certain amount of telecommunication benefits for their employees. For this group of employees, Clients should turn these employees as an active frontier of RBT jingles by asking these employees activated client's RBT Jingle. This way Clients will receive back some of this benefits and successfully turning their employees as marketing frontier, either for their main business or for RBT jingles.

From many sources, the Writer found that for the ten targeted Clients that would be placed as Priority Clients, the total numbers of employees that can be exploited as captive market for Black Bishop is around 203,000 people. This means that the Black Bishop could create stream of stable revenue to finance its daily base operational is by targeting 20% of the total number or around 40,600 customers for Black Bishop.

Table 3.1 Total Employees of Targeted Clients – RBT Jingle

No.	Brand	Company Name	Total Employee
1	Djarum Cokelat	PT. Djarum	74,500
2	Dancow	PT. Nestle Indonesia	N/A
3	Torabika	PT. Mayora Indah, Tbk	6,220
4	Sejati Cigarette	PT. Bentoel International Investama Tbk	N/A
5	The Botol Sostro	PT. Sinar Sosro	8,500
6	Love Juice	PT. Dwimanunggal Sentragraha	N/A
7	Aqua	PT. Tirta Investama (Danone Aqua)	10,610
8	Silverqueen	PT. Ceres	N/A
9	Indomie	PT. Indofood Sukses Makmur, Tbk	62,000
10	Gudang Garam Filter	PT. Gudang Garam, Tbk	41,000
	Total		202,830

Note: Data taken from the Clients' own website. Please do notice, due to the limitation of data, there are 4 target Clients that does not shown their employees data whether in their website neither in any news related to them

The second one is the telecommunication's customers. By converting the commercial's jingles, Black Bishop also can provide a new material in RBT segment for Providers' customers. Because in Writer's opinion, RBT is successfully become a trend in due to the desire of expressing oneself. A customer can choose a certain characteristic by selecting a certain RBT Jingles of a product. Or select their favorite artists which sing the jingles.

The numbers of RBT activation in 2009 are 28 million customers or around 20% of total cellular telecommunication customers. Due to the uniqueness of RBT Jingles the target customers for Black Bishop when it reaches maturity stage are only 5% of 28 million customers or around 1,400,000 customers per month.

B. RBT Anthem

By evaluating all the factors based on those criteria, Black Bishop targets the fans of football clubs, either domestic or foreign football clubs. Due to the sense of belonging of each and every fan, all of them will proudly express the love they have for their favorite club in every environment they are in. It could be by wearing its t-shirts, badges, stickers, or singing the club's anthem. And because of this need, many companies are competing against each other to make profit out of this community. Proving the potential of economic benefit of serving football fans in Indonesia are

- a. the big rivalry between television stations in Indonesia in 2008 when a television station managed to monopolize the broadcasting right of English Premier League,
- b. the huge number of small business units selling football clubs merchandizes, legally or illegally, in Indonesia.

3.3.2 Differentiation Strategy for RBT Jingles

As described in the previous chapter, Black Bishop, in regards to chasing Clients, is going to face a perfect competition in RBT business line where the

price is established for plenty of commodities within categories from many players that have started before Black Bishop. In order to succeed in the competition, therefore Black Bishop must offer products with a *definitive different* from the existing offers from competitors.

Product differentiation is a business strategy that can be used when a firm attempts to create and exploit difference(s) between its product and those offered by competitors. The difference(s) may lead to competitive advantage if customers perceive the difference(s) and have preference for that difference(s). Therefore the key is that *some set* of customers must find value in the base of the differentiation. By offering to Clients to exploit copyright of their commercial jingles copyright, then not only it still delivers its main function as marketing but also creating a direct income for company that no other CP or PR Agency offered up to this moment. Not only its create an opportunity to capitalize their marketing expense, RBT Jingle would converting their customers that use their RBT into the marketing front lines that connected to other customers directly. For Customers, the current RBT that available in the market are all songs from music industry but there is no commercial jingle in the market to use as RBT.

The advantages of RBT Jingles either for Black Bishop are:

- RBT Jingles open an opportunity to capitalize an element of marketing expense.

The main concept of Black Bishop is a mixture concept of advertizing PR agency services into the booming of RBT segment in telecommunication industry. The other CP or even the Providers direct service (such as Indosat with their “i-iklan”) only offer their services to communicate Clients’ products/services through telecommunication network by using mass SMS services so Clients’ can communicate directly to potential customers with a certain level of service charges.

And now Black Bishop comes forward with an offer that can provide the same function, but instead of putting service charges, Clients will earn income by using Black Bishop’s services. Or in other words, Black

Bishop's concept is to enable Clients to capitalize commercials jingles as an element from their marketing expenses and obtain a direct revenue stream without losing the main function of it, which is to help Clients communicate their products or services to potential customers.

- RBT Jingles do not require to be introduced to the market.

To become a profitable RBT, a song must be well known and well loved by the market. As normally practiced by the music industry, to make a song popular and to attract the interest of the market, it needs to be frequently played in the radio or packed with a very decent video clip to be released in television channels. The definitive different of the commodity of Black Bishop compared any other CPs is that it does not need a marketing effort to popularize the jingle because these jingles are already well known in the market due to the process of marketing effort of Clients' to make their products/services the choice of the potential customers. The jingles were made so unique and decent in order to grab people interest and influence their preference whenever they want to make their purchase.

For Black Bishop this gives the advantage of cutting the marketing costs of the company in the introduction stages and it can focus on the next step, which is to increase the sales of RBT Jingles. And for Clients, the jingles are already produced and ready to be published as RBT Jingles. As described above, one of the reasons that RBT segment is increasing significantly is because RBT can help customers to show the preference and/or a characteristic that he/she wants to show to the other. Therefore a jingle of a product would likely fulfill this desire.

- RBT Jingles have finished the recording process and are ready to be published.

One of the requirements to be published as RBT is that the song must only be 30 seconds long. This is in accordance with the standard length of a television commercial. And if it is more than 30 seconds, it can be easily

cut short to become 30 seconds only, all the while not leaving the part where the product is mentioned. And this readiness of the RBT allows Clients to directly publish the jingle.

For Black Bishop itself, there are many potential jingles to exploit in the market. And this availability of resources helps the company reduce the scouting expenses that other CPs has to bear.

Market Research to Obtain Market Opinion

For preparation stages, Black Bishop needs to convince the Clients that there are demands for RBT Jingles and to determine which jingles have the best potential to be published as RBT Jingles; therefore a market research needs to be conducted. The market research is carried out by distributing a questionnaire and using convenient sampling method where 100 participants were randomly chosen.

As the conclusion of the market research, there are two important results in determining which commercials are going to be pursued as top priorities:

- a. The top eight jingles that appear to be favored by most of the participants:
 - Djarum Cokelat by Nidji,
 - Dancow by Ruth Sahanaya,
 - Torabika by Slank,
 - *Sejati* Cigarette – *Goyang Sejati*.
 - Teh Botol Sostro – *Nikmatnya Tak Tergantikan*
 - Silverqueen - *Santai Belum Santai*
 - Aqua,
 - Indomie – *Selera Nusantara*

From the answers of this question, Writer has a list of jingles that captured the most interest of the market. But the more important founding is the implications of this question, as it can be seen from the fact of the first three jingles in that list, other than them containing good music materials,

they are also sung by famous artists. And for all of those jingles have one similarity, which are those jingles have a part of or full jingle that is continuously used in every commercial of that product. The rest of the list gives information too for Black Bishop. All of these jingles are constantly used by Clients in every commercial they put. And as the result those jingles are recorded in customers' subconscious mind.

And as the conclusion, these findings could be used a guideline for Black Bishop in determining potential Clients in the future, which jingles that would likely have a high activation, which are the jingles played by famous artists, or the jingles used for a long period of time by the owner.

- b. 63% of the participants stated they would activate the jingles that they like. This founding can be used to convince Clients that there is demand for RBT Jingles in the market.

3.3.3 Focused Differentiation Strategy for RBT Anthem

For a focused differentiation strategy, the different of RBT Anthem compare to existing RBT is in the RBT itself. RBT Anthems are not popular songs like existing RBT and created specifically to shown fans support to a certain clubs. This type of RBT is still not available in the market, except for MU anthem that available limited only to customers of Provider Three.

The term “market segmentation” refers to a strategy that is subdividing a market into key customer subsets (segments) in which the members in a subset (segment) share some commonality, similarity in characteristic and/or needs, or kinship and then adjust the product and marketing effort to meet the selected segment's desire. Market segmentation allows a small business, such as Black Bishop, to focusing its resources on a specific customer base in this way; a small business may be able to carve out a market niche that it can serve well than its larger competitors. Nonetheless, market segmentation is vital to success in many industries where consumers have diverse and specific needs.

In order to successfully implement a market segmentation strategy, a business must employ market research techniques to find patterns of similarity among customer preferences in a market. Ideally, customer preferences will fall into distinct clusters based upon identifiable characteristics of the population. This means that if customer requirements were plotted on a graph using certain characteristics, or segmentation bases, along the axes, the points would tend to form clusters.

Determining how to segment a market is one of the most important questions a marketer must face. Creative and effective market segmentation can lead to the development of popular new products, but unsuccessful segmentation can cost a great deal of money and still not yield the desired results. There are several types of market segmentation, which are:

i. Geographic Segmentation

The geographic segmentation is applied by using the regional differences. Regional differences in consumer preferences exist, and this often provides a basis for geographic specialization. Geographic segmentation can be poured into many definitions such as urban versus rural, north versus south, seacoasts versus interior, warm areas versus cold, high-humidity areas versus dry areas, high-elevation versus low-elevation areas, et cetera.

ii. Distribution Segmentation

Different markets can be reached through different channels of distribution. This type of distributional segmentation is common, especially among small companies that grant each channel a unique brand to gain distribution within that channel.

iii. Media Segmentation

It is based on the fact that different media tend to reach different audiences. If a brand pours its entire budget into one media, it can possibly

dominate the segment of the market that listens to that radio station or reads that magazine. Media segmentation is most often practiced by companies that have some control over the media and can somehow discourage competitors from using that media.

iv. Price Segmentation

Price segmentation is common and widely practiced. Variation in household incomes creates an opportunity for segmenting some markets along a price dimension

v. Demographic Segmentation

Gender, age, income, housing type, and education level are common demographic variables. Some brands are targeted only to women, others only to men. Music downloads tend to be targeted to the young, while hearing aids are targeted to the elderly. Education levels often define market segments.

vi. Psychographic or Lifestyle Segmentation

Lastly, we come to psychographic (or lifestyle) segmentation, based upon multivariate analyses of consumer attitudes, values, behaviors, emotions, perceptions, beliefs, and interests. Psychographic segmentation is a legitimate way to segment a market, if we can identify the proper segmentation variables (or lifestyle statements, words, pictures, et cetera.).

Businesses should segment a market *based on benefits* to identify the primary benefit that the consumers seek in buying a certain product, and then supply a product that provides that benefit. This segmentation approach is based upon the idea that market segments exist primarily because consumers seek different benefits from products, rather than because of various other differences between consumers. One potential pitfall to this approach is that consumers do not always know or cannot always identify a single benefit that influences them to make a purchase decision.

To be pursued by a marketer, according to Hiam and Schewe in *The Portable MBA in Marketing*, 1998, the customer segments should be:

- a. *identifiable and measurable;*
- b. *large enough to be profitable;*
- c. *reached effectively*
- d. *responsive to marketing;* and
- e. *Stable and not expected to change quickly.*

The advantages of targeting this segment are:

- a. Large number of football fans in Indonesia

This large number was determined from many sources available. Based on Managing Director Nielsen Steve Mitchell quoted in www.sasak.net, approximately 54% of Indonesian people love footballs, out of which 68% are male and 32% are female. www.telkomsel.com recorded 4,480,000 registered domestic football fans in Indonesia, inspiring Telkomsel to launch Hyperbola, the newest marketing effort from the company for one of their brands, Kartu As. Noted that MU acknowledges Indonesia as their biggest fans base (www.detikinet.com) where the number of fans is estimated to reach 28 million fans.

Another factor that gives an advantage for Black Bishop from targeting this segment is that the fans of football clubs never stop growing. Football is a sport that never runs out of fans. The older fans might change their way in expressing their love but there will always be the younger generations that can be exploited by Black Bishop. The old leaves may die but new leaves will replace them.

- b. The available channel of communication easy to recognize

The main benefit of this segmentation strategy is that the Black Bishop can concentrate its resources in implementing the marketing efforts with more precision because there are only a small number of football lovers'

media in Indonesia that can be identified easily where all the fans from many clubs are usually the customers of those channels. Putting advertisements on those channels do not require a large amount of fund, which is concurrent with the small capacity of Black Bishop. The printed newspapers or magazines that targeting football fans in Indonesia are Bola, GO, Soccer, TopSkor, and Goal.

Each football has its special anthem that is regularly played/sung whenever the team plays, or occasionally, when the fans are having a gathering. Therefore, an anthem for RBT surely would boost a certain level of pride in a fan because he/she can express his/her love to the club that he/she supports.

Football leagues with a lot of fans in Indonesia are Indonesian leagues, English Premier League, Italian A Series, Spanish A Series and European Champion League. The data that the Writer managed to collect from many sources shows that some of the clubs from those leagues have strong “unofficial” fans clubs here in Indonesia that consist many members up to this day. And the unofficial fans clubs rises their funding by conducting the following:

- Hold events where the members are charged with a certain entrance fee;
- Sponsorship for their website and events and also
- Become the appointed distributor of the club’s merchandises.

This community certainly fits the criteria of a segment that can be pursued by Black Bishop where the groups within the segment are identifiable (which fan belongs to which club); football has a large fans base here in Indonesia, either official or non-official fans club; it can be reached directly or indirectly through a precise method; responsive to marketing (shown by the number of sales of the football club’s merchandises/newspapers in Indonesia); and normally a fan’s devotion to his/her favorite club lasts for a long time.

The starting point is to gain knowledge about which club that Black Bishop will prioritize. There two categories of the leagues that the Black Bishop plans to pursue, to which the steps applied are almost the same. The first league is

the domestic league and the second ones are England Premier league, Italian Series A and Spain Premiere League. And in each league Black Bishop will prioritize the clubs with the largest fans base in Indonesia. After gaining knowledge about the clubs, then a little research needs to be done regarding the anthem itself. The good anthem is definitely the absolute requirement in the business lines.

As in the plan, Black Bishop is going to approach the clubs, anthem of which is going to be pursued. This approach is necessary to reach an agreement with those Clubs so that the Black Bishop can acquire the copyrights of the anthems. Commonly these anthems were created by one of the fans and can be used by others freely. But since the anthem usually consist the name of a certain club, any party using that anthem and reaping financial benefits from the usage of the club's name must first make an arrangement with that club. There are also some anthems for which the creator did not release the copyrights, therefore if a party wants to exploit these anthems, they must acquire the copyrights from the artist.

This is the list of anthems of football clubs targeted by Black Bishop as its commodities (*taken from each club official website*):

Table 3.2 Football Anthems Details

No.	Club Name	League	Title of Anthem	Copy Right's Owner
1	Chelsea FC	English Premier	Blue is The Color	Chelsea Fans Club
2	Arsenal FC	English Premier	Good Old Arsenal	Arsenal Fans Club
3	FC Barcelona	Spanish League	El Cant del Barca	Barcelona *
4	Real Madrid FC	Spanish League	Anthem of Real Madrid	Real Madrid
5	AC Milan FC	Italian Series A	Milan Sempre Per Te	AC Milan **

*) *Need further clarification regarding whether the copyright of the anthem has been acquired by the club/fans club or still held by the creator(s)*

**) *As the international copyright regulation stated, after 50 years the copyright shall be transferred to the people, meaning there is no fee that must be contributed to the creator(s). But since the anthem contains the name of the football club and that the club's name has its own copyright then any economic benefit coming from using the anthem should be paid to the club.*

3.4 Black Bishop's Campaign

In service setting, marketing communications tools are important because it could help a company creating the strong and powerful images about the company and could lead to the sense of credibility, confidence and reassurance. Through communication, marketers explain and promote the value proposition that their firm is offering. They inform existing or prospective customers about the service feature and benefits, price and other costs, the channel through which service is delivered, and when and where it is available. Or in another words, the value proposition that the company would like to offer to them.

3.4.1 Approaching Clients (B2B)

For the impression, Black Bishop would like to send a message to all prospective Clients that the company comes forward to help them discover an opportunity to “capitalize” their expenses with a diverged method. The method that Black Bishop going to use in pursuing Clients at the early period is personal selling where the marketing team will present the proposal to Clients in acquiring the agreement.

In the game of chess, all of the pieces were named based on history of medieval times. The six different chess pieces on the board represent a cross section of medieval life with its many ceremonies, grandeur, and wars. They consist of one [king](#), one [queen](#), two [rooks](#), two [bishops](#), two [knights](#) and eight [pawns](#). (taken from http://www.essortment.com/all/chesshistory_rmct.htm).

Bishop represents the religion leader, who, back in medieval time, helped the king rule the kingdom. Most of the policies issued at that time were more about securing their position in the kingdom's leadership. The need to please the king, and hence maintaining their power in the kingdom, encouraged them to diverge from the teachings of the religion itself. As such was the history behind the movement of bishop in chess, which moves diagonally, and which also inspired the Writer in naming the company.

As the Bishop in the medieval time kingdoms helped the king keep the people in order with ways that are diverging from the very teachings of the religion, the same goes with the purpose of the Black Bishop, which is to offer a diverged way to generate income. This “diverged way” in modern business terminology is called “to think outside the box” and that is the message company want to deliver to prospective Clients. In RBT jingles, Black Bishop would bring an opportunity to “capitalize” the expense of Clients in a way that is diverging from current marketing practices. In RBT Anthems, Black Bishop would like to show to football clubs that there is a way to exploit their fans in Indonesia without having to fear the threat of piracy, as experienced in selling a club’s merchandise.

The above explanation is stated in one simple icon, as shown below.

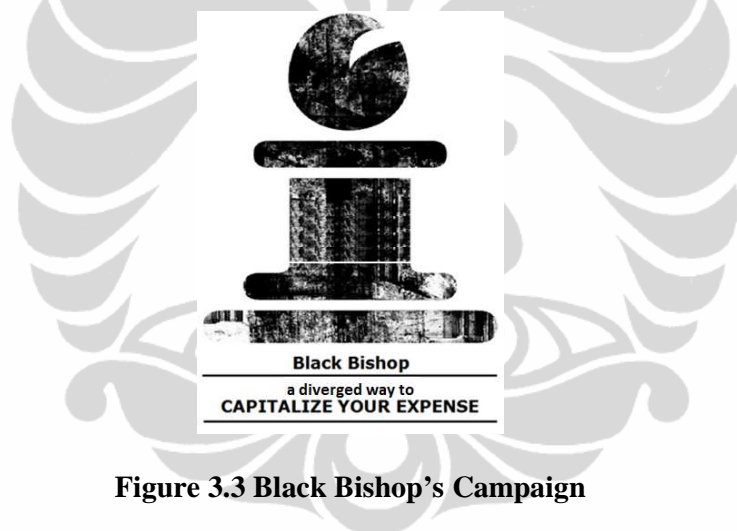


Figure 3.3 Black Bishop’s Campaign

The borderless picture above is a metaphor for helping company to communicate the benefits of its offer. As described before, from the Clients’ perspectives, the services from the company are categorized as services to manage intangible assets of the Clients, which are also considered as Mental Stimulus Processing. Therefore, Black Bishop will not position itself as a party that would take profit from Clients by exploiting their jingles/anthem as RBT but it would act as “an agent” that offers a way for the Clients to “capitalize” their expense. This expense(s) has been treated just as another expense for too long (shown by the blur in coloring the black bishop piece in the previous picture), when actually

there is an opportunity to turn that expense as an asset that may create a stream of revenue if they would consider an alternative that is outside the box (represented by the borderless picture).

3.4.2 Approaching Customers

As described before, in Customers' perspectives, the company's service would be categorized as Mental Stimulus Processing. For that, Black Bishop's campaign must focus to influence the customers to use Black Bishop's RBT Jingles and RBT Anthem. Therefore, the Black Bishop, in approaching the customers, is trying to give out the message of RBT Jingles and RBT Anthem as media to define oneself. Hence, the Black Bishop is naming its campaign "DEFINE YOURSELF".

3.5 Communication Planning to Potential Customers

After establishing the message that the Company would like to communicate to the Customers, then the next step is deciding which communication channel Black Bishop is going to use. In overall, the marketing communication planning to reach potential customers is set based on a diagram as shown below:

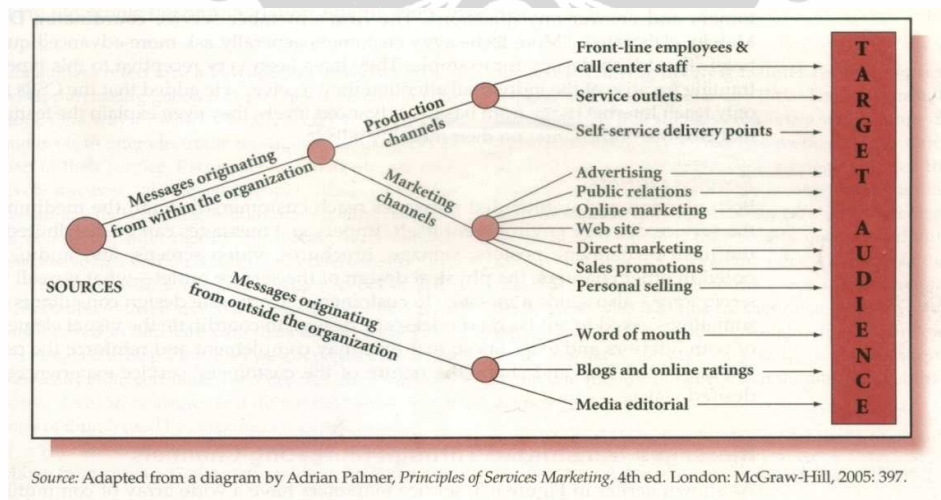


Figure 3.4 Communication Channel

Palmer, A (2005). *Principles of Service Marketing*, 4th edition. London: McGraw-Hill

3.5.1 Planning for RBT Jingle

In the theory of Product Life Cycle, the first stage requires a company to introduce the commodity to the market. The plan of Black Bishop in introducing the RBT Jingles to the customers is described below:

- a. As the implication of diagram, for the first step, Black Bishop needs to convince the Clients to have their employees to activate their own RBT Jingles. From this approach, then Black Bishop and Clients would send the message regarding RBT Jingle through the first branch which is “Messages Originating within the Organization – Production Channel”.

There are two benefits the Clients can gain from this arrangement:

- i. First benefit is efficiency since the costs made by the Clients would return to their account. It is a normal practice for companies to provide communication benefits to some of its middle-to-high level management. Before the usage of RBT Jingles on cellular numbers of these employees, Clients would just pay these expenses fully, but after activating RBT Jingles, some amount of this expense would return to Clients’ account. And also they can use their employees as their marketing frontier whether for their main products/services or their RBT Jingles.
- ii. The second one is through the network that their staff has; Clients can communicate their RBT Jingles and their products/services to the public as one-on-one marketing. The reasoning behind this is that those members frequently use their cellular for business. The number of staff receiving telecommunication benefits is probably only 5-10% of total employees. This group is assumed to influence other to activate the RBT Jingles especially parties that want to increase their credit in Clients’ or parties that really do like the jingles and want to activate the RBT for them.

Even though this target market is likely to have relatively small number of potential customers, but it would create a captive market either for Black Bishop or Clients. Therefore it could serve as a stable stream of income for Black Bishop. And for the rest of staffs, Clients could manage to make some memo just to announce that the Company's RBT Jingles are not available and the Clients can "use" them to be Clients' speakers in the public.

b. For the second approach, the Black Bishop and Clients should send the message regarding RBT Jingle through the first branch which is "Messages Originating within the Organization – Marketing Channel". For this approaches these next steps would be considered as the appropriate approaches:

- i. Black Bishop first plan is to establish their own website that potential customers could use as reference for RBT activation code. Then it could start advertizing the RBT jingles by conducting internet marketing in order to reach potential customers. Because this method commonly can be done with a relatively low cost, than Black Bishop can maintain its marketing costs but still reach many potential customers.

As described in the previous chapter, the market using RBT for their cellular numbers are mostly the youngsters. Then Black Bishop should identify the websites that many youngsters in Indonesia continuously visit. The websites are:

- www.facebook.com
- www.twitter.com
- www.kaskus.com
- www.ayodance.com
- www.detik.com

From this approach, the target audience estimated could reach cumulatively more than 1,000,000 audiences per day (source: www.alexa.com).

- ii. Clients could also help announce the RBT Jingles to the market without any significant funding for this matter because they are already included in their marketing budget by putting the information regarding RBT Jingles in their original advertisement. Therefore their commercial is simultaneously communicating their product and their RBT Jingles at the same time without changing or exceeding their marketing budget.

Commonly, every company has a certain amount of budget for its marketing in order to communicate their products/services to potential customers. There are many channel of advertising that can be used by each company, such as TV commercial, radio, billboard, posters/pamphlet that put on many places and/or by arrange/sponsoring some events. After establishing RBT Jingles, Clients could create an economic scope in their selected advertisement, where they can use the same channel they are using to advertize their core business to advertize their RBT Jingles. And furthermore Clients can even use their revenue from RBT Jingles to fund a more extensive marketing effort. From this marketing effort, the target audience would gradually increase from 5 to 10 million target audiences.

To convince the Clients concerning this approach, the Black Bishop is willing to cut the share down to 20%-30% from normal practice, which is 25%-25% after 50% Providers' shares. This arrangement is to cover the cost of advertizing modification that the Clients would have to do to boost the activation numbers and also to increase their interest to give away their jingle copyright for Black Bishop.

- c. After the product is well introduced to the market, then the existing customers already using the RBT could be considered as “Messaging originating from outside the organization” and would impact indirectly to the activation number.

When Clients complete their advertizing modification and put it on the air and in every marketing channel that they have, the communication should start to show its impact and lead Black Bishop into the Growth Stage. After generating an adequate cash flow from previous operation, Black Bishop can start its own campaign to rallying with Clients’ effort to double the target audience. The message could be delivered by using “Advertizing”.

For the advertisement, Black Bishop under the “Define Yourself” campaign would emphasized to customers that choosing RBT is RBT Jingle would more describe the user personality.

3.5.2 Planning for RBT Anthem

To communicate the RBT Anthem to the targeted market, the Black Bishop would need to formulate a short-term strategy. One of the advantages of exploring this segment is the many channels available that can be used by Black Bishop with a relatively low cost, such as:

- a. Black Bishop can put advertisements in the website of unofficial fans clubs’ of Indonesia or football related websites in Indonesia to communicate RBT Anthem to all registered members of those websites.
- b. Black Bishop can use available forums in the internet that have been used by many football fans in Indonesia to facilitate their needs to share information among themselves. Beside the low cost required in implementing this method (or it is safe to say no cost at all) by communicating the commodities to these forums, not only can Black Bishop influence the members to use RBT Anthem but it can also use the members to “spread the words” to the other fans and their environment.

- c. Also, Black Bishop can put advertisements on websites that cover football news that many potential customers visit, such as detik.com/bola, sibundar.com.

The estimated number of *potential customers* that can be reached by using those two methods is approximately 100,000 fans. Considering the small capacity of Black Bishop's capital, then the low budget promotion will help company in maintaining the marketing expenses. Black Bishop estimated that after 2 months since the release of the RBT Anthem this subdivision should be well communicated to registered members of fans clubs and should generate a permanent flow of income that can be used by the company to expand to more expensive channels of advertisements targeting a larger market.

But because Black Bishop will be dealing with foreign clubs at the most, then small campaign would be reduce the possibility to conceal the deal. The campaign should have a big jump start to reach huge number of target audience. And for that it will require a relatively big amount of funding. Therefore in this marketing plan then Black Bishop should start the RBT Anthem after RBT Jingles reach growth stage and generate an adequate amount of cash flow to fund company's campaign for RBT Jingles and RBT Anthems.

Due to the segmented strategy, Black Bishop only needs to focus on specific media to communicate the commodity to the targeted market. The media that can be used are:

- a. Putting advertisements in printed media that are focused in serving the football fans in Indonesia like Bola, Gol, TopSkor, Soccer. With estimated sales reaching 5,400,000 exemplars per month cumulatively (taken from Piesta Dinamika Consult Report for TopSkors, 2006), this advertisement method surely can boost the sales of RBT Anthem.
- b. Putting commercials on television using the slots when football matches are playing either live or recording. These advertisements indeed require a large amount of funding but it can reach many football fans in Indonesia.

But to maximize the utilization, Black Bishop could just choose matches that are categorized as big matches.

As described at the beginning of this chapter, one recipient of income from selling RBT and increase company's costs in order to conceal the "contract signing" is signing fee for the artists that singing the song. For RBT Anthem of foreign clubs this cost could become a great obstacle for Black Bishop who has low capacity of capital. To overcome this obstacle Black Bishop would create a profit-sharing partnership with local music production houses. Such production houses will prepare the artists, the music arrangement and the recording of the anthems and Black Bishop will manage the sales of the RBT Anthem. From this arrangement, Black Bishop could create an additional source of income, wherein RBT business line artist and labels have a share of the revenue from publishing the song, and then Black Bishop could point out a label that offers a lower fee. This is possible because Black Bishop has already had an agreement with the clubs and song writers in publishing the song and also there are many music labels available in Indonesia that can be asked to participate in this joint arrangement, in which these reason increase the bargaining power over the partner.

3.6 Long-term Planning for Black Bishop

3.6.1 Public Relationship for RBT Jingle

When the top ten prospective Clients are already acquired, then it is time for the company to come forward with RBT Jingles to the public through public media. PR is one of the alternatives that can be use in B2B marketing. The essence of public relations: informing and persuading the public not one person at a time, but by the thousands or millions through newspapers, radio, television and the web. This effort is to gain positive image, increasing the credibility of the company and lure others Clients to create a decent jingle for their commercial. The end result of this effort is more availability for Black Bishop to sell jingles as RBT to telecommunication market.

3.6.2 RBT Anthem

In the theory of Product Life Cycle, when a product reaches the maturity stage, the company should consider a new breakthrough to avoid market reaching a “saturation point” and stepping into the declining stage. There are two possible ways for Black Bishop to achieve this objective, where the main idea of these preferences is to provide the market with new options.

The alternatives are described below:

- a. Providing with new commodity within this segment.

This could be done by signing another anthem(s) of the clubs, because a football club commonly has not only one fans anthem song.

- b. Replenish/Repackaged the existing commodity.

This alternative can be done by improving the existing RBT Anthem with different music arrangement by using the joint operation with the local music production house.

The basic idea of those two methods is to make more options available for customers to choose so they can use different RBT Anthem from the same club.

3.6.3 Business as a Whole

After reaching a maturity stage, management of Black Bishop should start thinking a new business opportunity that gain along the experiences in the previous stages. This is necessary to avoid a sudden change(s) in the environment kicking Black Bishop out of business. And for that management could evaluate business opportunity by expanding the business scope but within the core business of Black Bishop.

The alternatives of expanding business scope from a CP:

a. PR Agency

From the previous stages, management should gather information as many as they can regarding what channel of communication that a client uses, when it is used and how they are using it. This data gathering can be done by watching what modification that Clients do in their advertisement and also by using marketing staff to maintain a good relationship with Clients' staff and gather the information through them.

b. Music Label

Using the work arrangement with the production house, then Black Bishop can expand into music label/management artists. By doing this, Black Bishop will be able to sales physical album and gaining shares from the artist stage fees. Not only is that, by doing this alternative Black Bishop simultaneously creating a new subdivision in RBT business.

For these alternatives, Black Bishop needs to conduct further evaluation that is not going to be discussed in this writing.

CHAPTER 4

SUPPORT FUNCTION: ORGANIZATION STRUCTURE AND FINANCIAL PLANNING

4.1 Organization Structure Plan

Based on the finding from a research done by Tom Burns and G.M.Stalker, the external environment is related to the internal management structure and business strategy as a whole of a company. The ideal form of an organization is predetermined by its environment condition. Therefore, an organization should conduct external or industry analysis.

Using the business analysis from previous chapter, several conditions of RBT business line are concluded:

- a. The level of environment uncertainty of RBT business line is high. This is indicated by several reasons:
 - The massive rapid growth in revenue from this segment just in a short period of time (2006-2009).
 - Dogma from music industry of Indonesia in the introduction stage of RBT stated that RBT numbers would appear to be high if the artist has high sales in physical album selling. But in a relatively short period of time the dogma changed 180 degrees and implied that an artist would have high sales in physical album selling if the artist has high RBT selling. Furthermore, the more the RBT sells and the more stage offer come for the artists. Surely RBT business line keeps showing a new indication from time to time.
 - In 2009, the domination of RBT business line was held by new artists and those artists keep competing to defeat the dominance by the artists who are already established and have a relatively large number of fans

base. This indicates that if the market favors a song, then no matter who the artist is, it can dominate the RBT segment for a certain period.

- b. Valuing by the Simple-Complex Dimension, RBT business line lies in the simple dimension. Where in RBT business line external factors that influence the players in the industry are only the market preference. The price factor for example is already established by Providers and CP has no power to change that. The place that can be targeted must also be in line with the Providers decisions. The only thing that can be seen as a clear factor is the market preference. Therefore it is up to the kind of product that a company wants to bring forward and which promotion it's going to choose to influence the market to increase its sales.
- c. Statements from Providers regarding their 2010 revenue target from RBT segment indicate that they are expecting new innovations and new talents either from their internal or CP as their partner that can improve RBT performance in 2010. And also there is an indication that all Providers will give their best support for these actions.

Those factors mentioned above are the ones providing the most significant impact in establishing a business strategy for Black Bishop. Therefore the Company must set the proper response to the environment uncertainty that it's going to face. In the Miles and Snow typology it is stated that the idea that managers seek to formulate strategies that will be congruent with the external environment. Organizations strive for a fit among internal organization characteristics, strategy, and the external environment. There are four strategies that can be developed, which are:

- a. **The prospector strategy** is to innovate, take risks, seek out new opportunities and grow. This strategy is suited to a dynamic, growing environment, where creativity is more important than efficiency.
- b. **The defender strategy** is almost the opposite of the prospector where it's congruent with stability or even retrenchment and it seeks to hold onto current customers but it neither innovates nor seeks to grow.

- c. *The analyzer* tries to maintain a stable business while innovating on the periphery whereas some products will be targeted toward stable environments in which efficiency strategy designed to keep current customers is used. And others will be targeted toward new more dynamic environments, where growth is possible. The analyzer attempts to balance efficient production for current product lines with the creative development of new product lines.
- d. *The reactor strategy* gives respond to environmental threats and opportunity in an ad hoc fashion, whereas the top management has not defined a long-range plan or given the organization an explicit mission or goals so the organization takes whatever actions seem to meet the immediate needs.

To face the unstable-simple environment as in the RBT business line, a new player like Black Bishop should implement “the prospector strategy” to rise in the crowded market. And to support this, the Black Bishop would need the following:

- i. Organic structure

The organic structure is an organization design that is set with flat structure where all member of the organization are set in learning orientation so that each member can easily cover the task of the others. And as the result, the structure of the organization would be flexible and decentralized. Another characteristic of organic structure that fits the prospector strategy is that organic structure allows each member of the organization to bring forward their creativity for new innovations and/or new breakthrough for the organization.

The implementation of this setting is whenever conducting a presentation or a negotiation with prospective clients, the team should in form of three staffs, 2 from marketing staff and one from legal division. The more negotiation have been conducted, then the marketing staffs should gained enough knowledge regarding legal matters and the legal staff could

learned the best way to present the Company. This way when any expansion needed to be done the previous staff could leads the newest member in a negotiation.

ii. Few departments, much boundary spanning

The departments for organization that implementing “the prospector strategy” should limited to fewer departments only which cover the main function. But all of these departments can be utilize to gathering information regarding external environment to absorb new opportunities and/or new threats for the continuance of the organization. Below is the structure design of Black Bishop:

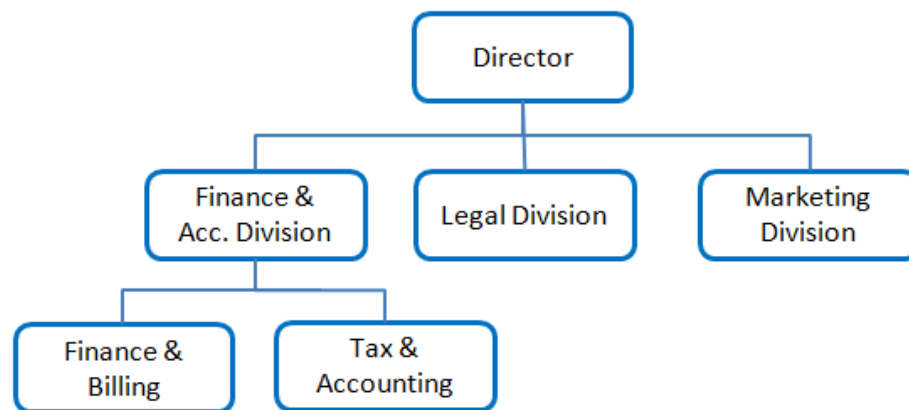


Figure 4.1 Black Bishop Structure Design

Billing staff would have many encounter with Providers should be able to manage data gathering regarding the business development in the point of view of Providers and Competitors from Providers’ low-middle managements while doing their main function as billing staff. Marketing Division has main function to search potential Clients (either for RBT Jingles or RBT Anthem). And it must to be emphasized for all staff of this division, the business potential that Company seeks not only limited in RBT but also another business opportunity within the business scope.

iii. Few integrating roles

As shown in the organization structure, for marketing division, there is no separation between RBT Jingles or RBT Anthems. The staffs should be able to manage to pursue all the subdivision of Black Bishop. Due to the learning process mention in point (a), then the marketing division and legal division would trade their knowledge to each other and can provide more benefits for the company as in these two division could easily cover the other task when its needed.

iv. Planning orientation; fast response.

As reflected in the marketing plan in the previous chapter, Black Bishop contingency plan for the future also consists shifting its business scope to avoid stepping into declining stage.

4.2 Financial Forecasting

In preparing financial forecasting, the Writer used a set of general assumptions for Black Bishop as guidance to plot revenues and expenses, such as:

a. Startup Expenses & Capitalization

The startup periods is estimated to be approximately two months, which consist of completing the business registration and permits, tax license, business hard structures such as office setup and et cetera, the last but not the least the partnership registration with Providers in Indonesia. For the business registration and permits, based on Indonesia's law, every party that wants to establish a new company requires a certain amount of paid Preferred Stock. And to handle the process the Black Bishop would need a notary.

After finishing the company's registration; then Black Bishop needs to submit partnership request to Providers in Indonesia. The processes itself is predicted to be done in 2 months.

b. Type of RBT

RBT Jingles and Anthem should be put under RBT song category; therefore for each activation customer would be charged with Rp.9000,- /month/RBT.

c. Share for Black Bishop

Under the usual composition for RBT revenue sharing, CP should be given 25%. This assumption will be used for RBT Anthem. But for RBT Jingles, the Black Bishop only targets a share of 20%. This is can be considered as an incentive to fund the future advertisement modification done by Clients' and also to increase the possibility of agreement between Black Bishop and Clients'.

d. Advertizing Channel

As the first step, Black Bishop should establish its own website where customers could use it as a reference to look for the RBT code. The cost of establishing one is approximately Rp.1,500,000 under a startup package. And also for the earlier periods, Black Bishop chooses marketing through internet whereas the cost of putting an ad on a website is approximately Rp.250.000,- per week.

4.2.1 RBT Jingle Forecasting

For the purpose of the business plan, financial forecasting will be set for 5 years period where Year-1 and Year-2 are plotted as the introduction and growth stages, while Year-3 and after is the period within which RBT Jingle is estimated to reach maturity stages.

Budget Revenue

The following present the revenue budget of RBT Jingle for 5 years period. Due to the short period that a song commonly needs to move on the chart

of RBT therefore, in the first and the second years where Black Bishop still manage to pursue potential Clients and build a solid credibility than these years would be presented as monthly bases:

Table 4.1 Revenue Budget of RBT Jingle

Period	Customers (000)	Price	Share	Revenue (000)
Year-1	1,386	9,000	20%	2,494,800
01				
02				
03		9,000	20%	-
04	3	9,000	20%	5,400
05	8	9,000	20%	13,500
06	15	9,000	20%	27,000
07	45	9,000	20%	81,000
08	106	9,000	20%	190,800
09	154	9,000	20%	276,300
10	233	9,000	20%	418,500
11	321	9,000	20%	577,800
12	503	9,000	20%	904,500
Year-2	13,966	9,000	20%	25,137,900
13	691	9,000	20%	1,243,800
14	895	9,000	20%	1,610,100
15	970	9,000	20%	1,746,000
16	1,075	9,000	20%	1,935,000

Table 4.1 (Continued)

Period	Customers (000)	Price	Share	Revenue (000)
17	1,240	9,000	20%	2,232,000
18	1,120	9,000	20%	2,016,000
19	1,125	9,000	20%	2,025,000
20	1,250	9,000	20%	2,250,000
21	1,400	9,000	20%	2,520,000
22	1,400	9,000	20%	2,520,000
23	1,400	9,000	20%	2,520,000
24	1,400	9,000	20%	2,520,000
Year-3	16,800	9,000	20%	30,240,000
Year-4	16,800	9,000	20%	30,240,000
Year-5	16,800	9,000	20%	30,240,000
Total	65,752	9,000	20%	118,352,700

The first two months are the period of time, within which the company shall finish the setup process. Third month is the starting point for Black Bishop to conceal the top five at the potential Clients list from the previous market research. This top five Clients need to be pursued first because competitors could easily copy the strategy and act on them first before Black Bishop.

i. Introduction Stage

In line with the theory of product life cycle, Black Bishop will only plan to gain a little number of customers but spend its effort and resources to introduce the product to the market. For the second quarter, the marketing effort shall focus on internet bases to communicate RBT Jingles and also it's time to pool the captive market within the Clients' circle. The Captive Market Campaign starts within the Clients itself. Staff members of the Clients that receive communication benefits would activate their own RBT Jingles. Furthermore, in this campaign the real target market are at least 20% (based on the proportion of telecommunication's customers that use RBT in 2009) of total staff of the top ten target Clients.

From many sources, the Writer found that for the ten targeted Clients that would be placed as Priority Clients, the total numbers of employees that can be exploited as captive market for Black Bishop is around 203,000 people. This means that the Black Bishop could create stream of stable revenue to finance its daily base operational is by targeting 20% of the total number or around 40,600 customers for Black Bishop.

Table 4.2 Total Employees of Targeted Clients – RBT Jingle

No.	Brand	Company Name	Total Employee
1	Djarum Cokelat	PT. Djarum	74,500
2	Dancow	PT. Nestle Indonesia	N/A
3	Torabika	PT. Mayora Indah, Tbk	6,220
4	Sejati Cigarette	PT. Bentoel International Investama Tbk	N/A
5	TehBotol Sostro	PT. Sinar Sosro	8,500
6	Love Juice	PT. Dwimanunggal Sentragraha	N/A
7	Aqua	PT. Tirta Investama (Danone Aqua)	10,610
8	Silverqueen	PT. Ceres	N/A
9	Indomie	PT. Indofood Sukses Makmur, Tbk	62,000
10	Gudang Garam Filter	PT. Gudang Garam, Tbk	41,000
Total			202,830

Note: Data taken from the Clients' own website. Please do notice, due to the limitation of data, there are 4 target Clients that does not shown their employees data whether in their website neither in any news related to them

As discussed previously, Black Bishop is willing to receive lower percentage of share compared to normal RBT as the reward for Clients to do modification on their commercial. For TV advertizing, it usually takes one month to do modification on the original ad and put the replacement on air. The implication of the advertisement would likely take place in the third quarter. It shows in the budget revenue that by the 7th month, the modification would reach more target audience and providing an adequate funding source to double the marketing effort by Clients. By the end of third quarter, the RBT Jingle is fully introduced to the market and stepping into the growth stage.

By the end of introduction stage, Black Bishop targeting only 25,500 customers whether from the within the Clients itself and telecommunication market outside the Clients with total revenue value only Rp.45,900,000.

ii. Growth Stage

After the impact of advertising modification begins to materialize and also due to the additional of Clients numbers, RBT Jingle is planned at the beginning of third quarter. Based on the theory of Product Life Cycle, in the growth stage,

revenue would rise rapidly until its level of growth starts to decrease and then the number of revenue become steady.

Along with the increase of profit sharing from RBT Jingle, Clients can pursue more advance marketing for their brand. This would lead to more benefit for Black Bishop due to the economic scope applied in, where the advertising of Clients would also advertise the RBT Jingle automatically. Not only that, the revenue stream could allow Black Bishop to double the effort by putting advertisement with more precise to RBT potential customers.

As discovered before, the youngsters are the largest customers group of telecommunication industry who are actively and continuously using RBT. The identification of which media that youngsters choose as preference would be crucial in the effort to deliver company's message more precise with big number of target audiences. By completing this approach, then Black Bishop could reach more potential customers. Cumulatively, the total activation target of in this stage would reach 9,726,000 customers and provide revenue for Black Bishop around Rp.17,506,800,000.

iii. Maturity Stage

After fully penetrating the market of RBT Jingle, the revenue stream should show a steady number. In this stage then RBT Jingle would become a cash cow for Black Bishop. And to avoid this subdivision, Black Bishop should manage to find new and attractive jingle to sell to the market. At this stage, Black Bishop plans to have more than 15 jingles with average number of activation around 160,000 customers each and a total stream of revenue around Rp.2,520,000,000 on monthly bases.

Marketing Budget

Below is the budget for marketing expense in 5 years period:

Table 4.3 Marketing Budget of RBT Jingle

(in Thousand Rupiah)

	Year-1	Year-2	Year-3	Year-4	Year-5	Total
Adv Exp.	196,575	2,482,695	1,986,156	1,588,925	1,588,925	7,843,276
M.Incentive	62,370	628,448	756,000	756,000	756,000	2,958,818
Operating exp.	50,000	60,000	60,000	60,000	60,000	290,000
T. Marketing exp.	308,945	3,171,143	2,802,156	2,404,925	2,404,925	11,092,093

The following describes the budget above:

i. Marketing Incentive

Marketing incentive in Black Bishop is calculated 2.5% per Client for the marketing teams successfully acquiring the contract. The purpose of designing marketing incentives are (1) to cut down the basic salary for marketing staffs to minimize the employee costs at the earlier periods; (2) to increase the performance of marketing staff in pursuing contracts with potential Clients; (3) the main principal of copyrights is that it can continuously generate income which mean once the contract with Clients is signed then the revenue will flow continuously, or in another words, if the staff leaves then he/she will lose the incentive from the company.

ii. Operating Expenses

The operating expense for marketing division is for all the expenses of marketing staff incurred in daily transactions, such as gasoline for transportation reimbursement, communication charges and et cetera. The budget for these expenses is Rp.5,000,000 per month.

iii. Advertising Expenses

Same as the budget revenue, the first two year is important for Black Bishop. Below is the breakdown of the 2 years budget for advertising expense:

Table 4.4 Marketing Budget of RBT Jingle

(in Thousand Rupiah)

	Q1	Q2	Q3	Q4	Year-1
Adv Exp.	5,000	16,750	58,860	115,965	196,575
Marketing Incentive	-	1,148	13,703	47,520	62,370
Operating exp.	5,000	15,000	15,000	15,000	50,000
Total marketing exp.	10,000	32,898	87,563	178,485	308,945
	Q5	Q6	Q7	Q8	Year-2
Adv Exp.	428,895	618,300	679,500	756,000	2,482,695
Marketing Incentive	114,998	154,575	169,875	189,000	628,448
Operating exp.	15,000	15,000	15,000	15,000	60,000
Total marketing exp.	558,893	787,875	864,375	960,000	3,171,143

As described in the previous chapter, at the early stage Black Bishop will implement the internet marketing, which means that by putting commercial of RBT Jingle through websites Black Bishop could introduce the RBT to mass target audience with low budget. The average charge of putting an ad on a website in Indonesia is Rp.250,000,- per week. Recognizing the 5 websites that could be used as a start up to reach many youngsters in Indonesia such as www.facebook.com; www.twitter.com; www.ayodance.com; www.detik.com; and www.kaskus.com. After it starts to generate revenues, Black Bishop could use it to fund more intensive approach in advertising such as printing media (flyers/posters, magazine, tabloid, et cetera) and billboard that eventually will reach nationally.

After the second year, Black Bishop is already in the stage of maturity, and then company could slowly reduce the advertizing expense. The advertisement at this stage is only to keep the market aware regarding the commodity and not to lose opportunity to seize a new potential market.

4.2.2 RBT Anthem Forecasting

Budget Revenue

The targets Clients for RBT Anthem are foreign football clubs. Therefore Black Bishop must have an adequate source of funding before starting the negotiation with the Clients. As the RBT Jingles start to provide sources of

funding at the third quarter of Year-1 then company can start the campaign. Presented the following is the budget revenue of RBT Anthem:

Table 4.5 Budget Revenue of RBT Anthem

Period	Customers (000)	Price	Share	Revenue (IDR 000)
Year-2	4,310	9,000	25%	9,697,500
13	10	9,000	25%	22,500
14	50	9,000	25%	112,500
15	150	9,000	25%	337,500
16	250	9,000	25%	562,500
17	350	9,000	25%	787,500
18	500	9,000	25%	1,125,000
19	500	9,000	25%	1,125,000
20	500	9,000	25%	1,125,000
21	500	9,000	25%	1,125,000
22	500	9,000	25%	1,125,000
23	500	9,000	25%	1,125,000
24	500	9,000	25%	1,125,000
Year-3	6,000	9,000	25%	13,500,000
Year-4	6,000	9,000	25%	13,500,000
Year-5	6,000	9,000	25%	13,500,000
Total	22,310	9,000	25%	50,197,500

Since this is a focused differentiation strategy, it requires only a short period to introduce the commodity to the market and to reach growth stage. It is estimated that in only 5 month RBT Anthem shall already reach its maturity stage and have steady number of customer which is 500,000 customers per month.

Marketing Budget

Below is the marketing budget for RBT Anthem of Black Bishop:

Table 4.6 Marketing Budget of RBT Anthem

(in Thousand Rupiah)

Period	Marketing Incentive	Advertising Expense	Operational Expense	Total exp
Year-1	-	250,000	80,000	310,000
07			10,000	10,000
08			10,000	10,000
09			10,000	10,000
10			10,000	10,000
11			10,000	15,000
12		250,000	10,000	260,000
Year-2	242,438	1,200,000	120,000	1,562,438
13	563	100,000	10,000	110,563
14	2,813	100,000	10,000	112,813
15	8,438	100,000	10,000	118,438
16	14,063	100,000	10,000	124,063
17	19,688	100,000	10,000	129,688
18	28,125	100,000	10,000	138,125
19	28,125	100,000	10,000	138,125
20	28,125	100,000	10,000	138,125
21	28,125	100,000	10,000	138,125
22	28,125	100,000	10,000	138,125
23	28,125	100,000	10,000	138,125
24	28,125	100,000	10,000	138,125
Year-3	337,500	1,200,000	120,000	1,657,500
Year-4	337,500	1,200,000	120,000	1,657,500
Year-5	337,500	1,200,000	120,000	1,657,500
Total	1,254,938	5,050,000	510,000	6,839,938

Below are the explanations for marketing budget:

i. Operational expenses

The operating expense for marketing division is for all the expenses incurred by the marketing staff in daily basis, such as international telecommunication and mailing expense.

ii. Marketing Incentive

Marketing incentive in Black Bishop is calculated 2.5% per Client for the marketing teams successfully acquiring the contract. The purpose of designing marketing incentives are (1) to cut down the basic salary for marketing staffs to minimize the employee costs at the earlier periods; (2) to increase the performance of marketing staff in pursuing contracts with potential Clients; (3) the main principal of copyrights is that it can continuously generate income which mean once the contract with Clients is signed then the revenue will flow continuously, or in another words, if the staff leaves then he/she will lose the incentive from the company.

iii. Advertizing expense

The budget shows that in month 12 year I there is a huge expense with total Rp.250.000.000,-. This budget is to produce a short video clip that consist several anthems. The anthem then will put in television especially in football slot. This approach surely will reach football fans in Indonesia directly.

The other marketing effort that can be conducted is by putting an ad in printing magazine that contain information about football such as Goal, TopSkor, Soccer. And also on websites that discussing about football event such as ww.detik.com/football and unofficial fans club websites in Indonesia.

4.2.3 Black Bishop Master Budget

The components of master budget to be discussed next are Profit & Loss Budget and Cash Flow Budget for period of 5 years. For Profit and Loss, it is a *cumulative numbers* of RBT Jingle and Anthem discussed earlier (for the complete calculation see table 4-10).

Table 4.7 PL Budget*(In Rp.000,000)*

Description	Year-1	Year-2	Year-3	Year-4	Year-5	Total
Revenue:						
<i>o RBT Jingle</i>	2,494.8	25,137.9	30,240.0	30,240.0	30,240.0	118,352.7
<i>o RBT Anthem</i>	-	9,697.5	13,500.0	13,500.0	13,500.0	50,197.5
Total Revenue	2,494.8	34,835.4	43,740.0	43,740.0	43,740.0	168,550.2
Marketing Expense:						
<i>o Incentive</i>	62.4	870.9	1,093.5	1,093.5	1,093.5	4,213.8
<i>o Operating</i>	120.0	180.0	180.0	180.0	180.0	840.0
<i>o Advt Expense</i>	446.6	3,682.7	4,224.0	4,224.0	4,224.0	16,801.3
Total Marketing Exp.	628.9	4,733.6	5,497.5	5,497.5	5,497.5	21,855.0
G&A Expense:						
<i>o Salary</i>	230.0	660.0	792.0	950.4	1,140.5	3,772.9
<i>o Office Supplies</i>	36.0	37.8	39.7	41.7	43.8	198.9
<i>o Office Equipment</i>	35.0	35.0	35.0	35.0	35.0	175.0
<i>o Notaree exp</i>	5.0					5.0
<i>o Electricity & Telp</i>	8.0	8.4	8.8	9.3	9.7	44.2
<i>o Others</i>	20.0	21.0	22.1	23.2	24.3	110.5
Total G&A Exp.	334.0	762.2	897.6	1,059.5	1,253.3	4,306.5
TOTAL PROFIT/LOSS	1,531.9	29,339.6	37,344.9	37,183.0	36,989.2	142,388.7

Table 4.8 CF Budget*(In Rp.000,000)*

Description	Year-1	Year-2	Year-3	Year-4	Year-5	Total
Cashflow of Operating Act						
Net cashflow	296.3	23,467.4	37,344.9	37,183.0	36,989.2	135,280.9
Cashflow of Investing Act						
Net cashflow	-	-	-	-	-	-
Cashflow of Financing Act						
<i>o Paid-in Capital</i>	200.0	-	-	-	-	200.0
Net cashflow	200.0	-	-	-	-	200.0
Total Cashflow	496.3	23,467.4	37,344.9	37,183.0	36,989.2	135,480.9
Cash, Beg Balance	496.3	24,460.1	85,272.4	159,800.3	233,972.6	270,961.8
Cash End Balance	992.7	47,927.5	122,617.3	196,983.4	270,961.8	406,442.7

The following are the assumptions applied by the Writer for the Cash Flow Budget:

- i. For calculation of “cash receipt from Providers”, the assumption is that the revenue of a certain month would be paid by Providers in two months period.
- ii. Marketing Incentive would disburse 2.5% of “cash receipt from Providers”.
- iii. The other disbursement would be paid within the period of occurrence.

Using the assumption above, then Writer calculate the capital requirement that needs to be injected to Black Bishop before it could run by its own operational cash flow. The expense element that needed to be paid by the company during the “introduction stage” where Black Bishop still needs to struggle with no income are marketing expenses (operating and advertising expenses) and also general and administration expenses for the first two quarters. As shown in the table below, for Q1 and Q2, the operating activities will give a negative cash flow around Rp. 188,8 million.

In the third quarter, even though the marketing effort by Black Bishop and Clients’ advertising modification would give a huge jump in cash received by the company, but it still does not cover the expenses because marketing incentives also needed to be paid to staffs. Therefore the end result of the third quarter is negative Rp. 1.9 million. As the conclusion, the owner requires only Rp. 200 million to fund the first 3 quarters in Year-1, and then net cash flow from operation activities can be used as sources to fund all of Black Bishop activities. Below is the cash flow forecasting for Year-1:

Table 4.9 Year 1 Cash Flow

Description	Q1	Q2	Q3	Q4	Year-1
Cashflow of Operating Activity					
<i>o Cash Receipt for Providers</i>	-	15,3	213,3	999,0	1.227,6
<i>o Mark. Incentive</i>	-	(0,4)	(5,3)	(25,0)	(30,7)
<i>o Adv. Exp</i>	(5,0)	(16,8)	(58,9)	(366,0)	(446,6)
<i>o Opr of Marketing Div</i>	(15,0)	(15,0)	(45,0)	(45,0)	(120,0)
<i>o G&A Exp</i>	(76,0)	(76,0)	(106,0)	(76,0)	(334,0)
Net cashflow	(96,0)	(92,8)	(1,9)	487,1	296,3
Cashflow of Financing Activity					
<i>o Paid-in Capital</i>	200,0				200,0
Net cashflow	200,0	-	-	-	200,0
Total Cashflow	104,0	(92,8)	(1,9)	487,1	496,3
Cash, Beg Balance	-	104,0	11,2	9,3	496,3
Cash End Balance	104,0	11,2	9,3	496,3	992,7

CHAPTER 5

CONCLUSION

Based on industry analysis, RBT business line is a prospective business to process, judging from its revenue trend that is rapidly increasing and the interest from the Providers, which shows that they are going to support this segment. But due to heavy competition in the industry, as a new player, who would likely be at the bottom of the food chain, Black Bishop needs to implement a marketing strategy that enables the company either to stand-out in a crowded market or try to pursue a certain group that has not been served by other competitors.

A. Marketing Communication Plan

From the evaluation of the industry and to ensure that company success in the business, Black Bishop has to apply the appropriate marketing strategy. Along with the market dominance theory and by applying Porter's Competitive Strategy it is best for Black Bishop to use Differentiation Strategy for RBT Jingles and Focused Differentiation Strategy for RBT Anthem, where the company would come forward with uniqueness as its main bargaining power.

By using "Four Categories of Services" from Lovelock & Wirtz (2007); *Service Marketing: People, Technology, Strategy (Sixth Edition)*; Pearson Education International, Black Bishop is going to offer its service to two parties, Clients and Customers. For Clients, the service of Black Bishop would be considered as Information Processing, where the company offers to manage the use of intangible assets of Clients (jingle/anthem), converting them as a commodity in RBT business line to generate additional revenue for them. But for customers, the service of Black Bishop would be categorized as Mental Stimulus Processing, where using RBT of Black Bishop would be satisfying to them psychologically. By acknowledging this; Black Bishop can now determine how to communicate their service to Clients & Customers.

In the campaign for approaching prospective Clients, the Writer chooses the name Black Bishop to deliver the message that Black Bishop would like to offer a divergence way that is different from any existing offers, just like the piece in the chess game. Then added a metaphor “Capitalize Your Expense” to show that divergence way that Black Bishop has would give direct stream of benefits for expenses that no one in Indonesia realized before. And furthermore, with no significant additional costs, Clients may enjoy the benefits as soon as they sign the agreement with Black Bishop.

And for approaching customers, Black Bishop’s campaign must focus to influence the customers to use Black Bishop’s RBT Jingles and RBT Anthem. Therefore, the Black Bishop, in approaching the customers, is trying to give out the message of RBT Jingles and RBT Anthem as media to define oneself. Hence, the Black Bishop is naming its campaign “**DEFINE YOURSELF**”.

The plan of Black Bishop in introducing the RBT Jingles to the customers is described below:

- d. For the first step, Black Bishop needs to convince the Clients to have their employees to activate their own RBT Jingles. From this approach, then Black Bishop would send the message regarding RBT Jingle through the first branch which is “Messages Originating within the Organization – Production Channel”. Even though this target market is likely to have relatively small number of potential customers, it would create a captive market either for Black Bishop or Clients.
- e. For the second approach, the Black Bishop would send the message regarding RBT Jingle through the first branch which is “Messages Originating within the Organization – Marketing Channel”. In the beginning, Writer plans to conduct internet marketing to target youngsters of Indonesia. Clients also could help announce the RBT Jingles to the market without any significant funding for this matter because they are already included in their marketing budget by putting the information regarding RBT Jingles in their original advertisement. Therefore their

commercial is simultaneously communicating their product and their RBT Jingles at the same time without changing or exceeding their marketing budget.

- f. After the product is well introduced to the market, then the existing customers already using the RBT could be considered as “Messaging originating from outside the organization” and would impact indirectly to the activation number.

For RBT Anthem, Black Bishop plans to use “Messages Originating within the Organization – Marketing Channel”. Due to the segmented strategy, Black Bishop only needs to focus on specific media to communicate the commodity to the targeted market. The media that can be used are:

- c. Putting advertisements in printed media that are focused in serving the football fans in Indonesia like Bola, Goal, TopSkor, Soccer.
- d. Putting commercials on television using the slots when football matches are playing either live or recording. These advertisements indeed require a large amount of funding but it can reach many football fans in Indonesia.

B. Organization Structure

To face the unstable-simple environment as in the RBT business line, a new player like Black Bishop should implement “the prospector strategy” to rise in the crowded market. And to support this, the Black Bishop would need the following:

- v. Organic structure that is set with flat structure where all member of the organization are set in learning orientation.
- vi. Organization that implementing “the prospector strategy” should limited to fewer departments only which cover the main function.
- vii. Few integrating roles
- viii. Planning orientation; fast response.

C. Financial Requirement

As the calculation in chapter 4, the owner requires only Rp. 200 million to fund the first 3 quarters in Year-1, and then net cash flow from operation activities can be used as sources to fund all of Black Bishop activities.

Description	Q1	Q2	Q3	Q4	Year-1
Cashflow of Operating Activity					
<i>o Cash Receipt for Providers</i>	-	15,3	213,3	999,0	1.227,6
<i>o Mark. Incentive</i>	-	0,4	5,3	25,0	30,7
<i>o Adv. Exp</i>	5,0	16,8	58,9	366,0	446,6
<i>o Opr of Marketing Div</i>	15,0	15,0	45,0	45,0	120,0
<i>o G&A Exp</i>	76,0	76,0	106,0	76,0	334,0
Net cashflow	(96,0)	(92,8)	(1,9)	487,1	296,3
Cashflow of Investing Activity					
Net cashflow	-	-	-	-	-
Cashflow of Financing Activity					
<i>o Paid-in Capital</i>	200,0				200,0
Net cashflow	200,0	-	-	-	200,0
Total Cashflow	104,0	(92,8)	(1,9)	487,1	496,3
Cash, Beg Balance	-	104,0	11,2	9,3	496,3
Cash End Balance	104,0	11,2	9,3	496,3	992,7