



UNIVERSITAS INDONESIA

**BUSINESS PLAN ON TRANSFORMING A TRADING CARD
GAME HOBBY TO A SMALL ONLINE BUSINESS FOCUSING
ON MARKETING STRATEGY**

THESIS

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**FACULTY OF ECONOMICS
MASTER OF MANAGEMENT PROGRAM
JAKARTA
JUNE 2012**



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THESIS

**Submitted to fulfill one of the requirements to acquire the degree of
Master of Management-Master of Business Administration (MM-MBA)**

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**FACULTY OF ECONOMICS
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STATEMENT OF ORIGINALITY

**This thesis is the work of my own
all resources which are quoted or referenced
have been stated correctly.**

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ACKNOWLEDGEMENT

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PREFACE

I Praise and thank toward the almighty God, Allah SWT, because without the blessings and grace from God, I would not have been given the chance to finish this thesis. This thesis was conducted in order to fulfill the requirements to achieve the title of Magister Manajemen - Master of Business Administration in Magister Manajemen Program, Faculty of Economics, Universitas Indonesia. I realize that, without the assistance and guidance from various people, my study would never have been finished or reach to the position I am in today. Therefore, I would like to thank:

1. Mr. Prof. Rhenald Kasali, Ph.D, as the Chairman of the Magister Manajemen Program, Faculty of Economics, Universitas Indonesia.
2. Mr. M. Gunawan Alif, as the counsellor who has provided his time, energy, and mind to guide me in the preparation of this thesis.
3. The GA Corp Company people that have given a lot of assistance in the effort to obtain the data that I needed.
4. My beloved parents who have always given their prayers, supports, trust, and never ending love for their children.
5. My friends, colleagues, and superiors who have always supported and encouraged me in real life and in virtual life.
6. Friends from MBA MM-2010 who have shown and shared togetherness, solidarity, knowledge, and experience from the beginning until the end.
7. The people that have invented the internet and contribute to its development so that diffusion of knowledge and information can be accessed by people who need them.

Finally, I wish God Almighty may return all the good favour of all parties that have assisted me. Hopefully, this thesis brings benefits to all people that have helped me finish it.

Jakarta, June 2011

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ABSTRACT

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Study Program : Master of Management (MM-MBA)
Title : Business Plan on Transforming a Trading Card Game
Hobby to a Small Online Business Focusing on
Marketing Strategy

A business can originate from a hobby. A trading card game is one those hobbies that has been generating profits for the manufacturers, retailers, and even the people that play the game. The company GA Corp is a virtual company that tries to do business on trading card game. The company wishes to do business in the secondary market which involves buying and selling of single cards. Before this company can go further and create a business plan, it must do some analysis. This analysis is to identify the problems which they are currently facing or will face in the future.

The purpose of this study is to prepare and create a business plan that would be convenient for the company to use. The preparation of the business plan starts by doing internal and external analysis. The analysis is mostly done by primary research but some are secondary research. From the analysis, the data would be put for processing a new strategy for the company. The strategy formation will be using the Blue Ocean Strategy method because it is found to be effective in this secondary market place. Finally, the new strategy will be translated into the new four P's of marketing.

Keywords: Hobby, Trading Card Games, Online Business, Blue Ocean

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CHAPTER 1 INTRODUCTION

1.1. About Trading Card Game



Figure 1.1. Trading Card Game Products

Source: Edited by Author from Trollandtoad.com , 2012

Trading card game is one of the popular games today beside the PC and Console games. A trading card game requires a minimum of two players who have a constructed deck with a minimum number of cards. The players then use their deck to play against each other. The ruling of how to win the game is different for every trading card games. The first trading card game was Magic: The Gathering which was created by Gary Gygax and Richard Garfield. It was released in 1993(Wizards, 2012). There are a variety of card games today such as Pokemon, Duel Master, and Yugioh. According to the Guinness World Records, Yugioh was the best selling card game in 2011. (Konami, 2011)

1.2. The Yugioh Trading Card Game Background

Yugioh was created by Kazuki Takahashi. It was originally made for one of the story in the manga (Japanese Comic Book) Yu-Gi-Oh!. However, due to the demand from the fans, the card game itself was extended into a real trading card game. The card game was then published by Konami (“Kazuki Takahashi”, Shonen Jump USA 2009). In 2002, Konami gave the rights to Upperdeck Company to distribute Yugioh in the United States. Later in 2008, Konami took control of all operational and business aspects of Yugioh in the United States. (ICV2, 2008)

1.3. The Yugioh Trading Card Game Products



Figure 1.2. Yugioh Trading Card Game Products

Source: Edited by Author from Trollandtoad.com , 2012

The business of Yugioh focuses on selling booster packs, boxes, special edition packs, etc. (Yugioh-card, 2012) .The first product is called the booster pack. Every three to four months, Konami would release a new set of booster card which new set of cards in it. The set of cards will have a rarity of common, rare, super rare, ultra rare, ultimate rare, secret rare, and ghost rare. A booster pack consists of nine random cards. In each of the booster packs, there is eight random common and one random rare/super/ultra/ultimate/secret/ghost rare cards. These packs are sold at price of \$3.99 each.

The second product is the box of booster packs. A box consists of 24 booster packs. In each box there is a ratio of common, rare, super, ultra, ultimate, secret, and ghost rare cards. The retail price of a box is \$59.99 to \$69.99.

The third product is the Special Edition packs. A Special Edition pack has three booster packs from the same set and one random super rare card out of two. The super rare cards are usually a reprint of famous or hard to get card from old booster packs. The retail price of a Special Edition pack is \$7.99.

The fourth product is the Collectible Tin. The Collectible Tin offers 5 booster packs from different sets, 1 reprint secret rare card, and four reprint super rare cards.

The fifth product is the Structure Deck. A Structure Deck is a 40 card set deck which is ready to be played. The Structure Deck is a theme deck based on a famous deck which has been a favorite of the players. Inside the Structure Deck is most of time a reprinted low rarity cards which was difficult for player to acquire. But, there are two to four new cards inside it which will support the theme of the deck. The Structure Deck has a retail price of \$7.99.

The sixth product is the Gold Series pack. A Gold Series pack has three gold rare cards and 22 common cards. These cards are reprinted cards which were very famous and used to be at an expensive card or hard to find. The retail price of a Gold Series pack is \$19.99.

The seventh is the Hidden Arsenal pack. A Hidden Arsenal pack consists of one secret rare card and four super rare cards. This pack is not a reprinted card pack but instead new theme cards. The retail price of the pack is \$2.99.

The eighth is a promotional card. Promotional card is a card from a magazine, comic books, video games, or sneak peak events. These kinds of cards cannot be acquired from booster packs. The rarity of the cards can be ultra rare or secret

rare. There is no fixed retail price for these cards except the sale price of the magazine, comic book, video game, or entrance ticket to a sneak peak event. (Yugioh-card, 2012)

1.4. Value of cards in the Market



Figure 1.3. Playset of cards

Source: Edited by Author from Trollandtoad.com , 2012

The value of a single yugioh card can be explained in several ways. The first value is what you call a playset of card. A playset of card means having two or three set of cards which has the same name. Players most of times need a playset of card to build their decks. A booster pack only offers random cards. For that reason, players prefer buying single cards instead of buying random booster cards.



Figure 1.4. Single cards

Source: Edited by Author from Trollandtoad.com , 2012

The second value is the saving generated by buying single cards. As explained in the first value, it will save players much money if they buy the specific cards they need instead of buying random cards from a booster pack.

The third value is a collection purpose. Some players don't actually play the game but they collect cards. They only need each a card from every booster set or promotional cards which are included in video games, comic books, magazines, and sneak peak event. Instead of buying the products they don't need, these players prefer buying the single cards.



Figure 1.5. Rarity of cards

Source: Edited by Author from Trollandtoad.com , 2012

The fourth value is the prestige of rarities. Some cards are reprinted due to their popularity. However, there are players who prefer having the highest rarity cards in their decks or collection. They prefer buying the highest rarity even if at a higher price rather than buying random packs.

The fifth value is winning tournaments with the right cards. This means that players want to build a deck which can win in local or international tournaments. Most of times, players copy the top 8 deck lists in a Yugioh Championship Match.

For them to build the decks it means they have to get the specific cards. Because of this, they must buy single cards even though the price of the cards might go up due to the demand in the market. (Konami Digital Entertainment, 2012)

1.5. Business Opportunity in the Indonesian Market

The Yugioh Trading Card game has reached Indonesian Market. With the entrance of this, it has lead to business opportunities. There are hobby shops located in Indonesia. Most of them sell yugioh card products. In Jakarta there are Comic n Games located in Mall Taman Angrek, Animachi in Gandaria City, and Blast Toys in Mall Puri Indah. These shops sell mostly sealed products like booster packs, boxes, collectible tins, and other non promotional product. These shops also coordinate weekly tournaments on weekend. Players most of time come and shop at these hobby shops. However, not all of them are there to buy sealed products. Sometimes they go there to look for single cards from other players.

The currency rate has an impact to the price of yugioh products sold in Indonesian's hobby shop. Because of the different value of Indonesian Rupiahs and United States Dollars, price of sealed product in Indonesia is sometimes above the buying power of the consumer. The consumers are people ranging from the age of teenagers to grown up. They are junior high, high school, college students, and working people. If the retail price of a booster pack is \$3.99, it will have a sale price of Rp 40.000 to Rp 50.000 in a local hobby shop. Like it was mentioned above, players need to make a deck to play the game. If they buy random packs, they will get a smaller chance getting the cards they need instead of buying single cards. For this reason, price of single cards may be high or low because of the demand of players.

One solution to get the cards is to order online. People can use credit cards and order to online shops like Trollandtoad.com, Ideal808.com, and CoreTCG.com. These online shops provide a variety of single yugioh cards available at their website. The problem for this is that ordering online has a risk and that not all

players have credit cards. Then, another problem is that when people order cards online, it can take two weeks or more for the cards to arrive in Indonesia. Finally, there is a duty tax which charges the buyers according to the value stated on the package being delivered.

Another solution is to get the single cards from a tournament. Hobby shops usually hold tournaments on Saturday or Sunday. Players can participate by paying entrance fee ranging from Rp 20.000 to Rp 50.000. The entrance fee varies depending on the type of prizes player would get. However, to win a tournament, players must have a deck which can win. Most top yugioh decks consist of cards which have high value. So, this would be another problem for players unless they already have a well built deck ready to compete in tournaments.

1.6. The Virtual Company “GA Corp”

GA Corp is a virtual company. This company was built in 2010. It has a member of 6 people. The reason these people made the company was to start business by selling yugioh card products. The company focuses on giving service for the yugioh community in Indonesia. The first service is to provide service buying single cards from the United States. The second service is to provide a weekly tournament. The third is to sell single yugioh cards from inventory.

The company operates in the internet. The company has a facebook page in <http://www.facebook.com/GAcorporation>. Major transaction with customers are done online. Communication is done by using private message. The company has access to yugioh community forums and facebook groups. The sale promotions in forums are done by opening threads in the trading section. The sale promotions in facebook pages are done by posting documents or wall messages. When a customer has made a business deal then he or she must send payment by money transfer or meeting with a representative from GA Corp at the place of agreement. If a customer has transferred the payment then the cards which were ordered will be sent to them by post mail. If the customer decides to meet at the place of

agreement then he/she will meet with a representative from GA Corp who will bring the ordered cards.

Another way for the company to get profit is by sponsoring or holding local tournaments. The company would either cooperate with a hobby shop in a mall or hold a small tournament in a small place where the community can reach and participate.

1.7. Problem Identification

In 2012, the company is planning to expand the market and target a bigger profit than 2011. A new business plan must be made to pursue these causes. Therefore, there are some questions which need answers:

1. Who are the competitors in the business?
2. What market segment should the company choose to pursue?
3. Who will be the supplier?
4. How will the product and service be promoted?
5. What is the pricing policy?
6. What are the cost, expense, and profit of the company?
7. How should the product be delivered to the buyers?
8. How should CRM be done online and offline?

1.8. Study Objectives and Benefits

The objective of this study is to prepare a business plan that will fit to the company's business. The detailed objectives of the business plan study are:

1. Defining the competitors advantages and disadvantages.
2. Choosing the market segment which will give the best profit.
3. Finding the supplier which will give the lowest cost.
4. Generating a strategy to sell the product and service.
5. Generating a pricing method.
6. Identifying the cost, expense, and profit from the business.
7. Finding the best solution to deliver the product to customers.
8. Designing a strategy to boost customer relationship management.

The benefits of this study will be for different parties:

1. The Company

This study will enhance the performance of the company by designing a better business plan for 2012. The strategy will also boost the morale of the employees to work harder. The author also hopes that the company would grow, expand, and could provide better service to the customers than the competitors.

2. Academics

This study will contribute in giving insight how to transform a hobby into a business. The focus of the study is on trading card game, but the strategy would be fit to transform any hobby into business.

3. Subsequent Study

The result of this study can be a reference for other researchers who would conduct the same topic but on different hobbies.

1.9. Writing Systematic

Systematic way of writing that will be used in preparing this thesis consists of five chapters which are:

Chapter 1: Introduction

This chapter contains the background of trading card game, brief information about Yu-Gi-Oh! TCG, the value of the yugioh products, the market in Indonesia, background of the GA Corp company, problem identification of the company, study objectives and methodology used in the study.

Chapter 2: Literature Review

This chapter describes the theories which will be used in relation with the problems and solutions

Chapter 3: Study Methodology

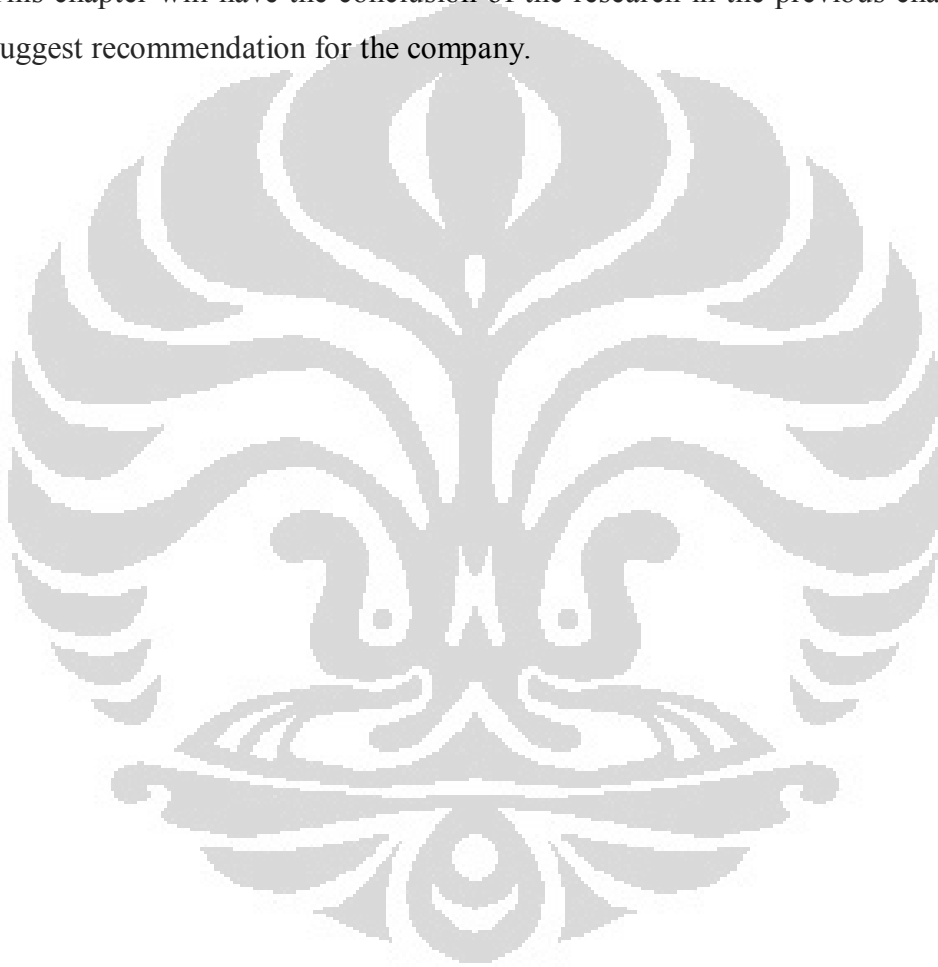
This chapter describes the systematic studies, scope of research, data used, and data processing method that will be used in this analysis of the business plan.

Chapter 4: Analysis and Strategy Formulation

This chapter describes the analysis and the results of research which will be based on primary data, theories, and the company's historical data. The analysis will then be implemented to formulate a new business plan. The business plan is expected to be fit to the condition of the company for the whole 2012.

Chapter 5: Conclusion and Recommendation

This chapter will have the conclusion of the research in the previous chapter and suggest recommendation for the company.



CHAPTER 2 LITERATURE REVIEW

2.1. Product Development

A product is any marketable things with some functions, produced either by a labor or through a series of automated processes. Development is an act of making or achieving a continuous progress in something by someone. A Product development is a creation of innovation by enhancing the utility or continuous improvement of earlier characteristic (like design, service, etc) of an existing product or developing (manufacturing) an entirely new kind of product to satisfy the consumer's needs. (Akrani, 2012)

There are 8 steps of product developments

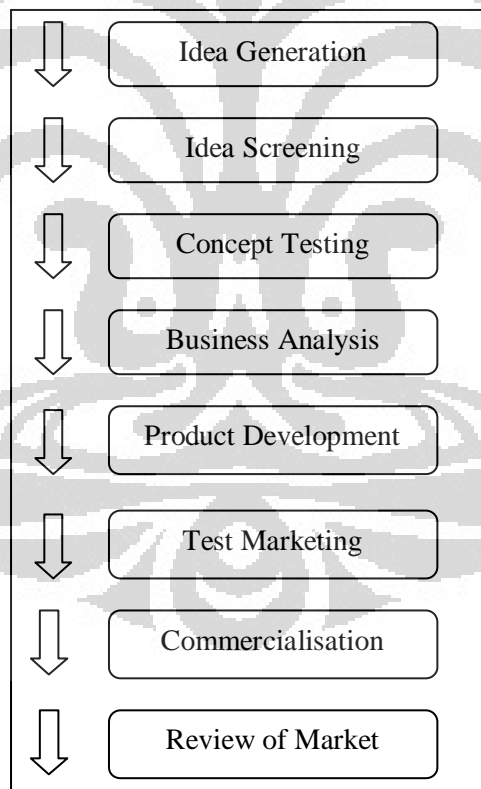


Figure 2.1. Product Development Steps

Source: Gaurav Akrani, 2012

The first step is the idea generation. In this step, is the gathering of ideas to be evaluated as a potential product options. Idea generation is an ongoing process

with contributions from inside and outside the organization. Market research techniques can include: running focus groups with consumers, channel members, and the company's sales force; encouraging customer comments and suggestions via toll-free telephone numbers and website forms; and gaining insight on competitive product developments through secondary data sources. One important research technique used to generate ideas is brainstorming where open-minded, creative thinkers from inside and outside the company gather and share ideas. The dynamic nature of group members floating ideas, where one idea often sparks another idea, can yield a wide range of possible products that can be further pursued.

The second step is the screening process. This process is to select the best ideas to implement while abandoning the unattractive ones. Depending on the number of ideas, screening may be done in rounds with the first round involving company executives judging the feasibility of ideas while successive rounds may utilize more advanced research techniques. As the ideas are shortened to a few attractive options, rough estimates are made of an idea's potential in terms of sales, production costs, profit potential, and competitors' response if the product is introduced. Acceptable ideas move on to the next step.

The third step is concept testing. This is done after screening. In this part, the company selects a group of customers to participate. The customers are given full information about the product. The customers will react to the product in terms as whether they understand the benefit of the product, have a need for it, or will accept the product. The feedbacks from the group will decide whether the step should continue to the analysis part.

The fourth step is the business analysis. The company studies to find out how the product will look from the business point of view. The product should meet these requirements: Commercially profitable, low cost to produce (the value will be higher than the cost to produce it), there is a demand for it, competition of the

product in the market, the total sales it will make, expenses for advertising and promotion, and how much profit the product will make.

The fifth step is the development of the product. At this stage the product is produced and distributed to the market. The production department will make plans to produce the product. The marketing department will make plans to distribute the product. The finance department will provide the finance for introducing the new product. The advertising department will plan the advertisements for the new product. However, all this is done as a small scale for Test Marketing.

The sixth step is the Test Marketing. Test marketing is the process to release the product to a small scale in the market. The purpose is to test if the product would be successful or not. If the product fails, then the company finds out the reason for its failure. It will make necessary changes in the new product and introduce it again in the small market.

The seventh step is commercialization. If the test marketing is successful, then the product is ready to be released to a larger scale of the market. The company can make a large investment for promotion and sales on the new product. The product is then distributed to the market.

The final step is a review of the market performance. The product has been distributed to a large market. Therefore, the company must continuously monitor the performance of the product. There are some questions which can be analyzed based on market performance:

1. Is the new product accepted by the consumers?
2. Are the demand, sales and profits high?
3. Are the consumers satisfied with the after-sales-service?
4. Are the middlemen happy with their commission?
5. Are the marketing staffs happy with their income from the new product?

6. Is the Marketing manager changing the marketing mix according to the changes in the environment?
7. Are the competitors introducing a similar new product in the market?

(Akrani, 2012)

Over the years, product developers have come up with a good list of what new products need to do to succeed at new product development:

1. Meet the needs of potential customers

The purpose of developing a product is to know better your customers and to find out what they need. If the customers are satisfied with how the product fulfil their needs, then the product is considered successful.

2. Use technology to enhance productivity

Technology is used to support productivity. That is why never lack to count technology as a source to enhance productivity because it can speed up the process and give a better result.

3. Attract customers by being different than competitor

When companies compete in the same market, it is better to know about your competitors. Having the same product will result in a price war. There is no value in lowering your margin. Customers will come if they can see how your product is different from the competitors.

4. Be designed so it could be manufactured, packaged, shipped, and/or serviced.

A product is not something abstract. It may be designed to have neat features but it must be able to be made so that customers can get, use, and fix them if there is damage.

5. Enhance or be consistent with your company's brand image

The best product with the wrong brand is the wrong product. Your products reflect on your brand, and your brand reflects on your products, and if you don't enhance each other they may play takeaway.

6. Be promoted by a good marketing campaign

A product needs to be distributed to customers. However, customers need to know the existence of the product. A marketing campaign conveys this to customers.

7. Provide a good return on the company's investment

A product is made with resources and costs. Once the product is finished and distributed, it should generate revenue from sales. This sale will decide the performance of the product. A successful product generates bigger revenue which will not only return the investment its production but also add value to the company.

(Robin Karol & Beebe Nelson, 2007)

Product development can also be done by listening to what customers have to say about it. There are two ways how this can be done. The first is by listening to people who are not buying the product. This is done by asking why these people are not buying the product. From the feedback, the company can find out what utility is missing that customers would actually want it to be in the product. The second is by listening to people who are buying the product. If these people like the product, they will give feedback on why they buy the product. From this, the company can improve the product so it becomes a good reason for more people to buy it. (Kawasaki, 2003)

2.2. Analysis of the Market

2.2.1 Market Research

A market research is about finding out whether or not there is a local/national market for your product/service. The idea is not to find out if someone will buy your product, but that in your area there is a sustainable need for what you have to offer. A market research can give you new, up to date, and powerful information about the market. It helps you gives an idea how to break into a market, identify the competition, and find the specific needs of the customers. (Bizhelp24, 2009)

Market research is the process of collecting and analyzing information about the customers you want to reach. This information provides you with the business intelligence you need to make informed decisions. Market research can help you create a business plan, launch a new product or service, enhance your existing products and services, expand into new markets, develop an advertising campaign, set prices, and/or select a business location. By doing a market research, you are minimizing the risk of failure and improving the chance of success. (Allbusiness,2012)

Market simply means the target that you are aiming at or supplying with your products or services. A target market may be a specific customer, a specific business or industry, or a combine of customer and business. Research is the activity associated with diligent or systematic investigation to discover facts or revise and theories. So market research is an activity to investigate a specific group for a specific purpose. That is why to have a good market research you must decide who to investigate and what you want to know about them. (Peggy Collins, 2008)

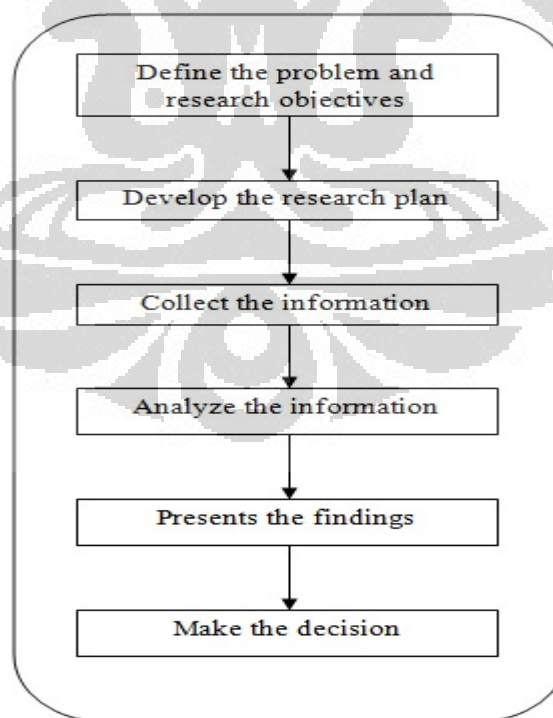


Figure 2.2. Marketing Research Process

Source: Marketing Management 14th edition: Kotler and Keller, 2011(page 19)

Market research follows six steps:

1. Define the problems, decision alternatives, and research objectives
In this step is to define the specific problem which consumer are facing. Then you provide a set of specific alternative to research on the targeted consumer. Finally, you set the objectives of the research.
2. Develop the research plan
In this step is to design a research plan which is not over the allocated budget. When designing a research plan, you need to make decisions about the data sources, research approaches, research instruments, sampling plan, and contact methods.
3. Collect the information
This step is the process of collecting information from the target market. Marketers can collect data by doing surveys and interviews.
4. Analyze the information
The next-to-last step in the process is to extract findings by tabulating the data and developing summary measures. The researchers now compute averages and measures of dispersion for the major variables and apply some advanced statistical techniques and decision models in the hope of discovering additional findings. They may test different hypotheses and theories, applying sensitivity analysis to test assumptions and the strength of the conclusions.
5. Present the findings
As the last step, the researcher presents findings relevant to the major marketing decisions facing management. They must also provide a way to present research findings in a more simple and understandable method.
6. Make the decisions
Once the research findings have been presented, managements need to do a review. They must decide if the research is enough to decide whether the product or service is good enough to be produced and launched to the market or should it be postponed.

(Kotler & Keller, 2011)

Market research is the process of gaining information about your market. The information is specific to your target market and the key factors that influence their buying decisions. (Tim Berry, 1998)

2.2.2. Methods of Market Research

There are two types of market research. The first is the primary market research. Primary market research is done by you. It may result from having direct contact with the customers or public. Examples of primary market research are surveys, focus group, and interview.

The second is the secondary market research. This is information which is acquired from and has already been published in reliable sources. Access to secondary market research data may be from asking and cost only an e-mail, letter, phone call, or a nominal fee for copying and postage. Examples of secondary market research are trade associations, educational resources, and market research firms. (Tim Berry, 1998)

When you are doing a market research, data can be acquired from a primary and secondary source. Secondary data are data that were collected for another purpose and already exist somewhere. Researchers usually start by examining low-cost and readily available secondary data, to see whether they can partly or wholly solve the problem without collecting costly primary data.

Primary data are freshly gathered data for a specific purpose or for a specific research project. When the data don't exist or are dated, inaccurate, incomplete, or unreliable, the researcher will need to collect primary data. Primary data can be acquired from observation, focus group, surveys, behavioral data, and experiments. (Kotler & Keller, 2011)

There are three types of research. First is secondary research. It is a type of investigation from information that is currently available on the specific market.

The information can be found from press release, chamber of commerce data, or government statistics. This type of information is usually free of charge.

The second is syndicated market research. It is a published data report which is available for immediate purchase. The value of this research is good but the problem is to find the publications that are to your specific market in questions. This type of information usually can be found in internet site such as marketresearch.com.

The third is the primary research. This type of research allows you to collect specific information on your specific market. Primary research requires you to determine the sample, design the measures, collect the data, and analyze the result. Considering the complexity of the process, it is best to consult to a professional to get the maximum result. (Peggy Collins, 2008)

Market research helps you make better decisions and improve your chances of success. There are two types of market research. The first is secondary research. It is based on information from studies previously performed by government agencies, chamber of commerce, trade associations, and other organizations. It is easy and much of it is easy or low-cost. The downside of this research is that most of time it is not customized to your specific market.

A primary research is more specific to the target market. It is conducted by you or the company that you pay to conduct the research for you. Focus group, surveys, field tests, interviews, and observation are examples of this kind of research. Primary research delivers more specific results than secondary research. This is very important when you are launching a new product to the market. The downside of this type of research is the cost of conducting it. (Allbusiness, 2012)

2.3. Competitive Analysis

Competitive analysis is the statement of the business strategy and how it relates to the competition. The purpose is to determine the strengths and weaknesses of the competitors within the market, strategies that will provide the company with distinctive advantage, the barriers that can be developed in order to prevent competition from entering your market, and any weaknesses that can be exploited within the product development cycle.

There are two ways to analyze your competitors. The first is to group competitors in the market from the point of view of existing customers. You must identify the competitors where most customers are buying from. Then, analyze the reason what and why customers buy from them. By doing this, you will know how the competitors are having advantages or disadvantages over your company when it comes to sales. The second method is to group competitors according to their various competitive strategies. This method is to find out what is the motivation beyond their strategies.

By doing a competitor analysis, you will be able to create a marketing strategy that will generate assets or skills that competitors do not have. This will provide you with a distinct and enduring competitive strategy. (Entrepreneur, 2006)

When listing the main competitors, you must identify their strengths and weaknesses. You must consider their products, pricing, reputation, management, financial position, channels of distributions, brand awareness, business development, technology, and other factors that you feel are important. A way to find out about this is by using the internet. Nowadays, information is accessible in the internet. For most competitors who are doing business online, you can visit their website and find information about them. For brick and mortar competitors, you can try visiting their shop. Learn more how they do their business at their local shop. This method may be the easiest and cheapest way to learn more about the competitors. (Tim Berry, 1998)

Learning about the competitors is very important when you are planning your marketing strategies. You have to learn all you can about the competition and plan your counter attack. Most competitors try to find out and learn more about the others. They will evaluate the products or services of other companies to find the strengths and weaknesses. (Peggy Collins, 2008)

In the old days, you have to do things manually to find out more about your competitors. You have to actually go to the competitors and observe how they are performing their business. In the present time, you can use the internet to help you gather information on your competitors. There are five ways marketers can research their competitors using internet:

1. Check website individual customer review about the competitors using customer goods and services review such as ConsumerReview.com and Bizrate.com. These websites collect and provide millions of customer reviews of stores and products each year from two sources: its 1,3 million volunteer members and feedback from stores that allow these sites to collect directly from their customers as they make purchases.
2. Check the distributor or sales agent feedback sites. A good example is Amazon.com which has interactive feedbacks from buyers, readers, editors, and others that can review all products on the site, especially books.
3. Check combo sites offering customer reviews and expert opinions. This is much the same like individual reviews with the exception of experts giving their own opinions. Product supplier can compare experts' opinion with those of customers.
4. Customer complaint sites offer feedbacks mostly from dissatisfied customers. By reading the feedback, you can find out the weaknesses of the competitors.
5. Public blogs are another way to find information about the competitors. Blogs are created by individual telling about their personal experience and feelings. By reading customers' blogs, you can learn more how they see the competitors in their point of view. Blog writers may compliment or criticize a product or service. Since a blog is written by individuals it is most time very subjective.

(Kotler & Keller, 2011)

Collecting and evaluating information on competitors is essential for successful strategy formulation. Identifying major competitors is not an easy task because many firms have divisions that compete in different industries. The more information and knowledge a firm can obtain about its competitors, the more likely it can formulate and implement strategies effectively. When analyzing competitors, you can use these key questions:

1. What are the competitor's strengths?
2. What are its weaknesses?
3. What are its objectives and strategies?
4. How will it likely respond to current economic, social, cultural, demographic, environmental, political, government, legal, technological, and competitive trends affecting the industry?
5. How vulnerable is it to your competitive strategy?
6. How vulnerable is your alternatives strategy to successful counter attacks from competitors?
7. How is your product and service positioned relative to major competitors?
8. To what extent are new firms entering and old firms leaving this industry?
9. What key factors have resulted in our present competitive position this industry?
10. How have the sales and profit rankings of major competitors in the industry changed over recent years? Why have these rankings changed that way?
11. What is the nature of supplier and distributor relationships in this industry?
12. To what extent could substitute products or services be a threat to competitors in this industry?

(David, 2011)

2.4. Market Segmentation

Your marketing budget is going to be more effective when it reaches your selected target market. The benefit of a target market is simply efficiency. The goal of target market is to know as much as possible about the existing or prospective customers. Once you know about them, the better you will make better decisions that can enhance your ability to communicate and connect with them. You can identify and define your target market into:

1. Geographic: Locations, size of areas, density, and climate zone of your customers.
2. Demographics: The age, gender, family composition, occupation, and education of your customers.
3. Psychographics: The general personality, behavior, life-style, and loyalty characteristic of your customers.
4. Behaviors: The needs to seek to fulfill, the level of knowledge, information sources, attitude, use or response to a product of your customers.

(Tim Berry, 1998)

A market segment consists of a group of customers who share a similar set of needs and wants. A marketer needs to identify the appropriate number and nature of market segments and decide which one to target. The major segmentations are by geographic, demographic, psychographic, and behavioral segmentation.

(Kotler & Keller, 2011)

Major Segmentation Variables for Consumer Markets	
Geographic region	Pacific Mountain, West North Central, West South Central, East North Central, East South Central, South Atlantic, Middle Atlantic, New England
City or metro size	Under 5,000; 5,000–20,000; 20,000–50,000; 50,000–100,000; 100,000–250,000; 250,000–500,000; 500,000–1,000,000; 1,000,000–4,000,000; 4,000,000+
Density	Urban, suburban, rural
Climate	Northern, southern
Demographic age	Under 6, 6–11, 12–17, 18–34, 35–49, 50–64, 64+
Family size	1–2, 3–4, 5+
Family life cycle	Young, single, young, married, no children; young, married, youngest child under 6; young, married, youngest child 6 or older; older, married, with children; older, married, no children under 18; older, single; other
Gender	Male, female
Income	Under \$10,000; \$10,000–\$15,000; \$15,000–\$20,000; \$20,000–\$30,000; \$30,000–\$50,000; \$50,000–\$100,000; \$100,000+
Occupation	Professional and technical; managers, officials, and proprietors; clerical sales; craftspeople; forepersons; operatives; farmers; retired; students; homemakers; unemployed
Education	Grade school or less; some high school; high school graduate; some college; college graduate
Religion	Catholic, Protestant, Jewish, Muslim, Hindu, other
Race	White, Black, Asian, Hispanic
Generation	Silent Generation, Baby boomers, Gen X, Gen Y
Nationality	North American, Latin American, British, French, German, Italian, Chinese, Indian, Japanese
Social class	Lower lowers, upper lowers, working class, middle class, upper middles, lower uppers, upper uppers
Psychographic lifestyle	Culture-oriented, sports-oriented, outdoor-oriented
Personality	Compulsive, gregarious, authoritarian, ambitious
Behavioral occasions	Regular occasion, special occasion
Benefits	Quality, service, economy, speed
User status	Nonuser, ex-user, potential user, first-time user, regular user
Usage rate	Light user, medium user, heavy user
Loyalty status	None, medium, strong, absolute
Readiness stage	Unaware, aware, informed interested, desirous, intending to buy
Attitude toward product	Enthusiastic, positive, indifferent, negative, hostile

Figure 2.3. Major Segmentation Variables for Consumer Markets

Source: Marketing Management 14th edition: Kotler and Keller, 2011(page 215)

Market segmentation can be defined as the subdividing of a market into distinct subsets of customers according to needs and buying habits. It is important to do market segmentation for at least three reasons. First, strategies such as market development, product development, market penetration, and diversification require increased sales through new markets and products. Second, it allows firms to operate with limited resources because mass production, mass distribution, and mass advertising are not required. This enables a small firm to compete with large firm by maximizing per-unit profits and per-segment sales. Finally, market segments decisions directly affect marketing mix variables: product, place, promotion, and price. (David, 2011)

2.5. Consumer Behavior

2.5.1. Consumer Behavior

Consumer behavior is the study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants. A consumer's buying behavior is influenced by cultural, social, and personal factors. In marketing, what important is to change perception of consumers. It is more important than reality because perception affect the consumers' actual behavior. Perception is the process of which we select, organize, and interpret information. People can emerge with different perceptions of the same object because of three perceptual processes: *selective attention*, *selective distortion*, and *selective retention*.

Selective attention is the process of allocating your mind to know about a certain information. The basic reason why people can allocate their attention to a certain information is because that certain information provides the needs they are looking for. An example is when you are looking to buy a computer but have money less than \$300. Any advertisement that does not offer a computer below \$300 will not grasp your attention. You might look at it but will immediately look away.

Selective distortion is the process of interpret information in a way that fits our information. When people have prior knowledge about information, they will relate that information with new information that they receive. An example is when ordering fast food in McDonalds and Kentucky Fried Chicken. Based on prior knowledge, consumers knew that Kentucky Fried Chicken sells fried chicken. It is known to have the best recipe for making a delicious fried chicken. So, it is likely for people to order fried chicken at Kentucky Fried Chicken. On the other hand, McDonalds offers BigMac burger. This would be a reason why people believe that burger at McDonalds is better than at Kentucky Fried Chicken.

Selective retention is the process of the mind to remember favorable information. Most of time, people forget unwanted information and remember some parts of good quality information. A strong brand will be placed in the top of people's memory. An example is after playing many video game, consumers will remember the logos of companies that provide them the best gaming experience. When consumers want to buy new games, they would look for the logos of their favorite game companies on each video game that they would buy in stores. They will believe that any video game title with that certain logo would give them high quality gaming experience. (Kotler & Keller, 2011)

2.5.2. Internet Consumer Behavior

The internet has created three types of consumer behavior. The first is web visitors. These types of people are not yet your customers. They just come and visit your website to look for information. These kinds of people may or may not return to your website. The second is subscriber. These are people who give their information to you in exchange of the benefit that the website would give them. They will give you their names, address, phone numbers, etc so they could become members of your website. In return, your website offers them benefits like rewards program, discount, bonus, etc. The third is customers. This is what you are looking for. People who have become customers will do transaction with you. They will make a purchase on the website. Based on the quality of products and services given, they might return or not. When customers frequently return and make purchases then they become loyal customers. (Horne, 2010)



Figure 2.4. Three types of online consumer behavior

Source: Youtube

2.5.3. Consumer Buying Process

Consumers typically pass through five stages of buying process. The buying process starts long before the actual purchase and has consequence long afterward.

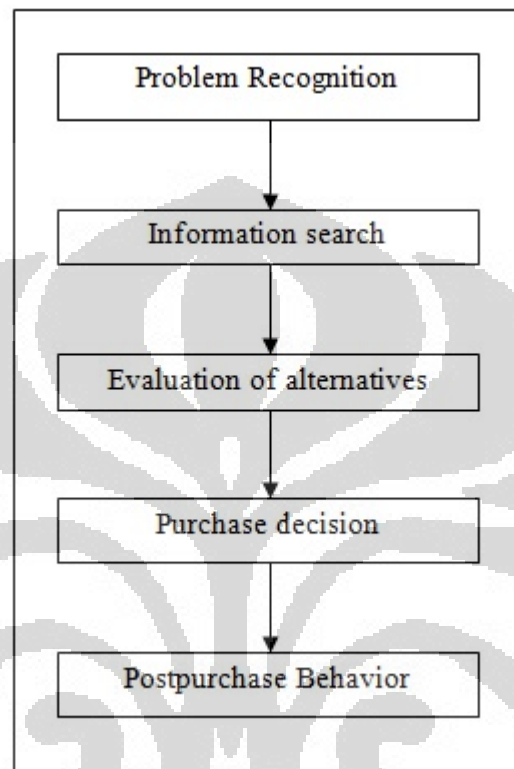


Figure 2.5. Five-Stage Model of Consumer Buying Process

Source: Marketing Management 14th edition: Kotler and Keller, 2011(page 166)

1. Problem recognition: A buying process starts when buyer finds a problem or need triggered by internal or external stimuli. For example, a buyer after a long walk in the mall finds that he is hungry and thirsty. This stimulates the urge to buy food and drink.
2. Information search: Before making any purchases, buyer needs to look for information. A buyer does not want to purchase something that not gives solution to his/her problem or cannot satisfy any needs. For example, a buyer knows that he needs to buy food or drink in the mall. The question is where, what, and how much is he willing to buy. This makes the buyer searches for food stalls, look for menu, and finds out if the price matches his buying power.

3. Evaluation of alternative: Depending on the buyer scarce resource, there is a need to set up buying alternative. The buyer will evaluate his/her option and decide where to purchase. For example, knowing that he has only Rp 50.000,-. The buyer needs to find food and drink that would not consume more than Rp 50.000,-. He will find more than one place which provide food and drink which is below Rp 50.000,-. After that, the buyer will evaluate the place to buy food and drink based on certain criteria like: brand, cleanliness of place, waiting line, packages, available seats, etc.
4. Purchase Decision: This is the decision to purchase the goods or services. The decision to purchase may be instantly decide or postpone based on five sub decisions: brand, dealer, quantity, timing, and payment method. For example, the buyer already knows where to buy food and drink. So, he goes to the place and gets ready to make a purchase. He can choose the well-known brand of food and drink to make sure he would be satisfied after consuming them. If he is very hungry, he can order more than one type food. Then, if there is an option to pay by credit card, he might choose this because this would save him on losing some cash money to spend on later.
5. Post purchase behavior: This is what the consumer perceives after purchasing products or services. An evaluation of the purchase will decide the satisfactory level of the consumer. When the level is high, consumer will give feedback, share information, and return to purchase more. This is an important stage for marketing. Marketing communications should supply beliefs and evaluations that reinforce consumer's choice and help him or her feel good about the brand. Marketers must monitor post purchase satisfaction, post purchase actions, and post purchase product uses and disposal. For example, after the buyer buys and consumes the food and drink, he might feel satisfy or dissatisfy. If the buyer complaints then you must take note of this and make sure that the complaints are handled well. (Kotler & Keller, 2011)

2.6. Questionnaires

A questionnaire consists of a set of questions presented to respondents. Questionnaire is flexible and is most used to collect primary data. Researchers need to carefully developed, test, and debug questionnaire before administering them on a large scale. Questionnaire can use a *Close-end questions* which specify all the possible answers and provide answers that are easier to understand and answer. Questionnaire can also use *Open-end questions* allowing respondents to answer using their own words and often reveal more about how people think. (Kotler & Keller, 2011)

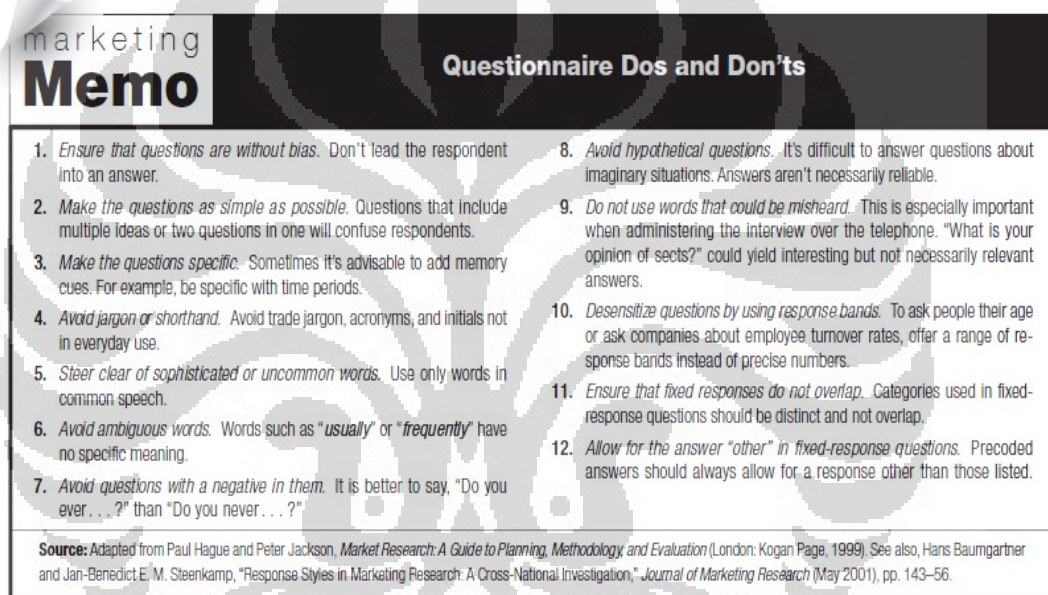


Figure 2.6. Questionnaires Dos and Dont's

Source: Marketing Management 14th edition: Kotler and Keller, 2011(page 104)

There are some advices when designing a questionnaire:

1. Questions must be natural and logic to the readers. Once they understand, they will complete each question one by one.
2. Make sure the survey has clear sections if there are some questions which are more important than others. So, if a question does not have to be answered or the readers may not answer, they are given specific instructions to go to the next question.

3. Response from readers can be increased when there is variety of details. This means you have to state clearly the purpose of doing the survey, how it may help readers upon answering, the result produced from it, etc.
4. Use flattery statements to increase participation. People love it when they are asked questions about their opinion. The more you can flatter them, the more likely for them to share many opinions.
5. The design of the layout may contribute in getting proper response. A clear layout, printed text, pictures, combination of colors, etc may increase easiness to answer the questions.
6. A lower response does not mean a bad result as long as the views are representative. But, you should also set how many target response to get.

(Boddington & Bird, 2012)

Market research is about reducing business risk through the smart use of information. In order to get the right result, you need to make sure you are asking the right questions to the right people and in the right way. The following tips are designed to help you avoid some of the common pitfalls when designing a market research question:

1. What are you trying to find out?
A good questionnaire is designed so that the results will tell you what you want to find out. During the design, try to write the details that you want to find out. Then you can design the questions based on it.
2. How are you going to use the information?
Make sure you know why you are asking the questions. The purpose of making the questionnaire is to get information and know how to use it.
3. What kind of methods are using?
How are you doing the questionnaire? Using online tools may cover a wider range of area however, not all people want to stop and fill in questionnaire. A cheaper alternative is to directly go the market place and distribute copies of the questionnaire. But, you need to provide writing utilities because not all people carry them.
4. Qualitative or Quantitative?

This determine if you are focusing number e.g. 87% of respondents thought this, or are you more interested in interpreting feedback from respondents to bring out common theme.

5. Keep it short. Quite often, shorter is better.

People don't like to spend time reading too many questions or long sentences. Keep your questions short and simple.

6. Use simple and direct language.

Use simple words so people can understand and answer in short time. Do not use uncommon words and long sentences.

7. Start with something general.

Do not ask personal questions in the beginning because respondents might refuse to answer the questions afterward (e.g. questions about financial matters, age, even whether or not they are married).

8. Place the most important questions in the first half of the questionnaire.

Sometimes respondents only cover the first half of the questions. That is why you should put important questions there.

9. Leave enough space to record the answers.

If there is a question which requires a long answer, make sure there is enough space provided for respondents to write the answer. This is sometime overlooked.

10. Test your questionnaire on your colleagues.

Once the questionnaire is ready, the best thing to do is do a little experiment. You can test it on friends to see how they would react and respond. After that you can review the result of the questionnaire and make some changes, if necessary, before distributing it to the real respondents.

(Mumford, 2011)

2.7. Human Resources

2.7.1. Human Resources Management

Human resources management (HRM) refers to the policies, practices, and systems that influence employees' behavior, attitude, and performance. HRM practices include analyzing and designing work, determining human resource needs (HR planning), attracting potential employees (recruiting), choosing employees (selection), teaching employees how to perform their jobs and preparing them for the future (training and development), rewarding employees (compensation), evaluating their performance (performance management), and creating positive work environment (employee relations). An effective HRM has been shown to enhance company performance by contributing to employee and customer satisfaction, innovation, productivity, and development of a favorable reputation in the firm's community. (Noe/Hollenbeck/Gerhart/Wright,2010)



Figure 2.7. Human Resource Management Practies

Source: Human Resource Management: Gaining a Competitive Advantage seventh edition:
Noe/Hollenbeck/Gerhart/Wright, 2010(page 5)

HRM is concerned with getting better results with the collaboration of people. It is an integral but distinctive part of management, concerned with people at work and their relationships within enterprise. HRM helps in attaining maximum individual development, desirable working relationship between employees and employers, employees and employees, and effective modeling human resources as contrasted with physical respies. It is the recruitment, selection, development, utilization,

compensation, and motivation of human resources by the organization. (Ankur, 2009)

Human resource is certainly important even in this age of extensive use of computer technology. This is because machine cannot be used as a substitute for human brain which has capacity to think asses and react. Employees have a capacity to grow and develop, if suitable opportunities are offered. They give positive response to monetary and non-monetary incentives, training opportunities, favorable work environment and motivation. Good management means getting effective results with the right people. (Akrani, 2009)

2.7.2. Human Resource Development

Great people hire great people. On the other hand, mediocre people hire candidates who are not as good as they are. The reason is because they want to feel superior over the people that they hired. A great team needs “A+” players. If you are the A player, don’t hesitate to hire players who are better skilled and experienced than you. This way, you organization have a bigger chance to survive longer. Another point to consider when recruiting people is the classical approach. Classically, organizations look for the “right” educational and professional backgrounds. There should be another quality added to this criterion. That quality is “does your candidate love your product?”. It doesn’t matter if your candidate has high educational background and experiences. If he or she doesn’t love your product, then he or she would not understand or care about your product. When you hire people who love your products, they will make use of their skill and experiences to develop and promote your product without even you asking them to. (Kawasaki, 2006)

	Training	Development
Focus	Current	Future
Use of work experiences	Low	High
Goal	Preparation for current job	Preparation for changes
Participation	Required	Voluntary

Figure 2.8. Comparison between Training and Development

Source: Human Resource Management: Gaining a Competitive Advantage seventh edition:
Noe/Hollenbeck/Gerhart/Wright, 2010(page 411)

There are some differences between training and development. Training is more focused on preparing employees to perform their current job better. On the other hand, development is focused on learning that is not necessarily related to employee's current job. Development is meant for employees to prepare for changes, other positions, and increase their ability to move into jobs that may not yet exist. For employees to develop themselves require their own consciousness. They must be aware that they need to develop in order to motivate themselves to make a change. Some employees may not feel the need to develop themselves because they feel secured with their current situation. However, unlike development, training is something which must be done by employees when the company enforces them to.

There are four approaches to develop employees:

1. Formal Education :

This includes off-site and on-site programs designed specifically for the company's employees, short courses offered by consultants or universities, executive MBA programs, and university programs in which participants actually live at the university while taking class. These programs may involve lectures by business experts, business games and simulations, adventure learning, and meeting with customers.

2. Assessment :

This involves collecting information and providing feedback about employees behavior, communication style, or skills. Types of assessment tools can include personality tests, assessment centers, benchmarks, performance feedback, etc.

3. Job Experiences :

Most employee development occurs through job experiences. As employees do their jobs, they will encounter relationships, problems, demands, tasks, or other things that require their knowledge, skills, and experiences to make decisions and take actions. A job experience can be acquired through job enlargement, job rotation, transfers, promotions, sabbatical, volunteer work, etc.

4. Interpersonal Relationships :

Employee can also develop skills and increase their knowledge about the company and its customers by interacting with a more experienced organization member. Mentoring and coaching are two types of interpersonal relationships that are used to develop employees.

(Noe/Hollenbeck/Gerhart/Wright, 2010)

2.8. Financial Analysis

2.8.1. Cash flow

The cash flow statement enables you to track cash as it flows in and out of your business. It reveals to you the causes of cash flow shortfalls and surpluses.

Sales Forecast. If it is positive, it shows the owner of the business is self-sufficient in funding its daily operational cash flows internally. If the number is negative, it indicates that outside funds were needed to sustain the operation of the business.

Using the cash flow statement, you will be able to analyze your sources and use of cash from year to year and month to month if you set your accounting system to produce monthly statements. From the cash flow statement, you can understand how and whys of cash flowing into and out of your business. (Entrepreneur, 2006)

Cash flow is important because:

1. Several types of cash flow are relevant to understanding the financial situation of the firm. **Operating cash flow**, defined as earnings before interest plus depreciation minus taxes, measures the cash generated from operations not counting capital spending or working capital requirements. When it is negative, it shows that a firm is not generating enough cash to pay operating costs. **Total cash flow of the firm** includes adjustments for capital spending and additions to net working capital. It will frequently be negative. When a firm is growing at a rapid rate, spending on inventory and fixed assets can be higher than operating cash flow.
2. Net income is not cash flow. The net income of a firm might be \$1000 while the cash flow is \$800. This could mean the firm has a profit of \$1000 where it is formed by cash flow of \$800 and account receivable \$200. In determining the economic and financial condition of a firm, cash flow is more revealing.

(Ross & Westerfield & Jaffe, 2010)

2.8.2. Activity Based Cost

Activity-based cost is a method of assigning costs to products or services based on the resources that they consume. It is an alternative to the traditional accounting in which a business's overheads (indirect costs such as lighting, heating, and marketing) are allocated in proportion to an activity's direct costs. This is unsatisfactory because two activities that absorb the same direct costs can use very different amounts of overhead. An example is when two productions are using the same overheads. However, it turns out that production of A requires more resources than production of B. Therefore, the cost of A is bigger than B. It should not be measured the same. However, this is not seen if the traditional method is used. The result of this unseen cost is the loss of profits from sales because of assigning the wrong price to both products. (Economist, 2009)

The Activity-based costing system has two stages. In the first stage, the processes of production are identified into four broad categories. First is the unit level. This type of activity must be done for each unit of production. Second is the batch level. The activities must be performed for each batch of products, rather than each unit. Batch-level activities include setup, purchasing, material handling, quality assurance, and packing/shipping activity cost pool. Third is product-sustaining level. This includes activities that are needed to support an entire product line but are not performed every time a new unit or batch of products is produced. The fourth is facility-level activities. These include activity costs such as plant management salaries, plant depreciations, property taxes, plant maintenance, and insurance. This classification of activities into unit-level, batch-level, product-sustaining level, and facility-level activities is called a cost hierarchy.

The second stage is identifying cost drivers for each activity pools. A cost driver is a characteristic of an event or activity that results in the incurrence of costs. For example, a machine-related cost pool, a unit-level activity, totals \$1,000,000 and includes the costs of maintenance, depreciation, computer support, lubrication, electricity, and calibration. The firm selected machine hours for the cost driver. The reason is because a product that uses more machine hours should bear a larger share of machine-related cost. When all cost drivers have been assigned, then the firm can complete its activity-based cost calculation for each of its cost pools.

(Platt, 2011)

2.9. Strategy Formulation

2.9.1. Strategic Management

Strategic management is planning an overall strategy for your small business that will help achieve your business goals. To get started, you must answer three questions:

1. What are my business goals?
2. What are the best ways to achieve those goals?
3. What steps must I take to make them happen?

The first step in successful strategic management is to pinpoint the business objective by writing the mission statement and vision statement. A mission statement is describing your company's role in the business environment where your company will operate. A vision statement describes the objectives to answer unmet needs in the marketplace, taking both a long-term and short-term view of what your company can offer.

The second step in successful strategic management is to formulate a plan to accomplish the goals you have set. You'll need to create a chain of command that calls on people who have the right skills, knowledge, and experience to fill your business's needs and achieve its objectives. Reaching your business goals requires the effort of all employees. For that reason, it is very important for you, as the boss or owner, to communicate responsibilities, delegate proper functions to the team members, and give clear instructions how things should be done and measured.

The third stage is allocating the right amount of resources to the different parts of your business so your workers have what they need to meet their objectives. This includes of providing them with the right supplies and trainings to generating systems for testing work processes and managing data.
(Allbusiness, 2011)

Strategic management can be defined as the art of science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives. Every organization should have a unique purpose and reason for being. This uniqueness should be reflected in vision and mission statements.

A good mission statement reveals an organization's customers, products or services, markets, technology, concern for survival, growth and profitability, philosophy, self-concept, concern for public image, and concern for employees.

Whereas a vision statement defines what the organization wants to be in the future. Without a clear statement of vision and mission, a firm's short-term actions can be counterproductive to long-term interests. Vision and mission statements always should be flexible to changes. Organizations usually reexamine their vision and mission statements annually.

(David, 2011)

2.9.2. Porter Five Forces

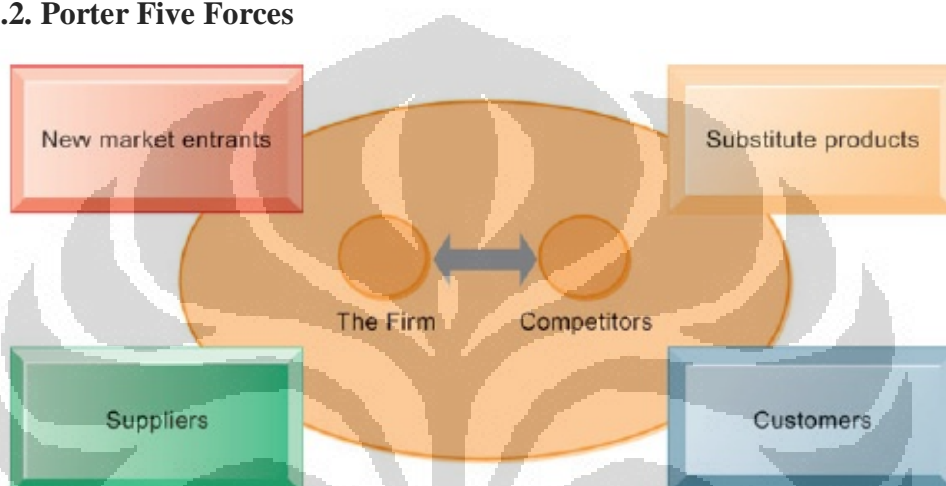


Figure 2.9. Porter's Competitive Force Model

Source: Management Information System 12th edition: Laudon, 2012(page 95)

The most widely used model for understanding competitive advantage is Michael Porter's competitive forces model. This model provides a general view of the firm, its competitors, and the firm's environment.

1. All firms share market share with their competitors. They compete against each other in ways of producing better products and services, attracting customers, and imposing switching costs on customers.
2. In a free economy with mobile labor and financial resources, new companies are always entering the marketplace. Some industries may have a low barrier to entry, whereas in other industries, entry is difficult. Most of times, new entries may have advantages such as having up to dated technologies and younger workers. However, new entries may have weakness such as positioning and experiences.

3. Substitute products and services play a great impact on the market. When prices go up, customers tend to find substitution in terms of low prices. When there are too many substitutions of products and services, firms may have a hard time controlling prices and might get lower profit margins.
4. Customers are the main target of firms. Depends on the scarcity of the products and services, customers might be in a low-bargaining position to the firms. However, the power of customers grows if they can easily switch to a competitor's products and services, or if they can force a business and its competitors to compete on price alone in transparent marketplace where there is little product differentiation, and all prices are known instantly (like in the internet).
5. Suppliers can have a significant impact on firm profits. The more different suppliers a firm has, the greater control it can exercise over suppliers in terms of price, quality, and delivery schedules. The lower the cost from suppliers, the firm can reduce its production cost and increase its profit. However, when a supplier is scarce, it has power against the firms.

(Laudon, 2012)

Michael Porter has proposed three generic strategies that provide a good starting point for strategic thinking:

1. Overall cost leadership: The idea is firms compete by achieving lower production and distribution cost so they can under price competitors and win market share. The problem is that other firms may compete in lowering price. This will hurt other firms that depend their whole future on cost. An example of cost leadership firm is Wal-Mart. It has been using the strategy low prices to attract customers. Wal-Mart is able to do this because they have a large scale and efficient supply chain. They source products from cheap domestic suppliers and from low-wage foreign markets.

2. **Differentiation:** The business concentrates on achieving superior performance in an important customer benefit area valued by a large part of the market. The aim is for the business to become unique in the mind of its customers. Target customers in this area are not price sensitive but are more sensitive to the actual product. An example for company that uses differentiation strategy is Apple. Apple's products have always been unique to serve a broad scope of customers.

3. **Focus:** The business focuses on one or more narrow market segments, gets to know them intimately, and pursues either cost leadership or differentiation within the target segment. This strategy can lead companies to charge a premium price for superior quality(differentiation focus) or by offering a low price product to a small and specialized group of buyers(cost focus). An example for company that uses focus strategy is Ferrari. Ferrari has a niche premium product available at a premium price for focused target market (mainly customers who are rich and interested in sport cars).

(Kotler & Keller, 2011)

2.9.3. Blue Ocean Strategy

Red Ocean Strategy	Blue Ocean Strategy
Compete in existing market space.	Create uncontested market space.
Beat the competition.	Make the competition irrelevant.
Exploit existing demand.	Create and capture new demand.
Make the value-cost trade-off.	Break the value-cost trade-off.
Align the whole system of a firm's activities with its strategic choice of differentiation or low cost.	Align the whole system of a firm's activities in pursuit of differentiation and low cost.

Figure 2.10. Red Ocean Vs Blue Ocean

Source: Blue Ocean Strategy: Kim and Mauborgne, 2005(page 18)

The concept of a Blue Ocean Strategy is to create an uncontested market space and make competition irrelevant. This concept can be explained by explaining about the idea of a red ocean and a blue ocean. A red ocean can be defined by the market place in the business. The market size is the same or shrinking but the numbers of competition is increasing. This makes firms compete just to get a tiny portion of the market share to survive. For firms to succeed in this market, they must have special advantages such as cost leadership or product differentiation. A blue ocean is defined by market place where it is calm because there are no rivals, competitors, and fighting. A firm that runs on the blue ocean is exposed to an unknown market where there is a potential market growth and profit. The market is most of time beyond the boundary of the existing market. A firm must tap into this market and create a strategy to maintain it. (Munir, 2010)

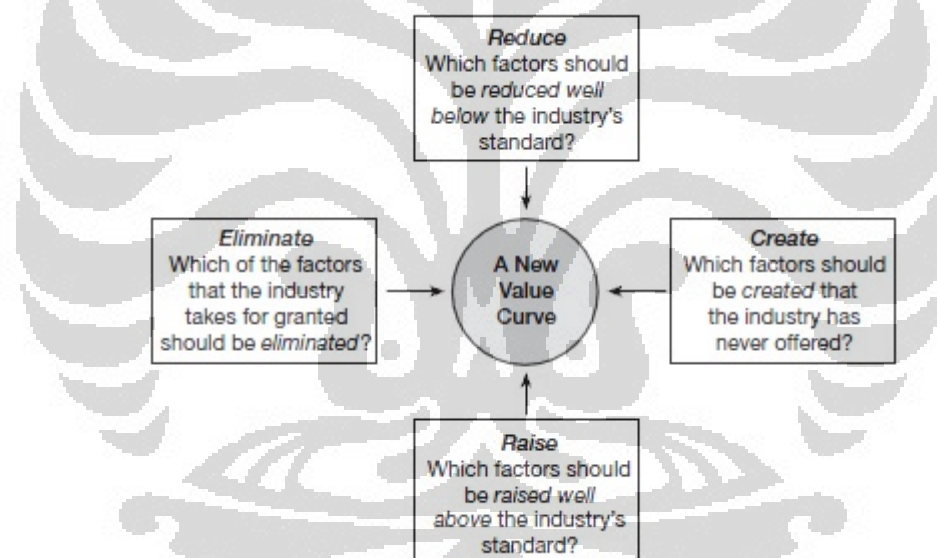


Figure 2.11. Four Action Framework of the Blue Ocean Strategy

Source: Blue Ocean Strategy: Kim and Mauborgne, 2005(page 29)

The Blue Ocean Strategy focuses on decreasing cost and increasing value. This means increasing value for customers by creating new benefits and services, while simultaneously reducing costs by eliminating less valuable features or services. This approach rejects the traditionally accepted trade-off between differentiation and lower cost. To achieve value innovation, Kim and Mauborgne propose an

analytical tool they call the Four Actions Framework. These four key questions challenge an industry's strategic logic and established business model:

1. Which of the factors that the industry takes for granted should be eliminated?
2. Which factors should be reduced well below the industry standard?
3. Which factors should be raised well above the industry standard?
4. Which factors should be created that the industry never offered?

(Osterwald & Pigneur, 2010)

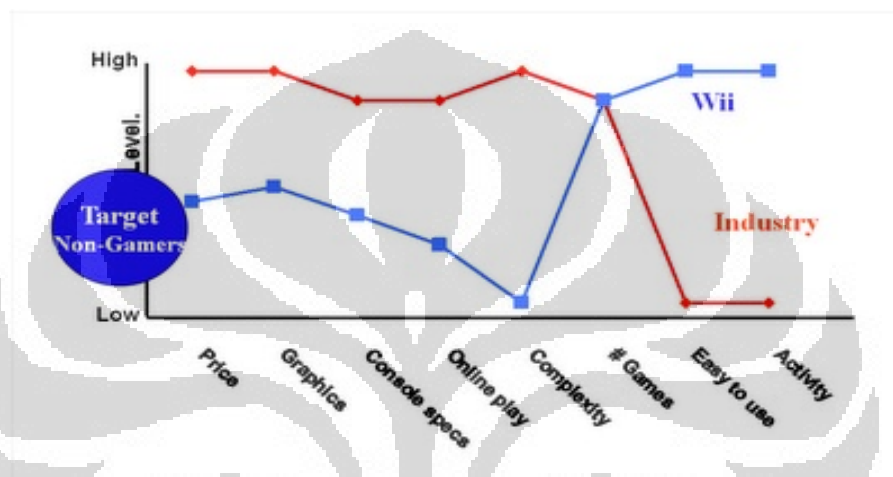


Figure 2.12. Strategy Canvas for Nintendo Wii

Source: Blue Ocean Strategyplanning Blogspot: Dr. Sarah Layton, 2009

Elimination is the process of eliminating factors that companies in your industry have long competed on. Often those factors are taken for granted even though they no longer have value or may even detract from value. Sometimes there is a fundamental change in what buyers value, but companies that are focused on benchmarking one another do not act on, or even perceive, the change. Take an example of Nintendo that has released the new video game console “Nintendo Wii”. Nintendo decided to eliminate the factor of game level complexity. The reason was because noncustomers did not like playing a game which is too difficult for them, especially if they are new to video games.

Reduce is the process to determine whether products or services have been overdesigned in the race to match and beat the competition. Here, companies, increasing their cost structure for no gain. An example is how Nintendo reduced

certain factors when making Nintendo Wii. Nintendo managed to reduce price by reducing console specification compared to other consoles such as Playstation 3 and X-BOX. The result is Nintendo Wii does not produce high quality graphic but can be played using regular television.

Raise is the process to uncover and eliminate the compromises your industry forces customers to make. An example is how Nintendo raise the value of NintendoWii by making multiplayer games and easy to play games. Most players do not have to be an expert for playing a certain game. Now, almost every member of family, friends, office workers, and others can join the fun playing casual games. This does not happen if customers go to other consoles like Playstation and X-BOX which offers high complexity of gameplay.

Create is the process to discover an entirely new sources of value buyers and to create new demand and shift the strategic pricing of the industry. The example of this is Nintendo Wii. The console is created using a Blue Ocean strategy and analysis. The console is cheaper than the average consoles. It offers a unique controller stick which makes players move their hand to make characters move in the game. Any player who is not accustomed to playing video games can learn and play easily. (Kim & Mauborgne, 2005)

2.9.4. DICEE

There are 5 acronyms that define a great product. The acronym is DICEE. Below is the understanding of DICEE:

1. Deep

A great product has a lot of power and features. Its creators have anticipated what you'll need once you come up to speed. Once your demands get more sophisticated, you discover that you don't need a different product.

2. Indulgent

A great product tells consumer that it was made by putting in a lot of thoughts. It is not necessary flashy, but deep down inside you know you have pleased yourself when you buy a great product.

3. Complete

A great product is more than physical thing. Documentation, Customer service, Tech supports, Blogs and other things about it counts. A great product has a great total user experience – sometimes despite the company that produces it.

4. Elegant

A great product has an elegant user interface. A great product does not fight you. It enhances you. If you want to see if a company's products are elegant, you need only to look at its chairman presentations.

5. Emotive

A great product incites you to action. It is so deep, indulgent, complete, and elegant that it compels you to tell other people about it. You are bringing the good news to help other and not only yourself.

(Kawasaki, 2006)

2.9.5. P's in Marketing

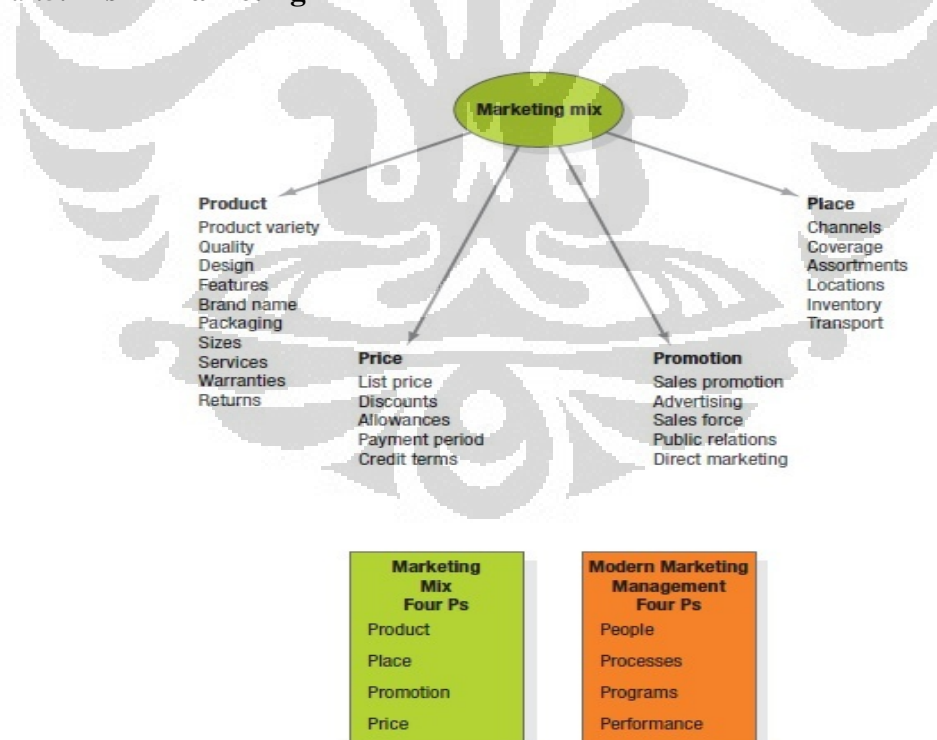


Figure 2.13. Four Ps of Marketing

Source: Marketing Management 14th edition: Kotler and Keller, 2011(page 25)

In the past *the four Ps* of marketing consists of product, price, place, and promotion. Given the breadth, complexity, and richness of marketing, these four Ps are not the whole story anymore. The four Ps has been updated to meet modern marketing realities: people, processes, programs, and performance.

1. People reflect, in part, internal marketing and the fact that employees are critical to marketing success. Marketing will only be as good as the people inside the organization. It also tells that marketers must view consumers as people to understand their lives more broadly and not just as they shop and consume products or services.
2. Processes reflect all the creativity, discipline, and structure brought to marketing management. Marketers must avoid ad hoc planning and decision making and ensure that state-of-the-art marketing ideas and concepts play an appropriate role in all they do. Only by setting the right set of processes to guide activities and programs can a firm engage in mutually beneficial long-term relationships. Another important set of processes guides the firm in imaginatively generating insights and breakthrough products, services, and marketing activities.
3. Programs reflect all the firm's consumer-directed activities. It encompasses the old four Ps as well as range of other marketing activities that might not fit as neatly into the old view of marketing. Regardless whether they are online or offline, traditional or nontraditional, these activities must be integrated such that their whole greater than the sum of their parts and they accomplish multiple objectives for the firm.
4. Performance reflects the range of possible outcome measures that have financial and nonfinancial implications (Profitability as well as brand and customer equity), and implications beyond the company itself (social responsibilities, legal, ethical, and community related).

(Kotler & Keller, 2011)

2.10. Business Plan

A business plan is a written description of your future business. It is a document that shows the details of things of what you plan and how you plan to do it. It helps perform a number of tasks for those who write and read them. A business plan is also used to attract potential investors. When writing a business plan, there is a business concept, marketplace, and financial section. The business concept is where you tell about your industry, business structure, product or service, and how you plan to make your business successful. The marketplace section shows how you describe potential customers, what makes them buy, and describe the competition in the market. The financial section contains your income and cash flow statement, balance sheet and other financial ratios, such as break-even analysis. (Entrepreneur, 2012)

The business plan is not just a document. It is a tool for understanding how the business is put together. The process will help you learn how to manage your own company while you become an expert in your industry and business. It creates a framework for you start and grow your business. A business plan is not static. The business plan is dynamic because it can be revised accordingly to the situation of the business. (OCRI, 2000)

A business plan is a well organized and logical plan which shows all of the important aspect from a business. A business plan must have specific data which can be measured. These data includes dates, datelines, budgets, and people responsible.

A standard business plan outline has seven parts. The first part is the executive summary. It explains about the objective, mission, and keys to success. The second part is the company summary. It shows the company's ownership, services or products, location and facilities. The third is the Products or Services. It gives details on what the company offers to the customers. The fourth part is the Market Analysis Summary. In this part, it shows the market segmentation, target market, and industry analysis. The fifth is the summary of strategy and implementation. It

shows the company's strategy, value proposition, competitive advantage, marketing strategy, sales strategy, and the milestone. The sixth part is the management summary. The management summary gives information on the company's organizational structure and management team. The last part is the Financial Plan. It shows how the company will manage its finance. (Tim Berry, 1998)

Business plan plays a very key role for certain reasons. When you want to raise financing and promote yourself as a credible intelligent entrepreneur you need to write a business plan. The business plan will show to investors how well thought your business is, how much money you need, how you are going to generate revenue, and how well planned your idea is written. A business plan should be written not too long. The average people only read twenty to twenty five pages. Others would not go one beyond the executive summary before making any decisions. When writing a business plan, you should be able to transform your ideas into words and sentences. The better you are to transform them, the better the structure of your business plan. Secondly, you should clarify who your customers are and why they care. The idea to know who your customers is very important. The more you know, you can target the customers better, give the right message to them, go to their favorite hang out places, and understand why they can be interested to your business.

The first thing Investors read in the business plan is the executive summary. Then, they will see who the management team is. They want to know if you have set the right team to get the job done. When it comes to financial report, investors need explanations how their money is going to be spent. The purpose of financial analysis is to check if the financial projection has given you a guide to action. When you propose numbers to investors, they know that there is a big percentage that you might fail to meet them. Most of them will not believe your numbers. You should give details why you need their money, how you will spend it, what steps you are going to do to get a sale, and generate the revenue from your sale. Then, you can get credibility from investors. (Gedeon, 2011)

CHAPTER 3 STUDY METHODOLOGY

3.1. Study Methodology

This chapters explains how the study will be conducted by the author. Below is a simple diagram that shows the steps how the author will perform this study:

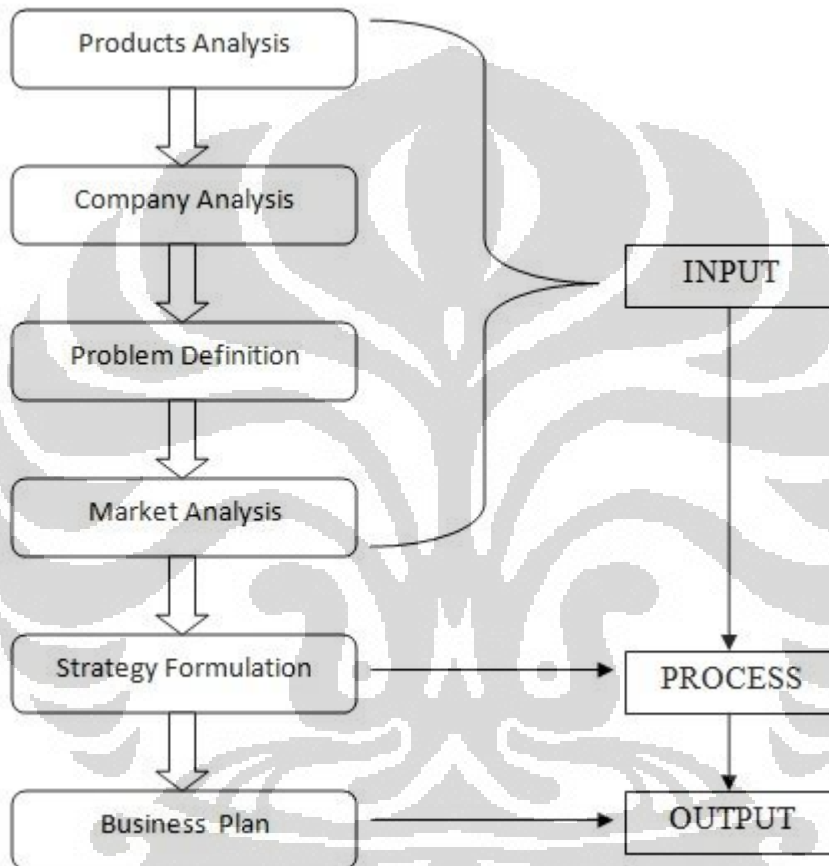


Figure 3.1. Phases of the Study Methodology

Source: Author

The study starts by defining the products or services that the author would like to develop. The second phase is the company analysis that the author proposed as a study. Third is defining the problem that the company encounters related to the products or services. Fourth is the market analysis where the company is running. By doing market analysis phase, the author will acquire proper data to prepare the

business strategy. The strategy formulation will be explained in the fifth phase. The sixth phase is the creation of the business plan.

In conclusion, the phases in this study can be categorized into three main parts. The first part is the Input phase covering phase one to four. The second part is the Process phase describing how the strategy will be formulated. The last part is the Output phase where all data which have been used and processed will be transformed into a business plan.

3.2. Products and Services Analysis

In the first phase, the author will give an explanation about the products or services which is being studied using the below scheme:



Figure 3.2. Product Development Steps

Source: Gaurav Akrani, 2012

In this part, the author will analyze why the product is important and can have value for consumer to buy. The analysis starts by identifying why this product idea had been generated, who the targeted markets are, how it would be profitable, the development of the product, how it was promoted, and what the market's

opinion about it. The method of this analysis is through observing the secondary data which are provided in the internet. The data will come from online shop and manufacturer of the product.

3.3. Company Analysis

In the second phase, the author will analyze the virtual company know as GA Corp. The analysis will include:

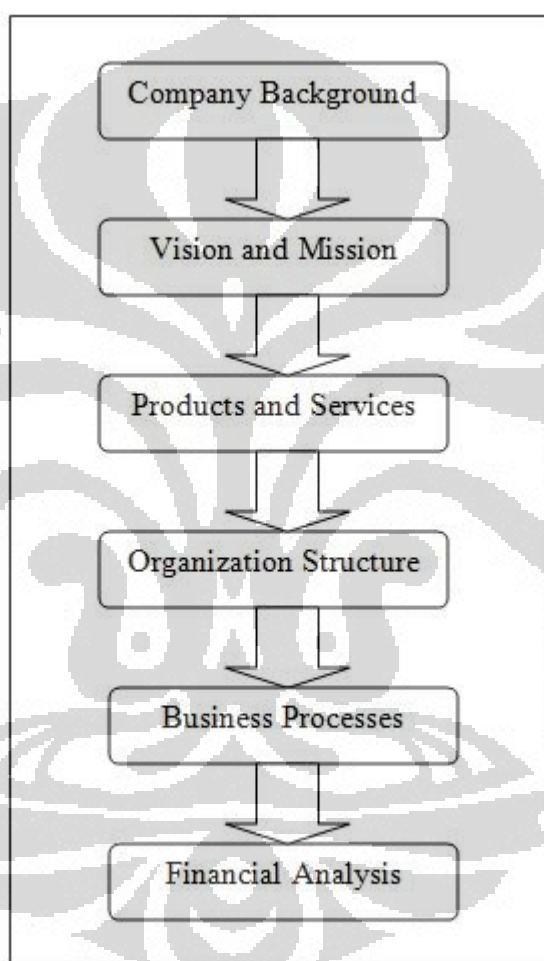


Figure 3.3. Company Analysis

Source: Author

The analysis will begin from understanding the background story why this company was built. Then, it will continue to understand the company's vision and mission. The next step is to see what the company focuses as its business's profit maker. Then, the analysis goes on to look at how the people are organized and do

the work to reach the company's goals. After that, the author will analyze the business process in the company. The method for this analysis is through primary research within the company.

3.4. Problem Analysis

The third phase will show the analysis of the problem that the company has. Every company may find itself in a favorable or unfavorable condition. Problem may arise at any time and without any warning. Problems can take different forms like financial and communication. Problems can be analyzed by looking at the business processes, financial statement, or interviews with the employees. The method for the analysis is by doing a primary research within the company.

3.5. Market Analysis

After analyzing the problems that arises within the company, the author will perform a market analysis. The market analysis is to analyze the environment in which the business runs in. The author will use Porter's Competitive Force Model to do the analysis:

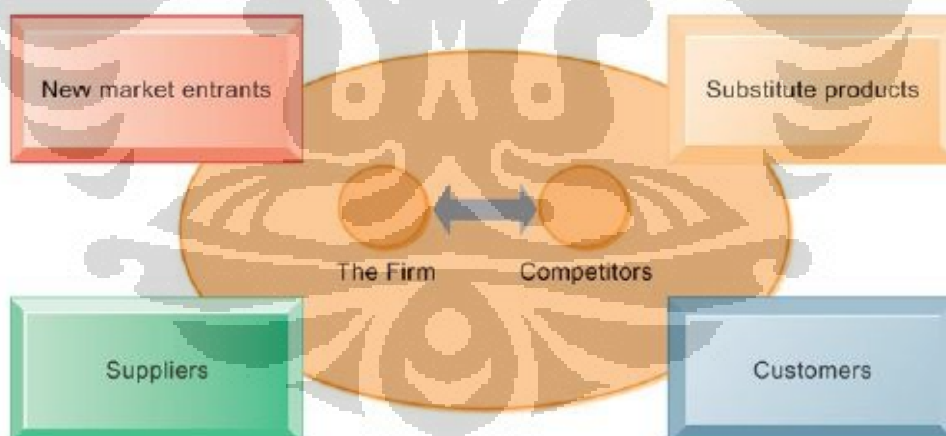


Figure 3.4. Porter's Competitive Force Model

Source: Management Information System 12th edition: Laudon, 2012(page 95)

Based on Porter's competitive force model, the author will set up a method to analyze the market and its environment.

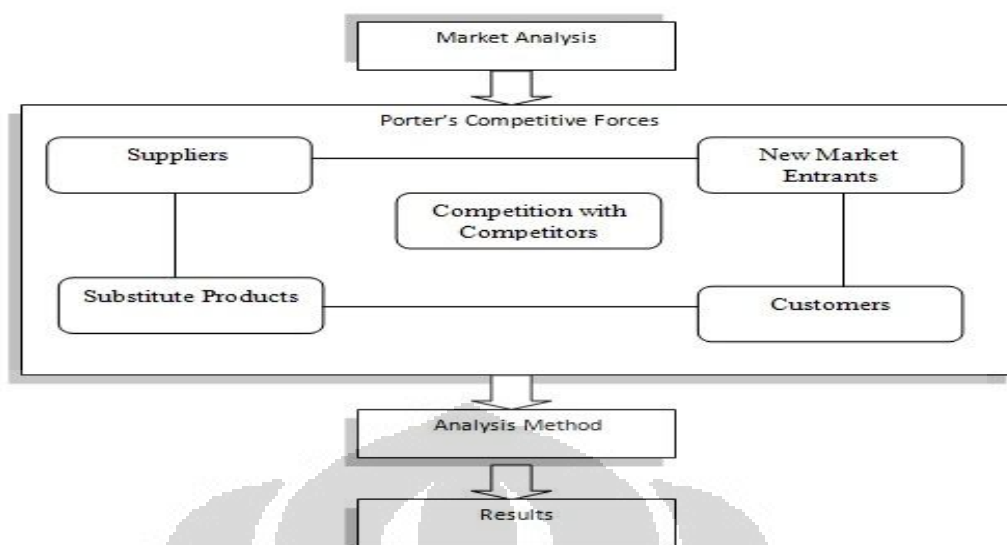


Figure 3.5. Method for Market Analysis

Source: Based on Porter's Competitive Forces model

The author will analyze the customers. From the customers, the author will discover the behavior of the customers toward the product in the market. By analyzing the customers, both online and offline, the author expects to classify the customers into different segments. The method to conduct this analysis is by distributing questionnaires.

The suppliers from this business are divided into two. They are the online and offline suppliers. The author will make analysis on them to find out which suppliers have the best performance, give the best price, and are reliable for the company. The method to analyze the suppliers is by observing on price, buying experience, delivery, and relationship management.

The author will analyze the entry barrier for this business. The method to do this is to identify what is the barrier, how powerful it is, and how does it change with the impact of the internet. The result of this analysis is to find out if new entrants can easily come in and become a threat to the company.

Competition between competitors is a common thing. However, the internet has changed how business works. The author will analyze who the competitors are,

how they are different from the company, what they sell to the market, how they are winning the customers, and how their offers are unique compared to the company. This analysis will be done through direct observation and survey from both online and offline.

The last analysis is the substitution product. The author will analyze the possible products which can substitute the products which are being sold in the market. The author expect to find what they are, how they can attract customers, how much they cost, and why customers might buy them. This analysis will be done by direct observation using online social networks and offline observation in certain places where the customers usually hang out.

3.6. Strategy Formulation

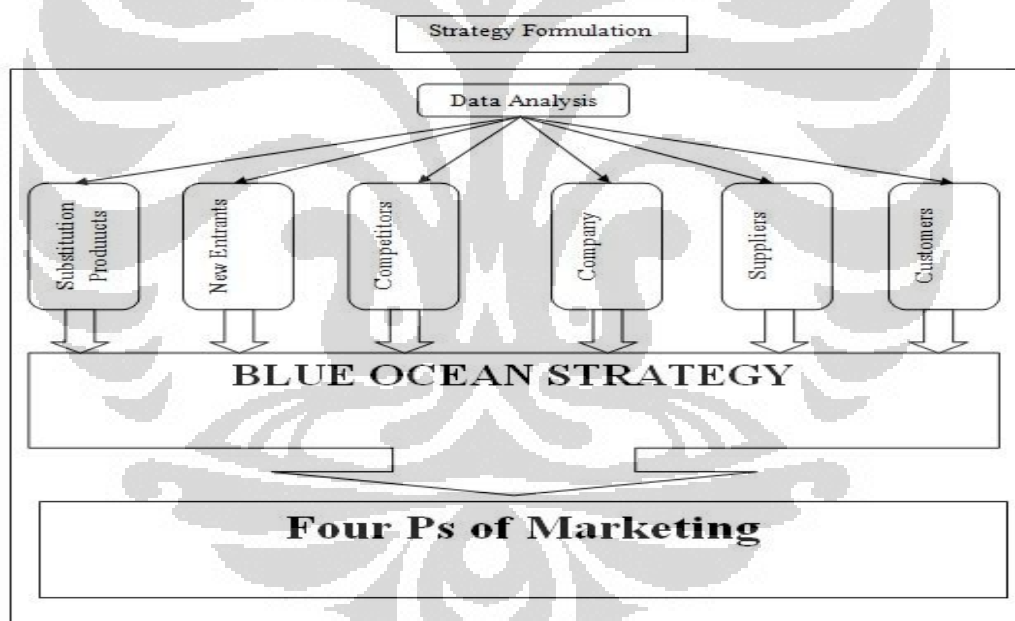


Figure 3.6. Strategy Formulation

Source: Based on Blue Ocean Strategy by Kim and Mauborgne

In this part, the author will gather all data acquired from the company and market analysis. The data will be separated into different categories. These data will be an input for the Blue Ocean Strategy for each category. Using the Blue Ocean Strategy, the data will be processed to make a new business strategy. The output

of this strategy will be a decision to produce new products or services that meet the market demands.

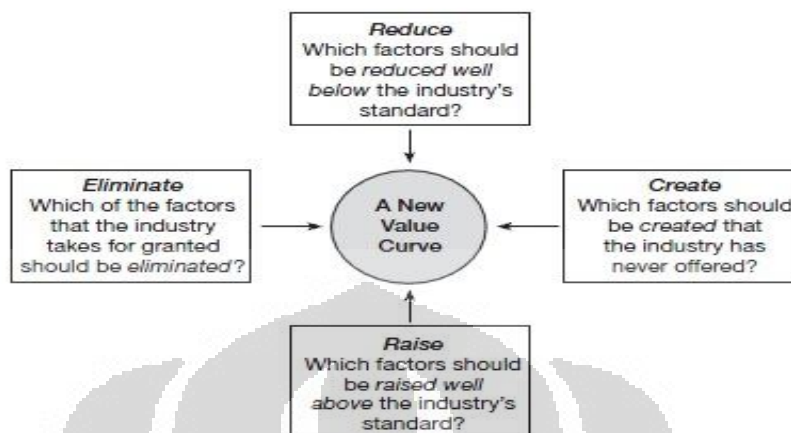


Figure 3.7. Four Action Framework of the Blue Ocean Strategy

Source: Blue Ocean Strategy: Kim and Mauborgne, 2005(page 29)

The process of Blue Ocean Strategy will require 2 tools. First, the author will use the Four Action Framework of Blue Ocean Strategy. The framework will analyze and decide:

1. The items which are costing the company too many resources. These type of items should be eliminated because if competitors are using the same items then the company might be pursuing the same strategy with its competitors.
2. The items which can be reduced because of its cost. These items are important but don't have to be eliminated because they can still be used to support the business.
3. The items which can attract customers which are out of the boundary of the market. These items should be raised above standard so that customers outside of the targeted market will buy from the company. This is how the company can open and expand its market.
4. After the process of eliminating, reducing, and raising specific items, now the company can create a new product or service. This new product or service is

the result of the Blue Ocean Strategy. It should be at lower cost to produce and give more value to customers.

The second tool is to draw the strategy canvas. The strategy canvas shows two things:

1. First, it captures the current state of play in the known market space. This allows you to understand where the competition is currently investing and factors of the industry competes on.
2. Second, it propels you to action by changing your focus from competitors to alternatives and customers to noncustomers of the industry.

The canvas has a horizontal axis and vertical axis. The horizontal axis captures the range of factors that the industry competes on and invests in. The vertical axis captures the offering level that buyers receive across all these key competing factors. (Kim & Mauborgne, 2005)

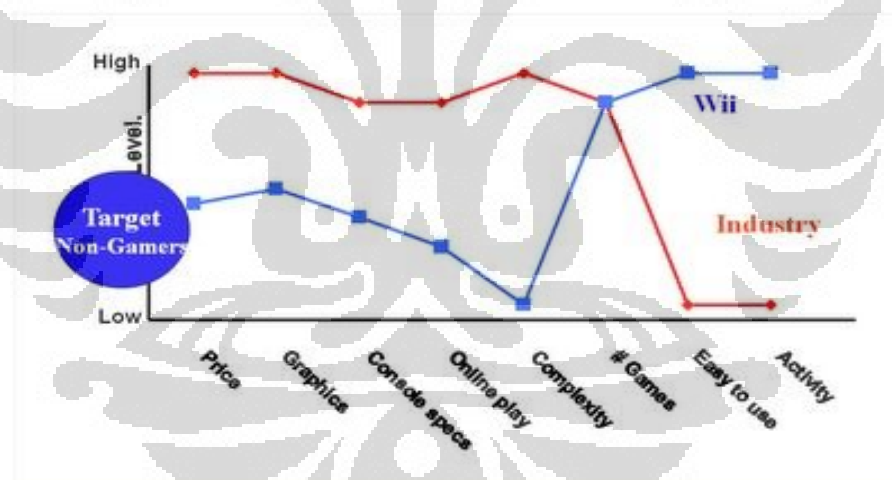


Figure 3.8. Strategy Canvas for Nintendo Wii

Source: Blue Ocean Strategyplanning Blogspot: Dr. Sarah Layton, 2009

After the decision of the new strategy is made, the next step is to implement it into the new Four P's of Marketing (people, processes, programs, and performance) :

1. Implementing the strategy requires the people in the company, in this case, the employees to actually understand and willing to work using the new devised strategy. This is the meaning of People for the new P's of marketing.

2. The new strategy requires that there are processes to be done within the company. Management must set these processes to guide activities and programs for engaging in mutually beneficial long-term relationships. This is the meaning of Process for the new P's of marketing.
3. Programs reflect all the firm's consumer-directed activities. All marketing activities must be directed to achieve a certain goal. This is the meaning of Program for the new P's of marketing.
4. After the strategy has been implemented, management needs to monitor the result. The results can be measured in terms of financial or non financial aspects. This is the meaning of Performance for the new P's of marketing.

(Kotler & Keller, 2011)

3.7. Business Plan

This is the last phase of the study. In this part, the author has already prepared the necessary items to make a decision on what to write in the business plan. The author will use a template of a business plan from one of the books used to study the business plan.

A standard business plan outline has seven parts. The first part is the executive summary. The second part is the company summary. The third is the Products or Services. It gives details on what the company offers to the customers. The fourth part is the Market Analysis Summary. The fifth is the summary of strategy and implementation. The sixth part is the management summary. The last part is the Financial Plan. (Tim Berry, 1998)

Once the business plan is completed, the author can make a proposal to investors to make investment in the company.

CHAPTER 4 ANALYSIS AND STRATEGY FORMULATION

4.1. Product Analysis

The scope of the products which is being studied by the author is the yugioh trading card games. The reason that the author chooses this products is because yugioh has been the best selling card games as stated in the Guinness World Records 2011. Konami, which is the manufacturer of the card game, has sold 25,175, 567, 833 cards globally since 1999 as of 31 March 2011. (Guinnessworldrecords, 2011)

As the author has stated, the idea of creating this card game was based on the demands from fans who read the original yugioh comic books. Then, Kazuki Takahashi, the author of the comic book and designer of the cards, designed the cards and gameplay mechanics. The concept of the game is to use monster cards to decrease your opponent's life points to win the game. Not only monster cards, there are also spell, trap, and extra deck cards to support the gameplay. The fans of yugioh were very excited to play the card game when it was released to the market by Konami. (ICV2, 2008)

The idea of new cards and new theme expanded as the story in the comic book and cartoons continues. More cards have been released to introduce new cards which were used in the comic book, cartoons, and movies. As you can see at Konami's website, the products consist of:

1. Booster packs: A sealed pack with eight random cards and one random rare or foil card. This single pack is sold with the market price of \$3.99.
2. Special edition boxes: A small box which includes one promotional foil card and three packs. This type box is sold with the market price of \$9.99.
3. Starter Decks: This consists of 40 – 45 cards which is ready to be played. This type of products is for children or beginner players who want to start playing yugioh. This type of deck is sold with the market price of \$9.99.

4. Structure Decks: This consists of 40 cards which is ready to be played. A structure deck is almost the same as a starter deck. The main difference is that a structure deck is more focused to a theme. The monster, spell, and trap cards in these types of deck are to support a unique strategy based on types or elements of monsters. This type of decks is appropriate for players who are more advanced than beginners. This type of deck is sold with the market price of \$9.99.
 5. Tins: This consist of four to five foil promotional cards and three to five booster packs. The tin consists of one new promotional cards which is released in the upcoming booster pack and reprinted cards which have been famous but in the present time are scarce in the market. This type of tin is sold with the market price \$19. 99.
 6. Duelist Packs: This is a smaller version of booster packs. The pack consists of four common cards and one rare or foil card. Duelist pack is where players can find specific cards which are used by characters from the yugioh cartoons. This type of pack is sold with the market price \$1.99.
 7. Other Cards: Other products consist of Legendary Collection Album, Gold Series packs, Turbo Packs for tournament prizes, etc. The market price for those products varies from \$19.99 to \$29.99.
 8. Accessories: These are accessories to support playing the cards. Accessories can be card sleeves, deck cases, duelist portfolios, etc.
- (Yugioh-card, 2012)

Konami does not sell directly to the customer. Instead, they sell their products to retailers. Retailers can be hobby shops, online shops, and toys shops. The main product of yugioh is the sealed packs, boxes, and decks. However, most retailers sell single cards at their shop. This could be seen in most online shop such as Ideal808, CoreTCG, and Trollandtoad. There is no penalty for doing this because retailers buys from their manufacturers, open the sealed packs and sell the single cards for their value worth to players. Some players prefer buying single cards because of several reasons explained earlier in chapter one. Because of this, some cards' prices rise up in the secondary market.

4.2. Company Analysis

4.2.1. Company Profile

GA Corp is a virtual company. This company was built in 2010. It has a member of 6 people. The reason these people made the company was to start business by selling yugioh card products. The company focuses on giving services for the yugioh community in Indonesia. The first service is to provide service buying single cards from the United States. The second service is to provide a weekly tournament. The third is to sell single yugioh cards from inventory. Because of those services, the company is doing business in the secondary market.

4.2.2. Vision and Mission

GA Corp wants to be an online store that can provide card games to the market. The card games don't cover only yugioh but other card games which are being played mostly in the Indonesian market. Not only that, GA Corp wants to become a company that can sponsor large scale tournaments in Jakarta.

GA Corp provides service to the yugioh community in Indonesia. We are here to help customers to find and acquire the cards they need to complete their decks or collections. We'll provide service to order single cards from our supplier in the United States at a reasonable cost and waiting time. We understand that most customers in Indonesia are lacking of budget to buy premium price single yugioh cards. Therefore, we will provide packages which will give more savings for customers when buying them. We will also provide service for customers to consult their wants and needs so they can meet their allocated budget before ordering to us. The card that customers can buy is not only Yugioh. However, our main focus is the yugioh trading card game. Finally, we will hold small tournament events in local area.

4.2.3. Products and Services

GA Corp focuses on:

1. Selling yugioh cards which are imported from the United States by request order from customers. The cards can be in a form of single cards, packages of cards, or customized decks. However, due to certain restriction, we do not sell sealed products.
2. Selling yugioh cards from our available inventories. We try to stock most wanted cards at a reasonable price and discount rate.
3. Sponsoring tournaments at local places.

4.2.4. Organization Structure

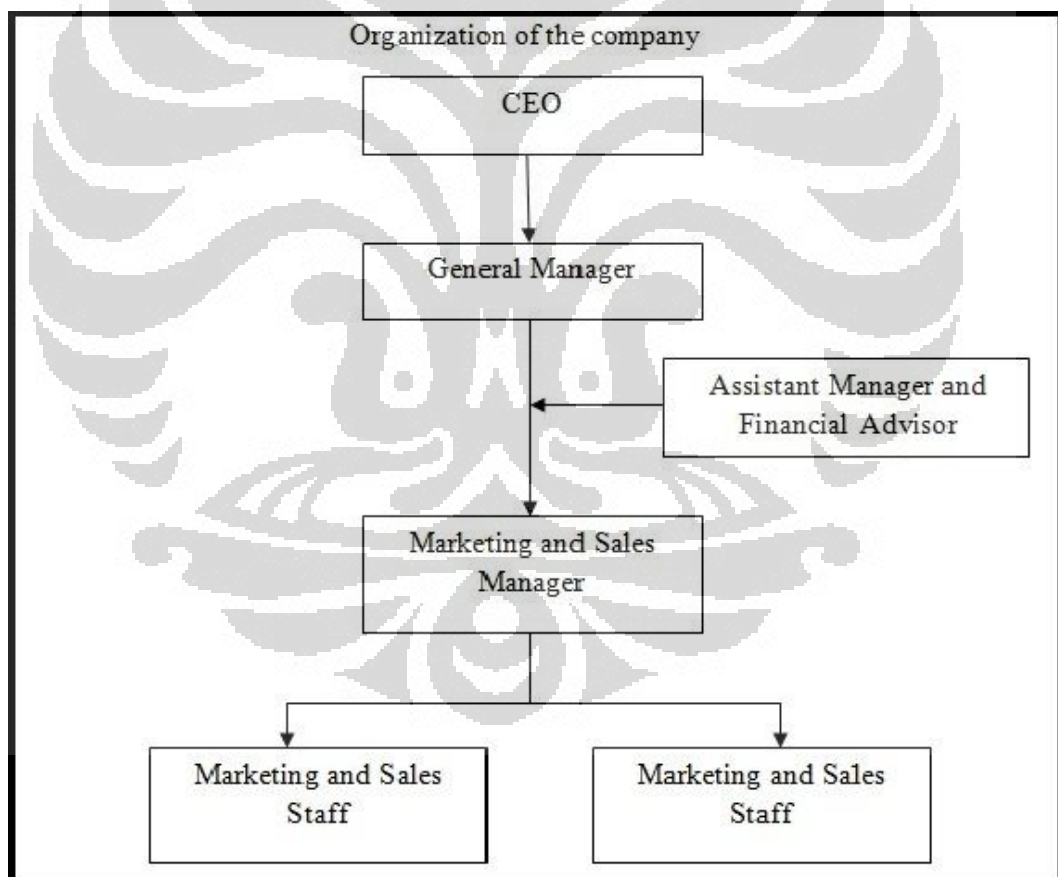


Figure 4.1. Organization of the Company

Source: Based on GA Corp's organization structure

The organization at GA Corp is quite simple. Since it consists only of six people, most of time there is a cross-over of jobs among the people in the company. The structure of the organization is:

a. CEO(Chief Executive Officer)

The CEO is the head of the company. His responsibility is to run the company as per its visions and make a profit from its business. The CEO's job includes:

- Create strategy and set direction for the company
- Formulate policies and implement them to meet business goals
- Hire A+ people for the position of General Manager, Financial Advisor, Head of Marketing and Sales, etc.
- Define the role of the top position executives
- Build a culture that define the company
- Build a solid team that will be able to meet the company's objective
- Allocate and manage the company's capital
- Communicate strategy to top position executives

b. General Manager

The general manager is responsible for all areas in the company. Decision making plays an important part for the General Manager. The decision making consists of:

- Planning for activity including budgeting, promotion, employee meeting, sales, and tournament event
- Keeping records of the company's transactions
- Coordinating the employees to work together
- Communicating strategy to employees
- Motivating and guiding the employees
- Monitoring and reviewing the plans

c. Assistant Manager/ Financial Advisor

The Assistant Manager's job is to support the General Manager to perform his job. He works with the General Manager by:

- Providing advices based on reports to General Manager
- Monitoring and reviewing the plans with the General Manager
- Monitoring how the business activities are being performed
- When the General Manager is not available, he is given authority to make critical decisions

The Assistant Manager is also the Financial Advisor of the company. The Financial Advisor has the job to perform the financial analysis. His job is specified into:

- Forecasting market trends, including supply and demand of particular product
- Aligning operational activities with the company mission
- Managing and integrating collaboration of the employees
- Making several financing decisions in the company, including investment and event schedule

d. Sales and Marketing Manager

The Sales and Marketing Manager's job is to make sure that the company gains and expands the market share and also to push sales for increasing profit. These jobs include:

- Performing a market research for analyzing new market, trends,
- Forecasting the number of sales would be achieved
- Guiding, training, monitoring, evaluating, and motivating the sales and marketing staff
- Maintaining communication with the sales and marketing staff
- Reporting to the General Manager or Assistant Manager

e. Sales and Marketing Staff

The sales and marketing staffs are responsible to perform the necessary sales and marketing directly to the customers. Their job specifications are:

- Following the instructions given by Sales and Marketing Manager
- Doing a daily day to day basis customer service by communicating online with the customers
- Reporting to the Sales and Marketing Manager for any problems during giving services to customers
- Collecting payment orders from the customers at the meeting place
- Supporting the General Manager or CEO when holding a tournament event

4.2.5. Business Processes

The business processes in GA Corp consist of three things. They are transactions with Banks and Customers for orders and payment processes, transactions with supplier for orders and payment processes, and distribution channel from suppliers to GA Corp and finally to customers. The analysis of the business processes is shown below:

1. Transactions with Banks and Customers

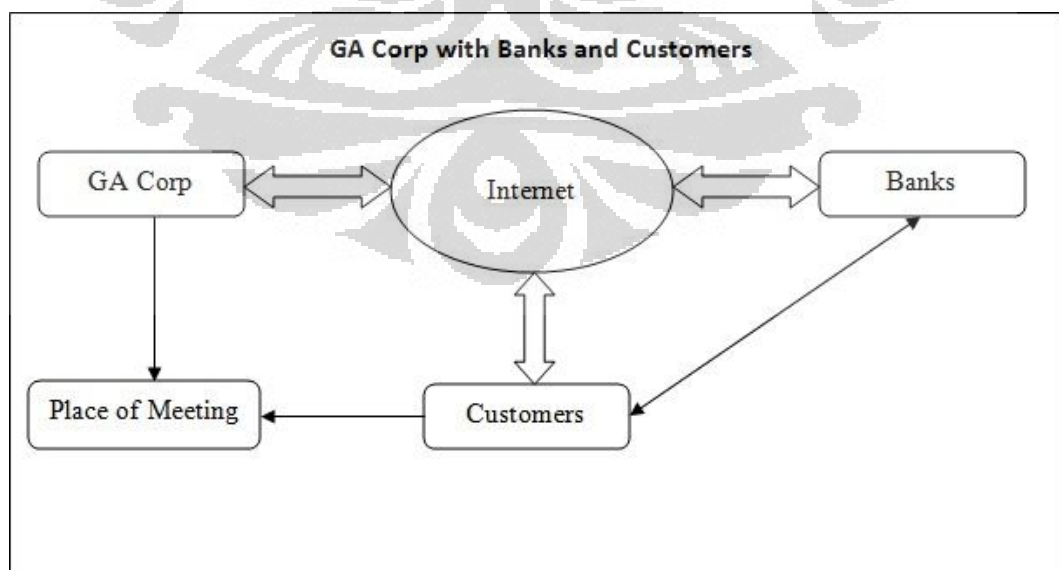


Figure 4.2. GA Corp Transactions with Banks and Customers

Source: Author

Customer's transactions are divided into two types:

- a. Order process is done by making orders via the internet. Customers make contact with the customer service at GA Corp. They make an order and confirm when and how they will pay.
- b. Payment process is done by either money transfer or direct meeting. Money transfer can be done by using ATM, SMS Banking, Internet Banking, or directly to the Teller in Bank Central Asia (BCA) and Bank Mandiri. When the customers have paid, they will send a message via the internet. Then, the customer service will check whether the payment have been received using ATM, SMS Banking, or Internet Banking. Direct meeting means that the customer makes an appointment at the place of meeting with one of the customer service from GA Corp. The customer and customer service make an appointment on where, when, and what time they will meet.

2. Transactions with Supplier and Moneygram

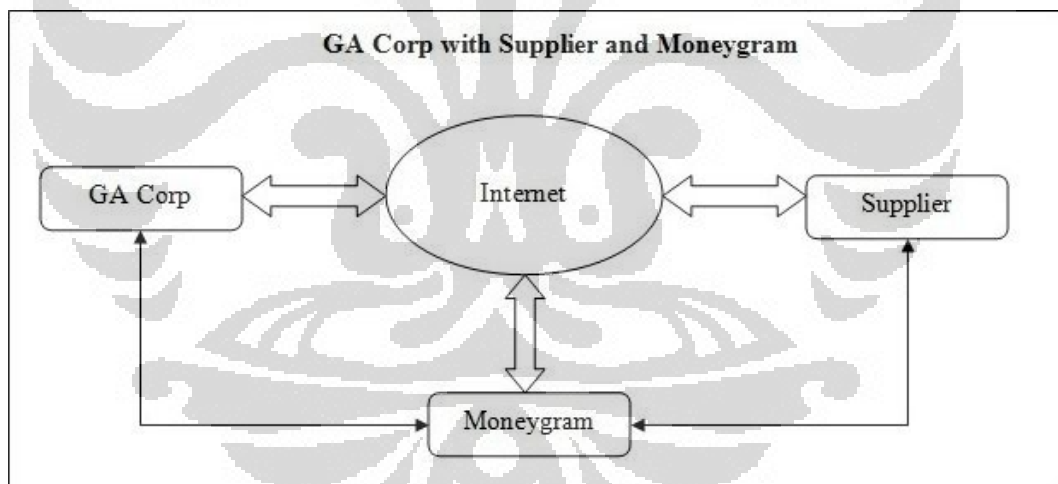


Figure 4.3. GA Corp Transactions with Banks and Supplier

Source: Author

The business transactions with supplier consist of making online orders and sending payment via Moneygram.

- a. When a customer has paid for his/her orders, GA Corp staff will immediately make an order to the supplier. The order is using the internet. The staff will lock on the items which the customer has already ordered.

- b. Once all orders from all customers have been paid and locked at the supplier's website. GA Corp will request the supplier to combine all orders which were locked to be one big order. The cost of order will be combine and given to GA Corp. Then, the staff from GA Corp will go to Moneygram to make the payment. There is a transfer fee from Moneygram for using its service. Once the payment transfer is successful, Moneygram will give a password to GA Corp staff. This password must be sent to the supplier. The staff will e-mail the supplier and give the password to pick up the payment. The supplier then sends its staff to go to Moneygram, show the password, and collect they payment.
3. Distribution channel with Supplier, Pos Indonesia, UPS, Customs, and Customers

GA Corp with Supplier , Pos Indonesia, UPS, Customs and Customer

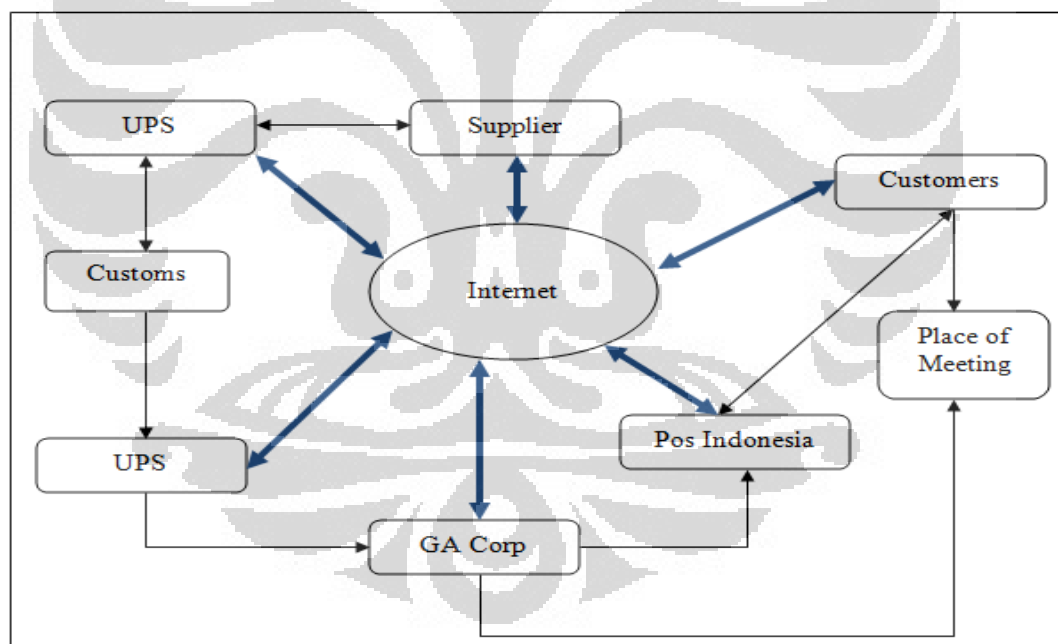


Figure 4.4. GA Corp Distribution Channel

Source: Author

The distribution channel shows how the products move from supplier to UPS, UPS to GA Corp, GA corp to Pos Indonesia, GA Corp directly to customers, and Pos Indonesia to customers:

- a. Supplier to UPS: When a customer has paid for an order, GA Corp will process the order. For imported orders, the supplier will send them using United Parcel Service (UPS). The supplier sends the orders to UPS. UPS will give them a tracking number. The supplier will send an e-mail to GA Corp to notify that the orders are shipped and give the tracking number so that GA Corp can track it online at UPS website.
- b. UPS to GA Corp: UPS will ship the orders. They will go through different countries. They will be inspected by customs in every country they have gone through. Finally, once they arrive at UPS Jakarta, UPS will send the orders to GA Corp.
- c. GA Corp to Pos Indonesia: After GA Corp receives the order, the staff will check if the orders are complete. Any incomplete orders will be notified to the suppliers. Then, the orders will be pack and send using Pos Indonesia. Pos Indonesia will give tracking numbers for each order. GA Corp staff will send the tracking number by e-mail, make announcement at the website, or send SMS to customers. Customers who have received the tracking number can monitor their orders at Pos Indonesia's website.
- d. GA Corp to Customers directly: This process happens when the customers decide to meet a representative from GA Corp to pick up the order. They make an appointment when to meet, what time, and where to meet. Then, both the customers and GA Corp staff go to the meeting place to make the transaction. The staff and customers will also communicate using SMS or phone call to confirm their where about.

4.2.6. Financial Analysis

This analysis explains how the company uses its money to operate the business. The financial analysis is done by primary research done in the company.

4.2.6.1. Capital Analysis

The first analysis is the starting capital. This company is made by the decision of five people. They have made a commitment to invest Rp 200.000, - each to start the business. Later, the sixth member of the team was selected. The capital then was increased by Rp 200.000,-. The company has a current capital of Rp 1.200.000,-.

Beside the starting capital, the company acquires money from investors. The company currently has three investors. Each investors invested Rp 200.000, - . The company has set up a system for return of investment. The system is that investment will start and end within two months. During that time, the investment money will be put to support the business. Then, at the end of the second month, the company will see how the result of the investment. If the return of investment from sales is equal to or lower than the initial investment, then this will be considered as a loss. There is no risk for investors so their money would be fully return. If the return of investment from sales is more than the initial investment, then the company will receive 10% and the investors receive 90%. This 90% part of return of investment from sales will be shared equally to each investor.

When the investment period has ended, the company would return the money to the investors either by wire transfer or meeting directly with each investor. There is a good reason why the CEO of the company set up this type of investment. The first reason is to reduce risk for investors. Second, is to reduce investment time so that the company can increase its sales target by making good use of the investment money. Third, is to show investors that the company knows what it is doing and can make a fast return of investment to them. When another investment period is opened, the company can invite potential investors to make investment to the company.

An example of an investment analysis:

1 Mei 2010 : Initial Investment equals Rp 600.000

15 Mei 2010 : Sales from investment Rp 380.000

30 Mei 2010 : Sales from investment Rp 450.000

1 June 2010 : Sales from investment Rp 560.000

15 June 2010 : Sales from investment Rp 650.000

30 June 2010 : Sales from investment Rp 750.000

The total return of investment from sales is Rp 750.000.

GA Corp share : 10% = $0,1 \times \text{Rp } 750.000 = \text{Rp } 75.000$

Investors' share : 90% = $0,9 \times \text{Rp } 750.000 = \text{Rp } 675.000$

So, each investor will receive: $\text{Rp } 675.000 \div 3 = \text{Rp } 225.000,-$

4.2.6.2. Importing Cost Analysis

Based on the analysis conducted at GA Corp, there are several factors that affect the cost of importing cards from the supplier of GA Corp. The factors are: currency rate, single card price at supplier, Moneygram cost, duty tax and shipping cost. These factors will affect the pricing of cards sold to customers.

The currency rate plays an important factor. Cards are ordered through the internet. The prices at the supplier's website are in United States Dollar. Therefore, every card price which will be ordered or promoted must be determined by the original price of the card at the supplier's website. The problem with currency rate is its unstable condition of the rate. Currently, the trend of the rate is Rp 9.200 to Rp 9.500. This is what the company will set as a normal rate. However, when the currency changes to the maximum, the company set that the max is Rp 10.000. The company hopes that it will never reach above Rp 10.000 for every \$1.

There are two types of shipping cost. The main shipping cost is the shipping cost for getting the order from the supplier to GA Corp in Jakarta. This cost is a fixed cost with the amount of \$10. However, due to the changing currency rate, it will

be adjusted to Indonesian's Rupiah. The second shipping cost is for delivering the order from GA Corp to customers in Indonesia. The company applies a fixed cost of Rp 10.000 per customer orders. This cost includes packaging and delivering the order by using Pos Indonesia service.

The payment method that the GA Corp uses for paying the orders to supplier is not by wire transfer. The company does make order from the internet but does not use any direct electronic payment through the internet. There are ways to pay online like using credit card and Paypal. But, due to safety reasons, the company prefers not to do any payment online. Another payment method is by wire transfer using Banks. However, the transfer would require some days. This would hurt the business since customers are most of time impatient getting the order. So, the method that the company uses is by using a service called Moneygram. This service is found in Bank Niaga. For sending the payment there is a certain service fee. For sending less than \$350, the cost is Rp 180.000. For sending \$350 to \$500, the cost is Rp 200.000. The service that Moneygram gives is to convert the money from the original country's sender currency to the destined country's receiver. This service to convert currency rate is Rp 200 to Rp 300 more than the normal currency rate applied in other Banks. The company chosed Moneygram because of its simple but secured method. The company sends the money through Moneygram by filling a form. In this form, the company can decide that the receiver of the money would be the owner of the supplier's company. Moneygram will process the transfer to the Moneygram in the destined country in a few minutes. After that, it will give a pin number for the receiver to pick up the money. When the money has been successfully transferred, the receiver can immediately pick up the money by going to the nearest Moneygram office. This method is considered more secure and reliable. This process also cuts down the time for payment to supplier since the payment can be received even after 10 minutes it was sent from Moneygram in Jakarta.

Duty tax is a variable expense in this business. The problem with duty tax is that it cannot be controlled. Normally, the lowest fee would be Rp 66.000. But,

sometimes it would be Rp 150.000 to Rp 380.000 depending on how big is the order from supplier is. GA Corp has made a policy to set the duty tax expense to Rp 100.000. However, this does not change the fact that the actual expense would be different.

4.2.6.3. Pricing Method

Based on the importing cost analysis, the company uses a method to set prices of single cards. To decide the overhead cost, the company sets a target sale for importing cards. The target is to get a total of \$300 of orders to supplier. This \$300 is targeted to get a target of 300 cards per order. Next, the \$300 will be converted to Indonesian Rupiah. Then, this cost will be sum with the shipping cost, and expected duty tax expense. The analysis is shown below:

Currency setting	: \$1 = Rp 9.500
Target sales	: \$300 = Rp 2.850.000
Moneygram	: Rp 180.000 (for \$300 order)
Shipping	: \$10 @ Rp 9.500 = Rp 95.000
Expected Duty Tax	: Rp 100.000
Total cost	: Rp 3.225.000

So, Rp 3.225.000 is the total cost for a target sale of \$300 with a total order of 300 cards.

From the analysis above, we could see that the Target sales, Moneygram, Shipping, and Expected Duty Tax are the unit level. The cost driver for each unit is the number of cards ordered. Therefore we can use the data from the analysis for Activity Based Cost pricing method.

Based on the price from supplier, the price starts at \$0.25, \$0.49, \$0.99, \$1.49, \$1.99, \$2.49, \$2.99, \$3.49, \$3.99, and so on. After the \$0.49, the price makes a pattern of \$1.49, \$1.99, \$2.49,\$2.99, and it goes on by adding \$0.5. The cost is to understand how many cards we can order at the selling price from supplier. The

target sale is \$300 and the maximum number of cards is 300 cards. Therefore, if we order a card with the price of \$300, we can only get 1 card. If the order is \$100, we can get 3 cards. If the price is \$1, we can get 300 cards.

Price in USD	\$0.25	\$0.49	\$0.99	\$1.49	\$1.99	\$2.49	\$2.99	\$3.49	\$3.99
Number of cards acquired*	1200	612	303	201	150	120	100	85	75

Figure 4.5. Activity Based Costing for Importing Cards part 1

Source: Author

As we can see, the number cards acquired is round down so that there won't be any comas. Once we have the cost driver (number of cards acquired), we can start calculating the cost for Moneygram, Shipping, and Expected Duty Tax. Each of this cost will be divided by the number of cards acquired. Therefore, we can see how much the actual cost for ordering a card at the stated price is.

Price in USD	\$0.25	\$0.49	\$0.99	\$1.49	\$1.99	\$2.49	\$2.99	\$3.49	\$3.99
Number of cards acquired*	1200	612	303	201	150	120	100	85	75
Moneygram*	150	295	595	896	1200	1500	1800	2118	2400
Shipping*	80	156	314	473	643	792	950	1118	1267
Expected Duty Tax*	84	164	331	498	667	834	1000	1177	1334
Price in IDR	2375	4655	9405	14155	18905	23655	28405	33155	37905

Figure 4.6. Activity Based Costing for Importing Cards part 2

Source: Author

- The moneygram cost is acquired by dividing Rp 180.000 with the number of cards acquired. The amount is rounded up so there is no coma.
- The shipping cost is acquired by dividing Rp 95.000(\$10 × Set currency rate of Rp 9.500) with the number of cards acquired. The amount is rounded up so there is no coma.

- The expected duty cost is acquired by dividing Rp 100.000 with the number of cards acquired. The amount is rounded up so there is no coma.
- The price in IDR is the value in USD multiplied by the currency in Indonesian Rupiahs.

When the calculation is completed, we can get the actual price for each card.

Price in USD	\$0.25	\$0.49	\$0.99	\$1.49	\$1.99	\$2.49	\$2.99	\$3.49	\$3.99
Moneygram*	150	295	595	896	1200	1500	1800	2118	2400
Shipping*	80	156	314	473	643	792	950	1118	1267
Expected Duty Tax*	84	164	331	498	667	834	1000	1177	1334
Price in IDR	2375	4655	9405	14155	18905	23655	28405	33155	37905
Price of cards	2689	5270	10645	16022	21406	26781	32155	37568	42906

Figure 4.7. Activity Based Costing for Importing Cards part 3

Source: Author

The price of cards is acquired by counting the total of Price in IDR, Moneygram, Expected Duty Tax, and Shipping. However, this price is only for acquiring the cards. The next step is to add the Profit for each card. The profit here is the value that the company wants to get from customers for offering its service to order cards. The company has decided to set a starting value for the profit. The value starts with Rp 2.000 for the first two Prices in USD. Then, for the next two, the value increases by Rp 1.000.

Price in USD	\$0.25	\$0.49	\$0.99	\$1.49	\$1.99	\$2.49	\$2.99	\$3.49	\$3.99
Moneygram*	150	295	595	896	1200	1500	1800	2118	2400
Shipping*	80	156	314	473	643	792	950	1118	1267
Expected Duty Tax*	84	164	331	498	667	834	1000	1177	1334
Price in IDR	2375	4655	9405	14155	18905	23655	28405	33155	37905
Price of cards	2689	5270	10645	16022	21406	26781	32155	37568	42906
Profit	2000	2000	3000	3000	4000	4000	5000	5000	6000
Selling Price	4689	7270	13645	19022	25406	30781	37155	42568	48906
Adjusted Selling Price	5000	10000	15000	20000	25000	30000	35000	40000	45000

Figure 4.8. Activity Based Costing for Importing Cards part 4

Source: Author

The Selling Price is shown above. However, the number is not rounded. This would make difficulty for the buyers to make payment. So, the company has set up a policy to make the numbers to an exact price. The numbers are adjusted to 5000, 10000, 15000, 20000, and so on. If we look at the pattern, it shows that for every price, there is an addition of Rp 5.000 to the adjusted selling price. This may look like a simple formula and can be done without doing any calculation. But, by applying the Activity Based Cost method, we can be sure that the numbers are accurate.

The selling price above is also used by the company to set the price of single cards in the inventory. The reason is because the cards from inventory are mostly imported from the supplier. Therefore, it should be given the same price as if they were imported.

4.3. Market Analysis

According to Tim Berry (1998), a primary market research is done by yourself. It may result from having direct contact with the customers or public. Kotler & Keller (2011) also mentioned that primary research can be done through observation of the market. The market analysis done in this thesis is mostly through primary research. The author has made observation in the internet for online research. The author has also given away questionnaires during local tournaments for obtaining data.

4.3.1. Internal Problem Analysis

The author has conducted a survey in the company. The survey is conducted by giving a questionnaire with an open-answer question. The objective of the survey is to find out how the employees are performing, what problems they found, and how they can suggest advices to boost the company performances. This survey is given to the five members of the company: General Manager, Assistant Manager/Financial Advisor, Marketing and Sales Manager, and two employees of the Marketing and Sales.

Based on the survey, the problems found are:

1. The CEO tends to make a rush decisions when the situation is unfavorable.
2. The CEO is too ambitious.
3. The General Manager has less influence over the other employees unlike the CEO.
4. The General Manager and Assistant Manager are most of time too busy and unreachable by other employees.
5. The Assistant Manager needs to do more action regarding making decisions.
6. Marketing and Sales team needs to boost their work and get more orders from customers.
7. Marketing and Sales team is not performing well and complaint that their workloads are not fair compared to the other employees.
8. There is a bad team work in Marketing and Sales team. The Marketing Manager needs to create a better communication for the team.

9. Marketing and Sales complaint how they meet difficulties dealing with customers who like to benchmark price.
10. Time management is still not effective due to some of the employees are still high school and university students.
11. Duty Tax is a big factor that cuts the profit margin since it cannot be controlled by the company.
12. Sometimes forecasting results in failure. This resulted in a bad investment in some cards.
13. There is a trend that some potential customers keep on forcing the company to sell imported card by referring to a certain online shop at the currency rate of Rp 10.000.
14. Due to only have one main supplier located abroad, sometimes when the supplier is out of stock on certain products, the company has no control how to re-stock the products.
15. There is a need for a meeting to discuss, evaluate, communicate and make better plans.

However, despite the problems occurring in the present time, the employees admit that the company has good key factors:

1. The CEO has good connection with most of the yugioh community. This helps to boost sales because of the CEO's image.
2. The CEO is fast at making decision when critical moments happen.
3. The General Manager is good at maintaining and recording company's resources.
4. The Assistant Manager is calm and patient enough to analyze market trend and make forecasting.
5. Most of time, the Financial Advisor has made a good forecasting on the cards to invest. However, the length for return of investment takes more than 3 months but the return is over 30%.
6. The Marketing Manager who is in charge of getting payment from customers always collects on time.

7. The Marketing and Sales employees are doing a great job handling customers' orders on a daily to daily order.

4.3.2. Customers Analysis

Before doing a customer analysis, the author has received information about the current market in the business. The company analysis has shown that one of the factors that made customers don't do business with the company is the transparency of prices in the internet. This transparency has led customers to benchmark prices of single cards from different online shops in the internet. As the author made his own analysis, he found that this is true. The author has observed many yugioh communities in Facebook (www.facebook.com). He has seen how some people are selling single cards by benchmarking internet price with the currency of Rp 10.000 per USD.

The author has done a survey to some customers. The survey was conducted by giving close-answer questions questionnaire to people in the yugioh community. The survey took place in Depok and Gandaria City during local tournaments. There is a total of 36 repondents that have filled in the questionnaires. Based on the survey, the author makes some conclusions:

- The age of players in this game are:
 - o 11.11% at the age below 16 years old.
 - o 61.11% at the age between 16 to 21 years old.
 - o 27.78% at the age between 22 to 30 years old.
- Based on originality :
 - o 72.22% of players that play a fully original card.
 - o 27.78% of players play a mix of original and non original cards.
- Based on the text written on the cards:
 - o 58.33% of players that play a both Japanese and English.
 - o 5.56% Japanese, and 36.11% English version cards.
- Based on the trend of card games:
 - o There are 45.76% people that are playing Cardfight Vanguard.
 - o There are 10.17% playing Pokemon.

- There are 44.07% playing yugioh trading card game.
- The product that most players buy at hobby shop consist of:
 - 41.38% booster pack.
 - 15.52% Starter/Structure Deck.
 - 8.62% Special Edition Pack.
 - 8.62% Collectible Tin.
 - 25.86% single cards.
- The percentage of customers' buying power within a month at hobby a shop are:
 - 13.89% below Rp 50.000.
 - 25% between Rp 51.000 to Rp 100.000.
 - 5.56% between Rp 101.000 to Rp 150.000.
 - 55.56% above Rp 150.000.
- The percentage of customers who ordered online:
 - 5.56% only once.
 - 80.56% more than once
 - 11.11% never shop online.
 - 2.79% aren't interested to do online shopping.
- The percentage of customers' online spending are :
 - 16.67% below Rp 50.000.
 - 19.44% between Rp 51.000 to Rp 100.000.
 - 5.56% between Rp 101.000 to Rp 150.000.
 - 58.33% above Rp 150.000.
- The location of online shop that customers have ordered are:
 - 23.26% from North America.
 - 48.84 from domestic (Indonesia)
 - 9.30% from Japan.
 - 8.60% never shop online from any country
- .
- The lengths of waiting time for orders to arrive from foreign online shops are:
 - 17.39% less than a week.
 - 60.87% between one to two weeks.

- 21.74% more than two weeks.
- Products ordered online:
 - 57.89% single cards.
 - 23.68% packages of single cards.
 - 2.62 customized deck.
 - 10.53% promotional cards.
 - 5.26% other products.

Based on the above analysis, the company should target the customers who have the highest percentage for each segmentation. Based on Kotler & Keller(2011) market segmentations, one the market segment chosen is based on demographic which is by age.

4.3.3. Suppliers Analysis

Based on the company's record, GA Corp has a primary supplier. The supplier is Trollandtoad (www.trollandtoad.com) located in North America. The company has been a good customer for more than 2 years. The CEO of GA Corp has good communication with both Trollandtoad owner and head of customer service. The company has imported products many times for fulfilling customer orders, sponsoring local tournaments, stocking cards for the inventory, and private shopping for employees.

A problem with relying on only one supplier is that when the supplier fails to meet the company's order. The company has no place to find a substitute supplier. Therefore, recently, the company has set a new policy to order cards from seller who are located in Indonesia either online or offline. This is a good strategy since it can also reduce the risk of importing too many expensive cards.

Another problem arises if some prices went up or down. Based on the company's observation, new set of cards were promoted at the supplier's website. However, in a few days or weeks, the prices of some cards can go up or down. When the company has ordered cards and pay for it, there is a gap around two to three days

before the supplier ships the order. During those days, prices of the cards might go up or down. If the prices of the ordered cards go up, this is an advantage for the company. But, if the prices go down, this gives a disadvantage for the company.

4.3.4. Market Entrants Analysis

The market entrant analysis is done by observing two places. The first is observation of the online market. The second is observation of the community in local hobby shops.

The first observation is by online research. The author has seen that most sellers sell their cards using forums and social networks. The internet has reduced the barrier to entry in the market. Many new sellers are emerging in facebook. These sellers are entering the market by joining yugioh community fan pages which were intended for specific groups. An example is the facebook group: YugiohDepokCommunity(www.facebook.com/groups/135159359872614). This group was originally made to accommodate interaction between people who play yugioh in Depok region. However, new people are joining this group not to discuss about tournaments or decks, but only to sell their cards.

A lot of this has happened to other groups. So, some people in the groups took buying cards. In these groups, people can either set up documents to show the list of cards they sell, put on a whist list to buy cards, or post an offering to trade cards. Some examples are:

- YUGI-OH DUELIST WANT TO BUY
(<http://www.facebook.com/groups/214981178523419/>)
- EMPERIAN TRADING CENTER
(<http://www.facebook.com/groups/261477423943128/>),
- Pasar – Yugioh Indonesia (<http://www.facebook.com/groups/yugiohjualbeli/>)

The author has analyzed how people want to buy, sell, or trade in the groups. It turns out that most sellers are selling their cards by benchmarking to prices at Trollandtoad website. The price is then converted to IDR by currency rate of Rp

10.000 per USD. This also happens to people who want to buy. But, some buyers offer buying prices below of the price. The people who sell in facebook groups are mostly single sellers that don't have high budgets. They got the cards by opening several booster packs. If they get a high value card, they will immediately sell them online below the market price standard.

The second observation is done by visiting hobby shops and community gathering event located in Jakarta. The author has visited the shops at Animemachi at Gandaria City (South Jakarta), Toys City at Pondok Indah Mall (South Jakarta), Comic n Games at Mall Taman Anggrek (West Jakarta), tournament event at TangciMall (Tangerang), and tournament event at Kantek UI (Depok). Local hobby shops sell sealed yugioh products. Players can shop and also sell cards. The shop keepers don't prohibit any buying or selling activities between players. The hobby shops are usually crowded every weekend with tournament events, casual players who want to meet and play, and buying-selling activities. There is no barrier to entry in hobby shops. Sellers who have high and low budget can offer their cards to any available buyers on the spot. Most often there is a price war between sellers on who can offer the lowest price and most complete collection. Another interesting observation is that even a child under 13 years old who just bought a booster pack and got a high value card can become a seller on the spot.

Tournament events don't always happen in hobby shops. Some happens in places like the sponsor's house, an open space area in a mall, or the canteen of a university. When there is a tournament event, players will come. Players in yugioh can also be sellers. The difference about the market entry in these types of places is that there is no hobby shop to compete with. So, sellers only compete with each other in terms of prices and card collections that they have. Then, there is no other resource to get cards because in tournament events it is likely to have no supplier that sells sealed products.

Based on the observations, the author can conclude that the barrier of entry in this secondary market is relatively low. There is no restriction in the market that sells

single cards. Almost any random people can become a seller on the spot. Also, the internet that provides information on prices has made almost every seller benchmarks their selling price.

4.3.5. Competitors Analysis

The competitor analysis is done by primary research. The research is done by observing the companies or individual which is considered the competitors by GA Corp.

1. Yugioh-Infinity

Yugioh-Infinity (www.yugioh-infinity.com) is the first online company which has an official website in Jakarta. The company is owned by Muliadi Wijaya. He is the father of one of the yugioh player. He started his business by becoming one of the single sellers with high budget. Years later, he saw a threat in the market that most yugioh players are always comparing prices to some online stores in the internet. Therefore he built an online website that sells single yugioh cards.

This company poses a threat not like other sellers. At one point, the owner is has good reputation in the yugioh community. Second, the cards that are being sold at the website are 90% the same price as the price at most online stores in the internet. The company offers a price with a currency rate of Rp 10.000. Not only that, the list of cards available are almost complete from old to new ones.

At the moment, this company might be the biggest competitor for GA Corp. It offers better price and ready in stock cards compared to the importing card service provided by GA Corp. The only weakness that the author can conclude is that the company has a high inventory cost for keeping the collection of cards.

2. Single sellers with high budget

These types of competitors are online and offline sellers who sell Yugioh cards. They have a high budget to spend on Yugioh cards. They can buy more than one box, collectible tin, special edition, and even open a lot of booster packs every week in a hobby shop. By buying Yugioh products in local hobby shops, these people have an advantage of getting more valuable cards at a shorter time compared to others. They can also sell the cards at the lowest price depending on whether they value the cards or not. Another advantage they have is they will have a good image as big sellers in the community because they can provide the cards at an earlier time.

The only weakness of these sellers is that, when they don't get any high value cards from the boxes, packs, tins, etc, they will find a hard time getting back their money.

3. Single sellers with low budget

Single sellers with low budget are the kind of people that only buy one to three booster packs, a special edition box, or a collectible tin once a week. This type of seller depends on their luck to get a high value card from the sealed product that they will open. If their luck is bad, they won't get any return of investment. However, if their luck is good, they can pull a card which might sell for Rp 200.000 to Rp 500.000.

Considering the low cost of acquiring the cards, these types of seller may have lower risk than sellers with big budget. But, if they can pull it off, they will get higher profit. The biggest threat to these types of seller is that they may sell their cards online at a very low price than the market price. They do this because they need cash fast to open another sealed product.

In conclusion, these three types of sellers are dominant in the secondary market. GA Corp needs an effective action to compete with them. Another point that the author can conclude is that they do not go into direct competition with any hobby

shop or have any intentions to sell in the primary market which sells sealed products.

4.3.6. Substitute Products Analysis

A substitute product for trading card games are online game version of the trading card game and non original version (fake) of the trading card games. The online game version of yugioh is presented by the Dueling Network Online. The non original version of yugioh trading card game is presented by the numbers of its product sold in the market. However, there is another card game which might have potential to replace yugioh. That card game is called Cardfight Vanguard. This card game is becoming more popular in the market. Most yugioh players are moving to this card game.

Based on primary research by observing through the internet and yugioh community in Indonesia, the author has made a conclusion that the Dueling Network Online (www.duelingnetwork.com) is the biggest substitute product for yugioh trading card game. The reason is because the website offers:

- Up to date cards not only from the English set but also Japanese set versions of the cards.
- Free registration.
- Online judge that can interfere or be asked to assist players when needed.
- Visual presentation of the website and mechanism are user-friendly making it easier for even beginner to quickly learn and play online.
- A system that enables player to chat and duel with other players from different countries.
- Cards that are all available for free and encourage players to build new decks or test their real-life existing decks to play online.

Those benefits are a great threat to the real trading card game itself because players don't need to buy the actual cards.

Non original (fake) products are commonly found in every country. It is something that every industry has to face. When a certain product is popular and the price gets too expensive, then there are people who produce a copy or imitation of the products. The products are then sold at a very lower price and sometimes even 50% cheaper than the original market price. This happens to yugioh too. In Indonesia, there are markets that sell fake yugioh cards. Surprisingly, the products consist of booster packs, collectible tins, and structure decks. The author has made a research by going to the market. Based on the research, it is very amazing to find that the non original products have been updated to meet the newest set of cards released for yugioh. However, since they are non original, most of the contents are not the same with the original ones. The prices of the products are at an extremely low price. A structure deck costs Rp 20.000 to Rp 35.000, a booster pack cost Rp 10.000 to Rp 20.000, and collectible tins cost Rp 30.000 to Rp 70.000. These findings are very amusing because the prices can be ten times lower than the original market price.

A non original card gives a significant threat to the original ones. Despite having lower price, it will change how the consumer thinks about the card game. An original card game has more value but when consumers are buying non original ones, the value will drop.

The Cardfight Vanguard is a newer card game released by the Japanese industry. However, its promotion has been done quite fast. With its promotion through its Anime (cartoon series) and Manga (Comic book), the product has been distributed and accepted in countries outside of Asia. This card game offers a more simple gameplay and shorter play time. The design of the cards is also different from yugioh. The arts are bigger and clearer. Most new players are attracted to play this new card game.

The Cardfight Vanguard has already entered Indonesian market. Based on observing the Vanguard community, the author has found some reasons why some or most yugioh player change to this new game. These reasons are:

- The new ban list makes playing yugioh not fun.
- Yugioh is boosting its promotion on newer and expensive cards.
- The gameplay in yugioh has become monotonous.
- Playing yugioh has a very serious atmosphere.
- The Cardfight Vanguard is more simple in game play.
- The cost to build a solid vanguard deck is cheaper than to build a yugioh deck.
- Since the card game is new, competition in tournament is still not fierce.
- The booster pack costs cheaper at Rp 23.000 – Rp 25.000.
- The key cards which are foils will not go up as high as key cards in yugioh.
- Playing vanguard is faster than playing yugioh (this has been surveyed by observing local tournaments from April until June 2012).

In conclusion, the author has understood that people are willing to go to the substitute product because of the low prices and the gameplay condition of the yugioh card game.

4.3.7. Porter's Competitive Forces Analysis

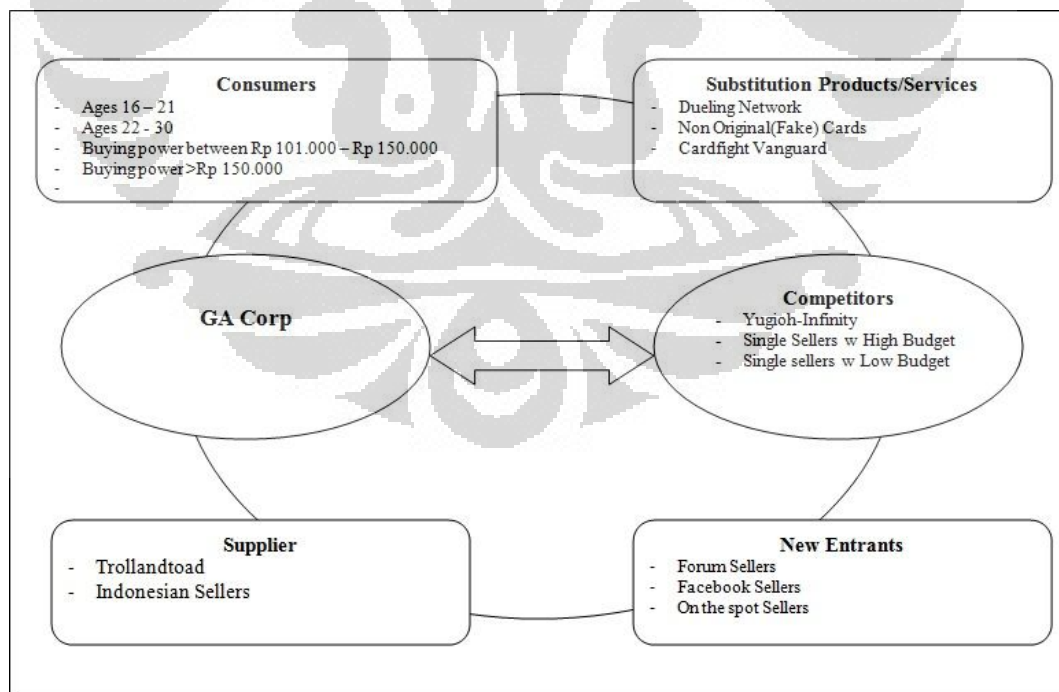


Figure 4.9. Porter's Competitive Forces Analysis

Source: Based on Porter's Competitive Forces Analysis

The author will use Porter's Competitive Forces analysis to identify the competitive advantage of the company. The figure above shows the elements of the analysis based on research in the company and in the market.

4.3.7.1. GA Corp with its Competitors

This analysis shows how the company is positioned with its competitors.

Competitive Value	GA Corp	Yugioh Infinity	High Budget Sellers	Low Budget Sellers
1. Price offering	Mid Price	Benchmarking	Benchmarking	Very low price
2. Cards collection	Import and complete	Almost complete	Big but not complete	Small collection
3. Number of stocks	Low stocks because most cards are imported when ordered	May have 4-5 copies of cards with the same name	May have 3-4 copies of cards with same name	Low stock of cards with the same name
4. In Stock Updated cards	None	Yes	Yes	Yes
5. Customer Handling	Best	Best	Good	Good
6. Package offering	Yes	No	Yes	Yes
7. Deck offering	Yes	No	Yes	No
8. Promo Cards offering	Yes	Yes	No	No
9. Import offering	Yes	No	No	No
10. Delivery	1-3 days	1-2 days	1-3 days	1-3 days

Figure 4.10. Competition Positioning

Source: Author

The competitive value points are based on observation using the internet. The observation is done by observing these three types of competitors at their website,

forums, and Facebooks. Based on the table above, we could see the company's competitive advantage lies on its importing service that can offer complete collection of cards, card packages, decks offering, and best customer handling. If the company were to compete directly with its competitors, it will lose its competitive advantages.

4.3.7.2. GA Corp with its New Entrants

This analysis shows how the company is positioned with its new market entrants.

Competitive Value	GA Corp	Facebook Sellers	Forum Sellers	On the Spot Sellers
1. Price	Mid Price	Benchmarking	Benchmarking	Low price
2. Cards Collection	Import and complete	Not complete	Not complete	Not complete
3. Number of stocks	Low	Medium	Medium	Low
4. Customer handling	Best	Depends on reputation	Depends on reputation	Good
5. Package offering	Yes	Yes	Yes	No
6. Deck offering	Yes	Yes	Yes	No
7. Promo Cards offering	Yes	No	No	No
8. Import offering	Yes	No	No	No

Figure 4.11. New Entrants Positioning

Source: Author

The analysis for this is based on observation in local hobby shops and online selling activities by possible new entrants in Facebook or community forums.

Based on the table above, the company should choose the strategy to increase customer handling, package offering, deck offering, and promo cards offering by importing the products. Those competitive advantageous will make it difficult for new entrants to compete with the company.

4.3.7.3. GA Corp with its Suppliers

This analysis shows how the company is positioned with its suppliers. The suppliers only sell single cards to the company.

Comparison Value	Trollandtoad	Indonesian Suppliers
1. Collection of cards	Almost complete	Not all cards are available
2. Number of stocks	Have lots complete copies of cards in stock	Mostly have only 2-3 copies of cards with the same name
3. Payment Method	Moneygram because of safety reasons	Cash on delivery, wire transfer
4. Duty Tax cost	Cannot be determined accurately	None
5. Customer Service	Best	Good of become a regular customer
6. Price	Lowest Price	Benchmarking to some online shops
7. Security	High	Medium
8. Reputation	Well-known	Some are well-known but others are not
9. Shipping	Best	Good
10. Length of delivery	5 – 6 days	2-3 days

Figure 4.12. Suppliers Positioning

Source: Author

The comparison value is acquired from the company's knowledge on how they would compare their main supplier with the local suppliers. Based on the table above, we could see that the existing supplier still gives the competitive advantages in terms of collection of cards, stocks, price, customer service respond, security, and shipping.

4.3.7.4. GA Corp with its Customers

This analysis is done through survey. The survey was conducted during local tournament events. Based on the customer analysis, the author has found that the target market should be:

- Customers at age between 16 to 30 years old.
- Customers spend Rp 100.000 to more than Rp 150.000 when shopping online

However, based on the company's report, there are customers who always benchmark prices to online shop in the internet. Those customers prefer a low price with complete collection of cards and fast delivery. This is caused by the internet. Nowadays, there are many people who sells in the secondary market by benchmarking prices to foreign online shops. It has given a perception to most buyers that the price is justified without considering the real costs if they order online directly to those online shops.

In conclusion, the company has a low positioning to the customers in the market. The customers are already persuaded by the thoughts that single card prices must be the same with the foreign online shops like Trollandtoad, Ideal808, Coretcg, etc.

4.3.7.5. GA Corp with Subsitute Products

Based on the analysis with substitute products, the company loses its positioning. The reason is very clear. Most players in Indonesia would choose something free to something which they must pay. The Dueling Network Online gives that big advantage to players; especially those who can't afford to buy cards or are not willing to buy cards. The only way the company can win is by delivering a value

to the existing yugioh cards. The value should be unique and can persuade players to buy the original trading card game.

The second substitute product is the Cardfight Vanguard. It is a new trading card game in the market. Its influence is getting bigger in Indonesia because of the reasons mentioned in the analysis before. There is no possible way to overcome this. However, since it is another trading card game, the company can try to expand its sales by selling this product.

In conclusion, the company does not have an advantage over substitute products. However, the company can make an opportunity to expand its market by getting into the Cardfight Vanguard market.

4.3.7.6. Defining the Strategy

After the analysis above, a strategy can be proposed to the company. Porter has proposed three unique strategies based on the Competitive Forces Analysis. First is the overall cost leadership. This means companies should pursue low cost on production and distribution. This is done by getting the lowest price from supplier. However, this strategy is not possible for the company. The duty tax affects the cost of the company. It is unpredictable so lowering prices is not an option.

The second strategy is differentiation. This means to serve a specific customer in the market and offer them unique services. Based on the analysis, this strategy fits the company. The company can choose a segment of customers and provide offerings that are best suited for them. So, instead of promoting products which many competitors are offering, the company can offer something different.

The third strategy is focusing on a specific target market. Then, the company can pursue either low cost strategy or differentiation strategy. Based on the analysis, this strategy might be good but it is not as effective as differentiation strategy. The reason is that customers have access to internet and to price. If the company targets a small market niche and offers premium price, customers will

immediately refuse. On the other hand, a small market won't give profits to the company.

In conclusion, the best strategy for the company is differentiation. However, this is not the end of the strategy formulation. This will continue to the Blue Ocean Strategy.

4.4. Formulating Blue Ocean Strategy

The concept of a Blue Ocean Strategy is to create an uncontested market space and make competition irrelevant. This concept was introduced by Kim and Mauborgne. The analysis of the Blue Ocean Strategy starts by analyzing the Red Ocean Strategy:

Red Ocean Analysis	How it is being competed in the market
Product Variation Demands	Homogenous based on trend of current tournaments
Price Demands	Lowest price and benchmarking from online shops
Price Offerings	Benchmarking from foreign online shops
Market Offerings	The most updated cards from the new set
Market Demands	The most wanted single cards from the new set or promotional cards
Tournament prizes demands	The most expensive single cards and based on most wanted single cards from the new set or promotional cards
Tournament fees demands	The lowest entrance fee
Stock of cards offered in the market	Mostly low and limited of supply

Figure 4.13. Red Ocean Analysis of The Current Industry

Source: Based on the Red Ocean Analysis by Kim and Mauborgne, 2005

Based on the Red Ocean analysis, we can see the obvious patterns:

- Sellers and buyers are competing mostly in price. No matter what kind of card it is, the market always demands the price by benchmarking the foreign online shops in internet and then converting the currency by Rp 10.000.

- Second, there is a trend to always demand and offer the newest cards from the new set or promo. These cards from the new set or promo must be the most wanted cards because of their value in the game. Then, these cards are not always available in the market due to their scarcity.
- Third, tournament prizes are becoming monotonous because people demand that sponsor can provide expensive single cards with a very cheap entrance fee.

4.4.1. Analysis of the Four Action Framework of the Blue Ocean Strategy

The Blue Ocean Strategy focuses on decreasing cost and increasing value. This means increasing value for customers by creating new benefits and services, while simultaneously reducing costs by eliminating less valuable features or services. The next step in formulating the Blue Ocean Strategy is to use the Four Action Framework which was invented by Kim and Mauborgne. In this framework, we will try to analyze factors of the industry which can be eliminated, reduced, raised, and create.

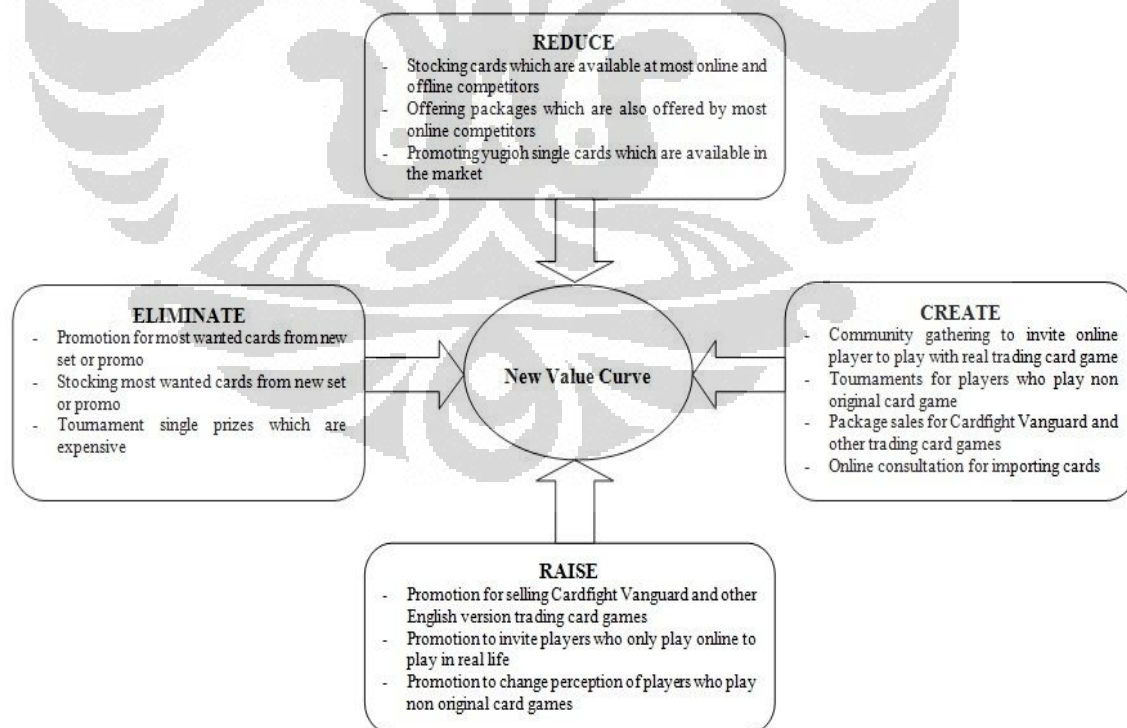


Figure 4.14. The Four Action Framework

Source: Based on the Four Action Framework by Kim and and Mauborgne, 2005

1. Eliminate

Based on the analysis, the trend is to provide up to date cards or promotional cards which give value to players during tournaments. These types of cards are most of time scarce and cost very expensive. Not only that, other competitors and new entrants are always trying to supply these cards and to sell at the lowest price in the market. The problem with tournaments is that not all players have a good deck to compete in tournaments. With this idea, we can assume that only players who have good decks and a lot of money can really order and pay for the valuable cards. Therefore, we can eliminate offering these types of cards either for promoting single card orders and small local tournament prizes.

2. Reduce

Based on the analysis, the cost of importing cards is very high. The cost of stocking cards may prove to be fatal because the pattern in the supplier website is that prices might go down in a few days or weeks. This should be paid attention especially when opening a pre-order card for importing cards to customers. We can reduce stocking cards which are being offered by most online or offline sellers. We can also reduce promoting card packages that which are being offered by most online or offline sellers. Another factor that we can reduce is promotion for yugioh single card game products. The trend is that there are too many sellers on the market promoting themselves. Therefore, a new type of customer approach must be created to get customers.

3. Raise

Based on the analysis, we could see that there are still people who play non original cards, online trading card games, and other trading card games. For non original card game players, we must introduce to them why buying the original trading card game will give more value for them. Then, for players who play online trading card game, we must be able to change their perception about playing in real life. For players who already play Cardfight Vanguard,

they must be feeling comfortable in their comfort zone. However, we do not have to persuade them to play yugioh trading card game. We know that if we can supply what customers need, then there is a possibility that they will come and buy at us.

4. Create

After completing the three steps above, we can create a new service to the customers. This new service will be targeted to customers who are outside of the target market so that we can acquire new customers. Then, this service must be different from other competitors to grasp the attention of many potential customers. Finally, this service must be at low cost to make and implement in the market.

4.4.2. Strategy Canvas

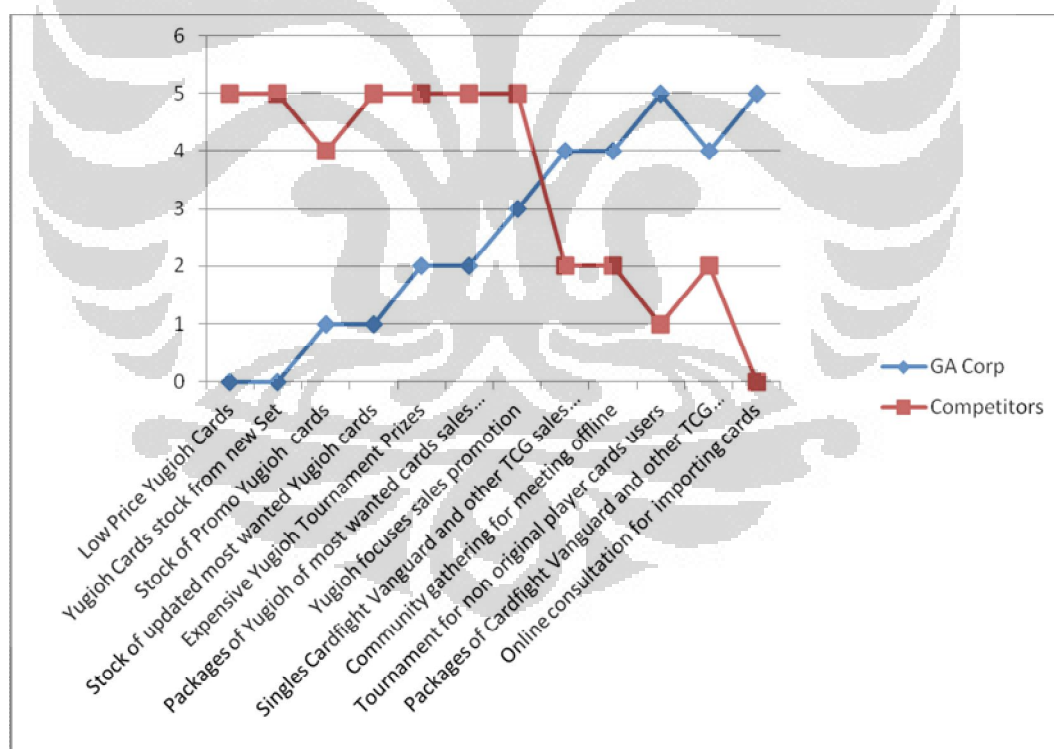


Figure 4.15. The Strategy Canvas

Source: Based on The Strategy Canvas by Kim and Mauborgne, 2005

The strategy canvas above shows how the company is positioned to its competitor in the market. The horizontal axis shows the range of factors that the competitors

compete on and invest in. The vertical axis shows the offering level that buyers receive across all these key competing factors. The offering level is ranged from zero (minimum) to six (highest). This level is set by the author based on his observation. The blue line shows how the company is going to reduce cost and create new value in the market. The values in the horizontal axis come from observing competitors.

1. Low price: Most competitors found in Facebook pages, community forums, and hobby shops are competing in prices. They try to offer the same price or lower than each other.
2. Yugioh cards from the newest set: Everytime a new set a booster pack is released, competitors try to buy the sealed packs/boxes and offer the most wanted cards.
3. Promotional cards: These are not always available but most sellers with high budget can get these cards.
4. Stock of most wanted cards: Most sellers try to invest their money on supplying these kinds of cards.
5. Expensive Yugioh Tournament Prizes: Some sellers try to sponsor tournaments at local hobby shops. They charge a high entrance fee but offers expensive cards. Sometimes the first three top card prizes are expensive but what follow are cheap ones.
6. Packages of Yugioh most wanted cards: Due to the excess of most wanted cards, sellers are likely to make the same packages and offer them to customers.
7. Focus on Yugioh sales: Since the most attracting card game is yugioh, most sellers focus on selling only yugioh cards.
8. Sales of other card games: Not most sellers are investing on selling other trading card games. The main reason is perhaps due to the cost of entering another trading card game market.
9. Offline community gathering: Most sellers are only seller. They don't really communicate much with customers outside of transactions.

10. Tournament for non original card games: Most sellers are obliged to respect originality. So, they might see no value to change players who play non original to original ones. This effort will take time and might not be worth of theirs.
11. Packages for other card games: Since most sellers do not stock cards other than yugioh, so they do not offer many packages. Only sellers with high budget can do this.
12. Online consultation for Pre-order session: This has never been done by competitors. This would take much time because sellers must spend time to acquire information and give back answers to customers.

4.5. Implementing the Four P's of Marketing

Now the company has set its new strategy by applying the Blue Ocean Strategy. What next to be done is to implement the strategy to the new Four P's of Marketing. These new P's are: people, processes, programs, and performance. (Kotler & Keller, 2011)

1. People

The company has formulated a new strategy. From this point on, the CEO must communicate this strategy with the people who are going to perform it. The CEO of the company must hold a meeting with the General Manager, Assistant Manager, and the Manager of Marketing and Sales. The CEO must explain how this strategy must be communicated, learned, and implemented in the company. Then, the CEO must explain the importance of this strategy and the impact of it to the business of the company. After that, the Manager of Marketing and Sales will convey the information to the rest of the employees.

People also mean that customers must be treated as people to understand them so that the company knows what their problems are and can provide solutions. The marketing and sales employees play an important role for connecting with the customers since they are the frontline of the company. For adapting the Blue Ocean strategy, they will be facing new customers who are mostly non

original card players. They must be able to change the perception of the customers and shows the real value of buying original trading card games.

2. Processes

The Blue Ocean strategy is the guideline for achieving the goals of the company. However, the process towards achieving the goals must be set. The strategy to acquire new customers from a new market who are the online players and non original card players requires certain processes. The General Manager must create a plan of what the Marketing and Sales team must do to acquire these new potential customers. The Financial Advisor has a responsibility for forecasting, deciding what product to stock and set as tournament prizes. The Financial Advisor must research the market, analyze market trend, forecast demands, calculate risks and expected profitability for the company.

The processes can be separated into:

- Acquiring new customers and maintaining existing customers
- Analyzing the market trend for the new market space
- Analyzing new costs for acquiring new trading card game products
- Calculating expected monthly profit from business operations
- Calculating return of investment for investors
- Setting up schedules for company meetings, meetings with investors
- Setting up schedules for opening pre-orders, tournament, and community gathering

3. Programs

The programs for implementing the Blue Ocean strategy will be designed by the General Manager with the help of the Assistant Manager. Then the programs will be given to the Marketing and Sales team. The team will execute different programs for different targets in the market.

The program will follow the formulated strategy. The programs include:

- Pre-order schedules
- Online consultation service for importing cards
- Tournament events
- Community gathering events
- Promotion for sales
- Reward Points program for regular customers

4. Performance

The Blue Ocean strategy cannot be proven effective until it is implemented successfully. The CEO and General manager needs to monitor the performance of the company after it has implemented the Blue Ocean strategy. The performance will be measured by the number of sales generated every month, numbers of new customers who made transactions, and number of participants in tournaments and also in the community gathering events.

The company cannot expect that things will be changing in only a week or month. Therefore, the CEO and General Manager must be patient enough to wait and see the result of the new strategy. Then, if there is any problem during the process, they must design a quick solution to clear that problem.

CHAPTER 5 CONCLUSION AND SUGGESTION

5.1. Conclusion

After a long a process of doing this study, the author can answer the questions which were asked during the beginning of this study. The author has acquired enough information and processed them to formulate a new strategy for the company. The strategy will give solutions to the problems which were asked in the first chapter. The questions and answers are:

1. Who are the competitors in the business?

Based on the market analysis, we can conclude the competitors are Yugioh-Infinity (www.yugioh-infinity.com), the single sellers with low budget, and the single sellers with high budget. These competitors can be located online or offline. The company competes in the secondary market which is selling single yugioh cards.

The formulation of Blue Ocean Strategy shows that in the new market space that the company will create there will be zero or less competition. The reason is that no other competitors of the company have ever fully invested in that market. This competitor analysis is still a theory but it will be proven once the strategy has been implemented by the company.

2. What market segment should the company choose to pursue?

Based on the customer analysis, the best target market to choose are within these specifications:

- At the age between 16 to 30 years old
- Have a buying power of Rp 101.000 to more than Rp 150.000 (less than Rp 101.000 is not considered profitable)

However, by formulating the Blue Ocean Strategy, the company can target people who are outside of the market boundary. These people are the

potential customers for the company. Therefore, the market segment above will be combined with the following specifications:

- People who still play and buy non original trading card games
- People who play Dueling Network Online (www.duelingnetwork.com)
- People who are playing other card games other than yugioh: Pokemon, Cardfight Vanguard, etc.

3. Who will be the supplier?

The supplier analysis has been conducted. The result shows that Trollandtoad (www.trollandtoad.com) which is located in North America is still the best supplier in terms of collection of cards, stocks, price, customer service respond, security, and shipping. The second suppliers are suppliers from Indonesia. The company will consider getting supply of cards which are available from the local suppliers if it is available in low price.

Based on the Blue Ocean Strategy, the company should get other trading card products beside yugioh from the supplier. So, the company must ask its suppliers if they can supply the products.

4. How will the product and service be promoted?

Using the company analysis, the best way to promote new products or services is by using the internet. GA Corp has already established a page in facebook (<http://www.facebook.com/GAcorporation?ref=ts>). The Marketing and Sales team will do promotion for Pre-order cards, Card Packages, Tournament events, Community Gathering events, and offer consultation for importing cards. These promotions will be done by posting in the Facebook's wall and replying private messages from customers.

5. What is the pricing policy?

Based on the company analysis, pricing policy will use the Activity Based Cost method. This method is considered to be more accurate and can create a better price to be offered to the customers. Based on the formulated strategy,

the company will not go to a price war with its competitors. The reason is that if the company competes in price, it will eventually be dragged to the Red Ocean market. Therefore, the company will set its price that will cover the costs of acquiring the products and generate profits.

6. What are the cost, expense, and profit of the company?

Based on the company analysis, the costs and expenses of the company are the:

- Moneygram for sending payment to customers
- Shipping cost for supplier to send the orders to the company
- Shipping cost for sending orders from the company to its customers
- Duty tax expense every time the company imports from supplier

Based on the Blue Ocean Strategy, the company can get profit from:

- Sponsoring local tournament for players who play non original cards
- Offering pre-order imported single trading card games
- Offering packages for Cardfight Vanguard and other trading card game products

7. How should the product be delivered to the buyers?

Based on the business process analysis, the company still maintains low cost shipping for customers. This low cost shipping is by sending the customer orders using the local postal service “Pos Indonesia” which can be tracked online by both the company and the customers.

The second method to deliver product is by cash on delivery method. This method is by making appointment with customers to meet in a certain day, time, and place. When the appointment has been made, the company will send its representative to meet and deliver the product to customers.

8. How should CRM be done online and offline?

Based on the Blue Ocean Strategy, the company decides to pursue a new market. The target markets are customers who reside outside of the market boundary. These customers must realize that the company is trying to reach them. So, this will be the job of the Marketing and Sales team. The Manager of Marketing and Sales will create a program to execute the CRM process.

For online CRM, the Marketing and Sales team can do promotion online. They will also be in charge to reply to customers' private messages. By communicating with customers online, they can identify the customers' needs and problems. They can also provide a solution to customers.

For offline CRM, the Marketing and Sales team will make an approach to customers. The CRM is done by assisting customers who participate in tournament and gathering events. They can provide help and explanation when the customers are having on the spot problems or when want to ask about something.

5.2. Suggestions

The author has completed his study on GA Corp. Now, the author is advising the company to immediately implement the new strategy. The reasons are:

1. This strategy is new and needs to be communicated to the employees.
2. Everyone in the company needs time to grasp and understand the strategy.
3. The management needs time to make plans.
4. There is a need to provide training for the employees.
5. The execution of the strategy requires some processes.
6. The potential customers must be aware of this new service.
7. There is a possibility that competitors may use and implement the same strategy before the company does.

In short, the CEO must hold a meeting with the top management of the company and discuss on what to plan, how to do it, and when to start. If this is delayed, the company will lose its competitive advantage in the market.

5.3. Benefits

After writing the conclusion and suggestions, the author would also like to show how this study creates some benefits. This study will give benefits for the following parties:

A. The GA Corp company

For the company, this company has shown that even a small business started with a very small capital can still find ways to compete with its competitors. The strategy formulated for this study is using the Blue Ocean Strategy which is created by Kim and Mauborgne. This strategy might be the most suitable one considering how tight the level of competition in the market is.

By doing this study, the company can also have a clearer view of where to go and how to go there. During the analysis, it is shown how some employees are having problems. But now, the company has founded an effective method to overcome them.

In the present and the future, the author hopes that the company already knows how to analyze itself and its surrounding elements. Therefore, hopefully the management can create better business plans in the future. The business plans would be very useful for making proposal to future investors. With the support from investors, hopefully the company can become more successful.

B. Academics

The benefit of this study for academic study is the knowledge of how to make a business plan specifically for product hobbies. The analysis in this study has shown one of the examples on using the Blue Ocean Strategy. From this study, academic has also gained information on how unique the business of the trading card game industry. This study can also be a reference for other students who would do research on online business.

C. Subsequent Study

For subsequent study, this study can be a good reference on how to perform a research for businesses based on hobbies. This study also shows references to books, videos, and articles which can be used to prepare a business plan. The internet has changed how business works. Even though some fundamentals stays the same but the entry barrier is being reduced. Consumers are becoming more transparent to price and can make references from other online shops. This shows that even consumer can become sellers. For further studies, the entry barrier for doing online business might be lowered. Students need to be more creative on formulating their strategy.

5.4. Limitation

Beside the conclusion and suggestion, the study also has some limitations. The limitations are:

- The business plan is made for a small online company
- The area of the market is limited to the secondary market of single card sales
- The idea of an uncontested market space is still not tested for this industry and therefore there might be some analysis which might be wrong

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Appendix 1: Interview with General Manager of GA Corp

Name : Rahman Waruju Putro

Position : General Manager

Place & Date : Jakarta, 27 May 2012

1. How old are you?

I am 23 years old.

2. How were you recruited to GA Corp?

I was accidentally recruited because the CEO is a close friend of mine.

3. What was your motivation to join GA Corp?

I was not interested but I thought that it was a good chance to gain some knowledge and experience from a part time job.

4. What is your motivation now in GA Corp?

It is still the same with above.

5. What is your current position (job) at GA Corp?

My current position is the General Manager.

6. In your opinion, what kind of works should you be doing in your current position (job description)?

I should be planning, scheduling, controlling, and monitoring of all the company's activities.

7. What is your opinion about the CEO of GA Corp and his actions?

He is a good CEO but most times need to control his emotions if things does not as planned.

8. What is your opinion about the Assistent Manager and also his actions?

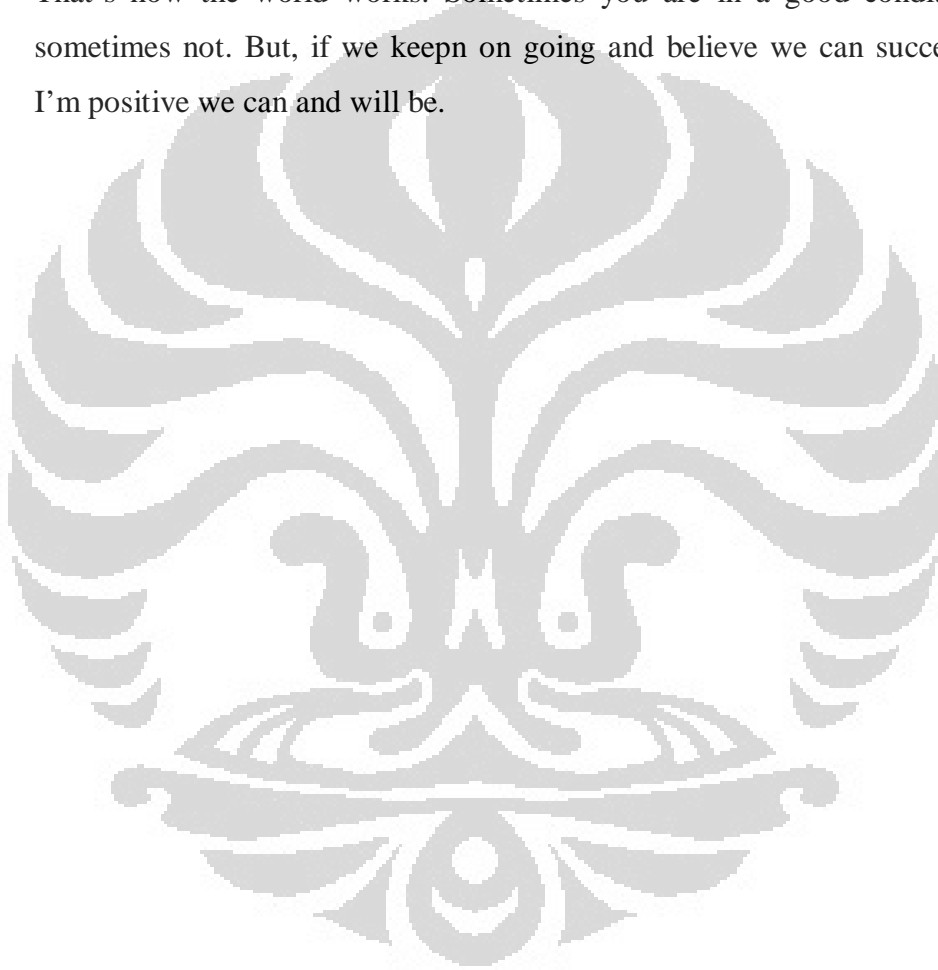
He is also the Financial Advisor and makes good analysis and forecasts. However, he is sometimes too slow on decision making. He needs more action.

9. What is your opinion about the Sales and Marketing team and also their actions?

Reviewing their performance, they really need to work harder. The manager of marketing and sales must be more firm and be more confident to lead the team.

10. Looking back at the performance of GA Corp, there were times when the company made successful breakthrough from PO and sponsoring tournaments but there were also moments when the company has been suffering LOSS. Why do you think this have happened?

That's how the world works. Sometimes you are in a good condition and sometimes not. But, if we keepn on going and believe we can succeed then I'm positive we can and will be.



Appendix 2: Interview with Assistant Manager of GA Corp

Name : Ryan Triwardhana
 Position : Assistant Manager/ Financial Advisor
 Place & Date : Jakarta, 27 May 2012

1. How old are you?.

I am 20 years old

2. How were you recruited to GA Corp?

Well firstly I'm having a good connection with both the CEO and the target market of the company. I also give some advice to the company's CEO regarding the current trend of both the market and market price of the product being sold just for the sake of friendship and helping him. Later I was invited by him to join GA Corp as the financial advisor of the company, perhaps due to some accurate advice I gave to him earlier.

3. What was your motivation to join GA Corp?

Since I'm still studying to get my bachelor title in Binus University International, I haven't got many chances to utilize both my knowledge and skill into practice. And although my major is Information System which should have a role as a middleman between various departments in the company, I have studied both finance and management ever since I was in High school. Therefore my main motivation was to apply my management and forecasting skills that I have acquired during my study and put it into practices as the Financial Advisor of GA Corp

4. What is your motivation now in GA Corp?

My current motivation in GA Corp now is to study the trend of the product which are highly demanded by the target customer of GA Corp, while Helping the CEO to manage the financial site of the company.

5. What is your current position (job) at GA Corp?

As a Financial Advisor and vice manager of GA Corp

6. In your opinion, what kind of works should you be doing in your current position (job description)?

- Forecasting market trends, including supply demand of particular product
- Aligning operational activities with the company mission
- Managing and integrating collaboration of the employees
- Making several financial decision of the company, including investment and event schedule

7. What is your opinion about the CEO of GA Corp and his actions?

Well, he's a good CEO and able to drive the company towards achieving its vision and mission. He's also quick when handling a problem or unfavorable situation occurred during the company operation. He has a good connection to many people which enabled GA Corp to generate profit. However, one thing for sure, he sometimes could not control himself when situation are not working as planned and often taking decision in a rush.

8. What is your opinion about the Manager and also his actions?

The Manager was doing good with his job, although not fully influential as the CEO, he is doing a nice job of managing and recording the company resources

9. What is your opinion about the Sales and Marketing team and also their actions?

The sales team was good, they handle the daily customer order, and however the marketing team is not performing so well, some also complained that their workload was not fair. Sometimes I take care of a few of the marketing work, so that the team is able to collaborate better in the future

10. Looking back at the performance of GA Corp, there were times when the company made successful breakthrough from PO and sponsoring tournaments but there were also moments when the company has been suffering LOSS. Why do you think this have happened?

The market demands really vary overtime and caused by factor which could not be controllable by the company, such as the banlist for several products, the emergence of new product set, and the exam session for high school in

which really affect the company performance due the demographic variables of the target market which is teenager.

Appendix 3: Interview with Manager of Marketing of GA Corp

Name : Erick Masterlie

Position : Manager of Marketing and Sales

Place & Date : Jakarta, 27 May 2012

1. How old are you?

I am 20 years old.

2. How were you recruited to GA Corp?

I was directly hired by the CEO.

3. What was your motivation to join GA Corp?

My motivation was to learn more about business in hobby.

4. What is your motivation now in GA Corp?

My prime motives are to gain profit, satisfy the customer and company

5. What is your current position (job) at GA Corp?

Currently I am the head of marketing and sales department in the company.

6. In your opinion, what kind of works should you be doing in your current position (job description)?

- Research about the market
- Forecasting

7. What is your opinion about the CEO of GA Corp and his actions?

In my opinion the CEO can be described as:

- Democratic-type leader
- Sometimes too ambitious

8. What is your opinion about the Manager and Assistent Manager also their actions?

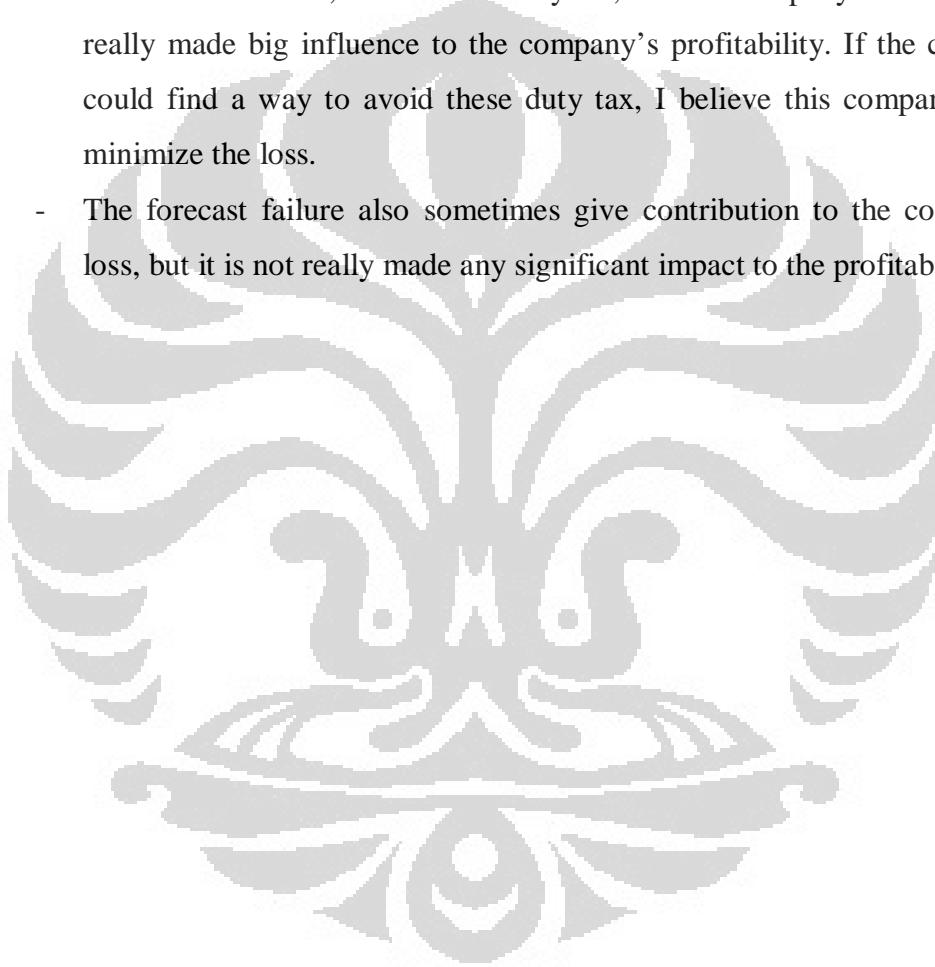
They work really well. I really appreciate them

9. What is your opinion about the Sales and Marketing team and also their actions?

They need to work harder and better, in order to get better profit

10. Looking back at the performance of GA Corp, there were times when the company made successful breakthrough from PO and sponsoring tournaments but there were also moments when the company has been suffering LOSS. Why do you think this have happened?

- The external factor, which is the duty tax, that the company cannot control really made big influence to the company's profitability. If the company could find a way to avoid these duty tax, I believe this company could minimize the loss.
- The forecast failure also sometimes give contribution to the company's loss, but it is not really made any significant impact to the profitability.



Appendix 4: Interview with Marketing and Sales Staff of GA Corp(1)

Name : Sergio Adjie
 Position : Marketing and Sales Staff
 Place & Date : Jakarta, 27 May 2012

1. How old are you?
I am 16 years old.
2. How were you recruited to GA Corp?
The CEO asked me if I want to join GA Corp and I said yes.
3. What was your motivation to join GA Corp?
My motivation was to learn more about business in hobby.
4. What is your motivation now in GA Corp?
My prime motives are to gain profit, satisfy the customer and company
5. What is your current position (job) at GA Corp?
Right now I am the Marketing and Sales staff.
6. In your opinion, what kind of works should you be doing in your current position (job description)?
I should be the Event Organizer, the one that responsible for Tournaments held by GA Corp. Why? Because my house is near with many dueling spots, like Bogor, Depok, PIM, Gandaria City, and so on, besides maybe I am the one that have a lot of free time than the other members.
7. What is your opinion about the CEO of GA Corp and his actions?
In my opinion the CEO can be described as:
Sometimes his decisions are risky, hard worker, ready to help his staffs.
8. What is your opinion about the Manager and Assistant Manager also their actions?
Manager: He is too busy, don't have time to handle the orders, hard to reach

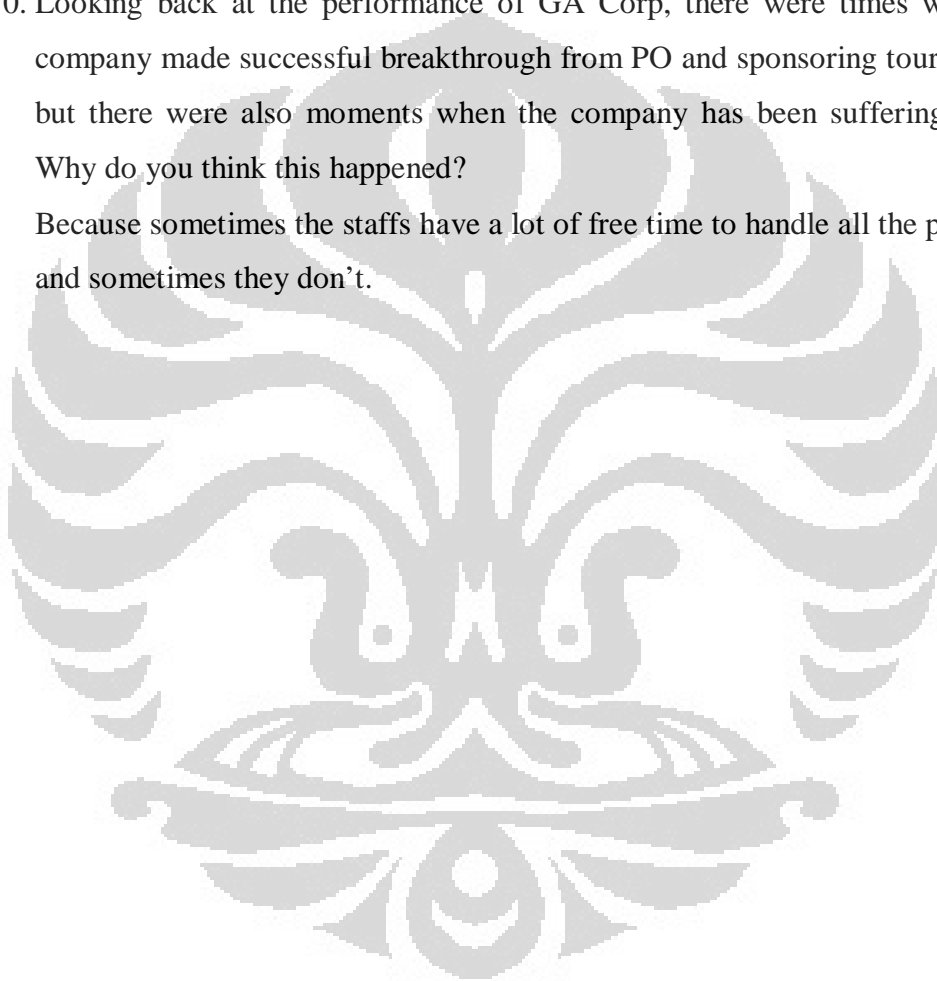
Vice Manager: He has a good prediction, a lot of business skills, calm in any situations, but sometimes “can’t be serious in SERIOUS MODE”.

9. What is your opinion about the Marketing and Sales manager and also his actions?

Bad Teamwork and sometimes can’t be reached when the other team members need him.

10. Looking back at the performance of GA Corp, there were times when the company made successful breakthrough from PO and sponsoring tournaments but there were also moments when the company has been suffering LOSS. Why do you think this happened?

Because sometimes the staffs have a lot of free time to handle all the problems and sometimes they don’t.



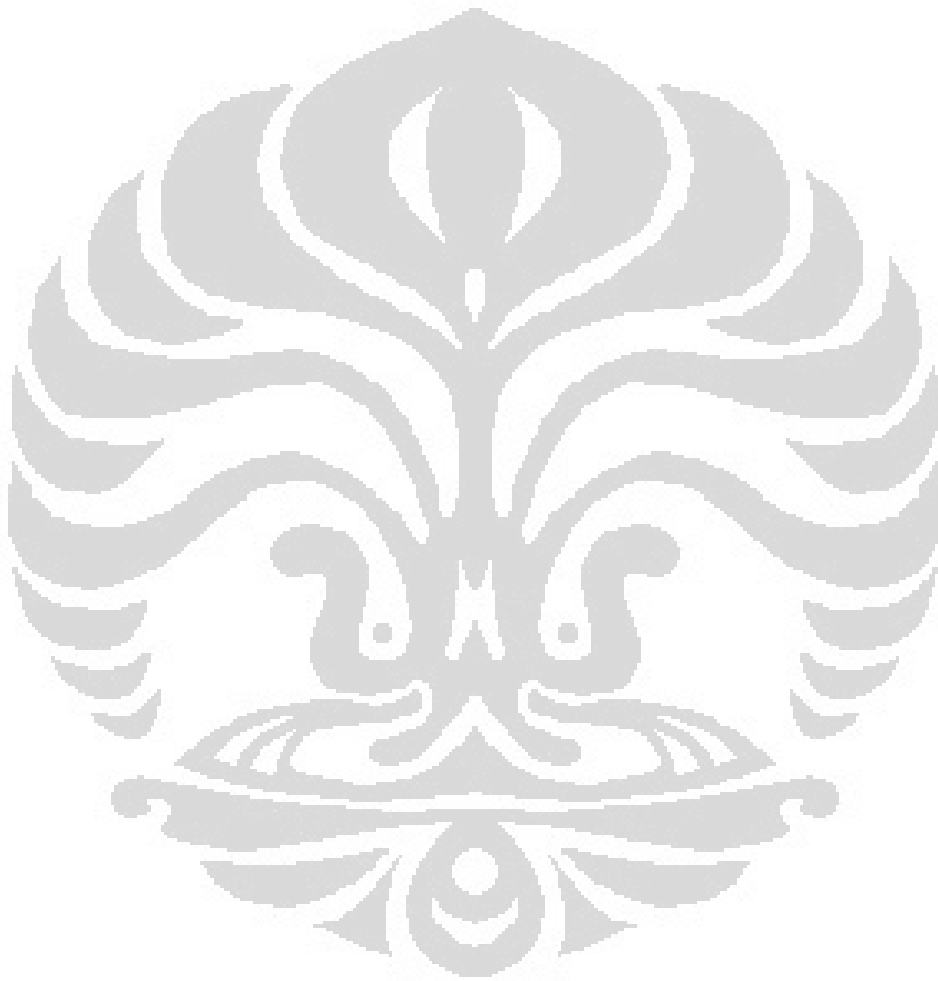
Appendix 5: Interview with Marketing and Sales Staff of GA Corp(2)

Name : Hugo Santosa
 Position : Marketing and Sales Staff
 Place & Date : Jakarta, 27 May 2012

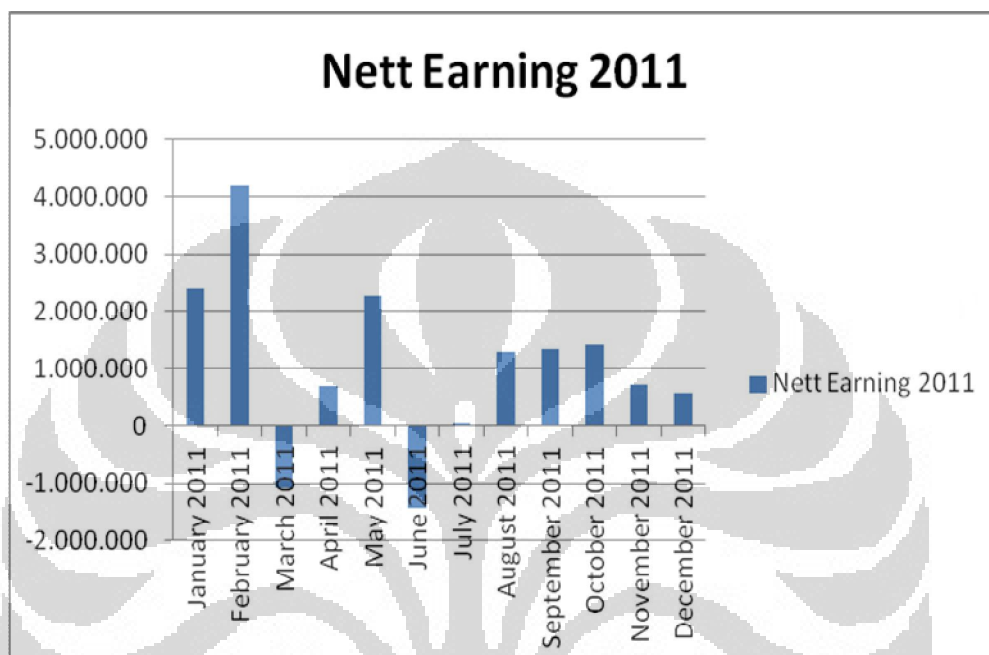
1. How old are you?
 I am 17 years old.
2. How were you recruited to GA Corp?
 I met the CEO during a meeting invitation and was recruited there.
3. What was your motivation to join GA Corp?
 My motivation was to learn about doing business in hobby.
4. What is your motivation now in GA Corp?
 Right now I am motivated to get profit from my hobby.
5. What is your current position (job) at GA Corp?
 Currently, I am the Marketing and Sales staff.
6. In your opinion, what kind of works should you be doing in your current position (job description)?
 Change people's view about the market and make them follow us for long term.
7. What is your opinion about the CEO of GA Corp and his actions?
 In my opinion the CEO can be described as:
 I have no comments yet as I've just joined a few months ago.
8. What is your opinion about the Manager and Assistent Manager also their actions?
 The same answer as above.
9. What is your opinion about the Marketing and Sales manager and also his actions?
 The same answer as above.

10. Looking back at the performance of GA Corp, there were times when the company made successful breakthrough from PO and sponsoring tournaments but there were also moments when the company has been suffering LOSS. Why do you think this have happened?

Because there's no such thing as a 100% warrantee in business, with great risk comes great fortune possibility vice versa. And there's always something that is beyond our force to control such as taxes and unexpected turns of events.



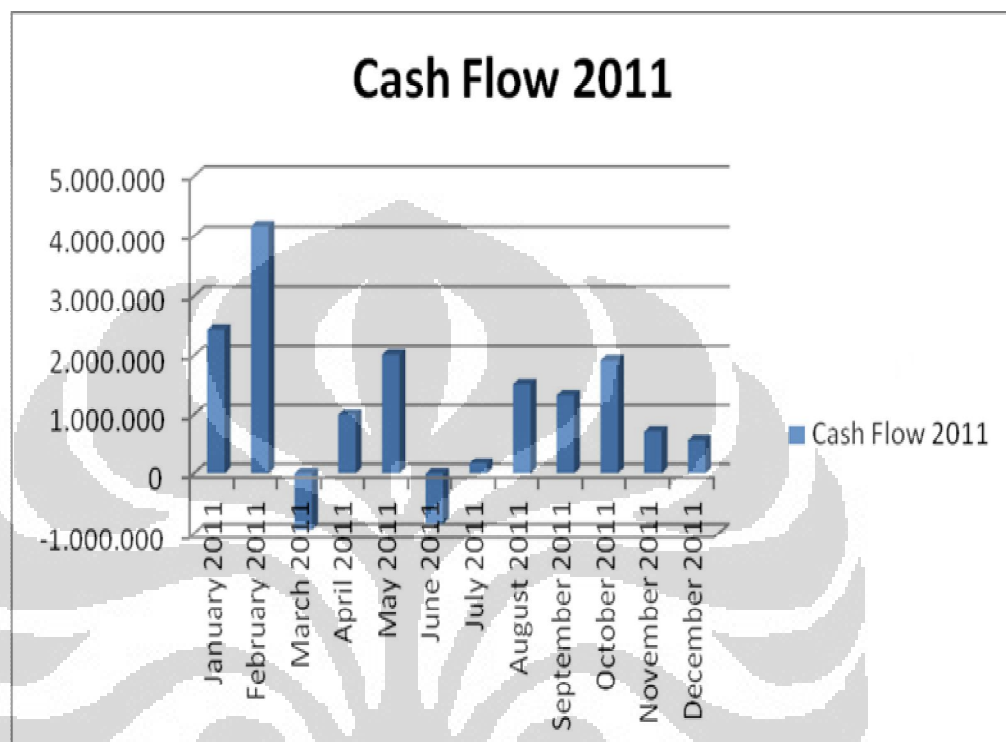
Appendix 6: Financial Record of GA Corp in 2011 (Part 1)



Source: GA Corp Financial Record

January	: Rp 2.395.500
February	: Rp 4.175.500
March	: Rp (1.071.500)
April	: Rp 697.600
May	: Rp 2.274.500
June	: Rp (1.419.000)
July	: Rp 46.000
August	: Rp 1.299.700
September	: Rp 1.344.600
October	: Rp 1.410.000
November	: Rp 715.700
December	: Rp 568.000

Appendix 7: Financial Record of GA Corp in 2011 (Part 2)



Source: GA Corp Financial Record

January	: Rp 2.425.500
February	: Rp 4.170.500
March	: Rp (933.500)
April	: Rp 997.600
May	: Rp 2.014.500
June	: Rp (829.000)
July	: Rp 171.000
August	: Rp 1.524.700
September	: Rp 1.324.600
October	: Rp 1.920.000
November	: Rp 715.700
December	: Rp 568.000

Appendix 8: Customer Survey Analysis

Silahkan disilang untuk jawaban yang sesuai (**X**).

1. Berapakah umur kamu?
 - a. < 16 tahun
 - b. 16 – 21 tahun
 - c. 22 – 30 tahun
 - d. >31 tahun

2. Apakah kartu yang kamu mainkan ori atau non ori?
 - a. Original
 - b. Non original
 - c. Keduanya
 - d. Tidak tahu

3. Apakah jenis bahasa trading card game yang kamu mainkan?
 - a. English
 - b. Japanese
 - c. Keduanya
 - d.

4. Berapa banyak jenis trading card game yang kamu mainkan?
 - a. Satu
 - b. Dua
 - c. Tiga
 - d. Lebih dari tiga

5. Jenis trading card game apa yang kamu mainkan saat ini? (boleh lebih dari 1 jawaban)
 - a. Yu-gi-oh!
 - b. Cardfight Vanguard
 - c. Pokemon
 - d.

6. Apa yang sering kamu beli di toko hobi? (boleh lebih dari 1 jawaban)
 - a. Booster pack
 - b. Starter Deck
 - c. Special Pack
 - d. Collectible Tins
 - e. Single cards
 - f.

7. Seberapa besar belanja kamu untuk trading card game dalam 1 bulan?
 - a. < 50rb
 - b. 51 – 100rb
 - c. 101 – 150rb
 - d. > 150rb

8. Apakah tujuanmu untuk beli trading card game? (boleh lebih dari 1 jawaban)
 - a. Koleksi kartu
 - b. Bikin dek favorit
 - c. Menang turnamen
 - d.

9. Pernahkah kamu belanja secara online?
 - a. Pernah 1x
 - b. Pernah > 1x
 - c. Tidak pernah
 - d. Tidak berminat

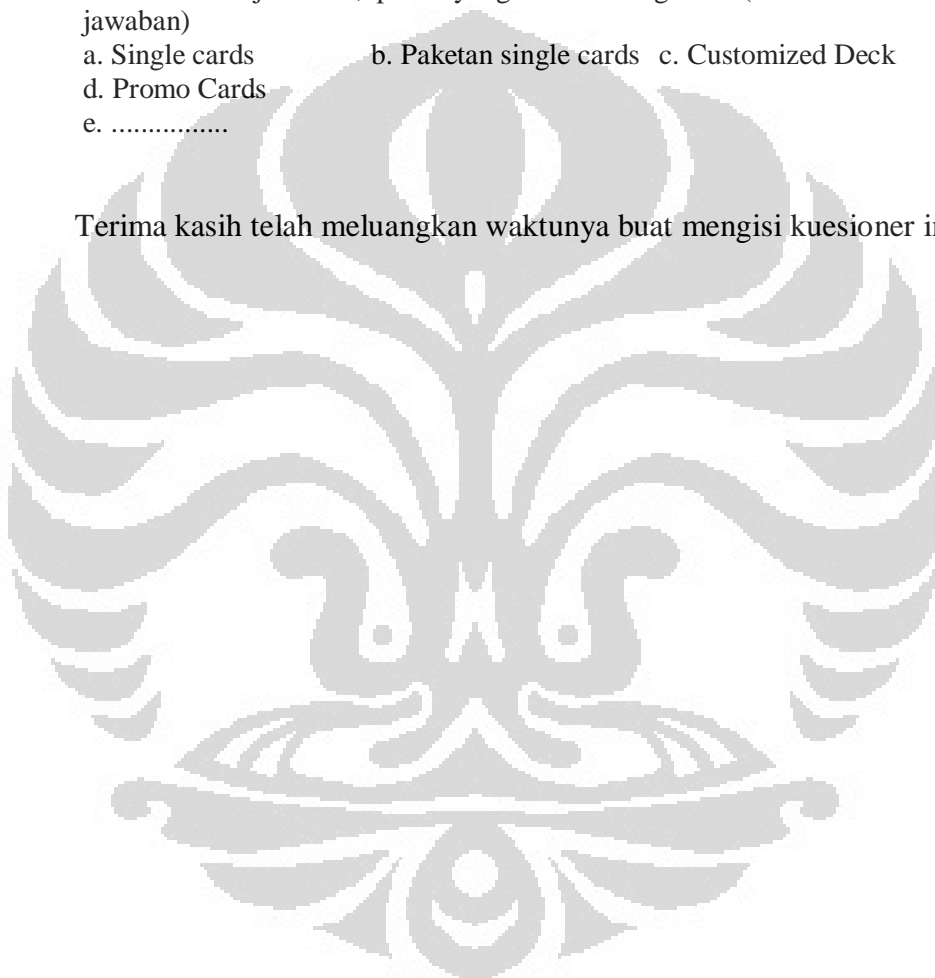
10. Mengapa kamu memilih belanja online(bagi yang pernah)?
 - a. Harga murah
 - b. Lebih lengkap
 - c. Jarang keluar rumah
 - d.

11. Seberapa besar jumlah belanja online yang pernah kamu keluarkan? ?
 - a. < 50rb
 - b. 51 – 100rb
 - c. 101 – 150rb
 - d. > 150rb

12. Bagaimanakah pelayanan pegawai situs online(bagi yang pernah)?
 - a. Sangat baik
 - b. Biasa saja
 - c. Buruk
 - d.

13. Dengan penjual online darimanakah yang pernah kamu lakukan transaksi pembelian?
a. Indonesia b. America c. Keduanya
d.
14. Bagi yang pernah belanja online ke luar Indonesia, seberapa lama kalian menunggu dari waktu penjual mengirim barang sampai barangnya tiba di tempat kalian?
a. < 1 minggu b. 1 – 2 minggu c. > 2 minggu
d.
15. Sewaktu belanja online, apakah yang kalian sering beli? (boleh lebih dari 1 jawaban)
a. Single cards b. Paketan single cards c. Customized Deck
d. Promo Cards
e.

Terima kasih telah meluangkan waktunya buat mengisi kuesioner ini



Results of the survey

Customers' age	<16	16-21	22-30	>30	Total
Numbers of answer	4	22	10	0	36
Percentage	11,11111111	61,111111	27,7778	0	100

Card originality	Ori	non ori	both	Total
Numbers of answer	26	0	10	36
Percentage	72,22222222	0	27,7778	100

card language	English	Japan	Both	Total
Numbers of answer	13	2	21	36
Percentage	36,11111111	5,555556	58,3333	100

Game Played	Yugioh	pokemon	vanguard	Total
Numbers of answer	26	6	27	59
Percentage	44,06779661	10,16949	45,7627	100

Buy at hobby shop	booster	SD	SE	CT	singles	Total
Numbers of answer	24	9	5	5	15	58
Percentage	41,37931034	15,51724	8,62069	8,6207	25,86	100

Purchasing power at hobby shop	<50rb	51-100rb	101-150rb	>150rb	Total
Numbers of answer	5	9	2	20	36
Percentage	13,88888889	25	5,55556	55,556	100

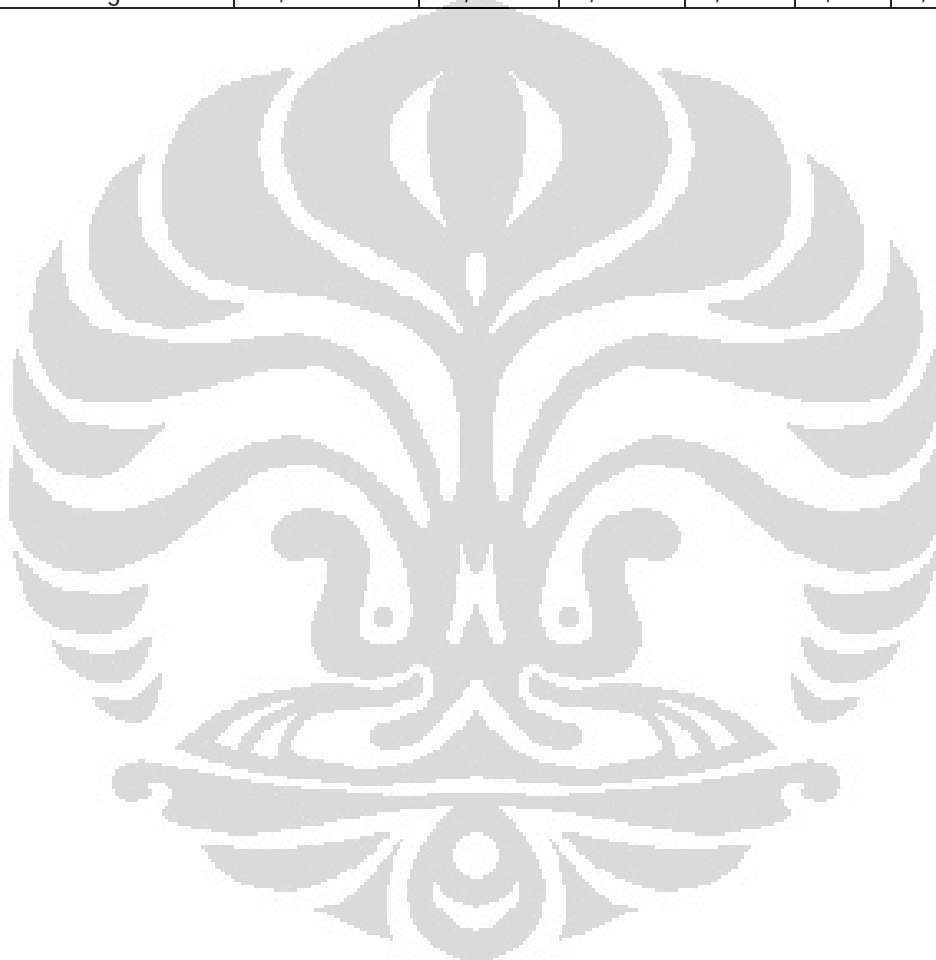
Experience online shopping	1	>1	0	Not interested	Total
Numbers of answer	2	29	4	1	36
Percentage	5,55555556	80,55556	11,1111	2,7778	100

Online shopping spending	<50rb	51-100rb	101-150rb	>150rb	Total
Numbers of answer	6	7	2	21	36
Percentage	16,66666667	19,44444	5,55556	58,333	100

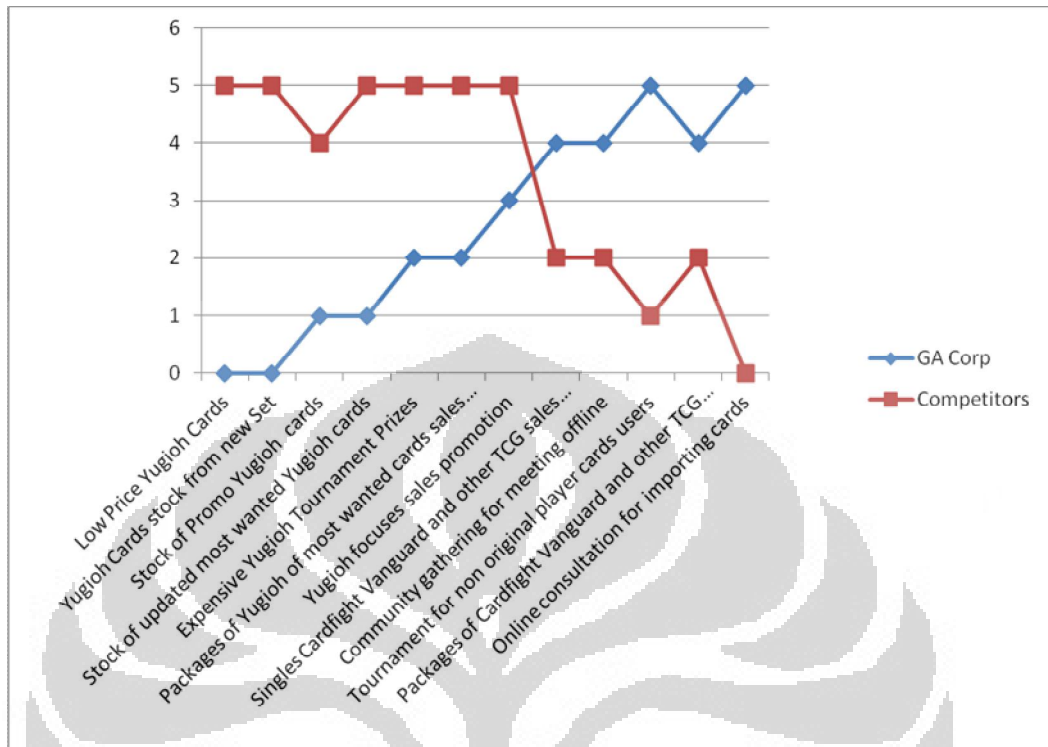
Location of online shopping	USA	Indonesia	Japan	None	Total
Numbers of answer	10	21	4	8	43
Percentage	23,25581395	48,83721	9,30233	18,605	100

Length of importing cards online	<1 week	1-2 weeks	>2 weeks	Never	Total
Numbers of answer	4	14	5	13	36
Percentage	11,11111111	38,88889	13,8889	36,111	100

Online shopping	Single cards	Packages of singles	Deck	Promo cards	Box	None	Total
Numbers of answer	22	9	1	4	2	4	42
Percentage	52,38095238	21,42857	2,38095	9,5238	4,762	9,524	100



Appendix 9: Blue Ocean Canvas



Value Offered	GA Corp	Competitors
Low Price Yugioh Cards	0	5
Yugioh Cards stock from new Set	0	5
Stock of Promo Yugioh cards	1	4
Stock of updated most wanted Yugioh cards	1	5
Expensive Yugioh Tournament Prizes	2	5
Packages of Yugioh of most wanted cards sales promotion	2	5
Yugioh focuses sales promotion	3	5
Singles Cardfight Vanguard and other TCG sales promotion	4	2
Community gathering for meeting offline	4	2
Tournament for non original player cards users	5	1
Packages of Cardfight Vanguard and other TCG sales promotion	4	2
Online consultation for importing cards	5	0

Appendix 10: GA Corp Facebook Page

GA Corp
205 likes · 3 talking about this

Retail and Consumer Merchandise
Opening Pre-order cards from the United States. Singles cards only and must be english version.

About Photos Likes Events

Source: GA Corp facebook
(<http://www.facebook.com/GAcorporation?ref=ts>)

Appendix 11: Pasar Yugioh Indonesia Facebook Page

Nico Octario Saputra
Silahkan diliat2...silahkan buka harga yg ptg no afgan (khusus paket 1 dan 2)
<https://www.facebook.com/photo.php?fbid=446496375361810&set=a.342458689098913.91263.100000043547770&type=3&theater>

LAPAK YUGIOH Ane
Paket 5 Triple
Seven tools bendits (2), crevice (2), soul release, book of moon, e...
See More
(foto sample) silahkan beli murah meriah, bisa nego lom ongkir.
By: Nico Octario Saputra

Like · Comment · Follow Post · 8 hours ago

Wijaya Kesuma edited a doc.
Asah Shop YGO lagi obral
Paket elemental heroes 100k
Elemental Hero Phoenix Enforcer UR x1
Elemental Hero Phoenix Enforcer R x3
...
See More
Like · Comment · Follow Post · 13 hours ago
Dewa Tra likes this.
View all 77 comments
Wijaya Kesuma up

Source: Pasar Yugioh Indonesia facebook
(<http://www.facebook.com/groups/yugiohjualbeli/>)

Appendix 12: Yugioh-Infinity Website

The screenshot displays the Yugioh-Infinity website interface. At the top left, there is a yellow shopping cart icon with the text "shopping cart" and "shipping : Rp. 0 total : Rp. 0". Below this are links for "my cart" and "checkout". To the right, a message states: "Battle Pack sudah ready stock loh! Selamat melihat-lihat. Booster GAOV ready guys, check out!!".

The main content area is titled "Featured Yu-Gi-Oh Cards" and displays a grid of product images with labels:

- Battle Pack Epic Dawn
- Booster Set Cards (SDS)
- Booster Set Cards (GX)
- Booster Set Cards (YUGI)
- Booster Set Cards (ZeXal)
- Champion Pack Single
- Dark Beginning Cards
- Dark Legends
- Dark Revelation Cards
- Duelist Pack Cards

On the left side, there is a "decks & packs" section with a list of categories:

- Battle Pack Epic Dawn
- Booster Set Cards (SDS)
- Booster Set Cards (GX)
- Booster Set Cards (YUGI)
- Booster Set Cards (ZeXal)
- Champion Pack Single
- Dark Beginning Cards
- Dark Legends
- Dark Revelation Cards
- Duelist Pack Cards
- GOLD Cards
- Hidden Arsenal Cards
- Legendary Collections
- Promo Cards
- Retro Pack Singles
- Staple Cards
- Starter Deck Cards (SDS)
- Starter Deck Cards (SD)
- Starter Deck Cards (YSD)
- Starter Deck Cards (ZeXal)
- Tournament Pack Singles

Source: Pasar Yugioh-Infinity website

<http://www.yugioh-infinity.com/store.php>

Appendix 13: GA Corp Business Plan

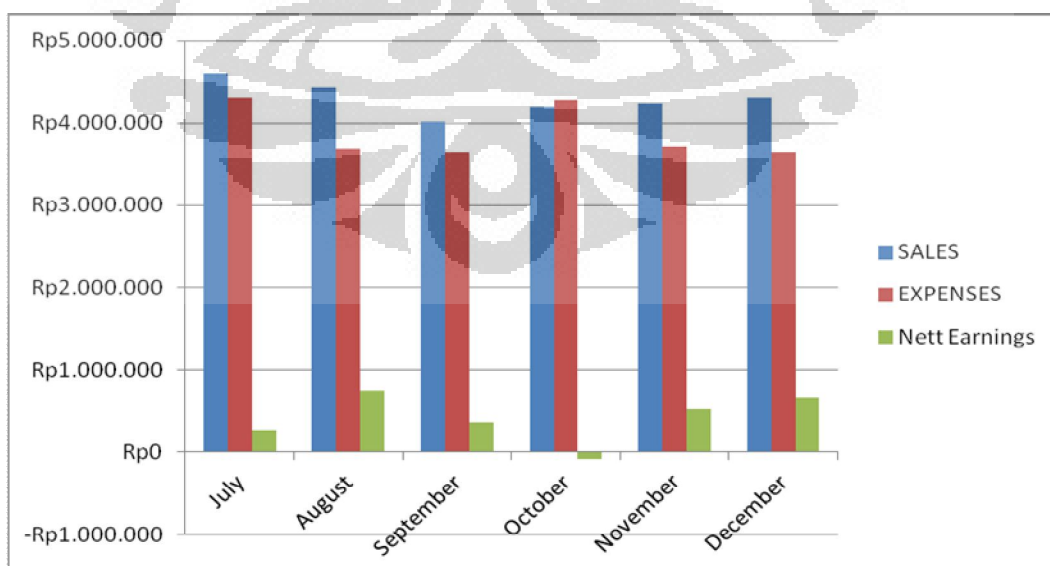
1.0 Executive Summary

GA Corp is an entity that operates in the secondary market of the trading card game business. The company focuses on three aspects: Pre-order cards, Selling single cards, and Sponsoring tournaments. The company has established its own website at Facebook(<http://www.facebook.com/GAcorporation>).

This business plan will show how the company will run its business from July until December in year 2012. It will renew the company's mission and vision. The business plan will give details how the company will explore the blue ocean market space, adding value to the target customers, reducing company's costs and expenses, and create new programs for its business.

The content of this plan will include the summary of the plan, the summary of the company, products and services, market focus, action plans and forecasts, management team, and financial plan.

BUSINESS PLAN HIGHLIGHTS



1.1 Objectives

GA Corp has 3 main objectives which must be fulfilled until the end of the year 2012.

1. The company needs to expand its market share by reaching outside of the current market boundary.
2. The company needs to increase its sales and income.
3. The company must be able to meet investors 'expectations.
4. The company's management teams and staffs need to work more efficiently and be more productive in dealing with the market.

1.2 Mission

GA Corp wants to be an online store that can provide card games to the market. The card games don't cover only yugioh but other card games which are being played mostly in the Indonesian market. Not only that, GA Corp wants to become a company that can sponsor large scale tournaments in Jakarta.

GA Corp provides service to the yugioh community in Indonesia. We are here to help customers to find and acquire the cards they need to complete their decks or complete their collections. We'll provide service to order single cards from our supplier in the United States at a reasonable cost and waiting time. We understand that most customers in Indonesia are lacking of budget to buy premium price single yugioh cards. Therefore, we will provide packages which will give more savings for customers when buying them. We will also provide service for customers to consult their wants and needs so they can meet their allocated budget before ordering to us. The card that customers can buy is not only Yugioh. However, our main focus is the yugioh trading card game. Finally, we will hold small tournament events in local area.

1.3 Keys to Success

The key to success for this company are:

1. Well-generated strategies, plans, forecasting, actions, trust, and communication in the company.
2. Team work by the employees to endure and finish any business activities.

Based on the above, the success of the company depends on top management to define strategies, plans, and forecasts of the business. The top management is the people in charge to prepare the company before it goes to the business. Then, the top management must make actions to communicate the strategies and plans to all employees. They must make sure that everyone understand and is willing to work. Next, the company needs to trust its people to do the work. Finally, since the company does not consist of one individual it must have a good team work among employees.

2.0 Company Summary

GA Corp is a virtual company. This company was built in 2010. It has a member of 6 people. The reason these people made the company was to start business by selling yugioh card products. The company focuses on giving service for the yugioh community in Indonesia. The first service is to provide service buying single cards from the United States. The second service is to provide a weekly tournament. The third is to sell single yugioh cards from inventory. Because of those services, the company is doing business in the secondary market.

2.1 Company Ownership

GA Corp was originally owned by Rangga Arya. He is the person who made the concept of the company. Then, in 2011, the company recruited more members. The policy in the company is that every member invests Rp 200.000 for starting capital. Because of this, every people in the company has an equal share. However, this does not affect the structure organization.

2.2 Company History

The company was founded in 2010 by the Rangga Arya(current CEO). The business itself started before the name “GA Corp” was used. The founder of the company had already started doing business in the secondary market in 2009. Back then, he did not use any company entity. He was only a single or individual seller in the secondary market.

It was then in 2010 he used the name “GA Corp” which stands for Garde Astale Corporation. In 2010, the company only operates in the YugiohIndonesia Forum (<http://yugiohindonesia.10.forumer.com/>). Then, in 2011, the company was put into the owner’s Facebook page (<http://www.facebook.com/rangga.arya.7>). It was then in mid 2011, the owner recruited people to join the company. At first, the company started with 5 people. Then, the company moved its activities to a Facebook page named GA Corp (<http://www.facebook.com/GAcorporation>). Later, in early 2012, the company recruited the 6th member.

2.3 Company Locations and Facilities

The GA Corp company is a company that operates mainly online. It does not have real location and facilities. However, the employees in the company can meet with customers in local hobby shop in different places mostly in South Jakarta like Gandaria City, Poins Square Lebak Bulus, Pejaten Village, and Pondok Indah Mall. Sometimes the company also makes small and local tournaments in Depok and Gandaria City. During tournament events, customers can also meet with the employees.

The company does not have a physical existence. However, it does need a place to stock some inventories. Inventories are the single cards the company has stocked. The cards are placed into a card album that can hold up to 100 cards. The album is kept by either the CEO or General Manager.

3.0 Product and Service

GA Corp focuses on three things. They are a combination of products and services:

1. Selling trading card games like yugioh cards, Pokemon, and Cardfight!!Vanguards which are imported from the United States by request order from customers. The cards can be in a form of single cards, packages of cards, or customized decks. However, due to certain restriction, the company does not sell sealed products.
2. Selling trading card games like yugioh cards, Pokemon, and Cardfight!!Vanguards from our available inventories. The company tries to stock cards at a reasonable price and discount rate.
3. Sponsoring tournaments at local places.

3.1 Product and Service Description

The single trading card game products that GA Corp offers are:

1. Yu-Gi-Oh! which is manufactured by Konami
2. Cardfight!!Vanguards which is manufactured by Bushiroad
3. Pokemon which is manufactured by Nintendo.
4. Other english version trading card games which are available at our supplier.
5. A package of single trading card games or a customized deck.

GA Corp offers four types of services:

1. Pre-order single cards once to twice a month to our customers via GA Corp's Facebook. This service starts by sending an announcement that the company is opening a Pre-order card session. Then, within a week, the company will make its offering to the market. During this week is also the chance for customers to make a deal and send the payment. After a week, the company will close the session. Then, the company will order from its supplier in the United States. The ordering process might take one to six days depending on how fast the supplier can process. Most of time, supplier only take about one to two days. After the order has been processed, the supplier will send the order to UPS. UPS will deliver the order to GA Corp within five to six days.

2. Online consultation to customers who want to make a Pre-order single cards order. We understand that there is a limitation on how much customers can buy. Therefore, customers may send a private message to consult with the customer services on what to buy for pre-ordering cards. The customer services will also make some adjustment to customers' orders based on their budget and purpose of order.
3. Community gathering at local hobby shop or shopping mall. This is more of a promotion for players who play online version and non original card games. The purpose of this promotion is to learn more about the customers who are still outside of the market boundary and try to persuade them to be a customer of GA Corp. During community gathering, customers can play using non original cards. They can ask for advices from employees of GA Corp.
4. Sponsoring local tournaments for yugioh and cardfight!! Vanguard. This service may be done weekly or once in every two weeks.

3.2 Competitive Comparison

Ga Corp tries to offer a way for its customers to acquire single cards from English version trading card games. It is different with its competitors because the company has always used an effective communication method with its customers. When a customer makes an order, the company does not only receive the order but can also fix the order so it fits with the customer's budget. Some customers may have difficulty because they make an order to complete a deck. The customer service provided by GA Corp will assist the customers to fix their deck so that it will be effective in play but also cost less expensive.

Most competitors of the company offer yugioh cards which are up to dated. They re-stock their inventory by opening booster packs and boxes to get a chance to acquire the most wanted cards in the market. At the end, almost every competitor is offering the same cards in the market. This leads to a price war. GA Corp will not follow this action. GA Corp will not supply itself by opening booster packs or

boxes. The first reason is because opening a booster pack will result in a high cost. If the most wanted cards are not acquired then the company will have less chance to sell the rest of the cards. The second reason is the inventory cost. There is a probability that price of cards may drop within three to five weeks. This most of time happens to cards from new booster pack. Therefore it is best to wait until the price is stable within three to four months before making decisions to stock cards.

Most competitors are only focusing on one card game sale. However, GA Corp does not only focus on selling. The company also hosts tournaments and community gatherings for people who do not play original card games. The purpose of these activities is to acquire customers who are mostly non original card players and online players.

The company does not offer a low price. Instead it offers a price above market price. However, from the Pre-order card session, customers have a 90% chance to order all the cards that they need. The reason is because the company has a very reliable foreign supplier that has almost a complete and huge inventory of cards. So, customers can order two to three cards of the same name. This does not happen with the competitors.

3.3 Sales Literature

The description of the company can be found in the information section about the company in the Facebook page (<http://www.facebook.com/GAcorporation>). The information will be on the scope for pre-ordering single cards, the criteria, and how to make an order.

3.4 Sourcing

GA Corp supplies from two different places. The first place is from its main supplier in the United States. The second place is from local suppliers. What the suppliers supply are single trading card games.

The first supplier is Trollandtoad from the United States. This supplier is the best one for the company. It offers a wide range of single cards from many trading card games. It offers a very low price that GA Corp can gain profit from. Other benefits from this supplier are its reliability, excellent customer service, and delivery.

Local supplier means that GA Corp can acquire single cards from single sellers in Indonesia. Since some sellers may sell at the same price as the foreign supplier, the company can acquire cards locally if they are not available at the main supplier. The action to buy locally is also to reduce risks of ordering too many cards from abroad. Even if some sellers sell cards at a high price, it is still best to buy at them if the main supplier is out of stock.

3.5 Technology

The business processes of the company depend mostly on the internet connection. The internet connection gives accesses to Facebook, e-mails, supplier website, delivery agents, and banks. The speed of the connection will have an effect when employees try to search for a specific card at the supplier website. Depending on how fast the connection is, it will slow or fasten the process to check availability and prices of cards.

The company also relies on database and spreadsheet program. The database is needed to keep customers' data and list of inventories. The spreadsheet program is needed to store customers' orders and calculate costs, expenses, and revenue of the company.

3.6 Future Product and Supports

At the moment GA Corp does not really have aims to target specific products or services in the future. As of now, GA Corp main target is to implement the new business strategy which has been formulated by the top management.

4.0 Market Analysis Summary

GA Corp focuses on secondary market. This market is where people buy and sell single trading card games. The company does not do business on primary market that sells sealed products.

4.1 Market Segmentation

GA Corp has done a market research in the past. The research was conducted by giving questionnaires to people in the community who are located in Depok and Gandaria City. The number of people surveyed was 36 people. But, the company believes this number will represent the community in South Jakarta.

The survey shows that:

- The age of players in this game are:
 - o 11.11% at the age below 16 years old.
 - o 61.11% at the age between 16 to 21 years old.
 - o 27.78% at the age between 22 to 30 years old.
- Based on originality :
 - o 72.22% of players that play a fully original card.
 - o 27.78% of players play a mix of original and non original cards.
- Based on the text written on the cards:
 - o 58.33% of players that play a both Japanese and English.
 - o 5.56% Japanese, and 36.11% English version cards.
- Based on the trend of card games:
 - o There are 45.76% people that are playing Cardfight Vanguard.
 - o There are 10.17% playing Pokemon.
 - o There are 44.07% playing yugioh trading card game.
- The product that most players buy at hobby shop consist of:
 - o 41.38% booster pack.
 - o 15.52% Starter/Structure Deck.
 - o 8.62% Special Edition Pack.
 - o 8.62% Collectible Tin.
 - o 25.86% single cards.

- The percentage of customers' buying power within a month at hobby a shop are:
 - o 13.89% below Rp 50.000.
 - o 25% between Rp 51.000 to Rp 100.000.
 - o 5.56% between Rp 101.000 to Rp 150.000.
 - o 55.56% above Rp 150.000.
- The percentage of customers who ordered online:
 - o 5.56% only once.
 - o 80.56% more than once
 - o 11.11% never shop online.
 - o 2.79% aren't interested to do online shopping.
- The percentage of customers' online spending are :
 - o 16.67% below Rp 50.000.
 - o 19.44% between Rp 51.000 to Rp 100.000.
 - o 5.56% between Rp 101.000 to Rp 150.000.
 - o 58.33% above Rp 150.000.
- The location of online shop that customers have ordered are:
 - o 23.26% from North America.
 - o 48.84 from domestic (Indonesia)
 - o 9.30% from Japan.
 - o 8.60% never shop online from any country
- The lengths of waiting time for orders to arrive from foreign online shops are:
 - o 17.39% less than a week.
 - o 60.87% between one to two weeks.
 - o 21.74% more than two weeks.
- Products ordered online:
 - o 57.89% single cards.
 - o 23.68% packages of single cards.
 - o 2.62 customized deck.
 - o 10.53% promotional cards.
 - o 5.26% other products.

Based on the above results, the company will focus on age and buying power when purchasing online. Other than that, the company will target the market which is beyond the boundary of the current market. These markets are:

1. People that play non original trading card games
2. People that only play online trading card games

So, the target markets are:

1. Customers at the age of 16 – 21 years old (mostly high school to university students)
2. Customers who play non original trading card games
3. Customers who only play online version of the trading card games
4. And those with online buying power of more than Rp 150.000

4.2 Target Market Segment Strategy

Based on the target market above, approaching, acquiring, and maintaining the target customers will take some efforts.

1. Customers at the age of 16 – 21 years old; are people with unstable emotions. They are influenced by their surroundings. The choice of vocabulary when communicating with these customers will be very important.
2. Customers who play non original trading card games; they are likely to avoid buying original card due to its higher cost. The company needs to prepare a strategy to change their perception about the value of having and playing original card games.
3. Customers who play online versions; they are more difficult than the prior target market. They play the game but do not want to play in the community. The company must make an approach and attract them to slowly come to the community and later on make them blend into the community.
4. Customers with online buying power of more than Rp 150.000; this seems like an easy target knowing that most players are willing to spend more on hobbies. However, due to the internet, players have access to online shop in the internet. Prices are becoming transparent. Players have a high bargaining power because they can compare one seller to another or benchmark prices to

online shops. The company must offer them something that is worth more of value than the higher price compare to competitors.

4.2.1 Market Needs

Based on the target market, we know that they need singles trading card game for different reasons. They can either buy to complete a deck, make a new deck, or for collection purpose. However, that is for the targeted market that is inside the market boundary. For those who are outside the market boundary, they need to realize the value of playing in real life and having the original version of the card game.

4.2.2 Market Trends

The trend in the trading card game market is that manufacturers release new products once or twice within six months. Then, there is a banned list that comes out once or twice in a month (for yugioh is on March and September the first). The banned list is to prevent certain cards from being played too much in tournaments. If too many players are playing the same cards and eventually playing the same combos then the game would be less attractive. Another reason is that new updated cards would not be interesting for players since the previous ones have already given player a good built deck to play in tournaments. Therefore, the banned list is to prevent such things.

The second trend in the trading card game is reprints. We take an example of yugioh. Reprints are becoming fast in the last few months. Cards which were very expensive in the secondary market would end up as a reprint within six to twelve months. This will make buying older booster packs be a waste. Reprinted version of sealed product like collectible tins and special editions has a sure guarantee to acquire the reprinted cards at a low cost.

The third trend is the price rocket or price fall of single cards. The reasons are because of banned list, reprints, tournaments effect, etc. Forecasting whether a card will be banned or released from the banned list can be done by observing

tournaments. When a certain card has the ability to abuse a combo play, then that card has the potential to get banned or limited. However, this is only speculation since the manufacturer, Konami, has the authority to set the real list. Reprints are also a forecasting issue. Since the trend is that most wanted cards which are hard to acquire are being reprinted within several months, the market can make assumptions on reprinted cards. Tournaments have the biggest effect on prices. When a certain deck manages to reach top 8 players in a large scale and prestige tournaments, then players will look at the deck lists. Players will demand for the key cards from the top decks in that tournament. What follows is that the prices of the key cards will skyrocket.

In short, the trend in the market will make an impact to prices. The company must make good forecast if it wishes to stock some cards in its inventory.

4.2.3 Market Growth

The secondary market in Indonesia has a chance to shrink, stay the same, or increase. The market will increase if new players are interested to join the community and buy the cards. It will stay the same if there are no increases or decreases of members in the community. It will decrease if the many players are leaving the community.

The current market that the company target is within the yugioh market. However, this market has been crowded with competitors and new entrants. Therefore, it has become a red ocean where competitor is offering the same value proposition. It eventually becomes a price war.

By following the Blue Ocean Strategy concept, the company needs to grow its market share. It also needs to escape the red ocean and find its blue ocean. So, this is the reason why the company targets non original card players and online game players. Competitors have not invested their resource to these markets beyond the existing market boundary. Once the company has acquired the blue ocean, it will make the competition irrelevant.

4.3 Industry Analysis

GA Corp does its business in the gaming industry. In this industry, the value is to give entertainment to customers in exchange for their time and money. The gaming industry consists of video games, card games, board games, puzzle games, pc games, online games, etc. In this business, a company that has a strong brand will be in favor of the customers. However, the company runs in the secondary market of the industry.

4.3.1 Industry Participants

In the secondary market in this industry, new market entrants are high. The main reason is that everyone almost has access to local hobby shops that provide sealed booster packs or boxes. Anyone who opens booster packs and gets the most wanted and expensive cards has the chance to sell the cards. The transparency of prices via the internet has also made sellers easier to benchmark prices of cards.

4.3.2 Distribution Patterns

Players have access to local hobby shops. They can buy booster packs, boxes, special edition packs, or collectible tins. From opening a booster pack, players will receive random cards. One among these cards will have a very high value compared to the others. Once a valuable card is obtained, players have the choice to sell the products or keep them. If the players decide to change their choice then they will take a card and offer it either online or offline.

The distribution channel in GA Corp consists of shipping from the US to Indonesia by UPS, shipping via Pos Indonesia to customers, and meeting directly with customers at an appointed time and place.

4.3.3 Competition and Buying Patterns

GA Corp is currently in the Red Ocean. The competition in this area is fierce. Therefore, the company will move to the Blue Ocean where there are no competitors.

Customers usually go to hobby shops to buy sealed product in the primary market. Sometimes, hobby shops also offer delivery service. Just like customers, the competitors can also do the same thing as customers. They can supply themselves by buying sealed products from the local hobby shop.

4.3.4 Main Competitors

There are three main competitors in the secondary market place.

1. Yugioh-Infinity

Yugioh-Infinity (www.yugioh-infinity.com) is the first online company which has an official website in Jakarta. The company is owned by Muliadi Wijaya. He is the father of one of the yugioh player. He started his business by becoming one of the single sellers with high budget. Years later, he saw a threat in the market that most yugioh players are always comparing prices to some online stores in the internet. Therefore he built an online website that sells single yugioh cards.

This company poses a threat not like other sellers. At one point, the owner is has good reputation in the yugioh community. Second, the cards that are being sold at the website are 90% the same price as the price at most online stores in the internet. The company offers a price with a currency rate of Rp 10.000. Not only that, the list of cards available is almost complete from old to new ones.

At the moment, this company might be the biggest competitor for GA Corp. It offers better price and ready in stock cards compared to the importing card service provided by GA Corp. The only weakness that the author can conclude

is that the company has a high inventory cost for keeping the collection of cards.

2. Single sellers with high budget

These types of competitors are online and offline sellers who sell Yugioh cards. They have a high budget to spend on Yugioh cards. They can buy more than one box, collectible tin, special edition, and even open a lot of booster packs every week in a hobby shop. By buying Yugioh products in local hobby shops, these people have an advantage of getting more valuable cards at a shorter time compared to others. They can also sell the cards at the lowest price depending on whether they value the cards or not. Another advantage they have is they will have a good image as big sellers in the community because they can provide the cards at an earlier time.

The only weakness of these sellers is that, when they don't get any high value cards from the boxes, packs, tins, etc, they will find a hard time getting back their money.

3. Single sellers with low budget

Single sellers with low budget are the kind of people that only buy one to three booster packs, a special edition box, or a collectible tin once a week. This type of seller depends on their luck to get a high value card from the sealed product that they will open. If their luck is bad, they won't get any return of investment. However, if their luck is good, they can pull a card which might sell for Rp 200.000 to Rp 500.000.

Considering the low cost of acquiring the cards, these types of seller may have lower risk than sellers with big budget. But, if they can pull it off, they will get higher profit. The biggest threat to these types of seller is that they may sell their cards online at a very low price than the market price. They do this because they need cash fast to open another sealed product.

In conclusion, these three types of sellers are dominant in the secondary market. GA Corp needs an effective action to compete with them. Another point that the author can conclude is that they do not go into direct competition with any hobby shop or have any intentions to sell in the primary market which sells sealed products.

5.0 Strategy and Implementation

The strategy that GA Corp will use is the Blue Ocean Strategy. The concept of a Blue Ocean Strategy is to create an uncontested market space and make competition irrelevant. In this strategy the company will:

1. Eliminate

Based on the analysis, the trend is to provide up to date cards or promotional cards which give value to players during tournaments. These types of cards are most of time scarce and cost very expensive. Not only that, other competitors and new entrants are always trying to supply these cards and to sell at the lowest price in the market. The problem with tournaments is that not all players have a good deck to compete in tournaments. With this idea, we can assume that only players who have good decks and a lot of money can really order and pay for the valuable cards. Therefore, we can eliminate offering these types of cards either for promoting single card orders and small local tournament prizes.

2. Reduce

Based on the analysis, the cost of importing cards is very high. The cost of stocking cards may prove to be fatal because the pattern in the supplier website is that prices might go down in a few days or weeks. This should be paid attention especially when opening a pre-order card for importing cards to customers. We can reduce stocking cards which are being offered by most online or offline sellers. We can also reduce promoting card packages that which are being offered by most online or offline sellers. Another factor that we can reduce is promotion for yugioh single card game products. The trend is

that there are too many sellers on the market promoting themselves. Therefore, a new type of customer approach must be created to get customers.

3. Raise

Based on the analysis, we could see that there are still people who play non original cards, online trading card games, and other trading card games. For non original card game players, we must introduce to them why buying the original trading card game will give more value for them. Then, for players who play online trading card game, we must be able to change their perception about playing in real life. For players who already play Cardfight Vanguard, they must be feeling comfortable in their comfort zone. However, we do not have to persuade them to play yugioh trading card game. We know that if we can supply what customers need, then there is a possibility that they will come and buy at us.

4. Create

After completing the three steps above, we can create a new service to the customers. This new service will be targeted to customers who are outside of the target market so that we can acquire new customers. Then, this service must be different from other competitors to grasp the attention of many potential customers. Finally, this service must be at low cost to make and implement in the market.

5.1 Strategy Pyramids

GA Corp must implement the four strategies above. These strategies will be diffused into processes. The processes can be separated into:

- Acquiring new customers and maintaining existing customers
- Analyzing the market trend for the new market space
- Analyzing new costs for acquiring new trading card game products
- Calculating expected monthly profit from business operations
- Calculating return of investment for investors
- Setting up schedules for company meetings, meetings with investors

- Setting up schedules for opening pre-orders, tournament, and community gathering

Top management of GA Corp will set programs to do the processes. The programs are:

- Pre-order schedules
- Online consultation service for importing cards
- Tournament events
- Community gathering events
- Promotion for sales

5.2 Value Proposition

Based on the strategy that will be implemented, GA Corp offers some value propositions:

1. GA Corp can provide access for non original player to buy the specific cards that they need. They can acquire the cards by joining the Pre-order sessions or by participating in tournaments.
2. GA Corp provides access to players who only play online trading card games. The company wants them to feel the excitement of playing in real life. In real life they can duel against a real opponent and are able to interact with the community.
3. GA Corp can save the customers' time and effort by letting them join the Pre-order card sessions. Customers can relax and save money from going to hobby shop, hunting cards within the market (online or real-time), negotiating with different sellers, etc. By ordering at GA Corp, they can order an abundance of card packages that will save them more time if they were to hunt for it in the market by themselves.
4. Some customers prefer to save money by buying single cards. However, not all cards are available in the market. Some cards might be old products which are scarce in the market. Therefore, we offer them the ability to design their own deck and choose the cards that they need. Our supplier has a huge

collection of trading card games so we certain that most cards that customers want will be available.

5. GA Corp does not just sell to customers but it tries to understand what customers want and need. The customer services of the company can give them advice or second opinion when customers wish to buy a certain card to fix their decks.

5.3 Competitive Edge

The company's competitive edge is the ability to communicate, understand, and help customers when buying cards. This has not been applied by most competitors. This activity may consume more time since the employees have to dig information from customers before they can help them.

5.4. Marketing Strategy

The Manager of Marketing and Sales will be in charge to design the marketing strategy. The strategy will be done by the Marketing and Sales team. The strategy will be put into several aspects of marketing. However, it will follow the Blue Ocean Strategy which has been formulated by the company.

5.4.1 Positioning Statements

GA Corp main business is Pre-order session. Unlike its competitors, it provides service to identify, understand, and give solutions to customers' problems. The company main strength is its ability to communicate with the customers.

5.4.2 Pricing Strategy

GA Corp will not compete in price with its competitors. It has already set its pricing policy using the Activity-Based Cost method. Therefore, there is a possibility that the price will be higher than the market price. GA Corp believes that it can offer value which is at a reasonable price that customers are willing to pay for.

5.4.3 Promotion Strategy

The promotion will be done mostly online using the company's Facebook Page. Promotion for pre-order cards will be announced at least a week before the pre-order session is closed. Promotion of tournaments will be done by creating Facebooks' event and inviting people to come and join. Normal sales promotion will be done in the Facebook's page using the photo gallery. In the gallery is a picture of cards which are available in the inventory. Sales promotion will also be done by setting up threads at local community forums in different websites.

5.4.4 Distribution Strategy

Distribution is done by using the Pos Indonesia or by meeting directly with the customers. When customers wish for their cards to be sent, they will be sent with a good packaging. The package will be sent to Pos Indonesia branch office or main office. Then, after the form is completed, Pos Indonesia will send the package. The Pos Indonesia will give a tracking number to check the package's status.

The second distribution strategy is to meet with customers directly at their place of agreement. A representative of the company will bring the package to the customers. After making a deal then customers will pay for the package and the representative will give the package.

5.5 Sales Strategy

The basic rule of the sale is that customers must pay first before they can book or get the cards that they need. Some customers may have special privilege to things such as booking or account payable. This privilege is given to certain customers who are a regular buyer for Pre-order.

Another sale strategy is by tournament events. In a tournament event, customer has the chance to compete with other customers to get the card they want by dueling with each other. The entrance fee for tournament is at a low cost, has interesting prizes and is likely to attract customers to come and participate.

Community gathering for non original and online trading card game players is another form of sale strategy. This strategy does not guarantee an actual sale but it tries to give information to potential customers why original trading card game has a value. Once customers understand the value, they will likely be interested to have the cards. Then, when they have enough budgets they will make an effort to start a transaction and buy at the company.

5.6 Strategic Alliances

The current company has a strong alliance with Trollandtoad as its main supplier. This alliance has been formed years before when the CEO became a customer of Trollandtoad. The CEO has a good connection with the owner and head of customer services. Problems have occurred during previous Pre-orders but all problems had been settled in a win – win solution.

At the moment, GA Corp does not have any plan to make any strategic alliances with other companies or organizations. The reason is that GA Corp has already set its new strategy for the next few months. Within the strategy does not include any strategic alliances with any parties. However, if there is a potential ally, it will be put into consideration by the top management.

6.0 Management Summary

The organization at GA Corp is quite simple. It consists only of six people. However, most of time there is a cross-over of jobs among the people in the company. The people in the organizations are: The CEO, General Manager, Assistant Manager/Financial Advisor, Marketing and Sales Manager, Marketing and Sales Staff.

6.2 Management Team

Rangga Arya Gandamana, CEO: 30 years old, founded the company in 2010. He has a bachelor degree in Information System from Bina Nusantara University. Currently, he is studying in a double master degree program MM-MBA at

Universitas Indonesia. He has experiences in dealing with customers, preparing and holding tournament events, forecasting cost and sales, and good relationship with the foreign supplier.

Rahman Waruju Putro, General Manager: 23 years old, joined the company in 2011. He has a bachelor degree in Accounting from Universitas Indonesia. Currently, he also works at UPS as the head accounting officer. He has experiences in handling duty tax, inventory control, designing legal contracts, and good relationship with some local suppliers.

Ryan Triwardhana, Assistant Manager/Financial Advisor; 20 years old, joined the company in 2011. He is currently a student in Binus University International majoring in Information Systems. He has a good analytical and forecasting skill. He has experiences to observe the market trend and set up long term strategy.

Erick Masterlie, Marketing and Sales Manager; 20 years old, joined the company in 2011. He is currently a student in Binus University International majoring in Marketing Management. He has experiences in dealing with customers, observing market trends, analyzing competitors, and has a good relationship with some local suppliers.

Sergio Adjie, Marketing and Sales Staff; 16 years old, joined the company in 2011. He is currently a high school student. He does not have many experiences on selling. But, he is learning the process as he does his work.

Hugo Santosa, Marketing and Sales Staff, 17 years old, joined the company in 2012. He is a graduate from high school. Currently, he is taking exams to enter to his favorite university. He has experiences in dealing with customers, works as customer services, and has good relationship with players in the community.

6.3 Management Team Gaps

At the present time, the people are performing well at their specified task. However, there is an issue of communication. The team needs to fix the problem as soon as possible.

At the present time, the team needs to make a quick forecasting and implement the new strategy which is formulated by the CEO. However, they first must meet and talk about the new strategy. Once everyone understands then the strategy can be implemented as soon as possible.

6.4 Personnel Plan

At the present time or near future, there is no plan to add or to reduce the number of people. Within the next months, the CEO will review how the team will implement the new strategy and the results that follow.

7.0 Financial Plan

The financial plan shows how the company plans to use its cash to run and support its business. The financial plan will also explain how the company requires its starting cash and how it will spend the money for the business.

1. The starting capital of this business is acquired from every member who joins the company. The starting capital is Rp 200.000 per person.
2. GA Corp currently has three investors. These investors have invested Rp 200.000 each. The investment money is currently Rp 600.000.
3. The Rp 600.000 investment money will be used to buy singles cards and re-sells them in the market.
4. After two months, investors will receive a 90% return of investment from the total sales. The total sales are generated from the single cards bought using the investment money.
5. The company must choose to stock only single cards which can be sold relatively fast or maximum of two months. This action is to reduce inventory cost.

6. There is a plan to stock some single cards from foreign supplier that costs around Rp 200.000. The revenue generated from this sale is expected to be Rp 250.000 – Rp 280.000 within three months. The money to buy the cards will either come from existing capital or net income from Pre-order sessions.
7. The company has a target to acquire a minimum of Rp 400.000 net income from at least one Pre-order session. The company plans to have two Pre-order sessions so it should receive at least Rp 800.000 net income every month.
8. The company will buy cards for sponsoring tournaments with the maximum budget of Rp 200.000. From the tournament, it is expected to generate revenue at least Rp 250.000
9. There will be a plan to purchase sealed cardfight vanguard boxes from a local supplier in Bandung. The cost should be Rp 600.000 per boxes. This investment will be expected to generate 20% -30% of return of investment from selling the single cards within three months.
10. There is a plan to ask investors to make a new investment of Rp 500.000 each. The return of investment will be 10% per month. This investment period will end after three months. All return of investment and initial investment will be returned to each investor after three months.

7.1 Important Assumptions

The financial plan will depend on some assumptions:

1. The duty tax will still be a maximum of Rp 100.000 for each Pre-order session.
2. There is no sudden rise in the value of US dollars.
3. The growth of the economy is stable within the next three months.
4. There is no sudden reprint or new promos of single cards within the next three months.

7.2 Key Financial Indicators

The key financial indicators are:

1. The cash flow of the company.
2. The Revenue and Expenses of the company.

The cash flow plays an important role in the company. It does not only show how much cash available but it is also to identify how many transactions have happened between the company and its customers. The cash flow is also important for making decisions on what to invest on and how much investment should be tolerable. The revenue and expenses report records all transactions including buying for supplying inventory, payment records to employees, and covering business expenses.

7.3 Break-Even Analysis

For the Pre-order break-even analysis the company makes an assumption that the currency rate of the USD changes from Rp 9.400 to Rp 10.000 within this year. The currency rates will affect the targeted sales which is \$300 and shipping cost with UPS \$10. Then the total IDR of both targeted sales and shipping cost will be added with the cost expected duty tax and Moneygram. The Moneygram is at a fixed cost of Rp 180.000 for \$300 order. The duty tax is expected to be at the maximum fixed cost of Rp 100.000. The break-even analysis for Pre-order is shown below.

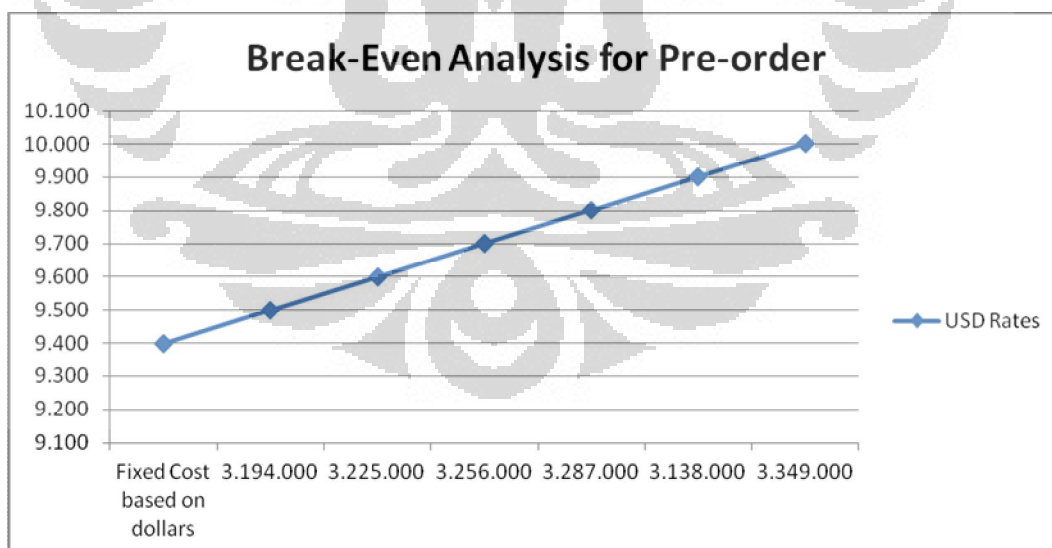


Table Break-Even Analysis for Pre-order

Currency rate	Rp9.400	Rp9.500	Rp9.600	Rp9.700	Rp9.800	Rp9.900
moneygram	Rp180.000	Rp180.000	Rp180.000	Rp180.000	Rp180.000	Rp180.000
Shipping	Rp94.000	Rp95.000	Rp96.000	Rp97.000	Rp98.000	Rp99.000
Duty Tax	Rp100.000	Rp100.000	Rp100.000	Rp100.000	Rp100.000	Rp100.000
USD \$300	Rp2.820.000	Rp2.850.000	Rp2.880.000	Rp2.910.000	Rp2.940.000	Rp2.970.000
Total Cost	Rp3.194.000	Rp3.225.000	Rp3.256.000	Rp3.287.000	Rp3.318.000	Rp3.349.000

Table: Cost analysis for Break-Even Pre-order

The second break-even point analysis is for stocking a box of cardfight vanguard. The box will cost Rp 600.000. Inside this box there are 30 sealed booster packs. These booster packs contain one R/RR/RRR rarity and four common cards. There is a total of 150 cards inside the sealed box. The break-even point for this box can be calculated by dividing the cost of acquiring the box with the number of cards acquired. The break-event point is Rp 4.000 per cards. So, if the company wishes to get profit, it must sell more than Rp 4.000 per cards.

7.4 Projected Profit and Loss

Based on the business activities, the company expects to get profit from Pre-order single cards, selling single cards, sponsoring tournaments, and stocking cardfight!! Vanguard box. These four activities have some details into it.

1. Net Income from Pre-order card sessions is expected to be at least Rp 400.000 per order. This activity can be done either once or twice a month depends on the situation. The Pre-order session might be cancelled if the company does not meet its minimum \$300 quota for ordering at the supplier. The Rp 400.000 is acquired after all costs and expenses have been paid starting from ordering the cards, receiving the cards, and sending the cards to customers.
2. Selling single cards is buying cards from the supplier in order to stock them in the inventory. Based on the company regulation, only cards which are mostly at low cost and can be sold fast would be bought. The target cost is Rp 200.000. From this investment, it is expected that the company will receive sales of Rp 250.000 – Rp 280.000. The expected time to reach this sale is

within three months. However, the budget to finance this cost will be taken from the net income from the Pre-order session. If the company that does not get sufficient net income then it will not stock any single cards. Another thing about stocking card is that the company does not put it into inventory cost. So, purchasing of single cards will be counted as expenses. All sales from single cards which are in the inventory will be recognized as revenues.

3. Sponsoring tournament is an activity like bundling products. However, it is done by purchasing a set of cards which are targeted by customers and setting the tournament entrance fees to meet the expected participants and targeted revenue. An example is that an entrance fee is set to Rp 30.000 per person. Then, the company allocates Rp 200.000 to buy 8 single cards which have different sales value. It is expected that at least 8 people will pay to join the tournament. This will generate revenue of Rp 240.000. However, the company must also prepare stock if the participant will be more than 8 people. So, the company may either allocate more budgets to buy more cards to meet the expected maximum participants or prepare prizes from available inventory (if there is one). If the company can reduce the cost for acquiring the prize cards, then it will generate more revenue.
4. The idea of purchasing sealed box is to reduce the cost of opening booster packs. A box contains the right numbers of high rarity cards. So, if in the box is stated there are 8 foil cards within this 24 random booster packs, then people will believe it to be true. The sealed product that the company targets are Cardfight!!Vanguard. The cost of acquiring a box is Rp 600.000. The expected net income should be around Rp 720.000 to Rp 780.000.

7.5 Projected Cash Flow

The projected cash flow based on the company's forecast will be based on:

1. Pre-order cash flow
2. Tournament cash flow
3. Cardfight!!Vanguard cash flow
4. Single card sales cash flow

The projected cash flow will be forecasted for the next six months starting from July until December 2012. It is expected that the company will have an increased cash flow from Pre-order session in August due to the new product released for yugioh. Since the product can be pre-ordered at a relatively cheap price then many customers will order it. There will be a loss in cash in September because the banned list for yugioh will be released. Based on the company experiences, not many customers are willing to buy cards unless they are able to guarantee a win in tournaments. In October, there is a plan to supply one to three boxes of cardfight!!vanguard. This will reduce the company's cash. The sales cannot be expected to rise quickly because it will take two to three months to make profit from selling the single cards from cardfight!!vanguard boxes. The cash flow will increase steadily in November and December. For yugioh players, it is likely for them to adapt to the new banned list. Therefore, they will be more confident to order new cards. The sales from the cardfight!!vanguard will also increase this time. This will increase the company's profit.

	July	August	September	October	November	December
Expected USD rate	Rp9.800	Rp9.700	Rp9.600	Rp9.700	Rp9.800	Rp9.600
Target Pre-order revenue	Rp3.800.000	Rp3.700.000	Rp3.400.000	Rp3.500.000	Rp3.600.000	Rp3.500.000
Target Pre-order	-\$300	-\$300	-\$300	-\$300	-\$300	-\$300
Cash for targeted Pre-order of \$300	-Rp2.940.000	-Rp2.910.000	-Rp2.880.000	-Rp2.910.000	-Rp2.940.000	-Rp2.880.000
Cash for moneygram	-Rp180.000	-Rp180.000	-Rp180.000	-Rp180.000	-Rp180.000	-Rp180.000
Cash for UPS Shipping	-Rp98.000	-Rp97.000	-Rp96.000	-Rp97.000	-Rp98.000	-Rp96.000
Cash for expected Duty Tax	-Rp100.000	-Rp100.000	-Rp100.000	-Rp100.000	-Rp100.000	-Rp100.000
Total cash acquired from Pre-order	Rp482.000	Rp413.000	Rp144.000	Rp213.000	Rp282.000	Rp244.000

Table: Pre-order cash flow

	July	August	September	October	November	December
Cash for stocking tournament cards	-Rp200.000	-Rp200.000	-Rp200.000	-Rp200.000	-Rp200.000	-Rp200.000
Cash from tournaments	Rp240.000	Rp240.000	Rp240.000	Rp240.000	Rp240.000	Rp240.000
Total cash acquired from tournamen	Rp40.000	Rp40.000	Rp40.000	Rp40.000	Rp40.000	Rp40.000

Table: Tournament cash flow

	July	August	September	October	November	December
Cash for stocking box	-Rp600.000	Rp0	Rp0	-Rp600.000	Rp0	Rp0
Cash from single sales	Rp300.000	Rp250.000	Rp100.000	Rp250.000	Rp150.000	Rp300.000
Total cash acquired	-Rp300.000	Rp250.000	Rp100.000	-Rp350.000	Rp150.000	Rp300.000

Table: Cardfight!! Vanguard cash flow

	July	August	September	October	November	December
Cash for stock	-Rp200.000	-Rp200.000	-Rp200.000	-Rp200.000	-Rp200.000	-Rp200.000
Cash from single card sales	Rp250.000	Rp250.000	Rp280.000	Rp220.000	Rp250.000	Rp270.000
Total cash acquired from single card	Rp50.000	Rp50.000	Rp80.000	-Rp20.000	Rp50.000	Rp70.000

Table: Singe card sales cash flow

And the total cash flow from July to December 2012 is expected to be:

	July	August	September	October	November	December
Expected Cash Flow per month(July	Rp272.000	Rp753.000	Rp364.000	-Rp77.000	Rp522.000	Rp654.000

Table: Total cash flow

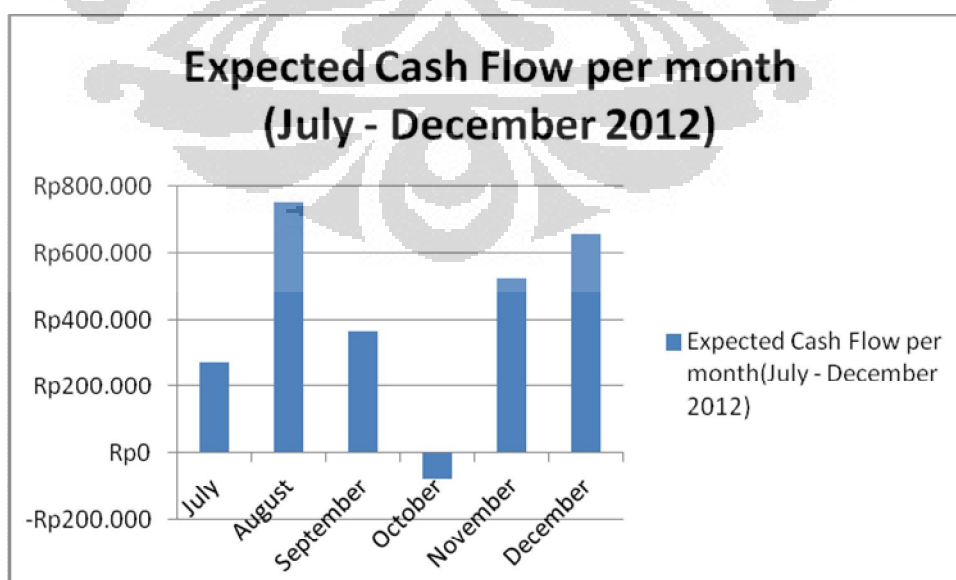


Table: Expected Cash flow

7.6 Projected Balance Sheet

At the current condition, the company does not have a balance sheet. All financial transactions are recorded as Expenses and Revenues. Therefore, there is only the income statement that shows how much the company is earning every month.

7.7 Business Ratios

The company has just started so it does not have any business ratios. The current investors are investing in the company based on their trust to the people in the company's team. Investors believe that the company has potential and therefore wish to observe how it will grow using their money.

