

CHAPTER I PRELIMINARY

I.1 Background

Water is a basic requirement for living things, whether plants, animals and humans. Water in the human body have some function to maintain metabolic balance, dissolve and process the nutrients that are easily digested by the body. Most cell components in the human body consist of water. So, if the body has water shortage, it can caused the body does not function properly. Thus, every human being is recommended to meet the needs of the body to consume about 2 liters of water per day. It aims to maintain health and support the activities that performed by the body.

The importance of drinking water as supporting the health and activity of the body making the people aware to fulfill those needs wherever they are. Thus, this could be an opportunity for companies to produce Bottled Drinking Water (AMDK). Drinking water may be the best alternative for the people to meet the body's need for water to drink because the product is practical, and easily obtained and taken anywhere.

According to Hendro Baroeno who served as Chairman of the Association of Indonesian Bottled Drinking Water (Aspadin), that the main factors that influence the development of this industry is the growing number of people in Indonesia that continues to increase. In addition, the increase in bottled water consumption is also driven by the trend of people's lifestyles who want all practical without having to boil water (Mahadi, 2013).

The social demand for bottled water products continues to increase significantly. Increased need for bottled water products by the people of Indonesia in 2013 - 2015 can be seen in Figure I.1. Aspadin said bottled water consumption grew 12.5% per year during 2009 - 2014. In 2009, the sales volume of 12.8 billion liters of bottled drinking water and increased to 23.1 billion liters in 2014. Until the first quarter of 2015, sales of bottled water has reached 5.8 billion liters.

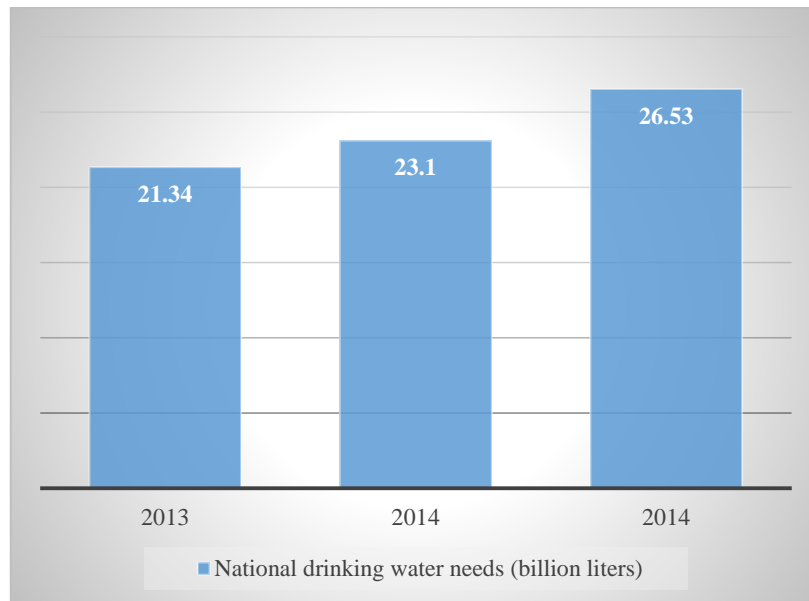


Figure I.1 National Drinking Water Needs
(Source: Aspadin, 2015)

Today, the bottled water industry is developing rapidly in recent years. This development is characterized by the many new brands are emerging and create competition in the drinking water industry to be very tight. Based on data provided by Aspadin, there are currently around 500 companies engaged in the drinking water industry.

PT. Syahid Global International is one company that is engaged in the drinking water industry by selling mineral water with the brand Tirta One. Tirta One manufactured using high quality filtration machine and produce pure drinking water (TDS zero) is healthy because it contains Bio Energy Hexagonal. TDS (Total Dissolve Solid) is the amount of dissolved solids in water. The solid is usually in the form of minerals, some of which are harmful to the human body. Bio Energy Hexagonal contains high oxygen needed by every cell in the human body.

Therefore, Tirta One is a healthy drinking water because it contains oxygen that can help fulfill the intake of oxygen in the body. The company aims to position Tirta One as a product of healthy drinking water without the inorganic mineral content with a cheap price so it can be reached by various circles of society. Until now, PT. Global Shaheed International has sold to several cities in West Java; Kuningan, Majalengka, Indramayu, Cirebon, Tasikmalaya, Tangerang, Jakarta and Bandung regency.

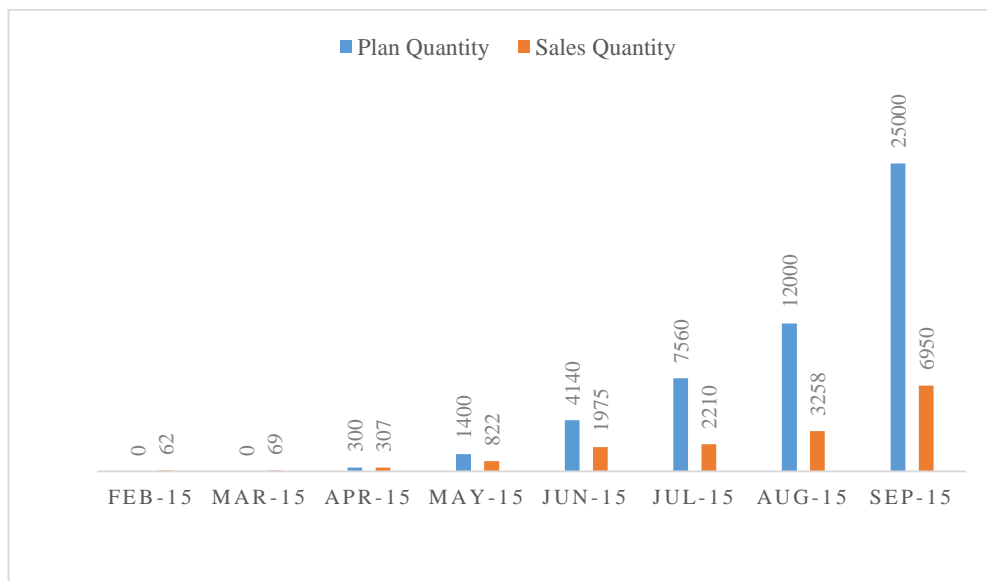


Figure I.2 Product Sales of Bottled Water “Tirta One”

(Source: Product Sales Data of bottled water "Tirta One")

Based on Figure I.2, sales data bottled water products produced by PT. Syahid Global International not meet the sales targets. Thus, to increase product sales, PT. Syahid Global International plans to focus on developing markets in West Java, especially Bandung regency. In addition, one of the company's strategy to increase sales with promotions of products was aimed at introducing Tirta One to the public.

Based on strategies implemented by the company, the preliminary survey conducted in this research were put through observation and interviews to people who are in Bandung regency, especially districts Baleendah and Dayeuhkolot. Based on a survey that has been done, there are several competitors of Tirta One bottled water products in target markets are in the district of Bandung, namely;

AQUA, Ades, VIT, Club, Amidis, Nestle, Le Minerals. In Table I.1 shows the seven brands of bottled water products are a competitor of Tirta One along with the tagline of each brand.

Table I.1 Brand List of AMDK Product

Brands of AMDK Product	Tagline
AQUA	“Ada AQUA?”
<i>Club</i>	“ <i>Welcome to your Club</i> ”
VIT	“Selalu ringan, selalu VIT!”
Ades	“Langkah kecil memberikan perubahan”
<i>Nestle Pure Life</i>	“ <i>The Water for Active People</i> ”
<i>Le Mineral</i>	“Beda segarnya, bukti terlindung mineralnya”
Amidis	“ <i>Pure Water Natural Life</i> ”
<i>Tirta One</i>	Does not have tagline

In this study conducted a preliminary survey of the 30 respondents who are consumers of bottled water products. One of the purposes of a preliminary survey was to determine the public perception of the difference Tirta One with other bottled water products. The results of a preliminary survey that has been done can be seen in Figure I.3.

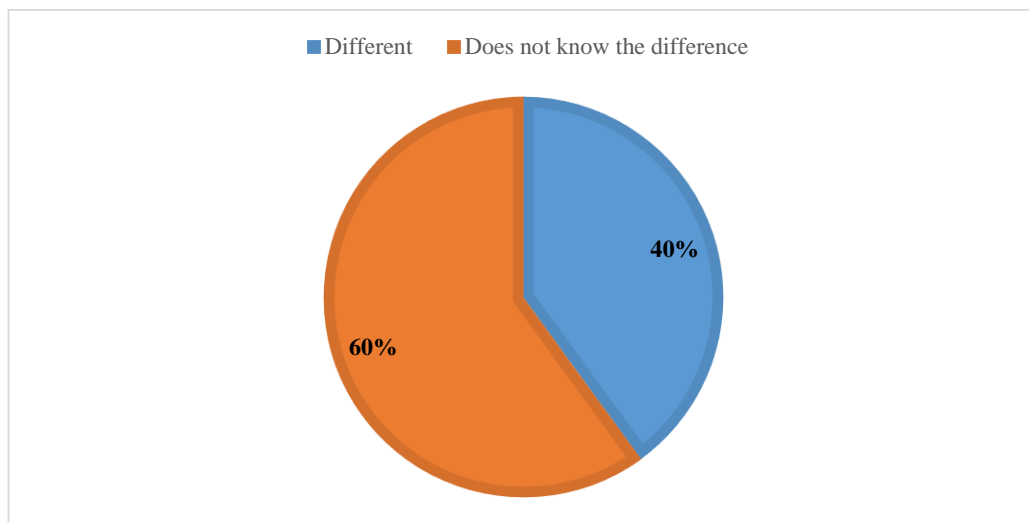


Figure I.3 Public Perception of Tirta One

Based on Figure I.3 known that Tirta One is not known by the public. This is shown by the large number of respondents who do not know the difference of Tirta One with other bottled water products that exist in the market. Differences owned by Tirta One compared with competitors in the bottled water industry was Tirta One has an oxygen content and does not contain inorganic mineral.

Based on the preliminary results of a survey that has been done, it can be concluded that there are still many people who do not know Tirta One. Thus, planning the strategy undertaken by the company is right, namely to carry out promotional activities to introduce Tirta One to the public.

According to Kotler and Keller (2009: 510), that the promotion was a variety of ways to inform, persuade and remind consumers directly or indirectly about a product or brand is sold. In conducting the sale, the company needs to inform the public about the advantages possessed by Tirta One. It aims to establish the image of Tirta One that occupies a distinctive position in the minds of the public.

According to Kotler and Keller (2006), positioning an act of designing an offer and the company's image or brand that occupies a distinctive position in the minds of its target customers. According Fandy Tjiptono (2008: 110), that positioning can be done based on the approach of the attributes of a product, ie associating a product with specific attributes, special characteristics, or the benefit to the customer. Therefore, further research is needed regarding the positioning for Tirta One.

I.2 Problem Formulation

Based on the problems faced by the company, it is necessary to research on the positioning of the Tirta One. According Fandy Tjiptono (2008: 10), there are seven approaches that can be used to perform positioning. One approach that can be used was positioning based on attributes (attributes positioning), namely by way of associating a product with specific attributes, special characteristics, or the benefit to the customer. Based on these opinions, the formulation of issues to be raised from this research are:

1. What are the attributes of AMDK products that form the basis of positioning Tirta One?
2. How Tirta One's position in the market of AMDK?
3. What recommendations for improvement of attributes that can support the positioning achievement of Tirta One?

I.3 Research Purposes

The purposes of this research as follows:

1. Identify the attributes of AMDK products that form the basis of positioning Tirta One.
2. Knowing Tirta One position on the market of AMDK products.
3. Formulate recommendations for improvement of attributes that can support the positioning achievement of Tirta One.

I.4 Research Limitation

Limitation of research used that the research can focus on the goals that have been set. Limitations of this research are:

1. The target respondents are people who consume bottled water products, and live in Bandung.
2. The study was only conducted until the formulation stage of positioning recommendations.

I.5 Research Benefit

The benefits of this research are as follows:

1. Knowing attributes into the advantages and disadvantages of Tirta One.
2. Obtain information on what attributes can support the positioning achievement of Tirta One.

I.6 Systematic Writing

In this study, the systematic writing will be described as follows:

CHAPTER I PRELIMINARY

In this chapter consists of six sub-chapter that describes the research background, problem formulation, research objectives, limitation of the study, the benefits of research, and the systematic writing.

CHAPTER II LITERATURE REVIEW

In this chapter will discuss the theories related to the research, previous research model that is relevant to this research, as well as the methods that used in conducting research.

CHAPTER III RESEARCH METHODOLOGY

In this chapter will explain the steps in doing research in detail, include: conceptual models, systematic problem solving, data collection, processing and analysis of data, the formulation of

recommendations for the positioning of the company, until the conclusions and suggestions.

CHAPTER IV COLLECTING AND PROCESSING DATA

In this chapter will discuss the data used and the test results using methods that have been set.

CHAPTER V ANALYSIS

In this chapter will be explained about the analysis of data processing that have been done. In addition, this chapter will also discuss about positioning recommendations that have been formulated to PT. Syahid Global International based on the analysis performed.

CHAPTER VI CONCLUSIONS AND SUGGESTIONS

In this chapter contains the conclusions of the research that have been done as well as suggestions for the company and further research.