

CHAPTER I INTRODUCTION

I.1. Background

According to Media Partners Asia (MPA), Indonesia is a potential market for the Pay TV Industry, Indonesia has the 4th highest population in the world. In 2013 MPA predicted that the prospect of pay TV in Indonesia would penetrate 7 million customers in 2017, although in 2012 the number of new pay TV customers was 2.4 million. MPA revealed that the increase was due to economic growth and the increase of middle class people in Indonesia as well as changes in the habit of watching trendy reality shows in the world.

In 2014 MNC play entered into the FTTH (Fiber To The Home) business whose technology is the same as IPTV(Internet Protocol TV) which is using fiber optic cable. Until finally in early 2015 PT. Telkom Indonesia officially launched triple play service products, namely cable TV Interactive TV, internet service, and home telephone. Indihome triple play uses IPTV technology. Interactive TV in question is the presence of several features that are not available in other paid TV operators namely pause, Rewind TV, TV On Demand, Video On demand. Furthermore, in 2015 Biznet re-branding the trademark that was formerly called max3 refurbished to Biznet and releasing the name Home Internet + Cable TV program was changed to Biznet Home Combo.

IndiHome Fiber is a leading digital service that uses fiber optic technology that offers Triple Play services consisting of home-based Internet (Fixed Broadband Internet), landline (Fixed Telephone) and interactive TV (UseeTV). IndiHome also offers Dual Play services, consisting of Fiber Internet (Fast Internet) and Home Phones (Fixed Phones) or Fiber Internet (fast Internet) and interactive TV (UseeTV). UseeTV is the first interactive TV service in Indonesia. In addition to providing services, such as Pause and Rewind, Video on Demand, Video Recording and others. Even more fun, customer can choose premium channel options. Subscribe immediately and enjoy the excitement of watching IndiHome on UseeTV. UseeTV provides many TV channels both nationally and internationally. Following is the channel list for UseeTV,

Table 1.1. List of UseeTV Channel

No.	Channel Name	Explanation
1.	Jak TV	Local Channel
2.	Bali TV	Local Channel
3.	JTV	Local Channel
4.	Bandung	Local Channel
5.	UseePrime	Local Channel
6.	UseeInfo	Local Channel
7.	Fashion TV	Lifestyle
8.	Fashion One	Lifestyle
9.	Nat GEO People	Lifestyle
10.	Eat & Go	Lifestyle
11.	Startup Channel	Lifestyle
12.	Home Shopping Channel	Lifestyle
13.	Dreamworks	Kids
14.	Babyfirst	Kids
15.	Spacatoon Plus	Kids
16.	Da Vinci Learning	Kids
17.	Dunia Anak	Kids
18.	Dreamworks HD	Kids
19.	Nat Geo Wild	Knowledge
20.	National Geographic	Knowledge
21.	Nat Geo Wild HD	Knowledge
22.	Zee Bioskop	Movies
23.	Galaxy	Movies
24.	Bioskop Indonesia	Movies
25.	RED	Movies
26.	Thrill	Movies
27.	Fox Family Movies	Movies
28.	FLIK	Movies
29.	Red by HBO HD	Movies
30.	Fox Family Movies HD	Movies
31.	T-Music	Music
32.	C Music TV	Music
33.	Channel V	Music
34.	Prambors	Music
35.	Fight Sports	Sport
36.	Bein Sports 1	Sport
37.	Bein Sports 2	Sport
38.	Bein Sports 3	Sport
39.	Bein Sports 1 HD	Sport
40.	Bein Sports 2 HD	Sport
41.	Fox Sports	Sport
42.	Fox Sports 2	Sport
43.	Fox Sports 3	Sport
44.	MTA TV	Religion
45.	MQ TV	Religion
46.	TV9 Nusantara	Religion
47.	Khazanah	Religion
48.	Al Quran Al Kareem	Religion

No	Channel Name	Explanation
49.	TV Mu	Religion
50.	TVRI	FTA National
51.	Trans TV	FTA National
52.	Trans 7	FTA National
53.	SCTV	FTA National
54.	ANTV	FTA National
55.	Indosiar	FTA National
56.	TV Edukasi	FTA National
57.	RTV	FTA National
58.	Net.	FTA National
59.	Metro TV	News National
60.	CNN Indonesia	News National
61.	TV One	News National
62.	Berita Satu	News National
63.	Kompas TV	News National
64.	Lejel Home Shopping Live	Home Shopping
65.	Lejel Home Shopping Regular	Home Shopping
66.	MNC Shop	Home Shopping
67.	Starworld HD	General Entertainment and TV Series
68.	KTX	General Entertainment and TV Series
69.	TVN	General Entertainment and TV Series
70.	KBS World	General Entertainment and TV Series
71.	AniPlus	General Entertainment and TV Series
72.	Waku Waku Japan	General Entertainment and TV Series
73.	KPlus	General Entertainment and TV Series
74.	Kplus HD	General Entertainment and TV Series
75.	Hi Indo	General Entertainment and TV Series
76.	Dunia Lain	General Entertainment and TV Series
77.	Tahan Tawa	General Entertainment and TV Series
78.	Showcase	General Entertainment and TV Series
79.	FOX	General Entertainment and TV Series
80.	FX	General Entertainment and TV Series
81.	Zee Hiburan	General Entertainment and TV Series
82.	Insert	General Entertainment and TV Series
83.	Daai TV	General Entertainment and TV Series
84.	Australia+	General Entertainment and TV Series
85.	Arirang	General Entertainment and TV Series
86.	Starworld	General Entertainment and TV Series
87.	NHK WorldTV	General Entertainment and TV Series
88.	TV5 Monde	General Entertainment and TV Series
89.	Horee Channel	General Entertainment and TV Series
90.	Citra Drama	General Entertainment and TV Series
91.	Euro News	News International
92.	Bloomberg	News International
93.	CNBC Asia	News International
94.	Channel News Asia	News International
95.	Al Jazeera	News International
96.	France 24	News International
97.	Citra Entertainment	General Entertainment

UseeTV has a total of 97 channels that can be enjoyed if we subscribe to Indihome. There are still many channel lists that are not yet available on UseeTV which can be added to attract customers to want to install Indihome services in their homes. Some examples of channels that have not been added include ESPN, Mtv, BBC, and many more. Although UseeTV have a variety of channels, but can be seen in table 1.2 that the number of customer growth tends to decrease.

Table 1.2. Customer Growth

Division (Area)	2018-08	2018-09	2018-10	8th month to 9th	Growth 8th month to 9th	9th month to 10th	Growth 9th month to 10th
1	260,577	267,015	272,794	6,438	2.47%	5,779	2.16%
2	426,787	438,167	447,614	11,380	2.67%	9,447	2.16%
3	193,160	194,627	196,707	1,467	0.76%	2,080	1.07%
4	201,364	204,069	205,746	2,705	1.34%	1,677	0.82%
5	373,826	378,564	382,647	4,738	1.27%	4,083	1.08%
6	162,453	166,221	169,243	3,768	2.32%	3,022	1.82%
7	119,022	123,894	128,038	4,872	4.09%	4,144	3.34%
Total	1,737,189	1,772,557	1,802,789	35,368	2.04%	30,232	1.71%

Source PT Telkom Indonesia 2018

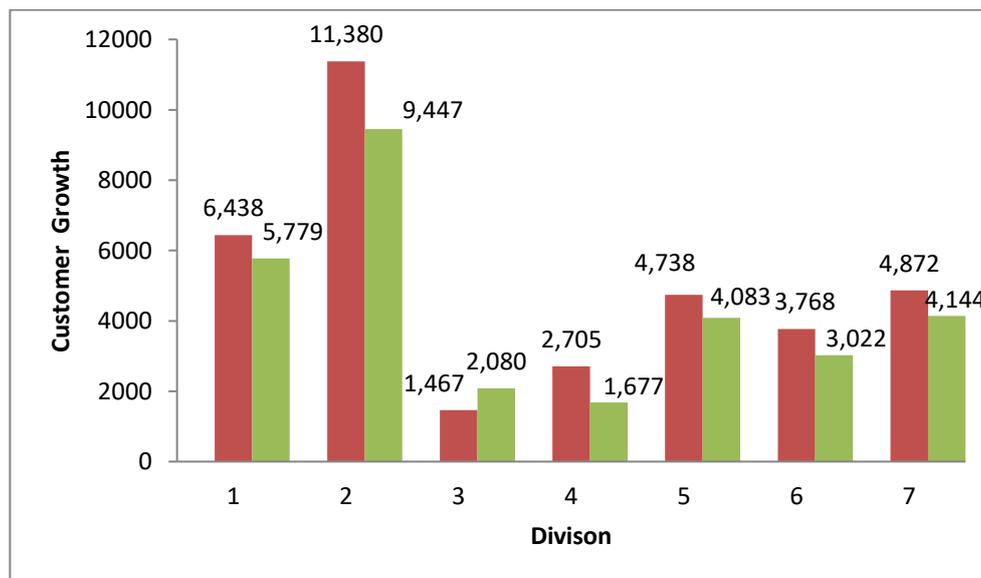


Figure 1.1. Customer Growth

Table 1.2. contains the number of Indihome customer growth. The number of new customer is increasing but the percentage of growth is mostly decreasing. As

we can see on the graph, mostly the growth are decreasing. Many factors could affect our customers growth the factors are as follows:

1. There is no money for subscription fees
2. Not satisfied with the channel package provided
3. Subscription prices are increasingly erratic even higher.
4. Faulty or problematic device.
5. The location or place of payment is too far away.
6. Disappointed with the service provided
7. Deliberately using the device.
8. Follow your neighbors or colleagues who like tracking with offset dishes.

As we can see in table 1.3 price comparison of each provider and also the number of channels offered by each provider.

Table 1.3. Price comparison of fiber optic network providers

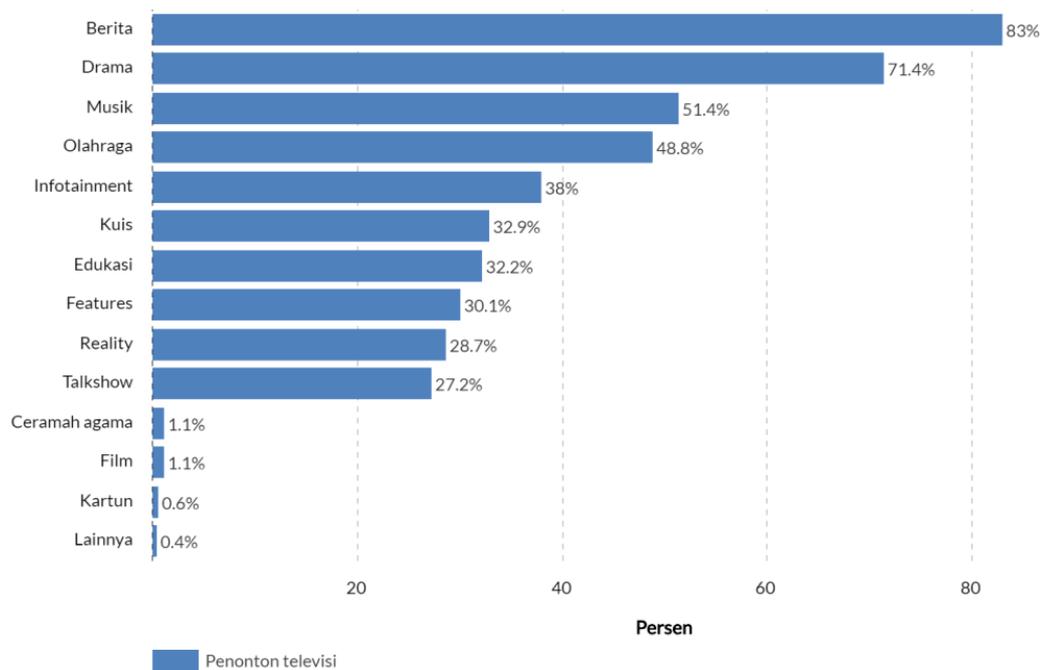
Brand	Package	Speed	Price (per Month)	Total Channels
Biznet	Combo 1	10 Mbps 25 Mbps	Rp 350.000	45channels
FirstMedia	Combo Dlite HD speed Boost	10 Mbps	Rp 504.000	104 channels (71 Channel SD, 33 Channels HD)
Indihome	Deluxe – Triple Play	10 Mbps	Rp 405.000	93 channels (84 Channels SD, 9 Channels HD)
MNC Play	Mars	10 Mbps	Rp 403.500	80 channels (70 ChannelSD 10 Channels HD)
My Republic	Fast + Star	50 Mbps	Rp 485.250	65 channels (31 channel SD, 34 channel HD)

Based on Table 1.3 above, the four home internet providers that use FTT (Fiber To The Home) technology are quite competitive in pricing and services offered. Indihome is not the cheapest one. The four providers have their own advantages and disadvantages for consumers. With the large number of pay-TV providers that exist today, business competition in these service products is also increasing in order to get the best and the best categories. TV service providers are also divided into 2 product segments, namely products with satellite network technology and fiber optic network-based service products. Paid TV service

providers compete to create marketing strategies that can affect affection, cognition, and consumer behavior (Peter, Olson 2009) for example the innovation of a product in creating the latest features that have not been widely used on paid TV competitors.

In supporting the success of competing in the pay TV business industry, market share, spur consumer buying interest or even a company's brand equity. Brand equity is added value to products and services, this value can be reflected in the way consumers think, feel and act on the brand, price, market share and profitability of the company (Kotler & Keller: 2009).

As stated in the review above PT. Telkom Indonesia has many competitors that cannot be easily defeated, as PT. Telkom Indonesia is relatively new in the pay TV industry. However, PT Telkom products dare to compete with its competitors by favoring Internet Protocol (IPTV) TV technology that has not been widely used by competitors who use satellite technology (using satellite dish). For that PT. Telkom Indonesia needs to analyze TV channels or types of entertainment watched by the Indonesian people in making decisions to add new channels to increase the volume of sales of indihome products or useTV. Below is a chart of the types of events that TV viewers liked during year of 2016:



Source Kementerian Komunikasi dan Informatika

Figure 1.1. Favorite TV shows in Indonesia

The results of a survey conducted by the Ministry of Communication and Information describing news program is the most favorite program that is watched in Indonesia with a percentage of 83%, second place is drama with 71.40% while third place is music with 51.40%.

Because news channels are the most popular channels, here is a list of news channels available on each IPTV provider

Table 1. 4. International News Channel Comparison

Biznet	MNC PLAY	My Republic	Indihome
CNN	RT English	AL Jazeera	Euro News
BBC World	NewsAsia	BBC World News	Bloomber g
NewsAsia	AL Jazeera	CNA	CNBC Asia
Bloomberg International	BBC World	Bloomberg Television	Channel News Asia
AL Jazeera	CNN International	France 24	Al Jazeera
Cnbc	Euronews	TRT World	France 24
FOX News	Fox News		
CGTN	Sky News		
DW	Australia Plus		
TVE	NHK World		
CCTV-4	DW		
KBS World	TRT World		
NHK World			
RT Russia			
France 24			
ABC Australia			
NHK Premium			
RTR Planeta			
AL Jazeera Arabic			

Based on table 1.4. Indihome is an IPTV (Internet Pay TeleVision) provider with the fewest news channels as MyRepublic with only 6 channels. To add new customers and improve service to existing customers, PT Telkom Indonesia needs to conduct a business feasibility analysis in adding new channels to meet consumer desires based on the results of a survey from the Ministry of communication and information. News is the most favorite program here is the data of News Program with the most audience

Table 1. 5. News Channel Viewers

RANK	PROGRAM	NETWORK	VIEWERS (000)
1	TUCKER CARLSON TONIGHT	FOX NEWS CHANNEL	3,360
2	HANNITY	FOX NEWS CHANNEL	3,317
3	HANNITY	FOX NEWS CHANNEL	3,309
4	HANNITY	FOX NEWS CHANNEL	3,178
5	TUCKER CARLSON TONIGHT	FOX NEWS CHANNEL	3,081
6	HANNITY	FOX NEWS CHANNEL	3,063
7	TUCKER CARLSON TONIGHT	FOX NEWS CHANNEL	3,036
8	NASCAR CUP SERIES RACE L (MICHIGAN)	NBC SPORTS NETWORK	2,897
9	INGRAHAM ANGLE, THE	FOX NEWS CHANNEL	2,648
10	RACHEL MADDOW SHOW	MSNBC	2,603

Based on table 1.5. Fox News are dominating the top chart from 1st place until 7th place. This data was taken in August 2019. The feasibility of adding a new channel is devoted to adding news channels with more diverse content and can reach all people and also because news channel is channel with the most audience, both men and women and all ages. Based on the favorite TV survey.

I.2. Problem Formulation

Based on the background of the problems described, the formulation of the problem in this study is:

1. How to analyze the feasibility study of adding new channel in terms of market aspect?
2. How to analyze the feasibility study of adding new channel in terms of financial aspect?
3. How to analyze the sensitivity of adding new channel in terms of financial aspect?

I.3. Research Purposes

Based on the formulation of the problem described, the research objectives are:

1. To know the feasibility study of adding new channel in terms of market aspect
2. To know the feasibility study of adding new channel in terms of financial aspect
3. To know the sensitivity of adding new channel

I.4. Limitation of Research

The limitations of this study are:

1. Scope is only on adding new channels in Indihome
2. Only conduct business feasibility studies for the addition of new channels

I.5. Benefits of Research

This research is expected to provide the following benefits:

1. To find out the feasibility of adding new channel
2. As an evaluation for PT Telkom in an effort to increase sales of Indihome.

I.6. Writing System

This research is described with systematics of writing as follows:

Chapter I Introduction

This chapter contain the explanation of the research bacground, problem formulation, research objective, research limitation, research benefit, and the writing systematics.

Chapter II Literature Review

This chapter contain literature review that relevant with research problem and also discuss the result of relevant previous research. Second part of the chapter discuss the connection between the concept that become the research object and the contribution of the research.

Chapter III Research Method

This chapter explain the steps of the research which are developing conceptual model, and its systematic problem solving that consist of identifying problem, data collection, data processing, and drawing conclusion and giving recommendation.

Chapter IV Data Collection and Processing

This chapter describes the collection of data covering primary data and secondary data. The data will be processed instage of data processing to produce feasibility study in order to add new channel in Indihome. At

this stage also described the use of methods feasibility study in marketing and financial analysis for Indihome product.

Chapter V Analysis

This chapter describes the feasibility study for dd new channel in Indihome. other than that also described the results of the draft

Chapter VI Conclusions and Recomendations

This chapter describes the conclusions derived from research that has been done, as well as suggestions for the company and further research.