CHAPTER I
INTRODUCTION

1.1 Research Overview
1.1.1 An Overview of PT Telkom Indonesia Tbk

PT Telekomunikasi Indonesia, Tbk. (Telkom Indonesia, or TELKOM) is a full-service provider of information, communications, and telecommunications networks in Indonesia. TELKOM claims to be the largest telecommunication company in Indonesia, with the number of 15 million fixed telephone subscribers and 50 million mobile phone subscribers. TELKOM is one of the state-owned enterprises

As for they are as follows: To become a leading info Com player in the region. Telkom attempts to position itself as leading infocom Company in Southeast Asia, Asia, and will continue throughout the Asia Pacific region.

1.1.2 Business Unit of PT Telkom Indonesia Tbk

PT TELKOM Indonesia Tbk as a leading telecommunication company in Indonesia that provides a new service with the latest technology, CDMA (Code Division Multiple Access). CDMA is the technology of voice and data access, where each user uses its own unique code to access the same frequency channel in a system. On CDMA, the information signal on transmitter decoding is distributed by 1.25 MHz band width (spread spectrum). Then on the side of the receiver, the decoding is done in order to obtain the required information signal.

Through its Division of Fixed Wireless, PT TELKOM Indonesia Tbk, will use CDMA as fixed wireless digital phones that are used as home phone (fixed phone) and mobile phone (mobile). The CDMA-based fixed wireless service is branded as "Telkom Flexi", as a limited mobile phone in the area code. This is possible because "Telkom Flexi" has a limited mobility feature. The experts agree that CDMA's sophistication is far beyond GSM which is now widely used by mobile phone operators in Indonesia. The mobile phone (hand phone) businessmen estimate that "Telkom Flexi" receives positive feedback from public considering that its charge is much below the GSM because the investment costs are very cheap. The presence of "Telkom Flexi" reliefs the future costumers that have been waiting for economical mobile phones, or mobile phones' customers who desire an alternative mobile phone.

There are sample pictures of home phone (fixed phone) and mobile phone (mobile), such as:

Figure 1.1
Flexi Home

Figure 1.2
Mobile Phone

Telkom Flexi owns a variety of products for customers. The characteristics of these products of Telkom Flexi are as follows (www.telkomflexi.com):

a. Flexi Combo

b. Flexi Data Net

c. Flexi Classy

d. Flexi Trendy

e. Flexi Millis

f. Flexi Wap

Figure 1.3
Some pictures of Telkom Flexi product

There are service programs of Telkom Flexi which are categorized as customer care, such as:

a. customer center

b. plasa telkom

c. Flexi centre

d. Info Billing

e. Coverage Area

1.1.3 The Competitors of Telkom Flexi

The code division multiple access (CDMA) technology-based telecommunication service has become an alternative for users of mobile phones, after the use of GSM (global system for mobile communication) that has already been brisk cellular market. Currently, there are 5 companies in CDMA operators shown on table below:

Table 1.1 Operators of CDMA in Indonesia

Operator and Cellular Communication Service CDMA Indonesia	
Bakrie Telecom	Esia, Wifone, Wimode, AHA
Indosat	StarOne
Telkom	Telkom Flexi
Sampoerna	Ceria
Smartfren Telecom	Smartfren

Sources: Wikipedia

According to the research result of MARS Indonesia contained in "Indonesian Consumer Profile 2008", Flexi and Esia tightly compete to be CDMA simcard, for both prepaid and postpaid, that is mostly held by mobile phone users in Jakarta and Surabaya. Then later on is followed by Fren,

StarOne, Smart, and others. For prepaid, Esia outperforms Flexi (Trendy) in Jakarta with a portion of 47.3% versus 40.8%. While Flexi Surabaya victorious in convincing enough to share 83.1%, followed by Fren of 12.4%. Flexi's triumph in Surabaya is quite reasonable considering that was where Telkom product was first launched, while Esia is not in the big 3. For postpaid, Flexi (Classy) and Esia compete in the capital city with equally share figures of 43.3% respectively. While in Surabaya, the domination of Flexi remains unbroken, with the acquisition of 88.9%. The second and third positions are placed by Fren and StarOne, both shares the same rate of 12.0% respectively. (Computer Magazine, HP, and Electronic "Hardware Magazine" published in July 2010).

In November 2010, Marketing.co.id did survey done by TNS to measure brand in the eyes of 2.000 respondents in 14 cities in pre-paid CDMA. The result in "affordable" category is Flexi, beat Esia as the second rank.

1.2 Background Research

The world rapidly changes world. In recent years, the development of the telecommunication system in Indonesia has rapidly given an impact that touches all aspects of human life. Communication is a process of interaction to connect from one party to another, which originally went on as simple as starting with a number of ideas or thoughts in a person's mind to communicate information which is then encapsulated into a message and then delivered directly or indirectly by using visually coded language, voice code, or writing code.

Means of communication that transform into landline (*fixed line),* cell phone (*mobile phone)* and the internet has grown so quickly in such a way. So that people begin to realize the increasing development of information and

communication technology has become sophisticated, and that facilitates the needs of society in terms of information and particularly the process of communications.

Therefore, PT Telekomunikasi Indonesia Tbk, which is later called as TELKOM or the Company, is the largest corporation of information and communication (Infocom) as well as the complete service providers and telecommunication network (*full service and network providers*) in Indonesia that provides new services with the latest technology, called CDMA (*code division multiple access)* which is a voice and data access technology, where each user uses its own unique code to access the same frequency channel in a system.

Through the Division of Fixed Wireless, PT. Telkom Indonesia Tbk uses CDMA as a *fixed wireless* phone which is used as a home phone (*fixed phone*) and mobile phones (*mobility*). The CDMA-based *fixed wireless* service is branded as "TELKOM", a mobile phone that is more excellence than the previous *(http://www.telkomflexi.com/corporate/index.php?page)*. Fixed Wireless Access service, Flexi, of PT. Telekomunikasi Indonesia Tbk (Telkom) has gained a Forsel Award 2011 for the category of "The Most Favourite CDMA Operator" after winning the same category in 2010. This survey process is made through kompas.com, social media like Facebook and Twitter, and through various printed media representing segmentation. Innovation and benefit offered by Flexi proven to have had a positive response from the society and at the same time to improve a positive perception for Flexi service, such as the using of @FlexiIrit (18,564 followers, on 2nd February 2013) and FlexiMania fan page (22.612 likes, on 2nd February 2013) as their channel to get closer into the market. The award received has added a number of awards and recognition from the society upon Telkom service. Previously, Telkom has also had the "Indonesian Brand

Champion Award 2011" from MarkPlus. MarkPlus Insight and Marketeers also did "Indonesia Brand Champion Award 2012" which also the part of survey "Brand Competition over Netizen Cake", involved 635 respondents through phone and internet. To determine the award winner, the team from Top Brand together with Frontier Consulting Group and Marketing Magazine did a research in 8 big cities in Indonesia, namely Bandung, Jakarta, Makassar, Medan, Semarang, Surabaya, Balikpapan and Pekanbaru.

In that research, the team gave three questions to the correspondent; top of mind awareness, last used and future intention. Top of mind method asks the first brand mentioned by respondent based on product category, last used is based on the last brand used on the category, while future intention asks the brand that the respondent wants to use in the future. And the result is followed:

Table 1.2
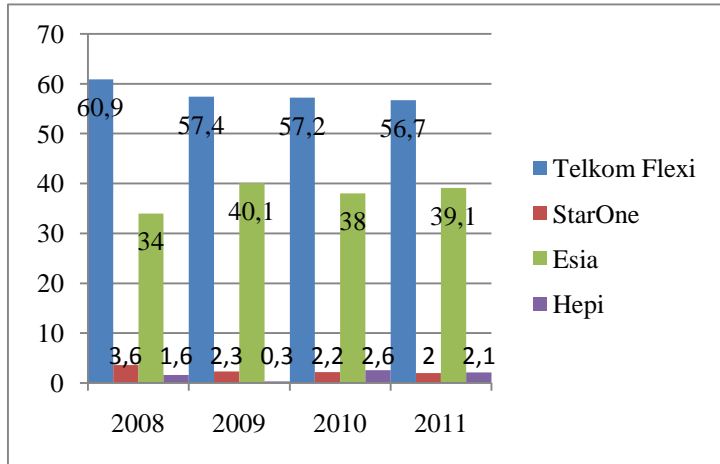
Most Popular CDMA Operator Brand 2012

Rank	Award Category	CDMA Operator
1.	Gold	Flexi
2.	Silver	Esia
3.	Bronze	SmartFren

Sources: MarkPlus Insight and Marketeers Magazine, 2012

Tight competition among CDMA Operators like tariff war and penetration occurred in CDMA operating organization in the country also a challenge to the company to be more creative and quicker to catch the needs, wants, and expectation of market. A decision to buy of a customer to buy the telecommunication product does not only because of the incentive of beneficial and functional but also the role of a brand in the mind of customer. The market lately is different from the old times. The development of technology changed the way they get more critical in choosing the brand. The

brand itself one of the factors that influence the customer base of each operator as the next table shown from:

Table 1.3

Market Share of Fixed Wireless Network in Indonesia

The table above is shown that Flexi has the biggest market share followed by Esia. The rank is same as the survey of "Most Popular CDMA Operator Brand 2012" talking CDMA in terms of popularity or brand awareness of the CDMA product in consumer mind. The well known the brand, the greater the probability of market to use the product as it is the only brand that arises in consumer mind when talking about CDMA product category. With the aim of reaching a good image, Telkom Flexi continues to develop its products and program services in order to obtain information easily and quickly. There is also a program, *sure price,* which is a program that provides special rates for all users of Telkom Flexi products, such as *Flexi Trendy, Classy Flexi, Flexi Home*, etc. Telkom Flexi has also managed

to improve clearer sound quality, faster service and lower radiation terminals that provide security for the brain, the more extensive coverage, and smoother cross-carrier SMS, high-speed data access, there are hundreds of content that can be accessed via sms , internet and wap.

Various advantages that are offered are one of the efforts made by the company in order to gain consumers or the public interest, and they decide to use and buy products of Telkom Flexi. Therefore, this brand is kept to be the only communication device for consumers. The extent to which a brand is kept in consumers' mind is known as brand awareness. Brand awareness is as one important dimension of brand equity formation. Brand awareness is an aspect that is reflected from the consumers' ability to recall specific brands and identify the brand into a particular product category. The high brand awareness of a brand will make the brand become the only one that consumer remember and use.

Many factors that affect brand awareness, one from many are social media. It is no longer broadcast or one way communication but learning to listen to the market. In this case, as quoted in Kompas on July 2011, there is relation between brand and targeted audience. Based on this, the using of social media which has two sided effect could be used by Flexi to engage and change the negative opinion of audience. Social media is a group of Internet-based applications that builds on the foundation of ideology and technology, and which enables the creation and exchange of user-generated content (Kaplan, 2010:59).

If traditional media uses printing and broadcasting, social media use the internet. A user can access social media using the internet even the network is going slow, without great expense, and with no expensive equipment, and it can be done alone without employees. So quickly people can access social media is resulted in the phenomenon of the information

flow. The speed of social media is now replacing the conventional role of the mass media in conveying information. Besides that, today it is hard to find our colleagues who do not have social media account, both elderly and for young people with cyber space literacy, social media is a necessity. It is an integral part of many people's lives, particularly in several Indonesia urban areas. We even usually find how Indonesian youth generation recently becomes fully globalizing cyber space citizens. The landscape of business world has changed. Increasingly, tight business competition encourages players to think about making creative marketing strategies to produce sustainable business (SocMed Magazine, January, 2013).

Social media becomes the largest portion of consumers that spend their time online. For the observant and astute marketers, the enormity of the development of social media can be used as a space to promote their products to consumers (SWA Magazine, 2012). SWA Magazine did research in 2010, for Indonesia "Most Popular Brand in Social Media" by grouped 33 brands and record 600 million site page in Bahasa, 8 million Twitter accounts and its communication, and 10 million Facebook account. From those groups, they do conversation mapping towards brand and personality to get the key words with the highest frequency written in internet, Twitter, Facebook, and other social media. After that, they measure how big its relevancy towards brand and its personality. And the result from that research is Esia as the winner followed by Flexi in CDMA category. Nowadays, social media that is most used are Facebook and Twitter this is related to data obtained by SWA Magazine, social media usage from several countries, including Indonesia, are listed in the following table:

Table 1.4

Country of Social Media User
Until December, 2012

Country	Social Media User (per- million people)	
	Facebook	*Twitter*
USA	155,70	107
Indonesia	43,06	19,5
Brazil	40, 03	33
Japan	37,21	29
UK	31, 84	24

Sources: SWA Magazine, Sunrise 15-28 March 2012

According to the above data, Indonesia is the second Facebook user that is placed after USA (United States of America) and Brazil, Japan, and the UK are the world's fifth-largest after USA. Supported by the research of wearesocial.sg, The Fastest Growing Countries in 2012, Indonesia ranked number 4 after Brazil, India, Japan, with the growth is about 9,714,260 active users from January 1st – December 31st. Furthermore, according to data obtained by semiocast.com, in terms of the amount of tweets, Indonesia is most talkative country in the world. Supported by Google Advertising Planner on May 2011, the average of Indonesian internet users that accessed Twitter per day is about 16 minutes and for Facebook is about 28 minutes. This is shown that time consumed to accessed social media in Indonesia is quite big. Furthermore, 30% of world trending topic was generated by Indonesian. This fact made Indonesia become the capital country in Asia for Twitter.

Based on Social Media Indonesia Infographic, 2012, the demographic of Indonesian social media users:

a. Facebook users is 49,9 million users compared to Twitter with 29,4 million users.

b. Mostly the users are male with 59% while the rest of percentage is female.

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According to the facts mentioned above, social media cannot be ignored by marketers. Social media have already started to be seen as means of marketing communication. The role of social media for marketing world is increasing noticeably. Social media is a new media of marketing communication for marketers and brand owners to strengthen and develop its brand. The existence of a broad distribution of consumers and the concept of flexible media allow consumers to form a community with a special interest, speed and character open to establishing closeness and interaction with consumers and potential consumers (SWA Magazine, 2012).

The results of a number of strong brands occupy top position in the market. According to the category of CDMA Simcard, Flexi ranks in the third position after Esia and Smartfren on the results of the survey with the theme of Indonesia Most Favourable Brands in Social Media, as shown in the following table:

Table 1.5

Most Favourable Brands in Social Media
CDMA Category

Brand	Volume	Page Rank	Social Media Brand Score	Category Attribute
Esia	34.804	5.018	10	Economical, good, satisfied and steady
Smartfren	2.374	4.795	6	
Flexi	5.558	2.782	4	
Star One	560	0.914	1	

Sources: SWA Magazine, Sunrise 15-28 March 2012

According to the above data, the volume explained about how often people talk about the brand with favourable attribute (neutral-positive sentiment) and social media brand score is the result from the aggregation between volume and page rank. Social media brand score explained how often the favourable attribute being talked in the market. This table stated that

Flexi has a not quite good ranking position compared to other operators in terms of using social media to create strong brand.

The table above compared to the research from Markplus Insight in Table 1.2 which explain the most popular CDMA operator brand measured from many aspect not only social media where Flexi ranked number one leads to the question of the influence of social media towards the brand.

So based on the tight competition in CDMA which leads in winning the brand in the mind of costumer with creative ways as the development of technology especially the using of social media changed the landscape of business, the role of social media in extent the brand awareness has been important aspect in marketing. Furthermore, the importance of social media in the existence of brand as the speed of information of a desired product through social media will quickly be able to strengthen a brand, especially for Telkom Flexi product; therefore the author has selected the title of the study: "The Effect of Twitter and Facebook toward Brand Awareness of Telkom Flexi Product".

1.3 Problem Formulation

The formulations of the issues raised in this study are:

1. How is the using of social media of Telkom Flexi?
2. How is the brand awareness of Telkom Flexi from social media users?
3. How big the effect of social media on brand awareness of Telkom Flexi product?

1.4 Research Objectives

The aim of this study is to analyze:

1. The using of social media of Telkom Flexi in terms of context, content, connectivity, continuity, collaboration, and communication

2. The brand awareness of Telkom Flexi from social media users

3. The effect of social media on brand awareness of Telkom Flexi product

1.5 Research Usability

a. This study is useful as a means of empirical evidence on theories that are gained in college, and that is as an addition to the insight and knowledge of social media and brand awareness

b. The results of this research can be used as an input or information regarding social media and brand awareness as well as to formulate the appropriate marketing of the products offered by the Telkom Flexi Company.

1.6 Thesis Writing Systematic

The writing systematic is made to facilitate the reader in understanding this study, so the researchers divide it into several chapters. The writing systematic of this study is:

CHAPTER I: INTRODUCTION

This chapter provides an overview of the research object, background issues, formulation of the problem, research objectives, study usability, and writing systematic.

CHAPTER II: LITERATURE REVIEW AND SCOPE OF RESEARCH

This chapter contains a description of the research literature, related theories of research that support the solution of the problem, a frame of mind, and the scope of the study.

CHAPTER III: RESEARCH METHODOLOGY

This chapter contains the type of research that is used, the operation of variables and measurement scales, phases of the study, population

and sample, data collection, validity and reliability, and data analysis techniques.

CHAPTER IV: RESULTS AND DISCUSSION

This chapter will explain the discussions and analyzes carried out in detail so that it will provide a clear picture of the problems occurred and the alternative solutions to problems encountered.

CHAPTER V: CONCLUSIONS AND RECOMMENDATIONS

This chapter contains the conclusions of the analysis and discussion in the previous chapter and suggestions that can be utilized by the company.