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FORTUNE PR

## CREATING A BLUE OCEAN STRATEGY IN THE INDONESIAN PR MARKET

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Zuyd University of Applied Sciences, Faculty People and Business  
Management | Ron Claessens



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## Preface

This thesis is the final project of five years of studying at the faculty People and Business Management at Hogeschool Zuyd. The research about the Blue Ocean Strategy came into existence during my final placement at communications consultancy Fortune PR in Jakarta, the capital of Indonesia.

At first I would like to thank Fortune PR's communications manager Oscar Prajnaphalla for his mentorship during the internship. I am also grateful for the guidance by Frits Coenen and Anne Marie Sommer from Hogeschool Zuyd. Last but not least I praise the help from the management and staff members at Fortune PR that helped me collecting the specific research for my thesis. I will remember my internship in Jakarta as a great experience to develop myself as a young business professional.

Ron Claessens – Maastricht, April 18 2013

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## Management Summary

Fortune PR, one of Indonesia's leading communications consultancies based in Jakarta, saw a decrease of their turnover of 36% over the year 2010. The organization felt the need to restructure and explore new markets. It was necessary to discover new methods to create an innovative strategy, that should eliminate competitors and raise customer value against lower costs.

The management had the following research question:

*"How can we create and implement an innovative strategy for our business activities against lower costs, that adds value for customers and opens new markets, while improving our position against our competitors?"*

The main solution through a management perspective was the Blue Ocean Strategy theory, written and invented by W. Chan Kim and Renée Mauborgne. Main goal was to investigate, create and implement the strategy for Fortune PR.

While using this Blue Ocean theory as guideline, extensive desk and field research has been done. The author used several sources like various management theories, annual reports, a client survey, interviews with the staff, competitor analysis, governmental sources and online research.

When the correct information and data was gathered, the input has been analyzed and implemented in the Blue Ocean Strategy tools like the Strategy Canvas, the ERRC Grid, and the four actions framework.

The outcome of the implemented research was interesting and showed that Fortune PR has to change their scope from a generalist pr company to a specialist pr multinational with local strength. This is a major challenge for the board, since they have to restructure the business units and investment in staff is crucial. To abstract, a Blue Ocean strategy has not been found. But by implementing the next recommendations, an important step towards a successful future will be done.

- The implementation of marketing solutions by the associated teams is reviewed as insufficient. The quality of proposals and bidding procedure are good, but once the content in the proposal has to be executed, the quality decreases. Hence, investment in staff is crucial. Employees should follow workshops, seminars and specific training to gain more specialization in their line of business. Another option is to hire new professionals and sack inefficient and incompetent employees.
- The Internal communication should be optimized, because the lower staff miss autonomy and freedom in their work. They should be more informed in the early process of a project, by making use of an integrated management system. The team leaders should make them enthusiastic and give them more autonomy to make full use of their creative skills.
- Quality of strategic planning should be raised, since it is the key success factor. Fortune PR should maintain investment and development in the creation of special marketing solutions.
- The expertise of the account management is considered high quality, but some of the staff members miss the sense for the industry. Fortune PR can handle this problem by refusing clients in industries they are not specialized in.



# Chapter 1: Introduction

## 1.1 Problem Definition

Organizations that sell products or services need to discover the right target market and approach them via the right channels to generate a maximum of profit. Thus, it is essential to have a bright insight of their target market, the competitors and their target segments. This involves investment in research, extra staff, training and advertising channels. A lot of organizations simply do not have the sources or the time to invest in certain tools, hence there is a lack of expertise in their communications. Especially firms that operate on an international level struggle with these issues, because it obviously requires time and capital to get familiar with the local customer market and culture.

Given that the promotion of an organization's product or service is one of the most essential elements of business activities, firms can hire the services of a pr-agency. A pr-firm is an organization of PR professionals who work for organizations as consultant.<sup>1</sup>

The following issues can be a reason for companies to appoint a communications consultant:

- Management has not previously conducted a formal public relations program and lack of experience in organizing one.
- The firm has a wide range of up-to-date contacts.
- An outside firm can provide the services of experienced executives and creative specialists who would be unwilling to move to other cities or whose salaries a single organization could not afford.
- An organization with its own public relations department may need highly specialized services that it cannot afford or does not need on a full-time, continuously basis.
- Crucial policy matters require the independent judgment of an outsider.<sup>2</sup>

In Indonesia, the year 1972 was the beginning of professionalism in public relations. Public relations practitioners not employed by the government, nor engaged in any corporation, established an association of public relations companies called Asosiasi Perusahaan Public Relations Indonesia /APPRI in 1987.<sup>3</sup>

The public relations industry is a dynamic industry, in Indonesia, and on a global scale. Technologies to reach out to customers are appearing and changing in a fast pace and clients prefer a continuous growing amount of services from the communications consultancies, of course against low costs. Due to the internet, particularly digital (websites) and social media, the landscape of public relations has expanded drastically offering agencies new growth horizons. After all, this means there is a large amount of players inside the industry, which results in a extensive range of alternatives for a customer when they are looking for a solution to build their image. This leads to a high level of competition inside the pr branch, rivalry which is becoming more and more aggressive. For every product that firms offer, whether it are media relations, advertising or corporate communications, agencies battle with different competitors.

To be competitive in all market domains, maintain and increase the market share and be a pioneer at the same time, turns out to be a complicated task for organizations.

These issues led to the fact that Fortune PR, one of the premium communications consultancies in Indonesia, saw a decrease of their turnover of 36% over the year 2010.

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<sup>1</sup> Grunig, James E. & Hunt, Todd (1984) *Managing Public Relations*. Indonesia

<sup>2</sup> Cutlip, Scott M., Center, Allen H., Broom, Glen M. (2006). *Effective Public Relations 9<sup>th</sup> Edition* (pp 75). Pearson Education Inc., NJ

<sup>3</sup> Ananto, Elizabeth G. (2004) *Public relations in Asia*



Fortune PR's competitors in the Indonesian PR industry are multinationals like Ogilvy, Maverick, Indopacific Edelman and Burson Marsteller.<sup>4</sup> These communications multinationals have a widespread expertise in various services in several industries and an extensive amount of experienced staff in their global departments. That is the reason why Fortune PR joined the Worldcom Group, a partnership of global public relations firms.<sup>5</sup> But still, when it comes to international business, the previously mentioned multinationals have a more prominent image compared to Fortune PR.

However, it is a positive fact that the agency has a premium brand image in Indonesia and a high-quality knowledge of the Indonesian culture, PR market, client behavior and local issuing of rules, which can be seen as their unique selling point.

Despite that, Fortune PR feels the need to restructure and explore new markets. They are currently discovering methods to create an innovative strategy, that should eliminate competitors and raise customer value against lower costs.

## 1.2 Management problem

The management has the following research question:

*"How can we create and implement an innovative strategy for our business activities against lower costs, that adds value for customers and opens new markets, while improving our position against our competitors?"*

The management provides the following solution:

They want to do research about the Blue Ocean Strategy theory, written and invented by W. Chan Kim and Renée Mauborgne, and try and create and implement the strategy for Fortune PR.

## 1.3 Research Methods

### *Problem and goals*

Information and data are required to find a suitable solution for the problem definition. The problem definition will be divided into six sub-questions. At first, desk research has to be done to validate the research. Appropriate theories regarding public relations and competitors strategies have to be studied. Besides that, the Blue Ocean Strategy will be used as a manual for the research.

Desk research
1. Which information does the literature give about pr, competitor strategies and the Blue Ocean Strategy?
2. What is the current structure and internal situation at Fortune PR?
3. How is the current situation of the Indonesian economy and PR Industry?
Field research
4. What are the strengths and weaknesses of the competitors?
5. What do the staff and clients think of Fortune PR's service?
6. How to create the blue ocean strategy for Fortune PR? (Recommendations)

Figure 1 - Desk and Field Research

<sup>4</sup> Interview with Mrs. Indira Abidin, Managing Director Fortune PR. Consultation date: 6 December 2011

<sup>5</sup> <http://www.worldcomgroup.com/about-worldcom/> Consultation date: 8 December 2011

Data gathering is essential to answer the sub questions. For the theoretical support of the research and the creation of a blue ocean strategy, a diverse range of data has to be collected, studied and implemented. These facts will involve:

- The market share and positioning of the competitors
- The vision of clients on the company's service
- The factors that clients consider important when choosing an agency
- The reason why clients left Fortune PR.
- The reason why clients are reluctant to work with Fortune PR
- The opinion of management staff on their team and services

#### *Research sources*

The field research will provide qualitative facts and therefore primary sources will be used. The relevant management staff will be interviewed, including the CEO and Managing Director of Fortune PR. Main sources will be:

- Dr. Indra Abidin: Chairman of the board of directors of Fortune Indonesia
- Indra Abidin: Managing director
- Oscar Prajnaphalla: Marketing Communications Manager and internship mentor
- Ayu Meganingrum: Strategic Planner
- Thomas Franky: Strategic Planner
- Staff members

Regarding the desk research, the following sources will be used:

- Literature (books and papers with theoretical background)
  - Blue Ocean Strategy
  - Five forces model of Michael porter (Meso analysis)
  - Competitive strategy of Michael Porter
  - International entrepreneurship strategies
  - DESTEP analysis of Indonesian economy (Macro analysis)
  - SWOT Analysis (Micro analysis)
  - Benchmarking theory
  - Internet
  - Relevant scientific information
- Fortune PR internal information (Micro Analysis)
  - Annual report, internal documents and templates
  - Fortune PR's Competitor analysis
  - Fortune PR's Client survey

The competitor analysis will involve five local and five global competitors, to be provided via desk research and a competitor analysis executed by the management in 2010. The client survey is implemented in 2010 as well and will be critical information since clients' insight is one of the cornerstones of the Blue Ocean Strategy.



## Chapter 2: Blue Ocean Strategy – Analysis on Fortune PR

### 2.1. Fortune PR Company profile

It is significant to get a bright insight of the company first. Part 2.1 will contain info about the history of Fortune PR, their mission and vision, core business, clients, company structure and financial situation.

Paragraph 2.2 will provide relevant information about the macro-environment of the firm. A DESTEP analysis will be used to create an enlarged vision on the Indonesian demography, economy, social cultural facts, technological situation, ecological details and political state.

For the meso-environmental analysis in section 2.3, the Indonesian pr industry, the Five-Forces Analysis of Michael Porter will be applied.

The main subject of paragraph 2.4 is the competitor analysis, based on the interviews with the chairman and management. The competitors will be divided into premium, medium and small brands. Thorough research templates about the competitors can be found in appendix 2.

A SWOT analysis completes the research on Fortune PR in paragraph 2.5 and extends chapter 2 with a micro analysis based on a clients survey and interviews with the management.

#### 2.1.1 Fortune PR: Member of the Fortune Indonesia Group of Companies

Fortune PR PT Fortune Pramana Rancang is a leading strategic communications consulting firm in Indonesia. The PR firm was one of the pioneers in public relations in Indonesia in the 80's and their main service is to build and promote the image of local Indonesian and international brands and corporations.

Fortune PR is part of the Fortune Indonesia Group of Companies, led by PT Fortune Indonesia Tbk, the only communications consultancy listed in Indonesia Stock Exchange. They are partners with the Worldcom Communications Group, which operate in 91 cities on 6 continents.<sup>6</sup>

#### 2.1.2 Mission and vision

##### *Mission*

"To improve quality of life and bring value through impactful communications."<sup>7</sup>

- Quality of Life: All PR activities are directed to build quality of life for all related parties.
- Added Value: Providing strategic PR services is very important in adding the value of our work for our clients, creating a significant difference in the industry.

<sup>6</sup> <http://www.worldcomgroup.com> Consultation date: 8 November 2011

<sup>7</sup> <http://www.fortunepr.com/about-us/philosophy-of-fortune-pramana-rancang-public-relations-in-indonesia.html> Consultation date: 8 November 2011

- Impactful Communications: The impact shall be measured by the 'outcome' and not 'output' alone.

### Vision

“To be the guiding light in the development of a reputable nation”.

- In order to reach the goal, Fortune PR has reputable professionals to help professionals in running business and build its reputation; reputable corporation to help corporation in building sustainable business;
- Reputable industrial community to help industry in taking part of development of the nation, and we pursue reputable nation to help government in managing intellectual resources.

### 2.1.3 Core business

Reaching different audiences requires different strategies, and Fortune PR offers a variety of services to build a company's image. For instance, they can reach a clients target market via the following tools:

- Events, conventions and exhibitions: Make people familiar with the brand
- Advertising: Make the audience recognize the brand, continuously
- Digital and Social Media: Let people talk and discuss about a company
- PR: Build up a reputation via news, press releases and publicity key opinion formers

Fortune begins every project starting from a basic core idea, arrived at through careful observation and analysis of facts and conditions.

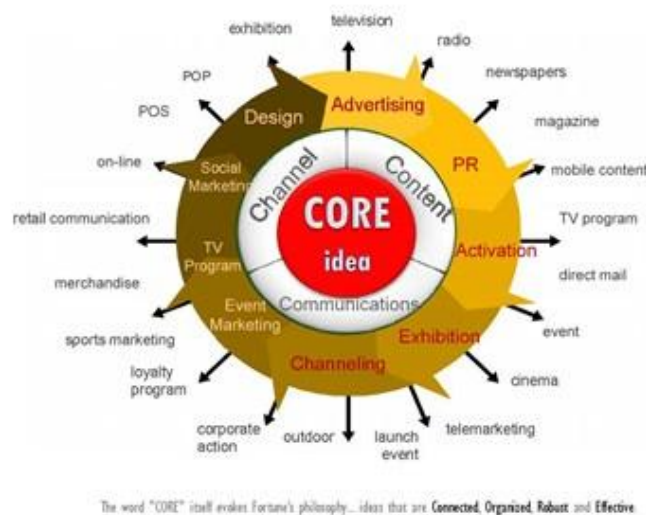


Figure 2: Work Flow Process

Figure 2 shows that there is a wide range of services that Fortune PR offers to their clients. In addition to Figure 2, the list below is a less abstract summary of the communications services.<sup>8</sup>

- Media relations: press conferences, press releases, media workshops
- Corporate communications: building and creation of a mission, vision, values and all other subjects concerning a corporate image
- Crisis communications: crisis management manuals, crisis workshops
- CSR communications: programs for corporate social responsibilities
- Financial communications: all communication and advice concerning investor and financial media audiences
- Litigation communications: communication process during clients legal disputes

Furthermore, Fortune PR serves her clients with communication affecting integrated marketing, public affairs, social marketing and media, digital communication, training and workshops.

#### 2.1.4 Clients

Fortune PR serves major clients across several industries:

- *Aircraft and airlines: Boeing, Garuda Indonesia*
- *Consumer products: Frisian Flag, Nestle, Marlboro and Tupperware*
- *IT and electronics: Microsoft, Compaq, Pioneer*
- *Food and beverage: McDonalds, Hotel Indonesia International*
- *Telecommunications: Motorola, France Telecom, Samsung*
- *Banking: Fortis investments, Bank BNI*
- *Automobile: BMW, Mercedes Benz, Subaru*

#### 2.1.5 History

To get a clear view on the history and growth of Fortune PR, it is inevitable to attach importance to the history and development of the Indonesian economy. After a period of political instability in the mid 1960's, under the regime of president Sukarno, the political landscape changed. President Sukarno's downfall led to development of the Indonesian economy.<sup>9</sup>

A group of economists called "the Berkeley Mafia" came with severe measures against the dire economical situation, mainly focused on reduction of government expenses. The measures brought inflation down, rescheduled the foreign debt and stabilized the currency. Most important result was the attraction of foreign investment. In the late 1980's, after further changes to the political and economical structure, the Indonesian economy grew by an average of over 7%, till the Asian financial crisis in 1997.<sup>10</sup>

<sup>8</sup> Interview with Mr. Oscar Prajnaphalla, Marketing / Communications manager Fortune PR..Date 16 November 2011

<sup>9</sup> [http://www.atimes.com/atimes/Southeast\\_Asia/JA28Ae02.html](http://www.atimes.com/atimes/Southeast_Asia/JA28Ae02.html) Consultation date: 10 December 2011

<sup>10</sup> Schwarz, A. (1994). *A nation in Waiting: Indonesia in the 1990's*. P. 52 - 57

The increase of foreign investment in the 1980's was the reason for Adwitiya Alembana, nowadays Fortune Adwicipta (the design department), to make maximum profit of the new opportunities. Under the leadership of Miranty Abidin, Adwitiya Alembana established corporate communications, which lead to a new division in 1986: PT Fortune Pramana Rancang (PR). Untill now, Ms. Abidin is the President Director of Fortune PR.

Fortune PR has been one of the pioneers in strategic communications in Indonesia. Their provided services for various clients from several industries makes them one of the most experienced PR agencies in Indonesia. Their success has been rewarded with awards from marketing communications media and institutions:

- 2007: Best PR Agency (Cakram Magazine)
- 2008: Most creative professional (BPKM: Indonesian Investment Coordinating Board)
- 2009: Best PR Agency (Mix, Online communications magazine)
- 2010: Best PR Agency and best PR program, (Mix, Online communications magazine)
- 2011: Best PR Agency (Mix, Online communications magazine)
- 2011: Finalist South East Asian Consultancy of the year (Holmes Report)
- 2012: South East Asian Consultancy of the year (Holmes Report)

## 2.1.6 Company structure

### *Fortune Indonesia*

As mentioned before, Fortune PR is part of the Fortune Indonesia Group. The Fortune Indonesia Group consists of seven departments with different operations, as shown in figure 1 on the next page.

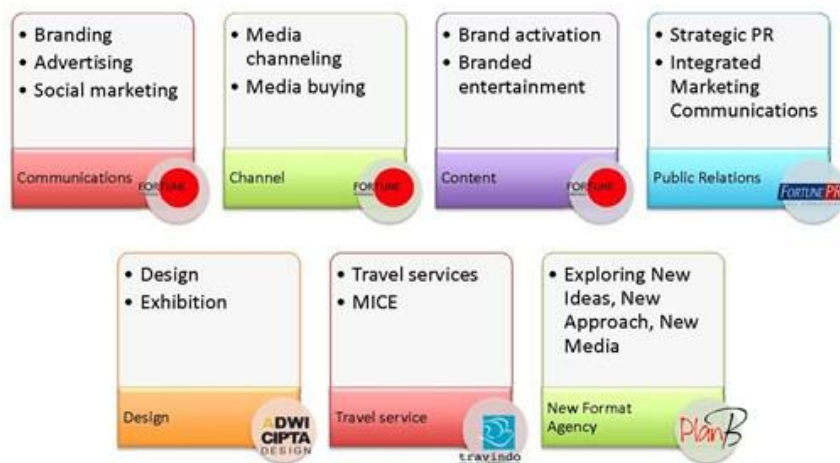


Figure 3 - Structure Fortune Indonesia Group



### Fortune PR

As exposed in figure 3, the client services part of Fortune PR, lead by Miss Fardila Astari, exists of six different brands. Each brand has his own specialized scope of business inside the communications industry.

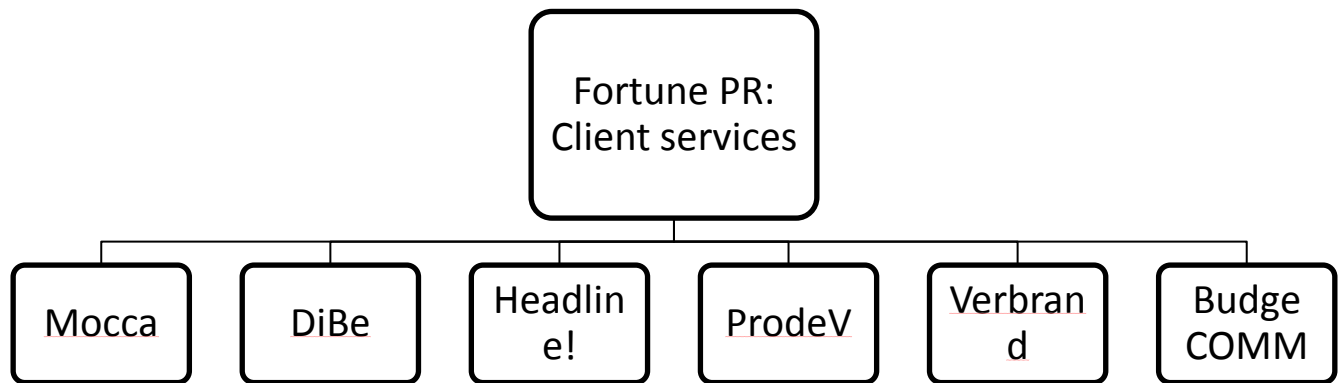


Figure 4 - Structure Fortune PR

- *Mocca (Brand Team Leader – Tanya Tresnasari)*  
Integrated marketing communications, advertising, brand activation, event management, exhibition support, and communication material design & production.
- *DiBe (Brand Team Leader – Edwin Irvanus)*  
Digital communications, social media activation and mobile activation.
- *Headline! (Brand Team Leader – Edwin Irvanus)*  
Media relations, corporate communications, crisis communications, financial PR, litigation PR, public affair, media monitoring & analysis and PR training.
- *Prodev (Brand Team Leader – Inai Rachmasari)*  
CSR communications, social marketing and community relations.
- *Verbrand (Eddric Leo)*  
Marketing research and brand strategy.
- *BudgeCOMM (Brand Team Leader - Myrna Soeryo)*  
All-Service fighting brand, conflicting clients and budget clients.

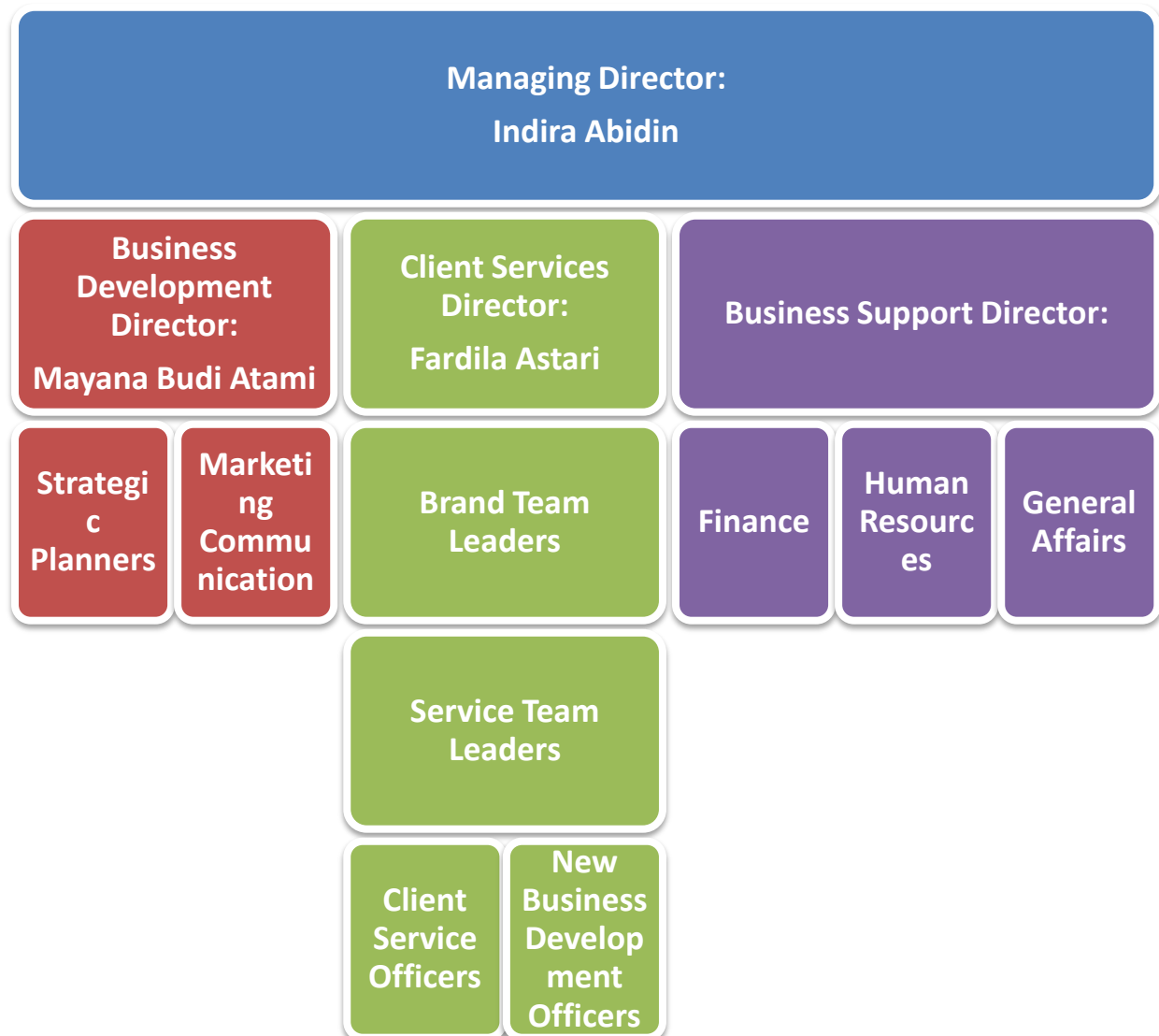


Figure 5 - Fortune PR Organigram

### 2.1.7 Financial situation

The Fortune Indonesia Group is listed in the Indonesia Stock Exchange (IDX) and contains four daughter companies: Adwicipta (Design and print), Travindo (Travel agency), Fortune PR (Public Relations), Pelita Alembana (New Format Agency, Exhibitions and advertising). The financial highlights published in the annual report over 2010 are as follows: <sup>11</sup>

Revenue 2010 Fortune Indonesia Group:	Eur 41.000.000
Gross profit 2010 Fortune Indonesia Group:	Eur 5.245.000
Operating profit 2010 Fortune Indonesia Group:	Eur 1.040.113
Net Income 2010 Fortune Indonesia Group:	Eur 824,195

<sup>11</sup> Fortune Indonesia Group, 2010. *Annual Report 2010*, P. 8 Consultation date: 3 January 2012

Compared to 2009, the group achieved a revenue growth of 19.85% and a gross profit growth of 13.37%. The return on equity (ROE) was 9.19% and the return on assets (ROA) was 3,5%. Nevertheless, the public relations part, Fortune PR, had a decrease in revenue of 36%, while the company focused on rejuvenating its image.

## 2.2 Macro – Environmental Analysis of Indonesia

For the macro-environmental information of Indonesia, the DESTEP – analysis will be used. More information about the theoretical background of this analysis can be found in Appendix 1.

### *Demographic facts*

The Republic of Indonesia has over 245 million inhabitants in July 2011, living in 33 provinces, with a population growth rate of 1.07%.<sup>12</sup> There is a diverse range of ethnic groups, around 40% of the people are Javanese and 15% are Sundanese. 30% are unspecified and the remaining inhabitants come from smaller ethnic groups like Madurese, Betawi and Bugis.<sup>13</sup> The sex ratio is 100, which means the amount of men and women is equal. The median age is 28,1, 66% of the population is between 15 and 65 years old. The most common religion is Islamic, over 86% of the inhabitants are Muslims. Other religions are Christianity (8,7%), Hinduism (3%) and Buddhism (1,8%).

Around 85% of the Indonesian population between the ages of 25 and 40 are married. In 2010, 18% of the inhabitants was illiterate. 44% of the population live in an urbanized area, the remaining people live in the rural areas.

### *Economical facts*

The tendency of the Indonesian market based economy shows the following facts: In 2010, the Gross Domestic Product of Indonesia, the purchase power parity for 2011 is estimated on US \$1.121 trillion.<sup>14</sup> The GDP Per Capita (PPP) for 2011 was estimated on US \$4,700. The economic growth of Indonesia in 2010 was 6,1% and the mean wages were \$2.32 per man-hour in 2009. The unemployment rate in August 2011 was 6.6%. The GDP by Sector is 13.5% for agriculture, 45,6% in industry 45.6% and 40.8% in services.<sup>15</sup>

“Regarding prices, Bank Indonesia with the support of the Government will target the inflation on inside the range of 5%±1% for 2011 and 4.5%±1% for 2012. The investment growth will also be bolstered by foreign direct investment (FDI) that will make up a larger share of capital inflows.”<sup>16</sup>

The percentage of the population living below the poverty line was still high in 2010, it was 13,3%.

### *Social / Cultural facts*

Bahasa Indonesia (the national language, a form of Malay) has spread throughout the archipelago and has become the language of most written communication, education, government, business, and media. Local languages are still important in many areas, however English is the most widely spoken foreign language. Education is compulsory for children through grade 9. In primary school, more than 94% of eligible children are enrolled

<sup>12</sup> [http://dds.bps.go.id/eng/aboutus.php?id\\_subyek=12&tabel=1&fl=1](http://dds.bps.go.id/eng/aboutus.php?id_subyek=12&tabel=1&fl=1) Badan Pusat Statistik: Central Agency of Statistics Indonesia. Consultation date: 6 February 2012

<sup>13</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html> CIA World Factbook. Consultation date: 6 February 2012

<sup>14</sup> Bank of Indonesia. 2010 Economic report on Indonesia, Consultation date: 12 February 2012

<sup>15</sup> Congressional Research Service, January 2011. Indonesia: Domestic Politics, Strategic Dynamics, and U.S. Interests Congressional Research. Consultation date: 20 February 2012

<sup>16</sup> Darmin Nasution, Governor of Bank Indonesia. 2010 Economic report on Indonesia, P. XVII. Consultation Date: 2 March 2012

whereas 57% of eligible children are enrolled in secondary school. Indonesia has the fourth largest education system in the world, with more than 260,000 schools, 3,000 universities, 51 million students, and 3.4 million teachers.<sup>17</sup>

20% Of the Indonesians above ten years old played sports in 2010. The most popular sport is football. In 2009, 23,5 % of the population (more than 10 years old) listened to the radio, while over 90% of this group watched television. Reading newspapers was less popular, only 19% of the inhabitants read newspapers or magazines.

When not in the office, Indonesians prefer to go to shopping malls and restaurants for leisure activities. Entertainment offered by cinemas and clubs, photography, dining, sports and hanging out with family and friends are the favorite hangout activities.<sup>18</sup>

### *Technological facts*

With 37.96 million in 2010, Indonesia is globally ranked on the 7th place when it comes to main land telephone lines. Around 237 million mobile phones circulate through the country, about 107 million of them have access to internet. 45 Million Indonesians use a laptop or pc to go online. There are about 40 million people who watch TV at home.<sup>19</sup>

TV offers a mixture of about 12 national television networks, 2 public broadcasters, the remainder private broadcasters. There are more than 100 local TV stations operating a widespread use of satellite and cable TV systems.

A public radio broadcaster operates 6 national networks as well as regional and local stations. Overall, more than 700 radio stations operate with more than 650 privately-operated in 2008.<sup>20</sup>

Blackberry is the most popular mobile phone in Indonesia, and the users use its Internet connection for social media like Facebook and Twitter, chatting, web browsing and entertainment.<sup>21</sup>

### *Ecological Facts*

Indonesia is an archipelago located in Southeastern Asia, between the Indian Ocean and the Pacific Ocean. It is the world's fifteenth largest country with 1,904,569 square kilometers. The climate is tropical, hot and humid but more moderate in highlands. From November till March it is rain season, with daily possible tropical showers. From June to October it is dry season. The average temperature in coastal areas is ca. 28 degrees.

The surface exists of mostly coastal lowlands, the larger islands have interior mountains.<sup>22</sup> 67,220 Square kilometers of the land was irrigated in 2008.

The natural resources are petroleum, tin, natural gas, nickel, timber, bauxite, copper, fertile soils, coal, gold and silver.

Current environmental issues are deforestation, water pollution from industrial wastes, sewage, air pollution in urban areas and smoke and haze from forest fires. Volcanism is also a thread, since Indonesia has the most volcanoes of any country in the world and 76 of them are still active.

<sup>17</sup> <http://www.state.gov/r/pa/ei/bgn/2748.htm> US Department of State. Consultation date: 3 March 2012

<sup>18</sup> Interview with Mr. Oscar Prajnaphalla, Marketing / Communications manager Fortune PR. Consultation date: 17 February 2012

<sup>19</sup> Frost and Sullivan ICT Consulting practice Asia – Pacific, (January 2011) “*Mobile Monday: The Indonesian Telecommunication Industry*”. Consultation date: 12 March 2012

<sup>20</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html> CIA World Factbook. Consultation date: 16 March 2012

<sup>21</sup> Interview with Mr. Oscar Prajnaphalla, Marketing / Communications manager Fortune PR. Consultation date: 17 February 2012

<sup>22</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html> CIA World Factbook. Consultation date: 16 March 2012

Regarding environment care, Indonesia is part of various international agreements, such as: Biodiversity, Climate Change, Climate Change-Kyoto Protocol, Desertification, Endangered Species, Hazardous Wastes, Law of the Sea, Ozone Layer Protection, Ship Pollution, Tropical Timber 83, Tropical Timber 94, Wetlands.

### ***Political / Legal facts***

Indonesia is a republic with thirty provinces, two special regions and one special capital city district. A civil law system is in existence which is based on the Roman-Dutch model and influenced by customary law. Chief of state and head of the government is President Susilo Bambang Yudhoyono, since 20 October 2004. The Vice President is Boediono, since 20 October 2009.

The Cabinet is appointed by the president, and the president and vice president are elected for five-year terms, eligible for a second term, by direct vote of the citizens. The next elections to be held are in 2014. The Judicial-Supreme Court is the final court of appeal. The Constitutional Court has power of judicial review.<sup>23</sup>

"It now appears to some analysts that religion and civil-military issues are not as salient as they once were in Indonesian politics. Although political stability is enhanced by the decline of divisive issues in the political milieu, the apparent move toward personality politics may not be stabilizing in the long run".<sup>24</sup>

Structural reforms are needed in the electricity industry, harbours, airports, land and labour. New institutions are needed to take advantage of political democracy, broad regional autonomy, greater use of the market mechanism and greater integration of the national economy into global markets.<sup>25</sup>

There is a high level of corruption inside the Indonesian government.<sup>26</sup> Bribing is considered an easy way to do business. In 2009, the government launched a campaign to reduce the corruption, but it is still a big issue.<sup>27</sup>

A master plan was launched in 2011 by President Susilo Bambang Yudhoyono, to increase infrastructure and investment spending. With this plan, the government wants to be able to provide a roadmap for Indonesia, to increase the level of innovation and move up the value chain. US \$458,5 Billion is outlined in potential infrastructure projects in various sectors. Improvements should be new roads, investment in mining, healthcare, expansion of broadband internet and many more.<sup>28</sup>

## **2.3 Meso – Environmental analysis local PR Branch**

For the meso-environmental analysis, the Indonesian pr industry, the Five-Forces Analysis of Michael Porter will be used. More information on the theoretical background of this analysis can be found in appendix 1.

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<sup>23</sup> <http://www.state.gov/r/pa/ei/bgn/2748.htm> US Department of State. Consultation date: 29 April 2012

<sup>24</sup> Congressional Research Service, January 2011. *Indonesia: Domestic Politics, Strategic Dynamics, and U.S. Interests Congressional Research*. Consultation date: 29 April 2012

<sup>25</sup> Nasution, Anwar, Professor of Economics University of Indonesia (2 January 2012): 'Title "Promoting higher economics growth amid crisis"'. *The Jakarta Post*. Consultation date: 9 May 2012

<sup>26</sup> J. Vernon Henderson, Ari Kuncoro National Bureau of Economic Research (August 2004) *Corruption in Indonesia*. Consultation date: 9 May 2012

<sup>27</sup> Gelling, Peter. (6 November 2009) Indonesia: Corruption Junction. *Global Post*. Consultation date: 15 May 2012

<sup>28</sup> <http://www.state.gov/r/pa/ei/bgn/2748.htm> US Department of State. Consultation date: 15 May 2012

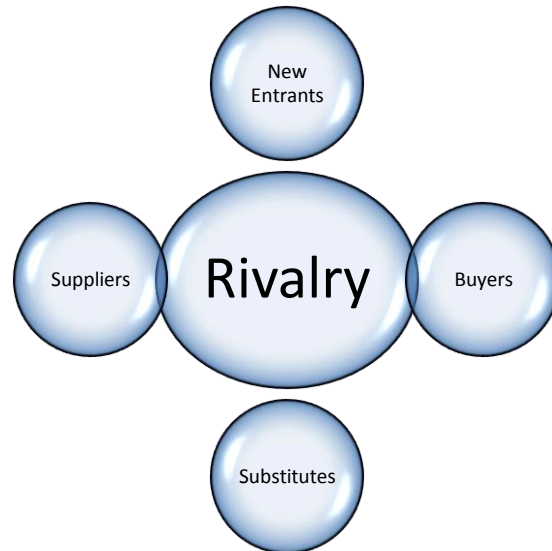


Figure 6 - Five Forces Analysis Michael Porter

### Suppliers

The amount of providers is high, so the power of suppliers is small in the PR industry. The agencies have a wide range of suppliers to choose from for their internal services, like the office tools, the (web) design program, accountancy system and the IT-system. For advertising, Fortune PR bought a system from an Australian company in the 80's and the IT-specialist developed it into a tailor made system. The same counts for the accountancy system. The redeveloped systems used in the firm are unique tools that only fit Fortune PR's daily business activities and thus the power of suppliers is not that high. Once the preferred tools are bought, Fortune PR redesigns and updates them into custom made versions.

### New entrants

The entry barriers for new competitors are high. Existing firms have economies of scale. For example, Fortune PR is in the communications branch for over 30 years and built a reputable image, current and previous contracts with major clients, bonding with journalists and media, a staff number with over a 100 employees, tailor made internal systems, several business units and an integrated communications service. Therefore, it will be a big hassle for new entrants to achieve a similar reputation. Besides the time it will take to build up a reputable image, a large amount of capital is required to conquer market space and compete with the big players in the Indonesian communications branch.

Although it is difficult for new competitors to offer integrated communications there are still possibilities to enter the market. For example, the new firms could focus on a specific part of communications, like media monitoring or social media campaigns. These pr-services are relatively innovative and don't require a lot of back-office services for entrepreneurs who want to start a business inside the pr-market.

### Buyers

Buyers have a lot of power. There are various companies with several services to choose from when they want to build their image. For every discipline inside the communications area, different firms can be used. Media monitoring, advertising, corporate branding, design:



a number of pr agencies provide these services, which is the reason that the communications market is considered a strong competitive market. Clients have the possibility to choose for different pricing levels and diverse constructions. The agencies can work with retainer fees for long lasting projects, or ad hoc payment per event. The clients decide whether they want retainer fees or ad hoc payment. The buyers could also choose to do their communications in-house or rent a marketing consultant. Besides that, they can use social media to promote their products, which is a relatively cheap and convenient alternative to pr-consultants.

### **Substitutes:**

Substitutes are available in the pr-market. Companies can choose a few alternatives for their communications. Firstly, they have the possibility to use their in-house marketing department, or one dedicated in-house marketing / communications manager. This is an advantage because the responsible person or team will have a clear insight on the company's services and culture. Disadvantages are the staff costs and training and education program of the staff and the fact that companies try to work more cost efficient with a smaller team.<sup>29</sup>

Secondly, firms could use digital solutions to promote their products or services, like their company website and social media. In addition to that, they can use journalists. In pr it is essential to have a strong bonding with journalists. Strong relationships with powerful media contacts can deliver a lot of benefits. Entrepreneurs can find articles about their products or services in the right media because of the good relations. It is a disadvantage that journalists deliver news coverage because they are not trained as pr professionals. This can lead to different promotion messages to customers than organizations had in mind beforehand.

Fourth option is to hire a freelance pr person instead of a company. But this can be inconvenient since a freelancer has no background company to rely on, no institution to update himself with the latest trends and communications training.

Companies can also make a barter agreement with a communications consultancy. The pr seeking firm can provide their services or products to a pr-agency in exchange for solutions to build their image.

Final option for small companies is to let the entrepreneur do the communications part himself. But as entrepreneurship requires a lot of time and energy, the industrialist will have to put a lot of effort in creating the right promotions for his company. Due to the lack of time, this is often impossible for entrepreneurs.

### **Rivalry**

The internal rivalry of the market was the reason for Fortune PR to try to find a blue ocean solution. As mentioned in chapter one, the competition is tough and the firms are fighting for market shares. The power of the competition will be discussed extensively in paragraph 2.4 and appendix 2, the competitor analysis according to the research and the interviews with the management of Fortune PR.

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<sup>29</sup> Interview with Mrs. Indira Abidin, Managing Director Fortune PR. Consultation date: 22 February 2012



## 2.4 Competitor analysis

According to the interviews with the directors of Fortune PR, the competitors in the pr market can be subdivided into the following three categories:

### Premium brands:

Premium brands offer an integrated communications package. This means they offer all types of pr services, like media relations, corporate communications, advertising, brand strategies and many more. Fortune PR is in the same segment as the multinationals:

- *Ogilvy*
- *Maverick*
- *Fleishman Hillard*
- *Burson Marsteller*
- *Indopacific Edelman*
- *Weber Shandwick*

### Medium brands:

The medium brands also offer various services, but less than the premium ones and on a smaller scale. Furthermore, the medium brands serve smaller clients than Fortune PR and the multinationals do. The premium pr brands in Indonesia exist of:

- *Inke Maris*
- *Intermatrix*

### Small brands:

The smaller brands have less services and less resources and usually focus on budget clients. Fortune PR found a solution in 2011 to differentiate and also serves the clients with a smaller budget, by a sister company called Budgecom, which is a part of the Fortune Indonesia holding.

- *Power PR*
- *MarcomX*

For a more detailed insight about the competitors, additional elaborate research can be found in appendix 2.

## 2.5 Micro – Environmental analysis (Swot analysis Fortune PR)

### **Client survey**

Fortune Indonesia executed a client survey between July and August 2011 for its 4 business units: Fortune Indonesia, Fortune Adwicipta, Fortune Travindo and Fortune PR. Depth interviews were held with five large clients:

- Piaggio Indonesia (Fourth largest producer of scooters and motorcycles in the world)
- AUSAID (Australian Government, overseas community programs and projects)
- Soyjoy (Multinational producer of soy energy bars)
- PT Jasa Marga (Indonesian Highway Corporation)
- Sinarmas land (Indonesian real estate developer)

Fortune PR asked the participants what they expect from a communications consultancy, based on the following checklist.<sup>30</sup>

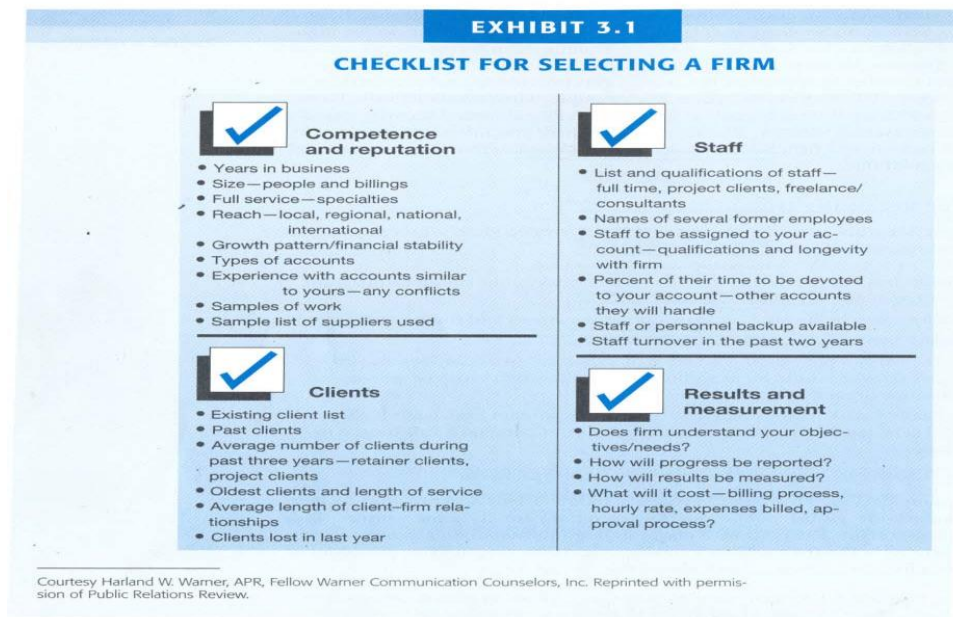


Figure 7- Selecting Checklist Harland W. Warner

The participants responded with six important elements and listed them based on importance in the following order:

*Clients expectation about pr agencies:*

1. Strategic planning
2. PR-activities execution
3. Account management
4. Expertise per industry
5. Specialism in the PR domain
6. Consultancy fees / pricing

The next list shows how the participants rated Fortune PR according to the list of elements:

*Client rating Fortune PR*

1. Strategic planning

The strategic planning of Fortune PR is considered high-quality by the clients. Now and then there are obstacles in the execution when the proposed ideas are common and not rated as special marketing solutions, but overall the strategic planning is ranked as the critical success factor.

2. Specialism in the PR domain

The marketing / communications department is good, but when it comes to corporate communications on a lower level there is room for improvement. Fortune PR should be more pro-active when it comes to providing solutions.

3. Account management

<sup>30</sup> Warner, Harland W, APR Fellow Warner Communication Counselors

The head of the account management is capable and skillful, but there is a lack of communication with the lower staff. The cost control could be maximized.

#### 4. PR activities execution

The company has a strong bonding with the media, but the quality of services is considered not sufficient on occasion. The quality of proposals and strategic planning is good, but the actual implementation is of a low quality at times.

#### 5. Expertise per industry

As mentioned in point three about the account management, the team leaders are skilled, but the responsible staff misses specific knowledge about their client and they don't know enough about the industry the client is in. They miss the sense for the industry.

#### 6. Consultancy fees / pricing

The clients think Fortune PR is an expensive company, and the price-quality value is often not equal. The pricing level is high and there is little room for budget negotiation. Positive point: Fortune PR is very flexible in terms of payment.

The participants were requested to appoint the strengths of Fortune PR, related to the executed most recent project or program, and came up with the following response:

- Fortune PR has a capable and professional project team, that quickly reacts on problems. (Jasa Marga)
- Strong pr skills and an excellent implementation of communications (Piaggio)
- Perfect strategic planning and the outcome of the project was above the expectation (AUSAID)
- Strong bonding and relationship with the client (SoyJoy)

Regarding to the survey facts above, the information from interviews and the results from the macro and meso analysis, the following SWOT analysis schedule can be drawn:



Figure 8 SWOT Analysis Schedule Fortune PR

## Chapter 3: Fortune PR's Blue Ocean Strategy

Now the Fortune PR company profile, the competitors in the marketing communications market, the Indonesian economy, the local pr branch and the theoretical background are all tangible, the next step will be the analysis part of the Blue Ocean Strategy. There are several instruments to make a transparent analysis of Fortune PR, to get a bright view on the offered services and the current position in the red ocean.

### 3.1 Analysis Instrument 1: The Strategy Canvas

The first analysis instrument is the strategy canvas. The strategy canvas is a tool to illustrate the current situation in a market space. It shows the competitors' investments, the competing elements like products, services and distribution, and the services value through the eye of the client.

The horizontal axis shows the factors where industries compete on. The perpendicular axis shows the offering level that customers perceive from the competing factors. A high level means that companies make more investments in this competing factor, which results in a higher price. A low level means less investment, the opposite.

According to the information from the first two chapters of this thesis and based on the checklist by Harland in Figure 7, the following competitive elements are the main value factors in the Indonesian pr market:

- Competence and reputation  
This element concerns the image of the company. The years in business, the size of the company, local or international reach, etc.
- Variety of services  
The amount of services is an important element and differentiates one firm from another.
- Clients  
Every pr firm has different clients. These can range from global, multinational organizations with a big funds to small, local, low budget clients. Previous and existing client lists are important information for the strategy canvas.
- Staff  
The competence of the staff, the experience and education are a very interesting point for clients when selecting a pr agency.
- Results  
Price – quality level, results of provided pr works, and costs are an important value element.

Figure 9 shows the strategy canvas for the Indonesian PR market.

## Blue Ocean: Strategy Canvas Indonesian PR Branch

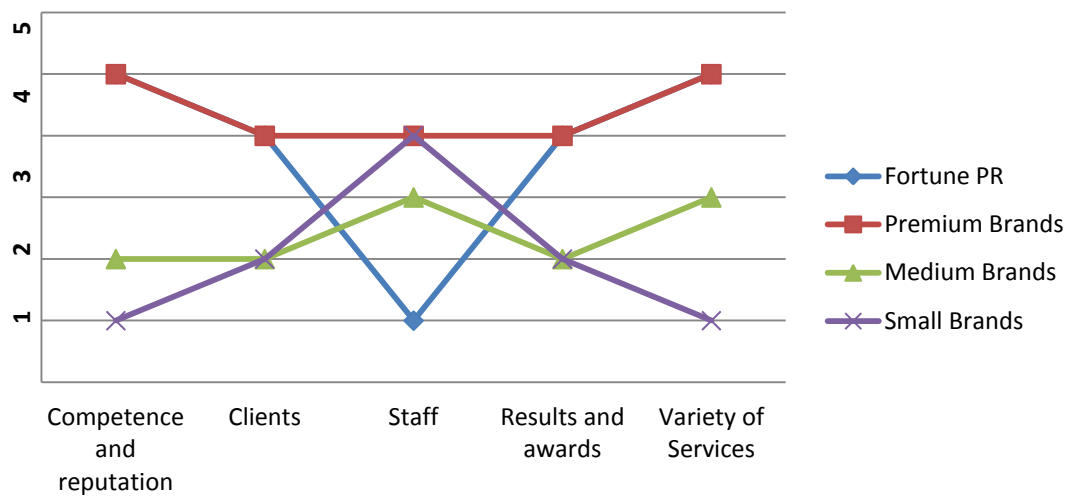


Figure 9 - Strategy Canvas Indonesian PR Branch

### Premium Brands(International)

- Ogilvy
- Maverick
- Fleishman Hillard
- Burson Marsteller
- Indopacific Edelman
- Weber Shandwick

### Medium Brands (Local)

- Inke Maris
- Intermatrix

### Small Brands (Local)

- Power PR
- MarcomX

## 3.2 Analysis Instrument 2: Four actions framework

To change the competing elements and build up new customer values, the creators of the Blue Ocean Strategy designed the four actions framework. There are four questions for Fortune PR to change the strategy logics and break open the existing business model to change the old fashioned thinking pattern of mere competing on differentiation and low costs.

1. Eliminate: Which factors should be eliminated? Which elements do not add value to the company's services anymore, are not appreciated by the buyers anymore?

2. Reduce: Are there oversized and complex elements in the business model that do not add any value for customers and only lead to higher costs?
3. Raise: Is there reason to research whether the branch pushes buyers to make compromises concerning the offered branch services? Should they be eliminated?
4. Create: Are there new sources of value to locate for customers, to provide new demand and change the industry's strategic pricing?

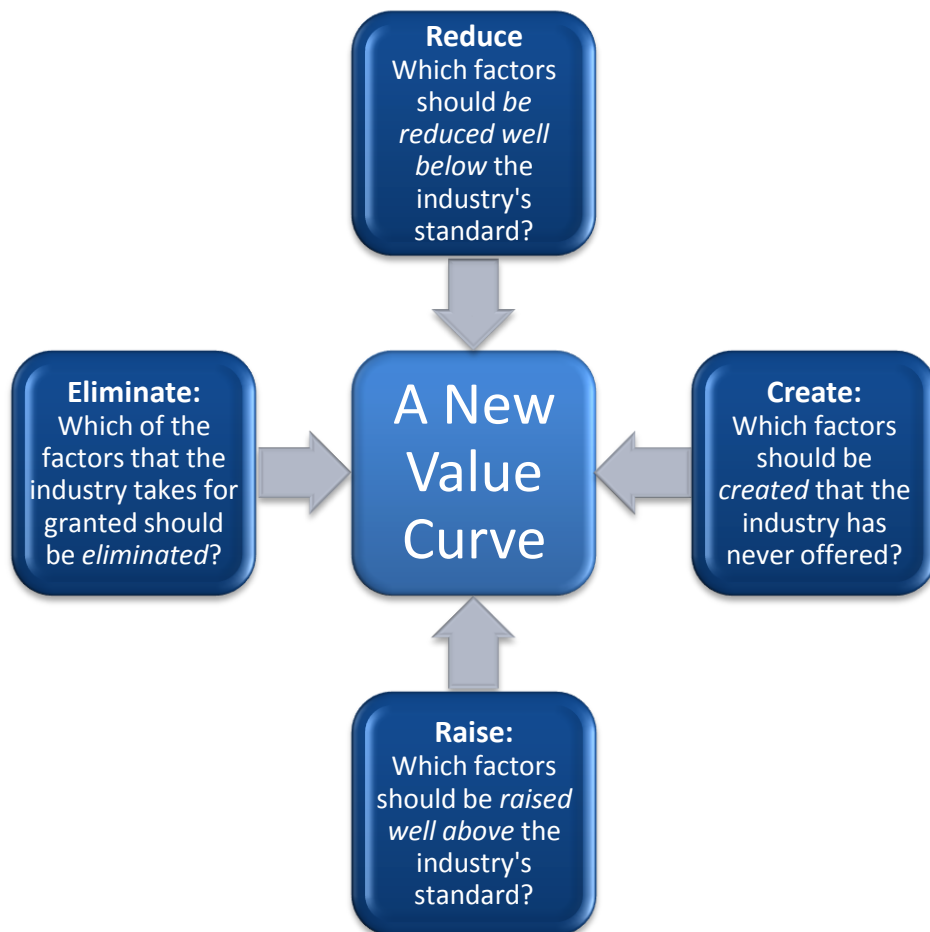


Figure 10 - Four Actions Curve

The first two questions lead to reduction of costs as to the competitor. Question three and four aim on raising and creating new customer value. The answers on these questions for Fortune PR can be inserted in the third analysis instrument. Answering questions causes four benefits:

- It leads to differentiation and lower costs
- It warns a company when oversized services are too expensive and complex
- Easy to understand and implement for the management
- Every value element in a firm will be analyzed



After applying the four actions framework on Fortune PR's services, the following answers can be acknowledged and inserted in figure 3: the Eliminate-Reduce-Raise-Create Grid for Fortune PR.

The ERRC - Grid is based on the strategy canvas and the assembled research in chapter 2:

- Interviews with the chairman, management and staff
- Competitor analysis
- Swot analysis
- Client survey
- Five-Forces Analysis of Michael Porter

<b>Eliminate</b> <ul style="list-style-type: none"> <li>• The business services which are financially non efficient</li> <li>• Refuse clients in markets Fortune PR is not specialized in</li> <li>• Focus on services into focus on branches</li> </ul>	<b>Raise</b> <ul style="list-style-type: none"> <li>• Focus on the multinational image with local strength. Strongest part of Fortune PR.</li> <li>• Quality of Staff</li> <li>• Media bonding</li> <li>• More awareness of the budget division of Fortune PR: Budge Com</li> </ul>
<b>Reduce</b> <ul style="list-style-type: none"> <li>• Pricing for specific services</li> <li>• Amount of generalist inside staff</li> <li>• Functional image, be more emotional towards clients.</li> </ul>	<b>Create</b> <ul style="list-style-type: none"> <li>• Digital applications</li> <li>• More specialized staff</li> <li>• Sports marketing.</li> <li>• Create a research tool for digital and social media research for clients (b2b)</li> <li>• (social) Media monitoring service for clients (customers)</li> </ul>

Figure 11 - Eliminate-Reduce-Raise-Create Grid Fortune PR

### 3.3 Six Paths Framework

To create a blue ocean, Fortune PR has to find commercial opportunities in the massive web of possibilities. To break through or to build up new market barriers, the six paths framework can be used. Every path leads to new insights on how to break through the barriers of the red ocean.

#### *Path 1: Alternative industries*

Fortune PR competes with the other players in the PR market, but outside that market there are other competitors in different markets, alternative ways for companies to promote themselves. As researched in chapter 2, companies could use:

- An in-house marketing department
- Website / social media

- Journalists
- Freelance PR person
- Barter agreements

Fortune PR could work together with other PR firms during projects. Each firm focuses on their own specialization to gain highest profit when providing a pr campaign for a client. This way, three sides could work together against minimum costs, time and staff and achieve maximum output.

#### *Path 2: Other strategic groups within the industry*

Companies inside the PR branch have their own strategy and focus. Hence, it is possible to allocate them to different groups. This means they form a group of companies that follow the same strategy in the market. The fundamental strategic differences are usually very small. The biggest differences between strategic groups are generally the price and performance.

As mentioned before, the strategic groups in the Indonesian PR industry are premium, medium and small brands. Fortune PR is a premium brand and competes with multinationals like Ogilvy, Maverick and Burson Marsteller. Premium brands focus mainly on premium clients, since they have the highest budgets. Fortune PR should raise more awareness on Budget Communications, the division that handles budget clients. They should have a more present and separated entity, which would raise their visibility. This way, a new market could be entered, the budget market. Nevertheless, the multinational and premium brand image of Fortune PR has to be maintained to avoid the risk that clients will perceive Fortune PR as a low-budget firm.

#### *Path 3: The chain of buyers*

The actual situation in the Indonesian Pr Industry shows that pr-agencies have one direct buyer: the company that needs to build their image, raise awareness etc. This is Fortune PR's direct client in a business to business environment.

One way of changing the chain of buyers is change the B2B focus to a B2C focus. This can open a new market for Fortune PR, since they provide their services directly to the customers. Currently, Fortune PR is developing a new tool called Media Carnell. Clients (business and customers) can subscribe to the service. Fortune PR will gather news from many sources (online news, dailies) and transfer it to online, which will provide focused news. For example, If a customer is Arsenal fan, he can subscribe and get news from several media about Arsenal. This will be filtered every day from all the medias and sent to his email. This is the monitoring part that Fortune PR will use for companies and customers, the first way to reach out directly to the consumer.

#### *Path 4: Other service / product combinations*

Fortune PR could change their direction from a client-focus structure to a branch-focused structure. Instead of dividing their business units per client, they could restructure into business units per branch. For example, create specialized teams for clients in the telecommunication branch, a dedicated group for healthcare clients and a team of experts on pr for financial organizations. Change the vision and scope based on services into a scope based on industries. This will require investment in specialized employees and retraining of current personnel. Positive fact: this change of scope shall motivate employees to stay aware

of trends and changes in their business area via continuous training, workshops, seminars etc.

Moreover, Fortune PR is now changing the structure regarding strategic planning. In the past, clients worked together with consultants. After the brand strategy part was done, the consultants forwarded their work to the responsible team that handles the communications strategy, a complicated mode of working. At the present, Fortune PR is altering this procedure. Account managers are now responsible for their own clients. There are 3 strategic planners who supervise the account managers, but don't handle clients directly. This works more efficient and improves the satisfaction of customers.

*Path 5: Emotional or functional appeal*

Fortune PR is a functional firm, strict, professional and business minded. To maximize profit is the main goal. The company provides fast servicing and immediate response to clients' emails and finishes proposals rapidly, sooner than deadlines.

In addition to his professional and functional appeal, Fortune PR could have benefits by upholding their functional appeal with the addition of a more emotional approach towards prospects. When working with partners from a previous collaboration, chemistry is already present. When it comes to prospects, account managers and communications managers should use a more emotional approach to build the network and communication with companies to engage with them. That will give clients more bonding when working with Fortune PR, and they won't only see them as a necessary partner to build their image.

Furthermore, Fortune PR is a family oriented company. They should create more awareness as a pr community. Clients and future staff should feel the emotional part of the services, since it's a local Indonesian company.

In addition, staff should be instructed how to deal with different cultures. For example, some Japanese clients don't want to use Indonesian PR agencies, they rather use a Japanese pr-agency since there is a big difference in culture and traditions. Therefore Fortune PR should invest in the training of specialized employees that learn how to do business with diverse cultures, so a new market can be tapped.

*Path 6: Future trends in the PR industry*

The dynamic pr environment changes fast and several opportunities for 2013 can be turned into customer value.

The Public Relations Society of America (PRSA) is the world's largest and foremost organization of public relations professionals<sup>31</sup>. For 2013, they predict the following pr trends:

Multinationals will expand across country, which means they need to connect with different cultures. For multinationals that need to raise awareness in Indonesia, Fortune PR can be the perfect partner since their knowledge of the local market is remarkable.

Another trend is to define a brand from the inside out. This means via commercials which are centered on happy employees and clients who show that an organization has an encouraging impact on their lives. This is a way of communicating Fortune PR could use for their own branding.

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<sup>31</sup> <http://www.prusa.org/AboutPRSA/> Consultation date: 10 February 2013

The demand for mobile content will increase. It is an opportunity for Fortune PR to specialize in mobile multi-channel device initiatives, that focus on brand engagement.

Social media platforms will continue to come forward and expand, a trend for Fortune PR to keep in mind.

### 3.4 Fortune PR's Blue Ocean Strategy Canvas

Now the analysis part of the Blue Ocean Strategy is applied on Fortune PR, the features of the chosen strategy come into existence. Every strategy has his own value curve, as shown in figure 9 in paragraph 3.1. The information from the desk- and field research is implemented in the four actions framework, the eliminate-reduce-raise-create grid and the six paths framework.

The research done with the various theories in the previous chapters has given an extensive analysis on the Indonesian PR industry, competing value elements competitors, clients, strengths and weaknesses, staff, previous clients, reluctant clients, alternative groups, service-product combinations, other strategic groups and the chain of buyers and. This leads to a new strategy canvas, as visualized in figure 12.

The outcome of the Eliminate – Raise - Reduce – Create – Grid in figure 11 shows that Fortune PR should eliminate business units which are non efficient. Besides that solution, refuse clients in markets Fortune PR is not specialized in. Another key that will change the strategy canvas is to invest in specialized staff and build the image of a PR consultant with experienced staff in a small number of branches.

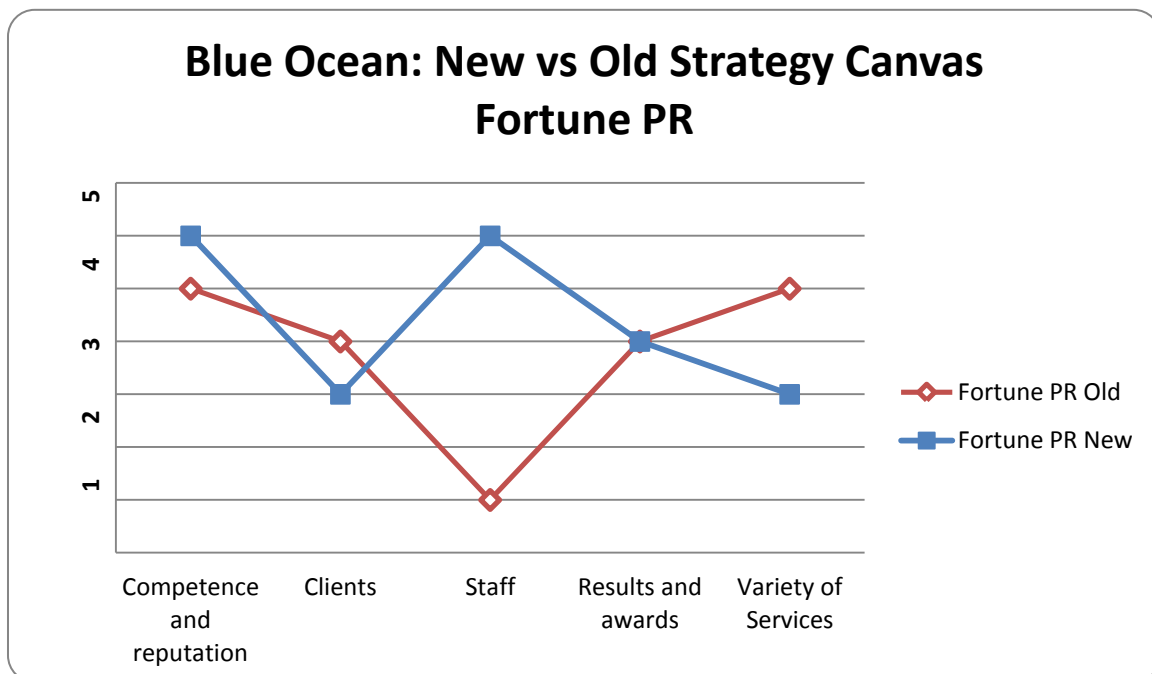


Figure 12 - Eliminate-Reduce-Raise-Create Grid Fortune PR

## Chapter 4 Blue Ocean Conclusion and Recommendations

### 4.1 Conclusion

It would be incorrect to conclude that Fortune PR has created a blue ocean strategy now the new Strategy Canvas is drawn in figure 12. Despite the extensive research, implementation of several scientific concepts, interviews with management and lower staff and the blue ocean strategy tools that have been used, the realization of a blue ocean strategy takes additional extensive input.

At first, the board of directors has to instruct and persuade the management that it will be essential for Fortune PR's future to add value towards clients and customers and be innovative at the same time. Therefore, the board will have to generate discussions and brainstorming sessions with the management.

Once the managerial staff is optimistic and convinced, it is time to create a phased plan per business unit, including all the measures that have to be taken. When the manuals are created, it is time to inform the employees of every business unit. This will take a lot of effort and concessions for the current employees, since the stakes are high and people can lose their jobs after restructuring the business activities. When the entire implementation process is done, evaluation and adjustment of the process will be crucial for the outcome of the change of scope.

This widespread time-consuming process could be positively influenced by the expertise of a specialized change manager.

Nevertheless, the following list of recommendations will definitely be a major addition when the board decides to execute a blue ocean strategy. These recommendations are based on several resources: the relevant literature and theories used in the previous chapters, interviews with the board, management and staff members (on-the-record and off-the-record), internal reports, surveys and analyses.

The recommendations are both an eye-opener and a guideline for the board to execute an innovative strategy for their business activities against lower costs, that adds value for customers and opens new markets, while improving their position against competitors: a blue ocean strategy.

### 4.2 Recommendations

#### *1. In-house communication should be optimized*

The account management of Fortune PR is talented and skilled, but lower staff members have a feeling they miss autonomy and freedom while executing their work, which means their creative skills stay unused and finished work could have been more profitable.

Brand leaders have to give the employees the chance to think and operate like they own their business unit, which will eliminate the feeling that thinking for themselves is pointless.<sup>32</sup>

This will raise their confidence and creativity. They could consider to make use of an integrated management system. An integrated system provides a bright picture of all aspects of an organization and how they influence each other.

#### *2. Quality of strategic planning should be raised*

Both the clients and staff rate the quality and creativity of proposals as excellent. It is ranked as the critical success factor. Nevertheless there is still room for development and Fortune PR should maintain investment and development in the creation of special marketing solutions.

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<sup>32</sup> Lee, David. (April 2009) Managing Managing Employee Stress and Safety. Consultation date: 23 March 2013

### *3. Execution of PR activities*

However the strategic planning is outstanding and the level of creativity is rated as excellent, the implementation of marketing solutions by the associated teams is reviewed as insufficient. The quality of proposals and bidding procedure are good, but once the content in the proposal has to be executed, the quality decreases. This is the biggest challenge for the management, since they have to restructure the teams. Hence, investment in staff is crucial. Employees should follow workshops, seminars and specific training to gain more specialization in their line of business. Another option is to hire new professionals and sack inefficient and incompetent employees. People have a high workload, cause the amount of competent colleagues is too low. This decreases the quality of the work.

### *4. Expertise per industry*

Fortune PR is active in several industries such as banking and finance, automotive and transportation, telecommunications, healthcare and many more. As mentioned before in recommendation 3, there is a lack of specific knowledge in some industries. The expertise of the account management is considered high quality, but some of the staff members miss the sense for the industry. Fortune PR can handle this problem by refusing clients in industries they are not specialized in and focus on their critical success factors and branches. This could lead to a loss of profit on a short notice, but there is more room for further specialization in profitable markets which could turn out into market leadership on a longer term. Further expertise in major Indonesian industries like oil and mining is key.

### *5. Fees and pricing*

Complementary to the previous recommendations, the price-quality value of the business services is often unequal. Fortune PR has a high pricing level and there is small room for budget negotiation, although they are very flexible in payment terms. After implementing the blue ocean strategy which leads to reconstruction of teams and staff per industry, fees and pricing should be reconsidered and evaluated.

### *6. Image building*

The growth of the local economy makes investment in the emerging Indonesian market interesting for foreign firms. Thus Fortune PR should focus on their reputable image as a multinational with local strength. Their South East Asian Consultancy of the Year 2012 award is a great tool to raise their image when doing business with new clients.

### *7. Trends and new market opportunities*

Investment in research and development is key in the dynamic pr market. The trends mentioned in paragraph 3.6 and current research in media monitoring and social media research tools should be maintained and expanded.

### *8. Media bonding*

Strong relationships with the media are crucial for a pr firm. According to the survey, clients consider Fortune PR's media bonding as perfect. They have connections with both online and offline media in several industries and newspapers, television channels and radio channels. Hence it is essential to keep this powerful asset via media gathering events.



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Consultation date: 6 February  
and 16 March 2012

[http://dds.bps.go.id/eng/aboutus.php?id\\_subyek=12&tabel=1&fl=1](http://dds.bps.go.id/eng/aboutus.php?id_subyek=12&tabel=1&fl=1) Badan Pusat Statistik:  
Central Agency of Statistics Indonesia. Consultation date: 6 February 2012

<http://www.fortunepr.com/about-us/philosophy-of-fortune-pramana-rancang-public-relations-in-indonesia.html> Consultation date:  
8 November 2011

<http://www.prsa.org/AboutPRSA/> Consultation date: 10 February 2013

<http://www.nokia.com/global/about-nokia/company/about-us/story/the-nokia-story/>  
Consultation date: 23 November 2011

<http://www.sonyericsson.com/cws/company-press-and-jobs/this-is-us/where-we-come-from?cc=nl&lc=nl> Consultation date: 23 November 2011

<http://www.state.gov/r/pa/ei/bgn/2748.htm> US Department of State. Consultation date: 3 March, 29 April and 15 May 2012

<http://www.taipeitimes.com/News/editorials/archives/2005/05/31/2003257358> Consultation date: 23 November 2011

<http://www.worldcomgroup.com/about-worldcom/> Consultation date: 8 December 2011

<http://www.worldcomgroup.com> Consultation date: 8 November 2011

## Appendix 1: Theoretical Background

### ***DESTEP Analysis (Macro, External nationwide analysis → Indonesia)***

The DESTEP analysis aims on six macro factors, nationwide elements that can influence a company's business operations.

#### *Demographic*

The demographic details of a country are significant facts for a company. An analysis of age, gender, origin, household, income and population assists firms to establish themselves on the right location and on the right market, based on the demographic structure.

#### *Economic*

The tendency of the nationwide market definitely plays an essential role for firms. International developments can influence the national income. Important facts are the Gross National Product (GNP), purchasing power, inflation, unemployment, import and export.

#### *Social – Cultural*

Social – cultural elements focus on the behaviour of inhabitants. Relevant factors are lifestyle, leisure and recreation activities, in addition to the level of education, values and norms and religion.

#### *Technological*

The technological development of a country is obviously an important element for business operations. Internet access, innovation of the production process, new products, lifestyle changes because of technology and information services are significant variables for companies.

#### *Ecological*

Ecological factors influence business strategies. The climate, weather, environment technology and landscape regulation are all assisting factors for firms to generate corporate social responsibility.

#### *Political*

Legislation, licenses and political decisions are all types of governmental influence that can regulate and restrict the freedom of companies.

### ***Five forces analysis (Meso, External analysis → Indonesian PR Market)***

To analyze an industry and business, strategic professor Michael Porter created a framework called the five forces analysis.<sup>33</sup> With this framework companies are able to research whether a branch is attractive and profitable. The shared power of the five forces decides the final market profitability.

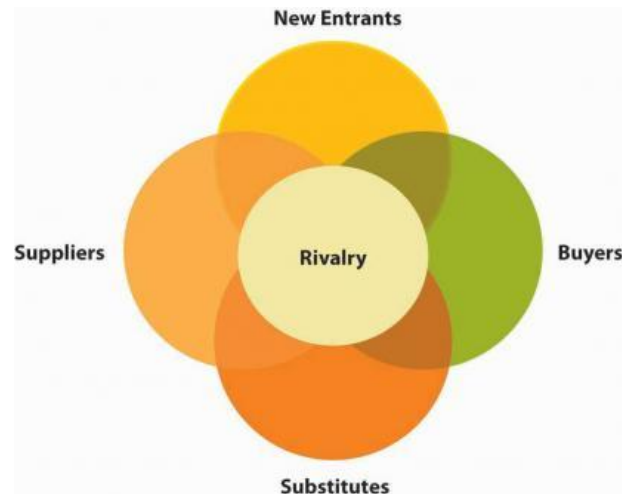


Figure 11: Five Forces Analysis (Porter, 1979)

#### ***The threat of new entrants***

When new entrants appear in a profitable market, their goal is to gain a permanent market share, while they create more capacity and supply for the customers. This will eventually decrease profitability for the present market players.

#### ***Power of suppliers***

Suppliers can threaten to raise the costs or lower the quality of products and services.

#### ***Threat of substitute services***

On a wide scale, firms also compete in other branches. For example, DVD-player producers are content to see their profits lift when the DVD-market is becoming more attractive.

#### ***Power of buyers***

Customers can put firms under pressure, by playing them off against each other. Price sensitivity, the product value, switching costs and product quality are all elements that matter to customers and can alter their decision when buying a good or a service.

#### ***Intensity of competitive rivalry***

With high intensity of competitive rivalry in the same branch the margins are under heavy pressure. High intensity comes into existence by for example: high exit barriers, less differentiation, low switching costs, big strategic risks, a small growth and equal competitors.

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<sup>33</sup> Porter, M.E. (1979) *How Competitive Forces Shape Strategy*, Harvard Business Review

## SWOT Analysis

The SWOT analysis is a management tool to analyse a firm's internal strengths and weaknesses, and the external opportunities and threats.

### *Strengths*

The features of the business, the strong characteristics that give a lead over other companies.

### *Weaknesses*

The disadvantages of a company, the weak points compared to other firms.

### *Opportunities*

External possibilities provided by the environment to advance the performance of an organisation.

### *Threats*

External factors in the environment that could induce difficulties for a business



Figure 12: SWOT Analysis

The opportunities and threats will be present after applying the five forces model of porter.

## **Competitor Strategies**

### **International entrepreneurship**

In international entrepreneurship, competitor strategies are based on three different motives<sup>34</sup>.

#### *Low cost strategy*

With the help of standardized products and processes, the low cost strategy is based on one rule: provide services as cheap as possible to differentiate to competitors. All internal business activities have to be adjusted to this rule, since that is the only way to maintain a low service price.

#### *Added value*

For some branches, competing with other companies requires more than a low cost strategy. Creation of added value focuses mostly on branding and customer value, for example in the cosmetics branch. An exclusive image is the base of the marketing strategy and allows the company to organisation to ask a higher selling price for their products.

#### *Innovation*

In the dynamic information society of 2011, (IT)developments fill out fast. Therefore, major national and multinational companies have research and development or innovation departments. Innovation has been the key solution and main reason for changes in the international competitor position of continental economies. Presently, innovation of processes, services and products are not longer a luxury development, but an essential part of the current business tasks.

### **Generic strategies of Michael Porter**

The American Harvard Business School professor Michael Porter created a typology on generic competitive strategies.<sup>35</sup> In his category scheme he describes three ways of adding customer value and creating and maintaining competitive advantage.

#### *Cost leadership strategy*

The cost leadership strategy is based on the optimization of internal processes. The main goal is to keep the production and distribution costs as low as possible. Consequently, a firm can ask a lower or similar selling price than its competitors, against a higher margin. Furthermore this is an accurate strategy for companies to arm their selves against price wars and potential entrants on the market.

#### *Differentiation strategy*

In the differentiation strategy, an organisation creates a unique and exclusive image behind its products. This unique images involves design, quality, status and performance, based on the wishes of the clients.

Because clients feel the exclusive perception of the product, they are willing to pay a price that matches the unique image and branding.

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<sup>34</sup> Jagersma, P. and Ebbens, H. (2004). *Internationale bedrijfskunde: van exporteren naar globaliseren* Amsterdam: Pearson Education Benelux

<sup>35</sup> Porter, M. (1980) *Competitive Strategy: Techniques for Analysing Industries and Competitors* NV, USA: Alibris

### *Focus or strategic scope*

This is not a separate strategy, but involves the strategic scope concerning the market that the organisation should compete in. The firm can use the cost leadership strategy or differentiation strategy in a mass market, or focus their activities on a niche market. The focus on different segments should lead to a strategy that precisely adapts to the needs of the specific market, which leads to a higher profit.

### *Stuck in the middle*

According to Porter, companies should be aware of the 'stuck in the middle effect'. Once they choose their strategic direction, cost leadership or differentiation in a mass or a niche market, this competitive strategy should be implemented in all business units. If not, the organization will end up in between of both strategies: stuck in the middle.

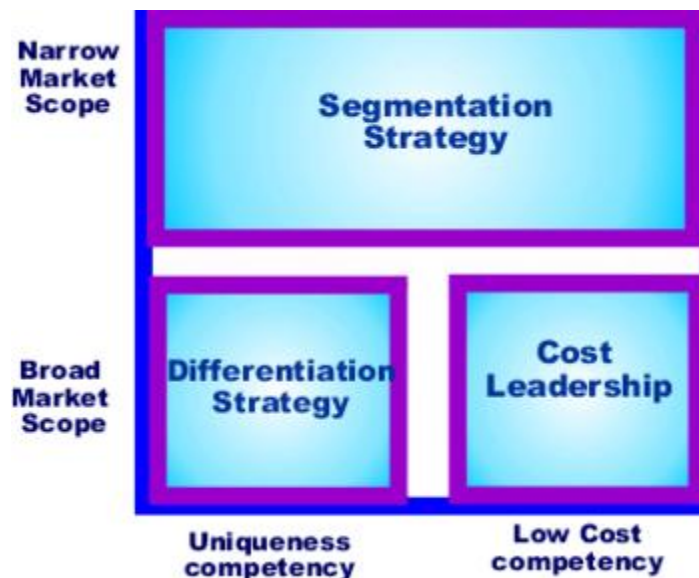


Figure 13: The generic strategies of Michael Porter

## **Benchmarking**

'Benchmarking is systematic research into the performance and the underlying processes and methods of one or more leading reference organisations in a certain field, and the comparison of one's own performance and operating methods with these "best practices", with the goal of locating and improving one's own performance.' (Camp, 1989)<sup>36</sup>

As mentioned in the quote, benchmarking involves the identification of the best performing companies in a branch, to measure and compare their results to the own processes. Target is to improve and optimize internal business processes, which consequently leads to a stronger market position.

<sup>36</sup> Camp, R.C. (1989), *Benchmarking: the search for industry best practices that lead to superior performance*. Milwaukee, Wisconsin: Quality press for the American society for quality control

## The Blue Ocean Strategy

The blue ocean strategy exposes a world with two different oceans, the red ocean and the blue ocean.

### *Features of the red ocean*

The red ocean affects all market segments that currently exist, the extant market space. The industry boundaries are clear and accepted. Firms in the red ocean try to compete through the traditional and earlier mentioned competitive strategies:

- Creating competitive advantage by dint of the low cost strategy
- Creating competitive advantage by dint of added value, (product perception of the client)
- Competing through innovation

Management of business along these lines aim on protection and growth of the market share, by holding a strategic position against the opponent. Nevertheless, the market shrinks and the company share drops. As a consequence of the amount of competitors, a bloody, killing, complicated red ocean comes into existence.

### *Features of the blue ocean*

The blue ocean contains all the non-existing market segments, the new and unknown areas. These areas are created outside, as well as inside the red ocean. The first ones establish themselves in the blue ocean, by creating completely new markets, the second ones are composed inside the red ocean by breaking through the existing borders with an actual product or service.

## Cornerstone of the blue ocean strategy

The basic principle of the blue ocean strategy is value innovation. Hereby, innovation is adjusted on the customer value, price and costs position. The classic opinion on competitor positioning through innovation is, according to Porter: unique, high value products or services automatically lead to higher selling prices. Consequently, products or services with a lower customer value have a lower selling price.

Nevertheless, the creation of the blue ocean is achieved when both the company and the buyer experience raised value. This does not have to influence the selling price of a service. As shown in figure 2, companies should dedicate themselves to *lower* the product costs and *raise* the customer value.



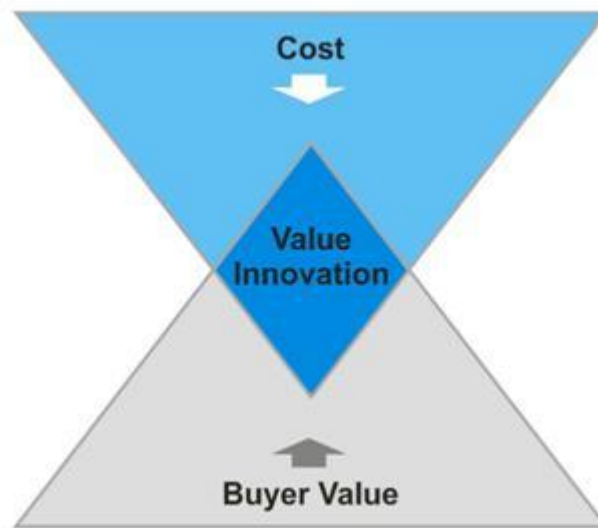


Figure 2: Value Innovation

## The Blue Ocean Strategy: Best Practices

In this section a few best practices will be discussed. These are examples of companies who successfully implemented a blue ocean strategy in their own market.<sup>37</sup>

### Telecom market

In technological markets, like the telecom market, innovation is a crucial conception. In a complicated, dynamic and bloody market with many competitors like the telecom market, companies need innovative strategies to grow or maintain the competitive position towards the other market players. The differentiation strategy is often the key for the telephone producers, and with unique, innovative technology the following three organizations created their own blue ocean.

#### *Sony Ericsson: Focus on music*

'Sony Ericsson's Walkman phones are redefining how consumers listen and enjoy music. Consumers across the world have been embracing the concept of the mobile phone as a credible digital music player. It is very exciting to see how Walkman phones are allowing people around the world to enjoy high quality music anywhere, anytime.' (Flint, 2006)

The Japanese consumer electronics giant Sony invented the Walkman in 1980.<sup>38</sup> After the successful global marketing of the Walkman, which created a major change in listening to music, many other suppliers followed Sony and imitated their products. Sony lost their strong position on the market to other firms, and to revive the Walkman brand they collaborated with Ericsson in 2001. Under the name of Sony Ericsson they successfully brought music to the mobile phone in 2005, and created a blue ocean with changing the music listening habits again.

#### *Blackberry: Business phone and messaging*

With the introduction of unlimited internet data on mobile devices, Blackberry created new demand in an uncontested market space by introducing Blackberry Ping, a chargeless way of hi-speed mobile messaging.<sup>39</sup> In the beginning, Blackberry concentrated their activities on

<sup>37</sup> Interview with Mr. Oscar Prajnaphalla, Marketing / Communications manager Fortune PR..Date 16 November 2011

<sup>38</sup> <http://www.sonyericsson.com/cws/company-press-and-jobs/this-is-us/where-we-come-from?cc=nl&lc=nl> Consultation date: 23 November 2011

<sup>39</sup> <http://www.blackberry-ping.nl> Consultation date: 23 November 2011

the business segment, with pda's and smartphones. By introducing Ping, they found an instrument to attract a whole new audience. Blackberry phones were no longer attached to a business market, but adopted by a new crowd, mainly youngsters. Nevertheless, other suppliers benchmarked Blackberry's invention and in 2011 they are losing market share.

#### *Nokia – Different casing*

In 1998, Nokia successfully introduced their Nokia 3210.<sup>40</sup> Besides some technological changes like T9 messaging and a popular game called Snake, their unique selling point was the possibility to customize the phone with convertible covers. The phone soon became a very popular and trendy gadget. Its successor, the Nokia 3310, was even more popular and 126 million units were sold. It makes the phone one of the most popular mobile devices of all times.

### **CNN**

Cable News Network (CNN), was the first television channel that provided 24 hours news coverage.<sup>41</sup> Since then, they expanded to several web sites, satellite television companies, a radio network, 36 and more than 900 affiliated local stations, globally spread.<sup>42</sup> Since 1980, news was not just predetermined to newspapers and evening-TV anymore, but available 24 hours per day.

With their news channel, CNN created a blue ocean: a new era in TV journalism.

### **Starbucks**

With a mix of various types of coffee, comfortable chairs, a wireless network and a warm and peaceful image, Starbucks prosperously brought coffee drinking to a whole new level. Their core competency was good coffee, and the possibility to gather and meet people in a warm atmosphere became their unique selling point.

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<sup>40</sup> <http://www.nokia.com/global/about-nokia/company/about-us/story/the-nokia-story/> Consultation date: 23 November 2011

<sup>41</sup> Chan Kim, W. and Mauborgne, R. (2005) *Blue ocean strategy. How to Create Uncontested Market Space and Make the Competition Irrelevant* (page 20), Cambridge: Harvard Business School Press

<sup>42</sup> <http://www.taipeitimes.com/News/editorials/archives/2005/05/31/2003257358> Consultation date: 23 November 2011

## Appendix 2: Competitor templates

### Local Competitors

#### 1. Inke Maris

Questions	Answer	More Info
What is that?	<p>In 1986, Inke Maris &amp; Associates (IM&amp;A) was established to provide strategic communications consulting services to multinationals, national companies and public institutions in Indonesia.</p> <p>IM&amp;A`s vision and mission is to continue to grow into one of the leading and respected public relations consulting firms of world class excellence.</p> <p>IM&amp;A has an extensive network in major cities of Indonesia, and is affiliated on project basis to a number of leading international agencies in a global network.</p>	<ul style="list-style-type: none"> <li>• Financial Communications</li> <li>• Marketing Communications</li> <li>• Graphic Design and Productions Training Programs</li> <li>• Corporate Communications</li> <li>• Media Relations and Analysis</li> <li>• Special Events Management</li> <li>• Social Marketing Communications</li> <li>• Issues and Crisis Management</li> </ul>
What is the tagline? What is the positioning?	<p>Checked for PR Consultancy Indonesia.</p> <p>3<sup>rd</sup> hit on google.</p>	
Where is that?	<p>Jl. KH. Abdullah Syafi'ie 28 Jakarta 12840, Indonesia Telp 6221 8281250 Fax 6221 8351369</p>	
The history of the brand (international)	Inke Maris was founded in 1986.	
Who is the owner? Who are the people?	<p>Inke Maris, MA – CEO / Senior Consultant</p> <p>Formerly a reporter and producer of economics and trade programs for the BBC World Service -</p>	<p>Isma Natanegara, MBA - Managing Director / Senior Consultant</p> <p>A graduate from the Faculty of Economics University of</p>

	<p>Indonesian section in London, with a Post Graduate degree in Mass Communications studies at the Center for Mass Communication Research, the University of Leicester, England. Her transformation into a PR consultant came naturally when she was appointed PR head for the newly set up Jakarta World Trade Centre in 1985 and concurrently managing a career with TVRI as newscaster and interviewer. In 2001, Inke was appointed an expert staff position in the office of the Coordinating Minister for Economics. She has also played a major role in the setting-up and operating of the SBY media center during the 2004 presidential election.</p>	<p>Indonesia and MBA from Drexel University USA, Isma is a co-founder of IM&amp; A Public Relations Consultant. With nearly two decades of experience behind him as a communications consultant for multinational and national companies, Isma has proven expertise in corporate and financial communications.</p> <p>He was instrumental in IM&amp;A handling of a number of Indonesia's largest privatization of state owned companies. At the same time, Isma Natanegara was also the leading consultant in various projects for globally known multinationals which include among others : Commonwealth Bank, Hotel Indonesia Kempinski, BP Tangguh, Newmont, ConocoPhillips, British American Tobacco, VISA.</p>
Who is the target audience?	The past current clients of Inke Maris are big companies like: Visa, L'Oreal, Levi's, Hong Kong Tourism Board, Singapore Airlines, Hotel Indonesia, Volkswagen, Unicef, Marina Bay Financial Centre	

## 2. InterMatrix Communications (IMX)

Questions	Answer	More Info
What is that?	InterMatrix Communications (IMX) provides key public relations services including media representation, event organizing, and production for television, radio and print media. IMX specializes in policy issues, public communications and crisis	<p>Services:</p> <ul style="list-style-type: none"> <li>Public Relations and Strategic Communication</li> <li>Media Management</li> </ul>

	management.	<ul style="list-style-type: none"> <li>• Special Events management</li> <li>• TV and radio program productions</li> <li>• In-house Productions (Company Profile, Web Design, Books)</li> </ul>
Where is that?	PT InterMatrix Indonesia Pusat Niaga Duta Mas Fatmawati Blok C2 no.19 Jalan RS Fatmawati no.39, Jakarta 12150 Ph. +62 21 72790028 (Hunting), Fax +62 21 7229994	
The history of the brand (international)	PT InterMatrix Bina Indonesia was founded in 1986 as a management consulting firm by Wimar Witoelar, Gede Raka and Ahmad Habir, all management academics at that time. In 1994 InterMatrix Communications was created as a new division, quickly taking a leading role in communication consulting and setting the groundwork for the current PT InterMatrix Indonesia. Besides standard PR work InterMatrix has unique experience in addressing public issues. IMX clients range from local to multinational companies, government agencies, embassies, and NGOs.	
Who is the owner? Who are the people?	<p>Board of Directors</p> <p>Wimar Witoelar Chairman Former presidential spokesperson, three times winner of National TV award, Adjunct Professor in PR and Journalism at Deakin University (Australia).</p> <p>Erna Indriana Operations Director Graduated in Communications,</p>	The InterMatrix team exists of 6 senior associates, 4 managers and 5 consultants.

	<p>expertise in client and media handling, conferences, TV and radio talk shows.</p> <p>Dwiyana Handayani Finance &amp; Accounting Director Financial management, accounting, and auditing are her expertise.</p>	
Who is the target audience?	<p>The past current clients of Intermatrix are big local companies and institutions like:</p> <p>General Motors Indonesia, Australian Embassy, Hewlett Packard, McDonald's Ministry of Energy and Mineral Resources, The Body Shop Indonesia, Unilever Indonesia Tbk, World Bank Indonesia</p>	

### 3. MarcomX

Questions	Answer	More Info
What is that?	<p>MarcomX was established in 1998.</p> <p>They have won the award for most impactful brand activation 2010. (By Mix) (Project for Castrol Power)</p> <p>They were also chosen PR Program and people of the year 2010 by MIX and awarded as top 5 pr agency by Indonesian journalists.</p>	<p>Services:</p> <ul style="list-style-type: none"> <li>• Public Relations and</li> <li>• Media Relations</li> <li>• Crisis management</li> <li>• Media monitoring</li> <li>• Editorial services</li> <li>• Event &amp; database management</li> <li>• Issues management</li> <li>• Media training</li> <li>• Graphic design and production</li> <li>• Sport and event management</li> </ul>

		<ul style="list-style-type: none"> <li>• Web page design</li> <li>• Community relation management</li> </ul>
Where is that?	<b>Marcom X</b>  PT. Graha Pradatama Mandiri  Ligamas Indah Complex g-31, Pancoran  Jakarta 12760, Indonesia	
The history of the brand (international)	MarcomX was founded in 1998. They grew and builded their reputation through innovative and successful integrated marketing communications.	
Who is the owner? Who are the people?	The account director is Ari Budi Wibowo. He is a media strategist and has an in-depth knowledge of the Indonesian media and a wide ranged network. He runs the company and is pr consultant.	Gingung Pratidina is a senior marketing strategist. He is responsible for the design unit after spending two years in Germany in WOB communication.
Who is the target audience?	The past current clients of MarcomX are big companies and institutions like:  Hyundai, BMW, Toyota, McDonalds, Oreo, Barclays, Bank Indonesia, Mandiri, Marlboro, Philips, HP, Sharp	

#### 4. Maverick

Questions	Answer	More Info
What is that?	Maverick specializes in crisis/issues management and brand communications, whether it takes the form of corporate social responsibility programs, marketing PR, new media strategy, or media relations.	Maverick also has three support services. The first is Raconteur, a division within Maverick that provides strategic online media consultancy services as well as social media monitoring.  The second is provided by



		<p>Brio, a division within Maverick that brings the specialist knowledge Maverick has acquired, which has until now been confined mainly to its retainer clients, to a wider audience through training and coaching.</p> <p>The third is provided by Gauge, a division within Maverick that provides innovative online media tracking services as well as PR measurement.</p>
What is the tagline? What is the positioning?	<p>Checked for PR Consultancy Indonesia.</p> <p>1<sup>st</sup> hit on google.</p>	
Where is that?	Jl. Balitung III/8, Jakarta, Indonesia	
The history of the brand (international)	Maverick was founded in June 2002.	
Who is the owner? Who are the people?	<p><b>Hock Chuan Ong</b> co-founded Maverick in 2002 after working as a journalist for 14 years in Malaysia, Hong Kong, Taiwan and Indonesia; and four years heading Ogilvy PR's operations in Indonesia and then in Singapore.</p> <p><b>Lita Soenardi</b> With over 18 years of experience in the communications industry, Soenardi specializes in corporate leadership programs. Soenardi was Vice President at Ogilvy PR Jakarta before co-founding Maverick.</p>	<p>Ong is a partner at Maverick, and managing director and technical advisor of Ogilvy PR. Besides that, he is correspondent for Asia Times.</p> <p>He is often called on to advise in high profile litigation and intricate crisis management cases, as well as communications and social media strategies, for multinational and blue-chip companies.</p>
Who is the target audience?	The current clients of Maverick are big companies like: Coca Cola, Sampoerna, Airbus, Nestle, Axis	In the past they worked for major companies like Frisian Flag, Mandala Airlines, TNT, Unilever and Duracell.

## 5. Power PR

Questions	Answer	More Info
What is that?	PowerPR Asia Pacific is the Strategic Public Relations Company that offers integrated communications and investment strategy. Founded by Christovita Wiloto, they have handled more than 70 clients, from Indonesia and many other countries such as Singapore, Malaysia, USA, Australia, China etc.	<p>Services:</p> <ul style="list-style-type: none"> <li>• Issues management strategy and implementations</li> <li>• Crisis management</li> <li>• Public relations</li> <li>• Reputation management</li> <li>• Change communication</li> <li>• Legal activities</li> <li>• Government and parliaments relations</li> <li>• Investor relations</li> <li>• Media relations</li> <li>• Financial public relations</li> <li>• Marketing Communications</li> <li>• Publicity</li> </ul>
What is the tagline? What is the positioning?	<p>Checked for PR Consultancy Indonesia.</p> <p>Page 2 on Google, 3<sup>rd</sup> hit</p>	
Where is that?	<p>Penthouse 28th fl Unit 2811-2817</p> <p>Sudirman Citylofts, Jl. KH Mas Mansyur 121</p> <p>Jakarta 10220, Indonesia</p> <p>Phone: +6221.2555.678.1</p> <p>Fax : +6221. 2555.678.2</p>	

The history of the brand (international)	<p>Power PR is part of the Wiloto Corporation group of companies, which is founded in 2000.</p> <p>Later on the other services like the institute, global publishing and marketing communications were added to their services.</p>	
Who is the owner? Who are the people?	<p>Christovita Wiloto</p> <p>CEO, Founder &amp; Owner of Wiloto Corp. Group Of Companies, has an extensive background in corporate communications, financial analysis &amp; investor relations.</p> <p>Since 1990 Christov has been a banker. He was The Agency Secretary of IBRA (BPPN) that responsible as Investor Relations Division Head with IDR 600 trillion assets of hundreds companies and many top Indonesian holding companies to be managed.</p> <p>Set up Indonesia road show to Singapore, Hong Kong, Seoul-Korea, Tokyo-Japan, London-England, New York and USA.</p> <p>Deal with almost all worldwide financial &amp; non financial media, such as Wall Street Journal, Reuters, Asian Wall Street Journal, Asia Money, Financial Times, Dow Jones, AFX, Bridge News, NHK, Nikkei, Fortune, New York Times, The Economist, The Business Times, etc.</p>	<p>With close relationship with worldwide financial organizations, such as World Bank, Asian Development Bank, International Monetary Fund.</p> <p>Deal with world class rating companies such as Standard &amp; Poors, Moodys, etc.</p> <p>Previously he was Corporate Planner in banks such as Bank Tiara, Bank Niaga, and American Express.</p> <p>Graduate from Master of Management from Asian Institute of Management Makati Manila Philippines. Leadership Training at Galillee College Israel and Haggai Institute Maui Hawaii USA</p>
Who is the target audience?	<p>The past current clients of Power PR are big local companies like:</p> <p>Bank Indonesia, Garuda Indonesia, Mckinsey Indonesia</p>	

## Global Competitors

### 1. Burston-Marsteller (WPP Group)

Questions	Answer	More Info
What is that?	<p>Burson-Marsteller is a leading global public relations and communications firm. They provide counsel and program development across the spectrum of public relations, public affairs, digital media, advertising, and other communications services.</p> <p>Clients are global companies, industry associations, professional services firms, governments, and other large organizations.</p> <p>Burson-Marsteller operates 67 wholly owned offices and 71 affiliate offices in 98 countries across six continents</p>	<p>Services Burson-Marsteller</p> <ul style="list-style-type: none"> <li>• Public Relations</li> <li>• Public Affairs/Government Relations</li> <li>• Corporate Positioning</li> <li>• Crisis Management</li> <li>• Corporate Social Responsibility</li> <li>• Opinion Research</li> <li>• Digital Marketing</li> <li>• Organizational Communications</li> <li>• Brand Marketing</li> </ul>
Where is that?	<p>Burson-Marsteller / A Division of PT Wira Pamungkas Pariwara Menara Jamsostek Gedung Utara 3rd Floor Jl. Jend. Gatot Subroto No. 38 Jakarta 12710 Indonesia</p>	
The history of the brand (international)	<p>The company was founded by Harold Burson and William "Bill" Marsteller in 1953, and, by the early 1980s, had become one of the largest public relations companies in the world. In 1979 it became a subsidiary of Young &amp; Rubicam, which is now owned by WPP Group. The current CEO of Burson-Marsteller is Mark Penn, who joined the company in 2005.</p>	

Who is the owner? Who are the people?	<p>The company is founded by Harold Burson</p> <p>Worldwide President and CEO, Burson-Marsteller / President, Penn Schoen Berland: Mark Penn</p> <p>CFO, Worldwide: Pat Przybyski</p> <p>Managing Director, Human Resources, Worldwide: Michele Chase</p> <p>Worldwide Vice Chairman / Chief Strategy Officer: Donald A. Baer</p> <p>Worldwide Vice Chairman: Karen Hughes</p> <p>Worldwide Vice Chairman, Client Service: Patrick Ford</p> <p>Executive Vice President, Worldwide: Jay Leveton</p> <p>Global Chief Marketing and New Business Officer: Esther C. Lee</p>	
Who is the target audience?	<p>The past and current global clients of Burson - Marsteller are multinationals like:</p> <p>GM, Facebook, Philip Morris, Ford Motors, Exxon, Shell, US during the Anthrax crisis and many more</p>	

## 2. Fleishman-Hillard Inc. (WPP Group)

Questions	Answer	More Info
What is that?	<p>Fleishman-Hillard Inc., one of the world's leading strategic communications firms, has built its reputation on creating integrated solutions that deliver what its clients value most: meaningful, positive and measurable impact on the performance of their organizations. The firm is widely</p>	<p>Services Fleishmann and Hillard</p> <ul style="list-style-type: none"> <li>• Branding</li> <li>• Cause Marketing</li> <li>• Clinical Trial Recruitment</li> <li>• Convergent Marketing</li> <li>• Corporate Social Responsibility</li> </ul>

	<p>recognized for excellent client service and a strong company culture founded on teamwork, integrity and personal commitment. Based in St. Louis, the firm operates throughout North America, Europe, Asia Pacific, Middle East, Africa and Latin America through its 80 owned offices.</p> <p>FH is one of the world's largest communications companies with more than 2,400 people in 80 offices around the world.</p>	<ul style="list-style-type: none"> <li>• Crisis Communications</li> <li>• Design</li> <li>• Digital &amp; Social Media</li> <li>• Entertainment</li> <li>• Event Production</li> <li>• Experiential Marketing</li> <li>• Financial Communications</li> <li>• Innovation</li> <li>• Internal Communications</li> <li>• Labor Communications</li> <li>• Litigation Communications</li> <li>• Media &amp; Presentation Training</li> <li>• Mobile</li> <li>• Professional Services</li> <li>• Public Affairs</li> <li>• Reputation Management</li> <li>• Research</li> <li>• SEM &amp; SEO</li> <li>• Sustainability</li> <li>• Video Services</li> <li>• Web Development</li> <li>• Word of Mouth</li> </ul>
Where is that?	<p>Fleishman-Hillard Inc. Sentral Senayan 2, 16th Floor Jl. Asia Afrika No. 8 Jakarta 10270 Indonesia</p>	
The history of the brand (international)	<p>In 1946, at a time when public relations was still a new profession, Al Fleishman and Bob Hillard came together with a singular purpose: to shape the business model, values and culture of what is today the world's largest communications firm. From the company's inception in a tiny office in St. Louis, Missouri, the founders' top priority was a commitment to their clients and to excellence — a promise the agency continues to</p>	

	<p>keep today. For the next two decades the firm served mostly regional clients. Then, in 1974, John Graham was named president. A true industry pioneer, Graham transformed Fleishman-Hillard into a leading, prestigious global agency with offices across six continents. After an unprecedented 32-year-run, Graham — who currently serves as chairman — named Dave Senay as the firm's president and CEO. Senay, a Fleishman-Hillard veteran and only the third CEO in the agency's history, continues to lay the groundwork for the firm's future growth and success.</p>	
<p>Who is the owner? Who are the people?</p>	<p>Dave Senay is president and CEO of Fleishmann Hillard has worked across multiple communications practices throughout several regions of the world during his decades-long career in public relations. He has led or participated on account teams in industries ranging from telecommunications and information technology to healthcare, food and automotive. His experience includes corporate and crisis communications, consumer marketing, international, public affairs and environmental programs.</p> <p>Since joining Fleishman-Hillard in 1984, Senay has taken on increasingly broader responsibilities, serving at various times as a group leader and as general manager of the firm's St. Louis headquarters office; and then as regional president for the Midwest, Canada, Europe and the Middle East, and Africa. Soon after being named president and CEO in July 2006, Senay made a</p>	<p>Fleishman-Hillard is a part of Omnicom Group Inc. (<a href="http://www.omnicomgroup.com">www.omnicomgroup.com</a>). Omnicom is a leading global advertising, marketing and corporate communications company. Omnicom's branded networks and numerous specialty firms provide advertising, strategic media planning and buying, interactive, direct and promotional marketing, public relations and other specialty communications services to more than 5,000 clients in more than 100 countries.</p> <p>General manager of the Jakarta office is Louisa Tuhatu.</p>



	full-fledged commitment to "switch on" the agency, integrating digital into every aspect of the business.	
Who is the target audience?	The past and current global clients of Fleishman Hillard are multinationals and governments like: United States Government, Egypt, The state of Illinois, HBOS, Mexicana Airlines, Marriot and Ritz-Carlton Hotels, AT&T	

### 3. Ogilvy & Mather (WPP Group)

Questions	Answer	More Info
What is that?	<p>Ogilvy Public Relations Worldwide has been operating in the Asia-Pacific Region for more than 20 years. Currently, it is the largest public relations network in APAC by any and all measures. It is also the fastest-growing major network. Despite its size, it understands the need to balance scale, which offers global best practices and seamless cross-border work for major clients, with a hunger, speed, and nimbleness that comes with small, entrepreneurial agencies. Ogilvy PR operates in nearly every country in Asia Pacific with its own company offices, serving a mix of global, regional and local clients.</p> <p>They are a global firm with more than 1700 employees in 50 countries.</p>	<p>Services Ogilvy</p> <ul style="list-style-type: none"> <li>• Strategic and innovation consulting (OgilvyRed)</li> <li>• Interactive Marketing (OgilvyOne)</li> <li>• Shopper Marketing (OgilvyActive)</li> <li>• Healthcare Communications (OgilvyCommonHealthcare)</li> <li>• Public Relations (OgilvyPR)</li> <li>• Entertainment Marketing (Ogilvy Entertainment)</li> <li>• Digital Media Solutions (NeoOgilvy)</li> </ul>

		<ul style="list-style-type: none"> <li>Government Relations</li> </ul> (OgilvyGovermentRelations)
Where is that?	Ogilvy & Mather Indonesia  Sentral Senayan III 11th floor Jl. Asia Afrika No. 8 Gelora Bung Karno - Senayan Jakarta 10270 Indonesia	The headquarter is based in Manhattan, New York.
The history of the brand (international)	<p>Ogilvy &amp; Mather was founded in 1948 by David Ogilvy, as "Hewitt, Ogilvy, Benson, &amp; Mather" in Manhattan. The company became a leading worldwide agency by the 1960s. Ogilvy &amp; Mather was built on Ogilvy's principles, in particular, that the function of advertising is to sell and that successful advertising for any product is based on information about its consumer.</p> <p>His entry into the company of giants started with several iconic campaigns:</p> <p>"The man in the Hathaway shirt" with his aristocratic eye patch;</p> <p>"The man from Schweppes is here" introduced Commander Whitehead, the elegant, bearded Brit, bringing Schweppes (and "Schweppervesence") to the United States.; "At 60 miles an hour the loudest noise in this new Rolls-Royce comes from the electric clock"; and "Pablo Casals is coming home – to Puerto Rico", a campaign that Ogilvy said helped change the image of a country and was his proudest achievement. "Only Dove is one-quarter moisturizing cream". This campaign helped Dove become the top selling soap in the U.S.</p> <p>In 1989, The Ogilvy Group was purchased by WPP Group.</p>	They have operated in Asia Pacific for over 20 years.

Who is the owner? Who are the people?	The group is founded by David Ogilvy and Miles Young is the global CEO. Tim Isaac is the chairman of Ogilvy in Asia Pacific.	
Who is the target audience?	The past and current global clients of Ogilvy are multinationals like: Intel, IBM, Nokia, Motorola, UPS, Ford, BMW, Rolls-Royce, Disney, Adidas, American Express, Cisco, Lenovo, SAP, Yahoo!, Zurich Financial Group, British Telecom, British Airways, Nestlé and hundreds of others.	

#### 4. Indopacific Edelman

Questions	Answer	More Info
What is that?	Edelman is a global, independent communications leader They have had a presence in Asia Pacific for over a quarter century, in 10 markets and specialize in creative brand marketing, corporate communications, stakeholder engagement, digital, media relations, B2B communications, social media engagement, health communications and sustainability programs.	
Where is that?	Indopace Edelman 3rd FloorRecapital Building,Jl. Adityawarman Kav. 55, Kebayoran Baru, Jakarta 12160 Indonesia	
The history of the brand (international)	They have operated in Asia Pacific for over 25 years.	
Who is the owner? Who are the people?	Indopacific Edelman is part of the Edelman group, which is owned by founder and chairman Dan Edelman, it's currently run by his son Richard J. Edelman. David Brain is CEO and president of Indopacific Edelman,	

	<p>Chad McClisky is the chairman.</p> <p>Bob Grove is the managing director of Edelman in South East Asia, where</p>	
Who is the target audience?	<p>The past and current global clients of Edelman are multinationals like:</p> <p>Schering-Plough, United Parcel Service, Microsoft, Kraft, Starbucks, Walmart Royal Dutch Shell</p>	

### 5. Weber Shandwick (Interpublic Group)

Questions	Answer	More Info
What is that?	<p>Weber Shandwick is a leading global public relations agency with offices in 77 markets around the world.</p> <p>FH is one of the world's largest communications companies with more than 2,400 people in 80 offices around the world.</p> <p>Weber Shandwick is a formation of three previous companies:</p> <p>The Weber Group – Cambridge, Massachusetts in 1987, leveraging emerging technologies such as the mobile phone and the internet into the world of communications, which made the company a top 10 PR firm in less than a decade</p> <p>Shandwick International – Founded in London in 1974 by Lord Chadlington, 25 years later it had grown to become the largest public relations agency in the UK, and a worldwide force with a major presence in both Europe and Asia Pacific</p> <p>BSMG Worldwide – Merged with Weber Shandwick in 2001. The company dates back to 1921, with the founding of the Bozell &amp; Jacobs advertising and public relations agency in Omaha, Nebraska. Bozell later acquired Sawyer Miller Group a leading political consulting firm – and applied its campaign-based disciplines to the world of advocacy on behalf of brands, ideas and issues</p>	<p>Services Weber Shandwick</p> <ul style="list-style-type: none"> <li>• Marketing Communications</li> <li>• media relations</li> <li>• issues management</li> <li>• public affairs</li> <li>• crisis communications,</li> <li>• CEO and corporate reputation management</li> <li>• B2B Marketing</li> <li>• Consumer Marketing</li> <li>• Corporate Communications</li> <li>• Financial and Professional Services</li> <li>• Healthcare Communications</li> <li>• Public Affairs and Public Policy</li> <li>• Technologies</li> </ul>

	They have an award-winning network across Asia Pacific, stretching from Greater China, Japan and Korea to India, Southeast Asia and Australia.	
Where is that?	PT Cahaya Megah Kencana Menara Mulia, 12th Floor Jl. Jend. Gatot Subroto Kav. 9-11 Jakarta 12930 Indonesia	
The history of the brand (international)	<p>Weber Shandwick has a heritage in Asia Pacific stretching back almost 50 years. The network of 18 owned offices in 12 markets — together with affiliates and representative firms in all other key markets — stretches from Greater China, Japan and Korea to India, Southeast Asia, and Australia.</p> <p>Since 2004, Weber Shandwick in Asia Pacific has won more than 50 regional, national and international industry awards for work performed for clients including MasterCard, General Motors, Pfizer and Hitachi.</p>	
Who is the owner? Who are the people?	<p>Weber Shandwick is part of the Interpublic group.</p> <p>Tim Sutton, chairman Tim Sutton is a globally renowned corporate and brand strategy PR expert, with a wealth of experience in Europe, the Middle East, Africa and most recently, Asia Pacific. He has directed corporate and brand development programs and public affairs issues campaigns for several of the world's top companies and industries, and was responsible for the only European PR campaign to have won both of the industry's top awards to date: the PR Week Grand Prix and the IPR Sword of Excellence.</p> <p>Baxter Jolly, vice chairman, Asia Pacific Baxter Jolly has held senior roles in the communication industry across Asia Pacific and amassed extensive experience working with numerous multinational corporations. He led the Singapore office to win runner-up Asia Pacific Consultancy of the Year from at the 2007 PR Week Awards.</p>	Djohansyah Saleh is the head of operations for Weber Shandwick in Jakarta, Indonesia. Djohansyah (Johnny) Saleh focuses on financial communications and public affairs counseling for corporations and government agencies in Singapore and Indonesia. He coordinates issues management and stakeholder outreach programs for numerous multinational and national clients, and has developed and implemented a successful litigation communications program.
Who is the target audience?	The past and current global clients of Weber Shandwick are multinationals and governments like: Kentucky Fried Chicken, AA, CSL Biotherapies, Electrolux, Ocean Spray, American Airlines	

## Appendix 3: Interviews with Fortune PR staff

### Interview 1: Question List competitors in the PR Market

**Date:** 6 Feb 2012

**Interviewed person:** Miss Indira Abidin

**Function and tasks:** Managing Director Fortune PR

#### **1. Who are the main competitors for Fortune PR? What are their strengths and weaknesses? Where do they invest in?**

Most competitors are focused on media relations, the full package. Clients who need PR mostly want a few services, so that means that if you want to play a big role in the PR industry here, you have to serve your clients with many different PR solutions. That is why we include all services under Fortune PR. If you look at our business units, they all have a different scope of work. For example, DiBe handles digital and social media. Prodev handles corporate communications. They both compete in a different area inside the PR branch, so they have different competitors. I advise you to look at a client survey we recently researched and to speak to our client services director, Miss Fardila. If you look at the specific teams, here is an overview of their competitors and how to beat them.

##### **1. Prodev**

The strengths of our competitors Fleishmann Hillard, Burston Marsteller and Weber Shandwick are:

- Team expertise
- Image : multinational, experts, pricy
- Related client portfolio: government
- High profile/Strategic
- SoMark Network
- Local Content Program
- Focus on Development Program

We benchmarked Kiroyan and Partners. Their strengths are:

- CSR expertise
- CSR networking
- Partnering with VIP experts
- Government Relation / high profile
- Focus on Development Program
- SoMark Network

##### **2. Headline!**

Headline competes with Edelman, Maverick and DDB, who all have different qualities.

##### 1. Edelman:

- Industry Thought leaders
- Image : multinational, experts, pricey
- Related client portfolio: government

##### How to beat them?

- Media relations
- Content
- Industry thought leaders
- Sharp analysis

- Strategic planning
- Use of professional English language

## 2. Maverick

- Media relations
- Many media-bonding programs
- Strong bonding with media

### How to beat them?

- More media bonding
- Intensive media update

## 3. DDB (New in the market)

- Many strong retainer clients
- Creativity
- spin-off advertising, lifestyle
- Feeding from advertising agency
- Mature internal system
- Good quality control

### How to beat them:

- Improve quality control
- Professional Look
- More creativity
- Strategic and creative thinking

## **3. Mocca**

The competitors are:

### 1. Lowe

- Full Service
- Creative experts
- Client portfolio
- Winning several awards

### 2. Ogilvy

- Full Service
- Creative experts
- Client portfolio
- International company

### 3. Fortune Indonesia

- Full service
- Client portfolio

## **4. Verbrand**

The competitors are:

### 1. Makki Makki

- Brand Measurement (Research), Brand Strategy, Brand Activation
- Branding Analyst, Research Executive, Branding Designer, Strategic Partners (PR, Marketing, Research, Activation, Finance)
- BrandDiagnostix (Research)



- TheBrandQuotient (Strategy)

#### How to beat them?

- Strong research team
- Strong analysis team
- Strong Creative Team
- Strong original methodology, trademarked

#### 2. DM ID-Holland

- Corporate Branding, Consumer Branding, Interactive Branding, Employee Branding, Destination Branding, E-Content Branding
- partnership & affiliations with international consultants, Marketing Director, Client Manager, Senior Consultants, Creative Director, Brand Designer, Brand Consultant
- Mind-Behaviour-Visual Identity
- Brand Humanity (Test & Monitoring, Evaluation)

#### How to beat them?

- Prominent Expert Researcher
- Prominent Brand Consultant
- Prominent Creative Director

#### 3. Brand Union

- Research, Strategy, Innovation, Engagement, Evaluation, Corp Identity, Digital , Communications, Environments, Packaging
- active in educating the market about branding. They are frequently involved in seminars as key speakers, as well as in writing about branding in business and marketing publications in Indonesia.
- Brand Mastery (a carefully-constructed mix of creativity and rigor that differentiates The Brand Union → mix of creative design & science)

#### How to beat them?

- Global Data
- Global Network
- Global Representatives
- Global Portfolios

## **2. Which other promotion tools could companies use to promote their product / service, OUTSIDE of the PR industry? Why would clients choose between these two?**

### *1. In house is cheaper.*

Companies could also use their own marketing department or an in house person. But they have to educate this team. You never know if they know enough about pr the trends, and they have to add their head count. Hiring extra people costs more and brings some extra responsibilities. Besides that, companies are trying to become more cost efficient (smaller).

### *2. They can use their website and social media.*

### *3. They use journalists who are friends.*

The journalist charge them, but cheaper as an agency. Con: Journalists are not PR people. They are not trained as pr persons.

### *4. They hire a freelance PR person.*

But by being a freelancer with no background company to rely on, they don't have an institution to update and train themselves and easily improve their skills. They have different facilities than an agency.

*5. Small companies: the entrepreneur does it himself.*

**3. Which other strategic groups / providers can be found INSIDE the market? Why do clients choose between these two?**

We belong to the big ones, let's call them the premium brands. We offer integrated communications, all kinds of services. We are in the same segment as the multinationals: Ogilvy, Maverick, Fleishman Hillard, Burston Marsteller and Indopac Edelman. From a local point of view, our other competitor is Inke Maris, a PR agency with Indonesian roots.

After the premium brand you will get Intermatrix, a medium brand. They don't offer as much services as us, and on a smaller scale.

Finally you get the small one, a few local companies like PowerPR, MarcomX, etc. In this market we have Budgetcom, who we are supervising. They are not owned by Fortune PR but are a part of the holding, Fortune Indonesia.

**4. Who buys the product? Who influences them? Who purchases the service? Does the market have a standard target aim? Is this too conventional and can it be changed?**

We don't work with influencers and sell directly business to business.

**5. Look at other service / product combinations. Why do people use a service from Fortune PR? Where do they use it for? What happens before, during and after the service?**

Before, the clients worked together with consultants. After the brand strategy part is done, they forward it to the people responsible for the communications strategy. This was complex. Now one person works with one client, who has control over the whole package. There are 3 strategic planners who supervise the account managers, but don't handle clients directly. It works more efficient and clients appreciate it.

**6. Is the sector competing on an emotional or functional level?**

**Emotional: Which elements could be eliminated to make it more functional?**

**Functional: Which elements could be eliminated to make it more emotional?**

We are very functional, but I think we should be more emotional. Fortune PR is strict, professional and business minded. We should be more emotional towards our clients, give them a good feeling when working with us, so they don't only see us as necessary for their image.

**7. What are the trends in the PR – sector? The trends are an opportunity when they have 3 characteristics:**

- The trend has consequences
- The trend is irreversible
- The trend has a clear trail

**What is the effect of the trend and how can the trend be turned into customer value?**

Currently digital is the trend. Other trends are not irreversible in my eyes.

## Interview 2: Question List competing elements and values in the PR Market

Date: 7-03-2012

Interviewed person: Thomas Franky

Function: Strategic Planner

Team: New Business Development

### 1. What do clients care about when they have to choose for a communications consultancy? What are the value elements?

Value Elements	Rating
<b>Pricing</b>	<i>Most important for clients.</i>
<b>Image:</b> <ul style="list-style-type: none"> <li>• Contacts of the company (journalists / media / famous Indonesians, etc.)</li> <li>• Clients (amount of clients, prestigious clients, size)</li> <li>• Contacts with politicians</li> </ul>	<i>Awards, recognition from other associations. Recognition is one of the considerations that clients take from PR agencies.</i>
<b>Proposal</b> <ul style="list-style-type: none"> <li>• Research spent</li> <li>• Investment in data (do they pay for data?)</li> <li>• Consultancy level</li> <li>• Lay out</li> <li>• Presentation</li> </ul>	<i>How well does the pr agency understand the problem, and their own product and services?</i>
<b>Outsourcing of services</b> <ul style="list-style-type: none"> <li>• Is it important for clients to have direct contact with the pr agency? Do they care about dealing with partners / associates?</li> </ul>	<i>No one wants to deal with the middle man.</i>
<b>Variety of services</b> For example: <ul style="list-style-type: none"> <li>• Media Relations</li> <li>• Advertising</li> <li>• Corporate communication</li> <li>• Design and print</li> <li>• Press conferences</li> </ul>	<i>They will look for a specific service sometimes. So it means they don't always need the full package. A client that needs advertising, does not meet corporate communications.</i>
<b>International network of agency</b>	<i>Network in media or other PR agency. Citilink looks for partnership with international market. That's the reason we joined Worldcom. Like Ogilvy, Edelman.</i>

	<i>They are also a local player like us. So we can beat them in partnership. Nokia for example they apply one agency for over the world. Using Worldcom we can beat Edelman and Ogilvy.</i>
<b>Background and working experience of staff</b>	<i>It's combined in the chemistry. If they are confident with the pr agency the background will follow. Responsiveness, communication with client. Chemistry working with the account manager is related. If your account management cannot work along with you as a client, he will never retain the contract.</i>

## **2. Who are the main competitors for Fortune PR? What are their strengths and weaknesses? Where do they invest in?**

We saw that competitors are changing. We change as well. Edelman is changing into groups for specific clients. They have a dedicated group for Healthcare clients for example. It's time for restructuring. This is based on industry and based on services. Edelman bases on industry, Ogilvy on services. We also base on services. New structure is in the holding and we have Dibe, Headline, Prodev etc. they are all based on the services. The focus of our holding is focused on a strategic base and divided on industry, like one company for travel and one for PR for example. Fortune PR is based on services.

We divide in 2 services. Fortune PR has Miss Meganingrum, Miss Soepraba and me as strategic planners. The other brand teams are on the executive level. We don't handle the clients and receive the payment, that belongs to the different teams. For us this means: we are advising and plan strategically. Miss Meganingrum for healthcare and lifestyle, Miss Soepraba for finance and infrastructure, and I handle IT, Telecommunication and electronics. Whenever a client is from a technology industry, I am supervising and strategic. Our work is difficult, cause strategy and execution are handled by different people.

## **3. Which other promotion tools could companies use to promote their product / service, OUTSIDE of the PR industry? Why would clients choose between these two? Pick the most important ones en delete the others.**

Speak to Oscar. He knows a lot about this. To me it is also blue ocean strategy. If you look at the traditional agencies, they rely on clients in the personal network. For us its more reaching out outside the market.

## **4. Which other strategic groups / providers can be found INSIDE the market? Why do clients choose between these two?**

There is no strategic group. We have divided into strategic and executing. The other ones combine these two. That is what we differentiate. You go to Edelman, strategic and executing by the same person. We separate them. That's unique.

## **5. Who buys the product? Who influences them? Who purchases the service? Does the market have a standard target aim? Is this too conventional and can it be changed?**

B2B is the target market and is influenced by: internet, satisfied clients.

Internally they are influenced by a brand manager and purchase manager, who decides to work with a specific agency. The Indonesian corporations have divided the brand manager and the purchase manager who collaborate to appoint a pr agency. The work will be done by

them together. The decision is 40% by purchase manager, the brand manager has 60% influence.

For example, I remember a brand manager from a big company that already liked us. But when it came to purchasing, the purchase manager didn't like us. That can happen. 40% is in the purchase managers hands.

In our company we have a function we call tender and client relation who handle that. That person is Yoll, his responsibility is to build relationships with clients, especially with the purchase manager. He asks them whether there is a pitch or not.

**6. Look at other service / product combinations. Why do people use a service from Fortune PR? Where do they use it for? What happens before, during and after the service?**

Indonesian market. We haven't reached out to other markets, we have one or two clients but our network abroad executes that. Telkom does Indonesia and America and uses our associates. Indonesian flight company Citilink receives an award now for example, we are helping our partner in Singapore for media/Bloomberg awards.

**7. Is the sector competing on an emotional or functional level?**

**Emotional: Which elements could be eliminated to make it more functional?**

**Functional: Which elements could be eliminated to make it more emotional?**

Functional as well as emotional these days. Sometimes the emotional level can change by using chemistry, like when I know a person from a previous collaboration. Most of the time we are functional. We are planning to be more emotional and we use Oscar and Yoll to build our network and communication with the companies and engage with them.

**8. What are the trends in the PR – sector? The trends are an opportunity when they have 3 characteristics:**

- The trend has consequences
- The trend is irreversible
- The trend has a clear trail

**What is the effect of the trend and how can the trend be turned into customer value?**

Digital is the trend. It is cheap, efficient and irreversible. The digital market in Indonesia is huge. Not only social media, but also websites. They use their smartphones daily.

Let me teach you about the 3 types of media relations: Own, Buy and Earn.

Buy: we buy the media

Own: we create our own media (website, social/media channel)

Earn: Is PR (We create a good network who we feed with our news releases) That is considered as earned media.

You can control the "Own" one the best. Those are the media that haven't been explored so far. A lot of people place their advertisement in Media, the "Buy" principle. But people get tired of it, It is not working anymore in 2012. The "Earn" one still has to be conquered. To help building a network is difficult.

"Own" is the easiest one. Build a website and social media channel and internal media.

Trend is to explore more own media.

**9. Which services does your department offer? What are the qualities of FPR if you look at the services inside your department? Which parts can be improved? (Confidential)**

Indah, Ayu and I are looking for new businesses. For instance: the media carnal with Fahmi and Tommy. We have a target: 3 new businesses in one year. 1 is done already, inside the pr industry. Media monitoring is created now, we look for two others. In order to create new business I want to learn more about business planning. Invest in the management. Looking for investors and I have to get more experience. BI have asked Indira to get me a business counselor who can be advisor / counselor for Indah, Ayu and me. If you look at the 3 new business targets and the online media monitoring, I thought of it since 1997. I couldn't do it since time and technology and possibilities didn't offer it. Now I need more knowledge and skills. She is looking for it. We both understood that this is important and beneficial for our future.

#### **10. Do you know which customers we recently lost? Why?**

We lost Buzz city, they not ready to enter the Indo market. It's an online agency that creates software that enables application development advertising. They were a client but recently finished and don't want to renew. They are not ready for the market. We helped them to build the name, the application that they have is well known, but their objective is to gain customers, not users. It is not working cause the people can't penetrate companies yet. They pulled back their communication now. In terms of branding, they can't compete with other agencies. B2B still goes to traditional agencies, like Danone, when they have a placement. They place adds on news, TV, DVD etc. They don't want to get a separate agency, they want one that handles all. Buzz city only does mobile adds, It's a niche market and they can't compete. Maybe in the future, or they would have to merge with big agencies.

#### **11. Why would companies be reluctant to work with us?**

Based on my knowledge they consider us as a big agency, thus they think we are expensive. We haven't faced any reluctance so far, except for pricing so.

Media Carnell can be used by other pr agencies as well, like the small ones. It's quite blue ocean and combines traditional and online media. We have a 360 degree monitor of your communication (monitoring of their brand communication) We don't have a competitor yet, but we think we will be followed soon. One other has just bought two types of media monitoring agencies. One is focused on online media and one on traditional. It won't take long till they use similar services. But it hasn't been done yet. This is our time to build up our brand and be a pioneer in the business. We are going to separate it as a budge com. Part of the Holding Fortune Indonesia Group, not of Fortune PR.

We created Budge com to handle clients with a lower budget and similar services without the big branding. We are hoping by using budge com that they are not reluctant .



## Interview 3: Question list competing elements and values in the PR Market

**Date:** 8 February 2012

**Interviewed person:** Oscar Prajnaphalla

**Function and tasks:** Marketing Communications Manager and Internship Mentor

**Team:** New Business Development

### 1. What do clients care about when they have to choose for a communications consultancy? What are the value elements?

Value Elements	Rating
<b>Pricing</b>	Clients don't care too much as long as the price is competitive. BudgeCom is the budget consulting agency in the Fortune Indonesia and they want to show their clients everything for the minimum budget. But clients will ask themselves: "How can I get it for such a low price?" Maybe the staff is not qualified enough? That's what I would expect. Important is: Don't be too expensive but also not too cheap. You have to be smart in that. For example: When you cut your hair, there are so many barbers / salons, hairdressers and they all come with different price. A cheap barber could lead to a bad haircut, but from the other side: you also don't want to pay too much for a haircut! So you have to find the middle between these sides and offer an equal price-quality level for your service.
<b>Image:</b> <ul style="list-style-type: none"><li>• Contacts of the company (journalists / media / famous Indonesians, etc.)</li><li>• Clients (amount of clients, prestigious clients, size)</li><li>• Contacts with politicians</li></ul>	The image is most important for clients.
<b>Proposal</b> <ul style="list-style-type: none"><li>• Research spent</li><li>• Investment in data (do they pay for data?)</li><li>• Consultancy level</li><li>• Lay out</li><li>• Presentation</li></ul>	The quality of the proposal is of course important. But this is just in the preliminary stage. You want to win the bid with the best proposal. But for clients it's important what happens after that, the executing phase and actual implementation of the proposed services.
<b>Quality of account management (Background and working experience of staff)</b>	As a client, you can't measure the quality of the account management in the bidding stage, but when you decide whether to



	continue the contract or not it is very important.
<b>Variety of services</b> For example: <ul style="list-style-type: none"> <li>• Media Relations</li> <li>• Advertising</li> <li>• Corporate communication</li> <li>• Design and print</li> <li>• Press conferences</li> </ul>	The client will check if you offer the specific service that you need. It is important to know that not all our competitors don't offer full services like us.
<b>International network of agency</b>	International network depends on the client and the industry. Certain businesses need a company who have international experience. Sometimes you need a local version. In Singapore, doing business is very different than in Jakarta. The distance is close, but the cultures can't be compared. If you are an international company that targets international customers, you use an international agency.

**2. Who are the main competitors for Fortune PR? What are their strengths and weaknesses? Where do they invest in?**

Please check with Miss Abidin and Miss Fardila to discuss this.

**3. Which other promotion tools could companies use to promote their product / service, OUTSIDE of the PR industry? Why would clients choose between these two? Pick the most important ones and delete the others.**

You can use digital cause It does not require any investment, except for time and an internet connection.

**4. Which other strategic groups / providers can be found INSIDE the market? Why do clients choose between these two?**

At Fortune PR, we target the rich companies and focus on premium brands. We connect with high end medias. Retainer is per month and can be monthly activities. Ad hoc projects is just 1 time. We focus on retainers. We charge a professional fee on hours spent. Not on the media that we reach.

**5. Who buys the product? Who influences them? Who purchases the service? Does the market have a standard target aim? Is this too conventional and can it be changed?**

We will do this in the future. We developed media monitoring, which is basically watching the news. Let's say you watch CNN. You don't care about all the news, you only watch the news that you are interested in. You could switch to another channel when the boring news comes on. That's why we offer this new service at Fortune PR, and it works like this:

You can subscribe to our service. We will gather news from many sources (online news, dailies) and transfer it to online, so you have focused news. If you are Arsenal fan, you can

subscribe and get news from several media about Arsenal. This will be filtered every day from all the medias and sent to your email.

This our monitoring part that we will use for companies and customers, our first way to reach directly to the consumer.

**6. Look at other service / product combinations. Why do people use a service from Fortune PR? Where do they use it for? What happens before, during and after the service?**

You have to innovate. We will be the first one in Indonesia to serve the media monitoring to the other public. Other companies will follow you anyways. It is good to have more people in the business than only being a pioneer. I wrote a book for example and I published it via an E-book for free. I sell the book in print. "Are you crazy?", Is what people ask me. I am not afraid of piracy. Everything can be found on the internet, the more people that use your product, even if it is illegal, my name will be read. They will invite me to write. It is more important that they will know me.

**7. Is the sector competing on an emotional or functional level?**

**Emotional: Which elements could be eliminated to make it more functional?**

**Functional: Which elements could be eliminated to make it more emotional?**

Everybody gives the full service. I want to have a hotel for example. I will target travelers. People want to explore, they won't stay there. They don't need that cause they will explore. They need a place to stay to put their stuff in a safe place and sleep. Instead of using a TV in my hotel, I would provide a Wifi connection. People are changing, they are not into TV anymore. You don't travel to watch tv. Internet is good for exploring and communication. So you should combine functional and emotional.

**8. What are the trends in the PR – sector? The trends are an opportunity when they have 3 characteristics:**

- The trend has consequences
- The trend is irreversible
- The trend has a clear trail

**What is the effect of the trend and how can the trend be turned into customer value?**

What can come beyond social media? In Paris and Milano they set the trend for the coming year. That's what pr agencies should do. Pr is about advertising. In Grand Indonesia mall in Jakarta you see an advertisement for cheap meat and you go there. You here it on the radio and on the news. Then you here that 50 people got sick from poisoned meat. I wouldn't go there anymore. It needs validation from the public. You have to create the need first and then build the image.

**9. Which services does your department offer? What are the qualities of FPR if you look at the services inside your department? Which parts can be improved?**

More creativity, more innovation. That's a constant challenge.

**10. Why would companies be reluctant to work with us?**

Pricing. It is like when you are moving to a new place. You look for a place to stay. Why do you choose one and not the other? When I moved, I checked out more than 30 places. I wanted the best location, not too far from the office, with a nice surrounding. How are the people there, facilities etc.

At last I would check the price and decide whether I would take it or not. B2B is like that, you will have to find out to see if the company can facilitate your needs. You need to check out these things. It can be a money thing, or being comfortable with services.

## Interview 4: Question list competing elements and values in the PR Market

**Date:** 12 March 2012

**Interviewed person:** Ayu Meganingrum

**Function and tasks:** Strategic Planner

**Team:** New Business Development

### 1. What do clients care about when they have to choose for a communications consultancy? What are the value elements?

Value Elements	Rating
<b>Pricing</b>	<i>Many companies in Indonesia, especially the multinationals are very concerned with pricing. Like FMCG (Fast Moving Consumer Good). They really care about it, cause everything they have to pay, they have to compare with their sell of profit.</i>
<b>Image:</b> <ul style="list-style-type: none"> <li>• Contacts of the company (journalists / media / famous Indonesians, etc.)</li> <li>• Clients (amount of clients, prestigious clients, size)</li> <li>• Contacts with politicians</li> </ul>	<i>Yes they care a lot about the image. But it Depends on our target. If the clients wants to build awareness of the product we also have to make a marketing plan. It depends on the objective of the company.</i>
<b>Proposal</b> <ul style="list-style-type: none"> <li>• Research spent</li> <li>• Investment in data (do they pay for data?)</li> <li>• Consultancy level</li> <li>• Lay out</li> <li>• Presentation</li> </ul>	<i>The quality of the research is important and does it answer the objective. Investment: Turkey exhibition pays for data. It depends on the complication of the proposal. For Citilink we had to pay. They want to achieve strategic communication, also advertising. We pay for the research. Consumer insight in the low fare market.</i>
<b>Outsourcing of services</b> <ul style="list-style-type: none"> <li>• Is it important for clients to have direct contact with the pr agency? Do they care care about dealing with partners / associates?</li> </ul>	<i>One contact or team employee. If the project has been signed they have to speak with the head of the team (BTL). But before, they speak to the Strategic planners. In the beginning only us.</i>
<b>Quality of account management for specific project (communications)</b>	<i>The pricing and staff are very important. Clients do know about the staff of Fortune PR.</i>
<b>Variety of services</b> For example: <ul style="list-style-type: none"> <li>• Media Relations</li> <li>• Advertising</li> </ul>	<i>Full package for integrated communication. It's a must have in the communication industry. They do really need it but it depends on the objective.</i>

<ul style="list-style-type: none"> <li>• Corporate communication</li> <li>• Design and print</li> <li>• Press conferences</li> </ul>	
<b>International network of agency</b>	<i>Main insight from my clients is: international agencies often don't know the habits of the local people. FPR is a local pr agency but have the international liaison. They have both.</i>

## **2. Who are the main competitors for Fortune PR? What are their strengths and weaknesses? Where do they invest in?**

For the international agencies: they don't have detailed insight in the Indonesian market (culture, customer behavior etc.) Because of that clients mostly use a local company for the Indonesian market. They wouldn't use the international agencies because they have only junior staff for client services, and they don't think strategic enough. They care more about implementation which they consider more critical for the clients. They use the big multinational name, but the staff they use is not as qualified as the staff they use on an international level. Multinational companies who need PR in Indonesia have contracts with the global PR competitors and sometimes use PR firm globally. But still we have the local knowledge.

For the local agencies: Fortune PR has integrated communications. The others only specialize in media relations. Inke Maris does Financial pr and Government PR. Intermatrix does media relations (journalists, interviews, press conferences)  
In term of budget and pricing, other local companies offer a lower price, so in term of budget concern they win, but in term of strategy, Fortune PR is better.

## **3. Which other promotion tools could companies use to promote their product / service, OUTSIDE of the PR industry? Why would clients choose between these two? Pick the most important ones and delete the others.**

1. Digital communication
2. Social media
3. Collaboration with a workshop company. We become the speakers at workshops. We have the speakers and provide. They make promotion for us. It's a trade, like a barter.

## **4. Which other strategic groups / providers can be found INSIDE the market? Why do clients choose between these two?**

*We compete with the multinationals like Maverick, Indopac Edelman, Fleishmann Hillard, Weber Shandwick, Burston Marsteller and Ogilvy. Intermatrix and Inke maris are medium brands. PowerPR and MarcomX are small.*

## **5. Look at other service / product combinations. Why do people use a service from Fortune PR? Where do they use it for? What happens before, during and after the service?**

Integrated communication is a part of services. We have so many strategies. Oscar did the Marcom strategy, but we also collaborate. And we do innovation part. We are more powerful in terms of the client side.

## **7. Is the sector competing on an emotional or functional level?**

**Emotional: Which elements could be eliminated to make it more functional?**

**Functional: Which elements could be eliminated to make it more emotional?**

It's a mix between emotional and functional. We can do fast servicing and quickly respond to clients' emails and finish proposals quickly for deadlines. Internal we don't come too late in meetings. That is all very functional. But emotional also becomes our philosophy, we have a family oriented company. We are the Fortune PR community. The clients feel the emotional part of our services. We are local, not too strict for anything. That's our specialty. For Japanese clients it depends though. They don't want to use Indonesian PR agencies sometimes, they want a Japanese agency, like Haka Udo. Toyota and Honda use this agency, because Japan has a very different culture.

**8. What are the trends in the PR – sector? The trends are an opportunity when they have 3 characteristics:**

- The trend has consequences
- The trend is irreversible
- The trend has a clear trail

**What is the effect of the trend and how can the trend be turned into customer value?**

I think digital will improve. Websites, social media. Our consumer is more critical. We have to improve with healthy and eco lifestyle. It will become a trend here. Our consumers get more conscientiousness according to health. They start to care about climate change, the global warming etc. We have to show we are an eco friendly company in our services. No printing, soft copy with cd, don't use the paper. I think that will be a trend here.

**9. Which services does your department offer? What are the qualities of FPR if you look at the services inside your department? Which parts can be improved? (Confidential)**

-

**10. Do you know which customers we recently lost? Why? (Confidential)**

We lost a energy bar company from Japan. They didn't want to continue cause they want more specific and targeted into activation program. I give them a suggestion in ad hoc way, not a retain. They were ok with retain and ad hoc, but we lost them.

**11. Why would companies be reluctant to work with us?**

The most of them are concerned about the price. Now NDB has a strategy to make it a more reasonable price, but of course it all depends on the budget client.

## Interview 5: Question List competing elements and values in the PR Market

**Date:** 15 March 2012

**Interviewed person:** Dr. Indra Abidin

**Function:** President Director Fortune Indonesia

### 1. Where do clients care about when they have to choose for a communications consultancy? What are the value elements?

We have the Formax strategies. That is a business tool, our own business tool to come up with a strategy. Its especially for media, communications. For the whole work process. We call it Adsys. We started it in '84.

Every day tool with facts. When you say a clients brief it's already entered in the system. Up to media invoicing, production invoicing to producer check. Even to produce your salary.

Value Elements	Rating
<b>Pricing</b>	<i>We have a quality service that matches our price, it does not come cheap. Clients think it's worth the value. It comes with the reputation and image. It comes with good experts and a good system. Once you are client, commits to keep you full service.</i>
<b>Image</b> <ul style="list-style-type: none"><li>• Contacts of the company (journalists / media / famous Indonesians, etc.)</li><li>• Clients (amount of clients, prestigious clients, size)</li><li>• Contacts with politicians</li></ul>	<i>The reputation that a company has amongst its contacts. Image is very important. The multinationals contact a middle man. The middle man would find out who the contact would be. It could be business contacts or personal contacts. Word of mouth is very important. Business contacts, personal contacts. Recommendation. But the other companies are smaller. Media is very common, PR.</i>
<b>Quality of account management for specific project (communications)</b>	<i>Very important. Because the person is responsible for the destiny of the clients. To bring them and make them achieve the targets. If you don't have the right team, you can't contribute to the team of the goals. Sometimes our service goes beyond their expectations. You are giving the total communications service. This is different for the other companies. You have to invite them. You have to ask the industry and ask around as a client.</i>

### 2. Who are the strategic groups / main competitors for Fortune PR? What are their strengths and weaknesses? Where do they invest in? Premium / Medium / Small? What is their difference compared to Fortune PR?



Those are the key ingredients and the strength of fortune. Experience, connectivity (network) all across the country. We have worked with many institutions, military, defense, community etc. Whether it is social, news, senior citizens. We worked with the farmers, coffee farmers. Tobacco partners.

The head office contract is important. For Burson Marsteller / Edelman etc. Sometimes they use global aligned agreements. No option for Fortune. That could happen. There are also companies with local agencies. Nestle doesn't do that. They appoint the.

**3. Who buys the product? Who influences them? Who purchases the service? Does the market have a standard target aim? Is this too conventional and can it be changed?**

Political campaigns, you work with individuals. But usual we work with legal entities to appoint us. For the legal part. We are going into sports marketing, we have been appointed by espn to develop sports marketing. Sports is a very big market as an industry. It is potential. You have so many kinds of sports. They all have a lot of advertising potential. Hopefully in the future we could organize it.

**4. What are the trends in the PR – sector? What is the effect of the trend and how can the trend be turned into customer value?**

Digital is the biggest trend. The fastest growing sector in the industry. Growing 50% per year (digital) and the total industry is still small, 11%.

**5. What are the strengths of Fortune PR, and what are the opportunities? Which parts can be improved?**

Our reputation strong. To strengthen our standards, to insure each PR person is well trained and equipped to handle international level standards. We want to increase our diversity, so we can be a multi pr service company:

A specialist in health, finance, social, industrial. PR tends to needs specialist. We have to be strong and expand our services. We have many small volumes. We have to strengthen and expand that to become a division. We need to have research tools that can be an advantage for the Fortune Indonesia Group. We have a pop survey research unit. We are now pioneering a research tool with technology applications. This is for digital media research. Cause that will be the big market. We would be able to monitor the high spending, most active digital / social media and we would have instant acces to trends, happenings, whatever is being discussed in this digital media. For instance, we would be able to monitor this media. But if someone mentions our clients and ourselves, we would now immediately. The technology is helping us.

In 3 years we want to be regional. Open more offices. Our services could be available and used by other clients. We will start with south east asia.

We went down in the crisis. But since we went public it grew more than 800 percent. The sky is the limit. You must have a vision, that is the most important. Never be satisfied, always stay hungry. Indonesia / Asia is a very interesting time, if you want a good experience in your career, Asia is a good place to develop your career. We see 3 markets emerging, Indonesia, China and India. Very soon we will be seen as an important market and there is rich countries around us. Being young it is a very good place to be in, with a lot of opportunities.