

CHAPTER I Introduction

In the first chapter, it will give a general picture of the research. This introduction part will give the readers explanations about the research background, the purpose of the research, and the method used in doing this research. It will also provide a brief research paper structure.

1.1 Research Background

Located in Southeast Asia, Indonesia, as the fourth most populous country in the world, continue to have a massive and rapid growth in its market (Fitch, 2019). It is proven that 50% of Indonesia's population is under the age of 30, which makes the consumer-related market opportunities so promising for companies (Exportgov, 2019). The demand for products is big and vary which makes many companies and investors around the world start to notice its market potential and sure to enter Indonesia's market for expansion.

With high growth in its market, Indonesia needs infrastructure, training, and components to keep its business running. Many business divisions are started to develop, and it requires supports, not only from local but also international parties, to take opportunities from the current existing market. By knowing these facts, Indonesia started to open up its market more widely and welcoming many successful multinational companies to involve in Indonesia's business. It is undoubtedly true that China plays a big role in Indonesia's economy compared to other countries. In 2018, China solely received 15.1% of total Indonesian exports, making it Indonesia's top trading partner until now (Workman, 2019).

The positive growth of internet traffic in Indonesia also becoming a bright prospect for tech companies to invest in this market for expanding their businesses. According to the survey of the Association of Internet Service providers in Indonesia (APJII), the number of internet users in Indonesia reached 171.17 million people at the start of 2019, the same as 64.8 percent of the total population (Indonesia-Investment, 2019). Furthermore, 95% of those users are engaged in social media as their primary online activities, such as messaging apps, Instagram and YouTube (Indonesia National Book Committee, 2019).

Looking at Indonesia's promising market opportunities and good bilateral relationship between China-Indonesia, Asia's largest tech company, Tencent, decide to take those

opportunities by entered Indonesia's market in 2013 (Forbes, 2019). Founded in 1998, Tencent is continuously growing as an Internet-based platform company that provides varies of products and services, including communications and social services (WeChat, QQ), FinTech services (WeChat pay), digital content (online games, music) and tools (Tencent map). Although its services still not have a massive number of users compared to WhatsApp and Instagram that already exist far longer, the existence of this giant company received good responses from Indonesians. And, good customer's responses could not be achieved without a great marketing strategy. However, when a business is running, there are also challenges and problems that a company faces to enter into a new and big market. This paper will find out more detail about Tencent's strategy and performance in the Chinese market as well as in the global market, especially in Indonesia.

1.2 Research Objectives

As a new player in the Indonesian tech industry, Tencent has proved its ability to consistently showing growth in Indonesia's market. In fact, less than a year opening its first joint venture company in Indonesia, the WeChat app sees explosive growth shown by its daily user growth that increased from 30,000 to 90,000 users. The capability for a newcomer to reach that enormous expansion is undeniably an attractive case. Achieving that kind of accomplishment cannot be separated from the way they plan, manage, and implement their marketing strategy to gain a competitive advantage over the Indonesian tech market to beat its predecessor competitor in the tech industry.

Thereby, it is very interesting for the author to understand deeper about the marketing strategy that Tencent used to reach such successes in the Indonesia market. To explore further about Tencent, the author will conduct research and analysis of Tencent's marketing strategy and its implication in Indonesia. It will produce deeper comprehensive about Tencent's environment, both internal and external, in which at the end of this research, it will provide future strategy recommendation for the company to gain a more competitive advantage that leads Tencent to become the leading tech company in Indonesia.

Regarding the previous study done by other authors, it found that their study covered only the analysis on the tech industry as a whole or about how Tencent compete with its China's competitor which is Alibaba, without specific analysis on Tencent's marketing strategy towards market expansion in a certain country, in this case, Indonesia. Therefore, this study has expected

to fill the lack of precious study related to marketing analysis of Tencent as the newcomer in Indonesia's tech industry. This study is also not only expected to bring a positive contribution to Tencent in Indonesia for bringing competitive advantage to them but also it is intended to give precious knowledge on marketing strategy for companies either tech or other sector businesses.

1.3 Research Content and Framework

This thesis will consist of five chapters in total with the several sub-items in every chapter, also there will be references part at the end of this paper.

CHAPTER I Introduction: it will give a general picture of the research. This introduction part will give the readers explanations about the research background, the purpose of the research, and the method used in doing this research. It will also provide a brief research paper structure.

CHAPTER II The Literature Review: this chapter will discuss relevant literature review to provide a theoretical foundation for the research. Chapter 2 will start with explaining the basic concept of marketing theory and followed by more specific information about the strategic analysis tools. In this part, it will only discuss 3 analysing tools that will be used for analysing Tencent company, which are SWOT analysis, Porter's 5 Forces model and PEST analysis.

CHAPTER III Analysis of current marketing status of Tencent in Indonesia: it will begin with an overview of Tencent company. It followed by identifying what marketing status of the company, including the problem and the causes of the problem.

CHAPTER IV Marketing environment analysis: in this chapter, Tencent's marketing environment will be analysed. For the external environment of the company, authors will use PEST Model for its macro-environment analysis and utilize Porter's 5 forces model for industry environment analysis. On the other hand, internal environment analysis will be done by exploring the company's resources, capabilities, and core competencies.

CHAPTER V The analysis of Tencent marketing strategy: after analysing the marketing environment of Tencent in the previous chapter, this section will examine the company's marketing strategy. To understand its strategy, SWOT and STP analysis will be used. STP analysis will explore the company's market segmentation, targeting, and positioning.

CHAPTER VI Implication of marketing strategy of Tencent in Indonesia: This chapter will discuss more focus on Tencent in Indonesian market. Chapter 6 will explaining how

company's marketing strategy being applied in Indonesia and what the Indonesian response towards Tencent.. Author will analyse it by using marketing mix and also summarize the results of the questionnaire.

CHAPTER VII Conclusion and Recommendation: after analysing the company's marketing environment and strategies, this chapter will conclude how is Tencent could sustain its business until now in the Indonesian market. It will give the analysis's results of the marketing problem and environment of the company also how Tencent implements its strategy to the Indonesia market. At the end of this chapter, it will analyse the challenges of Tencent and there will be recommendations for Tencent's future strategy as the output if this research.

REFERENCES: all the sources of information and knowledge that support this research, it will be stated in this part of the paper using American Psychological Association (APA) style.

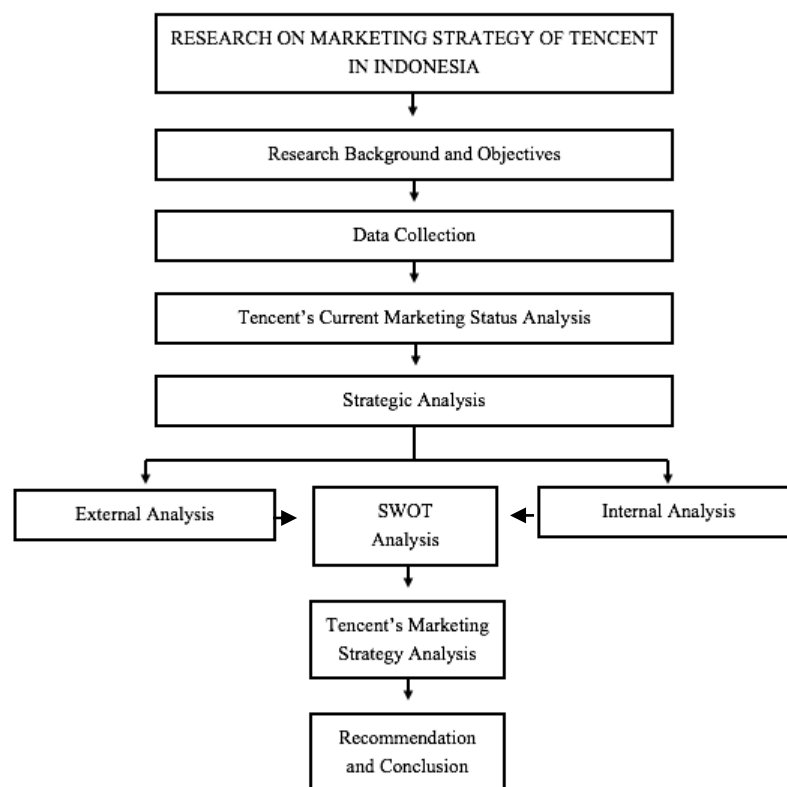


Figure 1.1: Research Framework

1.4 Research Methodology

The main idea of this research is to examine the current marketing strategy of Tencent in Indonesia by analysing its internal and external environment of the business. To understand both the internal and external environment of Tencent and its current marketing situation, the author will conduct an analysis using 2 method.

First is using secondary data. The information and data needed in this study, will be gathered by reading books, articles, website browsing and journals. This secondary data analysis will provide an understanding of the Tencent's current marketing strategies and environment, which in the end will produce future recommendation and marketing knowledge as the output of this study.

Second is using quantitative method. Author did a survey to 134 respondents who are Indonesians. They are all internet users and categorized as an adult in Indonesia according to their age to make sure that the data is filled with accurate facts. The questionnaire is made to gather responses of Indonesians towards the most competitive Tencent's services in Indonesia which are WeChat and Tencent games. It also searching information about the growth potential of smart retail business of Tencent in Indonesia. From these data, it will support the analysis of what aspects that Tencent Indonesia should improve or maintain to gain larger users in Indonesian market and achieve competitive advantage.