ACKNOWLEDGEMENTS

All the praise and glory to our Lord Jesus Christ for all of the blessings, that only with His mercy and love I could complete and finish this final paper at the appointed time. This final paper with the title of “HOW TO IMPROVE THE PROFITABILITY OF PT DOREMI MUSIC INDONESIA” is written to fulfill one of the academic requirements in achieving a Bachelor of Economics degree in Accounting from University of Pelita Harapan.

This final paper could only be done with the guidance and support from many sides. The writer dedicated this opportunity to thank the following people:

- Dr. Kim Sung Suk, dean of University of Pelita Harapan Business School.
- Mr. Ferdinand Butarbutar, SE., MBA, head of University of Pelita Harapan Accounting Department for his assistance and guidance during the finding of the topic and writing of the final paper proposal.
- Mr. Peter S. Aripin, MBA my Management Science lecturer who become my final paper supervisor in writing this final paper, He had provide guidance, good teaching, lots of idea, and encouragement during the preparation of this final paper with his great experience, knowledge, and enthusiasm.
- The lecturers of University of Pelita Harapan who taught the writer all of their knowledge during his study in the university and help until the completion of this final paper.
• All of the University of Pelita Harapan staffs, especially business School staffs, sport department staff, and library staff.

• The writer’s father, grandfather, grandmother, sister, and brother who always supported and guided him through difficult times when writing the final paper.

• The writer would also like to convey thanks to all his friends, especially students in Accounting A 2008 class for their support, care, and knowledge when writing the final paper, UPH Volleyball Team with their support, care, and knowledge from a lot of different department, and all of my seniors who help me during the completion of the final paper.

• All friends in the same supervisor group, Aldo, Kevin, Marcella, Evan, Bayu, Taufik who has give encouragement and assistance.

• PT Doremi Music Indonesia as the company that I research on, especially Mr. Andrian Harli who assist me during my research in the company.

• All people involved that I unable to mention one by one. This final paper would not have been possible without all of their support.

For the final word, the writer realizes that there are still many deficiencies in this final paper. Therefore, criticism and suggestions from reader would be very useful for writers. Hope this final paper can be beneficial to all those who read it.

Karawaci, December 2011

David Leonard
TABLE OF CONTENT

TITLE PAGE

STATEMENT OF ORIGINALITY OF FINAL PAPER

AGREEMENT OF MENTORING GUIDANCE FOR FINAL PAPER

FINAL PAPER EXAMINING COMMITTEE

ABSTRACT.................................................................................................................vi

ACKNOWLEDGEMENT........................................................................................ vii

TABLE OF CONTENT..............................................................................................ix

LIST OF FIGURES ................................................................................................. xiii

LIST OF TABLES ...................................................................................................xiv

LIST OF APPENDIXES ...........................................................................................xv

CHAPTER 1 INTRODUCTION ..............................................................................1

1.1 Background ..............................................................................................1

1.2 Problem Formulation ...........................................................................5

1.3 Problem Limitation ..............................................................................6

1.4 Purpose of the Research .................................................................6

1.5 Advantages of the Research ...............................................................7

1.6 Hypothesis ............................................................................................7

1.7 Research Methodology ........................................................................8

1.7.1 Data Source ................................................................................8

1.7.2 Data Collection ............................................................................9

1.7.3 Population and Sample...............................................................9
CHAPTER 2 THEORY .................................................................13

2.1 Profitability ........................................................................13

2.2 Marketing ...........................................................................15

2.2.1 Marketing Goals ..........................................................15

2.2.2 Marketing Strategy ......................................................16

2.2.2.1 Marketing Strategies for Service Firms .................16

2.2.2.2 Managing Service Quality ......................................18

2.2.2.3 Best Practices of Service-Quality Management .......21

2.2.3 Marketing Mix ..............................................................21

2.2.3.1 Product ...................................................................23

2.2.3.1.1 Tangible Product ..............................................24

2.2.3.1.2 Intangible Product ..........................................24

2.2.3.2 Promotion ................................................................28

2.2.3.3 Place (Distribution) ...............................................33

2.2.3.4 Price .....................................................................34

2.2.3.4.1 Demographic Factors ......................................35

2.2.3.4.2 Psychological Factors .......................................35

2.2.3.4.3 Price Elasticity ................................................36

CHAPTER 3 COMPANY PROFILE .............................................37

3.1 Company History ............................................................37

3.2 Vision and Mission ..........................................................39

3.3 Marketing Mix Aspect .......................................................40
3.3.1 Product ................................................................. 40
3.3.2 Promotion................................................................. 42
3.3.3 Place (Distribution) .................................................... 42
3.3.4 Price ................................................................. 42
3.4 Organization Structure and Job Description ................. 43
   3.4.1 Organization Structure ......................................... 43
   3.4.2 Job Description .................................................. 43

CHAPTER 4 COMPANY ANALYSIS ........................................... 46
   4.1 Data Summary .......................................................... 46
      4.1.1 Data Summary for Potential Customer .................. 47
      4.1.2 Data Summary for Existing Customer ................... 48
      4.1.3 Data Variable for Existing Customer .................... 49
   4.2 Result of Questionnaire .............................................. 50
   4.3 Data Analysis .......................................................... 51
      4.3.1 Validity and Reliability Test .................................. 51
      4.3.2 Descriptive Statistics .......................................... 53
         4.3.2.1 Descriptive Statistics for Potential Customer .... 53
         4.3.2.2 Descriptive Statistics for Existing Customer ...... 58
         4.3.2.3 Descriptive Variable for Existing Customer ...... 61
      4.3.3 Correlation Analysis ........................................... 62
   4.4 Profitability Ratio .................................................... 63
   4.5 Comparison .......................................................... 67
      4.5.1 Product .......................................................... 69
      4.5.2 Promotion ...................................................... 69
LIST OF FIGURES

Figure 2.1 Service-Quality Model ................................................................. 19

Figure 2.2 The Marketing Mix ..................................................................... 22

Figure 3.1 Organization Structure ............................................................. 43

Figure 4.1 Has Take any Course ............................................................... 54

Figure 4.2 Has or Wants to Take Music Course ....................................... 55

Figure 4.3 Music Selections That is Chosen ............................................. 56

Figure 4.4 Reasons for Choosing DOREMI ............................................. 58

Figure 4.5 Has Course Other Than Music ................................................. 59

Figure 4.6 Other Course That Taken ......................................................... 60

Figure 4.7 Return on Asset of PT Doremi Music Indonesia from year 2008- 2010 ........................................................................................................ 64

Figure 4.8 Asset Turnover Ratio of PT Doremi Music Indonesia from year 2008-2010 .......................................................................................... 65

Figure 4.9 Return on Equity of PT Doremi Music Indonesia from year 2008- 2010........................................................................................................ 66

Figure 4.10 Gross Profit Ratio of PT Doremi Music Indonesia from year 2008-2010 ................................................................. 67
## LIST OF TABLES

Table 2.1 Strengths and Weaknesses of the Five Promotion Elements.................31

Table 4.1 Potential Customer Case Processing Summary .................................47

Table 4.2 Existing Customer Case Processing Summary.................................48

Table 4.3 Reliability Statistics........................................................................52

Table 4.4 Item – Total Statistics......................................................................52

Table 4.5 Potential Customer’s Descriptive Statistics ....................................57

Table 4.6 Existing Customer’s Descriptive Variable......................................61

Table 4.7 Correlations ....................................................................................62

Table 4.8 Population of Music School Student in Tangerang Area 2011 ..........68

Table 4.9 Anova \(^{a,b}\) ...............................................................................71

Table 4.10 Coefficients \(^{a}\) ...........................................................................72
LIST OF APPENDIXES

APPENDIX A

Balance Sheet 2008 - 2010 .............................................................. A-1

Income Statement 2008 - 2010 .......................................................... A-2

APPENDIX B

Final Paper Questionnaire for Potential Customer ......................... B-1

Final Paper Questionnaire for Existing Customer .......................... B-2