

CHAPTER I

INTRODUCTION

1.1 Background of the Study

E-commerce is all financial and informational electronically mediated exchanges between an organization and its external stakeholders (Chaffey, Ellis-Chadwick, & Johnston, 2009, p. 11; Breakendridge & DeLoughry, 2003; Shamma, 2012). In Indonesia itself, many still believes that the enhancement of e-commerce only started in the recent years. In fact, the development of e-commerce in Indonesia has started 24 years ago.

Since 1994 where IndoNet existed as the first commercial Internet Service Provider 23 years ago. In 1994 until 1999 IndoNet has been a breakthrough in communications and information technology almost in every aspects of daily life. Around that time, the internet only focuses on being a digital 'window-shop', which means that customers were able to see the things they want or need, but the whole buying-selling and negotiations process are still using the conventional ways, which were through telephone.

As the time goes by, the ideas to maximized the use of internet as an electronic commerce (e-commerce) and virtual community is to keep developing and flooding, which all come to a realization with an online forum called Kaskus, the first online bookstore called Sanur.com, which now is non-active anymore, Bhinneka.com, which preparations has started since 1993 and launched in 1996 only as a company profile that showed contact details and when the monetary crisis hits in the 1997, Bhinneka.Com took a fast action by managing its site, and give

update every day and really takes this online platform more seriously, and last but not least, and a startup portal news called Detik in 1999.

The year of 2000 until 2009 were when the government started to realize the effect and potential of e-commerce and later on started to work on the law and regulations, while the development of e-commerce and the society's behavior are still growing marked by the existence of new marketplace startup and an auction site called Gadogado.net. However, the growing of e-commerce also caused internet economic bubble, where one site by another failed to continue its business, take for instance KopiTime.com whose founded in 2000 and went to bankruptcy in only just two years, and Bhinneka.com is one of the few e-commerce whose been there from the start, survive the crisis, and continue to exist until now. Many transactions are often happened personally through online public forum which later on become the start of a more structural marketplace, like TokoBagus.com from Bali.

The development of e-commerce also triggers the launched of online payment services by the thought that digital transactions also need an electronic payment process, and Doku was launched, it has been operated since 2007 as a financial technology or electronic money service. Tokopedia was launched in 2009 and Gojek came as a game-changer of e-commerce world in 2010 by being an eye-opening for Indonesian that technology can also be used not only for online transactions, but also transportations and everything regarding transportations, the e-commerce with the identical black and green jacket, logo, and helmet itself proves that the advanced and enhancement use of telecommunications technology might bring a big impact in a lot of sector. The launched of Bukalapak in 2010, and the

following year followed by the entrance of Rakuten to Indonesia while Tiket.com has started to operate and Blibli.com was launched in July 2011. By the end of the year, Zalora Group launched Zalora Indonesia as a part of their international e-commerce business network.

Hari Belanja Online Nasional (Harbolnas) was celebrated for the first time in 2012 as the celebration of e-commerce which hopefully will be a trigger to raise netizen's enthusiasm in doing a digital transaction. In 2012, the power of local e-commerce started to rise as a campaign to build society's trust to do online transactions, for example, the launched of BerryBenka whom at first only focus on fashion started to be a competitor for Zalora. The range of categories that e-commerce has covered also become broader, from transportations and accommodations, property, job vacancy, until human resource. Tokopedia was the first to receive an investment 1.2 Trillion Rupiahs in 2014, which at the time was the biggest amount of money in the history e-commerce. The succeed of e-commerce also make telecommunications company started to enter e-commerce world, when XL Axiata and SK Planet from South Korea launched Elevenia as an e-commerce under its 'wings'.

As the year goes by, there are many things happened for the last three years, the first one is Tokobagus and Berniaga was joined under the name OLX Indonesia whose main focus is transactions for second-hand things, the launched of MatahariMall.com from Lippo Group and Shopee from Singapore, and JD.id from China makes the competitions in e-commerce tougher. Bhinneka.com as the first e-commerce in Indonesia also went through some major changes in its structures by the 300 Billion Rupiahs investment that Ideosource gave which later on made a deal

with the government through *Lembaga Kebijakan Pengadaan Barang Jasa Pemerintah* (LKPP).

In 2016, there are many e-commerce who stopped its operations in Indonesia, including Rakuten.co.id after five years' operating in Indonesia. Meanwhile, Lazada, an e-commerce previously owned by Lazada ASEAN International was acquisitioned by Alibaba. The government also released a Presidential Regulations "Road Map E-Commerce Year 2017-2019" or in Bahasa Indonesia: *Peta Jalan Sistem Perdagangan Nasional Berbasis Elektronik* (SPNBE) 2017-2019 which covered 8 aspects of e-commerce, from taxes, logistics, until cyber security.

Last year in 2017, Tiket.com was acquisitioned by Blibli.com, and Bhinneka.com change its logo into Bhinneka. On the other hand, Cipika as a business unit from Indosat Ooredoo also stop operating in Indonesia, followed by the changes of Alfacart, who close its marketplace line.



Figure 1.1 Blibli.com officialy acquisitions Tiket.com

Source: CNN Indonesia

Recently in 2018, the e-commerce world has been full of these following issues, the first one is the existence of a new brand, followed by an acquisition, and the changes of shopping trend. The fourth issue is the changes of structure and figure, and also the fall of a brand, and the last is about investment; which can be seen by 14.7 Trillion Rupiahs investment grant from Alibaba Group, a 'giant' e-commerce from China, for Tokopedia in the middle of August. Not to mention another investment grant from China, as well, for Gojek and Traveloka. Align with the current situations, Indonesia's Government through the Ministry of Communications and Information Technology (Kominfo) explains that Jack Ma is officially an advisor for Indonesia's e-commerce. This act proves that the owner of Alibaba Group is expected to help the development of e-commerce in Indonesia so that every potential sector in digital era may be maximized. By the near future, the total transactions of e-commerce in Indonesia is predicted to reach 144 Trillion Rupiahs, which amount is twice as much from DKI Jakarta Regional Government Budget (APBD) in 2017. Many developments can be seen from every e-commerce where they were all developing and growing to be a special one, just like Blibli.com that until 2015 has been growing 50 times stronger seen by the traffic compared to their first condition in 2011.

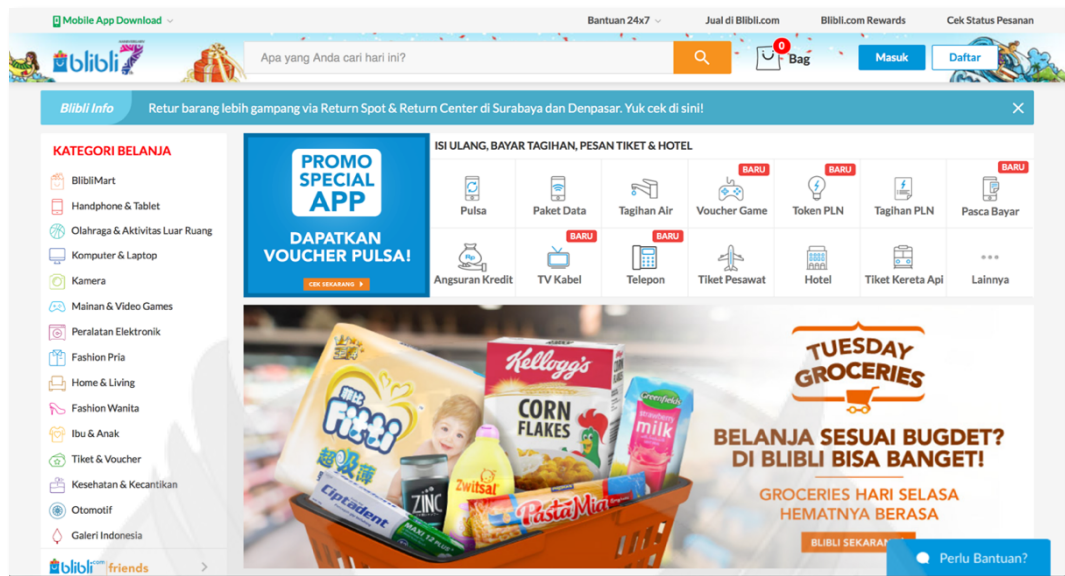


Figure I.2 Blibli.com current Layout for Website via Browser

Source: Blibli.com

Just like any other corporate in general, e-commerce also needs to engage with its public and stakeholders in order to maintain their business to be a sustainable one, which resulted in the needs of public relations. Public Relations is the management of communications of an organization and its publics” (Gruning, Gruning, Srirames, Huang, & Lyra, 1995, p. 7) while Cutlip, Center and Broom concluded that Public Relations is "the management function that identifies, establishes and maintains mutually beneficial relationships between an organization and the publics on whom its success or failure depends” (Cutlip/Center & Broom, 2009: p. 5). Based on these two explanations, we may conclude that in order to maintain good public relations for its public, a corporate or organizations, and especially in this case, e-commerce, need media relations as a bridge to deliver the message or content the e-commerce wants to portray to its publics, including netizens or society, customers, the press, and the government.

Media relations is an effort to reach maximized publications on a message

or information's in public relations in order to creates knowledge and understanding for its publics (Jefkins, 1995, p. 98). Based on the previous definitions, the intern concluded that the role of media relations in company or organizations, especially in this case e-commerce holds such important roles, whereas in e-commerce, media relations build and sustain relationships with the press and or the publics as well as to deliver information and knowledge to the publics and or press regarding the e-commerce which resulted in building and maintaining the trust of publics and customers regarding that particular e-commerce.

Blibli.com is an online shopping mall with variety of goods, great offers with 100% local based e-commerce, which means all of their investors and stakeholders are Indonesian; Blibli.com is currently still holding on to their company values' in the near future, resulting that the e-commerce started in 2011 is proud and will do whatever it takes to keep their business truly Indonesian based. This is what differentiate Blibli.com compared to any other e-commerce in Indonesia. Align with their background, Blibli.com believes that Small Micro Medium Enterprises or *Usaha Mikro Kecil Menengah (UMKM)* should also enter the digital world of business, that is why Blibli.com took the initiative to make an entrepreneur based business competition in 2016 for Small Micro Medium Enterprises, called "The Big Start Indonesia" whose winners will have the chance to win a total prize of 4 Billions Rupiah and their products will be sold on the "Galeri Indonesia" Category; a category dedicated for all Indonesian Small Micro Medium Enterprises based products. These few facts are some of the reasons that encourages the intern to join Blibli.com as the e-commerce stands out from any other e-commerce in Indonesia.

As an e-commerce that realizes the needs to communicate with its publics, Blibli.com has Marketing Communications Divisions that mainly focuses on the deliverance message to the publics, under Marketing Communications Divisions, there are Public Relations & Community, Social Media, and Communications Content. Being an important tool of Public Relations, Media Relations of Blibli.com plays such a huge role for this e-commerce who has blue shopping bag logo, being the bridge between Blibli.com and the press, makes media relations as one of the spokespersons when there is crisis, events, phenomenon, launching, or news regarding Blibli.com or any other e-commerce in general. Blibli.com/friends/ is a way of Blibli.com to engage internally and externally. *Kabar Terbaru* is one of the columns in Blibli.com/friends/ that Media Relations Officer specially handles to deliver information about promo, events, achievements, and updates regarding Blibli.com to Bliblioneers, the employees of Blibli.com and the publics.

There has been some thesis about Blibli.com from Multimedia Nusantara University where as the researcher, Shelly, brought up the topic "*Pengaruh Special Event The Big Start Indonesia Season 2 Terhadap Reputasi Blibli.com*", which focus on how special event The Big Start Indonesia Season 2 influenced and affect the positive image and reputations of Blibli.com. Another thesis regarding Blibli.com is from Dian Nuswantoro University, the researcher Indra and Henry Christian brought up the topic "*The Development of Innovative CRM E-Commerce: The Case of Blibli.Com*", which focus on how Blibli.com, as one of e-commerce company in Indonesia improve its competitiveness in the retail industry in Indonesia through innovative CRM.

There are not many internship report that brought up media relations in e-

commerce; numerous internship reports only focuses on the media relations in corporate or structural company, not e-commerce which in Indonesia still regarded as startup company, which is why the intern is interested to write about the topic: **"THE ROLE AND FUNCTIONS OF PUBLIC RELATIONS THROUGH MEDIA RELATIONS ACTIVITY IN BLIBLI.COM"** since it may come up with its result that may help Blibli.com to maximized and review its media relations, and be an eye-opening for educational purposes so that may help others to understand the role and benefits of media relations in e-commerce, especially Blibli.com.

1.2 Purpose of the Internship

1. To understand how e-commerce, in this case, Blibli.com operates Media Relations
2. To understand how Public Relations put into practice
3. To understand how Media Relations put into practice

1.3 Scope and Limitation

The internship is conducted at Blibli.com; the intern joins Blibli.com as an intern on their PR & Marketing division. The intern scope is to emphasize on how Blibli.com build and maintain their relationships with the media, especially the press in which they might ask some questions and give the press the answers they need based on research.

The limitation of this internship is to build and maintain good relationships with the media, and to keep in touch with the media for the future upcoming PR event or promos through receiving questions from the media and to provide them answers based on research regarding current event, promos, or news, writing *Kabar*

Terbaru which uploaded in *Blibli.com/friends/*; preparing souvenirs, goodie bag, and prizes for events, launching, and gamifications; prepare an event held in Blibli.com offices and warehouses; make presentations consist of Media Monitoring, Coverage, and Exposure of Blibli.com; and to do some administrations tasks whereas intern writes Minutes of Meetings (MOM) in division and external meetings.

1.4 Period and Location of the Internship

The period of the internship is for four months, starting from the first of August 2018 and ended on the 28th of December 2018. The work days for the internship is according to Blibli.com workdays which are Monday until Friday, during office hours, starting from 8am until 5pm or even more according to the work progress; and also, outside office days, such as Saturday and Sunday when there is event outside office hours. The location of the internship is at Blibli.com Merchant Corner at Jl. KS Tubun IIC No.8, RT.2/RW.1, Slipi, Palmerah, Kota Jakarta Barat, Daerah Khusus Ibukota Jakarta 11410 and at Grha Niaga Thamrin Jl. K.H. Mas Mansyur, RT.2/RW.8, Kb. Melati, Tanah Abang, Kota Jakarta Pusat, Daerah Khusus Ibukota Jakarta 10230.