RECOGNITIONS

For the foremost, I thank Allah SWT for His endless supports and my parents – Widodo Budhi Prabowo and Retno Hendria Pudji Praseti – during these excruciating and painful nights of thesis writings.

Secondly, my siblings – Retno Widya Hapsari, Yudo Budhi Wibowo and Ario Budhi Priambodo – for their constant supports as the best friends ever that keeping reminding me to have new and fresh perspectives in seeing things and how to overcome obstacles.

Third, the one who guided me through the painful parts of this thesis. My thesis supervisor, Mr. Adhi Hendra Baskara Ekananda whom I always forgot his real name (since I only remember his nickname, Mr. Chico) and mistook him with his (I assume, twin) brother during our very first thesis meeting. Thanks a bunch sir. Really. Could not do it without you. My dissertation will cover 500 pages of qualitative research sir, I promise :D I hope one day I could see you again and finally meeting your standards in qualitative research :D

Fourth, my classmates, grad school colleagues and especially my fellow Research Assistants at Widia Research Center (BINUS Business School R&D Division.) Yanita, Yenny Suling, Irene ‘Bolabuntet’ Hadiwidjaja and Ida Krisnawati. I miss those ‘wikli’ report times guys :D And for my classmates, than you for being there for me and it is my honor to be the class chief for you guys in 2 years. You guys rock :D

Fifth, my mentors and sources. All my friends at Twitter and Plurk. I could not mention your names one by one. However, I dedicate this thesis for you guys. This is not my thesis. This is our thesis. Thank you for being there during those
nights when I wide awaken to type this thesis, giving constant supports and insights, opening my mind to a brand new perspectives. For Jakarta Twitterusergroup, thank you for being there all the time. See you guys again at Scotland time zone :D For Tumbar Mere Jahe Community at Plurk, you guys are the funkiest people ever. Could not wait to meet all of you.

The last but not the least, I really really have to thank Google, Yahoo! Search, BiNus’ Library Web, Proquest, Emerald, JStor, Harvard Business Case Study website and the Internet for being such a huge help for me to collect the materials. Without you, this thesis could never be done. From the bottom of my heart, I love you guys. Thank you very much.

For those of you that I did not mention here, my apologies. Words could not express how grateful I am to be supported by cool people like you guys. Never in my wildest dream to have such good friends like you.

Again, this is not my thesis only. This is our thesis.

Thank you.
ABSTRACT

Upon entering the 21st century, the business world is emerging fast in which technology invention is taking immense part of it. According to Moore’s Law, stated in his original paper at 1965, the trend in the history of computer hardware is that the number of transistors that can be inexpensively placed on an integrated circuit is increasing exponentially, doubling approximately every two years. Regarding to that understanding, it also induces business world to develop in align with technology.

New media is a new thing for common people and business world. For long businesspeople always believe that doing conventional ways in doing their business is just fine with ‘If it didn’t broke, don’t fix it’-attitude. However, competition and the market are not broken. They are evolving. It also speeds up with the aid of technology. Nowadays, a consumer could check different prices of a particular product with different brands in just a single click. The competition is getting tense and the information that available is overwhelming.

Therefore on this thesis, the predicament that will be presented is the influence of New Media to business model in Indonesia music industry. Is it or is it not?

Keywords: New Media, the Internet, music, Indonesia, CD, cassette, MP3, online, song
# TABLE OF CONTENTS

Title Page ........................................................................................................ i

Supervisor Approval ..................................................................................... iii

Recognitions ................................................................................................. iv

Abstract ......................................................................................................... vi

Table of Contents ......................................................................................... vii

List of Figures ................................................................................................. x

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

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

1.2 Problem Identification ................................................................. 4

1.3 Objectives and Benefits ................................................................. 6

1.4 Scope ............................................................................................... 8

1.5 Structures ..................................................................................... 10

CHAPTER II. LITERATURE REVIEW ............................................... 13

2.1 The Media ..................................................................................... 13

2.1.1 Definitions ...................................................................... 13

2.1.2 Core Concepts ................................................................ 16

2.1.3 Hot and Cold Media ....................................................... 22

2.1.4 Media Literacy ............................................................... 23

2.2 New Media .................................................................................... 24

2.2.1 Definitions .............................................................................. 25
LIST OF FIGURES

Figure 1. The conflict between traditional and new media has resulted in four business models that will likely coexist for the mid term (Berman, Saul J. et al, 2007, New business models for the new media world, Emerald Group Publishing Limited, Vol. 35, No. 4, p. 23-30.) ................................................................................................................. 32

Figure 2. Thesis Framework ................................................................................................. 44

Figure 3. Survey result: “Where did you download the MP3 over the Net?” .................. 64

Figure 4. Survey result: Acceptable price for legal MP3 ..................................................... 64

Figure 5. Survey result: “If in one event you could download a song from online music store, what would be the reason?” ................................................................................. 65

Figure 6. Survey result: “What is the reason of you for NOT downloading MP3 freely over the Net?” .................................................................................................................. 66

Figure 7. Survey result: “What is the reason of you for NOT downloading MP3 at online music store?” .................................................................................................................. 67

Figure 8. Survey result: “Are you positive that the concept of online music store is applicable in Indonesia?” .................................................................................................................. 67

Figure 9. Survey result: “What is your personal opinion about online music store?” 68