

ANALYSIS OF THE EFFECTIVE DISTRIBUTION CHANNEL TO MINIMIZE
THE RISK OF PIRACY IN COMPUTER GAME SOFTWARE BUSINESS: CASE
STUDY OF PT DIGITAL HAPPINESS STUDIO

By

Ghazy Akbar Ramadhan

13111050

BACHELOR'S DEGREE
in
BUSINESS ADMINISTRATION
BUSINESS ADMINISTRATION & HUMANITIES

The logo for Swiss German University (SGU) features the letters 'SGU' in a large, light blue, stylized font. A smaller, darker blue 'SGU' logo is positioned below it. To the right of the large 'SGU' is a registered trademark symbol (®). Below the 'SGU' text, the words 'SWISS GERMAN UNIVERSITY' are written in a bold, light blue, sans-serif font.
SWISS GERMAN UNIVERSITY

SWISS GERMAN UNIVERSITY

EduTown BSD City

Tangerang 15339

Indonesia

August, 2015

Revision After Thesis Defense on 6th of August 2015

STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

Ghazy Akbar Ramadhan

Student

Date

Approved by:

Junaidi Sinaga, MBA

Thesis Advisor

Date

Dr. rer. Nat. Linus Pasasa

Thesis Advisor

Date

Prof. Eric J. Nasution, MBA, MA, PhD

Thesis Advisor

Date

Ghazy Akbar Ramadhan

ABSTRACT

ANALYSIS OF THE EFFECTIVE DISTRIBUTION CHANNEL TO MINIMIZE THE RISK OF PIRACY IN COMPUTER GAME SOFTWARE BUSINESS: CASE STUDY OF PT DIGITAL HAPPINESS STUDIO

By

Ghazy Akbar Ramadhan
Junaidi Sinaga, MBA
Dr. rer. Nat. Linus Pasasa

SWISS GERMAN UNIVERISTY

Gaming industry is a developing industry with bright future ahead. In the entertainment sector, gaming industry in one of the biggest industry there is, alongside movie and music industry. The gaming industry is starting to enter the Indonesian market with many new games are develop here in Indonesia by local game developers. However, the risk of piracy in Indonesia is huge because of the difference in price between original and pirated products. Some factors that influence customer to buy video games are the way the games are distributed for example digital or physical distribution, and also the service demand outputs. The purpose of this research is to analyze the effective distribution channel to minimize the risk of piracy in computer game software business. The research is conducted at Digital Happiness Studio, where the primary data is obtained from interview with an employee and also questionnaire is distributed to potential customers. Data analysis is done by two softwares which are SPSS and AMOS, which specified that there is a significant relationship between service output demand with customers' preference channel and also the risk of piracy itself.

Keywords: Service Output Demand, Customers' Preference Channel, Risk of Piracy, SPSS, AMOS.



DEDICATION

This thesis is dedicated to all of my family members, especially my mother and my grandmother who have always been there for me. Their unconditional love, support, and prayers are what helped to stay strong and focus in all of my work.

I also dedicated this thesis to my advisor Mr. Junaidi Sinaga, MBA who gave me his guidance and support throughout the semester in order to help me finish this thesis.



ACKNOWLEDGEMENTS

First of all, I would like to thank Allah SWT who with his bless and guidance have shown me the way and lead me in the right path to finish this thesis.

To Mr. Junaidi Sinaga, MBA and also to Mr Dr.Rer.Nat. Linus Pasasa, I would like to thank both of you for your enormous help throughout the process of completing this thesis. Without both of you, the completion of this thesis is impossible.

To my family, every single one of you have been giving me unconditional love and support throughout my life, especially my mother, grandmother, and my late grandfather. I would like to sincerely thank you for giving me the strength to reach for the stars and chase my dreams.

To all of my classmates and friends. We've been through a lot of ups and downs in the last 4 years together, thank you for all the laughs, jokes, and every moments that we've shared together, especially to Allen, Armahedi, Irhamsyah, Khairul, Made, and Rian. All of you guys have been like brothers to me and thank you for making my university extremely enjoyable and unforgettable.

I would like to thank specifically to my highschool friends: Arie, Beuno, Gibran, Patrick, Rizqi, and Tyo. Even though we cannot see each other every day like when we were in junior high school and high school, all of you guys have been like brothers to me and thank you for making my life a wonderful experience.

Also I would like to thank Digital Happiness Studio for giving me an opportunity to do an interview in one of the leading game developer in Indonesia. I hope you guys continue to impress and have a very bright future.

Last but not least, thank you to all of my lecturers in IBA department, Swiss German University. I cannot list all the names here, but without your help, all of this would be impossible to achieve.

Table of Contents

STATEMENT BY THE AUTHOR	1
ABSTRACT	2
DEDICATION.....	4
ACKNOWLEDGEMENTS.....	5
Chapter 1: Introduction.....	10
1.1. Background of the Study	10
1.2. Issues encountered	14
1.3. Research Problems	16
1.4. Research Question	17
1.5. Research Objectives.....	17
1.6. Scope and Limitation.....	17
Chapter 2: Literature Review	18
2.1. Business Model Canvas	18
2.2. Framework of Thinking.....	19
2.3. History of Video Game	21
2.4. Distribution Channel.....	27
2.5. Distribution Channel in Video Game Industry.....	27
2.5.1 Physical Distribution	28
2.5.2 Digital Distribution.....	29
2.6. Service Output Demand.....	31
2.7. Piracy	35
2.8. Previous Studies	38
2.9. Research Model	41
Chapter 3: Research Methodology.....	42
3.1. Research Process	42
3.2. Type of Research.....	43
3.3 Type of Data.....	43
3.4 Unit of Analysis.....	43
3.5 Time and Place of the Research.....	44
3.6 Research Questions and Hypothesis.....	44
3.6.1 Research Questions	44
3.6.2 Hypothesis.....	44
3.7 Research Design	45
3.7.1 Variables of the Research	45
3.8 Method of Analysis	48
3.8.1. Pre-Testing Method.....	48
3.8.2 Post-Testing Method.....	49
3.8.3 Hypothesis Testing.....	49
Chapter 4: Results and Discussion.....	50
4.1. Company Overview	50
4.2. Reliability and Validity Test Results for Questionnaire Pre-test.....	51
4.2.1. Spatial Convenience	52
4.2.2. Waiting Time.....	53
4.2.3. Product Variety	53
4.2.4. Customer Service	54
4.2.5. Physical Distribution	55
4.2.6. Digital Distribution.....	56

4.3. Reliability and Validity Test Results for Questionnaire Post-Test	56
4.3.1. Spatial Convenience	57
4.3.2. Waiting Time	58
4.3.3. Product Variety	59
4.3.4. Customer Service	60
4.3.5. Physical Distribution	61
4.3.6. Digital Distribution	62
4.4. Respondents' Profile	62
4.4.1 Gender	63
4.4.2 Age	64
4.4.3 Occupation	64
4.4.4 Monthly Income	65
4.4.5 Frequency of Purchase	66
4.4.6 Willingness to Spend for Games per Month	67
4.4.7 Places Where Respondents Get Their Games	68
4.4.8 Product Preference of Games	69
4.5. Structural Equation Modeling	70
4.5.1 Path Diagram	70
4.5.2 Goodness of Fit (GOF)	70
4.5.3 Path Diagram Output	71
4.6. Hypothesis Analysis	73
4.6.1 Hypothesis #1	73
4.6.2 Hypothesis #2 and #3	74
4.7. Interview Results	76
4.8. Digital Distribution Process	78
Chapter 5: Conclusion and Recommendation	80
5.1. Conclusion	80
5.2. Recommendation	82
GLOSSARY	83
References	84
Appendices	87
Appendix 1 - Pearson Table of critical values for Pearson correlation	88
Appendix 2 - Questionnaire Screenshot	89
Appendix 3 - Questionnaire Results	97
Appendix 4 - Original Interview Questions and Answers (Screenshot)	99
Appendix 5 - Interview Questions and Answers (Re-typed & Not Translated)	100
Appendix 6 - Curriculum Vitae	102