

The impact of price change to indosat in facing fixed wireless access (FWA) entry

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Abstrak

Pricing strategy is influenced by how the consumers perceived the price change. In an oligopolistic market such as cellular industry, posted price shows the firm's commitment to the consumers as well as to the competitors since a firm's decision will affect the other firms' decision. This thesis discusses about Indosat's pricing strategy amidst the intense competition of cellular industry in 2003.

This research found that subscribers' acquisition pattern is influenced by the price change. Although the elasticity for one month is inelastic, the seven-month elasticity shows that the own price elasticity is elastic. On the other hand, the volume of transactions measured by the Minute of Usage shows an inelastic demand. These results show a trade-off Indosat faced when making a decision to lower its price. The sensitivity analysis shows that the revenue Indosat gets from the new subscriber is higher than the potential revenue loss.