

# **BUSINESS STRATEGY TO STRENGTHEN THE MARKET POSITION FOR PT. DANAPATI ABINAYA INVESTAMA (JAKTV)**

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*Abstract --- The year of 1998 was the beginning of the democratic era. The human's need for information made the growth of new television stations spring up, from only five national television stations at the beginning to eleven national TV stations, which broadcast throughout Indonesia. In the process, the government felt the importance for society to obtain balanced news; therefore, UU No. 32/2002 was made. This law allows people who are in other areas to get local news and information. As a result, after the Constitution Act was passed, many local television stations have sprung up. One local TV station that has been present from 2005 was JAKTV.*

*Since 2015, JAKTV has enlivened local TV station competition in Jakarta. Under the ownership of Mahaka Media and Electronic City Group, JAKTV helps provide information and entertainment to the communities in Jakarta.*

*Therefore, this study was made to examine business strategy and how JAKTV positions itself to deal with the competition. The research started from analyzing, searching, and collecting primary data and supporters. This data would then be used to perform business analysis of the internal and external scope of JAKTV.*

*The end result of this study was to determine what current situation JAKTV is facing, what their business models are, and then formulate new business models that can be implemented by JAKTV in the form of business canvas, and a new business strategy for the company that can be generated. In order to be competitive, JAKTV must be able to expand, to increase their customer segments by targeting a wider age (including 7-20 years old), a local company, a political party and BUMN (state-owned enterprises). The new value proposition is to become a television station that focuses on local issues and become an option for 2019 campaign TV by adding better quality programs in the form of entertainment.*

*Keywords: Business Strategy, Television, Media, Communication*

## 1. Introduction

The development of local TV station has been growing rapidly. As of 2011, there are still many institutions or companies that have registered their licenses to have their own television stations.

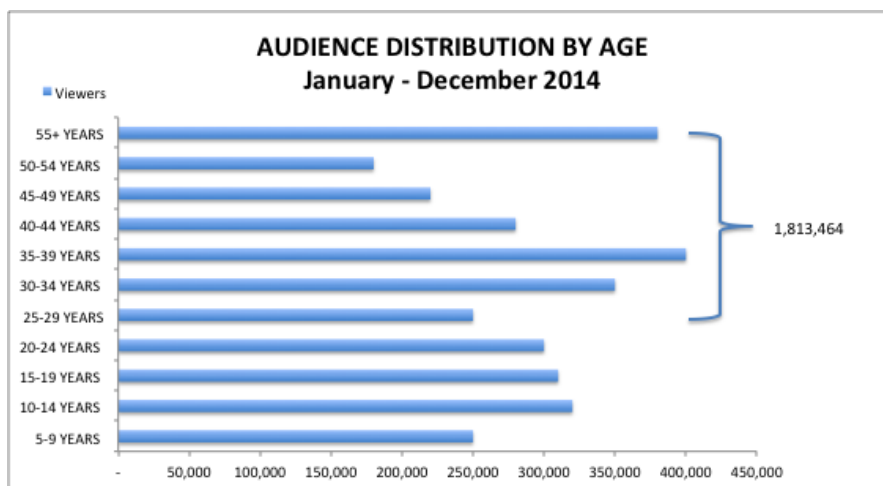
**Table 1.1 The Licensing of Broadcasting Service Television Data**  
Source : Ministry of Informatics and Communication 2011

CRITERIA MEDIA TELEVISION	NEW SUBMISSION	APPROVED SUBMISSION
National Television	22	7
Private Owned	444	178
Pay TV / Cable Operator	155	86
Community Television	31	5

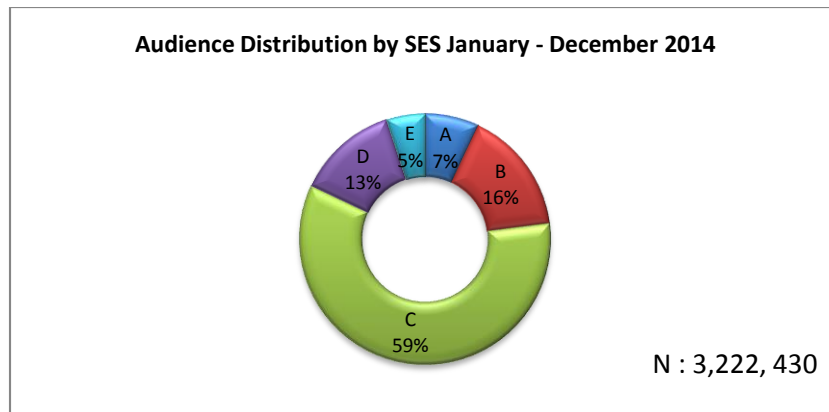
From the table above, it is shown that until 2011, there were 178 Local Television with their broadcasting license (*Izin Penyelenggaraan Penyiaran (IPP)*). This contrasts with the existence of national televisions, which are only 11 stations. As an illustration, since the regulations were established in 2015, there are 907 TV Local stations through out Indonesia. From those numbers, seventy of them joined the Indonesian Local Television Association (*ATVLI*).

JAKTV is an example of the existence of private television specifically for Jakarta's citizens. JAKTV was established in order to fulfill and serve the needs of information and local issues that happen in Jakarta. Through the broadcasting permit from The Ministry of Communication and Information number 271/KEP/M.KOMINFO/7/2010 for PT. Danapati Abinaya Investama, JAKTV has served Jakarta's citizen through its various programs.

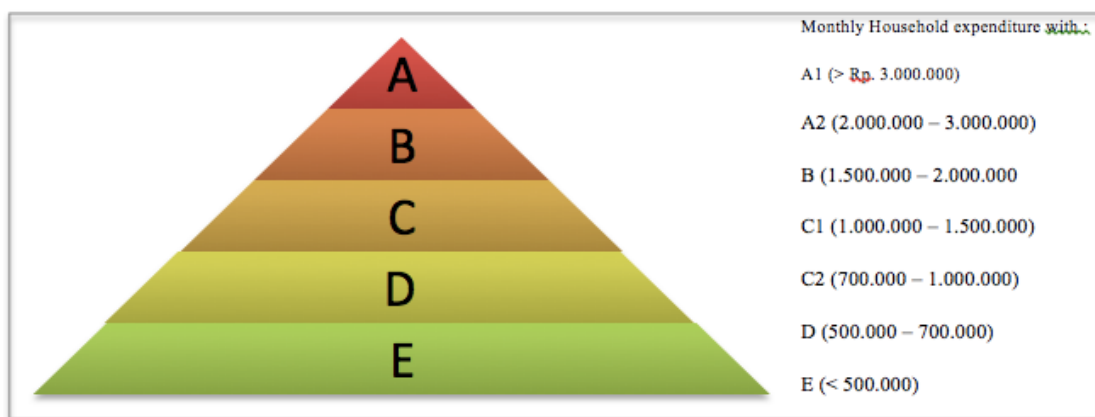
With their tag line "My City My TV", JAKTV currently broadcasts in terrestrial 55 UHF and channel 37-payTV operators around Indonesia. JAKTV is airing in Jakarta, Bogor Depok, Tangerang and Bekasi area, with primary target audiences of 25+ and secondary target audience of 20+, ABC 1 according to SES AC Nielsen.



**Figure 1. 1 Audience Distribution by Age January – December 2014**  
(Source : Public Relation Department, JAKTV Company Profile 2015)



**Figure 1. 2 Audience Distribution by SES January – December 2014**  
 Source : Public Relation Department, JAKTV Company Profile 2015



**Figure 1. 3 SES Market Segmentation & Positioning**  
 Source : (Nielsen, 2011)

As we acknowledge from the growing of national television and local television in Jakarta, Indonesia, JAKTV will have to face a tight competition. In broadcasting market, the competition will be happening through:

- a. Advertising Expenditure
- b. Viewing rate

The main objective of this research is to analyze the business condition of JAKTV from the point of business strategy context, as well as giving recommendations in order to gain their revenue, rating and awareness. Therefore, the objectives of this research are:

1. To analyze the current condition of JAKTV
2. To have current business models analysis for JAKTV
3. To proposed business strategy for JAKTV
4. To develop other business models to make their sustain the business.

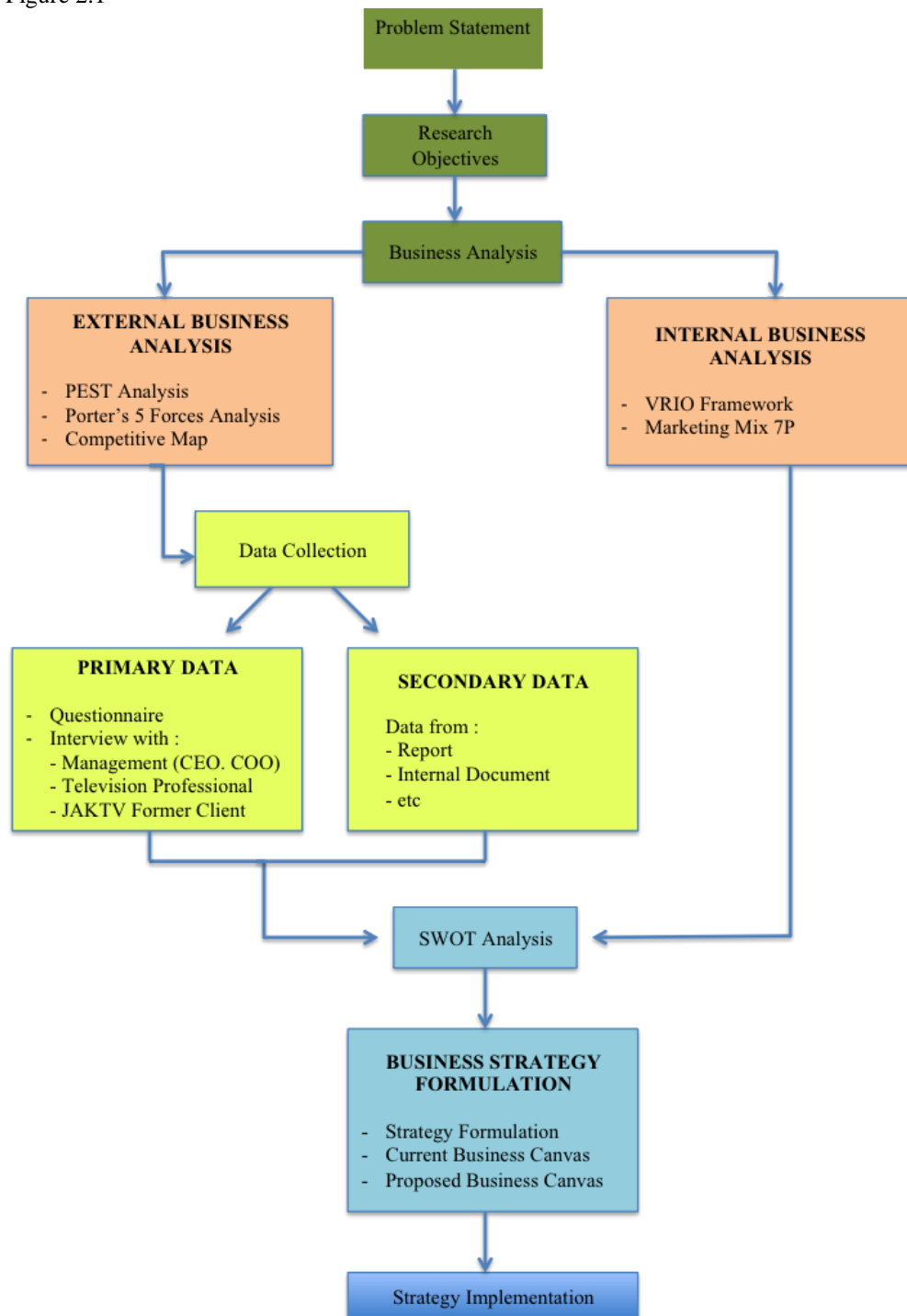
## 2. THEORETICAL BACKGROUND

### 2.1 Conceptual Network

To achieve a research projects purposes, it needs a conceptual framework .Conceptual framework is several variations and contexts to do analytical tools. Each step in this conceptual framework is designed to analyze and provide solutions for the business issues. The purpose of this research is to analyze JAKTV'S current situation, and to propose a business strategy and alternative model for PT Danapati Abinaya in dealing with its business issues. Introducing systematic steps in strategic management can provide good first step for PT Danapati Abinaya in managing their business to improve the performance and sustain the business in the future, by formulating a strategy in accordance with the environmental conditions.

This frameworks can helps company to configure their offers to suit what customer's needs. This tools can be used to develop both long and short term tactical programs. Both framework are shown in the

conceptual framework for PT Danapati Abinaya strategy formulation is described in the following Figure 2.1



**Figure 2. 1 Conceptual Frameworks**

## 2.2 Analysis of Business Situation

Based on data collection process, then we analyze the result with examine its external and internal environment analysis.

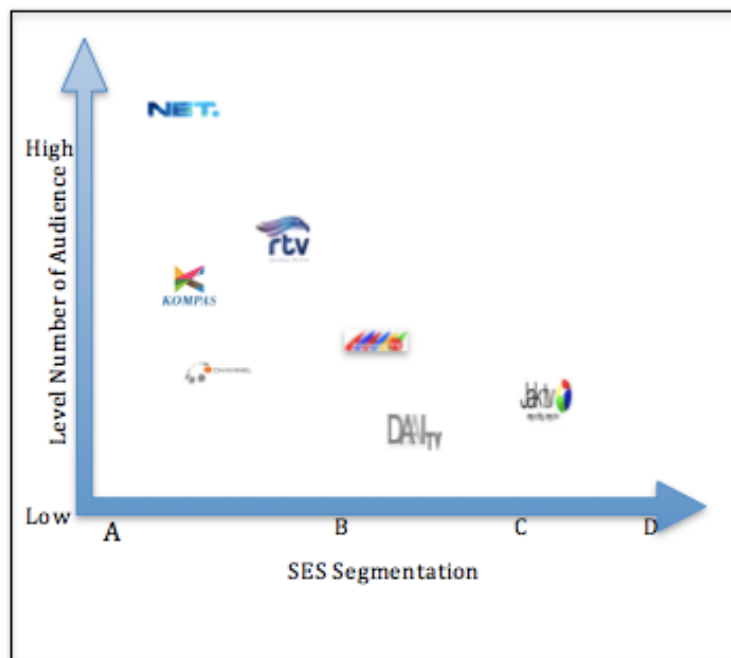
PEST Analysis is an acronym for Political, Economical, Social, and Technology as a measurement tool to asses a business. PEST offers some assistance with determining how these variables will influence the execution and running a business in the long term. Summary of PEST Analysis in JAKTV as below :

**Table 2. 1 Summary of PEST Analysis JAKTV**

<b>Political</b>	<b>Economic</b>	<b>Social</b>	<b>Technology</b>
- Government rules for network broadcasting system	-Increasing of advertising expenditure	-Diversity of content by its region	-Digitalization era
- Opportunity to open a regional station			- High technology equipment

To assess the competitive environment, it needs the analytical tools such as the five forces framework. It empowers a company to decide the appeal or benefit capability of a specific industry by inspecting the collaboration of five competitive forces. The five forces framework is a thorough way to deal with assessing commercial enterprises and where companies stand in connection with their industry. In this analysis, the point of focused methodology is to discover a position inside of the business that a company can viably shield against the effect of the five forces, or attempt to impact the five forces in its favor (Henry, 2011).

It is also important to also knowing the positioning of key competitors. To get the positioning, we use strategic group maps to know how the industry rivals. Competitive maps for JAKTV are having a similar approach, which is local TV licensed to operate in Jakarta. There are many players for local TV stations in Jakarta.



**Figure 2. 2 Competitive Maps JAKTV Based on SES Segmentation**

Source : Various media websites

After analyzed from internal environment, next step that it's should analyze from external environment. External analysis doing by examine from VRIO analysis and marketing mix 7P.

One of the tools to identify the core competencies is through analyzing four criteria of sustainable competitive advantage. Those capabilities are valuable, rare, costly to imitate, and non substitutable (Ireland, Hoskisson, & Hitt, 2011) and those criteria known as VRIO framework.

VRIO framework is a theoretical framework that explains and predicts firm level competitive advantage. A firm can gain a competitive advantage if it has resources that are valuable (V), rare (R), costly to imitate (I) and the firm also must be organized to capture value (O) (Rothaermel, Strategic Management Concept, 2013)

VRIO framework is a theoretical framework that explains and predicts firm level competitive advantage. Through analysis using VRIO framework, it helps the organization with evaluating whether it has practically focused or not. It likewise helps the organization to utilize its assets and abilities to separate its items or administrations in significant ways that contenders cannot mimic.

From VRIO analysis, it is shown that programming and human resources has the average returns and competitive parity, because its so easy to imitate the program and low level of rarity. JAKTV has

competitive advantage in brand name and technology as their strength. Brand and technology of JAKTV makes the competitive consequences become a sustainable competitive advantage with above average returns for their performance implications.

**Table 2. 2 VRIO Analysis in JAKTV**  
Source : (Ireland, Hoskisson, & Hitt, 2011)

No	Criteria	Brand	Content / programming	Technology	Human Resources
1	Valuable	Yes	Yes	Yes	Yes
2	Rare	Yes	No	Yes	No
3	Costly to imitate	Yes	Yes	Yes	No
4	Organized to capture value	Yes	Yes	Yes	Yes
	Competitive Consequences	Sustainable competitive advantage	Competitive parity	Sustainable competitive advantage	Competitive parity
	Performance implications	Above-average returns	Average returns	Above-average returns	Average returns

It also used Marketing Mix 7P Theory, because JAKTV may consider as service company, because they provide intangible product and they also need a satisfaction level from audience. JAKTV provide information through program format such as entertainment, news, variety show and talk show.

### 3. The Research Method

Data collection includes primary and secondary data. Primary data was collect from interview with management of JAKTV (CEO, COO), television profesional and JAKTV former client. Besides interview, it also gather information from questionnaire from audience. Sample size in this research is determined by Slovin formula, which resulted for 156 audiences throughout Jakarta area.

#### 3.1 Sample Size

Sample size in this research is determined by Slovin's formula (Andale, 2014). According to DataStar (2008), sampling of error reflects on the confidence level of the research. If the sampling error increases, the confidence level decreases. Although Slovin's formula is estimated to be applicable at a 95% confidence level, DataStar (2008) argued that the acceptable margin of error used by survey researchers falls between 4% and 8% at the 95% confidence level. Hence, this research follows the margin of error to be 8%, which generates the minimum sample size of 156 respondents.

### 4. Result and Discussion

A business model can be described as how an organization creates, delivers, and captures the value. It can be created by providing such building blocks that consist of what the customer segment and channels are. A company should deliver a product or services that create value for its customer. Below is the current and proposed business model canvas for JAKTV :

<b>KP</b> 1. Broadcast Organization (KPI, LSM, TVU) 2. Speaker 3. Pay TV Operators 4. AGB Nielsen 5. Government 6. Distributors 7. Production House 8. Vendors (subtitle, editing, graphics)	<b>KA</b> 1. Content programming 2. Advertising placement 3. Brand activity 4. CSR 5. Networking 6. Training for employee	<b>VP</b> 1. Information television 2. Direct impact 3. Approached national on air 4. Brand activity off air on air 5. Entertainment format 6. Focus on local issues 7. TV Campaign election 8. Better Quality on air	<b>CR</b> 1. Public Relations 2. Interactive programs 3. Email 4. Facebook 5. Frequent survey/FGD	<b>CS</b> 1. BODETABEK people 2. National People 3. Audience age 25+ 4. Community 5. Advertiser 6. Bias Segmentation 7. 17-20 years old audience 8. Private company 9. Political parties 10. BUMN
<b>CV</b> 1. Fixed cost (salaries, rent, hardware) 2. Variable cost (production, marketing, maintenance) 3. Adding technical equipment cost		<b>RS</b> 1. Advertising spot 2. Off air event 3. Licensing programs 4. Renting		

**Figure 3. 1 Proposed Business Model Canvas in JAKTV**  
Source : (Osterwalder & Pigneur, 2010)

1. **Customer Segments.** (i) From current customer segments, JAKTV should add four segments that they may target. JAKTV should be in other segments, 7-20 years old. (ii) JAKTV should also have a relationship with BUMN and the private sector to be their direct advertisers. (iii) In order to gain a supporter for election campaign, they also have to partner with the politic parties
2. **Value Proposition.** (i) JAKTV should have one anchor program with entertainment format with quality near to that of national television. (ii) They can have a position as campaign television. (iii) JAKTV needs to improve the quality of its on-air look. (iv) JAKTV should focus more on local issues.
3. **Channels.** (i) JAKTV should be available to stream
4. **Customer Relationship.** (i) JAKTV should have its regular FGD or survey.
5. **Revenue Streams.** (i) licensing of programs. (ii) license program into other local TV stations in different areas. (iii) Rent office
6. **Key Resources.** (i) JAKTV should have new partnerships with other media companies. (ii) JAKTV should also have a network to make them grow
7. **Key Activities.** (i) JAKTV should add their networking to their activities
8. **Key Partnerships.** (i) JAKTV needs to extend its relationship with local partnership/vendors, such as distributors, production houses, vendors for subtitles, and graphics.
9. **Cost Structures.** (i) allocate the budget for technical equipment

## 5. Conclusion

JAKTV faced tight competition as local television in Jakarta. JAKTV has an unimpressive result on their advertising expenditure and viewing rate. The conclusion part is purposed to answering this research questions in chapter one:

1. JAKTV has been established since 2005, this means they celebrate their 11<sup>th</sup> year in 2016 as a player in the industry. JAKTV has been through several changes, in terms of its management, positioning, scheduling, strategy and also rebranding with its new logo. Financially, JAKTV has a healthy condition, even though it hasn't reached break-even point yet. Currently, JAKTV's primary target audience is 25+, and secondary is 20+ for SES class of ABC 1. JAKTV operated in JABODETABEK area, but practically it can be watched in national coverage using pay TV operator and satellite. JAKTV has positioned itself as information TV, filling its prime time belt (18.00- 22.00 WIB) with information contents and in-house produced live format programs. In terms of viewing rate, JAKTV's rating and share are still low if compared with other local TV stations. That's why JAKTV wouldn't use rating and share for benchmarking, because of JAKTV's positioning as a TV station with "direct impact". JAKTV uses this approach to propose to direct clients (by not using advertising agencies), and by using direct audience feedback for measurement.
2. JAKTV's current competitive strategies are in differentiation broad target. This is because JAKTV's content is made for national issues, even though it is a local TV station, further complicating an already competitive industry.
3. JAKTV business strategy is to change their competitive advantage from broad differentiation become focus differentiation. JAKTV should focus only for Jakarta local issue and less national issue. Yet, JAKTV should keep maintaining as product leadership by providing its local content.
4. From analyzing the current business model of JAKTV, and in order increase the revenue. JAKTV needs to apply the proposed business canvas model. There is a proposed action and implementation plan for the upcoming 2 years plan of strategy adoption. It will be defined in following sub-chapter.

Actions Plans mean to have a long / short-term action, which represents a stage of strategic goals and creates aligned measures. The implementation plan is designed for the two-year period from 2016 and above as illustrated in table 4.1. It contains information for who is the person in charge for related activities and timing of activities.

**Table 4. 1 Action Plan Schedule**

No	Action Plan	2016				2017				2018	2019
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
1	Find network partner		process	process	execution						
2	New media partnership		Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed
3	Approached local company/parties		Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Parties	
4	Held frequent FGD/survey		execution	execution	execution	execution	execution	execution	execution	Bi-yearly	
5	Entertainment format		process	execution							
6	Focus on local issues		process	process	execution						
7	Streaming		process	execution							
8	Improve on air quality			process	execution						
9	Rent assets		Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed
10	Program licensing		Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed	Keep the process until action plan can be executed
11	Held training for employee	process		execution	execution	execution	execution	execution	execution	Quarterly	
12	Positioned as selection channel							process	execution	process	execution

**Notes**

- process
- execution
- Keep the process until action plan can be executed

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