

Chapter IV Findings: Business Solution

This research aims to analyze the appropriate strategy for RCTI in determining the right approach to face changing viewer preferences related to future advancements and developments in digital technology.

IV.1 Findings

According to a survey conducted in May-June 2022, RCTI was reported to have the highest audience share at 18.90%. This aligns with the findings of a survey by the Ministry of Communication and Information Technology (Kominfo), indicating that RCTI remained the most accessed television station until October 2021 with a percentage of 33.3% (Databooks, 2021). Over the past few years, RCTI has successfully maintained its dominance consistently holding the position as the top television station with the highest audience share in Indonesia.

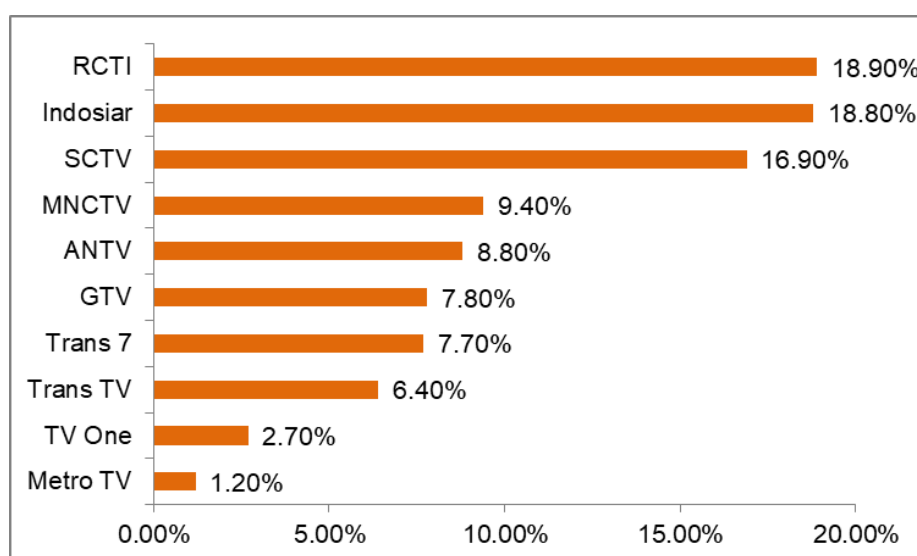


Figure IV.1 Top 10 Audience Share Television Industry June 2022

Source: Databook, 2022

Despite RCTI's ability to maintain its dominant position in the television industry, the landscape faced significant turbulence following the government's mandate to transition from analog to digital television. This shift led to an impact in advertising spending for Free-to-Air (FTA) channels. However, amidst this challenge, the digital advertising sector experienced remarkable growth, compensating for the overall decline in advertising revenue. Platforms such as RCTI+, Youtube, Facebook, and Tik

Tok played pivotal roles in driving this success.

Towards the end of 2022, a significant decline in revenue growth occurred, primarily attributed to the Analog Switch Off (ASO) implementation in Jabodetabek region during the fourth quarter. ASO prompted many advertisers to withhold marketing expenditures, causing disruptions in advertising spending. Despite a 49% QoQ increase in revenue in Q1 2023, there was still a 6% YoY decrease compared to the same period the previous year, reflecting the ongoing impact of ASO policy (MNCN Annual Report, 2023).

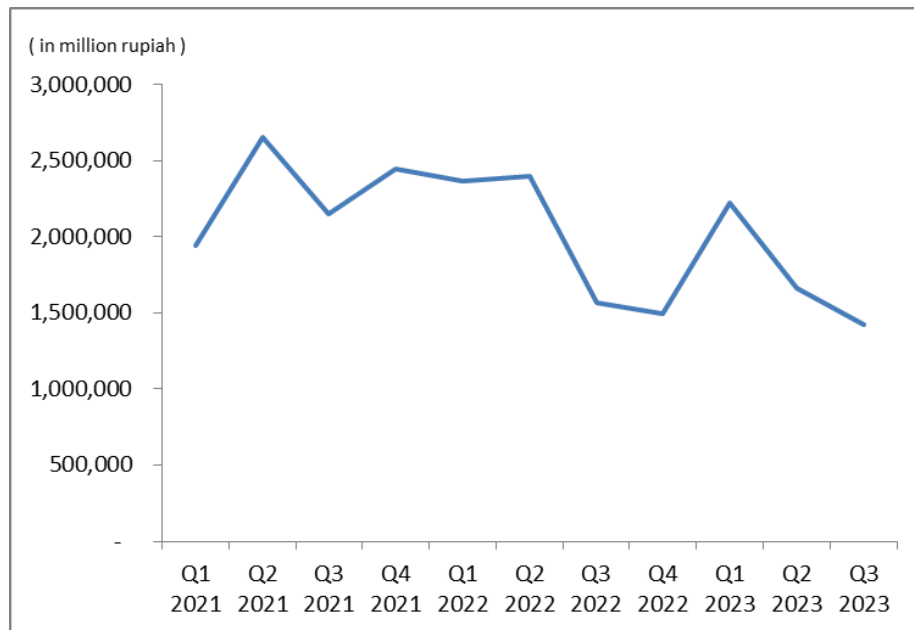


Figure IV.2 Advertising Revenue Trends

Source: Annual Report MNCN

Figure IV.2 Illustrates the advertising revenue trends over the recent three years (MNCN Annual Report). Notably, the ASO, the main catalyst for the decline in RCTI's revenue, did not directly affect the revenue from the digital advertising sector. This showcases RCTI's resilience and adaptability in navigating changes in the media industry. Despite reduced advertising spending on FTA channels due to ASO, the substantial growth in revenue from digital platforms made an important positive contribution as shown in Figure 4.3. This success also underscores a significant shift in advertiser preferences, with an increase towards digital platforms in alignment with evolving viewer behavior trends.

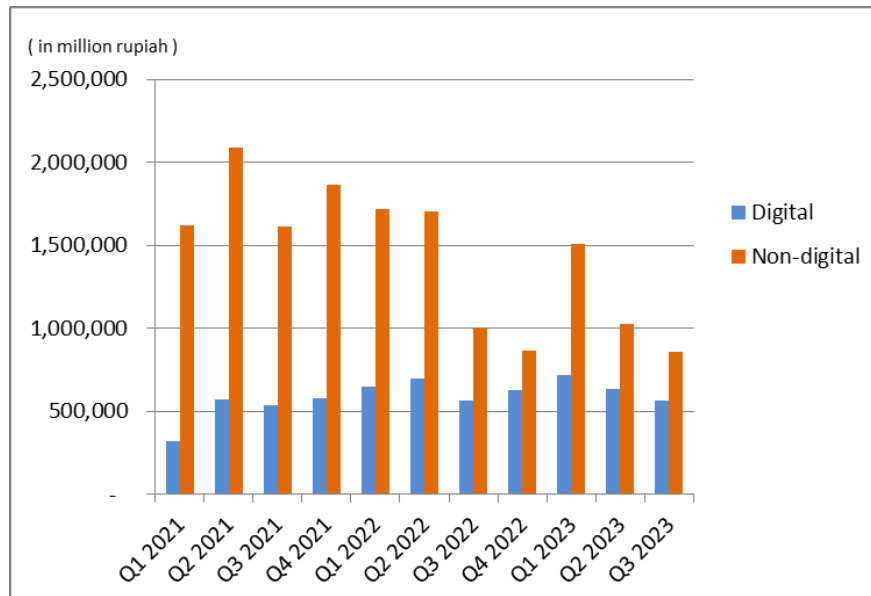


Figure IV.3 Digital & Non-digital Advertising Revenue Trends

Source: Annual Report MNCN

Based on the annual report of MNCN, until the year of 2022, the monthly active users of RCTI+ have shown a consistent increase, reaching an impressive 66.9 million. This growth trend signifies that RCTI+ digital streaming platform is not only competitive but also has promising prospects for the future. It shows that the platform is not just holding its own against competitors but is well positioned to succeed globally.

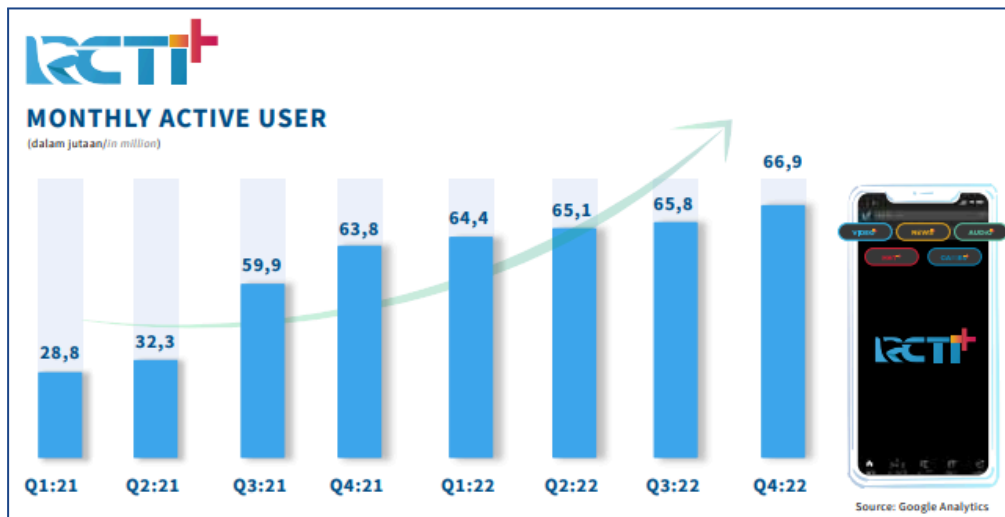


Figure IV.4 Monthly Active User of RCTI+

Source: Annual Report MNCN

IV.2 Analysis

IV.2.1 External Analysis

IV.2.1.1 PESTLE Analysis

The PESTLE analysis for RCTI, reveals a spectrum of opportunities and threats across various environmental factors. In the **Political** realm, RCTI may benefit from potential favorable regulatory changes supporting media industry growth, coupled with government initiatives backing the media and broadcasting sector. However, the emerging threat of political instability, potentially leading to uncertain regulatory changes. In the current political climate, as Indonesia approaches the presidential election in February 2024, the intensity of advertising on television is significantly influenced, with political upheavals impacting the television business landscape in the country. This disparity poses challenges for television stations, advertisers, and content creators reliant on precise metrics.

Economically, RCTI sees opportunities in a growing economy contributing to increased advertising spending and potential international expansion in economically stable markets. Conversely, economic downturns pose a threat, impacting advertising budgets and consumer spending, while exchange rate fluctuations can affect production costs and revenues.

Socioculturally, RCTI can capitalize on rising cultural trends favoring its content genres and target specific demographics based on changing population trends. However, threats arise from shifts in societal values impacting viewer preferences and demographic changes affecting the traditional target audience. **Technologically**, RCTI stands to gain from embracing digital transformation for online streaming, innovative content creation, and audience engagement. Simultaneously, rapid technological changes pose a challenge, making it crucial for RCTI to keep up with evolving consumer preferences and avoid dependence on traditional broadcasting methods.

Legally, adherence to intellectual property laws and compliance with media regulations are opportunities for RCTI to protect original content and maintain a positive public image. Government policies and regulatory changes, exemplified by Indonesia's shift

from analog to digital TV broadcasts, present both opportunities and challenges for the television industry. The transition to digital, facilitated by Analog Switch Off (ASO), opens avenues for innovation in content delivery. Despite the rise of online advertising, traditional TV media remains valuable in Indonesia. However, the ASO introduces technological imbalances, particularly impacting underserved areas and skewing viewership data. Nonetheless, legal challenges related to media regulations and censorship present threats, potentially affecting content creation. In the environmental sphere, RCTI has the chance to enhance its corporate image through sustainability practices and eco-friendly initiatives. However, the lack of focus on environmental sustainability poses a reputational risk. To navigate these dynamics, RCTI should stay vigilant, adapting its strategies to the evolving external landscape.

Environmentally, In the television industry, the environmental aspect of PESTLE analysis is crucial, emphasizing responsible sourcing and efficient utilization of natural resources. The industry's reliance on resources like water for set construction or scenic locations necessitates sustainable resource management. To address environmental impact, television productions must adopt eco-friendly set construction materials, prioritize energy-efficient equipment, and explore sustainable shooting locations. Climate change poses challenges, with extreme weather events disrupting filming schedules, making adaptation and resilience measures essential considerations. The production of television content generates various forms of waste, requiring the implementation of eco-friendly waste management practices, recycling, and minimizing environmental impact. These environmentally responsible practices are integral to the industry's commitment to sustainability and align with broader global environmental goals.

Table IV.1 PESTLE Analysis

Criteria	Opportunity	Threat
Political	Favorable regulatory policies support media industry and broadcasting	Political instability leading to uncertain regulatory changes
Economic	Growing economic contributing to increased advertising spending	Economic downturn leading to reduce advertising budgets and customer spending
Social	Increasing demand for diverse and interactive content	Shifting viewer preferences impacting traditional TV viewership
Technology	Embracing digital transformation to online streaming and content delivery Leveraging technology for innovative content creation and audience engagement	Rapid technological changes making it challenging to keep up with consumer preferences Dependence on traditional broadcasting methods in the face of technological disruption
Legal	Clear copyright laws protecting intellectual property for original content	Regulation challenges related to content licensing and distribution rights
Environmental	Eco-friendly initiative promoting sustainable production	Natural disaster disrupting broadcasting infrastructure

IV.2.1.2 Porter's Five Forces

Threat of new entrants

RCTI faces a relatively low threat of new entrants into the media industry, given its established brand, substantial capital requirements, and high economies of scale, which

collectively create significant barriers for potential competitors. Additionally, the need for a wide distribution network, content creation capabilities, and adherence to government regulations further restrict entry. However, the challenge becomes more pronounced with the emergence of digital platforms, which may require lower initial investments, thereby characterizing the threat of new entrants for RCTI at a moderate level.

Despite the substantial capital requirements and infrastructure needed for establishing a broadcasting network forming formidable barriers, the evolving landscape of online streaming platforms introduces new dynamics. The lowering of traditional entry barriers by digital platforms makes it relatively easier for new players to enter the market, shifting the threat level to a moderate one. These newcomers, unburdened by legacy systems, can leverage changing consumer preferences and technological advancements to compete with established broadcasters like RCTI. Consequently, to maintain its competitive edge and mitigate the threat posed by potential new entrants, RCTI must continually innovate, adapt to the digital landscape, and invest in exclusive content.

Bargaining Power of Buyers (Viewers and Advertisers)

The bargaining power of buyers, encompassing both viewers and advertisers for RCTI, is notable. Viewers hold substantial power as they can easily switch to alternative channels or online platforms if dissatisfied with RCTI's content. The abundance of entertainment options provides viewers with the flexibility to choose content that aligns more closely with their preferences. Advertisers, on the other hand, possess bargaining power due to the availability of diverse advertising channels. If RCTI's advertising rates are deemed unfavorable or if there's a perception of more effective advertising elsewhere, advertisers may shift their budgets to other platforms.

While RCTI holds a significant share of the audience, the rise of digital platforms provides alternatives. Advertisers, seeking cost-effective advertising, can negotiate prices with various channels. Viewers, with access to multiple channels, can easily switch, reducing RCTI's control. This scenario emphasizes the importance of maintaining audience loyalty through quality content and targeted advertising. To maintain and enhance its position, RCTI needs to continually deliver high-quality content to retain viewer loyalty and offer competitive advertising packages to retain and attract advertisers.

Bargaining Power of Suppliers (Content Providers, Talent)

The bargaining power of content suppliers, including production houses and content creators, holds a moderate position within the media industry. RCTI's reliance on a diverse array of content means that negotiations are significantly influenced by the availability and exclusivity of popular programs. However, the industry's abundance of content suppliers provides RCTI with some negotiating leverage. It's important to note that the rise of digital content platforms introduces a dynamic element, potentially enhancing suppliers' bargaining power by offering alternative distribution channels.

Examining the crucial aspect of supplier power in Porter's Five Forces analysis for RCTI, content providers, such as production studios and distributors, wield influence when offering highly sought-after and exclusive content. RCTI's ability to negotiate favorable content acquisition deals directly impacts the quality of its programming and overall audience appeal. Additionally, the bargaining power of talent, encompassing actors, hosts, and production staff, is a significant factor affecting RCTI's production costs. Renowned and in-demand individuals can demand higher compensation.

To effectively manage supplier power, RCTI may need to implement strategies like diversifying its content sources, investing in in-house productions, and cultivating long-term relationships with key talent, ensuring stability in content creation within the dynamic media landscape.

Threat of Substitutes

The threat of substitutes for RCTI revolves around the myriad options viewers now have for entertainment and information consumption beyond traditional TV broadcasting. The emergence of digital platforms, online streaming, and social media has provided audiences with diverse alternatives. High threat of substitutes is exacerbated by the seamless transition for viewers to switch to other television options without incurring additional costs. This ease of switching intensifies the challenge for RCTI, underscoring the imperative for strategic initiatives to maintain and grow its audience base amidst a rapidly changing media landscape.

The convenience and accessibility of these substitutes pose a potential threat to RCTI's viewership. To stay ahead, RCTI may need to enhance its online presence, invest in digital platforms, and adapt its content delivery strategies to align with changing

consumer preferences. Building a strong online presence and offering unique, engaging content can help mitigate the threat of substitutes and retain audience loyalty.

Intensity of Competitive Rivalry

The competitive rivalry within the media industry is fierce, especially with the presence of other major TV networks and digital platforms. RCTI competes vigorously for viewership, advertising revenue, and exclusive content rights, constantly facing the pressure to innovate, produce high-quality content, and adapt to changing consumer preferences. Strategic partnerships, unique programming, and effective marketing are essential components in staying ahead in this fiercely contested market.

The intensity of competitive rivalry in the media and broadcasting industry, as faced by RCTI, is influenced by several factors. Firstly, the industry is characterized by a significant number of competitors, including other television networks, online streaming services, and digital content creators. This high level of competition can lead to price wars, aggressive marketing strategies, and a constant battle for audience attention.

Additionally, the rapid evolution of technology and changing consumer preferences intensify competition as companies strive to stay relevant and innovative. The importance of exclusive content and attracting advertisers further fuels rivalry among players. To navigate this intense competition, RCTI should focus on differentiation, consistently delivering high-quality content, and leveraging its unique strengths, such as a well-established brand and loyal audience base. Strategic collaborations and staying attuned to industry trends can contribute to maintaining a competitive edge.

Table IV.2 Porter's Five Analysis

No	Aspect	Conclusion
1	Threat of new entrants	Low
2	The bargaining power of buyer	Moderate
3	The bargaining power of supplier	Moderate
4	The threat of substitute	High
5	Competitive rivalry	High

IV.2.1.2 Competitor Analysis

Competitive advantage is a crucial element of strategic management that involves the actions taken by companies to improve their performance within the external business environment (Nag et al., 2007). In order to gain a competitive advantage, a company needs to understand its competitors. The company needs to consistently evaluate its strategy in comparison to its rivals. This ongoing analysis helps identify potential areas where the company may have a competitive edge of disadvantage (Kotler & Armstrong, 2020).

The competition within the Indonesian television industry is multifaceted, with RCTI and other television stations regarded as competitors operating in the same market. Their competition of marketing strategies, product differentiation, and pricing strategy. The focus on competitors involves a targeted approach to competitor segmentation, with concerted efforts in differentiation and marketing strategies aimed at capturing the attention of both viewers and advertisers. Stations TV need to adapt to changing viewer preferences to maintain or boost their market share.

- SCTV (EMTEK Group)

SCTV, short for Surya Citra Televisi, is a national private TV network in Indonesia, SCTV is the second private television channel in the country, falling under the Surya Citra Media Group (SCM). SCTV's headquarters is currently located as SCTV Tower in Senayan City. The channel targets a similar audience as RCTI, focusing on serving a diverse demographic, primarily targeting young adults and families.

SCTV generates revenue through advertising, capitalizing on its popularity and extensive viewership. With a programming lineup closely aligned with audience preferences, including family dramas, awards, news, reality shows, and sports, SCTV creates a compelling platform for advertisers to reach their target audience. Additionally, SCTV has diversified its business by venturing into the streaming platform called Vidio.com, providing a comprehensive digital platform that offers a wide range of local and international content through Video On Demand, paid TV networks, and exclusive offerings, thereby expanding its revenue streams in the dynamic media landscape. In FY 2022, Vidio.com saw a significant 110.7%

revenue growth driven by increased Monthly Active Users (MAU) and paid subscribers. The Average Revenue Per User (ARPU) rose as subscribers switched to premium direct subscriptions for exclusive content and sports, moving away from discounted bundles. However, losses also surged due to Vidio.com's intensified investments in original series, sports, human capital, and technology (SCM Annual Report, 2022)

Based on SCM's annual report in 2022, SCTV's audience share ranked third after RCTI and IVM. SCTV's All-Time average audience share for the fiscal year 2022 increased by 0.9 points to 16.6% compared to the previous corresponding period. According to the mentioned data, RCTI experienced a decrease to 25.8% but maintained its position as the top channel in Indonesia. This underscores the robust and stable resilience of RCTI in the competitive television industry.

Audience Share

Based on ALL5+(SEC/REVAMP), All Time, All Cities, 16 TV Stations

ALL TIME

TV	YTD Des 2021	YTD Des 2022	Change	% Change
RCTI	25.6	19.0	-6.6	-25.8%
IVM	13.0	17.3	4.3	33.1%
SCTV	15.7	16.6	0.9	5.7%
MNCTV	10.8	11.0	0.2	1.9%
ANTV	9.4	9.0	-0.4	-4.3%
GTV	7.2	7.8	0.6	8.3%
TRANS7	6.6	7.5	0.9	13.6%
TRANS	6.2	6.4	0.2	3.2%
TVONE	2.7	3.0	0.3	11.1%
METRO	1.1	1.3	0.2	18.2%
TVRI1	1.4	1.1	-0.3	-21.4%
EMTEK	28.7	33.9	5.2	18.1%
MNC	43.6	37.8	-5.8	-13.3%
TRANS CORP	12.8	13.9	1.1	8.6%
VIVA	12.1	12.0	-0.1	-0.8%

Figure IV.5 Audience Share Television Industry in Indonesia 2021-2022

Source: SCM Annual Report (2022)

In the fiscal year 2022, SCTV recorded net revenues marking a 5.4% growth compared to the previous fiscal year. Which contributes 43.8% of SCM's consolidated net revenue. However, despite the rise in revenue, SCTV faced profit losses. This is attributed to factors such as the depreciation of broadcasting and transmission equipment, towers, and buildings at transmission sites, including equipment related to digital broadcasting as the country undergoes the

Analog Switch Off (SCM Annual Report, 2022).

- TransTV

Trans TV, short for Televisi Transformasi Indonesia, is an Indonesian free-to-air television network based on South Jakarta that was launched on December 15, 2001, and is owned by Chairul Tanjung. The programming includes news, movies, drama, variety, and quiz shows, along with children's TV series, similar to content offered by other commercial TV stations. Trans TV targeted similar audiences with RCTI and SCTV which delivered creatively innovative and high quality information and entertainment content for families (General Entertainment). The channel targets audiences by featuring contemporary lifestyle programs.

Trans TV, like other TV stations, earns the main revenue through advertising, where the program's rating determines the ad placement cost. Trans TV primarily uses its website for streaming its programs, and notably, it integrates with Youtube for viewers to watch rerun programs. Moreover, Trans TV collaborates with Vidio.com, part of SCM Group to broadcast its shows. This partnership highlights the importance for Trans TV to strengthen its digital presence. According to figure IV.5, Trans TV ranks seventh in audience share, with a 0.9 increase in the fiscal year 2022, mirroring SCTV's trend. This highlights the importance of Trans TV's focus on digital advancements for future growth.

- ANTV

ANTV, short for Andalas Televisi, is a national private television network in Indonesia that officially started broadcasting nationwide on March 1, 1993. Owned by Intermedia Capital (MDIA) under the Bakrie Group's Visi Media Asia (VIVA), ANTV features a variety of content, including dramas, comedies, animations, and general entertainment programs. It competes with RCTI and SCTV for the same target audience.

Since 2014, ANTV has become known for airing soap operas from different Asian countries, particularly India, making it a popular choice for viewers. The TV station's revenue comes mainly from advertising, with the cost tied to the program's ratings with higher rating means a higher rate card for advertisers campaigning their product on the program. According to figure IV.5, ANTV ranks fifth in

audience share, with a 0.4 decrease in the fiscal year 2022.

- IVM (Indosiar Visual Mandiri)

Indosiar, officially named Indosiar Visual Mandiri (IVM), is a private national television network in Indonesia. It has been operating in Daan Mogot, West Jakarta, since 1995. Originally established and owned by the Salim Group, it came under the ownership of PT Elang Mahkota Teknologi Tbk in 2011, making it a “sibling” network to SCTV. Known for emphasizing cultural content, Indosiar has broadcast traditional wayang shows and modernized Srimulat comedy programs. Over time, the network evolved its programming to include popular Indonesian musical drama and family themed soap operas.

While initially successful, the quality of some shows became a subject of criticism, contributing to a decline in ratings. In 2011, the Salim Group sold Indosiar to Emtek, leading to a shift in its programming strategy, Emtek focused on realigning Indosiar as a channel with a strong emphasis on dangdut music and reality shows, cultivating new dangdut stars and incorporating religious themed content. Based on SCM’s annual report in 2022, IVM’s audience share ranked second after RCTI. IVM’s All-Time average audience share for the fiscal year 2022 increased by 4.3 points to 33.1% compared to the previous corresponding period. In the fiscal year 2022, IVM recorded net revenues marking a 22.9% growth compared to the previous fiscal year. Which contributes 35.1% of SCM’s consolidated net revenue. However, similar to SCTV, IVM experienced a financial setback despite the increase in revenue. This can be attributed to factors such as the depreciation of broadcasting and transmission equipment, as well as towers and buildings at transmission sites. These depreciations include equipment associated with digital broadcasting, particularly during the Analog Switch Off (ASO), as indicated in the SCM Annual Report 2022.

IV.2.2 Internal Analysis

IV.2.2.1 VRIO Analysis

Digital Platform

RCTI's digital platform has experienced growth in response to changing viewer preferences, with audiences increasingly favoring television access via smartphones for

its anytime, anywhere convenience. This shift has prompted RCTI to continuously innovate. Unlike other TV stations with shared platforms, RCTI has its exclusive platform, RCTI+, integrated with several Free-to-Air (FTA) channels solely under the MNC GROUP, including MNCTV, GTV, and Inews. This uniqueness adds value and rarity, making it difficult to replicate. Furthermore, RCTI+ and RCTI's digital teams operate in separate divisions, maintaining distinct structures and systems while remaining integrated under the RCTI umbrella. This strategic approach underscores RCTI's commitment to innovation and adaptability in the ever-evolving media landscape.

Content Variation

Developing a distinct content profile stands out as a pivotal responsibility for media enterprises. Primarily, aligning the content configuration, or program profile, with the brand promise is crucial. Moreover, ensuring the exclusivity of content emerges as a paramount factor for achieving success and establishing a distinctive brand position (Förster, 2011). In terms of content variation, RCTI offers a range of popular programs like Indonesian Idol and MasterChef Indonesia, exclusively broadcasted on the network. However, it is acknowledged that other television stations may imitate similar programs, particularly considering the prevalence of soap operas in the local Indonesian television industry. This circumstance could be viewed as a weakness due to the perceived lack of content diversity on RCTI.

Advance Broadcasting Technology

Technological advancements is a key success factor in the television industry. This integration enhances the quality of TV programs, attracting higher budgets and investments, even from technology-oriented companies. The direct link between increased budgets and superior production quality elevates the competitiveness of television programs globally, underscoring the pivotal role of technology in the industry's success (Förster, 2011). The possession of advanced broadcasting technology stands as a crucial resource for RCTI, contributing significantly to its competitive advantage. This technology is undeniably valuable, providing RCTI with the capability to deliver high quality and innovative content to its vast audience. While not considered rare, as other competitors may also invest in similar technologies, RCTI's strategic organization and utilization of this resource make it relatively rare within the broadcasting landscape. The inimitability of this technology stems from RCTI's exclusive access and effective implementation, making it challenging for competitors to replicate. The organized

integration of advanced broadcasting technology within RCTI's operations ensures that it is seamlessly incorporated into the overall broadcasting strategy, maximizing its effectiveness and further solidifying RCTI's position as a leader in the industry.

Program Rating and Share

Program ratings and audience share serve as valuable and rare resources for RCTI, reflecting the network's adeptness at attracting and retaining a substantial viewership. The high program ratings highlight the popularity of RCTI's content, a rarity in an industry where not all channels consistently achieve such success. Exemplified by the phenomenal success of the program named "Ikatan Cinta". This program not only achieved record breaking ratings, reaching an unprecedented 14.8, but also secured an outstanding audience share of 51.5% on February 23, 2021.

Remarkably, "Ikatan Cinta" maintained its glory for two consecutive years, consistently holding its ground as the highest rated show in the history of Indonesian television. This achievement highlights the rarity of RCTI's ability to produce content that not only captures viewers attention but also sustains their interest over an extended period. The organized management and strategic approach to programming enhance the sustainability and inimitability of both program ratings and audience share, solidifying RCTI's prominent position in the television industry.

Exclusive Talent

The exclusive talent nurtured by RCTI through talent search competitions such as Indonesian Idol represents a valuable and rare resource for the network. These talents, developed and promoted by RCTI, contribute significantly to the network's competitive advantage in the television industry. The rarity of this resource lies in the network's ability to identify, groom, and retain individuals with exceptional skills and market appeal. The inimitability of RCTI's exclusive talent pool is evident, as the network strategically positions these individuals in long-format series like "Ikatan Cinta".

Notably, renowned talents such as Amanda Manopo and Arya Saloka, who play pivotal roles in the highly popular series "Ikatan Cinta," have been embedded in the audience's psyche. Amanda Manopo, for instance, is instantly recognized by viewers through her character's name in "Ikatan Cinta", showcasing the depth of audience engagement and the uniqueness of RCTI's talent management strategy. This organized approach to developing and featuring exclusive talent enhances RCTI's position in the industry, making it a

top-of-mind choice for viewers and reinforcing the network's competitive edge in the ever-evolving landscape of television entertainment.

Table IV.3. VRIO Analysis

Resources	V	R	I	O	Impact
Digital Platform	Yes	Yes	Yes	Yes	Sustained Competitive Advantage
Content Variation	Yes	No	No	Yes	Temporary Competitive Advantage
Advance Broadcasting Tech	Yes	No	Yes	Yes	Temporary Competitive Advantage
Rating and Share Program	Yes	Yes	Yes	Yes	Sustained Competitive Advantage
Exclusive Talent	Yes	Yes	Yes	Yes	Sustained Competitive Advantage

IV.2.2.2 Business Model Canvas

RCTI's business model is multifaceted and strategically crafted to navigate the dynamics of the television industry. The network primarily generates revenue through a combination of advertising, subscription fees, and content licensing. The extensive reach of RCTI, characterized by its broad audience base, serves as a key strength, attracting advertisers seeking widespread visibility. The integration of exclusive content rights enhances the network's value proposition, fostering audience loyalty and increasing advertising revenue.

Furthermore, the introduction of RCTI+, the network's digital platform, adds another dimension to its revenue streams, capitalizing on the growing trend of digital media consumption. RCTI+ streaming offers exclusive content and subscriptions, while their website and social media presence reel in online ad revenue. They even produce content for other platforms and manage a stable of talented artists. The network strategically leverages its strong brand reputation, established distribution channels, and partnerships to maximize its reach and appeal to both viewers and advertisers.

Beyond the screen, RCTI organizes events and sells merchandise, solidifying their brand and squeezing every drop of income from their loyal audience. RCTI's business model is intricately designed to balance the interests of advertisers, viewers, and digital consumers, ensuring its resilience and competitiveness in the dynamic media landscape.

In terms of key partners, RCTI collaborates with advertisers, sponsors, and content production entities to secure advertising deals, sponsorship arrangements, and to develop original shows. This includes special event collaborations, such as the TikTok Awards, to promote events or products. Key activities involve content creation, attracting advertisers and sponsors, and ensuring seamless broadcasting and distribution through television channels.

The network's value propositions include offering diverse content appealing to all demographics, maintaining a valuable brand image, delivering popular and long standing programs like Indonesian Idol and Master Chef Indonesia, and providing advertisers a platform to reach target clients effectively.

Customer relationships are nurtured through engaging with the audience on social media, allowing participation in programs, and designing content for specific customer segments. The customer segments include a general audience from all walks of life, advertisers and sponsors, and content production companies.

Key resources comprise a diverse range of television programs, a recognized brand, broadcasting infrastructure, a creative team, a loyal viewer base, and distribution rights. Channels include the primary television channel, RCTI+, and engagement on social media platforms.

Partnerships with platforms like Netflix and advertising agencies contribute to RCTI's reach. The cost structure involves expenses related to content production, infrastructure, employee salaries, and marketing activities.

Revenue streams primarily come from advertising and sponsorship, content production, merchandising and licensing, and ticketing and event merchandising. While a free audience contributes indirectly, attracting more advertisers, it also acts as potential subscribers for other revenue streams.

Overall, RCTI's business model is strategically balanced to cater to a broad audience while maximizing revenue opportunities across various streams.

Table IV.4 Business Model Canvas of RCTI

Business Model Canvas				
Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
Advertisers and Sponsors Content production. Special Event	Content Creation	Offering content that appeals to all demographics.	Engaging with the audience through social media.	A general audience from all walks of life. Advertisers and Sponsor Content production.
	Advertisement and Sponsorship	Valuable Brand Image	Audience is given the right to vote in several talent programs.	
	Broadcasting & Distribution through television channel	Advertisement viewers capable of reaching the target clients.	Providing programs tailored to customer segmentation.	
	Key Resources	Popular programs.	Channels	
	Content Brand Broadcasting Infrastructure Creative Team Audiences Distribution Rights		Television Channel Digital App : RCTI+ Social Media : Tiktok, Facebook, Youtube, Instagram Advertising Agency	
Cost Structure		Revenue Streams		
Content Production Infrastructure Employee Salary Marketing Activities		Advertising & Sponsorship Content Production Merchandising & Licence Ticketing & Event Merchandising		

IV.3.3 SWOT Analysis

RCTI boasts a robust portfolio of diverse TV shows, including exclusive rights to major events and sports, fostering a loyal and trusting viewer base. RCTI's brand strength lies in its exclusive shows and events, such as “Indonesian Idol” and “MasterChef Indonesia”. This unique content establishes a crucial competitive advantage, contributing to the rarity factor and enhancing the brand's strength. The network has a recognizable and reputable brand with strong relationships with advertisers. The company's technological infrastructure is advanced, incorporating online streaming platforms to cater to evolving viewer preferences. RCTI also possesses a skilled and experienced workforce, including creative content creators, contributing to its position as a leading player in the local TV market.

RCTI faces potential weaknesses, particularly in its dependence on advertising revenue and the competitive landscape in the television industry and faces the threat of changing viewer preferences and the impact of digital platforms. Successfully adapting to these shifts requires continuous innovation and agility, representing a potential weakness if not managed effectively. The reliance on protection mechanisms, such as copyrights and specific capabilities, to safeguard content and technological advantages poses challenges and limits flexibility, constituting another area of potential weakness. Additionally, there could be potential challenges in talent retention, given the competitive nature of the industry. Balancing the need for protection mechanisms with the demand for flexibility and innovation will be crucial for RCTI's sustained success in the dynamic media landscape.

In navigating the complexities of the media landscape, RCTI faces challenges but is strategically positioned to leverage emerging opportunities. The network's insightful exploration of digitalization and the influence of social media on TV viewership establishes a favorable stance for capitalizing on evolving trends. These inimitable insights, which are not only unique but also strategically highlighted, pave the way for the network's strategic positioning and enhanced audience engagement. Within this landscape, RCTI's exclusive shows and events, such as prestigious award ceremonies, emerge as distinctive avenues for both revenue generation and fostering audience loyalty. These endeavors not only contribute to immediate financial gains but also represent strategic opportunities for sustained growth and market expansion. By leveraging these

exclusive offerings, RCTI can not only maintain its current market standing but also explore avenues to extend its reach and influence.

The media industry presents threats that RCTI must navigate skillfully. Intense competition, rapidly changing viewer preferences, and the evolving digital landscape present challenges. Continued relevance in a highly competitive market demands ongoing adaptation to emerging technologies and audience behaviors. External factors like regulatory changes and economic uncertainties can impact the industry, necessitating strategic preparedness and resilience. Rapid technological changes could lead to increased costs and challenges in keeping up with industry trends. Economic downturns affecting advertising budgets represent a potential threat to RCTI's revenue streams.

Table IV.5 SWOT Analysis

Strengths	Weakness
Strong portfolio with popular content Establish viewer loyalty and trust Strong holding company	Dependency of advertising revenue Competitive landscape
Opportunities	Threats
Develop digital platforms Developing diverse content	Shifting viewer preferences Rapid tech changes impacting costs Economic downturn affecting ad budgets

IV.3 Business Strategy Formulation

IV.3.1 Value of Advertising

Monetizing the television industry business can be accomplished through various methods, including subscription fees, with advertising emerging as the most conspicuous avenue. In this context, companies or brands promote their products through television programs, subsequently broadcasting them in alignment with approved content. Pricing differentials stem from factors such as the specific program in which the advertisement is featured and the rating of the program. The advertisement cost escalates with higher program ratings.

Moreover, pricing is contingent on the advertisement's format. Encompassing elements like running text, build-in features, inside spots, and various other benefits routinely exhibited on television for product promotion. Advertising in mass media is priced largely by audience size. Unlike the conventional pricing model in mass media, which is predominantly based on audience size, there are four additional pivotal factors influencing the worth of advertising, as elucidated by Baumann and Hasenpusch (2016). As the ability to refine these drivers increases, substantial revenue will become possible, even from a relatively small audience. Key drivers of the value of advertising are :

- a. Advertising Outcome: The primary objective of television advertising is to convey messages to the audience. As advertising evolves, its purpose extends beyond merely delivering messages to the audience and becomes a tool employed by companies to attract buyers, ultimately transforming viewers into consumers.
- b. Access to Target Demographic: The television industry endeavors to refine its methods of extracting audience preference data to augment its value to distinct types of advertisers. While some advertisers seek extensive mass advertising, others are keenly interested in targeting specific audience segments. The ability to target specific demographics is an added value for companies advertising their products.
- c. Placement: The placement of advertisements significantly influences their inherent value. Placing an ad in the midst of a live TV program garners higher engagement compared to positioning it after the program. Furthermore, the engagement levels vary based on the placement within the post-program sequence, with the first position yielding distinct engagement compared to the fifth position and beyond after the program.
- d. Personalization: Media's future pivots on personalization, demanding audience data compilation and dynamic content platforms (McGrath, 2013). Four tiers of personalization elevate value. Currently, mass channels lack personalization, but associations with audience specific content enable personalized advertising, seen in trade magazines or targeted cable TV.

IV.3.3 TOWS Matrix

After conducting the internal and external analysis above, the business strategy will be formulated in this section using the TOWS Matrix:

Table IV.6 TOWS MATRIX

TOWS MATRIX	Strength (S): <ul style="list-style-type: none"> • Strong portfolio of popular content • Establish viewer loyalty and trust • Strong holding company 	Weakness (W): <ul style="list-style-type: none"> • Dependency of advertising revenue • Competitive landscape
Opportunity (O): <ul style="list-style-type: none"> • Develop digital platforms • Development of original content 	<ul style="list-style-type: none"> • Providing Call To Action (CTA) option to viewers during both advertising segments and program broadcasts integrated with their e-commerce platform 	<ul style="list-style-type: none"> • Creating creative and unique contents remain entertaining
Threats(T): <ul style="list-style-type: none"> • Shifting viewer preferences to online streaming • Rapid tech changes impacting costs • Economic downturn affecting ads budgets 	<ul style="list-style-type: none"> • Leverage media ads platform • Enhancing RCTI+ for individualized access. 	<ul style="list-style-type: none"> • q

- **S-O Strategy**

In light of RCTI's strengths, especially its incredible portfolio of popular content that has fostered unwavering viewer loyalty and trust, coupled with the strategic advantage of being part of MNC GROUP, this proposal outlines a visionary business strategy. The essence lies in seizing the opportunity to evolve and adapt by combining traditional broadcasting with the advanced e-commerce landscape.

As the predominant e-commerce market in Southeast Asia, Indonesia contributed for 52% of total e-commerce transactions in 2018 (Mahendra et al., 2020). Indonesia's

e-commerce sector is experiencing rapid growth, constituting a significant portion of the country's digital economy. With 77% of the digital economy attributed to e-commerce (Databoks, 2023). This evidence shows that online shopping has become a popular trend among Indonesian consumers. The shift towards digital transactions is fueled by various factors such as speed, efficiency, numerous promotions, competitive pricing, and the flexibility of shopping times (Mahendra et al., 2020). Notably, 94% of shoppers use smartphones to search for products, reflecting the widespread adoption of mobile technology. The younger demographic, particularly the digitally savvy population under 30 years old, play a crucial role in driving this trend (Iprice Insight, 2022).

As highlighted by Insider Intelligence, the understanding of digital literate and mobile centric nature of the current generation, centered around mobile usage, underscores their strong ties to social media, preference for shopping on small screens, and enthusiasm for mobile payment applications. This shift in everyday lifestyle preferences towards a mobile usage generation presents a significant opportunity for businesses, including RCTI, to tap into the growing interest in online shopping and e-commerce.

AladinMall is the first e-commerce and media platform under MNC Group, stands as a reliable and authentic brand in the digital retail landscape. It covers everything from fashion to food, home goods, and electronics, aiming to support and grow retail businesses by providing information and expanding their reach. The platform is dedicated to making a positive impact on millennials and Gen Z not just in Indonesia but globally. AladinMall's goal is to create a long lasting community and culture for current and future generations. To achieve this, they use technology to enhance lifestyle and content commerce, making it easier for people to connect and shop online.

The proposed approach aims to seamlessly link televised content with e-commerce opportunities, incorporating scannable barcodes in advertisements to provide direct access to products featured on the Aladin Mall app. This forward thinking strategy not only boosts revenue through direct transactions but also creates additional revenue streams by charging fees for product placements within the app. By embracing this approach, RCTI can position itself as a dynamic player, enhancing audience engagement and ensuring long term sustainability in the competitive media landscape. The proposed strategy aligns with the razor blade strategy, using televised content as the primary product and leveraging popular content and viewer loyalty to bridge traditional

broadcasting with e-commerce, maximizing revenue opportunities beyond core broadcasting offerings. Recognizing the contemporary viewer's inclination towards digital platforms, this strategy aims to propel RCTI into the forefront of innovation. In response to the evolving media landscape, proposes a strategic synergy between RCTI's traditional broadcasting and the burgeoning e-commerce realm.

The proposed strategy for RCTI aligns with **the razor blade strategy** by using televised content as the primary product, leveraging popular content and viewer loyalty. The introduction of scannable barcodes connects traditional broadcasting to e-commerce, acting as a complementary service that opens new revenue streams. This strategy mirrors the essence of the razor blade approach, where the initial product serves as a gateway to profitable transactions, exemplified by the direct access to Aladin Mall app products. Additionally, the emphasis on generating income through fees for product placements further maximizes revenue opportunities beyond the core broadcasting offering.

To ensure the audience appreciates this innovation, its implementation involves monitoring viewer engagement and Call to Action (CTA) responses. In the television industry, this typically begins with a trial to gather audience data and assess the suitability of the innovation for broadcasting. Regular monitoring is conducted each week to gain deeper insights. Additionally, direct surveys with RCTI viewers will be conducted to gather opinions and feedback on this innovation.

- **W-O Strategy**

RCTI faces a significant weakness due to its heavy reliance on advertising revenue and challenging competitive landscape in the television industry. However, this weakness can be transformed into an opportunity through strategic measures that align with changing viewer preferences and industry trends. This dependency not only restricts RCTI's strategic options but also leaves it vulnerable to fluctuations in the advertising market.

The proposed strategy focuses on creating diverse and creative content, addressing the current lack of variety. By exploring new genres, trying innovative formats, and collaborating with others, RCTI can stand out and appeal to broader audiences. This strategy, supported by the network's existing strengths, not only mitigates the weakness but transforms it into a distinctive competitive edge.

In a landscape where many television networks share a similar business model heavily reliant on advertising revenue and conventional content formats such as dramas, awards, and news, RCTI's strategic move toward diverse and creative content is a game changer. It diversifies the revenue streams by attracting a broader demographic and enhancing the network's appeal to both viewers and advertisers. The initiative aligns seamlessly with the identified opportunities, namely the development of digital platforms and original content. By adopting a forward-thinking approach, RCTI can navigate the competitive terrain, fostering innovation in content creation and setting new benchmarks for the industry. The strategy not only addresses the existing weakness but positions RCTI as a dynamic and adaptable player, ready to lead the narrative of the ever-evolving television landscape.

- **S-T Strategy**

RCTI's formidable strengths lie in its robust portfolio of popular content, established viewer loyalty, and the support of a strong holding company. To leverage these strengths effectively, a strategic initiative involves the optimization of RCTI's media ads platform. By harnessing the popularity and viewer trust associated with its content, RCTI can provide a highly attractive and effective platform for advertisers. This initiative ensures that the strength of a strong content portfolio is not just a means of viewer engagement but becomes a profitable path for advertising revenue.

Moreover, the trust and loyalty established with the audience over the years enhance the credibility and impact of the advertisements, creating a win-win scenario for both the network and advertisers. In response to the identified threats of shifting viewer preferences to online streaming, rapid technological changes, and economic downturn affecting ads budget, RCTI's strategic move involves enhancing its digital platform, RCTI+. This initiative aims to transform the threats into opportunities by providing viewers with a personalized and individualized access experience. RCTI+ will not only cater to the changing preferences of online streaming but also allow the network to adapt to rapid technological changes cost-effectively.

Moreover, during economic downturns, RCTI+ can serve as a resilient revenue stream, offering targeted advertising and subscription-based models. By embracing digital transformation and fortifying its online presence, RCTI can navigate the evolving media

landscape, ensuring sustained relevance and profitability in the face of industry challenges.

- **W-T Strategy**

With the growing trend of shifting viewer preferences towards online streaming, RCTI must strategically respond to retain its audience. The proposed initiative involves enriching RCTI's digital platform, RCTI+, with creative and unique content. By expanding its content variety and offering exclusive, entertaining programs, RCTI can attract and retain viewers who might be drawn to online streaming platforms. This initiative positions RCTI as a competitive player in the digital space, aligning with changing consumer preferences.

To address the threats posed by rapid technological changes impacting costs and economic downturn affecting ad budgets, RCTI will focus on strategic cost management. The network will streamline its operations, adopting cost-effective technologies and exploring innovative revenue streams. Additionally, by diversifying its content and enhancing the digital experience through RCTI+, the network can offer targeted advertising solutions, mitigating the impact of economic fluctuations on traditional ad budgets. This approach ensures RCTI's adaptability to the evolving technological landscape and economic uncertainties, strengthening its overall resilience in the media industry.