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DEVELOPING BUSINESS STRATEGY FOR LOCAL TELEVISION NETWORK INTO THE DIGITAL BROADCASTING COMPETITION IN INDONESIA: A JPM CASE STUDY

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Abstract: The objective of this research is to identify the current Jawa Pos Multimedia (JPM) business model and to generate a design for its development to enhance competitiveness under a digital broadcast race in Indonesia. The research uses Business Model Canvas approach. Importance-Performance Analysis, EFE, IFE, SWOT and QSPM matrices are used as analytical tools in formulating the strategy. The research shows that the selected strategy is extensification and intensification of hyperlocal contents. Therefore on its business model, JPM needs to intensify personalization of hyperlocal content on its value proposition. Media asset management as well as research and development are added to the key activities. The hyperlocal contents become supplement into the key resources, whilst key partnerships must also be established with the media, OTT providers, social media, communities and video bloggers. The partnerships will also give impacts on growing number of channels with OTT and social media. Customer segments are expanded through Internet users and TV stations. Apart from social media line, there needs to be particular means of engagement to cultivate customer relations. Social media monetization, OTT ads and content rights are additional revenue potential tendered by the development of JPM business model.

Keywords: BMC, business strategy, digital, broadcasting, local TV network

***Abstrak:** Penelitian ini bertujuan mengidentifikasi model bisnis Jawa Pos Multimedia (JPM) saat ini dan menghasilkan desain pengembangan model bisnisnya untuk meningkatkan daya saing di era penyiaran digital di Indonesia. Penelitian menggunakan pendekatan Kanvas Model Bisnis. Analisis kepentingan-kinerja, matriks EFE, IFE, SWOT dan QSPM dipakai sebagai alat analisis formulasi strateginya. Hasil penelitian menunjukkan bahwa strategi terpilih adalah melakukan ekstensifikasi dan intensifikasi konten hiperlokal. Untuk itu dalam model bisnisnya, JPM perlu mempertajam proposisi nilainya dengan personalisasi konten hiperlokal. Aktivitas kunci dilengkapi manajemen aset media serta riset dan pengembangan. Konten hiperlokal menjadi tambahan pada sumber daya utama, sementara kemitraan utama perlu juga dijalin dengan media, provider OTT, media sosial, komunitas dan vlogger. Kemitraan juga akan berdampak penambahan saluran dengan OTT dan media sosial. Segmen pelanggan diperluas oleh pengguna Internet dan stasiun televisi. Selain jalur media sosial, perlu ada saluran khusus untuk membina hubungan pelanggan. Monetisasi media sosial, iklan OTT dan royalti konten, merupakan potensi pendapatan tambahan dari pengembangan model bisnis JPM.*

***Kata kunci:** BMC, strategi bisnis, digital, penyiaran, jaringan televisi lokal*

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INTRODUCTION

The shift in broadcast technology of from the analogue to the digital is a certainty. Until 2017, more than 85% of the global broadcast industry has turned digital. The International Telecommunication Union (ITU) mandated the June 17, 2015 as deadline to the world's digital switchover, whilst several countries may be granted special exemption until June 17, 2020. In 2012, South East Asian countries of ASEAN has agreed to roadmap of the analogue switch-off from 2015 to 2020. Indonesian Ministry of Communication and Informatics in its Broadcasting Strategic Plan 2016-2020 has also announced a commitment to a digitalized broadcast television in 2020.

This sharp shift and swerve in technology has prompted a transformation in media industry ecosystem. Media convergence and digitalization has forced the industry to contrive a multiplatform business beyond its conventional model. Several local televisions in Serbia, for instance, decide to develop e-business and web advertising as strategy to grow their business (Krstić, 2016). Moreover, the openness of the Internet is radically transforming the consumption of television (Sanz and Crosbie, 2015). Television programming is currently accessible through streaming services, by smart phone, tablet computer, and even portable game console. It is yet to be clear to what extent the gadgets actually propel growth in viewership and localism; nonetheless it is indeed apt to question whether the audience would care about the disappearance of local content while deluged by an abundance of television channels (Comer and Wikle, 2014).

Equally apt was Jennes and Broeck (2014) with their reminder that OTT (over-the-top) service which mostly comes from foreign players and costs relatively inexpensive will push local industry to adjust. An OTT content is of television and/or movies that is stream able by the Internet and available to customers without an obligation to subscribe on cable or paid satellite broadcast. Customer wise, this could be a blessing, although this could reflect badly on local TV audience. As broadcast institutions face revenue problem, this may result on difficulty for local content production as well.

Research on framework or business model for broadcast industry becomes more frequent as technological development forces media ecosystem transformation. Rangone and Turconi (2003) proposed a strategic reference framework for comprehending the new structure of the television business. The research identified both external and internal competitors through analytical frame of Porter industrial structure. Galipeau (2010) analyzed the basis of sustainable business model development in a new media environment of Canada broadcasting system. This case study used a qualitative method derived from data collection through observation, content analysis and interview.

In Indonesia, numerous researches on business model development are performed with business model canvas (BMC). Some amongst them integrated BMC with SWOT analysis such as used by Permana (2013) and Prasetyo et al. (2018). Some researchers combine it with the blue ocean strategy (Susanto et al. 2017) and QSPM (Mustika et al. 2017). Meanwhile Viali et al. (2018) used BMC with importance-performance analysis (IPA) and the Porter's five forces and industry foresight. This research uses BMC approach with much more comprehensive steps in determine the best strategy, namely IPA, EFE, IFE, SWOT and QSPM, to develop current BMC.

Research on business model development for television stations with particular regards to transformation in broadcast industry landscape in Indonesia is currently rare. No research has been made to assess business strategy for local television network in Indonesia. This research is thus performing an important guidance to the Jawa Pos Multimedia (JPM), a private local television network, in its bid to sharpen the business strategy towards a soon-to-be implemented rule on digital broadcast. For competing local television stations, including those of individual and networking companies, this research could also yield a lesson on the business strategy in the future. As for the academics, this research should provide a valuable contribution to the currently minuscule study on television business strategy particularly on local television network in Indonesia.

Whilst Indonesia is entering the last stage of digital broadcast, local TV stations will be forced to directly compete with national television stations networks in the 15 digital zones in the country. They face a fierce contention to the established national television stations equipped with major investment. As a consequence to globalization, they also have to stand against competition from differing platforms including those from abroad. This transformation in broadcast business map will certainly impact JPM, a subsidiary of the Jawa Pos Group currently runs a television business. It unites 51 local television companies under the umbrella of JPM, some wholly owned while others are affiliated or under a scheme of shared broadcast. These stations encompass a spread in 23 provinces throughout Indonesia. Amidst the abundance uploads of video content on social media also streams of television programs via digital platforms, the need for transformation for local television network is unavoidable. JPM needs to formulate a development of its business strategy to stay relevant in the present and future when competition is no longer linear.

The objective of this research is to identify the JPM current business model and to formulate a design for JPM business model development in order to increase competitiveness at the era of digital broadcast. This research focuses on JPM business strategy as a network of local television stations excluding other business unit within the company. The research also excludes strategies applied by each local TV stations within the network. The stations specified for this research are free-to-air (FTA) terrestrial television stations that transmitted through the Indonesian airwaves.

METHODS

This research was conducted at the PT Jawa Pos Multi Media (JPM) during the month of August to September 2018. Data is collected through field observation, interview and questionnaires. This research uses purposive sampling technique with six expert respondents comprising of members of board of directors and managers. This research adopts strategy formulation framework by David (2011) with Business Model Canvas (BMC) approach to design a business model development to enhance competitiveness and preparedness for future industrial challenges. Business model canvas is a helping tool to describe, analyze, and design a business model (Osterwalder and Pigneur, 2017).

Business model canvas is used to identify current JPM business model canvas through observation and interviews internal experts of the company. Identification of the existing nine-element-blocks business model canvas is subsequently entered into the input stage: firstly it is analyzed on the level of its importance and performance using an Importance and Performance Analysis. A four-point scale of rating on the IPA questionnaire given by respondents is used to divulge prioritized elements. Element blocks that fall into quadrant I with high importance but low performance represent key areas that need to be improved with top priority (Wong et al. 2011).

Every priority elements identified through this process would then be analyzed based on external factors (opportunities and threats) as well as internal factors (strengths and weaknesses). External factors are acknowledged through elements of politics/policy, economic, social, cultural, technological and industrial foresight. Meanwhile core competencies and key result areas are considered to identify internal factors. Analysis of opportunities, threats, strengths and weaknesses of each prioritized elements is then evaluated quantifiably into the matrix of external factors evaluation (EFE) and internal factors evaluation (IFE). Respondents give a four-point score of weight and rating to the distributed questionnaires of the matrixes.

The matching stage is the second stage of the strategy formulation framework conducted by a SWOT matrix to determine several alternatives strategies. The alternatives are subsequently grouped into several sets of strategies for selection by the QSPM. The decision stage performed by the QSPM is also using questionnaire. Selected strategy will finally be applied into business model canvas. The research will thus result in business model development, with improvement on block canvas elements. Systematically, this research framework is as follows by Figure 1.

RESULTS

The Current Business Model Canvas of JPM

The JPM's current business model canvas as shown by Figure 2, is the outcome of observation coupled with interview of internal corporate experts. This business model canvas focuses on JPM core business namely the television broadcast. JPM customer segment is a multi-sided platform that offers its service to two interdependence segments: the audiences and advertisers. Within the audience market, television station sells programming for viewership, whilst on another market, it sells viewership to advertisers (Bates 1993). In general, JPM's local TVs audiences are mostly middle class (70%) at their productive age 25-44 years old. As for advertisers, JPM's clients are mainly from government institutions.

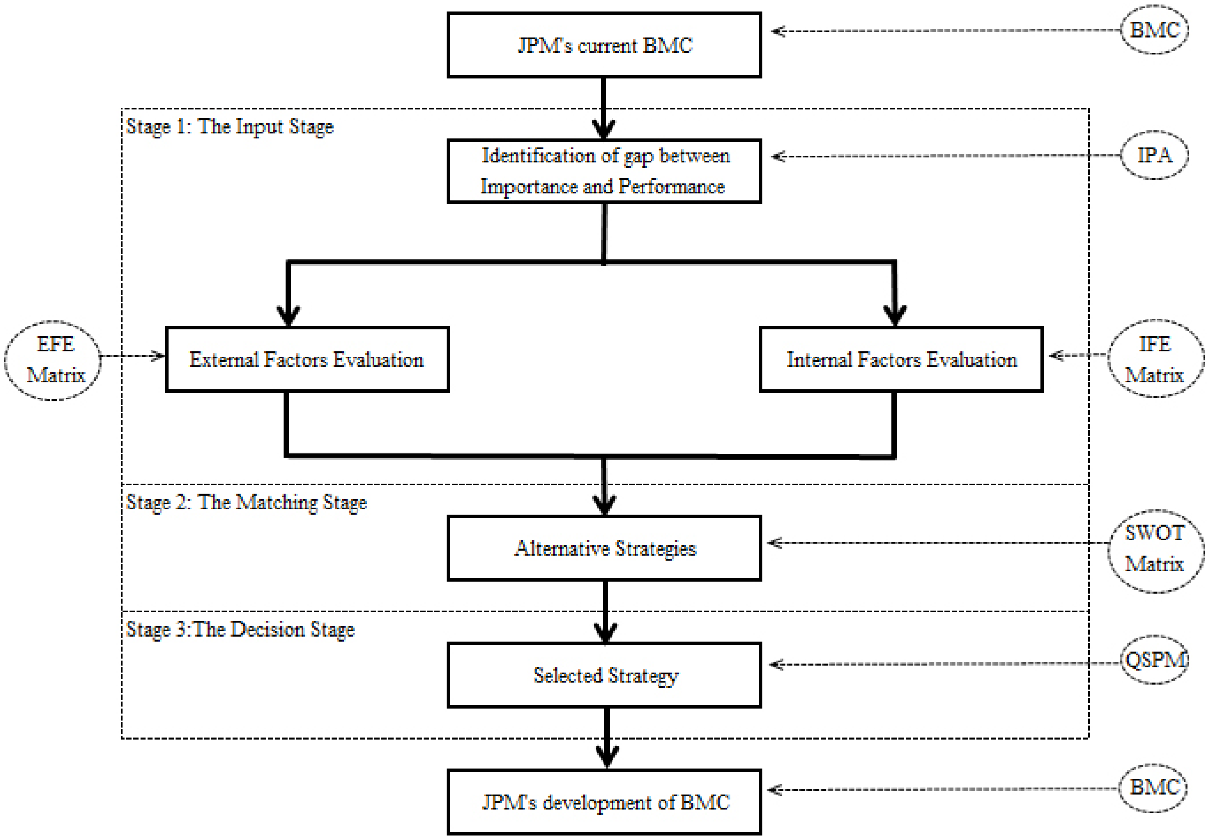

Figure 1. The research framework

<table>
<tr>
<td rowspan="2">Key Partners

Local FTA TVs
Content Producers</td>
<td>Key Activities

Marketing
Production (on-air & off-air)
Program acquisition
Airtime management</td>
<td rowspan="2">Value Proposition

The biggest local TV network
Hyperlocal contents</td>
<td>Customer Relationships

Personal Assistance</td>
<td rowspan="2">Customer Segments

Advertisers
Agencies
Direct clients
Government
TV Audiences</td>
</tr>
<tr>
<td>Key Resources

Airtime
Ad spots
Human Resources</td>
<td>Channels

Local FTA TV
Satellite TV
JPM Stream (apps, web)
Cable TV</td>
</tr>
<tr>
<td colspan="3">Cost Structure

Operational cost
Marketing & Promotion cost
Production cost
Research and Development cost
Airtime acquisition
Program acquisition</td>
<td colspan="2">Revenue Streams

Free Ad spots/Blocking
Productions (on-air & off-air)</td>
</tr>
</table>

Figure 2. JPM's current BMC

JPM value proposition differs for each customer segments. To the audience the station offers the hyperlocal contents, while to the advertisers it places itself as the largest local television network in Indonesia. JPM provides personal assistance to advertisers on customer relationships. The relation is built and managed by the marketing division. Each sales staff is responsible for several advertisers or clients. This enables the company to give immediate response to requests or complaints from customers.

The programming of the network could be accessed through free to air channels broadcasted through terrestrial transmission. Parts of it are also accessible via cable and satellite TV rendering its service wider beyond geographical borders. JPM also created a platform to amass streaming canals of the 30 local television stations on its website while it is also available on apps. As a free to air services, JPM's local TV stations are not charging the audience for accessing its programming. The company receives its revenue from ad sales and other activities within the broadcasting ventures. Revenue streams are managed from, among others, ad sales for TVC and blocking programs. Other revenue can be obtained from the production, be it on-air television programs or off-air events/activations.

JPM key resources are airtime, ad spots and the human resources. Airtime is the allotted time for programs to be broadcasted for the viewers to watch. On a daily basis, JPM manages 5.5 hours of airtime for a national TV program to be relayed by its members of local TV network. Human resources play an important role in this business model. Marketing team is in the front line of the business maintaining Customer Relationships, Key Activities and Revenue Streams. Whilst production team keeps the Value Proposition to ensure Customer Segments grow.

Key activities into the current JPM business model are marketing, production, program acquisition, and airtime management. Marketing and production are the spearheads to value proposition and lead efforts to revenue streams. Meanwhile program acquisition and airtime management link heavily with programming strategy. JPM key partnerships is with local television stations both of those who are affiliated and non-affiliated with the Jawa Pos Group. The partnership is strategic and mutually beneficial since each station is limited either by their broadcasting coverage area, finance or human resources. Partnering edges the stations closer to efficacy. Other partners are content producers both production houses and television broadcast media companies. Partnering is a favorable strategy to obtain high-quality contents.

Cost Structure in the JPM current business model comprises of operational cost that amounts to cost for human resources; marketing cost including those for promotion and commission; and production cost. JPM also allocates a routine cost for research and development to quantify and measure the reach and strength of its local stations in different cities. Airtime acquisition is performed to stations outside of JPM ownership. Meanwhile program acquisition is one of the strategies to run the broadcast hours.

Development of Business Model Canvas of JPM

To generate a design for the development of JPM business model, it is necessary to first test the BMC elements. Preliminary identification phase uses Importance-Performance Analysis (IPA) therefore this research more focused on BMC elements or building blocks that need to be improved. The elements subsequently are examined through strategic formulation framework of EFE, IFE, SWOT matrices and QSPM.

Importance-Performance Analysis

The Importance-Performance Analysis for nine building blocks of the current BMC, conducted by questionnaires given to respondents. Respondents were asked on how important of each nine building blocks of JPM’s current BMC and how well the company performed. Importance ratings obtained from a four-point scale of “extremely important,” “important,” slightly important,” and “not important.” Whereas performance ratings obtained from a four-point scale of “excellent,” “good,” “fair,” and “poor.” The purpose of this analysis is to find which building blocks placed in Quadrant 1 that is the main concentration as very important but show low satisfaction with the company’s performance. Result from Importance-Performance Analysis as shown on Table 1 indicates all elements of JPM business model canvas are apparent to be of high importance but with less than a satisfactory performance level save for the element of Cost Structure. This further suggests that all of the elements are feasible for improvement and development for a better performance.

Customer Segments, Channels, Customer Relationships and Revenue Streams are positioned on Quadrant I of four quadrants (Figure 3), which indicates high priorities for improvement. As refer to Figure 2, the four building blocks are on the right side of the business model canvas, a point Osterwalder and Pigneur (2017) marked as value. Right side of canvas shows the market components focus on customers or external. Generally, it is assumed that JPM weakness is its response to the market; consequently JPM needs to improve those elements related to the marketing activities.

External and Internal Factors Evaluation (EFE and IFE matrices)

Each of four elements prioritized then analyzed based on internal factors (strengths, weaknesses) and external factors (opportunities, threats). The external factors consider politics or policy, economics, social, culture, technology and industry foresight. Whereas internal factors consider core competencies and key result areas. Those identifications of external and internal factors are referring to JPM Strategic Plan 2018-2022. Questionnaires of external and internal factors evaluation are distributed to respondents to be given weights and ratings. Weight is range from 0.0 (not important) to 1.0 (very important) for both total external and internal factors, whereas rating is given between 1 and 4 to each factor (David, 2011).

External factors evaluation matrix as is shown on Table 2 indicates that most important factor for JPM to succeed in the broadcast television business is to conquer "content quality competition" while optimizing opportunities for "advertisers to use local media for promotion and socialization tools". This is apparent from the marking that gives highest weight to both factors by 0.085 and 0.080. In the digital broadcasting, television stations function as content providers consequently the battle will be in the content to be viewers' favorite as for local, national or global ones. Whilst in the advertiser market, the JPM local television network still could optimize revenue from its function as an effective promotion and socialization tools.

Table 1. Importance-performance ratings for JPM's current BMC

Attribute description	Mean importance rating	Mean performance rating
Customer segments	3.80	1.20
Value proposition	3.60	1.80
Channels	4.00	1.60
Customer relationships	4.00	1.40
Revenue streams	4.00	1.20
Key resources	3.60	1.80
Key rctivities	3.60	1.60
Key partnerships	3.60	1.60
Cost structure	3.60	2.60

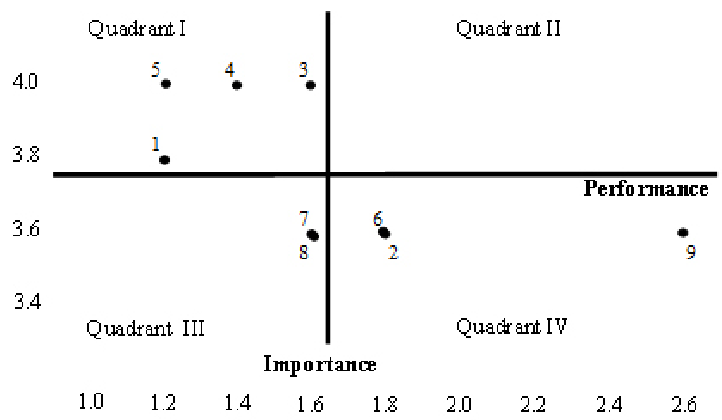

Figure 3. Importance-performance quadrant of JPM

Table 2. External Factors Evaluation (EFE) Matrix

Key External Factors	Weight	Rating	Weighted Score
Opportunities			
Indonesia GDP grows in the range of 5%, while inflation tended to be stable	0.0268	1.6	0.0429
TV penetration relatively stable at range 95-96% since 2015 and dominantly high to all generation	0.0470	2.0	0.0940
Internet growth in Indonesia projected increase 41% with 50% penetration of population in 2020	0.0600	2.8	0.1680
TV Advertising Expenditure in Indonesia is 80% and its revenue estimated increase 5,5% CAGR in 2017-2022	0.0408	2.2	0.0898
Private broadcasters have to deliver and contain minimum of 20% local content from total airtime daily	0.0710	4.0	0.2840
Audiences interested in local content, particularly news and entertainment	0.0710	3.6	0.2556
With digitalization, local TV capable to broadcast in wider coverage with the picture quality as good as national TVs	0.0550	3.0	0.1650
Advertisers use local media as promotion or socialization tools to wider audience	0.0800	3.0	0.2400
It is feasible to expand viewership to younger generation using other platforms	0.0408	2.2	0.0898
Relationships to customer segments could make awareness getting stronger	0.0568	2.4	0.1363
Threats			
Advertisers more interested to place advertisement in national TVs than local taking consideration on price, coverage and measurement	0.0568	1.6	0.0909
Audience of local content and conventional TVs are mostly adult	0.0648	1.8	0.1166
With digitalization, more content in various platforms, therefore could decrease local content audiences	0.0488	1.8	0.0878
Competition in TV industry will be between multiplex provider, cable & fixed Internet provider, satellite provider and cellular provider	0.0328	2.2	0.0722
Competition in digital broadcasting era will be more on content quality. Local content will compete with national and global content	0.0850	2.0	0.1700
Customer relationship that is not well maintained could make customer ignore the company	0.0608	1.8	0.1094
TV Ad revenue for FTA in Indonesia dominated (93%) by large TV groups such as MNC, Trans, SCM and VIVA	0.0508	2.2	0.1118
Traditional TV ad revenue will decrease in the future, as ads expenditure to digital media trending to increase	0.0510	2.0	0.1020
Total	1.0000		2.4260

On the other hand, JPM has shown credible response to the factor that "Private broadcasters have to deliver and broadcast at least 20% local content of its total broadcast hours on a daily basis" as is mandated by the government. Local television stations managed by JPM offer more local content, only 5.5 hours allocated for national broadcast. However the rating 1.6, which is the lowest score, suggests company strategy is yet to be highly effective in response to threat factor that concerns price competition, coverage area and measurement of viewers to national television. The total weight valuation on external factors evaluation matrix for this is 2.42 or medium. One interpretation to this is that JPM business has yet to capitalize on opportunities at present and to elude external threats. It certainly goes without saying that there are plenty of rooms for improvement and performance upgrade.

As for the internal factors, the most important to strive for success for JPM within the realm of broadcast television industry are "rating and share measurement" and "closeness to local governments". This appears strongly as it was given the highest weight of 0.0914 and 0.0854 (Table 3). The TV rating and share measurement as well as the number of TV viewers are become references for advertisers to advertise. The more viewers in a TV program could potentially make an advertisement more effective. While closeness to local government could bear trust in producing or broadcasting socialization programs or ads on TV stations. The factor of "Local governments have closeness with each JPM's TV network therefore it becomes the main choice for socialization projects" also plays a leading role that is executed well by the JPM. This is visibly apparent from the highest rating given by all respondents involved by a point of perfect 4.

Meanwhile a visible problem comes from one factor with the lowest rating, a 1, that is the "Number of local content viewers is far fewer than its national ones." JPM needs to focus more attention on key factors including the number of local content audience and measurement of rating and share, which have posed as its most apparent weaknesses. In total the weighted score is 2.32 considered as average. Internally this suggests that the company needs improvement in several fields including operation, strategy, policy and procedures to tackle the list of weaknesses.

From the internal and external scores, JPM business position is medium that can be managed best with hold and maintain strategies; market penetration and product development are normally applied for these type of business unit. JPM can penetrate the market by intensifying marketing activities and innovating in developing digital platforms, so that it can grow viewers and advertisers. While product development can be done by improving quality and expanding the flagship of hyperlocal content to be diverse and widely spread to the network.

Table 3. Internal Factors Evaluation (IFE) Matrix

Key Internal Factors	Weight	Rating	Weighted Score
Strengths			
JPM has loyal audiences on local content	0.0454	3.8	0.1725
Local governments have closeness with each JPM's TV network therefore it becomes the main choice for socialization projects	0.0854	4.0	0.3416
Most of JPM's TV network leads on awareness and local content in each region	0.0576	3.6	0.2074
JPM has TV network that spread in 23 provinces with 53% reach of population	0.0636	3.6	0.2290
Programming of the JPM's local TVs are accessible in several platforms (FTA, streaming, satellite, cable and OTT)	0.0498	3.2	0.1594
A number of advertisers do retention or repeat order	0.0638	3.8	0.2424
JPM's Ad revenue grows and become the biggest contribution (83%) to company's revenue	0.0554	3.4	0.1884
Weaknesses			
Number of local content viewers are far fewer than its national ones	0.0776	1.0	0.0776
Generally, awareness on the company and the TV network is still low	0.0574	1.4	0.0804
Each TV of the network has different audience profile	0.0334	1.8	0.0601
Advertisers think the rate card of the TV network is not comparable with the picture and content quality, as well as coverage and impact	0.0678	1.4	0.0949
Each of JPM's TV network has a different on air call sign, not a single station ID	0.0454	1.6	0.0726
Some members of the network have low commitment to relay national programs	0.0618	1.4	0.0865
Most of members of the network not located in the Nielsen cities, therefore could not measure the rating and share of its program	0.0914	1.2	0.1097
JPM covers 9 out of digital zones all over Indonesia	0.0454	1.4	0.0636
JPM has not specific channel to maintain its customer relationships	0.0474	1.4	0.0664
Revenue of the company not yet optimizes	0.0514	1.4	0.0720
Total	1.0000		2.3243

SWOT Matrix

The matching stage between the list of key external factors (opportunities and threats) and key internal factors (strengths and weaknesses) in a SWOT matrix generates alternatives strategies as follows:

The SO (Strengths-Opportunities) Strategies
1. Market the flagship (on-air and off-air) products to win market share (S5, O7, O9).
2. Strengthen local programs or content by improving the context quality of hyperlocal (S1, S3, O2, and O3).
3. Create a media asset management inventory of flagship local content (S5, O5, O9)
4. Increasing partnerships with local governments to disseminate and increase community empowerment (S2, O8).
5. Improve partnerships with communities, institutions and local businesses (S3, O6).

The WO (Weaknesses-Opportunities) Strategies
1. Multiply the number of local viewers by increasing channels or platforms in order to win market share (W1, W2, O2, and O3).
2. Improve research and development to support differentiation strategies (W4, W5, W7, O5, O6, and O7).
3. Acquisition of digital TV in digital zones that are not owned (W8, O7).
4. Sell TV stations that are in the same digital zone (W8, W10, and O7).
5. Create special channels/events to strengthen customer relations (W2, W9, O8, and O10).
6. Monetizing content on social media platforms (W10, O9).

The ST (Strengths-Threats) Strategies
1. Expand the platform to multiply reach (S3, S5, T1, and T2).
2. Improve the quality of hyper-local content for global reach (T5, T3, T4, S3, and S1).
3. Creating other revenue from content monetization (S5, T4, and T5).
4. Improve the service quality of a reliable marketing/ sales team (T6, S6).
5. Multiply the number of products to win market share (T7, S7).
6. Strengthen digital platforms (S5, T8).

The WT (Weaknesses-Threats) Strategies
1. Increase events in each region/local area (W4, W7, T1, T6, and T7).
2. Add content formats for multiplatform, multiscreen, social media (W1, W2, W6, W7, W8, T3, T4, and T5).

The alternative strategies subsequently grouped into three sets of strategies based on its context and substance, which are related to product, infrastructure and digital platform. The three sets of strategy afterward enter the decision stage, the QSPM.

Quantitative Strategic Planning Matrix (QSPM)

The three sets of alternatives strategy as matching result from SWOT matrix then compared relatively to the external and internal key factors. Each strategy assigned attractiveness scores to indicate the relative attractiveness of one strategy over others. This last stage of strategic formulation framework is also done by questionnaires. The range for the scores is 1 (not attractive) to 4 (highly attractive). The best strategy chosen for JPM is “extensification and intensification of hyperlocal content” with a Sum Total Attractiveness Scores (STAS) of 5.89 (Table 4).

The QSPM analysis indicates that the company should prioritize over extensification and intensification of hyperlocal content, which has proven to be both signature and strength, as it provides distinction from other local TV stations or networks. The strategy demands a strengthening of internal company to building core competencies as it main capital to be able to compete within the industry. Priority for “extensification and intensification of hyperlocal content” however, does not render other strategies useless. For one thing, extending multiplatform format is probable to be performed simultaneously to widen business scale and at the same time coping over problem of viewership. Expanding multiplatform format is a strategy to complement JPM business model development. Enhancing and improving hyperlocal content by expanding its access to respond to the market is a promising format of development.

After pondering over results to this research the design for JPM's business model canvas is shown at Figure 4. Key point of competition for the media and digital broadcast industry is content. Hyperlocal content focuses on community or local society provides emotional bind to its audience. Nonetheless hyperlocal content requires a personalized and contextualized packaging to give its audience a sense of belonging. Personalized content is key because in a digital realm, audience will be served with an oversupply of information as a result of over production of contents (Rad, 2017).

It is therefore emphasis on hyperlocal content extensification and intensification is placed on key activities with the aim being an improvement on content quality for production. Research and development are needed to support differentiation strategy, including creating a diverse personalized hyperlocal content that appeals to the audience. Media asset management needs to be nurtured, as distinguished contents that came from internal production are a major asset to a television station. This hyperlocal content is what makes a lead resource. It has the capacity to be reused, recycled or sold for a license. Utilization of this asset would propel a more efficient cost structure and even add to revenue stream. Partnership plays a bigger role in the digital era where competition is no longer linear. Partnership with print media (newspaper of the group) for once is doable to attract interest from advertisers. Meanwhile content is also doable through collaboration with the public or communities, which in doing so, it potentially will increase the customer segment.

As streaming or other internet-based tool to watch television gets more widespread Internet users are fast becoming parts of customer segment. According to Li (2017) OTT is the most competitive media compared to digital cable television or Internet Protocol TV (IPTV). Therefore social media and Internet-based OTT make it easier for JPM customer segment to access television program without limitation of frequency broadcast and region. Hence, it renders local television content voluminous in reach. While more choices in receiving television content, platforms such as terrestrial digital, satellite and cable, are still the preferred choices for audiences (Michalis and Smith, 2016) and will remain good in the future (Doyle, 2016). Uploaded and accessed video content on social media are potential for extra revenue for television station. Its monetization is based on the volume of audience accessing that video. Other potential for revenue stream could come from OTT service with revenue sharing scheme for ads.

Table 4. QSPM for JPM

Strategies	STAS
Extensification and intensification of hyperlocal content	
Strengthen local content or programs by improving the quality of hyperlocal contexts (S1, S3, O2, O3)	
Make a media asset management inventory of flagship local content or programs (S5, O5, O9)	
Improve partnerships with communities, local institutions and businesses (S3, O6)	
Enhance research and development to support differentiation strategies (W4, W5, W7, O5, O6, O7)	5.89
Multiply the number of on-air products and off-air events to win market share (S5, O7, O9) dan (T7, S7)	
Improve the quality of hyperlocal content with global reach (T5, T3, T4, S3, S1)	
Multiply events in each region or local area. (W4, W7, T1, T6, T7)	
Sale and acquisition of the tv stations in the selected digital zones	
Acquire local TV stations in the digital zone that are not yet owned (W8, O7)	3.63
Sell TV stations in the same digital zone that already owned (W8, W10, O7)	
Add multiplatform format	
Multiply the number of viewers by increasing channels or platforms to win market share (S3, S5, T1, T2) and (W1, W2, O2, O3)	
Create other income from monetizing the content (W10, O9)	
Strengthen digital platform (S5, T8)	4.75
Add content formats for multiplatform, multiscreen and social media (W1, W2, W6, W7, W8, T3, T4, T5).	
Revenue of the company not yet optimizes	

<table>
<tr>
<td rowspan="2">Key Partners

- Local FTA TVs
- Content Producers
- Media*
- OTT Providers*
- Social Media*
- Communities*
- Video bloggers*</td>
<td>Key Activities

- Marketing
- Production (on-air & off-air)
- Program acquisition
- Airtime management
- Media AssetManagement*
- R&D*</td>
<td rowspan="2">Value Proposition

- The biggest local TV network
- Hyperlocal contents</td>
<td>Customer Relationships

- Personal Assistance
- Customer Care*
- Social Media*</td>
<td rowspan="2">Customer Segments

- Advertisers
- Agencies
- Direct clients
- Government
- TV Audiences
- Internet Users*
- TV Stations*</td>
</tr>
<tr>
<td>Key Resources

- Airtime
- Ad spots
- Human Resources
- Hyperlocal Content*</td>
<td>Channels

- Local FTA TV
- Satellite TV
- JPM Stream (apps, web)
- Cable TV
- Social Media*
- OTT*</td>
</tr>
<tr>
<td colspan="3">Cost Structure

- Operational cost
- Marketing & Promotion cost
- Production cost
- Research and Development cost
- Airtime acquisition
- Program acquisition</td>
<td colspan="2">Revenue Streams

- Free Ad spots/Blocking
- Productions (on-air & off-air)
- Monetizing Social Media*
- OTT Ads*
- Content Royalty*</td>
</tr>
</table>

Figure 4. The development of JPM’s business model canvas (* BMC Development)

Managerial Implications

This research has thus come down to a conclusion that building on competitiveness requires JPM to develop and improve its products quality to deserve a warm welcome from the market. So urgent is the strategy that it needs to be operated by as late as 2019 before the Indonesian government started to kick off the fully digital broadcast implementation throughout the country by 2020. It is highly necessary for the production division to innovate through optimization of its research and development. Another strategy would also be mandatory that is to managing social media strategy in order to enhance market penetration. The business development design must be implemented integrally: all members of local stations network included, keeping in mind of each characteristics, capacity and potential for ever stations. But it should also be a concern to pay attention to the policy that has been or will be applied by government. Since in the rapidly developing cross-platform audiovisual media industry, competition, regulation of digital content and copyright is an important issue (Lin, 2013).

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

JPM serves two customer segments: the television audience and advertisers. To the audience JPM offers hyperlocal content value proposition, while to the advertisers it proposes a largest local television network in Indonesia. Relationship to the advertisers is built through personal favor to advertise on screen, to perform a blocking program and to sponsor off-air events that in turns will result in revenue stream for the JPM television network members. The channels used for this purpose by JPM are ones that are free to air, satellite TV, cable TV and website as well as JPM streaming app. Key activities are focused on marketing, production, program acquisition and broadcasting hour management. Human resources, ad spots and broadcast hour are the key resources for the company. Key partnerships is established with local free to air television stations and content producers. JPM cost revenue comprises of operational cost, marketing and promotional, production, research and development, airtime and program acquisition.

To boost competitiveness within the age of digital broadcast JPM needs to develop and step up its products quality. Value proposition for television viewers can be made sturdier by personalizing hyperlocal content. Media asset management as well as research and development added to the key activities. Hyperlocal content becomes a supplementary to the key resources, while key partnerships needs to be maintained through the media, OTT providers, social media, communities and video bloggers. Customer segment is expanded as Internet users and television stations coalesce. Aside from the social media, there is a need for a particular channel to maintain customer relationships. Channels enriched with social media and OTT. Monetizing social media, OTT ads and content royalties are additional potential for revenue from JPM business model development.

Recommendations

It is advisable that JPM devises a continuation for its local television network to be implemented simultaneously. A more directed strategy would drive product development and market penetration. For the researchers, the findings ushers into future studies particularly one that measures the impact of digitization on local television industry while other potential research is to identify different strategy implied by another television network with different anatomic build to the Jawa Pos Group.

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