

Dynamics of Digital Transformation as a Competitive Strategy in the Media Industry's Digitalization Era: A Case Study of Metro TV-Indonesia

Afdal Makkuraga Putra, Mercu Buana University, Indonesia

Andi Setia Gunawan, Mercu Buana University, Indonesia

Rina Rahmadani, Mercu Buana University, Indonesia

Heri Budianto, Mercu Buana University, Indonesia

The Kyoto Conference on Arts, Media & Culture 2023
Official Conference Proceedings

Abstract

Technological developments have changed many things, including how people consume media. Technological developments disrupt conventional media, and digital transformation responds to changing conditions. Conventional media newsroom management is changing the organizational structure of coverage and production (news gathering; news production) to meet the challenges of the digital era. Many theories and business models are no longer relevant in this digital era. The phenomenon of the main is no longer the main. A newspaper can no longer survive sales or circulation and advertising. Television can no longer rely on revenue from advertising revenue alone. In today's digital era, companies must change their mindset from relying on primary revenue (stand-alone) to an ecosystem-based business that allows actors to orchestrate various outside resources. This phenomenon is inevitable because technological development has changed how people consume media. Viewers who enjoy free-to-air terrestrial television broadcasts switch to watching via streaming video. The formulation of this research problem is how the dynamics of digital transformation face competition in the era of digitalization of the television industry in Metro TV Indonesia. The results showed that Metro TV formed a Digital Hub Division as the "main kitchen" of the digital transformation process. The goal is to improve the quality, extension version, and diversification of Metro TV content into various social media platforms, portals, and websites. In the digital transformation process, Metro TV applies the three forces of Chris Anderson's theory of The Long Tail: production democratization, distribution democratization, and supply and demand connection.

Keywords: Digital Transformation, Television, Long Tail

iafor

The International Academic Forum
www.iafor.org

Introduction

Indonesia is entering an era of convergence; this is marked by many media combined into one media that can be accessed simultaneously by the use of Internet access. The ability of online media to distribute news for free, faster, interactive, and right away (event in the making) is considered media mainstream as the proper condition to expand the reader network and foster loyalty. conventional media must adapt and adopt digital technology to maintain its existence and continue to develop in the era of increasing digital technology. The press will die if it persists with conventional concepts and does not want to adapt to developments in digital technology.

Since 1998, one by one, the conventional media in Indonesia have adopted a multiplatform strategy by establishing website-based online media. Print media transform and establish an online news portal to present news online. The first online media site in Indonesia is Republika.co.id. In that year, Tempo magazine also released tempointeractive.com (now Tempo.co), a daily publication Kompas, under PT Kompas Cyber Media, also founded Kompas.com in 1998. Kompas no longer positions itself as a printed newspaper but as a multimedia information provider with various platforms such as the internet, mobile, and digital devices. With this strategy, Kompas management hopes to maintain consumers of printed newspapers while expanding their consumers with media Digital Kompas.

Print media conventional institutions are shifting to digital transformation, and TV stations are following suit by building websites and developing digital formats. TV stations implement various information technology applications and communications to support news gathering, processing, broadcasting, and developing business.

In the media industry, digital transformation can be identified as the joining of various media channels that were previously considered different and separate (radio, television, print, and internet) into a single digital platform (Lugmayr & Dal Zotto, 2016). Previously, the content of newspapers, magazines, radio and television. present information individually, then the analog content is transformed into bit data, thus allowing text, audio, and visuals to be presented and integrated into the same platform (Lugmayr & Dal Zotto, 2016). Every single content can be converted into bits of data that are not differentiated. Content will become increasingly digitized. Through digital technology, content can be sent across media platforms, and audiences can enjoy it through various platforms (Lugmayr & Dal Zotto, 2016).

Digital transformation is not just a shift in technology or technological processes or simply multiplatform strategy; digital transformation also means a shift in industrial, social, and cultural paradigms. In the middle of the climate fiercely competition, every media organization is aiming for the most significant piece of the pie, digital transformation is a media management strategy to increase power competitive and reduce future uncertainty. Digital transformation is not just about technological change but also changes in media institutions themselves. For this reason, media transformation is a process rather than an outcome. Digital transformation is reshaping the landscape of journalism in various ways. Converging processes and goals produce 'effects convergence', which has an impact on media work, newsroom structure, values, and professional norms, as well as the form and diversity of content produced (Spyridou & Veglis, 2016). Convergence raises severe implications about how journalism is done. Journalism is shifting to a digital type of

storytelling, interactive, and multimedia, as well as independent, multi-skilled, and news production by technology (Zafra, 2018).

The focus of this study is the Jakarta-based Media Group Network, a media conglomerate run by journalist, and entrepreneur, Surya Paloh. This group owns Metro TV (television), Media Indonesia (newspapers), Metrotvnews.com (news online), MediaIndonesia.com (news online), Medcom.id (news portal), Lampung Pos (newspaper), and MG Radio (radio station). Metro TV is within the Network Media Group corporation, which owns all conventional platforms such as newspapers, television, and radio, as Integrated companies engaged in content, services, and infrastructure are inferior to other media corporations such as Kompas Group, MNC Group, and *Elang Mahkota Teknologi* (Emtek) Group in carrying out digital transformation. Metro TV only took its digital transformation seriously in early 2022 by establishing Digital Hub as the central kitchen of Media Group Network's multiplatform digitization process that capitalizes and monetizes its social media platforms. Previously, Metro TV already had social media accounts and a website, www.metrotvnews.com, which does video streaming television broadcasts—according to Agus Mulyadi, Metro TV's social media accounts, and website had not been optimized at that time. Metro TV carries out digital transformation with the Digital Hub while maintaining the television platform as a core business. Television platforms are maintained while diversifying content through social media platforms such as Instagram, Facebook, YouTube, Twitter, and TikTok.

In this study, researchers observed and interviewed five people involved in Metro TV's digital transformation process: Don Bosco Selamun, President Director of Metro TV, Agus Mulyadi, as Director of Digital Hub, is involved in Digital Hub's operational decisions. Farah Dina is the Head of the social media and Video Digital Hub, in charge of all operational activities for the social media and video teams. Nunung Setyani, Head of News Convergence Project. Ade Firman, Head of Assignment Editor of MGN Press. Then, Deni Fauzan is in charge of all operational social media and SEO efforts. Observations and interviews (Creswell. j. w, 2013) were conducted to answer problems or meet research objectives, namely to find out and analyze the digital transformation process carried out by Metro TV. In this chapter on results and discussion, researchers analyze data in a broader context, using theories or other scientific studies. The objective of using theories, concepts, or other scientific research is to aid in a comprehensive review of all data gathered as primary data through interviews and observations. To be able to answer the research problem "how Metro TV transforms in the digital era," the researchers divided the data findings into four sub-chapters as follows: first, the concept of Metro TV's central kitchen in carrying out digital transformation; second, how to reproduce Metro TV content into social media; third, creativity in reproducing Metro TV content into social media; and fourth, how to distribute Metro TV's reproduction content into social media.

Theoretical Framework

Anderson explores “the long tail” as the shift from traditional business models, which focused on selling a small number of popular items in large quantities, to a new model that allows companies to sell a larger number of niche items in smaller quantities. This concept is referred to as the "long tail"(Anderson, 2006).

The basic idea behind the long tail is that the internet and online retail have dramatically decreased the costs of distribution and storage, allowing businesses to offer a wide variety of products and services, catering to niche markets and specific interests. In the past, physical

stores had limited shelf space, so they primarily stocked popular, mainstream items. With the rise of online platforms like Amazon, Netflix, and iTunes, businesses can now offer a vast array of products and content, even those that appeal to a smaller audience.

Anderson (2006) argues that this shift has significant implications for businesses, consumers, and culture. He suggests that the future of commerce lies in the ability to tap into the long tail, allowing consumers to find exactly what they want, no matter how obscure, and enabling businesses to profit from catering to these niche markets (McDonald, 2008).

The Long Tail has been influential in shaping the way businesses approach online retail, digital marketing, and content distribution. It has become a foundational concept in e-commerce and has inspired entrepreneurs and businesses to explore opportunities in niche markets, leading to more diverse product offerings and personalized experiences for consumers.

Strategies for Digital Transformation

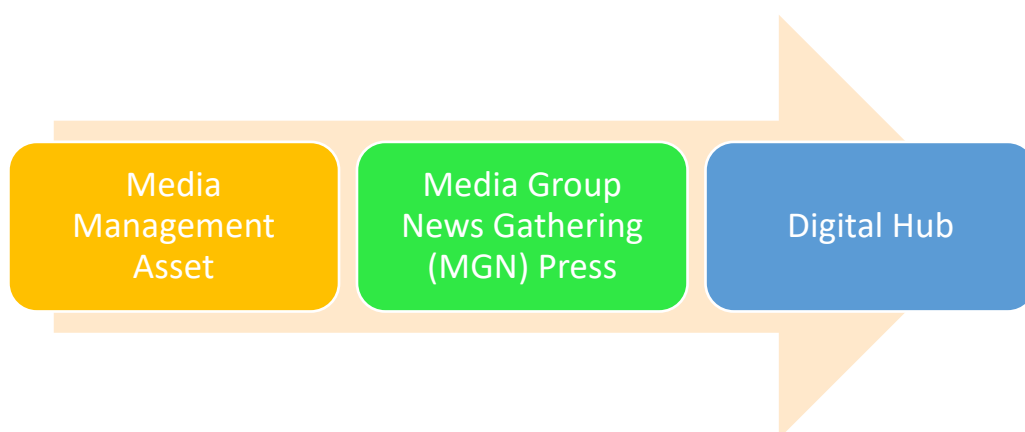


Figure 1: Three Digital Transformation Strategies in Media Group Network

Media Management Asset

The "Digital Hub" organization is in charge of Metro TV's digital transition. Metro TV has been undergoing a digital revolution for almost 15 years. However, the context of digital transformation carried out 15 years ago is more about the process of moving the results of coverage or footage and TV programs stored on tapes (in the form of DVC-Pro, Mini-DV, and Compact Disc) into a file-based library system (file-based). The purpose of transferring the coverage material and television program is to facilitate the finding for future production purposes, such as footage or coverage documentation that is still needed in news production today. Or the need for past programs for the benefit of current programs. Transferring material documenting coverage, footage, and programming TV shows is still being carried out today. The goal is to simplify the process of producing or making news today that requires footage or documentation coverage without looking for physical tapes or CDs. With this transfer process, producers who need footage or documentation of coverage or impressions can pull directly in the form of files from the editing operational system and Dalet. According to informant Agus Mulyadi, his party is late in implementing digital transformation, albeit it is not entirely too late. While key informant Wayan Eka Putra believes that digitization is more than late, it is more about the focus of a distinct company. According to Wayan, Metro TV has been transforming for a long time; Metro TV has long integrated television content in the digital domain through live streaming on

www.metrotvnews.com. Metro TV has been moving coverage materials and analog-based programs, such as cassettes and CDs, into a file-based library system in addition to live streaming. The transfer of material and metadata processing is still occurring today.

MGN Press

In November 2021, Media Group Network implemented a newsgathering convergence strategy by uniting journalists from its three business units: Media Indonesia (print media), Metro TV (broadcasting media), and Medcom. Id (online portal) into a convergence project called MGN Press. The study's results revealed that the growing need for human resources is the main reason why the convergence process in the Media Group Network must be carried out immediately in 2021. The Head of Assignment Editor of MGN Press, Ade Firman, stated this:

So, in our condition, the composition on TV is mostly cameramen rather than reporters. Meanwhile, Media Indonesia also needs human resources (journalists), Medcom does the same, Medcom only has 6 reporters. So if you rely on each platform, you need very large recruitment. Meanwhile, if they are merged, the total number of all journalists is 70, which is quite a large number. Moving on from that, we are considering convergence. So, all journalists were merged and the results were decent. (Ade Firman, Head of Assignment Editor, July 2022)

Head of the News Convergence Project, Nunung Setiyani, said the idea of convergence of newsgathering was indeed based on the desire to unite resources, especially human resources, in the Media Group Network. The combination of human resources is expected to overcome the shortage of journalists on each platform.

We must be efficient in using human resources. We can no longer freely hire such a large number of people. If we take people, specifically for printing only and have to fulfil all print needs, only for TV needs, then only for online needs, the need for human resources will be very large, that's no longer possible.

Based on the statement above, it can be said that the newsgathering convergence strategy is considered a way to solve the problem of human resource needs which are getting bigger day by day in the Media Group Network. Amid declining conventional media revenue, companies can no longer be free to recruit new people to become journalists only for the needs of one platform. The media convergence strategy is a necessity. This is as stated by Wayan Eka Putra, deputy head of the News Convergence Project.

Now the revenue is much smaller than 5-10 years ago. If we keep doing the same business, it's the same as committing suicide. Because this convergence occurs, it allows us to add new channels. That is one of the positive effects of convergence.

By implementing newsgathering convergence, journalists who are members of MGN Press must make various adjustments, starting from changing work patterns, increasing cross-platform skills, and changing their mindset, that they are no longer print, television, or online journalists. A journalist from Media Indonesia is required to be able to take videos, write and send scripts faster, and be able to do live reports for television needs. While a Metro TV reporter is usually accompanied by a camera person and vice versa, now, they must be able to do their reporting. A reporter must be able to take pictures, both photos, and videos, and, a

camera person must be able to write scripts and do live reports. Meanwhile, a Medcom.id journalist must also have print and television journalist skills. This multi-skill and multitasking journalist ability eventually gave rise to the term video journalist or VJ. However, creating a video journalist is not easy.

This was also acknowledged by the person in charge of news gathering convergence in the media group network as well as the President Director of Metro TV, Don Bosco Selamun.

Of course, it's not easy. How to let people know that he works multiskilled and multitasking, that's a problem. I said it's not easy, everyone says it's hard to do, getting people to work multi-skills is not easy.

For Don Bosco, apart from competence, what is also a big challenge is how to change the mindset and minimize the sectoral ego of the platform.

Each platform, the people, have their ego. But we can minimize this. So there must be a common understanding, that I am no longer a TV person, a print person, or an online person. The mindset must be changed, it can no longer be an ego platform.

This challenging process can be seen from the stages of the newsgathering convergence strategy that the Media Group Network goes through in an effort of human resource efficiency.

Digital Hub

March 2022, the Digital Hub has been undergoing multiple processes to increase the quality, extension version, and diversity of Metro TV programming across various social media platforms and websites. According to sources, the digitization process has transformed Digital Hub into the core kitchen for generating all Media Group Network platforms. By making Digital Hub the central kitchen, Media Group Media Network (MGN) business units such as Metro TV (electronic), Media Indonesia (print), and Medcom (online portal) benefit from synergy. Digital Hub is a strategic partner in the Media Group Network's digitization of all channels. Wayan Eka Putra, a key source, perceives Digital Hub's benefits as the central digital transformation kitchen since Metro TV operates in a convention climate that Media Group Network established first. According to Wayan, the convergence of coverage under the Media Group Network results in efficiency, speed, and more effective and efficient human resource management.

Farah Dina elaborated on the Central Kitchen concept used at the Digital Hub. According to Dina, the Digital Hub strengthens the organization by splitting it into five domains or sections to serve as the Media Group Network's Central Kitchen. Each unit has its own set of duties and obligations. The five units are shown in the chart as follows:



Figure 2: Central Kitchen Digital Hub

The social media team manages its accounts and belongs to the Media Group Network. This social media team has KPI initiators in followers or subscribers. SEO Team (Search Engine Optimization) and Data Analytics. This team manages all content that holds performance data, such as social or paid media data. For example, if a brand wants to camp a product, then the SEO and Data Analytics team will manage all data, visitor data, Google Analytics trends, etc. In addition to the interests of third parties, the SEO team and analytical data are also tasked with providing hashtag recommendations to the editor. This team provides information on issues or themes currently crowded below on social media and recommends raising the issue to Metro TV, Medcom, or Media Indonesia. The central kitchen concept encountered during the process of reproducing television content to content for social media platforms meets at least three "advantages" of digital transformation, as revealed by Yoo et al. that digital transformation can increase the focus on efficiency, innovation, and product improvement (Yoo et al., 2012). Furthermore, Metro TV's Digital Hub is already part of Media Group Network's convergence model ecosystem. At least four variables contribute to the formation of an ecosystem, making the central kitchen concept more feasible in the Media Group Network setting.

The social media team manages its accounts and belongs to the Media Group Network. This social media team has KPI initiators in followers or subscribers. SEO Team (Search Engine Optimization) and Data Analytics. This team manages all content that holds performance data, such as social or paid media data. For example, if a brand wants to camp a product, then the SEO and Data Analytics team will manage all data, visitor data, Google Analytics trends, etc. In addition to the interests of third parties, the SEO team and analytical data are also tasked with providing hashtag recommendations to the editor. This team provides information on issues or themes currently crowded below on social media and recommends raising the issue to Metro TV, Medcom, or Media Indonesia. A central video kitchen is managed by the Video Content Creative Team. All videos from news, non-news, and old or evergreen programs are replicated in a shorter format and modified to the personality of the social media site. Paid Media Team also caters to the requirements of clients or paid consumers. Sponsored media is comparable to Metro TV's Media Services section in that it satisfies client requests such as blocking and sponsored programming. The web, application, and web design team is the fifth team. This team administers Media Group Network websites such as www.metrotvnews.com, www.medcom.id, and www.mediaindonesia.com. This team can also handle websites for third-party or paid clients.

Discussion

Digital Hub as the central kitchen of digital transformation. This philosophy aligns with the three forces of Chris Anderson's The Long Tail theory. The first strength of The Long Tail is production democratization, which, according to Anderson, "The Democratization of

Production means that everyone has access to the tools of production. Everyone in the social and creative teams has access to all production materials. Based on observations, the process of reproducing Metro TV content into content for social media can be done by anyone without restrictions and "zero cost." All social media coordinators and Digital Hub creative teams have the freedom to select and reproduce Metro TV content into social media platform content according to the character of their respective social media platforms. The philosophy of "one person who shopped" is the output of the convergence of news gatherings that had already been carried out before launching the Digital Hub. Thus, Metro TV's Digital Hub is already in the convergence model ecosystem carried out by the Media Group Network.

The process of reproducing or reproducing Metro TV content to the content of various social media platforms can be seen with one of Chris Anderson's three strengths of *The Long Tail: Production Democratization*. The principle of democratization of production in the concept of the central kitchen is seen in several examples given by informants and based on the author's observations. Chris Anderson, in *Production Democratization*, divides these strengths into four independent parts, namely: CV (content variety), SV (service variety), CLV (classified variety), and PV (participation variety).

When Metro TV was airing breaking news of the trial of Police General Ferdy Sambo (for example), four Digital Hub field teams immediately performed the functions Anderson mentioned, namely "CV", "SV", "CLV" and "PV". The Social Media Team and Video Content Creative Team perform the content variety (CV) function by producing footage from the trial in court in various formats according to the characteristics of the intended social media platform (treatment clipping program). Then the Web Team also performs the function of variety service (SV) by live streaming Metro TV's free-to-air broadcasts to www.metrotvnews.com websites, www.medcom.id and www.mediaindonesia.com and live-on to YouTube channels (@metrotvnews). Then, the Social Media Team also runs the function of classified variety (CLV) assisted by recommendations from the SEO Team, which provides trending topic data and Google Analytics on trending themes or issues. With SEO data, the Social Media Team conducts the process of producing breaking news content for social media content based on the classification of issues, needs, age segments, hobbies and other interests. This classification results in different variations of content products for each social media platform. Furthermore, finally, the participation variety (PV) function is carried out when the Social Media Team creates social media content that involves audience participation in the form of live IG, chatroom features or other interactive programs as a form of diversity of participation.

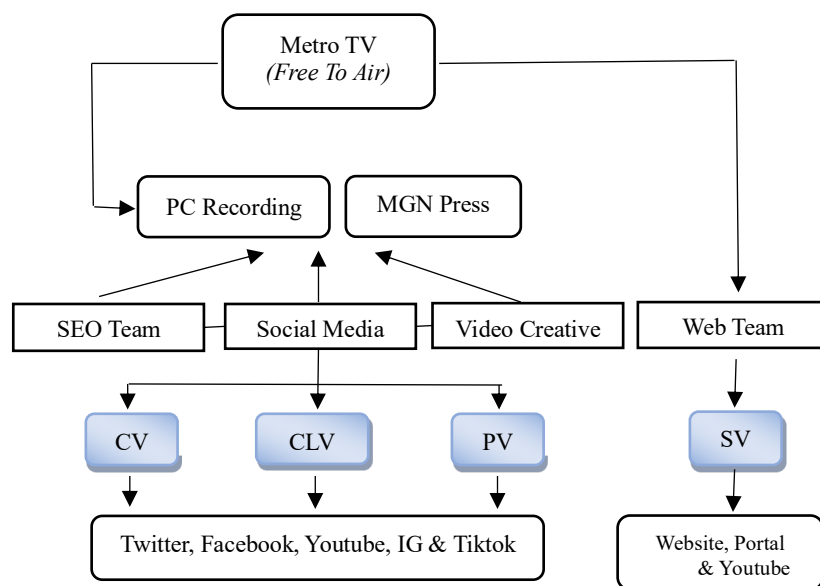


Figure 3: Application of Production Democratization in TV Content Production to Social Media, Website & Portal

If Production Democratisation has four independent indicators (CV, SV, CLV and PV), Chris Anderson mentions the Access Options (AO) factor in the strength of Distribution Democratization as an independent indicator. Anderson defines *Distribution democratisation* as "everyone has access to distribution via the Internet." According to Anderson, freedom of distribution occurs when everyone can distribute everything through the Internet. The distribution process carried out by Digital Hub shows that there is freedom in accessing information and distributing via the Internet. With internet technology, every team in the Digital Hub has access to distribute content to various social media platforms (McDonald, 2008).

Access Options (AO) make it easier for all crew at the Digital Hub to reproduce and then distribute it on the MetroTVnews website and Medcom portal as well as various social media platforms such as Facebook, Instagram, TikTok and Twitter. According to Andersen, in Long Tail, the focus is shifted from relatively few hits (usually in the form of products in major markets) in the head of the demand curve to niche markets that are large in the tail (Huang & Wang, 2014).

In addition to distribution democratization, the process of diversifying and distributing television content into content for various social media platforms on the Digital Hub can also be seen from the third strength of The Long Tail theory, namely Supply and demand Connection. Digitalization today has changed the way consumers interact with producers or service providers. Digital Hub has digital activity, a social media content created based on subscribers' and followers' requests, comments or responses, similar to the interaction between the media and its consumers. In the past, viewers had to be in front of the television set to enjoy the broadcast (AM Putra et al., 2020).

Conclusion

Media Group Network launched "Digital Hub" as the central kitchen of Metro TV's digital transformation process. As a central kitchen, Digital Hub aims to improve the quality, extended version, and diversification of Metro TV content into various social media platforms, portals, and websites. In the process of digital transformation, Digital Hub applies the principle of the three strengths of Chris Anderson's The Long Tail Theory, namely: production democratization, distribution democratization, and supply and demand connection. The application of the three strengths of The Long Tail is found in the process of transforming Metro TV (free-to-air) content into portals, websites and social media.

The digital transformation process of Metro TV content results in changes in the functions and content of the portal medcom.id, mediaindonesia.com and metrotvnews.com. Changes in function and content also occur on Metro TV's social media accounts, namely Facebook (@Metro TV), Instagram (@metrotv), TikTok (@metro_tv), Twitter (@Metro_TV) and YouTube (@metrotvnews). Social media, which previously functioned as a promotional media for television programs, turned into a medium for distributing free-to-air Metro TV content, both in the form of video streaming, video lates and treatment clipping programs as well as program promotion media.

Acknowledgment

Subsidies from the Ministry of Education, Culture, Research and Technology Republic of Indonesia made it possible to conduct this research.

References

- AM Putra, K. Jaya, & Andika, D. (2020, May 12). Economic Scope Analysis on Online Media: The Case of Okezone.com. *Proceedings of the First Brawijaya International Conference on Social and Political Sciences, BSPACE, 26-28 November, 2019, Malang, East Java, Indonesia*.
- Anderson, C. (2006). *THE LONG TAIL: Why the Future of Business Is Selling Less of More*. Hyperion EBook.
- Creswell, J. W. (2013). *Pendekatan Kualitatif, Kuantitatif, dan Mixed*. 7, 794–799.
- Huang, J. S., & Wang, W.-C. (2014). Application of the Long Tail Economy to the Online News Market: Examining Predictors of Market Performance. *Journal of Media Economics*, 27(3), 158–176. <https://doi.org/10.1080/08997764.2014.931860>
- Lugmayr, A., & Dal Zotto, C. (Eds.). (2016). *Media Convergence Handbook - Vol. 1*. Springer Berlin Heidelberg. <https://doi.org/10.1007/978-3-642-54484-2>
- McDonald, S. (2008). The Long Tail and Its Implications for Media Audience Measurement. *Journal of Advertising Research*, 48(3).
- Spyridou, L.-P., & Veglis, A. (2016). Convergence and the Changing Labor of Journalism: Towards the ‘Super Journalist’ Paradigm. In *Media Convergence Handbook - Vol. 1* (pp. 99–116). Springer Berlin Heidelberg. https://doi.org/10.1007/978-3-642-54484-2_6
- Yoo, Y., Boland, R. J., Lyytinen, K., & Majchrzak, A. (2012). Organizing for Innovation in the Digitized World. *Organization Science*, 23(5), 1398–1408. <https://doi.org/10.1287/orsc.1120.0771>
- Zafra, N. (2018). Backpack reporting of Typhoon Haiyan in the Philippines: Implications of convergent technologies on disaster journalism. *Pacific Journalism Review : Te Koako*, 24(1), 102–122. <https://doi.org/10.24135/pjr.v24i1.397>

Contact email: afdal.makuraga@mercubuana.ac.id