

# “Networking Strategy”

## Business and Media Content Strategy of Print Media Industry in Digital Era (Case Study of Kompas Gramedia Media)

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**Abstract**—The widespread use of digital technology has affected the print media business landscape in Indonesia. As a result, newspapers or magazines publishers have to reduce the number of copies of every newspaper or magazine they publish. This condition has reduced the income stream from copies sold and advertising. It means such businesses struggle to be profitable. This has pushed media publishers, such as Kompas Gramedia Group, to formulate new strategies to sustain their business. What Kompas Gramedia Group has attempted is changing the media platform, from print to digital, in this case, a dedicated web presence. However, the web presence for newspapers published by Kompas could not stand alone. It also brings together some magazines and tabloids they have published, into a more significant online presence, in what is commonly called a networking strategy. Besides these types of strategies, media publishers should apply a new approach of content. The strategy of content Kompas formulated not only should fit the web reader or visitor, but also make it easy for them to share in common social media. The objective of this strategy is to attract more readers to visit and engage with the portal. This is very important because the number of visitors to that portal is essential for the publishing company’s advertisers. The advertiser will place their advertisements when the number of visitors fits their objective of advertising activities. The more visitors visit a portal; the more advertisers will give it attention. This strategy has the potential to become a model for any group publisher to sustain their business in the digital era.

**Keywords**—content, digital media, business strategy

### I. INTRODUCTION

The transformation of analog technology to digital technology has resulted in major changes in various fields, both economic and social. This, in turn, caused an extraordinary flow on or snowball effects such as the closing of print media, this means printing companies are facing loss. And also peoples prefer to read news from news aggregator than read from a news website. It means people like instant information than a deeper one. The cause of these changes happened quickly that there was not much strong anticipation on the side of the publishers and media companies.

Excessive sense of security for large media companies, assuming that business positions will not be displaced by competitors, and excessive confidence due to being a big player in the media industry, has made traditionally large media companies insensitive to the threat of change. They consider business conditions and the climate of competition to have the same colors, patterns, and motives as previously whereas extreme conditions are happening. They don't anticipate changes and the snowball effect to happen with a complexity that was never expected before.

The result is a disruptive condition which Kasali (2017) describes as a situation that forces a person or organization to forget the old patterns and replace them with new ways to survive the wave of change.

This condition is aggravated by the increasing number of people born in Gen Y, the generation born between 1980-1995. This generation with its distinctive character has produced new market patterns and businesses. The number is quite significant, which is about 25% of the world's population (Fisk, 2016). As Fisk portrays, their distinctive character is influenced by reality shows on television, interacting with social media, a sense of realism, high optimism, creativity, wanting freedom, glorifying flexibility, and being close to digital technology.

For example, reducing a number of traditional consumers of travel tickets and switching to online purchases is proof that consumers’ preferences and purchasing patterns have changed. The same thing happens in the pattern of purchasing other products such as hotels, foods, banking services, and health support tools.

Some businesses also begin to emphasize the "digital experiences" of their products to Gen Y markets (Fisk, 2016). They aim to make life better, easier, or more efficient, and to increase consumer commitment. Nike is an example of this. The shoe manufacturer began developing an application called Nike + to help Nike consumers monitor body performance and their health.

This proves that changes that occur must be responded to wisely by an organization. This also applies to businesses related to print mass media, such as newspapers, magazines, and tabloids. The phenomenon of reduced income from print media advertisements occurs throughout the world, including in Indonesia. In the past ten years, income in print media has declined. This is in line with the information released by the Nielsen survey agency released on their site, (Patriella, 2018). According to Nielsen, national advertising spending showed an increase in 2016 compared to 2017 at least in the first half of the year. The increase in advertising spending in 2017 in the first half was around 6%. But this is influenced by the increase in advertising rates that can occur every year. The amount of advertising spending is still dominated by television media, the amount of which reached Rp.65.1 trillion. Meanwhile, newspapers only enjoyed 15.6 trillion rupiahs worth of advertising spending. Interestingly, the increase in radio ad spending reached Rp.811.1 billion. This amount goes beyond the amount of advertising spent on magazines and tabloids with only Rp.686, 6 billion.

A similar pattern can be seen in 2018. In the first half of this year, advertising spending rose by around 5%. This increase was boosted mainly by the presence of local and international football events such as the World Cup. Again, television enjoyed a larger portion, at about 82% of total advertising spending (Patriella, 2018). as reported by *Bisnis.com* Meanwhile the portion for radio and print media advertising did not experience much change and remained stagnant.

The reduced revenue from these advertisements has forced several print media publications to be willing to reduce the number of print copies of their media. As the printing and raw materials costs continue to , the number of print media readers is also decreasing in number. In fact, print media readers, in this case of newspapers, still have a market even though their number is decreasing.

According to a Nielsen survey in 2017, newspaper penetration is around 8%, and newspapers are read by around 4.5 million people in Indonesia. But advertising spending for newspapers is not as stable as that reality, for example from 2013 to 2017 the decline in advertising revenue reached 11% (Setiawan, 2017).

The beginning of this new normal is the decline in print media printing. In 2015, the decline in print media volume reached 8.9% from the previous year reflecting similar declines in the volumes of tabloids and magazines. In 2015 the decline in these media categories reached 9.27%. These declines have a direct impact on revenue from media sales (Zuhra, 2017).

Media managed by large groups may be relieved because the cross-subsidy strategy is still being undertaken to maintain the life of media such as newspapers or magazines, with low income. But such subsidies can only last so far because, from a business perspective, any product must be able to generate revenue. If not, the media can be considered unhealthy. Hence, another step needs to be taken so that low income generating media can continue to be on the market. These steps include reducing the number of pages or reducing the frequency of publishing. Although risky, this step must be done so that the media can continue to meet the information needs of readers.

However, such a strategy does not always work. Moreover, the cost of producing print media remains expensive compared to digital. Printing costs, operational costs, office rent expenses, and a budget for human resources are elements of the costs to be paid. These numbers tend to increase every year resulting in closures of the print media that is deemed unable to generate revenue (Suchahyo, 2017). The media that was first closed down were the media considered to have the greatest costs, which are licensed media. Media like these are high-cost (Sufyan, 2017). Because, in addition to production costs, management must pay the license fee to owners abroad.

In 2016 alone Kompas Gramedia, one of the major media groups in Indonesia had to surrender to these realities. In that year this media group confirmed several of its magazines such as *Kawanku*, *Sinyal*, *Chip*, *Chip Foto Video*, *What Hi-Fi*, *Auto Expert*, *Car and Turning Guide*, and *Motor* would be closed in the printed versions and transformed into digital forms. *Kawanku* magazine was transformed into *Cewekbanget.id* while the more general media were grouped into *Grid.id*. The following year, the print version of the teen magazine *Hai* was closed (Syafina, 2018). But the magazine was more serious about managing the online version of the magazine, which was quite prominent in the 1980s.

This kind of move was also followed by several other media companies. Transforming into online media is an option because, in addition to the reasons stated above, production costs are relatively cheaper than print media. It's not a surprise that the number of online media continues to grow. *Dewan Pers* released data that showed that in Indonesia there were around 43 thousand online media titles in 2007 (Santoso, 2017). This transformation raises several questions, for example how to monetize online media or what is the most appropriate business model for online media? Will digital media keep following the old print media pattern by relying on advertising revenue? Or are there other ways? For example, beverage manufacturer *Red Bull* claims that it is not just a drink producer, but also a media company. *Dietmar Mateschitz*, *Red Bull's* co-founder, believes that online media has a great opportunity in the future. At the same time, this Austrian man exposes many people, in his interview with magazines or in his seminars, to new questions, what the media really is and how the valuation of a media must be done. *Red Bull* can be said to have become an online media company through the way it promotes a variety of extreme sporting events that spur adrenaline and build audiences. To *Red Bull*, this is one of its main businesses. The success and seriousness of *Red Bull*

show how a few large entrepreneurs believe online media is a big growth area in the future. Through their business models, they managed to earn multiple incomes (Fisk, 2016: 292).

But along with developments in the digital world, business models cannot stagnate. This is where online media entrepreneurs must continue to be willing to constantly look for the right fit.

## II. METHOD

The method in this study is a qualitative descriptive research method. This method was chosen because the researcher considered this method to describe the facts of a situation in general and in depth, regarding the online media business strategy in the digital era at Kompas Gramedia Media.

The inner data is obtained by conducting library studies, conducting observations on how to work within the Kompas Gramedia Media environment, and interviewing key informants (Deputy Director of Kompas Gramedia Media).

## III. FINDING AND DISCUSSION

Kompas Gramedia, which now has made sure to be more serious in the online business world, has a special strategy to attract the attention of its external clients. The strategy is named as Gramedia Networking. The core of Gramedia Networking is an effort to utilize the amount of online media owned by Gramedia to attract clients.

Kompas Gramedia itself has 5 main pillars in the business namely, Retail and Publishing, Hotels and Resorts, Group of Manufacture, Group of Services, and Kompas Gramedia Media. Kompas Gramedia Media has three elements, (National News) Kompas Daily, Kompas.Com, and Kontan. Then Regional News (Tribun Network and Tribun News Com.), Entertainment News (Female and Children, Male, Automotive, Sport), and Radio Networks. In this study, the author focuses the discussion on Kompas Gramedia Media.

From the observation results, it is visible that to introduce an online media to clients or prospective advertisers; it is not easy. Although media like this were already quite well known when they were still published in print format, they are different in online format. The reason is that online media characters are indeed different from print formats.

The strategy used is Grid.Id Network. This strategy is carried out by subordinating KG Media products. In this way, the performance of an online media will bring the entire network in Grid Id. The reason is, speaking on an industrial scale, inevitably the entire Grid.id will be carried along too. If we talk about automotive when in contact with its derivative products, it will lead to the network. So basically Grid.id Network is a way of introducing media products based on the existing audience base. This audience is a real proof of website performance in Grid.id Networking. In other words, KG Media came to bring the entire audience to networking.

According to Harry Kristianto, deputy director of Kompas Gramedia Media, to change media in KG Media in mega portal format can happen without having to make it a mega portal, but in Google Analytic results format. So, without having to have a mega portal, Google Analytics can be read as a mega-portal. By engine," he said.

This is also done to answer client needs. Some clients do want to use media brands for their communication needs. They believe that brand media has a strong influence on the product image. A strong and trusted media brand will also increase audience confidence in a product.

However, in addition, there are also clients who prefer using the number of audiences from the media. Not only the number of audiences in general but also specific audiences. "There are clients who really want to communicate with the audience specific audience, for example with women in certain regions with a certain age range. Now that can be given by Grid.id Networking," he said.

Even what is interesting from this method of work is Grid.id Networking also provides data from social media platforms. This is absolutely done because media brand communication on social media is very important. Quantitative data on social media such as the number of likes, brand conversations, followers, and sharing also has meaning in the success of a communication process. Social metrics like this.

Hari added data in Grid.id Networking plus data on social media would strengthen each other. Brands will not only communicate with audiences on websites as well as social media platforms such as Facebook, Twitter, and Instagram. This is an advantage of offering services in networking. For this media, it must be done because today the brand has many channels to communicate. They not only manage brand websites but also manage their social media accounts. Not infrequently both of them have quantitative data and sociometric profiles that are more heat than the websites outside them. It is a challenge. If the brand media then does not offer or offer something more, the media brand will lose to the media that the media has. This is especially true for brands that are fast moving consumer goods.

In addition, the content produced must be appropriate or relevant to the relevant media brand. This is precisely the power that must be built by the media brand. Media character, language, and communication style are areas that must be consistently shown by the media brand. This is then combined with the needs of the brand who want to be closer to the audience.

#### IV. CONCLUSION

From these discussions a number of conclusions can be drawn, namely:

- 1) Online media must make relevant changes, both in terms of content management and business strategy. Relevant not only in terms of conformity with the brand but also in accordance with the character of the media
- 2) The networking strategy is only successful in media groups that have more than one media. If not, the excess based on the audience base will not be achieved. It is recommended to merge media and collaborate, in terms of content and business strategy.
- 3) Deep review of brand strength and audience must be done if you are going to do a networking strategy. Included in the selection in the audience, client industry, or media group categories.

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