
| RESEARCH ARTICLE

Proposed Business Growth Strategy for an Advertising Production Company That Penetrates the Small and Medium-Sized Business Market in Jakarta: A Business Case, Rentjana

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| ABSTRACT

Rentjana, a single-person production house, is facing challenges in the advertising industry, primarily driven by intense competition and declining prices, resulting in reduced profitability and difficulties in acquiring customers. This study aims to analyse the advertising production house ecosystem, trends, and competition, with a focus on identifying challenges, opportunities, and successful business models for Rentjana. The research approach includes qualitative analysis using primary and secondary data sources, employing matrices such as VRIO analysis, value proposition, and the Ansoff matrix. Primary data will be collected through interviews, while secondary data will be obtained from relevant sources. The study proposes offering production packages with a complete concept to small and medium-sized enterprises (SMEs), aiming to enhance their product quality and differentiation through design, branding, production, and material selection. This approach facilitates the development of long-term partnerships, expands networks, and increases revenue for Rentjana. Flexibility in pricing is suggested to provide competitive yet profitable rates, giving Rentjana a distinctive advantage. Implementing lean production techniques will contribute to waste elimination, improved efficiency, employee engagement, and the effective utilisation of technology. The study also seeks to understand the role of online video advertising and address the challenges prevailing in the advertising industry.

| KEYWORDS

Business growth, Production house, Advertising Industry, SMSe

| ARTICLE INFORMATION

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1. Introduction

1.1 Background

The Indonesian economy is experiencing significant expansion, particularly in the business sector, as evident from the growing number of internet users and the government's emphasis on the creative economy. With 212.9 million internet users accounting for 77% of the country's population and 60.4% actively using social media, Indonesia holds a substantial global market share in the innovative digital content sector (We Are Social, 2023).

The creative industry in Indonesia is recognised as a crucial contributor to the national economy, with the government incorporating it into development plans at both national and regional levels. The creative economy's growth trajectory aligns with Indonesia's Vision for 2045, which aims to establish the country as a leading centre for digital and creative economies (We Are Social, 2023).

To accelerate the growth of creative industries, it is essential to focus on nurturing creative entrepreneurs and enhancing human resources in terms of ideas, inventions, and creativity. The creative economy encompasses 17 subsectors, ranging from culinary and fashion to architecture and games (Kemenparekraf, 2022). As the creative sector expands, businesses must recognise the continued relevance of branding in creating a long-term competitive advantage (Aaker, 1991).

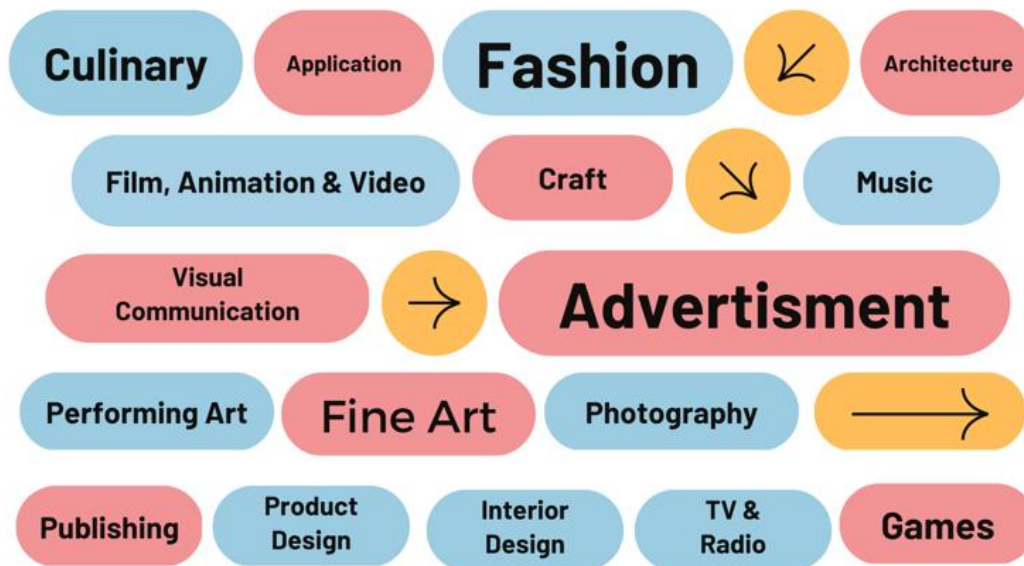


Figure 1 Subsector Economic Creative

(Source : Kemenparekraf 2022)

Traditionally, branding relied heavily on mass media; however, the rise of modern and interactive marketplaces challenges the effectiveness of traditional branding tactics. Research has shown that certain promotional strategies significantly influence customer purchasing decisions, emphasising the importance of advertising as a means to communicate product benefits (Neha and Manoj, 2013). Advertising aims to remind consumers, encourage purchases, and provide information about companies or products (Belch and Belch, 2007; Kotler and Armstrong, 2012).

In today's digital communication environment, businesses compete not only with each other but also with consumers, who have the power to choose, ignore, and share messages. Mobile advertising has been found to have a significant impact on customer purchasing decisions (Ene and Zkaya, 2015). Furthermore, the rise of internet video traffic has led to the growth of digital video advertising, enabling businesses to engage viewers, foster brand engagement, and achieve greater consumer success (Digital Video Advertising, 2017).

The increasing online ad spending in Indonesia reflects businesses' recognition of the advantages offered by online video marketing. Rentjana, as a production house, acknowledges the importance of online video advertising and branding in reaching and engaging audiences. By combining these strategies, businesses can encourage consumer-generated content and create original and compelling material to enhance customer engagement.

As Rentjana seeks to grow and operate effectively, business processes need to be developed, considering the complexities involved in choosing suppliers, finding customers, and managing payments. A key aspect of Rentjana's business process is hosting several large clients simultaneously, which necessitates considerable effort and time.

This journal aims to investigate the importance and benefits of online video advertising and branding for businesses, considering relevant literature and highlighting the significance of the research in a concise manner. It is crucial to convey the importance of the topic to readers who may not be experts in the field.

1.2 Business Process

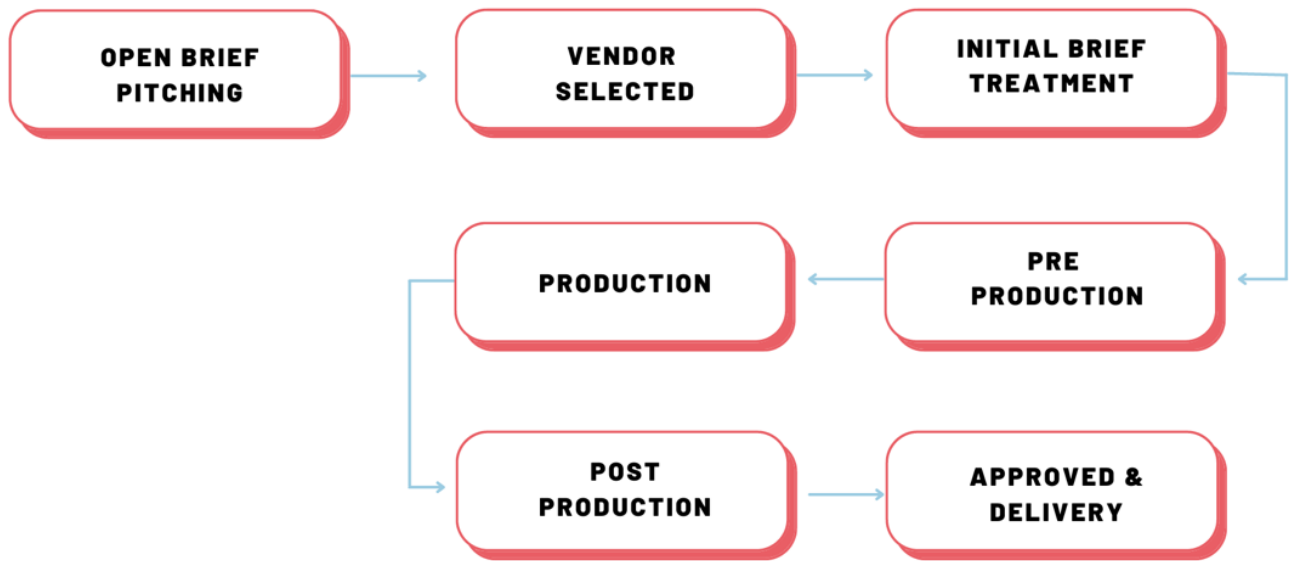


Figure 2 Business process of Rentjana

Basically, the picture above shows the general advertising production work process carried out by Rentjana. The processing time will depend on how complex the project will be.

1. Open brief pitching

This step is taken to find the best vendor with the best treatment. Usually, the client or agency opens this briefing to explain the vision and mission of the project they want so that the production house can provide a price, work plan, and team to work on it.

2. Vendor selected

Depending on the size of the customer and the level of management in each organization, it typically takes 1-2 weeks to complete the vendor selection process that the client requests.

3. Initial brief

This process involves meeting with the client and agency to ensure that the vision and mission of the project are on the same page. This process often involves a series of questions about production, treatment, and schedule, as well as policies and restrictions that each brand must follow.

4. Pre-production

The production team creates a vision of the commercial to be made and a production plan (based on that vision) and secures all the resources needed to run the production process (people, space, and equipment). It usually takes about 10 working days.

5. Production

The process by which shooting begins. That "point of no return" in making a commercial is the point of production where it is cheaper to continue production than to stop early (even in anticipation of a movie failure). The money has been spent, and mining it all now would create a much worse economic situation and impact than pushing it to the finish line.

6. Post production

In post-production, the images, sounds, and other effects of the movie footage are edited. The process usually takes 14 days, depending on the agreed-upon schedule.

1.3 Problem Statement

More and more production houses are emerging as a new form of business for the creative industry. The development of social media also allows the digital industry to flourish, as does the content that is always seen endlessly on social media. This also applies to Rentjana's ongoing business. Whereas many companies work with friends, best friends, or even girlfriends. The term two is better than one (Kolb, 2020) and does not yet apply to Rentjana, as the company is currently managed by only one interest. This is quite difficult for the company because all decisions are in the hands of just one person, so achieving company goals and growth is rather difficult. Some issues were also identified in the company's operations. For example, Rentjana is a company that enters the "Red Ocean Zone" as there is intense competition among companies, and the market is filled with many players offering significantly lower prices, leading to decreased profitability. It can be seen from the data on advertising production houses provided by the IRPIL association (The Association of Indonesian Advertisement House Production) that there have been 142 production houses officially registered with the association. This can result in various barriers, including price competition and decreased customer acquisition. When Rentjana cannot fulfill its needs, customers find it easier to find an affordable production house. To become a customer, potential customers must first learn about the company. As more and more production houses engage in mass marketing to raise awareness among the public and potential customers, marketing and promotion become a challenge for business growth.

The company's capital cycle is too long, as most customer payments take a long time, 3-7 months to complete a project. It is obvious that the money in circulation, i.e., the profit accumulated over three years, is somewhat delayed. There are many SMEs in Indonesia that require a large number of videos at a low price, but Rentjana is unable to enter this market because the company hires professional freelancers at a fairly high hourly rate, which increases production costs. This affects micro business customers who try to contact Rentjana and aim to create video advertisements for the plan, as it is too expensive to create the advertisements.

1.4 Research Objective

1. The study aims to examine the business ecosystem of production houses in the advertising industry in determining the key stakeholders and participants in the advertising production ecosystem. Also, to investigate key industry trends and change drivers and to understand the major challenges and opportunities confronting advertising production houses. Finally, identify best practices and successful business models and investigate how these can be used to assist Rentjana production houses in succeeding in an increasingly competitive market.
2. To observe how Rentjana sees online video content as part of its marketing, thus conceptualizing its role in building value with the brand.
3. To make recommendations for appropriate business strategies to meet needs and requirements and to analyze the business opportunities and concepts confronting Rentjana that are influencing Indonesian industry growth.

2. Literature review

2.1 Theoretical Foundation

2.1.1 Advertising Digital Production House Landscape

Technological innovation and changes in consumer behavior have transformed the current video environment, blurring the boundaries between traditional TV and digital video, broadcast and cable, and desktop and mobile platforms. This convergence has led to increasingly automated, data-driven, and accountable media environments where audience engagement is as important as content and context (Interactive Advertising Bureau, 2017).

The transition to digital media production has opened up new opportunities for production in various sectors, including home, workplace, and entertainment. In order to effectively leverage these opportunities, media producers need a comprehensive understanding of distribution channels, target audiences, and the factors that drive viewership.

Creative production houses operate within a complex ecosystem that includes clients, suppliers, partners, competitors, industry groups, talent and crew, and investors. Building strong relationships with clients is crucial for the success of creative production companies, as they rely on them to provide work. Additionally, production houses require suppliers for materials, equipment, software, and subcontractors for professional services. Collaborating with other businesses or organizations can help expand the services offered by creative production houses. Understanding the competitive landscape and differentiating themselves is essential for these companies to thrive. Membership in industry trade associations provides networking opportunities and industry knowledge. The success of a creative production company depends on the quality of its talent and crew, including creative professionals, project managers, and account managers. Seeking financing from investors can fuel expansion and support new projects while also providing strategic guidance. Producers employ production strategies to secure funding, define project goals, conduct research, and assess the potential audience (B. Musburger & Kindem, 2009).

In summary, the landscape of advertising digital production houses is shaped by technological advancements, evolving consumer behavior, and a complex ecosystem of clients, suppliers, partners, competitors, industry groups, talent and crew, and investors. Understanding this landscape is crucial for creative production companies to effectively navigate the digital media environment and achieve success.

2.1.2 Online Video Advertising

Online video advertising refers to the delivery of promotional or commercial messages through video broadcast over the internet (Lee & Lee, 2012). These video ads can be found on various digital platforms, including websites, apps, social media platforms, and streaming channels.

Compared to traditional television commercials, online video advertising has distinct characteristics. These include:

- Internet delivery: Online video ads are accessible to users with an internet connection as they are transmitted over the internet.
- Interactivity: Online video ads often incorporate interactive elements that allow users to engage with the ad, such as clicking on links, providing responses, or participating in contests.
- Targeted advertising: Through the use of user data and targeting technology, online video ads can be more precisely targeted to specific audiences based on preferences, behaviours, or demographics.
- Enhanced measurement and analysis: Online video advertising platforms provide comprehensive measurement and analysis tools, enabling advertisers to track ad performance in detail, including metrics such as views, interaction rates, and conversions.

As technology continues to advance and internet usage becomes increasingly prevalent, online video advertising has become a crucial aspect of digital marketing strategies. It offers advertisers the ability to reach a broader audience, directly engage with viewers, and gain valuable insights into the effectiveness of their advertising campaigns.

2.1.3 Innovation Capability

Creative energy and confidence are valuable resources that can lead to new solutions and success in any job. Embracing creativity allows for the development of innovative approaches and problem-solving techniques without abandoning existing methods (Kelley & Kelley, 2014).

According to Tom and David (2010), the ideal development process involves the trifecta of desirability, feasibility, and viability, originally introduced by IDEO. When an idea meets all three criteria, it possesses the following essential characteristics:

- Desirability: The solution addresses a genuine need of the user, emphasising the human element and a deep understanding of human needs.
- Feasibility: The solution leverages existing operational capabilities and resources.
- Viability: The solution is profitable and sustainable, incorporating a sound business model.

Failure to meet any of these criteria increases the risks and costs associated with implementing the idea. As Marc Andreessen noted, continuous innovation is necessary to prevent products from becoming stagnant and to avoid being displaced by competitors.

2.1.4 Digital Advertising Business Model

Digital advertising relies on various digital platforms, such as websites, search engines, social media, and mobile apps. Advertisers pay for ad space on these platforms, and ads are displayed to users. Payment models include cost-per-click (CPC), cost-per-impression (CPM), or cost-per-action (CPA). Targeted advertising based on user data and data-driven strategies is crucial for personalised messages. Programmatic advertising automation has improved efficiency. Businesses must refine their strategies to stay competitive.

Common business models for digital media companies include subscription-based, ad-supported, pay-per-view, transactional video-on-demand (TVOD), hybrid, and freemium models.

2.1.5 Strategy proposition

The strategy propositions are intended to guide companies in creating a successful Blue Ocean strategy by focusing on delivering superior value to customers, achieving high profitability, and aligning the organization with the strategic vision. According to Kim, W. C., and Mauborgne Renée (2005), the strategy is divided into three:

- a. Value Proposition: This proposition focuses on creating and capturing new demand by delivering a superior value proposition to customers. The authors argue that a Blue Ocean strategy should focus on offering unique and innovative value that sets the company apart from its competitors. This can involve rethinking the customer experience, identifying unmet customer needs, or creating a new market space.
- b. Profit Proposition: This proposition focuses on creating a cost structure that allows the company to offer its value proposition at a lower cost or at a higher profit margin than its competitors. This can be achieved by leveraging economies of scale, rethinking the supply chain, or using innovative technologies.
- c. People Proposition: This proposition focuses on aligning the company's organizational structure, culture, and human capital with its blue ocean strategy. The authors argue that a blue ocean strategy requires a different mindset and skillset than a traditional competitive strategy and that companies must cultivate a culture of innovation and risk-taking to successfully execute a blue ocean strategy.

2.2 Conceptual Framework

The framework presented in this section is based on extensive analysis and research conducted to validate the author's perspectives. The author emphasises the importance of analysing both internal and external factors to identify business problems and opportunities.

In internal analysis, the focus is on evaluating the company's internal factors, such as finance, operations, human resources, and business processes. External analysis, on the other hand, concentrates on external factors such as markets, competition, technology, and government regulations. By utilising these analytical techniques, companies can identify and address problems within their businesses effectively.

The author highlights the significance of defining the right business objective, which is to create a product that customers truly want. This objective is considered crucial, particularly for startups, as the success of a business depends on whether its product meets customer needs and demands. To achieve this objective, the author suggests the use of a minimum viable product (MVP) approach, allowing companies to quickly test and measure customer responses and iterate their products accordingly.

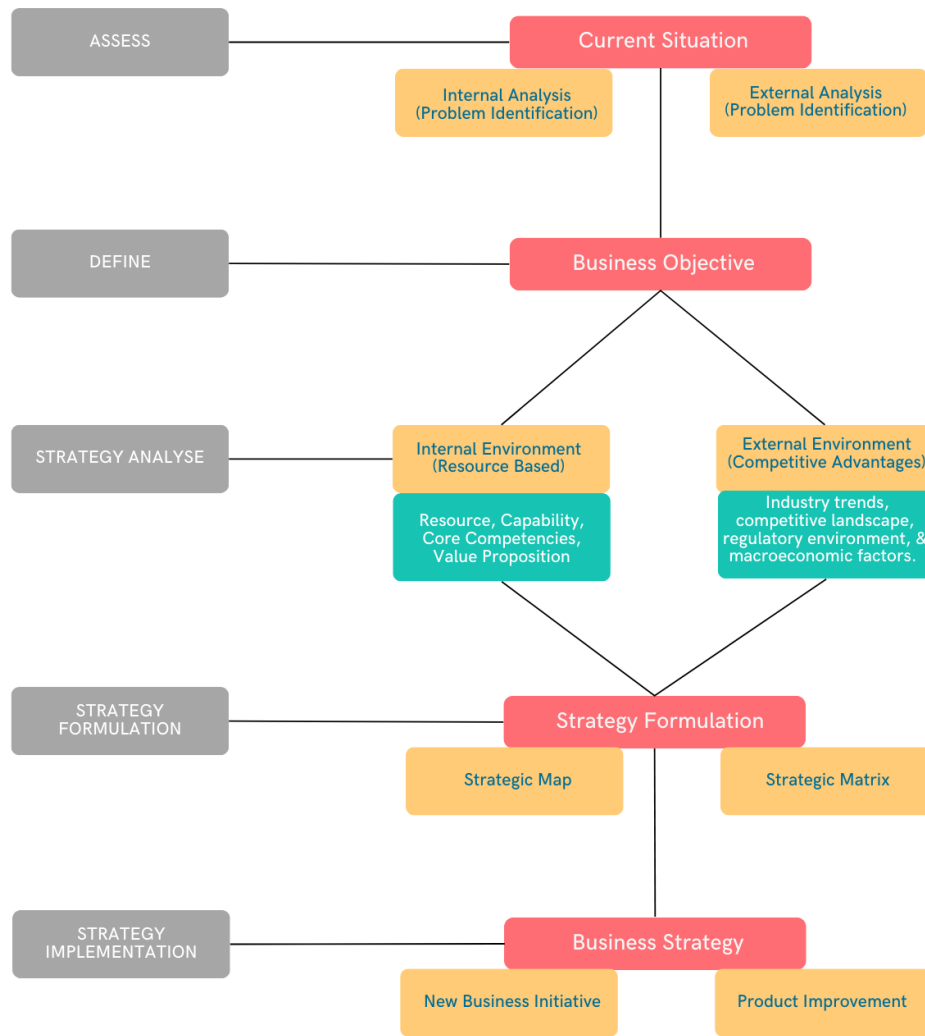


Figure 3 Conceptual framework

Strategy analysis plays a vital role in developing effective plans and actions to accomplish organisational goals. The process involves collecting and analysing data to develop strategies that are aligned with the desired outcomes. It includes evaluating the strengths, weaknesses, opportunities, and threats associated with a particular plan and identifying the required resources. Strategy analysis serves as the foundation for creating competitive advantages within an industry.

The framework proposed by Porter (1998) suggests a three-phase industry analysis to understand competitive forces. The phases include structural analysis, strategic position analysis, and strategy formulation. The structural analysis involves identifying industry strengths and weaknesses, such as competition level, barriers to entry, and profit levels. Strategic position analysis evaluates a company's position in the industry and its ability to leverage strengths and overcome weaknesses. Strategy formulation encompasses developing a strategy that aligns with the company's position in the industry and long-term goals.

Internal analysis, as discussed by Porter (1998), focuses on competitive advantage through the development of unique resources and capabilities. These resources can be categorised as discrete (buyable or borrowable) or bound (company-owned), and they contribute to the creation of a value proposition that sets the company apart from competitors. Strategic utilisation of these resources and capabilities enables the company to achieve and maintain a competitive advantage.

External analysis, as outlined by Aaker and McLoughlin (2010), considers various aspects such as industry trends, the competitive landscape, the regulatory environment, and macroeconomic factors. Understanding industry trends helps companies adapt and anticipate changes to remain competitive. Analysing the competitive landscape helps identify existing competitors and formulate

appropriate strategies. Compliance with industry regulations is crucial for effective operations, and macroeconomic factors must be considered when developing business strategies.

Strategy formulation involves developing long-term action plans to achieve organisational goals. It encompasses analysing the internal and external situation of the organisation, defining mission and vision, identifying strengths, weaknesses, opportunities, and threats (SWOT analysis), and determining strategies to capitalise on opportunities and mitigate threats. Various tools, such as strategy maps, the Ansoff matrix, and the BCG matrix, can be employed during the strategy formulation process. It is important to note that strategy formulation is not a one-size-fits-all process and must be tailored to the specific needs and challenges of each company.

3. Methodology

The internal and external assessments of the company were the main focus of the qualitative analysis strategy used in this thesis's research methodology. In order to suggest a business solution, the study made use of both primary and secondary data sources as well as a number of matrices, including the VRIO analysis, value proposition, and the Ansoff matrix.

Primary data collection comprised conducting interviews with properly chosen respondents, providing questionnaires to the right respondents, and conducting surveys with individuals or relevant samples connected to the research issue.

Reviewing pertinent journals, books, articles, reports, and other supplementary materials connected to the research topic will be used to acquire secondary data.

For the purpose of choosing pertinent and reliable data sources, the author used inclusion and exclusion criteria. Additionally, a thorough selection, assessment, and data processing procedure was used to guarantee the data's quality. To develop a thorough grasp of the investigated phenomenon within the company, the research used descriptive and interpretive analysis approaches.

The author's research approach is briefly summarised above, but it's crucial to keep in mind that the specifics of the methods used rely on the unique thesis and its specifications.

3.1 Research Design

The author utilises a qualitative approach for data analysis in this research, focusing on netnography and in-depth interviews. Netnography involves observing and analysing user behaviour on social media platforms, while in-depth interviews provide a deeper understanding of the research topic. Primary data, collected directly by the researcher, includes in-depth interviews, while secondary data refers to pre-existing data from various sources such as publications, reports, and databases.

Netnography involves joining relevant online communities, observing user interactions, and conducting a content analysis of posts and comments. In-depth interviews are conducted with selected individuals who possess expertise or experience in the field, aiming to gain deeper insights and validate previous findings. Internal confirmatory analysis involves interviews with internal stakeholders, while external confirmatory analysis involves interviews with external stakeholders.

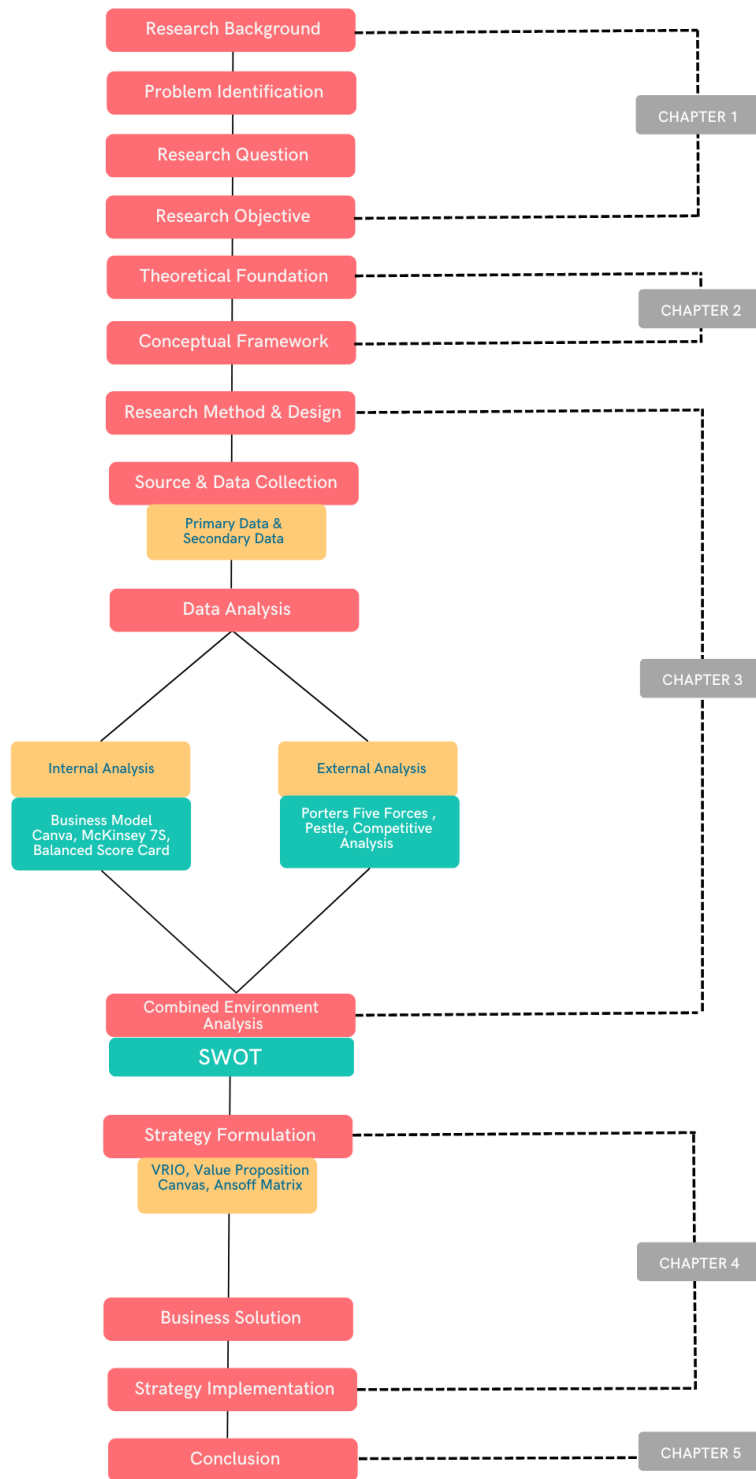


Figure 4 Research Design

To support the analysis, the author employs various frameworks such as the Canva Business Model, McKinsey 7s, Balanced Scorecard, PESTLE analysis, Porter's Five Forces, and competitive analysis. These frameworks aid in both internal and external analysis, which is then combined into an environmental analysis using SWOT.

Data collection through netnography involves selecting relevant online communities, collecting data from sources like forums and social media groups, and analysing the collected data for patterns, themes, and key issues. Data saturation, the point at which the

researcher believes sufficient data has been collected, is determined subjectively and may vary depending on the research topic and data quality.

Triangulation, a research method used to enhance validity and reliability, is employed in this research. It involves using multiple data sources, theories, or approaches to gain a comprehensive understanding and validate research findings. The author uses individual and business personas as part of triangulation to validate the research findings and provide a more accurate picture of the phenomenon under study.

4. Results/Findings

4.1 Internal Analysis

4.1.1 Business Model Canva

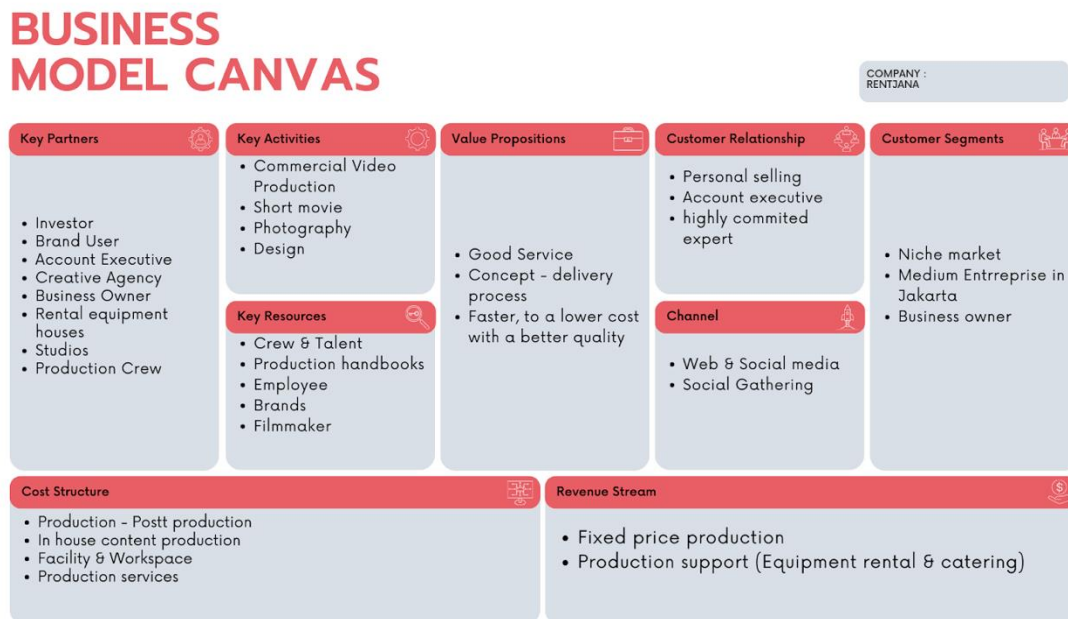


Figure 5 Business Model Canva of Rentjana

The Business Model Canvas, developed by Osterwalder and Pigneur (2010), is a tool for entrepreneurs, business leaders, and innovators to design and analyze effective business models. Rentjana, a service company in Indonesia, operates in the creative industries, focusing on production and video advertising for major brands. To analyze Rentjana's business model, key elements should be considered, including investors, account executives, creative agencies, business owners, rental equipment houses, studios, production crew, and activities like commercial TV video production, short films, photography, and design. Key resources include skilled crew, production manuals, employees, brands, and independent filmmakers. Rentjana offers good service, a structured delivery process, and fast, affordable, and high-quality video production.

It also has a dedicated team and a niche market, catering to medium-sized companies in Jakarta and medium-sized enterprises. The company utilizes web and social media platforms to promote its services and establish relationships with potential customers. Social gatherings and social events help build networks and introduce services to potential customers. By considering these factors, Rentjana can streamline operations and better match client expectations.

4.1.3 7s Mckinsey

The McKinsey 7S Framework is a framework that identifies seven interrelated key elements within an organization that must be balanced and mutually supportive for a competitive advantage. Rentjana can use the framework to analyze its internal strengths and weaknesses, identify internal strengths and weaknesses, and determine the steps necessary to optimize performance and achieve business goals. Rentjana should develop a business strategy, consider appropriate pricing strategies, brand positioning, and target markets, and position itself as a company that prioritizes quality and creativity in brand advertising. The company should also improve its organizational structure, systems, skills, staff, style, and shared values. Rentjana should consider hiring additional

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staff or recruiting interns to fill skills gaps and improve its team. A corporate culture that encourages innovation and teamwork will help achieve business goals.

4.1.3 Balanced Score Card

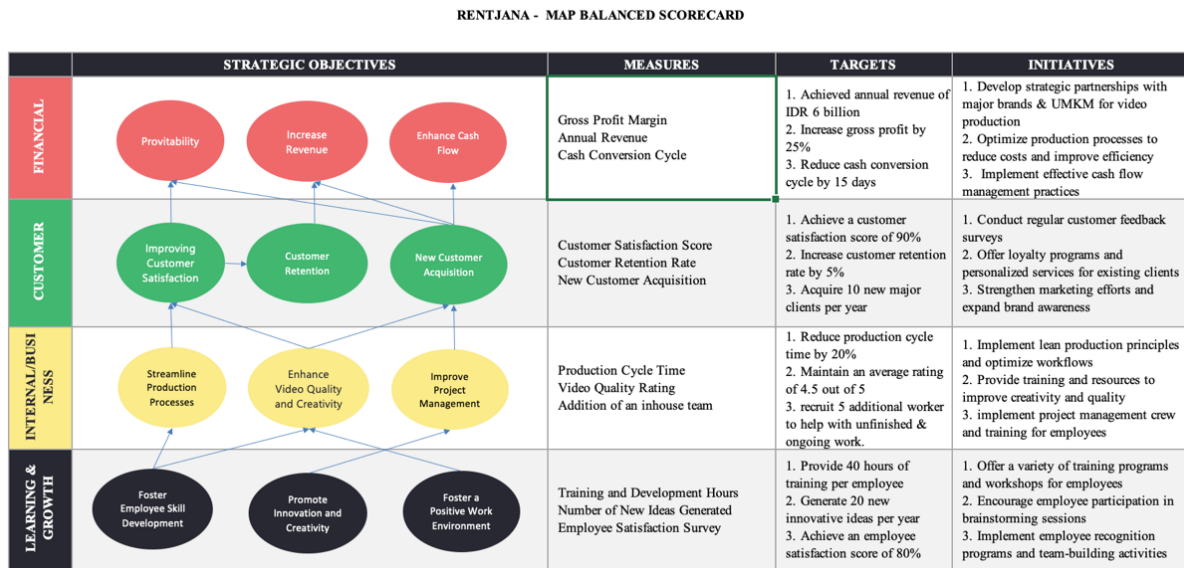


Figure 6 Balanced Score Card of Rentjana

The Balanced Scorecard (BSC) is a strategic management system that helps organisations measure and manage their performance from a balanced perspective. It consists of four interrelated key aspects: finance, customers, internal processes, and learning and growth. Strategy maps are a visual reference framework that helps plan, communicate, and implement corporate strategies. A strategy map typically consists of four main components: strategic objectives, strategic initiatives, performance measurements, and cause-and-effect relations. Rentjana should focus on boosting sales and profitability, improving customer satisfaction, implementing more effective manufacturing techniques, enhancing internal team coordination, completing tasks quickly, and strengthening team dynamics.

The strategy should also focus on employee training and higher education to prepare them for the industry's rising standards. Rentjana must incorporate all facets of the balanced scorecard perspective for overall sustainable business success. By measuring and regulating performance according to the goals set in each element, Rentjana can enhance its overall performance and better meet the demands of the creative business.

4.2 External Analysis

The author currently supports the outcomes to be assessed with a number of research questions and research objectives that validate business questions. The author also looks at how the organization's external environment, which is influenced by a variety of internal and external pressures, is shaped. These elements may significantly affect how well the organization functions and performs. Economics, technology, politics and law, social and cultural factors, the natural environment, and the competitive environment are all part of the external environment.

4.2.1 Porter Five Forces Analysis

Christensen, C.M. (2016) uses Porter's Five Forces framework to explain why established companies can struggle to adapt to disruptive innovation. She uses Porter's Five Forces as a starting point to explain how established companies can be vulnerable to disruptive innovation, and he offers suggestions for how companies can navigate this challenge by thinking differently about innovation and creating a separate organizational structure to pursue disruptive technologies. To navigate this challenge, companies need to be able to think beyond the existing industry structure and explore new growth opportunities that may require them to compete in different ways. The importance of creating a separate organizational structure is to pursue new and disruptive technologies rather than trying to integrate these efforts into the existing business.

Porter, M. E. (1998) developed the strategic framework known as Porter's Five Forces. The competitiveness and allure of a market or industry are examined using this methodology. The Porter Five Forces framework can be utilized to comprehend the competitive advantages and external influences on Rentjana while doing an external analysis. The Porter Five Forces are listed below:

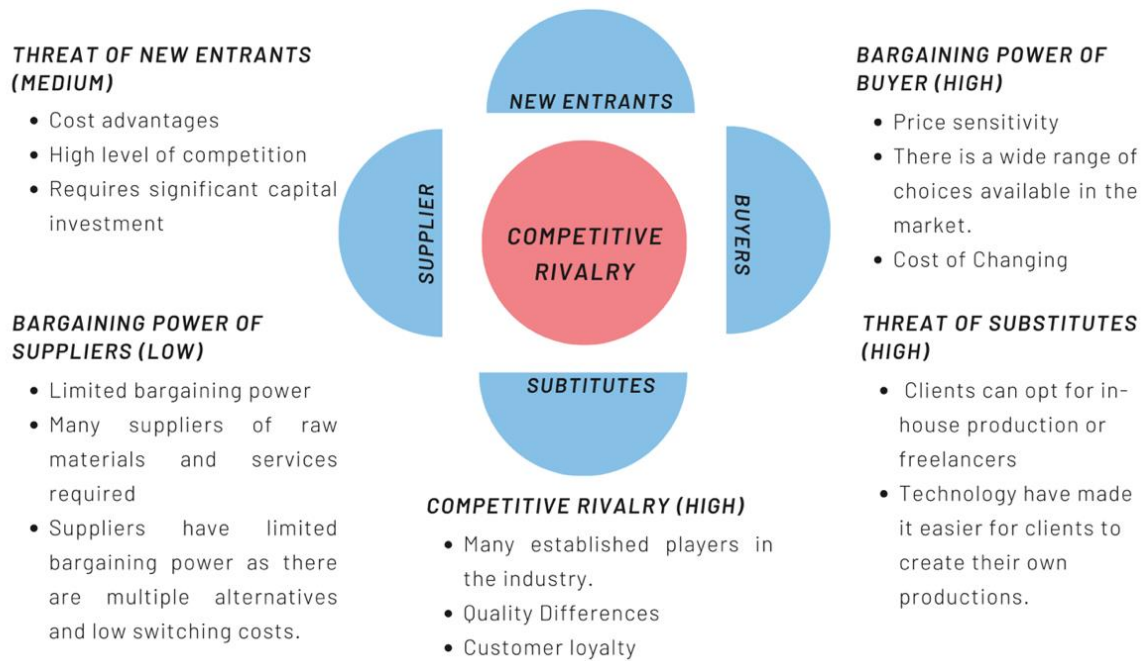


Figure 7 Porter Five Forces Analysis of Rentjana

The threat of new entrants is a significant factor affecting industry competition, with high entry barriers making it challenging for newcomers to enter the market and compete with established firms. Rentjana, a video advertising service provider in Indonesia, faces competition from other businesses in terms of pricing, quality, and innovation. To stay competitive, Rentjana must focus on creating unique value and setting itself apart from rivals. Obstacles to entry include economic size, brand loyalty, access to distribution channels, capital expenditures, and government restrictions. The threat is greater when entry barriers are low while low when they are high.

Bargaining power of suppliers is also a crucial factor in the industry. Rentjana relies on suppliers like rental companies, locations, studios, and catering services, which affect the cost, quality, and accessibility of goods and services. Suppliers' purchasing power increases when there are fewer suppliers or when their input is crucial for the sector. Suppliers can successfully integrate into the market and provide businesses that rely on their supply more clout. However, their ability to compete may be limited in cases where there are more suppliers than companies or when there is a close equivalent for the input provided, giving the company more wiggle room to switch suppliers or bargain.

The bargaining power of the buyer is crucial in determining the cost and quality of a good or service. A buyer's power is high when there are fewer buyers, the product is not distinctive, or the consumer is well-informed. This power can be increased when the number of clients is relatively small compared to the number of companies in the industry, the products or services sold are not differentiated, and the client has the ability to integrate back into the industry and produce their own products or services.

However, the buyer's bidding power can be low when there are many influential buyers compared to the number of companies in the industry, the products or services sold by the renter have differences, and the buyer does not have the ability to integrate backwards or downwards into the industry and produce their own products or services. Rentjana should consider the power of the buyer, such as well-known companies that end up as their clients, as these brands can affect the contract's terms and conditions, including the cost and level of production.

The threat of substitutes is also high when there are many alternative products or services available that can meet the same needs as the desired industry product or service, putting pressure on the price and profitability of the industry. A replacement product or service is of comparable quality and performance to the industry, making it easier for customers to switch to them. However, the threat of replacement products can be low when there are only a few substitute products or services available, the

replacement product or service is not comparable in quality and performance, or the replacement product or service has higher prices, making it less attractive to customers and reducing pressure on industry prices and profitability.

Rentjana must consider potential threats to substitute goods or services, such as digital advertising and online video content. To counter these challenges, businesses must monitor market developments and offer additional value to their services. The threat of replacement products affects prices, sales volumes, and industry profitability. To mitigate these threats, businesses should differentiate their products or create their own substitutes.

Rivalry among existing competitors is high when there are many competitors, limited industry growth, and significant outbound barriers. This strength is fueled by fierce competition among businesses in the industry. Competitive intensity can be strong in situations where the majority of businesses are around the same size and power, such as market share competition, small market shares due to slow growth, fierce competition for meager earnings due to high fixed costs or exit barriers, and the inability of a company's goods or services to be distinguished from one another.

On the other hand, low levels of corporate competitiveness may exist when the number of businesses in the sector is small, or one firm dominates, all businesses can profit from the market's expansion, low exit barriers and fixed costs, distinctively different goods and services, and cooperation to accomplish shared objectives. Rentjana needs to be wary of prospective new competitors entering the video production sector in the rapidly expanding digital age. To lessen the threat of new competitors, Rentjana must increase its competitive advantages, such as a solid reputation, robust networks, and high competence. These companies now produce the same product as Rentjana in the advertising sector.

4.2.2 Pestle Analysis

Pestle Analysis is a systematic and structured approach to analyzing an organization's external environment. It helps identify trends, opportunities, and threats by examining six macro-environmental factors: political, economic, social, technological, ecological, and legal. RENTjana can benefit from Pestle Analysis by gaining a comprehensive understanding of their external environment, enabling strategic decision-making and identifying opportunities and mitigating risks. This framework helps organizations adjust their strategies and capitalize on opportunities.

Politics: Rentjana is influenced by business regulations, complaints regulations, and government policies for the creative industries. Government subsidies and assistance for the creative industries, including video creation, can impact Rentjana's expansion. Investors should be aware of how changes in these variables, such as tax laws, trade rules, or political unrest, can affect their business. The author foresees numerous possibilities.

Economic: The growth of the Indonesian economy and consumer spending rates affect Rentjana's demand and income. Economic factors such as unemployment, inflation, and supply and demand for commodities can also impact Rentjana's capacity and financial success.

Social: Social factors include demographic trends, consumer behaviour, and lifestyle changes. Changes in consumer preferences for video content and social media usage can affect the demand for Rentjana's services. Technological advancements and digitalization influence how consumers access and consume video content, thereby affecting future marketing strategies.

Technological: Technological factors encompass progress, research, development, and innovation. Staying abreast of technological advancements is crucial for Rentjana to remain competitive. Technological improvements in video production, software, and production tools can enhance efficiency and quality. Collaborating with other vendors can ensure optimal results at a cost aligned with Rentjana's needs. Technological changes in the distribution of video content and digital platforms may impact Rentjana's future distribution channels.

Legal: Legal factors involve laws, regulations, and court decisions affecting business operations. Compliance with copyright, intellectual property, trademark protection, labour, tax, and other regulations is important for Rentjana. These regulations can impact Rentjana's production activities and intellectual property rights.

Environmental: Environmental factors pertain to the physical environment, including climate change, natural resources, and sustainability. Environmental awareness and sustainable practises can influence consumer preferences and demand for

environmentally friendly companies. Although environmental factors may not significantly impact Rentjana's business, adopting sustainable production practises can provide a competitive advantage.

4.2.3 Competitive Analysis

Increasingly, the advertising industry is moving into the digital world. This makes a lot of players emerge, and old players begin to spread their wings. Moreover, it is a creative agency that has already begun to spread its wings into the field of video production. Below, this author tries to analyze the range of products owned by Rentjana and several creative agencies that provide the same services.

| Competitor | Rentjana | Artee Group | Creativera | North Kreatif |
|------------------|--|--|--|--|
| Industry | Rumah produksi iklan digital | Digital, Creative, Influencer & TikTok Agency | Digital Agency Creative | Digital Agency Creative |
| Range of Product | High quality Video Production (Commercial Videos, Short Films, Web Series, Corporate Videos, Music Videos, Documentary, Animation), Design Branding, Studio Rental | Creative Idea, Brand Identity, Art Direction & Colleteral Design, Social Media Maintenance, Video production | Video production, Social Media Maintenance, motion graphics, Visual photo & Branding | Digital Marketing, Branding, & Design Agency |

Table 8 Competitive Analysis of Rentjana
(Source: Author Analysis, 2023)

According to the competitive analysis table above, the author contends that Rentjana differs from its rivals in the digital advertising sector and the regional creative agency in Jakarta in a few key ways. Among these variations are a few of the following:

Superiority: Rentjana has the vision to create a global collaborative space for creative professionals with a shared goal of creating exciting and meaningful films for the public good. Rentjana is also committed to providing an exciting visual storytelling experience for audiences through a variety of different perspectives and filmmakers. Customers listen to customer needs and use the best people and technology to create visual content that resonates with the client's target audience.

Focus on Brand Advertising: Rentjana specifically focuses on the production of big brand advertising courses (brand advertising) by creating short films, online series, and ads for brand marketing. This can distinguish Rentjana from competitors who may have a wider or more specific focus on UMKM.

Portfolio and Connections with Famous Brands: Rentjana and some of the above competitors have the advantage of having a strong portfolio with famous brands. However, Rentjana's presence as a company that produces advertising for major brands in Indonesia can provide the potential to have a strong portfolio with well-known brands with very significant quality differences from other competitors.

Focus on UMKM: Some of Rentjana's competitors have a special focus on UMKM and provide creative solutions to help UMKM develop their brand. It cannot be denied that Rentjana's focus today is to have more experience and capabilities in serving large brands than serving products for UMKM.

4.3 Environment Analysis

4.3.1 SWOT

The author conducted a SWOT analysis to understand Rentjana's market position and suggest strategic moves. Rentjana has experience in producing eye-catching brand advertisements for Indonesian companies using advanced technologies, a skilled creative team, and target demographics. Their creative sectors include short film production, web series, and brand advertising, offering diverse solutions. However, Rentjana faces limitations in managing larger projects and not targeting SMEs, which could impact its appeal in the market.

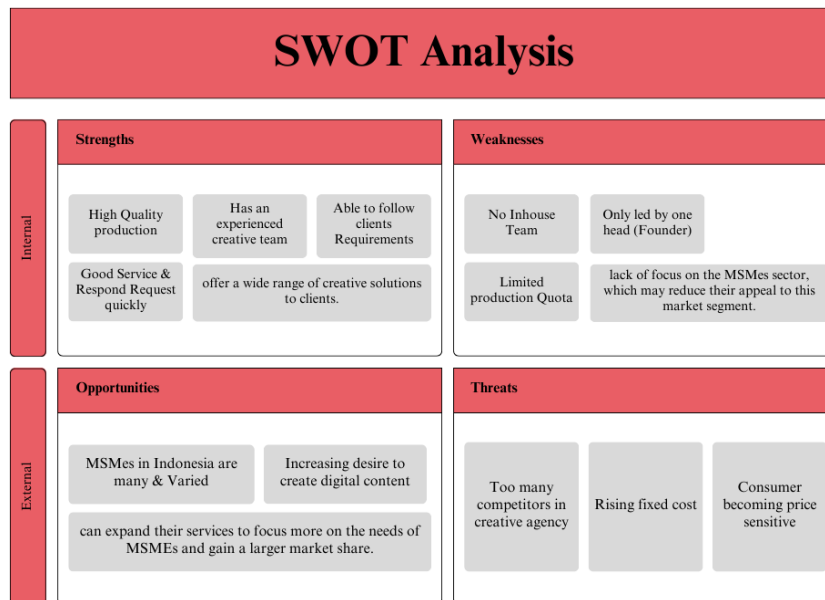


Figure 8 SWOT Analysis of Rentjana

4.4 Strategy Formulation

4.4.1 VRIO Analysis

| Factor | Valuable | Rare | Inimitable | Organization |
|-------------------------------------|----------|------|------------|--------------|
| Quality team | Yes | Yes | Yes | Yes |
| Brand Recognition | Yes | No | No | Yes |
| Deep Knowledge of Creative Industry | Yes | No | No | Yes |
| Customer Relationship | Yes | No | No | Yes |
| Partnerships with Big Brands | Yes | No | No | Yes |

Figure 9 Vrio Analysis of Rentjana

Rentjana's team plays a crucial role in the smooth operation of the business, as they have limited influence over resources. The company's well-known brand can help build trust and a good reputation with customers. To maintain a competitive advantage, Rentjana should consider effective brand awareness-building initiatives. The company's connections with clients are valuable for customer retention and recommendations, but they may also be formed by other businesses. Rentjana should maintain these relationships and seek opportunities to work with other well-known companies. The internal advantages of Rentjana's growth strategy are indicated by the variables with the "Yes" designation in the Value, Rarity, Imitation, and Organization columns of the VRIO framework.

4.4.2 Value Proposition Canvas

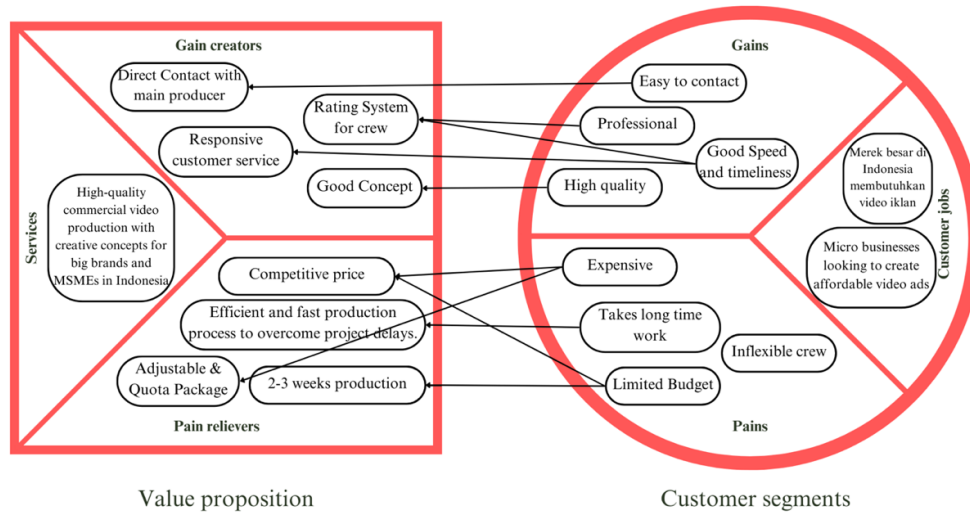


Figure 10 Value proposition of Rentjana

Rentjana creates added value for customers through products and services, targeting Indonesian brands, businesses influencing audiences, small businesses, and expert video production services for various needs.

4.4.3 Ansoff Matrix

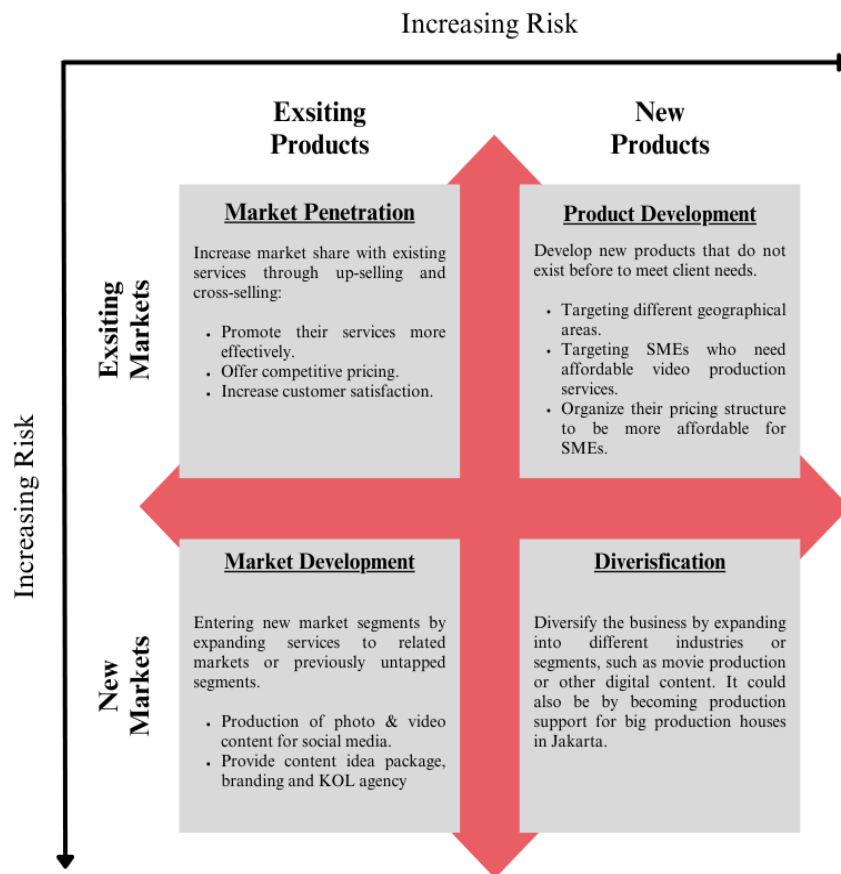


Figure 11 Ansoff Matrix of Rentjana

Ansoff's Ansoff Matrix helps companies assess their current state, map out market potential, and choose the best growth plan. Rentjana can realize potential by conducting in-depth market analysis, considering competition, and understanding customer

needs in Jakarta. Rentjana can take advantage of current markets by cross-selling and up-selling to current clients, creating new products, expanding services to adjacent markets, and diversifying its business by entering new sectors. By focusing on existing products, expanding services to new markets, and diversifying its offerings, Rentjana can lower the risk of dependence on a single service or market, generate new revenue streams, and increase its market position in Jakarta's manufacturing sectors

5. Conclusion

This study aims to understand the impact of online video advertising on the ad industry, focusing on the enablers, possibilities, and difficulties of online video advertising. The study aims to provide a conceptual framework that incorporates the enablers, possibilities, and difficulties of online video advertising.

The current business ecosystem, business landscape, and business environment in advertising production houses are affected by changes in media consumption and the competitiveness of the industry. To create effective advertising content while adhering to regulations and policies, companies must produce materials that fit new digital platforms, innovate with cutting-edge technologies, and work closely with partners.

The analysis of the industry involves examining the market size, growth rate, and trends specific to advertising production houses. Factors such as industry regulations, technological advancements, and shifts in consumer behavior are considered. The competitive analysis evaluates the industry's competitive landscape, identifying direct competitors, their strengths, weaknesses, and market position.

Partnership and collaboration analysis investigates the partnerships and collaborations formed by advertising production houses with advertising agencies, digital platforms, influencers, and content creators. The author also identifies opportunities for growth in the ad production industry, such as niche markets, new service offerings, strategic partnerships, or expansion into emerging advertising channels.

The research leads to the conclusion that Rentjana, a production house, has a strong foundation that can be applied to each of its business operations. To implement these strategies, Rentjana can expand into new markets, diversify its service offerings, create collaborations and strategic partnerships, focus on scalability and operational efficiency, prioritize customer focus and retention, and manage financial resources effectively.

In conclusion, Rentjana's growth strategy is based on market analysis, competitive position, customer needs, and internal capabilities. By implementing this comprehensive strategy, Rentjana can manage expansion and capitalize on market prospects.

5.1 Implementation Plan

Implementation strategy ensures seamless execution of thesis plan, including research methodology, resources, and project execution, ensuring successful completion of study or project.

a. Ideal Customer

| Factor | Ideal Cust Profile 1 (Rentjana) | Ideal Cust Profile 2 (Rentjana) |
|---|--|--|
| Segment | B2B services/product based companies | B2B services to small enterprise clients |
| Sub-Industries | Ecommerce, Subsidiary company, manufacture | Small company |
| Locations | Indonesia, India, Singapore, Malaysia, UK | Indonesia |
| Revenue (Rp) / Year | 20 Billion – 1 Trillion | 500 million – 1 billion |
| Team Size | 30 - 1000 | 10 - 100 |
| Organization Challenges and pain points | | <ul style="list-style-type: none"> They don't have a systematic approach that allows them to grow predictably, not just organically |

| | | |
|--|--|---|
| | <ul style="list-style-type: none"> • They are companies that have been established in their own country • Sales always increase every year • Only need to do maintenance in the development of marketing strategy • products that are always in demand | <ul style="list-style-type: none"> • Don't have the skill to develop a go to market strategy & full funnel approach • Low brand awareness • They have a good brand |
| Why should they choose us (value proposition hypothesis) | <ul style="list-style-type: none"> • Specific departments and roles & professional team • Providing the best quality and service • We offer a good price • We can make various kinds of videos as you wish, TV commercials, digital, music videos, corporate videos and filler videos. | |

Table 13 Propose Ideal Customer
(Source: Author Analysis, 2023)

To implement the implementation strategy, Rentjana should compile a list of ideal clients based on strategic goals and objectives. Understanding the most valuable target markets for Rentjana's goods or services is crucial for effective marketing, sales, and service development.

b. Ideal Organization

Assignment of Responsibilities and Management Organization Once the action plan is developed, responsibilities should be assigned to the appropriate individuals or teams.

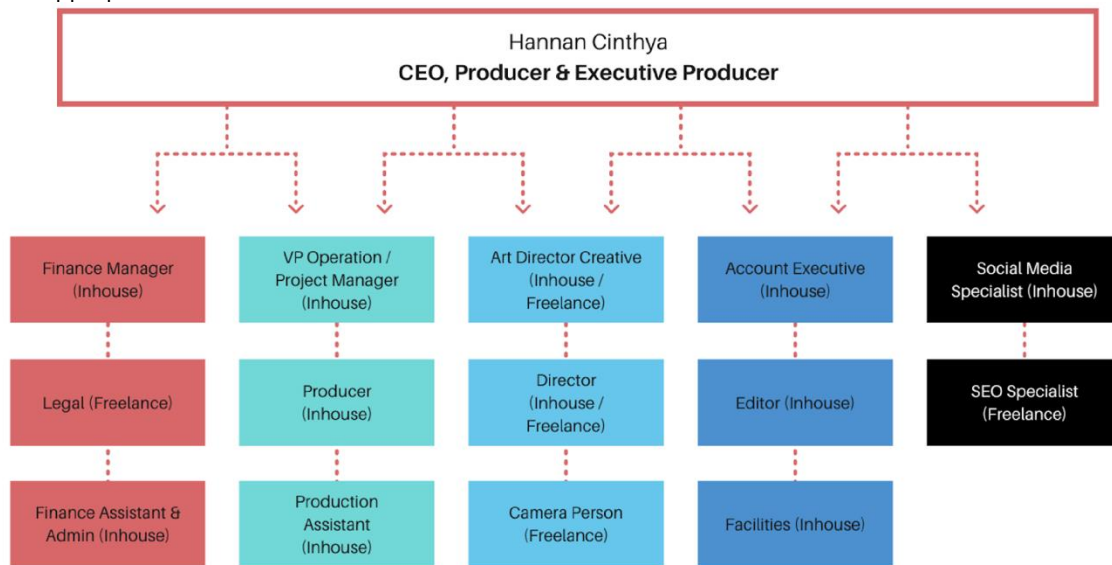


Figure 38 Propose Ideal Organization
(Source: Author Analysis, 2023)

The main goal of Rentjana's organizational structure and responsibility distribution in the implementation plan was to establish a simple and effective framework for carrying out its corporate strategy. Rentjana was able to accomplish a number of its main goals, including focus and prioritization; responsibility and accountability; flexibility and growth; efficiency; and cost reduction, using the appropriate organizational structure and appropriately delegated duties

c. Timeline Implementation Plan

Rentjana is able to conduct continuous and iterative development work in response to client feedback by using a phased time frame. To increase its market share in the future, Rentjana has taken strategic steps such as creating a thorough marketing plan and collaborating with ideal business partners in the form of a timeline. As part of the growth and expansion phase, Rentjana expands its services to other regions or business sectors and forms key alliances.

Proposed Business Growth Strategy for an Advertising Production Company That Penetrates the Small and Medium-Sized Business Market in Jakarta: A Business Case, Rentjana

| STRATEGIC ACTIVITIES | 2023 | | | | 2024 | | | |
|--|------|----|----|----|------|----|----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Define the target market & develop a value proposition. | | | | | | | | |
| Conduct market research and analysis of UMKM needs. | | | | | | | | |
| Identify market opportunities and customer segmentation and competitors | | | | | | | | |
| Refine the service concept based on market feedback. | | | | | | | | |
| Conduct market surveys and consult with UMKM to validate the concept. | | | | | | | | |
| Design the concept of the new business service. Create a product development roadmap and marketing strategy. | | | | | | | | |
| Explore strategic alliances with financial institutions and conduct market expansion research. | | | | | | | | |
| Conduct a comprehensive assessment of financial and operational aspects. | | | | | | | | |
| Strengthen partnerships with financial institutions and other collaborators. | | | | | | | | |
| Expand the service's reach to new regions or industry sectors. | | | | | | | | |
| Establish partnerships with early adopter UMKM for pilot testing. | | | | | | | | |
| developing the prototype of the service platform. | | | | | | | | |
| Implement improvements based on user feedback. | | | | | | | | |
| Evaluate trial results and iterate accordingly. | | | | | | | | |
| Conduct targeted marketing campaigns and partnerships with relevant associations. | | | | | | | | |
| Conduct marketing campaigns to attract more UMKM. | | | | | | | | |
| Evaluate user performance and satisfaction. | | | | | | | | |
| Execute the marketing and branding plan to drive customer acquisition and retention. | | | | | | | | |
| Launch the service to the market. | | | | | | | | |
| Finalize legal and regulatory compliance requirements. | | | | | | | | |
| Scale up the infrastructure and establish partnerships with key players in the industry. | | | | | | | | |
| Strengthen the development and customer support teams. | | | | | | | | |
| Monitor initial user feedback and make necessary adjustments. | | | | | | | | |

Table 13 Implementation Plan of Rentjana
(Source: Author Analysis, 2023)

A 1.5-year timeframe is given by the author, which is seen to be adequate for creating and launching a new business solution for the SME sector. In order to make sure that the services provided match the expectations of potential consumers, Rentjana is obliged to do market research first and determine the needs of SMEs.

6. Recommendation

Rentjana has made significant strides in business management and productivity, but there is still potential for improvement in management and financial systems. To optimize advertising strategies, Rentjana should use more data analysis and implement data-driven strategies. Additionally, Rentjana should improve communication with customers and business partners, involve people in content planning and development, and ensure clear communication at every level of production. Rentjana can diversify its offerings and boost its market share by focusing on market research, creating a focused marketing plan, and regularly evaluating performance, cash flow, and investment needs through financial analysis.

Investors should stay up-to-date with industry trends and strategy and performance evaluation to make informed investment decisions and identify growth opportunities. Further research should focus on customer preferences, the emotional and psychological effects of video material, and the classification of internet video advertising practices. The goal is to contribute to the growth of academic knowledge by promoting more research in the field of internet video advertising and promoting further understanding of Indonesia's production companies and internet video advertising.

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