

CHAPTER I

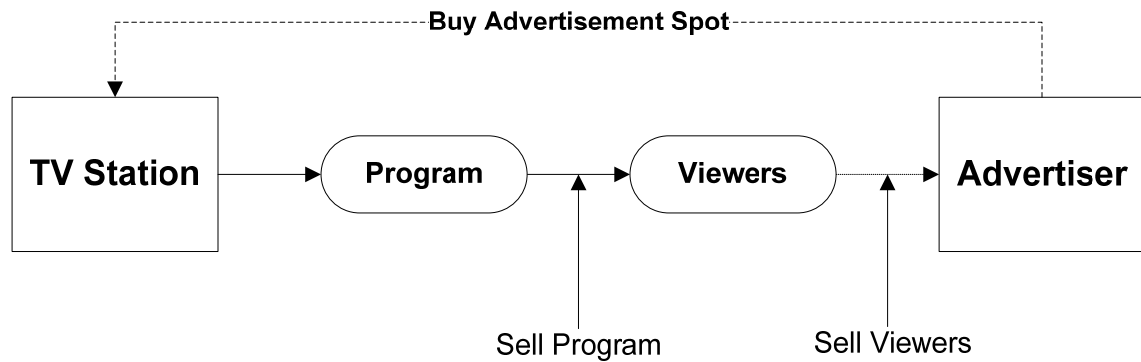
INTRODUCTION

1.1 BACKGROUND

Television is getting transformed rapidly into a primary source of information and entertainment for millions of Indonesian families. Television also has long been recognized to have the power to influence public opinion, perception, behavior, and lifestyle.

The popularity and image is key to the success of a television station took a part in advertising or obtaining revenues and profits from the commercial broadcasting. Many factors that determine the image of television stations, but most importantly is the quality of the program broadcast and signal reception quality in the community. Because, in turn, quality programs will attract many viewers and a substantial amount of viewers will be attractive to the advertiser. In contrast, image and popularity of a TV station would be dropped if it is not able to present quality programs that are not attractive to advertisers.

In fact, advertisers do not see it on the quality of a program - good or not - but most importantly for them is how many viewers are watching it. Therefore we can say that television stations are not really sell program to the advertisers but sell to the viewers (model below).



Picture 1.1 TV Sales Model

TV has numerous advantages over other media, including creativity and impact, coverage and cost effectiveness, captivity and attention, and selectivity and flexibility. (Belch & Belch 2009)

As time goes by there are many national television and dozens of local television, people are free to choose what program they prefer to watch. In Jakarta as a capital city of Indonesia, there are 6 local televisions that compete each other to win viewer share of Jakarta's people.

The rise of the television business shows that broadcast television been welcomed from society, it is because television entertainment for the people of Jakarta has become part of their everyday life. That is why the broadcast television to residents of Jakarta and surrounding areas should continue to expand along the rapid development and the phenomenon of the capital city. Through the local TV broadcasts, a specialist in urban areas, local communities are not only expected to increase knowledge, but also help people's lives to be more specific, according to typical residents of the

metropolitan city. As in the outside Jakarta, they also have their own TV station characters, similar to the viewers who enjoy their program.

From the point of view of viewers, programming is the process of providing the appropriate broadcast material that can fulfill the wants and needs of viewers show it on the most appropriate time for them. For TV stations, programming is to acquire and develop a program and schedule it in order to attract as many viewers and compete with all existing competitors.

Technology in media characterized by one-way communication becomes a determining factor for the strong prime time. In prime time, all of televisions show the same dish, causing the promotion deliver on prime time could reach thousands and even millions of viewers, whether they are the target market or not.

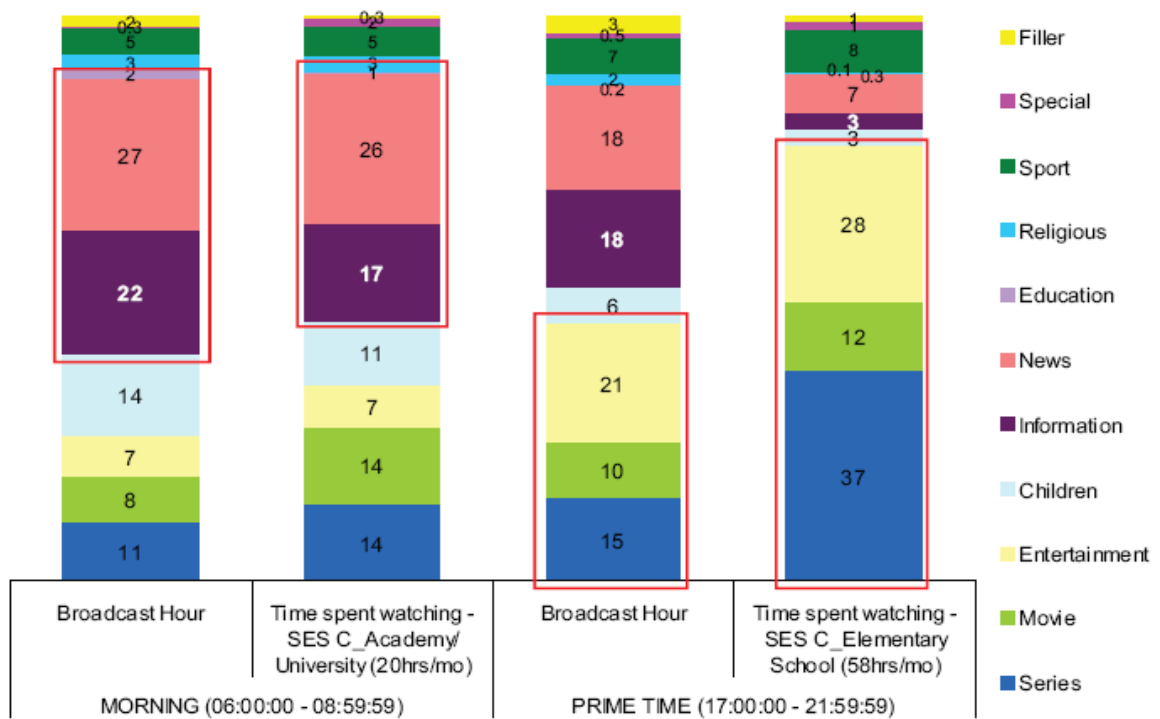
With a high rating on the prime time hour, a TV station would be easier to create package advertising, which is enough to sell ads on prime time slots. The other slot hour can be used as a bonus to sell slots in primetime. Toughest challenge for local TV is TV Network (national private TV), which operates from Jakarta, beside their real competitor, other local TV in the same area.

The interesting is the data about the profile of TV viewers according to AC Nielsen survey of television viewers in Indonesia. The data shows, the lower level of

education, the higher the time spent watching television. For example, throughout the month of January 2008 according to AC Nielsen shown that the higher their education, the lower their viewer-ship. This pattern appears during prime time with the biggest potential audience. During 5 to 10 PM, low-educated viewers are the biggest viewers. They spend 37% of their watching time for series and 28% for entertainment program.

In the meantime, more high-educated viewers are seen watching TV in the morning, during 6 to 9 AM. They spend most of their time to watch news (26%) and information (17%) programs.

Broadcast hour vs. time spent watching, January 2008, Middle class (SES C low educated vs. SES C high educated)



Picture 1.2 Broadcast Hour vs. Time Spent Watching

This watching time percentage is similar to broadcast time percentage. In the morning, the biggest portion goes to news (27%) and information (22%) programs. While during prime time, there is additional time for series, movies, and entertainment program compared to morning time, each goes for 15%, 10%, and 21%. So the big C-class is not a homogenous population. Further demographic traits reveal different habit and program choice of this group

Similarly, the lower level of economic, the more time spent watching television. This may be understandable, because people with higher education prefer to fill the time for other activities such as reading from various media or the various sources of information.

Indeed, the TV station who tried to targeted A/B class will only be obtained rating in accordance with their market segmentation, because the audience with a profile like that are few in number compared to the audience with another profile.

1.1.1 Local Television Industry

The rapid growth and future trends in the Indonesian television industry, especially with the emergence of many local television stations in the area is promising a lot of hope. Uniqueness of each area where it was supposed to local television should be seen as a potential source of income that could support a

broadcast institution. Local TV is not the same as national television, because coverage and broadcast material are also not the same.

Expectancy not only on business growth in the field of television itself, but no less important is the positive impact of the presence of local TV, such as the development of social, cultural and political also economical areas which would lead to the opening of employment for local communities, regional development and progress of local communities and beyond.

In the era of regional autonomy, the role of mass media is very important, especially with the presence of local TV has been specially managed by each region. Government regulation no.22 of 1999 which revised the Act No.32 Year 2004 on Regional Government to focus more on participation and community control and empowerment of local institutions. An effort should be made for the success of regional autonomy is to optimize the role of local non-governmental institutions, such as local TV.

The phenomenon of growing so many of local television in various regions can be an indicator has been the spread of broadcasting resources. Association of Local Television Indonesia (ATVLI), an organization where the merging of the local television set up on July 26, 2002, until today has brought member as many as 23 local television industry. Its members are spread in various regions in Indonesia.

1.1.2 Local Television Competition

There are 7 TV station specializing in local broadcasting in Jakarta:

Table 1.1 Local TV Station in Jakarta

Jakarta Local TV Station				
No.	Station	Frequency	Segment	Positioning
1	B Channel	ch 23 UHF	Age 5+, SES A/B/C/D	Family Entertainment & Education Television
2	Elshinta TV	ch 35 UHF	Age 21+, SES A/B/C	News & Information Television
3	Da Ai TV	ch 59 UHF	Age 5+, SES A/B/C/D/E	Humanity Television
4	JakTV	ch 55 UHF	Age 18-45, SES A/B/C	Entertainment, Education & Lifestyle Television
5	O Channel	ch 33 UHF	Age 21-49, SES A/B	Lifestyle, Entertainment, City Centric Channel
6	Spacatoon	ch 27 UHF	Age <15, SES A/B/C/D/E	Children's Television
7	Sun TV	ch 34 UHF	Age 5 +, SES A/B/C	Family Entertainment Television

This table has shown all local TV Station in Jakarta area including their segment and positioning.

Local TV station which focusing on entertainment, life style, and diverse urban community life of the capital are O Channel and Jak TV. These both TV stations are now becoming known by Jakarta and the surrounding communities, because the program is offered in accordance mobility and metropolitan lifestyle, whether it is impressions lifestyle guide, exclusive news, music, and sports.

1.1.3 Company Overview

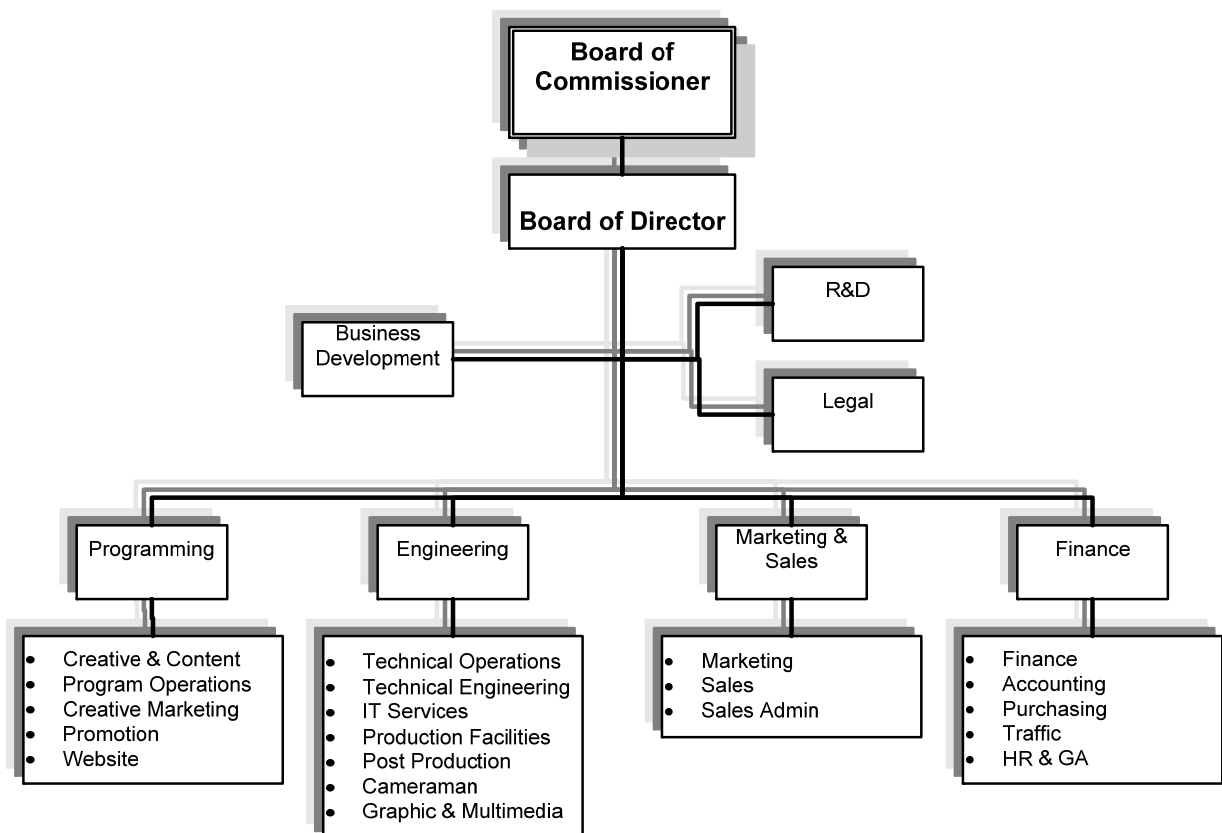
A. Company History

O Channel with their tagline “Jakarta’s Own Channel” is the first, privately owned, local television station in Jakarta. On-air since August 9, 2004 (where the

channel was available on a restricted basis for trial broadcasting), the channel is now fully broadcast to the people of Jakarta and its greater area as of May 2005.

The aim of the channel is to provide a new standard of television, focused on lifestyle and entertainment and seeking to directly engage the people of Jakarta.

B. Organization Structure



Picture 1.3 O Channel Organization Chart

This chart is structure of O Channel management. Mr. Elsaputra Justia is the Director of O Channel, and Programming division lead by Mr. Tunjung Saksono.

C. Vision and Mission

- **Vision**

To become a television channel for Jakarta that provides a new standard of television focused on the people of Jakarta.

- **Mission**

To become Jakarta's leading channel in innovation and quality of programming, city centric, relevant and constantly evolving.

D. Target Audience and Positioning

O Channel divides its Target Audience based on Demographic and Psychographic as follow:

- **Demographic:**

1. 21 to 49 Years old
2. Jakarta Citizen
3. Equivalent Male to Female ratio.
4. Predominantly A/B specific consumer/viewer, in order to exploit a rapidly growing high end, high disposable income population.

- **Psychographic:**

Open minded, sociable, pleasure seeking, self-confident, decision maker, young at heart, individualistic, high profile, dynamic, full of energy, talented, dreamer, pragmatic, aggressive, experimenter, expressive, trendsetter.

O Channel's positioning is Jakarta's local television for cosmopolitan people that provide a good quality Entertainment, Lifestyle and City Centric programs. Programming should differ conceptually from existing networks, and remain consistent with its target audience through high-quality programming content combined with creativity.

E. Technical Highlight

- **Coverage**

Operate on Channel 33 UHF which is considered as a low channel that will reduce cable loss in most households, the result is a clear picture on TV sets.

- **Antenna**

1. The Height : 286 meter (286 meter antenna height is
 - a. Considered one of the highest antenna in Jakarta).
2. Type antenna : Omni direction - cover all areas of Jakarta and its
 - a. Greater area (less blank spot).
3. Power : 2 x 40 kW (80 kW)

F. Programs

O Channel focusing their program on entertainment program. Below is O Channel's list of program:

- **In house Program**

In house program is all program that produced by O Channel's production team.

Table 1.2 O Channel In-house Programs

Inhouse Program		
Name	Description	Category
Loe Lebay	Fun Celebrity gossip program with funky presenter.	Infotainment
Paranoia	Lifestyle program about Indonesia's latest party and clubbing events.	Lifestyle
Militer	Lifestyle program about Indonesia's Military profiles & equipment.	Lifestyle
Bazaar Style	Lifestyle program about latest fashion trend.	Lifestyle
Music Mix	Music clip compilation program, local and International.	Music
Jakarta Mix	Variety show contained music clip, movie & book review, etc.	Variety Show
The Box	Reality Show that give a chance to Jakarta people to expressed inside the box studio	Reality Show
Dem O	Music show and talkshow about Indonesia Indie Musician.	Music
Chat Mate	Live interactive chat program.	Lifestyle
Rekomendasi	Programe that gives recommendation about Restaurant, Hang Out spot & leasure places	Lifestyle
Backyard Adventure	Lifestyle program about traveling in Indonesia.	Lifestyle
O Shop	Home Shopping program that sell various products.	Home Shopping

- **Outsourced Program**

Outsourced Program is all program bought from third party production house or agent.

Table 1.3 O Channel Outsourced Programs

Outsourced Program		
Name	Description	Category
Sparkling Asia	Korean Drama Serial Movie.	Serial Movie
Mak Comblang	Reality show program about Match-maker	Reality Show
Drive It	Lifestyle program that provides information complete information about cars	Lifestyle
World Sport	Sport program that provides latest sport news and updates from all over the world	Sports
Weekend Movie	Movies from various Genre on week end.	Movie
Latenight Movie	Latenight Movies from various Genre.	Movie

From the program list above, some of it is become O Channel's flagship program, some of the programs are:

1. Sparkling Asia
2. Loe Lebay
3. O Shop

Based on the discussion with O Channel's Programming Division Head, Sparkling Asia and Loe Lebay have a quite good rating. That is why currently O Channel put them as their flagship programs. O Shop, O Channel's In-House Home Shopping program is in the flagship program list because it could generate quite good revenue to O Channel.

G. Services

Besides selling the advertisement, spot and blocking time to their customer, O Channel also have several services such as:

- **Production House**

O Channels in house full service production division has the creative and execution expertise, to develop and produce any broadcast related production projects, be they television commercials, interstitials or long form programming.

- **Research and Development**

O Channels in-house Research and Development Department will help to show clients the direct results of their advertisement/interstitial/ programming on O Channel.

- **Syndication**

As O Channel is a city specific channel, it shares an affinity with similar city specific channels in other major cities in Indonesia. O Channel seeks to work closely in conjunction with other local TV outside Jakarta to provide a syndicated network of city centric broadcasters, which in turn directly benefits the clients by helping them to further their reach throughout Indonesia.

1.2 PROBLEM DEFINITION

In television industry, the success of a TV station is depending on their program. Interestingly, the quality of the program was not the only determinant factor for a successful TV program. Providing audience with programs that suit their preference is considered will be more impactful.

To create an attractive program for the target audience, it is very important to consider their preferences of their target audience (Atkin, Neundorf, Jeffres and Skalski, 2003; Dupagne, 1999). Based on the discussion with O Channel management, currently the determination of their TV program still haven't based on their target audience preference. Therefore if O Channel wants to increase the number of their loyal audience, they have to start considering their target audience preference when creating a TV programs. Otherwise it will be difficult for O Channel to optimize the opportunity of leveraging the big number of Jakarta's citizen as their target audience.

O Channel realized that their strategic decision on targeting audience in SES A/B was tough because they are not the real TV viewers; they are too busy with their work and their social life. That is why O Channel decided to expand their target audience not only for audience from SES A/B (Primary Target Audience) but also for audience in SES C/D (Secondary Target Audience).

One of the issues in O Channels is how to create TV program based on their primary targeted audience (SES A/B) preference which also could attract their secondary

target audience (SES C/D) who are the real TV viewers. Furthermore, since O Channel realized that their primary target audience activity are busier than the secondary target audience, they also need to determine whether different SES segment have a significant different in watching time preference. So O Channel could understand when the most preferred watching time is for their primary and secondary target audience. At the end they could decide the best time to run their program based on their target audience watching time preference.

TV program that could attract more audience could increase company income through the increase of TV advertisement placement. That's why O Channel should be able to obtain the opportunity by attract as much as audience through their TV program which aired on the appropriate time.

Thus, we conceptualize the problem in this Group Field Project as:

“The Preference of O Channel Primary and Secondary Target Audience towards TV Programs and Watching Time.”

1.3 OBJECTIVE

The objectives of this study are:

- To identify O Channel's primary and secondary target audience preference on TV programs category.
- To identify O Channel's primary and secondary target audience preference on watching time.

- To analyze and map current O Channel's programs to the preferred program based on the research findings.
- To provide recommendation on what kind of TV program that suitable for the target audience of O Channel and when is the best time to run it.

1.4 SCOPE OF STUDY

This study tries to focus on finding out the preference of O Channel's primary and secondary target audience on TV Program and Watching Time, so at the end the finding can be used to discover and decide what kind of programs are need to create and when to run it.

Since O Channel is Jakarta's local TV, this study will be done focus on their targeted market audience located in Jakarta.

In this study, we utilize primary and secondary data. Primary data is obtained by quantitative method by distributes a set of questionnaire to the target audience of O Channel TV. Secondary data is obtained from web site, previous research, company profile, organization structure, performance and any other data and information obtained from the company.