

STRATEGIC DECISION MAKING TO ENHANCE FILM DISTRIBUTION CHANNEL AND MINIMIZE LACK OF CINEMA SCREEN PROBLEM IN INDONESIA**Dian Alanudin**

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Abstract

In Indonesia, the majority of film makers are independent film producers who perform all phases of filmmaking from development to distribution functions. Indonesia has significant film market potential, with large population and increasing middle class income, but currently Indonesia has only 1117 theaters with one market category, the middle-up class. Many Indonesian films suffering from financial loss and this sector considered as a high-risk investment. Objective of these research is to find solutions to enhance movie distribution channel and minimize the lack of cinema screen problem in Indonesia. The research methodology used in this paper is qualitative by interview and observation. This research will be analyzed from an external environment and industry perspective using PESTEL and Porter's 5 Forces. Fishbone, Stakeholder Analysis, and Behavior Over Time Graph are used to find the root causes, identify key player, and pattern of existing conditions. In a complex problem situation, strategic decision making is analyze through system thinking approach. Government intervention, key player innovations, cross promotion, technology can be identified to improve and change system behavior to these complex problems. For solution and recommendation, web-based integrated system as a components interrelationship will balance the performance, productivity, resources, and create many door opportunities for all stakeholders.

Keywords: strategic decision making, film distribution channel, movie exhibition**INTRODUCTION**

Distribution is one of the most important things in the film industry in Indonesia. Distribution refers to circulation and the marketing of movies in theatres, for home viewing, online and offline channel (Albarran, 2013; Christou, 2015). Distribution has to identify and deliver the largest possible audience for a film. Distribution in the film industry has two major functions, there are (Bravo & del Mar Rubio-Hernández, 2020):

1. Marketing etermined market analysis and the target audience of the film that will be distributed.
2. Distribution or circulation of the film that will be produced for the theater and the entire circulation path to the audience.

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Distribution of the film industry in Indonesia requires serious attention in terms of management and regulation. If processes and distribution channels can be regulated properly, the sequential of Indonesian films can be much longer and the revenue will also increase. With strong in sequential, distribution plan, and with the potential of Indonesia's population that will be increased in 2020, Indonesian film sector should become more stable or can achieve sustainability in a long term. If the film industry more stable and have more sustainability, it can contribute to Indonesian economy (Yasa, 2019). Distribution channels take an important role for a movie success. In current condition, the distribution channels, especially the number of cinemas still dominated by one major player, Cinema 21 Group. The cinema theater is not spread evenly and cannot be accessed by people from all social and economic status in Indonesia. Lack of monitoring of regulation, policy, and lack of management skills of the government and all stakeholders in the Indonesian film industry makes —a monopoly in the theater business in Indonesia. This is very detrimental to the producer or supply chain of Indonesian film industry. Distribution plays an important role in the series of film production (Jolanta, 2015). This is because some of the film produced in Indonesia who have already spend a big budget in the production stage but did not have a chance to be properly distributed. In addition, import movies still dominate the film distribution channels in Indonesia. With the lack and limited number of theater and cinema screens in Indonesia, distribution channel is an important issue that needs to be resolved. The objective of these paper is to find a solutions for the following question (Picard, 1992):

1. How to enhance film distribution channel in Indonesia
2. How to minimize lack of cinema screen problem in Indonesia

The parameters used to determine whether the research can be said to be successful or not, by an increase and a change in the system behavior of the film industry in Indonesia towards a better and optimal that can be seen through a causal loop diagram. These paper finding can create a competitive advantage and Indonesian film industry can become more sustainable in the long term. Minimal gap between causal loop diagram with the actual condition of the movie business is what will be an indicator to determine whether the research is feasible to provide a benefit and an optimal contribution to the Indonesian film industry or not (Vogel, 2020). The results will be used as research tools to solve real business problem in the practical purposes. The situation and problems regarding the lack of theaters and the absence of a professional and institutional distributor, Indonesian filmmakers need an effective strategy to optimize the growth and potential opportunities in the future.

RESEARCH METHOD

The research methodology using the qualitative approach for data collection (Sorescu, Warren, & Ertekin, 2017). Expert interviews from producer, distributors, exhibitors, and also regulator that represent as key player in Indonesia film's industry. They are experienced and knowledgeable in this sector. In conducting this research, generally consists of four main processes, there are:

1. Observations of the business processes in the Indonesian film industry.
2. Observation and assessment of the existing distribution channel at current condition.
3. Designing the decision-making strategies (problem-solving) through interviews with Indonesian film industry stakeholders, such as producers, exhibitors, distributors, customers, and regulators.

4. Provide recommendations to the Indonesian film industry to implement a decision-making strategy for film distribution channels in Indonesia.

This research will be analyzed from an external point of view by using PESTEL (Political, Economic, Social, Technological, Environment, Legal) and from an industry perspective using Porter's 5 Forces Analysis (Yusop, 2018). In search of the root causes to improve distribution channels of film and lack of cinema screens problems in Indonesia, using Fishbone Analysis. After the data collection, analysis process will use Stakeholder Analysis to find out the key player related to current situation. Behavior Over Time (BOT) Graph is used to understand the pattern of existing conditions (Zhu, 2001). After observation and knowing the pattern, strategic decision making is analysed through system thinking approach. This is because the problem situation is very complex and dynamic (Biltreyst, Maltby, & Meers, 2019). Through a causal loop diagram (CLD), government interventions, innovations from industry key players, or interventions in marketing, promotion, information and technology can be identified to improve and change system behavior.

The picture below is the conceptual framework of these paper to solve problem and business issue in distribution channel of Indonesian film industry

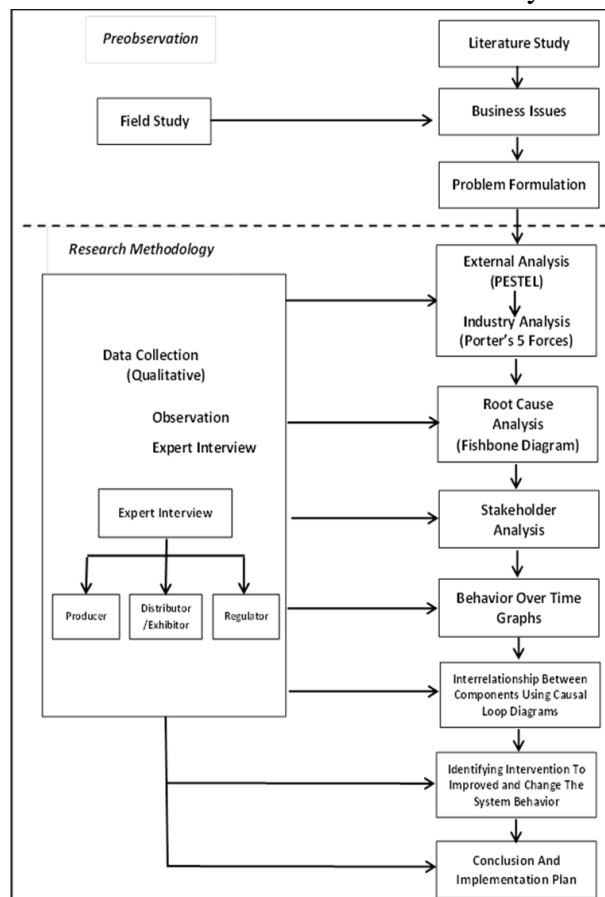


Figure 2 Conceptual Framework

RESEARCH AND METHOD

After data collection from observation and interview to several stakeholder in Indonesian film industry, such as government, producer, director, distributor and exhibitor,

this research findings that the key player in this sector should collaborate with all the stakeholders to enhance film distribution channel and lack of cinema screen problem in Indonesia with these solutions (Nidumolu, Ellison, Whalen, & Billman, 2014):

1. Open and build cinema screen for all Indonesian segment market, not only for upper class or middle class, but also for lower class with their own specification and characteristic and build equitable exhibitor for all Indonesia area.
2. Create a new market and separate the segment between commercial Indonesian film versus education, art, and culture film. This segment and type are different from one another by creating, building, or collaborate with venue partner to open such as —National Film Art House.
3. Open foreign investment for perfect competition market structure.
4. Create and develop exhibitor or cinema screen innovation concept and implement the possible concept.
5. Improved cinema screen capacity to maximum capacity or at least as requirement by the law which is 60% from total capacity.
6. Build and create cinema screen inside or outside regular cinema screen venue to playing custom request film.
7. Increase community screening with or without membership.
8. Create a collaboration with major exhibitor and create a new cinema screen venue for playing short film and old film rerun with lower price or special price.
9. Develop theatrical release or rerun film for kids once a week or once every 2 weeks with lower price or specific treatment (price, with gifts, or other promotional items).
10. Create and manage online and offline distribution channel strategy.
11. Promotion support from community, joint promo or cross promotion from media partner, community, association, company's Customer Social Responsibility (CSR), and government.
12. Develop web-based integrated system to enhance Indonesian film's Industry in Indonesia such as create and implement lean production in film production, insurance, permit for screening event or shooting location in film production, permit for censor, and implement the exhibitor innovation. Beside that, to enhance film distribution channel, key player and all stakeholder in these industry should have a knowledge and a networking about disintermediation in film distribution channel value chain. The sequential release path also important to enhance film distribution channel. Movie theatres usually is the first step in sequential release path, but now the strategy can be more varied. When identifying possible causes for a problem, fishbone diagram is develop.

There are six root cause that effected Indonesia film distribution channel using fishbone analysis, there are (McMahon, 2022): (1) Resource (2) Government or authorities policies (3) Exhibition (4) Production (5) Distribution and (6) Customer or audience, as stated in the figure 3.

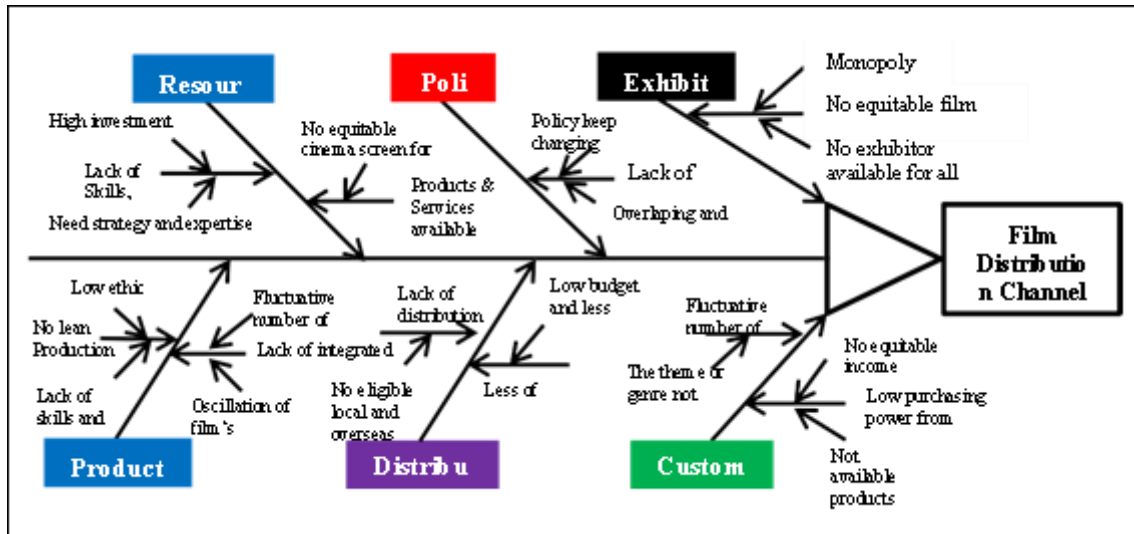


Figure 3 The Root Cause Analysis using Fishbone

From observation, interview, and Stakeholder analysis with interest and power matrix grid, the Key Players group has been indentified (Appendix B). The Key Player has high power to take incharge and control Indonesia film industry, this group have high interest to the industry compare to the other group (Alfaro, Yu, Rehman, Hysa, & Kabeya, 2019; Stead & Stead, 2014). Producers, management team, cinema hall owner, distributors channel, third party agencies, target audience, fans are the category of this group. To implement the solutions, this group should work together to all stakeholder. Player group should work together and motivate other group to have more power and interest to improve and make Indonesia film industry has more economic growth and sustainable competitive advantage. After find and interview the Key Player, BOT Graph about 10 best selling Indonesian films with the highest number of viewers from 2013- May 2017 can lead to oscillation pattern over time (Appendix C). BOT pattern about film production depends on the value of a variable such as local or foreign investment in these industry, source of supply, copyright, inventory, quality, policy, and market. The BOT graph about viewers also has oscillation pattern over time in Indonesia film industry. This specific pattern behavior depends on the value of a variable such as income, word of mouth promotion, or price. These two BOT pattern impact and influence other components in the system (figure 4).

Using PESTEL, Porter's Five Forces, Fishbone diagram to find root cause, Stakeholder analysis to find key player, and find the pattern behavior over time (BOT). To identify the interrelationship between that components these research using Causal Loop Diagram (CLD). CLD also used to identifying intervention to improve, change the system's behavior, and implement the solutions. CLD is one of system thinking approach tools that will give benefit and value for key player in this industry such as production house, high network theater and also will help independent theater and individual producers. These system thinking approach linking to the strategy about sharing resources, big data analytics, structure disruption, new business model, and new cost structure. The interrelationship between components of this system are :

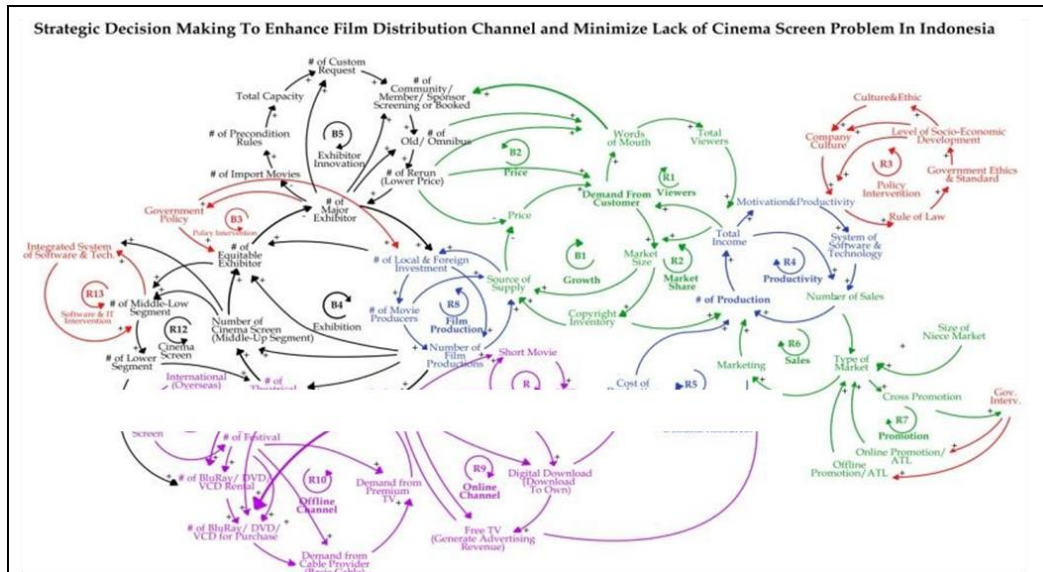
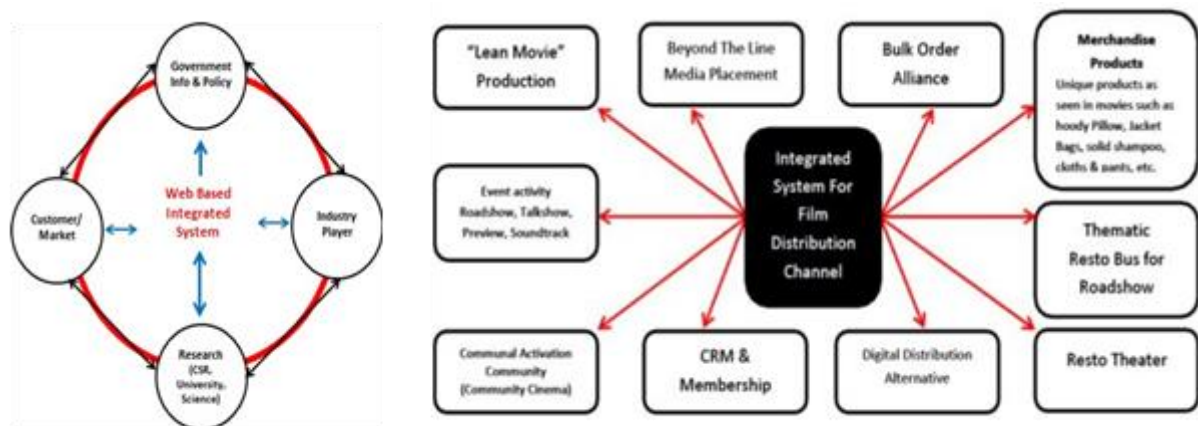


Figure 4 Interrelationship Between Components Using Causal Loop Diagram

CONCLUSSION

These research find there are 18 components that drive behavior in this current condition problems from observation, and interview. From the research findings, web-based integrated system is the recommendation. As implementation plan of recomendation, government or private entity supported by association and key player in Indonesian film industry such as producer, distributor, and director should create a web-based integrated system. These web-based integrated system as a components interrelationship will balance the performance, productivity, and resources of all stakeholder to enhance Indonesian film’s Industry such as create and implement lean production in film production, insurance, permit for screening event and shooting location in film production, permit for censor, implement the exhibitor innovation and many door opportunities.



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