

Creative Industries: Film Industries' Strategies in Indonesia

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ABSTRACT

There are many public businesses in the creative industry that are very profitable. In this era of technological development, it requires us to be more creative. This study aims to (1) find out the conditions and value chain of creative businesses in the Film Industry sector in Indonesia. (2) knowing the government's efforts to support creative businesses in the film industry in Indonesia. The research methodology used was using SWOT analysis. The data used in this study is literature study. The conclusion of this study is the condition of Indonesia's creative film sub-sector in the last two decades, showing a significant development compared to the previous administration era. Films can be explained through chain management, products and industry-related regulations. The recommendation of this research is PH Shanaya Films to further improve its marketing aspects, using more sophisticated technologies such as developed countries, and the government must be more involved in the film industry in Indonesia.

Keywords: S.W.O.T Analysis, Creative Industries, Movies, Shanaya Films.

1. INTRODUCTION

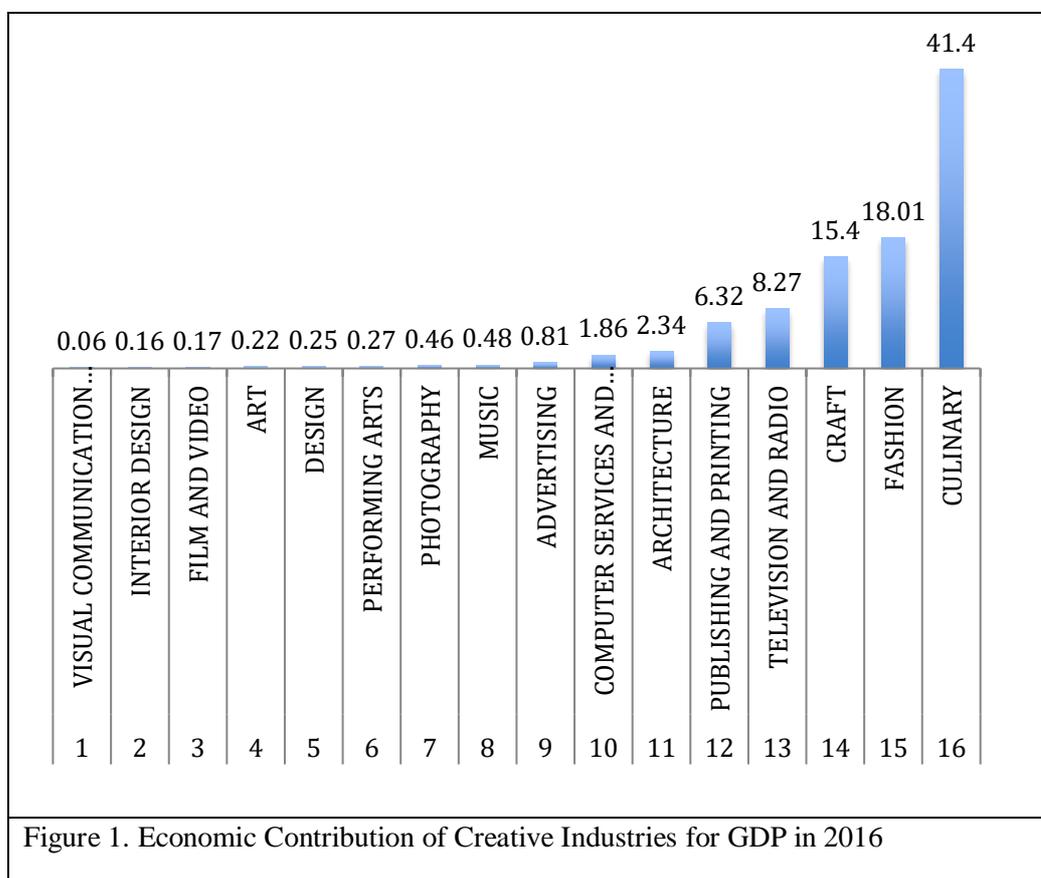
The creative industry is increasingly important in supporting welfare in the economy. Industry originating from the use of creativity, skills and individual talents to create prosperity and employment by producing and exploiting the creative and creative power of individuals is called the creative industry, this understanding is according to the Indonesian Ministry of Trade. Industry can be categorized as creative if it has high economic value and can create prosperity and employment.

Intellectual property and ideas can be channeled so that they can create a creative industry and have added and different values from ordinary industries.

Based on the mapping of the creative industry carried out by the Ministry of Commerce of the Republic of Indonesia, it is divided into several sub-sectors of the creative industry, (1) advertising; (2) architecture; (3) art market; (4) craft; (5) design; (6) fashion; (7) video, (8) film and photography; (9) interactive game; (10) music; (11) performing Arts; (12) publishing and printing; (13) computer and software services; (14) television and radio; and (15) research and development.

There are several sub-sectors of the creative industry that can influence the development of other sectors and have their own advantages or attractiveness, one of which is the film subsector.

This was explained by the Head of the Creative Agency, Triawan Munaf, there are several *properties* that are used in the film sub-sector, such as *fashion* and tourist attractions which are used as locations for making the film.



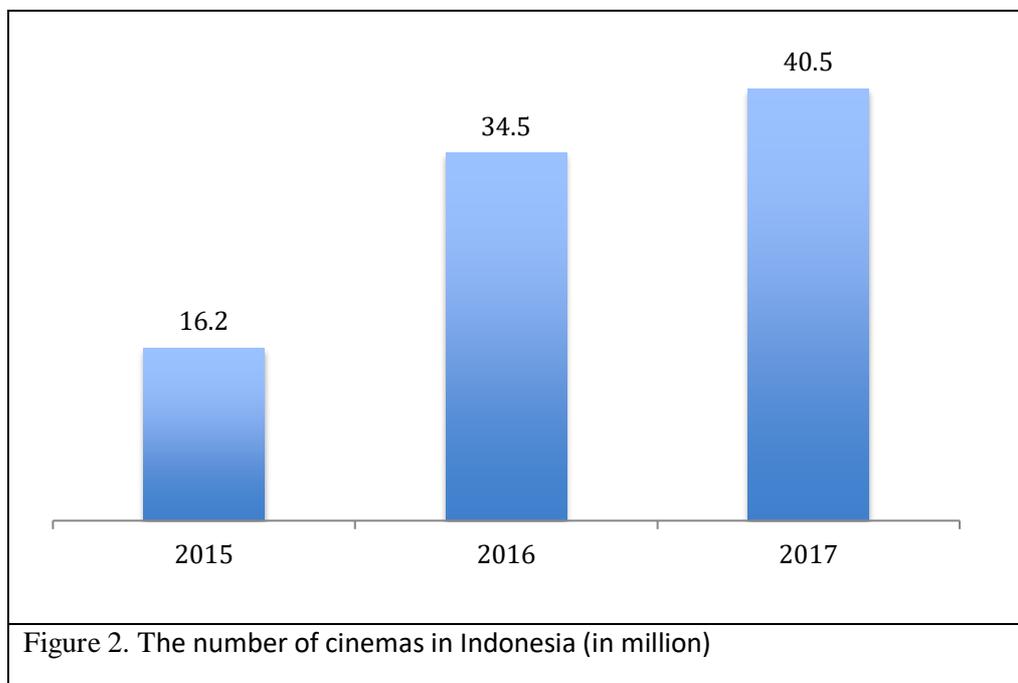
From Figure 1 above, we can see that Film and Video only contribute 0.17% for National GDP in 2016.

Over the past three years, the number of Indonesian film viewers has continued to increase. Data on the number of Indonesian film viewers in 2015 reached 16.2 million. This figure increased more than one hundred percent in 2016, Indonesian film viewers reached 34.5 million viewers. In the year we just passed, the 2017 national film audience increased again to 40.5 million.

According to Film Director, Eugene Panji, in writing Indonesia has been able to become a home for local films. But, the media isn't yet. Because Indonesia does not have the same space with Hollywood films. Then the right regulation is needed from the government, in the distribution of local and international film broadcast space. (<http://www.beritasatu.com/film/475493-2018-bisa-menjadi-tahunnya-film-indonesia.html>)

The property used will benefit and will certainly become famous, especially as the film is able to attract many viewers and has *rating* a high. The result will also have an impact on the tourism sector.

Films have greatly colored the entertainment world of Indonesia and various parts of the world. We can watch various films through television or in theaters, even now it's very easy only through *personal computers* and *gadgets*. Watching movies can be an entertainment and even those that make it as hobby. We can see the imagination of the director poured in a complete film. The world of film is also growing from time to time, clearly visible in terms of technology, especially which happened in the world of cinema in *Hollywood*.



But Indonesian films unable to face up the flow of imported films. The problems very complex, not only the issue of funding, human resources, but also government policies. This problem yearly increasingly make a gap between film, cinema and spectators, who are the three components that should have the same understanding in a film industry.

Based on the above background, the formulation of the problem in this study is (1) how the current conditions of the creative industry of the film subsector in Indonesia, (2) what are the obstacles faced by companies in the creative industry of the film subsector in Indonesia and (3) what are the solutions to overcome the company's constraints. The results of this study are expected to be able to make the creative industry, especially the film subsector in Indonesia to be more advanced and keep up with the times with increasingly sophisticated technology. In addition, it is expected to the government to further support the success and progress of the creative industry in the film subsector.

2. LITERATURE REVIEW

2.1 The Concept of Creative Industry

The term creative industry emerged in early 1990 in Australia stated by Howkins, while other business scholars claimed that industry occurred in England in 1997. Creative economy was introduced globally by John Howkins through the book "*The Creative Economy: How People Make Money from Ideas*" in 2001. Howkins realized the birth of a new

wave of creativity-based economy after seeing in 1997 the United States produced 414 billion dollars worth of intellectual property rights (HKI) that made HKI export number 1 in the United States. Howkins then concisely defines creative economics, as: "Economic activity in a society that spends most of its time producing ideas, not just doing routine and repetitive things. Because for this community, generating ideas is something that must be done for progress."

The creative industry has many terms put forward by various experts, one of the most popular definitions created by the Labor Government in Great Britain in 1998, on the Creative Industry Mapping Document. Gibbon, 2011, "*Creative Industries describes a set of economic bodies that employ personal creativity, skills and talents in order to create wealth and jobs*", *Social and Behavioral Sciences*, No. 213 (2015) 129 - 134. The creative industry means as an industry originating from the use of creativity, skills, and talents of an individual to create a copyrighted work. This creative industry aims to create community welfare and open new jobs through the creation and utilization of the individual's creative and creative power.

The creative industry is one of the fastest growing sectors in the world. The average annual growth of the creative industries in the world reaches between 5 and 20% (Simatupang et al., 2012). In some cases, an increase in income from the creative industry sector, reached a number higher than the overall economic increase in the country concerned.

2.2 The Importance of Creative Industries

There are several reasons why the creative industry needs to be developed in Indonesia :

Industries Creative Industries need to be developed in Indonesia because:

- a) Provide significant economic contributions. The economic contribution referred to in this case is in the form of GDP and creating export jobs.
- b) Creating a positive business climate, for example by creating business fields, giving an impact to other sectors, carrying out active marketing activities.
- c) Building a national identity image especially for foreigners or migrants or commonly called tourism visiting Indonesia. For example by showing national icons, building culture, cultural heritage and local values.
- d) Based on renewable resources such as science, creativity. Another name for the people who are members of this activity is the Green Community.
- e) Creating innovation and creativity which is a nation's competitive advantage such as ideas and ideas that create value.
- f) Give positive social impact. The intended social impacts are in the form of quality of life, equitable distribution of welfare, increased social tolerance.

2.3 Constraints and Success of Creative Industries

In Indonesia there are various kinds of sectors, one of which is the industrial sector. In carrying out industrial activities, there are several obstacles and successes achieved by creative industries (According to Dyah Ayu, 2014):

- a) Still lack of human resources that develop creative industries
- b) Creative industries experience difficulties in product distribution and heating.
- c) Government regulations relating to the creative industry are still less assertive and clear
- d) The provision of assistance and funding processes to obtain capital and loans for creative industries is still lacking.

2.4 Factors That Cause Creative Industries Successfully Growing and Developing

In Indonesia, there are factors that cause the creative industry to succeed in growing and developing, they are:

- a. There are changes in ways of thinking and strategies in developing small industries
- b. There are availability of facilities and infrastructure to carry out creative activities
- c. There are government regulations which regulates and organizes the creative industry
- d. There are interactions between government, institutions, academics, and creative industry players
- e. There is a creation of a creative industry roadmap that plans the patterns, strategies and concepts of business development in the short, medium and long term.

2.5 Creative Industry Concept in Film Subsector

Film is one of the creative industries because it has great potential for the development of the creative economy. **Sheila Timothy**, producer of **Lifelike Pictures** and **Chair of the Indonesian Film Producers Association (Aprofi)**, said that films are cultural objects that have economic value, films look like *soft power* but *super power* (Rulianto, 2013). Films with two innate characters, culture and economy, which cannot be separated are what make films have great power. The film itself besides being an economic commodity also functions as a means of information (*entertainment*), education, and entertainment (recreation).

3. METHODOLOGY

The method used is descriptive research method. Data collection techniques used are literature studies by looking for reference theory relevant with cases or problems found. Literature studies can be obtained from various sources, journals, books, articles, papers, previous research, library studies related to the Creative Industry, especially the film Subsector. Analysis using SWOT analysis method by looking at the strengths, weaknesses, opportunities and threats.

4. DISCUSSION

Creative Industry Conditions Film Subsector in Indonesia

Film is one of the creative industries because it has great potential for the development of the creative economy. The Indonesian film industry continues to experience a period of ups and downs in its development. Having experienced a heyday in the era of the 1970s until then the decline period was even considered almost dead in the era of the 1990s, the Indonesian film industry was influenced by various factors. The development of the Indonesian film industry was also influenced by the economic, political and technological developments in society. The Indonesian film industry in the last two decades has indeed shown a significant development compared to the previous administration era, especially after 2005, when film was included as one of Indonesia's creative industry sub-sectors. This shows that national film is no longer considered only as a political and economic tool, but also as a culture. Films can be explained through management chains, products and regulations related to industry.

The management chain of the Indonesian film industry consists of a chain of production, distribution and exhibition. The production chain is a stage starting from fundraising / investment until the film is ready to be watched, in the production chain there is

a creative process of filmmaking, including in the production chain are all crew, finance / investor companies, production houses, tool rental companies, and post-production houses involved in making films (Effendy, 2008: 2). While the film distribution chain is an "invisible art", because it fully runs behind the scenes, far from the bustle of production and public spotlight in the exhibition stage (Sasono et. Al., 2011: 191). Film distribution companies or distributors play a major role in channeling films from producers to cinema networks, television and home videos (DVD and VCD) (Effendy, 2008: 2). While the exhibition is the estuary of supply chain management, where film products are consumed by viewers in various different outlets such as shows in domestic cinemas (also abroad), home videos, television (cable and terrestrial) (Sasono et .al., 2011: 275). The exhibition chain is usually held by cinema groups with thousands of screens which are the spearhead so that the production chain output can be enjoyed by moviegoers (Effendy, (2008: 2), Kusmintarti (2108)).

The government's effort to support the creative industry is by establishing a Creative Economy Agency (Bekraf). Bekraf's support is a manifestation of the third Bekraf mission, which is to encourage innovation in the creative field that has added value and competitiveness in Indonesia internationally. The Head of the Triawan Munaf Creative Agency said that the film subsector can trigger the growth of other sectors, because in the film there are several properties used such as *fashion* and tourist attractions that are used as venues *shooting*. However, efforts to impose incentives in the field of culture and creative industries are still in the consolidation stage between Bekraf and relevant ministries, especially the Ministry of Finance and the Coordinating Ministry for Economic Affairs. By reducing taxes, it is hoped that creative economic actors will work more and increase their contribution to the national economy, while also helping to promote the beauty of nature and the richness of Indonesian culture to the world.

This film subsector increases GDP from film contributions to the tourism sector. Local governments provide incentives for films because the impact of film promotion contributes to regional income. The Indonesian film industry in 2006 contributed 0.24% (around 250 billion rupiah) to GDP contributions (Team Indonesia Design Power - Ministry of Commerce, 2008: 10). On the other hand, still in the same year, the sub-sector of the film, video and photography creative industries had labor productivity above the average with Rp 53.163 million / worker per year (Indonesian Design Power Team - Ministry of Commerce, 2008: 13). As SME, film industries also contribute significantly of GDP not only from tourist sector (Barkah et al(2018), Santosa (2018), Suhartanto and Leo (2018), Juniarti (2018)). As high technology industries, film also economic contribute significantly to GDP (Sasono (2011), Untoro et al (2018), Suhartanto and Leo (2018))

Increased in the following years based on a study conducted by the consulting and research institute of Oxford Economics, taking into account the direct and indirect transactions that were caused, the total economic contribution of the film and television industry to GDP in 2010 reached USD 2.98 billion or 0.43 percent of all National GDP. This figure shows a significant increase from only 0.24% in 2006. While in 2012 the contribution of film and television industry amounted to USD845.1 million to the country's economy and was able to create 191 thousand jobs.

Today there are many service companies, especially in the field of film competing to produce films that can satisfy consumers. The entertainment industry such as films is actually no stranger to the public. Film or companies *Production House* over time have emerged to meet the entertainment needs of the Indonesian people. That way, a strategy is needed for companies to increase their competitiveness in the industry. Film is not merely an entertainment product, but also includes cultural products, because unwittingly the film reflects the reality of life that occurred in the midst of society in its time. Often the stories raised in a film are influenced by the conditions and lives of the people in which the film is

located. Indirectly the film can describe the character or identity of a nation. Films can also change the image of a nation in the eyes of the international community if properly utilized.

Shanaya Films is a production house company engaged in the creative industry segment to produce films, TV shows, and advertising - based in Jakarta and Houston, TX. Shanaya Film is committed to producing high-quality and positive art and visual media products, with a mission to elevate and maintain Indonesian visual arts to the international stage. Shanaya Films is a new *Production House* that was launched to the public at the Central Jakarta Press Council Building Hall on Friday, July 14, 2017, PH was founded by Imelda Budiman, a beautiful and talented woman who was once Mrs. Indonesia World 2014. "Shanaya" originated from Sanskrit, which means God's gift, God's Gift. Another meaning of Shanaya is the morning sunshine that symbolizes new energy, new enthusiasm, and blessings for many people. Imelda as the owner of Shanaya Films introduced to the public during the conference that Imaji's Cinema became Shanaya's partner in producing the film "Matadewa". Another famous film produced by PH Shanaya Films such as Elang and the Idris Sardi Documentary Film. Shanaya Films also plans to produce an Indonesian language television program, with shooting locations both at home and abroad. In addition, Imelda Budiman has a dream to bring Indonesian films to take action abroad.

5. SWOT Analysis on PH Shanaya Films

In Indonesia, public interest is now more inclined to entertainment or *entertainment* compared to reading, as data referred from the Central Statistics Agency (BPS) in 2012 explained that as many as 91.68% of the population aged 10 years and over preferred watching television and only about 17.66% who like reading. This means that the Indonesian film industry has great potential to develop its ability to play an active role as many beneficiaries as possible for the community through the films produced.

Shanaya Film engaged as PH which is as a creative industry has a strategy to realize the vision and mission as well as its hopes, namely working with a number of professional teams who have experience in the world of Film and Television including: Andhi Pahlevi Amin, CEO of PT Bestland National Realty; MH. Nur Wicaksono, graduated from the Film and Television Faculty of the Jakarta Art Institute; Kuku Gandhia Poetra, Graduated from the Faculty of Film and Television - Jakarta Art Institute; Mason Ryder, an American writer, film director and editor, he has a background in BFA (Bachelor of Fine Arts) from New York University; and Harsh Mohan Mishra, a visual effects supervisor (VSX) and also a director at Bollywood Films & Television. With the support of a number of professional and experienced teams, Imelda hopes that Shanaya Films will produce positive and quality works so that they can bring Indonesian films to compete in the international arena. He also opened the opportunity to collaborate with various parties, both with the government and the private sector from within and from abroad. Shanaya Films is ready to produce various types of shows, starting from *Corporate Profile*, *Music Video* as well as advertising. Shanaya Films also has an official website to maintain good relations with the community in order to give and receive all information about Shanaya Films. The presence of Shanaya Films is expected to bring new enthusiasm and energy to the Indonesian film industry and be a blessing for many people. Even in 2014, Imelda had founded "Imelda Productions" a production house that produced various television programs recorded in America but in Indonesian.

But behind all the advantages, of course there are shortcomings that must be corrected from Shanaya Films, namely because it is a new company, information about Shanaya Films has not circulated in the community so much that it is difficult to socialize with the public when publishing new films. As a result, the film produced will be less desirable due to marketing that has not been maximized.

Besides its strengths and weaknesses, Shanaya Films has a business opportunity because of its advantages, many parties want to cooperate with Shanaya Films, as well as the emergence of variant demand for film production from new TV stations. This is a good potential because the government also supports Indonesian cinema by making provisions starting from the Film Law to tax regulations, and so on. In addition, in Indonesia many new cinemas have emerged, which will add to the public interest in Indonesian cinema.

The threat that came from the external environment of Shanaya Films also sprung up with the many new competitors who were PH. Besides that, the challenge for Shanaya Films as a newcomer, namely foreign film technology, which is more popular with Indonesian people, is proven by the many imported films that enter Indonesia. In addition, the weak government regulation that protects the copyright of films because there are still many pirated films that are easily marketed in the community, this will threaten the existence of the company because the public will choose pirated films of the same quality but the price is cheaper. This threat can be overcome if more and more parties support Indonesian cinema, but in Indonesia there are still very few film schools in Indonesia.

Table 3.1
SWOT Analysis PH Shanaya Films

Analysis of Strategy SWOT	Strength (S)	Weakness (W)
		<ol style="list-style-type: none"> 1. Entertainment is always in demand. 2. Have many <i>partners</i> potentially good. 3. Always creative to make useful films. 4. Maintain good relations with work partners. 5. Have a strong work team.
Opportunity (O)	Strategy of SO	Strategy of WO
<ol style="list-style-type: none"> 1. Offer cooperation with other PHs 2. The emergence of variant demand for film production from new TV stations 3. Government provisions in support of Indonesian cinema 4. Emerging new cinemas that increase demand 	<ol style="list-style-type: none"> 1. Increasing creative and innovative film production that is beneficial to all parties. 2. Do product development 	<ol style="list-style-type: none"> 1. Develop a new marketing strategy that is tailored to the conditions of the people of Indonesia. 2. Give more complete information to the community about Shanaya Films and the film products produced.
Threatness (T)	Strategy of ST	Strategy WT
<ol style="list-style-type: none"> 1. Emerging new competitors with PH status 2. Foreign film technology that is more popular with the people of 	Creating a film schools	Bring out the advantages of Shanaya products Films and continue to improve the quality so that it is difficult to emulate competitors and can defeat the existence of Film Import.

Indonesia 3. Weak government regulations that protect copyrighted films 4. Still lack of film schools in Indonesia		
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6. CONCLUSION

1. The condition of the creative industry of the Indonesian film subsector in the last two decades has indeed shown a significant development compared to the previous era of government, especially after 2005, when film was included as one of Indonesia's creative industry sub-sectors. This shows that national film is no longer considered only as a political and economic tool, but also as a culture. Films can be explained through management chains, products and regulations related to industry.
2. Constraints faced by companies in the creative industry of the film sub-sector in Indonesia, especially Shanaya Films, among others are limited publicity programs that support film production that are less attractive to the public, company management is not efficient, foreign film technology is more popular with Indonesians, weak government regulations that protect the copyright of films, and still a lack of film schools in Indonesia.
3. Solutions for Shanaya Films, which are more improving in terms of marketing, using more sophisticated technologies such as those used by developed countries, and the government must be more involved in the Indonesian film industry.
4. **Financial assistance for film industries : Fred Ojochide Peter, Omotayo Adegbuyi, Maxwell Ayodele Olokundun, Adeshola Oluwaseyi Peter, Augusta Bosede Amaihian, Stephen Ayodtun Ibidunni, (2018)** financial assistance has significant impact on the performance of SMEs, these supports are inadequate and characterized by stringent, unrealistic bureaucratic details. Based on these findings, the study recommended that facilitating access to adequate funding are highly effective in enhancing performance

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