

MNC Group's Digital Media Business Expansion in the Perspective of Media Political Economy

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Abstract

The purpose of this study is to empirically photograph the development of the digital media industry in Indonesia. In particular, this study describes the form of media spatialization carried out by MNC Group using the approach of Vincent Mosco's Media Political Economy Theory. The research approach used is descriptive qualitative with documentation study method to observe and analyse how MNC Group has expanded. The technique of data collection is through documents such as annual reports, publications and other library sources. The results showed that the spatialization carried out strengthened the company's position in the media industry and was able to dominate the market. However, the development of the media industry is not only influenced by technology but also economic and political factors. The power of media on the one hand has a positive impact, but it is also necessary to anticipate impacts that can harm the society when putting economic and political interests above public and social functions. Digital media have a very important role at this time so it needs the involvement of various parties such as the government through regulations to prevent a total media monopoly. In addition, it is also necessary to pay attention to the rights of the community being ignored if the public character is no longer owned by the media.

Keywords: *spatialization, media industry, digital media*

INTRODUCTION

Modernization and innovation affect several aspects of mass communication, where changes occur in the way the media work. The media are able to present themselves as the main public sphere and determine social, political and cultural dynamics at the local and global levels. The media business model is changing and being developed in response to rapid technological changes. Profit is the main driver in influencing the media industry, yet innovation and technology are also important factors. Technological advances not only provide new platforms for distribution but also convergence and digitalization of media accompanied by new developing business models.

Media convergence and digitalization have now become one of the production and distribution practices of broadcasting products in maintaining their existence in the midst of incessant technological developments. Competition in media business activities cannot be separated from various interests, especially the main interest towards the information conveyed, namely economic interest and power interest, which shape media content, presentation of information, and the offered meaning (Habsari, 2012). The two main interests sometimes ignore the basic role of the media as a public sphere.

The conditions experienced by the contemporary Indonesian media businesses are marked by the widespread acquisition of media groups and media conglomeration (Fathurokhmah, 2021). This phenomenon relates to the strategy of strengthening the media business and increasing efficiency and competition in the business market. The practice of institutional expansion by means of acquisitions and conglomerations is common in the media business in Indonesia. The results of research by Christiani (2015), and Alyatalathaf (2018) found that most media businesses carry out a spatialization process that causes monopolistic, monopsony, and conglomeration practices. Talking about a digital media business is only created to be a profit-making tool for capital owners and technological developments are applied to overcome the barriers of space and time.

The current reality is that there is a very fast concentration of media ownership and media conglomeration. One of the great media business groups of interest is MNC Group. This really shows that MNC Group is seriously managing media strategies. It is one of the strongest media conglomerates in Indonesia with an audience market reaching 56.5% per 2020 and its implications for society in terms of social, cultural, and political aspects. Therefore, this study aims to provide an overview of the current digital media businesses by observing the spatialization practices conducted by MNC Group. Competition in the media industry is highly strong due to the power of the media as a tool for business interests to seek profit and in the world of politics, the media serve as an instrument to gain power.

THEORETICAL FRAMEWORK

According to Golding and Murdock (in Curran and Gurevitch, 1991) there are two major streams in media political economy, namely liberal political economy and critical political economy. In accordance with the research theme, the perspective of critical political economy is able to provide answers to research questions. The scope of the study of Media Political Economy lies on the structure of media ownership and control as well as observing the power of the media market. Some of the main themes in the media political economy other than media consolidation and concentration. An example is corporate studies that observe patterns of media ownership in the media sector as conducted in this study. The scope of this study does not only pay attention to the ownership control mechanism but also the future trends of commodification, integration and diversification.

Golding and Murdock (1997), in addition, suggest that political economy is closely related to the product of meaning as a practice of power. Currently, economic and political developments have created society as a unit of consumption in the corporate world. In the book entitled *A Political Economy of Mass Communication*, the scope of the study includes the process of concentration and application of vertical integration, diversification and internationalization as part of the process. Concentration is the final stage of the process of industrialization of mass communication. This process begins with differentiation, that is, when an enterprise produces cultural products on a small scale and develops separate distribution or sales and thus commercialization occurs.

Furthermore, enterprises will succeed at a certain point then pressures arise due to high production costs, declining revenues and changing demand patterns. To overcome these corporate crises, a consolidation occurred between media enterprises, small enterprises merged with larger companies. Consolidation between companies resulted in media enterprises becoming bigger. They place the media political economy as a critical approach that emphasizes the interrelationships between social, political, and cultural dynamics in society.

Media business is an institution whose existence keeps adjusting and is influenced by social, political and economic conditions. For this reason, this study uses a theoretical framework of political economy developed by Vincent Mosco. According to Mosco (2009), political economy is the study of social relations, especially the mutually beneficial power relations between sources of production, distribution and consumption, including those related to communication. The explanation emphasizes the link between politics and economic resources in society. Mosco (2009) also suggests 3 (three) important concepts of political economy approach, namely commodification, spatialization and structuration.

Understanding how media corporations work using a spatialization approach, intended to disseminate products/content by the media to audiences without being limited by space and time by utilizing increasingly sophisticated communication technology. For example, the type of technology used is a network so that the speed of distribution is effective in expanding the reach of the media to the audience. The strategy through integration carried out by enterprises is either vertical or

horizontal. Horizontal spatialization is a concentration that unites the media industry by expanding media production and resources by means of purchasing shares or acquiring other media of the same type and equivalent.

Vertical spatialization is a concentration that emphasizes the concentration of enterprises in a line of business aiming at expanding the company's control over the production process. In addition, it can occur between countries, where one company is the holding company and the other is a subsidiary. Practices of spatialization may lead to a monopoly of communication media and control by media owners to their other media subsidiaries, in order to equate work ideology and weaken competitors' businesses. Sudibyo (2004), argues that vertical integration allows one enterprise to expand control over different stages of production.

As a concern, there are twelve (12) major media groups controlling almost all media channels in Indonesia, including broadcasting, print media and online media (Aziz, 2018). MNC Group is one of the media enterprises in Indonesia that has business in media broadcasting, Print media, Radio, Agency & Content Production, 24-hour program channels and digital media. Media concentration has affected the relationship between several types of media organizations and one conglomerate within them. Researchers are interested in analyzing the expansion of the digital media business of MNC group using the analysis of the critical communication political economy theory from Vincent Mosco on the spatialization dimension.

MATERIAL AND METHODOLOGY

The critical theory paradigm was used to reveal what interests are behind the expansion by MNC Group. The study perspective of the media political economy was selected to provide an understanding of the spatialization dimension in contemporary communication institutions and pay great attention to the ideological and political factors that lead to injustice and inequality in the basic role of the media as a public sphere. The data from this study were obtained through documentation study and library sources. Observations and analyses were described qualitatively as research can be conducted more focused and integrated so that the object of the study focuses on one point and achieves the desired research results. The main focus lies on the relationship between economic structure, media industry dynamics and the ideology of media content. Therefore, media institutions indirectly become part of an economic and political system.

RESULT AND DISCUSSION

MNC Group was founded in 1989 as a securities company and has grown into the Media business, PT Global Mediacom Tbk. or known as MNC Media which has become the largest and most integrated media group in Southeast Asia. Its business portfolio includes Free To Air (FTA TV) television stations, content, subscriber-based media and broadband, and online businesses. The company also continues to be updated with the development of the media industry by presenting streaming services such as RCTI+ which offers a lot of digital content.

The performance of the business segment in social media content or online platform also showed encouraging growth in 2019. The number of views has reached two billion per month, or equivalent to 5% of the number of Youtube viewership in Indonesia. In addition, the Company has also launched its newest digital initiative, namely RCTI+ in 2019. The presence of RCTI+ is in order to optimize Over the Top (OTT) services and will be an important part of the Company's overall future growth.

The online media portal business segment, as in developed countries, will become one of the main media platforms in the future. MNCN operates 3 portals that focus on general content and news named: Okezone, Sindonews and innews.id. Okezone currently has the largest daily readership of more than 20 million, while Sindonews has more than four million readers. Based on Alexa Ranking for the Top Indonesian Sites category as of December 2019, Okezone.com is ranked first and Sindonews.com is ranked sixth. In the last three years, MNCN expanded its digital initiative by developing a mobile application for its FTA and started uploading its content on Youtube in short and medium formats. MNCN has achieved the largest number of viewers and global subscribers on Youtube with more than two billion views every month. It then operates a multi-channel network or MCN which has the fastest growing number of viewers and subscribers in Indonesia.

In order to gain a large market share in digital advertising, RCTI+ is targeted to become the largest streaming service provider by 2020 which will complement the company's strong position in FTA. In

addition to live streaming of four FTAs, RCTI+ provides thousands of popular content libraries, catch up tv features, creative content such as bloopers & behind the scenes, news content and audio streaming and other interactive features such as quizzes, voting, live chat with MNC talents, and audition. User Generated Content (UGC) feature which is being developed as a talent search event is currently reserved for RCTI+ and games aggregator services.

Political economy perspective sees digital media from who is the ruler of production sources, holder of distribution chain, creator of people's consumption patterns and other commodities as work effects. Digital media are believed to be not just a message traffic medium between social elements in a society, but also functions as a means of subjugating and forcing consensus by economically and politically dominant groups (Sudibyo, 2004). The attachment of digital media to business interests is shown from the number of advertisements, being the main source of income. Advertisers only wish to choose media with large consumers, so the media also changes the content and form of messages to attract public attention.

The spatialization of the media business due to technological changes has resulted in the concentration of digital media models which become an unavoidable product by every business person but is not merely a business phenomenon, rather an economic-political phenomenon that involves power. The MNC group in carrying out the spatialization process or forming a business expansion for digital media launched several digital media products including:

RCTI+ (stands for *Rajawali Citra Televisi Indonesia Plus*) is a mobile application for AVOD (audio and video services on demand) and live streaming services. This ad-driven and free application offers live streaming from four MNC Media's television networks (RCTI, MNCTV, GTV and iNews). In addition, there are also content such as legendary soap operas, national e-Sports competitions, Korean dramas, Chinese dramas, Hollywood films, and children's films, in addition to news (under the name News+), audio content (under the name Radio+), and exclusive content only in this application. RCTI+ held a grand launch on August 24, 2019 as an OTT platform to be able to watch shows from MNC Media's terrestrial television network.

Okezone.com is a general news portal that serves Indonesian readers at home and abroad. Okezone.com provides a variety of news content including news, politics, events, international, economics, lifestyle, celebrities, sports, automotive, technology, travel, Muslims, and multimedia news. Okezone application is then available for android users. Okezone.com was officially launched (Commercial Launch) as a news portal on March 1, 2007. The birth of Okezone.com became the forerunner of MNC group's first online business and in 2019, Okezone was ranked 2nd for the most popular news portal category in Indonesia (Source: Alexa.com). This achievement was obtained because more visitors access Okezone.com every day.

Sindonews.com is a news site that was officially established on July 4, 2012 with the tagline "Bukan Berita Biasa" which is a differentiating factor from other portals. Sindonews.com provides accurate and quality information quickly to the wider community. News is packaged more deeply and comprehensively so that it can be a reference for decision makers in government, business, politicians and related stakeholders. To strengthen in-depth and analytical reporting, Sindonews.com is supported by an independent and credible Research and Development team.

Inews.id is a networked news portal consisting of national news portals and regional portals, part of the MNC Group. iNews.id carries the vision of becoming a an inspiring and innovative national and regional news portal and has a mission to present news and online features that are easy to read, in-depth, accurate, attractive (multimedia base), and inspirational for anyone, anywhere, anytime. INews.id presents diverse content including national news (politics, law, megapolitan and events), international, economics, sports, lifestyle, automotive, technology, and travel. Those various contents are enriched with regional news from all over Indonesia in synergy with iNews television station.

Mosco states that the expansion of corporate reach may occur in two forms, horizontal integration and vertical integration (Mosco, 2009). The spatialization process of MNC Group extends the institutional media through corporate forms both vertically and horizontally which cannot be separated from the vision and mission to become media with the power of synergy between the main pillars of its business; television and business support lines which are their foundation in creating and maintaining their existence. The vertical integration shows how this corporation has mastered the production of digital media content to its distribution. MNC Group has artist management, advertising agencies and several production houses which are the main content of the digital media under its

auspices. In line with the opinion of Alyatalathaf (2018), vertical integration occurs when a company expands its business unit to gain control over the company's control over the production process from upstream to downstream. MNC group tries to oversee the content house/studio of its subsidiary and facilities management; monetization library; and distribution.

While horizontal integration occurs in MNC group's digital media group, it is marked by the diversification of digital media and networks that can be used to support and promote one another. According to Habsari (2012), media diversification means the process of diversifying social economic efforts carried out by an industry or media production actor. A recent fact is that MNC group has launched several types of digital media including RCTI+ and news portals of Okezone.com, Sindonews.com, and iNews id. This phenomenon reflects the practice of conglomeration as the success achieved by MNC group in the flow of digital media. In general, it can be said that the prospect of MNC group conglomeration can position itself according to the needs of the Indonesian people and of course it is supported by many open opportunities, such as the globalization of the economy, which means that Indonesian economy is increasingly becoming an inseparable part of the world economy.

According to Fathurokhmah (2021), digital media conglomeration is unavoidable from the media landscape in Indonesia because the development of the media situation leads to a deliberate neglect of its public functions, so that the media becomes more of a corporate commodity than a meeting place for citizens or experiencing a change in the basic role of the media as a business institution rather than as a social institution. The media business is one of the fastest growing sectors in Indonesia. The development of media business is largely characterized by monopolies which are less discussed in the media policy framework. This makes business expansion and conglomeration a direct consequence of the media business. The uncertainty of the appropriate media policy to regulate media business seems to have created a serious impact, one of which is the loss of the public function of the media.

CONCLUSION

The practice of digital media conglomeration is a phenomenon of several companies that oversee many media so that it becomes a monopoly practice that has power as part of its business. The rapid growth of the media is supported by technological developments presenting a system that leads to capitalism. In general, the expansion and conglomeration of media carried out by the media business has two tendencies of interest related to policy.

First, the potential socio-political and cultural implications desired from media enterprises. *Second*, related to the economic potential to be achieved from the development of the media business. MNC Group carries out the spatialization process by performing vertical and horizontal integration. These two processes are partly carried out by acquisitions, mergers and media diversification, both related to digital media or outside of their main business. Thus, it can be understood that this media conglomeration leads to unfair business competition between mass media owners, causing several changes, especially in making content or press reports that are subjective and full of interests. The absence of diversity of content and diversity of ownership will make public opinion uniform. Uniform opinion and political business power by the dominant media power will threaten press freedom and media democratization.

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