

## Media Strategy of TV Advertising in Indonesia

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### Article history

Received :4 April 2013  
Received in revised form :  
25 July 2013  
Accepted :15 October 2013

### Abstract

There is an increasing number of TV channel in Indonesia. The competitive environment in TV advertising has made advertisers pull many different media strategies to get audience's attention. The media strategies consider several factors, such as television channel, product categories, program rating, and advertising rates. The purpose of this research is to explore media strategy for TV advertising in Indonesia, defined by number of advertising played on TV. We analyzed data on the behavior of TV advertisers in February 2010. From the research we found that television channel, product categories, and advertising rate had significant relationships with the number of advertising played on TV. Meanwhile, program rating did not have significant relationships with the number of advertising played on TV.

*Keywords:* TV advertising; media strategy; program rating; rate

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## 1.0 INTRODUCTION

2011 Advertising Forecast report by consulting firm Magnaglobal shows that in the following five years, advertising industry would grow at an average of 5,7%, meaning that new categories of mass market advertisers are constantly being created and contributing to the growth of the media. These conditions will affect media strategy in achieving high brand awareness for among the consumers. Advertisers need to know when and where to advertise to reach the targeted audience. Program rating and advertising rates are two basic components in the decision of media strategy. But there are also other factors to consider, such as time of airing, which usually includes starting time (day part) and days (weekend or weekdays). To reach its goal, media strategy should contained formula of best combination between those influencing factors. It can be learned by observing the current behavior of TV advertisers in each product category.

The objective of this research is to analyze the factors affecting the total number of advertisement played on TV, such as TV channel, product category, program rating, and advertising rate. All will be used as considerations for the advertisers and media agency in deciding the spot for their TV advertising as the investment to promote their products or services. To achieve the objective, the study is focused to answer these questions;

### Research Questions

1. How is the relationship of television channel and total number of advertisement in each category product?
2. How is the relationship of product category and total number of advertisement in each category product?

3. How is the relationship of television program rating and total number of advertisement in each category product?
4. How is the relationship of television advertising rates and total number of advertisement in each category product?

## 1.1 Literature Review

### 1.1.1 The Process of Advertising

The process of advertising communication begins with the advertisers determining the objectives of the advertising, and then the message of advertising is encoded by the agency or advertising department. However, the process of advertising is a form of communication.

Communication works through channels of communication, such as radio, newspaper and TV and then the message will be decoded or interpreted by the receiver, who is the reader, the listener or the viewer. Feedback is obtained as the response of the receiver trough the message. The entire process is disturbed by what we refer to as noise, interrupting the sending as well as the receiving of the message.

Thus, the task for organization is to work through a process of accessing particular advertising objectives, identifying opportunities, overcoming barriers in ecommerce, and implementing the most appropriate strategies that will add value to both the organization and the customer. Indeed, establishing a strategy-building process and adjusting it frequently to suit the new environment is essential for continuous success (Lloyd, 2002)

### 1.1.2 The Effective Advertising

The effective advertising could create six type of consumer responds, which are perceive (perception), understand (cognition), feel (affective/emotion), connect (association), believe (persuasion) and act (behavior). These responses combined makes up unique consumer response to an advertising message and create the holistic effects. The perception will emphasize the exposure, selection, attention, interest, relevance, awareness and recognition. For the cognition, it will bring up the information, cognitive learning, differentiation and recall. The association will define the symbolism, conditional learning, brand image and personality. The behavior will determine the behavior for the consumer in trying, buying, repeating the buy the product. Persuasion will come up with the attitudes, argument, involvement, motivation, influence, conviction and loyalty. Last but not least, the affective or emotion will try to define the emotions, likeliness and resonance of the customer. In short, an effective advertising should be able to bring these consumer responses in a whole package. Overall, the effective advertising will be evaluated by the impact on the consumer in responding to the message.

Survey by Eaton (2007) stated that 32 percent of survey respondents said their primary preferred medium for advertising information is television, and it followed by 23, 14, 10 and 0 percent choosing, respectively, postal mail, the internet, newspapers and SMS as their preferred channel for receiving advertising.

### 1.1.3 Basic Media Strategy

The increasing number of TV channels and growing advertising industry produce advertising clutter, which gives difficulty for advertiser to formulate media strategy. Media strategy becomes even more difficult with limited budget. Great amount of advertising budget is necessary to spread large exposure to the consumers. Not only budget, creativity and innovation are important for the media strategy too (Asem, 2007). There are several factors in determining the media choice. The first one is coverage. It is about how to choose the media that can help us to reach the target audience as efficiently as possible. Secondly, communication ability can also define the suitability of the media to the message. The third is the contact frequency to determine how often we can reach the target market. After all, the last but not least is cost, since it would be one of the most important basic for the whole decision. Lane, W. Ronald, *et al.*, (2008) stated that media planners have used a building block strategy to develop a media schedule They will first consider about the cost efficiencies to define the reachable portion of the audience as the most prospects one. Most national advertisers used network television or magazine as the dominant medium. In dealing with this matters, the media planners are not only forced to go beyond costs in developing plans but also they have to considers factors such as additional weight against prime prospects, ability to deliver a communication message in a unique manner and the prestige of a medium that many outweigh low audience delivery.

**Table 1** Research variable

OPERATIONAL VARIABLES	INDICATORS
TV Program Rating	TVR index
Advertising Rates	Rates in thousands IDR
TV Channels (covered national scales in Indonesia)	Frequency

## 2.0 EXPERIMENTAL

The data was obtained by using Arianna software from AGB Nielsen Media Research and this database is consisting of 224,291 advertisements from 22 product categories for ten TV stations in Indonesia. Six product categories are used; Food, Beverages, Medicines, Toiletries & Cosmetics, Household Product and Office Equipment. The data variables are (1) program rating and (2) advertising rate.

Data is analyzed by ANCOVA, to explore the effect of channel, product category, Program rating (TVR) and advertising cost to the number of its' advertising exposed on TV. With ANCOVA the effect of independent variable to dependent variable may reveal as a set and also partially.

Four hypotheses are used to answer the research questions presented above;

- (1) Hypothesis 1: Advertiser will choose certain channel to advertise their product. Channel choice will influence the total number of advertisements.
- (2) Hypothesis 2: Product category will be strongly related to the total number of advertisement. Low involvement product will need more advertisement.

- (3) Hypothesis 3: Advertiser's will choose Program with higher Program Rating (TVR). Higher TVR will cause higher on total number of advertisements.
- (4) Hypothesis 4: advertising rates effects advertiser's to advertise their product. Advertising rate will affect total number of advertisement.

## 3.0 RESULTS AND DISCUSSION

Result of the data analysis shows that TV Channel has a significant influence to the advertising number ( $F=83.136, p=0$ ), and RCTI is the most chosen TV channel to advertise products and Metro is the least channel. The advertised product category studied are divided into six categories; Toiletries and Cosmetics, Medicines, Beverages, Household Products, Food and Office Equipment. Among these products, toiletries and cosmetics, medicines, beverages, and food are included as low involvement products. Total advertising number in one month of one product category significantly difference with other product category. Number of advertisement depends on product category

advertised ( $F=153.075$ ,  $p=0$ ). Toiletries & cosmetics is the most frequent product advertised on TV and household products is the least appears on TV.

Advertising rate impacts the number of advertising aired on TV significantly ( $F= 39.721$ ,  $p=0$ ). The advertisers tend to choose low ads rates than the high ads rates in deciding their TV advertising strategy. Channel, product category and advertising rate have a significant impact on advertising total number, both as a set ( $F=4.390$ ,  $p=0$ ) and separately, as shown by the multivariate and univariate tests. Program rating (TVR) does not

influence advertising total number significantly ( $F= 0.072$ ,  $p=0,788$ ). Higher program rating (TVR) does not affect higher advertising total number. The interaction effect between program rating and advertising rate is also not significant ( $F= 0.975$ ,  $p=0,324$ ). But, channel, product category and program rating have a significant impact on advertising total number ( $F= 14.543$ ,  $p=0,000$ )

Table 2 Ancova analysis

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	2398.368(a)	586	4.093	40.525	.000
Intercept	4023.476	1	4023.476	39839.036	.000
ChannelCategory	75.565	9	8.396	83.136	.000
Product Category	293.731	19	15.460	153.075	.000
TVR	.007	1	.007	.072	.788
Ad rate	4.012	1	4.012	39.721	.000
Channel Category* Product Category* TVR* Ad rate	211.313	184	1.148	11.371	.000
Channel Category* TVR	4.247	9	.472	4.673	.000
Channel Category* Ad rate	17.722	9	1.969	19.497	.000
Product Category* TVR	16.264	19	.856	8.476	.000
Product Category* Ad rate	141.116	19	7.427	73.541	.000
TVR* Ad rate	.098	1	.098	.975	.324
Channel Category* Product Category* TVR	229.131	156	1.469	14.543	.000
ChannelCategory* Product Category* Ad rate	69.169	156	.443	4.390	.000
Error	22592.507	223703	.101		
Total	292279.000	224290			
Corrected Total	24990.876	224289			

Figure 1 below shows that most of the advertisers put their food ads in Global TV, IVM and Trans7. Meanwhile, the Toiletries & Cosmetics Ads have significant high number of ads in almost every channel, such as SCTV, RCTI, TPI, Trans TV and IVM. Most of the medicines' advertisers tend to advertise their TV commercials in Trans7 and RCTI. For the office equipment category, it has significantly high number of ads in Global TV while the household supplies have significant number of ads in SCTV, IVM, RCTI and TPI. Then for beverages category product they mostly advertised in Trans TV, RCTI, Trans7 and Global TV. At a glance, we can see there are difference pattern of these advertisers behavior. Statistically, these data are proof of different number of ads in among all TV channels for each category product.

### 3.1 Program Rating Analysis

Most of the product categories have tendencies to advertise their advertisement in the low rating program in the range of 0.0 – 5.0 TVR index value in a glance. The highest number of Ads for all of the category products are approximately in the range of 0.8 – 1.1 TVR index value. Toiletries and Cosmetics Ads has the biggest number of advertisement which reached more than 2000 ads and they can be found in the program that has rating around 1.0 TVR index value. Medicines category product ads has more than 1000 number of ads that putted in the program with 1.0 TVR index value. Food and Beverages also be in the program that has 0.8 – 1.0 TVR index value and reached more than 2000 ads for each. In Household category product, less than 1000 TV ads are located in the 1.1 TVR index value program. Last but not least, the office equipment reached almost 1600 ads with 0.7 TVR index value. It is because of no specific differentiation among the TV channels in Indonesia, so the audience also

spread almost equal in all over program TV, therefore the rating in each program will be in the same range TVR and all of those

advertisers can do is just trying to gain all of the opportunity based on this situation.

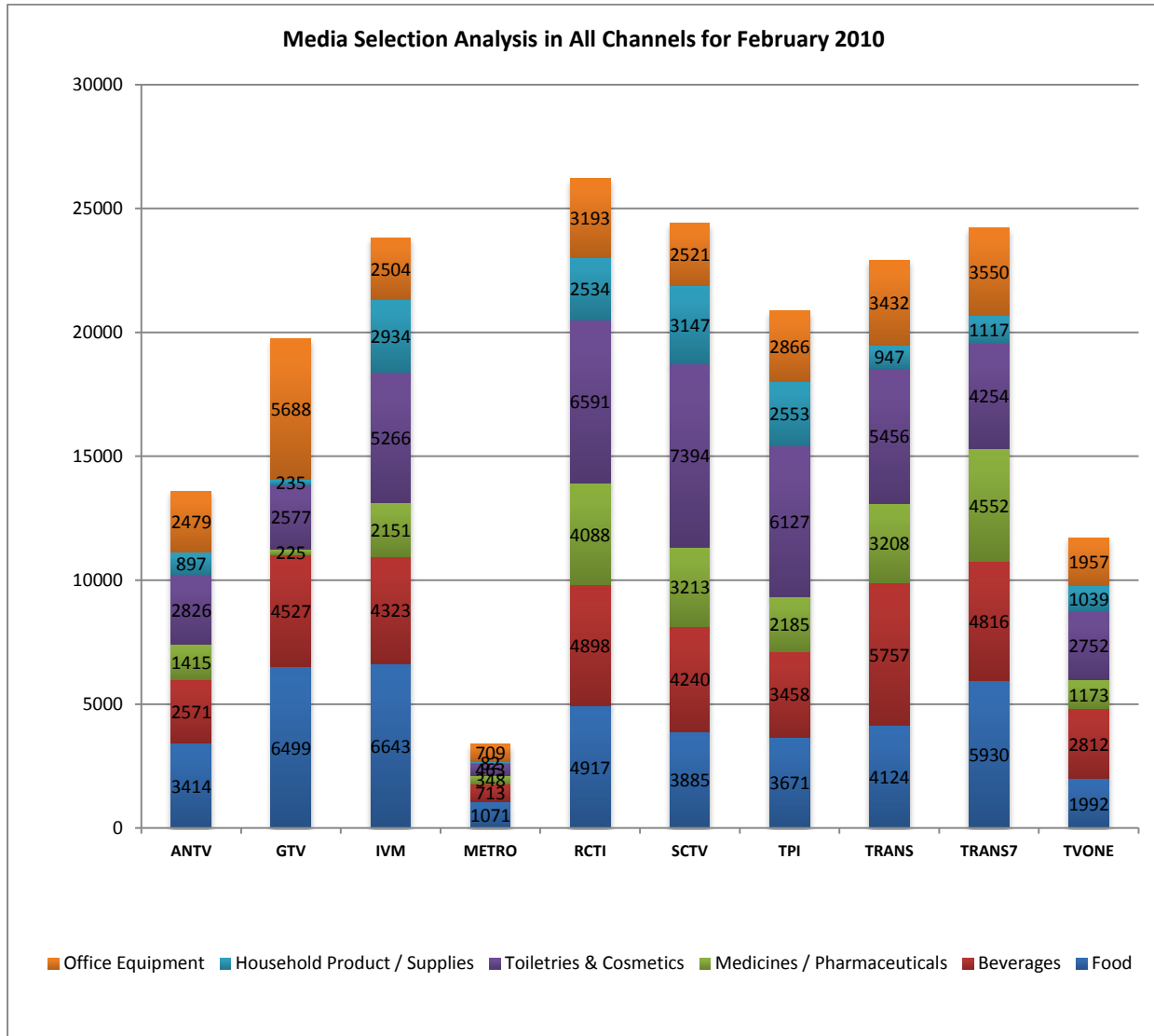


Figure 1 Media selection analysis in all channels (February, 2010)

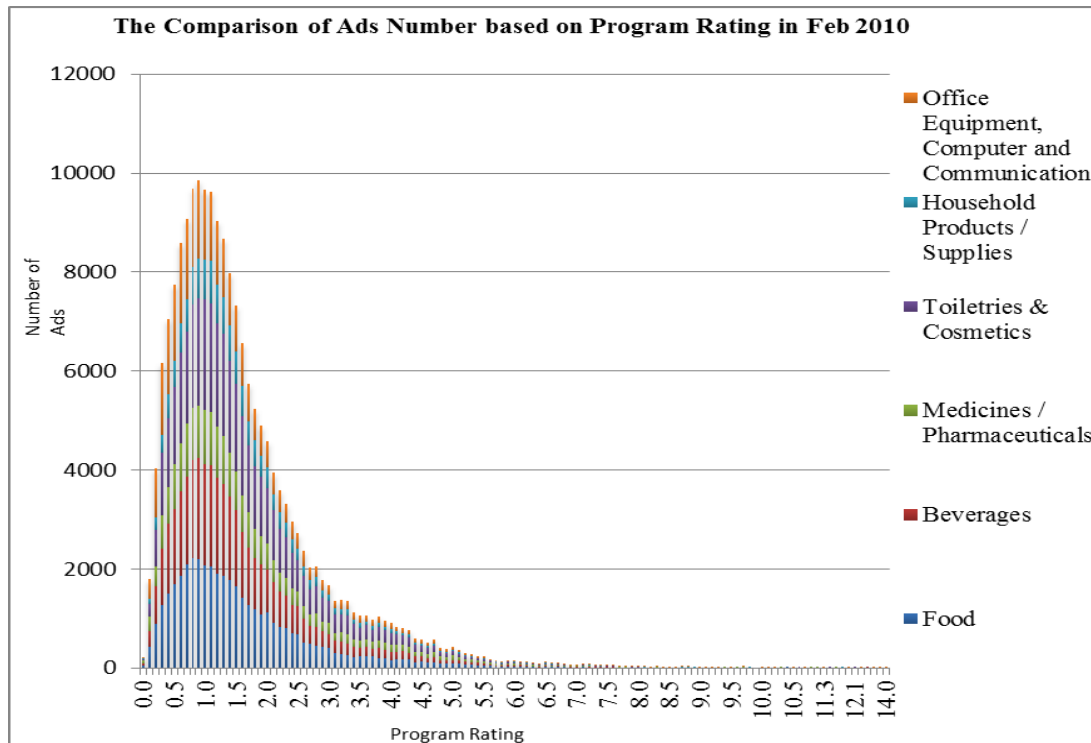


Figure 2 Program rating analysis in all TV stations for all product categories (Feb 2010)

Table 3 The descriptive statistical analysis based on program rating in all channels (Feb 2010)

Products	Media	TVR	Products	Media	TVR	Products	Media	TVR
	ANTV	1,136		ANTV	1,253		ANTV	1,195
	GTV	1,325		GTV	1,138		GTV	0,970
	IVM	1,516		IVM	1,538		IVM	1,522
	METRO	0,506		METRO	0,586		METRO	0,450
	RCTI	2,239	BEVERAGES	RCTI	2,138	TOILETRIES & COSMETICS	RCTI	2,295
FOOD	SCTV	2,389		SCTV	2,194		SCTV	2,216
	TPI	1,773		TPI	1,588		TPI	1,661
	TRANS	1,830		TRANS	1,696		TRANS	1,724
	TRANS7	1,417		TRANS7	1,546		TRANS7	1,318
	TVONE	0,647		TVONE	0,657		TVONE	0,598
	ANTV	1,083		ANTV	1,021		ANTV	1,051
	GTV	1,492		GTV	1,212		GTV	0,895
	IVM	1,795		IVM	1,386		IVM	1,451
	METRO	0,576	HOUSEHOLD PRODUCTS / SUPPLIES	METRO	0,651	OFFICE EQP'T, COMPUTER, COMMUNICATION	METRO	0,439
MEDICINES/ PHARMACEUTICAL	RCTI	2,140		RCTI	2,268		RCTI	2,191
	SCTV	2,218		SCTV	2,016		SCTV	2,336
	TPI	1,711		TPI	1,545		TPI	1,486
	TRANS	1,836		TRANS	1,642		TRANS	1,891
	TRANS7	1,577		TRANS7	1,655		TRANS7	1,411
	TVONE	0,624		TVONE	0,626		TVONE	0,500

**Table 4** The descriptive statistical Analysis based on ads rates (in thousand IDR) for all channels (Feb 2010)

Products	Media	Ads Rates Mean	Products	Media	Ads Rates Mean	Products	Media	Ads Rates Mean
FOOD	ANTV	8.707,56	BEVERAGES	ANTV	10.659,90	TOILETRIES & COSMETICS	ANTV	10.926,11
	GTV	8.200,98		GTV	9.140,84		GTV	9.812,34
	IVM	9.105,45		IVM	9.159,84		IVM	11.364,15
	METRO	8.016,99		METRO	9.018,51		METRO	7.361,56
	RCTI	10.414,20		RCTI	10.954,39		RCTI	11.486,34
	SCTV	11.276,14		SCTV	11.654,91		SCTV	11.658,70
	TPI	9.340,89		TPI	10.544,16		TPI	10.815,31
	TRANS	10.304,05		TRANS	10.501,02		TRANS	10.504,96
	TRANS7	7.708,01		TRANS7	8.832,98		TRANS7	10.195,00
	TVONE	10.047,24		TVONE	10.779,55		TVONE	9.133,36
MEDICINES/ PHARMACEUTICAL	ANTV	13.477,60	HOUSEHOLD PRODUCTS /SUPPLIES	ANTV	10.967,89	OFFICE EQ'PT, COMPUTER, COMMUNICATION	ANTV	9.776,36
	GTV	7.851,56		GTV	7.908,09		GTV	9.637,39
	IVM	9.354,49		IVM	9.415,75		IVM	10.233,95
	METRO	8.638,51		METRO	10.692,68		METRO	7.701,55
	RCTI	9.131,76		RCTI	10.304,69		RCTI	10.858,21
	SCTV	9.971,86		SCTV	10.144,90		SCTV	11.326,81
	TPI	9.616,52		TPI	9.817,00		TPI	10.270,13
	TRANS	9.599,77		TRANS	7.528,19		TRANS	10.896,15
	TRANS7	8.346,07		TRANS7	8.557,97		TRANS7	9.102,44
	TVONE	13.405,80		TVONE	8.466,41		TVONE	9.136,64

**Table 5** Number of ads at certain ad rates (per 15 seconds) in all TV channels

Product Categories	Ads Rates (at certain TV spot) - in thousand IDR	Number of ads at corresponding rates
<b>Toiletries and Cosmetics</b>	5600	4218
	7000	5990
	8400	3333
	12000	7972
<b>Medicine</b>	3600	907
	2780	2780
	6750	3914
	10800	2581
<b>Beverages</b>	2300	1070
	4620	1426
	5600	4251
	7200	6336
	12000	5951
<b>Household products</b>	4800	977
	5600	1922
	7000	1393
	8000	1633
	12000	2036
<b>Food</b>	4800	2873
	6000	5814
	7200	7745
	8400	2880
	12000	5706

### 3.2 Advertising Rate Analysis

Budget is one of the important considerations for all advertisers. Therefore, in this advertising rates analysis, it will discuss about the behavior of the advertisers due to their strategy decision in deciding to choose the rates for their TV advertising. The highest total advertising cost is the Toiletries & Cosmetics that reached IDR 473.411.480.000. Slightly behind that, Food and Beverages have almost similar amount of advertising rates, which cost almost IDR 390.000.000.000. However, the lowest amount of advertising rates among all of category product is the Household Product, which cost IDR 148.785.130.000.

The further detail about the behavior in each category product about the ads rates analysis can be seen on table below.

### 4.0 CONCLUSION

Most of the advertisers tend to put ads at the low rating program, instead of the high rating one. Most of Advertisers tend also to choose low ads rates than the high ads rates in deciding their TV advertising strategy. This is especially true for low involvement product, such as fast moving goods, due to a very low switching cost. Furthermore, for these product categories, impulse buying is a very frequent because of a very aggressive marketing offering.

For the Toiletries & Cosmetics products category, it is usually shown in the low program rating that has around 1.0 TVR Index with advertising rates of IDR 12.000.000 and IDR 7.200.000. For the Medicines, they usually put ads in the low rating program with 1.0 TVR Index value and the majority number of Ads usually has IDR 7.200.000 and IDR 12.000.000 for its advertising rates.

The Beverages Ads are usually putted in the low rating program that has low rating program with 1.0 TVR index value. This category has tendency to cost IDR 7.200.000 and IDR 12.000.000 of advertising rates. The program rating for the Household Product category usually has 1.1 TVR index value and the advertising rates commonly will be IDR 6.000.000 and IDR 12.000.000. The advertising rates for Food category are commonly for about IDR 7.200.000 and IDR 6.000.000, in the low rating programs for about 0.8 TVR index value. The Office Equipment product category can be found in the low rating program and mostly in the program, which has 0.7 TVR index value. The advertising rates for this category product will be IDR 7.200.000 and IDR 12.000.000 in common. Since it is found that different advertisers of each category product will have different behavior in selecting their spot, the media company could consider the type of category product as well in every days, time and program rating in line with the pattern that

have been described in the analysis to decide the rates for the advertisers.

For the advertisers, targeting is really important. They could consider the target audience of the specific program TV, channel or day part to be aligned with the target market of the brand to maximize the effectiveness of the TV advertising. By this strategy, it will give benefits for both the media company and the TV advertisers in reaching the profit and large-scale audience for both parties. The advertisers can also use targeting to deal with market opportunities, preferences or competitive environment at the designated market area (DMA) level.

In gaining more effective advertising strategy, they can apply the TV advertising customization, which is not strictly customize their one advertisement into several version based on the difference of market segment, but simply choose *when* and *where* to advertise the advertisement based on what days, time, channels, program and how much it will cost. By these variables, the TV advertising strategy could be more specific and can reach the specific target market effectively.

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