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Research Article

Proposed Business Strategy to Increase Net Profit and Expansion to Feature Film Industry for Lucro Studio

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Abstract: *Lucro Studio is a production house established in 2021 that has been offering digital ads, campaign videos, web series and numerous other services. Nevertheless, they are still regarded as a small firm and are facing challenges in increasing net profit in order to help expand to the feature film industry due to insufficient savings and limited revenue sources, despite having been working on projects from well-known firms. This research seeks to provide a new business strategy to solve these issues using qualitative research methods, with the following data collection method using interviews and qualitative document reviews which would be used for internal analysis, involving Resource-based View, VRIO Framework, Value Chain Analysis, as well as external analysis involving PESTLE Analysis, and Porter's Five Forces. In addition, the STP Analysis and Marketing Mix 7P frameworks were used for both analyses, while SWOT analysis and Diamond Model Strategy were used to form the business strategy. As a result, the plan to achieve them involves diversifying revenue sources by seeking more divergent Video works, passive income streams, digital Marketing consultation services, Intellectual Properties, and Business synergy with video production, clients and talents. The idea presented in this approach will help develop greater profitability for Lucro Studio, which will allow it to start experimenting with the feature film field.*

Keywords: *Business Strategy, Digital Advertising, Feature Film Industry Production House, Video Production.*

I. INTRODUCTION

The video industry, which includes films, television and video advertising production, continues to thrive in Indonesia despite having a significant downturn during COVID-19. One of the proofs of this phenomenon was an increase and shift to Over-The-Top (OTT) video consumption by 40% in 2022. Indirectly, advertisers and firms also benefited from this trend as Indonesian audiences were the most tolerant audience in regard to ad consumption. Roughly 96% were inclined to watch them when they consumed titles on OTT platforms that include ad-supported viewership as a means to content for free. Another positive impact of this system was shown when the viewers' brand recall improved by 35% (The Trade Desk, 2022). Following the increasing Gen Z that covers about 58% of the overall population in the respective country (Rakhmah, 2021), they are regarded as one of the generations with high media literacy in which 93% of them consume movies, with 63% interest to consume local movie; 74% is active in Instagram, 59% used YouTube, 56% used Facebook, and 40% used TikTok (Utomo et al., 2022). It is also predicted through research by a Singaporean-based firm, Media Partners Asia, that in 5 years, the Indonesian video industry would experience rapid growth, approximately an 8% Compound Average Growth Rate of the industry revenue, as well as the rise of 4.5% of TV advertising CAGR and up to 40% market share growth (Frater, 2023).

With these growths, the opportunity to thrive in this industry is significant and very likely even for small, newly established production houses. One of them was Lucro Studio, a Jakarta-based production house established in 2021 that has worked on many audio-visual productions consisting of short films, digital advertisements, company profiles, music videos, documentaries, campaign videos, and event highlights for more than 20 institutions, companies, and brands, as their clients. Operating as a Business-to-business (B2B) production house, with a 70% to 80% success rate of their pitching with the vendors or agencies and numerous well-known awards being obtained for their short film titles submitted to international film festivals in 2023, they have generated more than IDR 1 billion revenue, with 4 of 14 projects were large-scale projects worth more than IDR 100 million production revenue each. Unfortunately, the overall cost was relatively very expensive; hence, the production house was only able to gain approximately IDR 47 million net profit, which was only a 4.52% profit margin being obtained. This is due to the high total production costs that are required to be incurred in order to produce the product. Meanwhile, the production house aims for IDR 100 million net profit a year, as well as a goal to expand to the film industry, which requires a large capital investment to enter. Therefore, a business strategy in order to achieve these goals is proposed.

II. LITERATURE REVIEW

A) Internal Analysis

Internal analysis is conducted to have a better understanding of how Lucro Studio operates internally. It is done using a series of frameworks in which each covers different internal aspects. The Resource-based Value (RBV) analysis typically focuses on internal resources and capabilities as assets owned by the company and identifies what aspects become their strengths and weaknesses through their assets (Cardeal & António, 2012). Resources consist of (1) financial resources, (2) physical resources, (3) human resources, and (4) organizational resources (Barney & Hesterley, 2008), while capabilities deal with managing the tangible and intangible resources and how they turn the resources into the final product that adds value (Cardeal & António, 2012). All resources and capabilities would then be assessed to determine whether they are valuable, rare, inimitable, and organized through the VRIO Framework. Valuable signifies whether a resource or capability adds a certain benefit, impact, impression, difference, or function to the company's products or services. Rare assesses the level of rarity or uniqueness in which a company can become the only provider of a commodity containing specific rare and unique resources (Barney & Hesterley, 2008).

Meanwhile, inimitability determines how costly it is for the competitors to replicate the resources or create substitutes for resources owned by a company (Enders et al., 2009). Lastly, the organization determines whether the company has an effective, organized system to utilize these resources to become a final product with a sustainable competitive advantage (Armando & Salazar, 2017). Hereafter, the resources and capabilities formerly being identified will be processed into a final product or service. To ensure the value is also delivered, the system that supports the activity is identified and analyzed in the Value Chain Analysis. The activities are also divided into primary activities, which are the main production of the product and/or service offered, and supporting activities, which cover the general operations of the company that also supports the primary activities (Ensign, 2001).

Subsequently, STP Analysis is done to help understand which market a company should focus on. It examines segmentation, which is a basic foundation for a general approach toward satisfying the needs and wants of consumers by outlining them into categories based on certain driving forces, including demographic and psychographic differences, behavioral patterns, and needs. From the most feasible and potential customer segments in the targeting process they will be chosen in order for the production house to serve most effectively. Finally, positioning is done with the aim of ascertaining the stance of a product or service within the market as seen by the customers. It entails distinguishing the ways in which the company gets its product or service to the target customers from how competitors do the same and the act of creating a message that communicates the value that customers will derive from using the product or the service (Kotler et al., 2017).

Another analysis framework also to be used to make an integrated marketing strategy is the Marketing Mix 7P analysis, following its set of formulated marketing tools. There are seven components of the 7P aspect marketing tools, including (1) the product, which is the goods or service that the company provides to their customers or clients; (2) the price, or the specific sum of money that customers must pay to purchase the product; (3) the place, or the ideal location, which means the site where the customers can access the goods or services and where the process of transactions and negotiation can occur between the buyer and the seller; (4) promotion, such as the tactical methods for communicating the product that take the target market and the existing information into account, to finally resulting in the customer being convinced to buy the product; (Kotler, 2005) (5) people, which is a vital part that confront and handles the involvement with stakeholder by increasing brand reputation through sales; (Warrick, 2018) (6) a process, which addresses the service process consisting of the step by step procedure that generates a value proposition that will be given to the customer, and making the customer an essential part of the operation (Rathod; 2016) and lastly (7) the physical evidence, which heavily linked to how acompany's physical or non-physical asset can help to buildcustomer's trust and loyalty which contribute to thecompany's brand. In this sense, a company must establish distinctive and noticeable characteristics that piquecustomer's interest and make them believe that the brand is supporting a positive principle that relates to them (Warrick, 2018). For this research, STP analysis will be used twice and thrice for the Marketing Mix 7P. LucroStudio's insights and the responses from their clients will be utilised to produce the results and analysis.

B) External Analysis

While internal analysis mainly focuses on the internal environment of Lucro Studio that affects its functions as a production house, external analysis mainly involves the external environment that also affects Lucro Studio's activities. At first, applying the PESTLE Analysis defined the following external aspects, starting from the political factors, which encompass the impact of government presidential policies and coherent stability on the business environment. The economic factors are also evaluated in relation to the inflation rates, exchange, the rates of interest, and the levels of unemployment. Socio-cultural factors consist of evaluations that are characteristics like societal environment, customers or people's nature, and standards. Technological factors like automation systems, digitalization, research and development have a remarkable influence on innovation enhancement, new product development and last but not least, competition in rapidly evolving industries. The environmental factors include resources and environmental utilization, environmental protection, global climate change and legal requirements. The last factor is the legal environment and it can be defined in terms of the laws and regulations and the legal risks concerning the internal and external operations of the business (Worthington & Britton, 2006).

On the other hand, to determine the extent of threats from the combating parties that engage and influence a company, Porter's Five Forces is used. The following aspects begin with the threat of new entrants, which is defined as the level of difficulty in which competitors are able to enter a given industry. This applies as well to the bargaining power of suppliers, where we must equally determine if the suppliers may act even more powerfully and set high prices if there are few or no substitutes or suppliers, or vice versa. This would then have an impact on the profitability of firms where they may have to reduce their margins. Another important force is the bargaining power of buyers, which measures the extent of pressure that customers exert when it comes to making decisions about making a purchase of a particular company's products or utilizing its services. The bargaining power of the supplier or buyer can also be threatened by the threat of substitution, which evaluates the chances that customers may shift their consumption preference to other products in the market that may satisfy similar needs. Lastly, competitive rivalry can also be seen from the threat of new entrants, which determines how many competitors enter and are potential to become competitors for a company (Porter, 1980).

C) SWOT Analysis

Through SWOT analysis, all analyses with the former frameworks are compiled and arranged according to the strengths, weaknesses, opportunities and threats of a firm as a basis to formulate the business strategy to create a competitive advantage. The strengths are the firm's resources and capabilities that affect a firm to gain a competitive advantage, such as a strong customer base, innovative products or services with distinctive resources, strong brand reputation, high-quality workforce, efficient and organized system of the company, and good financial stability. On the contrary, weaknesses depict internal factors that may hinder the firm from performing or competing well. Opportunities for a company emerge from changes in customer preferences, market trends, technological innovations, or a change in macroeconomic conditions. In contrast, threats are forces from the outside of the firm that may contribute to the number of negative impacts on the firm's operations during the process of gaining profitability (Kotler et al., 2005).

D) Diamond Strategy Model

Hambrick and Fredrickson (2001) arranged the elements of strategy that play a crucial role in formulating the actions that can be taken to achieve a business objective through a Diamond Strategy Model (Hambrick & Fredrickson, 2001).

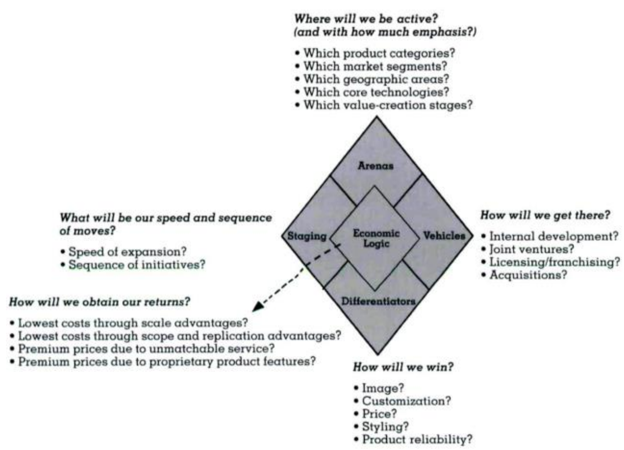

Fig. 2 Hambrick and Fredrickson's Diamond Strategy Model (2001)

Firstly, the context of *Arenas* in this model is roughly equivalent to which business sector and market a firm aims to compete in. These may include their market niches, geographical locations, the technology that is specifically emphasized, the products or services offered, and the value chain activities. The methods or actions that will be taken in order to reach the targeted areas are then defined as *Vehicles,* intrigued by the 'how' questions. Furthermore, One of the important elements that are involved in the formulation of the business strategy under this model pertains to the *Differentiators* since it is in an effort to win the market by making the company different from the rest of the competitors in the market and it is upheld by the products or services that are offered in the business. It also needs to design which action should occur in which stage of Staging. Lastly, at the level of organizational capabilities, it applies the element of Economic Logic, which is the most efficient way to receive a corporation's revenues by the maximum increasing the value created and the value-chain formed by the corporation and constructing the corporation's value-chain to the extent that it is impossible to obtain definite types (Hambrick & Fredrickson, 2001).

E) Methodology

This research shall be descriptive research, which will only involve the collection of qualitative data. The foundation of the employment of qualitative methods stemmed from the goal of identifying the existing trends and business issues being experienced, as well as the operation of Lucro Studio as a production house in the audio-visual business. The sources of data were multisource with the methods including administration interviews with the management of Lucro Studio consisting of two personnel, five potential clients, and two Lucro Studio clients, and qualitative documents from news articles and journals on the audio-visual media industries that embrace video advertisement and films (Creswell & Creswell, 2018).

The data was analyzed using a coding method of data analysis, which means that there is the activity of text interpretation that is equivalent to a code, which would then be connected to look for relations among themselves as a way of forming a network of relations, which in a way defines and describes a given theme. Themes arise from the accumulation of relevant codes (Jnanathapaswi, 2021) and can possess more than one viewpoint of related themes by the subject (Creswell and Creswell, 2018). In the end, while the downstream of the coding process is coming up with a concept that would later be presented as a form of theory (Jnanathapaswi, 2021). Consequently, the scope of this research is not an attempt to establish a new theory but to produce descriptions of systems in Lucro Studio and the video industry that are developed from the internal analysis and external analysis using the frameworks formerly being mentioned in the Literature Review, into a grand concept of SWOT analysis later. The findings that have gone through the coding process will be classified according to the analysis that will be placed on the Strengths (S), Weaknesses (W), Opportunities (O) and Threats (T), with the final output being the proposed business strategy written in the forms of proposed STP, Marketing Mix 7P, and Diamond Strategy Model.

III. RESULTS AND DISCUSSION

A) Internal Analysis

a. Resourced-based Value (RBV)

The assets owned by Lucro Studio are divided into four categories: (1) tangible assets that cover financial and physical resources, (2) intangible assets, (3) human resources and (4) organizational resources. The largest amount of production revenue was completed by the year 2023 at more than IDR 360 million, while the smallest amount was recorded at IDR 0, within the grand total of more than IDR 1 billion of the overall production revenue. Following the deductions of all the operating expenses, other expenses, fixed asset spending and other expenses, Lucro Studio has arrived at a net profit figure of approximately 47 Million, IDR of which is set aside in liquid form. The resource of income includes commercial videos for companies or brands as clients, where large-scale videos such as mini-web series with more than 5 episodes would be the major income-generating services. The production house possesses production equipment, physical in nature, valued at more than IDR 57 million that comprises cameras, lighting system and other related equipment, storage of files, and other minor tools which are needed more to make production more cost-effective especially reaching out for those who desired very few resources and personnel for shooting a video.

The ideas and concepts it creates as intangible assets, which Lucro Studio offers in Video Production, become the central focus. This perception can be seen from the way the production house highlights the extraordinary, fresh and never-before-seen aspects through the proposals presented to the clients for their projects. Furthermore, since it is run by two in-house personnels, which are the Director and the Producer of Lucro Studio, the production house often relies on freelancers for the production crew, and the number is relative to the type of production. The crew is mostly from recommendations, and members are selected based on previous experiences working together in different college, personal, and commercial video projects as a team or based on previous interactions in the same program with the director and producer of Lucro Studio. However, the production house may source for new crew members who have never worked with Lucro Studio before if the regular one is not available. Prior to gross, they shall meet three of the former criteria that Lucro Studio used, which are (1) quality, (2) attitude, (3) price, and (4) recommended to Lucro Studio by the crew that makes frequent appearances in the studio. These mutual trusts would then influence the working environment which entails strong working collaboration, respect, and having fun with one another. There are two such competencies that Lucro Studio fosters through its stakeholders, and they are flexibility and adaptability alongside the fact that Lucro Studio's values place it in a better position. This is the flexibility and versatility that comes with the incorporation of Lucro Studio which results in the suitability of the services to be provided depending on the available production costs as well as the clients' goals and the concepts being presented.

b. VRIO *Framework*

Table 1: VRIO Matrix For Lucro Studio

Core Competition	Valuable	Rare	Inimitable	Organized	Competitiveness
Extraordinary, never-before-seen story and video concept ideas	YES	YES	NO	YES	Temporary Competitive Advantage
Having sufficient financial investments	YES	NO	NO	NO	Competitive Parity
Having sufficient equipment investments	YES	NO	NO	YES	Temporary Competitive Advantage
Strong connections built between clients	YES	YES	YES	YES	Sustainable Competitive Advantage
Strong connections built between talents and crew	YES	YES	YES	YES	Sustainable Competitive Advantage
Highly adaptive, flexible and responsive to the client's needs; positioning as clients' discussion partner	YES	NO	NO	YES	Temporary Competitive Advantage
Highly skilled and experienced crew recruited	YES	NO	NO	NO	Competitive Parity
Fun-but-professional working environment	YES	NO	NO	NO	Competitive Parity

Based on the table, what is being regarded as Lucro Studio's Sustainable Competitive are the Strong connections built between the clients, the talents and the crew. This is due to the level of mutual trust being present between Lucro Studio and the subsequent parties not being on the same page with the normal levels of trust that may exist for other production houses tied to their usual customers, artists, and workers. Second, the employment of new customers by appealing to their own clientele and recruiting new crew members is quite unexceptional in the field. Furthermore, the trust that a client will have developed with the production house when he or she approaches the production house for the video production services being required gives a higher likelihood that the same client or other firms that this client recommends the production house to will seek the services of the production house in the future were the need for video production to arise again.

c. Value Chain Analysis

In general, the value chain of Lucro Studio emphasizes co-creation, in which the client is actively involved and/or supervising during the primary activities. Before proceeding to every next process, the production house shall receive approval from the client beforehand to ensure that the creative and technical decisions align with the client's demand. The video production, as the primary activity, consists of initial operations in which idea and concept pitching, budgeting, scheduling, and scriptwriting are conducted. Hereinafter, the inbound logistics involving talent and crew recruitments, filming equipment, props and material rentals are being done based on the approved proposal. Entering the main operations, which is the filming process, consists of location scout and permitting, conducting a recce or rehearsal, and the actual filming on the field. Following the post-production process in which the filming results are being edited, other elements such as sound designs, music visual effects, graphics, color grading, and motion graphics are added. The outbound logistics is when the video as the final output is delivered and approved by the client. The marketing, sales and services after the production involve client testimony, social media content uploads such as behind the scenes and work portfolio, as well as maintaining relationships with the cast, crew and clients. The whole process is being done in a fast-responsive and active communication between the production house and the client.

Furthermore, supporting activities cover the implementation of Lucro Studio's resources as explained in the RBV analysis, including the (1) business organization structure and (2) their human resources management that is led and run by two personnel in-house and will hire freelancers as crew per project, (3) procurement process in which production equipment is being purchased as their fixed assets, and (4) technology aspects in which their production process is done digitally.

d. STP Analysis

Below is the STP analysis being applied by Lucro Studio according to the interviews with the in-house personnels.

Table 2: STP Analysis for Lucro Studio

Segmentation	Targeting	Positioning
Demographics: ● Large-scale companies, brands, and institutions operating in various kinds of sectors ● Jakarta is the main region	established, large-scale companies, brands, and institutions unlimited in all sectors in need of affordable video production services for (1) external objectives and (2) internal objectives.	**Creating Extraordinary Stories,** giving fresh and extraordinary, never-before-seen experiences through concepts and storylines for the video projects in accordance with the client's objectives.
Psychographics and needs: ● It needs to produce digital advertisements mainly worth more than IDR 100 million in revenue, and company profiles, short films, documentaries, event highlights or small-scale advertisements ● look for production houses with affordable budget		**A partner** for their clients to openly discuss, actively listen, and be responsive to the client's needs.
Behaviors: ● mainly hire for a one-time project ● chance of returning despite the numbers are few		**#ShareTheFortune** with all stakeholders involved, especially the clients, through the video concepts made and the satisfaction that emerges after the project is done.

e. Marketing Mix 7P of Lucro Studio

The primary product provided by the Lucro Studio is a video production service, with digital advertisements and company profile services being the most popular types of video projects. Other forms include short movies, documentaries, music videos, promotions and event highlights, and the size of the project can be different based on the clients' aim and budget for the project as well. The fee scale includes the lowest, which begins at IDR 200 million for digital advertisements that create more than 1 video for a large number of crew and talents. Documentary video productions, on the other hand, begin at a charge of IDR 10 million, involving at maximum 2 team members. The final price is definitely open for discussion based on the client's budget, and the production specifications and changes are best accomplished by the number of talents, equipment, props, and materials needed at the cost of consistent quality service. In relation to the Place, Lucro Studio has adapted to having an online presence, is majorly involved in production in and around Jakarta and is likely to be discovered by potential clients during their internet searches. In their promotional aspects, Lucro Studio has been constantly promoting their services mainly through the following channels, in order with the most effective channels, which are (1) connections and referrals from crew and colleagues, (2) connections from other third parties, including agencies and (3) social media platforms. The activities of the Value Chain, as explained earlier, formed the process of reaching to the video production. However, to attest to their Physical Evidence, their daily activities, content, and previous works, as well as their activiites, can be seen on their Instagram @lucrostudio (Appendix 3).

B) External Analysis

a. PESTLE Analysis

From the political factors, based on the Outlook of Indonesian Tourism and Creative Economy, the government has committed to issue funding through the implementation of the Pemulihan Ekonomi Nasional (PEN) program by Kemenparekraf to support the production and promotion of Indonesian local films. As a result, it helped the films gain an audience in movie theatres during the pandemic, such as Yowis Ben 3, which was watched by 214,315 audience (Kemenparekraf, 2021). Besides, Kemenparekraf also formed a partnership with the Association of Indonesian Advertising Companies and several universities in arranging Inkubasi Adv Camp 4.0 as a bootcamp to establish new advertising agencies. From the economic factors, there is a very significant trend of advertising on social media due to the large number of social media users in Indonesia, which has reached 60% of the Indonesian population (Sudibyo, 2022). Besides, the

Indonesian film industry has also shown a very positive trend, such as the growth of over-the-top streaming services in Indonesia that made Indonesia become the largest OTT market in Southeast Asia (Asthu et al., 2023). From the social factors, there is a rising trend of short videos that TikTok popularized in the 2020s that allows consumers to constantly scroll video nonstop (Bulut, 2023). However, this leads to the behavior that people become addicted to consuming short videos rather than videos with longer durations (Sot, 2023). Besides, there is an opportunity because, in 2023, local films dominated the market share in cinemas (Shackleton, 2024), with horror and comedy as the most popular genres consumed by the Indonesian audience (Riandi & Setiawan, 2024).

From the technological factors, the technology of video production started to become more portable, affordable, and integrated with smartphones in the '90s era. In addition, Smartphone Filmmaking was popularized and started to produce films by using mobile devices, with Roger Odin as the first person to attempt to categorize it (Isikman, 2018). Besides, the disruption of Artificial Intelligence in creative production is beneficial for automation and production efficiency because it can lower the cost and shorten the production duration. From the legal factors, the government has issued a policy made for the film industry through Undang-Undang Nomor 3 Tahun 2009 to regulate film production, distribution, and also business practices that include licensing, permissions, and issuing for business operations, film selling, archiving, airing, exporting, and importing (UU No. 3 Tahun 2009). Besides, regulations for advertising activities are also written in Etika Pariwara Indonesia: Amandemen 2020 (Dewan Periklanan Indonesia, 2020). Last, from the environmental factors, the shift from physical distribution or DVD to digital streaming with Netflix does contribute to energy consumption. The energy consumption in the DVD era was directed toward manufacturing operations, while in the case of video streaming, the energy consumption came from the 90% of electricity that was consumed.

b. Five Porter's Forces

The analysis of Five Porter's Forces is used for the company to deal with the opportunities and threats in the company's external environment.

- Threat of new entrants is moderate due to the more inclusive access to video production and the technological advancements. However, the production equipment needs more investment.
- Bargaining power of suppliers is moderate due to the production houses that have higher power to choose talents and crew to work with plenty of alternatives.
- Bargaining power of buyers is high because certain clients are highly involved in the project from the beginning. In addition, the seller will provide the products or services based on the request of clients.
- Threat of substitution is moderate because the emergence of Artificial Intelligence can be advantageous but also become a disruption for production houses as a substitute.
- The competitive rivalry is high because the competition will start during the pitching session where the clients will look at the production houses that offer the most affordable production budget.

c. Customer Analysis using Marketing Mix 7P

Interviews with Lucro Studio's clients and potential clients were conducted to gain a better understanding of what video production services clients demand, so ultimately, Lucro Studio is able to optimize its marketing mix with additions from the respondents' inputs. Beforehand, the interview involved five respondents working at an e-commerce, food and beverages, beauty and personal care, and digital currency media industries, and two of Lucro Studio's former clients from a funding firm and an advertising agency. Based on their job positions, they have close ties with activities involving marketing, advertising, social media, and video production.

Firstly, in regards to the product, it is the production for digital advertisements and TVCs, or if the project scale is larger and heavier, hence large resources are needed, which usually requires hiring a production house. They would like the video to be relevant to young audiences, giving an impression of brands that are close and fun with their customers and rich in storytelling. Optimizing the audio or visual elements of the video, for instance, using animation, Computer-Generated Imagery (CGI) or motion graphics as being done by one of the potential clients, shall become one of the ways to showcase the fun and relevant aspects. The preferred price, specifically for TVCs or projects that require more than 1 video output, such as web series, starts from more than IDR 100 million production budget, while other projects that usually only need fewer crew, are less massively distributed, or are made for internal purposes may charge below IDR 70 million production budget. Furthermore, to find a production house suitable for their needs, the respondents usually receive the names of the production houses through referrals or recommendations from their colleagues. Some of the respondents noted that their internal team would bring a list of production houses that they had previously known and worked with in the meeting, and these production houses would be compared according to the portfolio. This matter is related to the promotion aspect where out of the three mentioned responses, the most preferred and effective way respondents normally used in identifying potential production houses to patronize is through referrals of the mentioned production house. It is so because when clients give their testimonials, they gain in-depth knowledge of the production house and the sort of experience they underwent with the particular production house, hence, the credibility of the production house endorsed by the client is more certain. In regards to the client's retention, respondents would likely to change or hire other production houses due to the following reasons: mainly if (1) the production house fails to deliver a satisfactory result of the video production for the client, or (2) if the client wants a production house that is willing to propose the lower production budget since the total budget proposed by the client is too low. But, in most cases, the client is likely to initiate a recall process involving the production house that has formerly worked with the company in the pitching process in case the previous work completed was satisfactory.

In relation to the people aspects, the crew in the production house is expected to have the following qualities: (1) the demonstration of good communication skills, where the owner has not only to present the idea but also to convince the clients as well as be ready to discuss with them; and, (2) the ability to analyze problems and objectives that the clients have and propose solutions to them. Some of the respondents mentioned the following skills as essential for being of value to the production house: (1) possessing knowledge in the marketing field, especially for those who are often hired to produce videos for marketing campaign purposes; (2) having a vague notion of the business sector that the client belongs to; (3) being aware of recent trends; and (4) following and implementing the brief given by the client. Regarding the process of collaboration with the production house, it is noted that the internal team and a producer from the client's side have the final word on the decisions proposed by the production team in terms of technology and creativity aspects. A director or production house can either be appointed directly by the client, or some are invited to the pitching, or directly the client would approach an outer agency about the eligibility of the production house. Regardless, all these processes involve the initial acquaintance of the client with the potential production house. Suppose the production house will have to be involved in the pitching process. In that case, the concept, the budget estimation and the time frame are usually the deciding factors of that specific production house collaborating with the client. As soon as the two parties have reached an agreement, the actual production process may start as was formerly described in the Value Chain analysis. Finally, for the client to determine the credibility of the production house, one has the social media platforms, online portfolio, and Visual brand designs as the final characteristics they consider before the formation of the deal.

C) SWOT Analysis

SWOT analysis for Lucro Studio is made based on the internal and external analysis together with the findings that have been encountered during the previous writings.

Table 3:SWOT Matrix For Lucro Studio

Strengths	**Weaknesses**
● *extraordinary* and *fresh* story and video concepts as one of the main selling points. ● highly responsive and professional crew. ● highly adaptive to changes and flexible to the client's needs. ● strong mutual trust and social networks built with the clients, the talents, and the production crew.	● Limited manpower in-house hinders the production house from accepting more projects and developing their business. ● heavy reliance on video production services, especially the live-action format, as the source of revenue, following the heavy reliance on connections to gain clients and new projects. ● each 10% of some production revenues is unable to be allocated to the production house's liquid assets. ● Still owns a relatively low capital investment to enter the feature film industry.
Opportunities	**Threats**
● Providing other services, such as digital marketing consultation. ● adding intangible assets such as Intellectual Property (IP) for long-term investment or commodities to sell. ● approaching multinational clients to achieve international exposure. ● Consistently align to current trends among young audiences. ● Utilizing technology that supports the production in	● Risk of being replaced by technology that is able to do the work conducted by the production house, such as generated images or videos by AI. ● The establishment of an internal video production team in certain companies as a substitute for the company to produce videos, mainly for day-to-day video content creation. ● Companies have a strong mutual trust built

terms of adding creative value, such as technology to produce CGI, motion graphics, 3D and 2D animation.	with their trusted production house, hence hindering other production houses from receiving video projects with the respective companies. ● Risk of the video concept idea by Lucro Studio being used by the client without involving the respective production house in the production.

D) *Proposed STP*

The aspect of STP that has been proposed now by combining the previous aspects with an internal analysis of Lucro Studio and analyzing what aspects are hidden after doing the external analysis is presented below.

Table 2: Proposed STP for Lucro Studio

Segmentation	Targeting	Positioning
Demographics: ● National and multinational, large-scale companies, brands, and institutions operating in various kinds of sectors ● Established production houses, film funding institutions, and venture capitals for feature film production needs. ● Jakarta as the main region ● Production may be conducted remotely in Jakarta or abroad if needed	large-scale national and multinational companies, brands, and institutions unlimited in all sectors in need for video production services, digital marketing consultation with videos as the final outputs and IP development for (1) external objectives, and (2) internal objectives. Production houses, film funding institutions, and venture capitals sharing the same interests to fund and develop IPs to produce as feature films.	**Creating Extraordinary Stories,** giving fresh and extraordinary, never-before-seen experience through IP creations and development, concepts and storyline for the video projects in accordance with the clients' objectives and relevance to today's trends; able to offer novel audio-visual concepts through technological advancements.
Psychographics and needs: ● In needs to produce digital advertisements mainly worth more than IDR 100 million revenue, and company profiles, short films, documentaries, event highlights or small-scale advertisements ● look for production houses offering negotiable production budgets. ● look for a modern, fun and energetic, more artistic visual look as a result of utilizing novel technology ● expect for a production house being able to consult a digital marketing strategy with the videos as the outputs and develop an IP to utilize for the needs of the client;		**A partner** for their clients to openly discuss, actively listen, and be responsive to the clients' needs; having a knowledge of digital marketing to be able to offer advice to the clients in regards to the marketing strategy using videos as the output.
Behaviors: ● mainly hire for one-time project ● chance of returning if the production house is trusted enough and have established a close relationship with the client ● chance to submit as the client's official vendor if the client demands for long-term video production.		**#ShareTheFortune by embracing human creativity** with all stakeholders involved, especially the clients, through the improved people process, video concepts made and satisfaction that emerges after the project is done.

E) Proposed Marketing Mix 7P

Besides the types of video production services offered by Lucro Studio, the strategy to expand the product portfolios is to use a variety of technologies such as CGI, 3D or 2D or animated models as one way to put the extraordinary concepts, especially those that cannot be created in a live-action form. For the case of the revenue stream leverage, creating new IP and developing services, providing consultation services in digital marketing by partnering with digital marketing agencies, and engaging in passive revenue streams such as renting production equipment, selling stock footage through e-commerce platforms, as well as licensing of IPs shall become the option. The idea of flexibility in the pricing and the payment system, which Lucro Studio has adopted, shall also remain in force as this is one of the advantages offered by a production house that became a big plus for their clients because of the many opportunities to negotiate the price levels and look for the mutual saving solution. Additionally, it is believed that taking large-scaled and outsourced projects that are worth more than one hundred million Indonesian Rupiah should be the priority for Lucro Studio to enhance its revenue. In regard to the company's headquarters location, Lucro Studio aims to own a property that can be converted into the headquarters if needed in the future, and would be located in Jakarta if their future actions demand them to work there more often. However, this is not considered an important issue since their main focus is to generate even more revenue in the short term in order to invest in even more production facilities and enter the Scene of Feature Film production.

In order to gain more clients, out of recommendations, portfolio, and social media, Lucro Studio shall mainly continue to strengthen its relationship with all stakeholders to increase its chance of acquiring clients through word-of-mouth recommendations. It is based on the result of the interview with the potential clients that they would prioritize recommendations of the names of production houses given by a trusted individual within their institution due to the established and easy communication process between one another. Furthermore, in relation to the strong connections that play an important role in Lucro Studio's operations, implementing a Customer Relationship Management (CRM) to retain the clients, talents and crew, as well as forming partnerships with parties that act as suppliers, such as with marketing agencies, animation studios, other production houses that usually produce feature films, institutions or capital ventures to fund feature film production, are also proposed as for the process of how the video production services provided by Lucro Studios will be received by the clients, another step that shall be required is the more detailed Standard Operational Procedures and agreements before proceeding to the pre-production stage. Each of the types of partnerships or collaborations, including production for regular client-based videos, feature films, IP development services, and rentals, shall have different requirements in the contracts that are beneficial for both parties. Lastly, Lucro Studio's Instagram as their physical evidence can be further maximized by reactivating content uploads as a means to build their identity.

E) Proposed Diamond Strategy Model

Outlined below is the more technical and chronological approach that Lucro Studio shall adopt in its quest to bolster its net profit as a client based video production house and also diversify in the feature film industry.

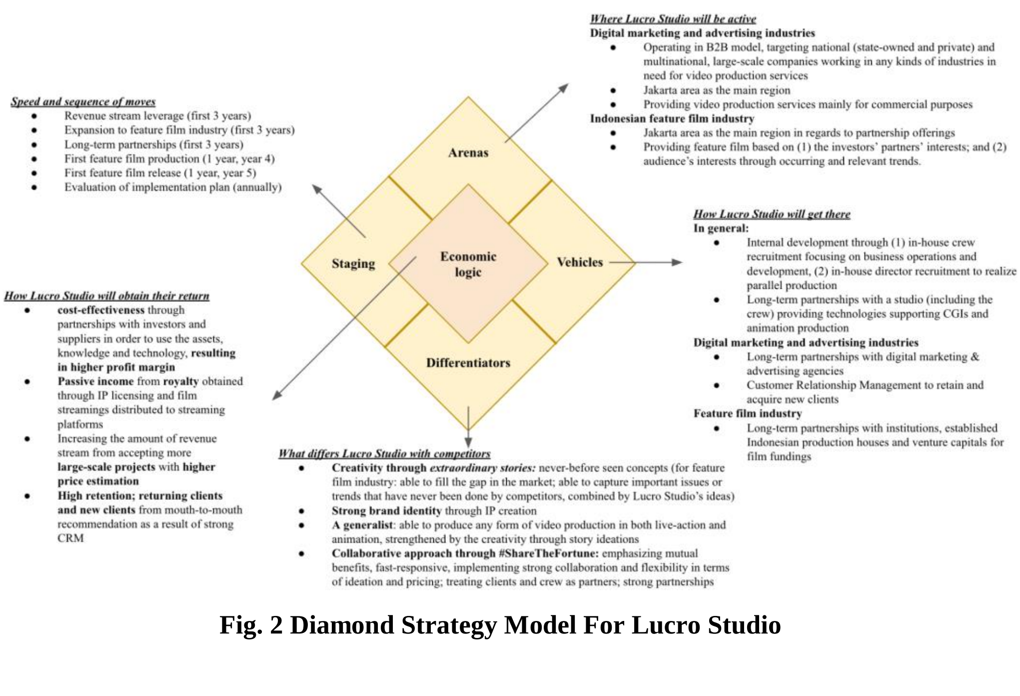

Fig. 2 Diamond Strategy Model For Lucro Studio

The areas in which businesses will operate actively include digital marketing and advertising industries, followed by the Indonesian feature film industry, with their operations actively taking place in Jakarta areas. In order to enter the industry, it is necessary to establish a reputation together with recognition from the firms and/or the other stakeholders engaged within the industry. The actions that can be taken are as follows: (1) having contact with the firms or individuals that can have good connections with the intended clientele of Lucro Studio that should be approachable; (2) exhibiting themselves in the related digital marketing/ advertising events as an exhibitor; (3), participate in the productions as a crew of well-known production houses that have best selling film portfolio or well-known prolific clients.

Furthermore, The main drivers that support the series of proposed activities are in-house crew recruitment and strong long-term partnerships with the crew and/or other studios as suppliers. The proposed positions follow an additional director, a Chief Finance Officer (CFO), a Chief Marketing Officer (CMO), and a writer. However, after reviewing the proposed strategy with Lucro Studio, hiring a broker or a third party that can help them connect the production house to the potential clients shall be a priority. Meanwhile, the initial proposal for in-house recruitment shall remain and only be delayed for a few years instead. As for Lucro Studio's differentiators, they refer to their positioning in the STP analysis, which highlights Lucro Studio's ability to offer (1) *extraordinary stories* through the ability to fill the gap in the market by capturing important issues or trends that competitors have never done*;* (2) strong brand identity through IP creation and development; (2) Accepting wider forms of video projects to become a generalist; and (4) an equal partner to their clients, as well as sharing mutual benefits from their collaboration.

The proposed strategy shall be completed in five years, with each year being divided into quarters, while the final two years are expected to be the first feature film production by Lucro Studio. The first year will likely begin most of the activities, and the following years will focus more on the expansion and diversification into the feature film industry, entering into long-term partnerships with suppliers based on the continuous development of the activities started in the first year. Moreover, the evaluation for the 3-year implementation shall be made after the completion of the 3-year plan to check whether it has been implemented appropriately or if a change in the plan is required. However, the evaluation for the feature film production shall be conducted in the 4th and 5th years, respectively.

As for the economic logic, the partnerships and client relationship can give Lucro Studio a higher profit margin since the realization of cost-effectiveness is expected to be realized, and more returning and new clients means that leads to revenue generation. At the same time, Lucro Studio's investment in IPs, in-house personnel, and creations could bring more durable returns, the expansion of the extent of revenue flow from accepting more big-scale projects with larger prices, receiving royalty income through IP sales, films circulated in streaming sites, selling stocks in video-sharing sites, and equipment leasing.

IV. CONCLUSION

As Lucro Studio acts as a production house working based on clients' needs, the strategies proposed offer objectives in strengthening and improving their relationship with not only clients but also all stakeholders involved as the parties that have worked with Lucro Studio. It is due to the clients' preferences in choosing the production house based on recommendations being given by the individuals with strong connections with both the clients and the production house, hence to identify who is connecting with whom is also important to examine the social network as one of the bases to create the CRM. To have chemistry and mutual trust between two parties is highly important to create a smooth flow of communication and a satisfactory experience during the production process, as well as the chance for the clients to return, or recommend the production house to their other colleagues. However, although this strategy, adding the plan to hire a third party to search for more clients, becomes a priority, it is highly suggested to leverage their revenue stream in parallel, especially in regards to activating passive incomes, in order to reduce the heavy reliance on client-based video production as their source of revenue. On the other hand, As a means of preparation for the feature film industry, Lucro Studio may develop certain IPs to be proposed and used as long-term assets.

The profitability gained in the early stage of the implementation could then become the capital for Lucro Studio to invest in the making of feature films. Nevertheless, entrusting only the production house's savings to fund the feature film production is inadvisable for Lucro Studio, and it will slow down its function in the industry gradually. Therefore, during the pitching process, it should also be equally important for the production house to form partnerships with the institutions, existing production houses and venture capitalists that can offer funding for the production, production facilities, promotion, and distribution services.

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APPENDIX

Appendix 1. Interview Guidelines for Lucro Studio

Sections	Questions
Resource-based Value (RBV)	➢ What tangible and intangible assets does Lucro Studio own? ➢ What are the considerations for buying or developing these assets? ➢ How does Lucro Studio manage these assets? ➢ How can these assets provide added value to Lucro Studio as a production house that can make Lucro Studio superior to other production houses? ➢ Where does Lucro Studio get its income from? (Active and passive income, and which one is the most)

VRIO Framework	➢ What kind of assets, both tangible and intangible, can add value to LucroStudio's audio-visual works and audio-visual production services? ➢ What kind of assets, both tangible and intangible, do Lucro Studio only have and are difficult to find in other production houses? ➢ How does Lucro Studio own the assets, both in tangible and intangible form, managed so that the level of scarcity of these assets is high and only controlled by Lucro Studio? ➢ How do Lucro Studio operations run with a membership status of 2 people? ➢ How does Lucro Studio manage the team during production? ➢ How does Lucro Studio manage professional relationships with crews who have collaborated on a number of productions with Lucro Studio?
Value Chain Analysis	➢ How does Lucro Studio carry out research and development to be processed into story ideas that can be offered to clients/investors/institutions offering funding? ➢ How does Lucro Studio manage finances and schedules for production? ➢ How does Lucro Studio offer story ideas and production proposals to clients (brands or agencies) / investors/institutions offering funding? ➢ What are the significant differences regarding offering production to these two parties? ➢ How does Lucro Studio manage communication with clients during the production process? ➢ How often are clients involved in the production process, from pre-production to post-production? ➢ How does Lucro Studio recruit production crew and what are the considerations in selecting the crew? (personally and professionally as individuals as crew or according to the needs of Lucro Studio) ➢ How long does the pre-production, production and post-production process under Lucro Studio take on average? ➢ What is the maximum number of revisions a client may request? ➢ Of all the projects that Lucro Studio has carried out during 2023, how many projects were completed on time (according to the schedule planned at the start)? ➢ What usually makes the overall project late in completion? What is LucroStudio's strategy for handling this?
Marketing Mix 7P	➢ What audio-visual work creation services does Lucro Studio offer? ➢ What audio-visual works are most in demand and needed by clients? ➢ What aspects does Lucro Studio consider to make the services offered uniquely superior to other competitors? ➢ What is the range of production costs offered by Lucro Studio? ➢ What services for audio-visual works incur the lowest production costs? What are the considerations? ➢ What services for audio-visual works incur the highest production costs? What are the considerations? ➢ What are the payment terms for the services offered by Lucro Studio? (payment terms, etc.) ➢ Are there special pricing and conditions set by Lucro Studio (bundling, discounts, etc.), and when are these prices usually offered? ➢ How do negotiations regarding production costs for audio-visual creation services proceed between Lucro Studio and clients? What are the challenges? Where has Lucro Studio sent and displayed its works, both advertising videos and films? ➢ What are LucroStudio's considerations when choosing certain distribution channels to distribute its works? ➢ Does Lucro Studio have affiliations/connections with a number of parties who collaborate to distribute their work, either to certain platforms or to other clients? What does this collaboration look like? ➢ How does Lucro Studio empower digital platforms (social media, etc.) to display and promote the works that have been produced? ➢ How does Lucro Studio build connections with prospective clients? Where is

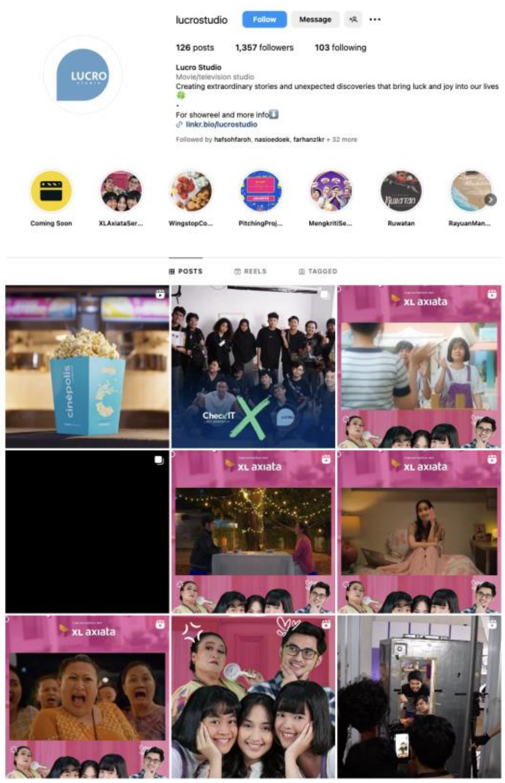
	this activity often carried out? (film festivals, story pitching events, etc.) ➢ Of the many prospective clients who have been approached, how many contact Lucro Studio again and how long does it take to be contacted again? ➢ Of all the promotional strategies that have been implemented, which strategies have proven effective for Lucro Studio in getting clients or funding for production? What are LucroStudio's considerations in selecting the production crew? ➢ How does Lucro Studio help crew members who have been involved in production to improve their skills and capabilities? ➢ How does Lucro Studio maintain a collaborative environment between production crews? ➢ How does Lucro Studio maintain relationships with crews who have been involved in co-productions? ➢ How does Lucro Studio empower crews who have been involved in production to become affiliates in introducing Lucro Studio to prospective clients? ➢ What is the process of Lucro Studio getting clients until the client finally decides to collaborate/rent video production services with Lucro Studio? ➢ How does Lucro Studio build its image through tangible assets (office; branding materials such as colors, logos, slogans)? ➢ How does Lucro Studio convey and spread its values through visual branding? ➢ What kind of impression does Lucro Studio want to convey to clients?

Appendix 2. Interview Guidelines for Clients

Sections	Questions
Marketing Mix 7P	➢ What genres of video/film advertisements do clients like/need? ➢ What forms of audio-visual work/video advertising are currently most needed? ➢ What kind of visuals or mise-en-scene (camerawork, actors' acting skills, color gradations, set design, clothing, lighting) in advertising videos/films do clients like/require? ➢ What kind of audio elements (music, dialogue, sound effects) in video/film advertisements do clients like/require? ➢ What are the most preferred video/film ad formats (landscape or vertical)? ➢ How long is the duration of video/film advertisement that the client likes/requires? ➢ What kind of message or narrative form does the client want to convey about their product/idea through advertising video/film packaging? ➢ What production cost range is favored by clients? What are the considerations? ➢ Is there any special pricing and conditions (bundling, discounts, etc.) that clients prefer? ➢ How do negotiations regarding production costs for audio-visual creation services proceed? What are the challenges? ➢ In which distribution channels can clients find suitable production houses for cooperation? ➢ How do clients consider suitable production houses for collaboration in producing advertising videos/films according to the client's needs? ➢ How big is the influence of referrals from local parties regarding a production house in a client's decision to collaborate with that production house? ➢ How big is the influence of digital platforms (social media) on a production house in a client's decision to collaborate with that production house? ➢ How big is the influence of the production house's portfolio and experience in the client's decision to collaborate with the production house? ➢ How often do clients change production houses as the producers of videos that clients order? ➢ What makes clients want to collaborate with this production house again?

	How much influence does direct interaction and communication with representatives of the production house have on the client's decision to collaborate with the production house? ➢ What kind of quality, system and production style implemented by the production house and its crew are liked by clients? ➢ What is the process for a client to contact a production house until the client finally decides to collaborate/rent video production services with that production house? ➢ How does the physical branding of a production house (office; branding materials such as colors, logos, slogans) attract clients' interest in choosing a production house for collaboration?

Appendix 3. Lucro Studio official Instagram (@lucrostudio)



Appendix 3. Lucro Studio filming process for *XL Axiata RT 808*


LUCRO


LUCRO