DIGITAL CREATIVE INDUSTRY DEVELOPMENT STRATEGY FOR CREATING A SMART ECONOMY IN BALIKPAPAN

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ABSTRACT

Strategic planning is one of the keys needed in the development of the digital creative industry especially in This research aims to determine the right strategy so that the Digital Creative Industries in Balikpapan city that can meet the needs such as Big Data, software as a service (SAAS), e-commerce, and other information technology needed by large and small companies (Non Creative Industries). The variables used in this study include products/services, human resources, promotion, facilities, promotions, distribution channels, competitor and price. One of the methods used for the development of the digital industry is Strength Weakness Opportunity Threat (SWOT) analysis. The result is there are 8 policy strategies that can be implemented by the digital creative industry in improving their business processes. This policy step is based on an analysis of internal factors originating from the digital creative industry in Balikpapan and an analysis of external factors originating from non-creative industries. The formulation of several strategies can later be used by the Balikpapan creative industry in determining the future direction of the company's policies

Keywords: Balikpapan, Digital Creative Industry, SWOT Analysis

INTRODUCTION

Indonesia has a great opportunity to increase the growth of the national economy through the development of the creative economy. Entrepreneurs in the creative economy sector, occupy the largest share of all economic activity people of Indonesia. Indonesia will also experience a demographic bonus by the year 2035, where up to 2030 the number of productive age population is estimated above 60 percent and 27 percent of them are vulnerable young people aged 16-30 years (Coordinating Ministry for Economic Affairs). The blueprint of the creative industry from 2015-2025 stated that the focus is on the development of the creative economy sub-sector in the period 2015 to 2019 is an increase in power creative industry competitiveness by optimal utilization of science and technology and development of creativity and creative industry institutions. In the roadmap creative economy sub-sector development strategy for 2015-2019, creative industries Digital is one of the priorities for the development of creative industries in Indonesia (Ministry of Tourism and Creative Economy, 2015). This is also encouraged by the development of the industrial revolution leading to the industrial revolution 4.0. The study team and the Ministry of Tourism and Creative Economy (2015) stated that the creative industry is the main core of the creative economy is very responsive to consumer phenomena so change from a supply-driven approach to a demand-driven one.

Several provinces have several digital creative industry potentials, including East Kalimantan. As stated in the term plan in terms of the national strategic plan, the national capital will be moved to East Kalimantan. As a result, it is necessary to support the

acceleration of moving the national capital facilitated by appropriate technology in supporting industry in the region East Kalimantan. Balikpapan is a city with economic growth the highest was in East Kalimantan, namely 4.76%. It makes the city which is on the east coast of Kalimantan is a trading area and regional services, as well as the processing industry. Balikpapan City's economic potential can be seen from various facts such as the availability of service and transportation facilities complete compared to other areas in Kalimantan and even the eastern part of Indonesia. In addition, Balikpapan is the main distribution route to and from districts/cities and provinces in the Eastern Indonesia Region.

Therefore, technological support is needed in the city by encouraging the digital economy, digital creativity, and pre-startup actors to form a digital ecosystem to support the economic potential in Balikpapan. This is also related to ITK's superior research theme regarding the smart economy in the development of regional industrial competitiveness potential. The potential must continue to be supported consistently so that actors can increase capacity and competencies, particularly in the application, game, and web and internet of subsectors things (IoT). The Creative Economy Agency (Bekraf) has also held Bekraf Developer Day (BDD) in an effort to strengthen the digital economy in the City of Balikpapan. This means that Balikpapan is one of the cities that is eyed to have the potential in developing digital creative industries.

The development of the digital creative industry is faced with several obstacles, Among them are market challenges, namely challenges related to the behavior consumers who can choose digital products more selectively and competition among digital creative industry business actors. This research aims to obtain an overview of the current innovation process implemented and develop an innovation strategy to be carried out by the creative industry to win the competition. Brilliant innovation can be a bridge to improve marketing in the eyes of the company. Thing This is the first step in developing long-term planning developing a digital creative industry in East Kalimantan so that it fits to research the PDB scheme with the level of preparedness output technology 1-3. The research was conducted in East Kalimantan Province in particular Balikpapan, as one of the centers for digital creative industries in Indonesia. Results research can provide minimal benefits to business actors and to the government. For business actors, research results can be used as a baseline study to develop the right innovation strategy while the government can assist in formulating needs assessment/analysis of needs for increasing the innovation competence of business actors and developing policies to create a conducive business climate.

THEORETICAL BASIS

Digital Creative Industry

According to the Creative Economy Agency (BEKRAF, 2017), the creative economy (ekraf) is defined as the creation of added value from creativity protected by intellectual property, and sourced from cultural, scientific and/or technological management. The big message offered by the creative economy is the utilization of resource reserves that are not only renewable, but even unlimited, namely ideas, talents and creativity (Polnaya, 2015). In Indonesia there are 16 creative economy sub-sectors that are being developed, including applications and games, architecture, interior design, visual communication design, product design, fashion, film, animation, video, photography, craft, culinary, music, publishing, advertising, art, television and radio (Perpres, 2015). Of the 16 creative economy sub-sectors, one of them has a quite strategic position compared to the others, namely the digital industry. The impact of using digital technology can already be felt in various sub-sectors such as

design, music, fine arts and other sub-sectors (Aysa, 2020). Information technology is also needed in the process of distribution, promotion and sales transactions so that the process runs more effectively and efficiently (Rofaida, 2019). The combination of the various factors above results in a meeting of aesthetic and technological elements which results in a distinctive digital creative industry (Aysa, 2020).

Business Development Strategy

According to (Sarjono, 2013), in facing business competition, business people must have the ability to develop strategies to compete. The company's strategy embodies three general orientations namely growth, stability, and reduction. A company can develop strategies to overcome external threats and seize existing opportunities (Hunger, 2013). Each company also has a different strategy for realizing its goals, so that business development analysis is very influential in realizing the company's goals (Lupiyadi dan Hamdani, 2009). In the business development process, improvements must be made in the form of repairs, replacement or addition of resources in its management so that work systems and procedures become better (Muhammad, 2021). There are several types of business relationships between companies including Business to Business (B2B), Business to Consumer (B2C), and Consumer to Consumer (C2C). According to (Jonathan, 2012) product marketing for businesses, governments and institutions for the needs of business operations, such as components in business products, or for resale. Business to business (B2B) are transactions that are carried out electronically or physically and occur between one business entity to another. Meanwhile, Business to Consumer (B2C) is product marketing for end consumers. Business to consumer (B2C) is a business that services or sells goods or services directly to individual or group consumers (Syakur, 2015). In C2C someone sells products or services to other people. It can also be called customer to customer, namely people who sell products and services to one another (Syakur, 2015).

SWOT Analysis

SWOT analysis stands for Strengths, Weaknesses, Opportunities and Threats. SWOT analysis is used to analyze internal and external factors to formulate company strategy (Nurcahyono, 2013). This analysis is a useful tool for analyzing the overall organizational situation by maximizing strengths and opportunities while simultaneously minimizing weaknesses and threats (Rangkuti, 2009). Strengths and weaknesses are the company's internal factors, for external factors the company is an opportunity and threat. Each internal factor will be compared with external factors, so that alternative strategies will be obtained that aim to be able to solve problems (Cahyadinata, 2011).

The steps in making a SWOT analysis are:
1. Enter opportunities, threats, strengths, and weaknesses in the available columns on SWOT matrix.
2. Matching strengths with opportunities to get the SO strategy.
3. Matching weaknesses with opportunities to get WO strategy.
4. Match strength with threat to get ST strategy.
5. Matching weaknesses with threats to get the WT strategy (Farrell, 2005)

SWOT analysis is a model in formulating alternative strategies that combine internal and external company data. The alternative strategies are

1. Strength-opportunity strategy (S-O strategy)
2. Strength-threat strategy (S-T strategy)
3. Weakness-opportunity strategy (W-O strategy)
4. Weakness-threat strategy (W-T strategy) (Nur Afrillita, 2013)

Giving the weight of each factor. The intended expert respondents will fill out a questionnaire by writing down the weights of several existing factors based on the conditions that exist in the company. Weighting is carried out using a Likert scale with a value of 1-5 with the following conditions:

1 = Strongly disagree
2 = Disagree
3 = Neutral
4 = Agree
5 = Strongly Agree (Mahendra, 2015)

METHOD

The research began with conducting observations and interviews to find out the current conditions of the Balikpapan digital creative industry. The results of observations and interviews are also supported by literature studies to determine the internal and external factors of the research object. In this case identification of the problem is carried out to find out the respondent's criteria that can be used. The method of determining respondents uses the purposive sampling method with judgment, namely taking research samples based on certain considerations adjusted to the researchers' objectives (Yupitri, 2007) and according to another opinion, namely (Mukhsin, 2017), purposive sampling is a sampling technique by determining specific criteria so hopefully get the desired answer. Respondents were taken from 1 owner and 4 company employees to support internal factors, while to support external factors respondents were taken from non-creative industries. The minimum number of samples taken was 30 respondents so that in this study 7 digital creative industries and non-creative cities Balikpapan as primary data.

Data collection was then carried out through a semi-open questionnaire to obtain internal and external factors from partners, while validating internal and external factors from previous studies. Before the questionnaires were distributed, it was ensured that they used validity and reliability tests to test the validity level of a questionnaire (Sitinjak, 2004) and the level of consistency of respondents in answering questions. The internal and external factors are then made into a SWOT matrix so that the IE matrix can be determined to determine the company's quadrant position.

Table 1. External Internal Matrix Example

Total Average IFE

		Good 3,00 – 4,00	Average 2,00 – 2,99	Weak 1,00 – 1,99
Total Average EFE weighted	Good 3,00-4,00	I (*Grow and buildstrategy)*	II (*Grow and buildstrategy)*	III (*Hold and mantain strategy)*
	Average 2,00-2,99	IV (*Grow and buildstrategy*	V (*Hold and mantain strategy)*	VI (*Harvest and divest strategy)*
	Weak 1,00-1,99	VII (Hold and mantain strategy)	VIII (*Harvest and diveststrategy)*	IX (*Harvest and divest strategy)*

Source: (Arianti, 2015)

Once the quadrant position is known, a policy strategy is determined by looking at SO, WO, ST, and WT points. The issued strategy will later be used as a strategic policy step to establish cooperation between the digital creative industry and non-creative industries in improving the performance of the digital creative industry in Balikpapan.

RESULTS AND DISCUSSION

Internal and external analysis is used to determine the condition of the company's environment both internally and externally to support business processes. By knowing the internal factors will also know the strengths and weaknesses of the company, while external factors to determine the opportunities and threats of the company. So that the research obtained several internal and external factors from previous research and validated and added by partners in Balikpapan. The internal and external factors can be seen in table 2 and table 3.

Tabel 2. Internal Factors Digital creative industry

Variable	Indicator
Products / services	Products have special characteristics (Taufik, 2015)
	Providing service guarantees to consumers (Taufik, 2015)
	The choice of digital fields is still limited (Taufik, 2015)
	The cost of digital products is high (Taufik, 2015)
	Lack of appreciation of creative industry work and lack of interest in buying domestic products (Utomo, 2016)
Human Resources	Qualified human resources in their fields (Taufik, 2015)
	Lack of research and development of digital products (Taufik, 2015)
	Lack of workforce interested in producing games (Muhammad, 2021)

	Lack of awareness of the protection of intellectual property rights (Utomo, 2016)
	Lack of knowledge and skills of experts to produce quality games (Muhammad, 2021)
	Do not yet have financial reports (Aysa, 2020)
	Lack of productivity for game developers in producing (Muhammad, 2021)
Distribution channel	Geographical location of strategic industries (Taufik, 2015)
	Has resellers in several cities (Aysa, 2020)
Promotion	Using social media as promotion (Aysa, 2020)
	Clear market share (Aysa, 2020)
	The creative industry does less marketing (Taufik, 2015)
	Limited capital for business expansion (Utomo, 2016)

Tabel 3. Faktor Eksternal Industri kreatif digital

Variabel	Indikator
Product	The need for high digital products (Taufik, 2015)
	There is an increase in the company's need for digital products (addition from partners)
	The effectiveness of using digital products in companies is very high (Addition from partners)
	Unstable market demand (Taufik, 2015)
Human Resource	Human resources in the company do not have the ability to apply digital products that are used (addition from partners)
Promotion	Expanding marketing targets (Taufik, 2015)
	Marketing products through social media (Taufik, 2015)
Price	Prices that are more expensive than competitors (Aysa, 2020)
Competitor	Many competitors in the same industry (Taufik, 2015)
	Competitors compete with cheaper products (Taufik, 2015)
	Competitors have more innovation related to their digital products (Taufik, 2015)
Facility	The existence of the government as a facilitator in providing stimulation, challenges, encouragement, so that business ideas move to higher competencies (Rofaida, 2019)
	The need for an efficient transportation system (Rochani, 2017)
	Balanced management of urban facilities and utilities (Rochani, 2017)
	Supporting infrastructure for a good telecommunications network is evidenced by the highest number of BTS in East Kalimantan compared to the Kalimantan region (BPS, 2020)

The questionnaire was distributed to several respondents and then tested for validity and reliability with the aim of assessing whether the questionnaire distributed was able to measure research variables properly or not. This validity and reliability test was carried out using MS. Excel. As for the test results, it was found that all the questions were valid and reliable.

The next step is to carry out an IFE analysis by looking for the weight and rating values of each factor in its strengths and weaknesses to obtain a weighted value. The IFE calculation can be seen in table 4.

Table 4. IFE calculation

a. Strength

	Internal Factors	Weight	Rating	Total Score
1	Products have special characteristics	0.058	4.0	0.23
2	Providing service guarantees to consumers	0.062	4.0	0.25
3	HR is competent in their field	0.062	4.0	0.25
4	Strategic geographical location of the industry	0.056	3.5	0.20
5	Using social media as promotion	0.059	3.5	0.21
6	The market share is clear	0.059	3.5	0.21
7	Have resellers in several cities	0.047	3.0	0.14
	Amount	**0.40**		**1.48**

b. Weakness

	Internal Factors	Weight	Rating	Total Score
1	The digital creative industry does less marketing	0.049	1.0	0.05
2	The choice of digital fields is still limited	0.054	2.0	0.11
3	Lack of research and development of digital products	0.058	2.0	0.12
4	The cost of digital products is high	0.055	2.0	0.11
5	Don't have financial report yet	0.049	1.0	0.05
6	Lack of the number of workers who are interested in producing games	0.056	2.0	0.11
7	Lack of knowledge and skills of experts to produce quality games	0.055	2.0	0.11
8	Lack of productivity of game developers in producing	0.055	2.0	0.11
9	Lack of appreciation for creative industry works and lack of interest in buying domestic products	0.056	2.0	0.11
10	Limited capital for business expansion	0.054	2.0	0.11
11	Lack of awareness of intellectual property protection	0.057	2.0	0.11
	Amount	**0.60**		**1.096**
	Total	**1.00**		**2.576**

Source: Primary data is processed (2022)

Based on the IFE matrix in table 4, the total weighted value of internal factors is 2,576. According to (Ramadhan, 2013), if the total weighted value is above 2.5, it indicates that the company is in a strong position internally. Furthermore, an analysis of the external environment of EFE was carried out by looking at the factors of opportunities and threats. The weight and rating of each opportunity and threat factor can be used to obtain a weighted value of all external factors of the digital creative industry which will later be used to

determine what type of strategy will be used for the development of the digital creative industry in Balikpapan. The EFE matrix can be seen in table 5.

Table 5. EFE calculation

a. Opportunity

	External Factors	weight	Rating	Total Score
1	The need for digital products is high	0.068	4.0	0.27
2	Expanding marketing targets	0.069	4.0	0.28
3	Marketing products through social media	0.073	4.0	0.29
4	The existence of the government as a facilitator in providing stimulation, challenges, encouragement, so that business ideas move to better competence	0.064	3.0	0.19
5	The need for an efficient transportation system	0.067	4.0	0.27
6	Balanced management of urban facilities and utilities.	0.067	4.0	0.27
7	There is an increasing need for companies for digital products	0.067	4.0	0.27
8	The effectiveness of the use of digital products in companies is very high	0.068	4.0	0.27
9	Good telecommunications network supporting infrastructure is evidenced by the highest number of BTS in East Kalimantan compared to Kalimantan.	0.65	3.0	0.19
	Amount	**0.61**		**2.3**

b. Threat

	External Factors	Bobot	Rating	Total Score
1	Unstable market demand	0.064	1.5	0.10
2	Many competitors in the same industry	0.068	2.0	0.14
3	Competitors compete with cheaper products	0.066	2.0	0.13
4	Competitors have more innovation related to digital products	0.066	2.0	0.13
5	Prices are more expensive than competitors	0.067	2.0	0.13
6	Human resources in the company do not have the ability to apply digital products	0.062	1.5	0.09
	Amount	**0.39**		**0.72**
	Total	**1.00**		**3.025**

Based on the EFE matrix in table 5, the total weighted value of external factors as a whole is 3,025. This value shows that the external position of the digital creative industry in Balikpapan is strong. So a SWOT matrix was created to map out strategies for establishing cooperation between digital creative industries and non-creative industries. The SWOT matrix can be seen in table 6.

Table 6. SWOT Matrix

	Stength – (S)	Weakness – (W)
Internal	1. Products have special characteristics. 2. Providing service guarantees to consumers. 3. HR is competent in their field 4. Geographical location of strategic industries. 5. Using social media as a promotion 6. Clear market share 7. Have resellers in several cities.	1. The digital creative industry does less marketing. 2. Digital options are still limited. 3. Lack of research and development of digital products. 4. The cost of digital products is high. 5. Do not have financial reports yet. 6. Lack of number of workers who are interested in producing games 7. Lack of knowledge and skills of skilled workers to produce quality games. 8. Lack of productivity of game developers in producing. 9. Lack of appreciation of creative industry works and lack of interest in buying domestic products. 10. Limited capital for business expansion. 11. Lack of awareness of the protection of intellectual property rights

Eksternal		
Opportunity (O) 1. The need for digital products is high. 2. Expand marketing targets. 3. Marketing products through social media. 4. The existence of the government as a facilitator in providing stimulus challenges encouragement, so that business ideas move to a higher competence. 5. Balanced management of urban facilities and utilities. 6. There is an increase in the company's need for digital products. 7. The effectiveness of using digital products in companies is very high. 8. Good telecommunications network supporting infrastructure is needed with the number of BTS in East Kalimantan	**Strategi (S-O)** 1. Maintain product and service quality in order to increase customer satisfaction. (S1,S2,S3,O1,O6,O7) (ST1) 2. Expansion of market share. (S4,S6,S7,O4) (ST2) 3. Increasing company promotion activities (S1,S5,S6,O3,O5,O8) (ST3)	**Strategi (W-O)** 1. Improving the quality of human resources through training (W3,W5,W7,W8,W11,O4,O5) (ST4) 2. Submitting (KUR) people's business loans to the government. (W10,O1,O5) (ST5)

being the highest compared to the Kalimantan region.		
Threat (T) 1. Unstable market demand. 2. The number of competitors in the same industry. 3. Competitors compete with cheaper products. 4. Competitors have more innovation regarding their digital products. 5. Prices are more expensive than competitors. 6. Human resources in the company do not have the ability to apply the digital products used.	**Strategi (S-T)** 1. Optimizing product production and minimizing production costs (S2,S4,T1,T2) (ST6) 2. Provide special promos for consumers to attract customers (S1, S2, T2, T3, T4, T5) (ST7)	**Strategi (W-T)** 1. Increase production support tools (W4,W10,T1,T3,T4,T5) (ST8) 2. Create a research and development team to conduct market research and product development. (W3,T2,T3,T4) (ST9)

CONCLUSION

In this study, there are 8 policy strategies that can be implemented by the digital creative industry in improving their business processes. This policy step is based on an analysis of internal factors originating from the digital creative industry in Balikpapan and an analysis of external factors originating from non-creative industries. The formulation of several strategies can later be used by the Balikpapan creative industry in determining the future direction of the company's policies.

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