

# Company that change the world media essay



**ASSIGN  
BUSTER**

Today, the company's worth exceeds RM200 millions, with a turnover of around US\$1.6 billion and employed more than 1500 staffs. Karangkraf's business was started by publishing their first magazine publication, *Mingguan Kanak-Kanak* in a little shop lot in Petaling Jaya, Selangor, Malaysia. They sold more than 150,000 copies every week during that time. This is when people realized that Karangkraf is a publishing house that was different. With constant demand of printed reading material from readers in Malaysia, during year 1990, the company started to enter commercial printing business with the opening of Ultimate Print Sdn Bhd and Dasar Cetak Sdn Bhd to provide printing services for Karangkraf's products. By then, with their own printing divisions, Karangkraf started to publish books and novels under its Alaf 21 and Karya Bestari imprints. In year 2006, Karangkraf take a big step by publishing own daily newspaper called *Sinar Harian*. However, *Sinar Harian* actually is not the first daily published by Karangkraf. During the 80s, Karangkraf published a daily tabloid on entertainment and politics called *Eksklusif*. But the tabloid had to shut down as government refused to renew the publishing permit. With persistent and bravery shown by Dato' Hussamuddin, finally Karangkraf received permit to publish a daily newspaper that known to be unconventional, transparent and ready to publish what others will avoid. This motto is the reason *Sinar Harian* becoming the number one local newspaper in Malaysia. As years passing by, Kumpulan Karangkraf becomes larger and bigger in terms of size and volume. Then the company takes step in year 2010, with incorporation of Kumpulan Media Karangkraf as the parent company to replace Kumpulan Karangkraf to monitor the four core business divisions: magazines,

newspaper, books, printing and digital each managed by its own team of management.

## **1. 2 The Divisions**

Grup Majalah Karang kraf (Magazine Business) currently is publishing 29 titles of magazines throughout Malaysia that cover different genres for different age and gender. In terms of market share, Karang kraf has taken over about 50% of total magazine market in Malaysia. The magazine division accounts for 30% to 40% of Karang kraf revenue.

Grup Buku Karang kraf (Book Division) has published more than a thousand books over the past 10 years. This division currently publishes average of twenty titles monthly to meet the demand of Malaysian readers. The book division contributes about 10% of Karang kraf turnover.

Grup Sinar Karang kraf (Newspaper Division) publishes daily local national newspaper, Sinar Harian in the Peninsular of Malaysia. Sinar Harian has eight different editions to supply local news to different regions in the country. The division contributes about 10% to 15% of group revenue.

Grup Percetakan Ultimate (Printing Division) is division that contributes nearly 40% of Karang kraf revenue, also is the largest commercial printers in Malaysia. Ultimate Print Sdn Bhd does not only commit to print Karang kraf's publications but also has a big reputation in printing business for having most of major clients such as Sony and Panasonic.

Grup Digital Karang kraf (Digital Division) is the latest group in the company. This division was created to engage in digital business and to provide digital reading materials.

### **1. 3 Geographic Market**

Forty years ago, when Karang kraf has only started, the founder was target to build business within Malaysia as during that time, reading materials were dull and uninspiring. With constant determination to inspire Malaysian to read more and to uphold Malay language, now Karang kraf is one of the biggest publishing groups in Malaysia and it is the largest Malay language publisher. Kumpulan Media Karang kraf Sdn Bhd builds their head quarter in Shah Alam, Selangor, Malaysia which is the head office to all the divisions except for printing division. This head office held most of the staffs such as editors, graphic designers, reporters, and photographers and also the place where books, magazines and newspapers been published. Most photo shoots for their magazines are held in here. Authors of books and novels will send their work to editors here for editing before send to printing division for printing process. For Ultimate Print Sdn Bhd, they have their own office and printing factory nearby and also in Shah Alam. With skills workers and advance machines, Ultimate Print capable to print 2 million copies monthly. As for newspaper division, this group also has sub offices in different states; Perak, Kelantan, Terengganu, Johor, Pahang, Pulau Pinang, Kedah, Melaka and Negeri Sembilan, according to the state of the Sinar Harian edition. These sub offices are for the editors and reporters to prepare and supply local news faster to the community in the area.

Karangkraf currently only publishes their publications in Malay language. Malay language is national language in Malaysia, Brunei, and Indonesia and one of official languages in Singapore. Thus, for the past years, their target customers are only limited to these regions. However, with the fast and advance technology of internet and gadgets nowadays, they have started their digital group division to make their magazines and newspaper available online. Karangkraf already have started to provide purchase services via online to simplify customer to buy and subscribe to Karangkraf publications. With their establish brand, Karangkraf also have explored the need to translate their books and magazines into different languages to get through demand from international readers.

## **2. 0 PRODUCT OF KARANGKRAF; MALAY LANGUAGE NOVEL**

### **2. 1 Introduction of Malay Language Novel Publication in Karangkraf**

The Karangkraf's book division is the collaboration of three publication subsidiaries called Alaf 21, Buku Prima and Karya Bestari. On April 1997, Alaf 21 was born and this is the start point of books business under Karangkraf's wings. Alaf 21 now is known as an establish publisher of Malay language fiction novels. Biofoto Raihan is the first publication under Alaf 21 and started from that, Alaf 21 keep on producing quality reading materials for readers. Alaf 21 also produces motivational, recipe and craft work books. With more than three hundred supplier agents around Malaysia, the market for their books also covers Singapore, Brunei and individuals around the world.

## 2. 2 Type of Good

Novels are classified into monopolistic competitive market where there were many firms in the market but the products are differentiated products.

Because each novel is unique so the publishers are rather price makers rather than price takers. The cost to reprint additional copy is actually much less than the price of the novel itself. Example, price of a novel by Alaf21 is RM19. 90, but the cost to reprint another copy is not RM19. 90, it is actually much less than RM4 per copy for normal size paperback novel. Thus, the price is higher than marginal cost which fulfils monopolistic competition case.

Other than that, Karangraf's novels can be specified as a " normal good" as it is positively related to income because when income increases, quantity demanded followed increases and vice versa. This statement is according to mini survey that was held by our group to loyal novels readers. From 23 respondents, 21 of respondents said that if the price was increased, they will still buy but with quantity less than before. They will limit to novels that received good reviews or certain writers only and not just any novels from the shelf. But if the price is unchanged and their income increased because of bonuses or increments, all of them agreed that they will spend more on novels. As quantity demand and income move in same direction, Karangraf novels have positive income elasticities (elasticity  $> 0$ ).

At some times, publishers will lowered price of some novel when customer pre-order the novel before it hits the store. The sales revenue of that particular novel will increase resulting from increasing of quantity demanded by customers. Thus, this product agrees with Law of Demand. This is an

example for novel titled Adam dan Hawa. After the drama series adapted from the novel screened on television, Karangraf reprinted the novel and gives lower price of RM16. 92 each for readers whom pre-order via online instead of normal price RM19. 90 each in the stores. This discounted price got encouraging responses from readers and also the television series fans and has increased the sales of that novel.

## **2. 3 Demand of the Product**

The brand of Karangraf and Alaf 21 are well known to Malay language novels lovers. The quality of the novels published has been established and trusted with over forty years of experiences in publication. With new technology and now more substitutes reading materials available in the internet or online, worldwide publication companies had decreasing in quantity demanded of printed reading materials. However, Karangraf still experienced increasing in profits in their printed publications. Many factors could be the reason of this event such as increasing of income, the trusted Karangraf's brand or Karangraf's good marketing strategy. This also shown that the demand of Karangraf's products did not affected by the substitutes or competitors.

Recently, the drama of Adam dan Hawa was screened on television is adapted from the novel by Alaf 21. The popularity of the drama series has causing the same titled novel has increase in the number of sales and the demand for the novel also increasing tremendously. Even though this novel was published on 2005 but the impact of the drama make the quantity demanded for the novel increases. Although there still no exact figure of profits Karangraf received with this phenomena as the drama still in running

on television. With that kind of special attentions were given to a novel, Alaf 21 has reprinted the novel to fulfil the demand and the price of the novel in bookstore is still the same with other title.

Another factor that can affect the increasing demand is 1Malaysia book voucher worth RM250 that were given to students. By receiving this voucher the students whom mostly are teenagers tend to spend it for novels than textbooks. This is because one of the major populations who read novel is teenagers or students. Besides education book, novel will be apart as their reading material in a leisure time and for entertainment purpose.

## **2. 4 Target Market**

Novel is a fictional narrative to represent some characters and usually a plot in different genres such as romances, actions, thrillers or mysteries. Different types of genres attract different group of population. Karangkras is a publisher that aims all types of generations and genders. This statement can be supported by the types of novel that Karangkras publishes; love, teenager love, family love, thriller, Islamic and nostalgia. Focusing on Alaf 21 publications, they have more inclination towards publishing romances fictions or chic-lit. So their target markets are women above 20 years old. Karangkras has stated that romance novels which dominate the Malay book market are mostly read by women above 35 years of age. As for Buku Prima, they are more focusing on publishing lighter content novel and give moral values towards reader. So their target markets are teenagers below 20 years old and also children. Karya Bestari is a publisher for religion or Islamic books and their target market are Muslims of all ages.



## **2. 5 Special Characteristics**

There are a lot of novels published by Alaf 21 become phenomenal to novel fans such as Ombak rindu, Adam dan Hawa, Bicara Hati and Kasih Yang Suci. All this novels are either was adapted into a movie or into a drama series shown by television; hence it increases the commercial value of the novels. This is actually a marketing strategy that now makes Alaf 21 and also Karang kraf, the trusted brands in creative fiction. The impact is that the readers will always waiting for new published novel as they already have confident with the quality and satisfaction in reading of Alaf 21 novels.

## **2. 6 Competitors and Substitutes**

There are few competitors of publishers in Malay language novel in Malaysia such as Karyaseni Enterprise and Kaki Novel Sdn Bhd. Karyaseni was started their business on 2006 from web based homepage named Penulisan2u. my by collecting short story and novel submitted by authors around the country. They realized the demand and important of printed novels thus Karyaseni as a publication company was born on 2011. Kaki Novel started their publishing Malay language novel on 2005. Both of these publishers are considered very new in this industry while Karang kraf is the pioneer with no peers during their first started.

Novel can be said as an entertainment source for reader by giving excitement and fun and sometimes valuable information and moral values to the reader. Reading novel can be sort of a hobby to some people. In the market, there are a lot of substitutes for novel such as comics, magazines, internet, television and other source that can give entertainment to people.

Karangkraf must have a good marketing strategy to distinguish from other competitors and substitutes to keep on survive, gain demand and profits.

Karangkraf also achieve a competitive advantage as their business position better within the business environment. They have an advantage in operational effectiveness as Karangkraf have their own printing company. Also with Karangkraf own printing company, novel by Karangkraf is not expensive in the market as they already cut cost in that department. This may attempt to increase quality, productivity, and employees and customer's satisfaction with the company.

## **2. 7 Marketing Strategy**

Karangkraf always involve their writers and authors during launch ceremony of their creations and turning their authors into celebrity. Book signing activity is the usual agenda during the launch of the novel to introduce the author and keep a good relationship between the authors and readers. By that, authors will have loyal fans that will always waiting for new novel by their favourite author.

Karangkraf keep on exposing the good and creative creation of their authors for adaptation by directors that will turn the novel into motion pictures. This positive relationship between Production Company and Karangkraf had shown the quality of products by Karangkraf. The novels of Karangkraf that turn into movies and dramas always received high ratings or become a box office movie. The writers will receive royalty and this is a good encouragement towards other writers to keep on giving a creative product and different from others.

Karangkraf need to do a lot of promotions to promote their products as well as their writers. Karangkraf take action by always conduct their own book carnivals, Pesta Buku Karangkraf to introduce all of their products in one place. During the events, discounts were given to attract more buyers.

Karangkraf also have considered more of their products to be available online to attract more young reader and also the needs of translation into different languages to promote their products outside Malay language regions.

Karangkraf also established a web called karangkraf mall whereas a customers may purchase karangkraf product online. The web is very user friendly and makes the process of purchasing easier to the customer. This is an innovation strategy that provides them a competitive advantage.

Karangkraf always give great attention and hard work to design their cover page despite the idiom “ Do not judge the book by its cover”, but with attractive design on the cover will capture the buyer’s eyes from many books in the market.

### **3. 0 CONCLUSION**

With over forty years of experience in publication, Karangkraf keep on producing a quality product that can be trusted. As a market leader, Karangkraf have their speciality and strength to focuses on what the customer wants from company and how to provide that. They also are able to provide products that are different and offer different features than the competitors. With cost operational advantage they will perform the business activities better and maximize the profit.