

Chapter 18

The Transformation of the Ecuadorian Private Television RTU: Marketing Strategies and COVID-19



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Abstract TV consumption has increased due to COVID-19 crisis. The demand of local and valuable news has been crucial for this rise. Under the premise that the pandemic crisis could have acted as a trigger for the adoption of new forms of content production and advertising formulas for many broadcaster, this paper analyzes the transformation of the Ecuadorian national private television channel RTU. The research carried out the RTU's financial analysis of 2018, 2019 and 2020 to understand its economic situation and the consequences of the decisions and initiatives implemented in the last years. The research also carried out semi-structured interviews with the aforementioned broadcaster managers and experts in order to understand the changes fostered given the new economic, social and technical scenario. The research allows us to evidence that the linear TV is on crisis, in special among younger audiences. RTU has drastically reduced its team due to the decrease of revenue in advertising ad the unattractive content to young audiences. Having in mind this situation, RTU is encouraging innovation on human resources management, revenue streams (digital advertising formats), distribution platforms (social network) and products/content adapted to society demands such as short videos, influencers, interaction and feedback.

Keywords RTU · Ecuador · Television · Marketing · Content · Advertising · COVID-19 · Social media · Communication · E-commerce

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18.1 Introduction

COVID-19 has changed, although presumable for a short time, people's media consumption worldwide. People have switch their preferences regarding the consumption of news, even among individuals who usually remain far from the information [1].

TV became of the one main sources to get information during COVID-19 confinement. During the crisis, traditional broadcasters have increased the demand for news, also on broadcaster's online platforms [2]. This context forced mass media to implement new formula to improve their relationship with audiences. This phenomenon raised the question about how mass media could implement new communication platforms and new media offering into their digital platforms.

In a very competitive context, worldwide broadcasters had no other choice but transform and adapt their contents and distribution formula to people's demand. This case of study will reflect about the linear TV crisis and its transformation into a digital TV and the strategies to implement by limited budget broadcasters. In the pages to come, a first theoretical approach about the post-COVID TV scenario will be given, followed by the methodology, the results regarding the strategies implemented by RTU and the conclusion.

18.1.1 The Content and Advertising on Private Television: The Post-COVID Scenario

Over the top platforms have changed the audiovisual industry [3, 4]. Because of attractive alternatives such as Netflix or Amazon Prime, audiences, especially younger ones, are disconnecting from direct and linear television. Threats must be transformed into opportunities.

For years now, broadcasters have transformed content into "transmedia" narratives screened in different platforms and exploded the collaborative environments the digital sphere offers [5]. Crises are not a new phenomenon.

The pandemic made it evident that the mass media have incorporated the possibilities that digitization offers; television has not been the exception to this change. Television adapted to the new digital reality.

The societal value of broadcasters becomes clear in the pandemic by providing a citizen service. In this regard, the focus was on the updated information and more importantly the self-care and self-responsibility when managing timely and reliable content for citizens [6]. In this scenario, mass media [7]:

1. Worked based on real testimonials
2. Created social awareness about political, economic and social events
3. Produced spaces for reflection and debate.

Additionally, citizenship demand for information and entertainment through alternative screens, televisions faced various challenges such as:

- Creating new unconventional events whether face-to-face or virtual
- Generating authenticity to foster engagement
- Carrying out joint actions at a global level
- Producing assertive and effective communication for consumers.

The pandemic emerged as an opportunity to establish new viable content strategies for connection and feedback between the media and society, in special among the so-called social audiences eager to express opinions and debate in real time [8].

COVID-19 may have accentuated the challenges of TV: Internet proliferation, growing competition and audience fragmentation. Traditional mass media must invest on valuable and interesting content to audiences. However, it comes at a cost.

Advertising is the most employed formula by commercial broadcasters for generating revenue and maintaining the production of content. Since traditional advertising has lost its credibility and audiences, new advertising formulas are necessary in the current context. Advertising need alternatives in which recommendations among consumers have a space. Online media consumption in the pandemic evidences the strength of digital advertising in combination with social networks and citizen interactivity and participation [5].

18.2 Materials and Methods

COVID-19 crisis has affected all sectors and impact consumer behavior [9]. Broadcasters must implement huge changes to create content of interest that attract audiences and to allow e-commerce advertisers to foster sales. This paper goes in the line of previous work regarding the situation of Ecuadorian TV [10] by offering a descriptive and explanatory research about the transformation of the marketing and business model of RTU, the private Ecuadorian television. To sum up, content, distribution (new platforms) and revenue stream (advertising) is analyzed in the context of COVID-19.

In order to understand the situation of Ecuadorian TV is facing nowadays, and in particular the RTU, the research carries out a financial analysis of 2018, 2019 and 2020 by using the Ecuadorian Superintendence of Companies, Securities and Insurance data. In addition, qualitative methodology was applied to determine the strategies implemented by the broadcaster in light of its challenging situation. In-depth interviews with RTU's Managing Director, Financial Director, Human Resources Director and experts allowed the understanding of the process the channel has adopted to innovate information, advertising and human capital. The topics discussed in the interviews were the following: revenue streams, advertising, TV content, social media and human resources. The results only refer to the information provided by the respondents.

18.3 Data Analysis

RTU was created in Quito in 1993. Known as the news channel, RTU committed to support journalism and information to the community and provide continuous support for micro-entrepreneurs and entrepreneurs in the country.

In 2018, the channel proposed new strategies in the digital media to maintain its level of acceptance by its audience. In 2019, the television channel expanded its information borders and consolidated the agreement with cable TV companies. This factor was transcendental for the channel to achieve greater reach at the national level and expand its alliances with companies from different labor sectors. In this context, financial changes are observed in the economic reports submitted to the Superintendence of Companies, Securities and Insurance of Ecuador (Table 18.1).

An increase in current assets is observed in each year of analysis as well as the benefit of the decrease in current liabilities and the increase in long-term liabilities that go parallel with equity. In addition, the management of the company under study has led to a decrease in operational costs in the recent years. COVID-19 stimulated the definitive transformation of the channel. We can observe a difference in the percentage of high loss for the accounting year 2018 and 2020 accounting year.

Table 18.1 RTU's accounting results in 2018, 2019 and 2020 [11–13] in dollars

Accounting	2018	2019	2020
Current assets	1,059,686.17	1,172,587.61	1,160,324.17
Property and equipment,	744,636.80	680,161.83	163,382.80
Other assets	25,504.80	–	62,250.79
Total assets	1,829,827.02	1,852,749.44	1,386,257.76
Current liabilities	321,031.12	1,229,754.44	252,618.50
Long-term liabilities	1,194,707.53	323,244.44	700,000.00
Total liabilities	1,515,738.65	1,552,998.88	952,618.50
Total owners equity	314,088.37	299,750.56	439,628.39
Total net income	879,849.43	1,343,101.94	701,766.20
Operational cost	1,163,573.01	1,364,846.20	701,755.33
Losses	283,723.58	21,744.26	10.87

18.3.1 *RTU's Contents*

RTU is a generalist broadcaster that promotes informative themes rooted in the current situation that Ecuador and the rest of the world are experiencing since the pandemic. Currently, RTU continues to produce live news of the most representative events that take place at a national and international level. In addition, it generates entertainment and cultural and sports content.

News coverage is highly accepted in the Sierra region. Currently, audiences have been extended to other regions of the country with which there is a direct connection due to the alliance with TV Cable.

Thanks to its long history in the market, RTU establishes itself as a broadcaster that generates confidence in the audience. The Director of Human Resources adds that it is important for the channel to continue promoting its own content for television and that digital platforms become a complement to all this work carried out over 16 years. Although RTU targets adults (+30 years old), digital strategies on social networks provided greater acceptance and consumption among youngsters between 18 and 25 years old. This audience generates feedback and suggestions on the contents of relevance [12].

RTU currently produces short audiovisual content broadcasted on different social networks. First-hand on live information has priority. In this context, the channel manages its digital marketing through the website, apps (Fig. 18.2), social networks and the help of hosts that become influencers and create brand image (Fig. 18.3).

There is a constant marketing research. The company maintains the consumer under study. Social networks align its new business strategy, covering a wide age range of audiences in special its young followers. In 2020, a new process of production of rapid and real-time content begins on digital platforms such as Facebook. RTU began to promote the transmission of its most representative programs through Facebook Live, which allowed greater acceptance, rating and followers on different social networks.

Nowadays, the channel broadcasts its content through different social networks. This allows consumers to watch what they want. There is room for individual preference. In addition, RTU already has apps for Android and Apple and can be found as "Canal RTU" where real-time TV programming is screened. To date, this initiative has positive comments. Other tools that have been promoted during this time involve multimedia, interactivity, feedback and transmedia content that make the digital media of the RTU channel a space with greater innovation and greater acceptance by the public.

The last social network that is included in this new digital world is TikTok, on which informative content is being promoted by communication professionals. RTU's TikTok account creates video content with the use of music, special filters, and visual effects that attract young people attention. The @canalrtuec account, which has 52.1 K followers nowadays, offers a multiple type of short video news coverage from news to reportages and news analysis (Fig. 18.1).

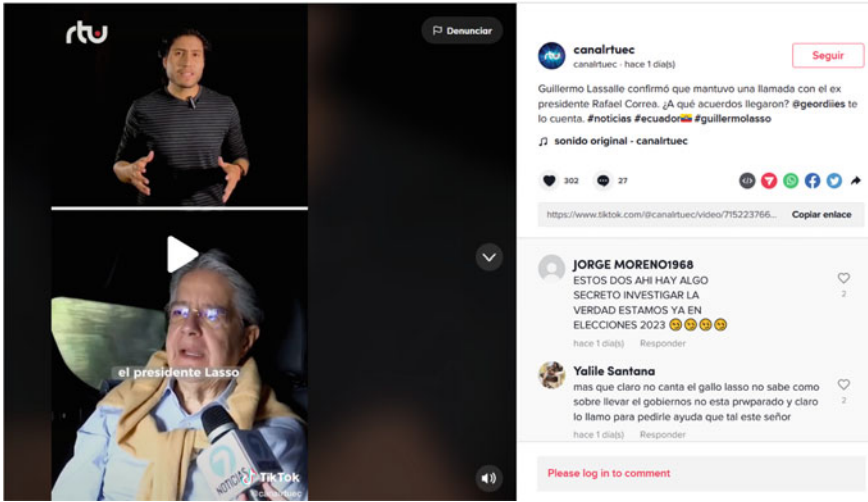


Fig. 18.1 RTU's TikTok account. Source Canalrtuec

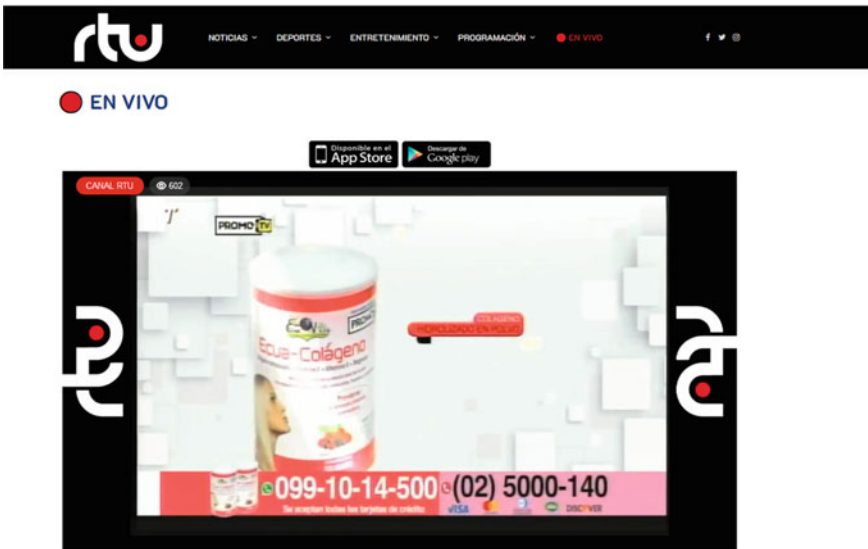


Fig. 18.2 RTU's website. Source <https://canalrtu.tv/envivo/>

Currently, the company works with community managers that try to generate interaction with people of with similar interests and to create an experience and generate engagement [11]. With digital media, the channel aligns the offering to the demands of society. This way, it disseminates the most representative and important news.



Fig. 18.3 RTU's TikTok account. *Source* Canalrtuec

18.3.2 RTU's Advertising

In the XXI century, digital platforms become a strategical ally for the expansion of businesses and enterprises. Individuals access on live social networks to express their different opinions and interests about the information they consume. This enhances advertising strategies. All the content is produced in the country; this measure allows RTU to invest advertising benefits on their own production. Revenue stream comes from traditional and digital advertising.

Since its inception, RTU promotes Ecuadorian entrepreneurs at the national level. The company works with different types of clients. Small and medium-sized companies that invest on advertising and large companies depend on TV to become popular among the population. However, COVID-19 changed the way advertising was offered. Due to entrepreneur economic losses, RTU maintained their support through alliances with companies at more accessible costs and affordable advertising agreements. Since the digital media offers ad formats that are more attractive to advertisers, an effort to make new clients was also made since 2020.

Traditional advertising formats such as teleshopping were affected by the pandemic. Therefore, the last two years there was a decrease in advertising revenue. In this context, social media is key. Content on social networks fosters digital advertising formats. Live programs, such as live on the website (Fig. 18.2), are meant to promote products and sales by the use of live calls, contests, promotions and real-time publications on social networks.

The percentage of sales is measured through traditional advertising 50%; digital advertising 30%; sponsored advertising 20%; product placement during live program broadcasts 10%; live broadcasts and promotion of products or services 20%; and TV hosts as the image of national companies 25%.

As advertising investment increases, a new growth opportunity arises for the television company that now not only presents content nationally but also can connect globally and exchange information immediately with different places. Likewise, in this new digital market, there is a commitment to create innovative content that contributes significantly to its clients and to the community.

RTU achieved new strategic alliances with product and service companies for the generation of the e-commerce business model, which consists of online commerce. For this purpose, the community manager is in charge of generating stories, posting and interviews on social networks and offering advertisers' links of so that consumers can purchase products in real time.

RTU wants TV hosts to become influencers (Fig. 18.3). The activity in their personal social networks allows them to acquire additional profits if they promote channel's advertisers. RTU trains their hosts in order to maximize this initiative. As a result, the channel is also becoming stronger on Tik Tok.

18.3.3 RTU's Human Resources

Human capital is focused on working for the benefit of the company and fostering the committed to delivering quality information to the public. However, because of the last two years situation, the national private company RTU has restructure its human resources to guarantee the broadcaster continuity. It has reduced their employees in a 50%. In addition, employees received digital training to guarantee the channel competitiveness. All those who are part of the channel work as a team seeking to maintain and internationalize the channel. RTU continues to accept internships so that students learn about the new media strategies and take advantage of technology for the dissemination of information content.

In this new scenario, internal communication is improving. Prior to COVID-19, RTU's team gather once a week to evaluate information's level of acceptance. Nowadays, meetings are more often in order to promote new content strategies that adapt to audiences on social media and linear TV. Direct feedback between managers and employees is being encouraged. This way, the broadcaster fosters employees' contact with the different departments of the organization and benefits from synergies that align with new strategies in favor of business objectives. After two years of challenges, the channel committed to new value proposition to manage employees, the adoption of a much closer and family culture.

18.4 Conclusions

The pandemic emerges as an opportunity to establish new content strategies for connection and feedback between the media and society. RTU focuses on providing informative content of interest on digital platforms. This initiative allows the channel

to connect to new and young audiences. This is also beneficial for incorporating new advertising formulas. Traditional advertising has lost its credibility. Adopting alternatives that explode digital context and participation among consumers is necessary.

RTU advertising formats aim to promote products or services live. In this regard, social networks complement linear TV as advertising platform. Calls, contests, promotions and real-time publications on social networks make possible for small of big advertisers to increase their sales. Live programs foster purchases from the audience who can make orders in various ways.

COVID-19 forced RTU to rethink the objectives and strategies that connect human capital with the new digital platforms and thereby connect directly to the needs of consumers. The adoption of new organizational culture seeks to improve the company. Teamwork is key. Also training of all human capital regarding news and entertainment content trends and new platforms to distribute. For this reason, RTU promotes spaces for learning and feedback among all members.

RTU's current objectives are to strengthen social networks. Community managers are in charge of generating information for the different platforms in which news, advertising and entertainment are broadcast. The initiative also ensures TV hosts to become influencers that attract potential audiences and retain the existing ones.

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