MEDIA/BROADBAND DISTRIBUTION INDUSTRY NEWS

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Grant 3-year tax holiday for digital headend, STBs: CII

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NEW DELHI: The cable television sector should be given the status of ‘information infrastructure’ for smoother transition from analogue to digital technology and foreign direct investment in the cable TV distribution sector should be increased from 49 per cent to 74 per cent, the Confederation of Indian Industry has said.

In its demands relating to cable TV digitisation, CII said giving the new status to the sector would bring the cable TV sector on parity with other infrastructure sectors in the way taxes are levied and bank credit dispersed. It noted that the Telecom Regulatory Authority of India (Trai) had already accepted the need to raise the FDI.

India's cable TV infrastructure is set for complete digitisation by the end of December 2014 and the four Indian metros (Delhi, Mumbai, Chennai, and Kolkata) by 30 June this year.

The industry body said an estimated Rs 250 billion has to be invested by the cable distribution sector to digitise 90 million cable homes in the next three years. There are over 40 million direct-to-home TV homes in the country.

CII strongly recommends certain measures to be undertaken by the government to enable the transition and said these had been accepted by Trai.

All service providers who set up a digital addressable distribution system before the sunset date to be notified in stages over a three-year period should be treated at par with Telecom Service Providers and be eligible for income tax holiday from 1 April 2011 to 31 March 2019.

The basic customs duty on digital head-end and set-top boxes should be reduced to zero for three years to give boost to digital conversion.

The double charge of service tax and entertainment tax should be subsumed in GST in due course.

It noted that the cable TV industry was nervous as over 10 million cable TV homes in the four metros have to shift to the digital medium by buying a set-top-box in the next 135 days and key decisions are pending before the government.

“It is very critical to extend financial incentives and tax holidays to the cable TV distribution and DTH sector,’’ said CII director general Chandrajit Banerjee.

"There has been a consensus for digitisation and everyone in the value chain – the government, broadcaster, multi system operator, local cable operator and consumer - will benefit from this. It is a big challenge and if executed properly it will transform the broadcast sector, bring transparency and give freedom to consumers."

Maintaining that digitisation will boost broadband penetration in the country, CII said that government should accelerate pending decisions to stop ‘murmurs in the industry’ for extension of timelines for cable TV digitisation. CII feels that if India misses digitisation execution now, it may not be possible to do this for a long time.

Hathway Q3 net loss widens to Rs 182.8 mn

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MUMBAI: Hathway Cable & Datacom has posted a standalone net loss of Rs 182.78 million for the fiscal third-quarter ended 31 December 2011.

The multi-system operator (MSO) had reported a net loss of Rs 124.04 million in the corresponding quarter of the previous fiscal.

In the trailing quarter, the net loss was at Rs 103.18 million.

Total income from the operations rose 7.68 per cent to Rs 1.28 billion, compared to Rs 1.18 billion in the year-ago period. However, on Q-o-Q basis, it remains almost flat.

Hathway's expenditure during the quarter went up by 6 per cent to Rs 1.05 billion, from Rs 986.57 million in the corresponding quarter of the previous fiscal. In the second quarter of the fiscal, expenses were at Rs 1.07 billion.

Hathway's profit from operations (before other income, interest, depreciation and exceptional items) jumped to Rs 230.38 million, compared to Rs 198.95 million in the earlier year.

As of 31 December 2011, the company has invested Rs 4.24 billion out of the total proceeds of the Rs 4.80 billion IPO. It has spent Rs 2 billion for investments in development of digital capital, expenditure, services and set-top boxes along with development of broadband infrastructure, capital expenditure and services. It has also spent Rs 1.89 billion for repayment of loans and Rs 122.85 million in acquisition of customers.

This is 'my' television

Publication: Business Standard
Provider: Business Standard

Arunima Mishra Research shows that the majority of us are getting tired of ads.

Because they are everywhere — on television, in newspapers and radio, across billboards, magazines, cars… they even pop up on the ATM screen as we wait for it to dispense our cash. At least one channel promises to offer ad-free television, MyTV, which was launched last month by Cellcast India, a subsidiary of Cellcast Plc.

But there is a caveat. As Ashutosh, chief operating officer-television, Cellcast India, points out, "It is an ad free channel which will integrate brands in the content. For us, TV is a platform just like the internet and IVR (interactive voice response). While we don't have a commercial ad slot, we are open to sponsorships and branding." Free-to-air MyTV promises another novel feature-it is interactive.

Customer interaction will be through three platforms — television, mobile and internet (including social media platforms).

"The theme of the channel is simple: pay and participate," says Ashutosh.

The content offered by MyTV includes contests as well as informative shows. "The DNA of the channel is different as others don't produce what we do," adds Ashutosh. "The anchor on any show would ask the viewer to call up, and we can receive more than one call at a time." MyTV has been funded by Canaan Partners and Vertex Venture Holdings, a wholly-owned subsidiary of Temasek Holdings.

The company reportedly has an investment outlay of Rs 750 million for MyTV. Its distribution partner is BAG Network and it will be available across India's western, eastern and northern regions. It aims to reach out to over 35 million analog and digital homes, including multiple DTH (direct-to-home) platforms in the first phase. According to the company, the channel has reached 15 million homes in about three weeks.

Cellcast India has been operating in India for over seven years now.

It has worked on a series of interactive TV programmes and shows based on mobile subscription. Cellcast has a dozen game shows on some Hindi channels as well as a handful of regional channels. It also has IVR based shows and subscription-based astrology content.

Cellcast became famous with its late night reverse auction show Bid2Win (launched in India in 2006 and was broadcast every evening simultaneously across four of India's leading cable channels — Sony, Sahara One, Zoom and Zee Punjabi); some other popular shows in its portfolio are — Gold Safe and Bhavishyaphal Sitaron Se Hal on Imagine TV; Cricket Howzatt on India TV and Insomnia Sona Mana Hai on Zee TV, among others.

Most of its shows air late night and they make money through premium calls made to mobile interactive voice response systems.

Last year, Cellcast provided 4,000 hours of content across various television channels; it plans to increase this to 10,000 hours this year. It will start an online channel in the next two months. "For us, a viewer is an active partner; thus we hope that the interactivity that we offer will help us score high," says Ashutosh.

Star India's Channel V Plans Apparel, Mobile Offerings

Publication: Asia Pulse
Provider: Asia Pulse Pty Ltd

NEW DELHI, Feb 20 Asia Pulse - Star India's music offering Channel [V] is preparing to roll out branded mobile phones and apparel range as a part of its on-ground brand extension plans targeting youth of India.

The channel which had last year launched its first V Spot Cafe + Bar in Delhi has announced opening of the second one in Gurgaon, with plans to set up 30 such hangouts in the next five years.

"We are taking numerous initiatives to attract maximum attention of our core target group -- the college going youth. Last year we launched the [V] Spot Cafe + Bar concept. Currently talks are on with 3-4 companies to roll out a range of V branded mobile phones and apparel," Channel [V] India Head Prem Kamath said.

He, however, did not disclose more details of the plan.

Commenting on the expansion of the cafe chain Kamath said: "In the next five years we want to open 30 such cafes in the country. Every business we get into will be a revenue generating model on a standalone basis," he said.

After Delhi and Gurgaon, the company has finalised locations such as Pune, Bangalore, Kolkata, Indore and Chandigarh in the next six months through a franchising model.

Though Kamath did not share targeted revenue from the cafe business, but according to industry sources, it is understood that one cafe would have an annual turnover of Rs 10 crore.

"We get a royalty share of the revenues earned by each cafe," Kamath said.

The proposed products such as branded apparel and mobile phones will also be sold at the cafes.

Besides the cafe initiative and the proposed merchandise roll out plan, the company also organises other events to engage with the youth such the recently held Indiafest in Goa.

"The country's youth on Friday spends only 20 per cent of time on TV and rest outside homes. So we have made a conscious effort to engage with them outdoor and even when they are not hooked on to TV sets," Kamath added.

The new rules of engagement With a new television campaign, DishTV is looking to own the platform of entertainment

Publication: Business Standard
Provider: Business Standard

Alokananda Chakraborty What does a brand — which is a trailblazer in its category, which already has a dominant share of the market under its belt and the biggest Hindi movie star vaunting the product benefits with gusto — do when it wants to make a dash for an even bigger share of the market? Well, no easy answer to that one, but if you happen to be Dish TV, you might just want to become synonymous with that very element that defines the very reason for your existence.

That's exactly what Dish TV, a division of Zee Network Enterprise, is trying to do with its new television commercial. With a hum-worthy jingle that goes "Sab par Dish sawaar hai…" (everyone's possessed by Dish), the Essel Group Venture has jettisoned its two-year-old tagline "Ghar aayi zindagi" and is looking to usurp the entire platform of entertainment in the same way that Coca-Cola tried to make itself synonymous with 'thanda', which in India is a generic term for soft drinks (remember Thanda matlab Coca-Cola?), way back in the year 2002.

"We have established our leadership in direct-to-home by usurping the category altogether," says Salil Kapoor, chief operating officer, Dish TV India.

DishTV's campaign comes at a time when DTH as a category is set to explode. Indeed, experts aver the DTH industry might emulate the telecom sector over the next few years with the pace of subscriber addition. Take this for proof. The market has grown from about 4 million subscribers in 2007 to close to 45 million DTHconnections currently (Source: MPA India DTH Tracker). DishTV is the largest among the six major private players in this industry-that also includes Bharti Airtel, RCOM, Tata sky, SUN Direct and Videocon-with revenue of more than Rs 1,436 crore (FY2011) and a gross subscriber base of 12.5 million.

DishTV also has the lowest subscriber acquisition cost of Rs 2,124 (Q3 FY12) compared to the industry average of Rs 3,000-Rs 4,000.

According to Kapoor, the current campaign should not be construed as a break from the past; rather it should be seen as a reflection of its commitment to provide undiluted entertainment to the fanatic. Kapoor explains how the positioning strategy evolved over time and why it now revolves around stoking passion. "When DishTV was launched our biggest competitor was the local cable guy," he says. "The task then was to urge consumers to move out of the comfort zone and opt for a completely new platform, direct to home.

So we said 'Wish Karo. Dish Karo' to build awareness about DTH as a delivery option. Over the next few years, the nature of competition changed — then it was cable plus the five other DTH players. So we said 'Ghar aayi zindagi' to engage the consumer emotionally and make the DishTV the centre of their family lives. Now we have to take the discourse to a higher emotional plane as we are also competing now with digital cable.

So we decided to occupy the whole space of entertainment." Logical, but a path fraught with danger. History has shown that generic branding is a cruel marketing irony as brands like Escalator or Xerox have found. Sometimes when a company successfully pushes a product to the forefront of its category and when the brand or trademark starts to be identified with the sector, it can kill profits as other businesses wade in and ride the trailblazer's goodwill.

But the DishTV brass is not worried. "We realise that technology and price cannot be sustainable advantages," says Kapoor. "Technology can be replicated and a price war can pull an entire category down. So we needed a pitch that reverberated with the passionate consumer. In every category you will find these passionate consumers who are the real ambassadors or advocates of a particular brand.

These are people who would go any length to get their dose of entertainment." So you have this magician forgetting his tricks, a mother chopping her son's cricket ball instead of the veggies as she devours her favourite show or the guy pushing his television trolley to the washroom so as not to miss even a bit of the television fare.

DishTV is also doing a few other things to keep the diehard fan engaged. It recently launched the Dish truHD+ service that doesn't only feature high definition content, but also allows unlimited recording of the television programmes. This fills up a significant gap in DishTV's offering as four other DTH service providers already offer the DVR facility. The new offering is part of Dish TV's Rs 25 crore marketing blitz aimed at promoting its new positioning. The company expects the HD DVR launch to substantially add to its existing 2.5 lakh HD subscriber base. Currently, Dish TV's HD ARPU is Rs 450 vis-a-vis its overall ARPU of Rs 152.