

MEDIA/BROADBAND DISTRIBUTION INDUSTRY NEWS

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'Digitalisation of cable will cut distribution cost'

Publication: Exchange4media - Newsletter

Provider: Exchange 4 Media.com

Reforming and repurposing electronic news channels saw some intense debate amongst industry experts. According to Satish Jacob, Editor-in-Chief, P7 News, changes in content and the way of saying things was very important to redefine news. "A news channel is the best medium to consolidate democracy," he remarked, but at the same time added that distribution remained a major challenge.

Sudhir Chowdhry, CEO, Live India, noted that when cable television first came to India, there was apprehension that no one would pay to watch TV since everyone was used to watching television for free through Doordarshan, but these apprehensions were proved wrong. He further remarked, "Earlier, content was king, but now distribution is the king, if we want to change the television industry, we have to wake up and take up the challenge."

Ashutosh, Editor-in-Chief, IBN7, stressed, "Cable operators' image needs fundamental restructuring, otherwise channels will wind up. A channel's main ingredient is content and news gathering takes a lot of effort. However, 50 per cent of our revenues are taken up by distribution, so this needs to change. The second point is that prioritisation of content is needed, plus commercial should not dominate. For instance, in a half-hour news capsule, 16 minutes are devoted to commercials, thus there is nothing left for content."

He further said, "We need to rethink whether we really need a rating system. There are many news channels today and a few sets of People Meter boxes can't decide the worth of news channels. We are here in the society to telecast news and make people aware, and not to be compared."

“The partiality between English news channel and Hindi news channel should be abolished. There is a small section of people who watch English news channel, but there are millions of people who watch Hindi news channels, yet the advertisement rate of Hindi news channels is one-third of the English news channels,” Ashutosh lamented.

Ajit Anjum, Managing Editor, News24, noted that the main problem of cable channels was that the cable people were taken for granted by the viewers, who often did not pay the cable rent on time. “But they will shell out more money if some DTH company will offer them some ‘Jhingalala’ package,” he remarked.

He added, “When we started our channel, we were sure we won’t show any Raju Srivastava or Rakhi Sawant, but after six months I came to know that MSOs were not very keen to telecast our channel, so finally we came back with Nirmal baba. Content is important, but a good customer connection is also important. We spend Rs 1-2 crore on news gathering, but pay almost Rs 4 crore for distribution.

Thus, digitalisation is very much needed.”The speakers were addressing the SATCAB symposium, held in New Delhi on February 25, 2012.

Cable industry gears up to meet digitisation deadline

Publication: Exchange4media - Newsletter

Provider: Exchange 4 Media.com

Cable numbers were strong and with the growing demands of the viewers, the industry needed to grow in every aspect – be it technology, profit or quality – to keep up with this growing demand and retain customer trust. This was Anil Kumar Rastogi's observation.

Rastogi, President, All India Aavishkar Dish Antena Sangh, further said though the cable television industry in India was 22 years old, it was still not mature enough. "We need to update ourselves and work together to meet the December 31 2014 digitisation deadline, when there will be cable set top boxes in every home in the country," he added.

Uday Shankar, CEO, STAR India, added that there were 40 million digital home satellites. He further stressed that the Legislation had to fight the monopoly of the digital sector. While sharing more on digitalisation, Shankar said, "The transition is not as easy as from landline to mobile phones. With digitalisation process underway, the cable industry will have to push more to compete."

"Today a regional channel is generating more revenues. About Rs 600 crore revenue is generated in Mumbai and Delhi through local ads every year. Hence, digitalisation is a great opportunity," Shankar added.

Supriya Sahu Joint secretary, Ministry of Information and broadcasting also join the panel of speaker and shared her views and said "Cable operators as everybody knows are important part of our life, you ensure our entertainment and make us aware of the happenings around us.

Digitalization is nothing but to improve the quality and I believe we will do it very soon as we need 60-100 million set top boxes and in the first slot we will introduce 10 million boxes to start our initiative for the digitalization.

Sharing about the development what government is doing she said “Task force is being made in the ministry and there are representative in every center who reports the ministry and we also organized a meeting in every 15 days.”

Talking further she added “The work of digitalization in which has happen in US and UK has taken a very long time and India has a very different time line but we are very confident that we will do it successfully.”

“We are building the capacity of the cable operators and planned to trained 600 millions of people, and social media and toll free no are the other option which we are going to use to promote digitalization and as well as ministry is geared up that the communication campaign and an exclusive website will be prepared so everybody knows what is digitalization.” summarized Sahu. The speakers were addressing the SATCAB symposium, held in New Delhi on February 25, 2012.

Operators air channels on public demand

Publication: Deccan Chronicle

Provider: Deccan Chronicle Group

Cable operators point out that they had to resort to this as a section of consumers, who were ardent followers of a few serials, wanted the particular channel.

While ACTL officials have initiated steps to include the channel, several cable operators have appealed to the government that the channel should be allowed to be part of ACTL's package as a free-to-air channel.

"A major part of operators' revenue had gone towards various charges prior to taking over by ACTL. The government should not now bow to pressure from any quarters including the Sun group," said Mr Sakilan, state president of Tamilaga Cable Operators Association Welfare Association, who claims to have control over 30,000 cable operators.

"They (Sun group) have earned a lot through this business. It is time now that their channels were provided free of cost at least for some time," he said, adding that to stress the above demand, they planned a rally towards Fort St. George on March 21, in which one lakh operators would participate.

After ACTL took over cable distribution last September, the channels of Sun group had vanished from TV screens. ACTL now claims that it has brought in all the operators under its control and that the Sun group had been wiped off from other parts of the state barring Chennai.

Mr Sakilanm however, denied the claim and said, "Due to the lackadaisical attitude of officials, ACTL has been able to penetrate only 60 per cent of the state. Officials are trying to be soft towards a particular group," he alleged.

Buy Den Networks, Dish TV, Hathway Cable: PINC Research

Publication: e-Eighteen Newswire.

Provider: moneycontrol.com

PINC Research has come out with its sector report on cable & satellite industry. The research firm has initiated coverage on the sector, with a buy recommendation on Hathway Cable (TP Rs 151, +36%), Dish TV (TP Rs 77, +26%) and Den Networks (TP Rs 64, +33%) in its December 26, 2011 research report.

“The Indian Cable & Satellite(C&S) industry, the third largest in the world, with 136mn C&S homes is all set for a revolution as the long-expected 'digitisation' becomes a reality. Currently there are 41mn DTH homes and 6mn Digital cable homes (35% penetration in C&S homes). Going forward digital subscriber base is expected to rise from 47mn to 83mn by 2015, increasing at 21%CAGR (2012E-2015E). An industry of Rs270bn will no longer operate under obsolete analog distribution business post digitisation.

The long standing local cable operator (LCO) 'underreporting' issue will get resolved with the gradual roll out of digitisation as per the sunset clause. Aggressive marketing and promotional offers by DTH players adds to the growth factor of the industry.”

“C&S industry is set to expand to 166mn with 64mn DTH and 20mn digital cable gross subscribers by 2015E. Aggressive subscriber acquisitions by the well funded six DTH players have kept the digitisation momentum alive. Now with compulsory digitisation MSOs and LCOs are left with 'no choice' in the face of increasing threat from DTH. We believe with Government-mandated digitisation, the well funded national MSOs and DTH players are all set to capture the opportunity.”

“Currently the C&S industry is largely run under the outdated analog mode of distribution which has resulted in a highly fragmented value chain and allowed last mile operator to corner ~80% of the subscription revenue.

With compulsory digitisation, economic retention will be the crucial driver in value creation. Curbing of revenue leakages will be the main growth factor for C&S industry to register 10% CAGR over 2012E-15E. Out of which we expect 47% CAGR in digital cable revenue over 2012E-15E. Digital cable players will benefit with increased portion of retained gains of compulsory declaration, which would drive a 3x rise in revenues.

DTH subscription revenue is estimated to show 22% CAGR during 2012E-15E. Digitisation is bound to reduce the incidence of under-reporting - the bane of the Indian C&S industry. High operating leverage business model will be the key driver for organised cable players and DTH operators in magnifying their operating margins. We see major players in DTH segment and organized MSOs to breakeven by 2013.”

“Structural change in cable distribution and DTH ramp up makes us positive on the Indian C&S Industry and we initiate coverage on the sector, with a 'BUY' recommendation on Den Networks, Dish TV and Hathway Cable,” says PINC Research report.

New Tamil channel's promise of balance finds takers

Publication: Mint News

Provider: HT Media Ltd

CHENNAI, In a state where television news broadcasters often tend to serve as the media extension of political parties and personalities, Puthiya Thalaimurai (Tamil for new generation) is a bit of an oddball. The Tamil channel went on air six months ago, promising its viewers impartial news coverage --and quickly found a receptive audience for its brand of journalism.

Promoter P. Satyanarayana, 38, says he initially thought of launching an "infotainment" channel beaming a mix of information and entertainment programmes before deciding that what Tamil Nadu households needed, instead, was a nadunillai (independent) news broadcaster.

"As an individual, I felt the need for a neutral channel providing unbiased news," says Satyanarayana, scion of the family that runs the Rs1,000 crore SRM business group with interests in education, realty, software and media.

A software engineer by training and with a Ph.D., Satyanarayana was previously vicechancellor of SRM University, an institution with four campuses in the country, before becoming president of the broadcasting venture which was set up with an investment of Rs50 crore--both promoter equity and bank loans.

Politics and the media have always been intertwined in Tamil Nadu--as elsewhere in India--in a phenomenon that started with the movies and shifted to television. Late former chief minister M.G. Ramachandran and his protege and current chief minister J. Jayalalithaa parlayed their popularity as film stars into political power for themselves and their All India Anna Dravida Munnetra Kazhagam (AIADMK) party.

In 2007, then chief minister M. Karunanidhi--who began his career as a Tamil film screenplay writer--launched Kalaingar TV to promote his government and the Dravida Munnetra Kazhagam (DMK) party amid a brief cooling of relations with Sun TV Network Ltd, owned by his grand nephew Kalanithi Maran.

The two arms of the family have since made up. A third Tamil channel is Jaya TV and, as its name would suggest, it is run by the associates of Jayalalithaa. Tamil news channels had essentially become the propaganda arms of political parties for the leadership to communicate with their cadre and influence the electorate, says Sashi Kumar , a journalist, TV anchor and film-maker who heads the Asian School of Journalism in Chennai.

The absence of a news channel in Tamil Nadu independent of both political parties had become glaring, he says. Tamil Nadu's media has been characterized by an "appetiser effect" in which the more people watch news channels, the more they read newspapers.

The news channels are like starters, with newspapers being the main course that people turn to for comprehensive coverage of news they may have watched on partisan TV channels, says Bhaskara Rao, founder chairman of the Delhi-based Centre for Media Studies. Puthiya Thalaimurai was launched in August by Satyanarayana's New Generation Media Corp. as an alternative targeted at people who want to watch "unbiased coverage and not lopsided news", says Satyanarayana.

Publishing venture The decision to venture into television was inspired by the success of the group's publishing initiative, also named Puthiya Thalaimurai, a weekly Tamil magazine launched in 2009. Although it's not covered by either the Indian Readership Survey (IRS) or the Audit Bureau of Circulation (ABC), the magazine claims a circulation of 150,000. The response to the television venture has been encouraging, suggesting there's indeed an audience out there for an independent, non-partisan broadcaster.

Last month, the channel maintained an average market share of 29%, against 25.1% for Sun News. In February, the channel's share improved to 31.3% while Sun lost ground further to 24.5%. Popular shows are Indarai Thinam, news at 8pm; Nerupada Pesu, a discussion forum; Puthu Puthu Arathangal, a morning news analysis show.

On weekends, it airs Rowthiram Pazhagu, which translates as anger against society and is based on social and civic issues, and Vedai Thedum Vivathangal, a talk show featuring students. "I find Puthiya Thalaimurai reporting more balanced compared with other news channels and the clarity of the channel is good," says Sripriya Desikan, a regular viewer of its news at 8pm.

A mother of two children, Desikan is a central government employee. To be sure, factors other than its avowed independence or quality of journalism may have provided the channel a boost--for instance, the revival of Arasu Cable TV Corp. by Jayalalithaa to break the monopoly of Kalanithi Maran's Sumangali Cable Vision. The staterun cable network has provided the new channel a placement that has helped it gain visibility in cable homes.

The news channel is also available on some direct-to-home (DTH) platforms and is currently in talks with Tata Sky. Among Indian states, Tamil Nadu has one of the highest cable TV penetration rates--about 50-60% of rural areas have cable TV, which is impressive, says Kumar. Pre-launch advertisements for the channel focused on the broadcaster's intent to provide independent news coverage without any political alignment--a promise it has kept, says S. Srinivasan, director of news. The focus is on issues close to the people.

"Whether it is the agitation about the Kudankulam nuclear power plant, power shortage impacting farmers or bad roads, we cover it all," Srinivasan says. "The channel is run by an independent editorial team consisting of 12 people." The channel is governed by a strict code of conduct for journalists, who are forbidden from accepting gifts, says Srinivasan.

The channel has 25 reporters and 32 stringers across bureaus in Chennai, Coimbatore, Madurai, Tiruchirapalli and Tirunelveli. The race for revenue The channel has tried to provide a balanced coverage, whether it was the raid on DMK politician and former federal minister Dayanidhi Maran's house by the Central Bureau of Investigation (CBI) or Jayalalithaa sacking her close aide Sasikala, Srinivasan says. "However, we are not focused on news in the state alone. We also put the Uttar Pradesh elections in perspective," he says.

The litmus test for unbiased reportage will, however, be the treatment of sensitive issues, says Kumar. Sun Network's position as market leader when it comes to earning advertising revenue remains unchallenged, yet Puthiya Thalaimurai is emerging on the radar of advertisers, says Hariharan Vishwanathan, national trading director of media buying agency MEC India. Its ad rates are half of what Sun commands.

Although companies such as State Bank of India, Samsung, Tata group and Vodafone, among others, advertise on the channel, "the key for Puthiya Thalaimurai will be to get continuous retail advertising across Tamil Nadu", says Vishwanathan. Sun Network enjoys a 65% share of television advertising in Tamil Nadu, where the overall advertising market is estimated at Rs2,750 crore to Rs3,850 crore, with news channels making up a minuscule part of it. If gross rating points--a measure of television viewership--for Sun News decline, advertisers are likely to shift to other channels, says Vishwanathan. Success is essential to recovering the investment.

The promoters have told creditors that the channel would break-even in three years. Sanjay Salil, managing director of Media Guru, which offers consulting services to media companies, says that with a good viewership share, Puthiya Thalaimurai may be able to earn an operating profit as early as in 18 to 24 months. Just six months into the venture, Satyanarayana isn't being complacent. He has a challenge on his hands, says the man who, for a media person, can be quite reticent. "It is still early days to rejoice. We are yet to establish the channel," he says.

Sports broadcasters to take home Rs 3 bn less in ad rev this year

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MUMBAI: The absence of the cricket World Cup, a less heavy calendar for Dhoni and his boys and the uncertainty over the Indian team's future performance could result in ad revenue for the sports broadcasters trimming by around Rs 3 billion in 2012.

Sports broadcasters earned an ad revenue of Rs 20 billion in 2011 calendar year, triggered by the Indian Premier League (IPL) that fetched Rs 9 billion and the cricket World Cup that is estimated to have got Rs 4 billion. Though the IPL will still play out this year, it is unlikely to get a major hike. Efforts are being made to push hockey but the increase will be from a very low base and would not make up for the cricket World Cup. Even the Olympics is a very small revenue earner for the sports broadcasters.

The T20 World Cup, to be held this year, will provide a cushion but only to some extent.

Says Vivaki Exchange executive VP Sejal Shah, "The ODI World Cup is a miss this year. The T20 World Cup will help to some extent. But the loss from sports will move to other genres chasing similar mass and male audiences."

Another issue is the current performance of the Indian team. "If India continues to perform badly, then yes ad spends will come down significantly. We will need to wait and watch what happens in the upcoming ODI and IPL formats," adds Shah.

For advertisers, the return on investment (ROI) is dependent on the audience that they want to chase and the objective of their campaigns. "If cost efficiency alone is the objective, then GECs (general entertainment channels) and news will be better ROI vehicles. If mass and male audiences are the objective, then there is nothing better than a cricket platform to establish the communication," states Shah.

Cricket still remains the best vehicle to cut across geographies and SECs for male skewed brands, she adds.

Madison Media Group CEO Punitha Arumugham agrees that cricket is no more a special programme but a part of the calendar for any major brand. However, if cricket is not performing, she cautions that there are enough opportunities on television and print. "Ratings is going to decide how much money people are going to put on it, and what cost they are going to pay for it. If cricket doesn't score, the money will go back to other mediums and digital," she says.

Cricket advertising depends a lot on non FMCG companies like telecom and automobiles. "In this economic scenario, non FMCG will spend slightly lesser this year. Automobile, because of their new launches, and telecom categories may still spend well. However in the current economic climate, the financial category and consumer durables are likely to lower down their spends," says Arumugham.

Due to their high costs, advertisers have been pressing for performance guarantee deals going forward. A media expert, however, feels that this is unlikely to happen unless there is a huge mismatch between what a channel is charging and what a client is willing to pay.

"A lot also depends on the state of the economy. If the economy turns for the better, then more brands will launch campaigns towards the latter part of the year," the expert opines.

Max set for early launch of marketing campaign for IPL

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NEW DELHI: Wary of the impact of controversies surrounding the IPL and cricket fatigue on viewership, broadcaster of the T20 league Max is set to unleash a marketing campaign in a week's time to address these issues, a company official said.

"We will be launching a new marketing campaign for the new season of IPL in a week's time," Max's Marketing and Communication Senior Vice-President Gaurav Seth said.

When asked what would be the theme of the campaign, he said the broadcaster is looking to address issues that are linked with the IPL and criticism around it.

The campaign will be much bigger in terms of the total spends compared to the one last year, Seth added but did not share the financial details.

This year's IPL has been mired in controversy after Sahara withdrew from the ownership of the Pune franchise only to comeback following negotiations with the BCCI.

Only nine teams will play in the tournament, one team less from last year, after the Kochi team was disbanded.

Industry observers also point out that IPL will be up against viewer fatigue and loss of interest in cricket due to team India's poor showing in Australia.

Seth said, however: "We are very bullish about the IPL despite all the talks around it."

Expressing similar sentiments, the digital rights holder of IPL, Times Internet Ltd CEO Rishi Khiani said: "We are expecting around 30-40 per cent increase in our advertising revenues from the league this year."

While he did not share the figures and details, Khiani said the company has already roped in 11 sponsors and is talking to more compared to just six last year.

"We are more bullish about IPL than last year. Last year, we got the rights just two weeks before the start of the tournament but this time we have been working on sponsorships and ad packages for the last three months," he added.

"Last year, we had around 18 million unique visitors on our website, which is now expected to be 25 million," Khiani said.

The tournament, featuring 74 matches, will be played at different venues across India. It begins on April 4 and the final match will be held on May 27.

Times Internet plans to launch service akin to Hulu

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MUMBAI: Indian media conglomerate Times Group's digital arm, Times Internet, plans to launch BoxTV.com, an online video platform that will enable viewers to access content like films and television through Internet.

Addressing AdTech India conclave in New Delhi, Times Group's new media director Satyan Gajwani said the company is in the process of introducing new products across the news and entertainment categories with the aim to become more relevant for new-age consumers.

"We've launched ETSpeed.com a couple of days back, which is a Twitter-like service for the financial world; Tweek, which is a tablet-based magazine, and Speaking-Tree. BoxTV will be India's answer to Hulu, and allow viewers to legally access the latest movies and videos," Economic Times quotes Gajwani as saying.

The company, which runs the popular Indiatimes.com portal, plans to come up with more personalised products which can be accessed through various devices.

"Our strategy is to try to be faster and smarter with personalised content offered through multiple channels. Experimentation is part of the strategy," he said.

Times Internet will also replicate Gaana.com's success on mobile phones, he added.

The company, which holds the Internet rights for IPL, has also made plans for the upcoming season with several new initiatives like video scorecard - a timeline for every over, on the anvil. Besides, it plans to enhance the viewing experience of fans this year.

Action movie channels hunt for growth

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MUMBAI: India is seeing a flurry of launches in the action movie genre ahead of digitisation as broadcasters are keen to tap into a niche segment with a particular eye for subscription revenues.

National and regional media conglomerates like UTV, Sun TV Network and Star India either have entered or have plans to foray into the genre.

UTV Action, which airs Hollywood action movies dubbed in Hindi, launched its Telugu feed to dig into the Southern market as it has an affinity for action cinema. Star India has said it plans to launch two action movie channels (English and Hindi). The Hindi channel is expected to have the dubbed content along with Hindi action movies.

Sun TV has recently launched four regional ad free action movie channels - Sun Action in Tamil, Gemini Action in Telugu, Suriyan TV in Kannada, and Surya Action in Malayalam, catering to different segment of audiences.

Will the market support so many launches? Madison Media Group CEO Punitha Arumugam notes that it is good that channels in genres like action and food are getting launched as it will help advertisers do specific targeting.

“The future of Indian television is going to be in niches. The more you are able to offer options which target a certain psychographic of the target audience, the more it is actually going to find appeal,” Arumugam says.

As per her estimates, the size of the action genre is under Rs 500 million. “Though for action movie channels the yields are low, the cost of acquiring content is also low. I am assuming that for all such channels, action-imported, dubbed stuff is being used,” she adds.

Action movie genre is led mainly by male viewership with preference first for action, then comedy and drama.

The genre has to evolve before it becomes accommodative of so many players. Lodestar UM chief growth officer Habeeb Nizamuddin admits that it is a niche within a niche. "In terms of percentage, the highest spend by any category on the action movie channel is about 1.5 per cent of their overall spending. There are basically two categories -automobiles and consumer durables -who spend more on this category. Still, out of their overall ad spend, they just use 1.5 per cent for action movie channels," he says.

The entry of Star into the genre will expand the thin ad market but still it will have to depend on pay-revenue models. But that won't be an easy task. Says GroupM CEO Vikram Sakhuja, "There is scope for people paying for exclusive viewing of live sports and good movies. This will become a sizeable opportunity only once digital distribution of C&S reaches critical mass. Having said that, relying 100 per cent on distribution revenues, in a market that has been spoilt on free content, is highly ambitious."

Adds UTV Action business head Sameer Ganpathy, "With multiple channels entering the space, the genre will surely stand on its own in the years to come. At present, there is no scope for the pay revenue model for action movie channels. But as India moves towards digitisation, the pay revenue model will become a part of the mainstream model."