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Television Channels in India: Strategic Growth Perspectives

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The Indian Entertainment and Media Industry

The Indian entertainment and media industry is one of the fastest-growing sectors in India and has outperformed the Indian economy. The growth of this sector is a function of the overall growth of the economy, as it is a cyclically sensitive industry. The size of the industry as a whole was about US$7 billion in 2004. According to a PricewaterhouseCoopers report titled *Indian Entertainment & Media Outlook 2010*, the Indian entertainment and media (E&M) industry is poised to grow at a 12.4% CAGR and is expected to reach Rs 1040.8 billion by 2014. The report further estimates that, over the period 2010-2014, the television industry will grow at a stable rate of 12.9%, rising to Rs 488 billion from Rs 265.5 billion in 2009. Advertising revenues and the expansion of regional channels will be the main factors triggering growth. Television distribution is projected to garner 60% of television industry revenues in 2014, while the share of television advertising is expected to reach 35%, and that of television content 5%.[2]

The filmed entertainment and television segment dominates the industry, followed by the print, radio and music segments.

Increasing consumer spending and disposable income have contributed to the growth of this segment. The trend observed is that media penetration is varied across segments and across the different socio-economic classes. Media penetration is lower in lower socio-economic classes. Hence, efforts to increase penetration even slightly in these lower socio-economic classes are likely to deliver much better results simply due to the higher numbers. Advertising revenues are a key factor in the Indian media and entertainment industry. Indian advertising as a percentage of GDP is only 0.34%, which is far below the global average. Hence, there is an immense potential for growth.

Economic reforms in India have facilitated the emergence of a conducive environment for foreign direct investment (FDI). The liberalization era paved the way to greater FDI in the entertainment and media industry as the film, television and other segments were opened to FDI. FDI of 100%

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[2] http://www.indiantelevision.com/headlines/y2k10/july/july225.php.

is now allowed for non-news publications, and 26% FDI is allowed for news publications. Facsimile editions of foreign journals are also now permitted in India. This helps foreign journals achieve significant savings on distribution costs. The government of India allows FDI of up to 20% in the FM radio sector.

Television

Television occupies a major position in the entertainment and media industry. The Indian television system, which provides coverage to over 90% of India's 100 million people, is one of the most dynamic and extensive systems in the world. TV households are growing at a staggering rate of 4% per annum. The number of TV households far exceeds the number of telephone-connected homes. The share of cable television households is growing at a remarkable rate of 4% per annum. Cable and satellite homes are expected to grow at a rate of 8-10%.

Historical perspective[3]

The formation of a private radio service in Madras in 1924 heralded the advent of broadcasting in India. In the same year, the British colonial government granted a license to a private company, the Indian Broadcasting Company, to open radio stations in Bombay and Calcutta. The company went bankrupt in 1930, but the colonial government took over the two transmitters and the Department of Labor and Industries started operating them as the Indian State Broadcasting Corporation. In 1936, the Corporation was renamed All India Radio (AIR) and placed under the Department of Communications. When India became independent in 1947, AIR was made a separate department under the Ministry of Information and Broadcasting.

Radio broadcasting was of major importance in independent India because of its frontline role as a medium of communication to propagate the government's goals of achieving political integration, economic development and social modernization. The most important challenge the government faced following the country's independence was to forge a nation out of the extremely diverse political, religious, geographic and linguistic entities that composed independent India. National integration was among the early objectives of All India Radio. It was in this context that television was introduced in 1959. The government had been reluctant to invest in television until then, because it was felt that a poor country like India could not afford the medium. Television had to prove its role in the development process before it could gain a foothold in the country. Television broadcasts started out of Delhi in September 1959, as part of All India Radio's services. Programs were broadcast twice a week for an hour a day on topics such as community health, citizen's duties and rights, and traffic and road safety. In 1961, the broadcasts were expanded to include a school educational television project. In time, Indian films and programs consisting of compilations of musicals from Indian films were introduced as the first entertainment programs. A limited number of old U.S. and British shows were also telecast at times.

The first major expansion of television in India began in 1972, when a second television station was launched in Bombay. This was followed by stations in Srinagar and Amritsar in 1973, and Calcutta, Madras and Lucknow in 1975. Relay stations were also set up in a number of cities to

[3] Sourced from http://www.indiantelevision.com/indianbrodcast/history/historyoftele1999-2003.htm.

extend the coverage of the regional stations. In 1975, the government first tested the possibilities of satellite-based television through the Satellite Instructional Television Experiment (SITE) program. SITE was designed to test whether satellite-based television services could play a role in socio-economic development. Using a U.S. ATS-6 satellite and uplink centres at Ahmedabad and Delhi, television programs were beamed down for about four hours a day to roughly 2,400 villages in six states. The programs dealt mainly with in- and out-of-school education, agricultural issues, planning and national integration. The program was fairly successful in demonstrating the effectiveness of satellite-based television in India and the lessons learned from SITE were used by the government in designing and utilizing its own domestic satellite service INSAT, launched in 1982.

By 1976, the television network had grown to eight television stations covering a population of 45 million spread over 75,000 square kilometres. The government constituted Doordarshan, the national television network, as a separate department under the Ministry of Information and Broadcasting. But with respect to critical issues of policy planning and financial decision-making, Doordarshan operated much like a government department. Doordarshan was headed by a Director General appointed by the Information and Broadcasting Ministry.

By 1982, television had emerged as the government's pre-eminent media organization due to its national coverage. Two events triggered the rapid growth of television. INSAT-1A, the first of the country's domestic communications satellites, became operational and made it possible to form a network of all of Doordarshan's regional stations. For the first time, Doordarshan originated a nation-wide feed dubbed the "National Programme," which was fed from Delhi to the other stations. In November 1982, the country hosted the Asian Games and the government introduced colour broadcasts for the coverage of the games. To increase television's reach, the government launched a crash program to set up low- and high-power transmitters that would pick up the satellite-distributed signals and re-transmit them to surrounding areas. In 1983, television signals were available to just 28% of the population, but by the end of 1985 this figure had doubled, and by 1990 over 90% of the population had access to television signals. In 1977, the number of TV sets sold was just 676,615. The number of television sets in India increased from around 500,000 in 1976, to 9 million in early 1987, and to around 47 million in 1994.

The advent of advertising on Doordarshan in the late 1970s transformed the history of Indian television. Advertising began in a very modest way, with under 1% of Doordarshan's revenue derived from advertising revenues in 1976-77. But the introduction of the National Programme in 1982 made television more attractive to advertisers. Till that time, television had been funded through a combination of television licenses and allocations from the annual budget. The licenses were later abolished as advertising revenues increased to a substantial extent. In turn, Doordarshan began to shift its focus from educational and informational programs to entertainment programs. The commercialization of Doordarshan saw the development of soap operas, situation comedies, dramas, musical programs and quiz shows. But the entry of foreign programmers such as CNN, STAR TV, as well as other domestic channels like Zee TV and Sun TV, transformed the competitive environment of television. DD responded to this satellite TV invasion by launching a commercially driven entertainment channel and introduced entertainment programming on its terrestrial network. From the large urban areas, satellite TV delivered via cable moved into smaller towns, spurring the purchase of TV sets and even the upgrading from black & white to colour TVs.

The number of channels also increased substantially, from two in 1991 to more than 50 by 1996. There were an estimated 60,000 cable operators in the 1995-1996 period, with a subscriber base ranging from as low as 50 to as high as in the thousands. Large Indian business houses and American and European cable networks set up sophisticated head-ends capable of delivering more than 30 channels. These Multi-System Operators (MSOs) bought up local networks or franchized cable TV feeds to the smaller operators for a fee. As a consequence, the number of cable operators was reduced to 30,000. The government started taxing cable operators in a bid to generate revenue. The rates varied from state to state. The Cable Act, 1995 was passed to regulate the cable business in the country.

By 1990, Doordarshan’s revenues from advertising were about $300 million, accounting for about 70% of its annual expenditure. Doordarshan’s revenues were being siphoned away by the private satellite players. In 1999-2000, DD’s revenues stood at Rs 5,971.9 million and AIR’s at Rs 808.4 million. DD’s earnings increased to Rs 6,375.1 million in 2000-2001, while AIR’s dipped to Rs 739 million.

The economic liberalization coupled with international broadcasting transformed the country’s television environment in a significant way. By 1991, entertainment and commercial programs had begun to take centre stage in the organization’s programming strategies and advertising had become Doordarshan’s main source of funding. However, television in India was still a modest enterprise, with most parts of the country getting just one channel, while the major cities received two channels.

International satellite television was introduced in India by CNN through its coverage of the Gulf War in 1991. Three months later, Hong Kong-based Star TV (now owned by Rupert Murdoch’s News Corp.) started broadcasting five channels into India using the ASIASAT-1 satellite. By early 1992, nearly half a million Indian households were receiving Star TV telecasts. A year later, the figure was close to 2 million, and by the end of 1994, an estimated 12 million households (a little less than one-quarter of all television households) were receiving satellite channels. The 60,000 or so small-scale cable system operators that had mushroomed across the country made this increase in viewership possible. A number of Indian satellite-based television services were launched between 1991 and 1994; prominent among them was Zee TV, the first Hindi satellite channel. By the end of 1994, there were 12 satellite-based channels available in India, all of them using a handful of different satellites. Terrestrial broadcasting, which had been the sole preserve of the government, provides television coverage to over 90% of India’s 100 million people. By the end of 1996, nearly 50 million households owned a television set. International satellite broadcasting, introduced in 1991, swept across the country because of the rapid proliferation of small-scale cable systems. By the end of 1996, dozens of foreign and local channels contributed towards an increase in advertising revenues. In 2002, there were 70 million television households in India, and it was the third largest television market in the world.

The proliferation of channels has put great pressure on the Indian television programming industry. Indian audiences clearly prefer locally produced programming over foreign programs. The new television services spend heavily on the development of indigenous programs. The number of hours of television programming produced in India increased 500% from 1991 to 1996. The entry of international television channels broadcast via satellite and disseminated through cable initiated and accelerated globalization. Satellite television technology brought education to remote parts of rural India through the pioneering SITE project.

Despite the rapid growth of television channels from 1991 to 1996, television programming continues to be dominated by the Indian film industry. Most national channels rely heavily on films to attract audiences. Almost all Indian films are musicals, and this allows for the development of inexpensive derivative programs.

In the initial years, entertainment programs on DD were fewer in number. The popularity of serials such as *Hum Log* (1984), *Ramayana* (1987-88) and *Mahabharata* (1988-89) catapulted Doordarshan to the status of a mass media. The mythological dramas *Ramayana* (1987-88) and *Mahabharata* (1988-89) set world records for viewership numbers for a single program.

One of Doordarshan's most popular programs, *Chitrahaar*, is a compilation of old film songs. All the private channels and music video channels such as MTV Asia and Channel V show a variation of *Chitrahaar*. A number of game shows are also based on movie themes. Other genres like soap operas, talk shows and situation comedies have also gained in popularity. International satellite programming has opened up competition in news and public affairs programming, with the BBC and CNN International challenging Doordarshan's long-standing monopoly. Star TV's STAR Plus channel offers broad-based English language entertainment programs. Another significant peculiarity of Indian television programming has been the use of popularly called "Hinglish" formats, which offer programs in Hindi and English on the same channel and even have programs, including news shows that use both languages within a single telecast. This strategy is meant to attract the sizable middle-class populations who have knowledge of both English and Hindi. In addition, the proliferation of Hindi channels has also been significant.

Doordarshan has scrambled to cope with the changed competitive environment, as satellite broadcasting has threatened Doordarshan's existence. The government's monopoly over television over the years has resulted in Doordarshan being tightly controlled by successive governments. In principle, Doordarshan is answerable only to Parliament. Parliament lays down the guidelines that Doordarshan is expected to adhere to in its programming, and Doordarshan's budget is debated and approved by Parliament. But the guidelines established by Parliament to ensure Doordarshan's political neutrality are largely ignored in the face of the majority that ruling parties have held in Parliament. Doordarshan has been subject more to the will of the government than the oversight of Parliament. Successive governments and ruling political parties have used Doordarshan to further their political agendas, weakening its credibility as a neutral participant in the political process. There have been periodic attempts to reconstitute Doordarshan into a BBC-like public corporation, but governments have been reluctant to relinquish their hold on such a powerful medium.

Unlike the C&S broadcasters, DD does not own the rights to anything that it airs. Marketing is handled by producers of individual programs. In markets like the UK and US, satellite channels are like a niche medium. In India, C&S monopolizes more than 80% of the total advertising pie and is 100 times more important than the network with the largest reach – Doordarshan. Star, Sony and Zee have overtaken DD despite starting later and using a fraction of its resources.

Legal Environment

The government drew its right to operate the country's broadcasting services as a monopoly from the Indian Telegraph Act of 1885, which empowers the government with the exclusive right to "establish, maintain and work" wireless services. In addition, the Constitution lists broadcasting as the sole domain of Parliament, effectively shutting out the states from making any laws with regard to television. Within the ambit of these provisions, it was assumed that it was the prerogative of the government to grant media autonomy or liberalization in any form. But the government's monopoly was challenged in the Indian Supreme Court in 1995. The Court held that the government monopoly over broadcasting was unconstitutional and while the government had the right to regulate broadcasting in the public interest, the Constitution forbade monopoly control over any medium by either individuals or the government. The Court directed the government to establish an independent public authority for "controlling and regulating" the use of the airwaves. Doordarshan and All India Radio were brought under a holding company called the Prasar Bharati under the Prasar Bharati Act, 1990. The Act served to give autonomy to the broadcasters, as their management was left to a supervisory board consisting of retired professionals and bureaucrats. In 2001, the government finally tabled the Convergence Bill, which envisaged a super convergence commission with control of broadcasting as its major plank.

In 2002, the Indian Parliament passed a bill to amend the Cable Television Networks (Regulation) Act, 1995. Cable TV operators would have to transmit or retransmit programs of any pay channel through an addressable system. For the free-to-air channels that were to form part of the basic tier, the government would decide the minimum number of channels and the maximum rate that cable operators were to charge viewers. Making the conditional access system (CAS) mandatory for viewing pay channels was the most important piece of legislation to be passed by the Indian Parliament in 2002. The complexity of implementing CAS surfaced only in 2003, as it required massive investments and seeding of CAS boxes.

Advent of Cable Television

In 1992, the government liberated its markets, opening them up to cable television. MTV, Star Plus BBC and Prime Sports entered India. Zee TV was the first privately owned Indian channel to broadcast over cable. A few years later, CNN, Discovery Channel and National Geographic Channel made their foray into India. Star expanded its bouquet, introducing Star World, Star Sports, ESPN and Star Gold. Regional channels flourished along with a multitude of Hindi channels and a few English channels. By 2001, HBO and the History Channel were the other international channels to enter India. By 2001-2003, other international channels such as Nickelodeon, Cartoon Network, VH1, Disney and Toon Disney had entered the fray. In 2003, news channels started to boom. Today there are about 20 news channels.

Milestones in the Television Era

1959
Television programs are launched in India.
1962
Indian television's first soap opera, ***Teesra Rasta,*** enthralls viewers.
1976
Television and AIR separate; Doordarshan comes into existence.
1978
First television commercials seen.
1982
To coincide with Delhi Asian Games, Doordarshan begins colour transmission.
1984
Hum Log, Doordarshan's first soap opera in the colour era, is born.
1991
First India-targeted satellite channel, Zee TV, starts broadcasting.
1992
Government allows private participation in telecom services.
1994
Licenses are awarded to six basic service operators.
1995
Cable TV Networks (Regulation) Act comes into effect.
1997
Prasar Bharati (Broadcasting Corporation Bills of India Act 1990) comes into being; Government bans DTH; the Telecom Regulatory Authority of India (TRAI) is constituted.
1999
New telecom policy allows existing service providers to switch to a revenue-sharing regime.
2000
The Cable Act of 1995 is amended by the Cable Television Networks (Regulation) Amendment Act, 2000, to give it more effectiveness. *Kaun Banega Crorepati* and *Kyunki Saas Bhi Kabhi Bahu Thi* make Star Plus the No. 1 channel in India; the Communication Convergence Act is drafted and envisages the creation of a single, independent and autonomous statutory authority that will regulate all aspects of telecommunication, broadcasting and other communication services; inter-circle long-distance markets liberalized.

Programs that revolutionalized TV in India:

- *Chitrahaar*, 1974, DD; Song-and-dance time and the pioneer
- *Hum Log*, 1984, the soap opera
- *Yeh Jo hai Zindagi*, 1984, sponsor Vicco
- *Ramayan*, 1987, DD, religion and television
- *Chanakya*, 1991, the last DD superhit
- *Amul Surabhi*, 1994, documentary
- *The Bold and Beautiful*, 1992, Star Plus; a soap opera that started a cultural invasion
- *Tara*, 1993, Zee India's first female-centric soap
- *Shanti*, 1994, DD a big daytime hit depicting women's power
- *Cricket World Cup*, 1996, The India Pak match attracts 10 crore viewers
- *Amanat*, 1997, Zee, a serial that shaped Zee's fortunes
- *KBC*, 2000, Star Plus, the program that turned around the fortunes of a channel
- *Kunki Saas Bhi Kabhi Bahu thi*, 2000, Star Plus: the return of family-oriented soap
- *Chithi*, 2001, Sun TV, a success that inspired translation

General structure of channels[4]

Movies	**General Entertainment**	**Special Interest**
Hindi • **B4U Movies** • **Zee Cinema** • **Star Gold** • **SET Max** (shows cricket matches in cricket season) • **Filmy** *English* • **HBO India** • **Star Movies** • **Zee Studio** • **Zee Cafe**	*Hindi* • **Zee TV** • **Star Plus** • **Star Utsav** (recycled Star Plus serials) • **Sony Entertainment TV** • **Sahara One** • **SAB TV** • **Star One** • **Zee Smile** (comedy) *English* • **AXN** • **Star World** • **Hallmark** • **Zee Café** • **Zoom** *Marathi* • **Zee Marathi** • **DD Sahyadri** • **ETV Marathi**	*English* • **Animal Planet** • **History Channel** • **Discovery** • **Discovery Travel & Living** • **A1** • **National Geographic** *Hindi* • **National Geographic** • **Discovery**

4 Source: http://www.answers.com/main/ntquery.

Children's Entertainment • **Hungama** • **Disney Channel** • **Toon Disney** • **Cartoon Network** • **Animax** • **Pogo** • **Nick**	**General News** *Hindi* • **Aaj Tak** • **DD News** • **Zee News** • **Star News** • **NDTV India** • **Channel 7** • **Sahara Samay Mumbai** • **Sahara Samay Rashtriya** • **India TV** • **Tez (only headlines)** • **Janmat (views channel)** *English* • **NDTV 24x7** • **Headlines Today** • **Times Now** • **CNN-IBN – India Broadcasting News** *International* • **CNN International** • **BBC World** • **Channel NewsAsia**	**Business News** *Hindi* • **CNBC Aawaz** • **Zee Business** *English* • **CNBC TV 18** • **NDTV Profit** *International* • **Bloomberg**
Music • **MTV** • **ETC** • **VH1** • **Zee Music** • **B4U Music** • **Channel V**	**Sports** • **DD Sports** • **Star Sports** • **Zee Sports** • **Ten Sports** • **ESPN** • **SET Max** (Part-time: also shows movies)	**Religion** • **Sadhna** • **Sanskar** • **Aastha TV** • **Kitaab TV**
Fashion Channels • **Fashion TV** • **Trendz**		

Growth Perspectives

India has become one of the world's most vibrant television markets, with nearly 300 cable, satellite and terrestrial channels in about two dozen languages. Television programming is being beamed by nearly 20 satellites. There are more than 100 million television households, and more than 60 million of them receive TV via cable or satellite. India has an estimated 300 million strong middle class, larger than the population of the entire U.S., but spends less than one-tenth of the amount spent on entertainment in the U.S. In addition, there are over 20 million Indians living abroad. The Indian entertainment and media industry continues to outperform the Indian economy and is one of the fastest growing sectors in India. It is expected to grow annually at a rapid rate of 22%, from its current Rs 19,100 crore to Rs 51,900 crore in 2011.

The growth of the entertainment business has driven the growth in the colour TV business and vice-versa. According to iSuppli Corporation, a global consultancy company, the sales of TV sets in India rose from around 0.75 million units in 2003 to about 11 million units in 2005, with revenues of $2 billion (about 9,200 crore). According to the National Readership Survey 2005, there were 108 million TV households in the country.

The broadcasting sector will continue to boom with the addition of new channels and new content formats such as reality shows. The segment is projected to grow at 18%, to reach Rs 30,000 crores by 2009. According to a 2005 FICCI-PricewaterhouseCoopers report, growth in television advertising is expected to outperform GDP growth by at least 5% in the coming years. The report by PWC predicted that subscription revenues would drive the television segment in the next five years. In the short term, subscription revenues will gain primarily from increases in the number of cable and satellite households and improved realizations.

Consumers have become interested in advanced digital services and content. Emerging technologies have included DTH and Internet Protocol TV (IPTV). In 2005, DTH had already hit 3.5 million homes. IPTV had seen limited trials in the country. It was also expected that these alternatives would slow down the growth of cable TV. The TV boom was also driving the growth of sales of DVD players and other equipment like set-top boxes. Philips introduced price cuts that helped DVD players and other equipment to penetrate almost 2% of Indian households in 2006.

There exists a huge demand for content channels. At present, there are over 300 channels in the Indian market. Every year, around 50 new channels are added. This has created a greater demand for content. Television broadcasting companies are facing a shortage of content and the programming costs are also rising beyond normal trends.

The increasing number of general entertainment channels, the growing popularity of daily soaps and consumer interest in news channels have been the main drivers for the growth of the television sector. The most significant aspect of television growth was the passage of the Conditional Access System Bill (CAS) of 2002, which redefined television distribution. The expected effects of the bill included an increase in the number of pay channels due to increased subscription payout in the short run, and, in the longer term, the sharing of subscription revenues between broadcasters, multisystem operators (MSOS), and local cable operators (LCOS) and the opening up of a Rs 5,000 crore market for set-top box (STB) manufacturers.

Broadcasters, content providers and distributors form the main pillars of the media structure. In the present scenario, the key to gains for broadcasters lies in grabbing a substantial chunk of the advertising market. The improved addressability arising from new technologies such as direct–to-home and broadband-enabled telephone networks may prove advantageous for broadcasters. According to analysts, advertising spending in India is very low compared to international standards. Channels that have the advantage of multiple areas of content are likely to grab a larger share of the advertising pie. Content providers are currently bogged down due to their revenues being capped by what the broadcasters are willing to pay them. This basically arises from the demand-supply mismatch, which is skewed towards content buyers (broadcasters). There are only five big broadcasters as buyers for the 200-odd production houses. Content providers, especially the smaller ones, face credit problems due, among other things, to delayed payment from broadcasters, which affects them adversely because of the fact that content is a working capital-intensive business. Smaller size, limited scalability and disparity in margins (broadcasters have better margins) are among the reasons for the lack of institutional interest in production houses.

Regional programming is another segment where opportunity exists for growth. There is immense potential for the growth of local language content. Dubbed foreign content is also an attractive area. Among the top 10 movies shown on television in 2004, three were English movies dubbed in Hindi. The Walt Disney Group in India shows only dubbed Hindi programming on a 24-hour basis. ESPN Star Sports, the leading sports channel in India, has a dual Hindi feed to tap the local markets.

According to media analysts, the future holds the key for niche channels, which are performing up to the mark as reflected by the buoyancy in advertising revenues. It is predicted there will be greater demand for niche channels, which provide superior content. Added to this, the expansion phase in various industries like cars, mutual funds, financial services and telecom will result in a blitzkrieg of advertising. Broadcasters' revenue addressability will improve by way of either DTH or CAS. Viewership is bound to increase due to the greater scope for sports and top-end general entertainment channels. In the long run, India's favourable demographics, as well as increasing advertising spending and further penetration in TV and cable households hold the promise of a bright future for media fortunes.

Digitization is the future of the film and television industry. It will define the content formats and consumer viewership patterns in the future and will make available faster and cheaper modes of delivering content. Digitization has already revolutionalized the electronic media industry to a great extent. Large cable companies are adopting a voluntary approach to digitization on account of large investments in STBs and head-end equipment in expectation of the mandatory additional access order. Now these cable companies are giving away such STBs free to consumers in expectation of mandatory additional access order. This is based on the assumption that when addressability will be made mandatory, such cable companies will have already garnered significant market share. The cable companies face a potential direct threat from DTH players in the future, particularly in the up-market segment. The cable companies are thus looking to invest large sums in STBs to retain their customers. Cable operators are also bound to face competition from broadband players. Further, the broadcast and cable services regulator TRAI has also recommended a mandatory digitization plan for the top 35 cities (by population) in the country by 2010. These 35 cities have a high penetration of television households and equally high penetration of C&S households. An analysis of theses 35 cities reveals an estimated 20 million homes that have a cable connection. Even if 10% of these C&S homes voluntarily opt for STBs, there is a clear unserviced demand of 2 million STBs.

Channels and Internet

Internet is becoming a significant contributor to current revenues and a key component of the media industry's growth plans. It is interesting to note that bbc.co.uk is often described as one of the most robust examples of old media adapting to the new. The BBC's news website and its various sub-sites generate over 5 million unique users a day, up from 3.5 million a year ago.

According to the Telecom Regulatory Authority of India, the Internet reaches about 50 million people. Internet connections are growing at about 30% annually. Roughly two-thirds of all new connections are broadband. A large proportion of advertising for jobs, homes and other services has moved online. Television Eighteen (TV 18) has built, acquired or allied with partners to create a family of 10 websites. NDTV set up NDTV Convergence, which has about 200 million page views a month. In January 2007, Star India introduced its portal, Indya.com.

Consolidation – Alliances, Mergers and Acquisitions

Consolidation should create media platforms with sufficient leverage and scale to introduce services widely and economically due to the development of technologies combining elements of broadband technology, wireless devices, personal video recorders, telephony and other interactive services. The challenges facing the media industry today, such as a brutal advertising environment, radical change in existing channels of distribution and the unlikelihood that organic market growth will create value, provide scope for consolidation in this sector. At present, opportunities for creating multimedia conglomerates through mergers and acquisitions in India are restricted due to lack of corporatization in sectors like film production. The problem is further compounded by restrictions on cross-holdings in media companies and a lack of clarity in government policy. For a vertical merger to occur, a film production house has to have a stake in distribution as well as exhibitors to ensure that the company garners maximum return from the sale of film music and also recycles film products in theatres and other media sectors like television and Internet. In India, for instance, most content assets such as films and music albums are written off after the first telecast or listen rather than being put into the value chain for further promotion. The down-linking and content-sharing policy has done enough damage to India's image as an investment destination. Industry can start making money only when the infrastructure to carry information and entertainment is built. In film and television, fragmentation on the content side even while distribution is consolidating would lead to an imbalance of power and a deadlock.

Thanks to buyouts and joint ventures, Network 18 is growing into India's first 360-degree media company. In 1998, TV 18 and CNBC Asia entered into a 49:51 joint venture to launch CNBC in India. In 2005, TV 18 bought 46% of Jagran TV and rechristened it IBN-7. In 2007, Network 18 bought a 50% stake in MTV, VH1 and Nickelodeon. The media sector had seen Zee TV acquire a stake in ETC networks and Padmalaya Telefilms. Saregama India Ltd., an RPG company, merged its UK-based subsidiary Saregama Plc and Mauritius-based RPG Global Music Ltd. Nine networks merged into Balaji Telefilms. Hinduja Finance Corporation acquired a 51% controlling stake in Indusind Media and Communications. The acquisition of a 26% stake in the Rajan Raheja-owned Hathway Cable & Datacom enabled the reentry of Star Plus, which had around one million subscribers, into the cable network. This acquisition of a 26% stake in Hathway Cable in 2000 was Star's first big investment in distribution of DTH.

The Star Group holds a 26% stake in the Jeetendra-controlled television software producer Balaji Telefilms.

Zee Telefilms has a joint venture agreement with Turner International distribution. Zee Telefilms holds a 76% stake in the distribution company, with the balance of 26% being owned by Turner. Zee has spun off its news and cable-related businesses into independently listed companies with shareholding proportionate to ZTL. This restructuring includes cable distribution arm Siti Cable, news and regional language channels and the direct-to-home (DTH) business, Dish TV. Siti Cable is the country's largest cable network. Dish TV has about one million subscribers. ZTL, which includes the main entertainment channels Zee and Zee Cinema, would continue to operate as a separate entity with its own agenda. **SAB TV was spun off from the old content company Sri Adhikari Brothers to form a separate holding company, SAB TV Network, to facilitate the sale of a substantial stake.**

The year 2003 was a period of consolidation for major players like Sun and ETV in the southern region. Sun TV took over the Telugu channel Gemini TV. The southern Indian market was dominated by Sun Network. Star's entry into Tamil Nadu through Vijay was aimed at gaining dominance in the southern market.

Growth Strategies of Major Players

Star India

Star India, the country's second-largest media company after Bennett, Coleman & Co., belongs to the Hong Kong-based Star Group, which is in turn a subsidiary of New York-based News Corporation. Star India is the Star Group's most important asset in the Asian region. The company brought in nearly 70% of News Corp's Asian revenues and 85% of its operating profits in 2005. Star India, along with other Star Asian channels, accounts for 11% of the parent company's operating income growth.

News Corp in India – Existing Structure

CHANNEL	DISTRIBUTION	SOFTWARE
Own **Star Plus** **Star One** **Star Gold** **Star World** **Channel V** **Star Movies** **Star Utsav** **Star Vijay** **Joint ventures** **ESPN Star Sports** **National Geographic** **The History Channel** **Star News** **Star Ananda** **Distribution** **Disney** **Hungama**	**Cable (26% stake in Hathway)** **DTH (20% stake in Tata Sky)** **IPTV (part of pilot project)**	**26% of Balaji telefilm**

Star India's Growth Strategies

Star India is one of the world's largest media companies, with 100% of its business coming from TV. The company's strategy is to develop its operations in order to draw one-third of its revenue from other businesses. The company has plans to diversify into mobile entertainment, Internet, outdoor, specialized magazines, licensed merchandise, home video and retail locations.

Originally an English-language channel, Star Plus later turned to 24-hour Hindi programming in order to cater to a wider audience. A new channel called Star World was also introduced to increase audience reach.

Starting in 2000, Star Plus ranked as India's No. 1 cable channel for a continuous period of five years. By 2003, all the top 50 shows on television were Star Plus shows. The channel reached more than 50 million viewers every week and boasted 45 out of the 50 most-watched shows on Indian cable and satellite television. The acquisition of a 26% stake in the Rajan Raheja-owned company Hathway Cable & Datacom enabled Star Plus to re-enter the cable network, which had around one million subscribers. In 2003, Star News took full control of Star News after a five-year exclusive supply contract with NDTV. Star One was launched in 2004 with the intention of keeping audiences for high-end Hindi entertainment within the Star fold. In the same year, Star UStav was launched in order to get people in the interiors to convert to cable TV. Star's distribution arrangement with the Disney and Hungama channels made up for Star's lack of children's channels.

Star Plus became popular among Indian audiences, with many widely watched Indian dramas such as *Kahaani Ghar Ghar Ki* and *Kyunki Saas Bhi Kabhi Bahu Thi*, as well as the Indian version of *Who Wants To Be A Millionaire*, known in India as *Kaun Banega Crorepati*, which was presented by the Bollywood legend Amitabh Bachchan in 2000. But the second version of the program, hosted by Hindi film superstar Sharukhan, turned out to be a failure.

Star India's strength in media could be synergized with Star Cafés, which represent the retail boom in India. Star India also wants to introduce a Star Plus magazine in Hindi or a Channel V magazine in English. Star India is very optimistic about merchandising and home video, which are logical extensions considering Star's strength in programming. In this context, it is noteworthy to point out that *Nach Baliye* and *Remix*, two popular shows on Star One, have a home video and music album release. The company's strategy also includes taking stakes in the area of content, as it has the best delivery platform. Star has a 26% stake in Balaji Telefilms. With respect to Internet, News Corporation created Fox Interactive Media for the diversification into Internet. Fox Interactive Media spent $580 million to buy Intermix Media, owner of social networking site MySpace.com. Altogether, it spent about $125 million on several websites in 2000. However, Indya.com was the only one that survived.

Star India is also taking majority stakes in several outdoor companies in cities like Mumbai, Ahmedabad, Hyderabad. There is a potential for outdoor companies to achieve a market share worth Rs 2500 crore in four years. The outdoor, Internet, film studio and cafe businesses can have margins of anywhere between 30% and 50%.

Star India's biggest strength is programming. Its biggest weakness is its utter and complete dependence on Star Plus for both advertising and distribution revenues. In spite of being one of the first media firms to unlock the value represented by media in India, it has been branded with the label of foreigner. Hence, diversification within broadcasting is the need of the hour. Product extensions, getting more from advertising and diversifying within broadcasting are all areas that Star needs to focus on.

The acquisition of a 26% stake in Hathway Cable in 2000 was Star's first big investment in the distribution of DTH. DTH is the key to cashing in on Star's programming dominance in India by doing away with middlemen. Star is currently paid for only one-quarter of the homes it reaches. Its 20% share of revenues from 7 million subscribers at about Rs 500 crore a month amounts to Rs 840 crore. This far exceeds the Rs 300 crore that Star currently makes in distribution revenues. Direct to Home (DTH), Internet Protocol Television (IPTV), and mobile TV all have the potential to enhance both advertising and distribution revenues for Star.

Star, which had been in business for over 14 years, is basically a Hindi broadcaster. The time has now come for Star to focus on South India channels as well as on other regional channels in Marathi and Bangla. Entry barriers in the south are high due to the dominance of Sun TV across all four southern states. Sun TV owns large chunks of the cable distribution business in which Star Vijay has been struggling for years to gain prominence. Hence, the strategy should be to focus on organic growth. Star can also integrate brands within programming to offer a new option to advertisers while charging a premium. Star must seize on the emerging multimedia opportunities offered by broadband, mobile TV, Internet and gaming. Optimistic estimates predict that by 2010, News Corp could be a billion-dollar company in India, with one-third of its revenue, or about Rs 1,300 crore, coming from several non-TV businesses. Star's strength lies in its ability to outspend the competition. It has always managed to pay for the best programming and deals.

In Hindi entertainment, Star Plus continues to be the flagship. Star's growth depends to a great extent on its penetration in the South Indian market. Star One targets the upwardly mobile viewer based in metropolitan areas. Star Utsavs airs mostly re-runs of popular Star Plus soaps and is aimed at competition from SAB TV and Sahara Manoranjan. Star invested 4.5 crore (Rs 45 million) to establish Star Utsav. Star TV has a tie up with UTV for Vijay TV and has extended that to distribute the children's channel, Hungama TV.

In 2006, Star Group set up a number of channels locally that were beamed in via satellite and direct to home (DTH) platforms. Star Group had set up three companies in India – Touch Tele Content, PPV Movies and Content, and Star Games Development Company – to manage, create, distribute and uplink these channels. This was one of the company's largest expansions since Star Group's inception in India in the 80's.

Star Group also bought out the Indian shareholders of PPV Movies and Star Games Development Company. Star's investment in these companies was helped by a Mauritius-based Star Group company called Star ISP.

Star India's focus is to grow beyond a broadcasting company that operates TV channels. It has become a diversified media conglomerate with investments in different fields.

Peter Mukherjee of Star once said: "It's time that Star have to look at brands that fight for consumer attention beyond prime time." The reason is that TV touches viewers only during prime time, unlike other sectors such as mobile phone, which deliver much more customer touch points throughout the day.

Zee

Zee TV is an India-based satellite television service, which carries broadcasts in Hindi and Urdu. It reaches audiences in South Asia, Europe, Middle East, Africa, East Asia, Australasia and North America. Zee is the abbreviated form of "Zebra Entertainment Enterprise." Zee TV was launched in India in October 1992, becoming the first Hindi satellite channel. Zee TV was launched in the UK in 1995, replacing TV Asia, which still broadcasts in the United States. Zee TV had spun off projects, such as Zee Music, Zee Cinema and Alpha ETC Punjabi. In 1998, Zee TV was launched in the US. In 2001, Zee TV became a pay channel. There is a Canadian version of the channel called ATN Zee, which is owned and operated by ATN. Zee Sports was also launched at a later date.

In 2000, Zee made a foray into regional language broadcasting, with the launch of four channels under the Alpha brand – in Marathi, Punjabi, Gujarati and Bengali. Media major Zee became involved in a legal imbroglio regarding the awarding of TV rights for cricket matches played in India by the Board of Control for Cricket in India. Zee later launched its own cricket academy, in 2007.

The Subhash Chandra-promoted Zee Telefilms launched the Zee Business Channel. Zee TV also launched a 24-hour comedy channel called Smile TV as well as a spiritual channel, Jagran. In 2004, Zee launched 10 new channels, nine of which are pay channels – Action Cinema, Premier Cinema, FX, Malibu TV, Platinum TV, Euro Sports News channels, which are available exclusively to direct-to-home viewers. Only one channel – Smile TV – is broadcast free on cable television. Smile TV focuses on a niche strategy and is based on mass appeal.

The strategy of the company is to add new channels to its bouquet in order to attract more viewers. In 2003, Zee launched a 24-hour reality channel called Reality TV, that was dedicated to providing reality programming to Indian viewers in the 16-34 year age group. The fashion channel Trendz was also launched. The strategy behind such channels is to widen the customer base rather than increase profits. These channels also provide more flexibility for media planners and advertisers.

The news and regional channels, and cable businesses will be demerged from Zee Telefilms to create two entities that would be listed. Zee's shows such as *Saat Phere* and *Sindoor Tere Naam Ka* hit the right notes with viewers. The show *Astitva* was a quiet winner in 2005.

Sony TV

Sony was a $40-million joint venture between a group of Indian investors and Columbia Tri-Star International, a subsidiary of the $62.3-billion Sony Corp. By 1999, Sony had broken even in record time and by January 2000, it had risen to the top spot. Capital International bought a 5%

stake in Sony for a whopping $125 million. The good times didn't last long, however. KBC and the rise of Star could be blamed for this. *Jeeto Chappar Phad Ke* and *Shubh Vivaah*, a show anchored by Madhuri Dixit, were both disasters.

The 2003 World Cup telecast rights for cricket doubled the reach of the Sony bouquet from about 25 million to over 35 million of India's 44 million cable households. Sony's other channels include HBO, MAX and AXN. Max was literally an unknown channel in 2000, but by 2003, it ranked third in terms of average channel share, after Star Plus and cable channels.

Balaji Telefilms

Balaji Telefilms is a major content provider. It airs its serials on Sony and Star Plus. It offers a variety of soap operas and focuses on the upper strata of Indian society. *Kuunki Saas Bhi Kabhi bahu* was one of its most popular programs. Balaji telefilms focuses on positioning itself as an integrated media conglomerate with a hand in television software, multiplexes, music, films (big and small budget), event management, documentaries and flight entertainment.

Growth Strategies of Niche Channels

Discovery Channel

The Discovery Channel was launched in the United States in 1985. Since then, it has spread to 160 countries. It offers 13 international brands and reaches 665 million subscribers. Thanks to its customized programs on diverse themes and its smart distribution strategy, Discovery Channel has had a major impact in the cable TV market. In the initial years, the channel was often associated with wildlife programming and children's educational shows. Later, the channel was transformed into a general interest channel for viewers of all ages and diverse interests, and it now competes with mainstream infotainment channels.

U.S.-based Discovery Networks International's subsidiary Discovery Networks India has succeeded, with its Discovery Channel, in creating a new genre of television in India in the form of real-world entertainment. It covers a broad spectrum of subjects, including science, technology, medicine, engineering, health, environment, wildlife, adventure, culture and traditions, agriculture, cinema, fashion, sex, and so on.

The "Discover India" series showcases different aspects of traditional and modern India, giving Indians a glimpse of their country from a global perspective. In India, another major competitor is National Geographic Channel, but Discovery also competes with channels beyond this segment. In fact, it currently faces more competition from the English movie and news channels.

Before the era of Discovery, programs on science and technology, medicine or the environment were usually categorized as educational, and they were produced and broadcast on the government-run network, Doordarshan. Such programs rarely attracted advertisers and were thus financially unviable for private producers. Discovery, with its international experience and production style, was instrumental in changing this scenario. Commercial sponsors started sponsoring educational themes as a result of the change process. Despite the proliferation of channels in the Indian television landscape, still there is a broad potential for programs related to science and technology, health and the environment.

According to research conducted by the Centre for Media Studies, barely 2% of space in news bulletins is devoted to subjects related to the field of science and technology. Discovery aims to achieve progress in a market-driven competitive scenario. Discovery reaches 32 million subscribers in India, the equivalent of roughly half of cable and satellite households. Animal Planet reaches 22 million homes according to channel sources. Almost all of the top television advertisers sell their brands on Discovery Channel. The main factors that attract television advertisers are the customized programming in Hindi and the India-specific themes offered by Discovery. In the past 10 years, Discovery has aired several popular programs on themes ranging from Cleopatra's palace to the inside of a space station. As far as India-related themes are concerned, the lives and tales of maharajas and royals continue to fascinate audiences. This can be gauged from the popularity of a program on the legendary Patiala necklace.

The channel launched its strategy of localization of content starting in 1998, in an effort to attract viewership in smaller cities and towns. Local content was mainly acquired from independent producers, both Indian and international. The "Discover India" series projected different aspects of traditional and modern India as well as advances in science and the arts. The aim of the program was to highlight the significance of India from a global perspective. Discovery's Hindi feed also attracted millions of Indian viewers. The channel has also commissioned local production houses to produce India-centric programs.

The logical next step in the pursuit of strategic growth for Discovery Channel would be to extend the customization of programming to other Indian languages.

Discovery adopted a different strategy to market the channel among advertisers and to distribute it nationwide. The channel introduced the time band strategy to take account of the diverse media consumption habits. The company strategically focused on shifting its image from a documentary and wildlife channel to a diversified channel. As a result, it created new bands of programming such as Sunrise, Women's Hour, Discovery Kids and Late Night Discovery, which were targeted at niche groups. This helped the company to increase its viewership. Discovery Channel's distribution strategy was also a contributing factor in the growth of the channel. Discovery entered into a partnership with Sony Entertainment Television India known as One Alliance. It distributes channels owned by Sony, Discovery and NDTV, in addition to AXN, Animax, SAB TV and Ten Sports.

Animal Planet emerged as Discovery's competitor in 1999. On a comparative basis, Discovery presents real-world entertainment and covers topics such as history, science, adventure, engineering, mystery, etc., while Animal Planet focuses on people's fascination with animals.

The successful pioneering of the Discovery Channel continues with programs like *Travel and Living*, which is aimed at the global Indian and has a mix of programs ranging from travel to cuisine, design, home decor and fashion.

Discovery's strategy of Indianization and mainstream international content have made non-fiction programming popular. Discovery was able to attract new audiences through its Hindi feed and local programming and broadcasting of stereotyped images of the country through the coverage of programs involving supernatural themes. The growth of Discovery Channel is a classic example of how the localization of content can prove successful. The satellite revolution enables the international media to speak to the English-speaking middle class in one language and the greater Indian middle class in others. David Page and William Crawley state: "The fact that these audiences watch programs in different languages does not prevent them from being targeted with similar products and lifestyles."

History Channel

The History Channel is a mainstream cable television channel which presents programming related to historical events and persons with greater involvement by noted historians. It made its debut in the U.S. in 1995, and has more than 200 million viewers in 70 countries. The programs are dubbed in 20 languages. The channel's programming includes a variety of topics ranging from ancient to contemporary history, military history, technology and transport. The two most frequent historical periods covered on the History Channel are WWII (lending the network the unpleasant nickname the "Hitler Channel") and the American Civil War. The channel is owned by A&E Television Networks and operates in various forms in the United States and the United Kingdom.

The History Channel also operates a non-profit fund called Save Our History, dedicated to the preservation of history and historical sites and artifacts, similar in spirit but not to be confused with the Society of Historical Preservation. The History Channel (THC) started operations in India in November 2003. The channel focuses on deriving 15% of global revenue and 10% of global content from India. History Channel invested Rs 25 crore in its first year in India. The channel has local hosts as a part of its localization strategy. History Channel is one of the world's fastest-growing television channels. The channel's programming now offers a mix of fact and fiction. The biggest advantage for THC now is that it is more of a theme-based than a format-based channel. Of late, it can be pointed out that the History Channel in India has shifted its focus from being an infotainment channel to a more general entertainment channel.

Main news channels

The last decade has been marked by a proliferation of news channels. The number of news channels increased from 11 in 2002, to 36 in 2006. India is one of the few countries in the world which can boast of the size of its news channels. Unlike China, for example, the democratic political structure provides impetus for the growth of news channels. Moreover, the trend in India is to create genres and subgenres which spread into a number of languages and regions. The popularity of programs on crime, Bollywood and night life have boosted the viewership of news channels. The cost of launching a good 24-hour news channel dropped from Rs 215 crore in 1998, to Rs 150 crore by 2003. Currently, the amount is in the range of Rs 50-60 crores. On average, a channel takes three to four years to break even. The falling cost of technology has been matched by a rise in revenues generated by news channels. Technology has cut costs and time. There are a host of hardware and software technologies available for non-linear editing, graphics and scheduling that makes this whole process shorter and more flexible. The advertisement revenue for news channels is expected to grow at about 12-14% a year. At this rate, the news channels should earn around 1,000 crores at the end of the 2008.

News Channel	Parent Company
BBC World	BBC
CNBC TV 18 and CNBC Awaaz	CNBC Asia Pacific & TV 18 Group
Star News and Star Ananda	MCCS
NDTV24*7, NDTV India and NDTV Profit	NDTV Ltd
DD News	Prasar Bharti Corporation
CNN-IBN, Channel 7	TV 18 & Time Warner
CNN	Time Warner
Aaj Tak, Headlines Today and Tez	TV Today Network
Times Now	Times Group & Reuters Service
Tara Newz	Broadcast Worldwide
Sahara Samay Bihar, Sahara Samay MP, Sahara Samay Mumbai, Sahara Samay National, Sahara Samay NCR, Sahara Samay (UP)	Sahara India Pariwar
TV 9	TV9 Telugu News
Zee News, Zee Business	Zee Telefilms

Source: Ernst & Young BW Research

In 2005, news channels accounted for 10% of total TV advertising revenues. The last five years have also showed a similar trend. It costs about Rs 50-60 crore to start a news channel. It takes about three to four years for a new channel to achieve the break-even point. Marketing and distribution costs account for 10-20% of revenues. The increasing carriage fees paid to multi-system operators and placement fees to cable operators will adversely affect the cost-revenue model of the news channels. Hindi channels dominate the scene both in terms of advertising and reach. Aaj Tak still reaches five times the number of viewers than the English channel Headlines Today does every week. English channels have a premium over Hindi and regional ones. Hindi channels have dominance over volume.

Diversification will also take on strategic importance for news channels looking to corner a greater share of advertising revenue. Zee Network launched Zee Business and has plans to provide region-specific news with Kannada and Bangla inputs. Star News launched Star Ananda in Bangla in 2005. The value addition in the form of news alerts to mobile companies or syndicating content to websites increases the scope for diversification and consolidation.

In 1995, as a part of a restructuring, NBC created two separate channels for the Asian market – the general entertainment channel NBC Asia, and the 24-hour business news channel CNBC. ABN launched a separate channel for India, ABNi, that carried more local content and separate opportunities for local advertising. In order to localize content, 18 bureaus were set up all over the country. During India-specific prime time, a chunk of basic programming from Singapore was replaced by programs created especially for the Indian audience. Local programs covered news from the Bombay stock market, analyzed news from the subcontinent and examined trends in the Indian business environment. The entire programming was done out of New Delhi, with

ABN Singapore retaining full editorial control. The importance of strategic alliances was highlighted in the case of ABNi, a feed dedicated to the Indian subcontinent. The Indian channel involved a partnership with production house TV18 and IndusInd. The latter, a large and growing MSO at the time, handled airtime sales. A year after its inception, ABNi's airtime sales partner, IndusInd, decided to opt out of the partnership, leaving sales and distribution in the hands of TV18. IndusInd also dropped ABN from its systems in favour of rival CNBC, reducing the number of households ABNi could reach. At its inception, CNBC was picked up by Star TV to be distributed as part of the package of channels it offered cable operators or dish owners in Asia. This meant that CNBC was available to almost all the homes that subscribed to cable, since the STAR channels were part of the basic lineup. The strategic alliances formed by both CNBC and ABN helped them gain a competitive edge. From the initial period of entry into the Asian market itself, both CNBC and ABN were in direct competition with each other. But after two years, the two channels decided to merge. The objective of the merger was to cut losses and share the costs of increasing their global operations. Thus, there was market potential for an exclusive financial channel in Asia. But in many Asian countries, English was a second language and the international channels had to face competition from local channels that offered business news content. The CNBC-ABN merger highlighted the fact that Asia was not big enough for two English-language business channels.

The new channel CNBC Asia was launched in February 1998. It reached between 9 and 10 million households on a 24-hour basis. Later in 1999, CNBC India, a joint venture with TV18 India, was set up to offer a dedicated India service with eight hours of programming. Within 18 months, the channel had become the most popular and fastest-growing news and analysis channel in the group. The success of this venture led to an increase in local programming hours to 10, as well as increased programming in Hindi. Similar joint ventures for localized content were set up in Taiwan and Australia, Hong Kong and Singapore. The channel is currently named CNBC TV18.

Other competitors tried to adopt the strategy of CNBC Asia. In India, state-run broadcaster Doordarshan introduced a six-hour live business program that discusses global financial trends, corporate news, policy decisions and stock markets. In China, Phoenix Satellite Television also followed this trend.

Since 2002, there has been phenomenal growth in the number of news channels in India. In 2002, there were about 11 news channels, and this number had risen to about 36 by 2006, with many more in the pipeline. In 2006, the market entered a new phase of competition because of the entry of Times Now (a joint venture between Times Group and Reuters Service) and CNN-IBN (a TV-18/Global Broadcast News brand).

The CNBC-TV18 alliance is a classic example of consolidation in the sector. Earlier, TV18, which owns online platforms such as moneycontrol.com, commoditiescontrol.com and poweryourtrade.com, bought a 50% stake in jobstreet.com. Within a short span of time, CNN-IBN, owned by GBN, had become India's top English channel. Consolidation is bound to happen in the news channel sector, as a network of channels is more economical. There is also scope for consolidation of electronic media, print media and Internet. Network 18 has seven TV channels – CNBC-TV18, CNBC Awaaz (Hindi business), CNN-IBN, IBN7 and the three Viacom channels.

It has plans to launch IBN lokmat, a Marathi news channel JV with print group Lokmat and a retail shopping channel, Home Shop 18.

TV Today has two channels, the English-language Headlines Today, and Hindi news channel Aaj Tak, which was the most popular news channel in the country. The entry of other channels, like NDTV and Sahara Samay, has made the news channel segment more competitive. By 2005, Aaj Tak had begun to lose market share. NDTV was the leading player in the English news channel until CNN IBN came into focus. NDTV Profit is the latest business channel of NDTV. Aaj Tak has been consistently losing market share over the last few years, from about 55% to around 30% by 2005.

Media value, media innovations and media solutions have to work in an integrated way for the success of the media industry. It is observed that during times of war and calamity, there is greater viewership in the media context. BBC World is a 24-hour news and information channel in India that brings its viewers in-depth news and analyses along with informative and compelling programs. The channel constantly upgrades its offering and strives to be a leading global news and information provider around the world. The BBC focus is on clear differentiation and value to advertisers by means of concentrating across every aspect of news – business, sports, motoring, entertainment, technology, travel and current affairs. BBC World continues to invest for its audiences in India and around the world. BBC World has remained the preferred choice among international channels in India. During the Iraq crisis, there was a 57% increase in viewership among the up-market segment and over 10 million people tuned in to the channel in the first three days, according to TAM ratings. Special programming associated with events that are important in the business and sports calendar both locally and internationally have also been on the agenda of BBC. Motoring, telecom and IT, travel and tourism, consumer durables, banking and finance have been the key categories in India for advertising sources for BBC India.

Advertising revenues and subscription fees are the traditional sources of income generation for channels. The new streams that channels have started to explore include rebroadcast rights and program sales, on-the-ground events, brand extension to merchandise and multi-media tie-ups, amongst others.

In the era of globalization, companies are striving to adapt their products to differences in local tastes by producing standardized products with the driving force being economies of scale. Factors such as similarity of the home and host countries along lines of economic development, market development and cultural differences determine the success of standardized global products. Media corporations have to decide whether product standardization is a viable strategy in the process of globalization.

There is a potential market for an exclusive financial channel in Asia. From a theoretical perspective, the market for international business channels was lucrative, which attracted Asian business executives. There also existed the problem of attracting advertisers and advertising revenues.

In sectors such as airlines, telecommunications and luxury-brand items, companies that were interested in a pan-Asian audience found these channels suitable.

The viewership of news channels in India is boosted by sub-genres such as crime, Bollywood and night life. The expansion of news to create genres and sub-genres in India was multiplied into dozens of languages and regions.

Music channels

In 1999, Channel V reoriented the channel, with a special focus on the youth audience. V's India-focused strategy is aimed at enlarging the market with the focus on revenue growth. The company rapidly increased its staff from 100 to 180 employees with the aim of increasing its penetration in India. Programs such as Tea with V, Lola TV and Late-night V were able to attract more audiences. MTV TV is facing competition from music channels like ETC, Zee Music, Channel (V) and B4U.

Scope exists for more specialized niche channels, such as a dance channel or stock market channel.

Regional channels

Sun Network is the leader in the regional broadcasting business. The channel's strategy is to open second or third channels in each of the states it operates in. In 2000 alone, private broadcasters launched 30 regional channels. The local-language channels can only help increase cable penetration, which would translate to higher viewership. The breadth that a basket of regional channels gives a broadcaster means higher cumulative ratings and, once again, higher revenues from advertising. The South Indian market has claimed the lion's share of regional advertising. For Sun and Zee, launching additional channels doesn't involve much more in the way of investment. The transponder, programming and marketing teams are present. When Eenadu TV came into Andhra Pradesh, it had the lowest cable penetration.

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