Case study indian television industry marketing essay

Driven by increase in subscription revenues and proliferation of televisions across households, the year 2009 was a good innings for the Indian television industry. Currently estimated at Rs. 265. 5 billion in 2009 as compared to Rs. 245 billion in 2008, the industry reported a growth of 8. 5%. Revenues from television distribution segment contributed 62% towards the television industry's overall returns in 2009 up from 61% in 2008, outdoing other segments in this industry. The segment stood at an estimated Rs. 165 billion up from Rs. 150 billion in 2008. The television advertising industry, that has shown a growth of 11. 5% over the last four years, slowed down in the last year (2009) to a meager 6% as financial crisis that resulted in lesser spending by the corporate houses. In 2009, television advertising industry contributed 34% to the overall television industry's revenues as compared to 37% in 2004. It stood at an estimated Rs. 89 billion in 2009, up from Rs. 84 billion in 2008. The television content growth was also impeded due to the downturn and the shrinking demand for generalized content. Its share in the television industry continued to stand at 4. 3% in 2009, as it reported nearly Rs. 11. 5 billion of income as against Rs. 10. 5 billion in 2008. This slight growth has been accredited to the increase in the number of television channels in India. This, in turn, has stressed on the need for differentiation and, hence, greater emphasis is being placed on the quality of television content being aired.

Mushrooming of new channels and high demand for differentiated content has insinuated the television industry into a propitious phase of rapid growth. However, most channels produce the content themselves and hence it is taken as a cost while revenues are primarily booked from advertising and not from selling content. There are few players who sell the content to the channels and form the

TV Channels indicated a healthy trend, not only the number of channels went up in 2009, but also, there was an increase in advertisement volume inventory which resulted in a growth of 31% in advertisement volumes in the same year. There was a stark increase in the amount of channels with the introduction of Colors, 9X, Real and Imagine in GEC (General Entertainment Channel) genre, where as channels like UTV action movies, Discovery Turbo, Discovery Science, were introduced in the non-GEC genres in 2009 and 2010. The number of channels grew from 389 in 2008 to 461 in 2009 registering an increase of 18. 5%. The launch of new channels last year propelled the demand for fresh contents.

For many years Star Plus was the leader in the television industry, however in the year 2009 a lot more channels emerged which grabbed the audience share. We saw the climbing of Colors to the top and the end of sole leadership of Star Plus in 2009. When Colors was launched, the skeptics had dismissed it as just another GEC channel in the already cluttered space; however Colors found its feet in less than a year’s time of its launch and the channel emerged as the leader in Hindi GEC market. The reasons behind its popularity were innovative programming, differentiated content and well though-out distribution processes. These strategies played well with the sentiments of the viewers who were looking for fresh contents in lieu of the tedious “ saas bahu” sagas. In the fiction category, Colors introduced the viewers to content wise refreshing serials like Balika Vadhu and Uttaran and, in the non-fiction, it introduced a number of unique reality shows like

Khatron Ke Khiladi and Big Boss. Moreover, Colors picked up a host of core social issues and converted them into real shows, taking the viewers interest to a higher level.

In the 26th week of 2009, Zee TV became the leading GEC in India with 244 GRPs. Colors was a close second at 242 GRPs and Star Plus ranked third with 219 GRPs. Colors toppled Zee TV from the top slot in the very next week with 300 GRPs. However, both Colors and Star Plus were close No. 1 and No. 2 in the 34th week, garnering 297 and 294 GRPs, respectively. NDTV Imagine and Sony entertainment television have also revamped their content to fight for a place in the top 3 GECs. NDTV Imagine came up with Rakhi Ka Swayamvar which helped it gain a high point in ratings while Sony started re-telecast of their popular programmes like CID and Aahat.

The number of regional channels has gone up to 135 in 2009 from 114 in 2008. Despite economic deceleration, the advertising revenue spend on regional channels grew to 29% in 2009 as the advertisers aimed at going local in order to win over specific target groups. The key regional languages (Malayalam, Tamil, Bengali, Kannada, Telugu and Marathi) captured a large viewership share. However, there is a huge fragmentation in the regional channel given the number of different regional preferences.

News channels have lost ground in 2009 to the Hindi GECs. However, among the clutter of Hindi and English news, two players have emerged as clear leaders, Aaj Tak and Times NOW, respectively. Backed by high-quality contents and intense penetration, DD News has strongly held on to No. 4 position in the market. The channel provides its viewer with cleaner content and reaches out to areas where C&S penetration is weak. Number of news channels continues to grow despite the temporary suspension of grant of licenses by MIB. As on March 2010, there are over 500 channels that have been permitted to be down linked to India. Of these, roughly 50% are news channels. Fixation with news channels does not seem to cease. In 2009 and 2010, 42 news channels were permitted in addition to 215 channels existing at the end of 2008.

Sports channels have seen multifold increase in the last few years. Cricket has been the primary driver for the sports channels in India especially with exhilarating events like IPL, Twenty20 World Cup being played. 2010 has a host of events lined up for the sports channels from Common Wealth Games to Football World Cup, Twenty20 World Cup to IPL-3. All have and will keep contributing to the surmounting growth of this genre. The Indian sub-continent rights for the Football World Cup have substantially increased, from $2. 5 million for 2002 event, to $8 million for 2006 to $42 million for 2010 event. Several channels are also planning to launch sports news channel to cater to the cricket-crazy audience in India.

Music channels underwent a complete makeover in 2009 with most top channels either rebranding themselves or changing their content offerings. Zee Music was rebranded to Zing! , Channel [V] got a new tagline “ Bloody Cool”, MTV dropped “ Music Television” from its name and VH1 also reprogrammed itself. More and more music channels are offering non-music content in their programs such as “ Roadies”, “ Splitsvilla” of MTV and VH1 announcing that they would air a movie every Sunday. Music channel 9XM has been losing market share with its GRPs taking a hit in 2009 as compared to 2008. However, the channel is still a leader in this category.

The global television subscription and license fee market rose by 4. 3% in 2009 to $186 billion. People stayed home to watch television in 2009 and continued to spend on TV subscriptions, which rose by 4. 6%. Pay-per-view and video-on-demand (VOD), by contrast, suffered due to recession as they are the most discretionary aspects of the market. VOD is expected to benefit once the economy improves. Public television license fees were not affected by the economy and rate hikes led to a 3. 9% advance in 2009. It is expected that the total market, including public television license fees in EMEA and Asia Pacific, will touch $258 billion in2014, a 6. 8% compound annual increase from 2009. Fueled, principally, by large increases in subscription households in the PRC and India, Asia Pacific will be the fastest-growing region during the next five years with a 10% compound annual increase.