

Pestle model for dth industry in india marketing essay



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Political: GOI has a cap of 20 on FDI in DTH business. However, a combination of FDI, NRI, PIO and portfolio investments can go up to 49. The entry route to this sector is through the government.

Economic: Indian economy is expected to grow around 6.7% in the year 2012-2013, and by 8% in the next five years². The inflation has been high in India and interest rates have been hovering around.

Social: With the lifestyle getting faster and more stressful, people prefer to socialize less and spend more time at homes in front of televisions. Time is a premium for the working population and they are ready to pay a little bit extra for hassle free service.

Technological: With India being an IT hub, hi-tech products are almost always well-received.

Legal: Entertainment and media rules are stable in India. The ministry of information and broadcasting has been controversy free. There is clear demarcation between the channels which can be aired in India and which cannot be aired.

Environment: Environmental factors are conducive for a DTH player to operate in India. The environment is not so harsh that the equipment such as dish and cable needed for the service requires regular replacement.

TATA SKY

TATA Sky is broadcast satellite television provider, incorporated in 2004 and launched in 2006. It is a Joint Venture between TATA Group (80% stake) and Star Group (20% stake). In 2010, Sun Microsystem got into partnership with <https://assignbuster.com/pestle-model-for-dth-industry-in-india-marketing-essay/>

Tata sky to provide IT infrastructure solution and support for direct-to-home launch. Sky brand, used by Tata Sky, is owned by British Sky Broadcasting.

In 2010, Tata Sky launched Tata Sky+, a premium set-top-box, HD-PVR (high definition personal video recorder), with the facility of video recording which has 500GB hard disc space and can record up to 625 hours (Exhibit 2). The next launch of Tata Sky was in June of the same year, which was Tata Sky HD, which had a special feature of casting HD channels that made use of MPEG-4 technology (a digital compression technology).

Customer base of Tata Sky has always shown a steady growth since its beginning. It had increased from 7 million in 2010 to 8.3 million in 2011. The major competitors for Tata Sky are Dish TV owned by Zee group, Airtel DTH, Reliance Big TV, Sun-Direct owned by Sun Network and Videocon D2H. The ratio of the customer base of these competitors is given in Exhibit 3.

Below is the SWOT Analysis of TATA Sky:

Strength

239 channels with high definition and 5.1 CH surrounds sound

Provision for 625 hours of recording with 500 GB hard disk in Tata Sky HD set-top box (Exhibit 2)

Leads in introducing new schemes and packages

Steady increase in customer base which is currently 8.3 million.

Tata Sky is the first DTH to get accredited by ISO-27001: 2005

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High rural penetration.

High level of customer satisfaction (Exhibit 2)

Weakness

Dish TV has a better market share

Not the leading in terms of channels, customer base

Dependent on broadcaster and its issues with SUN TV

Cannot provide free service like Door Dharshan DD

Opportunity

Large and increasing TV users in India¹

Large and increasing DTH users in India¹

Growing demand of DTH over cable among the TV viewers¹

Expansion of distribution of installing new stores

Threat

IPTV being technologically superior than DTH

Cable being cheaper than DTH

Increasing competition

PORTER'S Five Forces Model

Major Competitors (Existing competitors):

Differentiation in products/ services offered by the industry to its customers

Low

Switching costs for customers to move to another firm in the industry

Low

Fixed cost (as proportion of total cost) for the players in the industry

Medium

Capacity addition can be done by players in the industry in

Both small and large increments possible

Shelf-life of products offered by the industry

High

Concentration of players in the industry

Fragmented

Industry growth rate

High

Capacity utilisation in the industry

High

Proportion of assets used by players in the industry that cannot be deployed in other industries

High

Government policy on exit by players

No major restrictions

Potential Competitors (Threat of new entrants):

Supply-side economies of scale

Low

Demand-side benefits of scale

Small

Customer switching costs

Low

Product differentiation

Medium

Brand identity

High

Capital requirements

Medium

Access to technology

Easy

Access to raw materials

Easy

Access to other production inputs like location

Easy

Prevalence of learning from experience

Medium

Access to distribution channels

Easy

Protection from government policy relating to entry of new players in the industry

Low

Marketing Mix

Product

Tata Sky provides three kinds of products to its customers, each targeted at a different segment of the market. Below is the description of the three products:

1. Tata Sky SD DTH - SD refers to standard definition resolution with aspect ratio of 4: 3 and resolution of 520i.
2. Tata Sky HD DTH - HD (High Definition) refers to resolution of 1080i and aspect ratio of 16: 9. This increases picture quality.
3. Tata Sky+ HD DVR - Video recorder technology - can record, pause and rewind live programs.
4. Video on Demand (VoD) - Tata Sky's own video library offers more than 1000 movies available online which can be accessed using broadband connection.
5. Interactive TV - Tata Sky provides interactive services for all the members of the family. (Exhibit 4)
6. Multi-TV Connection - Different channels can be watched on different TVs at the same time using the same connection (up to 4 multiple connections³ allowed per set-top box).

Features of the product

Series link record option

Parental Control

Reminder

Favorites

Search & Scan Banner

Customization

Services Offered

1) 24×7 Customer support in 13 languages

2) Online options – booking for a connection, recharging and managing account

3) All options for recharging the account

– Online (debit/credit card, Net Banking)

– Mobile

– Cheque payment

– Auto debit facility

– Recharge Voucher available at local dealer

4) ASC (Annual Service Commitment) after completion of basic warranty period

5) Monthly account statement on email address provided by subscriber

6) Once in 365 Days Subscription Holiday Offer allowing subscriber to disconnect all Tata Sky services for a minimum of 5 and a maximum of 15 days period thereby saving subscription fees during their temporary absence.

7) Recording from mobile using Tata Sky App

8) 500 GB hard disk capacity on the digicomp for recording upto 625 hours

9) Recharge bonus of Rs. 15 availed by customers recharging for Rs. 301 or more

Price

TATA Sky has a wide range of offerings designed to cater to the varying needs of subscribers. Packages consist of a wide array of channels in CD and DVD quality sound, and a host of interactive services like Active Music, Active English, etc. Showcase, “ Ab Ghar Baithe Movie Ka Mazaa Lijiye”, allows the subscribers to watch the latest blockbusters from the comfort of home with high quality picture and sound, and without any breaks at Rs. 75 per movie⁴. Tata Sky+ has also made it possible for customers to record, pause and rewind live TV programs.

TATA Sky has an aggressive pricing strategy to attract customers from all segments. It offers different channel packages to ensure that customers can choose their favorite channels and need to pay for only those that they want to watch.

However, the price offerings made by the firm are on the high end. Below is the starter kit's price comparison of TATA Sky with Dish TV

TATA Sky SD - Set Top Box + Standard Installation - Rs. 16905

Dish TV Connection - Set Top Box + Standard Installation + 1 month any pack - Rs. 13156

TATA Sky HD - Set Top Box + Standard Installation + 1 month Supreme Sports Kids Pack + 1 Month HD Gold Pack - Rs. 30405

Dish TV HD Connection - Set Top Box + Standard Installation + 1 month any pack - Rs. 29156

TATA Sky HD+ - Set Top Box + Standard Installation + 1 Month Supreme Sports Kids Pack + 1 Month HD Gold Pack - Rs. 64405

Recharge Packs

TruChoice: With this option, customers can subscribe to one of the Base Packs (Minimum cost - Rs. 1557) and opt for any add-on Pack depending on their requirements.

Make My Pack: Customer also has an option of choosing their channels on a la carte basis, or mix-n-match by adding individual channels to their existing genre based packs. 7

Place

Tata Sky aims to connect every television home and empower every viewer.

Distribution Network - Company has created a distribution network through consumer electronic stores and mobile phone outlets for selling Set Top Box and recharge coupons.

Tie-ups

ITC's e-Chaupal

Godrej Aadhar

ITC International Business Division

Indian Oil Corporation

B2B tie-ups

Infiniti Retail's Croma

Tata Indicom

Pantaloon Retail in urban India.

The installation is done by Tata Sky and trained technicians are used for after-sales service at customer's homes.

States - Tata Sky mainly operates in the following states : Tamil Nadu, Kerala, Karnataka, Andhra Pradesh, Madhya Pradesh, Assam, Rajasthan, Gujarat, Maharashtra, Uttar Pradesh, Punjab, West Bengal , Orissa.

Promotion

TATA Sky has launched several advertising campaigns to support its product. To educate its consumers about DTH services in India, the company used 360° approach of advertising campaign. Along with television commercials (Ad Agency: Ogilvy India), it also laid emphasis on outdoor, radio, and Internet advertising.

In 2008, company also introduced geography specific advertising to enhance interactive advertising.

A Tata Sky subscriber can also access advertising content and information brochure by clicking on an active button. This may be one of the cheapest

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ways among all the advertising options used by the company, to reach the targeted customers⁹. Its innovative offering of Interactive Services for every member of the family (like Active Education, etc) is another success towards reaching out to customers.

It also provides special online offers to consumers wherein if consumers apply for new installation through the company's website, they get special discounts (Exhibit 5).

In 2008, CEO and MD, Mr. Vishal Kaushik signed actor Aamir Khan as the brand ambassador for the brand, and has since then come out with some brilliant ads. In 2011, TATA Sky bagged two international awards - Stuff Gadgets Award and Zero1 Award¹⁰.

BRANDING