Trends in broadcasting

Television broadcasting industry in India ia a very huge industry and has thousands of programs in almost all states of India. Almost half of the households in India own a television. In a research conducted in 2010, it was found that a total of 515 channels are available in the country out if which nearly 150 are paid channels.

Indian television markets display today many of the attributes of the sector typical to broadcasting across the world, a mix of state-supported and advertising based services; a separate and growing segment offering scrambled services in return for subscription; a variety of distribution means. At the same time, Indian television has a number of unique characteristics that are the result of its size and history, source of funding, regulation and technology choices. In common with other Indian industries, the development of broadcasting has been coloured by India’s comparative isolation due to tariff barriers and other regulatory constraints. These impacted unevenly across television and related sectors, while Bollywood flourished in part because of the scarcity of non Indian content, Indian broadcasting was confined to a single service – Doordarshan – offered over some of the national territory. Without competition, Doordarshan could focus – from the 1960s to the late 1980s – on programming that responded to the state’s development goals and secular messaging but ultimately proved to be unappealing to audiences.

CURRENT SCENARIO.

In India, the television broadcasting industry going through remarkable changes and it has now become one of the fastest growing sectors of the country. The main reasons for this are rising per capita/ national income, increase in the growth of economy and powerful macro-economic fundamentals, democratic set up, good governance as well as law and order position in the country. The Indian broadcasting industry plays a vital role in creating people's awareness about state laws and policies and programs by providing education and information, besides creating healthy business environment within the country. Thus, it helps the people to be the active partner in the nation-building venture.

At the present stage, in Indian television broadcasting industry there are almos110 million TV users in India, out of which almost 70 million are cable and satellite homes and rest 40 million are served by the public broadcaster.

TRENDS IN INDIAN BROADCASTING INDUSTRY.

Indian Broadcasters are now under increasing pressure to present superior quality content, as is reflected in some recent trends:

Narrowcasting or launch of specialty or niche channels, which achieve faster breakeven (given the lower investment) focus also being brought onto regionalization and content creation for Tier II and Tier III towns.

Launch of reality shows, despite the high investments required, to gain viewership; broadcasters are depending on reality shows for channel branding.

Near immediate launch of movies on the broadcasting platform following theatrical release, although at high acquisition costs; however revenue potential of such broadcasting remains a challenge for the broadcasters despite the relatively high gross rating points (GRPs) of the programmes.

Switchback to the outright exclusive rights model for movies to reduce fragmentation of viewership, albeit at higher costs.

Increasing presence in the overseas markets so as to tap non-resident Indians (NRIs) who have been demanding Indian content; this along with dedicated local programming is opening up an additional revenue stream for Indian broadcasters.

Overall, competition is expected to keep profitability under strain for most broadcasters, especially those in the GEC space(GEC refers to fiction and non-fiction shows; examples include, among others, Colors, Zee TV, Sony, Star Plus, and Imagine), over the near to medium term.

ENVIORNMENTAL ISSUES.

The television industry in India continues to undergo solid competition from the digital cable and satellite TV industries. The cable TV industry, in special, represents a bigger threat to future industry growth. A number of elements points to low development in advertising revenue, including forecast low economical growth, the declining total share of the TV audience, and competition from new media. The dim outlook for this industry has already prompted News Corp to expand its satellite TV interests. The onset of digital television may provide a much needed boost for demand.

PORTERS FIVE FORCES ANALYSIS OF INDIAN BROADCASTING INDUSTRY.

Bargaining power of Buyers.

Strength of Force-High

- The bargaining power of customers determines that how much customer can impose pressure on the margins and volume of a industry.
- Viewers experience frequently change, providing little faithfulness to any particular network.
- Advertising buyers dictate television programming choices.
- The suppliers' customers are bitty, so their bargaining power is low.
- The cost of switching from one supplier to another supplier is very high..

Bargaining Power of Suppliers .

Strength of Force– Low- Medium

Since most suppliers to Broadcasters have either been acquired/ have a tie-up with the broadcasters, the bargaining power of suppliers is low. For ex- Viacom has acquired Paramount.

However, Independent content providers pose a major challenge to online revenue model for broadcasters.

The suppliers comprise a large number of small operators.

The service is undifferentiated and can be replaces by substitutes.

The customer has awareness about the production costs of the products.

Threat of New Entrants.

Strength of Force-Low

If the competition with in an is higher then it is easier for other companies to enter this industry. In Indian television broadcast industry, new entrants could change major determinants of the market environment (e. g. price, market share and loyalty) at any time. There is always a hidden pressure for reaction and alteration for existing players in this industry. The threat of new entries will depend on the extent to which there are blockades to entry. These are typically

- High start-up capital is a big de motivator.
- It is difficult to access the distribution channels for new entrants.
- New entrant has a number of problems finding skilled employees, materials, and suppliers.
- Serviceable used equipment is expensive.
- Long-lasting economies of learning and scale also de motivate the potential new entrant.
- Economies of scale (minimum size requirements for profitable operations).
- Limited important resources, (e. g. qualified expert staff).
- Raw materials are controlled by existing players.
- Threat of substitutes.

Strength of Force-Medium

A threat from substitutes exists whenever there are alternate products with lower prices of better functioning parameters for the same purpose. They could possibly attract an important proportion of market volume and therefore reduce the potential sales volume for existing players. This category also associates to complementary products. Similarly to the threat of new entrants, the substitutes determined by factors like.

- The relative price for performance of substitutes.
- Current trends.
- Customers have to incur switching costs.
- Also, adequate substitutes are available.
- Possibly, One Broadcasting medium substitute for the other(movies as a replacement For TV) Pirated content is a decent(and free substitute).
- Other free time activities could be substitutes (concerts, games, gambling, gardening, sports, restaurants.

COMPETITION IN INDIAN BROADCASTING INDUSTRY.

As broadcasting is one of the main industry of any country, so like all other industries there is strong competition in Indian broadcasting industry.

The entry of newer players in the Indian broadcasting industry has had the positive impact on expanding the overall market. For instance, since the launch of the new channels like GECs 9X, Colors, Imagine and Real, the overall GRPs have increased by around 30 per cent in less than a year, according to industry estimates. This has also helped in expanding the overall advertising volumes by 31% in 2009 over 2008. However, with the number of channels increasing significantly over the past decade (over 460 in 2009 from 120 in 2003), every broadcaster is struggling to retain its share of the advertising pie. Following the fragmentation of the advertising revenues, the viewership ratings and hence the placement of a channel have become even more important for broadcasters. In the highly cluttered GEC genre, the largest in the Indian broadcasting space, it has become critical for broadcasters to invest heavily in content development and acquisition so that they can differentiate themselves from their peers. In addition, GECs in particular, being highly dependent on mass segment viewership to attract advertisers, are being forced to incur large carriage fees for the placement of the channels on the prime band in view of the lower bandwidth availability on the analog distribution network. This high expenditure is slowing down the process of achieving breakeven for channels considerably.

To leverage the benefits arising out of foray into regional markets, in general, the basic strategy followed by new entrants in regional markets is to first establish their presence through a GEC, a news channel and a movie channel, and then get into more niche categories. However, as regional markets begin to saturate, a closer evaluation of the regional market's potential would have to be done before launching a new regional channel.

MARKET SHARE:

Market share in Indian economy the service sector was drastically increased up to 2007 after words it decreased to 5. 5% because of IT fall in India.

In service sector the portion of media broadcasting was slowly increased in the year 2008 due to the floods and elections the media broadcasting industry was increased.

The swift growth and change in the television broadcasting sector is composed of several essential characteristics: the emergence of mega global communication companies as a result of merger and acquisitions;

privatization of existing broadcasting companies; the relaxation of foreign ownership restrictions; corporate investment in newer media such as cable and satellite television; and transnationliztion of advertising and its convergence with communication empires to create a demand for and to promote cultural products and other industries such as consumer goods and services

GROWTH.

The Indian television broadcasting industry consists of television distribution, advertising content and other services has reported a compounded annual growth rate(CAGR) of 13. 8% over the period of 2005 to 2009 increasing to Rs 26, 550 crores according to industry estimates. the industry continues to remain at an attractive mode of entertainment because of its reach and penetration.

SWOT ANALYSIS.

Weaknesses.

- Domination of 4-5 major players is a negative sign thus creating somewhat monopolized industry.
- Ongoing weakness of U. S. automakers will have an impact on advertising spending.
- Environmental issues.
- Full depending on power supply.
- Remote area can not be accessed

Threats.

- Slowing Real GDP, inflation, and jobs concerns.

- Unstable outlook of the industry.
- Oil prices are beginning to rise, which will cause a decrease in available Challenges of Broadcast Industry and Opportunities for IT Solution Providers cash for consumers to spend.
- This is seen as advertisers insist that rates be based only on live viewing and not time shifted viewing.
- Threat of consumer shift towards alternatives.

Strengths.

- Latest technology is used by the Industry.
- Strong expertise of broadcasters in core areas.
- Industry acceptance of fast changing requirements.
- Competitive pricing helps the end customer as do customized solutions.
- Box Office revenues are consistently growing.

Opportunities.

- New broad casting companies are providing box offices also.
- Change in technology and in consumer wants and needs brings about new opportunities for growth and for different players to catch a larger share of the industry.
- Those who are able to create strategic partnerships and find alternative ways of doing business will thrive.
- Increasing no. of channels.