Chapter: III

ADVERTISEMENT: THE PRINCIPAL SOURCE OF INCOME FOR NEWS CHANNELS

News on Television is a product being created and sold by several players who are fighting for their share of viewership and advertisement and trying hard for their survival in what seems to be a really tough and saturated market.

Nalin Mehta in his book India on Television explains, “The economic logic of the television industry means that viewers have the greatest value as consumers. The construction of the Indian television industry and the business models of the news channels dictate that it cannot be otherwise. To a large extent, revenue flows determine how content is produced, packaged and put on the airwaves by news channels. This leads to a permanent tension between the journalistic and commercial imperatives of media entities and affects the very nature of news programming.” (Mehta, 2008)

It would be an understatement to term the evolution of satellite television in India, as growth because it was nothing less than an explosion which lead the industry from just one channel in 1992 to an astounding 811 by 2012\(^1\). This explosion was perpetually triggered by enthusiasm and eagerness from promoters to launch news and current affair channels. From existing media houses to entrepreneurs with business interests other than media and from political parties to individual politicians, anyone who wanted to register their presence on the satellite television space of India decided to do so by getting into the business of news channels. Thus, over 50% of the satellite channels in India are given license to operate under news and current affairs genre.

\(^{1}\) Industry estimates says the total number of active channels in the country is about 550
The reasons for this explosion, as frequently being talked about in media circles, are plenty. Cost effective technology has made it possible to bring down the cost of launching a channel to about a 10th in last 10 years. A news channel can be launched for as low as 20crores today. Mushroomed educational institutes around the country produce thousands of mass communication graduates every year and most of them admit that they have entered the field because of the glamour attached to being a television journalist. And above all, the raw material for creating news is available in abundance. "For other genres, the cost of content acquisition or production runs into several crores of rupees whereas for most news channels, content is almost free, thanks to the buzzing political, economic, and social scene in the country," says veteran media expert and consultant Ajay Upadhyaya (Shukla, 2009)

However, this enthusiasm for launching news channels could not translate into revenue. As discussed earlier, news channels like various other media businesses are supposed to make money both from selling airtime to broadcast advertisements and from subscription of satellite signals. But the news channel industry in India collectively is struggling hard to make money on both these fronts. As Media Planner Vidhu Sagar points out, “News channels in India have not come about because of the need of the market but the need of the owner to express his viewpoints.” (Interview with Vidhu Sagar, Senior VP, Carat Media on 9th February 2013) Our focus in this section however will only be on advertisement generated revenue.

3.1 HISTORY OF ADVERTISEMENT ON TELEVISION:
As stated in the previous chapter, commercials on Doordarshan, the then only television channel in India, were allowed from 1976. By that time both advertisers and advertising agencies had realized the potential of television as a platform to reach out to their target audiences and were more than eager to advertise on this medium. By 1976 India had more than one lakh television sets and television stations in all four metros apart from Lucknow and Pune and strategically placed relay stations in Amritsar and Srinagar. From 77.18 lakhs in 1976-77, Doordarshan’s income from advertisement had shot up to 968 Crore in 2005-06. It, however, never really had to coax advertisers to spend money for
advertising on Doordarshan. Satellite channels in their initial days were more focused on increasing their reach and creating a way through the haphazard broadcast policies and unwilling government than fighting for consumers. With very few channels in the market, the initial few years of cable broadcasting still did not see a lot of fragmented market. Even for news channels, it was more about gathering enough resources, technology and manpower than counting eyeballs. The demand from audiences for 24x7 news channels was evident by the immense popularity of the first few channels which entered the market.

The early entrants of the television sky also had the advantage of the pace at which Indian society was changing post liberalization. One word which could define the mood of the nation during that time was ‘choices’. From automobile, to telecom, from consumer electronics to garments, people had choices in everything and this was topped with rising income levels and aspirations of the middle class. In every business, India was fast becoming a buyers’ market from a sellers’ market. Competition for sellers simply meant that the brands needed to spend a lot of effort and money for establishing their brand value in the minds of consumers. Television, especially the satellite channels, opened up a whole lot of opportunities for them to showcase their creative acumen in advertising for their brand. No wonder, the last decade of the 20th century is often termed as the golden time for advertisement industry in India.
Advertisers at that time could not have had a better choice for pan Indian appeal than television. This again resulted in sharp increase of advertisement share of television channels. Television still is the second largest media industry after print in terms of advertisement revenue and is expected to grow at a compound rate of 14% for the next five years.
A look at the top advertisers on television proves the point made. Cellular phone service providers, mobile handsets, aerated drinks, life insurance and four wheelers were among the top 10 advertisement categories on television in 2008. All these sectors were opened for private and foreign players only post liberalization and in the cut throat competition in Indian market, had to spend a great deal of their budgets in catching public attention. Among the individual brands, 5 out of top 10 were cellular service provider companies while two aerated drink brands.
Table 3.2: Top 10 Categories Advertising on TV

<table>
<thead>
<tr>
<th>Top sectors</th>
<th>2012 (% share)</th>
<th>2011 (% share)</th>
<th>2010 (% share)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; beverages</td>
<td>14</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Personal care/Personal hygiene</td>
<td>12</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Services</td>
<td>7</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Personal accessories</td>
<td>5</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Hair care</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Auto</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Personal healthcare</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Household products</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Building, Industrial &amp; Land materials/Equipments</td>
<td>3</td>
<td>2</td>
<td>4*</td>
</tr>
<tr>
<td>Telecom/Internet service providers</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>59</strong></td>
<td><strong>59</strong></td>
</tr>
</tbody>
</table>

Source: FICCI-KPMG Report, 2013

The trouble, however, started showing up for news channels pretty soon. While the number of players started soaring in, their relative market share in the total television viewership remained pretty much stagnant. According to TAM, News channels together accounted for 6.16% of total television viewership in 2004 which increased to 6.72% in Jan 2013 registering a growth of mere 9% in over a decade. (data gathered through email by TAM)

Of course, by virtue of exponential increase in the advertisement expenditure on television, collective revenue of news channels has seen a great deal of growth, but it got divided among just too many players. So fragmented is the news channel market in India...
that none of its channels or programs merit even a mention among top viewed channels and programmes in the country.

Although, while boasting about their popularity, news channels always compare themselves with the other players of the same genre (often quoting the only the time slots in which they have maximum viewership), unfortunately, division of advertisement on TV does not exactly work that way. When it comes to revenue generation through advertisement, news channels have to compete not only with other news channels but with channels of entertainment genres as well.

Economically, the structure of television channel business is pretty close to being a monopolistic market where though the products are heterogeneous, they can be easily replaced with each other. Media planners often term TV as one big bucket where every player has to claim its share from one big pool of advertisement airtime. Thus, an increase in popularity of 20-20 cricket during IPL season can easily take the ratings away from general entertainment or news channels. Similarly, on polling or counting days during elections or in case of some terrorist attacks or other developments of national concern, news channels would see the turn of viewership tide in their favour, thus slashing the audience share of other genres. (Interview with Saumya Acharya, Buying Head, Madison India, 26th Nov, 2012)

3.2 RATING OF TELEVISION VIEWERSHIP
The concept of ratings of media products is born out of the advertisers need to know the popularity of any media product and more importantly the type, income level and expenditure pattern of the population which is consuming it. Thus, the more choices consumers have in any media market, its rating system and ways to interpret the data becomes more complex.

To understand how the business of television works, it is very crucial to understand how television ratings are calculated and how these ratings affect the bargain power of both the advertisers and television channels. This is because every decision-on whether to
advertise on a channel, the products or brands to advertise for, when to air them or which programs to choose, is based on the ratings. Ratings help in deciding which programs are working, what are not and to change the channel strategy accordingly.

In the context of news channels, it becomes even more important to understand the significance and limitations of ratings and TRPs. Of all the categories of TV viewership, news is the only genre which is given a much larger share of the TV advertisement pie as compared to its ratings. In 2012 news channels in total had a market share of 6.9%; however, they received approximately 15% share of the total television advertisement pie. This is done by advertisers and media planners in order to reach out to the male audiences.

3.2.1 History of Television Ratings
Although the actual launch of continuous television rating measurement is not clear, it started much before the launch of private satellite television. The process was very simple and the method manual. Since, Doordarshan was the only channel available at that time; it was all about finding when people tuned into their television sets rather what they watched. IMRB, the research arm of as agency Hindustan Thompson Associates (now JWT) introduced a system called the dairy method. It distributed 3,600 dairies in 8 cities based on the demographics of the population that advertisers wanted to talk to. Since, many families did not own a television set of their own and watched it at their neighbours, two types of diaries (primary and secondary) were filled out. Anybody who watched a program for 5 minutes or more was considered a viewer. (Khandekar, 2010)

When satellite channels entered the market, analysing viewership became a complex task. Thus industry had no other way but to invest in electronic people meters. Initially ratings were provided by two companies. A.C. Neilson joined hands with IMRB to offer Television Audience Measurement (TAM) system, but before it could start providing its services, ORG-MARG launched INTAM for the same purpose in 1996. TAM media research could take off only a year later. The takeover of A.C. Neilson internationally by VNU (the parent of ORG-MARG) in 2002 resulted in the merger of the two rating coins.
in India as well. While TAM did receive some competition in the form of another agency aMap in 2004, till date Television Rating Points (TRP) figures provided by TAM is considered as Bible for media planners, advertisers and of course TV channels.

Initially TAM started measuring viewership only in Metro cities however, with increase in television penetration it soon included population with million plus population as well. Similarly the number of metered households also increased. Till 2012, only 8150 households were metered through TAM meters and except Maharashtra, towns with more than 1 lakh population were not included. However, under immense industry pressure, in 2013 TAM has expanded its sample base to 10200 and has also announced the inclusion of towns with more than 1 lakh population in states like, Gujarat, UP, Rajasthan, Punjab. Haryana etc.

3.2.2 How TAM Works
Television Viewership Ratings or TVR is time weighed average of the total time that people in the sample homes spend watching a certain soap or program. Ratings can be for one minute, five minutes, 15 minutes or 24 hours. India right now has 10200 sample houses across 160 towns and cities with the population of 1 lakh and above. These households are connected to the electronic people meters. These people meters record the frequency of channels being watched on the TV sets. Each channel has a unique frequency which is stored at the agency’s bank. Once every week the data from all people meters is collected, decoded using the frequency matching technique, analysed and ratings are arrived at. TAM releases the data in form of several reports according to the need and demand of the clients. The clients typically are television channels, content production houses, advertisers, advertising agencies and content production agencies. And the reports are made according to various genres of channels (entertainment, news, sports etc), demographics (age, gender, income levels etc of the viewers), language, cities etc. Ratings for the previous week are released every Friday.

At the beginning of every year TAM updates its reporting market. The first step in TAM methodology is Establishment/Baseline study which is conducted over a sample size of
approx 60000 to 80,000 homes. For sampling the first step is town selection and then sample split within a sample town and later on home selection. For this, a technique called Simulated Annealing is used to ensure balance between the parameters of Socio-cultural regions (therefore spreading geographic spread), C&S penetration (average C&S penetration of sampled towns equal to the population availability). Within a town, a sample would be split equally between SECA, B, C and D/E. This ensures adequate sample for processing a demographic split like SEC A, whose universe proportion as compared to the other SECs is comparatively small. Next step is to installing people meters and educating the households about its usage. Data collection is undertaken through Digital people meter technology called TVM 5; data is stored as encrypted data in the people meter and is transmitted to the data centre either via GSM or GPRS through the transmission unit. Quality Control and Data Validation is undertaken through weekly validations such a Compliance Validation e.g. Checks on button pushing by panel home members, Technical Validation e.g. checks on equipment related issues, Viewing validation e.g. Checks for abnormal viewing, continuous viewing, Personnel Validation e.g. Checks by the data collector on household information.

Apart from the science of data analysis, credibility of TAM lies in the fact that information about all metered homes are kept as tight secret so none of the stake holders could temper with the viewing choice of sampled viewers.

### 3.2.3 Limitations and Criticism

Audience measurement and channel rating system by TAM has always been under criticism for several reasons. However, recently, there have been two developments in this area which make it important to discuss these issues at length.

2012 saw the first ever open war between the agency and one of its clients and the matter was dragged to the court of laws. In July 2012, NDTV (which owns three news channels, NDTV India, NDTV 24x7 and NDTV Profit) filed a case against The Nielsen Co. in a New York court for “manipulating television viewership data in favour of channels that were willing to offer bribes to its officials”. According to Livemint.com, In its petition...
the company claimed that low ratings for NDTV news channels have also led to public claims by other news channels of being the number 1 (one) channel. “This loss of hard-earned reputation and goodwill along with the damage to the profitability of NDTV as a result of low advertising revenues has in turn severely damaged the brand value of NDTV,” the petition claimed.

The broadcaster demanded $810 million (Rs.4,520 Crore) for fraud and $580 million for negligence, in addition to other claims, according to the petition. The company explained that its claiming the damages for “loss of advertising revenues, increased carriage costs, loss of reputation, loss of goodwill, loss of stock value, and loss of other revenues,”

While this matter is in the court, it did spark a debate on the credibility of India’s only television rating currency.

Some months before the NDTV lawsuit the stakeholders of television ratings had finally taken a step in kick starting the much talk about and equally delayed Broadcast Audience Measurement Council (BARC). In fact, root cause of inception of BARC itself lied in collective criticism of TAM by industry stake holders. So strong was the anti TAM feeling at one point in 2008, there was serious danger of the government taking over ratings, through the TRAI. That is when BARC stepped in to say that the Government should have nothing to do with ratings and should let it be run by an industry body. (Khandekar, 2010)

BARC is aimed at providing an alternative to television audience measurement system. However, its formation was finally announced in March 2012. It is a joint venture between The Indian Broadcasting Federation (IBF), The Indian Society of Advertisers (ISA) and Advertising Agencies Association of India (AAAI). IBF has 60% stake in the council while rest 40% are shared by ISA and AAAI. So far, BARC has called for a global request for information (RFI) to understand the state-of-the art systems and process in the area of television audience measurement research. It has also formed a technical committee of three industry experts. The brief of the committee is to design the complete research plan, which is a multilayered exercise. This exercise is supposed to be
completed in two stages. Stage one will comprise of designing and commissioning an establishment survey which is a cross-sectional study of TV penetration (both rural and urban), viewership habits (both terrestrial and satellite delivered channels over analog as well as digital delivery modes) and demographic taxonomy of viewers. This study will become the basis of designing the rating panel. Stage two will begin once stage one completes and will take up actual designing of the data collection methods.

Though it will be some time before an alternate system of television audience measurement comes in place, the move emphasizes at the fact that the industry desperately needs some change and improvement in this direction. Till that time TAM will continue to be the sole currency to control Rs300 billion industry of choosing right platform for advertisement of television.

Controversies apart, there are several generic problems with the audience measurement system of TAM as well which are being discussed in the media circuits for quite some time now. Among the widely criticized aspects of TAM ratings is the fact that it has a very low sample base. This can be analysed by simply comparing the number of metered households in India with some other countries:

Table 3.3 People Meters in Cable and Satellite Houses

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of C&amp;S Households</th>
<th>Number of People Meters</th>
<th>Average Number of Households represented by one People Meter</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>185 million</td>
<td>10,200</td>
<td>18,137</td>
</tr>
<tr>
<td>U.S.A</td>
<td>114 million</td>
<td>20,000</td>
<td>5,700</td>
</tr>
<tr>
<td>U.K</td>
<td>26 million</td>
<td>5,100</td>
<td>5098</td>
</tr>
</tbody>
</table>

(Data compiled from FICCI KPMG, Neilson.com/us and Barb.co.uk)
Industry has always talked about having at least 30,000 people meters which could do justice to the wide satellite TV audience base in India. However, media observers feel that small sample base of TAM is to be equally blamed upon industry stakeholders.

TAM like any media organization is a profit seeking corporate. It will invest in its infrastructure only till the extent it is able to reap profit out of them. Expanding its infrastructure base by four times and deploying workforce to collect and analyse a much bigger size of data is definitely going to cut increase its costs manifold which ultimately will have to be borne by its clients (channels, advertisers and advertising agencies). In its defence TAM always points out that since the industry is not ready to pay more for better quality data, they will have to be content with the current system.

Even the miniscule sample base of TAM is not spread out evenly. TAM measures only urban areas that too with population of more than 1 lakh. Lower population households are measured only in Maharashtra. Vast areas like north eastern states, Kashmir and newly formed states like Chhatisgarh and Uttarakhand did not have even a single people meter till recently.

Also, TAM system is always skewed towards higher earning and higher disposable income households residing in big cities. Until January 2007, it reserved 25% of its meters outright for SECA householders and provided detailed studies to its members.

Another problem with TAM is that the cable operators often change the frequencies of channels. Thus, TAM needs to keep checking with the cable operators and update it accordingly. Adding to this is the problem of failure of people meters to work at any given point of time mostly due to power cuts and other system problems. The gap between the total number of metered houses and total number of working people meters is filled with the help of statistical methods. Since the survey base is already so small these things only increase the margin of error.
3.3 ONE DOLLOR ONE VOTE IN TELEVISION DEMOCRACY

To understand the impact of high income groups on television programming, it is important to have a look at the way Socio Economic Classification of the Indian population is done. The latest SEC classification in India was done in 2011 by Market Research Society of India (MRSI). The classification of households in India was basically based on two variables

1. Education of Chief earner in the family.
2. Number of consumer durables owned by the family. This number was calculated using a predefined list which had 11 items ranging from ‘electricity connection’, ‘agricultural land’ to ‘cars’ and ‘air conditioners’

The analysis also used some extensive parameters like point based system using education of highest educated individual, press exposure of housewife, and the best type of consumer durables owned. Based on the parameters, Socio Economic Classification was done in uniform 12 categories ranging from A1 to E3 for both urban and rural markets. The old SEC system on the other hand had 8 categories for urban markets and 4 for rural markets. MRSI while announcing the release of new SEC system presented the following table indicating the distribution of households in both urban and rural areas.

**Graph 3.2 Socio Economic Classification (SEC) in India**

![Graph showing distribution of SEC categories in India](image)

*Figures in percentage

This round of analysis has been conducted using data from IRS 2008 (round 20)*.

We have drawn a sub-sample of 39,441

Source: Market Research Society of India
The total 5.4% of the population belonging to SEC A(1, 2 and 3) are the most important segments of population which any advertiser would want to reach out to, since based on the rating parameter, these are the households with highest income, education and spending capacity. Thus, the approach of advertisers is more towards the quality of the audiences than the quantity.

Media markets work on a One-dollar, one-vote mechanism. Simply meaning that, the more spending capacity an individual or household has, more number of advertisers would like to register their visibility to them using media platforms. In several ways this ends up letting the urban upper class influencing content on television. Even in case of news channels, where bulk of the content in unplanned and event driven, the influence of advertisers’ need to reach out to a particular SEC reflects into programming. So much so that editorial teams these days are frequently being asked by their sales teams to conceptualise content around themes which matches the interest of their consumers.2

3.4 WAYS OF PLACING ADVERTISEMENTS ON NEWS CHANNELS

In spite of the fact that there is no equation linking any advertisement campaign with the effect it has on the overall sale on the product, good advertisement has always been seen as the key to good sale of products. Advertisement on television is no more just about creating attractive ad films and attaching it with the most effective and popular program slot. It has become a much complex, multi-dimensional exercise of juggling with numbers, both rating points and rate cards, and to arrive at optimisation of reach and budget. If market is way too crowded for news channels so is it for advertisers. So, there is no single route for them for reaching out to those much targeted audience. They try to take several routes using multiple platforms to do so. On the other hand, news channels, as eager as they are to earn every penny from advertisement at any cost, are more than willing to co-operate and accommodate the advertisers at a place of their choice.

2 Star News (now ABP) is said to have created a program called “STAR Anchor hunt contest” at the insistence of the main sponsor of the series Vaseline Men. This surfaced during personal interviews with the marketing team members of the channel.
Looking back at the history of television advertisement, it took more than eight years for advertisers to take one step from simply buying air time on Doordarshan to get associated with a program to create better visibility for themselves. Hum Log is widely known to be the first sponsored program on Doordarshan in 1984 which was sponsored by the newly launched noodle brand Maggi.³ During early programming days, sponsored ads were aired before the programs and their names mentioned after it. Regular viewers would remember how ‘Ramayan’ and ‘Mahabharat’ (most popular weekly serials during 80s and early 90s) used to start 10-15 minutes late since they had huge number of sponsors and advertisers and all advertisements were aired before the program started. Even the much popular Sunday movies did not have advertisement breaks. The single break between those movies reflected the interval culture of cinema halls and was utilized for showing some content rather than commercials. To ensure better visibility, the concept of in-break advertisements was introduced much later. Need of the times soon created many innovative concepts to associate advertisement with content. In this entire process, news channel perhaps emerged as one genre with maximum number of content innovations. Today only a limited share of advertisement budget on news channels is spent in standard in-break or free commercial air time advertisement. In the survey of media planners 30% of the respondents said that less than 40% of their advertisement budget is used in free air time commercials while 30% said it is between 40-60% for them.

³ Whether Show Theme (1983) or Hum Log (1984) was the first sponsored program on Doordarshan is a matter of debate. This is also discussed in Vanita Kohli’s book The Indian Media Business. However, Hum Log has been more frequently referred to as the first sponsored program on DD by several authors.
Graph 3.3 Media Planners and Advertisers Survey 1

What percentage of your budget on news channels is spent on standard in-break advertisements?

One passing look at any news channel during prime time is enough for anyone to understand how hard they are trying to make use of every single second of airtime and every single inch of screen for earning advertisement bucks.

From headlines to special reports and from ticker space to weather report, the attempt is to generate segmented sponsorships. Thus, the more number of segments a news wheel has, more number of sponsors it can aim at having.

Although there is no official categorization of ways of advertising on television and new ways keep getting innovated every now and then, advertisement on television can be divided into some popular forms based on their composition and ways of showcasing.

3.4.1 Standard In-break ads: - The oldest and still the most popular (in terms of volume) way to advertise on news channels is to buy bulk airtime and let the commercials be aired during the break. It is commonly accepted that the first commercial aired after break is announced and the last one before news wheel is resumed have maximum visibility among audiences. Normally, channels place commercials on these sought after spots on a rotation basis. However, if an advertiser particularly asks to be placed on these spots on a regular basis, premium is charged.
Photograph 3.1 Free Commercial Airtime Ad on NDTV 24x7

Photograph 3.2 Free Commercial Air-time Ad on CNBC TV18

3.4.2 Advertisement on Tickers: - Revenue maximization efforts have resulted in advertisements encroaching upon ticker spaces as well. Tickers are the text scrolls running at the bottom of TV screen and are primarily used for news updates. Since its only text advertisement, apart from saving the cost of making ad films, these spaces are much cheaper for advertisers.
3.4 Advertisement on Ticker on News 24

3.4.3 Non Free Air Time Commercials: - These types of promotions include advertising through any kind of graphic while the content is still being shown on screen. So, while an anchor is reading out or some news visual is being shown and a logo or a band in shape of alphabet L endorsing any product peeps in, it is a result of a lot of brainstorming by both the marketing team of the channel and the creative team of advertisers. As much as
these disruptions irritate a viewer, creating disturbance in the viewing pattern, for channels, they come with a lot of premium. Since, these commercials are shown along with content when viewership is more than that of breaks; they are 30-40% more expensive than in-break advertisements.

**Photograph 3.5 Non Free Airtime Commercial on Zee News**

![Non Free Airtime Commercial on Zee News](image)

**Photograph 3.6 Non Free Airtime Commercial on CNN IBN**

![Non Free Airtime Commercial on CNN IBN](image)
3.4.4 Program Sponsorship: - As discussed in earlier segments, programs are sponsored for a better visibility and establishing a long term association with viewers. Advertisers and media planners typically look for a program which can help them talk convey about their product in a subtle manner... Since, sponsorship always means more money than in-break ads; it has by and large, become the yardstick for measuring success of any television news program. Though, it ensures regular flow of money, sponsorships come packaged with their own share of obligations for channels. Sponsored programs are very rarely dropped or postponed even during most important breaking or developing news.
3.8 Program Sponsorship on NDTV Profit

3.9 Program Sponsorship on NDTV India

3.4.5 Segment Sponsorship: - News channels try hard to get their particular segments from their general news wheel sponsored. Although many a times there is no direct correlation between the product and the sponsored segment like Signoraware sponsoring headlines on Aaj Tak. However, since general news wheels along with all its segments
are repeated several times a day, it creates a repeated brand recall and visibility among sponsors.

3.10 Segment Sponsorship on Aaj Tak:

3.11 Segment Sponsorship on Headlines Today
3.4.6 Advertiser Funded Program: - The concept of advertorials is not new to print media. Over last couple of years, television has also adopted it at a quick pace. Known as advertiser funded program in media circles, it involves leasing out a fixed slot for a period of time and earning money through it in bulk. The most popular advertiser funded program on news channels so far has been “The Nirmal Darbar” or “The Third Eye of Nirmal Baba” which at one time was aired on as many as 36 channels. The much controversial religious guru used to spend crores of rupees on getting his interaction with his followers aired on various channel in the early morning slots. Channels later were forced discontinue these programs when the self proclaimed godman was dragged into courts on several counts of cheating, spreading blind faith and hurting religious sentiments. Indian Broadcasting Federation (IBF)\(^4\) took a tough stand on this issue and asked it member channels to stop telecast of the shows. Several channels which had sold their hourly slots to him had to stop showing his programs and soon the number of such shows came down to 19.\(^5\) However, these controversies fiddled out soon and the baba with his durbar was back on some of the very same news channels which were doing reports against him. Telemarketing is another major segment to which bulk advertisement slots are sold. Most of these slots are placed in early morning (before 7am) and late night (post midnight) time bands. Apart from these, news channels have advertorial slots sold to various sponsors on once a week basis. The idea behind these shows certainly banks on the hope that viewers do not differentiate between news worthy content and advertiser generated ones. Advertisers can get these shows produced from outside vendors. However, channels are more than willing to produce them in house for some extra money. Although channel claim that they have a separate team for such shows, many a times they are anchored by the mainstream anchors, thus, making the line of demarcation between news and advertisement even thinner.

\(^4\)IBF is an industry association body of major broadcast companies of India which together own 250 channels across the country. It was formed in 1999 to promote the interest of Indian Television industry.

\(^5\) Information based on several news reports during April-July 2012 on this issue.
3.12 Advertiser Funded Program on IBN 7

3.13 Advertiser Funded Program on CNBC TV 18

3.4.7 Corporate Social Responsibility: - Wikipedia says that Corporate Social Responsibility (CSR) is a form of corporate self regulation integrated into a business model. CSR is a process with the aim to embrace responsibility for the company’s actions
and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders. In India, the new company’s bill which was passed by the Lok Sabha in December 2012 has made it almost mandatory for the companies to spend at least 2% of their total budget on CSR.

However, in the world of news television advertisement, CSR has almost become an extension of getting companies sponsor a show or series which advocates a cause of social and environmental welfare. According to dictionaries of marketing and business, these exercises can more closely be termed as Cause Marketing or Cause Related Marketing which broadly refers to any type of marketing effort for social and other charitable causes which mutually benefits both the organizers and the company funding it.

During personal interviews, marketing teams of news channels very excitedly explain how attaching a social cause to a program increases their chances of getting advertisement or sponsorships from companies which otherwise are not very keen on allocating a considerable chunk of their budget on standard advertisements. This generosity of Corporates for funding social initiatives has come out of their need to be seen in right quarter. They try to make sure the brand image is strong and want to associate themselves with the content which doesn’t overtly get linked with their current brand. It is a deliberate attempt by them for investing in something which will help generate revenue in future. NDTV’s Toyota Greenathon campaign is one such long running campaign aimed at promoting awareness about environmental issues and involving common citizens with the cause. This multidimensional campaign organized a lot of events from Green marathons to fund raising events for providing solar power to villages and clean up drive for river Yamuna - (NDTV Greenathon website). Its immense popularity made sure that Toyota’s brand positioning gets embedded with environment awareness.
A similar campaign by Zee news “Aapka Vote Aapki Taqat got a lot of support not only from Corporates but also from the Election commission itself. It was an awareness campaign for voters across the country for recognizing the strength of their vote and as association with the election commission gave a lot of credibility to the campaign. Similarly, coffee outlet chain Café Coffee Day provided space for out of home advertisement (hoardings etc) free of cost and made sure that television sets across its outlets were tuned in to the channel while the show was being aired. Although they were not exactly sponsorships, these associations on one hand helped the channel to expand its reach, on the other hand made it much easier for them to get sponsors. (Interview with Anamika Nath, Marketing Manager with Zee News at the time of the campaign, on 18th September, 2012). The show ran for several sessions during general and assembly election and its huge popularity brought a lot of appreciation to the channel as well.⁶

In terms of their planning and execution, these two examples are not exactly the replica of each other. In first case, the corporate is directly sponsoring the event and getting its brand placed as a environment conscious one whereas in the second case, although the brands were not exactly paying to be placed with the show they did reduce the cost for the channel by sharing their infrastructure with them. Both the initiatives, however, served the corporate social responsibilities of both stakeholders - the corporate as well as the channel.

3.4.8 Cross-Promotion: - It is very common for media companies belonging to same or different technical platforms to promote each other using their mass audience base. These strategic partnerships give them better visibility with each other’s target audiences and thus ultimately generate revenue. During the latest season of Kaun Banega Crorepati (KBC) news channel Aaj Tak was seen promoting the show through its content whereas it also got a single logo plate during the end of the much popular quiz show. Aaj Tak would also receive the exclusive footage of the winners of the show before any other channel.

⁶ The show was later awarded by the Election Commission for its outstanding campaign for creating voter awareness in India
At times channels cross the line with these kinds of promotions. A recent example is Star Plus’s attempt to promote its show “Kehti Hai Tumse Kuch Khamoshiyaan.” During September 2012, a known news anchor of ABP news was seen making announcements about a NRI girl Gauri Bhosle who supposedly went missing soon after landing in India. The way this whole issue was being promoted on the network, it created a lot of sensation across the country. More so because it was being promoted by a news anchor on a national platform.\textsuperscript{7} When the actual truth came out there was a wide public criticism for promoting a fictional show in the form of news using real news anchors. Eventually, the initial sensation could not be translated into sustaining the buzz.\textsuperscript{8}

News channels do a lot of cross promotion with film crews during their pre release promotion drive. During the promotion of Prakash Jha’s critically acclaimed movie Rajniti, STAR (now ABP) news tied up with the film crew and did a five city tour with the cast. Film’s lead cast interacted with general public on one socially and politically relevant issue in each city. On one hand immense popularity of the film star among Indian audiences helped the series become fairly popular and on the other hand it served the marketing purpose of the film by linking its central theme with the public interest. This again might not have been the case of direct payment of advertisement mullah but these kinds of programs and tie-ups are able to find sponsors more easily.

The beginning of this trend usually is traced back to 2005 when lead stars of the famous movie Banti and Babli, Abhishkek Bachhan and Rani Mukherjee, anchored a prime time news bulletin on NDTV posing as their characters and not as themselves as part of the promotion of the film. Widely talked about as ‘Banti and Bablification’ of news, this step on one hand was criticized for succumbing to the temptation of TRPs and advertisement mullah and on the other hand opened lots of new avenues for every other channel to grab any such available tie-up.\textsuperscript{9} While the success criteria for movies is shifting from the

\textsuperscript{7} This however led to another sensation when a girl from Saharanpur actually created sensation by posing as Gauri Bhosle and faking her kidnapping.

\textsuperscript{8} The soap ended to be a total failure and was wrapped up in a matter of months.

\textsuperscript{9} Nalin Mehta in his book ‘Indian on Television’ used this incident to introduce an entire chapter titled ‘The News With Banti and Babli’ which talked about advertising, rating and the economy of television news. This event was also talked about in newspapers and websites like Indian Express and Exchange4media.
concept of jubilees to becoming part of the 100 Crore club, movie production houses rely a lot on pre-launch promotions rather than depending on word of mouth publicity. Since broadcast news will always be an integral part of such strategies, news channels are hopeful of more monetary benefits in integrating with films.

3.4.9 Property Integration: - Though there is no particular meaning of this term anywhere in business dictionaries, this probably is being most widely used in the broadcast media circles these days both by the people involved in marketing and advertisement and by the editorial teams responsible for content creation. Property integration can best be described as an attempt to integrate a brand with the broadcast content. A subtle mention of a product in the broadcast script is the latest brand promotion technique advertisers are looking at. Very commonly used in fiction shows by characters (where they say positive things about any product as part of their dialogue), this concept is visible on various forms in news medium as well. This however, most of the times, happens at the cost of blurring the lines between news and advertisement.

Since, property integration is anything and everything in which a brand is included with the content, it is not very easy to identify or locate it. It is this confusion probably on which the brands are trying to cash on. Traditional audience perception has been that news is created for information and awareness without any vested business interest whereas advertisement is created for serving business interest of a brand and thus talks only good things about it to an exaggerated length. As long as audiences are able to differentiate between news and advertisement they would take news more seriously and be judgmental about commercials. When the lines are blurred to make advertisement look like news content it eventually benefits the brands. Brands are more than willing to pay for these integrations from their advertisement budget and so are the marketing teams of news channels who go out of way to find new ways of aligning with various brands.

The pace at which marketing and creative teams of channels are aggressively looking new ways of selling advertisement time/spaces and making money out of it, it is very difficult to put them under when defined categories. By the time this chapter is published,
there are surly going to be new ways of advertisement on television which will need new nomenclature and definition. Media planners also feel that flexibility from news channels when they come to get advertisement money has made it easier for them to go for property integration deals. While 30% think that property integration deals are a lot easier with news channels almost 60% feel it has become somewhat easier.

**Graph 3.4 Media Planners and Advertisers Survey 2**

*Over the years have property integration deals been easier to get to?*

---

**3.5 ADVERTISEMENT RATES IN NEWS CHANNELS:**

It’s a general perception in the advertisement and media circles that one of the reasons why news channels get advertisements disproportionate to their market share is because they come with comparatively very cheap price tags for the advertisers. There are two very important reasons which dictate the low rates of advertising on news channels. First, their low viewership base as compared to general entertainment, movie and sports channels and second, the overcrowded market they are competing in which works is highlighted with lack of content differentiation.

The unit for selling airtime for advertisement is called a ‘slot.’ Slots typically are of 15 or 30 seconds. Ad rates for a single channel vary according to the time of the program and its popularity on the rating charts. A prime time slot is sold at a higher rate than a non
prime time slot. Similarly, even if non prime time program has better visibility and ratings, it will fetch better rate.

News channels have as many as 15-20 rate cards but even they are hardly always followed. Various kinds of association for advertisement generated revenue have also made this whole exercise very complex. Since, news is typically an event driven segment; it has a number of cycles of busy and lean time during any given financial cycle. While during busy period channels have better chances of sticking to their rate cards, they tend to give discount during lean time when their inventory goes down.

It is also common norm to give bonus airtime to regular clients which buy time slots in bulk and in advance. Since, most of the media companies have more than one news channel on-air, they use the more popular one to get advertisements for the lesser popular channel in order to achieve their economy of scale. Thus, advertiser will get slots on a popular channel at a discounted rate if it agrees to advertise on the newly launched and/or less popular sister concern.

The previous section talked about various ways of making money through advertisements and sponsorships. Advertisement rates also vary widely based on the kind of association it has with the content (general in-break ad, sponsorship etc) the need of the brand. For example, movies are promoted for a relatively lower period of time as compared to say a FMCG product which needs continuous brand recall measures. Normally movie promotion slots are bought at a rate which is almost one third of the cost of normal ads. But channels make money from them because of the fact that they are run several times a day. Need of the brand also determines the way at which advertisement spots are bought and paid for. Normally FMCG brands go by the total reach rather by their GRP (Gross Rating Point) because they aim at being visible to their target audience (TG) for at least ten times in a given time period. While non FMCG brands look as GRPs. Normally, media planning is done to achieve 1000 GRPs every week. (Interview with Sujit Mishra, Senior Manager, Marketing, ABP News, 13th September, 2012)
And this is where news channels fail to earn brownie points from advertisers. As such, they do not contribute anything to GRP. While GRP of popular entertainment channels would be anywhere between 200 to 250, that of the most popular news channel is about 20-25 per week. News channel usually see a steep hike in their TRP during any important News break of national interest. If the event is planned like union budget or general elections, they plan well in advance and negotiate hard with their advertisers and sponsors. In case of developing news, they gain bargain power after a few days later when the TRP data with their inflated ratings are released. (Interview with Saumya Acharya, Buying Head, Madison India on 26th November, 2012)

A recent example of this was the gang rape case in Delhi during December last year saw overall increase in the viewership of news channels. Afaqs.com, a web portal which tracks advertisement and media analysed the sudden change in the viewership patterns,

Each channel in the genre saw its GRPs rise by about 7-10 points in Weeks 51 and 52. Aaj Tak jumped from 20 GRPs in Week 50 to 30 GRPs in Week 51; while ABP News garnered 20 and 32 GRPs in Weeks 50 and 51, respectively. India TV and Zee News, too, gained six GRPs each. Across the board, viewership remained high in Week 52. Apart from this, Zee News had telecast an exclusive interview of the victim's friend and eyewitness to the incident eyewitness on Saturday, January 4. The interview had repeat telecasts on the channel and it garnered extra GRPs for the channel in the current week (Week 1 of 2013). Zee News saw peak GRPs of 27 points resulting in its climbing one spot with a relative channel share of 16 per cent (Afaqs.com, 2013)

Due to lack of a common yardstick to compare advertisement rates of various channels it is very difficult to draw comparisons. Roughly, during prime time a ten second slot on a popular soap opera costs around Rs. 80000 while on an average a prime time slot even on most popular news channels is not more than Rs.3500. Regional news channels are sold for cheap as Rs.250 for a 10 second slot.10

The perception of media planners and advertisers about the ways news channels can adopt to increase their share in the advertisement pie varies. While 40% believe that news channels should be more flexible in content integration which means integrating their

---

10 Estimates drawn on the basis of interactions with industry experts.
content with advertisement, 40% think that merely innovation in content creation will do the job for news channels.

**Graph 3.5 Media Planners and Advertisers Survey 3**

In your view what kind of changes News Channel should need to make if they want to increase their share in the TV Ad pie?

![Graph](image)

3.6 **TRAI REGULATION ON ADVERTISEMENTS:**

In a desperate attempt to increase their earnings through advertisement, news channels are almost always ready to fit as many advertisements as they have access to in any news wheel. This trend is more evident during the last couple of weeks of any calendar year, when in an attempt to clear their inventories, news wheels seem to have more advertisement than content. It was then that the satellite TV regulator TRAI came up with a suggestion to put a cap on the number of minutes of advertisements per hour of content.

In a draft regulation titled Standards of Quality of Service (Duration of Advertisements in Television Channels) released in August 2012, TRAI had stated that no broadcaster shall carry advertisements exceeding 12 minutes in a clock hour in a programme. This included 10 minutes of general advertisement and 2 minutes of internal promotional promos by the channel According to the draft, the clock hour commences at 00.00 of the hour and ends at 00.60. Any shortfall of advertisement duration in a clock hour shall not be carried over. Citing the main reason behind this regulation being interest of the
consumer the draft stated.” As far as consumers are concerned, they have to pay for all the subscribed channels, whether it is pay or FTA (free to air). Therefore, it is a legitimate expectation on the part of the consumers to get the programs for which the channel is subscribed rather than it being loaded with advertisements beyond a point. Thus, the prime irritant for the consumer with regard to the advertisements is their excessive time duration in programmes. If this issue is addressed, most of the other issues related to advertisements in a TV channel are likely to get addressed, as far as the consumer is concerned.”

Prior to this draft, a consultation paper on the same issue had cited that there was a precedence of a Supreme Court ruling which had held that the restriction on advertising space in newspapers would lead to reduction in their revenues which was in violation of Article 19 (1)(a). The same rule should also apply to television.

Broadcaster bodies had at that time opposed the suggestions citing ground realities in implementing them and the fact that the duration and number of ad breaks should be decided by market forces and not by regulating authorities. It is also felt by the broadcasters that this will hit their annual balance sheets. Broadcasters’ bodies Indian Broadcasting Foundation (IBF) and News Broadcasters Association (NBA) have been asked by the broadcasters to take a call on the issue as enforcement of the TRAI rules may affect their viewership as well as their earnings, particularly in a scenario where the channels are still dependent more on commercial revenues than on subscriptions.

It was stated that the regulation also contradicts TRAI’s own ruling of 2004, which had stated that there should be no regulation on advertisements – both on free to air and pay channels.

In a latest turn on this issue, in February 2013, TRAI issued notices to broadcasters to adhere to the 10+2 ad cap and all broadcasters were asked to give reasons by 10th March 2013 for not implementing the ad cap limit. Interestingly, around the same time the

---

11 At times prime time news wheels have less than 25 minute of content in an hour because of heavy flow of advertisement.
regulator also sought clarity from the Information and broadcasting ministry on its powers in acting against violators.

This regulation if implemented will create double fold monetary problem for television channels. One, there will be a sharp drop in revenue from advertisement and two more contend will be needed to fill up the space in an hour which will also inflate the cost of content creation.

3.6.1 Comparisons with Advertisement norms worldwide:
Advertisement cap on television content is a known trend by government regulators in several countries. In UK channels are allowed to air an average of 7 minutes of advertisement per hour. In Ireland the Broadcasting Authority of Ireland has permitted 9 minutes of advertising per hour. In Germany, Private stations are allowed to show up to 12 minutes of ads per hour with a minimum of 20 minutes of programming in between interruptions. In France the Conseil supérieur de l'audiovisuel allows up to 9 minutes of advertising per hour on average in a day. In New Zealand an average of 15 minutes of advertisements are shown per hour of content. In Argentina, commercial advertising is limited to 12 minutes per hour of programming. Ad durations are however less regulated in Asian countries. In the Philippines, advertising is self-regulated by individual broadcasters. The Association of Broadcasters of the Philippines, a self-regulatory organization representing most television and radio broadcasters in the country, has limited advertising to 18 minutes per hour. In South Korea in-program commercial breaks are not allowed. So, the advertisements are usually put between the intro and the start of a program, and between the end credits and the end of the program. Some industry experts do feel that cap on advertisement time will help raise the low advertisement rated in India. According to Sudhanshu Vats, CEO of Viacom 8, “India is one of the cheapest ad markets in the world. The time regulation on commercial time (as defined by the Telecom Regulatory Authority of India) will have a positive impact on advertisement rate inflation. However, it should be introduced after digitisation matures. I also see media buyers differentiating between reach and quality reach.”

Indiantelevision.com, 2013)
However, in India news channels have a reason to crib and complain about the regulations. Advertising on Television, especially news channels in India is already very cheap as compared to the rates overseas. Second, their income from the other source, subscription, is very low.

3.7 THE COMPLEX RELATION BETWEEN VIEWERSHIP AND TECHNOLOGY:

For understanding any media market, it is very important to keep pace with the various technological interfaces its audiences choose to reach out to it and technologies which affect its content creation. In the last couple of years technology has completely changed the way people perceive and view television content including news. Two major alternatives of watching live television are, i) Watching the same content on internet using either a computer or any hand held electronic device (mobile phones and tablets) and ii) Viewing content by recording and watching in time-shift. Both these trends are catching up fast but there is no systematic and uniform arrangement in the industry to analyse this.

Most of the news channels in the country have their own website and a dedicated team to run it. These sites have both video clips of their coverage and news update in text form. Their content is mostly updated simultaneously with the channel. With the sharp rise in the number of smart phone users in the country and different types of technical platforms and operating systems these companies are using, news channels are spending a lot of time and effort in making sure that their mobile sites are compatible with all these technical platforms. However, when it comes to monetary benefits from these types of consumption, channels have to rely on their individual data sources and bargain power.

Apart from better visual quality, digital satellite has also given birth to a whole new trend of television viewing, time shift viewing, which simply means, option of recording a

---

12 Professional journalists handling the websites of news organizations during personal interviews explain how learning a new technical platform every couple of month has become a regular part of their job responsibilities.
program and viewing it at a convenient time later. Several DTH service providers are giving an option to their consumers to exchange their normal set top boxes with an upgraded version with an option of recording programs. IPTV (Internet Protocol Television) automatically records several popular channels for a period of one week. The current audience measurement system of TAM does not include time shift viewing which is seen as a major rating point leakage in the market.

In the context of news channels, however, it is not clear how much different the ratings will look even when time-shift viewing is taken into account. Since, news is a content mostly chosen to be viewed live; it is more likely not going to have any positive impact on their already dismal ratings. As the chapter makes it very clear that news channels are over dependent on Advertisement as their source of revenue. In order to bring stability in their balance sheets and build a healthy growth rate, it is very important for them to create alternate and stable sources of income. The second most obvious source for them is of course from subscription revenue. However, distribution especially in case of news and current affairs channels is a very tricky business to be in. The challenges and complications of generating income from viewers through the distribution chain will be discussed in detail in the next chapter.

---

13 Tata Sky has an upgraded version Tata Sky+ where as Dish TV offers unlimited recording facility to its consumers.

14 TAM’s parent organization in Neilson Media does not have the technology for collecting data of viewers who watched time shift content using the Digital Video Recorders (DVRs) in spite of the fact that DVRs such as TiVo are fast becoming an integral part of the satellite TV households in US.