Chapter V

ALTERNATIVE REVENUE STREAMS FOR NEWS CHANNELS

5.1 ECONOMIC HEALTH OF NEWS MEDIA WORLDWIDE:
In the last several decades, journalistic news produced and distributed by mass media have been identified as the single most important and regularly used source of information about public affairs in most of the surveys conducted. Yet in most parts of the world, during the last decade, the economic sustainability and viability of such organisations as well as the industries they are part of have come under severe threat.

Rasmus Kleis Nielsen in an article titled ‘What is happening to our media’ reveals that “The twenty-first century was supposed to be a golden age for journalism, a time of more accurate, easily accessible, transparent, and communally connected reporting leveraging the affordances of new digital and networked technologies and the resources of ‘the people formerly known as the audience’ in pursuit of the public interest. In some ways, these predictions have come true—the best journalism today is arguably better than it has ever been, linking to original sources, available across many different widely used platforms, open to comments and criticism from readers, and engaged in an ongoing conversation and collaboration with a wider range of actors than ever before. And yet in many Western countries, the most basic precondition for good journalism, that there are journalists out there to do it, seems endangered.”

Neilson further quotes Ken Paulson, founding editor of the USA Today and former president of the American Society of News Editors “Isn’t this the golden age of journalism? Larger audiences than ever before, more ideas being shared, more topics being covered. What we are mourning here is the loss of the business model, not a
decline in quality of journalism...the greatest concern is that journalism, as an industry will lose people.” (Neilson, 2012)

This indeed is an experienced truth. While, the volume of ideas, thoughts, data and views expressed through various technology and media platforms has increased by hundreds of folds, the ways of economizing it and doing so structurally has been shrinking rapidly. While most of the talks worldwide are about newspaper companies either cutting their costs or shutting shops completely it is also the broadcast medium which has started taking slow hit.

The trend has started showing clearly in USA, the biggest media market in the world. CNN, the founder of the cable news genre, is now registering its lowest ratings since the first Gulf War. According to the Deseret News, "An average of 446,000 people now watch CNN’s primetime programming while a mere 319,000 watch its daytime programming — declines from 2011 that are at least twice as severe as those suffered at Fox News and MSNBC. … One former executive said CNN faces an 'identity crisis.'” Unfortunately CNN’s loss is not turning into gain by rivals FOX and MSNBC. In fact, during the last two years all three cable news networks in the US have witnessed a decline in their respective viewership. A recent study found CNN, MSNBC, and Fox News all lost viewers in 2010 for the first time in 12 years. A Pew research journalism group study revealed a combined 13.7 percent drop in viewership, the largest decline of any news sector and of all three networks since the group began keeping track. Additionally, broadcast news overall across the US declined by 3.4 percent in 2010 with cable news being hit the hardest.

According to media analyst Judy Morris, in July 2012, compared to July 2011, the network is -20% in Total Viewers and -23% in A25-54 in Total Day. In primetime, CNN is down -23% in Total Viewers and -26% in the demographic. MSNBC and Fox are also shedding viewers. While Fox still leads in total primetime viewership (Primetime: FNC: 2.049, MSNBC: 964 CNN: 347, HLN: 270), Fox is getting clobbered on the coveted 25-
54 age group which means that the young have no use for Fox News. This does not bode well for the future of Fox News, a network that largely caters to entertaining old neocon statist Republicans who are dying off. Moreover, a nightly audience of 2 million (Fox) is quite pitiful while the situation is even more pitiful for MSNBC (few shows even crack 1 million viewers) and CNN (347,000 nightly viewers). (Morris, 2012)

While global studies have so far painting rosy and encouraging pictures about broadcast markets in India basically on the back of economic growth and increasing literacy, awareness and purchasing power of the growing middle and lower middle class, the ground situation here is also not very encouraging either.

In October 2012, Rasmus Kleis Nielsen, in his study titled, “Ten Years That Shook the Media World’ while quoting India wrote, “in emerging economies like Brazil and India, some trends are significantly different as economic growth, urbanization and increased literacy mean that media markets are continuously expanding, fuelling growth in television, print and the internet and mobile at the same time. Here, we are likely to see:

a) Continued audience fragmentation as the number of outlets continues to increase,

b) Traditional elite-oriented broadsheet newspaper companies facing some of the same problems their counterparts in more affluent democracies struggle with, even as the increasing number of popular newspapers grow, by catering to the lower middle class who may have a mobile phone but only limited internet access and

c) Some levelling of differences in news consumption and level of political knowledge as some new media begin to appeal to a broader and more diverse audience.”

Barely few months after the report, a shocking development was doing rounds of the TV news media circles. Promoters of ‘Tara Newz’, a regional news channel in Bangla along with its music counterpart Tara Muzik decided to shut its shop overnight which left many as many as 800 journalists unemployed. While several newspaper reports went about praising how the employees put brave face and went on air even after knowing they were
jobless there was lot of discontent about the way the promoter announced their decision, by sending a mail using his blackberry. Barely a month before this incident, the same set of promoters had decided to shut their newspaper The Bengal Post Daily as well. The decision to shut down the company was intimated to the employees through an announcement put on the notice board which said, "We regret to inform that due to some irrevocable reasons and compelling circumstances and in spite of the best of our intentions, we shall no longer be able to publish the daily from 1st April 2013. The notification shall be applicable to all editions of the newspaper in the state and beyond... The outstanding salary of the staff will be cleared within 1st April and if possible an additional amount will also be provided to the employees as compensation though the amount is yet to be decided."(Nagchaudhary, 2013)

Sudipta Sen, chairman and managing director of Saradha Printing Publications Pvt Ltd whose chit fund company Sharada Group got burst is behind the bars right now. Before his arrest he sent an 18 page letter to the CBI in which he alleged that he was forced into entering media business. Sen alleged that Kunal Ghosh, the CEO of his media business attacked him and forcefully made him sign papers which said that he had "sold Channel 10 to them for a meagre amount of Rs. 55 lakh, which can never happen". Sen also alleged that he was assured that because of his agreement, "they will protect my business from the state and central governments" and will grant him "smooth passage to chief minister Mamata Banerjee".(IBNlive, 2013)

This is not a one off case of media companies shutting their shops and bringing in hundreds of journalists and other media professionals on road. In 2009 ‘Voice of India’ a National Hindi News channel promoted by real estate company, Triveni Media Limited, brought its shutters down within a year of being launched. The company at the time of launching the channel had announced to follow it with five regional language channels along with an English lifestyle and a music channel. Poor planning was said to be responsible for the channel’s sudden demise.
Even experienced media players and pioneers of television news have had to close their media ventures because of poor audience response and lack of advertisements. NDTV group’s city news channel MetroNation could not stand the test of the market for more than two years. The channel first downsized its staff strength then chose to shut down completely. Around the same time the North East television group promoted by Positiv media group decided to close its Bhojpuri news channel Hamar TV along Focus TV, a channel which addressed only women audiences.

These examples would look very similar to the media scene in many western countries. However, the closures of news channels in India have not been because of saturation of audiences but because in the last decade, there have been an oversupply of content from the genre. Most of the content created by news channels suffers with two fundamental economic challenges, lack of content differentiation and lack of market differentiation. This when gets topped up with bad business planning ends into a disaster in a very short span of time.

Every news channel launch brings in a lot of enthusiastic journalists from established networks who decide to leave an established name for better position and salary in an establishing network. On the other hand, most of the promoters too enter this business on the pretext that it is very cheap to launch a news channel but what they forget to take into account is the day to day expense of collecting and processing news along with taking care of its distribution aspect is a very expensive affair. “I would say in most cases it is the industry insiders which have kept these outside promoters in dark by not sharing these expenses with them,” says media consultant Ajay Upadhyay. (Interview with Ajay Upadhyay in Noida on 12th April 2013)

Many experts also feel that the Government and licensing authorities of the news channels too need to be accountable for such conditions of the news market. “What were the licensing authorities doing when they gave 400 plus licenses for operating news and current affairs channels to people from just about any background without checking if they even had any viable business plan and revenue model. They
should have at least put a clause saying that any promoter will have to run a news channel for a minimum of say 10 years after getting license,” questions says senior journalist and Ex News editor of Voice of India, Alok Verma.(Interview with Alok Verma, 4th May, 2013)

Challenges for the existing news channels are also no less severe. In their attempts to remain distinct and relevant to audiences news broadcasters are under external pressure from a growing number of alternatives appealing to the same users and under internal pressure in cases where cost-cutting threatens investment in quality content.

As consumers, women and men have been turning away from news from news for years causing circulations ratings decline and eroding the news media’s power. If the news media continue to lose power through dwindling circulation and ratings, can it continue to be regarded as the fourth estate or will it simply be the watchdog that is no longer feared because it had more bark than bite? Declining circulations and ratings also affect the news organizations financial health. If advertisers feel newspapers and broadcast news programs are inadequate for reaching their target markets, they will reject the news media and turn to non news vehicle. (Poindexter et al. 2008)

This also brings in another question, whether the original system of having a news plus entertainment channel was the best one since 24x7 news channel business model is not a feasible one beyond a certain point. “You cannot sell news alone since pursuing truth is an expensive affair. You need a lot of resource and patience to run a quality round the clock news channel. CNN’s model of a round the clock news channel is a wrong model,” says Ajay Upadhyay. (Interview with Ajay Upadhyay on 12th April 2013)

Creativity, technology and regulation are widely regarded as three pillars of the television industry which are expected to lead an effective mechanism for capitalizing on India’s one billion plus population. Since, mostly event driven news industry has not much to
offer in terms of content differentiation \(^1\) and lack of effective and transparent regulation has been a cause of concern for the channels for long\(^2\) most of the changes are taking place on technology front. Convergence has opened a lot of avenues for media industries across the board.

Like any other media business, news channels in India too ideally should have at least two streams of revenue, advertisement and subscription. Of the two sources, as discussed in the previous chapter, distribution is more of an expense head than a source of revenue for most of the channels except for a lucky few which are part of bigger media conglomerates and also own one or more distribution ventures in form of vertical integration. Else, as data shows, for other independent news networks, it is one of the biggest expenditure heads especially for the new entrants and the marginal players.

Although, the process of digitisation which at this time is fast happening in more than 30 big cities across the country during the second phase has given some reasons to the news channels to smile for better future, it has not actually began to reflect on their balance sheets in a positive way. This leaves news channels over dependent on their only viable source of income which is advertisement.

As, Sunil Lulla, MD and CEO, Times TV Network puts it, “People in India pay 50 paise per hour of TV viewing on an average per day. This is the biggest ‘social service’ via the entertainment and information sector, considering the first class content we create for viewers. Globally, people pay 10-20 times of that. “This is the media of significant opportunities; especially when we are at the cusp of a game-changing move like mandatory digitisation, which will transform television broadcasting and related sectors from a Rs. 35,000 Crore industry to a Rs. 100,000 Crore industry,” Lulla says. However, he feels it would be naive to believe that these recent developments are a signal of “All is well”. “It is a reminder that sustainable economic models will survive testing times and television broadcasting too needs the constant discipline of prudent financial acumen,” he observes.”(Ahuja, 2012) Even on the advertising front news channels have to face a

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\(^1\) Details on lack of content differentiation in TV news industry will be discussed in the next chapter.

\(^2\) Details on laws and regulation related to news channels is discussed in chapter two.
challenging turf because of their really low advertisement rates. During prime time a ten second slot on a popular soap opera costs around Rs. 80000 while on an average a prime time slot 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. Even countries like Pakistan and Bangladesh have better advertisement rates than India. According to Sanjay Salil, Media Consultant and Managing Director of Mediaguru.com, “A lot of it is because of the strategy undertaken by some of the first few news channels which in an attempt to woo advertisers reduced their advertisement rate drastically. The strategy reaped benefits for them in the initial few years and they made money but in the long run they have lost value and so has the entire broadcast industry. And now that the television news market is so overcrowded they have no chance of getting back to the previous positions.” (Interview with Sanjay Salil, on 7th May, 2013)

In fact, advertisement accounts for more than 100% of any news channel's income since the expense on distribution is also bourn by the income from advertisement. In the chapter on advertisement we have discussed how news channels are using every inch of space available on their screen and every second they can part with in getting advertisement revenue. So much so that there is a lot more innovation happening these days in aligning content with all possible advertisement than creating innovative content itself. However, the industry regulator TRAI has started seeing it as invasion of consumer rights and thus has decided to put on a cap on the number of minutes of advertisement any channel can show in an hour’s time. TRAI's latest regulation says that no channel should have more than 10 minutes of outside advertisement and two minutes of self promotion advertisements in a 60 minute wheel. This applies to both news and non news channels. Although this regulation is yet to be implemented, it leaves especially news channels with a lot to worry about. This certainly also strengthens the point that with the content they provide, news channels, not only should be looking for but also strengthening alternate revenue streams.
5.2 CURRENT ALTERNATIVE SOURCES OF REVENUE:
Alternative revenue streams are something that the news channels have been exploring for quite some time now, at least ever since threat of the Internet hit them first when the TV news industry was in its toddler years. Subsequently, mobile and social media became new tools of imparting with information and started demanding attention as well. The focus of this chapter will be understand different revenue streams news channels have been trying and whether they have been financially viable for their promoters. The following pages will also try to explore the emerging ways to generate revenue through alternate sources and their requirements for engaging with their audiences effectively.

5.2.1 Strategic Placement of Products:
While the regulator TRAI does want to fix up a cap on the free air time commercials on television, there is no restriction on how any channel uses the screen space along with the content. Almost all TV channels have been making use of the screen space in every possible way available to them. Be it in form of logos, ticker space, segment sponsorship or property sponsorship. The latest attempt in this direction has been to place the product right at the centre of the screen so strategically that it does not look or sound like advertisement but at the same time goes smoothly with the content or the presenter.

This is a strategy movies have been adopting for decades now. Right from ‘Rajdoot’ bike being in the spotlight in the 1973 movie ‘Bobby’ to the big neon sign of ‘Mafatilal’ in the background song in the 1989 blockbuster flick ‘Maine Pyaar Kiya.’ In Baghban (2003) Amitabh Bachhan was shown as an ICICI employee while in Lage Raho Munna Bhai the lead actors were radio jockeys with World Space Radio (a satellite radio company).

Fiction shows on television have also caught up with the trend and so have the news channels. News anchors are often seen endorsing products on air either verbally or visually. In the photograph below, Juice brand Real is strategically placed between the news anchors during the morning show of an English news channel CNN-IBN Anchors here, as opinion makers, who have a reach across the nation, are promoting and endorsing the usage of the product. This is not very different from products being used by movie
stars as the characters they play on silver screen. While these kinds of placements do not directly interfere with the flow of news which a logo or a ticker would do, its constant presence on screen is definitely earning a lot of visibility for the brand. News channels these days are full of such promotions. Basically it is all about associating the brand with the overall persona of the channel and striking a deal with the marketing team of the broadcaster.

**Photograph 5.1: Strategic Placement of Product on CNN IBN**

News channels have in fact been doing such strategic placement of brand for their self promotion since long. Like placing tea-coffee mugs with their brand name on the anchoring table or even the gun mikes with the channel logo for that matter. Now these placements have been openly used to open a channel for earning money for the broadcaster. Another such common placement strategy has been the brand of laptops anchors use on air. However, now the space on the laptop is being used to promote other brands as well by several news channels.
Photograph 5.2: Strategic Placement of Brand on Zee News:

Some broadcasting companies are also making money by redistributing the merchandises given by their channel partners either to the retailers or making it a part of their promotional activities.

5.2.2 Selling Content to Rivals and Other Interested Parties:
In much developed markets, news channels are known to have capitalized on the some exclusive videos shot by their in house reporters and camerapersons. In such situations broadcasters make money by selling the footage even to the rival channels or any other organization which is ready to pay for them. This is possible since the strict copyright laws and their implementation does not allow anyone to use any such video without proper authorization. In India however, it is impossible to capitalize on even the most valued footage by charging user fees from other rivals due to lack of any such effective law or worse, their implementation. News broadcasters in India are known to be using exclusive video footage from rival channels by simply covering the channel’s logo with a courtesy band. Since all channels do this, just by informing the rightful owner of the video, the system so far has been that of a barter one. To save their branding in case of breaking events many channels have started to run their exclusive logo right in the middle of the screen but still end up getting plagiarized. It seems that the general notion among
news channels is that “Copyright in India for broadcasters actually means Right to Copy from the competition.”

A live example of this was seen during recent coverage of General Parvez Musharraf’s trial in the Pakistan Supreme Court. The day the general fled the court after the judge passed an order to arrest him immediately, Pakistani news channels were playing it live and so were most of the Indian channels. Not by covering it themselves but by directly showing a popular Pakistani news channel Geo TV’s live coverage. Almost all major Indian news channels that day were playing Geo TV and some even went to the extent of showing the chat between the Geo TV’s anchor and their reporters.

In such situations news channels cannot afford to bank on selling their visuals or consider it as a reliable alternate source of income. Some channels however have made money by selling visuals to be used in movies and even documentaries. These are however one time earnings and not regular ones. Moreover, such windfall amount does not even create any flutter whatsoever in the annual balance sheet of news channels. Many news channels however are trying their best to capitalize on their existing footage and selling them through digital platforms. For example, in TV Today network selling of videos digitally is taken care by a separate division.

5.2.3 Content Syndication:

Achieving economies of scale to reduce cost of production per unit of any product has been an age old strategy of corporations. News channels are no alien to it. They have been launching their brands in foreign countries targeting the Indian diaspora. The content is the same which is aired for Indian audiences with no attempt of alteration to suit the preferences of NRI audiences, thus it involves no additional costs in terms of content creation. Distribution in these markets involves tying up various distribution platforms and finding a place in their specialized bouquets. Since, these packages are

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3 This term was used more than once by different experts during their interviews for the thesis
4 The incident happened on 18th April 2013 and details about coverage of the incident by Indian news channels are based on the author’s analysis as a news viewer
5 Many scenes of the 2004 movie Lakshaya used actual shots of the 1999 Kargil War which were shot by reporters of news channels like Aaj Tak.
paid for; Indian channels too earn money through subscription revenues. Apart from these they also make money from getting specialized advertisements from products which are targeting the Indian diaspora in the local market. Channels like Aaj Tak, NDTV, and CNN-IBN are available in markets like USA, UK, Canada, Australia, Middle East etc.

Conglomerates like ZEE TV which also airs a host of entertainment channels in these markets syndicates a couple of news bulletins with their entertainment channel to make it more gratifying for the consumers to subscribe them as they get both entertainment and news content by paying for just one channel. However, as compared to Hindi and English channels, it is news in regional languages which have been able to reap better results in the foreign markets. Language channels like Tamil, Malayalam, Bangla etc have larger visibility and more committed viewership due to the regional sentiments which NRIs carry when they are living abroad.

While the news channels in the foreign markets are surviving on the subscription revenue there is very little they are doing to extend any tailored content to the viewers there or for that matter to build some unique rapport with the consumers there. Audiences on the other hand have little choice in terms of subscription since in most areas there are not more than a couple of Indian channels available and most of these are part of special packages which are fairly expensive. So the success of any channel lies in striking a deal with any service provider with any distribution platform be it DTH, IPTV or Digital cable and be a part of as many of their package deals.

The other way of Content syndication is through selling content to various other interested parties. Like the India Today group which owns a host of magazines and news channels like Aaj Tak and Headlines Today has created a subsidiary names ‘Syndications Today’. This is the specialized body and nodal division which grants re-use rights of premium articles, photographs and audio-video content generated by the India Today Group and delivers such content in a customized format to various clients in the global Information Services Industry including media companies. Besides this, the division also
provides content to advertising agencies, research houses & corporates worldwide and accepts requests for providing credible and quality content from India through the Group’s countrywide network of correspondents and photographers. (Sourced form groups website syndicationtoday.com)

5.2.4 Internationalisation:
Some broadcast companies are also diverting their resources in overseas markets by catering to the news appetite of the local audiences in other countries. This trend actually started quite some years back with the launch of ‘Nepal1’ the Nepalese language news channel launch in 2003 by Indian Journalist Nalini Singh. Apart from Nepalese speaking population in several states of India, the news channel caters to cable and satellite households in Nepal too. Since Nepal is a neighbour country with a cultural and economic interdependency and half of the target audiences of the channel are resident Indians the content is not drastically different. In the recent years several broadcast conglomerates have stepped out of the overcrowded Indian markets and established news channels overseas. These channels aim at catering to both the Indian diaspora abroad and the local audiences. NDTV launched NDTV Arabia in UAE on the same grounds but failed to sustain in financially and the operation was shut down in 2009. The group is still beamed in UK, USA, Canada, South Africa, Middle East, Australia, New Zealand, Mauritius and most of the SAARC countries where it caters to the Indian diaspora. (Information provided on the group’s website)

On the other hand Zee Network has entertainment channels in Arabic, Urdu and Malaysian and is looking forward to enter into news market in these countries as well. Secondly, the group is also planning to launch an international news channel in English much on the lines of CNN International and BBC International. (Personal interview with Samir Ahluwalia, Editor Zee Business, April, 2013) Several other national and regional news channels like Aaj Tak, Asianet, ABP News, Jaya TV are also broadcast outside India catering to the diaspora.
5.2.5 Content Distribution through Convergence:

Apart from these comparatively small alternate sources of income, the biggest opportunity for capitalizing on their content which news channels have today is through convergence which means distributing the content through several available digital platforms like internet and mobile technologies.

FICCI in collaboration with Price Water Coopers (PWC) in the annual report on media and entertainment industry in 2007 defined and described convergence at length. According to the report’

“The term convergence describes two trends: the ability of different network platforms (broadcast, satellite, cable, telecommunications) to carry similar kinds of services; and the merging of consumer devices such as telephones, televisions or PCs. From a technology perspective, the twin forces accelerating convergence are increased broadband penetration and increased standardization of networks and devices to use the Internet Protocol (IP). Convergence collapses previously distinct media distribution channels (for example, broadcast/cable television, radio, print, online) into a single delivery chain. A converged infrastructure supports a range of interaction modes between users and content. Moreover, the open transport and interface protocols of IP mean that access to content has become largely network and device independent. Fundamentally, convergence affects the two-step process at the heart of any media-based industry – content creation and transport. The first step entails selecting, packaging and encoding content into a medium. The second step transports content to its destination and then decodes it for use. In most instances, it is the second step that defines a particular media market, which influences the form taken by the content in the first step. Content owners are both facilitators and beneficiaries of convergence. They make converged media experiences possible by offering consumers their content libraries in digital format through any access device and network. They benefit from convergence by serving consumers’ new media needs with the appropriate distribution and business models. (FICCI PWC Report, 2007)

Over the period of time, presence on new media has evolved as a must for most of the traditional media companies including news channels. Most of them have their websites and can also be accessed using smart phones and other hand held devices. Many of the broadcasting houses like Star, NDTV, and Aaj Tak have already created separate divisions focusing on new media distribution channels. Convergence has transformed the
landscape of the industry by enabling players to leverage cross media synergies and attract a whole set of new consumers. 3G services have further aided convergence by making the mobile phone a convenient access point for video and audio media.

There are two ways for the news channels to earn money through new media. One, through their websites which can be assessed by users through any internet service provider and two, through various cross media synergies using mobile technology and targeting niche consumers. In a nutshell, content syndication through these platforms also has two basic ways of earning revenue for the broadcaster, subscription and advertisement. Online media is the fastest growing medium in terms of its relative market share in the total advertisement pie. According to FICCI KPMG report 2013, new media advertisement which includes both desktop and mobile advertising is expected to grow at Compound Annual Growth Rate (CGAR) of 32% over the next five years and is expected to reach to Rs. 87 billion by 2017. Of which 74 billion will be spent of advertising through Desktop Internet while mobile advertising is expected to witness a seven fold growth to reach INR 14 billion by 2017.

**Graph 5.1: Growth Projections in Internet and Mobile Advertising**

![Graph 5.1: Growth Projections in Internet and Mobile Advertising](Source: FICCI-KPMG Report, 2013)
Technology is changing at a very rapid pace and so are the ways of syndicating content on these ever evolving platforms. The early form of digital presence which the news channels had was creating a website of their own. For broadcasters, these websites were more like extending their presence on the newly evolved world of the ‘world wide web’ rather than looking for an alternate ways of making money. These early websites were non-interactive much like a digital newspaper, which would get updated only once a day. Those were the days when television was a medium on its rise thus broadcasters were mostly concentrating on extending their audience base and cashing in the popularity of news on television. In fact, news channels started making money through content sharing on mobile before they could cash in through their websites.

5.2.6 Alternative Revenue Streams through Mobile Phones:
The early years of the 21st century saw a complete transformation in the position of mobile phones among the masses of Indian households. From being a luxury product which only the head of the family could afford to own, it became as essential need for every family member. As competition increased, there came a rush among the telecom service providers for slashing call and SMS rates. As voice and text revenues were brought down, profitability became a big issue of concern for telecom companies. So, mobile companies eventually decided to sell media content through their network. That was also the time when TV media industry too, after realizing that ensuring subscription was too much of a burden and revenue from advertisement had a limit, was looking for an sustainable alternate source of income. News channels were just one of the content provider segments for telecom companies which were also sourcing content from movies, music companies and gaming companies. The first form of content sharing between news channels and telecom companies were news updates through short message service (SMS). News broadcasters tied up with telecom companies and for a fixed sum of fee every month customers could subscribe to daily news alerts. Soon these news alerts were segmented and customers were given choices to subscribe from various news categories like breaking news, cricket news, business updates, horoscope and so on. Content owners got anywhere between 5-15% of the Value Added Service revenues that subscribers paid for (Khandekar, 2010). It was not getting news channels a lot of money but since there
was no extra cost involved for them in creating content they stood by whatever they were making. This was the time when smart phones had not made their foray in the domestic markets and value added services were limited to only two forms, voice or text.

Smart phones completely changed the way content creators interacted with their audiences through mobile phones. The multi-layered world of content creation and distribution now is neatly divided into two categories, digital and non digital. While technical platforms like internet or mobile phones much like distribution platforms of television signals are just various ways to deliver the content to the customers. Smart phones or any form of personal computers like tablets or laptops today are just gadgets which can be used to access any form of media content, text, voice, data, video or all at the same time. For consumers now there are endless choices both in terms of type of content he wants to consume and where and how he wants to do that.

This on one hand has opened numerous avenues of content sale for broadcasters and on the other hand has also created challenges on many fronts for them as, now they need to make sure they are available to their audiences on all possible platforms through which they want to consume the content. This is not as easy as it may sound, since different smart phones work on different operating systems (OS) and content providers need to make their content compatible to all of them. For example, Apple’s i-phone and i-pad run on iOS and this OS can be used only on Apple devices. Similarly, Microsoft’s Windows phones and their tablet Surface run on Windows operating system and Nokia phones run on Symbian operating system. Now if any content provider say, NDTV, wants to target niche audiences who could afford to buy smart phones or tablet pc’s, it needs to make sure its content is compatible with all these operating systems since, the audiences would be a heterogeneous mix of people who could be using any of these smart phone brands. Its much like the way broadcasters make sure their channel is seen on all major cable and satellite services, DTH players as well IPTV service providers.

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6 News channels are not willing to quote the exact amount they made out of these SMS alert services.
There is another way companies are marking their presence in the digital content consumption world, which is, by developing smart phone and tablet applications (Apps) in association with the technology firms. These applications once downloaded on the phones, enables the consumers unlimited access to the content provided by the broadcaster. For example, English news channels CNN-IBN has applications for iPhone, iPad as well as android phones. Similarly, Aaj Tak too has apps for windows 8 phones as well as iPhones and android phones. Most of these applications can be downloaded free of cost and content providers here too are eyeing advertisement revenue depending on whether they can grab enough eyeballs to convince their potential advertisers. Companies are also directly tying up with mobile handset and tablet manufacturers to get their applications in-built in the gadget. In this format, while consumers can use the in-built applications without the need of downloading it, content partners get paid for the content update.

When Apple launched the iPod in 2000, it sought to sweep the technology and music industries with a single product. A decade down the line, technology has helped music companies earn record revenues, which in turn has kept the content pipeline of good quality music. Apple sought to do something similar with the publishing and TV industries with the iPad launch in 2010. Rather than owning content, it partnered with publishers and TV companies to sell their content through its tabs. Two years down the line, both publishers and broadcasters are happy with the early signs. And Steve Jobs’ recently published biography has given life to rumours about the impending launch of Apple TV, which might do to the TV industry what iPod did to the music industry. News reports say Apple is in talks with content producers for a pay per view model for TV content. Rather than subscribing to channels and paying for content which is neither wanted nor watched by viewers, subscribers will have the ability to buy their favourite content off the shelf. In one stroke, this move threatens to shake the foundations of the TV industry that has been built painstakingly over layers and layers of subscription models.”(Ahuja, 2011)
The business model of tying up with mobile companies for sharing content is not very different from carrying television signals since the last mile here too is with someone else (telecom service provider in this case) and revenue sharing formula is unfavourable for the content provider. According to industry estimates, for every 1 rupee earned through content sharing through mobile phones up to 80paise is taken by the service provider and the content creator is left with a mere 20paise. While some content providers like films and cricket broadcasters have been able to turn the tide in their favour by negotiating some tough deals and even revenue sharing mechanisms with the telecom service providers, it is the news content providers which have been left behind. The basic reason here is again because of news as a content being freely available and lack of content differentiation in news market by established as well as new entrants.  

Increasing demand and purchase of smart phones followed by rapid rise in content consumption through them have made it imperative for content producers to concentrate on their target audience in this segment and study their consumption pattern accordingly. According to FICCI KPMG report, in the entire internet enabled market, over the next five years, the share of smart phones is going to double from 30% to 62% while PCs, Notebooks and Tablets together will account for 22% of this market.

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7 This topic has been discussed in detail in chapter 5 on Market differentiation challenges for news channels.
A news challenge for broadcasters here is that apps loaded smart phones now have blurred the lines between mobile phones and internet. And this is a market where even newspapers are trying to enter at an aggressive pace. The Times of India now has an application named ‘Alive’ which enables users of a certain mobile platform to view related videos of their print content on the smart phone or other hand held devices. These steps are going to directly challenge any news channel’s venture to tap into the new media market. Other newspapers as well are fast urging their news reporters to adapt.
themselves with the needs of new media. For example the Hindu newspaper has been instructing its reporters to shoot a short clip of their coverage using their mobile phones which can be posted on their website or can be part of news consumption through mobile phones.\(^8\)

5.3 REVENUE THROUGH CREATING CHANNELS ON POPULAR VIDEO SITES:

Inspired by the videos which go viral on the popular video sites and the advertisement revenue they bring along with them, news channels are now exploring these new avenues as channels for generating revenue. The two most popular websites for Indian news broadcasters so far have been Youtube.com and Yahoo.com. In the Yahoo Video site, a channel is defined as "A channel is a series of videos from the same source or user. If you like a channel you can add it to your Favourites page." Both YouTube and Yahoo launched their respective channels in the middle of 2006. YouTube’s press release said, "YouTube said that it aims to move beyond depending on the latest hit videos, which spread like wild fire across the Internet via e-mail. Instead, it wants to create a personalized programming experience akin to TV viewers surfing channels with a remote control." Encouraged by YouTube’s increasing popularity and the fact that it launched its India edition in 2008 at www.youtube.co.in which features a localized homepage and search functions, allowing users to create and share videos, discover the most popular and relevant videos in India, and connect with other Indian and global users, many mainstream broadcast companies since then have become partners with the popular site. (Joshi, 2008)

The monetary formulae on these platforms are not very different from the traditional ways of making money through television broadcast. Grabbing as many eyeballs and converting it into advertisement revenue. Users can sign up and simply enabling the ‘monetization’ buttons entitles them to earn money for their popular videos. The user policy says that ‘Only original and non-copyrighted content or for which the user has the right of international distribution is allowed.’ Earnings depend on a number of factors

\(^8\) This fact came out during an informal chat with one of the newspaper’s senior reporter.
like the type and pricing of advertisements appearing in the video. However, inspite of immense popularity and a lot of success stories, the general perception of partners has been that YouTube is not a place to make money. And of late YouTube has decided to change it. YouTube has expressed willingness in trying to build a bench of talent that can support its ambition for competing with traditional TV.

“In the past year it has opened swanky new studios in Los Angeles, London, and Tokyo, launched more than 100 new original content channels, and made advances totalling more than $300 million to some of its top video makers. For folks who dream of earning a living as YouTubepreneurs, the biggest change took effect last April, when the video site launched a new revenue-sharing program. Whereas before, creators who wanted to pair sponsors’ ads with their videos had to get YouTube’s permission, now the video platform has automated the process with a “monetize” button, essentially opening the flood gates to anyone who posts an original video. Creators get about half the advertising proceeds, according to industry analysts and video makers. YouTube typically finds the advertisers, although creators can approach sponsors directly. “If they can generate an audience, they can start making money,” says Tom Pickett, YouTube’s vice president of global operations.”(Hamilton, 2013)

YouTube has tried to make its website user friendly both for its channel partners and advertisers. Video specific advertisements, which run before the display of the video are termed as pre-poll ads. According to YouTube, pre-poll ads display video as an advertisement break before or during YouTube partner videos. Viewers can click any video advertisement to learn more and advertisers can track their engagement. Pre-roll advertisements put the message wherever online viewers are watching, in a classic TV like format that makes ad planning easy. Pre-roll ads only run on videos from trusted YouTube partners. Pre-roll advertisements come in two formats: Standard pre-roll and TrueView pre-roll. Standard pre-roll ads are either 15 or 30 seconds long. TrueView ads can be longer than 30 seconds and viewers have the option to skip after 5 seconds. With TrueView pre-roll, advertisers are charged only if users view the entire ad or watch at least 30 seconds, whichever happens first.
In order to give the channels an opportunity to understand their audiences and audience preference in a better way, the website also provides audience analytical service to its partners. YouTube analytics is a self service tool that gives the partners detailed statistics on their videos and their viewers. It is an easy and powerful way to discover the particular video themes which work best for their audience. Once the partners know about this they can deepen their engagement and sell more of their products. YouTube analytics gives its partners basic information about its viewers like their numbers, their demographics and location as well as specific information like what makes the viewers watch content for a longer time and which videos are more successful on the website and why do viewers drop out of a video. The service also shares information about audiences who watch the videos on their mobile handsets and whether the viewing preferences of mobile users are different from that of the traditional.

Inspite of all this when it comes to making money out of posting videos on YouTube, it is still a very tough avenue for broadcast organizations. According to the Business World article, “Specifically, the rates for the most lucrative, pre-roll videoads that appear right before the featured video dropped from an average of $9.35 per 1000 views in June 2012 to $6.33 in March of 2013, according to David Burch, TubeMogul’s research director. In some cases the slide has been even steeper.”
Some popular Indian news channels do have their YouTube channels and their status on the website shows the number of people who have subscribed to them. Here is a list of the channels and the number of subscribers they have so far.

**Table 5.1: Subscription of News Channels on YouTube**

<table>
<thead>
<tr>
<th>Name of the News Channel</th>
<th>Number of Subscribers (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBC Worldwide</td>
<td>596</td>
</tr>
<tr>
<td>Geo TV</td>
<td>241</td>
</tr>
<tr>
<td>NDTV</td>
<td>113</td>
</tr>
<tr>
<td>Asianet News</td>
<td>93</td>
</tr>
<tr>
<td>India TV</td>
<td>34</td>
</tr>
<tr>
<td>Aaj Tak</td>
<td>33</td>
</tr>
<tr>
<td>IBN Live</td>
<td>33</td>
</tr>
<tr>
<td>News X</td>
<td>22</td>
</tr>
<tr>
<td>Zee News</td>
<td>17</td>
</tr>
<tr>
<td>ET NOW</td>
<td>8</td>
</tr>
<tr>
<td>Headlines Today</td>
<td>6</td>
</tr>
<tr>
<td>CNBC Awaaz</td>
<td>5</td>
</tr>
</tbody>
</table>

(Data Compiled from Youtube.com)

While news channels are not willing to share their revenue figures from YouTube, going by Tube Mogul’s research, it does not sound like a very profitable platform for them either, especially when none of the mainstream channels are able to grab a lot of attention.

The other such popular platform for video sharing and earning advertisement revenue out of it is Yahoo screen. Mainstream channels which are present on this platform are New X, Headlines Today and news agencies like Reuters and ANI. Apart from this, production houses which specialize in creating video to be shared only on these websites are also competing with mainstream channels. These include NBS, Lehren TV and Clipko etc. Be it YouTube or Yahoo, any news channel here has chances of being successful more or less the same as any other video uploaded by any individual.

Although accurate figures for any company’s earning from their online and mobile ventures are not available, discussions with the marketing and new media teams of
several news channels reveal that at this time the revenue model for news channels through their websites is mostly advertisement as none of these sites have a subscription model. These new media advertisements account for anything between 4 to 8% of the total revenue for any news channel. ⁹

Nonetheless, new media promises future growth prospects and if the existing broadcast companies want to make it a reliable source of income they need to invest in it right now. News and current affairs content through new media needs will start making money in 2-3 years. But if the existing broadcast companies need to make money from it they need to start now. They need to start investing in understanding their online audiences and react accordingly. They just cannot wait till the platform starts giving returns since it will be too late for them by that time. (Personal interview with Media Consultant Sanjay Salil, on 7th May, 2013) Several of them have already started. NDTV is one of the most popular online news content creators in India. Its website ndtv.com is considered one of the most popular news websites in India. The broadcaster has created a separate company ‘NDTV Convergence which is expanding into TV and online synergies. In 2008 the group launched NDTV Active, the first full service mobile portal in India.

The initiative has enabled NDTV to leverage its programming contents to provide users access to personalised services, content and promotions on their mobile phones. NDTV Active features personalised sports, business and entertainment news, 'real-time' video, photo galleries, personalised alerts, cricket scores, interactive services like polls, comments, sharing with friends and content download.

On the other hand, the India Today group which also owns four news channels, Aaj Tak, Headlines Today, Tez and Dilli Aaj Tak, has created a separate company to take care of its entire new media operations. The company ‘India Today Group Online’ is responsible for showcasing and promoting content created by all of the groups divisions, Newspaper, Magazines, Radio, News channels etc on the digital platforms.

⁹ Based on discussions with sources of several news channels that are not authorized to speak on this issue officially.
As the gap between internet and TV users is reducing fast, TV broadcasters need catch up with the tastes and preferences of their online audiences at a faster pace. According to industry estimates, while Internet has only 174 billion in India now it is estimated to increase to 496 million users in the next five years. On the other hand the number of television audiences from 731 million in 2012 is expected to achieve 873 million by 2017.

**Graph 5.3: Internet Users Vs TV Viewers in India**

![Internet Users Vs TV Viewers in India](image)

(Source: FICCI KPMG Report, 2013)

**5.4 CONTENT OF NEWS CHANNELS ON DIGITAL PLATFORMS:**

While almost all news channels have a secured address online in form of generic websites, a look at their website will prove why most of the news channels are not able to capitalize on the new technology. Most of the content on these sites are either direct uploads of video from the bulletins or are transcribed versions of video clips. What the channels fail to understand that online and mobile audiences have different taste and preferences of news consumption and thus need to be treated differently. An online news audience does not want to be a passive recipient of news. He wants not only to interact and give instant feedback to the content provider but also have his say and presence reflected in the way content is being created.
In an era of virtually unlimited content choices competing for limited consumer time and attention, content providers need to evolve an approach that allows beneficial interaction between themselves, their consumer and the service providers which retain the last mile connectivity to be able to create market opportunities as well as new revenue streams.

On the contrary, what the television industry today is facing is increased complexity and economic inefficiency.

Online audiences for news broadcasters can be roughly divided in two categories, one which is a television viewer and needs an option to access the same content either on the desktop or on any of the hand held digital divide they own and two, the audiences who do not watch news on television and need to be addressed only online. Most of the websites are serving as mere extension of the news channels and are just trying to be available online to their already existing audiences. Thus they fail to impress the demographics which either never was a TV audience or which is fast drifting away from television for its apparent shortcomings. There are two separate things here which the news channels have to think of. One to cater to the online and new media needs of their already existing TV audiences. And second to create audiences among the population which does not spend much time on TV especially consuming news.

In order to cater to their existing audiences online, reporters and journalists need to be present across all platforms which their brand is offering. Thus there needs to be blogs, chat sessions involved in it apart from high degree of acknowledgement for audience feedback. This will go a long way in ensuring their relationship with their audiences at multiple levels. Online divisions of broadcasters are facing a lot of challenges in getting the content producers of the channels involved in the online operations as well. Discussions with online teams of news channels reveal that news anchors and reporters are often reluctant in writing blogs or chatting online with their audiences. There is a lot more reluctance in them in taking feedback from their audiences in a positive way or say involving their audiences in content creation. As a matter of fact they have still not started accepting the power of new media as a platform for mass content consumption.
This reluctance exhibited by media professionals is not very different from the unwillingness shown by them to adopt TV technologies more than a decade back. News professionals at that time were expected to learn camera and editing technologies apart from adopting the crisp writing skills to suit television audiences which many used to resist. Most of the television professionals today are comfortable doing what they are supposed to do for TV and do not want to adopt yet another technology. These are the people who as part of the industry have seen satellite television grow several folds in the last decade or two and thus are not ready to take online medium as a threat to the mighty television just so soon. (Interview with Sanjay Salil on 7th April, 2013)

The second part is the more difficult one. This is the generation which now might not matter much for the news channels since they do not have much of the spending capacity. But these are people whom most of the advertisers will be targeting in a decade from now and they definitely need to be groomed from today. Since they are not much of a TV viewer, they need to be catered through new media. The trick here is that even on new media platforms they are not looking for conventional content. So, the challenge for news channels here is going to be to understand their choices and cater to their need accordingly by creating tailor made content for them and combining it with effective marketing skills. While talking about such kind of audiences, the current extension of simply transferring TV content to new media platforms is not going to help.

With traditional facing serious challenge from social media enthusiasts, journalists have now begun to earnestly ponder over the need for finding ways to engage with audiences, whether online or in person. Since most of our media organizations are so habitual of treating their audience with utmost indifference in view of the current structure which does not open up any window for any constructive engagement with their audiences while determining content prioritisation. Hence, engagement isn’t just Twitter, Facebook or social media. It’s really getting to know audience deeply on what they consume casually or regularly. (Interview with Alok Verma, Editor in Chief of News Broadcast Service which provides content to mobile platform as well as some other news channels.)
However the managements are not at all reluctant. Having studied the market and analysed the trends channels are increasingly allocating their resources towards the new medium. For example, Zee news is claims to be increasingly working towards it. The media conglomerate says that in near future their news reporters or what they would like to call them now the ‘content generators’ will be independent of any technical platform and the content they bring will be distributed across all media platforms be it traditional media (TV or Newspaper) or new media (Websites or Mobile) (Interview with Samir Ahluwalia, 18th April, 2013) However, during the interview the channels agreed that the web presence of their channel is just not enough to extend their audience base and cater to the needs of young audiences. Aaj Tak on the other hand is promoting its TV content online by flashing the URL link on the screen of its programs when they are on air.

Media planners too believe that they see technical syndication as an effective tool of media planning in future. While 35% thing it is highly effective, equal percentage of people think it is indeed somewhat effective.

**Graph 5.4: Media Planners and Advertisers Survey 5**

*How do you see technical syndication as a future tool to media planning?*

While most of the news channels are taking their time to realize the real needs and potential of the new media platforms, a new kind of competition is awaiting them in this market as well. A host of small media enterprises are already creating content and selling
them to well known online brands and claim be attracting a lot of eyeballs too. One such website is News Broadcast Service (NBS) which was formed four years ago with the sole motive of creating audio video news for websites and mobile phones. It has also managed to be integral part of all Nokia handsets through a pre loaded application which provides news content to its users.

NBS claims to be the second most watched channel on yahoo.com India portal just by especially catering to the needs of young demographics which is very different from the usual TV viewing audience. The company keeps getting its feedbacks from yahoo about the tastes and preferences of their target audiences. With times the analytics are getting better which is helping such companies to understand their audience in a better way and respond accordingly. (Interview with Alok Verma)

These are small and unknown brands as compared to the established media entities but online viewers are defined to have preferred desired content over the source of its generation. The trick for news brands here will now be to sell trust, competency and different point of views rather than just news. Incumbents and new entrants have begun to compete for consumer loyalty and profile information, and this trend will continue. Incumbents possess significant content assets and a brand advantage and they have a unique opportunity to exploit this by establishing direct relationships with consumers. Because discrete distribution channels can be complementary rather than competitive, measuring and analysing the impact of one outlet on another is also strongly needed.

The big TV channels may be when they open their spreadsheets they don’t see those 20paise making much of a difference in their earnings so they decide to go for tweaking in marketing rather than content tweaking. But for smaller players even this revenue share scheme is just fine for now. While the small players are capitalizing on their new venture news channels cannot wait to waste time anymore. If they wait for some more online ventures to be successful before entering the new turf, it might already be too late for them.
The Huffington Post in USA has already created history by making people take notice of the power of online. Launched in 2005 the online venture is a news site, content aggregator and blogs all put together. The company boasts of an active community and over one million comments are made on its site every month. In 2011 it was acquired by AOL for 315 million American dollars and also has a Pulitzer prize in its kitty. The website has several editions and apart from English it is also available in French, Spanish, Italian and Japanese. (huffingtonpost.com)

**5.5 SOCIAL MEDIA: COMPETITION vs. OPPORTUNITY:**

Till date news broadcasters have either been treating social media platforms like Facebook and Twitter either as a source of first hand information or are trying to discard their impact on the overall scene of news. Social Media platforms need to be treated more seriously since they have also started impacting the way people perceive and analyse news. Analysts assert that a large number of people also come to online platforms to read between the lines, to know about what the conventional media channels have missed to report or have chosen not to report. They know that if branded media platforms cannot give that to them, some blogger or some Facebook post or even a tweet definitely will. A recent survey shows that during 2014 general elections Facebook might have a deciding effect on about one third of seats. Use of such platforms constructively not only to reach out to existing audiences but also to create a positive brand impact of non-TV audiences is immensely important for broadcasters. If they fail to do so these media platforms might soon emerge as their potential competitors. The threat is no completely baseless, two recent developments have indicated strongly towards it. You tube in a recent press conference has declared that it has already displaced TV watching as a medium. The video sharing website claims to have 1 billion unique visitors per month. Also it claims to have much deeper level of engagement with its audiences. According to Robert Kyncl, YouTube's global head of content, "I thought that YouTube was like TV, but it isn't. I was wrong. TV is one-way. YouTube talks back. TV means reach. YouTube means engagement."(The Independent, 2013)
In another development Twitter has posted a new opportunity on its website titled ‘Head of News and Journalism.’ According to the website, the concerned person will be responsible for devising and executing the strategies that make Twitter indispensable to newsrooms and journalists, as well as an essential part of the operations and strategy of news organizations and TV news networks. As per the qualifications, the person should have a strong vision for the broad potential of Twitter and news, while also being able to rigorously manage and scale the news team’s daily impact. The person will also be Twitter’s representative to the News industry, will manage Twitter’s partnerships with newsrooms in the United States as well its relationships with journalists and will also be responsible for representing Twitter at industry events.(twitter.com,2013) These developments clearly reflect that social networking platforms have not only realized their increasing importance as news creation and distribution platforms, there are also seriously looking forward to take their indispensability to a new level.

As the availability of several content distribution models are given the consumption control buttons in the hands of the consumers the onus lies on the news channels to make sure they are available to their potential audiences at the time of their availability. A more accurate and scalable data in needed about what the consumers are watching translating into their viewership pattern over a period of time.

The real challenge here is that news channels do not need to extend their presence on new media to increase their revenue, they need to do this to ensure their conventional revenue sources in the long run. Since, the future of news media might soon have only two classifications digital and non-digital and all media companies creating news content will have no choice but be present on both of them and compete. Rest all classifications of traditions media platforms might as well be passé in some time.