Chapter -1

INTRODUCTION

1.1 EVOLUTION OF CABLE, SATELLITE AND DTH

Cable and satellite Television is the main source of home entertainment all round the globe. In India the number of cable operators is estimated to be anywhere between 55,000 to 60,000. Most of these cable networks were set up by the small entrepreneurs. The reason that can be attributed for their mushroom growth is that there were no regulations to control them. With the passage of time the cable operators started consolidation among themselves by merging. Due to the emergence of a number of cable operators in particular area there is a decline in their number, as there exist a competitive environment. The cable TV penetration in India is still low when compared to other developed nations like U.S.A., United Kingdom, Japan, and China. The growth journey of cable and satellite television in India is mentioned in table 1.1.
Table 1.1

GROWTH OF CABLE AND SATELLITE TELEVISION IN INDIA

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Cable &amp; Satellite Homes (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>1.2</td>
</tr>
<tr>
<td>1993</td>
<td>3.3</td>
</tr>
<tr>
<td>1994</td>
<td>11.8</td>
</tr>
<tr>
<td>1995</td>
<td>15.0</td>
</tr>
<tr>
<td>1996</td>
<td>18.0</td>
</tr>
<tr>
<td>1998</td>
<td>29.0</td>
</tr>
<tr>
<td>2000</td>
<td>33.0</td>
</tr>
<tr>
<td>2001</td>
<td>40.0</td>
</tr>
<tr>
<td>2002</td>
<td>42.0</td>
</tr>
<tr>
<td>2003</td>
<td>44.7</td>
</tr>
<tr>
<td>2005</td>
<td>61.0</td>
</tr>
<tr>
<td>2006</td>
<td>63.0</td>
</tr>
<tr>
<td>2007</td>
<td>70.0</td>
</tr>
<tr>
<td>2008</td>
<td>72.0</td>
</tr>
<tr>
<td>2009</td>
<td>94.0</td>
</tr>
<tr>
<td>2010</td>
<td>103.0</td>
</tr>
<tr>
<td>2011</td>
<td>116.0</td>
</tr>
<tr>
<td>2012</td>
<td>126.0</td>
</tr>
<tr>
<td>2013 (Projected)</td>
<td>135.0</td>
</tr>
</tbody>
</table>

Source:
1.2 DIRECT TO HOME (DTH)

India has about 148 million TV home of which, cable & satellite(C&S) services are present in 126 million of the homes (Feb 2012). The DTH market in India comprises 18 % of the total market with almost 41 million homes. The DTH industry growth declined to 10.3 % in 2008 from 16.7 % a year earlier. The industry players are of the opinion that the digitization drive is expanding by 35-40 % annually. Industry estimates that DTH will touch 45-55 million subscribers by 2014, and that’s the number that every DTH brand has set its sights on. By 2017, DTH will enjoy a market share of 40 %, digital cable 40 % and analog cable will follow with 20 % market share. The DTH service market in India has emerged as one of the most lucrative markets which have successfully resisted the impacts of the current economic slowdown.

The slowdown has certainly proved a boon for the Indian DTH industry as people have now started to cut on their entertainment expenditure, Instead of viewing movies in theatres the Indian viewers prefer to enjoy at homes rather than going out to theaters or for other entertainment options. The industry is adding nearly 5-6 lakhs subscribers per month during 2011 and the numbers are forecasted to increase further by 30 % in 2014.

As DTH is still a relatively new category therefore large parts of Indian population are hesitant to experiment with it. Since Indian consumers are completely satisfied with their cable services, they did not feel the need to switch over to any other means of entertainment. It was therefore imperative for service providers such as Tata Sky, DISH TV and Reliance Big TV to educate the consumers about the advantage of DTH. Hence the major service providers like Tata Sky, DISH TV, Airtel Digital and Reliance BIG, Sun TV have already entered whereas Videocon has entered the market in June 2009.
1.3 PRESENT SCENARIO OF DTH SERVICE PROVIDERS

In the present scenario the following are the main DTH Service Providers operating in India.

1.3.1 Zee Entertainment Enterprises

DISH TV was launched in 2004. DISH TV is India’s first private player in DTH industry with a presence in 19 states under the banner of Essel group Zee Entertainment Enterprises.

It has a subscriber base of 11.2 million (feb. 2012). Currently DISH T.V. is market leader in DTH industry with more than 31 % share of whole market. It has bouquet of over 300 channels to choose from. Recently DISH TV has launched an entry-level subscription at Rs.99 per month with the largest offering of 110 channels.

1.3.2 TATA Sky

Joint venture of TATA group and UK –based British Sky Tata Sky was incorporated in 2004. TATA is one of India’s largest and most respected business conglomerates and the Sky brand, owned by the UK based British Sky Broadcasting. British Sky Broadcasting group has over 20 years of experience in satellite broadcasting. It launched its services all across India in August 2006. It has garnered a subscriber base of nearly 8.0 million (Feb. 2012). It has over 210 channels to choose from in a ‘super hit pack’ at Rs.99 per month with a bouquet of 53 channels. TATA Sky also launched TATA Sky Plus which provides the personal video recording (PVR) technology that allows consumers to record live broadcast. Presently Tata sky had attained second position, in India which is led by DISH T.V. in the DTH market.4
1.3.3 Prasar Bharti

Owned by parent company Doordarshan, DD Direct Plus was launched in December 2004. It was India’s first DTH service. The main area in which DD Direct plus focuses is towards providing information of educational programs to a large Indian viewers free of cost. DD direct is putting its efforts to improve its technology in order to reach the remote areas negligible at one time cost with wide variety of programs.

1.3.4 Sun Direct

Sun Direct is a DTH service in India having headquartered in Chennai was launched in the year 2005. Sun Direct is an 80:20 joint venture of the Maran family and Astro Group Malaysia. With 180+ channels and 31 radio channels Sun Direct has a subscriber base of more than 6 million. Sun Direct has a basic pack of Rs.75 monthly subscription which is the lowest price compared the other service providers.

1.3.5 Reliance Communication

Reliance BIG TV is a part of Reliance Anil Dhirubhai Ambani Group. Reliance Communication is a recent entrant in the DTH industry with the brand name ‘Big TV’. Reliance BIG TV was launched on August 19, 2008. It has aggressively priced packages as low as Rs. 1490 with an offering of 64 channels and a three month free subscription, In addition to 20 video-on-demand movie channels. By the year 2011(September) it garnered a subscriber base of nearly 3.7 million (Feb.2012) Reliance Big TV currently offers 202 channels. The major areas of attraction of Reliance BIG TV is VAS (value added service) and it claims to have next generation user guide which in due course of time will attract more subscribers.
1.3.6 Airtel

Bharti Airtel Limited had launched its DTH service by the name Digital T.V. in the year 2008. Airtel digital TV's standard definition broadcasts are in MPEG-4 with Interactive Service (ITV) and 7-days EPG (electronic programmed guide). Interactive Service (ITV) of Airtel digital TV includes an add-on service that allows a user to shop, book movie tickets etc. A universal remote is included in the package that can, over IR frequencies, control both the TV and the DTH box. Airtel digital TV currently has over 6.26 million subscribers (Feb 2012). Airtel digital has a basic pack of Rs. 99 monthly for south region and Rs. 125 monthly for north region.

1.3.5 Bharat Business Channel Limited

Videocon—the big Indian consumer durable player was launched itself in the DTH market in June 2009 through its media arm Bharat Business Channel (BBCL). In the short span of time Videocon’s D2h has made its presence throughout the country. Due to its low cost and advanced technology D2h is gaining matchless position in DTH market. It had introduced satellite box in place of ordinary Set top Box. Videocon d2h TV currently has over 3 million subscribers (September 2011).
1.4 PROJECTED GROWTH RATE

1.4.1. Market Share: The current market share of DTH service providers in India are as follows:

Table 1.2
MARKET SHARE OF DTH SERVICE PROVIDERS AND SUBSCRIBERS BASE

<table>
<thead>
<tr>
<th>S. NO.</th>
<th>DTH Service Providers</th>
<th>DTH Subscribers (in million)</th>
<th>Percentage of Service Providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Dish TV</td>
<td>13.4</td>
<td>25.52</td>
</tr>
<tr>
<td>2.</td>
<td>Sun Direct DTH</td>
<td>7.6</td>
<td>14.47</td>
</tr>
<tr>
<td>3.</td>
<td>Tata Sky</td>
<td>9.2</td>
<td>17.52</td>
</tr>
<tr>
<td>4.</td>
<td>Airtel Digital TV</td>
<td>7.4</td>
<td>14.09</td>
</tr>
<tr>
<td>5.</td>
<td>Big TV DTH</td>
<td>4.4</td>
<td>8.38</td>
</tr>
<tr>
<td>6.</td>
<td>Videocon D2H</td>
<td>6.0</td>
<td>11.42</td>
</tr>
<tr>
<td>7.</td>
<td>DD Direct Plus</td>
<td>4.5</td>
<td>8.22</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>52.5</td>
<td>100</td>
</tr>
</tbody>
</table>

Source:
1.4.2 Growth Rate: The growth rate of the DTH service in India presented in the following table 1.3.

Table 1.3
GROWTH RATE OF DTH SERVICE

<table>
<thead>
<tr>
<th>S. NO.</th>
<th>Year</th>
<th>Subscriber Base (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2005</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>2006</td>
<td>3</td>
</tr>
<tr>
<td>3.</td>
<td>2007</td>
<td>4</td>
</tr>
<tr>
<td>4.</td>
<td>2008</td>
<td>10</td>
</tr>
<tr>
<td>5.</td>
<td>2009</td>
<td>17</td>
</tr>
<tr>
<td>6.</td>
<td>2010</td>
<td>28</td>
</tr>
<tr>
<td>7.</td>
<td>2011</td>
<td>31</td>
</tr>
<tr>
<td>8.</td>
<td>2012</td>
<td>40</td>
</tr>
<tr>
<td>9.</td>
<td>2013(P)</td>
<td>48</td>
</tr>
</tbody>
</table>

Source:
KPMG Analysis, 2010,
1.5 ROLE OF MARKETING STRATEGY

We are living in an era which is technology driven. The entertainment industry is also witnessing the rapid growth and advancement in technological application. New and advanced devices based on improved technology are changing the way to get entertainment and this opened a gateway to launch innovations for DTH service operators to promote their products and services. The various features of DTH services are live example of technological innovations which make it distinct it from cable network and allowed to meet with changing requirements of aware and quality subscribers. One of very important aspects of these technological innovations is that it needs huge amounts of capital and technical expertise. It has been observed that majority of DTH service providers operating in India are from big corporate houses which are applying their resources to make their services and products better from their rival ones and hence they are using all the possible measures for attracting large number of subscribers. Hence, marketing strategy comes into play.

Marketing mix plays a vital role in the formulation of marketing strategies. The marketing Mix comprises of elements like Price, Place, Promotion and Product. These are the four pillars of marketing and as the complexity of market increases the role of product, price, place and promotion become more crucial.
Product
- Product Variety
- Quality
- Design
- Features
- Brand Name
- Packaging
- Sizes
- Services
- Warranties
- Returns

Price
- List Price
- Discounts
- Allowance
- Payment Period
- Credit Term

Target Market

Place
- Channels
- Coverage
- Assortment
- Locations
- Inventory
- Transport

Promotion
- Sales Promotion
- Advertising
- Sales force
- Public relations
- Direct Marketing

{www.marketingmix.com}
DTH market doesn’t contain equal opportunities for all DTH service providers, due to the differences in their duration of operation, capital, innovations, all DTH service providers are realizing the importance of marketing strategies and by applying them they maintain their presence and position in the DTH market.

Since the DTH companies are service provider and have a large potential in the emerging economy like INDIA hence the DTH service provider have to formulate marketing strategy in such a way so that they may be able to capture a large share in the DTH market. The changing socio-economic condition of the Indian subscribers in the recent years has compelled the marketing experts to device new strategies for DTH service providers in order to cope up with changing technological environment.

1.6 REVIEW OF LITERATURE

Review of literature is an important constituent in the research methodology. It relates to the work done by experts on the present theme and tries to outline the research gap that exists between their concept and the present study. Though not much work has been done on this topic but still some eminent scholars have tried to study the performance, growth and challenges of DTH services and TV industry. Research Papers and Articles on the present theme are discussed here with:

1.6.1 The article entitled “CAS-Pandora box” by D. Indian and Tathagat Das Guptapublished in 2007, discussed the importance of the Conditional Access System which will empower the subscribers. The article highlights the challenges which broadcasters have to face in forms of identifying the right kind of channel mix and price which the subscriber is willing to pay. The author have tried to explain the concept, pros and cons of Conditional Access System at the same time the aspect of cable TV regulation Act on DTH sectors. The Authors suggested that a new law must be enacted which should stipulate all elements like promoting competition technique standard and
cost structure. The author suggested that the Government must insure that the law should be implemented by an appropriate public regulatory structure.

1.6.2 The article entitled “Full Monty” by Vanita Kohli Khandekar, published in 2007, and discussed advantages that the cable operators DTH operators and telecom operators will receive if they entered in Set Top Boxes (STB) market.

The author was of the opinion that the first company that enters the market with free STB will dominate the pay TV market in India. The pay TV will bring more revenue for the broadcast. The STB would provide clear information on the viewer ship and demography which will help them in setting the right target for the right channel and hence increase the revenue of the service providers. With the evolution of cable TV, DTH and internet protocol (IPTV) the subscribers/viewers have more choices in selecting their pay TV options and services providers.

1.6.3 In the article titled “DTH in India” the author Dhandapani Alamgiri, published in the year 2007, the author has discussed the growth of Direct-To-Home services in India. The article elaborated the evolution of the DTH due to the limitations of cable TV network. The Indian television viewers are the biggest beneficiary if the rivalry between cable TV and DTH develop into a healthy competition in improving the service and standard of this growing entertainment sector with cost effective approx. The authors have tried to study the development of DTH and its future prospects in the country.

1.6.4 The article entitled “The great Indian DTH “By Francis DSA and Jamshedpur, published in the year 2009, highlight the overview of DTH industry in Indian prospective.

The author have outlined the concept of CAS DTH and IPTV. The article discussed the role played by various DTH service providers’ like-DD Direct plus, Dish TV, TATA sky; Airtel, Big TV and Sun Direct TV in this sector. A comparative study of
the DTH package and price has been studied by the authors, which helps in understanding the service provided by various DTH operators.

The author discussed the criteria which must be adopted by the subscriber before selecting particulars DTH service provider. The areas which were considered by the subscriber are channels broadcast, quality, interactive channels and services, hidden cost and future readiness. The article provides an insight of the sales promotion strategies adopted by the Direct-To-Home service providers in order to go increase their subscriber base.

1.6.5 The article entitled" Industry analysis- DTH industry in India” by Shiva Sundaram Uma Pathy published in the year 2006,highlights the evolution and growth of DTH service in India .The article analyses the history of Indian broadcasting and growth of television sector in post liberalized era. The authors have tried to study the performance of DTH service providers like Dish TV DD Direct Plus and TATA Sky using the Michel Porter’s model. The authors have tried to study the environment analysis of SWOT analysis. The author suggests that there should be a freedom policy of the Government and DTH service providers should increase the subscriber base by providing better quality of services.

In the above review of literature it is observed that no study had been undertaken regarding the sales promotion strategies of DTH service Providers in India hence the present study will help the DTH Service providers in formulation of strategies.

1.7 OBJECTIVES OF THE STUDY

The success, growth and development of an organization to a very great extent on formulation and execution of effective strategies to achieve its mission, goals and objectives. The strategy can have many dimension i.e., corporate level strategy, growth strategy, product differentiation strategy, acquisition strategy, and marketing strategy.
The marketing strategy is the most potent and effective in ensuring business and financial health of an organization as it is the only revenue earning activity.

As the present business environment is highly competitive it has become highly imperative to know and understand the sales promotion strategies of different organizations working in the same field.

The study tries to analyse the sales promotion strategies of DTH service providers through following objectives:

1. To study whether sales promotion strategy is major factor in a customer choosing his service provider.

2. To study whether the extent of spread and popularity of DTH is limited to a particular income groups.

3. To study the impact of DTH services and add on among various group of subscribers.

4. To study the role of technology in selection of service provider.

1.8 HYPOTHESES

The research work is to study the sales promotion strategies of DTH Service providers is based on certain hypothesis, which will actually be tested in the process of the study, are as follows:

1. $H_0$ All DTH service providers use different sales promotion strategies.
   $H_1$ All DTH service providers do not use similar sales promotion strategies.

2. $H_0$ All DTH service providers target only higher income group subscribers.
   $H_1$ All DTH service providers do not target only higher income group subscribers.
3. $H_0$ All DTH service providers use similar technology for their services and product.
$H_1$ All DTH service providers do not use similar technology for their services and product.

1.9 SCOPE OF THE STUDY

The present research work will be of immense help to the entertainment industry as it provides an opportunity to adopt new sales promotion strategies by various DTH Service providers operating in both public and private sector. With the rapid change in technology in this sector and growth of DTH users, the time has come to frame sales promotion strategies in order to penetrate the Indian urban and rural market. The study will provide an insight to the marketing experts and top-level management of DTH service providers to frame new strategies in present competitive scenario. The present study will be helpful to the various DTH service providers in framing their sales promotion strategies. Lastly by this research the subscriber will be benefited in terms of more attractive and lucrative scheme offered by DTH service providers.
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4. www.marketingmix.com
