UNIT –8 : MEDIA MANAGEMENT

UNIT STRUCTURE

8.1 Learning Objectives

8.2 Introduction

8.3 Media as an industry and profession

8.4 Importance of media management

8.5 Ownership patterns of mass media in India

8.6 Let us sum up

8.7 Further Reading

8.8 Answers to check your progress

8.9 Possible Questions

8.1 LEARNING OBJECTIVES

After going through this unit you will be able to -

- Define media management
- Explain the importance of media management
- Discuss the ownership patterns of mass media in India

8.2 INTRODUCTION

In the first unit of this part, we have tried to familiarize you with the meaning, importance and different managerial functions in an organization. In this unit we are going to discuss the emergence of media as an industry, growing importance of media management and the different ownership patterns of mass media in India.

8.3 MEDIA AS AN INDUSTRY AND PROFESSION

Media is commonly known as the fourth estate, when entwined with the entertainment component it represents an effective facet of consumers in India. Technology has played a key role in influencing the entertainment industry, by redefining its products, cost structure, and distribution.

Over the years the media scene has grown by leaps and bounds. This can be largely attributed to the growth of the entertainment industry and the vast amount of money that is being pumped into the media industry by the large conglomerates.

The media industry describes the once very distinct, but today interacting, mass media businesses of newspaper, magazine, books, radio, internet and TV industries. It is basically competing within three different markets: the content, the consumer and the advertising market. On the content market, it buy/processes content of different kinds (for eg, music, manuscripts, screenplays) and converts it into products (for eg : compact disks, books, movies). This product is then sold on the consumer market. Through its circulation and reach it is an important actor in the advertising market, where it sells its capacities to place advertising for other companies. The growth of the media industry walks hand in hand with new forms of communicative based technology.

As far as the Indian media scenario is concerned, the media and entertainment sector is poised to enter a golden era. According to a joint report by **KPMG** and an industry chamber released in May, 2010, the Indian Media and Entertainment (M&E) industry stood at US$ 15.9 billion in 2009 registering a 7.4 per cent growth over last year. Over the next five years, the industry is projected to grow at a compound annual growth rate (CAGR) of 13 per cent to reach the size of US $ 25.04 billion by 2014, the report stated. Additionally, the gaming segment is expected to be the fastest growing sector in the media and entertainment industry.

Broadcast, Cable and Satellite Television, Internet, Motion picture, Recording and Print industry fall under the gamut of media industry.

Radio Industry :

The radio industry is the oldest of the electronic media industries. Its roots extend back to the mid-1800s, when numerous inventors attempted to transmit the early dots and dashes of **Morse code** through the air. Radio is considered an important form of mass media. It ideally suits the Indian environment because of its wide coverage and cost effectiveness.

KPMG (Klynveld Peat Marwick Goerdeler) : In India, it is one of the leading providers of risk, financial and business advisory, internal audit, corporate governance and tax and regulatory services.

Morse code : Code used by telegraphers for sending messages, using combinations of long and short sounds or flashes of light to represent letters of the alphabet and numbers.

The introduction of satellite radio and internet radio has brought about a drastic change. **VedantaNET**, the broadband and application service provider of Guwahati promoted by SM Computer Consultants Pvt Ltd. has launched the service of first Internet Radio of Assam, 'Radio Assam' in the city. According to the joint report by KPMG and an industry chamber, the sector currently generates annual revenues worth US$ 4.5.2 million and is growing at around 20 percent annually. Radio earns its revenue from sponsorship and advertising. Advertisers sponsor specific programmes, and such shows might then carry the name of those advertisers. These sponsors might be required to pay in advance for a specific number of shows. The amount received will normally be treated as an advance and taken into the income account in proportion to the number of shows aired.

Reading: Strong

Throughout its history, the radio industry has been forced to change and adapt as various social, technological and regulatory trends have affected its economic viability. Five different trends illustrate the **resilient** qualities of the radio industry. They are:

(a) Advertising

The sale of time for advertising purposes – or toll broadcasting, as it was originally called began in 1922 on WEAF, New York, a station owned by AT&T (Bramown 1936). The ability of radio to attract local advertisers who desired access to audiences gave the nascent radio industry the economic base needed for growth. Before the advent of advertising, radio stations earned pid amount through the sale of radio receivers. But with the advent of advertising, the scenario changed. Commercial radio stations derive half of their revenue by selling 'airtime' to advertisers. Radio advertisements or 'spots' are available when a business or service provides valuable consideration, usually cash in exchange for the station airing their spot or mentioning them on air. Currently ad spots sell anything between **Rs 400 – Rs 5000 per 10 seconds.** Although new media technologies have given a tough competition to the radio industry, yet it still continues to reach nine-eight percent of those aged 15-34 in an average day. New technologies have positively impacted the industry, with radio expressing a higher reach among those who use devices such as iPods.

All India Radio (AIR) began by selling time through sponsorship and spots, when it was set up as a private company in 1927. In 1936, the government disallowed advertising on AIR and re-introduced it only after Chanda Committee recommended it in 1967. In that year Vividh Bharati, the film music channel of AIR began accepting commercials. It made Rs. 1.6 million from ad revenue in 1967-68, and the amount kept rising. The growth of the popularity of FM after 1993 sent cash registers ringing. However with the penetration of more channels in the market, radio advertising is poised to undergo a change. The channels have to specialize in new contents and get focused advertising.

(d) Development of networks

The growth of networks created a national market for radio, enabling advertisers to reach large audiences across the nation. The practice of networking established the industry and created a national audience. The use of satellite for radio broadcasts, and uplinking and downlinking facilities available at various stations have added new dimensions to radio broadcasting in the country.

(c) FM broadcasting

Frequency Modulation (FM) stations typically rank as the most profitable stations in most radio markets. Radio earns a major chunk of their revenue through FM channels. As per the report of FM Radio Broadcasting Industry-India, published in December, 2009, radio stations generated revenue of INR 8 Billion in 2008 and are expected to reach INR 18 Billion by 2015. Increase in radio listener base, favourable demographics, political advertising, increase in advertisements by small local brands and introduction of new performance measurement tool is driving growth in this sector. Big FM, Red FM, Radio Mirchi, Oup Cupb and O La La are some of the popular FM channels in our country. These channels broadcast advertisements of a variety of products. Brands in fast changing areas like retail or financial services often use radio for its ability to put over several different messages as an overlay to a core TV campaign. However, the respective channels must know how to keep its listeners in its grip. Using advertising to reach a youth market is quite a challenge. Young people's

attention is highly selective and they are quick to reject anything that they see irrelevant or uninteresting.

(b) Advent of television

Radio faced stiff competition from television. Television's emergence from the post World War II years of the late 1940s to its rapid growth in the 1950s brought considerable headaches to the radio industry. Popular programmes and personalities, along with the advertisers who sponsored them, made the transition from radio to the new visual television medium. With the growing popularity of television, the head honchos of radio industry but on their thinking caps and tried to lure the mass audience by adopting different formats. For instance, news, radio plays, family welfare programmes, radio programmes for the rural audience etc were broadcasted .to abbeal to different audiences and the local advertisers were targeting those markets.

(c) Changes in ownership rules

There have been changes in the radio ownership patterns. Radio used to be a local commodity, created by the local community to serve local needs. That has changed as radio stations across the nation got bought up by large corporations and became were pieces of massive media conglomerations. Diverse music choices and local coverage of news is at stake because of the increased consolidation of radio ownership.

Television industry :

The television industry consists of several different markets. At the local level, television stations (network affiliates, independents and public stations) compete with one another in the market for audiences, as well as with other close substitutes to the broadcast channels – most notably the cable channels. At the national level, broadcast networks like CNN IBN, Star, Zee, Sony, Times Now, Aaj Tak etc. also compete for audiences and advertisers. According to the figures released by an industry chamber in March 2010, the Broadcast and Television (TV) sector comprised over 43 percent of the overall Media & Entertainment sector wherein the total size of the television sector accounted for US$ 5.7 billion. The broadcast sector is on a strong path and the outlook for advertisement expenditure is on a rise for the television sector.

A report by research firm Media Partners Asia (MPA) stated that India is poised to become the world's largest direct-to-home (DTH) satellite pay TV market with 36.1 million subscribers by 2015, overtaking the US. Revenues from advertisers come from several markets. The television industry has been witnessing a robust demand mainly because of revival in economy, increase in individual disposable income and liberal incentive schemes by banks and financial institutions. The demand for cable television (CTV) grew at 18%-28 but witnessed a slump from 2004-06. With the entry of MNCs and thereby aggressive marketing , the period between 2002-06 to 2009-00 saw a surge in growth rate to 25%. The entry of private channels has given choice to the consumer. Proliferation of niche as well as mass entertainment channels has led to the increase of television sets per household. The television industry in India has gained momentum due to liberalization and enhanced enthusiasm showed by the broadcasters to seize a huge share of the media and entertainment industry. In 2009, television industry stood at US$ 6.65 billion registering a growth of 8.8 percent. **The industry is projected to grow at a CAGR of 12.2 percent and reach around US$ 11.42 billion dollars by 2014.**

The television industry is witnessing a shate of new channels being launched every year. TV is also penetrating into the rural areas and is a promising segment. India possts of being the third largest television market in the world today. The majority of the revenue generated in the television industry is through advertisements, followed by subscriptions. At over 180 million TV homes, more than half of them cable-enabled, we are one of the largest cable-connected countries in the world, after China (110 million) and the US (about 70 million). That makes India an attractive market, in terms of both value and volume. In the last two years, several broadcasting companies in India have listed on the stock exchange, raised money through private equity and delivered on investor expectations. It is a creditable performance by the media companies in India. Media organizations like NDTV and TV Today Network have done the broadcasting industry proud in the way their value and their market capitalization – that, is the total worth that private equity investors or the stock market attach to the company.

The Internet Industry :

The internet is a vast network of computers connecting many of the world's businesses, institutions and individuals. The word Internet means interconnected network of networks. The internet exploded in consumer awareness and interest with the introduction of the World Wide Web (WWW) in 1994. Prior to that, the internet contained only text-based information. The web, however, utilized a computer programming language called hyper text markup language (HTML), which was capable of conveying audio and visual material as well as text and graphics. By 1994, the Web began to take off in numerous directions. The first commercial sites began to appear on the Web, leading to a new term for buying and selling via the Internet – electronic commerce or e-commerce (Alpstram 2000 ; Schmaltz 1997). The introduction of the Web triggered worldwide interest in the technology, leading to a massive global adoption of personal computers and Internet access. By 1998-1999, consumer adoption continued to move at a dizzying rate, and businesses followed as web sites offered new ways to search for information (Yahoo !, Alta Vista , Google) buy books and records (Amazon), purchase tickets for travel (Yatra) and buy or sell personal merchandise (eBay). Everyone seemed to agree that the Internet offered many competitive advantages compared to other forms of technology. The media industries duck to jump on the Web bandwagon, began to rethink their business strategy and tried to determine how to turn their Web units into revenue streams.

The net size at the crossroads of almost every buzzword being bandied about today. Broadband, mobile content, convergence are terms that find their meaning in a world that the net has created. Mobile companies use the net to generate revenues and cross-leverage content. This is done either through cross-promotions, downloads of ringtones or video clips among scores of other things. There is this hybrid world emerging where the internet, mobile TV, and even newspapers are crossing into one another's territories and creating new and, as yet, unnamed business. These are very often referred to as New Media. The internet business in India is quite profitable. Some very large investments companies like Indiaplus.com have already done public. Indiatimes.com promoted by the Bennett, Coleman &

Company (BCCL)', Mazaria.com', Indiapulls.com and mankri.com among others have been widely valued.

We can identify three trends that are quite evident in the internet business industry as given below-

Wordpad: Changed

(a) **Emergence of business-to-business (B2B) internet companies:** In areas like technology, lifestyle, writing , promotions advertising or even media , there are focused portals that talk to a specific audience. Hangama.com for instance, only does promotions, online and offline across media, be it the net or mobile. It then uses this ability to connect with marketers trying to find solutions to the clutter in mass-media. Adencyfds.com talks only to advertising, media and marketing professionals and then uses this audience to get advertising from people wanting to talk to this community. A bulk of the advertisers on adencyfds.com are media companies wanting to reach out to advertisers and advertising agencies. The others are direct marketing firms, design consultants or others who offer services to this community. If has a magazine (The Brand Reporter)', an image monitoring service (Chirus) and is looking at getting into other magazines and services

(b) **Emergence of media companies :** The Second trend is the way large portals like Rediff.com or indiatimes.com or any of the others have **worbped** to become businesses that do things far beyond the net. They have become media companies. Rediff.com has a radio service in the US', weekly newspapers and is into e-commerce and so on. Indiatimes.com too is less Internet and more media.

(c) **Variety in net businesses** : The third important trend that is visible is the sheer variety and amount of experimentation that we see in net businesses. Whether it is an existing company trying to de-risk and is therefore experimenting like Hungama.com or new genres emerging that are totally India-centric and profitable, like Sharadi.com or Bharatmatrimony.com, there is variety in the way the net operates. These are matrimonial sites, a totally Indian product idea. Employment which is a global revenue source for newspapers, has also shifted to the net for low to middle level jobs with sites like mankri.com.