



Indian Media: Local Challenges and Global Opportunities

If you are all right with wasting the next three and half minutes of your time reading the rest of this article, one thing you are surely going to miss is any kind of reference to numbers. When I was offered this opportunity to write for the 3rd anniversary issue of Impact, I was briefed by the editorial team that Impact is not just about statistics, it's about perspectives that drive our media industry. Allow me to stick to that spirit.

While the buzz is about growth of the Indian economy and the forecast thereof, we in the media industry go one step up as our growth is out-shining the overall economy. To me, there are some perspectives worth addressing which may help us realise the true growth potential of our industry. There are impediments within, which I am calling challenges as they are constantly being addressed. And there are opportunities and indications that exist in this age of a seamless market. Since we are commemorating the 3rd anniversary of Impact, I would focus on discussing the three most significant local challenges and global opportunities that constantly draw my attention.

The biggest challenge looming over the Indian media players (media owners) is the reluctance of Indian consumers to pay for media consumption. The net proceed from cover price for most newspapers and magazines in our country is significantly lower than the Variable Manufacturing Cost for each copy produced (this may not be applicable for regional language publications). The perceived subscription price (net of the perceived value of free gifts that are mostly on offer with subscription) of almost all the English magazines in India is even more subsidized on the cover price. The ARPU (average revenue per user) for C&S or DTH in India is as low as about 15 to 20 per cent of that in a country like Malaysia. A significant adverse effect of this is the undue high pressure on advertising revenue. Add to that the fact that distribution is a significant cost centre for all niche FTA (free to air) television channels. Quite unbelievably, DTH platforms, instead of paying carriage fees to channels, are now asking for carriage fees from the niche channels. However, the biggest worry for me is that in this format, we are unable to exploit the biggest strength of India, the huge middle class base, which is attracting investments from all over the world.

The fact that media businesses still lack the pull to attract and retain enough cutting-edge professionals is the second most important challenge. Not many, if at all any, media houses are Day 0 recruiters in the leading business schools. FMCG multinationals, or their Indian counterparts, are still the more coveted destinations for the fresh MBAs. Barring a few leading media houses, our industry has been a happy hunting ground for only a handful of professionals from outside our industry. While the atypical nature (it's the dynamism; we virtually have a new product for every new issue of a magazine or newspaper. And it's even more dynamic for 24-hour channels) makes media a unique business, I also feel that media businesses in India often suffer from legacy. As I moved from function to function and from print to TV, often I observed that the first reaction to any proposed change is "It wont work that way as it always happened this way". Does it ring a bell to anyone?

The third challenge that needs to be addressed is possibly not particular to media businesses only. Mostly, our way of running business is not quite process driven. By that, I mean we do not approach a problem systematically and mostly do not care to develop a theory from a success story. Brilliance is seldom repeated in this industry. Of course exceptions are there, but by and large when a leader moves out from an organization after taking the business to new heights, seldom does the new leader take it to newer heights. More often than not individual brilliance, and not the process, paves the way for success. We are so innovative that we are reluctant to follow a process that is laid down systematically, and we wish to innovate on that as well.

Besides these three there are other challenges and impediments that make me ponder over; e.g. inconsistency in government regulations (I fail to understand why there would be an FDI restriction in FM, which is a purely entertainment medium, while there's none on entertainment channels, why is news not allowed on FM? Etc.), lack of business expansion bandwidth amidst highly competitive market dynamics, low potential of generating fund as valuation norms are not that robust, etc.

As I mentioned, these are constantly being addressed and I am as confident as any one of you that we have the potential to make our presence felt across the world as well. I would share the top three indications and/or opportunities that may be the source of my optimism.

A couple of years ago, while I was in the UK for a few months, I attended a number of conferences, seminars in UK, Paris, Brussels, etc. A Brit-German business congress, and some gathering at EU headquarters in Brussels were among them. To my surprise, not a single speaker had addressed these gathering without mentioning China and India. It surprises me not only because India is always mentioned along with China (despite the fact that the gap between the two is widening), but more because how well established Brand India is; and how rich the Brand India's equity is. How well we can exploit this is left only to us to decide.

The second opportunity that is looming over us is the potential to exploit our high quality creative/innovative talent pool and our ability to excel in a competitive scenario. I personally have witnessed how much these two aspects are respected in at least two Asian countries: Malaysia and Indonesia. In fact, some of the progressive Indian companies are already spreading wings in the Asian region by setting up joint ventures or through strategic tie-ups only by exploiting this rare combination. But the potential is far higher.

Lastly, to me, the convergence of media and IT is possibly the biggest indication that it's only a matter of time before India becomes a dominant player in the media sector across the world. With our supremacy in IT at the global level, it's a natural extension. Hopefully, this time, we would be known as much more than the world's back office and our excellence will not be restricted to softer areas of business alone.



BARUN DAS
VICE PRESIDENT
MCCA (STAR NEWS)

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