

Another Inconvenient Truth

The writing is on the wall

According to the latest Indian Listenership Track (ILT), the growth of radio audiences in Mumbai and Kolkata is slowing down. Even Delhi is witnessing single-digit growth.

Even as a couple of hundred FM channels are being rolled out amidst considerable excitement this year, no one is sure who or what is raining on FM radio's parade. An educated guess would be: the lack of differentiated content. As Red FM COO Abraham Thomas says, "Segmentation of content is the only solution for speeding up listenership growth."

So, would my first prediction for the next two and a half years be - greater variety in content on FM channels? I don't think so.

Al Gore, in his film on climate change ('An Inconvenient Truth', 2006) makes a telling point about the insidious effect of slow, but catastrophic change. If you drop a frog into boiling water, says Gore, it will jump right out. But if you place a frog in cold water and slowly bring it to a boil, it will just sit there, and sit there... until...

Until someone rescues it. "Because someone has to rescue the frog!" exclaims Gore.

Who is going to rescue the radio industry from itself?

Years ago, there was a pretty successful radio broadcaster called All India Radio, which claimed over 56 per cent listenership across India in its peak years. Always a monopoly, it got too big and too smug - and ignored the rise in ambient temperature. A deadly combination of television, complacency and public boredom turned the heat on AIR, but it just sat there and did nothing. Its audience shrank by two-thirds, and it lost - and continues to lose - hundreds of crores in taxpayers' money every year.

2010 is two and a half years from now: there's no doubt that the radio industry will grow bigger in these coming years, simply because a couple of hundred new channels will come up in that time. This is a no-brainer. With more frequencies opening up in new cities, radio listenership will also peak. It will mean a bigger market and bigger ad spends.

But in cities where eight to 10 FM channels are already on air, the listenership growth is slowing down. This doesn't augur well for FM radio.

In spite of an (almost) completely free hand with programming and a near-total absence of content regulation at present, the FM players haven't put this freedom to much use. Most of us are still playing it safe, and sticking to the middle ground of contemporary hit music. The law of diminishing returns is already kicking in; how long will it be

before it hits our revenues?

This brings me to my second prediction. We may not see much variety in radio content over the next two years, but - oh boy - are we going to see variety in technology! The radio business is changing even as we speak. FM radio is old technology, over 65 years old. And it's been in India over 30 years. Even now, FM is just one of many radio technologies in the market place. Digital radio is knocking at our doors. There is already satellite radio and Internet radio to contend with, and DAB and DRM are not very far off either.

We do not assume that we are competing only with any of the other stations. We are competing with 250 TV channels; with iPods; with satellite radio; with the Internet; with mobile phones... FM radio is just one way of delivering content. By 2010, the airwaves are going to get a lot more crowded, and the competition is going to get that much tougher.

To quote Vanita Kohli-Khandekar in 'The Indian Media Business', "[The fact is that] all media is booming at the same time. Unlike in the US, where newspapers took off, then radio, then TV then the Internet and so on, India is seeing a simultaneous boom in all media. It will intensify. This will leave very little space for each segment to grow at its own pace."

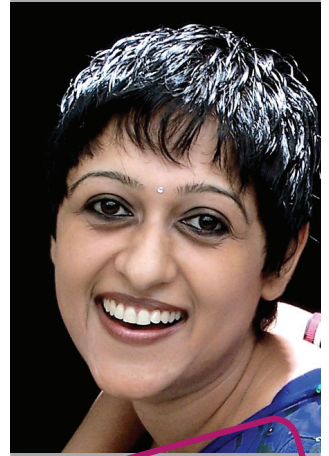
Will radio explore new markets by 2010?

At a recent conference in Delhi on 'spreading the ICT revolution to rural India', the president of RMAAI (Rural Marketing Agencies Association of India) wondered why radio is not being rolled out in rural India. "It is the most affordable and the most accessible of media and it could transform rural marketing," he pointed out. He wondered why we are not fighting for at least one FM station in each district.

70 per cent of Indians live in rural India, which generates about half the country's GDP. But for reasons unknown, we go along with a blinkered government which says that radio is mainly 'required' in cities. It is not surprising that 82 of the 97 'vacant' frequencies - left over from Phase II of FM licensing - are in C and D towns.

Given our weakness for low hanging fruit, it's unlikely that many of the FM frequencies in smaller towns will find any takers in Phase III of FM licensing, unless there are some drastic changes in the licensing process. And I don't expect the new kids on the block - community radio - to take up the slack either. Maybe in time they will, but not by 2010.

So, what's going to change by 2010? Many things; and nothing. *Plus ça change, plus c'est la même chose.*



NISHA NARAYANAN
PROJECT HEAD
SOUTH ASIA FM

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