



The three things that will impact Broadcasting and Broadcasting Technology, on the road to 2010

New content, new channels and new businesses are changing the face of broadcasting in Asia. Some time back I got a call from CNN International, London, correspondent and well-known ex-BBC Presenter, Anita McNaught. CNN wanted to do a story on the emerging south Asian broadcast market in the context of a new television launch in Bangladesh that we were setting up. Keen to understand how much it cost to establish a television network, Anita was startled at learning how small, high tech, quality television channels could be set up at remarkably affordable costs of near around \$ 7 million from conception to launch. As part of their International Correspondent show they described it as a 'revolution in broadcasting sweeping Asia'.

Truly, as the story suggested, reducing costs of technical infrastructure and easy affordability in the news and information segments have long term consequences and shall be the primary driver of broadcast transformation on the journey to 2010. To illustrate, if prices reduce or performance improves by a factor of two every 18 months, it is equivalent to: a factor of 10 every five years or; a factor of 100 every 10 years. Let's say, the technology that would have cost Rs.100 in 2001 would now cost Rs.20 and may go down further. This sustained cost reducing trend in technology has been responsible for transforming the IT industry and is playing the key in transforming broadcasting.

I shall qualify this change in three key areas of broadcast operations and business evolution: regional expansion, business consolidation and strategic flexibility.

Regionalization shall be a key driver in the changing broadcast sphere. Content shall evolve from push to pull. The consumer shall begin to demand the content he or she wants. The effect is - *content fragmentation and regionalization*. More content from more places for more people of different segments than ever before.

The immediate impact is, more regional players foraying into the consumer television space. In the coming three to four years, regional channels will increase. An estimated 10 to 12 regional stations in every leading state of the country. Traditional media companies in print will eventually have to look at the broadcast and new media space. Regional TV will be their best bet. A classic case is how the Kerala market has evolved with regional players. For instance, Malayala Manorama, stalwarts of vernacular print in the state entered television through Manorama News. Differentiated content, local stories and on air presence spelt instant success. The channel took the lead from the existing three news channels within six months of launch and has won several accolades and awards in less than a year of its presence adding value to the Manorama group and the state's media at large.

The regional players will enter the fray independently like in the case of Manorama or as affiliates and partners of national media establishments. This regional demand may further stretch to the regional niche and local space with city-centered channels like in the US market.

Further to regional fragmentation, **free content** shall get popular. The 'blog'ification of broadcast shall begin to happen. User generated content will enhance interactivity options. Citizens as journalists, people as producers. On the one hand where content will shift from mass to the personalized, on the other hand, the national mass content shall achieve a never before grandeur like the celebratory, larger than life nature of reality game shows. We can expect

some really big entertainment based shows to hit the screen with better packaging and high quality presentation. We can expect more international formats to enter India. And maybe Indian formats to go global, evolving multiple revenue streams.

Content will also change in presentation and format. The good story will continue to sell but the formats shall alter. We will be looking at smaller duration shows, two and three minute programmes. Like Mobisodes and innovative programming. A result of both, the busyness of modern urban lifestyle and the technology demand of multiple carrier platforms, like mobile television and modern web versions like Web 2.0. The audiences shall demand and media business shall have to give in.

The second most important impact area will be the **consolidation of industry players**. Borders shall erode not only for geographic coverage and distribution platforms but also for business. Companies will come together. We can expect more international companies to enter India. The route could be through Mergers (M&A), joint ventures (JV) or affiliations.

Consolidation shall also happen as a response to regional fragmentation. The emerging media companies - old and new - will seek to maintain economies of scale through regional consolidation. Single dominant players will gradually lose their hold in typical traditional market segments. These players will strengthen their position by fragmented channels. And the regional players shall consolidate their positions by joining the national broadcast players, or perhaps, starting off on their own and then divesting to consolidate positions.

The third and the probably the longest drawn out impact will be on **business strategy** - the demand for flexibility and re-conditioning to new market environments. As the relationship changes between the content and the carriage of broadcast - both - businesses and channels and content will have to recondition to the changing convergence demand. New platforms are emerging including the mobile and Internet. Technologies shall enable the power-shift to the consumer. Social networking shall increase. New properties will start on broadcast, like Orkut on the web. It will become imperative for the modern broadcast companies to reposition their claim to the pie. In whatever they do, they will have to be flexible while remaining focused.

The key change as highlighted at the outset will be affordability. Earlier it was in technology; now in technologies role as enabler. The offering of fundamentally cheaper options for reaching out to not just a larger but the 'correct' audience. Distribution costs shall come down with increasing digitization, implementation of CAS and multiple forms to reach the consumer. The first phase of broadcast upsurge has been a result of decreasing costs of technology. The next can be that of reducing costs of reach and the demand for more content. In the emerging broadcast dynamics the bottom-line gets ever more important. Every broadcast company needs to question - Why should I exist? What is my position in the broadcast value chain? Long-term strategy combined with top class execution with accurate speedy decision making will hold the key to success.

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