

## The three things that will make an impact on Regional Newspapers, on the Road to 2010

**One** look at the top publications in the country is enough to give an indication of where regional newspapers stand; and in which direction they are headed. It presents an eclectic mix of Hindi, Malayalam, Tamil, Telugu and Marathi language newspapers. This has been happening as we see through rounds after rounds of various surveys, and it only goes on to say that Regional newspapers are driving print in a manner in which only they could. Over the last 10 years, we've seen some dramatic changes in the regional media landscape. Yes, while there are dominant dailies in various regions, there's also been a wave of expansion by some of the existing dailies. Aggression in every sphere of marketing is what defines Regional Press. Regional Press covers a much larger part of India, and delivers huge numbers to marketers. But in terms of revenue realization as compared to English Press, there is a huge gap. The gap, in due course of time, should and will narrow down. All the macro economic factors seem to show a favourable trend, but clearly Regional newspapers need to push forward an agenda to get into the next gear, on the road to 2010.

The key drivers for regional newspapers in the future are – creation of better products, wider distribution, localization of content, different products for different segments of audiences, aggressive marketing, rising income and literacy levels, better revenue growth, etc. From a revenue perspective, it will be about providing wider geographical coverage, about aggregating audiences, about better solutions, about partnering with advertisers, about consumer connect. With increasing massification of premium product categories, we're already witnessing a shift in marketing spend skews across town classes – and all of these are just some of the factors that will drive growth in Regional newspapers.

However, the three critical factors that will make an impact on Regional Newspapers on the road to 2010 are Demographic push, Liberalization of media, and the ability to deliver audiences across multiple media platforms.

Demographic push creates the basic background to propel growth.

Liberalization has opened up multiple frontiers to capitalize on the available growth opportunities.

And the players who develop the ability to deliver audiences across multiple media platforms and provide seamless integration will be the ones who will hold the edge in the future.

### Demographic Push

There are all indications to say that the markets dominated by Regional newspapers are the ones that show a lot of promise. Income levels are rising, there is a growing urban class, and a huge surge in the middle class. As per McKinsey, income levels in India are likely to triple in the next 20 years, with the country becoming the fifth largest consumer market from twelfth at present. The Indian middle

class is expected to swell by over 10 times, increasing from the current size of 50mn to 583mn by '25. Income growth in urban areas will be the fastest over the next 20 years with 5.8 per cent CAGR. This demographic push clearly creates a slew of opportunities for Regional newspapers. With rising income levels, and a swelling middle class, spending patterns too are likely to shift to discretionary items rather than basic necessities alone. Consumption patterns will change, lifestyles will change – and the challenge for Regional newspapers will be to adapt very quickly to create opportunities for growth.

Related to the demographic push are literacy levels and the readership increase consequently. Literacy in India is at 81 per cent in urban areas and 59 per cent in rural India. Literacy has, however, improved over the years. The reach of print is limited to 56 per cent in urban areas and 28 per cent in rural areas. There are a total of 537 mn 12+ yrs individuals who can read, but only 300 mn read any daily. In this gap lies a huge potential. Going forward, Regional press will need to look at this to explore growth opportunities.

### Liberalisation of Media

Liberalisation of the media sector in the real sense has happened only post '03 with the opening up of the print media for institutional investment and issue of DTH licenses. Subsequently, the ongoing CAS implementation guidelines and the revenue sharing arrangement in radio services have given further fillip to the sector. As many as 4 to 5 large Regional newspaper groups have got some sort of foreign equity partnership over the last couple of years. This inflow of funds will fuel fresh investments on consolidation and expansion strategies, as well as giving a better reading experience. The dividends of these investments will be realized during the journey to the Road to 2010.

### The ability to deliver audiences across multiple media platforms

For advertisers, cross platform deals allow them to aggregate audiences as the time and attention of audiences will be increasingly spread across an ever expanding range of media options. Advertisers treat media spends as investments, and like any other investment, they expect returns. This has set the ball rolling towards accountability in media. The game has moved from beyond pure headcount, CPTs and optimizers. It's very clearly in the area of consumer connect. And to deliver customer connect, one must not leave any stone unturned. Players who successfully deliver audiences across multi media formats can create revenue streams through long-term associations with marketers. With marketers seeking customer connect, players who develop the ability to aggregate audiences across a range of media platforms, and who can provide seamless integration, will hold a strategic edge over the others. The road to 2010 and beyond will belong to those who are present at every point in the communication chain, and who become the true enablers of customer connect.



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