International Journal of Humanities
and Social Sciences (IJHSS)
ISSN 2319-393X
Vol. 2, Issue 4, Sep 2013, 93-98

International Academy of Science, Engineering and Technology
Connecting Researchers; Nurturing Innovations

CHANGING DYNAMICS BETWEEN NEWS CHANNELS AND NEW MEDIA IN INDIA

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ABSTRACT

Technology has blurred the age old division and categorization of media platforms. Traditionally we used to consume mass media content either through newspapers, radio and/or television. However, ever since digital technology has made it possible to distribute mass media content through data and video, content is now being divided into just two categories: Digital content and Non-digital content. This has also permanently changed the relationship between news channels and new media. Once seen as a rival to news channels, new media platforms today are fast becoming an extension to those. This paper attempts to analyse different phases of the changing dynamics between new media and the Indian news channels. It also explores various ways which the news channels are using to generate revenue through content on new media platforms.

KEYWORDS: Digital Content, Dynamics, Media Platforms, News Channels, New Media, Revenue

INTRODUCTION

In the changing dynamics of media businesses the age old division of media industries is moving towards extinction. Most of the media brands are no more confined to creating and selling content through a single media platform. Newspaper companies are getting into news channel business and vice-a-versa. Presence on new media platforms like creating websites, mobile sites or even distributing content through SMS alerts is common for almost all companies. In a nut-shell, convergence in the last 10-15 years has completely changed the way news has traditionally been created and distributed.

FICCI PWC media and entertainment industry report in 2007 defined and described the term convergence in the media industry's perspective as, "A converged infrastructure supports a range of interaction modes between users and content. Moreover, the open transport and interface protocols of IP mean that access to content has become largely network and device independent. Fundamentally, convergence affects the two-step process at the heart of any media-based industry – content creation and transport. The first step entails selecting, packaging and encoding content into a medium. The second step transports content to its destination and then decodes it for use. In most instances, it is the second step that defines a particular media market, which influences the form taken by the content in the first step. Content owners are both facilitators and beneficiaries of convergence. They make converged media experiences possible by offering consumers their content libraries in digital format through any access device and network. They benefit from convergence by serving consumers' new media needs with the appropriate distribution and business models."(FICCI KPMG Report, 2007)

There are two ways for the news channels to earn money through new media. One, through their websites which can be assessed by users through any internet service provider and two, through various cross media synergies using mobile technology and targeting niche consumers.

Technology is changing at a very rapid pace and so are the ways of syndicating content on these ever evolving platforms. The early form of digital presence which the news channels had was creating a website of their own. For broadcasters, these websites were more like extending their presence on the newly evolved world of the 'world wide web' rather than looking for an alternate ways of making money. These early websites were non-interactive much like a digital newspaper, which would get updated only once a day.

Those were the days when television was a medium on its rise thus broadcasters were mostly concentrating on extending their audience base and cashing in the popularity of news on television. In fact, news channels started making money through content sharing on mobile before they could cash in through their websites.

CONTENT DISTRIBUTION THROUGH MOBILE PHONES

The early years of the 21st century saw a complete transformation in the position of mobile phones among the masses of Indian households. From being a luxury product which only the head of the family could afford to own, it became as essential need for every family member. As competition increased, there came a rush among the telecom service providers for slashing call and SMS rates. As voice and text revenues were brought down, profitability became a big issue of concern for telecom companies. So, mobile companies eventually decided to sell media content through their network. That was also the time when TV media industry too, after realizing that ensuring subscription was too much of a burden and revenue from advertisement had a limit, was looking for an sustainable alternate source of income. News channels were just one of the content provider segments for telecom companies which were also sourcing content from movies, music and gaming companies. The first form of content sharing between news channels and telecom companies were news updates through short message service (SMS). News broadcasters tied up with telecom companies and for a fixed sum of fee every month customers could subscribe to daily news alerts. Soon these news alerts were segmented and customers were given choices to subscribe from various news categories like breaking news, cricket news, business updates, horoscope and so on. Content owners got anywhere between 5-15% of the Value Added Service revenues that subscribers paid for (Khandekar, 2010). It was not getting news channels a lot of money but since there was no extra cost involved for them in creating content they stood by whatever they were making. This was the time when smart phones had not made their foray in the domestic markets and value added services were limited to only two forms, voice or text.

CONTENT ON SMART PHONES

Smart phones completely changed the way content creators interacted with their audiences through mobile phones. The multi-layered world of content creation and distribution now is neatly divided into two categories, digital and non digital. While technical platforms like internet or mobile phones much like distribution platforms of television signals are just various ways to deliver the content to the customers. Smart phones or any form of personal computers like tablets or laptops today are gadgets which can be used to access any form of media content, text, voice, data, video or all at the same time. For consumers now there are endless choices, both in terms of type of content they want to consume and where and how they want to do that.

This has opened numerous avenues of content sale for broadcasters and at the same time created challenges on many fronts for them as well. They need to make sure they are available to their audiences on all possible platforms through which they want to consume the content. This is not as easy as it may sound, since different smart phones work on different operating systems (OS) and content providers need to make their content compatible to all of them. For example, Apple's i-Phone and i-Pad run on iOS and this OS can be used only on Apple devices. Similarly, Microsoft's Windows phones and their Surface tablets run on Windows operating system. Nokia phones run on Symbian operating system. Now if any content provider says, NDTV, wants to target niche audiences who could afford to buy smart phones or tablet personal computers, it needs to make sure its content is compatible with all these operating systems since, the audiences would be a heterogeneous mix of people who could be using any of these smart phone brands. It is much like the way broadcasters make sure their channel is seen on all major cable and satellite services, DTH players as well IPTV service providers.

There is another way companies are marking their presence in the digital content consumption world, which is, by developing smart phone and tablet applications (Apps) in association with the technology firms. These applications once downloaded on the phones, enables the consumers unlimited access to the content provided by the broadcaster. For example, English news channel CNN-IBN has applications for iPhone, iPad as well as android phones. Similarly, Aaj Tak too has apps for windows 8 phones as well as iPhones and android phones. Most of these applications can be downloaded free of cost and content providers here too are eyeing advertisement revenue depending on whether they can grab enough eyeballs to convince their potential advertisers. Companies are also directly tying up with mobile handset and tablet manufacturers to get their applications in-built in the gadget. In this format, while consumers can use the in-built applications without the need of downloading it, content partners get paid for the content update.

When Apple launched the iPod in 2000, it sought to sweep the technology and music industries with a single product. A decade down the line, technology has helped music companies earn record revenues, which in turn has kept the content pipeline of good quality music. Apple sought to do something similar with the publishing and TV industries with the iPad launch in 2010. Rather than owning content, it partnered with publishers and TV companies to sell their content through its tabs. With rumours about the impending launch of Apple TV, it might do to the TV industry what iPod did to the music industry. News reports say Apple is in talks with content producers for a pay per view model for TV content. Rather than subscribing to channels and paying for content which is neither wanted nor watched by viewers, subscribers will have the ability to buy their favourite content off the shelf. In one stroke, this move threatens to shake the foundations of the TV industry that has been built painstakingly over layers and layers of subscription models."(Ahuja, 2011)

The business model of tying up with mobile companies for sharing content is not very different from carrying television signals since the last mile here too is with someone else (telecom service provider in this case) and revenue sharing formula is unfavourable for the content provider. According to industry estimates, for every 1 rupee earned through content sharing through mobile phones up to 80 paise is taken by the service provider and the content creator is left with a mere 20 paise. While some content providers like films and cricket broadcasters have been able to turn the tide in their favour by negotiating some tough deals and even revenue sharing mechanisms with the telecom service providers, it is the news content providers which have been left behind. The basic reason here again is that news as content, is freely available but there is a lack of content differentiation in news market by established as well as new entrants.

Increasing demand and purchase of smart phones followed by rapid rise in content consumption through them have made it imperative for content producers to concentrate on their target audience in this segment and study their consumption pattern accordingly.

According to FICCI KPMG report 2013, in the entire internet enabled market, over the next five years, the share of smart phones is going to double from 30% to 62% while Personal Computers, Notebooks and Tablets together will account for 22% of this market.

CREATING CHANNELS ON POPULAR VIDEO SITES

Inspired by the videos which go viral on the popular video sites and the advertisement revenue they bring along with them, news channels are now exploring these new avenues as channels for generating revenue. The two most popular websites for Indian news broadcasters so far have been Youtube.com and Yahoo.com. Both YouTube and Yahoo launched their respective channels in the middle of 2006. According to YouTube's press release - "YouTube aims to move beyond being dependent on latest hit videos, which spread like wild fire across the Internet via e-mail. It wants to create a personalized programming experience akin to TV viewers surfing channels with a remote control."

Encouraged by YouTube's increasing popularity and the fact that it launched its India edition in 2008 at www.youtube.co.in, featuring a localized homepage and search functions allowing users to create and share, discover the most popular and relevant videos in India and connect with other Indian and global users, many mainstream broadcast companies have become partners with the popular site. (Joshi, 2008)

The monetary formulae on these platforms are not very different from the traditional ways of making money through television broadcast. Grabbing as many eyeballs and converting it into advertisement revenue. Users can sign up and by simply enabling the 'monetization' buttons entitles them to earn money for their popular videos. Earnings depend on a number of factors like the type and pricing of advertisements appearing in the video. However, inspite of immense popularity and a lot of success stories, the general perception of partners has been that YouTube is not a place to make money. And of late YouTube has decided to change it. YouTube has expressed willingness in trying to build a bench of talent that can support its ambition for competing with traditional TV.

Inspite of all this, when it comes to making money through posting videos on YouTube, it is still a very tough avenue for broadcast organizations. According to Business World, "Specifically, the rates for the most lucrative, "pre-roll" video ads that appear right before the featured video dropped from an average of $9.35 per 1,000 views in June of 2012 to $6.33 in March of this year, according to David Burch, Research Director TubeMogul. In some cases, the slide has been even steeper."(Hamilton, 2013)

Some popular news channels do have their YouTube channels and their status on the website showing the number of people who have subscribed to them. While news channels are not willing to share their revenue figures from YouTube, going by Tube Mogul's research, it does not sound like a very profitable platform for them either, especially when none of the mainstream channels are able to grab a lot of attention.

The other such popular platform for video sharing and earning advertisement revenue out of it is Yahoo screen. Mainstream channels which are present on this platform are NewsX, Headlines Today and news agencies like Reuters and ANI. Apart from this, production houses which specialize in creating video to be shared only on these websites are also competing with mainstream channels. These include NBS, Lehren TV and Clipko etc.

Be it YouTube or Yahoo, any news channel here has chances of being successful more or less the same as any other video uploaded by an individual.

Although accurate figures for any company's earnings from their online and mobile ventures are not available, discussions with the marketing and new media teams of several news channels reveal that at this time the revenue model for news channels through their websites is mostly advertisement, as none of these sites have a subscription model. These new media advertisements account at most 4 to 8% of the total revenue for any news channel.

CONCLUSIONS

New media promises future growth prospects and if the existing broadcast companies want to make it a reliable source of income they need to invest in it right now. Experts believe that News and current affairs content through new media should start making money in 2-3 years. But if the existing broadcast companies want to take advantage of it, they need to start now. As, online audiences have different tastes and preferences, broadcast companies need to start investing in understanding their online audiences and react accordingly. Simply translating their broadcast content in digital formats is not going to work in long run. Some popular news networks have already taken a step towards it. Companies like NDTV (NDTV Convergence) and Aaj Tak (India Today Group Online) already have a separate company for strategizing their content convergence techniques. As the gap between internet and TV users is reducing fast, TV broadcasters need to catch up with the tastes and preferences of their online audiences at a faster pace.

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