

The rural rating disruption

Broadcasters will be under pressure to protect their pay TV revenue as free-to-air channels fare better in rural markets



Several news channels are now contemplating going free-to-air as pay TV hasn't penetrated the rural market. Photo: Priyanka Parashar/Mint

Prasar Bharati chief executive officer (CEO) Jawhar Sircar has been quite cheerful lately. Suddenly, DD Free Dish, the direct-to-home (DTH) platform of the public service broadcaster, is in great demand with private broadcasters. All of them want a slot for their channels on DD Free Dish.

Free Dish is a free-to-air broadcast platform which is popular in the rural market. And unlike private DTH operators such as Tata Sky, Dish TV and Videocon, Free Dish does not charge a monthly fee from its customers. It does not market the service or sell its set-top box either. The boxes can be bought from any electronics shop. It is lifelong free entertainment after that.

The biggest demand for space on Free Dish is coming from news channels. The latest channel to get onto Free Dish is Aaj Tak, the Hindi news channel of the TV Today Network. There are others that are making a beeline for space on the platform too, assures Sircar.

Currently Free Dish has a capacity to carry 64 channels. It will soon expand this to accommodate 112 TV channels.

The spurt in demand for Free Dish is understandable. Ever since Broadcast Audience Research Council India (BARC India) started delivering rural ratings for the country's television viewing population, broadcasters have realized that there is a huge market out there to which Free Dish is catering.

At a conservative estimate, there are more than 20 million Free Dish subscribers. Some broadcast industry experts say that this number may be closer to 30 million as a large number of private DTH registered subscribers switch to Free Dish and watch television for free.

With rural ratings launched a few weeks ago, the BARC universe expanded by almost three times. At an all-India level, the urban and rural markets are almost equally split.

The free-to-air channels also got a leg-up in the rural ratings. The data disclosed that TV penetration in rural India, at 40%, is growing at 75%. So the potential is huge. Prime time in the rural market was also identified as the hours between 5.30pm and 10.30pm vis-à-vis peak TV viewing time in the urban market, which is 6.30pm to 11.30pm.

The implications of adding rural ratings to the television universe mapped by BARC are interesting.

For a start, the increasing interest of broadcasters in Free Dish has revenue implications for Prasar Bharati. It is now hawking its frequencies for `6 crore a year compared with `4 crore just a year ago since the demand has gone up. "Until BARC went to the rural market, nobody believed the number of subscribers we have," says Sircar.

Several news channels are now contemplating going free-to-air as pay TV hasn't penetrated the rural market. It is a choice they will make based on revenue potential. Most news channels earn very little subscription revenue as most deals are still based on negotiations instead of actual number of subscribers. So they may not mind giving up subscription revenue in favour of wider reach and penetration, and, in turn, more advertising revenue.

Broadcasters will be under pressure to protect their pay TV revenue as free-to-air channels fare better in rural markets. At an all-India level, the growth of such channels has been 6.5 times versus 2.4 times for pay channels, according to Tarun Katial, CEO of Reliance Broadcast Network Ltd. Free-to-air channels Zee Anmol and Star Utsav have been the biggest gainers.

The question is, will pay TV ad rates go down or free-to-air channel commercial rates go up? The picture is still unclear. Dentsu Aegis Network South Asia's chairman and CEO Ashish Bhasin says BARC ratings are not like the stock exchange where you will see an immediate impact on ad rates. Most advertising deals are long term. However, if similar ratings sustain, ad rates may change eventually.

However, unlike news channels, the bigger Hindi general entertainment channels are unlikely to turn free-to-air as their subscription revenues are substantial. Also, subscription revenue is immune to ratings.

Yet, some broadcasters may launch free-to-air film channels, for instance, since most of the existing ones are pay. Others may review their programming as content consumption patterns will change and prime time may widen to accommodate both urban and rural India.

To be sure, the combined rural and urban ratings must be given time to settle down before broadcasters start jumping to conclusions. It is a discovery phase for all stakeholders right now. In the short term, channels are either keen to go free-to-air or fine-tune their content, but the moves are all tactical in nature.

Shashi Sinha, CEO of IPG Mediabrands and a member of the technical committee at BARC, says that broadcasters must wait for the ratings to settle down as this is just the first cut. "Right now we are giving aggregate data. Say, one year down the line, if we split it signal-wise, then a different picture may emerge," he says.

It's advisable then to take a long-term view.

Shuchi Bansal is Mint's media, marketing, and advertising editor. Ordinary Post will look at pressing issues related to all three. Or just fun stuff.