Ownership of any media has its own glamour and ideas of 'power' associated with it. But is it the same as or as easy as starting a new business? Sudeep Malhotra, a veteran of the satellite & cable television industry with over 25 years of industry experience under his belt, demystifies the process and takes a look at how to go about doing this!

Last month we started with Part 1 which explained the details of the initial thought process behind the concept of starting the channel…. We move on ….

So now you have decided to jump into the fray and move ahead with your very own channel. Now starts the 'thinking cap' process! You have to research the industry, the market and the country to truthfully answer to yourself several of the questions that you would normally look for as a part of any business plan. The more the research you do on the topic of your choice, the more the possibility of your succeeding in this venture. Not to mention also that, all of that research will give you so much of experience, that it may seem to be easier to run the business after launch, than when you first started.

Meet as many people from the industry as possible, for the various sections of the channels – programming & production, distribution, marketing, administration, production houses, independent vendors, consultants etc. Check out as many reports as possible related to the industry.

Go online – the internet is a plethora of content! A good site of course is the trade magazine site at www.scatmag.com as well as some others relating to this industry in India.

If necessary, you may even want to purchase...
some reports on the industry from the several consulting groups / companies in India. These readymade reports are available for a small fee. Alternatively, you could appoint an experienced person to customize the report and do the research on the specific topic / subject for the channel you have in mind.

The reason & purpose of doing all of this is primarily to answer to you the several ‘million dollar’ questions to enable you to succeed. Let’s take a look at some of these critical ones.

**WHAT TYPE OF CHANNEL SHOULD IT BE?**

There are several categories of channels which can be launched on satellite to audiences in the country; a news channel, a general entertainment channel, a music channel, a movie channel, a regional language channel in any of these categories; the scope is limited only by your imagination and by the results of your research ending in the thought process on what you think is likely to work – or what type of programs or content is there still a demand for.

Of course, you could also look at doing a new niche channel such as a Golf Channel, a Swimming channel, a Hockey channel, a Farming / Agriculture channel, a cooking channel, a shopping channel, nature & wildlife channel, etc… these will almost in all cases be virgin topics for the Indian territory, possibly giving you the first mover advantage in these areas. These are just examples and you could think of several others of your own!

Additionally you could do a channel in any of the areas / topics mentioned in para one, several channels already exist in each of those categories, but then it is a question of whether you think you can do better and give them a run for their money. For example, for the past two decades, Star Plus, Zee Tv and Sony, ruled the Hindi General Entertainment (GEC) market in the country. The industry and those...
outside thought it would be impossible to unseat them and futile to even try. However in 2009, along came a new GEC channel – Colors, and proved all of them wrong. In a short span of about 6 months, Colors had ‘unseated’ all of the top three incumbents and emerged as the number 1 channel in the Hindi GEC category; a position which it still enjoys by a long shot at the time of going to press with this article.

Of course, also remember that not all of the new launches can do ‘colors’ all of the time.

In 2009 when Colors launched, around the same time period there were a couple of other new Hindi GEC channels also launched, two of these were, ‘Real TV’ and another called ‘NDTV Imagine’. NDTV Imagine was another regular Hindi GEC, with no exceptional theme or plan, except to compete in this most lucrative segment, trying to wrest control and viewership from the other channels.

At the time, the reality shows on most television channels were extremely popular, and this type of programming was fast taking over eyeballs, particularly on weekends or on weekdays after the 9 pm slot. Hence some of the bosses at Turner broadcasting, who were launching Real TV along with Mumbai based Miditech, decided to launch a channel focusing entirely on Reality programs based television (as the name of the channel suggested).

The channel not only failed to take off, but in the process lost all of the investments of its promoters, and before the year had ended, had already taken the decision to shut down. Its not that the channel bosses had not done their homework, it was just that the attraction for Reality television was over-estimated. Coupled with the low production quality of the content, this pulled down the channel and did it in.

Some industry experts still debate that that the distribution strategies of the channel were...
flawed, that they should have taken on the whole country at one shot – rather than have made carriage fee payments to MSOs in one region at a time; or taking one state at a time.

Whatever be the reasons, this is ample demonstration of the fact that it is only extensive research, couple with a good program package along with sound marketing & distribution plans (and budgets of course), that will make a channel succeed! May sound like a tall order indeed…!

Several applications pending before the Ministry of Information & Broadcasting seem to indicate that there are still many news channels waiting to launch; the second highest category of channels is the regional language channels. Very few niche channels such as those mentioned above.

The general thought is that if you can do a niche channel for a small amount, the possibility of recovering investments is of course more. However if the niche channel is expected to pay the heavy carriage fees to all of the major MSOs in the country to garner the TRPs & eyeballs, the channel is sunk before it has started.

The carriage fees for a GEC channel can go upto Rs.50 crore per year. For a niche channel, this amount alone would be more than double its annual budget! So the channel would have to depend on carriage mainly on digital headends, as well as DTH platforms.

We predict that the numbers of niche channels being launched in India will increase proportionately with the increase in numbers of digital homes. Hence the rapid digitalization of cable networks is in the interests of new broadcasters, probably not in favour of the existing established players.

So lets say you have by now decided which channel to launch. Which would take us to the next question.
FREE-TO-AIR OR PAY?

This is a question that sometimes may appear to you as a chicken-or-egg situation.

Worldwide, viewers are being asked to pay, and in fact are willing to pay for quality content. In India also this is an increasing trend.

Any channel has two main sources of income generation. Advertisements and subscriptions. Ten years back, the subscription revenues for any channel were negligible, in fact for most, non-existent. Over 90% of the most popular channels were free-to-air. These channels made all of their profits from advertising time sold on their channels.

Then in the late 90s the picture started to change and more of the existing popular channels decided to go pay and charge the cable operator for their signals.

This was first done by Star Movies, a move that was widely opposed by the cable TV industry. More channels followed and last year, many of the channels now find that their subscription income almost equals the advertisement income!

This is a decision you must take at the very beginning. A wrong decision in this matter can prove to be very expensive in terms of your distribution expenses, or could of course result in you getting no income from subscriptions at all, where this could have proven to be a good income source.

If you are a free-to-air channel, then you will also not get paid by the cable networks of the DTH platforms at all.

If you are a pay channel, then these
networks will have to pay you, and so also the DTH platforms.

With a current viewership for DTH platforms being over 18 million and growing, this will certainly impact your bottom-line.

If you want to launch a pay channel, then you would have to scramble the satellite signals in order to restrict access to only those wanting to do so. For this, you will have to build in budgets to purchase a scrambling system at the uplink site from where you are playing out your tapes. You would also have to supply decoders to the cable networks who you want to authorize to receive your channel.

This is a task that is best left to experts since it is technical in nature and requires a lot more than money.

You would then have to also take commercial decisions on the rates to be charged, date of scrambling etc. However after you launch, if you decide that the channel is not very popular and the subscription income is not forthcoming, you may then decide that you wish to remain a free channel. In that case all of the investments made in this hardware & equipment would go waste.

Alternately, in the event that you wish to be a free-to-air channel, all of this is not required.

However, if after you launch, you decide that you would want to scramble, then you would have to install all of this equipment as well as have to redistribute new hardware all over again to the cable networks, entering into negotiations for the same with them. This would be a duplication of efforts.

You would of course do this only if your content proved to be popular and the potential of earnings from subscriptions is better.

Of course, as a free channel, if you are not getting enough viewership, it would not make sense to scramble and charge money for it. If nobody’s watching your channel when it is free, then why would people pay to watch the same??

Next month we shall take a look at the Government regulations that need to be complied with – the application process and what it takes.