

Media Economics Study Prominence and Relevance in India

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Received 14 August 2015; accepted 6 October 2015; published 9 October 2015

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Abstract

Evolution of economic thought propagated different theories to understand the money management and its subsequent measures so as to fill demand and supply. The economics horizon broadens to study micro and macro aspects of each industry. Now mass media emerge as industry, delivering goods and services to the consumers. As mass media have expanded and given scope to many key players to enter into this industry to take part in pivotal role like content creators, exhibitors and distributors. Media priorities and agendas are incessantly changing to the tune of the market requirements. Each media industry is working out to produce content with low investment and gain profit out of it. Any change in the regulation policy and technologies may affect the economic process of the media industry. This article laid emphasis on the importance of media industry, scope for research, prospects and challenges of micro and macro characteristics of media industry in India.

Keywords

Media Economics, Mass Media, Media Management, Cross Media, Media Industry

1. Introduction

Media economics is a term engaged to refer to the business transaction and financial activities of the organization producing and selling production into the various media industries. Economics is concerned with *what* is produced, the technology and organization of *how* it is produced, and *for whom* it is produced. Media economics consists of studying the application of economic principles, concepts, and theories to study of macro and micro economic aspects of mass media companies [1]. The print, radio, television, Internet, and social networks are widespread type of media platforms.

As per the Ministry of Information and Broadcasting of India (2014) records, there are 832 television chan-

nels (406 news & current affairs, 426 others), 245 FM (frequency modulation) radio stations, 179 community radio stations and 99,660 publications (news papers 13,761 and periodicals 85,899) registered with Registrar of Newspaper for India (RNI) [2], after Government of India initiative to relax foreign direct investment (FDI) pave the way to growth of media industry in India. There is enormous scope to study media economic aspects in relations to content, sources, media firm managing pattern, media products, influence of media regulations, policies, changing consumer taste & technology, cross media ownership, media man power hiring pattern, and global, national, and local competition in media firms.

Micro economic aspects which study at global, national, local media market in relation to policies & regulations, where as micro economic covers supply and demand, explore consumer needs and wants, market structure, firm conduct and behavior.

1.1. Methods Used in Media Economic Research

The prevalent literature suggests four methods namely trend studies, financial analysis, econometrics and case studies [3].

Trend studies compare and contrast data over a time series. In assessing media concentration, for example, scholars typically study concentration indices over time to gauge the impact of different policy decisions or other actions on media ownership. The Dimmick and McDonald's trend studies (2001) reviewed of network radio, Greco's (1999) examination of book publishing, mergers, and Lewis' (1995) study of changes in newspaper pricing and subscription costs.

The financial analysis of media is another tool useful in media economics. It uses different forms and different types of data. The data collected from financial statements and use of various types of financial ratios is studied. In econometrics tool which uses statistical and mathematical models to validate and develop economic research questions, hypotheses, and theory. Econometrics which requires mathematical knowledge to develop econometric model used in general economic literature, not familiar to media economics researchers who are from communication or journalism backgrounds. Studies by Kennert and Uri (2001), and Miller (1997) represent research involving econometric analysis.

Case studies are popular in media economic research which allows a researcher to embrace different types of data as well as different methods. Case Studies in media economics research tend to be very targeted and focused examinations. Some representative case studies include McDowell and Sutherland's (2000) analysis of branding, Nye's (2000) review of litigation in music publishing and Gershon and Egen's (1999) case study involving retransmission consent in the U.S. cable television industry [4]. Two worth mention are policy analysis and historical research. Policy analysis looks at the impact of governmental regulatory policy and their effect on media markets and industries. Historical research tends to examine developments over time, and could incorporate a number of perspectives such as trend studies, policy analysis, or case studies (Wolfe & Kapoor, 1996). This approach is common in media management research because the unit of analysis is often the organization or firm. The complexity of organizational phenomena can provide the best sort of data. It is also useful in conducting exploratory research, when the aim is to gain insights about, say, areas of organizational activity that are not yet well documented or understood and that can only be teased out through prolonged, detailed and multi-layered scrutiny [4].

1.2. Nature of Research in Media Economics

Good quality research, irrespective of its any discipline, depends on the eminence of the question posed as much as obtaining an answer to it. Here few questions that enlist media economic issues concerned with: Do media firms produce the sorts of goods and services that consumers want and need? Are they supplied in the right quantities and under conditions of optimal efficiency? What is the association between the markets in which media firms operate and how they perform? How can managers of media firms ensure that the resources available for provision of media goods are used as effectively as possible? What special challenges are thrown up by the management of creative processes? Which strategies will ensure that new media technologies are used to best competitive effect? What role should the state play in ensuring that the organization and supply of media output matches societal needs? Next research question arises on whom the research is carried for, it is directly on behalf of client (a media organization) is clear. In order to gather information from media managers or other

industry practitioners, the two most commonly used research methods are interviews and questionnaires. Other potentially useful methods include observation and focus groups [5].

1) Documents and texts

Official data that is available in the public domain is an extremely valuable resource for researchers in our field. Indispensable economic media data is usually available, for example, from industry regulators such as Telecom Regulation Authority of India, Ministry of Information Broadcasting media wings, the federation of Indian chamber of Commerce (FICCI) [6], or the Copyright Tribunal, Monthly performance reviews, dissections of operating costs, and the sort of management data that would allow a media company's operations to be analyzed in close detail are generally not open to the gaze of outsiders (nor, understandably, to rivals). The determined researcher can only get access to this sort of data by negotiating with or talking to its gatekeepers.

Now a day much of this official data is made available on the various bodies' websites. The Internet has become a very precious research tool for media management researchers. Indeed, most of the originators of official media industry data, whether public or trade bodies, whether national or international, have websites on which information about reports and publications (and, often, full documents in a downloadable form) are readily available. The sales and audience figures produced by companies such as Nielsen or BARB are regularly placed in the public domain and more data may be available at websites or reproduced in industry journals.

2) People

One of the most important sources of information about management practices in the media industry is, of course, people. In order to gather information from media managers or other industry practitioners, the two most commonly used research methods are interviews and questionnaires. Other potentially useful methods include observation and focus groups.

3) Quantitative and qualitative analysis

Existing research studies in media management and economics illustrate a range of investigative approaches, quantitative and qualitative (sometimes both). Quantitative research is centrally concerned with measurement. Results of questionnaire surveys or of highly structured interviews or numerical and statistical data gathered from primary or secondary sources are equally open to quantitative analysis. In qualitative research, the prominence tends to be on individuals' interpretations of their atmosphere or events taking place within their environment, of their own behavior or that of others. Qualitative research is well suited to investigating work practices and managerial styles, and carrying out organizational research. The analysis and presentation of qualitative findings allow nuances and contexts to be taken into account [5].

2. Forces Driving Media Industry Change

As far as Media industry is concern four external forces continue to drive change across the media industries, paved the way to the evolution of the study of media economics. The four major forces are technology, regulation, globalization, and socio cultural developments in the society... Media industries are mainly dependent on technology for the creation, distribution, and exhibition of diverse forms of media content, changes in technology affect economic processes between and within the media industries.

Technology: The evolution computing technology lead to improved efficiency among workers in many areas and significantly minimized storage necessities for paperwork as well as increasing opportunities for communication (e-mail) and other software applications. The second is the transition from analog to digital content. The computer became so powerful that provided scope to convert text and graphics digitally that led to compiling digital audio video files. The converting to digital world initially started in print and later in electronic media. Many media companies identified significance of the internet and started to build Web sites to attract consumers and advertisers. For media industries, the Internet presents an easy way to connect audience as well as advertisers to build and enhance brand development.

Regulations: In any country regulatory measures often affect competitive market forces, and media industries are no exception. Cross media ownership allowed and companies operating in one industry could now compete in others. Now, media industries can enter into cable business, could offer telephone service, and telephone companies could offer cable-like services. The cross-ownership rules would give publishing companies the opportunity to acquire broadcast stations, radio stations and cable systems within the markets they serve, leading to the development of multi-media-based companies offering content and advertising across multiple mediums. The TRAI (telecom regulatory authority of India) put forth few suggestions to control cross media ownership

and vertical integration of broadcaster and distributors. The TRAI argues cross media ownership can lead to control and influence content of the media. Under the Ministry of Information and broadcasting of India, a separate wing set up to monitor content of the channels (The cable television network s regulation Act 1995). According to the TRAI Report of 25 February 2009 mentioned numerous disputes brought before the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) between broadcasters and cable operators alleging denial of content by other service providers and recommended that broadcasters do not have stake in more than one DTH operator or a cable operator at a time [6].

Globalization: Globalization of media content began with motion pictures and magazines then after expanded into other arenas, such as television programming, VCD and DVD sales and rentals, and recordings. For example Rupert Murdoch built an international media empire, spread across four continents and owns broadcast, print & internet media platforms. When Aljazeera English (AJE) launched (2006), it has reach to 80 million households worldwide. By early 2012, that number was closer to 250 million households, which puts its distribution in close reach of CNN and the BBC [7], Zee Entertainment Enterprises Limited India, one of the Indian entertainment television channels group has its strong presence worldwide, ZEEL entertains over 959+ million viewers across 169 countries [8], Globalization made media economics researchers difficult as accounting practices and regulatory structures vary from country to country. There are few reliable sources of global financial data related to media. It will become critical for scholars to recognize that media companies compete and operate in a global as well as domestic marketplace for audience share and advertiser revenues.

2.1. Socio Cultural Developments

Any Changes in society also affect the media industries and, eventually, media economics. Always media content is regularly created with the desire to reach global audiences, so consumer tastes and preferences are significant in understanding audience needs and wants. From time to time audience taste will change, for example in initial stage of Doordarshan (Govt own Television), telecast Buniyad, Nukkad, Bharat Ek Khoj and epic stories of Ramayan, Mahabaratham, Sword of Tipu Sultan [9], and after that soap operas which concentrate family issue, social issues were covered and now, reality show &, comedy shows dominating Television channels. Even in print media, separate regional/local tabloid edition launched, in order to satisfy local needs, wants of the audience/readers which highlights locally important issues. At present nine hundred and above channels are there in India to entertain to each segment of the audience like sports, entertainment, news, children specific, adventure, comedy, music etc.

2.2. Media Products

Media content, in the form books, magazines, newspapers television programs, movies, sound and video recordings, signify some of the products manufactured by media firms.

Media products can be divided into categories of information—news-related content and entertainment (drama, comedy, action, music, games). Massive consolidation across the media industries has given rise to vertically integrated conglomerates, which control many aspects production, distribution, and exhibition such as India today group, Times group etc.

Many media industries function in a dual-product market place. It is common practice in media firms which try to position their content so as to get maximum potential revenues. The priority of media executives and managers is to garner positive cash flow as more revenues with less expenses to increase the value of their firm.

2.3. Branding

Branding is the key concept in media economics. Media companies always use branding as one of the way to build awareness and create identity connected with content. Generally audiences and advertisers identify brands, and most of the media companies invest billions of dollars to develop and acquire different brands.

Once the media product created, it has to go through the dual-product market place operates at the distribution and exhibition levels. There is competition in the market for good ideas concept, talented producers, director and editors for the production process and exist demand for the best available talent in the market. The advertising revenue in 2014 grew at growth rate of 14.2% over 2013 to reach Rs.414 billion, of which print got 43 percent and Television 37% share [10].

2.4. Scale and Scope of Economies

The operation of media firms at different location which refers to the cost efficiencies of scale and scope of Economies. As the cost of the production decline as multiple of products produced. Under single platform, Television, print and web editions delivered in order to reach out to the public. With increasing no. of editions, Journalist with single payment needs to work for multi platforms like Television as well as print and web editions. Here Companies reducing cost to produce content for different platforms. The print media players moving towards integrated News Room concept where digital and print grow together as a integrated solution over Multi media platforms comprising internet. In 2013 Zee news merged its broadcasting business with DNA (newspaper). India today shifted to new building to integrate its TV, Radio, Print and online platform [10]. Cross media ownership presence in India given scope to work on different platforms. The major groups which own prints as well as Television channels in India are India Today, ABP group, Times group, Eenadu group, Dainik Jagran, SUN Zee Group etc.

2.5. Mergers and Acquisitions

The reliance Industries Limited (RIL) acquired control of Network18 and media investment Ltd. and its subsidiary TV18 broadcast ltd which enable RIL Jio Infocomm to get access to broadcast, digital and e-commerce content for its 4G mobile data service [10]. The Rs.2100 crore deals between Reliance Industries Limited (RIL) and Network 18/TV18 are significant for more reason than one. As a result of RIL deal Network 18/TV18 which owns seven TV channels including news business channels will now control Eenadu TV (ETV) that has a vast reach through its 12 regional language channels with a viewership in at least 10 states [11]. Eenadu challenged by sakshi having television channel, newspaper and some magazines. Another significant player is ABN Andhra jyothi group with newspaper, television and some magazines. In regional MAA TV take over by Star Plus for Rs.2500 crore. The composition of the media industries has undergone considerable change due to mergers and acquisitions across many market sectors. News Corps's Star TV India and Sun TV Network Ltd, Zee group and others won DTH, cable distribution. Star's Cross media India operation Television, internet, radio, mobile entertainment and home video. Sun Network own 14 TV channels in four states, cable assets, four magazines, radio stations and two newspapers. Kolkata, dominated by Telegraph, Anand Bazar Patrika, both ABP group partner with the Star News, Times of India, Pratidin, and Vartaman. Mumbai has times of India, DNA, Free Press Journal and Marathi papers. The Times of India (10 November 2011) reported that the Srinji Raju Promoted Ilabs Capital and private equity firm SAIF Partners had Struck a deal to offload their 80% stake in Hyderabad based Associated Broadcasting Company (ABCL), which runs the TV9 chain of regional news channel to a national media house and a US fund in a deal estimated at over Rs.500 crore [12], Zee TV owns seven regional channels, six Hindi channels, three English channels two music channels, and niche channel. Star TV broadcast, more than 40 channels in 7 languages, sports channels (8 no.) NDTV group maintain 4 national channels (NDTV English, Hindi, Good times, NDTV profit, India today group owns two television channels: Aaj tak tv, Headline today (English) and 12 different magazines. The times of India group has five dailies, two lead magazines, twenty nine niche magazines and one Television channel, thirty two radio stations., Several media companies listed in stock market: India today, Midday, Hindustan Times, NDTV and Sun TV. The BBC world wide brought 20% stake in Midday Multimedia, CNN has a joint venture with IBN/TV18 and Doordarshan (Government Control) channel has 33 channels in its boutique [13].

Table 1 describes how the content reaches to the consumers. Once content created, it needs to go through broadcaster, Distributor and finally it reaches to the consumers. Major content creating agencies like Balaji sell their content (programmers) to the Tevelevision channels like STAR, SONY, COLORS, ZEE TV. All these Television Channels market these programs and attract potential sponsors, advertisers. These channels carried through distributor and Local cable operator and reaches to the audience. The MSO's (Multi system operators) or direct-broadcast satellite television systems (Hathway, Tata sky, Big TV Den, Videocon, Airtel) charge amount for carrying channels through their distribution network and Local cable operators collect channel subscription fee from consumers. After digitalization process initiation by the Government of India, consumer with addressable system receiving high quality picture on the Television screen [14].

2.6. Employment Pattern in Media Industry

In order manage media industries require talented technical, creative, and managerial personnel. The employees

Table 1. The below table depicts the role of each key player in broadcasting.

| | Content creators | Broadcaster | Distributors | End users |
|----------------------------|---|---|--|--|
| Role in the TV value chain | Content providers operating independently or through broadcasters who re-package content | Further, content is distributed through audio and video signals to transmit programs to an audience | The distribution companies, using various technologies, make the content available to audience | End users get access to the content after |
| Key player | <ul style="list-style-type: none"> • UTV • Balaji • Sri Adhikari Brothers Television Network Ltd. • Creative Eye Limited | <ul style="list-style-type: none"> • Star Plus • NDTV • Sony • Colors • Zee TV | <ul style="list-style-type: none"> • Digicable • Hathway • DEN • Tata Sky • Big TV • Bharti Airtel | Consumer |
| Challenges/consideration | <ul style="list-style-type: none"> • Increased number of channels are driving growth and content production costs • High volume and cost considerations might effect quality of programming | <ul style="list-style-type: none"> • 3/4th of advertising spends under Top 5 media buying agencies • Measurement tool for impact on audience needs improvement • High carriage fee to distributors | <ul style="list-style-type: none"> • Almost 75% of the revenue is garnered by LCO due to domination of non-addressable analogue subscriptions | Consumers are experimenting and open to new technologies, content and offers |

Source: Deloitte Analysis.

of the media firm are single expense for any organization. In the media industries those involved trade, craft, and technical side are considered “below-the-line” employees, whereas employees such as producers, writers, directors, talent, and management are considered “above-the-line” employees.

The media firms need to ready to adjust with changing technology which require skilled/trained people in technology or to hire from outsources. Labor markets are affected by consolidation, which typically creates a loss of some repetitive jobs, as well as general labor trends.

Media affects theories of mass media applicable to the fluctuation in economic development, whether it is direct or indirect.

2.7. Growing Media Economics Study in India

As of now, Media Economics as one of their optional subject offering at Post graduate level in many departments of communication, commerce and Business studies of Indian universities. Indian Institute of Mass Communication, New Delhi, Mudra Institute of Communication, Ahmedabad, Symbiosis University, Pune, Asian School of Journalism, Chennai, Central Universities like Hyderabad, Pondicherry, Delhi have specific papers on media and business studies as a part of their regular master’s, bachelor’s or diploma programs in communication and media management. Many economics, commerce and business studies departments of central and state universities in India also have papers on media economics as a part of their regular management and business programs. These specific papers on media economics offered by these institutions aim at improving skills of media and business students within a research structure, facilitates them to build up a critical perspective on the global media markets and its impact on the business structures, ownership patterns, regulation, technology and social policy implications of media industries with a macroeconomic approach [15].

3. Conclusion

After globalization, many mass media companies emerged and these companies got industry status. Mass media companies provided employment opportunity and started producing content. The production platforms multiplied. Each organization under his umbrella started print as well as electronic media channel. Even they (origination) entered in distributions business too. Media economics provides a means to understand the activities and functions of media companies as economic institutions. Major corporate groups are carrying research activities with the help of international media research organizations like Tam Media Research, BARC (Broadcast Audience Research council of India). Granting of industry status to the media companies can lead to wider appreciation in the society. At the institution/university level it has to get identification to carry out research by students. An understanding of media economics strengthens our understanding of the role and function of mass media in society. As a field of scholarship, media economics research offers important contributions to media studies.

Media economics research faces many challenges as it attempts to analyze and evaluate the complex and changing world in which the mass media industries operate.

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