



Fair Regulatory Regime in an Era of Multi Screen Choices



Three vectors for media consumption growth

Reaping the Rural Dividend

Media-connected rural consumers could increase from 120 million to almost 315 million in 2020, with the right distribution and monetization infrastructure in place

Segmented supply begets demand

The Digitally Connected Consumer

Digital consumption of media is additive to traditional media. Per capita media consumption of internet users is ~40% higher than non-users

Deep understanding of the content contexts, combined with big data mining can significantly improve content strike rate

*Source: BCG & CII 2017 latest report
Media & Entertainment : The nucleus of India's creative economy*

Three fundamental shifts that will transform the industry

	 Content Production	 Aggregation & Distribution	 Monetization
Media value chain trends			
Changing consumer demands	<ul style="list-style-type: none"> • Demand for niche content & new formats • Higher volume of content generated • Social influence in content sourcing / production 	<ul style="list-style-type: none"> • Super aggregators of OTTs for ease of navigation 	<ul style="list-style-type: none"> • Moving from mass eyeballs to monetization of micro-segmented audiences
New industry structures	<ul style="list-style-type: none"> • New production models – rapid cycle time at lower cost • Higher fragmentation in content generation / production ecosystem 	<ul style="list-style-type: none"> • Blurring roles across media players with value pools migrating • Rising privacy concerns 	<ul style="list-style-type: none"> • New subscription models emerging • Rise of programmatic and exchanges • Short form advertising
Digital disruptions	<ul style="list-style-type: none"> • Virtual Reality/ Augment reality content • Greater use of technology in content sourcing / production 	<ul style="list-style-type: none"> • Personalized curation • On-demand, device agnostic rendering of content 	<ul style="list-style-type: none"> • Additional monetization paths due to big data • Targeted advertising with return metrics

**Source: BCG & CII 2017 latest report
Media & Entertainment : The nucleus of
India's creative economy**

Frost & Sullivan On Indian Media Scenario

- India is the **second** largest television market in the world, with around **166 million** pay TV households.
- Frost & Sullivan expects this to cross **200 million** by 2021, growing at a CAGR of 5%.
- Despite the growing number of OTT video services and viewers on alternative media, India will **continue to have an increasing number of TV households, driven by the rising aspirational middle class, increasing GDP per capita, more pay TV channels and digitization.**
- However, what challenges the market is lack of pricing parity for Pay TV versus other services especially in Rural India.
- DTH and cable operators are finding it hard to increase their ARPUs.
- **Pay TV operators focused on a converged content distribution strategy will be the ones to sustain long term growth and be relevant.**



Multi-Screen Trends April 17 – March 18



- Latest Asian research reveals that while Asian Pacific Pay TV will continue to generate revenue, **new trends** are discernible in the coming times:
- With growing **fiber optic network** development, focus is shifting to bundling of **Pay TV** and Broadband in Asia. Consumers now treat Pay TV as '**old technology**' leading Digital Platform Operators to invest in **cloud delivery** and Android enabled STBs with internet functionality to try to curb cord cutting shift to OTT Platforms.
- ARPUs will face pressure due to growth of **Free Dish** in India (32 million homes) and forthcoming Digital Terrestrial TV (already started) from Doordarshan as all analogue transmitters have been switched off.
- There is a marked shift to **regional and vernacular and local content** leading to explosion in content creation. At same time there is increased investment in premium content especially Sports.
- **OTT use** in India is exploding from content aggregators like Hot Star and new disruptive entrants like Netflix and Amazon Prime.
- Increasing resort to **consolidation** of media ventures will happen in India.





Media Industry Outlook 2018-2020



- India is gearing for a **consumption explosion**.
- India already has **250 Million digital screens** (smart phone, tablets, laptops and PCs), which is more than the number of TV and film screens put together.
- This number is projected to multiply to **600 Million** by 2020, implying that every second Indian will have a **personal media consumption** device.
- New consumption behaviour will get created with '***always-on, on-the go, on-demand and seamless pick-where-you-left models***' across multiple devices and time frames.
- The distinction between prime and non-prime time will become **redundant** due to these changing patterns and behaviour of online consumption.

**Source: BCG & CII 2017 latest report
Media & Entertainment**





Explosion of Digital Media

FICCI Frames – E&Y Report- March 2018



DIGITAL MEDIA/OTT

- **250 million people** viewed videos online in 2017 and the figure is expected to double to **500 million** by 2020.
- **93 %** of time spent on digital videos is in Hindi and other regional languages and OTT subscription in India is expected to touch Rs **20 billion** by 2020.
- **Digital media** has grown significantly over the past few years and continues to lead the growth charts on advertising.
- **Subscription revenues** are emerging and are expected to make their presence felt by **2020**.
- In 2017, digital media grew at **29.4 per cent** on the back of a **28.8 per cent** growth in advertising and a **50 per cent** growth in subscription.
- Subscription, which was just **3.3 per cent** of total digital revenues in 2016, is expected to grow to **9 per cent** by 2020.





Uneven Regulatory Scenario



- The **Cable TV Act** of 1995 applies to cable operators and MSOs. It has undergone major amendments in 2012.
- **DTH**(Direct to Home) Operators function under MIB Guidelines and take permission to operate.
- **HITS**(Headend in the Sky) Operators do the same. They have to abide by the Cable Act provisions on advertising and programming code.
- **Broadcasters** are still regulated under the downlinking and up-linking guidelines and permission of MIB. All efforts to bring a Broadcast Bill have failed.
- All these **Delivery platforms** and content are governed by Tariff , Interconnect and QoS Regulations of TRAI which were sought to be harmonized in 2017 but face serious challenges currently pending for third member judgment in Madras High Court.
- For **OTT**- there is a vigorous debate but a regulatory vacuum exists fully taken advantage off by both foreign and Indian OTT Platforms.





Fair Balanced Regulatory Regime



- We need to create a fair level playing field of regulation in a converged – Multi Screen Era.
- In the epochal Supreme Court decision in the **Cricket Association of Bengal** judgment in 1995 the Supreme Court had held that airwaves are a public property whose use had to be regulated by an independent autonomous public authority.
- A recent **Common Cause** Supreme Court judgment in 2017, dealt with lack of complaint mechanism for redressal of consumer complaints on quality of radio programmes and directed a statutory mechanism under section 22 of the Cable Act to give statutory recognition for complaints on radio programmes.
- There has always been need for fair and balanced Regulator more so in multi screen era.





Fair Balanced Regulatory Regime



- A long time ago Government was contemplating setting up a Communication Convergence Commission in 2001 to promote, facilitate and develop in orderly manner the carriage and content of communication for establishment of an autonomous Commission to regulate all forms of communication.
- In the current multi-screen era, this is more relevant when self regulation is in vogue.
- Though self regulation may have worked well according to the Broadcasters, Government has often stepped in to temporarily ban TV channels for transgressing public taste or decency norms.
- My first concern is that ***is self regulation not self serving?***
- Secondly, in our vast nation with many communities and social concerns, should there not be an independent and autonomous Regulator who uses a ***light facilitative approach*** to create a level playing field between different technologies for both carriage and content?





Uneven Level Paying Field



- Digital Cable can easily and must begin to offer OTT to ensure that cord cutting does not happen as in the West.
- Technically, OTT is actually an application over Broadband/Internet with various delivery options, including through same cable broadband and even such “ OTT” content is managed abroad by the same Cable Company like Comcast.
- Of course MSOs too face AGR issues and have been forced to divest their broadband licences to associate companies but it is well known that even NTP 18 will focus on spread of broadband through the vast cable pipe.
- In fact the multi screen of TV and OTT content is merging and MSOs and HITS operators are beginning to offer multiple viewing devices using WIFI/dongles etc.
- Though there is vast OTT viewing on mobile, at the same time people prefer to watch Netflix and Amazon Prime and Hotstar on large TVs.
- But there is no regulation to help MSOs get OTT rights
- On the other hand no one knows who will regulate OTT and already we are facing strong lobbying against OTT Regulations! Surprisingly no Ministry even monitors OTT Content!
- **This is my closing point. Never before was there need for technology neutral Regulation as today. This will be in larger public interest.**





THANK YOU

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