

INDIQUEST MEDIA & ENTERTAINMENT TRACKER

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Created by
INDIQUEST RESEARCH

IndiQuest

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1 Sector News

This section covers updates on the Media & Entertainment Sector.

1.1 Sponsors look at niche sports to market their high end products

Sport broadcasting companies and advertisers have realised that sports such as F1, MotoGP, Rugby, Golf and Tennis cater to a very niche audience, who are mostly consumers of premium products. Sponsoring sports like cricket, which has lost its charm post World Cup, seems to lure them less as their products do not make any significant impact when clubbed with a plethora of other advertisements. The common trend now is to invest in popular, niche sports.

Mahesh Krishnan, director sales and marketing, Goodyear, commented that his company's association with Formula 1 was for a long time till they parted ways. At present the company is sponsoring NASCAR, the biggest US based car racing event, till 2012. He said that Indian companies have a huge opportunity to sponsor motor sport events.

On the other hand consumer durable companies are increasingly targeting this segment as they feel that their product not only gets the right leverage but also makes a strong impact. It is noted that high-end mobile phones, laptops and other electronic gizmos share space during the ad-breaks when these events are telecasted. These events have audience that have a youth connect which is gradually growing stated Girish Rao, VP, sales & marketing, LG.

In a bid to divert the attention of sponsors, sports broadcasters are promoting these sports by running various contests around them or tying up with major brands. Satish Menon, president, business development, Zee Sports acknowledged the fact that companies are moving beyond just bargaining for advertising spots. They want to get associated with the game and develop them as future properties. He gave the example of major retailer of clothing and clothing accessories, Color Plus' association with golf. The company did in-store promotion for four weeks and promos were done at all Color Plus outlets which gave them an opportunity to leverage their brand and association with golf in future. UB Group, Sunfeast from ITC and Sony Ericsson have tournaments running around their brand names.

ESPN STAR Sports' is planning a lot of promotional activities to popularise F1 after its recent success with the sport. With F1 all set to arrive in India, it appears those advertisers are already zooming ahead, as their audience wants the best and the latest, both in sports and their products.

2 Regulatory News

The section covers regulatory news in the Media & Entertainment Business .

2.1 Broadcasting Bill to be released soon

The Information and Broadcasting (I&B) Ministry is in the process of modifying the Broadcasting Services Regulation Bill in accordance with the suggestions and recommendations received from stakeholders. The draft of the Bill was uploaded on the Ministry's website in 2006 and comments on this were invited from the stakeholders in broadcasting companies. The Bill was initiated to enable the Indian citizen to arrive at an informed judgment by a medium not controlled by a monopoly be it a State or an individual group/organisation.

The Broadcasting Services Regulation Bill 2006 gave the Indian government the power to put restrictions to prevent cross-media monopoly since leading media houses consolidated their hold over different segments of the media. The Bill also empowers the government to prescribe eligibility conditions and restrictions on accumulation of interest from time to time as the situation demands.

Some restrictions under consideration in the Bill pertain to equity; others seek to put a ceiling on the reach/subscriber base of channels. No content provider and its associated companies can have more than 20 percent share of paid up equity or any other form of agreement with another such entity that would allow it to have managerial or editorial control over the channel. A similar provision is planned for broadcasting network service providers.

The first bill was incepted by the National Front government in 1997 but was later shelved due to the rapid technology changes. The National Democratic Alliance government along with a Group of Ministers headed by the then finance minister also contemplated changing it into a Convergence Bill incorporating the convergence of information technology and broadcasting. This was later put on hold as the NDA was voted out of power. Later, the ministry announced a revival of the proposal for a broadcast legislation for the provision of a regulatory authority.

2.2 Bombay high court grants permission to telecast cricket from DTH platforms

Justice Ajay Khanvilkar of the Bombay High Court granted permission to DTH operators, Tata Sky and Dish TV, for the live telecast of one-day internationals between India & South Africa and India & Pakistan.

BCCI and Nimbus had moved the High Court to refrain the DTH players from telecasting the live feed of India's cricket matches with South Africa and Pakistan since BCCI was the sole organiser and controller of these matches and Nimbus was the exclusive media and broadcasting rights holder. Nimbus in turn had given it to Neo Sports (with English commentary) and four other channels (with commentaries in regional languages). BCCI also stated that it held the copyrights and Nimbus had the telecast rights of these four matches. BCCI stated that the DTH operators could not carry

signals of these matches unless authorised by it and telecasting them would be a violation of the Copyright Act.

Earlier in the week, BCCI sent a letter to Dish TV asking it not to authorise/permit or retransmit any Doordarshan (DD) signal. The cricket body also sought a confirmation from the broadcaster that no matches of the Future Cup and Future Friendship Cup, to be played between 26 June and 3 July, will be telecast without any proper license from the concerned right holders.

This action came in course of the huge losses incurred by Nimbus Communications due to unencrypted feed of matches available on DD and subsequent re-transmission' of the signal by private DTH players like Dish TV and Tata Sky.

However, Jawahar Goel, managing director, Dish TV, denied all allegations of re-transmission. He stated that DD shifted its satellite to Insat 4B from June 2007. The distance between Insat 4B and Nimbus' satellite NSS6 being just one degree has made DD's signals available to Nimbus' subscribers which has led to the re-transmission issue. He further stated that DTH broadcasters are also mandated to offer Prasar Bharati channels as of now. The DD channels are available on DTH platforms and the live feed carried by it is automatically available on its platform. He emphasised that since the case filed by Nimbus Sports International Put Ltd. is still pending with the Delhi High Court the issue of distribution/availability of signals of DD channels on DTH platforms is sub-judice.

Further, the I&B Ministry has assured BCCI that the government would soon issue guidelines to stop DTH players from relaying cricket feed provided free to Doordarshan.

3 Media Companies News

This section covers news on various companies in the Media business.

3.1 CMCG India the media company for INX Media and INX News

INX Media and INX News, promoted by Peter and Indrani Mukherjea, appointed CMCG India as its PR agency to support its corporate public relations activities. The company plans to launch a slew of channels in different genres, of which, 9X, a Hindi entertainment channel, 9XM, a youth music channel and News X, an English news channel will be launched initially.

3.2 V&S Broadcasting appoints Pankaj Krishna as AVP

V&S Broadcasting, a subsidiary of UTV Broadcasting Ltd, appointed Pankaj Krishna as Associate Vice-president for three of its channels, with effect from the first week of July 2007. UTV plans to launch three channels belonging to the variety and specialty genre. These channels will form part of the upcoming bouquet of TV channels from the UTV group. The first channel to be launched would be Olive TV, a channel dedicated to cinema.

3.3 IBN Lokmat channel appoints Nikhil Wagle as Editor

IBN Lokmat Channel, a 24-hour Marathi news and current affairs channel appointed Nikhil Wagle as the editor. The channel is a 50:50 joint venture between GBN and Lokmat Group. Rajdeep Sardesai, editor-in-chief, CNN-IBN and IBN7, will be the executive editor of the new channel. IBN Lokmat channel will be tailored on the lines of CNN-IBN and IBN7.

3.4 ABC News plans re-structuring

ABC News, a division of ABC television and radio networks (ABC), owned by The Walt Disney Company, has planned a company wide re-structuring that will move more resources into digital news. David Westin, President ABC News stated that the re-structuring will take place over a period of two years. The process would involve consolidations and job changes and also additions of jobs in its recently opened offices in India, Australia, Iran and Brazil.

3.5 Ramon Chibb appointed VP head content of UTV-ASTRO's BINDASS

Bindass, UTV-Astro's 360-degree entertainment brand for Young India, appointed Ramon Chibb as the Vice President-Head of Content and Operations. Ramon will be responsible for programming, production, scheduling, FPC planning, promo planning, on-air programming, operations and traffic for Bindass.

Prior to this, Ramon Chibb was VP Content (New Media) at DMCL, the digital arm of Zee Telefilms. He was also the head of programming and production at National Geographic Channel and The History Channel, where he created and directed Mission Udaan.

"Brand Bindass" has been envisaged with an outlay of USD 49 million by UTV in association with Astro. It is India's first local youth entertainment brand which includes entire gamut of entertainment: television channels, a mobile channel, three websites, creation of original games, merchandising, retail and nation wide ground events providing Indian Youth with an array of choices.

3.6 Nimbus plans global broadcast of Future Cup & Future Friendship Cup

Nimbus Sport, a division of Nimbus Communications, has announced its global telecast of six one day internationals, including the Future Cup and the Future Friendship Cup. The telecast will cover Canada, Middle East, Pakistan, South Africa, Ireland, the UK & Europe, Singapore, Malaysia, Australia, India, New Zealand and Hong Kong. In India, Nimbus has signed a broadcast deal with Neo Sports, Sab TV, Sun News, Gemini News, & Udaya Varthalugu for the same.

The series will feature five India matches against Pakistan, South Africa and Ireland. The "Summer Series" will be a live broadcast through Nimbus. Digvijay Singh, CEO Nimbus Sport, stated that this move is the broadcaster's strategy to market and present cricket successfully and also attract large audiences by packaging cricket through broadband & newer media platforms.

3.7 Nimbus shines with 10% cable & satellite share after live cricket feed

Nimbus has managed to procure a 10 percent share of cable & satellite (C&S) viewership in India after the telecast of the ongoing India South Africa series on 26 June 2007. After termination of its contract with Star Sports, Nimbus Communication tied-up with six channels viz; SAB TV Sun News, Gemini News, Udaya TV, Neo Sports and Doordarshan to carry the live cricket feed of the Ireland series.

SAB TV managed to amass the largest share of viewers from C&S households which was four times that of Neo Sports. aMap, an Indian TV monitoring agency, stated that the total viewership has almost doubled across these channels (excluding Doordarshan). The viewership of Neo-sports tripled, although, the reach of the channel is far less than its rivals ESPN and Star Sports. If the viewership of Doordarshan is added, the total viewership share in India would reach 16.4 percent.

Nimbus' experiment of localising cricket feed has opened up new avenues for regional advertisers as they could not afford live cricket spots. For a 10 second spot on the national feed, the advertisers would be charged Rs.1.5 lakh while on a regional feed it would cost them Rs.50,000. With the localisation of cricket, Nimbus has initiated the trend to open the largest media platform to local advertisers at a very reasonable price commented Sundar Raman, MD, Mindshare, A Group M company. This is expected to result in the opening up of more local feeds and a subsequent revenue hike for Nimbus.

3.8 CN & Pogo leader in Kids' Channels

Tam Media Research, a joint venture company of AC Nielsen & Kantar Media Research/ IMRB incorporated for Indian TV viewership analysis stated that the combined channel shares of kids' channels grew by 14 percent in the month of April and May 2007. The key contributors to this growth are Cartoon Network and Pogo with 16 percent and 17 percent viewership respectively. During the period 01 January – 09 June 2007, Cartoon Network and Pogo have set new records with their top five telecasts of summer being the top five telecasts for the year.

The top five shows were feature films across Cartoon Network and Pogo and were the only movie telecasts to have crossed the 2.0 TVR across kids' channels. The movies included Krishna: in Vrindavan with 2.5 TVR; Harry Potter and the Goblet of Fire with 2.4 TVR; Krishna: Makhan Chor with 2.3 TVR; Krishna: The Birth with 2.1 TVR and Harry Potter and the Chamber of Secrets with a 2 TVR. In addition, the Harry Potter film series on Pogo, delivered higher ratings than all other TV channels across India this summer, in C&S 4-14, all SEC audience.

Monica Tata, Vice-president, Advertising Sales and Networks, India & South Asia, Turner International India, stated that for three consecutive years, Cartoon Network and Pogo have been the winners in the kids' television genre. The success has proved that these channels have the ability to deliver the best kids' programming available in India and abroad.

3.9 British Telecom (BT) signs distribution deal with NDTV

The media & broadcast division of British Telecom (BT) signed an agreement with private broadcaster New Delhi Television (NDTV) enabling BT to be NDTV's global network supplier. This will also allow the distribution of NDTV to pay platforms BskyB in the UK and Direct TV in the US. As per the agreement, BT will carry the live NDTV news bulletin to multiple platforms on its state of art network.

This initiative will enable BT to showcase its network especially in terms of resiliency, security and round-the-clock global service, commented Deepakjit Singh Chatrath, general manager, client management Asia Pacific and EMEA, BT. For Rahul Deshpande, CTO, NDTV this move is the company's strategy to reach its business goal through globalisation.

3.10 Time Warner Inc. to enter India

Time Warner Inc. is planning to team with three companies to develop localised animated features in India. Turner Entertainment Networks Asia (TENA), part of the Time Warner group, has signed development contracts with three Indian production houses — Miditech, Famous Studios and Graphiti Multimedia for the same. This move came soon after Walt Disney Co. announcement to collaborate with Yash Raj Films, to produce animated features.

On the event, Ian Diamond, general manager of Turner Entertainment Networks Asia, stated that with this strategy, the company plans to launch the next animated superhero from India. TENA is already the market leader in children's television in India with its "Cartoon Network" and "Pogo channels", while Disney's Hungama channel is ranked third. The company also plans to invest in smaller studios to make independent productions.

3.11 Big media players launch DTH services soon

Big media & entertainment players like Sun TV and Reliance Entertainment are all set to launch their DTH services by December 2007. Other players like Videocon, Bharati and Raj TV are planning to enter the market by 2008. N Arjun, director, DTH, Bharati Airtel said that the company plans to launch their DTH services by March 2008. Their application for DTH license is pending for approval with the I&B Ministry. The foray into the segment will depend on the availability of transponder space on satellites with an Indian footprint.

Industry statistics show that the existing three DTH players – Dish TV, Tata Sky and Doordarshan - have together garnered nearly 6 million consumers. This figure is expected to cross the 40 million by 2012.

Vikram Mehra, head, consumer marketing, Tata Sky, said that the company had a subscriber base of 50,000 in the first six months of its launch. This figure is expected to double by August 2007. Meanwhile, Jawahar Goel, MD, Dish TV, stated that it had 2.2 million subscribers at present and

plans to add another 1.5 million annually. Rajesh Jain, executive director, KPMG, claimed that the subscription TV market is expected to grow to Rs.25,000 crore in five years from Rs.10,000 crore now and of the 159 million subscribers then, 40 million are expected to go for DTH services. That's a huge market considering that the US market comprises 105 million TV viewers.

The industry sources claim that the growth in this industry is attributed to the implementation of CAS in 2007. Players are hoping that ministry implements CAS in rural areas as well.

3.12 Advertisers ask SET to share cricket losses

Cricket has seen its worst phase after India was booted out of the ICC World Cup. Not only the world cup viewership crashed to abysmal levels after India's exit but advertisers want the event broadcaster Sony Entertainment Television (SET) to share the financial loss. SET officials have made it clear that the ad contracts are neither terminable nor renegotiable and also that it was not possible to change the contract since it was not specific to India's participation in the game. Besides, this was SET's last opportunity to reap revenue from the USD 255 million investment made in procuring exclusive rights to the 2003 and 2007 ICC World Cups and the two Champion Trophy events. In the whole deal, Advertising Agencies Association of India (AAAI) has supported SET and has asked advertisers and media buying agencies to honour the contracts.

3.13 Brindavan Television launched on 25 June 2007

S. Ratnavel Pandian, chairman National Commission for Backward Classes, launched Brindavan Television, a 24-hour spiritual channel in Tamil. The channel has a tie-up with VSNL and will be headquartered in Chennai with branches in Mumbai and New Delhi. The channel will feature poojas, lectures, astrology, yoga & meditation, history of various places of worship, mythological stories, 'vasthu shastra' and properties of gem stones in its programmes.

3.14 Tandberg Television awarded contract by ESPN STAR Sports

Tandberg Television, a division of the Ericsson Group, was chosen by ESPN Star Sports (ESS) to provide the advanced video compression head-end for the world's first MPEG-4 AVC contribution and distribution (C&D) system. This deal will enable ESPN Star Sports to distribute its programme to cable head-ends across Asia and also manage its transponder usage more efficiently.

According to the contract, a new Tandberg Television video head-end, including EN8030 standard definition encoders will be deployed at ESPN Star Sports' state-of-the-art production facilities and earth station in Singapore.

At present, the sports broadcaster telecasts a variety of live sports from around the globe 24 hours a day in Asia via its encrypted pay services to 15 networks covering 24 countries. This deal will enable it to achieve bandwidth savings while still maintaining essential high picture quality.

3.15 Walt Disney India appoints Aparna Bhosle as Director-Programming and Production

Walt Disney Television International (India) appointed Aparna Bhosle as director-programming and production. Her job initiatives include heading the production and programming for three Walt Disney channels viz; Disney Channel, Jetix and Hungama TV. Empowered with 10 years professional experience, Bhosle worked as group product manager (India Hub) at United Distillers & Vintners and director-marketing & sales with Quintus. Her last employment before joining Walt Disney was as VP-production and programming at Hungama TV.

4 Mergers & Acquisitions News

This section covers news on mergers & acquisitions in M & E Industry.

4.1 B.A.G Films offloads stake in two of its broadcasting companies

B.A.G Films & Media diluted 25 percent stake in each of its two broadcasting companies viz; B.A.G. Newsline Network and B.A.G Glamour to raise approximately USD 49 million to fund its expansion plans. India Bulls promoter Sameer Gehlaut and Kolkata-based High Growth Distributors have invested about USD 25 million each to acquire stake in these two companies. Gehlaut and High Growth Distributors will hold 12.5 percent each in B.A.G Newsline Network and B.A.G Glamour

BAG plans to launch two news channels, a lifestyle channel and another called channel called 'Bliss' which will be all about mind, body and soul. The news channels will form a part of B.A.G Newsline Network and the non news venture will be in B.A.G Glamour.

4.2 GV films works on demerger scheme

The Board of GV Films Ltd. has given an in principle agreement to the de-merger of the firm into three entities. This will result in the formation of two new entities viz; GV Studio City that will focus on the multiplex and hospitality business, and GV Technologies that will focus on the internet protocols and IPTV business. The parent GV Films will remain intact. Deloitte Haskins & Sells are the lead managers for the de-merger scheme and will submit their detailed report to the Bombay stock exchange (BSE) before 15 July 2007. After this, the board of GV Films will finalise the modalities of the de-merger scheme.

The firm will also form a joint venture with the President Group of Hotels for a USD 18 million, hotel-cum-shopping mall-cum-theatre project. The proposed JV plans to establish a 75-100 rooms themed hotel, multiplex with 10-15 screens and shopping malls.

4.3 Prime Focus to acquire UK companies

Prime Focus, an integrated post-production and visual effects service company, plans to invest USD 2 million to acquire post production companies which have specialisation in certain areas in the UK.

The company has invested USD 6 million on equipment up-gradation while restructuring its UK operations. The acquisitions will help the company to further consolidate its presence in the UK

However, on its priority list is the acquisition of a company in the US. The company has shortlisted three firms and is yet to close the deal. In May 2006, the company acquired 55 percent stake in the VTR Group, a USD 40 million European media service company which is also into post-production.

5 Programme News

This section covers news on new reality and entertainment programme launches.

International Programmes

5.1 North America's first Football reality show

Soccer Dreams TV, promoted by Steve Nijjar, plans to kick off the auditions for the search for North America's soccer star through its latest reality flick "Soccer Dreams". The show is produced by SEM Entertainment Studio. The team plans to travel across North America to identify the most talented, dedicated and inspiring young footballer aged between 14-19 years. The winner will get a contract with Everton Football Club.

In the selection process, stage 1 and 2 will involve selection of players on the basis of their technical skills evaluated based on points system viz; shooting, heading, strength, speed, stamina, endurance and positioning skills. In the third stage, 36 players will be shortlisted to go to the finals and will be picked for a two week stay in the "Soccer House of Champions". From these, the final 16 will be signed. They will have to play a series of matches and the best player will win the contract. The male winner will get a two-year placement with Everton Football Club while the female winner will get a Scholarship fund worth up to USD 25,000.

5.2 HGTV to launch second season "HGTV Design Star" on 22 July 2007

HGTV plans to launch the second season of HGTV Design Star, a reality competition series where designers from all walks of life compete against one another to win the grand prize of his or her own HGTV television show. The show will be aired at 10 p.m. ET/PT every Sunday from 22 July 2007. The show's finale is scheduled on 16 September 2007.

The show will feature 11 interior designers, artists, architects and craftsmen living in Las Vegas and competing in a series of challenges that test their creativity, ingenuity and skills. In addition, several of the finalists will also learn about the hard work and demands needed to create a weekly-television show. The judges will cast down to two finalists in the seven week schedule of the competition, after which the show's home viewers will vote and determine which of the two remaining finalists will receive their own HGTV show. The judges on the show are former Trading Spaces designer Vern Yip, renowned designer Cynthia Rowley, and In Style executive editor Martha McCully.

5.3 Preview of reality show – “Hey Paula”

Bravo TV aired its reality show “Hey Paula” about Paula Abdul’s personal and professional life. The show will be aired at 10 p.m. every Thursday starting from 28 June 2007. The series is a part documentary and part reality show with the cameras following Paula around not only when she was working on American Idol, but also on her movie projects, personal appearances etc. The show will provide coverage on her line of perfume and cosmetics, clothing line, and jewellery line.

5.4 MTV launched “Making The Band 4” on 18 June 2007

MTV aired its reality series “Making the Band 4” at 10 p.m. every Monday starting 18 June 2007. Diddy, the American record producer, mogul, clothing designer, and rapper, will create male band of talented artists through this show. Making the Band4 is produced by Diddy’s production company Sean Combs.

The show entails nation wide auditions across the US shortlisting talents with the help of celebrity judges including New Edition’s Michael Bivens, R&B sensation Joe, choreographer Laurie Ann Gibson and producer Bryan Cox and Diddy himself. They will select 20 of the most talented young men who will have to live together in a house at Manhattan to carry forward their journey in music. They will have to perform (sing and dance) and try to impress successful men in the music business in hopes of becoming a part of the next hot all male-group. They will have to learn to live and work together and make it through Diddy’s unexpected tests to see who is worthy of being a part of the band.

5.5 NBC launched ‘Age of Love’ on 18 June 2007

NBC aired its reality show “Age of Love” at 8 p.m. on KOB TV on 18 June 2007. The show examines whether age really does matter when it comes to finding that special someone. The show features tennis star Mark Phillipousis who is first introduced to women in their 40’s and later in the show is introduced to women in their 20’s. The venue of the show is a high rise building where, the women in their 40’s are made to live on the 40th floor while the women in their 20’s are hosted on the 20th floor and Mark Phillipousis lives on the 30th floor. He will have to select his match at the end of the show.

Indian Programmes

5.6 CNN-IBN launches season 2 of ‘Minus 30’

CNN-IBN, the English news channel from the TV18 Group, has returned with the second season of its interactive series “Minus 30”. The programme is youth oriented and entails a pan-Indian voyage of its anchor, Paras Tomar, who will meet youngsters and subsequently update the viewers about facts and issues that influence and mould the future generation. Tomar will profile college campuses, feature discussion and debates on issues of concern like gender inequality, campus politics, music,

career awareness and culture. A special feature of this programme is the creation of a dedicated section "ibnlive.com" for viewers to logon and share their opinion and post their feedback on the ongoing 'hottest career' poll, among other exciting interactive features.

The programme plans to generate awareness about career prospects in bollywood (acting, writing, film-making), cricket, entrepreneurship, television journalism gaming, writing, adventure sports etc. In short, the program aims to approach the nation's youth to create an understanding on how they think and act. Commenting on the show Rajdeep Sardesai, Editor-in-Chief, CNN-IBN and IBN 7, stated that the show will provide the youth with a platform to share their experiences, concerns and expectations.

5.7 Hungama TV to host 'Right Here Right Now' contest

Hungama TV plans to host its weekend kids' contest 'Right Here Right Now' every Saturday from 1.30 p.m. to 7.30 p.m. To participate in the show, the kids will have to watch three shows, Shinchan, Doraemon and Kochikame and send in answers to simple questions asked every hour which would be based on the episodes aired during that time. The first three correct entries to the hourly questions will be flashed on the channel at the end of the same hour and the same day. Kids can send in their entries through SMS and IVRS before the end of the same hour to win a Mitashi Infrazone Wireless Game.

5.8 Amrita TV launches "Showtime News"

Amrita TV has launched a 30-minute show "Showtime News" scheduled every Sunday at 11.a.m. The show focuses on news and analysis of movies, performing arts, fashion trends and theatre. Showtime News is hosted by news anchors of Amrita TV. The show has segments like the 'Audience Choice', 'Movie of the Week', 'Star of the Week', 'Song of the Week', 'Chitrashala', 'Celebrity Choice' and 'Scene of the Week'. In each segment, the audiences have to nominate their favourites via sms-web poll. The most popular nominations will be played in the programme.

'Celebrity Choice' has bytes from an accomplished person from any of these fields who will share personal favourites by way of books, hobbies, movies, wardrobe, icon and works of art. Musicians, artists, directors, lyricists and performers visiting Kerala will be interviewed and their choice of songs will be telecasted. 'Chitrashala' will feature the week's art exhibitions, painting galleries and sculpture shows, 'Thiruvaramangalam' will provide a bird's eye view of performing arts, and 'Lifestyle' will take a peek at emerging trends in fashions, wardrobes, make-up and lifestyle trends .

5.9 Disney launches new programme 'Masti Ki Pathshala'

Disney Channel plans to launch its nationwide school relationship programme 'Masti Ki Pathshala' by mid-June 2007. The show will cover 25 cities targeting the children in the age group of 6 -14 and will run until September 2007. The show encourages kids to express themselves while interacting with their favourite stories and endearing characters. The channel will engage the kids in interactive

classrooms and school auditorium sessions filled with fun activities and games. The channel plans to bring additional magic to the programme with shows-centric quizzes, games and on-the-spot contests.

Every kid will be entitled to an exclusive Disney Channel school kit containing book-labels, rulers and a contest leaflet and one grand prize winner from every school would win a Disney Channel video game.

5.10 Aastha Channel to launch reality show

Aastha, the leading religious television network in India, plans to launch a reality show in which teenagers from universities and religious colleges will compete against each other by singing devotional songs from the Hindu, Buddhist, Sikh and Jain faiths. The channel will launch a nation-wide talent hunt across educational institutes and cities.

According to Arvind Joshi, Aastha TV's director of marketing and programming, it is envisioned that a list of candidates will be provided by the colleges for Aastha to select contestants based on their "enthusiasm, conviction in their beliefs and, of course, their devotion.

The show will have a backdrop of an ashram with the contestants performing by sitting under a tree by a river rather than a studio. Aastha intends to invite celebrities in devotional music as judges. Renowned devotional songs vocalist Anup Jalota and Indian classical vocalist Pandit Jasraj are being considered.

Kirit Mehta founder and chief executive of Aastha stated that with the channel's reach to the United States, Britain, Canada and several Asian countries via its cable and satellite services, it plans to attract younger audiences' world wide. The auditions are scheduled in August and the show is expected to go on air in September 2007.

5.11 BBC's reality show "Hath Se Hath Mila" wins award

BBC's reality show "Hath Se Hath Mila" won a World Award as the "Best Television Programme to reduce discrimination against people living with HIV" at the Asia Media Summit 2007. The show entails awarding young achievers for their significant contribution towards creating AIDS awareness.

The weekly show was aired on DD1 and has attracted 51 million viewers. The show features every "Yuva Star" joining hands with his favourite Hindi Film star to spread awareness about HIV.

6 New Media News

The section covers interesting updates on New Media (a broad term that usually refers to new technologies and communication methods used to deliver mainstream media content).

6.1 Nimbus launches website for streaming cricket matches

Nimbus Sport has launched www.nimbuscricket.com, a web-based service that offers cricket content worldwide. The first of its offerings is the live streaming of the One Day Internationals in Scotland and Ireland in June and July 2007.

The website, which became operational since June 23, 2007, featured the India-Ireland match on 23rd June and India-South Africa match on 26th June. The other India-South Africa matches will be streamed on 29th June and 1st July. India-Pakistan match will be featured on 3rd July.

The website has been developed by Willow Networks and will provide users with live feeds, interactive scorecards and on-demand replays.

6.2 Reliance Communications to offer Radio Services on their mobile network

Close on the heels of Tata Indicom's mobile radio offering, Reliance will now offer radio services in eight Indian languages including Hindi, Tamil, Telugu, Kannada, Malayalam, Marathi, Gujarati and Punjabi to both its pre-paid as well as post-paid customers. The charges, fixed at Rs.30 per month as subscription charge plus Re.1 for every minute of access, is costlier than Tata Indicom's flat-rate pricing of Rs.50 per month. Reliance customers can also avail of the services, without subscription, at Rs.3 per minute.

6.3 TV18 launches entertainment portal, Buzz18

Media and Entertainment company TV18 will soon launch an entertainment portal that will provide information, news and views on the media and entertainment industry by end-June 2007. Christened Buzz18, the website will provide content related to recent events in the entertainment sector including short films, audio tracks, music videos, blogs, gossips and TV listing. Additionally, Buzz18 will list photographers, choreographers, dubbing artistes and PR agencies. Other features include a jukebox, functionality that allows users to upload their own music and video files, and a Citizen Paparazzi section that allows uploading celebrity photos.

Apart from advertising, Buzz18 will earn revenue through ticket sales, powered by Bigtree entertainment, a movie and entertainment ticketing company which TV18 had acquired in March 2007.

6.4 PayPod Technologies unveils online advertising solution in India

US-based IT solutions provider, PayPod Technologies will aim at exploiting the Indian market for advertisement space in the internet medium through the launch of a technology enabled advertising

service. The Digital Advertising Network service will target advertisers and publishers and will also provide an additional suite of solutions that will maximize responses to a given ad campaign by delivering, tracking and optimizing them.

The need for such targeted advertising service in India, according to the company's Chief Operating Officer Durga Das, is based on the assumption that of the Rs.30,000 crore spent on advertising in India, less than one percent is spent on the digital medium. This scenario presents an opportunity which PayPod will aim to tap.

The Digital Advertising Network will deliver ads on the internet, based on geography, context, content, gender and age group of a specified target audience.

6.5 Asia to overtake Europe in the adoption of mobile television

Europe will lose out on its early mover advantage in terms of mobile television adoption, as Asia now looks set to overtake it. The reason cited for Asia emerging as the frontrunner in the usage of mobile television services is the lack of spectrum availability in Europe, where only three countries have started commercially offering them. However, Asian countries do not face a crunch in spectrum availability as countries such as India, Vietnam, Malaysia, Indonesia and Philippines begin offering mobile television commercially, using the DVB-H standard.

From a global perspective, lack of standardization in the technology and business model used to deliver such services will hinder faster uptake of mobile television services. Though the DVB-H standard has become the popular choice for offering mobile television, countries such as Korea, Japan, US and China are using locally developed standards for providing the same. These locally developed technologies also compete with other technologies as a result of which mobile television services are prevented from being offered under a single standard. The other issue that influences the uptake of mobile television services is the use of 3G networks for mobile television services which affect picture quality and the maximum users accessing it.

6.6 ESPN Offers Wimbledon Content on Mobile

ESPN Star Sports has won the rights to provide mobile content related to Wimbledon 2007, the premier tennis sporting event, in India. A Wimbledon 2007 zone will be created by Mobile ESPN on the WAP portals of all leading telecom operators including Airtel, Hutch, Idea, BSNL, R-World (Reliance) and Tata Indicom. In addition to featuring official video clips, the mobile content will also provide users with score updates, player specific contents, wallpapers and Wimbledon's official ringtone, 'Purple and Green'.

6.7 BSNL offers IPTV in Karnataka

Telecommunications company Bharat Sanchar Nigam Ltd. (BSNL) will launch Internet Protocol Television (IPTV) in Karnataka in August. The service will enable users to watch programmes of

their choice at a time convenient to users on a pay-per-use model as well as watch movies. The service will also facilitate learning through e-education using slide shows, video lectures and other mediums over the internet.

To access the service, users will have to purchase a set top box known as WICE - Window for Infotainment, Communication and Entertainment which can be installed for a small fee after paying a security deposit.

The project is supported by the Council of Scientific and Industrial Research (CSIR) under the triple play broadband technology. India Online will be the franchisee for the broadband services.

6.8 Shakti Extratainment to start IPTV services on 4 July 2007

IPTV channel Shakti Extratainment will launch its IPTV services in California on the 30th June, making it the first such channel to be based out of Chennai, Tamil Nadu. An Indian launch will soon follow on 4th July at a cultural 'Bani Festival' to be inaugurated by N. Ram, Editor-in-Chief for The Hindu.

Users in California can gain access to the channel on a "watch at will" basis, through a special IPTV set top box provided by its platform partner Verismo Networks. Access to the programmes will be provided to its users for a 10-day period at a nominal cost. Additionally, Shakti Extratainment Plus will allow exclusive viewing of selected programmes for a period of one year.

The programmes are categorised as - Classic Shakti (classical music, dance and culture), Kala Shakti (popular entertainment including films and serials), Gyan Shakti (educational shows), Atma Shakti (devotional, philosophical/spiritual) and Jan Shakti (community centric).

According to its founder Chitravina Ravikiran, the next step for the channel is to offer content over other mediums such as broadband TV and handheld devices.

6.9 Zee enters VoD space through partnership with TinselVision

As part of its initiative to launch the world's largest premium, on-demand content library for television, film, sports and lifestyle entertainment programming, TinselVision, a video-on-demand service targeting South Asian communities in the US, has partnered with Zee TV USA to deliver Zee content globally through Tinsel's web video service. The deal allows distribution of thousands of hours of archival and new production content ranging from Bollywood movie titles to contemporary Indian soaps, reality television and game shows from the Zee bouquet of programmes. The Zee TV deal is part of many such agreements finalised by Tinsel with other content providers for its video-on-demand platform.

7 Feature of the Week

This section will include one interesting write-up on consumerism, marketing, branding etc.

7.1 Indian entertainment industry Focus 2010

Consistent commitment to economic reform over the last decade has spurred the steady growth of the Indian economy. The emphasis on creating an enabling environment for investment and the inherent potential of the Indian economy have together pushed India's annual Gross Domestic Product (GDP) growth rate beyond 8 percent.

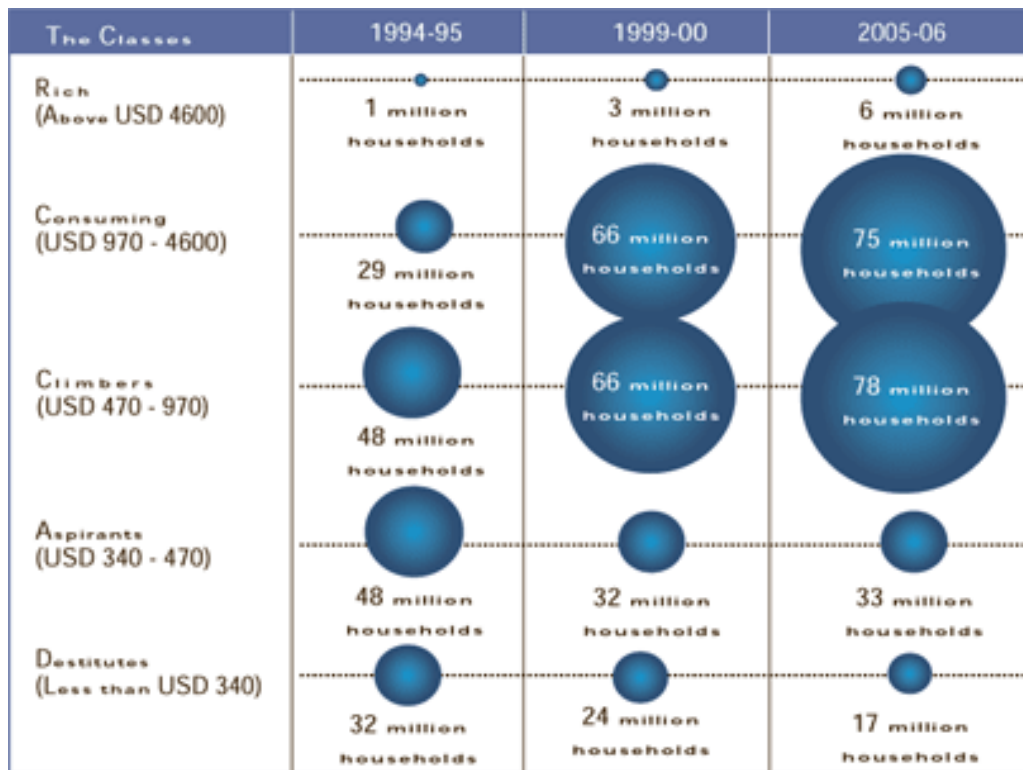
While India's GDP ranks eleventh in the world in absolute terms, it ranks among the top five economies of the world when assessed in terms of purchasing power parity. It is the growing consuming class with the proclivity to spend that will drive the growth of the Indian entertainment industry. Adding to this positive outlook is the fact that the average Indian is getting younger and is showing a greater propensity to indulge and entertain himself. Moreover, there are over 20 million Indians living abroad who are increasingly opting for India-oriented entertainment, as the availability of such content increases. Globally, a clutch of international films with Indian content, themes and performers are receiving wide visibility and acclaim. This broad acceptance of Indian entertainment is likely to give a further fillip to the expansion of this industry.

Non homogenous market

As the Indian entertainment market grows, it is essential to recognise the heterogeneous nature of the market. All too often, the specific appetite of certain segments such as the rural population, women and children, is under-estimated and their financial value proposition continues to be under-recognised. Companies and businesses that have managed to differentially cater to the varying segments of Indian population have benefited. As a corollary, the entertainment sector too has begun to witness the advent of a broader set of offerings which are aimed for specific segments: e.g. television channels for children. On the other hand, the 'children's films' genre, for instance, has yet to grow and mature in India. There is a case for a proactive and sustained targeting of specific, niche segments of the market. In fact, given the size and potential of India's niche segments, niche may be a word which is likely to be replaced soon.

Consumerism and demographics

The emergence of the Indian middle class with greater earning power and a higher disposable income is one of the key factors that will drive the growth of the Indian entertainment sector. Demographic analysis clearly shows the evidence of this growth. The consumption chart below indicates the continued progression of people into higher income and consumption segments.



Source: NCAER

As the average Indian gets richer and his more compelling needs are met, his propensity to spend on discretionary items such as entertainment increases. Further, as his consumption of various goods and services rises, companies would try to reach out to him through more marketing and advertising. Higher demand and an increased investment would result in an expansion of the entertainment industry in the years to come.

Advertising spend

As per industry estimates, the total advertising spend in India in 2004 was approximately INR 118 billion, a growth of 13.4 percent over the last year. However, India continues to have a low advertising spend to GDP ratios compared to other economies, underscoring the untapped potential. In 2004, the advertising spend for India stood at 0.50 percent of the GDP, up from 0.48 percent the previous year. This is expected to increase significantly due to rising consumerism and growing interest from global brands attracted by this huge and expanding market.

Given the increasing number of media channels that consumers are exposed to, brands will have to advertise more frequently and across more channels to generate brand recall. As television channels have multiplied and the content available has become more diverse in the last decade, their viewership has increased, niche channels have emerged targeting specific demographic segments and the cost of advertising on television has reduced. While the broadcasters can dwell on

this shared optimism, they must also recognise that advertising budgets are very sensitive to economic downturns. Advertising budgets are not only easily brought down, but the productivity of such expenses is also challenged. Companies are increasingly demanding their advertising agencies to link their fees to performance indicators such as sales increments. With increasing access to state-of-the-art technologies, addressability issues are being put to test, thereby exposing the limitations of current media research findings and measuring the true efficacy of media.

Content

Any new media market attracts an initial swell of content players. Such a scenario invariably leads to a stage where the smaller players find it unviable to continue and are eventually weeded out. After the initial shakeout, the industry consolidates and grows until it reaches a stage of maturity. Thereafter, in a stable environment, it is the quality of content, with an accentuation on innovation and creativity that drives the industry. In the television medium, the different genres are in different stages of their life cycle. Several channels have emerged recently in the space of children's entertainment and education.

The news channels are in the next stage of evolution with an influx of players in the last two years, but market limitations and more transparent viewership patterns will lead to an inevitable shakeout. Up the maturity curve is the mass entertainment genre, which has established itself with 3-4 major players and the quality of programming (including innovative formats) determining their fortunes. With the introduction of newer distribution channels, such as DTH and IP-TV, the demand for premium/ alternate content will increase and this is expected to spur the growth of new genres such as education, teenage entertainment, mature content (subject to liberalisation of the programming code), etc.

With a legacy of over 50 years and 1000 films a year, the Indian film industry has reached a phase where the focus is on the quality of content. The increase in the number of films made has not seen a proportionate increase in their commercial success. In fact, there is now a decline in the number of films being produced annually and this trend is expected to continue as production houses now value quality over quantity. To combat the pressures of television programming, the Indian film industry, like its western counterpart, is being forced to attract the audiences through technological advancements like advanced visual effects, special effects, sound sync, animation and sheer star power.

In the late 80s, the Indian music industry saw an end of the existing duopoly with several new players emerging. A spurt in content availability and new genres such as Indi-pop drove the rise in music consumption. However, technology has facilitated easy access to music through illegal downloads, pirated CDs and tapes, music television channels and radio FM channels. With little value realisation by music companies and minimal regulatory support, music companies are struggling for survival, as a result of which there has been very little experimentation in content. This

situation could change with the increasing popularity of non-film music in India and globally, signs of which are being observed.

Pricing

India has the potential of becoming an attractive destination for international broadcasters and production houses, despite its low per capita income, as the larger population base makes a viable case for high volume consumption. However, while prices are significantly lower in India than in other parts of the world, access to volumes is restricted by fragmentation in the distribution chain. Subscriber declaration by cable distributors to broadcasters in India is extremely low resulting in very inequitable distribution of subscription revenues. According to an independent research, the operator-broadcaster split of subscriber revenue in India has possibly the worst skew in the world.

Such low levels of declarations have been attributed to the lack of transparency in the last mile distribution end of the business, which is controlled by the 30,000 odd local cable operators and independent cable operators across India. Similarly, in films, there is low transparency of actual gate receipts, outside of multiplexes and few organised theatre halls. This is particularly true in smaller towns where receipts are not accounted for. According to industry experts, the total revenues lost to the film industry due to unaccounted receipts coupled with video piracy range between INR 15 - 20 billion annually.

Film piracy through illegal DVD and VCD releases and the open screening of new releases by cable channels, is forcing film producers to pre-sell the television and video rights, before the release of the film even if it means an erosion of theatrical ticket sales. Piracy of music through illegal downloads, unauthorised CDs and remixed versions of popular music is taking its toll on music recording companies. The paltry royalty sums, if any, paid by music television channels and FM radio only adds to the difficulties faced by these companies.

Differential pricing

India has seen improved income levels across a large section of its populace, with a significant number of people willing to spend on entertainment. However, a substantial difference in the affordability levels between various sections of society continues to exist. As a result, a price differentiation strategy needs to be adopted for media products, with a view to maximise revenues. Establishment of zones and creating a zonal pricing structure for different cable subscription packages could be an effective pricing strategy. Through a differential pricing system, broadcasters will be able to earn more from higher income groups through compelling content packages, and the same can be used to subsidise subscription fees of lower income groups with minimal content packages. This will help increase the size of subscribers thereby resulting in increased revenues. In the film sector, price differentials already exist both at the point of distribution (territories for distribution) as well at the point of exhibition (theatre hall tickets).

The differential pricing mechanism can be examined more closely and transparently to determine price levels that will draw larger audiences to films. In the music sector, pricing CDs at a premium end and cassettes at the low end may help music companies compete with the prices of pirated cassettes. A marginal drop in CD sales may be offset by increased cassette sales. At an overall level, difference pricing should be driven by the objective of revenue optimisation. In all these sectors, differential pricing would require a thorough understanding of the demand for media and price sensitivities of various segments, gained through research at the ground level.

Regulation

Regulations give form and direction to the free play of market forces, according to the social and economic objectives of the nation. Therefore, regulatory interventions are typically driven by a vision for the future, which can be shared by all stakeholders. The need to have such a vision is very important now in India, as the entertainment industry prepares for the introduction of several new technologies and business models that have the potential to revolutionise the dynamics of value creation in this space. In most media markets, the consultative process leading to formulating regulations, has served as defining steps for charting the growth path. In India, most segments of the industry have grown to their present structure and size in a largely unregulated environment. Such growth has resulted in the creation of last mile monopolies in cable television, established through informal agreement among the unorganised last-mile operators. However, further growth will be extremely difficult without facilitative regulation to ensure structural and behavioural changes amongst the industry players. It is important to note that any regulatory intervention should be supported by a comprehensive framework for industry evolution, and followed up by efficacious implementation. Otherwise such interventions can only lead to chaos and uncertainty as demonstrated by the aborted attempt to introduce Conditional Access Systems (CAS) for television in 2003 - 04.

Technology

Technology has played a key role in influencing the entertainment industry, by redefining its products, cost structure and distribution. Empirical evidence suggests that technological innovations create discontinuities in the industry, with the initial dissonance evolving into eventual realignment to effectively create and realise value from it. Content creation has benefited significantly from technological breakthroughs, especially in the areas of sound, visual effects and animation. This has benefited audiences by providing them with a high-tech content viewing/ listening experience. The growing adoption of digital television around the world has forced leading global broadcasting companies to put development and use of new technologies at the centre of their core strategies. For a content distributor, future will come by specialised offerings, such as high-resolution pictures, high-speed Internet access, online games and information, pay-per-view electronic commerce services and voice telephony. New technologies, such as satellite radio, are characterised by their ability to reach out to larger audiences than ever before, reducing the cost per contact. While these technologies typically require high initial capital expenditure, the same may be set off by incremental

volume gains through increased reach. It is this trade off that needs to be evaluated before an investment is made in any new technology. If one were to look at emerging trends in technology and their impact on entertainment consumption, the most significant trends are seen in the areas of media distribution, though some may be regarded as product innovations.

The increasing penetration of technology is a major force shaping the entertainment landscape today. It will completely revolutionise content delivery as well as the viewership experience. Once these technological changes attain a critical mass, they can have a shattering effect on the existing industry equilibrium. Due to the imminent impact of these and other technologies, the successful media and entertainment companies will be the ones that are prepared for their disruptive effects on their business models and the industry structure.

The future of the entertainment industry will be a function of the interplay of each of the above factors, namely consumerism, advertising spend, content, pricing, technology and regulation. Estimating the industry size over the next 5-10 years, would require a crystal ball, given the number of variables involved. However based on current trends, the industry is expected to breach the INR 500 billion barrier in five years. For the Indian entertainment industry, this is the moment of truth. Beyond the linear growth projections, there is a bigger story waiting to happen if a concerted and accelerated effort is made now. The industry is entering a second phase of growth, which will have technology as one of the key drivers. This growth phase will be the consequence of a combination of quality infrastructure and the gradual penetration of digital connectivity, which will redefine the way entertainment content is delivered and consumed. This phase of growth needs to be supported by an enabling tax and regulatory infrastructure, as the government begins to understand the long term potential of this sector, and starts according it the priority status it deserves.

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