

DOORDARSHAN'S PROBLEMS: IS DD DEAD?

After years of falling revenues, in 1999-2000 Doordarshan (DD) had a revenue growth at 50%. In 1999-2000, DD earned revenues of Rs 6.1mn compared to Rs 3.99 mn in 1998-99. DD showed signs of revival with the launch of DD World (a channel for NRIs) and had relative success with some of its regional channels (Refer Table I for different DD channels).

However by the end of 2000-01, DD's honeymoon with success seemed to be over. In 2000-01, DD's revenues were projected to grow at 6-15% while private channels such as Zee TV, Star, Sony had projected 40-50% revenue growth². Analysts felt that DD's sagging revenues were only tip of the iceberg.

DD was plagued by multiple problems, which found their roots in the mismanagement of affairs. By the late 1990's the private producers, advertisers and audience had deserted DD. Not even one car company advertised on DD and even two-wheeler manufacturers kept a low profile³. Ads of Pepsi and Coca-Cola were found only during sports telecasts.

Only FMCG companies stuck to DD because of its terrestrial network to reach the rural and semi-urban audience⁴. In spite of having over 21,000 employees⁵, DD outsourced 50% of its programmes from the private producers. In late 1990's DD faced number of allegations of large-scale scams and irregularities. Under utilized infrastructure, improper investments and poor financial management plagued the performance of DD. In 1992, when the Government opened airwaves to private players, DD faced the heat of competition from private satellite channels.

In the Cable & Satellite (C&S) homes it was found that there were hardly any viewers for the DD programmes. The depleting Television Viewer Ratings (TVRs)⁶ of the DD programmes was also a cause of concern as advertisers deserted due to its low viewer ratings. Analysts felt that DD would need a budgetary support of Rs 5 bn during the fiscal 2000-01 to sustain itself as its revenues would not be enough to meet its expenditure. Analysts questioned the capacity of the Government to own DD and many felt that privatization would be the only solution.

DD was launched in 1959 as the National Television Network with a modest 21 community sets, in Delhi. The year 1982 saw the introduction of a regular satellite link between Delhi and different transmitters, which kick started the transmission of the National Programme. In the same year DD switched to colour transmission.

So widespread was its influence that it had penetrated into every nook and corner of the country cutting across demographic and geographic barriers. DD had a three-tier programme service - National, Regional and Local. At the national level, programmes were focused on the national culture and included news, current affairs, science, cultural magazines, serials, music, dance, drama and feature films. At the regional level the programmes were similar to the ones broadcast at National level, the only difference being they were broadcast in the regional language of the different states of India.

In 1984, DD added a second channel (DD 2) to provide an alternative option to the metropolitan population of Delhi, Mumbai, Kolkata and Chennai. DD 2 was targeted at urban viewers, particularly the young viewers.

TABLE I
DD CHANNELS: A SNAPSHOT

DD-1	Primary channel with National, Regional, Local and educational programs on a time sharing basis
DD-2	Metro entertainment channel targeted at urban viewers, particularly the young viewers. Programmes relayed by terrestrial transmitters in 47 cities.
DD-4 to DD-13	Ten separate regional language channels - Malayalam, Tamil, Oriya, Bengali, Telugu, Kannada, Marathi, Gujarati, Kashmiri and Assamese.
DD-14 to DD-17	Networking of the regional services of the four Hindi speaking states. (Uttar Pradesh, Bihar, Madhya Pradesh, Himachal Pradesh)
DD-18	Punjabi Regional Service
DD-India*	International Channel
DD-sports	Sports Channel
DD-News	24 hours news channel

Source: www.DDindia.com

- **Later re-launched as DD world.**

In 1995, DD launched DD-India, the international channel of DD catering to the NRI population. Service covered SAARC countries⁷, Gulf countries, West Asia, Central Asia, North Africa and Europe. In the same year DD entered into an agreement with the Cable News Network (CNN) and launched 24-hour news and current affairs channel-DD-News.

In 1999, DD launched separate channel for sports. In the early 1990's, about 479 mn people in Indian homes viewed DD and an additional 1.5mn watched DD on community sets. DD was ahead of the private channels in terms of viewership with a 90% reach. However, in the late 1990's it could not maintain the lead and private channels were catching up in terms of revenue even though they lagged behind in viewership and reach.

In 1984, cable television made its foray in India and it was considered a cost effective alternative to watching borrowed cassettes of feature films. Local entrepreneurs saw in this an opportunity, as investments required to install a cable network were low. In the early 1990's many private channels were launched to tap the nascent cable television in India.

Launched in 1992, Zee TV was the driver of the expansion of cable television in India. During 1992-94, there was rapid increase in the number of cable connections in western and Northern India. In southern India, the states of Tamil Nadu and Andhra Pradesh saw an accelerated growth in Tamil and Telugu channels in the mid 1990s. Though by 2000 DD had an incredible reach of 70 mn homes in comparison to C&S's reach to only 30 mn homes, (Refer Table II for growth of cable and satellite penetration in India) it could not turn this network into an advantage.

In the urban households, DD's presence was miniscule with hardly any viewers for its programmes. Few people watched its programmes in the urban areas. DD was also lagging behind the private channels in terms of ad revenues as its TVRs were very low compared to the TVRs of programmes on private channel.

TABLE II
CABLE TV GROWTH IN URBAN INDIA

Year	Number of households with Cable TV (in million)
1992	1.2
1993	3.3
1994	11.8
1995	15
1996	18
1999	22
2000	30

Source: www.indiacabletv.com

Sagging Revenues

During 1996-99, TV advertisement market grew by 76%, but DD's revenue from advertisement registered a negative growth (Refer to Table III). Though DD continued to be number one in overall audience share, it lost out on viewership segments with the highest purchasing power. In 1998-99, DD channels revenues from advertisements were to the tune of Rs 4 bn (25.8% of the market). Zee TV was close at Rs 3.85 bn, Sony at Rs 2.53 bn, and Star Channels8 at Rs 2 bn.

However, in case of private channels revenues from the ads have grown significantly compared to DD. During the period 1996-99, Zee registered growth of 122% in ad revenues, Sony 299% and Star channels 206%. During the same period, DD's ad revenues had gone down by 70.17%.

Till 1998-99, 70% of HLL's9 ad spend went to DD. In 2000-01, because of poor TVR of DD, HLL's share in DD's Ad revenues had gone down to 50%. During 1999-00, producers and distributors stopped giving films to DD after it started asking for a minimum guarantee of Rs 10 mn to broadcast a film. This forced DD to repeat the same old films, and the TVRs went down further. DD's sagging TVRs were a matter of concern for clients like Hindustan Lever - DD's largest advertiser. Said Ashutosh Srivastava, Vice-President HTA-Fulcrum, the media-buying arm of HLL, " Our only source of reaching 40% of this country is going down."

Analysts felt that DD's revenues were going down because advertisers considered it as a downmarket channel, which catered only to the lowest socio-economic classifications, where purchasing power was limited. The revenues earned by DD showed a negative growth during 1997-99. In 1999-00 DD saw its revenues grow by 52.8% but in 2000-01 it was projected to grow at 6% only (refer Table-III).

**TABLE III
FALL IN REVENUES OF DD**

YEAR	Revenue (Rs bn)	Growth over previous year (%)
1995-96	4.3	8.1
1996-97	5.72	33.2
1997-98	4.90	-14.3
1998-99	3.99	-18.5
1999-00	6.10	52.8
2000-01*	6.50	6.0

*Estimated

Source: Businessworld, March 19, 2001.

Tangle of Problems

Analysts felt that many of DD's problems could be attributed to its loss of identity. Said Kiran Karnik, former CEO, Discovery communications India, "The channel has lost its identity. What is Doordarshan: is it a public broadcaster or a commercial entity?" Initially DD officials felt that the National channel would play the role of public broadcaster and DD Metro would be the commercial channel. Private producers and advertisers pointed out that this attitude increased the confusion. They argued that no other network has got two channels competing against each other. With the launch of Star News Channel10 (the first independent news channel) in 1998, DD news lost its viewers to Star news. The in depth analysis of news items by Star News caught the imagination of the viewers (Refer Table V for a comparative study of different news channels). Analysts felt that private news channels could do well because of the image of DD as propaganda machinery of Government.

**TABLE IV
COMPARISON OF THE NEWS CHANNELS**

STAR NEWS	ZEE NEWS	DD NEWS
Channel encrypted. Decoders are required.	Channel not encrypted. Free to air.	Channel not encrypted. Free to air
Content caters to the premium segment	Content caters to the mass market	Content caters to the mass market.
English predominant language	Hindi predominant language	Hindi predominant language
Only premium brand's ads taken. Very selective regarding the ads.	All brands accepted. Not selective regarding the ads.	No ads. Only social messages were broadcast.

Analysts also felt that political interference and corruption were another reason for DD's poor performance. In 1997, The Indian broadcasting bill was introduced in Parliament. The bill was not

passed but it was enforced through an ordinance nearly a decade when after it was enacted. DD was brought under a holding company called the 'Prasar Bharti'.

In 1998, Government sacked Prasar Bharti CEO S.S. Gill and government made DD answerable to a parliamentary committee. Political interference at the top level worsened the matters for DD. It was also alleged that members of the Central Commissioning Unit (CCU)¹¹ of DD were taking bribes from the producers to air their programmes.

It was reported that in 1998, CBI arrested two DD officials for taking bribes from a serial producer. The incident highlighted the length at which corruption was rampant in the organization. This forced Prasar Bharti management to issue guidelines regarding acceptance of gifts and hospitality by the employees. DD's track record in both payments to and collections from private players had been poor. Over 50 companies owed Rs 18.2 mn to DD as on July 2001. Amitabh Bachchan Corporation Limited (ABCL)¹² was DD's highest debtor with outstanding dues of Rs 330 mn. DD also faced a number of allegations of large-scale scams and irregularities. It was alleged that DD allowed International Cricket Council (ICC) Chief Jagmohan Dalmiya and WorldTel's Mark Mascarenhas to defraud DD of Rs 160 mn over the telecast of a 1998 tournament¹³ in Dhaka.

The poor performance of DD could also be attributed to its pricing for the advertisement slots. DD charged the producers around Rs 1 lakh for 10 seconds whereas some highest rated soaps on C&S homes charged half of that. Another major problem that plagued DD, was the lack of a marketing team, which could market the advertisement slots as a package.

Private channels like ZEE and Star had their own marketing teams, which provided the advertisers with package of advertisement slots on their programmes.

But in case of DD, there were 56 different producers with 56 different half-an-hour program slots for four hours of prime time each week, who would sell their commercial time separately, to the same advertiser. But advertisers preferred package deals, which would give them airtime across the programmes for whole week.

Fresh Lease of Life

After S.S.Gill was sacked in 1998, Rajeeva Ratna Shah (Shah) was appointed as the new CEO of Prasar Bharti. Shah started redoing DD1's and DD2's programming and also started weeding out corruption at the network. To weed out corruption Shah stopped commissioning of programmes on DD1 and DD2. He decided to auction programming hours to the private players who produced the programs for the DD and market them. Shah also announced setting up of a board comprising of eminent filmmakers, actors, poets, writers and people from different walks of life to revamp DD.

In 2000, government appointed a committee headed by Shunu Sen, CEO, Quadra Advisory, a Strategic Marketing Consultancy, N. R. Narayanmurthy, CEO, Infosys and Kiran Karnik to work out a revival package for DD.

Three options came up before the committee - first, privatization of DD, second; DD continuing as a Public service broadcaster (PSB), and third, running DD on both PSB and commercially viable lines. Of

the three options, the committee recommended the third option. The committee felt that there was no need to privatize DD but recommended drastic steps for its revival.

One of the important steps suggested by the committee were:

- to downsize 25% of DD's 21,000 strong staff,
- getting into new media,
- setting up its own marketing department,
- and developing a sharper programming focus.

One of the recommendations was to improve the quality of broadcast DD sought the help of BBC to digitise its channels. Modi Entertainment Network¹⁴ begun distributing the five DD channels (National, Metro, News, Sports and World) via satellite.

DD went in for a revenue sharing deal with B4U¹⁵ for showing movies, and auctioned 7-10 p.m. slot on DD Metro to HFCL-Nine network¹⁶, which supplied the DD with programs for the 3 hours. In addition to Rs 1.21 bn that DD got from this deal, the move helped DD to penetrate into urban homes and also C&S homes to some extent.

DD also entered into an agreement with the Direct to Home (DTH) platforms like Echostar and Astra to distribute DD-World in 79 countries. DD employed Accenture¹⁷ to advice it on how to go about revamping its financial, management and administrative systems.

The National Institute of Design was employed to redesign the logo. In 2000, DD announced that it would start its own peplemeter¹⁸ project through a separate corporate entity in partnership with a few private channels and some advertisers. DD felt that its programmes were not getting enough viewership ratings because the viewer sample being used by the two firms doing the ratings - IMRB-Ac Nielsen and ORG-Marg were skewed towards C&S homes and hence did not accurately reflect the viewing habits of the Indian populace.

Analysts felt that while all the above steps looked attractive from the revenue point of view, the real problem was freeing DD from political interference.