

ISSUE 84 AUTUMN 2016

## India's Triple Play

What do feature phones, regional newspapers, and smartphones have in common? They're all vehicles for the country's remarkable move to digital broadband.

BY SUVARCHALA NARAYANAN



# TRIP INDIA'S

feature | marketing, media & sales



# PLAY

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by Suvarchala Narayanan



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 Advisors. All statistics not  
 otherwise attributed are  
 adapted from the PwC Global  
 Entertainment and Media  
 Outlook 2016-2020  
 (www.pwc.com/outlook).

**The tiny commuter kiosk** at the train station in Andheri, a working-class suburb of Mumbai, is a hub of activity most afternoons. The proprietor, Shyam, sells dozens of prepaid mobile phone recharges each day, and he comes highly recommended for another service. “Bhaiya, ready hai?” (Brother, is it ready?) asks a 14-year-old boy. The kiosk owner nods and pulls out an SD memory card from an aluminum box. The card contains some Hollywood and Bollywood films, a playlist full of popular songs, and some episodes of *Aap ki Adalat*, a popular TV show featuring hardball interviews with leading public figures.

The boy hands over Rs150 (about US\$2.25), and happily inserts the card into his mobile device. That mobile, known widely as a “feature phone,” doesn’t have a global brand name like Apple or Samsung. And it’s not as versatile as a smartphone. But it shows videos, and, unlike the shared TV in the boy’s home, it belongs entirely to him.

Although this sale would be labeled piracy in many quarters, Shyam sees himself as performing a necessary service for the young people living in his community — just a few members of a vast and underserved market that could be called *infotainment followers*, after the new media they prefer. A year or two from now, many of them may replace their feature phones with smartphones, especially if the much-anticipated high-speed 4G mobile Internet service is launched throughout India. In the meantime, they depend on their 2G connections and memory cards.

About 30 miles away, a group of young creative professionals — writers, filmmakers, and a chef — are having brunch at one of Mumbai’s many international cafes. They are representative of today’s full-fledged

smartphone-based media market. Over shaksouka (a poached-egg dish from North African Jewish cuisine) and masala tea, their conversation flows freely from the Panama Papers to the new *Captain America* film to the local motion picture investment scene. Everyone at the table is well informed. But when asked if they read newspapers, only one says yes. “I always read news at breakfast — but only peruse the headlines,” she says.

This group is representative of India’s global sophisticates. In media terms, they are *digital self-aggregators*; they get their information through Twitter, Facebook, and WhatsApp, following links to particular stories on the *Times of India*, NDTV, or *New York Times* websites. A few of them regularly scan aggregator apps like Flipboard, Inshorts, or Google News. What they consider “news” is highly varied, is easily shareable, and has an extremely short life span. And they’re reading just about all of it on their mobile phones, connected wherever possible to high-speed Internet service from urban providers.

Meanwhile, rural communities throughout India constitute the largest and fastest-growing media market of all: *regional print readers*. India is one of the few parts of the world where newspapers enjoy rapid circulation growth. With free delivery, and a business model driven by advertising, newspapers cost only 5 to 10 cents per copy. For people who are largely first- or second-generation literate, the print newspaper is still a mark of status and a newly discovered window on the world. Families buy several papers daily and read them together at breakfast. Commuters read them on trains and buses, and discuss the contents during lunch and tea breaks.

In this world, Hindi and English remain the two most popular newspaper languages — Hindi is ahead

# HUNDREDS OF MILLIONS OF PEOPLE ARE MOVING TO THE SMARTPHONE AS THEIR MAIN SOURCE OF INFORMATION AND ENTERTAINMENT.

by far — but regional papers published in vernacular languages such as Malayalam, Tamil, Marathi, Bengali, Telugu, and Gujarati are growing at a faster pace. In total, consumer print revenue from newspapers and magazines in all languages rose by an estimated 3 percent in 2015, and regional publications' revenues are expected to grow 12 to 14 percent annually for the next several years. At the same time, broadcast television remains popular, and the smartphone is increasingly prevalent. Some observers expect the heyday of English-language print in India to last only a few more years.

These three vignettes are typical of the way the India media market is evolving. While newspapers and magazines are thriving, especially in India's villages and in their non-English editions, hundreds of millions of people are moving to the smartphone as their main source of information and entertainment.

Like other emerging economies, India is condensing this evolution — which took more than a century in the West — into just a few years. The leap to digital, if it continues on its current trajectory, will divide the country's media, in effect, into three business models, each targeting a different audience: infotainment followers on feature phones, digital self-aggregators on smartphones in the cities, and newspaper readers in villages and small towns. All of these audiences watch broadcast television, but they are moving to digital media for news and entertainment — just at different speeds. Marketing, advertising, and media companies that want to win in emerging economies may find it useful to understand the differences.

As Sandeep Amar, CEO of India.com Media, puts it: “The truly big opportunity right now lies in mobile, video, and vernacular languages.” The opportunities are

huge, because not only are the audiences growing rapidly, but they're also poised for change. To succeed, each media company needs to decide which segments it can reach, and then carve out a business model for reaching those target segments, especially in new digital forms. (See “Vineet Jain on Leading India's Media into the Future,” page 5.)

## The Growth Trajectory

A confluence of factors have led to India's current media transition point. The first is accelerated access to technology. In December 2015, the Telecom Regulatory Authority of India announced that the country had more than 1 billion mobile phone subscriptions — a number second only to China's. India is also the third-largest smartphone market, after China and the U.S., with 239 million smartphone users. It is expected to overtake the United States in 2016.

The growth of mobile broadband is being promoted heavily by one of India's most influential companies. At the April 2016 media business conference hosted by the Federation of Indian Chambers of Commerce and Industry (a major industry group), Reliance Industries chairman Mukesh Ambani referred to Jio, Reliance's new \$22 billion telecom venture, as “one of the largest transformational greenfield digital initiatives anywhere in the world.” His description of Jio was widely noted. It would be, he said, “a 4G broadband service, slated to provide 70 percent of India's population with speeds 50 to 80 percent faster than the currently available Internet, with data prices well below current rates.”

The government is also promoting accelerated access to digital technology. Its Rs1.13 trillion (\$17 billion) iDigital India initiative will provide biometrically

(continued on page 8)

# Vineet Jain on Leading India's Media into the Future

by Munnish Puri

“History is history. I only care about what’s coming next.”

So says Vineet Jain, the managing director of BCCL, also known as the Times Group. BCCL is India’s largest media conglomerate, with revenues of about Rs100 billion (about US\$1.5 billion) per year and with more than 13,000 employees. It publishes the *Times of India*, the world’s largest-selling English-language daily (reaching more than 7.6 million readers), and the *Economic Times*, the second-largest-circulation English-language business newspaper (the *Wall Street Journal* is the largest). It also owns 40 FM radio stations, 15 online radio stations, 15 magazines, a number of popular television channels (including Times Now, ET Now, Movies Now, and Zoom TV), and live-event businesses such as the Miss India Pageant and the Filmfare Awards (the “Oscars of India”).

BCCL traces its history to 1838, when its first newspaper, the *Bombay Times and Journal of Commerce*, was founded; Jain’s family has owned and managed it since 1948. Despite this size and longevity, BCCL is also one of the most entrepreneurial and rapidly changing media businesses in the world.

Under the leadership of Jain and his older brother, vice chairman Samir Jain, BCCL has introduced many innovations in advertising and digital technology, including matrimonial and real estate portals; a smartphone app called Alive, which links scanned print images to downloaded videos; partnerships with the Huffington Post, Airbnb, and Uber; and Brand Capital, which develops and funds marketing efforts in India for startups. BCCL also owns Times Internet Ltd., one of the largest digital



Jain in his Mumbai office to ask about his strategy for the digital age.

The insights here about media in emerging economies are relevant to many other media companies around the world as they navigate major shifts in technology and audience demand.

**S+B: What do you see as the greatest challenges facing BCCL, and how are you responding to them?**

**JAIN:** The growth of digital has altered the nature of media, and has challenged norms of what it should be. We are fortunate in India to have visibility into global trends, which allows us to proactively address them. We continue to innovate in print and television media, which drives their

growth in circulation, viewership, and revenues. And we’re aggressively building a digital media business that over time could become larger than our more mature businesses.

**S+B: You were an early strong believer in Internet-based publications, back in the early 2000s. What did you see?**

**JAIN:** The newspapers in the West were dying. I felt that the same fate would befall India; maybe not for 10 years or more, but eventually. Therefore, we would have to establish a big Internet company. We invested at the beginning. Also, the digital medium is interactive, and the newspaper is a one-way, passive medium. Interactive media always wins over passive media.

We believe that Times Internet, our digital arm, will one day be a larger business than BCCL is now. Today, it reaches over 171 million users, who spend billions of minutes a month across a number of our products. At the same time, we continue to focus on providing value to consumers across all media — print, television, radio, and others.

**S+B: How are the dynamics of news and journalism being altered by mobile technology?**

**JAIN:** Mobile technology, in particular, is rapidly changing the way the news is consumed as well as produced. Capturing news is more “real time” than ever before, and increasingly,

anyone with a smartphone can capture the latest events. We now give all our journalists smartphones to video-capture events live. We are also shifting our focus from long-form content to shorter, smarter pieces. Our ability to be pointed, fast, and crisp has improved substantially.

**S+B: India has a vibrant but fragmented audience. There are millions of people with very different social, economic, and ideological characteristics. How do you address the needs of such vastly different segments?**

**JAIN:** Our company was traditionally centered around the elite Indian consumer. The *Times of India* and *Economic Times* are a core part of their daily habit. But over the last 10 to 15 years, our entertainment products, such as Zoom Entertainment Network, Radio Mirchi, and Gaana [a music streaming service], and our non-English print brands, such as *NavBharat Times* and *Vijay Karnataka*, have widened our user engagement bases. We expect that the majority of our audience growth during the next few years, across media, will come as we expand further into the heartland of India. We feel we also have a significant opportunity with the Indian population residing overseas.

**S+B: Will advertising continue to be the dominant revenue model for Indian media companies, or do you foresee other revenue sources taking its place?**

**JAIN:** Advertising is still underrepresented in India. Only about 0.35 percent of GDP is spent on advertising, compared with 1.5 to 2.0 percent in the rest of the world. We still see room for significant growth.

Online, our increased presence in performance advertising and classifieds is opening up a larger advertiser segment than ever before. Increasingly, across media, brands are looking for native solutions that are less about interrupting the consumer and more about embedding a message or brand into his or her conversation. Internationally, there is a huge opportunity to build a commercially viable model with the Indian audience at the core. This gets amplified when you consider the age dividend that India enjoys — its high proportion of young people. We are sure that the overseas young diaspora will become a valued audience over time.

**S+B: What is BCCL's approach to new technologies, like wearable devices and the Internet of Things?**

**JAIN:** I constantly think about what is coming next. If you don't disrupt your own business, someone else will disrupt it. We thus continue to experiment and innovate, leveraging our technology capabilities and our understanding of the consumer. For instance, Alive is our experiment with augmented reality.

These technologies need an effective infrastructure in place, including great connectivity, to provide

the immersive experiences that will delight consumers. Unless media outlets can think about capturing consumer mind share with great product and content experiences, they risk losing their audience's attention.

**S+B: You have opened a Brand Capital office in Silicon Valley. What is going on there?**

**JAIN:** When we look at digital, there are so many international technology companies that haven't come to India yet. It could take them another five or 10 years to do so. We want to reach them much earlier; we think they would find markets and opportunities here.

We are beginning to act as venture capitalists. We invest in small technology companies, and we also barter advertising in our media, in exchange for a small stake in these companies. We aim to invest at an early stage.

**S+B: What is your view of social media?**

**JAIN:** Traditional media houses and newsrooms have to embrace social media. You can't fight this technology. In fact, it generates a large part of digital traffic. You have to understand Facebook consumers, and follow the conversations they are having, because their reading habits are very different [from those of traditional consumers]. I tell our journalists to get on Twitter and Facebook, because

then they experience the gap between what they think is a good story and what people are reading.

The newspaper of tomorrow has to be much more than printed text. When we first launched our television news channels, I was already thinking of digital convergence. I knew that the *Times of India* would require video content, and that we would end up sharing our content among newspapers, radio, television, and the digital medium.

We are moving in the direction of a common newsroom, where we constantly update our news and we don't wait for the big print story that gets published first. Sometimes, we will have to release something that is short and quick and exciting with one photograph attached. It may be superficial, but that is what works.

We are moving from pure news toward entertainment, short-form content, and fun videos. The definition of news has changed completely.

**S+B: Millennials [people age 16–36] make up a significant percentage of the Indian audience. What kind of content speaks to them?**

**JAIN:** Millennials want to consume content from wherever they are, especially on social media. They want to read what their friends are sharing, not what an editor chose to put on the front page. They prefer short-form to long-form, as far as news is concerned.

For a 16-year-old urban middle-class kid, the preferred medium of consumption of news and entertainment may not be of a physical newspaper or a television. He or she most likely consumes it over the Internet and on mobile.

**S+B: Even though time spent on digital media by young people is far greater than time spent on print and TV, we haven't seen a correspondingly large shift in advertising dollars. Why is that?**

**JAIN:** The traditional media outlets offer reach, which is not easy for any advertiser to ignore. This will not change for a long time, even though digital advertising may be more measurable. For large-format businesses (consumer products, apparel, financial services), reach will always be relevant. Although digital advertising is growing faster, we expect it will take a long time before we can ignore traditional media altogether.

**S+B: On your Twitter profile, you mention "driving change" as your motto. What are the core values that influence your own decisions and thinking?**

**JAIN:** I am a great supporter of personal freedom and liberty. I think the government and legislature should stay out of people's lives as much as possible — whether it's a matter of food, religion, or sexual orientation. Political leaders should instead focus on development. They should lay down modern, reasonable, and clear-cut rules, and then give business and industry a free hand to grow and create jobs.

The government should also be fair and transparent in its dealings. For a decade I've maintained that the arbitrary and opaque allocation of natural resources — whether coal or broadcasting spectrum — is the single biggest cause of corruption in India. We should move toward e-auctions that can stand up to audits and scrutiny. The *Times of India* has been at the forefront of this campaign,

and I'm happy to say that the government has really worked to clean up this process. This was a campaign of national importance, and went to the very root of good governance.

In general, I'm driven by what I think is right or just, even if it means being politically incorrect. And that inevitably means driving change, especially in this industry and this country. I believe a leader should push himself or herself to get out of his or her comfort zone and take calculated risks. We should be ready to challenge the status quo, innovate constantly, and disrupt our own company's business model. To be in business in the media industry is very exciting right now. Every day is a new day, especially in digital media. I am continuously learning.

**Munnish Puri**

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## “INDIA IS THE FASTEST-GROWING AD MARKET AMONG ALL THE MAJOR MARKETS OF THE WORLD.”

based digital identification for all citizens. It is also dramatically increasing connectivity, particularly in rural areas. Digital India has promised to install broadband in 250,000 villages by 2017, free Wi-Fi in public schools and universities, and public Wi-Fi hot spots in all major Indian cities by 2019. In addition, the government is developing electronic healthcare, education, infrastructure, and banking services, all of which are already drawing people online.

India's media habits are changing as a result. In her annual report on the Internet economy, Mary Meeker, partner at Kleiner Perkins Caufield & Byers, estimated that in 2016, 65 percent of all Internet traffic in India will take place on mobile phones. “The mobile is no longer the elitist screen, or the ‘second screen,’ as some used to refer to it,” says Paritosh Joshi, CEO of India TV (a Hindi news channel with 90 million subscribers). “It is the most personal, ubiquitous, democratized screen, and the majority of India is on it. We are a mobile-first country.”

Yet India's tremendous growth in mobile content consumption has not come at the expense of print. That's in part because of a second key factor in the nation's digital transition point: increasing literacy, and the way it has expanded the audience for print media. The country has a literacy rate of 71 percent, up from 12 percent in the 1940s, and boasts one of the highest literacy growth rates, about 9 percent per year. Moreover, compared with the rest of the world, Indian residents pay very little for newspapers. Fifty years ago, newspapers had government subsidies; today, advertising revenues allow publishers to keep the price as low as about Rs3 (5 cents) per copy. This has made the newspaper into an aspirational commodity for newly

literate low-income readers.

Siddharth Varadarajan, founder of thewire.in (a news site) and former editor of the *Hindu* (a leading English-language newspaper in South India), says, “Indian newspapers are terrified of raising their prices. They believe that the phenomenal growth we have seen is because the papers are really cheap.”

A third major factor, India's high-growth economy, has helped increase advertising revenues throughout the industry. India currently has the most vibrant economy of the BRIC nations. Millions of people in middle-tier cities and small towns are eagerly entering the consumer economy and building their personal wealth. In April 2016, the International Monetary Fund projected India's GDP growth at 7.5 percent annually, which is higher than China's. The entertainment and media industry directly benefits from the economy's high growth; for example, entertainment and media advertising revenues grew more than 10 percent year-over-year in 2015, and are forecast to maintain a compound annual growth rate of 8.6 percent to 2020. As one might expect in a newly industrializing economy, the categories with the largest ad spending are consumer packaged goods (known as fast-moving consumer goods), retail, and e-commerce.

“India is the fastest-growing ad market among all the major markets of the world,” declares C.V.L. Srinivas, group chief executive of Southeast Asia for Group M, a global media investment group. He adds, “2015 was the best year for ad spend growth we've had in the last five years. While digital will remain the fastest-growing platform, India is one of the few large markets where all traditional media platforms will show positive growth.”

## YOUTH KI AWAAZ, A CROWDSOURCED NEWS AND OPINION STARTUP WITH THE SLOGAN “PUBLIC OPINION IS THE NEW SUPERPOWER,” HAS 2 MILLION MONTHLY VISITORS.

Only one category of print publication appears to be headed for decline: English-language newspapers. Although they continue to post strong circulation and revenue numbers, their readers tend to be younger, more educated, and more urban than the readers of other newspapers — and thus they are expected to migrate more quickly to digital content.

This finding reflects a fourth major factor: India's enormous youth population with its digitally oriented culture. Not surprisingly, millennials are forsaking the print newspapers that were the staple of their parents' generation. “More of our audiences [are] consuming content on their mobile phones,” says Pankaj Mishra, the former technology editor of the *Economic Times*, who left to cofound Factor Daily, a technology-oriented digital media startup. “We realized we had to move with them.”

### India's Media Ecologies

The audience for each of India's media subsectors is larger than the total population of many countries. Each sector is thus attracting its own unique group of entertainment and media providers — its own interrelated media ecology, consisting of the creators, the publishers and channel owners (on the Web and elsewhere), the advertisers and marketers, and those who track results.

Consider, for example, the digital self-aggregators. Like the habitués of that Mumbai restaurant, they are globally oriented, open to new ideas, and highly partial to peer curation over traditional news and entertainment channels. They use Twitter; Facebook; and DailyHunt, an Indian news aggregator app with editions in 10 languages, which have a total of 6.5 million monthly active users.

“We've been very clear from the beginning that we cater to this group,” says Samir Patil, founder of Scroll, a digital news startup, which he describes as a “destination site for thinking India.” He adds, “We did not lower the quality bar to chase audiences. We trusted instead that our audience would find us.” Indeed, Scroll grew to a million readers in its first four months. Patil attributes that success to its social media-style ambiance. Almost 80 percent of its traffic comes from Facebook and Twitter.

Many other startups are trying to reach this market, some with venture capital. Youth Ki Awaaz, a crowdsourced news and opinion site with the slogan “Public opinion is the new superpower,” has 35,000 contributors and 2 million monthly visitors; it is funded by Quintillion Media, a digital content venture founded by Raghav Bahl, founder and former managing director of Network18, and his wife, Ritu Kapur. Another site aimed at young people, ScoopWhoop, raised \$4 million from Kalaari Capital, which it intends to invest in ScoopWhoop Talkies, a video production unit. Inshorts, which limits the news stories it publishes to 60 words, is the fourth-most-popular Indian news app and has raised \$24 million in funding from Tiger Global.

When designed to foster community (for example, when anonymity is discouraged and people post comments with their real identity), these digital efforts have social network-like qualities that actually raise the level of discourse. “There's a human psychology effect,” says Patil, “where readers will share stories that make them look good.”

The infotainment followers are very different. On their feature phones, they tend to follow sites that keep their articles and videos short and full of hooks. Most of

these media sites offer a combination of popular headlines; film information; and sports, lifestyle, auto, and market news.

India's traditional media houses, which display a deep knowledge of their varied audience, have tapped into this market with digital offerings. For example, *Indiatimes.com*, the most successful English news website, belongs to the Times Group, the publishers of the *Times of India*, the world's largest-selling English daily. The site has 19 million unique visitors per month. NDTV's English and Hindi sites as well as Zee's *India.com* are among the largest digital crowd pullers in this market. Anant Goenka, head of new media at another major newspaper, the *Indian Express (IE)*, celebrates the paper's digital experience by saying, "I'm very happy with the reach and revenue of the last two years."

Many publishers are focused on the regional print readers, who generally favor languages other than English. The Times Group is expanding to 12 regional-language editions. The *Hindustan Times*, the *Hindu*, and the *IE* are making similar transitions. As in the U.K., a person's choice of newspaper often reflects his or her political stance, religion, and profession as much as geographic location. For example, *Hindustan*, the flagship Hindi-language newspaper published by the *Hindustan Times*, has grown 11 percent per year in recent years, compared with 4 to 5 percent for its English-language equivalent.

Although the size of this media market is often ignored by those outside the country, India's media leaders are keenly aware of it. India TV CEO Joshi calls the English-speaking audience "a vanishingly small minority" in comparison. "Take the example of just my channel," he says, referring to one of India's most popular Hindi-language news channels. "It draws a viewership of around 80 million per week," compared with 1 million for all the English news channels in India combined. That's just one of several major channels in Hindi, which in turn is just one language; Tamil and Telugu channels each have tens of millions more viewers.

One trend has accelerated growth for all three au-

dience categories: the increased popularity of video, especially when streamed or downloaded from the Internet. Indian investors are scouting actively for video content companies. Betting on this trend are startups like Nyusu, a self-funded venture. The self-proclaimed "one-minute, multi-lingual, video news app for Android phones" provides short videos in six regional languages, featuring opinion journalism.

Another hopeful enterprise is Ping Digital Broadcast, launched by Govindraj Ethiraj, the founder and former editor-in-chief of Bloomberg UTV. He explains that the motive behind Ping was "questioning whether we wanted to cater to the audiences of yesterday and today, or to create for the audiences of tomorrow." Ping offers infotainment categories such as food, music, gaming, fashion, and technology. For more serious topics, Ethiraj also founded Boom Live, an independent digital journalism initiative focused on what he calls "impact docu-news." One of his most popular video series, *Explained in 90 Seconds*, condenses complex issues like the European migrant crisis into very brief primers. "Our next step is to do it in 30 seconds," he says.

These emerging video enterprises are betting, of course, that the smartphone and broadband continue to take market share. It's a reasonable expectation; an International Data Corporation report taps India as one of the fastest-growing smartphone markets in the Asia-Pacific region, with sales of 4G devices outpacing those of their 3G counterparts, and smartphones expected to move from their current 40 percent market share to 50 percent or more by the end of 2016. If projections like these are correct, then in many villages, video will not arrive through today's broadcast channels. People in India, even while watching large-screen TVs, will get their news and information through the Internet.

### The Strategic Response

What do these trends mean for the business model of a major media company? To start with, the advantage is still with print over digital when it comes to advertising revenues. Close to 40 percent of 2015 advertising spending in India went to print publications, and less

than a tenth of ad spending was on Internet advertising. (The rest went to various forms of broadcast.) Although Internet advertising spending grew by 24.2 percent in 2015, compared with 5.3 percent for print and 13.5 percent for broadcast television, the total amount of Internet advertising remains much smaller — about Rs32 billion (\$499 million), compared with Rs163 billion (\$2.5 billion) for print and Rs204 billion (\$3.2 billion) for television. Print, in particular, is regarded in India as a prestige advertising play: It is the medium where brands are built, especially in consumer-oriented sectors such as food, personal care products, and real estate.

But as Scroll's Samir Patil pointed out in a 2015 white paper, these spending levels don't reflect usage habits. "Indians with Internet access spent over half their media engagement time online," he wrote. If digital advertising spending were proportional to the time spent on each platform, advertising spend on the Internet would rise to Rs192 billion (about \$3 billion), or six times current levels.

One problem, of course, is the ad-subsidized model for print — and the widely held view that subscribers will not pay much for information. Digital subscription vehicles, such as paywalls, are not treated with serious consideration by a majority of publishers, for fear that their markets will erode. "When I began this job four years ago," says *IE*'s Goenka, "I believed that we would eventually institute a paywall. *IE* was creating the kind of content that was worth paying for. I quickly backtracked from that. That thinking doesn't work here."

Moreover, advertisers have yet to fully embrace the Internet as a vehicle. The Internet audience is still only one-tenth the size of the television news audience, and Internet-based news is more likely to be aimed at urban

digital self-aggregators. The traffic on newspapers and TV is more varied, spread across more geographies, and more oriented to family than individual access.

Vikas Kothari, a venture capitalist at the Mumbai-based private equity firm Lightbox, argues that over time, digital startups — which can easily gather and track usage data — have an advantage over incumbent media companies, especially in countries such as India where they can leapfrog past conventional practices. "Outsiders have nothing to lose, while incumbents have to disrupt their own business models," he says.

All of these concerns may well vanish, of course, when media companies see the audiences for digital media solidify — especially when millions of people begin to watch massive amounts of video online. Because relatively few Indians have credit cards, billing through mobile carriers will probably be the most successful early payment method. It has already been employed successfully by the Indian music site Saavn and by the content distribution company PK Online, whose audience views about 50 million videos per month. Even where individuals possess credit cards, the government's two-factor authentication rules make online payments a more cumbersome (albeit safer) process. Online micropayments companies such as Yippster, which offer direct carrier billing through a simple SMS, have solved that problem.

Nikhil Jakatdar, CEO of Vuclip, a video-on-demand service, recalls Airtel's one-minute video for Rs1 as an example. "If you ask users to pay each time for each video, they won't do it. But if you offer them a one-time payment plan, like unlimited or 10 videos a day for Rs10, they readily subscribe."

Some publishers believe the subscription-based

# “PURE NEWS OFFERINGS WON’T BE ENOUGH TO SUSTAIN A BUSINESS. THE MODEL OF THE FUTURE WILL BE A COMBINATION OF CONTENT, COMMUNITY, AND PERSONAL SERVICES.”

monetization and advertising models may be helped by a multiservice approach. “Pure news offerings won’t be enough to sustain a business,” says India.com’s Amar. “Even content by itself is not enough. I see the model of the future being a combination of content, community, and personal assistance services.” Some news websites in India now include curated city guides and local referrals, whereas others include partnerships with global content providers such as the Huffington Post (for Times Internet Ltd.), Quartz (for Scroll), and the *Wall Street Journal* (for livemint.com, a *Hindustan Times* property). These allow Indian media companies to provide their global news-hungry audiences with diversified international content, while enabling U.S. and European news media companies to tap into India’s promising markets. They already know, from traffic on their own websites, that they have sizable potential Indian readership.

The stakes are high for media and entertainment companies in India. Overall, total entertainment and media revenue is expected to reach about Rs2.7 trillion (about \$41.1 billion) by 2020, rising from Rs1.6 trillion (\$25.1 billion) in 2015. Much of this will be drawn from advertisers, which tap into the consumer demand of a giant emerging middle class.

If you are a media enterprise leader — within India or looking in from another country — the three audiences of India give you a solid starting place. You may have entertainment or media tailor-made for the vast infotainment-craving population on their feature phones and smartphones. Perhaps you have niche mobile news content that caters to the sophisticated urbanites. Or your future growth may lie with the vernacular print audiences in India’s smaller cities and villages. Each of

these markets will require a different approach to advertising, subscriptions, and monetization.

In the end, however, you cannot let this broad segmentation blind you to the one big factor all three groups have in common: They are becoming mobile-first audiences. India, along with other developing economies, will soon have millions of connected, energetic individuals ready for digital media that meets their aspirations. They see themselves living in a world of opportunity. They want to have it all — all the media of the world delivered immediately, accessibly, and inexpensively. They want the one screen that is inexpensive, ubiquitous, and always on. As in the rest of the world, the smartphone is a gateway to news and entertainment that didn’t exist just a few years ago, and that continues to evolve at digital speed. +

Reprint No. 16313

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## Resources

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Dan Bricklin, “Radical Intimacy and the Smartphone,” *s+b*, Apr. 5, 2016: Brief summary of the distance many companies still must travel to adapt to the close connection people have with their mobile devices.

Roger Martin, Sally R. Osberg, and Jennifer Riel, “Social Entrepreneurship by the Billions,” *s+b*, Mar. 29, 2016: Looks at Nandan Nilekani’s project to provide digital ID numbers throughout India as an example of how to effect large-scale change.

MediaNama website, [www.medianama.com](http://www.medianama.com): Good source for all things digital in India.

YourStory website, <http://yourstory.com>: A media platform for startups and entrepreneurship in India.

NextBigWhat website, [www.nextbigwhat.com](http://www.nextbigwhat.com): Covers digital entrepreneurship, with a strong focus on India.

More thought leadership on this topic: [strategy-business.com/outlook](http://strategy-business.com/outlook)

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