REGULATOR'S NEW TV TARIFF ORDER CAUSES DISRUPTION

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Some call it the demonetization of the television industry in its scope and impact. The new tariff order (NTO) by the Telecom Regulatory Authority of India (Trai) has far-reaching implications for all stakeholders—broadcasters, advertisers, consumers and distribution platform owners such as cable operators and direct-to-home (DTH) companies. According to the new tariff regulations, broadcasters have to specify the prices of each channel and consumers can pick and choose them based on viewing preferences. This is in contrast to the earlier fixed and bundled packages that cable operators and DTH companies offered. In a note issued on 12 February, Trai said that of the 100 million cable service TV homes, 65% have migrated to the new regime and of the 67 million DTH homes, 35% subscribers have already exercised the option. However, it also extended the deadline for consumers to choose their channels, from 1 February to 31 March. This, it said, was done as subscribers are finding it difficult to choose their channels and local cable operators have not been able to reach out to consumers and create awareness.

The deadline extension reflects the confusion that prevails. For starters, TV measurement agency Broadcast Audience Research Council (BARC) has said that it will restrict the circulation of its weekly viewership data only to subscribers during the transition period. Earlier, even the Indian Society of Advertisers (ISA) advised companies to stop buying and selling on TV during this period as consumers were choosing channels that could impact viewership data. ISA has cautioned its members as TV is one of the largest mediums for advertisers with a projected advertising expenditure of more than ₹38,000 crore for 2019, according to the latest GroupM report.

In view of possible changes in TV consumption, ISA asked members to use the data after it stabilizes in about six weeks. However, broadcasters are worried that stability may take longer. For them, this could mean a disruption during big advertising opportunities such as the Indian Premier League cricket and the general elections. The fear in the market is that TV's loss (owing to unstable data) could be print and digital's gain. Besides, broadcasting companies may also be affected as they may have to trim their bouquets if some of their channels find no takers under the new regime. Earlier, their weaker channels were bundled with the popular ones.

Will the consumer benefit? In terms of choice, yes, but in terms of cost, it is still a mixed picture. Currently, for like-to-like entertainment, the cost for the consumer is going up. For instance, several DTH subscribers have complained that if they choose channels closer to what they used to watch earlier, their monthly bill is higher. Sameer Nair, CEO at content studio Applause Entertainment Pvt. Ltd, had earlier said that the bundling of channels by broadcasters and offered by DTH and cable operators to consumers resulted in an incredibly low-cost proposition, making television in India one of the cheapest in the world. "The unbundling of the broadcast channels may impact subscription revenues in the short term, but over a slightly longer time frame, the concept of 'pay less for less, pay more for more' will kick in." Nair was clearly spot on as the premium services now cost more than they used to earlier. It is probably why Trai came up with a fresh note on 12 February telling distribution platform owners (DPOs) that "...while making a Best Fit Plan for a subscriber, DPO should ensure that payout per month of the Best Fit Plan generally does not exceed the payout per month of existing tariff plan of the subscriber."

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However, Vynsley Fernandes, CEO at IndusInd Media & Communications Ltd (IMCL, which runs both cable and head-end-in-the-sky operations), claims that initial migration data shows that customer ARPUs have gone down across all socio-economic strata and across all markets. "There's anywhere between 5% to 15% reduction in absolute tariffs," he says. "There will certainly be exceptions to this; but we believe that will be limited to higher net-worth individuals, institutions/hotels and other such consumer segments," he adds. He claims that the NTO brings transparency to the business—all DPOs can now access TV content at the same price unlike earlier. Clearly, the disruption, though big, is temporary and the NTO will restore the balance equitably between all stakeholders across the chain—from the producer to the customer.

Shuchi Bansal is Mint's *media, marketing and advertising editor. Ordinary Post will look at pressing issues related to all three. Or just fun stuff.*