Opportunities for DTH services in rural markets : A study

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Abstract: *India is a vast country inherited by predominately agrarian community. As it is known that about 70 per cent of Indian population is living in rural villages. Rural India throwing multiple opportunities for markets one such opportunity that is luring the corporate sector is DTH or Direct to Home Telecast. The urban areas are already covered with analog and digital cable systems and there is a near saturation in urban areas and the advent of new technology in the form of satellite services are popularly called as DTH services have become a tough competitor for the established cable players as MSO's (Master Service Operators). In this backdrop, the present paper tries to find out the market opportunities in the rural areas which are a virgin territory and are that has been unchartered for DTH services. Hence, this paper tries to exploit the opportunities in the rural markets and create a win-win situation for the customer as well as the marketer.*

Key Words: *Rural Markets, DTH Services, Technology, Cable Players, etc.*

1. INTRODUCTION:

Direct to home technology refers to the satellite television broadcasting process which is actually intended for home reception. This technology is originally referred to as Direct Broadcast Satellite (DBS) technology. This technology was developed for competing with the local cable TV distribution services by providing higher quality satellite signals with more number of channels in digital mode. In short, DTH refers to the reception of satellite signals on a TV with a personal dish in an individual home. The satellites that are used for this purpose is geostationary satellites. The satellites compress the signals digitally, encrypt them and then are beamed back on to earth from high powered geostationary satellites. They are received by dishes that are given to the DTH consumers by DTH providers. Though DBS and DTH present the same services to the consumers, there are some differences in the technical specifications. While DBS is used for transmitting signals from satellites at a particular frequency band [the band differs in each country], DTH is used for transmitting signals over a wide range of frequencies [normal frequencies including the KU and KA band]. The satellites used for the transmission of the DTH signals are not part of any international planned frequency band. DBS has changed its plans over the past few years so as to include new countries and also modify their mode of transmission from analog to digital. But DTH is more famous for its services in both the analog and digital services which includes both audio and video signals. The dishes used for this service is also very small in size. When it comes to commercial use, DBS is known for its service providing a group of free channels as complimentary along with paid channels in a bouquet that are allowed for its targeted country.

Direct-to-Home (DTH) satellite television is becoming a buzzword in the satellite broadcast industry due to the fact that DTH offers immense opportunities to both broadcasters and viewers. Thanks to the rapid development of digital technology, DTH broadcast operators worldwide have been able to introduce a large number of new interactive applications in the television market besides a large number of entertainment programmes over a single delivery platform. In addition, since digital technology permits a highly efficient exploitation of the frequency spectrum, the number of TV channels that can be broadcast using digital technology is significantly higher than with analogue technology. The increased number of television channels allows the operator to satisfy the demand of a number of niche markets with dedicated transmissions. In general, DTH service is the one in which a large number of channels are digitally compressed, encrypted and beamed from very high power satellites.

The programmes can be directly received at homes. This mode of reception facilitates the use of small receiver dish antennas of 60 to 90 cm diameter installed at convenient location in individual buildings without needing elaborate foundation /space etc. Also, DTH transmission eliminates local cable operator completely, since an individual user is directly connected to the service providers. However, a digital receiver is needed to receive the multiplexed signals and view them on a TV. DTH, in sharp contrast to Cable TV, lends itself to easy monitoring and control. Transmission in Ku band is most appropriate and is widely used for this purpose. As mentioned above, all the encoded transmission signals are digital - thus providing higher resolution picture quality and better audio than traditional analog signals. All the advantages of the digital transmission, as applicable to the terrestrial transmission are relevant in the satellite transmission also.

2. OBJECTIVES OF THE STUDY:

The present study titled "**Opportunities for DTH Services in Rural Markets – A Study"** has been taken up with the following objectives:

- To present the brief history about DTH services and Cable services in India.
- To know the problems and prospects of DTH services in Rural Markets of Telangana State.
- To offer pertinent suggestions for the performance improvement of DTH services of service providers in Rural Markets in Telangana State.

3. DATA BASE AND METHODOLOGY:

The study is based on secondary data only. The research work is carried out on the basis of descriptive research design. The major sources of data for the present study are from the following:

a) Reports, Bulletins, Journals
b) Text books
c) Websites

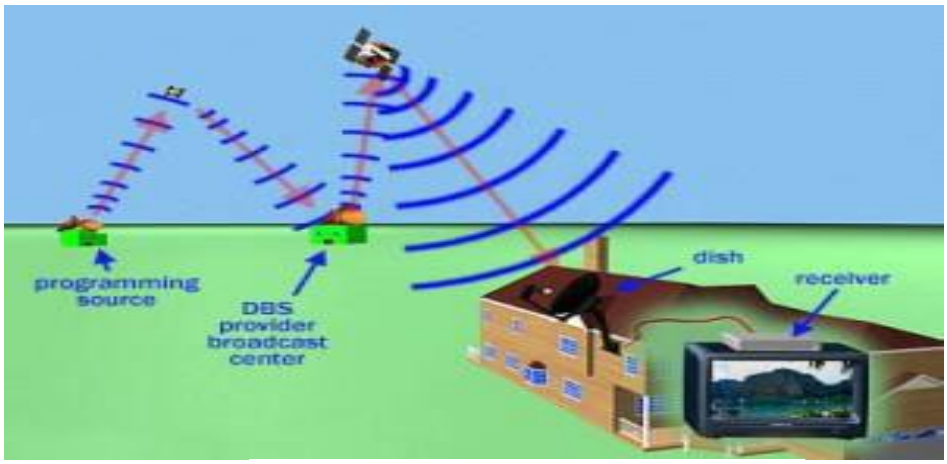
The data so collected was examined for completion, comprehensibility, consistency and reliability.

4. DTH IN INDIA:

India is one of the biggest markets for DTH service providers in the world. The requirement is very high because of the high population and the increased number of viewers. The low cost of DTH when compared to other local cable providers is also one of the main reasons for this substantial growth. In India the DTH requirement is more than in any country as the population of viewers is at very high rate. The idea of DTH was first conceived in India in 1996. But it was not approved then as there were concerns about national security. But the laws were changed in the year 2000 facilitating the entry of DTH services in India. According to the new Law DTH providers are required to set up new stations within 12 months of getting the license. The cost of the license is almost $2.15 million in India with a validity of 10 years for renewal. The latest reports suggest that almost 25 per cent of the total Indian population use this facility while others use local Cable TV connections.

5. WORKING OF DTH:

The following diagram explains the functioning of DTH pictorially.



(Source: www.rediff.com/money/2004/mar/23spec.htm)

For a DTH network to be transmitted and received, the following components are needed.

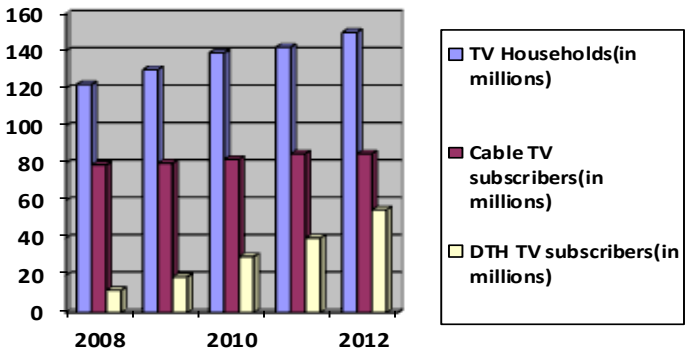
- Broadcasting Centre
- Satellites
- Encoders
- Multiplexers
- Modulators
- DTH receivers

It must be noted the channels that are broadcasted from the broadcasting centre are not created by the DTH providers. The DTH providers pay other companies like STAR, Sony, ETV, CNN, BBC, Etc., and so on for the right to broadcast their content to the DTH consumers through satellite. Thus the DTH provider acts as a mediator or facilitator between the consumers and the programme channels. The broadcast centre is the main part of the whole

system. It is from the broadcast station that the signals are sent to the satellites to be broadcasted. The broadcast station receives the signals from various program channels. The satellite receives the signal from the broadcast centre and compresses the signals and makes them suitable for re-transmission to the ground. The DTH providers give dish receivers for the viewers to receive the signal from the satellites. There may be one or multiple satellites that send the signals at the same time. The receiver receives the signal from them and is passed on to the Set Top Box [STB] receiver in the viewer's house. The STB receiver changes the signal in a form suitable for our television and then passes it on to our TV.

6. GROWTH OF CABLE TV & DTH SUBSCRIBERS:

DTH has emerged as an alternative to Cable TV and its subscriber base is growing at a faster rate compared to cable TV, the percentage of cable TV homes is significantly larger vis-à-vis DTH subscribers. Cable TV subscribers constitute approximately 60 percentage of the total TV homes in the country, whereas the share of DTH is about 35 percentage (Figure 1.1). DTH operates on a national basis and transmits all channels throughout the country irrespective of variations in demand of channels in different markets. Cable TV networks on the other hand operate on a regional basis and can choose channels to be supplied according to the demand in the area served. In the payment DTH sector, there are six major players providing services on a national basis. In contrast, Cable TV operators are limited in a particular area and in most cases the customer is served by a single local cable operator. On the technical front also, there are differences between DTH and cable TV in terms of the number of channels the platform can support, acquisition cost for the consumer, type of services supported etc. Figure 1.1: It describes the growth of cable TV & DTH subscribers as depicted below.



(Source: TRAI Consultation Paper No.: 5/2013)

7. ADVANTAGES OF DTH TECHNOLOGY:

- The main advantage is that this technology is equally beneficial to everyone. As the process is wireless, this system can be used in remote or urban areas.
- High quality audio and video can be provided as cost effective solutions to the viewer due to absence of mediators.
- Almost 4000 channels can be viewed along with 2000 radio channels. Thus the world's entire information including news and entertainment is available at ones finger tips in the comfort of his couch at home.
- As there are no mediators, a complaint can be directly addressed to the provider.
- With a single DTH service one will be able to experience digital quality audio, video and also high speed broadband.

8. CABLE TV SECTOR: CURRENT POSITION:

The television service sector mainly comprises cable TV services, DTH services, IPTV services and terrestrial TV services provided by Doordarshan, the public broadcaster. As per an industry report total TV households in India were estimated to be 15.5 Crore at the end of year 2012 of which the Cable TV segment being the largest platform. Cable TV segment has grown significantly with the number of cable TV households increasing from just 4.1 lakh in 1992 to more than 9.4 Crore by the end of March 2012. The DTH platform is also growing with number of DTH households reaching a figure of 5.45 Crore by the end of year 2012.

9. MARKET STRUCTURE AND DOMINANCE ISSUES:

The present television broadcasting market is dominated by Cable TV providers and it is estimated that there are around 6000 MSOs in the country. The Cable TV Act and the Cable TV Rules do not restrict the number of MSOs/LCOs operating in any particular area. There are MSOs who operate at the national level, while others operate either on regional level or in a smaller area. Some of the prominent national MSOs are DEN Networks Ltd., Digicable, Hath way, Data com, Indus Ind Media and Communication Ltd. and Siti cable. Some of the prominent MSOs that are operating in regional markets are Fast way, GTPL, KAL Cables (Sumangali), Ortel, Asianet, Tamil Nadu Arasu Cable TV (TACTV) Corporation Ltd., Manthan, JAK communications and Darsh Digital. However, the majority of the remaining are small, local (city based) MSOs with a subscriber base of a few thousand.

10. FINDINGS OF THE STUDY:

- Rural areas are highly scattered in nature and thus it becomes a challenging proposition for cable operators to service the rural customers.
- DTH is a new and emerging technology available in digital mode and accessible in far flung areas as well as scattered areas.
- The rural population is presently serviced by small cable operators who provide only a handful of channels in some selected villages while small villages, hamlets have no access to basic television services.
- The illiterate and semi illiterate consumers perceive the DTH technology as something complex that they cannot comprehend nor would it be user friendly.
- There is lot of confusion that is being created by the cable operators who are making noise about the cost of service, disturbances due to climate conditions, and the need for installation of the dish on the higher places to mention a few problems which is hindering the growth of DTH services.
- As the rural consumer is not tech sense it is difficult to make him understand the benefits of new technology.
- The cost of the ownership in the form of monthly subscription is a hindrance for the growth of DTH services in rural sector.
- The established players in the DTH segment are still concentrating in urban areas by providing maximum number of channels in different product categories in the form of group of channels or bouquet of channels.
- There is no specific market promotion strategy to focus on this vast rural market segment.

11. SUGGESTIONS:

- The DTH service is a new technology whose benefits are not fully realized owing to the cost of ownership hence the DTH service providers should make their product offerings more attractive.
- More number of products in the form of different categories of channels that are viewed by the rural consumers to be offered.
- To induce product usage free bouquet of channels should be given for a period of minimum three months.
- Once the free period is over the basic product subscription should be given in easily affordable monthly recharges or quarterly or half yearly or annual recharges with some discounts thrown in.
- The DTH service provider should provide flexibility by the way of choosing and charging the channels at a nominal price. The pricing should be done in such a manner that a minimum bouquet of channels should be offered at the lower cost as majority of the rural consumers would find the cost of DTH service as prohibitive.
- The popular pay channels should be reasonably priced or some sort of cross subsidy should be given to the rural consumer.
- The distribution net work should be beefed up in the rural areas with demo-vans moving in far flung rural areas to propagate the idea of satellite television and its ease of operation along with its technical superiority over the cable TV networks or antenna based analog systems of the yore.
- The product should be made available in all villages and recharge vouchers related to monthly subscriptions and add on channels or packages to be made available in the small shop out lets in rural areas and at the doorstep of the consumer.
- The customer care centre has to be proactive and should function in vernacular language and should address the needs and complaints of the rural consumers rather than making them to stand in line or queue system.
- The product promotion should be carried out with emphasis on rural areas and should concentrate on the easy usage of the service.
- Promotional activities should concentrate on shanties, shantas, Haats or weekly markets where product demo along with its salient features can be explained effectively to the customer.
- Innovative and creative advertisements should be carried out to propagate the usage of DTH services.

- The outdoor media should be effectively used for display of DTH ads on Hoardings, Wall paintings, Small balloons, Festoons etc.
- To induce customer awareness and motivate the rural consumer freebies should be offered and in select Villages a TV set along with the DTH service be provided so that the rural consumer starts to appreciate the usage of new technology and can experience firsthand the ease of operation of such service.

12. CONCLUSION:

In present day world the need and importance of entertainment and edutainment has risen manifold and it is not an exception for an urban or rural consumer who after a day's hard work would love to pass their time by watching the idiot box or T.V. either for entertainment or for news or for any other purpose. However the cost of DTH service is proving to be an obstacle for the rural consumer, who wants a service with no frills that is selected few channels at minimum subscription charges coupled with easy accessibility to own a DTH service. On the other hand the challenge to win the minds and hearts of the rural consumer is not a herculean task for DTH providers as they should focus on the rural markets with dedicated product and promotion strategy coupled with perseverance and creating awareness through innovative methods and to appeal to the palate of the rural consumer in the sense Jai Ho Rural Customer as the market of future lies there.

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