

Radio 'X': The Dawn of Emerging Digital Marketing World

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(Received 20 February 2018; Revised 3 March 2018; Accepted 15 March 2018; Available online 22 March 2018)

Abstract - Origination of radio is one of the greatest Inventions ever in human history due to its existence in today's world. Not just surviving but it is also competing with Ultra-Smart Devices (USD). Nobody thought that this invention will survive that long. A lot of devices introduced like Walkman, CD and DVD player, Pagers, Floppy Disk, Typewriters and they all vanished after a particular age, but among all the oldest member (radio) still competing with the Ultra-Smart Devices (USD) like high end phones and lightning fast internet. Radio sector is flourishing rapidly instead of so much of technological up-gradation, People have started listening to the radio on a regular basis in respective of their leisure or work time and finally, listening to various radio program became the part of this people's daily life, not only as a listener but also as a participant in various Programmes organized by theme. When we brief into this media industry, radio Programmes are offered and generates a lot of business opportunities too. I would proudly say that one day or the other Radio Programmes are the dawn of the new emerging digital world, whereas people will understand the power of radio and its infinite scope. There are also several problems in this industry that need to be solved, which can be brought into notice through this media of radio Programmes. This paper will attempt to explain all about Indian radio industry, the rise of radio in the 21st century with opportunities, growth, problems and possible solutions which would certainly reveal the major facts and major observations, so that each and every individual in this digital era can make use of it in a right way .

Keywords: Radio Programmes, Media Industry, Digital World

I. INTRODUCTION

The word "radio" is extracted from the Latin word "radius", meaning "beam of light, ray and spoke of a wheel". It was first enacted to communications in 1881 by the recommendation of French scientist Alexander Graham Bell and Ernest Mercadier when they adopted a word called "radio- phone" meaning "radiated sound" as a replacement term for his photo phone optical transmission system. Since, then it never turned back and today it reaches to almost 99% of people in India. Radio industry of India is the largest broadcasting organizations as compared to every other nation in the world, be in terms of Language Of, Broadcast, Socio Economic Or Spectrum And Cultural Diversity it caters, If we see the services division of news, AIR broadcasts 647 bulletins per day for a total duration of nearly 56 hours in about 90 Dialects in Regional, Home, External and Direct To Home services. From 41 AIR Stations 314 news headlines per hour is also being mounted on FM mode. A Total of 44 Regional News Units flows 469 news bulletins daily in 75+ languages.

The History of radios dates back to the year 1923 when the Radio Club of Bombay started broadcasting Programmes in India. This was followed by the setting up of the Calcutta Radio Club five months later. IBC (The Indian Broadcasting Company) came into existence on July 23, 1927, only to face eradication in less than three years. All India Radio (AIR) known as Akashvani (officially) since 1956 which means "Voice from the Sky", is a sub-division of Prasar Bharati and the national public radio broadcaster of India. It is the sister service of Prasar Bharati's Doordarshan, the national public television broadcaster and established in 1930.

All India Radio (AIR) launched its first FM service from Madras to cater a wide range of audio Programmes to listeners with polished content and broadcast quality. After getting Independence in 1947, All India Radio had only six stations (Lucknow, Delhi, Madras, Bombay, Tiruchirappalli and Calcutta), the three radio stations at Karachi, Lahore and Peshawar fell in the portion of Pakistan. The entire number of radio sets at that time was about 275,000+ in India. On October 3rd 1957, the "Vividh Bharati" Service was inaugurated, to compete with "Radio Ceylon" (Radio Ceylon is the oldest radio station in Asia. In 1923 by the Telegraph Department Broadcasting "Ceylon Radio" was started on an pilot testing basis in Ceylon (now Sri Lanka), just after three years the inception of broadcasting in Europe).According to the latest information given by Indian Ministry of Information and Broadcast, AIR has enfolded more than 99% of the Indian population. Entertainment Network India Limited (ENIL) is among the top radio players in the market, with a largest network of 73 stations (excluding three Oye FM stations). Entertainment Network India Limited (ENIL) operates four brands: Radio Mirchi, Mirchi Love, Ishq FM and Mirchi 95. The other three large players that have expanded their network significantly are: a) MBL's Radio City (to 39 channels from 28 channels), HT Media's Fever (to 15 channels from 5 channels) and DB's My FM (to 31 channels from 17 channels).

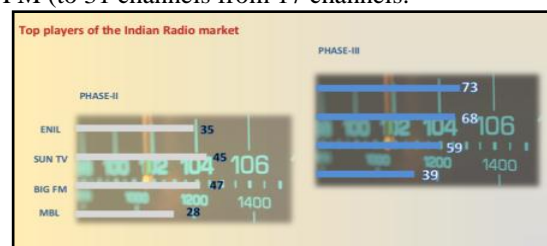


Fig. 1 Top four Private national players of the Indian Radio Market holding their widest presence

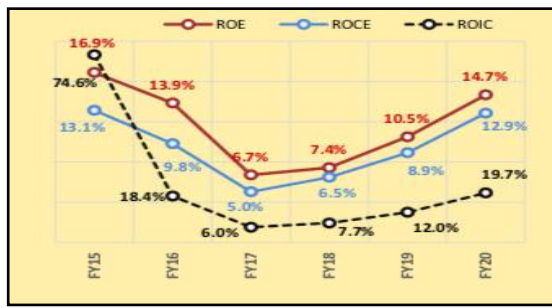


Fig. 2 ENIL: Asset Monetisation Mode - Return Ratios to Have a Steady Growth

In current year 2018 market size of radio industry is approx. 30.7 billion Indian rupees.

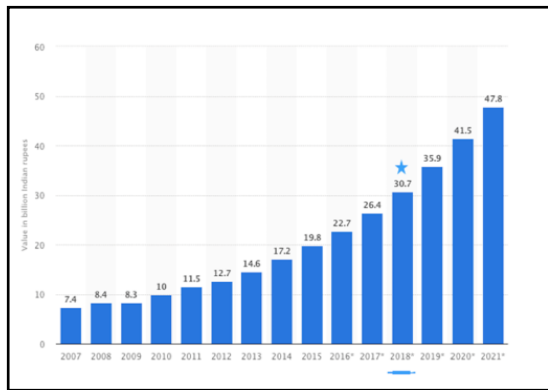


Fig.3 Market size of Radio in Media Industry

A. Revenue, Market Share and Profitability

Entertainment Network India Limited (ENIL) has been the dominant player in the radio industry for the past 15 years (since radio was liberalized), currently holding 30% revenue market share. This is significantly ahead of the second largest player Reliance Broadcast (Big FM; 18% market share) and MBL (Radio City; 14% market share). Entertainment Network India Limited (ENIL)'s share also includes contribution from non-FCT (~30% of revenues) related to activation and concerts.

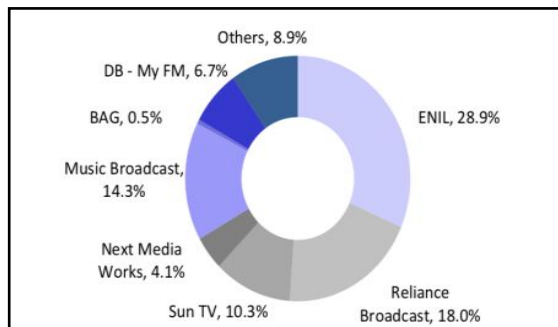


Fig. 4 Revenue, Market Share and Profitability of Private Sector Companies

II. JOURNEY AND GROWTH OF RADIO MARKET

India's FM radio market was governed by AIR till 1999. However, with the Phase-I auction policy in that same year,

the market unlocked its province for private FM radio companies. The policy met limited success with the launch of only 21 channels that were allotted under this policy. Later in 2005, the launch of Phase-II auction policy fuelled private FM radio channels in the country under which the government allocated licenses for 245 channels.

In September 2015, the first batch of Phase-III auction culminated had 135 channels in 69 cities on offer. The total value of sold channels was Rs1,187 crore. Moreover, the government had started to earned more than Rs.3,000 crore Out of these auctions along with the migration fee ranging from 245 stations that moved from Phase-2 to Phase-3. In the second batch of FM Phase III auction, the government had gained total of Rs 200.24 crore and sold only 66 out of 266 frequencies.

Now the third and upcoming batch of FM auctions will target cities where no private FM radio is present, like including border areas of north-east states and Jammu & Kashmir where the population is less than 100,000, according to the government statement. With the execution of second batch of Phase III auctions, the government is working out to cover all the 29 states and 6 out of the 7 union territories (except Dadra & Nagar Haveli) by private FM radio broadcasting, which will up direct and indirect employment of more than 10,000+ persons across the country.



Fig. 5 Increasing Number of Channels by Phase II to Phase III

There is an estimation that these auctions will generate a revenue of more than Rs1, 100 crore (sources from AIR).

III. LISTENERSHIP ON THE GO-TARGET AUDIENCE

As of June 2018, According to the RAM ratings of week 20, Fever FM continued to dominate Mumbai and Delhi, while Radio City and Radio Mirchi maintained the top positions in Bangalore and Kolkata respectively.

In Mumbai, out of a universe of 12.2 million listeners, Fever FM held the first position with a 17 per cent share, followed by Radio Mirchi with 13 percent in the second spot and Radio City in the third with 13 per cent. Early Morning, followed by Morning and Mid-Morning time observes the highest listenership.

In Delhi, in a universe 16.5 million listeners, Fever FM also held the top spot with an 18.1 percent share, followed by Radio City in the second spot with 13 percent share and Radio Mirchi in the third with 13 per cent. In Delhi, Mid-

Morning, followed by Afternoon and Night time observed the highest listenership.

Radio City dominated in Bangalore in a universe of 5.3 million listeners with a 25 per cent share. Big FM held a 18 percent share in the second position, while Radio Mirchi followed in the third position with a 17 per cent share. Evening time band, followed by Afternoon and Mid-Morning observed the highest listenership overall.

In Kolkata, Radio Mirchi led with an 18.8 percent share of a total universe of 9 million listeners, followed by Fever FM and Big FM in the second and third spots respectively with an 18 per cent share. Morning time band lead by Mid-Morning time and Evening time band witnessed the highest listenership.

IV. PROBLEMS FACED DURING RADIO PROGRAMMES

A. *Putting a Cap on the Advertisements*

In radio, the spectrum was auctioned by the government and when the auction was set up, there was no mention of any ad inventory in the tender documents, including in phase III. So there was no ad cap for bidders who paid for the tender. So it's not legally possible for the government to cap anything."

B. *Hiking Ad Rates in Radio is the New Trend*

Now-a-days every player in radio sector increasing their rates, some says "The rates are in line with the performance" and others "based on their leadership and the value they deliver to their clients" Again there is no control to decide standard rate on advertisement.

C. *Lack of Proper Government Policies*

There are a lot of areas where government need to focus like establishing standard rates for advertisement, monitoring frequency distribution, screening ad playing on-air, putting cap on advertisement duration, reduction in license fees etc. In India, we have arbitrary city-level caps. Except in the top 13 cities, no broadcaster can hold more than one channel in any city. This hugely restricts M&A activity. Likewise, there is a national cap which can also trip any M&A deal,"

D. *The Biggest Threat to Radio is Myopic Leadership*

Radio in Media Industry requires leaders who devote more energy seeking growth. The industry needs stalwarts who see podcasts, dashboards and smart speakers like Saregama Carvaan Portable Digital Music Players (fig. 6) as opportunities instead of threats. This sector is demanding people who truly understand what assets and tools they have to leverage themselves into a much wider business than these terrestrial radio broadcasting.



Fig. 6 Launch of New Portable Digital Media Player "CARVAAN" by SAREGAMA

E. *Conflicts of Split Personality - Dual Nature of Radio as a Profit-Making Business/ Public Service)*

From the ambivalent nature of radio as a profit-making business and a public service too, multiple number of conflicts arises like should radio be essentially a medium for selling goods and services? Should it saturate more hours at extra higher rates with money-spinning avvertisements followed by entertainment devices for attracting listeners to the ads? If it is doing the same, how can it be a good profit-making business venture, stopping the short of gathering out the other, entirely a nonprofit role? At the least will it not be tempted to put profits ahead of public service?

V. POSSIBLE SOLUTIONS TO THE ABOVE PROBLEMS

A. *Discrete Participation on Capping*

Each broadcaster should take a call when it comes to ad capping. A research by Radio Mirchi showed that listeners complained about a lot of ads being played. And that's why they became the only channel to reduce their inventory by 33 % these days, other players also should adopt these kinds of policies by voluntarily putting a cap on advertisement.

B. *The Government Intervention on Advertisement Rates*

This is what no organization would like to do voluntarily because everyone here is to make money, to generate higher revenue and handsome growth. So it requires government meddling to put a bar on ad rates and fix standard pricing with the mutual consideration of respective player's altogether.

C. *The Government to Bring in Certain Necessary Changes in its Policies*

Radio sector is booming at a higher pace thus requires a lot of policies to be formed to control and monitor schemes like standard rate charts, setting up a separate department for screening on air content, putting a cap on advertisement, monitoring frequency distribution etc.

D. *We Are In An Era Of Remarkable Growth And Opportunity, Yet So Many Figurehead Believe Their Job Is To Safeguard "Radio"*

A lot can be introduce and implement but only when the big players would like to do so, Most of them are busy in the same traditional course of doing business instead of focus-

ing on lateral source of revenue generation. Finding the scope of radio broadcasting in India can proved to be critical step towards a new future. There are not enough radio stations in major cities. Metros like Mumbai, Delhi and Bengaluru cannot have just nine channels each when all the big cities in the world have more than 25 stations. The government should quickly auction more frequencies and make more channels possible by reducing channel separation.

E. Equitable Opportunity in Revenue Generation and Social Cause

Every single organisation is increasing their price, indeed everyone here is for profit making but they should not forget the main task is to take care of society they are functioning in. Most of the companies are doing their task effectively for the welfare of society but they need to focus more on consumer centric content rather than to focusing on advertisement, they should lower than their inventory and cost because still radio audience need confidence, and this only deliver by better content and exactly what consumer expects.

VI. CHANGING MARKET TRENDS AND EMERGING OPPORTUNITIES

A. Phase-III opens up Growth Opportunities

The Indian radio industry has witnessed significant inventory (advertising time) growth over the past 18 months. Notably, over this period, the number of radio channels in the country increased 66% to 407 from 245, while the total number of cities with presence of private FM operators has grown to 113 from 85. This has led to steady growth in advertising time in an otherwise inventory-starved radio industry.

B. Expenditure on Advertisement Multiplication

The industry is expected to witness double digit growth during 2014-19. According to "Indian FM Radio Industry Forecast and Opportunities, 2019". Increasing number of FM radio listeners coupled with the growing expenditure on advertisement campaigns by real-estate, pharmaceutical, education, healthcare sectors, etc., are resulting in strong growth of the FM Radio Industry., Indian FM Radio Industry is forecast to touch Rs 47.8 Billion by 2021. Having a large base of FM radio listeners, Delhi NCR and Maharashtra are the leading markets for FM radio in the country.

C. All India Radio Expansion

The exceptional growth achieved by All India Radio has made it one of the largest media network in the world. All India Radio today is reachable to almost the entire population of the country and nearly 92% of the total area covered with a network of 262 radio stations. As a giant broadcaster, All India Radio (AIR) today broadcasts in nearly twenty three different languages and have more than 146

dialects catering to a wide large variety of socio-economically and culturally distinct population.

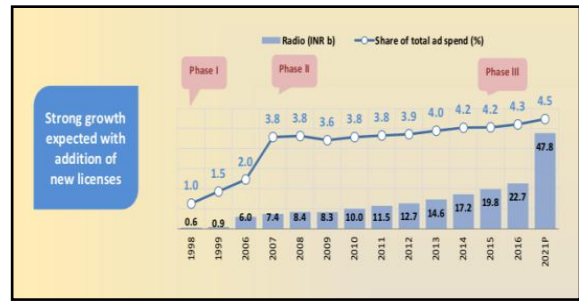


Fig. 7 Growth on Advertisement Expenditure

D. Political Enhancement

Indian government always supports radio and it is known by the popularity of radio in India. BJP has utilized radio during general elections in the best way. They customized and personalized the advertisements as per the regions. There is also 'Mann Ki Baat' which means the government understands the potential of radio.

E. Radio: Still Holds an Edge over Digital Media

Radio is an interactive media, now a days most of the RJs are making it more interesting by real time contests and fun games thus providing content differentiation, on the other side digital media still in nascent stage. Radio is expanding its footprint after the boost in phase III auctions, the future is near when radio will be the most demanding media as compared to others. Digital Media is in high demand these days but radio is on different path, for competing with digital media, radio companies are focusing on contents designed for their distinct listeners.



Fig. 8 Parameters of Radio as a Media

VII. RISING FUTURE OF RADIO PROGRAMMES IN INDIA

The Future is not about generating more and more revenue, but to also adopt consumer centric market according to what they love and want to be catered. Few days back a radio player has done something the listeners will like and they've wanted that for a long time now. With effect from April 01, 2017, Radio Mirchi decided to have only 15 minutes of ad-

vertising inventory in an hour from the average 22-26 minutes that radio stations normally have. While they've reduced their advertising inventory by about 33 per cent, they've also increased their advertising cost anywhere between 15-20 per cent for their major markets. The radio station is trying to get more listeners, quality advertisers and increase its value by removing lower priced clients.

Radio Programmes has been effectively and efficiently used with help of ICT (Information and Communication Technology) to enhance and empower villagers by broadcasting and generating locally relevant information through community based audio and internet technologies. The multimedia center has a cable audio station, with an accompanying computer center. The local community produces and cablecast their radio programmes every day, which has had a marked improvement in the quality of life of the villager's not just it improves the life but also gives them equal opportunity to be the part of production and content making.



Fig. 9 Women from Rural Area Anchoring a Programme on Radio

A statement by rural women, "We may fall in the 'Suicide Belt' but we have never seen a farmer kill himself" says a 25 year old Dalit woman with pride and a sense of achievement. She researches, scripts, produces and anchors a weekly radio magazine which reaches out to about 5000 fellow (Dalit) village women each week. This is the future where people are empowering themselves with the help of radio,

Here is the dawn of a new era with infinite possibilities in radio industry.

VIII. CONCLUSION

Radio in India still need to achieve its golden mark, there is a lot of scope in coming years and the way radio is gaining popularity it is catching the eye of not only investors but the advertisers too, radio is not just infotainment but its a good source of making money. Mind mapping, creative advertisement, innovative campaigns and consumer centric content are some of the examples why radio is popular these days, some of the private players reducing their inventory and catering more what the listeners want, Radio is also empowering people from rural to urban everywhere. What is need to be focused that utilization of this medium and sector effectively, all the giant players in this industry need to look forward with AIR to turn problems into opportunities. A famous quote before marking full stop to this paper by Hallie Flanagan. "The power of radio is not that it speaks to millions, but that it speaks intimately and privately to each one of those millions"

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