

SUMANTRA DUTTA'S VIEWS ON THE EMERGENCE OF RADIO

Despite our experience with TV, FM Radio business provided the team at STAR fresh learning ground.

History of private FM radio in India...

In early 2000, the Government of India decided to put out the bids for FM radio licences. There were 108 frequencies that were put out to bid across 40 cities. Because there was no reserve price or penalty provisions, a lot of people came forward to bid for the licences and hence the price was driven up very high. When the time came to pay the bank guarantees there were just 37 frequencies and 10 organisations that were left in the fray covering just 15 cities. Thus in one stroke about 70 frequencies became defunct. Of the 10 remaining organisations, only nine are expected to launch operations across 24 stations. Today, there are only 11 stations on air, with Mumbai being the only multiple station market with five private FM stations – the rest of the six stations are in six separate cities. Radio City has stand-alone stations in Bangalore and Lucknow while Radio Mirchi has stand-alone stations in Indore, Pune, and Ahmedabad. Radio City has been waiting for almost a year just to try and launch the station in Delhi and hopes to be able to do so in February 2003.

Room for growth...

Clearly, there is tremendous room for growth. The NRS research shows that the average urban Indian spends two hours consuming media. A large percentage of that time is spent on viewing television, followed by reading news publications. The radio scene from 1995 – 2002 seems to have witnessed a huge drop as reflected in the data presented by the NRS. However, what needs to be stressed here is that radio unlike viewing TV or reading the newspaper or magazine does not get consumed on a stand-alone basis. It is possible to listen to the radio while reading the newspaper, surfing the Net, or driving. It is the only entertainment medium that moves with you and allows you to partake in other activities whilst listening to it.

The radio advantage....

The people of Mumbai woke up to the potential of radio in May 2002 when five stations were launched simultaneously in the city. They realised that radio allowed them to do many things - it was cost effective and was a great medium for a local environment since radio stations in every city provided fare that was designed for local consumption. Research has also shown that retention is far greater when listening to a message rather than when it is read.

Other private

Interestingly all the players in the FM Radio business are in

FM players...

the media business – there are no stand alone players in radio. The other players presently in the radio environment are *Radio Mirchi*, promoted by the Times Group; *Red*, promoted by Living Media; *Go*, promoted by Mid-Day Group, with one station in Mumbai; and Sun TV.

10 years back, there was practically no STAR TV around; one hadn't even heard of mobile phones, there was no SMS and no e-mail. Entertainment options were far fewer and Doordarshan ruled the roost. Looking at a cross section of the radio audience, in terms of age group, revealed that the older generation had considerable interaction and relationship with radio unlike the young audiences. It also became apparent that it was this young audience who would catch on quickly to the advantages that radio offered.

Radio's share of advertising was in excess of 10 per cent of total ad spend. Today, with the focus on other media, primarily television and then cable and satellite television has dwarfed radio. Lack of investment in content led to radio's share of advertising plummeting to a meagre 1.5 per cent - all of which went to All India Radio (AIR). Out of this 1.5 per cent, 85 per cent goes to Vividh Bharti. Worldwide, radio gets a nine per cent share. In China it is four per cent, in the US it is 14 per cent where you have in excess of 14,000 radio stations, and in the UK it is five per cent.

The path to growth...

FM radio stations in other countries, for e.g. Sri Lanka, are far more in number than in India. Sri Lanka has 22 stations – AM and FM combined. In India, for FM radio to boom, all the 108 frequencies are required and many more. It is unfair to expect the few operators to grow the FM radio segment and educate the masses on the advantages of advertising on radio, on how radio is the most cost-effective medium as well as being the best medium for the local environment.

Convenience and novelty spur listenership...

On a positive note, FM radio has been doing increasingly well in the markets where it has been launched. The results show that the appeal of FM radio cuts across all age groups. It appeals to the young because of its newness and novelty value. The slickness and smartness with which FM Radio is perceived and delivered also makes it an attractive '**my medium**' for the youth. The convenience angle of FM radio is a factor, which has made the lives of people in Bangalore and Mumbai far easier. People on the move get to know what events are happening in the city without having to look at a newspaper – these could be entertainment options, places to eat out at, details on the weather, and more. Hence radio has succeeded just like SMS and E-mail because of the convenience it offers to its consumers.

The Government does not currently allow private FM Radios to carry either news or current affairs. Government policy must change as radio's reach across masses is tremendous, consumers cannot be deprived of receiving news and current affairs via this medium.

Give the consumer what they want...

Radio City aims to popularise the medium of radio wherever it is launched. The idea is to give the consumer what they want to hear. Hence substantial research is undertaken on the markets Radio City wants to enter – for example, the kind of music the people in various regions like to listen to. One common factor that cuts right across all regions is Bollywood music.

Value for money...

When Radio City launched its Bangalore station in July 2001 it received tremendous consumer and advertiser feedback partly due to the fact that it was the first private FM radio station to be launched in India. Until then, radio as a medium was the AM service, which used to dole out 90 per cent of Kannada music, and hence did not cut across the wider cross section of people. Currently, FM radio's reach has grown by 70 per cent and the time spent in listening to radio has more than doubled from an hour to 2½ hours a day and 85 per cent of the listening, which is the success of the Bangalore environment, is taking place at home.

Radio City in Bangalore enjoys universal awareness – it's a way of life. Radio City 91 FM is Bangalore's hottest and fastest growing medium with a reach of 35 per cent. Compare it with Prajavani, the largest circulated daily that has a 21 per cent reach. A basic analysis of what a lakh of Rupees can buy in the press in Bangalore vis-à-vis what it can buy in radio, reveals that, in the former, one can get a 100 cc advertisement, whereas the same amount can present a top-of-the-line two-week campaign on radio.

Setting Radio City apart from other private FM stations in Mumbai...

It is the opposite in Mumbai where the listening happens on the move and radio players realise that unless in-home listening grows, radio will not seriously take off. A challenge presented itself in Mumbai because all five stations were practically launched at the same time. In order to set Radio City apart in the clutter the organisation focused on its frequency – **91 FM**. The station launched a derivative of the popular TV game show – Kaun Banega Crorepati on radio and called it **Radio City 91 FM Suno Aur Lakhpati Bano**. It was launched on October 7, 2002 and listenership grew by 450 per cent. What was absolutely amazing was that although competitors promoted by media houses were writing about themselves and claiming that they were receiving about 20,000 phone calls a day for a similar contest, Radio City averaged one crore phone calls in the first 30 days of the

contest! On the first day of the contest alone, the station received over 10 lakh phone calls. This speaks volumes of the power of the medium of radio. One has to seize the opportunity and exploit it.

Radio in Mumbai is over 7 months old and ownership of FM Radio has grown by 20 per cent. The reach of FM Radio has grown from 20 lakh to 28 lakh and anyone listening to radio is also listening to FM Radio. Since June 2002, the time spent listening to radio has grown by 33 per cent with Radio Mirchi and Radio City between themselves controlling more than two-thirds of the market.

Radio as the theatre of mind...

The biggest PR initiative that is available with radio is for organisations to creatively use this medium to promote their brands. Radio is really the theatre of the mind. The mind can create pictures that are much more vivid than can be seen on a screen of any size. It is up to the creative ability to craft that picture. PR and communications on radio blend extremely well with how a brand wants to portray itself.

QUESTIONS AND ANSWERS

Three private players will shortly be launching in Delhi competing for the same advertising time and money. How will any one player emerge as the leader in such a scenario?

Sumantra Dutta replied that launching at the same time would be advantageous rather than detrimental. The perception of any brand in any category in terms of its communication and in terms of its delivery post the communication is what will make the brand stand out or not. Given that radio is a free medium available to all, and hence it will be sampled by one and all. For example, when *Jeeto Chappad Phadke* or *Sawaal Dus Crore* came in, STAR was asked what they were going to do now that the competition was offering 10 times the amount of money. The reply was that one could not stop people from sampling it. The first and second nights would receive a certain amount of viewership because of the hype and hoopla associated with it. What is important is whether they would be able to sustain it. Sustainance, Mr Dutta explained is directly dependant on lineage in the business, past experience in the business and a keen understanding of what the customer wants. Radio will certainly find its space in Delhi in the media scenario - only time will tell who will be the leader.

You have a big contender in AIR FM. How are you going to tackle this?

The Indian consumer is a very discerning consumer when it comes to choice across any brand - be it shirts, coffee or tea, or media. Indian consumers are very different from their Western counterparts who have a lot of money but are not very astute. The Indian consumer hasn't got too much money, but is very shrewd. They will be able to tell quality from quantity.

Doordarshan was the channel of choice for everybody as there was no other competition – where are they today? Where is AIR? After all, AIR was in all the markets that we have entered, not just Delhi – where are they today? The slickness and smartness with which commercial content is going to be put through on private FM radio will take it far many notches above what people can expect from AIR FM. Apart from that, the role of the government-owned FM radio is slightly different to the role of private commercial radio. They have for e.g. a role to educate the masses whereas private commercial radio is just there to entertain.

How can one use radio more effectively in terms of PR?

Radio cannot be the lead medium in any media plan – it can only support. When radio is included in any media plan, it makes the plan 40 per cent stronger, because people retain more of the message when they hear it as compared to when they read it. For e.g. Radio City in Mumbai has something called *Radio City Cool Hang Outs* and over a period of time, we have been able to influence our listeners. Radio City Cool Hang Outs is nothing more than identifying places one can go to for the weekend. These places are either eateries, or entertainment complexes, which are being written about, but we talk about them not in the form of advertisement slots but in the form of getting for example the head chef to talk about the food festival happening over the weekend, or the kind of movie festival to be held over the next week.

Provide an international perspective of how radio has managed to retain its space in a person's mind share or choice of entertainment? Compare this with the Indian experience

The Indian experience is primarily different in that the Government does not allow private FM radio to broadcast news and current affairs. One of the main reasons why people tune in to radio is to hear the news. It is also important to remember that radio is mainly seen as a snack medium – never a main meal. It is always there in the form of music. In terms of gripping content – doing soaps, serials, and thrillers – this is something, which is on the anvil. Internationally however, this has already been done. Today, international radio stations are very much confined to certain segments – rock, jazz, pop, talk...you don't have international stations operating the way they do in India.

Encouraging the use of radio in the workplace. What is the scope for this and how can it be done?

In Bangalore, radio listening in the workplace is showing pretty strong growth trends having gone up to six per cent. In Mumbai, there has been a slew of Chinese radios that have become available for all and sundry and as an example, I can quote that in both our TV and Radio offices, we have at least half the workforce listening to radio at their workstations.

How do advertisers know how

There are studies being conducted by the NRS that can provide you the reach of FM radio and what the reach is in a certain city. Radio players themselves are also commissioning some research

*many people
are actually
listening? Are
you planning to
do a study?*

some research.

*What will be
the role of
Internet radio?*

We all know the scope of the Net in India. Connectivity is a big issue. I don't think Internet radio is going to happen in this country for some time. Internet radio is not radio – it is a bit like World Space, which is not real radio. It's an alternative to music - whereas radio is about the pulse of the place. Internet radio cannot give you the same effect.

(Excerpted from the presentation made by Sumantra Dutta, COO-Radio Division, STAR India Ltd., at PR Pundit's Seventh PR Workshop held in New Delhi on December 10, 2002)