

# Media Management

Masters. Semester IV



Principles of Media  
Management and their  
Significance.  
Technological  
Infrastructure and Investment





# Investment



# Media Investment

You think we are going to calculate the amount of investment required for a media business.

However it is difficult to calculate **investment in media** as there are numerous parameters

**Nature of publication**

**Periodicity**

**Geographical spread**

**Place of publication**



## Media Investment : Challenges

It is clear that business owners encounter various challenges with respect to **investing in media**.

Among the challenges they face include  
lack of time,  
lack of knowledge on  
how to determine the return on investment(ROI), and  
absence of media operational skills.

Nevertheless, determining the media ROI remains as the fundamental problem to most business owners.



## **Return on Investment . ROI**

In addressing this challenge, we should first define ROI.

ROI is the most common profitability ratio that establishes the efficiency of an investment.

In this context, ROI will measure the returns from a media investment.

However, it is factual that calculating ROI is difficult, may not be perfect, and depends on the applied returns and costs.

Actually, there is no universal way of measuring the ROI of the social media commitments (Kelly, 2012).



## **Readership Profile : ROI**

As such, business owners tend to count how many copies they sell.

However, this may not be an effective measure of ROI.

We can measure ROI using metric tools that foster conversion measurement and optimized CPM, which enables ads to reach the target audience (Burg, 2013).

This enables the investor to know the profile of their ads thus enhancing future business planning.

In addition, we can measure ROI by analyzing readership profile by multiplying the number of times each copy is read .



## Readership Profile : ROI

This defines how far the advert went.

Moreover, we can analyze traffic to determine the ROI in media (Harden & Heyman, 2011).

Indeed, business owners need to evaluate their ROI in media and thus there Readership Survey analytics tools for following engagement, per copy readership and number of times(Burg, 2013).

This helps the marketers to determine how often people find the advertisement. For example, for The Telegraph, one can analyze the readership to particular pages, one can analyze the re view of pages Notably, the higher the ratios, the higher the ROI .





## **Media Investment Parameter**

There are several ways to invest in media, depending on  
the financial returns you seek  
  
the term of your investment and  
  
where you are in the world.



## **Investment : Return and Time**

Investors choose their interest rate (up to 15%) and the term of investment (from 1 to 10 years)

the lower the interest rate and the longer the term, the more it helps

There is no limit on the amount that can be invested, while investments start at Rs 100 Crores



## Venture Capitalists

The venture capitalists who are willing to back media organizations are looking for the right kinds of companies, some of which are similarly appealing to investors but distance themselves from one another.

For instance, the investment of Kothak Mahendra in Business Standard . Kotak Mahindra Group invested in Business Standard in 1996. Business Standard is published from seven centres in India - Mumbai, New Delhi, Kolkata, Bangalore, Chennai, Ahmedabad and Hyderabad. The Financial Times of London has taken an equity stake in BSL.



## **What is Venture Capitalist Looking At ?**

The industry has been largely driven by increasing digitisation and higher internet usage over the last decade.

Internet has almost become a mainstream media for most of the people.



## **Why Venture Capitalist and FDI?**

The Indian advertising industry is projected to be the second fastest growing advertising market in Asia after China.

At present, advertising revenue accounts for around 0.38 per cent of India's gross domestic product.



## Market Dynamics

Indian media industry grew at a CAGR (Compound Annual Growth Rate) of 10.90 per cent from FY17-18; and is expected to grow at a CAGR of 13.10 per cent to touch Rs 2,660.20 billion (US\$ 39.68 billion) by FY23 from Rs 1,436.00 billion (US\$ 22.28 billion) in FY18.



## Market Dynamics

India's media consumption has grown at a CAGR (Compound Annual Growth Rate) of 9 per cent during 2012-18, almost nine times that of US and two times that of China.

The industry provides employment to 3.5-4 million people, including both direct and indirect employment as of 2017.



## **Foreign Direct Investment in Media**

14 Mar 2016: Govt. increases FDI limit in News channels and FM radio to 49%, up from the existing cap of 26%.

January 12, 2018: The government considers a proposal to increase foreign direct investment (FDI) limit in Print Media sector to 49 per cent from 26 per cent at present.

28 Aug 2019: Govt. allows 26% in Digital Media.





## **The Foreign Direct Investment (FDI) in Indian Market**

The Foreign Direct Investment (FDI) inflows in the Information and Broadcasting (I&B) sector (including Print Media) in the period April 2000 – March 2019 stood at US\$ 8.38 billion, as per data released by Department for Promotion of Industry and Internal Trade (DPIIT).



## **The Foreign Direct Investment (FDI) in Indian Market**

As of September 2018, Companies announced video content collaboration with 12 Indian partners for video highlights and live streaming of sports, entertainment and news.

5 private equity investments deals were recorded of worth US\$ 115 million.



## **Source of Revenue for Print, Electronic and Digital**

The Indian digital advertising industry is expected to grow at a Compound Annual Growth Rate (CAGR) of 32 per cent to reach Rs 18,986 crore (US\$ 2.93 billion) by 2020, backed by affordable data and rising smartphone penetration.



## **Government Initiatives for Foreign Direct Investment (FDI) in Indian Market**

The Telecom Regulatory Authority of India (TRAI) is set to approach the Ministry of Information and Broadcasting, Government of India, with a request to fastrack the recommendations on broadcasting, in an attempt to boost reforms in the broadcasting sector.



## **Government Initiatives for Foreign Direct Investment (FDI) in Indian Market**

The Government of India has agreed to set up the National Centre of Excellence for Media.

The Indian and Canadian Government have signed an audio visual co-production deal to enable producers from both the countries exchange and explore.



## **Government Initiatives**

The Government of India has supported Media Industry's growth by taking various initiatives such as digitising the cable distribution sector to attract greater institutional funding.



## **New Challenges. Strategy to Boost Advertisements**

The Indian Media industry is on an impressive growth path.

The industry is expected to grow at a much faster rate than the global average rate.



## **New Challenges. Strategy to Boost Advertisements**

Growth is expected in retail advertisement, on the back of factors such as several players entering the food and beverages segment, e-commerce gaining more popularity in the country, and domestic companies testing out the waters.

The rural region is also a potentially profitable target.





## **New Challenges. Strategy to Boost Advertisements**

The Indian Media industry is a growing sector for the economy and is making high growth strides.

Proving its resilience to the world, the Indian Media industry is on the cusp of a strong phase of growth, backed by rising consumer demand and improving advertising revenues.



## Media Future

I'm really optimistic about the future of journalism. But I do think that if you polled a hundred of my Media colleagues and asked them about the future of the media company more often than not they're going to say it is possible.

## **Media Future**

The general view is that news is a growth business.

There are many more people are accessing and interested in and engaging with news today than ever before, thanks to technology.



## References

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Thank You