

Beyond the border

With the launch of its new general entertainment channel, Zindagi, which will showcase content from across the border, Zee Entertainment Enterprises is looking at carving out a slice of the Indian viewership pie for itself

Anindita Sarkar

ZEE Entertainment Enterprises (ZEEL), India's first homegrown broadcaster with revenues of ₹4,421.7 crore, is looking across the border for inspiration. Its latest general entertainment channel (GEC), Zindagi, to be launched this month, will showcase selected content hand-picked from across the borders. To begin with, the channel has tied up with producers from Pakistan to acquire licences for almost 4,000 hours of their recent library content. The network will eventually focus on licensing content from Turkey, Egypt and Latin America in the firm belief that content from these regions has a cultural fit in the Indian viewership context despite being very foreign.

For ZEEL, with 31 channels in its bouquet, the strategy is to further

fragment the Indian television landscape, craft a new niche, and help push the ₹4,000-4,500 crore GEC pie towards an expansive growth. Says Punit Goenka, managing director and CEO, ZEEL, "In a market like India where fragmentation is the order of the day, especially on the back of digitisation where the consumer is getting far more choice than before, we have, as a strategy, selected to fragment the market rather than getting fragmented. Rather than waiting for somebody else to walk in and take a share away, we might as well get into the market, expand it, continue to retain our shares as well as grow it."

Interestingly, at a time when reality shows are playing a significant role in television worldwide, it's fiction alone that will be at the nucleus of Zindagi's content programming.

■ Continued on Page 2



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Continued from page 1

The genres will primarily be romance, love and family drama. While initially, Zindagi will be using licensed content, in its second phase, ZEEL will produce and/or co-produce content in these markets along with the local talent and eventually may also introduce Indian talent. "We have already started production on 12 telefilms that will be released in the season between October-December. Six of those are being produced in India while six will be produced in Pakistan. This will be original content," said Goenka. To be positioned as a premium channel priced at ₹25.81 per month, the new channel is expected to generate an additional ₹2,000 crore for ZEEL.

Vidhu Sagar, executive vice president at Carat Media India, finds Zindagi quite an interesting theme. "ZEEL has looked at the need gap and tapped into the zone. I am keen to see how it performs," he said.

Ashesh Jani, partner, Deloitte Haskins & Sells, a management consultancy firm, also finds merit in the idea. "International sports channels are slowly finding acceptance among Indian viewers. And this trend could eventually get expanded into international entertainment content as well," he said.

The last one-and-a-half year has seen the network experiment with new channels and brand extensions. Last year ZEEL launched the free-to-air GEC Zee Anmol to showcase hand-picked content including popular shows from Zee TV's content storehouse and thereby add a new rung to its flagship GEC, Zee TV. The network is also working towards extending its '&' brand into a Hindi GEC in the second half of 2014. It can be recalled that in August last year ZEEL launched a new brand '&' in an attempt to break away from the Zee branding, a similar move that Star India had made in 2011 when it launched the brand 'OK'. ZEEL rolled out a movie channel christened '&pictures' under the '&' banner. ZEEL chief content and creative officer Bharat Kumar Ranga had then said that the broadcaster would eventually build a network of channels under the banner in a bid to target mass television viewers. Therefore, post its expansion into the Hindi GEC space, the '&' brand is expected to get regional push from the network as well. "The '&' brand will now be extended to other genres. The first extension of that will again be a GEC this year," confirms Goenka.

Says RS Suriyanarayan, associate vice-president, Initiative, a media planning and buying agency, "Today, Zee is spending huge amounts of money in procuring content and at a time when brands are looking at backward brand integration processes. Brands today spend as much as ₹15-30 lakh in content integrations and an additional ₹50 lakh to ₹1 crore in promoting that content. So, for a group like Zee, which is present across multiple platforms, there is a very strong opportunity for brand integration when it comes to its content production business."

Meanwhile, Zee TV, the flagship GEC, continues to be a priority for the network. Despite being the oldest GEC and profitable too, the channel has not been able to come back to the number one position on the GEC roster for a long time now. Goenka is now hoping that with a new team in place, and new programmes the channel will be able to spring back. In August last year, Zee TV hired Shaileja Kejriwal as head—special projects. Meanwhile, Pradeep Hejmad, senior vice president at

TAMMedia Research moved into a business head role at Zee TV in May this year. Again, Namit Sharma joined Zee TV as programming head this February, ending his eight-year stint with Wizcraft. ZEEL also announced the appointment of Mona Jain as executive vice president - cluster head and Rahul Sharma as senior vice president - national sales head in March.

However, while the top slot is desirable, getting to that position at any cost is not an option for the network. "You also have to keep in mind that we are a listed company. Hence, the shareholder value is very important for us. If I were a one share company, things would be very different. But being a company with so many shareholders, their interests have to be protected. That's why our investment decisions are very prudent and rational," he reasons. The lion's share of ZEEL's revenue earnings come from its domestic



"Zindagi has an interesting theme. I am keen to see how it performs. The idea is to interweave the content theme and the story script in a way that the boundaries start blurring."

Vidhu Sagar
Executive vice president,
Carat Media India



broadcasting business with money earned from domestic subscription standing at ₹1318.4 crore.

Industry watchers believe that the fact ZEEL has been making profits is more important than the channel ratings. "It's very difficult to not bleed in this industry. And if ZEEL is making profits within that, it must be doing something right despite not being the number one network when it comes to viewership," says an advertiser who did not want to be named.

The international gameplan

Till a few years ago, ZEEL was focused on targeting the South Asian audiences globally. But today that market is saturated with ZEEL already reaching out to 65% of that audience. For the record, today international subscription (₹483.9 crore) accounts for 12% of ZEEL's total subscription revenue and for the last three years that number has not seen much change. Goenka observes that the third and the fourth Indian generation does not connect much with the soaps and dramas that are churned out in India. At best their connect is only to Bollywood or music. "Therefore, the need for expanding into mainstream if we want to continue to grow the international business. Our aim is to be a media/content company which is in the top 10 in the world over the next five to 10 years and we can achieve that only if we go out and target mainstream and expand our coverage," he says.

ZEEL has selected markets which do not have a thriving industry of their own when it comes to content production. These markets also exhibit some affinity towards Indian culture. For instance, ZEEL has just announced its entry into the Thailand market with the launch of a new channel, Zee Nung, a 24/7 Bollywood product dubbed in Thai, customised

only with dubbed or subtitled content, slowly and steadily we start production for these markets as well," says Goenka. Middle East is the other market where the network saw an opportunity five years back and entered with Arabic content. Russia is the third market that it selected where it is now present with a big footprint.

Movies and music

ZEEL Essel Vision Pvt Ltd, the division that handles the television and film production business for the network, has been going slow on its Hindi movie production business. The focus right now is regional films. "Marathi is a new category that we have created. The last movie that we produced—'Duniya Daari'—did around ₹40 crore," Goenka said. ZEEL's other Marathi production 'Timepass' earned ₹35 crore while 'Fandry' that earned about ₹5 crore, went on to win two national awards. "We want to expand our regional footprint into other languages such as Bengali and in down South. For now, Bengali is our next big focus," says Goenka. Currently, Essel Vision is co-producing a film titled 'Force' with Bengal superstar Prasenjit.

At the same time, ZEEL has surely found a smart strategic path to exploit Bollywood. ZEEL announced its foray into the music label space with its latest venture, 'Zee Music Company' (ZMC) in March this year with an intent to acquire the music rights of over 20 major motion pictures in financial year 2014-15. "Similar to our strategy on other content, we like to control our IP. And that's the reason why we went into the music space rather than just licensing the IP. We will now control the IP and then build a digital strategy around music itself. We believe that music as a vertical will be big in the future. Our investments in music therefore will be upwards on ₹150 crore in the first year itself and we will reap the benefits within the first year," said Goenka.

Initiative's Suriyanarayan sees a big advantage in this. "Given that ZEEL has forayed into the music label business and is present in the film production business, there is a possibility that the group could start producing movies with brand integrations," he said. "Also, since it already has two movie channels in its bouquet, such movies will be easy to telecast without attracting any huge acquisition costs."

ZMC has already acquired the rights to the music of the Akshay Kumar-Sonakshi Sinha starrer 'Holiday' jointly produced by Reliance Big Entertainment, Sunshine Pictures and Hari Om Entertainment Company. It has also partnered with Fox Star Studios for the music of five of its Hindi releases for the year, including the Saif Ali Khan and Riteish Deshmukh starrer 'Humshakals', Hrithik Roshan and Katrina Kaif starrer 'Bang Bang' and 'Bombay Velvet' starring Ranbir Kapoor and Anushka Sharma. Future partnerships of Zee Music Company include significant players such as Dharma Productions and Excel Entertainment.

In the sports arena

ZEEL's revenues from sports in the last quarter of FY14 stands at ₹195.9 crore while the expenses for the entire period on the slice stood at ₹160.8 crore. However, unlike its competitor Star India, which is betting big on sports with investments of around 2,00,000 crore, ZEEL wants to stay prudent in its investments. Says Goenka, "Frankly at least for the next 2-3 years, I do not see profits coming into sports."

Says a senior executive of a rival broadcaster who did not want to be named, "To be fair, it was Subhash Chandra who was the first to invest into sports heavily. Zee invested in the Indian Champions League but unfortunately it could not take off well. Today, when it comes to sports, Star has a very strong presence. Star today has all the cricket boards in its kitty. It also has a very strong line-up of non-cricketing sports. Meanwhile, it has multiple platforms to showcase that content. Therefore, Zee, I feel must be looking at aggressive growth opportunities in other content formats barring sports." On his part, Goenka says he is happy with Star investing the kind of money that they are. "They are creating a market and once they do that, I will follow. While I am creating categories here in the GEC space, I don't have to do it everywhere," he quips.



"There is a very strong opportunity for brand integration when it comes to content production business since Zee is present across multiple platforms."

RS Suriyanarayan
Associate vice-president,
Initiative

and packaged for the local audience. The channel will air Bollywood blockbusters targeting the pay-TV subscriber base in Thailand, a growing market with close to 30% penetration of pay channels. Also, in January this year, ZEEL launched two channels in Indonesia - Zee Bioskop that focuses on Bollywood blockbuster movies all dubbed in Bahasa language and Veria Living, the first wellness content channel in Indonesia. Evidently, the Asia Pacific region is one of the fastest growing regions for ZEEL. It currently has Zee TV APAC (Hindi channel), Zee Variasi (Malay channel), Zee Bioskop (Bahasa Indonesia channel) and Veria Living (English channel) as dedicated feeds. "Across all the international markets, there is a combination of dubbed and original content. So, while we start off

