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An impact of Cable TV Digitization on Viewer Satisfaction

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ABSTRACT

The present study is a serious endeavour to study the hitherto unknown impact of Cable Digitization and the simultaneously occurring phenomenon of Convergence on Audience Satisfaction and their Television Viewership and Media Usage Patterns and also the Revenue Model of Television Broadcasters and Advertisers' Media Planning in India.

Keywords: Cable, TV, Television, Digitization, Viewer Satisfaction

I. INTRODUCTION

The Indian government initiated the roadmap of Cable Television Digitization around 5 years back; the overall progress has been satisfactory despite the delays and augurs well for the entire media distribution value chain. The Indian Television industry with more than 170 million Television households ranks as the second largest market globally after China. The Distributors, comprising Local Cable Operators (LCOs) and Multi-System Operators (MSOs), Direct-to-Home (DTH) service providers, IPTV service providers and Terrestrial Television service provider (Doordarshan), play an important role operating as the key intermediaries between the content providers (Broadcasters) and end consumers (Subscribers). While under a digitally addressable cable Television system (DAS), MSOs decrypt signals supplied by broadcasters via satellite and pass them onto LCOs, who act as local retailers offering last-mile connectivity through set-top boxes (STBs), in the DTH space, encrypted signals supplied by Broadcasters are directly decrypted by the end users. Over the years, limited bandwidth availability and lack of subscriber addressability had resulted in the concentration of bargaining power with the LCOs providing last-mile connectivity to the subscribers. Digitization is expected to bring about a structural balance in the value chain with better subscriber addressability, higher bandwidth availability and focus on consumer preferences.

With implementation of cable Digitization, mandated by the Ministry of Information and Broadcasting (MIB), the Indian Television distribution industry is witnessing a migration from analog to digital cable systems over four phases. Of this, Phase I (metros except Chennai) and Phase II (38 cities with population over 1 mn, except certain markets in Andhra Pradesh) were completed in October, 2012 and January, 2014 respectively. While the mandated deadline for Phase III (all other urban areas across India with a municipality) was December, 2015, Phase IV (rest of India) is expected to be completed by December, 2016.

The migration to digital cable was completed in Phase I and Phase II markets (except Chennai) by January 1, 2014 in metros and 38 Indian cities with population exceeding 1 million (current estimates of 34 million STBs in these markets). While analog signals were discontinued in Mumbai, Delhi and Kolkata during Phase I, migration to digital cable remained voluntary in Chennai as Arasu Cable Television Corporation Limited; the largest cable operator in Chennai awaits the DAS (digital addressable system) license. Also, certain markets like Hyderabad and Coimbatore from Phase II failed to report complete Digitization on account of local issues by the end of the deadline.

With an estimated population of over 60 million households in Phase IV markets, industry players do not anticipate any extension in Phase IV deadline with some contiguous areas having already been digitized. However, the implementation is expected to be along the experience of Phase III, with analog signals being discontinued in a phased manner. However, of the analog population in Phase III and Phase IV markets, residual analog subscriber base amongst the top three MSOs - DEN Networks, Hathway Cable and Siti Networks - stood at 9.5 million subscribers only (as on March 31, 2016), indicating healthy growth opportunities for DTH operators and regional MSOs (Arora, 2016). In this direction, DTH operators have introduced lower-priced vanilla STBs and channel packages to tap the opportunity in Phase-IV markets. DD FreeDish - a free-to-air (FTA) DTH service owned and operated by Doordarshan with key focus on small towns and rural India - is also expected to emerge as a key player in Phase IV, given the price-sensitive nature of subscribers. Meanwhile, the trend of consolidation amongst MSOs is expected to continue, with larger MSOs taking the lead on in-organic acquisitions.

II. REVIEW OF LITERATURE

Zhou et al. (2007) observed that online shopping has taken off as an increasing number of consumers purchase increasingly diversified products on the Internet. Given that how to attract and retain consumers is critical to the success of online retailers, research on the antecedents of consumer acceptance of online shopping has attracted widespread attention. There has yet to be a holistic view of online shopping acceptance from the perspective of consumers. In this research, we conducted an extensive survey of extant related studies and synthesized their findings into a reference model called OSAM (Online Shopping Acceptance Model) to explain consumer acceptance of online shopping. Our literature survey reveals that a myriad of factors have been examined in the context of online shopping and mixed results on those factors have been reported. The proposed model helps reconcile conflicting findings, discover recent trends in this line of research, and shed light on future research directions.

Kwak (2008) examined recent developments in the restructuring of the satellite television industry in Japan, focusing on the degree to which new entrants and existing players have participated in its infrastructure. It shows that the Japanese government's position toward satellite television has changed from “protecting and promoting NHK's interests” as noted in the case of Broadcasting Satellite analog service to “balancing the development of all satellite services.” It argues that the commercial terrestrial broadcasters' less enthusiastic attitude toward satellite television and the lack of clarity (in platform operations) in regulation have largely contributed to the stagnation of satellite television in Japan.

Vaagan and Yu (2008) identified the key determinants for government media policy formulation in China and Norway regarding the shift to digital television (DTV) taking place in many countries. Drawing mainly on documentary analysis of key policy documents, the paper finds that despite obvious differences between the two countries, Chinese and Norwegian authorities face broadly similar challenges with respect to DTV: a need to weigh public interest, state broadcasting services and, ultimately, political control against commercial market pressure, viewership preferences, and affordability.

Alencar et al. (2009) explored that Digital television is a multibillion-dollar industry with commercial systems now being deployed worldwide. In this concise yet detailed guide, the study depicts about the standards that apply to fixed-line and mobile digital television, as well as the underlying principles involved, such as signal analysis, modulation techniques, and source and channel coding. The digital television standards, including the MPEG family, ATSC, DVB, ISDTV, DTMB, and ISDB, presented to aid understanding of new systems in the market and reveal the variations between different systems used throughout the world. T

Lietz et al. (2009) described that Flanders will complete the migration from analog to digital terrestrial television by the end of 2008. Despite the cable dominated television landscape, the Flemish government is aiming at a smooth transition from analog to digital terrestrial television. Therefore, a multi-methodical study (quantitative survey and qualitative focus group interviews) has been set up by order of the Flemish government to understand the specific features and needs of analog antenna viewers and their expectations for the analog switch-off. The study shows that there are three distinctive types of analog antenna viewers. The results demonstrate that the antenna viewers are rather badly informed about the upcoming analog switch-off, which may lead to a negative attitude and may impede a smooth transition. Finally, antenna viewers seem to be rather conservative viewers: they wish to keep on watching the same television programs from the same channels. Moreover, digital terrestrial television is their preferred alternative.

Garitaonandía and Garmendia (2009) concluded that internet purchasing is related to the amount and quality of technological equipment in a household, the aim of this study was to find some predictors which would help to explain the use of e-commerce in Spain. However, instead of discovering people's reasons for using internet shopping services, it discovered their reasons for not doing so. The use of e-commerce was low in digital households, as only 7.7 percent of those polled had used an internet shopping service on occasion, and only 6.8 percent had done so during the month prior to the poll. Users of e-commerce have a large amount of computer equipment at home and other equipment for leisure activities which is compatible with the former. The results of this study are based on a survey involving personal interviews with members of 560 households in five Spanish cities who subscribe to a TV digital package, by cable or satellite.

III. RESEARCH METHODOLOGY

3.1 Objective of the Study

To examine the impact of Television Digitization on Viewer Satisfaction

3.2 Research Hypothesis

H_{01}: There is no significant difference among respondent opinion (demographic-wise and stakeholder-wise) regarding the impact of Television Digitization on Viewer Satisfaction.

3.3 Research Design and Sampling Plan

The present research being exploratory cum descriptive in nature, primary data has been collected from a sample of 350 respondents (250 viewers and 100 Cable Operators) from diverse socio-economic backgrounds and regions from the National Capital Region using judgmental sampling technique through a structured questionnaire. A 5-interval Likert scale from Strongly Disagree (measuring 1) to Strongly Agree (measuring 5) has been employed to measure the psychographics (attitudes, interests and opinion) of respondents. Secondary data has been collected from diverse offline and online national/international research publications.

The Research Instrument (Questionnaire) finalized after conducting a pilot study and obtaining valuable feedback and suggestions comprises of 5 key research statements eliciting critical information from the respondents (apart from relevant demographic information having a bearing on their psychographic attitudes, interests and opinions).

Analysis of data has been done using various descriptive and inferential statistical tools like Frequency distribution. For hypothesis testing and analyzing significant difference Analysis of Variance test using General Linear Model (Univariate Analysis) was applied employing SPSS 20.

IV. DATA ANALYSIS

Impact of Cable Digitization on Viewer Satisfaction

Table 1 point to the affirmation of the hypothesis (**H_{01}**) by majority of respondents across categories as there is no significant difference in respondent opinion (gender-wise, residence-wise, occupation-wise, education-wise, age-wise, family income and type of beneficiary w.r.t. agreement with the research objective "Impact of Television Digitization on Viewer Satisfaction"

Table 1. Univariate Analysis

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	201.117[a]	17	11.830	1.384	0.14
Intercept	3667.074	1	3667.074	428.891	0.00
Gender	3.297	1	3.297	.386	0.53
Residence	13.603	1	13.603	1.591	0.20
Occupation	13.836	2	6.918	.809	0.44
Age	49.821	4	12.455	1.457	0.21
Education	21.184	3	7.061	.826	0.48
Family Income	67.229	5	13.446	1.573	0.16
Type of Stakeholder	.087	1	.087	.010	0.92
Error	2838.643	332	8.550		
Total	141922.000	350			
Corrected Total	3039.760	349			

Source: Primary Data a. R Squared = 0.93 (Adjusted R Squared = 0.91)
* Significant at 5% level of significance

The value of adjusted R Squared is 91%, which represents that percentage of variation explained by all variables. Additionally, taking into account the mean value (19.92) and S.D (2.95) along with little statistical difference among respondent opinion it could be concluded that the majority of respondents across categories validate the null hypothesis "There is no significant difference among respondent opinion (gender-wise, residence-wise, occupation-wise, age-wise, education-wise, income-wise, stakeholder-wise) regarding impact of cable digitization on viewer satisfaction.

V. FINDINGS

Majority of respondents across categories (gender, residence, occupation, age, education, family income and type of beneficiary) feel that Television Industry is the largest medium for media delivery in India in terms of revenue, reach and penetration and thus assumes critical importance in the media landscape. Thus the implications for marketers and advertisers is the medium is and shall continue to be the primary medium for marketing communication and promotion and as the reach and penetration of television expands to its full potential millions of hitherto untargeted consumers could be reached, thus marketers/advertisers can never ignore the media goldmine of television which shall continue to consolidate its position as *numero uno* among all media entities for a long time to come.

Indian Television Market which has already became the second largest market in the world after the China has been witnessing robust growth and has a lot of untapped potential (penetration still being three-fifths of total households). Television has became the default **infotainment** (information + entertainment) medium of the masses and apart from a select pocket of rural hinterland has conquered almost the entire section of urban, literate and semi-literate India. The best thing about television is it is available in local vernacular languages, thus apart from Hindi and English all other important language are being supported by the television medium. The potential for growth is limitless and as the per capita and disposable incomes among the rural masses grow, television would be among the first aspirational products that the deprived would long for. Thus television shall continue to be a **sunrise** sector for a long time to come.

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