



# MEDIA AND CORPORATE WORLD : CHALLENGES AND OPPORTUNITIES



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2010 Press Day has an appropriate theme of "Media and Corporate world". Despite so much talk about this relationship between the two, very little is in public purview, barring some recent bits on "private treaties" (now brand capital). Based on extensive research for 15 years, we have been writing about a shift in the paradigm of media operations. An analysis of that emerging scenario was published first in the Frontline (2001) and then in EPW (2002). We have expanded that understanding further in our 2005 publication titled "Media Scene as India Globalises". Even more recently "A Handbook on Poll Surveys in Media" (2010) described how political and corporate interests get hyped and camouflaged without transparency in electoral processes. This article discusses these processes further.

### **Media & Corporate – a suitable alliance**

There are two emerging issues one, the relationship between media and corporate, two, media becoming corporatized. The later is to do more with obvious paradigm shift in the media operations in recent years. The former is more about media's dependence on corporate for their support by way of advertising. Both are interrelated. There is cause and effect relationship. But which one is cause and which one is effect is difficult to say now (at any one point.) But one thing is for sure that is role of corporate sector is getting consolidated.

The driving principle of corporate is profit maximization. Return on investment to share holders is a differentiator. Media, on the other, is supposed to operate without conflict of interest. Traditionally, in democracies, media function is viewed as a service. That is how they are considered as "Fourth Estate", as "people's voice", and a watch dog on powers. But whose voice is media today? Is it more corporate voice than of our community? Who matters more between the consumer and the citizen? Are they concerned more with the markets or with the society? Are they more "Marketing Media" rather than "Mass media"?

Our publication in 1995 was titled 'Marketing Media – Perspective into Media' for capturing this emerging phenomenon. Today, "corporate culture" is all over and entrenched into media too. What factors could be attributed to this?. The finer point in that process is how much "means" matter for the "ends".

### **Shifts in Paradigm**

With proliferation of TV, radio and newspapers recently in the country, the overall role, reach and relevance of media should have expanded much beyond what it was a decade ago. However, there has hardly been any change in both the respects. This is because the competition within and across the media has been for the same sections of people, the ones having deeper pockets (to purchase branded goods and services). With increasing corporatization of media, a shift in their paradigm has come. The increase in circulation and viewership claimed is only because of multiplicity, not because of expansion in the reach.

Role and relevance of news media are to do with their concerns and contents. Until a few years ago these were to do with the "Fourth Estate" notions and "watchdog" standing. For,

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that is how the news media have been enjoying certain privileges and societal status. The news media are expected to have larger and long range concerns, not just market compulsions or competitive concerns and priorities of a business. Today, news media are more a corporate voice than of community. Today new definition, new news values and new priorities dictate media. What does this paradigm shift mean for the dilemma involved in the media corporatization? Is media a public service or for private interests? These dilemma include societal concerns vs. market priorities, stakeholders vs. shareholders, short-term vs. long-term implications, etc. Then of course the contradictions to do with blurred distinctions between news and views, news and advertisements, to interest versus in the interest, etc.

### **Advertising Capital**

Today, advertising and market research in many ways determine the scope of mass media, including journalistic trends. A decade ago, by allowing 100 percent FDI in both these fields, both these functions are in the hands of corporate mostly controlled from abroad. Advertising, market research and media planning sets the pace of media, including in the case of ownership pattern and journalistic trends. By and large the control of these "determining factors" has changed with no one raising an issue on it nor a debate at any level. In a way, this amounts to corporate disciplining media.

Firstly, the share of advertising in total revenue of media has been on the increase from that of a "supplementary" (25- 30%) nature some decades ago, to that of a "supportive" one (45 - 55%) now. In fact, in the case of television channels, advertising has been the "primary source" (60-80%) to the extent of "determining" the priorities and pre-occupations. Even in the case of some big newspapers, revenue from advertising constitutes as high as 60 percent of total revenue. That is how the recent boom in media in India is often being attributed to advertising. Clearly, advertising today sustains and steers media. Secondly, advertising through newspapers and television today is mostly by multinationals and big corporate. Entry of foreign advertising agencies has been going on parallel to the entry of foreign brands and increase in the share of foreign corporate in the total advertising in the country. In fact, lifting the limits of foreign capital in advertising agency business has opened the floodgates. Well over half of Indian advertising is now accounted by overseas-based corporate agencies.

Thirdly, market research is a basis for proliferation of brands and consumerism as well as for the preoccupation and priorities of mass media. The very scope and character of advertising is depended on such research. Two decades ago we had about 6 or 7 market research agencies, owned mostly by Indians. Today, top 7 or 8 market research agencies accounting for more than three-fourth of research, are foreign agencies. In fact, with recent mergers and acquisitions, certain monopolistic trend is already evident in this function with an annual turnover of well over Rs.1500 crores. More specifically, market research agencies are the ones, who also conduct "readership" surveys and "rating" of television viewership and there by directly influence advertising agencies as well as the news media anxiety. One of the Authors was involved in launching India specific readership and rating studies 30 years ago and feels guilty for what is happening today. Particularly the way the findings of these surveys are being used both by newspapers and TV channels as if a national agenda has been hijacked. Almost a decade ago, this trend was coined as the "TRP trap" - with larger and long-range implications to our nation building efforts.

Fourth, as media eco-system becomes complex, since 2000, two "new" mediating functionaries have emerged with serious consequences to the very nature and character of the journalist-centered "Fourth Estate". These functionaries are "media planning" and "public relations" – these have in many ways eroded into the core prerogatives of journalists and their "editorial control". The media planners are the ones involved these days in buying wholesale space and time of media for advertising and selling the same in retail on their terms. In the process they have acquired a say on the contents of the media. These two are global corporate groups.

In fact, in the case of corporate "public relations", functioning of these "experts" implies certain undermining or interference in the functioning, particularly of news reporters and editors and their marginalization. The very purpose of PR is to ensure coverage for a particular viewpoint or otherwise. "Disinformation" being talked about recently is a part of this new phenomena. Today, majority control of these PR corporate in India, some 10 leading ones operating nationally, is with foreign corporate.

### Foreign Investments into Media

Foreign Direct Investments (FDI) have lured media institutions turn themselves into market driven corporate organisations. How well a media is corporatized is a criteria for foreign investors. Which means marketing and advertising of media as a "brand". And to attract FDI, news media turn themselves into Corporate entities.

| FDI into Media –Without a policy debate |         |
|---|---------|
| Films                                   | 100%    |
| Advertising                             | 100%    |
| Market Research                         | 100%    |
| Public Relations                        | 100%    |
| TV-Non news                             | 100%    |
| Technical Journals                      | 74%     |
| TV News                                 | 26-49%! |
| Newspapers                              | 26-49%! |
| Radio – FM                              | 20-49%  |
| DTH                                     | 20-49%  |
| Cable TV                                | 49%     |

According to the Registrar of Newspapers annual reports, the percent of newspapers which are "corporate" has gone upto about 30 from less than 15 percent in 2000. As broadcasting is capital intensive, all television and radio operations are corporate groups. FDI into media, particularly into news media, has to be viewed together with whether there are any regulations and obligations for foreign participation and what kind - not just in terms of equity pattern but also contents. No country is without some restrictions on foreign



investments and content related obligations. Once the Government allowed FDI as a part of economic reforms, "media moghals" have been taking interest in the Indian "media market". For pursuing that interest they needed "cheer leaders" as their advance party. That was how initially, 100 percent FDI was allowed into businesses which "support and sustain" news media. These businesses include advertising, market research, public relations and more recently media planning. In 1995, we described them as "new gatekeepers" of media. These businesses today dominate Indian media and the policies about media. That is how FDI into news is being consistently increased. All this implies further corporatization of Indian media.

### **Has Corporatization helped Media?**

Corporatization of mass media has helped both horizontal and lateral expansion – the very impressive growth story that is lauded worldwide. To achieve this impressive growth rates, corporate agencies have relied rather heavily on advertising in media and also on market research. Regional language media have benefited even more. Corporatization has attracted new crop of youngsters into profession, created many new job functions and better opportunities. Corporatization has also made media marketing and media management as distinct specializations. India is going to see "corporatization" of media even more in the coming years. To cope with that process we need to prepare better so that media's privileged position (as Fourth Estate) is not threatened but continues to play positive role in deepening democracy and better serve the Indian Constitution.

### **What does Corporatization of Media mean?**

What do we mean when we say that media are corporatized? Some of the features include: enhanced capital investments, expanded reach, bigger content package, a more attractive and more market orientated "product". And, more advertising support, adoption of new high-end technologies. Corporatization has brought in competition and competitiveness. All that process has helped explore untapped markets and reach some unreached sections. For investors, Media has become more attractive than ever before. In the process, media has become business opportunity from that of a "service"- a business to make profit and also derive "other advantage" including political and society 'clout'. For example, businesses like real estate, which made much faster money have ventured into a newspaper or a TV channel to arrive on the local political scene. In this process, role of editor and journalist is no longer what it was. They have become "employees", not so much stakeholders. With Wage Boards becoming ineffective, inspite of an Act of the Parliament, journalists no longer enjoy independence of earlier years. Marketing and advertising functions have become more important. Share value in the stock market has become a priority concern than the "fourth estate" or watchdog functions. Big media have become bigger and are becoming even bigger and aspiring to become monopolistic "industry". Thirty years ago, about 30 media enterprises dominated (75%) most of media in the country, today, less than 15 media houses have that share. All this without strictly coming under active legal and regulatory provisions that apply to corporate, as if media are "super corporates". A more recent example is that SEBI despite acknowledging its concern about private treaties could not directly notify its directives to the media engaged in such practice. Instead, it suggested the same to Press Council of India (PCI) knowing well that PCI has no teeth to take any action.

Corporatization implies maximization of profits and optimizing outcomes. "Freedom of press should not be turned into commerce" said Ravi Shankar Prasad, BJP leader who



represented the party at the Election Commission meet in October 2010. At the same meet, Natarajan, Congress Party's representative also talked about democracy and freedom of press. Former Chief Justice of India, Dr. A. S. Anand said "while commercialism has a legitimate place in the business office of the newspaper, it becomes a danger when it invades the editorial room". Stating that "today, there are some genuine concerns about the way in which some sections of the media function". Anand said, "the liberty of the press cannot be confused with its licentiousness". Successive Presidents and Prime Ministers have been saying so at one point or other during their tenures – of course, making no difference to the ongoing process of corporatization of media and their increasing hold on the media.

### **Equity Business is now Brand Capital!**

Private treaties perhaps epitomizes this nexus between the media and the corporate world. It is also precursor and another reminder of "corporate media" regime. SEBI Chairman has expressed his concern about private treaties that media entail with corporate as they "harm fair, unbiased news". SEBI felt that it will lead to "commercialization of news reports". Private treaties are the ones some media houses enter with companies that are listed or proposing to come out with public offers and in return promote the companies with positive reports and/or advertisements.

To gear up treaties for a larger role, The Times of India has renamed this "equity business" as "Brand Capital" (October 2010). It hopes to generate "advertising capital" to corporate businesses and growth in advertising revenue for news media.

### **Can there be a "Right Balance"?**

The challenges and opportunities involved in this process are nothing but pros and cons of corporatization. In either ways, considering the global trends, there is not much choice - corporatization is a compulsion today. That is why the effort now should be how to retain the virtues, rather how to minimize effects of corporate compulsions. Five features that illustrate the "fourth estate" and "watchdog" standing of media are: 1) conflict of interest on content, 2) transparency in the operations and priorities, 3) reflecting plurality of voices of people, 4) reflection of certain self imposed discipline and concerns of people, and 5) a balance of information, communication and entertainment components.

### **Talk Back Culture**

The best bet for realizing the opportunities is active viewers, readers and listeners who care to manifest their preferences, choices, likes and dislikes, as per their own concerns. They are more passive now. Only an insignificant few consumers of media, even those who pay on a recurring basis, care to do so. As media are likely to become more and more "pay as per use" (as mobile phone charges have become now), users have to be more active and "talk back".

A second is regulatory system with checks and balance practices (self regulation, industry regulation and an independent audit). The Supreme Court's land mark judgment (1995) that air waves belong to public and an independent regulator should manage this natural resource is ignored by successive governments since then. News media cannot operate in a "free for all" environment. Even corporate organizations do not operate that way, even though, they operate to maximize profits.

Third, media have double edged character. As special efforts are needed to reap positive effects, punitive acts are required to keep negative effects away. These efforts are not just by "rule of laws" but a more concerned and assertive citizenry. Fourth, realization of role and significance of research is needed to monitor, analyze and find out effects. This has to be an on going support. But, not based on "top of the mind" approach currently in vogue .

Fifth, transparency in media operations enhances their credibility. RTI Act should apply to media establishments too. Conflict of interest should be questionable by citizens and civil society groups. Media on their own should evolve ways of indicating any such conflict as and when - as already demonstrated by few media. Sixth, news media should have ombudsman or "readers editor" like mechanism but with scope for some independence and objective assessment.

Summing up, the current trend and compulsions in our news media is well established in the recent film by Amir Khan - Peepli Live. It aptly brought out the neglect of rural, poor and backward regions. There is no longer any uncertainty that to sustain 24-hour news with TRPs, television channels have taken to hype and trivializing while continuing preoccupation with politics, crime and corporate in their contents and concerns. But, how long will this trend continue before it has implications on the democratic processes and its own credibility is questioned?

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