

Z TV: Challenges For Growth

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Abstract

The case discusses the issues faced and strategies adopted by a local business house involved in cable TV transmission. The case highlights the dilemma of a local business house in light of local environmental limiting factors and global challenges of advanced technology. The case is so structured as to enable students to understand the challenges faced by local business houses in the liberalized economic scenario. The case is designed to expose students to the insights of local business firms and their working. The name of the company and their officials has been disguised so as to avoid any conflicts.

Keywords:

Business strategies, Local Business, Local Environment

Introduction

Dev Goyal, CEO of Z TV, after seven years of successfully handling business realized that there was a need to review the strategies. In these seven years tenure he observed changing environmental scenarios and had successfully coped up with the situation and captured 50% of market share of local cable TV viewers. Z TV was recognized as the local cable transmission which incorporated revolutionary technological up-gradation. But now he felt that after these many years of operations local cable market was still unorganized and stagnant and he was worried to increase the revenues and viewership of the network.

History

Z TV was established in the year 2003 by Zigmond group a leading news paper house of central India. Zigmond group took over D TV as it was not able to meet the competition and started local cable network after incorporating certain technological up gradation in the same with its new name called Z TV. Z TV was a local cable network setup which was engaged in transmission of paid channels through distribution network in the city. Distribution was done through local cable operators. A Cable operator used to collect cable fees from the customers of the region in which they provided connections and after keeping a certain percentage rest was transferred to the distribution networks. Z TV had its local competitors like OTG group, In TV and City cable. Later on, with the advent of satellite transmission network, revolutionary changes took place in the entertainment distribution networks. Digital satellite transmission networks operated at national level and opportunities was

captured by many big players like Tata Sky, Airtel, Big TV of Reliance and IPTV of BSNL. Therefore, local cable transmission networks witnessed significant decrease in viewership and revenues as well. Customers were now demanding better transmission quality which could only be achieved through digital technology and that required heavy investments. Z TV was supported by affluent Zigmond group and it invested approximately Rs. 10 crores for technological collaboration with International Company named Pathway to improve upon the quality. Other local cable transmitters being small business houses were wiped out.

Current Status

The organization had 6 departments namely Technical, Marketing, HR, Accounts, Production and News. All the departmental heads were reporting to the C.E.O. Due to competition in the market, Z TV offered better salary packages to retain its employees. They also had regular performance appraisal and feedback system to promote and motivate the team members. They also organized various talk shows, events and other programs to create awareness on burning issues related to society. The financial statements of the company indicated that business had major outflows in terms of salary of employees, payment to branded National level channels, maintenance cost and technological up gradation whereas inflows were in terms of Advertisements from local business houses, collection from cable operators, lesser known channels. The financial statements revealed that Z TV had narrow gap between inflows and outflows in term of profit.

Road Ahead

Z TV was facing tough competition with satellite transmitters and to stay in the business it needed to review its strategies. Z TV analyzed that Satellite channels were restricted to telecasting national level channels only so they identified it as their opportunity, and started its own channels which catered the needs of local viewers. Viewers, who were interested in local news, started taking cable connections from Z TV. Looking to its popularity and revenues other players like DG cable and SR cable also entered the market. As majority of the market was already captured by Z TV, competitors started using unfair practices in order to capture the market share. Z TV realized that TRAI had not framed proper regulations in this regard and that fighting was not a solution so the three multi system operators mutually divided the city into three zones and established their networks one in each zone and also decided not to intervene in each other's territory.

The company understood that due to tough competition from the satellite TV networks and other local players, they could attract the customers only through fast delivery of quality local news. In order to improve upon the quality and maintain the speed of delivery they had a team of seven reporters, ten cameramen, six video editors, a graphic designer, a producer, seven news anchors and fourteen desks of news editors which were catering to four zones of the city. In order to get competent news anchors and reporters, Z TV also started its own News Anchoring and Reporting Certification Course. It successfully completed training of 30 batches with 850 students. Many of its students were absorbed by satellite transmission networks and other cable networks across the country. The deserving students were given opportunity to be associated with Z TV as news anchors and reporters. Besides the

creditworthiness of news of Z TV was also high as it was associated with news of leading daily.

Challenges Ahead

In order to grow further, Z TV started improving in three dimensions. First, it started improving in technology for which it collaborated with Pathway for technical support. Second, in order to cater different local clients according to their choice it expanded its channels by launching seven new channels like Z TV news for local news, Z TV for serials and other programmes, Z TV Bhakti to show religious program, Z TV Black and white to show old movies. As they also understood that Indore is the education hub in central India and therefore to attract the viewership of youth they also started channels like Z TV premium to show new movies, Z TV Yuva to show the events of youth and Z TV spice to show Hindi and English songs. Third, it started its networks in other cities of MP, Chattisgarh and Rajasthan, with a plan to diversify further in many other cities so that later on they can also come with satellite transmission along with an objective to cater the needs of local clients. Even after taking the above steps results were not satisfactory and therefore Mr. Dev Goyal was worried for the growth of the organization.

Questions:

1. Critically evaluate the strategies of Z TV.
2. What strategies do you suggest to Mr. Dev Goyal to increase the viewership of Z TV and revenues in future?

Teaching Notes

Teaching Objectives:

The purpose of the case is to expose students and participants to the insights of local business firms and their working.

Issues involved

- A) To Increase the Viewership
- B) To Increase the Market Share of Cable TV Network
- C) Competitive strategies of service sector or in Cable TV Network
- E) New Marketing Strategies
- F) Expansion at National Level

To Whom

The case can be taken when the faculty teaches Service Marketing and Strategic Management of a local business.

Suggestion for Instructors

- A) The participants should be aware of Service Marketing Concepts and Strategies. The participants can refer to books and journals on these issues.
- B) The case should be analyzed firstly at an individual level then in a group of 4-6 participants.