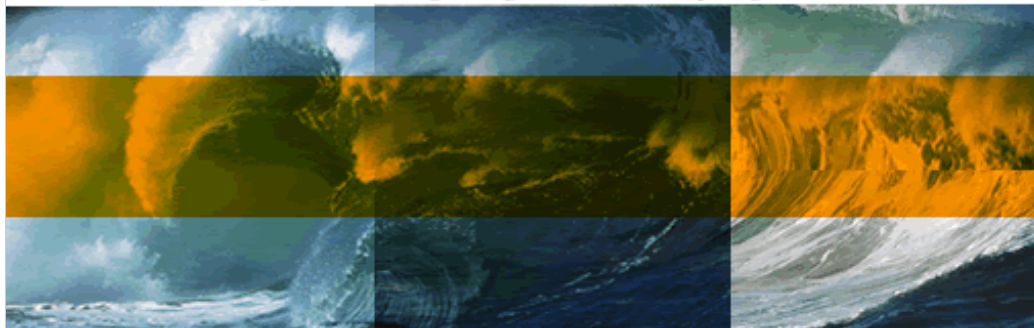


Oxygen

fresh insights for media professionals



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WHAT IS OXYGEN ?

Oxygen is an aMap (Audience Measurement and Analytics Ltd) publication that aims at bringing fresh perspectives to the practicing media professional. It will be our endeavor to inform you of the issues that are shaping the media industry around the globe and their possible impact on the direction in which Indian media industry could move.

June 06, 2007

Competition, Conduct, Content and Ratings



The first gulf war in 1991 initiated the era of 24/7 global satellite news channels. It also exposed India to satellite television. In the past few years 'always on' news has gained currency and 'de-territorialization' of news have become common place with most of the key western news networks

having their presence all across the globe. In the past few years Indian News Media too has graduated to 'always on' status and there are indications about it reaching the status of Hyper-competition.

This makes it imperative to study the effect of increased competition on conduct and performance of news channels in similar markets to enable future gazing. This issue of Oxygen reviews international literature about competition, conduct, content and ratings of European and US television news media.

Global research has postulated various models to understand the responses exhibited by television news organizations in highly competitive markets.

Competition



Issues of media competition are fundamentally economic in nature because they are, at their most basic level, issues of market structure. As the Industrial Organization (I/O) model predicts, market structure has profound implications for the conduct and performance of organizations and industries.

Studies on the subject in USA in 80's and 90's concluded that as competition intensity amongst news broadcasts increased, news directors made a conscious

effort to differentiate their newscast (Atwater 1984). Differentiation, entailed increased financial commitment, as developing stories that other stations will not have is both expensive and time consuming (Stephen Lacy 1989). The study also postulated the intensity of competition index as against Herfindahl – Hirschman index (HH index) that measures market concentration and the reasons given for the same:

- Channel managers tend to react to the nearest competitor, rather than the overall market
- A second channel trying to take the lead in a market adjusts its newscasts on the basis of perceptions about the leader's newscasts.
- The level of concentration (Derived by using HH Index) does not always represents level of competition.

Summing up various studies during that time it becomes evident that as competition intensified moderately, the resources allocated to news rooms increased. Channels that had a slight lead over the nearest competition or those that were slightly behind the leader spent larger resources than the stations with huge leads or lags.



Product Differentiation in News Channels



In markets with moderate competition, devoting more coverage than competition to special topics such as investigative reporting, politics, health or business achieves differentiation. However, things change when business economics and the intensity of competition graduates from moderate to intense. Intense Competition reduces profits available to invest in costly reporting like investigative journalism, resulting in differentiation strategies become difficult in not impossible to pursue.

The major issue facing news organizations in intensely competitive markets is to generate low cost differentiation alternatives that are also attractive to the audience. The stories that are quick and inexpensive to produce are news about sports, scandal, sex and the sensational or celebrities.

Research has found that even low-to-moderate competition at least slightly increases the news media's focus on unimportant or sensational stories (Coulson & Lacy, 1996; Lacy et al., 1999; Nixon & Jones, 1956; Rarick & Hartman, 1966) and that the weaker or trailing competitor is more likely than the stronger competitor to focus on such news (Shapiro & Schofield, 1986; Sylvie, 1991).



A second low cost approach is to differentiate the news product on the basis of ideology rather than quality. The success of this approach lies in the ability of the news organization to understand the psychological utilities that the audience expect from the media. Psychologists have long recognized that people seek consistency between their personal knowledge, opinions, and beliefs about their environments and themselves and are more likely to feel satisfied when they



REGULAR FEATURES

- [TV Competition Grid](#)

AUDIENCE DUPLICATION

Dispersion of channel audience across various days of the week. [Read](#)

believe such consistency exists. In general research the research has found that in USA news media outlets downplayed ideological conflicts, but in the face of competition smaller or trailing news outlets generally devoted a large percentage of space, time and attention to social conflicts.

Studies have also discovered that differentiation can also be created through, technology, presentation, use of high profile new anchor and signature shows.

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