How Television Actually Works

Swaminathan A Aiyar

Back in 1990, when Doordarshan had a TV monopoly, I wrote an article titled 'Let a thousand TV channels bloom'. That was considered pure fantasy at the time. Leftist colleagues like Praful Bidwai protested that private channels would be vehicles for big business houses to control the air waves. Like most leftist demonology, that soon proved to be rubbish. Today, with almost 100 channels available, neither public nor private TV stations can stuff anything down the throat of a captive audience, which can switch channels at will.

But leftists now have a new complaint, that the apparent width of TV choice is illusory. Far from providing great variety, big channels produce similar programmes: a mix of film songs, sitcoms, family dramas, mythologicals, quizzes. The result, say critics, is vapid uniformity, not choice.

Readers may think the criticism does indeed have some basis. Small specialist channels may provide variety, but the big TV channels certainly produce similar programmes. So, is it really true that competition and choice in the TV marketplace is illusory? No, this notion flows from a misunderstanding of the TV market.

In the typical market, consumers pay for goods they want to consume. But not in the TV market. Here, big TV networks provide free viewing. How do they survive commercially? By charging large sums from advertisers, who ride piggy-back on popular programmes to reach large audiences.

What does this imply? That TV stations are, in effect, paying viewers to watch their channels. Not to watch the programmes, mind you, but to watch the ads. Free programmes are the currency in which TV channels pay viewers to suffer a cavalcade of advertisements.

Suddenly, we see the TV market in a new, topsy-turvy light. Contrary to impressions, TV channels are not the producers in this market and viewers are not the consumers. Rather, the real producers are viewers: their visual attention or eyeballs (to use media jargon) constitute a prized product. And this product is avidly sought by a bunch of consumers called advertisers, who pay for this product in an unusual currency called TV programmes.

This turns our normal market concepts upside down. But it is nevertheless the reality. TV programmes are not a product so much as a currency, used by advertisers to buy eyeballs.

The biggest advertisers - Coca Cola, Nirma, Hindustan Lever - seek a mass audience rather than a specialist one. And so they pay in a currency (formula programming) acceptable to it.

Formula programming by big TV networks does not mean that market failure has foiled consumer choice. It merely means that some currencies have wider acceptability than others.

Can we change from this topsy-turvy market to a standard one in TV? Only if, as in any other market, viewers pay for what they choose to consume. Originally, this was technologically impossible: a TV channel had no way of knowing which household was tuning in, let alone charge it or cut off services for non-payment. But then along came cable TV. With cable, every household can choose to pay what it wants to watch, and cable operators can disconnect those who fail to pay.

In practice, it is usually less simple. Typically cable operators offer a bunch of channels for a fixed rate, rather than letting viewers pay for only those channels they seek. The future lies with pay channels, which will finally create a standard market.

But even cable, with all its shortcomings, has revolutionised choice. In India it has produced channels in several languages, and covering a vast range of themes. Sports channels, business channels, news channels, music channels - the list is long and varied.

The list is even longer in the West, where people can tune into a food channel, gardening channel, pet channel, home-improvement channel, history channel, biography channel, and much more. Cable choice has become so wide that the old case for public television to provide variety has greatly weakened. No longer does technology or advertising yield only programmes for mass audiences. Every sort of specialist audience can now pay and be catered for. In consequence, the variety and depth available on cable far exceeds what the best public TV channels like BBC can provide. Cable in the US has steadily eroded the market share of the big networks, which were once money-spinners but may now go the way of dinosaurs. New technology has finally created a standard viewer market, and this has produced the diversity and choice that well-functioning markets always do.

So, let a thousand TV channels bloom, and let new technology constantly erode old monopolies. That will produce the greatest variety, quality, and empowerment of viewers. It will also prove, yet again, that critics of markets are generally pretty ignorant of how markets work.

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