MICHIGAN
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William Davidson Institute
AT THE UNIVERSITY OF MICHIGAN

mini-case 1-429-066
March 29, 2010

Going Global (G): MTV India

In 2009, MTV was the world's most-watched television network, viewed by 482 million households.[1] The network, founded in 1981, had transformed itself from a single channel broadcaster of music videos into a major influence on popular culture around the world.

MTV was a subsidiary of the media giant Viacom, which had $27 billion in revenues. MTV Networks, which includes VH1 and Country Music Television, operated 120 international[2] channels that reached 321 million homes in Europe, Asia, Latin America, Canada, Africa and Australia. The network generated nearly $1 billion in annual revenues from markets outside the United States. MTV entered the Indian market in 1991 and was India's top-ranked music channel. Like other media conglomerates, MTV viewed India as an attractive market because of its large population, its robust GDP growth, its expanding middle class, and its relatively open society. 58% of all Indian households had televisions and 61% of those received cable or satellite service. In fact, cable access had doubled in the last five years.[3]

MTV's global strategy was to tailor its programming to each individual market and India was no exception. MTV India was quite colorful and focused on an active street culture. In comparison, MTV China focused on family values and love songs, while MTV Indonesia featured five daily calls to prayer. Because MTV's localization was so extensive, it had essentially built dozens of individual channels, each with a local staff and programming package. Less than 10% of MTV's international staff was American. One exception was that MTV had started to centralize its sales operations to better achieve scale economies and offer global advertisers a single point of contact.

Although MTV was India's top-ranked music channel, its revenues were only about $25 million and profits were "disappointing." This was due to several factors:

- Competition was fierce in the Indian cable market. More than 100 channels battled for a total advertising pie of just $1.9 billion.[4] Most satellite feeds were pirated, meaning subscription revenues were low. When they were collected, monthly cable bills averaged just $1-2 per month, leaving only pennies for networks.[5]
- MTV was unable to effectively segment the market as it did in the United States and European Union. The average Indian family owned one TV set and MTV did not typically provide programming attractive to the entire family. A 30 second prime time MTV spot sold for approximately 11,500 rupees ($250). More mainstream channels such as Murdoch's Star TV could command up to $438,000.[6]

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Published by GlobaLens, a division of the William Davidson Institute at the University of Michigan.