

## Effective Consumer Choice key for Indian TV Viewers: BIF-CUTS Survey

- *First of its kind survey collates views of a massive 10,000+ TV consumers*
- *Strong validation of TV as Value for Money video medium by 70% of consumers surveyed*
- *Majority of consumers surveyed prefer bouquets, and expect a lot from them*

**New Delhi, 03 August 2022:** Broadband India Forum (BIF) and Consumer Unity & Trust Society (CUTS International) today released a Report based on a nation-wide survey of over 10,000 TV consumers to gauge consumer perception with respect to the choice enjoyed for TV channel selection and overall satisfaction. The largest independent and neutral study conducted for the first time in India keeping the consumer perception in mind - for a sample size of over 10,000 TV consumers spread over diverse age, income, milieu and gender groups; the study brings to light some interesting findings which go to strengthen the importance and relevance of TV even in today's day and age when digital/OTT media and apps proliferating rapidly.

### Key findings of the Study Report:

1. **TV is the most preferred mode of video content consumption:** It is worth noting that an **astounding 70% of the consumers surveyed felt that television offers a value-for-money proposition**, as compared to a mere 27% in the case of digital/OTT platforms and barely 3% in the case of TV apps.
2. **Consumers prefer bouquets:** Another telling find is that 54% of consumers surveyed avail of TV channels via bouquets/packages and another 35% do so via a combination of bouquets and individual channels. **With an effective total of 89% of the consumers surveyed preferring bouquets, they become an overwhelmingly preferred choice.**
3. **Consumers want more from their subscriptions, even though they prefer bouquets:** 40% consumers feel their subscriptions cater to the viewing needs of the entire family. Several consumers felt there is room for their levels of satisfaction to grow, as they want to watch other and new channels that they think they may like. There is need for 'effective choice' to be exercised by consumers.
4. **Pricing:** Price is the most important factor for choosing TV package subscription for many consumers. Most consumers are subscribed to the basic package offered by the distributors which provide between 100-200 channels. The average charges paid by the consumers are between INR 200 and INR 400 for their subscriptions, on a monthly basis.
5. **Lack of awareness on how to select (or delete) channels and dependence on last-mile TV distributors:** Several consumers (31%) claimed that they were unaware of the possibility of adding/removing TV channels from their subscription packages, 51% are not inclined towards adding/removing channels themselves, and only 43% of those who add/remove TV channels found the process convenient. A majority of consumers (60%) rely on manual process of adding or removing channels and require direct intervention from distributors.
6. **Lack of awareness of TRAI's channel selector app:** Around 75% consumers are unaware of the '[channel selector app](#)' launched by TRAI in June 2020 to enhance consumer choice. This reinforces the need to improve efforts at capacity building of consumers on a priority basis.
7. **Consumers want better quality of service (QoS) at the last-mile:** TRAI introduced QoS Regulations in 2017 that mandate itemized billing, fast and convenience grievance redressal, and assistance with Customer Premises Equipment. However, consumers believe that there is scope for improvement on these parameters. 1 in 5 consumers perceive decline in grievance redressal, assistance with Set Top Boxes (STBs), freedom to choose channels they want to watch, and an increase in number of advertisements. In fact, 3 out of 10 consumers claim to have never received an itemised bill. These are mandatory under the extant regulatory framework (See FAQs). Non-compliance with this framework is indicative of inadequate enforcement at the last-mile of distribution.

**Mr. Pradeep S. Mehta, Secretary General, CUTS International** shared, *"The study surveyed over 10,000 subjects across the country to capture the perception of TV consumers with respect to the choice they enjoy when it comes to channel selection and the satisfaction levels with the current choice available. The major findings indicate that there are gaps in the effective exercise of consumer choice as well as channel selection. Efforts to enhance consumer awareness around their rights as well as methods of channel selection are imperative. However, any further regulatory intervention should follow a detailed cost-benefit analysis."*

The report deduces that Indian consumers have high expectations from their TV subscriptions and bundles, and there is room for consumer welfare to grow if the next wave of regulatory reforms can narrow focus on how to enable effective consumer choice. The mismatch between consumer preferences and channel subscriptions could be minimised if: (a) there are many more efforts at raising consumer awareness (e.g. capacity building through regional consumer cells), and (b) consumers have greater say in deciding their bouquets.

To ensure that subscriptions reflect consumer choice, the charges for the 'Network Capacity Fee' (NCF - see FAQs), could be reviewed. Alternatively, a Network Access Fee (NAF) on a per channel basis could be considered in place of a flat charge for NCF. By this method, distributors could be incentivised for aiding consumers by providing suitable channels and bouquets of their individual choice. The regulator could also support credible consumer organisations in generating awareness, building capacity, and acting as watchdogs for compliance with QoS, convenience in channel selection availability, quality of content, as well as viewing experience and quality of service.

**Mr. T.V. Ramachandran, President, Broadband India Forum** stated, *"This independent and operator neutral study is perhaps the first of its kind in India, conducted across such a wide and diverse sample size and spread. There is also no evidence-based study till this, which captures the consumers' perspective and level of satisfaction on TV viewership. In this regard, the study assumes great significance and relevance, especially in the present times, when the general notion is that Digital media & content is impacting the popularity of the legacy and linear TV. The report indicates possible areas for regulatory & policy focus to help in overall improvement of quality of services and consumer satisfaction."*

The key findings of the study present an interesting understanding of the attributes of Value, Quality and Overall Satisfaction of TV consumers. Last-mile service providers/Distribution Platform Operators remain the consumer's primary point of contact for TV subscriptions and it is necessary to ensure QoS requirements and prioritise transparency mandates.

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**About Broadband India Forum (BIF)**

BIF functions as an independent policy forum and knowledge-based think-tank that works for the development and enhancement of the entire broadband ecosystem in a holistic, technology-neutral and service-neutral manner. BIF has established itself as a credible and effective voice to help propel the nation towards achieving the ambitious vision of creating a Digital India. To achieve this, BIF works to promote the rapid development of policies, so as to facilitate affordable and high-speed ubiquitous broadband throughout the country.

**About Consumer Unity & Trust Society (CUTS International)**

CUTS International is an independent, non-profit, consumer facing, research, advocacy and capacity building organisation. In pursuit of vision of consumer sovereignty, it works to promote optimal regulation, good governance, and rules based trade, across sectors. During its four decades of existence, CUTS has specialised in making evidence based interventions, increasingly on interactions between citizens, technology and digitalisation. Headquartered in India, CUTS has presence in Kenya, Zambia, Ghana, Vietnam, Switzerland and the United States of America.

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## Frequently Asked Questions (FAQs)

### **1. What is the connection between the NTO which is often cited in the press, and the NRF?**

The TRAI regulates three aspects of TV distribution – tariff, interconnection, and quality of service. The New Regulatory Framework (NRF) includes the 2017 Tariff Order, 2017 Interconnection Regulations, and the 2017 Quality of Service Regulations. The NTO or New Tariff Order refers to the 2017 Tariff Order and the NRF includes all three regulations the TRAI notified in 2017.

### **2. What is the TRAI's New Regulatory Framework?**

The TRAI implemented the New Regulatory Framework (NRF) in February 2019. This overhauled the entire regulatory regime for TV. TRAI brought out a Consultation Paper after six months seeking to amend key provisions of the NRF. These amendments were notified on 1<sup>st</sup> January 2020.

### **3. Why is the NRF relevant today?**

Now, the TRAI has reopened consultation on some provisions in the NRF, following stakeholder feedback that implementation of the amended NRF could lead to large-scale disruptions. The TRAI received consultation responses and have uploaded the same on their website.

### **4. What are some of the key provisions of the NRF?**

Some of the key provisions of the NRF that are relevant to this survey are:

- **NCF of Basic channel bouquet:** Up to INR 130 (+ 18% GST) as network capacity fee for 200 standard definition channels. Subject to the availability of capacity on network, each distributor shall offer additional capacity to a subscriber subject to a maximum of INR 160 (+18% GST).  
A distributor of television channels shall not increase the network capacity fee for a period of six months from the date of such notification.
- **Cap on channel prices in a bouquet:** A bouquet of pay channels cannot contain a pay channel whose a la carte MRP is greater than INR 12. If a channel has an MRP greater than INR 12, it cannot be part of a bouquet.
- **Cap on bouquet discounts:** TRAI prescribed a maximum discount of 15% that a broadcaster could offer on a bouquet of channels. The Madras High Court struck down this provision [3(3) of the 2017 Tariff Order] because it was arbitrary and unenforceable. In the 2020 Amendments, TRAI reintroduced a cap on bouquet discounts. The sum of the MRP of a-la-carte channels in a bouquet could not exceed 1.5 times the MRP of the bouquet was one condition. The second condition said that the MRP of any one channel in a bouquet shall not exceed more than three times the MRP of a pay channel of that bouquet. The Bombay High Court struck down the second condition in June 2021.
- **QoS Regulations:** QoS Regulations form one part of the NRF and includes obligations that distributors must follow to ensure a standard quality of service to all consumers. Among other things, it includes mandates for timely redressal of grievances, detailed break-up of monthly bills, technological standards for Set-Top-Boxes and timely installation and repair of Customer Premises Equipment (CPE).

### **5. How are channel bouquets offered to consumers?**

Broadcasters produce their own content or purchase content from producers. They subsequently provide TV channels as a-la-carte and bouquets to distributors. Distributors aggregate channels and channel bouquets from all broadcasters and offer the same to consumers, along with bouquets curated by the distributor.

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