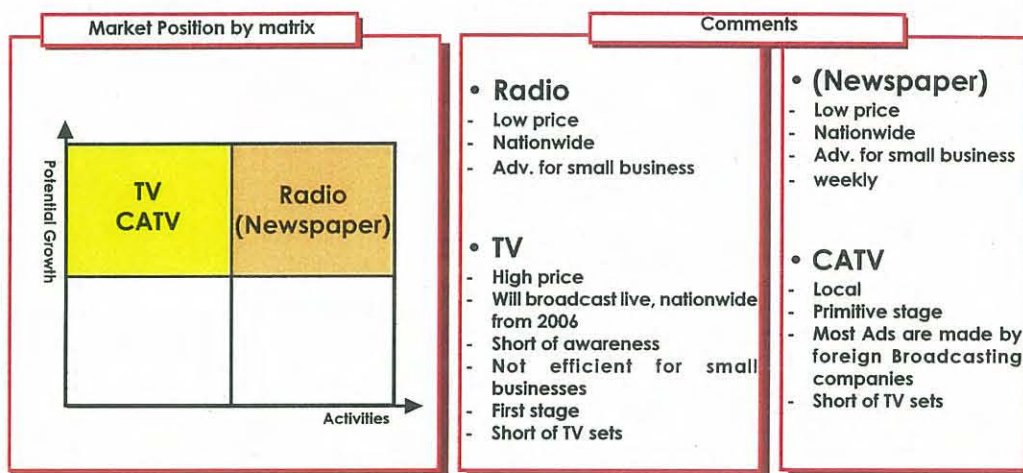


## 2. BROADCASTING & ADVERTISEMENT MARKET ANALYSIS



## 3. THE COMMERCIAL MARKET ANALYSIS

- Market flooded by foreign products/ goods  
As most businesses are at its primary stage there are few domestic companies in the market and most products are from foreign country (especially India).
- Small market  
With less population in the country, the country consists of small shops with less competition. Therefore, there are less consumers and consumption of the products.
- High potentiality  
As the economy is growing rapidly and the market is developing, people's lifestyle and concepts are changing along with it; hence there is high potentiality in the market.

## 4. FINANCIAL ANALYSIS

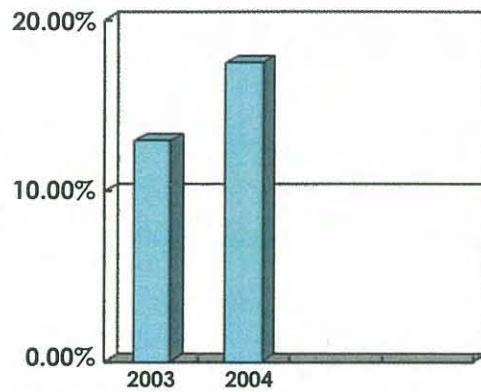
### a. Operating income<sup>15</sup>

Particulars		01.01.04-31.12.04 Amount (Nu.)	01.01.03-31.12.03 Amount (Nu.)	01.07.02-31.12.03 Amount (Nu.)	Rate
Revenue	Airing of Advertisement-Radio	1,486,578.00	1,512,950.00	2,269,425.00	-1.74%
	Airing of Advertisement-TV	3,915,778.00	2,252,898.00	3,379,347.00	73.81%
	Narration	2,000.00			
	Production Program	1,747,132.68	318,500.00	477,750.00	448.55%
	Sale of Audio/Video Cassettes	1,901.00	77,252.88	115,879.32	-97.54%
	Sale of BBS Program	457,253.00	835,092.67	1,252,639.00	-45.25%
	Other Revenue		161,869.33	242,804.00	-100.00%
	Hire charge of Equipment		19,006.67	28,510.00	-100.00%
		7,610,642.68	5,177,569.55	7,766,354.32	46.99%
Grants Received	Grant from RGOV	32,678,463.63	24,893,961.73	37,340,942.60	31.27%
	Grant from Others	226,000.00			
	Transfer from Capital Grant	2,929,435.82	9,905,909.15	14,858,863.72	-70.43%
		35,833,899.45	34,799,870.88	52,199,806.32	2.97%
Other Income	59,475.00	55,466.67	83,200.00	7.23%	
Operating income	43,504,017.13	40,032,907.09	60,049,360.64	8.67%	

<sup>15</sup>Reference: Financial Manual of BBS

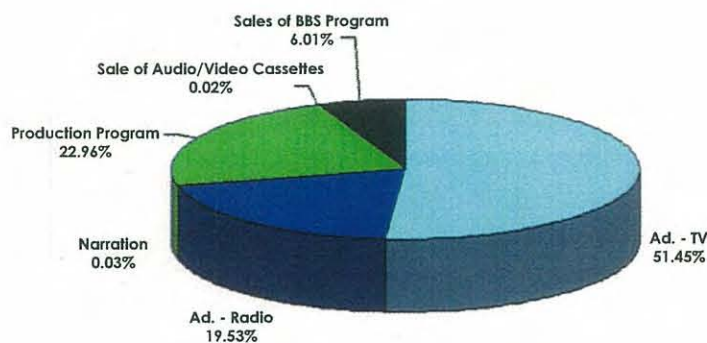
**b. Total revenue portion<sup>8</sup>**

Revenue ratio by commercial activities		
2004	2003	Rate
17.49%	12.93%	+4.56%



■ Revenue ratio by commercial activities

**c. Revenue constitution**



- Particulars**

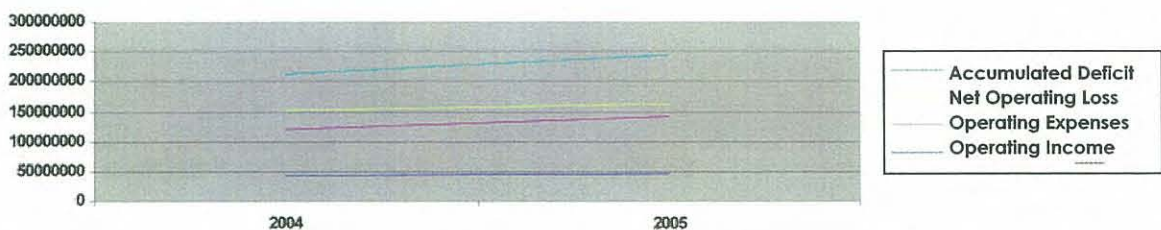
  - Airing advertisement - TV
  - Main commercial activity
  - Growing rapidly
  - Airing advertisement - Radio
  - Stand still in growth
  - Production Program
  - Need for analysis of radical increase
  - Sale of Audio/Video Cassettes
  - Foreign music & video CDs are more popular than BBS's
  - Sale of BBS Program
  - Need for analysis in decrease

\* Sale of advertisement is the key resource of revenue - TV 51.45% & Radio 19.53% (2004)

**d. Recommendation**

Sales of TV-Advertisements and Program productions are increased dramatically, but sale of BBS programs, Audio & videocassettes have decreased. Though there is a high record in revenue growth ratio, the total amount of money is still small for the sustainability of the organization. To obtain revenue from advertisement, there is a limit at the current stage of economic development in Bhutan. However, advertisement could be a good source of revenue for BBS in a certain stage of the economic development in Bhutan.

**e. Tendencies of income & expenses<sup>18</sup>**



Although the total revenue is increasing rapidly, but for the sustainability of the organization, the revenue generation needs to be much more.

<sup>8</sup>Reference: Functions of Finance & Commercial Department, BBS

<sup>18</sup>Reference: Profit and Loss Account Balance Sheet of BBS 2004

**f. Analysis**

The basic reason of the increase in the operating expenses is mainly attributed to the depreciation cost raised by the expansion of TV program facilities & equipments. Accumulated deficit is increasing rapidly. Assuming the average operating expenses of both years as proper expenses, the amount is Nu 67,132,885. Therefore the operating income should be more than Nu 74,000,000 to make a profit and settle the accumulated deficit. The operating income during the year 2004 by commercial activities is Nu 7,610,642; although the income has increased substantially in comparison to last year's income, the total income is still not sufficient. The revenue should consist 60% of license fee and 40% of commercial activities, which is ideal for the revenue system of public broadcasting company. So, the operating income from the commercial activities should be pulled to Nu. 29,600,000. Therefore, additional source of revenue is necessary and for proper income system, commercial activities should be further strengthened and promoted.

### III. COMMERCIAL ACTIVITIES

#### 1. ORGANIZATION

**a. Organizational responsibility of the Commercial Division<sup>8</sup>**

Department / Division	Designation	Nos.	Responsibilities
Finance & Commercial Department	General Manager	1	Managing Department Approving *CM
	Commercial Manger	1	Managing Division Considering CM
	Marketing Officer	2	Make a plan, Promote BBS. Analyze survey. Made feedback date.
	Sales Executive	1	Sale BBS program. Sale Ad.
	Producer / Editor	2	Produce CM. Edit CM
	Grraphics	1	Produce CM.
	Total	8	

\*CM: Commercial Message

**b Recommendation**

For activating its fullest ability, there is a need to introduce a new and strict management system, reinforce the manpower and upgrade the responsibility of the division.

**(i) Strict management system**

- **Management by objectives (MBO)**

To ensure efficiency and responsibilities, a system Management By Objectives (MBO) should be introduced and induced among the commercial staffs. This system will provide each staff their mission, responsibilities and the achievement to acquire within the time span.

- **Strict annual budgeting**

Each staff should be given a particular amount to accomplish with his/her work every year for example, Dorji has agreed to bring in Nu 30,000 at the end of the year to the organization according to his work. If Dorji fulfills his goal, then his pay increases with certain percentage, if he fails to do so, then certain percentage would be deducted from his income.

<sup>8</sup>Reference: Functions of Finance & Commercial Department, BBS

- **Feedback system through monthly report**  
This system will let each staff to report where he/she has reached in attaining the goal, and get the feedback from other colleagues or give his/her own for the delay of completing his/her work and how he/she can improve using other schemes.
- **Concurrent production meeting between Commercial Division and Program Production Department (Radio and Television)**  
If a particular program is to be sold in the market than before the program production is started, there should be concurrent meeting between the commercial division and program production department both for radio and TV.

**(ii) Reinforce manpower, increase responsibility and enhance skills and the capacity**

- **Include survey as one of the main activity**  
In order to reinforce the manpower, survey can be one of the main activities for commercial division. It is from the survey one gets the feedback from the target audience and can improve the work.
- **Upgrade regional bureau for commercial activities (Phuentsholing)**  
Since Phuentsholing is the main commercial area in the country that has lot of potential markets, the organization can upgrade regional bureau for commercial activities by adding one more Sales Executive for Regional Bureau.
- **Training of commercial employees**  
As there are not many professionals in their field of work, trainings can be provided to enhance their skill and the capacity.

**(iii) Type of trainings required<sup>6</sup>**

- For General Manager and Commercial Manager: BA (Business Admin), AC (Accounting), BL (Broadcasting Law), and Ad (Advertising).
- Marketing Officer: Marketing, Statistics, and BL (Broadcasting Law).
- Sales Executive: Marketing, Ad (Advertising), and BL (Broadcasting Law).
- Producer and Editor, CM production, BL (Broadcasting Law)

## **2. CURRENT ACTIVITIES**

**a. Advertisement**

Currently BBS is advertising domestic and international products. Advertisements are carried out both in visual format with motion and as an announcement.

**(i) Time**

Everyday TV Broadcast begins from 6pm till 11pm and rebroadcast following morning from 7 AM to 12 Noon. Slots for advertisement are sold in two different time formats.

- **Special Time**  
Advertisements are aired between the news broadcast. Only one slot of maximum 30 sec duration is available.
- **Ordinary Time**  
Advertisements are aired after the Zakar.

**(ii) Clients**

- Government Organizations (RCSC, Ministry of Foreign Affairs etc), Corporations (Bhutan Telecom, Bhutan Power etc) and private companies (NT Enterprise, Pema Import House etc).

<sup>6</sup>Reference: HRD Master Plan of BBS 2005

**b. Radio Advertisement**

Currently jingles are produced on radio and consumers convey the message as an announcement, mostly public service.

**(i) Time**

- Radio broadcast from 7am to 11pm (daily)  
All the announcements and jingles are on air twice a day in the morning and afternoon.

**(ii) Clients**

- Government Organizations, Private individuals, and private companies.

**3. OTHER SERVICES**

**a. Hiring of equipments and man power**

Hiring of equipments such as camera lights are provided along with required manpower. Organization has TV, Radio and Music Studios for hire with quality equipments and technicians

**b. Selling of BBS produced programs**

For the first time BBS participated in the Asian Television Forum 2005 in Singapore. Currently the organization has started selling programs that were aired on the TV. Recently 5 programs that are documentary were set in the DVD format for sale nationwide and international.

**c. Recently the organization has worked on a co-production program that could be sold outside the country and share the benefits.**

To strengthen and promote such co-production activities and attract clients, the organization needs to develop a list of appropriate subjects, issues and trailers of good shooting sites.

**d. Sell of CDs & Cassettes**

BBS for the first time has compiled music video in DVDs to be sold in the market.

**4. RATES**

**a. Current Rates<sup>11</sup>**

- ◆ TV ad : 500~1600 (Prime Time) / For Public Service (25~30% discount) For Special occasion: 4,000~5,000
- ◆ Radio ad: 200~500 (Prime Time) / For Public Service (37~50% discount) For Special occasion: 2,500~3,500
- ◆ Sponsorship (TV: 6,000~10,000 / Radio: 3,200~7,000)
- ◆ Facilities & equipment rental
- ◆ Program production & etc.

**b. For the revision of rates**

**(i) Market research is essential**

To revise the rates market research is essential on the economy and their social status as to explore how much the target clients are prepared to pay for advertisements and services provided by the organization

**(ii) Calculate Ads - cost per person**

Calculate the cost of advertising per person that is, if given example of two TV channels BBS and KBS, if BBS is charging Nu. 5,000 for advertising, their viewers are 10,000 nos and KBS is charging Nu. 2,000 for advertising, their viewers are 8,000 nos, naturally the clients would prefer to advertise in BBS due to the exposure of the advertisement to 10,000 people. Hence the cost per person for BBS is Nu. 2 per person, and for KBS it is Nu. 4 per person.

**(iii) Price comparison with others**

In order to attract the clients, comparison of prices with other media and the competitors is very essential. While revising, the price should not be less or more than the other media. If it is kept more than the other media then the clients should be given certain incentives (discounts, free gifts etc.) to compensate.

**c. For accurate prices**

BBS is the only organization in Bhutan, which provides rental service of human & material resources for production (including foreign production), It is possible to raise the service fee to certain level.

**5. MULTI SERVICE OPERATOR (MSO)<sup>13</sup>**

The Royal Government of Bhutan appointed BBS as a Multi Service Operator in 2004 for a period of 3 years. BBS was also directed to work closely with Bhutan Information Communication and Media Authority, MOIC in the implementation of the MSO project. The main function of MSO is to receive signals from different sources, aggregate them into different formats and rent the signals to local cable operators.

**a. Definition of MSO**

Provides contents in various formats and ways to access the contents through satellite, terrestrial, cable network, etc.

**b. MSO Services**

- Provide overseas channels to Local Cable Operators
- Internet Services
- Video-on-Demand Services
- Delivery TV Home Services
- Cable TV Services
- Mobile Broadcasting Services
- HDTV Broadcasting Services
- Visual Radio
- Web / Pod Broadcasting Service.

**6. S.W.O.T ANALYSIS**

<b>Strength</b> <ul style="list-style-type: none"><li>- Producing ability</li><li>- Nation wide network</li><li>- Representative Broadcasting Company in Bhutan</li><li>- Brand name</li><li>- Appointed as a MSO in 2004</li><li>- Great forest</li><li>- Many religious sites and events</li></ul>	<b>Opportunities</b> <ul style="list-style-type: none"><li>- Nation wide TV Broadcasting</li><li>- Increasing the audience</li><li>- Increasing the economy</li></ul>
<b>Weakness</b> <ul style="list-style-type: none"><li>- Short of Popular program</li><li>- Few experts</li><li>- Little experience</li><li>- Short of motivation</li></ul>	<b>Threats</b> <ul style="list-style-type: none"><li>- Rising CATV operators</li><li>- Kuensel</li><li>- Regulations</li><li>- Increasing the producing cost</li><li>- The number of TV sets</li><li>- No awareness of Ad. by business people</li></ul>

<sup>13</sup>Reference: MSO Plan of BBS 2004

➤ **Solutions**

(i) **Strengthen the Weaknesses**

- Make good programs which audience wants
- Hire experts / train employees
- Introduce compensation system & MBO system

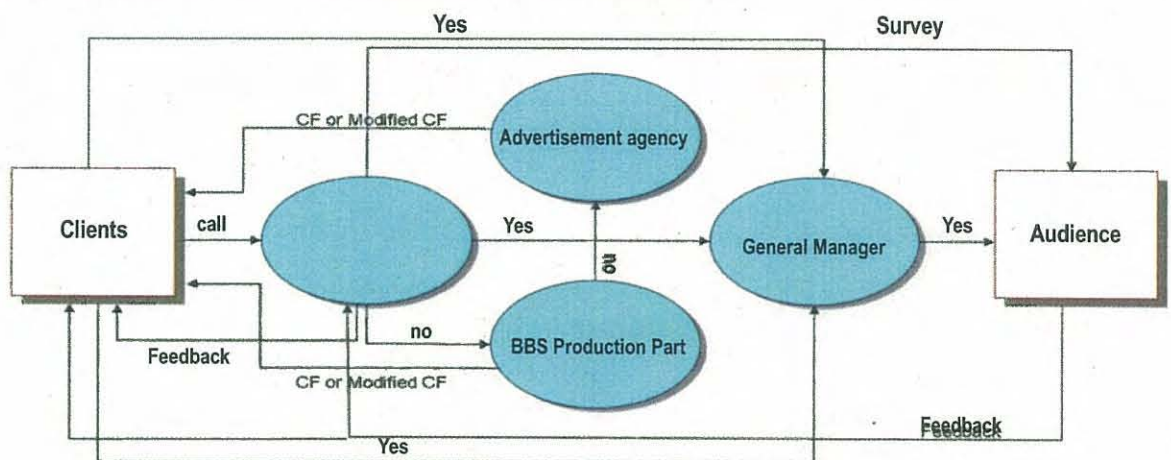
(ii) **Avoid the Threats**

- Make good quality programme
- Inform about the marketing (class, programs, campaign)-

**Media Survey 2002**

- Advertisement by BBS affects more than 70% of the audience
- Measure effectiveness of the advertisements
- Bhutanese trust BBS
- Most people watch the BBS for the news and information of Bhutan.
- The audience wants to lengthen the BBS broadcasting time
- The audience wants varieties of program (movie, music show)

**7. SUGGESTION FOR THE ADVERTISING PROCESS**



➤ **Process**

- Client's call for advertisement (written/phone/fax/e-mail).
- Screen the Commercial Message CM and verify it.
- If the CM requires modification or editing, inform client accordingly.
- If client agrees to modification and re-editing, send it to production or to other advertisement agency for the changes.
- After the changes in the commercial messages confirm with the client.
- Verify with Department Head or Commercial Manager for final approval.
- After the broadcast, check-up with client for feed-back

**IV. STRATEGIES**

**1. INCREASE THE NUMBER OF TV SETS & AUDIENCE REACH**

**a. Rental/Installation of TVs in Community or rural areas**

Rent out TV sets (including receiving satellite equipment) in the community and rural areas, to increase the number of audiences. Arrange long-term installation program for the TV set (including receiving satellite equipment) in rural areas where people cannot afford to buy their own TV sets.

**b. Enhance TV & Radio accessibility to the people**

Install TV/Radio in the public places such as; Bank, Bus terminal, City Buses and Hospitals. This would provide easy access to BBS TV and Radio services and attract general people to watch and listen to BBS news and program. This strategy would increase the number of audiences and create new markets for BBS advertisements.

**c. Campaign to promote BBS news and programs**

BBS should produce programs to create awareness on the benefit of TV, advertise good programs to increase public yearnings for BBS programs and open an educational institution for the audience (Linked with the program).

**d. Provide good contents**

The organization should make superior quality programs to attract the audience, produce new types of programs and make interactive program, where audience can participate and interact along with entertainment.

**2. DEVELOP NEW & VARIOUS TYPES OF ADVERTISING SERVICES**

**a. For creating steady revenue sources**

Start yearly or 6 monthly advertising service, providing incentives such as discount facility for long-term contract.

**b. For small business**

Sell low cost advertisement, which will be in the form of still picture, character, less than 15 seconds and partition in TV, etc.

**c. Participate in program production & scheduling<sup>17</sup>**

Prior to any production of BBS programs, meetings should be held with marketing officers to ensure that the programs have potentiality for marketing and return of the investment and also share information on the preference of clients. To find out selling price of the program the meeting must discuss the actual cost and the amount that could be generated from advertisement & sponsorship and accordingly fix the price.

**3. PROCEED WITH AGGRESSIVE PROMOTION**

**a. Advertise BBS**

For easy access to advertisements, provide clients with direct telephone numbers, advertise telephone numbers on every unsold slot and display the numbers in the business cards, vehicles and at the end of each programmes.

**b. Maintain good relationship with business communities**

Publish a brochure for business people providing information about the organization, program schedules etc. Organize program fair for the client & audiences so they can interact with each other, invite clients to a concert or ceremonies and open a free class on marketing for the business people.

**c. Compensation system**

Provide cash incentives (eg. 15%) to brokers bringing in first advertisement contract to BBS. And provide promotion, training, additional increment for the employees who brings in the advertisement.

<sup>17</sup>Reference:TV program schedule of BBS