

Tried, Tested and Tasted!!

Rachita Jayswal

Ganpat University, Mehsana.

rachita.jayswal@ganpatuniversity.ac.in

Nirav Halvadia

Ganpat University, Mehsana.

nbh01@ganpatuniversity.ac.in

Kreena Patel

Ganpat University, Mehsana.

kreena25@gmail.com

Sonali Chaterjee

Gujarat University, Ahmedabad.

sonalidchatterjee@gmail.com

Kinjal Shukla

MICA, Ahmedabad.

shuklakinjal91@gmail.com

Abstract

94.3 My FM, an India's local Radio FM network of DB Corp. Limited, which was also in business of print media. Because of their unique strategy - "Tried, Tested and Tasted", MY FM radio station got a robust growth and had presence in 17 non metro cities in India and Ahmedabad, Gujarat is one of them. The case describes situation when a company of emerging FM radio industry named MY FM got growth of 25% compare to overall private FM radio industry growth rate which was around 18% and achieved breakeven point in three years of operations in a highly growing city Ahmedabad of Gujarat state, India with facing problems of high music royalty and spectrum fees, client and employee retention and tough competition from other competitors like Radio Mirchi, Red FM, Radio City, Radio One, etc... and other media players also. The case emphasizes on unique STP strategy of MY FM and the scope of restructuring strategy that is needed to increase listenership by MY FM 94.3 in Ahmedabad city and strategies to solve problems of client and employee for retention.

Key Words :

MY FM 94.3; Segmentation, Targeting and Positioning (STP); Restructuring Strategy



Introduction

94.3 My FM, an India's local radio FM network was owned by Divya Bhaskar Corporation Limited (DB Corp. Ltd.), which was in business of print media, event management, periodicals, internet, and wind energy. DB Corp. Ltd. had changed the print media landscape dominated by established players for many years with its vision of being the largest and most admired media brand enabling socio economic change which could not be realized without its intense market research initiative to get better understanding of various local markets. In 2006, DB Corp. Ltd. launched 94.3 MY FM, which in consecutive years spreaded its roots across 7 states and 17 Tier II -Tier III cities with an aim of expanding their local network and focusing on individual market preferences. In the year 2013, 94.3 MY FM's revenue for Q4 has witnessed a growth of 25%, had recorded an impressive increase of Rs. 183 million as against Rs. 146 million for the previous fiscal year. For the year 2013, the revenue was of Rs. 667 million against Rs. 555 million for the previous financial year, a growth of more than 20 %. While the overall growth rate of private FM radio industry was of around 18 % and was expected to grow up to 27 % by 2017. The Private FM radio industry had been bifurcated into two major titles. The first title namely network companies which was further divided under three heads which were All India Network, Metro Focused Network and Non-Metro Focused Network. And the second title, niche radio companies which was targeting regional languages. All India Network was leaded by Sun Group under the name of Red FM having station in 47 cities, Metro Focused Network had a leader named Next Radio Works Ltd. with a name known as Radio One with its presence in 7 cities while Non-Metro Focused Network which was first mover named DB Corp. Ltd. with under the brand name of MY FM.

Tried and Tested

Trying hands on all sorts of media was something very obvious for a media group like DB Corp. Ltd. However, DB Corp. Ltd. which already had presence in print media across 40 cities initiated their radio networks across the 7 states with the knowledge of customer preferences through its market research were namely Rajasthan, Haryana, Punjab, Gujarat, Maharashtra, Madhya Pradesh and Chhattisgarh, and cities which they covered were Jaipur, Jodhpur, Chandigarh, Bhopal, Jalandhar, Ahmedabad, Surat, Udaipur, Gwalior, Indore, Ajmer, Amritsar, Bilaspur, Nagpur, Raipur, Kota and Jabalpur with the mission of becoming most trusted, reliable and prominent brand in non-metro cities.

When 94.3 MY FM decided to enter in Gujarat, Ahmedabad was the ideal choice as it had the fast growing population which was approximately over 5 million residents. In quieter times, the city busies itself with infrastructural improvements in an atmosphere of endless growth. It was a vibrant district and rising centre of education and other scientific industries. Albeit, It had enjoyed a thriving cultural tradition, being the centre of Gujarati cultural activities and diverse traditions of different ethnic and religious communities. The city was strongly divided along class, caste and communal lines but remained integrated most of the times. Having a cut throat competition with Radio Mirchi, Red FM, Radio City and Radio One which had its strong presences in Ahmedabad, 94.3 MY FM planted its root in Ahmedabad in year 2007 which had an aim of emphasizing on local connect, innovative content which engaged their listeners with an emotional feel by giving the brand a household name and maximum live shows.

The brand had constantly evolved and innovated its offerings, 94.3 MY FM drawn a keen focus on its brand philosophy of “94.3 MY FM -JIYO DIL SE” which inspired the listeners to urge and follow their heart. It also showed listeners the way to live their life to the fullest while giving the brand a feel of being young and vibrant. 94.3 MY FM's main target were the audiences who considered themselves as 'very young at heart' as well as they tried to target audience on the basis of audience's personality, lifestyle, attitude, aspirations and dreams. Across the years, 94.3 MY FM had strategized to position their brand in such manner that it provided opportunity to their listeners to live life to their hearts desire. 94.3 MY FM

segmented their market into non metro, semi rural and rural belts among the age group of 20 to 40 years. They had different shows targeted for the listeners belonging to this age group, for example, the show named '*Salam Ahmedabad*' for Office goers, '*16 always*' for female, and '*Dil Chatha Hai*' for youth. To differentiate among competitors, 94.3 MY FM on weekends broadcasted shows such as '*Swar Gurjari*' which targeted Gujarati audience, '*Numerology by Sanjay Jumani*' for the listeners interested in astrology and '*MY FM Top 30*' for youth audience. Customer and listener behavior and preferences were monitored very closely and distilled into various initiatives ranging from music testing which helped in identifying and offering music of listener choice.

94.3 MY FM went on bill boards, carried logo on traffic signals and on the grounds of social initiative, 94.3 MY introduced "Jiyo Dil Se" awards which encouraged the people who led for any social cause. Beside this they also had recorded under Limca Book of Record for their Corporate Social Responsibility initiatives as well as Golden Mike Award under the category of branded content on radio by '*Chingum Boy*' for Centre Fresh Chewing gum. Further, their activities were also promoted through Divya Bhaskar newspaper.

Overall, 94.3 MY FM was the radio company to achieve BEP in just 3 years, which was the fastest in radio industry. However, Rajneesh Thapliyal, Business Head, 94.3 MY FM, Gujarat Region, who had experienced thrills and spills of being a business told that, "To run a radio company is not everybody's cup of tea as there were many who raised hands in the beginning and after a short period of time they are on a brink of selling their business". In such scenario, 94.3 MY FM sustained in business with its belief that in developing economy like India, the real contributors to the growth come from rural areas and non-metro cities. 94.3 MY FM as an advertiser generates 99 percent of its revenue by broadcasting advertisements. They generally charged Rs. 300 to 350 per 10 seconds spot of advertisement. On the flip side, 94.3 MY FM spent 30 to 35 percent of their revenue on music royalties paid to music labels such as T-Series, Sony, HMV, Dhrama production etc. 15 percent of their earnings were spent on manpower activities such as recruitment, training and retention, and approximately 10 percent was spent on maintenance and technological infrastructure while 4 percent of their revenue every year was paid as well as renewable fees for the spectrum licenses at the end of every ten years to the government.

Employees in earlier time were merely treated as machines and hence were allotted work accordingly but with the changing phase the concept of Human Resource came into existence which showed that employees were considered as a valuable asset in an organization. However, same is there with 94.3 MY FM as they build their employee-employer relationship on the basis of credibility, integrity, innovation, entrepreneurial, respect and appreciation. Their employee's turnover ratio was below 20 percent and out of 5 senior RJ (Radio Jockeys) 94.3 MY FM still had 3 RJ working with them since its inception. Beside this, 94.3 MY FM also had very casual, but disciplined work environment in their office. They usually awarded top 20 to 25 performers from various areas such as client servicing, content writer and product manager in their organization and based on their performance they were rewarded foreign trips and other financial incentives as well.

Client is another important stakeholder in any organization; same was with 94.3 MY FM. Hence, to cater its client, it had separate production wing for advertisement recording and mixing. Once the clients' advertisement was on air client would receive a call on first day where they were informed about the tentative slot in which their advertisement will be aired and a reminder call after 3 days would be given as the part of their three days call strategy. However, 94.3 MY FM never believed on gut feeling they normally initiate based on facts and research, as a part of client retention and satisfaction the head of radio station would personally call the client and get their feedback on the advertisement which was aired in the previous month. As a part of client servicing they had an effective customer satisfaction tracking system

which garnered instant feedback to the advertisers on their campaign, as well as customer knowledge building initiative where the station shared consumer insights, educated advertisers on how to use the medium effectively for their brand & campaigns, which had yielded positive results for the station.

Tried and Tasted

According to Rajneesh Thapliyal, head, 94.3 MY FM- Ahmedabad, need to fine tune following issues,

1. High Music Royalties charged by music labels.

Given the most radio station played contemporary bollywood music it became impossible to ignore the music labels which had upper hand in terms of acquiring music right so new films as T-Series got the music right 80-90 percentage of new films which prompted the company to charge more than what radio stations paid to other music companies. As a result of that 94.3 MY FM stopped playing T-Series songs for around 7 months during mid 2013 at a cost of listenership.

2. Employee engagement and retention

In Ahmedabad station the main issues faced by the Head were Employee engagement and retention. Every employee needed his or her growth in their respective profession and, therefore, every time everyone was on the hunt for bigger and better opportunities. Employee retention was definitely a challenge in this industry. Just like in other sectors, which was seeing a churn of employees with the advent of new players coming into the market, there was a movement of employees from one place to another in the radio industry too, which was seen as biggest burst in media.

3. Client retention

According to the head, normal person spent around 25 minutes while reading a newspaper however he/she spent 90 minutes listening radio which act as a media which comes in and out of the mind of their listeners. To make clients realize this is the biggest challenge which FM radio industry faced. In addition to this the head was also expecting the market leader would take some move to resolve the issue however this was not the case. So, 94.3 MY FM tried to come out with their solution by doing frequent market research and customer feedback.

The radio station was in very strange state of flux. On one hand the industry was growing and on the other hand the backing of music labels as well as the cost incurred in running the radio station was the major concerns from what has happened so far there was still plenty of time for radio to make it or break it in near future.

Questions:

1. What could be the reasons for high music royalties and how these issues can be resolved?
2. Do you think employee retention is an industry specific problem? Give suggestions to the company for increasing employee retention?
3. As client retention is a problem faced by whole industry, what are the obstacles due to which 94.3 MY FM and other players cannot reach to the solutions?

Teaching Notes

Tried, Tested and Tasted!

Q # 1 What are the objectives behind teaching the case?

The main objectives behind teaching this case are:

- To understand the role of marketing strategy in radio FM industry when it is being transformed from all India network to non-metro focused network.

- To aware students about business model of private radio FM stations.
- To give understanding of client and employee retention strategies in radio FM industry.
- To improve decision making skill of students

Q # 2 What are the major issues involved in the case?

The major issues involved in the case are:

- Marketing Strategies
- Client retention
- Employee engagement and retention
- High music royalties charged by music labels

Q # 3 How much time each issue should be given in discussion?

Each issue should be given around 10 to 15 minutes for discussion.

Q # 4 What preparations are expected from the students in advance?

- Collect basic information about radio FM industry and company
- Require prior reading of various concepts related to marketing strategies.

Q # 5 Whether the case should be discussed at the individual level or group level?

The case should be discussed at the individual level first, and then at group level and group members with heterogeneous skills are required.

Q# 6 What should be the number of students in group?

Around 5 to 6 students or participants are required in each group for case discussion.

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Ganpat Vidyanagar - 384 012, Mehsana-Gozaria Highway,
Dist.: Mehsana, Gujarat, INDIA
Tel. Fax : (02762) 286080, 286924, 286925,
Toll Free No. 1800 2331 2345, Mobile : +91-99789 96994
Website: www.ganpatuniversity.ac.in