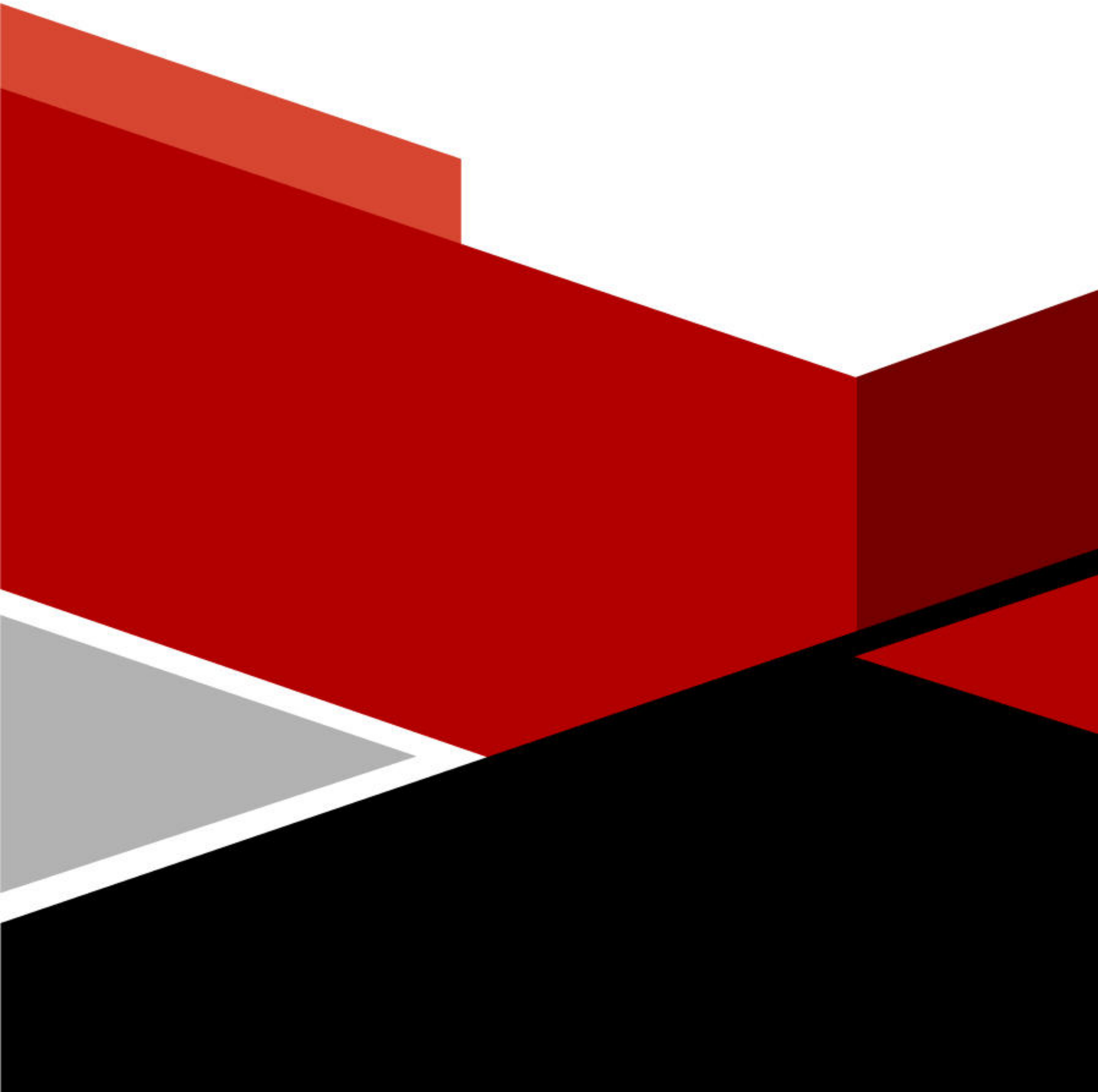


LEADERSHIP OR STAGNATION

The Future of Media Viability in Bangladesh



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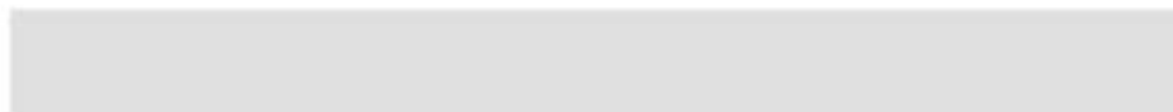
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Ross Settles

In his 30-year career in the business of media, Ross Settles has worked in different organisations in varying roles. Currently an adjunct professor in Hong Kong University teaching digital media and entrepreneurship, Ross began his career in media and entrepreneurship as an associate for the famous consultancy firm Kearney. He led advertising, marketing and public relations at the Baltimore Sun where he was also responsible for developing and executing the annual marketing plan as vice president marketing. As director of online business at the South China Morning Post, Ross Settles was responsible for all online business operations of Hong Kong's largest English daily. He was chosen to provide support in marketing, communications and business and product development at MalaysiaKini.com, as a Knight International Journalism Fellow. Working as a digital media advisor of the Media Development Investment Fund, Ross divided his time between San Francisco and Prague consulting for clients transitioning from traditional media platforms in print and broadcast to new digital platforms and business models. An MBA from the University of Chicago and an English graduate of Princeton University, Ross Settles remains an avid student of classical Chinese literature and theatre.



Tanim Ahmed

Beginning as a cub reporter at the erstwhile Bengali fortnightly magazine Shaptahik Dui Hajar in 1997, Tanim Ahmed has worked in various roles of reporter, leader writer and news editor at newspapers like New Age, web portals like bdnews24.com and broadcasters like Independent TV. Tanim has also had a brief stint as head of sales and marketing for bdnews24.com where he was in charge of the portal's entire commercial operations. He has been an adjunct faculty at the University of Liberal Arts, Bangladesh, teaching business journalism since 2010. Currently he runs his own content generation firm Omnispace. Tanim Ahmed has an MBA from Dhaka University's Institute of Business Administration.

FOREWORD

Media in Bangladesh has a great legacy of playing a strong role in every major political and social transformation in the country. There are several cases of business successes in the course of 50 years including daily newspapers, magazines and private television channels, mainly driven by the demand for impactful journalism, independence and peoples' trust on them.

But the media environment has changed dramatically in the past two decades. Once driven by strong newspapers alone, the market is now overwhelmed by dozens of television channels, hundreds of online portals, and social media channels, where thousands of individuals and groups are flooding the audiences with news and information contents. Patterns of media consumption and consumers also changed rapidly along with the growth of internet usage.

The media, once leading political and social transformation, could not transform itself to the changes brought about by a digital transition. Moreover, advertisement revenue continued to shrink for extreme competitions; political, legal and licensing barriers resulted in self-censorship and limited their ability to produce impactful journalism. As a result, trust eroded and the structure of the traditional media industry became fragmented and mostly unprofitable. And the COVID-19 pandemic has only worsened the situation.

A viable media industry is essential for democracy and its institutions. Strong and independent journalism supports an environment that promotes justice and fuels economic growth and prosperity. Therefore, Management and Resources Development Initiative (MRDI) and Fojo Media Institute,

Linnaeus University, Sweden, initiated this research titled "Leadership or Stagnation: The Future of Media Viability in Bangladesh" to examine the factors that are critical to the viability of the news industry in Bangladesh under the project Improving Qualitative Journalism in Bangladesh.

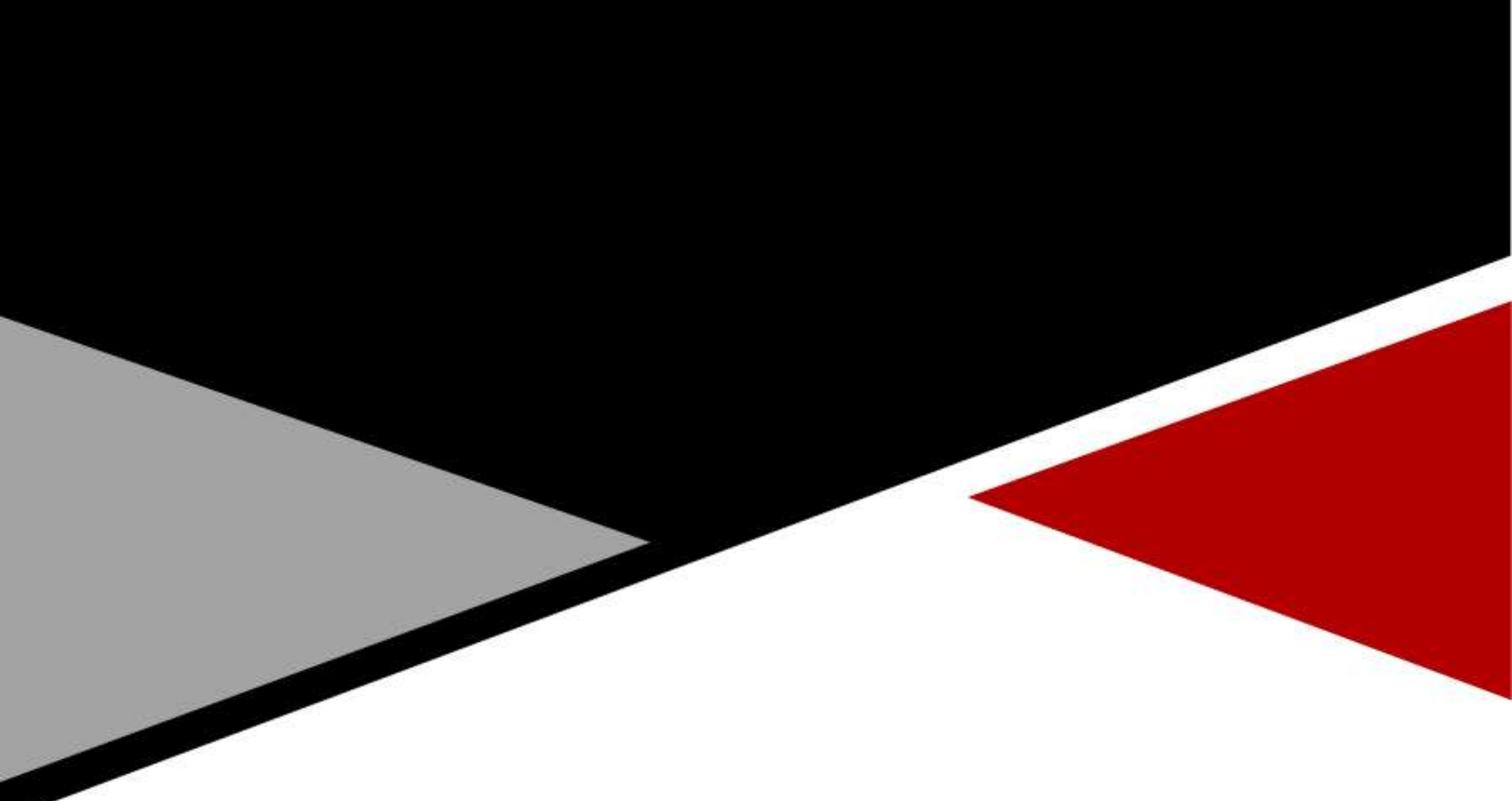
We extend our gratitude to Ross Settles, adjunct faculty at Hong Kong University and media sustainability consultant, Global Investigative Journalism Network (GIJN) for his efforts to make this research possible. We are thankful for his time and hard work in planning, field works and writing of the research. We also thank Tanim Ahmed, journalist and CEO of Omnispace for his great help to Ross in every step of the research.

We are thankful to all the editors, newsroom managers and journalists for their interviews, participation in focus group discussions and webinars, and attending numerous requests for information.

As a long-trusted partner, Fojo Media Institute has extended its full cooperation in carrying such a study in Bangladesh. We express our thankful gratitude to them and strongly believe our partnership will continue to work together on the results of this study.

The project team, particularly Miraj Ahmed Chowdhury, project manager and head of programme and communication, MRDI deserve special thanks for their untiring efforts in carrying out the study.

We hope this research can provide a starting point for media professionals and policy makers to craft a framework for the local media industry that helps support viability and growth of Bangladesh media.



EXECUTIVE SUMMARY

Bangladesh's news media faces two possibilities - leadership or stagnation. This report explores five factors, ranging from audience to advertising, that influence the news industry and could determine its viability.

Bangladesh has two distinct media **audiences**- one in Dhaka and urban centres, the other in rural areas across the country. Both turn to television as their preferred source of news. Online media plays a secondary role for both, with Facebook playing a more dominant role among rural users. Urban consumption tends to resemble that of other South and Southeast Asian markets with heavy engagement among younger users while rural internet consumption remains constrained by slow speed and limited coverage. Newspapers continue to dominate as an important news source among middle aged and older urban audiences. Rural audiences are substantially less dependent on newspapers most likely due to lower literacy and poorer coverage of rural or regional issues.

Bangladesh's sizeable, and increasingly literate and connected audience provides for a strong foundation for a viable media economy. But the rapid increase in literacy and internet access have given rise to the increasingly literate and connected rural audience and the more established urban audience with faster connections and more experience with digital media. Urban audiences, with access to international credit cards and other digital payment tools, can afford access to such platforms as Netflix and New York Times. Together, the large, literate audiences with access to digital financial tools lay the foundation for a strong and potentially profitable digital media industry.

Although Bangladesh's attractive audience fundamentals create a solid base for news media to thrive, **audience attitude** and lack of trust weakens the case for viability. The general lack of understanding of the news media's function and role, the declining regard for journalists and media operators and the public space being replete with "fake news" substantially weaken the foundation for a strong and profitable media industry. Audiences need news, but they apparently do not understand where it comes from or do not trust the organisations that provide it. Understanding "media trust" and "news literacy" are important to start rebuilding trust which is necessary for the industry's viability.

The current structure of the **traditional media** industry is fragmented and mostly unprofitable. For these media outlets, especially local newspapers, inflated circulation numbers and government advertisement help continue operations that are not otherwise commercially viable. For these operators, the focus is more on government needs than on audience needs. Low profitability force operators to keep expenses low, which most often translates into low pay or delayed salaries. These affect professionalism and the quality of journalism, further eroding the regard for media in general. The practice has a far more detrimental impact pushing the best reporters, and perhaps the more capable people, out of media into more lucrative sectors.

The larger and more viable newspapers are often corporatized, which can provide investment and management support during difficult times, like a pandemic or digital transition. But corporate control can also run the risk of overriding the editorial objectivity and independence. The perception of bias for corporate media houses can again impact the audience's trust in media.

Traditional media in Bangladesh is especially fragile. Bangladesh's potential audiences are still predominantly outside Dhaka and the major cities. While many of the national newspapers and TV outlets provide limited regional coverage, none have a dedicated focus on regional audiences. The largest of these regional outlets are most likely struggling from a fall in circulation due to the coronavirus pandemic and a consequent steep decline in advertising.

Bangladesh is oversupplied with traditional media. But for local audiences outside Dhaka, which is almost two-thirds of the population, these structural issues are likely acute and contribute to media "black holes" where no locally relevant news is available.

Digital media is often a catalyst to re-energise traditional news reporting. Digital media entrepreneurs find new under-served audiences, new reporting "beats" and new ways to compose and deliver quality news. This entrepreneurial spirit is especially important in a market like Bangladesh where audiences evolve rapidly. The new legal controls and regulations on digital media deny much needed oxygen to both startups and traditional media newsrooms transitioning towards a more robust online presence.

Bangladesh has the entrepreneurial confidence to develop new commercially viable online news products. Digital advertising is growing and there is adequate space for paid content platforms. Long term media viability will require innovation and experimentation to serve new audiences both among young adults and rural audiences just joining the internet. A more predictable regulatory environment will be necessary for media innovators to take the risks needed to serve these emerging audiences.

Bangladesh's advertising industry is the cornerstone of media financial viability and the source of funding for quality news content. The advertising industry has experienced strong growth riding on Bangladesh's economic growth. But the market's growth begins from a smaller than expected starting point. The size of the advertising market suffers from some structural issues such as under-developed retail and distribution systems to support the increased sales that is the goal of advertising. For TV advertising, the lack of a nationally representative matrix and ratings survey discounts over 100 million people who live outside Dhaka and Chattogram, basically imposing an assumption that the TV market is substantially smaller than it is. Globalisation in digital and cable TV has created significant leaks in the local advertising market. Large and small digital advertisers export ad spending to international digital platforms with offices outside Bangladesh, shrinking the size of the measurable advertising market and avoiding taxes on corporate profits for those advertising platforms. TV advertisers reportedly also leak advertising revenue across the border to Indian cable television channels which results in lower TV ad spending and lower revenue potential for local Bengali language content.

Streamlining these structural weaknesses will require joint efforts of the industry and the government. Efforts are needed to mandate a realistic national TV rating method that meets the needs of advertisers, agencies and the media and also provides an authentic TV content consumption pattern of Bangladeshi audiences. The most difficult challenge will be devising policies and practices to "plug the leak" in digital advertising, ideally incentivising major international platforms like Facebook, Google, Netflix and others to establish offices in Bangladesh, pay taxes, contribute to the development of digital media and promote innovation.

Bangladesh's news media industry faces two scenarios. The first is **stagnation**. The value that the audience sees in the news media continues to decline. Readers and viewers resort to digital sources for news and other content, mostly distributed through Facebook, Google and Youtube. Media advertising revenue continues to fall as advertisers shift to the international platforms. As revenue falls, so do the resources needed for quality news reporting. Consequently, the quality of journalism declines further, pushing audiences away. The second scenario is **leadership**. Bangladesh begins by rectifying challenges in the advertising market. Digital platforms are required to operate within Bangladesh, opening offices, hiring and training local talent, adhering to local laws, including payment of taxes. Matrix used to set advertising schedules and prices are reformed and neutrally audited. Government media regulation is standardised and de-politicised. Bangladesh's traditional media and new media entrepreneurs begin developing new reporting genres and "beats" and devise suitable digital news formats to serve Bangladesh's large and evolving audience. Bangladesh has a long history of cultural leadership, including journalism. To continue and solidify this role, the current industry scenario will need reform and innovation. The alternative is a slow atrophy and stagnation.

INTRODUCTION

The viability of media in Bangladesh to support the regular production of high quality, impactful journalism is at a crossroads. The historically strong traditional media industry, dominated by television and newspapers, is being overwhelmed with the changes brought about by a digital transition, similar to those experienced elsewhere in South and Southeast Asia. Audiences have experienced strong growth in media availability through both increased access to satellite/cable TV and currently the almost universal access to mobile internet. In this environment, traditionally trusted news providers have failed to keep pace, leaving almost universally online audiences with limited volume of engaging content. With disinformation beginning to fill in the shortfall, the high level of media trust is also waning. In response, Bangladesh government has created a mix of laws and regulations to control and regulate media outlets to eliminate the adverse effects of "yellow journalism" or "fake news". At the same time these laws undermine the ability of traditional media to adapt to changing media landscape and constrain new media entrepreneurs from offering quality alternatives.

All these changes are now further exacerbated by the demands of the COVID-19 pandemic. Bangladeshi audience shows an increased appetite for high-quality news reporting about the pandemic from trusted news sources. But the financial resources to support more reporting have contracted dramatically as newspaper sales decline and advertisers cut spending. The government has also responded by tightening controls on content, raising reporting risks for both media outlets and individual journalists.

Bangladesh's media has two potential futures, one of leadership in the regional media industry, and the other of stagnation and the slow erosion of the industry's ability to provide quality, impactful news content. To lead, Bangladesh needs to take advantage of the unique strengths of the domestic audience. Bangladesh's audience is large with growing income, literacy and media access. For traditional news organisations, the challenge of serving this audience should drive transformation across both news and business operations. For new media entrepreneurs, the audience presents a wealth of new opportunities for journalism and content startups. The alternative future sees a domestic media industry becoming less viable as audience trust declines and government's attempts to eliminate "yellow journalism" force newsrooms to avoid new approaches to journalism. This would, in turn, suffocate new media startups by increasing the inherent risk in quality news reporting.

Media viability expands on the concept of financial sustainability, which has been the focus of much media development work in the last decade. The most complete articulation of the concept comes from the Deutsche Welle Akademie (DW Akademie) work to examine the forces that impact a media industry's ability to produce quality, impactful journalism in a sustainable and recurring fashion. The DW Akademie work looks beyond the ability of individual media companies to profitably navigate their local media market. The approach looks more broadly at market and

audience factors that contribute to the viability of an entire media ecosystem as a foundation for quality news reporting. The concept builds on five areas, broadly described below ¹:

- ◊ Community: the audience and its relation to media outlets
- ◊ Technology: access to technology necessary for successful media operations
- ◊ Economics: the media industry business dynamics
- ◊ Content: traditions and standards of quality content
- ◊ Politics: government's role in regulating the industry

A viable media industry creates a foundation for economic, cultural and civil society growth. As Bangladesh transitions to a middle income country, the media industry has the opportunity to support continued economic growth as the society transitions from agricultural production to manufacturing and subsequently from manufacturing to services like media. A successful, vibrant media industry is necessary for employment, training and popular appreciation of Bangladesh's local news and cultural output. Without the contributions from a viable media industry, Bangladeshi audiences will increasingly be left with the subtitled work of global media companies and imported Bengali news and entertainment programming from India.

This report creates an outline of the Bangladesh media industry, highlighting factors that are critical to the viability of the industry. The research is divided into five sections:

- ◊ Audience Fundamentals: Media and Financial Access and Usage
- ◊ Audience Attitudes: Understanding of and Relationship with Media
- ◊ Traditional Media: Fragmentation and Concentration
- ◊ Digital Media: Tradition, Control and Innovation
- ◊ Advertising Revenue: Growth and Challenges

Each section will highlight key elements in the local media industry that inform the five viability factors presented in the DW Akademie work.

The research has necessarily been hindered due to access limitations imposed by the global coronavirus pandemic. The research has resorted to different "polls and surveys" to obtain feedback as a substitute for direct field interviews or focus group discussions. The work has also built upon secondary sources from Bangladeshi media outlets and academics. As a result, some trends and factors may have been under-represented. Nevertheless, we hope this research can provide a starting point for media professionals and policy makers to craft a framework for the local media industry that helps support viability and growth.

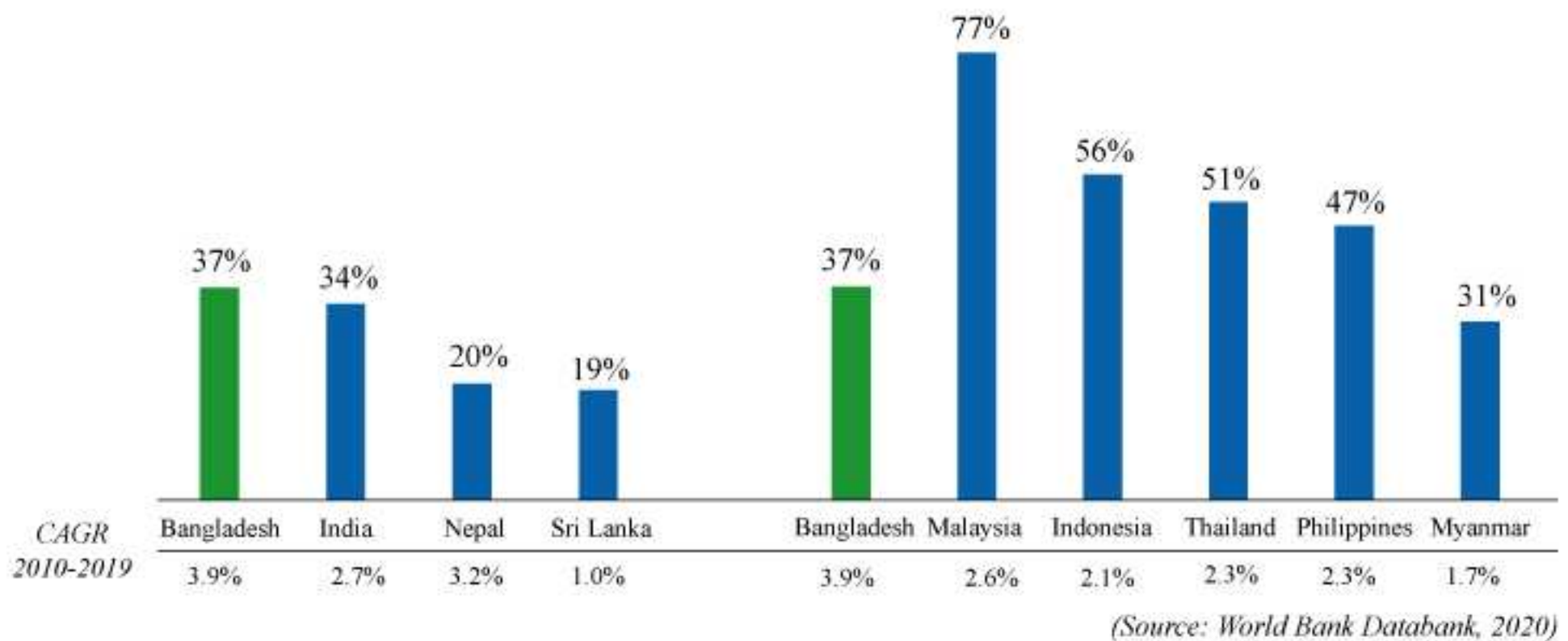
¹ "More than money. Rethinking Media Viability in the digital age", Deutsche Welle Akademie, Laura Schneider, 24 May 2019

Audience Fundamentals: Media and Financial Access and Usage

The viability of a media market is first defined by the demographic and technological profile of the audience. Media is communications and the viability of communications is defined by access, whether anyone is able to listen, watch, or read what is provided. Bangladesh's audience profile is changing rapidly. The country's demographics, while still not ideal, due to relatively low levels of urbanisation and literacy are rapidly improving. The audience's access to and use of technology is also expanding rapidly. This section will first examine these audience factors and then the impact that they have on media consumption.

Illustration - 1

Regional Levels of Urbanisation and Growth, 2019
with 2010 to 2019 CAGR²



Demographically, Bangladesh is primarily rural with only 37% of the population living in urban areas in 2019³, at par with other South Asian neighbours, but significantly lower than representative countries in Southeast Asia. With nearly 4% annual urban population growth between 2010 to 2019, which is significantly higher than countries in both South and Southeast Asia, Bangladesh's urban audiences are rapidly growing.

This demographic trend suggests two large audience segments. Rural audiences represent the largest segment at around 80 million adults (15 years or older). Urban audiences living in Dhaka,

² Ibid.

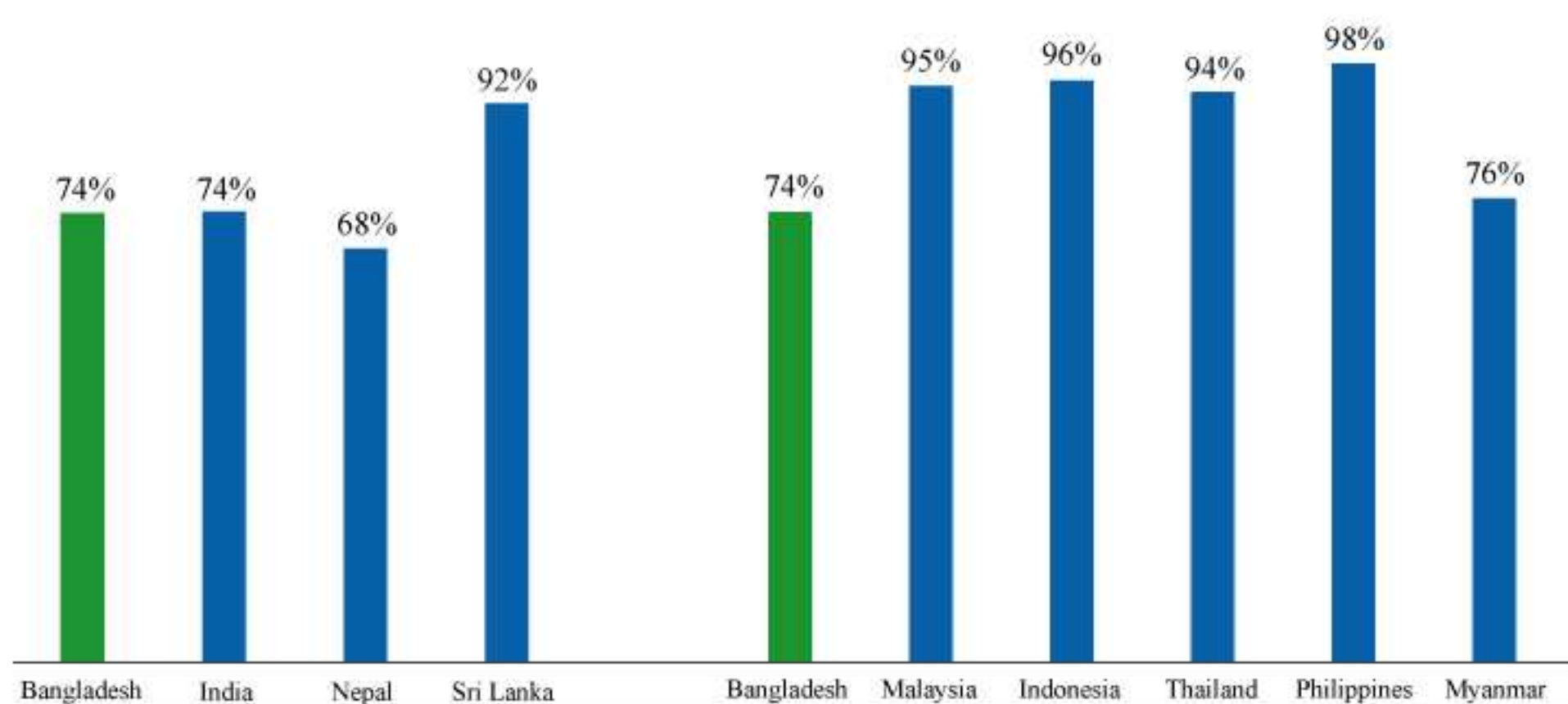
³ World Bank Data Bank, Source: UN Population Division. World Urbanization Prospects, 2019.

Chattogram and other regional centres represent a smaller audience of around 40 million adults. Finally, there is a third, an even smaller and very unique audience group of domestic migrants, moving from rural areas to urban and metropolitan areas.

Adult literacy is also a critical demographic underlying audience access to media. In 2018, three out of four people over 15 years were considered literate⁴. Bangladesh is again at par with the countries in South Asia, but lags behind a representative sample of Southeast Asian countries. Bangladesh has made major gains in raising literacy in recent years, jumping twenty-five percentage points from 49% in 2008 to 74% in 2018⁵.

Illustration - 2

Regional Comparison: Adult Literacy (15 years and older), 2019⁶



((Source: World Bank Databank, 2020))

Across the two macro audience segments - urban and rural - literacy levels are uneven. According to Bangladesh Bureau of Statistics⁷, urban adult literacy was 82% versus 67% in rural areas in 2019 - a fifteen-percentage point difference.

The second factor driving media viability is internet access and adoption. Bangladesh has been aided in recent years by the government's successful "Digital Bangladesh" strategy to accelerate the implementation and adoption of digital technology across the country. While estimates of internet access vary, the Bangladesh Telecommunications Regulatory Commission (BTRC) estimates that

⁴ World Bank Databank, UNESCO Institute for Statistics (uis.unesco.org)

⁵ "100 Percent Literacy Still a Far Cry", The Daily Star, 7 September 2019

⁶ Ibid.

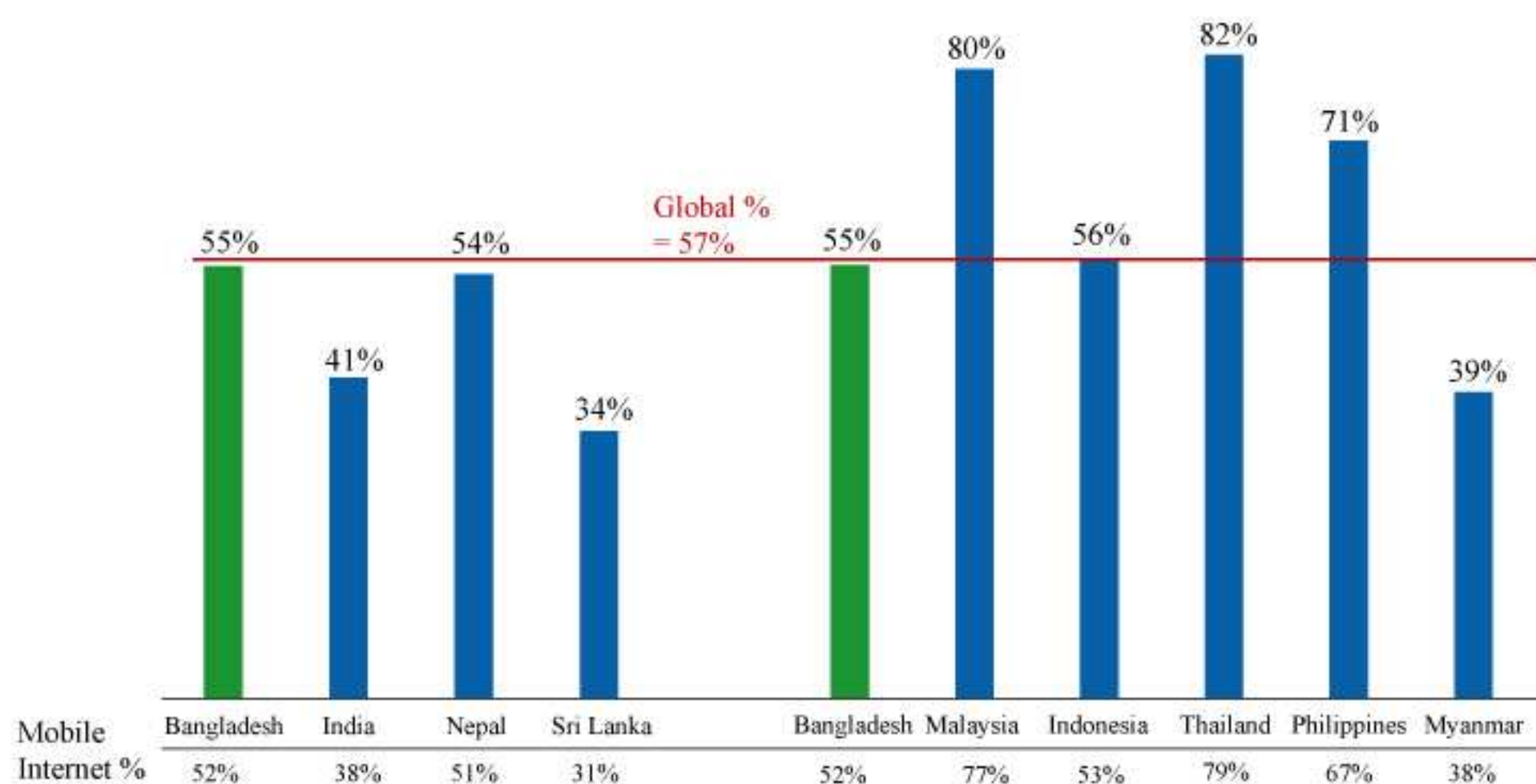
⁷ Bangladesh Statistics 2019, Bangladesh Bureau of Statistics, Statistics and Informatics Division, Ministry of Planning.

two out of three (66.5%) persons (15 years of age or older) had access to internet in the last 90 days⁸. High household mobile phone penetration of 94%⁹ gives confidence that total internet access, including mobile internet, will tend toward these higher estimates.

In order to compare across markets, this report selected the estimate from "We Are Social" a UK-based digital analytics consultancy which combines inputs from local statistics and international digital media analytics firms like Internet World Statistics and the GSM Alliance. This internet access estimate also reflects a more focused definition of access in the last 30 days.

Illustration - 3

Regional Comparison:
Internet and Mobile Internet Access, 2019¹⁰



(Source: We Are Social, 2019)

Looking across both South and Southeast Asian markets, Bangladesh's internet penetration is at par with the global average of 57%, ahead of most markets in South Asia, though still trailing the more digitally advanced markets of Southeast Asia. One factor, common to all Asian markets, is the importance of mobile internet access. In Bangladesh, of the 55% adults with internet access, 52% access through a mobile phone, similar to Indonesia in Southeast Asia where 56% of adults have access to the internet of which 53% access through a mobile connection.

⁸ Bangladesh Telecommunications Regulatory Commission (BRTC), August 2020.

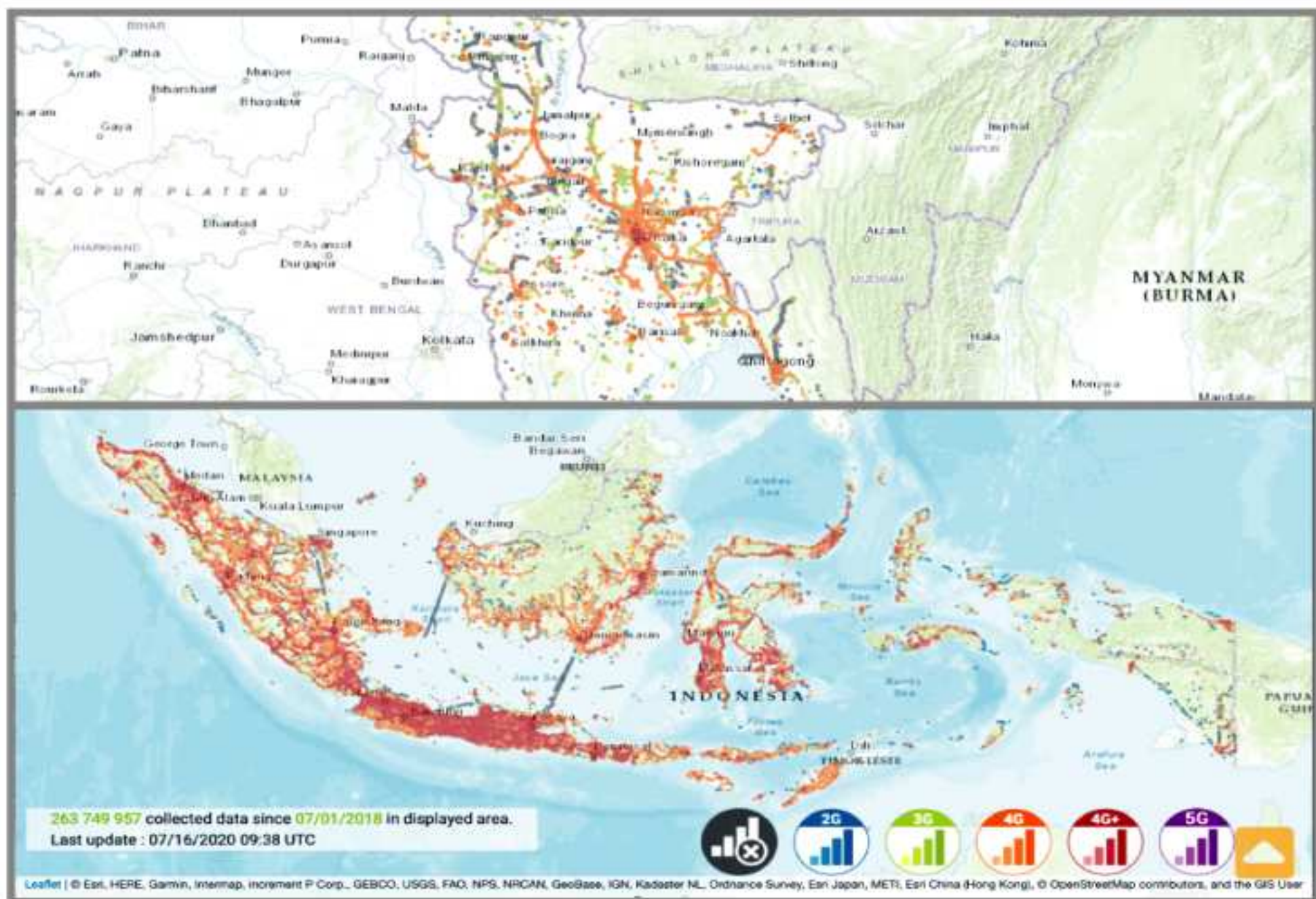
⁹ "We Are Social - Bangladesh, 2019".

¹⁰ We Are Social, Regional Digital Profiles, 2019.

Given the importance of mobile internet, the geographic coverage of high speed mobile signal also contributes to the viability of different types of news media. Comparing Bangladesh with Indonesia, Bangladesh's high-speed mobile coverage is still limited primarily to Dhaka, Chattogram, regional urban centres and the main transportation routes linking them. Indonesia, on the other hand, has seen more progress in the installation of high-speed mobile connections, especially in Java, the main population centre. The difference in connection speeds between Bangladesh's urban and rural audiences creates two digital media ecosystems - one, rural dependent mostly on simple mobile telephony and slower internet access, and the other, urban with nearly universal high-speed access.

Illustration 4

Comparative Mobile Coverage Maps, Bangladesh and Indonesia, July 2020¹¹



Across the two macro audience segments, urban and rural, we also find a marked difference in access to media technology. As we have seen, mobile phone access is nearly universal. Over 90% of both urban and rural households report having access to a mobile phone. Broadband internet access in urban households is 20 percentage points higher than access in rural households. Household ownership of television is over 50%, but again with the same urban-rural divide. Nearly three-quarters of urban households possess a TV, while only about 43% rural households have access to TV. Finally, radio ownership is uniformly low across Bangladesh with less than 1% of households

¹¹ Nperf.com. Coverage maps compare leading mobile operators Grameen Phone (BD) and Telkomsel (ID), July 2020.

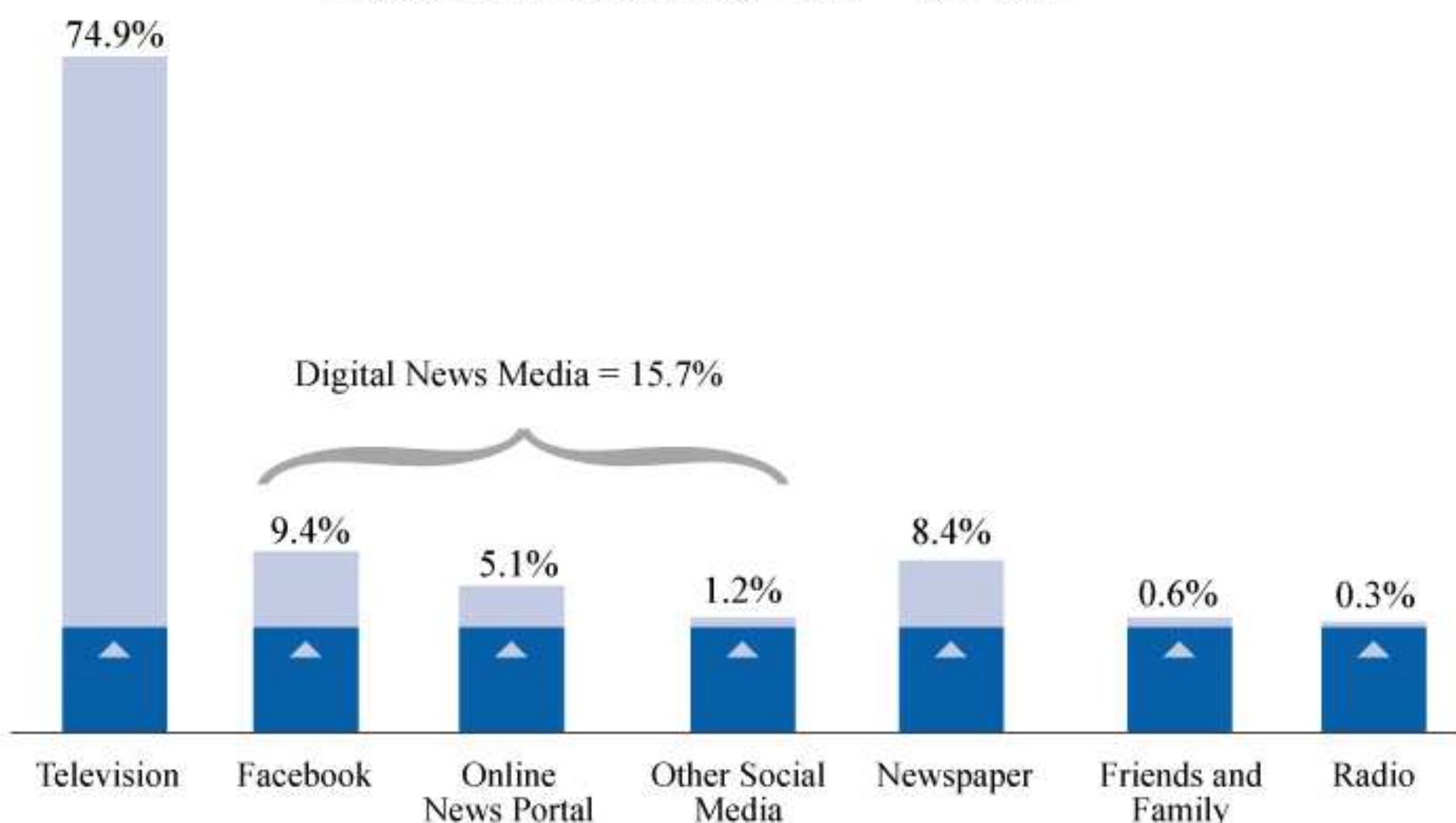
reporting access to a radio set¹². It should be noted here that mobile phone ownership is not considered the same as radio ownership, although even feature phones may be used as an FM radio.

Urbanisation, adult literacy and access to media technologies shape current Bangladeshi news media consumption. In the 2019 National Survey of Bangladeshi Public Opinion, television was the dominant choice for news consumption at 68%, followed by digital media both online news portals and social media and newspapers¹³. Radio played a much smaller role.

In order to examine differences in news media consumption by age, education and location, this report used the original dataset from the MRDI's "News Literacy" survey to perform special segment analyses. Consistent with the National Survey of Bangladeshi Public Opinion, the analysis shows a similar pattern. Television, again, is the choice of the majority across all demographics, followed by digital media, followed by newspapers. Radio and other sources consistently play a much more limited role in news consumption.

Illustration - 5

"What is Your Main Source of News" - % of Total¹⁴



(Source: News Literacy in Bangladesh, Special Analysis)

The special segment analyses underscore television's dominant role as a source for news consistently by age, education or location. But there are important differences in digital media and newspaper consumption driven, in large part, by age. Over one in four young adults said that digital sources were their main source of news. Young adults were almost 70% more likely to choose digital news sources than the overall population.

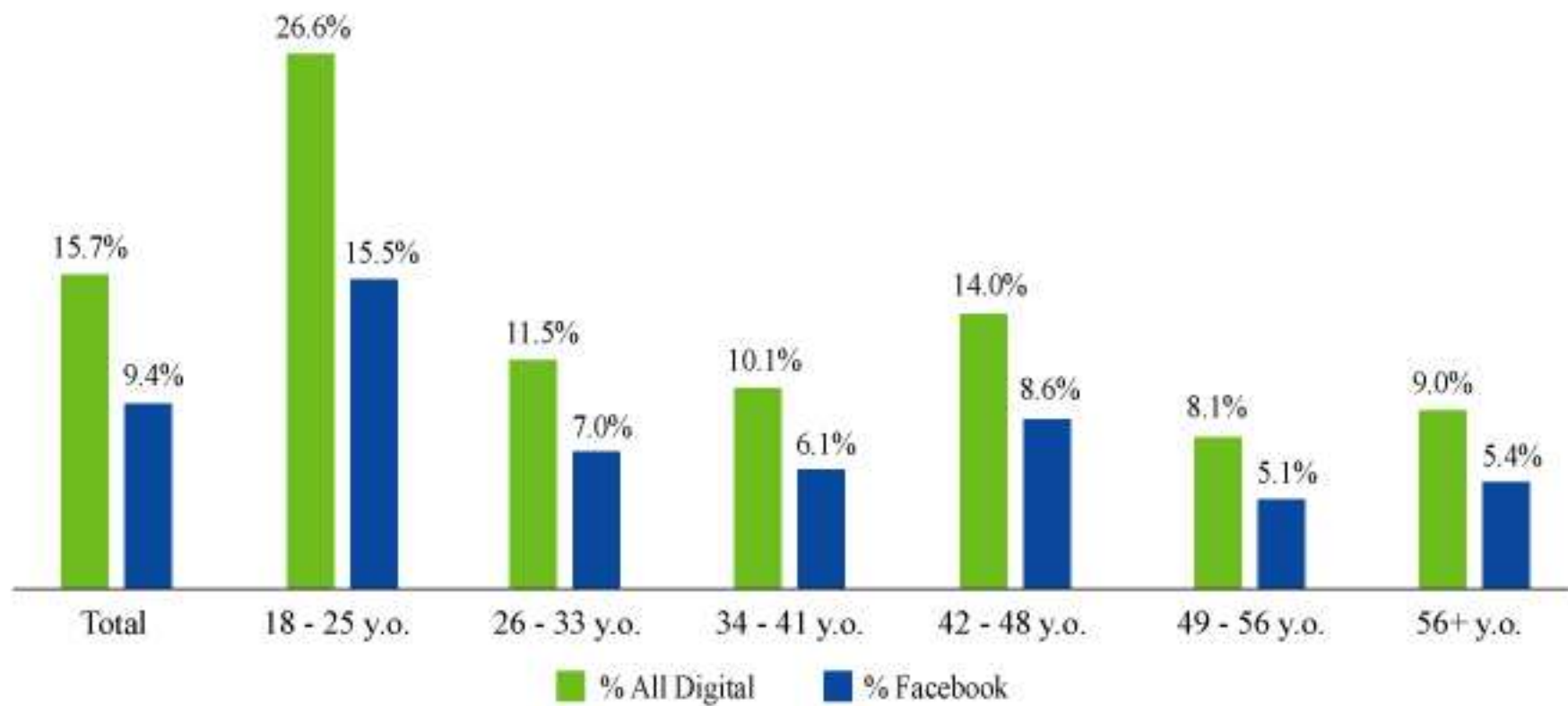
¹² Progotir Pathay Bangladesh, Multiple Indicator Cluster Survey, 2019, Bangladesh Bureau of Statistics, Table SR 9.2.

¹³ "National Survey of Bangladeshi Public Opinion", Centre for Insights in Survey Research, August 1 - September 15, 2019.

¹⁴ "News Literacy in Bangladesh", MRDI, 2020.

Illustration 6

"What is your main source of news?" - Digital/Facebook¹⁵

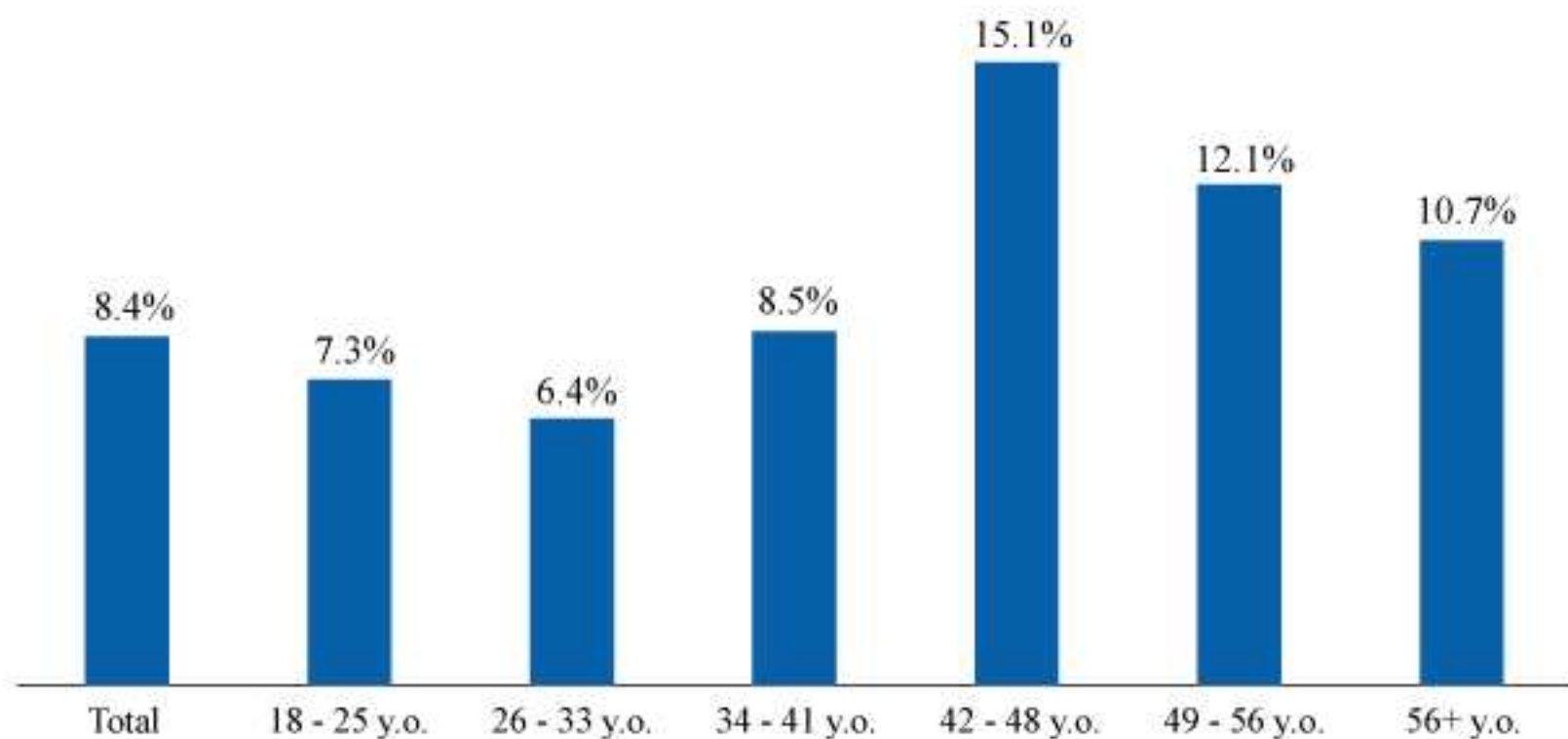


(Source: News Literacy in Bangladesh, Special Analysis)

Newspaper readership presented the exact opposite pattern. Adults over 42 years were substantially more likely to choose a newspaper as their main source of news than younger age groups.

Illustration 7

"What is your main source of news?" - Newspapers¹⁶



(Source: News Literacy in Bangladesh, Special Analysis)

¹⁵ Ibid.

¹⁶ Ibid.

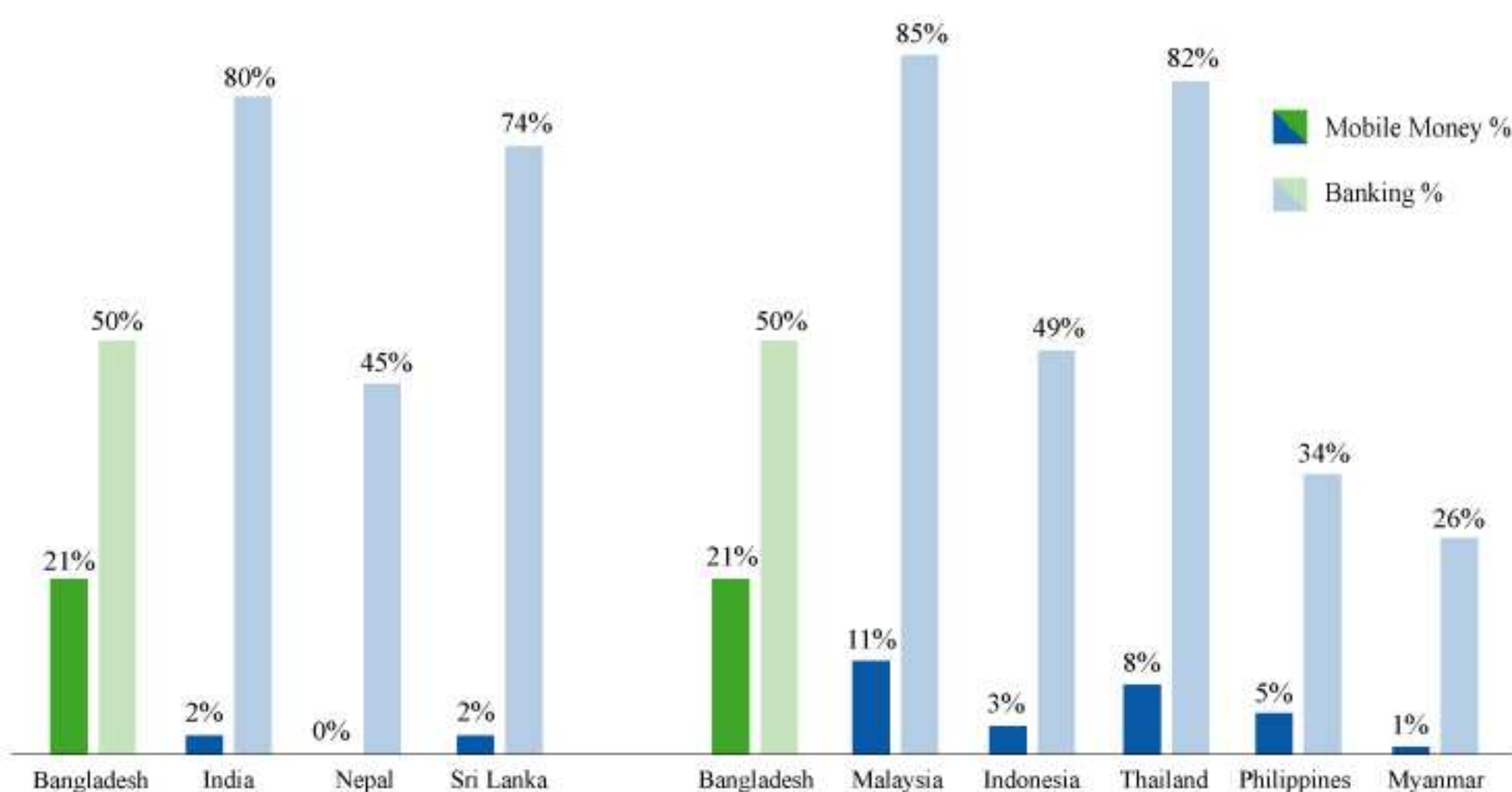
From this same special segment analysis the research can use time spent consuming the news as an indicator of news media engagement. For older consumers who turn to newspapers as their daily news source, over 10% spend more than two hours a day.

For younger consumers who turn to online social media, over 17% spend over two hours a day with social media, primarily Facebook¹⁷. These findings were broadly supported in the results of the focus group discussions held as part of the News Literacy project. Younger audiences are more inclined towards online sources for news; older audiences are less inclined towards online sources, and more inclined towards newspapers.

The News Literacy report also provided understanding of the news consumption habits among rural adults. Television dominates news consumption at a slightly higher level among the rural population than among the urban population. Online also comes in as a consistent second, with Facebook representing the majority of online news consumption for rural audiences. Urban consumers use digital sources more consistently, but also use a greater variety of news sources including Facebook, besides local news portals. Newspapers play a substantially smaller role for rural audiences. Less than 4% of rural audiences turn to newspapers, less than half the percentage in urban areas¹⁸. Radio, once again, plays no role.

Illustration 8

Regional Comparison: Financial Payments Access, 2019¹⁹
(Adults Over 15 Years of Age)



(Source: We Are Social, 2019)

¹⁷ Ibid.

¹⁸ "News Literacy in Bangladesh", MRDI, 2020, p 27.

¹⁹ We Are Social, World Bank Universal Financial Access, 2020.

A last important factor to understand the potential for audience support for digital news media is the level of financial inclusion and the use of digital financial services. About 50% of Bangladeshis have access to banking services, at par or ahead of several markets in South and Southeast Asia, thanks to mobile banking. Bangladesh stands out in its access to mobile money platforms like bKash and Rocket, which provide a simple substitute to most forms of retail cash payments, including utility bills. Total mobile money users in Bangladesh is approximately 40 million people with urban users representing a substantially larger share. bKash, the dominant provider with an 80% market share, is affiliated with BRAC Bank and the leading financial technology investor Alibaba's Ant Financial²⁰ and the World Bank Group's International Finance Corporation²¹.

Audience Fundamentals: Implications for Media Viability. Bangladesh has developed two different media audiences - one based in Dhaka and other urban centres and the second based in rural areas across the country. Both audiences turn to television as their most frequent source of news. Online media plays a similar secondary role for both audiences, but with Facebook playing a more dominant role among rural users. Urban consumption tends to resemble typical urban usage in South and Southeast Asian markets with heavy engagement among younger users. Rural online usage is still constrained by slower internet speeds and limited mobile coverage. Newspapers are an interesting case. They continue to remain an important news source among middle aged and older urban audiences. Rural audiences are substantially less dependent on newspapers. This is likely driven in part by lower rural literacy and fewer local newspapers.

Bangladesh's large and increasingly literate and connected audience provides a strong foundation for a viable media economy. But the rapid increase in literacy and internet access have created two very distinct audiences for media to serve - the increasingly literate and connected rural audience and the more established urban audience with faster connections and greater experience with digital media. Urban audiences increasingly have access to international credit cards and other digital payment tools which give them access to paid international media, such as Netflix. Together, the large, literate audiences with access to digital financial tools lay the foundation for a strong and potentially profitable digital media industry.

²⁰ "bKash and Ant Financial in Strategic Partnership to Promote Financial Inclusion for the Unbanked in Bangladesh", bKash Press Release, 26 April 2018.

²¹ "BKash Builds a Payments System for the Future", Asia Money, 27 March 2018

Audience Attitudes

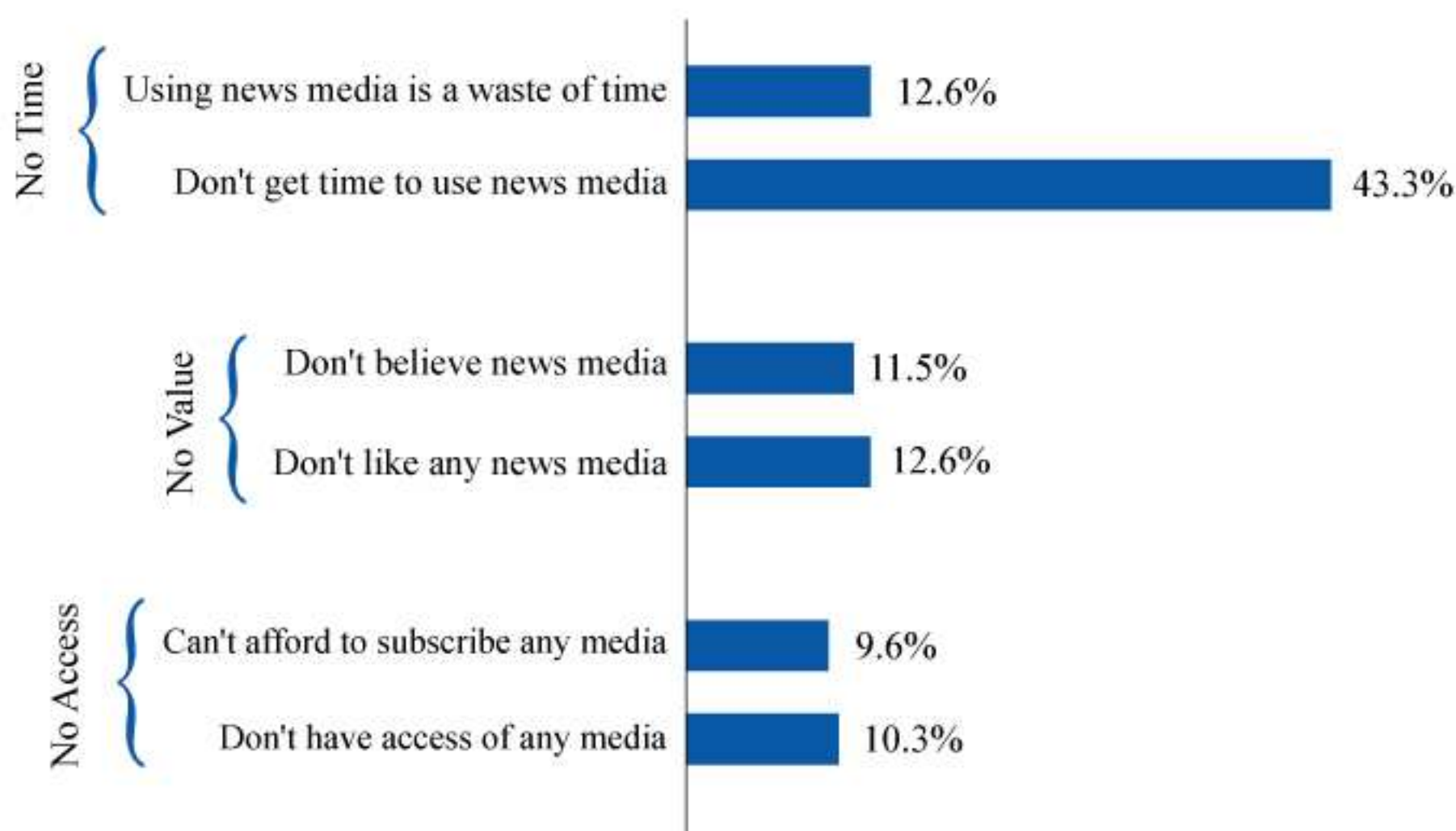
Understanding and Relationship to Media

Bangladeshi audiences have sufficient access to news. But access alone is not enough to support a viable news media ecosystem. Audiences must both understand the role of news and news media and have trust and confidence that news media is satisfying a need in their lives. Recent research suggests a significant deterioration in the relationship between Bangladeshi audiences and the news media industry.

Looking at the MRDI 2019 research on news literacy and media usage "News Literacy in Bangladesh", a surprisingly large segment of people were not news consumers. They did not need news. Over 80% of the respondents reported to be regular news media users. But almost one out of five respondents said they do not get news through a media outlet. The reasons offered for not using news media also suggest that non-users see little value in getting news content. Either it is not worth their time or worth their money or they do not have sufficient need to acquire access to news media²². Overall, Bangladesh has a large segment of non-news users for a population with significant and growing access to all types of media.

Illustration 9

Reasons for Non-Usage of News Media, 2019²³

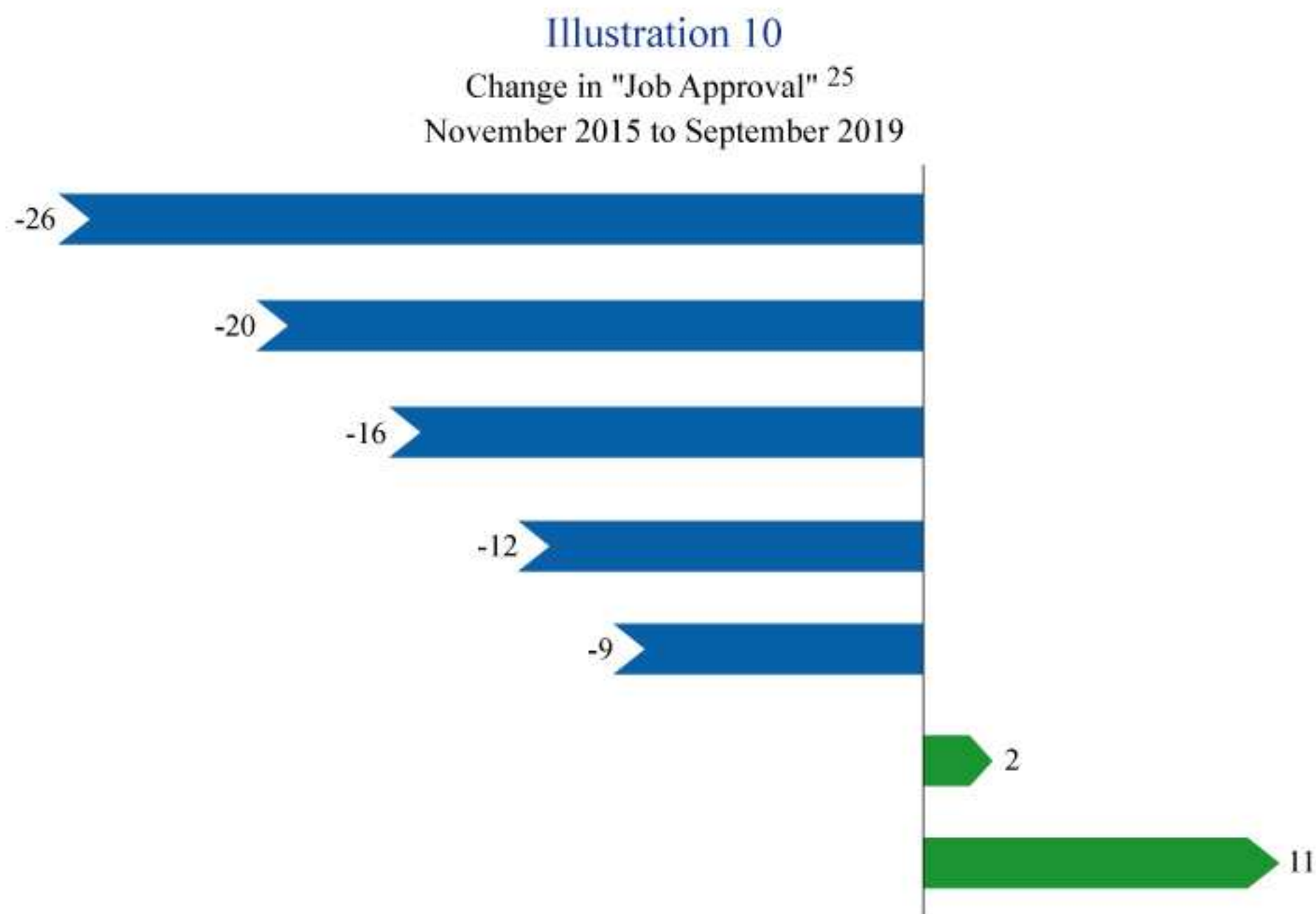


(Source: News Literacy in Bangladesh, Special Analysis)

²² "News Literacy in Bangladesh", MRDI, 2020.

²³ Ibid.

Other research provides further evidence of a general decline in the reputation of news media. In the 2019 National Survey of Bangladeshi Public Opinion, the percentage of people responding that the media "was doing a good job" declined by 26 percentage points from 89% in November 2015 to 63% in September 2019.²⁴ While many of Bangladesh's foundational institutions saw similar declines in public opinion, the media experienced the deepest decline.



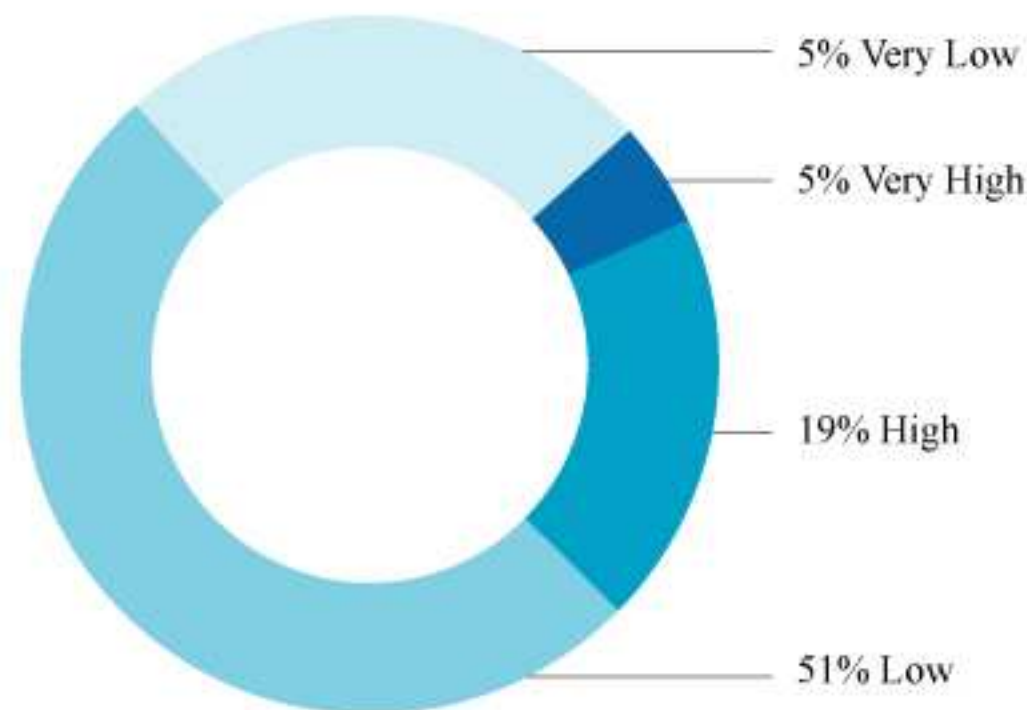
(Source: National Survey of Bangladeshi Public Opinion, 2019)

Bangladesh's strong audience fundamentals are undermined by a declining confidence in the media's ability to "do its job". The question for media viability is why. MRDI's "News Literacy" research provides some answers. The research defined a level of "news literacy" based on consumer attitudes about the news media and their understanding of the news media ecosystem. The research defined four news literacy segments based on their understanding of the news industry and their confidence in their ability to understand and control the impact of news.

²⁴ National Survey of Bangladeshi Public Opinion, Centre for Insights in Survey Research, August 1 - September 15, 2019.

²⁵ "National Survey of Bangladeshi Public Opinion", Centre for Insights in Survey Research, 1 August to 16 September 2019. Respondents answer to "Thinking now about the following institutions and people, would you say you approve or disapprove of the job they are doing?" Total "good job".

Illustration 11
News Literacy Segments, 2019 ²⁶



(Source: News Literacy in Bangladesh: National Survey, 2020)

High news literacy is a relatively rare characteristic of audiences in Bangladesh. Based on the survey sample, there are five times as many consumers with "very low news literacy" as there are consumers with "very high news literacy". News literacy did not vary significantly by location but did vary with age. News consumers among the youngest age group (18 - 25) and the oldest age group over 56 years tended to have higher news literacy. News literacy also varied with the level of education. While news literacy varied by age and education, overall proportion of high and very high news literacy was a third of low and very low news literacy .

A significant part of Bangladesh's potential news audience lacks the understanding to appreciate quality news reporting or evaluate "fake news". Based on the same "News Literacy" survey almost two thirds of the news consumers (63%) reported having experienced "fake news". When asked whether the respondent ever checked the validity of news items, over half (57%) confirmed that they check the validity of news from media outlets versus 8% who check the validity of government notices and only 5% that check the accuracy of social media posts. Low news literacy and a deterioration in the appreciation for the work of news organisations threaten the very foundations of a viable news media industry.²⁷

Audience Attitudes: Implications for Media Viability. Bangladesh's attractive audience fundamentals create a solid base for news media to thrive. But the audience's lack of understanding of the news media's work and role in society, the declining regard for the work of journalists and media operators and the frequency of "fake news" substantially undermines this foundation. Audiences need news, but they apparently do not understand where news comes from or trust the organisations that provide it. Understanding "media trust" and "news literacy" are important first steps to creating a plan to rebuild trust and understanding of the news industry, necessary to ensure the viability of the news media industry in future.

²⁶ "News Literacy in Bangladesh: National Survey", MD Saiful Alam Chowdhury, MRDI, June 2020.

²⁷ *ibid.*

Traditional Media Fragmentation and Concentration

Newspapers and television have long played a formative role in the political and cultural life of Bangladesh. Since the mid-1990's, economic growth and relaxation of regulations governing private media houses have allowed the number of news publications and TV channels to grow dramatically. Today the structure of the print and TV news industry is a major factor in the viability of news media. Fragmentation among hundreds of publishers and dozens of TV operators make the competition for advertising revenue intense and profitability low. Amid the fragmentation of media outlets, Bangladesh has also experienced the corporatisation of media by major industrial groups, operating in other lines of business. In aggregate, the traditional media industry exists in the worst of all scenarios, both intensely competitive and increasingly consolidated. For most media outlets, operating margins are reportedly small to negative. Resources needed to produce high quality, high cost reporting are mostly lacking. The following section will look at the industry structure and its impacts on news media viability.

Bangladesh today may be one of the most heavily served media markets in the world. Television audiences can choose from over 30 domestic channels and dozens of international providers in Bengali, English and other languages. In addition to daily news and talk shows on most TV channels, audiences can also choose from eight "news only" channels. The TV industry is concentrated in Dhaka and focuses mostly on national news and regional stories with a national audience. Local coverage from around the country is very limited.

Illustration 12
TV Channel Overview, 2020

Programming Type	No. of Channels	News Channel	Ownership
General Entertainment Channels (GEC)	19	ATN News	ATN News Ltd.
News	8	Channel 24	Times Media Group Ltd.
GEC + Sports	2	DBC News	Dhaka Bangla Media & Communication Ltd.
Music	1	Ekattor TV	Ekattor Media Ltd.
Kids	1	Independent TV	Beximco Group
Total	31	Jamuna TV	Jamuna Group
		News 24	East West Media Corp/Basundhara Group
		Somoy TV	Somoy Media Ltd/City Group

Print media presents an even more crowded market with almost seven hundred publications registered with the Ministry of Information's Directorate of Film and Publications as of August 2020. Most daily newspapers are published in Dhaka.

Illustration 13

Registered Publications, August 2020²⁸

Frequency	Dhaka	Regional/Local	Total
Daily	245	296	541
Weekly	68	36	104
Others	40	8	48

(Source: Directorate of Film and Publications MOI, August 2020)

Newspapers are published in both Bengali and English. Of the 39 English dailies, all but two are based in Dhaka. The top two English dailies, The Daily Star (circulation 44,814) and The Financial Express (circulation 41,000), are both Dhaka-based according to the official data as of August 2020. Among the Bengali newspapers, two stand out by circulation, Bangladesh Pratidin and Prothom Alo both reporting circulations of over half a million in August 2020. Regionally, most newspapers report smaller circulation of less than 10,000 copies. Outside Dhaka, Barishal in the south central region reports eighteen daily newspapers and Chittagong reports sixteen dailies. Large local dailies exist in Barishal (Daily Ajker Barta, circulation 85,000), Bogura (Daily Karatoa, circulation 75,000) and Chittagong (Daily Purbokon, circulation 62,100; Daily Azadi, circulation 62,000).

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Newspaper circulation as reported to the Directorate of Film and Publications is self-reported by the publishers. Reported circulation numbers over recent years have seen very little change even in the face of growing demand for news from digital sources. The two leading newspapers Bangladesh Pratidin and Prothom Alo have both reported exactly the same circulation since 2017. One leading editor estimates that newspapers have been losing between 5% and 10% of their readership every year over the past few years³⁰. But the decline in readership does not seem to impact the circulation figures reported to the government. The Bangladesh government uses the reported circulation

²⁸ Audit Department, Directorate of Film and Publications, Ministry of Information, August 2020.

²⁹ *ibid.*

³⁰ "Bangladesh newspaper industry bucks global trend in circulation slump, but how?", BDNews24.com, 12 January 2020.

figures to set prices for government advertising contracts, giving an incentive for publishers to inflate their actual circulation figures. The research found no independent circulation auditing institution, similar to the Audit Bureau of Circulations in North America, Europe and India. The lack of independent audits for circulation creates an incentive for inflated circulations to justify government subsidies through "advertisement spending". Government ad spending may generate sufficient revenue that some 'ghost' newspapers continue to publish that would have otherwise exited the market.

All but the largest publishers reportedly operate with little to no profit margins, often fully dependent on circulation revenue and government advertising. The impact of the COVID-19 pandemic on newspaper circulation revenue reveals the fragile operating³¹ situation for most publishers. The pandemic has ended most direct print sales and pushed many newspapers out of print and potentially out of business. The Bangladesh Independent Journalists Network surveyed newspaper publishers across the country in the last week of June and the first week of July in 2020 to understand the impact of the coronavirus outbreak on operations. According to the survey, 60% of over 400 publishers had completely ceased printing, another 5% were publishing irregularly. The publications also report dismissing as many as 1600 journalists, mostly working in regional publications³².

The precarious business results of most print and TV newsrooms have existed in Bangladesh from before the coronavirus outbreak. TV channels have reduced or ended their news programming, leaving journalists unemployed. Newspapers often reduce wages, delay salary payments and limit support for journalists on assignment. Journalists are often left with covering travel expenses and during the COVID-19 coverage many journalists were left to find their own personal protective equipment³³. The financial pressure on working journalists drives talent away from reporting to more lucrative communications fields in Bangladesh's growing IT, digital and trading sectors. For regional journalists the impact is more insidious. Regional journalists have long had to perform as more than just news reporters. According to some reports, reporters working in the regional press are often tasked with advertisement collection and ad sales³⁴. The frequent lack of clarity in terms of journalist roles and the pressure on journalist salaries creates a ripe environment for corruption in the reporting process. Some stories may be overlooked or killed for a fee, others will be written for a fee. The impact predictably lowers the quality of reporting and erodes the audience's trust in the value of the work.

For most traditional media outlets, operating margins are low and for many negative. That they continue to operate, implies a non-commercial incentive. For TV operators many are reportedly directly or indirectly related to a political faction or party. TV operators must register and obtain a license from the government, which creates an opportunity for political patronage and potentially precludes the objectivity and independence needed for quality news reporting. Print publications, especially the larger ones, are increasingly owned by major Bangladeshi conglomerates. Corporatised media obtain the benefit of improved management and access to managerial expertise, but may also be subject to corporate efforts to win favour with the government.

³¹ "Job uncertainty restricts journalists' freedom in Bangladesh", DW.com, 9 December 2019.

³² "Survey: Over 60% of local newspapers have shut down in Covid-19 pandemic", Dhaka Tribune, 11 July 2020

³³ "Coping with COVID-19", MRDI, September 2020.

³⁴ "The Economy of Bangladesh's Digital Media", International Federation of Journalists, South Asian Office, 15 November 2018.

Illustration 14

Bangladesh Industrial Groups with Media Assets

Industrial Group	Major Lines of Business	Print	Television	Radio	Other
Transcom Group	Pharmaceuticals, Electronics, Logistics, Food & Beverage	- Protham Alo - The Daily Star		-ABC Radio	
Bashundhara Group	Real Estate, Construction Mtls, Food & Beverage	- Bangladesh Pratidin - Kaler kantho - The Daily Sun	- News 24 - T Sports	- Capital FM Radio	-BanglaNews24.com
Jamuna Group	Textiles, FMCG, Chemicals, Construction Mtls	- Daily Jugantor	- Jamuna TV		-Rubicon Advertising
Hameem Group	Textiles, Clothing	- Samakal	- Channel 24		
City Group	Food processing, Printing & Packaging, Shipping, Energy		- Somoy TV		

For traditional media, the role of government is greater than just licensing and registration. Government plays an active role in advertising for government services. But government pressure on major advertisers like mobile telecom operators, who require government approval for their licenses and are closely monitored by the largely state controlled telecoms regulator, has also reportedly been brought to bear to suspend advertisement in certain newspapers for unfavourable coverage³⁵.

Traditional Media - TV and Print: Implications for Media Viability. The current structure of the traditional media industry is fragmented and mostly unprofitable. For these media outlets, especially local/regional newspapers, inflated circulation numbers and government advertisement help continue operations that are not commercially viable. For these operators, the focus is more on government needs than on audience needs. Low profitability means operators must keep expenses low. Journalists with these publications often suffer from low pay or delayed salaries which impact their professionalism and the quality of journalism, affecting the audience's regard for media in general.

The larger and more viable newspapers are often corporatised which can provide investment and management support during difficult times, like during a pandemic or digital transition. But corporate control can also run the risk of undermining the objectivity and independence of reporting. The perception of bias for corporate media houses can again impact the audience's trust in overall media.

³⁵ "Bangladesh blocks media ads, curbs press freedom", DW.com, 30 October 2015

Local traditional media in Bangladesh is especially fragile. Bangladesh's audiences are still predominantly outside Dhaka and the major cities. While many of the national newspapers and TV outlets provide some limited local/regional coverage, none have a dedicated focus on regional audiences. The largest of these regional outlets are likely struggling from a fall in circulation due to the coronavirus pandemic and consequent steep decline in advertising.

In aggregate, Bangladesh is oversupplied with traditional media. Many of the larger outlets are part of conglomerates which may undermine their independence in the eyes of the audience. The hundreds of smaller publications and the dozens of TV outlets are likely unprofitable or survive on government advertising. To keep costs down, journalists' salaries are low and often delayed, pushing the best reporters out of the industry or creating conflicts of interest that undermine the independence and quality of reporting. For local audiences outside Dhaka, almost two-thirds of the population, these structural issues are likely acute and contribute to media "black holes" where no locally relevant news reporting is available.

Digital Media: Tradition, Control and Innovation

Traditional media companies also dominate online news media in Bangladesh. Newspaper and TV news providers make up the majority of the top news websites, as of November 2020 according to global measurement firm, Similar Web. Only four sites were online-only: bdnews24.com, BanglaTribune.com, JagoNews24.com and BanglaNews24.com.

Illustration 15
News Sites in the Top 100 Bangladesh
Websites by Traffic, November 2020³⁶

Media	URL	Mobile App	November 2020		
			News Rank	Visits (mm)	FB Likes (mm)
Prothom Alo	prothom.com	iOS, Android	1	23.4	15.2
Daily Jugantor	Jugantor.com	iOS,	2	6.6	6.7
Daily Kaler kantho	Kalerkantho.com	iOS	3	6.5	7.3
BDNews24.com	BDNews24.com	iOS, Android	4	6.0	9.1
Bangladesh Pratidin	BD-Pratidin.com	iOS, Android	5	5.7	1.8
Bangla Tribune	BanglaTribune.com	Android	6	4.6	3.7
JagoNews24.com	JagoNews24.com	iOS, Android	7	4.0	4.6
Somoy News Tv	SomoyNews.tv	--	8	3.7	7.2
The Daily Star	thedailystar.net	iOS, Android	9	3.0	3.2
Ittefaq	Ittefaq.com.bd	Android	1	2.7	2.7
Daily Naya Diganta	DailyNayaDiganta.com	--	11	2.5	9.8
Manb Zamin	Mzamin.com	--	12	2.4	1.0
banglaNews24.com	banglaNews24.com	iOS, Android	13	2.2	4.2
Jamuna TV	jamuna.tv	Android	14	2.0	2.8
Daily Bangladesh	daily-Bangladesh.com	--	15	1.9	3.7
Samakal	Samakal.com	iOS, Android	16	1.7	2.0
Daily Inqilab	DailyInqilab.com	Android	17	1.7	1.5
Amader Shomoy	DainikAmaderShomoy.com	--	18	1.3	0.8

³⁶ SimilarWeb, November 2020. BD Ranking based on in country traffic. Visits represent total visits in the month. Facebook Likes from observation 25 December 2020.

Digital media in Bangladesh is reliant on digital advertising to support operations. Based on research estimates, digital advertising represents approximately 10% of total ad spending or about US\$ 30 million in 2019. While most major online media outlets present direct sales materials and pricing on their websites, surveys of the main websites reveal most advertising inventory used by the major global ad networks. Only Prothom Alo appears to have consistently direct digital sales revenue. Online sponsored content, sometimes referred to as "content marketing" or "native advertising" also appears to be relatively rare. These site surveys were conducted during the third quarter of 2020 and may reflect low advertising interest due to the pandemic.

Subscription, as a source of revenue for news websites, has yet to gain currency in Bangladesh. With the exception of Prothom Alo's e-paper subscription, Bangladesh's online news outlets have not implemented subscriptions or online membership schemes. This is substantially different from the current regional practice where paid online subscriptions are now a common part of the revenue for major media groups like The Straits Times of Singapore, Kompas in Jakarta and The Star newspaper group in Kuala Lumpur and several newspaper groups in India.

There is some foundation emerging for paid content in Bangladesh. In addition to Prothom Alo e-paper subscription, streaming entertainment services offer some precedent for paid access to content. The mobile operators offer some exclusive streaming services, like Grameenphone's Bioscope, which are paid through the mobile device. US-based Netflix officially launched their Bangladesh service in 2016 with cached servers in-country and reportedly have approximately 200,000 subscribers³⁷. BTRC reports that Netflix earns over \$20 million from domestic accounts charging subscription fees in US dollars to their international credit cards³⁸. Finally, local streaming services like Bongo BD have also begun to offer subscription services to Bangladeshi consumers. The combination of simple mobile money payments and the early precedent from streaming services for high demand entertainment potentially creates a platform for paid news and other services in Bangladesh.

Structurally, Prothom Alo plays a dominant role in the online media industry. The news organisation is consistently among the top five websites, both among international and domestic websites according to the volume of Bangladeshi audience. Prothom Alo's traffic volume is several times higher than the next largest media site and its Facebook page is more popular than any other commercial page in Bangladesh with the exception of leading mobile phone operator Grameenphone³⁹. Prothom Alo's dominance reportedly made it an early partner in the launch of Google AdSense in Bengali in 2017⁴⁰. Prothom Alo's traffic and social engagement strength has given it a commanding role in the competition for digital advertising. The early experience and learned expertise put the company well ahead of other websites of media outlets in understanding how best to maximise digital advertising revenue. After Facebook and Google/YouTube, the company is likely the largest recipient of digital advertising in Bangladesh.

³⁷ "Why streaming not skyrocketing in Bangladesh", The Financial Express, 12 December 2020.

³⁸ Ibid.

³⁹ SocialBakers, Bangladesh, December 2020.

⁴⁰ "Behind The Rise of Prothom Alo Digital and The Future Of Digital Media Business In Bangladesh: An Interview with Ahteram Uddin, COO, Prothom Alo Digital", Future Startup, 8 May 2018

While Bangladesh has seen a mix of web only news start-ups beginning with bdnews24.com as early as in 2005, most of the news websites conform very closely to the news content and business models of newspapers that also have an online presence. Innovation in online news and programming has remained relatively low. In order to understand some of the obstacles and challenges to media entrepreneurship and innovation, this report surveyed several dozen media professionals about their attitude towards entrepreneurship and the opportunities and challenges they might faced in Bangladesh today.

Bangladeshi journalists and media professionals clearly have the confidence needed to launch new media outlets to complement and challenge the leading mainstream media. Over half of the respondents agreed or strongly agreed that they had the necessary skills to start their own media outlet and "fix journalism" in Bangladesh⁴¹. These potential entrepreneurs also saw opportunities in very specific areas of reporting, like public health or environmental news where more independent coverage was needed. Less than a third felt that there was a need for more "General Political" coverage. In addition, almost all of the respondents saw a need for greater use of data journalism techniques (80%) and investigative journalism approaches (92%).

Illustration 16
Percent Agreeing or Strongly Agreeing
To Need "More Coverage"⁴²

Coverage Area	More Coverage	More Independent
Public Health News	88%	24%
Environmental News	86%	31%
Agricultural News	80%	51%
Education News	80%	33%
Technology News	76%	55%
Business & Finance	73%	18%
Legal & Judicial News	69%	20%
General Political News	29%	18%

Bangladesh's potential media innovators have the confidence and vision to see opportunities in developing new media properties. Most agreed that government regulation was the primary obstacle to pursuing a media start-up. Many cited the need for online news site registration and the 2018 Digital Security Act as impediments to venturing into new areas of reporting, even outside the often sensitive political news reporting.

⁴¹ Bangladesh Media Entrepreneur Survey, July-August 2020. Due to the travel and meeting restrictions imposed because of the COVID-19 outbreak in Asia. Journalists and media professionals were surveyed to understand their attitudes toward journalism and media entrepreneurship in Bangladesh. The survey sample was limited by distribution issues. A total of 51 respondents from across Bangladesh participated. The results are directional. The research will limit the use of the results to illustrate key points and issues.

⁴² Bangladesh Media Entrepreneur Survey, July-August 2020.

In recent years, the government has worked to limit the impact of disinformation and regulate and manage the growth and evolution of broadcast and digital media. The role of government regulation, especially as regards digital media, has given rise to potentially higher risk factors for entrepreneurs which thwarts the development of new media ventures. In 2017, the government passed the National Online Mass Media Policy mandating all online news portals to be registered with the government and proposed a new National Broadcast Commission to help oversee the registration process⁴³. This policy was subsequently codified into law under the National Broadcast Act, 2018. This law was followed by passage of the Digital Security Act (DSA), an extension and deepening of Article 57 of the 2006 Information and Communications Technology Act. Together, these laws create uncertainty, which raises the risks of any media start-up.

The National Broadcast Act 2018 proposed to create a National Broadcast Commission, composed of seven commissioners who would oversee registration and approval of the broadcast and online mass media industry⁴⁴. The law applies only to online and broadcast media properties that are not already registered under another law, such as newspaper websites whose registrations are included under the newspaper's own registration. In September 2020, the government clarified that the registration requirement applied to all unique online content from newspapers and broadcast TV outlets. Only the e-paper facsimiles of online newspapers were covered under the original newspaper registrations⁴⁵. In addition, the new law seeks to restrict multimedia content, specifically the distribution of video through newspaper websites⁴⁶.

In the months since the law was passed, over 3,500 online media outlets have applied for registration as of December 2019. Media outlets are not permitted to publish online without an approved registration⁴⁷. The Ministry of Information and Communications reports that 34 news websites were approved in July 2020 and 92 online newspapers were approved in September 2020. Registrations must be renewed annually and media companies must renew their registration every five years⁴⁸. According to the ministry, the Press Information Department will receive and process applications until the National Broadcast Commission is formed⁴⁹.

Bangladesh's 2018 Digital Security Act (DSA) has received significant coverage in both the local and international press for its broad powers. The law criminalises recording of government officials with digital devices, negative comments about Bangladesh's 1971 War for Independence and the country's founding leader. The law also gives law enforcement the right to arrest and seize digital equipment of journalists without a court order⁵⁰. According to a recent statement issued by the

⁴³ "Registration a must for online mass media", The Daily Star, 20 June 2017.

⁴⁴ "Cabinet approves new act to create independent National Broadcasting Commission for Radio, TV and Online Mass Media", Bangladesh NGO's Network for Radio & Communications, 15 October 2018.

⁴⁵ "Registration obligation of online version of newspapers, TV, radio blueprint to control media: TIB", Prothom Alo English, 2 September 2020

⁴⁶ "Information minister: Online news portal registration next week", Dhaka Tribune, 2 December 2019.

⁴⁷ *ibid.*

⁴⁸ "Draft broadcast law gets nod", The Daily Star, 16 October 2018.

⁴⁹ "Govt fixes Tk 10,000 as registration fee for online news portals", The Financial Express, 15 September 2020

⁵⁰ "Bangladesh editors protest 'chilling' Digital Security Act", Al Jazeera, 16 October 2018.

Bangladesh Editors' Council (Sampadak Parishad), in the first six months of 2020 almost forty journalists have been arrested and jailed under provisions of DSA⁵¹ .

For digital media innovation and entrepreneurship, the combined laws raise the risk for any new media entrepreneur. Slow and changing registration processes stifle the pace of a media start-up entering the market. The reported limitations on multimedia content undermine the ability of media innovators at both traditional media houses and start-ups to embrace multimedia news presentation combining text, photo, video, audio and data. The broad interpretation of the Digital Security Act also discourages media start-ups who lack the resources of a major media house to contest lawsuits and counter the legal threats to individual journalists. Together, the two laws raise the risk and potential cost of media innovation in reporting as well as distribution. The higher risk will reduce media innovation and cede the field for new media techniques to Bengali media outside of the law's jurisdiction. The laws end up acting as shackles on digital media creativity and undermine the country's potential to lead new media creation in South Asia.

Digital Media: Implications for Media Viability. Digital media is often the catalyst to re-energise traditional news reporting. Digital media entrepreneurs find new under-served audiences, new reporting "beats" and new ways to compose and deliver quality news. This entrepreneurial spirit is especially important in a market like Bangladesh where audiences evolve rapidly. The new legal controls and regulations on digital media deny much needed oxygen to both startups and traditional media newsrooms transitioning to online.

Bangladesh has the entrepreneurial confidence to develop new commercially viable online news products. Digital advertising is growing and there is adequate space for paid content platforms. Long term media viability will require innovation and experimentation to serve new audiences both among young adults and rural audiences just joining the internet. A more predictable regulatory environment will be necessary for media innovators to take the risks needed to serve these emerging audiences.

⁵¹ "Sampadak Parishad condemns arrest of journalists under Digital Security Act", The Daily Star, 30 June 2020.

Advertising Revenue: Current Landscape

Media's financial viability in Bangladesh is almost exclusively reliant on advertising revenue. Examples of paid content, such as newspaper sales and subscriptions or online paid content sales are relatively small. Building an understanding of the local advertising market is complicated in part by the lack of widely available third party metrics and also a grey market in digital and cable TV advertising that is hard to quantify. This section outlines the major features and issues in Bangladesh's advertising industry that impact media viability.

Establishing the size of the Bangladesh advertising industry is complicated. The industry lacks any reliable public third party data gathering and analysis. The local Advertising Agencies Association of Bangladesh (AAAB) provides a local advocacy role for the industry, but unlike similar associations elsewhere does not provide any regular industry metrics or guidance on size, mix by media, advertiser or national versus local spending. A starting point for estimating the potential for advertising in Bangladesh begins with understanding the relationship between ad spending and GDP. According to media economists, Richard van der Wurff and Piet Bakker of the University of Amsterdam and Robert Picard of Jonkoping International Business School, Sweden "economic growth goes hand in hand with rising advertising expenditures. Advertising expenditures are a measure for aggregate advertising demand, and microeconomic theory predicts that demand in an economy increases when income increases"⁵². Advertising spending is done to promote awareness, demand and ultimately to encourage sales. In more developed markets with strong distribution channels, advertisement growth is one percent or more of the national GDP. For developing economies like Bangladesh with distribution and demand often concentrated in capital cities and regional hubs, the amount will tend to be lower.

To estimate the potential ad spending in Bangladesh, the research looked at three similar regional markets. India and Indonesia both share similar urban-rural divide, have similar internet access and have built up strong export oriented economies. Malaysia is also profiled as an example of a more developed economy. For each market, the research examined the size of the economy (GDP) in 2019, the estimated total ad spending and the total population in the same year.

⁵² "Economic Growth and Advertising Expenditures in Different Media in Different Countries", Richard van der Wurff and Piet Bakker, Robert Picard, *Journal of Media Economics*, 21:28-52, 2008

Illustration 17

Regional Comparison Ad Spend vs GDP and Population, 2019⁵³

Market	Ad Spend* (US\$ billions)	GPD* (US\$ billions)	Population* (millions)	Ad Spend (% of GDP)	Ad Spend per capita
India	10.0	2869.0	1366.4	0.35%	\$7.32
Indonesia	3.1	1119.2	270.6	0.28%	\$11.45
Malaysia	1.1	364	31.9	0.30%	\$34.48
Bangladesh	A	302.6	163.0	B	C

Based on the estimates we find that all three markets have advertising spending at approximately 0.3% of GDP. Based on Bangladesh's current GDP and using the Ad Ratio from these comparable markets, the country has an ad potential of approximately \$900 million (Tk 77 billion) (Figure A in Illustration 17) which would result in an ad spend of \$5.5 per capita (Figure C in Illustration 17). This amount is similar to the estimate of total ad spending from global advertising research firm ZenithOptimedia, which estimated that in 2017 Bangladesh's advertising market was \$857 million and would grow by 15% per annum, putting total advertising in 2019 at approximately \$1 billion⁵⁴. Both estimates capture ad spending based on what the economy needs to maintain and grow demand. The top down estimate would reflect some of the grey market spending on global digital advertising platforms and international cable networks operating in Bangladesh.

Most local advertising professionals put the value of advertising at substantially lower levels. AAAB estimated that the market was \$154 million in 2015⁵⁵ growing at 10% per annum. Marketing executives similarly estimate total ad spending in 2017 at approximately \$190 million⁵⁶. Bangladesh ad agency executives estimate the total market to be about \$275 million in 2017⁵⁷. Professionals also estimate total spending to be growing faster than GDP at 10-15% per annum. Based on these estimates, Bangladesh's advertising market in 2019, prior to the coronavirus pandemic, would have been between \$250 and \$350 million (between Tk 20 and 30 billion).

Estimates of ad spending by media are equally rare. But most professionals interviewed in the course of the research suggested that spending would roughly reflect audiences' media consumption. Bangladesh's 30 plus TV channels would share the majority of ad spending, followed by newspapers and online outlets.

⁵³ Data sources: Ad Spend (India, Indonesia) from eMarketer, (Malaysia) from Statista. GDP and Population from the World Bank Data Bank. All data for 2019.

⁵⁴ "Bangladesh among fastest-growing ad markets", Dhaka Tribune, 23 January 2018.

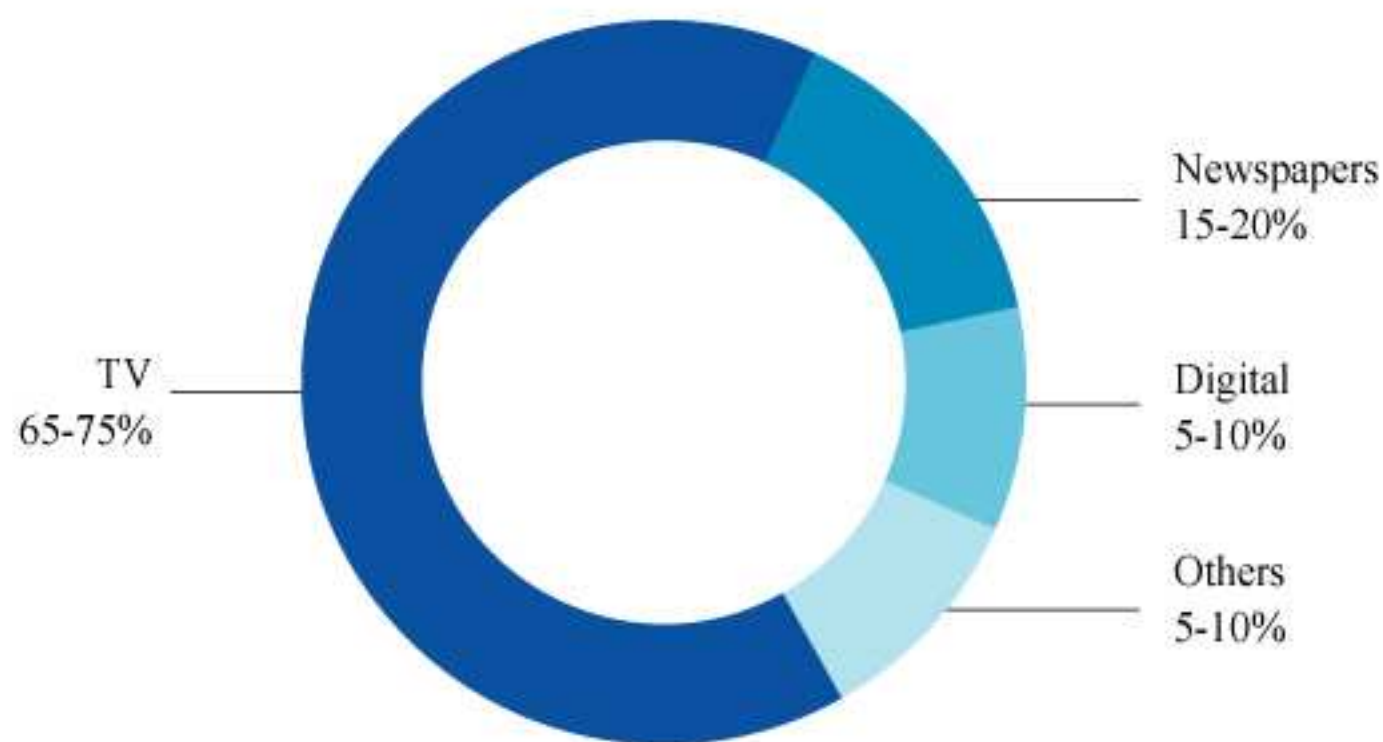
⁵⁵ Referenced in "Economic Study of Television Advertising Market in Bangladesh", Mohammad Tawhidur Rahman, 29 February 2016.

⁵⁶ "Bangladesh Ad Market: Two global giants gobble up most", The Daily Star, 21 February 2018.

⁵⁷ "The 'chaotic beauty' of adland in Bangladesh". Campaign Asia, 3 September 2019.

Illustration 18

Advertising Spending Mix by Media 2018 - 2019, Estimated⁵⁸



Television advertising suffers from three significant challenges. First, most ad agencies depend substantially on household viewing statistics provided by MRB Kantar to determine media placements and to set pricing. According to agency executives interviewed, TV ratings are driven by a very limited panel of less than 1000 households from only the two largest cities, Dhaka and Chattogram. By comparison, Nielsen which provides similar media measurement services in Indonesia operates a panel of 2,423 households over 10 cities across the country⁵⁹. In Malaysia, Nielsen also operates a panel of 1,000 households covering both pay and free-to-air television viewing⁶⁰. International advertisers that account for much of television advertising in Bangladesh typically focus on urban audiences. It is a significant disincentive for TV stations to invest in programmes that cater to the over 60% households outside Dhaka and Chattogram, if that segment is not even recognised as a potential advertisement audience in the first place.

The second but related factor in the TV advertising market is the number of channels, both domestic and international, competing for advertiser dollars. As discussed earlier in the report, Bangladeshi audiences currently support over 30 TV channels and also have access through local cable systems to several major Indian channels, including Zee TV Group, Star Group, and others. The combination of urban focused rating services and the large number of competing channels puts any channel with more targeted or niche programming plans at a distinct disadvantage. For example, local TV advertising appears to be mostly absent from the Bangladeshi advertising mix. Channels wishing to develop speciality content targeting a particular regional audience are discouraged from proceeding because of the number of competitors and the bias of audience ratings.

⁵⁸ Advertising spending mix by media estimated based on audience reach by media, interviews with media professionals. Estimates are meant to be directional only.

⁵⁹ Nielsen Television Audience Measurement, Indonesia.

⁶⁰ Nielsen Television Audience Measurement, Malaysia.

The third factor in TV advertising is the issue of "spill in" advertising coming from Indian cable channels airing through Bangladeshi cable systems. According to the 2006 Cable Television Network Act, international cable channels offered to domestic audiences are not allowed to rebroadcast international ads. Ministry of Information officials report that annual losses to Bangladeshi print and TV outlets are estimated to be between \$80 and \$120 million (Tk.7 - 10 billion).⁶¹ While the information ministry restricted advertisement of Bangladeshi brands in foreign channels in April 2019, issues with Indian cable channels in Bangladesh continue to complicate the market for Bangladeshi TV stations.

Digital advertising has grown dramatically in recent years. According to industry experts, digital advertising has grown to approximately \$12 to \$15 million in 2017 through official channels, though the actual amount, factoring in grey market channels, may be as high as \$30 million⁶¹. Of the total digital advertising, the majority is placed through global advertising networks, predominantly Facebook and Google/YouTube. Both networks offer Bangladeshi advertisers the option to create and target an ad through a self-service interface. Ads can be paid for using an international credit card or a Bangladeshi credit card with foreign currency capabilities. Currently, there are 1.5 million Bangladeshi credit card users with foreign currency capabilities⁶¹. In addition, Bangladesh's digital marketing agencies also offer Google and Facebook advertising packages to their corporate clients.

Together, three channels have developed for digital advertising. The simple self-serve purchase for businesses with access to a foreign currency credit card. Self-service advertising has also created a second channel, a brokered opportunity for small digital advertisers without an international credit card, for instance popular e-commerce shops on Facebook and Instagram. In the brokered channel, small advertisers can purchase "advertising credits" for Facebook through vendors on e-commerce platforms such as Daraz. Finally, the major agency channel where major corporate clients purchase and target digital ads through their partnership with both Facebook and Google.

Illustration 19

Brokered Facebook Digital Advertising Offer on Daraz



⁶¹ "Why can't foreign channels show local advertisements?", Dhaka Tribune, 5 April 2019.

⁶² "Bangladesh Ad Market: Two global giants gobble up most", The Daily Star, 21 February 2018.

⁶³ "Now you can use credit cards to buy everything from abroad", The Business Standard, 30 January 2010

These digital advertising channels provide highly targeted, highly effective, low cost advertising to Bangladeshi clients. Digital advertisers fall into two main groups - large, highly sophisticated companies and very small, online retail operators. Major advertisers like telecoms, packaged goods and financial services tend to rely on the digital advertising agencies to manage their budgets. According to disclosures from the three main mobile telephone operators to the BTRC, the companies spent approximately US\$ 12.2 million (Tk 1.04 billion) in 2017 - 2018⁶⁴. The second group of advertisers is small e-commerce advertisers who are independent online retailers operating shops on Facebook or Instagram. Most are spending \$5 to \$10 per day through "unofficial channels" to promote their products⁶⁵. Mid-sized Bangladeshi advertisers have until now continued to use mostly traditional media platforms.

Digital "leakage" of advertising dollars to offshore international platforms like Facebook and Google/YouTube undermines the viability of local media outlets. Ads bought through credit cards of international banks outside Bangladesh and those bought through brokered services reduce the visible size of the advertising market, under-represent the economic impact of these digital platforms and deprive Bangladesh of tax revenues. Bangladesh's advertisers are consistently clever at developing "unofficial" marketing solutions to grow their businesses. Eliminating the obstacles that give rise to these unofficial solutions should expand Bangladesh's digital industry and grow the total value of advertising on these platforms and for local digital news outlets. Bringing Bangladesh's advertising grey market into the light will also encourage product and programme innovation from local media companies that do not have access to this advertising today.

For the most part, newspaper advertising has suffered from digital shifts in both audience consumption pattern and advertiser interest. Digital advertising growth has, for the most part, come from shifts to digital platforms from newspaper advertisers. Major advertisers with specific requirements, whether geographic or demographic, have shifted to more effective and more targeted digital ad networks from Google/YouTube and Facebook.

Advertising: Implications for Media Viability. Bangladesh's advertising industry is the cornerstone of media financial viability and the source of funding for quality news content. The advertising industry has experienced strong growth riding on Bangladesh's economic growth. But the market's growth begins from a smaller than expected starting point. The size of the advertising market suffers from some structural issues such as under-developed retail and distribution systems to support the increased sales that is the goal of advertising. For TV advertising, the lack of a nationally representative metrics and ratings survey discounts the value of over 100 million people that live outside Dhaka and Chattogram and basically assumes that the TV market is substantially smaller than it is. Finally globalisation in digital and cable TV has created significant leaks in the local advertising market. Large and small digital advertisers export ad spending to international digital platforms with offices outside Bangladesh, shrinking the size of the measurable advertising market and avoiding taxes on corporate profits for those advertising platforms. TV advertisers reportedly also leak advertising revenue across the border to Indian cable television channels which results in lower TV ad spending and lower revenue potential for local Bengali language content.

⁶⁴"Telcos spend Tk 104cr on digital marketing", The Daily Star, 01 October 2018.

⁶⁵ *ibid.*

Streamlining these structural weaknesses will require joint efforts of the industry and the government. Efforts are needed to mandate a realistic national TV rating method that meets the needs of advertisers, agencies and the media and also provides an authentic TV content consumption pattern of Bangladeshi audiences. The most difficult challenge will be devising policies and practices to "plug the leak" in digital advertising, ideally incentivising major international platforms like Facebook, Google, Netflix and others to establish offices in Bangladesh, pay taxes, contribute to the development of digital media and promote innovation.

CONCLUSION

Bangladesh's audience size and growing media access creates an attractive platform for news media. But the majority of the audience has low or very low understanding of the role and production of news. In this environment, the industry also faces several important economic and political challenges that further weaken the industry's viability. Hundreds of publications and dozens of TV channels compete for audience and advertising revenue, leaving all but the largest media outlets struggling to survive. Struggling small and mid-sized media outlets squeeze journalist salaries to cope with rising costs, driving down the quality of reporting or pushing the best reporters to other more lucrative careers. Larger media outlets owned as part of industrial groups or with perceived political allegiances create an impression of reporting bias. Together these impacts have significantly eroded the audience's perception of the value and trustworthiness of news.

Advertising, the main source of media revenue, also suffers from significant challenges. There are a very limited number of metrics or analysis of detailed media consumption. Advertisers choose TV channels and set prices based on TV viewer survey results from only two metropolitan areas, basically neglecting two thirds of Bangladesh's population. Newspapers submit circulation figures to the government that have not changed in years. Government uses these circulation statistics to set advertising prices, rewarding newspapers based on self-reported metrics. Traditional media operates in an environment that lacks any of the metrics or analysis that are necessary to manage audiences and revenue amid the ongoing digital transition. Conversely, digital advertising, mostly enabled by Facebook and Google, operate in a world of extremely targeted and accurate data. As more and more advertisers look for efficient uses of marketing dollars the shift to digital advertising will accelerate, further exacerbating the challenges of a fluid advertising market.

Bangladesh's digital media transition is now substantially dependent on Facebook, Google and Youtube. Most large traditional media have developed newspapers and TV channels online, but few have developed reporting and news programming that is uniquely designed for digital media audiences. There are media entrepreneurs who have the confidence and focus necessary to push the industry, but are inhibited by complex and time consuming government regulations.

Bangladesh's news media industry faces two future scenarios. The first is stagnation. The value that the audience sees in the news media continues to decline. Readers and viewers resort to digital sources for news and other content, mostly distributed through Facebook, Google and Youtube. Media advertising revenue continues to fall as advertisers shift to the international platforms. As revenue falls, so do the resources needed for quality news reporting. Consequently, the quality of journalism declines further, pushing audiences away. The second scenario is leadership. Bangladesh begins by rectifying challenges in the advertising market. Digital platforms are required to operate within Bangladesh, opening offices, hiring and training local talent, adhering to local laws, including their payment of taxes. Metrics used to set advertising schedules and prices are reformed and neutrally audited. Government media regulation is standardised and de-politicised. Bangladesh's traditional media and new media entrepreneurs begin developing new reporting genres and "beats" and devise suitable digital news formats to serve Bangladesh's large and evolving audience. Bangladesh has a long history of cultural leadership, including in journalism. To continue and solidify this role, the current industry scenario will need reform and innovation. The alternative is a slow atrophy and stagnation.

The media, once leading political and social transformation, could not transform itself to the changes brought about by a digital transition. Moreover, advertisement revenue continued to shrink for extreme competitions; political, legal and licensing barriers resulted in self-censorship and limited their ability to produce impactful journalism.



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