



## ZEE Entertainment's Three Step Process for Worldwide Growth

**Successful globalisation requires the flexibility to adapt products and think beyond established boundaries.**

Whether it is dubbing Indian soap operas into Spanish for the Latin American market or creating Middle East Bollywood dramas with plotlines adapted from successful Arab TV shows, the expansion strategy of Zee Entertainment — an Indian media multinational — highlights the value of pushing new ground and truly knowing your audience. In doing so, it has been able to expand its markets to their full potential, and maximise returns, efficiently monetising intellectual property by sharing content across international markets.

With its aggressive move into markets beyond India, Zee represents an increasingly important class of emerging market multinationals. Its expansion strategy is based on creating and acquiring international subsidiaries, then steadily increasing levels of content customisation to local languages and cultures.

The company's initial foray into international markets relied on the massive Indian expatriate community spread across the globe. "We own the diaspora for South Asian and Hindi-speaking market," Targe Sameer, Zee's head of sales in North America, noted when describing the company's international success for my recent study, **Act Globally Think Locally: ZEE Entertainment's Worldwide Growth**. "You name the country, you name the segment that has need for Hindi

programming and we are there."

But the company's global ambitions expand far beyond the sub-continent's diaspora. In 2014, when 25 percent of the company's US\$720 million revenue was already generated from non-Indian operations, Zee announced plans to become a truly international player, boasting that by 2020 it intended to be ranked among the top global media conglomerates, reaching over a billion viewers worldwide. This is to be achieved by leveraging on its existing networks in North America, the Middle East and North Africa, the U.K., Russia, Malaysia, Indonesia and Thailand.

As it continues to grow its international footprint, Zee is learning from past experiences and has developed a three-step plan for entering and fully exploiting the potential of each new overseas market.

**Step 1: Creating 'Indian content for Indian viewers'**. The first step for any Zee global channel is to target local members of the South Asian diaspora; those wanting to retain connections with their culture. As a pioneer of the entertainment industry in India, Zee's brands include ZEE TV, Zee Cinema, Zee Premier, as well as channels in regional languages such as Zee Marathi and Zee Bangla, putting it among the largest producers and aggregators of Hindi programming in the world.

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With an archive of over 120,000 hours of television content and the rights to over 3,500 movie titles at its disposal, Zee is able to rebroadcast content efficiently creating new sources of revenues from existing content.

While the South Asian diaspora is broad, growth is still limited. For Zee to maximise its expansion it needs to look beyond the Indian expat community. This leads to:

### **Step 2: Creating Indian content for local viewers.**

On entering new markets Zee builds up its market research capabilities, identifying the best way to adapt and deliver its Indian-produced content to capture the imagination of second generation and local audiences. For example, Zee investigates whether local audiences prefer dubbing or subtitles. In some cases, the experience of local channels revealed pre-existing audiences for Bollywood films or local styles of entertainment culturally similar to Zee's catalogue. Zee's Latin American subsidiaries were able to develop Indian soap operas similar to local telenovelas. In the Middle East, its subsidiary Zee Aflam spent 18 months with a market research company looking at ways to leverage local affinity for Bollywood content, such as introducing plotlines from Arab TV dramas, adding Arab-style background music and introducing characters with Arabic names. They paid attention to the different Arabic dialects, finding that Egyptian Arabic was most popular for comedies, Syrian for dramas and Lebanese for lifestyle programmes.

By making significant investments in market research in each country where it operates, Zee has uncovered many nuances which help it to successfully tailor programmes to suit local audiences.

But to make it to the big league, Zee needs to target bigger, more affluent, audiences. This requires the third step in the growth process, and one that has yet to be realised in many of its markets:

**Step 3 Producing local content for locals.** The launch of this initiative is hardly underway, but two early tactics are already apparent. The first is acquisition, buying (and if necessary localising) content from non-Indian sources and broadcasting it. For example, Zee has begun licensing content from Romania, forming production and distribution agreements with partners there to produce content with an eye on global markets.

Second, they have begun sourcing and producing content specifically for the local market. The most developed service in this area is the U.S.-based Zee Living channel, broadcasting the company's first English-language content produced outside of India. With a focus on health, wellness, travel and fashion,

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Zee Living already reaches 30 million homes and aims to make that 50 million within two years. The Zee executive charged with digital convergence elaborated the rationale for this initiative: "That's where our future is. We are targeting and trying to address 300 million Americans with programming that is going to be useful for their lives." It is a lofty ambition, as is the ultimate step in their globalisation plan: to become a world-renowned provider of original content on par with companies like Discovery. This will require Zee to overcome a myriad of external challenges, particularly regulatory barriers to entry; for example, Canada and Brazil require a certain percentage of content be locally produced. In China, Zee has created a beachhead by establishing a licensed media business while it investigates potential opportunities in this massive but very complex market.

### **A culture of controlled risk**

To date, Zee's success internationally has been shaped by its structure and corporate culture, which includes a willingness to experiment and take risks. Of course, these risks are not taken by throwing caution to the wind; for example, the company spends significant sums investigating potential markets. At the same time, the company is not afraid to challenge stereotypical thinking and conventional wisdom. Indeed, its success has silenced those who argued that Bollywood stories are only for India.

Employees and subsidiary heads are given considerable autonomy and encouraged to experiment, albeit carefully, emulating a culture of controlled risk which emanates from the top.

While flexibility and speed are valued, they can never come at the cost of careful diligence, to avoid strategic blunder. "I prefer to be right than first," Zee CEO Punit Geonka noted in his interview for this study.

### **The two-way benefits of going global**

But going global is not always about chasing bigger audiences. For Zee many benefits are to be found in programming efficiencies and new sources of revenue — not necessarily in the rebroadcasting of its Hindi content. As it began creating new content abroad, Zee discovered that this could be sown back in the Indian market. Croatian and Romanian dramas, for example, were dubbed into Hindi and rebroadcast in the Indian market. Meanwhile the English-language content produced for Zee Living is being repackaged for India.

This international expansion has brought about new business partnerships augmenting Zee's growth and capabilities. Its global connections have allowed it to launch a lecture series bringing prominent

figures to India, which both brings in revenue and builds the prestige of the Zee brand.

At a time when media firms are being pummeled by the transformation brought about by digital, Zee is taking advantage of its position and showing the advantages of “*acting globally while thinking locally*”.

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