



Challenges for Media Management in Mongolia: Television in a Converged Environment

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Abstract— *This paper presents the modernity of Mongolian television media management. The aim is to examine changes in advertising, which is the main revenue source for television stations, and identify problems with financing. The large number of televisions that share the advertisement market creates conditions and demands to focus on quality and choice of products in order to win the competition in compliance with market law. As Mongolia's media landscape evolves, successful television management requires a dynamic and forward thinking approach that incorporates opportunities created by technological convergence while navigating complex regulatory and competitive landscapes. The emergence of the Internet has not only changed the viewing habits of TV viewers, revolutionized the business model of traditional TV, but also led to the development of information technology, and constantly spawned new types of TV media, such as digital TV, internet TV and mobile TV.*



Keywords— *Mongolia, media management, television, media market*

INTRODUCTION

The television media industry is an important part of the media industry, mainly for the production, operation, transmission, and sale of television program information. The research and development of the first television set in the United States in 1927 marked the beginning of the world's television media industry. Mongolia's television media started relatively late, probably in 1967. In the course of decades of development, Mongolia's television and media industry has also undergone rapid changes driven by social progress. Especially after the emergence of the Internet, it has enriched the channels of television and media communication and has also impacted the development of the television and media industries. The Mongolian media market in the TV sector is relatively small compared to other countries, but it has been rapidly evolving in recent years. Mongolia's media market is limited by its 3.4 million population and has more than 114

television channels and periodicals. With the advent of CTV, OTT, and IPTV television, the influence of television advertising waned. There has been a constant decline in the number of viewers who watch television deliberately and stay long in front of the TV. OTT television allows viewers to watch the programs and movies they want in their spare time. According to the research released by the Press Institute, sixteen national televisions have been broadcasting via radio frequencies since 2019, which has remained the same this year. Two TV stations broadcasting in Ulaanbaatar have changed their names, and eight TV stations have stopped their operation. Fourteen local TV stations have ceased operations, a sharp decline from previous years. The average weekly airtime of the national televisions was 127 hours, that of Ulaanbaatar televisions was 123 hours, and the local televisions in provinces broadcast 100 hours a week. The number of television stations, which has been stable in recent years, has decreased. (Mongolian Press Institute, 2023)

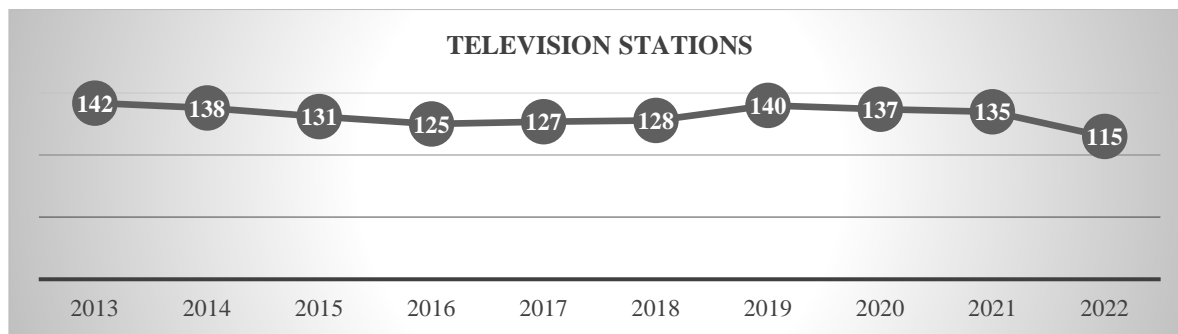


Chart 1. Quantitative changes in TV stations 2013-2022

Source: Mongolian Media Today 2023, Press Institute

77.5% of households in Mongolia have access to multi-channel television services. These households are charged MNT 1,100, or about 0.5 US dollars per month, for the MNB collection under the public broadcasting law and MNT 3,500, or about 1 US dollar per month, for the 18 commercial television stations under the broadcasting law. In the national research report "2021 Basic Survey on Internet Usage of Citizens," financed by the Communications Regulatory Commission (Commission, 2021), the average time spent using the Internet in one day was 7 hours and 13 minutes, while in the 2020 Television Viewing Survey Report of Maxima Consulting Company, "The average time spent by TV viewers is 5 hours and 4 minutes" is noted. It can be seen that the user spends more time on the Internet than watching television. (consulting, 2020) In Mongolian media, business information is not openly accessible to the public. On the other hand, the owners see the publishing business as a means of protecting their political position and economic interests rather than making a profit. The Mongolian TV sector faces several challenges, including declining advertising revenues,

political interference, and a lack of investment in local content production. The sector is also vulnerable to disinformation and propaganda, which have become major concerns in recent years.

Ownership and Media Market in the Television Sector

The Mongolian television market is dominated by a few major state-owned and private broadcasters. The dominant majority of television stations are still owned by private companies and individuals. Mongolian National Broadcaster (MNB) is Mongolia's public service broadcaster, operating multiple national TV channels. As the only public service media group, the MNB commands the largest audience in the country. The television industry in Mongolia has undergone significant changes in recent years, including the growth of private channels and increased competition. However, state-owned broadcasters like MNB still hold a dominant share of the market. More than 90% of all televisions are owned by private entities, 5% by state organizations, and 5% by non-governmental entities.

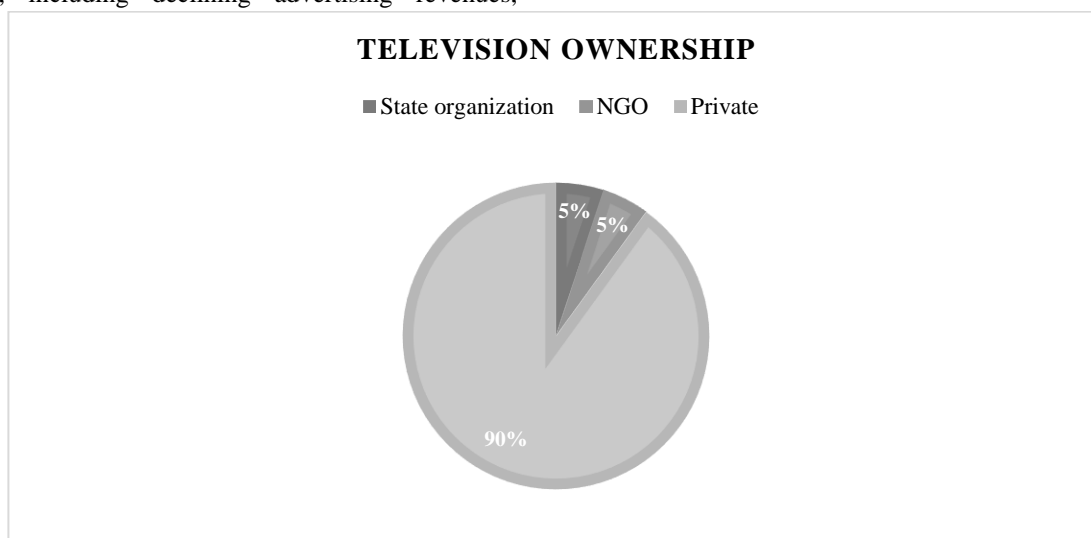


Chart 2. TV ownership 2022

Source: Mongolian Media Today 2023, Press Institute

Viewership is spread across these major channels, with no single broadcaster having a monopoly. Viewers have access to a mix of news, entertainment, and cultural programming across the different networks. Maxima Consulting LLC, an independent research organization, presented the current state of the Mongolian media market in 2019. According to the report, international commercial television revenues are from advertising at 85–90% (sponsorship at 2%), content sales at 10–15%, and large project investments. But in Mongolia, advertising accounts for 50% (including bartering for 20%), sponsorship for 15%, 10% for paid and subscription news programs, 7% for content sales, and 18% for subsidies from owners and other hidden sources. (maxima.mn, 2019) In addition, the organization has published a comprehensive report on television viewer ratings in Mongolia since 2014 and a list of the top 20 advertising suppliers in the television market. In 2014, the Government of Mongolia was ranked 19th in terms of payment for the overall advertisement income. Since 2018, the government has been leading in advertisement payments. It can be seen that one of the main contributors to advertising in this industry is the government. In the City Capital budget of 2023, the Capital Governor's Office has a budget of 650 million MNT, or about 208 thousand US dollars, for media expenses. (<http://shd.mn/mn/images/shd/upload/2023-niis勒-tosov-15-togtool.pdf>, 2022)

The Mongolian TV market continues to evolve, with factors like the rise of online streaming and changing consumer habits impacting the traditional broadcast landscape. But the major state and private channels remain the primary sources of television content for most Mongolian households.

To develop media industry management, there is an opportunity to increase capacity and raise funds by participating in external projects and programs in addition to internal sources. Since foreign investment is prohibited in the media industry by law, steps are being taken to attract domestic investment. Specifically, the first public joint-stock company in the media sector was established in April 2022, and its shares are traded openly through the Mongolian Stock Exchange. TenGerLig Media Group (TMG) management has announced the establishment of the first public or joint-stock company in the Mongolian media industry. The Group was established due to a merger of three companies: Mongol HD TV, Promedia Network, or VTV, and Unread Media, and the current exchange rate (as of May 22, 2024) is 2034 MNT, or about 1 US dollar. 10% of the total shares were allocated to the group's employees. This strategy sets a new standard for other media organizations. Because shares are owned by many investors and shareholders, they are independent of one owner,

reduce the interference of owners and politicians in editorial policies, and allow the public to own the media company, control its operations, and benefit from profits and returns.

Government and business organizations' advertisements serve as the primary source of income for media organizations. Donations, subscriptions, content payments, and paid services supplement this income. In the media business, there is no reliable data on revenue sources, neither for advertisements nor for newspaper sales, cable subscriptions, or phone-in fees. This is obviously also true for paid-for content and bribery. (UNESCO, 2017) Therefore, it is extremely difficult to assess the financial situation in the television business. On May 3, 2021, the "Eguur" news agency reported that there is an estimate that the combined Mongolian media sector amount is about 50 billion MNT and an average of 17 million US dollars. (eguur.mn, 2022) However, this is a rough figure, and media agency funding and revenue information remain confidential.

Economic Viability and Business Models

The Mongolian television sector is struggling with economic sustainability. The current business model fails to secure the economic freedom of the press, as many media companies face limited cash flow and difficulties paying salaries or investing in better training for their employees. Despite these challenges, there is a willingness among consumers to pay for news, suggesting potential for new business models. In response to the changing requirements of the time, significant changes are taking place in the field of media management, including management and marketing. As a result, media editorial offices are striving to familiarize themselves with world journalism's achievements in this area and learn from their experiences in order to find a niche in the information market, compete for readers, and operate profitably. In addition to broadcasting television programs over the internet, Channels 2 and 3 have also started working on this. (Zulikafil, 2018)

One of the trends that has been gaining momentum in the media of Mongolia in recent years is the consolidation of the media under the rule of one company. Today, 6–12 media are grouped into one company, and the process of merging among the media is accelerated. A real example of this is the acquisition of daily and weekly newspapers, magazines, information sites, television, and shortwave radio stations by media companies such as Mongol News Group, Media Group, and Mongol Mass Media Group. Only the Mongol Mass Media Group has a TV channel called Eagle News, an education channel, a music box channel, Dream Television, an Asian box channel, a movie box channel, a sports box channel, Toim magazine, FM 91.1

radio, and the news website www.eagle.mn. The good side of this direction is that it does not require money because there is a large company behind it. However, the vulnerable side is that it can become a platform for the views, opinions, and influence of the same company, politicians, businessmen, and authorities behind it. This destroys the balance of information and creates a negative perception among the public. Similar situations are often observed in the activities of modern media companies.

TV charging international models have become more mature, and management has established a business model of "viewing fee + advertising + information fee." With the development of the traditional television media industry, a cross-border integrated TV shopping model has gradually emerged. The advertising model is one of the most traditional business models in the television industry. It mainly refers to the fact that users watch TV programs for free and the revenue from those programs. This model is used to fund production and other operational activities. At present, the relevant research is mainly based on case analysis, which provides new inspiration for the innovation of TV media business models based on advertising profitability. (Jingyu, 2016)

The charging model means that viewers need to pay a certain fee to watch related TV programs. In view of the TV charging model, there are large differences in development at home and abroad, and foreign development is more mature, while the country is subject to an immature content market and an imperfect competition mechanism. The creativity and production capacity of program content are relatively insufficient, and it is currently facing the dilemma of commercial operation and profitability. On the one hand, pay-TV operators must take effective preventive measures to prevent the impact of this emerging video service on their traditional services. On the other hand, they must proactively adopt corresponding strategies to deepen their relationships with various content providers and provide the same high-quality video services. Mongolian channels and platforms for watching Mongolian content from anywhere in the world are growing strongly in Mongolia, including ORI TV, LOOK TV, VOO and MO TV etc. Namely, charging 4 USD per month for Ori TV.

Mobile TV is a business that uses smartphones with operating systems and streaming media video functions to watch TV. It can be regarded as a product of the expansion of network TV services on mobile terminals. Its emergence has made mobile terminals one of the important platforms for television media, and mobile operators have also become important stakeholders and played a significant role.

Changing Audience Habits

The rapid growth of smartphone usage and high-speed internet access in Mongolia has fundamentally altered audience consumption patterns. Younger viewers, in particular, are increasingly turning to online platforms and on-demand content, posing a significant challenge for traditional television broadcasters. However, the media industry remains overly dependent on traditional advertising, missing out on opportunities presented by digital platforms. The model in which television content is created based on a strict classification of viewers by age and interest groups has lagged behind. Production, where the target audience and potential audience overlap and include every member of the family, dominates the television market. (Unursaikhan, T., 2018) By attracting as large an audience as possible, broadcasters increase their value to advertisers, who compete for greater exposure. In this way, content production has effectively been subsidized by advertisers. (Kawashima, 2020)

The programs produced by television media vary for each issue, and the audience of the programs also differs. Television media need to combine the audience with advertising according to the intersectionality of the audience to expand the audience and increase the program ratings without additional advertising investment. (Qingqing, 2018)

Adapting to Digital Transformation

Digital transformation in the media industry has also been discussed among scholars concerned with its impact on the public interest and democracy. News organizations have traditionally been viewed as bolstering the public interest and democracy through the provision of up-to-date, accurate, neutral, and well-researched information, investigations, and commentary. (Franklin, 2014)

To remain competitive, Mongolian television networks must invest in developing robust digital strategies, including building user-friendly streaming platforms, enhancing their social media presence, and leveraging data analytics to better understand and serve their audiences. As audiences become more fragmented across multiple platforms, television networks in Mongolia are facing declines in traditional advertising revenue. This is forcing them to explore alternative revenue streams, such as subscription-based models, branded content, and strategic partnerships. One of the key challenges facing Mongolian television is the rise of online streaming and digital media consumption. As Mongolian viewers, especially the younger demographic, increasingly turn to digital platforms for their content needs, television networks must adapt their strategies to remain relevant and competitive. By leveraging

digital technologies, broadcasters can explore new avenues for content distribution, targeted advertising, and audience engagement.

With the development of the Internet, online variety shows are becoming more and more favored by advertisers. Under the impact of the Internet, the business system of traditional television media must be reformed and transformed from a single model to a multiple model. The main profit of television media comes from advertising. Under the diversified model, television media has a close relationship with advertisers. It can carry out advertising planning according to the needs of advertisers, combine program production to create personalized programs, and find audiences through the Internet to avoid online group marketing without advertising investment.

Legal Challenges

The regulatory landscape in Mongolia's media sector has yet to fully address the complexities of the converged environment. Outdated laws and ambiguous policies can hinder the ability of television networks to adapt and innovate, creating an uneven playing field. As the industry evolves, policymakers must navigate the complex task of updating regulations to foster innovation while ensuring a level playing field and protecting consumer interests. The media industry became one of the three primary industries of strategic importance in Mongolia under the "Law on the Regulation of Foreign Investment" (2012). Because of this law, foreign investment in the media industry is restricted, and it has become a matter of national security. The Law on Broadcasting received approval from Parliament in 2019 and took effect immediately in 2020. This law defines the legal basis of broadcasting services, creates a favorable market environment for fair competition, and regulates relations related to broadcasting services that meet national and public interests. (Delgerjargal, 2024)

In addition, the law on advertising applies to Mongolia, but the broadcasting law regulates the communication of advertising on radio and television. As a public television station, the MNB enforces a legal provision that advertisements cannot exceed 2% of the total airtime. The Broadcasting Law establishes the duration of advertising broadcast by other television stations to be no more than 15 minutes for advertising broadcast every hour. When looking at the requirement that ads not exceed 15 minutes per hour, television overstated them by an average of 1-4 hours per month, and when the violation was taken by day, it exceeded them by an average of 2–8 minutes per day. A Communications Regulatory Commission study found that all 18 broadcast television stations had an ad surplus. 30 of the commercial stations had not exceeded at all, while 21

channels had an ad surplus. (Commission, radio and television monitoring report, 2022)

CONCLUSION

As Mongolia's TV landscape continues to evolve, it is imperative that media managers and journalists adapt to the changing environment to ensure the integrity and viability of the industry. The challenges facing media management in Mongolia's television industry are multifaceted, requiring a comprehensive and innovative approach to navigate the converging media landscape. Successful television networks will be those that can seamlessly integrate their traditional and digital strategies to meet the evolving needs and expectations of Mongolian audiences. The Mongolian TV sector is a dynamic and rapidly evolving market, with a mix of local and international content and a growing number of digital TV households. However, the sector also faces significant challenges, including political interference, declining revenues, and the spread of disinformation.

Addressing these challenges will be crucial for the long-term sustainability and growth of the Mongolian TV sector. To address these challenges, media managers in Mongolia must adopt a more holistic, cross-platform approach to content creation, distribution, and monetization. Investing in digital capabilities, data analytics, and audience engagement strategies will be crucial for television networks to thrive in the converging media environment. In addition, a new business model needs to be developed, and the legal environment needs to be improved.

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