

# **FACTORS AFFECTING ADOPTION OF INTERACTIVE TELEVISION IN SRI LANKA**

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(08/9053)



University of Moratuwa, Sri Lanka.  
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Degree of Master of Business Administration in Information Technology

Department of Computer Science & Engineering

University of Moratuwa

Sri Lanka

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Dissertation submitted in partial fulfillment of the requirements for the degree of  
Master of Business Administration in Information Technology

Department of Computer Science & Engineering

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Sri Lanka

December 2011

## Declaration

I declare that this is my own work and this dissertation does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

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## Abstract

The world we live in today is greatly influenced by mass media. In fact, it would not be wrong to say that mass media is the most powerful force in our contemporary life that has an unstoppable force and capacity to drive the behaviour of people, influence the policies of a government, cause business empires to rise or fall and dictate the technologies that takes us to the future. The evolution of mass media from its inception to the recent past has been restricted by technology to be largely a uni-directional media. The newspapers and the television, which had as its potential target audiences scaling from a large province in a country to an ultimate global viewership, delivered to the mass market what the majority of the audience would be receptive of. Advances in technology have changed this scenario and the wide availability of interactive television allows operators to offer tailor-made program packages to selected customer segments and subscribers to customize their program selections based on a completely individual preferences list.

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With interactive television becoming available in Sri Lanka, it is pertinent to study the interplay between market potential and sociocultural impact of this very important mass media technology. The research presented in this thesis is an in-depth study of factors affecting adoption of interactive television in Sri Lanka from the dual perspectives of subscriber and operator. One of the most noteworthy findings presented in this research thesis is the fallacy of the conventional wisdom of content driving the market. In respect of interactive television programming in Sri Lanka, the research clearly indicates this often repeated belief to be wrong.

The researcher also found the local interactive television industry to be misguided in its assessment of affordability of consumers. While entry costs to the technology remains relatively affordable, the belief of operators that consumers are within an affordability range for costs in terms of selective programming is proven to be false. The research also highlights the impact on adoption of interactive television in Sri Lanka due to limited knowledge possessed by consumers on the technology. This

scenario is further aggravated as operators have limited knowledge on the consumer attitudes to interactive television. This has led to a negative feedback structure wherein consumer uptake of interactive television is further retarded due to limited offerings while on the supply side, the operators await further expansion of customer base before investing in more services. The research presented in this thesis empirically proves the need for operators to have greater focus on cultural issues in programming instead of variety of programming to overcome adoption barriers.



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## List of Abbreviations

Abbreviation	Description
ABC	Australian Broadcasting Corporation
DRTV	Direct Response Television
DTH	Direct To Home
DTTV	Digital Terrestrial Television
DTV	Digital Television
DVR	Digital Video Recorder
EPG	Electronic Program Guide
GDP	Gross Domestic Product
IMF	International Monetary Fund
IPTV	Internet Protocol Television
iTV	Interactive Television
PC	Personal Computer
PRGT	Poverty Reduction and Growth Trust
PVR	Personal Video Recorder
SBS	Special Broadcasting Service
SLT	Sri Lanka Telecom
STB	Set-Top-Box
TRAI	Telecom Regulatory Authority of India
USP	Universal Service Provider
VBI	Vertical Blanking Interval
VCR	Video Cassette Recorder
T-Commerce	Television Commerce
TRC	Telecom Regulation Commission



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