



THE ESSENCE OF MARKETING

Pitch

PITCH - MADISON
ADVERTISING REPORT 2016

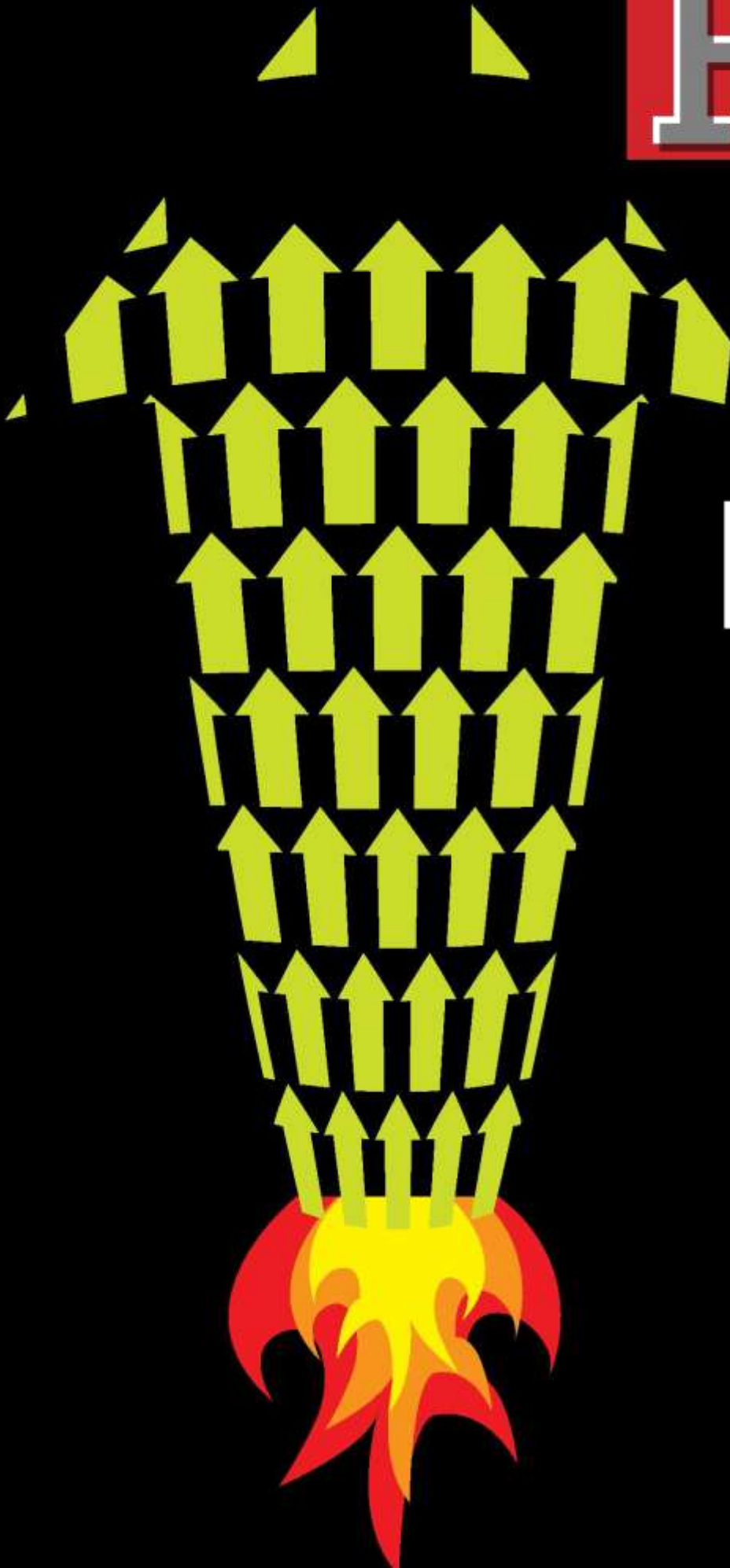
BOOM TIME FOR MEDIA

Advertising industry
will grow

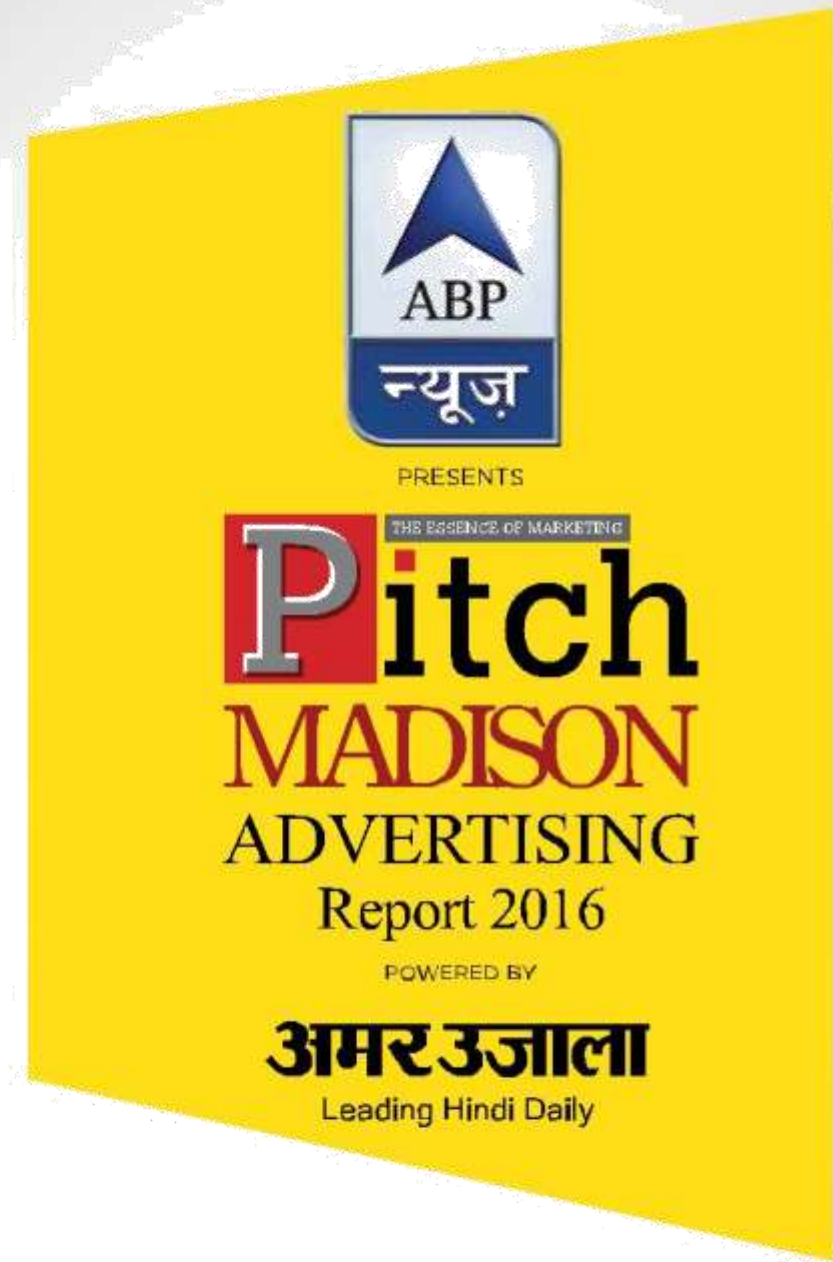
16.8%

to reach

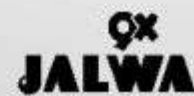
₹ 51,365 crore



#PMAR



ASSOCIATE PARTNERS

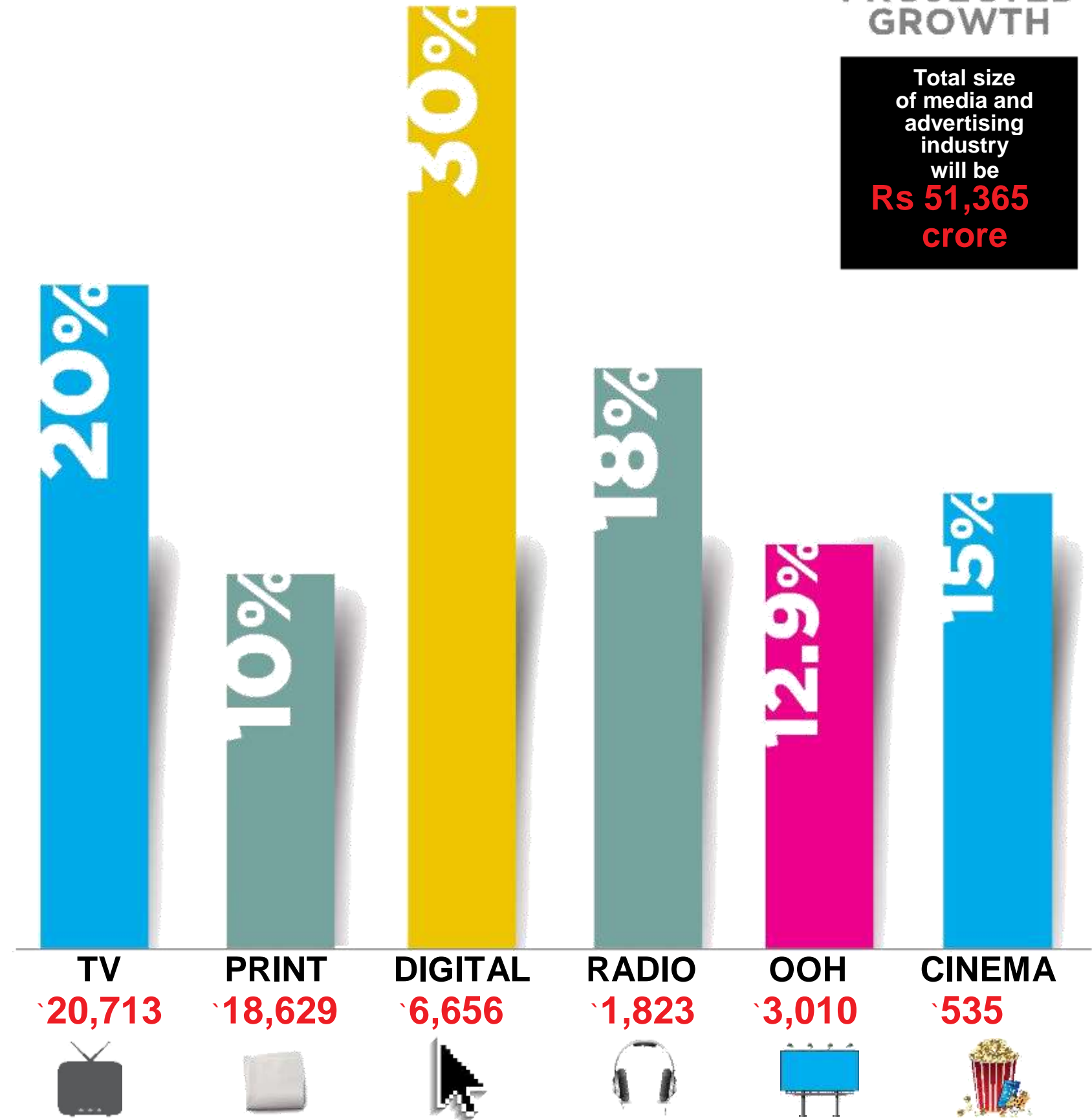


CO SPONSOR



2016 PROJECTED GROWTH

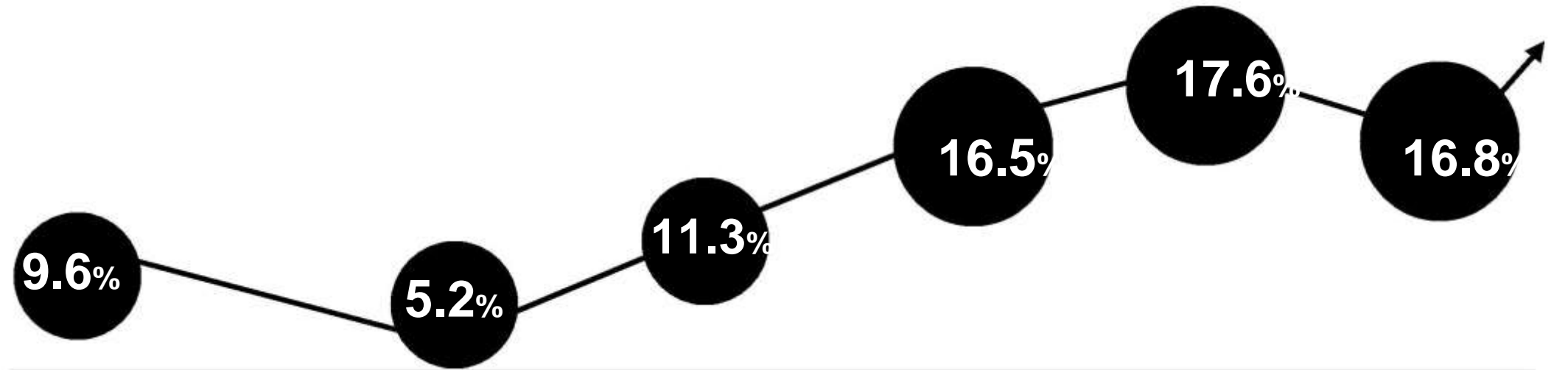
Total size
of media and
advertising
industry
will be
**Rs 51,365
crore**



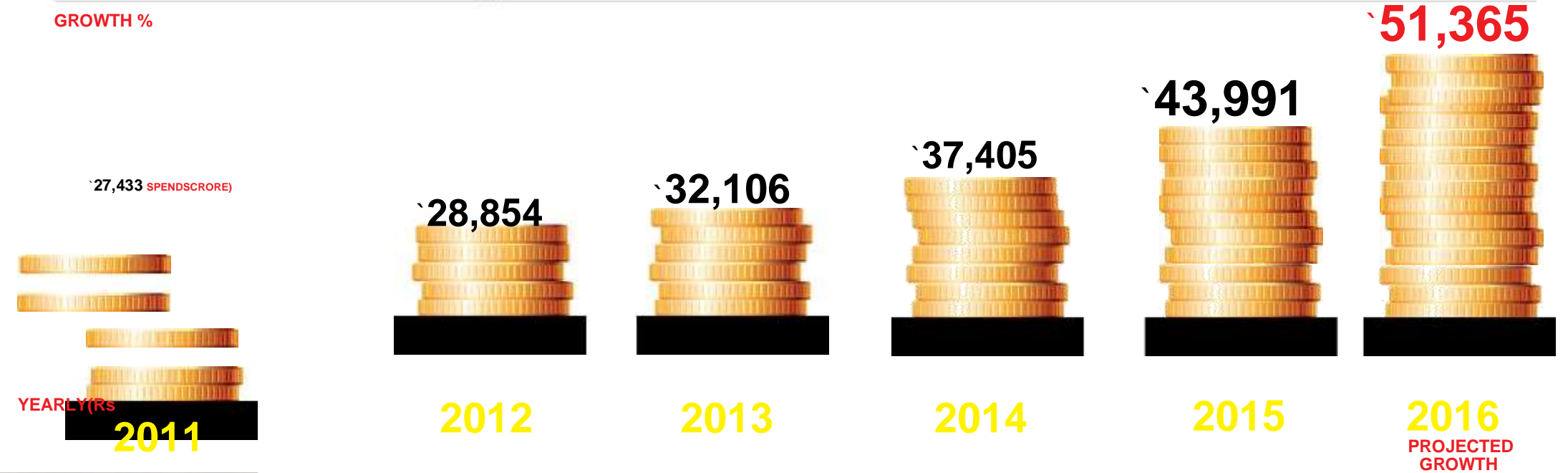
(Figures in Rupees crore denote size of each vertical after projected growth in 2016)

BOOM TIME FOR MEDIA

The Indian media and advertising industry is growing like never before. In 2015, the industry grew by **17.6%**, exceeding our mid-year projections of 13.8%. 2016 promises to be yet another high growth year, with the market expected to grow **16.8%**, notching up an additional **Rs 7,300 crore** to reach a total size of **Rs 51,365 crore**



GROWTH %



YEARLY (RS)

2011

2012

2013

2014

2015

2016
PROJECTED GROWTH

CATEGORY CONTRIBUTION & CATEGORY GROWTH ACROSS ALL MEDIA IN 2015

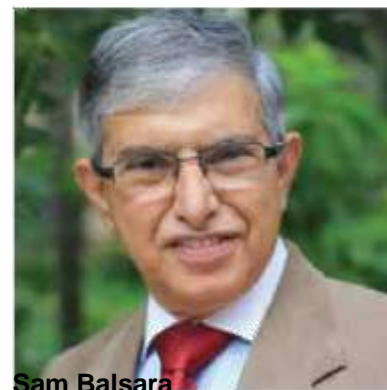
continues to be the most dominant sector with a 28% share of the total Indian

INDIAN ADVERTISING MARKET 2015 - 16

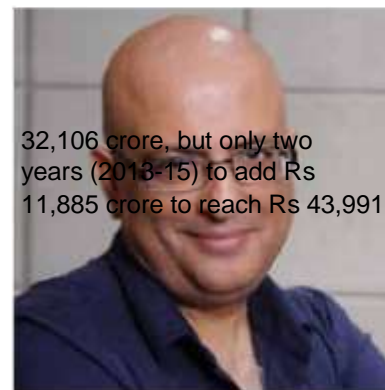
Nilesh Bagaria

advertising industry pie followed by e-commerce (10%) and then Auto (9%). Contrary to the general perception that e-commerce has taken the media market by storm, it is good old FMCG that has contributed Rs 2050 crore to the overall growth.

E-commerce came a distant fourth with a contribution of Rs 793 crore to the overall growth. E-commerce, though, has become the second largest category, a distant second, but definitely second after FMCG.



Sam Balsara



Vikram Sakhujia

32,106 crore, but only two years (2013-15) to add Rs 11,885 crore to reach Rs 43,991

crore. With this growth, India finally earned the distinction of being the fastest growing advertising market in the world.

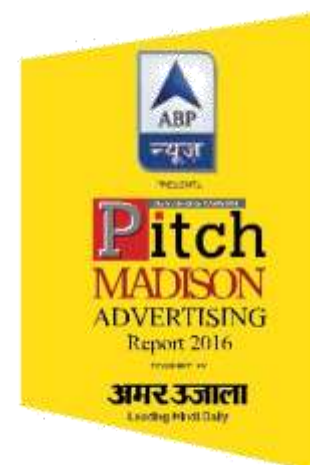
In terms of absolute numbers, the Indian advertising industry has increased by Rs 6,586 crore to touch Rs 43,991 crore in 2015.

The categories that have contributed most to the overall growth in 2015 are FMCG, e-commerce, Auto and Telecom/DTH. FMCG

The Indian media and advertising industry is BOOMING, like never before. In 2015, the

advertising industry grew by 17.6%, close on the heels of LY growth of 16.5%. This growth is 4 percentage points higher than our mid-year projections of 13.8%.

It is interesting to note that it took five years (2008 to 2013) for the industry to add Rs 10,586 crore, moving up from Rs 21,520 crore to Rs



2015 Medium Category Contribution	2015 (In Rs cr)	2016 Category Growth %	2016 (In Rs cr)	Contribution to Growth	Growth %
Product Category	In Rs		In Rs	In Rs	%
	17661		20713	3052	17.3%
	16935		148629	316	1.9%
Radio	1545		1823	278	18.0%
FMCG	12364	28%	15805	3441	28%
Outdoor	2885		3010	125	4.3%
E -commerce	1231	40%	1720	489	40%
Digital	4105		535	125	30.4%
Auto	1105	9%	1205	100	9%
Cinema	485		535	50	10.3%
Telecom / DTH	1307	48%	1991	684	52%
Total	43991		51365	6974	15.9%
Real Estate & Home Improvement	2296	5%	2421	125	5%
Clothing Fashion Jewellery	2238	5%	2363	125	5%
Education	1940	4%	2024	84	4%
BFSI	1822	4%	1906	84	4%
HH Durables	1795	4%	1879	84	4%
Travel & Tourism	1432	3%	1489	57	4%
Retail	1159	3%	1197	38	3%
Media	511	1%	527	16	3%
Corporate	498	1%	508	10	2%
Alcoholic Beverages	222	1%	229	7	3%
Others	6071	14%	6983	912	15%
TOTAL	43991	100%	51365	6974	15.9%

It is interesting to note that it took five years (2008 to 2013) for the industry to add Rs 10,586 crore, moving up from Rs 21,520 crore to Rs 32,106 crore, but only two years (2013-15) to add Rs 11,885 crore to reach Rs 43,991 crore

2016 FORECAST

Our prognosis for 2016 is that it is going to be yet another GOOD YEAR for Media. In arriving at the numbers for advertising in each medium, we are conditioned by the fact that the Indian economy has become the fastest growing economy of the world; our GDP growth rate at 7%+ is the envy of the Western world, now looking at India in a new light. Our Bharatiya Janata Party government tells us that it has made a number of structural interventions to prepare the economy for high growth and continues to remind us that they are strongly focused on stimulating the country's economic growth for which pro-business policies are essential; at the same time not ignoring subsidies for the poor, which should also add to purchasing power of Rural India. Finally, commodity prices including that of oil are likely to remain soft throughout 2016. Although Indian businesses have expressed concern that all the positive actions taken by the government have not resulted in growth on the ground, we feel that India Inc. remains very optimistic about India's future and they will once again invest heavily in advertising to protect and grow market-share of their brands and also launch a number of new brands and variants, e-commerce platforms and apps to capture the imagination and meet the requirements of modern India.

All this will help the advertising market cross the Rs 50,000 crore mark.

We expect the market to grow by more than Rs 7,300 crore to reach a total size of Rs 51,365 crore,

which represents a growth of 16.8% over 2015. India will also retain the distinction of being the fastest growing advertising market in the world for the second consecutive year.

On the supply side, a big contributor of this growth will be the ICC Cricket T20 World Cup and the busy schedule of Indian Cricket for the next six months. TV will continue as the largest contributor to the overall advertising pie with a share of 40%, gaining a further 1 percentage point. Share of Digital spends will increase to a respectable 13% of the overall advertising pie.

In conclusion, 2016 promises to be yet another high growth year for the Indian advertising market. Perhaps no market anywhere in the world has grown so consistently across the last three years to achieve a growth of 60% from 2013 to 2016. In the previous three years from 2010 to 2013, the growth has only been 28%.

Paradoxically, the market enablers are growing at a faster rate than the markets they hope to stimulate. Not many categories in the past three years would have grown by 60%. ■

A sure sign that India Inc. has confidence in India's future.

TOP ADVERTISERS OF INDIA



This year, in response to many requests from Advertising & Media professionals, we are releasing a chart of

approximate ad spends of the Top 50 advertisers of India for the year 2015.

Advertising continues to be a game of the 'Big Boys'. The Top 50 advertisers account for 36% of the advertising market. This number is significant, considering that there are over two lakh advertisers in Print and over 12,000 advertisers in TV. The Top 10 advertisers account for as much as 17% of the total market and contribute to 47% of the total 50 list. By the time you reach rank 50, you are down from Rs 2300 - 2500 crore to Rs 100-150 crore. A note of caution here - some advertisers who in our list rank between 50-60 may well be in reality in the top 50 list or vice-versa.

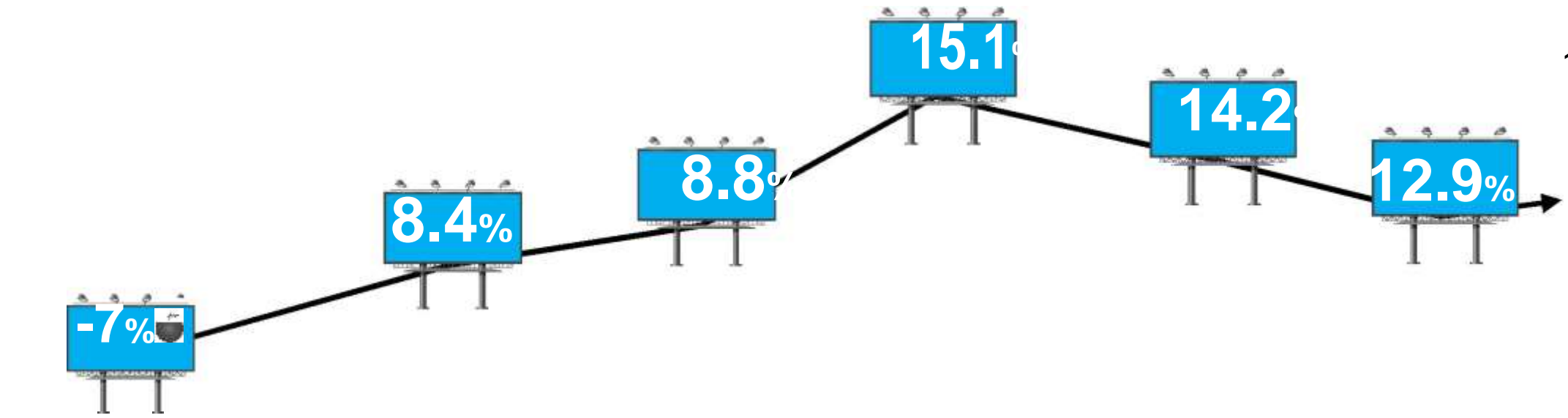
HUL continues to lead the pack with spends of about Rs 2,500 crore. Amazon India comes in next, followed by Procter & Gamble, Flipkart, Maruti Suzuki, Mondelez, Godrej, ITC, Snapdeal and Reckitt Benckiser that have ad spends ranging between Rs 400-700 crore, to make up our Top 10.

(We may mention that many Madison clients feature in this list, but we hasten to add that we have not used confidential information that we are privy to in arriving at this list. The list has been arrived at using a standard structured process.)

SR NO	TOP ADVERTISERS IN 2015	APPROX SPENDS IN RS CRORE
1	Hindustan Unilever	2300 - 2500
2	Amazon	900 - 1000
3	Procter & Gamble	600 - 700
4	Flipkart	600 - 700
5	Maruti Suzuki	500 - 600
6	Mondelez	400 - 500
7	Godrej Consumer	400 - 500
8	ITC	400 - 500
9	Snapdeal	400 - 500
10	Reckitt Benckiser	300 - 400
11	Hero Motocorp	300 - 400
12	Samsung	300 - 400
13	Bharti Airtel	250 - 350
14	Colgate Palmolive	250 - 350
15	Marico	250 - 350
16	Glaxo Smithkline	200 - 300
17	Nestle India	200 - 300
18	Pepsi	200 - 300
19	TVS Motor	200 - 300
20	Johnson & Johnson	200 - 300
21	L Oreal	200 - 300
22	Dabur	200 - 300
23	Olx	200 - 300
24	Honda Motor	200 - 300
25	Mahindra & Mahindra	200 - 300
26	Bajaj Auto	150 - 250
27	Coca Cola India	150 - 250
28	Vini	150 - 250
29	Emami	150 - 250
30	Future Retail	150 - 250
31	Tata Motors	150 - 250
32	Idea Cellular	150 - 250
33	LIC Of India	150 - 250
34	Hyundai Motors	150 - 250
35	Ford	150 - 250
36	Renault	150 - 250
37	Panasonic India	150 - 250
38	Vodafone	150 - 250
39	Quikr	150 - 250
40	Amul	150 - 250
41	Gitanjali Gems	100 - 150
42	Hotstar	100 - 150
43	MRF	100 - 150
44	Titan	100 - 150
45	Yepme.com	100 - 150
46	LG Electronics	100 - 150
47	Wipro	100 - 150
48	Britannia	100 - 150
49	Raymond	100 - 150
50	Asian Paints	100 - 150

Rise of Digital OOH & Malls

The sub-segment of Digital OOH & Malls has seen rapid growth even as the **overall OOH market grew by 14% in 2015 to Rs 2,665 crore**. Higher adoption of Digital and technology and greater use of transit media will be seen in 2016, when the total Outdoor Advertising Market is **expected to grow by 13% to cross Rs 3,000 crore**



GROWTH %

Our OOH estimates now include Digital OOH & Malls, which are growing quite rapidly and hence we have re-cast OOH revenue figures for the last three years when this sub-segment began to emerge. Digital OOH &

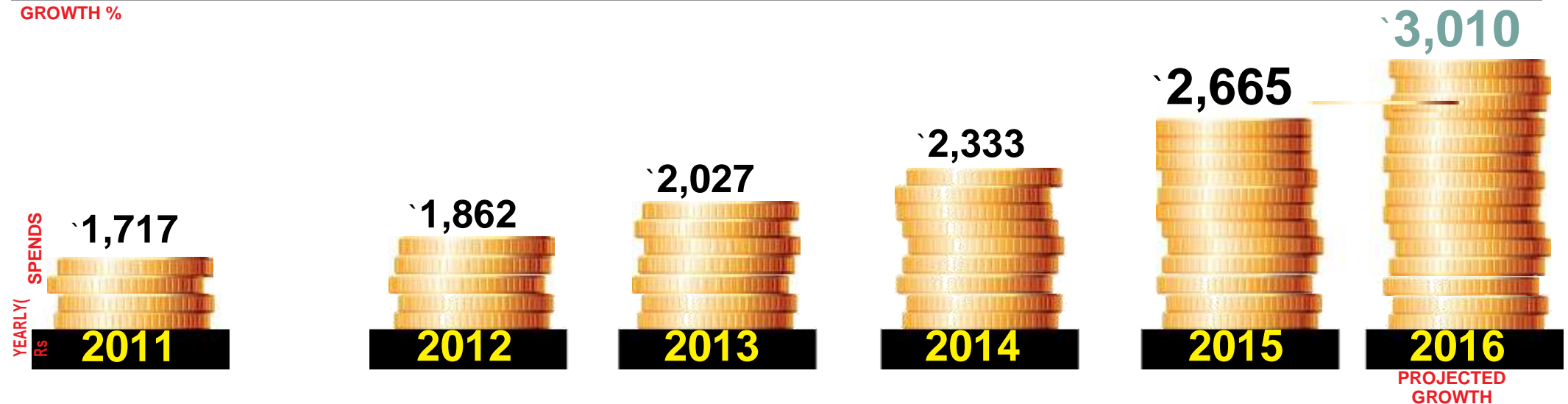
Malls revenue is estimated at Rs 300 crore in 2015 (Digital OOH & Malls netted an additional Rs 100 crore in 2014 & Rs 50 crore in 2013). The OOH market **has grown by 14% in 2015**. Transit media, though, grew by **13%**.

In terms of absolute numbers, OOH advertising is now a respectable Rs 2,665 crore market. Retail, Real Estate & Automotive continue to be the top three categories in terms of contribution.

The highest growth was in the e-commerce category (110%) followed by Automotive (66%), both together, contributing 60% of the overall growth. The usual big spenders - TV channels, Banks, Print Media, Mutual Funds, etc., reduced their OOH spends in 2015.

FMCG, which is the largest contributor to TV, Print & Radio, does not use OOH substantially except perhaps HUL, therefore FMCG contribution to OOH is only 7%.

In terms of city-wise spread, Mumbai continues its lead as a major contributor (22%) followed by Delhi (19%). Bangalore replaces Kolkata as the Number 3 city with a contribution of 10%. OOH has maintained its contribution to the total media pie, at 6%. HUL leads the pack of top advertisers in OOH media for the year 2015



YEARLY SPENDS (Rs)

TOP 10 OOH ADVERTISERS IN 2015

Advertiser	Approx Spends in Rs crore
Hindustan Unilever	70 - 90
Life Insurance Corp Of India	55-70
State Bank Of India	45-60
Maruti Suzuki	45-60
Bharti Airtel	40-55
Honda (4 Wheelers)	15-45
ITC	30-40
Honda (2 Wheelers)	25-35
Quikr.Com	25-35
Hyundai	25-35

CATEGORY CONTRIBUTION & CATEGORY GROWTH IN OOH IN 2015

Product Category	OOH - 2015		Category Growth %	Contribution to Growth	
	In Rs crore	in %		In Rs crore	in %
Organized Retail	371	14%	8%	28	8%
Consumer Services	364	14%	10%	32	10%
Real Estate & Construction	347	13%	1%	2	1%
Automotive	279	10%	66%	111	33%
Telecom	252	9%	25%	50	15%
Financial Services	217	8%	-3%	-8	-2%
FMCG	189	7%	4%	8	2%
E-commerce	172	6%	110%	90	27%
Media	100	4%	-10%	-12	-4%
Electronic Durables	66	2%	5%	3	1%
Others	306	11%	8%	27	10%
TOTAL	2665	100%	14%	332	100%

2016 FORECAST

We expect Outdoor to grow by 13% in 2016, taking the total Outdoor Advertising Market to more than Rs 3,000 crore.

Many of the factors outlined for Print and Radio will also be responsible for driving the growth of Outdoor. We see also a higher adoption of Digital and Technology and greater usage of transit media at airports and metros.

Our OOH estimates now include Digital OOH & Malls which are growing quite rapidly and hence we have re-cast OOH revenue figures for last 3 years when this sub-segment began to emerge

previous years