

Pitch Madison Media Advertising Outlook 09 mid-term survey released; predicts better times for the media industry

New Delhi/Mumbai, September 2, 2009: After seven years of fierce growth, the Rs 21,000-crore media and advertising industry experienced the first bout of negative growth during the first six months of 2009. According to the Mid-term Review of the Pitch Madison Media Advertising Outlook 2009, the industry together garnered just Rs 7,452 crore in the first half of 09, which is a whopping Rs 1,414 crore less than what it mopped up in the same period last year.

As per the Mid-term Review, while the worst affected was the print media which saw a massive 32 percent decline in its revenue mop-up, television saw a 19 percent drop, with cinema and outdoor getting hit heavily at 37 percent and 30 percent respectively. However, there was only a moderate 5 percent decline in radio revenue. In fact, the Internet media is only media format that recorded a growth during the first half logging in a 16 percent growth.

That the slowdown impact was much deeper than what all of us foresaw in the beginning of the year is clear from the fact that against a 2 percent growth we projected in the Pitch Madison Media Advertising Outlook 2009 in January.

So, what do our numbers project for the next six months? Though the impact of a looming drought remains very alive, on the macro front there are many positive signs with the economy showing clear signs of pulling out of the morass. While all leading corporate house have reported better-than-expected profits in the April-June quarter, the latest IIP data came as the biggest surprise clipping at a stupendous 7.8 percent in June.

“All these lead us to believe that the next six months are going to be much better than the first six months. Our detailed forecast for the July-December period shows that while the media industry earned only Rs 7,452 crore in the first half, we estimate the industry to net Rs 12,325 crore in the second half.

And this is a massive 65 percent jump over the first half,” said Madison Media chairman Sam Balsara releasing the mid-term review of the industry. Balsara, however, notes that “this jump will be driven by a combination of increase in ad rates and an increase in ad volumes.”

Anurag Batra, Chairman & Editor-in-chief, exchange4media Group said, “it seems the worst is over for the industry. It's time the media industry got ready for the better times. But it will pay to remain sober in the months ahead.”

But, on an aggregate basis, even this massive increase in revenues in the July-December period will not pull the full year estimate out of the red. “Going by our revised numbers, we expect a negative growth of 5 percent for the full year, against a positive growth 2 percent we forecast in January. As a result, the industry is projected to close calendar year 2009 with Rs 19,777 crore against Rs 20,717 crore in 2008,” said exchange4media Group co-founder & editor Pitch magazine, Amit Agnihotri.

Pitch Madison Media Ad Outlook has recorded that for the past five years and until the third quarter of 2008, the advertising and media industry was growing at a furious pace, averaging around 17-18 percent year-on-year. For instance, in 2004 the industry grew by 11 percent, 15 percent in 2005, and a full 22 percent each in 2006 and 2007. Last year, it grew by a smart 17 percent.

For more details, watch out for the latest issue of PITCH, or write to Madison Media Research Centre <mmrc@madisonindia.com>