



Pitch

the essence of marketing

PITCH MADISON ADVERTISING REPORT 2020



2019

BATTLING HEADWINDS

TRADITIONAL MEDIA GREW ONLY

6%

(Degrowth in Q3 & Q4)

DIGITAL MEDIA GREW

32%

2020

(Forecast)

MUTED

5.1%

EXPECTED GROWTH
OF TRADITIONAL MEDIA

28.4%

EXPECTED GROWTH
OF DIGITAL MEDIA

MADISON MEDIA

AUDIENCES | OUTCOMES | INTEGRITY

W E L C O M E S



CiplaHealth
Improving lives, every day



#PMAR2020

SCHEDULE FOR LAUNCH EVENT

FEB 13, 2020

2:30 PM - 3:45 PM
REGISTRATION & HIGH TEA

4:05 PM - 4:10 PM
WELCOME ADDRESS
DR ANURAG BATRA
Chairman & Editor-in-Chief,
exchange4media Group &
BusinessWorld

4:10 PM - 4:40 PM
PITCH MADISON ADVERTISING
REPORT 2020 - HIGHLIGHTS
SAM BALSARA
Chairman and Managing Director,
Madison World

4:50 PM - 5:00 PM
CHIEF GUEST'S ADDRESS
MANOJ KOHLI
Country Head, SoftBank India

5:00 PM - 5:20 PM
SPEAKER
VIVEK SUNDER
COO, Swiggy
**TOPIC: HOW TO THRIVE IN A SLOWDOWN:
THE ADVERTISER'S VIEW**

5:20 PM - 6:20 PM
SPEAKER
SANJAY BEHL
CEO, Lifestyle Business, Raymond
TOPIC: DISRUPT OR PERISH

6:20 PM - 7:20 PM
PANEL
TOPIC: TV V/S DIGITAL: WHO WINS?
ADITYA SWAMY
Director, Agency Partnerships and Creative
Services, Google India
NITIN BAWANKULE
Head, Ad Sales, Star and Disney India
PRATHYUSHA AGARWAL
Chief Consumer Officer, Zee Entertainment Enterprises Limited
KARTHI MARSHAN
CMO, Kotak Mahindra Group
SUMIT MATHUR
CMO, Kellogg's India
MODERATOR: VIKRAM SAKHUJA
Group CEO, Media & OOH, Madison World

7:20 PM - 7:40 PM
SPEAKER
SUNIL LULLA
CEO, BARC
TOPIC: WHAT'S NEXT AT BARC?

7:40 PM - 8:00 PM
SPEAKER
SANJAY GAIKWAD
Founder and MD, UFO Moviez India Ltd
TOPIC: WHY SHOULD CINEMA JUST HAVE 1% SHARE OF ADEX?

8:00 PM - 8:20 PM
SPEAKER
AVINASH PANDEY
CEO, ABP News Network
**TOPIC: ARE YOU INTERESTING &
ARE YOU INTERESTED?
THE NEW MANTRA FOR GROWTH**

8:20 PM - 8:25 PM
VOTE OF THANKS
LARA BALSARA
Executive Director, Madison World

BATTLING HEADWINDS



The Indian Media & Advertising industry saw a challenging 2019, with TRAI's new tariff order severely affecting the broadcast sector, followed by a dull festive season on account of the economic slowdown. Falling short of our projected growth rate of **13.4%** for 2019, the advertising industry grew only by **11%**, still adding a substantial **Rs 6,695 crore** to Adex in absolute terms. In **2020**, the market is expected to see a subdued H1 but buoyant H2, and grow by **10.4%**, adding **Rs 7,048 crore** to Adex – Digital contributing **Rs 4,387 crore (62%)** – to reach a size of **Rs 74,650 crore**

In 2019, the Media and Advertising industry found itself battling serious headwinds. It started with the largest medium, Television, being badly affected by the New Tariff Order (NTO) introduced by the Telecom Regulatory Authority of India (TRAI), and got further bruised by the wilful collapse of the growing free-to-air (FTA) channels by broadcasters. It ended with a dull festive season on account of the economy slowing down in Q3 and Q4. The only blip we saw was in Q2, thanks to the Indian Premier League (IPL), Cricket World Cup and General Elections.

This report estimates that in 2019, **Adex grew only at 11% (versus our projection of 13.4% and last year's growth of 15%)**, but the figure of 11% also hides more than it reveals. In absolute terms, **Adex has grown from Rs 60,908 crore to Rs 67,603 crore, an addition of Rs 6695 crore**, which one could argue is not so bad, considering it is the second highest addition to Adex in a single year in the entire last decade. It is significant to note that **56% of this growth has been contributed by Digital**, which has expectedly grown by as much as 32%. In absolute terms, **Digital has grown in the last decade from Rs 1,030 crore to Rs 15,467 crore**, and now accounts for **23%** of Adex.

If we bifurcate Adex into **Traditional (only TV+Print+Radio)** and **Digital**, we see that **Digital has grown again at a majestic 32%**, but **Traditional Media has grown at a mere 6%**, just half of the 12% growth that it achieved in 2018. TV, the largest medium, has grown at 8% but all others at sub 5% with the exception of Cinema, which has grown well for the last two years. But that does not count for much, since Cinema

contributes a mere 1.6% to total Adex. **For the third year, Print has grown at low figures (3% in 2019, 4.4% in 2018 and 2.7% in 2017)**, which should make our **traditional media 'Rajas'** think of some dramatic action like perhaps a substantial drop in advertising rates, combined with a corresponding increase in subscription prices, never mind the drop in circulation or readership that it could lead to or/and a combined rate for Digital and Print titles to boost the brand equity and imagery of the mastheads, which in most cases are decades - if not a century - old.

For Traditional Media, a quarter-wise analysis shows that unlike in most years, when Q4 shows a blip because of the festive season, last year **Q2 showed a blip** on the back of IPL, Cricket World Cup and General Elections and in fact **Q3 and Q4 show a de-growth of 3% and 7% respectively**.

Despite taking many knocks during the year, **TV continues to be the largest contributor to Adex with a 37% share** and grew by 8%, the third lowest growth rate in a decade. **Print follows with a 30% share of Adex**, but with a low growth rate of just 3%. In fact, 2019 is the fifth consecutive year that Print has grown the least of all mediums.

Digital has been growing unabated for the last 10 years. It grew again in 2019 by 32% and gained 3% share points from TV and Print which lost 1% and 2% share points respectively.

Radio and Outdoor too have grown at a slow pace but more or less maintained their share of Adex.

Cinema in 2019 grew significantly, by almost 30% on a very small base and continues to be the least contributor to Adex with a share of just 1.6%.

Within Traditional Media, while



Sam Balsara

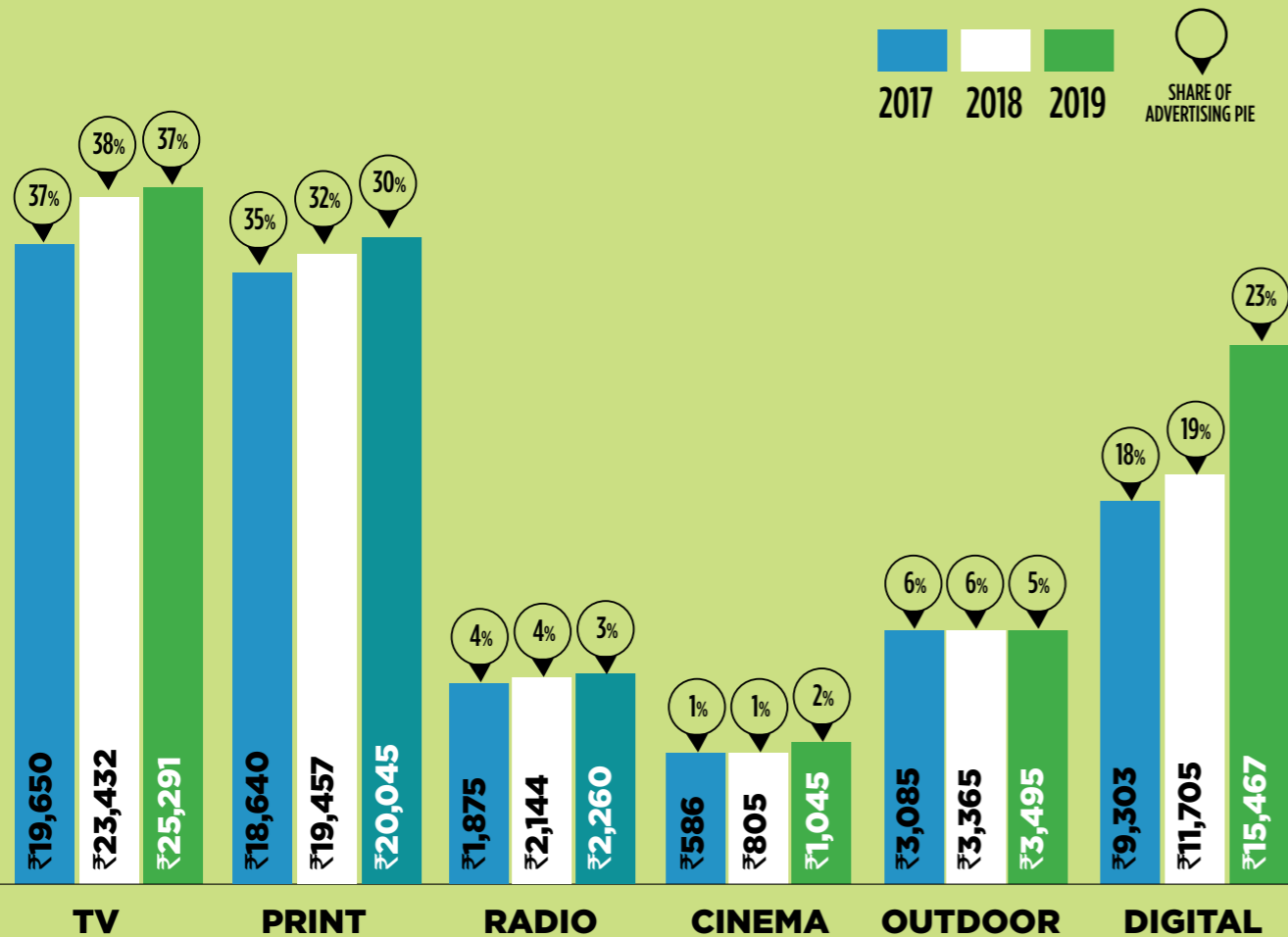


Vikram Sakhuja



Nilesh Bagaria

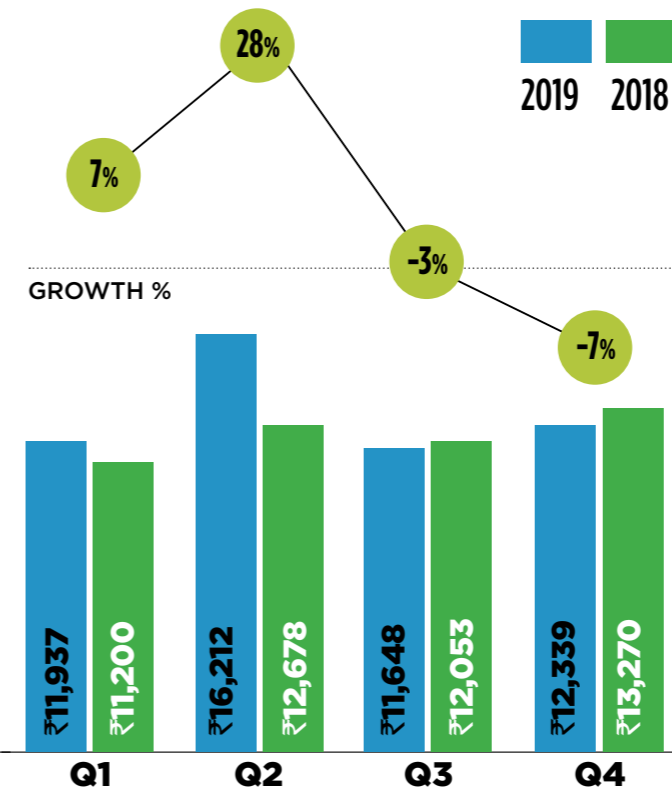
INDIAN ADVERTISING MARKET OVER THE LAST 3 YEARS



Growth % 2019/18



AD SPENDS ON TRADITIONAL MEDIA BY QUARTER 2019 VS 2018



(Consideration: TV+Print+Radio)

FMCG continues to be the largest contributor with 33% share, it is significant to note that its **contribution to total growth has dropped from 37% in 2018 to 30% in 2019**, though its share of Adex remains constant at 33%.

Despite all the talk of a dramatic slowdown in the Automobile sector, the **Auto category continues to be the second largest contributor with a share of 10%**, although it is down from 11% last year.

The year 2019 saw **e-commerce achieving the highest growth of 18% among all categories in Traditional Media**. Within e-commerce, in addition to giant players like Flipkart and Amazon, players in sub-categories like online gaming, food delivery services and mobile wallets have spent considerably.



INDIAN ADVERTISING MARKET OVER LAST 10 YEARS

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Traditional Adex (In Rs crore)	23996	25897	26552	29056	33435	38871	42165	43835	49202	52136
Growth %	27	8	3	9	15	16	8	4	12	6
Traditional Adex Share %	96	94	92	91	89	88	85	82	81	77
Digital Adex (In Rs crore)	1030	1535	2303	3050	3970	5120	7315	9303	11705	15467
Growth %	46	49	50	32	30	29	43	27	26	32
Digital Adex Share %	4	6	8	9	11	12	15	18	19	23
Total Adex (In Rs crore)	25026	27433	28854	32106	37405	43991	49480	53138	60908	67603
Growth %	28	10	5	11	17	18	12	7	15	11



INDIAN ADVERTISING MARKET: 2019 & 2020

FORECAST FOR 2020 MUTED

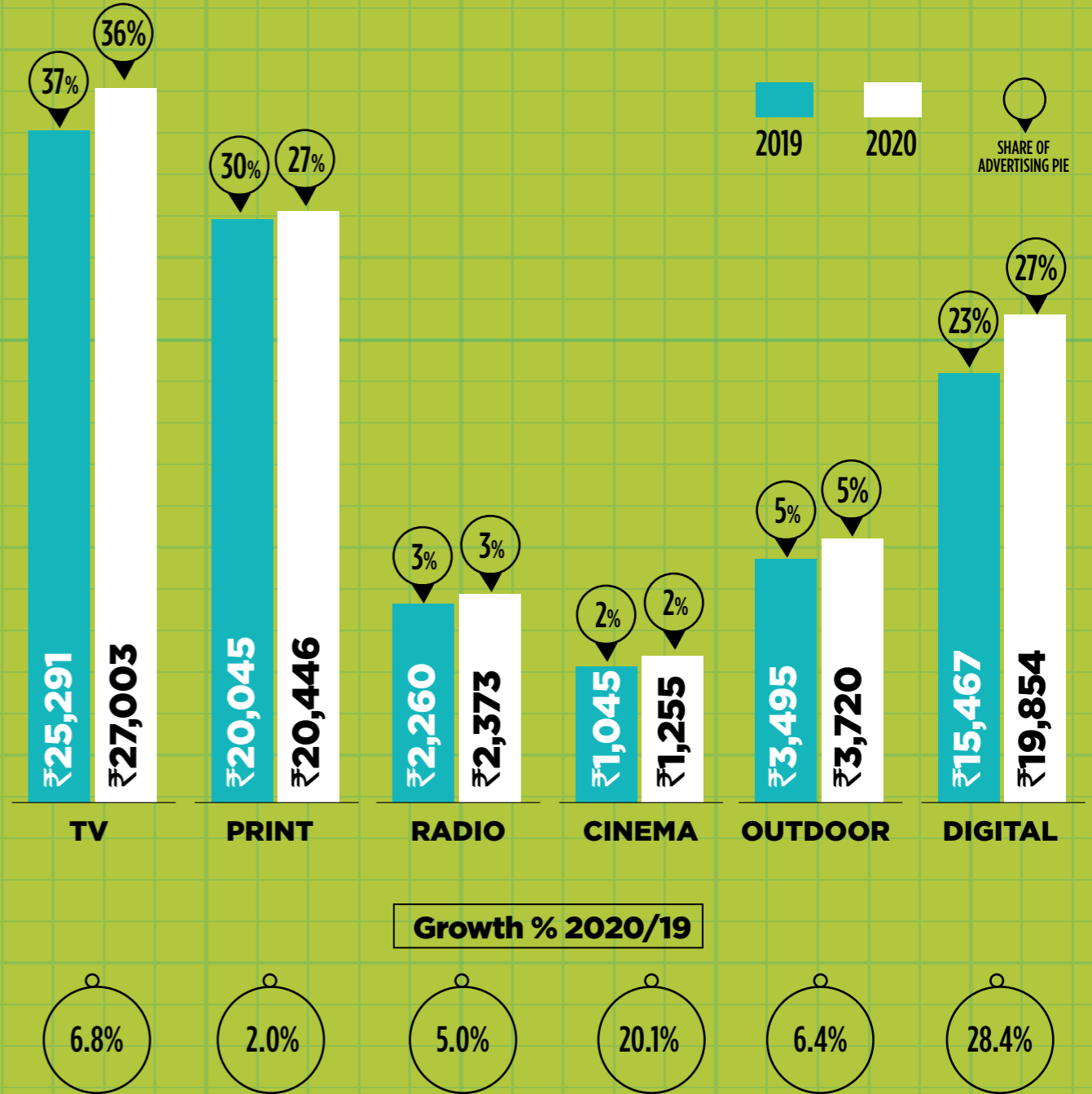
Our forecast for Adex in 2020 is muted. In arriving at our projected growth figure for the whole year at **10.4%** we are guided by the expectation that the economy should bounce back in the second half of 2020 as indicated in the Government's Economic Survey published on January 31, 2020. We, therefore, see a **subdued H1 for Adex and a buoyant H2, specially Q4.**

We also expect a wide variation of growth rates across mediums with **Digital** leading the growth at **28.4%** and ending the year with **27% share of Adex** at almost Rs 20,000 crore (precisely, Rs 19,854 crore). Our expectation is that TV will continue to be the largest medium with a 36% share of Adex, but will have a subdued growth rate of 6.8%. Print will lose 3 percentage points in terms of share of Adex and end up with a 27% share, registering a 2% growth. Radio and Outdoor are expected to grow at 5% and 6% respectively, and maintain their share at 3% and 5%. **Cinema**, amongst traditional media, will show a **high growth rate of 20%**, taking ad spends on the medium to Rs 1,255 crore.

Total Adex is expected to move up to Rs 74,650 crore, an increase of Rs 7,048 crore, of which Rs 4,387 crore or 62% will be contributed by Digital.

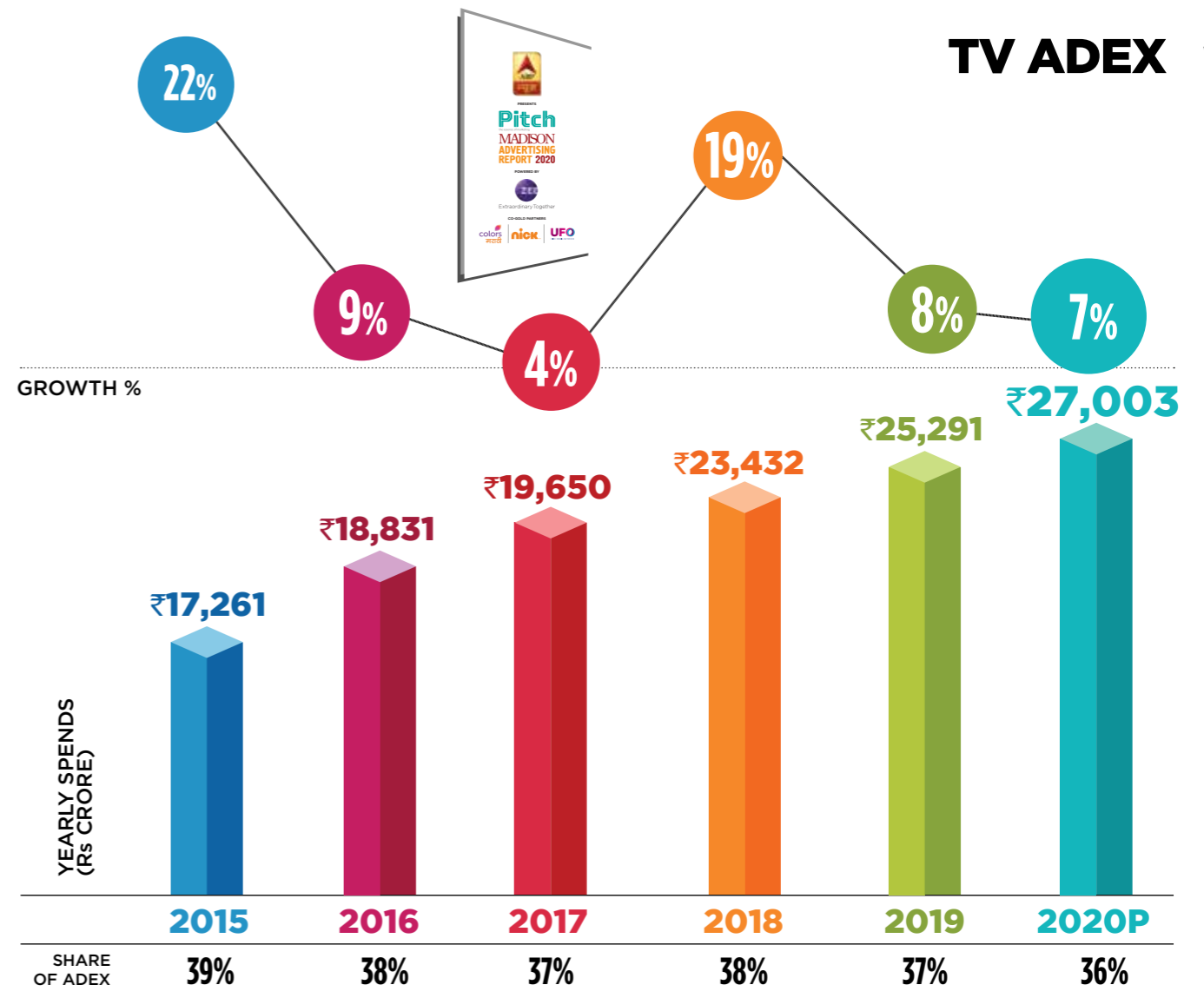
We have seen that even in a not so high-growth year, pole events continue to do well and attract advertisers' attention. So, we expect IPL and ICC T20 World Cup to pull in substantial monies. This, combined with a good festive season in Q4 and good spending by OTT, mobile wallet brands and e-commerce platforms, should make our growth estimate of **10.4%** for **Adex 2020** come true.

Indian Adex would then have added **Rs 21,512 crore** in three years by the end of 2020, registering a **growth of 40% from 2017 to 2020.**



SPORTS, ELECTIONS SAVE THE DAY

Television grew by only **8%**, lower than our projection of 11%, adding **Rs 1,860 crore** to Adex in 2019, to reach a size of **Rs 25,291 crore**. The categories that have spent the most on TV advertising are FMCG, Telecom, Auto and e-commerce. In 2020, Television is expected to grow **7%** to reach a total figure close to **Rs 27,003 crore**, on the back of IPL, ICC T20 Cricket World Cup and Hindi GECs' premium shows



TV ADEX	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 H1	2019 H2	2019 Overall
Spends (In Rs crore)	5384	8815	5315	5777	14199	11,092	25,291
Growth % vs 2018	-4%	40%	-2%	-6%	19%	-4%	8%

Adex's largest contributor, **Television**, demonstrated in 2019 that it can be vulnerable and **gave up the 1% share point that it had gained in 2018**, to close with a **share of 37%**. After a rocking 2018, when TV Adex grew by 19%, it **grew by only 8% in 2019, lower than our projection of 11% to reach Rs 25,291 crore**. This is less than half the growth rate achieved in 2018. In terms of absolute numbers, **TV Adex has grown by Rs 1,860 crore in 2019** and whilst its share has declined over the decade from 42% in 2010, it is significant that since 2015, it has **steadily increased its lead over Print** and now the gap in share between the two largest mediums is 7%

share points. A quarter-wise analysis shows surprising trends. Unlike in any of the previous years, in 2019 **Q2 was the strongest** and all other quarters, in fact, degrew. In fact, **TV in H2'19 is 22% lower than H1'19**, a sharp drop not witnessed in recent memory. The TRAI's New Tariff Order (NTO) in Q1, the economic slowdown in Q3 and Q4 and the low festive season in Q4 seem to have taken their toll on TV Adex. The **buoyancy in Q2 can be attributed to the Indian Premier League (IPL), ICC Cricket World Cup and Lok Sabha elections**. **FMCG** continues to rule the roost in TV Adex, contributing 49% although its contribution came down by 1% share point in 2019. **Telecom** and

TV



CATEGORY CONTRIBUTION & CATEGORY GROWTH IN TV IN 2019

TV - 2019	Category Contribution		Category Growth %	Contribution to Growth	
	In Rs cr	in %	2019 / 18	In Rs cr	in %
Product Category					
FMCG	12463	49%	6%	741	40%
Telecom	3064	12%	10%	275	15%
Auto	1792	7%	-4%	-81	-4%
E - Commerce	1321	5%	20%	220	12%
HH Durables	1246	5%	6%	71	4%
Real Estate & Home Improvement	757	3%	9%	62	3%
Clothing Fashion Jewellery	653	3%	-3%	-23	-1%
BFSI	533	2%	7%	35	2%
Corporate	377	1%	9%	32	2%
Travel & Tourism	363	1%	9%	29	2%
Alcoholic Beverages	310	1%	7%	20	1%
Education	289	1%	13%	33	2%
Retail	239	1%	7%	16	1%
Others	1885	7%	30%	431	23%
TOTAL	25291	100%	7.9%	1860	100%



FORECAST FOR 2020

At the time of finalising this forecast, the Supreme Court verdict on the **NTO 2.0 order is awaited**. If the NTO 2.0 comes into effect, whilst broadcasters' subscription revenues will be hit, it is likely that viewership of long tail channels will go up and consequently, so will TV ad spends.

Leaving that uncertainty aside and keeping in mind that the economy is likely to perk up only in H2, we project a **modest 7% growth in 2020**. Keeping in mind that in difficult times, pole properties like the **IPL, ICC T20 Cricket World Cup and Hindi GECs' premium shows are likely to get a fair amount of advertiser attention**, these programmes will command higher rates than last year.

With the 7% projected growth, **TV is likely to end 2020 with a 36.2% market-share**, which would mean TV has consistently lost 1% share point every year from 2015, with the exception of 2018.



Auto follow with 12% and 7% contribution respectively. The **e-commerce** category also gained dramatically during the year by as much as 20% and has reached Rs 1,320 crore.

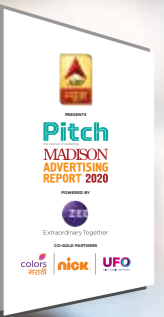
The main categories that have fuelled the overall growth of Rs 1,860 crore in 2019 are FMCG (Rs 740 crore), Telecom (275 crore) and e-commerce (Rs 220 crore). Predictably, **contribution of the Auto sector to the overall growth is negative in 2019 at -4%**.

There is a **marginal decline in total FCT telecast in 2019, perhaps because of disappearance of the FTA channels**, unlike in most previous years when FCT has gone up year on year.

An analysis of FCT beamed by various genres shows that **English Movies, English Niche, Music, Infotainment, Tamil have all degrown**, whereas **Malayalam, Kannada, Kids and Sports genres have all gained**.

The largest contributor to revenue, Hindi GEC genre, was almost flat in terms of FCT. **Hindi Movies shows an increase in FCT volume by 9%**, having attracted some of the FCT that in the previous year went to FTA channels, which large networks abandoned at the beginning of the year.

We estimate that in terms of revenue during the year, the **Sports genre has grown the highest by as much as 47% and Hindi GEC by about 7%**, which leads us to conclude that despite a soft market, these two genres have been able to command a rate increase.



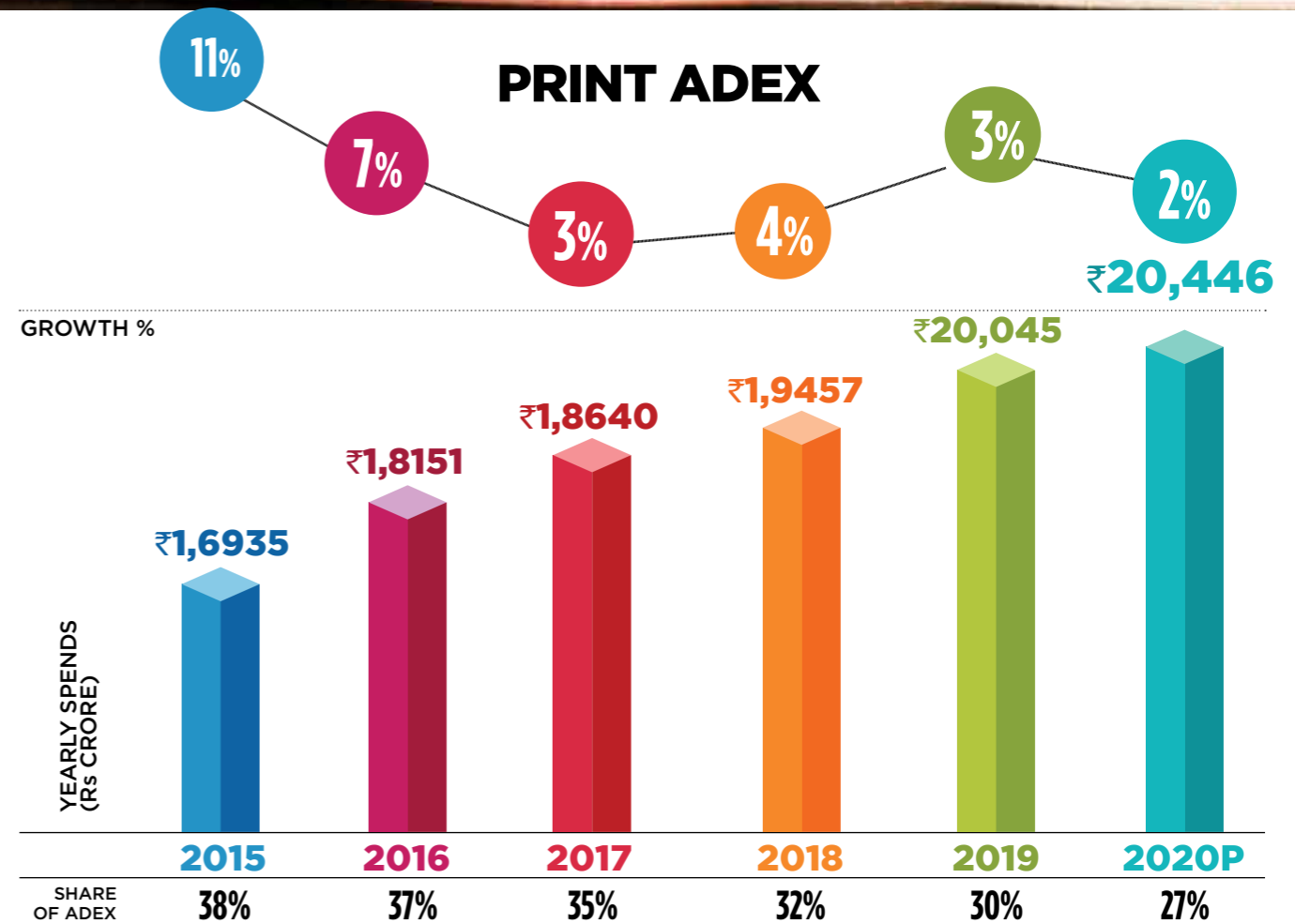
BEATING GLOBAL TRENDS, AND STILL GROWING

Print Adex grew **3%** in 2019, lower than our projection of **5%**. Despite this, it continues to be the second highest contributor to Adex, after TV, with a share of **30%**, and has added **Rs 588 crore** to it in absolute terms. In 2020, the Print advertising market is expected to grow by **2%** to come close to **Rs 20,446 crore**

In our estimate, Print grew by 3% in 2019, lower than our projected rate of 5%. While some may consider 3% to be a low growth figure, viewed against a global backdrop where Print is degrowing, a 3% growth could be considered good. **Print has added Rs 588 crore to Adex during 2019.** Though this is the third consecutive year that Print has grown less than 5%, it continues to be the second highest contributor after TV with a **share of 30%**. Our Print barons may rue the fact that share of Print has gone down from 42% in 2011 to 30% today, but they can draw inspiration from the fact that India is the only large country where Print has a dominant share of Adex at 30%.

While overall Print has grown 3%, a deeper view shows that **all the growth came in the first half of the year.** In fact, in the second half, Print degrew by as much as 10%, thanks to a slowing down of the economy and consecutively a poor festive season.

FMCG, Auto, Education, Real Estate and Retail continue to be the main cash cows and **contributed almost 50% to Print Adex in 2019.** In fact, e-commerce is fast emerging as an important category for Print and grew 14%, over 2018. Political parties are estimated to have contributed **Rs 200 crore** to Print Adex by way of advertising for the Lok Sabha Elections



Print - Language wise Publication Volume in million cc in 2019

LANGUAGE	2018	2019	GROWTH % (2019/18)	CONTRIBUTION IN % (2019)
HINDI	118	113	-4%	35%
ENGLISH	86	80	-7%	25%
MARATHI	30	28	-6%	9%
TELUGU	23	22	-4%	7%
TAMIL	21	22	5%	7%
KANNADA	16	18	11%	5%
GUJARATI	14	14	-6%	4%
MALAYALAM	10	12	13%	4%
ORIIYA	9	8	-10%	3%
BENGALI	5	5	-2%	2%
ASSAMESE	2	2	-11%	1%
PUNJABI	2	2	1%	1%
URDU	1	1	0%	0%
TOTAL	338	327	-3%	

PRINT



FORECAST FOR 2020

Given that the slowdown is expected to continue through H1, **we expect the Print advertising market to grow during the whole year by 2%**, which will take the Print Adex to Rs 20,446 crore. At this growth rate, Print's share of Adex is likely to fall to 27% in 2020.

Perhaps the time has come for Print to undertake some bold experiments, like advertising rates based on outcome; a combined rate for Print and Digital versions; lower advertising rates and hike in subscription charges. It could be argued that newspapers in India have very low cover prices and subscriber/ reader demand is price inelastic. Attempts must also be made to establish the brand-building properties of the Print medium by offering package rates for multiple insertions.

CATEGORY CONTRIBUTION & CATEGORY GROWTH - PRINT IN 2019

PRINT - 2019 PRODUCT CATEGORY	CATEGORY CONTRIBUTION		CATEGORY GROWTH %	CONTRIBUTION TO GROWTH	
	IN RS CRORE	IN %	2019/18	IN RS CRORE	IN %
FMCG	2812	14%	0%	7	1%
AUTO	2603	13%	-4%	-119	-20%
EDUCATION	2103	10%	6%	113	19%
RETAIL	1199	6%	6%	70	12%
REAL ESTATE & HOME IMPROVEMENT	1172	6%	8%	89	15%
CLOTHING, FASHION JEWELLERY	950	5%	-6%	-57	-10%
E-COMMERCE	880	4%	14%	110	19%
BFSI	859	4%	5%	41	7%
HH DURABLES	792	4%	-8%	-66	-11%
TELECOM	582	3%	9%	50	8%
TRAVEL & TOURISM	382	2%	7%	25	4%
CORPORATE	278	1%	7%	17	3%
ALCOHOLIC BEVERAGES	9	0%	12%	1	0%
OTHERS	5424	27%	6%	308	52%
TOTAL	20045	100%	3%	588	100%

during the first half of 2019.

Nearly 65% of Print's growth of Rs 588 crore is accounted for by four categories - Education, e-commerce, Real Estate and Retail. Print continues to draw its strength from a large diversified category portfolio and it takes as many as 12 categories to contribute more than 70% to Print, compared to only four categories to contribute the same number to TV Adex.

Predictably, in terms of volume, there is a 3% decline in 2019. There was a time not so long ago when English publications dominated Print Adex. The two biggest Hindi language publications, Dainik Jagran and Dainik Bhaskar, have both degrown marginally by 1% and 2% respectively, in terms of advertising volumes. Rajasthan Patrika, another leading Hindi daily, degrew by 10%. Leading English dailies Times of India and Hindustan Times too dropped by 4% and 10% respectively in terms of volume. **Such degrowth has not been witnessed in the last many years.**

Among other languages, **Malayalam and Kannada publications show the highest increase in volume.** But Gujarati and Telugu show a decline.

RADIO

WEAK SIGNALS

Radio grew **5.4%** in 2019, adding **Rs 116 crore** to Adex, to become a **Rs 2,260 crore** market and maintain its share of Adex at **3.3%**. Campaigning by political parties and candidates during the Lok Sabha elections contributed close to **Rs 50 crore** to Radio Adex. In 2020, the Radio advertising market is expected to grow by **5%** to reach a size of **Rs 2,373 crore**

In our estimate, Radio has grown by 5.4% in 2019 to become a Rs 2,260 crore market and has maintained its share of Adex at 3.3%. In terms of absolute numbers, Radio advertising has grown by Rs 116 crore. While in the first half of the year, Radio grew very well at 18%, the medium took a big hit with a drop in spends in the second half by 6% on account of slowing down of the economy.

Radio being a local medium, it was extensively used by all political parties including individual candidates for campaigning during the Lok Sabha elections, and this contributed close to Rs 50 crore to Radio Adex.

Now, e-commerce has emerged as one of the main contributors to Radio's growth followed by FMCG, BFSI, Education & Retail categories. These categories collectively contributed 60% to Radio's growth of Rs 116 crore.

In terms of category contribution, Real Estate and FMCG continue to lead the pack, contributing 9% each to Radio Adex, while e-commerce also shows up as a major contributor at 6%.



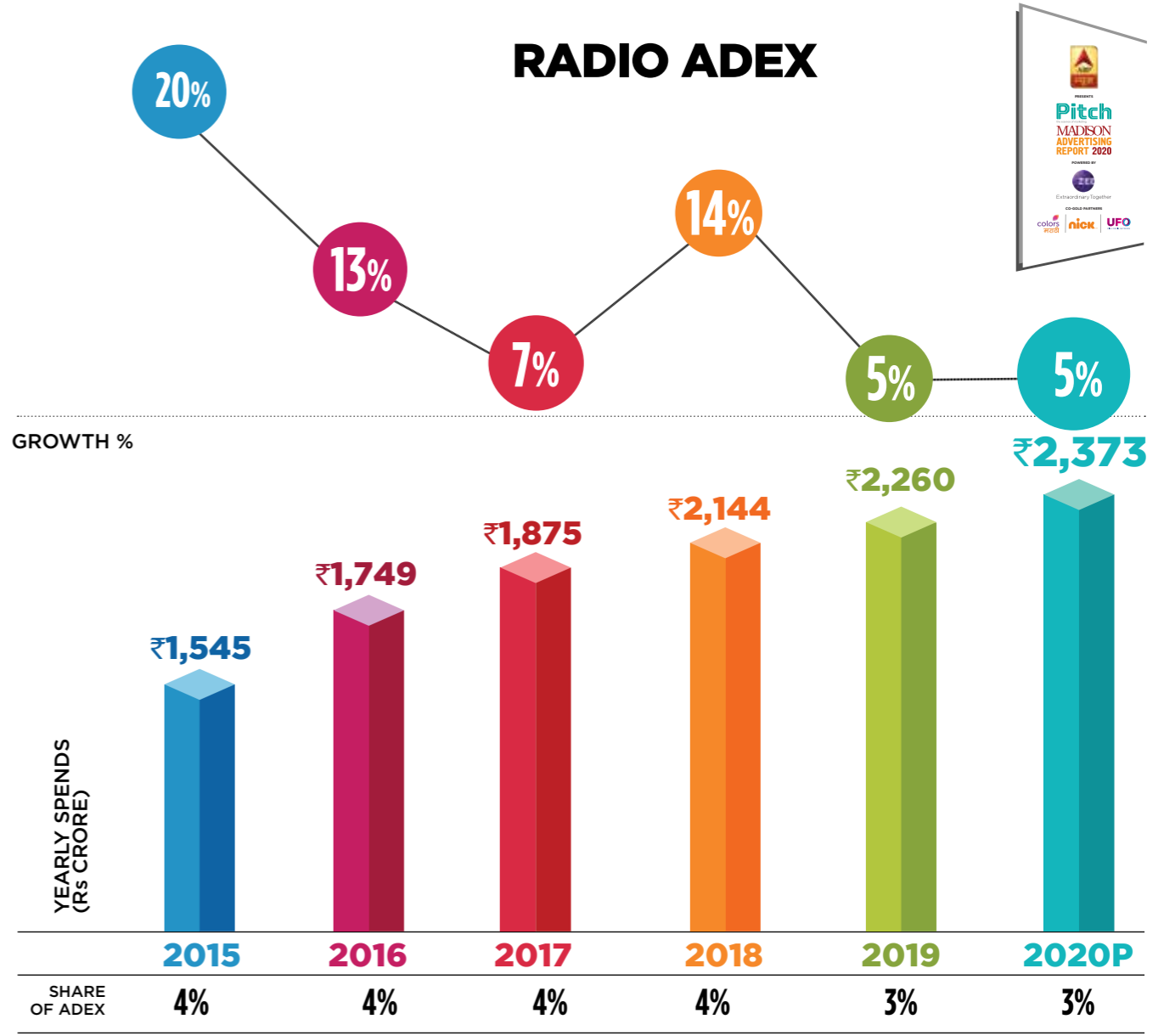
FORECAST FOR 2020

We expect Radio to maintain the same growth rate of 5% that it achieved in 2019, also in 2020. This will take Radio Adex to **Rs 2,373 crore**.

Increasingly, non-FCT offerings like Branded Content, Digital Communities, streaming of music and traditional events are beginning to contribute substantial sums to Radio Adex.

Radio will also continue to enjoy support of politicians during political campaigns for State elections.

RADIO ADEX



CATEGORY CONTRIBUTION & CATEGORY GROWTH - RADIO IN 2019					
RADIO - 2019 PRODUCT CATEGORY	CATEGORY CONTRIBUTION		CATEGORY GROWTH %	CONTRIBUTION TO GROWTH	
	IN RS CRORE	IN %	2019/18	IN RS CRORE	IN %
REAL ESTATE & HOME IMPROVEMENT	211	9%	-7%	-17	-14%
FMCG	204	9%	7%	13	11%
BFSI	174	8%	7%	12	10%
AUTO	169	7%	6%	10	9%
E-COMMERCE	136	6%	18%	21	18%
RETAIL	129	6%	9%	11	9%
TELECOM	125	6%	-2%	-3	-3%
EDUCATION	87	4%	15%	11	10%
TRAVEL & TOURISM	85	4%	-13%	-13	-11%
CLOTHING, FASHION JEWELLERY	82	4%	13%	9	8%
HH DURABLES	61	3%	-5%	-3	-2%
CORPORATE	48	2%	16%	7	6%
ALCOHOLIC BEVERAGES	4	0%	3%	0	0%
OTHERS	744	33%	8%	58	49%
TOTAL	2260	100%	5%	116	100%



RESURRECTION

Cinema grew by **30%** in 2019, taking the Cinema advertising market to **Rs 1045 crore**; it now contributes almost **2%** to overall Adex. Greater digitization of screens and hence control over ad playout benefits advertisers, who are waking up to the huge local marketing opportunity of Cinema, expected to grow **20%** in 2020, to reach a size of **Rs 1,255 crore**



Cinema has grown by 30% in 2019, in line with our projection, and now contributes almost 2% to Adex. **Cinema, which has been the favourite of very few advertisers in the last two years, has gained some momentum, having grown by 37.4% in 2018 and 30% in 2019. Though the base is small, Cinema is the only other medium, besides Digital, to show high percentage growth.**

This is driven by three factors.

- Consolidation across multiplex and single screen players
- Greater digitization of screens leading to more control over ad playout
- Scientific, data-based, selling of the medium.

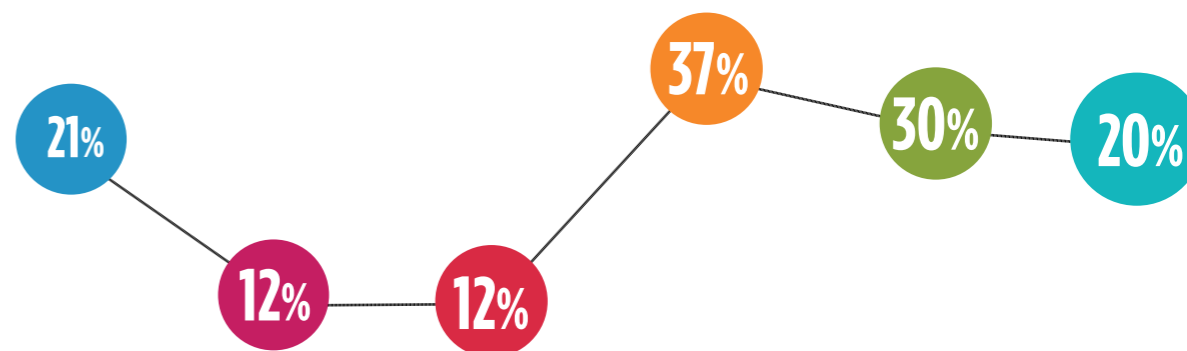
India Inc is waking up to the local marketing opportunity of Cinema. In a country of 1400 million people, we have 9,600 active screens (45% in the South), with only 330 million actually having access to a Cinema hall. **The medium has consolidated. It is now possible to cover virtually all theatres through just five players - PVR, Inox, Cinepolis, UFO and Gube.**

Thanks to playout being almost completely digitised, advertisers now have the confidence of digitized logs of their ad playouts.

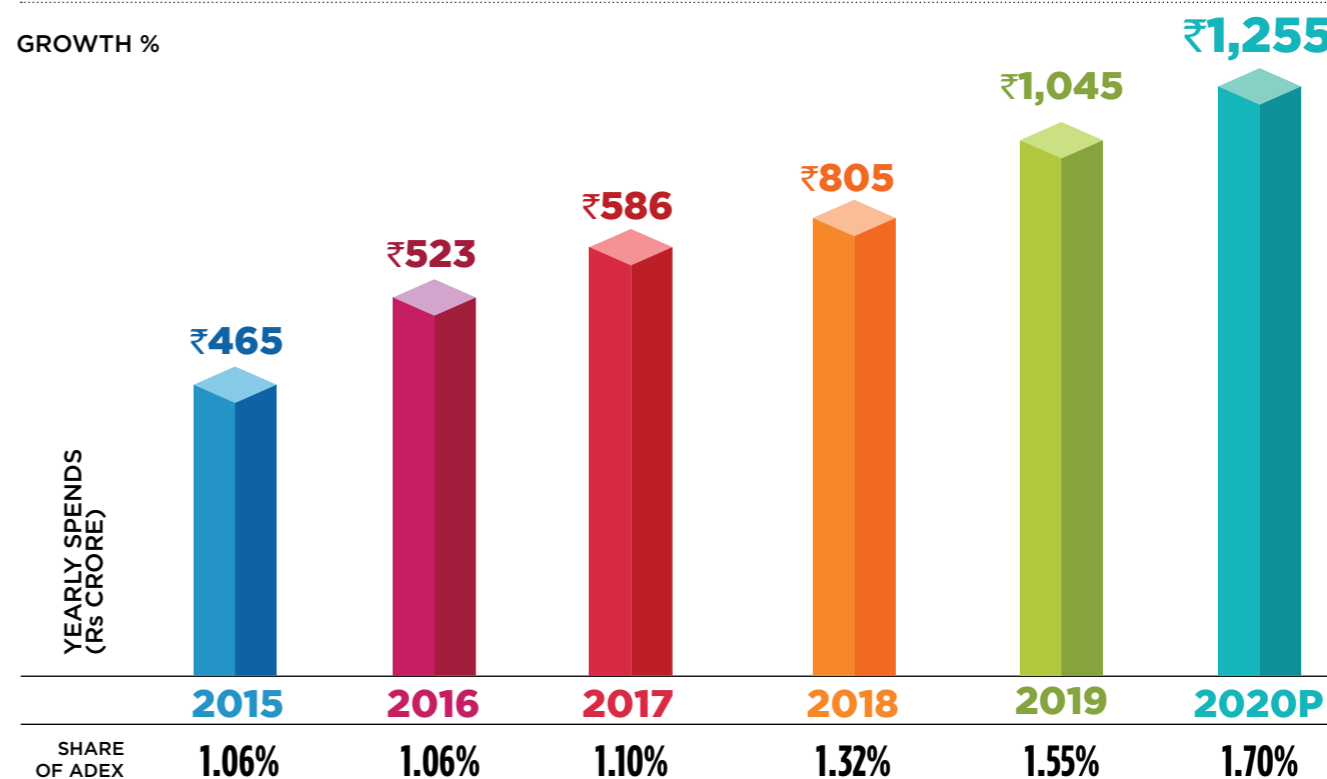
Targeted properly (18-34, NCCS AB, Urban), Cinema can provide significant reach that aggregate numbers belie. It is possible to target by PIN code too. Interestingly, only 380 of the 1,700 movies released nationally account for 80% of viewing. There are projects on to develop lead indicators that can help predict the movies to back.



CINEMA ADEX



GROWTH %



YEARLY SPENDS (RS CRORE)

SHARE OF ADEX

FORECAST FOR 2020

We are bullish on Cinema, and in 2020, we see three factors bucking the trend: Selling on Reach, Selling on Audiences (CPM) and better analytics supporting which movies to back.

We see Metro, Tier1, Tier2-oriented brands targeting AA 18-34 NCCS AB to embrace this medium. We are setting a conservative 20% growth target for Cinema and expect it to move up to Rs 1,255 crore in 2020.

OOH

SLOW-MOVING TRAFFIC

The Out of Home (OOH) advertising market grew by **4%** in 2019 and now stands at **Rs 3,495 crore**, contributing **5%** to overall Adex. Organized Retail, Consumer Services and Real Estate continue to be the top three categories spending on OOH. In 2020, Outdoor advertising is expected to grow by **6.4%** to reach a size of **Rs 3,720 crore**

The economic slowdown impacted the OOH industry as well in 2019. The OOH market has grown by 4% in 2019, as against the projected growth rate of 5%. Transit Media grew by 3% as against projected growth rate of 3.7% and conventional outdoor grew by 4.2% against the expected 5.5%. In terms of absolute numbers, **OOH advertising is now a nearly Rs 3,500 crore market and contributes 5% to overall Adex.**

Retail, Consumer Services and Real Estate are the top three categories that contributed to more than 40% of the OOH Adex. The **highest growth in OOH spends was recorded in Media (27%)** followed by FMCG and Real Estate categories (23% each).

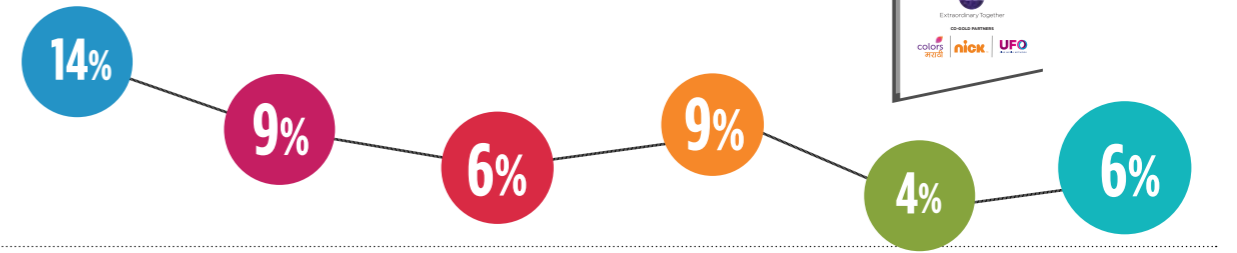
FORECAST FOR 2020

We expect Outdoor to **grow by 6.4% in 2020**, to take the total Outdoor advertising market to **Rs 3720 crore**. OOH share of media is expected to grow in the coming years with the development of infrastructure projects like Metros in a large number of Indian cities, as well as the emergence of Smart cities.

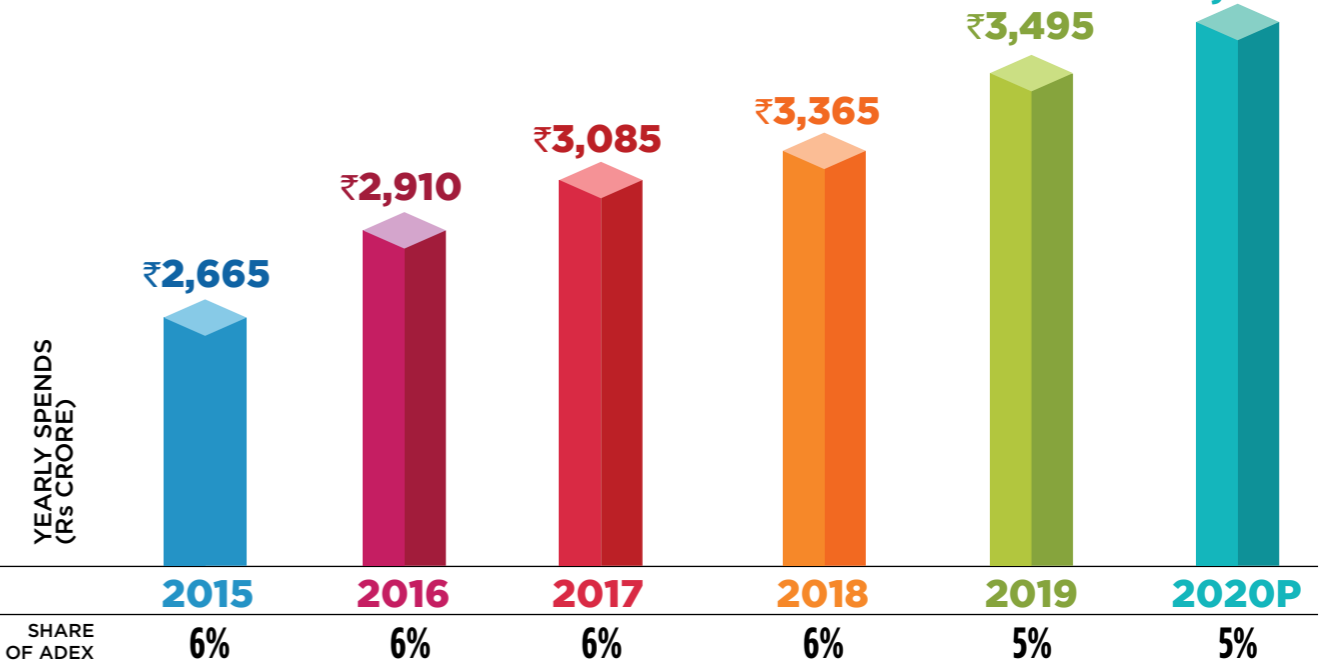
Some of the categories expected to contribute to OOH Adex in 2020 are Auto (EVs, SUVs and hatchbacks), OTT, e-commerce and mobile apps. OOH also continues to be the favourite of political parties and politicians, and this trend is likely to continue in 2020 for Municipal and State Legislative Assembly elections.

With digital OOH screens becoming more and more affordable, and hopefully with the authorities being less allergic to them, we should see emergence of a **strong Digital OOH** over the next few years.

OOH ADEX



GROWTH %



SHARE OF ADEX

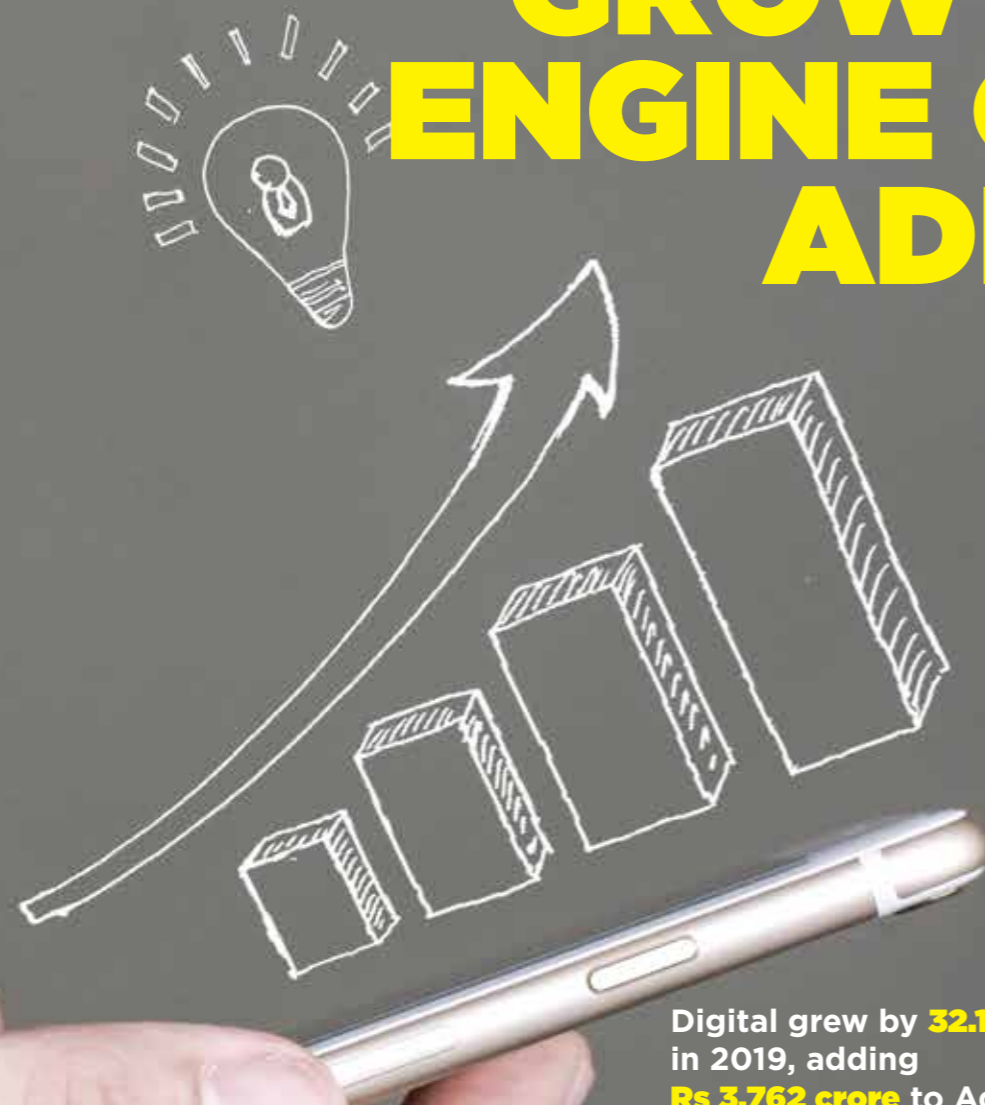
Year	Share of Adex
2015	6%
2016	6%
2017	6%
2018	6%
2019	5%
2020P	5%

CATEGORY CONTRIBUTION & CATEGORY GROWTH IN OOH IN 2019

OOH - 2019	Category Contribution		Category Growth %	Contribution to Growth	
	In Rs cr	in %	2019 / 18	In Rs cr	in %
Organized Retail (Jewellery, Apparel, garments, showrooms)	518	15%	-5%	-30	-23%
Consumer Services (Hospitals, Restaurants, Education, OTT)	522	15%	9%	42	32%
Real Estate & Construction	505	14%	23%	93	71%
Telecom (Mobile Services, Handsets & Apps)	204	6%	-18%	-44	-34%
FMCG	388	11%	23%	73	56%
Financial Services	335	10%	15%	43	33%
Automotive (2 Wheelers & 4 Wheelers)	204	6%	-12%	-28	-21%
Media (Print, TV Channels, Radio, DTH)	227	6%	27%	49	37%
E-commerce (Portals, Websites)	98	3%	-25%	-33	-25%
Electronic Durables	94	3%	17%	13	10%
Petroleum/Lubricants	13	0%	-40%	-8	-6%
Pharmacy	20	1%	1%	0	0%
Energy	1	0%	144%	1	0%
Others	365	10%	-10%	-40	-31%
TOTAL	3,495	100%	4%	131	100%

DIGITAL

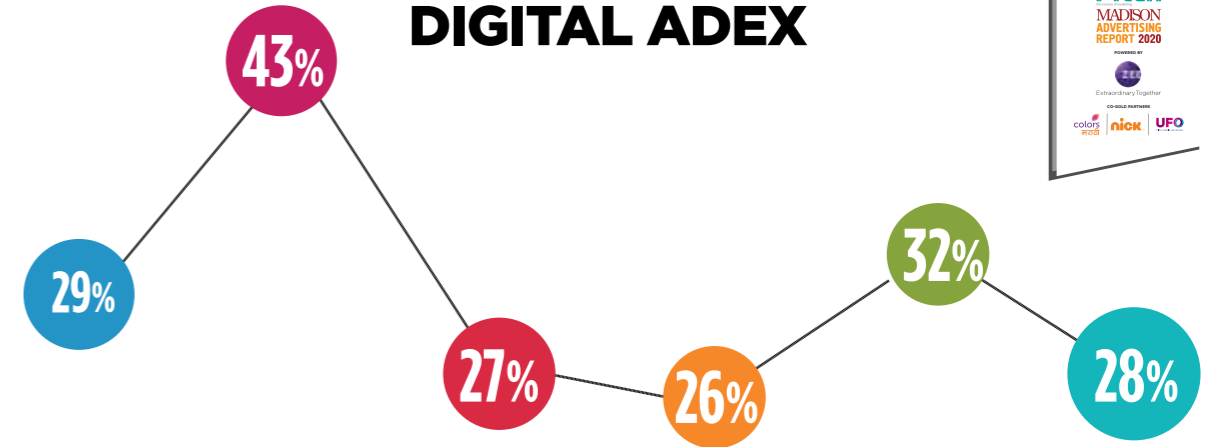
THE BIG GROWTH ENGINE OF ADEX



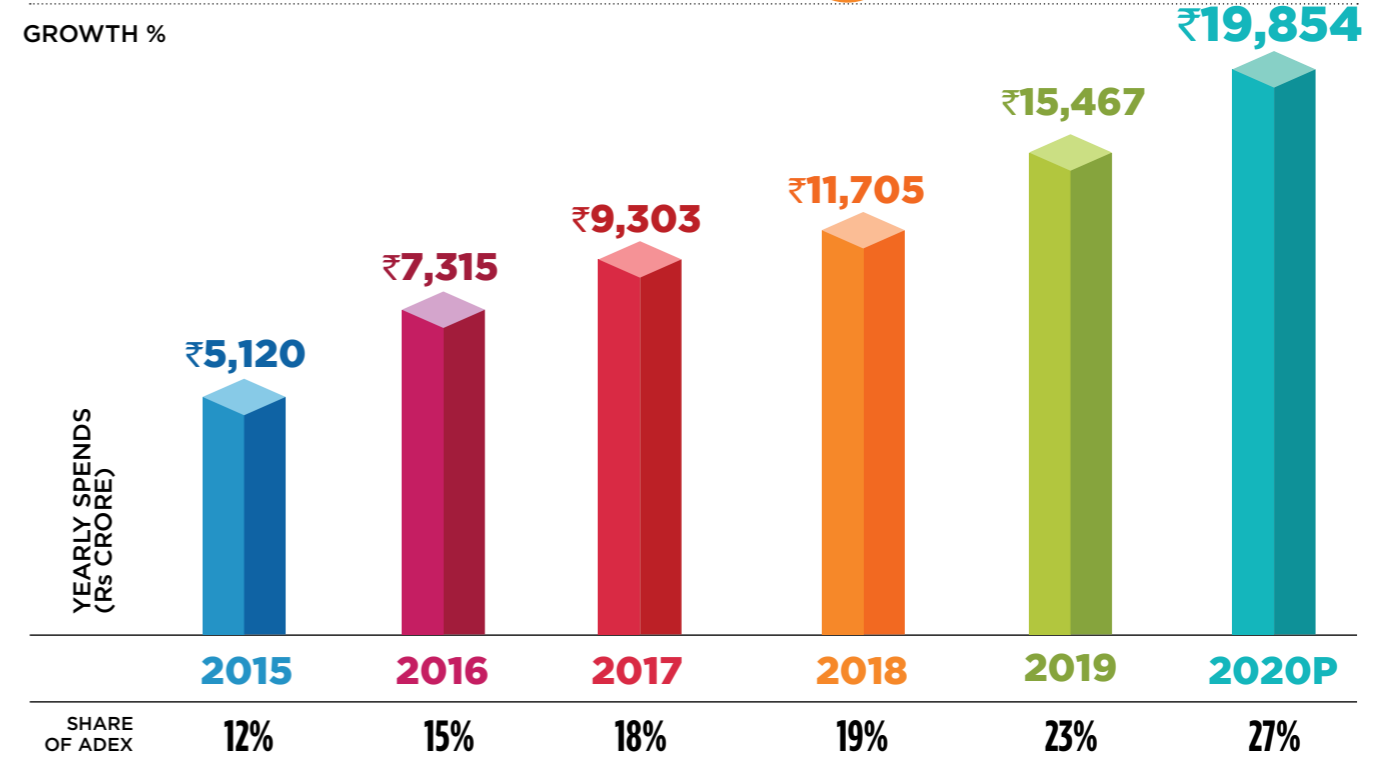
Digital grew by **32.1%** in 2019, adding **Rs 3,762 crore** to Adex, to reach a size of **Rs 15,467 crore**. It now contributes a whopping **23%** to Indian Adex, with Video advertising steadily gaining ground. Digital is expected to grow by **28%** in 2020, to reach **Rs 19,854 crore** and possibly overtake Print to claim second place next only to Television in Indian Adex



DIGITAL ADEX



GROWTH %



Not surprisingly, Digital Adex has made impressive gains during the year and achieved a growth rate of **32.1%** in 2019, **the highest growth achieved by any medium in the year**, taking the **total spends on Digital advertising up to Rs 15,467 crore**. You could argue that this growth rate belies the fact that India is in the midst of a slowdown. Digital has grown at a compound annual growth rate of more than 30% over the last five years, and now contributes 23% to overall Adex. It was only 6% a decade ago.

Looking at Digital Adex by various verticals, we find that it is more or less equally divided between four major

segments: **Search, Social, Video and Display**, with each contributing between 20% to 30% to the total. Consumption of video is going up year on year and in 2019, video ad spends grew by as much as 59%, beating the Digital Adex growth rate of 32%. **The Video vertical is now the highest contributor to Digital Adex at 30%, and almost all of Digital Adex (94%) is on mobile.**

About 52% of Digital Adex came from 'classical advertising', i.e, display banners (22%) and online video (30%). Interestingly, if we were to combine TV+ Online Video and Print + Display Banners, TV growth of 8% would increase to 14% for TV+ Video; and Print's 3% growth would increase to 4% for

Print + Display. The implication is clear - learn to sell AV mediums through-the-line rather than in silos.

Within Online Video, YouTube has the largest share, but OTT is now 20% of the pie and growing faster than YouTube. In Display, GDN has ~40% share, publishers have 20%. Currently, e-commerce advertising platforms

have made their presence felt at 10% of Display and ad and affiliate networks have the balance. Of the balance 48%, 23% came from Search and 24% from Social. In Search, Google has a virtual monopoly, whereas in Social, Facebook's absolute dominance is starting to be chipped away by the likes of TikTok and LinkedIn.

DIGITAL ADEX OVER LAST 4 YEARS - IN RS CRORE					CONTRIBUTION % 2019	GROWTH 2019/18
VERTICAL	2016	2017	2018	2019		
Search Spends	2,240	2,642	2,776	3,608	23%	30%
Social	840	1,245	2,540	3,429	22%	35%
Video Spends	1,640	2,326	2,926	4,640	30%	59%
Display Spends	2,375	2,790	3,123	3,414	22%	9%
Affiliates + Content + Influencers + Tech + SMS/OBD	220	300	340	375	2%	10%
Total	7,315	9,303	11,705	15,467		32%

(AD SPENDS IN RS CRORE)	2015	2016	2017	2018	2019	GROWTH 2019 VS 2018
TV + Video	18236	20471	21976	26358	29931	14%
Print + Display	18725	20526	21430	22580	23459	4%



FORECAST FOR 2020

We expect Digital to continue its growth path, unabated. Though the projected growth rate is a little lower at 28%, compared to the 32.1% the medium achieved in 2019, in absolute terms Digital Adex will add Rs 4,387 crore to overall Adex, substantially higher than Rs 3,762 crore that it added in 2019. This will take Digital Adex to Rs 19,854 crore, almost similar to the Rs 20,446 crore which we are projecting for Print. **With a bit of luck, Digital may overthrow Print to occupy second place in the Indian Adex in 2020 itself.**

Fuelling this fierce growth will be FMCG, fast discovering the benefits of viewing TV and Digital Video through a common lens, Telecom, Real Estate, BFSI, OTT and, of course, e-commerce which should continue to remain the backbone of Digital Adex. **Although we do expect a little slowdown of e-commerce on Search, 2020 could well be a turning point for Programmatic to achieve scale.**

With Jio going mainstream and the fall in data costs, Digital has moved beyond

Tier 1 and Tier 2 cities and we expect further penetration in Bharat in 2020 on the back of Video. Voice has seen a surge in recent times. With new international players like Spotify coming in, Gaana and Jio-Saavn merger, music players should garner

renewed interest.

Today, there are 40+ OTT players in India. While this number continues to grow, we will possibly see a consolidation story starting to emerge in 2020. With most TV channels focusing on growing their OTT platforms, it will be interesting to see if in 2020, one broadcaster takes the lead in offering advertisers a combined deal for Video, covering both TV and OTT.

We expect Programmatic to further grow, not just for Digital advertising, but also through connected TV and Digital Outdoor. Today, we have an estimated 20 million homes that can be targeted through Smart TVs, and this number is only set to grow. When this happens to scale, we will probably be forced to re-categorise media differently and not through the lens of Print, TV, Outdoor, Digital, etc.

It is surprising that in this near-Rs 20,000 crore Digital Adex, third party monitoring, industry-accepted viewability standards and an industry-benchmarked measurement mechanism, all remain elusive. With crossover of senior executives between TV and Digital, hopefully differences of opinion will get resolved and we will soon see BARC's Ekam take off. Until then, you have Madison's TV+ framework to take advantage of synergies between TV and Digital.



TOP ADVERTISERS OF INDIA IN 2019

DREAM11: NEW KID ON THE BLOCK

The Top 50 advertisers in the country account for **33%** of the advertising market

This year too, we list **the top 50 advertisers of India** for the year 2019 based on **approximate ad spends**. We have eight new entrants in the elite list. While advertising usually is a game of big boys, and no new advertiser can penetrate the Top 10 list, surprisingly this year we have a rank newcomer making it to the Top 5 list. The new kid on the block is fantasy sports platform Dream11, a cricket-based digital game, ranked No. 3. The other new players (compared to 2018 list) are Oppo, Byju's, Swiggy, BJP, MRF, Havells and Kia Motors.

Three out of the Top 10 advertisers are from the FMCG sector. Others are from diverse categories like Telecom, Auto, e-commerce and Consumer Durables.

The Top 50 advertisers account for **33%** (last year, it was 35%) of the Adex. Interestingly, the Top 10 advertisers continue to account for as much as **14%** (down from 16% last year) of Adex and contribute to 43% (last year, it was 46%) of the Top 50 list. By the time you reach rank 50, you are down from Rs 3,500 crore to Rs 100 crore.

The Top 50 advertisers now **spend 78% (up from 74% last year) of their budgets on Television and Digital combined**. This number

is significant when we compare with total Adex, wherein combined spends is 60%. Interestingly, if we consider TV and Digital separately, then the Top 50 advertisers spend **62% on TV** and only **16% on Digital** vs their Adex share of **37% on TV** and **23% on Digital**. This indicates that large advertisers are over-indexed on TV and under-indexed on Digital.

HUL continues to lead the pack with spends of about Rs 3400 crore followed by Amazon, Dream11, Reliance, Maruti, P&G, Vivo, Samsung, Oppo and Vini to make up our Top 10 list.

Among the Top 50, only three players have maintained ranks similar to 2018, 24 players have dropped in rank and only 15 have gained in rank in 2019. A few advertisers like Vini, Asian Paints, Coke, Apple, Hyundai and Amul gained many ranks on the list while Vodafone, Flipkart, Reckitt, Airtel, Honda and Emami have dropped many ranks in the list.

(Disclaimer: Some advertisers who in our list rank above 50 may well in reality be in the Top 50 list or vice-versa. Many Madison clients feature in this list, but we have not used any confidential information that we are privy to in arriving at this list, which is formulated by a standard, structured process)

THE BIG SPENDERS

Rank in 2019	Rank in 2018	Change in Rank	Advertisers	Approx Spends in Rs crore
1	1	No Change	Hindustan Unilever Ltd	3200 - 3500
2	4	2	Amazon Online India	900 - 1000
3	New	New	Dream11 Fantasy	700 - 800
4	7	3	Reliance Industries Limited	700 - 800
5	5	No Change	Maruti Suzuki India	700 - 800
6	3	-3	Procter & Gamble	700 - 800
7	9	2	Vivo Mobile India	600 - 700
8	6	-2	Samsung India Electronics	600 - 700
9	New	New	Oppo India	500 - 600
10	37	27	Vini Products	500 - 600
11	2	-9	Reckitt Benckiser	500 - 600
12	10	-2	Godrej Consumer Products Ltd	500 - 600
13	15	2	ITC Ltd	400 - 500
14	22	8	Coca Cola India	400 - 500
15	14	-1	Google India	400 - 500
16	17	1	Mondelez India	400 - 500
17	8	-9	Honda Motorcycle & Scooter	400 - 500
18	29	11	Apple Computers India	400 - 500
19	11	-8	Bharti Airtel	400 - 500
20	19	-1	Mahindra & Mahindra	400 - 500
21	12	-9	Hero MotoCorp	400 - 500
22	16	-6	Glaxo Smithkline	300 - 400
23	27	4	Hyundai Motor India	300 - 400
24	21	-3	Colgate Palmolive India	300 - 400
25	35	10	Asian Paints	300 - 400
26	18	-8	Emami Limited	300 - 400
27	New	New	Byju's	300 - 400
28	30	2	Nestle India	300 - 400
29	26	-3	Bajaj Auto	200 - 300
30	23	-7	L'Oreal India	200 - 300
31	New	New	Bharatiya Janata Party	200 - 300
32	25	-7	Marico	200 - 300
33	24	-9	TVS Motor	200 - 300
34	33	-1	Titan Company	200 - 300
35	28	-7	Life Insurance Corp Of India	200 - 300
36	36	No Change	Wipro	200 - 300
37	40	3	Tata Motors	200 - 300
38	New	New	MRF Ltd	200 - 300
39	New	New	Swiggy	200 - 300
40	41	1	Dabur India	200 - 300
41	46	5	Amul	200 - 300
42	7	-35	Vodafone Idea	200 - 300
43	13	-30	Flipkart.com	200 - 300
44	New	New	Havells India	100 - 200
45	39	-6	Johnson & Johnson	100 - 200
46	44	-2	Renault India	100 - 200
47	31	-16	Honda Cars India	100 - 200
48	49	1	Britannia Industries	100 - 200
49	New	New	Kia Motors Corporation	100 - 200
50	43	-7	Parle Biscuits	100 - 200



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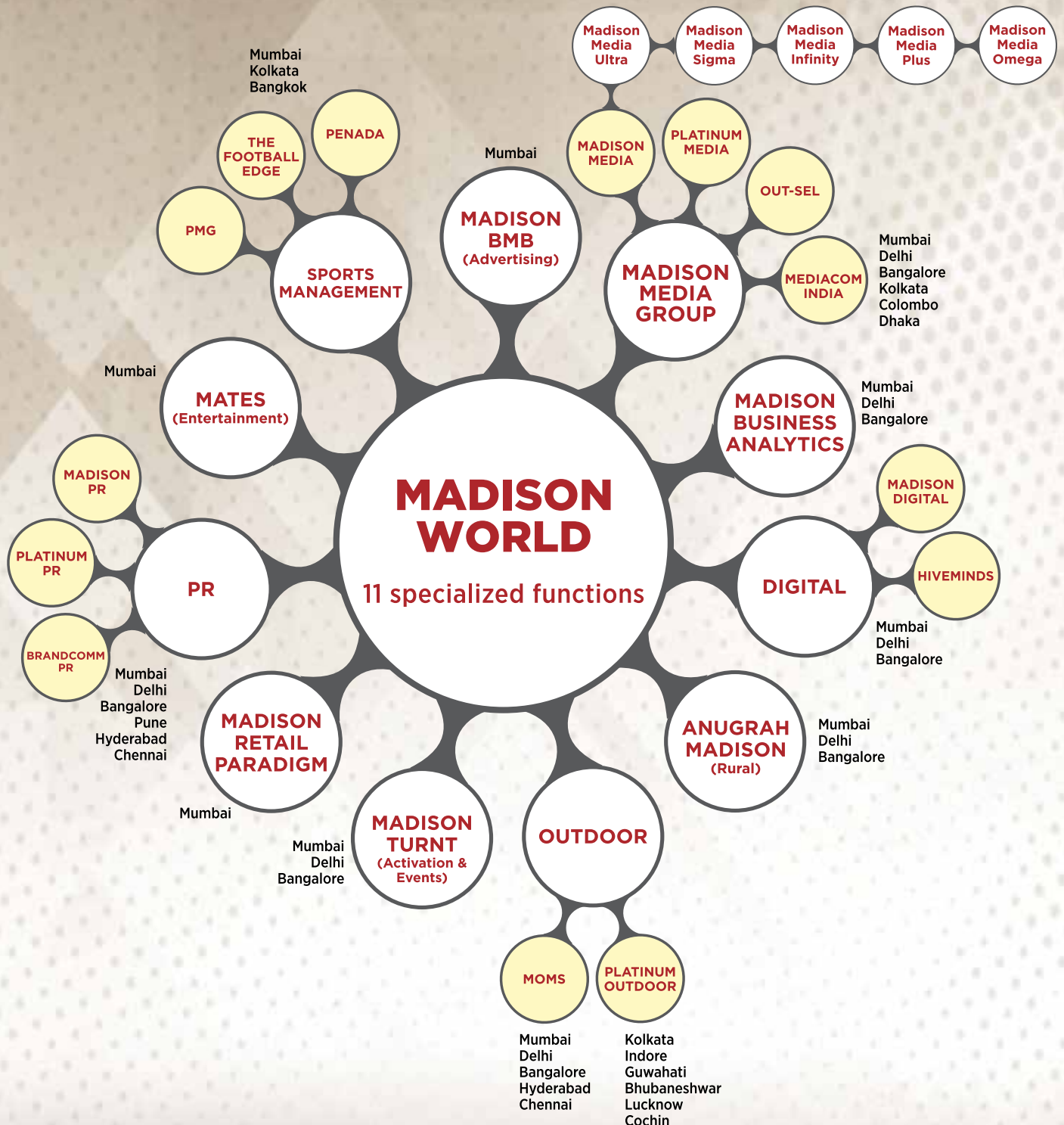
3 Gold | 2 Silver | 4 Bronze



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