



GROWTH OF ADVERTISING AND MARKETING INDUSTRY IN INDIA

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Abstract

TV and print were by far the strongest advertising media in India, as each medium is expected to account for about 37 percent of all advertising spending in India by 2017, taking the lead as the two most important mediums for advertisers in the country. While physical out-of-home advertising is expected to remain the same in the coming years, digital out-of-home advertising in the country is forecast to consistently grow, with projections to grow from about 10 billion USD. The growth in the region is mainly driven by China, the world's second largest ad market, and India, one of the fastest growing advertising markets in Asia. Newspaper advertising spending in India is forecast to add up to an estimate. Internet advertising spending in India is estimated to pass the 700 million U. Traditional mediums, such as television and print, are still popular amongst advertisers in India. Physical out-of-home advertising is also an important platform in the Indian ad market. The ad market in India is forecast to increase by Spending on internet advertising has been consistently rising in India since 2006, when only 39 million U. dollars were spent on internet advertising. Despite this aggressive growth, internet's share of the total ad market in India is rather timid; the medium is projected to hold about 14 percent of ad market share in the country by 2017. Search advertising is the most popular ad format in India, accounting for about 30 percent of the total digital ad spending in India as of 2015. Social, display, video and mobile held from 16 to 18 percent of the market share each in that particular year.

Keywords: *Digital Advertising, Employment Opportunities, Government Initiatives.*

Introduction & Historical Background

The Indian advertising industry has evolved from being a small-scaled business to a full-fledged industry. According to IMARC Group, one of the world's leading research and advisory firms, with the Indian economy on a continuous growth path for many more years to come, prospects of the advertising industry are bright. Advertising is one of the key activities for potential business and is equally important as producing something using raw material, or as capital, manpower, planning, organizing etc. products or services. Publicizing that the business offers to the targeted customers is called advertising which forms the integral part of marketing, and an essential precondition for selling. Advertising is done with vast population and requires organizing and applying human skill and talent and technology backed media. Advertising companies use multifaceted talents and ideas to carry out successful campaigns. With huge innovative development of electronic media, advertising has grown as an organized industry, offering a lot of employment opportunities. Indian Advertising Industry has been reshaped by regulatory and technological changes over the past times as before it did not have many opportunities. With the advent of radio, TV, Print and outdoor it has been able to gain much potential. The development involved the deregulation of FM radio, Direct to Home broadband, the implementation of conditional access system (CAS) and foreign direct investment has made the industry much faster than before. Indian Advertising industry is increasingly attracting the attention of many foreign Companies and communication agencies, by opening business avenues for the small and medium marketing agencies in India. After facing rugged recession, the Indian advertising industry must now begin to look at ways and means to rejuvenate its sagging market share, according to industry experts. After growing at nearly 20 per cent year on year for five years, the advertising market dipped in 2009 by as much as 10%. Just 0.4% of GDP is contributed by advertising market. Its time to grow now and make up for the lost time with sharp strategies and plans to develop brands, markets, creativity, media markets and research according to researchers. Indian advertising industry is talking business today and has evolved from being a small-scale business to a full-fledged industry. It has emerged as one of the major industries and tertiary sectors and has broadened its horizons be it the creative aspect, the capital employed or the number of personnel involved. Indian advertising industry in a short span of time has carved a niche for itself and placed itself on the global map. Indian advertising Industry which has an estimated value of Rs.13, 200-crore has made jaws drop and set eyeballs gazing with some astonishing pieces of work that it has given in the recent past. The creative minds of the Indian advertising industry incorporates have come up with some mind-boggling concepts and work that can be termed as masterpieces in the field of advertising. In the year 2009 the industries attrition rate is as high as 20-25 % which was sober in that sense. According to industry executives the attrition rate is below 5 %, implying that most had to stay put and deliver on their briefs in their respective agencies. The ads shown to us are sometimes innovative and sometimes they really get on your nerves, especially when they are repeated time and again and especially when they are repeated twice. This happens when there is something sponsored by them say a tennis match or an award ceremony, etc. Advertisements usually amaze people with their creativity and presentation whereas some are really horrible in the depiction of their ideas. Most of the times however we find quite interesting and appealing ads. The Indian ad agencies have some of the most creative and talented people around which is attested by the fact that global companies are approaching Indian ad agencies to handle their media campaigns.



Objectives of the Study

In general advertising has two objectives namely, employment opportunities or action objectives and Sales objectives. From the behavioural point of view, it influences the buyer behavior of consumers. It is an accepted fact that all behavior starts with motivation. Ad motivates people by arousing their dormant needs that activates behaviour.

Research Methodology

The research is based on the secondary data collected through various resources like journals, books, and web sites. The objective of this paper is to draw an outline for employment opportunity in advertising industry.

Market Capitalization

At the last Cannes Awards, the president of the Jury was Piyush Pandey, Group President and National Creative Director of Ogilvy and Mather conveyed that India, is quickly becoming a viable online advertising center. There is expectation that the online advertising market in India to heat up. As Lionel Lim, Sun's VP and MD (Asia South), recently stated, "Over the next three to four years, we want to help create up to 100 dot-com companies in India, each with a market cap of around \$10 billion. That is, perhaps, the biggest investment we can make in this country.

Employment Opportunities

The opportunities include that of account planner, executive, copywriter, visualizer, creative art director, animator, multimedia expert, photographer, printer, TV producer, media planner, web developer jobs, web planner, and marketing professional. MBAs can also play a significant role in client servicing. There are tremendous opportunities in Indian Advertising Industries in the country and abroad. The advertising industry always has a perennial demand of talent. Candidates qualified in Commercial Art have great opportunities. However, individual creativity and ability for innovation are more important than academic degrees.

Market Size of Advertising Industry

India's advertising industry is expected to grow at a rate of 16.8 per cent! Year-on-year to Rs 51,365 crore (US\$ 7.54 billion) in 2016, buoyed by positive industry sentiment and a strong GDP growth of 7 per cent and above. Print contributes a significant portion to the total advertising revenue, accounting for almost 41.2 per cent, whereas TV contributes 38.2 per cent, and digital contributes 11 per cent of the total revenue. Outdoor, Radio and Cinema make up the balance 10 per cent. The online advertising market in India is expected to touch Rs 3,575 crore (US\$ 538.09 million) in 2015 from Rs 2,750 crore (US\$ 413.92 million) in 2014. Of the current Rs 2,750 crore (US\$ 538.09 million) digital advertisement market, search and display contribute the most - search advertisements constitute 38 per cent of total advertisement spends followed by display advertisement at 29 per cent, as per the study. The Internet's share in total advertising revenue is anticipated to grow twofold from eight per cent in 2013 to 16 per cent in 2018. Online advertising, which was estimated at Rs 2,900 crore (US\$ 436.50 million) in 2013, could jump threefold to Rs 10,000 crore (US\$ 1.51 billion) in five years, increasing at a compound annual rate of 28 per cent. It is interesting to note that Indians paid Rs 25,200 crore (US\$ 3.79 billion) to access the Internet in 2013, a figure greater than the Rs 22,300 crore (US\$ 3.36 billion) that print medium garnered in subscription and advertising.

Digital Advertising Industry in India

Businesses that confine themselves in small social shells hardly enthrall their prospects with innovative products and services. Because people don't like reserve and introvert brands, they respond to brands that communicate with them again and again. Marketers who are aware of this rationale make every possible effort to make their presence felt in the biosphere of their target audience. And, the smartest among are those who chose the communication medium as per the choice of their prospects. Today, even a naïve marketer is familiar with the fact that none of the conventional advertising format is as diffusive, disruptive, and decisive as the Digital Advertising. Indians are smart to emulate technological revolutions, and in Digital Advertising too, they are among the forerunners. Being the centre of mass in BRICS nations, India has to create successful examples in the field of trade and commerce, and no doubt, advertising is the most powerful catalyst for business growth. Though Radio is far behind than Television in terms of revenue, but it is also growing at the same rate (10 percent), whereas, cinema ads are likely to grow at 20 percent or more. Furthermore, the induction of programmatic advertising and digital wearable, developments in the world of advertising are quite unprecedented and thriving in the last couple of years. But, the most commendable factor in the growth of digital advertising is none other than the rising interaction between the marketer and its audience. Presence of the Conventional Media In the conventional advertising landscape of the country, newspapers and magazines are gradually losing the charm, but Television continues to acquire the top position with an annual growth rate of around 10 percent. It is not only the Internet or Social Media that is fuelling the growth of Digital Advertising; there are multitudes of transformers that are empowering the vertical. Though content has been always the prime force of advertising, after the advent of digital media, it has become the soul of advertising. Despite automation, the digital



marketer will be solely responsible to deliver better experiences to the consumer using multiple channels. The agencies, advertisers or publishers will be served if they'll be able to ride on a nascent technology, predictive marketing, and data wave for creating the analytical model. It is the financial sector that invests most on advertising in India, thanks to the lenient RBI policies which could leverage a favourable business environment in the sector. Factors of Influence the demonetization has slowed down the country and digital ad industry, however, Mobile continued to excel and enhanced the game to a greater extent with good customer experiences and profitable results.

The Arrival of Smart Age

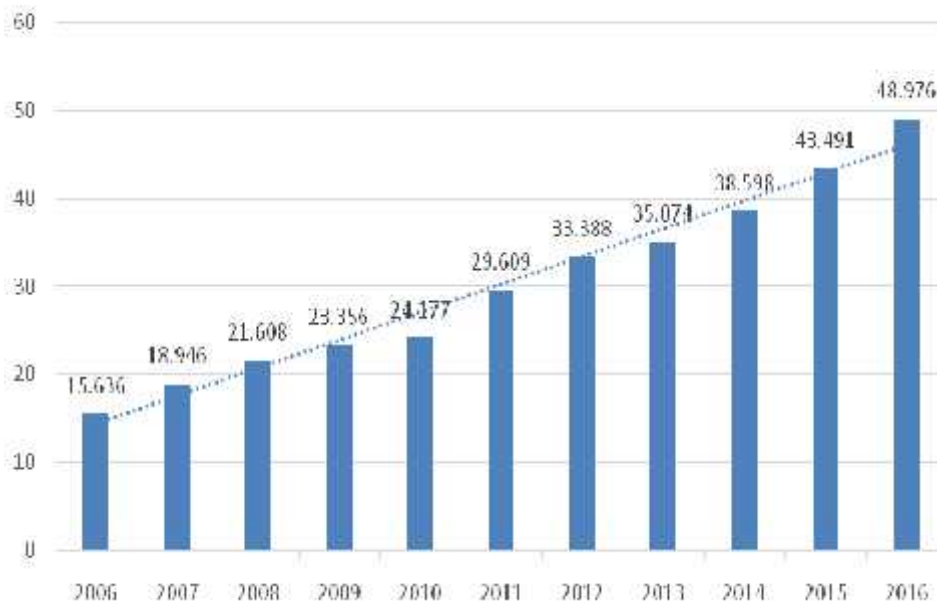
After Independence, the Indian ad industry has progressed from being a miniature to full-fledged large scale industry, and now it is the second fastest in Asia after China. While small businesses are avid to transform their functionalities and working approaches through joining the current digital revolution, the pioneers are already celebrating the CHANGE. The duo of 0 and 1 has accelerated the pace of advertising to the newer heights, and this growth is not going to take any rest. According to a combined study of CII and KPMG, India's digital advertising industry is growing at 33.5 percent (CAGR) and by 2020; its value will surpass the Rs. 255 billion marks. Soon, this transition phase will be over, and the industry will reach towards the growth stage. That will be the time when the impact of digitization would be rather noticeable in the country's economy, but at this inception stage, experts believe that the share of this sector in India's GDP will remain around 0.50 percent in the next two fiscals. The online advertising is developing rapidly in the country but a fall in advertising revenues have been noticed during 2009 due to the global economy slowdown, while overall advertising industry in the country registered 22. The online advertising industry grew from USD million in 2006 to USD million in 2010. The factors that helped the industry growth were, increase in internet penetration, e-commerce, social networking and population growth. India offers huge business potential for online advertising industry with rising population, growing income level and changing lifestyle. With increasing number of educated people and migration to urban areas, increase adoption in Internet and online advertising is being witnessed. 25% of the online advertising; USD million and 22% growth over 2009 was registered by the segment. In India, the online display advertising spent per user was in 2009, which is low when compared to other developed countries. Year 2010 has shown a recovery period and advertising spending increased by 19. Growth is expected in retail advertisement, on the back of factors such as several players entering the food and beverages segment, e-commerce gaining more popularity in the country, and domestic companies testing out the waters. Display advertising has always been the leading category in the online advertising market.

Indian Advertising Market to see Strong 13% Growth

Total internet (including mobile) growth is expected to be 13% next year, while television, the world's largest ad channel by spend, is forecast to post growth of 1. All media, barring newspapers and magazines, are predicted to record year-on-year growth in 2017, with mobile expected to see the greatest ad spend rise, up 34. " His analysis was based on Pitch Madison Advertising Report 2016, which expected India's advertising market to expand 16. The Indian advertising industry is expected to register the strongest annual rise in advertising spend as compared to other markets in 2016, up 13. According to the forecast, all 13 markets covered in the report, will see the amount invested in advertising rise both this year and the next. 8% year-on-year in 2016 from 2015, is forecast to register a softer growth of 1. Despite the uncertainty surrounding the "Brexit" process by which the UK will leave the European Union in 2017, the nation's ad market is forecast to record ad spend growth of 5. US ad spend growth has been forecast to cool next year—rising by 2. The world's largest ad market, the US, is expected to post ad spend growth of 5. All 13 markets studied are expected to record ad spend growth in the short term, despite their contrasting socio-economic environments," said James McDonald, senior research analyst at Warc in a statement. The growth in 2014, to Rs 13,490 crores, is being attributed to an increase in spending due to elections (both General and State elections), as well as advertising from categories like e-commerce and Telecom. "The FMCG sector, which contributes to nearly a third of the AdEx, had a steady year, growing broadly in line with the industry average," Group M said in a statement. CVL Srinivas, CEO, GroupM South Asia said in a statement that advertisers are cautious but optimistic: "With a new Government coming to power the negative sentiment has lifted but there is still some bit of caution amongst advertisers. We continue to operate in the same zone as last year at an overall level." In addition, GroupM is "seeing a lot more confidence amongst local businesses to invest in brand building than before. This is a positive sign for the industry. Penetration of smartphones coupled with the popularity of online video is making FMCG spend more on digital. Another trend is the emergence of categories like e-Commerce and the increased competition in Telecom both of which are aiding the growth of traditional media channels including Print and TV apart from Digital."

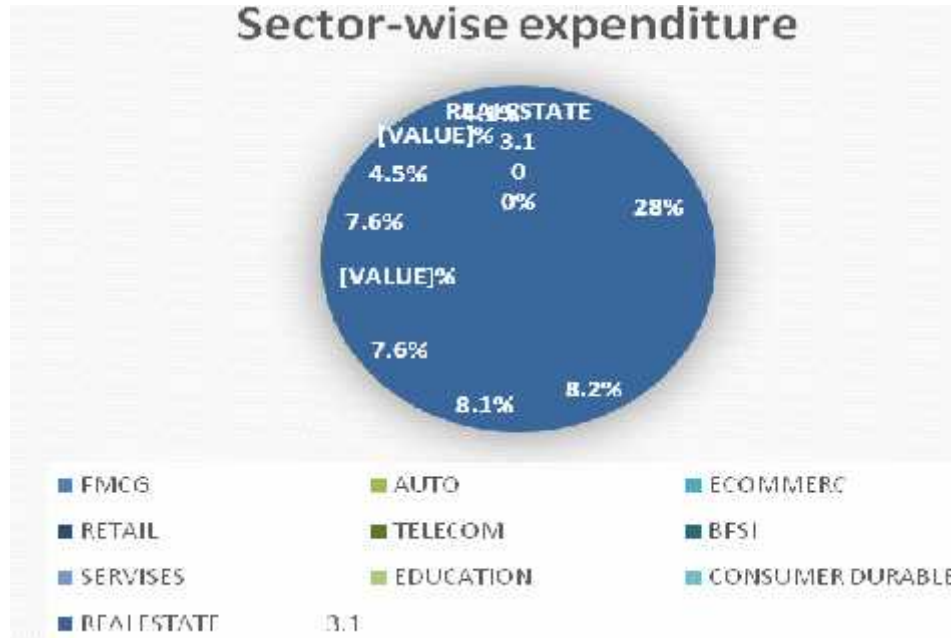


Advertising in India Rs in Cr



Recent Developments

Tata Motors has appointed renowned football player Lionel Messi as the global brand ambassador for Tata cars and utility vehicles globally, with an aim to tap the youth market and expand visibility and presence of Tata Motors in newer markets. DDB Mudra Group has planned to launch 'Track DDB', a brand that addresses the data-led world of marketing communications, which will provide services like creative, data and digital analytics, database marketing, CRM, digital and mobile marketing in India. Advertising agency J Walter Thompson has launched its global digital agency network 'Mirum' in India which will provide services such as strategy and consulting services, campaigns and content, experience and platforms, analytics and innovation and product development, with the target to increase non-traditional media revenues to 40-45 per cent from 35 per cent currently. Mo Mark Services, a mobile based customer engagement platform for small and medium businesses, has raised US\$ 600,000 from YourNest Angel Fund and LNB Group, to scale up its product offerings and talent acquisition. As companies look for better productivity and increasing efficiencies in a tough market environment, market research firm Nielsen has launched its first consumer neuroscience lab in India at its Mumbai headquarters. Google is all set to help India implement Prime Minister Mr Narendra Modi's "Digital India" initiative, and the government has a well laid out plan to realise it, said Google's Chief Internet Evangelist Mr Vinton G. Digital India is Rs 1. All India Radio (AIR) has appointed 'release My Ad' as a virtual agency to let advertisers' book ads for all of AIR's station online. MPS North America LLC, the US subsidiary of Bengaluru-based publishing solutions provider MPS Ltd, has acquired Electronic Publishing Services Inc. Jaipur-based Girnar Software Private Limited, which owns and operates the website CarDekho.com, announced that it has raised US\$ 50 million in its second round of funding. The funding was led by Hillhouse Capital with participation from Tybourne Capital and Sequoia Capital. ZipDial has become the first Indian technology product startup to be bought by Twitter in what is the third such deal led by a global corporation following the acquisitions by Facebook and Yahoo. The ZipDial deal is expected to cost Twitter US\$ 34-35 million. This feature is expected to help Twitter reach people who will come online for the first time in countries such as Brazil, India and Indonesia, mostly using a mobile device. Telecom major Axiata's subsidiary, Axiata Digital Advertising (ADA) has formed a joint venture with US-based advertising tech firm Adknowledge to get into the US\$ 47 billion digital ad market in the Asia Pacific region and has identified India as a 'key' market.



Government Initiatives

Mr Rajyavardhan Singh Rathore, Minister of State for Information & Broadcasting, has announced that Indian government has planned to increase advertising spend on the digital platform which will help increase the government's presence in digital media. The agreement will also lead to the transparent funding of film production and boost export of Indian films into the Canadian market," as per the agreement. The two countries will form a joint working group that will help improve cooperation in fields such as student exchange programmes, animation, films and digitisation, among others. The Governments of India and Canada have signed an audio-visual co-production deal which facilitates producers from both countries to harness their collective artistic, technical, financial and marketing resources, and encourage exchange of culture and art between the two countries. The agreement is also likely to lead to better promotion of Indian locales for shooting films. This was decided in a meeting between Mr Bimal Julka, Secretary of Information and Broadcasting, India, and a delegation from Poland led by Ms Malgorzata Omilanowska, Secretary of State. India and Poland are seeking to enhance cooperation in the digitisation and restoration of film archives.

Conclusion

Growing income level, shift in lifestyle, Increase in use of smartphones, online shopping, brand awareness, availability of products, healthy policies of Indian Government are some of the factors due to which the future of advertising industry is bright. The advertising and marketing sector in India is expected to enjoy a good run. Growth is expected in retail advertisement, on the back of factors such as several players entering the food and beverages segment, e-commerce gaining more popularity in the country, and domestic companies testing out the waters. There are many factors which can and are contributing to the growth of this industry. Advertising industry in India has got bright prospects. Must ensure that the malpractices of marketers like deceptive ads, misleading ads, unethical ads are curtailed so that power of advertising is properly used to inform and persuade the consumer. The telecom sector could see growth as well, driven by better smartphone penetration and service providers cutting down on prices. For instance, in the automobiles sector, the focus of two-wheelers on rural areas could mean more launches and more advertising spends. E-commerce companies are expected to dominate marketing trends in 2015. For instance, in the automobiles sector, the focus of two-wheelers on rural areas could mean more launches and more advertising spends. The telecom sector could see growth as well, driven by better smartphone penetration and service providers cutting down on prices.

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