

A Study to Explore the Role and Scope of Various Advertising Media in Current Scenario

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Abstract

While brand marketers seek to flow more awareness and generate more interest in their customers with the intense need and practices of brand proliferation, advertising through various media being more fruitful for most of the categorical products and services. The global mobile advertising revenue is forecast to reach \$11.4 billion in 2013, up from \$9.6 billion in 2012, following an increased uptake in smart phones and tablets. Ad revenue from social networks worldwide is expected to reach \$5.54 billion this year, according to e-Marketer estimates, and will double by 2013. In 2010, global television advertising revenue amounted to about 179.48 billion U.S. dollars. The compound annual growth rate for the period from 2012 to 2016 is projected to be 6.6 percent. With turbulent increase in ad revenue through most of the media, marketers are willing to spend more on advertisements. Though challenging economic conditions continued to take their toll on ad spend, the global advertising market reached \$495bn in the year of 2011 and had grown up by 4.9 percent in 2012, according to the latest Global Advertising Forecast from Strategy Analytics. Countries' economical strength, customer habit, behavior and technological move always become pin point in such ad spend decision based on expected ad revenue with the interest of consumer. The US remains the largest market, attracting \$152.3bn in ad revenues, followed by Japan (\$51.2bn), China (\$38bn), Germany (\$25.1bn) and Brazil (\$20.5bn). This paper aims to compare role and scope of advertising media in different countries all over the world with the use of secondary data. Graphs and charts as the tools help to reach at the finding that which media is suitable for generating more ad revenue in different countries and trends for the same in next couple of years.

Keywords:

Advertising media, Advertising expenditure, Global advertising market.

Introduction

With the estimated size of the global advertising market, reached \$495bn this year and is expected to grow by 4.9 percent in 2012, according to the latest Global Advertising Forecast from Strategy Analytics E & M industry can be considered as front runner in any economy. India remains a smallest contributor to the Asia-Pacific E&M industry in comparison with US, Japan, Germany and China. After a deep sleep in the year of 2008-2009, in 2010 advertising industry has shown good growth on account of improving economy. Among the all mediums like television, radio, print, OOH, internet those provide the way to mass communication, print media has continued to stronghold their position despite the digitization. The number of news papers

may have reduced in last years but with increasing newer publications and regionalist approach in news contents push the decent number of news readers. Though last decade has shown steady shift in media consumption – the opposite trends for print and internet, the E&M industry continues to be dominated by TV, print and film. 23% of dollars for social media advertising are coming from online displays. Despite of an un-expectable acceptance of digitization, print media has not been replaced by internet but found convergence between. With the latest prosumers, the preference to IPTV is increasing worldwide which urge to improve measurement tool for viewership and ad avoidance ratio with recording facilities. Sports channels boosted by IPL 3 and other cricketing events, are clocking good advertising revenues. DTH was the major growth driver for the industry with the addition of 12 million subscribers. Newsprint prices are a major concern for the industry and players will need to guard themselves against major price fluctuations. Increasing FM-enabled mobile phones are driving radio growth in India. With the lots of scopes and opportunities along with competition asks the media planner to analyze role and scope of each media for effective advertisement with good ROI. M & E sector in India is estimated to touch INR 91,700 crore in 2013, up 11.8% over the INR 82,000 crore in 2012 backed by digitization, growing regional media and

the coming elections among others. It is expected to touch INR 166,100 crore by 2017.

Objectives of The Study

The main objective of the study is to compare the role played by various media through comparing ROI and analyzing the media habit through current trend.

Finally to give better choice for company to select best media for their advertisement.

A Glance At Media Industry Globally

The Indian E&M industry, with revenues of about 805 billion INR (17.2 billion USD) in 2011, is set to grow robustly over the next few years on the back of steady macro-economic growth, rising spending power and positive demographic indicators. The industry revenues are expected to reach 1,764 billion INR (37.6 billion USD) by 2016, with a CAGR of about 17% from 2012 to 2016. Currently, India is only the 14th largest E&M market in the world with industry revenues contributing about 1% of its GDP. On the other hand, China is already the third-largest market in the world and is likely to surpass Japan over the next decade to become the second-largest market worldwide, after the US.

Table:1 Sector revenues in selected Countries, 2011

Sr. No.	Country	E&M Market(billion USD),2011	GDP(billion USD),2011	Market as % of GDP	2011-16CAGR(E&M)Market
1	US	363	15094	2.4%	6%
2	Japan	173	5867	2.9%	3%
3	China	89	7318	1.2%	14%
4	India	17	1848	0.9%	17%

Advertising spend in the industry was estimated at 279 billion INR in 2011, contributing approximately 35% of total E&M revenues. However, advertising spend as a percentage of GDP is quite low when compared with other major economies, indicating a

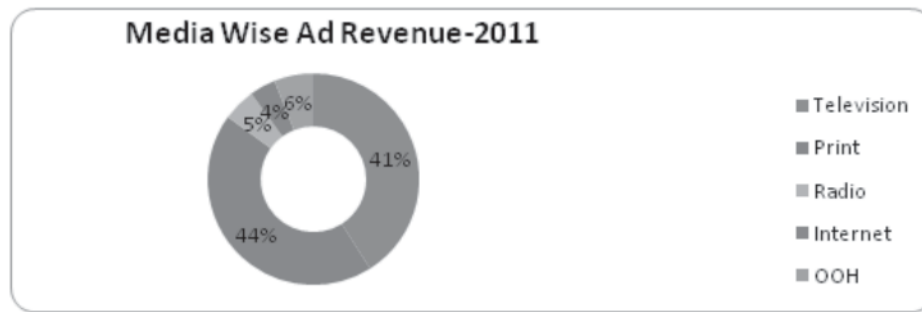
high potential for growth. For instance, these proportions are 1.1% in the US, compare to 0.3% in India. Even in China advertising spend as a percentage of GDP is higher than India, at 0.5% respectively.

Table: 2 Global Comparison: Advertising as % of GDP, 2011¹

Sr. No.	Country	Ad spend as % of GDP
1	US	1.1%
2	Japan	0.8%
3	China	0.5%
4	India	0.3%

Source: World Bank estimates

Chart:1 Advertising revenue 2011: Segment contribution²



Source: World Bank estimates

Media contribution lead the way to ad spend, which shows consumers interest to explore various media with comfort, convenience, spending power and ultimate willingness. Television and print dominate the advertising segment in India, with over 80% share of revenue. These segments are expected to play a central role in driving the industry towards achieving the vision of '100 billion USD' in revenue.

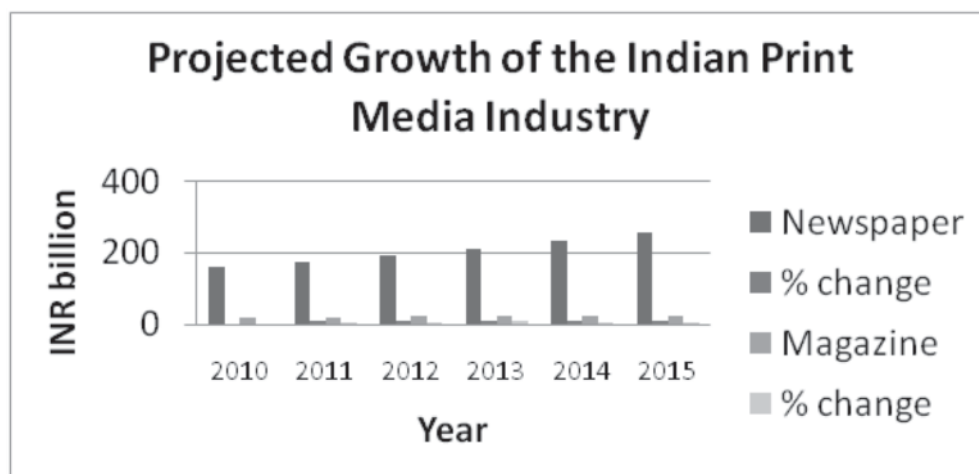
Exploring the role of various media like print, television, radio, film along with bulk of changes in macro and micro level for advertisements through looking at the past trends and forecasting the future trend would be the top concern for E & M industry.

Print Media: The Regional Trend

Unlike the global print industry, which is moving towards digitization and showing a negative growth year on year, the Indian

print media industry is going strong and is expected to continue similarly. The print industry in India, with over 90 million copies in circulation daily, is one of the largest in the world, second only to China (130 million copies). Though Television and Print always remain most preferable media globally, in last decade the steady shift of media consumption shifted towards internet. However it has been seen as media convergence not thereplacement as people are accessing daily internet or news paper optionally. The newspaper industry, which had remained largely flat in 2009, was back on the growth track with 11.7% growth taking this industry segment to INR 159.5 billion in 2010 and increasing its share in the print industry to 89.3%. With increasing print and paper price concerned with loosing ridership interest, print industry now looking for regional copies with more editions to increase circulation.

Chart-2 : Projected growth of the Indian print Media Industry



Source: Pwc Analysis and Industry Estimates

The Indian print industry is projected to grow at a CAGR of 9.2% over the period 2012-16 and is estimated to reach 296 billion INR in 2016 from the present 190.5 billion INR in 2011. While the world is going digital, we believe that in India, print will of digital news will only increase and a combination of print and digital will drive growth. Another key growth area will be the regional markets that are steadily gaining importance in the eyes of advertisers. With higher proliferation of smart phones and tablets in India, it needs to be seen, if digital can impact the magazine market. Niche content in magazines and hyper-local news in regional and English newspaper are expected to be the focus of the existing players. With the immense competitions from other media to survive in the market print industry needs to look at customer segments those are habituated and other group those have specific interest. Filling the gap between specific interest and expectations through industry sharing ad revenue with print industry would be the smooth path.

Television: The Front Runner

There are mainly two challenges in front of advertiser considering TV as the media to deliver to their contents. One of them is

increasing adoption ratio of IPTV (internet protocol television) and HD-DVR. According to research agency Nielsen survey, about 13 percent of content is currently viewed at different time, within this 80 percent of time shift viewing is happening. As this data is of US but it may well shape to Indian viewership. Global trend shows now television programs being viewed as on the go on mobile, on tablets or laptops. Also they have the choice to see the programs on YouTube. In recorded version viewers usually zap the ads. Changing viewership style of household with the way of purchasing number of TVs for a single house is the other challenge for advertisers. The English, sports and lifestyle channels are gaining importance by people in the age group of 15-35 years. TV consumer is getting more and more restless and hence, today more than 97 percent of the programs delivering less than 1 TVR. There is no doubt that IPL is the single biggest window for most advertisers as in the last season IPL reached a record 164 billion viewers with 4.4 TVR. As FIFA & ICC World Cup, IPL also provides an opportunity for TV Advertisers to reach at the customers.

Table:3 Global Comparison of Television growth rate

Country	Growth Rate-(2010-2011)(%)
US	2.1
Brazil	22.5
China	10.6
Russia	14.4
India	15.8

The DTH subscriber base in India has seen a sharp rise, reaching approximately 44 million subscribers by the end of 2011, with a growth rate of 38% year-on-year. The launch of HD channels have been a key growth driver for DTH players, and the increasing sales of high-end television sets are expected to drive further penetration and uptake of HD and 3D services. This is also

expected to positively impact the ARPU. Complete digitalization as stated by TRAI and government definitely push ARPU terms the great scope for TV advertisers. Age wise promotion through TV advertisement lead better ad revenue creation, as it is surveyed by Nielsen Company that 86% of adults say that TV advertisements have the most impact on their buying decisions.

Table:4 TV Watching Habit (Avg. time/day in minutes)

Age	Avg. time/day in minutes
13-17	226
18-34	232
18-49	267
25-49	273
25-54	283
35-64	348
65 & above	431

Source: Nielsen Survey Company

The presence of mobile TV with increasing usage of smart phones and many new applications has broadened the scope for TV advertisers through on the go movement.

Radio: A Live Journey

Radio always attracts those advertisers who are exclusive in nature for this media and local in nature. With the increasing usage of mobile and four wheeler facilitated with radio advertiser wants to increase ad spend on radio. With the rise of internet gaining popularity most channels available anywhere any time. Offering the path to reach efficient target at relevant time and space radio considered as unique medium to reach ad-avoidance world. It provides programming content meeting the entertainment needs of people according to their demography, geography, ethnography, etc. via nearly 11,000 on-air stations globally. Apart from All India Radio and public broadcaster Prasar Bharti, there are a total of 245 private FM radio stations across 86 cities in operation currently, according to the Telecom Regulatory Authority of India's (TRAI) 'The Indian Telecom Services Performance Indicators' report for the period between January and March 2012. FM Phase-III Policy extends FM radio services to about 227 new cities, in addition to the present 86 cities, with a total of 839 new FM radio channels in 294 cities, Phase-III policy will result in coverage of all cities with a population of one lakh and above with private FM radio channels. This sector is expected to grow to INR23 billion, at a CAGR of 18%, within three years of Phase III being rolled out, according to "Poised for Growth: FM radio in India" latest study by CII and Ernst & Young. The sector accounts for around 4% of the country's total Ad industry. Globally, radio's average share of the total Ad

industry is between 5% - 10%. *RAJAR (Radio Joint Audience Research Ltd) announced 90% of the UK adult population tuned in to their selected radio stations in the fourth Quarter of 2012. This is up by approximately 340,000 adults on the same quarter of the previous year. Unable to reach in the small towns and cities becomes one of the challenges for radio as the medium but it can be seen as the opportunity by taking the advantage of Phase-III with increasing number and span of the radio channels.*

Digital Media: The Dawn of The Decade

It is highly effective medium for interacting and engaging customers, who are active participants in contemporary media online-said Randall Rothenberg, President and CEO, IAB. As per estimates, the number of internet users in India had increased from around 100 million in December 2010 to 121 million in December 2011. The increasing number of internet users, along with the growing frequency of use and time spent are driving internet traffic and urge internet advertisers to spend more. Moreover, with people, especially the youth, spending greater time on social networking sites, internet advertisers can deliver relevant message to specific target. U.S consumers spend 20% of their online time and 30% of their smartphone time on social media. One survey of 89% of us advertisers says, 70% advertisers dedicated 10% or less of their overall 2012 online advertising budget to paid Social media. As per a study, Indian internet users spent 25.2% of their time online on social networking sites in June 2012 as compared to 24.4% in the previous year. Advertising expenditure on social networks is expected to grow on the back of it.

Table:5 Components of Indian Wired internet Advertising Market, Billion INR, 2010 -11

Indian Wired internet Advertising Market	Ad Revenue
Internet Search Advertising	4.7bn
Internet display Advertising	2.6bn
Internet classified advertising	2.5bn
Internet advertising Video	0.2bn

Source: Pwc Analysis

The rising adoption of smart phones and internet access through it gives strong boost to internet advertisers. there were about 27 million smart phone users in urban India in June 2012, representing around 9% of the urban mobile user base. Smartphone adoption in India is expected to increase further, driven by falling prices and increasing consumer acceptance. Henceforth advertisers must not have to ignore the role of internet media in the next coming years.

Movies: A New Platform

The concept of in-film advertisement came in 1927. The concept had been spread with vary speed as is very cost effective for film producer as well as advertisers and the brand/company as well. However, it is very important that brand should seamlessly integrate with the content like Suzuki bikes, which will be used

in Dhoom-3, or canon gear which was used by Anushka Sharma in Jab Tak Hai Jan. In-Movie advertising perceived as new platform as now movies get good reach as people becomes more busy and do not prefer television for entertainment. In Y-film's latest movie - Mere Dad Ki Maruti taking advertiser funded programming, a common practice in TV Programming to a new level. The Maruti Ertiga is the central character. Y-film has recovered 80 percent form in film advertisements with expected reach of at least 100 million eyeballs. It's a new scope lead by Maruti for the advertiser to use the brand's or advertiser's name in the title. With an increasing number of digital screens, we can expect cinema advertising to grow in the future. The Indian box office is amongst the fastest growing markets in the world next only to China among marketers greater than 15 billion INR. It is expected that Indian market will be the fifth largest market in the world by 2016.

FINDINGS

MEDIA BY REGION – YEAR-ON-YEAR % CHANGE, YEAR TO DATE

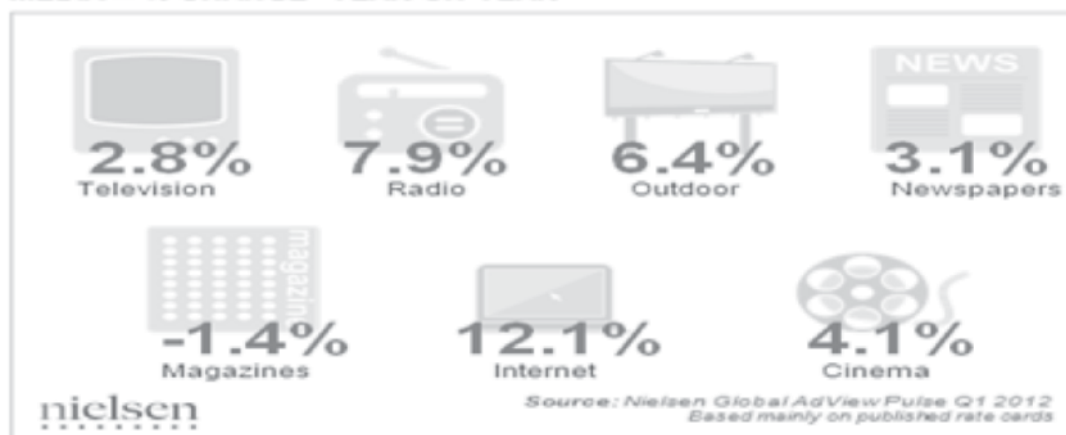


With consumer confidence up and brands looking to reconnect, spending on advertising is on the rise—around the globe and across media types. TV, newspapers, radio, outdoor, Internet, and cinema all saw an increase in ad spend in the beginning of 2012 compared to last year. Though TV continues to attract the majority of advertising dollars, Internet advertising saw the biggest increases, with advertisers spending 12.1 percent more in Q1 2012 than one year prior. During that time, ad spend overall increased

3.1 percent globally. Across the regions, the findings are markedly different as each media has taken root and evolved uniquely.

Looking to the CAGR of E&M industry worldwide, India is going at the faster rate respectively with the increasing access to various media. Economic conditions of the country directly indirectly influence the media exposure, offers various color to media industry.

MEDIA -- % CHANGE YEAR ON YEAR



From the research it has been very clear to advertisers that till the year of 2011, television played front runner role. But changing life style, increasing early technology adopters and easy & affordable media exposure has rolled out the media consumption pattern. Research clearly states that now radio and internet grown up as challenger to TV and print media. Movie has been evolved as ad media with some innovative taken up by advertisers with increasing movie market.

Conclusion

Globally, on the technology front, digitalization offers an edge to moving from mass to individual. Breaking the ad spend budget to get the maximum return out of it becomes the challenge. In India lack of an effective measurement system made most of the advertisers skeptical about their investments. On the other hand increasing the growth of mobile internet and penetration of smart

phones in India are expected to boost the ad spend and ad revenue through popularity of medium.

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