THIS YEAR NEXT YEAR
2016 INDIA REPORT

groupm

INTRODUCTION

India is the fastest growing ad market among all the major markets of the world. 2015 was the best year for ad spend growth we've had in the last five years. While global headwinds are building up in the new year, there are a number of positive factors that will help the Indian ad sector grow at higher levels in 2016. The GroupM TYNY 2016 India report highlights these factors.

While FMCG, Auto and Ecom which have been the top sectors contributing to ad growth in 2015 will continue to invest, Telecom including handsets, BFSI and the Government sector are expected to see a ramp up. Events like the T20 World Cup and multiple state assembly elections will give a further impetus to ad spends. Though Digital will remain the fastest growing platform, India is one of the few large markets where most traditional media platforms will show positive growth.

The overall mood is still one of cautious optimism, perhaps a bit more optimistic than cautious. But we will need to see how the first half pans out. As we do every year, we shall revisit our projections at the middle of the year.

There are several interesting developments that have implications for marketing and brand building. Consumers have unlimited choice accessing brands and deals. There is an explosion of data, moving from aggregated sources to more fluid and connected ones. We have recently crossed 1 billion mobile connection, have over 350 million internet users, of which 300 million access the internet through their mobile device. Brands are redefining the way they leverage Movies, Music and Sports as marketing platforms. These and many such trends will keep all of us busy, excited and engaged!

The team at GroupM India, including our agencies and specialist units have put together a list of ten key trends to watch out for in 2016. We are also delighted to share with you our estimated advertising expenditure in the This Year, Next Year 2016 India report.

Happy reading!

Estimated Media Spends (Rs. Mn. NET)

	2011	2012	2013	2014	2015f	2016f
TV	14,026	14,812	16,860	19,411	23,022	27,074
Radio	1,458	1,530	1,643	1,808	1,997	2,195
Newspapers	13,303	13,622	14,248	15,329	16,125	17,099
Magazines	820	820	820	779	675	575
Cinema	210	242	271	340	408	510
Out Of Home	2,093	2,152	2,282	2,483	2,582	2,732
Digital	1,515	1,939	2,520	3,402	4,950	7,300
Media Total INR CR	**33,425**	**35,117**	**38,645**	**43,552**	**49,758**	**57,486**

Note: All the numbers are net advertising revenues, not inclusive of agency commissions. Hence they reflect what media owners have earned and not what is advertisers have spent.

SOURCE: GroupM TYNY 2016

Media ADEX reported excludes:

TV - Special inventory like astons, L-bands, tickers, etc

Print - Tender notices, appointments, classifieds/ matrimonials

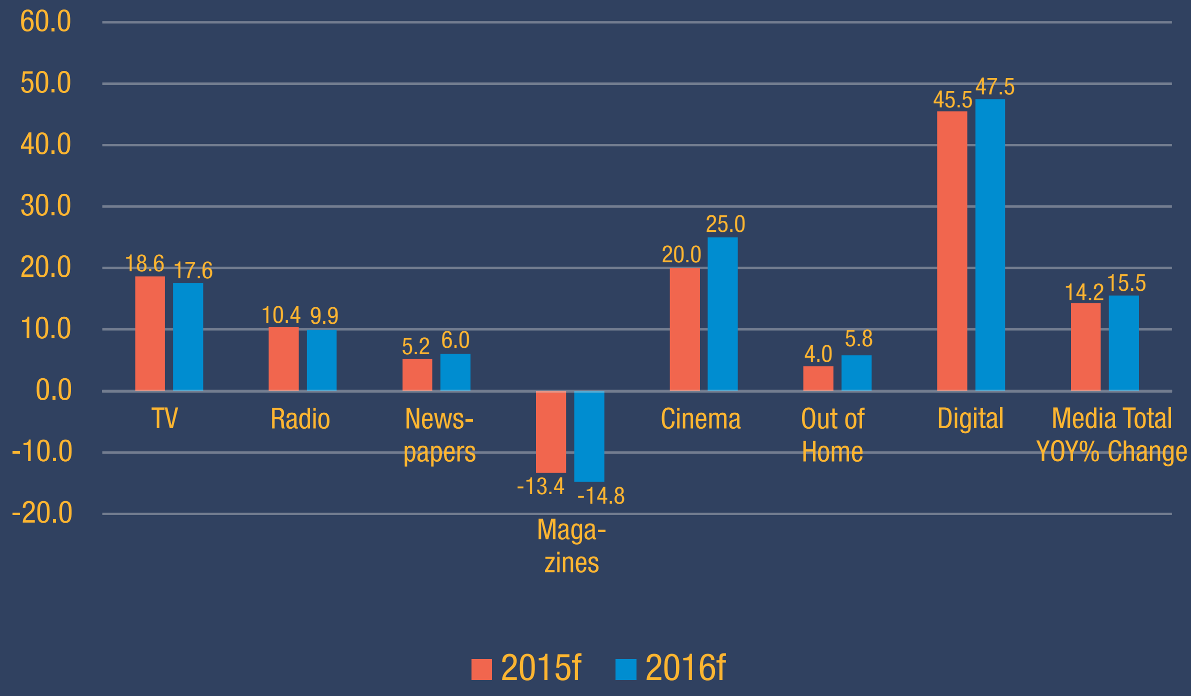
Radio - Activation spends

Digital - Ad spends by SME segment

Outdoor - Wall painting

Year on Year Percentage Change

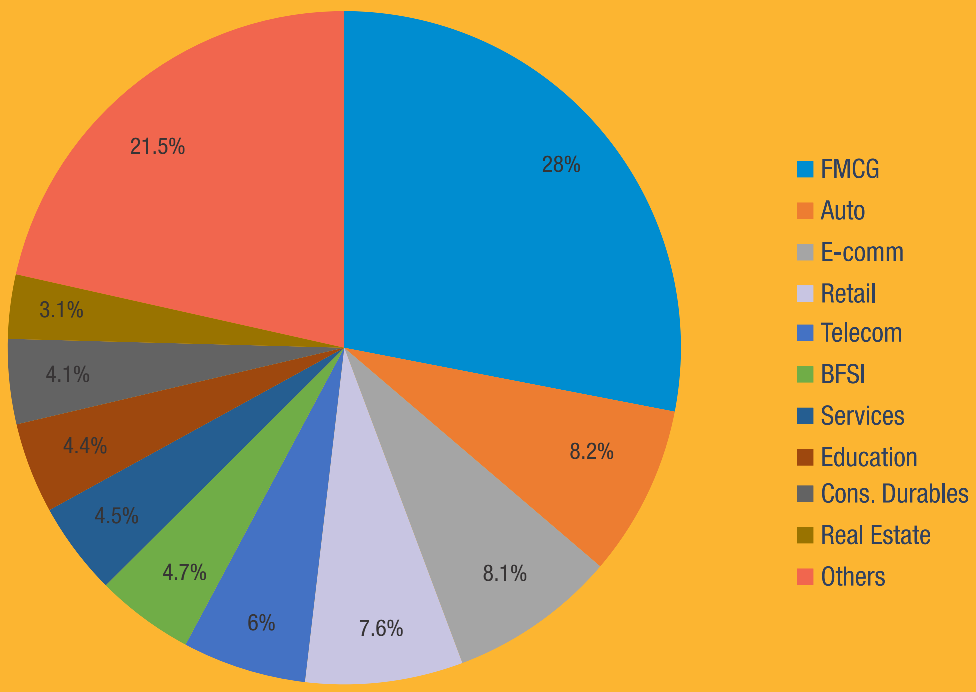
2015- 14.2%
2016- 15.5%



	2011	2012	2013	2014	2015f	2016f
TV	18.3	5.6	13.8	15.1	18.6	17.6
Radio	10.0	5.0	7.4	10.0	10.4	9.9
Newspapers	7.5	2.4	4.6	7.6	5.2	6.0
Magazines	0.0	0.0	0.0	-5.0	-13.4	-14.8
Cinema	15.0	15.0	12.0	25.4	20.0	25.0
Out of Home	9.3	2.8	6.1	8.8	4.0	5.8
Digital	30.0	28.0	30.0	35.0	45.5	47.5
Media Total YOY% Change	**12.8**	**5.1**	**10.0**	**12.7**	**14.2**	**15.5**

SOURCE: GroupM TYNY 2016

Sector Wise Spends Break UP 2016



SOURCE: GroupM internal estimates, All media ADEX spends dispersion, Others includes Elections, Corporate, IT/Ites, Industrials, Media, DTH etc.

FMCG remains the most dominant sector with a 28% share of the AdEx. Despite facing volume pressure, the sector is expected to continue ad investment aided by the softening of commodity prices.

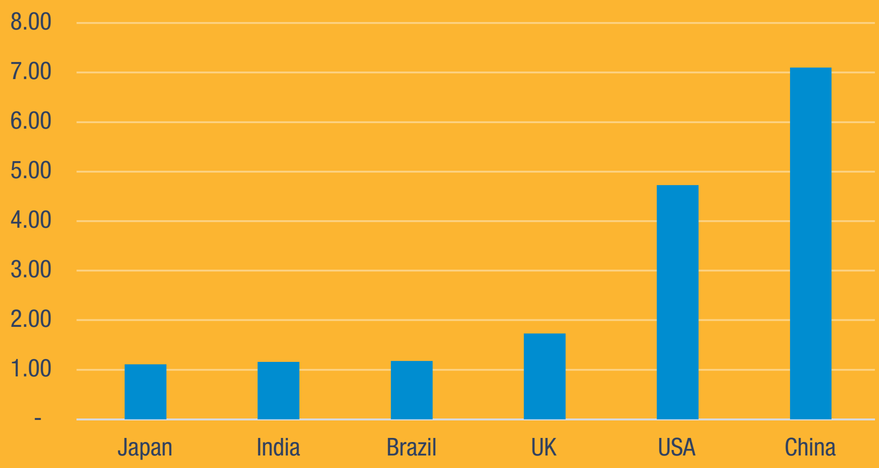
In 2016 Ecommerce ad spends are expected to be high on the back of increasing competition, market expansion and newer players entering the space. Many leading traditional retailers will be expanding their Ecommerce presence in 2016 even as consolidation continues in the sector. Another exciting development is the opening up of Ecommerce as a platform for advertising, which will see further traction in 2016.

With the advent of 4G services in India, telecom service providers are expected to roll out extensive marketing campaigns across media. This roll out will also see global and domestic handset manufacturers launching new models of 4G/ LTE handsets. Another big contributor to the Indian AdEx this year will be the Auto sector, on the back of multiple launches across both 4-wheelers and 2-wheelers.

Global AdEx Estimates

Usd, Mn.	2015f	2016f
North America	182,847	187,614
YOY%	1.7	2.6
Latin America	32,261	34,175
YOY%	8	5.9
Western Europe	90,919	94,040
Yoy%	2.3	3.4
Central & Eastern Europe	11,996	12,371
Yoy%	-3.2	3.1
Asia-pacific (all)	161,856	173,392
Yoy%	5.9	7.1
Middle East & Africa	17,531	18,182
Yoy%	1.9	3.7
World	497,410	519,773
Yoy%	3.4	4.5

Incremental Ad Growth ($ Bn)



Disclaimer: GroupM's forecast model has one principal independent viariable; the IMF's calculation of each country's share of global GDP at PPP. This is intended merely for scenario planning, GDP forecasts know nothing of structural changes in media advertising, so neither can model this.