

Pitch Madison Mid-Year Advertising Report

TV ADVERTISING SLOWS DOWN IN H1 2016

- **TV growth rate in H1 only 11% compared to last year 35% and projected 20% for full year**
- **Total ad market growth rate in H1 12.9% versus projected 16.8% for full year**
- **2016 annual growth forecast revised downward from 16.8% to 13.2%**

Mumbai, August 12, 2016: Upon review of advertising expenditure in H1 2016 Madison Media finds that growth in all media is more or less as per its original projections released earlier in the year, but there is a slowdown in TV advertising growth rate. Against the projected growth of 20% in the TV advertising for full year, only 11% growth is achieved in H1. This compares poorly with the 35% growth rate achieved in H1 2015 over H1 2014 on the back of substantial increase in E-Commerce spends and ICC World Cup. Drop in growth rate of TV advertising is also the main reason why the total ad market growth in H1 2016 is only 12.9%. This leads to a drop in 2016 annual growth forecast from 16.8% to 13.2%.

Ad Spends (Rs. Crores)						
Medium	2015 Actual	2016 Original Projection	2016 Revised Projection	2016 Original growth %	2016 Revised Growth %	2016 H1 Growth %
TV	17261	20713	19160	20	11	11
Press *	16935	18629	18629	10	10	9
Radio	1545	1823	1823	18	18	13
Cinema	465	535	535	15	15	13
Outdoor	2665	3010	3010	13	13	13
Digital	5120	6656	6656	30	30	37
TOTAL	43991	51365	49812	16.8	13.2	12.9

* Excl tenders/appts/classifieds

Most genres report lower FCT telecast in H1 2016 except Hindi Movies & Kannada Channels.

Says **Mr. Sam Balsara**, Chairman, Madison World, *“The drop in growth rate of TV advertising does not augur well for the economy as generally a spurt in Ad spends leads to higher GDP growth.”*

Mr Vikram Sakhuja, CEO, Madison Media & OOH says, “*The drop in growth rates in TV is led by a lower contribution of E-commerce which is a category known to pick and choose high priced inventory / impact programmes and substituted by FMCG users who resort to everyday advertising and seek high value for money.*”

<i>Rs. in crores</i>	Television – Category spends and contribution to market					
Product Categories	H1'15	H1'16	Growth %	Growth Contribution	Category Contribution H1 2015	Category Contribution H1 2016
Alcoholic Beverages	96	150	56%	5%	1%	1%
Auto	773	795	3%	2%	8%	8%
BFSI	207	222	7%	1%	2%	2%
Clothing Fashion Jewellery	308	241	-22%	-7%	3%	2%
Corporate	148	145	-1%	0%	2%	1%
E – Commerce	629	394	-37%	-23%	7%	4%
Education	97	118	22%	2%	1%	1%
FMCG_HH	2483	2874	16%	39%	27%	28%
FMCG_Impulse	798	853	7%	5%	9%	8%
FMCG_Personal Care	1340	1619	21%	27%	15%	16%
TOTAL FMCG	4622	5346	16%	72%	50%	52%
HH Durables	400	402	0%	0%	4%	4%
Real Estate & Home Improvement	289	274	-5%	-1%	3%	3%
Retail	55	72	30%	2%	1%	1%
Telecom Internet DTH	1069	1198	12%	13%	12%	12%
Travel & Tourism	143	107	-26%	-4%	2%	1%
Others	348	500	44%	15%	4%	5%
TOTAL	9186	10198	11%	100%	100%	100%

We expect this trend to continue and if so the year should close just shy of 50,000 Cr. The only change we are calling out at this stage is a reduction in TV growth from 20% to 11%.