

Start-ups set to bloom in advertising industry



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The year 2015 opened with a strong fragrance of optimism.... A new government had been sworn in, that too with a single party majority. Indian economy was all set to turbo-charge with 10 per cent GDP growth. Several new bills were lined up to be passed. The new PM was making headline news [at least that is what we believed] across the world. The ad industry was waiting for the big deluge of new companies, new brands and new campaigns.

As we reached the end of 2015 we realized that we were pretty much at the same place where we were a year ago. The new government, not so new now, is continuing to speak of reforms and 'Make in India' initiative. Several bills are lined up to be passed. Our PM is making headline news all over the world. And we in the ad business are hoping that 2016 will be see new companies, new brands, and new campaigns.

Well, 2015 was not all wasted in anticipation of things to come. The start-up ecosystem was on turbo mode as we entered mid-2015. It was not just the big boys who unleashed powerful advertising campaigns, they had company from brands in the business of payment gateway, food catering, fashion, grocery, auction and more. In addition to these car majors continued to launch new brands, new models rolled out, and we also saw relatively newer players make big waves. While mobile service operators were relatively muted in their ad spends, the handset makers compensated with their constant barrage, as more and more Indians wanted to upgrade to a

smarter phone. In fact IPL 2016 will see a relatively new mobile handset maker become the title sponsor, grabbing millions of eyeballs.

The year saw some very interesting ad campaigns as well. Brands started embracing long-format storytelling. The other big trend was the use of stories involving differently abled people. Coupled with this trend we also saw films featuring gay couples, cancer survivors and powerful women with strong career motives.

I would like to submit that never before have we seen such a variety of ads featuring so many different socially relevant causes.

Another interesting trend spotted in 2015 was the expansion of celebrities being roped in to endorse brands. Who says we are only Cricket and Bollywood obsessed?

Unfortunately the year saw the big controversy surrounding the mega brand Maggi and its tryst with the authorities. But as the year drew to a close, we are once again seeing Maggi on shop shelves. The brand even did a big campaign in partnership with an e-commerce site to add to the excitement.

The one big seismic change in the media scene in India was the successful launch of BARC [Broadcast Audience Research Council] rating systems. There were many naysayers and nonbelievers, but as we approach 2016 it will be apt to congratulate Team BARC for having pulled off a major miracle [full disclosure: I sit on the Board of BARC as a AAAI nominee]. We now have one of the best television measurement systems in the world to take care of the vagaries of the Indian market. For the first time in history, rural audiences are also being tracked, on a minute by minute basis. BARC achieved an effective household panel size of 20,000 by third quarter 2015 and plans are afoot to get to 30,000 in one year. It is hoped that as the panel size becomes larger, BARC will be able to measure niche audiences a lot better.

Media reports say that ad spends grew by around 12 to 13 per cent during the year 2015. Some estimates



IMAGING: AJAY MOHANTY

ADVERTOLOGY 2015-2016

The year in review & predictions for the future

What 2015 saw

- Very interesting ad campaigns; brands started embracing long-format storytelling
- Never before have we seen such a variety of ads featuring so many different socially relevant causes
- Big controversy surrounding Maggi and its tryst with the authorities
- Successful launch of BARC, one of the best television measurement systems in the world
- Ad spends grew by around 12 to 15%, but growth was not uniform across all media; digital quotient of brands and ad agencies climbed up

put the number at 15 per cent. The growth has not been uniform across all media. Television seems to be continuing to grow, now powered by BARC. Digital has been growing at a healthy clip of over 30 per cent; estimates put digital's share of the total ad spends at 5 to 7 per cent, though some categories are spending well over 10 per cent on digital media. Other media such as cinema

advertising and outdoor too saw vibrant growth.

So all in all 2015 was a good year for advertising. There were several interesting campaigns for brands across categories. Media spends continued to climb up. Digital quotient of brands and ad agencies climbed up. While Indian ad agencies did not have a great year at Cannes Awards they did produce

What to expect in 2016

- Ad spends will continue to grow; media spends are expected to grow by around 14%
- Increased action in brand acquisition space. There are numerous regional brands that are ready to go national
- The return of Maggi should be a big sign for other brands who are wanting to invest in packaged food category
- More robust readership measurement system will take shape
- The continued rise of the start-up ethos should help advertising industry grow

campaigns that kept their clients happy and cash registers ringing.

As we enter 2016 what can we expect?

Experts tell us that ad spends will continue to grow during the year 2016. Media spends are expected to grow by around 14 per cent, pushing up the demand for ad space in television, print and digital media. I suspect there will be increased

action in brand acquisition space. There are numerous regional brands that are ready to go national. We did see a couple of acquisitions in 2015; expect to see a lot more in 2016.

The return of Maggi should be a big sign for other brands who are wanting to invest in packaged food category. For a country like India where a large amount of food grains and vegetables are destroyed before they reach consumers, it is vital that food processing industry gets a big leg up. If we were to look at all categories of consumer products, it is true that food products are probably the least 'brandified'. The Maggi issue is the tip of this problem. Unless we see large scale action in driving brands, we will see this category continuing to languish.

The Government's move towards 'Make in India' is indeed a great sign. I am hopeful that in 2016 we will see the passing of legislation that will enable greater brand-driven growth.

As far as media measurement is concerned, BARC has shown the way. It is hoped that in 2016 we will see a more robust readership measurement system taking shape. IRS has had its own share of problems, some of its own creation, and some created by members of the print fraternity. A lot of work has gone on in 2015 to set the ground for a more vibrant print measurement system. This is vitally needed since print is under attack from digital media. On the other hand there has been a growing demand for Indian language newspapers and a desire for the middle class to learn English. So it may be true that the urban Twitter crowd may be off print medium, but there may be million others who are picking up the daily newspaper for their own development.

Just as print gets ready for a more robust measurement system, other media such as outdoor and cinema too are looking at developing better audience tracking systems.

The coming year should see some correction in the ecommerce spend levels. Already some of yesterday's spenders are on the wane. Fortunately for the ad and media industry, the start-up ecosystem is vibrant in India, touching not just

the metros, but also extending to the smaller cities. The continued rise of the start-up ethos should help advertising industry growth.

In the advertising industry too we will see an increase in the 'start-up' activity. In addition to the birth of numerous creative boutiques, I expect numerous other offerings will be set up in areas such as outdoor / events, analytics, health-care, digital media, and more. We may also see increased activity in the mergers and acquisition space.

In the long term advertising spends should start moving up. For this to happen we need to see the growth of several under-represented sectors such as financial services, retail, real estate, healthcare and education. These sectors will add muscle to the other categories, which are the staple diet of the ad industry. We also need to see a big rise in social sector aimed spending by the government. Some signs were seen in 2015 and it is hoped that instead of sporadic spends, government departments will start understanding the power of consistent long running ad campaigns to bring about attitude and behavior change in the large populace of the country. If this happens, I do see ad growth to continue to top 15 per cent in 2016.

Finally I believe for an economy to grow, there has to be increased consumption of products and services. This can happen only with the right consumer stimulus: availability, affordability and advocacy. The last leg cannot be left in the hands of word of mouth or the social media. The role of mass media is indeed still extremely critical.

I am bullish for the Indian advertising business and am sure that as ad spends grow, the industry will continue to invest in improving people skills, advertising processes and better measurement tools.

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