

# Indian Advertising Scene : Perspective beyond 2001

Dr. N. Bhaskara Rao

Advertising never had it so good in India as in 1990s. Its role is no longer in question as in the previous decades. In fact, it is now legally protected as a form of 'free speech'. Even in the context of social sectors, advertising approach is being rolled upon. The influx of multinationals has given a new impetus to advertising in the country. The recourse to 'populist programmes' in a spirit by governments at the centre and the states means relying on advertising approach more and more.

Outlays on advertising through mass media have been growing progressively around 20 per cent during the last few years. The estimate for the outlay in 1995 was Rs. 3500 crores. The overall growth rate, however is expected to decline after 2001 and stabilise at around 10 per cent in the next two decades. Assuming no setback to the overall economy and continuation of the process of globalisation in the coming years, the outlay on advertising by 2020 is projected to be in vicinity of Rs. 50,000-60,000 crores. By then, per capita expenditure on advertising would be around Rs. 400 up from less than Rs. 40 in 1994. The advertising expenditure is expected to stabilise around 2.0 per cent of per capita income against the current level of 0.66 per cent.

1975-85 saw the emergence of consumer markets to give a boost to advertising in the country, and 1980-90 saw a boom for durables. 1990-95 has witnessed proliferation of financial markets and the coming

decades will see a surge of services, premium products and specialised value added services. These developments which will substantially expand advertising is currently adding to the scope of advertising. Service advertising is likely to enhance its range further and much beyond. Rather that would be a characteristic of the 21st century.

The share of press in total advertising outlays will go down from 66% in 1995 to 54% by 2010 and to 45% by 2020. In the case of TV from 17% in 1995 the share of advertising would go up to 25%. The share of satellite/cable in the advertising would go up from less than 5% to 15%. One percent of total advertising expenditure in 1996 is likely to be on multi-media which is likely to go up to 3% by 2000 and up to 10-15% by 2020. The installed base of PCs is a determining factor in the process.

Nearly 45-50 percent of revenues of newspapers come from commercials. This will further increase to over 60%, as the revenue from circulation will decline to much below 40% in the next two decades. In the case of AIR and Doordarshan, however, the revenue from advertising is only a quarter of total operational costs. This percentage however has been on the increase recently and is bound to increase further to 40 to 45%. This is likely to be affected, should the government release Doordarshan fully or partly from the clutches of commercial competition and also allow market forces to have their way.

Advertising revenue for TV is estimated to grow from the current Rs. 7500 crores to Rs. 10,000-15,000 crores by year 2020. Satellite/ Cable television will claim a share of 15%. With close to 200 channels vying for this amount, channels cannot hope to survive on advertising revenue alone. As is true today, channels with extensive penetration only will continue to attract advertising revenue. Others will need to seek alternative routes for revenue generation - primarily from subscription fees and from fees for value added services. The experiences of pay-TV so far has not been encouraging.

Although there is no evidence so far of adverse impact of TV on readership or circulation of newspapers, the impact is more direct and too obvious in the case of radio and cinema. Also, TV has become the darling of advertisers. While big dailies, both English and regional languages, are not likely to be affected, the smaller ones are bound to be under threat even by 2001 and medium sized ones by 2010 - because of declined advertising support (which would be not more than 20%) and also because of ever increasing production costs and competition from bigger publications as well as TV, cable and multi-media. A certain convergence of advertising with public relations and market research is already evident. "Lobbying" will now become yet another service of ad agencies. Time/Space-selling/booking agencies will catch up independent of creative function. ☐