

# India: a complex market of immense potential

The sub-continent's media market is undergoing rapid change that may accelerate. Ragothaman Gowthaman reports

India is witnessing major changes in the media market as part of its growth story.

On the back of 8 per cent GDP growth, adspend is rising by 15 per cent a year, and is likely to continue at this pace for the next three years. There's a huge amount of buoyancy in the market.

With multiple choices across TV, print and radio, audiences are fragmenting. In TV alone, ratings have been declining at 15 per cent, leading to sharper segmentation.

The seeds of convergence sown towards the end of 2006 are gaining critical mass, with conditional access system, direct-to-home TV, internet protocol TV and other technology adaptations such as mobile telephony driving convergence faster.

Among all media, TV has seen the maximum action and will continue to do so. TV homes are growing at 10 per cent, with cable penetration growing at 25 per cent. Nearly 30 per cent of rural TV homes now have cable connections.

More than 350 channels are being beamed, although the country's TV sets can receive only 50. With a set-top box or a DTH connection, it's possible to receive up to 150 channels, leading to an explosion of choice. Yet only 35 per cent of TV revenue is coming from advertising.

The TV industry has a long way to go towards providing accountability to advertisers as well as getting its due share from consumers. The current status will not help anybody, and is only going to hinder further growth.

The non-TV space is growing at a fair clip, too. Rising urban literacy to 65 per cent has resulted in more print titles, through second and third alternative dailies. Higher disposable incomes and changing lifestyles has resulted in more niche titles.

Radio deregulation has led to the award of 300 FM station licences this year and, possibly, another 300 next year.

More than 15 million Indians



watch a movie every day. With the mushrooming of malls and multiplexes, this is only going to increase. We have the largest number of cinema halls in the world – 17,000.

Homes with PCs are growing at 40 per cent. Homes with broadband are growing at 150 per cent.

We have more 140 million mobile subscribers – more than in any other country.

But Indian media has to be put into perspective. It still reaches little more than half of the population. With a comparable GDP, Australia's media reaches almost 100 per cent of the population.

No wonder its adspend is more than double India's. Even in a large country such as China, media reaches every town and village through provincial TV stations. It's something we have to recognise because it makes a telling point about our lack of infrastructure development.

Part of the reason could be owing to low urbanisation – almost two-

thirds of our country is largely rural. It's important to understand the diversity of the Indian market. There is no "one" India. We have at least four Indias. One is the Global India – a six million population and one third the size of Australia – that pretty much lives and behaves like a developed country.

It is this segment where the maximum action in the media marketplace is happening, be it the digital revolution, convergence, explosion or fragmentation.

Then we have the Aspiring India (21 per cent), which one day will become like a Global India, whose "citizens" want to behave like them and aspire to be global. Adaptation of most innovations and technologies is happening at a much faster pace in this segment than in any other.

But we also have a Destitute India (58 per cent) and a Struggling India (21 per cent). To travel across the length and breadth of the country is to feel like travelling back and

forth in time. Fifty per cent of the population contributes to only 18 per cent of our GDP.

The reach of media sharply contrasts across the four Indias. The reach across Global India is pretty much similar to other developed countries like the UK and the US. This Global India is extremely media neutral and individualistic.

Much is going on in Aspiring India. Economic growth is driving aspirations as well as giving consumers more choices. TV's effectiveness is declining sharply with large-scale fragmentation. The emergence of local channels has resulted in audiences choosing the language of choice.

From only the four southern markets, we now have Maharashtra, Gujjarat, Bengal and Punjab emerging with localised content – local and international – but they are still found wanting.

From mass to individualism and from broadcast to conversation, the four different types of India are residing in and moving across this continuum. And each segment is growing at a different pace, making it the third-biggest challenge next to reach and diversity.

In all of this, we have almost forgotten to reach our rural consumers, with our current focus to only provide infrequent contact programmes peppered with sampling and product demonstrations.

Huge opportunities are emerging in the area of partnering with utilities such as electricity companies, retailers, micro-finance institutions and non-governmental organisations. This, coupled with suitable infrastructure, has the potential to drive our GDP much faster.

In all, it is the challenge to reach our consumers in this multipaced multiple India that makes this whole business of media such an exciting profession.



Media in India... television is growing by 10 per cent a year, while rising literacy rates mean print media is increasing in importance

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