

***India-***  
strong growth in digital  
segments while traditional  
media remain resilient

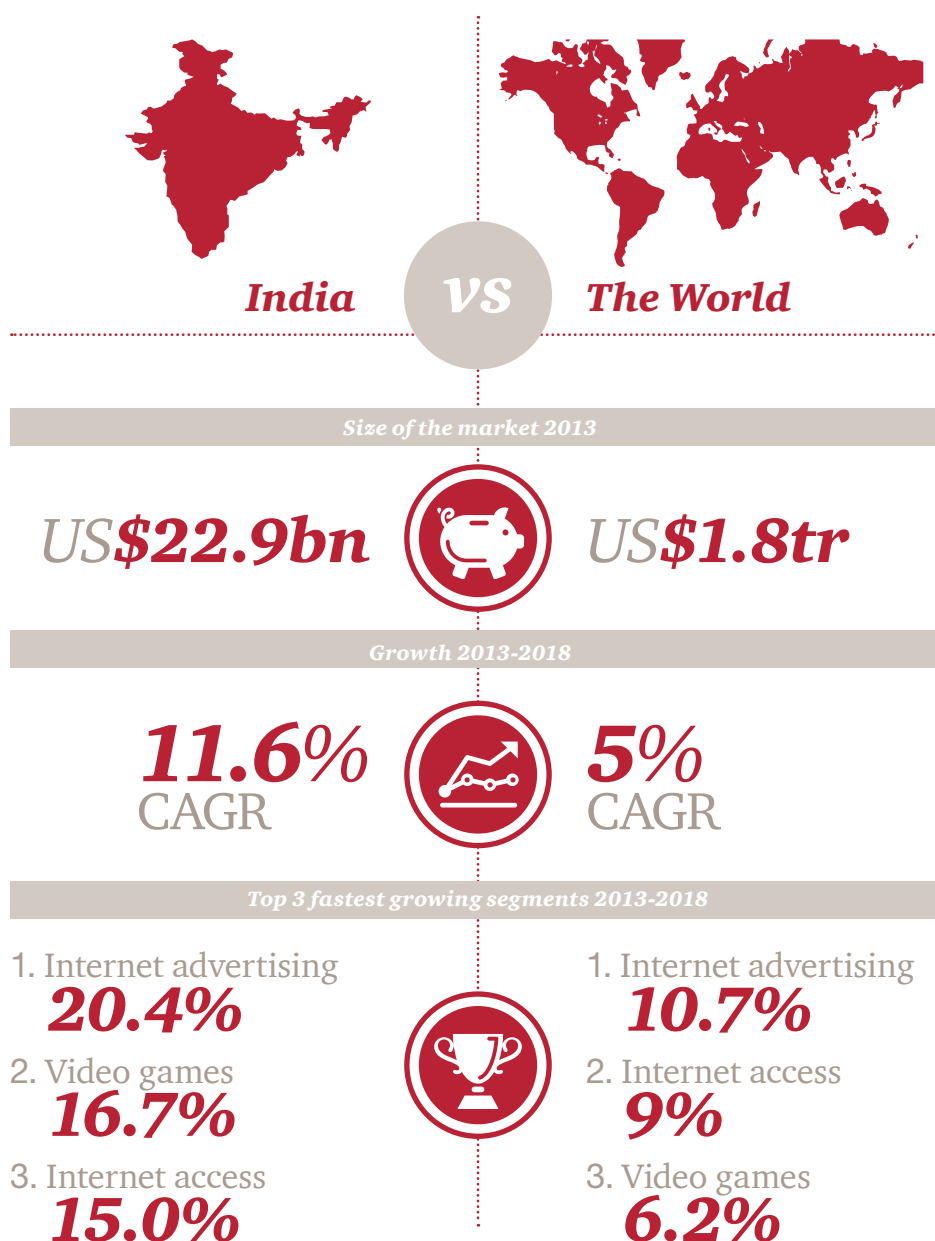


Over the five years to 2018, the 11.6% CAGR rise projected for total entertainment and media spending in India will be narrowly ahead of China's 10.9% and more than double the 5.0% CAGR projected for the industry globally.

## **India is set for growth in all areas of entertainment and media – led by digitally-driven revenues**

*Spending on entertainment and media in India has grown rapidly in recent years, driven by the country's growing middle class and young urban population. Despite this expansion, the country's entertainment and media market remains significantly smaller than that in other leading Asia Pacific countries such as China. However, over the five years to 2018 the gap with China will narrow, as India's overall spending on entertainment and media expands at a compound annual growth rate (CAGR) of 11.6% – narrowly ahead of China's 10.9%, and more than double the 5.0% CAGR projected for entertainment and media globally. The rise in spending in India will be led by digitally-driven sectors such as Internet advertising (at a CAGR of 20.4%), video games (16.7%), and Internet access (15.0%). The five-year forecast period will also see growth in every single segment of entertainment and media in India outpace the corresponding global average. India will be further differentiated by having one of the world's fastest-growing newspaper industries, expanding at a CAGR of 7.5% over the five years amid a global newspaper market that will remain essentially flat.*

## Indian entertainment & media market by numbers



Source: PwC, Global entertainment and media outlook 2014-2018, [www.pwc.com/outlook](http://www.pwc.com/outlook)

## **India will outpace overall growth in entertainment and media spending both across Asia Pacific and globally through 2018**



India's share of overall entertainment and media spending across Asia Pacific will rise from 4.9% in 2013 to 6.5% in 2018.

In 2013, total spending on all entertainment and media in India totalled some US\$22.9bn, a rise of 11.3% from 2012.

- This means India accounted for just 4.9% of overall spending on entertainment and media in 2013 across Asia Pacific, which totalled US\$463bn.
- At a CAGR of 11.6% in the five years to 2018, growth in spending on entertainment and media in India will far outstrip the CAGR of 5.7% projected for Asia Pacific as a whole, and the 5.0% CAGR forecast for the entertainment and media market globally.
- Entertainment and media spending in India will also rise faster than China's CAGR of 10.9% over the five years to 2018. However, despite this growth gap, total entertainment and media spending in China in 2018 will still be over five times as big as in India, at US\$213.6bn against India's US\$39.6bn.
- These relative growth rates mean that India's share of overall entertainment and media spending across Asia Pacific will rise to 6.5% by 2018.



## ***Growth in spending in India through 2018 will be spearheaded by Internet advertising, video games and Internet access***



The rise in spending in India will be led by digitally-driven sectors such as Internet advertising (at a CAGR of 20.4%), video games (16.7%), and Internet access (15.0%).

Internet access is the second-largest segment in Indian entertainment and media, with revenues of US\$3.1bn in 2013 – well behind first-placed TV subscriptions and licence fees at US\$6.7bn. Internet access will be the third-fastest growing entertainment and media segment in India over the next five years, expanding at a CAGR of 15.0% to reach US\$6.2bn in 2018.

- However, Internet access spending in India in 2018 will still be less than half the size of TV subscriptions and licence fees, which will rise at a CAGR of 13.9% to US\$12.9bn.
- The fastest-growing segment will be Internet advertising. While relatively small in 2013, at US\$341mn, spending on Internet advertising will surge at a CAGR of 20.4% to US\$862mn in 2018.
- This means the growth in Internet advertising will strongly outpace TV advertising, which will rise at a CAGR of just 12.8% through 2018. However, despite this growth gap,

TV advertising will continue to lead the Indian advertising market (ahead of newspapers), with total TV advertising reaching US\$5.0bn in 2018 – almost six times the size of Internet advertising.

- The second fastest-growing segment of entertainment and media in India over the next five years will be video games, expanding at a CAGR of 16.7% to reach US\$972mn in 2018.
- All segments of entertainment will see spending rise during the five years, with music experiencing the slowest growth at a 4.8% CAGR.



## Entertainment and media spending in India will outpace global growth in every segment



India is projected to outpace the global growth rate in every segment of entertainment and media over the five years to 2018.

As well as growing at an overall CAGR more than twice that of the entertainment and media market globally, India is projected to see every single segment of entertainment and media expand faster than the global growth rate over the five years to 2018, fuelled by its young urban consumers and expanding middle class.

- The segments seeing large divergences between growth in India and globally will include Internet advertising (India CAGR 20.4%, global 10.7%); Internet access (India 15.0%, global 9.0%); video games (India 16.7%, global 6.2%); and newspapers (India 7.5%, global 0.1%).
- Narrower differentials between Indian and global growth rates will be seen in segments such as music (India CAGR 4.8%, global 1.2%) and business-to-business (India 6.9%, global 3.4%).



## Internet advertising will grow rapidly – but will still lag way behind TV advertising



While Internet advertising globally will be only narrowly behind TV advertising by 2018, TV advertising in India will still be almost six times the size of India's Internet advertising revenues in 2018.

Internet advertising – both wired and mobile – has grown rapidly in India in recent years, and will continue to do so. Total Internet advertising revenue in India was US\$341mn in 2013, up from US\$113mn in 2009, and is forecast to rise at a CAGR of 20.4% to reach US\$862mn in 2018. However, Internet advertising revenues globally will be equivalent to over 90% of global TV advertising by 2018, but TV advertising in India will still be almost six times the size of Indian Internet advertising in 2018.

- Growth in Internet advertising is being fuelled by the rising number of Internet users, including those using the Internet via mobile phones and from shared access locations. This is particularly true in rural and semi-urban areas, where Community Service Centres and Internet cafes have become a crucial means for users to get online. However there are still major barriers to Internet usage in terms of literacy and a shortage of premium content in local languages rather than in English.

- Household broadband penetration in India was 7.7% in 2013, and will grow only gradually to 11.3% in 2018. Total wired Internet advertising will expand at a CAGR of 19.4% to US\$808mn in 2018, with paid search projected to remain the leading sub-segment within wired Internet advertising.
- The Indian mobile Internet advertising market will be driven by the increased penetration of smartphones, which will become affordable to a much wider range of Internet users. Largely as a result, the relatively small mobile Internet advertising market will grow much faster, expanding at a CAGR of 45.9% from just US\$8mn in 2013 to US\$54mn in 2018.



Driven by rising penetration of smartphones, India's mobile Internet advertising market will expand at a CAGR of 45.9% from just US\$8mn in 2013 to US\$54mn in 2018.

## Video games: spending in India will outpace global growth, driven by Indian gamers' migration to online and mobile



The market for video games in India will leap from US\$450mn in 2013 to US\$972mn in 2018 – a CAGR of 16.7%, well above the 6.2% projected for video game revenues globally.

The market for video games in India was worth US\$450mn in 2013, and is forecast to rise to US\$972mn in 2018 – a CAGR of 16.7%, far outstripping the 6.2% projected for video game revenues globally. Growth in India will be fuelled by rising spending in all video games segments apart from physical PC games, with especially rapid growth in video games advertising and the overall digital and mobile games segments.

- Mobile games will be the fastest growing sub-segment of India's video games consumer market through 2018, with a projected CAGR of 19.7%, driven by the increasing popularity of social and casual gaming, and an expanding

mobile subscriber base. By 2018, mobile games revenues – having overtaken physical console games in 2013 – will reach US\$426mn, accounting for 44% of India's total video games market.

- Online games revenue will also continue to grow, from US\$40mn in 2013 to US\$79mn in 2018, a CAGR of 14.3%. This growth will be driven by rising Internet access, faster broadband speeds, and developers switching to online video games from more easily pirated physical formats.
- Console games revenue in India was US\$161mn in 2013, and will reach US\$305mn in 2018, a CAGR of 13.6%. With most of the population under the age of 35, India presents attractive growth opportunities for the console games industry, especially with the falling cost of PS3s and Xbox 360.



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## Internet access: strong growth in revenues, as mobile broadband spending overtakes fixed in 2014



Most of the growth in Indian Internet access revenues will be in mobile, with mobile Internet access spending overtaking fixed in 2014.

India's Internet access market continues to lag behind many developing countries in terms of broadband penetration, with fixed broadband penetration of Indian households standing at just 7.7% at end 2013, and mobile Internet penetration at only 9.7% of the population. However, the Indian government's National Telecom Policy-2012 sets out a number of broadband-related targets, including 175mn connections by 2017. And we project a quadrupling of mobile Internet subscribers over the forecast period to reach 481.4mn at end 2018, a CAGR of 31.8%.

- Partly as a result, overall Internet access revenues in India will rise at a CAGR of 15.0%, reaching US\$6.2bn in 2018. This growth rate will far exceed the 9.0% CAGR that we project for Internet Access revenues globally.

- Most of the growth in Indian Internet access revenues will be in mobile, with mobile Internet access spending overtaking fixed in 2014. Over the five years to 2018, mobile Internet access revenues will rise at a CAGR on 20.2% to US\$3.8bn, with mobile becoming by far the dominant means for Indian consumers to access the Internet.
- Fixed Internet access spending will be held back by relatively slow growth in fixed broadband penetration, which will increase at a CAGR of only 10% to reach 29.7mn Indian households by 2018. While digitisation of analogue cable TV services will help to push adoption of fixed broadband services, fixed Internet access spending will rise at a CAGR of just 9.1% to US\$2.4bn in 2018.

## ***Newspapers: the Indian newspaper market will remain much more resilient to digital disruption than its counterparts in the rest of the world***



Overall spending on newspapers in India – both circulation and advertising – will rise at a CAGR of 7.5% over the five years to 2018, while global revenues from newspaper publishing will rise at a CAGR of just 0.1% over the same period.

India's newspaper industry is thriving. Not only is the sector actually growing – a feat envied in most countries around the world – but India is also among the world's fastest-growing newspaper markets. Circulation has boomed from an average daily unit circulation total of 109.9mn copies in 2009 to 130.6mn in 2013, and is forecast to keep rising to 161.6mn copies in 2018.

- This resilience will be reflected in the industry's revenues in the coming years. Overall spending on newspapers – both circulation and advertising – will rise at a CAGR of 7.5% over the five years to 2018, reaching US\$5.3bn. In contrast, global revenues from newspaper publishing will rise at a CAGR of just 0.1% over the same period. As a result, India's share of the global newspaper market will increase from 2.4% in 2013 to 3.4% in 2018.
- Newspaper advertising is the country's second-largest advertising medium after TV. In 2013, total newspaper advertising revenue was approximately double total newspaper circulation revenue. This ratio will continue, with total

newspaper advertising revenue (both print and digital) rising at a CAGR of 7.7% to reach US\$3.6bn in 2018, and total newspaper circulation revenue rising at a CAGR of 7.1% to reach US\$1.7bn.

- Relatively low Internet penetration in India is limiting the threat, seen elsewhere, posed by digital media to newspaper revenues. Digital newspaper revenues will grow rapidly during the five-year forecast period, with digital newspaper advertising expanding at a CAGR of 20.8% and digital circulation revenues leaping by 87.1% compounded annually. But both these digital revenue streams will still account for only a tiny proportion of overall spending on newspapers in India in 2018.



Digital newspaper revenues in India are set for rapid growth, with digital circulation revenues leaping by 87.1% compounded annually during the five-year forecast period.



## Where will consumers and advertisers spend their money in the next five years?

This article is drawn from data in PwC's *Global entertainment and media outlook 2014-2018* (Outlook). The Outlook is an online source of five-year forecast and five-year historic consumer and advertising spend data for 13 entertainment and media segments, across 54 countries. PwC continually seek to update the online Outlook data, therefore, the data within this PDF may not be aligned with the data found online.

To find out more about the Outlook and to purchase a subscription to the full datasets, please visit:  
[www.pwc.com/outlook](http://www.pwc.com/outlook)

### *How PwC can help*

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