



Spends 2.5 hours
per day watching
online media

The Indian Media & Entertainment landscape

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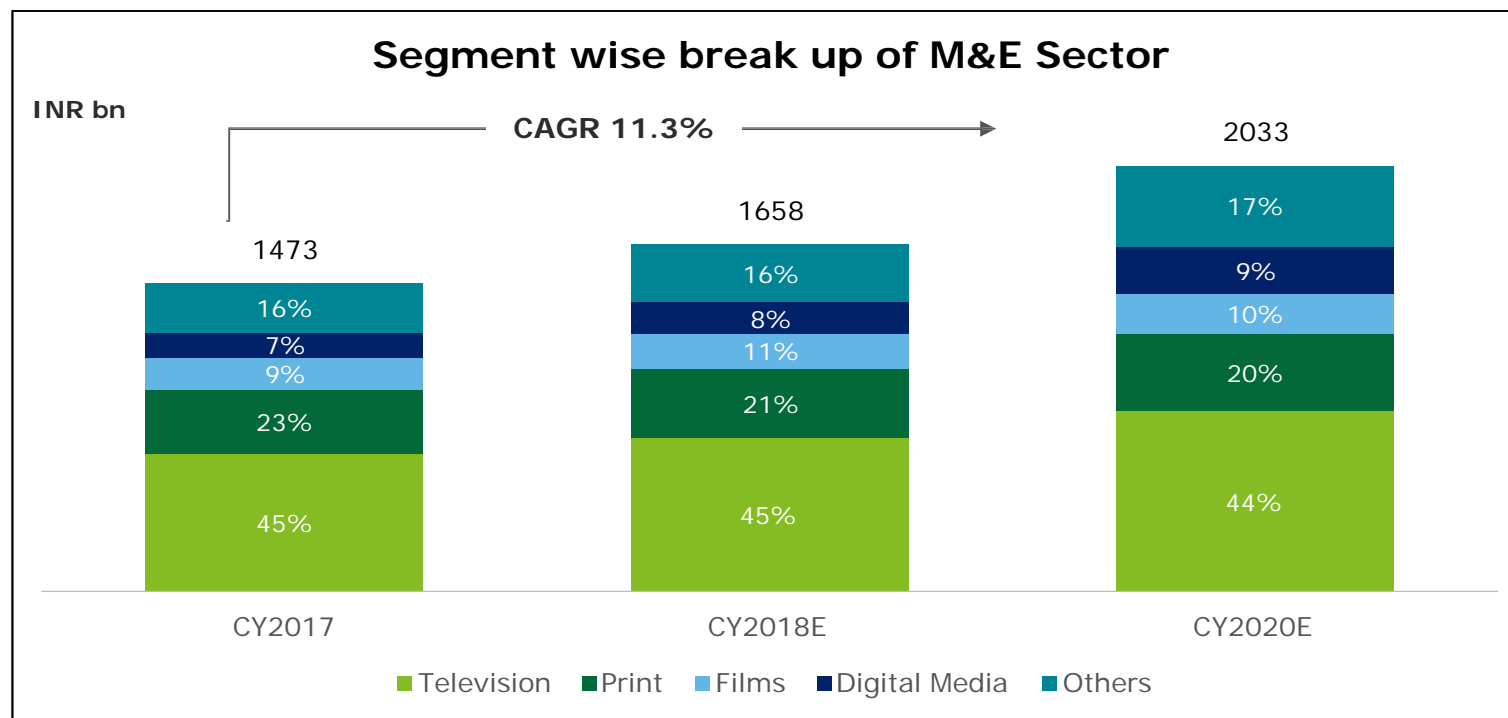
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M&E sectoral overview

M&E sector – An overview

Indian M&E sector to touch INR 2 trillion by 2020



CAGR (2017-20)

TV	9.8%
Print	6.8%
Films	7.2%
Digital Media	23.5%

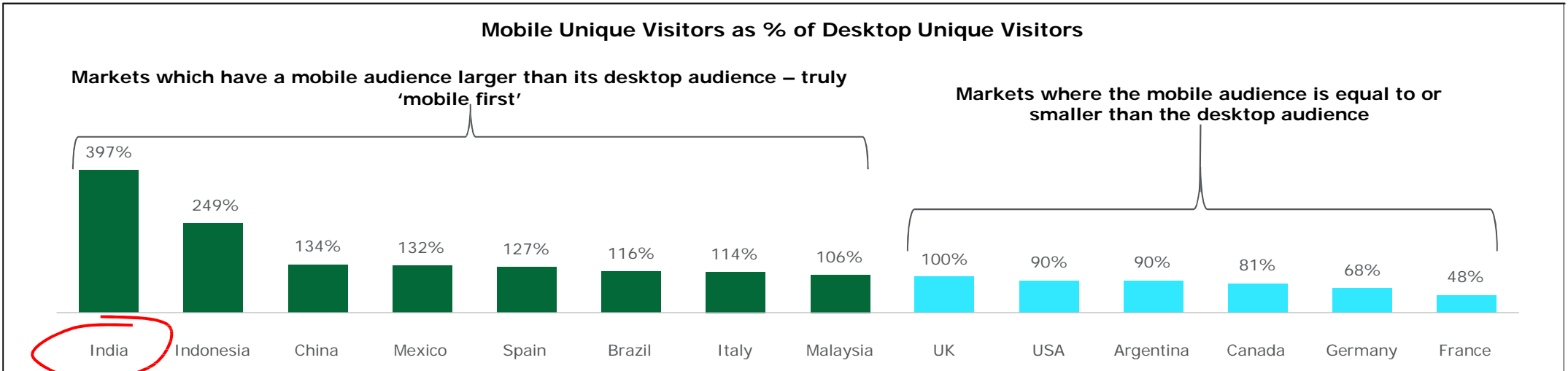
KEY HIGHLIGHTS

- By 2020, TV still to be the biggest; digital media to grow the fastest
- Global audience adoption to drive faster growth in films, could see increase in high budget films
- Print media – Subscription revenues led to growth so far, now growth to be seen in advertising segment as well
- VFX, gaming and live events could see traction; India to be an outsourcing hub for VFX segment

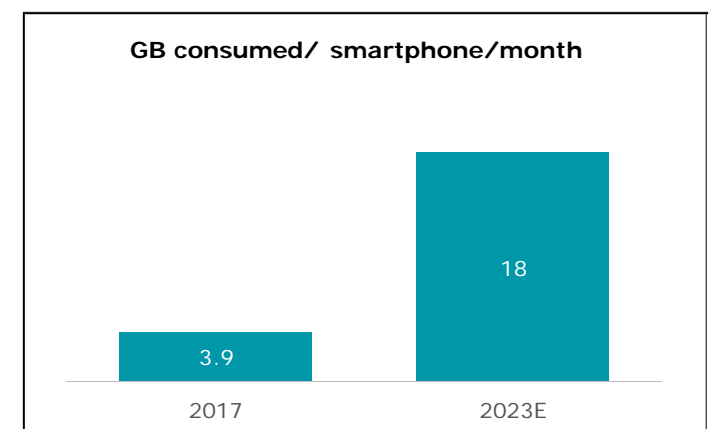
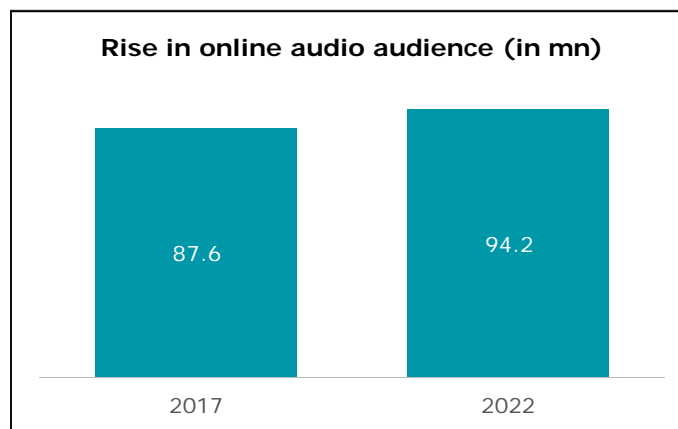
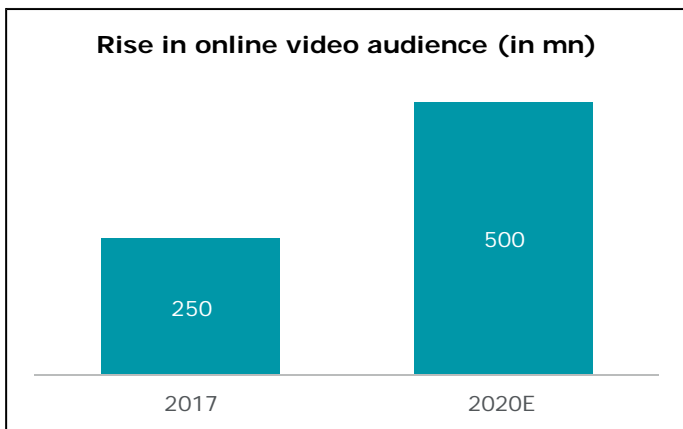
Digital media : Setting the context

Globally, consumption is moving to mobiles, India has large mobile-only users with factors pointing towards increasing consumption

India is leading the way – consumption on mobile over desktop



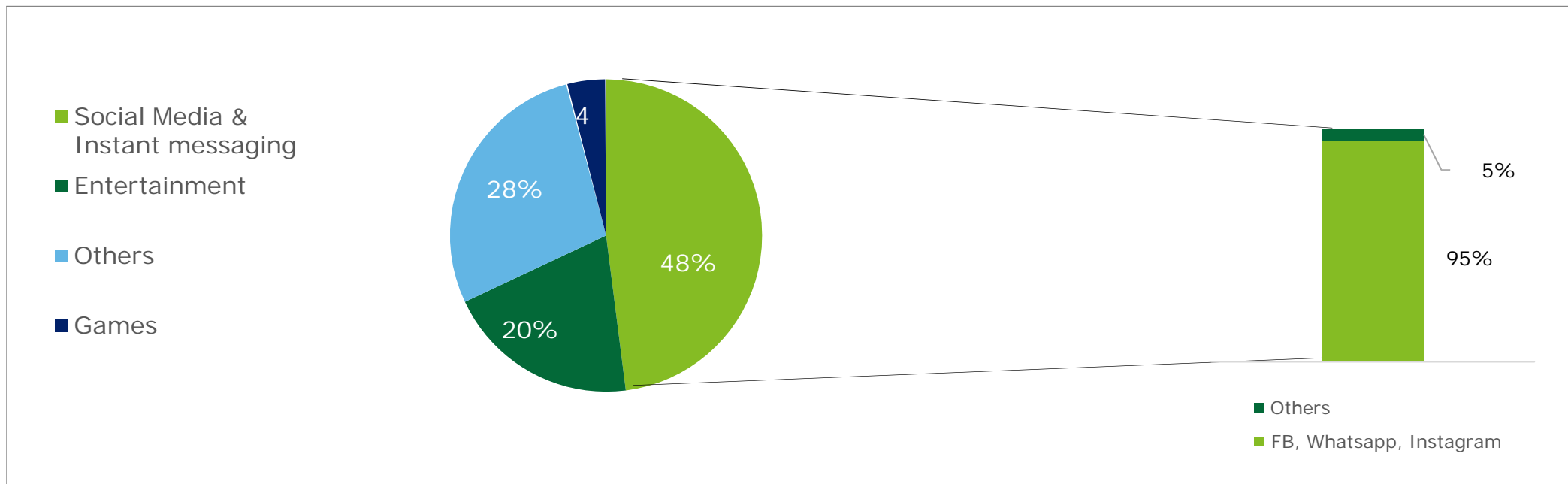
In India, the ecosystem is favorable towards higher video and audio consumption over the 3-5 years



Digital media consumption by platform

Indians are spending over 150 minutes a day on mobile apps – majorly on social media and entertainment

Segment wise time spent for an Indian user



Platform



Active Users

270 mn

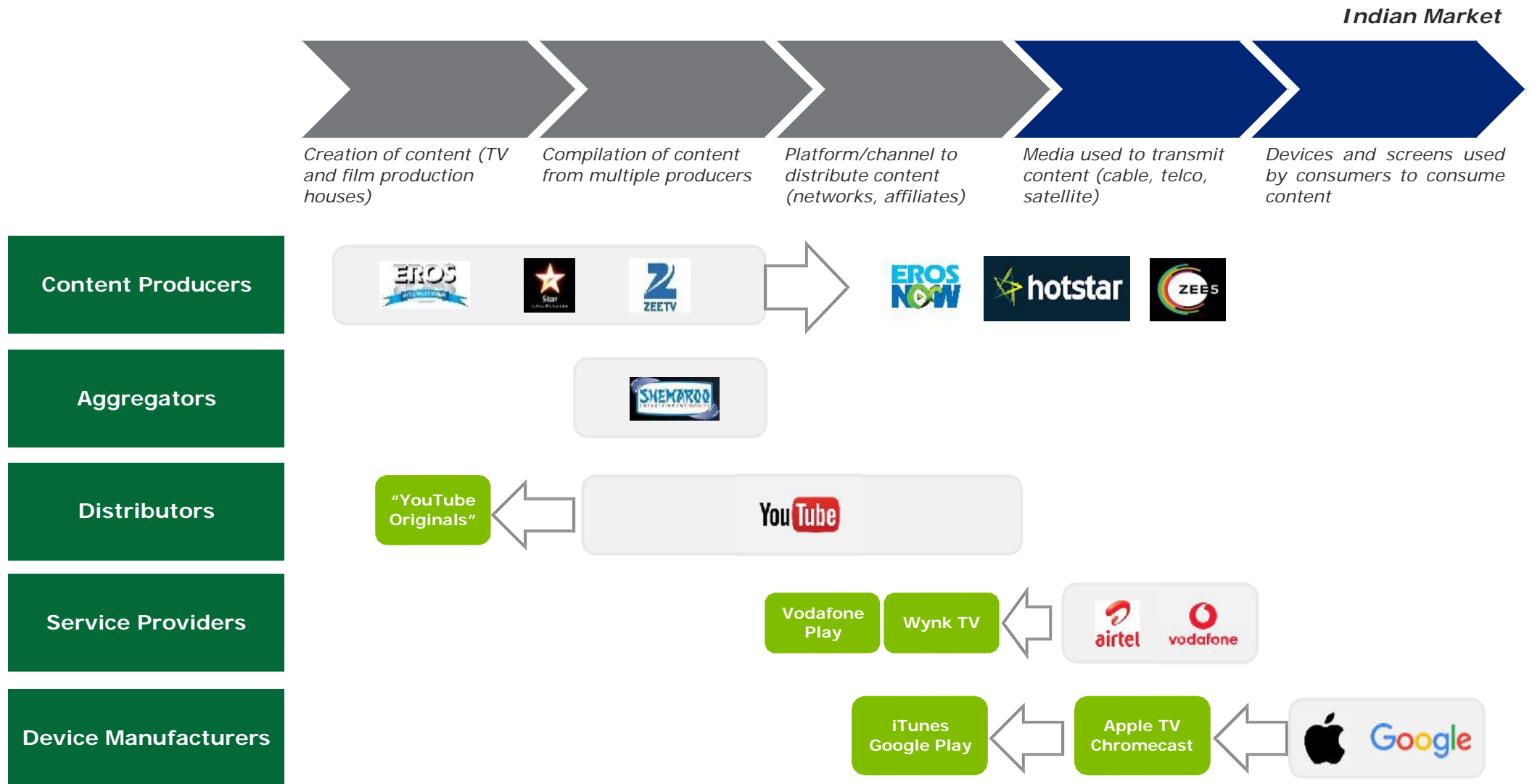
200 mn

224 mn

59 mn

















This Story as being played out in India

Globally and in India, convergence is the new disruptor –Players in previously “defined silos” are now competing across the value chain




Market wise opportunity

With rise in OTT consumption, many players are trying to capture the market through unique content offering


OTT Player	Content buckets	Languages	Revenue model	Comments
hotstar			Advertising + Subscription	Only OTT player to offer sports in regional languages
Netflix			Subscription	Larger content library in English
YouTube			Advertising + PPV	High amount of user generated content
Amazon Prime			Subscription	Investing into regional content – Bengali
Voot			Advertising	Very few original shows and working on shows in Telugu and Malayalam
Sony Liv			Advertising + Subscription	Starting Marathi web series
Jio Play			Advertising and for Jio subscribers	Aggregator of all Indian TV channels
Spuul			Subscription	Content sharing agreement with Dharma productions

Other players include Airtel, Vodafone, Eros Now, ALT Balaji, Viu, ZEE5, dittoTV, Sun NXT, TVF Play, hungama

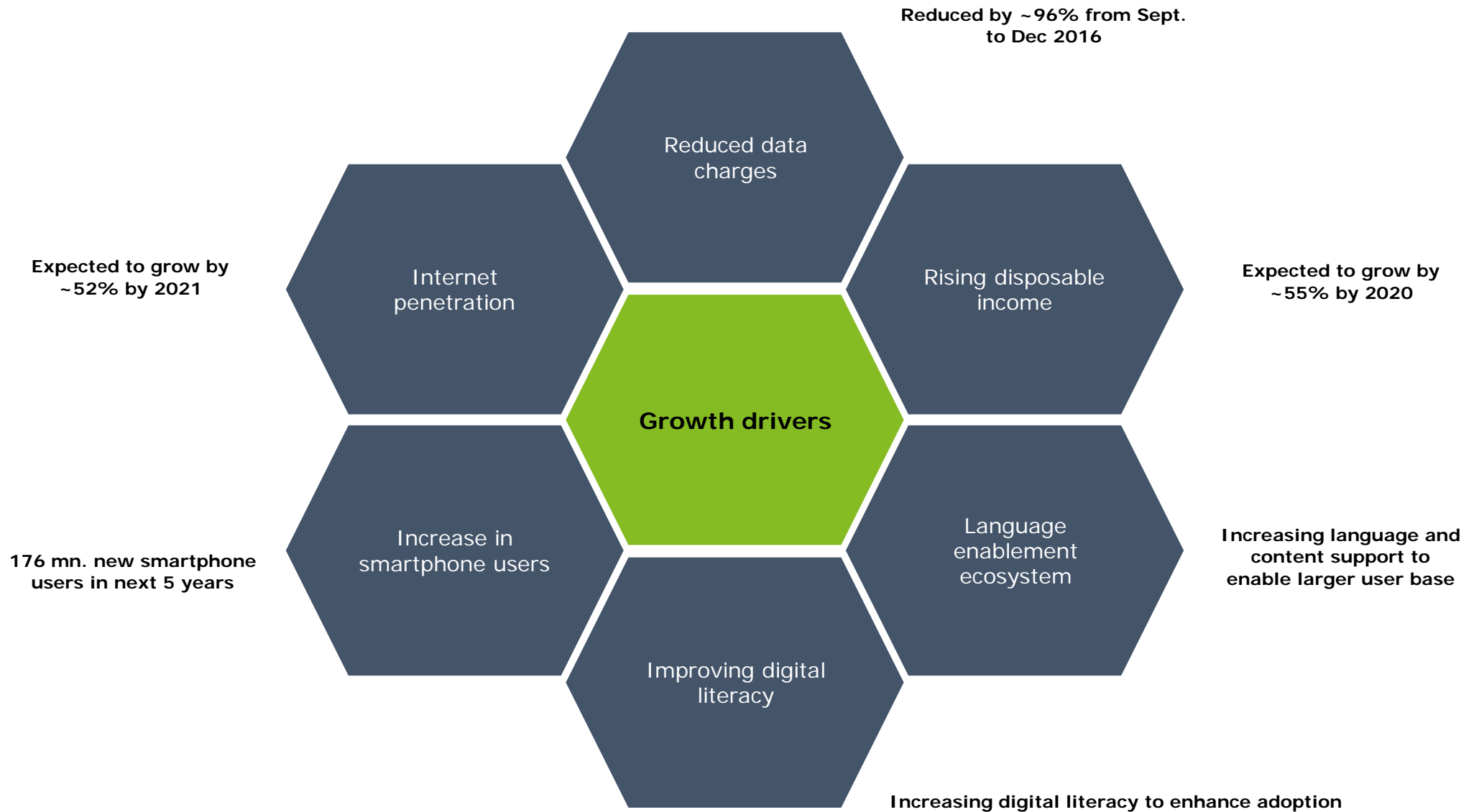
 TV shows, movies, news and sports

 TV shows and movies

 English Hindi and various regional languages

 TV shows, movies and news

Factors contributing to rise in digital consumption

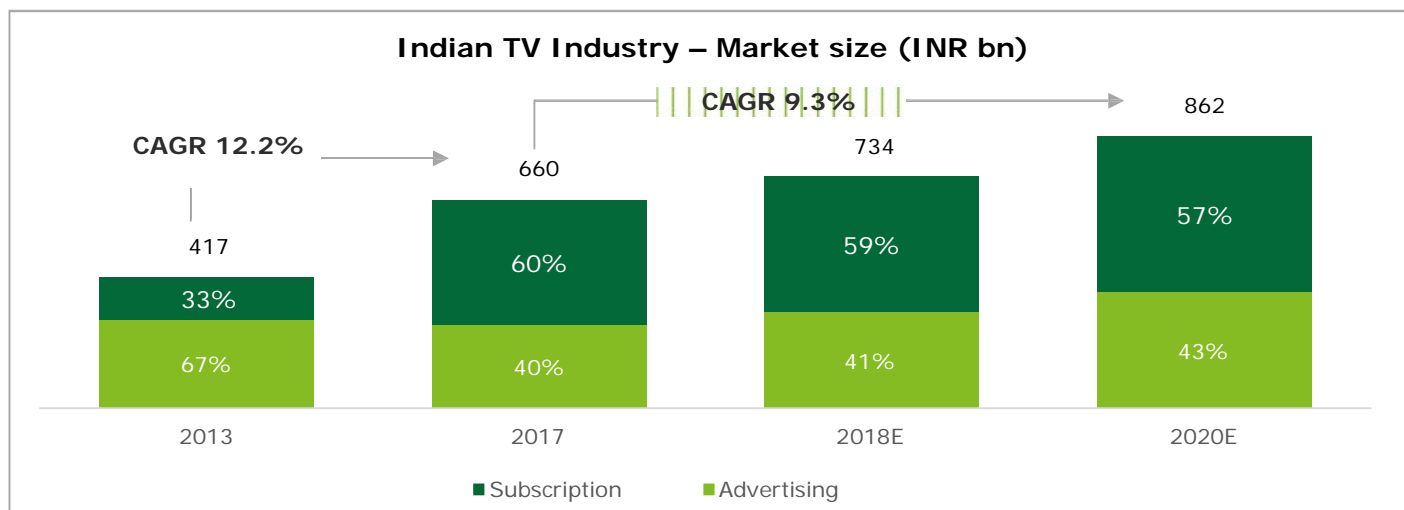


TV industry landscape

Overview

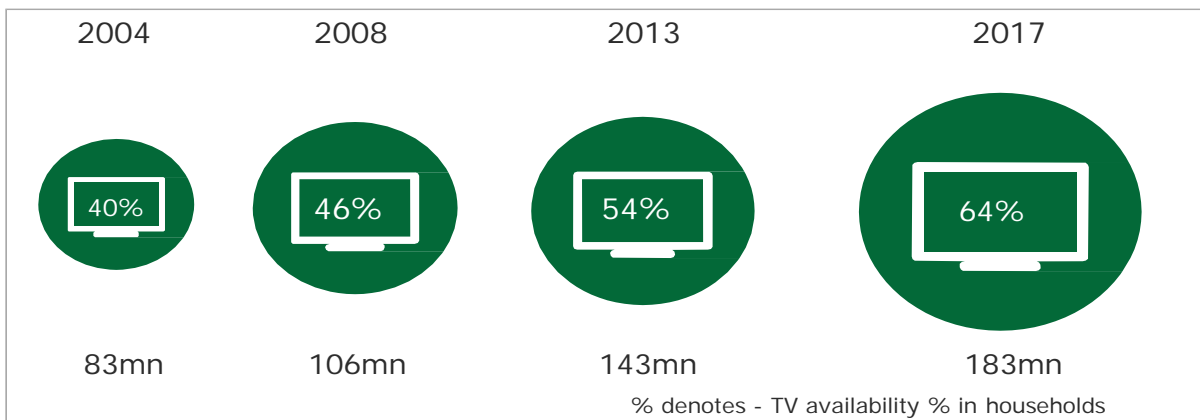
TV Industry

With 64% TV penetration India still has headroom for growth; hence expected to grow at 9.3% to be worth INR 862 bn by 2020



- TV industry to grow at 9.3%
- Factors favoring
 - Room for higher TV penetration
 - Digitization that would bring higher ARPUs
- There are over 300 pay channels, 577 FTA channels, producing content in more than 15 languages

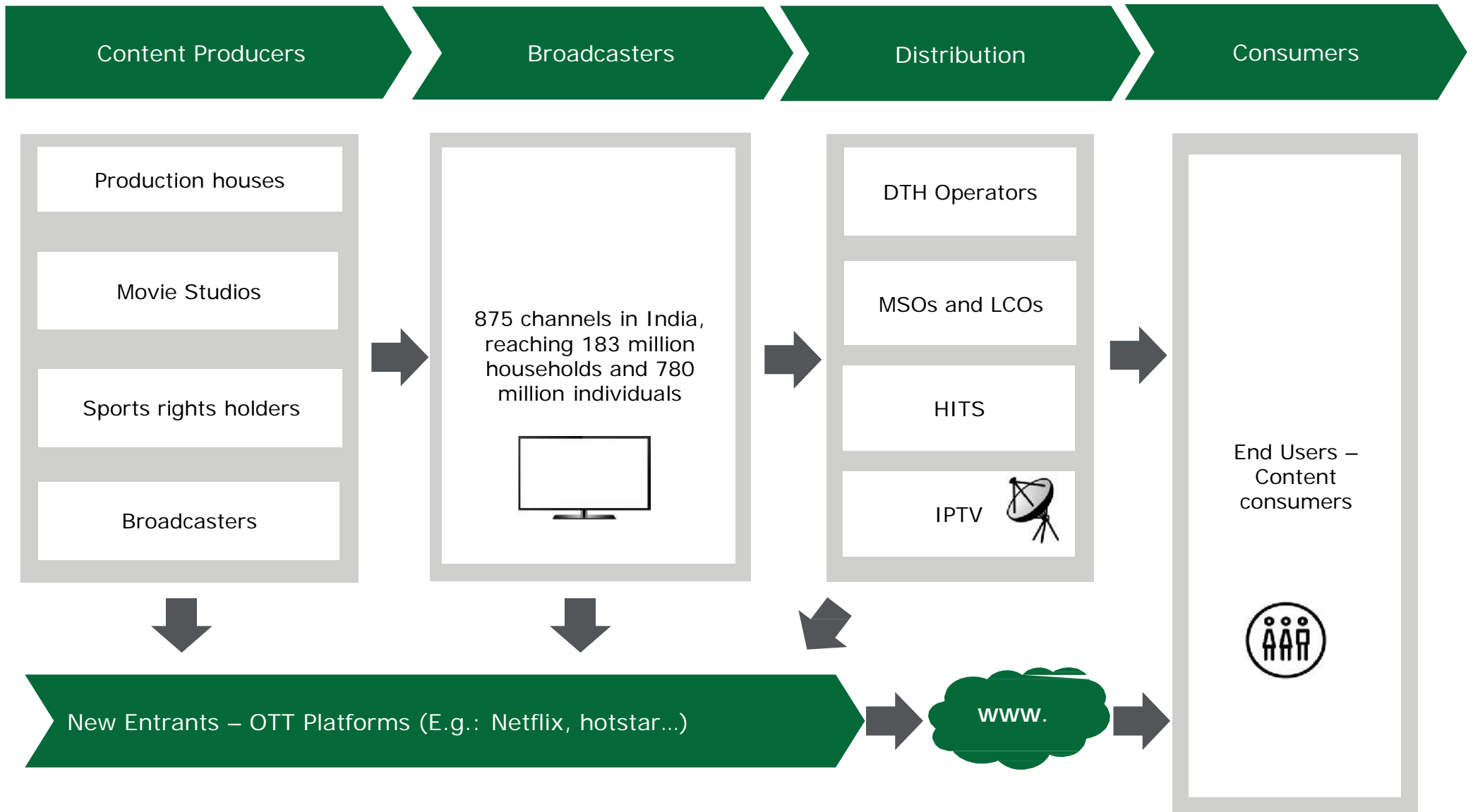
Increased TV penetration and digitization to help realize further benefits in the industry



	Analogue	Digital
2005	50%	50%
2010	36%	64%
2013	6%	94%
2017	2%	98%

TV Industry

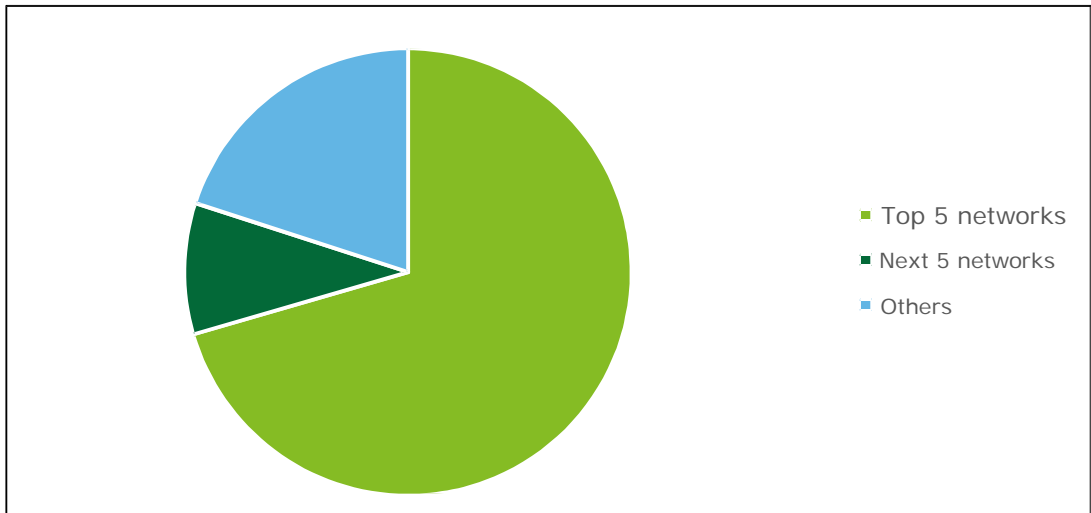
The industry is undergoing rapid shifts with every player trying to have a direct line of sight with the end user



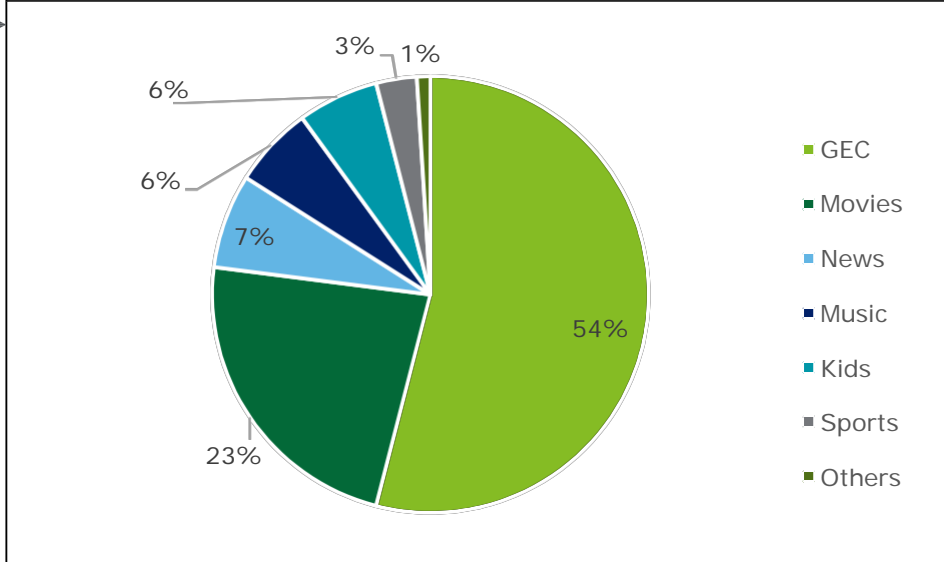
TV Industry

Top networks dominate eyeballs share; GEC, the most popular; Viewership highest among the youth

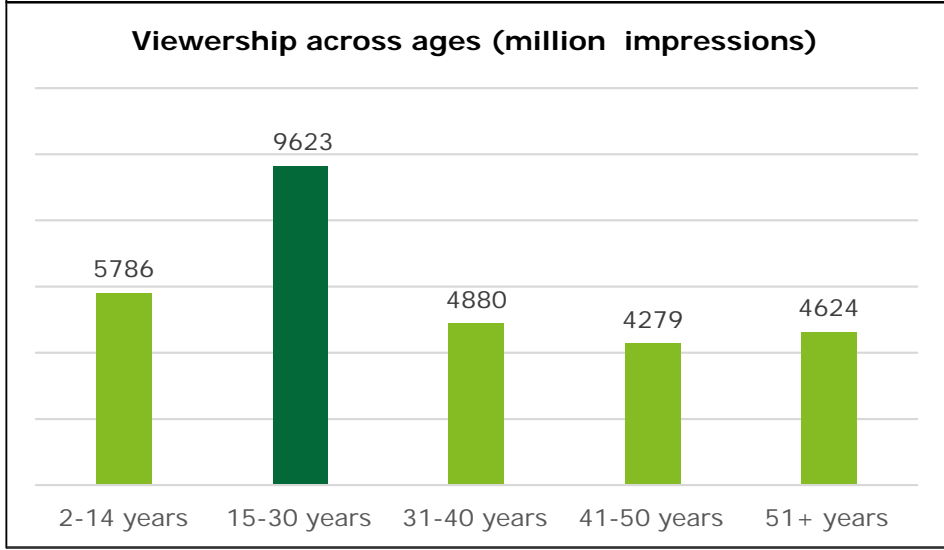
Top 10 networks contribute to 80% viewership



What is watched on the networks



Who is watching these networks

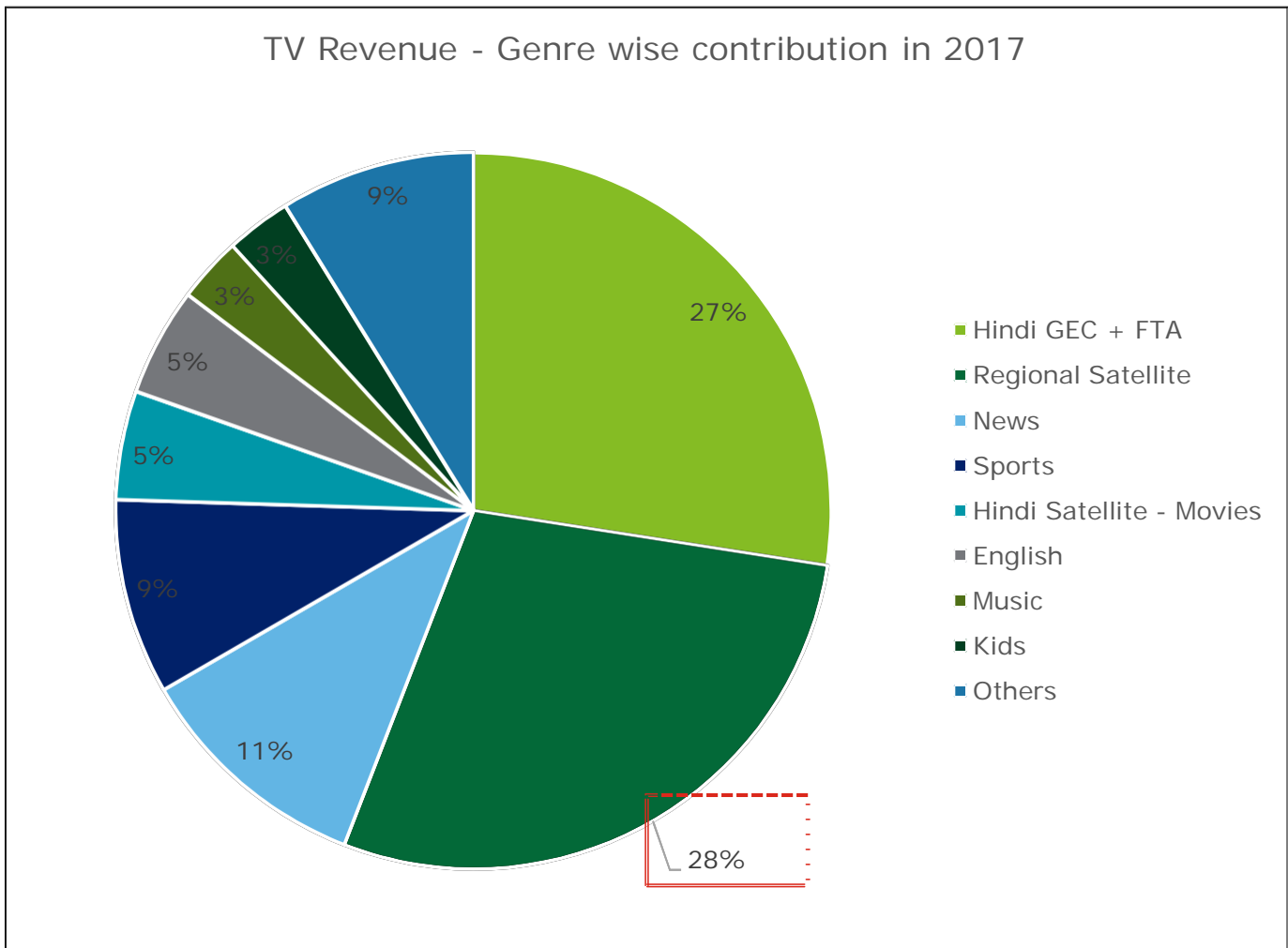


TV Industry

Regional genre driving both revenue and viewership

Smaller regional markets growing at much faster pace

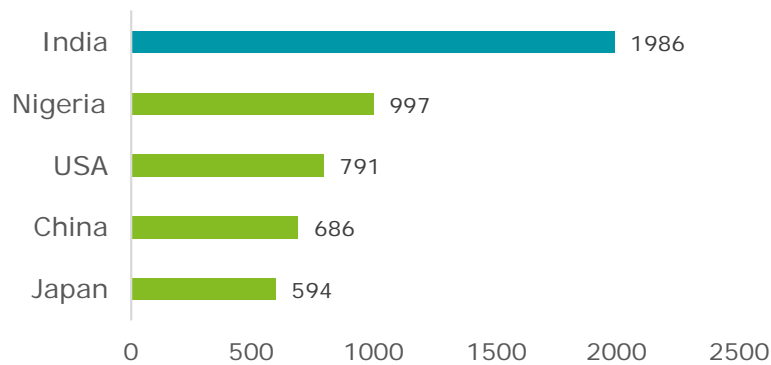
% change in viewership (2017 over 2016)	
Total	32%
Gujarati	146%
Assamese	123%
Marathi	74%
Bangla	68%
Oriya	65%
Kannada	63%
Bhojpuri	58%
Punjabi	38%
Telugu	33%
Tamil	30%
Hindi	27%
Malayalam	16%



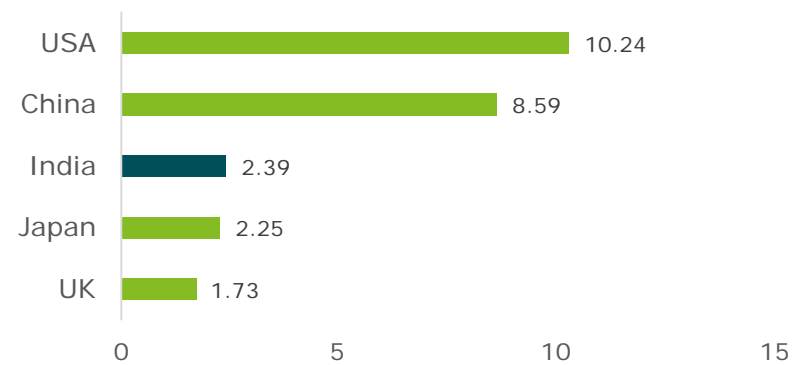
Film Industry

The Indian film industry is the world's largest in terms of both number of films produced annually, as well as footfalls; However, it lags behind heavily in terms of box office collections and screen density

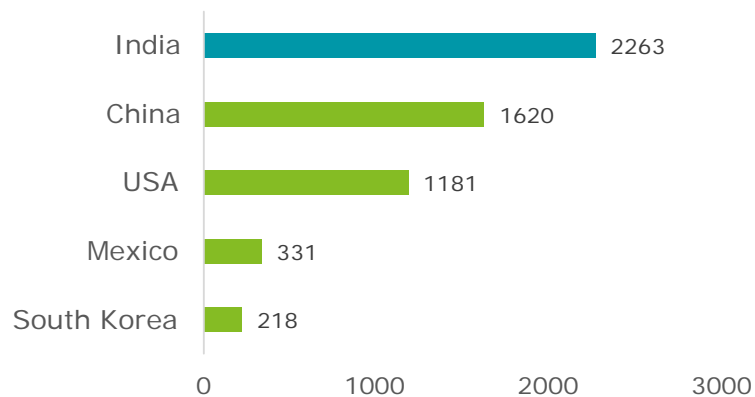
Top countries by number of film productions



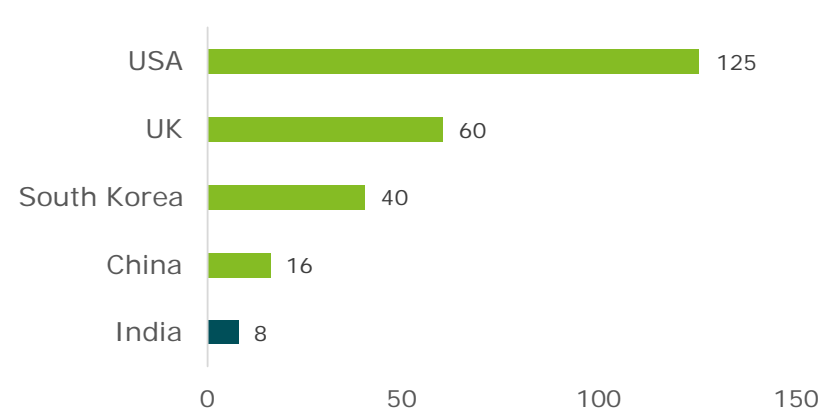
Top countries by Box office revenue (USD Billion)



Top countries by box office admissions (Millions)



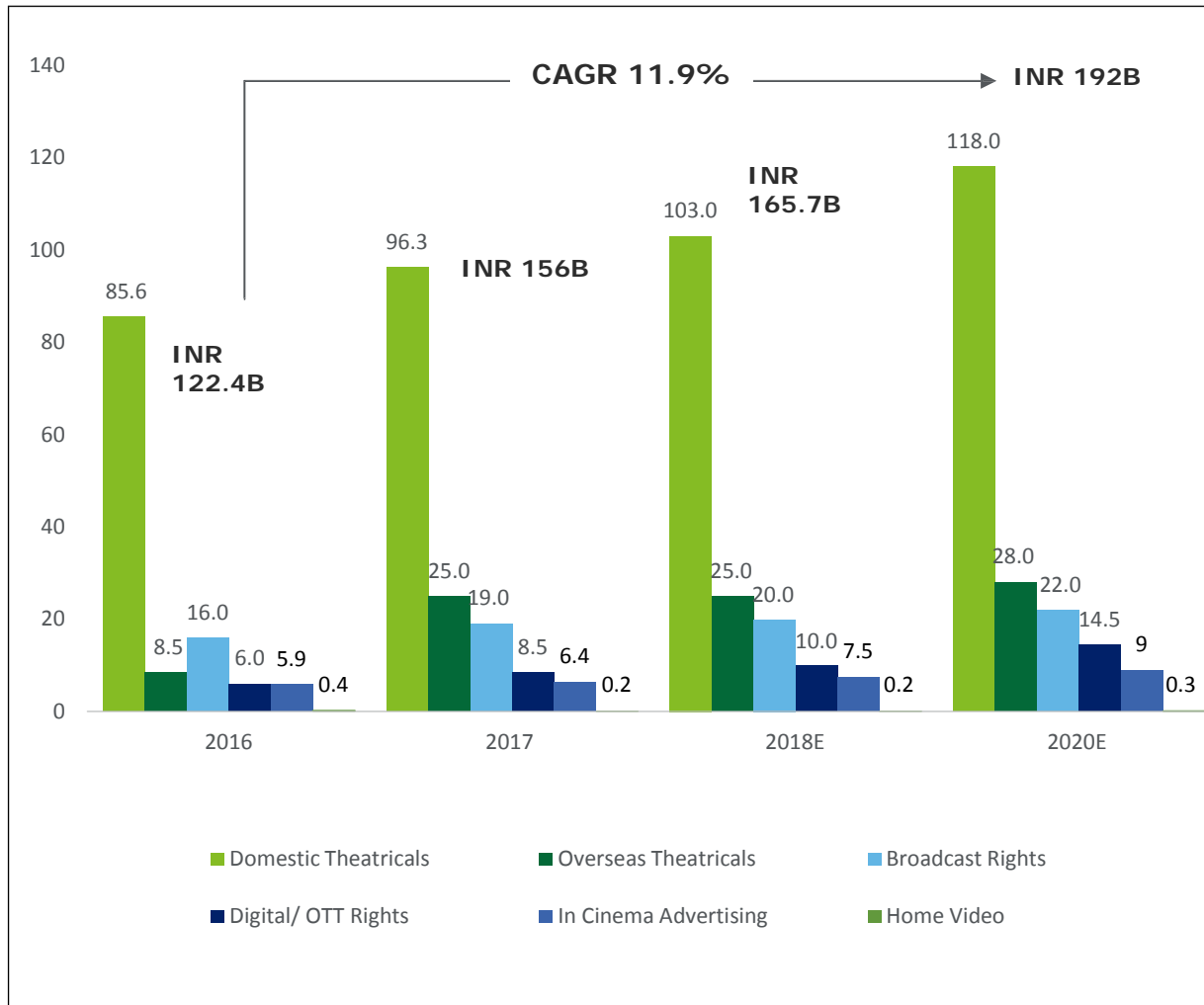
Screen Density of select countries (screens per million population)



Film Industry

The Indian Film Industry is expected to grow at a CAGR of 11.9% till 2020 driven by broadcast/digital rights and in-cinema advertising

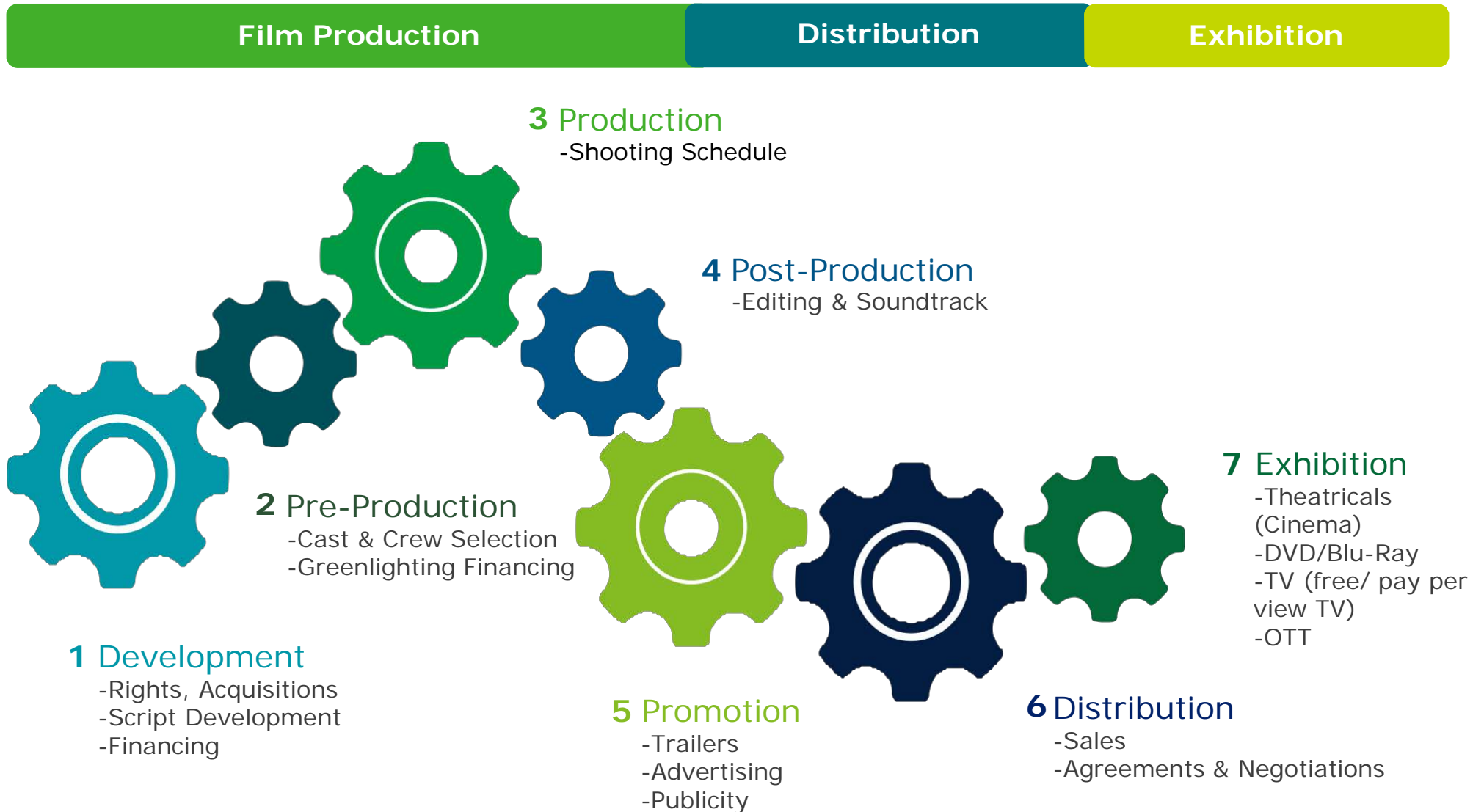
Segment-wise break up of Indian Film Industry Revenues over 2016-20



- The Indian Film Industry posted a growth of 27% in 2017, driven by box office collections – both domestic & international.
- Domestic theatricals has been the industry's biggest revenue stream, it contributed over 60% of the total industry revenues in 2017
- Domestic theatricals along with Overseas theatricals have been the key growth drivers, contributing ~78% of the overall industry topline in 2017
- Broadcast rights have been the second largest revenue stream for the industry –expected to grow in the coming years.
- Sale of digital rights increased massively by 40% in 2017 and are expected to continue posting double digit growth for the next couple of years.

Film Industry

The value chain of the Indian Film Industry comprises of three key processes - Production, Distribution and Exhibition

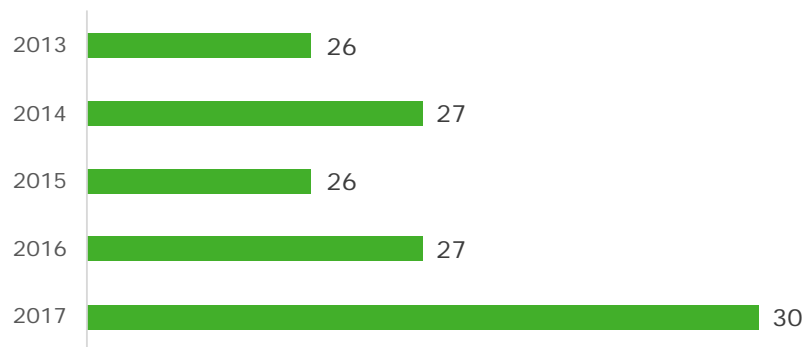


Film Industry

While the number of profitable films have stayed more or less constant over the past 5 years, loss making films have been increasing in number, on a YoY basis

Concentration of revenues is increasing at the top, while the long tail is loss-making

Net Domestic BO collections of Top 50 Hindi Films (INR Billion)

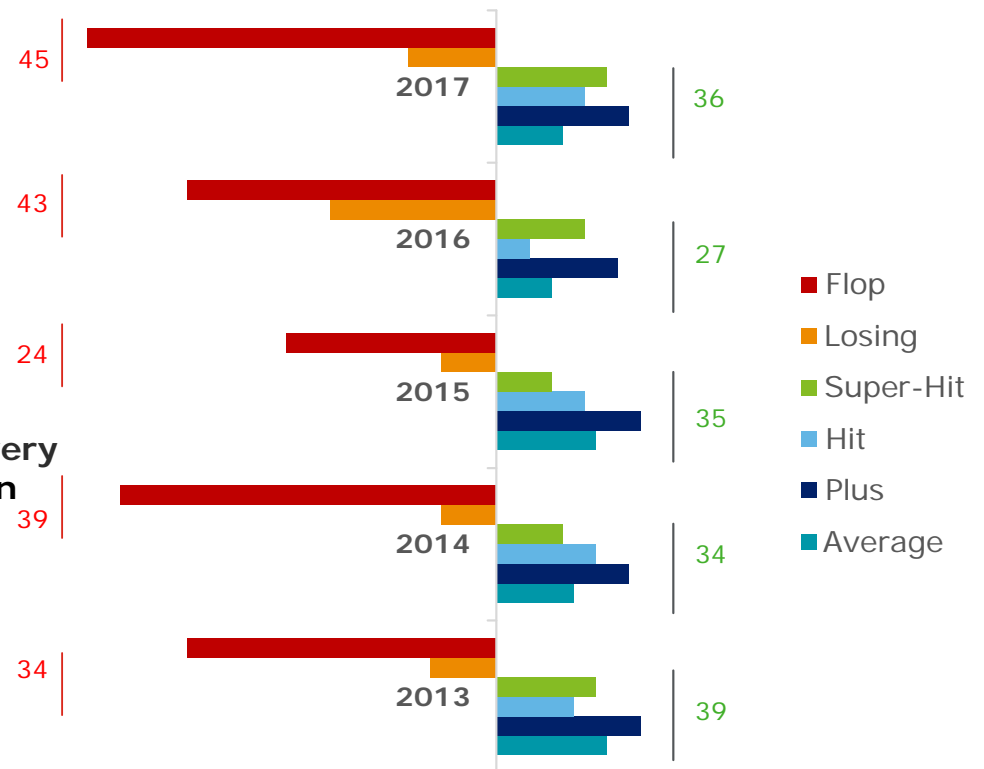


The Hindi Film Industry certifies 200-300 film releases every year, but almost 98% of the total net box office collection can be attributed to just the top 50 films

There are several contributing factors to this skew in the industry performance:

- Increasing cost of production and talent
- Rising importance of quality content
- High distribution costs and challenges

Performance of Hindi Cinema (2013-17)

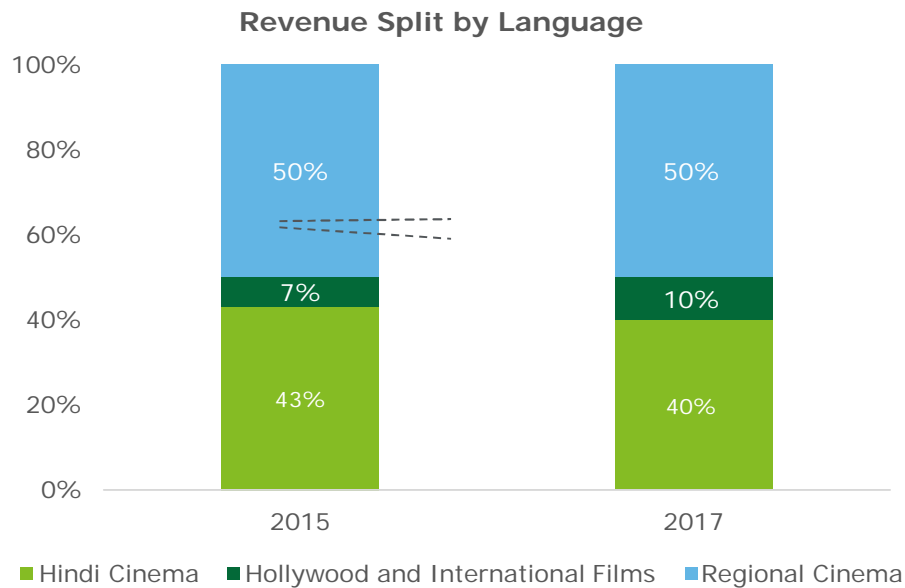


Flop: Film which loses 50% or more of investment
Losing: Film which does not recover the investment but loses less than 50% of it.
Super-Hit: Film which more than doubles the investment by additional 50%
Hit: Film which doubles the investment
Plus: Film which recovers investment & yields some profit
Average: Film which only recovers investment

Source: Koimoi.com ; Boxofficeindia.com

Film Industry

As Hindi Cinema's share of total industry revenues decline, Hollywood and Regional Cinema's revenues have been on the rise for the past few years.



- Hindi Cinema's share of total revenues declined to ~40% in 2017 from 43% in 2015
- Hollywood and international films steadily increased their contribution by 3%
- Regional cinema maintained its share at ~50%.
- The continued success of regional films can be attributed to the increasing appetite of audiences for dubbed cinema - especially in the south as well as the maturing of Marathi and Punjabi cinema
- There have also been rising investments and interest among broadcasters as well as digital platforms, to provide regional cinema to audiences

Key trends observed in Regional Cinema and Hollywood films

Average occupancy of regional films increased to 45-46% from 39-40% in 2016, according to BookMyShow

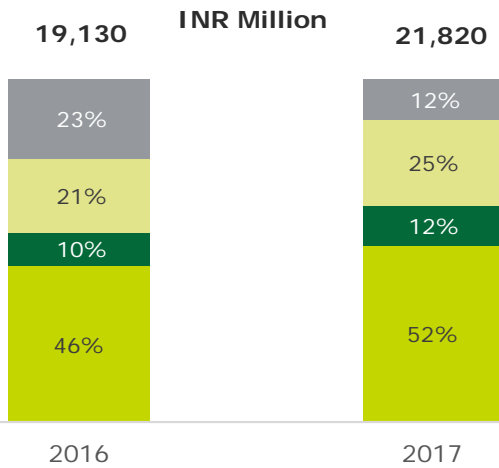
Regional films outdid their Bollywood counterparts overseas, gaining popularity in countries like Malaysia, South America, UAE etc

Hollywood's box office collections were around INR 8 Billion, with the top 10 Hollywood films accounting for more than half of the revenues

Film Industry

Even as income from ticket sales remains the dominant revenue generator, advertising and F&B are also rising revenue streams for major Multiplex chains

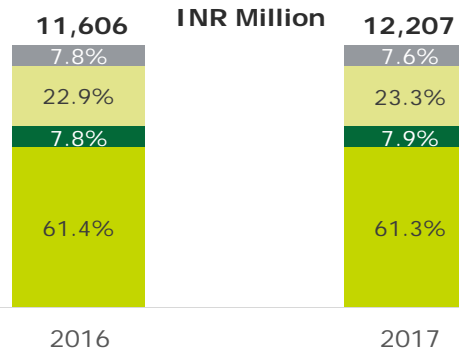
PVR Revenue Streams 2016-17



Growing ATPs and increasing footfalls together driving growth in movie ticketing revenues for exhibitors

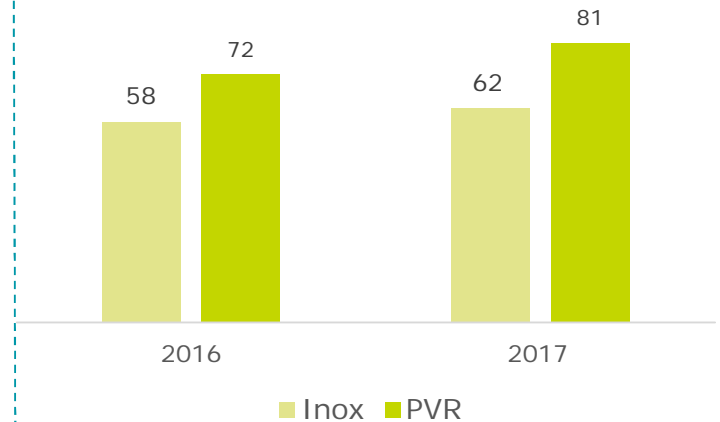
Contribution of F&B now up to 23-25% for leading exhibitors

Inox Revenue Streams 2016-17

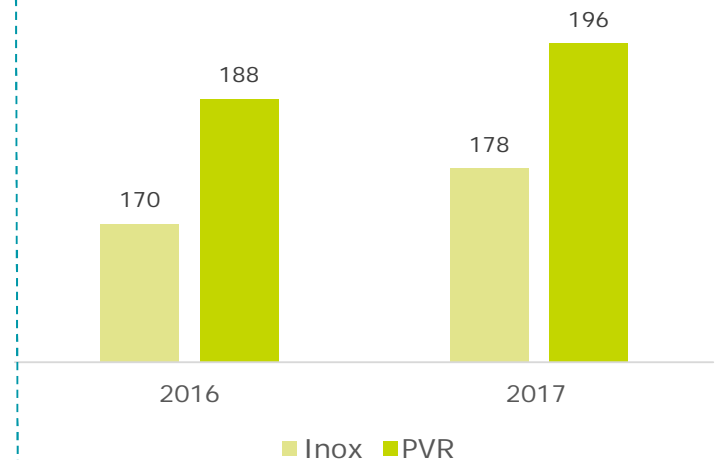


In-Cinema advertisement revenue growth has begun to gain momentum

Spend per head (INR)

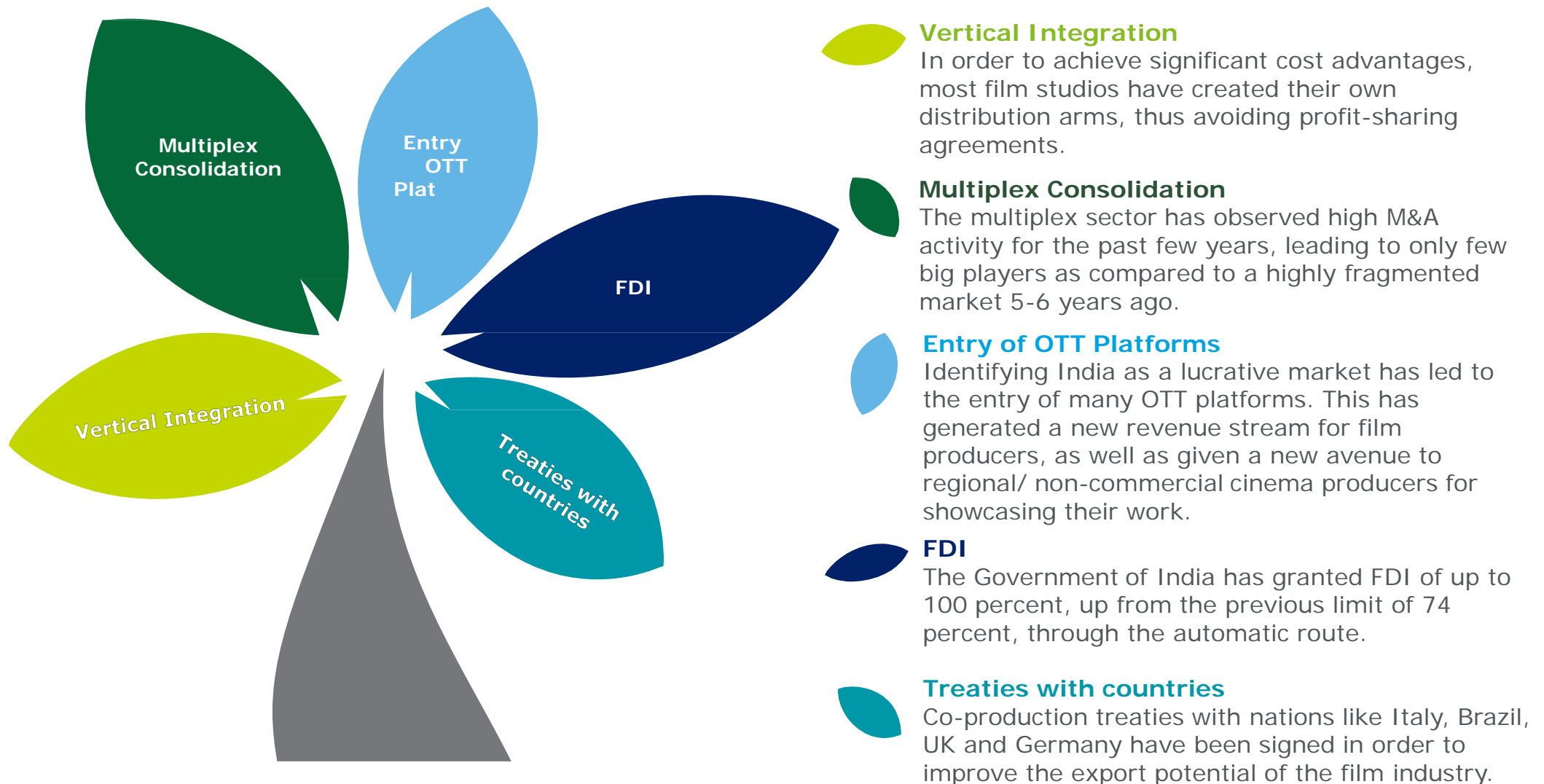


Average Ticket Price (INR)



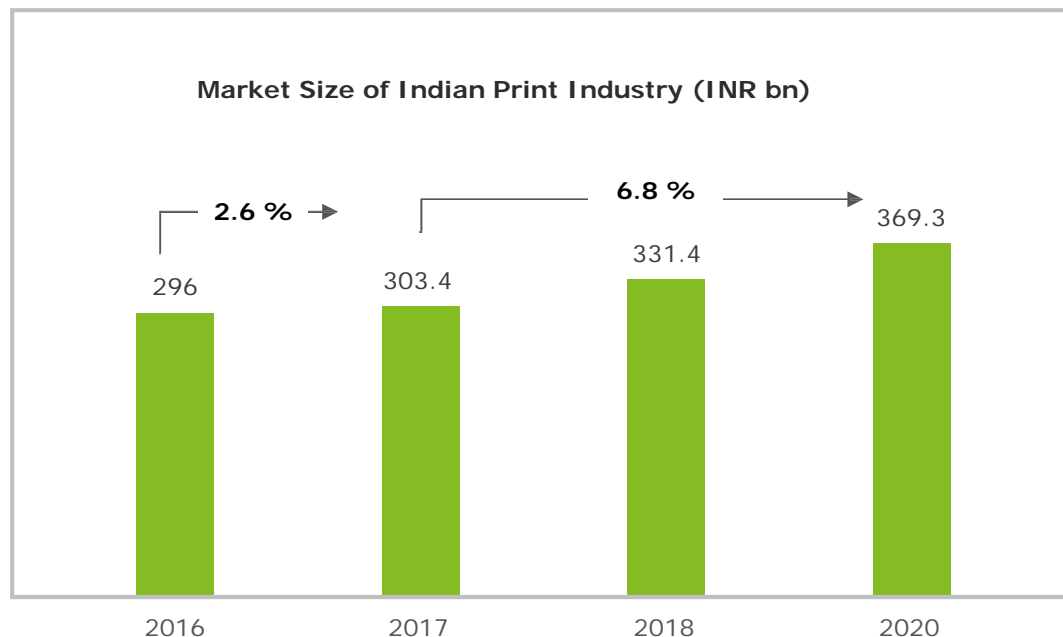
Film Industry

The industry has observed shifting dynamics, in response to internal and external competition, as well as regulatory changes



Print Media

Unlike the global trend, Indian print media continues to grow, largely on back of the vernacular markets



*INR bn	2016	2017	2018E	2020E
Advertising	214.8	216.2	238	262.4
Circulation	80.8	87.3	93.4	106.9
Total	295.7	303.4	331.4	369.3

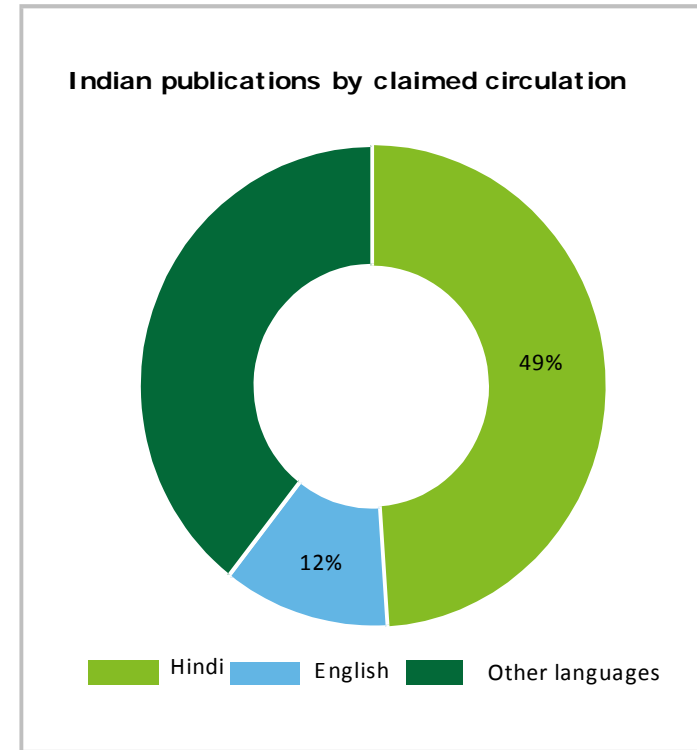
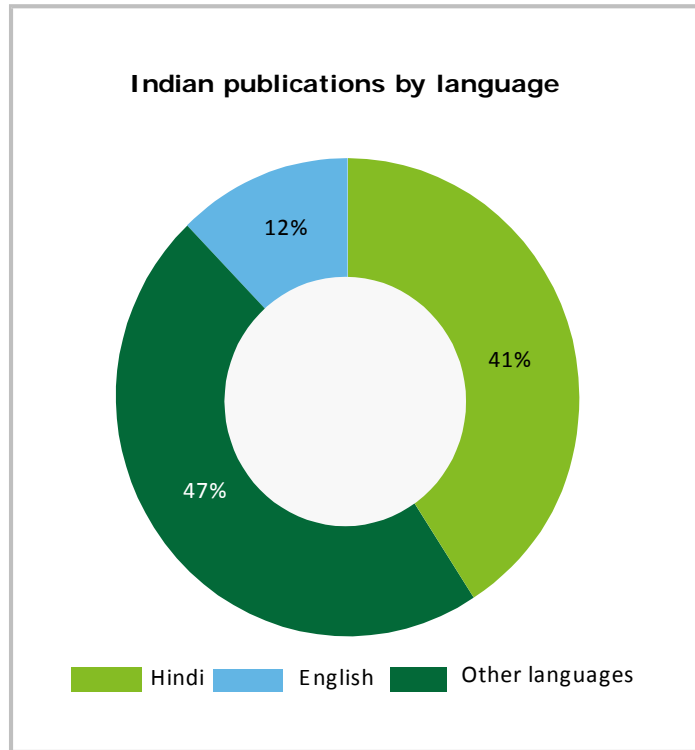
*INR bn	2016	2017	2018E	2020E
Newspaper	281.7	290.4	317.2	353.5
Magazines	14.0	13.0	14.3	15.8
Total	295.7	303.4	331.4	369.3

*Gross of Taxes

- **The Indian Print industry grew by 2.6% in 2017 to reach INR 303 mn with Hindi and Vernacular languages growing marginally while English de-growing**
- **Advertising revenues grew by just 1% in 2017** on account of macro-economic factors such as demonetization, RERA & GST implementation
- **Ad Revenues grew in second half** on account of increased spending by political parties/government for elections, festival season, focus in yield management, greater customer engagement
- **Subscription revenues grew by 8%** due to increase in circulation in underpenetrated markets, launch of circulation focused schemes and increase in cover prices
- **Magazines contributed 4.3% to the industry and remained largely flat** with not many new launches.
- **Magazine subscriptions also** held on their own and did not change significantly
- Going forward the industry is estimated to grow at an overall **CAGR of 6.8%** till 2020, with **vernacular growing at 8-9%** followed by English

Print Media | Subscription Overview

Hindi has the largest claimed news circulation at 49% of the total pie

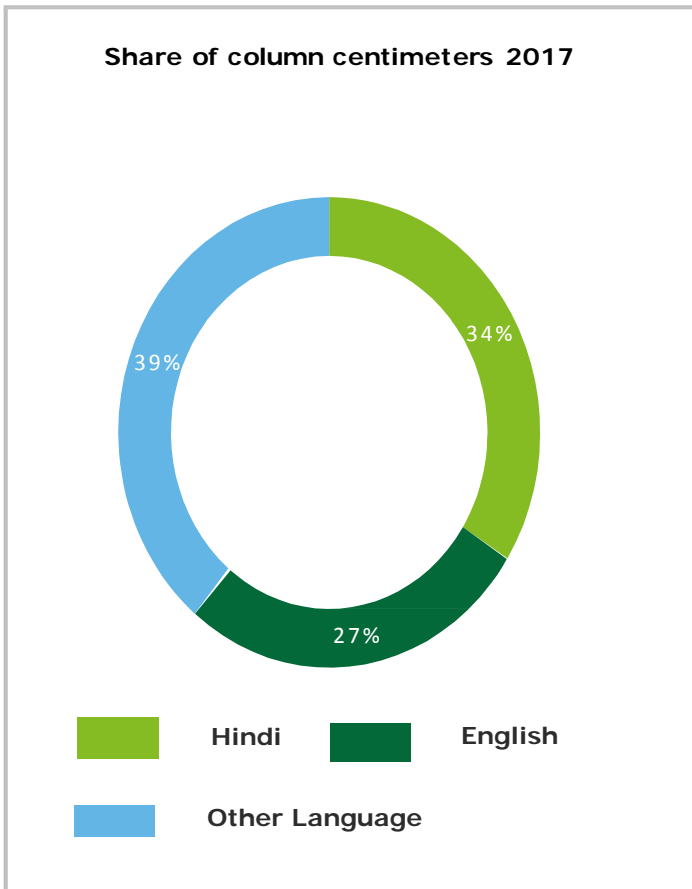


- As on March 31, 2017 there were 114,820 registered publications in India of which 16,993 were newspapers.
- 4,007 new publications were registered during 2016-17, while 38 ceased, which was a 3.6% growth.
- The maximum publications across any language were in Hindi (46,587), followed by English (14,365).

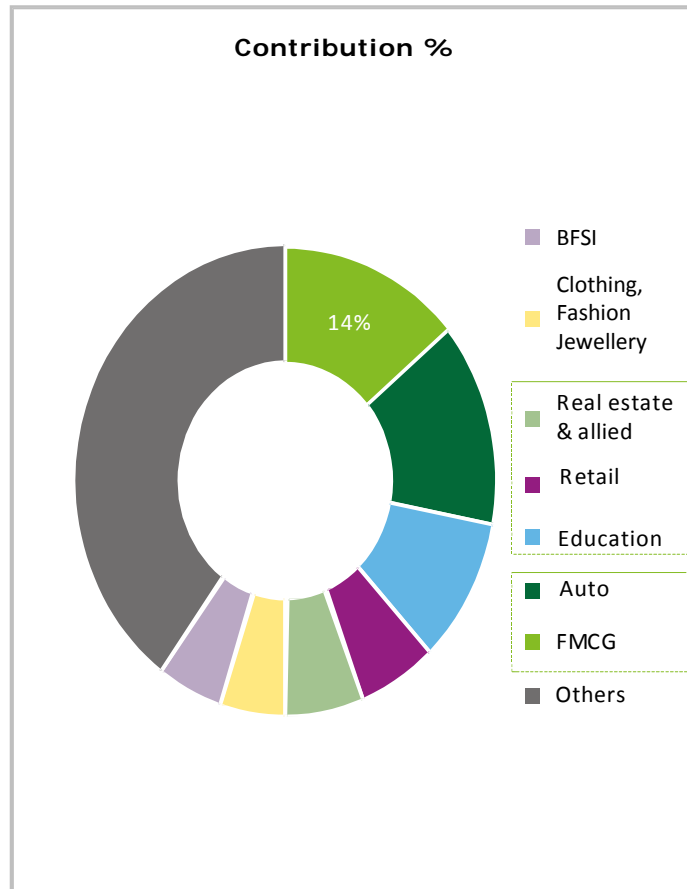
- Hindi newspaper claim nearly half of the circulations in India
- Launch of several circulation generating schemes (apart from bundling and discounting) were undertaken in 2017 as the industry focused more on subscription, which increased its share of revenues from 27% to 29% of total revenues.
- Magazine subscriptions on average held their own and did not significantly change.

Print Media | Advertisement Overview

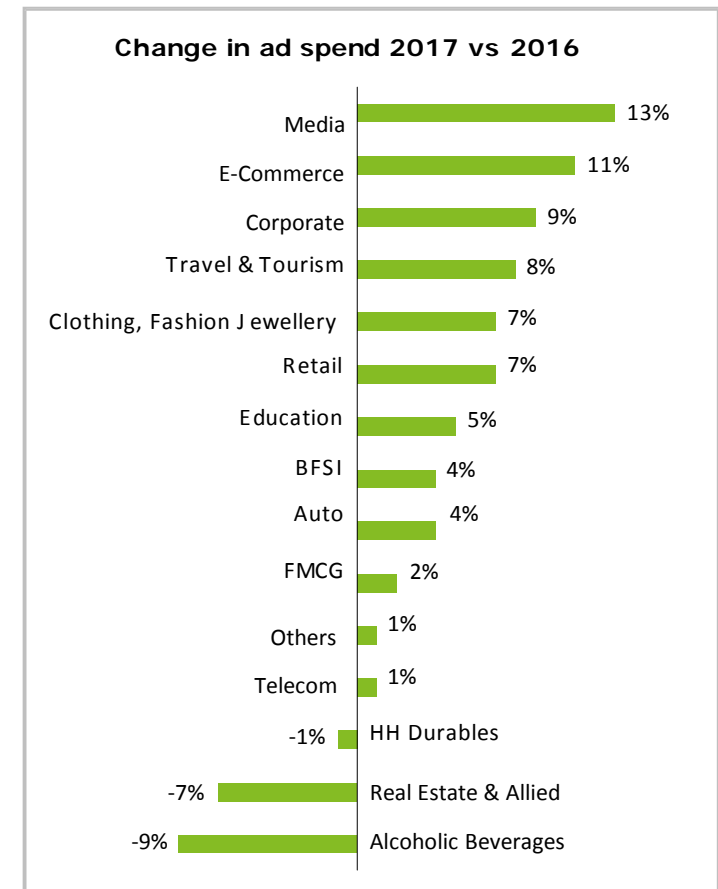
Hindi and English dailies dominate the advertisement pie; with major demand drivers being FMCG and Auto sectors



2017 saw 61% of total advertising volumes being commanded by Hindi and English publications followed by Marathi, Telugu and Tamil.



FMCG and Auto were the largest advertising categories in 2017 on print, followed by Education, Retail and Real estate.



Alcoholic Beverages, Real Estate, Durables reduced their ad spends on print while the largest increase were seen in Media and E-commerce categories

Print Media Industry

Indian Print Media industry is very different from print media industry in developed markets owing to the following reasons

1 Cost Advantage

- **Newspaper cover** prices in India are very **low and affordable**
- Cost is not more than **INR 200/month (3 USD)**, which is close to the cost of a single newspaper per day in the US

2 Home Delivery

- Most newspapers in India are **delivered to customer's home** every morning, which makes them very **accessible & convenient**
- In comparison, in the West, people buy newspapers from stands or from metro stations

3 Credibility & Habit

- People have developed a **deeply entrenched habit** to start their day with reading newspaper
- Members of family with age >35 years still prefer a physical copy
- **Credibility** of news from newspaper higher than other news sources

4 Localization

- Newspapers are the primary medium that caters to **local neighborhood/city news**
- Localization along with credibility helps them to cater to a loyal and diverse set of readers

Increasing Competition

Traditional newspapers have faced increased competition lately from other firms, primarily because of consumption of news digitally



Digital moves from incumbents



- Almost all print companies are foraying into digital by establishing their own news websites/apps
- There is competition among incumbents to increase digital footprint, however digital content monetization is significantly low



Rise of Start ups & aggregators



- There has been a rapid rise in domestic digital-born startups such as Scroll, Quartz India & Quint that is eating the share of physical news players
- There is also rise of news aggregators such as Inshorts, Firstpost & Daily-Hunt that feed digital readers with short & crisp content



Emergence of social media players



- There is rapid growth in social media content consumption over the last few years, spurn by large global social media players such as Yahoo, Facebook & Google
- These players enjoy wide user-base and hence tap into the needs of Indian readers & even personalize the content through use of analytics

Digital Trends shaping the print industry

Leading Print companies are increasingly making use of technology to better manage employee utilization and to provide superior customer experience



Robotics Process Automation

optical character recognition workflow tools and machine learning



Integrated Newsroom

prevent duplication of newsgathering efforts, improved scheduling, prioritization of news better utilization of stories



Analytics & Loyalty

single view of their customers

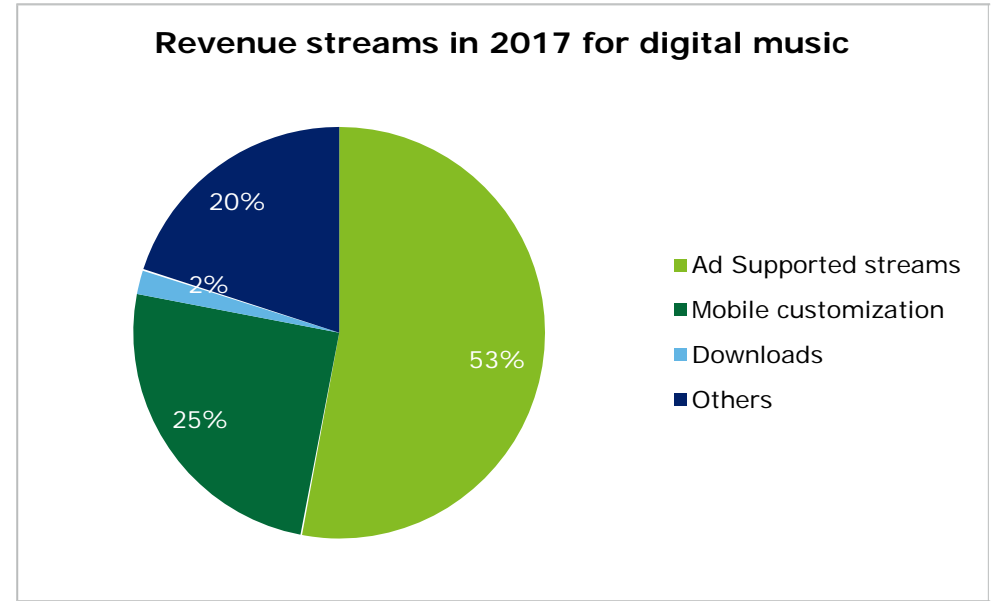
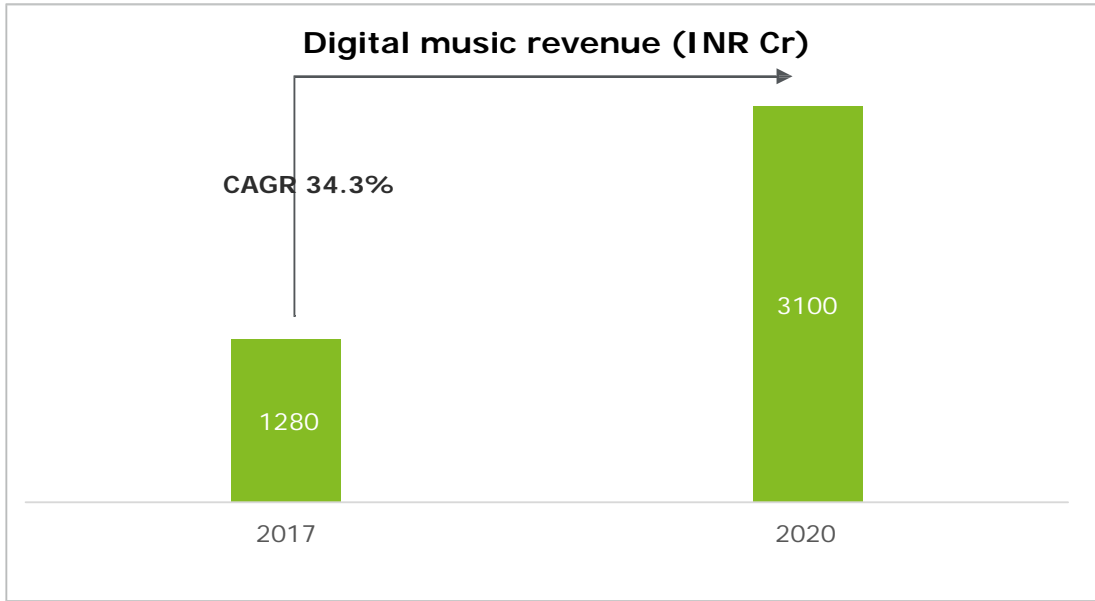


Self Care

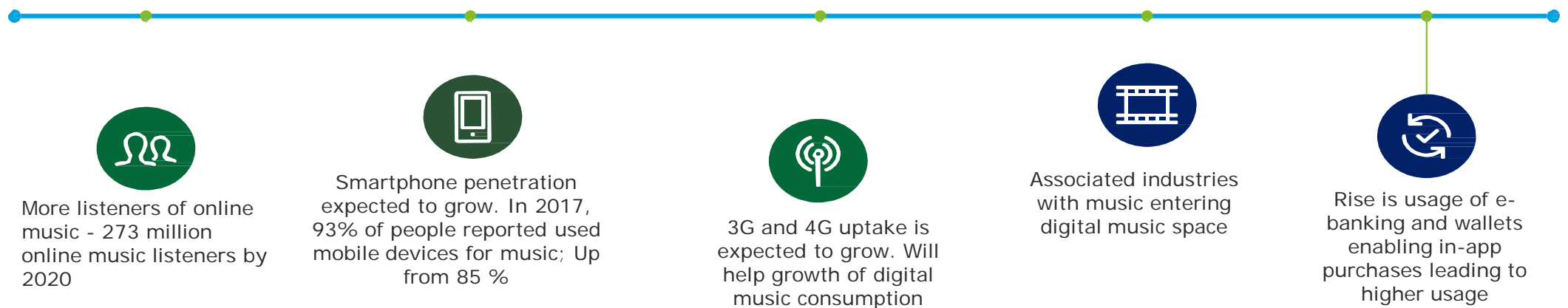
self-care portals

Digital Music – Setting the context

Indian Digital music industry to touch INR 3100 Crores by 2020



Key drivers for growth in digital music in India



Emerging themes in digital music industry

Exciting avenues ahead

Trends in the digital music Industry

Growing Competitive Market

The market is becoming increasingly competitive with multiple players offering music streaming and other services. Moreover, content partnerships in the digital / OTT space such as Jio and Saavn are poised to put additional pressure on the existing players such as Wynk, Apple Music

Impact of technology on music

Major infrastructural improvements and impact of evolving technologies such as AI and Data Analytics are proving pivotal in understanding consumer preferences and assisting musicians, artists and record labels to successfully create and curate preferred content

Increase in data consumption

Easy availability of cheap & affordable data tariff plans coupled with increasing smartphone penetration in both urban as well as sub-urban areas has led to increased data consumption for audio as well as video platforms

Increase in AVOD spends

Music and video streaming platforms are expected to further witness a boost in their revenues on account of increase in spends in advertisements on digital platforms. This would lead to further monetization for both streaming companies as well as record labels

Growth in consumption of other genres of music

Evolving consumer preferences & tastes coupled with increasing availability of greater variety of content is further promoting consumption of content in regional languages.

Partnerships

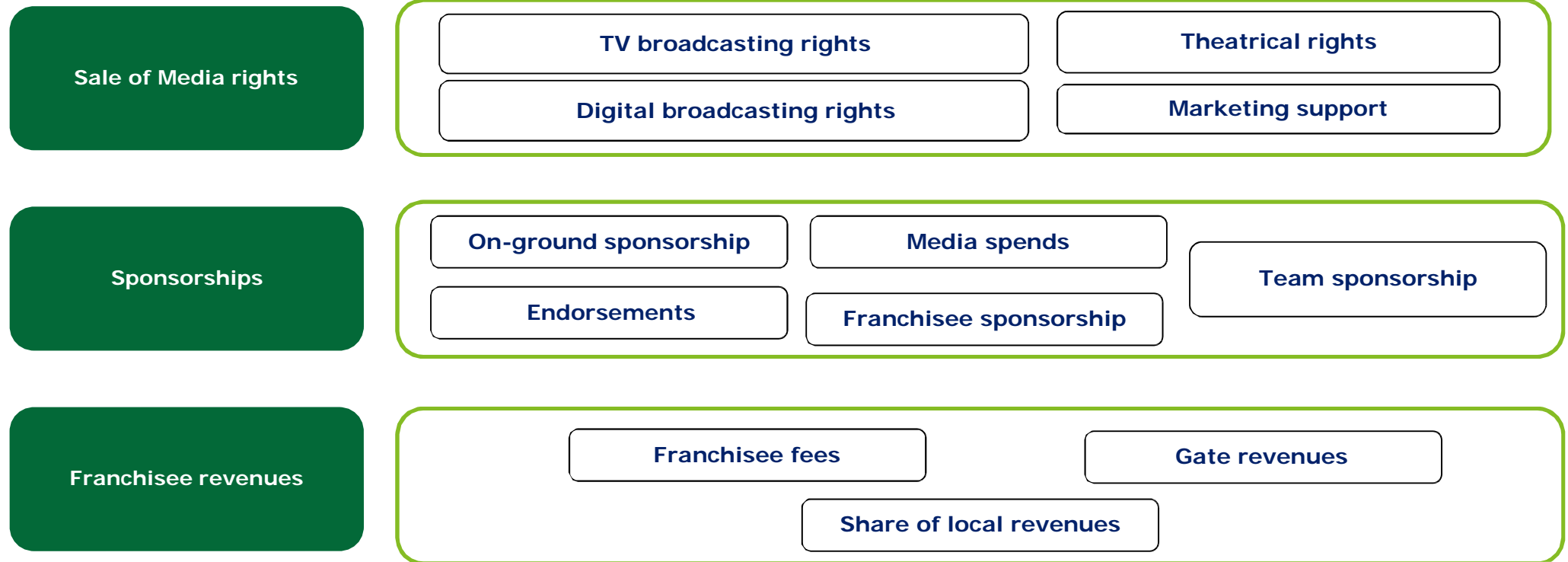
OTT players have looked to partner with local talent to develop original music content
e.g. BeingU Music and Sony Music working on exclusive partnership and introducing original content in 2018



Indian Sports Industry

The professional sports industry mainly derives its value from sponsorships (both central and team), media rights for broadcast across various channels, league and ticketing revenue

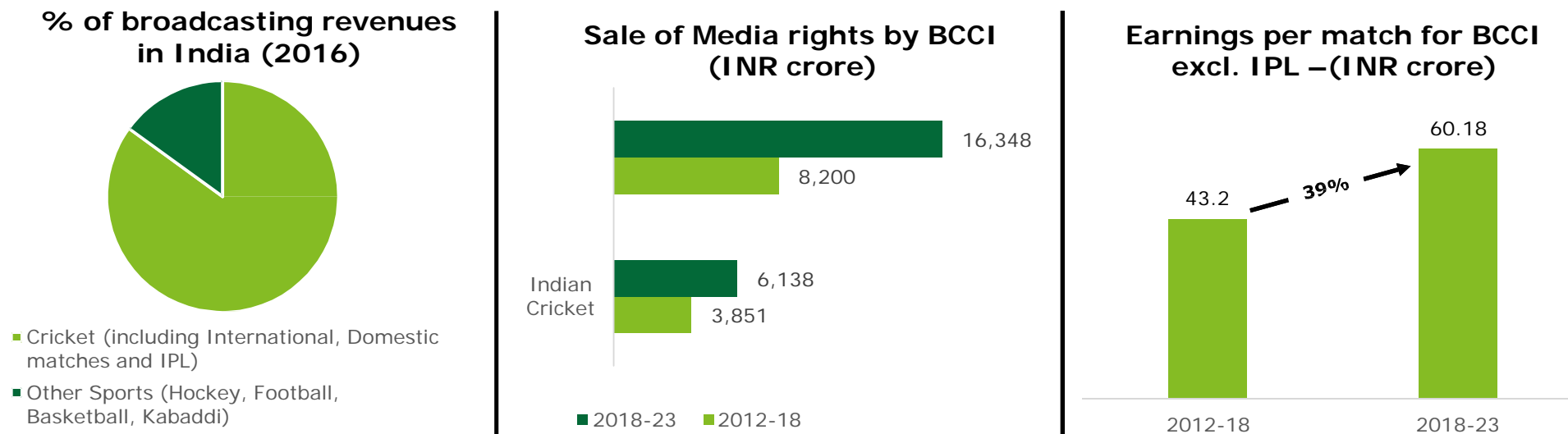
Sources of revenue for professional sports federations and teams



Sale of media rights typically contributes 55-70% of total revenues for any sports organization while sponsorships account for ~20% of the overall topline

Indian Sports Industry | Media rights

The sale of media and broadcasting rights is usually for the biggest source of revenue for teams and other sporting organizations, accounting for more than 50% of topline



Key players in the Indian Sports broadcasting Industry

With increasing TV and mobile phone penetration across the rural as well as Urban parts of the country, broadcasting firms in the country have increasingly been focusing on developing not only their traditional TV portfolio but also their digital internet and mobile channels, luring customers with continuous content innovation, live feeds and other product offerings

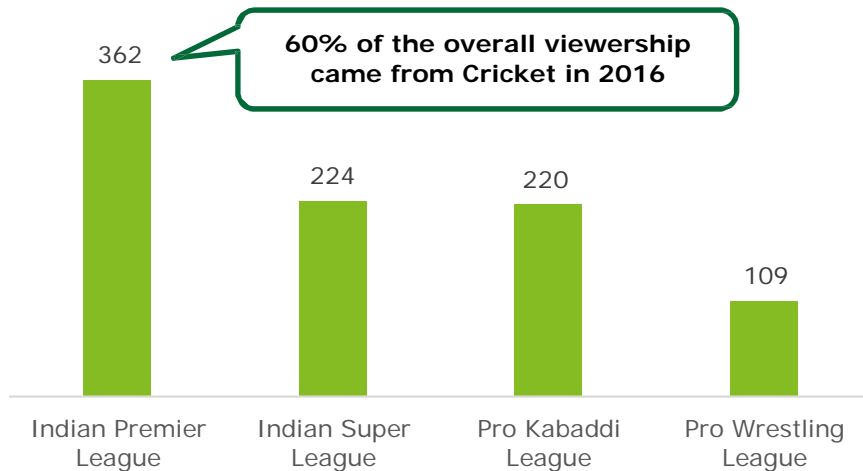
Major TV networks

Major digital platforms

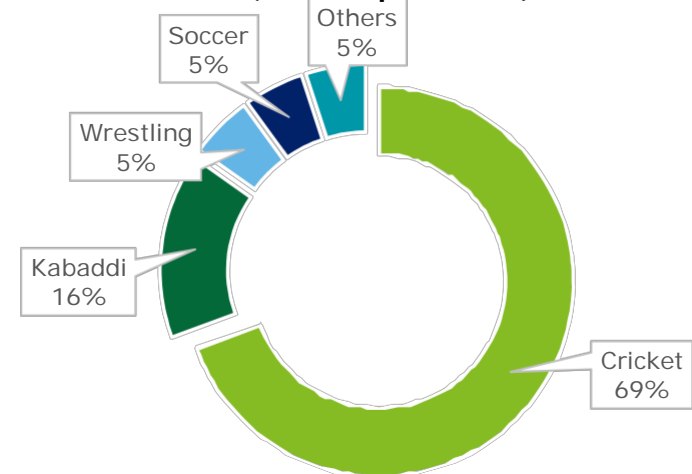
Indian Sports Industry | Media rights

Cricket is the most popular sport on TV; Soccer, Kabaddi and Wrestling are emerging categories

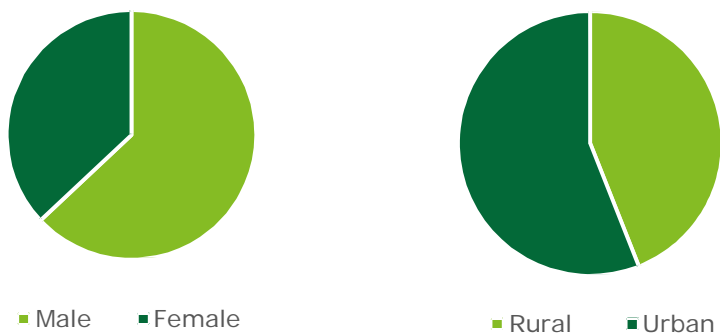
Unique viewers of Sports leagues in 2016 (mn)



Popular Sports properties in India on TV-2017 (% of impressions)



Viewership for major leagues such as IPL, ISL and PKL

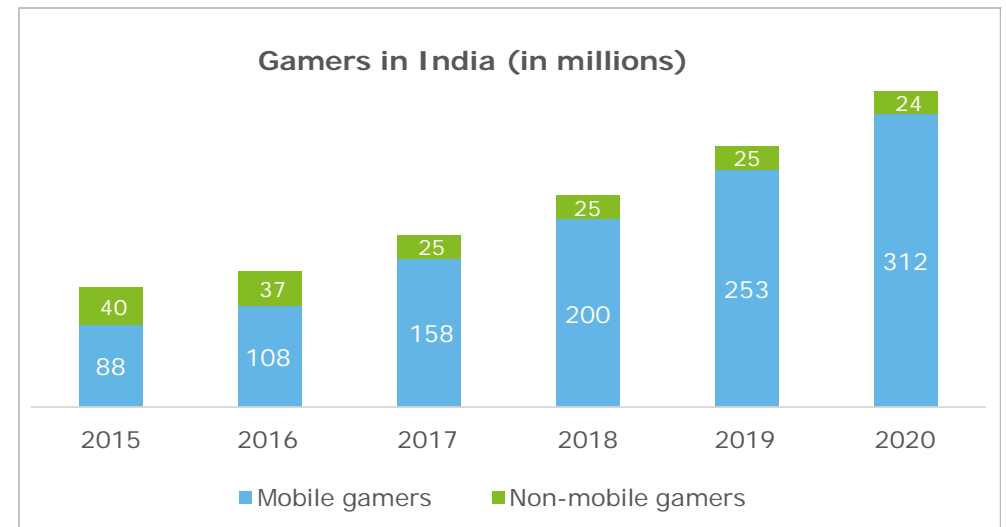
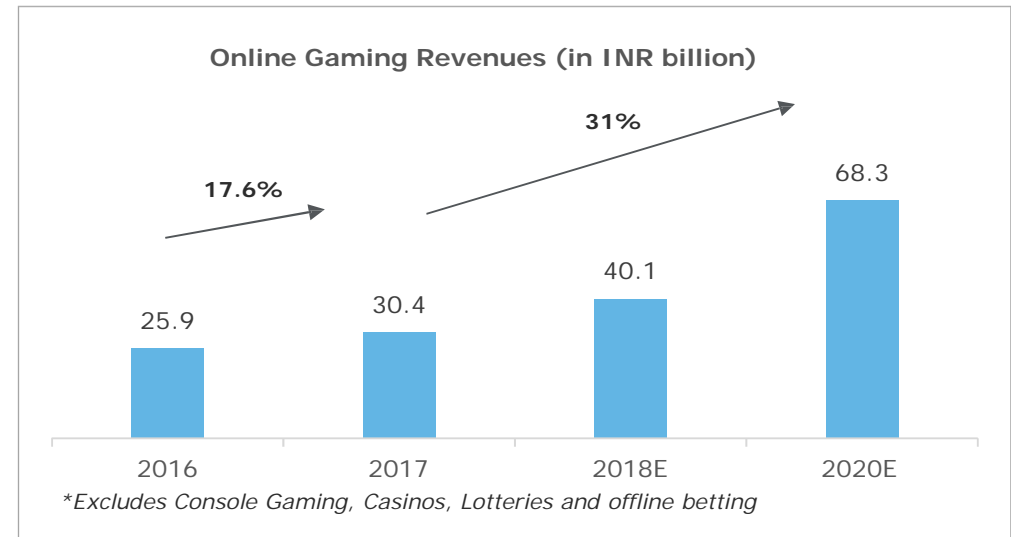
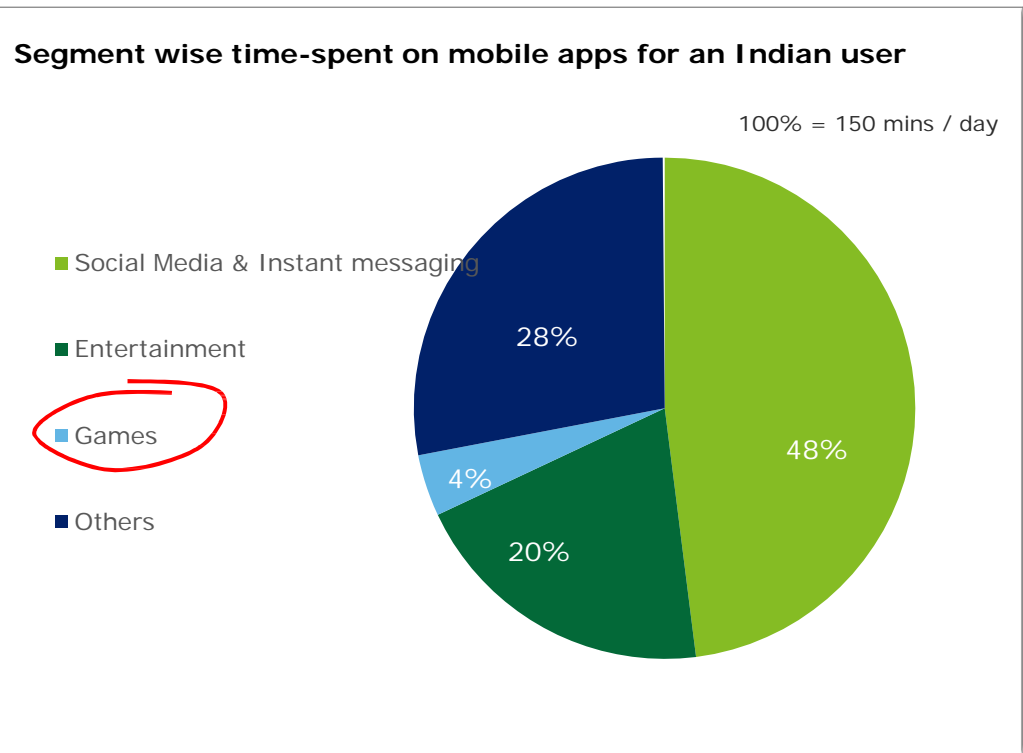


- Data suggests that Cricket continues to be the most popular sport in the country with 69% of the overall number of TV impressions in the country coming from domestic and International Cricketing events
- While cricket continues to be the most popular sport, other sports such as Kabaddi, Soccer and Wrestling are gradually picking up
- Kabaddi and Soccer are the second and third most watched sports in the country respectively, owing to successful closure of Pro-Kabaddi and Indian Super League seasons and aggressive promotional campaigns

India's online gaming opportunity

This mobile-first behavior is translating into a huge market opportunity for online-gaming industry in India

Indians are spending over 150 minutes a day on mobile apps – with 72% on social media, entertainment and gaming



India's online gaming opportunity

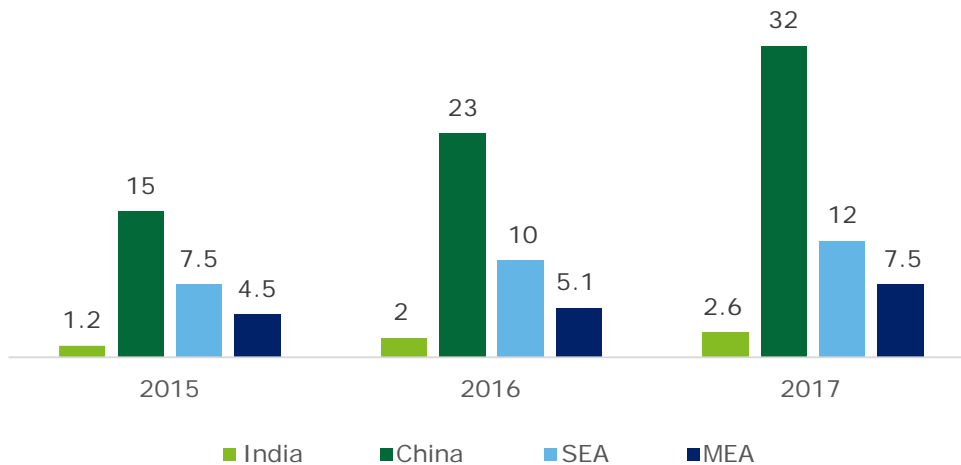
Spends per gamer are gradually increasing although still lower than global benchmarks; real money and social gamers driving the spends

- Online gaming industry divided into three main genres:
 - **Casual** Games
 - **Social** Games
 - **Real Money** Games
- Currently the size of the **Real Money** games is estimated to be 55% of the total gaming industry, growing at a robust 25% per annum
- **Online card games** have been the fastest growing segment: Includes both real money & social games
- In **social games**, players play for virtual currency which they can replenish through in-app purchases

Revenue Streams

	Advertising	In-app/ subscription	Commissions
Casual games	70%	30%	
Social games	10%	90%	
Real money games			100%

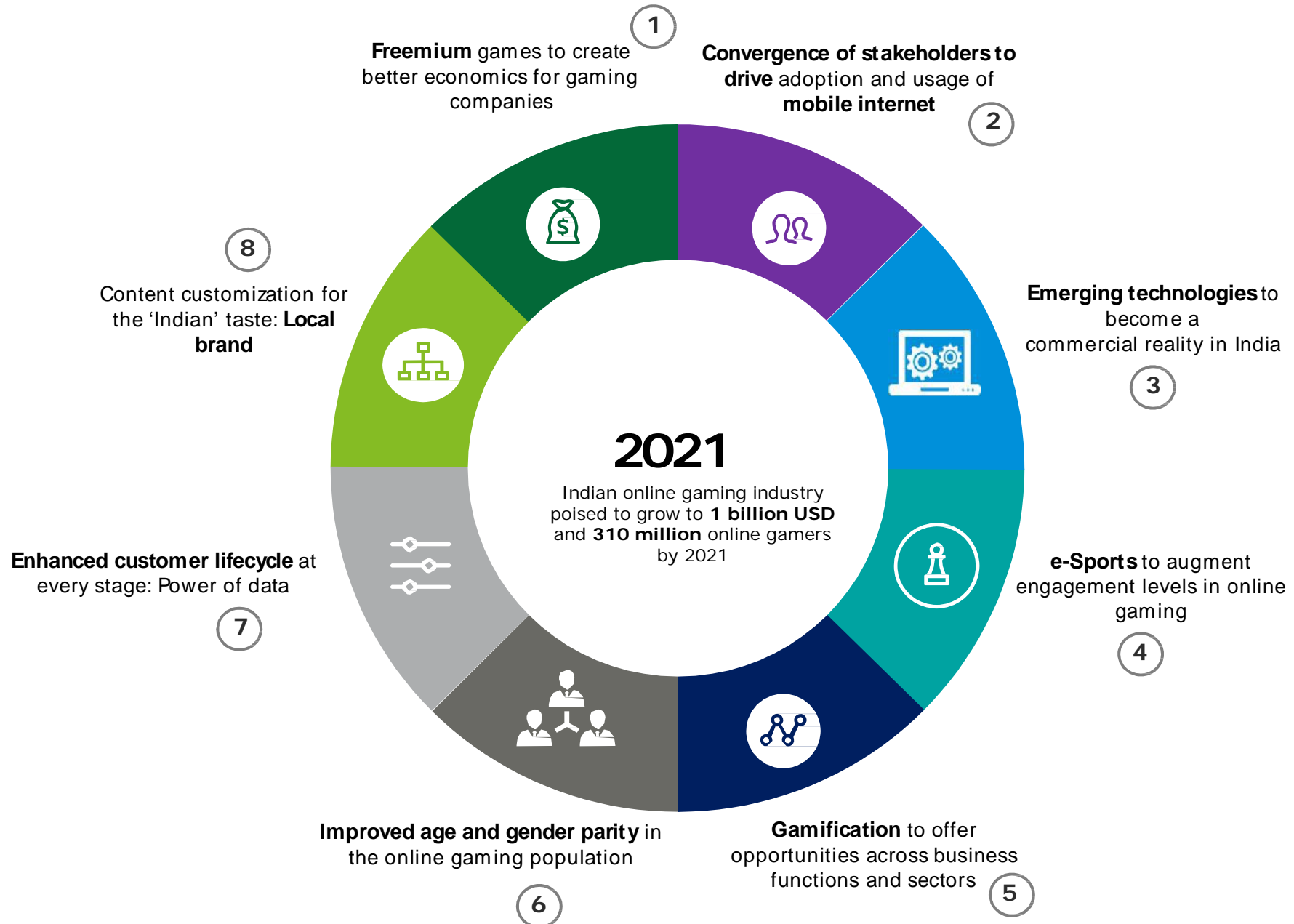
Spend per mobile gamer (in USD)



- In India, **spend** per mobile gamer reached **2.6 USD** in 2017 and envisaged to **grow** further in near future in form of real money and social games purchases
- **Other consumer companies** will also realize gaming as an important **platform** for **advertising** their products resulting in increased revenue
- **Indian media** houses are using gaming as an **interactive** form of **entertainment** to engage consumers
- **More Partnerships** with Bollywood studios in game development for movies that have been widely accepted by Indian masses is a revenue-making opportunity for gaming companies
- **Baahubali: The Game** and **Sultan: The Game** are some of the top most downloaded games in India

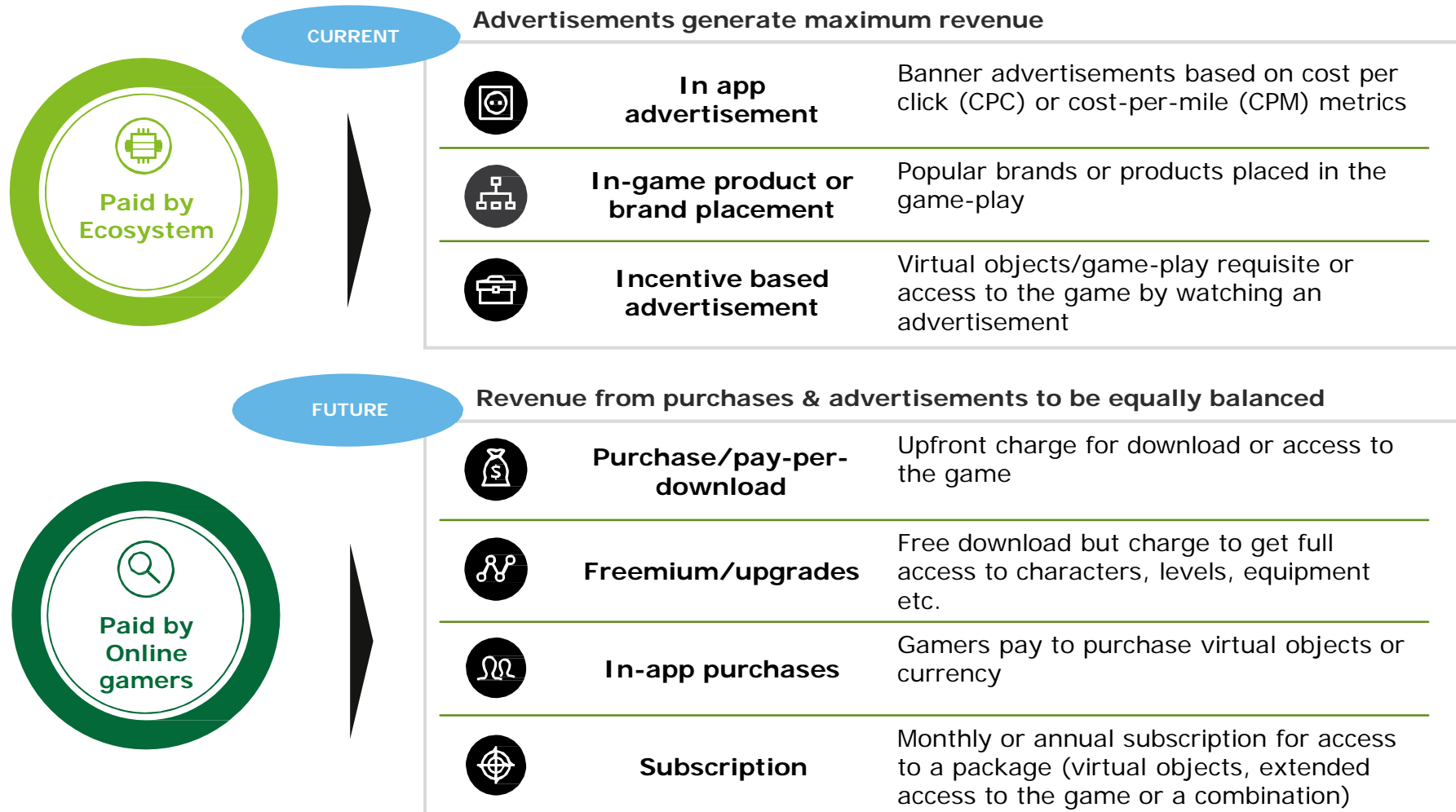
Indian Online Gaming

Key trends that will shape the Indian industry



India's online gaming – future monetization models

Although the current monetization model of online gaming companies is more advertisement dependent; with increasing volumes and usage, more revenue realization from online gamers themselves is anticipated



Thank you!

Jehil Thakkar

Head, Media & Entertainment
Partner, Deloitte Touche Tohmatsu In