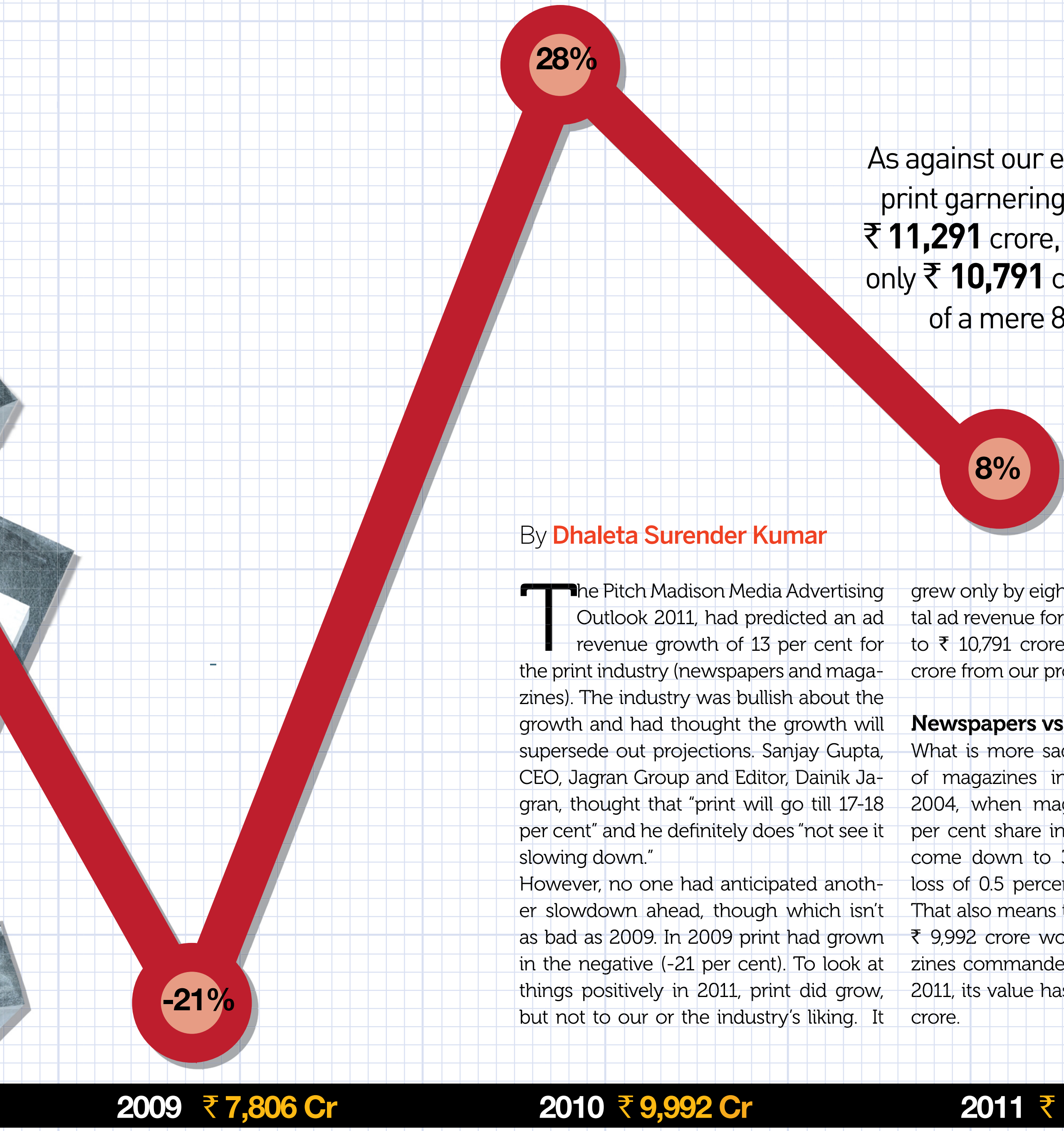
Presented by
अमर उजाला

Hammered? Not Yet

YEARLY SPENDS 2007 ₹ 8,470 Cr 2008 ₹ 9,825 Cr

Advertisers, particularly from BFSI and telecom shied away from print in the second half of the year. Amongst magazines, it were the niche publications that performed better



As against our expectations of print garnering a revenue of **₹ 11,291** crore, it could make only **₹ 10,791** crore, a growth of a mere 8 per cent

By **Dhaleta Surender Kumar**

The Pitch Madison Media Advertising Outlook 2011, had predicted an ad revenue growth of 13 per cent for the print industry (newspapers and magazines). The industry was bullish about the growth and had thought the growth will supersede out projections. Sanjay Gupta, CEO, Jagran Group and Editor, Dainik Jagran, thought that "print will go till 17-18 per cent" and he definitely does "not see it slowing down."

However, no one had anticipated another slowdown ahead, though which isn't as bad as 2009. In 2009 print had grown in the negative (-21 per cent). To look at things positively in 2011, print did grow, but not to our or the industry's liking. It grew only by eight per cent, taking the total ad revenue for print from ₹ 9,992 crore to ₹ 10,791 crore, a well short of ₹ 500 crore from our projections.

Newspapers vs magazines

What is more sad is the depleting share of magazines in the print ad pie. In 2004, when magazines had almost 10 per cent share in the print ad pie, it has come down to 3.5 per cent in 2011, a loss of 0.5 percentage points over 2010. That also means that while in 2010 in the ₹ 9,992 crore worth print ad pie, magazines commanded about ₹ 400 crore, in 2011, its value has eroded to about ₹ 378 crore.

"Our learnings from the 2009 downturn stood us in good stead and we saw the year through successfully"

Ashish Bagga
CEO, India Today Group

Ashish Bagga, CEO, India Today Group, feels that general/news genre in terms of advertising growth was slower than the lifestyle segment, even though circulation demonstrated good traction. "Lifestyle, women's and niche magazines such as Cosmo, Harper's Bazar, Good Housekeeping, Prevention, Harvard Business Review, Time Magazine and Robb Report are growing extremely well and witness a consistent increase in acceptance among the readers as well as advertisers," he adds.

Maheshwer Peri, President & Publisher Outlook Group and Chairman Pathfinder Publishing, too feels that general interest magazines have suffered a bit, but at the same time, niche magazines have been able to pull more advertisers.

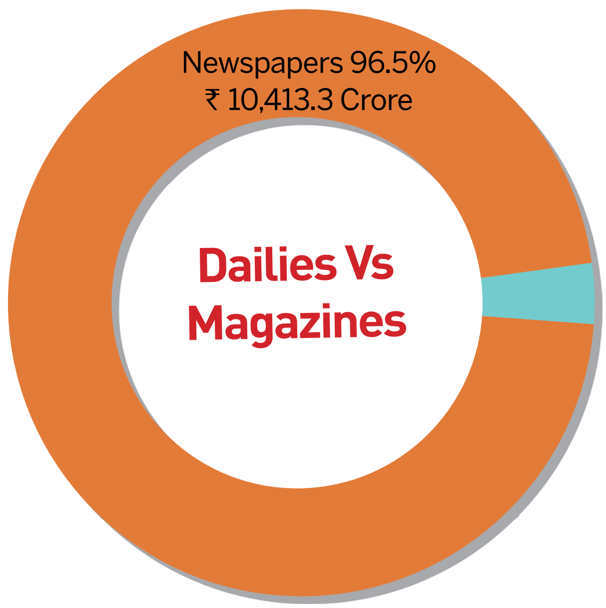
The English-Regional divide

According to Punitha Arumugam, CEO, Madison Media Group, "While regional publications grew revenue in double digits, English press, however, had a tough year with some of the largest publishing groups growing by a single digit. But at the same time, almost all publishing groups regional or English, fell short of their revenue target by a huge margin."

The months November and December 2011 have been bad, and the phase is continuing, Peri, corroborates the fact. While he was anticipating a growth of above 15 per cent for 2011 for Outlook group, the growth has been just about 12 per cent. "We go by the financial year, and there are still two more months to go. And if we can clock even eight per cent in this financial year, I will be happy," he says. He feels that the last two months – December and January have been really bad from the advertisers' response point of view.

Bagga of India Today Group describes 2011 as "a roller coaster year." The year, for the group, started on a positive note and saw revenue growth at expected levels. But the onset of the second half brought in caution. "However, our learnings from the 2008-2009 downturn stood us in good stead and we saw the year through successfully. This was addressed through innovations and non-traditional revenue and profit initiatives, to enable above average growths," says Bagga.

Similar sentiments are being expressed by Shantanu Bhanja, Vice President, Marketing, HT Media. "The year has been difficult for most media companies. The overall



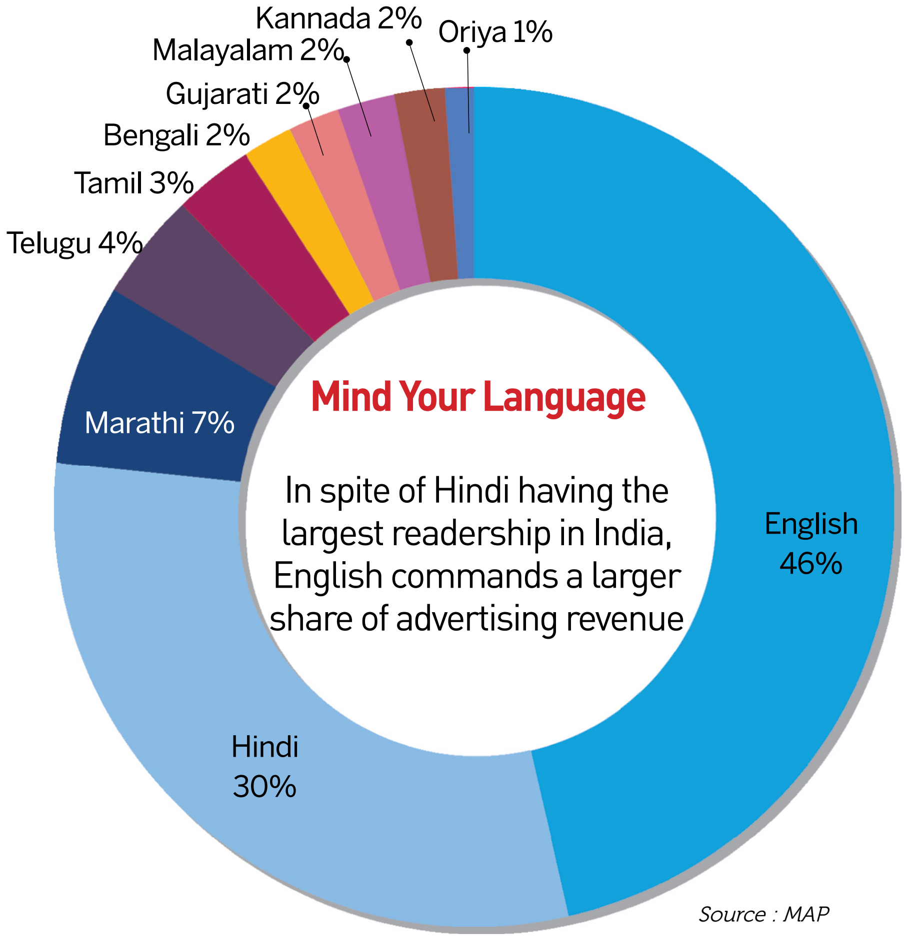
In 2004, when magazines had almost 10 per cent share in the print ad pie, it has come down to 3.5 per cent in 2011, a loss of 0.5 percentage points over 2010

market has not quite behaved according to the bullish forecasts made at the beginning of the year. However, at Hindustan Times, we have managed a double digit growth, which was significantly higher than the market average."

Sanjeev Kotnala, Vice President, Brand Comm & National Head, Dainik Bhaskar Group, adds, "There is a apparent macro economic slowdown. Still we at Dainik Bhaskar group have registered impressive double digit growth among all media companies."

The good news, however, is that print's share in the ad pie, is more or less the same at 42.2 per cent, an erosion of a meagre 0.1 per cent, against our projections of going down to 40.8 per cent.

K Balaji, Managing Director, The Hindu too finds the advertising volumes and revenues in 2011, display an erratic trend. "This is probably largely in tune with how the macro economy has performed with respect to inflation, oil prices, Rupee depreciation and volatility in the stock market. Most newspapers have found it hard to show any growth worth speaking about," he says.



Source : MAP

Not much activity

While advertising in print has been affected, it was a dull year for the industry itself, with very few IPO/NPO issues, no major disinvestment opportunities from the government impacting advertising revenues and with no big launches.

While Mid-Day closed down its Delhi and Bangalore operations, Outlook Profit too saw its last edition in December 2011. Within four years of its launch, 'Dare', the monthly magazine from CyberMedia Group, too dropped its print edition, to go move online.

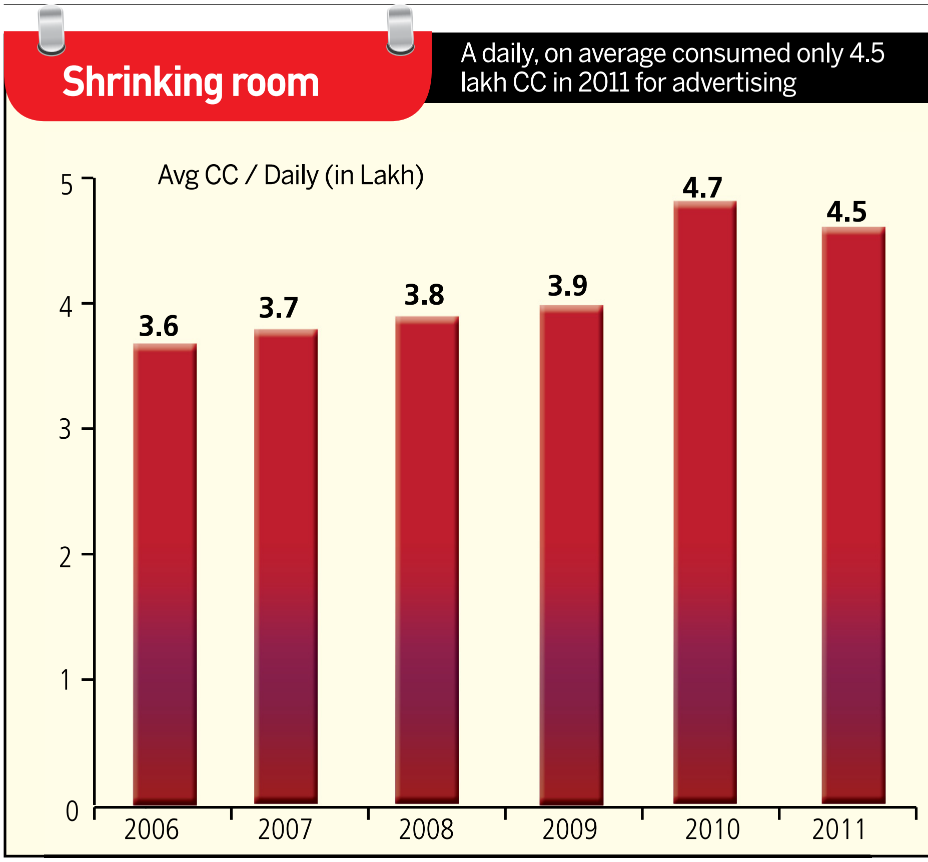
Rest, the focus was more on regional consolidation. Dainik Bhaskar launched the Dhanbad edition, taking the number of editions in Jharkhand to three. The group also ventured into Marathi space, with the launch of Dainik Divya Marathi with the launch of Aurangabad, Jalgaon, Nasik and Ahmednagar editions in Maharashtra.

English daily, DNA (Daily News & Analysis) entered Madhya Pradesh with the launch of its Indore edition in June.

Patrika went to Bilaspur, taking its number of editions to three in Chhattisgarh. Business Standard Hindi too made its Chhattisgarh debut with its Raipur edition.

Meanwhile, Bihar too saw some action with both Hindustan and Prabhat Khabar launching gaya editions. Hindustan, meanwhile, with its Aligarh edition, took

अ अद्वितीय
अ अमर उजाला



Source : TAM AdEx

the number of editions in Uttar Pradesh to nine.

Aaj Samaj went on a launch spree in Haryana, with a special edition for its 21 districts.

Navbharat Times, tried to consolidate its NCR presence with the launch of a Greater Noida edition.

Jagran, meanwhile, took the number of its Cityplus editions to 35, with the launch of Chembur/Ghatkopar and Malad editions in Mumbai, taking its number of editions in Mumbai to seven.

Deccan Herald, meanwhile, saw a Delhi entry, late in the year in December 2011.

If we look at the happenings above, much of this activity is happening in the regional and language space, barring Deccan Herald, which tries to talk to a metro audience.

According to TAM AdEx data, if we look at the volumes consumed by advertisers across languages, in dailies, there was 16 per cent growth in space consumed in Q1; English, meanwhile saw a 10 per cent growth. Come Q4, the story is totally different. All languages saw a growth of only five per cent in space consumed, and English dailies went in the negative with a growth of -13 per cent.

It was a dull year for the industry itself, with very few IPO/NPO issues, no major disinvestment opportunities from the government impacting advertising revenues

10.6% of print's ad revenues come from education

Overall, a daily newspaper consumed less space on average for advertising as compared to last year. As per TAM AdEx, on an average, a daily used 4.5 lakh (column centimetre) for advertising in 2011, as against 4.7 lakh column centimetre in 2010. The figure excludes in-house ads.

AS Raghunath, print analyst and independent consultant, feels that the growth for ad revenues in language press as compared to English dailies, is proportional to the readership base of these languages and advertisers know well now, where to put their money. "Despite the popular belief, low on cost, high on pages and content and attractive in design and layout, besides having a pan-India presence, the English daily newspaper segment does not enjoy the largest reader base. As of today, English, in India, has a reader base of 1.75 crore readers, as compared to a Hindi reader base of 6.29 crore. English even doesn't come second. It comes fourth,

"The year has been difficult for media companies. The market did not behave according to the bullish forecasts"

Shantanu Bhanja
Vice President, Marketing, HT Media

with the second and third positions respectively taken by Marathi with a base of 1.89 crore AIR, and Malayalam a reader base of 1.88 crore."

Goods moving fast

For six years in a row, education has been the top advertising category in print, increasing its share up to 17.3 per cent in 2009. While, it still is the top spender on print, its share has considerably come down to 10.6 per cent in 2011 from 14.6 per cent in 2010.

9.8%
of print's ad revenues came from auto

Categories fond of Print

FMCGs volume growth has been ever increasing

Print	2007	2008	2009	2010	2011
Alcoholic Beverages	0.4	0.3	0.3	0.2	0.2
Auto	8.6	6.8	7.8	7.1	9.8
BFSI	7.8	8.3	7.9	8.7	6.7
Clothing/Fashion/Jewellery	5.9	5.1	5.5	5.3	6.5
Corporate	4.1	3.6	3.0	3.0	2.8
Education	16.5	17.1	17.3	14.6	10.6
FMCG HH	2.4	1.9	2.5	2.6	3.1
FMCG Impulse	0.4	0.3	0.6	0.4	0.3
FMCG PersonalCare	3.8	3.6	4.1	4.4	5.5
HH Durables	6.1	6.5	5.3	5.3	5.7
Media	2.4	1.9	2.2	2.2	1.5
Real Estate & Home Improvement	7.1	6.4	6.5	8.0	8.4
Retail	5.9	5.5	5.8	5.8	5.6
Telecom/Internet/DTH	7.3	6.2	5.4	6.3	4.7
Travel&Tourism	4.2	4.3	3.5	2.5	2.8
Others	17.1	22.2	22.5	23.6	25.7

Besides, education, the categories that contributed to a lower than projected growth include BFSI, and telecom+ancillaries. BFSI saw a share of its contribution to the print ad pie going down 8.7 per cent to 6.7 per cent. Experts believe that besides the hike in interest rates on personal and home loans, more has to do with new regulatory issue too.

Telecom with its ancillaries like internet and DTH, another big spender, in 2010, contributed 6.3 per cent to the print ad pie. In 2011, its share has gone down to 4.7 per cent. The contribution to the pie may be lower, but in value terms, spends, according to experts may be stagnant for the category. They believe that while the big players haven't increased the spends, but the number of players shouting has gone up, neutralising the spends.

The big surprise in 2011, is the auto sector, which in spite of the industry itself losing out, has managed to keep its share of voice increasing. With a number

Top 15
Spendthrift Brands

1. Naaptol Com
2. TVC Skyshop
3. Tata Nano
4. IIPM
5. Maruti Car Range
6. Chevrolet Car Range
7. Tata Car Range
8. Big Bazaar
9. Bharat Nirman
10. State Bank Of India
11. Chevrolet Beat Diesel
12. Tata Indigo Manza
13. Samsung Smart Tv
14. Bajaj Discover 125 Dts-i
15. Kesh King Hair Care Range

of launches, and wooing the consumer with promotions, its contribution to the print ad pie has gone up from 7.1 per cent in 2010 to 9.8 per cent in 2011.

FMCG, slowly and steadily is increasing its share to print. From a contribution of mere 5.8 per cent in 2008, FMCG contributed 7.4 per cent to the print advertising in 2010. In 2011, it took its share up to 8.9 per cent. And media marketers believe that FMCG will grow further in 2012.

As against popular belief that Real Estate and Home Improvement took a beating in 2011, owing to rising home loan interest rates, the Pitch Madison Media Advertising Outlook 2012, tells a different story. The category saw its share in the print ad pie grow up from eight per cent to 8.4 per cent. Bhanja feels that the other big reason real estate took a hit in Delhi and NCR was the regulatory issues arising from the farmers' agitation in Noida Extension (in NCR).

Peri too feels that there was "zero action" for about four-five months on the real estate front for the group publications. According to him, the categories that saw more spending on magazines include lifestyle and travel, while personal finance and real estate took a slide.

For the India Today Group, automobiles, financial services and real estate were relatively slower than 2010. On the other hand, according to Bagga, "Growing categories like education, travel and lifestyle, among others have shown more interest in magazines this year. Readers take action as a result of seeing advertising in magazines. Targeting with precision and without wastage is a key strength of magazines."

Other categories that have increased their share in the print ad pie include clothing/fashion/jewellery and government/social ads.

> **The big surprise in 2011, is the auto sector, which in spite of the industry itself losing out, has managed to keep its share of voice increasing**

"Innovation is a result of brand need, competitive pressure and the message. Innovations will remain need based"

Sanjeev Kotnala
Vice President, Brand Comm & National Head, Dainik Bhaskar Group

Tactical?

With boom in television, it was being believed lately that print has remained a tactical tool rather than a brand building platform. However, the notion has been short-lived with print willing to innovate and engage the reader. If one thought that Volkswagen's talking ad and the die-cut ad for Polo, were aberrations, the brand lead from the front in 2011 too to show how, if used innovatively, print could be used for a brand building exercise rather than just for tactical purposes. Painting some of the newspapers blue for its Passat's Think Blue campaign and having a silver jacket on newspapers for Jetta, Volkswagen kept the buzz alive. According to Lutz Kothe, Head, Marketing and Public Relations, Volkswagen Passenger Cars, Volkswagen Group Sales, the star strategy behind the Volkswagen success story in India is: Hit once hard and big to create awareness and then go very selective. "We start with newspapers and then media wise go only into digital media or do TVCs but on very selective channels. For Jetta we did the silver jacket in print but we also had a TVC; we chose the channels where we knew exactly the TG is," he says.

Besides brand building, brands today are looking at newspapers as a me-

Highlights 2011

Innovations

Volkswagen led the way in innovations with its Think Blue roadblock and Silver Jacket for its Jetta campaign

Getting digital

Many publications had iPad and Android apps to woo the youth. Mint roped in Rolex and Omega to sponsor its apps

Brand ambassadors

NaiDunia got Raghu and Rajiv of Roadies fame to promote its youth publication - Yuva; Deccan Chronicle called in Katrina Kaif

dium for brand engagement too, which though till now has been under explored. "TV is good at expressing a brand's values; however, print is probably much better at bringing them alive for the consumer. Let's say, Tata Tea stands for the idea of moral awakening ('Jaago Re'). TV can state this value through a set of commercials, but it can't really demonstrate the value, or allow a consumer to personally experience it," says Rahul Kansal, Chief Marketing Officer, Bennett Coleman and Co, adding, "Garnier can stand for environmental concern; but print can help them demonstrate this value through an interactive special edition of a newspaper (made only with recycled paper) on World Earth Day."

When a category matures and overt brand differences erode, marketers, Kansal feels, tend to prefer the non-rational story, telling abilities of TV to create differentiation at a non-rational level. "However, there is a case for coming right back to print when the category threatens to become progressively commoditised – by allowing consumers more centrally into a brand's life. And by engaging the consumer through two-way interaction and active demonstration," he adds.

Kotnala, meanwhile feels that "Innovations just for creating a buzz will not find many advertisers. Innovation is a result of brand need, competitive pressure and the message, hence innovations as usual will remain need based. There is no reason to believe if a particular type of innovation will find favour."

Centre gatefold, multiple mast heads/ jackets, and multiple flaps are some of the innovations print media has been experimenting with. India Today has experimented with innovations that extend from in-mag initiatives to add-ons such as bookezines and events.

However, print media is not just con-

"There are still two more months to go. And if we can clock 8% growth in this financial year, I will be happy"

Maheshwer Peri
President & Publisher Outlook Group; and Chairman, Pathfinder Publishing

tended with revenues coming in from display advertising. Companies like HT Media are looking to provide integrated brand solutions. The company has carved a separate team to work with the advertisers to understand their needs and give solutions across platforms. "We are not doing plain vanilla per sq cm offerings for brands. We work with brands to give them integrated solutions. For example, tying with Audi for the Mint Luxury Summit, or a customised app on Facebook for Intel to send out Diwali messages, or Tata Tea's Soch Badlo campaign integrated with HT's India Awakening series featuring stories of young achievers, or even Rolex and Omega tying up with Mint for the publication's iPad app."

He feels that going forward, revenues for print industry or for that matter the media fraternity would not just be about display advertising and subscription. Books, summits and events are a big opportunity for both the media houses and the brands.

Bright future?

There's a slowdown ahead for sure. Will the industry throw caution to the wind and see a higher growth. Flip over to the Outlook section to see what we have to predict. ■

-surender@pitchonnet.com

Going forward, revenues for print industry would not be just about display advertising and subscription. Books, summits and events are a big opportunity

Rough weather?

The first half of the year is expected to get flat growth. However, elections, and foreign single retail brands are expected to bring back some cheer

By **Dhaleta Surender Kumar**

The year 2012 started on a pessimistic note and print media marketers are already feeling the pressure from over cautious advertisers. Can the print medium hit back? The Pitch Madison Media Advertising Outlook 2012 expects the print industry to grow by six per cent, to clock a revenue of ₹ 11,438 crore.

While, it retained its share in the entire ad pie, print might feel pressure from growing television and internet and see its share go down to 40.8 per cent in 2012.

Punitha Arumugam, CEO, Madison Media Group, sums up the mood for print: "In print, the current cautious sentiment in core print categories in BFSI/ education etc., is expected to continue until there are policy changes at the macro level to drive an invest sentiment amongst these categories."

She expects the durables segment "to see a slow first half including the core summer period on the back of cost increase and financial interest rates."

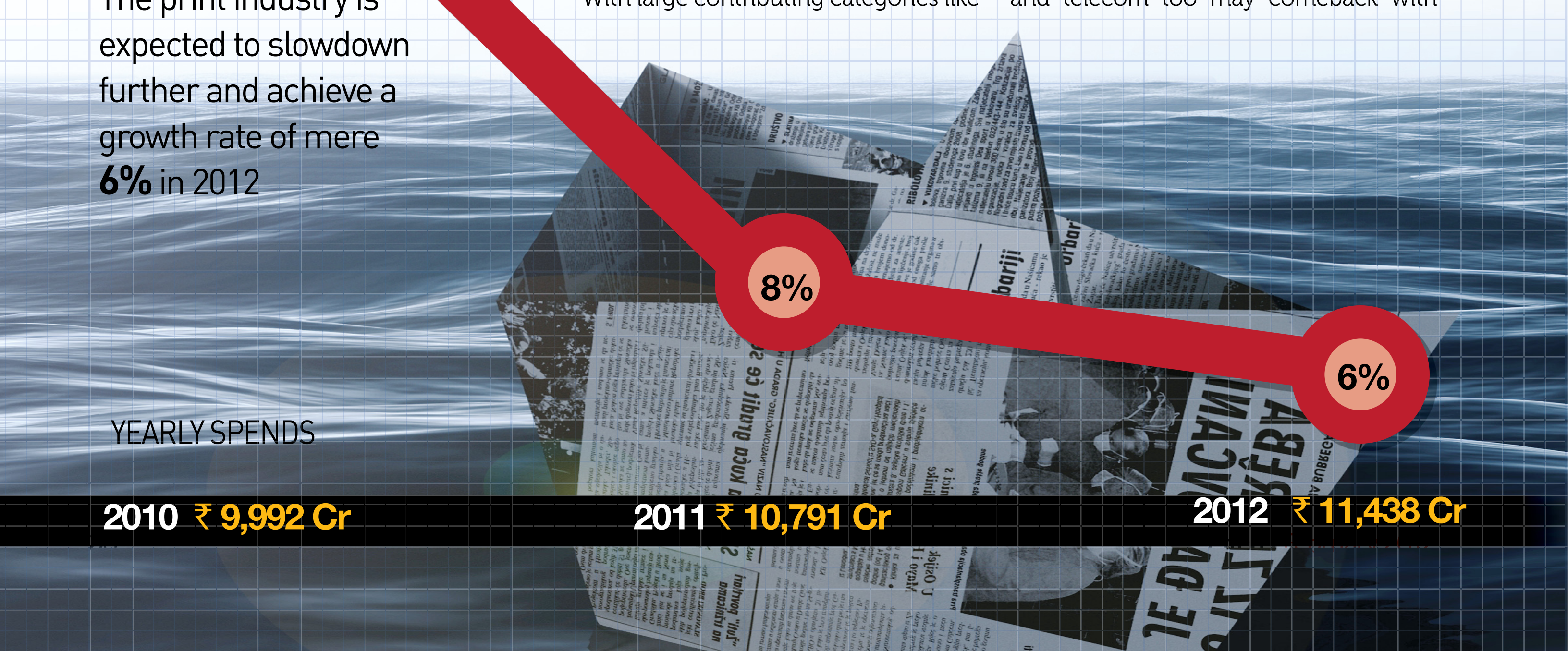
The upside, she feels "will be the anticipated auto launches and battle for shares, and the assembly elections in some states."

Shantanu Bhanja, Vice President, Marketing, HT Media, feels that the year 2012 will be tough for the print industry in general. Publications which rely only on conventional ways of growth will find the going tough, he says.

"With large contributing categories like real estate and IT & Telecom under pressure, along with the weak Rupee and a global slowdown staring at us, the outlook for 2012 is not hugely positive. At HT, we have already geared up for the situation with increased focus on customised solutions and special projects. We believe that our strong customer-centric approach and the many initiatives lined up in the non-traditional growth areas will see us growing through the year," he adds.

On the other hand, Sanjeev Kotnala, Vice President, Brand Comm & National Head, Dainik Bhaskar Group, is optimistic about the year ahead. "We are optimistic about the next financial year. education, automobile, lifestyle, real estate, government were the major categories in 2010 and were big spenders. Also, a welcome sign has been the return of FMCG in print. We do not see major changes in the top categories for print in 2012. Though if the environment is conducive, insurance and telecom too may comeback with

The print industry is expected to slowdown further and achieve a growth rate of mere **6%** in 2012



heavy inputs in print," he says.

Bhanja too feels that more FMCG players will show interest in print. "The solutions route will bring in more FMCG advertisers and brands to the print fold. Also, major web based commercial services, online discounting sites etc will be the new ones entering print," he says.

However, he says that it will be a 360-degree solutions "combining internet, on ground, radio and print along with driving response to RoI-savvy advertisers that will ensure newer categories and advertisers coming to print."

Like last year, when regional press over-powered English, Kotnala, feels that the same will be repeated in 2012 too. "This will be more apparent with the advertisers finally equating media spends with the market potential and response," he says.

Maheswer Peri, President & Publisher, Outlook Group and Chairman, Pathfinder Publishing feels that magazines will greatly benefit from the government's opening up of FDI in single brand retail stores. "This is a very niche segment and more than newspapers, magazines will benefit from it, as the single brand retail stores will try and target niche audiences," he says.

With literacy rates improving each year and with the expansion of the middle class, Ashish Bagga, CEO, India Today Group, sees a lot of potential and synergy in categories like education, financial services, luxury, real estate and government advertising. "Advertising in 2012-13 looks promising and we believe the second half will witness accelerated growth levels. We will see several new launches in 2012-13 as well.," he says.

Meanwhile, the worry for AS Raghunath, print expert and independent consultant is that print is losing youngsters, despite doing its best to woo them

Publishing houses should also focus on Tier II and Tier III towns where an untapped educated population is in search of quality print content

through content customisation – both soft reading material as well as topics of academic and career interest. "The overall teen segment of 12-19 years has seen a drop from 25.6 per cent share of readers in 2005 to 22.5 per cent in 2011, losing thereby 40.61 lakh readers. But if we split this segment into junior teen segment of 12-14 years, the cluster has seen a marginal jump from 8.7 per cent to 9.4 per cent, adding thereby 17.98 lakh new readers," he says, adding, "The prime youth segment of 20-29 years has also witnessed a fall. It had a share of 28.2 per cent readers in 2005, which has now come down to 25.4 per cent share, losing a chunk of 33.49 lakh precious readers."

The answer, experts feel is to go integrate and go digital. K Balaji, Managing Director, The Hindu, says, "Most of the media houses in the country are preparing to go digital to increase readership especially among youngsters. Publishing houses should also focus on Tier II and Tier III towns where an untapped educated population is in search of quality print content. If the South Indian publishing houses take initiatives in these directions, it is likely that the region will continue to remain one of the strongholds of the printed newspaper."

Another worry for print is the possible weakening of the Rupee against the dollar, which affects newsprint prices and margins and bottomline. "Exchange rate, rising newsprint prices, stagnant spends from large contributing categories, reduced overall media budgets by some large corporate advertisers will be some of the challenges for 2012," says Bhanja.

Another worry for print is the possible weakening Rupee against the dollar, which affects newsprint prices and margins and bottomline

Newsprint prices affect pagination and overall cost of providing newspaper to the readers. This is a critical cost. The operating model of newspapers in India is advertising based and not circulation revenue driven. "Escalation in newsprint prices normally impact pagination of newspaper, which is manageable in short term. But yes, in markets – states where print prices has forced a higher cover price, it definitely has affected circulation of print companies and in such cases there readership growth has been marginalised," says Kotnala.

So will all the upheaval in the economy and a cautious approach, lead to discounting in ad rates? A definite "no" says Bagga. "There has been an astounding increase in the number of titles originating and being produced in the region, in addition to large-scale investment in retail, fresh marketing tools and increasing standards of production. So, we see an accelerated graph. I don't think cutting advertising rates is any solutions to making up for lost business. The need of the hour in creating consumer engagements that can command a premium," he adds.

And if there's a degrowth in readership, that will affect bargaining power and ads. The times ahead could be tough. Bhanja's feels that the outlook for 2012 is still very fluid and it is prudent only to wait and watch. It will be after the first quarter of 2012-13 that we can predict some trends with conviction.

Meanwhile, Bagga is bang on by linking up the growth or degrowth of the industry with the environment in the country. "Decisive leadership at the political and economic front, favourable economic indices that fuel growth, strong consumer sentiment and a liberalised financial framework will work wonders! The challenge will arise if this does not happen," he declares. ■

-surender@pitchonnet.com