# #Reinvent

## India's media & entertainment sector is innovating for the future

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FICCI

EY
Building a better working world

**Alia Bhatt**
Actor, Producer

FORE

## It is not a digital divide, but a digital multiplier!

When the good folks from FICCI and EY asked me to do this foreword, I told them I'm more about stories than about numbers.

But when they shared some key numbers with me, an interesting story emerged.

India's media and entertainment industry tends to outpace the nation's GDP growth. Last year, the industry grew over 8%, despite global headwinds. While traditional media, such as television and radio, continue to dominate the market reaching 800 and 400 million consumers respectively, digital has truly caught up, recording a reach of 600 million. While print, with a reach of 300 million, and cinema with 100 million, may appear smaller, they continue to remain essential in shaping the future of the industry.

What is clear from 2023 is that digital is not eating away share from the other mediums but is additive to the industry. The reach of online news is higher than that of newspapers or news television. Digital video is now larger than television in certain areas of the country, with online sports setting global viewership records. And online entertainment platforms cater to audience segments both from an original content perspective as well as for catch-up television.

Yet, untapped opportunities abound. A third of India does not have a television, and over half do not yet use social media. 90% of Indians do not visit cinemas, and only one in 10 Indian households has a wired broadband connection. The potential for growth is immense, and both digital and traditional media have significant headroom to scale in the years ahead.

The numbers tell a story. And the world is sitting up and taking note of India's amazing story.

WORD


**Kevin Vaz**
Chairman, FICCI Media and Entertainment Committee


## The stage is set, and the Indian Media and Entertainment (M&E) sector is poised to captivate the world.

**The integration of digital technologies in the Indian M&E sector is at a scale without parallel amongst the comity of nations.** The sector is witnessing a massive transformation, fuelled by the Government of India's thrust on improving digital infrastructure in the country. In 2024, digital media is poised for explosive growth, potentially overtaking television to become the leading segment of the M&E sector. This surge in digital media is forecasted to propel the M&E sector's growth to a 10% annual rate, crossing INR3 trillion ($37.1 billion) by 2026. This growth is buoyed by a robust digital infrastructure, widespread adoption of OTT platforms, significant growth in the gaming segment, and the availability of cost-effective options for consumers. Despite this digital boom, traditional media is also experiencing steady growth and thus India is a "Linear and Digital Market" rather than "Linear or Digital Market". This resilience also serves as evidence of the enduring relevance of print, radio, out-of-home advertising, and regional television, illustrating India's diverse media consumption habits.

**India produces a staggering 200,000 hours of content annually.** This includes over 1,700 films, 3,000 hours of premium OTT content, and 20,000 songs. It is noteworthy to acknowledge that Indian content has crossed international boundaries, captivating audiences in more than 160 countries and topping streaming charts on global platforms. Even within India the traditional boundaries separating regional and national content are increasingly becoming indistinct. This shift indicates a new era where local flavors and stories are showcasing the universal appeal of Indian storytelling.

**Accessibility and affordability of the internet is driving the growth of the M&E sector.** Ad-supported video on demand platforms have transformed viewership in India by providing easy and affordable access to live sporting events. The democratisation of content consumption will be further strengthened through supportive developments in the all-critical triad of infrastructure readiness, consumer market growth, and enabling public policies. India's burgeoning talent pool in content creation which includes post-production, VFX, animation, and gaming, is transforming it as a hub for creative the industry. As we navigate towards a billion active screens by 2030, with mobile screens comprising over 75% of them, the need to innovate content creation, distribution, and monetization strategies becomes paramount.

**The 2024 Report encapsulates the spirit of resilience, innovation, and collaboration that are the hallmarks of our M&E sector.** As we navigate towards a bright and dynamic future, it is crucial to leverage the synergy of creativity and technology with forward-looking policy and regulatory regimes. This can position India as the content hub of the world - bringing its unique stories, rich culture, and diverse perspectives to the global stage.

FORE

**Ashish Pherwani**
M&E Sector Leader
Ernst & Young LLP

## A year of change.
## A time to #reinvent.

It has been a while since the media and entertainment (M&E) sector grew slower than Indian GDP, but that was 2023 in a nutshell! Headwinds from geopolitics, the uncertainty of war, a funding scarcity and regulatory implications impacted advertising spends and reduced consumption. Yet the M&E sector grew, outpacing that of many developed countries.

Consumption trends continued to favor digital media, social media, video and audio streaming and online gaming. Yet traditional media - regional television, print, radio, OOH and cinema - also grew and were profitable.

Although phone prices increased, India added over 30 million more smartphone users. Airfares increased, yet so did the uptake of travel and events. Ticket prices went up, but India sold over 900 million movie tickets and ticketed events had their best year, ever.

I believe we are at that "inflection point" we have been speaking of since 2018, when digital finally overtakes traditional media. In 2023, new media comprised 52% of total advertising revenues, and digital subscription, if corresponding data charges are included, would also comprise a majority of subscription revenues. 70% of the M&E sector's growth in 2023 was driven by new media.

This report aims to understand the quality of change and tries to paint a picture of the next three years. We have included over a hundred ideas for businesses to consider, taking advantage of the many trends and opportunities we expect to see.

We hope you enjoy reading this report as much as we enjoyed putting it together for you. We are certain you would find this report to be insightful.

# WORD

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# M&E sector overview

Catch the headlines with AI anchor Sana

# Key trends

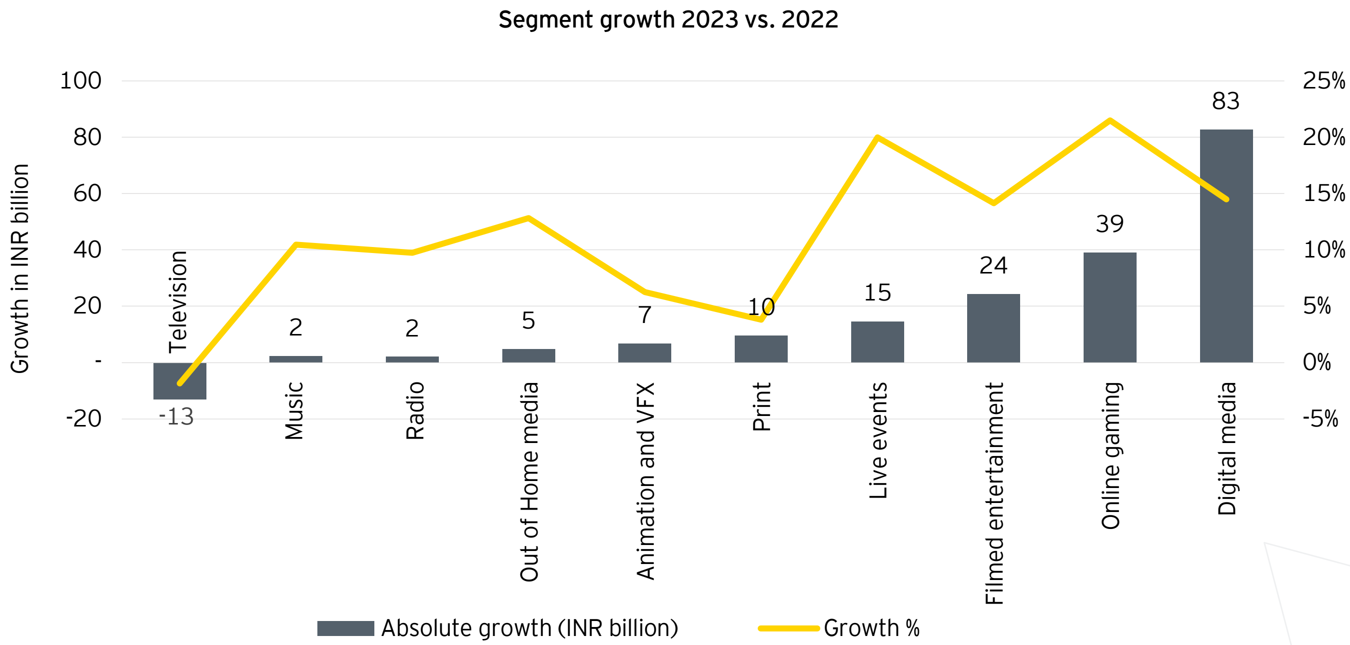
## Indian M&E sector grew over 8% in 2023 to cross INR2.3 trillion

| | 2019 | 2022 | 2023 | 2024E | 2026E | CAGR 2023-2026 |
|---|---|---|---|---|---|---|
| Television | 787 | 709 | 696 | 718 | 766 | 3.2% |
| Digital media | 308 | 571 | 654 | 751 | 955 | 13.5% |
| Print | 296 | 250 | 260 | 271 | 288 | 3.4% |
| Online gaming | 65 | 181 | 220 | 269 | 388 | 20.7% |
| Filmed entertainment | 191 | 172 | 197 | 207 | 238 | 6.5% |
| Animation and VFX | 95 | 107 | 114 | 132 | 185 | 17.5% |
| Live events | 83 | 73 | 88 | 107 | 143 | 17.6% |
| Out of Home media | 39 | 37 | 42 | 47 | 54 | 9.3% |
| Music | 15 | 22 | 24 | 28 | 37 | 14.7% |
| Radio | 31 | 21 | 23 | 24 | 27 | 6.6% |
| **Total** | **1,910** | **2,144** | **2,317** | **2,553** | **3,081** | **10.0%** |
| **Growth** | | **21%** | **8%** | **10%** | | |

All figures are gross of taxes (INR in billion) for calendar years | EY estimates

- The Indian M&E sector continued its growth trajectory; it grew by INR173 billion (8.1%) to reach INR2.32 trillion (US$27.9 billion)
- While the sector was 21% above its pre-pandemic levels, television, print and radio still lagged their 2019 levels
- While television remained the largest segment, we expect digital media to overtake it in 2024
- We expect the M&E sector to grow 10.2% to reach INR2.55 trillion by 2024, then grow at a CAGR of 10% to reach INR3.08 trillion by 2026

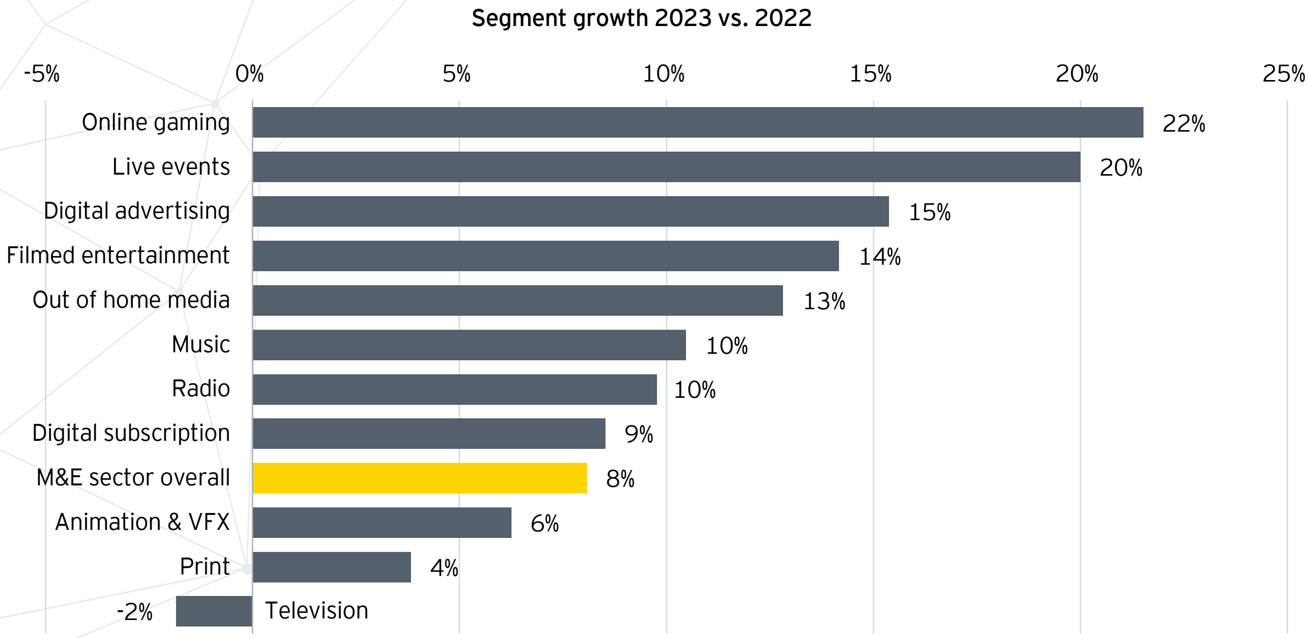
## Growth of INR173 billion was driven by new media




INR in billion (gross of taxes) | EY estimates

- Except for television, all M&E segments grew in 2023
- The growth of INR173 billion was half of the INR371 billion growth that took place in 2022, mainly due to headwinds in advertising during the first half of the year
- New media (digital and online gaming) grew the most, providing INR122 billion of the total growth, and consequently, increased its contribution to the M&E sector from 20% in 2019 to 38% in 2023
- The share of traditional media (television, print, filmed entertainment, live events, OOH, music, radio) stood at 57% of M&E sector revenues in 2023, down from 76% in 2019
- Experiential (outside the home and interactive) segments continued their strong growth in 2023, and consequently, online gaming, filmed entertainment, live events and OOH media segments grew at a combined 18%, contributing 48% of the total growth

## Segmental performance in 2023




EY estimates

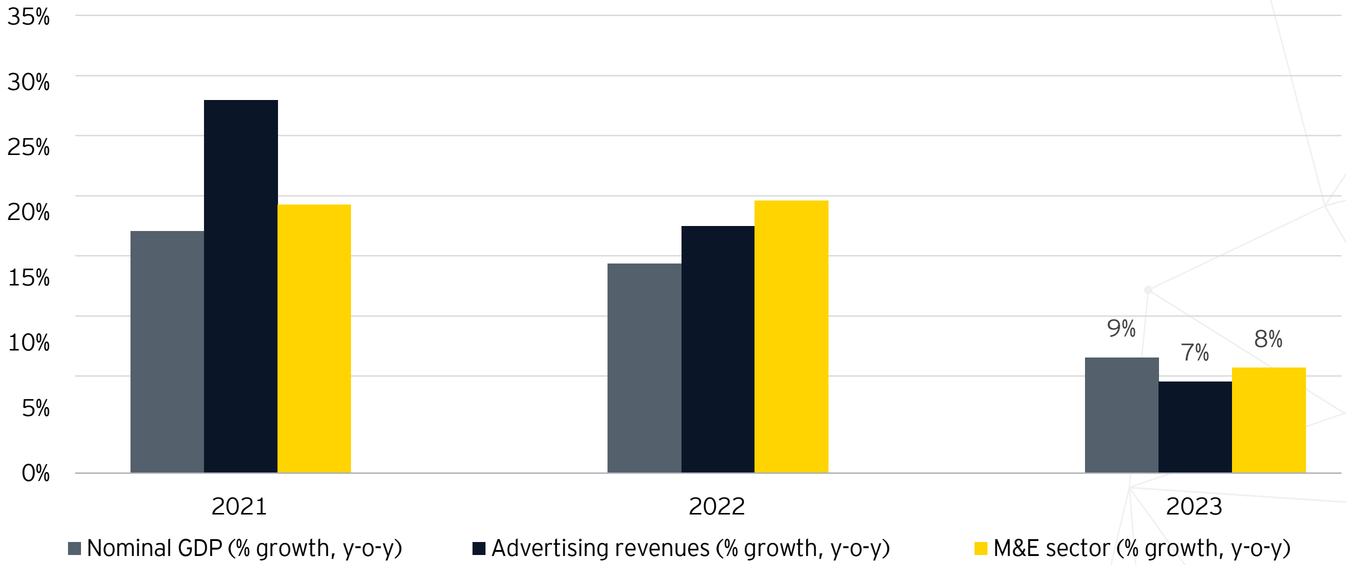
- **Television**: Television advertising fell 6.5% due to a slowdown in spending by gaming and D2C brands, which impacted revenues for premium properties. The HSM market was also soft, resulting in a 3% overall ad volume de-growth. Subscription revenue grew after three years of fall on the back of price increases, though pay TV homes fell by two million. While linear viewership grew 2% over 2022, 19 to 20 million smart TVs connected to the internet each week, up from around 10 million in 2022
- **Digital advertising:** Digital advertising grew 15% to reach INR576 billion, or 51% of total advertising revenues. Included in this is advertising by SME and long-tail advertisers of over INR200 billion and advertising earned by e-commerce platforms of INR86 billion
- **Digital subscription:** Digital subscription grew 9% to reach INR78 billion. This was a third of 2022's 27% growth, as premium cricket properties were moved in front of paywalls. Paid video subscriptions reduced by two million in 2023 to 97 million, across 43 million households in India. Paid music subscriptions grew from 5 million to 8 million, generating INR3 billion while online news subscriptions generated INR2 billion
- **Print:** Bucking the global trend, print continued to thrive in India. Advertising revenues grew 4% in 2023, with a notable growth in premium ad formats, as print remained a "go-to" medium for more affluent and non-metro audiences. Subscription revenues grew 3% on the back of rising cover prices. Digital revenues were insignificant for most print companies
- **Online gaming:** The segment's growth slowed to 22% in 2023 to reach INR220 billion. It overtook filmed entertainment to become the fourth largest segment. There were over 450 million online gamers in India, of which around 100 million played daily. We estimate over 90 million gamers paid to play; real money gaming comprised 83% of segment revenues. Impact of a higher GST levy was largely absorbed by larger players, impacting margins, but protecting growth
- **Film:** The segment grew 14% to reach INR197 billion. Over 1,796 films were released in 2023, and theatrical revenues reached an all-time high of INR120 billion. Number of screens grew 4% and fewer films released directly on digital platforms. 339 Indian films were released overseas
- **Animation and VFX:** The Hollywood writers' strike impact global supply chains, and consequently, the segment grew just 6% in 2023. Potential mergers and falling ad revenues also reduced the slate of animated content produced for broadcast in India. A revival in demand in the second half of the year led to growth, boosted by the trend of using more VFX in Indian content
- **Live events:** The organized segment grew 20% to finally exceed its pre-pandemic levels. Growth was driven by government events, personal events and weddings, and ticketed events, including several international formats

- **OOH:** OOH media grew 13% in 2023 and crossed its 2019 levels. Premium properties and locations led the growth.  Active digital OOH screens crossed 100,000 and contributed 9% of total segment revenues
- **Music:** The Indian music segment grew by 10% to reach INR24 billion in 2023, slower than previous years as certain music OTT platforms went pay and stopped or reduced their free services. 87% of revenues were earned through digital means, though most of it was advertising led on YouTube, there being around only 8 million paying subscribers despite music streaming's reach of 185 million
- **Radio:** Radio segment revenues grew 10% in 2023 to INR23 billion on the back of more retail and local advertising, and alternate revenue streams. Ad volumes increased by 19% in 2023 as compared to the previous year, though ad rates remained below their 2019 levels

## Advertising

### I. Advertising growth lagged Indian GDP growth

M&E sector vs. nominal GDP growth




Nominal GDP is for financial years | GDP data for 2023 is as per advance estimates released by MoSPI on 6 January 2024 for FY24

- The slowing down of India's nominal GDP growth to 9% in 2023 after two years of double-digit increases impacted advertising, which grew just 7%
- Globally, too, ad growth was 6% compared to global nominal GDP growth of 9.9%
- In addition, advertising was impacted by a ban on certain large and high-yield categories like gaming and betting, and a slowdown in investments in D2C brands
- Nominal GDP growth is expected to be 10.5% for FY2025 (2024)[1] and advertising is expected to outpace that based on past trends

[1]https://www.moneycontrol.com/news/business/budget/fy25-nominal-gdp-growth-assumed-at-10-5-announces-fm-in-budget-12131381.html

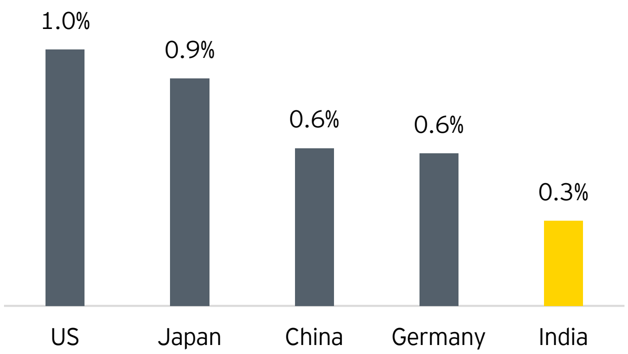
## II. Advertising grew by 7% in 2023

| Segment | 2021 | 2022 | 2023 |
|---|---|---|---|
| Television | 313 | 318 | 297 |
| Print | 151 | 170 | 178 |
| OOH | 20 | 37 | 42 |
| Radio | 16 | 21 | 23 |
| Cinema | 1 | 5 | 8 |
| **Total traditional** | **500** | **550** | **547** |
| Digital | 383 | 499 | 576 |
| Online gaming | 8 | 11 | 13 |
| **Total new media** | **391** | **510** | **588** |
| **Total** | **892** | **1,060** | **1,135** |

INR in billion (gross of taxes) | EY estimates
Note: The above numbers exclude events segment revenues

- Traditional media advertising was flat, while new media drove the growth in advertising in 2023
- New media advertising contributed 52% of the total advertising, and 105% of the absolute advertising growth in 2023
- Advertising is now 0.33% of India's GDP[2], much lower than developed large markets, which are all between 0.6% to 1%

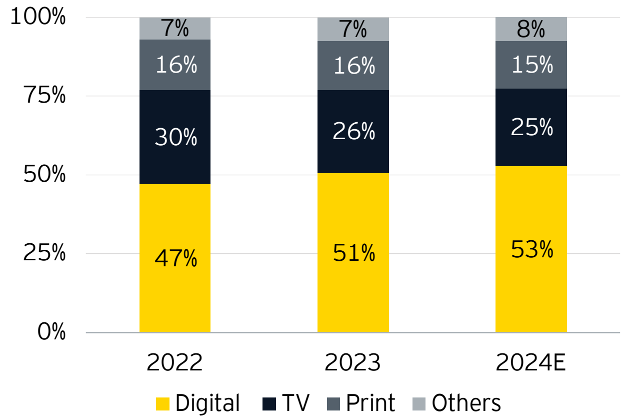
Ad% to GDP




EY estimates using IMF data, World Economic Outlook, GroupM TYNY December 2023

## III. TV + digital + print = 93% of ad spends

Ad revenues by segment




EY estimates | Excludes event segment revenues

- Digital media comprised 51% of total ad spends, up from 31% pre-pandemic, and contributed the highest share of advertising in India
- TV comprised 26% of ad revenues, down from 36% in 2019
- Together, national media [television + new media] contributed 78% of all advertising spends, while local media [print + OOH + radio + cinema] comprised the balance 22%

[2]EY estimates using IMF data, World Economic Outlook, MoSPI, GroupM TYNY December 2023

# Subscription

## I. Subscription grew 9% in 2023

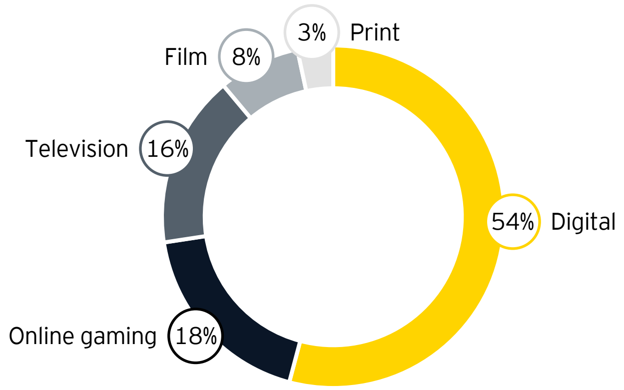
| Segment | 2021 | 2022 | 2023 |
|---|---|---|---|
| Television | 407 | 392 | 399 |
| Online gaming | 116 | 170 | 208 |
| Film | 92 | 167 | 189 |
| Print | 76 | 80 | 82 |
| Digital | 56 | 72 | 78 |
| **Total** | **748** | **881** | **956** |

INR in billion (gross of taxes) | EY estimates

- Overall, subscription grew INR75 billion, of which new media (online gaming and digital) provided 58% of the growth
- Across segments, subscription was focused on the top-end of the consumer pyramid, which resulted in a heavily concentrated subscription base. We estimate that the top 40 to 50 million households are powering most digital and film subscriptions, while online gaming and print have a wider audience of between 70 and 85 million homes, and TV has the largest reach at 118 million homes
- Share of subscription reduced from 43% of total M&E sector revenues in 2019 to 41% in 2023

## II. If data charges are included...

Subscription revenues including data charges

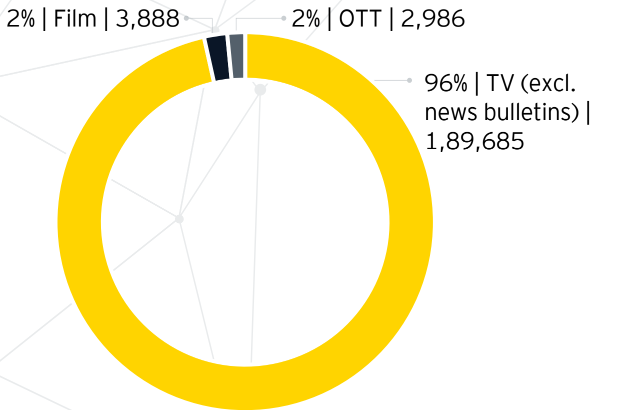



EY estimates | Only proportionate retail mobile data charges considered. Includes data used for AVOD consumption

- We estimate that the amount paid by retail consumers for data charges, if apportioned to M&E use cases (AVOD and SVOD entertainment, social media, online gaming, short video, music, news, etc.) would aggregate INR1.5 trillion of the approximately INR3.2 trillion telecom sector
- If these data charges were to be included in our analysis of subscription revenues:
  - the size of the M&E sector would be INR3.8 trillion (US$46 billion)
  - subscription would be INR2.44 trillion, and comprise 64% of the M&E sector
  - Digital segment revenues would be INR2.1 trillion, or around three times the television segment
  - the subscription revenue mix would look significantly different, with digital comprising the largest portion at 54%, as compared to less than 10% without data charges

## India created almost 200,000 hours of content

Hours of content released in 2023

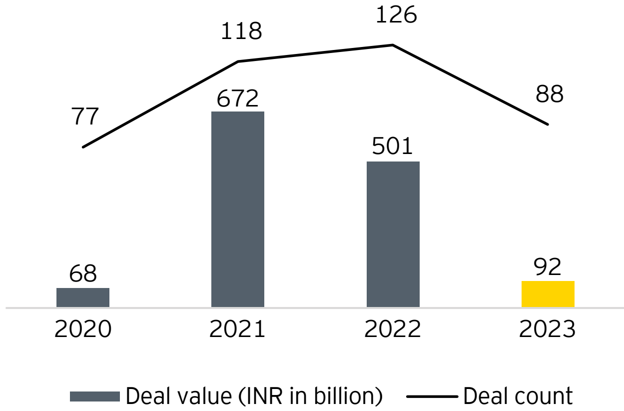



EY estimates | Includes content that was broadcast on TV, released in theaters or on OTT platforms. Excludes unorganized creator economy, news bulletins, social and short form content

- GEC contributed 68% of total hours on TV (excluding news bulletins) in 2023
- 117 more films were released in 2023 as compared to 2022, of which 416 films released on OTT platforms. However, direct to digital releases halved
- Regional OTT content volumes exceeded Hindi language content in 2023 for the first time
- OTT content volume growth slowed in 2023 due to profitability pressures, and could fall in 2024

## M&A activity slowed significantly in 2023

M&E deal value and number of deals



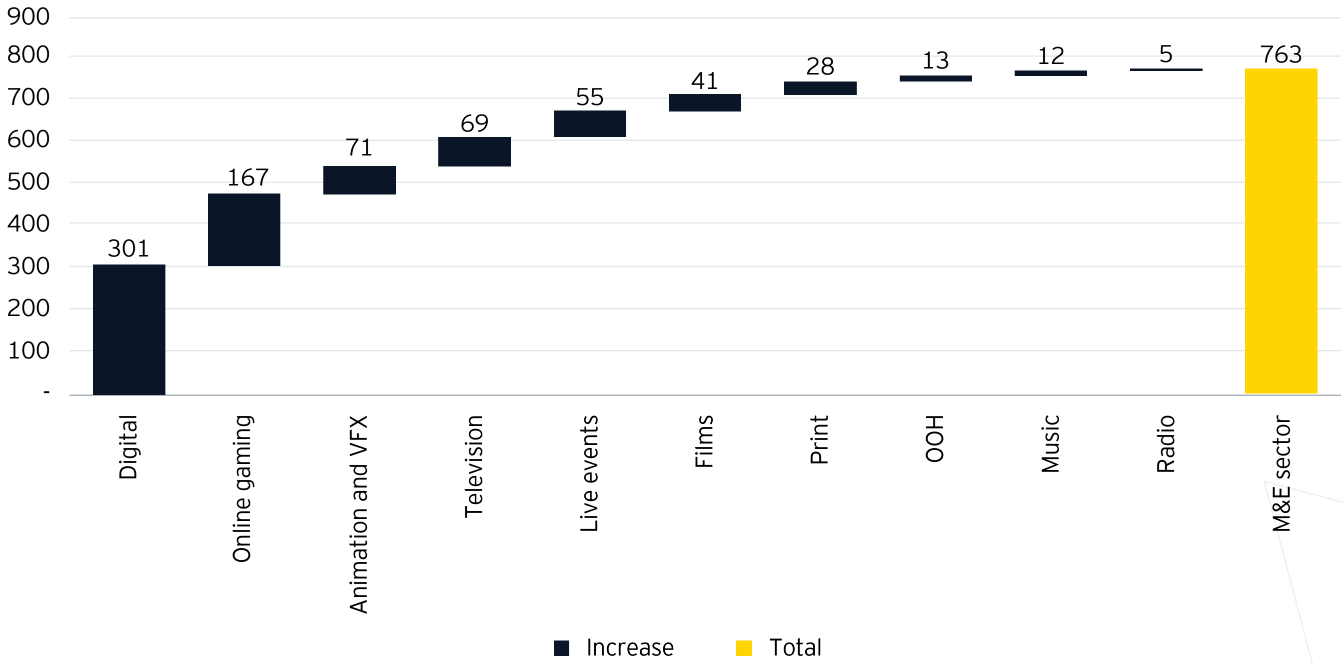

EY estimates based on publicly available information

- New media aggregated 86% of deal volumes, but just 35% of deal value
- Traditional media deals in television and film comprised 65% of deal value
- PE/ VC led the percentage of M&E deals in 2023, contributing to 41% of the total funding

# Future outlook

## The M&E sector will grow by INR763 billion to reach INR3.1 trillion in 2026

Segmental growth 2023 to 2026E




All figures are gross of taxes (INR in billion) | EY estimates

- The Indian M&E sector will grow at a CAGR of 10% and add INR763 billion in three years
- New media will provide 61% of this growth, followed by animation and VFX (9%) and television (9%)
- We expect all segments to grow, barring unforeseen situations, and so long as India's GDP grows 5% or more

## The M&E sector has gone medium agnostic

| | 2022 | 2023 | 2026E |
|---|---|---|---|
| Video | 66% | 67% | 66% |
| Experiential | 21% | 22% | 23% |
| Textual | 10% | 8% | 8% |
| Audio | 3% | 3% | 3% |
| Total | 100% | 100% | 100% |

Revenue share | EY estimates | Includes related data consumption charges

- Given that video, audio, text and experiences are available across almost all segments, the M&E sector is redefining itself across these four verticals:
  - Video – TV, video OTT, short video, social
  - Experiential – Online gaming, cinemas, events, OOH
  - Textual – print, online news
  - Audio – radio, music, audio OTT
- Video remained the largest earning segment in 2023, as it is the simplest and most easy-to-understand medium of consumption
- The pandemic impacted 2020 and 2021 as regards experiential revenues, but those have now recovered, and we expect their share to keep growing as India's per capita income grows
- Text has probably seen a permanent loss due to the fall of print circulation, but will remain relatively stable as regards ad and sub growth, albeit at a slower rate than other media
- Audio revenue models remain largely digital advertising supported, and while efforts are on to grow paid subscriptions, their revenue share will remain stable

## Video trends

### I. A billion screens by 2030

| | 2023 | 2026E | 2030E |
|---|---|---|---|
| Large | 182 | 202 | 240 |
| Small | 574 | 640 | 734 |
| **Total** | **756** | **842** | **974** |

EY estimates | millions

- We expect that by 2030, India will have almost a billion active screens
- Of this, around 240 million will be large (TV, laptop, PC) and the balance will be small (mobile phones, phablets)
- Given the 1:3 ratio between large and small screens, it will be imperative for media companies to have a multi-screen and multi-format strategy

## II. The future of television will be three significant segments

| | 2023 | 2026E | 2030E |
|---|---|---|---|
| Pay TV | 118 | 113 | 83 |
| Free TV | 45 | 50 | 57 |
| Smart TV | 19 | 40 | 100 |
| **Total** | **182** | **202** | **240** |

EY estimates | Millions of Indian connections

- By 2030, the large screen opportunity will evolve into three significant segments across pay, free and smart TV, none of which can be ignored by broadcasters and studios
- Pay TV will continue to gain audiences, but will also start switching to smart TVs as wired (or similar) broadband grows from 38 million homes today to 70 million homes by 2026 and over a 100 million by 2030
- The potential introduction of direct-to-mobile (D2M) television services will increase the relevance of free television outside the home and during transit
- Both the telcos and the LCOs will play an important role as they aim to increase ARPUs, through bundling broadband with linear TV services, as well as by bundling content to drive adoption of CTV
- Free TV will remain a "temporary" medium viz., it will gain audiences as more families come out of poverty and into the lower middle class, and it will lose audiences as the middle-class families move up
- The key challenge posed by connected smart TVs is that broadcasters will now compete against social media and digital native platforms as well for share of time on the large screen

## III. Bundling will become critical for smart TV growth

- Just as DPOs aggregated content from broadcasters for linear television, telcos and ISPs will need to offer bundles at various price points to attract and retain consumers
- We estimate that if pricing is made comparable to television pricing (or at a slight premium when bundled with data) for popular streaming services, the reach of smart TVs could cross 100 million households sooner
- The unified interface will become a critical aspect of future growth of connected TVs, both from a simple customer experience point of view, as well as a place for discovery of content. It will become the new landing page and earn placement and marketing revenues

## IV. New content windows will emerge

- Monetization will be at the mercy of consumers' willingness to pay, and unlike international markets, Indian markets are more heterogeneous and need to be finely segmented
- Accordingly, premium SVOD, theatrical, SVOD, bundled SVOD, satellite, TVOD and finally free television windows could come into existence for different types of content

## V. Do not write-off linear pay TV

- Linear TV will grow when TV dark homes come onboard and when free TV audiences upgrade to pay
- Given India has around 323 million households today, growing to 345 million by 2030, of which say 25% will be under the poverty line, there is still an opportunity of around 70 million homes
- In order to address the opportunity and reduce television dark households, a number of initiatives will need to be evaluated, such as:
    - Creation of lower priced FTA packs
    - Differential pricing and bundling for rural markets, in agreement with the regulator
    - Reactivation of the millions of inactive set-top boxes through incentive schemes
    - Creating relevant content baskets for under-penetrated markets

## Experiential trends

### I. Online gaming will grow to reach INR388 billion by 2026

- The segment will grow across all its verticals viz, esports, fantasy sport, casual gaming and other games of skill, but revenue growth will be led by mobile-based real-money gaming and casual gaming
- As many global companies look to launch their games in India, we expect in-app purchases within casual games and esports to become significant revenue streams
- Consolidation is on the cards, post the GST regulation changes of 2023. We expect the market to stabilize with two to three fantasy sport players, one to two players each in rummy and poker, and one or two large multi-game platforms
- Gaming event IP will come into being, in the form of esports leagues, national online gaming events and multi-game platforms where gaming will be united with social interaction and commerce
- Once clarity on retrospective taxation is resolved, international interest will be significant, given limited opportunities for growth in foreign markets, and foreign investment into the segment will grow

### II. Cinema will focus on a second HSM segment

- We expect the film segment to continue to grow, driven by theatrical revenues as Hindi movies go mass market in their storytelling, incorporate more VFX to enhance the movie-going experience and expand more aggressively into tier-II and III cities
- Broadcast rights will remain soft as pay TV homes continue to fall, but the gap will be made up through digital rights, as CTV homes are expected to grow significantly
- Growth in overseas revenues will depend on opening-up of culturally similar markets like China and the middle east
- High-end cinemas will evolve into "experience zones" to cater to top-end multiplex audiences who watch movies for their spectacular experience and to enjoy an evening out with friends and family – a market we estimate at around over 100 million customers / 50 million households today
- In addition, a set of lower-priced "cinema products" will emerge for the next 100 to 150 million audiences across the top 50 to 75 cities of India, which will also require a change to the type of content being produced for these audiences, and which could even see regional OTT products releasing in a windowed manner
- We expect more exhibition pricing innovation in the future around loyalty programs, discounting, group pricing, rentals, etc.

### III. Premium OOH assets will drive growth

- The difficult-to-reach affluent audiences at airports, in premium trains and commercial and entertainment establishments would provide impetus for marketers to invest in the OOH medium
- The share of DOOH would reach 15% of total OOH revenues as the number of screens in premium catchment areas increases, without hurting the growth of traditional OOH assets, as budgets would get more integrated with digital media purchasing
- A good deal of entertainment, sports and cultural venues are being set up in tier II and III cities, which will provide a further boost to addressable OOH inventory and revenues

### IV. Events will continue their growth trajectory

- Events will double in size by 2027 due to the following factors:
  - Corporates and brands will spend more on events. Our survey of marketers indicated that 79% of respondents planned to increase their event spends in the next two years
  - Tier-II markets will provide new avenues. According to GDP and per capita income data, we expect Surat, Jaipur, Ahmedabad, Vizag, Lucknow, Patna, Ayodhya, Trivandrum, and Cochin to be the next set of cities where events will thrive
  - Ticketed events, across sports and concerts, backed by several new properties and a growing middle class
  - Government events to support its several new initiatives and the upcoming elections in 2024
  - Weddings and personal events catering to a growing segment of rich families
- The segment will evolve, as the focus on sustainability increases
- In addition, to increase event ROI, more events will convert into year-long communities, with both online and offline activities

## Textual trends

### I. Reach of online news will grow

- In 2023, Comscore data indicates that online news had a reach of 456 million as compared to 574 million smartphones in India; by 2026, we expect this reach to grow to over 500 million
- However, the consumption would not necessarily be on news apps or portals, but could shift to social media, D2C apps, aggregator apps or any place with a large online audience
- Monetization will remain a challenge, as programmatic rates will remain low, making a case for a focus on direct deals and premium inventory formats

### II. Newspaper reach and readership will start to stagnate

- Print will reach a steady state with a loyal reader base within the next three years, most of which will probably come from the growing base of educated people entering the workforce who need news and information to build their careers, as against faithful audiences ageing
- Cover price increases will lead to a winner-takes-all situation, with a reduction in second newspaper copies in the home

### III. Print revenues will grow at a CAGR of 3.4% until 2026

- The growth will take print to INR288 billion, on the back of premium advertising focusing on hard-to-reach affluent audiences, and cover price increases in certain markets
- We expect to see a 25% growth in average newspaper cover prices by 2025
- Some products or brands could witness small drops as their faithful audiences age and cover prices continue to increase. As stronger brands survive, multiple products in a household may be rationalized
- Given that most print companies earn less than 5% of their revenues from digital news products (we estimate that digital news generates less than INR10 billion, including digital native brands), the focus of print companies will remain on the core print product to increase its utility and appeal to loyal audiences, while digital initiatives of publishers will evolve into a separate enterprise that goes wider than just news

## Audio trends

### I. Segmentation will re-define monetization

- We expect the market to be driven by three major segments:
  - The premium segment (top 3% to 5% or so of music streamers) will pay for music streaming and music experiences like concerts, themed dining options, merchandise, etc.
  - The aspirational segment (the next 10% to 15%) will consume music on ad supported streaming platforms, television, etc., so long as it comes bundled with data, e-commerce, or cable television bundles
  - The mass segment (the rest) will consume only free and ad supported options like FTA channels, YouTube, radio, direct to mobile digital signals, etc., on their smart phones and/ or feature phones

### II. Subscription focus will result in a growing paid base

- From seven to eight million paid music streaming subscribers, the segment will grow to 15 million by 2026 if prices remain unchanged and the industry aligns on incentivizing users to pay
- For further growth, the need to bundle music content, or price it at an affordable rate around INR1 per day, will be unavoidable

### III. International monetization will improve

- India generates over 85% of its audio revenues from digital media
- Countries like Nepal, Bangladesh, Pakistan, and Sri Lanka, are now witnessing/ starting to witness a surge in digital adoption
- This has led to increased uptake of popular international platforms like TikTok, YouTube, Instagram, etc., in these countries and there is a need to monetize this consumption through industry-level partnerships and collaborations

# #Reinvent

# Why reinvent?

The M&E sector has been evolving at a rapid pace for the last two decades. While transformation and disruption have become a norm across several subsectors, strong undercurrents have been brewing in the past few quarters, which threaten to completely alter the landscape. It is hence important to reinvent not just what one is doing but how we are thinking about M&E. The following trends, frothing below the surface, are likely to force that rethink, if not an overhaul of the current perspective on what we think is M&E.

## Audience and consumption

- **Borderless consumption:** Whether it be kids MCNs, web series on OTT, creator content, Indian movies or international sports, all are moving into a cross geographical consumption model. Many of them have over 60-90% of their audience base and more than 40% of revenues beyond India. Is the media/ content model focused on cross-over, domestic, native or niche is the key question which will drive target group planning, programming and investments in the next 24 months.
- **Power = Experience/Time:** Audiences today are demanding a differentiated experience by time of the day. While they are snacking on social media round the clock, the new prime time at 10 pm on TV, the 11:30 pm binge on OTT, or a weekend movie extravaganza, each one is sacrosanct and demands a differentiated experience. The power of a media house, hence, will be defined by how they can manage experience by time slots.

## Device and screens

- **OS and CPE are the new battlegrounds:** If customer experience defines power then one who controls the operating system (OS) on consumer-facing screens, or programming guides on customer premises equipment (STBs), can better define experience and discoverability. Telcos, integrated media houses, OEMs, consumer electronics and big tech are all battling to control the OS real estate in CPE/ screens. How one defines the media play across Screen OS (Android, Apple, KaiOS, etc.) along with experience across CTV EPGs/ IPGs will become critical as CTV audience breaches the 100 million mark.
- **High-resolution screens:** 4k and 8k screens at home, and HD and 4k mobile screens, though nascent, will alter content viewing habits. Demands on content, bandwidth and theatrical experience will grow over the next 36 months. Whether the business has a content strategy for its premium audience that demands a high-resolution experience will define churn and profitability at the top end of the pyramid.

## Digital mediums and platforms

- **Era of IP:** IP (Internet Protocol) is now connecting multiple screens whether TV, mobile or theater. VAS models of telcos faced severe disruption as walled gardens (GSM/ GPRS) broke and networks moved to IP. The interconnected and two-way nature of communication on IP means that the playing field is no longer fenced and protected. Content stores which were a monopoly of Telcos were suddenly taken over by app stores of digital majors. A similar challenge awaits broadcasting channels, cable and DTH companies, with competition from OEMs, telcos, device manufacturers, creator channels and big tech, all vying for the same audience. Identifying the guardrails that will help a channel maintain ratings to survive and thrive in the IP era will be the distinction between survival and extinction as several VAS companies found out.
- **Cross-platform metrics:** The key to survival in an interconnected IP era is cross platform metrics. Audiences and advertisers are growing platform-agnostic and adopting a cross-platform outlook. Programming for the same audience across multiple platforms, measuring the consequent consumption, monetizing a trans-media audience base, etc. necessitates cross-platform content consumption/ viewership metrics. Those who are investing today in cross-platform strategies and metrics will dominate beyond 2026.

## Technology and innovation

- **AI (Gen and Generic):** The impact of AI cannot be overstated on the M&E sector. We have a dedicated section on the same in this report.
- **Disintermediation of tools:** How a room-size edit suit is now on the cloud, which enables content to be created, edited, graded, transcoded, subtitled, and dubbed on-the-fly by anyone from anywhere has significant implications on the content supply chain. Optimizing efficiency while ensuring delivery and quality SLAs are met will define the winners in the future.

## Talent and workforce

- **Gig economy:** Workforce on projects working from anywhere, as against permanent employees at a central office, will have significant implications on costs, creative capabilities, and can be just the power required to scale from a cost centre to a profit centre.
- **The participative economy:** The participative economy will usher in a democratization of content creation and content access. A business' ability to crowdsource content, to crowdfund its creation and to ensure access across monetization windows will determine success across several segments of content creation.
- **Creator ecosystems:** They have become mainstream and, will not only continue to occupy a large portion of social media networks but, begin to integrate their content creation capabilities with traditional media networks. The ability to integrate and monetize creator networks will be critical for continued success of M&E companies.

## Monetization

- **Advertising in a cookie less world:** As cookie deprecation gains scale, media companies will need to rely more on first-party data to segment audiences and provide an effective ROI to advertisers. Competing with the big tech companies can be challenging for players who have almost no end-consumer data, or only data relating to their audiences' content consumption habits. Managing contextual, psychographic and personalized messaging will be crucial for success.
- **Transaction and participative monetization:** Digital advertising is now the largest share of India's ad pie, and performance advertising is the largest component of it. The SMB advertiser base is expected to grow its digital ad spends from over INR200 billion in 2023 to INR300 billion by 2026[1], and transactions will occupy more than 25% of wallet share. Enabling a frictionless transaction environment will be crucial to survive in a performance-driven monetization environment.

## Value

- **Financial investors and capital availability:** More participation will be needed across various aspects of the M&E sector as it transforms itself, from building the required digital infrastructure, procuring the required tech capabilities, and funding content and IP acquisition. The focus on bottom lines will be higher than we have seen over the past five years as investors look to protect value.
- **Intellectual property:** As tentpole properties continue to work in an overly multi-media environment, the ability to invest in IPs which can be monetized over the long term, massive IPs which need to be nurtured over decades across regions, will need a new mindset and a different level of funding.

Many of the above trends can be considered nascent today. Some are below the radar of quarter-to-quarter focused businesses but can rise to decimate the status quo. They call for rethinking our beliefs and perspectives on how content, platforms, distribution and monetization function. The time for reinvention has dawned, not just in how the sector is doing things, but what Media & entertainment will become!

[1]EY estimates

# Innovation themes

In this section, we have identified some interesting trends we expect to see over the next three to five years, and areas where innovation will be highest.

| Disruptions and trends | Innovation themes for M&E companies |
|---|---|
| **Video** | |
| **A billion screens of opportunity**<br>▶ Active screens will grow to almost 1 billion by 2030, of which 240 million will be large, and 750 million will be small phone screens<br>▶ The 240 million large screens will be around 70-80 million each across pay TV, free TV and connected TV | ▶ **Cross-platform programming:** Build a multi-media strategy across all three significant segments of the TV base, from high priced, custom and premium products on CTV, to a windowed free TV offering on FreeDish and FAST products<br>▶ **CTV play:** Build a CTV product (if not yet done), or be part of a paid or FAST bundle<br>▶ **Audience measurement:** Measure cross-platforms consumption, with a common metric to demonstrate real RoI to advertisers |
| **Digital video**<br>▶ Most OTT platforms are currently not profitable<br>▶ As online consumption grows, and ad rates remain low, break-even can be delayed | ▶ **Bundling:** Create bundles for reach of FAST products across devices, operating systems, connected TV, OTT aggregators and telcos<br>▶ **Discovery:** Manage nuances of unified search, including discovery<br>▶ **Efficiency:** Curtail content costs – consider content at TV+ cost, and manage churn through TV-like content which has a longer duration<br>▶ **Competitive scale:** Consolidate regional OTT players |
| **Short and social media**<br>▶ Over half the time spent on phones today is on social media[2]<br>▶ Majority of marketers use, or plan to use, influencers[3] | ▶ **Monetization strategy:** Build out a short-term and long-term social media monetization strategy<br>▶ **Talent leverage:** Build-out an influencer management platform using talent relationships |
| **Audio** | |
| **Digital audio**<br>▶ Audio streamers will double from 185 to over 360 million<br>▶ Paid subscriber base will grow from 7.5 million to over 15 million | ▶ **Focus on market share:** Invest in IP and consolidate smaller regional libraries<br>▶ **Reduce cost of funds:** Crowdsource funding for new artists<br>▶ **Discover relevant music:** Crowdsource songs for use in films using AI<br>▶ **Extend fan life-time value:** Extend artist life infinitely by using generative AI, to retain fans longer<br>▶ **Leverage OTT audiences:** As OTT reaches over 60 million homes by 2023, build out OTT-related music |
| **Radio**<br>▶ Time spent out of the home will increase as urbanization continues<br>▶ Mobile handsets are not all equipped with FM radio receivers | ▶ **Manage the existential threat:** Enforce regulations to mandate installation of FM receivers in all phones sold<br>▶ **Maintain reach:** Piggy-back on digital TV/ D2M initiatives<br>▶ **Leverage communities:** Work with regulators to permit bundling of ad inventory from community radio stations to offer hyper-local regions to advertisers |

[2]data.ai
[3]EY survey of marketers 2023-24

| Disruptions and trends | Innovation themes for M&E companies |
|---|---|
| **Experiential** | |
| **Live experiences**<br>▶ 61% of marketers expect to increase spends on events in the next two years[4]<br>▶ Ticketing revenues are now several times higher than their pre-pandemic levels, and are expected to keep growing significantly[5] | ▶ **Align to brand needs:** Create event delivery networks covering the 1 million plus towns of India<br>▶ **Build communities that matter:** Convert event IPs to year-long engagement platforms and manage them as communities<br>▶ **Expand geographies:** Evaluate the Tier-II town ticketed events opportunity<br>▶ **Increase focus on the top-end:** Bring international events formats to India |
| **Film**<br>▶ India has less than 10,000 screens, and the highest deficit is in Hindi speaking markets<br>▶ Less than 100 million Indians visited a cinema hall in 2023 | ▶ **Create low-cost capacity:** Build infra and content for the next 100 million audience segment<br>▶ **Incentivize footfalls:** Build out loyalty programs |
| **Online gaming**<br>▶ Gamers will grow from 455 million to over 500 million<br>▶ Casual gaming will grow fastest, spurred by frictionless in-app purchases<br>▶ Global gaming will reach over US$600 billion by 2030[6] | ▶ **Re-evaluate the business model:** Reinvent the RMG business model post GST impact; evaluate a mix of RMG and casual games<br>▶ **Build scale:** Consolidate audiences to provide a scaled casual gaming audience to advertisers<br>▶ **Focus on in-app revenues:** Create more sachet-priced in-app purchase offerings, and add value to purchases through rarity and tradability<br>▶ **Serve global:** Build game development and operations service centers to cater to the world from India |
| **OOH**<br>Digital OOH to grow from 9% in 2023 to 15% of total OOH revenues | ▶ **Build premium offerings:** Focus on premium assets and asset clusters<br>▶ **Dominate markets:** Create must-have bundles of assets across cities, backed by plans that incorporate better measurement and prevent wastage<br>▶ **Remove demand-side friction:** Integrate with digital ad networks and create self-serve platforms |
| **Text** | |
| **Print**<br>▶ Base of new readers is not growing as fast as it used to, and the second newspaper in a household will disappear from homes<br>▶ Print is perceived as the most trusted news source<br>▶ Environmental concerns will be raised on production and distribution | ▶ **Enhance utility:** Focus on hyper-local news, deep analysis, expert opinions, deals, coupons<br>▶ **Evangelize credibility:** Focus on differentiators and the "10 minutes and 20 pages for success" narrative<br>▶ **Bundle for reach:** Bundle innovatively with digital versions, OTT and other online and offline services<br>▶ **Align to advertiser metrics:** Own Tier-II and III town consumption growth, providing a dominant multi-media offering across print, OOH, activations and radio<br>▶ **Target SMEs:** Tap into the SME powerbase<br>▶ **Save costs to fund reader acquisition:** Share infrastructure (printing, delivery, newsgathering, etc.) to optimize costs |
| **Online news**<br>▶ Online news to grow from 456 million to over 508 million by 2026<br>▶ Over 60% of online news consumers come into contact with fake news[7] | ▶ **Partner for efficiency:** Create a Netflix-esque joint-industry app for India news and manage ad rates and subscription models for premium news<br>▶ **Promote branded news:** Build on the "credibility" theme with enhanced fact-checking and moderation processes, and mandate all news to carry an authenticity score or a manner to verify its authenticity |

[4]EY survey of marketers 2024
[5]EY survey of event companies
[6]www.fortunebusinessinsights.com/gaming-market-105730
[7]DNPA-EY online news survey 2023-24

| Disruptions and trends | Innovation themes for M&E companies |
|---|---|
| **Monetization** | |
| **Advertising**<br>▶ SME digital ad spend to cross INR300 billion by 2026<br>▶ Cookie deprecation will reduce the ability to target audiences as was previously done | ▶ **Service SMEs:** Implement portals for SME advertisers to create ad content, plan media buys and even avail funding for their ad spends secured against sales<br>▶ **Build 1P data:** Build first-party data and partner for data depth and quality to navigate the cookie-less world; evaluate contextual/ psychographic targeting models |
| **Subscription**<br>▶ TVOD can grow from INR5 billion to INR20 billion by 2028 | ▶ **Partner for scale:** Form associations and partnerships across established OTT services, aggregators, payment gateways and app stores with large captive audiences for TVOD at both a service and sachet content level |
| **Content** | |
| **Content production**<br>▶ Demand for premium OTT content to increase from around 3,000 hours to 4,000 hours by 2026<br>▶ In addition, demand for content which costs as much as, or a little more than, television content will be 2,000 hours | ▶ **Manage price-points:** Create production capacity across various price points - tentpole, TV+ and TV<br>▶ **Re-think windows:** Enable innovative windowing strategies to sweat content assets more<br>▶ **Increase cost control:** Implement improved rate benchmarking and tighter cost management, which could help add up to 5% to margins<br>▶ **Sweat high-cost OTT assets:** Syndicate appropriate OTT content to TV<br>▶ **Leverage creator ecosystems:** Leverage large creator ecosystems and build influencer content into programming |
| **Animation and VFX**<br>▶ Demand for tentpole properties going up globally<br>▶ An average 25% of consumption of content is now outside of its original language market[8] | ▶ **Create new-age capacity:** Leverage upcoming media cities across India to create the largest, scaled, post-production and VFX service hub in the world, focused on AR/ VR, virtual worlds and global content movement, and build the talent to support<br>▶ **Create differentiated IP:** Build development IP on Unity, Unreal Engine, etc. to enable differentiated made-in-India products |
| **Infrastructure** | |
| **Digital infrastructure**<br>▶ Wired (and similar) home broadband will grow from around 38 million[9] to 70 million by 2026<br>▶ Direct to mobile (D2M) technology is being considered for launch across larger cities | ▶ **Leverage the LCO network:** Incentivize and fund LCOs to build broadband networks in their localities<br>▶ **Increase utility of broadband:** Launch content ++ home packages including interactivity, security, education, etc.<br>▶ **Plan for D2M:** Implement D2M window and monetization strategy |
| **Workflows**<br>▶ Technology disaggregation is increasing access to technology and 5G networks<br>▶ Cloud-based systems will enable tech availability at work and at home across regions<br>▶ The M&E sector is one of the largest adopters of the gig economy style of talent management | ▶ **Re-think supply chains:** Evaluate advanced tech systems for edit, DI, VFX, etc., which can be accessed on cloud or mobile to anyone and post-production, sound and creative talent can be harnessed across geographies |
| **Home equipment**<br>▶ Advent of 4K and 8k technology will create a class of super-affluent audiences who will enjoy high-quality home entertainment | ▶ **Create a nupscale strategy:** Premium experiences, products and audio-visual experiences<br>▶ **Protect cinema-going audience base:** Cinemas that cater to top-end audiences will need to re-invent their offerings to differentiate from high-quality home infrastructure |

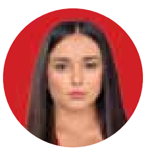
Note: All numbers are EY estimates unless otherwise mentioned and are meant to be used directionally only.

[8] Prime Video India
[9] TRAI

# Segmental trends

# Television

Catch the headlines with AI anchor Sana



# Executive summary

The television segment has witnessed some interesting, yet dichotomous developments in recent times. Although the number of pay TV subscribers continue to decline, the overall number of TV viewers continues to grow. While advertising shrunk, the number of TV screens are growing and the overall segment is expected to have a positive outlook in the coming times. Viewership of connected TVs would continue to grow and proliferate with the increase in broadband and 5G. Overall, while the coming times would provide many growth opportunities, the segment would also face competition from other avenues, such as social media, gaming and short videos.

## Television segment shrunk 1.8% in 2023

| | 2022 | 2023 | 2024E | 2026E |
|---|---|---|---|---|
| Advertising | 318 | 297 | 308 | 330 |
| Distribution | 392 | 399 | 410 | 435 |
| Total | 710 | 696 | 718 | 765 |

INR billion (gross of taxes) | EY estimates

### Advertising

- TV advertising revenue fell 6.5% in 2023
- Advertising volumes declined 2.6% in 2023 as the number of brands using TV in 2023 fell by over 5% as compared to 2022; the fall was led by national channels which witnessed a 9% drop while regional channels ad volumes remained stable
- Ad rates fell 4% on an average as the advertiser mix shifted to lower yield categories

### Subscription

- Distribution income reversed its falling trend in 2023 to grow 2%, despite pay TV homes reducing by 2 million to 118 million (including pirated and under-declared homes)
- Pay TV ARPUs increased by approximately 4% to reach INR274 per month (gross of taxes)
- An increase in piracy and under declaration was noticed as channel price increases could not be entirely passed on to consumers
- Connected TV sets reached 35 million, of which around 19 million connected to the internet weekly

### Viewership and reach

- Time spent on TV increased 2% over 2022, but TV continued to lose premium properties in 2023 as NCCS ABC audiences fell 1%
- Number of television channels increased to 899, of which 61% were free-to-air

### Future outlook

- By 2026, television revenues are projected to reach INR765 billion, with a compound annual growth rate (CAGR) of 3.2%, approximately half of the expected inflation rate
- Total TV screens will increase from 182 million in 2023 to 202 million by 2026, with the mix changing significantly in favor of connected TVs
- The situation post 2026 could be quite different, once wired broadband crosses 60 million to 70 million homes and 5G connections scale significantly. At this point, we expect connected TVs to start scaling more quickly, and reach 100 million by 2030, while linear TV homes drop to 140 million, of which 57 million would be free TV homes

# Reach

## Number of television channels increased to 899

| | September 2021 | September 2022 | December 2023 |
|---|---|---|---|
| FTA | 558 | 532 | 546 |
| Pay | 348 | 353 | 353 |
| **Total channels** | **906** | **885** | **899** |

MIB website; TRAI Performance Indicators Report

- 61% of channels were free-to-air in 2023[1], reflecting the shift of affluent audiences to connected TVs
- News channels comprised 44%[2] of total channels

## The number of distribution platforms rationalized

| | December 2020 | December 2023 |
|---|---|---|
| MSO | 1,702 | 998 |
| DTH | 5 | 5 |
| HITS | 1 | 1 |

MIB website

- MSO registrations declined by 43% and stood at 998 as at end of 2023 as per MIB. This reduction of MSO was on account of non-renewal/ cancellation/ surrender of registration pursuant to directive from TRAI in guidelines circulated in December 2022
- The Indian market is serviced by four paid DTH providers and one free DTH provider as of December 2023 viz. Dish TV, Tata Play, Airtel DTH, Sun Direct and DD FreeDish
- NXT Digital continues to operate the lone headend in the sky (HITS) service in India

## DD FreeDish continued to be the largest distribution platform in India

| Date | Channel count |
|---|---|
| December 2018 | 80 |
| December 2019 | 104 |
| December 2020 | 161 |
| December 2021 | 164 |
| December 2022 | 179 |
| December 2023 | 189 |

https://www.freedish.in/, accessed 11 January 2024

- As of January 2024, DD FreeDish hosted 167 MPEG2 channels including 37 Doordarshan channels, 51 educational channels and 79 private channels, apart from 22 MPEG4 channels[3]
- Of the above, 17 channels were Hindi general entertainment channels, there were 18 Hindi movie channels and five Hindi music channels
- The FreeDish service also delivers All India Radio's audio programming content of 49 satellite radio channels
- Four large broadcast networks, Star India, Viacom18 Media, Zee Entertainment Enterprises and Sony Pictures Networks India, pulled out their Hindi general entertainment channels from DD FreeDish in early 2022, but still had a total of 13 channels on the platform
- Our interviews with over 20 dealers of FreeDish consumer premise equipment indicated that the demand for customer premise equipment, while still present, had declined, primarily due to:
  - Fewer channels and limited content being available on FreeDish
  - Many cost-effective bundles being offered on pay TV
  - Availability of free content on OTT platforms and snackable content on YouTube

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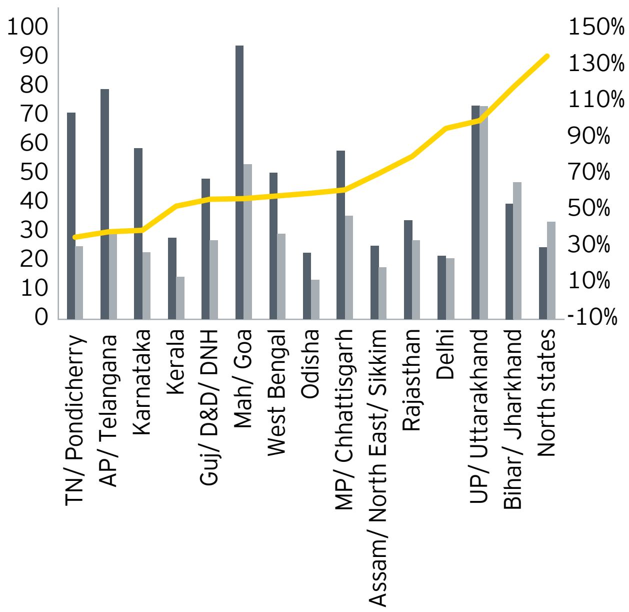
[1]TRAI with MIB list of FTA channels 2023
[2]TRAI, MIB – List of permitted private satellite TV channels

## YouTube generated massive reach in several states

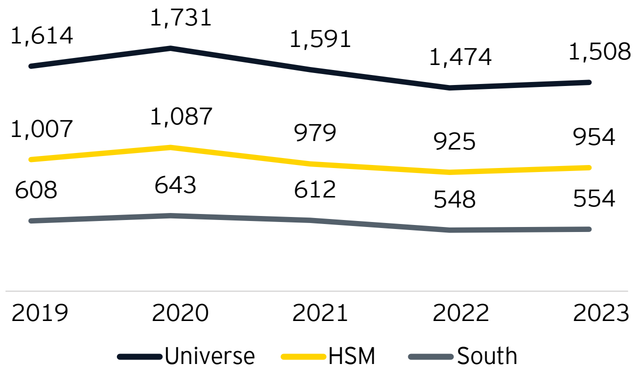
Reach of TV and YouTube
(select states)




TV | BARC TV universe region-wise absolute reach percentage; YouTube | Reach; EY estimates

- YouTube has 61% of TV's reach across India, but in certain states has a reach similar to or even higher than TV, particularly HSM states like Delhi, UP, Bihar and north-eastern states
- In the southern part of India, TV still commands a fair lead over YouTube
- Certain broadcasters provide their content on YouTube, and some DPOs we interviewed felt that this practice results in the delay in renewal of monthly pay TV subscriptions

## Overall, time spent on TV increased 2% over 2022

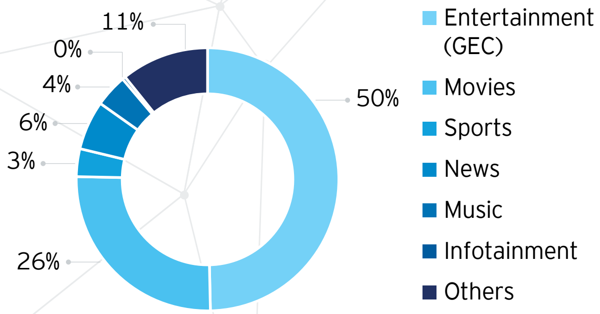



BARC | Impressions (AMA) in billions | Wk1 to Wk52

- Overall impressions recovered this year to register a 2% growth over 2022 levels
- While Hindi speaking markets (HSM) saw a jump of 3%, south markets registered a growth of just 1%
- Viewership of HSM as well as south markets is still not at 2021 levels
- Factors impact growth of time spent on television include:
  - Rising popularity of YouTube, which has around 467 million monthly users as of end of 2023[4] and provides a relatively free multi-lingual and individually curated Indian and global content palette, including certain premium content from broadcasters and studios
  - Growth of social media, short video and gaming, which all compete for the consumer's free time, and have achieved a reach in excess of 400 million[5]
  - Availability of high quality and niche content on OTT streaming platforms, which caters to niche and more affluent audiences
  - Growth of wired and wireless broadband to around 38 million households, and sale of smart TVs, which are growing consumption on that distribution channel

## Over three-fourths of all viewership was related to escapism

Viewership share by genre




BARC | India 2+ U+R Weekly Average AMA'000s wk1-wk52

- 76% of all viewership was linked to GEC and movies, a ratio which has remained stable for six years
- Sports viewership grew 26% on the back of marquee properties like the Cricket World Cup, though viewership of non-cricket sports fell by 39%
- Genres like infotainment and music have significantly reduced as consumption has moved to digital media

## TV continued to lose affluent audiences in 2023

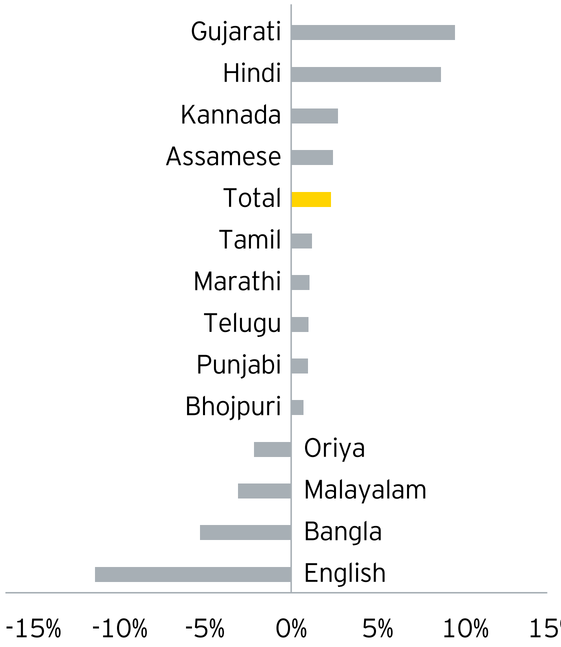
| Audiences | % change |
|---|---|
| NCCS ABC | -1% |
| NCCS CDE | 4% |

BARC | MF 2+ |All India | Jan-Dec | Average AMA in 000s

- In 2023, affluent audiences (NCCS ABC) reduced by 1%
- Lower socio-economic classes (NCCS CDE) grew by 4% vs 2022, contributing to overall growth in viewership
- A 15% drop was noted in the 15-to-21-year age group, reflective of this demography moving to online digital platforms

## Viewership of English and Bangla channels dipped in 2023

Change in viewership by language
2023 vs. 2022

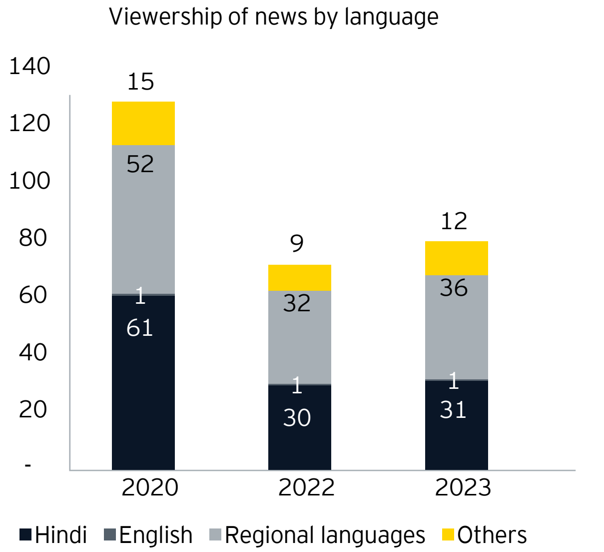



BARC | change in AMA (weekly average) All India 2+ wk1-wk52, 2023 vs. 2022

- Gujarati and Hindi were the only two languages to witness a rise in total minutes of viewing of above 5%
- English and Bangla were the most impacted languages with a fall of above 5%

# Advertising

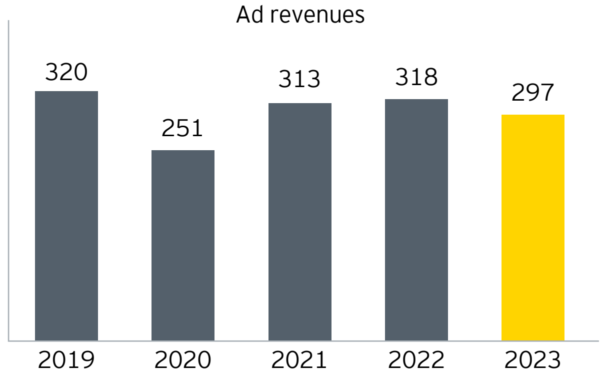
## News TV witnessed a 11% growth in viewership




BARC | All India 15+ Total AMA (billion)

- While news viewership grew in 2023, it still remains over 30% lower than its 2020 levels
- News consumption has significantly moved to multi-platform, with the reach of digital news at 456 million as of December 2023[6], and consequently, audiences need to visit TV fewer times a day
- This led to several innovations, including increased focus on local news, non-news content (entertainment, sports, travel, etc.) and specials and events

## TV advertising revenue fell 6.5%[7]

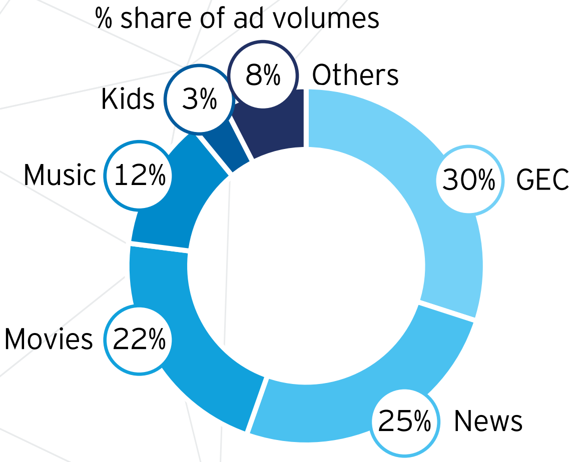



INR billion (gross of taxes) | EY estimates

- Advertising volumes declined 2.6% in 2023
- National channels saw a 9% volume drop, while regional channel ad volumes were flat
- The number of brands using TV in 2023 fell by over 5% compared to 2022
- Average rates fell by 4%, primarily as the share of lower-yield sectors like FMCG increased while sectors like gaming, crypto, D2C brands, e-commerce, etc., reduced volumes on the medium. In 2023, the FMCG sector dominated with 16 of the top 20 categories and 18 of the top 20 advertisers by volume
- Television remained the most effective mass medium from an ad rate perspective

[6] Comscore
[7] EY estimates; BARC; TAM AdEX

## GEC and news channels garnered the highest ad volumes in 2023




TAM AdEX

- GEC and movie channels garnered 52% of total ad volumes in 2023, up from 48% in 2022
- GEC channels garnered 30% of ad volumes as compared to a 50% share of viewership, while news and music channels managed 37% of ad volumes while generating just 10% of viewership

## FMCG and e-commerce drove the growth in spends on television

| Product category | Category contribution 2022 | Category contribution 2023 |
|---|---|---|
| FMCG | 45% | 47% |
| E-commerce | 20% | 16% |
| Auto | 5% | 6% |
| Household durables | 4% | 4% |
| Real estate and home improvement | 4% | 4% |
| Banking, financial services, insurance | 3% | 4% |
| Telecom | 3% | 3% |
| Education | 4% | 2% |
| Clothing, fashion, jewelry | 2% | 2% |
| Corporate | 1% | 2% |
| Retail | 1% | 1% |
| Alcoholic Beverages | 1% | 1% |
| Travel & Tourism | 0% | 0% |
| Others | 7% | 8% |
| **Total** | **100%** | **100%** |

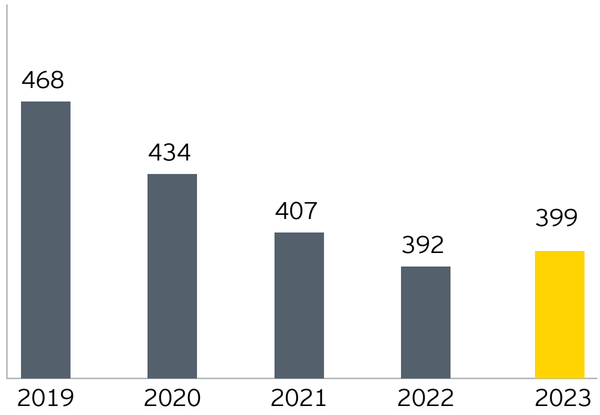
Pitch Madison Advertising Report for 2024

- 47% of ad spends on TV were contributed by FMCG, which increased its spends during 2023, contributing 73% of absolute change
- E-commerce, education, and telecom sectors substantially reduced spends on television
- Growth of FMCG spends has primarily been at cost of high yield sectors like e-commerce, online gaming and D2C brands

# Distribution

## Distribution income reversed its falling trend in 2023

Subscription revenues




INR billion (gross of taxes) | EY estimates

- Television subscription revenues in India increased 2% in 2023, despite a fall of 2 million pay TV homes, due to an approximately 4% increase in TV subscription ARPUs, which reached INR274 (gross of taxes) at end-customer prices during the year[8]
- While broadcasters increased channel prices uniformly, ARPU increased differently across markets, in some cases resulting in an increase in under-declared households/ pirated households[9], as LCOs could not pass on price increases to end consumers

## Active paid subscriptions continued to reduce in 2023

| | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Cable* | 72 | 68 | 64 | 62 |
| DTH* | 56 | 55 | 54 | 53 |
| HITS* | 2 | 2 | 2 | 2 |
| Total pay TV | 130 | 125 | 120 | 118 |
| Free TV** | 40 | 43 | 45 | 45 |
| Total | 171 | 168 | 165 | 163 |

Television subscriptions in millions | Industry discussions, billing reports, TRAI data, EY analysis
*Net of inactive/ temporarily suspended subscribers, but including pirated and under-declared subscribers
** Free TV is derived as a balancing figure after reducing paid and pirated TV homes from adjusted total TV universe less temporarily deactivated homes

- Pay TV homes (including under-declared and pirated homes) continued to fall, decreasing by two million to 118 million
- The fall in pay television homes has been attributed to cord-cutting and movement to connected TVs at the top end of the market, growth of alternate entertainment options and digital platforms, as well as availability of a sizeable content bouquet for Hindi speaking markets on free television (DD FreeDish), which remained stable in 2023 and provided a competitive offering to the base pack on pay TV
- Broadcasters whom we interviewed claimed to have earned revenues for between 105 to 110 million paid subscriptions in 2023, as compared to 110 to 130 million reported in 2021, indicating a potential base of pirated connections between 10 and 15 million homes[10]
- Free television, on the other hand, continued at an estimated 45 million subscribers on the back of less expensive television sets, economic issues, and as an add-on connection to pay TV[11]
- Free-to-air entertainment channel Dangal was the most watched channel during some weeks of 2023, garnering more viewership that segment leaders like Star Plus, Colors, Zee TV, etc.[12]
- According to FreeDish distributors we spoke with, year-on-year growth has remained robust, although demand was lower than in 2022 due to premium cricket events and Rupee devaluation increasing cost of hardware

[8]EY estimates, industry discussions, TRAI data
[9]EY estimates
[10]EY analysis; industry discussions; subscriber reports
[11]Based on our discussions with suppliers of set top boxes
[12]https://www.barcindia.co.in/data-insights

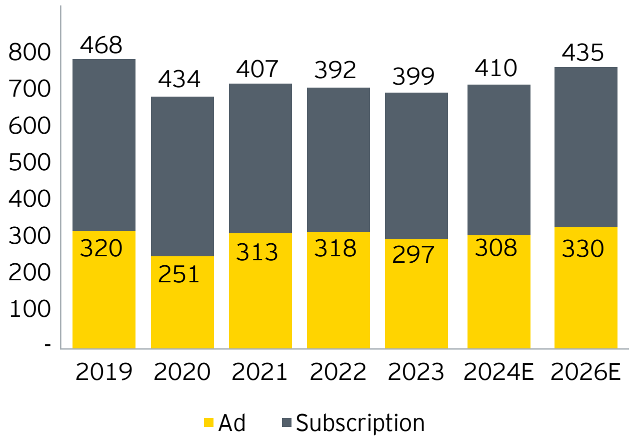
## Connected TV sets neared 35 million

- The overall connected TV base reached 30 to 35 million unique sets connecting to the internet each month, of which an estimated 19 million connected weekly[13]
- Seen in context, the reach of connected TVs is now larger than any individual pay platform in India
- Several platforms and manufacturers have started providing advertising services on their smart TV platforms to the extremely desirable "top of pyramid" audience, both around social media, short video, AVOD and linear streams
- In addition, increased acceptance of permanent and temporary work-from-home culture has created a large "laptop audience". This might explain why second TV sets are not being re-connected, and a good case for parity-pricing between linear feeds on TV and on OTT
- Weekly connected smart TV sets are expected to grow from 19 to 40 million by 2026[14], given the continued growth of wired broadband and 5G connections

# Future outlook

## We expect television revenues to grow to INR765 billion by 2026

TV segment revenues




INR billion (gross of taxes) | EY estimates

- We expect television advertising to grow at a CAGR of 3.6% to reach INR330 billion by 2026, driven by:
    - In 2024, television advertising, particularly in news TV, is expected to rebound due to the occurrence of general elections
    - Strong performance of regional channels where ad rates continue to remain firm due to continued preference for local language content
    - Increased investments in sports, led by a revival in funding for D2C brands as investment cycles revive post the general elections in 2024
    - Brand extensions by large Indian companies and international brand launches, all of which require the reach of TV, as India moves towards becoming one of the top three economies in the world (India's per capita income is expected to grow from approximately US$2,500 in 2022 to US$3,000 by 2025[15] which will keep driving consumption and grow the middle class significantly)
    - However, risk factors do exist, such as:
        - Absence of a new driver sector to replace ad income lost from sectors such as gaming, crypto and betting
        - Continued proliferation of free digital platforms like YouTube, particularly if recent entertainment content and films are made available on it, and the growth of time spent on social media/ short video

[13]Industry discussions, EY analysis
[14]EY estimates
[15]EY publication "India @100"

- Subscription income will achieve a CAGR of 2.9%, reaching 435 billion by 2026. This growth is driven by several conflicting factors:
  - Television households will grow due to the following reasons:
    - Increase in population will increase Indian households from 323 million in 2023 to 332 million till 2026[16] which will increase the demand for TV sets
    - 165 million households will enter the Indian middle class by 2031[17]
    - Low entry barrier to consume free television
    - Continued electrification of rural areas, particularly in the Hindi speaking markets like UP and Bihar
    - Efforts to reactivate deactivated STBs which have been initiated by certain private players
    - Relative pricing of television to broadband remains – currently – much in favor of television
    - Availability of television sets for as low as INR6,000[18] as well as a flourishing second-hand television market
  - But active television homes will face downward pressures as well:
    - Continued movement of the top-end pay TV base to connected TV platforms as broadband and 5G penetration increase
    - LCOs' focus on growing direct broadband connections due to a higher margin per consumer, which makes a strong case for growing LCO TV margins
    - Increased time spent on OTT platforms, social media and gaming platforms, which are vying for a share of free time
- In view of the above, we expect total television segment revenues to grow at a CAGR of 3.2% to reach INR765 billion by 2026, but the picture could change quickly post 2026 (refer to the rest of this section)

## The proposed ad cap rule could impact revenues

- The Telecom Regulatory Authority of India (TRAI) has approached the Delhi High Court against seeking stricter implementation of the 12-minute ad cap rule, to bring about a level playing field and the matter is currently sub judice
- Implementation of the ad cap will significantly affect ad volumes, especially for news channels and some entertainment channels for their key impact properties, that have been historically airing ads for more than the earlier prescribed limit of 12 minutes per hour
- To compensate for the drop in revenue due to limited ad volume, ad rates would need to increase significantly, which we believe will be extremely difficult and lead to a 10-15% drop in ad revenues[19]

[16] Worldometers.info
[17] A 2023 report by non-profit think-tank PRICE
[18] Amazon.in accessed 11 January 2024
[19] EY estimates

# #Reinventing TV

## As TV screens grow, strategy will need to dissect

| | 2020 | 2021 | 2022 | 2023 | 2026E |
|---|---|---|---|---|---|
| Pay TV (cable + DTH + HITS) | 131 | 125 | 120 | 118 | 113 |
| Free TV | 40 | 43 | 45 | 45 | 50 |
| **Unidirectional TV** | **171** | **168** | **165** | **163** | **162** |
| Connected TV (bi-directional) | 5 | 10 | 15 | 19 | 40 |
| **Total TV** | **176** | **178** | **180** | **182** | **202** |

EY estimates | millions of subscriptions

- Overall TV connections will keep growing at a healthy pace to reach 202 million by 2026 as India's per capita income continues to grow
- The market is clearly segmenting into pay TV, free TV and connected TV, each being sizable in itself
- Content studios, broadcasters and distributors will need to address the needs of each of these segments separately, to effectively monetize their products and services
- Innovation is required on Pay TV content (and bundling) to ensure the fall in audience is not higher, an area where many broadcasters have reduced focus in recent years, as they focussed on gaining OTT audiences with differently created content
- There is a need to create custom viewing products for connected television consumers who need more than just linear feeds, particularly in genres like news and infotainment
- Windowing and other strategies can help monetize the free television audience as well, which is growing due to increased channel count and entry into regional language markets like Bhojpuri, Bangla, Haryanvi, Oriya, etc.
- Distribution companies have found that bundling broadband with television is increasing consumer stickiness to pay TV, and that could also be a strategy for DPOs to consider

## Entertainment genre growth will require innovation and incentives

- Multi-window innovation, i.e., packaging and pricing across the three TV consumer segments, needs to be implemented
- Broadcasters will need to create smart bundles - at differential price points - for different regions and audiences, subject to regulatory permissions
- Increased flexibility can be provided to subscribers to choose/ replace channels within bundles in order to prevent churn
- TV content distributed through OTT platforms could be placed behind a paywall, and not be provided free of cost online along with its TV broadcast, except for those who have subscribed to the channel on TV , or as delayed catch-up viewing
- OTT and short video content can be used to create metro-centric television channels
- Public-private partnership can enable TV dark homes to buy televisions through incentives such as:
  - Free distribution of sets under government programs in border/ sensitive areas
  - Subsidized distribution of sets and STBs
  - Creating a low-cost India TV plus receiver product
- Industry action is required to enable activation of the current base of several million deactivated boxes which some estimate to be 20 million in number
- Increased adoption of HD hardware needs to be incentivized to enable premiumization

## News TV will rethink business models

- As news consumption moves to online video and text, and youth consume news on social platforms, news media will need to re-think their content, monetization and measurement strategies
- Content will need to be created multi-format and multi-media, and separately for younger audiences and for different segments
- Premium and mass audiences would require different products and pricing
- Alternate revenue streams like IP, branded content, and exclusive products will need to be introduced
- News will also move to a "News+" content model, covering a wider variety of themes to reach wider audiences
- Given the disruption in consumption, and inability to efficiently monetize digital audiences, costs will need to be optimized
- Sales will need to move to an aggregate audience basis, for which measurement will need to aggregate linear TV, connected TV, YouTube and social media audiences, and web-site and app audiences

## Kids TV will focus on access

- The fall in kids TV advertising over the last two years will continue
- Kids studios will need to go across connected TV, free TV, OTT aggregators as well as YouTube to continue to engage with large sections of kids audiences who may not be on pay TV
- YouTube will be key for monetization and will need dedicated programming

## The situation in 2030 could be quite different

| | 2023 | 2026E | 2030E |
|---|---|---|---|
| Pay TV (cable + DTH + HITS) | 118 | 113 | 83 |
| Free TV | 45 | 50 | 57 |
| **Unidirectional TV** | **163** | **162** | **140** |
| Connected TV (bi-directional) | 20 | 40 | 70-100 |
| **Total TV** | **183** | **202** | **210-240** |

EY estimates | millions of subscriptions

- We expect total TV subscriptions to grow and reach 210 to 240 million by 2030, on the back of Indian households growing at a CAGR of 1% and wired (or similar) broadband homes reaching 100 million on the back of falling ARPUs, which will remain at INR700 per month in the medium term, or roughly two times the average pay TV rates
- Once wired broadband connections (already 38 million as per TRAI data) cross 60 to 70 million, and 5G connections cross 250 million (which we expect to be in 2026 or 2027), the rate of adoption of connected TVs will increase significantly, putting significant downward pressure on Pay TV homes, which will fall to around 83 million by 2030, or two-thirds their peak of 130 million
- Once OTT bundling picks up scale, and pricing parity between OTT and linear TV is more pronounced, the impact on TV homes could be more
- In effect, CTV would be the largest distributor of content on large screens by 2030, but broadcasters would be competing with not just each other on the CTV platform, but also social media, short video, gaming, etc., all of which underlines the need for diversification of products and re-engineering organizations towards audience segments
- TV measurement would need to be called "large screen" measurement, and a common metric (perhaps, the CPM) would need to emerge to enable better planning, which in turn would require broadcasters to build first-party consumer data at scale
- Sales would move to an audience reach and frequency metric, across platforms and segmented audiences
- Introduction of massive measurement, perhaps using the household level return-path data method, would be important to manage segmentation and split the broadcast ad beams

## Trends

# India connected TV

*Powered by Samsung Ads*

## Reach

**37%**
y-o-y increase in active Samsung smart TVs in India

**47%**
y-o-y decline in connected dongles

**47%**
Increase in the number of devices watching AVOD, compared to a 45% increase for SVOD

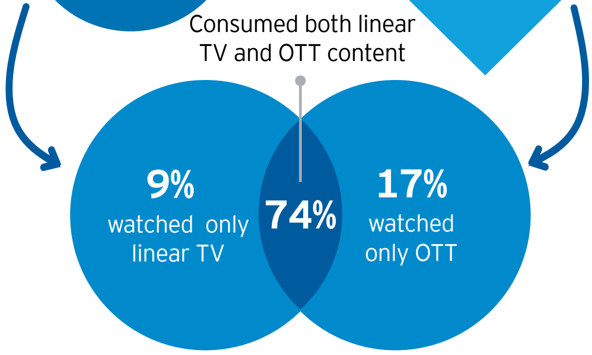
## Viewership

**5**
Average streaming apps per household

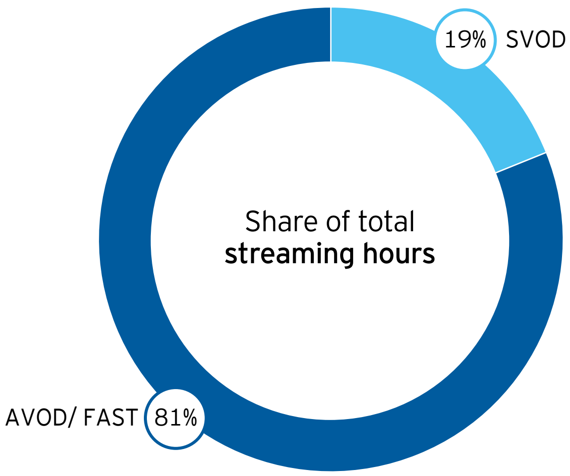
**5.1 hours**
Total hours spent watching linear TV per TV per month

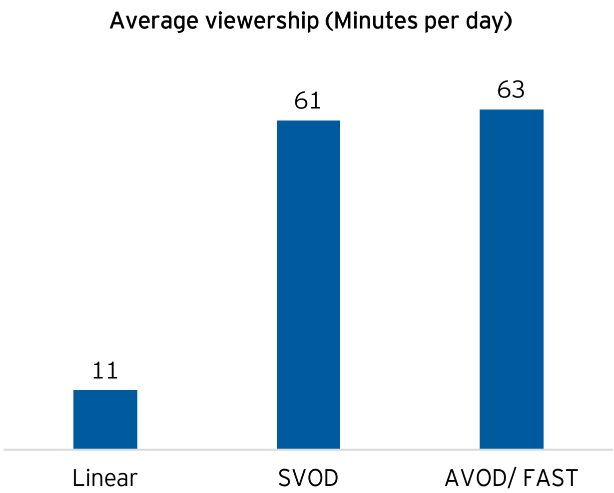
**34.4**
Total hours spent watching OTT per TV per month

**99%**
Of all streaming time was on the top 10 apps




## Ad-supported platforms dominated viewership



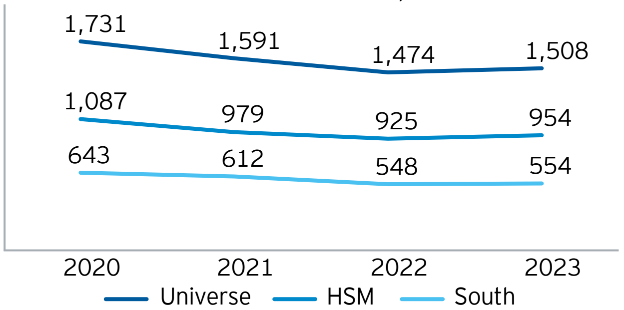




Source: Samsung Ads proprietary ACR data India 2023. Viewership is Weighted average viewing time per category. All data has been provided by Samsung Ads to EY and has not been independently verified by EY.

## Trends
# Television viewership
*Powered by* BARC Broadcast Audience Research Council India — What India Watches™

**Aggregated viewership of 1.51 trillion gross AMA was generated watching television in India**
Up 2% from 2022

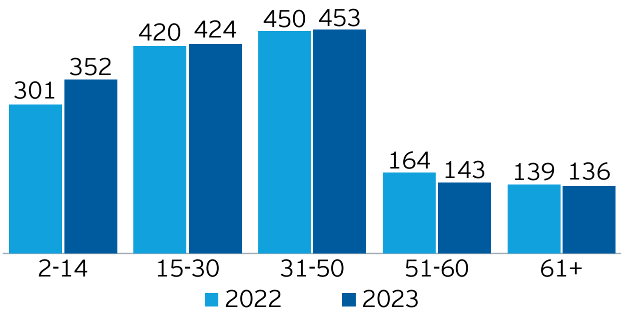
Total TV viewership




AMA (in billions) aggregated across 30 min slots | All India 2+ | Wk1 to Wk52

**81%** of the TV viewership was people **under 50 years** of age
Up from 79% in 2022

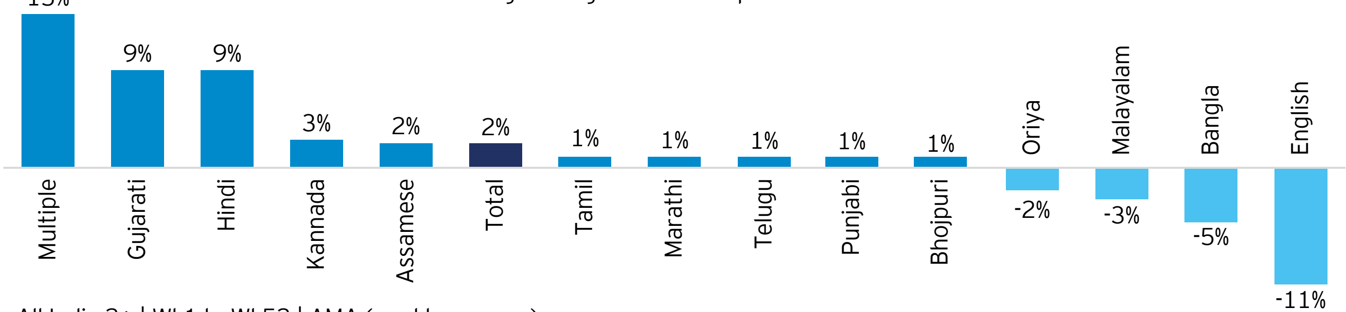
Age-wise TV viewership




AMA (in billions) aggregated across 30 min slots | All India 2+ | Wk1 to Wk52

English language channels saw the **largest fall in viewership** in 2023

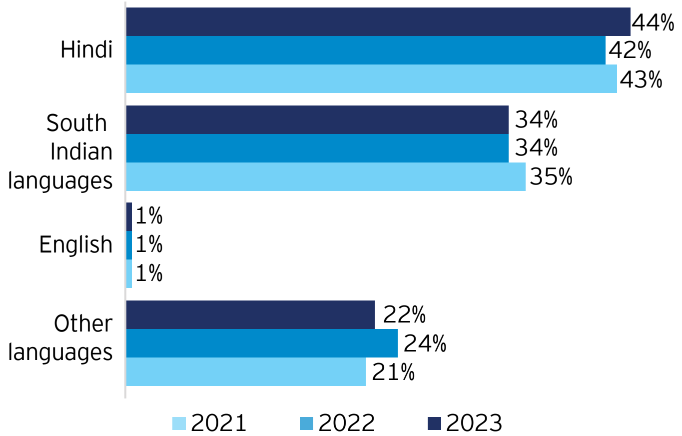
Percentage change in viewership 2023 vs. 2022




All India 2+ | Wk1 to Wk52 | AMA (weekly average)

**At 44%**, Hindi remained the most viewed language on television
56% of viewership was in Indian regional languages

Share of language viewership




All India, Wk1 to Wk52 2021, 2022 and 2023 | Based on weekly average viewing minutes

**Average time spent** on TV increased

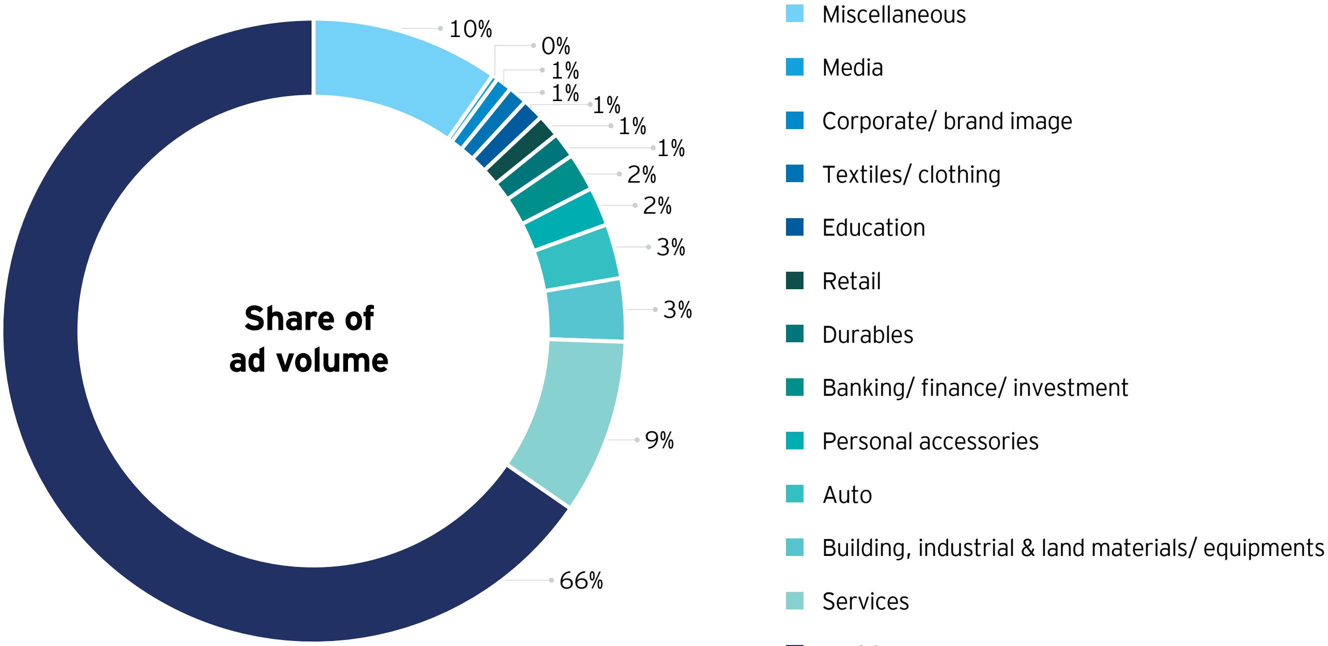
| 2023 (2022) | Weekly cume reach (million) | Average time spent | Weekly AMA (billion) |
|---|---|---|---|
| India | 757 (760) | 3:41:39 (3:35:00) | 29.0 (28.3) |
| HSM | 520 (523) | 3:29:25 (3:21:17) | 18.3 (17.8) |
| South | 237 (237) | 4:06:25 (4:02:54) | 10.7 (10.5) |

All India, Wk1 to Wk52, 2022 and 2023 | Based on weekly average viewing minutes

*All data has been provided by BARC India and is based on their research. The data has not been independently validated by EY and is presented in summary form for representative purposes only*

## FMCG sector contributed **66%** of ad volumes

Up 3% from 2022




FMCG: baby care, food & beverages, hair care, household products, laundry, personal care/ personal hygiene, personal healthcare, cosmetics; Education: excludes online and digital classroom

## **Top 20** advertisers in 2023

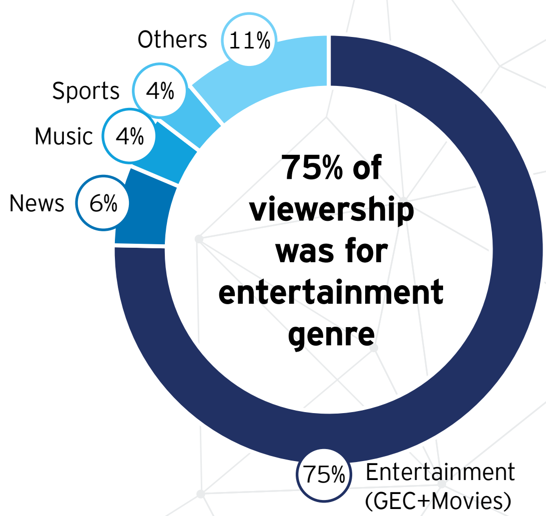
contributed 50% of total ad volumes on television

| Rank | Advertiser | 2022 | 2023 |
|---|---|---|---|
| 1 | Reckitt Benckiser (India) Ltd | 211 | 217 |
| 2 | Hindustan Lever Ltd | 187 | 207 |
| 3 | Godrej Consumer Products Ltd | 48 | 69 |
| 4 | Brooke Bond Lipton India Ltd | 39 | 45 |
| 5 | Cadburys India Ltd | 39 | 40 |
| 6 | ITC Ltd | 25 | 32 |
| 7 | Ponds India | 31 | 29 |
| 8 | Procter & Gamble | 26 | 27 |
| 9 | Coca Cola India Ltd | 38 | 27 |
| 10 | Procter & Gamble Home Products | 19 | 25 |
| 11 | Colgate Palmolive India Ltd | 20 | 19 |
| 12 | Pepsi Co | 19 | 19 |
| 13 | Wipro Ltd | 13 | 19 |
| 14 | Britannia Industries Ltd | 16 | 18 |
| 15 | Nestle India Limited | NA | 17 |
| 16 | Amazon online India Pvt Ltd | 19 | 15 |
| 17 | Govt of Punjab | NA | 14 |
| 18 | Glaxo Smithkline | 14 | 13 |
| 19 | Marico Ltd | 15 | 13 |
| 20 | Lakme Lever Ltd | 12 | 13 |
| | **Total** | **820** | **877** |

## Over **3 of 4** minutes consumed on TV was on entertainment

India- 2+ weekly average AMA'000s Wk1 to Wk52

| Genre | 2022 | 2023 |
|---|---|---|
| Entertainment (GEC) | 49% | 50% |
| Movies | 25% | 26% |
| News | 6% | 6% |
| Music | 4% | 4% |
| Sports | 3% | 3% |
| Infotainment | 0% | 0% |
| Others | 12% | 11% |



## Trends

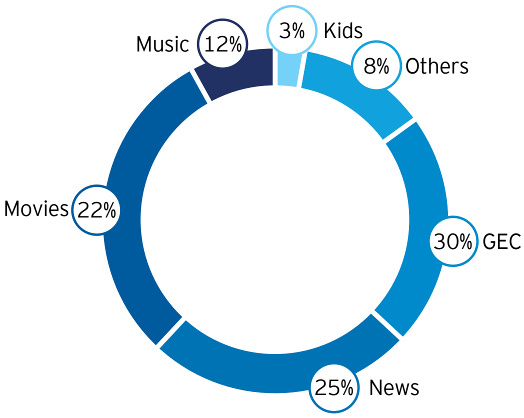
# TV advertising

*Powered by TAM AdEX*

(A division of TAM Media Research)

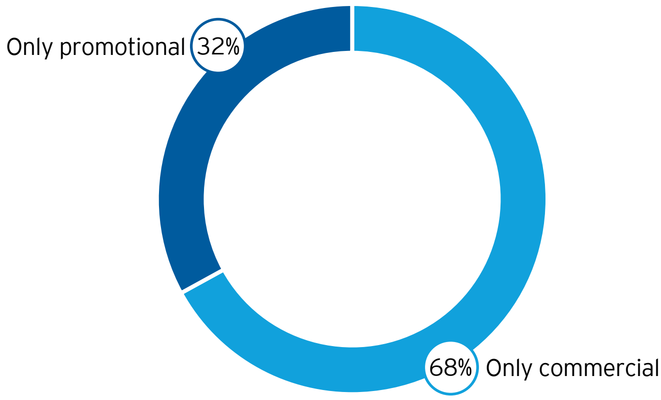
### The top five genres garnered 92% of total **ad volumes**

While overall ad volumes on TV fell 3%




### Two-thirds of **non-program inventory** remained commercialized

A third was used for channel and program promos




### The number of **advertisers on television** dipped to below 2021 levels

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| Categories | 486 | 480 | 467 |
| Advertisers | 8,932 | 9,245 | 8,477 |
| Brands | 13,698 | 14,180 | 13,381 |

### In 2023, **regional channels broadcast 31% more ad volumes** than national channels

Ad volumes on national channels fell by 9%

Regional

**814 hours**

average ad volume/ channel per year

National

**622 hours**

average ad volume/ channel per year

### 162 **categories increased ad volumes** on TV compared to other media in 2023

| Rank | Top 10 categories |
|---|---|
| 1 | Toilet soaps |
| 2 | Toilet/ floor cleaners |
| 3 | Washing powders/ liquids |
| 4 | Tooth pastes |
| 5 | Milk beverages |
| 6 | Biscuits |
| 7 | Shampoos |
| 8 | Chocolates |
| 9 | Tea |
| 10 | Rubs and balms |

### The **top two advertisers** contributed **30%** of TV advertising volumes

Up from 23% in 2022

| Rank | Top five advertisers | Share |
|---|---|---|
| 1 | Hindustan Unilever | 17% |
| 2 | Reckitt Benckiser India | 13% |
| 3 | Godrej Consumer Products | 4% |
| 4 | Procter & Gamble | 3% |
| 5 | Cadburys India | 2% |

*TAM Media research. TAM AdEX's data pertaining to 600+ television channels for Jan to Dec 2023. December data is till the 29th. Volumes are in seconds unless otherwise stated. The data has been provided by TAM Media Research to EY and has not been independently verified by EY*

## Top five **sectors** contributed **70%** of volumes

Top three sectors encompassed more than 50% of advertising on TV

| Rank | 2022 | | 2023 | |
|---|---|---|---|---|
| | Top five sectors | Share | Top five sectors | Share |
| 1 | Food and beverages | 21% | Food and beverages | 22% |
| 2 | Services | 16% | Personal care/ personal hygiene | 18% |
| 3 | Personal care/ personal hygiene | 15% | Services | 13% |
| 4 | Household products | 8% | Household products | 9% |
| 5 | Personal healthcare | 8% | Personal healthcare | 7% |

## Top five ad **categories** contributed **20%** of total ad volumes

Up from 17% in 2022

| Rank | 2022 | | 2023 | |
|---|---|---|---|---|
| | Top five categories | Share | Top five categories | Share |
| 1 | Toilet soaps | 4% | Toilet soaps | 7% |
| 2 | Toilet/ floor cleaners | 4% | Toilet/ floor cleaners | 4% |
| 3 | Ecom-media/ entertainment/ social media | 3% | Washing powders/ liquids | 3% |
| 4 | Milk beverages | 3% | Ecom-media/ entertainment/ social media | 3% |
| 5 | Washing powders/ liquids | 3% | Tooth pastes | 3% |

## 28% of commercial ads were **endorsed by celebrities**

Down from 29% in 2022

| Top five celebrities | Share | Top five TV celebrities | Share | Top five sports celebrities | Share |
|---|---|---|---|---|---|
| Akshay Kumar | 10% | Manoj Pahwa | 17% | Virat Kohli | 20% |
| Amitabh Bachchan | 5% | Karan Wahi | 12% | M S Dhoni | 17% |
| Anushka Sharma | 4% | Ronit Roy | 10% | Sachin Tendulkar | 6% |
| Ranveer Singh | 4% | Pooja Gaur | 8% | Sourav Ganguly | 6% |
| Alia Bhatt | 4% | Kapil Sharma | 7% | Ravi Shastri | 5% |

# Expert speak

**NP Singh**
*Culver Max Entertainment*

*This year marks a pivotal moment for the M&E industry, with companies recalibrating strategies with a focus on scaling for long-term growth, enhancing viewer choices at diverse price points, and embracing emerging technologies, including Gen AI.*

**Punit Goenka**
*ZEE Entertainment Enterprises Ltd.*

*The M&E landscape in India is conducive for businesses to build robust and scalable models for the future that amalgam creativity, technology and monetization in a seamless manner. Amidst this, understanding the pulse of the audience, to deliver personalised and innovative experiences across platforms, will play a crucial role in determining success.*

**Rahul Johri**
*ZEE Entertainment Enterprises Ltd.*

*The Indian economy is displaying immense buoyancy, and the continued growth momentum will spur revenue maximisation opportunities for the sector going. The real potential of the industry is set to unlock as content distribution and monetization models evolve, resulting in higher ROI for all partners in the media value chain.*

**Arjun Nohwar**
*Warner Bros. Discovery*

*The surging ascent of Connected TVs marks a pivotal shift in media consumption, providing unparalleled engagement for audiences and a wealth of opportunities for Advertisers. This trajectory sets the stage for an era characterized by innovation and seamless connectivity*

**Kalli Purie**
*India Today Group*

*I foresee a data-driven future and ISEC migration will be crucial in establishing quality audiences on the news genre. Responsible content will bolster news brands - brands built around trust will combat misinformation. D2M is another big lever that could exponentially boost the reach of the genre.*

**Gaurav Dwivedi**
*Prasar Bharati*

*India's ME sector stands at a cusp of embracing new age content, platforms and audience profile. This evolution provides industry leaders an exciting opportunity to create a society that is aware, agile and adaptive.*

**Aditya Pittie**
*IN10 Media Network*

*The battle for eyeballs between TV and digital will only intensify. Collaboration between media companies, telecom operators, and tech giants will become more common as stakeholders seek to leverage each other's strengths and resources to add impetus to the entire media value chain.*

**Avinash Pandey**
*ABP Network*

*In the evolving media landscape, visionary storytellers unite diverse audiences. Embracing tech and diverse narratives will create connections, unlocking opportunities. Innovation and collaboration will be essential for thriving in our ever-changing media ecosystem.*

**Barun Das**
*TV9 Network*

*The challenges of the news television industry are only going to grow, and they need to be addressed. Our focus going forward will be on cost reduction, boosting alternative sources of revenue like subscription revenue, and adoption of technologies like AI for better productivity and innovation.*

**Avinash Kaul**
*Network18*

*In the absence of a reliable census since 13 years and Covid-induced disruptions, most data points are extra-extrapolations. Digital is no different with adex and user data largely self-declared. Data is the bedrock of the media business for objective in decision making which is otherwise prone to the sensitivities of the chief decision maker in organisations.*

**Harit Nagpal**
*Tata Play Ltd.*

*Availability of same content as pay and free has been behind the stagnation of the pay industry, TV and OTT. If content owners correct that, the industry will grow again.*

**Nakul Chopra**
*BARC*

*Television viewership in 2023 has grown smartly versus 2022 and currently exceeds even 2021 ratings. Marquee events like IPL have seen large growth in viewership. Not to take away the performance of other screens – but TV continues be the definitive screen for Indian homes.*

**Vynsley Fernandes**
*Hinduja Global Solutions Limited*

*With digital saturation expected to slowly envelop the consumer footprint, distribution companies are directing their focus on retention strategies that extend well beyond the realm of discounts. Integrated product offerings – like bundled broadband, television, & OTT could soon become the "de rigeur" offering to consumers.*

**Siddharth Sharma**
*Airtel*

*Evolving consumer preferences, increased internet access, and emerging technologies are fast reshaping M&E in India. With the emergence of access to technologies like 5G, Fiber, and Satellite, a sizeable section of consumers are enjoying seamless streaming of higher quality content, thus unlocking new opportunities for the sector.*

**Manoj Dobhal**
*DishTV India Limited*

*The year ahead should be more balanced, bringing with it coexistence of traditional and new age products with an enhanced customer experience. Strategic agility will be critical for success.*

**Gurjeev Singh Kapoor**
*Disney Star*

*Regulatory forbearance is critical for the Pay TV universe, allowing broadcasters to unleash their creativity and produce top-quality sports and entertainment content. An environment of choice and flexibility will enable an ecosystem which will continuously engage and captivate consumers, driving growth and innovation in the industry.*

**Anuj Gandhi**
*Plug & Play Entertainment*

*The focus on an AVOD ecosystem (especially on sports) will continue, but will have to be balanced with SVOD economics, as AVOD will remain brutal with Big Tech dictating the CPMs. Aggregation/ bundling of apps and consumer convenience will be a key focus to grow the SVOD business.*

**Rajesh Kaul**
*Culver Max Entertainment*

*Linear TV being economic, having easy content accessibility and stable connectivity continues to be a platform of choice for the masses. With media penetration less than 70% and increased disposable income, rural India provides the next big opportunity for growth.*

**Atul Das**
*ZEE Entertainment Enterprises Ltd.*

*The implementation of NTO 3.0 coupled with the growth of the pay-TV ecosystem across households, signifies positive mid to long-term growth for linear subscription revenues. A well-balanced approach towards pricing and quality content will determine the consumer's platform of choice.*

**Amit Arora**
*Indiacast*

*Subscribers continue to be discerning and opt for distribution platforms that they think are the best for their needs. The landscape is throwing up challenges every day but in the mid to long term all forms of video distribution shall co-exist.*

**Ajit Varghese**
*Disney Star*

*As India leans into premiumization, high-quality content and immersive experiences ensure growth across traditional and modern platforms, supported by integrated technology, AI, and data privacy. Brands will be willing to invest more for stronger consumer connections and transactions compared to alternative content or data aggregation methods.*

**Mahesh Shetty**
*Viacom18 Media*

*The industry anticipates sustained growth, fueled by India's resilience amidst global challenges and a positive consumer outlook. Consumer demand is expected to be strong across urban and rural markets. Advertisers will continue to invest in growth with increased ad spends, making 2024 a promising year."*

**Ashish Sehgal**
*ZEE Entertainment Enterprises Ltd.*

*All macro-economic indicators are pointing towards higher consumption levels, which will lead to a significant rise in AdEx across markets. Leveraging the synergies between TV & digital to improve yield and generate high ROI will enable advertisers to have a sustained presence throughout the year.*

**Sandeep Mehrotra**
*Culver Max Entertainment*

*While a digital presence grabs attention in today's fast-paced world, television brings credibility and prestige that helps build enduring brands. Key is to shift from digital vs. TV to a digital and TV mindset for powerful brand impact.*

# Digital media

Catch the headlines with AI anchor Sana

# Executive summary

India recorded 1.19 billion telecom subscriptions, which indicates a stable digital infrastructure landscape. Although 5G proliferated, with 130 million subscriptions, 4G continues to dominate the market. Connected TV saw a 50% growth as internet penetration continues to rise. The broadband market is growing with subscriptions numbers recording 904 million. It is inevitable that smartphone users have grown and consequently, the average usage time continues to rise. Despite high app downloads of 26.4 billion, India was behind in monetizing this potential, with users spending half their time on social media apps. Video viewership progressed, while content platforms focused on localizing, particularly in popular genres of drama, action and thrillers. Enhanced digital engagement led to different patterns in content consumption and advertising. The year also saw the growth of digital ad spending by 15%, predominantly in search and social media. By 2026, the digital segment is expected to grow to INR955 billion with an increased focus on governance.

## Digital media growth halved to 15% in 2023[1]

| Service | 2022 | 2023 | 2024E | 2026E |
|---|---|---|---|---|
| Advertising | 499 | 576 | 662 | 842 |
| Subscription | 72 | 78 | 89 | 114 |
| **Total** | **571** | **654** | **751** | **955** |

INR in billion (gross of taxes) | EY estimates

### I. Digital infrastructure

- Telecom subscriptions remained stable at 1.19 billion in 2023
- 5G adoption crossed 100 million subscriptions, though 4G subscriptions still dominated
- Internet penetration increased by 8% to 938 million subscriptions in December 2023
- Broadband subscriptions in India crossed 900 million, of which 96% were mobile connections, and only 38 million Indian households had a wired broadband connection
- Smartphone users increased to 574 million in 2023 from 538 million in 2022, a penetration of around 40% of India's population
- Monthly active connected TV households increased to 30 to 35 million in 2023, of which 19 to 20 million connected weekly

### II. Online consumption

- At 4.8 hours per day, Indians spent 9% more time on their phones in 2023 than in 2020
- Indians spent the most aggregate time on their phones in the world, downloaded the second highest number of apps, yet in terms of revenue, India lagged many smaller markets and did not feature in the top 20 revenue generating markets of 2023
- 50% of the time spent on phones in India was on social media and another 28% on entertainment and news
- Average monthly mobile data usage per smartphone grew 24% to reach 31GB in 2023, and this is set to increase at a CAGR of 16% to reach 75GB by 2029

### III. Online video

- Video viewers increased by 7% (36 million) in 2023 to reach 563 million
- Almost 3,000 hours of fresh, original content was produced for streaming platforms, of which 52% was in regional languages, up from 47% in 2021
- Total online video content investment in India stood at INR125 billion in 2022, of which 51% was on sports rights and 24% on film rights
- Direct-to-digital film releases dropped by around 50% from the previous year – just 57 such films released on streaming platforms in 2023

### IV. Online audio

- There were 185 million audio streamers in India, but only 7 to 8 million paid for a subscription
- Audiobooks and podcasting gained scale, but monetization remained limited

### V. Online news

- There were 456 million digital news consumers in India, of which over 80% consumed news on their mobile phones
- Monetization remained a challenge, with news generating just INR19 billion in ad revenue and around INR2 billion in subscriptions

### VI. Social media

- Social media penetration was 32% of India's population, reaching 482 million people
- Indians spent two hours a day on social platforms, and used it to meet their needs across news, social, entertainment, music and gaming

[1]EY estimate based on industry discussions

### VII. Digital advertising grew 15% in 2023 to reach INR576 billion

- Growth was led by e-commerce advertising and social media, with search and social media comprising 72% of total ad revenues
- Between 800,000 and one million SME and long-tail advertisers spent over INR200 billion on digital media, primarily on performance advertising on Google, Meta, and e-commerce platforms
- Eight advertising categories spent over 30% of their budgets on digital media

### VIII. Digital subscription grew 9% to reach INR78 billion

- Video subscription revenues grew just 6% in 2023 to reach INR72.6 billion as premium cricket properties were moved in front of paywalls
- Consequently, despite growth in paid subscribers across other OTT platforms, paid video subscriptions reduced by two million in 2023 to 97 million, across 43 million households in India
- Audio subscription grew 55% in 2023 as paying consumers crossed 7 million on the back of significant industry efforts in that direction
- News subscription reached INR2 billion primarily driven by premium and exclusive content
- The percentage of paying subscribers to total OTT consumers remained less than 15% and 5% for video and audio, respectively

## Future outlook

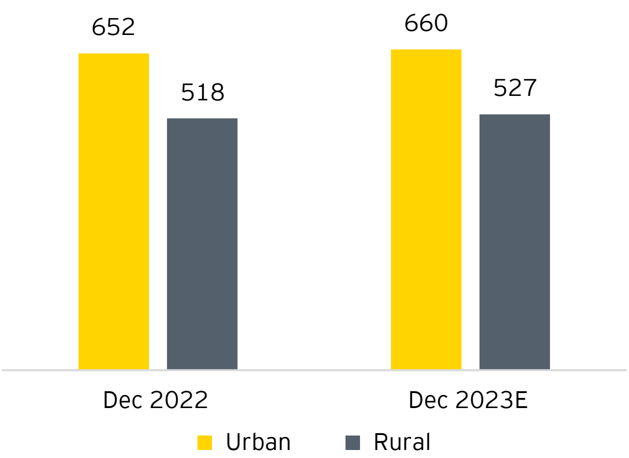
- We estimate that the digital segment will grow to INR955 billion by 2026, at a 13.5% CAGR
- As the second largest segment in 2023, it continues to reduce the gap with television, and we expect it to become the largest segment in 2024
- Digital advertising will grow at a 13.5% CAGR to reach INR842 billion, on the back of improved governance
- SME and long-tail advertising, included in the above, will grow from INR208 billion in 2023 to INR304 billion by 2026
- E-commerce advertising will grow the fastest to reach INR150 billion by 2026, while entertainment and sports OTT platforms will reach INR80 to INR90 billion in advertising
- News OTT and music ad revenues will continue to struggle unless loyal, app-based audiences are built
- Subscription revenues will grow at a 13% CAGR to reach INR114 billion in 2026, impacted by the focus on ad-supported platforms
- Paid video subscriptions will increase to 138 million across 65 million households by 2026. This will be driven by the bundling of multiple services
- TVOD could generate over INR10 billion by 2026
- Music subscriptions will also double to around 15 million by 2026
- Content mix will change, increasing its focus on tentpole properties, and low-cost content

# Digital infrastructure

## Over a billion telecom subscriptions

### I. Telecom subscriptions remained stable at 1.19 billion in 2023[2]

Telecom subscriptions (in million)

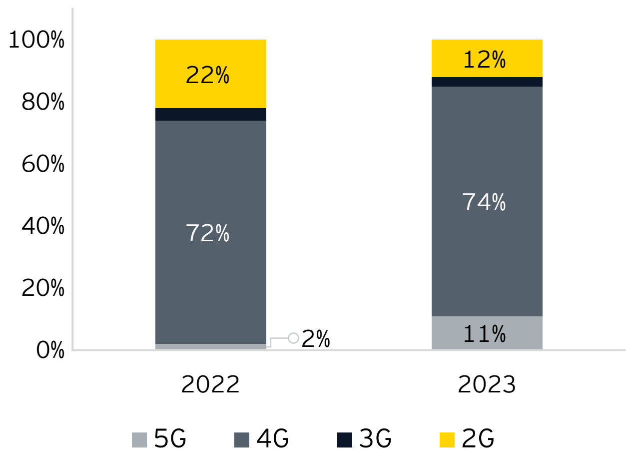



TRAI, EY estimates

- There were 1.19 billion telecom subscriptions in December 2023 as compared to 1.17 billion in December 2022
- Urban subscriptions comprised 56% while rural subscriptions were 44%
- India's tele-density was 85%, but was heavily skewed to urban areas (133%) as compared to just 58% in rural areas

### II. 5G reached 130 million subscriptions, though 4G still dominated

Subscriptions by type of network




Ericsson mobility report, November 2023 and 2022

- Following the launch of 5G services in Oct 2022, 5G subscriptions are expected to reach 130 million in 2023, fueled by fast-growing network availability, affordable service plans and growing availability of 5G smartphones
- 74% of telecom subscriptions used 4G technology, while 15% of subscriptions were still using 2G or 3G technology in 2023
- India is estimated to have over 250 million active feature phones as well[3]

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[2] TRAI and EY estimates
[3] Industry discussions, ICEA

## III. Internet penetration increased by 8%

| Internet subscriptions (in million) | Dec 2021 | Dec 2022 | Dec 2023E |
|---|---|---|---|
| Narrowband (a) | 37 | 34 | 34 |
| Broadband (b) | 792 | 832 | 904 |
| Urban (a) | 496 | 516 | 554 |
| Rural (b) | 333 | 350 | 384 |
| **Total (a+b)** | **829** | **866** | **938** |

TRAI, EY estimates

- 79% of telecom subscriptions accessed the internet, up from 74% in December 2022[4]
- 96% of those accessing the internet used broadband, of which 4% used wired broadband and the rest used wireless services
- Broadband usage increased by 9% in 2023
- Urban internet subscriptions, which comprised 59% of all internet subscriptions, grew 7% while rural subscriptions grew by 10%. In 2023, the government approved an outlay of INR1.39 trillion for BharatNet, the government's project for last-mile connectivity across 6.4 lakh villages in the country[5]

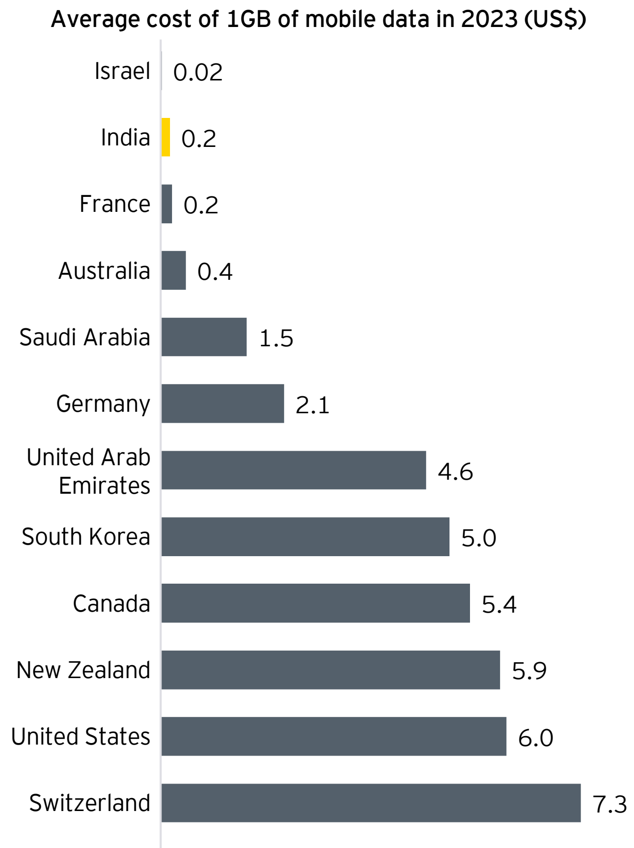
## IV. Broadband subscriptions reached 904 million

| Broadband subscriptions (in million) | Dec 2021 | Dec 2022 | Dec 2023E |
|---|---|---|---|
| Wired broadband | 26 | 32 | 38 |
| Wireless broadband | 766 | 800 | 866 |
| **Total broadband** | **792** | **832** | **904** |

TRAI, EY estimates

- With over 900 million broadband subscriptions, India has the second largest broadband subscriber base in the world, after China
- Around 12% of Indian households had a wired broadband connection
- According to data published by Ookla in December 2023, India ranked 22nd in the world for mobile speeds and 85th for fixed broadband speeds, with median mobile internet connection speed via cellular networks at 91.81 Mbps and median fixed internet connection speed at 60.13 Mbps[6]

## V. India was among nations that had the lowest data charges in the world




https://www.cable.co.uk/mobiles/worldwide-data-pricing | Select countries

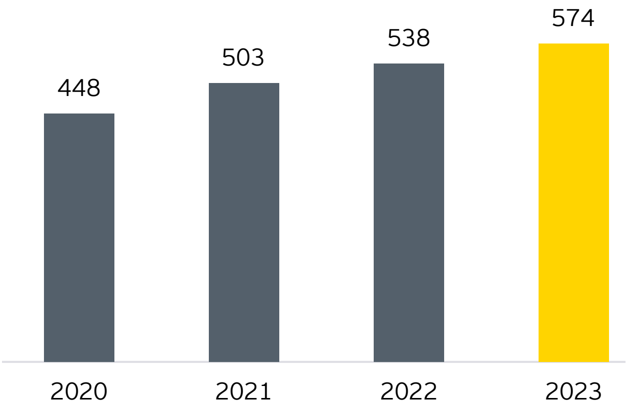
- India's low data prices are the key reason for growing telecom internet user base, and consequently, the growth being witnessed across online entertainment, audio streaming, gaming, social media, etc.
- Price increases can have several implications, such as (a) subscriptions with low utilization being deactivated, (b) slower growth in internet reach and (c) increase in television reach and time spent

[4]TRAI, EY estimates
[5]https://pib.gov.in/PressReleasePage.aspx?PRID=1847835, bbnl.nic.in
[6]https://www.speedtest.net/global-index/india

## Smart device growth continued

### I. Smartphone users reached 574 million in 2023

Smartphones in India (millions)

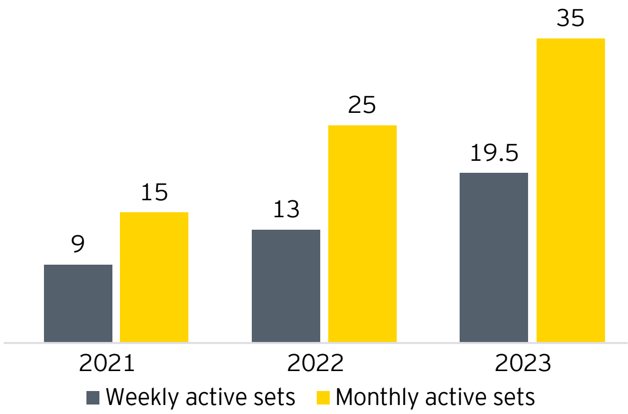



EY analysis

- At 574 million, around 40% of India's population uses smartphones
- Smartphone prices have remained high since 2022, tapering growth rates, though prices may come down in 2023 as the Indian government reduced import duties on certain components used in smartphone production from 15% to 10%[6A]

### II. Connected TVs grew 50%[7]

Connected TVs (millions)

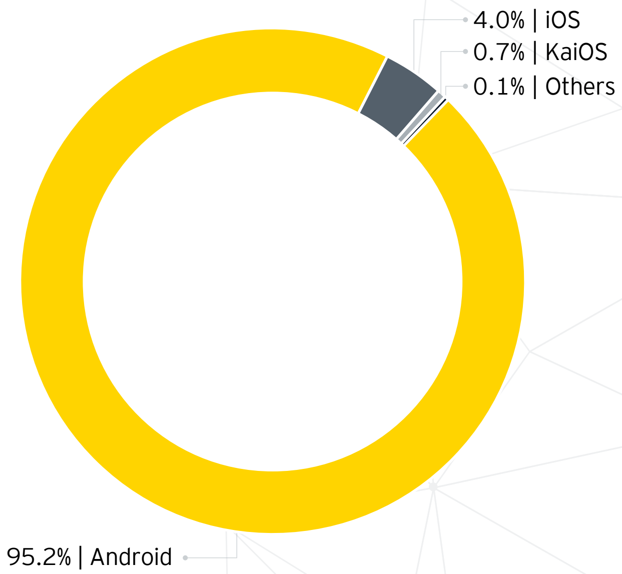



EY estimates

- Over 90% of all television sets sold in 2023 were smart TV sets[8]
- Growth in wired broadband connections, 5G wireless connections and tentpole sports events like the ICC Cricket World Cup, IPL and FIFA World Cup with advanced engagement features have helped drive sale of connected TVs

### III. Android remained the most preferred operating system in India[9]

Share of web-page requests originating from mobile handsets



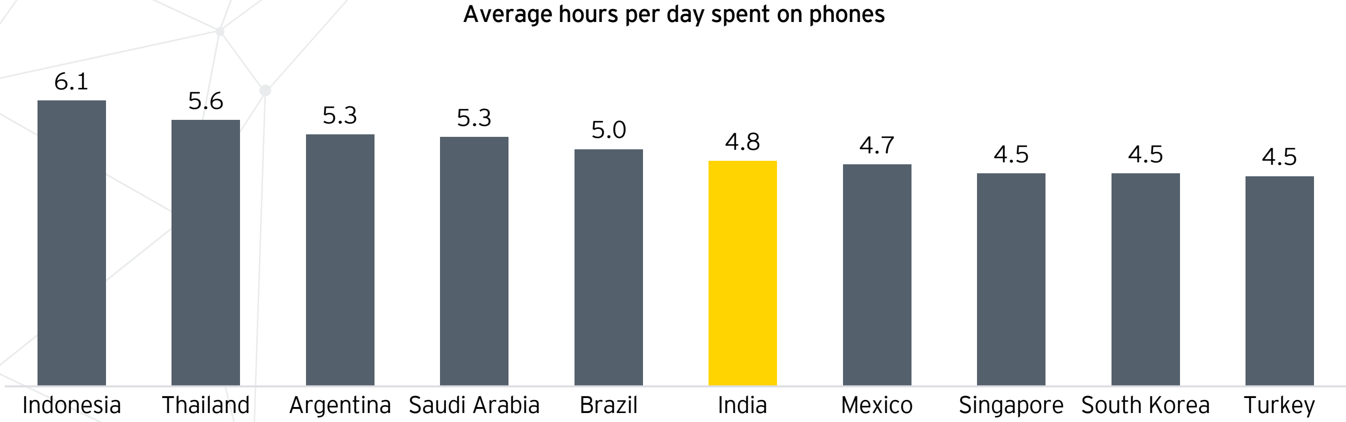

- iOS market share increased by 0.04% compared with December 2022, whereas Android and others decreased marginally

[6A] https://timesofindia.indiatimes.com/gadgets-news/govt-cuts-import-duty-on-smartphone-manufacturing-parts-will-prices-decrease/articleshow/107297543.cms
[7] Industry discussion; EY estimates
[8] Counterpoint research, https://www.counterpointresearch.com/insights/india-smart-tv-shipments-h1-2023/
[9] Mobile Operating System Market Share India", Statcounter, https://gs.statcounter.com/os-market-share/mobile/india/#monthly-202212-202312-bar, accessed 17 January 2024

# Content consumption

## Overall consumption trends

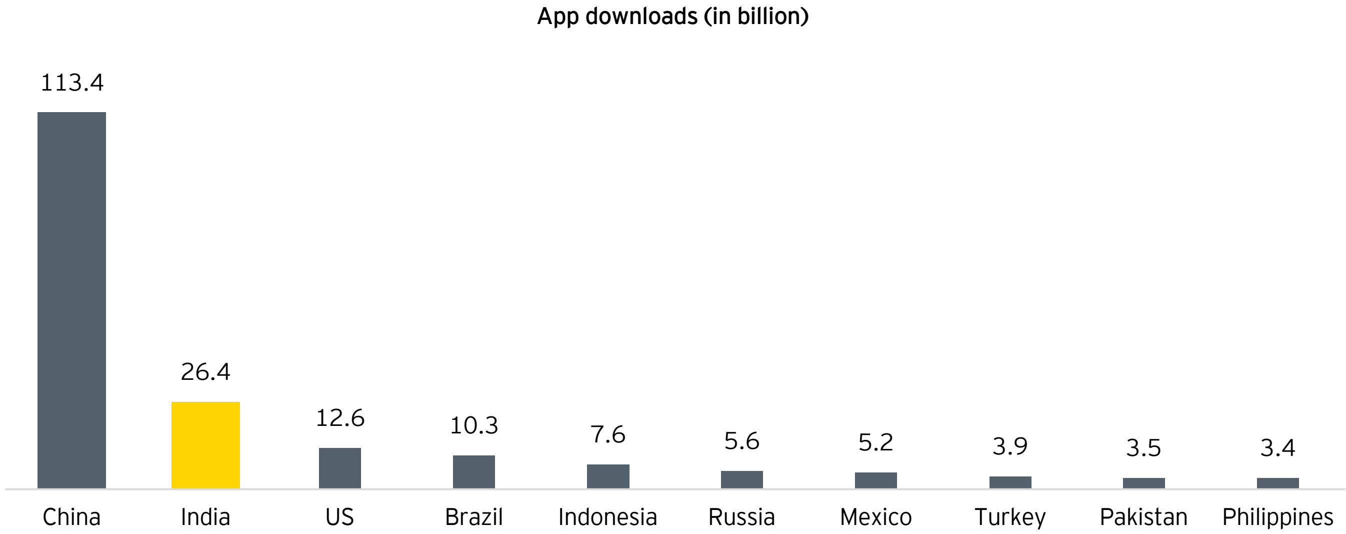
### I. Indians spent 4.8 hours a day on their phones




data.ai | State of Mobile 2024

- At 4.8 hours per day, Indians came sixth in the world, for the most amount of time spent on phone apps in 2023, a 9% growth since 2020
- Indians spent an aggregate of 1.19 trillion hours on their mobile phones in 2023, up 10% from 1.08 trillion hours in 2022[10], which was the highest in the world

### II. Indians downloaded 26.4 billion apps in 2023, but India lagged on monetization




data.ai | State of Mobile 2024

[10] State of Mobile 2024, Data.ai, Hours spent are android phones only

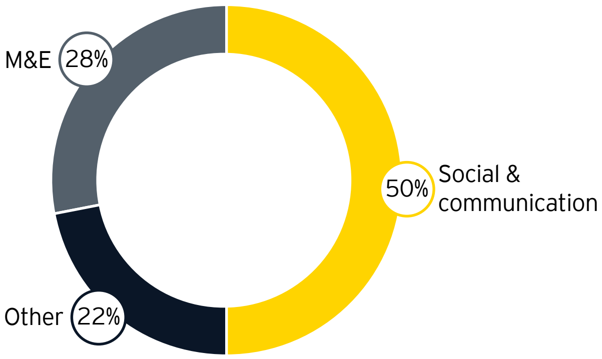
| In billion | China | India | US | Brazil | South Korea | Japan |
|---|---|---|---|---|---|---|
| Downloads | 113.4 | 26.4 | 12.6 | 10.3 | 1.91 | 2.51 |
| Hours spent[11] | 1,122 | 1,193 | 217 | 265 | 61 | 57 |
| Consumer spend *(US$)*[12] | 52.1 | 0.6 | 45.0 | 1.7 | 7.9 | 17.9 |

data.ai | State of Mobile 2024

- India became the leader in terms of time spent on mobile apps, overtaking China
- In terms of revenue, however, India continues to lag compared to many smaller markets and did not feature in the top 20 revenue generating markets of 2023

## III. Indians spent half their time on social media apps

Time spent on apps in India (2023)




data.ai | Android phones only

- 78% of the time spent on mobile phone apps by Indians is on media and entertainment
- Time spent on social media grew to 50% of total time spent, up from 42% in 2019[13] on the back of growth in short video content created around news, music, entertainment and gaming
- Others include productivity, tools, health, lifestyle, shopping, etc.

## IV. Average mobile data consumption increased 24% in 2023[14]

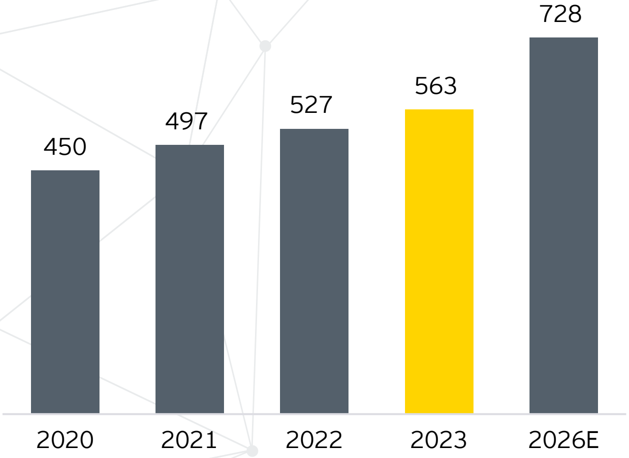
- In India, average monthly mobile data usage per smartphone was 31GB per month in 2023, and this is set to increase at a CAGR of 16% to reach 75GB by 2029
- Growth was driven by increased adoption of 4G and 5G, which grew to 85% of total subscriptions as compared to 74% in 2022
- Globally, video traffic is estimated to account for around 73% of all mobile data traffic in 2023, a share that is forecast to increase to 76% by 2029
- Media and entertainment, including news, books, music, video and gaming, contribute to over 75% of data consumption in India[15]

[11]Android phones only
[12]Gross of any app store commissions
[13]FICCI-EY CY2019 report
[14]Ericsson Mobility Report, November 2023 and 2022
[15]Industry discussions; EY estimates

## Online video

### I. Online video viewers continued to grow in India

Video viewers (in million)

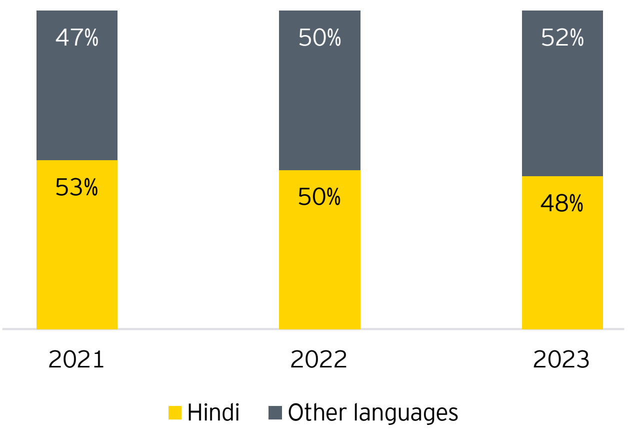



EY estimates

- Video viewers increased 7% (36 million) in 2023 to reach 563 million, which is around 98% of smartphone owners and wired broadband subscribers
- We estimate video viewers will cross 700 million by 2026
- The above data includes consumers from YouTube, which has 467 million users, i.e., 18.7% of its global users from India[16]

### II. Platforms increasingly invested in localizing content

OTT titles produced by language

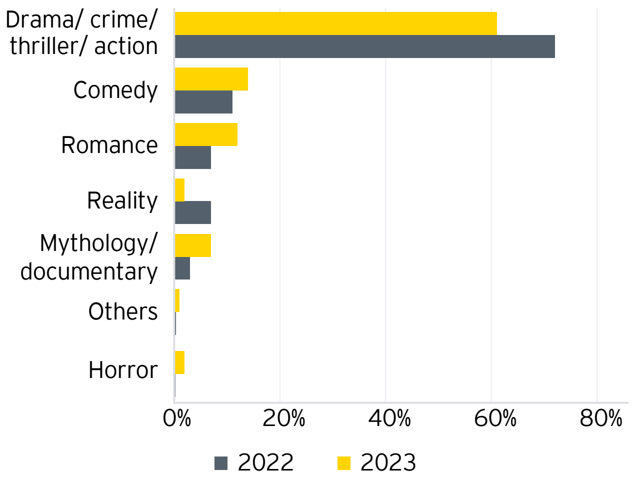



EY content services team estimates | Based on publicly available information

- The share of regional language OTT titles increased from 47% in 2021 to 52% in 2023
- Content has started to travel across language barriers; industry discussions indicate that between 20% and 50% of consumers now consume content in more than one language using sub-titles and dubbed versions
- OTT platforms desirous of a national reach will require focusing on at least eight to nine languages, and each language will require at least eight to ten pieces of content across film and episodic

### III. Drama, crime, action and thrillers were the predominant genres in OTT

Genre wise content releases on OTT



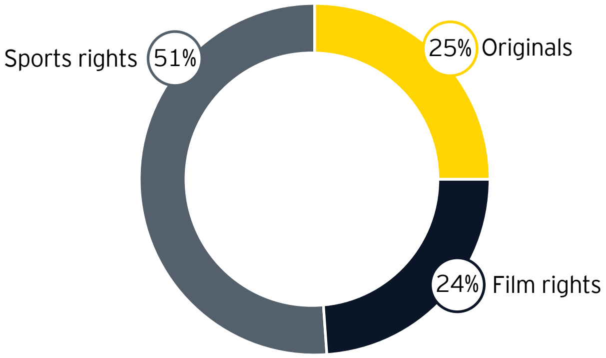

EY content services team estimates

- Of the titles we analyzed, over 60% belonged to the drama, crime or action genres
- The number of reality shows was lower, but they pulled in very large audiences, and we expect these to increase in 2024
- A surge in demand for mythologies and documentaries was also noted in 2023

[16]https://www.demandsage.com/youtube-stats/

### IV. Approximately half of all OTT content spend was on sports rights

Break-up of OTT content cost




EY estimates

- In 2023, almost 3,000 hours of original content was produced for streaming platforms, which has remained flat compared to 2022 levels
- Total online video content investment in India stood at INR125 billion in 2023, representing a 52% increase over 2022 due to more than a twofold growth in sports rights values
- Film rights values dipped marginally as buyers linked prices to performance

### V. Fewer films released directly on digital platforms in 2023[17]

- 416 films released on OTT platforms in 2023, but direct to digital releases halved to just 57

### VI. Online sports grew FAST

- Premium cricket became free on JioCinema (IPL) and subsequently on Disney+Hotstar (World Cup), resulting in massive growth in online sports audiences
    - Sports18 claimed 449 million people watched the IPL on JioCinema in 2023, of which 126 million used connected TVs
    - In the first five weeks of 2023, JioCinema reported over 13 billion video views and an average time of 60 minutes per match
    - Disney+ Hotstar claimed 59 million concurrent viewers for the India vs. Australia world cup final match[18]
- Offering cricket as a free ad supported streaming television (FAST) product on mobile phones created a massive supply of inventory as viewership spiked, and enabled segmentation of mobile and connected TV audiences for sharper ad targeting

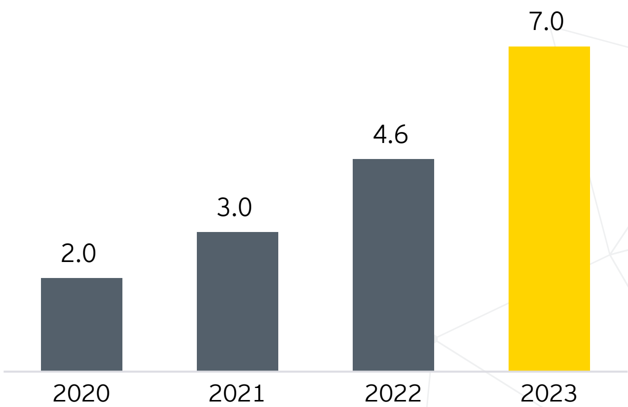
## Online audio

### I. Audio streaming users remained in the 185 to 200 million range

- Around 185 to 200 million people streamed music online in 2023 compared to 208 million in 2022[19]
- Approximately 15% of all streams consumed in 2023 were international songs, while 85% were domestic, and around 65% were film related[20]
- Artist-led music increased over previous years and now accounts for 27% of total music consumed on online platforms

### II. Paying consumers increased

Paying music OTT subscriptions (in million)




EY estimates | Millions of paid subscriptions

- Paid subscriptions increased from 4.6 million in 2022 to around 7.5 million in 2023, as certain platforms stopped ad supported music consumption, while others like Spotify worked to incentivize free consumers to subscribe for a better experience[21]
- Family and student plans were introduced at discounted rates to incentivise conversion
- Ad supported business models are not profitable as on date, which has led to the push to convert free into paid subscribers
- However, given all music is available on YouTube, as well as being bundled for free with telco and e-commerce subscriptions, the task of growing paid subscribers will remain a challenge in the near term

[17] EY production audit team estimates
[18] Various online news articles
[19] Comscore; industry discussions
[20] IPRS, based on 9 month data from select platforms
[21] EY estimates

### III. Audiobook and podcasting consumption increased

- Audiobook platforms in India like Kuku FM and Pocket FM gained popularity – both platforms had more than 10 million downloads on Google's Play store
- Audio content consumption has grown across genres like stories, education, spirituality, adult content, life skills, business help, health and many other genres
- Audiobook platforms invested in localized content and narration styles, resulting in an increase in engagement among listeners who prefer culturally relevant experiences
- Reach of audiobooks was driven by pureplay apps like Audible, Pratilipi, etc. (which had the highest engagement levels), OTT music apps like Spotify, but the fastest growing format was YouTube, where audio content was given a massive reach

## Online news

### I. Online news audience was 456 million in 2023[22]

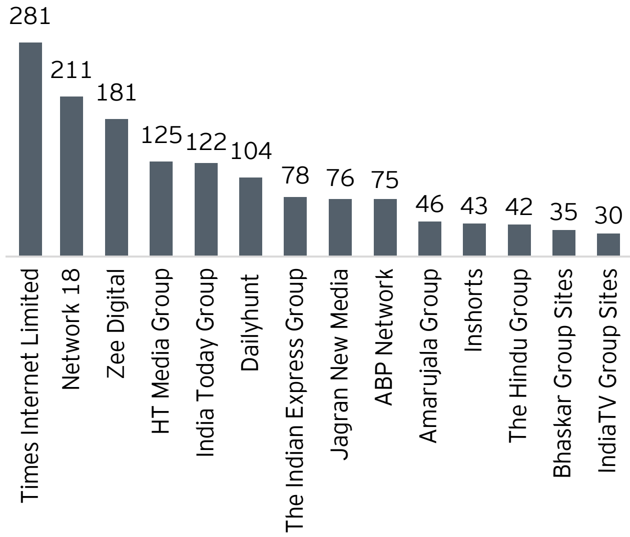
- Online news reached approximately 32% of India's population[23]
- 75% of news consumers were 18 years of age or above, while 50% were NCCS AB audiences

### II. News consumption was primarily mobile driven

- The mobile was the preferred mode of consuming online news, comprising 86% of total reach
- 80% consumption of news was on the web, while just 14% was on apps
- On an average, consumers spent 137 minutes consuming news each month, with short video and short text being the most preferred formats for consumption
- On an average, consumers used more than two platforms to consume online news, and 38% of them consumed news more than once a day
- Just 1.7 million paid subscriptions were sold in 2023

### III. Six online news platforms exceeded the 100 million mark

Average monthly active users (million)




Comscore | Data is for select companies and has not been de-duplicated; does not include Google News; aggregated across key platforms at a group level, average across 2023

[22]DNPA-EY report "Monetizing online news" February 2024
[23]EY analysis, Comscore, TRAI

- Times Internet's digital platforms had the highest MAU among legacy news companies, while Dailyhunt had the highest MAU among news aggregators
- Except for Times Group and DB Corp, most news publishers had an extremely low proportion of app-based audiences
- The most common source of news consumption is now social media. A survey of online news consumers indicated that 79% consumed news on or via social media[24]
- Consequently, most news publishers generate over 80% of their MAUs on their websites[25], which serve fleeting and transient traffic, in effect becoming an ad-rate arbitrage business with extremely high churn

## IV. Hyperlocal news content services continued to grow

- 73% of online news consumers in Indian languages showed interest in hyperlocal news, with the highest from Hindi and Gujarati language users[26]
- Local apps like Way2News, Lokal, OneIndia, Public, etc., had built hyperlocal news products to differentiate from mainstream news publishers
- Indian language consumers also relied on homegrown content creators and engaging in local chat groups to stay updated about locality and neighborhood news

## V. Digital-first news platforms built niche audiences

- Multi-lingual digital first regional news platforms, like Catch News, NewsClick and The News Minute, have been successful in attracting a dedicated audience[27]
- Business and finance-focused platforms Moneycontrol.com, The Ken, Inc42, Your Story, and others, have successfully built a loyal subscriber base with in-depth coverage and subject matter expertise

## VI. Fake news became a serious concern[28]

- 61% of survey respondents believed they had been served fake or misleading news in the last month, and one in three was unable to identify the authenticity of such news
- The advent of generative AI and deepfake technologies can only make this issue more prominent going forward, and there is a crucial need for self-regulation and boundaries to be created to prevent this malaise

## VII. The DNPA has requested for regulatory support

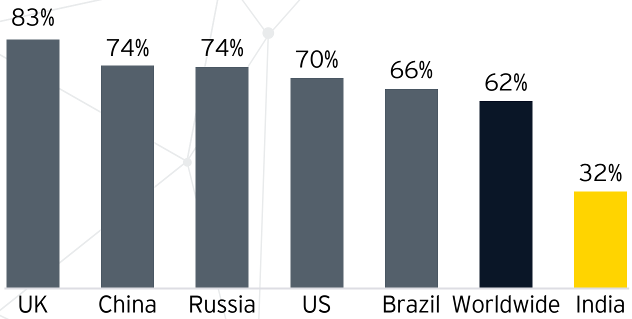
- The Digital News Publishers Association, a body comprising online news brands of legacy TV and newspaper companies, has requested the regulator to assist its members in growing sustainably
- It has requested that the scope and definition of social media intermediaries be widened to include all platforms which use news generated by others
- It believes there is a need for the inclusion of a bargaining mechanism, followed by arbitration and best efforts, to ensure buyers and sellers reach a negotiated value which is mutually determined
- It has also recommended that to manage the menace of fake news, intermediaries must be made accountable for all content on their platforms along with publishers

[24] ABP-EY online news consumption survey 2024
[25] Comscore
[26] Understanding India's digital news consumer - Kantar, Google 2023 Reuters
[27] digital news report 2023
[28] DNPA-EY report: "Monetizing online news", February 2024

## Social media

### I. Social media penetration was 32% in 2023

Social media penetration (% of population)




We are Social | Meltwater | Based on a survey of 16 to 64-year-old internet users.

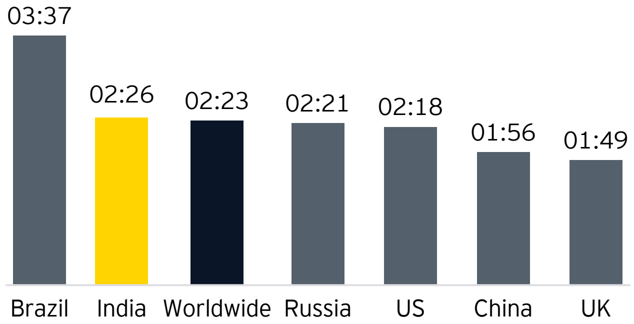
- Social media user base of Indians aged 16 years and above in 2023 marginally declined to 32%
- Though this is lower in percentage terms than many other countries, in absolute terms, India is the second largest market behind China by the number of users[29]

### II. Social media users grew to 482 million in 2023[30]

- 482 million Indians were active on social media as of September 2023, a growth of 12 million unique users from September 2022
- 78% of social media users accessed it on mobile exclusively, while another 15% used both mobile and desktop
- Most social media users subscribed to multiple platforms but did not use each platform daily, though 67.5% of India's total internet user base (regardless of age) used at least one social media platform in January 2023[31]

### III. Indians spent over two hours each day on social media

Hours and minutes per day spent on social media




We are Social | Meltwater | Based on a survey of 16 to 64-year-old internet users

- Indians spent a marginally higher quantum of time as compared to the world average, ahead of other large countries like China, US, etc.
- Time spent on social media apps was 520[32] billion minutes in 2023, or 50% of total time spent on the mobile phone. This included time spent on social networks, communication and micro-blogging

### IV. User-generated content continued to thrive

- UGC platforms in India prioritized live interactivity to attract new users and engage more with them
- In the live UGC segment, astrology and entertaining live conversations dominated in Tier 2+ cities, whereas metro city users preferred content related to lifestyle and live shopping[33]
- The localization of content on user-generated content apps in India was the driving force for increased engagement, user retention, and brand effectiveness
- For one Indian platform, over 60% of creators hailed from Tier 2+ cities. While metro cities contributed to most of the viewership, regional content dominated on the platform
- With over 200,000[34] full-time content creators who monetize their services, India's creator economy has matured, with brands leveraging user-generated content for marketing. Creators with more than 1 million followers earned anywhere between INR20,000 to INR250,000 per month[35]
- With creators using Shorts as another tool in their arsenal to express themselves, YouTube Shorts' average daily views grew by over 120%[36] year-on-year

[29] https://www.demandsage.com/social-media-users/
[30] Comscore Year in Review Report 2023
[31] https://datareportal.com/reports/digital-2023-india
[32] Data.ai
[33] Industry discussions
[34] Kalaari Capital primer
[35] Kalaari Capital primer
[36] https://www.exchange4media.com/digital-news/connected-tv-has-emerged-as-the-fastest-growing-screen-for-youtube-in-5-yrs-google-india-130076.html

# Monetization

## Digital advertising

### I. Digital ad spends grew 15% in 2023

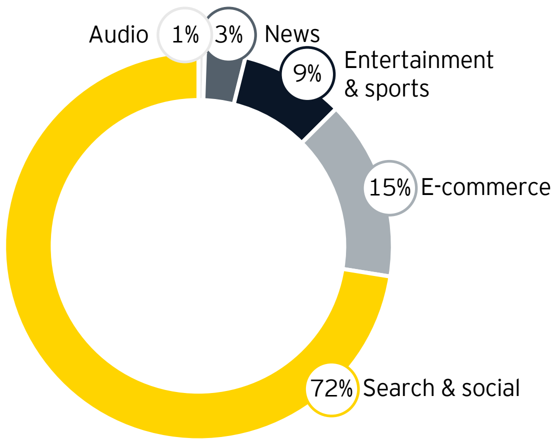
| | 2022 | 2023 | 2024E | 2026E |
|---|---|---|---|---|
| Large advertisers | 319 | 368 | 423 | 538 |
| SME and long tail | 180 | 208 | 239 | 304 |
| **Total** | **499** | **576** | **662** | **842** |

INR billion (gross of taxes) | EY estimates

- Digital advertising grew 15% to reach INR576 billion in 2023, as several categories increased the share of their ad spends on digital media
- Included in the above, between 800,000 and one million SME and long tail advertisers spent INR208 billion on digital media, primarily on performance advertising on Google, Meta, and e-commerce platforms
- Of the total, share of ad revenues generated by e-commerce platforms increased to over INR86 billion, crossing 15% of total digital advertising (14% in 2022)

### II. Search and social dominated 2023

Composition of digital ad revenues




EY estimates

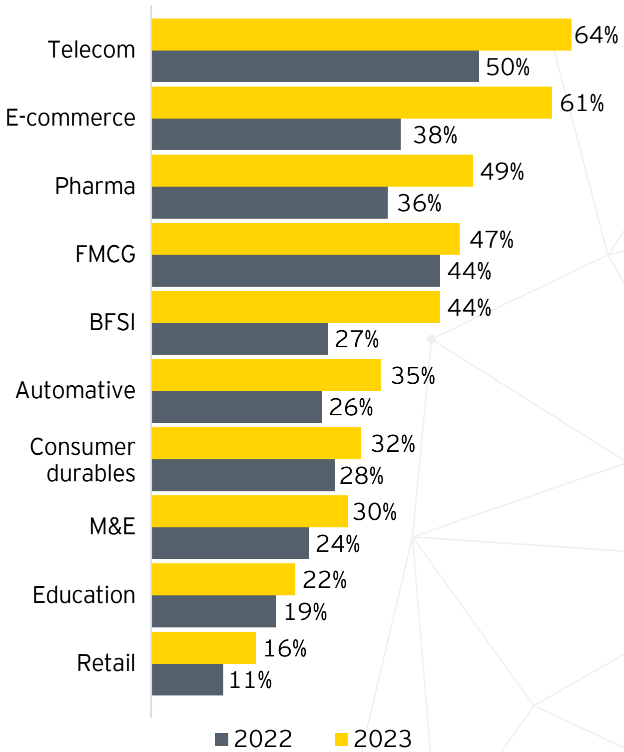
- Search and social media across different platforms continued to provide 72% of digital ad revenues
- E-commerce advertising crossed INR85 billion to garner 15% of total digital advertising as more brands used online channels like Amazon, Flipkart, Jio, Nykaa and Myntra etc., to drive sales, these platforms being seen as being closest to the point of purchase. D2C brands, which reduced spends on TV, continued to use e-commerce channels to promote their sales
- OTT platforms of broadcasters and news companies garnered 9% of digital ad revenues, led by JioCinema and Disney+Hotstar

### III. Small and medium enterprise (SME) advertiser base grew[37]

- We estimate that SME advertisers spent INR208 billion on digital media, predominantly on search, social and classifieds - on platforms like Google, Facebook, Flipkart, Amazon, Just Dial, etc.
- Large ad platforms claim that there are now between 800,000 and one million small and medium enterprises who advertise on them, to generate business in India and abroad, with spends as low as INR20,000 per year[38]
- SME spends are focused on performance advertising

### IV. Eight categories spent over 30% of their total ad spends on digital

Percentage of ad spends on digital by category

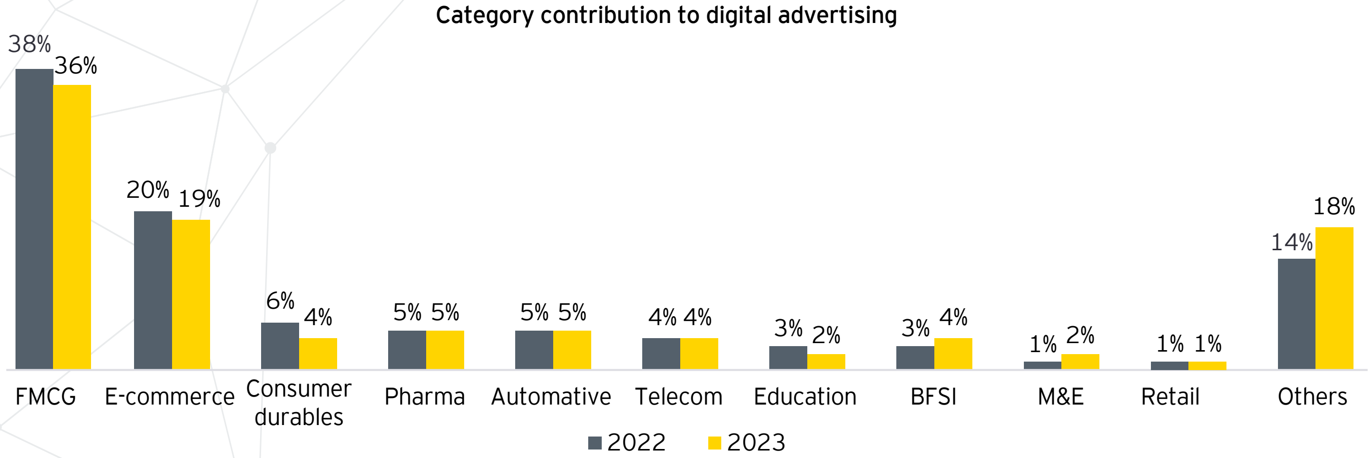



Dentsu Digital Advertising in India report 2023 and 2022

- Two categories spent over 50% of their total ad spends on digital, while another six categories spent over 30%
- All categories increased spends on digital media in 2023 as compared to 2022

[37]Industry discussions
[38]Industry discussions

## V. FMCG and e-commerce contributed 55% of total digital ad spend




Dentsu Digital Advertising in India report 2023 and 2022

- FMCG continues to be the leading contributor to the digital advertising pie, followed by e-commerce
- The top seven advertiser categories contributed three-fourths of the total digital ad spends

## VI. Various initiatives were made to increase rates

- Premium properties across sports, entertainment, and news were sold on an aggregate audience basis, like television ad sales
- Differential pricing was adopted for connected TV audiences
- Innovations like native, contextual and interactive ads were seen to increase
- Bundling of digital inventory with activations, interactive ads, click-to-buy options and other non-FCT elements was noted

## VII. Digital news publishers struggled with ad monetization[39]

- Content distribution of digital news from social media was affected by the shutdown of Insta articles feature by Meta, leading to a potential dip in approximately 50% online traffic to news publishers' platforms
- Frequent changes to algorithms used by large platforms resulted in news publishers generating lower ad CPMs, forcing them to rely more on direct deals

[39]Industry discussions

# Digital subscription

## I. In 2023, digital subscription grew 9%

| | 2022 | 2023 | 2024E | 2026E |
|---|---|---|---|---|
| Video | 68 | 73 | 82 | 103 |
| Audio | 2 | 3 | 4 | 6 |
| News | 1 | 2 | 3 | 4 |
| **Total** | **72** | **78** | **89** | **114** |

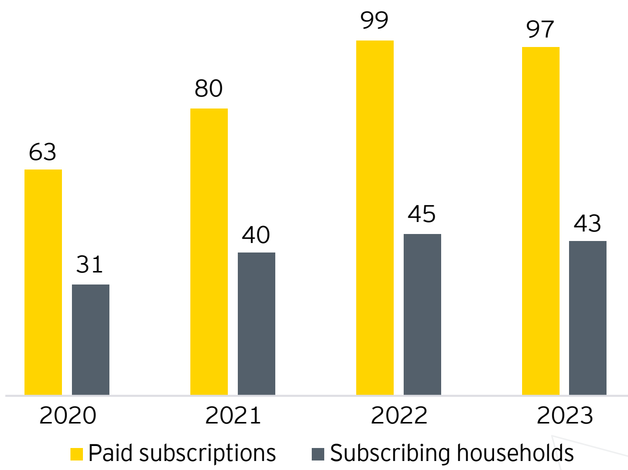
INR billion (gross of taxes) | EY estimates

- Video subscription revenues grew just 6% in 2023 to reach INR72.6 billion as premium cricket properties were moved in front of paywalls, reducing the number of paid subscriptions of Disney+Hotstar by approximately 19 million[40]
- Consequently, despite growth in paid subscribers across other OTT platforms, paid video subscriptions reduced by two million in 2023 to 97 million, across 43 million households in India
- Audio subscription grew 55% in 2023 as paying consumers reached around 7.5 million on the back of significant industry efforts in that direction
- News subscription reached INR2 billion primarily driven by premium and exclusive content
- The percentage of paying subscribers to total OTT consumers remained less than 15% and 5% for video and audio, respectively
- We expect digital subscriptions to grow at a CAGR of 13% till 2026

## II. Online video grew marginally

*43 million households paid for 97 million video OTT subscriptions*

**Subscriptions and subscribing households (in millions)**




EY estimates

- Once premium cricket properties were moved in front of paywalls, the number of paid subscriptions for Disney+Hotstar fell by approximately 19 million[41]
- Paid OTT audience could be estimated at between 86 and 108 million individuals[42], lower than our 2022 estimates due to the fall in paid subscribers and a crackdown on password sharing by certain platforms

*OTT aggregation services expanded*

- Rising subscription fatigue to multiple platforms has created a space for OTT aggregators, allowing users to discover and view streaming content from multiple OTT apps in one place
- Players in this space include Amazon Prime Video Channels, Tata Play Binge, OTTplay, Times Group, and Airtel Xstream
- These platforms offer distribution scale to smaller OTT apps focusing on regional or international content, and who are looking to create visibility and build reach in the country

[40]Company quarterly earnings reports
[41]Company quarterly earnings reports
[42]EY estimates based on industry discussions

### III. Audio subscription reached INR3.4 billion[43]

- The number of monthly music streamers has marginally decreased to 185 million in 2023, compared to around 200 million in 2022[44]
- Just 4% of streamers paid for a subscription, on the back of certain platforms transitioning to paid models, while others reduced features in their free offerings to persuade users to subscribe
- However, due to the prevalence of several free options across all large streaming platforms, all music available on YouTube, and the prevalence of FM radio in cars and on mobile phones, conversion to paid subscribers is expected to be an uphill task
- Consequently, the low profitability of audio streaming platforms remains a concern and could result in consolidation or platform shut downs in the medium term

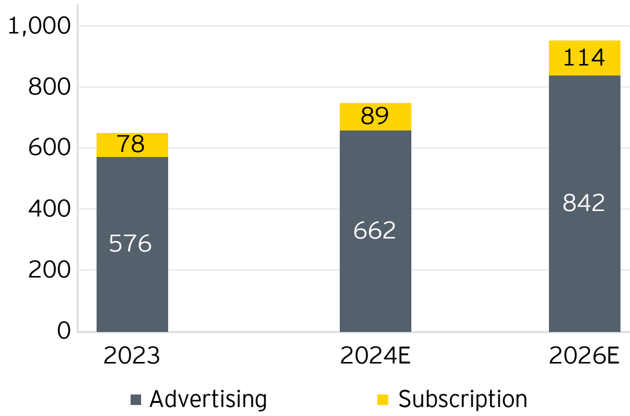
### IV. News subscription reached INR2 billion[45]

- With the abundance of free news available online and through aggregators, news subscription was primarily driven by exclusive and premium content
- We estimate around 1.7 million paid subscriptions were sold in 2023 across all news platforms
- Some strategies included:
  - Focusing on building peripheral revenue areas like paid digital courses and events around areas of interest of the news audience
  - Building additional pricing layers for value-added interactive services and newer formats of news reporting with paid access like audio podcasts, AR/VR news
  - Bundling of news subscription services with other non-news value-added services like OTT subscriptions
  - International expansion targeting diaspora with curated content

# Future outlook

## Digital segment is expected to grow to INR955 billion by 2026

Digital segment revenue projections




INR billion (gross of taxes) | EY estimates

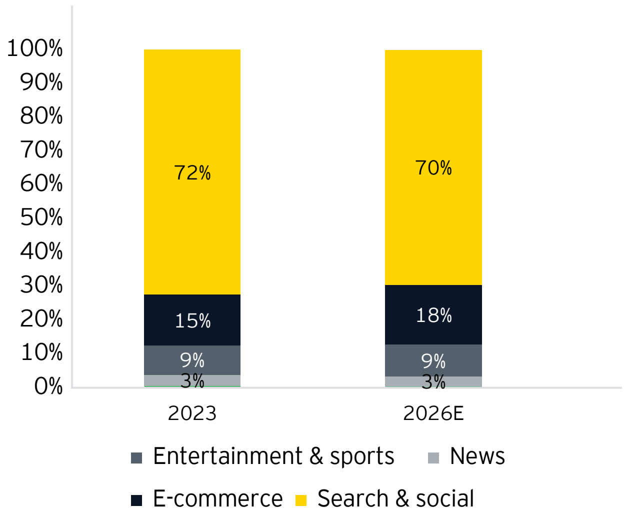
- We estimate that the digital segment will grow to INR955 billion by 2026, at a 13.5% CAGR, reflecting the changing consumption patterns being witnessed due to growth in connected televisions, mobile phones and broadband connectivity
- As the second largest segment in 2023, it continues to reduce the gap with television, and we expect it to become the largest segment in 2024

[43] EY estimates
[44] Industry discussions; Comscore; EY analysis
[45] EY Estimates

# Digital advertising

## I. Digital advertising will grow at a steady pace

Composition of ad revenues




EY estimates

- Digital advertising will grow at a CAGR of 13.5% till 2026 to reach INR842 billion. Its share will increase from 51% of total advertising in 2023 to 54% by 2024, and further to 57% by 2026
- SME and long-tail advertising, included in the above, will grow from INR208 billion in 2023 to INR304 billion by 2026 on the back of growth in the SME advertiser base to approximately 1.15 million, proliferation of ONDC across categories, access to national and global markets, etc.,[46] which will also result in e-commerce advertising reaching INR150 billion by 2026
- Given the rising prices of digital rights for sports, movies and premium content, entertainment and sports advertising will grow at a CAGR of 17% to reach INR80 billion by 2026, as they focus on format innovations and premiumization of inventory (CTV vs. mobile, 4K vs. SD, etc.)
- News OTT and music ad revenues will continue to struggle unless loyal, app-based audiences are built
- AVOD models will evolve to include increased advertiser funded content, since connecting with premium ad avoiding SVOD audiences will become increasingly difficult

## II. Navigating a cookie-less world will need a comprehensive data strategy

- In a world without cookies, OTT platforms' viewer data and their content consumption preferences, interests and purchase choices can be a powerful input for marketers
- To build first party data, we expect a higher focus on registrations, contests, and interactivity
- While clearly first party data will be critical for advertisers, we can expect to see more powerful and value accretive data integrations across OTT and e-commerce platforms
- All of which will also require targeted ad serving technology

## III. There will be an increased focus on governance

- As available ad inventory continues to grow, programmatic advertising will increase its share, but with controls around brand safe environments
- More advertisers will implement ad fraud management solutions to validate ad spend efficiency as digital becomes a larger portion of their media mix
- The CPT will emerge as the common metric for cross media measurement and the M&E sector will need to develop models to measure it

## IV. Influencer marketing will grow at an 18% CAGR[47]

- India's influencer marketing industry will grow from INR19 billion in 2023 to INR34 billion by 2026
- While Instagram and YouTube are the platforms of choice, smaller platforms will also be used for niche audiences
- The remuneration mechanism will evolve, and move to a more performance-based model for smaller influencers
- We expect a majority of large brands to use influencers by 2026

[46]EY estimates
[47]EY survey of marketers and influencers 2024

## Digital subscription

### I. Subscription growth will be impacted by FAST models

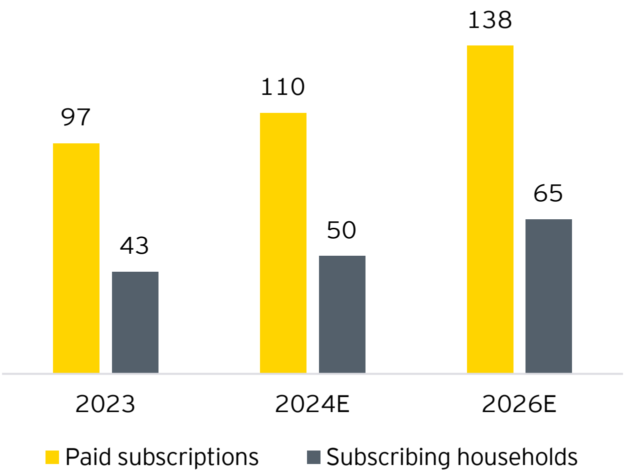
| | 2023 | 2024E | 2026E |
|---|---|---|---|
| Video | 73 | 82 | 103 |
| Audio | 3 | 4 | 6 |
| News | 2 | 3 | 4 |
| **Total** | **78** | **89** | **114** |

EY estimates | Assumes no significant changes in content or data prices

- Video will remain the dominant subscription generating medium, garnering 90% of all subscription revenues, despite FAST models seeming to be the focus for large platforms in the near term
- We expect SVOD to reach INR114 billion by 2026, growing at a CAGR of 13%

### II. Video OTT will reach 65 million households by 2026

Subscriptions and subscribing households




EY estimates | Assumes no significant changes to data prices

- Video OTT is expected to grow from 43 million households in 2023 to 65 million in 2026, with 138 million subscriptions, averaging approximately 2 subscriptions per household
- Ad-supported OTT models cannot be sustained due to the high cost of premium content. Further, the massive unsold inventories that get created around premium content prohibit growth in effective ad rates. This will drive more platforms to roll-out subscription products, or subsidize costs through bundling with data, e-commerce, etc.
- In the event large platforms launch more affordable packages (at around INR1 per day, for example) or aggregators bring the bundled price down to INR2,500 or so per year, which is comparable to TV, we estimate that the number of households paying for one or more SVOD service can reach 100 million by 2026
- Bundling of various OTT platforms by ISPs and telcos will gain scale. They will in effect play the role that DPOs played in the television sector, but the customer will need to be provided with the choice of choosing different OTT platforms to bundle

### III. Audio subscriptions will double by 2026

- The continued focus of audio streaming platforms on converting free to paid consumers is expected to grow the subscriber base from around 7.5 million in 2023 to 15 million in 2026, though we expect ARPUs to reduce to around INR1 per day on an average by then
- However, so long as free options are available, such as FM radio and YouTube, it will be difficult for streaming platforms to grow paying subscribers to a substantial base

### IV. News subscription will continue to search for scale

- News OTT will double between now and 2026, driven by exclusive content and premium CTV formats; yet it would remain a marginal revenue source for most legacy news companies
- Newspaper digital products will increasingly go behind paywalls for exclusive content, custom knowledge, and passion content, and we expect news and related products to generate subscription revenues of INR3.9 billion by 2026, which could increase to over INR7 billion through intelligent bundling[48]

### V. TVOD remains an untapped opportunity

- We believe TVOD services will gain scale to bring in audiences from a trial perspective, starting with sports, events and movies, and will be especially important for the next 100 million smartphone consumers
- TVOD opportunities will develop across telcos, CTV platforms, play stores and all platforms with aggregated audiences like social media, ticketing platforms, D2C platforms of brands, as these platforms take away the customer acquisition costs for content owners
- We estimate TVOD be INR5 billion today, which could grow to over INR10 billion by 2026[49]

[48] EY estimates
[49] EY estimates

## Content

### I. OTT content will break language barriers

- The share of vernacular content will increase to 55% of total content produced as regional OTTs flourish and achieve scale on the back of dubbing and subtitling. This could also lead to increased costs for regional content production

### II. The content mix will change

- As production costs keep increasing, we expect to see the content mix get skewed towards tentpole properties and low-cost productions (at a TV-cost-plus-20% rate), the former to attract subscribers and the latter to keep them engaged once on the platform without incurring too much cost
- We can also expect to see more IP co-ownership and sharing deals

### III. Content efficiency will be monitored

- Content efficiency will be crucial in terms of cross-language and cross-geography reach, as well as the objectives it will accomplish for the platform. The focus will move to metrics like new subscriptions sold and renewed, ad revenues, growth in time spent, etc. and move away from vanity metrics like MAUs and reach
- We may also see the birth of a new window where ageing OTT content gets syndicated to television. This will also act as a trial inducement for television and AVOD consumers

### IV. News OTTs will focus on quality audiences

- News platforms will need to aggregate sticky and loyal customers, and thereby build first party data, for which they will need to drive more user registration and build app audiences as compared to transient web audiences
- Consequently, we can expect to see a string of common-interest communities come into existence, with increased content than just news, and transaction-led monetization capabilities
- Custom recommendation-based connected TV products to serve top-end audiences will come into being, both ad supported and subscription-based, across areas of interest

# #Reinventing digital media

## Digital advertising

- Enable funding for SME and long-tail advertisers, recover ad amounts from sales values and create an ONDC strategy
- Build premium inventory formats to cater to increasing affluent audiences
- Sell news and reality shows on a combined [linear + connected TV] audience base; this will also help online news publishers increase their ad yields, particularly regional publishers where CPMs are 30-50% those of English viewers
- Implement custom and interactive ad creatives at scale to increase engagement and improve advertiser ROI
- Build brand safe programmatic capabilities, with frequency caps

## Subscription

- Offer content bundles across devices, CTV operating systems, ISPs, telcos and even other D2C products and services
- Permit customizable packages across various price points and for different geographic preferences
- Take advantage of Indians' high ad tolerance and launch OTT packages with tiered pricing
- News publishers can launch an "India news" app, where content of all news publisher members will be available, and monetization performed independently, to save on customer acquisition cost and create a credible alternative to internet news platforms and social media news
- Create [TV + OTT] bundles to continue to engage with fans and consumers across different media and times of day

## Customer experience

- Propagate unified search on CTV and mobile
- Design custom CTV products across news, music videos, business, etc.
- Build communities around niches of affluent audiences and monetize them across ad, subscription and transactions
- Implement credibility scores around content to prevent deepfakes, unauthorized edits, and evangelize trust in branded news
- Use technology to create custom news, current affairs, interest-based content and trivia for audio and radio audiences

## Reach and consumption

- Partner for the launch of a genuine low-cost 4G smartphone + data + content offering
- LCOs can build out broadband networks, if provided capex funding/ bridge financing
- Facilitate a self-serve syndication platform for LCOs and ISPs to bundle content with broadband for their customers
- Create content for kids and youth, currently on YouTube and social media, to attract them to ad-supported OTT offerings
- Create custom low-cost content for Tier-II and III markets, to attract the next 100 million households to OTT
- Roll-out digital terrestrial networks for video and audio to enable viewership of large sporting events as well as enable a larger number of radio products in each city

## Content efficiency

- Commission TV-content cost-plus models for digital, with longer seasons to build sticky audiences at lower acquisition outlays
- Syndicate older OTT content to TV, perhaps even free TV
- Consolidate regional OTT platforms to achieve scale as regards advertising and manage costs pertaining to customer acquisition, technology, serving and content production
- News publishers can build experts across various fields, creating "news-fluencers" who create communities and curate opinion

## Build new-age heroes

- Create a string of influencers to enable brand partnerships, with ads that look and feel like content
- New-age areas like education, health and well-being, legal, and cooking will come to the fore to build audiences at scale
- Integrate influencers with premium content to reduce marketing costs and cross-pollinate fan bases

## Leverage technology investments

- Indian digital companies have set the trends across large scale event viewing, multi-lingual products, low-bandwidth content distribution and ad-supported streaming
- As the world follows India across many of these trends, it provides an opportunity for Indian companies to build-out white-labelled service offerings to many countries, developed and developing

## TVOD

- Platforms with massive reach like Reels, WhatsApp, and YouTube will build out TVOD services since their customer acquisition cost is negligible
- The TVOD opportunity can exist at both the content and the service level
- TVOD is a well understood concept by Indians, and can provide the platforms with the opportunity to provide custom offers, and also build the data required to target consumers for SVOD services
- Build AI-based image recognition tools to enable e-commerce from any video feed viz, any clothing item or accessory from a film can be searched for online and purchased from the online store
- Enable tipping and gifting for live interactions

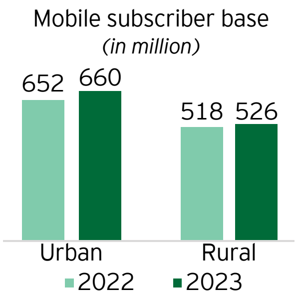
## Embrace the Bharat story

- Digital ad rates for regional language audiences lag behind English audiences, though their spending power may not be different
- Build out Better UI/ UX and content to incentivize these audiences to spend more engaged time online, and evangelize the Bharat story to advertisers, as the next round of consumption growth will come from these markets
- Provide tools to advertisers to focus on profitability rather than pre-conceived audience segments, such as CDPs, contextual targeting, creative manipulation, etc

## Trends
# Digital infrastructure

**Telecom subscriptions** increased by 1% to reach 1.18 billion in 2023

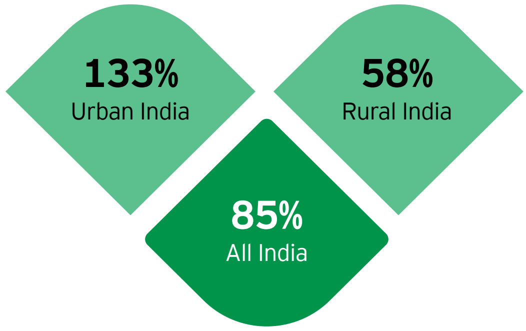
Urban and rural subscribers marginally increased by 1% and 2%, respectively in 2023




| | 2022 | 2023 |
|---|---|---|
| Wireless | 1,143 | 1,154 |
| Wireline | 27 | 32 |
| **Total** | **1,170** | **1,186** |

Press Release No.01/2024 (as on 30 Nov 2023) & No.13/2023 (as on 31 Dec 2022)

**Teledensity** is heavily skewed towards urban markets




Press Release No.01/2024 (as on 30 Nov 2023)

**Internet penetration** grew by 3%

96% of subscriptions were broadband

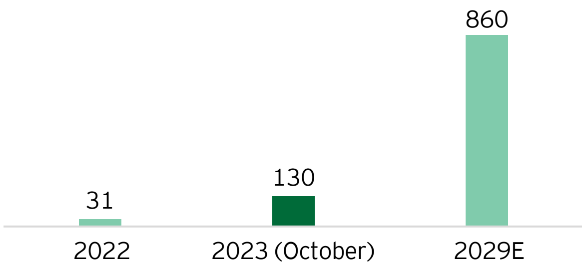
| Internet subscriptions | Dec 2020 | Dec 2021 | Dec 2022 | Jun 2023 |
|---|---|---|---|---|
| Total *(a+b)* | 795 | 829 | 866 | 895 |
| Narrow band *(a)* | 48 | 37 | 34 | 34 |
| Broadband *(b)* | 747 | 792 | 832 | 861 |
| Urban *(a)* | 482 | 496 | 516 | 530 |
| Rural *(b)* | 313 | 333 | 350 | 365 |

The Indian Telecom Services Performance Indicators Apr-June 2023, The Indian Telecom Services Performance Indicators October-December 2022, The Indian Telecom Services Performance Indicators October-December 2021, The Indian Telecom Services Performance Indicators October-December 2020.

**85%**

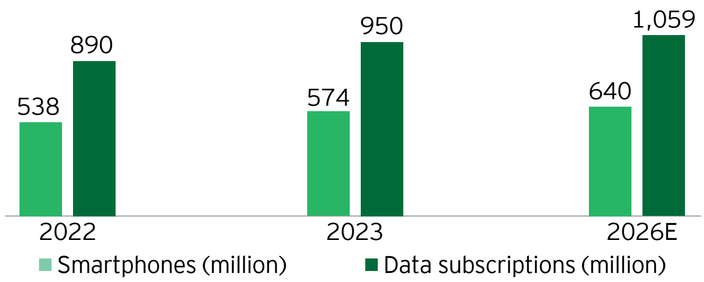
of subscriptions were 4G or 5G

5G connections crossed 100 million in 2023




Source: Ericsson Mobility Report, November 2023 and 2022

Smartphone users had 950 million **data subscriptions** in 2023, up from 890 million in 2022



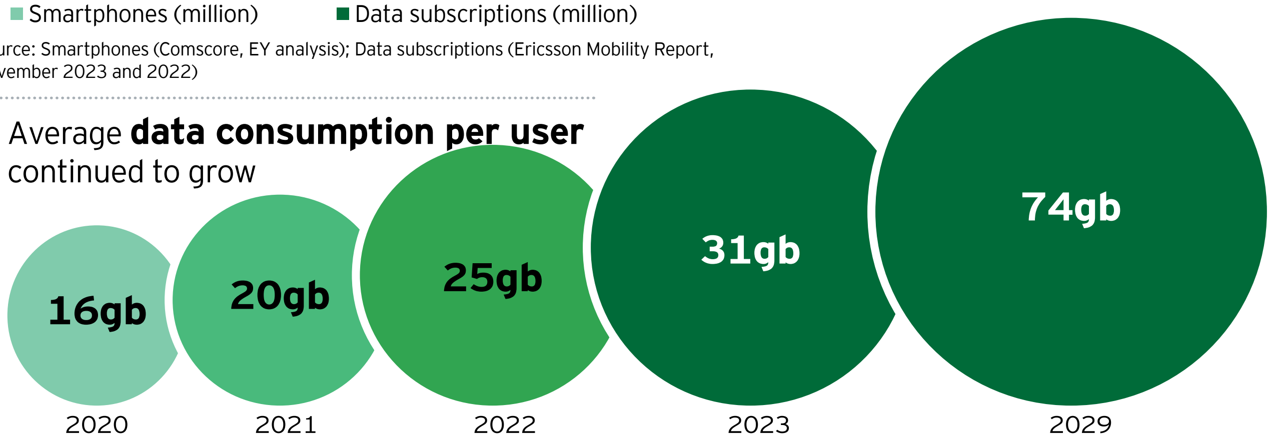

Source: Smartphones (Comscore, EY analysis); Data subscriptions (Ericsson Mobility Report, November 2023 and 2022)

**4.77 hrs a day**

Indians spent 4.77 hours a day on their phones, up 2% over 2022, 5% over 2021, and 9% over 2020

Source: Data.ai

Average **data consumption per user** continued to grow




Source: Ericsson Mobility Report, November 2023, 2022, 2021

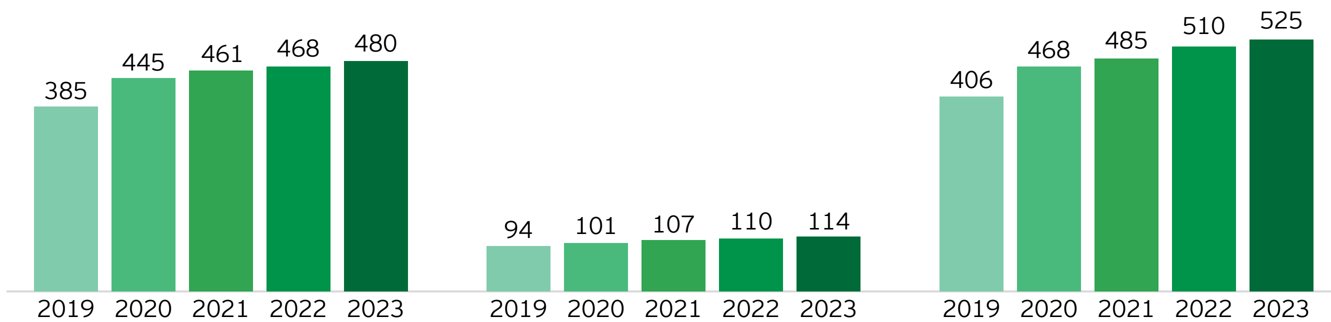
Trends

# Digital reach

*Powered by* comscore

## The total **online audience** reached 525 million in 2023

India digital users (million)




**Smartphone users**
*Source: Mobile Metrix, Smartphones Only, Dec 2019 - Dec 2023, India*

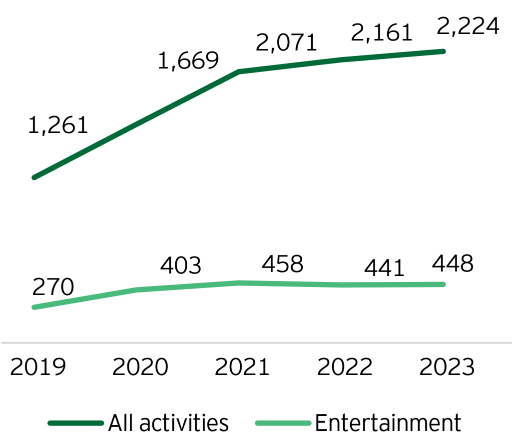
**Desktop/ laptop/ CTV users**
*Source: MMX Desktop, Dec 2019 - Dec 2023, India*

**Total online audience**
*Source: MMX Multi-Platform, Dec 2019 - Dec 2023, India*

*Smartphone users are de-duplicated unique visitors on Android & iOS smartphones and tablets. Total online audience is de-duplicated reach on Desktop & Mobile.*

## **Time spent** online continued to grow

Total minutes (billion)



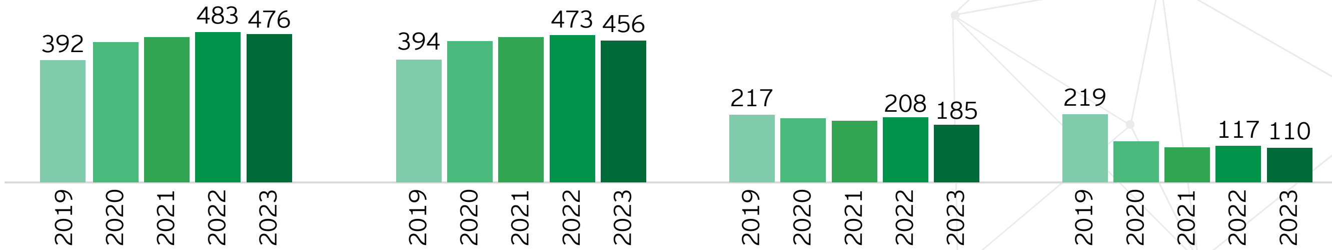

*Source: MMX Multi-Platform, Entertainment Category, Dec 2019 - Dec 2023, India*

| Top platforms | 2022 | | 2023 | |
|---|---|---|---|---|
| | Total unique visitors/ viewers *(in million)* | Total minutes *(million)* | Total unique visitors/ viewers *(in million)* | Total minutes *(million)* |
| Google sites | 493 | 608,090 | 502 | 627,309 |
| Facebook | 465 | 516,012 | 464 | 531,711 |
| Amazon sites | 358 | 20,322 | 347 | 16,961 |
| Flipkart sites | 294 | 18,226 | 285 | 14,651 |
| Paytm.com | 260 | 13,216 | 259 | 10,966 |
| Reliance Jio Digital Services | 234 | 11,992 | 239 | 10,771 |
| Telegram.org | 217 | 22,786 | 238 | 28,457 |
| Times Internet Limited | 310 | 30,367 | 228 | 19,072 |
| Truecaller.com | 239 | 51,605 | 227 | 53,029 |
| Microsoft sites | Not in the top 10 in 2022 | | 223 | 17,209 |

*Source: MMX Multi-Platform, Dec 2022 - Dec 2023, India*

## The reach of **online entertainment** dipped as users spent more time on other genres

Reach (deduplicated, in million)




**Online entertainment consumers** **Online news consumers** **Online music consumers** **Online gamers**

*Source: MMX Multi-Platform, Dec 2019 - Dec 2023, India*

*De-duplicated reach on Desktop/PC/Laptop & Mobile. Entertainment includes video and music.*

*All data has been provided by Comscore and has not been verified by EY. It has been provided in summary form for representation purposes only.*

Media & entertainment

## Trends

# The Indian app story

*Powered by* data.ai

**26.4** billion new app downloads in 2023 -8% compared to 2022

**US$600 million** App store spend +30% compared to 2022

**4.77 hours** Daily time spent per user +2% compared to 2022

Indian MAUs on communication apps **grew by 55% in 2023 compared to 2020**

Mobile game spends grew **100%** in 2023 compared to 2022

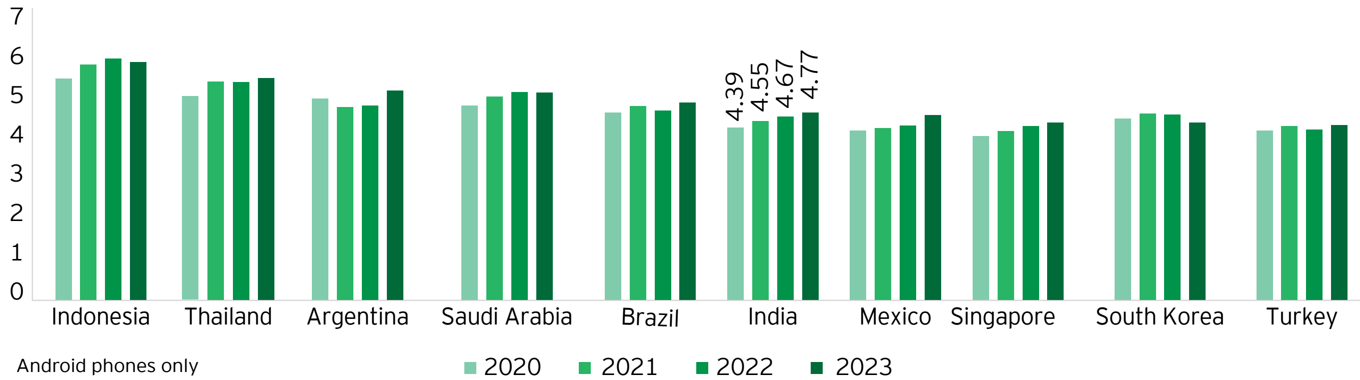
Indians spent **73% more hours on shopping apps** in 2023 compared to 2020

Indian MAUs on social media apps **grew by 31% in 2023** compared to 2020

## Indians spent an average of 4.77 hours per day on their mobile phones

As compared to an average of 5+ hours in the top 10 mobile-first markets

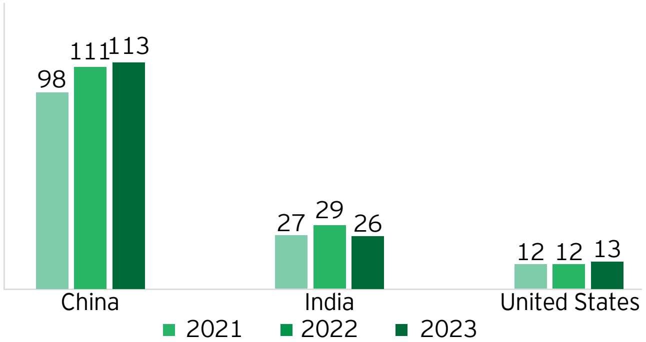
Average daily hours spent on mobile per user




Android phones only

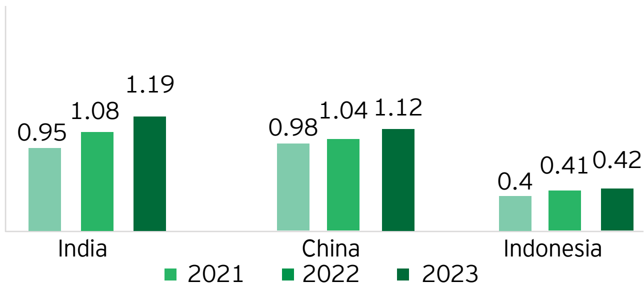
India had the 2nd highest number of **app downloads** in the world...

App downloads (billions)




...and Indians spent the most amount **of time on their phones** in 2023...

Hours (trillion hours)

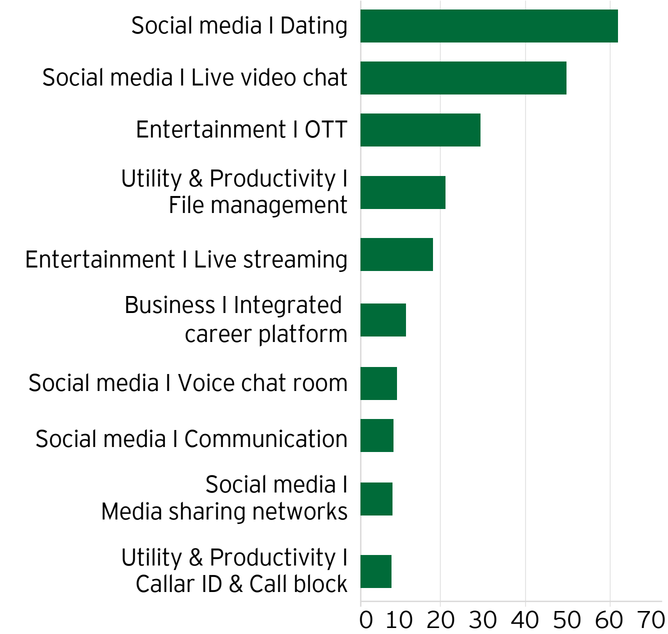



...but ranked 25th in term of **mobile spend**

Downloads across iOS, Google Play and third-party Android in China combined; Time spent is Android phones only; Spend is gross – inclusive of any percent taken by the app stores

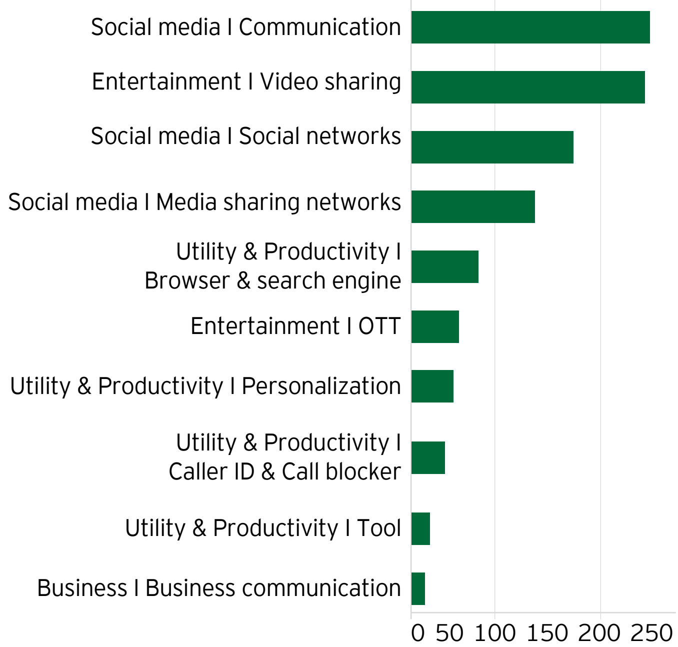
Note: All data has been provided by data.ai and is based on their research. It has not been validated by EY, and presented in summary form for representation purposes only

## Dating, social media and entertainment were the top **consumer spend** (US$ million) categories in 2023




Spend is gross – inclusive of any percent taken by the app stores; Based on App IQ primary categorization as of Jan 4, 2024

## Indians continued to spend most time (hours in billion) on **social media** apps




Among non-gaming apps; Time spent is Android phones only; Based on App IQ primary categorization as of Jan 4, 2024

## **Instagram** was the most used app by younger audiences, while older ones preferred WhatsApp and Facebook

**Top apps by MAU by likelihood of use**

| Rank | 18-24 | 25+ |
|---|---|---|
| 1 | Instagram | WhatsApp Messenger |
| 2 | PhonePe | Facebook |
| 3 | Flipkart | Truecaller |
| 4 | Telegram | Amazon |
| 5 | MyJio | Facebook Messenger |

## Indian **men and women** show distinct preferences for the apps they use

**Top Apps by MAU by likelihood of use**

| Rank | Male | Female |
|---|---|---|
| 1 | Facebook | WhatsApp Messenger |
| 2 | Instagram | Snapchat |
| 3 | Truecaller | Meesho |
| 4 | PhonePe | Myntra |
| 5 | Flipkart | ShareChat |

2023, Android Phone. Average of Demographic Index : measure of demographic cohort compared to the overall population) among top 20 apps by average MAU per Genre. Gender represented as Male and Female only and is not representative of all gender identities

## **Most searched apps** on iOS app store in 2023 in India

| OTT | Short video | Dating | Sports TV |
|---|---|---|---|
| Netflix | Moj | Tinder | Fancode |
| Hotstar | Tiki | Bumble | ESPN |
| Jio Cinema | Josh | Hinge | Sports |
| MX Player | Public App | Grindr | DAZN |
| Voot | MX Takatak | Grindr LLC | Bein Sports |
| Sony Liv App | Chingari | Grinder | PSG |
| Zee5 | Tick-Tock | Happn | Fan Code |
| Prime Video | Taka Tak | Jeevansathi.com | FC |
| Amazon Prime Video | Local App | Dating apps India | Cricket Mazza |
| Disney Hostart | Public | Gleeden | Bein |

On iPhones; ranked by average Search Volume by keyword

## **Meta** had the top 3 apps in India by usage, but consumer spend was driven by other apps

| Rank | By consumer spend | By monthly active users | Rank | By consumer spend | By monthly active users |
|---|---|---|---|---|---|
| 1 | Chamet | WhatsApp Messenger | 6 | Hotstar | Amazon |
| | | | 7 | Tinder | Flipkart |
| 2 | Bumble App | Facebook | 8 | Truecaller | Facebook Messenger |
| 3 | Google One | Instagram | | | |
| 4 | LinkedIn | Truecaller | 9 | YouTube | PayTm |
| 5 | Tango Live | PhonePe | 10 | Instagram | Telegram |

Consumer spend and MAU based on combined iOS App Store and Google Play; Excluding pre-installed Apps. Market-level rankings. App Genres are classified using data.ai's App IQ taxonomy.as of Jan 4, 2024.

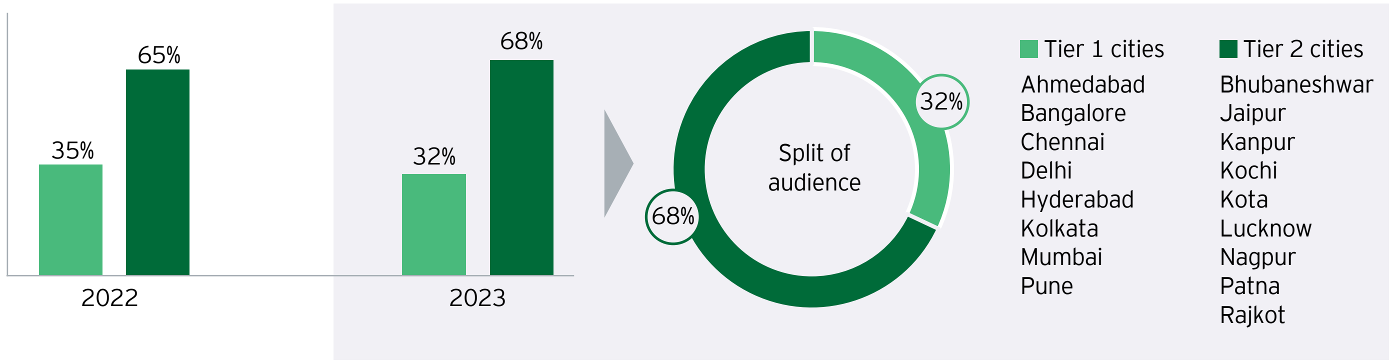
## Trends

# Short video

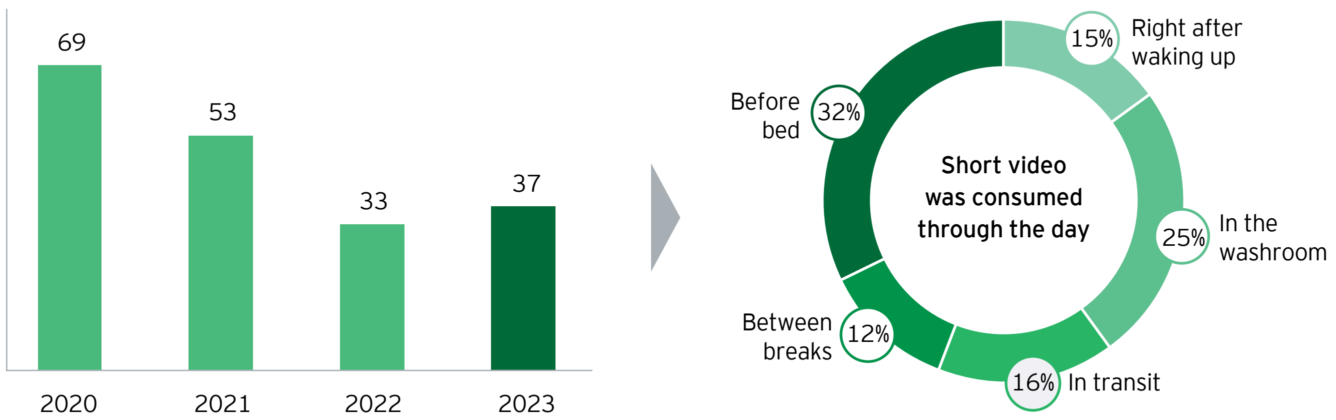
*Powered by VerSe Innovation*

### The **popularity** of short video is 2x higher in tier 2 cities

Audience composition




### **Average minutes/ user** per day on short video increased in 2023




*Source- Josh internal*

## 60%

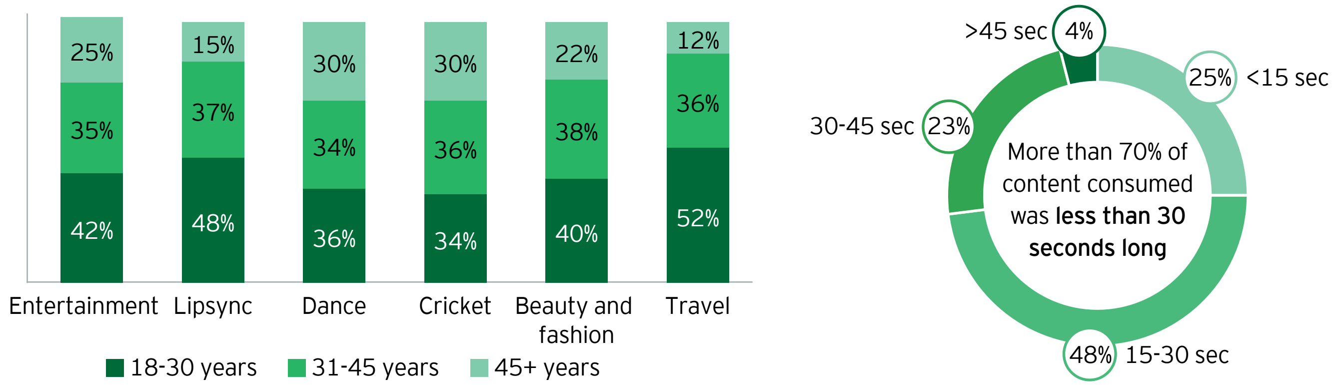
of short format video consumers in India take their phones to the washroom

## 150 videos

Consumed on average by GenZ in an hour

### Travel and entertainment are the **most preferred categories** by youth

Popular genres vs age wise consumption




*Source- Josh internal*

*Source- Josh internal*

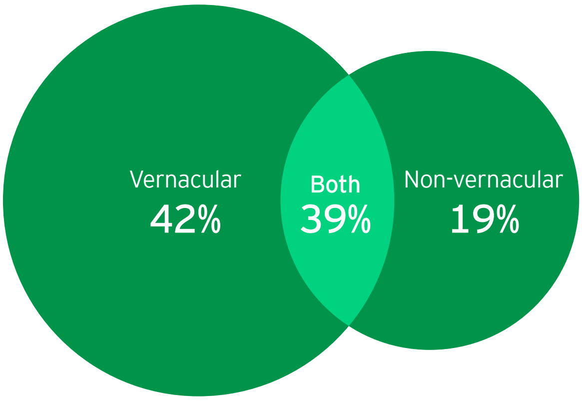
*The data has been compiled by VerSe Innovation from various sources including RedSeer, Google Kantar, internal data and other reports. It has not been independently verified by EY. It has been consolidated and averaged for presentation purposes.*

## Trends

# Online news aggregation

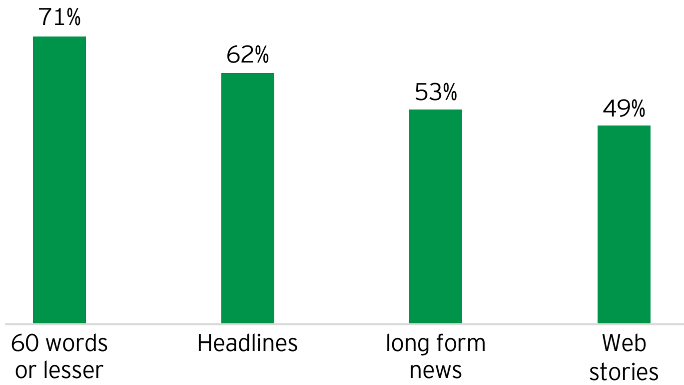
*Powered by DailyHunt*

81% of online news was consumed in **vernacular languages** in 2023




Source: internal Dailyhunt

Consumers preferred consuming **short-form/ quick to read** content




Source: Google Kantar

## Genres preferences change with **age**

Though headlines were the most consumed, and business was the least consumed across all ages on news aggregator apps

| | Categories | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Audiences | Entertainment | Crime and law | Nation/ state/ city headlines | Education | Sports | Political | Climate | Business |
| Gen Z | ↑ 76% | 67% | ↑ 72% | 68% | 66% | ↓ 48% | 58% | ↓ 34% |
| Millennial | ↑ 74% | 71% | ↑ 76% | 49% | 59% | 65% | ↓ 43% | ↓ 43% |
| GenX and Boomers | 68% | ↑ 76% | ↑ 75% | ↓ 41% | 52% | 59% | ↓ 42% | ↓ 29% |

**Most read news categories in India on aggregator apps**

**47%**

of online vernacular news consumers **discover** it via aggregator apps or news publishers' website

**70%**

of online news consumers consume news related to their **neighborhood/ locality**

**>1**

Online news consumers have more than one news application on their devices and like to read **multiple POVs** on the same issue

*The data has been compiled by VerSe Innovation from various sources including Google Kantar and internal data. It has not been independently verified by EY. It has been consolidated and averaged for presentation purposes.*

# Expert speak

**Kiran Mani**
*JioCinema*

*The last decade was one of exponential digital growth in India, which fundamentally shifted media consumption habits in terms of devices, content types and creators. The underlying shifts in technology, nationwide accessibility and consumption are ushering in a new era of media transformation that should excite all of us.*

**Monika Shergill**
*Netflix India*

*Streaming is fast becoming the universal medium of storytelling. 2023 proved that audiences value fresh, original stories from world-class voices. Prioritizing the consumer experience is key to sustainable growth. We're in the midst of a transformation as a global industry, and innovative, quality storytelling sits squarely at the heart of it.*

**Gaurav Gandhi**
*Prime Video*

*Video streaming is revolutionizing the Indian M&E sector - with world class storytelling, enhancing choice for customers and providing unprecedented reach for Indian content. Powered by this tailwind, I am confident that Indian stories and storytellers will take centerstage globally.*

**Sajith Sivanandan**
*Disney+ Hotstar*

*In 2024, with India's digital content consumption booming thanks to internet access and affordable smartphones, AI and immersive technologies will usher in a new era of storytelling, with Bharat driving the industry's next growth phase.*

**Danish Khan**
*Sony LIV and Studio Next*

*The lever for the growth of OTT in India will not be sports and lower pricing but the penetration of connected TV, habit-forming relevant content and content for young adults.*

**Amit Goenka**
*ZEE5*

*Sharper investments in adopting new technologies and driving synergies between data and content, will herald an era of more immersive experiences across platforms. This evolution will create a playground for segments like online gaming, esports, and short form content to thrive, enabling newer opportunities for the digital ecosystem.*

**Rohit Jain**
*Lionsgate Play Asia*

*In the coming years, the streaming industry will be shaped by consolidation for scale and efficiency. Yet at same time, organic growth is likely to stem from the experimentation with newer models of AVOD to broaden the top funnel. Aggregation could emerge as the trojan horse of growth in reaching the next 100 million users.*

**Sandhya Devanathan**
*Meta India*

*AI, short video, business messaging and immersive tech have fundamentally transformed the future of how studio led movies, OTT content and linear TV are marketed and consumed in India. The power of these tech solutions can make a material contribution to the industry's growth.*

**Satya Raghavan**
*YouTube*

*2024 is the year AdEx will pivot to becoming a strategic enabler of business and top line growth for advertisers. Brand-formance, Generative AI and Micro-market targeting are the trends to focus on.*

**Neeraj Roy**
*Hungama*

*Whilst consolidation seems to be the theme within M&E in India, to thrive for the next decade with a renewed focus on advertising, we need to reinforce subscriptions and indeed explore other revenue models as Gen AI will lead to abundance in short video and hence dent monetization in the medium term.*

**Amarjit Batra**
*Spotify*

*External factors such as the ease of paying with UPI, awareness around subscriptions, and the inclination to pay for experiences will contribute to the growth of paid music streaming. In addition, the rise of Indian pop stars with strong fan communities that are seeking ways to seamlessly connect to their favourite artists, will also boost this growth.*

**Bharat Gupta**
*Jagran New Media*

*India's youth are embracing technological advancements, disrupting the publishing industry. Projected for a $5.2 trillion economy with a low ad-to-GDP ratio, digital advertising is expected to reach 80K crores. Collaborative efforts towards youth inclusion, audience science, and disruptive technologies will shape M&E's future.*

**Pawan Aggarwal**
*db.com*

*Media today no longer conforms to a type as audiences demand content that is consistent across platforms and personalized. Even traditional media like radio are using streaming, podcasts, etc. to innovate and engage audiences globally. Digital media is further adding to how we connect, engage, and inspire audiences worldwide.*

**Deepit Purkayastha**
*InShorts*

*Social first news brands have blurred the fine line between news and content. AI further increases the risk of misinformation spreading on social media posing itself as news. Digital first news brands hence need to work on trust and transparency to create the next wave of growth. The serious news consumer will reward those who do.*

**Umang Bedi**
*VerSe Innovation Private Limited*

*As short-video content continues to gain popularity, tier II cities have emerged as trend setters. In 2024, short-video content is expected to expand its reach, becoming highly personalized, with technology playing a pivotal role in elevating user engagement and satisfaction.*

**Vishnu Mohta**
*SVF (HoiChoi)*

*The year ahead looks exciting with widespread UPI AutoPay adoption, enabling seamless recurring payments for a majority of transactions in India.*

**Ajit Thakur**
*Arha Media*

*The big challenge ahead for regional OTTs is finding a road to sustainable profitability. This will not be easy but I believe in the "power of local". Hybrid revenue models, smarter content ecosystems to drive down costs, go-to-market consolidation and sharply focused geo-targeted storytelling will be important.*

**Archana Anand**
*ZEE5 Global*

*This last year has been punctuated by the rapid consumer shift towards online video and increasing market consolidation. It has also been a year of immense reckoning for streaming, with the industry being forced to ramp up revenue while rationalizing spends, or quite simply ceasing to exist.*

**Puneet Singhvi**
*Network18*

*2024 will see pivotal change in digital publishing on back of adopting and adapting to AI and the disruptions it will bring in every aspect of business. Themes of hyper-local and video will take centre stage in plans.*

**Ankush Sachdeva**
*Sharechat and Moj*

*In the next few years, there will be a massive increase in micropayment-led monetization for digital influencers through livestream gifting. This will help grow the creator ecosystem in the country by allowing creators to have a steady monetization stream beyond ads.*

**Raju Vanapala**
*Way2News*

*For decades, readers have been accustomed to the unified voice of newspapers. When they turn to a digital source, they seek the same consistency and reliability they've come to expect. However, the fragmented nature of digital news often falls short of delivering this consistent, one-experience that newspapers offer.*

**Alok Jain**
*Viacom18*

*Our country is an interesting melting pot of India and Bharat where technological advances and consumer preferences, stories and audiences, feed off each other. Our industry needs to create platform symbiotic content and explore additional business models to profitably operate at scale.*

**Gulshan Verma**
*Jio Ads*

*2024 will see two significant but seemingly contradictory trends – the growth of Connected TV beyond the top 30M households into mainstream and at the same enabling the 250M mobile users who don't have a 4G connection with their own personalized devices.*

**Deepak Salvi**
*Chingari*

*The next era of social interaction is LIVE conversations. From expert insights to entertaining content, live video and audio will redefine engagement.*

**Ranjeet Pratap Singh**
*Pratilipi*

*With the speed and cost advantages of generative AI, we will see a marked acceleration of the best stories and IPs moving across formats and languages.*

# Print

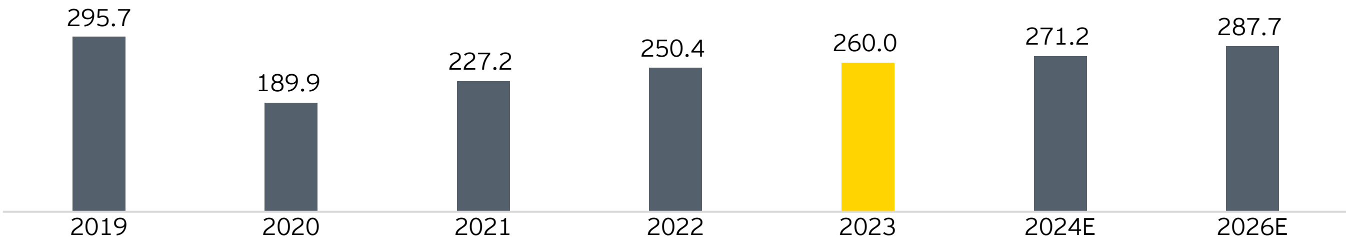
Catch the headlines with AI anchor Sana

# Executive summary

Print media is on a recovery path after COVID-19, with newspapers and magazines both registering modest growth. The segment is likely to hit a steady state of readers in the next three years. That said, this segment of the M&E sector has a number of opportunities to keep up its growth momentum, including focusing on selective audience segments, innovative pricing and diversifying revenue streams.

## The print segment grew by 4% in 2023

Print segment revenues




INR billion (gross of taxes) | EY estimates

Advertising grew 4%, while circulation grew 3% in 2023

| | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Advertising | 121.7 | 150.8 | 170.1 | 177.6 |
| Circulation | 68.2 | 76.3 | 80.3 | 82.3 |
| Total | 189.9 | 227.2 | 250.4 | 260.0 |

INR billion (gross of taxes) | EY estimates

Newspapers grew 4% and magazines grew 2%

| | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Newspaper | 184.9 | 220.5 | 243.6 | 253.0 |
| Magazine | 5.0 | 6.7 | 6.9 | 7.0 |
| Total | 189.9 | 227.2 | 250.4 | 260.0 |

INR billion (gross of taxes) | EY estimates

Advertising

- Overall ad volumes increased 2% over 2022[1] while ad rates grew 2.4%[2]
- Average insertion size grew 4% as demand skewed towards more premium inventory
- However, advertising revenues were still 14% below pre COVID-19 levels as rates remained impacted and had not recovered
- Advertising in English publications recovered to 74% of pre COVID-19 levels, while advertising in Hindi and regional language publications recovered to around 93%
- Advertising accounted for 67% of total print segment revenues

Circulation

- Publishers either held or increased cover prices in 2023
- English-language publications grew their circulation revenues by 10% in 2023, while revenues of other language publications increased 2%
- Circulation revenues are currently at 92% of pre-pandemic levels, though remain over 20% lower for English-language newspapers while being 6% lower for other language newspapers
- We estimate that the total digital subscription income earned by digital products of newspaper brands is INR2 billion

## Future outlook

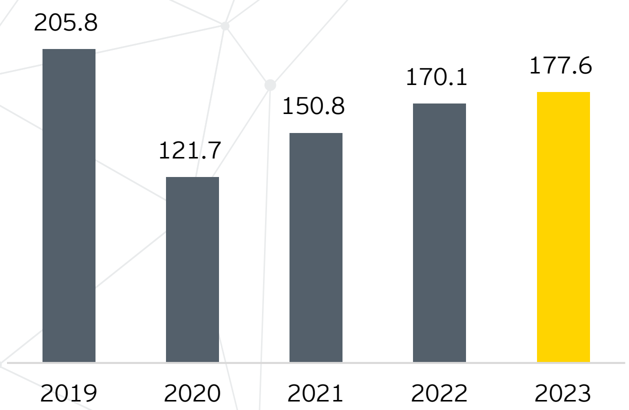
- Print will reach a steady state with a loyal reader base within the next three years
- Print segment can grow to INR288 billion by 2026, at a CAGR of 3.4%
- Advertising will grow at a 4.7% CAGR, driven by access to increasingly elusive affluent audiences and premium inventory formats
- Subscription will see a marginal growth of 0.7% CAGR on the back of cover price increases while market leaders hold on to readers and other papers start to see declining trends
- Soft newsprint prices will help news companies improve margins, which can enable them to re-invest in growing circulation through schemes and bundling
- Events revenues will contribute to top-line growth, particularly in tier-II and III markets, where national mass brands need greater connect
- The segment will need to ensure continued home delivery of products, engage more with younger audiences, diversity revenue streams, focus on SME advertisers and build its first party data to stay relevant

[1]TAM AdEX
[2]EY estimates

# Advertising

## Advertising revenues grew by 4.4% in 2023

Advertising revenues

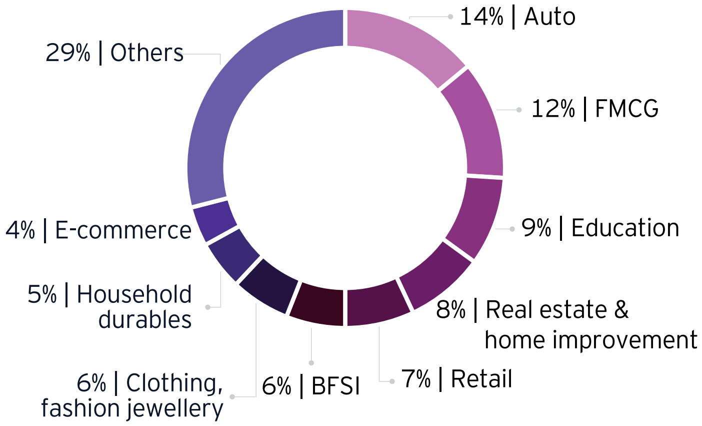



INR billion (gross of taxes) | EY estimates

- Overall ad insertion volumes increased 2% over 2022[3] while ad rates grew 2.4%[4]
- Average insertion size grew 4% as demand skewed towards more premium inventory
- However, advertising revenues were still 14% below pre-COVID-19 levels as rates remained impacted and had not recovered
- Advertising in English publications recovered to 74% of pre COVID-19 levels, while advertising in Hindi and regional language publications recovered to around 93%
- Share of advertising to total income of print segment remained at 67%

### I. Auto, FMCG and education were the largest contributors to print revenue[5]

Composition of print ad revenues 2023




- Top five categories contributed 50% of ad revenues
- They all spent over INR13 billion on print in 2023
- The fastest growing categories were alcoholic beverages, travel and tourism, and BFSI, while e-commerce, education and telecom reduced their spends by over 10% during 2023
- Growth in e-commerce sales across India (for goods, services and even dining) impacted retail advertising budgets

### II. Festive ad revenues were subdued

- This year witnessed unexpectedly lower ad spends in print during festive seasons, both regionally and nationally
- The coinciding of events like IPL and CWC with festivals may have diverted funds, impacting print revenue during these periods

### III. Government spends picked up

- Government ad spends, both at state and national levels, were initially low, but with elections approaching, spending is gradually increasing
- Despite this, the yield from government ads remains modest

### IV. Digital revenues remained elusive[6]

- There were 456 million digital news consumers in India, of which over 80% consumed news on their mobile phones
- Monetization remained a challenge, however, with digital news platforms of newspaper companies generating less than INR10 billion in ad revenue
- Publishers are increasingly focusing on direct deals due to the low yield from programmatic advertising
- However, both digital CPMs and views are on a downward trend, posing challenges in maintaining rates

### V. Event revenues grew

- Industry discussions indicate the print companies conduced over a few thousand events in 2023, across awards, summits and conclaves, conferences, sports events, esports events and brand-related activities
- While for many events drove up top lines, for some, the net incremental margin was not material, necessitating a focus on revenue and cost assurance processes

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[3]TAM AdEX
[4]EY estimates
[5]Pitch Madison Advertising Report 2024
[6]DNPA-EY report: Monetizing digital news, February 2024

## Ad volumes grew 2%

### I. Overall ad insertion volumes increased marginally by 2% over 2022[7]

- There were over 150,000 advertisers and 185,000 brands which used print during 2023, compared 140,000 advertisers and 170,000 brands on print in 2020
- Services was the largest sector on print with a 15% share, followed by education, auto and retail
- The top two categories by ad volume were cars and real estate in 2023
- Five states contributed 50% of newspaper ad volumes viz. Maharashtra, Uttar Pradesh, Tamil Nadu, Karnataka and Andhra Pradesh

### II. English and Hindi publications garnered 65% of newspaper ad volumes

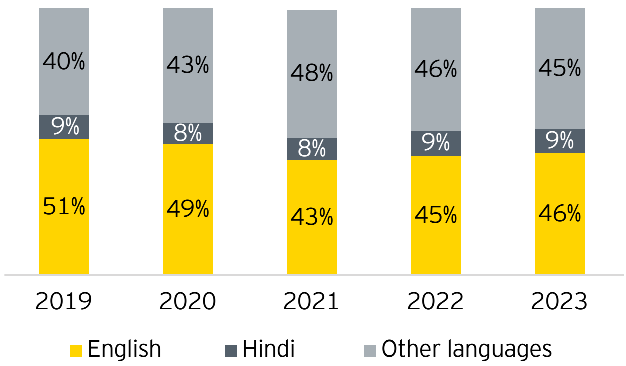
| | | Share | |
|---|---|---|---|
| Rank | Publication language | 2022 | 2023 |
| 1 | Hindi | 38% | 38% |
| 2 | English | 26% | 27% |
| 3 | Marathi | 9% | 8% |
| 4 | Telugu | 5% | 6% |
| 5 | Tamil | 5% | 5% |
| 6 | Kannada | 5% | 5% |
| 7 | Gujarati | 3% | 3% |
| 8 | Malayalam | 3% | 3% |
| 9 | Oriya | 2% | 2% |
| 10 | Bengali | 1% | 1% |
| | Others | 7% | 8% |
| | Total | 100% | 100% |

TAM AdEX

- Hindi continued as the largest contributor to ad volumes, given it has the largest reach of any language in India
- English-language publications gained 1% volume share since 2022
- The share of advertising volumes from regional language newspapers decreased by 1% to 35% in 2023 from 36% in 2022

### III. English-language magazine ads increased their share

Magazine ad volumes by language




TAM AdEX

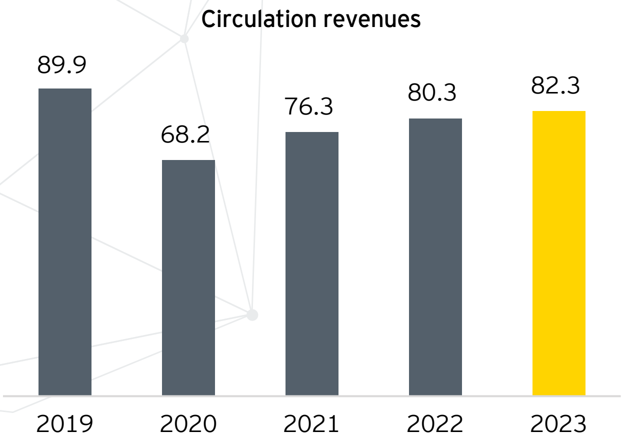
- English magazines garnered 46% share of the total magazine advertising, up from 45% share in 2022, but still short of their pre-COVID-19 levels
- Four south Indian languages together contributed 24% share of ad volumes in 2023
- Ad volumes are getting clustered around leaders in respective categories, following the "winner takes it all" principle

[7]TAM AdEX

# Circulation

**For 2023, neither the Audit Bureau of Circulations' data on copies, nor the Indian Readership Survey's data on readership have been released to date. This section is based on industry discussions and data available from publicly available financial statements.**

## Circulation revenues grew by 3% in 2023



INR billion (gross of taxes) | EY estimates

- Publishers either held or increased cover prices in 2023
- English-language publications grew their circulation revenues by 10% in 2023, while revenues of other language publications increased 2%
- As at December 2023, circulation revenues were at 92% of pre-pandemic levels, though they were over 20% lower for English-language newspapers while being 6% lower for other language newspapers

## Delivery dynamics evolved

- A decline in youth interest in distributing newspapers has started to post a challenge in ensuring the copies are home-delivered each morning to readers, particularly since newsstands have become less effective post the pandemic
- Subscriber acquisition has now become a continuous activity carried out year-round, rather than during certain seasons and festivals
- Some CEOs we interviewed felt that India has started to reach a saturation point, especially newspaper-reading households, making it challenging to add new subscribers, while at the other end, young audiences entering the workforce have several alternatives for their news, and hence may not desire to subscribe to a newspaper as much as they used to a few years ago

## Digital subscription struggled to scale

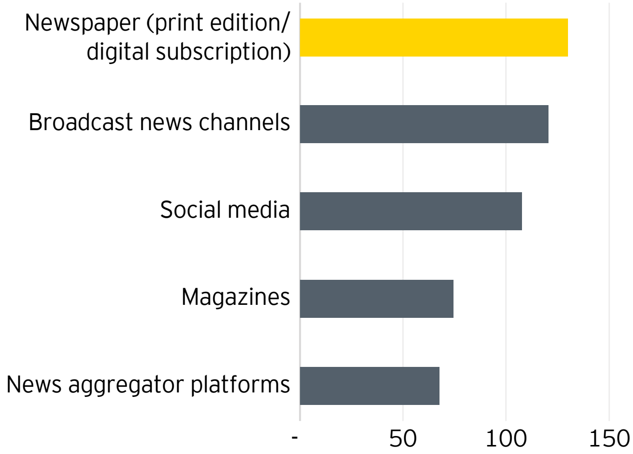
- Many publishers struggled to generate digital subscription revenue, given the plethora of free and indistinguishable alternatives available
- We estimate that the total digital subscription income earned by digital products of newspaper brands is INR2 billion
- Digital is often used for branding and audience connection, especially in markets with weak physical delivery networks
- That said, there are a few who have tried to adapt. They have achieved this through creating custom digital products for markets where physical delivery networks are weak and providing exclusive digital content as high as 50% more than physical content

## Digital quality impacted physical sales

- Some newspaper companies we interviewed struggled with the high quality of their digital own news products, claiming that a portion of their print readers who shifted to digital platforms remained there, leading to a permanent loss of physical readers
- Several CEOs also believed that the second newspaper in the home was being replaced by digital products, leading to a reduction in multiple newspaper households

## Print credibility remained strong

**Indexed score on trust in news media**

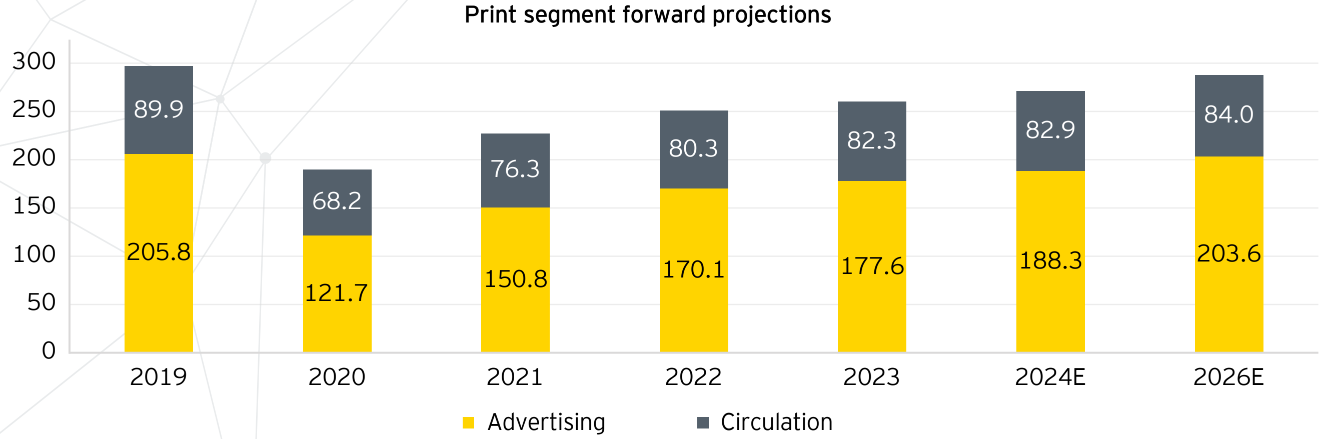



EY survey of over 900 online news consumers

- While readers have the choice between multiple channels of information, their trust remained highest in newspaper brands
- The desire of readers to be informed and aware is making them seek out content with depth, multiple perspectives, explanations and analysis, but the most important factor for readers in choosing a medium was credibility and lack of bias

# Future outlook

## Print segment can grow to INR288 billion by 2026




INR billion (gross of taxes) | EY estimates

### I. Reach will begin to stagnate

- Print will reach a steady state with a loyal reader base within the next three years, most of which will probably come from the growing base of educated people entering the workforce who need news and information to build their careers
- Duplicated readership (homes with more than one newspaper) will continue to fall as cover prices increase

### II. Revenues will grow marginally

- We expect the print segment to grow at a CAGR of 3.4% till 2026
- Advertising will grow at a CAGR of 4.7%, driven by access to increasingly elusive affluent audiences and premium inventory formats
- 2024 should see growth coming on account of the general elections
- Rates for language publications should remain subdued, as rates for other regional media like OOH, radio and digital are expected to stay low/ grow minimally in certain markets in 2024
- Subscription will see a marginal growth of 0.7% CAGR on the back of cover price increases while market leaders hold on to readers and other papers see declining trends
- Circulation will require on a year-round push, to sell copies and incentivize trial through gifts, free trial copies and offers

### III. Alternate revenue streams will get increased focus

- Events revenues will contribute to top-line growth, particularly in tier-II and III markets, where national mass brands need greater connect
- Newspaper brands could venture into affiliate events businesses such as weddings, sports, government events, ticketing, etc.
- Digital efforts will focus on growing app-based audiences as compared to fleeting web-based audiences and reduce the dependence on programmatic advertising by doing more direct deals with advertisers

# #Reinventing print

## Focus on career progression

- Print will reach a steady state with a loyal reader base within the next three years, most of which will probably come from the growing base of educated people entering the workforce who need news and information to build their careers
- Build the narrative of "10 minutes, 20 pages" as the path to awareness and career success

## Evangelize credibility

- The perception of newspapers as the most trusted news source is the biggest differentiator for print publishers, and the print segment needs to get together to build the narrative

## Enhance utility for consumers

- Reader base growth is critical, and increasing the utility of the newspaper is the answer
- This can be achieved in many ways, like providing more local news, more in-depth analysis, coupons and discounts on e-commerce sites, etc.
- Focus on editorial quality - invest in the newsroom to provide unparalleled insight and analysis and perspectives from opinion leaders within the community of readers
- Build a stable of high-priced products for niche audiences with exclusive and highly differentiated content

## Bundle innovatively

- Flexibility in pricing strategies, selective price increases, and strategic partnerships could be a proactive approach to sustain growth and grow audiences
- Bundling could be developed across corporate clients, D2C brands, digital + physical offers, and other media products
- Pricing structures could be developed around B2B/ Corporate, D2C bundling, and single-copy sales

## Sell the tier-II and III story

- As consumption grows faster in smaller towns than in many metros[8], the consumption story must be communicated strongly to media buyers
- For many regional newspapers, a "state ownership" strategy can help garner a higher share of wallet, where the newspaper brand becomes the window to all media in that state for advertisers

## Focus on the SME power base

- Target SME advertisers (we estimate their digital spends in 2023 to be around INR208 billion, gross) who are increasing their spends on media faster than larger advertisers
- Build self-serve platforms for them, aided by generative AI tools to help with content creation

## Chase the young

- The print segment faces challenges in attracting younger readers, and that can be an existential threat
- Continued investment in products (both physical and digital) for young audiences who are entering the workforce will be critical to build the readership habit

## Diversify revenue streams

- Monetize content, including archives, and explore innovative content formats such as short video, podcasts and curated short films
- Build a top-end sports product across the approximately 140-150 days in a year when the Indian men's national team plays cricket
- Consider launching international editions to tap the Indian diaspora
- Build communities around Indian themes, which can be monetized globally, e.g., yoga, spirituality, classical music, etc.

[8]The Growth Paradigm, EY report

## Rethink digital

- Leverage digital audiences for content commerce and integrate sales teams for cross-platform advertising
- Roll out a One-India news app with participation from all leading news brands as a united platform with a massive consumer base, thereby saving on customer acquisition costs as well as generating usable consumption and audience data, particularly in a cookie-less world, where first party data becomes critical for ad efficiency
- Deploy an online magazine marketplace, for both digital and physical versions

## Espouse sustainability

- Several environmental initiatives can be undertaken to present a more sustainable product proposition to readers, from use of solar power, building windmills, tree-plantations, lower GSM paper use, electric transportation, reduction of single-use plastic, etc.

## Optimize costs

- Generative AI provides publishers the opportunity to develop hyper-personalized content at scale, while at the same time reduce the effort pertaining to research, analysis and editorial
- Infrastructure sharing, on the lines of the tower sharing companies created by telcos, can lead to significant cost reduction

Trends

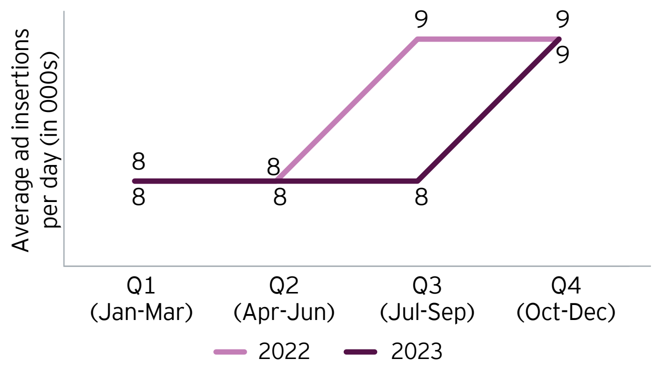
# Print advertising

*Powered by TAM AdEX*

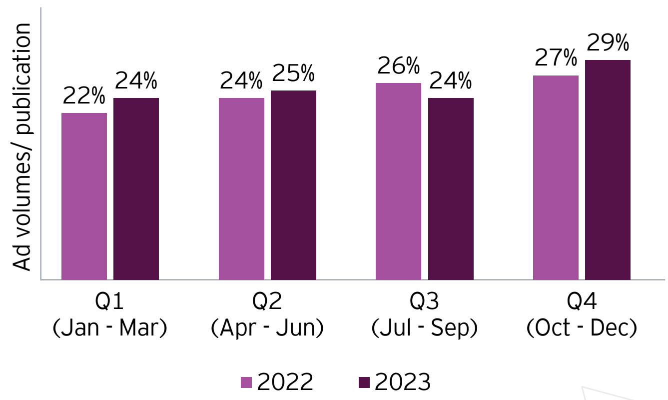
*(A division of TAM Media Research)*

## Print **ad volumes** grew 2% in 2023

Average ad insertions/ day remained stable across quarters




## Q4 continued to be the highest contributor of **ad volumes** to print in 2023




## The **number of advertisers** using print remained constant compared to 2022

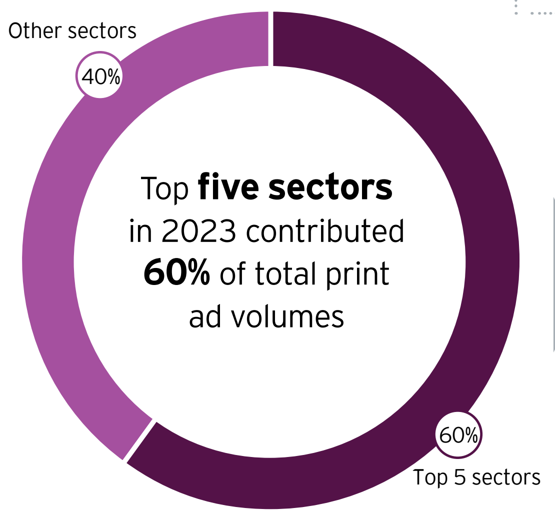
| | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Product categories | 714 | 715 | 707 | 702 |
| Advertisers | 140k | 138k | 150k | 151k |
| Brands | 170k | 168k | 185k | 185k |

## India's **national holidays** were integral in generating ad volumes

| Rank | Top five festivals by ad volume | |
|---|---|---|
| | 2022 | 2023 |
| 1 | Deepavali | Deepavali |
| 2 | Independence Day | Navratri/ Durga Puja |
| 3 | Navratri | Independence Day |
| 4 | Durga Puja | Republic Day |
| 5 | Christmas | Christmas |

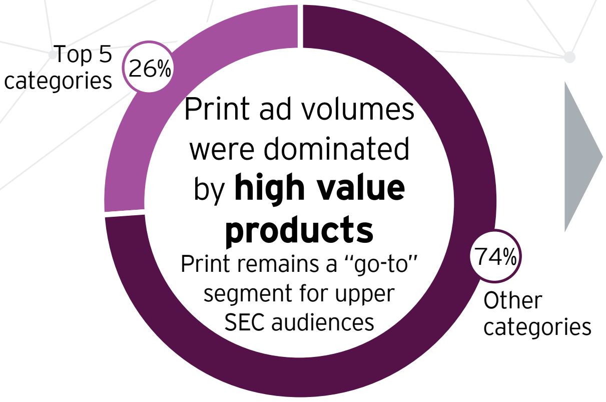
## **162 categories** used more print compared to other media

| Rank | Top five categories in 2023 |
|---|---|
| 1 | Retail furniture |
| 2 | Frozen foods |
| 3 | Retail televisions |
| 4 | Retail readymade garments |
| 5 | Torches |




| Rank | Top five sectors | Share of ad volumes | |
|---|---|---|---|
| | | 2022 | 2023 |
| 1 | Services | 16% | 15% |
| 2 | Education | 14% | 14% |
| 3 | Auto | 11% | 13% |
| 4 | Retail | 9% | 9% |
| 5 | Banking/ Finance/ Investment | 8% | 9% |

*TAM AdEX's data pertains to 830+ publications for CY2023. The data has been provided by TAM Media Research to EY and has not been independently verified by EY.*




| Rank | Top five categories | Share of ad volumes | |
|---|---|---|---|
| | | 2022 | 2023 |
| 1 | Cars | 5% | 7% |
| 2 | Properties/ Real estate | 5% | 5% |
| 3 | Coaching/ Competitive exam centre | 5% | 5% |
| 4 | Two wheelers | 4% | 5% |
| 5 | Retail outlets - jewellers | 4% | 4% |

## Top five advertisers contributed 9% of **ad volumes** in 2023

They had contributed 12% in 2021

| Rank | 2021 | | 2022 | | 2023 | |
|---|---|---|---|---|---|---|
| | Top five advertisers | Share | Top five advertisers | Share | Top five advertisers | Share |
| 1 | SBS Biotech | 5% | SBS Biotech | 3% | Maruti Suzuki India | 2% |
| 2 | Maruti Suzuki India | 2% | Maruti Suzuki India | 2% | SBS Biotech | 2% |
| 3 | LIC of India | 2% | Reliance Retail | 2% | Reliance Retail | 2% |
| 4 | Hero Motocorp | 2% | Hero Motocorp | 2% | Hero Motocorp | 2% |
| 5 | Emami | 1% | LIC of India | 2% | LIC of India | 1% |

## Five states contributed half of **newspaper ad volumes...**

| Rank | States | Share | |
|---|---|---|---|
| | | 2022 | 2023 |
| 1 | Maharashtra | 15% | 14% |
| 2 | Uttar Pradesh | 11% | 11% |
| 3 | Tamil Nadu | 9% | 9% |
| 4 | Karnataka | 8% | 8% |
| 5 | Andhra Pradesh | 7% | 8% |
| 6 | Rajasthan | 7% | 7% |
| 7 | Punjab/ Chandigarh | 5% | 5% |
| 8 | Madhya Pradesh | 4% | 4% |
| 9 | Kerala | 4% | 4% |
| 10 | Gujarat | 4% | 4% |
| Others (13) | | 25% | 25% |
| Total | | 100% | 100% |

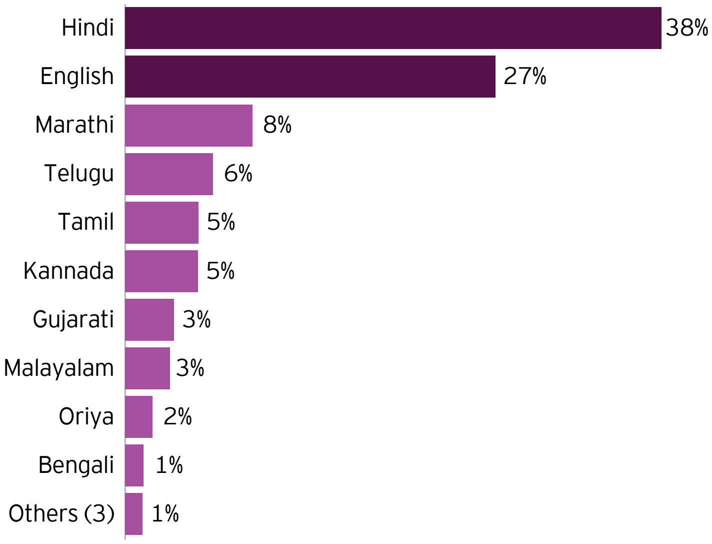
## ...while national magazines garnered almost half of total **magazine ad volumes**

| Rank | States | Share | |
|---|---|---|---|
| | | 2022 | 2023 |
| 1 | National | 48% | 49% |
| 2 | Maharashtra | 11% | 11% |
| 3 | Kerala | 11% | 10% |
| 4 | Tamil Nadu | 7% | 8% |
| 5 | West Bengal | 6% | 7% |
| Others (5) | | 17% | 15% |
| Total | | 100% | 100% |

## **Hindi and English** publications garnered **65%** of total newspaper ad volumes

Share of English language publications was 24% pre-COVID-19

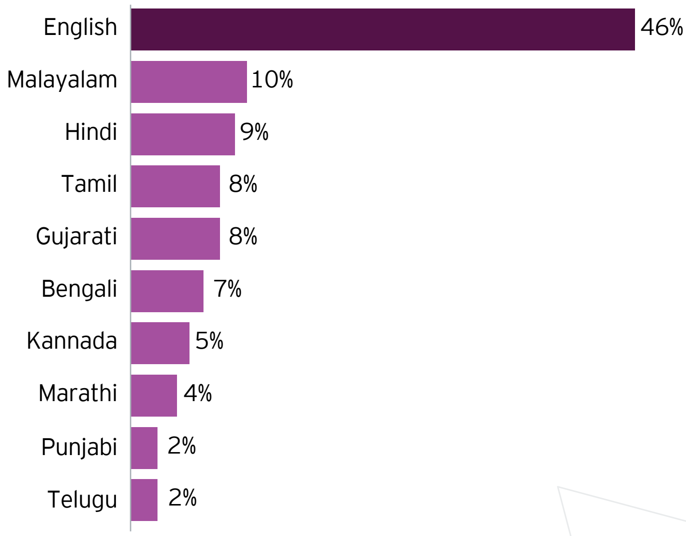
Ad volume by language (newspapers)




## **English publications** comprised **46%** of total magazine ad volumes

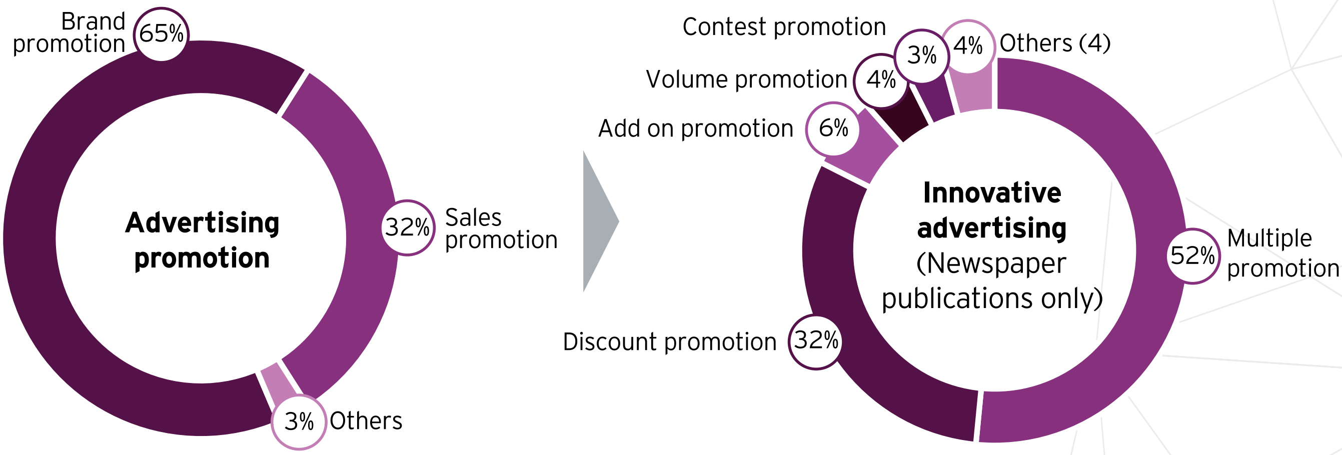
They had contributed 51% ad volumes in 2019

Ad volume by language (magazines)



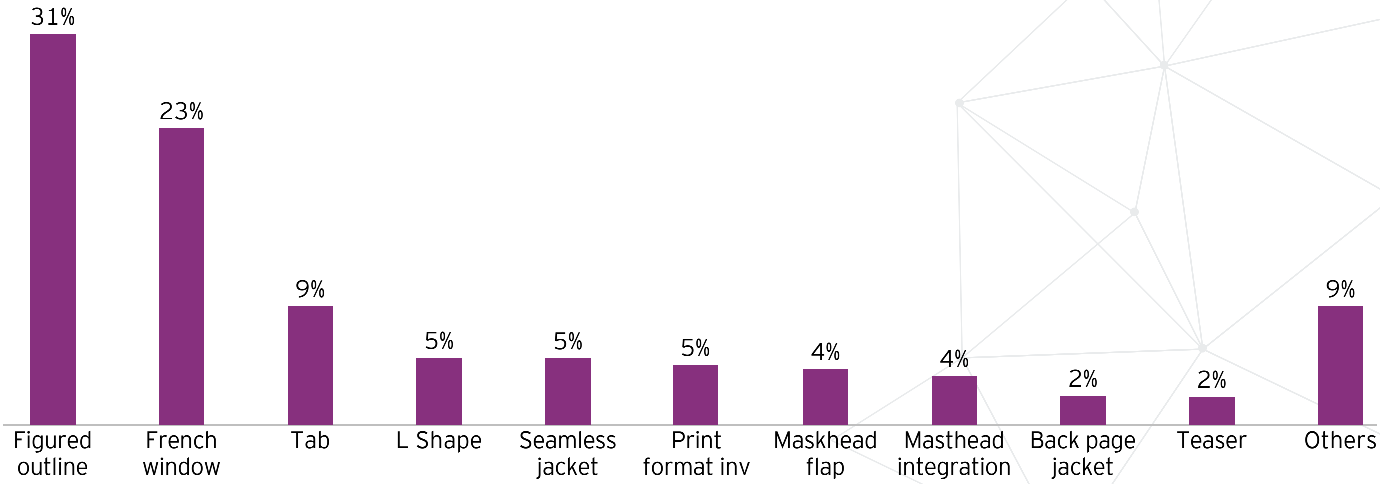

## **Sales promotions** contributed **32%** of total ad volumes

32% of these offered discounts




## Share of **innovative print ads** grew **57%** in 2023 over 2022

Share of innovative formats

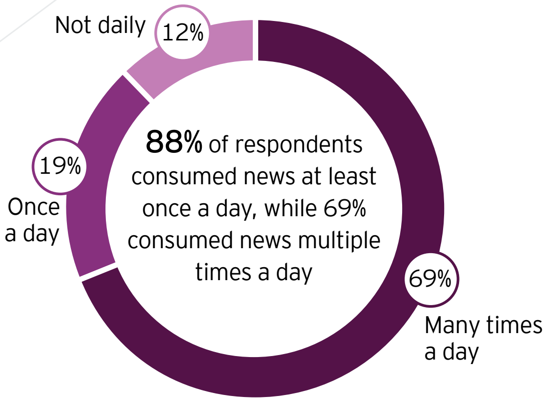


## Trends

# News consumption

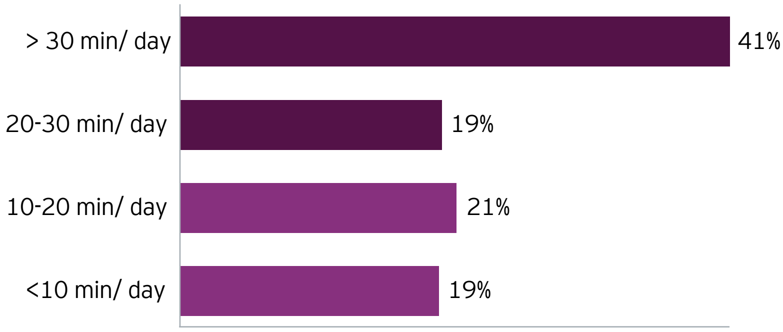
*In collaboration with ABP News and VerSe*

### News is consumed at a high **frequency**



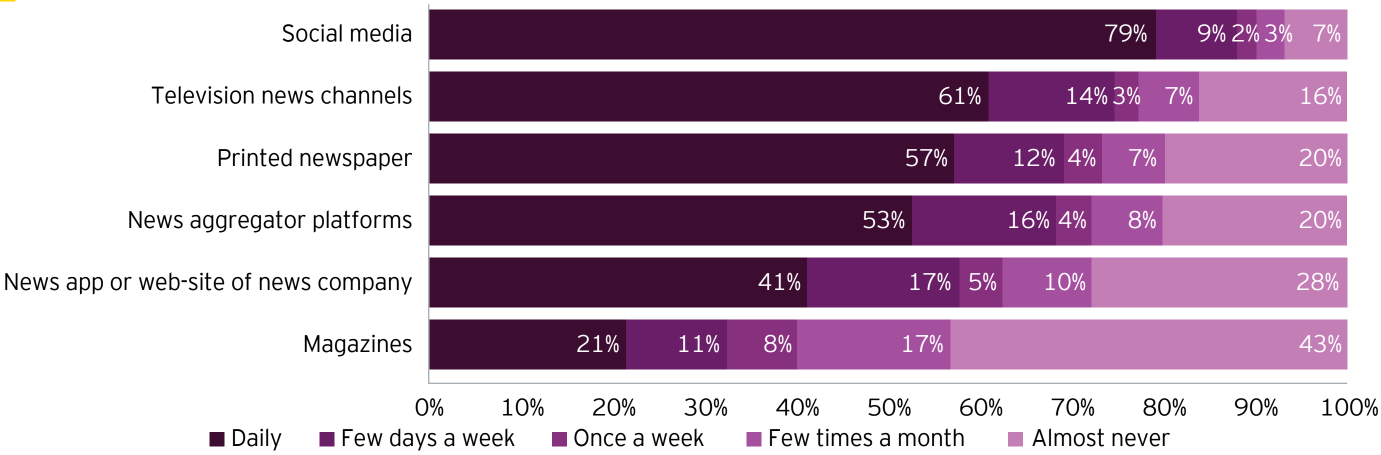

Older audiences consumed news more often than younger audiences

### 60% of respondents spent more than 20 **minutes a day** consuming news




Older audiences spent more time consuming news than younger audiences

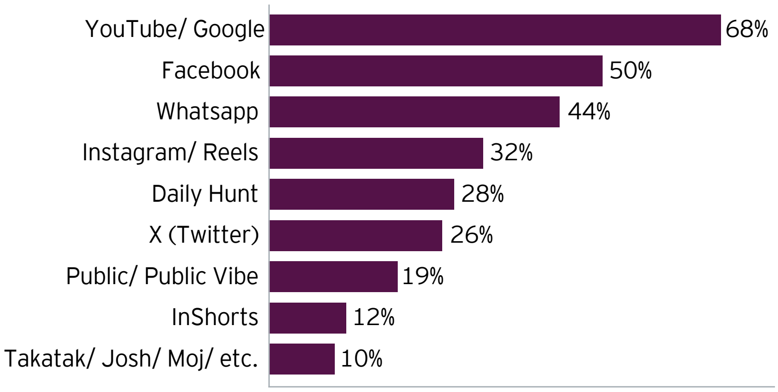
### Social media was the most **preferred method** for consuming news




Older audiences accessed news on TV and in print more than younger audiences, while both demographics consumed news equally on social media, which had the largest reach across both segments

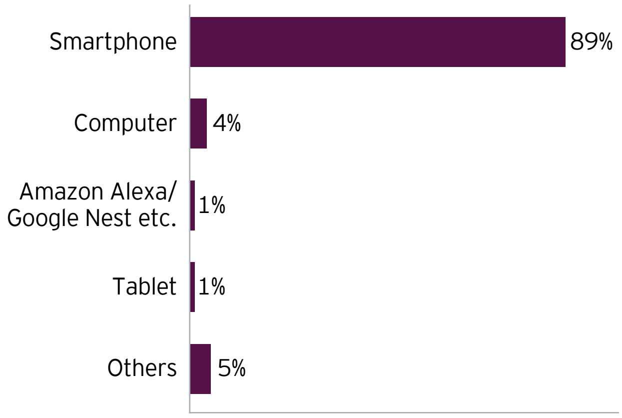
### YouTube and Meta were the **favourite social media platforms** for news consumption

Which social media platforms do you use for news content?



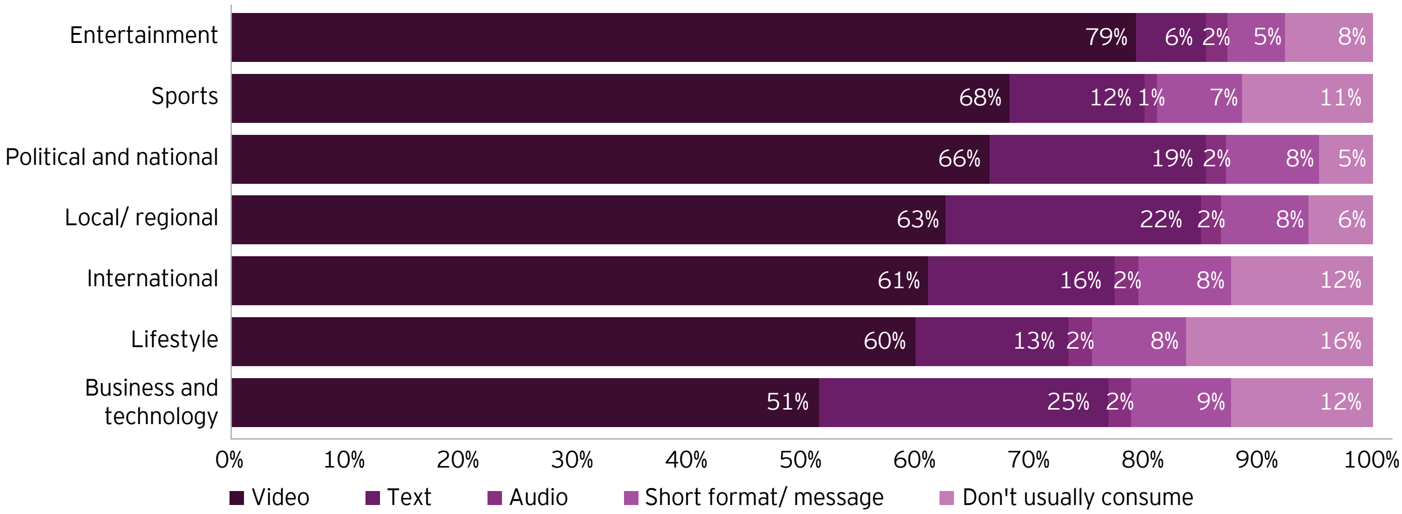

While YouTube and Facebook were platforms of choice for all audiences, younger audiences preferred Instagram and Twitter more than older audiences, who preferred WhatsApp and Facebook.

### Smartphones remain the most **preferred device** for online news consumption

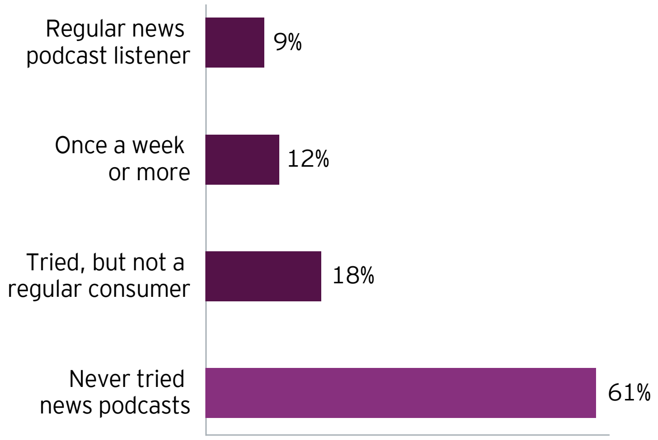


## Video is the most **preferred format**

Text has an established place across political, international, regional and business news; short video is making its presence felt across genres

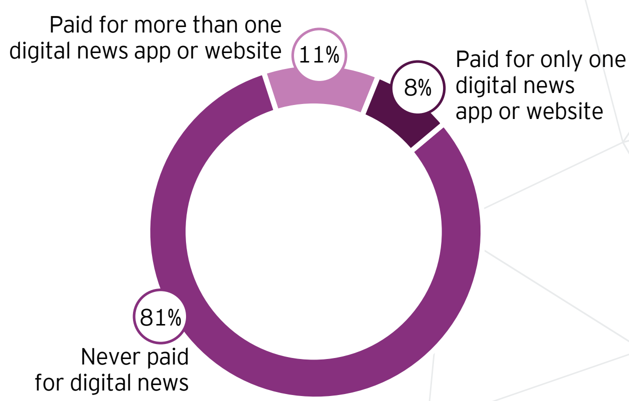



## **Podcasts** remain a nascent offering for news

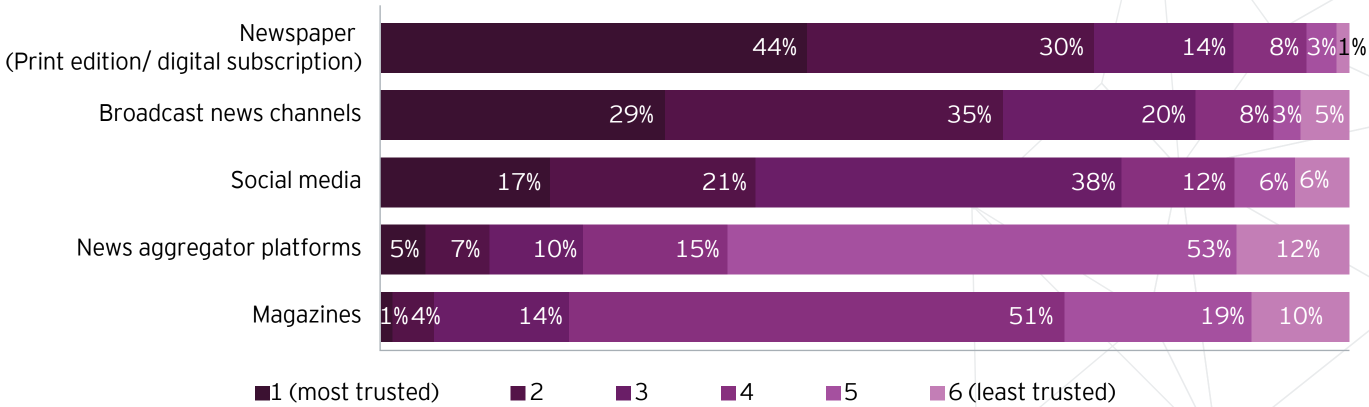



## 81% have never **paid** for digital news

16% of young audiences pay for one or more digital news app or websites as against 20% of older audiences




## Newspapers are the **most trusted** news source




Newspapers were the most trusted source for both younger and older audiences. Trust in social media was slightly higher among younger audiences.

The data presented in this trendbook reflects the results of a survey conducted by ABP, VerSe (DailyHunt and OneIndia) and EY jointly of more than 900 smartphone-owning individuals, of which 57% were above 35 years of age. Survey participation links were sent via SMS, WhatsApp, email and digital campaign. Responses presented reflect percentage of respondents who chose each answer option.
In this section, respondents above 35 years of age are termed "older audiences"; those below 35 are termed "younger audiences"

# Expert speak

**Sivakumar S**
*BCCL*

*As 'Time' gains currency, consumer preference will shift from cluttered social feeds to curated, credible news sources. Media companies will invest in building strong newsrooms, improving timely distribution, and scaling up subscription to ring fence 'consumer time investment'.*

**Sanjay Gupta**
*Jagran Prakashan Ltd.*

*Unfiltered and unverified news creates misinformation and is degrading the news journalism ecosystem. It's important for advertisers to support credible news journalism as that provides the environment which creates the right context for their communication campaigns and ensures brand safety. The only way forward for the news industry is to bring back the focus on trusting verified content from credible news sources.*

**Girish Aggarwal**
*Dainik Bhaskar*

*In an era of constant change and uncertainty, the continuing trust in newspapers is remarkable. As events unfold around us, the timeless appeal of newspapers for their credibility, content, and knowledge is experiencing a renaissance, leading to increased reader engagement and strong financial performance for newspaper companies.*

**Tanmay Maheshwari**
*Amar Ujala Limited*

*The Convergence of physical and digital worlds is giving birth to new Phygital models for most industry verticals. Now AI will add another layer to this. This new ecosystem will present many exciting opportunities for growth.*

**Anant Nath**
*Delhi Press*

*Subscriptions growth will continue to be the top priority for Indian magazine publishers. The industry has taken several initiatives to improve the subs eco-system like introduction of 'magazine post' with India Post, delivery partnerships with several e-commerce players, and joint effort for subs marketing.*

**Anant Goenka**
*Express Group*

*Major print players have had a year of growth in both revenue and readership. Digital news is going through some stress, however. Across both, smaller players will consolidate, which is both overdue and welcome. India has 500 news channels and 1.5 lakh printed periodicals. Only those with a clearly differentiated, unique and consistent value proposition, an honest, "reason to be", will thrive.*

**Praveen Someshwar**
*HT Media Group*

*The M&E sector has seen consistent growth over the last few years. While overall volumes are up, we need to continue to work to on pricing. In the second half of 2024, it will be interesting to see how AI will impact M&E. Overall I see growth across segments in 2024.*

**Karan Darda**
*Lokmat Media Group*

*It has been very encouraging that leading regional language newspapers have bounced back from circulation losses due to the Covid lockdown and are holding on to the gains. Advertising revenues bounced back faster and are trending higher.*

**Jayant Mamen Matthew**
*Malayala Manorama*

*Print continues to be an effective and relevant medium for a large number of advertisers because of its credibility and reach. I believe the Lok Sabha elections and our robust economy will greatly benefit Print.*

**LV Navaneeth**
*The Hindu*

*2024 promises to be a year of good growth for print. A focus on communities and engaging with communities with purpose and with profitability will help the industry to solve for the future.*

**Sitaraman Shankar**
*The Printers (Mysore)*

*We're actively looking at harnessing efficiencies from various AI tools across the newsrooms, right from translation to page-making. This is also aimed at helping move our journalists up the value chain.*

# Filmed entertainment

Catch the headlines with
AI anchor Sana

# Executive summary

These are good times for the filmed entertainment segment. Theatrical collections touched unprecedented highs in the past months, and the increasing affluence of audiences indicates that the growth trajectory will continue. The industry would undergo changes in the coming times and reinvention would be a core theme across different channels, content types and operational models.

## The segment grew 15% to reach an all-time high of INR197 billion

| | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Domestic theatricals | 25 | 39 | 105 | 120 |
| Overseas theatricals | 3 | 6 | 16 | 19 |
| Broadcast rights | 7 | 7 | 14 | 15 |
| Digital/ OTT rights | 35 | 40 | 33 | 35 |
| In-cinema advertising | 2 | 1 | 5 | 8 |
| **Total** | **72** | **93** | **172** | **197** |

INR billion (gross of taxes) | EY estimates

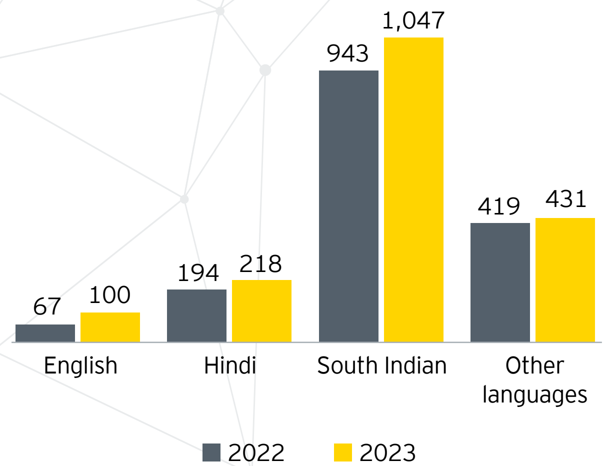
- 1,796 films released in theaters during 2023, 11% higher than in 2022
- Screen count increased 4%, but remained at just 9,742, which shows that the cinema experience remains a luxury for most Indians
- Admissions continued to decline from 944 million to just over 900 million, a fall of 5%; less than 100 million people visited a cinema hall in 2023
- Domestic theatricals grossed INR120 billion for the first time, led by a growth in ticket prices
- 339 Indian films released across 38 countries, up from 33 countries in the previous year
- Digital platforms rationalized their direct to digital premiums; consequently, the number of direct to digital films reduced significantly, and theatrical performance became an important element in determining the value of digital rights
- Broadcast rights remained soft as film channels struggled with ratings and monetization
- In-cinema advertising recovered 50%
- We expect the segment to grow at a CAGR of 7% to INR238 billion by 2026, led by increased affluence, more high-quality mass content, and innovations in pricing, infrastructure and distribution

# Monetization

## Domestic theatricals

### I. Film releases grew 11% over 2022[1]

Film releases by language

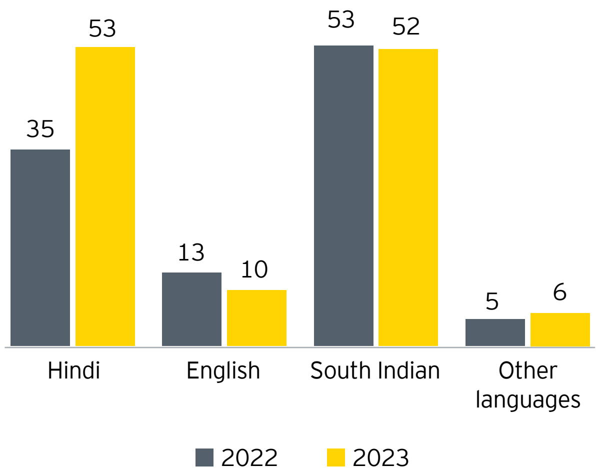



Comscore

- 1,796 films released in theaters in 2023 across languages and dubbed versions
- The highest number of films were released in Telugu (317), Tamil (271), Kannada (241), Malayalam and Hindi (218 each)
- Screen count increased 4% to reach 9,742 screens[2] led by the north-east, which added 10% new screens and then Hindi speaking markets, which added 6%

### II. Box office revenues crossed the INR100 billion mark for the second consecutive year

Theatrical revenues by language

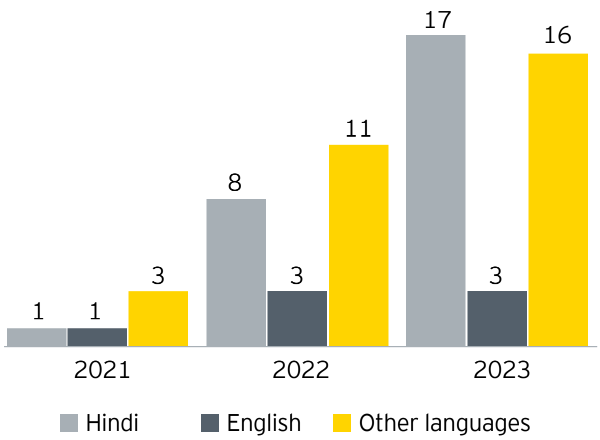



INR billion (gross of taxes) | EY analysis

- Gross box office revenues increased 14% to INR120 billion in 2023, an all-time high
- The growth was driven by Hindi cinema's revival at the box office
- Admissions continued to decline from 944 million to just over 900 million, a fall of 5%[3]
- Industry discussions indicate that less than 100 million people visit cinema halls in India, showing that it remains a luxury experience out of the reach of 94% of the population
- Compared to year 2022, Hollywood films' collections in India decreased by 23%
- A key trend noted in 2023 was that cinema-goers waited for movie reviews and only then took a call on whether to watch the film in a cinema, or wait for its OTT or television release. This made a very strong case for making films "worth it" by providing an incomparable theatrical experience, and getting the marketing right

### III. Thirty-six[4] releases grossed INR1 billion or more at the box office

Number of films crossing GBO collection of INR1 billion

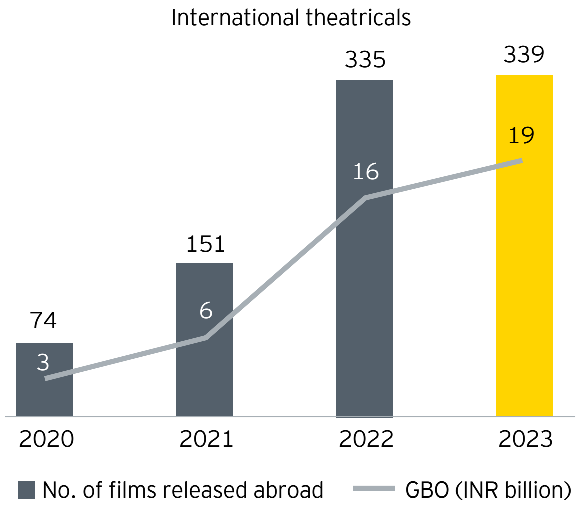



IMDB | Worldwide collections for Indian films; Domestic collections for English films

- 36 films grossed INR1 billion or more in 2023 as compared to 22 such films in 2022
- Out of the top ten movies that crossed the INR1 billion mark, six were in Hindi and the remaining four were in South Indian languages
- Other language films comprised 15 south Indian language films and one Punjabi language film
- As audiences gravitated toward larger cinematic experiences, mid and smaller films did not fare as well in cinemas as they had done in previous years

[1] Comscore
[2] UFO Moviez
[3] Comscore
[4] https://www.imdb.com/list/ls562330283/ https://m.imdb.com/list/ls520690953/

## International theatricals continued to grow



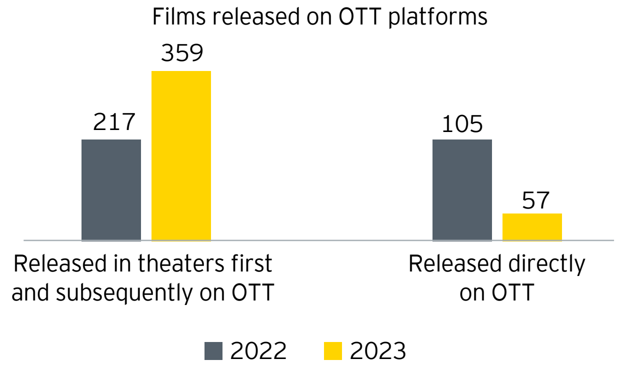

INR billion (gross of taxes) | EY estimates

- 339 films released across 38 countries, up from 33 countries in the previous year
- They generated a gross box office collection of INR19 billion, 19% more than 2022
- While significant progress has been made in growing overseas theatricals independently, further tapping into the Chinese market can be a crucial growth driver

## Broadcast rights were impacted by lower monetization on film channels

- Film viewership remains a very important part of television; film channels generated 26% of total TV viewership in 2023, up from 25% in 2022[5]
- However, monetizing films was a challenge in 2023 due to fragmentation of audiences which, according to several industry sources, led to lower ratings per new movie
- Several film channels experimented with simultaneous release of TV premieres on multiple movie and/ or GEC channels, by increasing marketing spends and increased interactivity
- The number of films shown on television also experienced a 4% decline in 2023 compared to 2022, led by international films (-9%) and Hindi language films (-6%)[6]
- Consequently, broadcast rights grew just 9% in 2023

## Digital rights rationalized their direct release premiums




Estimates by content services team of EY

- Over 400 films released on digital platforms in 2023, a growth of 30% over 2022
- The number of direct to digital releases almost halved from 105 in 2022 to just 57 in 2023 as platforms rationalized their direct to digital premiums
- While digital rights volumes increased a healthy 30%, the average spend per film came down as platforms focused on tent pole properties and lower cost properties, but reduced focus on mid-range content, resulting in a relatively muted 8% increase in digital rights values over 2022
- The subscription model is expected to remain a key driver of growth for OTT platforms, propelling the expansion of this rapidly evolving market, and hence the demand for digital rights is expected to remain robust in the near future

## In-cinema advertising recovered

- INR7.5 billion was generated from cinema advertising in 2023, a 50% rise attributed to successful movies and the scarcity of avenues to reach affluent audiences

[5] EY analysis; BARC
[6] TAM AdEX Cinema data across 600+ TV channels. Hindi includes other language movies dubbed into Hindi

# Future outlook

## We expect the sector to reach INR238 billion by 2026

| | 2023 | 2024E | 2026E |
|---|---|---|---|
| Domestic theatricals | 120 | 126 | 146 |
| Overseas theatricals | 19 | 20 | 23 |
| Broadcast rights | 15 | 15 | 16 |
| Digital/ OTT rights | 35 | 37 | 42 |
| In-cinema advertising | 7.5 | 8.5 | 10 |
| **Total** | **197** | **207** | **238** |

INR billion (gross of taxes) | EY estimates

- We expect the film segment to continue to grow, driven by theatrical revenues as Hindi movies go mass market in their storytelling, incorporate more VFX to enhance the movie-going experience and expand more aggressively into tier-II and III cities
- Broadcast rights will remain soft as pay TV homes continue to fall, but the gap will be made up through digital rights, as CTV homes are expected to grow significantly
- Growth in overseas revenues will depend on opening-up of culturally similar markets like China and the middle east
- As OTT platforms focus on profitability, they will continue to invest in tentpole properties, but fewer than before, and reduce investments in mid-range films

# #Reinventing films

## Segment theatrical experiences

- We expect the theater-going audience size to increase as India's affluence increases: the estimates of per capita income increasing from US$2,500 in 2022 to US$3,000 by 2025[7] are an indicator supporting the above hypothesis
- Investments will increase in cinema infrastructure by way of affordable "janta cinemas" (a level between the multi-plex and the single screen) where middle and upper middle classes can feel comfortable in enjoying an evening out with their families
- As part of the smart city initiatives having intelligent transportation networks to save time and reduce parking struggles, there will be a surge in the construction of modern cinema complexes. This symbiotic relationship between smart city initiatives and a thriving cinematic landscape would grow footfalls
- Bridging the gap between travel and entertainment, exploring the potential of 24/7 cinemas at transport hubs like airports and railway/ bus stations, hospitals, business districts, and large housing colonies/ gated communities, can be explored

## Focus on mass escapism

- If we take away anything from 2023, it is that mass escapism is what works across audience classes
- 80% of production houses we surveyed expected to see an increase in formula-based films with more 'masala' content, given the successes of 2023. The focus on AVOD will also necessitate that the segment focusses more on mass content
- We expect that more mass content will be created to attract wider audiences and propel increased footfalls beyond the current 0.9 billion admissions, mainly in non-multi-plex screens
- The average number of VFX shots per large scale films has increased significantly, and we expect more VFX to become the norm in films that aim for theatrical releases

[7] EY report "India @ 100"

## Develop talent

- Our survey of production houses indicated that the biggest issue being faced was the shortage of quality writing and directing
- The film industry needs to develop the required talent through funding writers' rooms, crowdsourcing stories and sourcing directors from smaller towns and not just metros

## Innovate around pricing

- Exploring innovative pricing strategies – especially in Tier II and III cities – such as introducing loyalty passes, group passes, or bundled offerings including food and beverages, and merchandise, will be undertaken as pilot initiatives to assess their effectiveness in driving footfalls and consequently, revenue growth

## Create discrete films for the broadcast market

- Broadcast rights will remain muted as they have become a distant third window after theatrical and digital releases. Further, films viewership will be determined by content type, and will not grow until film content is created for the masses as against the classes. In effect, content that appeals to multiplex and OTT audiences will be different than content that appeals to single-screen and television audiences
- Hence, we expect that a separate set of films may be commissioned for Tier-III markets and television audiences, including FTA audiences, with separate themes and lower price points
- At the other end, tent pole films will continue to be produced but will be released on a wider swath of TV channels, with staggered windows and pricing options

## Build D2C relationships

- The total TVOD opportunity on digital platforms is estimated by us at approaching US$0.5 billion by 2024 end, a portion of which relates to films
- The acceptance of the "sachet model" by the middle classes across a range of different impulse purchases will result in the growth of pay-per-view and pay-per-download film experiences, across rural and urban markets

## Rethink business models

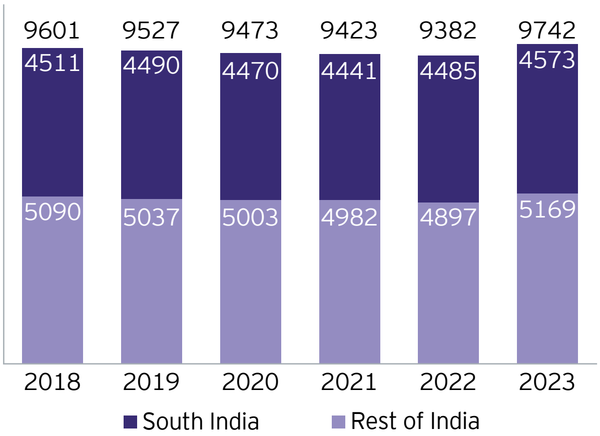
- The era of sub-scaled production houses has lasted several years, and the need to scale has never been stronger as content travels more and monetization opportunities expand
- Funding from institutional investors, foreign funds and strategic investors will continue to flow into film IP, particularly for products with global reach and appeal

# Trends
# Film exhibition
*Powered by* UFO

## **Number of screens** increased by 4% to surpass 2018 levels

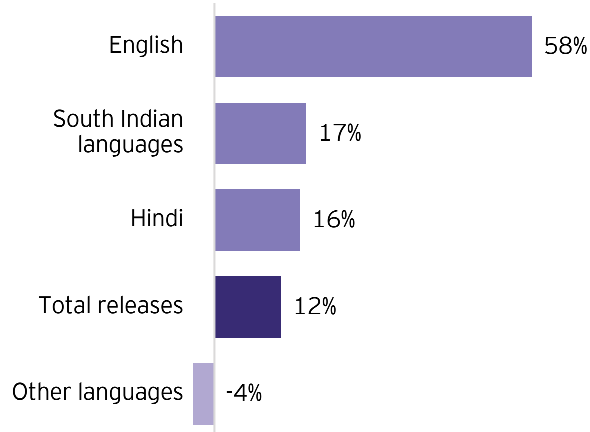
South India has 47% of all screens in India

Screen count



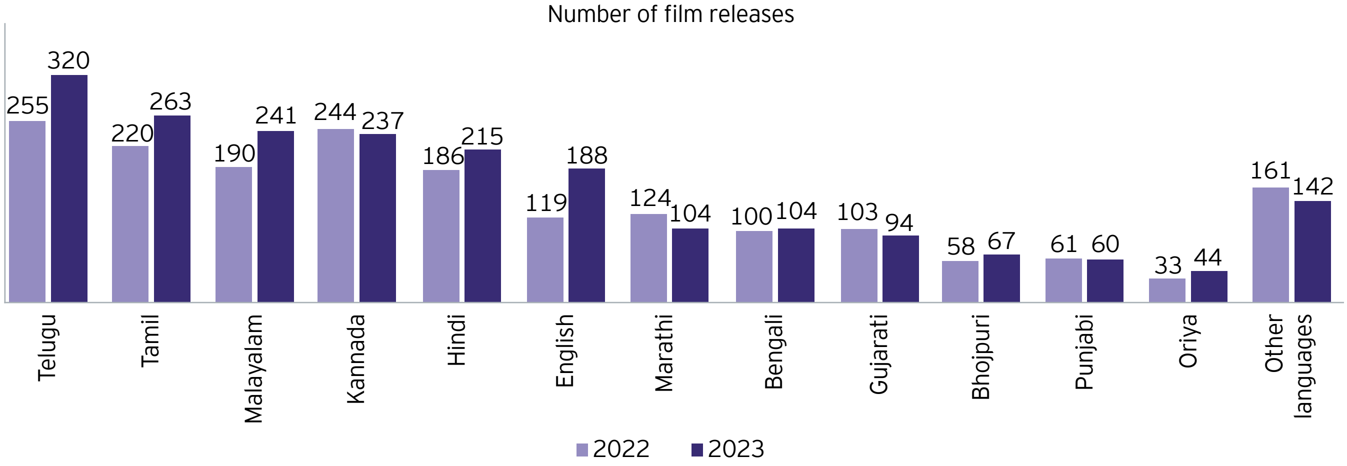

## **Growth in releases** was driven by English and south Indian language films

% change in releases by language 2023 vs. 2022



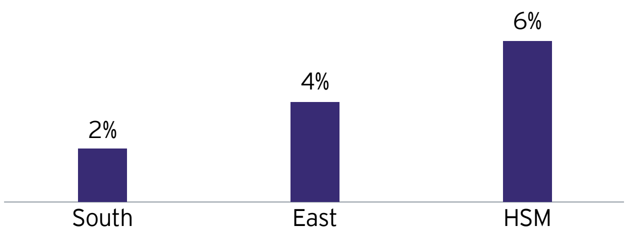

## **Film releases** grew by 12%

Number of film releases

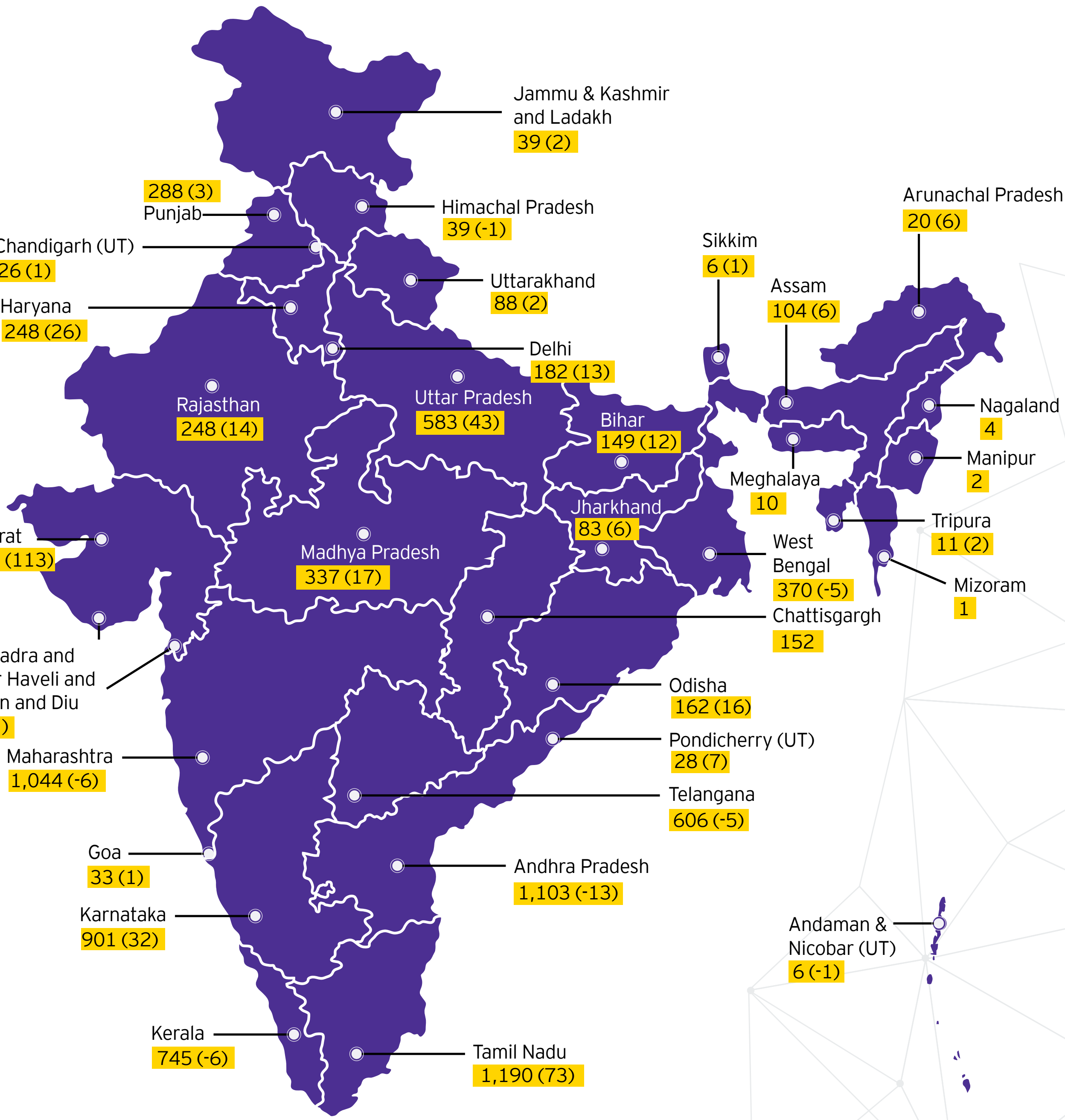



## **Screen count growth** was driven by Hindi-speaking markets

% growth in screen count 2023 vs. 2022



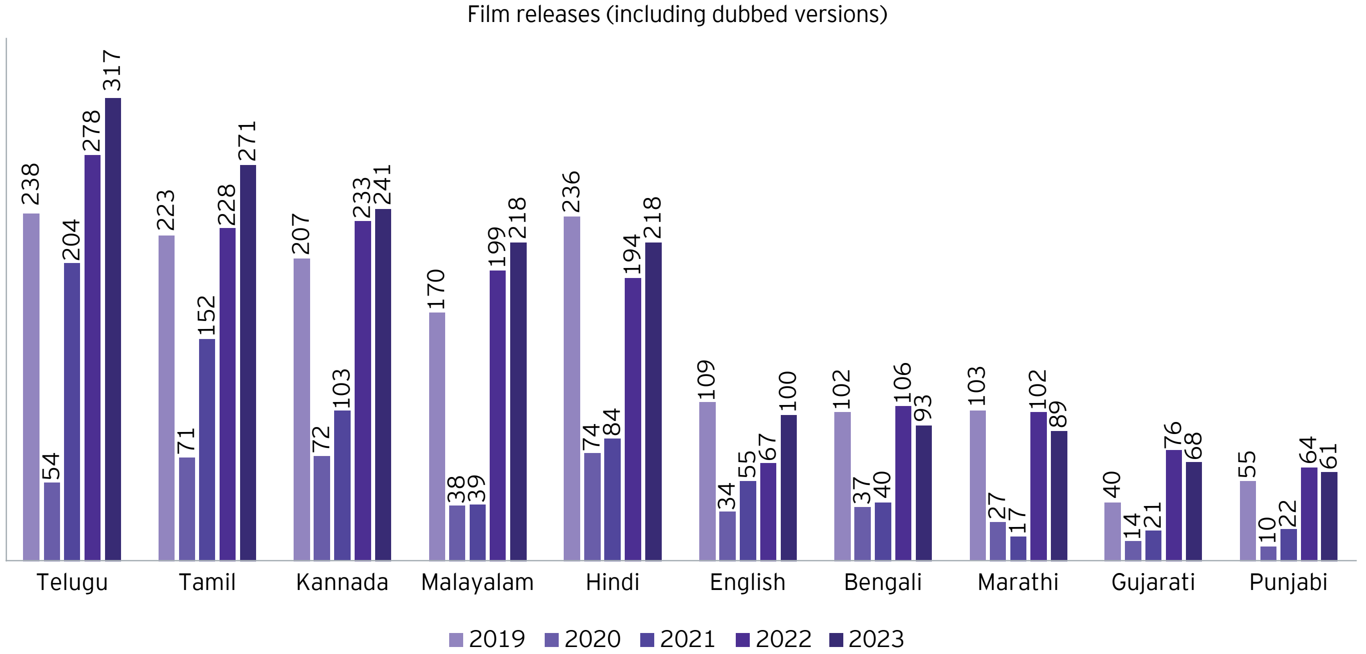
## Screen count by **state**



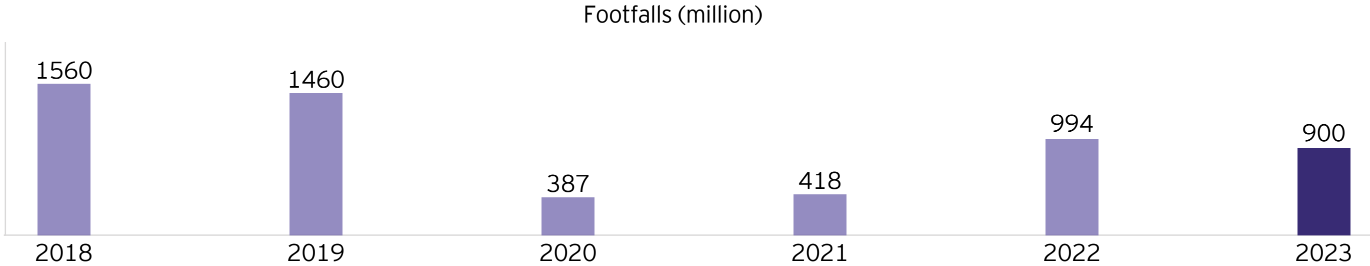

All data has been provided by UFO Moviez and has not been verified by EY. It has been provided in summary form for representation purposes only.

# Trends
# Film
*Powered by* comscore

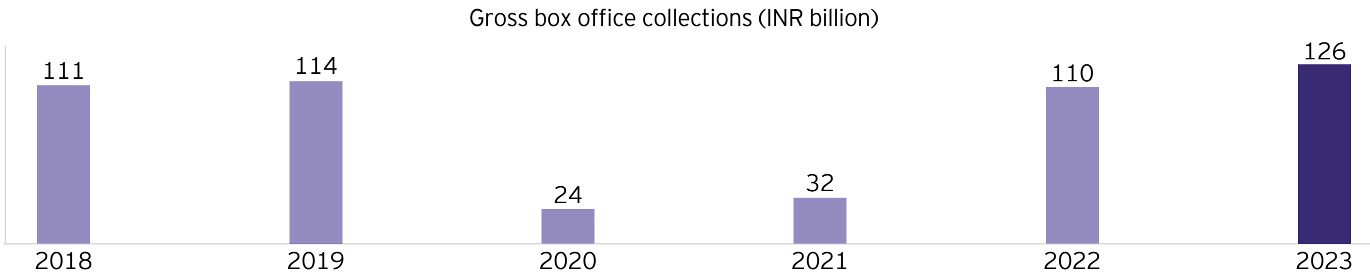
## 2023 saw 11% more film releases than 2022
English and Hindi language films are inching to their pre-pandemic levels




## **Footfalls** fell 9%



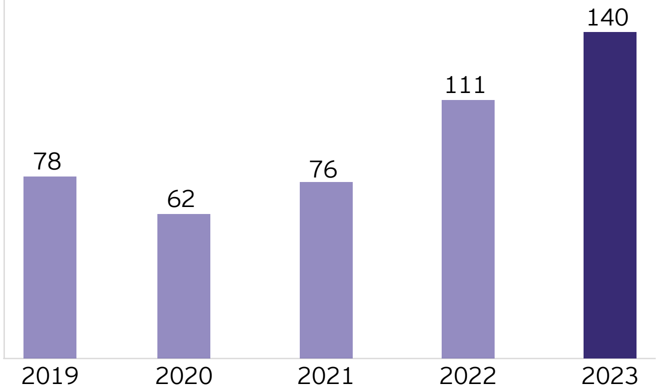

## **Theatrical revenues** exceeded pre-pandemic levels due to ticket price increases



## Average **ticket prices** increased by over 20%

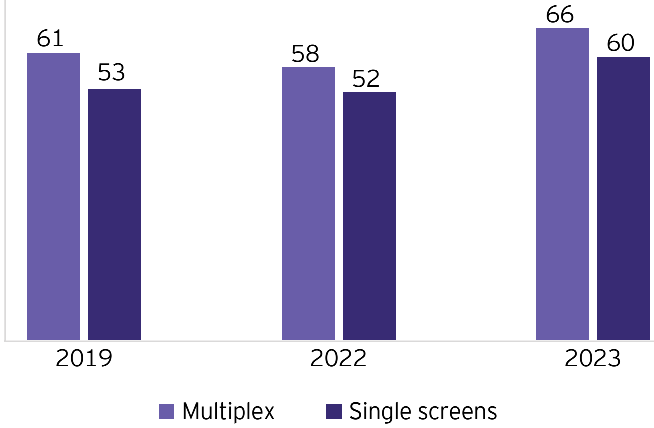
With multiplex rates more than double that of single screen rates on average

Average ticket price in INR




## **Single screens** accounted for 48% of revenue in 2023

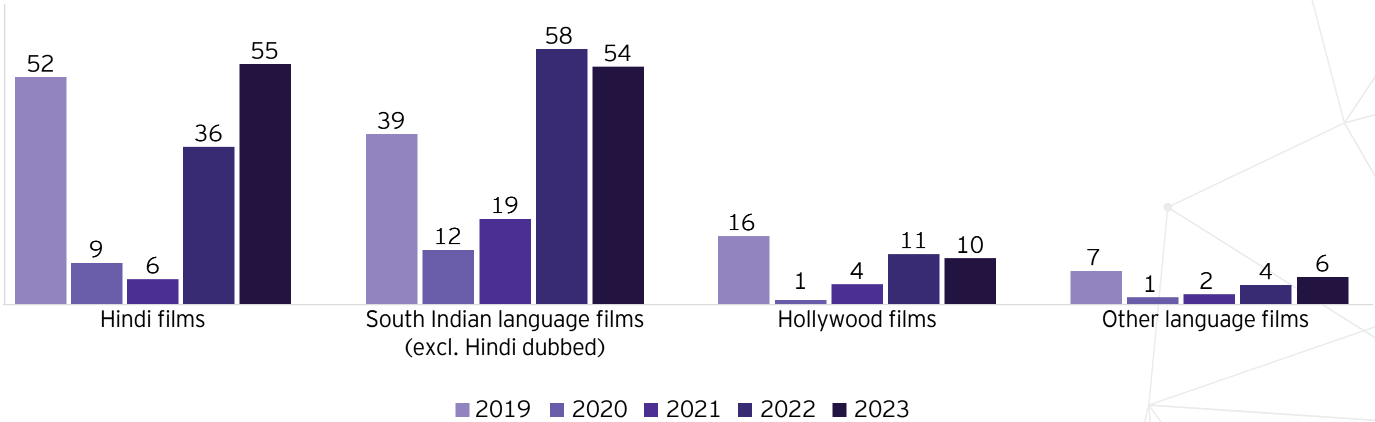
Gross box office revenue (INR billion)




## Hindi cinema regained its **No.1** spot

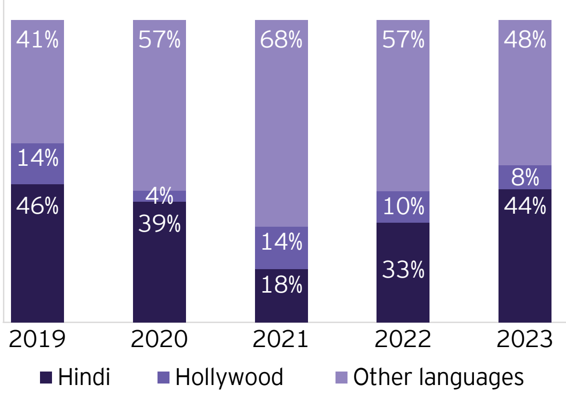
While, Hollywood and other languages continued to lag behind pre-pandemic levels

Gross box office collections (INR billion)




## Hindi cinema significantly recovered **revenue share** to 44%

Share of box office collection




## **Overseas revenues** continued to recover in 2023

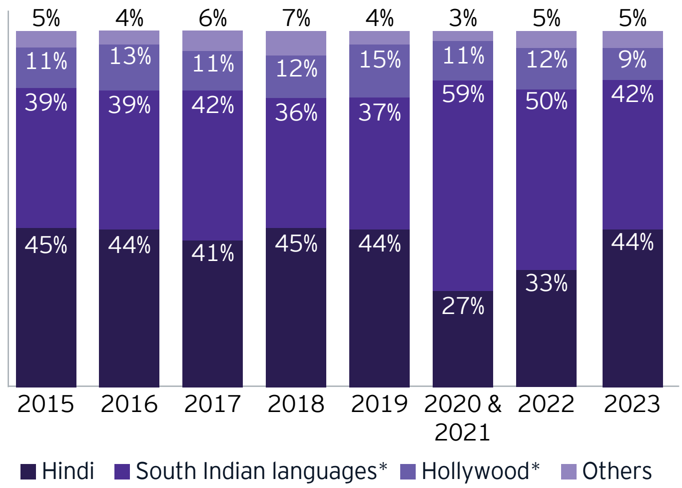
| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Countries in which Indian films were released | 26 | 24 | 28 | 33 | 38 |
| Number of films released abroad | 350 | 74 | 151 | 335 | 339 |
| Gross box office collections including China | US$332 million | US$39 million | US$77 million | US$249 million | US$337 million |

# Trends
# Box office
*Powered by* ORMAX MEDIA

## **Hindi films** regained their leadership at the Box Office in 2023

South Indian language films lost 8% revenue market share from 2022

Box office share by language

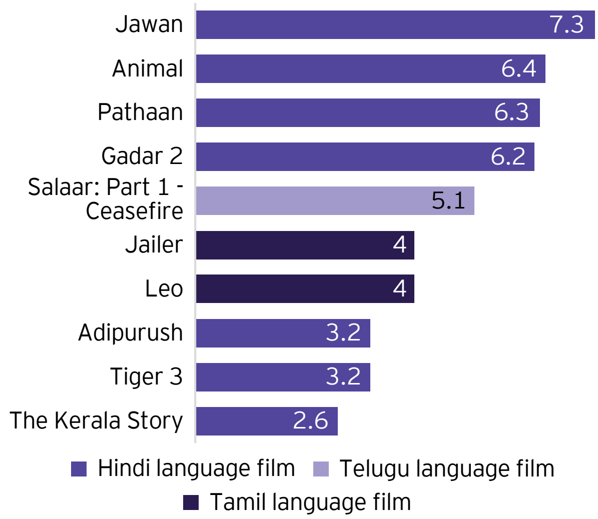



**Hollywood includes all language versions; South Indian languages include Telugu, Malayalam, Tamil and Kannada*

## Seven Hindi films featured among the **top 10 grossing films** of 2023

There were just four in 2022

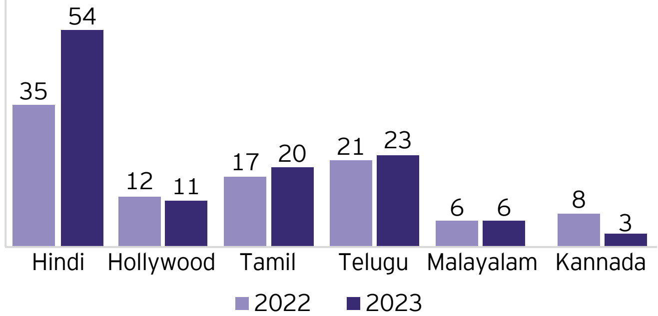
Gross box office (INR billion) of the top 10 films of 2023




*Cumulative box office revenues of each film in all languages in which it was released*

## **Hindi cinema** crossed INR50 billion for the first time

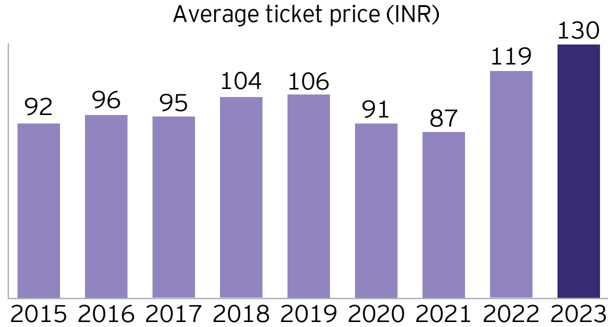
Gross box office collections (INR billion)




## **Average ticket price** (ATP) grew 10% compared to 2022

Box office contribution of Hindi cinema increased the ATP at an all-India level

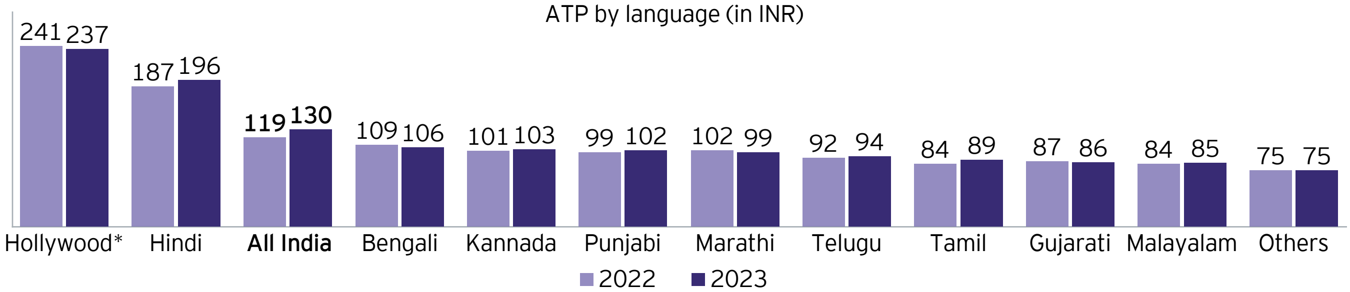
Average ticket price (INR)




## Hollywood films command the highest **ticket prices**, followed by Hindi language films

ATP of south Indian language films is approximately half that of Hindi films

ATP by language (in INR)




**Hollywood includes all language versions*

*All data has been provided by Ormax and has not been verified by EY. It has been provided in summary form for representation purposes only.*

# Expert speak

**Ajit Andhare**
*Viacom18 Motion Pictures*

*2023 was the year when Hindi cinema answered the call and reclaimed its lost glory. The Industry will continue to see a shift towards a more cinematic storytelling, creation of greater franchises and innovations. Growing footfalls back to the 2019 high of 340 million remains the key challenge for the industry amidst the presence of OTTs.*

**Ajay Bijli**
*PVR INOX*

*In 2023, India's film industry rebounded to surpass pre-pandemic levels, demonstrating remarkable resilience. The Hindi box office, in particular, saw a significant comeback with four films breaking records, reflecting the enduring appeal of Indian cinema as a preferred source of entertainment. We anticipate continued success in the coming years.*

**Hiren Gada**
*Shemaroo*

*Technology and connectivity are propelling consumption growth and shaping the emergence of new formats and platforms in the M&E sector, spanning both traditional and digital mediums. In traditional media, we are seeing a steady transition of viewership towards FTA, while on the digital platforms, there is a shift towards shorter formats, with an increasing share of audience engagement.*

**Devang Sampat**
*Cinepolis India*

*The Indian box office is among the fastest to recover globally and recorded the highest ever gross collections in the past year. 2024 looks equally exciting for us, particularly due to the blockbuster sequels coming from the South Indian cinema industry!*

**Shibashish Sarkar**
*International Media Acquisition Corp*

*In today's uncertain landscape, we stand at a threshold of endless possibilities. History will applaud today's filmmakers for ushering in an era where creativity, technology, and audience engagement converged to redefine entertainment.*

**Rahul Puri**
*Mukta Arts*

*Cinema will continue to be split between large format audio-visual spectacles playing out in theatres and long-format narratives on streaming platforms. All of this will be propelled by technology, especially of an immersive nature, while stories will gravitate towards being regional and rooted, while being made for global resonance.*

**Nitin Tej Ahuja**
*Producers Guild of India*

*2023's record box office put paid to the premature obituaries of Hindi cinema. However, many areas of concern need addressing across exhibition, television and streaming before producers can truly celebrate.*

**Apoorva Mehta**
*Dharma Productions*

*In the global media landscape, India stands out by merging fresh storytelling and technology to transform entertainment... making it immersive, inclusive, and globally resonant.*

**Rajesh Mishra**
*UFO Moviez*

*In 2023, despite the cricket world cup, the industry thrived on captivating content that resonated well with audiences. The revival of Hindi Cinema marked a pivotal moment, accompanied by a notable increase in the number of screens. This progression highlights the industry's resilience and adaptability, laying the groundwork for an upward momentum.*

**Devendra Deshpande**
*Friday Filmworks*

*Everything will now be about 'pull' content (defined by the story and the maker) and 'push' content will be relegated to the minimum. Focus on format-agnostic sports content (films, docu-series, television, etc.) will gain traction and become one of the key differentiators across platforms.*

**Naveen Chandra**
*91 Film Studios*

*Big spectacle movies are drawing people back to the theatre as much as women-led stories. Cultural lines are blurring and the number of pan-India films is growing as regional movies continue to tell entertaining stories with a universal acceptance.*

**Amit Sharma**
*Miraj Group*

*Box-office's stellar run in 2023 reiterates our belief that the Indian audience is hungry for good quality content that is best experienced on the large screen. Going ahead, film producers and exhibitors should explore innovative marketing strategies for upcoming movies.*

**Shobu Yarlagadda**
*Arka Mediaworks*

*Achievements at the Oscars signal a growing recognition of India's diverse storytelling prowess, spanning fiction, non-fiction, and animation. Blending local stories with innovative technology promises to elevate Indian cinema to new heights.*

**Vivek Krishnani**
*MovieVerse Studios*

*Multiplex audiences are not loyal as they have many entertainment options but for cine-goers in smaller cities, going to movies with family is a ritual. Hindi cinema needs to invest in a writing ecosystem that focuses on telling stories that are rooted in our cultural ethos and resonate with theatre going audiences in Tier II and III cities.*

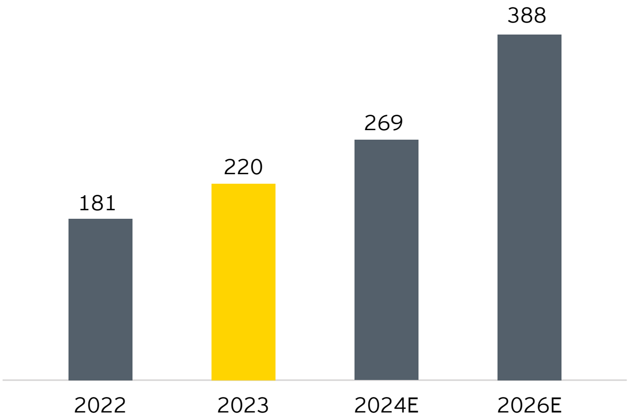
# Online gaming

# Executive summary

It is not just a game! The gaming segment in India is now a formidable force in the M&E sector, displacing filmed entertainment to become the fourth largest segment. Almost a quarter of the 455 million gamers in India are engaging with online games daily. The robust growth of this segment is also expected to continue through to 2026, where it will become a sector worth INR388 billion. While there are pockets of distress in some States with respect to administrative oversight, the segment has a positive outlook in the coming times as the market now has greater acceptance towards paying for online gaming and the user base steadily growing to become the number one online gaming country in the world.

## Online gaming grew 22% in 2023

Online gaming segment revenue




| Game type | 2022 | 2023 | 2024E | 2026E |
|---|---|---|---|---|
| Transaction-based | 150 | 182 | 223 | 321 |
| Esports and Casual | 31 | 38 | 46 | 67 |
| **Total** | **181** | **220** | **269** | **388** |

INR billion (gross of taxes) | EY estimates

### Reach

- In 2023, the number of online gamers in India reached 455 million, which is the second-largest gaming user base globally, after China[1] . Of this, we estimate that 100 to 110 million play online games daily
- India is the world's biggest market by mobile game downloads[2] , and hyper-casual games were the most downloaded genre
- Sustained marketing over the years along with increased awareness of online gaming is fueling growth from non-metro and regional language markets

### Monetization

- The online gaming segment grew 22% to become the fourth largest segment of the Indian M&E sector in 2023, displacing filmed entertainment
- About 90 million gamers reportedly paid for online games in 2023
- Transaction-based game revenues increased by 21% to reach INR182 billion
- Post the change in GST rules introduced from October 2023, online gaming companies absorbed the impact, and by cushioning the player, ensured growth rates were not significantly disturbed, though margins were, and this caused layoffs and could lead to shutdowns among smaller gaming companies if they cannot absorb the cost
- Google's decision to permit listing of skill-based real money games on its app store has widened the reach for many other games that charge participation fee
- Casual gaming grew 24 % in 2023
- In-app purchases revived significantly due to the launch of BGMI during 2023
- Shooting games remained India's favorite, generating 24% of in-app purchase revenues, followed by strategy games
- Relatively newer genres like match and party aggregated over 20% of in-app purchase revenues between them
- At a 100 million DAU, gaming provided a significant opportunity for brands to connect with upwardly mobile young audiences, though yields remained low
- With multiplayer games making a comeback, prominent esports titles almost doubled to 19 in 2023, with 1.8 million Indians participating in them, and which were available across 20 platforms

## Future outlook

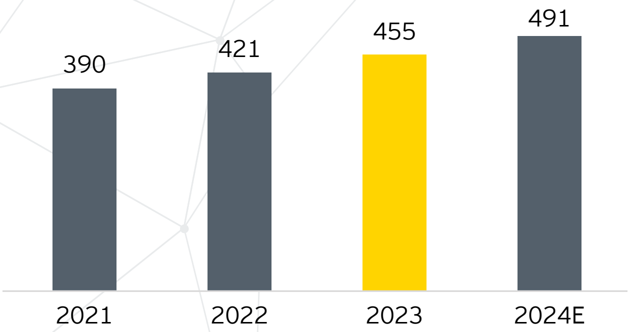
- We expect the segment to grow at a CAGR of 21% to reach INR388 billion by 2026
- The fastest growing segment would be in-app purchases (27% CAGR), followed by fantasy sport (23%) and then rummy and poker (19%)
- Share of RMG will be 83% of the total revenues
- In-app purchases will grow significantly
- Consolidation can be expected, as smaller, less profitable companies struggle to manage the implications of GST
- Rollout of 5G across the country will improve the online gaming experience for users

[1] India Games Market Report - Research and Markets; EY analysis; Industry discussions
[2] Data.ai - State of Mobile Gaming 2023 | Android only

# Reach

## Online gamers grew 8% in 2023

Online gamers in India (in millions)




EY estimates

- Online gamers in India grew to 455 million in 2023 and are expected to reach 491 million by 2024[3]
- Apart from the growth in smartphone users in India of over 30 million, low data charges and increasing per capita income, the popularity of gaming influencers (which attract significant followers on social media and short video platforms) contributed to attracting new cohorts of players
- Battlegrounds Mobile India (BGMI), a version of PUBG Mobile exclusively available in India, was relaunched in May 2023 after being banned for over two years. It has since then garnered the top rank in app store downloads in India and has around 100 million cumulative players[4]
- The proximity to online games increased in 2023 from just gaming apps to media apps (entertainment, sports, news and music), social apps and e-commerce apps, as gaming was found to help with stickiness and aid in marketing content
- With online gaming players now being charged 28% GST on the full face value since 1 October 2023, there was a sense of fear that this would deter gamers playing online real money games. However, online gaming companies reworked their business models to either absorb or minimize the impact to gamers, and we understand that for large companies, the impact was felt for a short period of less than a quarter during 2023, though smaller gaming companies did get impacted more

## Hyper-casual games were most downloaded

| Rank | Game genre | Downloads (% share) | Share of IAP revenues |
|---|---|---|---|
| 1 | Hyper-casual | 25% | <1% |
| 2 | Simulation | 20% | 7% |
| 3 | Action | 10% | 3% |
| 4 | Table-top | 7% | 4% |
| 5 | Racing | 7% | <1% |

Data.ai | Downloads across iOS and Google Play. Does not include side-loaded apps

- Hyper-casual games were both most downloaded, but had a minimal share of in-app purchases
- Simulation games had the highest revenue share among the top five genres of games
- In the case of casual games, the platform strategy worked and increased the customer stickiness and lifetime value, as gamers stayed on the platform for longer across more number of games
- Some casual game companies we interviewed had 80% of their consumers from non-metro markets

[3] EY estimates through various secondary sources and consensus-based industry discussions
[4] https://www.linkedin.com/posts/nileshdeshmukh14_impact-of-bgmi-relaunch-in-india-activity-7133723763719725057-g7uZ/

# Monetization

## Transaction-based game revenues crossed INR180 billion

| | 2022 | 2023 | 2024E |
|---|---|---|---|
| Rummy and Poker | 56 | 68 | 82 |
| Fantasy sports | 79 | 96 | 120 |
| Other participation fee | 15 | 18 | 20 |
| Total | 150 | 182 | 222 |

INR billion (gross of taxes) | EY estimates

- About 90 million gamers reportedly paid for online games in 2023[5]
- Transaction-based game revenues increased by 21% to reach INR182 billion
- Growth in rummy and poker was driven by:
  - Rummy was permitted again in Tamil Nadu, always a key market
- Growing interest in online competitions with significant cash rewards
- Easy accessibility, connectivity, payments, withdrawals
- Growing awareness and comfort to transact online
- Incentives to attract and retain players
- Fantasy sports grew on the back of the IPL and the CWC, where India's performance drove both viewership and game play. In addition, fantasy sports provided a vast array of emerging sports including football, basketball, kabaddi, etc., which enabled it to gain visibility and an increase in users
- As per EY-LOCO gamer survey, 58% of respondents were ok to spend money to play real money games while 52% of respondents had paid to play fantasy sport in 2023
- Google's decision to permit listing of skill-based real money games on its app store has widened the reach for many other games that charge participation fee, and this segment saw 20% growth

## Casual gaming grew 24 % in 2023

| | 2022 | 2023 | 2024E |
|---|---|---|---|
| In-app purchases | 9 | 14 | 18 |
| Advertisement | 11 | 13 | 14 |
| Esports | 11 | 12 | 14 |
| Total | 31 | 38 | 47 |

INR billion (gross of taxes) | EY estimates

### I. In-app purchases

- In-app purchases revived significantly due to the launch of BGMI during 2023
- Shooting and Strategy are the top two game categories where gamers spend[6]
- Younger gamers are more inclined to play party, simulation and shooter-based games[7]
- Older games continue to drive mobile game monetization, too[8]

### II. Advertisement

- At a 100 million DAU, gaming provided a significant opportunity for brands to connect with upwardly mobile young audiences, though yields remained low
- In 2023, the hyper-casual category saw the highest number of new games released and the most downloads, with many incorporating advertising revenue into their business model

### III. Esports

- With multiplayer games making a comeback, prominent esports titles almost doubled to 19 in 2023, with 1.8 million Indians participating in them, and which were available across 20 platforms[9]
- Game streamers also saw an increase in viewership of 20% to 25%[10], particularly in Tier-II cities
- As per the EY-Loco gamer survey, 78% of respondents had participated in esports events and they all viewed at least one tournament a month

[5] https://www.statista.com/statistics/1064010/number-of-online-gamers-india/
[6] Data.ai - State of Mobile Gaming
[7] Data.ai - State of Mobile Gaming
[8] Data.ai - State of Mobile Gaming
[9] NODWIN Games estimates
[10] Industry discussion

## Shooting games were most monetized

| Rank | Game genre | Downloads (% share) | Share of IAP revenues |
|---|---|---|---|
| 1 | Shooting | 5% | 24% |
| 2 | Strategy | 1% | 14% |
| 3 | Match | 6% | 12% |
| 4 | Party | 1% | 9% |
| 5 | Sports | 3% | 8% |

Data.ai | Consumer spend across iOS and Google Play. Does not include side-loaded apps

- Shooting games remained the favorite in India, generating 24% of in-app purchase revenues, followed by strategy games
- Relatively newer genres like match and party aggregated over 20% of in-app purchase revenues between them

- The top apps from a monetization perspective in India in 2023 were:

| Rank | Game | Genre | Country of origin |
|---|---|---|---|
| **Past releases** | | | |
| 1 | Free Fire | Shooting - Battle Royale | Singapore |
| 2 | BGMI | Shooting - Battle Royale | South Korea |
| 3 | Coin Master | Party - Luck Battle | Israel |
| 4 | Candy Crush Saga | Match - M3 | Sweden |
| 5 | Call of Duty: Mobile | Shooting - Team Deathmatch | China |
| **New releases in 2023** | | | |
| 1 | Whiteout Survival | Strategy - 4X March-Battle | China |
| 2 | Monopoly GO: Family Board Game | Party - Luck Battle | USA |
| 3 | Call of Dragons | Strategy - 4X March-Battle | Poland |
| 4 | Honkai: Star Rail | RPG - Team Battle | China |
| 5 | Viking Rise | Strategy - 4X March-Battle | Singapore |

Data.ai | Does not included side-loaded apps

# Operating environment

## Game viewership continued to grow

- Game platform Loco has estimated that online viewership grew 20% in 2023
- It believes that 4% of total YouTube viewership is also related to gaming
- Watch parties are growing, where groups of fans watch games together and interact with each other during game play

## India's role in the international gaming landscape[11]

- India is poised to become world's largest gaming hub[12]
- Digital Gaming India Expo 2023 saw participation from leading gaming companies across the world and showcased work on leading technologies like AR/ VR, blockchain, NFT, robotics, digital gaming, and more. India has seen the emergence of over 1,000 gaming studios and game development companies[13]
- Sony Interactive Entertainment (SIE) launched the Sony India Hero Project to support Indian game developers[14]
- The Krafton India gaming incubator fund has made an outlay of $50,000 to $150,000 per investment[15]
- Kratos Studios's has committed to invest INR500 million to shortlist the first set of 10 to 15 studios by March 2024 to help them bring their games to the blockchain[16]
- Pune-based game development firm SuperGaming recently partnered with the US firm Epic Games to make its made-in-India battle royale game Indus, playable in Epic's Fortnite[17]

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[11] Gaming Studio Setup Organization Process: Must-Haves | Newxel
[12] EY estimates, industry discussions, https://www.newindianexpress.com/business/2022/Aug/10/india-gaming-industry-poised-to-become-worlds-largest-gaming-hub-2486156.html
[13] https://www.convergenceindia.org/pdf/2023-Post-Show-Report.pdf
[14] https://www.playstation.com/en-in/local/india-hero-project/#:~:text=What%20is%20India%20Hero%20Project,Entertainment%20for%20Indian%20game%20developers.
[15] https://www.businesstoday.in/technology/news/story/krafton-india-launches-gaming-incubator-to-boost-local-ecosystem-upto-rs-124-crore-on-offer-400788-2023-10-05#:~:text=Selected%20participants%20will%20receive%20guidance,)%2C%20depending%20on%20their%20requirements.
[16] https://www.moneycontrol.com/news/business/indigg-owner-kratos-studios-allocates-rs-50-crore-to-help-studios-bring-their-games-to-blockchain-11647071.html
[17] https://www.moneycontrol.com/news/business/supergaming-takes-made-in-india-title-indus-global-with-fortnite-integration-11669491.html

## Summary of different positions held by states in online gaming

| State | Fantasy | Rummy | Poker | Year of enactment |
|---|---|---|---|---|
| Karnataka[18] | Allowed | Allowed | Allowed | 2021 |
| Meghalaya[19] | Allowed | Allowed | Allowed | 2021 |
| Tamil Nadu[20] | Allowed | Allowed | Allowed | 2021 |
| Andhra Pradesh[21] | Not allowed | Not allowed | Allowed | 2020 |
| Telangana[22] | Not allowed | Not allowed | Not allowed | 2017 |
| Gujarat[23] | Allowed | Allowed | Not allowed, on account of a judgement of the Gujarat HC judgement from 2017. An appeal from this decision is pending before the division bench of the HC | 2017 |
| Nagaland[24] | License needs to be obtained | License needs to be obtained | License needs to be obtained | 2016 |
| Sikkim[25] | Restricted to servers based in Sikkim | Restricted to servers based in Sikkim | Restricted to servers based in Sikkim | 2009 |
| Assam[26] | Not allowed | Not allowed | Not allowed | 1970 |
| Odisha[27] | Not allowed | Not allowed | Not allowed | 1955 |
| Rajasthan[28] | Licensing regime proposed in 2022 | - | - | NA |
| Kerela[29] | - | - | - | NA |

Compiled by Galactus Funware Technology | Select states only

**Updates in 2023:**

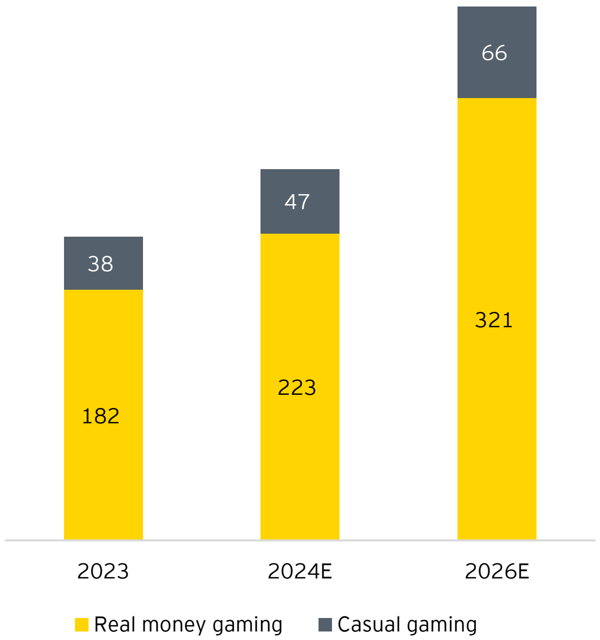
- **Karnataka:** The amendment allowing online gaming was struck down by the State HC in February 2023 and is currently under appeal in the Supreme Court
- **Meghalaya:** The Meghalaya Regulation of Gaming Act, 2021, was repealed in November 2022
- **Tamil Nadu:** The amendment allowing online gaming was struck down by the State HC in August 2023
- **Andhra Pradesh:** Under appeal before the Supreme Court
- **Telangana:** Under appeal before the Supreme Court
- **Gujarat:** An appeal against the single judge order allowing online poker is pending before the division bench of the HC
- **Rajasthan:** The draft bill proposing a licensing regime for online fantasy and esports is still under consideration, no final law has been enacted
- **Kerala:** There is no official stance or proposed legislation regarding online gaming as of now
- The Indian government is currently considering a central regulatory framework for online gaming, which could potentially supersede state-level bans[30]

[18]Amendment of the Karnataka Police Act, 1963*/ Karnataka Police (Amendment) Act 2021
[19]Meghalaya Regulation of Gaming Act, 2021
[20]Amendment of the Gambling and Police Laws, 2021*/ Tamil Nadu Gaming and Police Laws (Amendment) Act, 2021
[21]Amendment to the AP Gaming Act 1974/ The Andhra Pradesh Gaming (Amendment) Act, 2020
[22]Amendment to the Telangana Gaming Act of 1974/ The Telangana Gaming (Amendment) Act, 2017
[23]Gujarat Prevention of Gambling Act, 1887
[24]Nagaland Prohibition of Gambling and Promotion and Regulation of Online Games of Skill Act, 2015
[25]Sikkim Online Gaming (Regulation) Act, 2008
[26]Assam Game and Betting Act, 1970
[27]Orissa Prevention of Gambling Act, 1955
[28]The State of Rajasthan published a draft of Rajasthan Virtual Online Sports (Regulation) Bill proposing a licensing regime to regulate pay-to-participate fantasy and esports
[29]While an amendment has been proposed and reported about in the media, no draft has been circulated
[30] https://economictimes.indiatimes.com/news/india/online-gaming-talks-begin-for-central-regulatory-framework/articleshow/94747171.cms?from=mdr

# Future outlook

## We expect the segment to reach INR388 billion by 2026

Revenue projections




INR billion (gross of taxes) | EY estimates

- We expect the segment to grow at a CAGR of 21% to reach INR388 billion, provided no retrospective tax actions are taken on the companies, on account of:
  - Smartphone users, who are expected to grow from 574 to 640 million by 2026[31]
  - Wired (or similar) broadband, which should almost double from 38 million to 68 million
  - Growing per capita incomes and low data charges
- The fastest growing segment would be in-app purchases (27% CAGR), followed by fantasy sport (23%) and then rummy and poker (19%)
- Share of RMG will remain constant at around 83% of the total revenues
- In the event the key states of Andhra Pradesh and Telangana permit games of skill, and FreeFire is permitted to return, the growth can be higher

## Retrospective taxation can shut down the segment

- In the event the government continues with its desire to change taxation policies retrospectively, most gaming companies we met claimed that they would end up shutting down their operations as they would not be able to comply
- The application of GST at 28% on the face value of bets has already resulted in lay-offs and the closure/ sale of some small gaming companies
- FDI will also revive only post the clarity on retrospective taxation

## Consolidation can be expected

- The impact of the GST regulation has resulted in gaming companies absorbing the impact to protect consumer traffic and spend, which has impacted margins significantly, putting a few smaller gaming companies at risk of survival
- This will result in more deals in the segment in 2024, and we expect the market to stabilize with two to three fantasy sport players, one to two players each in rummy and poker, and one or two multi-game platforms
- Once clarity on retrospective taxation is resolved, international interest will be significant, given limited opportunities for growth in foreign markets

## In-app purchases will grow significantly

- As the friction around digital payments reduces, and as consumers' willingness to consider gaming a digital phone offering grows, the ability to generate revenues from in-app purchases (both strategic and impulse buys) will increase
- We estimate in-app revenues around casual games to double to INR28 billion by 2026

## Many new games will launch

- We expect several foreign games to launch in India as game companies look for scale and a growing gaming audience, even at lower ARPUs
- The implication of this will be improved game development, marketing and management services skill sets being built-up in India

## Gaming on ONDC and other apps

- Many CEOs we interviewed found the current play store charges eating into their profitability, and were looking for innovative ways to manage the same
- Accordingly, we see many gaming companies using alternative models to collect subscriptions and in-app purchase revenues, and could look to alternate stores and collection platforms for the same, including web-based play stores

[31] EY estimates

# #Reinventing gaming

## Build loyalty

- Most players tire of their preferred games within nine to 12 months[32] and hence, rolling out a loyalty program, both within a game and between different games, will become more critical, as game development and marketing costs rise
- Another important aspect will be to incentivize continued game play, rather than withdrawal of winnings, to minimize the GST impact under the new rules
- Consider web3.0 integrations - convert in-game assets (virtual goods or NFTs) into money and rewards

## Enable AI

- Use of AI in a Non-Player Character (NPC) can significantly enhance the gaming experience. AI will allow NPCs to adapt to players' behaviors, making gameplay more engaging and personalized
- With the increasing adoption of AI by gaming companies, we can expect to see an evolution in character development, innovative game mechanics, and more immersive game worlds, apart from storylines that dynamically change

## Increase non-player engagement

- As heroes are created, the legions of fans will grow, and to monetize them, the need is to innovate with ideas like exclusive passes, fan loyalty programs, watch parties, VIP passes etc.

## Build out cloud gaming to grow reach

- Cloud gaming platforms allow users to access to a fully featured cloud gaming PC on any device the user owns, be it a laptop, desktop, or smartphone which they can use to play games from the platforms' library
- The availability of high-speed internet (with the roll-out of 5G in India) and use of one's smartphone replacing the requirement for high-end gaming hardware will enable the cloud to transform gaming's reach

## Go regional

- Over half the content made for OTT platforms is now in regional languages apart from Hindi[33] , and dubbing and titling it makes it move across language boundaries
- Games can increase their reach and shelf life when dubbed, titled and skinned across difference regional languages and provided with the relevant cultural context

## Gamify education

- India's need for quality education remains high, as it aims to remain and grow as the back office of the world, for which it needs to upskill many youth
- The edu-gaming market will witness increased interest from investors as it aims to bring this skill gap that impacts millions, in India and abroad

## Go global

- It is time to use the tech prowess of India to become the gaming back office of the world
- With over 1,000 game development companies[34] , India's ability to develop games, market them, and manage daily operations can become an added source of export revenues for India
- Building talent, particularly in terms of building high-end AAA games, will be required at speed

## Protect local

- Several off-shore gambling sites continue to exist, resulting in illegal game play and diversion of funds outside India
- The segment needs to work with regulators and stakeholders like payment gateways, to restrict transactions and pull-down with such sites

## Use fair play to promote gaming

- Use technology to ensure game play is restricted to adults, time spent is limited, monetary restrictions are in place and addition patters are identified and counselling provided proactively
- Ensure compliance with fair play guidelines via industry bodies, and use the same to promote the segment

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[32] EY-LOCO survey of gamers
[33] Estimates based on EY's content services team
[34] Industry discussions

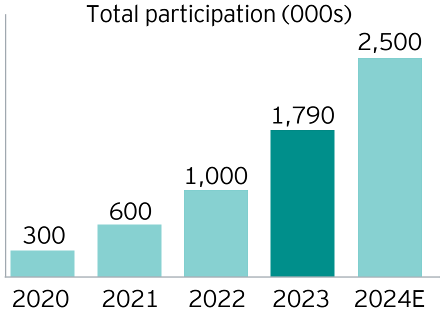
## Trends

# Esports in India

*Powered by NODWIN Gaming and AFK Gaming*

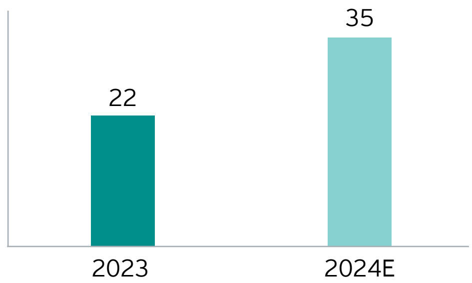
Total **participation in esports tournaments** touched 1.8 million
(across prominent titles and competitive levels)

Total participation (000s)



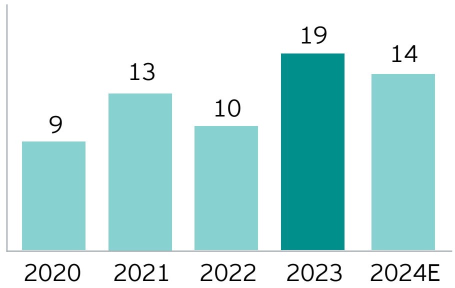

Professional **esports teams** will grow in 2024 as major titles are expected to return

Number of professional teams



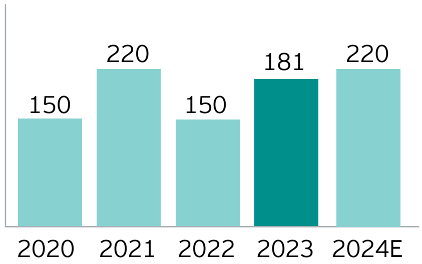

Prominent **esports titles** are expected to consolidate

Number of prominent titles
(mobile + PC + console)



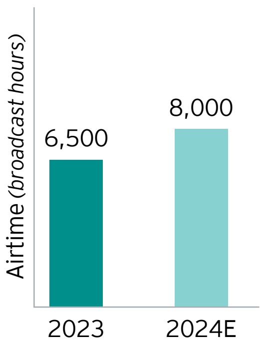

The expected return of Free Fire tournaments will grow the **prize pool**

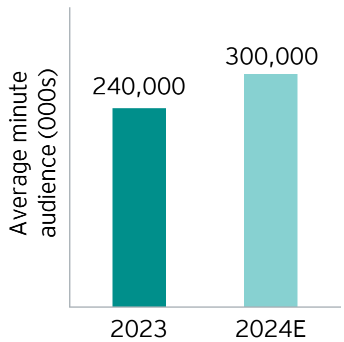
Prize money across major tournaments
(INR million)




**Airtime** continued to grow
(across all competitive level games)

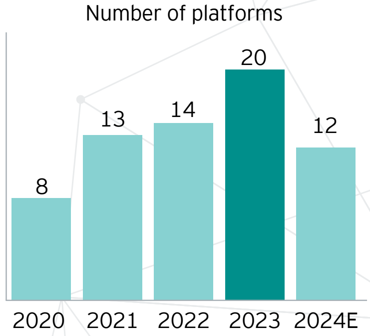
Content created and average viewership



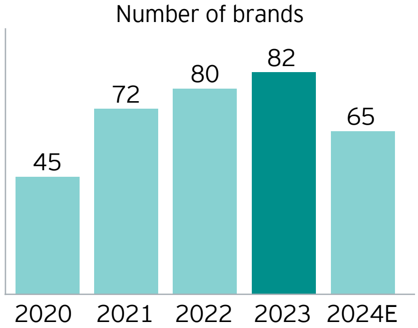

**Broadcast platforms** can expect to see consolidation in 2024...
(OTT+ live streaming+ TV+ social)

Number of platforms



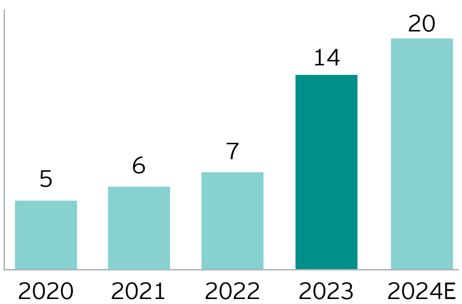

...which will impact **brands** investing in esports

Number of brands



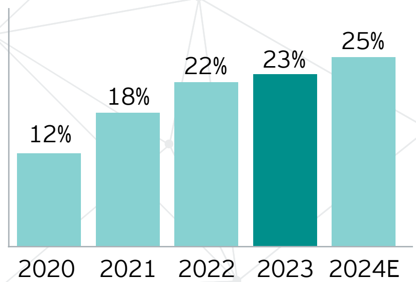

India is expected to have 20 **international teams** by 2024

Number of international teams




**Women fan base** is expected to remain in the 22-25% range

Approximate % of fan base




*All data has been provided by NODWIN Gaming to EY and has not been independently verified by EY. It has been presented in summarized form for presentation purposes only.*

Media & entertainment

Trends

# Online gamer survey

*Powered by* LOCO

## Respondent profile

**12,732**
Gamers participated

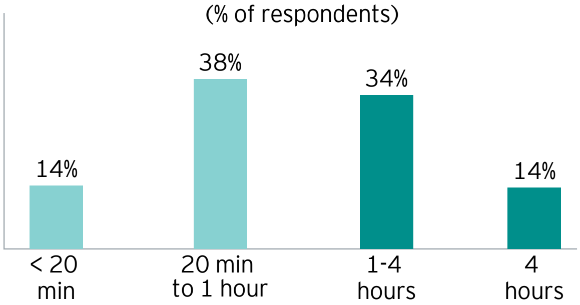
**94%**
Gamer respondents were below the age of 34

**90%**
Respondents were male

**88%**
Respondents were single

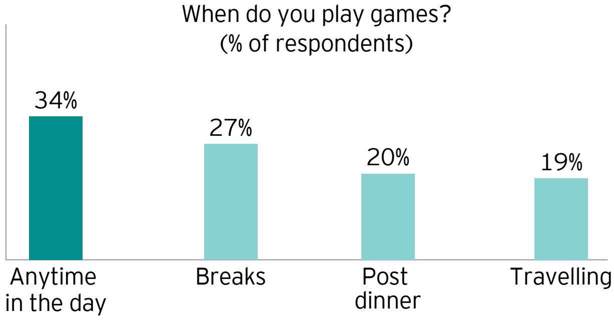
**48%** respondents spent over an hour per gaming session

Time spent on each play session
(% of respondents)




**A third of respondents** played games at any time during the day, similar to last year

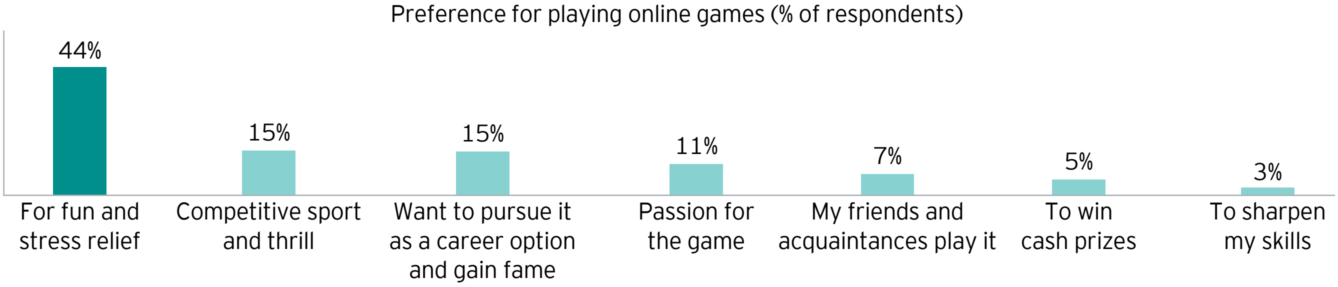
When do you play games?
(% of respondents)




## Game choice

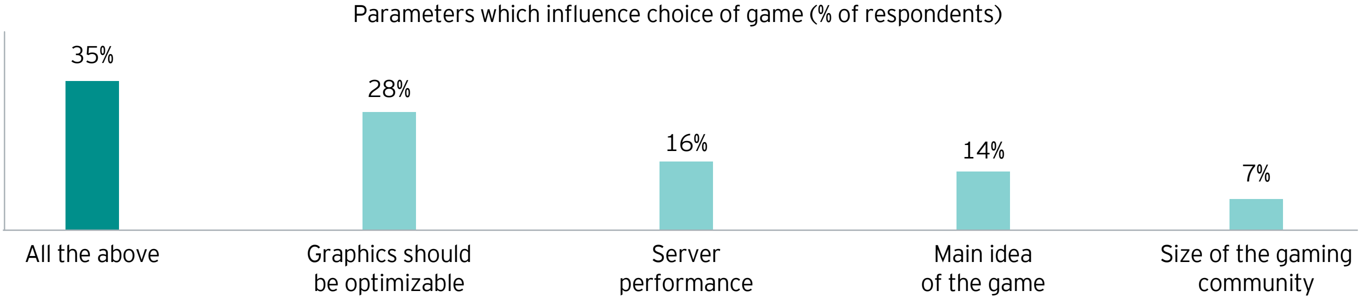
**44%** played for fun and relieving stress

Preference for playing online games (% of respondents)



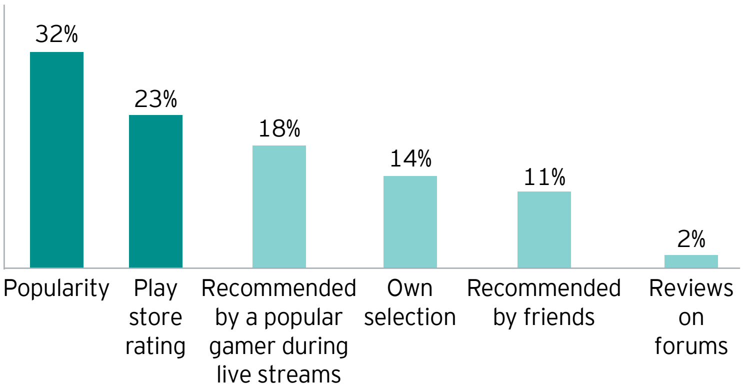

**Graphics, idea and community** were all important factors in choosing games

Parameters which influence choice of game (% of respondents)



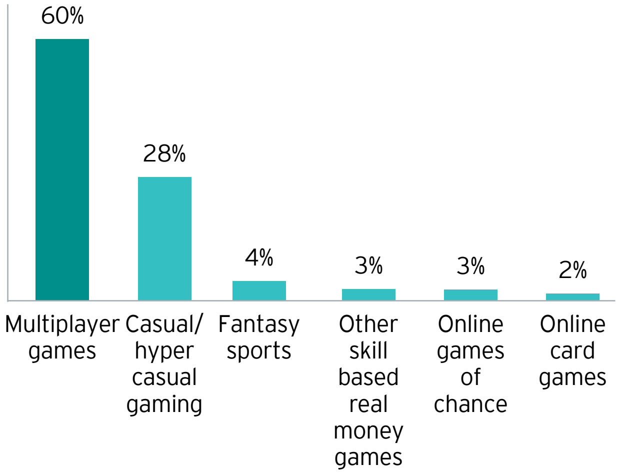
**Popularity and play store** ratings remained the most important factors in choosing games

How do you decide on which game to play?
(% of respondents)




**Multiplayer** games were the most preferred

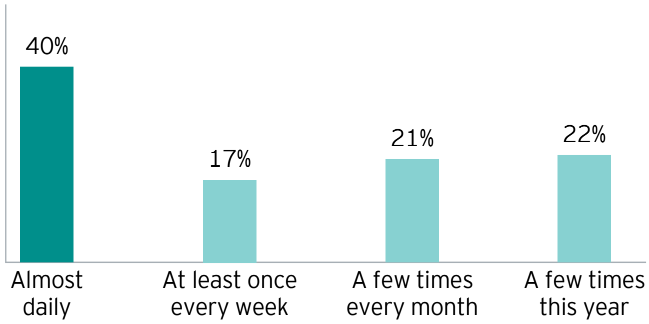
% of respondents who played games




## Frequency of game play

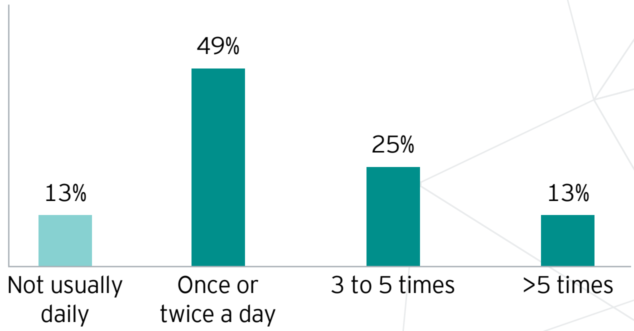
**40%** played online games almost on a daily basis in 2023

What best describes your online game play in 2023?
(% of respondents)



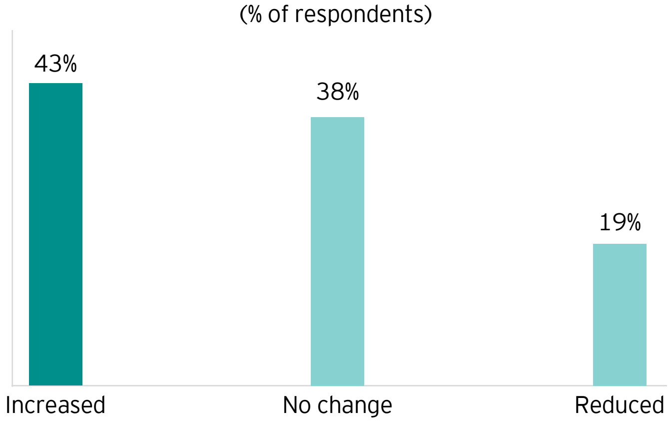

On any given day **87%** played games at least once

Frequency of play during a day
(% of respondents)



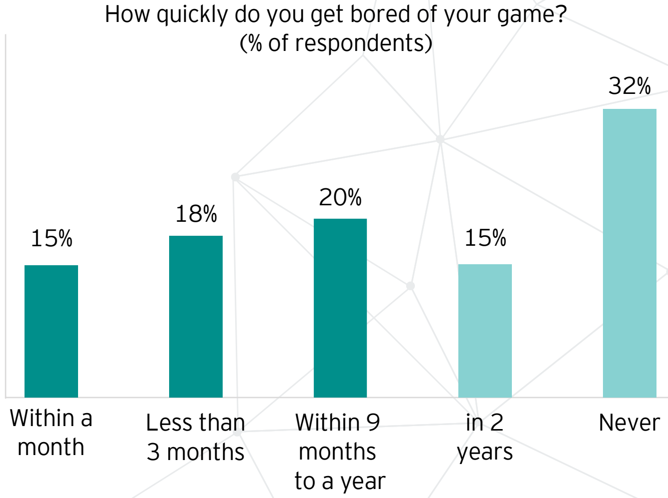

**43%** indicated that their playing time increased over last year

Change in time spent playing games in 2023 vs. 2022
(% of respondents)




**53%** of respondents grew bored of their games within a year

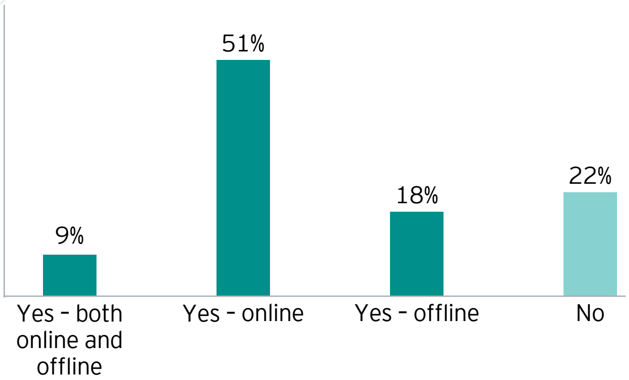
How quickly do you get bored of your game?
(% of respondents)



## Esports

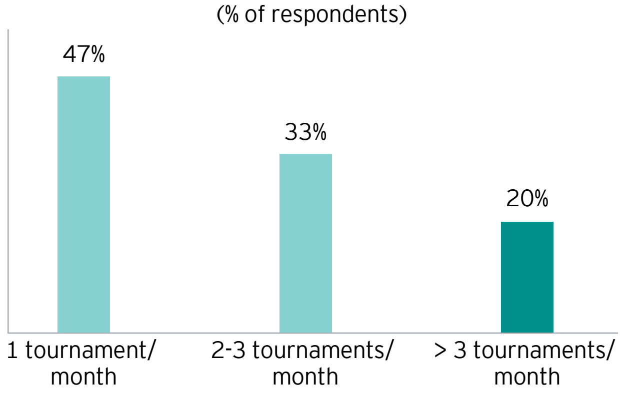
78% of respondents had **participated in esports events**
17% higher than in 2022

Participation in esports tournaments in 2023
(% of respondents)




**20%** viewed more than three esports tournaments in a month

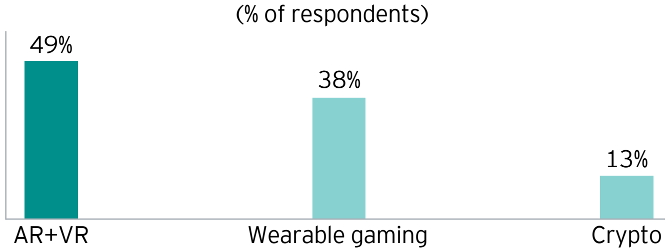
How many esports tournaments do you view in a month?
(% of respondents)




## Type of game play

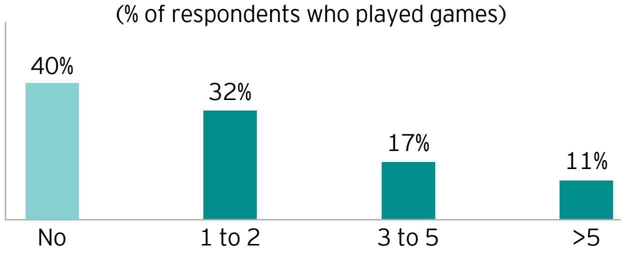
**AR and VR** are the most popular tech that gamers want to experience

What technology would you like to see in your game?
(% of respondents)



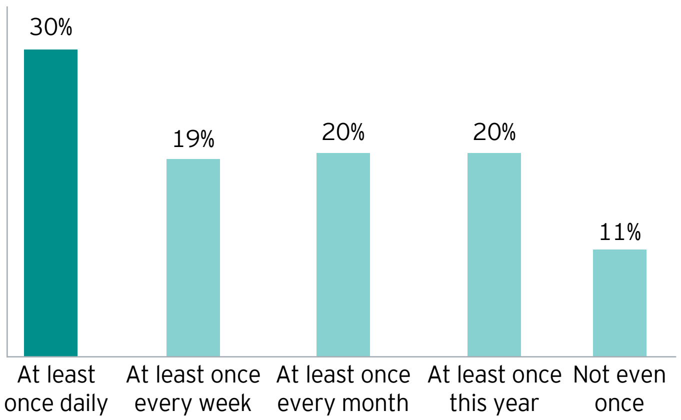

**60%** of the respondents had participated in at least one Fantasy League tournament

Did you participate in any fantasy leagues in 2023?
(% of respondents who played games)



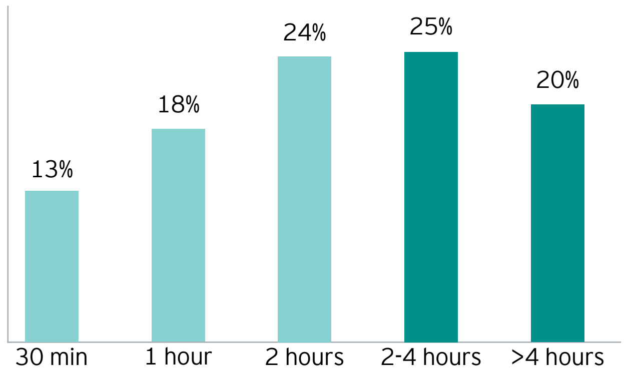

**30%** of respondents watched game streams daily

Frequency of watching game streams
(% of gamers)




**45%** spent more than two hours watching game streams

Time spent on watching game streams
(% of respondents who watched online streaming games)



## Monetization

**58%**

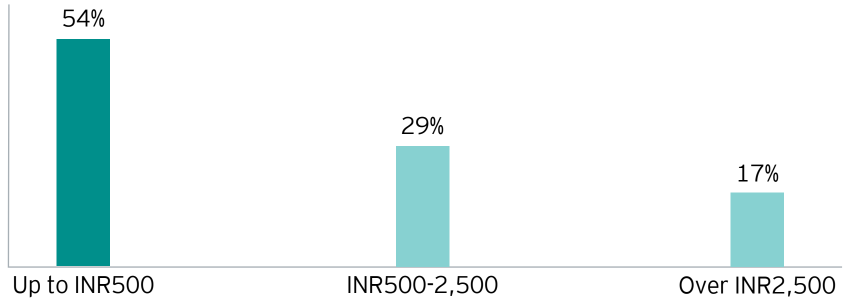
Respondents were okay with spending money to play real-money games

**19%**

Higher than last year's survey

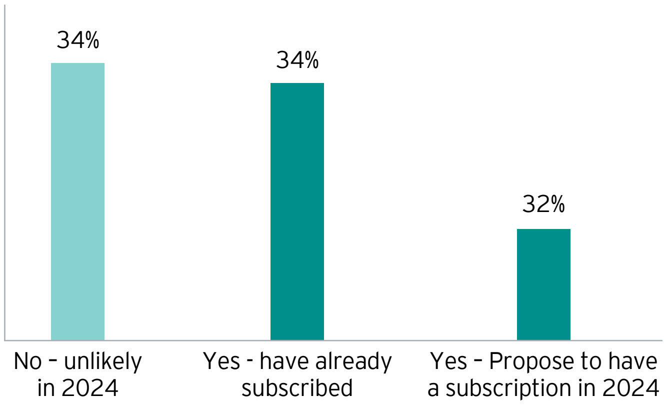
**54%** of those who paid to play games spent less than INR500 per month

How much do you spend on in - app purchases in a typical month?
(% of respondents who paid to play)



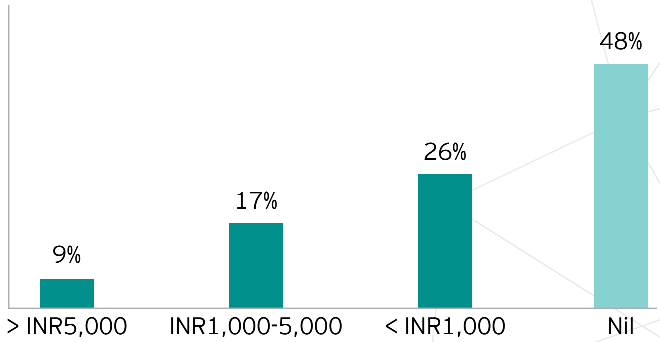

Almost two-thirds of respondents had or were willing to spend on a **gaming subscription**

Will you pay for a gaming subscription?
(% of respondents who play games)



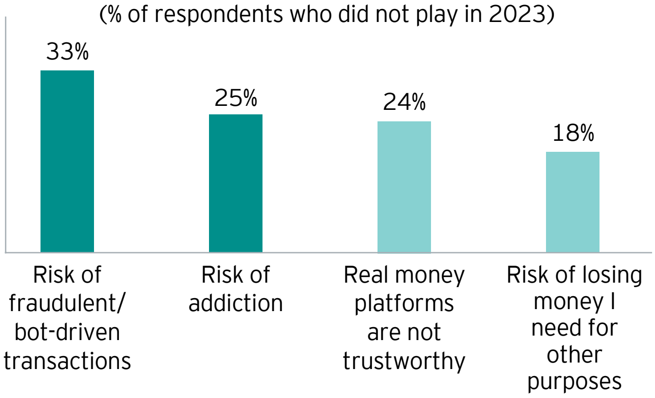

52% of respondents had **paid to play** fantasy sport in 2023

Money spent on fantasy sports in 2023
(% of respondents)




Risk of fraud and addiction were the top **reasons for not playing** real money games

Reason for not playing RMG
(% of respondents who did not play in 2023)




*The survey was administered by Loco on their platform and the results provided to EY. EY has tabulated the same and summarized the findings in this section. 12,723 gamers participated in the survey.*

# Expert speak

**Sai Srinivas**
*Mobile Premier League*

*The government's efforts to formulate a regulatory framework will provide certainty and structure to an industry that is keen to grow in a responsible manner, leading to increased employment opportunities, tax revenues and investments. With the right support, we will see online gaming leading the charge in the global economy and cement India's position as a world leader.*

**Bhavin Pandya**
*Games24x7*

*The last 12 months have provided significant businesses clarity and therefore the opportunity to reconstruct and revitalise. The next 12 months are expected to offer similar clarity through well-crafted regulations. Online gaming stands as a cornerstone of entertainment, embodying India's digital progress and will continue to significantly contribute in advancing India's trillion dollar digital economy.*

**Nitish Mittersain**
*Nazara Technologies*

*India's time has come. Expect to see one or two breakout Indian games that will go global in a few years, as India becomes a prominent game development hub.*

**Rajan Navani**
*JetSynthesys*

*'Gamertainment' is the future of entertainment - Interactive, personalised, immersive and deeply engaging - thereby bringing about behavioural changes and shaping choices in people around the world. In India, mid-core games and esports will see an increasing trend in engagement.*

**Ankur Dewani**
*RummyVerse*

*The integration of AI and machine learning will personalize gaming experiences, making them more engaging, while blockchain promises enhanced security. 5G will significantly reduce latency, opening up new possibilities. These technological shifts, coupled with India's digital adoption and regulatory clarity, position the industry positively, and we anticipate a surge in both casual and real money gaming.*

**Akshat Rathee**
*NODWIN Games*

*Worldwide gaming and esports markets underwent massive consolidation in 2023, which will accelerate in 2024. The business model will evolve to address a wider TAM as gamers become a superset indicative of youth. Esports will become closer to sports entertainment like Formula 1 with a multi-faceted entertainment approach.*

**Anirudh Pandita/ Ashwin Suresh**
*Loco*

*In 2023, the Indian govt. laid out clear guidelines for releasing games and the AVGC committee took shape. The successful return of the most popular title in Indian gaming took place. From a consumer perspective, we saw strong willingness to pay - both for games and live streaming. The combination of clear regulations and appetite to pay, creates promising conditions for growth.*

**Paavan Nanda**
*Winzo*

*The future of online gaming in India is a dynamic tapestry of 'Made in India for the world' innovation, driving unparalleled IP creation and leveraging deep tech to redefine interactive experiences. It's not just about domestic consumption, but also about exporting our creativity and expertise globally. India stands poised to emerge as a powerhouse in the global gaming arena.*

**Shivanandan Pare**
*Gaussian Networks (Adda52)*

*Last year was disappointing for the industry, no hiding that fact, however as gamers we are optimists. We look forward to the future and believe that everyone will find their growth path.*

**Roland Landers**
*All India Gaming Federation (AIGF)*

*Gaming and game development will be integral for India as it grows to a US$5 trillion economy. Taxation clarity and a progressive regulatory regime centred around user protection and innovation, will enable a new era for the creation of innovative gaming products. Mobile-first gaming will continue to be the key segment and the way forward for India to become a key player globally.*

**Lokesh Suji**
*Asian Esports Federation*

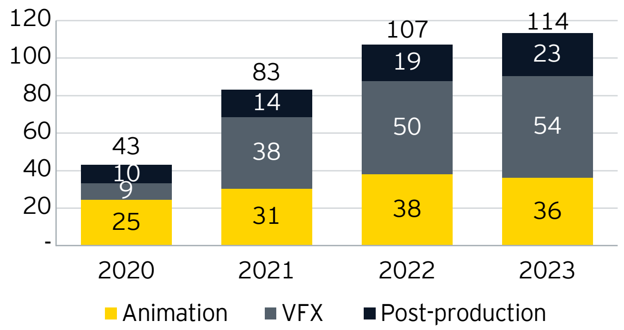
*Esports has firmly cemented its status as a mainstream sport in India, with India's participation at the Asian Games last year. States are actively getting involved in the development of esports infrastructure, establishing academies, and organizing tournaments. The inclusion of esports in educational curriculums is empowering youth and legitimizing it as a career option.*

# Animation and VFX

# Executive summary

The trends in the animation and VFX space in the past few months indicate a mixed sentiment. While demand in the animation segment shrunk, the overall VFX segment in India grew despite a global slowdown in demand. The major developments in the mergers space had a major role to play in projects getting delayed in the animation segment. Production delays as a result of strikes at the global level also played a significant role. With the dust settling down in FY24, demand and activity will likely pick up in this segment as demand and consumption patterns continue to evolve.

## The segment grew 6% in 2023 to reach INR114 billion




INR billion (gross of taxes) | EY estimates

### Indian animation contracted 5% in 2023 as local demand slowed

- Media industry merger discussions resulted in significant delays for green lighting of new animation projects and consequently, fewer IPs were released in 2023 compared to the previous years
- Major broadcasters saw ad revenue falls in 2023 and consequently, funding for new animation projects reduced
- Large OTT platforms like Disney+Hotstar and Netflix implemented efficiency measures, noticeably affecting the outsourcing of animation projects
- Studios diversified into VFX and feature films to stay ahead of the headwinds faced by the industry and started participating in international events in pursuit of fresh global opportunities

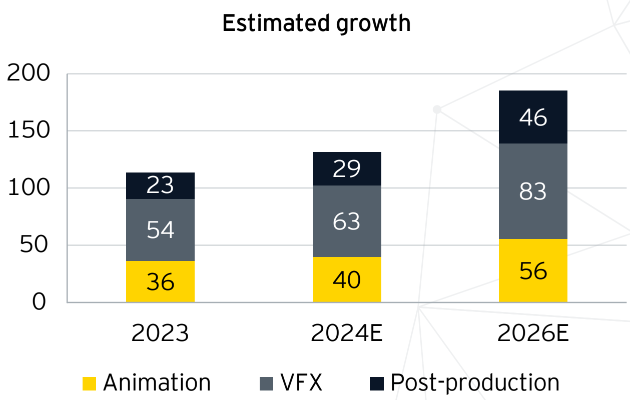
### The Indian VFX segment grew 10% amid a slowdown in global demand

- Industry strikes in the US caused major disruptions, leading to over 48 film and 46 TV show delays worldwide, which impacted outsourcing volumes to India
- Cost management at major OTT platforms had an impact on the VFX segment's performance considering OTT constitutes about 40% to 50% of the overall segment revenue
- Domestic VFX demand, which has a 35% share of segment revenue, thrived due to increased VFX usage
- Extensive application of VFX and digital effects in ad films added between 5% and 10% to VFX revenue, indicating a potential area of growth
- Virtual production made a start, but is characterized by longer than expected ROI timeframes, high costs and rapid advancement of technology

### Post-production revenues grew 20% as content boundaries dissolved

- Content localization drove growth in 2023, as major OTT platforms released content in 10 to 15 languages and south Indian language movies were dubbed into five to seven languages
- Dubbing of English content into Indian languages accelerated, with 46% of viewers consuming it in their native languages. The Indian audience for English SVOD content increased by 124%
- AI technologies allow for realistic, efficient and cost-effective dubbing. A 3% to 5% increase in cost to enable dubbing can open-up new revenue opportunities

## The segment is expected to grow at a CAGR of 17.5% by 2026 to reach INR185 billion




INR billion (gross of taxes) | EY estimates

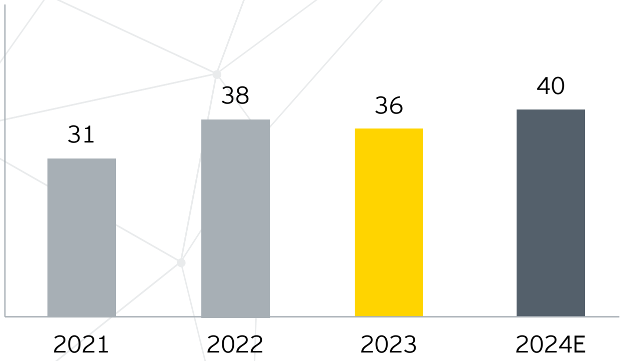
**Key drivers for the projected growth include:**

- Production will return to its regular pace by mid-2024, ending the slowdown in commissioning new projects noted in 2023
- Government incentives will boost competitiveness, attracting foreign collaborations with up to 30% cost reimbursement
- US demand for adult animation surged by 152%, opening significant market opportunities for outsourcing work
- More industry partnerships to enhance global co-production, financing opportunities, and demand for VFX and animation services
- The talent gap hindering animation and VFX is getting bridged through partnerships between major studios and educational institutions

# Animation

## Indian animation contracted by 5%

Animation revenues




INR billion (gross of taxes) | EY estimates

### I. Potential mergers and a dip in ad revenue reduced the volume of new animation projects commissioned

- The merger between Warner Bros. and Discovery resulted in a significant delay of 18 to 19 months for green-lighting new animation projects, impacting both outsourced and domestic projects
  - In 2023, the release of new Indian IPs decreased to five, compared to 10 in the previous year[1]
  - Prominent IPs included 'Abhimanyu ki Alien Family' and 'Kanha – Morpankh Samrat' released by Nickelodeon[2], and 'Bharat Hain Hum[3]
- Similarly, the Zee-Sony merger resulted in a halt in project approvals for a year. Additionally, significant structural changes within Viacom18 had an impact on green lighting of new projects[4]
- Broadcasters also saw ad revenue fall with major broadcasters like Zee and Sony witnessing a 7.7% and 11% drop in ad revenue[5]
- Despite the current slowdown, industry experts anticipate a recovery in project approvals and production in 2024

### II. The slump in the domestic demand increased interest in international projects beyond traditional western markets

- Indian studios are increasingly participating in key international events such as MIPCOM, MIP TV, Annecy, and Kidscreen
- This shift reflects their pursuit of global opportunities and aligns with new collaborative efforts in countries like Russia, Spain, Italy and the Middle East

### III. Cost-reduction strategies undertaken by OTT platforms impacted the volume of animation work outsourced to India

- Major OTT platforms like Disney+Hotstar and Netflix implemented efficiency measures during 2022 and 2023[6], leading to a noticeable effect on the outsourcing of animation projects
- Netflix's animation division is undergoing a restructuring, including job reductions[7]. Netflix canceled more than five animated shows in 2023, including 'Dead End: Paranormal Park', 'Agent Elvis', 'Captain Fall', 'Farzar[8]

[1]https://www.animationxpress.com/animation/strategic-moves-indian-animation-studios-set-ambitious-agenda-for-2024/
[2]afaqs.com/news/Television/nickelodeon-launches-two-new-homegrown-ips#:~:text=Nickelodeon strengthening its content game,end of May on Sonic.
[3]'Bharat Hain Hum' animation series on unsung freedom fighters: Anurag Thakur | Latest News India - Hindustan Times
[4]Expert interviews
[5]TV Advertising Revenue FY23 News: Broadcasters See Drop in Ad Rev | Exchange4media
[6]https://www.hollywoodreporter.com/business/business-news/disney-cuts-content-spending-2024-streaming-1235641858/
[7]Netflix Animation Shakeup: Job Cuts Coming, Two Films Shut Down (variety.com)
[8]Netflix Animation: Cancellations and Renewals 2023 | CableTV.com

### IV. YouTube remains the number one digital platform in India for animated content

- Globally, Netflix and YouTube account for 82% of children's content consumption, with YouTube alone contributing to 50-60% of animated content consumption in India[9]
- Despite revenue impacts from COPPA regulations, studios maintain interest in YouTube due to its superior data analytics capabilities compared to television
- Listed below are India's leading YouTube channels for animated content:

| # | Channel | Subscribers (Million) | Views (Billion) |
|---|---|---|---|
| 1 | Chuchu TV | 69.2 | 49.2 |
| 2 | Voot Kids | 46.7 | 22.4 |
| 3 | CVS 3D | 34.6 | 21.1 |
| 4 | WowKidz | 34.1 | 17.8 |
| 5 | Kids Channel India | 25.6 | 11 |
| 6 | Green Gold TV | 20.4 | 9.9 |
| 7 | Infobells | 14 | 5.4 |
| 8 | Zee Kids | 13.1 | 8.1 |
| 9 | Videogyan Kids | 12.5 | 8.9 |
| 10 | HoopaKidz | 7.2 | 4 |

Socialblade

### V. Children's media consumption shifted: Urban markets preferred digital platforms while TV dominated rural markets

- Continuing a trend from previous years, urban kids increasingly favored digital platforms, while television remained dominant in rural areas
- According to a recent survey, 26% of parents considered television in their top three platforms for their children, with YouTube leading at 76% and Netflix at 57%[10]
- JioCinema's entry into kids' entertainment, featuring over 3,000 hours of Indian and global content in over five languages, is poised to boost digital viewership[11]

### VI. Anime grew and diversified

- India holds the second-largest anime fan base globally and is expected to contribute to 60% of the worldwide growth in anime interest in the coming years[12]
- 12 million to 15 million kids in India watched TV shows every week that were anime-focused[13]
- Anime content constituted about 15% to 20% of the TV programming schedule[14]
- JioTV has partnered to launch Animax in India[15], while Prime Video introduced the Animax+GEM pack, featuring a selection of popular Japanese anime, dramas, and variety programs with English subtitles[16]
- The popularity of anime in India has spurred an increase in merchandising and licensing. Sony YAY! acquired the rights to Naruto merchandise for India[17]

### VII. Content distribution strategies evolved

- "Bharat Hain Hum" was launched globally on Amazon Prime Video and Netflix, and broadcast on Doordarshan in India[18]
- Mumbai-based kids' YouTube channel PunToon Kids has formed a partnership with Doordarshan to broadcast its content on DD[19]
- This multi-platform evolution will benefit studios in terms of diverse revenue opportunities via broader reach of IPs

[9] YouTube, Netflix, TV top 3 kids animation content platforms in India: Akatsuki study | 1 Indian Television Dot Com
[10] YouTube, Netflix, TV top 3 kids animation content platforms in India: Akatsuki study | 1 Indian Television Dot Com
[11] JioCinema forays into kids entertainment - (animationxpress.com)
[12] Crunchyroll to add 200 hrs of content, bring Tamil & Telugu dubs in India (animationxpress.com)
[13] Warner Bros. Discovery bets on anime to drive growth of kids' cluster in India (moneycontrol.com)
[14] Warner Bros. Discovery bets on anime to drive growth of kids' cluster in India (moneycontrol.com)
[15] KC Global Media's streamer Animax launches on JioTV in India - (animationxpress.com)
[16] KC Global Media collaborates with Prime Video to bring Japanese entertainment to India with 'Animax+GEM' - (animationxpress.com)
[17] Sony YAY! adds 'Naruto' to its licensing & merchandising portfolio in India - (animationxpress.com)
[18] https://www.thestatesman.com/india/new-animated-series-feature-stories-of-freedom-struggles-unsung-heroes-1503230548.htm
[19] PunToon Kids' content to air on Doordarshan under the name 'Piggy Bank' - (animationxpress.com)

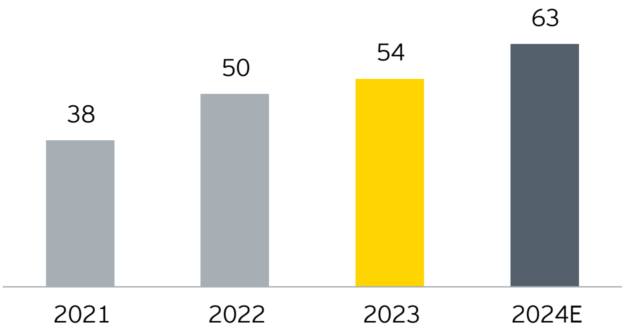
### VIII. Animation embraced AI, Unreal Engine, and cloud technologies

- AI is set to revolutionize animation by automating routine tasks, freeing animators to focus on creative aspects like character design and storytelling, which are expected to remain predominantly human-driven[20]
- Animation studios anticipate a threefold increase in efficiency and a rise in EBITDA by 10% to 15% due to AI
- Unreal Engine's adoption increased due to its cross-platform support and efficiency in animation, but a talent shortage prevented the segment from utilizing its full potential[21]
- A growing trend was noted towards using cloud-based workflows, chosen for their efficiency, scalability, and enhanced security features[22]

# VFX

## The Indian VFX segment grew 10%

VFX revenues




INR billion (gross of taxes) | EY estimates

### I. International strikes led to delays and cancelations, impacting Indian VFX studios

- Writers Guild of America (WGA) and the Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA) strike significantly impacted TV and film production, leading to consequences in India's post-production and VFX segments
- Production delays or suspensions impacted over 48 films and 46 TV shows during the strikes[23]
- Indian studios, typically dependent on international projects, adapted by seeking domestic collaborations and exploring other international markets to sustain operations and manage cash flows

### II. OTT budgets tightened

- In 2023, Disney+ achieved a US$4.5 billion reduction in its entertainment cash content spending as part of cost-cutting measures[24]
- Reflecting the changing market dynamics and the impact of industry strikes, Netflix spent $13 billion on content in 2023, a decrease from the previously expected $17 billion[25]
  - In 2023, it released 130 fewer original programs, a 16% decrease compared to 2022
  - In the final three months of 2023, Netflix had its lightest slate of new releases in five years

[20]How generative AI will impact the animation industry - (animationxpress.com)
[21]2023 Reflections: Indian animation industry's AI integration, transformative tech, and expectations from government - (animationxpress.com)
[22]2023 Reflections: Indian animation industry's AI integration, transformative tech, and expectations from government - (animationxpress.com)
[23]List of productions impacted by the 2023 SAG-AFTRA strike - Wikipedia
[24]Disney to Cut Content Spending in 2024 – The Hollywood Reporter
[25]Streaming Services In 2024:, Questions For Netflix & More – Deadline

### III. The domestic market remained resilient

- Despite international projects contributing approximately 70% to VFX segment revenues, there was a notable increase in domestic revenue owing to increased uptake in VFX for even mid-sized films
- Major Indian film productions, including 'Animal' and 'Project K', increasingly incorporated VFX, accounting for about 25% to 30% of their total project costs[26]
    - 'Adipurush' featured over 4000 VFX shots[27]
    - 'Salaar' employed more than 600 VFX shots
    - Redchillies.vfx worked on several large-scale films which were also some of the top-grossing films of 2023 like Dunki, Jawan, Animal, Pathaan, Tu Jhooti Main Makkar and 12th Fail[28]

### IV. VFX studios capitalized on the surge of CGI in commercials

- Advertising agencies increasingly used computer-generated imagery (CGI) and digital effects to enhance ads, from subtle color grading to complex CGI integrations
- VFX provided more creative freedom, flexible visual alterations, cost-effective production, and reinforced brand identity
- In 2023, the global rise of CGI in advertising initially sparked by brands like Nike, gained momentum with Jacquemus and Maybelline, leading to its widespread adoption by both global and Indian brands
    - AJIO's new collection reveal, Amul's mascot reimagination, and Baskin Robbins' logo revamp underscore 2023's trend of CGI-led ads[29]
- Commercials contributed 5% to 10% of the VFX segment's revenue, a figure poised for further growth and CGI adoption scales and more international brands enter India[30]

### V. AI, machine learning, and real-time rendering transformed VFX

- Advancements in real-time rendering provided artists with instant visualization of complex scenes, crucial for the interactive and iterative process of VFX creation[31]
- Increased adoption of AI and machine learning in VFX was noted. Benefits included efficiency and automation of tasks, like upscaling, accelerated CGI pre-visualization and realistic motion creation

### VI. Adoption of virtual production grew, but challenges remained

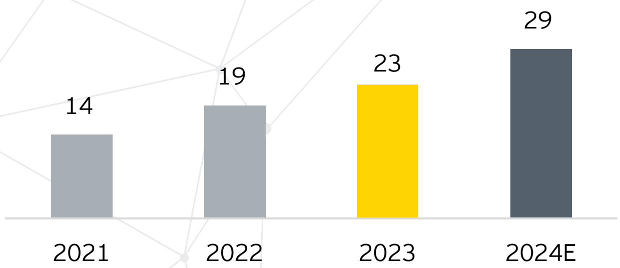
- India's adoption of virtual production remained slower than in developed markets due to longer than expected break-even timelines
- Despite keen interest, many Indian creators found it challenging to integrate this technology with traditional filmmaking practices
- Virtual production studios in India were mainly utilized by local producers. Although there was interest from international clients, it did not translate into significant billable hours
- Other challenges included the development of asset libraries (which demand significant time and financial investment), and skilled artists

[26]Industry discussions
[27]4000 VFX SHOTS IN THE UPCOMING MOVIE ADIPURUSH (animationkolkata.com)
[28]VFX chronicles 2023: Triumphs, challenges and 2024 aspirations in the Indian visual effects landscape - (animationxpress.com)
[29]Social Throwback 2023: Why CGI was the most disruptive trend of th... (socialsamosa.com)
[30]Industry discussions, EY analysis
[31]Unveiling 2023: Right from AI to virtual production, India's VFX powerhouses illuminate current technology trends - (animationxpress.com)

# Post-production

## Post-production revenue grew 20%

Post-production revenues




INR billion (gross of taxes) | EY estimates

### I. Demand for content in multiple Indian languages presented an opportunity for high-quality localization services

- Since the pandemic, the audience for English SVOD content in the country skyrocketed by 124%[32], primarily due to the dubbing of English content into Indian languages; 46% of viewers consumed content in their native languages[33]
- BookMyShow Stream partnered with VROTT Studios to offer global catalogues in native Indian languages[34]
- Amazon miniTV launched 'miniTV Imported', which provides international content dubbed in Hindi[35]
- On an average, Netflix releases the audio for its top shows in 16 languages and subtitles them in 33; its local shows are also dubbed in up to seven languages[36]
- Prime Video garnered almost a third of its viewership from regional Indian titles. In aggregate, more than 60% of Prime Video's viewership was anchored to local content[37]
- Localization is becoming more complex and strategic. Companies are now rethinking their operating models, planning localization from the inception of projects, and aiming for day-and-date multi-platform releases worldwide

### II. South Indian languages led India's dubbing market and audience demand

- The dubbing segment in India places a strong emphasis on South Indian languages. While content in other Indian languages exists, it has not yet matched the quantity and dubbing demand of South Indian languages. Dubbing in India primarily focuses on Hindi, Tamil and Telugu
- For major theatrical releases, films were dubbed in up to seven regional Indian languages, reflecting the diverse linguistic preferences of the Indian audience

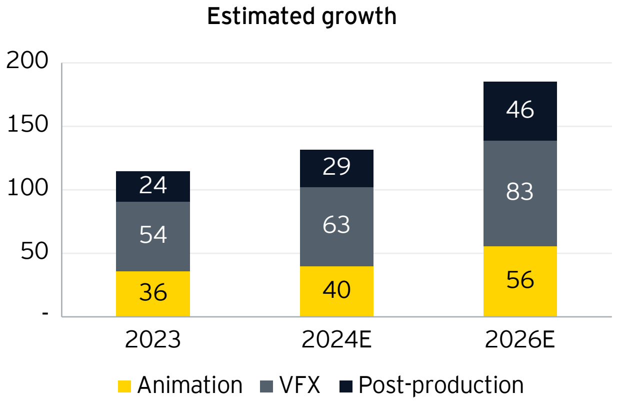
### III. AI dubbing revolutionized film localization

- AI dubbing made a strong beginning, leveraging data and machine learning to create voice profiles, allowing for efficient and cost-effective film dubbing in multiple languages. The technology ensures lip-sync accuracy, emotional tone adaptation, and character voice consistency, revolutionizing film localization and multilingual accessibility
- Tech startups offer AI-powered dubbing solutions, addressing the mismatch between audio and visual cues in dubbed content. Their technology ensures visual integrity and synchronization in films and OTT shows
- AI dubbing was utilized in advertising:
  - Coco Cola used AI for contextual Instagram videos to create updated voiceovers from pre-shot footage
  - Amazon's ad featuring Manoj Bajpayee, originally in Hindi, used AI for authentic lip-syncing in seven regional languages[38]

[32] English content SVOD audience sees 124% growth since 2020 - Brand Wagon News | The Financial Express
[33] English content SVOD audience sees 124% growth since 2020 - Brand Wagon News | The Financial Express
[34] BookMyShow Stream partners with VROTT Studios to offer global catalogues in native Indian languages (medianews4u.com)
[35] Amazon miniTV to soon launch first set of Hindi dubbed International shows (business-standard.com)
[36] Behind-the-Scenes Look at Netflix's Dubbing Process | by Neha Bansod | Medium
[37] Behind-the-Scenes Look at Netflix's Dubbing Process | by Neha Bansod | Medium
[38] NeuralGarage bets on generative AI to make dubbed shows appear more natural (yourstory.com)

# Future outlook

## The segment is expected to grow at a CAGR of 17.5% to reach INR185 billion by 2026




INR billion (gross of taxes) | EY estimates

### I. Government incentives for exports will provide impetus to the segment

- The Indian government announced an incentive scheme for international animation, visual effects, and post-production projects using Indian services, with up to 30% reimbursement on a minimum expenditure of INR10 million and an additional 5% for significant Indian content. The incentive, capped at INR300 million per project, is to be applied for by the Indian service company involved in the project[39]
- The government also offers a 30% reimbursement on qualifying production expenditures in India for foreign feature films, web shows, documentaries, and animation projects with Indian co-producers, capped at INR 300 million per project. This incentive is disbursed on a first-come, first-served basis with a yearly limit of INR1.5 billion, and applications must be made by the Indian co-producer[40]
- These incentives are poised to boost the Indian animation and VFX segment's global competitiveness and attract foreign collaborations

### II. Emerging opportunities in adult animation provide an opportunity for Indian studios

- Between January 2020 and October 2023, the demand for adult animation in the US (excluding anime) surged by 152%[41]
- The growth was approximately three times higher than the supply growth, indicating a strong market opportunity, particularly during a time of heightened production budget scrutiny[42]

### III. Industry alliances will enhance global co-production and financing opportunities

- NFDC Film Bazaar partnered with Southeast Asian Audio-Visual Association (SAAVA) and the ATF IP Accelerator Project Market (AIPA) for a multi-year collaboration, enhancing film and TV co-productions across Asia[43]
  - The partnership encourages diverse international projects that could further increase demand for VFX services in the Asian market
  - This initiative, coupled with India's film incentives, is poised to boost the animation and VFX segments
- The Asia TV Forum (ATF) and Ties That Bind (TTB) have formed a partnership to introduce the ATF x TTB Animation Lab & Pitch[44] which aims to unite Asian and European producers, fostering exploration of new financing and co-production opportunities

[39] IFFI 2023 report
[40] IFFI 2023 report
[41] Adult animation data reveals demand growth far outpacing supply: Parrot Analytics - (animationxpress.com)
[42] Adult animation data reveals demand growth far outpacing supply: Parrot Analytics - (animationxpress.com)
[43] India/Singapore film-TV project markets partner to advance co-production - (animationxpress.com)
[44] ATF Singapore 2023 to have Animation Lab & Pitch to explore financing and co-production opportunities - (animationxpress.com)

## IV. Studios will increasingly partner with universities and institutions to bridge the talent gap

- To address the problem of finding and training the right talent, studios are forming partnerships with educational institutions
- This proactive approach aims to cultivate skills from an early age, preparing for the increasing complexity of work outsourced to India
  - FTII and Toonz Animation collaborated in offering animation and VFX courses at Pune, with plans for an incubation center to encourage student-driven IP development[45]
  - Reliance Animation Academy partnered with Sandip University, Allen House, and Pimpri Chinchwad University for early-grade animation and VFX training[46]
  - Technicolor enhanced its training programs, both internally and at the Technicolor Creative Studios Academy, to support careers in audio visual, gaming and computer graphics, collaborating with government ministries to promote creative arts careers[47]
- A key gap that needs to be addressed is the ability of animators to understand the 'acting' component, not just the art
- The approval of the National Centre of Excellence will also assist in this endeavour of developing talent

## V. Cloud and physical infrastructure build-out will assist global collaborations

- Cloud-based infrastructure enables animation and VFX studios to support remote working, allowing artists to access content and collaborate from different locations globally
- The shift to cloud computing reduces the need for heavy upfront investment in physical hardware and software, offering a more flexible, usage-based pricing model
- With cloud service providers managing technical aspects like performance and security, studios can concentrate more on the creative side of content production
- In addition, proposed film cities being developed across UP, Maharashtra, Tamil Nadu, and others, will provide opportunities for large international studios to set up operations in fit-for-purpose locations

[45]FTII Pune signs MoU with Toonz Animation Studios to launch animation and visual effects design course - (animationxpress.com)
[46]Reliance Animation Academy partners with three universities to provide animation & VFX courses - (animationxpress.com)
[47]VFX chronicles 2023: Triumphs, challenges and 2024 aspirations in the Indian visual effects landscape - (animationxpress.com)

### VI. Global cost rationalization will provide an opportunity for India

- As the risk-taking appetite of global studios decreased in 2023, and they focused on creating top-end product at lower costs, the opportunity for India to increase its importance in the supply chain improved
- We expect the use of government incentives, co-production treaties and the set-up of many international VFX studios to provide a significant opportunity for India to take advantage of the global environment
- IT will also provide India a chance to build its on technological IP and differentiate our service offerings from other countries

### VII. Build global IPs

- India has already proven itself capable of creating YouTube friendly content for global kids audiences
- It is time for India to create film and OTT IP that resonate globally, such as Mighty Little Bheem
- The opportunities abound both from a mythology perspective as well as around various movie characters

## Trends

# Animation and VFX

*Powered by* AnimationXpress.com

### India continued to invest in animated films and series

Illustrative list

| Feature films | Short films | Series |
|---|---|---|
| Vaibhav Studios - Return Of The Jungle | 88 Pictures - Star Wars Visions' Volume 2 Episode 7 – The Bandits of Golak | Graphiti Multimedia - Krish, Trish & Baltiboy Bharat Hain Hum |
| Toonz Media Group - The Canterville Ghost | Studio Eeksaurus Sri Aurobindo - A New Dawn , Arana Puranam (The Legend of Arana) | Zebu Animation Studios - Lego Dreamzzz season one |
| | SDFX Studios (Company3 Method India) - Alvaro: Reignition \| Free Fire Tales | |

### **VFX** use increased, and companies began to scale

**8,750+**
FutureWorks
Framestore

**8,000+**
Redchillies vfx

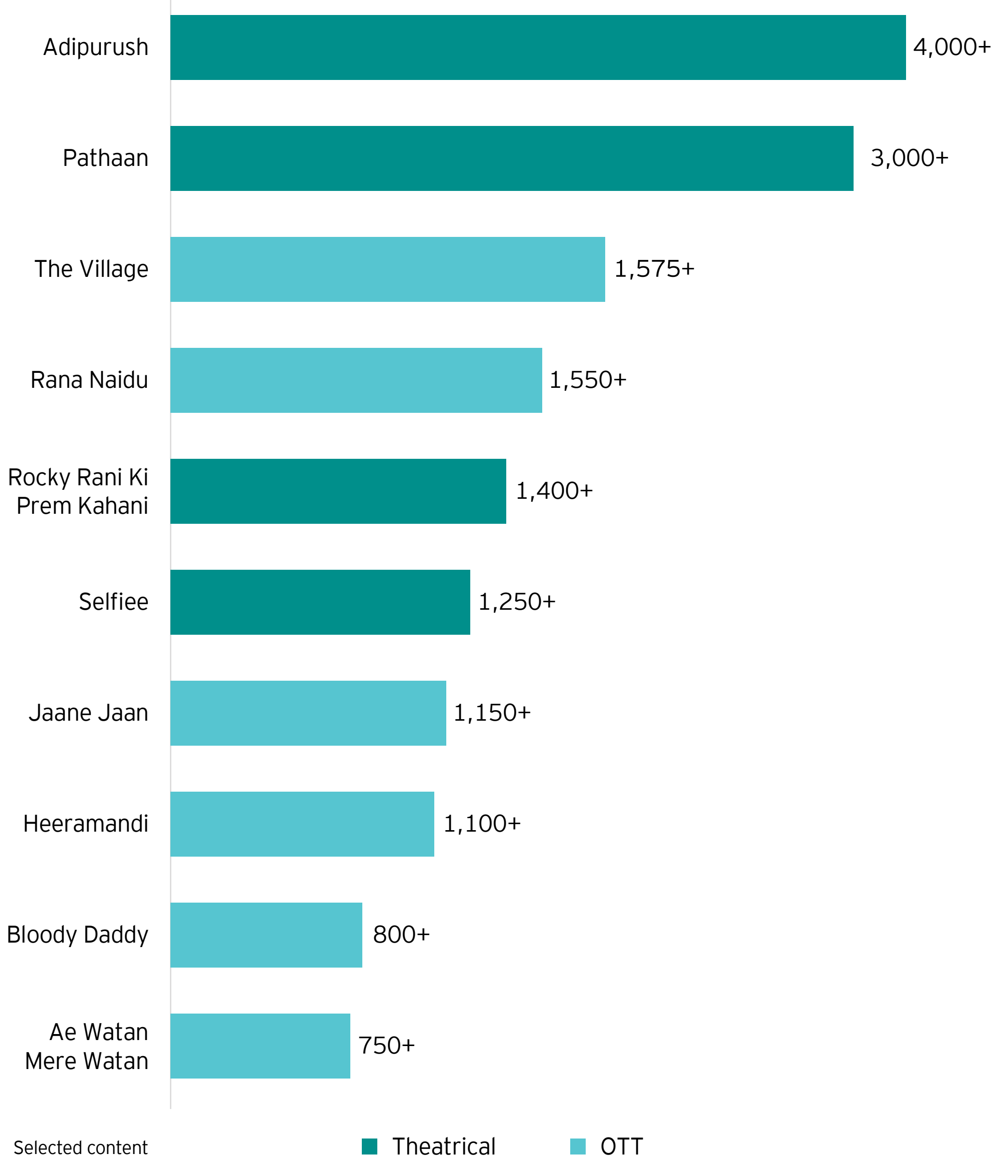
**5,000+**
Framestore (unique shots for 30 projects)

**4,500+**
PhantomFx (Sci-fi film Ayalaan)

**4,000+**
Digikore Studio

Number of VFX shots in select movies

**VFX shots increased across theatrical and OTT releases**
(Number of shots)




All data has been provided by AnimationXpress, a brand of IndianTelevision.com, and has not been verified by EY.

## Key technical innovations scaled up

- Real-time rendering engines
- Blockchain for content protection, VR and AR experiences
- Motion capture and performance capture
- Cloud-based workflows
- 3D printing for stop-motion animation
- Virtual production
- Advanced simulation software
- Immersive sound technologies
- AI for visual ideation, data analysis, coding, quality control, previsualisation

## Studios expanded nationally and internationally

**Animation**

- 88 Pictures opened their first international office in Toronto, Canada
- Digitoonz set up an office in Los Angeles, USA
- Chennai-based Saffronic set up in Bengaluru
- Global studio M2 Animation inaugurated its first India office in Mumbai

**VFX**

- FutureWorks added a new facility in Mumbai and Hyderabad each
- Technicolor India launched a new studio in Mumbai
- Basilic Fly Studio launched Lightrunner Studio in the UK

## Anime grew significantly in India

**Digital**

- Crunchyroll introduced Hindi, Tamil and Telugu dubs
- Japan's streaming service Anime Times launched in India on Prime Video
- International company KC Global Media Entertainment brought Animax's content to Prime Video

**Broadcast**

- Cartoon Network started airing My Hero Academia and other shows and films from the Dragon Ball franchise

**Theaters**

- Cinépolis released nine anime films (including Suzume) totalling 3,369 shows in India
- PVR hosted the Makoto Shinkai Film Festival in May and screened four of the director's previous anime films
- Japanese Film Festival India showcased 11 anime films in theaters across major Indian cities

**Licensing and Merchandising**

- Sony YAY! brought 'Naruto' official merchandise to The Souled Store and ONLY
- Crunchyroll and Black White Orange manage licensing and merchandising of 35+ anime titles

# Expert speak

**Ashish SK**
*Punnaryug Artvision*

*In 2023, the Animation and VFX sectors struggled due to the writers' strike and Indian kids TV broadcasters' issues. This forced Indian studios to focus on overseas and domestic OTT and film projects. Improvement is expected in early 2024.*

**Namit Malhotra**
*Prime Focus*

*Today we have a clear opportunity to bring India's proud 100-year history of film heritage and world-class industry expertise to the global market. Now is the time to bring our stories and our talent to the world.*

**Biren Ghose**
*Technicolor Creative Studios*

*India stands to gain from global disruptions, showcasing talent and deploying infrastructure at scale. The surge in demand for high-end computer graphics content has led to the evolution of global value chains, with India being positioned as the 'engine room' for scalable content production on the world stage.*

**P. Jayakumar**
*Toonz Media Group*

*VFX is blurring reality, AI is animating dreams, and narratives unbound. This isn't animation's future, it's happening now.*

**Supriya Yarlagadda**
*Annapurna Studios*

*In the current digital age, all content and storytelling will need some amount of technological enhancements. With new areas like Virtual Production Stage and AI along with advancements in VFX coming our way, it is up to the directors and the conceptualizers to use all that is available to amplify the experience of the viewer.*

**Anand Bhanushali**
*philm CGI*

*In the rapidly evolving AVGC industry, the convergence of pre-visualization, real-time techniques, and post-production is reshaping the future. AI emerges as a pivotal enabler, augmenting skillsets and driving innovation, defining the next frontier of creativity and technology.*

**Arjun Madhavan**
*Assemblage Entertainment*

*As we move into 2024, new technology, global expansion, and creative storytelling can help create a future where India will continue to be a leader in high-quality productions across CG, 2D animation, premium VFX, and advanced technology-led formats such as game-engine/ virtual productions. Within this artistic and technological mosaic, India stands out as a formidable force, ready to cater to the diverse demands of the global M&E sector.*

**Mandar Natekar**
*NeuralGarage*

*Localisation of content is the currency of commerce for the entertainment industry. AI will not disrupt but enhance the post-production process including VFX & dubbing and make the content experience a visual delight for the viewers and creators alike.*

**Tejonidhi Bhandare**
*Reliance Animation*

*It is crucial to emphasize that Artificial Intelligence cannot replace Creative Intelligence. In AVGC, our engineers are inherently creative, not mechanical. The essence lies in leveraging technology as a supportive tool, enhancing and advancing the capabilities of our content creators.*

**Anant Roongta**
*Famous Studios*

*While the demand for VFX is robust and will grow exponentially, studios and artists will need to skill up and offer a turnkey VFX/ CGI solution to studios which will include offerings in pre-production, production and post-production. The role and involvement of the VFX studio will extend to all phases of content creation and delivery.*

**Munjal Shroff**
*AVGC Forum/ Graphiti Studios*

*The past year has seen Indian content winning globally. The trend will continue as Indian content creators dream bigger. We will also witness disruptions in production tech and business models. New business models will be key for the growth of the industry and the new co-production fund will definitely aid Indian producers.*

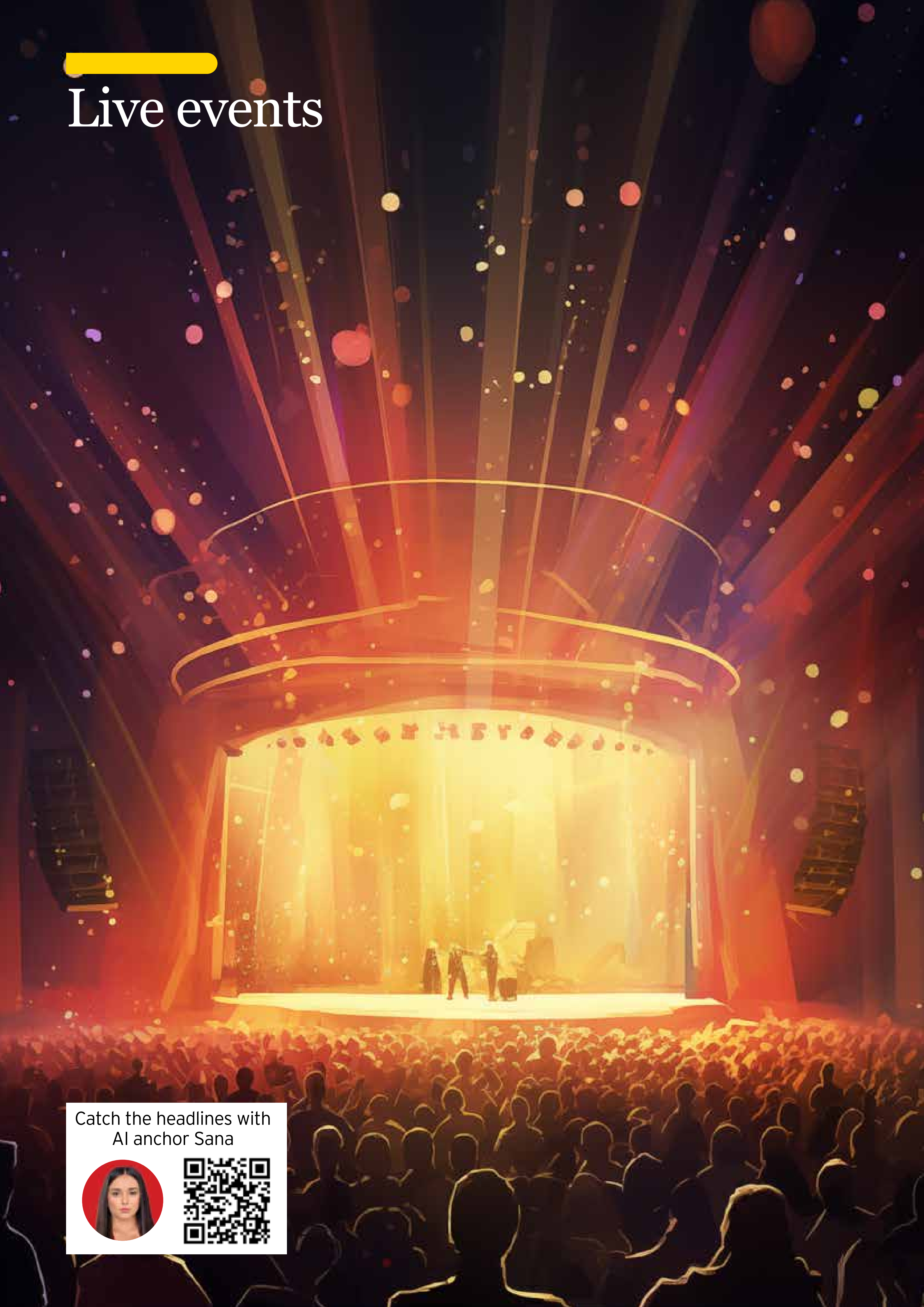
**Leena Lele Dutta**
*Sony YAY!*

*In India, animation has been perceived as a kids medium. Globally, however, animation has already been widely explored and accepted through relevant thematics and storylines for adult audiences. The next milestone of growth for Indian animation will be to present our rich array of compelling stories in animation, especially for adults.*

**Anil Wanvari**
*AnimationXpress.com*

*The good news is that the Indian animation industry is transforming from service work to original IP which can travel globally. The VFX business is facing a bit of a slowdown because of delayed productions courtesy the US writers' strike. However, things should start looking up in the next six months helping kickstart growth.*

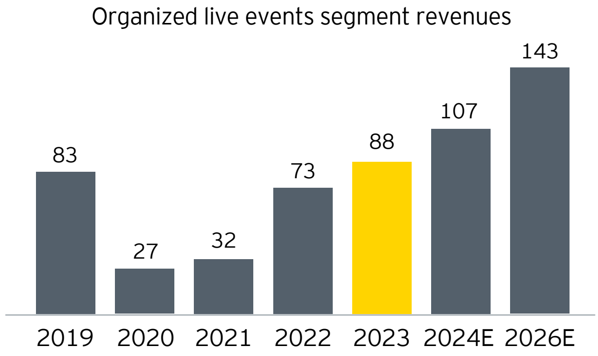
# Live events



# Executive summary

The live events segment was action-packed in 2023, underscored not only by growth but also by a notable rise in the premium segment. While traditional events would continue to provide opportunities, the growth of events focused on international stars and government events around elections would likely be the key highlights in the coming months. Recently, conversations around sustainability have also risen in prominence, and will become a big part of planning and strategy for this segment moving forward.

## Live events grew 20% in 2023 to exceed pre-COVID levels

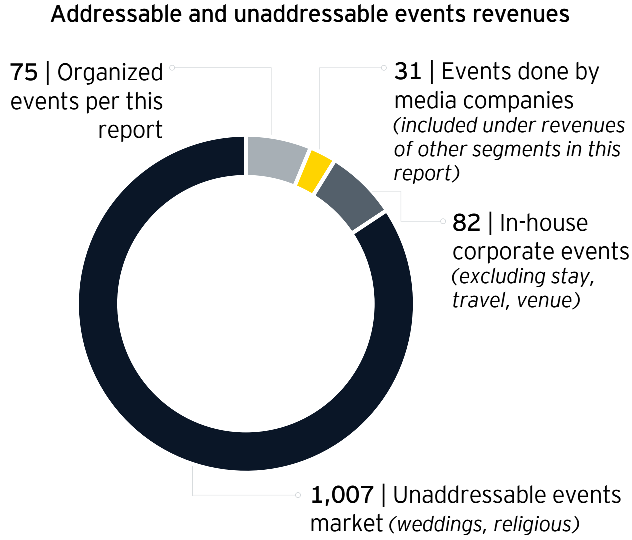



INR (billion), gross of taxes | EY estimates

- The organized live events segment grew 20% in 2023 to reach INR88 billion, crossing its pre-COVID levels
- Growth was driven by government events, personal events and weddings, and ticketed events, including several international formats
- Corporate events stagnated as several marketers continued with a hybrid (online + offline) experiential model and re-allocated funds to influencer marketing and digital media. Leading spenders on events were retail, BFSI, electronics and PSUs
- 63% of the marketers we surveyed plan to increase their events and activations spends over the next two years. Consequently, we expect the live events segment to grow at a CAGR of 18% over the next three years to reach INR143 billion by 2026
- Growth will be driven by premium and international properties as well as opportunities in tier-II markets, such as Surat, Jaipur, Ahmedabad, Vizag, Lucknow, Patna, Ayodhya, Trivandrum and Cochin
- Event companies will evolve into community managers to increase audience engagement opportunities and build first-party data

**Note on sizing**

- This section is based on the findings of primary research conducted across 40 Indian event companies, over 100 marketers, and industry discussions



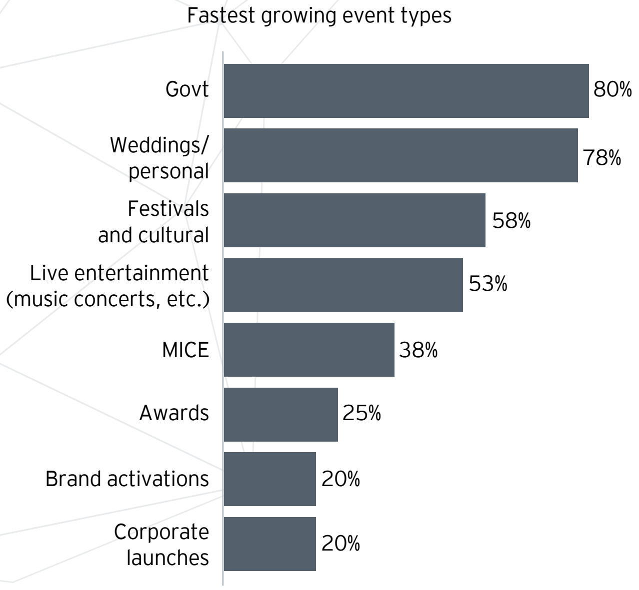

EY estimates | INR in billion (net of taxes) | Uses extrapolations, assumptions, unverified industry discussions, and is therefore indicative only

- The live events segment revenue represents the revenue of "organized" events and activation agencies and does not include (1) revenues of the multitude of "unorganized" event companies spread across the country, (2) personal events which are paid for in cash, (3) in-house managed corporate events, and (4) religious and personal events, as it is not possible for us to size them. We have provided broad estimations for the above to provide context.

  In addition, events revenues earned by other segments of the M&E sector are included in the revenues of the respective sectors.The size estimate also does not include:
  - The value of media spends on and telecast rights of events (unless event IP was owned by an events and activation management company)
  - The value of meetings, incentives, conferencing, and exhibitions (MICE) conducted by pure travel companies
  - Monetization of IPs not owned by event companies e.g., sports media rights

# Monetization

## Government and personal events contributed significantly to the segment's growth




EY survey of event company CEOs 2024 | % of respondents

### I. Government events

- The government sector increased spending on election related events, rallies and public appearances to engage with voters, along with awareness programs and marquee international events such as the G20 Summit
- PSUs also spent significantly more on live events, including those celebrating the achievements of various governments, promoting state investment summits and driving welfare schemes[1]
- The opportunity for government events is restricted to those event companies which have invested in building long-term relationships with the Government and PSUs

### II. Weddings and personal events

- Growth of weddings and personal events have surpassed pre-COVID levels. India's affluent class is expected to nearly double to 100 million people within three years, according to Goldman Sachs Group Inc.[2]
- India has also become a popular destination for international couples seeking unique and culturally rich wedding experiences

### III. Festivals and cultural events

- The soft power of India has been growing, and the number of festivals and cultural events, which are attracting foreign tourists is on the rise
- The government's focus on promoting Indian culture is also paying dividends, with various states taking up local cultural themes and using events to promote tourism

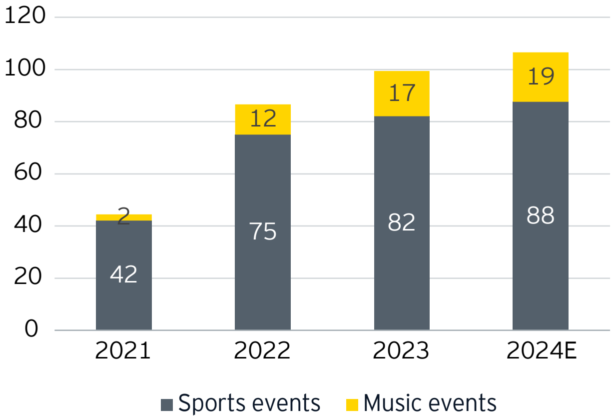
### IV. Live entertainment/ ticketed events

- Rising per capita incomes have also led to the significant growth of ticketed events, with music concerts, comedy performances, sports and other entertainment events all growing in 2023
- The proliferation of online ticketing platforms has made it easier for consumers to discover, purchase, and attend events and has aided in event marketing to create increased awareness

[1] https://indianexpress.com/article/india/three-years-of-modi-government-9-psus-held-30-events-total-expense-rs-15-crore-4712638/
[2] https://www.deccanherald.com/business/economy/100-million-affluent-indians-by-2024-but-divide-in-spending-power-an-issue-goldman-sachs-2847654

- The number of ticked events continues to rise, including international artists and festivals visiting India:

Ticketing revenues




INR in billion | Statista

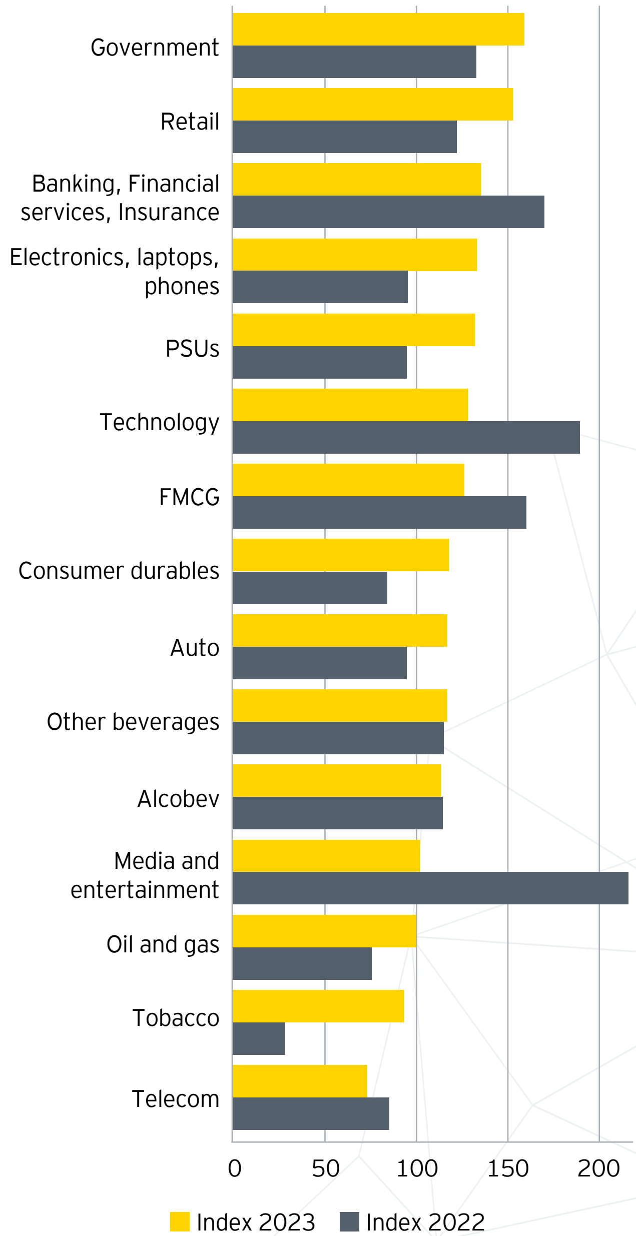
- Consumers witnessed many international musicals like the Sound of Music, ABBA's Mamma Mia!, and West Side Story, at the premium price range
- Several Indian and international artists, including Zaeden, Bastille, 50 Cent, Westlife, Deep Purple, The Backstreet Boys, John Legend, and others, performed in India either solo or as part of festivals like Lallapalooza[3]

### V. Non-music ticketed events

- Sports remained a strong growth driver with events like the IPL, WPL, the Cricket World Cup, PKL, ISL, and Kho-Kho, all catering to an increasing number of fans
- Comedy shows and stand-up performances, education shows, fashion events, health and wellness events made a strong beginning, with both domestic and international acts generating significant interest

## Government, Retail and BFSI were the top sectors spending on managed events in 2023

Sectoral spend on events (indexed)




EY survey of event company CEOs 2024

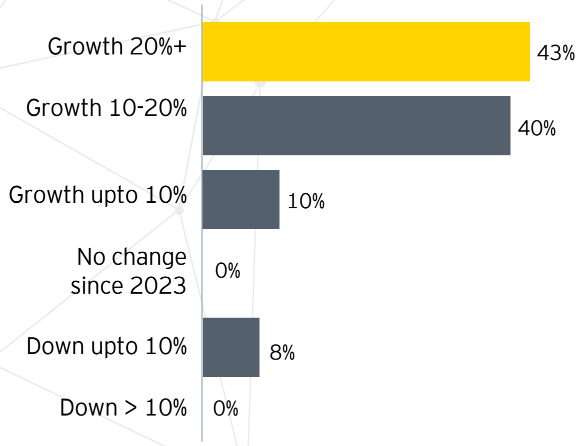
- Retail, electronics, durables and auto sectors spent more on events in 2023 due to the premiumization of sales volumes noted across phones, jewelry, durables, vehicles, etc.
- BFSI and technology sectors reduced spends on events as they adopted a hybrid format with a skew towards online events, while the M&E sector's spends reduced due to cost rationalization by OTT platforms

[3] Various news articles

# Future outlook

## Event company CEOs remain bullish about 2024

How you expect your revenues to grow in 2024 vs 2023

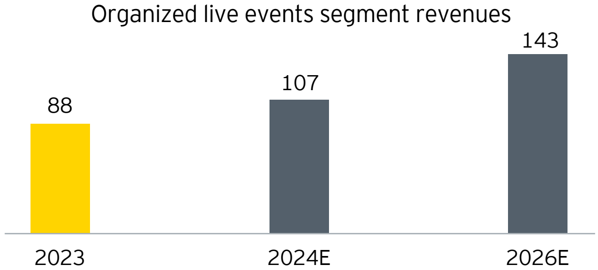



EY survey of event company CEOs 2024 | % of respondents

- As more affluent people avoid advertising by consuming subscription products, events become a more important mechanism to reach such audiences
- 92% of event company CEOs we surveyed expected the events sector to continue its growth in 2024 and this sentiment corresponds with our survey of marketers, where 63% of respondents expected their events spends to grow in 2024 and 2025

## The segment can reach INR143 billion by 2026

Organized live events segment revenues




INR billion (gross of taxes) | EY estimates

- In 2024, we expect growth to be driven by:
  - government events, particularly linked to the general elections and cultural showcases
  - growth in conferences and exhibitions, as business opportunities scale due to our US$5 trillion GDP ambition
  - ticketed events, particularly music concerts and sports events
  - personal events and weddings, as affluence continues to grow in India
- 79% of marketers expect to increase their marketing spends over the next two years[4], which will lead to an increase in sponsorship revenue for various IPs and events

# #Reinventing events

## Tier-II markets will provide growth opportunities

- As infrastructure develops, per capita income grows and brands look at more towns apart from the top eight metros, the scope for events will increase across tier-II cities
- According to GDP and per capita income data, we expect Surat, Jaipur, Ahmedabad, Vizag, Lucknow, Patna, Ayodhya, Trivandrum, and Cochin to be the next cities where events will thrive[5]

## Support international formats to launch in India

- With the advent of premium venues like NMACC Mumbai, the number of international events, acts and performers entering India to tap the potential of its growing affluent population will increase
- We expect to see growth in premium event venues across Ahmedabad, the GIFT city, Kolkata, Bengaluru and Chennai[6], which will further give a boost to such events

## Celebrate brand India

- Governments are all focussing on the culture and monuments in their states, to latch on to the growth in domestic tourism
- This provides opportunities for annuity cultural events at a state and district level, as well as sound and light shows and the like across Indian monuments

## From event companies to community managers

- The real power of events comes from their ability to create shared experiences by bringing people together at the same time and in the same place. However, this is for a short duration. As brands clamor for longer periods to engage with their target audiences, events will need to adopt a digital avatar – the community
- An online community does not replace those events, it simply allows for longer engagement periods with audiences, and this can provide a revenue upside, and higher valuation of event IPs
- The key advantage of online communities is generating first party data. Such data is valuable for demonstrating an event's success to sponsors/ partners and provides event agencies and future sponsors with valuable information about attendee preferences

[4]EY survey of marketers 2023
[5]EY estimates
[6]Industry discussions, review of private and state government proposals

## Take the wed-in-India campaign global

- Promoting Indian weddings can provide a unique Indian product for top-end audiences, and create significant sized events
- Collaborations with global event and wedding agencies will be critical to promote the bog, fat Indian wedding

## Implement improved processes and safety guidelines

- In the past couple of years, incidents involving contingencies to deal with mishaps and situations as varied as an entertainment act canceling at short notice, equipment malfunction, severe weather, stage collapses, or the unavailability of key personnel of the core team has presented a major challenge for the segment
- Comedian Trevor Noah's first performance in Bengaluru was canceled due to acoustic issues. The show started late, and the opening act received feeble laughter due to poor sound quality
- Event agencies need to focus on improved processes and safety guidelines to respond effectively to any incidents and other emergencies that might occur at an event
- An ideal crisis management plan would include a clearly defined plan that outlines a security protocol, a detailed checklist that addresses emergency procedures, a master evacuation plan and adequate provision of trained security professionals

## Create national scale

- Brands are looking for national scale
- Partner and collaborate to provide a bouquet of all 1 million population cities to brands
- Large cities in each state can also be provided to support state-level launches

## Embed sustainability

- Sustainable practices are not only good for the environment but also for an event's reputation, budget, and social impact, and we expect such practices to become a key requirement for premium events
- One of the easiest ways to promote sustainable ticketing practices is to use digital tickets instead of paper ones. Digital tickets can be sent via email, SMS, or app, and scanned at the entrance. This eliminates the need for printing, mailing, or collecting physical tickets, which reduces paper consumption, carbon emissions, and costs
- ID tags and wrist bands can be reusable, or recyclable. Similarly water refill stations reduce the use of plastic
- Event agencies should encourage attendees to minimize waste by providing clearly labeled recycling and composting bins. Avoiding single-use items, such as plastic cutlery and disposable containers, is another important step. Opting for reusable or biodegradable alternatives is a feasible option for most large events
- Incentive ticket sales through planting one or more trees for every ticket sold
- Implementing pre-event and post-event waste audits helps identify areas for improvement, allowing agencies to fine-tune their waste reduction strategies for future events.
- Event agencies can reduce energy consumption by utilizing energy-efficient lighting systems, such as LED or CFL bulbs, and leveraging natural lighting whenever possible.  EVs can be used for transport. Additionally, incorporating renewable energy sources, including solar panels or wind turbines, can further reduce the event's carbon footprint and promote a greener energy future

# Expert speak

**Sabbas Joseph**
*Wizcraft*

*Limitless but personal. Mass scale execution but cohort driven, a billion touch points but individual consumers that you can know and listen to... and then respond to. This is the need of today.... and it's best met by the experience industry. The new events industry is creating global experiences and at heart has the individual's experience uppermost on the agenda.*

**Samit Garg**
*E-Factor Experiences Ltd.*

*Embracing purposeful cultural integration, the live events and experiential industry is poised to offer unprecedented immersive experiences, blending technology with traditional touchpoints, redefining audience engagement in 2024 and beyond.*

**Roshan Abbas**
*VMLYR Encompas*

*Live is seeing a shift: Millennials prioritize quality experiences, while Gen Z's spend is driven by impulse and cost. There lies the opportunity.*

**Sanjoy Roy**
*Teamwork Arts*

*The Creative Sector is destined for exponential growth driven by weddings and live entertainment, even as audiences look for unique experiences and are happy to pay for the same.*

**Mohomed Morani**
*Cineyug Group of Companies*

*While the entertainment business is growing across the board, PM Modi's call to "marry in India" has resulted in a boost to the wedding industry. Indian destination weddings are on a new high, and wedding planners and hospitality are benefitting. In addition, Bollywood shows, music concerts and international artists are in heavy demand.*

**Mandeep Singh**
*CPM India*

*There will be more innovation to produce better experiences as the growth continues. Government events have seen increase in quantity and quality, as have personal events. Weddings lead the way in the business of celebrations. This trend will continue, and ticketed events also see a steady rise.*

**Yogesh Mudras**
*Informa Markets in India*

*Strategic alliances, immersive customer experience, ground-breaking technology leveraging AI & VR, the revolutionary Un-booth Concept going beyond the 4 corners of a stand, and deeper integration with social media platforms are bound to elevate exhibitions in the years ahead.*

**Atul Nath**
*Candid Marketing*

*These are super exciting times for 'Experience Creation'. With so much in a state of flux around us, there are no rules and there are opportunities galore to break new ground, and create value. In the inevitable pursuit for scale, the industry would do well to build a strong foundation of integrity, depth and long-term stability.*

**Brian Tellis**
*Radioactive Ventures*

*Irrespective of demographic or psychographic profiles of the target group, live engagement has always, and continues to be an integral part of our lives. Focus and accountability on purpose, process and attaining objectives is the ongoing need of the hour.*

**Deepak Choudhary**
*XPRNC, eventfaqs*

*Innovative formats that seamlessly blend local sensibilities with global trends are driving a surge in ticket sales, attracting significant sponsor interest. This potent combination is fueling the industry's growth. Looking ahead, hyper-targeted experiences, powered by data-driven ticketing and tech-savvy sponsorships, will be the hallmark.*

**Deepak Pawar**
*Midas Next Media*

*AI in event management optimizes logistics, enhances attendee experiences, and drives data-driven decisions, crucial for staying competitive in the experiential event industry's future landscape. Embrace AI for operational excellence and innovative engagement.*

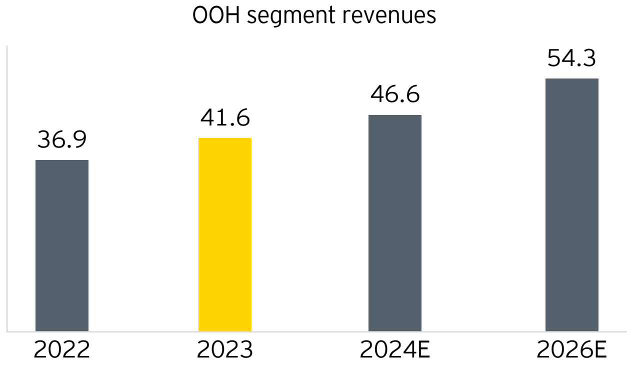
# Out of Home media

Catch the headlines with
AI anchor Sana

# Executive summary

Out of home (OOH) media is on a growth trajectory as transit and digital media continue to grow along with traditional media. Although traditional media constitutes a bulk of the segment, transit and digital media are growing and would soon outnumber premium traditional media in the coming years. Macro-economic factors such as urbanization and growth of affluence are also contributing to the growth of the segment.

## OOH segment grew 13% in 2023




INR billion (gross of taxes) | EY estimates

- OOH media grew 13% in 2023 to INR41.6 billion, the value of which includes traditional, transit and digital media, but excludes untracked unorganized OOH media such as wall paintings, billboards, ambient media, storefronts, proxy advertising, etc.
- The OOH segment exceeded its pre-COVID-19 revenues by 6%
- Real estate, organized retail and consumer services were the largest advertisers on OOH
- Traditional OOH comprised 62% of revenues and remained the largest segment; transit media comprised the balance 38%
- Digital OOH media (included in the above) contributed 9% of the segment's revenues, up from 8% in 2022
- The number of active digital screens is estimated in the range of 140,000 to 150,000, with an anticipation that around 75% of them are currently active

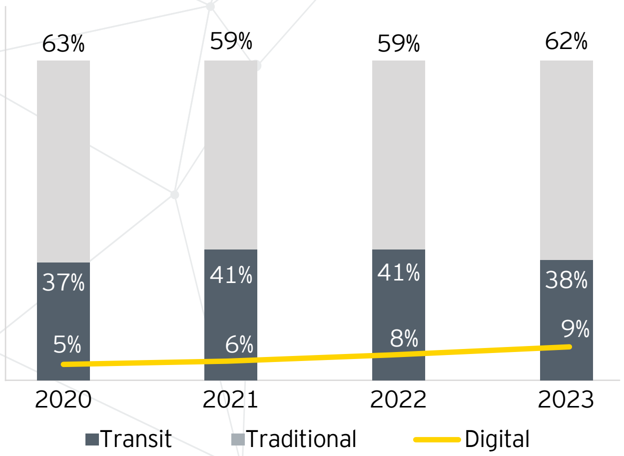
## Future outlook

- We expect the OOH segment to exceed INR45 billion in 2024 and reach revenues of INR54.3 billion by 2026
- Transit media will comprise 40% of OOH revenues by 2026
- Digital media will reach 15% of total OOH revenues

# OOH revenue analysis

## Traditional OOH media continued to be the largest contributor of revenues at 62%

Composition of OOH revenues

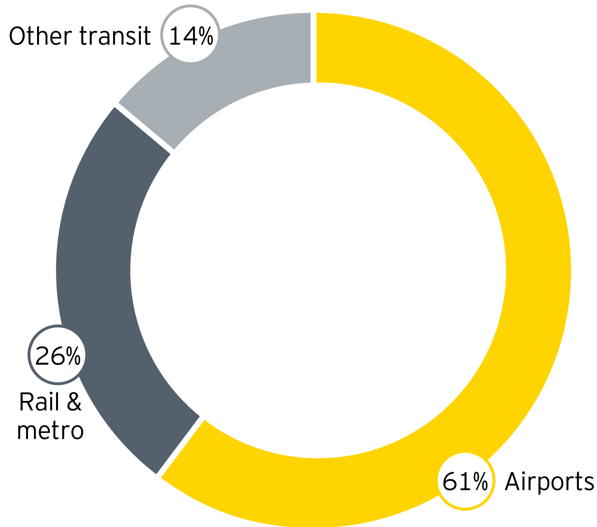



EY estimates

- Traditional media contributed 62% of total OOH media, not counting ambient media, wall paintings, proxy media (like ads in automated teller machines), storefronts and the informal/ unorganized sector
- Traditional media has grown by 19% over 2022 on the back of increased demand for premium inventory formats and large digital screens in metros
- However, rates for certain players we interviewed were still 5% to 10% below their pre-COVID highs

## Transit media was dominated by airports

Composition of transit media revenues



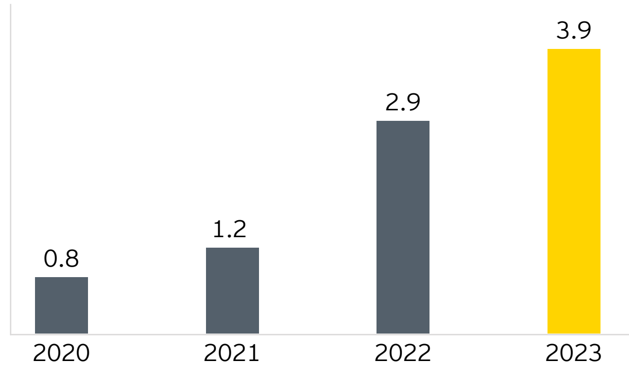

EY estimates

- Transit media generated INR15.7 billion in 2023 (38% of total OOH) up from INR15.1 billion in 2022
- Air passenger traffic in India grew by 8.34% over 2022 and hit a record high of 0.152 billion, surpassing the pre-pandemic levels[1]
- Mega infrastructure projects, smart city missions, new airports, metro stations and promotion of marine transport are driving the growth of transit media
- Brands are tilting towards transit media on account of the high visibility and frequency of ads offered, which can be leveraged to engage with an upwardly mobile audience
- In the realm of transit, there is a swift transition underway from static to digital formats. By the year 2026, an estimated 60% to 80% of transit displays are expected to have shifted to digital in the metros, as per our discussions with segment leaders

[1]https://economictimes.indiatimes.com/industry/transportation/airlines-/-aviation/domestic-air-passenger-traffic-grew-8-34-to-15-20-cr-in-2023/articleshow/106871494.cms?from=mdr

## DOOH investments and revenues increased

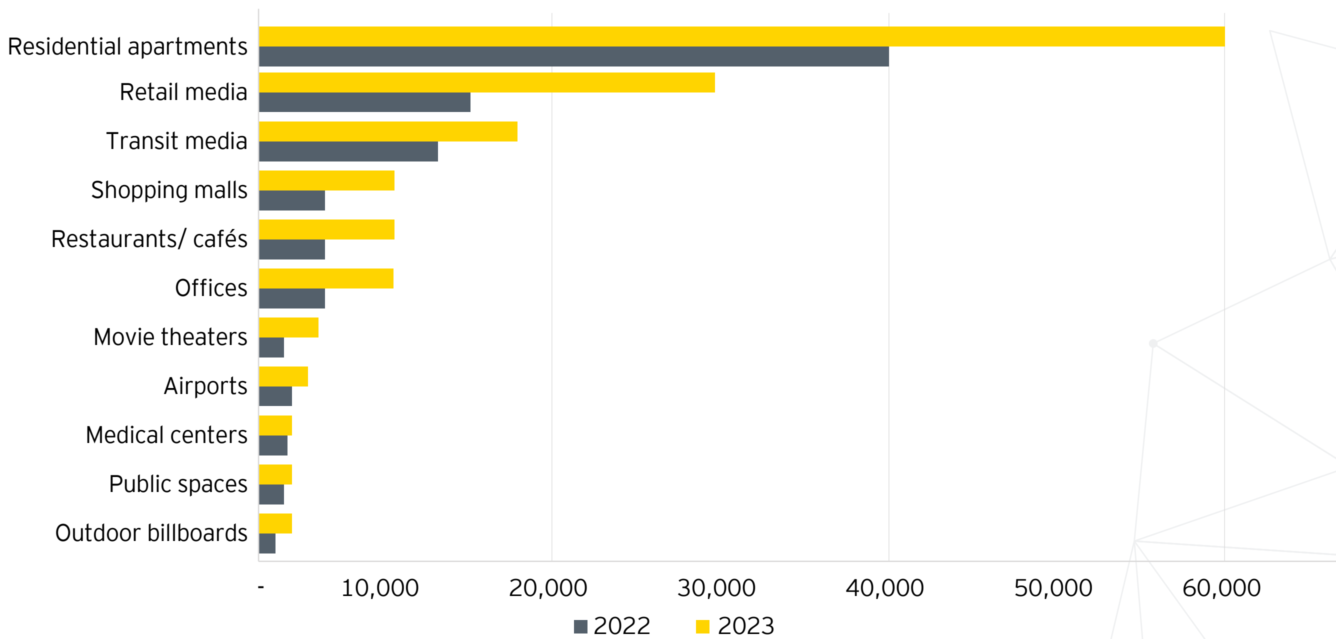
Digital OOH revenues




INR billion (gross of taxes) | EY estimates

- DOOH is rapidly growing in India due to enhanced measurement capabilities, government support for digital infrastructure, and creative flexibility. The integration of mobile technology and changing consumer behavior further accelerated the adoption of DOOH in the Indian advertising landscape.
- DOOH comprised 9% of the OOH segment's revenues, up from 8% in 2022
- The number of active screens increased to between 100,000 and 110,000, approximately 75% of the total installed screen base of approximately 150,000[2]

Number of DOOH screens installed




Lemma Technologies estimates

- Installed screens grew by 67% over 2022 to reach 150,000, of which approximately 75% were situated in metros[3]
- 66% of the growth in the number of screens came from residential apartments and retail media, followed by transit media
- 15% of screens are now 60 inches in size or larger, most operate for 16 hours a day and usually have ads from around six advertisers playing at any point in time[4]
- The rapid growth of DOOH media suggests a growing recognition of the effectiveness of advertising in high-density areas, particularly ones which are close to the point of purchase
- DOOH has consistently shown double digit growth over the past three years owing the advances made in Programmatic Digital Out-Of-Home (pDOOH), which comprises around 15% of ad volumes, while direct deals account for 85% share

[2]Based on data from Lemma, Moving walls and industry discussions
[3]Lemma Technologies estimates
[4]Moving Walls estimates

## Real estate and organized retail were the largest categories[5]

| Sector | Contribution 2022 | Contribution 2023 | Contribution to growth |
|---|---|---|---|
| Real estate and construction | 19% | 19% | 22% |
| Organized retail | 13% | 13% | 18% |
| Consumer services | 11% | 12% | 15% |
| FMCG | 13% | 11% | -3% |
| Financial services | 8% | 9% | 14% |
| Media | 9% | 7% | -5% |
| Automotive | 6% | 6% | 6% |
| Telecom | 5% | 5% | 9% |
| E-commerce | 3% | 2% | -2% |
| Household durables | 2% | 2% | 5% |
| Pharmacy | 1% | 1% | 2% |
| Petroleum | 0% | 0% | 0% |
| Energy | 0% | 0% | 0% |
| Others | 11% | 12% | 20% |
| Total | 100% | 100% | 100% |

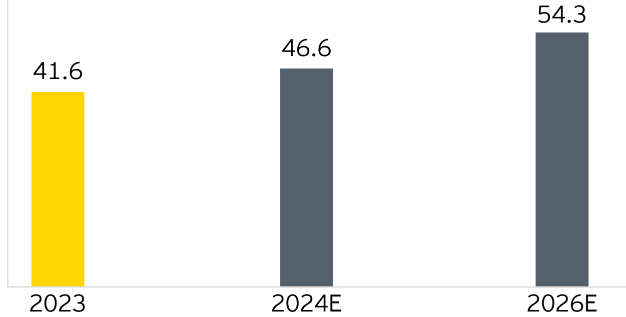
Pitch Madison Advertising Report 2023

- The top five categories contributed 64% of OOH spends and 66% of growth
- Real estate and construction continued to be the largest category to spend on OOH with a share of 19%; this growth has been propelled by the interplay of urbanization, infrastructure development, evolving demographics, government initiatives, etc.
- Other categories which drove growth included organized retail, consumer services and financial services
- With the exception of FMCG, media, and e-commerce, all categories witnessed growth over 2022
- Telecom, once the leading contributor, commanded just a 5% share in 2023

# Future outlook

## We expect OOH to reach INR54.3 billion by 2026

OOH segment revenue projections

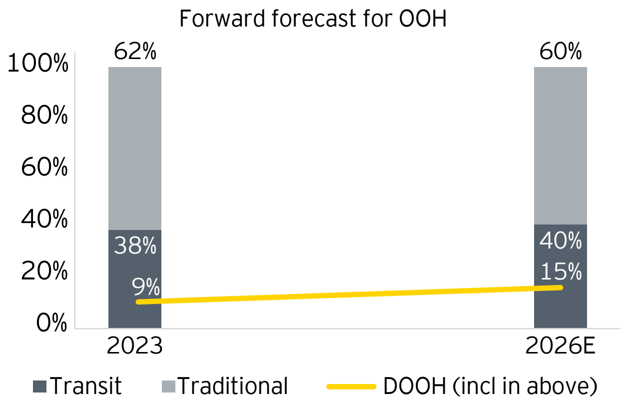



INR billion (gross of taxes) | EY estimates

- The importance of the OOH sector has increased in terms of enabling advertisers to reach rich audiences, particularly those who have moved to ad-free video and audio options
- We expect the segment to grow at a CAGR of 9% to reach INR54.3 billion by 2026, growth being driven both by volumes, as more DOOH and transit inventory come into being, as well as rates, especially for premium locations and transit media
- Urbanization of rural India and rising per capita income will drive growth for the mass segment

[5]Pitch Madison Advertising Report 2024

## Premium OOH assets will drive growth




INR billion (gross of taxes) | EY estimates

- DOOH is estimated to reach 15% of the overall OOH spends by 2026 with active screens crossing 200,000
- From large format digital billboards now seen in metros, to thousands of new screens in corporate hubs, residential areas, restaurants, gyms and malls, DOOH will be a key growth driver[6]
- Technology, which will integrate DOOH inventory between demand and supply side platforms, will also result in DOOH getting a share of revenues from the digital media budgets of advertisers
- Premium inventory at airports, metros and business districts will drive rate growth

[6]https://www.afaqs.com/news/media/dooh-set-to-drive-outdoor-advertising-growth-this-year#:~:text=%22The%20share%20of%20DOOH%20advertising,OOH%20industry's%20key%20growth%20driver.%22

# #Reinventing OOH

## From location to audience buying

- Dynamic adjustment of ad content and placement, using real-time audience data and segmentation techniques to form more intelligent audience groupings, utilizing insights from both first-party and third-party sources. Advertisers will now buy audiences and not the locations

## Improved ROI measurement

- In the years to come, OOH advertisers will have access to advanced measurement and analytic tools. Utilizing sensors, cameras, and data analysis, advertisers will acquire a more profound insight into audience engagement, foot traffic, and conversion rates
- The IOAA, in partnership with Relu.AI, has created 'Roadstar' an evaluation as well as a planning platform for OOH. The platform uses pan-India mobility data (150 million anonymized points of interaction every day, tracking movements, points of interest etc.), the India Census, Global Administrative Areas Maps (opensource shape files that provide the geographical boundaries for various states, districts, towns, and taluks), Google Maps and points of interest maps
- The platform has been designed to deliver detailed reports for metrics such as cumulated unique reach, cumulated impressions and frequency for a campaign plan, as well as site-wise impressions, frequency and opportunity to see. It can also deliver weekday and weekend metrics, hourly reach, etc.[7]

## Ad network integration

- DOOH networks will combine with digital ad networks to provide a seamless platform to buy digital and DOOH inventory
- Integrating programmatic platforms will enable utilization of unsold inventories
- Integration with radio ad scheduling software can also enable a combined audio and video OOH experience
- By geo-targeting, DOOH can help distribute discount or trial coupons for local stores to patrons who are willing to receive offers

## Innovation around engagement

- Established and modern brands are adopting computer-generated out-of-home (CGOOH) advertising, which has empowered brands to exceed the limitations of reality, creating visual campaigns that add to effectiveness
- The integration of OOH advertising with mobile devices using technologies such as QR codes, NFC, beacon, location-based services and apps will enable consumers to interact with OOH campaigns and access immersive, interactive experiences using their smartphones
- Integrating digital screens with traffic information can enable smarter traffic signaling

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[7] IOAA

## Adding utility

- Smart assets will help with rainwater harvesting, air quality measurement and management, as well as become centers for availing government digital services

## Premium districts and clusters

- Every city will identify a premium district, usually a central business district, and create cluster advertising models to support targeting at scale as audiences from across the city tend to aggregate at such places

## Government policies for sustainable growth

- We anticipate state governments to draft guidelines on some of the following areas:
  - regulation of start and end time for digital assets
  - usage of renewable energy
  - energy efficient assets
  - use of eco-friendly materials
  - content and asset guidelines which address traffic and pedestrian safety
  - regulating the type of messages
  - conversion of static assets to digital assets to reduce the need for physical materials and decrease waste
  - defining the type and maximum number of ooh assets permissible in each area to manage clutter and aesthetics
  - illegal political hoardings

## Trends

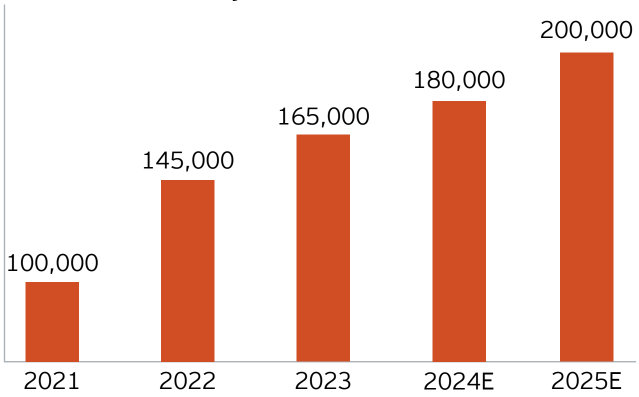
# Digital OOH India

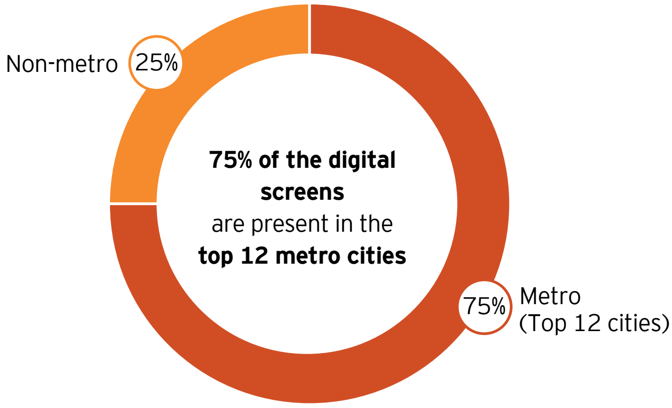
*Powered by Moving Walls India Pvt. Ltd.*

### India has over **165,000 digital screens**

Screen count increased 14% over 2022

Digital screens (India)

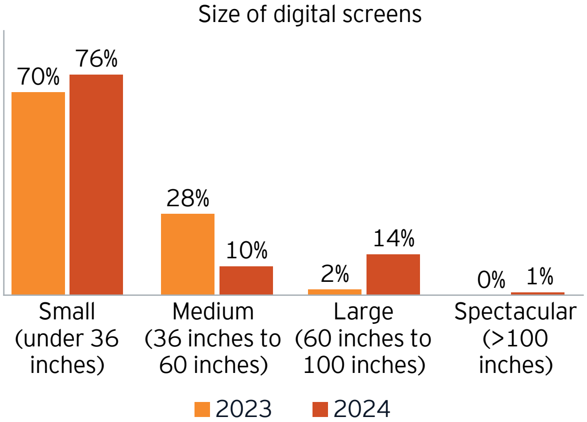


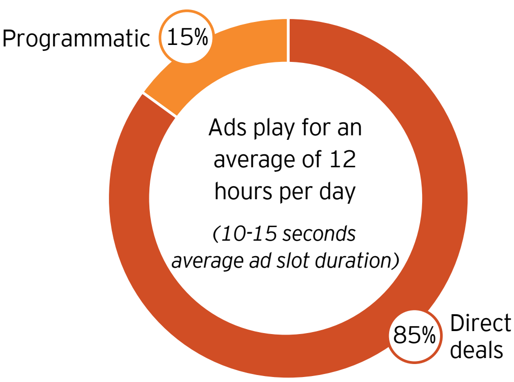

### **Large screens** saw a substantial growth in 2023

Three of four screens were still less than 36 inches in size

Size of digital screens

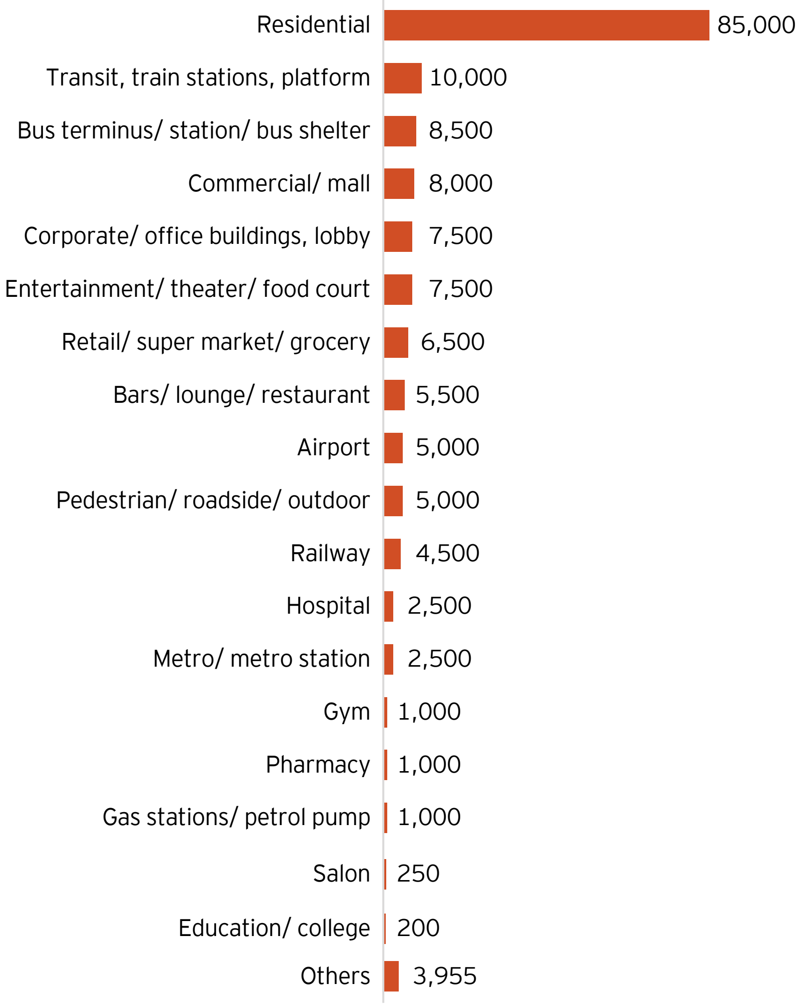



### **Direct deals** are currently **85%** of ad volumes



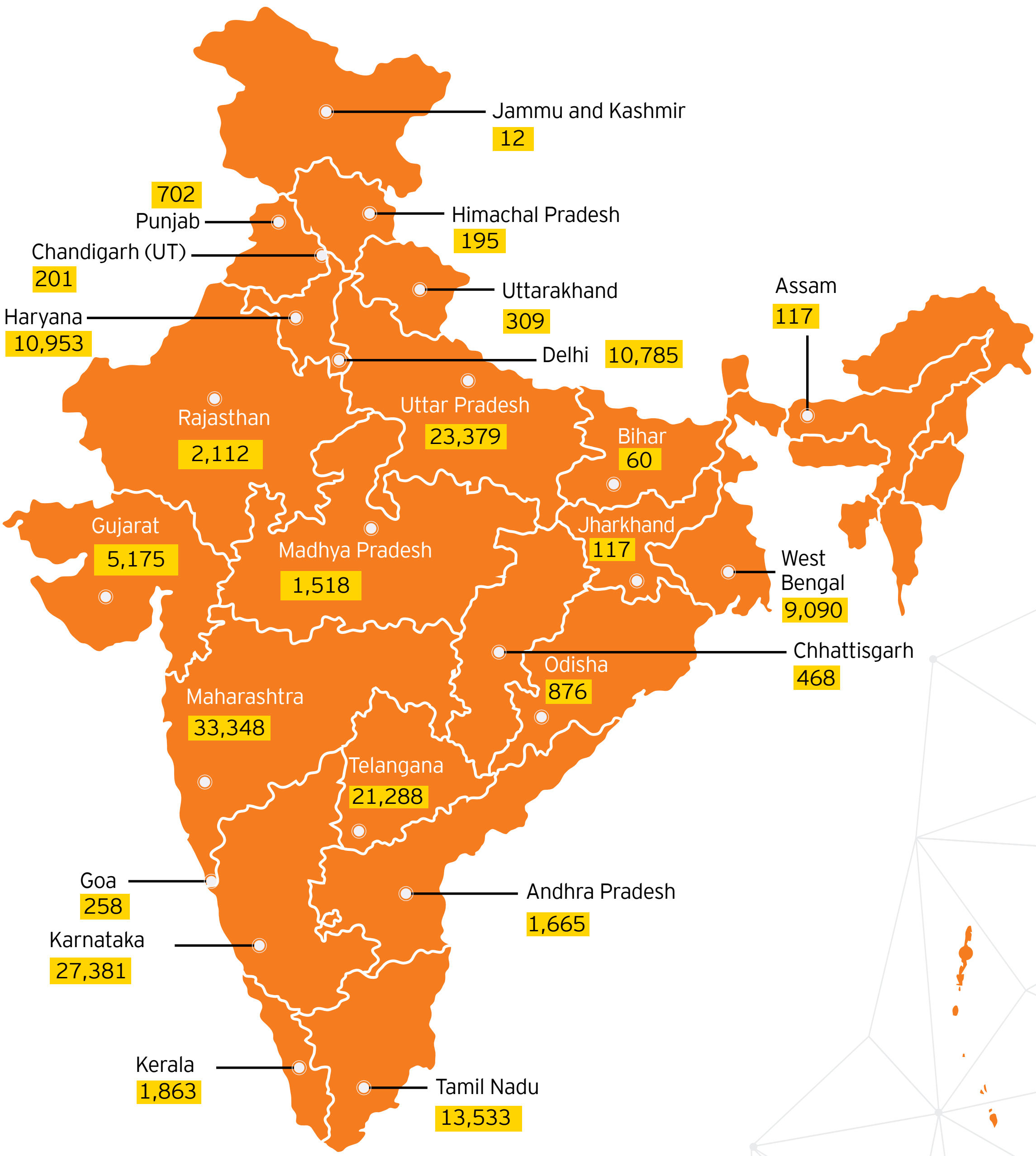

### Most screens are in **residential complexes**

Approximate digital screens by location




*All data has been provided by Moving Walls India Pvt. Ltd. to EY and has not been independently verified by EY. It has been presented in summarized form for presentation purposes only.*

## Digital screens by **state**




## **Pricing** is evolving

Average price per month per ad slot (average 200 ad plays per day) in INR

| | | | |
|---|---|---|---|
| **3,500-9000** | **15,000-30,000** | **100,000-600,000** | **1,500,000-5,500,000** |
| Small screen (<36 inches) | Medium screen (36-60 inches) | Large screen (60 to 100) | Spectacular (>100 inches) |

# Expert speak

**Pawan Bansal**
*Jagran Engage*

*OOH has been an overwhelmingly under used medium. To drive growth through ethical practices, inclusivity and innovation, the IOAA has introduced "RoadStar" an OOH media evaluation platform. More tech innovations are also in the pipeline. These innovations would enable OOH to gain its rightful place in the media landscape.*

**N Shekhar**
*Times OOH*

*AR, VR, CGI, holograms and other new technologies are reshaping advertising strategies, with brands increasingly embracing OOH. DOOH provides advertisers with flexibility, engagement and more importantly measurability. Major events like the Lok Sabha election, the IPL and T20 World Cup will inject significant spending into the sector in 2024.*

**Jahan Mehta**
*Selvel*

*DOOH has given our industry a wonderful opportunity to get our fundamentals in order. If we can automate our buying process, give reliable audience data and provide proof of performance through third party monitoring, I think we can double our share of the advertising pie.*

**Alok Jalan**
*Laqshya Media Group*

*Indian OOH media is going through a huge transformation right now where DOOH is taking over conventional static billboards. With connected screens, immersive technology and engaging content, OOH is becoming a medium of choice for advertisers who want to target young and constantly mobile consumers.*

**Rishabh Mehta**
*LOCAD*

*With the advancement of technology and the rapid pace of urbanization, OOH and DOOH are not only becoming widespread but also more adaptable and precise. This trend provides advertisers with exceptional avenues to connect with audiences in meaningful and effective manners, fostering engagement and impact.*

**Sunil Vasudeva**
*Pioneer Publicity*

*Out of home media will continue to grow, with premium inventory providing a cost-effective means to target affluent audiences.*

**Mehul Mandalia**
*Moving Walls*

*Throughout India, new developments are being planned with digital signage in mind. The only missing development is around a common measurement standard, which is bound to happen soon. Indian brands are embracing digital OOH not just in India but running outbound campaigns in markets where there is demand for their products and services.*

**Gulab Patil**
*Lemma Technologies*

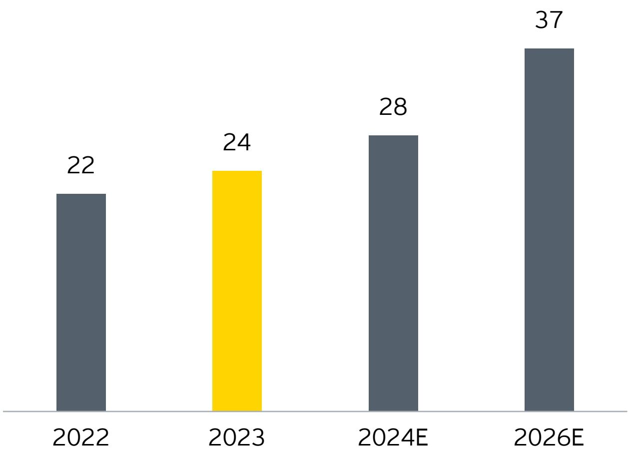
*DOOH is being propelled by the confidence in programmatic technology and advanced measurement. From enhanced creativity (3D and anamorphic ads) to technological strides (pDOOH), screen expansion, and quality, DOOH has become a pivotal element in both traditional and digital media plans, shaping the advertising landscape.*

# Music

# Executive summary

Indian audiences continue to have a strong engagement with music. Film music leads consumption, primarily through music streaming. However, the live events space made a strong comeback. Digital music consumption continues to rule, recording a majority of the music industry's revenues. We expect to see consolidation in the records labels space. Technology will continue to play an important role in the music industry in the coming times.

**Music segment revenues**




INR billion (gross of taxes) | EY estimates

- The Indian music segment grew by 10% to reach INR24 billion in 2023, slower than previous years as certain music OTT platforms went pay and stopped or reduced their free services
- Film music comprised 64% of total music consumption, but artist-driven music continued to grow and reached 27% of the total music consumed in 2023
- Digital revenues grew 9% in 2023 and accounted for 87% of total music segment revenues
- Music streaming had an audience of approximately 185 million. However, only around 7.5 million paid for a subscription
- Revenues at a label level increased from INR25 billion in 2022 to INR29 billion (net of taxes) in 2023, driven by a growth in digital revenues of 17% and performance rights of 20%
- Publishing revenues reached INR8 billion to INR9 billion
- The music segment is expected to grow at a CAGR of 15% to reach INR37 billion by 2026, on the back of increasing digital revenues, the pay subscriber base growing to 15 million and continued recovery of performance rights as events and activations increase in scale

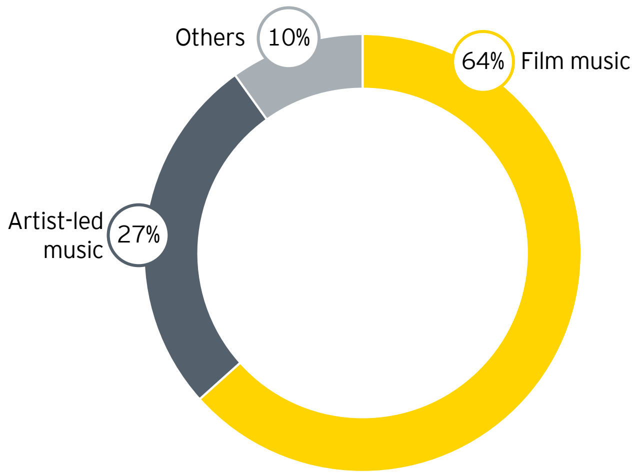
# Music consumption

## Indian consumers spent 24.4 hours a week listening to music[1]

- Indians continued to engage strongly with music in 2023, though the overall time spent dipped by 5% to reach 24.4 hours per week vs. 25.7 hours per week in 2022
- However, this was 18% higher than the global average of 20.7 hours per week
- A study of Indian music listeners reports that:
  - 94% use a licensed audio streaming platform
  - 76% said that music is important to their mental health
  - 74% discovered a new artist or music weekly
- However, 74% also use unlicensed or illegal ways to listen to music, much higher than the global average of 29%

## Music consumption was led by film music

Digital listenership by genre




IPRS estimates | Uses extrapolations and pertains to data from select DSPs.

- 64% of consumption was film music, this has reduced from ~80% three years ago as a more artist-driven industry emerged[2]
- Artist-driven music comprised 27% of the music consumed. Top genres enabling this include Punjabi music, which is now gaining popularity internationally
- 2023 marked the first time an Indian artist, Diljit Dosanjh, performed at the Coachella Valley Music and Arts Festival in California, bringing Punjabi artist music to a well-recognized global stage
- This has opened the door for international collaborations as well. Music artists in India have started to create at the top international levels, which has improved the quality of music. Indian artists have released singles along with international artists such as:
  - Hass Hass by Diljit Dosanjh X Sia, an Australian artist
  - Palpito by Diljit Dosanjh X Camilo, a Columbian artist
  - Maan Meri Jaan by rapper King which got re-launched featuring Nick Jonas
- Other genres consumed were devotional and folk songs, which comprised ~10% of the consumption
- Approximately 10-15% of all digital music streams pertained to international music

[1] IFPI "Engaging with Music 2023"
[2] Industry discussions

## YouTube remained the platform of choice for music consumption

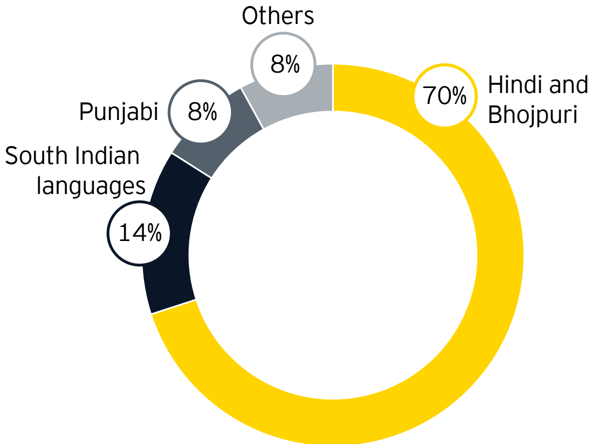
| Rank | Subscribers | | Video views | |
|---|---|---|---|---|
| | Label | Millions | Label | Billions |
| 1 | T-Series | 255 | T-Series | 241 |
| 2 | Zee Music | 103 | Zee Music | 62 |
| 3 | Shemaroo | 67 | Wave Music | 41 |
| 4 | Tips Official | 62 | YRF | 38 |
| 5 | Wave Music | 60 | Tips Official | 35 |

Social Blade as of December 2023

- As the top ad-based music OTT platform, YouTube continued as the preferred platform for music consumption, with an estimated 2.2 trillion streams[3]
- Four of the top 10 most subscribed YouTube channels in India are music channels[4]
- T-Series' YouTube channel is the most-subscribed YouTube channel globally[4]

## Hindi and Bhojpuri music accounted for 70% of the music consumed[5]

Digital listenership by language




IPRS estimates | Uses extrapolations and pertains to data from select DSPs

- The balance 30% was split across Punjabi (8%), Tamil (5%), Telugu (5%), Kannada (3%), Marathi (2%), Malayalam (1%), Haryanvi (1%), and others (8%)

## Live events and concerts made a comeback

- Live music events came back with a bang this year with online ticketing sites flush with music events every week
- The biggest spectacle was Lollapalooza, which had its inaugural Indian edition in January 2023. The multi-genre festival had over 40 artists – a mix of international and homegrown and resulted in a footfall of over 60,000 in two days. It is on track to break-even by its third edition in 2025[6]
- This set the tone for the rest of the year with an impressive line-up of international artists who made India part of their world tours in 2023, such as Backstreet Boys, Rema, John Legend, 50 Cent, Deep Purple, Westlife, Goo Goo Dolls, Bastille, Kodaline, and more[7]
- Indian artists are still warming up to tour culture; currently one-off gigs and festivals are still more common. However, listeners are primed for a more dynamic events line-up, and this can be leveraged in the coming years as the sector evolves

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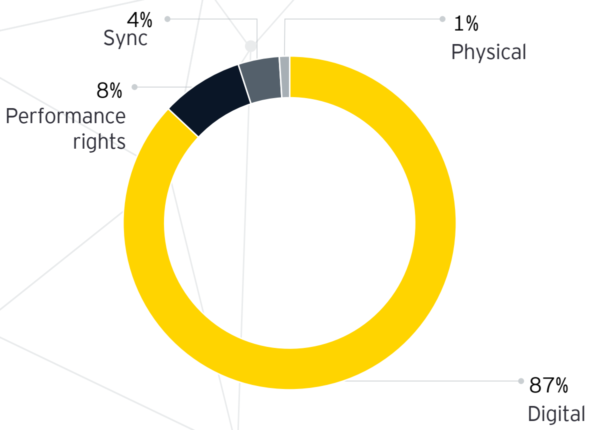
[3] EY estimates
[4] Social Blade as on 28th December 2023
[5] IPRS estimates
[6] https://www.livemint.com/companies/news/lollapalooza-india-is-on-track-to-break-even-next-year-bookmyshow-11706165616886.html#:~:text=%E2%80%9CLolla%20will%20break%20even%20by,%E2%80%9C%E2%80%A6
[7] https://www.gqindia.com/entertainment/content/backstreet-boys-bonobo-4-big-upcoming-international-acts-to-check-out-in-india

# Monetization

## Digital revenues were 87% of the total music segment

**Break up of music segment revenues**




EY estimates | At end consumer prices | Does not include electronic products with embedded music

- Digital garnered 87% of music segment revenues, comprising revenues earned on music streaming platforms, YouTube, short video, and social media platforms, and from telecom operators
- Sync and performance rights held on to their share of overall revenues

## Digital revenues grew 9%

- Music streaming apps had a base of approximately 185 million active users[8]
- Of the above, the paid subscriber base grew significantly from 4 million to 5 million in 2022 to approximately 7.5 million[9] in 2023
- After Gaana in 2022[10] , Resso announced a shift to SVOD exclusively[11]
- Spotify introduced further listening restrictions to free users in India – they will no longer have the ability to play songs in a particular order in a playlist, repeat tracks, return to previous songs, or move to a specific part of a song to listen to[12]
- Digital music revenues (including YouTube) increased almost 9% in 2023 to INR18 billion, ~77% of which was advertising driven

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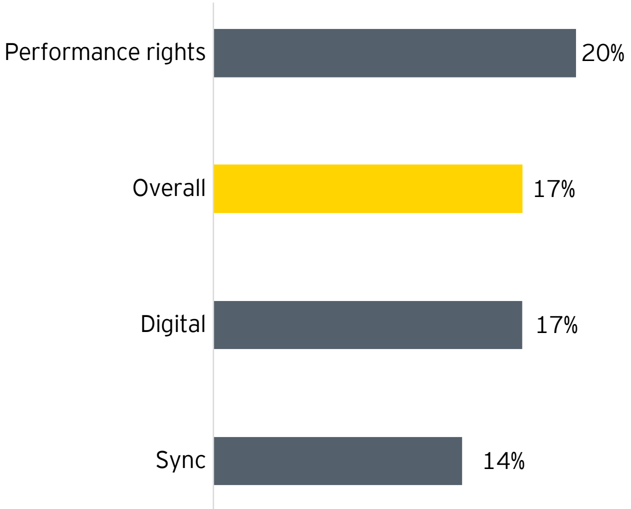
[8] Comscore
[9] Industry discussions, EY estimates
[10] https://musically.com/2022/09/12/gaana-ditches-free-streaming-in-favour-of-paid-subscriptions/
[11] https://techcrunch.com/2023/05/04/bytedance-is-making-its-music-streaming-service-resso-premium-only/
[12] https://www.newsbytesapp.com/news/science/spotify-introduces-listening-restrictions-for-free-users-in-india/story

## Revenue for music labels increased by 17%

Label revenue growth over 2022




IMI, EY estimates

- Revenues at a label level increased from INR25 billion in 2022 to INR29 billion (net of taxes) in 2023, driven by a growth in digital revenues of 17% and performance rights of 20%
- Share of label revenues attributable to digital were 90%, and they also contributed 90% of the absolute revenue growth for labels

## Some short video platforms struggled

- After a peak in domestic short-video platform usage in 2021, daily active users have been on a downward trend[13] , out-competed by international players, such as Instagram Reels and YouTube Shorts[14]
- Several platforms have seen scaled-down business verticals, founder exits and complete shutdowns as well
- Sequoia exited its investment in Trell at a loss of 78%[15]
- This has impacted music monetization for record labels with platforms reconsidering renewals of music licensing contracts in an attempt to curb costs[16]

## Content acquisition costs skyrocketed

- Competition to acquire Tamil and Telegu music has increased the price of audio rights
- Two years ago, one of the highest prices for a Telegu film's audio rights were INR45 million for Mahesh Babu's 'Sarkaru Vari Paata'[17].
- Other high-value sales included RRR (INR250 million), Saaho (INR220 million) and Baahubali 2 (INR100 million)
- In 2023, 'Pushpa: The Rule – Part 2' was sold for an estimated INR650 million[18]

## Music publishing revenues grew to INR8 to INR9 billion

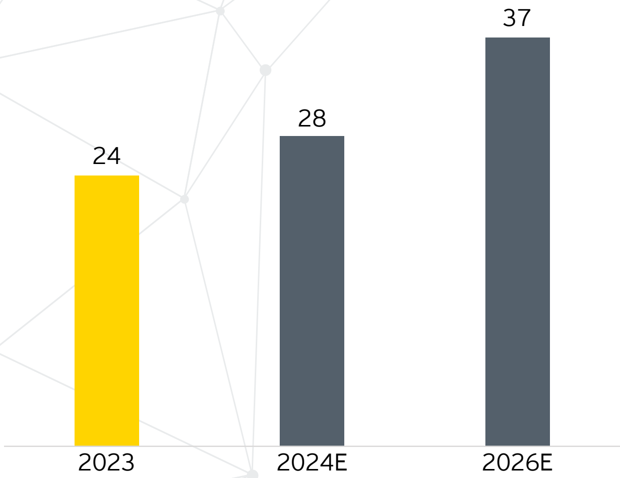
- Music publishing revenues have been on an upward swing on the back of international music OTT, social and short video platforms entering into licensing agreements with the IPRS as well as independent music publishers
- Domestic businesses also started complying with publishing licence requirements during 2023, notably Sony, Zee, etc.

[13] https://inc42.com/features/india-short-video-apps-social-media-wasteland/
[14] https://inc42.com/buzz/short-video-platform-tiki-shut-down/
[15] https://inc42.com/features/sequoia-exits-trell-massive-loss/
[16] Industry discussions
[17] https://timesofindia.indiatimes.com/entertainment/telugu/movies/news/mahesh-babus-sarkaru-vari-paata-audio-rights-sold-for-a-record-breaking-price/article-show/84901752.cms
[18] https://www.news18.com/entertainment/telugu-cinema/pushpa-2-audio-rights-sold-for-record-price-a-new-feat-in-indian-cinema-7712443.html

# Future outlook

## We expect the music segment to reach INR37 billion by 2026

Music segment revenues




INR billion (gross of taxes) | EY estimates

- We expect the segment to grow at a CAGR of 15% over the next three years to reach INR37 billion
- Growth will be driven by expansion of the smartphone base as the next 100 million users get access, growth in the SVOD base, more music concert revenue, increased reach of social media, growth of YouTube, as well as increased international consumption of Indian music

## Paid subscriber base could reach 15 million by 2026 or 2027

- While subscriptions are not significant at present, they are the future, since OTT platforms cannot sustain providing free or ad-supported music
- The market has the potential to grow the number of paid subscribers to 2-2.5x their current volume in three years (15 million) and four to five times in five years (35 to 40 million)[19]

## Record labels will continue to consolidate

- We have seen several deals in the music segment as larger labels consolidate their holdings across language markets, and we expect this trend to continue
- This will improve monetization potential through digital streaming, help bring more genres and regional music to the mainstream market and strengthen labels' ability to invest in artists and creators

## Rights values could remain elevated

- The entry of several global music labels and publishers in India, as well as the improved performance of theatrical films across languages, are expected to keep music rights values at their current elevated levels in 2024 and perhaps into 2025

[19] Industry discussions

# #Reinventing music

## Create new artist discovery methods

- We expect that the share of artist-driven music will continue to grow and contribute around 40% of consumption by 2026-2027[20]
- Crowdsourcing original music for OTT and film content can bring about choices, and provide chances to young and fresh talent

## Enable infinite artist life

- The ABBA Voyage Tour used virtual avatars of the iconic band to perform "live" in front of 3,000 people everyday, generating US$2 million every week over 15 months[21]
- 45 years after The Beatles disbanded, a single was released using AI to clean up an old demo of John Lennon's voice[22]
- AI-driven voice models can recreate any song in the voice of any artist, as well as create original music
- With appropriate regulatory guardrails, these innovations can enhance the listener experience and improve monetization prospects

## Go for the superfans

- Artists will attempt to keep their fans engaged through their artistic life-cycle via deep engagement, building a base of "superfans"
- Superfans are often willing to invest more in their favorite artists, whether through purchasing concert tickets, funding content creation, buying merchandise, etc. Superfans also help create "virality" of content that is necessary for gaining popularity
- Thus, they provide a foundation beyond streaming, offering alternative income streams and ensuring artists can continue creating music

## Improve royalty collection

- Web3.0 has the ability to determine consumption in near real-time, and allocate revenue shares to relevant publishers, authors and labels, which can create a high degree of confidence in artists, and encourage them to create more and better music

## Focus on collaborations

- As music acceptance and experimentation increase, the number and type of collaborations can help cross-pollinate fans, both globally as well as locally
- Local collaborations across languages as well as genres can create a new variety of music, as well as be the foundation for many entertainment/ reality shows

## Bundle, and keep on bundling

- Bundling music with video and news OTT products, D2C brands, newspapers and magazines, ISP subscriptions, etc., can significantly increase the scale of paid subscribers

## Market music via games

- A survey conducted by us indicates that 48% of gamers spend over an hour a day playing games
- The opportunity to bundle background music along with game play can provide a significant opportunity

## Do AFPs Ab Initio

- As the influencer marketing industry grows, the music segment can provide a scalable set of musicfluencers for brands to partner with
- We estimate the ad funded video production can reach approximately 10% of industry revenues in four to five years

## Find those one-song wonders

- Use of intelligence can help in identify music with a high chance of success, even if the creators are not yet well known or have a fan base

## OTT-driven music

- As connected TVs cross 30 million households, they have become a significant source of reach, and including songs on OTT content can be a new mode of discovery
- CTV in conjunction with AI also can provide an opportunity for custom music TV products viz. think personalized MTV, with packaging to suit viewer tastes e.g., song trivia, band information, video insights, chart data, etc.

[20] Industry discussions
[21] https://www.bloomberg.com/news/newsletters/2023-09-04/-abba-voyage-tour-makes-2-million-a-week-with-an-avatar-band
[22] https://www.cnbc.com/2023/11/02/a-new-beatles-song-is-set-for-release-after-45-years-with-help-from-ai.html

# Trends
# Spotify India

## Reach

**70 million**
Spotify users in India at the end of October 2023 (per Comscore)

**Tier-I cities**
A majority of the streams for Spotify in India come from here

**7,500**
Towns in India where Spotify was streamed between 2021-2022

## Consumption

**70%**
Spotify India users' share of local music consumption, highest among Spotify's 180+ markets

**Film music**
The most popular category for music streaming, though non-film music listening has increased to an all-time high in 2023

### Most popular languages in India

- Hindi
- English
- Punjabi
- Tamil
- Telugu

### Top genres in India

- Film music (led by Bollywood)
- Pop music (Hindi, Punjabi, Tamil)
- Hip hop across local languages (Punjabi, Hindi, etc.)

## Spotify 2023 India charts

| Top artists | |
|---|---|
| 1 | Arijit Singh |
| 2 | Pritam |
| 3 | Anirudh Ravichander |
| 4 | A.R. Rahman |
| 5 | Shreya Ghoshal |
| 6 | Amitabh Bhattacharya |
| 7 | Alka Yagnik |
| 8 | Vishal-Shekhar |
| 9 | Sidhu Moose Wala |
| 10 | Udit Narayan |

| Top songs | | |
|---|---|---|
| 1 | King | Maan Meri Jaan |
| 2 | Kaifi Khalil | Kahani Suno 2.0 |
| 3 | Pritam | Kesariya |
| 4 | Sachet Tandon | Malang Sajna |
| 5 | Shubh | Cheques |
| 6 | Jasleen Royal | Heeriye (feat. Arijit Singh) |
| 7 | Anirudh Ravichander | Chaleya |
| 8 | Sachin-Jigar | Phir Aur Kya Chahiye *(From "Zara Hatke Zara Bachke")* |
| 9 | Alka Yagnik | Agar Tum Saath Ho (From "Tamasha") |
| 10 | Chani Nattan | Daku |

| Top podcasts | |
|---|---|
| 1 | Shrimad Bhagwadgita |
| 2 | The Ranveer Show |
| 3 | Krishna - The Supreme Soul |
| 4 | True Story Bro! with Triggered Insaan |
| 5 | Mahabharat Gaatha |
| 6 | The Horror Show by Khooni Monday - Scary Stories in Hindi |
| 7 | The Ranveer Show (हिन्दी) |
| 8 | Ajay Bhalla |
| 9 | The Stories of Mahabharata |
| 10 | The Joe Rogan Experience |

*Note: All data has been provided by Spotify India and is based on their research. It has not been validated by EY, and presented in summary form for representation purposes only*

# Expert speak

**Devraj Sanyal**
*Universal Music Group*

*India continues to top the global list of most important growth markets. While the market saw consolidation with huge corrections, it will continue to grow aggressively on the back of technology, regional penetration, newer younger genres popping faster and Indian Independent Popular music and artists that we're now calling I-Pop compared to film music.*

**Neeraj Kalyan**
*T-Series*

*DSPs efforts have started to show results in terms of incentivising free subscribers to upgrade to paid streaming, and we expect this trend to significantly grow during the next three years. Substantial product differentiation is needed between free and paid tiers. Exorbitant cost of content in both film and non-film albums is making this transition difficult .*

**Vikram Mehra**
*Saregama*

*While the focus on growing paid subscribers will cause short-term stress, I believe that in the mid-term, revenues will double and we can expect around 50 million subscribers in a few years.*

**Mandar Thakur**
*Times Music*

*Indian music industry has emerged from the legacy shadow of the film industry and there is nothing called 'Regional music' – it's all national and mainstream. The industry is shapeshifting structurally into an artist and talent centric industry. Smaller but highly engaged communities of superfans (rather than consumers) will drive consumption of music and surrounding experiences.*

**Vivek Raina**
*Believe Digital*

*2024 will have challenging trends as far as ad-supported revenue is concerned, however, we expect a steady growth in music subscriptions in India. In 2023 only the top theatrical successes gave a push to music consumption, and 2024 could see similar results. 2024 will provide opportunities for M&A and strategic partnerships.*

**Jay Mehta**
*Warner Music*

*In the upcoming year, a prominent trend emerges in the Indian music industry. An artist-centric ecosystem where superstars dominate charts and shows, along with streaming services pivoting to a paid ecosystem, will reshape consumption in India.*

**Vinit Thakkar**
*Sony Music India*

*Fuelled by soundtracks and a focus on artists, India's music scene will soar as digitally connected youth forge a fan-led ecosystem, opening a vibrant new chapter for the industry.*

**Anurag Bedi**
*ZEE Music Company*

*Indians are now consuming more music, and the industry is expanding beyond conventional film music. We have seen an upsurge of new talent, offering a new landscape of music. In the short term, we may see a slow down with some services going pay and others shutting down, but can expect to see stellar expansion in the long term as overall consumption grows.*

**Blaise Fernandes**
*Indian Music Industry*

*Moving towards a paid ecosystem with multiple paid tier options to the consumer is the surest way to #reinvent the recorded music industry. Baby steps have been taken towards a paid ecosystem, a glass half full, half empty situation. I would like to look at the glass as half full.*

**GB Ayeer**
*PPL*

*Overcoming widespread avoidance of Public Performance Rights is crucial for a thriving music ecosystem. Collaborating with the government is going to ensure compliance, safeguarding rightful dues for copyright owners and artists.*

**Dinraj Shetty**
*Sony Music Publishing*

*The rise of Music Publishing is leading a shift of control to songwriters, enabling them to retain copyrights in their compositions and lyrics. This helps them share in the success of their songs, and retain a say in how their music can be used by labels and publishers across versions, adaptations, sampling and synchronisation.*

**Rakesh Nigam**
*IPRS*

*As technology reshapes music, the industry and creators must harness its benefits for enhanced creativity. It is also vital to have robust laws ensuring IP rights, granting human creators and rights holders their deserved credit and fair remuneration.*

# Radio

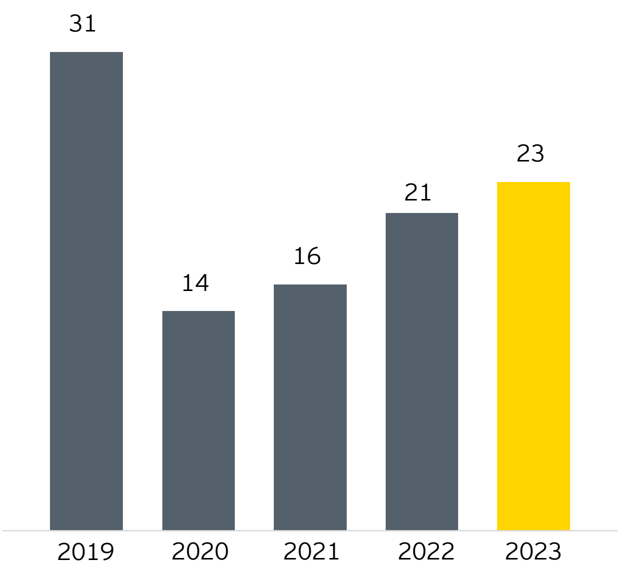
Catch the headlines with AI anchor Sana

# Executive summary

The radio segment is still recovering from the pandemic-induced slowdown. Although, revenue continues to grow, it is yet to meet the 2019 numbers. Hyper localization has become an important factor towards the growth of radio. While smartphones continue to grow and impact almost all segments of the M&E sector, radio is no longer available on all smartphone models. There are distinct opportunities for radio in India to grow, provided the right opportunities are tapped.

## Radio segment revenues grew by 10% in 2023

Radio segment revenues




INR billion (gross of taxes) | EY estimates

### Reach

- India had 1,313 operational radio stations, an increase of 90 stations over the previous year, including 446 community radio stations

### Monetization

- Radio segment revenues grew 10% in 2023 to INR23 billion, but were still just 73% of 2019 revenues
- Ad volumes increased by 19% in 2023 as compared to the previous year, with estimated fall in ad rates by 8%
- Share of retail advertising increased
- Radio companies are focusing on building regional shows, with novel and engaging content which are multi-media in nature, and non-FCT revenues are now 20% to 25% of total revenues
- Lack of unified and independent third-party monitoring continues to be an industry issue
- We expect revenues to recover to INR27 billion by 2026, of which around a fourth will be non-FCT revenues

# Reach

## India had 1,313 operational radio stations

- India had 36 private FM broadcasters in 2023, operating 388 FM radio stations across 113 cities[1]
- In addition, the public broadcaster Prasar Bharti's All India Radio service operates 479 stations in 23 languages and 179 dialects, reaching 92% of the country's area and over 99% of India's population[2]
- India had 446 operational community radio stations as of June 2023, up from 366 last year

## Regulatory initiatives

- The Government approved 43% increase in the base rates of advertisements on private FM radio stations. The new rates have been announced after eight years[3]
- The Telecom Regulatory Authority of India (TRAI) has released recommendations on issues related to FM radio broadcasting, including private FM Radio operators being allowed to broadcast news and current affairs programs, limited to 10 minutes in each clock hour
- TRAI has also recommended removal of linkage to non-refundable one-time entry fee and extension of the existing FM license period of 15 years by three years[4]

# Monetization

## Radio ad volumes increased by 19% compared to 2022[5]

- 426 categories comprising 10,000+ advertisers and 13,615 brands advertised on radio during 2023
- Of the above, 4,400 advertisers were not present on TV, print and digital
- Due to the enormous increase in volumes which was higher in smaller towns at lower yields, ad rates remained soft, falling 8% on an average

## Share of retail advertising volumes increased[6]

- Retail/ local advertisers' share of ad volumes increased 28% over 2022 driven by revival of the retail segment in 2023 and the growing cost of local and city-centric digital advertising rates
- National advertisers share of total radio advertising fell, though actual volumes grew by 10%
- Services, retail and auto were the top three categories, aggregating 51% of total spends on the medium

## Share of non-FCT revenues increased

- Industry discussions indicated that non-FCT revenues contributed an average of 20% to 25% of total revenues earned by large radio companies
- Creating event IPs, brand activation, building communities, international music streaming, content production, digital marketing and influencer marketing were the top contributors to such revenues

## Key issues remain unresolved for now

- Radio measurement remains restricted to a few cities and hence, the ability to demonstrate reach and listenership to advertisers is low
- Several top-end smartphones have not incorporated an FM radio receiver/ chipset, and this is impacting reach, and can be an existential threat unless the government mandates that all phones need to be equipped with radio receivers
- In addition, there is no clear path forward for the implementation of digital radio in a manner that protects the interests of all stakeholders
- The Telecom Regulatory Authority of India (TRAI) has also recommended that the annual license fee should be calculated at 4% of the Gross Revenue (GR), excluding GST, of the FM radio channel[7] but that has not yet been implemented
- The radio industry is also awaiting the final approval to broadcast news and current affairs programs for 10 minutes each clock hour, something every other medium is permitted to do

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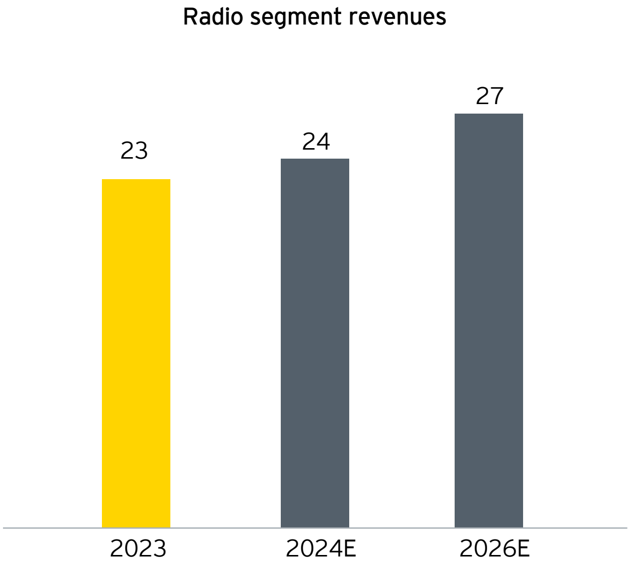
[1] QPIR_05122023.pdf (trai.gov.in)
[2] Homepage AIR | Prasar Bharati
[3] https://www.livemint.com/news/india/govt-revises-advertise-ment-rates-for-private-fm-radio-11696858478393.html#:~:text=The%20gross%20base%20rate%20for,December%202015%20and%20March%20 2023.
[4] Ministry of Communications, PIB
[5] TAM AdEX
[6] TAM AdEX
[7] TRAI recommends delinking NOTEF from FM Radio license fee - Broadcast and CableSat

# Future outlook

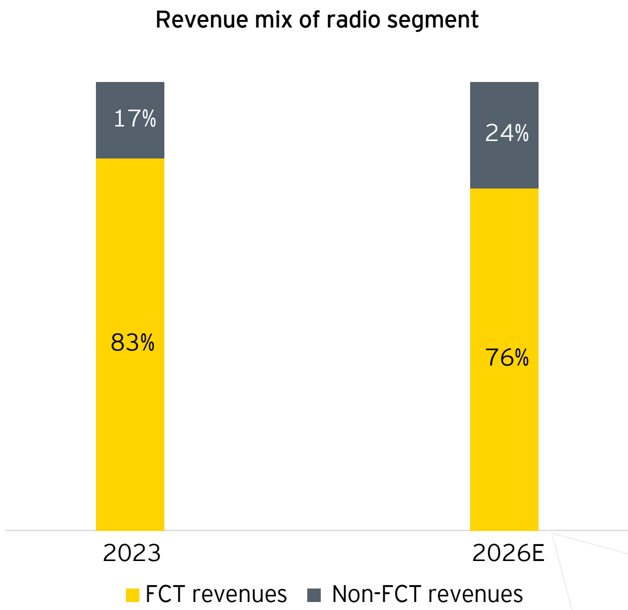
## Revenues will continue to recover in 2024




INR billion (gross of taxes) | EY estimates

- We expect radio revenues to continue recovering and reach INR27 billion by 2026, though ad rates will continue to remain subdued
- Growth will be driven by:
  - SME and retail advertiser segment, where spends can be easily attributed to sales
  - Launch of several new and challenger brands in FMCG, durables and electronics, where retail ad media are effective in creating awareness
  - Non-FCT revenues as radio companies create brand extensions to leverage additional opportunities for community building, content production, influencer marketing and short video
- Rate recovery will continue to be a challenge, and require significant innovation and concept selling, as well as implementation of a measurement metric to be able to demonstrate - especially to national advertisers - the efficiency of the medium
- The increase in DAVP rates for government ads will be welcome in an election year

## Non-FCT revenues will continue to grow




EY estimates

- Radio companies' innate ability to create relevant regional content will help drive their growth in the content production (both short form and episodic) and influencer marketing business
- Considering the hyperlocal nature of the radio product, radio companies are well positioned to build communities to drive D2C relationships, which can be leveraged by brands
- Hyperlocal and D2C revenue streams will be a key differentiator for radio players as compared to digital and national media
- This will change the revenue mix significantly, with non-FCT revenues comprising approximately a fourth of total revenues by 2026

# #Reinventing radio

**388 FM**
stations

**446**
community radio stations

**500+**
RJs

**4 million+**
cars sold each year with integrated radios

**Radio is and will remain an integral part of India**

**750 million+**
phones within India

**20,000+**
original songs released each year in India

**165 million+**
TV sets

Indian films release in
**38+ countries**

Source: Media article, EY report music publishing in India, IPRS, YouTube, ICEA, Industry discussions, FICCI-EY M&E sector report. Ideas do not consider current regulatory environment or licensing regime, which may need to be changed to implement the above.

## Make radio digital

Implement digital radio to increase frequencies 4x, enabling more genres and niche products to serve the lean-back audio audience of the country

## Bundle inventory

Create bouquets and bundles of community radio stations and offer advertisers hyper-local audiences, subject to regulatory compliances

## Monetize followers

Build an influencer network and use tech to match influencers to brands and their needs

## Embed drives

Ensure FM and digital radio remain available in all cars

## Build an alternate device ecosystem

Integrate radio seamlessly into popular smart speakers and devices like refrigerators and cooking ranges

## Ensure reception

Ensure radio sets continue to come with FM receivers

## Build engagement

Offer voice-activated personalized stations that adapt to user preferences over time. Allow users to create custom voice commands to access frequently listened to stations or genres

## Go song+

Create on-demand content like podcasts, news briefings, weather, sports and entertainment updates within the radio experience, using Generative AI

## Piggy-back on TV

Use television frequencies to distribute radio channels, add 165 million households. Perhaps use the landing page more effectively

## Go global

## Trends

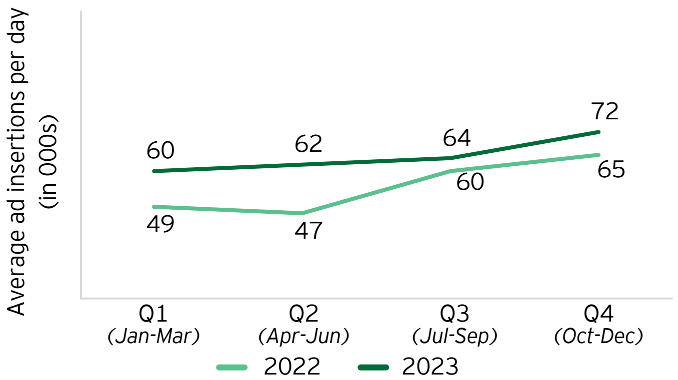
# India radio advertising

*Powered by TAM AdEX*

(A division of TAM Media Research) in association with RCS India

### Radio **ad insertions grew 17%** in 2023

On an average, 64 thousand ads were broadcast daily in 2023




### Over **13,600 brands** advertised on radio in 2023

Up 5% from 2022

| | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Categories | 417 | 414 | 419 | 426 |
| Advertisers | 8,588 | 8,357 | 10,190 | 10,441 |
| Brands | 10,685 | 10,515 | 13,017 | 13,615 |

### Services, retail and auto contributed to over **50% of ad volumes**

| Rank | Top five sectors | Share | |
|---|---|---|---|
| | | 2022 | 2023 |
| 1 | Services | 33% | 31% |
| 2 | Retail | 12% | 10% |
| 3 | Auto | 8% | 10% |
| 4 | Food and beverages | 8% | 8% |
| 5 | Banking/ finance/ investment | 9% | 8% |

### Top five **categories** remained unchanged in 2023

| Top five categories | Rank | |
|---|---|---|
| | 2022 | 2023 |
| Properties/ real estate | 1 | 1 |
| Hospital/ clinics | 2 | 2 |
| Retail outlets - jewellers | 3 | 3 |
| Cars | 4 | 4 |
| Retail outlets - clothing/ textiles/ fashion | 5 | 5 |

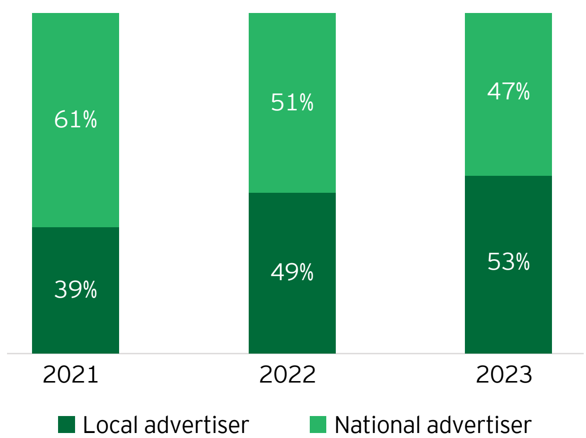
### LIC continued to be the **largest advertiser on radio** in 2023 as well

| Rank | Top five advertisers | Share |
|---|---|---|
| 1 | Life Insurance Corporation of India | 2% |
| 2 | Kedia Homes | 2% |
| 3 | Maruti Suzuki India | 2% |
| 4 | Vishnu Packaging | 1% |
| 5 | Reliance Retail | 1% |

### **Local advertisers'** share reached 53% of total ad volumes in 2023

Up 10% from 2022

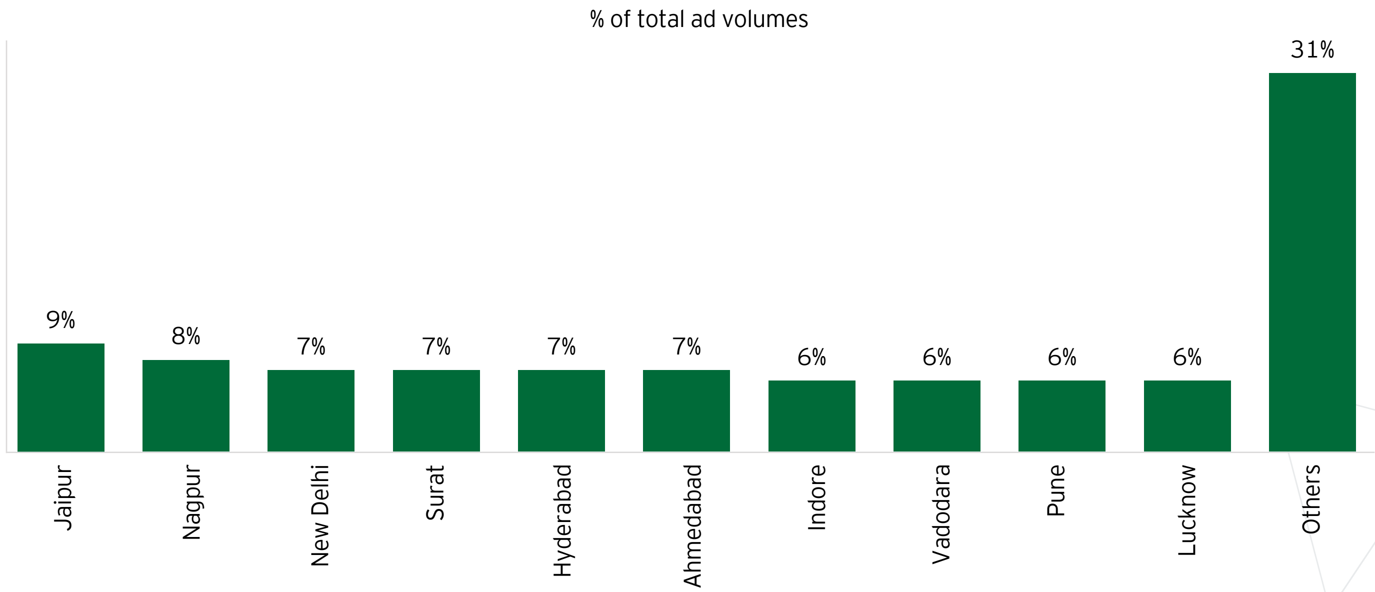
Share of ad volumes




*Source: TAM Media research. TAM AdEX's data pertaining to 90+ radio stations for Jan to Dec 2023. The data has been provided by TAM Media Research to EY and has not been independently verified by EY*

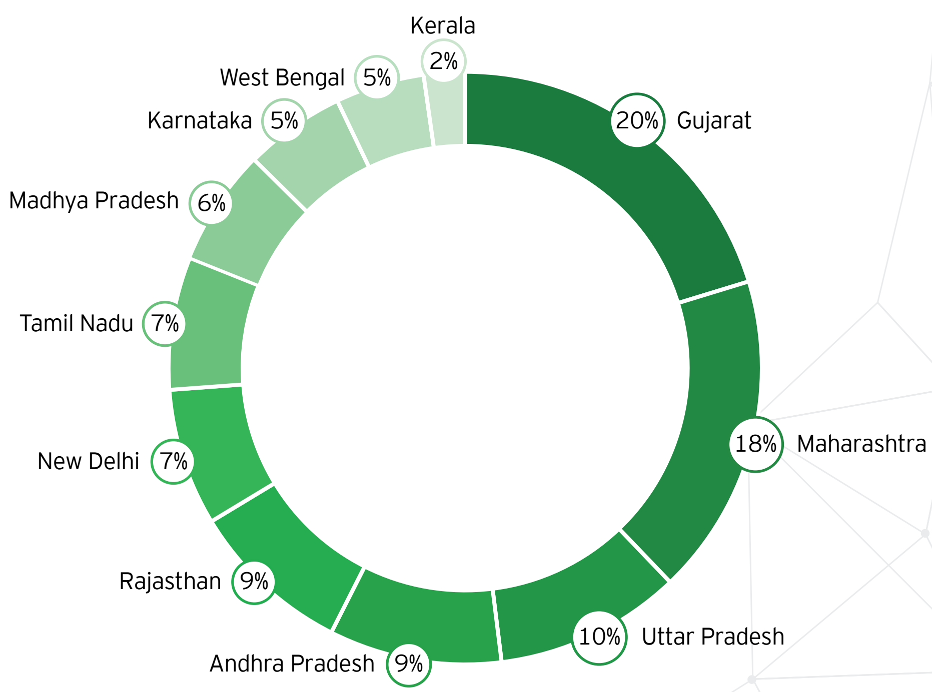
69% of ad volumes were in the **top 10 cities**

Kolkata, Mumbai, Chennai and Bengaluru were not in the top cities




Gujarat, Maharashtra and Uttar Pradesh maintained the **highest ad volumes**

Top five states contributed 66% of ad volumes



# Expert speak

**Ashit Kukian**
*Radio City*

*As consumer behaviour continues to shift towards digital platforms, the media industry is undergoing a transformative journey, where adaptability and innovation are paramount. A fundamental restructuring with the fusion of traditional and digital media is evolving. Radio is strategically placed and will create a new radigitalized face for itself in this changed environment.*

**Nisha Narayan**
*Red FM and Magic FM*

*In the M&E sector, radio may be small, but its power in reaching the masses is unparalleled. We are embracing innovation to ensure our space in the digital landscape, creating a level-playing field to coexist.*

**Yatish Mehrishi**
*ENIL - Mirchi*

*In 2024 we anticipate growth from new clients, higher retail contributions, and a festive season price increase. Key drivers will be solutions-oriented sales, events, activations, digital platforms, and influencers. The industry's well-being hinges on government support for TRAI recommendations, like the mandatory FM tuner activation in mobiles and detaching radio license fees from NOTEF.*

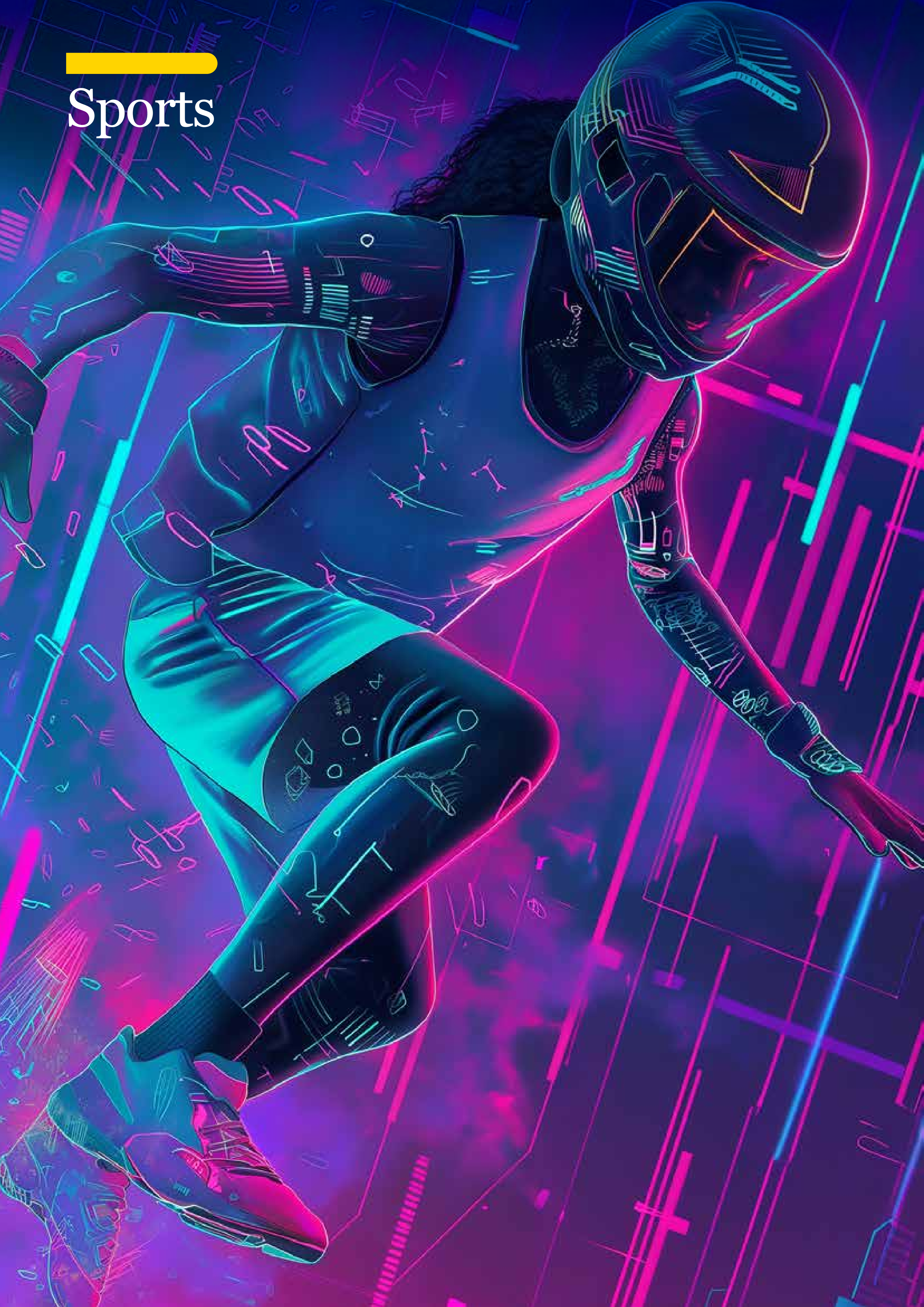
**Abe Thomas**
*Reliance Broadcast Network Ltd.*

*The fusion of content and tech has redefined how consumers engage with content, delivering solutions for brands. Through AI-driven personalization, virtual influencers, experiential AR/ VR, on-ground activation and micro marketing, a new era unfolds, creating precisely tailored authentic content and connections with audiences.*

**Rahul Namjoshi**
*My FM*

*Extremely upbeat about Radio for the upcoming year, the current FY went as per our expectation. Radio has an edge over other mediums, owing to the hyperlocal nature of the business resulting in high ROI to advertisers.*

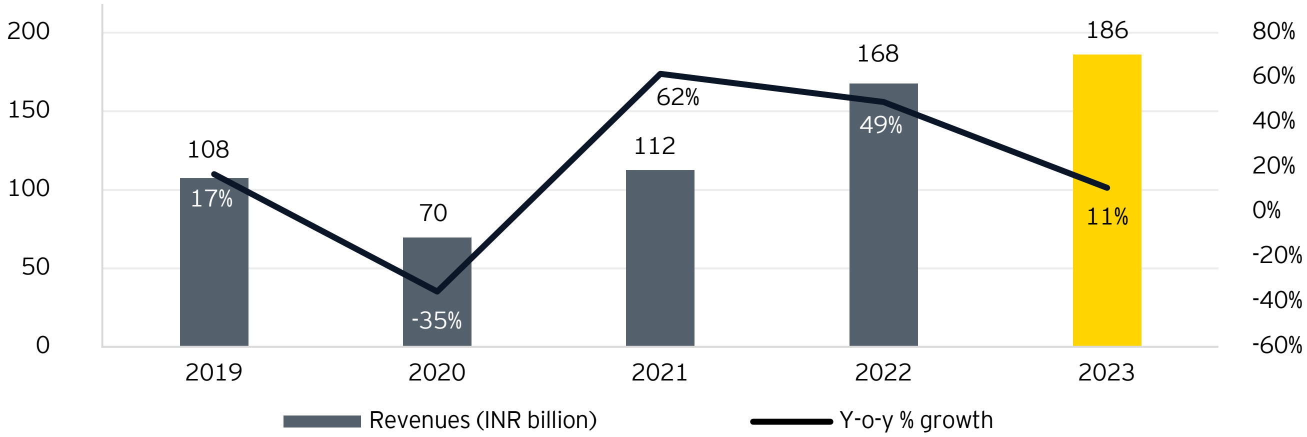
# Sports



# Executive summary

## Sports segment grew 11% in 2023

Sports segment revenues and growth




INR billion (gross of taxes) | GroupM ESP

### Revenue

- Media spends declined 1% in 2023 and comprised 48% of the segment's revenues
  - TV comprised 62% of media spends in 2023, in comparison to 73% in 2022
  - Digital comprised 38% of media spends in 2023, in comparison to 27% in 2022
- Continuing the trend from the previous year, sponsorships demonstrated robust growth, expanding by 24% in 2023 and contributing 47% to the segment's revenue
- Endorsement revenues grew 24%. 536 brand endorsement deals took place across various sports in 2023, of which 436 endorsements, contributing to 87% of value, were attributed to cricket
- Cricket's contribution to overall sports revenue saw a y-o-y growth of 13% compared to a 1% fall for emerging sports, since 2023 did not have a FIFA world cup and the PKL season started only in December

### Consumption

- In 2023, sports viewership on television surged by 28%, reaching a gross AMA of 55 billion
- Cricket's share of TV viewership in 2023 grew to 88%, up from 74% in 2022
- Sports on TV garnered 803 million[1] viewers in 2023, while an estimated 530 million viewers watched sports on digital in 2023

### Future outlook

- Monetization of high-cost cricket will evolve to create differentiated products across CTV, mobile, pay TV and free TV in order to maximize reach
- Other sports will rethink their reach and audience building strategy, work on creating sports heroes to endear fans
- Contextual sports IPs will be built to create more interest
- Innovations will be seen in game formats, use of short video, esports, TVOD and distribution

[1]Source: BARC (https://www.afaqs.com/news/marketing-initiatives/2023-the-year-when-cricket-on-television-created-and-recreated-history#:~:text=As%20per%20BARC%2C%20803%20million,for%20TV%20viewership%20in%20India.)

# Revenues

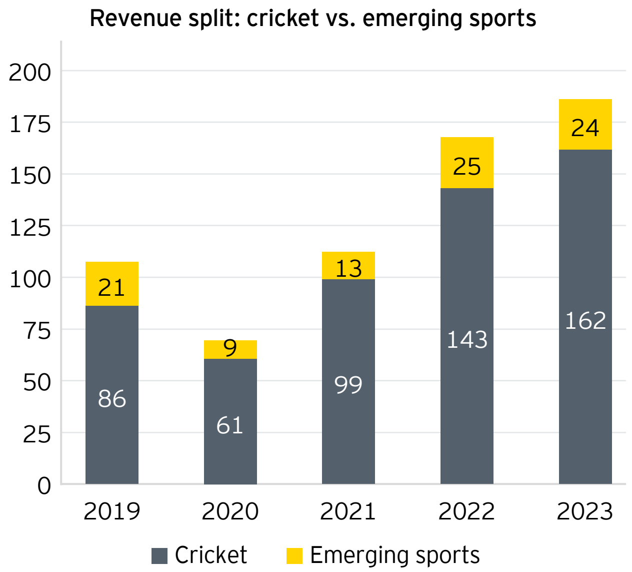
## The segment grew 11% in 2023

| | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Media spends | 43.2 | 71.0 | 89.1 | 88.4 |
| Sponsorships | 19.7 | 34.1 | 69.7 | 86.7 |
| Endorsement | 6.6 | 7.4 | 8.9 | 10.9 |
| **Total channels** | **69.5** | **112.4** | **167.7** | **186.0** |

INR billion (gross of taxes) | GroupM ESP

- While the sports segment grew 11% in 2023, media spends declined by 1% and comprised 48% of the segment's revenues as compared to 53% in 2022
- Sponsorship revenues grew by 24% in 2023, comprising 47% of sports segment revenues, up from 30% in 2021
- Endorsement revenues also grew at 24%, in comparison 20% in 2022

## Cricket revenue grew by 13% in 2023




INR billion (gross of taxes) | GroupM ESP

- At INR162 billion, cricket generated 87% of all sports segment revenues
- Programming hours for cricket grew by 31% in 2023, while programming hours for other sports witnessed a decline of 25%[2], primarily as there was no FIFA world cup in 2023 and the Pro Kabaddi season started only at the end of the year
- Consequently, revenue for other sports fell 1%

## Media spends declined

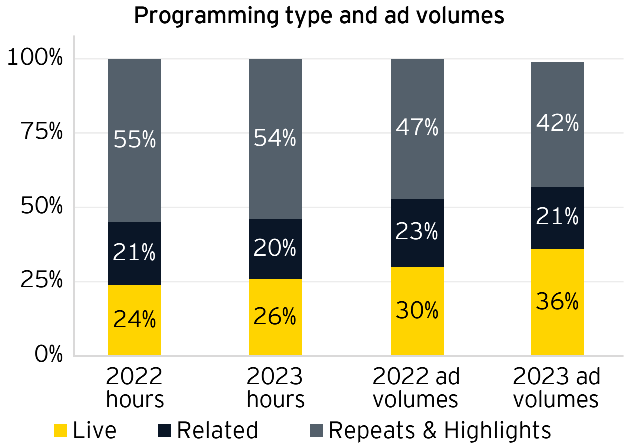
| | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| TV | 37.5 | 59.6 | 65.0 | 54.5 |
| Digital | 5.7 | 11.4 | 24.1 | 33.9 |
| Print | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total** | **43.2** | **71.0** | **89.1** | **88.4** |

INR billion (gross of taxes) | GroupM ESP

- IPL rights were split between two media houses for the first time, and that was estimated to have led to a fall in total revenues for the 2023 season amid a soft advertising environment, though CWC advertising provided a year-end boost[3]
- Television ad revenues from the IPL were estimated by us to fall around 50% over the previous season
- Digital ad revenues grew 40% as all IPL matches and many Cricket World Cup matches were available for free on OTT platforms, as against the previous season, where they were behind a paywall
- The 2023 IPL was estimated to have 505 million viewers tuning in to Disney Star's live broadcast on television, while the OTT app JioCinema attracted 449 million viewers[4], a sign of the significant reach free cricket can generate across platforms
- Connected TV growth created a premium ad offering for niche, D2C and high value brands, as well as for large brand launches, targeting a much-desired male-skewed young and working population audience base, and commanded a three to five times rate premium over corresponding mobile ad inventory[5]

[2]TAM
[3]Industry discussions; ad volume and rate analysis
[4]https://economictimes.indiatimes.com/industry/media/entertainment/media/disney-star-jiocinemas-ipl-2023-viewership-fight-ends-with-record-numbers-for-both/articleshow/100843590.cms?from=mdr
[5]Industry discussions

## Ad volumes on TV increased by 2% in 2023




TAM AdEX

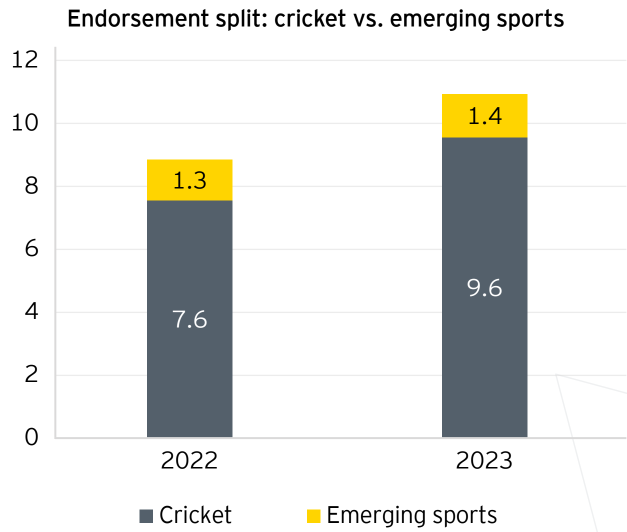
- Live programming accounted for 26% of the total sports programming hours on TV
- While overall ad volumes saw a marginal increase of 2%, ad volumes in cricket surged by 46%, contrasting with a 38% decline in ad volumes for non-cricket sports for reasons mentioned earlier in this section

## Sponsorship revenues grew by 24%


INR billion (gross of taxes) | GroupM ESP

- Cricket played a pivotal role in driving sponsorship growth, contributing to 79% of the overall sponsorship revenue, while emerging sports constituted the remaining 21%
- Enabling this growth was the busy schedule of the Indian men's team, which participated in 64 international games, encompassing the Cricket World Cup, World Test Championships, and the Asia Cup
- Additionally, the introduction of the Women's Premier League (WPL) in 2023 brought in additional revenue for BCCI, with sponsors like Tata Group, Dream11, Amul, and CEAT coming on board

## Endorsements grew 24%

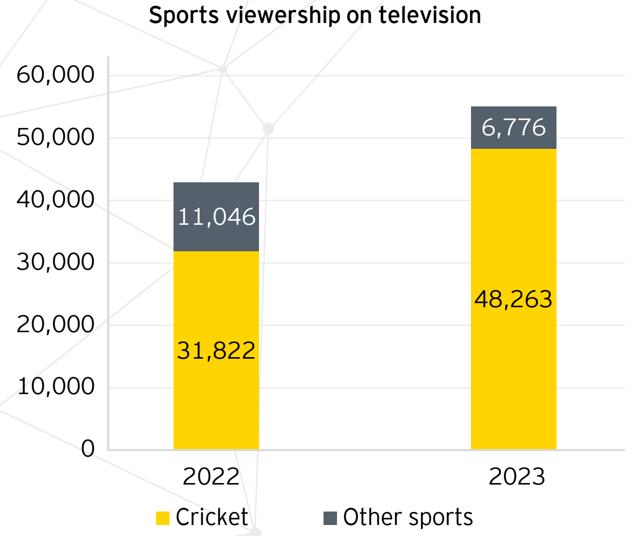



INR billion (gross of taxes) | GroupM ESP

- Overall endorsements witnessed a robust 24% growth in 2023
- 536 brand endorsement deals took place across various sports in 2023, of which 436 endorsements, contributing to 87% of value, were attributed to cricket

# Sports consumption

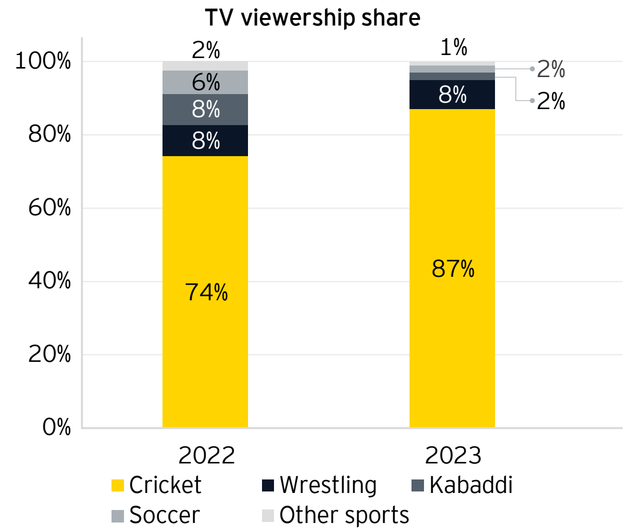
## Sports viewership grew 28% on television in 2023




BARC | MF 2+ Ind UR | Jan-Dec | Gross AMA (in million)

- In 2023, the overall TV viewership for sports surged by 28% year-on-year, rising from 42.9 billion AMA to 55.0 billion AMA
- Cricket viewership soared by an impressive 52% in 2023 compared to 2022, due to several IPL and CWC games being aired for free on Television as well as a high-intensity performance by India in the CWC
- Other sports witnessed a notable decline in viewership of 39% as the FIFA world cup had helped increase viewership in 2022, and the Pro Kabaddi season started only at the end of 2023

## Cricket's share of TV viewership reached 87%



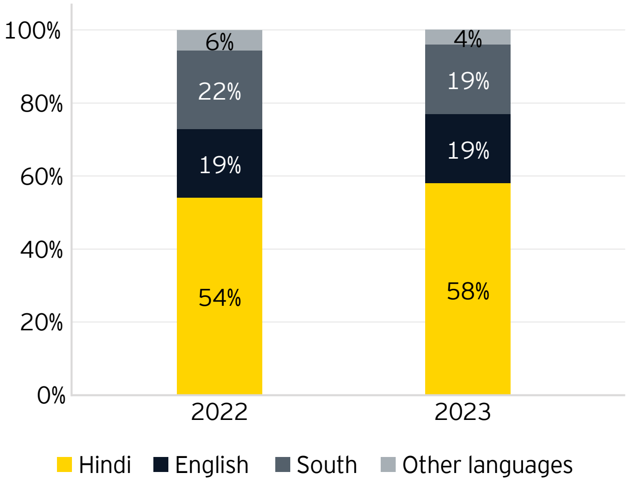

BARC | MF 2+ Ind UR | Jan-Dec | Gross AMA

- 803 million Indians watched sports in 2023[6], representing a 5% growth compared to 2022
- Major cricket events like IPL, Asia Cup, and Cricket World Cup achieved high levels of reach and consumption:
  - IPL reached 505 million viewers, consuming 428 billion minutes, marking the highest viewership and consumption in all IPL editions
  - Furthermore, IPL 2023 experienced a 30% increase in TV ratings compared to 2022, achieving a rating of 5.3[7]
  - The Asia Cup reached 306 million viewers, consuming 87 billion minutes, setting new records for viewership and consumption across all editions
  - Similarly, the ICC Men's Cricket World Cup 2023 reached 520 million viewers, consuming 422 billion minutes, surpassing previous CWC editions in both viewership and consumption
- Wrestling retained its status as the second most viewed sport in India, holding an 8% share of viewership
- The viewership share of Kabaddi and Soccer decreased to 2% each in 2023, down from 8% and 6% respectively in 2022 for reasons stated earlier in this section

[6]Source: BARC
[7]Source: BARC

## Hindi language viewership increased

Viewership by language




BARC | MF 2+ Ind UR | Jan-Dec | Gross AMA (in million)

- Sports consumption on television in Hindi grew from 54% in 2022 to 58% in 2023, while viewership in regional languages declined to 23%

## Digital viewership gained significant scale

- The decision by both Disney+ Hotstar and JioCinema to offer free streaming of major cricket tournaments like IPL, the Asia Cup and the Men's Cricket World Cup played a pivotal role in driving sports viewership on digital platforms in 2023
- An estimated 530 million viewers watched sports on digital in 2023 as per industry discussions
    - In 2023, IPL attracted a record-breaking 449 million[8] digital viewers, including 120 million consumers watching through connected TVs
    - JioCinema recorded over 17 billion video views[9] during IPL 2023, setting a global record[10] with a peak concurrency of 32 million viewers for a live-streamed event
    - During the India-Pakistan match of the Asia Cup, Disney+ Hotstar recorded a peak of 28 million concurrent viewers[11]
    - The Men's Cricket World Cup 2023, which was believed to have a digital reach of 295 million as per press reports, amassed an impressive 16.9 billion video views[12] on Disney+ Hotstar, establishing itself as the most digitally watched ICC event to date
- As per Viacom18 Sports, 84% of digital sports viewership came from the 18 to 44 age group, compared to 47% on linear TV
- 40% of viewership came from people owning connected TV and laptops
- 70% of digital sports viewership came from non-metros and small towns
- Over 80 million women watched sports on digital media in 2023
- About 200 million digital sports viewers used interactive features like in-app gamification, multi-cam, 4K and chat while watching live sports

[8]Source: CNBC TV18 (https://www.cnbctv18.com/sports/ipl-2023-viewership-hit-449-million-overall-on-viacom18-says-ceo-anil-jayaraj-18569991.htm)
[9]Source: moneycontrol.com (https://www.moneycontrol.com/news/trends/sports/ipl-2023-final-becomes-most-watched-digital-event-globally-gets-over-12-cr-viewers-10716111.html)
[10]Source: sportspromedia.com (https://www.sportspromedia.com/news/ipl-2023-final-viewership-viacom18-jiocinema-streaming-record/)
[11]Source: Inc 42 (https://inc42.com/buzz/ott-wars-heat-up-with-free-sports-like-cricket-streaming-but-is-ad-revenue-enough/#:~:text=The%20streaming%20platform%20registered%20a,Kings%20and%20the%20Gujarat%20Titans.)
[12]Source: Hindustan Times (https://www.hindustantimes.com/cricket/odi-world-cup-2023-breaks-broadcast-and-digital-records-101703674745669.html)

# Future outlook

## 2024 promises a lot of sporting action

- In 2024, exciting prospects are anticipated in both cricket and emerging sports, with the T20 World Cup scheduled in June in the West Indies and the USA, presenting an opportunity for India to secure an ICC trophy win after a decade
- The IPL and ICC sponsorships are up for renewal, marking a significant tipping point on the business table, and India's active participation is expected to continue
- The Paris Olympics in July is expected to be a game-changer, building on the success of the Tokyo Games, with high expectations for Indian athletes to emerge as popular icons on the international stage
- The growing cultural impact of Indian athletes worldwide aligns with the mainstreaming of sporting habits in society, emphasizing health, wellness, fitness-oriented activities, and recreational sports
- Anticipated developments in fan engagement, including virtual experiences and augmented reality, coupled with a focus on inclusiveness, reflected in the Hangzhou Asian Games, where one-third of winners were from rural areas, contribute to India's evolving sporting legacy

## Sports rights value will rationalize

- Given the merger of two of three large sports broadcasters, we expect the rights market to rationalize from currently unsustainable highs
- Interest in non-cricket sports will consequently remain flat, since focus will be on monetizing high-value rights

## A new business model will emerge for cricket

- To enable a sustainable business, owners of high-priced cricket rights will re-look at the business model for cricket, experimenting across data subsidization, e-commerce linkages, premium 4k and 8k bundles, CTV packages and limiting features for free matches in order to incentivize subscription

## Non-cricket sports will rethink strategy

- Between football, kabaddi, kho-kho and wrestling, a significant audience base will be built, which will be monetized through ad sales, sponsorships, live event revenues and gamification
- Other niche and premium sports like rugby, basketball, baseball, etc., will go premium and build a model around subscription and merchandizing

## Audiences will segment

- Viewership will be maximized by offering live sports with differentiated content and features across CTV, linear TV, mobile and free TV
- Pricing and ad rates will vary across all media to enable a wider range of advertisers to invest in the sports genre

# #Reinventing sports

## Create heroes and build IPs

- To expand sports reach in the nation, developing new and contextual IPs centered around sports rivalries, iconic figures, and other compelling themes is crucial
- To foster the growth of sports beyond men's cricket, cultivating sports heroes and creating corresponding content are essential steps to attract a broader audience

## Integrate esports

- Marquee sports properties are anticipated to integrate esports as an extension of their tournaments. Sports leagues such as IPL, ISL, and PKL should incorporate esports provisions and take esports viewership mainstream and engage viewers throughout the year

## Enable TVOD at scale

- Digital viewership saw a significant growth in the last few years. With free streaming provisions and more widespread adoption of 4G and 5G spectrums, the trend is expected to persist. However, the sports digital rights owners are likely to experiment with their monetization strategies, leveraging innovative pricing models like sachet pricing for niche sports content, premium 8k feeds, and exclusive fan offerings

## Use short video to target younger audiences

- As media consumption habits shift towards shorter content formats, leveraging short-form video platforms to disseminate content will become crucial for attracting youth viewers

## Go short, go faster!

- As time constraints in metros reduce the available discretionary time, build shorter events like T10 tournaments, one-day cricket matches with two innings of 25 overs each, shorter halves and quarters, and rules that incentivize quick action like powerplays

## Build a culture of weekend sports events

- Create a calendar of weekend sports events for friends and families to consider in their entertainment options, combined with food and beverage and entertainment

## Build distribution efficiency

- As technology advances rapidly and mobile sports consumption grows, hybrid models for distributing live events are anticipated to emerge. These models would include direct-to-mobile technology, enabling content delivery without the need for an active internet connection

**Vinit Karnik**

*Business Head, GroupM ESP*

# Expert speak

**Anil Jayaraj**
*Viacom18 Sports*

*AVOD model for live sports serves the best interest of all key stakeholders – consumers, advertisers, rights owners and media platforms, and in the process helps maximize reach and monetization.*

**Sanjog Gupta**
*Disney Star*

*2023 saw sports broadcasts touching record viewership levels across linear and digital platforms. Despite audience fragmentation and attention attrition, sports continues to demonstrate strong capacity for aggregation and immersive engagement. Fuelled by growing fandom, increasing private investment and government support, the industry is poised for unprecedented growth.*

**Rajesh Kaul**
*Culver Max Entertainment*

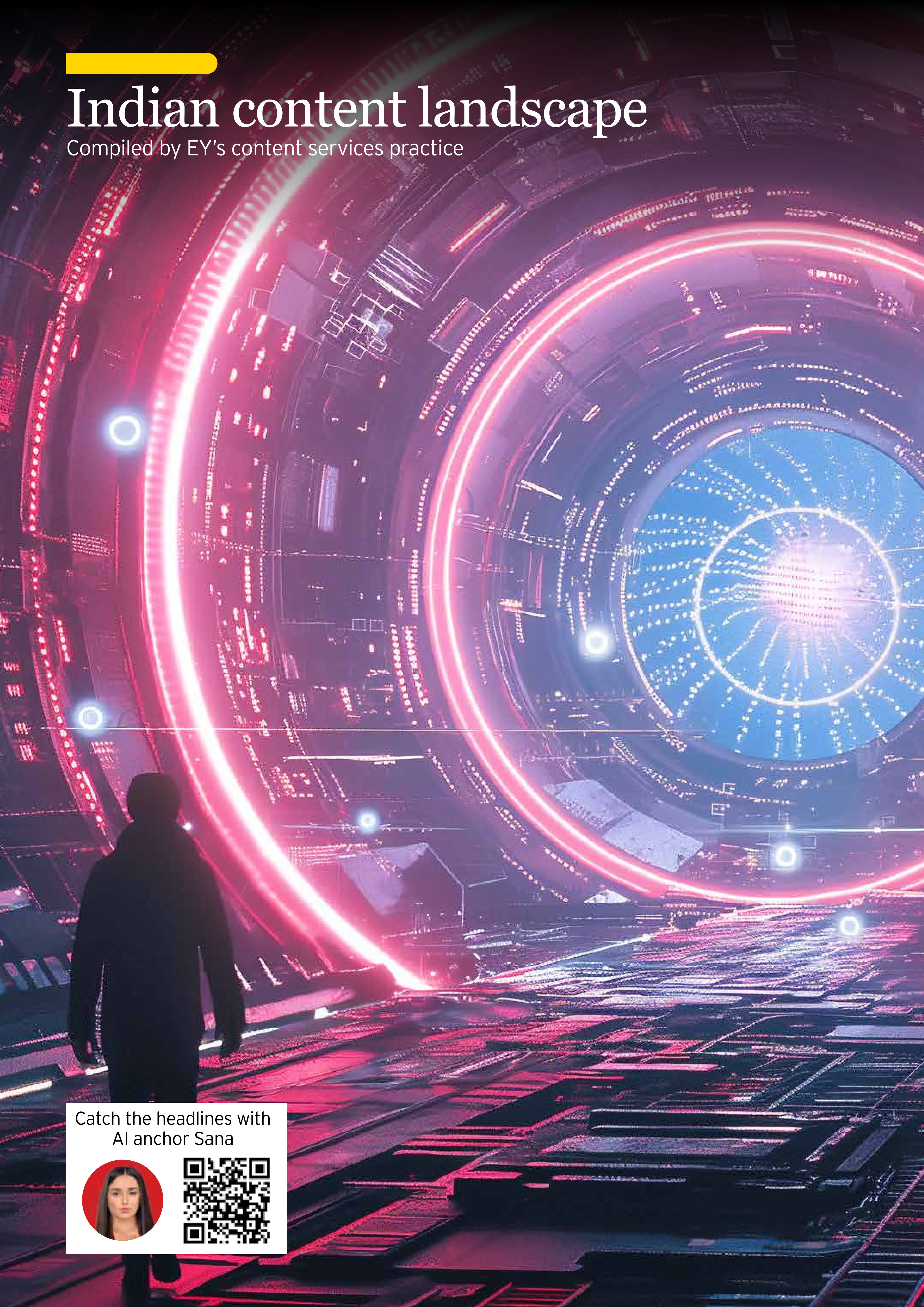
*Sports continues to be the reach driver for both TV & OTT platforms with pan india reach higher than any other genre. The growing popularity of non-cricket sports has ensured that. Live sports is still largely consumed on bigger screens with more than 700 million viewers watching sports on TV in 2023.*

**Jalaj Dani**
*Vijayi Bharat Foundation*

*India's sporting future will thrive on optimizing existing infrastructure, prioritizing maintenance, and entrusting new builds to governments. By embracing CSR, transparency and community engagement - perhaps through retail investing in sport - India will produce champions in sports beyond cricket.*

# Indian content landscape

Compiled by EY's content services practice



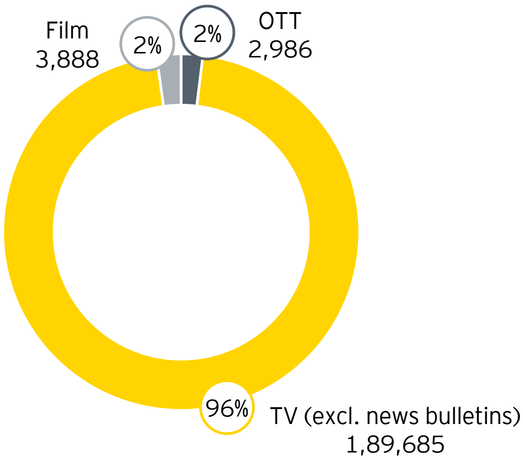
Catch the headlines with AI anchor Sana

# In the era of content fungibility, regional is national

This section is based on estimates from EY's content services practice. While all content data is not readily available, trends can be viewed directionally.

## India produced almost 200,000 hours of original content in 2023

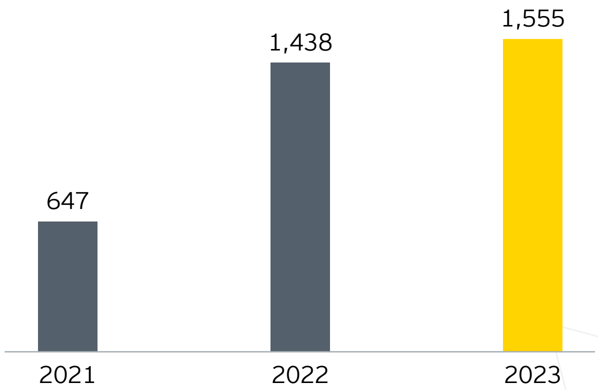
Hours of content released in 2023




EY estimates | Includes content that was broadcast on TV, released in theaters or on OTT platforms. Excludes unorganized creator economy, news bulletins, social and short-form content

## 117 more films were released in 2023 as compared to 2022

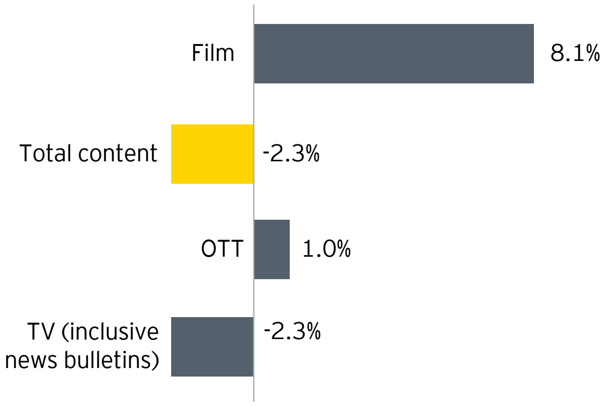
Number of films released in India




ComScore (excludes dubbed versions)

## Original content production fell 2.3% in 2023

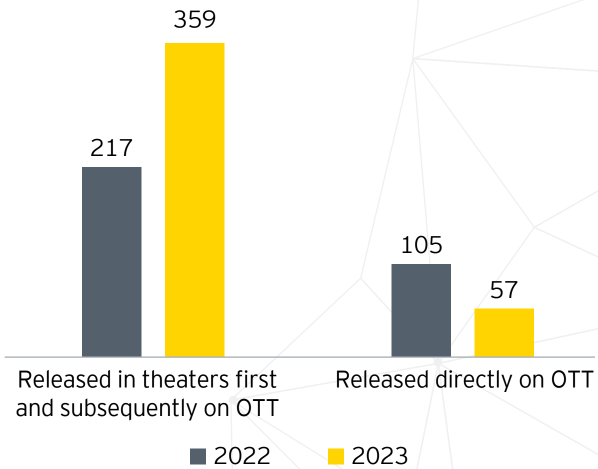
Medium wise percentage change in released hours in 2023 compare to 2022




EY estimates | Includes content that was broadcast on TV, released in theaters or on OTT platforms. Excludes unorganized creator economy, social and short-form content

## 416 films released on OTT platforms in 2023, but direct to digital releases halved

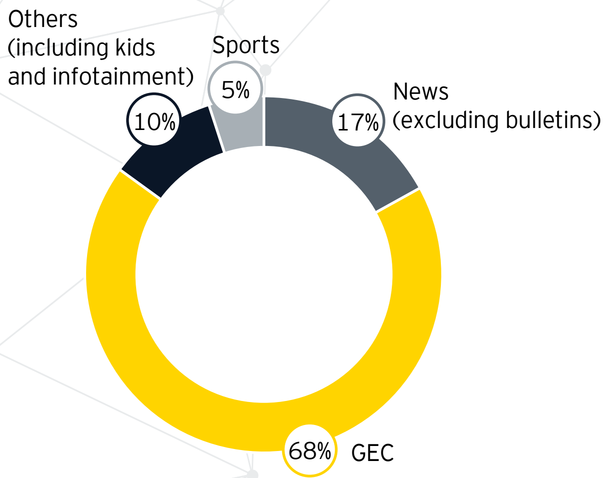
Number of films released on OTT




EY estimates | Excludes dubbed versions

## GEC contributed 68% of total hours on TV (excl. news bulletins) in 2023

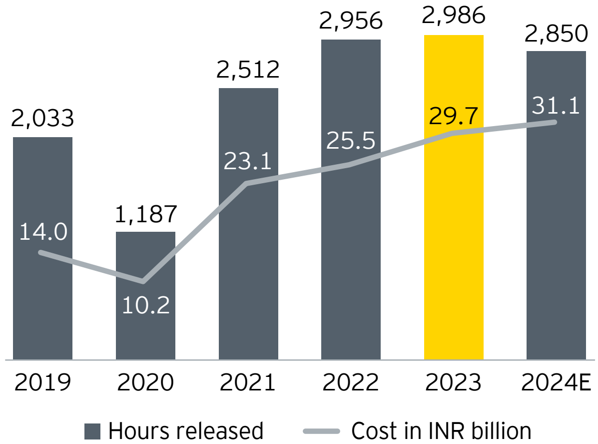
TV content volume by genre




EY estimates | Excludes news bulletins, satellite films, etc., not produced for TV and includes dubbed content

## OTT content volume growth slowed in 2023 due to profitability pressures, and could fall in 2024

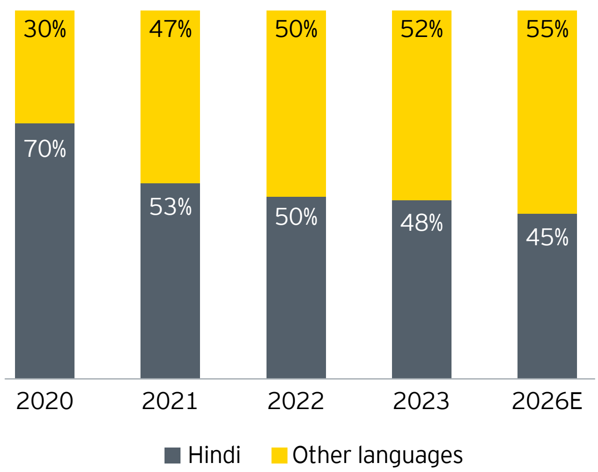
OTT content production estimates




EY estimates | Costs are based on averages across genres and languages

## Regional OTT content volumes exceeded Hindi language content in 2023

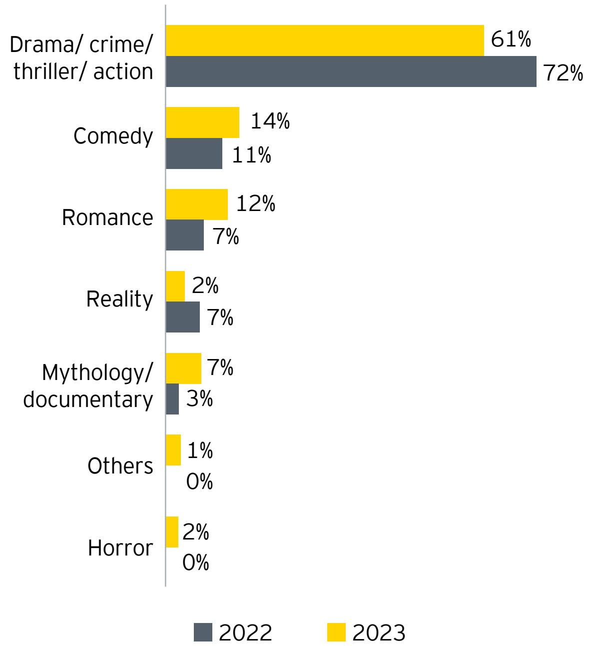
Titles produced by language




EY estimates | Excludes imported content

## Drama, crime, action and thriller continued to be the predominant genres on OTT

Genre wise content releases on OTT




EY estimates | Excludes imported content

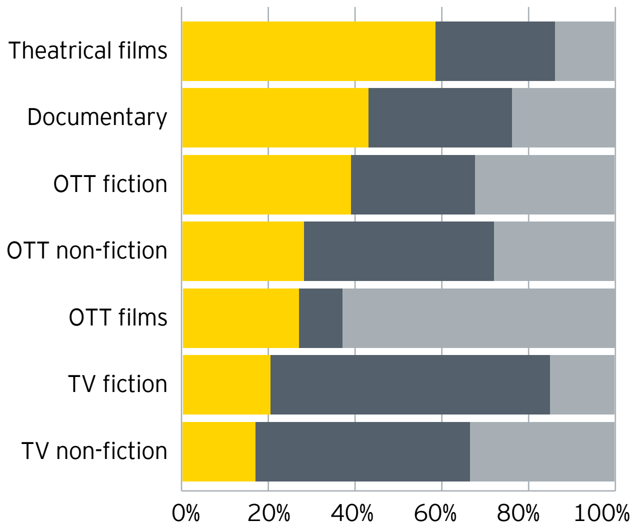
# Content production trends - 2023

This section is based on a survey of 33 independent production houses conducted by EY and The Producers Guild of India. All data in this section refers to % of respondents.

## Demand for theatrical films, documentaries and OTT fiction increased in 2023

Direct-to-OTT films saw a large decline

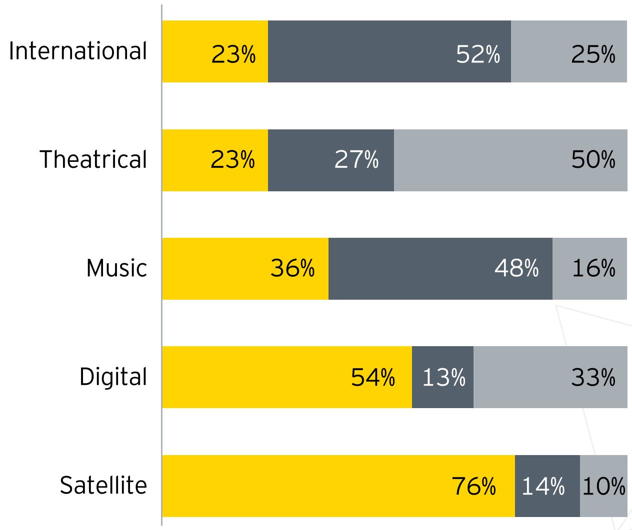
Q. Where did content demand increase in 2023?




## Theatrical films drove monetization in 2023

Satellite rights remained soft

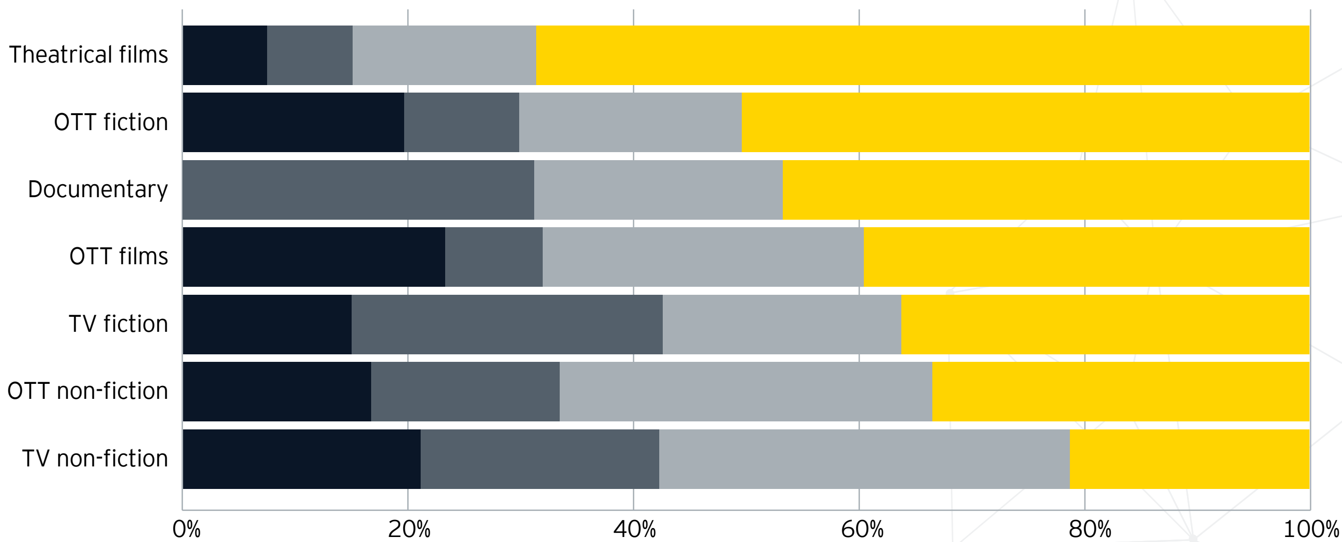
Q. How has content monetization changed in 2023 as compared to 2022?




## Content creation costs increased by over 10% compared to 2022

Theatrical films and OTT fiction saw the most increase while OTT films' budgets were tightened

Q. What has been the production cost inflation in 2023 in comparison to 2022?

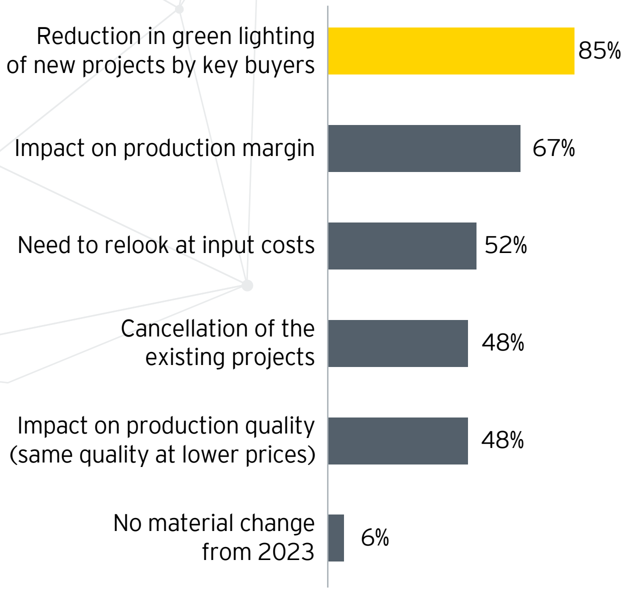


# Content production trends - 2024

This section is based on a survey of 33 independent production houses conducted by EY and The Producers Guild of India

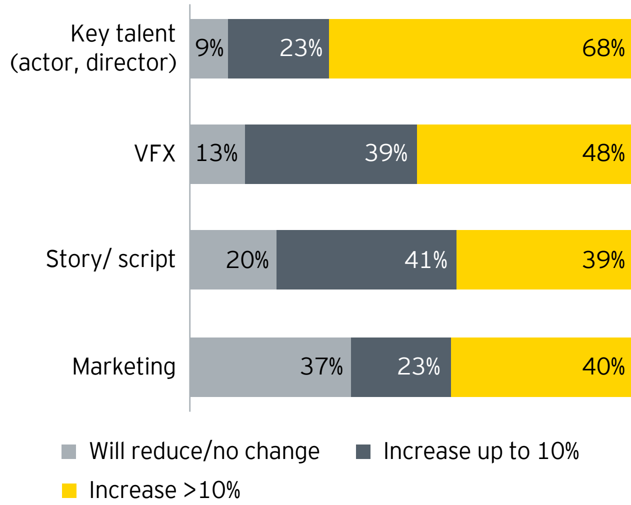
## 94% respondents expect an impact on content volumes and margins in 2024 as buyers focus on profitability

Q. The industry is witnessing consolidation and several buyers are focusing on profitability. What impact do you foresee on the demand for content in 2024 due to these reasons? (Select all that apply)



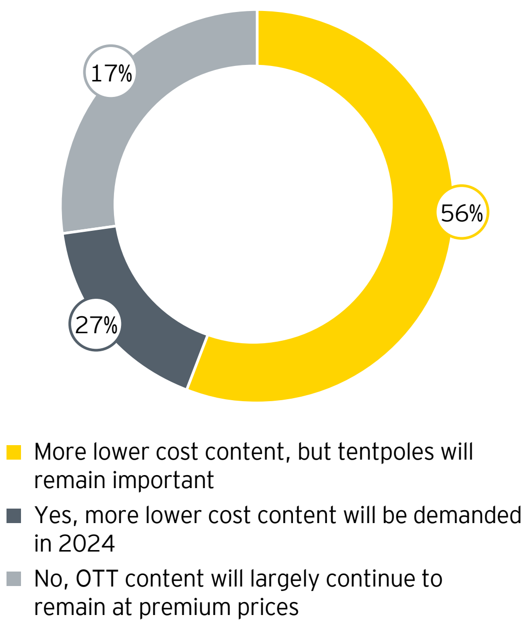

## Talent, VFX and story costs are expected to drive cost increases in 2024

Q. How are content creation costs expected to change in 2024?



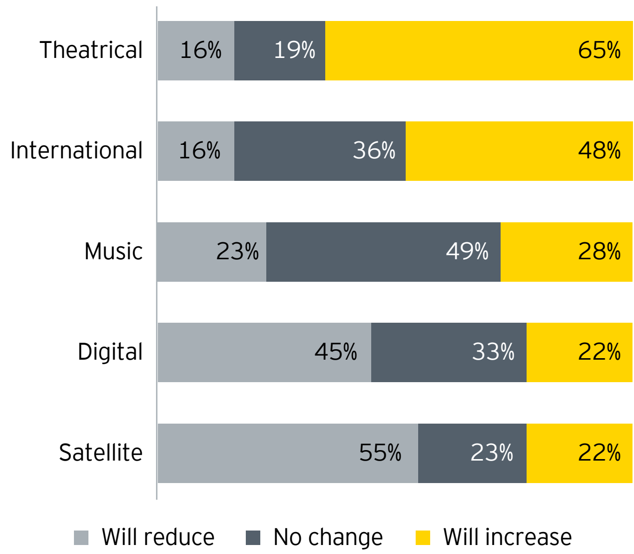

## Tentpole content will continue to remain important

Q. Many OTTs have started to target more mass audiences, and consequently, they will depend more on ad revenues than subscription. Do you believe that this will result in the demand for content to be more towards lower cost content than was the case in 2023?



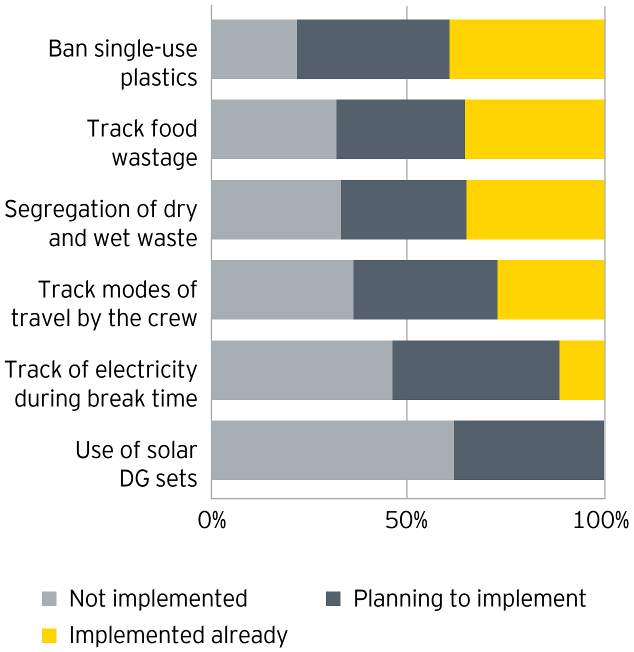

## Theatrical and international rights are expected to drive the monetization in 2024

Q. How do you expect content monetization to change in 2024 as compared to 2023?



## Production houses are gradually moving towards sustainable practices

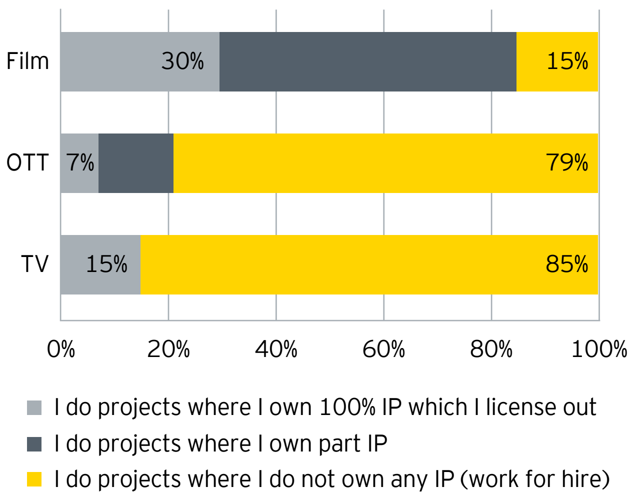
Q. Which of the following measures have you implemented during shoot on a sustained basis?




## Though important, very few producers own IP in content they produce

But few are able to

Q. Do you own the IP for the content you produce




# 94%

believe that actors should consider a lower fixed fee, thereby increasing financial accountability and enabling rewards based on performance

# 80%

expect to see an increase in formula-based films with more 'masala' content, given the successes of 2023

# 77%

expect the proportion of VFX cost to total production cost will increase over the next 2 years

# 75%

believe that the discoverability of content on OTT platforms has reduced in 2023

# 51%

believe that AI can enable better budgeting, scheduling and script breakdowns than conventional methods

# Trends
# Prime Video India

## Viewership and engagement

**99%**
of India's pin codes generate viewership for Prime Video

**#1**
India has the highest percentage of Prime members who watch Prime Video each month across all locales

## Content development

**1,000+**
titles premiered in India for Prime Video customers in 2023

**~100**
original series and movies are in various stages of production and development

**124**
awards won in 2023 for its original series and movies. Panchayat S2 won the Best Web Series Award @ IFFI

**6**
of the top 10 highest-rated Indian streaming shows on IMDb (since streaming began in India) are on Prime Video

## Prime Video Channels

**9**
new channels launched in 2023

**28,000**
hours of additional content selection are offered through 20+ channel partners

## Movie rentals on Prime Video

**6,000**
titles are offered in the movie catalogue

**95%**
rentals take place across 95% of India's pin codes

**75%**
of titles get rented at least once every month

## Global consumption; local stories

**25%**
of the audience for Indian titles comes from outside India

**60%**
of customers on Prime Video stream content in four or more languages

Indian content trends in the Top 10 on Prime Video worldwide for **43 out of 52 weeks**

Made in Heaven S2 entered the Top 10 lists in over **20 countries**

**50%**
of viewership of local language content comes from outside the home states

Farzi was released in **37 languages and** streamed in over **170 countries**

## Indians consumed international content

**75%+**
of Indian PV customers watch international shows and movies (in English or local languages)

**25%+**
of the total viewing time of international shows and movies is now in Indian languages

## **miniTV** - Amazon's free AVOD service saw sharp growth

**4x**
y-o-y growth of overall watch time for the service in 2023

**900+**
hours of exclusive content to be added across genres in 2024

**2.5x**
miniTV viewers buy 2.5 times more units compared to other online shoppers on Amazon.in

**87%**
of miniTV viewers shop online at least once a month, and 40% of them are top 20 percentile spenders

All data has been provided by Prime Video and miniTV. It has not been validated by EY, and presented in summary form for representation purposes only

Trends

# Netflix India

## Netflix continued to double down on local content

**140**
Netflix films and series launched in India since 2018

**26**
Netflix films and series launched in 2023

**25%+**
Revenue growth Netflix recorded in 2023 (in INR)

## Indian stories featured in Netflix's Global Top 10 for 49 weeks of 2023

**62**
Indian films and series featured in the Netflix Global Top 10 for non-English titles (up from 47 in 2022)

**60%**
Netflix scripted series from India featured in the Global Top 10 for non-English TV

**100%**
Netflix scripted films from India featured in the Global Top 10 for non-English films

**49 of 52**
Indian titles featured in the Global Top 10 for non-English films and series for 49 out of 52 weeks

**35+ countries**
In which The Railway Men, Chor Nikal Ke Bhaga and Mrs Chatterjee vs Norway were in the Global Top 10 across non-English films and series

**111**
Awards won by Netflix India films and series in 2023

## India was one of the largest markets by engagement for Netflix

** For the period January to June 2023*

**#10**
India was the 10th largest contributor to Netflix's Global View Hours

**5 & 5**
5 of the top 10 most viewed Indian titles were Netflix originals and 5 were post-theatrical film releases

**50%+**
YOY growth in viewing of South Indian language content

## Netflix members in India consumed a wide variety of international content in 2023

Extraction 2, Heart of Stone, Wednesday: Season 1, One Piece: Season 1: International titles that featured for the maximum number of weeks on **Netflix India Top 10**

French, Japanese and Korean: **Most watched non-Indian languages** on Netflix after English

All data has been provided by Netflix India and has not been independently verified by EY.

# Expert speak

**Ektaa R Kapoor**
*Balaji Telefilms Ltd.*

*Content in India is of two types - one, the high-impact content like movies - the bigger, the larger, the better. The second is high-volume content, where the volume itself delivers viewership at a low cost. And India being a country where a few people are rich and many are not, the content strategy must straddle both these content types.*

**Siddharth Roy Kapur**
*Roy Kapur Films*

*2024 promises further consolidation and bottom-line focus in the M&E space, which might have the short-term impact of lower content spends at lower output volumes but will ultimately facilitate a sustainable business model and inspire innovative and differentiated content creation.*

**Deepak Dhar**
*Banijay Asia & Endemol Shine India*

*With rapid tech-evolution and shifting consumer behaviours, we stand on the cusp of a transformative era. Storytelling will become even more immersive with streaming reality, hyper-local collaborations, regional content, and global access. Going back to basics and creating unique characters and mainstream storylines would usher in much larger audiences.*

**Madhu Bhojwani**
*Emmay Productions*

*Amidst a challenging landscape ridden with pricing pressures and consolidation, we can expect continued original content production for streaming platforms, dominance of sports, increased adoption of AR experiences, and continued focus on UGC and interactive storytelling formats. Television and cinema will adapt to these changing dynamics to stay relevant.*

**Siddharth Kumar Tewary**
*Swastik Productions*

*There is a massive need to share the stories of our great nation. Every Indian child must know India's stories, which have shaped generations. Let's tell our very local Indian stories in a global way and create our own Bharat verse.*

**Abhimanyu Singh**
*Contiloe Pictures*

*Production houses are going to see a challenging year ahead, with industry consolidation leading to a slowdown in decision making and rapidly changing audience consumption patterns. Content creators face minimal margins for error, both creatively and commercially.*

**Sameer Gogate**
*BBC Studios - India Productions*

*In the dynamic entertainment landscape, the key is to not just anticipate the trends, but to shape them. The focus should be on creating stories with purpose and content that bridges cultures, yet stays relevant. Content creators should be at the forefront of innovative, diverse, and impactful stories that resonate with audiences.*

**Aradhna Bhola**
*Fremantle India Television Productions Pvt. Ltd*

*The viewer is spoilt for choice as content is increasingly, no longer bound by form, language, geography, or screens/ mediums. Innovation in storytelling and business models including multiple revenue streams will define the M&E growth story.*

**Shariq Patel**
*ZEE Studios*

*Consolidation would be the key-word for the coming year with mergers creating larger entities. Box Office will consolidate after gains of 2023. Regulated AI infusion will lead to an irreversible, positive change overall.*

**Mautik Tolia**
*Bodhi Tree Multimedia*

*2024 will witness a sea change - the consolidation phase will finish and the race for complete domination will commence in every segment, from platforms to studios to content production houses. Players who develop not just a content edge but a tech edge with AR, VR, AI will be ones that will emerge winners.*

# Advertising in India

## Indian advertising reached INR1.1 trillion

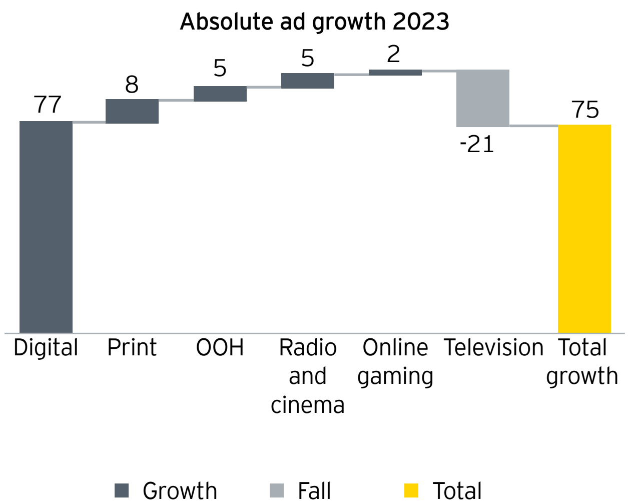
Digital surpassed traditional advertising for the first time this year, and will drive growth in the sector moving forward. Several factors, including the growth of 5G, rising per capita income of Indians and the growing SME advertiser base, are driving digital ad spends. That said, traditional print, radio and cinema advertising trends also indicate healthy growth in the coming times.

| Segment | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E |
|---|---|---|---|---|---|---|
| Television | 320 | 251 | 313 | 318 | 297 | 308 |
| Print | 206 | 122 | 151 | 170 | 178 | 188 |
| Radio | 31 | 14 | 16 | 21 | 23 | 24 |
| Cinema | 8 | 2 | 1 | 5 | 8 | 9 |
| OOH | 39 | 16 | 20 | 37 | 42 | 47 |
| **Total traditional media** | **604** | **404** | **500** | **550** | **547** | **575** |
| Digital | 279 | 282 | 383 | 499 | 576 | 662 |
| Online gaming | 6 | 7 | 8 | 11 | 13 | 14 |
| **Total new media** | **285** | **289** | **391** | **510** | **588** | **676** |
| **Total advertising** | **889** | **694** | **892** | **1,060** | **1,135** | **1,252** |

INR billion (gross of taxes) | EY estimates

- Indian advertising grew 7% in 2023
- New media accounted for 52% of total advertising, overtaking traditional media advertising (48%) for the first time
- We estimate advertising to grow a further 10% in 2024

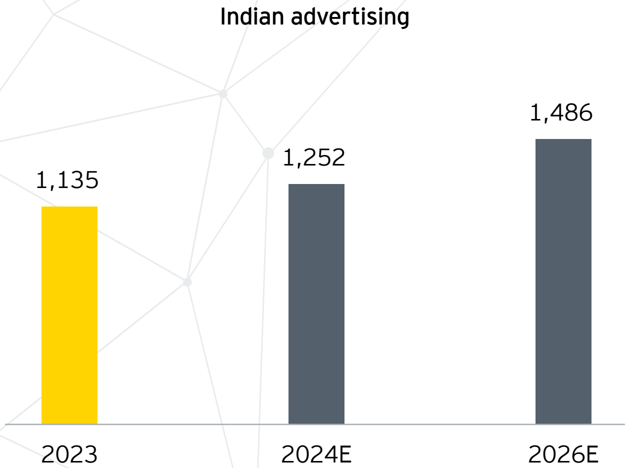
## The growth was skewed towards digital media




INR in billion (gross of taxes) | EY estimates

- New media generated 105% of total ad growth, while traditional media (excluding television) added another 23%
- Television advertising reduced the growth by 28% as sports advertising on TV fell compared with 2022, and HSM markets saw lower yield categories increase their share of ad volumes and a ban
on certain categories like crypto, gaming amidst betting, and D2C brands

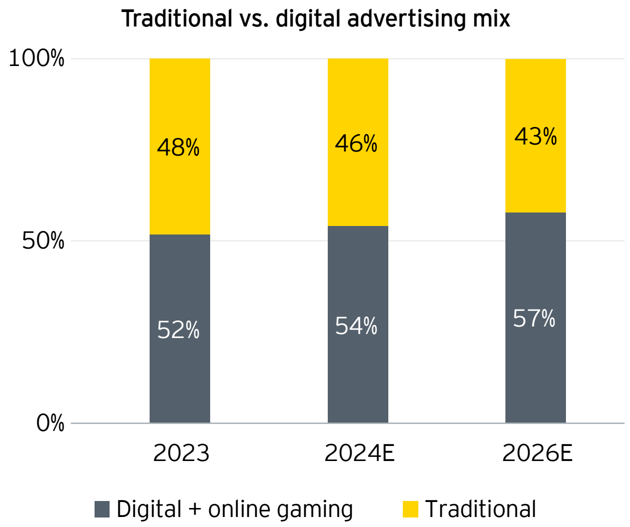
## Indian advertising will grow at 9% till 2026




INR billion (gross of taxes) | EY estimates

- Advertising is expected to grow 10% in 2024 to reach INR1.25 trillion
- Till 2026, advertising is expected to grow at a healthy 9% CAGR, with digital media growing at 14% and traditional media growing at 5%
- Key factors which will drive growth include:
  - Increase in India's per capita income from US$2,500 in 2022 to around US$3,000 by 2025, and reduction of income inequalities due to direct subsidy transfers, employment guarantee schemes, investment in infrastructure
  - Rural growth and growing middle class will also be key factors
  - The growing SME advertiser base will increasingly spend on advertising in pursuit of India's US$5 trillion GDP ambition
- Segmental growth will be driven by:
  - **Digital:** Growth in 5G will drive time spent, increased smartphone penetration, growth in active CTV homes, rich consumer data to enable segmentation, attribution accuracy
  - **TV:** Efficient CPRP, premium properties, long-duration fiction content and growth in free TV base
  - **Print:** Access to educated and richer audiences, events revenues, elections
  - **OOH:** Digital OOH screen growth, transit media, premium billboards, better measurement system
  - **Radio:** Mandating radio receivers in mobile phones, non-FCT revenues, SME advertising
  - **Cinema:** A steady slate of theatrical releases and consolidation in the multiplex ecosystem

## Digital to comprise 57% of total advertising by 2026



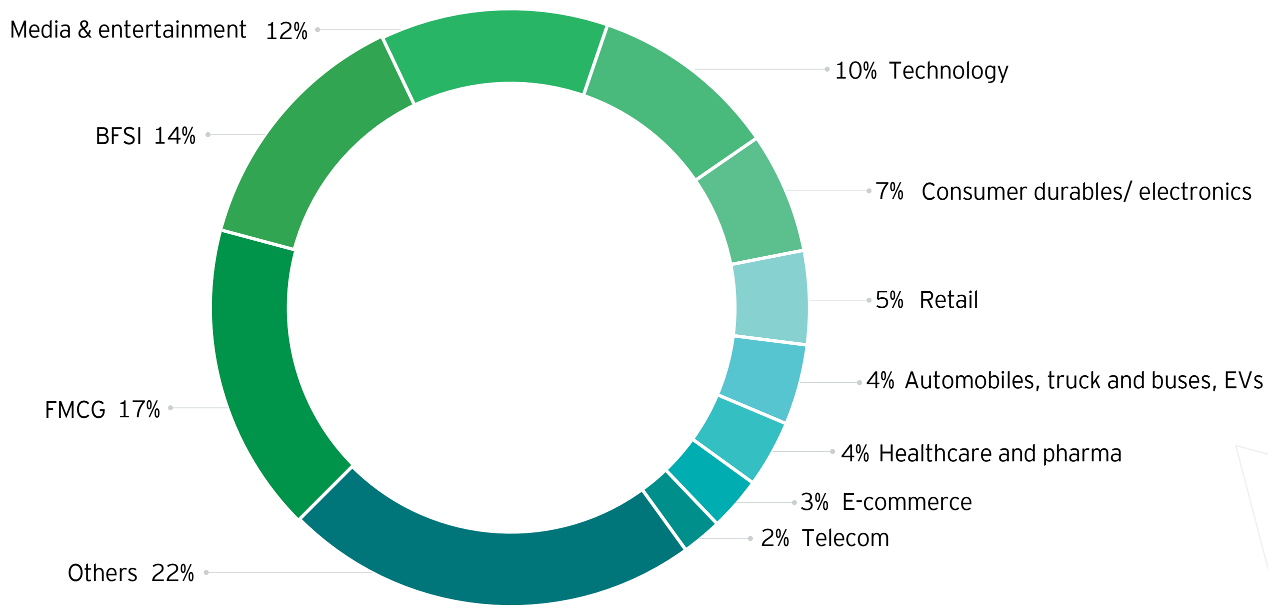

EY estimates

- Digital media comprised 31% of total ad spends in 2019, which increased to 52% in 2023
- Digital advertising is expected to reach 57% by 2026
- Digital ad numbers we have considered include the SME and long-tail digital advertising spends of INR208 billion in 2023, who spend on search, social and e-commerce platforms; their contribution to total advertising is expected to reach INR304 billion by 2026

# EY Marketer survey 2024

EY conducted a survey of over 120 marketers across 20 sectors in Dec 2023/ Jan 2024. This section focuses on insights from their responses

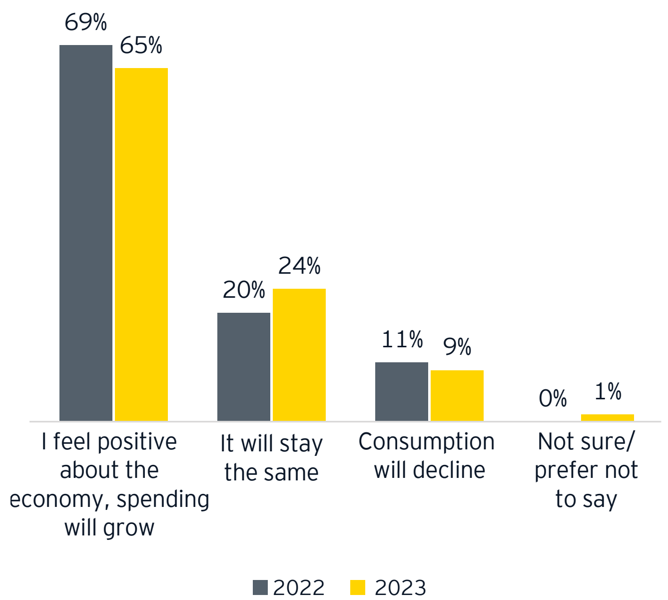
## Respondent profile




## Market sentiment

### I. Two in three marketers were positive about consumer spending

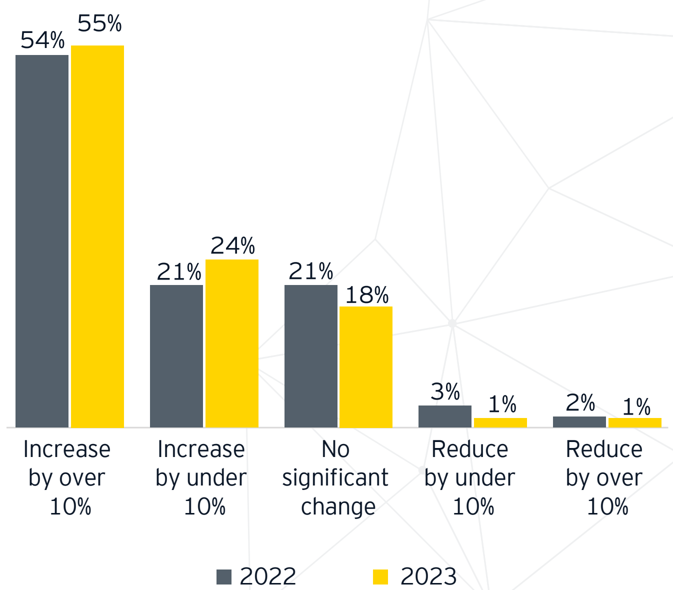
Marketers' outlook on consumer spending




EY Marketer Survey 2024 I % of total respondents

### II. 79% of marketers expected to increase their ad spends in the next two years

How do you expect your total ad spends to grow over the next two years?

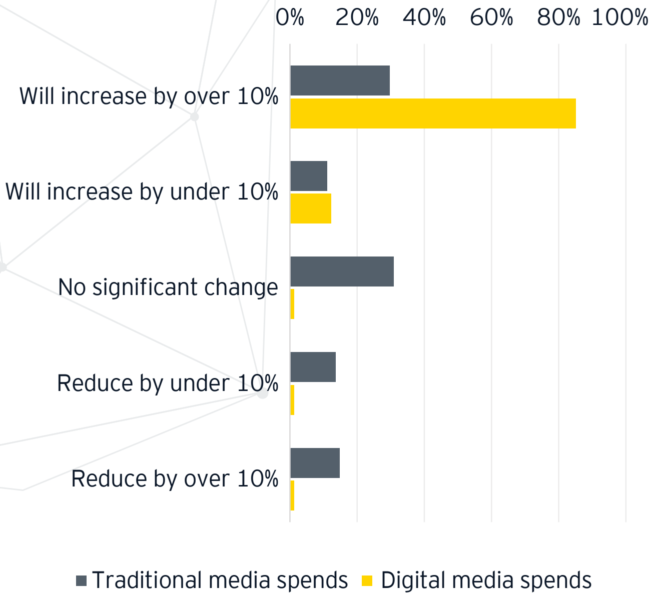



EY Marketer Survey 2023 & 2024 I % of total respondents

## Media mix

### I. 97% of marketers expected to increase their spends on digital; 41% on traditional

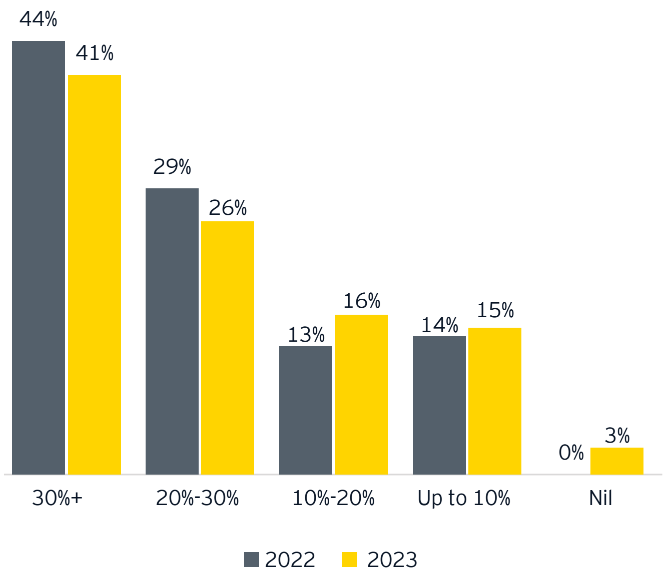
How do you see your ad spends changing over the next two years?




EY Marketer Survey 2024 I % of total respondents

### II. Digital marketing continued to be an area of substantial investment for marketers

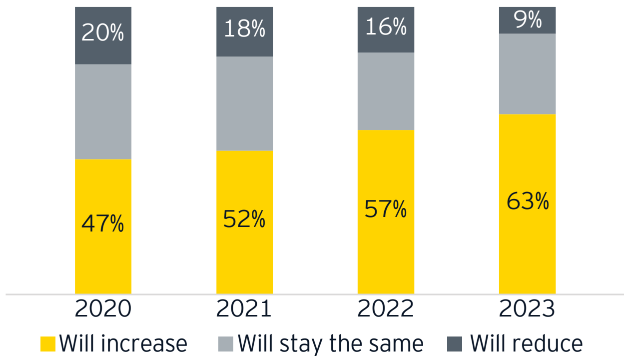
Of your total ad spend, what is likely to be your share of digital advertising in 2023?




EY Marketer Survey 2023 & 2024 I % of total respondents

### III. Marketers continued to remain bullish on events spends

How do you see your events and activations spends changing over the next two years?




EY Marketer Survey 2021 to 2024 I % of total respondents

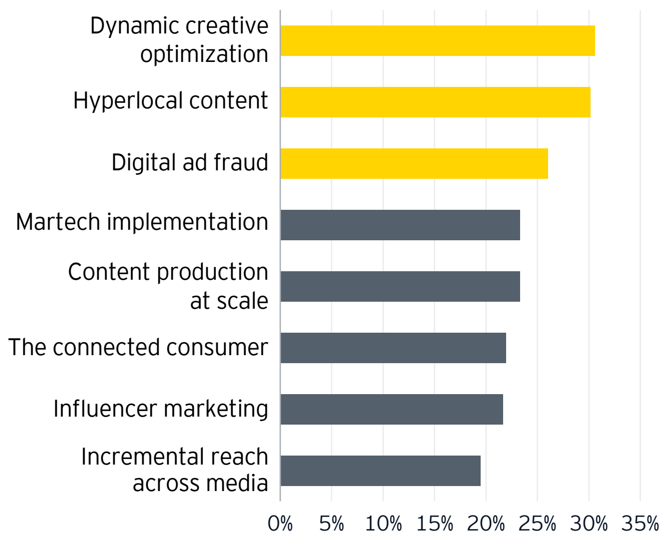
## Consumer data and martech

# 95%

Respondents had taken some precautions regarding the placement of ads in unsafe environments/ platforms

### I. Dynamic creatives, hyperlocal content and digital ad fraud were the biggest capability gaps for marketers

How equipped are your agencies to manage new ecosystem challenges?




EY Marketer Survey 2024 I % of total respondents who chose below average or needs improvement

### II. More than two-thirds of survey respondents continued to struggle with consumer data

| State of consumer data | % of respondents |
|---|---|
| The available consumer data is incomplete with gaps, which makes data-driven decision making difficult | 38% |
| The available consumer data is complete and deep, but my organization is not always able to leverage the data for sophisticated data-driven decisions | 36% |
| The available consumer data is complete and deep, and my organization is always able to leverage the data for sophisticated data-driven decisions | 17% |

EY Marketer Survey 2024

### III. 62% of respondents believed there was a need to improve their company's martech capabilities

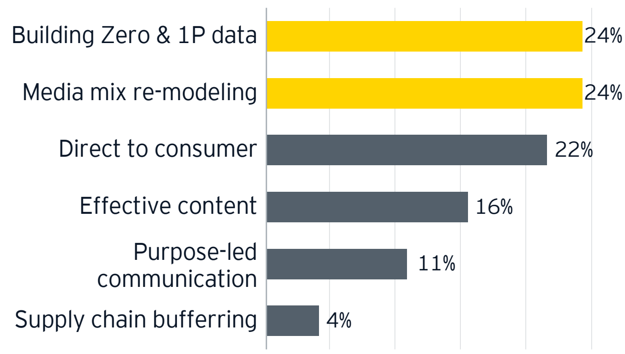
| State of martech in the company | % of respondents |
|---|---|
| Organization has clear gaps in basic marketing technology capabilities | 30% |
| Organization has either developed or is currently sourcing basic martech capabilities, but there is scope for improvement | 32% |
| Organization has developed or sourced adequate martech capabilities | 28% |
| Organization has developed or sourced industry leading (ahead of peers) martech capabilities | 9% |

EY Marketer Survey 2024

## CMO priorities for 2024

### I. Respondents prioritized building 1P data and media mix remodeling for 2024

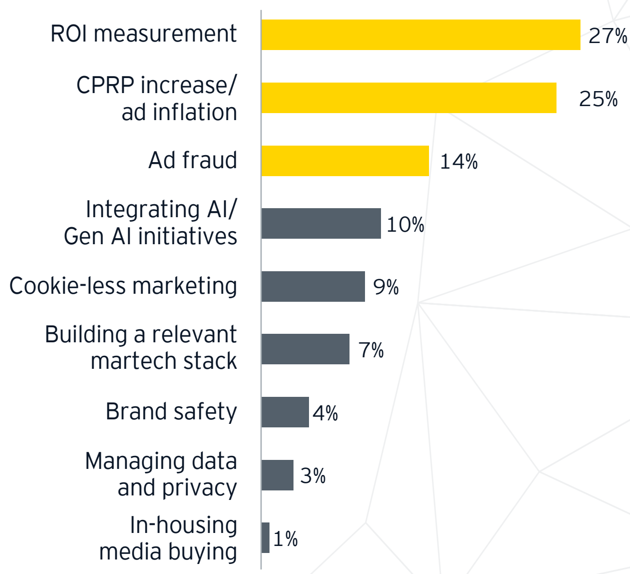
CMO priorities for 2024




EY Marketer Survey 2024 I % of total respondents who chose priority 1 or 2 for the above areas

### II. ROI measurement and ad inflation are the top challenges for 2024

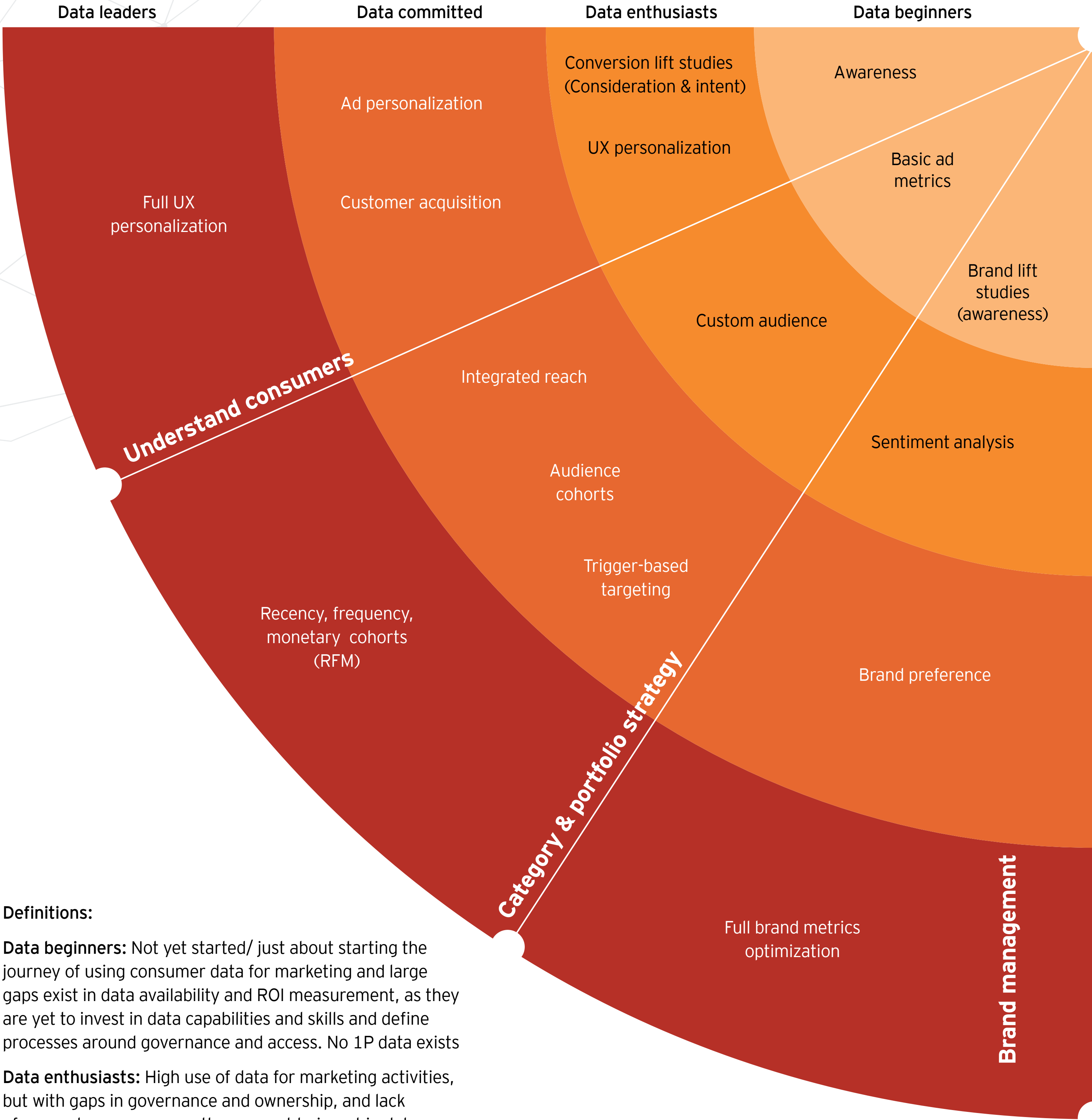
Marketers biggest challenges in 2024




EY marketer Survey 2024 | % of total respondents who chose severity 1 or 2 for the above options

# EY martech maturity model for 2024

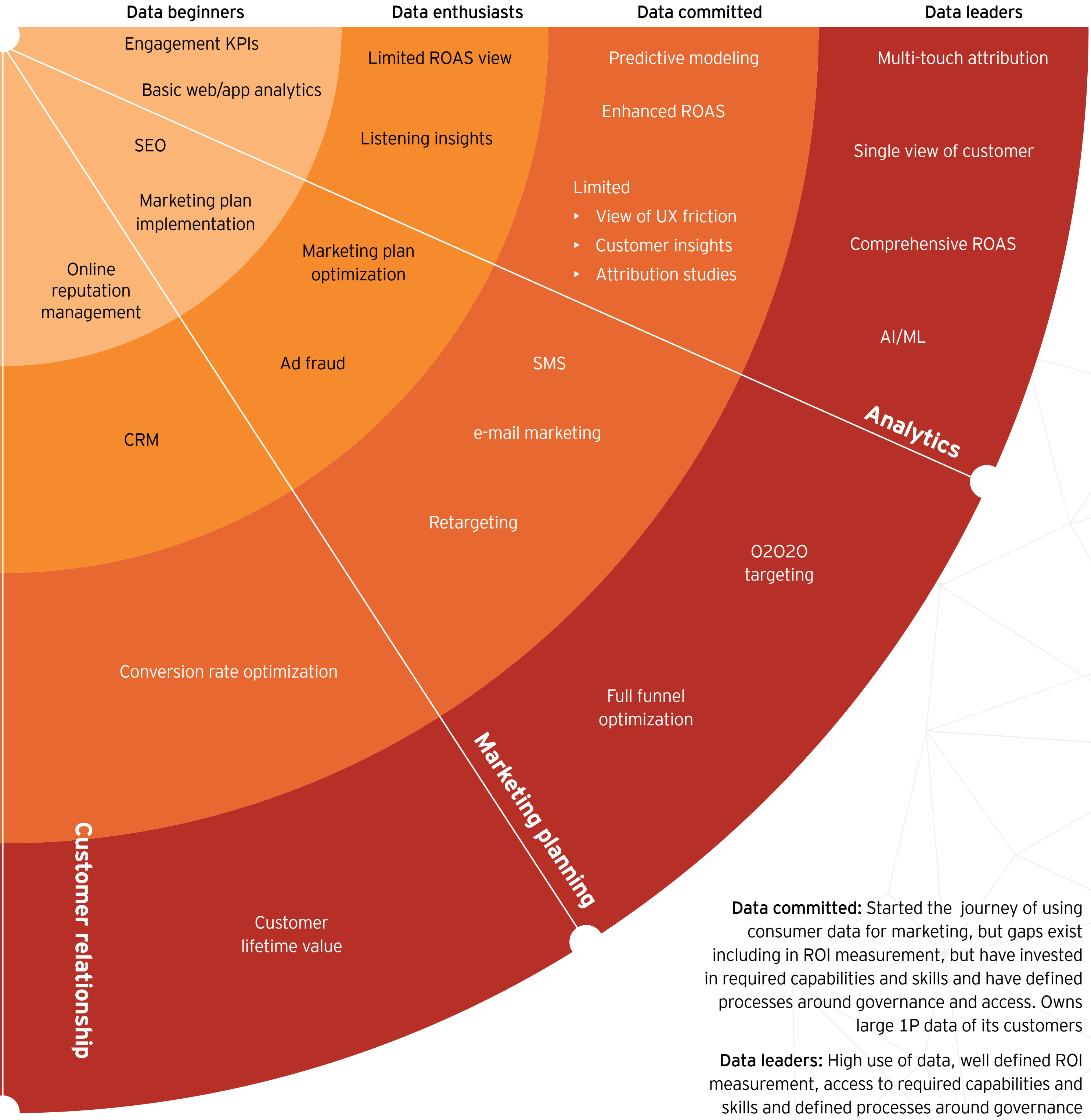
Based on our research and understanding of clients, we have categorized all marketing functions based on the data availability, tech capabilities, governance protocols and skills available. Evaluate yourself and identify the next phase for your function's growth using the martech cartwheel below.




**Definitions:**

**Data beginners:** Not yet started/ just about starting the journey of using consumer data for marketing and large gaps exist in data availability and ROI measurement, as they are yet to invest in data capabilities and skills and define processes around governance and access. No 1P data exists

**Data enthusiasts:** High use of data for marketing activities, but with gaps in governance and ownership, and lack of access to resources, as they are yet to invest in data capabilities and skills to improve governance and processes. Ownership exists of some 1P data of its customers




**Data committed:** Started the journey of using consumer data for marketing, but gaps exist including in ROI measurement, but have invested in required capabilities and skills and have defined processes around governance and access. Owns large 1P data of its customers

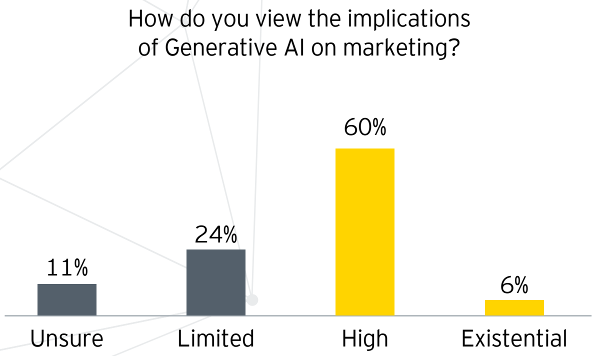
**Data leaders:** High use of data, well defined ROI measurement, access to required capabilities and skills and defined processes around governance and access. Owns 1P data of almost all customers, across multiple touchpoints

# Generative AI capabilities reshaping the marketing landscape

Powered by WPP

If there is one thing which has ruled conversations in recent months among marketers across the globe, it is AI. From content generation and customization, to data analytics and creating new customer experiences, Generative AI has a wide range of implications for the marketing landscape and will play an important role in the future.

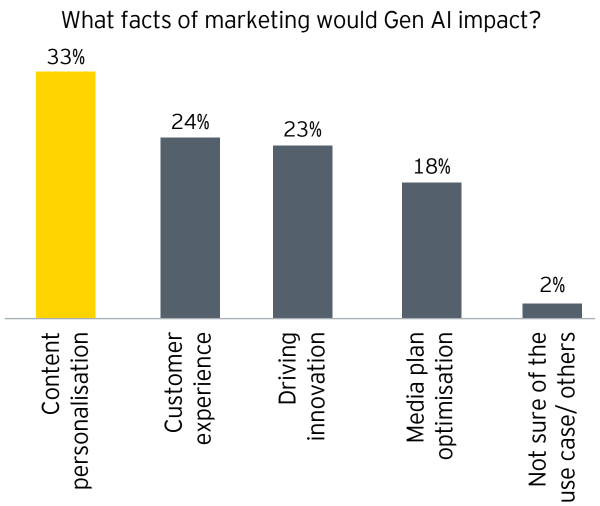
## Generative AI is expected to play a significant role in 2024




EY Marketer Survey 2024 I % of total respondents

- Marketers understand that Generative AI will play a significant role in how marketing evolves in the near future, with 66% of respondents of EY's Marketer Survey expressing confidence in its potential to significantly impact the field.

## Several use cases are being developed by marketers




EY Marketer Survey 2024 I % of total respondents

- In the ever-evolving landscape of marketing, we explore the top five Generative AI capabilities that will reshape marketing, providing not just efficiency but an entirely new dimension to creativity and personalization.

### I. Content generation: elevating creativity

- Generative AI is transforming the creative process by generating diverse content formats, including text copy, images, and videos. This capability extends beyond conventional marketing mediums, impacting everything from ads and blogs to social creatives and 1:1 communication. Integrating Generative AI with CRM/ CDP systems allows marketers to tailor content to individual preferences, moving away from generic pieces to personalized narratives. This shift not only enhances consumer engagement but also presents an opportunity for marketers to streamline the content creation process, significantly reducing associated costs.

### II. Content variation at scale

- One of the key Generative AI capabilities that marketers need to embrace is content variation at scale. This means rapidly generating diverse content using text or visual prompts while ensuring brand safety. It also involves providing enhanced control, restrictions, and editing options to align with the envisioned story. Additionally, marketers need to adapt content for different social media platforms, taking into account factors like aspect ratio and stylization. Harnessing such tools, marketers are able to create numerous content iterations, allowing for dynamic personalized campaigns at scale. Marketers should prioritize integrating these technologies into their workflows, recognizing the potential to enhance creativity and responsiveness in a fast-paced digital landscape.

### III. Insight extraction: tailoring personalized experiences at scale

- Personalization has long been a buzzword in marketing, but Generative AI takes it to a whole new level. Marketers can craft highly personalized and enterprise compliant creatives that resonate with each individual consumer, while also tailoring content to their brand guidelines or styles. By leveraging data from CRM/ CDP, Generative AI understands the nuances of what appeals to a particular individual, making marketing messages more relevant and impactful. As this capability becomes mainstream, marketers must invest in refining their data strategies to ensure the seamless integration of personalization into their campaigns, while incorporating consent practices into their data strategy.

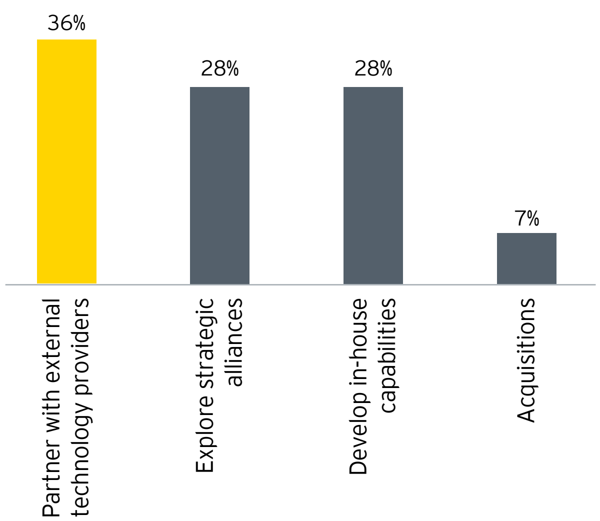
### IV. Environments for virtual production: shaping event-based and immersive, interactive 3D experiences

- The fusion of Generative AI with immersive technologies is reshaping the future of marketing. Environments for virtual production allow marketers to create event-based and immersive, interactive 3D brand experiences, blurring the lines between the virtual and physical worlds. From virtual showrooms to interactive campaigns, this capability offers unprecedented opportunities for consumer engagement. Marketers should explore how virtual production can amplify their brand narratives, creating memorable experiences that go beyond traditional advertising.

### V. Large action models: multi-modal libraries

- In the realm of Generative AI, large action models (LAM) take center stage. These models, leveraging multi-modal libraries, provide marketers with the ability to process diverse forms of data beyond text. Training these models with a rich dataset becomes crucial, ensuring they can understand and generate content across various formats. For example, a brand could harness LAM to allow consumers to upload images/ UGC that are then transformed into branded artwork, or to help it implement dynamic OOH billboards that change imagery based on the surrounding environment.
- Marketers should prioritize the development and integration of large action models to harness the full potential of Generative AI in their campaigns, while striking a balance in leveraging this technology responsibly. They must be aware of the potential biases and misinformation in datasets and understand the impact of training large computational models on the environment.

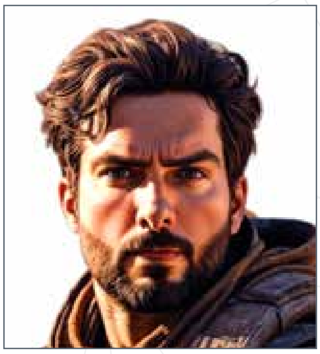
How do you envision executing your marketing strategy in the context of Generative AI?




EY Marketer Survey 2024 I % of total respondents

## Generative AI is a paradigm shift

- In conclusion, Generative AI is not just a technological advancement; it is a paradigm shift that demands a proactive approach from marketers. Embracing these top capabilities will not only enhance efficiency and reduce costs, but will also redefine the very essence of marketing. While Generative AI is not able to make business decisions (yet), the onus is on companies to upskill and train their employees to apply these tools effectively. AI must be a tool, not a human replacement.
- The convergence of AI with immersive technologies marks a pivotal moment in the industry's evolution, opening doors to a future where creativity knows no bounds and consumer experiences are more personalized than ever.
- Marketers who successfully navigate this transformative journey await a future in which marketing is not just about messaging, but about creating personalized, immersive, and authentic experiences.



**Niraj Ruparel**
*Emerging Tech Lead- WPP & Groupm, India*

# Digital ad fraud and wastage

Compiled by mFilterIt

The digital advertising ecosystem underwent major shifts in 2023. Privacy and security remained top concerns for marketers and losses from ad frauds continue to keep them up at night. Brand safety is another core issue risking brand and reputational damage. Marketers need to look beyond traditional measures to overcome these core challenges and create positive brand experiences for consumers.

## Ad fraud remained high

- In 2023, Adalytics[1] reported issues on different placements across various networks, including walled gardens
- Partner-led inventory had higher brand safety issues and invalid traffic compared to self-owned platform traffic
- Programmatic platforms ended up having the highest levels of invalid traffic due to the opaque nature of procurement and bidding
- An ANA[2] report indicated a 35% plus wastage on programmatic ads, which was validated by our data set as well

| | | Average invalid traffic percentage across platforms | | | |
|---|---|---|---|---|---|
| | **Platforms** | **Europe** | **US** | **India** | **MENA** |
| **Walled gardens** | Search platforms | 9% | 10% | 9% | 11% |
| | Partner networks | 18% | 20% | 20% | 22% |
| | Social media direct | 10% | 8% | 10% | 9% |
| | Video platforms | 15% | 17% | 16% | 17% |
| **Open networks** | Affiliate networks aggregating traffic | 33% | 33% | 41% | 33% |
| | Programmatic platforms | 27% | 28% | 27% | 32% |

Source: mFilterIt first party analysis of 226 campaigns run in 2023

- According to the report, most of these impressions came from Made for Advertising (MFA) websites which had significantly poor traffic
- In 2023, Juniper Research reported that ad fraud caused a loss of US$84 billion in global ad spend. This figure is projected to increase to US$172 billion by 2028

## New threats emerged

### I. Frequency cap violations

- Frequency capping is important in CPM campaigns to control the number of times an ad is shown to a user. However, there have been instances where ads are shown to a single user repeatedly, which goes against the goal of building brand awareness. Instead of leaving a positive impression, users may become saturated and annoyed by seeing the same ad frequently
- 10% to 30%[3] of frequency cap violations have been identified across mobile-based publishers (e.g., OTTs, news apps, calling apps)
- Our analysis of a campaign on an Indian OTT player showed that 46% of the impressions were violating frequency cap limits, i.e., close to half of the consumers saw the campaign much more than the desired frequency
- In our experience, we have noted that the longer a campaign runs, the more such violations occur. As per our findings, we have seen frequency cap violations increase from 38% to 54% during the latter part of a campaign

[1]https://adalytics.io/blog/search-partners-transparency & https://adalytics.io/blog/invalid-google-video-partner-trueview-ads
[2]https://www.ana.net/miccontent/show/id/rr-2023-12-ana-programmatic-media-supply-chain-transparency-study
[3]mFilterIt's analysis of over 50 Campaigns from mobile-based publishers

### II. Brand safety issues

- With the rapidly evolving digital ecosystem, there has been a rise in the non-transparency of ad placements. When an ad is placed alongside unsafe content, the brand could face reputational damage and loss of consumer trust
- About 7 out of 10 brands and agencies said they or their clients had been exposed to brand safety risks at least once, with 10% of respondents reporting "regular" exposure[4]. An example of this was seen in the recent Ukraine-Russia crisis, where ads of major American companies were seen on Russian ad inventory
- Our experience in India indicates that more than 70% of clients faced some level of brand safety issues
- More brands are now opting for localized and regional handling of brand safety instead of a global approach. Additionally, brands are focusing on placement-level analysis instead of platform-level analysis, which may not be as accurate
- Advertisers must move beyond traditional brand safety checks that are limited to pure metatags-based keyword searches at a pre-bid level. Similarly, on most platforms, traditional brand safety checks are sometimes on the overall platform level, and not at the content level

[4]New Brand Safety Crisis – Gum Gum report

# Expert speak

**Anupriya Acharya**
*Publicis Groupe South Asia*

*The Indian market will continue to remain robust despite global economic headwinds. That being said, the fast transforming media and marketing landscape will need both novel and expert navigation to succeed, through innovation and technology.*

**CVL Srinivas**
*WPP*

*Our talent base coupled with strong adoption of all the latest technologies including AI, makes it a very exciting future for the Indian M&E industry on the global stage.*

**Sam Balsara**
*Madison World*

*The Indian AdEx story continues to be strong at the macro level, though in 2024 we may face some headwinds in the first half on account of global uncertainties.*

**Sunil Lulla**
*The Linus Adventures*

*Growth will be the dominant theme for the industry. Competitiveness will accelerate. Driving and ensuring smart profitability will be the mantra. The Indian consumer wins!*

**LV Krishnan**
*TAM Media Research*

*Personalization & momentization are creating contextualization to content and communications across new media platforms. It is drawing audience attention and advertisers are leveraging these opportunities for instant transactions to maximize ROI.*

**Shashi Sinha**
*Mediabrands India*

*We expect the M&E business to grow due to the coming elections and some recovery in rural markets. Further, with consolidation amongst players, there will be a push to increase value.*

**Harsha Razdan**
*DENTSU*

*AI transcends mere buzzwords and trends; it's a formidable force reshaping our daily lives, communication, creativity, and connectivity. Empowering us to delve into uncharted realms of storytelling and immersive experiences, AI is the unequivocal future, with our industry leading the charge.*

**Rana Barua**
*Havas Group India*

*As India leads global discourse with its economic surge and demographic dividend, the future hinges on impactful human-centric progress. AI's role in simplifying lives and igniting creativity heralds a new era. Sustainable growth demands innovative communication, simplifying experiences, and fostering meaningful connections.*

**Abhay Singhal**
*InMobi Group*

*AI will be the driving force in advertising, reshaping every facet from the personalization of ad creative to precise targeting and seamless ad delivery. Further, phone lock screens will become screen zero for AI-powered serendipitous discoveries.*

# Enabling environment

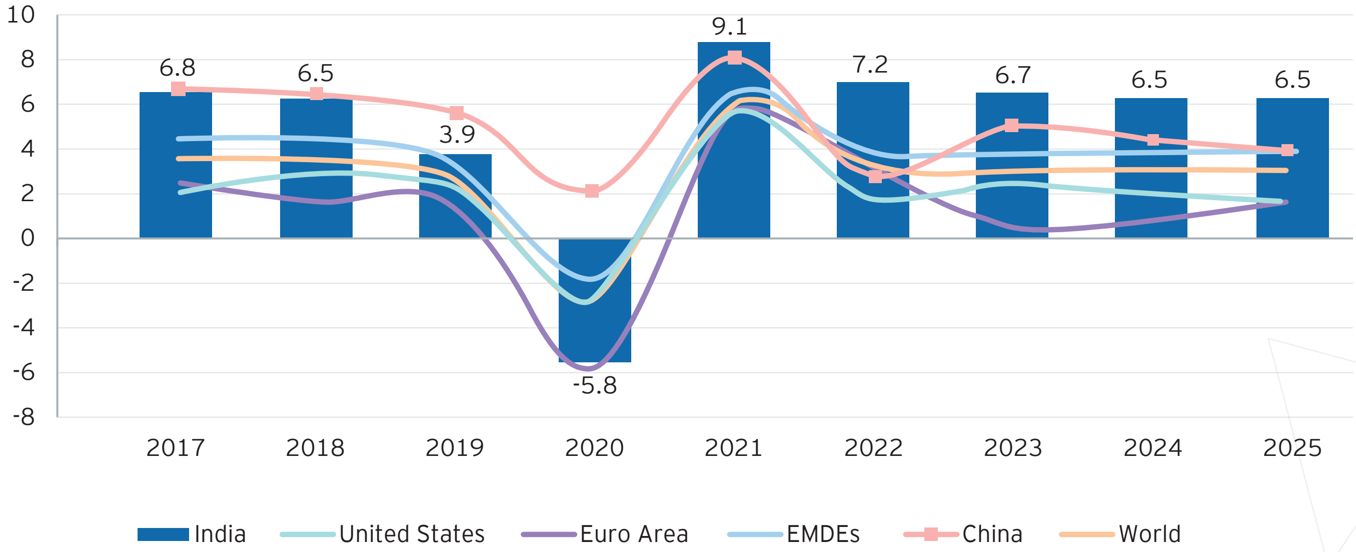
# Indian economy

# Indian economy and its impact on M&E

## India is expected to remain a global growth leader amid the global slowdown

Traditionally, the growth rate in the media and entertainment sectors has outperformed that of India's GDP growth rate. What makes this interesting is that consumer spending in this sector is discretionary. With the per capita outlook for the Indian economy looking to increase several notches in the coming years, the consequent overall consumer spend outlook in the sector remains positive. In addition, favorable FDI policy in telecom and digital channels would impact investments trends positively across all segments.

GDP growth: comparison

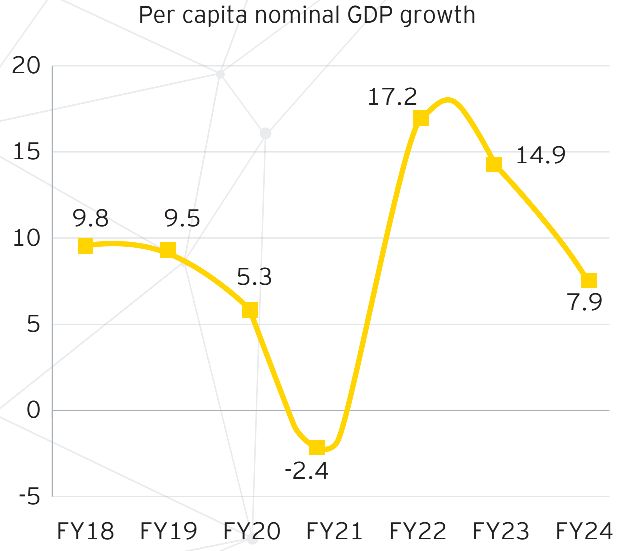



Source (basic data): IMF World Economic Outlook October 2023; IMF World Economic Outlook January 2024 update
Notes: (1) For India, a year represents the fiscal year. For instance, the year 2020 refers to the fiscal year 2020-21.
(3) Growth for 2024 and 2025 are as per projections by the IMF (January 2024).

- The National Statistical Office (NSO) has estimated India to continue showing a strong real GDP growth at 7.3%[1] in FY24, as compared to 7.2% in FY23. This robust performance has been delivered largely by investment growth led by the GoI's emphasis on capital expenditure
- The IMF, in its January 2024 issue of the World Economic Outlook Update, has forecasted India's growth at 6.7% in FY24, stabilizing at 6.5% over the next two years, reflecting resilience in domestic demand. India is projected to remain the fastest growing major economy in the medium term
- India's 2024 (FY25) growth is projected to be 2.1 times global growth and 1.6 times EMDE growth in this year. It is also projected to outpace China's growth by 1.9% points
- The FY25 Union Budget has shown a strong commitment towards fiscal consolidation while retaining its emphasis on growth supporting capital expenditures. These measures would enable laying down a strong foundation for robust medium-term growth
- India is expected to have contributed more than 15% to global growth in 2023 (FY24)[2]. The IMF expects India's growth momentum to be sustained in the medium-term owing to its foundational digital public infrastructure and a strong government infrastructure program[3]

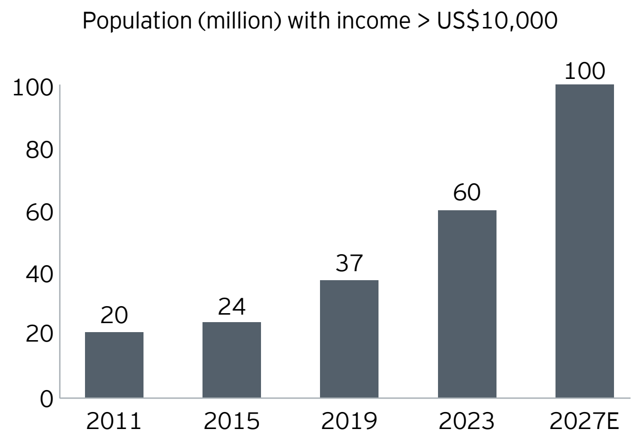
[1] CMoSPI's first advanced estimates for FY24 released on 05 January 2024
[2] https://www.imf.org/en/Blogs/Articles/2024/01/12/charts-spotlight-inflation-economic-growth-globalization-and-climate-change
[3] IMF Article IV Consultation for India (December 2023)

## Per capita nominal GDP is projected to grow by 7.9% in FY24




Source (basic data): National Accounts, MoSPI, GoI

- India's per capita nominal GDP is projected to increase by 7.9% in FY24 to INR2,12,600[4] (US$2,561.5[5]) from INR1,96,983 (US$2,373) in FY23
- Growth envisaged in India's per capita income is expected to support consumption growth, including that in the media and entertainment sector
- Compared to India's average per capita income above, the top 4% of the working-age population in India has a per capita income greater than ~US$10,000 (INR830,000) per annum. This top-income consumer cohort comprises nearly 44 million of the working-age population in 2023, and this is expected to grow to around 100 million by 2027[6]




Source: Euromonitor, Goldman Sachs Investment Research

## India is expected to become the third largest economy in 2027 (FY28)

- According to IMF's World Economic Outlook (October 2023), India overtook the UK as the fifth largest economy in nominal US$ market exchange rate terms in 2021 (FY22). It is projected to become the world's third largest economy by 2027 (FY28), crossing Germany and Japan
- In 2024 (FY25), India's nominal GDP at market exchange rate is estimated at US$4.1 trillion, accounting for 3.7% of global GDP
- In purchasing power parity (PPP) terms, India is estimated to be the third largest economy at PPP$14,261 billion in 2024 (FY25)

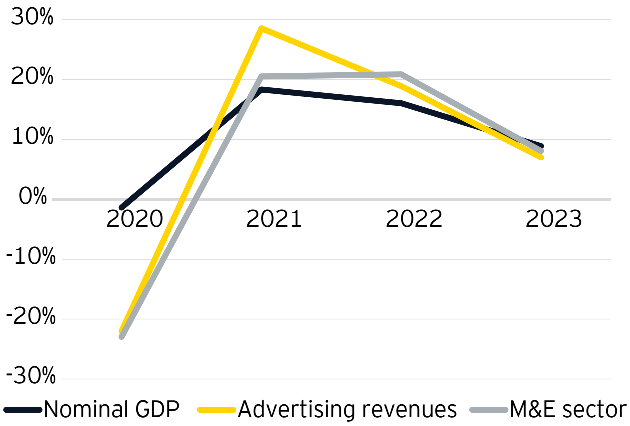
| Country | GDP 2024 | | | |
|---|---|---|---|---|
| | Nominal (US$ billion) | Rank | PPP ($ billion) | Rank |
| United States | 27,967 | 1 | 27,967 | 2 |
| China | 18,560 | 2 | 35,043 | 1 |
| Germany | 4,701 | 3 | 5,715 | 5 |
| Japan | 4,286 | 4 | 6,711 | 4 |
| **India** | **4,105** | **5** | **14,261** | **3** |
| United Kingdom | 3,588 | 6 | 3,985 | 10 |
| France | 3,183 | 7 | 4,010 | 9 |

Source (basic data): IMF World Economic Outlook October 2023

[4] First advance estimates of National Income 2023-24 released by MoSPI on 05 January 2024
[5] Assuming an average exchange rate of INR83.0/US$
[6] Goldman Sachs Global Investment Research

## M&E sector's performance was lower than India's GDP in 2023

**M&E revenues and nominal GDP growth**
GDP vs. ad growth %




Source: Advertising & M&E sector revenue: FICCI M&E reports | Growth (Basic data): First Advance Estimates, NAS dated 05 January 2024, NSO, MoSPI
Note: While advertising and M&E sector revenues are estimated for a calendar year, GDP estimates are for a fiscal year

- M&E as a sector normally grows and outperforms India's nominal GDP, but being by nature, a discretionary spend, the M&E sector shrinks at times of uncertainty
- When nominal GDP growth slowed to 9% in FY2024 on the back of war, tech layoffs and global recession fears, M&E correspondingly grew much slower at 8% in 2023, while advertising fared even worse, and grew just 7% against an estimated 10% to 11%

# FDI: policy initiatives and recent trends

- FDI limits for the telecom sector were eased in 2013[7] while those for the media and entertainment sector were eased mainly in 2016
- In June 2016, FDI limits in teleports, DTH, cable networks, mobile TV, head-in-the sky broadcasting service, and cable networks were completely lifted, allowing 100% FDI through the automatic route
- There were no express provisions in relation to digital media in the FDI policy until 2019. However, in December 2019, FDI up to 26% has been permitted under the government approval route for uploading/ streaming of news and current affairs, through digital media
- In 2021, FDI automatic route limits for telecommunications were increased from 49% to 100%

## Current FDI limits

| Services | FDI limit | Approval condition |
|---|---|---|
| **Telecommunications** | | |
| All telecom services including Telecom Infrastructure Providers Category-I (basic, cellular, United Access Services, Unified License, national/international long distance, Commercial V-Sat, Public Mobile Radio Trunking Services (PMRTS), Global Mobile Personal Communication Services (GMPCS), all types of ISP licenses, Voice Mail/ Audiotex/ UMS, Resale of IPLC, Mobile Number Portability services, Infrastructure providers Category -I (providing dark fiber, right of way, duct space, tower)<br>Other Service Providers and such other services as may be permitted by the Department of Telecommunications (DoT) | 100% | ► Automatic route<br>► Other conditions: The licensing, security and any other terms and conditions as notified by DoT from time to time, shall be observed by licensee/ entities providing the mentioned services as well as investors. |
| Telecom equipment manufacturers | 100% | ► Automatic route |
| **Broadcasting** | | |
| **1. Broadcasting carriage services:** | | |
| Teleports, DTH, cable networks (Multi System Operators (MSO) operating at National or State or District level and undertaking up-gradation of networks towards digitalization and addressability), mobile TV and head-end-in-the-sky broadcasting service (HITS) | 100% | ► Automatic route<br>► However, infusion of fresh foreign investments, beyond 49% in a company not seeking license/ permission from sectoral ministry, resulting in a change in the ownership pattern or transfer of stake by existing investor to new foreign investor, will require government approval |
| Cable networks (Other MSOs not undertaking up-gradation of networks towards digitalization and addressability and Local Cable Operators (LCOs) | 100% | ► Automatic route<br>► However, infusion of fresh foreign investments, beyond 49% in a company not seeking license/ permission from sectoral Ministry, resulting in a change in the ownership pattern or transfer of stake by existing investor to new foreign investor, will require government approval |
| **2. Broadcasting content services:** | | |
| Terrestrial Broadcasting FM (FM radio) subject to such terms and conditions, as specified from time to time, by the MIB, for grant of permission for setting up of FM radio stations) and the up linking of 'news and current affairs' TV channels | 49% | ► Government route, subject to other conditions |
| Uploading/streaming of news and current affairs through digital media | 26% | ► Government route |
| Up-linking of non-news and current affairs' TV channels/ downlinking of TV Channels | 100% | ► Automatic route |

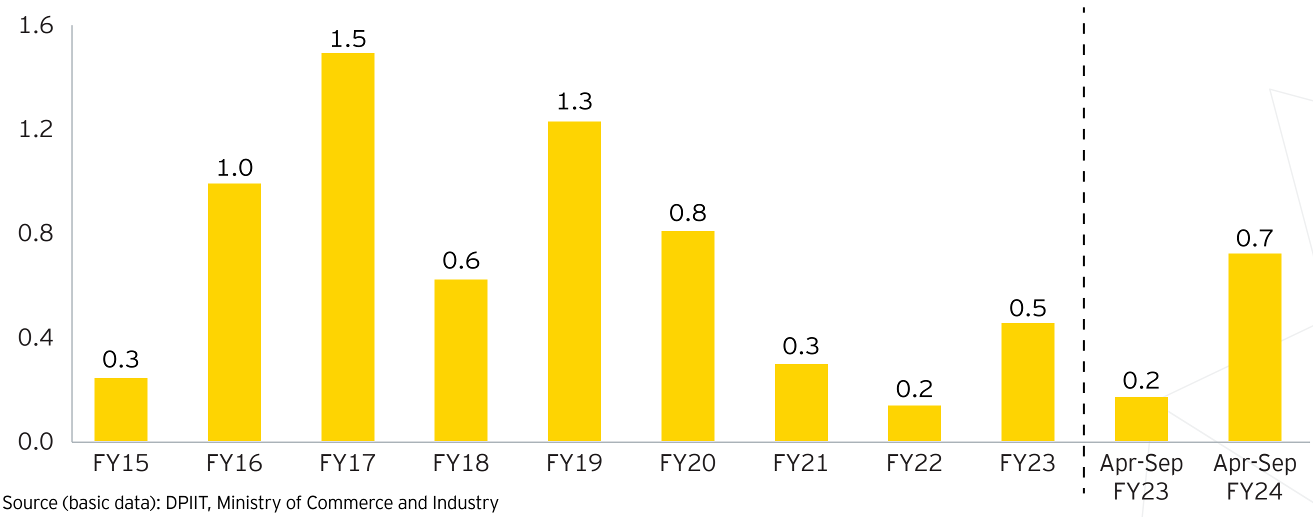
[7] https://www.livemint.com/Politics/hxnnl3jx9kaCHnKgsk9oQK/Govt-relaxes-foreign-investment-rules-to-revive-growth.html

| Services | FDI limit | Approval condition |
|---|---|---|
| Print media | | |
| Publishing of newspaper and periodicals or Indian editions of foreign magazines dealing with news and current affairs, subject to certain conditions | 26% | ▶ Government route |
| Publishing or printing of scientific and technical magazine or specialty journals or periodicals, publication of facsimile edition of foreign newspapers, subject to conditions | 100% | ▶ Government route |

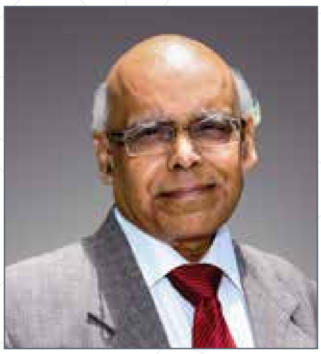
Source: Foreign Exchange Management (Non-debt Instruments) Rules, 2019 dated 17 October 2019 read with time to time amendments issued by the Ministry of Finance (Department of Economic Affairs)

## Trends in FDI equity inflows into the information and broadcasting sector since FY15 demonstrates a considerable inter-year volatility

FDI equity inflows in information and broadcasting sector (US$ billion)



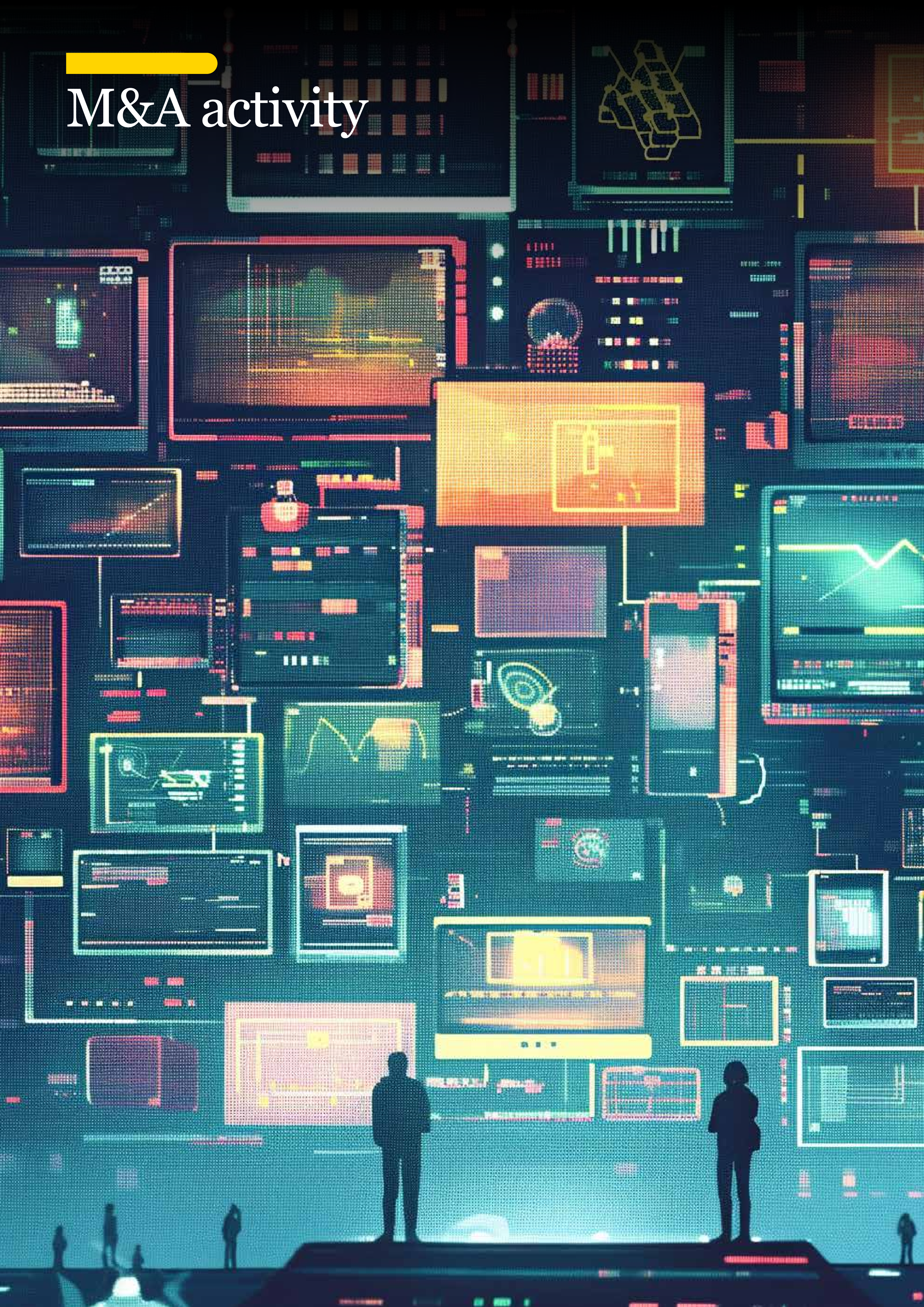

Source (basic data): DPIIT, Ministry of Commerce and Industry



**DK Shrivastava**

*Chief Policy Advisor, EY India*

# M&A activity



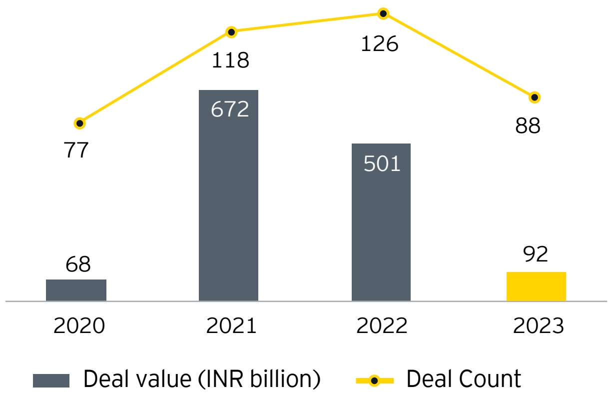
# M&A activity

*This section has been compiled by EY using publicly available information and hence, is not a complete representation of all deals during 2023.*

Although deal activity in the industry was slow across the board in 2023, there are distinct signs for growth to pick up in the coming months. Due to different factors across segments, we expect to see higher M&A activity in the coming months. For example, the real money gaming segment, after a tumultuous period, is now settling down into a new normal and it appears that the wait-and-watch approach for strategists is now over. Traditional media – led by television – accounted for the biggest proportion of deal value and this would likely continue in the future. The following pages outline the key highlights in M&A activity across all sections of the industry.

## M&A activity slowed significantly in 2023

Deal value and number of deals




Note: Excludes Reliance's acquisition of Disney in India as the deal is not binding as on 31 Dec 2023. Deal value excludes the value of 33 undisclosed small deals for which data is not publicly available

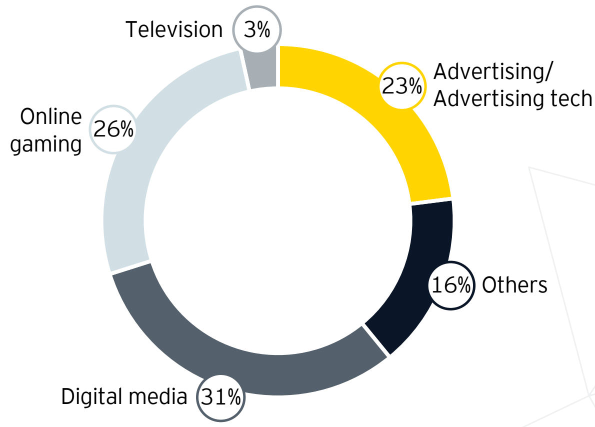
- 14 deals contributed 90% of the total known funding:

| Particulars | Deal count | Deal count % | Deal value (INR billion) | Deal value % |
|---|---|---|---|---|
| Undisclosed | 33 | 38% | - | 0% |
| Less than INR1 billion | 41 | 47% | 9 | 10% |
| INR1 - 5 billion | 11 | 13% | 21 | 22% |
| **Above INR5 billion** | 3 | 3% | 63 | 68% |
| **Total** | **88** | **100%** | **92** | **100%** |

- 2023 saw only three deals above INR5 billion as compared to 10 such deals in 2022
- 85% of the deals in 2023 were less than INR1 billion

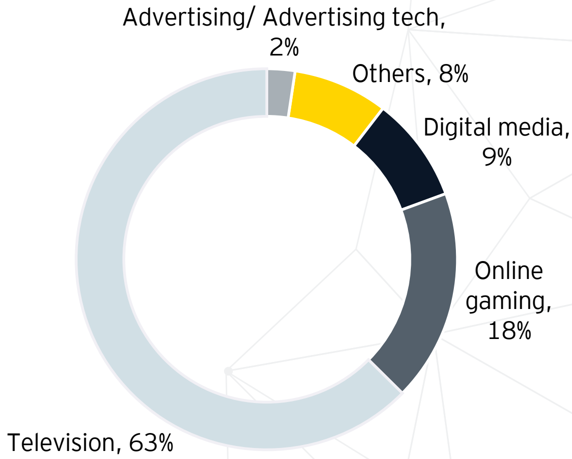
## Digital media and online gaming witnessed the highest deal volumes

Deal volume by segment



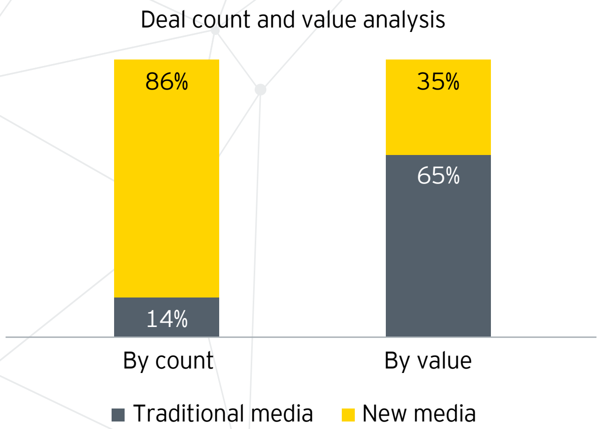

## TV, however, accounted for 63% of total deal value

Deal value by segment

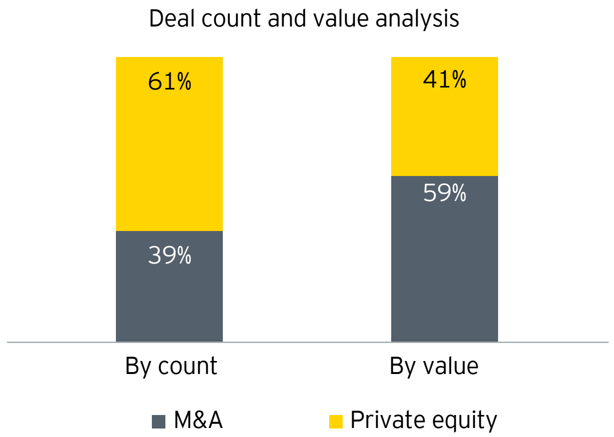



- Deals in TV were led by Bodhi Tree Systems' investment into Viacom18 Media and the merger between Network18 Media and TV18 Broadcast

## Deal values were, therefore, driven by traditional media




## Private equity and venture capital deals accounted for 61% of the total transactions



# #Reinvent deals

## Online gaming – no blocks!

- With the GST related uncertainty put to rest by the government mid last year, RMG platforms are settling into a new 'normal' in terms of growth and profitability. We expect multiple innovations and incentives in the short term that will reduce the GST impact in the hands of consumers, and this will be followed by an aggressive wave of consolidation
- Some of the global strategics who had a wait and watch approach towards RMG and fantasy sports could also make their move in the next 12 to 18 months
- With over 400 million gamers in India, casual gaming studios and esports players who are able to tap into and monetize this massive user base will also continue to attract PE/ VC funding
- The evolution of mobile games globally will lead to India becoming a hub for game innovation and development. We can expect investments in game development and gaming service capabilities (including the set-up of captives) to serve global gaming companies

## consolid**AI**tion

- We expect AI to positively disrupt how M&E businesses work, both on cost efficiency and revenue enhancement
- We can expect deals across spaces like ad tech, martech, dubbing, translation and titling, audio regeneration, video creation, video editing, etc., providing a lucrative investment opportunity for both financial and strategic investors, especially as India can become a global center for such services

## TV – interactive future

- The television segment is expected to see considerable M&A action, to protect and grow market share, in the aftermath of the Zee-Sony merger being called off and the impending merger between Disney with Viacom18
- The domino effect is likely to a trigger a further consolidation wave, especially in the regional and digital segments, and to manage the rising cost of sports rights
- TV distribution, too, is expected to witness the need for capital, as cable companies strive to offer wired and wireless broadband to their consumers, with India expected to grow wired broadband from around 38 million homes today to 100 million by 2030[1]

## The race for IP

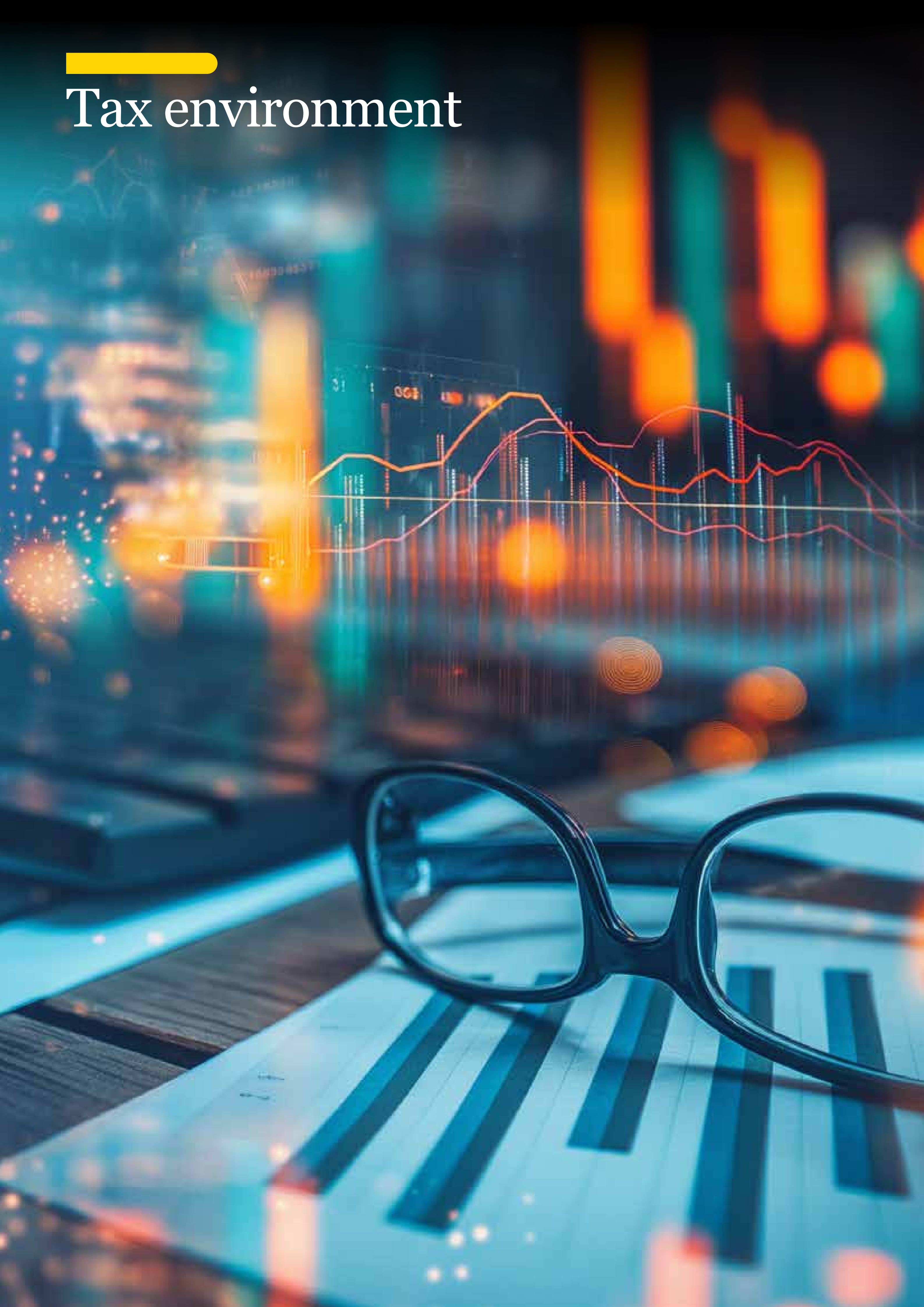
- Underpinned by its monetization capabilities and longevity, content IP is becoming increasingly valuable. Companies that create and own content – film, music or digital - present lucrative investment opportunities and are poised to attract interest of both domestic and global strategic players

## OOH goes digital!

- Around 150,000 digital OOH screens[2] have been invested in, but the demand for such premium infrastructures continues to grow as airports, metros and smart cities continue to proliferate. The investment required to keep growing screens – mainly large format – can result in private equity deals and consolidation among players from different geographies

[1] EY estimates
[2] Based on discussions with Moving Walls and Lemma Technologies

# Tax environment



# Direct tax

While no significant announcements were made during the latest Finance Act, 2024, once the full Budget is announced, we would likely see how India implements the GLoBE regulations. We may also see India withdraw Equalisation Levy once the global regulations are implemented. Some recent court judgements and clarification offer more clarity on direct taxation for certain areas, including online gaming, telecom licensing fees and live events

## Key amendments in the Finance Act 2024

In view of the upcoming general elections to be held in April/ May 2024, no significant changes were introduced on the direct tax front in the Finance Act 2024, except that tax holidays for qualifying start-ups have been extended by one more year, i.e., start-ups incorporated before 1 April 2025 will now be allowed a tax exemption for three consecutive years out of 10 years beginnings from the year of incorporation

The final Union Budget 2024 is expected to be announced in July 2024 post the general elections

There were speculations that with other countries moving into a fast pace to implement GloBE proposals[1], India would also outline its roadmap for its implementation of GloBE. However, it seems it has been postponed for the upcoming full budget in July 2024[2]. Whether or not India implements GloBE Rules, the proposals inter alia impact all India-headquartered MNEs with operations in low-tax or zero tax jurisdictions

Separately, it is expected that India will withdraw Equalisation Levy (a digital tax levy) once the global proposal is implemented, which will grant countries like India (market jurisdiction with a significant customer base) additional taxing rights on global profits of MNEs. However, India has not made any formal announcement in this regard.

## Other domestic tax updates

### I. Clarification on Withholding Tax ('WHT') on winnings from online gaming[3]

Last year, a new WHT provision was brought into law which casts an obligation on the online gaming intermediary to withhold taxes at 30% on "net winnings" from online games. In this respect, the Central Board of Direct Taxes (CBDT)[4] issued a Circular in April 2023 providing clarifications among others, the manner of calculation of "net winnings" in case multiple wallet accounts are held by a single user with a single online gaming intermediary. The net winnings in such a case would mean an aggregate amount withdrawn by the user minus deposits made during the year, minus the opening balance of all wallet accounts maintained with such a single online intermediary. The Circular also clarifies the treatment of referral bonus, incentives, etc.

As per press report of October 2023[5], the above amendment has resulted in tax collection of INR6 billion from online gaming companies from April 2023 to October 2023.

[1]Global anti-base erosion (GloBE) is a proposal to impose minimum tax rules for in-scope multinational enterprises (MNEs), such that MNEs will be subjected to top-up taxes if the ETR at a jurisdictional level is less than 15%.
[2]https://economictimes.indiatimes.com/news/economy/finance/relief-on-old-tax-demand-cant-exceed-rs-1-lakh-sanjay-malhotra-revenue-secretary/article-show/107371044.cms?from=mdr
[3]Circular 5/2023
[4]Apex direct tax administrative tax body in India
[5]https://economictimes.indiatimes.com/news/economy/finance/centre-collected-rs-600-crore-from-online-gaming-companies-in-tds/articleshow/104317201.cms?-from=mdr

## II. Clarification on WHT on e-commerce transactions[6]

The advent of the ONDC[7] open-source platform, an initiative by DPIIT, Ministry of Commerce, to democratize digital commerce in order to facilitate exchange of goods and services had thrown up practical challenges in implementing the WHT provision on e-commerce transactions. One critical feature of the ONDC network architecture is that functions of the e-commerce platform/ marketplace can be unbundled and managed by separate entities. So, buyer-side platforms (called Buyer Apps) handle solely buyer side functions – for example, customer onboarding, search and discovery, product selection and placing the order. Correspondingly, seller side platforms (called Seller Apps) handle seller side functions such as merchant onboarding, catalogue management, order flow management, etc. All transactions between a buyer and seller are enabled through a Buyer App or Seller App.

The above novel architecture of ONDC had led to challenges in implementing the TDS provision on e-commerce transactions, where multiple e-commerce operators are involved in a single buy/ sell transactions; in such cases, a question arose as to which ecommerce operator (Buyer App or Seller App) in the supply chain should undertake TDS obligation from the gross amount of sale/ service. To bring in clarity, CBDT through a Circular in December 2023 clarified among other issues that Seller App (which eventually makes the payment to the seller) should be the person responsible for undertaking the TDS obligation in a multiple e-commerce operator scenario. Beside this, the Circular also provided clarity on WHT treatment in relation to platform/ convenience fees, GST, delivery/ packaging fee, purchase returns, discounts offered by seller/ platforms, etc.

# Indian judicial updates

## I. Recent Supreme Court rulings on annual license fee arrangements

Recently, the Apex Court of India pronounced a ruling on characterization of telecom annual license fees as capital or revenue[8]. In this case, the telecom companies paid a license fee in two parts as per the telecom policy – (i) one-time entry fee; (ii) a variable annual license fee paid as a percentage of gross revenue earned. The Apex Court held that both fees relate to a singular purpose of the acquisition of telecom license to establish, maintain and operate telecommunication services and hence, one-time fee as well annual fee is capital in nature.

The Court observed that for determining the character of the payments as capital or revenue, what is relevant is whether the payments relate to or have a nexus with the nature of the 'original obligation'; the mode of payment, whether lump-sum or installments, is immaterial.

The ruling is likely to impact M&E industry as well, wherein the commercial/ franchise rights are obtained for the long term in consideration for periodic payments. Such payments may now be classified as capital in nature, and depending on facts and circumstances of each case, could be required to be amortized for tax purposes (as against availing an upfront tax deduction).

## II. Taxability of broadcasting "live" and "non-live" content[9]

In recent rulings, the Delhi High Court held that the right to broadcast "live events" is not "copyright" under the Indian copyright law and accordingly, any payment for such right cannot be taxed as royalty under the Indian income-tax law.

Further, on the issue of bifurcation of consideration between "live" and "non-live" fees, the Court observed that if the contracting parties have clearly stated and agreed that there are two streams of fees, and payments have also been made separately under two distinctive heads, then such bifurcation cannot be regarded to be unsubstantiated or arbitrary. Accordingly, the Court accepted fees split agreed by the Parties under the Agreement to be 95% for "live" transmission and 5% for "non-live" transmission.

The above ruling may have an impact on the media right agreements entered into by sports bodies/ commercial rights holders, more so where the contractual terms do not separately bifurcate consideration for "live" rights and "non-live" rights.

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[6] Circular 20/2023
[7] Open Network for Digital Commerce
[8] Bharti Hexacom Ltd. [TS-605-SC-2023]
[9] Fox Network Group Singapore Pte Ltd [TS-28-HC-2024(DEL)] & Lex Sportel Vision Pvt. Ltd [TS-799-ITAT-2023(DEL)]

# Indirect tax

The indirect taxation space has seen some interesting developments for the M&E sector in India. The heightened activity which the sector has witnessed in the online gaming segment has necessitated the government to introduce several clarifications for this sub segment. Besides that, several other interesting developments ruled the space, including food and beverage taxation at cinema theaters, place of supply of advertisers, and imports of electronic devices. We also see more clarity from the Ministry of Information and Broadcasting (MIB) on incentivizing content and post-production services for co-productions with foreign countries.

## I. GST on online gaming

- Online skill gaming industry has been seeking certainty on the applicable GST rate and valuation for the sector i.e., whether the rate should be 18% or 28% and also whether the tax would be applicable on full amount (including stake value) vs. platform fee charged (also known as gross gaming revenue or 'GGR')
- Prior to 1 October 2023, online skill gaming companies generally has been discharging GST at 18% on the platform fee or GGR. GST authorities have issued notices demanding GST at 28% on the full value (including the stake value) on grounds that these games are in nature of game of chance and hence tantamount to betting/ gambling which are taxed at 28% on full value
- At the 50th and 51st GST Council meeting, decision was taken to amend GST law to specifically include online gaming as taxable actionable claim
- Pursuant to this recommendation, the relevant provisions have been amended to impose GST of 28% on 'total amount paid or payable to or deposited with supplier by way of money or money's worth by or on behalf of player' for online money gaming with effect from 1 October 2023
- With the introduction of these changes, Government has emphasized that the intention was to always tax these transactions at 28% on full value (since such tantamount to betting/ gambling) and amendment has been brought to merely provide clarity on the matter. However, no specific retrospective provisions have been included in the amendment introduced for the online gaming sector

## II. Amendments impacting the M&E sector

- Following clarifications have been issued:
  - Standalone supply of food or beverages in a cinema hall should be taxed as 'restaurant services' as long as the food or beverages are supplied by way of or as part of a service and supplied independent of the cinema exhibition service
  - Where the sale of cinema ticket and supply of food and beverages are clubbed together, the entire supply is likely to attract GST at the rate applicable to service of exhibition of cinema
  - Place of supply shall be location of advertiser in cases where responsibility of arranging advertisement lies with the advertising agency and such advertising agency shall be in possession of hoarding/ structure (during the entire time of display) at said location on which advertisement is displayed
  - Place of supply shall be the location where such hoarding/ structure is located in cases where there is a supply of space or supply of rights to use the space belonging to third-party vendor to the client/ advertising company for display of their advertisement on the said hoarding/ structure

## III. Input Service Distributor mechanism made mandatory

- Interim budget proposes to amend the existing Input Service Distributor ('ISD') framework. It is proposed that invoices received from third parties for and on behalf of distinct person (i.e., branch offices in other states etc.) would need to be mandatorily distributed through the ISD framework. For this, companies would need to obtain a separate ISD registration in every state where such invoices are received and identify such expenses and distribute in the manner notified in the future

## IV. Other important amendments

- Effective 1 August 2023, taxpayers having annual aggregate turnover of more than INR 50 million have also been included in the e-invoicing ambit
- Import of laptops, tablets, all-in-one personal computers, ultra-small form factor computers and servers falling under HSN 8471 have been put under 'Restricted' effective 1 November 2023 (subject to certain exceptions) and their import is allowed against a valid license (import authorization). However, exemption from import authorization for the restricted category items is provided in certain cases
- Industry is required to evaluate the import of restricted category of goods and obtain appropriate licenses

## Incentivizing content and post-production in India

The MIB provides up to 30% incentive for international productions in India for shoots as well as for animation, post-production and visual effects services and for official co-productions with foreign countries.

In the recent guidelines issued by the MIB, such incentives are available for international production companies applying through an Indian line producer/ line production services company, animation, or post-production agency.

The budgetary outlay of the Incentive scheme is INR1.5 billion for FY 2023-24 and FY 2024-25 each.

Summarized below is the overview of the scheme.

### I. Part I - Incentives for production of foreign films in India

- **Section A - Incentives for live shoots in India:** International productions permitted by MIB or the Ministry of External Affairs (in case of documentaries) after April 2022 are eligible to apply through an Indian applicant and the project must be shot or filmed at least in part within the territory of India

  Eligible projects:

  1. Feature films/ animation feature films (a minimum of 72 mins duration)
  2. Commercial TV shows/ series (per season)
  3. Web shows/ series/ animation series (per season)
  4. Documentaries (a minimum of 30 mins in length)

- An international producer through an Indian line producer can claim a reimbursement of up to 30% of the qualifying production expenditure (QPE) in India. Apart from this, a 5% bonus can be claimed for employing 15% or more Indian manpower and an additional bonus of 5% for significant Indian content, subject to conditions
- Incentives are capped at a limit of INR300 million per project. Minimum QPE spending threshold for live shoot projects in India is INR30 million with no such requirement in case of documentaries
- Post obtaining filming permissions, as a process, the Indian applicant has to apply in two stages, along with the requisite documents
- **Section B - Projects involving pure animation, post-production and visual effects services:** Eligible projects must involve services that are physically undertaken at least in part in India by a company registered in India, on behalf of a foreign company

  Eligible projects:

  1. Feature films/ animation feature films (a minimum of 72 mins duration)
  2. Commercial TV shows/ series (per season)
  3. Web shows/ series/ animation series (per season)

- International producers can claim a reimbursement of up to 30% of QPE in India. Additional bonus of 5% for significant Indian content, can be claimed subject to conditions
- Under this section as well, incentives are capped at a limit of INR300 million per project. Minimum QPE requirements for animation, post-production and visual effects services projects to be able to qualify for the incentive is INR10 million
- Application for this incentive is also to be made in two stages along with prescribed documents

### II. Part II - Incentives for official coproductions under audio visual coproduction treaty

- This scheme incentivizes projects which have been granted the "Co-Production" status by MIB after 1 April 2022. Official Indian co-production is a production (or "Project"), between Indian producers and producers of countries made under provisions of one of India's bi-lateral co-production treaties which has been granted official 'Co-production Status' by MIB
- Currently, India has such treaties with 16 countries[10]
- For all qualifying projects, an Indian co-producer can claim a reimbursement of up to 30% on qualifying co-production expenditure in India subject to a maximum of INR300 million

[10] https://ffo.gov.in/en/co-productions/international-treaties

# Regulatory update

Compiled by Nishith Desai Associates

# Regulatory update

## Filmed entertainment

### I. Amendments to the Cinematograph Act, 1952

The Cinematograph (Amendment) Bill, 2023 **("Cinematograph Amendment")** came into force on 11 August 2023.

One of the stated reasons for the introduction of the changes through Cinematograph Amendment was to curb the menace of piracy with the advent of internet and social media. The Cinematograph Amendment also sought to curb piracy at the source, i.e., when films are recorded in theaters and thereafter exhibited. Popularly known as camcording. Following are the key amendments.

- **Re-certification of theatrically released films:** A separate certification (i.e., re-certification) of a film which has already been certified for theatrical exhibition by the CBFC as:
  - Adults only under Section 4(2) (ii), i.e., 'A'; or
  - For certain groups only under Section 4(2) (iii), i.e., 'S' certification

  This enables a producer to get re-certification of the above category of films if they are intended to be re-exhibited through television or such other media as may be prescribed by the Central government. The press release[1] accompanying the Cinematograph Amendment indicates that the reason for introduction of this provision is to re-certify such films with appropriate cuts and modifications to make them appropriate as UA films if they are re-exhibited through television, as only "Unrestricted Public Exhibition" category of films are permitted to be shown on television[2]. At present, no other media has been prescribed[3].
- **Offences related to film privacy:** The Cinematograph Amendment prohibits[4] any person from using an audio-visual recording device in a place licensed to exhibit films, with the intention of making/transmitting, or abetting the making/transmitting of an infringing copy of a film or a part of the film. It also prohibits using or abetting the use of an infringing copy of any film to exhibit such film for profits to the public at a place for exhibition which is not licensed under the Cinematograph Act, or in any manner that would amount to infringement of Copyright[5].

  Violators may be punishable with imprisonment for a term of at least three months, but which may extend to three years, and with a fine of at least INR0.3 million but may extend to 5% of the audited gross production cost.
- **Directions to Intermediaries:** The Amendment has also clarified and reproduced intermediaries' obligations to take down content upon receipt of orders from courts or authorized government and its agencies. Hence, intermediaries may be directed to take down pirated content online.
- **Age-based Indicators:** If the Central Board of Film Certification ("CBFC") is of the opinion that viewing of such films by children between the ages of 7-18 warrant guidance by parents/guardians, they will certify such films along with such age indicators[6]. Hence, the Cinematograph Amendment suggest that the certifications may be with age-based indicators such as 'UA 7+,' 'UA 13+,' or 'UA 16+'[7] for films that have received/are intended to receive a 'UA' certificate.
- **Other relevant changes:** The other changes brought forth by the Cinematograph Amendment include:
  - Revision in the validity of the certification granted by the CBFC[8] from 10 years to now being perpetual
  - Expansion of the scope of powers vested with the central government[9] to make rules related to (i) form and manner for applying for certification to the CBFC, (ii) manner of re-examination of a film by the CBFC, and (iii) media for re-exhibition of the film, and the form and manner for applying for such re-certification to the CBFC

[1]See: https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1944435 (last accessed February 15, 2024).
[2]Rule 6, the Cable Television Networks Rules, 1994
[3]Section 8(2)(cb), Amendment
[4]Section 6AA of the Cinematograph Act.
[5]Section 6AB of the Cinematograph Act.
[6]Section 4(2)(i) of the Cinematograph Act.
[7]Section 4(2)(i) of the Cinematograph Act.
[8]Section 5A(3) of the Cinematograph Act.
[9]Section 8 of the Cinematograph Act.

## II. No stay on release of The Kerala Story

There have been multiple instances of challenges to the screening of the movie 'The Kerala Story' since the release of its trailer.

- A petition was filed in the Kerala High Court[10], wherein the petitioners claimed that a particular community is being shown in bad light and prayed to stay the release of the movie
- A PIL was filed in the Madras High Court against the members of CBFC and the producer of the film. Several protests against the film were also observed in Tamil Nadu
- In West Bengal, the Chief Minister banned the movie to avoid public order situations and maintain peace in the State[11]. A PIL filed in the Calcutta High Court stated that the government's ban on the movie is in violation of Section 6(2) of the West Bengal Cinemas (Regulation) Act of 1954, as the movie-makers were not given a chance to defend their stance regarding the movie before the ban was imposed

Subsequently, the Supreme Court[12] in the matter of Sunshine Pictures Pvt. Ltd. and Anr vs. Union of India and Others directed the Tamil Nadu government to undertake necessary safety and security measures to ensure that all individuals involved in screening and viewing of the movie are safe.

Further, the Supreme Court observed that the prohibition imposed by the West Bengal Government suffers from "overbreadth" and lifted such prohibition.

Lastly, in the same matter, the Supreme Court held that the following disclaimers should be added to the movie's existing disclaimers due to the controversial nature of the storyline: (i) There is no authentic data to back up the suggestion that the figure of conversion is 32,000 or any other established figure, and (ii) The film represents a fictionalized account of events forming the subject matter of the film.

## III. Supreme Court refuses to revoke the CBFC certification granted to Adipurush, and dismisses the ongoing High Court cases regarding the stay on the release of the film

In July 2023, the Supreme Court[13] in the case of Mamta Rani vs Union of India dismissed a petition challenging the CBFC certification granted to Adipurush on the grounds of the content of the movie hurting religious sentiments and distorting sacred text. While dismissing the petition, the Supreme Court held that "sometimes the cinematic representations may not be an exact replica of text and there has to be a little play in the same." The Supreme Court also noted that the movie had appropriate disclaimers to depict the same, and stated that a body, i.e., CFBC has been formed under the Cinematograph Act, 1952 to assess the aspects raised by the petitioners.

Several petitions were also filed in Allahabad, Punjab and Haryana and Rajasthan High Courts wherein the petitioners challenged the CBFC certification granted to the movie and prayed for directions to stop the screening of the movie. The petitioners were aggrieved by the controversial depiction of the characters and the usage of dialogues in the movie. However, in October 2023[14], the Supreme Court in the case of Super Cassettes Industries Pvt Ltd vs. Kuldip passed an order in the essence of the order passed in the case of Mamta Rani vs. Union of India (discussed above). The Supreme Court stayed the proceedings pending before different courts regarding this movie holding the movie had been released with appropriate certifications.

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[10] Writ Petition (C) 15126/2023 (S).
[11] See: https://www.thehindu.com/news/cities/kolkata/west-bengal-govt-bans-the-kerala-story-movie/article66826921.ece#:~:text=The%20West%20Bengal%20Government%20on,and%20harmony%20in%20the%20State. (last accessed February 20, 2024).
[12] Writ Petition(s) (Civil) No(s). 552/2023.
[13] Mamta Rani vs Union of India, W.P. No. (713/2023).
[14] Super Cassettes Industries Pvt Ltd vs Kuldip Tiwari, Transfer Petition (Civil) No. 1802-1809/2023.

## IV. Self-regulatory body: Digital Publisher Content Grievances Council's first order against an OTT platform

In July 2023, the grievance redressal board of the Digital Publisher Content Grievances Council **("DPCGC")**[15] heard a matter against the OTT platform ULLU, wherein the complainant claimed that one of the platform's shows only depicts obscenity and nudity which is contrary to the IT Rules, 2021. The complainant also stated that they had raised this complaint with the platform, however, no action was taken by the same. The platform denied all the claims and stated that their content is available for viewership to individuals above the age of eighteen, who possess adequate maturity regarding the decision to watch the shows or not. The platform also listed the various safeguards deployed by them like disclaimers, 18+ mature content ratings, etc.

In order to assess the present matter, the DPCGC deployed the Community Tolerance Test, wherein, "when the material is taken as a whole, and is found to be lascivious and tends to deprave a person who reads or sees or hears that material, it is said to be obscene." The DPCGC observed that the content in question hardly has any storyline or message that is being communicated through the same. Further, the DPCGC also observed that the primary objective of the content appears to be the depiction of nudity and sexual content. A lack of artistic content and creativity was also observed in the show. In light of the same, the DPCGC directed ULLU to take down the content in question or make edits to ensure compliance of the same with the IT Rules.

## V. Delhi High Court objects the usage of profanity and obscenity in the OTT web series

In March 2023, the Delhi High Court[16] in TVF Media Labs Pvt Ltd and Ors. vs. State (Govt. of NCT of Delhi) objected to the usage of profane words and obscene content in the web series "Collage Romance" which was available to view on SonyLiv, YouTube, and TVF Play (an OTT platform). In the present matter, the Delhi High Court assessed the following questions: (i) Whether content prima facie violated Section 67/ Section 67 A of the IT Act, (ii) Whether the publishers of the show had complied with the IT Rules, and (iii) Whether there is a need for regulation of social media platforms.

Upon analysis of the issues from the perspective of the IT Act as well as the IT Rules, the court directed as follows:

- The Delhi police to register an FIR under the obscenity-related provisions[17] of the IT Act against the producers, cast members, and casting directors of the show
- In case the episode of the show containing obscenity and profanity, which was in question was posted on YouTube without any classification, "appropriate remedial steps will be taken by YouTube, as per law, rules, and guidelines of the IT Act issued by the Ministry of Information and Technology from time to time"
- MeitY to take steps to enforce the IT Rules more strictly, and 'make any laws or rules as deemed appropriate in its wisdom, in light of observations made in this judgment'

Further, MeitY and YouTube were not parties to the petition, with the above direction, the Court forwarded its order to (1) the Secretary of MeitY and (2) officials of YouTube India.

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[15]Appeal by Mr. Satish Waghela - Oversee Grievance ID – 044 of 2023.
[16]TVF Media Labs Pvt Ltd and Ors. vs State (Govt. of NCT of Delhi), CRL.M.C. 2214/2020 & CRL.M.A. 15761/2020.
[17]Section 67 of the IT Act – Punishment for publishing or transmitting obscene material in electronic form.- Whoever publishes or transmits or causes to be published or transmitted in the electronic form, any material which is lascivious or appeals to the prurient interest or if its effect is such as to tend to deprave and corrupt persons who are likely, having regard to all relevant circumstances, to read, see or hear the matter contained or embodied in it, shall be punished on first conviction with imprisonment of either description for a term which may extend to three years and with fine which may extend to five lakh rupees and in the event of second or subsequent conviction with imprisonment of either description for a term which may extend to five years and also with fine which may extend to ten lakh rupees.
Section 67A of the IT Act – Punishment for publishing or transmitting of material containing sexually explicit act, etc., in electronic form.-Whoever publishes or transmits or causes to be published or transmitted in the electronic form any material which contains sexually explicit act or conduct shall be punished on first conviction with imprisonment of either description for a term which may extend to five years and with fine which may extend to ten lakh rupees and in the event of second or subsequent conviction with imprisonment of either description for a term which may extend to seven years and also with fine which may extend to ten lakh rupees.

# Television and Broadcasting (Telecom)

## I. Decriminalization of Cable TV Act

The Cable Television Networks (Regulation) Act, 1995 ("Cable TV Act") has been decriminalized and all provisions in the Cable TV Act which previously prescribed imprisonment as a penalty have been replaced with monetary penalties and other non-monetary measures. The decriminalization was enacted through the passage of the Jan Vishwas (Amendment of Provisions) Act, 2023 in October 2023. This is in line with the general approach of the Government and Courts towards rationalization of various criminal provisions.

Earlier, contraventions of the Cable TV Act were punishable with imprisonment for a term which may extend to two years, for the first offence, and five years, for every subsequent offence. Post the amendment, contraventions are punishable only with advisory, censures, or warning, or a penalty which may extend to twenty thousand rupees, for a first contravention, and one lakh rupees, for subsequent contraventions within a period of three years. However, in case of more than three contraventions within three years, the designated officer under the Cable TV Act is empowered to issue orders suspending or revoking the registration of a cable operator. This discourages habitual or repeated contraventions. Appeals from the orders of the designated officer may be made within thirty days to the Secretary to the Government of India, or their authorized officers.

The move has been made with the aim of making the Cable TV Act more business-friendly and to boost investor confidence in the sector. The amendments were undertaken to encourage compliance with the Cable TV Act without resorting to harsh punishments for minor/unintended contraventions, providing more flexibility and proportionality based on the nature of the contravention.

## II. The Indian Telecommunications Act, 2023

The Indian Telecommunications Act, 2023 ("Telecom Act") was enacted on 24 December 2023. Once brought into force, it is set to replace the Indian Telegraph Act, 1885, the Indian Wireless Telegraphy Act, 1933 and the Telegraph Wires (Unlawful Possession) Act, 1950[18]. Key highlights of the Telecom Act are set out below:

- **Scope of the Telecom Act:** The Telecom Act regulates the development, expansion and operation of telecommunication services and telecommunication networks, assignment of spectrum and related matters. The definition of "telecommunication services" under the Telecom Act is wide, leading to uncertainty on whether a broad range of information technology and digital services can be brought within its ambit. However, the Department of Telecom has explicitly clarified that OTT service providers will not be regulated under the Telecom Act[19]. This provides some certainty on the unbundling of carriage and content regulation.
- **Authorization framework:** The Telecom Act replaces the existing licensing model with a simpler authorization regime for persons who intend to: (a) provide telecommunication services; (b) establish, operate, maintain or expand telecommunication network; or (c) possess radio equipment.
- **Government's powers, public safety, public emergency:** The Telecom Act confers powers on the government or any authorized government agency to direct the disclosure of any messages or class of messages in intelligible format, that concern a public emergency or public safety[20]. Message is defined to mean any sign, signal, writing, text, image, sound, video, data stream, intelligence or information sent through telecommunication[21]. The Telecom Act also provides for a wide range of powers to the government in relation to priority call routing, prescription of standards for national security, etc.
- **Other provisions:** Further, the Telecom Act prescribes those users of a telecommunication network be identified through verifiable biometric based-identification' methods[22]. Security measures in relation to storage of such biometric data are yet to be prescribed under the rules to be framed under the Telecom Act. The Central Government is also empowered to make rules on (1) the collection, analysis and dissemination of traffic data that's stored in telecommunication networks[23], and (2) encryption and data processing in telecommunication[24]

[18]However, as per Section 61 of the Telecom Act, all rules, orders made under the said Acts shall continue to the extent they are not inconsistent with the Telecom Act.
[19]Economic Times, OTT not under ambit of Telecom Bill: Ashwini Vaishnaw, https://economictimes.indiatimes.com/industry/telecom/telecom-news/ott-not-under-ambit-of-telecom-bill-ashwini-vaishnaw/articleshow/106224226.cms?from=mdr (last visited Feb 9, 2024)
[20]Section 20, Telecom Act.
[21]Section 2(g), Telecom Act
[22]Section 3(7), Telecom Act
[23]Section 22(2), Telecom Act
[24]Section 19(f), Telecom Act

- The Telecom Act contains new provisions on the powers of the Central Government to notify standards in respect of telecom services, manufacturing, and the import of equipment, and cybersecurity for telecommunication services and networks, and a tiered dispute resolution mechanism
- The Telecom Act also provides for a dual method of allocation of spectrum, i.e., through auctions and through administrative allocation. This is in line with global best practices and enables equitable distribution of satellite spectrum. It further requires all authorized entities to establish an online mechanism for grievance redressal of users. Lastly, the Telecom Act explicitly provides for extraterritorial application unlike the previous regime

## III. Broadcasting Bill

The Ministry of Information and Broadcasting ("MIB") had issued a draft of the Broadcasting Services (Regulation) Bill, 2023 ("Broadcasting Bill") on 10 November 2023[25]. The Broadcasting Bill seeks to consolidate and amend the existing broadcasting laws and replace the existing Cable TV Act and the various policy guidelines currently governing the broadcasting sector in India.

Key highlights of the Broadcasting Bill:

- **Inclusion of OTT services:** The Broadcasting Bill notably includes Over-the-top ("OTT") broadcasting services within its ambit, however there are certain definitional inconsistencies in this regard, however, clarifies that OTT Broadcasting Services will not include a social media intermediary, or a user of such intermediary, and that the person responsible for ensuring compliance with all requirements will be the operator of the streaming content and not the network operator or the internet service provider. The Broadcasting Bill has however faced severe pushback from industry associations for the inclusion of OTT, given its difference from traditional broadcasting and the existing regulation of OTT players under the IT Rules[26]
- **News and current affairs programs:** The Broadcasting Bill also seeks to regulate persons broadcasting news and current affairs programs online, requiring them to adhere to the Program Code and Advertisement Code, establish a Content Evaluation Committee, and other provisions of the Broadcasting Bill
- **Statutory Penalties and Fines:** The Broadcasting Bill retains statutory penalties such as advisory, warning, censure, and monetary penalties (linked to the financial capacity of the entity, taking into account their investment and turnover) for operators and broadcasters. Provision for imprisonment and/or fines remains only for very serious offenses such as operating without registration or expired registration, misrepresentation, etc.
- **Accessibility for Persons with Disabilities:** The Broadcasting Bill provides enabling provisions for the issue of comprehensive accessibility guidelines

The Broadcasting Bill contains several open-ended provisions in relation to the powers of the Central Government, including regulating services intricately linked to broadcasting services

## IV. Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Amendment Rules, 2023

In May 2023, the Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Rules, 2004 ("2004 Tobacco Rules") were amended to include provisions requiring publishers of "online curated content" to insert relevant disclaimers and warnings regarding tobacco products. The amendments were brought in by way of the Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Amendment Rules, 2023 ("Tobacco Amendment Rules") and have been effective 1 September 2023.

The key amendment brought forth to the 2004 Tobacco Rules is through Rule 11 introduced by Tobacco Amendment Rules. Essentially, new requirements have been introduced for the publishers[27] of online curated content[28] that displays tobacco products or their use. The requirements include:

- Display anti-tobacco health spots of at least thirty seconds duration at the beginning and middle of the program
- Display a prominent static anti-tobacco health warning message at the bottom of the screen while showing tobacco products or their use in the program

[25]See https://pib.gov.in/PressReleasePage.aspx?PRID=1976200 (last accessed on Feb 9, 2024)
[26]See https://www.medianama.com/2024/02/223-nasscom-submission-ott-inclusion-broadcasting-bill/ (last accessed on Feb 9, 2024); See https://economictimes.indiatimes.com/industry/media/entertainment/media/broadcasters-want-ott-to-be-kept-outside-broadcast-bills-purview/articleshow/107404330.cms?from=mdr (last accessed on Feb 9, 2024)
[27]As per the Tobacco Amendment Rules, "Publisher of online curated content" means a publisher who, performing a significant role in determining the online curated content being made available, makes available to users a computer resource that enables such users to access online curated content over the internet or computer networks, and such other entity called by whatever name, which is functionally similar to publishers of online curated content but does not include any individual or user who is not transmitting online curated content in the course of systematic business, professional or commercial activity.
[28]As per the Tobacco Amendment Rules, "Online curated content" means any curated catalogue of audio-visual content, other than news and current affairs content, which is owned by, licensed to, or contracted to be transmitted by a publisher of online curated content, and made available on demand, including but not limited through subscription, over the internet or computer networks, and includes films, audio visual programmes, documentaries, television programmes, serials, series, podcasts and other such content.

- Show an audio-visual disclaimer on the ill effects of tobacco use for at least twenty seconds at the beginning and middle of the program

Further, the Tobacco Amendment Rules prohibit the display of brands of cigarettes or other tobacco products or any form of tobacco product placement in online curated content; and display of tobacco products or their use in promotional material created for promotion online curated content.

In addition to the requirements discussed above, the language used for warnings should be same as that in the online curated content. Lastly, anti-tobacco health warning message displayed should be legible and readable, with black font on a white background, and the warnings "Tobacco causes cancer" or "Tobacco kills" must be included.

Reports show that compliance of the television industry with the requirements under the 2004 Tobacco Rules have been low. In fact, various aspects of the 2004 Tobacco Rules are currently under challenge before the Bombay High Court[29] and the Supreme Court[30]. Some of the above amendments were not found to be practical in the context of online curated content publishers and hence there has been pushback by the online curated content publishers as well[31].

## V. TDSAT holds that OTT platforms do not fall under the purview of TRAI

In October 2023, the Telecom Disputes Settlement & Appellate Tribunal **("TDSAT")**[32] in the case of All India Digital Cable Federation vs. Star India Pvt Ltd assessed the jurisdiction of the Telecom Regulatory Authority of India **("TRAI")**, and therefore the applicability of TRAI rules and regulations on over the top **("OTT")** broadcasting platforms. In the matter, the petitioner claimed that Star India violates Regulation 3(2) of the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulation, 2017, which requires broadcasters to provide signals of the television channels to the distributors in a non-discriminatory manner. The petitioners raised this issue as Star India provided content on their Star Sports television channel through payment of charges. On the other hand, on Hotstar, viewers were able to access Star Sports content for free. The petitioners further claimed that the respondents should offer viewership of content on both platforms in the same manner.

TDSAT observed that in the present case, the respondent "wears two hats," implying that Star India is a broadcaster and an owner of the OTT platform. It was held that the definition of "distribution platform" is exhaustive and does not cover OTT platforms under its ambit. Lastly, the TDSAT held that prima facie, OTT platforms are not covered by the jurisdiction of TRAI, and therefore the TRAI Act, rules and regulations thereunder.

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[29] Anurag Kashyap and Ors. vs UOI and Ors, Writ Petition No. 119 of 2014.
[30] Union of India vs Mahesh Bhat and Ors., SLP (Civil) 8429-8431/2009.
[31] See: https://indianexpress.com/article/india/tobacco-warnings-on-ott-amid-pushback-from-platforms-govt-looking-for-a-solution-8960900/ (last accessed: February 19, 2024)
[32] All India Digital Cable Federation vs Star India Pvt Ltd, Broadcasting Petition/217/2023.

# Online gaming

## I. Amendments to introduce a central law for online gaming

In December 2022, the Ministry of Electronics and Information Technology **("MeitY")** was appointed as the nodal ministry for online gaming. Similarly, the Ministry of Youth Affairs and Sports is the nodal ministry for e-sports[33]. Previously, there was no central ministry appointed for these industries.

On 6 April 2023, MeitY introduced the central regulations primarily for online real money games through amendments (the **"Gaming Amendments"**) to the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (the **"IT Rules"**). The Gaming Amendments introduced a light-touch, co-regulatory framework between MeitY and the self-regulatory bodies (**"SRB"**), through the appointment of SRBs. This was in line with the government's overall objective of reducing prescriptive laws and enhancing the ease of doing business in India.

To sum up the major highlights, the Gaming Amendments:

- Specify certain online games as permissible, being:
  - a permissible online real money game (**"PORMG"**) i.e., a game where a user makes a deposit in cash or kind with the expectation of earning winnings on the deposit, or
  - any other online game that is not an online real money game
- Introduce specific regulations for PORMG and online gaming intermediaries (**"OGI"**), i.e., entities that enable their users to access one or more online games
- Vest MeitY with the power to extend such regulations applicable to PORMG to other online games as well
- Require PORMG to satisfy certain conditions
  - be an online real money game, where a user makes a deposit in cash or kind with the expectation of earning winnings on the deposit, and
  - be verified by an online self-regulatory gaming body
- Introduce obligations on OGIs including but not limited to:
  - Requiring OGIs to verify user identity before accepting any deposits in cash or kind, according to the Master Direction–Know Your Customer (KYC) Direction, 2016
  - Requiring OGIs to appoint grievance redressal officers who are resident in India, publish their contact details, establish a mechanism to make complaints for users, and resolve grievances within 15 days from the date of their receipt
  - Providing an appeal process to the Grievance Appellate Committee for grievances not resolved by GOs within 30 days from receipt of communication from the GO
  - Prohibiting OGIs from financing through credit, or enabling financing to be offered by a third party, for playing online games
  - Introducing requirements and criteria for verification of online real money games offered by OGIs e.g., the requirement to apply for verification an SRB on such permissible online real money game
  - Providing MeitY with the power to issue blocking orders against permissible online real money games

However, in February 2024, it was reported that there was an apprehension that SRBs may be influenced by gaming companies, which could result in a lack of neutral decisions from such bodies. In light of this, it is reported that MeitY may have now withdrawn from the co-regulatory approach and by default will now act as a regulator for the industry[34].

The IT Rules as they stand would only be effective upon the designation of at least three SRBs. Hence, the framework introduced under the IT Rules is currently not in effect. The industry now awaits the next steps by MeitY.

In July 2023, a non-government organization (NGO) challenged the constitutional and legislative validity of the Gaming Amendments before the Delhi High Court[35]. It has been alleged in the petition that the Gaming Amendments go beyond the rule-making powers of the Information Technology Act ("IT Act"). MeitY, in response to the challenge submitted that the central government has the authority under Entry 31 of the Union List and the residuary powers vested with the central government to regulate matters like online gaming.

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[33]These changes were brought about through amendments to the Government of India (Allocation of Business) (Three Hundred and Seventieth Amendment) Rules, 2022 in December 2022. Available at: https://cabsec.gov.in/writereaddata/allocationbusinessrule/amendment/english/1_Upload_3515.pdf (last accessed February 15, 2024).

[34]See: https://indianexpress.com/article/india/meity-to-prepare-guidelines-soon-proposals-for-industry-body-rejected-centre-to-regulate-e-gaming-9156525/ (last accessed February 15, 2024).

[35]See: https://indianexpress.com/article/india/meity-to-prepare-guidelines-soon-proposals-for-industry-body-rejected-centre-to-regulate-e-gaming-9156525/ (last accessed February 15, 2024).

## II. Implementation of GST in online real money games

Goods and Services Tax ("GST") is a destination-based tax. While intra-state supplies are governed by central and state acts, i.e., Central Goods and Service Tax Act, 2017 ("CGST Act") and State Goods and Service Tax Act, 2017, inter-state supplies are governed by the Integrated Goods and Services Tax Act, 2017 ("IGST Act"). The CGST Act provides that GST shall be applicable to the supply of goods or services, which are provided or agreed to be provided, in the course or furtherance of business and for consideration.

The GST Council[36] in its 50th and 51st meetings recommended levying GST at the rate of 28% on the full face value of bets placed with online gaming operators. Consequently, certain amendments ("Amendments") were made to the Central Goods and Services Tax Act, 2017 ("CGST Act") and the Integrated Goods and Services Tax Act, 2017 ("IGST Act"). The Amendments have been made effective from 1 October 2023[37] . In addition to the Amendments, Rule 31B has also been introduced under the CGST Rules providing the mechanism for valuing supplies of online gaming ("Valuation Rules").

- **Online Money Gaming and Online Money Gaming Operators:** The Amendments have introduced a definition of 'online money gaming' to provide that the online games in which the players pay or deposit an amount with the expectation of winning rewards, regardless of whether (i) the outcome of the game is dependent on skill or chance, or (ii) such games are permissible under any law for the time being in force, would qualify as online money gaming ("OMG")[38]. The scope of OMG is made wide enough to include any game, scheme, competition, or any other activity or process, regardless of its legality or whether it is in nature of game of skill or game of chance. The definition of OMG also provides that the deposit by players may be in the form of money or money's worth or virtual digital assets ("VDA")[39].

- **Actionable Claims:** Under the CGST Act, goods have been defined to inter-alia include actionable claims, and services have been defined to inter-alia mean anything that falls outside the ambit of goods[40]. An actionable claim is inter-alia defined as a claim in debt, or a right to enforce a debt. The CGST Act relies on the definition of "actionable claim" as provided under Section 3 of the Transfer of Property Act, 1882[41].

  The Supreme Court's judgement in the case of Sunrise Associates vs. Government of NCT Delhi[42] had settled the law on the point that a lottery ticket qualifies as an actionable claim and is therefore not chargeable to sales tax under the Delhi Sales Tax Act, 1975 as the definition of "goods" under that Act excluded "actionable claims". The court held that:

  "A lottery ticket has no value in itself. It is a mere piece of paper. Its value lies in the fact that it represents a chance or a right to a conditional benefit of winning a prize of a greater value than the consideration paid for the transfer of that chance. It is nothing more than a token or evidence of this right…

  "The question is, what is this right which the ticket represents? There can be no doubt that on purchasing a lottery ticket, the purchaser would have a claim to a conditional interest in the prize money which is not in the purchaser's possession. The right would fall squarely within the definition of an actionable claim and would therefore be excluded from the definition of "goods" under the Sale of Goods Act and the sales tax statutes…"

  A transaction of gambling or betting is also similar to a purchase of a lottery ticket as the person placing the bet acquires a conditional right to win the prize, or in other words, a conditional interest in the prize money (which is not within his / her possession). Hence, it is likely for certain aspects of gambling and betting to also be construed as the supply of actionable claims.

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[36]The GST Council is a constitutional body responsible for making recommendations on issues related to the GST. Please see: https://gstcouncil.gov.in/gst-council (last accessed October 25, 2023).
[37]Notification No. 48/2023 – Central Tax and Notification No. 02/2023 – Integrated Tax dated 29th September 2023
[38]Section 2(80B) of the CGST Act
[39]Section 2(47A) of the Income-tax Act, 1961 defines VDA.
[40]Section 2(52) of the CGST Act defines goods and Section 2(102) of the CGST Act defines services.
[41]"a claim to any debt, other than a debt secured by mortgage of immovable property or by hypothecation or pledge of movable property, or to any beneficial interest in movable property not in the possession, either actual or constructive, of the claimant, which the civil courts recognize as affording grounds for relief, whether such debt or beneficial interest be existent, accruing, conditional or contingent."
[42](2006) 5 SCC 603.

Schedule III of the CGST Act specifies transactions that are neither considered as a supply of goods nor as a supply of service and are accordingly not subject to GST. Prior to the Amendments, actionable claims, other than lottery, betting, and gambling, formed part of Schedule III[43]. Therefore, the supply of actionable claims, other than actionable claims in relation to lottery, betting and gambling were not subject to GST. Considering the jurisprudence distinguishing skill-based games from lottery, betting and gambling, actionable claims in relation to betting and gambling were treated differently than actionable claims in relation to game of skill.

The CGST Act has been now amended to include a definition of 'Specified actionable claim' ("Specified AC"). Specified AC has been defined to include actionable claims involved in or by way of inter-alia betting, gambling or OMG[44].

Schedule III has now been amended to provide that supply of actionable claims other than Specified AC shall neither be considered as a supply of good nor a supply of service. Therefore, supply of Specified AC shall be considered to be subject to GST. Considering Specified AC includes actionable claims in relation to OMG, such supply shall be considered to be subject to GST.

Please note that in the erstwhile GST regime, an argument could have been made that online import of intangible goods such as intangible actionable claims should not be subject to integrated GST as the point of taxation for customs duty for the imports does not stand satisfied. In light of the recent Amendments discussed previously, the Indian government has the power to notify such intangible goods, import of which would be subject to GST irrespective of whether Indian custom frontiers are crossed or not. Since supply of OMG has been notified by the Indian government, import of such supplies should be leviable to GST.

- **Valuation Rules:** Valuation of taxable supplies is governed by section 15 of CGST Act which inter-alia provides that value of supply of goods or services shall be the transaction value, which is price actually paid or payable for the said supply of goods or service. However, section 15(5) of the CGST Act grants power to the Indian government to notify certain supplies for which valuation may be determined in a prescribed manner. By virtue of this provision, the Government has notified online gaming and OMG to be supplies for which value of supply may be determined in the prescribed manner[45]. Accordingly, Valuation Rules have been introduced for the purpose of determining the value of supply in case of online gaming including OMG.

  The Valuation Rules, inter alia, provide that the value of supply of online gaming, including supply of actionable claims involved in OMG, shall be the total amount paid or payable to or deposited with the supplier by way of money or money's worth, including VDA, by or on behalf of the player[46]. It is important to note that the Valuation Rules do not make a distinction between value of supply of goods and value of supply of services. It is further provided that any amounts refunded or returned by the supplier to the players (for any reasons whatsoever) will not be deductible from the value of supply of OMG.

  The rules also clarify that winnings redeployed by players, without withdrawing, shall not be considered as amount paid to the OMG operator and, therefore, should not be included in the value of supply[47].

- **OIDAR Services and Mandatory Registration for Offshore OMG Operators:** Online Information and Data Access or Retrieval ("OIDAR") services have been defined under the IGST Act[48] to mean the services whose delivery is mandated by information technology over the internet or an electronic network. Service providers providing OIDAR services to unregistered Indian users are required to register and discharge the GST liability arising from the supply of such services[49]. The Amendments have specifically excluded OMG from the meaning of OIDAR services. Therefore, operators qualifying as suppliers of OMG should not be considered as supplying OIDAR services.

[43]Entry 6 of Schedule III.
[44]Section 2(102A) of the CGST Act.
[45]Notification No. 49/2023 of the CGST Act dated September 29, 2023.
[46]Rule 31B of Central Goods and Services Tax Rules, 2017.
[47]Explanation to Rule 31B and 31C of Central Goods and Services Tax Rules, 2017.
[48]Section 2(17) of the IGST Act.
[49]Section 14(2) of the IGST Act.

However, despite the exclusion from OIDAR, the Amendments have cast an obligation on the offshore OMG operators to obtain mandatory registration under the simplified registration scheme and discharge GST on supply of OMG to persons in India. In case of failure to obtain such registration, the GST department may block any information generated, transmitted, received or hosted in any computer resource used for supply of OMG by such offshore OMG operator[50]. The Government has also issued an advisory specifying additional information in the GST registration forms that enable mandatory registration of offshore OMG operators and also enable to furnish information regarding supplies of OMG[51].

Prior to this amendment, several operators were taking an argument that supply of OMG, being import of an intangible actionable claim should not be subject to GST. This is because in the erstwhile regime, GST could not be levied on import of intangible goods (such as supply of actionable claims with respect to OMG) as it did not physically cross the customs frontiers of India. The Amendments, however, have granted power to the Indian government to notify such intangible goods to be subject to GST[52]. The Indian government has notified supply of OMG as goods (i.e., Specified AC) to be covered under such amendment, thereby, subjecting import of OMG to GST[53].

- **Tax Rate:** The GST rates schedule for goods ("Goods Schedule") prescribes an entry for an actionable claim in the form of chance to win in betting and gambling, including horse racing, to be taxable at a rate of 28%. This has been amended to include Specified AC as goods which shall be taxable at a rate of 28%.

  Further, gambling has been identified as a service taxable at 28% under the GST rates schedule for services ("Services Schedule"). Therefore, services in relation to gambling should be taxable at 28%. Services in relation to non-gambling activities should be taxable at 18%. No amendment has been made to the Services Schedule.

- **Registration:** As per the Amendment Acts, offshore OMG operators shall be required to obtain mandatory registration under the Simplified Registration Scheme and discharge their GST liabilities accordingly. The Simplified Registration Scheme allows the non-resident operator to obtain a single registration (instead of multiple registrations for supply in different states). In the absence of such registration, the GST department may block any information generated, transmitted, received, or hosted in any computer resource used for supply of OMG by such offshore OMG operator.

### III. High Courts grant stay on Show Cause Notices issued by GST authorities to several online gaming operators

In the Gameskraft case, the Karnataka High Court[54] quashed a GST demand of INR210 billion by holding that the buy-in amount received by the rummy operator, being a game of skill, should not be subject to GST at a rate of 28%. The GST department contested this decision in the Supreme Court of India[55], where a three-judge bench granted an ad-interim stay on the Karnataka High Court's order.

Following this development, the GST department-initiated assessments on numerous online gaming operators by issuing show-cause notices. These show-cause notices have been challenged by online gaming operators before various jurisdictional high courts. While various courts such as the Bombay High Court[56], Sikkim High Court[57], and Gujarat High Court[58] have granted a stay on the proceedings initiated by the GST department, the Punjab and Haryana High Court[59] has granted a stay on recovery of demand.

E-Gaming Federation and Head Digital Works[60] also approached the Supreme Court challenging the provisions of CGST 2017 and the retrospective application of GST provisions where their matter was consolidated with the Gameskraft case. The consolidated matter is listed for hearing on 2 April 2024.

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[50] Section 14A(3) of the IGST Act.
[51] Please see: https://www.gst.gov.in/newsandupdates/read/609 (last accessed October 25, 2023).
[52] Proviso to Section 5(1) of the IGST Act.
[53] Notification No. 03/2023 – Integrated Tax.
[54] Gameskraft Technologies vs Directorate General of Goods, Services Tax Intelligence (2023 SCC OnLine Kar 18).
[55] Special Leave to Appeal (C) No(s).19366- 19369/2023
[56] M/s. Playersportz Media Pvt. Ltd. (WP(L) 31946/2023), Sachar Gaming Pvt. Ltd. (WP(L) 31216/2023), Delta Corp Ltd. (WP 715 / 2023)
[57] Delta Corp Ltd. (WP(C) 41 / 2023)
[58] Nxgn Sports Interactive (Pvt.) Ltd. (19183 of 2023, 19243 of 2023)
[59] Probo Media Technologies (Pvt.) Ltd. (WP(C) 11446 / 2023), M/s Joy Plus Technology (Pvt.) Ltd. (CWP – 28011 / 2023)
[60] WP(C) 001374 / 2023

## IV. Bombay High Court clarifies that FDI in gaming entities offering games without real-money rewards would not amount to gambling

In January 2023, the Bombay High Court[61] in the case of Play Games 24x7 Pvt. Ltd. vs. Reserve Bank of India held that foreign investments in entities offering (i) games of skill, and (ii) games with no real-money rewards, do not amount to gambling. The petitioner had been periodically receiving FDI during the period of 2006 to 2012 and had begun offering Ultimate Teen Patti and Call it Right (the "Impugned Games") after this period. The petitioner had delayed complying with the reporting requirements for FDI received by them, and this required the filing of a compounding application to the Reserve Bank of India.

The RBI directed the petitioner to approach the Department for Promotion of Industry and Internal Trade (DPIIT) to seek clarification on the petitioner's eligibility to receive FDI. The petitioner did not receive clarification for eight years and hence filed a writ petition before the Bombay High Court seeking directions to the RBI to consider and decide the petitioner's application for the compounding of such non-compliance. The DPIIT was also made a respondent in the petition.

In the affidavit filed by DPIIT, it raised an issue in relation to the Impugned Games on the ground that they are games of chance and therefore amount to gambling, which is a prohibited sector for FDI. The Bombay High Court analyzed past Supreme Court judgments to decide whether the Impugned Games amounted to gambling; and held that for a game to amount to gambling, it must be (i) predominantly of chance, and (ii) played for a reward. Accordingly, the Bombay High Court directed the RBI to expeditiously hear and decide on the petitioner's application for compounding of FDI-related compliances.

## V. Madras High Court struck down the prohibition on online games of skill

Tamil Nadu enacted the Tamil Nadu Prohibition of Online Gambling and Regulation of Online Games Act, 2023 effective on 10 April 2023 ("Tamil Nadu Act"). The Tamil Nadu Act prohibited offering, playing, and advertising online gambling or games of chance with stakes, which include games that:

- Have elements of chance and skill and the element of chance dominates over the element of skill; or
- Require superlative skill to dominate chance; or
- Are presented as involving an element of chance; or
- Involve any element of random event generation (e.g., cards, dice, or wheel).

Games of poker and rummy were also sought to be prohibited through the Schedule to the Tamil Nadu Act.

Owing to the broad and blanket prohibitions imposed by the Tamil Nadu Act, the All India Gaming Federation[62], Gameskraft Technologies Private Limited[63], Play Games 24x7 Private Limited[64], Head Digital Works Private Limited[65], and Junglee Games India Private Limited[66] filed various writ petitions before the Madras High Court, stating that provisions of the Act are unconstitutional. Owing to the similar prayers in such writ petitions, the Court clubbed them and heard the arguments collectively. On 9 November 2023, the High Court of Madras struck down the prohibition on rummy and poker as unconstitutional. The High Court also held that the prohibitions under the Tamil Nadu Act were to be read to apply to only games of chance, and not games of skill.

The state government had filed an appeal against the High Court's order before the Supreme Court, which is still pending.

[61] Play Games 24x7 Pvt. Ltd. v Reserve Bank of India & Anr., WP No. 3047/2022
[62] W.P.No.13203 of 2023.
[63] W.P.No.13593 of 2023.
[64] W.P.No.13720 of 2023.
[65] W.P.No.13722 of 2023.
[66] W.P.No.14704 of 2023.

### VI. Enforcement actions

In early 2023, MeitY blocked 138 betting and gambling sites and apps by offshore operators offering sports betting[67], and 94 loan apps that were allegedly involved in harassment of the respective borrowers, misuse of customer data and money laundering[68] among other things. Some of the lending apps were able to get unblocked after the entities/individuals submitted relevant documents to show their compliance with the regulatory requirements[69].

Subsequently, in April 2023, it was reported[70] that MeitY is planning to issue blocking orders to FinTech and payment companies which allow access to payment gateways for online games that are prohibited under the law.

In November 2023, MeitY issued blocking orders against several other offshore online betting and casino platforms following investigations conducted by the Enforcement Directorate ("ED") and raids[71].

In August 2023, MeitY issued advisories to social media platforms, intermediaries, digital media platforms, etc., advising them against the depiction of advertisements of online sports betting platforms, and surrogate advertisements for offshore sports betting platforms in the guise of sports news websites[72].

Several Indian Central regulators have been taking enforcement action against offshore betting/gambling platforms offering prohibited products in India which do not comply with the requirements under State gambling laws, foreign exchange laws, and which appear to be evading taxes.

## Intellectual property

### I. Bombay High Court reaffirmed that internet broadcasting platforms are not covered within the scope of Section 31D of the Copyright Act, 1957

Since 2016, there has been an effort by government departments[73] to bring internet broadcasters under the ambit of Section 31D of the Copyright Act, 1957 ("Copyright Act"). In 2021, the report of the Parliamentary Standing Committee on Review of the Intellectual Property Rights Regime in India (Report No. 161) suggested an amendment to Section 31D of the Copyright Act to bring a level playing field for traditional and internet broadcasters. However, no such amendments were made.

In October 2022 (order published in 2023), a division (two-judge) bench of the Bombay High Court[74] in Wynk Ltd. and Anr. vs. Tips Industries Ltd ("Wynk Judgment") affirmed its previous holding of a single judge in 2019[75] ("2019 Order"), that statutory licenses under Section 31D of the Copyright Act are restricted to traditional non-internet-based radio and television broadcasting and performances alone, and that the provision has no application to any internet-based offering. This implied that Section 31D, which prescribes fixed royalty rates for broadcasting of literary works, musical works, and sound recordings, only applied to broadcasting through radio and television services and not internet-based platforms. Accordingly, internet-based platforms are required to obtain licenses through a traditional negotiation process and payment of agreed royalties with the owners of the copyright or the copyright societies for the relevant works.

[67]See: https://indianexpress.com/article/business/centre-blocks-more-than-200-offshore-gambling-predatory-loan-platforms-8425995/ (last accessed February 15, 2024).
[68]See: https://www.cnbctv18.com/technology/lazypay-digital-lending-apps-blocked-china-ties-security-concerns-meity-meeting-15869481.htm (last accessed February 15, 2024).
[69]See: https://www.livemint.com/news/india/meity-revokes-ban-against-some-digital-lending-platforms-details-11676022459871.html (last accessed February 15, 2024).
[70]See: https://economictimes.indiatimes.com/tech/technology/payment-gateway-access-may-be-blocked-for-vetoed-online-games/articleshow/99540634.cms?from=mdr (last accessed February 15, 2024).
[71]See: https://g2g.news/gaming/meity-issues-blocking-orders-against-22-illegal-betting-apps-websites-including-mahadev-book/ (last accessed February 15, 2024).
[72]See: https://www.financialexpress.com/business/brandwagon-mib-issues-advisory-on-advertisement-of-online-betting-platforms-in-sporting-events-3222665/ (last accessed February 19, 2024)
[73]DPIIT Memorandum stating that internet broadcasting platforms are covered by Section 31D of the Copyright Act. See: https://dpiit.gov.in/sites/default/files/OM_CopyrightAct_05September2016.pdf.
[74]Wynk Ltd. & Anr. vs Tips Industries Ltd., Commercial Appeal No. 424 of 2019.
[75]Tips Industries Ltd. vs Wynk Music Ltd. & Anr., Notice of Motion (L) No. 197 of 2019 in Commercial Suit (L) No. 114 of 2018.

## II. Bombay High Court grants dynamic injunction against Instagram accounts

In May 2023, the Bombay High Court[76] in the case of Applause Entertainment Private Limited vs. Meta Platforms Inc. and others granted a dynamic injunction against a set of Instagram accounts through which "substantial parts" of the plaintiff's web series were being published. The plaintiff in the present case was the owner of the copyrighted work, i.e., the web series "Scam 1992: The Harshad Mehta Story," which was based on the book "The Scam." The plaintiff claimed that the clips from their work were used by the defendants in relation to their business and to generate revenue. The plaintiff also contended that the defendants could be using rogue or fake identities to operate the Instagram accounts in question.

The Bombay High Court observed that a strong prima facie case existed in favor of the plaintiff, and how the feature of the web series on any other platform apart from the licensed arrangement with the respective OTT platform would amount to a violation of the copyright in the said web series. The Court also agreed to the plaintiff's contention regarding Instagram users adopting different identities to perpetuate the infringing activities and hence granted an ex-parte ad-interim relief in the form of a dynamic injunction.

## III. Delhi High Court holds that the use of publicly available information to create NFTs does not infringe on publicity rights

In April 2023, the Delhi High Court[77] in the case of Digital Collectibles Pte Ltd and Ors. vs. Galactus Funware Technology Pvt Ltd and Anr. held that the right to publicity is not absolute and cannot infringe on the fundamental right to freedom of speech and expression under Article 19(1)(a) of the Constitution of India. The Delhi High Court also noted certain exceptions apply to the right to publicity, like lampooning, satire, parodies, art, scholarship, music, academics, news, etc.

In the present case, the plaintiff, Digital Collectible Pte Ltd. ("Rario"), had been offering "digital player card" in the form of non-fungible tokens ("NFTs") of Cricketers that could be bought, sold, or traded by users on petitioner's online marketplace. These cards contained names, photographs, and other personality attributes of players obtained by exclusive license agreements executed with such players. The defendants, Galactus Funware Technology Private Limited (Mobile Premier League or "MPL") offered similar digital cards, but with limited information such as players' names/initials and an artistic rendition of the player's image. Unlike Rario, there was no formal agreement between MPL and the players. Further, both parties used these cards in their game formats.

The Delhi High Court held in favor of MPL that MPL's fantasy sports game format consists of Digital Player Cards with only publicly available information of all players, there is no confusion that the MPL fantasy sports game format is endorsed by any particular player. The Court held that, moreover, the use of name, image, and on-field performance statistics of a player in fantasy sports game formats online would be protected speech under Article 19(1)(a). The matter is currently under appeal, and therefore has not achieved finality.

[76]Applause Entertainment Private Limited vs Meta Platforms Inc. and others, Commercial IP Suit (Lodging) No. 10238 of 2023.
[77]Digital Collectibles Pte Ltd and Ors. vs Galactus Funware Technology Pvt Ltd and Anr. CS (Comm) 108/2023

## Consumer protection

### I. Guidelines on Prevention and Regulation of Dark Patterns, 2023

The Central Consumer Protection Authority ("CCPA") has issued the Guidelines on Prevention and Regulation of Dark Patterns, 2023[78] ("Guidelines") in exercise of its powers under Section 18 of the Consumer Protection Act, 2019 to issue guidelines to prevent unfair trade practices and protect consumers' interest. The Guidelines are applicable to all the platforms that systematically offer goods or services in India, advertisers, and sellers, including Indian and foreign platforms who systematically offer goods or services[79].

The Guidelines define dark patterns as "practices or deceptive design patterns using user interface or user experience interactions on any platform that is designed to mislead or trick users to do something they originally did not intend or want to do, by subverting or impairing the consumer autonomy, decision making or choice, which amounting to misleading advertisement or unfair trade practice or violation of consumer rights[80]." Therefore, a practice will be considered a dark pattern only if a practice amounts to a misleading advertisement[81] or unfair trade practice[82] or violation of consumer rights[83] as defined under the Act AND fulfills the other requirements of the above definition. Such dark patterns are prohibited[84]. The Guidelines provide a list of specified dark patterns for guidance of the industry and consumers in the Annexure [85,86].

For example, "False Urgency" refers to falsely stating or implying the sense of urgency or scarcity so as to mislead a user into making an immediate purchase or take an immediate action, which may lead to a purchase. This false sense of urgency can be created by showing the false popularity of a product or a service or stating that quantities are limited in stock. Another dark pattern specified in the Annexure is "Subscription Trap" which refers to (i) process of making cancellation of a paid subscription process impossible or complex and lengthy process, or (ii) hiding the cancellation option for a subscription, or (iii) forcing a user to provide payment details and/or authorization for auto debits for availing a free subscription, or (iv) making the instructions related to cancellation of subscription ambiguous, latent, confusing, cumbersome. There are other specified dark patterns as well, such as basket sneaking, interface interference, drip pricing, constituting 10 specified dark patterns in total. However, the Annexure contains clarificatory language that the specified dark patterns and illustrations listed are only for guidance purposes and do not constitute an interpretation of law, binding opinion, or decision.

As stated above, the definition of "dark pattern" clarifies that any act is a dark pattern only if it amounts to a misleading advertisement, unfair trade practice or violation of consumer rights[87]. Therefore, penalties will be applicable only if a dark pattern is found to qualify as misleading advertisement, unfair trade practice or violation of consumer rights.

The Guidelines will be applicable to all online platforms and websites, including OTT platforms. Some of the specified dark patterns such as "subscription trap" are likely to affect subscription models of such platforms.

### II. Guidelines for health influencers

The Ministry of Consumer Affairs has issued Additional Guidelines for celebrities, influencers and virtual influencers in the field of health and wellness[88] ("Influencer Guidelines"). The press release accompanying the Influencer Guidelines states that they are an extension to the Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022. The Influencer Guidelines aim to prevent misleading advertisements, unsubstantiated claims and ensure transparency in health and wellness endorsements by celebrities, influencers and virtual influencers.

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[78]Available at: https://consumeraffairs.nic.in/sites/default/files/file-uploads/latestnews/Draft%20Guidelines%20for%20Prevention%20and%20Regulation%20of%20Dark%20Patterns%202023.pdf (last accessed on February 20, 2024).
[79]Guideline 3 of the Guidelines.
[80]Guideline 2(e) of the Guidelines.
[81]Section 2(28) of the Act defines "misleading advertisement" in relation to any product or service as "an advertisement, which– (i) falsely describes such product or service; or (ii) gives a false guarantee to, or is likely to mislead the consumers as to the nature, substance, quantity or quality of such product or service; or (iii) conveys an express or implied representation which, if made by the manufacturer or seller or service provider thereof, would constitute an unfair trade practice; or (iv) deliberately conceals important information."
[82]Section 2(47) of the Act defines "unfair trade practice" as "a trade practice which, for the purpose of promoting the sale, use or supply of any goods or for the provision of any service, adopts any unfair method or unfair or deceptive practice including any of the following practices" and lists out an exhaustive list of practices which are considered as unfair trade practices (available at: https://www.indiacode.nic.in/bitstream/123456789/15256/1/a2019-35.pdf) (last accessed on February 20, 2024).
[83]Section 2(9) of the Act refers to "consumer rights" which includes "(i) the right to be protected against the marketing of goods, products or services which are hazardous to life and property; (ii) the right to be informed about the quality, quantity, potency, purity, standard and price of goods, products or services, as the case may be, so as to protect the consumer against unfair trade practices; (iii) the right to be assured, wherever possible, access to a variety of goods, products or services at competitive prices; (iv) the right to be heard and to be assured that consumer's interests will receive due consideration at appropriate fora; (v) the right to seek redressal against unfair trade practice or restrictive trade practices or unscrupulous exploitation of consumers; and (vi) the right to consumer awareness."
[84]Guideline 4 of the Guidelines.
[85]Guideline 5 of the Guidelines.
[86]Guideline 2(i) of the Guidelines.
[87]Guideline 2(e) of the Guidelines.
[88]Available at: https://consumeraffairs.nic.in/sites/default/files/file-uploads/latestnews/Additional%20Influencer%20Guidelines%20for%20Health%20and%20Wellness%20Celebrities%2C%20Influencers%20and%20Virtual%20Influencers.pdf (last accessed on February 20, 2024).

For celebrities/ influencers/ virtual influencers (such as robot or computer graphics generated avatars/ profiles) posing themselves as health experts who are sharing any information, promoting products or services, or making health related claims must provide a disclaimer at the time of such endorsements. Following are some of the key features and obligations of the Influencer Guidelines:

- The requirement of disclosure is necessary for sharing information or making claims on topics such as health advantages, relating to food items and nutraceuticals, disease prevention, treatment or cure, medical conditions, recovery methodologies or immunity boosting, etc.
- The disclaimer should state that their content should not be seen as a substitute for professional medical advice, diagnosis or treatment. Further, celebrities/ influencers/ virtual influencers must encourage their audience to seek advice from healthcare professionals before making any significant alterations to their diet, exercise or medication routines.
- The Influencer Guidelines provides certain approaches on how to clearly communicate these disclosures to the audience without altering the overall creative presentation of their content.

It encourages influencers to conduct a review of the products which they are promoting and must ensure that they are in a position to substantiate the claims made before endorsing a product or service. It also provides a general exemption for sharing general wellness and health advice such as stay hydrated, get enough sleep, avoid excessive screen time, exercise regularly, etc., which does not promote specific products or services, or does not target specific health conditions are exempt from these regulations.

## III. ASCI Guidelines for Influencers

The Advertising Standards Council of India ("ASCI") has also introduced Guidelines for Influencer Advertising in Digital Media[89] ("Guidelines") in August 2023.

The Guidelines are applicable to all the influencers and virtual influencers who have a material connection with an advertiser. An influencer is defined as someone who has access to an audience and the power to affect their audiences' purchasing decisions or opinions about a product, service, brand or experience, because of the influencer's authority, knowledge, position, or relationship with their audience. The Guidelines also define virtual influencers as fictional computer generated 'people' or avatars who have the realistic characteristics, features and personalities of humans, and behave in a similar manner as influencers.

"Material connection" has been defined as any connection between an advertiser and an influencer that may affect the weight or credibility of the representation made by the influencer. It can include benefits or incentives such as monetary or other forms of compensation, free products with/ without any condition to include those received unsolicited, discounts, gifts, contest or sweepstake entries, trips/ hotel stays, etc. If such a material connection can be established, then disclosures are required.

The Guidelines introduce disclosure requirements and due diligence obligations for influencers in certain scenarios:

- Social media influencers having a material connection (not limited to monetary compensation, discounted/ free samples are also included) between the advertiser and the influencer must display a disclosure label on their accounts which clearly identifies their content as advertisements, irrespective of whether evaluation is unbiased or fully originated by the influencer.
- Disclosures should be placed in a manner which are hard to miss. The Guidelines further suggest that influencer's own disclosures should be considered in addition to the platform's disclosure tools.

[89]Available at: https://www.ascionline.in/wp-content/uploads/2023/08/GUIDELINES-FOR-INFLUENCER-ADVERTISING-IN-DIGITAL-MEDIA.pdf (last accessed on February 20, 2024).

- Advertisements such as Instagram stories or Snapchat where the advertisement is 15 seconds long or less, disclosures have to be at least on screen for three seconds. For longer advertisement videos up to two minutes, the disclosure should remain for at least 1/3rd of the length of the video. For advertisements which are longer than two minutes, the disclosure should remain for the entire duration of the video. For livestreams, the disclosure must be announced at the beginning and at the end of the broadcast. Similarly, for audio media (such as podcasts), the disclosure must be announced at the beginning and end of the audio, and before and after every break taken in between.
- Several labels have been recommended as permitted disclosure labels such as "Ad", "Advertisement", "Sponsored", "Collaboration" and "Partnership", etc., along with the existing disclosures tags on Instagram and YouTube.
- Influencers are also advised to review and satisfy themselves that advertisers are in a position to substantiate the claims made in the advertisements.
- Virtual influencers (such as robot or computer graphics generated avatars/ profiles) should prominently disclose that its audience is not interacting with a real human being.
- There are specific obligations for health and financial influencers (influencers in the field of Banking, Financial Services and Insurance ("BFSI"). It states that influencers must have the necessary qualifications and certifications in order to provide such information and advice to customers. Financial influencers must have suitable qualifications such as SEBI registration number (for providing advice in stocks and investments, IRDAI insurance license, Chartered Accountant, Company Secretary, etc.
- There are additional obligations for influencers related to health and nutrition, influencers must be having appropriate medical/ professional training depending on the nature of advice being provided by such medical professional. Further, the influencer must disclose such qualifications and registration/ certification details prominently in videos (by prominently superimposing and upfront remarks), blogs/ text-based posts (by stating upfront before the audience reads the post) and audio formats such as podcasts (by calling out at the beginning of the advertising content).

## IV. Endorsement "Know-Hows" for social media influencers

The Department of Consumer Affairs has released a guide "Endorsement Know-Hows!" for celebrities, influencers and virtual influencers highlighting the requirements of disclosing material connection and the due diligence requirement as provided in the Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022**("Misleading Ads Guidelines")**[90].

Celebrities/influencers/virtual influencers ("Influencers") are required to disclose a material connection (includes monetary compensation, free or discounted products, hotel stays, media barters, etc.) with an advertiser which affects the weight or credibility of the representation made. The guide provides how such disclosures must be made. The disclosures need to be simple and clear and in the same language as endorsement. Terms such as "advertisement", "ad", "sponsored", "paid promotion" or "paid" is allowed to signify endorsement.

Further, the guide also reminds Influencers of their obligation to conduct due diligence as provided for in the Misleading Ads Guidelines. The guide does not introduce any new obligations that are not present in the Misleading Ads Guidelines. However, it provides important guidance to influencers on how to ensure compliance.

[90]Available at: https://consumeraffairs.nic.in/sites/default/files/filefield_paths/Endorsement_Know-Hows.pdf (last accessed on February 20, 2024).

## V. Changes in the Criminal Law Regime

The Bhartiya Nayaya Sanhita, 2023 ("BNS") is set to replace the Indian Penal code, 1860 ("IPC") after more than 160 years of the latter's existence. The BNS received presidential assent on 25 December 2023 but is yet to be enforced[91]. While most of the provisions of the IPC have been retained, BNS has streamlined and consolidated these provisions and their arrangement. Some of the key considerations from a media and entertainment perspective are as follows:

- There have been growing instances of virtual assault including sexual assault reported over metaverse and other virtual reality platforms, across jurisdictions[92]. While the IPC provisions do not seem to apply to sexual assault in the virtual context, the BNS has expanded the provision on acts intended to outrage modesty of women[93]. It has a wider scope as it includes any act, gesture, exhibition of object in 'any form' that is intended to insult modesty of a woman. This may be interpreted to include acts intended to insult the modesty of a woman even in virtual or digital spaces.
- The BNS has also expanded the provision on obscenity to include display of obscene material in online form through electronic mode[94]. This is currently overlapping with the provisions under the IT Act.
- The offence of sedition has been deleted in the BNS. Instead, the BNS has introduced an offence wherein any act endangering sovereignty, unity and integrity of India[95] that includes any visible representation and electronic communication among other means through which such act can be committed. It remains to be seen how broad the interpretation of this provision will be, although the intent appears to be to dilute the erstwhile offence of sedition which was alleged to be abused by certain governments. The interpretation would have a significant impact on the nature of content which will be permitted in films, series, social media, etc.
- The BNS has expressly included "electronic communications" as a means through which certain offences can be committed, such as acts endangering sovereignty, unity and integrity of India, hate speech, etc. This provides express language that such content in online mode (whether on social media platforms, chats, etc.) would also be covered within the scope of these offences.

# Deepfakes regulation

## I. Existing laws

Given the increasing instances of deepfake content in 2023, the Ministry of Electronics and Information Technology has repeatedly reiterated its commitment to addressing the concerns around deepfakes:

- On 21 February 2023, MeitY issued a letter to social media platforms advising them to disable access to deepfake imagery within 24 hours of being notified of the same by users. This is in line with Rule 3(2)(b) of the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 ("IT Rules")[96].
- On 7 November 2023, MeitY issued an advisory[97] to social media platforms to exercise due diligence and remove deepfakes content within 36 hours of reporting by a government authority (this is separate from the 24-hour requirement of takedown upon being notified by users of artificially morphed content/ content in violation of privacy). The advisory further encouraged complainants to file First Information Reports and avail the remedies under the Information Technology Act, 2000 ("IT Act")[98].
- On 26 December 2023, MeitY issued another advisory requiring intermediaries to update their terms of service and user agreements with the prohibitions (especially around deepfakes) under Rule 3(1)(b) of the IT Rules and periodically remind users of the same, including at every instance of log-in and posting[99].
- MeitY also held several meetings with intermediaries on the deepfakes threat, specifically on detection of deepfakes, prevention of their spread, strengthening reporting mechanisms, and generating awareness. In one of the meetings, they confirmed the imminent appointment of a nodal officer under Rule 7 of the IT Rules for reporting non-observance of the IT Rules[100].
- Owing to lack of sufficient action on the advisories, in November[101] and again in January 2024[102] the regulator announced their plan to draft new regulations or amend existing laws (specifically the IT Rules) to address deepfakes. The expected amendment to the IT Rules will explicitly define deepfakes, provide criminal liability and a mechanism for victims or those with knowledge of deepfakes content to file complaints, and permitted the blocking of accounts of violators[103].

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[91] Available at: https://consumeraffairs.nic.in/sites/default/files/filefield_paths/Endorsement_Know-Hows.pdf (last accessed on February 20, 2024).
[92] See https://www.thehindu.com/news/national/three-bills-to-replace-british-era-criminal-laws-get-presidents-assent/article67674266.ece#:~:text=President%20Draupadi%20Murmu%20on%20December,cleared%20by%20Parliament%20last%20week (last accessed February 12, 2024).
[93] See https://www.forbes.com/sites/bernardmarr/2024/01/16/the-metaverse-and-its-dark-side-confronting-the-reality-of-virtual-rape/?sh=22605962b66b (last accessed February 12, 2024).
[94] Section 79 of BNS.
[95] Section 294(1) of BNS.
[96] Section 152 of BNS.
[97] See https://economictimes.indiatimes.com/tech/technology/weed-out-deep-fakes-meity-tells-social-platforms/articleshow/98131043.cms?from=mdr (last accessed on Feb 9, 2024)
[98] See https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1975445#:~:text=%E2%80%9CFor%20those%20who%20find%20themselves,Minister%20said%20while%20summing%20up (last accessed on Feb 9, 2024)
[99] See https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1990542 (last accessed on Feb 9, 2024)
[100] See https://www.pib.gov.in/PressReleseDetail.aspx?PRID=1979506 (last accessed on Feb 9, 2024).
[101] See https://www.businesstoday.in/technology/news/story/ashwini-vaishnaw-on-deepfake-menace-govt-considering-penalties-on-both-creator-and-platform-406830-2023-11-23 (last accessed on Feb 9, 2024)
[102] See https://www.hindustantimes.com/india-news/deepfakerelated-rules-in-7-10-days-govt-to-tech-firms-101704997856911.html (last accessed on Feb 9, 2024)
[103] See https://www.tribuneindia.com/news/india/deepfake-akin-to-forgery-under-new-it-rules-notification-in-week-581864 (last accessed on Feb 9, 2024)

## II. Delhi High Court takes action against deepfakes

On 20 September 2023, the Court in the case of Anil Kapoor vs. Simply Life India and Ors.[104] granted an ex-parte injunction in favor of Anil Kapoor, a reputed Bollywood actor, restraining the defendants, or anyone acting on their behalf from inter alia misusing the name, likeness, image, voice and other attributes of Anil Kapoor's persona to create any merchandise, videos, photographs or other commercial purposes.
In this case, Anil Kapoor had sought reliefs for inter alia violation of his personality rights and common laws rights including passing off, dilution and unfair competition. He had alleged that his name and persona have immense commercial value and are liable to be protected against misuse and tarnishment. The Court, in a novel move, clarified that misuse includes through technological tools such as artificial intelligence, machine learning, deepfakes etc. to create photos, videos etc., either for monetary gain or otherwise. This is the first instance of an Indian court granting relief for breach of personality rights specifically through the use of technology such as deepfakes.

**Gowree Gokhale**

*Leader and Head to Technology, Telecom, M&E practice*

[104] CS(Comm) 652/2023 and I.A. 18237/2023-18243/2023

# AI in M&E

## AI can provide an INR450 billion boost to the Indian M&E sector by 2027

*This section is based on a survey of M&E CXOs and independent research by EY*

The M&E sector has always been an enthusiastic adopter of technology. AI – and especially Gen AI - gives it the tools the sector has always dreamed of, and can result in a 10% revenue growth and 15% cost efficiency.

**65%**
M&E CXOs say their companies have initiated AI projects or plan to within the next 12 months

**65%**
M&E CXOs believe that Gen AI would help in revenue acceleration

**45%**
of M&E CXOs claim that CEOs are driving the Gen AI agenda

**85%**
were looking at external technology providers to enable implementation

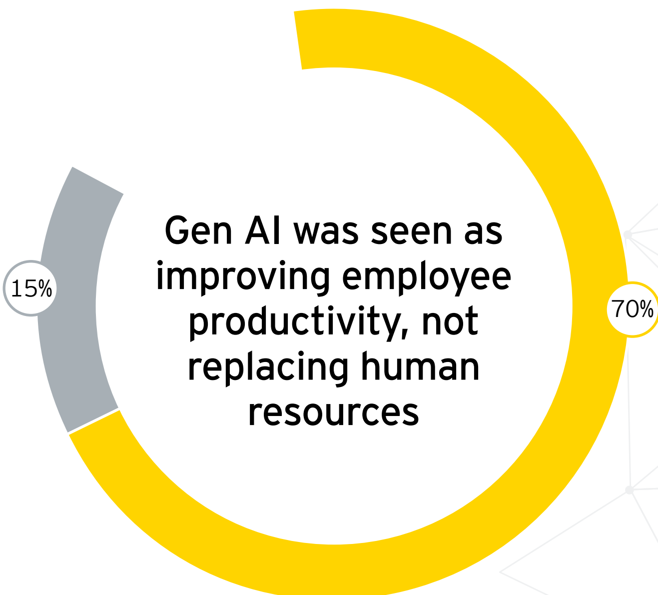
**85%**
believe that Gen AI would help drive innovation, with the biggest impact across

**90%**
Content development

**65%**
Product development

**60%**
Customer experience

believe it would result in job displacement




believe that Gen AI would amplify existing workforce potential as new opportunities emerge

## Gen AI use cases across the M&E value chain

| | Value chain components | | |
|---|---|---|---|
| | **Content creation** | **Content acquisition** | **Content distribution** |
| **Video** | ▶ Storyboard creation<br>▶ Scene layout descriptions<br>▶ Virtual characters/ set design<br>▶ Background score composition<br>▶ Automatic editing/ special effects | ▶ Automated video metadata analysis and categorization<br>▶ Content licensing rights management<br>▶ Dynamic video aggregation based on trending topics, user preferences, and real-time events | ▶ Smart scheduling for platforms<br>▶ Content localization |
| **Music** | ▶ Personalized song generation/ modification<br>▶ Automatic melody/ harmony creation<br>▶ Real-time sound design<br>▶ Dynamic soundtracks for content<br>▶ Music composition assistance (versions, treatments, vocal alternatives) | ▶ Automatic music summarization<br>▶ Automated artist ranking and royalty pay-outs | ▶ Customized promotion tools<br>▶ Personalized artist marketing |
| **Print/ text** | ▶ Writing assistance/ auto templatization<br>▶ Automated article generation<br>▶ Personalized news generation/ summaries<br>▶ Creative content formatting<br>▶ Style harmonization | ▶ Topic led news feed aggregation, automated content curation<br>▶ Dynamic headline generation, article summarization<br>▶ Perspectives for different audiences | ▶ Content translation<br>▶ Image generation from photo libraries<br>▶ Infographic design<br>▶ Real-time news alerts<br>▶ Customized e-reader experiences<br>▶ Auto creation and formatting for different media vehicles |
| **Gaming** | ▶ Level design and character creation<br>▶ Dynamic storylines, narrative arcs and quests<br>▶ Procedural content/ world generation<br>▶ AI-composed sound effects/ music<br>▶ AI-powered opponents and NPCs | ▶ Automated game asset analysis and categorization<br>▶ Automated digital assets creation and model training | ▶ Cloud-based gaming platforms<br>▶ Personalized game discovery tools<br>▶ Cross-platform game streaming<br>▶ Nuanced character skinning, content translation, theme change for multi-cultural appeal |
| **Sports** | ▶ Personalized commentary<br>▶ Automated highlights<br>▶ Virtual replays/ simulations<br>▶ Real-time performance analysis | ▶ Content acquisition identification<br>▶ Dynamic content aggregation based on popularity and real-time trends<br>▶ Content highlights based on game prediction models | ▶ Interactive VR/ AR sports experiences (play-along)<br>▶ Assistance in performance prediction<br>▶ Dynamic camera angles |

| | Value chain components (continued) | | Ancillary services | |
|---|---|---|---|---|
| | **Content discovery and user experience** | **Monetization** | **Support services*** | **Advertising and sales operations** |
| **Video** | ▶ Personalized recommendations<br>▶ Interactive video branching based on choices | ▶ Dynamic ad insertion<br>▶ Dynamic pricing based on viewer engagement<br>▶ Targeted microtransactions<br>▶ Personalization of subscription plans | ▶ Chatbots for viewer support<br>▶ Automated content moderation<br>▶ Copyright infringement detection | ▶ Ad campaign optimization and budget allocation<br>▶ Personalized video ad retargeting and cross-platform advertising<br>▶ Real-time performance analytics and reporting |
| **Music** | ▶ Smart playlists based on mood/ preferences/ genre<br>▶ Artist/ song recommendation and discovery<br>▶ "Ask me anything" interactions around artists and content | ▶ Custom transactions for personalized packages<br>▶ Dynamic pay-per-view concerts<br>▶ Personalized subscription tiers<br>▶ Text-to-podcast content creation | ▶ Copyright infringement detection<br>▶ Automated music metadata tagging<br>▶ Content moderation for children | ▶ Music ad campaigns and artist endorsements<br>▶ Ad insertion within playlists<br>▶ Real-time music streaming analytics and campaign performance measurement |
| **Print/ text** | ▶ Smart algorithms for personalized article recommendation<br>▶ Multilingual content discovery<br>▶ Summaries and curated digital libraries<br>▶ Perspective-based search<br>▶ Image-based search | ▶ Pay-per-article model<br>▶ microtransactions for exclusive content<br>▶ Targeted advertising based on reader preferences | ▶ Fact-checking tools<br>▶ Plagiarism detection<br>▶ Automated content indexing/ tagging<br>▶ Content policy compliance | ▶ Print ad creation/ layouts<br>▶ Real-time campaign analytics<br>▶ Contextual ad placements<br>▶ Safe ad placement |
| **Gaming** | ▶ Personalized in-game recommendations<br>▶ AI-powered level guides/ walkthroughs<br>▶ Automated leader boards and achievements | ▶ In-game microtransactions for virtual items/ skins<br>▶ Dynamic pricing based on player engagement<br>▶ Personalized subscription models | ▶ Game balancing<br>▶ Automated bug detection/ fix<br>▶ Real-time support chatbots | ▶ Targeted in-game and cross-platform advertising<br>▶ Real-time player behavior insights for optimized ad campaigns |
| **Sports** | ▶ Personalized sports feeds based on favorite teams/ players<br>▶ Automated fantasy sports team management stats for users | ▶ Microtransactions for exclusive sports content/ highlights<br>▶ Dynamic pricing for live sports events<br>▶ Personalized sponsorship deals | ▶ Sports injury prediction/ prevention<br>▶ Automated player performance tracking<br>▶ Real-time intelligent event delivery assistance | ▶ Targeted sports ad campaigns and athlete endorsements<br>▶ Real-time sports analytics and campaign performance measurement |

| | Value chain components | | |
|---|---|---|---|
| | **Content creation** | **Content acquisition** | **Content distribution** |
| **In-person entertainment** | Personalized music/ lighting/ visuals for live shows<br>Venue design<br>Choreography ideation<br>Virtual artists<br>Audience interaction through AR/ VR<br>Event planning/ logistics and costing | Virtual stage and services previews | Live event streaming with dynamic camera angles/ custom commentary<br>Virtual attendance experiences |
| **VFX** | Concept art generation<br>Automated storyboarding<br>Real-time animatic creation | AI-powered VFX asset libraries and recommendation engine (assets, tutorials, tools)<br>Automated rights management and licensing platforms<br>Automated metadata tagging for VFX resources | Market analysis and pricing<br>Predictive content delivery |
| **User generated content (UGC)** | AI assisted content generation<br>Editing/ collaboration<br>Digital incentives for creators | Content curation based on trend analysis<br>Automated licensing and rights management solutions for creators | Peer-to-peer content sharing<br>Microtransactions for direct creator support<br>Language translation tools |
| **Web 3.0** | Digital collaboration tools<br>Content generation and asset definition | Collaborative content creation models and gamified incentives<br>Semantic search based on content meaning and relationships<br>Personalized recommendations for creators using on-chain data and user behavior | AI optimized decentralized content hosting platforms<br>Peer-to-peer content networks for commerce |

*refers to services like governance, finance, IT, talent management, resource optimization, etc.

| | Value chain components (continued) | | Ancillary services | |
|---|---|---|---|---|
| | **Content discovery and user experience** | **Monetization** | **Support services*** | **Advertising and sales operations** |
| **In-person entertainment** | ▶ Personalized event recommendations and ticket suggestions<br>▶ Wayfinding and virtual assistants for attendees<br>▶ Augmented reality overlays and interactive exhibits | ▶ Dynamic pricing for live events<br>▶ Virtual/ Physical merchandise<br>▶ Targeted advertising based on attendee demographics | ▶ Real-time crowd control/ security measures<br>▶ Real-time audience sentiment analysis<br>▶ Personalized post-event surveys/ feedback | ▶ Dynamic insertion of advertising during event telecast<br>▶ Real-time audience analytics and engagement measurement |
| **VFX** | ▶ Scene curation and demo for choice enablement | ▶ VFX subscription model recommendations and delivery modules<br>▶ Performance-based payments for VFX artists | ▶ Quality control and bug detection<br>▶ Real-time feedback and review tools<br>▶ Automated task scheduling, resource allocation, etc. | ▶ NA |
| **User generated content (UGC)** | ▶ Personalized content feeds based on user preferences<br>▶ Potential viral content identification | ▶ Personalized advertising recommendations<br>▶ AI enabled/ brokered brand partnerships<br>▶ Crowdfunding models | ▶ Data privacy and security<br>▶ Automated royalty pay-outs | ▶ Targeted ad insertion within UGC platforms<br>▶ Automated brand collaborations and influencer marketing campaigns |
| **Web 3.0** | ▶ Personalized content recommendations based on on-chain data<br>▶ Immersive and interactive discovery experiences | ▶ Tokenized access to exclusive content/ communities<br>▶ AI run DAO-based funding models for creative projects | ▶ AI driven on-chain dispute resolution mechanisms<br>▶ Assisted community governance | ▶ Targeted advertising within virtual worlds<br>▶ AI created NFTs for advertising<br>▶ AI enabled tokenized reward systems |

# Expert speak

**Rajeev Batra**
*Bennett, Coleman & Co Ltd*

*'Content is the King' is at the core of the M&E industry; a revolution is in the offing that will herald a tsunami of high-quality content, courtesy Gen AI!*

**Nitin Mittal**
*ZEE Entertainment Enterprises Ltd.*

*Data - and the way we leverage data - will become a key driver of competitive advantage in the industry and will help us create differentiated experiences for our users.*

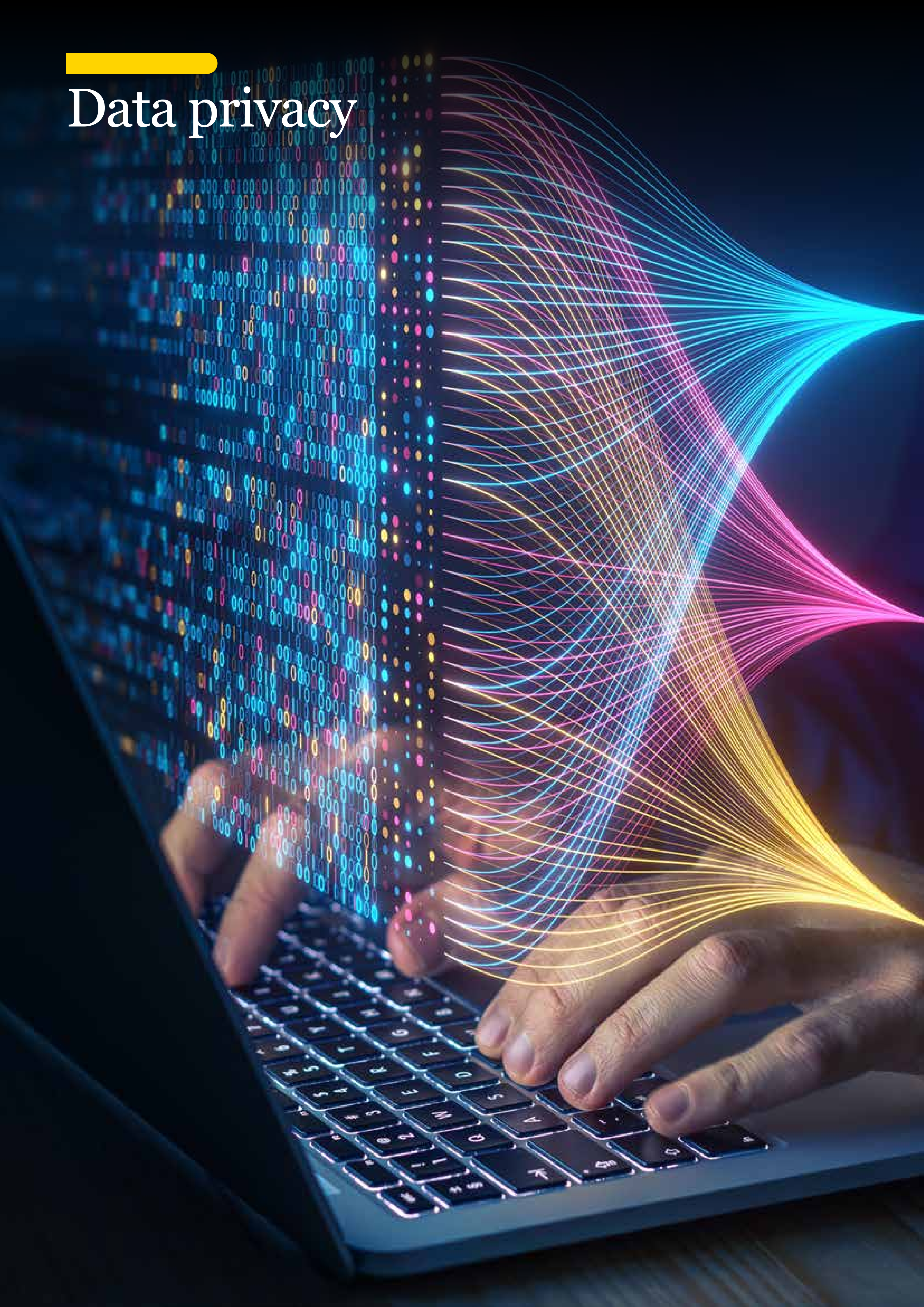
**Rajmohan Shrinivasan**
*Culver Max Entertainment*

*We have seen tech disruptions for many decades but the next three years will be pivotal. GenAI, VR/XR and interactive/gaming content will make the most impact in media.*

**Rajat Nigam**
*Network18*

*Gen AI is the biggest innovation for mankind after the internet. The two focussed underlines for media industry today, creativity and costs, would get benefitted by application of its algorithms, enhancing workflow efficiencies. Policies, practices and protocols to thwart possible deep fakes and ill-effects is a responsibility bestowed on technologists in media.*

# Data privacy



# Navigating data privacy

With new developments in regulations and the increasing proliferation of technology, privacy has attained a core position in the media and entertainment sector. With the **Digital Personal Data Protection Act (DPDPA),** 2023 coming into force, companies have had to swiftly adjust to its provisions. Concerns around individual privacy rights and the possible misuse of data have grown with the growing prominence of AI-based technology. As consumer concerns about the safety of their personal information continue to grow, the sector has to adapt and adjust strategies, while industry regulators have to devise ways to address them.

## Data privacy is applicable to any digitized personal data with M&E companies

- Now that India boasts a comprehensive data privacy law, the Digital Personal Data Protection Act (DPDPA) 2023, M&E companies stand at the threshold of a new compliance era. While the government is in the process of rolling out rules to operationalize DPDPA, M&E companies must grasp the impact and adapt swiftly to the evolving landscape of data privacy
- Applicability of DPDPA:
  - DPDPA applies to processing digital personal data in India, whether collected digitally or digitized from non-digital formats
  - The DPDPA shall not apply to processing of personal data in non-digitized form or personal data not digitized in its lifetime

## The DPDPA impacts almost all aspects of the M&E sector

- M&E companies undertake intricate data collection endeavors to craft personalized experiences. They employ algorithms to examine the viewing behaviors and preferences of consumers, enabling them to make targeted decisions on how relevant content can be delivered
- M&E companies, long accustomed to leveraging user data to tailor experiences and drive engagement, now find themselves at a critical juncture where compliance with stringent data protection regulations becomes paramount under the DPDPA. This implication is not just limited to consumers' data, but extends to employees, third party partners, visitors, and any other individuals they deal with

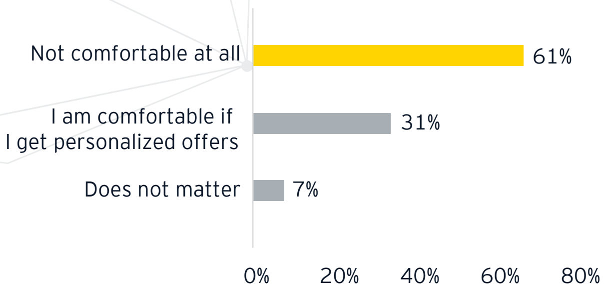
<table>
<tr><th rowspan="2">Key privacy requirements</th><th colspan="6">Media & entertainment lifecycle</th></tr>
<tr><th>Produce content</th><th>Publish content</th><th>Advertising/ marketing</th><th>Sale of subscription</th><th>Targetting</th><th>Customer engagement</th></tr>
<tr><td>Privacy notice</td><td colspan="2">Notice across websites, applications prior collection of personal data</td><td colspan="2">Notice in English and any of 22 Indian languages</td><td colspan="2">Provision for consumers to raise complaints</td></tr>
<tr><td>Consent</td><td colspan="2">Consent to be obtained for profiling, promotions, personalized advertisement, etc.</td><td colspan="2">Consent to be obtained for collection of cookies for personalisation, remarketing/ retargeting</td><td colspan="2">Consent to be obtained for newsletters, sending SMS, emails promotions</td></tr>
<tr><td>Children's data</td><td colspan="3">Verifiable parental consent to be obtained for processing children's data</td><td colspan="3">Tracking or behavioral monitoring of children or targeted advertising directed at children is prohibited</td></tr>
<tr><td>Legitimate uses</td><td colspan="2">Only voluntarily provided personal data will fall under legitimate use (for e.g., blogs, comments on articles, social media posts)</td><td colspan="2">Processing that falls under law or in the interest of sovereignty and integrity of India or security of the state</td><td colspan="2">Processing that is carried out for interviews, print digital news, political opinions may not fall under legitimate use and require consent</td></tr>
<tr><td>Data principal rights</td><td colspan="3">Provision to erase, correct or provide access to the data principals' personal data</td><td colspan="3">Provision for data principals to nominate someone else for erase, correct or provide access to personal data</td></tr>
<tr><td>Cross border data transfer</td><td colspan="6">Central government may notify countries to where personal data cannot be transferred leading to identification of alternate service providers.</td></tr>
</table>

## M&E consumers are concerned about data privacy

Concerns on usage of personal data by M&E companies for targeting and segmenting audiences concern business teams as they will now have to obtain consent from their consumers if they would like to receive personalized offerings.

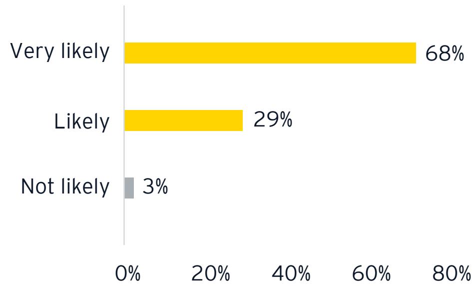
EY conducted a recent survey, polling and interviewing consumers about their concerns regarding companies' usage of their personal data. The findings revealed a high consumer concern regarding personalized offers.

How comfortable are you with companies using your personal data to personalize advertisements and offers for you?




The survey also indicated a significant correlation between trust and the clear communication of data protection practices.

How likely are you to trust a company that clearly communicates its data protection practices?




It is essential, therefore, for M&E companies to prioritize transparency, privacy, and effective communication to establish trust with their customers.

## Data privacy has a significant interplay with AI

- From content creation to audience engagement, AI technologies permeate every facet of the sector, revolutionizing how content is produced, distributed, and consumed
- It is not just about what you watch; it is about how you interact. Chatbots powered by AI provide instant support, while sentiment analysis tools keep a pulse on audience trends and reactions
- Here are some examples of AI applications employed by M&E companies[1] that rely heavily on personal data along with DPDPA's impact and opportunities on the integration of these AI applications:

[1] https://www.infosysbpm.com/blogs/media-entertainment/key-ways-ai-is-changing-the-entertainment-industry.html

| AI applications | Functionality | Impact of DPDPA | Opportunities for M&E companies |
|---|---|---|---|
| Content recommendation system | ▶ Analyzes user behavior, preferences, and historical data to curate personalized content suggestions<br>▶ Frequently used by OTT platforms, music apps, and reading apps for user suggestions | ▶ Demands clear user consent for personalized suggestions<br>▶ M&E companies to ensure their AI models do not process personal data if user opts out of personalization | ▶ With growing privacy concerns among users, M&E companies can expand their clientele by highlighting compliance with the regulations |
| Predictive analytics | ▶ Predictive analytics algorithms anticipate user preferences and trends<br>▶ Frequently used by M&E companies to make data-driven decisions for upcoming releases or optimizing content distribution strategies | ▶ M&E companies to add all purposes for which personal data is collected and used (including for AI models) in their Privacy Notice<br>▶ For e.g., In 2023, X (formerly twitter) changed its privacy notice to add use of personal data to train AI models, thereby taking consent from users for AI data processing[2] | ▶ Businesses can employ anonymized datasets or publicly available data sets without consent to refine content strategy |
| AI-generated synthetic voice | ▶ Utilizes personal data, including voice recordings and speech patterns, to create lifelike synthetic voices for various applications<br>▶ For e.g., Spotify's new AI voice translation feature translates select podcasts into other languages, not by speakers of that language, but in synthetic AI voices that match the original speaker's style | ▶ M&E companies integrating third-party AI models as Data Processors to ensure that their Data Processors comply with DPDPA<br>▶ M&E companies are obligated to enter into a Data Processing Agreement (DPA) to that effect | ▶ Engage with Processors who are DPDPA ready or comply to Global Data protection regulations to build trust among customers and ensure protection of their personal data |
| VFX | ▶ Utilizes personal data such as actors' facial expressions and movements to enhance realism and immersion in the final product<br>▶ For instance, in blockbuster movies like Avengers: Endgame, VFX technology seamlessly integrates actors' movements and facial expressions to bring characters to life | ▶ M&E companies must deploy robust technical and organizational measures to shield personal data that is fed into AI applications | ▶ Build privacy by design capabilities in the AI tools to ensure personal data is protected across the lifecycle while processing is carried out and leverage the implementation of such controls as marketing strategy |
| Gaming, AR, and VR | ▶ In gaming, AI powers conversationally capable avatars and determines NPC behavior and game progress based on player decisions<br>▶ For instance, Apple's Vision Pro analyzes personal data such as facial expressions or gestures to enhance user experience<br>▶ Similarly, metaverse platforms often collect a significant amount of personal data from users to immerse themselves in the virtual world | ▶ M&E companies to establish robust mechanisms for parental consent within gaming environments<br>▶ Companies to ensure their AI models do not track or monitor the personal data of children world | ▶ Enable compliance and get a first mover advantage in the market to target customers and get them onboarded by building trust |

[2] https://techcrunch.com/2023/09/01/xs-privacy-policy-confirms-it-will-use-public-data-to-train-ai-models/

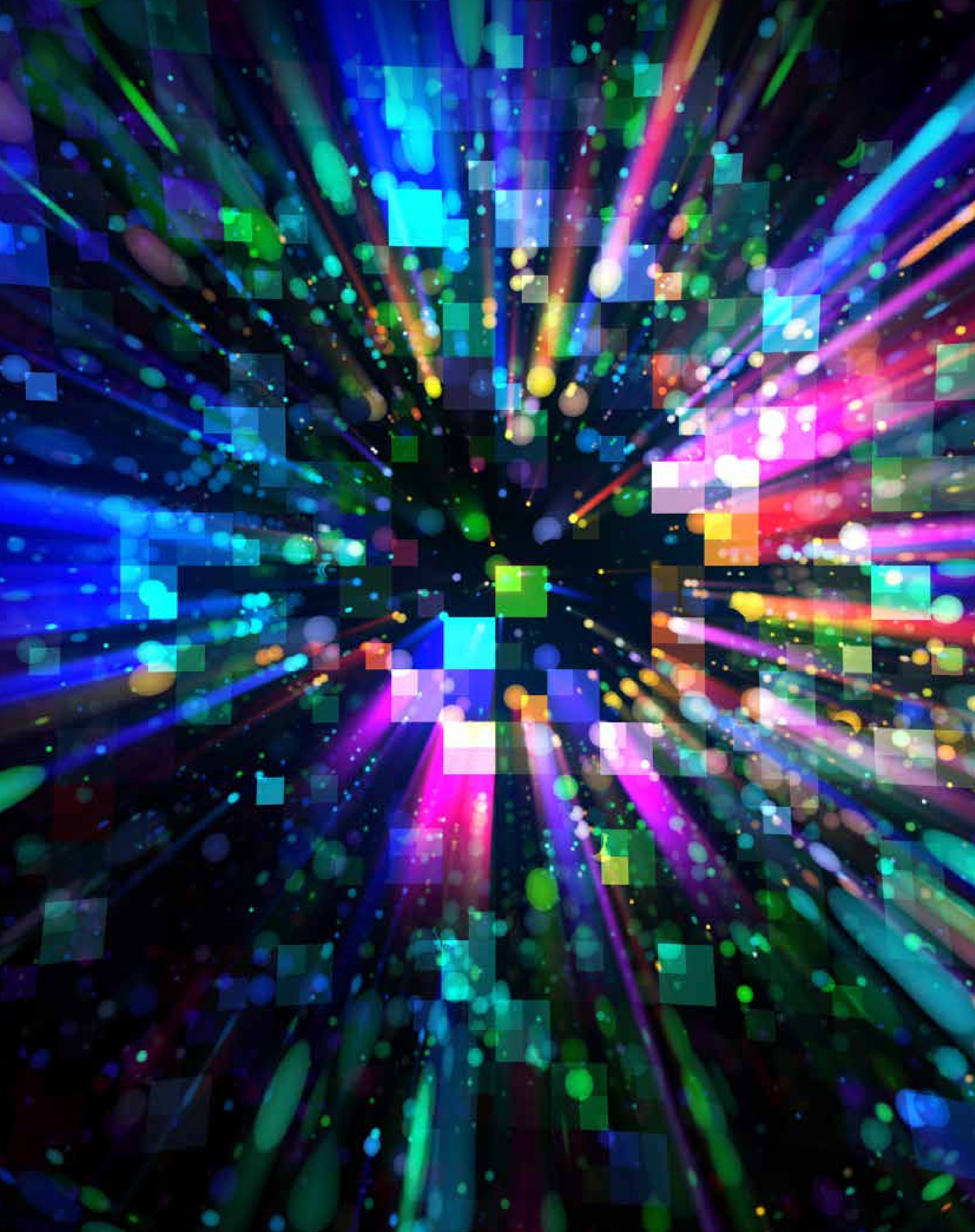
## Imperatives for M&E companies

The vast potential of AI in revolutionizing the M&E sector is undeniable, but must be tempered with a sense of responsibility towards user privacy. M&E companies must not only embrace innovation but also cultivate a culture of accountability, ensuring that user trust remains at the heart of every technological advancement, and should craft a framework that strikes the perfect balance—a framework that empowers innovation while ensuring the ethical use of personal information in AI applications.

Immediate actions required to be taken include:

- With the DPDPA taking full effect, the M&E companies need to proactively gain visibility into the personal data they deal with along with all the internal and external touchpoints irrespective of when the rules are released
- M&E companies already compliant with GDPR or similar regulations can leverage their existing privacy frameworks as a foundation; however, they must assess the applicable processes that may not have come under the scope of other regulations but will need to be considered for DPDPA
- Companies who have complied with one or more global privacy regulations should also recognize and comply with additional obligations specific to the DPDPA
- As the rules of the DPDPA unfold, companies yet to walk the data privacy path can proactively establish a robust privacy framework. They can establish the following practices:
    - Conduct personal data identification, classification, and mapping exercise to identify the personal data touch points
    - Create data flow diagrams (DFDs) and records of processing activities (ROPA) to keep track of data flow and operations
    - Develop a list of all suppliers/ third parties providing services/ processing personal data to revisit the contractual clauses and establish a strong third-party risk management program
    - Develop/ update relevant policies and underlying procedures in line with the obligations
    - Leverage privacy automation solutions and Privacy enhancing technologies to ensure sustenance of compliance to ever evolving business that deals with personal data
- With this future-forward approach, businesses can remain one step ahead, establishing robust privacy frameworks that respect customer personal data and meet regulatory standards. Compliance is not just about avoiding penalties; it is about leveraging privacy to drive trust and business differentiation

# Global M&E CEO survey



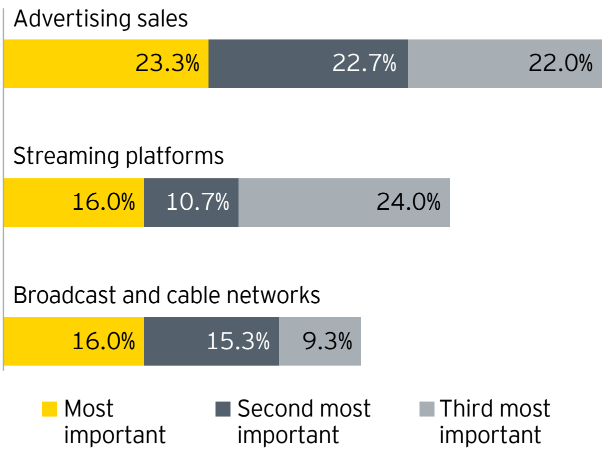
# EY Global M&E CEO survey

In October 2023, Ernst & Young LLP (EY US) surveyed 150 US M&E board members, C-suite executives and their direct reportees to gather insights into the current state of the industry and identify trends for the future.

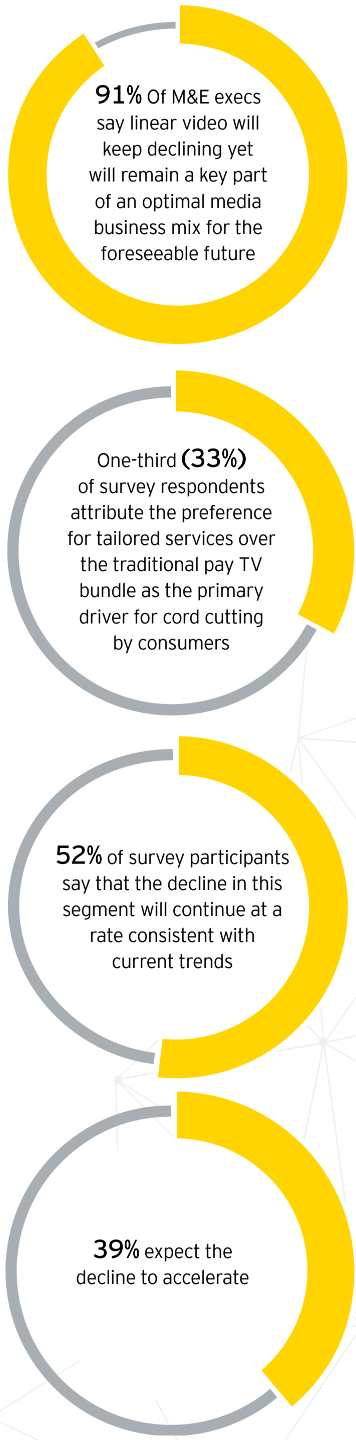
Our findings suggest that M&E companies are zeroing in on optimizing content and media business portfolios and harnessing artificial intelligence (AI) and generative AI (Gen AI) to help rekindle their growth ambitions and create sustained resiliency. They are also taking a serious look at how to future-proof profitability by continuing to consolidate, create new partnerships and streamline operations to permanently reduce expenses.

## Advertising sales, streaming platforms and broadcast and cable networks create the most optimal business portfolio

What is the optimal media business portfolio today?




## Traditional linear broadcast and cable network business remains under considerable strain



## M&E executives are eager to meet consumer demand for streaming

# 93%

say that consumers appreciate the increased choice D2C services offer

# 85%

believe that consumers value the ability to more effectively manage their media and entertainment budget

# 68%

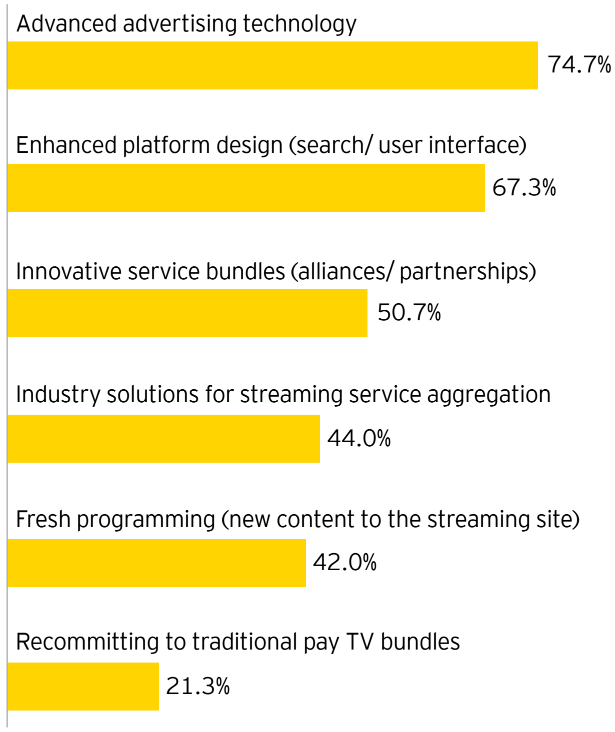
say consumers want to access content through a single platform

# 59%

note that DTC users would prefer an uncomplicated process to change channels, much the way they can when they watch linear TV

## Advanced ad tech was identified as the most important area for M&E companies to invest in

**To maximize consumer value in three years' time, which of the following offerings will be most important to invest in?**




Percentage reflects selection among M&E executives' top three choices or similar

## Content spend on streaming will continue, despite profitability issues

# 77%

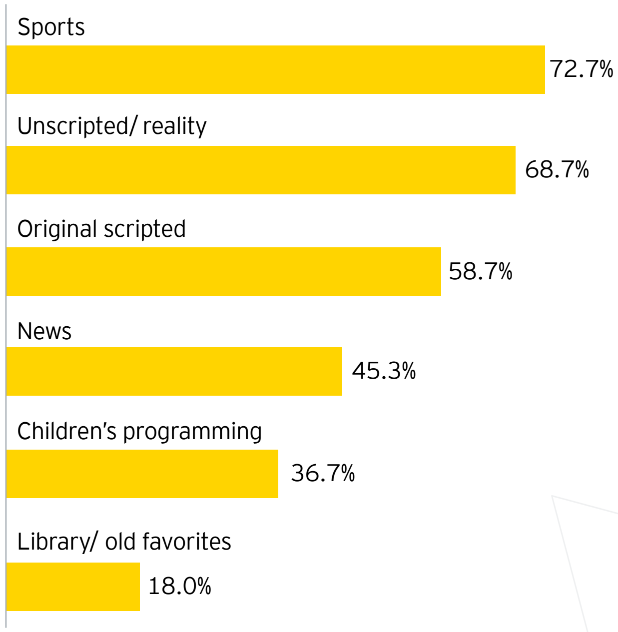
of M&E executives say they expect content outlays to increase over the next three years

# 54%

of M&E executives say that their inability to measure ROI is an extremely significant business challenge

Sports and reality content are most valued by consumers

**What type of content/ intellectual property (IP) is most valued by consumers today?**




Percentage reflects selection among M&E executives' top three choices

## Mixed feelings about the vast opportunities and ethical stakes from AI and Gen AI do not rock industry prospects

**83%**

say their companies have initiated AI projects or plan to within the next 12 months

**69%**

of all respondents expect that Gen AI will accelerate the process of content creation, from research to ideation to scripting

**65%**

expect that Gen AI will improve the customer experience through intelligently automated assistants, voice recognition and elevated customer query handling

**53%**

believe that Gen AI will improve content quality

**51%**

believe Gen AI will drive audience engagement at scale

## Expect more consolidation

**68%**

expect that only one of today's M&E conglomerates will remain as a stand-alone company in three years' time; the other 32% do not expect any of them to remain independent

**97%**

of M&E leaders say that mergers completed over the last five years have driven lasting benefits for the acquiring companies, mainly their competitive positioning and streaming capability

**93%**

of M&E executives say they have simplified their business portfolio to focus on their core strategy, or plan to do so in the next 12 months

# About this report

# Glossary

| | |
|---|---|
| 1P | First party |
| 20XX | Calendar year 20XX |
| 20XXE | Estimate for calendar year 20XX |
| 2D | Two dimensional |
| 3D | Three dimensional |
| 4G | 4th generation mobile network |
| 4K | 4,000 pixels |
| 5G | 5th generation mobile network |
| 8K | 8,000 pixels |
| ABP | Ananda Bazar Patrika |
| ACR | Automatic content recognition |
| Ad | Advertising |
| AdEX | Advertising expenditure |
| AFP | Advertising funded production |
| AGR | Adjusted gross revenue |
| AI | Artificial Intelligence |
| AIGF | All India Gaming Federation |
| AIPA | ATF IP Accelerator |
| AIR | All India Radio |
| AMA | Average Minute Audience, as defined by BARC |
| ANA | Association of National Advertisers |
| Anr | Another |
| APAC | Asia-Pacific |
| App | Application |
| AR | Augmented reality |
| ARPU | Average revenue per user |
| ASCI | Advertising Standards Council of India |
| ATF | Asia TV Forum |
| ATL | Above the line, or media spends |
| ATP | Average ticket price |
| ATS | Average time spent |
| Auto | Automobile |
| Avg | Average |
| AVGC | Animation, Visual effects, Gaming and Comics |
| AVOD | Advertising video on demand |
| B2B | Business-to-business |
| BARC | Broadcast Audience Research Council |
| BCCI | Board of Control for Cricket in India |
| BFSI | Banking, financial services and insurance |
| BGMI | Battlegrounds Mobile India |
| BI | Broadcast India survey |
| BMS | BookMyShow |
| Bn | Billion |
| BNS | The Bhartiya Nayaya Sanhita, 2023 |
| BTL | Below the line or event spends |
| CAGR | Compounded annual growth rate |
| CBDT | Central Board of Direct Taxes |
| CBFC | Central Board of Film Certification |
| CCPA | Central Consumer Protection Authority |
| CDP | Customer data platform |
| CEO | Chief Executive Officer |
| CFL | Compact fluorescent lamp |
| CGI | Computer generated images |
| CGOOH | Computer generated out-of-home |
| CGST | Central Goods and Services Tax |
| CIO | Chief Information Officer |
| CMO | Chief Marketing Officer |
| CMoSPI | Central Ministry of Statistics and Programme Implementation |
| COPPA | Children's Online Privacy Protection Act |
| COVID | Coronavirus disease |
| CPM | Cost per mille (thousand) |
| CPRP | Cost per rating point |
| CPT | Cost per thousand |
| CRM | Customer relationship management |
| Crore | Ten million |
| Crypto | Cryptocurrency |
| CTV | Connected TV or Smart TV |
| cume | cumulative audience |
| CWC | Cricket World Cup |
| CX | Customer experience |
| D2C or DTC | Direct-to-customer |
| D2M | Direct-to-mobile |
| DAS | Digital Addressable System |
| DAU | Daily active users |
| DAVP | Directorate of Advertising and Visual Publicity |
| DB Corp | Dainik Bhaskar Corporation |
| DD | Doordarshan |
| DG | Diesel Generator |
| DNPA | Digital News Publishers Association |
| DOOH | Digital out-of-home |
| DOT | Department of Telecommunications |
| DPA | Data Processing Agreement |
| DPCGC | Digital Publisher Content Grievances Council |
| DPDPA | Digital Personal Data Protection Act |
| DPIIT | Department for Promotion of Industry and Internal Trade |
| DPOs | Distribution platform operators |
| DSP | Demand side platform |
| DTH | Direct to home satellite television |
| EBITDA | Earnings before interest tax depreciation and amortisation |
| E-commerce | Electronic commerce |
| ED | Enforcement Directorate |
| EEMA | Events & Entertainment Management Association |
| E-gaming | Electronic gaming |
| E-Invoicing | Electronic invoicing |
| EMDEs | Emerging Markets and Developing Economies |
| EPG | Electronic program guide |
| ER | Effective rate |
| ETR | Effective tax rate |
| Euro Area | Europe |
| EV | Electronic vehicle |
| EY | Ernst & Young LLP, India |
| EYG | Ernst & Young Global |
| F&B | Food & Beverage |
| FAST | Free ad-supported streaming TV |
| FC | Football club |

| | |
|---|---|
| FCT | Free commercial time, or ad inventory |
| FDI | Foreign direct investment |
| FFO | Film Facilitation Office |
| FICCI | Federation of Indian Chambers of Commerce & Industry |
| FIFA | Fédération Internationale de Football Association |
| Fintech | Financial technology |
| FIR | First information report |
| FM | Frequency modulation |
| FMCG | Fast moving consumer goods |
| FS | Financial services |
| FTA | Free to air |
| FTII | Film and Television Institute of India |
| FY | Fiscal year (April to March) |
| G20 | Group of 20 Countries |
| GB, gb | Gigabyte |
| GBO | Gross box office |
| GDP | Gross domestic product |
| GDPR | General Data Protection Regulation |
| GEC | General entertainment channel |
| Gen AI | Generative AI |
| GenX | Individuals born between early to mid 1960s and late 1970s or early 1980s |
| GenZ | Individuals born between late 1990s and early 2010s |
| GGR | Gross gaming revenue |
| GIFT | Gujarat International Finance Tec-City |
| GLoBE | Global Anti-Base Erosion |
| GMPCS | Global Mobile Personal Communication Services |
| GO | Grievance officer |
| GOI | Government of India |
| GPT | Generative Pre-trained Transformer |
| GR | Gross revenue |
| GSM | Grams per square meter |
| GST | Goods and Services Tax |
| GSTR | Goods and Services Tax Return |
| HC | High Court |
| HD | High definition |
| HITS | Headend in the sky |
| HSM | Hindi speaking markets |
| HSN | Harmonized system of nomenclature |
| IAP | In-app purchase |
| ICC | International Cricket Council |
| ICEA | India Cellular & Electronics Association |
| ID | Identifiers |
| IFPI | International Federation of the Phonographic Industry |
| IGST | Integrated goods and service tax |
| IMDb | The Internet Movie Database |
| IMF | International Monetary Fund |
| IMI | Indian Music Industry |
| Influencer guidelines | Additional Guidelines for celebrities, influencers and virtual influencers in the field of health and wellness issued by Ministry of consumer affairs |

| | |
|---|---|
| INR | Indian Rupees (US$1 = INR83) |
| IOAA | Indian Outdoor Advertising Association |
| iOS | iPhone operating system |
| IP | Intellectual Property |
| IPC | Indian Penal Code,1860 |
| IPL | Indian Premier League |
| IPLC | International Private Leased Circuit |
| IPR, or IP | Intellectual property rights |
| IPRS | Indian Performing Rights Society |
| IRDAI | Insurance Regulatory and Development Authority of India |
| IRS | Indian Readership Survey |
| ISD | Input service distributor |
| ISL | Indian Super League |
| ISP | Internet service provider |
| IT | Information technology |
| K | thousand |
| KPI | Key performance indicator |
| KYC | Know your customer |
| Lakh | A hundred thousand |
| LAM | Large action models |
| LCO | Local Cable Operators |
| LED | Light emitting diode |
| LLP | Limited liability partnership |
| Ltd | Limited |
| M&A | Mergers and acquisitions |
| M&E | Media and entertainment |
| Martech | Marketing technology |
| MAU | Monthly active users |
| Mbps | Megabits per second |
| MCN | Multi-channel network |
| MEITY | The Ministry of Electronics and Information Technology |
| MENA | Middle East and North Africa |
| MF | Male and female |
| MFA | Made for advertising |
| MIB | Ministry of Information & Broadcasting |
| MICE | Meetings, incentives, conferences and exhibitions |
| Millennials | Individuals born between early 1980s and mid to late 1990s |
| Min or Mins | Minutes |
| MIP TV | Marché International des Programmes de Télévision |
| MIPCOM | Marché International des Programmes de Communication |
| ML | Machine learning |
| MMX | MultiMedia eXtensions |
| Mn | Million |
| MNE | Multinational enterprise |
| MoSPI | The Ministry of Statistics and Programme Implementation |
| MPEG2/ MPEG4 | Encoding technologies |
| MPL | Mobile Premier League |
| MSO | Multi-system operator |
| NA | Not applicable/ Not available |
| NAS | National Accounts Statistic |

| | |
|---|---|
| NCCS | New consumer classification system |
| NCT | National capital territory |
| NDA | National Democratic Alliance |
| NFC | Near-field communication |
| NFDC | National Film Development Corporation |
| NFT | Non-fungible tokens |
| NGO | Non governmental organisation |
| NMACC | Nita Mukesh Ambani Cultural Centre |
| NPC | Non-player character |
| NSO | National Statistical Office |
| NTO | New Tariff Order |
| O2O2O | Online-to-Offline-to-Online |
| OGI | Online gaming intermediaries |
| OIDAR | Online Information Database Access and Retrieval |
| OMG | Online money gaming |
| ONDC | Open Network for Digital Commerce |
| OOH | Out of Home |
| Ors | Others |
| OS | Operating system |
| OTT | Over the top |
| PAN | Permanent account number |
| PC | Personal computer |
| PDOOH | Programmatic DOOH |
| PE | Permanent establishment or Private equity |
| PIL | Public interest litigation |
| PKL | Pro Kabaddi League |
| PMRTS | Public mobile radio trunk service |
| PORMG | Permissible online real money game |
| POV | Point of view |
| PPP | Purchasing price parity |
| PVR | Priya Village Roadshow |
| QPE | Qualifying production expenditure |
| QR | Quick response |
| RBI | Reserve Bank of India |
| RCS | Rich communication services |
| RJs | Radio jockeys |
| RMG | Real money games |
| RoAS | Return on ad spend |
| RoI | Return on investment |
| RPG | Role playing game |
| SAG-AFTRA | Screen Actors Guild-American Federation of Television and Radio Artists |
| SD | Standard definition |
| SEBI | Securities and Exchange Board of India |
| SEC | Socio Economic Category |
| SEO | Search engine optimization |
| SGST | State Goods and Services Tax |
| SIE | Sony Interactive Entertainment |
| SMB | Small and medium businesses |
| SME | Small and medium enterprises |
| SMS | Short message service or Subscriber management system |
| Specified AC | Specified actionable claim |
| SRB | Self-regulatory bodies |
| Sci-fi | Science fiction |

| | |
|---|---|
| STB | Set-top box |
| SVOD | Subscription video on demand |
| T20 | Twenty20 |
| TAM | Television audience measurement or Total addressable market |
| TDS | Tax deducted at source |
| TDSAT | Telecom Disputes Settlement Appellate Tribunal |
| Tech | Technology |
| Telco | Telecommunications company |
| TRAI | Telecom Regulatory Authority of India |
| TV | Television |
| TVOD | Transaction video on demand |
| UA | Unrestricted with caution |
| UGC | User-generated content |
| UK | United Kingdom |
| UMS | Unified messaging service |
| UPI | Unified payments interface |
| UR | Urban and rural |
| US$ | United States Dollar (US$1 = INR83) |
| US/USA | United States of America |
| UT | Union territory |
| UX | User experience |
| VC | Virtual currency or Venture capital |
| VDA | Virtual digital assets |
| VFX | Visual effects |
| VIP | Very important person |
| VoD | Video on demand |
| VR | Virtual reality |
| Vs. | Versus |
| V-Sat | Very small aperture terminal |
| Web | Website |
| Web3.0 | Third generation of internet services for websites and applications |
| WGA | Writers Guild of America |
| WHT | Withholding tax |
| WPL | Women Premier League |
| Y-O-Y | Year on year |
| YRF | Yash Raj Films |

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# Methodology

## Disclaimer

This report has been developed by conducting primary and secondary research, discussions with several companies and industry stakeholders, and cross referencing of available data points. To the extent possible, the data has been verified and validated. However, there can be no guarantee that such information is correct as of the date it is received or that it will continue to be correct in the future. EY does not take any responsibility for the veracity of the underlying data. Use of this report is at the discretion of the reader, and neither FICCI nor EY take any responsibility for the same in any manner. Please obtain professional guidance prior to using the information provided in this report for any decision making. There is no tax, operating, regulatory or other business advice or opinion provided in this report. By reading this report, the reader shall be deemed to have accepted the terms and conditions of use mentioned in this paragraph. Despite our best efforts, errors do creep into this report, which we correct when brought to our notice. Please do use the latest updated version from our website.

## Key assumptions used to size the segments of this report:

- Sizing of various segments has been arrived at using various sources of data, primary research and proprietary EY research. We have tried to then validate the sizing through industry discussions
- All INR amounts are gross of taxes, except where stated. Changes in GST rates have been factored into the relevant segments
- Sales between any two segments of the M&E sector are included as revenues for the segment providing the service. Content production has not been independently sized as it is assumed to be a part of the segment it serves
- Digital subscription and TV distribution revenues are considered at end customer prices. Content purchased by telcos and ISPs has been valued under subscription incomes of media companies and not at end customer prices of bundled data packs
- Digital ad and subscription revenues are not released by most companies and are hence sized based on industry discussions and correlated to media articles and analyst reports. They should be used from a trending perspective only. Ad revenues are grossed up at 18%

- International ad and subscription revenues of TV broadcasting companies have not been included in sizing the television segment
- Gaming captures only online games of skill and no other forms of gaming like betting and gambling. Where GST burden has been absorbed, the same has been netted off from gross revenues, where data was available
- Filmed entertainment segment does not include any revenues from food and beverage operations, parking revenues, retail revenues or any ticketing charges billed by online booking portals. Film gross box office is considered at end customer price, for both domestic and international theatricals, the latter being impacted by exchange rate fluctuations
- OOH does not consider the large unorganized billboard, wall-painting, ambient media and retail point of sale markets
- The live events segment does not consider value of media rights (unless the IP is owned by the event company), the large unorganized sector, cash transactions if any, and pure MICE and travel companies. Events carried out by other segments are included in the revenues of those segments
- Animation, VFX and post-production revenues include those earned from domestic and export services by companies in India and are correlated to averages across the content value chain
- No hardware sales are included where bundled with content. Value of sporting goods is not included in the sports segment
- Where alternate sources of sizing exist, we have considered the most conservative, unless there is adequate justification not to
- Forward estimates assume that there will be no further pandemic-related lockdowns, geo-political issues or major restrictions
- There are several statements in this report which refer to certain media companies. Where sources for these statements have not been specifically mentioned, these statements have been sourced from news articles available in the public domain
- Prior year numbers have been updated where estimates were used, to reflect actuals
- Forward estimates have been provided on best effort basis and are subject to change to reflect the ground realities and unforeseen events
- Content production estimates are based on publicly available information and other information available with EY's production audit team. The section uses extrapolations and assumptions
- Analysis of deals and content production is based on secondary research and may not be complete

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