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CHAPTER - 1

INTRODUCTION

1.1 An Overview

This chapter gives an overview of the evolution of Indian advertising, in general. The chapter gives a brief account of the history of Indian advertising, the present scenario, and a glimpse of the future of Indian advertising. It also highlights the history, present scenario and future scenario of television advertising in India.

The phenomenon of advertising is growing in the world over. At the start, it was a vague concept, primarily based on sharing product related information. What started as a vague idea has now transformed into an indispensable marketing strategy. In the past the demands of people, the product options and the need for information was limited. Even the purchase criteria, which determined the product choice, were limited. However, the current customer has unlimited aspirations and demands. Today he demands more products, more information and more benefits. This transformation, provides for interesting insights. The aspirations of people has led to a great demand of products and services. The growing size of product basket a person uses, is seen as an opportunity by the people, who are in the business of satisfying demands. In this backdrop, the firms are competing, not just to survive but also to flourish. In a time period where, the new product offerings and new technology has become the norm, doing business requires major strategic planning. Businesses around the world have realised that making a product/service for the customer is their primary objective. However, providing information and increasing interest about the product is imperative to their success. Firms have realised that it is not just the quality and features of the product that matter, it is also the attitude of customers towards the product that matters. It is not just the product information, but the perception of the customer, that will influence the purchase. It is not just about making a better product than the competitor, it is also about the positioning of the
product. In this backdrop, role of advertising has gained paramount importance. Advertising is no longer a mere tool of marketing, it is in fact a key driver of success for every business.

1.2 History of Advertising:

The origin of the word ‘advertise’ lies in the word ‘advetere’, a Latin word, which means to turn towards and take note of. Origins of advertising can be seen way back in the history. Its traces have been found in Egypt and ancient Rome. The experts believe that the first form of advertisement was seen on bricks (three thousand years before Christ) which were made by Babylonians. In India too, advertising has been traced to the times of Harrappa and Mohenjodaro in form of slogan writing on walls as well as engraving stones. The concept of advertising has evolved since then. This marketing activity has received a lot of attention. Not only is it being used by most businesses, it has also become an important subject of study. In India, the concept of advertising was merely a propaganda. But gradually, advertising was being used in India for commercial purposes also.

The establishment of British rule in India brought a sea change in the way advertising was being done. The first Indian advertisement made appearance in a magazine in Calcutta. Among the pioneers in advertising, B. Dataram and company was the first advertising agency. During the period of 50s the total advertisement expenditure was around $ 3,00,000. The value of advertisements through print amounted to a mere Rs. 35 million. However, the 70s recorded a good 58% growth in the number of registered agencies. Post liberalisation advertising became huge in India. Not only did the advertisement expenditure increase, but also the media of advertisements saw a great change. This period also noticed expansion in the number of agencies with alliances of multinational agencies. In the 80s, the major event which changed the advertising world of India, was the launch of Colour TV. The first colour TV advertisement, which was going to create a lasting impression on the Indian audiences, was that of
Bombay Dyeing. The ratio of advertising expenditure to sales which used to be a 0.64 in 1976 increased to 0.74 in 1984. During this period the largest advertiser was, Hindustan Lever and even Pharmaceuticals companies were holding a leading position.

**Table 1.1 Year Wise Advertisement Expenditure**

<table>
<thead>
<tr>
<th>Year</th>
<th>Advertising Expenditure (Rs. In Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>580</td>
</tr>
<tr>
<td>1995</td>
<td>3,000</td>
</tr>
<tr>
<td>1998</td>
<td>6,824</td>
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<tr>
<td>1999</td>
<td>8,437</td>
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<td>2000</td>
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</tr>
<tr>
<td>2001</td>
<td>12,000</td>
</tr>
<tr>
<td>2002</td>
<td>13,500</td>
</tr>
<tr>
<td>2003</td>
<td>15,000</td>
</tr>
</tbody>
</table>

*Source:* Business India.

1.3 **Present Scenario of Advertising:**

Advertising is a big and thriving industry in India. Indian advertising industry has witnessed prominent globalization. With the inception of various divisions, the advertising industry has undergone a sea change. Indian consumer's deepening pocket and blooming markets for ad-spends have touched new heights. Ad spends in India have significantly increased. However, compared to other countries of the world India still has a long way to go.
Figure 1.1 clearly shows India’s position as compared to other countries. From the total revenues of entertainment and media about 35% (279 billion) is attributed to the advertising spends in 2011. However, the ad spend is low, if one considers the ad spend as a percentage of GDP of other countries. For example the percentage of GDP as ad spends in UK and US is 0.9% and 1.1%.

In Indian advertising industry the contribution of different media is different. The media wise segment highlights the most contributing media of India.

Source: CII and PWC, “India Entertainment and Media Outlook, 2012”.
The figure 1.2 reveals the media wise ad split of the year 2014. It clearly reveals that print and television, the two traditional media are leading in the sector.

1.4 Future Scenario of Advertising (Projected)

The future scenario of advertising, as foreseen by the experts is very promising.

The TV advertising spending in India from 2006 to 2016 is graphically presented.
Figure 1.3 Year Wise Television Ad Spending Of India

Figure 1.3 indicates that, the TV advertising spending in India from 2006 to 2016. The ad spending shown is in billion US dollars.

1.4.1 Advertising Revenue 2016: Projected Segment Contribution

The chart shows the projections for 2016.

Figure 1.4 2016 Ad Revenue Projections

Source: CII and PWC, “India Entertainment and Media OUTLOOK, 2012”.
Figure 1.4 indicates that, in future TV will be in the most dominant position, followed by Print, radio, internet and OOH.

1.5 Television Advertising- The Growth Story

Advertising is done through various media. Media is a non-personal channel of communication that carries the message from the advertisers to the audience. There are different ways of classifying the media of advertising, one such method shows the following order: (1) TV and print as the traditional media (given their omnipresence in media plans) followed by (2) Experimental media in the form of outdoor and radio, then (3) Interactive media (mobile and internet) which are emerging on the Indian advertising scene.

Das and Kusumuru (2013) in their study of 100 respondents of Andhra Pradesh, observed that most of the respondents considered television as the only medium, which gives them information about the product. They concluded that TV helped in capturing the attention of customers and advertising worked as an important variable in brand choice. Hasan and Siamak (2012) observed in their research that from the different tools of advertising available, TV advertising has a significant effect on the consumers’ behaviour, especially due it its visual effects and wide scope.

TV advertising dominates the entertainment industry with 45 percent of the market share, and is expected to reach 50 percent by 2018. Some of the drivers of the growth of TV as an advertisement medium are highlighted below:

- **Broad reach.**

  The number of households owning TV is very high and the TV network has been made available through satellite to the masses living in rural, urban, suburban or remote areas. Indians spend a significant amount of time on TV (average 2 hours in non-metro and 3 hours in metro cities). 61% of all households in India are now equipped with a
television, as 16.8 crore Indians view TV at least once a week. This makes us world’s second largest TV viewership market, first being China.

Chithra and Kothari (2014) have observed that television advertising is a marketing force which can be used for mass communication, selling and distributing.

- **Enhanced memorability.**

  When advertising incorporates more number of senses, it enhances memorability. Thus, advertisement on television increases the chances of being recalled. Kotwal, Gupta, Devi (2008) noted that the non-informative factors like celebrities, catchy slogans, visual effects, funny advertisements, good music and action were the reasons for liking an advertisement, in order of priority.

- **An effective media:**

  When a media can communicate the message, in a manner that influences the audience and leaves an impact, it is known to be effective. Prithvi & Dash (2013) in their study of comparative evaluation of various media of advertising, concluded that TV advertisement had the highest influence on purchase decision. They agreed that TV advertising is the most dominant form of advertising.

- **DTH (Direct to Home) service:**

  In 2011 India had almost 138 million TV households. Advent of DTH has also increased the number of TV viewing people. The number of TV viewers have increased to 600 million by the start of 2015 (TAM).

- **Television screen are getting bigger and better.**

  The average home has a larger and has a better TV now than in the past years. This provides a unique experience to the viewers and the advertisement message reaches more effectively.
• **TV is omnipresent: TV moves.**

One can share TV viewing at home with family and friends. Be it anywhere, one can watch TV in clubs, shops, clinics, airports, or restaurants. It is said in the marketing world that nothing moves like TV!

• **Increasing number of television channels.**

The total number of channels aired on TV is continuously increasing. There is a channel for every type of viewer and the variety of programmes aired also attracts more viewers. The different nature of channels, the variety of programmes provide a wide scope for advertisers.

• **Television Delivers a Premium Consumer Experience.**

Television advertising provides an exciting, audio-video experience that presents products in a dynamic and persuasive way. Television programmes have a real life like quality, which makes it more appealing to the general audiences. (Katz, 2003) notes that television has the ability to be true to life and pervasive.

• **Television commands undivided attention.**

Television programs enjoy dedicated viewers. Thus the benefit of entertainment carryover is enjoyed by advertisers.

• **Relative cost efficiency.**

As the reach of TV is very high, the cost of advertising per viewer gets spread. Thus, it is relatively a cost efficient medium. Advertising message reaches thousands of viewers with each airing.

• **Television as an entertainment medium.**

Television in India is the most preferred entertainment medium with the highest impact of advertising on the audiences. The unique
experience it offers, affordability, easy availability makes it a better entertainment medium.

- **Demonstration possible.**

  When the nature of the product is such that its use or benefits need to be demonstrated TV acts as the best media. The usage of product in real life situations can be effectively demonstrated.

- **Television encourages creativity.**

  Advertisers get an opportunity to infuse creativity in their advertisement campaigns. Visual effects, music, motion, animation etc. can be used to enhance the effectiveness of advertisements.

- **Television has a universal appeal.**

  Being a visual medium its impact goes beyond the social and educational background of its viewers; more so in a diverse country like India, where TV dominates the media and entertainment landscape, as the preferred choice of entertainment. (Deliotte and Assocham, 2011)

### 1.6 History of Television Advertising:

The first television advertisement was, that of the watchmaker Bulova, it was broadcast in USA in 1941. However, in India the first commercial was seen in the year 1978. The first ever colour advertisement of the world was in 1951, for General Food’s Jello pudding. Whereas, in India the first colour commercial was aired, in the year 1982. Followed by this, there was a remarkable turning point when Doordarshan (DD) started accepting advertisements. A sweeping increase in advertisements was seen due to increase in ad spends on 916 brands during the period 1985 and 1986. The first use of celebrity advertising was done for the brand, Lux. The first advertisement was Gwalior Suitings and the first colour
advertisement was of Bombay Dyeing. The advertisers were introduced to concepts of branding, creative appeal, strategic planning etc.

TV advertisers have shown a continuous increase from a mere 2000 (1994) to about 5000 (2002). TV has been attractive due to its reach and impact factor. Also the proliferation of channels is making TV more attractive for advertisers.

Deliotte and ASSOCHAM suggest that the 12 % (2007-2010) growth of television sector in India is due to healthy advertising spends and increased penetration in semi-urban and rural areas. As per the predictions of CII and PWC, advertising revenues of about 43% will be due to Television advertising. Valued at Rs 329 billion (US$ 5.76 billion) in 2011, the television industry is expected to expand at a compounded annual growth rate (CAGR) of 17 per cent through 2011-16.

The total subscriber base for the Indian television industry is expected to increase to 173 million by 2016 from 95 million in 2009. The entertainment industry is dominated by the television segment with 45 percent of the market share, which is expected to reach up to 50 percent by 2018.

1.6.1 Number of Brands on Television:

The presence of brands, which are seen on television in India is showing a continuous rise. The growing importance of television as a media has resulted in this growth.
Figure 1.5 Number of Brands on Television

Source: AdEx India, Period: 2000-2009

Figure 1.5 indicates that, the number of brands advertised on TV has shown a continuous rise since the year 2000.

1.6.2 Number of advertisers on TV:

Television is the best way to reach masses and communicate with them. The potential of TV ads is unlimited and it is reflected in the growth of the number of advertisers on TV.

Figure 1.6 Number of Advertisers on Television

Source: AdEx India, period: 2000-2009
Figure 1.6 shows that, the potential of TV ads is unlimited and it is reflected in the growth of the number of advertisers on TV.

1.6.3 TV AD-VOLUMES:

As the following chart shows, the ad-volumes have grown at 18% from 2010 to 2011.

**Figure 1.7 Ad Volumes**

![Ad Volumes Chart](chart1)

**Source:** AdEx India, period: Jan- Jun for 2010 & 2011.

Figure 1.7 indicates, that the ad-volumes have grown at 18% from 2010 to 2011.

1.6.4 Growth in Television Channels in India:

**Figure 1.8 Number of Television Channels**

![Number of Channels Chart](chart2)

**Source:** CII and PWC, “India Entertainment and Media Outlook, 2012”.
Figure 1.8 indicates that the number of channels on Indian television has increased significantly. The number of operational and licensed channels from 2011 to 2016 has almost doubled.

1.6.5 TV Penetration:

Television subscription is the largest amongst all Entertainment & Media consumer spend categories in India. The existing penetration of cable and satellite television is over 80% of television households.

**Figure 1.9 Television Penetration**

![Figure 1.9 Television Penetration](image)

**Source:** CII and PwC,” India Entertainment and Media Outlook, 2012”.

Figure 1.9 shows that the existing penetration of cable and satellite television is over 80% of television households.
1.7 Current Scenario of TV Advertising:

The period of 2013 to 2015 witnessed the growth story of television as an advertising medium. By 2013, India became the third largest TV market (with 161 million television households), with US$15.7 billion revenue. In 2014, television industry grew at 13.8% owing to the election campaign and ad spends (Rs. 400 crore) by political parties and advent of e-commerce companies with huge advertising budgets. In 2014, the TV advertising industry stood at Rs. 15,500 crore (which increased by 12% compared to 2013). In 2015, it’s expected to be at Rs. 17,460 crores. Compared to all the other categories, the highest spender on TV ads was the FMCG segment. The Indian media and entertainment industry is projected to grow at close to 13% in 2015 over the previous year with television growing at a robust 14.46%, print at 8% and digital at 4.4%, taking forward the growth of these sectors in 2014. (FICCI- KPMG). Television grew by 14% and maintained its share of the total advertising pie at 38% in the year 2014 (Pitch Madison).

Sarkar (2015) has stated that ad spends on TV have shown a steep rise of 21% in the period of January to June, 2015.TV ad spends have hit a total revenue of Rs. 8,200 crores.

1.8 Future Scenario of TV Advertising:

Television and print are expected to remain the largest contributors to the advertising pie in 2018 as well (CII- PwC). By 2019; it is expected to reach Rs. 30k crore mark.
Table 1.2 Projection of Advertising

<table>
<thead>
<tr>
<th>Media</th>
<th>2015 INR BILLION</th>
<th>2016 INR BILLION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television</td>
<td>601</td>
<td>674</td>
</tr>
<tr>
<td>Print</td>
<td>272</td>
<td>296</td>
</tr>
<tr>
<td>Radio</td>
<td>26</td>
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<td>Internet advertising</td>
<td>25</td>
<td>30</td>
</tr>
<tr>
<td>OOH</td>
<td>24</td>
<td>26</td>
</tr>
</tbody>
</table>

Source: CII and PWC, “India Entertainment and Media Outlook, 2012”.

Table 1.2 shows that TV advertising leads all other media. By 2019, it is expected to reach Rs. 30k crore mark.

The chapter above reveals that there is a growth in ad spends, media, advertising agencies and channels. Amongst the various sectors, FMCG has emerged to be the biggest spender on advertising. A question therefore arises that does advertising help in creating favorable brand and advertisement awareness, attitude and purchase intention. In the next chapter, an extensive literature review in this context, both in international and Indian perspective has been undertaken.
References:


- *Entertainment.* Indian Brand Equity Foundation. (March, 2014)


