Chapter - 2
Overview of Print Advertising Industry
2.1 The Operational Model For Print Media

On one hand the operational model of print media is as common as any other business model and on the other hand it has certain uniqueness which distinguishes it from any other business model.

Figure - 2.1: Operational Model for Print Media

Source: PINC research
The print business move in the same pattern as any other business based on revenue drives which bring revenue to the business and cost drivers which incur the cost.

The unique side of the print business is that the revenue is driven by advertisement revenue and circulation and or sales of newspaper. The advertisement rates depend on how nicely the newspaper is circulated and major chunk of revenue comes from advertisement and not the circulation. The major macro factors that influence revenue are economic growth rate, literacy and spending power. Whereas micro factors are competition, readership base and advertisement: edit ratio.

On the other hand cost is driven by the newsprint cost employees salary cost and marketing and promotional cost. The newsprint cost is the major cost which is 30 to 35% of the sales. The major factors that influence cost are-

Macro factors- global newsprint demand/supply, newsprint raw material prices and exchange rate.

Micro factors- inventory holding period and newsprint contract period.

2.2 Scenario of Entertainment and Media Industry

The table: 2.1 clearly highlight the estimate growth of different media. After television the media that stood next is print at 212 billion. But the expected growth of revenues of different media is going to change the combination. As visible in the above table each media will grow. But the rate at which it is growing indicates the change in media priority. In the years to come the internet will be the one changing the media equation. In terms of revenues internet will be leading ahead of print because of easy accessibility of internet and rising traffic. Still in terms of the revenues print will be one of the leaders after television and internet in the years to come as per the projections.
Table - 2.1: Projected Revenues of E & M Sectors, billion INR, 2012-2017

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Television</td>
<td>383</td>
<td>437</td>
<td>529</td>
<td>638</td>
<td>753</td>
<td>872</td>
<td>17.9%</td>
</tr>
<tr>
<td>Film</td>
<td>112</td>
<td>133</td>
<td>151</td>
<td>170</td>
<td>185</td>
<td>199</td>
<td>12.2%</td>
</tr>
<tr>
<td>Print</td>
<td>212</td>
<td>230</td>
<td>255</td>
<td>279</td>
<td>304</td>
<td>331</td>
<td>9.3%</td>
</tr>
<tr>
<td>Radio</td>
<td>15</td>
<td>17</td>
<td>19</td>
<td>22</td>
<td>27</td>
<td>32</td>
<td>15.6%</td>
</tr>
<tr>
<td>Gaming</td>
<td>18</td>
<td>21</td>
<td>27</td>
<td>33</td>
<td>38</td>
<td>42</td>
<td>18.8%</td>
</tr>
<tr>
<td>Internet Access</td>
<td>171</td>
<td>248</td>
<td>352</td>
<td>476</td>
<td>564</td>
<td>631</td>
<td>29.8%</td>
</tr>
<tr>
<td>Internet Advertising</td>
<td>23</td>
<td>31</td>
<td>40</td>
<td>52</td>
<td>67</td>
<td>84</td>
<td>29.4%</td>
</tr>
<tr>
<td>OOH</td>
<td>17</td>
<td>19</td>
<td>21</td>
<td>24</td>
<td>26</td>
<td>29</td>
<td>11.2%</td>
</tr>
<tr>
<td>Total E&amp;M Sector</td>
<td>965</td>
<td>1149</td>
<td>1410</td>
<td>1714</td>
<td>1987</td>
<td>2245</td>
<td>18.4%</td>
</tr>
</tbody>
</table>

Source: India Entertainment and Media Outlook 2013.2

The below mentioned Figure:2.2 show the segment revenue contribution in 2012 and 2017. Television contributes the 40% of revenue of the total entertainment and media sector in 2012 (of 965 billion INR). It is followed by print at 22% of revenue of the total entertainment and media sector and internet access at 18% of the revenue. In comparison to this the equation is estimated to change in 2017. Television is estimated to contribute 39% in total revenue of the entertainment and media sector. This is followed by internet access at 28% and print at 15% of the total entertainment and media sector.
Figure - 2.2: Segment Revenue Contributions in 2012 and 2017.

Source: India Entertainment and Media Outlook 2013
The projected revenues is made up of consumer payments and advertising revenues. The share of advertising revenue is total E & M Sector revenues are expected to reduce from about 33% in 2012 to about 28% in 2017. Correspondingly, the share of consumer payments is expected to increase from 67% in 2012 to 72% in 2017. Nonetheless, the total advertising revenues are expected to increase at a healthy rate of about 14 percent CAGR from 322 billion INR in 2012 to 619 billion INR in 2017.\(^4\)

**Figure - 2.3: Constituents of advertising revenue in 2012 and 2017.**

2012

![Pie chart for 2012]

2017

![Pie chart for 2017]

Source: India Entertainment and Media Outlook 2013\(^5\)
As of today print hold the highest share in total advertising revenues. The projections reveal that print will be moving to second position from the previous first position. The share is reduced because of the rising share of internet. Still the share of print media holds to be very huge after television. This clearly indicates the marketers will be still focusing on the print media for their strategic ends.

Number of researches has revealed dramatic events taking place in India. Firstly that the global print industry is moving towards digitization and that there is negative growth taking place when it comes to newspaper publishing. In India the digitization is fairly good. Almost all the newspaper publishing company has digitized their newspapers but when it comes to acceptance it is fairly low amongst Indian readers. Hard copy continues to hold a higher degree of preference over digitization in India.

### 2.3 Scenario of Print Media Industry:

The major contributor in the print media stands to be newspaper and magazine. The below mentioned Table – 2.2 shows the summary of print media industry. There is 8.5% growth in total print media in 2013 and it is projected to grow by 9% CAGR between 2013 and 2018. It has grown from INR 224 billion in 2012 to INR 243 billion in 2013. The total advertising revenue was INR 150 billion in 2012 and has grown to INR 163 billion with a growth of 8.7%. The same is projected to grow at CAGR of 11.1% between 2013 and 2018. The total circulation revenue was INR 75 billion in 2012 and has grown to INR 81 billion with a growth of 8.1%. The same is projected to grow at CAGR of 4.2%. The total newspaper revenue was INR 211 billion in 2012 and has grown to INR 230 billion in 2013 with a growth rate of 8.7%. It is projected to grow at CAGR of 9.5%. The total magazine revenue was INR 13 billion in 2012 and has grown to INR 14 billion with a growth of 4.5%. It is projected to grow at CAGR of 0.3%.
Table – 2.2: Summary of Print Media Industry

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total advertising</td>
<td>139</td>
<td>150</td>
<td>163</td>
<td>8.7%</td>
<td>179</td>
<td>199</td>
<td>222</td>
<td>248</td>
<td>275</td>
<td>11.1%</td>
</tr>
<tr>
<td>Total circulation</td>
<td>69</td>
<td>75</td>
<td>81</td>
<td>8.1%</td>
<td>85</td>
<td>88</td>
<td>92</td>
<td>95</td>
<td>99</td>
<td>4.2%</td>
</tr>
<tr>
<td>Total print market</td>
<td>209</td>
<td>224</td>
<td>243</td>
<td>8.5%</td>
<td>264</td>
<td>287</td>
<td>313</td>
<td>343</td>
<td>374</td>
<td>9.0%</td>
</tr>
<tr>
<td>Total newspaper revenue</td>
<td>197</td>
<td>211</td>
<td>230</td>
<td>8.7%</td>
<td>250</td>
<td>273</td>
<td>300</td>
<td>329</td>
<td>361</td>
<td>9.5%</td>
</tr>
<tr>
<td>Total magazine revenue</td>
<td>12</td>
<td>13</td>
<td>14</td>
<td>4.5%</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>0.3%</td>
</tr>
<tr>
<td>Total print market</td>
<td>209</td>
<td>224</td>
<td>243</td>
<td>8.5%</td>
<td>264</td>
<td>287</td>
<td>313</td>
<td>343</td>
<td>374</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

Source: FICCI-KPMG Indian Media and Entertainment Industry Report 2014.6

2.4 Scenario of Print Media Market Mix:

The print media market mix is composed of English, Hindi and Vernacular market. The Table – 2.3 depicts the print media market mix growth.

The English market of print media market has grown from INR 86 billion in 2012 to INR 91 billion in 2013. The growth in 2013 stands to 5.8%. This growth is composed of advertising and circulation. The advertising grew at 5.2% from INR 59 billion 2012 to INR 62 billion in 2013. The circulation grew at 7.0% from INR 27 billion in 2012 to INR 29 billion in 2013.

The Hindi market of print media market has grown from INR 68 billion in 2012 to INR 75 billion in 2013. The growth in 2013 stood at 10.5%. This growth is composed of advertising and circulation. The advertising grew at 11.3% from INR 45 billion 2012 to INR 50 billion in 2013. The circulation grew at 9.0% from INR 24 billion in 2012 to INR 20 billion in 2013.

The Vernacular market of print media market has grown from INR 69 billion in 2012 to INR 76 billion in 2013. The growth in 2013 stands to 10.0%. This growth is composed of advertising and circulation. The advertising grew at
10.8% from INR 46 billion 2012 to INR 51 billion in 2013. The circulation grew at 8.5% from INR 24 billion in 2012 to INR 20 billion in 2013.

The total number of registered publication as on 31st March, 2014 was 99660. The newspaper category was 13761 and periodicals category was 85899.

Table 2.3: Print Media Market Mix

<table>
<thead>
<tr>
<th>Print media market</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Growth in 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>English Market</td>
<td>79</td>
<td>83</td>
<td>86</td>
<td>91</td>
<td>5.8%</td>
</tr>
<tr>
<td>Advertising</td>
<td>53</td>
<td>57</td>
<td>59</td>
<td>62</td>
<td>5.2%</td>
</tr>
<tr>
<td>Circulation</td>
<td>26</td>
<td>26</td>
<td>27</td>
<td>29</td>
<td>7.0%</td>
</tr>
<tr>
<td>Hindi Market</td>
<td>58</td>
<td>62</td>
<td>68</td>
<td>75</td>
<td>10.5%</td>
</tr>
<tr>
<td>Advertising</td>
<td>37</td>
<td>41</td>
<td>45</td>
<td>50</td>
<td>11.3%</td>
</tr>
<tr>
<td>Circulation</td>
<td>21</td>
<td>22</td>
<td>24</td>
<td>26</td>
<td>9.0%</td>
</tr>
<tr>
<td>Vernacular Market</td>
<td>56</td>
<td>63</td>
<td>69</td>
<td>76</td>
<td>10.0%</td>
</tr>
<tr>
<td>Advertising</td>
<td>36</td>
<td>42</td>
<td>46</td>
<td>51</td>
<td>10.8%</td>
</tr>
<tr>
<td>Circulation</td>
<td>20</td>
<td>21</td>
<td>24</td>
<td>26</td>
<td>8.5%</td>
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<td>243</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

Source: FICCI-KPMG Indian Media and Entertainment Industry Report 2014

The below given Figure 2.4 shows the print media business by language in the year 2013. It shows that the English print media stood at 37%, Hindi stood at 32% and Vernacular stood at 31%. In comparison to this, in 2018 it is estimated to be: English 31%, Hindi 35% and Vernacular at 34%. This indicates the rise of literacy level and how the local languages print are going to rise.
2.5 **Strengths of Print Media**

**Used By All**

The biggest strength of the print media is the reach it can exercise. This is true at least in the India where the sale has consistently increased. In case of newspapers one significant aspect of the same is that it is used by all business or corporate houses. Whether it is a giant corporate house or a small scale
business or small retailer in the corner of the street it is can be used by every one and that too very easily.

**Large Coverage of Market:**

Lately, but because of rising literacy level the print media especially the newspaper is found to have wide coverage of the market. This potential to reach enormous markets have made newspaper inevitable tool for communication especially for advertisement by the marketers.

**Flexibility:**

The newspaper advertisement has great flexibility. Television advertisement involves lot of rigidity. Firstly it is very costly and secondly it television advertisement involves a contract for specific duration to be relayed and that too of specific size. Newspaper advertising provides flexibility. Firstly in terms of size- where depending upon the market opportunity felt, observed or found by the marketer the advertisement can be prepared. So if the marketer sees a huge opportunity because of festival or so then he can prepare a big or full page size advertisement. In the same way can launch a small advertisement in off season or other then peak season. Secondly in such festival season or those timings where opportunity of sales is huge, the marketer can launch the advertisement in almost all newspapers locally, regionally or nationally.

**Geographical control:**

A marketer using newspaper advertising can very nicely target a particular geographical region where the demand of goods is found to be present. In this case he can use the local newspaper of that particular geographic region where the demand is present. Thus when company is producing different products and when different products are accepted and preferred in different geographic regions then in that case newspaper advertising can provide greater control. The marketers can device different newspaper advertisements to appeal to different geographic regions.
Reasonable cost:
The cost with which a newspaper advertisement will reach is lowest in comparison to magazine or other promotional mediums. This makes newspaper a biggest attraction zone for almost any size of the company.

Quick Response:
When an advertisement is given, be it any medium, what a marketer is looking for is- the response generated out of an advertisement. Measuring the response to an advertisement is always difficult and takes a long time in knowing that the response was due to advertisement. But the newspaper advertisement generates immediate response because it can be planned and executed even in last minute promotion decision. When the some sales promotion scheme is launched or a new product is launch is there and newspaper advertisement is used the response to the same can be observed within hours of its publication.

2.6 CHALLENGES
Rising prices of newsprint:

Figure: 2.3: Newsprint prices in USD/MT

Source: India Entertainment and Media Outlook 2011
Newsprint refers to the specific type of paper used to publish newspapers. It is thin enough to be economically produced, but thick enough to be printed on both sides. It is a relatively cheap grade of paper, but one whose production is reasonably environmentally sound. Newsprint is produced at mills throughout the world, using very much the same process everywhere. The prices of the newsprint have come down in the beginning of the 2010 and there after it has shown a continuous increasing trend. This has put a pressure on the cost of publishing the newspaper. Speaking other way round the scope of earning profits gets directly influenced and in this case profit is getting reduced. Thus the rising prices of the newsprint make the biggest challenge to the publishing industry.

**Competition:**

When Diya Bhaskar launched its newspaper in Gujarat it came in the market with large number of subscription offers. This compelled other newspapers to come forward with some or the other offers. This is the situation because the consumers are very price sensitive and a small advantage can mobilize a huge population/ the readers. Again the same causes a direct impact on the profit.

**Rise of new media:**

Definitely there is a rise of new media and the best example can be of internet. Once it gets penetrated in the mainstream of the life of the common citizen then it will pose as a potential threat to newspaper industry as well. This argument can be supplemented with the statistics of the countries where the internet developed rapidly there it was observed that the hard copy of newspaper subscriptions sharply went down with the increasing preference amongst the readers for soft copy.
2.7 Elements of Good Print Advertisement:

Layout:

Layout is the overall frame in which other print elements like headlines, visuals, body-copy and logo is placed. This overall is of utmost important because each element such as visuals, body-copy and logo, how they are arranged, sized and placed is going to, directly influence the reader or viewer for further analysis. If overall layout is not properly organized it can repel the readers or viewers. It should be so placed that all the elements of the layout are penetrated in the readers mind in a proper sequence and proper perspective to be enough memorable.

Headlines:

Headlines are the best in advertisement with the largest font size so as to highlight the particular content. It is a deliberate attempt on the part of the advertisers to use headlines to generate enough attention and interest that the reader glides through the rest of the contents.

Body copy:

The body copy constitutes the main text in an advertisement which is supplemented with headline and visual to fully explain what the advertisement is all about. It is the body copy which gives detail explanation, narrates features, provides relevant evidences and puts forward the reason why one should buy the product.

Visual:

Visuals are those contents of an advertisement which are visible and pictorially depict the advertisement content. Mostly used by the advertisers to make reader see the picture rather imagining the picture with the help of words. Visuals can provide immediate cues of advertisement.
Slogan and logos:

Slogans are also known as tagline. It is a conclusive remark which appeals to the very basic objective why this product or brand or company. If product or brand genuinely matches with the tag line it can do wonder in terms of memorability and informativeness.

Logo is a symbol that company uses for its products or the brands. The product becomes easily identifiable with the company with the help of logo.

Over a period of time when company has done heavy advertisement and now if decides to have small print advertisement then logo can speak volumes.

Websites and Links

3. Ibid.
4. Ibid.
5. Ibid.
7. Registrar of Newspaper of India : http://mi.nic.in
8. FICCI-KPMG Report 2014
10. Ibid
11. Ibid