

# Live Events OOH Media & Music



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Transforming the skill landscape



## **Shri Subhash Ghai,**

Chairman (MESC)  
Renowned Indian Film Director,  
Producer & Screenwriter

# MESSAGE FROM THE CHAIRMAN



MESC is a new revolution & evolution to the whole education system of India with full emphasis for skill-based education rather than memory based education. It's one of the finest initiatives by the Govt. of India and I'm proud to be associated with MESC with a serious responsibility to develop a new generation of skilled man in every field. It is especially important in our sector of Media & Entertainment, to explore & think beyond obvious. I'm humbled & thankful to everyone who has entrusted me with this great responsibility of taking the council in the right direction for the next generation and I am sure that we have a good team to achieve our targets at the earliest.



# Live Events

## **The organized events and activations segment grew 15.6% in 2018 to reach INR75 billion**

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- The number of events grew 9% over 2017, led by digital events which grew 35% and activations, which grew 21%
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- Ticket sales now contribute over INR7 billion
- 
- Auto, tech and FMCG were the top categories
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- 31% of marketers surveyed by EY said that their spends on events and activations had increased by over 10% during the last two years
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# Live Events



## Future outlook

- Margin management will be a key priority for 2019
- Growth will be driven by managed events and IPs: 69% of marketers surveyed expected to spend more on events and activation over the next two years
- Regional markets will continue to drive growth
- 86% of the respondents to our marketer survey indicated that digital integration with events was very important



## **Intellectual properties & digital integration were increasingly adopted**

- 38% of respondents had invested in creating one or more IPs
- Digital integration increased and over half the survey respondents had integrated digital in some form or the other with their events

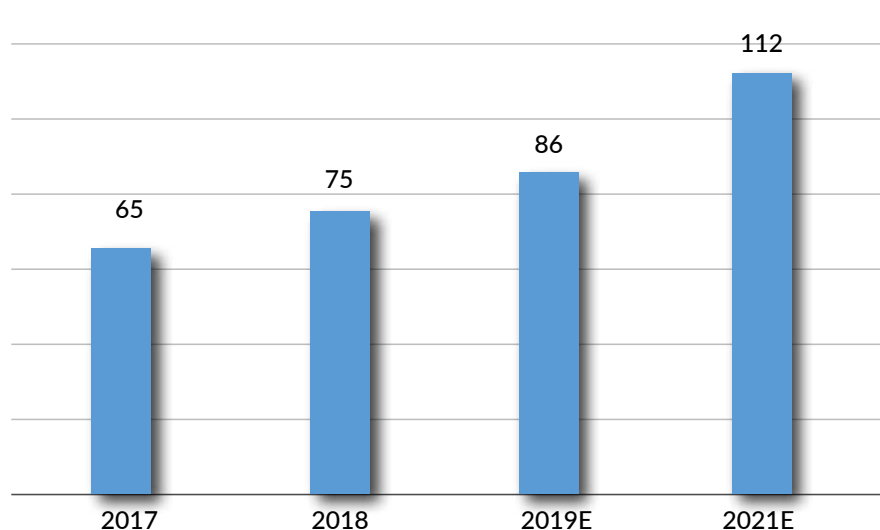


## The organized live events segment grew 16% in 2018

### Event Segment Revenues

The industry grew at 15.6% in 2018 led by the launch of many large format events, intellectual properties (IPs), weddings, sports and digital activation. The number of events grew by 9% over 2017, led by digital events which grew 35% and activations, which grew 21%. This value represents the revenue of “organized” events and activation agencies and does not include the multitude of “unorganized” event companies spread across the country. Survey respondents felt on average that just 52% of the Indian events and activation segment was organized. The size estimate also does not include the value of telecast rights of events (unless owned by an events and activation management company), the value of meetings, incentives, conferencing and exhibitions (MICE) conducted by pure travel companies, value of IPs not owned by event companies and the value of properties managed by in-house activation teams of advertisers.

### There was a 9% increase in the number of events







## Move towards IPs and digital

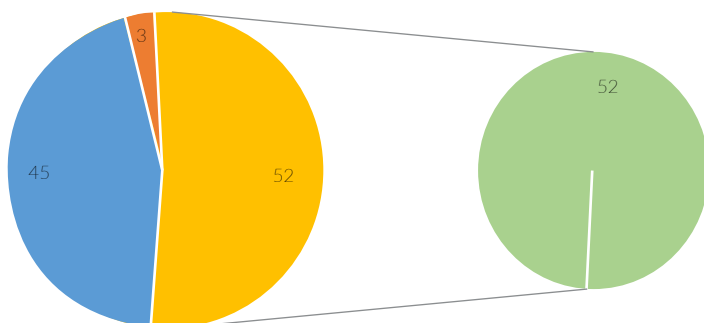
**38% of respondents had invested in creating one or more IPs**

More and more event companies were creating IPs, either owned by them, or in partnership with brands or other event management agencies. While IPs contributed to less than 1% of total events, they provided around 16% of revenues.

## Digital integration increased

**Have you integrated digital into your event offerings?**

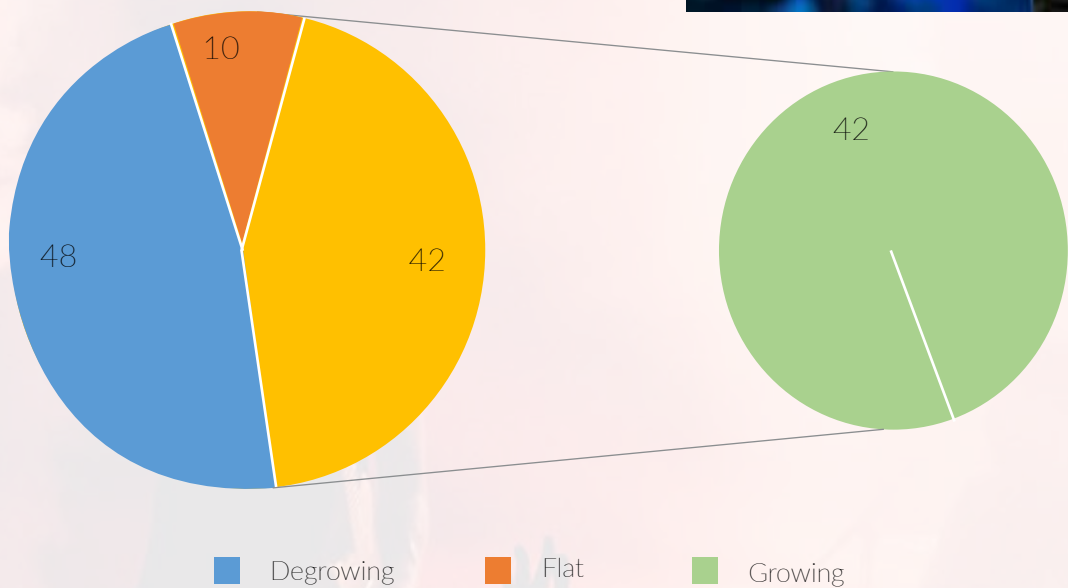
Over half the respondents claimed to have integrated digital aspects into their events. This was across marketing, in-venue, audience engagement, post-event communities, ticketing and food and beverage sales. Large format events had commenced live streaming to build advertising revenues.



- Just for few events
- Not for Most of the events
- For most events, in some manner or ther other

## 2018 saw margin pressure increase

48% of survey respondents felt that margins dropped in 2018, while 42% felt they were flat. Reasons attributed included increased competition due to clients preferring multiple agency pitches for each campaign and increased sourcing pressures





## Future outlook

### **Margin management is expected to be the key priority for 2019**

Survey respondents were most concerned around margin management, reflecting the increase in costs, which they are not always able to charge clients. Respondents' next most important priorities were to enable business expansion (primarily into new segments and smaller towns) and IP creation.

Respondents expected maximum growth to come from managed and personal events (21%), followed by IPs (17%) over the next two to three years. While the number of digital events and activations would grow significantly, it would not contribute to revenue growth as much.

### **Growth will be driven by managed events and IPs**

Respondents expected maximum growth to come from managed and personal events (21%), followed by IPs (17%) over the next two

to three years. While the number of digital events and activations would grow significantly, it would not contribute to revenue growth as much.

### **Marketers will increase their spends on events and activation**

#### **How do you see your spends on events and activation over the next two years?**

69% of marketers surveyed expected to spend more on events and activation over the next two years.

### **Regional markets will continue to drive growth**

66% of our event survey respondents felt that events revenues in tier-II and III cities grew at the same rate or faster than events in larger cities. India's GDP growth over the next few years is expected to be higher in smaller cities. This will result in increased spending on entertainment in those cities, and a chance for Indian event companies to create low-cost and high-

volume properties for these markets. Concerts, sports and personal events will drive this growth.

### **Digital will drive efficiencies and higher Role**

#### **How important is it for you to see digital integration with your events and activation initiatives?**

Marketers will integrate digital with their events and activation spends more aggressively in a bid to drive up Role and increase reach. 86% of the respondents to our marketer survey indicated that they thought digital integration with events is very important. They will use interactive experiential solutions on digital platforms to interact with brands and at the same time, enable sales and customer database creation.



# OUT OF HOME MEDIA



## Key messages

### Rapid infrastructure development drove growth

- OOH media reached INR37.3 billion in 2018
- The segment grew at 8.8%
- Retail, consumer services and real estate were the largest advertiser categories
- Digital OOH grew to reach INR1.5 billion which is 4.7% of the total segment



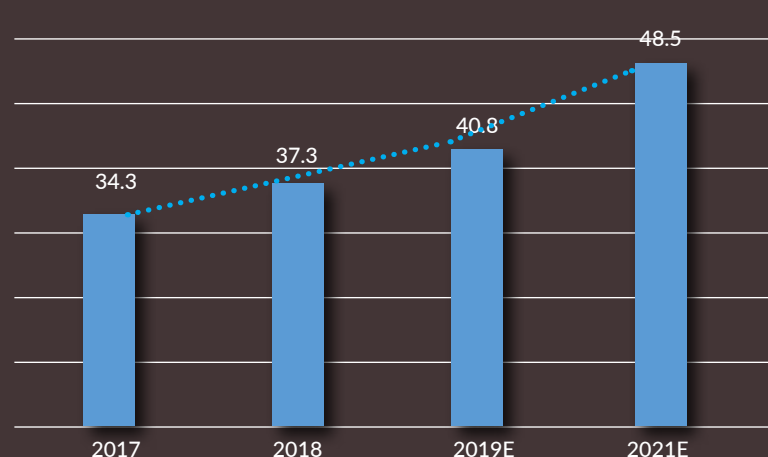
## Future outlook

- We expect transit media growth to continue unabated - from around 34% today to around 45% of the OOH segment by 2021
- Station naming rights will become a more important source of revenue
- Digital OOH could reach INR5-6 billion in five years
- Measurement metrics linked to consumer data, profiling, maps and footfalls will come into being

## OOH media grew 8.8% in 2018

### The segment reached INR 37.3 billion

Out Of Home (OOH) media grew by 8.8% in 2018 to reach INR 37.3 billion. It is expected to grow 9.5% in 2019 and reach INR 48.5 billion in 2021 at a three-year CAGR of 9.2%.



INR billion (gross of taxes) | EY analysis



Category	Category Contribution In 2018 (In %)	Category Growth Over 2017 (In %)
Organized retail	16%	14%
Hospitals, restaurants, education, OTT	14%	24%
Real estate and construction	12%	14%
FMCG	9%	18%
Financial services	9%	15%
Telecom	7%	-13%
Auto	7%	4%
Media	5%	15%
E-Commerce	4%	7%
Electronic	2%	16%
Petroleum / Lubricants	1%	-14%
Pharmacy	1%	-17%
Energy	0%	-18%
Others	12%	-5%
Total	100%	9%



*Retail, consumer services and real estate were the top contributing sectors to the ad spent in the OOH segment. Growth was driven by education and OTT platforms. However, ad spent fallen across telecom, petroleum, pharmacy and energy categories.*

## Digital OOH growth to reach INR1.5 billion

Digital OOH market reached INR 1.5 billion, accounting for 4.7% of overall OOH market. Digital OOH is further estimated to grow and reach INR 5-6 billion over the next five years. Its share is expected to reach around 8% of the OOH segment by 2021.

### Growth would be driven by the following factors:

- 4-5x or higher growth in the number of digital displays, which are estimated to be around 70,000 today. Already, 50-60% or more of advertising spaces at airports and malls have been converted to digital OOH, contributing approximately 20-30% of industry growth. With the development of new airports, smart city projects, malls and metro stations, among others, digital screens are expected to grow further.
- Digital OOH lends itself to better measurement. Integrating site data with consumer data, profiles and retail sales data which enables better informed investment decisions.
- When combined with activations, digital OOH delivers leads and consumer profiles, enabling direct to consumer interactions for brands.



# OOH UUMIS



! SABLE

## Increasing adoption of real-time OOH media solutions was seen in 2018

Companies are introducing tech-enabled OOH advertising systems to achieve more efficiency and transparency. In December 2018, Poster scope India launched ROOH (Real Time Out of Home), a planning-buying platform for OOH inventories. ROOH platform has over 60,000 digital screens accessible via a single platform. The platform uses a wide variety of data feeds to create customized and targeted advertising, allowing advertisers to directly control the content that is being played on screens

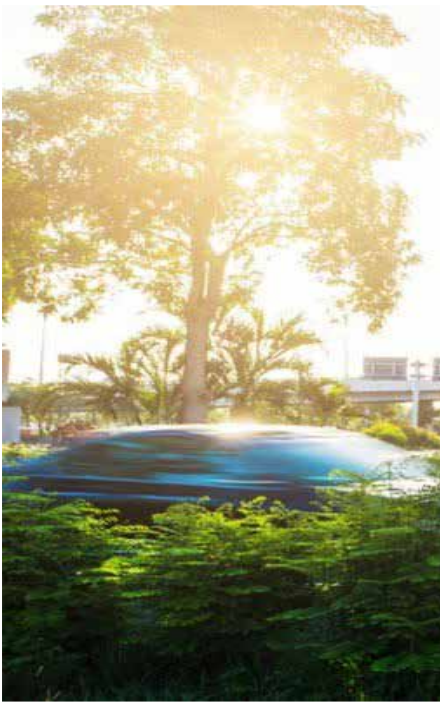
## Rapid infrastructure development drove growth

The rapid development of infrastructure, including upcoming airports, smart city projects, malls, metros, bus shelters, public conveniences, coffee shops, along with increased advertising opportunities in tier-II and tier-III cities are all contributing to the growth of OOH media. Airports account for a majority of digital OOH media, attributable to the time travellers have to view ads at specific touch-points like boarding gates. In the next three years, it is expected that 307 new airports will get operationalized and metros will be operationalized at Mumbai, Delhi, Bangalore, Chennai and seven other cities. The Railways plan to implement the rail display network with 100,000 digital screens across all stations by 2022.

## Challenges remained, however

The lack of a reliable universal measurement system and timely permissions from concerned local and regulatory authorities are the largest challenges faced by the segment. Several attempts at measurement have been planned, but the need for a universal metric remains unmet. Implementation of OOH campaigns in tier-III and rural markets is also difficult to track, resulting in the need for expensive audits and monitoring mechanisms.

# Future outlook



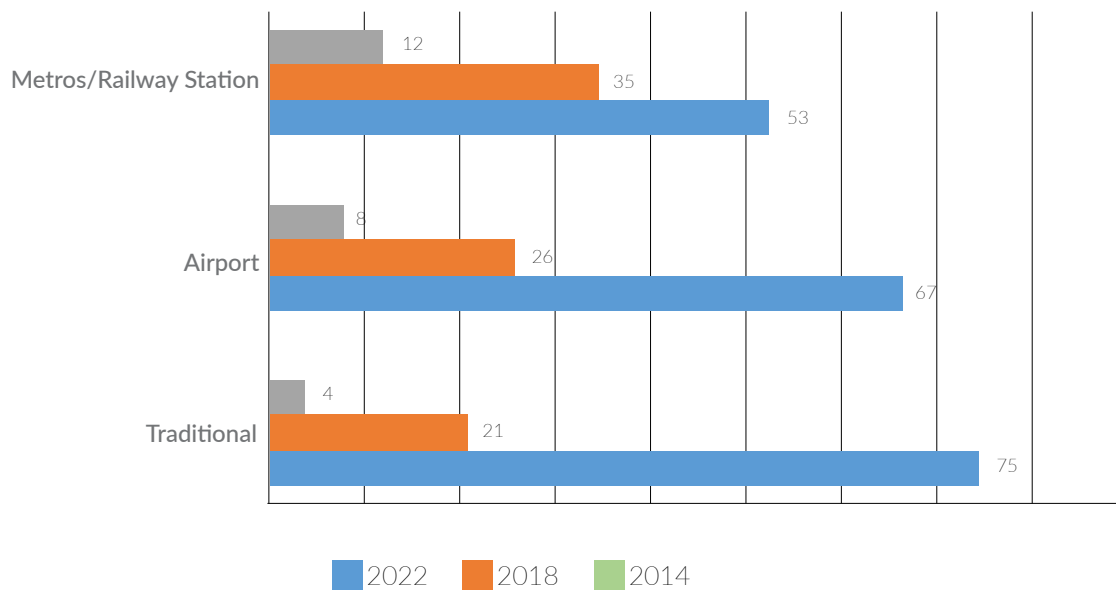
## We expect transit media growth to continue unabated

Given the growth in operational airports (it is expected that over 100 airports will be built over the next 15 years, including 18 under the UDAN scheme<sup>10</sup>), metros in large cities (another 500 kilometres of metros are under construction or planned<sup>11</sup> across Pune, Nagpur, Ahmedabad, Chennai, Vijayawada, Kozhikode, Indore, Bhopal, Patna, Guwahati, Kanpur and Varanasi), the focus of Indian railways to implement digital screens and the proposed infrastructure investment for modernization of bus stands, we expect the share of transit media to grow from around 34% today to around 45% by 2021





# Composition of OOH %



## Naming rights will become an important source of revenue

Metro station naming rights are generating between INR100 million to INR400 million a year per station, depending on the city and passenger traffic. With new stations coming up, this can become a big revenue source, with a potential to reach INR16 billion within four to five years



## Measurement metrics will come into being

We believe that measurement will be implemented on a campaign basis in the near term. This will be led by integrating data across mobile phone location, maps, OOH media site location and footfalls / sales data, which is being proposed by a slew of measurement agencies like Measurement of Outdoor Displays and Moving Walls amongst others.





# GLOBAL TRENDS

## Global growth remains stable and modest

Globally, OOH remains a durable advertising medium where digital is an opportunity, not a threat, leading to a stable and modest growth. With improved performance of out-of-home campaigns and more organizations willing to experiment and incorporate new digital ad experiences, the segment, especially digital OOH is expected to drive growth.

## Operators continue to invest in digital OOH

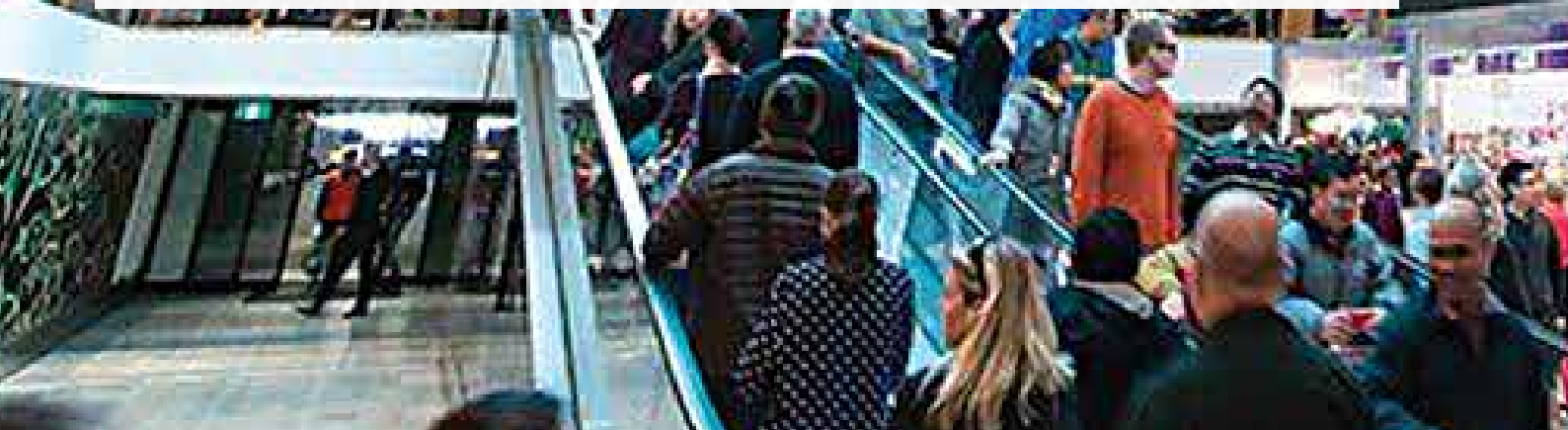
Operators are investing in digital boards that promote creativity, have enhanced measurability, transparency, daypart selling and increased inventory. With growing consumer familiarity towards digital screens, the value these platforms offer is also bound to increase. This gives an ability to extend hyper-local and immersive experiences into the mix, such as weather triggering, interactive e-health requests and other real-time variables.

## The shift to programmatic ad buying is on-going

While at present it is a small piece of the larger pie, OOH advertising's shift to programmatic is happening swiftly. Programmatic buyers testing OOH for the first time must provide high-quality ad creatives by working with ad agencies. Brands can leverage those real-time ad placements to capitalize on reaching high concentrations of their target audiences at the ideal time of day. However, getting digital audience targeting criteria into programmatic OOH is proving slightly difficult, considering the majority of OOH placements are not able to provide the one-to-one audience matching digital buyer's desire.

## Increased M&A activity

The fragmented nature of the segment, combined with a strong strategic and private equity interest support a robust M&A opportunity. Large technology companies have started to acquire OOH networks to boost their market share as interest in OOH increases and marketers are focused on capturing offline audiences through physical medium







# MUSIC

## Key messages

### Music segment grew 10% on the back of film music and audio streaming to reach INR14 billion in 2018

- India was at the 19th position in the IFPI world rankings of music markets
- Film music contributed to over 80% of total revenues

### Audio streaming

- Grew 50% in 2018 to reach 150 million listeners (excluding YouTube music viewers)
- However, only around 1-1.5 million listeners paid for the services
- Paid audio streaming (net of telco bundling) reached INR800 million
- 96% of music consumers consumed music on smartphones
- 50% of listenership was outside the top eight metros

- 75% of music pertained to music released in the last 12 months
- Three out of four listeners used pirated music

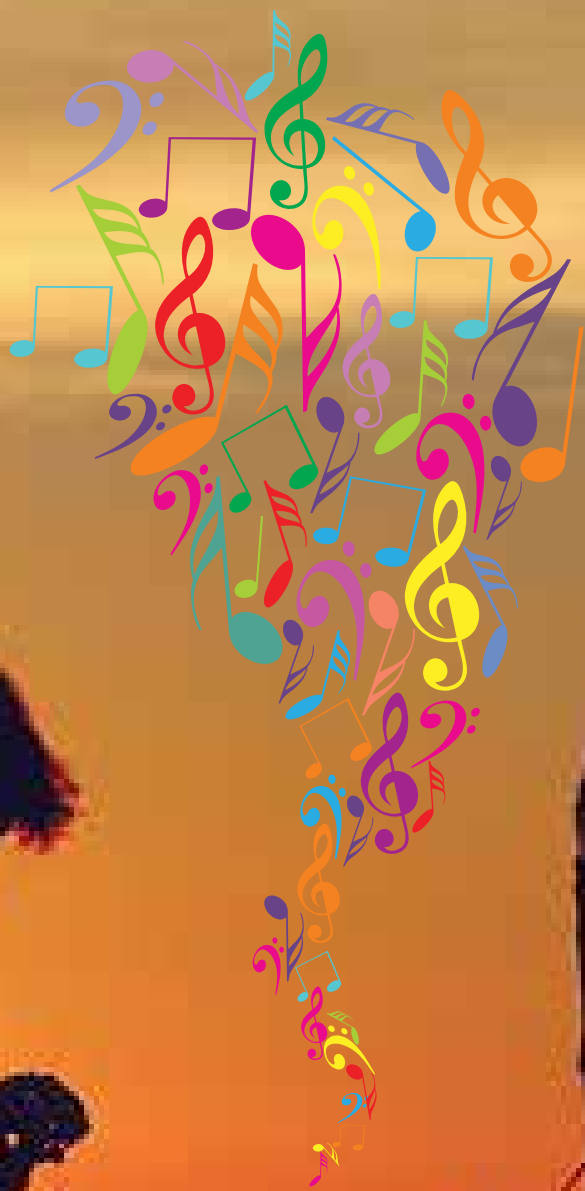
### Labels benefitted from this growth

- Growth at the music label level was around 20%
- 83% of total label revenues in 2018 came from digital music formats
- Share of physical music sales fell 50%

### Future outlook

- Music segment can reach INR19.2 billion by 2021 driven by audio subscription growth at 43% CAGR
- We expect bundling of music by telcos will drive growth





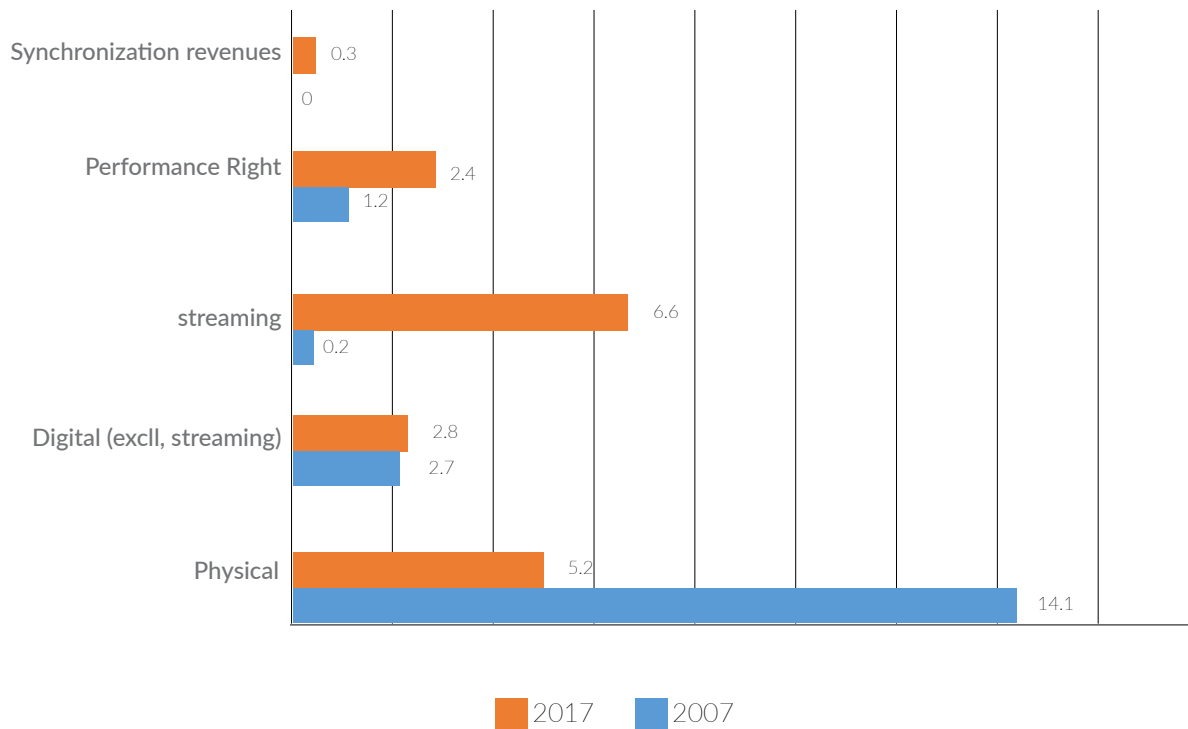
### Music segment grew 10% in 2018

The Indian music segment grew 10% to reach INR14.2 billion in 2018. It is expected to grow 10.8% annually till 2021, on the back of increased digital revenues, performance rights and synchronization rights

2017	2018	2019E	2021E
12.8	14.2	15.5	19.2

# Globally recorded music industry revenues in 2007 and 2017 by format

Total revenue US\$18.2 billion US\$17.3 billion



Growth at the music label level was 20%, led by digital revenues, which now contribute 83% of their revenues. YouTube accounted for 40% of the digital revenues for labels. Physical music sales fell by 50%. India reached 19th position in the IFPI world rankings of music markets.

According to IFPI, streaming accounted for nearly 40% of global music revenues, making it the biggest source of income for the music industry by a significant margin. As market leaders Spotify and Apple Music continue to grow, streaming will dominate music consumption going forward, especially now that smart speakers are making music streaming at home more convenient.





## Film music contributed over 80% of total revenues

In India, songs related to movies have the highest share in terms of revenue and account for over 80% of the music segment's revenues. The three most popular genres amongst internet users in India are new Bollywood music, older Bollywood music and Indian classical music.

Licensed streaming services have enabled domestic music labels to flourish. Local artists from across the country are securing a sizeable fan base and Punjab leads the non-film music industry. Saavn has its own Artists and Repertoire team in New York City and collaborates with independent artists on marketing campaigns through its Artist Originals program, while Hungama runs a similar initiative called Artist Aloud. Sofar Sounds, a VC-backed music events start-up headquartered in London, UK operates in 12 cities in India and has played a substantial role in putting independent Indian artists on the digital map.

## Physical format music sales fell 50% in 2018

The contribution of physical sales to Indian music industry reduced 50% to just 4% of label revenues in 2018. This is much lower than the global share of around 30%. In 2017, SaReGaMa had launched Carvaan, an audio player with pre-loaded songs and other features like USB and FM radio. It has seen a significant uptake of more than 1 million units since its launch. The revenues from these sales have not been included in the sizing of the music segment.

Over 96% of music consumers consumed music on smartphones

Smartphones and computers remained the universal choices for listening to music across all age groups. 96% of users used their smartphones to listen to music, the highest rate worldwide, followed by computers (92%)



India generated 5 billion music streams in December 2018

Indian audio streaming apps together reached around 5 billion streams per month towards the end of 2018, a growth of around 50% over the prior year. 50% of listenership was outside the top eight metros. 75% of music pertained to music released in the last 12 months

### Top five music apps

1. Google Play Music
2. WYNK
3. JioMusic
4. Gaana
5. Saavn







## Indian internet users spent over three hours a day listening to music

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Indian internet users spent over three hours a day listening to music

Indian internet users surveyed by the IFPI spent 21.5 hours listening to music per week i.e., approximately three hours each day - which is more than the global average of 17.8 hours per week. Indian internet users in the 16-24 years age group listened to 23.9 hours per week on average. 81% users engaged with free audio streaming services.

## Three out of four listeners used pirated music

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76% of internet users admitted to using pirated music in the last three months. The Indian music industry faced a loss of INR15 billion due to piracy through illegal sites. Of the time Indians spent listening to music, 13% (i.e., three hours each week) was used to hear illegal downloads, as compared to the global average of 7%. In China, where there have been crackdowns on piracy, the figure is 8%.

Stream-ripping is the most popular form of music piracy in the country, with 72% users using stream ripping to obtain free downloads of music.

The availability of swift remedies, including blocking orders, to tackle these pirate services is crucial to protecting the Indian music and other creative industries. Furthermore, app stores and ISPs that host such services need

to be proactive in recognizing this form of infringement and work with industry bodies to curb piracy.

## Advertising on music streaming remained negligible

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Advertising fill ratios on music streaming apps remained low, with just one minute of advertising per 60 minutes of consumption in some cases. That is a loss of opportunity given that the year ended 2018 with around five billion music streams per month as per industry estimates. Advertising on music streaming has not yet found traction, mainly because compared to other digital platforms, the ability of some platforms to demonstrate return on investment to advertisers is lacking. There is an opportunity to combine radio ad sales with streaming music sales, which could result in growth in this segment.





## Growth in online music streaming drove investment and innovation 2018 was a year of significant innovation in the field of consumer engagement and experience<sup>24</sup>:

- ▶ Multi-language user interfaces – in up to 11 languages - helped increase the uptake of new listeners outside the top 10 cities of India
- ▶ Improvement in streaming quality made a big difference in 2018, with a lot of effort being put in to enable streaming even in poor network areas
- ▶ Improvements in the quality of recommendations and auto queueing helped increase time spent by over 10%
- ▶ Amazon India's Prime Music has integrated the voice features of its smart assistant Alexa, which can be used on the music app and Echo devices. This allows users to request favorite songs and create new playlists using voice commands. Discussions with platforms revealed that up to 20% of new audio streaming listeners used voice search
- ▶ Xiaomi launched the Mi Music app at Mi Pop Play, marking Xiaomi's move into offering value-added Internet services for local users. The app offers an integrated music streaming service along with the ability to store offline music
- ▶ Gaana introduced an innovation which integrated the game of cricket with music through a gaming property called "Game of Sixes". Each user was registered to a team playlist, based on the city chosen. To score runs for the team, users could either play songs from their team playlist or add songs to it. The team with the highest cumulative runs at the end of the 15-day campaign were declared winners

## Indian music artists were signed by foreign labels

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A 23-year-old DJ/Producer from India has been signed by one of the UK's largest record labels, Virgin EMI Records, becoming the first Indian artist to be signed by the UK label. Virgin EMI further partnered with Universal Music India to sign other singers to promote their music internationally.

## Future outlook

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**The music segment can reach INR19.2 billion by 2021**

The music segment needs to be creative in channeling consumers towards a paid subscription model. If the current base of 1% of Indian music pay subscriber, can shift upwards to 2-3%, digital revenues can propel the necessary growth to push the Indian music market towards INR 20 billion and beyond.

## Bundling of music will drive growth

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Given the price sensitive nature of Indian consumers, bundling will drive growth of audio streaming in the next few years, and most consumers would accept the base no-frills package offered to them by telcos and other platforms. Bundled streaming consumption could grow to over 75% of the total market by 2021



# Global trends

## **Streaming services achieve significant subscriber scale**

Industry returning to growth as streaming services achieve significant subscriber scale, creating increasingly favorable economics for artists, labels and publishers. Driven by fans' engagement with streaming, paid subscribers reached 176 million globally by end of 2017. Moreover, streaming services will soon overtake monthly music downloads given the online users preference for accessing content rather than owning the content.

## **Need to segment customers**

As the market recovers and music continues to be consumed globally, record companies continue to focus on providing full and fair value for music - ensuring quality music is offered to fans, while maintaining value for recording artists/ songwriters. Music companies need to find a way to develop robust consumer segmentation to provide differentiated products for people who are not converting to subscription.

## **Piracy is a global problem**

Piracy continues to cripple the music industry with record companies tackling illegal services that exploit the work of artists and profit through large scale copyright infringement. Stream ripping is the fastest growing form of music copyright infringement globally. The music industry is leaving no stone unturned - from educating consumers on copyright rules, working with law enforcement agencies, entering litigation against online pirate services, working with online stores to remove infringing apps, etc. to create an environment in which the music sector can grow.



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**PMKVY**

प्रधानमंत्री कौशल विकास योजना

**“Let’s make India the  
Skill Capital of the World”**

**- Shri Narendra Modi**  
Honourable Prime Minister

PMKVY(Pradhan Mantri Kaushal Vikas Yojna) is one of the biggest project led by MSDE(Ministry of Skill Development and Entrepreneurship). The goal is to skill a huge number of Indian youth by providing industr related skill training so that they can achieve a better livelihood. The Short Term Training imparted at PMKVY Training Centres (TCs) is expected to benefit candidates of Indian nationality who are either school/college dropouts or unemployed. Apart from providing training according to the National Skills Qualification Framework (NSQF), trainings for soft skills, entrepreneurship etc is also being on the list. Individuals with prior learning experience or skills shall be assessed and certified under the Recognition of Prior Learning (RPL) component of the Scheme. RPL aims to align the competencies of the unregulated workforce of the country to the NSQF.

**JOB ROLES offered by MESC**  
**under PMKVY (Pradhan Mantri Kaushal Vikas Yojna)**



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**HAIRDRESSER**

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