



Media Talk Back

Edition 2

MEDIA & ENTERTAINMENT THE SUNRISE INDUSTRY



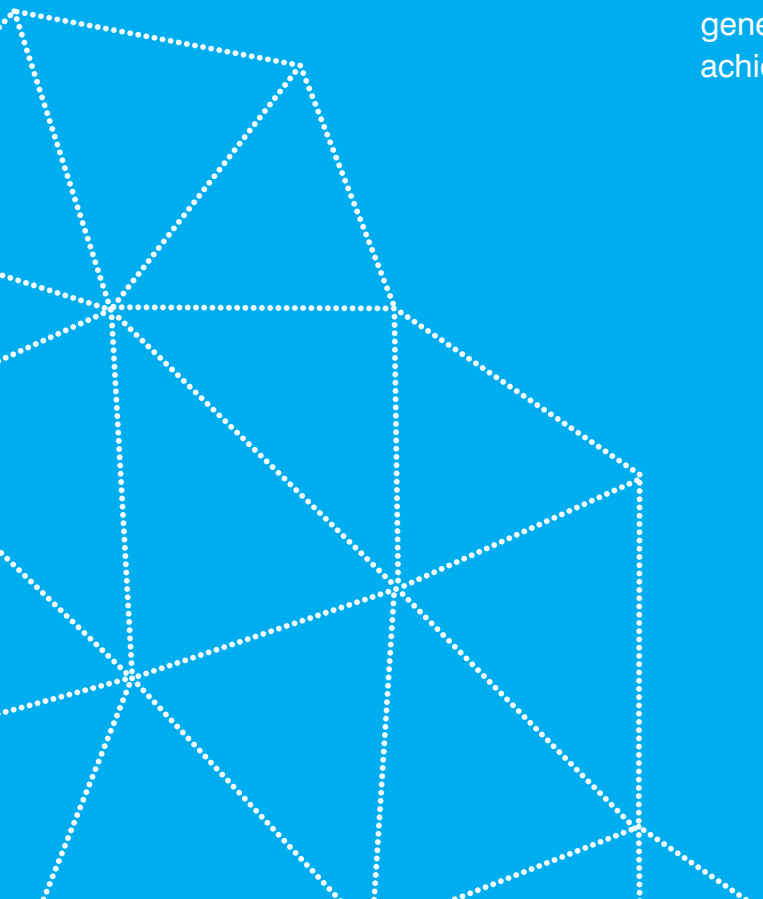
Shri Subhash Ghai,

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.”





India M&E Opportunity

India is a huge market with very positive growth fundamentals across virtually every type of media. The market is strategically interesting to global players seeking to monetize content and capture growth upside, either as a participant via licensing or other commercial arrangements, or as an outright owner through an in-bound acquisition or organic investment approach.

With more than 850 TV channels and over 17,000 newspapers, the country is one of the most diverse and vibrant media markets globally. Yet the headroom for future growth is significant. Advertising, the lifeline of India's M&E industry, remains amongst the lowest in terms of spend as a percentage of GDP. The country is also at an inflection point in wireless broadband connectivity and infrastructure that, combined with its GDP growth and young demographics, offer new opportunities.



SEGMENTAL TRENDS: TELEVISION INDUSTRY

Television is one of the major mass media of India and is a huge industry and has thousands of programs in all the states of India. Today India boasts of being the second largest television market in the world. The small screen has produced numerous celebrities of their own kind some even attaining national fame. Approximately half of all Indian households own a television. Doordarshan is the National Television Network of India and also one of the largest broadcasting organizations in the world. Total television viewership in India is amongst the World's highest with many Television companies beaming programmers to India. The major players being Doordarshan, STAR TV (Satellite Television Asia Network), Zee Television, United Television, CNN, Sony Television, ATN (Asia Television Network), BBC World, SUN TV, Discovery Channel, TNT and Others. With the government is focusing more on Digitalisation, TV distribution is taking new shape.



Television segment grew 12% in 2018

	2017	2018	2019E	2021E
Advertising	267	305	333	403
Distribution	393	435	481	551
Total	660	740	815	955

Television grew 12% in 2018 to reach INR740 billion. Growth was led by a 14% increase in advertising revenues and a 11% increase in subscription revenues. We expect growth for the segment to average 9% over the next three years, taking this segment to INR955 billion by 2021. Advertising comprised 41% of segment revenues in 2018 and this is expected to reach 42% by 2021.



Growth Factors:

- TV Advertising grew 14%
- Distribution: TV owning households increased to 197 million
- Consolidation has been seen across cable and DTH
- Content and viewership

Key Growth:

Television Subscription revenues are projected to be the key growth driver for the Indian television industry over the next five years. Subscription revenues will increase both from the number of pay TV homes as well as increased subscription rates. The buoyancy of the Indian economy will drive the homes, both in rural and urban (second TV set homes) areas to buy televisions and subscribe for the pay services. New distribution platforms like DTH and IPTV will only increase the subscriber base and push up the subscription revenues





PRINTING INDUSTRY





Printing and Print – Packaging industry in India is growing; people are taking keen interest in this key industry now. There are more than 36 printing institutes some of these giving even post-graduate education. Every year more than 3500 new printing engineering graduates joins this industry, while still much more get on the spot training in the print shops. Printing especially Packaging printing is now one of the industry. Readership of newspapers and magazines is up by 15% since 1998. It's a reflection of a younger, more educated population, especially in small-town India, feel experts. India has a very large number of Publications. While they can be vibrant and gutsy, most are starved for technology, marketing, and capital to expand. So a handful of publications dominate. With the growth in literacy, the Indian print media industry is expected to grow rapidly.

Publishing is further segmented into

- 1) Newspaper Publishing
- 2) Magazine Publishing and
- 3) Book Publishing.

All the three segments have a separate market and the future outlook for each of them is very different due to digitization of content and new technology.

Newspaper Publishing, despite the many challenges like e-Papers, new devices, news broadcasters etc. has sustained growth. This can be attributed to the newspaper reading habit for most people and developing economies where the literacy is still growing. Revenue for the sub-segment, however, have been influenced severely by digitization, especially the advertisement revenue. Newspaper brands have also become digital and advertisement revenue is a combination of not just print but also digital distribution.





Print Sector grew....

	2017	2018	2019E	2021E
Advertising	216.2	217.1	225.8	238.4
Circulation	87.3	88.3	91.0	99.4
Total	303.5	305.5	316.8	337.8

INR billion (gross of taxes) | EY analysis

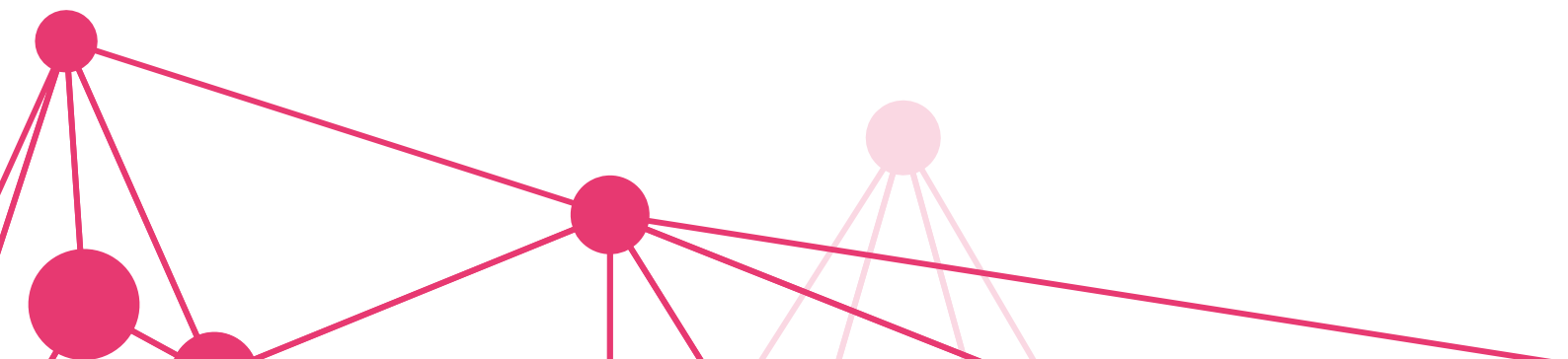
Advertising revenues grew 0.4% in 2018, while circulation grew 1.2%. Circulation revenues contributed 29% of the total revenues of the print segment.

	2017	2018	2019E	2021E
Newspapers	290.5	294.0	306.6	328.6
Magazines	13.0	11.5	10.2	9.2
Total	303.5	305.5	316.8	337.8

Magazines contributed about 4% of total print segment revenues. This number has been shrinking due to falling advertising and subscriptions and growing digital communities.

Key Growth:

A booming Indian economy, growing need for content and government initiatives that have opened up the sector to foreign investment are driving growth in the print media. With the literate population on the rise, more people in rural and urban areas are reading newspapers and magazines today. Also, there is more interest in India amongst the global investor community. This leads to demand for more Indian content from India. Foreign media too is evincing interest in investing in Indian publications. And the internet today offers a new avenue to generate more advertising revenues.





Future outlook

2019 will be better

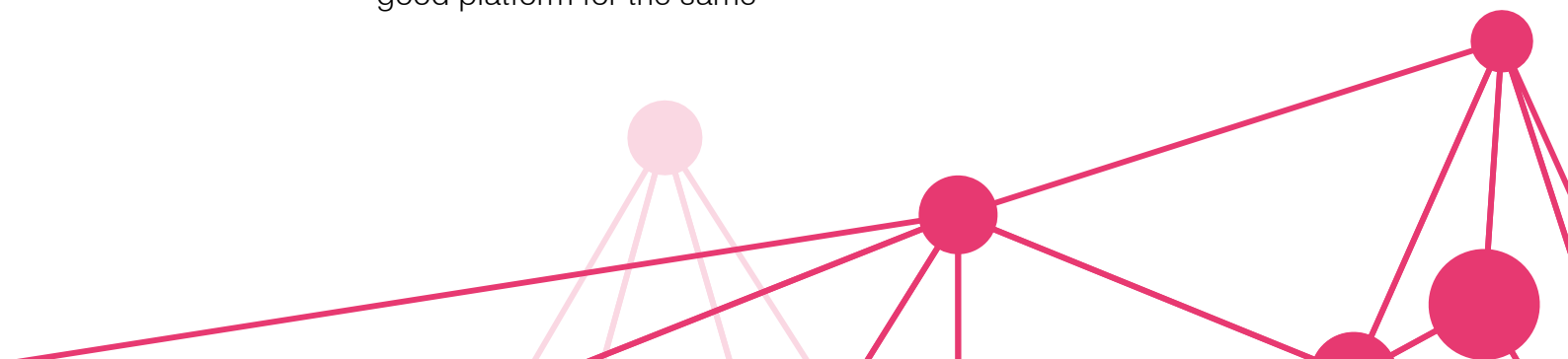
The print segment will benefit in 2019, particularly on the back of the over 20% DAVP rate increase. In addition, the stabilization of newsprint prices will also protect margins. On the flip side, the impact may be subdued because of advertising budgets being diverted towards impact properties like the IPL and the ICC Cricket World Cup. We expect print companies to create online + offline properties around sports to attract some of these advertising spends.

Cover prices will need to increase

Subscriptions and cover prices for newspapers will need to be increased to sustain growth. Print companies can no longer count on subsidizing newspaper costs through largely advertising revenues, as they have been flat and under pressure from other media. Any further depreciation in the Rupee or appreciation in newsprint prices will also need to be factored in. The only alternative will be to increase cover prices, primarily through subscription drives.

The pitch will tilt towards performance

Print companies will tilt their sales pitch towards performance, linking physical space sales with digital inventory, activations (both physical and digital), interactive concepts, digital couponing, etc. This will provide increased consumer data as well as a competitive plank to grow share of print in total advertising. There is a need for the print segment to evangelize its benefits and strengths and the to be- released Indian Readership Survey can be used as a good platform for the same





Global Trends

Digital subscription is growing

For leading publishers with must-have content, digital subscription revenue is providing some offset to lost ad sales. They have established premium paywall models, despite the inevitability that paywalls often shrink the overall audience size. On the flip side, digital subscriptions also reduce subscriber churn and allow publishers to compete effectively on ad rates by offering targeted audiences.

Publishers are creating a portfolio of communities

Consolidation is occurring across the landscape as publishers seek scale to fill gaps in their portfolios, expand offerings and enhance customer base. Portfolio approach is driving the creation of a bouquet of monetizable communities, and generating revenues from those communities not just across print and digital, but across e-Commerce, events and other transactions.

Focus on operating efficiencies is increasing

To achieve operating efficiencies and improve margins, publishers are rethinking every aspect of their operations.

They are strengthening their core by experimenting with AI journalism, templatzation, multi-media reporters, content analytics, stringer platforms (like stringr.com, StringersHub, etc.) and other technologies to enhance news production and delivery. Publishers are also re-thinking the create-curate news mix and streamlining current operations by divesting non-core assets.





RADIO INDUSTRY





Radio is a niche segment for Media & Entertainment since it is considered to be parallel activity or mode of entertainment for consumers. Listening to the news or music while driving or travelling without having to carry additional content will continue to be popular. The segment is also driven by advertising since

most of all radio content is free. Radio broadcasting in India started in British India in 1923 with the Radio Club of Bombay. All India Radio (AIR) was established in 1936 which is one of the largest radio networks in the world including the AIR FM. AM, FM and even Satellite Radio have made a huge impact on the Industry in India. Most of the media houses either already have a presence in the industry or are looking to get a license in the next round. Famous stations are Radio Mirchi (of the Times Group) has maintained a lead position in most cities it operates in and other channels like Radio City, Red FM, Big FM, Fever, Radio One have also been able to get significant traction.

Radio grew 7.5% in 2018

India reached 386 operational private FM stations

47 new radio stations were operationalized in 2018 across 35 cities, taking the total private FM stations count in India to 386 India.

Global radio trends

Radio begins to collaborate with online streaming

Mass medium still achieving impressive consumer reach, although streaming services are gaining share. While most vendors offer their services over the internet, a few radio channels have collaborated with online streaming portals, to serve both online radio and streamed music services using the same platform. Internet provides radio users curated and personalized radio channels and playlists based on their listening habits.

Programmatic advertising makes a beginning

Radio advertising revenue is in persistent slow decline as marketers transition to other, largely digital, offerings. However, the industry is optimistic about programmatic advertising (currently nascent) and its growing role. While radio stations look to programmatic for workflow automation, additional revenues and inventory protection, ad buyers prefer programmatic to make ad campaigns more effective and efficient.

Consolidation

Financial restructurings of several major US players may be a precursor to additional strategic activity. As companies seek scale benefits, consolidation is on the rise among radio stations, which generally are small operations with limited budgets. Larger companies are at an advantage in buying/ producing programming, reaching greater audiences, and selling air time to advertisers who want broad coverage. Media ownership deregulation - cross-ownership of TV, radio stations, and other media is further fueling the trend.

Focus on exclusive content

There is a stronger focus on exclusive content to survive. Given automobiles remain the primary place for consumers to consume radio, cars are increasingly becoming more connected with new entertainment options – connected car and its multiple audio offerings may be the greatest threat to radio broadcasting in the near future.

Key Growth:

The cheapest and oldest form of entertainment in the country, which was hitherto dominated by the AIR, is going to witness a sea-change very shortly. In 2005, the government opened up the sector to foreign investment – and this is the key factor that will drive growth in this sector. Many licenses are being given out by

the Indian government for FM radio channels in 91 big and small towns and cities. This deluge of radio stations will result in rising need for content and professionals. New concepts like satellite, internet and community radio have also begun to hit the market. Increasingly, radio is making a comeback in the lifestyles of Indians.





FILM INDUSTRY



The film industry comprises the technological and commercial institutions of film making, i.e., film production companies, film studios, cinematography, animation, film production, screen writing, pre-production, post production, film festivals, distribution and actors, film directors and other film crew personnel. Films are the most important form of entertainment in India. Film industry in India is among the largest in the world in terms of films produced (approximately 1000) in different languages which include films in Hindi, Kannada, Bengali, Tamil, Marathi, Telugu, Punjabi and Malayalam. Approximately twenty-three million Indians go to see a film every day. Film Federation of India is the apex body of film industry in India whose objective is to popularize and promote the cinema. Bollywood accounts for 46 percent of the total Indian film industry revenues film industry experts. The 'bigness' of the budget is attributable mainly to the high fees paid to 'stars', celebrated music directors, high-end technologies and expensive travel costs to shoot in exotic locations worldwide. India has a National Film Development Corporation (NFDC) which finances some films. A few film makers, who would find it hard to obtain finance from the regular sources, have been financed by the NFDC. However, NFDC cannot be considered to play a central role in the film industry because it finances too few films which, too, are not of the type that has made the Indian film industry so vibrant.





Growth of Filmed Entertainment

Rapid urbanization has resulted in increased demand for modern cinema screens featuring quality infrastructure, latest audio-visual systems, multiple F&B offerings, etc. While new age multiplexes are at the forefront of providing such enhanced facilities to patrons, some of the singlescreen cinemas are slowly revamping themselves to stay in the game. However, on an overall basis, the count of the single-screen cinemas continued to reduce with its share in total screens. Reduction in single-screen cinemas was off-set by increase in multiplexes, with the total screen count showing a marginal growth. Multiplexes contributed around 55% to the domestic box office collection.

Key Growth

Indians love to watch movies. And advancements in technology are helping the Indian film industry in all the spheres – film production, film exhibition and marketing. The industry is increasingly getting more corporatised. Several film production, distribution and exhibition companies are coming out with public issues. More theatres across the country are getting upgraded to multiplexes and initiatives to set up more digital cinema halls in the country are already underway. This will not only improve the quality of prints and thereby make film viewing a more pleasurable experience, but also reduce piracy of prints.



INDIAN ANIMATION AND VFX INDUSTRY

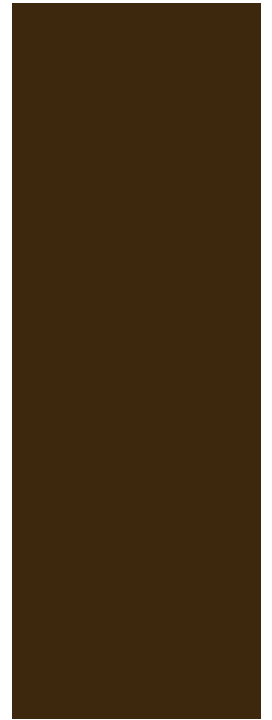




The animation and Visual Effects (VFX) industry continues to steadily gain acceptance with Indian talent poised to rub shoulders with global counterparts. The animation IP production segment grew at a faster rate in 2016 on the back of increasing demand for localized animation content and characters developed for the Indian market across TV and over the top (OTT) providers. Broadcasters are partnering with animation studios for original content, with channels like Sonic and Nick having 50 per cent of their content localized with shows such as 'Motu Patlu', 'Shiva', etc. The digital space, too, saw a spurt in demand for kid's content with the introduction of channels such as ChuChu TV, CVS 3D Rhyme on Youtube and global players such as Amazon Prime and Netflix signing exclusive content licensing deals with various studios in India.

The VFX industry is fast emerging as an indispensable part of film making, and the cutting edge work carried out by Indian studios has catapulted the country on to the global VFX scene. The post production segment saw a robust growth of 13 per cent in 2016, and continues to perform and reap the benefits of an established ecosystem around the segment.

International projects continue to account for a lion's share of the VFX industry revenues at over 70 per cent, with Hollywood studios leveraging the skill set and cost advantages of Indian talent. However, with growing acceptance of VFX as an important tool for domestic productions evidenced by films like the 'Baahubali' franchise, 'Fan' and 'Mohenjo Daro', the contribution of Indian films towards VFX revenues is expected to outpace international revenues in the next five years. Further, VFX content on OTT platforms in India will only fuel further growth.



Sector growth

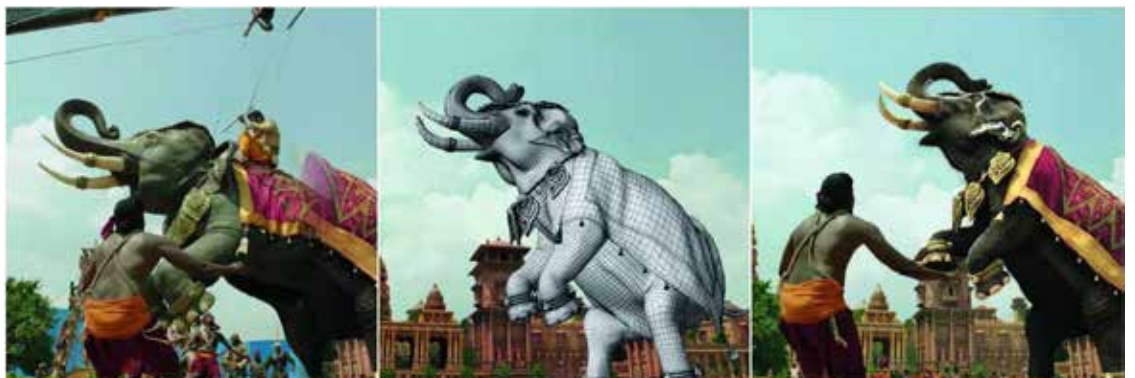
Animation grew 10% in 2018

Indian animation studios have worked on over 1,000 TV episodes and over 100 films in recent years, domestically as well as internationally². About 65-70% of revenues are generated from work done for clients in other countries, whereas 30-35% of revenues are generated from domestic clients.

VFX grew 27% in 2018

There are several Indian companies providing VFX services to international clients. Red Chilies Entertainment has worked for multiple Hollywood blockbusters such as Sin City. Prime Focus World, which merged with Double Negative in 2014 has worked on movies such as Pacific Rim Uprising and Avengers: Infinity War. Further, the intricately created dragons in the series Game of Thrones were also designed by an India-based Prana Studios.

Multiple Hollywood movies have used Indian VFX studios including the last two Harry Potter movies, Pirates of the Caribbean, Percy Jackson, Life of Pi, Skyfall, Prometheus, The Jungle Book and Blade Runner. The trend is coming to the forefront as larger studios have expanded their pipelines and proprietary software to India.





GAMING INDUSTRY





Gaming is a new segment for M&E vertical that is born from the combination of technology and digitization. The revenue from Gaming can be segmented into the various revenue/distribution channels like 1) Online, 2) Mobile, 3) Console, and 4) PC. Behind internet-based advertising, Gaming is expected to be the fastest growing segment. Microsoft, Sony, Nintendo offer gaming at its best, the most widespread distribution channel is over the internet and social media. Mobile gaming on the other hand is the fastest growing market with over 12% growth expected YoY until 2018. PC is the rapidly becoming a redundant

channel for gaming, however, it still finds some takers for the next five years. The largest segment of revenue for M&E however, provided not by the content driven verticals of movie/cinema, television, music, publishing, radio or gaming – but by the two horizontal services, which run across the content services.

1. **Internet:** which not only enables distribution of M&E content, but is the single largest impact of digitization of content for the segment
2. **Advertisement:** innovative distribution of free content (the Google model), is enabled because of networked advertising in the new digital era. It is not only the single largest source of revenue for M&E but also promises to be the game changer for the industry

Key Growth:

Growth in online gamers was driven by the increase in internet users in India to over 500 million, growth of smartphone user base to 340 million and low data prices. It is believed that with more affordable smartphones, internet connectivity and localized language games, rural India will lead the growth of the gaming industry in the next few years. Gaming is now being recognized as mainstream entertainment in India.

India now has over 250 game development companies

Gaming companies are increasingly investing in cutting-edge technologies such as VR, AR, AI and blockchain. AR games. India has progressed from being a back-end support for game development to developing high-quality games. The segment is on the rise with over 250 game development companies, up from 25 in 2010. And once again, this provides India with the opportunity to become a key game development center of the world.

AR and VR gaming can drive growth of physical gaming zones

AR and VR gaming in India has the potential to drive growth of physical gaming zones in malls and common areas, but will remain a niche market product for now. India can become the global AR and VR game development factory of the world, if talent and infrastructure is nurtured.



Digital media is defined as digitized content that can be transferred through the internet, computer networks and various electronic devices. This includes websites, digital images, video and audio, as well as video games and social media. This includes this very website you are reading right now, INKspire, which publishes online web articles for people like you to read.

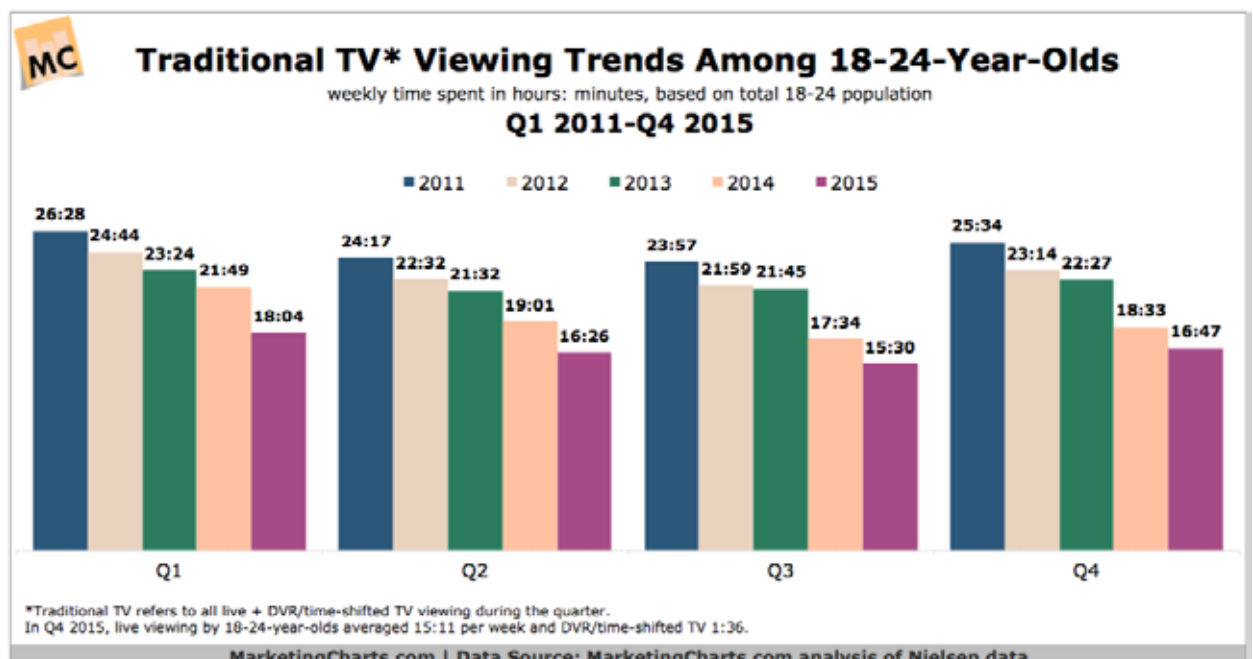
Industries That Take Part in Digital Media

Video Games	Graphics Design
Film	App Development
Advertising	Social Media
Marketing	Interactive Multimedia
Television	E-learning
Online Video	Project Management
Web development	and more related technologies

Companies which participate in and invest in the digital media industry are companies like Amazon, Microsoft, Google, Youtube, Snapchat, Blizzard and Yahoo.

The Digital Media Takeover

Traditional media, such as television, newspapers and magazines, are on the downfall. Why? A lot of it can be blamed on the displacement of consumption to online websites, apps and videos. Instead of turning on cable TV, the younger generation prefers to watch Netflix, Hulu and Youtube. Instead of reading a



newspaper, youth prefer to use their phones and read online articles and share Facebook posts.

It is now becoming increasingly important for traditional media companies to become digitally relevant on social media in order to reach out to a younger demographic. The rise of digital media marks not only a worldwide movement, but also the creation of an entirely new industry. This opens up a plethora of opportunity for those seeking to work in the digital media industry, which includes the video game industry, app development, graphic design and much more, as we will discuss next.

Growth of the sector:

In 2018, digital media grew 42%, with advertising growing by 34% and subscription growing 262%. The digital advertising value above does not include spends of many small and medium enterprises. The number of wireless subscribers grew. This growth primarily came from rural subscribers.







The music industry consists of the companies and individuals that earn money by creating new songs and pieces and selling live concerts and shows, audio and video recordings, compositions and sheet music, and the organizations and associations that aid and represent music creators. Among the many individuals and organizations that operate in the industry

are: the songwriters and composers who create new songs and musical pieces; the singers, musicians, conductors and band-leaders who perform the music; the companies and professionals who create and sell recorded music and/or sheet music. The industry also includes a range of professionals who assist singers and musicians with their music careers; those who broadcast audio or video music content (satellite, Internet radio stations, broadcast radio and TV stations); music journalists and music critics; DJs; music educators and teachers; musical instrument manufacturers; as well as many others. In addition to the businesses and artists who work in the music industry to make a profit or income, there is a range of organizations that also play an important role in the music industry, including musician's unions.

Growth of the Industry

The music industry has been under tremendous stress due to multiple challenges post digitization, however, growth is expected to return in the next 2-3 years. The greatest threat the music industry faces post digitization is Piracy. Every album and track is available on the internet almost at the same time it is released from some source or the other.

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.

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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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Film



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