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## *Changing Face of Advertising in India*

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*Abstract: Advertisement is one of the important marketing strategies a company adopts nowadays to make its presence count in the market. It spreads awareness about the products and services and attracts existing and potential customers towards it. The market of advertising has undergone many changes due to continuous research and developments in its field over the passage of time. There prevail many mediums and platforms for advertising in India. An advertiser can use any depending on the requirements of the company and the market segment they want to target. The paper aims to study different traditional and digital methods of advertising adopted by advertisement agencies in India to lure customers. The purpose of studying these methods is to understand the changes which advertising industry is undergoing over the years and is also going to experience in future. It is found in the study that television is still the largest medium in terms of ad expenditures but digital advertising also has gained momentum over the past few years and usage of its different avenues like social media advertising and mobile advertising is on rise.*

*Keywords: Advertising; Ad Spend; Digital Advertising; Internet; Mobile.*

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### I. INTRODUCTION

Advertising is the allure that is used to attract new customers to the business or products. In the competitive business environment, advertisement is a strategy adopted by businesses to stand out in the market competition. It plays a very crucial role in spreading awareness amongst the public about the products and services existing in the market. Sometimes advertisement is also done to promote a good cause or making requests for donation or charity, etc. There prevail many mediums of advertising which includes some traditional methods and many modern methods of advertisement. Earlier advertisements aimed to spread only information about the product through magazines, newspapers, hoardings, or bills, etc., whereas now multiple methods of advertising are adopted by companies to attract progressive consumers which include internet, mobile phones, etc. The internet based modern methods used by advertisers to promote the ideas, goods and services and to gain the attention of target customers are termed as online advertising or Digital advertising. There is no barrier of time and geographical area in case of internet advertising and content with respect to ideas, products or services can be easily published to large number of customers with the ease of modification of information. Thus, it is not overstated to say that with the progress of business and technology advertising has also changed its face during the years and methods now used by advertisers are more economical and having its reach to maximum customers.

### II. HISTORY AND PROGRESS OF ADVERTISING IN INDIA

The phase of advertisement started way back from the period of Indus Valley Civilization where people walking on the streets of Mohenjo-Daro grabbed the attention of the people to sell goods by drums. With the passage of time and development

of resources this way of conveying message to public undergoes a major change. Newspapers, radio and television replaced drums, stones and pillars.

Major milestones and progression of advertising in India are presented in Table I:

Table I: Major Milestones and Progression in Indian Advertising

Year	Events
29 <sup>th</sup> Jan, 1780	James Augusty Hicky released the first newspaper of Indian Subcontinent "BENGAL GAZETTE".
1905	Oldest Indian Ad Agency was started in Girguam in Mumbai named as B Dattaram and Co.
1909	Advertising agency named Calcutta Advertising Agency was launched.
1920	Establishment of some big advertising agencies viz., Central Publicity Service in Bombay & Calcutta, Modern Publicity Company in Madras and Oriental Advertising Agency in Tiruchirappalli.
1931	The National Advertising Service emerged as India's first full-fledged Ad Agency.
8 <sup>th</sup> Jun, 1936	Indian Broadcasting Company which was taken over by government was renamed as All India Radio (AIR).
1945	Advertising Agencies Association of India (AAAI) was formed in Calcutta.
1952	The Indian Society of Advertisers was formed in Mumbai.
1978	The first television commercial was seen in this year.
1991	Initiation of satellite broadcasting of few foreign channels and private domestic channels.
27 <sup>th</sup> Oct, 1994.	Advertising on the internet started in this year.
20 <sup>th</sup> century	Internet based methods like mobile advertising, video advertising, display advertising, etc. started gaining popularity among the advertisers and consumers.

### III. VARIOUS METHODS OF ADVERTISING PREVAILING IN INDIA

The expansion of market, industries, technology and everyday rising number of buyers, has made advertising agencies also to come up with neo methods of attracting customers and promoting the multiple brands of companies. Therefore, the creativity and innovation of these advertisers have made open different mediums of advertising in front of the companies and businesses interested in promotion. Figure 1. exhibits numerous medium of advertising as under:



Fig. 1: Different Mediums of Advertising

With the changing phase of marketing and development of technology, mediums of advertising have also changed considerably. Advertising with digital medium is gaining more popularity due to increase in use and accessibility of internet users and reaching more number of customers. Digital medium of advertising is also considered to be more economical in comparison to other traditional mediums used all over the globe. Thus, with a huge paradigm shift in advertising industry an attempt here is made to understand various avenues of digital media in detail.

#### IV. VARIOUS AVENUES OF DIGITAL MEDIA ADVERTISING

With the evolution of technology, the various avenues adopted for advertising in the Indian digital industry are, as follows:

- A. Search Advertising:** Under this form of advertising, ads are displayed on the web pages that appear as a result of search query entered by the user on the search engine. The advertisers target the keywords entered on the search engines. These ads are usually in the form of sponsored links which directs the user to the website of the advertiser.
- B. Display Advertising:** This segment of digital advertising includes ads in the form of image, banners, logos, text, photos or flash which usually appears along with the main content on the webpage. These display ads can be static display ads, animated display ads and flash display ads. This kind of ads usually appears on the webpage that contain some relevant content related to ads.
- C. Social Media Advertising:** Social media advertising means reaching out to the existing and potential customers through social media platforms like facebook, twitter, and linkedin. Millions of users access these websites on regular basis, thus it is a best place to do promotion for advertisers. Advertisements can be made in the form of images, banners, and videos, etc.
- D. Video Advertising:** These ads have display format which contains video in them and usually played before, during and/or at the end of the video streamed on the internet. These video ads can be in the form of linear video ads, non-linear video ads and companion ads.
- E. Mobile Advertising:** Mobile advertisements include promotional sms, in-apps advertisement, and mobile webpage ads, etc. With the increase in number of mobile users in the country, this avenue of digital ads is gaining momentum to reach out to large number of customers in lesser time and cost.
- F. E-mail Advertising:** Under this form of advertising, e-mails containing promotional content and attractive discounts and offers are sent to the group of targeted users. These mails usually carry commercial messages aims to promote the product or services of a company and to encourage the existing customers as well as potential customers to buy them. It is a means to reach a group of people at a time.

#### V. OBJECTIVES OF THE STUDY

- 1) To study about the different traditional and digital methods of advertising adopted by advertisement agencies in India.
- 2) To understand the changing role of various advertisement mediums in India with the help of available facts and figures.

#### VI. RESEARCH METHODOLOGY

The study is based on secondary data. For the purpose of the study, data is collected from websites, articles, journals and published reports.

#### VII. ADVERTISING FACTS, FIGURE AND FORECASTS

Zenith media agency run by Publicis Group has made a forecast that, advertisement spending in India is expected to grow 8.4% in 2018. This escalation in expenditure will be led by growth in television ads with a figure forecast of Rs 58,422 crores.

As per the report of Zenith media agency, India is one of the few big markets where all traditional media platforms will grow in 2018. Television and radio advertising is likely to rise 9% and 10% respectively, whereas print, cinema and outdoor mediums will grow at 5% each. Seeing to the increase in use of smart phones and growing internet penetration in Indian market accelerated by availability of cheaper internet services because of Reliance Jio creating massive competition in the Telecom sectors, India is a leading digital marketplace according to the agency report and have estimated that the internet based

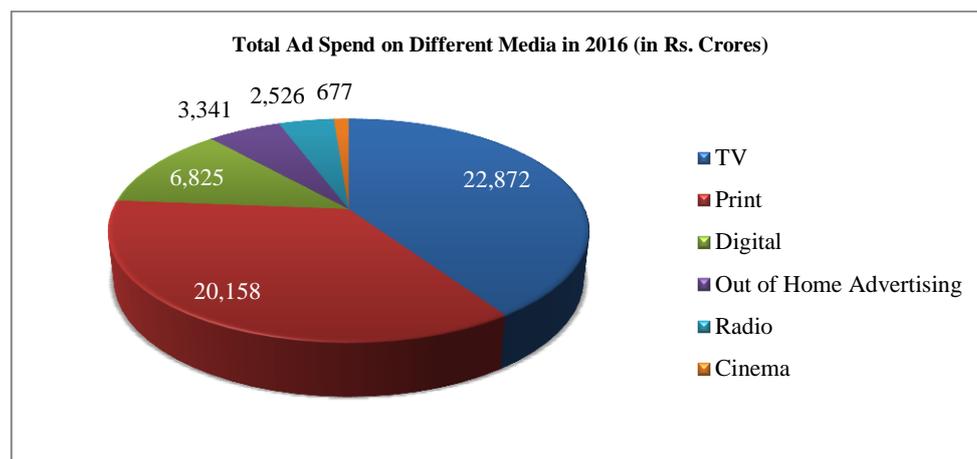
advertising will also grow at 20.4% in 2018. It is also forecasted that out of the total advertisement spending in the country, internet will account for its 15.4% by 2020.

Tanmay Mohanty, group chief executive, Zenith India in a statement reportedly said that, fast-moving consumer goods (FMCG), mobile handsets, automobiles, tourism and political, banking, financial services and insurance (BFSI), and travel ads will drive up the velocity of ad expenditures in 2018, as the dust of demonetization and Goods and Service Tax will settle down. The digital advertisement expenditures will wing its way further due to the growing adoption of internet among Indian users. According to the ad spend report of Dentsu Aegis, the Indian advertising market is further projected to grow by 12.5 per cent in 2019.

The television is still the largest medium in terms of ad expenditures (as per Zenith media report), but it is believed that digital media will certainly surpass print media and also pose a severe challenge to television by 2020. Television, as a medium of entertainment and promotion, is developing but customers want on-demand entertainment over appointment restricted entertainment and this is fuelling the expansion of players like Amazon Prime, Netflix and Hotstar. Thus, digitalization is where the consumer is heading and ad spends have to trail this trend as well,” according to Amardeep Singh, chief executive, Interactive Avenues, a digital marketing agency owned by an IPG Group. Further, the statistical data and figures discussed under clearly explain the picture of ad spending patterns and format in the country.

#### A. Media-Wise Total Ad Spending

According to the Digital Report, 2017 the total ad expenditure for the year 2015 stood at Rs. 50,351 crores and for the year 2016 it stood at Rs. 56,398 crores. Out of this, traditional methods and digital methods of advertising shares 12% and 88% spending respectively in the year 2016. The distribution of total expenditure among different advertising media during 2016 is presented in figure 2.

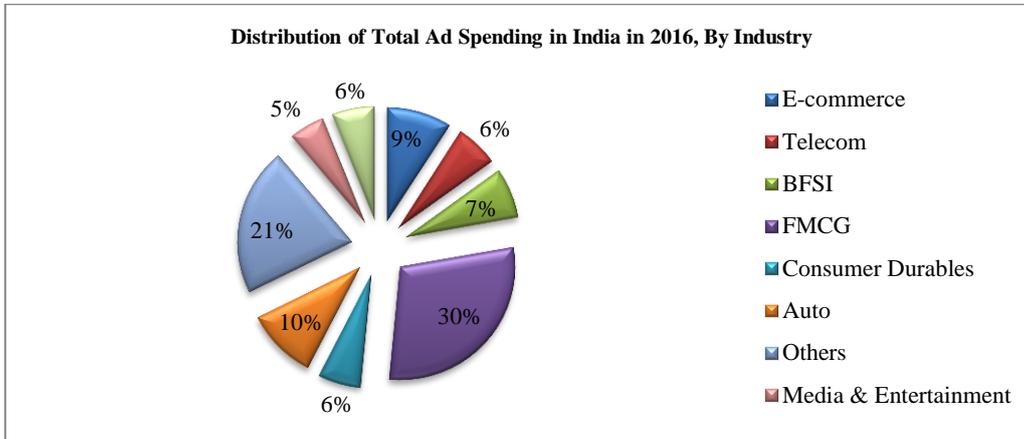


Source: Digital Report, 2017  
Fig. 2: Total Ad Spending on Different Media in 2016 (in Rs. Crores)

Out of the total ad expenses of Rs. 56,398 crores incurred in 2016, Television ads holds majority share i.e. Rs. 22,872 crores (41%) followed by expenses on print Rs. 20,158 crores (36%) and digital platforms Rs. 6,825 crores (12%) whereas cinema holds i.e. Rs. 677 crores (1%) the minimum share amongst all platforms of advertising. Out of home advertising and radio advertising shares Rs. 3,341 crores (6%) and Rs. 2,526 crores (4%) respectively.

#### B. Industrial Sector-Wise Advertisement Expenses

There exist different industrial sectors in Indian economy with difference in their total share of advertisement spending through several methods. Figure 3. reveals the major sectors in India which spends on advertisement and their respective share in total advertisement expenses.



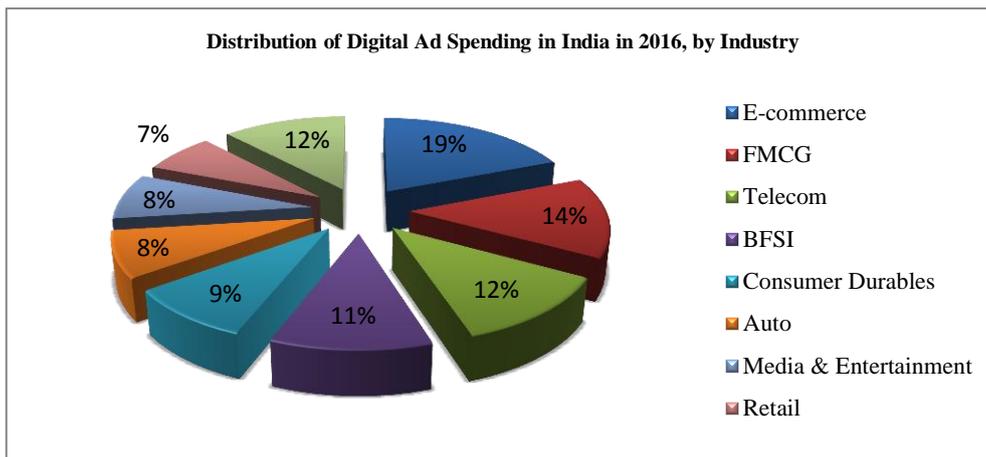
Source: Digital Report, 2017

Fig. 3: Industry-wise Distribution of Total Advertisement Spending in India in 2016

It can be seen from the figure 3. that in the year 2016, Out of total advertisement spending of Rs. 56,398 crores, Fast Moving Consumer Goods (FMCG) is the highest contributor in the total advertising spend and holds first rank with a share of 30%, followed by Auto and E-commerce stands with a share of 10% and 9% respectively. Rest of the others contributes a share of 21%. Data reveals that FMCG companies spends maximum on advertisement expenses comparative to other industrial sectors to overcome the everyday rising competition and attract the customer to buy their products.

C. Industrial Sector-Wise Digital Advertisement Expenses

With the increasing use of internet among the public, different industrial sectors have also adopted internet as a medium to lure customers toward their product and services. Different sectors have now shifted a part of their total advertising expenditures to various means of digital advertisements. The percentage of share on digital advertising across various industrial sectors in the year 2016 is presented in the figure 4.



Source: Digital Report, 2017

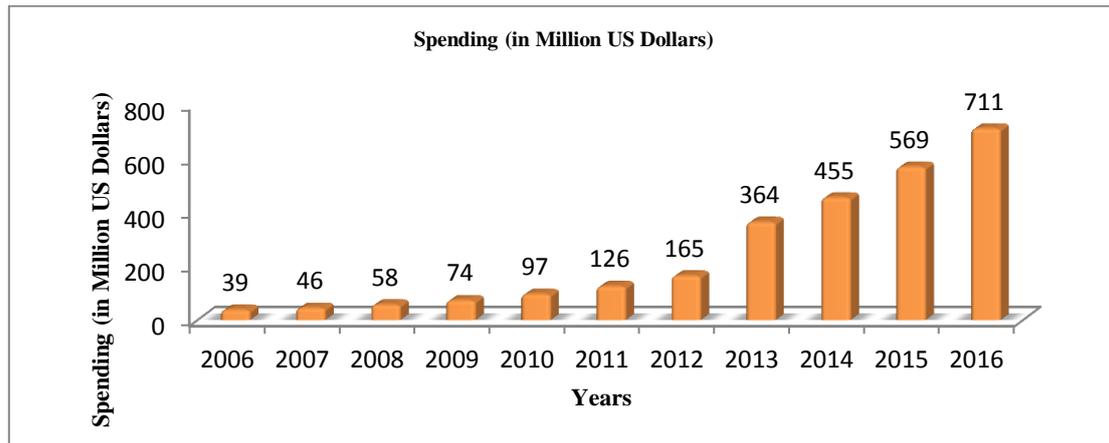
Fig. 4: Distribution of Digital Advertisement Spending in India in 2016, Industry-wise

Figure 4. reveals that with a share of 19% E-commerce contributes lion’s share and holds first rank in digital advertisement spending in the year 2016 followed by Telecom sector with a share of 14%. Whereas Telecom, and Banking, Financial services and Insurance (BFSI) sector contribute 12% and 11% to the total digital spend. Rest of the others contributes a share of 12%.

It can be seen from the figure that E-commerce sector is the highest spender of internet based promotional methods as the internet is the core component of this sector, so its focus on digital advertising methods is obvious.

#### D. Internet Ad Spending Over a Period Of 10 Years

Trend analysis of ad spends of previous years will help the researcher to understand the changes in the spending pattern of advertisers in the country. Figure 5. represents the total internet ad expenditures in India over a period of 10 years from 2006 to 2016.



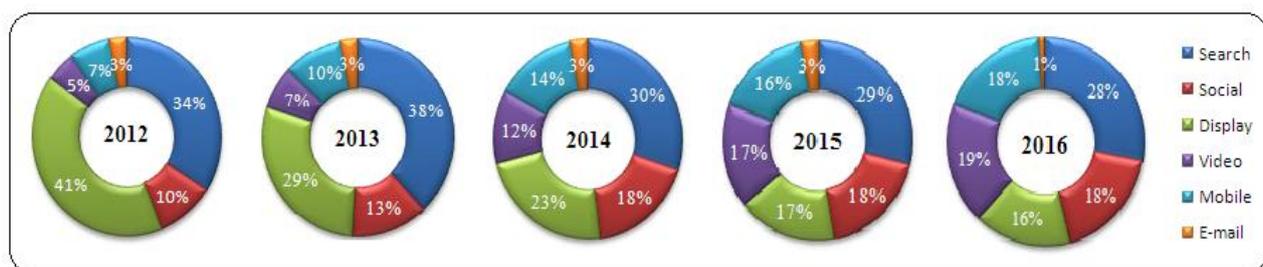
Source: acodez.in

Fig. 5: Trend: Internet Ad Spending in India from 2006 to 2016 (in million US dollars)

A continuous increasing trend in the internet ad spending over a period of 10 years can be observed from figure 5. Total internet ad spends have increased from 39 million US Dollars in 2006 to whopping 711 million US Million Dollars in 2016. This shows that with the growing use of internet, and rising number of internet users with the internet getting cheaper in the country, advertisers are also putting their money more in internet based ads comparative to previous years to complement the digital trend.

#### E. Format-wise Distribution of Digital Ad Spending in India from 2012 to 2016

In digital advertising, promotion of brand and ideas can be done through different ways like display ads on websites, targeted clicks, videos, social networking sites, search engines, mobile apps, sms and e-mails etc. Figure 6. depicts the spending on digital advertisement through different ad segments during the period of 2012-2016 in India.



Source: Digital Advertising Report, 2016; acodez.in

Fig. 6: Trend: Digital Ad Spending in India 2012-2016, by Ad Segments

The comparison of share of different internet based ads over a period of 5 years up till 2016 reveals that there is significant rise in the ad spending through social media sites, videos and mobiles. On the other hand, share of e-mail ads remains constant over the term of 4 years and declined further to 1% in 2016; whereas search ads and display ads have experienced a continuous decline losing their share to other popular internet based ad types.

### VIII. CONCLUSION

Overall advertising sector in India have shown an increase in its spending over the years. TV and print are still the most popular mediums of advertising. But with the passing years inclination of advertisers in expected to escalate towards digital platforms of advertising. It is also gaining more space in the overall advertising spend. It held 12% share in total advertisement in 2016 and is expected to increase to 15.4% by 2020. Internet advertising spend reflects a continuous increasing trend from

2006 to 2016. Among digital avenues; mobiles, videos and social media advertising are gaining momentum among advertisers with its wide and unrestricted geographical reach. Selection of advertising medium is also influenced by the type of industry as FMCG holds maximum share in the overall advertising expenditure and whereas in digital advertising e-commerce sector holds the majority share.

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