

MEDIA & ENTERTAINMENT SECTOR 2020: KEY TRENDS

The M&E Sector expected to touch INR 1.73 trillion (US\$23.7 billion) in 2021 and then to grow at a CAGR of 13.7% to reach INR2.23 trillion (US\$30.6 billion) by 2023

The Indian M&E sector fell by 24% to INR1.38 trillion (US\$18.9 billion), in effect taking revenues back to 2017 levels

The last quarter of 2020 showed a marked improvement in revenues for most segments and we expect the M&E sector to recover 25% in 2021 to reach INR1.73 trillion (US\$23.7 billion) and then to grow at a CAGR of 13.7% to reach INR2.23 trillion (US\$30.6 billion) by 2023

While television remained the largest segment, digital media overtook print, and online gaming overtook a disrupted filmed entertainment segment in 2020.

Digital and online gaming were the only segments which grew in 2020 adding an aggregate of INR26 billion and consequently, their contribution to the M&E sector increased from 16% in 2019 to 23% in 2020

Other segments fell by an aggregate of INR465 billion

Largest absolute contributors to the fall were the filmed entertainment segment (INR119 billion), print (INR106 billion) and television (INR102 billion)

The share of traditional media (television, print, filmed entertainment, OOH, radio, music) stood at 72% of M&E sector revenues in 2020

TELEVISION

The largest segment saw a 22% fall in advertising revenues on account

of highly discounted ad rates during the lockdown months – though ad volumes reduced only 3%. In addition, it also witnessed a 7% fall in subscription income, led by the continued growth of free television, reverse migration and a reduction in

ARPU's due to part implementation of NTO 2.0.

DIGITAL ADVERTISING

Digital advertising stayed stable, led by increased allocation from traditional advertisers who accelerated their

investments in digital sales channels. This could become a permanent



phenomenon. SME advertisers continued to increase their spends on digital advertising and experimented more with online sales platforms like Amazon and Flipkart. News brands, whose reach crossed 450 million in 2020, also increased revenues from their digital platforms.

DIGITAL SUBSCRIPTION

28 million Indians (up from 10.5 million in 2019) paid for 53 million OTT

TV remained the largest earner of ad revenues in 2020 contributing 42% to the total

INDIAN M&E SECTOR

	2019	2020	2021E	2023E	CAGR 2020-23
Television	787	685	760	847	7%
Digital media	221	235	291	425	22%
Print	296	190	237	258	11%
Online gaming	65	76	99	155	27%
Filmed entertainment	191	72	153	244	50%
Animation and VFX	95	53	74	129	35%
Live events	83	27	53	95	52%
Out of Home media	39	16	22	32	27%
Radio	31	14	23	27	24%
Music	15	15	18	23	15%
Total	1,822	1,383	1,729	2,234	17%

All figures are gross of taxes (INR in billion) for calendar years | EY estimates

MARKET REPORT: MEDIA & ENTERTAINMENT

subscriptions in 2020 leading to a 49% growth in digital subscription revenues. Growth was led largely by Disney+ Hotstar which put the IPL behind a paywall during the year, increased content investments by Netflix and Amazon Prime Video and launch of several regional language products. In addition, 284 million Indians consumed content which came bundled with their data plans.

harder and struggled to get back their circulation post the pandemic, particularly in metros, while regional

segment of the M&E sector for the fourth year in a row, the segment grew 18% helped by work from home, school from home and increased trial of online multi-player games during the lockdown. Online gamers grew 20% to reach 360 million in 2020. Transaction-based game revenues grew 21%, despite adverse regulation in certain states, while casual gaming revenues grew 7%.

Digital And Online Gaming Were The Only Segments Which Grew

Subscription fared better than advertising in 2020

PRINT

Print's revenue declines were led by a 41% fall in advertising and a 24% fall in circulation revenues. English language newspapers were hit

language newspapers recovered a larger portion of their lost circulation. The segment saw the establishment of a new lower-cost operating benchmark, with most print companies reducing costs by over 25%.

FILM

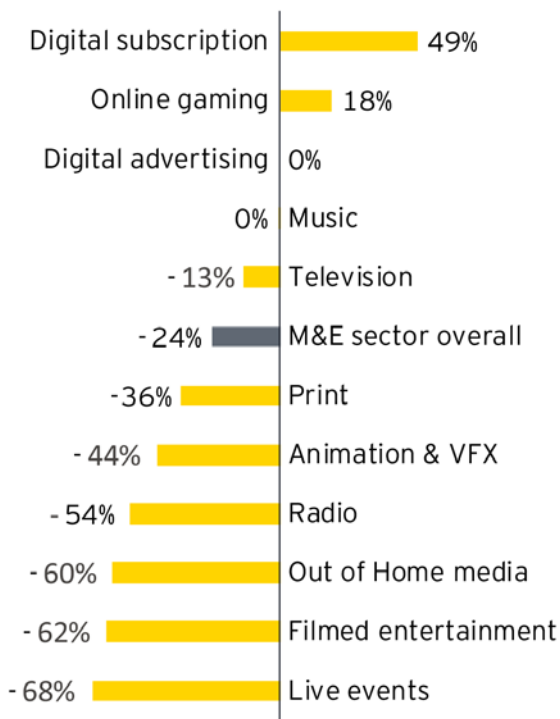
While theatrical revenues plummeted to less than a quarter of their 2019 levels, a portion of this loss was made up through higher digital rights revenues which almost doubled during 2020 to INR35 billion. However, the stoppage in production for over six months had its impact, which will now only recover once a healthy slate of films is made ready for release and

ONLINE GAMING

Continuing as the fastest growing

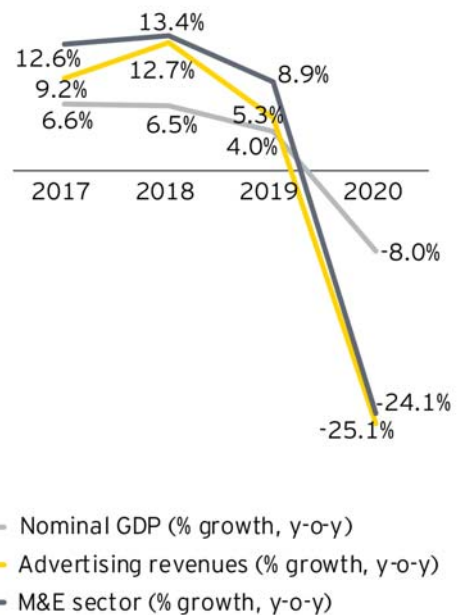
KEY TRENDS IN 2020

Segment growth 2020 vs. 2019



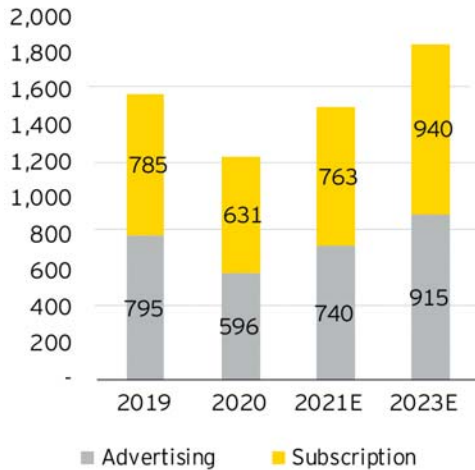
EY estimates

M&E SECTOR VS. NOMINAL GDP GROWTH



MARKET REPORT: MEDIA & ENTERTAINMENT

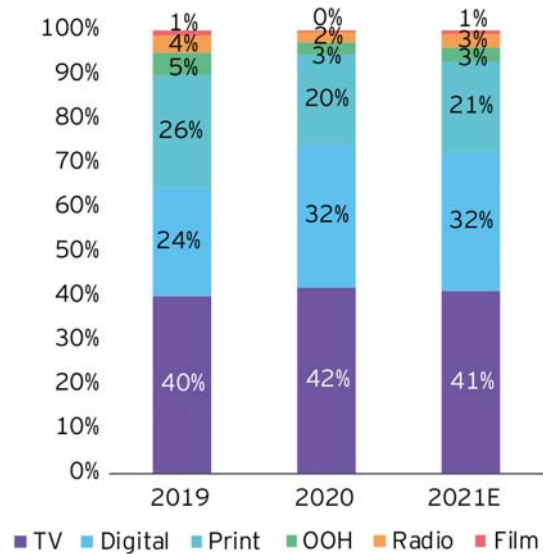
ADVERTISING AND SUBSCRIPTION REVENUES



INR billion (gross of taxes) | EY estimates

Note: The above numbers exclude live events, online gaming and animation and VFX segment revenues

AD REVENUES BY SEGMENT



EY estimates | Excludes event segment revenues

the fear of stepping into crowded places subsides. While the trend for direct to digital releases will continue, producers realized the importance of theatrical releases for large scale film productions.

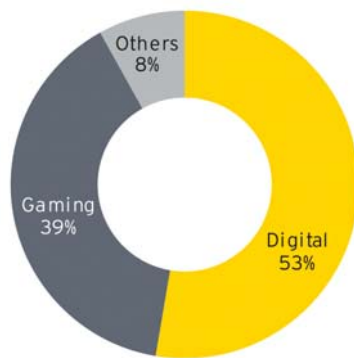
ANIMATION AND VFX

Stoppage of television and film content production for several months in 2020 resulted in a fall in revenues - while VFX and post-production contracted 62% due to this, inability to conduct live shoots led to increased demand for animated content, and consequently animation registered a growth of 10%.

LIVE EVENTS

Perhaps the hardest hit of all, the segment witnessed numerous attempts to digitalize its offerings, but could only recover a small fraction of revenues through that medium. The segment will continue to remain impacted for the first two quarters of

DEAL VALUE BY SEGMENT



EY estimates

2021 before marketers and audiences feel comfortable about participating in live events.

OOH

The segment lost out due to reduced travel and less time spent out of the home on account of the

lockdown. Largest hits were witnessed by premium transit properties, where passenger volumes plummeted. Digital OOH reached 5% of total segment revenues. The need for a credible and universally accepted measurement system for OOH continues to be critical for recovery.

RADIO

Radio revenues, which had fallen 7.5% in 2019, fell by over 50% again on account of both ad rate and volume drops as key advertiser segments (regional and retail) were unable to run their businesses at their usual scale. Revenues had recovered to over 50% of pre pandemic levels by the October to December quarter.

MUSIC

The digitization of music continued in 2020 with audio streaming revenues growing 15% but overall, music segment revenues were flat as performance rights fell by over 65%. ■

Source: EY FICCI M&E Report 2021