

# Assessment of marketing services industry in India

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# 1 Macroeconomic assessment

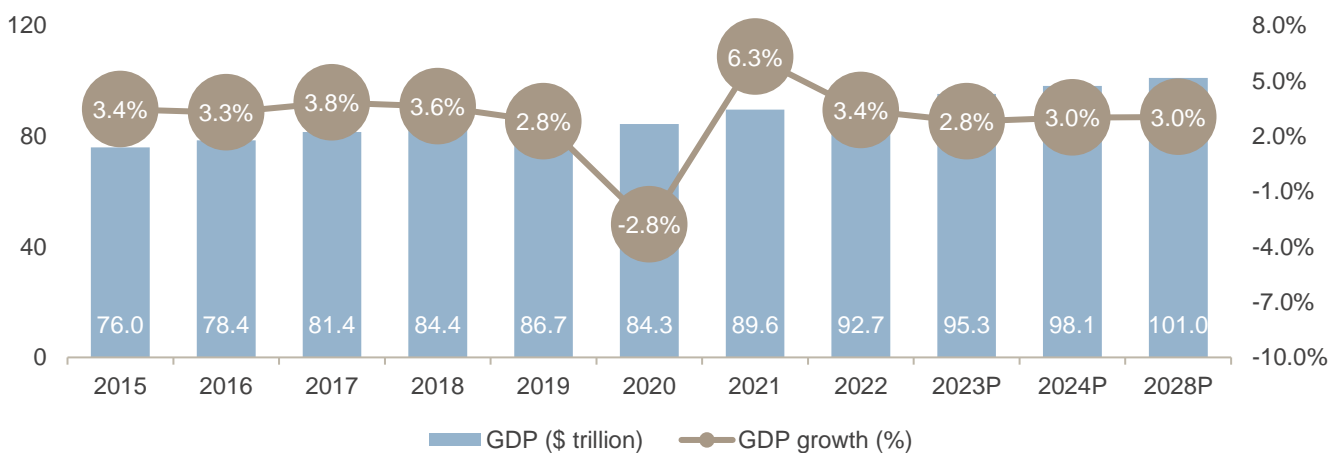
## 1.1 Global macroeconomic assessment

### Global gross domestic product (GDP) growth estimated at 2.9% in CY 2023, 3.0% in CY 2024

The International Monetary Fund (IMF) expects global growth to moderate to 2.9% in CY 2023 from 3.4% in CY 2022 and then rise on-year to 3.0% in CY 2024 (April update).

As per the IMF update, amid the cost-of-living crisis, most countries have prioritised achieving sustained disinflation. The resultant tighter monetary conditions and lower growth are potentially affecting financial and debt stability. Accelerating Covid-19 vaccinations in China would safeguard the recovery and ease the bottlenecks created in the supply chains.

#### Trend and outlook for global GDP (CY 2015- CY 2023P, \$ trillion)



Note: P: projected

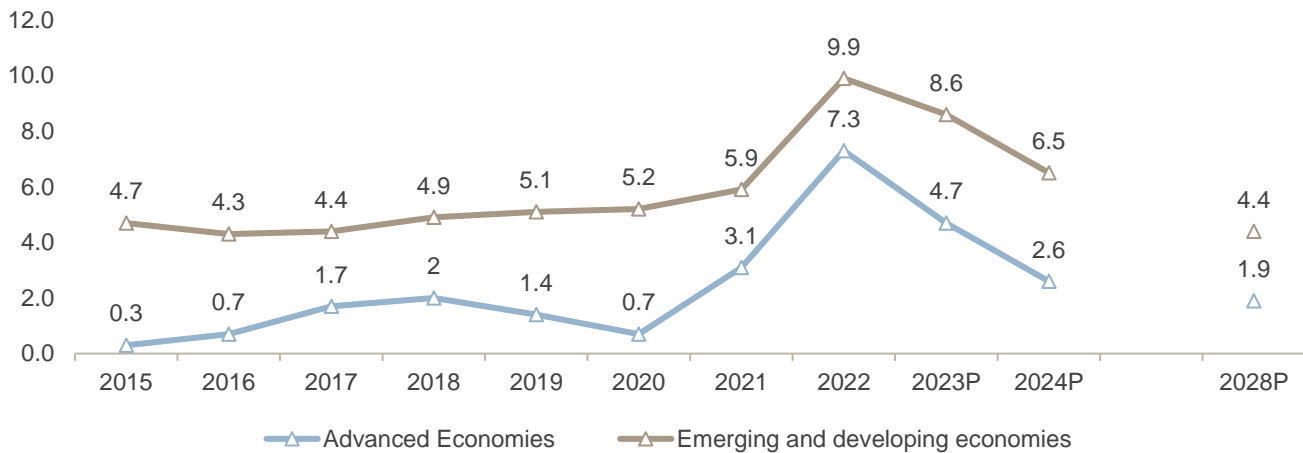
CY 2022 is taken as January to December 2022, and can be considered as a proxy for FY 23, similarly CY 2024 can be considered as a proxy for FY 25

Sources: IMF economic database, World Bank national accounts data, OECD national accounts data, CRISIL MI&A

### Global inflation declining but remain elevated amid financial sector distress

The IMF notes that inflation has been showing a declining trend from mid-2022 although it still remains elevated and hence, the monetary policies of the central banks are expected to be restrictive in the medium term. For CY 2023, inflation is estimated at 4.7% in advanced economies and 8.6% in emerging market and developing economies.

### Trend and outlook on consumer prices



Note: P: projection

CY 2022 is taken as January to December 2022, and can be considered as a proxy for FY 23, similarly CY 2024 can be considered as a proxy for FY 25.

Sourced: IMF, CRISIL MI&A

### Global per capita GDP

Between CY 2016 and CY 2022, global per capita GDP logged 3.7% CAGR and India's ~5.6% CAGR, according to the IMF data. Over CY 2022-2025, the IMF expects global per capita GDP to clock ~4.2% CAGR and India's to sustain a higher trajectory of ~8.2% CAGR. By CY 2025, India's per capita GDP growth is expected to be the fastest among key economies.

### Per capita GDP at current prices for key economies

Regions	2016	2017	2018	2019	2020	2021	2022	2025P	2016 to 2022	2022 to 2025
US	57,840	59,879	62,788	65,077	63,577	70,160	76,348	84,601	4.7%	3.5%
Euro area	25,946	27,562	29,703	29,286	28,314	32,228	32,319	36,801	3.7%	4.4%
UK	41,276	40,667	43,378	42,797	40,347	46,422	45,295	52,001	1.6%	4.7%
China	8,063	8,760	9,849	10,170	10,525	12,572	12,814	15,901	8.0%	7.5%
Japan	39,411	38,903	39,850	40,548	40,118	39,883	33,822	38,333	-2.5%	4.3%
India	1,714	1,958	1,974	2,050	1,913	2,234	2,379	3,012	5.6%	8.2%
<b>World</b>	<b>10,361</b>	<b>10,886</b>	<b>11,421</b>	<b>11,472</b>	<b>11,048</b>	<b>12,479</b>	<b>12,875</b>	<b>14,549</b>	<b>3.7%</b>	<b>4.2%</b>

Note: CY 2022 is taken as January to December 2022, and can be considered as a proxy for FY 23, similarly CY 2024 can be considered as a proxy for FY 25.

Sources: IMF, CRISIL MI&A

### India regained the top spot as the world's fastest growing economy in CY 2021 among key nations

India was one of the fastest-growing major economies in CY 2018 and CY 2019. In CY 2020, all countries, including developed ones, such as the US and the UK, saw their GDP contracting due to the pandemic impact (China was the only exception among major economies). India's GDP shrank 5.8% in CY 2020 (April-March). In CY 2021, GDP growth of all major economies rebounded as economic activities resumed and also due to the low base of CY 2020. In CY 2021, India was the fastest growing major economy with a growth rate of ~9.1%, followed by

China at 8.4%. India also replaced the UK as the fifth largest economy in the April-June quarter of CY 2022 and registered a GDP growth of 6.8% in CY 2022 as per IMF forecast. Going ahead, the country is expected to grow faster than China in 2023 and 2024. The IMF expects India's GDP is to grow 5.9% in CY 2023 and 6.3% in CY 2024.

#### Real GDP growth of various countries/regions

Regions	2017	2018	2019	2020	2021	2022	2023P	2024P	2028P
US	2.3	2.9	2.3	-2.8	5.9	2.1	1.6	1.1	2.1
Euro area	2.6	1.8	1.6	-6.1	5.4	3.5	0.8	1.4	1.4
UK	2.4	1.7	1.6	-11.0	7.6	4.0	-0.3	1.0	1.5
China	6.9	6.8	6.0	2.2	8.4	3.0	5.2	4.5	3.4
Japan	1.7	0.6	-0.4	-4.3	2.1	1.1	1.3	1.0	0.4
India*	6.8	6.5	3.9	-5.8	9.1	6.8	5.9	6.3	6.0
Emerging market and developing economies	4.7	4.7	3.6	-1.8	6.9	4.0	3.9	4.2	3.9
<b>World</b>	<b>3.8</b>	<b>3.6</b>	<b>2.8</b>	<b>-2.8</b>	<b>6.3</b>	<b>3.4</b>	<b>2.8</b>	<b>3.0</b>	<b>3.0</b>

Note: P: Projection as per the IMF update

\* Numbers for India are for financial year (2020 is FY21 and so on) and as per the IMF forecast. CRISIL GDP forecast for India: FY22: 9.1%; FY23: 7.0%; and FY24: 6.0%

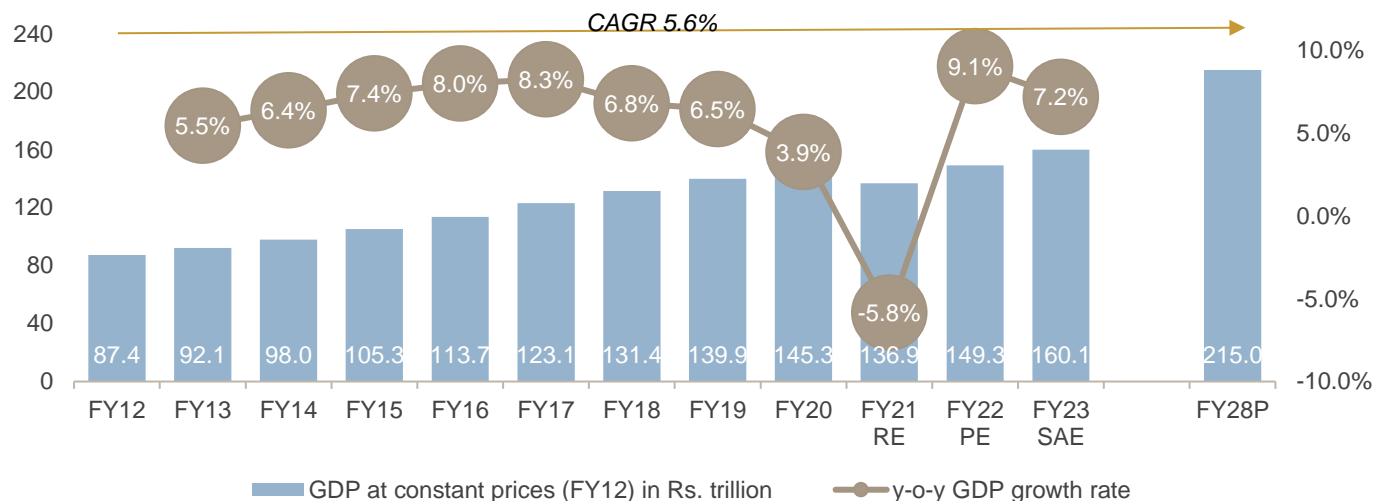
Sources: IMF economic database, World Bank national accounts data, OECD national accounts data, CRISIL MI&A

## 1.2 Macroeconomic assessment

### India's GDP logged 5.6% CAGR over fiscals 2012-2023

In 2015, the Ministry of Statistics and Programme Implementation (MoSPI) changed the base year for calculating India's GDP from fiscal 2005 to fiscal 2012. Based on the new base year, the country's GDP grew to ~Rs 160 trillion in fiscal 2023 from Rs 87 trillion in fiscal 2012, logging a CAGR of 5.6%.

#### Real GDP growth in India (new GDP series)



PE: provisional estimates; RE: revised estimates, SAE: second advanced estimates, FY28 projections from IMF

Sources: provisional estimates of national income 2021-22, Central Statistics Office (CSO), MoSPI; CRISIL MI&A

### India's GDP grew 9.1% on-year in fiscal 2022

As per the second advance estimates released by the National Statistical Office (NSO), India's real GDP grew 9.1% in fiscal 2022, compared with 8.7% estimated in January 2023. This is largely a reflection of a lower base (as the economy had shrunk 5.8% in fiscal 2021). However, given the large output loss suffered in the previous fiscal, GDP was only 2.7% above the pre-pandemic (fiscal 2020) level.

India's gross value added (GVA) continues to record healthy growth. On the supply side, GVA, a much better measure of the economic performance, grew 8.1% (compared with a 4.8% de-growth in fiscal 2021). In absolute terms, real GVA was Rs 136 trillion in fiscal 2022, up from Rs 125.9 trillion in fiscal 2021, and is expected to reach Rs 145.1 trillion in fiscal 2023, as per the advance estimates.

### India's GDP grew by 7.2% in fiscal 2023

The second quarter and third quarter of fiscal 2023 data reflected how global slowdown had begun to spill over to the Indian economy. However, the Indian economy displayed resilience in the fourth quarter of fiscal 2023 to end the fiscal strongly at 7.2% growth for the complete fiscal. Major developed economies are expected to fall into a shallow recession this year. S&P Global expects the US GDP to swerve from a growth of 1.8% in 2022 to negative 0.1% in 2023, and the European Union from 3.3% to 0%. This will weaken the export prospects for India, thereby weighing on domestic industrial activity.

## India's per capita GDP grew faster than global average

Global GDP per capita clocked a CAGR of 2.2% between 2012 and 2021, as per the IMF. In contrast, India's registered a CAGR of 5.5%.

### Per capita GDP at current prices (CY)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	CAGR 2012-2022
India per-capita GDP at current prices (\$)	1,444	1,450	1,574	1,606	1,733	1,981	1,998	2,072	1,933	2,280	2,466	5.5%
World per-capita GDP at current prices (\$)	10,738	10,918	11,077	10,333	10,386	10,917	11,489	11,559	11,156	12,616	13,396	2.2%

*Note- CY 2022 is taken as January to December 2022, and can be considered as a proxy for FY 23, similarly CY 2024 can be considered as a proxy for FY 25.*

*Source: IMF, CRISIL MI&A*

## India's GVA continues to record healthy growth

On the supply side, gross value added (GVA), grew 7.0% in FY23 as per provisional estimates (compared with 8.8% growth in fiscal 2022). In absolute terms, real GVA was Rs 147.6 trillion in fiscal 2023, up from Rs 138.0 trillion in fiscal 2022.

### GVA at constant fiscal 2012 prices)

Rs trillion	FY21RE	FY22RE	FY23PE	Share in GVA FY23	Annual growth in FY23
Agriculture, forestry and fishing	20.8	21.5	22.3	15%	4.0%
Mining and quarrying	2.9	3.1	3.2	2%	4.6%
Manufacturing	23.3	25.8	26.2	18%	1.3%
Utility services	2.9	3.2	3.4	2%	9.0%
Construction	9.8	11.3	12.4	8%	10.0%
Trade, hotels, transport, communication and services related to broadcasting	21.6	24.6	28.0	19%	14.0%
Financial, real estate and professional services	29.6	31.0	33.2	22%	7.1%
Public administration, defence and other services	16.0	17.6	18.8	13%	7.2%
GVA at basic prices	126.8	138.0	147.6		7.0%

*RE: revised estimate, AE: advanced estimate*

*Source: CRISIL MI&A*

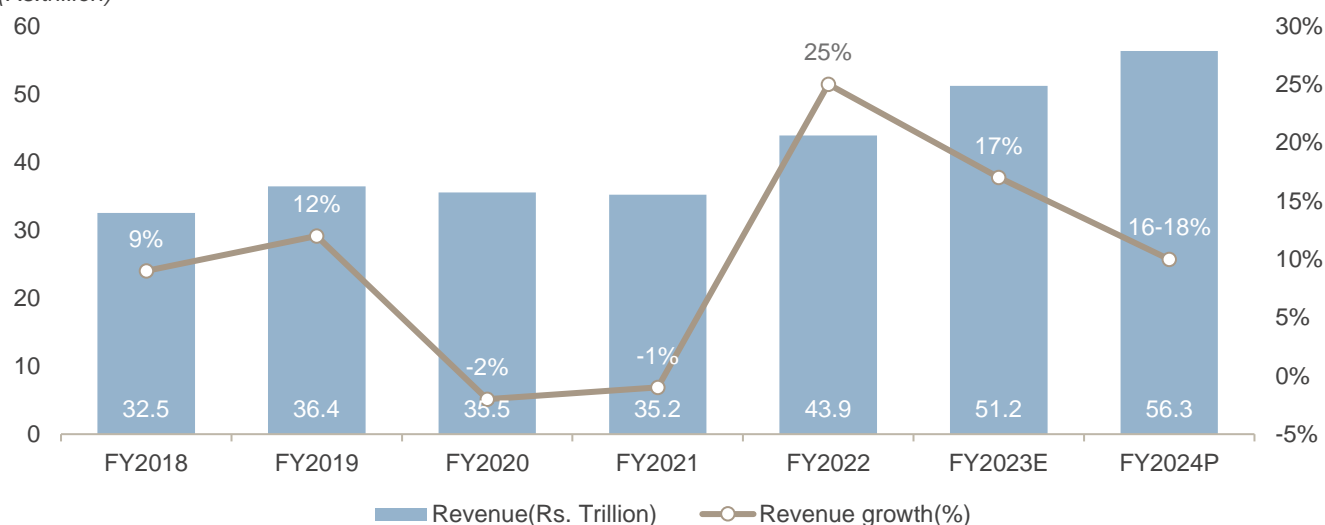
## Corporate revenue logged 9.5% CAGR over fiscals 2018-2023 boosting GDP

Corporate revenue registered a strong CAGR of 9.5% between fiscals 2018 and 2023. The growth is expected to remain healthy in the near term with a 9-11% rise expected in fiscal 2024 despite global slowdown and interest rate

hikes. The growth is expected to be supported by non-commodity sectors, as was the case in fiscal 2023 when the growth was 16-18%.

### Trend in corporate revenue

(Rs.trillion)



*Note: The figures above represents study of 748 listed companies (excluding those in oil & gas, banking, financial services and insurance sectors)*

*Source: Company reports, CRISIL MI&A*

### EBITDA margin of large corporates expected to widen 100-170 bps

Corporates' earnings before interest, tax, depreciation and amortisation (EBIDTA) margin peaked at 21% in fiscal 2021 due to a decline in commodity prices. Power, fuel and selling expenses also had declined, helping the margin.

In the current fiscal, the margin is expected to widen 100-170 basis points from an estimated 16-18% in fiscal 2023. The improvement in EBIDTA margin is expected to be supported by benign commodity prices and volume-driven expansion.

Indian companies spend around 1.4% of their revenue on marketing as of fiscal 2023, up from 1.3% during fiscals 2018-2020. As revenue and EBITDA margin improved, the spend on marketing also increased. Indian companies still lag behind global companies in advertisement expenditure.

### Consumer demand in India expected to grow at healthy pace with rising per capita income

India's per capita income, a broad indicator of living standards, rose from Rs 63,462 in fiscal 2012 to Rs 98,374 in fiscal 2023, logging 4.1% CAGR. Growth was led by better job opportunities, propped up by overall GDP growth. Moreover, population growth remained stable at ~1% CAGR. However, in fiscal 2021, the indicator declined 8.7% on-year owing to the impact of Covid-19.



**Per capita net national income at constant prices**

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21RE	FY22PE	FY23AE
Per-capita net national income (Rs)	63,462	65,538	68,572	72,805	77,659	83,003	87,586	92,133	94,270	86,054	92,583	98,374
On-year growth (%)		3.3	4.6	6.2	6.7	6.9	5.5	5.2	2.3	-8.7	7.6	6.3

Note: RE: Revised estimates, AE: Advance estimates

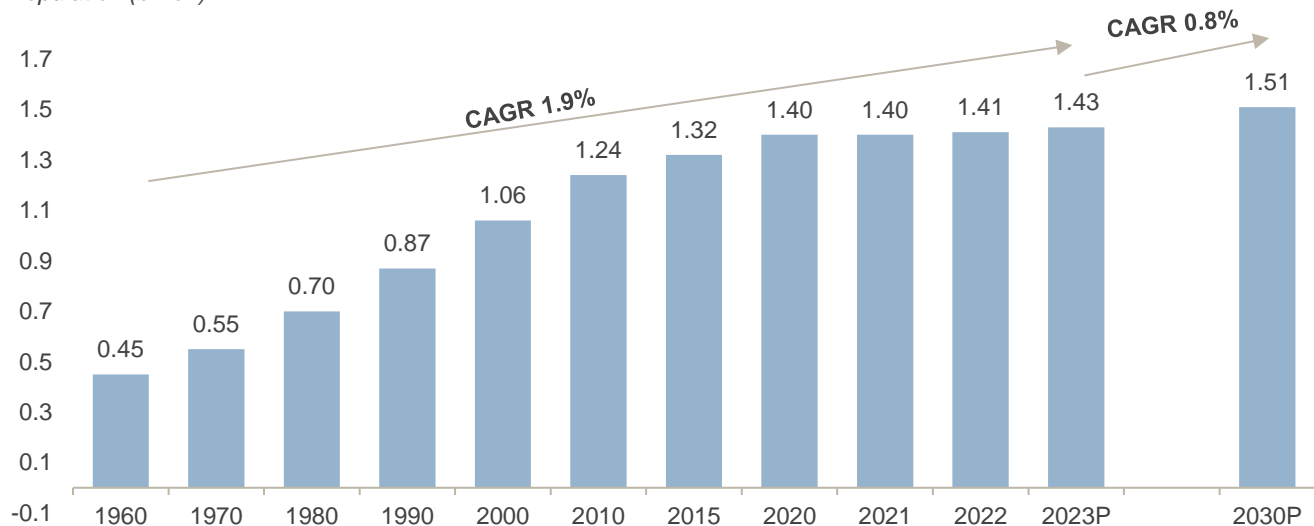
Source: Provisional Estimates of Annual National Income, 2022-23, CSO, MoSPI, CRISIL MI&A

**Growing population, increasing urbanisation and a young demographic profile to further strengthen India's consumer base**

India's population grew at a CAGR of 1.9% over 2001 to 2011 according to Census 2011, to ~1.2 billion. Also, as per a 2010 census, the country had ~246 million households.

**India's population growth**

Population (billion)

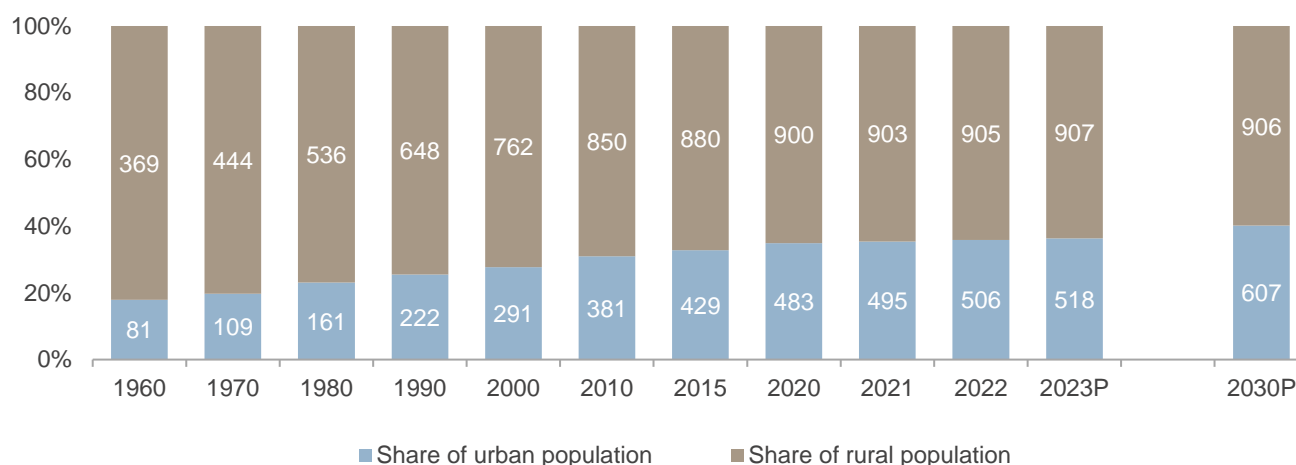


P: Projected

Source: UN Department of Economic and Social Affairs, World Population Prospects 2022, CRISIL MI&A

Also, India's urban population is expected to continue to rise on the back of economic growth. The urban population is projected to increase to nearly 40% by 2030 from ~31% of the total population in 2010, according to a UN report on urbanisation.

**India's urban vs. rural population (in million)**



*P: Projected*

Source: World Urbanization Prospects: The 2018 Revision, UN, CRISIL MI&A

The fact that ~31% of the population in India is aged below 15 years indicates that a high proportion of the country's population is expected to remain young in the coming years.

## India's investments in digital infrastructure supporting faster growth in GDP; to aid growth of marketing services industry

India has made considerable advancements in the development of digital infrastructure in recent years. The government's 'Digital India' campaign has been pivotal in driving this. Notably, expansion of 4G networks and ongoing deployment of 5G networks have substantially strengthened mobile connectivity across the country.

Overall, India's digital infrastructure is among the fastest growing in the world, empowering individuals, businesses, and government services with digital technologies.

Indeed, the growth in internet subscribers, smartphone penetration and digital payments will help companies deepen penetration of their products to even rural areas, which would mean higher spends on marketing to create awareness.

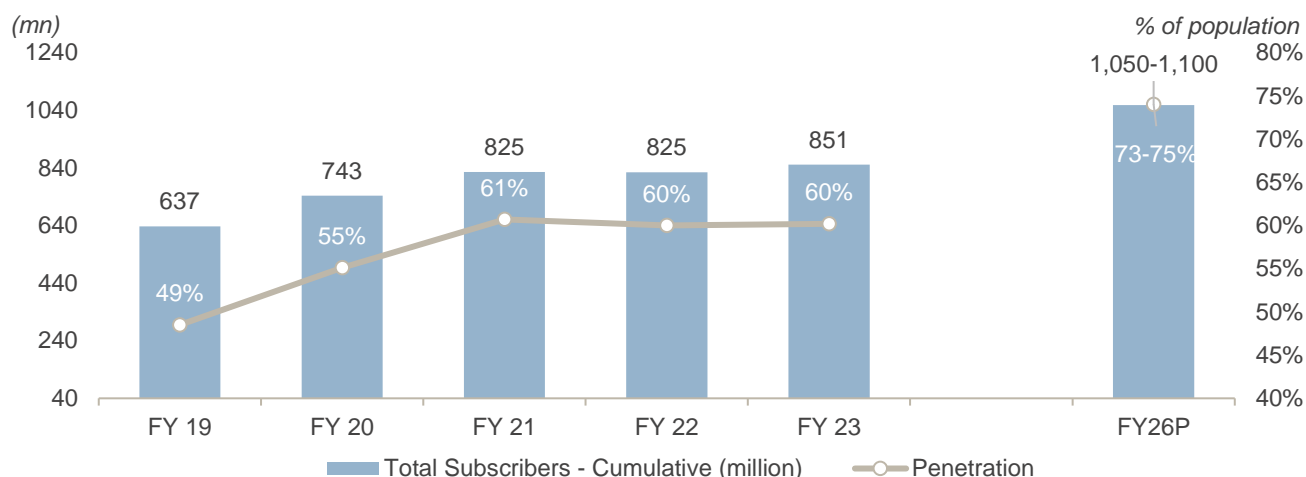
Hence, the growing digital infrastructure in the country will aid growth of the marketing services industry.

### 1.2.1.1 Steady growth in internet subscribers and data consumption

Over the years, there has been steady increase in the total number of subscribers, from ~630.0 million in fiscal 2019 to 850.9 million in fiscal 2023. Even though there was a marginal decrease in total number of subscribers between fiscals 2021 and 2022, which may have been influenced by the Covid-19 pandemic and its impact on the economy and consumer behaviour, the overall growth trend has remained positive.

Internet penetration has consistently increased over the years, from hovering at 49% in fiscal 2019 to 60% in fiscal 2023. The trend is expected to continue, with internet penetration projected to reach 73-75% by fiscal 2026, indicating a further expansion in digital access and connectivity for a significant portion of the population.

### Internet subscribers and penetration in India



Source: Telecom Regulatory Authority of India (TRAI), Company reports, CRISIL MI&A

### E-commerce to see healthy growth in India

The Indian e-commerce industry has witnessed remarkable growth over the past few years. E-commerce has successfully attracted not just consumers, but also global investors. This growth can be attributed to the increasing penetration of the internet, a growing awareness of online shopping, and the availability of attractive deals and discounts from both, established companies and emerging start-ups.

### Emergence of social media has changed the advertising channel landscape

The landscape of advertising has expanded with the advent of new channels that have gained significant popularity in recent years. Social media advertising has become a prominent avenue, with platforms such as Facebook, Instagram, Twitter, and LinkedIn offering targeted advertising options, sponsored posts, and collaborations with influencers. Other emerging advertising channels include those of influencer marketing and video marketing, where brands partner with social media influencers and platforms to promote their products or services.

Furthermore, emerging technologies such as augmented reality (AR) and virtual reality (VR) have opened up new avenues for immersive advertising experiences, allowing brands to leverage AR and VR technologies to create interactive and engaging campaigns and offer consumers unique and memorable brand experiences.

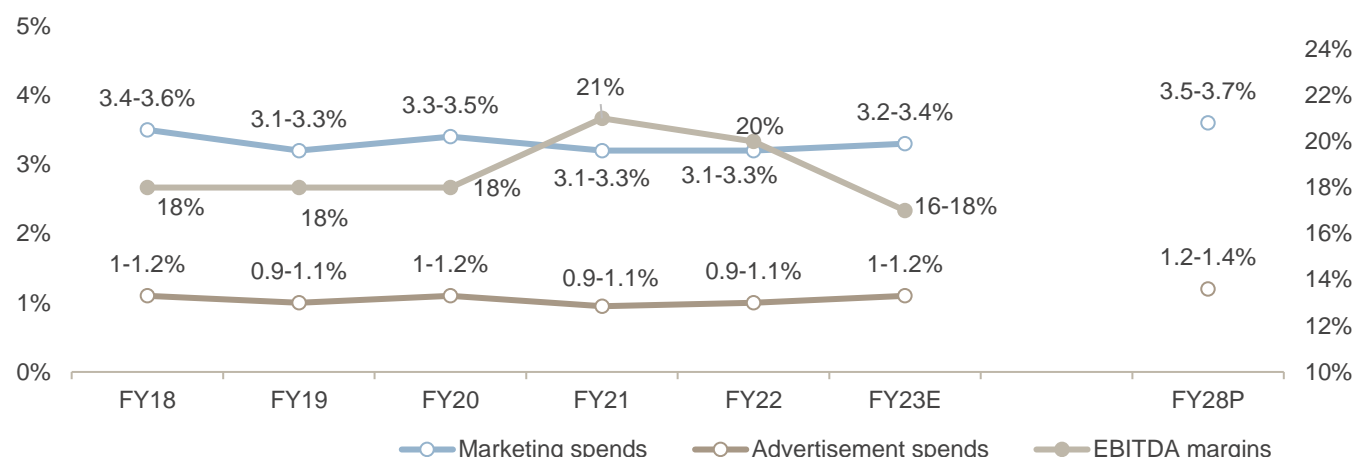
### Marketing and advertising spends in absolute terms have risen significantly in tandem with substantial revenue growth of companies

CRISIL MI&A defines marketing spends as spends on advertisements and communications, brand activation events, application and website development and management, loyalty program spends, brand & marketing strategy development and management etc.

Indian companies' marketing spends as a percentage of revenue has remained in the range of 3.1%-3.6% in the past five fiscals. Going forward also, same robust growth is expected as Indian corporate revenue has grown at a CAGR of 9.5% in the past five fiscals (for 748 listed entities), and marketing spends have also grown significantly in absolute terms.

Supported by the growth in the economy, internet connectivity and increase in consumer base as discussed in the above sections, Indian companies' spends on marketing are expected to be in the range of 3.5-3.7% of the operating revenue, while spends on advertisements will reach 1.2-1.4% by fiscal 2028.

### Trend in marketing, advertisement spends and EBITDA margins in India



Note: The above marketing and advertisement spend data is based on 1,000-1,500 companies' data available in CRISIL's internal database. EBITDA figures above represent study of 748 listed companies (excluding those in oil & gas, banking, financial services and insurance sectors)

Source: S&P Global, company reports, CRISIL MI&A Research

### India's lower marketing spends compared with companies in the Middle East, the US and Europe indicates plenty of room to grow

On comparing marketing spends of companies in the Middle East, Southeast Asia, the US and Europe with Indian companies, we see that the latter spend lower than companies in the US, Europe and the Middle East, but their spends are slightly higher than companies in Southeast Asia.

The gap in marketing and advertisement spends between India and the developed economies shows there is plenty of growth potential and reflects under-penetration of marketing and advertisement spends in the country.

### Comparison of marketing and advertisement spends (CY 22)

Region	Company selection criteria (revenue)	Overall marketing spends as a % of revenue	Advertisement spends as a % of revenue
US and Europe	Above \$100 million	10-11%	5-6%
Middle East	Above \$50 million	3.7-4.2%	1.5-2%
Southeast Asia	Above \$50 million	3-3.5%	1-1.5%
India	Above Rs 500 million	3.1-3.6%	1-1.2%

Source: S&P Global, CRISIL MI&A Research

### Apart from corporates, government a key stakeholder in the Indian marketing services industry

The primary objective of the government's advertising spending is to create awareness about its policies and schemes among the people of the state, especially the population residing in the rural areas. Advertising is also used to spread awareness related to key segments such as health and education. State-wise government spends have seen an increasing trend over the years with the advent of different advertising means such as digital and social media. Some of the biggest states in India in terms of population, such as Uttar Pradesh and Maharashtra, are among the leading states in overall advertisement spends.

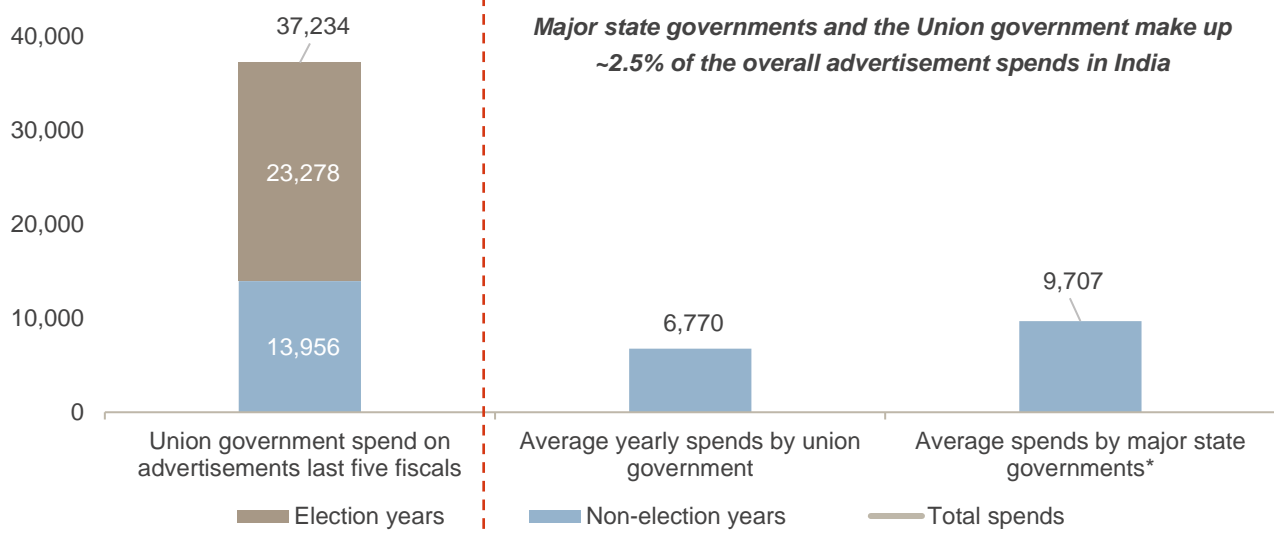
## Union government spent over Rs 37,000 million on advertising in the past five years

The Union government spent a total of Rs 37,234 million on advertising in the past five years as on December 9, 2022, based on a written reply to Right to Information (RTI) requests by Information and Broadcasting Minister Anurag Thakur in the Rajya Sabha.

Even though these spends are smaller than that of Indian corporates, the government is an important stakeholder and customer for the marketing services industry.

### Government spend on advertisements

(Rs million)



Note: Major state governments include Maharashtra, Uttar Pradesh, Telangana, West Bengal, Karnataka, Delhi and Tamil Nadu

Source: Reply by Union government to RTI requests, CRISIL MI&A Research

State-wise government advertisement spend data shows that states with higher gross state domestic product (GSDP) such as Maharashtra, Uttar Pradesh and Tamil Nadu tend to spend on advertisements. These states have recorded a CAGR growth of 5-8% between fiscals 2012 and 2021, and future growth is expected to be in a similar trajectory, which indicates an increase in advertisement spends in the coming years.

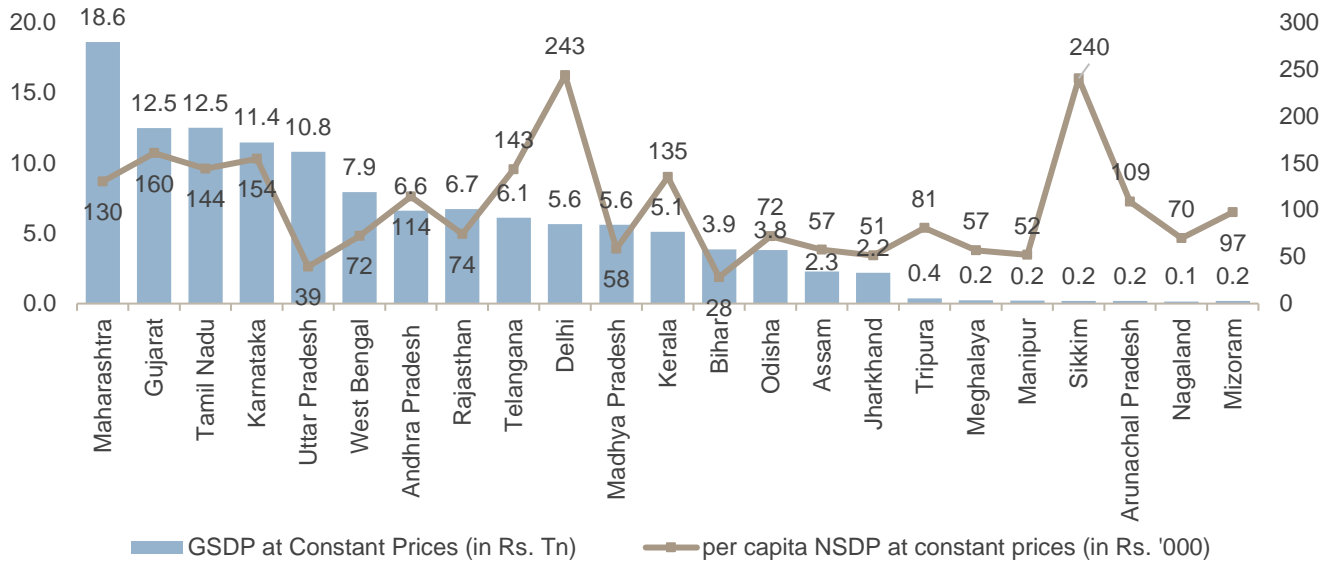
### State-wise government spend on advertisements

State	Average annual advertising spends estimates (Rs million)
Maharashtra	1,332
Uttar Pradesh	4,100
Telangana	750
West Bengal	860
Karnataka	665
Delhi	2,000
Tamil Nadu	1,140

Note: \*FY23 budgeted number

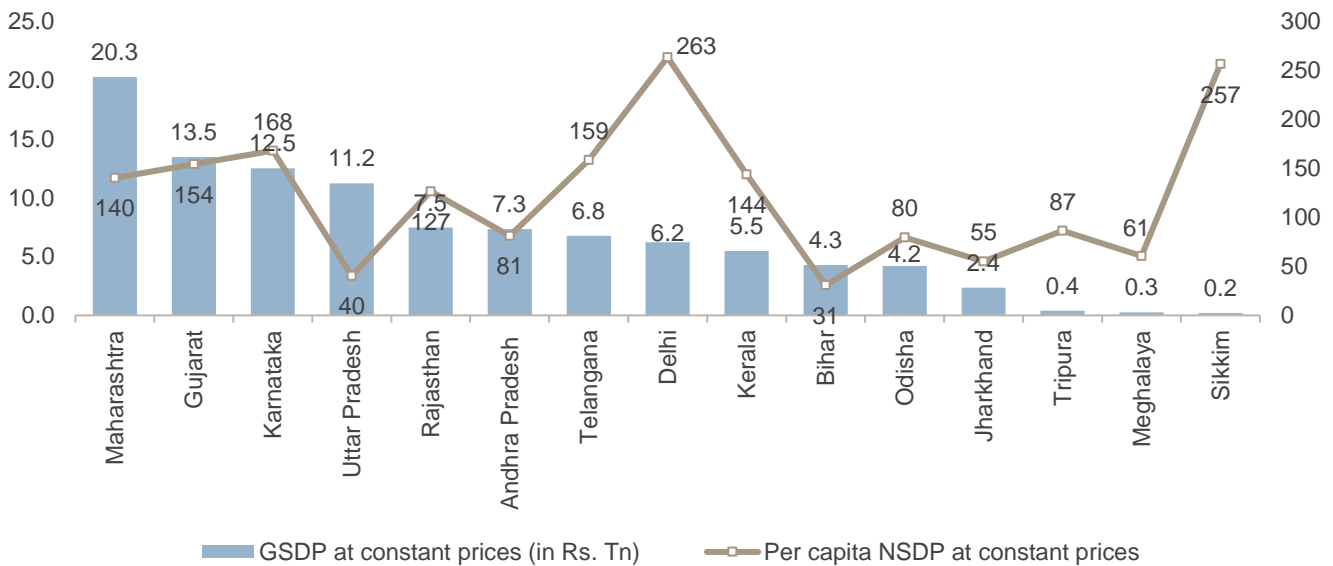
Source: State budget documents; replies by state governments to RTI requests, CRISIL MI&A Research

**State-wise GSDP and per capita NSDP at constant prices as of FY21**



Source: CSO, CRISIL MI&A Research

**State-wise GSDP and per capita NSDP at constant prices as of FY22**



Source: CSO, CRISIL MI&A Research

## 2 Overview of integrated marketing services in India

Marketing services refers to a range of activities and strategies that are designed to promote a brand, product or the business. These may encompass various creative techniques to attract, engage and retain customers, ultimately driving sales and business growth. These services may be provided by in-house marketing teams or outsourced to specialised marketing and advertising agencies. Marketing services include a combination of traditional and digital marketing methods, depending on goals and target audience for the business. Traditional marketing methods include channels such as television, radio, print media, etc. which provide access to a broad audience whereas digital marketing tools include SEO, email marketing and social media advertising that leverages the power of internet and digital connectivity to reach more specific demographics.

Apart from creative communication and advertisement, businesses use various tools under marketing services to attract and retain customers. This includes market research to understand consumer behaviour, application and website development for user-friendly digital platforms, search engine optimisation (SEO) to improve website visibility, brand management to establish and maintain brand identity, marketing analytics to measure campaign performance, social media marketing for customer engagement, CRM to nurture customer relationships, PR for brand reputation management, event marketing for immersive experiences, and loyalty programme management to enhance customer retention. Additionally, allocation of resources even within the market budget depends on the brand's target audience and industry. For example, consumer goods and retail brands often prioritise social advertising in their digital budgets, while the banking, financial services, and insurance (BFSI) and healthcare sectors allocate higher spends of their digital marketing budgets to email marketing and search advertising, respectively.

This report has classified the marketing services industry across three major segments given below:

- Integrated Marketing Communications, Media [Including Digital], Events and Activation (Integrated marketing communication)
- Customer data analytics and marketing technology (MarTech)
- Market research

Segment	Sub-segments / offerings
<b>Integrated Marketing Communications, Media (Including Digital), Events and Activation (Integrated marketing communication)</b>	Creative and digital content
	Media (including digital)
	Events and activation planning, buying and executing
	Others including public relations, social media management, pharmaceutical communication
<b>Customer data analytics and marketing technology (MarTech)</b>	Customer Data Analytics
	Delivery & Management of Customer Experience
	Online Reputation Management
	Campaign management, campaign tracking
	Customer relationship management tools
	Customer insights, dashboards
	Sentiment analysis
	Loyalty Program Management

Segment	Sub-segments / offerings
Market research	Full-service market research and customer Experience (CX) measurement. (customer/ audience segmentation, consumer surveys, <b>customer experience measurement</b> , brand equity and customer satisfaction indices, consumer intelligence <b>and syndicated reports</b> etc.)
	Report publishers (syndicated market sizing studies, competitive assessments, etc.)
	Consulting companies and captives (customised market assessments, competitive assessments, go-to-market strategies, etc.)
	Customised research report providers and knowledge process outsourcing (KPO) companies (customised industry research reports, competitive assessment reports, etc.)
	Panel providers and field research agencies (surveys, survey data analytics, etc.)
	IT & BPO companies (typically provide IT and business process optimization services to international clients)

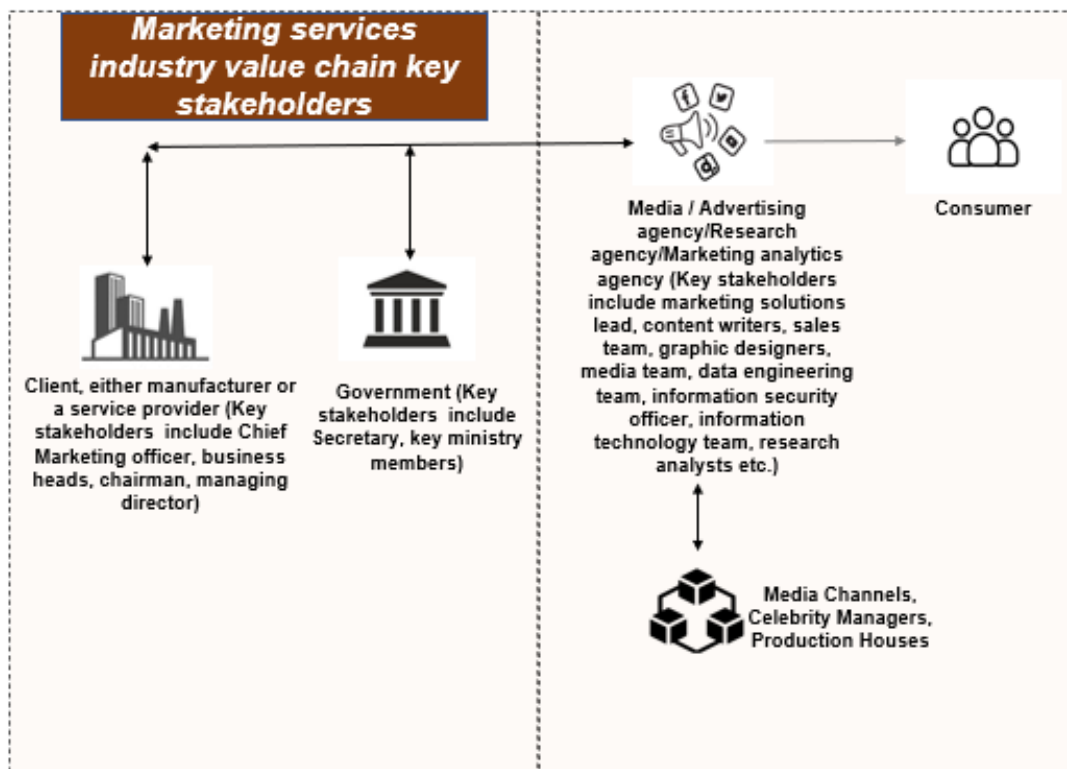
Source: Company websites, CRISIL MI&A Research

## Market structure and key business models of the marketing services industry in India

The value chain and structure of the industry comprises interaction between stakeholders of the client (a manufacturing or services company or the government), the advertising/media/research/marketing analytics agency, media channels/production houses/celebrity managers, and the end consumer.

The interaction between the various stakeholders is shown below in the value chain.

### Value chain for the domestic marketing services industry



Source: CRISIL MI&A



### Five key revenue models are prevalent in the marketing services industry

Business model	Description
<b>Commissions and retainer fees-based model</b>	Commission refers to income earned as a percentage of media pay-out and production expenses and the percentage commission can vary depending on level of expenditure by the client. Retainer fees refers to monthly fees charged to Clients based on the scope of work and manpower deployed
<b>Project fees model</b>	Projects have a predefined scope and commercials as per client requirements. The average duration of projects is 3-6 months. Commercials are calculated based on human effort involved, media and advertisement rates and pay-out to vendors.
<b>Production income</b>	This is the income earned for film/video production work which may be done in-house or through third-party production houses
<b>Rate-card based charges</b>	The client is charged a fee based on an approved rate card for pre-defined work. This is usually an itemised list and the rate per item is fixed and standardized
<b>People placement or deployment model</b>	Certain strategic projects might require marketing services personnel to be deployed at client sites. Based on the skills required, along with the project requirements and timelines, people are deployed to complete the project assigned
<b>Milestone achievement (performance-based) model</b>	In this model, payment is based on predetermined performance metrics, such as the number of leads generated, number of clicks, conversions achieved, or specific business results. This model is usually used along with the retainerhip or project-based model, where some part of fees for the marketing services company is fixed and some is variable based on the metrics or KPI agreed upon

Source: Company websites, CRISIL MI&A

### Addressable market for overall marketing services in India to grow at a 12-14% CAGR between fiscals 2023 and 2028

The marketing services market in India grew at a CAGR of 5.6% between fiscals 2019 and 2023, reaching Rs 1,936 billion in FY23, supported by growth in the marketing spends of Indian corporate companies, rise in revenue of companies and increase in gross domestic output in the economy. Corporate revenue of 740 listed entities grew at a CAGR of 8.9% during the same period, which resulted in companies spending more on marketing activities. Advertisements form the biggest chunk of the overall marketing services market.

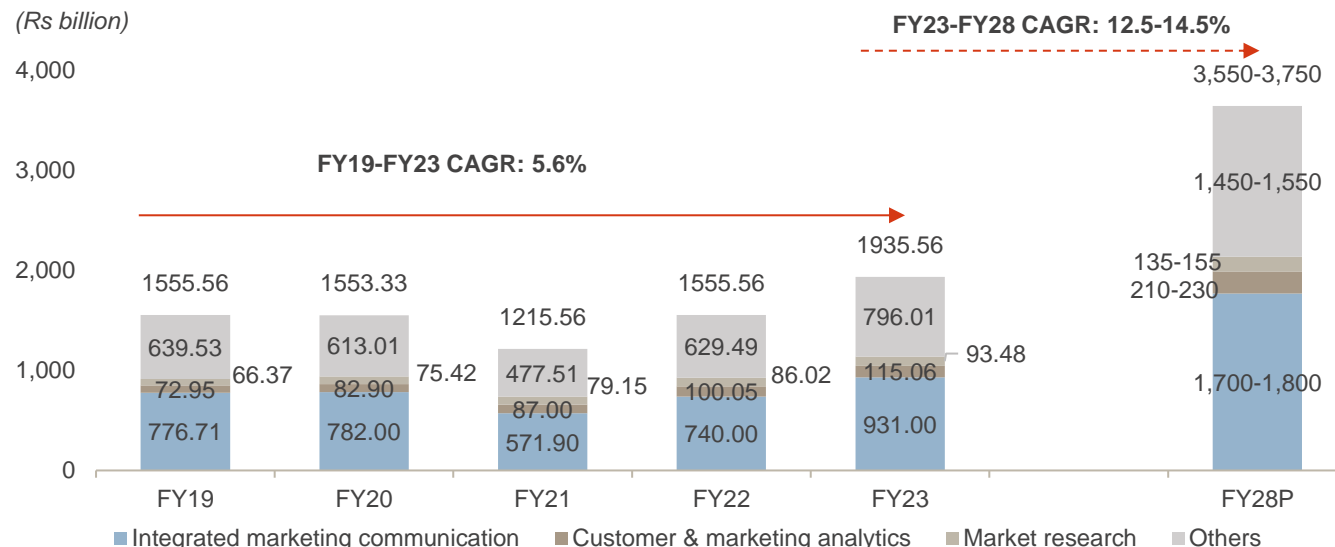
Digital advertisement spends and investments in Customer data analytics & MarTech are expected to drive growth of the overall industry, which is expected to reach Rs 3,500-3,700 billion by the end of fiscal 2028. Marketing communication (advertising) is also expected to see a double-digit growth during the same period.

Within the full-Service Market Research (including customer experience measurement) and Syndicated Studies, the top 10 companies would contribute to nearly 50% of the market, the rest is catered by mid to small market research companies. In customer data analytics & MarTech segment, top 10 companies contribute 20-25% of the pie.

At a gross level, integrated marketing communication segment is fragmented with media companies and marketing services companies being major contributors to the market. Rest of the market is made up by celebrity management companies, production houses etc. At a net level for advertising service providers, more than 80% of the market is composed of integrated group companies such as, Dentsu, Havas IPG, Omnicom, Publicis, RK Swamy Limited, and WPP.

### Overall marketing services in India (Rs billion)

(Rs billion)



*P-Projected, Marketing communication includes advertisement spends and live events. Marketing communication industry is sized up at a gross level as it includes all the spends done by companies on marketing communication and will also include revenues for media houses such as Star network, Sony, Zee etc.*

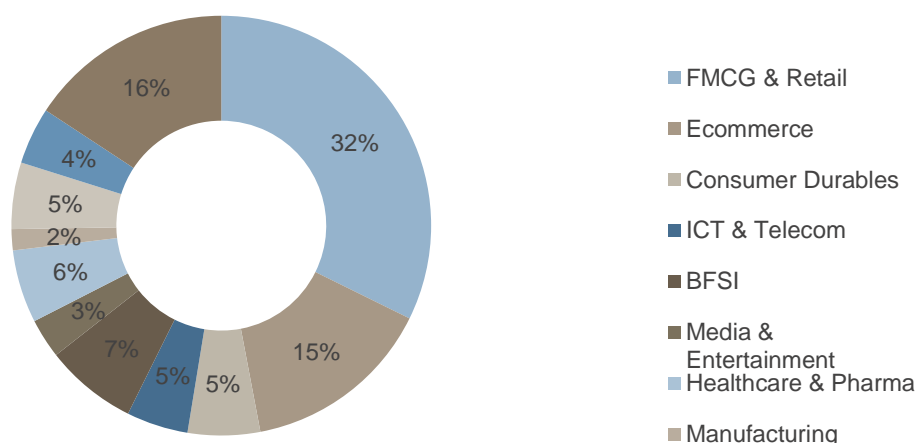
*Others includes application and website development and management, loyalty program spends, brand and marketing strategy development and management*

Source: CRISIL MI&A Research

### FMCG & Retail are the highest contributors to marketing services in India

FMCG, including retail is the highest contributor to overall marketing services industry forming 32% of the total demand. Other major contributors to marketing services include Ecommerce, ICT, BFSI, Media and Entertainment & Healthcare.

### Marketing spend across sectors in India (FY23E)



*Only integrated marketing communication, customer data analytics & MarTech and Market research are considered in overall marketing services for the purpose of the above chart. Others include travel and tourism, real estate, utilities, agriculture, defense, government, social enterprises etc. Source: CRISIL MI&A Research*

## **BFSI, FMCG, and consumer retail spend the highest on marketing activities in India as a percentage of their revenue/net interest income**

Banking, financial services, and insurance (BFSI) emerged as the highest spender on marketing as a percentage of its net interest income. Spending ranged between 11 and 14% over the last five fiscals in terms of net interest income. With banking credit expected to grow in double digits in the coming fiscal, marketing spends of the sector are expected at 13-15% over the next few fiscals.

Media, fast-moving consumer goods (FMCG), consumer durables, retail, and e-commerce, too, spend a considerable percentage of their revenue on marketing activities. Overall, marketing spends as a percentage of revenue in FY22 were lower compared with FY18 levels as companies were still recovering from the effects of the pandemic. With the outlook for most sectors being positive and double-digit growth expected, marketing spends are expected to grow by FY28.

### **Average marketing spends of the top companies across key sectors**

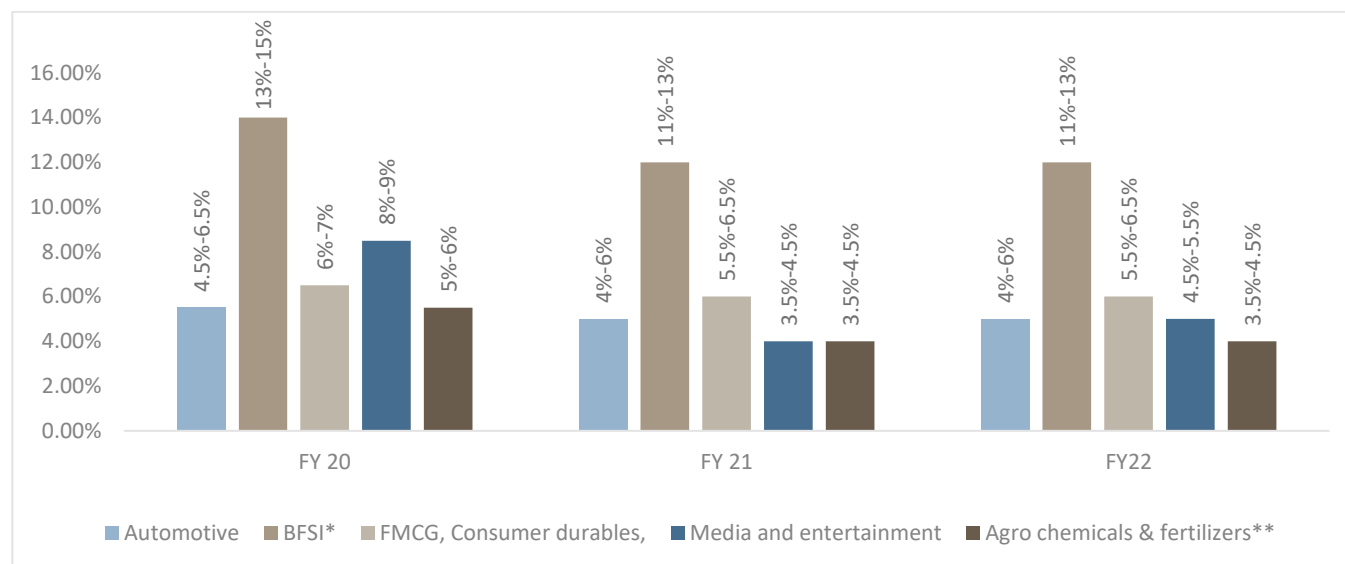
Sector	Average marketing spends as a percentage of revenue		
	FY18	FY22	FY28P
<b>BFSI*</b>	12.0-14.0%	11.0-13.0%	13.0-15.0%
<b>Media and entertainment</b>	7.0-8.0%	4.5-5.5%	7.0-8.0%
FMCG, consumer durables, retail, e-commerce	5.0-6.0%	5.5-6.5%	6.0-7.0%
<b>Automotive</b>	5.0-6.0%	4.0-6.0%	5.5-6.5%
Real estate and infrastructure	3.0-3.5%	4.5-5.5%	5.0-6.0%
Pharmaceuticals	4.5-5.5%	4-5%	4.5-5.5%
IT and telecommunication	2-3%	1-2%	2-3%
Energy, oil and gas	1.5-2.5%	1.5-2.5%	1.5-2.5%
<b>Agro chemicals &amp; fertilizers**</b>	5-6%	3.5-4.5%	5-6%
<b>All Sectors</b>	<b>3.3-3.8%</b>	<b>3.1-3.6%</b>	<b>3.4-3.9%</b>

*Note: Above data is based on company data present in CRISIL's internal database*

*\* Marketing spends as a percentage of net interest income for BFSI companies, \*\*mainly caters to the rural market*

*Source: CRISIL MI&A*

**Average marketing spends of the top companies across select sectors (FY20-FY22)**



*Note: Above data is based on company data present in CRISIL's internal database*

*\* Marketing spends as a percentage of net interest income for BFSI companies, \*\*\*mainly caters to the rural market*

*Source: CRISIL MI&A*

## 2.1 Key growth drivers and trends for the marketing services industry

### Increasing emphasis on analytics will support growth in marketing services

The growth of marketing services is fuelled by the increased availability of unstructured data and advancements in technology. Marketing service providers play a vital role in enabling companies to leverage data-driven insights for targeted marketing initiatives by offering a wide range of services, such as customer segmentation, predictive modelling, marketing automation, and personalised messaging. In response, businesses are increasingly seeking the expertise of dedicated market service providers to obtain comprehensive insights into customer behaviour and preferences.

### Rise in digital and social media marketing to aid marketing services

Businesses are increasingly shifting their marketing attention to digital and social media channels as a result of rising internet use and the emergence of social media platforms. Hence, demand for marketing services specialising in online advertising, SEO, social media management, content development, and influencer promotions is bound to increase, aiding expansion of the marketing services industry.

### Increasing prominence of experiential marketing to support the reach of services

Experiential marketing aims to provide customers with personalised, engaging, and lasting experiences. It includes interactive activities, pop-up stores, product displays, and brand activation. With organisations striving to create experiences that resonate with their target audience, marketing service providers are becoming more skilled at creating and implementing experiential marketing campaigns.

## **Growing emphasis on customer experience to accelerate the need for marketing services**

In today's fiercely competitive corporate environment, delivering an exceptional customer experience has become a critical factor for success. Marketing service providers channelise this awareness into their efforts to develop tactics that enhance the entire customer journey. These providers are strategically focusing on mapping customer touchpoints, from the initial stages of brand recognition to post-purchase support, optimising the user experience across various channels. As a result, businesses are increasingly engaging with them to leverage their expertise and capabilities.

## **2.2 Key challenges and market monitorables**

### **Intense competition makes it difficult to establish a USP**

Establishing a unique selling proposition (USP) is a significant challenge in this fragmented industry on account of intense competition among players, with numerous agencies and service providers offering standard services, making it difficult for them to stand out in a crowd.

### **Rising globalisation makes it challenging to make relevant content across geographies**

The rise of globalisation presents a significant challenge for the marketing services industry in creating relevant content across geographies, as the social and political aspects of content can cause a potential for backlash from the public if the content is deemed inappropriate or insensitive by a section of the audience, which in turn may lead to negative publicity and damage the brand's reputation.

### **Decrease in consumer time span due to increase in content consumption**

With the proliferation of social media platforms, a lot of content is being consumed on a daily basis, which decreases the attention span of consumers, making it challenging for marketers to capture their attention and convert them. This further highlights the role of companies which has a long experience in industry as well as local knowledge as they have capabilities to craft advertising strategies which can capture the span of these consumers.

### **Rapidly evolving technology to pose a challenge for the marketing services industry**

It is crucial for the marketing service industry to adapt to newly evolving technologies, such as artificial intelligence and machine learning, in order to serve clients. However, keeping up with these technologies and effectively integrating them into marketing strategies can be a significant challenge for organisations as the technologies require additional and, at times, dedicated investments in specific platforms and technology skills to deliver modern solutions.

### **Positive impact on the marketing services industry**

#### **2.2.1.1 Surge of new advertising channels aided growth of the marketing services industry**

New marketing channels, such as influencer marketing, video marketing, and social ecommerce, surged exponentially in the last five years due to the proliferation of social media platforms such as Instagram, MX takatak, Moj, etc. Furthermore, streaming platforms such as Netflix, Hulu, and Amazon Prime Video are also moving towards advertisements as they are gaining popularity with many users subscribing to these services for their entertainment needs.

### ***2.2.1.2 Increased prominence of personalized marketing***

With people spending more time online and relying heavily on digital platforms for their daily activities, marketers have recognized the importance of tailoring their messages and advertisements to individual preferences and needs through Personalized marketing. Furthermore, Personalized marketing allows businesses to deliver targeted and relevant content to their customers, enhancing engagement and driving conversion rates. Growth of social listening and online reputation management provides new opportunities

Online reputation management and social listening have become crucial to companies as consumers have started spending more time on social media, which eventually affects their buying behaviour. This trend provided a window for market service providers to provide additional services, such as social media listening, sentiment analysis, and reputation management services.

### ***2.2.1.3 Increased emphasis on sustainability and CSR positively impacted the industry***

The growing focus on sustainability and CSR positively influences marketing strategies. Brands have started incorporating environmental and social responsibility messages into their campaigns, leading to increase in the demand for sustainable and purpose-driven marketing, ultimately helping marketing services players expand their portfolio.

## **Negative impact on the marketing service industry**

### ***2.2.1.4 The Covid-19 pandemic significantly impacted the marketing services industry***

The pandemic adversely impacted multiple industries, resulting in companies reducing their marketing budgets and consumers making significant cuts to their spending. This led to an overall decrease in the demand for marketing services.

### ***2.2.1.5 Unpredictable market conditions adversely affected the industry***

The last few years saw major geopolitical events, such as the Russia-Ukraine conflict, China's zero-Covid policy, and high inflation levels, which led to significant political and economic uncertainty. This, in turn, caused businesses to become conservative through cost-cutting measures, which eventually impacted the demand for marketing services.

### ***2.2.1.6 Rise of ad blocking software and regulatory compliance affected advertising reach***

The efficacy of traditional advertising channels was significantly impacted by increased governmental oversight and the popularity of ad-blocking software, which in turn affected the channels' capacity to gather and store data. This has led to reduced visibility and engagement for advertisers.

## **Overview of media landscape in India**

### **Digital**

India's digital media landscape has experienced significant growth due to the widespread use of smartphones, increased internet penetration, and affordable data plans. Currently, India has close to 850 million internet subscribers which are expected to cross 1 billion subscribers by FY26. Additionally, India's digital media landscape has also seen the inclusion of additional advertising channels, such as SMS, calling, and email advertising. With increased smartphone penetration, these channels are being continuously leveraged by brands to provide additional touchpoints to connect with their target audiences in India's expanding digital landscape.

## **TV channels**

India has the second largest television (TV) market in the Asia-Pacific region, with more than 900 television channels. TV accounts for 40-45% of the ad revenues and is the most preferred medium of advertisement. In fiscal 2023, ad revenues of the TV industry are estimated to have grown 10-15%, as new advertisers are coming in and TV remains the most preferable mode of advertising. However, the share of TV in total ad revenues is expected to decrease in the medium term as there is a shift from TV to digital advertising given the rise in internet subscribers in India.

## **Print**

India has a vibrant print media sector with more than 1,46,000 print publications published in all major languages. More than 10,000 newspapers are available in India in national and regional languages, to cater to specific geographic areas and reader preferences. Some of the prominent national newspapers include The Times of India, The Hindu, Hindustan Times, and The Indian Express. In fiscal 2023, the segment grew on account of increase in ad revenue as corporate spends revived along with government spends. However, the overall share of print media is likely to decline going forward, due to changes in consumer preferences towards digital, and rising newspaper prices.

## **Out-of-home (OOH) advertising**

OOH advertising constitutes 2-4% of the Indian advertising industry. To date, traditional methods such as billboards, gantries, and roadside advertisements continue to dominate the physical OOH advertising market through presence in more than 200 towns. But lately, innovative approaches such as train wraps and street furniture are gaining traction.

## **All India Radio and private radio stations**

With ~260 All India Radio stations and 388 private radio stations, accessible to ~99% of the Indian population, radio channels provide an easy way for advertisers to reach the masses. They broadcast a mix of music, news, talk shows, and entertainment content in various languages and cater to diverse regional preferences. Due to this, advertisers no longer perceive radio as a secondary advertisement channel, but a major source of reaching mass audience, resulting in an overall rise in ad rates.

## **Airport advertising**

With 137 airports handling more than 166 million domestic and international passengers, airports in India have emerged as significant advertising platforms due to the increasing air travel and footfall. Advertisements are displayed in terminals, baggage claim areas, boarding gates, and other high-traffic zones within airports. Brands often utilise airport advertising to target affluent and frequent travellers.

## **Cinema and multiplexes**

With more than 9,000 cinema and 3,000 multiplex screens in India, this medium plays a crucial role in the media landscape by providing an immersive platform for advertisers to engage with a diverse audience and allowing them to target specific regional markets with localised advertising content. As cinema screens offer a medium of entertainment for a captive audience, they create a prime environment for advertisers to showcase their products and services.



## 2.3 Overview of experience centres/customer service segment

Call centres play a pivotal role as the primary point of contact for customers seeking assistance, by effectively handling a diverse range of interactions which includes phone calls, emails, live chats, and social media interactions. Within this segment, there are various types of call centre services, including experience centres and first-party data capture, details of which are given below.

### Experience Centres

Experience centres go beyond traditional call centres by focusing on delivering personalized and immersive customer experiences. These centres leverage advanced technologies like augmented reality (AR), virtual reality (VR), and other interactive tools to create engaging interactions with customers, which in turn enhance customer satisfaction, build brand loyalty, and improve overall brand perception. Hence, by providing unique and memorable experiences, they contribute to a positive customer journey and significantly impact the success of marketing campaigns.

### Inbound Call Centres

These call centres focus on handling incoming customer calls and provide assistance, support, and information to customers regarding products, services, or any other inquiries. Inbound call centres are essential for addressing customer concerns, resolving issues, and ensuring customer satisfaction.

### Outbound Call Centres

Outbound call centres play a crucial role in reaching out to potential customers, promoting products or services, and gathering valuable information. Outbound call centres primarily make outgoing calls to customers for various purposes like telemarketing, lead generation, sales, appointment scheduling, market research surveys, customer feedback collection, and follow-up calls.

### Blended Call Centres

Blended call centres are more versatile and adaptable compared to traditional inbound or outbound call centres as they can handle both incoming and outgoing calls based on the requirements and objectives of the business. This allows businesses to manage both customer support and proactive outreach efficiently, thereby increasing customer satisfaction.

### Relevance of Call Centre Services in Marketing

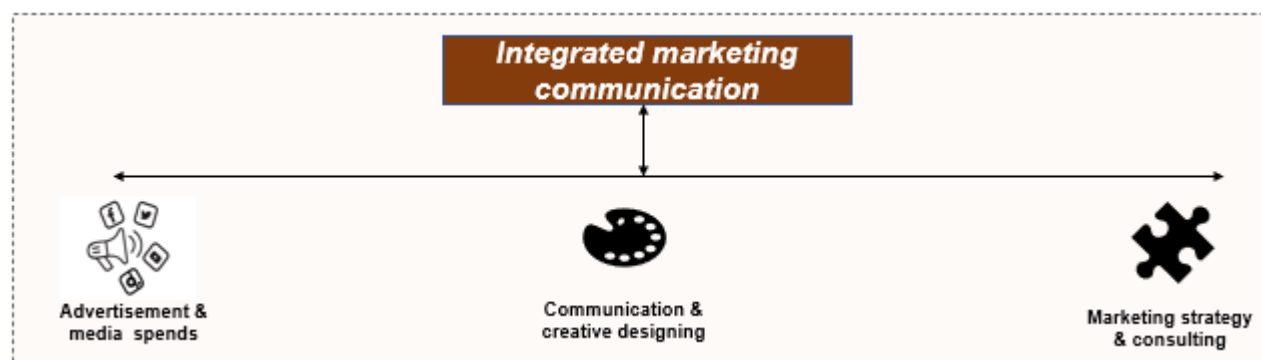
Call centres serve as an extension of a company's brand and play a vital role in building and maintaining customer loyalty. Firstly, call centres contribute to the overall customer experience by serving as a direct channel for customers to seek assistance, resolve issues, and receive personalized attention. Furthermore, call centres are also instrumental in capturing first-party data during customer interactions like customer preferences, behaviours, and demographics, which in turn enables businesses to deliver personalized marketing campaigns, refine product offerings, and enhance customer segmentation, ultimately resulting in more effective and efficient marketing efforts.



### 3 Integrated Marketing Communications, Media [Including Digital], Events and Activation (Integrated marketing communication)

Marketing communication comprises spends on advertising, media, digital, content and strategy. It encompasses both in-house and outsourced spending.

#### Integrated marketing communication segment structure

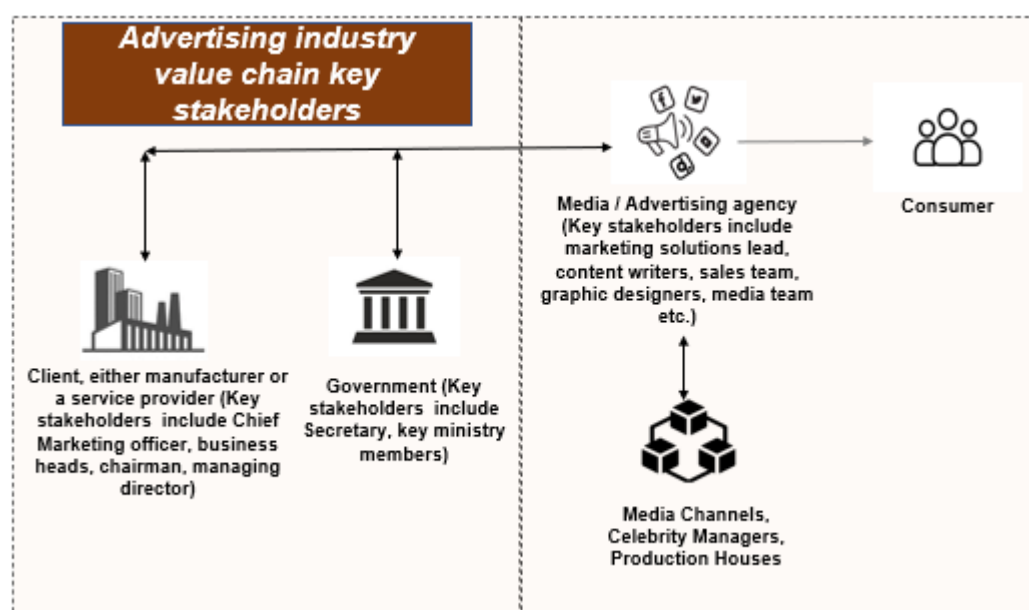


Source: CRISIL MI&A

#### Overview of value chain and market structure

The value chain and structure of the industry comprises interactions between stakeholders of the client (a manufacturing/service company, or the government), the advertising/media agency, and the media channels/production houses/celebrity managers. The interaction between the various stakeholders is shown below.

#### Integrated marketing communication value chain



Source: CRISIL MI&A

## **3.1 Key services under the integrated marketing communication segment**

### **Creative services**

They form the backbone of advertising and media, encompassing activities such as concept development, copywriting, graphic design, and video/ audio/ print production for distribution across all formats of media. These services involve crafting compelling and visually appealing content that captures the attention of consumers and effectively communicates the brand's message.

### **Digital Content and Communications**

Digital content and communications involve promoting products or services through online channels, including search engines, social media platforms, websites, and mobile applications. It includes various formats such as display ads, video ads, sponsored content, and search engine marketing. Digital content and communications enable precise targeting, real-time tracking, and personalised messaging to reach the right audience at the right time. Digital content and communication create customer engagement, involvement, and conversations.

### **Media planning and buying**

Media planning and buying services involve strategizing and executing advertising campaigns across different media channels. This includes a deep understanding of audiences, identifying the most effective media channels, negotiating advertising rates, and optimizing media schedules to maximize reach and impact for a given budget. Media planners and buyers ensure that the advertising message is delivered to the target audience through the most relevant and cost-effective channels.

### **Public relations (PR)**

PR services focus on managing and enhancing a company's reputation through strategic communication across various print, television and digital media that involves activities such as media relations, press releases, crisis management, event management, and stakeholder engagement. PR professionals support businesses to maintain a positive relationship with the media, influencers, and the public, shaping public perception and building trust.

### **Content creation**

It focuses on creating and distributing valuable, relevant, and engaging communications to attract, retain and engage with the target audience. It involves the creation of blog posts, articles, videos, infographics, and other forms of content that provide information, entertain, or offer solutions to address the needs of the audience. Content marketing aims to build brand authority, increase brand awareness, and drive customer engagement.

### **Social media management**

Social media management services assist businesses in effectively leveraging social media platforms for brand building, customer engagement, and lead generation. They include content creation, community management, social listening, influencer collaborations, and paid social advertising. Social media managers ensure consistent branding, engagement with followers, and effective utilisation of social media channels.

### **Brand and marketing consultancy services**

They are indispensable for businesses aiming to establish a robust brand presence and achieve marketing success as these services provide expert guidance and profound insights tailored to the specific requirements of companies, enabling them to develop effective strategies.

## Globally, sector to grow at a 4.5-5% CAGR between calendar years 2023 and 2028

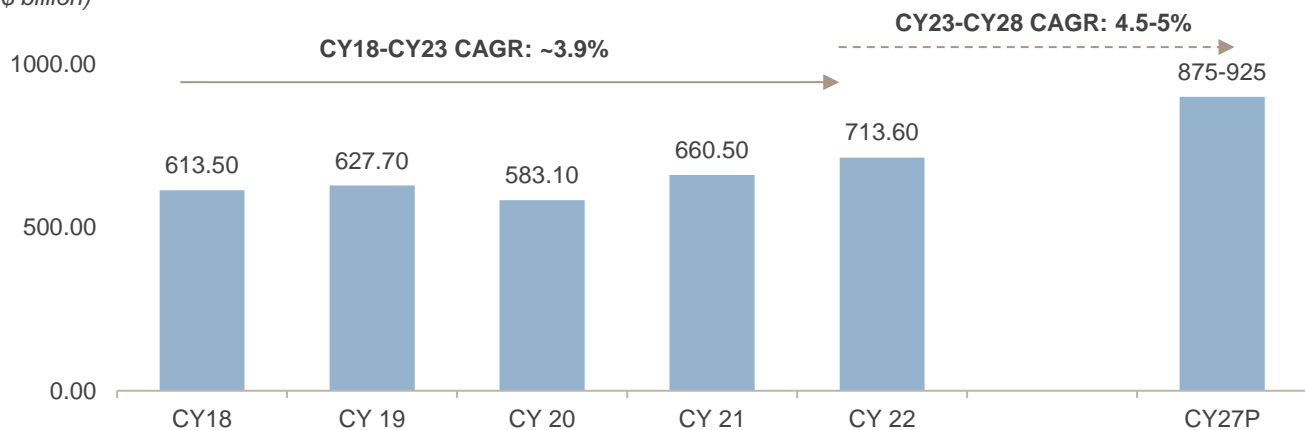
Global Integrated marketing communication is a dynamic and ever-evolving sector that spans countries and continents. The industry plays a vital role in shaping consumer behaviour and promoting brands on a global scale, offering a wide range of services to cater to the diverse needs of businesses. These include strategic planning, creative concept development, media planning and buying, digital marketing, social media management, public relations, market research, and brand management.

The segment expanded at 3.9% CAGR to ~\$714 billion from \$614 billion between calendar years 2019 and 2022. It fell to \$583 billion in 2020 because of the Covid-19 pandemic, before recovering to \$661 billion in 2021. This increase could be attributed to the resurgence of economic conditions and marketing expenditures by companies across the globe.

The industry is expected to log 4.5-5% CAGR, expanding to \$875-925 billion by 2028, driven by a broad-based economic recovery and a rise in corporate marketing and advertising expenditures, notably in sectors such as FMCG, telecom and real estate.

### Global communication market

(\$ billion)



*P-Projected*

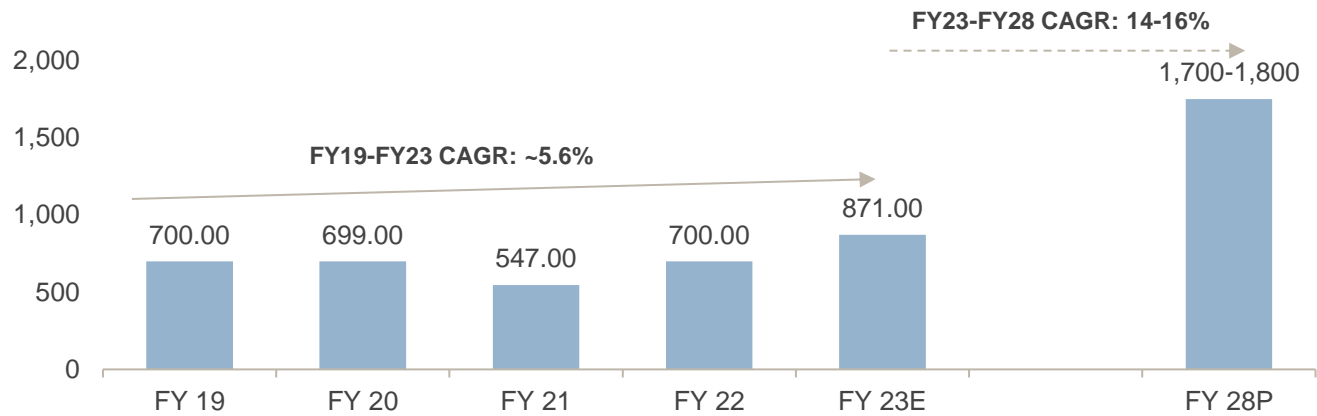
Source: Dentsu, CRISIL MI&A

## In India, sector to expand faster at 14-16% CAGR between fiscals 2023 and 2028

In value terms, the sector expanded at ~5.6% CAGR, from ~Rs 700 billion in fiscal 2019 to ~Rs 871 billion in fiscal 2023. This was higher than the 4.4% growth in global Integrated marketing communication in the same period, indicating faster recovery from Covid-19 levels. The industry is expected to grow at 14-16% CAGR between fiscals 2023 and 2028 to Rs 1,700-1,800 billion, owing the outperformance of advertising through the digital channel, as internet subscribers rise.

Integrated marketing communication market in India

(Rs billion)



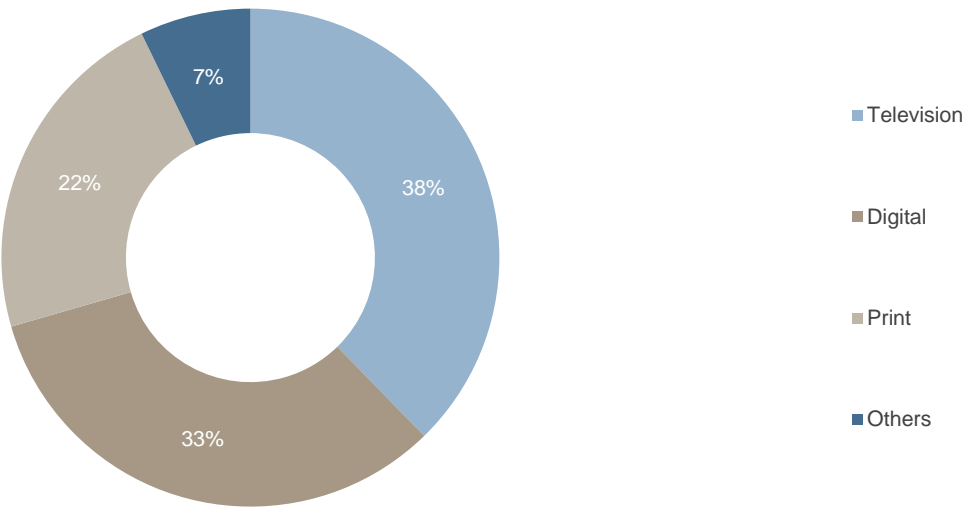
P-Projected

Source: CRISIL MI&A

Digital to overtake TV as preferred medium of advertising

In fiscal 2023, TV is expected to have held the largest share of advertising revenue at 38%, followed by digital at 33%. Going forward, digital advertising is projected to become the most preferred medium by fiscal 2028, capturing more than 50% of ad spends, followed by TV at 22-27%. This is in line with the increasing time spent by consumers online due to changing consumer behaviour and increasing affordability of digital infrastructure.

Advertising spends across media in India (FY23E)



Note- Others include OOH, radio and cinema

Source: CRISIL MI&A

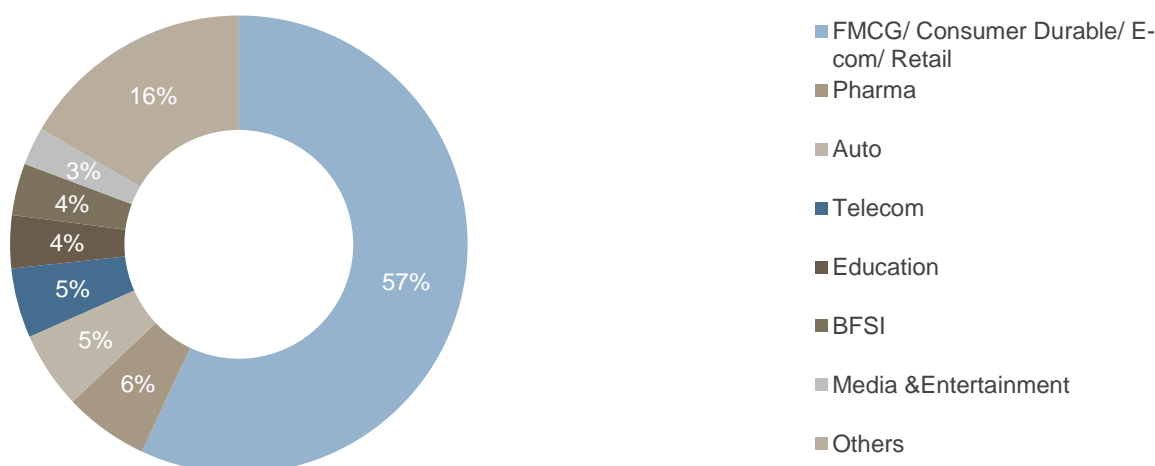
## FMCG is expected to remain the highest contributor to advertising spends

FMCG along with consumer durables, ecommerce and retail is expected to have maintained its position as the foremost contributor to the Integrated marketing communication, commanding a ~57% market share. Within this bucket, FMCG is the foremost contributor to the Integrated marketing communication, commanding a ~30% market share, followed by ecommerce and consumer goods. Major proportion of advertising spends of these companies are used to market their products to retail consumers and creating awareness. Sectors like BFSI and telecom also spends significantly on product development and advertisements to educate their potential customers about the schemes and its benefits besides engaging with agencies to reach their target audience in optimal manner.

In FY23, FMCG is expected to have allocated an estimated Rs 250-270 billion to advertising, followed by the ecommerce sector with approximately ~Rs 150-170 billion and the consumer goods sector with around Rs 50-70 billion. The increased spending in these segments can be attributed to improved macroeconomic conditions and a surge in consumer revenue spending within these sectors.

By fiscal 2028, it is projected that the e-commerce sector would gain considerable share of approximately 27% in the overall advertising spends, which currently stands at 18%. Other sectors likely to increase their spends are consumer durables, telecom, and education, on account of implementation of 5G networks and increasing uptake of online classes.

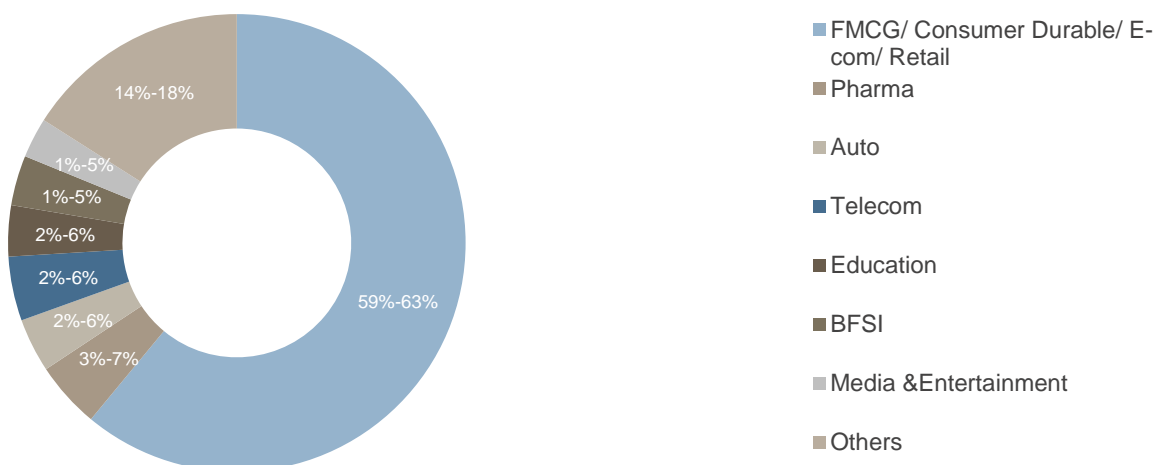
### Advertising spends across sectors (FY23E)



*Note: E: Estimate, P: Projected. Others include verticals not covered above (travel and tourism, real estate, agriculture, defence, education, government and social enterprises)*

Source: CRISIL MI&A

### Advertising spends across sectors (FY28P)



Note: E: Estimate, P: Projected. Others include verticals not covered above (travel and tourism, real estate, agriculture, defence, education, government and social enterprises)

Source: CRISIL MI&A

### Media and entertainment, and FMCG players are the highest ad spenders in India

Sector	Average marketing spends (% of operating income)	Average advertising spends (% of operating income)	Top companies based on absolute spends on advertising (based on data from FY18-FY22)	Advertising spend as a % of operating income (average of FY18-FY22)
Auto	4-6	2.2	Tata Motors Ltd	2.6
			Hero Motocorp Ltd	2.5
			Mahindra and Mahindra Ltd	2.2
			Maruti Suzuki India Ltd	1.6
			Hyundai Motor India Ltd	1.3
BFSI	11-13	1-1.2	Phonepe Pvt Ltd**	65
			One 97 Communications Ltd	9.7
			ICICI Bank Ltd	2.1
			Bank of Baroda	0.5
			SBI Bank	0.3
			HDFC Bank Ltd	0.3
Energy, oil and gas	1.5-2.5	0.1	Savita Oil Technologies Ltd	0.3
			Indraprastha Gas Ltd	0.2
			Indian Oil Corporation Ltd	0.1
			Hindustan Petroleum Corporation Ltd	0.1
			GAIL (India) Ltd	0.1
	5.5-6.5	3.1	Mondelez India Foods Private Ltd	12.1
			Hindustan Unilever Ltd	10.7

Sector	Average marketing spends (% of operating income)	Average advertising spends (% of operating income)	Top companies based on absolute spends on advertising (based on data from FY18-FY22)	Advertising spend as a % of operating income (average of FY18-FY22)
FMCG, consumer durables, retail			Godrej Consumer Products Ltd	9.4
			Marico Ltd	9.3
			Nestle India Ltd	5.4
IT and telecom	1-2	0.6	Samsung India Electronics Ltd	3.9
			Tata Consultancy Services Ltd	1.9
			Bharti Airtel Ltd	1.4
			Vodafone Idea Ltd	1.0
			Wipro Ltd	0.4
Media/entertainment	4.5-5.5	5.2	Network18 Media and Investments Ltd	19.1
			Tv18 Broadcast Ltd	17.4
			Zee Entertainment Enterprises Ltd	10.3
			Star India Private Ltd	8.2
Pharmaceuticals	4-5	3.0	Torrent Pharmaceuticals Ltd	10.0
			Alkem Laboratories Ltd	5.9
			Glenmark Pharmaceuticals Ltd	5.7
			Lupin Ltd	4.8
			Cipla Ltd	4.2
Realty, infrastructure, and construction	4.5-5.5	0.3	JK Cement Ltd	2.5
			Shree Cement Ltd	2.3
			UltraTech Cement Ltd	2.2
			Ambuja Cements Ltd	0.6
			Larsen & Toubro Ltd	0.1
Agro chemicals & fertilizers*	4.5-5.5	0.9	Bayer Cropscience Limited	5.7
			Indofil Industries Limited	3.7
			Rallis India Ltd	2.9
			UPL Limited	1.4
			Indian Farmers Fertilisers Co-Operative Limited	0.2

Note: Based on companies' data in CRISIL's internal database; \*mainly caters to the rural market; \*\*Phonepe Pvt Ltd data based on FY21 and FY22 financials

Source: CRISIL MI&A

## 3.2 Digital segment enables faster penetration of communication

### Indian digital Integrated marketing communication to log 24-26% CAGR in next five years

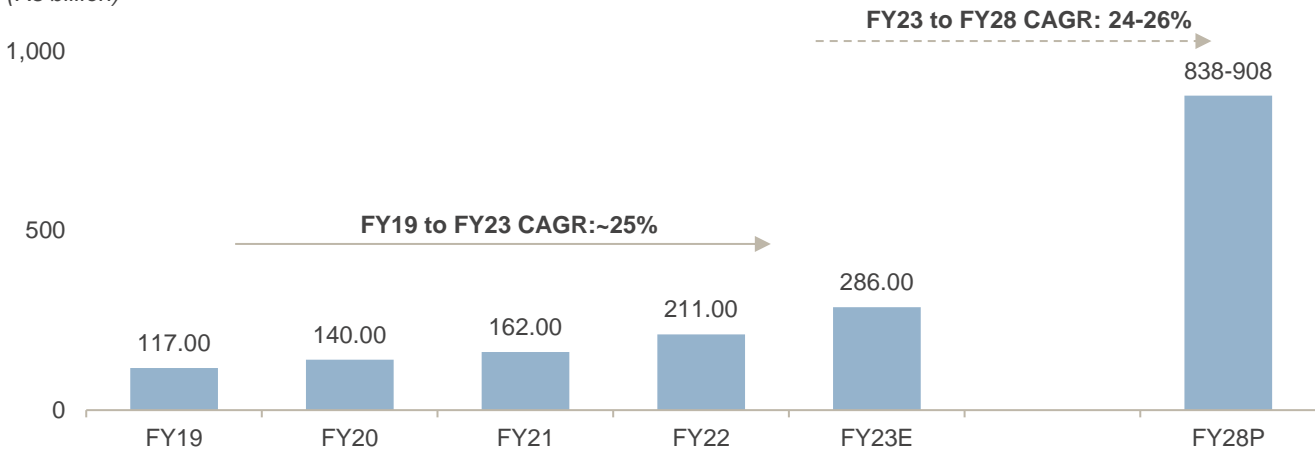
The Indian digital Integrated marketing communication has demonstrated remarkable growth over the years, as evidenced by the data presented in the graph below. The industry's value rose from Rs 117 billion in fiscal 2019 to

Rs 286 billion by fiscal 2023, at ~25% CAGR. This substantial growth indicates the growing investments made by businesses in digital advertising.

Further, as the technology continues to advance and more businesses embrace digital strategies, the industry is expected to witness further growth and innovation, which, in turn, presents vast opportunities for advertisers and marketers to leverage digital platforms and channels to connect with their audiences and achieve their marketing objectives. As a result, industry is expected to reach a value of Rs 850-900 billion by end-fiscal 2028.

India digital Integrated marketing communication spends

(Rs billion)

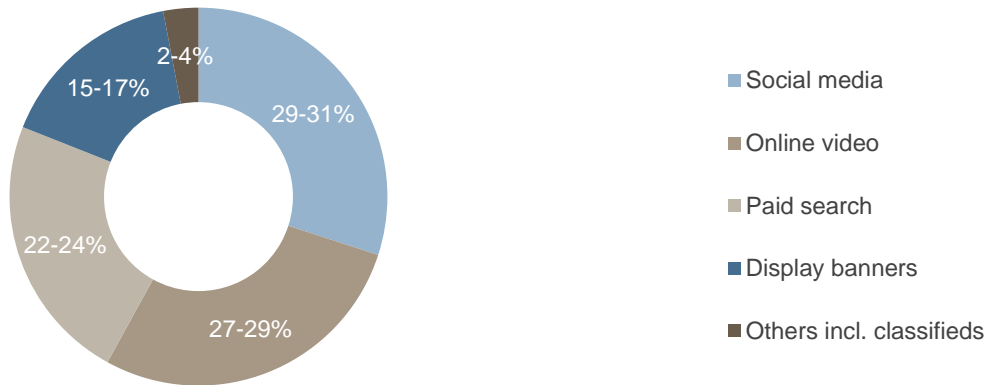


Source: CRISIL MI&A Research

Social media leads in digital ad spend share at 29-31%, followed by online video at 27-29%

Social media leads with a significant share of 29-31%, indicating its dominant position as the primary channel for digital advertising spend due to the widespread use of platforms such as Facebook, Instagram, and Twitter, which offer extensive reach and targeted advertising options. Online video follows closely and accounts for 27-29% of the digital media spend, highlighting the growing popularity of video content and the effectiveness of platforms such as YouTube, Instagram, Moj, etc. in capturing audience attention. Paid search holds a respectable 22-24% share, reiterating the continued importance of search engine advertising. Overall, this breakdown illustrates the shifting landscape of digital advertising and the increasing focus on platforms that offer high engagement and precise targeting capabilities.

Digital advertising spend across media formats (fiscal 2023E)



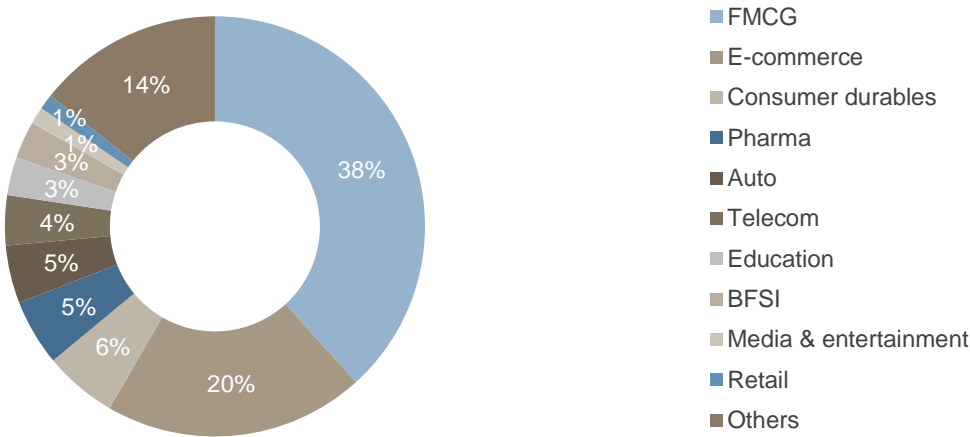
Source: CRISIL MI&A



**FMCG and e-commerce account for more than 50% of digital advertising spend in fiscal 2023**

The digital advertising landscape in India showcases a significant allocation of advertising budgets across various sectors. FMCG leads with a share of ~38% of total spend, followed by e-commerce at ~20%.

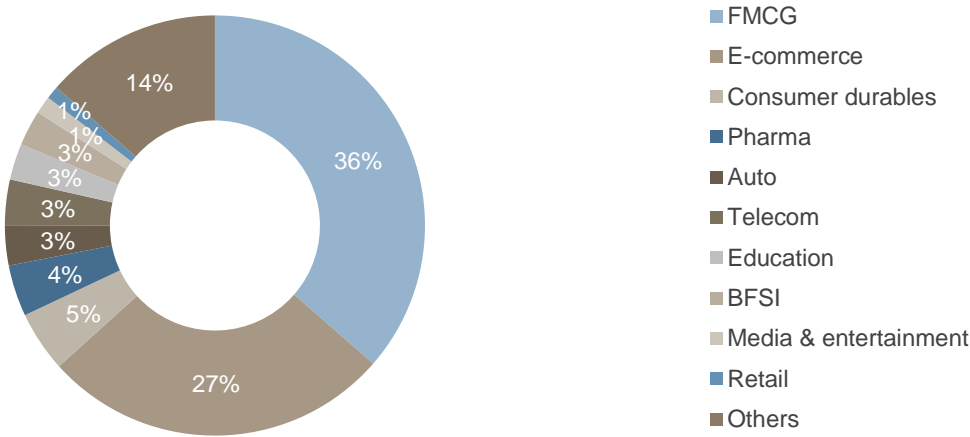
**Digital advertising spend across sectors (fiscal 2023E)**



*Note: The Others segment denotes any vertical not covered above, including travel and tourism, real estate, agriculture, defence, education, government and social enterprises*

Source: CRISIL MI&A

**Digital advertising spend across sectors (fiscal 2028P)**



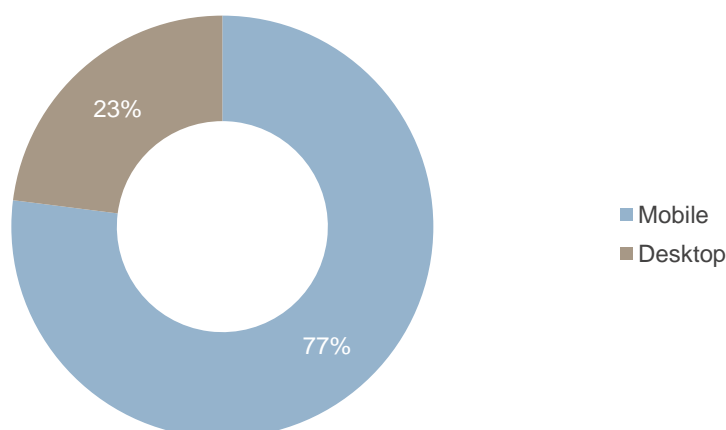
*Note: The Others segment denotes any vertical not covered above, including travel and tourism, real estate, agriculture, defence, education, government and social enterprises*

Source: CRISIL MI&A

**Popularity of mobile advertising rising due to growing affordability and access to smartphones**

With the advancements in technology facilitating enhanced tracking and comprehension of consumer usage patterns, mobile advertising has emerged as the frontrunner in advertising expenditure across devices, amounting to Rs 210-230 billion in fiscal 2023, followed by desktop advertising at Rs 60-70 billion. This trend is anticipated to persist in the foreseeable future due to rising accessibility and affordability of mobile phones, contributing to their increased market penetration.

### Digital advertising spends across devices (fiscal 2023E)



Source: CRISIL MI&A

### Indian digital Integrated marketing communication market to grow at a faster pace than the global market

In terms of value, the global digital Integrated marketing communication industry is expected to reach \$550-600 billion in calendar year 2027, while the Indian industry is projected to reach Rs 850-900 billion during the same period. The growth rate for the global industry is 9-11%, whereas that of the Indian industry is 20-30%, reflecting a more accelerated pace of expansion compared with the global market.

### Penetration of digital Integrated marketing communication in Indian and global markets (fiscal 2023E)

Digital marketing penetration	India	Global
FY 23 (E)	~33%	~55%
FY 28 (P)	~53%	~63%

Source: Dentsu, CRISIL MI&A

### Evolution of digital marketing in India

Digital Integrated marketing communication in India has undergone significant evolution over fiscal 2019 to fiscal 2023. Notably, the industry has exhibited remarkable growth ranging from 15% to as high as 36%, reflecting its increasing importance and impact. Further, the industry's size is projected to grow from Rs 117 billion in fiscal 2019 to Rs 850-900 billion by fiscal 2028.

The impressive growth of digital marketing in India can be attributed to several key factors. First, the advent of prominent e-commerce platforms such as Flipkart and Snapdeal introduced online shopping to Indian consumers, creating new avenues for digital promotion. Additionally, the widespread popularity of social media platforms such as Facebook, Twitter, and Instagram have led businesses to recognise their efficacy as valuable marketing tools. Furthermore, affordability of smartphones and mobile network expansion have played a pivotal role in driving digital marketing growth, making mobile advertising and applications essential components of marketing strategies.

Digital Integrated marketing communication has also witnessed significant advancements through the introduction of platforms such as Google AdWords and Facebook Ads, which revolutionised online advertising through advanced targeting options and real-time optimisation capabilities. Consequently, content marketing and influencer collaborations have gained prominence as businesses strive to create relevant and valuable content to engage their target audiences. The adoption of data analytics tools has enabled businesses to gain insights on consumer behaviour, leading to personalised marketing approaches.

## **Key growth drivers for digital marketing in India**

### **Increasing prominence of digital OOH**

Currently, digital OOH is at a very nascent stage in India and comprises only 5-10% of the OOH industry as the capital expenditure required for digital outdoor paraphernalia/infrastructure is very high and currently being undertaken by large players in metro cities on a small scale.

### **Growing importance of user-generated content in advertising**

The utilisation of user-generated content (UGC) for marketing and advertising has witnessed substantial growth in recent years, primarily driven by the emergence of social media and messaging platforms where individuals willingly create content using their mobile devices.

### **Increasing spend on programmatic digital media advertising**

The use of digital media programmatic buying in Integrated marketing communication is witnessing a significant surge, driven by its inherent advantages and capabilities. Advertisers are increasingly drawn to programmatic buying due to its ability to reach their target audience efficiently and effectively through advanced targeting capabilities.

### **Growing popularity of short duration videos**

Given the diminishing attention spans and the demand for quick and efficient information consumption, short videos have emerged as a convenient and captivating format of video content. While videos under 60 seconds are particularly effective, especially for entertainment-oriented content, users are also engaging with videos up to 120 seconds that provide relevant, educational, and meaningful content.

### **Increasing popularity of live stream and video commerce**

The utilisation of live streaming and video commerce has witnessed a noticeable surge in recent times. Live streaming enables brands and individuals to reach out to their audience in real time, foster interactive and engaging experiences and host live events, product launches, tutorials, and behind-the-scenes content, and establish an authentic and immediate connection with their target audience.

### **Integrated marketing communication industry undergoing a demand shift**

The advertising industry is witnessing a discernible shift in demand from traditional advertising channels to digital platforms in recent years due to evolving consumer behaviour, increasing accessibility of smartphones and technological advancements. Furthermore, companies have also realised the benefits of digital advertising such as precise targeting capabilities, real-time analytics, and the ability to reach a vast and diverse audience. Consequently, businesses are allocating substantial portions of their advertising budgets to digital channels including social media, search engines, mobile apps, and video streaming services to effectively engage with their target audience and perform crucial data analysis in real time. Additionally, considering continued growth of internet usage and the surging popularity of digital platforms, the demand for digital advertising is anticipated to maintain its upward trajectory.

## **Key Challenges for the Integrated marketing communication industry**

### **Rapidly evolving consumer behaviour a key challenge for the creative industry**

Continuously evolving consumer behaviour presents a big challenge for advertisers and marketers. Consumers are increasingly getting sophisticated, tech-savvy, and have higher expectations. Adapting to their preferences, understanding their needs, and delivering relevant messaging across multiple channels can be a complex task.

### **Growing use of advertisement blocking and avoidance software**

With the rise of ad-blocking software and the ability to skip or ignore advertisements, reaching consumers has become more difficult. Advertisers must find innovative ways to capture attention, deliver meaningful content, and provide value to consumers to overcome ad-blocking and ad avoidance behaviours.

### **Increasingly stringent data privacy regulations**

Concerns over data privacy and regulations, such as the General Data Protection Regulation (GDPR), have increased scrutiny on advertising practices. Advertisers need to navigate the complexities of data collection, consent management, and targeted advertising while ensuring compliance with privacy regulations, which can limit their targeting capabilities.

### **Difficulty in defining performance metrics**

Measuring the return on investment (ROI) of advertising campaigns is often a complex task. Determining the impact of advertising on business outcomes, attributing conversions to specific marketing efforts, and establishing reliable metrics to evaluate success remain ongoing challenges for the industry.

### **Lack of trained professionals**

The industry's rapid evolution demands skilled professionals who are adept at navigating digital technologies, data analytics, and emerging marketing trends. The biggest challenge is attracting and retaining top talent with the right skill sets, especially in areas such as data analysis, digital marketing, and creative content development.

### **Continuously emerging technologies**

The continuous emergence of new technologies, such as augmented reality (AR), virtual reality (VR), artificial intelligence (AI), and voice assistants, presents both opportunities and challenges for advertisers. Keeping up with these technologies and effectively integrating them into marketing strategies can be a significant challenge for organisations.

## **3.3 Overview of Indian pharmaceutical communication and education market**

Pharmaceutical communications help create awareness, and facilitate discussions about treatments, medical devices, etc. Created for healthcare practitioners, buyers, and stakeholders, pharmaceutical communication is one of the key aspects of pharmaceutical marketing.

Under the pharmaceutical and education segment, we have considered communication that goes to the doctors regarding products; communication targeted at medical representatives that sell drugs to the doctors; and seminars organised for healthcare professionals.

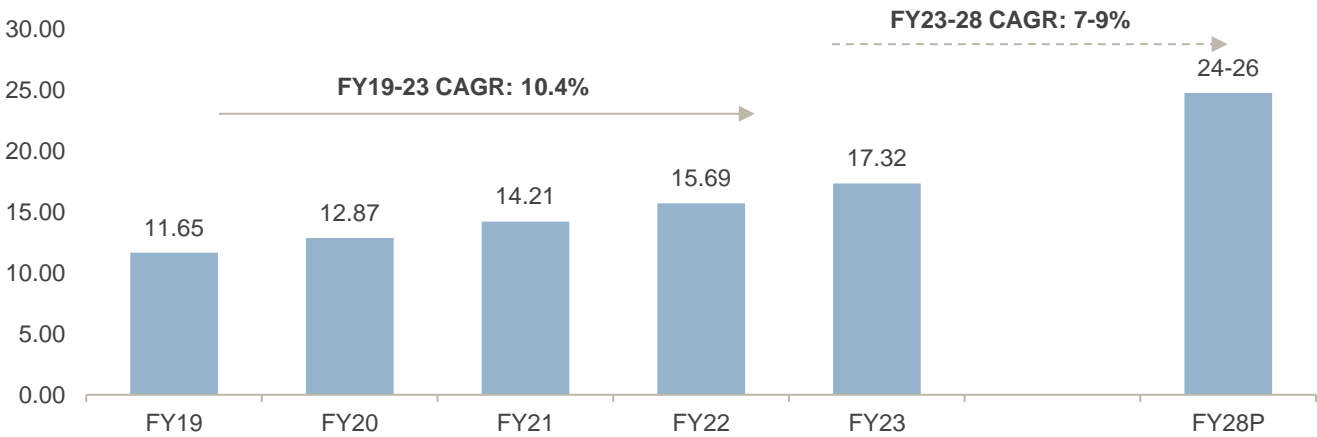
**Pharmaceutical communication and education market to log 7-9% CAGR between fiscals 2023 and 2028**

The Indian pharmaceutical communication and education market expanded at a CAGR of 10.4% between fiscals 2019 and 2023 to Rs 17 billion. Pharmaceutical companies are prioritising and investing significantly in communication activities to promote their brands and solutions worldwide.

Within pharmaceutical communication, digital communication is expected to drive the growth of the industry, as over 80% physicians and a good percentage of patients are already using the internet for medical information. This segment is expected to expand at a CAGR of 7-9% between fiscals 2023 and 2028 to Rs 24-26 billion.

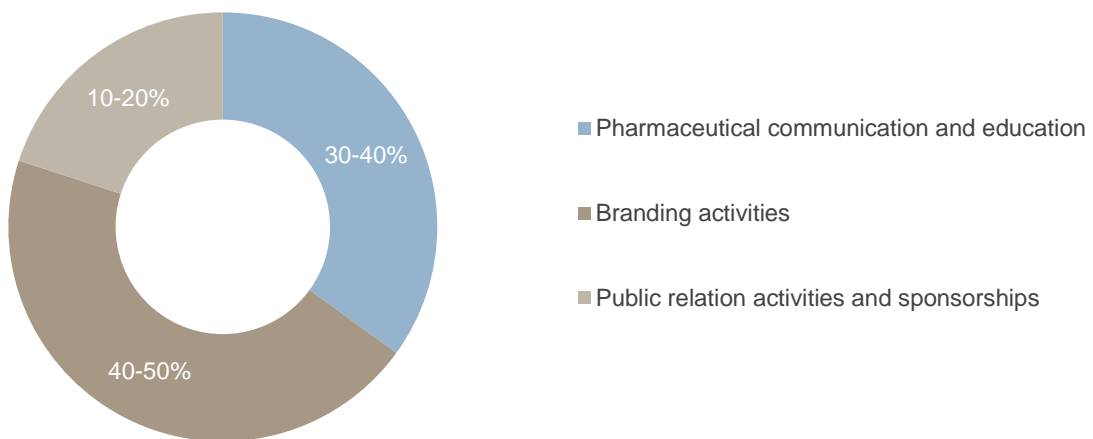
**Indian pharmaceutical communication and education market (Rs billion)**

(Rs billion)



Source: CRISIL MI&A Research

**Break-up of pharmaceutical advertisements (FY23E)**



Note: Branding activities include branded stationery and other products used by doctors and clinicians; public relations activities might include charity and non-profit initiatives, sponsorship of local events, partnerships, etc.

Source: CRISIL MI&A

**Integrated marketing communication is fragmented in nature with the presence of certain players in the market**

Company name	Key services offered				Company origin/Parent	Revenue <sup>2</sup>
	Ad & media	PR/communication	Strategy & consulting	Healthcare/Pharma communication <sup>1</sup>		
Adfactors PR Private Ltd.	✓	✓	x	x	India	3,593.88
Convonix Systems Pvt Ltd.	✓	✓	✓	x	Foreign	2,472.00
FCBULKA Advertising Pvt Ltd.	✓	x	✓	✓	Foreign	1,575.50
Group M Media India Pvt Ltd. <sup>3</sup>	✓	x	✓	x	Foreign	9,825.14 <sup>6</sup>
Lintas India Pvt Ltd.	✓	✓	✓	x	Foreign	3,903.61
<b>R K Swamy Limited</b>	✓	✓	✓	✓	<b>India</b>	<b>1,440.53<sup>45</sup></b>
Mccann-Erickson India Pvt Ltd.	✓	x	✓	x	Foreign	2,620.17
Ogilvy and Mather Pvt Ltd. <sup>3</sup>	✓	✓	✓	✓	Foreign	3,479.95 <sup>6</sup>
Omnicom Media Group India Pvt Ltd.	✓	x	x	x	Foreign	2,301.90
TBWA India Pvt Ltd.	✓	x	✓	x	Foreign	3,904.23
TLG India Pvt Ltd.	✓	✓	x	x	Foreign	38,142.29 <sup>7</sup>
Wunderman Thompson Commerce Pvt Ltd. <sup>3</sup>	✓	✓	✓	✓	Foreign	990.46 <sup>6</sup>

Note: NA stands for not available, The data represented above is indicative and not exhaustive

1 Healthcare/Pharma communication category is represented as per the separate mention on the company website for Health/Pharma

2 Revenues are for FY 22

3 Data for these companies is taken from their global website as India website is not available,

4 For R K Swamy Limited, revenue generated from Integrated marketing communication is only taken

5 Revenues are for FY23

6 Financial year end for these companies are December 2021

7 TLG India company's revenue includes revenue from software development and technology consultancy services besides advertising and support services

Source: Company websites, CRISIL MI&A

Company name	Year incorporated	Key industries catered	Overseas presence	Company origin/Parent
Adfactors PR Private Ltd.	1997	BFSI, pharmaceuticals, mobility, infrastructure, government and public enterprises	Yes (Sri Lanka, Singapore)	India
Convonix Systems Pvt Ltd.	2005	NA	No	Foreign
FCBULKA Advertising Pvt Ltd.	1970	FMCG, consumer durables, services and Internet	No	Foreign
Group M Media India Pvt Ltd.*	2001	Automobile, FMCG	Yes	Foreign
Lintas India Pvt Ltd.	1969	FMCG, BFSI, e-commerce	Yes (Asia-Pacific)	Foreign
<b>R K Swamy Limited</b>	<b>1973</b>	<b>BFSI, FMCG/ Consumer Durable/ Ecom/Retail, Automotives, Rural/Social Sector (IEC), Media &amp; Entertainment, Pharmaceutical</b>	<b>Emerging global presence with wholly owned subsidiaries in UAE and Bangladesh</b>	<b>India</b>
Mccann-Erickson India Pvt Ltd.	1985	FMCG, BFSI, technology, food & beverages	No	Foreign
Ogilvy and Mather Pvt Ltd.*	1967	FMCG, pharmaceuticals, consumer durables	Yes	Foreign
Omnicom Media Group India Pvt Ltd.	1973	NA	Yes	Foreign
TBWA India Pvt Ltd.	1988	Automobile, FMCG, BFSI	NA	Foreign
TLG India Pvt Ltd.	1972	Retail, energy, food & beverages, healthcare, technology	No	Foreign
Wunderman Thompson Commerce Pvt Ltd.*	2003	FMCG, healthcare, pharma, e-commerce, consumer durables	Yes	Foreign

Note:

\*Data for these companies is taken from their global website as India website is not available, NA stands for not available, The data represented above is indicative and not exhaustive,

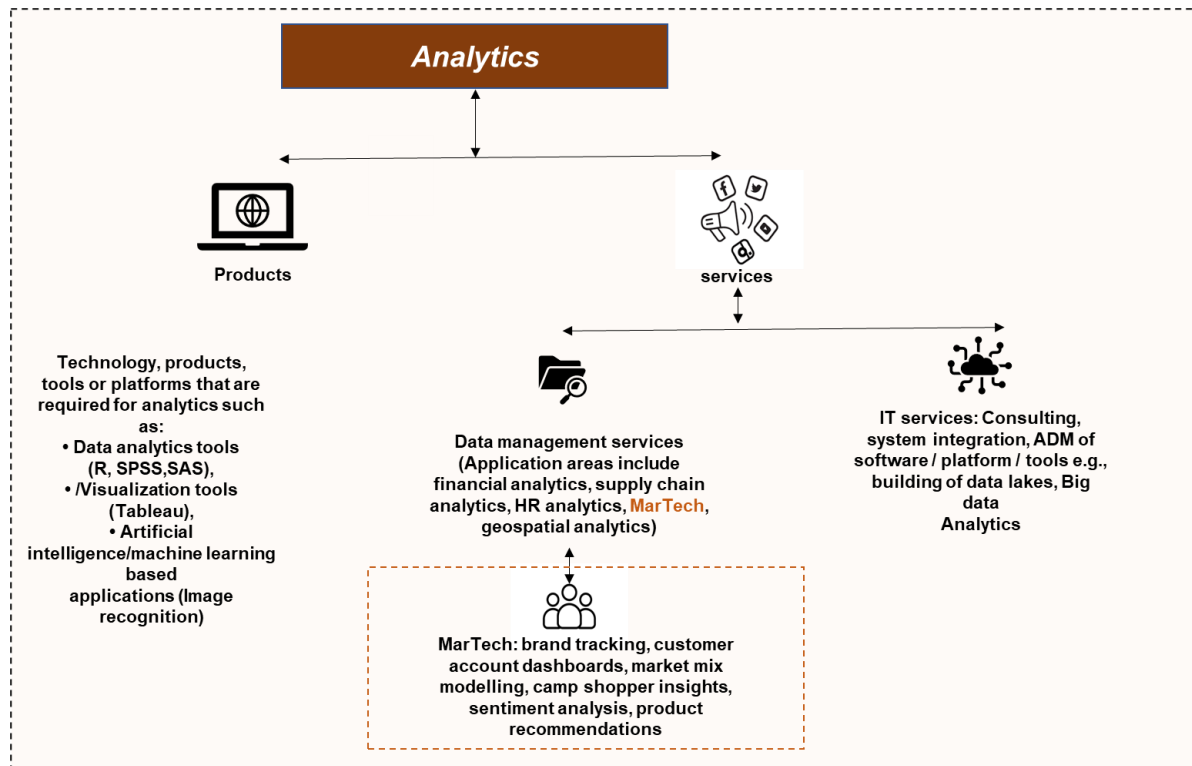
\*\*client list is not exhaustive and a few clients mentioned on the website are taken

Source: Company websites, CRISIL MI&A

## 4 Customer data analytics and marketing technology (MarTech)

Analytics is defined as a systematic computational analysis of data or statistics, used for the discovery, interpretation and communication of meaningful patterns in data, for effective decision-making. Analytics is broadly divided into products and services. As highlighted below, we have included customer data analytics & MarTech in the scope of this report.

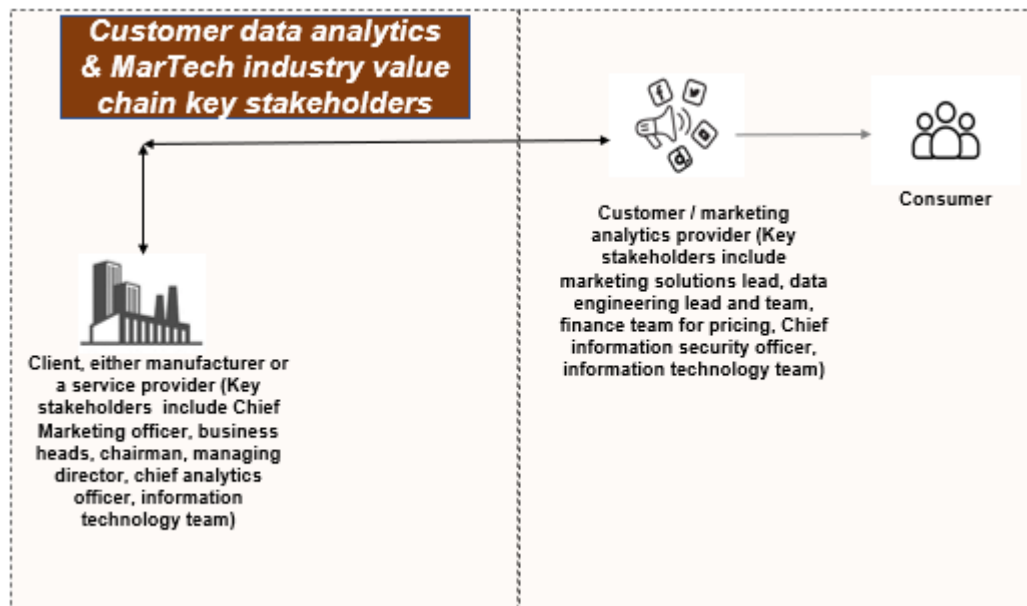
### Analytics segmentation



Source: Market Research Society of India (MRSI), CRISIL MI&A



### Customer data analytics & MarTech value chain



Source: CRISIL MI&A

## Data and Analytics- Verticals

### Enterprise data management

Enterprise data management (EDM) refers to the comprehensive and coordinated management of an organisation's data assets throughout their life cycle. The goal of EDM is to establish a unified and trusted view of data, enabling organisations to make informed decisions, improve operational efficiency, enhance data-driven insights, and support strategic initiatives. It involves various components, such as data governance, data integration, data quality management, data architecture, master data management, metadata management, and data security.

### Descriptive analytics

Descriptive analytics involves the analysis of historical data to gain insights and summarise past events and trends. This type of analytics employs statistical methods and visualisation techniques to uncover patterns, correlations, and summary statistics in data. Descriptive analytics helps organisations better understand historical performance, customer behaviour, and market trends.

### Predictive analytics

Predictive analytics uses historical data and statistical modelling techniques to make predictions or forecasts about future events or outcomes. Advanced algorithms and machine learning are employed in predictive analytics to identify patterns, relationships, and trends in the data. By analysing historical data and extrapolating patterns, predictive analytics assists organisations in anticipating future scenarios and making data-driven decisions.

### Diagnostic analytics

Diagnostic analytics focuses on comprehending the causes behind past events or outcomes. It involves a detailed examination of the data to uncover the underlying reasons for specific events or patterns. Techniques such as data

mining, root cause analysis, and correlation analysis are often employed to identify the factors that influenced past outcomes.

## Prescriptive analytics

Prescriptive analytics goes beyond descriptive and predictive analytics by offering recommendations or actions to optimise outcomes. Prescriptive analytics combines historical data, predictive models, optimisation algorithms, and decision science to suggest the most suitable course of action. By considering various constraints, goals, and potential scenarios, prescriptive analytics enables organisations to make informed decisions and strive for optimal results.

## Marketing analytics

Marketing analytics refers to the practice of collecting, analysing, and interpreting data related to marketing activities and performance in order to gain insights and make data-driven decisions. It leverages data from multiple sources, such as customer interactions, digital platforms, advertising campaigns, sales data, and market research, to provide a comprehensive view of marketing performance. It also involves data analysis and statistical modelling to uncover patterns, trends, and correlations that can help marketers understand the impact of their marketing efforts and make informed decisions.

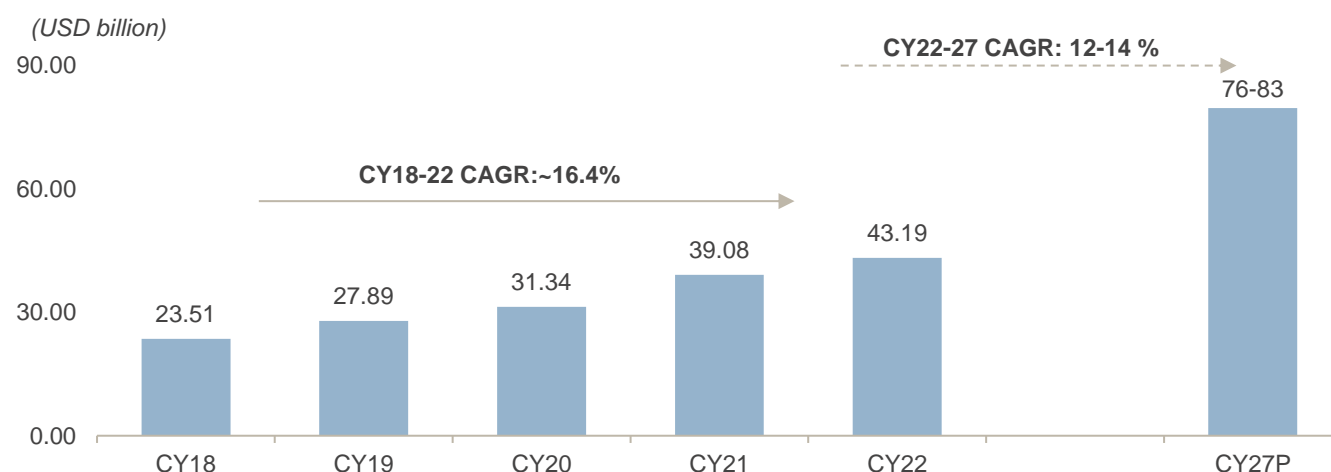
Overall, marketing analytics empowers organisations to optimise marketing strategies, enhance customer experiences, increase marketing ROI, and stay ahead in a competitive market by leveraging the power of data and insights.

## Global customer data analytics & MarTech market to continue to grow in double digits

The Customer data analytics & MarTech market is estimated to have reached USD 43 billion in calendar year 2022 from USD 24 billion in 2018, at a CAGR of ~16%. This growth could be attributed to the increasing recognition and adoption of Customer data analytics & MarTech solutions by businesses to gain insights into consumer behaviour, enhance marketing strategies, and improve overall performance.

The market is expected to expand at a steady CAGR of 13% over 2022-27 to USD 76-83 billion. Market growth will be driven by factors such as improvements in analytics technology, higher data availability, and increasing demand from businesses for actionable insights to improve customer experience and marketing effectiveness.

### Global customer data analytics & MarTech market (USD billion)



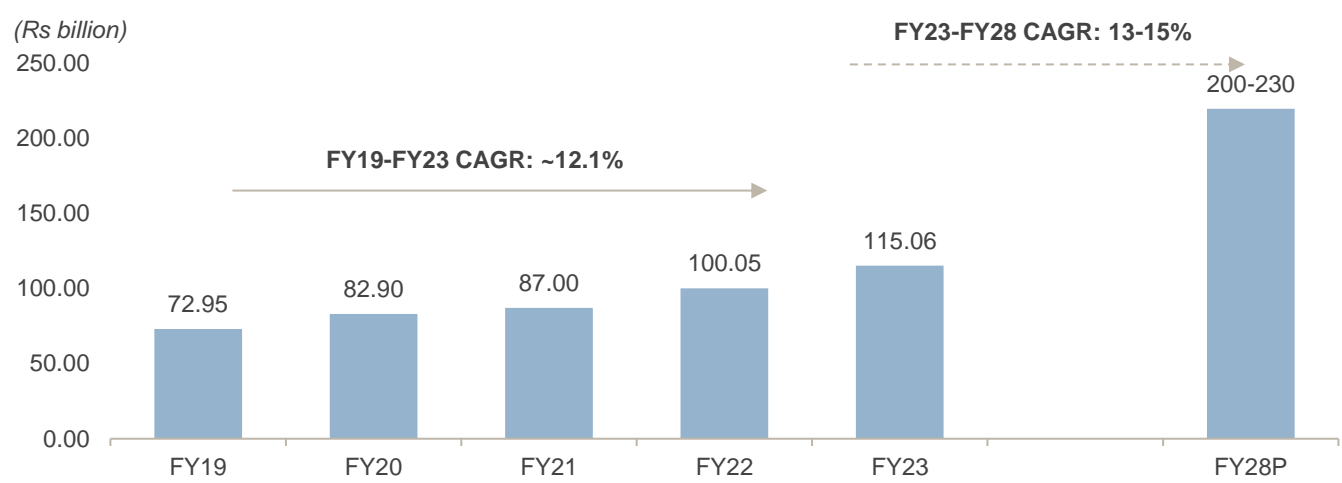
Source: European Society for Opinion and Marketing Research, CRISIL MI&A

## Indian customer data analytics & MarTech industry to see accelerated growth

The Indian Customer data analytics & MarTech industry grew consistently from fiscal 2019 to fiscal 2023, demonstrating a stable upward trajectory. The industry's size increased from Rs 73 billion in fiscal 2019 to Rs 115 billion by FY23, at a CAGR of 12%. This trend indicates increasing recognition and adoption of Customer data analytics & MarTech solutions by Indian businesses, driven by their pursuit to gain deeper insights into consumer behaviour and optimise marketing strategies.

Despite slower growth in the past, the Indian Customer data analytics & MarTech industry is poised for significant expansion, projected to reach a size of Rs 200-230 billion by FY28, with a compound annual growth rate (CAGR) of 13-15% between fiscals 2023 and 2028. Previously, the industry faced challenges such as limited awareness of analytics and a constrained availability and accessibility of advanced analytics technologies. However, there has been a notable shift in recent times. Companies have increasingly recognized the pivotal role of data-driven insights in shaping effective marketing strategies, enhancing customer engagement, and driving overall business performance. Furthermore, rapidly expanding digital ecosystem in India along with growing emphasis on personalized customer experiences and targeted marketing strategies has created a greater demand for Customer data analytics & MarTech solutions.

### Indian customer data analytics & MarTech industry



Source: MRSI, CRISIL MI&A

## Key growth drivers for customer data analytics & MarTech Industry

### Increasing availability of unstructured data to fuel demand for Customer data analytics & MarTech

The growing abundance of unstructured data is poised to fuel the expansion of data analytics. The availability of unstructured data from diverse sources such as social media, emails, documents, and multimedia presents a rich and untapped resource for organisations. Unstructured data contains valuable insights and patterns that traditional structured data may not capture. Hence, advanced analytics techniques, including natural language processing (NLP) and text mining, are required to enable organisations to extract meaningful information from unstructured data. By leveraging this data, organisations will be able to discover hidden trends, sentiments, and customer preferences, leading to more accurate and comprehensive analyses.

## **Technological advancements set to propel growth of customer data analytics & MarTech**

Technological advancements, such as artificial intelligence (AI), machine learning (ML), and big data analytics, will revolutionise Customer data analytics & MarTech. While these technologies enable more sophisticated and accurate analysis of customer data, allowing organisations to extract valuable insights and drive more effective marketing strategies, they also require dedicated resources. Advancements in big data infrastructure and storage solutions have made it possible to capture, store and process massive volumes of structured and unstructured data. Furthermore, advancements in data visualisation tools and techniques have improved the way insights are communicated and understood. Interactive dashboards, visual analytics, and data storytelling enable decision-makers to interpret complex data sets more easily and derive actionable insights.

## **Growing focus on customer experience to aid customer analytics**

Organisations are increasingly prioritising customer experience as a key competitive differentiator. Through customer analytics, organisations can identify patterns and trends in customer behaviour, enabling them to anticipate customer needs and personalise their interactions. By understanding individual customer preferences and delivering targeted and relevant messaging, organisations can create more meaningful and engaging experiences. This, in turn, will lead to improved customer satisfaction, increased customer loyalty, and higher customer lifetime value.

## **Rise of omni-channel marketing to facilitate customer data analytics & MarTech growth**

With the proliferation of digital channels, customers now interact with brands through multiple touchpoints. Customer data analytics & MarTech can help organisations understand customer journeys across different channels and optimise their marketing efforts accordingly. Benefits of analytics include seamless integration of online and offline channels, personalised messaging, and consistent customer experiences across all touchpoints. Furthermore, analytics in omni-channel marketing enables organisations to track and measure key metrics such as customer touchpoint attribution, conversion rates, customer lifetime value, and customer segmentation across channels.

## **Demand for real-time analytics to boost growth of customer data analytics & MarTech**

With the growing volume and velocity of data generated from various sources such as websites, social media, mobile apps, and IoT devices, organisations are realising the need to analyse and derive insights from data in real time to make timely and informed decisions. Real-time analytics allows organisations to monitor and analyse customer interactions, behaviours, and preferences as they occur. By leveraging advanced analytics techniques, such as ML and AI, organisations can process and analyse data in real time to identify patterns, trends and anomalies.

## **FMCG and BFSI contribute to over 50% of the market, indicating strong demand in these sectors**

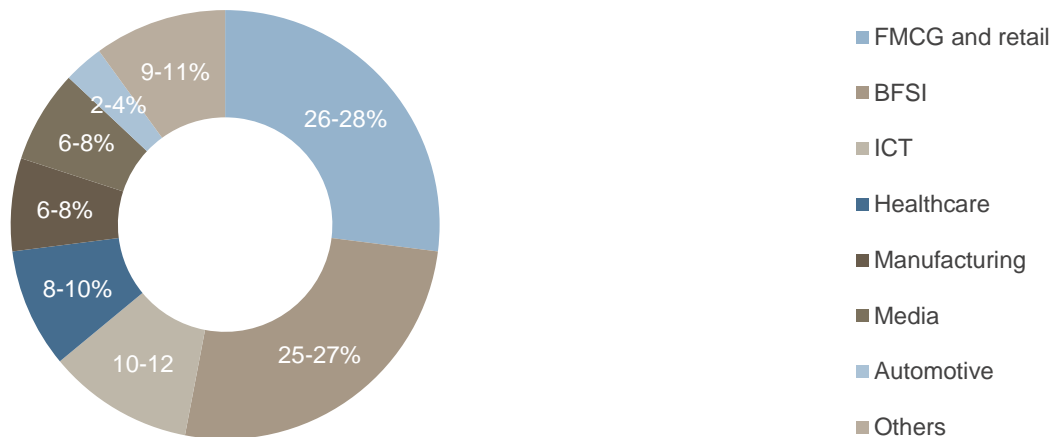
The fast-moving consumer goods (FMCG) and retail sector accounts for the largest share (26-28%) of Customer data analytics & MarTech market, with Rs 30-35 billion. It is closely followed by the banking, financial services, and insurance (BFSI) sector (25-27% share), with Rs 29-32 billion. These numbers indicate strong demand for Customer data analytics & MarTech solutions in these sectors, emphasising their focus on understanding consumer behaviour and optimising marketing strategies.

Other sectors that contribute greatly to analytics spends are information and communication technology (ICT; 10-12% share) and healthcare (8-10%). They invest in analytics solutions to drive marketing effectiveness and customer engagement. The manufacturing, media, and automotive sectors hold a smaller share with respect to

analytics spends (3-7% each). However, these sectors are gradually recognising the importance of analytics in optimising operations, understanding audience preferences, and driving targeted marketing campaigns.

We estimate that Indian companies spend 5-7% of their overall marketing budget on customer data analytics & MarTech.

#### Key sectors break-up (FY23E)



*Note: Others include any vertical not covered above, such as travel and tourism, real estate, agriculture, defence, education, government, and social enterprises*

*Source: MRSI, CRISIL MI&A*

#### Overview of key players in the Indian Customer data analytics & MarTech industry

Company name	Key services offered		Company origin/Parent	Revenue <sup>1</sup>
	Customer analytics	Marketing analytics		
Affle India Ltd	✓	✓	Foreign	14,339.56 <sup>2</sup>
Capillary Technologies India Private Limited	✓	✓	India	1,633.36
Convonix Systems Private Limited	✓	✓	Foreign	2,472.00
Course5 Intelligence Ltd	✓	✓	India	3,021.24
Customer Centria Enterprise Solutions	✓	✓	India	NA
Fractal Analytics Pvt Ltd	✓	✓	Foreign	12,953.00
<b>Hansa Customer Equity Pvt Ltd</b>	✓	✓	<b>India</b>	<b>702.12<sup>2</sup></b>
Latent View Analytics Ltd	✓	✓	India	4,078.17
Tekno Point/DEPT®	✓	✓	Foreign	NA
Verticurl Marketing Pvt Ltd*	✓	✓	Foreign	958.10 <sup>3</sup>

Communication players like Omnicom Media Group India Pvt Ltd, TBWA India Pvt Ltd., Mccann-Erickson India Pvt Ltd. and Wunderman Thompson Commerce Pvt Ltd. are also into customer analytics and marketing analytics

<sup>1</sup> Revenues are for FY 22.

<sup>2</sup> revenue for FY23

<sup>3</sup> Financial year end for these companies are December 2021.

Note: \*Data for this company is taken from its global website as its India website is not available; the data presented above is indicative and not exhaustive

Source: Company websites, CRISIL MI&A

Company name	Year of incorporation	Key industries catered to	Overseas presence	Company origin/Parent
Affle India Ltd	2006	E- commerce, EdTech, Entertainment, Gaming, Groceries, Government, Healthtech, Hospitality & Travel, Foodtech, Fintech, FMCG	Yes	Foreign
Capillary Technologies India Private Limited	2012	CPG/ FMCG, Conglomerates, Fuel Retail, Aviation, Hospitality, Retail	Yes	India
Convonix Systems Private Limited	2003	NA	NA	Foreign
Course5 Intelligence Ltd	2000	CPG, FMCG, technology, e-commerce	Yes (Europe, Asia, Middle East, North America)	India
Customer Centria Enterprise Solutions	2008	Banking, Financial Services, Insurance, Retail, Telecom and Consumer Goods	Yes	India
Fractal Analytics Pvt Ltd	2000	Consumer goods, BFSI, retail, healthcare and life sciences, technology, media, telecom	No	Foreign
<b>Hansa Customer Equity Pvt Ltd</b>	<b>2008</b>	<b>BFSI, FMCG/ Consumer Durable/ Ecom/Retail, Automotives, Rural/Social Sector (IEC), Media &amp; Entertainment, Pharmaceutical</b>	<b>Emerging global presence with wholly owned subsidiaries in UAE and Bangladesh</b>	<b>India</b>
Latent View Analytics Ltd	2006	Technology, CPG, retail, financial services, industrials	Yes (US, Europe, Singapore)	India
Tekno Point/DEPT®	2000	Banking, Financial Services, Life insurance, General Insurance, Manufacturing, Ecommerce	NA	Foreign
Verticurl Marketing Pvt Ltd*	2009	FMCG, technology	NA	Foreign

Note:

\*Data for this company is taken from its global website as its India website is not available; NA stands for not available; the data presented above is indicative and not exhaustive;

\*\*the client list is not exhaustive, and a few clients mentioned on the website are considered

Source: Company websites, CRISIL MI&A

## 5 Market research

Market research services typically include market research, customised/ ad hoc market research, and customer and market analytics. This section covers syndicated market research and customised/ ad hoc market research, as Customer data analytics & MarTech has already been covered in the previous section. The major types of players that offer these services include full-service market research agencies, captives and consulting companies, customised research providers, panel providers, and report publishers. The table below mentions the services offered by each company type.

Types of companies (with services provided)	Indicative list of players (India and global)
Full-service market research and customer experience (CX) measurement agencies (customer/ audience segmentation, consumer surveys, customer experience measurement, brand equity and customer satisfaction indices, consumer intelligence and syndicated reports etc.)	Hansa Research Group, Nielsen, IPSOS, GFK, Kantar
Report publishers (syndicated market sizing studies, competitive assessments, etc.)	MarketsandMarkets, Euromonitor, Frost & Sullivan, IHS Markit, IQVIA, Gartner, Forrester
Consulting companies and captives (customised market assessments, competitive assessments, go-to-market strategies, etc.)	Deloitte, KPMG, EY, PwC, BCG
Customised research report providers and knowledge process outsourcing (KPO) companies (customised industry research reports, competitive assessment reports, etc.)	Quantum Advisors, Unimrkt Research, Intage, Macromill Group, Dunhumby
Panel providers and field research agencies (surveys, survey data analytics, etc.)	Field Interactive, Toluna, Dynata, Innovative MR, Rakuten Insights
IT & BPO companies (typically provide IT and business process optimization services to international clients)	Tata consultancy services, Infosys, Datamatics, Accenture, IBM

*Note: The list of services provided under each company type is indicative and not exhaustive*

*Source: MRSI, European Society for Opinion and Marketing Research (ESOMAR), company websites, CRISIL MI&A*

### Global market research industry grew at ~9.0% CAGR between fiscals 2019 and 2023

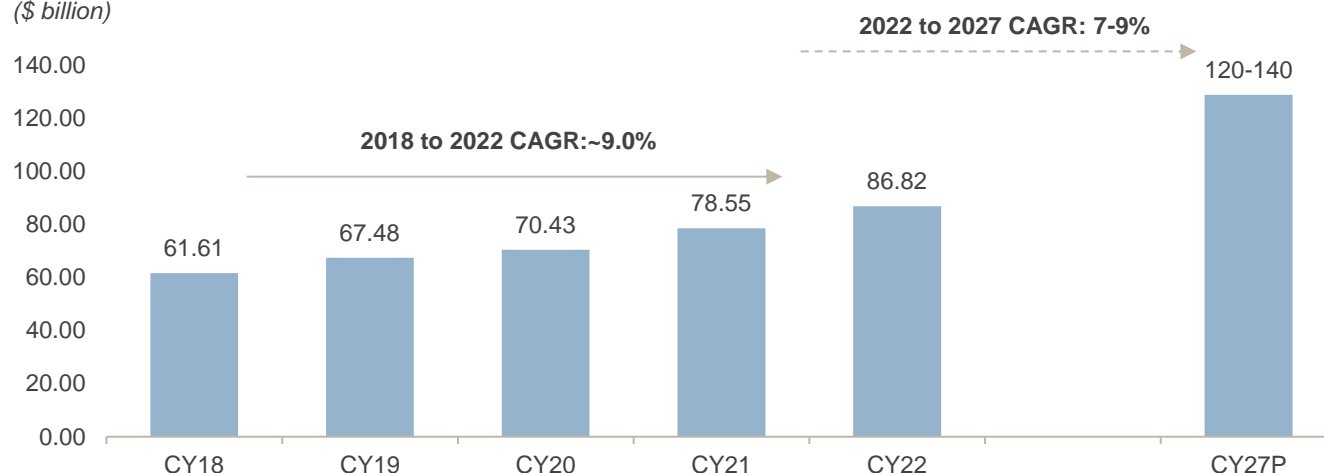
Led by growth in self-service platforms and industry reports, the global market research industry reached \$87 billion at the end of fiscal 2023, expanding at 9.0% CAGR between fiscal 2019 and fiscal 2023. While self-service platforms gained popularity during the pandemic, industry reports also contributed to the increasing, both logging double-digit growth in the period.

Going forward, the industry is expected to grow at 7-9% CAGR and reach \$120-140 billion by fiscal 2028. The more restrained growth would be on the back of a slowdown in developed economies and traditional and established research losing share to technology-based research (analytics).



### Global market research industry (\$ billion)

(\$ billion)



Source: European Society for Opinion and Marketing Research (ESOMAR), CRISIL MI&A

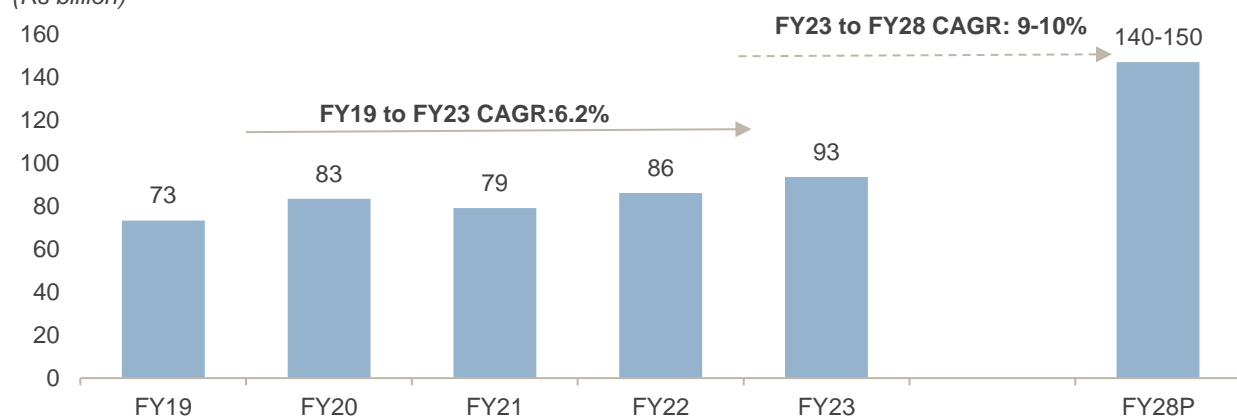
### Indian market research industry expected to grow at 9-10% CAGR between fiscals 2023 and 2028

The Indian market research industry grew at 6.2% CAGR between fiscal 2019 and fiscal 2023 from Rs 73 billion to Rs 93 billion. Prior to the pandemic, the industry grew in double digits (10-12% CAGR) for a few years, supported by growth in both syndicated reports and customised assignments, before shrinking ~5% as business declined in both the segments due to the pandemic. Industry adapted quickly with upgraded infrastructure to enable 'work-from-anywhere' and saw a strong turnaround from the second half of fiscal 2021. The momentum continued in fiscal 2022, as demand recovered in major markets.

Majority of the revenue of the Indian market research industry comes from international markets. Several major markets have realised the benefits of outsourcing research assignments, which will help drive industry growth in coming years. The industry is expected to reach Rs 140-150 billion by fiscal 2028, growing at 9-10% CAGR between fiscal 2023 and fiscal 2028. This growth can be mainly attributed factors like growing recognition of the importance of market intelligence in an increasingly competitive business landscape, rapid digitization and advancements in technology and rise of digital marketing and e-commerce which have boosted the demand for real-time market research insights

### Indian market research industry (Rs billion)

(Rs billion)

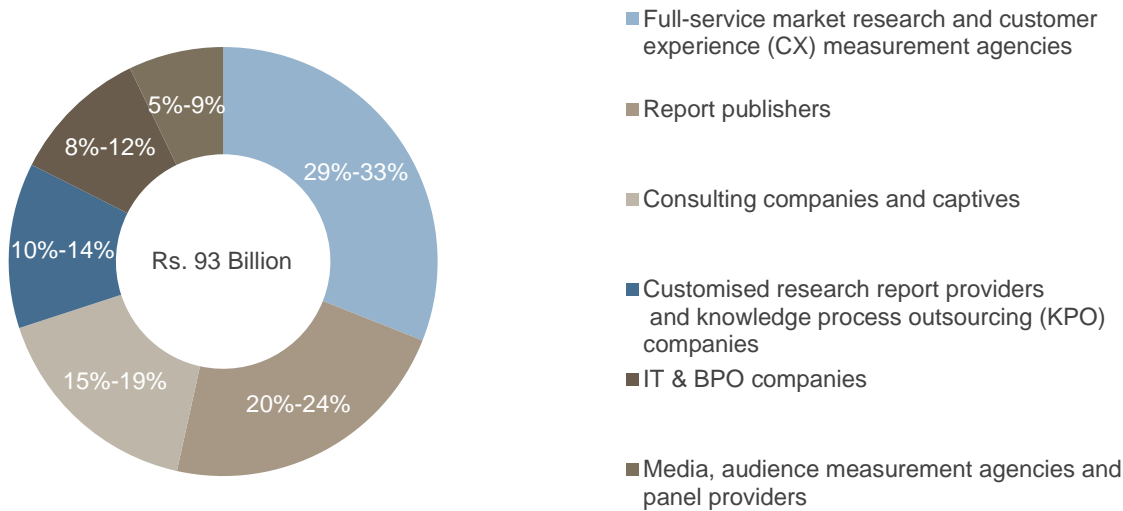


Source: MRSI, CRISIL MI&A



Full-service market research and customer experience (CX) measurement segment had a share of 29-33% in the overall market research industry in FY23, sizing up to Rs 25-30 billion. Full-service market research and customer experience (CX) measurement saw a growth of 6% between fiscals 2019-2023. Further, they are expected to grow at a CAGR of 9-10% between fiscals 2023 and 2028 to reach Rs 43-48 billion in fiscal 2028.

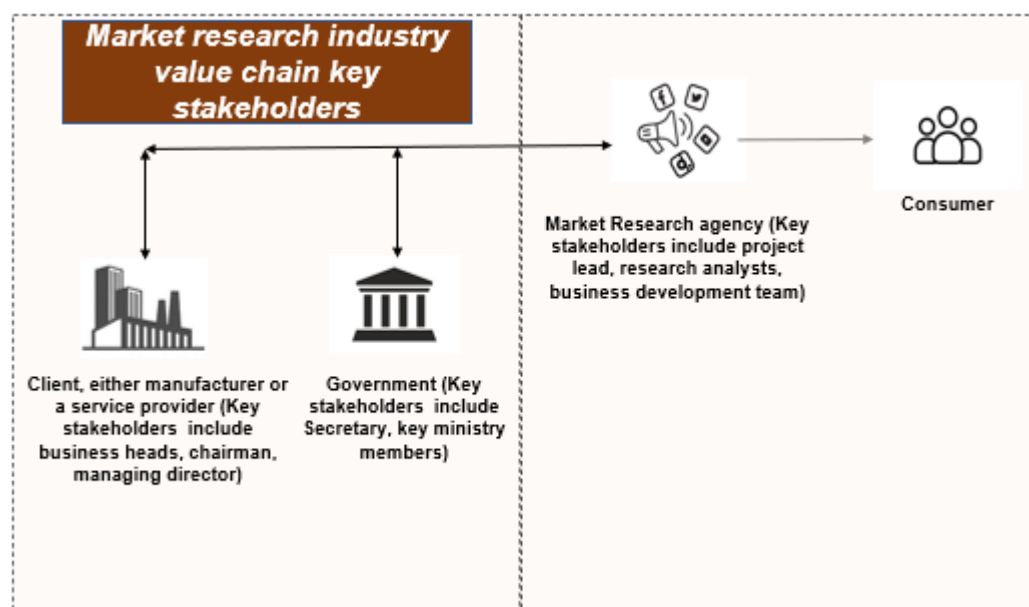
Share of types of companies offering market research (FY23)



Source: MRSI, CRISIL MI&A

The industry’s value chain and structure comprises of interaction between stakeholders of the analytics service provider client (a manufacturing company or service providing company or the government), the market research agency and the end consumer. The interaction between the various stakeholders is shown below.

### Value chain of the market research industry in India



Source: CRISIL MI&A

## Key growth drivers

### 5.1.1.1 Increasing globalisation and market expansion to propel industry growth

Owing to globalisation, companies can now expand their operations to new markets, thereby creating multiple growth opportunities for themselves. A successful foray requires good understanding of local customs, unique characteristics, consumer preferences, regulatory environment, existing infrastructure, and overall trends. Hence, companies need thorough market analysis of the particular sector/ region.

### 5.1.1.2 Growing importance of customer experience presents immense growth opportunities for market research

In an increasingly competitive environment, companies are focusing more on retaining their customers by understanding their preferences, needs, and existing pain points to improve their experience. Market research becomes indispensable since it provides companies insights about changing customer behaviour, overall market trends, and competitor strategy, helping them increase customer satisfaction and loyalty and retain customers.

### 5.1.1.3 Increasing demand of customised research solutions to aid market research industry

Businesses are recognising the need for tailored insights to understand the intricacies of specific sectors and the dynamics applicable to their operations. This has led to an increase in demand for customised research solutions that provide with a competitive edge by delivering precise and actionable insights that align with the company's objectives. Hence, businesses are seeking research partners who can deliver tailored and actionable insights.

### 5.1.1.4 Demand for real-time Insights to fuel expansion of market research

Since the business environment is growing ever more complex and dynamic, companies require real-time insights to make quick and informed strategic decisions. Such decision-making allows companies to seize opportunities as they arise. Furthermore, use of real-time insights and agile research approaches also enables companies to gather feedback directly from customers, understand their needs and preferences, and tailor their products and services accordingly. This ensures stronger relationships and improve customer satisfaction; hence, market research

providers that can deliver timely results, utilise agile research methodologies, and offer real-time data analytics solutions are in demand.

## **Key trends**

### **5.1.1.5 Increasing automation due to new technologies**

Artificial intelligence (AI) technologies are revolutionising market research processes by automating tasks such as data collection, data cleaning, analysis, and reporting. This helps increase efficiency by reducing human effort and speeding up research timelines. Furthermore, AI-powered tools are also enabling advanced data analysis, predictive modelling, and sentiment analysis, enhancing the depth and accuracy of market research insights.

### **5.1.1.6 Growing use of mobile research**

The proliferation of smartphones and mobile internet access has led to the rise of mobile research since it provides convenience and enables researchers to reach a wider audience. As a result, mobile surveys, in-app feedback, and location-based research methods are gaining popularity, allowing researchers to collect real-time data and capture insights on the go.

### **5.1.1.7 Prominence of real-time analysis and use of agile technologies**

Since businesses are increasingly demanding real-time insights to make timely strategic decisions, research providers are switching to agile research approaches such as iterative testing, rapid prototyping, etc., owing to their flexibility and speed over traditional methods.

### **5.1.1.8 Emphasis on diversity in market research practices**

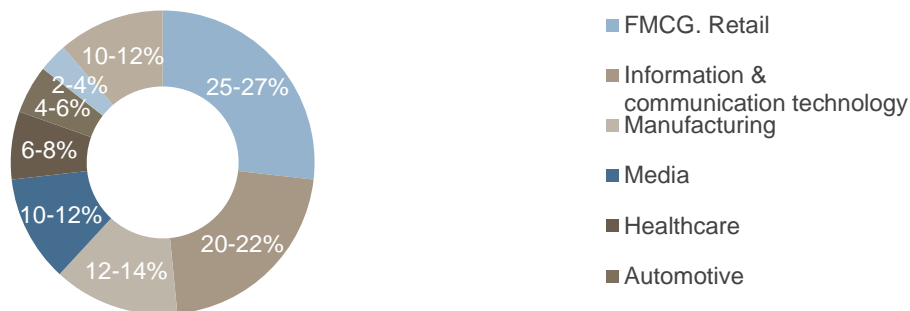
Diversity and inclusion have become significant considerations in market research as companies are increasingly recognising the value of diversity in their research samples to cater to their customers in a better way. Hence, market research companies are actively working to ensure diversity in their research samples by including representatives from diverse populations, especially under-represented groups. This inclusive approach empowers businesses by providing comprehensive insights about the evolving expectations of their customers.

## **FMCG and information and communication technology sectors contribute to nearly 50% of the market, indicating strong demand in these sectors**

Fast-moving consumer goods (FMCG) and retail account for the largest share, representing 25-27% of the total market with approximately Rs 18-23 billion. These are closely followed by information and communication technology (ICT), making up 25-27% of the market with approximately Rs 13-18 billion. These numbers indicate a strong demand for Customer data analytics & MarTech solutions in these sectors, emphasising their focus on understanding market structure, size and consumers.

As per our estimates, Indian companies spend 4-6% of their overall marketing budget on market research services.

### Key sectors breakup (FY 23E)



Note: Any vertical not covered above. Includes travel and tourism, real estate, agriculture, defence, education, government and social enterprises

Source: MRSI, CRISIL MI&A

### Overview of key players in market research industry in India

Company	Key services offered			Company origin/Parent	Revenue <sup>1</sup>
	Full- service	Syndicated	Customised <sup>7</sup>		
Hansa Research Group Private Limited	✓	✓	×	India	701.82 <sup>2</sup>
IPSOS Research Pvt Ltd	✓	×	×	Foreign	3,111.07
Millward Brown Market Research Services India Pvt Ltd <sup>3 4</sup>	✓	×	×	Foreign	1,846.7 <sup>5</sup>
NeilsenIQ India Pvt Ltd <sup>3</sup>	✓	×	×	Foreign	8,572.5 <sup>6</sup>
GfK Neilsen India Pvt Ltd	✓	×	×	Foreign	660 <sup>6</sup>
Unimrkt Research Pvt Ltd	✓	×	×	India	400

Note:

1 Revenues are for FY 22.;

2 FY23 revenue

3 Data for these companies is taken from global websites as the India website is not available; NA stands for not available

4 Millward Brown Market Research Services India Pvt Ltd is a part of Kantar Group

5 Financial year end for these companies is December 2021

6 FY20 revenue

7 Customized includes customised industry and market assessments, competitive assessments, ad-hoc work done by consulting companies and panels

Source: Company websites, CRISIL MI&A

Company	Year of incorporation	Key industries catered	Overseas presence	Company origin/Parent
Aeon Market Research <sup>1</sup>	2011	All sectors	No	India
<b>Hansa Research Group Private Limited</b>	1994	BFSI, FMCG/ Consumer Durable/ Ecom/Retail, Automotives, Rural/Social Sector (IEC), Media & Entertainment, Pharmaceutical	Emerging global presence with wholly owned subsidiaries in UAE and Bangladesh	India
IPSOS Research Pvt Ltd	2004	Consumer goods, technology, media, automotive, pharmaceuticals, retail, public sector	Yes	Foreign
GfK Neilsen India Pvt Ltd	1998	Technology products and durables, FMCG, automotive, retail, media & entertainment	Yes	Foreign
Kadence International <sup>12</sup>	1991	Advertising, Agriculture, Automotive, Consumer Goods, Food and Beverages, Media, Technology, E-commerce, Telecommunications, Financial Services, Kids and Youth, B2B, Animal Health	Yes	Foreign
Millward Brown Market Research Services India Pvt Ltd <sup>23</sup>	2007	Automotive, consumer goods, energy, public sector, finance, Health, retail, technology, telecommunication	Yes	Foreign
Modulus Research And Analysis <sup>1</sup>	2018	Automotive and Tyres, FMCG, QSR, Telecom, Medical, Media, Public services and social sector, Online/ websites/ apps/ Apparel and home furnishings, Banking and financial services	No	India
NeilsenIQ India Pvt Ltd <sup>2</sup>	1983	Food and beverage, personal care, financial services, government, healthcare, media,	Yes	Foreign
Ormax Consultants <sup>1</sup>	1985	NA	Yes	India
Purple Audacity Research & Innovative <sup>1</sup>	2008	BFSI, Automotive, Education, Media, Social, Retail	Yes	India
Qdegrees Services <sup>1</sup>	2013	BFSI, Healthcare, Telecom, E-commerce, Education	Yes	India
RSB Insights and Analytics <sup>1</sup>	1997	NA	Yes	India

Company	Year of incorporation	Key industries catered	Overseas presence	Company origin/Parent
Unimrkt Research	2009	Automotives, Chemicals, Energy & Utilities, BFSI, Food & Beverage, Telecom, Life Sciences & Healthcare, Media & Entertainment, Metals & Mining, Transportation, Retail and CPG	Yes	India

Note: : NA stands for not available

\* FY 22 financials, \*\*FY23 financials

1 Operating income for these companies are taken directly from their annual reports.

2 Data for these companies is taken from global websites as the India website is not available;

3 part of Kantar Group

4 FY 20 operational revenue

Source: Company websites, CRISIL MI&A

## 6 Competitive landscape

### 6.1 Comparative analysis of players in the marketing services industry

In this section, CRISIL MI&A Research has compared key players in the marketing services industry. The players are divided into two segments: 1) **integrated groups** offer services other than just advertising such as Customer data analytics & MarTech and market research, and have more than one entity, 2) **standalone entities** offer Integrated marketing communication, Customer data analytics & MarTech, and market research services. Compared to standalone entities, integrated groups acts as one point solution to all the marketing needs of customers due to enrich experience across sub functions.

In this section, data has been obtained from publicly available sources, including annual reports and investor presentations of listed players, regulatory filings, rating rationales and/or company websites, as relevant.

Company name	Key services offered			Company origin / Major stakeholder
	Integrated marketing communication	Customer data analytics & MarTech	Market research	
Integrated groups				
R K Swamy Hansa Group (Indian)	✓	✓	✓	
R K Swamy Limited	✓	✗	✗	India
Hansa Customer Equity Pvt Ltd	✗	✓	✗	India
Hansa Research Group Pvt Ltd	✗	✗	✓	India
Publicis Group (Foreign)	✓	✓	✗	
TLG India Pvt Ltd	✓	✗	✗	Foreign
Publicis Communications	✓	✗	✗	Foreign
Saatchi and Saatchi Pvt Ltd*	✓	✗	✗	Foreign
Convonix Systems Pvt Ltd.	✓	✓	✗	Foreign
WPP Group (Foreign)	✓	✓	✓	
Ogilvy and Mather Pvt Ltd	✓	✗	✗	Foreign
Group M Media India Pvt Ltd*	✓	✗	✗	Foreign
HTA Marketing Services Pvt Ltd	✓	✗	✗	Foreign
Grey Worldwide (India) Pvt Ltd*	✓	✗	✗	Foreign
Contract Advertising India Pvt Ltd	✓	✗	✗	Foreign
Bates India Pvt Ltd	✓	✗	✗	Foreign
Millward Brown Market Research Services India Pvt Ltd	✗	✗	✓	Foreign
Wunderman Thompson Commerce Pvt Ltd*	✓	✓	✓	Foreign
InterPublic Group (Foreign)	✓	✓	✓	
Lintas India Pvt Ltd	✓	✗	✗	Foreign
McCann Erickson India Pvt Ltd	✓	✓	✗	Foreign
FCB Ulka Advertising Pvt Ltd	✓	✗	✗	Foreign
Initiative Media India Pvt Ltd*	✓	✗	✓	Foreign

Company name	Key services offered			Company origin / Major stakeholder
	Integrated marketing communication	Customer data analytics & MarTech	Market research	
IPG India*	✓	×	×	Foreign
<b>Dentsu Group (Foreign)</b>	✓	✓	✓	
UGAM Solutions Pvt Ltd	×	✓	✓	Foreign
Isobar*	✓	×	×	Foreign
Carat	✓	×	×	Foreign
Iprospect*	✓	✓	×	Foreign
Posterscope*	✓	×	×	Foreign
Dentsux*	✓	×	×	Foreign
Dentsu Webchutney	✓	×	×	Foreign
Perfect relations	✓	×	×	Foreign
<b>Omnicom Group (Foreign)</b>	✓	✓	×	
Omnicom Media Group India Pvt Ltd	✓	✓	×	Foreign
BBDO India Pvt Ltd	✓	×	×	Foreign
DDB Mudra Communications	✓	×	×	Foreign
TBWA India Pvt Ltd	✓	✓	×	Foreign
<b>Havas Group</b>	✓	✓	×	
Havas Worldwide India Pvt Ltd	✓	✓	×	Foreign
<b>Standalone entities</b>				
<b>Integrated marketing communication entities</b>				
Adfactors PR Pvt Ltd	✓	×	×	India
<b>Marketing and customer analytics entities</b>				
Affle India Ltd.	×	✓	×	Foreign
Fractal Analytics Pvt Ltd	×	✓	×	Foreign
Verticurl Marketing Pvt Ltd*	×	✓	×	Foreign
Latent View Analytics Ltd	×	✓	×	India
Course5 Intelligence Ltd	×	✓	×	India
<b>Market research entities</b>				
IPSOS Research Pvt Ltd	×	×	✓	Foreign
Kantar	×	×	✓	Foreign
Kadence International*	×	×	✓	Foreign
Purple Audacity Research & Innovative	×	×	✓	India
NeilsenIQ India Pvt Ltd*	×	×	✓	Foreign
Unimrkt Research	×	×	✓	India
Aeon Market Research	×	×	✓	India
Modulus Research And Analysis	×	×	✓	India
Qdegrees Services	×	×	✓	India

Note: \*Data for these companies is taken from global websites, as Indian websites were unavailable. NA stands for not available. The data represented above is indicative and not exhaustive. For Dentsu Group, we have agency-level data as standalone entities are not registered in India. Source: Company websites, CRISIL MI&A Research



Company name	Year incorporated	Key industries	Overseas presence	Company origin/Parent
R K Swamy Hansa Group				
R K Swamy Limited	1973	BFSI, FMCG/ Consumer Durable/ Ecom/Retail, Automotives, Rural/Social Sector (IEC), Media & Entertainment, Pharmaceutical	Emerging global presence with wholly-owned subsidiaries in UAE and Bangladesh	India
Hansa Customer Equity Private Limited	2008			India
Hansa Research Group Private Limited	1994			India
Publicis Group				
TLG India Pvt Ltd (IT services + advertising)	1972	Retail, energy, food and beverage (F&B), healthcare, technology	No	Foreign
Publicis Communications	1997	NA	NA	Foreign
Saatchi and Saatchi Pvt Ltd*	1994	Telecom, FMCF, automobile	NA	Foreign
Convonix Systems Pvt Ltd	2005	NA	No	Foreign
WPP Group				
Ogilvy and Mather Pvt Ltd	1967	FMCG, pharmaceutical, consumer durables	Yes	Foreign
Group M Media India Pvt Ltd*	2001	Automobile, FMCG	Yes	Foreign
Grey Worldwide (India) Pvt Ltd*	1975	FMCG, F&B, public sector, technology, healthcare	NA	Foreign
Contract Advertising India Pvt Ltd	1969	FMCG, F&B, technology, industrials, healthcare	NA	Foreign
Millward Brown Market Research Services India Pvt Ltd	2007	Automotive, consumer goods, energy, public sector, finance, health, retail, technology, telecommunication	Yes	Foreign
Wunderman Thompson Commerce Pvt Ltd*	2003	FMCG, healthcare, pharma, e-commerce, Consumer durables	Yes	Foreign
InterPublic Group				
Lintas India Pvt Ltd	1969	FMCG, BFSI, e-commerce	Yes (Asia-Pacific)	Foreign
McCann Erickson India Pvt Ltd	1985	FMCG, BFSI, technology, F&B	No	Foreign
FCB Ulka Advertising Pvt Ltd	1970	FMCG, consumer durables, services and internet	No	Foreign
Initiative Media India Pvt Ltd*	1987	NA	NA	Foreign
IPG India*	NA	Automotive, personal finance, consumer product goods (CPG), pharma, health and wellness, entertainment, financial services	NA	Foreign
Dentsu Group				

Company name	Year incorporated	Key industries	Overseas presence	Company origin/Parent
UGAM Solutions Pvt Ltd	2000	Retail and consumer brands, high tech, BFSI, distribution, market research and consulting	Yes	Foreign
Isobar*	2011	FMCG, retail, healthcare, consumer durables	NA	Foreign
Carat	NA	FMCG, retail, F&B, telecom, consumer durables	NA	Foreign
Iprospect*	NA	FMCG, F&B, telecom, consumer durables	NA	Foreign
Posterscope*	NA	FMCG, F&B, public sector, technology	NA	Foreign
Dentsux*	NA	Automobile, F&B, aviation, FMCG	NA	Foreign
Dentsu Webchutney	NA	Mobility, E-commerce, F&B	NA	Foreign
Perfect relations	1994	Automobile, Telecom, FMCG, Hospitality, education, BFSI, Healthcare	Yes	Foreign
<b>Omnicom Group</b>				
Omnicom Media Group India Pvt Ltd	1973	NA	Yes	Foreign
BBDO India Pvt Ltd	2008	BFSI, FMCG/Consumer Durables/Retail /Ecom, Auto, Media, Pharma, Rural/Social/Advocacy	NA	Foreign
DDB Mudra Pvt Ltd	1980	FMCG, F&B, Automobile, Technology	No	Foreign
TBWA India Pvt Ltd	1988	Automobile, FMCG, BFSI	NA	Foreign
<b>Havas Group</b>				
Havas Worldwide India Pvt Ltd	1995	Automobiles, technology, consumer durables	Yes	India
Adfactors PR Pvt Ltd	1997	BFSI, pharmaceuticals, mobility, infrastructure, government, public sector	Yes (Sri Lanka, Singapore)	India
Fractal Analytics Pvt Ltd	2000	Consumer goods, BFSI, retail, healthcare and life science, technology, media, telecom	No	Foreign
Verticurl Marketing Pvt Ltd*	2009	FMCG, technology	NA	Foreign
Latent View Analytics Ltd	2006	Technology, CPG, retail, financial services, industrials	Yes (the US, Europe, Singapore)	India
Course5 Intelligence Ltd	2000	CPG, FMCG, technology, e-commerce	Yes (Europe, Asia, the Middle East, North America)	India
IPSOS Research Pvt Ltd	2004	Consumer goods, technology, media, automotive, pharmaceuticals, retail, public sector	Yes	Foreign

Company name	Year incorporated	Key industries	Overseas presence	Company origin/Parent
NeilsenIQ India Pvt Ltd*	1983	F&B, personal care, financial services, government, healthcare, media	NA	Foreign
Unimrkt Research	2009	Automotives, Chemicals, Energy & Utilities, BFSI, Food & Beverage, Telecom, Life Sciences & Healthcare, Media & Entertainment, Metals & Mining, Transportation	Yes	India
Kadence International*	1991	Advertising, Agriculture, Automotive, Consumer Goods, Food and Beverages, Media, Technology, E-commerce, Telecommunications, Financial Services, Kids and Youth, B2B, Animal Health	Yes	Foreign
Modulus Research And Analysis	2018	Automotive and Tyres, FMCG, QSR, Telecom, Medical, Media, Public services and social sector, Online/ websites/ apps/ Apparel and home furnishings, Banking and financial services	No	India
Qdegrees Services	2013	BFSI, Healthcare, Telecom, E-commerce, Education	Yes	India

Note: \* Data for these companies is taken from global websites, as Indian websites were unavailable. NA stands for not available. The data represented above is indicative and not exhaustive. For Dentsu Group, we have agency-level data as standalone entities are not registered in India.

Foreign entity is company with majority of shareholding with foreign (outside India) entity as of 31<sup>st</sup> March 2022

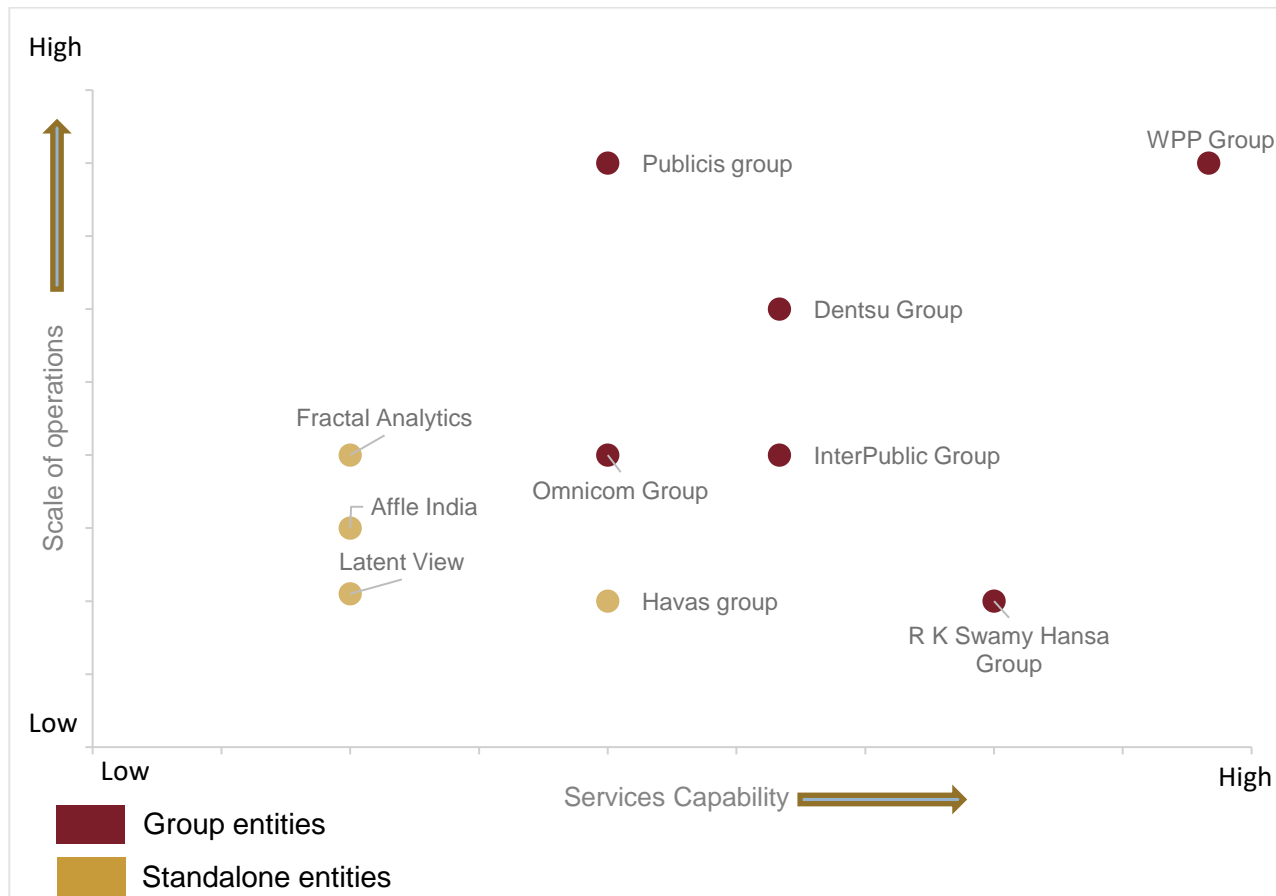
Source: Company websites, CRISIL MI&A Research

### Summary of integrated groups

Group	Group origin	Status of offerings (Yes (Y) / No (N))		
		Integrated marketing communications	Customer data analytics & MarTech	Market research
R K Swamy Hansa Group	India	Y	Y	Y
Dentsu Group	Foreign	Y	Y	Y
Interpublic Group	Foreign	Y	Y	Y
Omnicom Group	Foreign	Y	Y	N
Publicis Group	Foreign	Y	Y	N
WPP Group	Foreign	Y	Y	Y

Source: Company websites, CRISIL MI&A Research

Service offerings vs scale of operations overview of select entities



Note: For service offerings Integrated marketing communication (Ad & media, PR/communication, Strategy & consulting, Healthcare/Pharma communication), Analytics (Customer analytics and Marketing analytics) and Market Research(Full- service, Syndicated reports, Customised assignments) segments are considered based on the publicly available data

Source: Company reports and websites, CRISIL MI&A Research

## 6.2 Financial overview

Below is an indicative list of competitors selected based on similar business profile, service offerings, scale of operations, availability of financial data.

### Financial snapshot of key competitors (FY22)

Company name	Financial year- end	Operating income			OPBDIT			PAT		
		Rs million	On-year growth	CAGR FY20-22	Rs million	On-year growth	CAGR FY20-22	Rs million	On-year growth	CAGR FY20-22
Advertising										
R K Swamy Limited <sup>12</sup>	31-Mar-22	940.85	63.50%	21.40%	143.25	49.92%	80.24%	68.98	318.09%	214.32%
Group M Media India Pvt Ltd <sup>3</sup>	31-Dec-21	9,825.14	28.42%	7.11%	3,334.09	41.47%	29.08%	2,005.80	36.51%	17.38%
Lintas India Pvt Ltd	31-Mar-22	3,903.61	20.07%	-1.31%	738.76	9.57%	4.73%	595.64	3.77%	2.40%
Ogilvy And Mather Pvt Ltd <sup>3</sup>	31-Dec-21	3,479.95	5.89%	-3.76%	1,186.91	11.76%	-7.60%	921.17	-4.09%	-4.25%
Wunderman Thompson Commerce Pvt Ltd <sup>3</sup>	31-Dec-21	990.46	74.80%	68.30%	107.45	11.68%	54.42%	68.07	2.01%	42.31%
Analytics										
Hansa Customer Equity Pvt Ltd <sup>2</sup>	31-Mar-22	668.84	22.42%	-8.57%	94.69	39.86%	51.21%	28.41	338.28%	48.65%
Affle India Ltd	31-Mar-22	10950.19	109.72%	80.76%	2320.11	71.86%	61.25%	2146.92	58.99%	81.02%
Convonix Systems Pvt Ltd <sup>14</sup>	31-Mar-22	2,472.00	54.53%	45.32%	625.12	13.50%	52.52%	517.47	21.81%	49.76%
Course5 Intelligence Ltd <sup>1</sup>	31-Mar-22	3,021.24	22.22%	7.80%	533.44	33.31%	32.25%	398.33	34.03%	53.40%
Latent View Analytics Ltd	31-Mar-22	4,078.17	31.28%	13.93%	1,230.71	12.56%	20.28%	1,295.12	41.60%	33.34%
Market research										
Hansa Research group Pvt Ltd <sup>12</sup>	31-Mar-22	585.97	19.09%	-6.02%	48.01	27.20%	4.70%	39.48	158.99%	12.69%
IPSOS Research Pvt Ltd <sup>1</sup>	31-Mar-22	3,111.07	24.72%	4.48%	387.75	75.40%	60.50%	367.16	99.81%	67.30%
Millward Brown Mkt. Res. Services India Pvt Ltd <sup>13</sup>	31-Dec-21	1,846.70	24.35%	-3.64%	425.29	151.36%	3.01%	340.05	180.59%	7.84%

Note: n.m.: Not meaningful.

1: Standalone financials

2: Companies belonging to R K Swamy Hansa Group. Latest financials as available on MCA as on May 23, 2023. TLG India has not be included as the company's revenue includes revenue from software development and technology consultancy services besides advertising and support services.

3: Companies belonging to WPP Group.

4: Companies belonging to Publicis Group.

5: Standalone Financials

Source: Company reports and websites, CRISIL MI&A Research

**Financial ratios of key competitors (FY22)**

Company name	Operating profit margin (%)	Net profit margin (%)
R K Swamy Limited <sup>1 2</sup>	15.23	7.33
Hansa Customer Equity Pvt Ltd <sup>2</sup>	14.16	4.25
Hansa Research group Pvt Ltd <sup>1 2</sup>	8.19	6.74
Group M Media India Pvt Ltd <sup>3</sup>	33.93	20.42
Lintas India Pvt Ltd	18.93	15.26
Ogilvy And Mather Pvt Ltd <sup>3</sup>	34.11	26.47
Wunderman Thompson Commerce Pvt Ltd <sup>3</sup>	10.85	6.87
Convonix Systems Pvt Ltd <sup>1 4</sup>	25.29	20.93
Course5 Intelligence Ltd <sup>1</sup>	17.66	13.18
IPSOS Research Pvt Ltd <sup>1</sup>	12.46	11.80
Latent View Analytics Ltd	30.18	31.76
Millward Brown Mkt. Res. Services India Pvt Ltd <sup>1 3</sup>	23.03	18.41
Affle India Ltd	21.19	19.61

Note: n.m.: Not meaningful.

1: Standalone financials

2: Companies belonging to R K Swamy Hansa Group

3: Companies belonging to WPP Group.

4: Companies belonging to Publicis Group.

Latest financials as available on MCA as on May 23, 2023.

Ratios calculated as per CRISIL MI&A standards are described below:

OPBDIT margin = OPBDIT / operating income

Net profit margin = Profit after tax / operating income

Gearing ratio = Adjusted debt / adjusted net worth

Interest coverage ratio = Profit before depreciation, interest and tax / (interest + finance charges)

Current ratio = Current assets / current liabilities

Source: Company reports and websites, CRISIL MI&A Research

### Key financials for global integrated groups (CY22)

Company/Entity name	Revenue (USD million)	Net profit margin (%)	RoCE (%)
R K Swamy Limited (RK Swamy Hansa Group) <sup>1</sup>	36.41	10.68	28.95
Dentsu International Limited <sup>2</sup>	5,189.30	-1.40	N.Ap.
Omnicom Group Inc.	14,289.10	9.20	12.30
The Interpublic Group of Companies, Inc.	9,449.40	9.90	11.20
WPP PLC	17,385.00	4.70	7.60

Note:

1 RK Swamy Hansa Group financials for FY23, ^stand-alone financials, FY23 exchange rate used to convert RK Swamy Hansa Group revenue: 1 USD= 80.4 INR;

2 Data for CY21;

N.Ap stands for not applicable

RoCE = Profit before interest and tax (PBIT) / [total debt + adjusted net worth (includes only goodwill as part of intangible net worth) + deferred tax liability]

Source: CRISIL MI&A

### Overview of recent M&As in the industry

Sector	Company name	Target company	Target company domain	Year of acquisition
Integrated marketing communication	<b>WPP Group</b>	GOAT	Data-driven influencer of marketing strategy	2023
		Fenom Digital	Commerce agency	2023
		Bower House Digital	Marketing technology services agency	2022
		Newcraft	Digital specialist	2022
		NN4M	Mobile commerce provider	2021
Analytics	<b>Fractal Analytics Pvt Ltd</b>	Final Mile	Behavioural science	2018
		4i Inc	Analytics and consulting agency	2017
	<b>Capillary Technologies Indian Ltd</b>	Brierley	Loyalty technology, strategy and execution	2023
		Persuade	Customer experience	2021
Research	<b>Ipsos Research Pvt Ltd</b>	Synthesio	AI-based consumer intelligence	2018
	<b>NeilsenIQ</b>	CGA	Provider of on-premises insights	2022

Source: Company annual reports and websites, CRISIL MI&A Research

## Key observations

- Among integrated players compared in the competitive section, RK Swamy, WPP, Dentsu and Interpublic Group are the only groups that provide all three services: Integrated marketing communication, Customer data analytics & MarTech, and market research through their companies.
- R K Swamy Hansa Group is the largest Indian majority owned integrated marketing services provider in India having more than five decades of experience offering a single-window solution for creative, media, data analytics and market research services.
- R K Swamy Hansa Group is among the top 5 integrated marketing service groups to provide integrated and diversified marketing services in India.
- R K Swamy Hansa Group organically expanded into customer data analytics & MarTech services by incubating Hansa Customer Equity Pvt Ltd in 2008, which now has been operational for more than 15 years, and has emerged as a key player in the industry offering customer data analytics & MarTech services.
- Hansa Research Group is one of the key full-service market research and customer experience (CX) measurement agencies in India. Full-service market research and customer experience (CX) measurement offers niche services such as customer/audience segmentation, consumer surveys, customer experience measurement, brand equity and customer satisfaction indices, consumer intelligence.
- R K Swamy Hansa Group is among the top 10 diversified integrated marketing communication services groups operating in India with a comprehensive range of services in the following interrelated and complementary business segments: (i) Integrated Marketing Communication, (ii) Customer Data Analytics and Marketing Technology ("Customer Data Analytics and MarTech"); and (iii) Full-Service Market Research (including customer experience measurement) and Syndicated Studies ("Full-Service Market Research").
- R K Swamy Hansa Group is among the top 10 entities / groups within the Customer data analytics & MarTech services segment providing integrated marketing solutions.
- R K Swamy Hansa Group is among the top 5 entities / groups within the full-service market research and customer experience (CX) measurement segment providing integrated marketing service solutions (Note: We have not looked at internal teams of consulting companies which provide solutions related to consumer insights to arrive at rankings for full-service market research segment. For example: Redights from Redseer Management Consulting Pvt Ltd, internal teams of Bain & Company providing consumer insights)

## Segment market size

Segment	FY23 market size (Rs billion)	FY19-23 CAGR	FY28 market size (Rs billion)	FY23-28 CAGR
Integrated marketing communication (at net level) <sup>1</sup>	135-145	4.5-5%	260-280	14-16%
Customer data analytics & MarTech	115	12%	210-230	13-15%
Full-service market research and customer experience (CX) measurement <sup>2</sup>	~29	6%	43-48	9-10%
<b>Total</b>	<b>280-290</b>	<b>~7.5%</b>	<b>515-560</b>	<b>12-14%</b>

*Note: 1 this figure is at net-level, which shows the ~ revenue for integrated marketing service provider companies, whereas at gross level the market size includes all the spends done by companies on Integrated marketing communication and will also include revenues for media houses such as Star network, Sony, Zee etc.*

*2 Services mainly encompass customer/audience segmentation, consumer surveys, customer experience measurement, brand equity and customer satisfaction indices, consumer intelligence;*

*Source: CRISIL MI&A*



Key Players in the respective segments	Integrated marketing communication	Customer data analytics & marketing technology	Full-Service Market Research <sup>1</sup>
	<ul style="list-style-type: none"> <li>- R K Swamy Group (R K Swamy, Hansa Research Group, Hansa Customer Equity)</li> <li>- WPP (Ogilvy, GroupM, Wunderman Thompson)</li> <li>- Publicis Group (TLG India, - Publicis India Communication)</li> <li>- Interpublic Group (IPG) (Lintas, Mccann Erikson India, FCB Ulka Advertising)</li> <li>- Omnicom (OMD Media, BBDO India)</li> <li>- Madison Group</li> <li>- Denstu (Densu Aegis network India, Taproot, Denstu Media)</li> <li>- ADFactors</li> <li>- Havas Worldwide India</li> <li>- DDB Worldwide</li> </ul>	<ul style="list-style-type: none"> <li>- Hansa Customer Equity</li> <li>- Latent View</li> <li>- Fractal Analytics</li> <li>- Course 5</li> <li>- Convonix</li> <li>- Capillary</li> <li>- Verticurl</li> <li>- Customer Centria Enterprise Solutions</li> <li>- Affle India Ltd</li> </ul>	<ul style="list-style-type: none"> <li>- Hansa Research</li> <li>- Nielsen</li> <li>- IPSOS</li> <li>- Kantar <ul style="list-style-type: none"> <li>➤ Millward Brown</li> <li>➤ IMRB</li> </ul> </li> <li>- GFK</li> <li>- Unimarket Research</li> </ul>

<sup>1</sup> Full-Service Market Research (including customer experience measurement) and Syndicated Studies

Note: The list is not exhaustive and not in any particular order. The list represents some of the key players in the segments under consideration

Source: CRISIL MI&A

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