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NEWS OF THE MONTH

INDIA / JAN 2017

DIGITAL

Live video, Virtual Reality, Artificial Intelligence - key gamechangers in digital advertising in 2017

eMarketer estimates that digital ad spending in India will cross \$1 billion in 2017. According to another estimate ad spending in India is expected to grow at 13.9 per cent in 2017 with digital being the major driver of growth.



There are a number of factors that have come together to create a favorable environment for digital advertising, primary among which is a huge and still growing population, many of who are getting introduced to the online medium for the first time. Even though digital advertising still forms a very small per cent of the overall advertising spends, it is factors like these that are making people so optimistic about its prospects in the future.



As we head into 2017, we take a look at some of the key trends to expect in digital advertising in the year ahead

- **Regional video content consumption will increase**
More focused video content especially targeting regional audiences.
- **Live video will come of age**
All media platforms, from YouTube to Facebook to Twitter; to even newer OTT players like Hotstar have identified live video content as an important platform going ahead.
- **2017 will be the year of the AI**
Adaptation of AI in more commercial industries and advertising
- **Programmatic advertising will receive an impetus**
Increasing pressure to justify investments in digital advertising and ensure decent RoI.
- **Metrics and transparency will become more important**

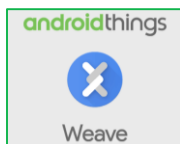


VIEW FROM THE TOP – EMERGING MACRO TRENDS

DIGITAL & ADVERTISING

Google launches Android Things, a new OS for IoT gadgets

Google has launched Android Things, an Android-based device OS for the Internet of Things. Combined with Weave, this software will play a crucial role in Google's IoT strategy. The OS can run on various IoT products like security cameras, speakers, routers etc.



Google had previously launched an Android-based OS called Brillo last year for IoT development. The company has now combined this project with standard Android developer features like including Android Studio, the SDK, Google Play and other Google services, to make it more accessible to developers already used to developing apps and mods for Android.



Android Things – like project Brillo – is designed to be very small and take up low memory, about 32 Mb or 64 Mb of RAM. The company mentions it will partner with SoC (system on a chip) makers to build certified development boards containing development modules like RAM, Flash Storage, WiFi, Bluetooth and other components, and is currently recommending using Intel Edison, NXP Pico, Raspberry Pi 3 among other devices, as developer kits.

Devices running Android Things will be able to communicate with other Android and iOS devices through Weave, the company's communication platform for Internet of Things. In addition to the actual development and implementation of IoT devices, the Android Things platform aims to ultimately provide an end-to-end infrastructure for launching and securing the devices at scale.

Device makers like Philips Hue and Samsung SmartThings already use Weave, and several others like Belkin WeMo, LiFX, Honeywell, Wink, TP-Link, and First Alert have already started working on this new OS.

DIGITAL & ADVERTISING

Online video advertising market witnessed growth rate of 200% year on year in 2016: Adomantra Digital report



The online video advertising industry had a very impressive year in 2016 with growth of 200%. The increase in consumption of video content enabled a shift in gears and growing demand and the accelerating rollout of mobile network and easy availability of affordable internet access, suggest that 2017 will be the 'Year for Online Video Advertising'.

Report says, "Amidst the different online video advertising durations/ formats, the key focus for 2017 would be on Long format video ads (45 to 90 seconds) for a stronger brand engagement with the audience.

The second most important ad format Rich Media Format ads will witness 100% growth. Rich media ad formats have witnessed higher click through rates compared to standard



banner ads. Brands and publishers will reap huge benefits because of high view ability in rich media formats as users cannot avoid viewing these ads."

3G and introduction of 4G was another huge contributing factor for increased video consumption.

DIGITAL & ADVERTISING

Mobile Streaming on rise globally



Globally online streaming is getting mainline. Streamers make up almost 50 per cent of the online population, while over 60 per cent of content streaming, led by music, is now done over mobile devices and much of it can be linked to "moods and moments", according to a study done by GroupM and Spotify.

The report, put out by GroupM on its website early 2017, says the TV and movie streaming landscape is currently dominated by paid subscriptions, which promise users a high-quality, ad-free viewing experience. The TV and movie streamers make up about 40 per cent of the streaming realm.

According to the study, if the entry price point for TV and movie streaming is typically a monthly subscription fee, the entry price point for music streaming is even better: free. Because while most music streaming services do offer a paid



subscription plan—much like the top video services— some, such as Pandora, Spotify, YouTube, and SoundCloud, also offer a completely free listening experience, supported by ads.

As streaming becomes standard, it's now an expectation for consumers to have access to all media, all the time. In the process, the concept of "ownership" has become outdated. The study found that streamers are 23 per cent more likely than non-streamers to report valuing access to content over ownership, not only for music but for TV and movie content as well.

DIGITAL & ADVERTISING

After live video, Facebook debuts option for 'Live Audio' broadcast as well



People using Android devices will be able to continue listening to a Live Audio broadcast even if they leave the Facebook app

After successfully rolling out the live video feature, Facebook has now introduced "Live Audio" option - like traditional radio or podcasting -- in your News Feed where users will be able to broadcast audio directly to the social network.

Facebook has witnessed some Pages find creative ways to go live and reach audiences with audio only by using the Facebook Live API or by adding a still image to accompany their audio broadcast.

Just as with a live video on Facebook, listeners can discover live audio content in News Feed, ask questions and leave reactions in real time during the broadcast and easily share with their friends.

People using Android devices will be able to continue listening to a Live Audio broadcast even if they leave the Facebook app or lock their phones while iOS listeners will be able to continue listening as they browse other parts of Facebook.

Over the next few weeks, Facebook will test "Live Audio" with several partners, including BBC World Service, LBC, Harper Collins, and authors Adam Grant and Brit Bennett.

DIGITAL & SOCIAL MEDIA

Active social media users in India grow by 15 % from 2015 to become 136 million: Yral Report 2016



The Yral Social Media Report 2016 tracks the global scenario of social media including consumption, brand engagement, trends, influencers and more.

In India, 28.4 per cent of the population (375 million) is using internet, out of which 10.3 per cent are active on social media (136 million). Five years ago, 2.5 per cent of the population was active on Facebook. This number was expected to increase to 15 per cent by the end of 2016, with Facebook proactively targeting emerging economies with Facebook Lite for slow internet speed in these regions. As per the Yral report, increased mobile web penetration is also seen as a key contributor to increased growth in active social media usage.

Here are some of the key trends that have put India in the social media spotlight:

Growing popularity of social media: In India, active social media users grew at 15 per cent since January 2015 to 136 million in 2016.

Digital spending trend: Digital Ad spending in India grew to around 47.5 per cent in 2016, in comparison with the overall Ad spending, which was pegged at 15.5 per cent in 2016.

Growing celebrity engagement and interaction: The Facebook reach of each of the top 10 celebrities in India is greater than the population of Australia.

INDUSTRY

30% of connections in India now above 4 Mbps: Akamai



India has 30% connections above the 4 Mbps threshold, according to a study conducted by content delivery network Akamai Technologies for its Q3 2016 State of the Internet report. Overall, connections above 4 Mbps saw 19% increase from the previous quarter, and 116% from the same quarter last year. However, despite this, the country was still the 2nd lowest ranked in the Asia-Pacific region and overall 103rd in the world.

Global Rank	Country/Region	Q3 2016 Avg. Mbps	QoQ Change	YoY Change
1	South Korea	26.3	-2.5%	28%
2	Hong Kong	26.1	-2.4%	27%
4	Singapore	18.2	3.3%	45%
7	Japan	18.0	5.1%	20%
18	Taiwan	14.9	-4.3%	48%
36	Thailand	11.7	-15%	42%
40	New Zealand	11.3	-6.6%	30%
50	Australia	9.6	1.3%	23%
63	Malaysia	7.5	9.3%	53%
76	Indonesia	6.4	9.1%	115%
77	Vietnam	6.3	22%	85%
79	Sri Lanka	6.0	5.9%	16%
85	China	5.7	9.5%	55%
103	Philippines	4.2	-2.8%	49%
105	India	4.1	14%	62%

The average connection speeds in the country were also up – 4.1 Mbps from 3.6 Mbps last quarter – but still continued to be the slowest average internet speed in the APAC region. South Korea continued to have the fastest average connection speed in the region.

Overall India's average internet speed grew by 14% QoQ and 62% YoY, and ranked 105th globally.

India's internet speed has climbed steadily over time to finally breach the 4 Mbps average speed barrier – the speed Akamai considers as broadband. Last quarter, according to Akamai, India had an average internet speed of 3.6 Mbps, up from 2.5 Mbps in Q3 2015, from 2 Mbps in Q3 2014 and from 1.4 Mbps in Q3 2013.

CAMPAIGN OF THE MONTH

Samsung India aims to show you how #SamsungCares in its new ad campaign



Over 20 million views: Samsung's 4-minute film gathers digital moss

Global electronics giant Samsung has launched a campaign in India which is directed towards providing customer service in the country's hinterlands. The advertisement called as Samsung Cares has been a hit in social media, with the YouTube video garnering more than 15 million views currently. In October 2016, Samsung launched 535 service vans, to ensure timely service to customers in the remotest corners of India. With the new addition, the Samsung service network is now over 3,000 strong from around 2,000 service points earlier. With this, Samsung's reach will extend to customers in over 6,000 talukas across 29 states and 7 union territories, making Samsung's service network the largest in this industry in India.

RADIO



FM radio ad revenues cross Rs 500 crore in Q2'16: TRAI

According to data released by TRAI, the reported advertisement revenue during the quarter ending September 2016 for 259 private FM radio stations stood at Rs 502.13 crore as against Rs 468.08 crore for 244 private FM radio stations in the previous quarter. The information is based on the details of Advertisement Revenue submitted by the FM radio service providers to TRAI.

This means that revenue per station saw a slight increase in Q2, standing at approximately Rs 1.94 crore as opposed to approximately Rs 1.92 crore per station in Q1.

Radio, like most other sectors, usually sees an increase in ad revenues towards the latter half of the year, especially peaking in the last quarter. However, the government's demonetization drive, announced in early November, might have put a spanner in the wheels this year. The impact has been very severe. A lot of advertisers have put their campaigns on hold. A few campaigns that were in the final stages of negotiations have also been deferred.

As per the industry sources, there was still an element of doubt about ad spends in Q1'17 as it would depend on how clients have managed to handle the slowdown though the general feeling was that clients would once again become aggressive in Q1'17.

The new campaign showcases the journey of a young Samsung engineer, who is on his way to provide the services in a remote village in India. The commercial underlines Samsung's vision of creating a long lasting relationship with its consumers through timely service.



Click To Watch Video

Ranjivjit Singh, Chief Marketing Officer, Samsung India highlights the fact that the campaign is in sync with its Make for India initiative. Singh said, "Our new initiative of expanding to rural India, right up to the taluka level, helps us in taking care of our valued customers, wherever they are. The new campaign video gives a glimpse of yet another initiative towards our 'Make for India' commitment."

DO YOU KNOW?



- Mobile game downloads are expected to grow at a CAGR of 58% over the next five years, touching an estimated 5.3 bn downloads in 2020.
- 25% of mobile gamers in India have 2 or less gaming apps in their smartphones. 43% have 3-5 games, 18% have 6-9 games, 12% have 10+ games.
- 7 out of 10 smartphones shipped are 4G enabled and 9 out of 20 smartphones sold by eTailers in India are 4G enabled (Q3 2016)