

THE STATE OF **DIGITAL** **MARKETING** IN INDIA **2023-24**

DigiPlus Fest
5th Edition

Knowledge Partner





AMIT KUMAR GUPTA

Business Head

The Economic Times Business Verticals

Foreword

The indefatigable rise of digital ad spend has been a salient feature of the last decade. We predict that in FY 2024, digital media spending will overtake the long-held dominance of television media, transforming India's advertising landscape. As one of the significant advertising economies in the world, India's digital story stands out. It is supported by robust infrastructure, unmatched online consumption, and innovative technology solutions that create value for the end consumer.

Digital advertising spending grew substantially in FY 2023, marking a 30% increase over the previous year—the medium accounts for 36.3% of the country's overall AdEx. Current trends indicate that digital ad spending will continue to grow at the same pace and account for about 39% of the total advertising spending in FY 2024.

“Digital advertising spending grew substantially in FY 23, marking a 30% increase over the previous year.”

In this context, we are extremely delighted to come up with yet another insightful edition of ET BrandEquity: The State of Digital Marketing in India 2023-24 Report with Ipsos. It delves deep into digital ad spending in India, dissecting the FY 2023-24 data and providing a detailed breakdown of ad spending across social, online video, paid search, display, e-commerce, and others. It unveils the dynamic nature of digital advertising and how ad formats are evolving rapidly.

I would like to thank the Ipsos team for collaborating with us on the second edition of the report. We hope that the findings and insights within this report prove to be a valuable resource, guiding you through the world of digital marketing in India.

Foreword

India, the 6th largest economy (constant price) in the world, is on track to become the 3rd largest economy with a projected GDP of USD 5 trillion by 2030. India, the world's second most populous nation, has around 700 million residents with Internet access, which is almost half of its population. This significant digital consumer base, combined with the government's Digital India initiative, is expected to have a profound impact on the country's digital economy, unlocking economic value of approximately USD 1 trillion by 2025.

Digital Marketing has completely altered the way consumers engage and consume products and information. The ET BrandEquity-Ipsos The State of Digital Marketing in India 2023 Report shows, Digital as a medium is growing at the rate of 30% YoY and is likely to overtake Television by Circa 2024.

Further, digital advertising spends are pegged at INR 31,500 crore for FY 2023-24 and estimated to reach INR 41,000 crore by the end of Circa 2024.

Marketers understand the power of the digital landscape and the plethora of opportunities it presents for them to leverage and engage with their 'always on' audiences.

Multi-screens, increased screen time, affordable smartphones, and low cost of Internet access (Jio Effect was a game changer), has led to high

levels of penetration of Internet access and provided a major boost to digital marketing.

Marketers across Consumer-Packaged Goods, D2C are personalizing their ads and content for consumers and glossing over the effectiveness of their media blitzkrieg, as it is fetching them tangible results and the right interface with their key audiences.

The report unravels fascinating aspects of how the Digital Marketing industry per se has evolved over the last one year, delving deeper into key pillars of growth, for formats like short video content, influencer and affiliate marketing, AI, WhatsApp, Instagram that cut much ice with consumers and act as effective enablers in consumers' decision making.

Hope you enjoy reading the report as much as we did compiling it for you.



DEEPAK H

Partner,
Strategy3, Ipsos India

“Digital advertising spends are estimated to reach INR 41,000 crore by the end of Circa 2024.”

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EXECUTIVE SUMMARY

India's digital advertising sector is witnessing an impressive upward growth trajectory. The current report 'The State of Digital Marketing in India 2023-24' estimates a remarkable increase in digital marketing spending, at INR 31,500 crore in FY 2023, with a mark-up of 30% growth from last year. Some of the key trends observed in H1 FY 24 suggest a similar growth rate, with projections indicating that digital spending could touch INR 41,000 crore in the subsequent year. At present, digital spending constitutes a substantial 36.3% of the total advertising spending and is forecasted to overtake traditional television spend by FY 2024. Social media has emerged as a key catalyst in contributing to this growth; closely followed by online video; with both domains predicted to sustain their rapid expansion.

Industries such as FMCG and E-commerce are the leading contributors, accounting for over 60% of digital ad spending. Close on the heels are Consumer Durables, BFSI, Auto, and Ed-tech contributing significantly. Interestingly, the sectors witnessing an unprecedented surge in ad spending, with growth rates exceeding 30%, include FMCG, E-commerce, Retail, and Ed-tech.

The primary driver of this growth has been the rise in smartphone penetration and Internet usage in India, triggered earlier by the Jio Effect, and has been seeing a steady upswing, year on year. Almost half of the Indian population has access to the Internet, placing India as the second largest Internet-using population globally. With smartphone penetration at 46% and social media usage at 32.8% of the population, India is shaping up to be one of the fastest-growing digital markets globally.

Alongside these growth projections, several key trends are set to shape the digital advertising landscape in India. Generative AI is revolutionizing digital marketing by autonomously creating content that resonates with target audiences. Influencer Marketing is playing a critical role in enhancing brand-consumer relationships and driving business growth, particularly in industries such as FMCG and e-commerce. Personalized and customized marketing is gaining prominence, catalyzed by Artificial Intelligence (AI) & Machine Learning (ML). Multi-channel social media marketing, leveraging diverse platforms and tailoring content for unique demographics, is becoming more prevalent.

Amid rising data privacy concerns, security is increasingly crucial in digital advertising. Google Analytics 4 is transforming digital marketing by leveraging audience insights for targeted remarketing in Google Ads, while prioritizing user privacy.

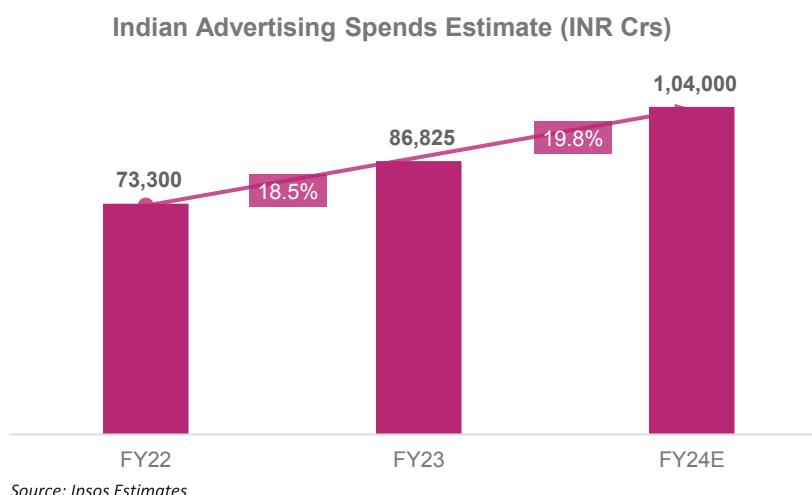
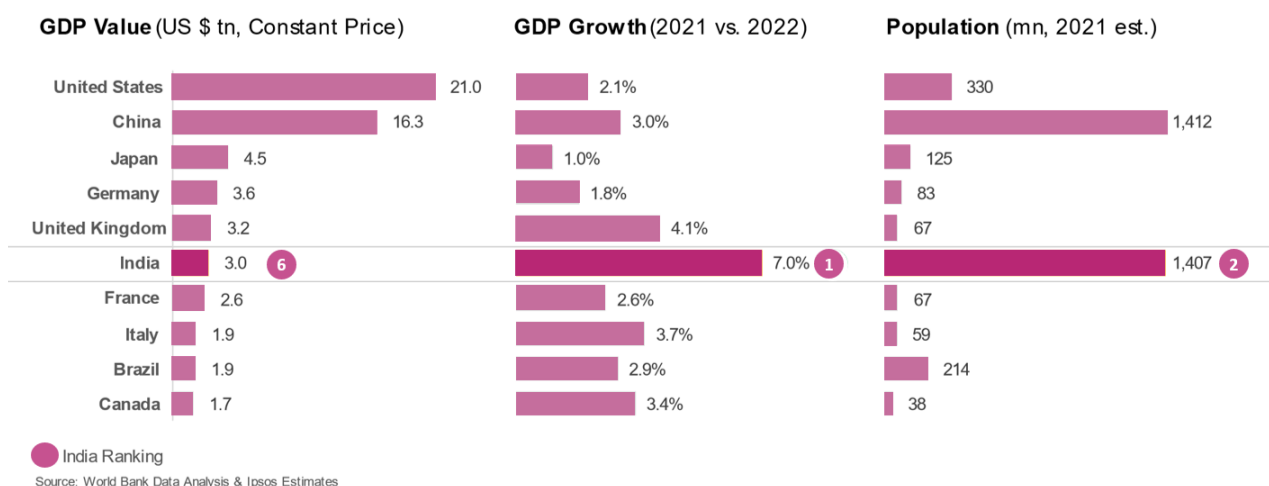
Finally, WhatsApp Business is emerging as a powerful tool in digital marketing, with features like "click to WhatsApp" ads enabling businesses to extend the reach of their ads across Facebook and Instagram.



CURRENT STATE OF THE INDUSTRY

ADVERTISING SPENDS

India with a population of 1.4 billion today is the fastest-growing economy in the world. By 2030, India is estimated to be the world's third-largest economy (GDP of USD 5 trillion), surpassing the UK, Germany & Japan. This growth is fuelled by various government initiatives such as *Make in India*, *Startup India*, *Digital India* etc. The *Digital India* initiative is likely to play an essential role in boosting the digital economy of the country, which is expected to unlock the economic value of USD 1 trillion (2025) and sustain 60-65 million digital jobs. (Source: MeitY)



In line with the economy, Indian advertising spending exhibited impressive resilience and experienced a substantial growth of 18.5%. This surge propelled the advertising spending to INR 86,825 crore (FY 2023, April 2022 – March 2023) vs. INR 73,300 crore in FY 2022.

With such an extraordinary growth rate, India has firmly established itself as one of the world's fastest-growing advertising markets globally. Despite this growth, advertising spending accounts for

less than 0.5% of Indian GDP, in sharp contrast to developed nations, which typically account for around 1.3% to 1.5% of their GDP. This clearly indicates the tremendous growth opportunities in India.

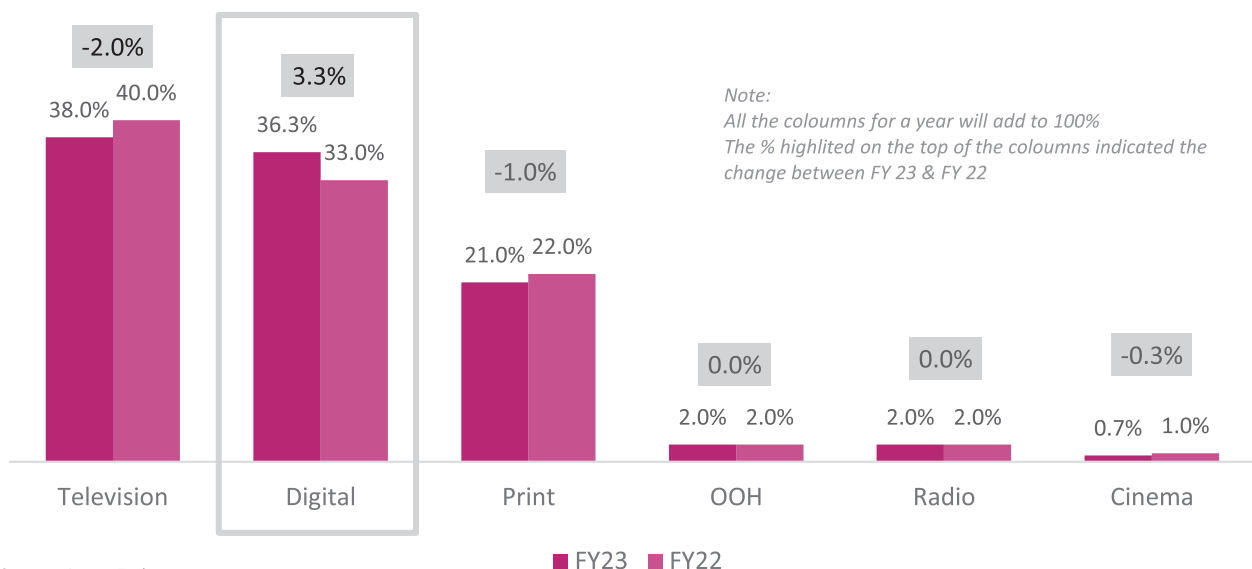
ADVERTISING SPENDS BY DIFFERENT MEDIA

Our estimates reveal a highly promising outlook for digital media supported by its strong growth year after year. The advertising landscape which has been led by the predominance of television advertising for over a decade will soon see a shift in hierarchy marking a turning point for advertisers.

So the ad spends pie by different media entities looks like this: Television has the largest market share of 38%, closely followed by digital media at 36.3% and print media holds a 21% share. Notably, digital media experienced growth from 33% in FY22 to 36.3% in FY23, whereas television witnessed a slight decline from 40% in FY22 to 38% in FY23 in advertising market share.

The surge in e-commerce enterprises and the expansion of technology-driven companies and startups have been the primary drivers of growth of digital media. Additionally, it is estimated that digital media is poised to surpass television in the next year.

Indian Advertising Spends by Different Media



Source: Ipsos Estimates

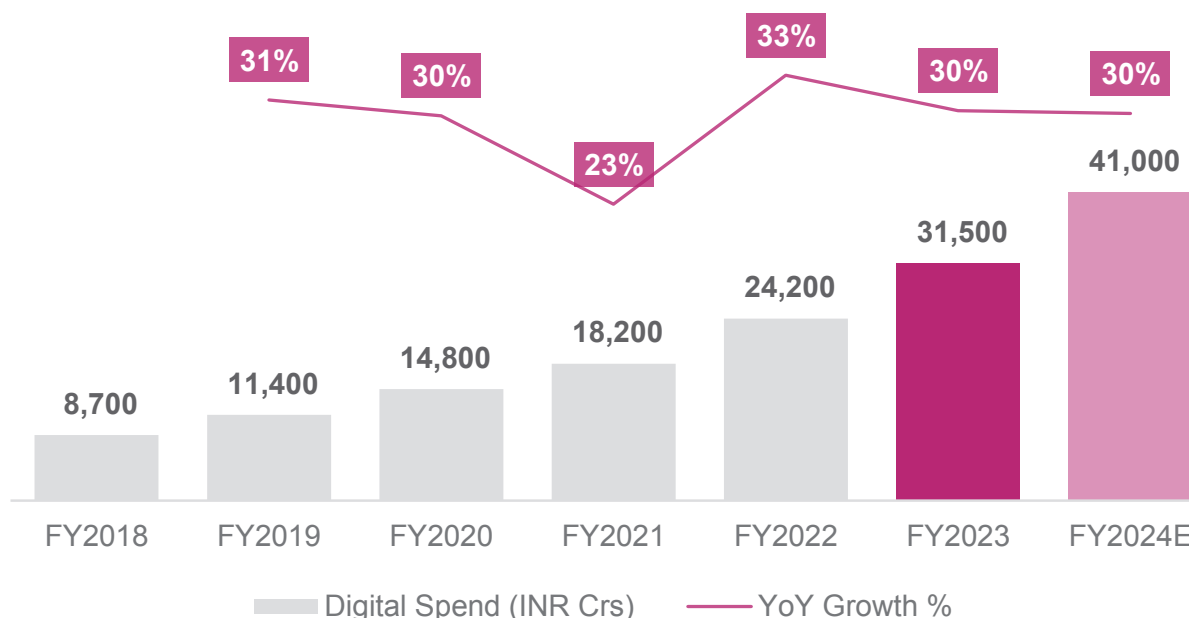
"I think all of us have seen this marked shift from traditional to digital over the last several years. Even before advertising started to move from traditional to digital, the reality is that consumers have started consuming a lot more digital content. The move from traditional to digital has really happened in much younger generations, like Gen Z, but even millennials, Gen Y and Gen X, seem to have multiplied their consumption. So, they continue to consume the traditional, but they have added on consumption of digital media."

Pooja Baid,
CMO, Versuni

DIGITAL MARKETING SPEND

The digital marketing landscape in India has experienced rapid growth, fueled by increasing Internet penetration, smartphone usage, and a rapidly growing e-commerce ecosystem with an estimated value of INR 31,500 crore in FY 23, a 30% increase over the previous year. This segment accounts for 36.3% of the overall advertising expenditure in the country. Our early estimates indicate a continued upward trajectory and we anticipate the digital spending to be around INR 41,000 crore in FY 24, accounting for about 39% of the total advertising spend, overtaking television ad spending.

Digital Spends Trend in India (INR Crs)



Source: Ipsos Estimates

“The percentage of digital spending has been going up for sure. I think that it will increase in terms of percentage, because the world is, or the audience the banks speak to are pretty much 100% digital first audiences excluding rural or lower income categories. If we consider an example, many people wake up in the morning and start scrolling through their social media pages, checking the news or apps. Therefore, digital marketing is not going anywhere; it is only going to increase.”

Shoma Narayanan,
Group Strategic Marketing & Communication, DBS Bank

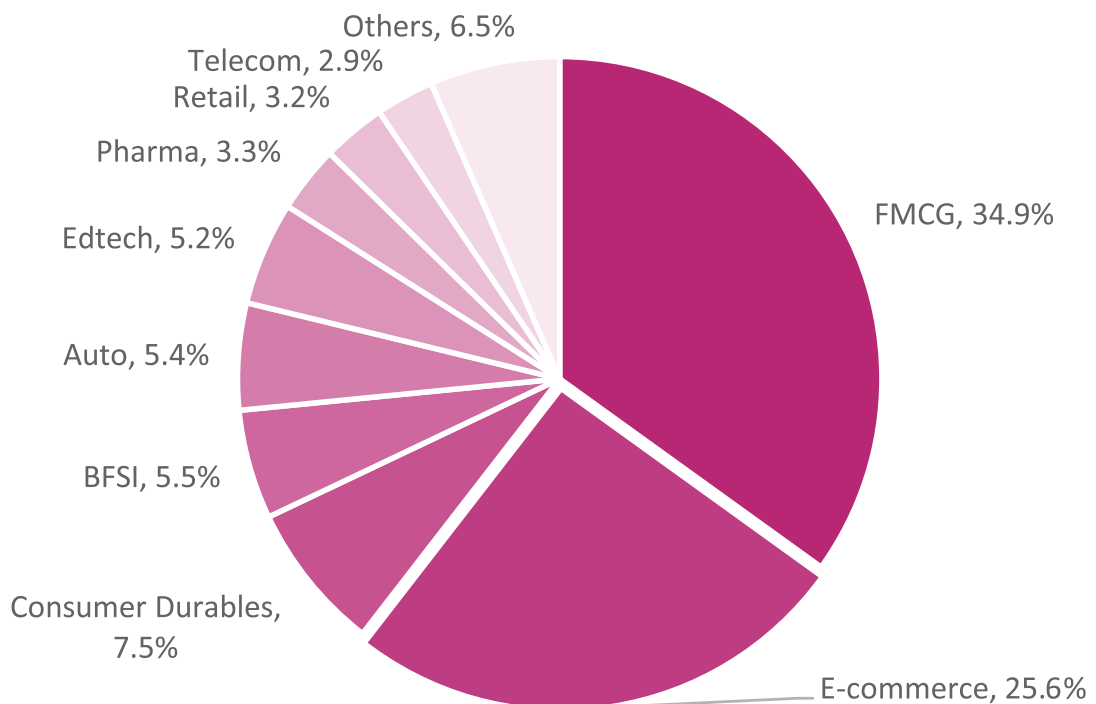
“In the past three years, the share of digital advertising has nearly doubled, a trend that has accelerated significantly post-COVID due to the rapid digital adoption by consumers. Both individuals and businesses are increasingly channeling their financial resources towards digital advertising. The robust growth in digital spending is evident, with publishers and various platforms increasingly dominating this space. The momentum on digital platforms is undeniable and poised to continue; I anticipate a further 200% growth in the next three years, fueled by the advent of 5G.”

Krishnarao Buddha,
Senior Category Head - Marketing, Parle Products

DIGITAL SPEND SHARE BY INDUSTRY SEGMENTS

Digital advertising spends in India are primarily driven by 9 key sectors, with FMCG and E-commerce contributing to over 60% of the total digital spending. In FY 23, the FMCG sector maintained a predominant position with an absolute share of 34.9%, while E-commerce closely followed at 25.6%.

Digital Spends Share by Segments (Total = 100%, INR 31,500 Crs)



Source: Ipsos Estimates.

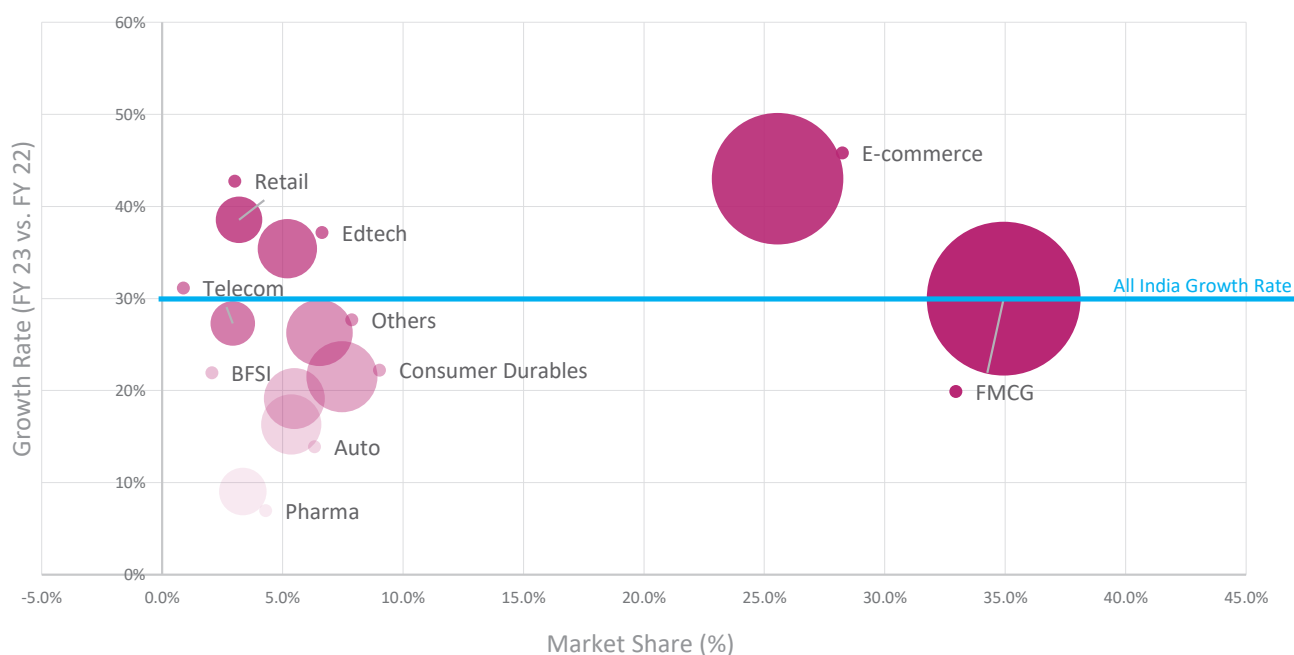
Note: In FY 23, there have been definition changes, basis which all E-commerce have been grouped together

“Digital is becoming progressively important. However, for many of the larger players, digital is still a smaller percentage of their budget, though it is increasing drastically as you are able to rely on digital because it has begun to improve your revenues and penetration in certain markets.”

Kunal Sharma,
Head of Marketing, KRBL

Four of the 9 segments have been growing at a rate higher than the overall industry growth. The two large segments are also the fastest-growing segments, hence contributing to the overall growth of the industry. E-commerce is the fastest-growing segment with an increase of 43% (FY 22 vs. FY 23), and FMCG grew by 30%. In Retail (Organized) digital ad spending surged by 39%, while Ed-tech experienced a 35% increase.

Digital Spend, Growth Segments



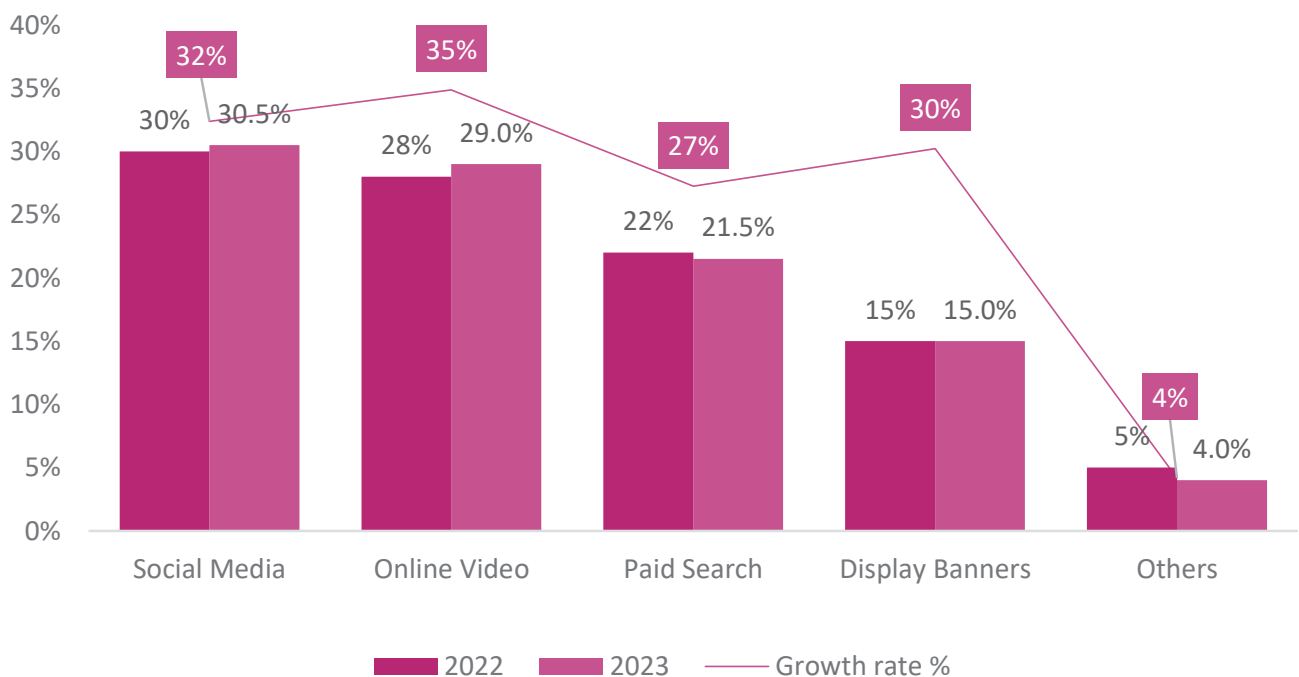
“Digital is still under penetrated in India as compared to the US market where digital is growing by more than 50%. In India, it is the fastest growing channel right now. The role of digital marketing depends upon the product life cycle. If the product is very new in the awareness building stage, then traditional channels play an important part because of the impact followed by digital. Digital is going to play a big role for niche brands and also for brands which are slightly evolved and where awareness is high.”

Arpan Biswas,
Marketing Head, Reliance AJIO

DIGITAL MEDIA SHARE BY FORMATS

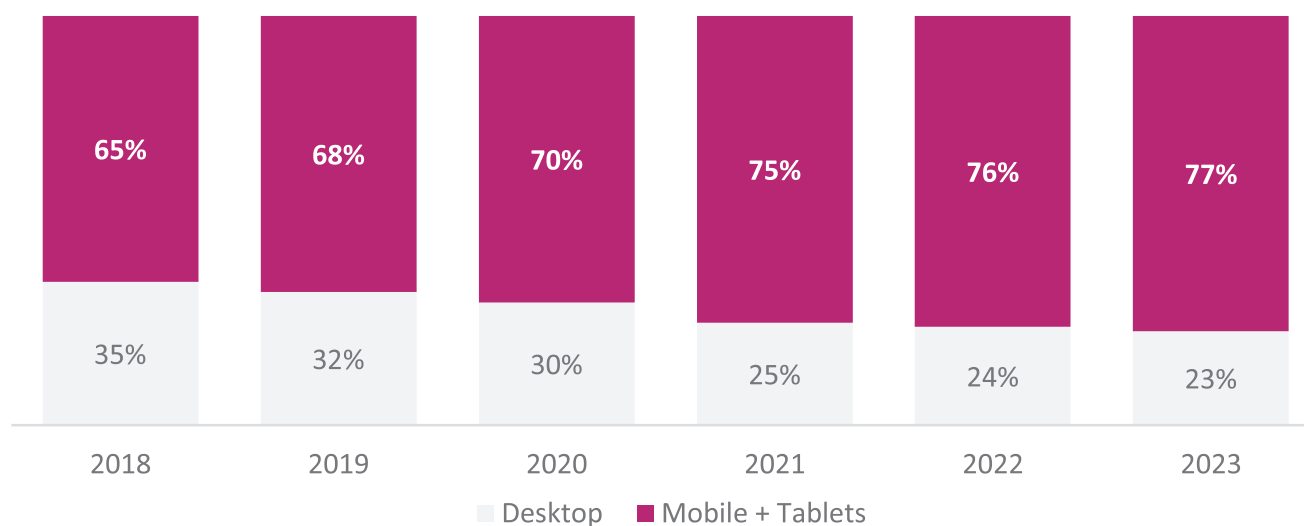
Social media, online videos and paid search continue to be the main formats that marketers have leveraged in their digital marketing strategy. In FY 23, social media took the lead with a contribution of 30.5%, followed by online video, the fastest growing (35% increase) format accounting for 29%. Paid search holds a share of 21.5%, while display banners contribute approximately 15%.

Digital Spends by Formats



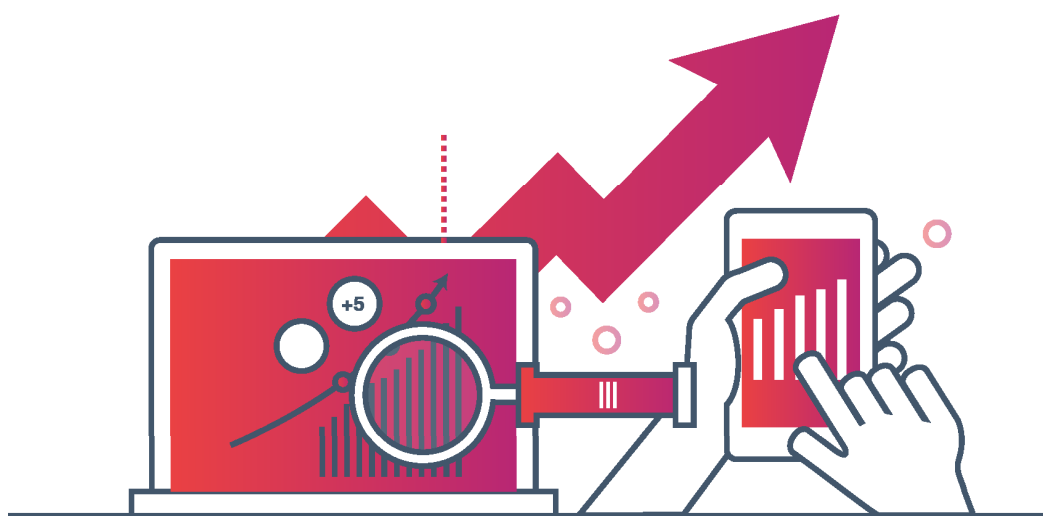
Source: Ipsos Estimates

DIGITAL MEDIA SPEND: SHARE OF MOBILE



Source: Ipsos Estimates

The landscape of digital media spending has undergone a significant transformation, with a remarkable shift towards mobile platforms. Ipsos estimates that the mobile and tablet now commands an impressive 77% share of the total digital media spend in FY 23. The surge in mobile advertising can be attributed to the widespread adoption of smartphones and increasing reliance on mobile devices for various aspects of daily life. In comparison, desktop has seen a decline in its share, contributing to 23% of the digital media spend.



GROWTH DRIVERS OF DIGITAL ADVERTISING

In the era of rapid technological advancement, the exponential growth of digital advertising has transformed traditional marketing landscapes, leveraging the power of online platforms to reach wider audiences and drive unprecedented levels of engagement. There are 3 key drivers which fuel the rate at which the digital marketing segment is growing in India.

1. Increasing Adoption of Digital Platforms and Technologies by Consumers:

- Rise of Internet users
- Rise of smartphones, social media, and online shopping
- Businesses invest more in digital marketing to reach their target audience

2. Availability of Data for Analysis:

- Proliferation of digital channels
- Access to large amounts of data about consumer behaviour, preferences, and demographics
- Data used to create more targeted and personalized marketing campaigns

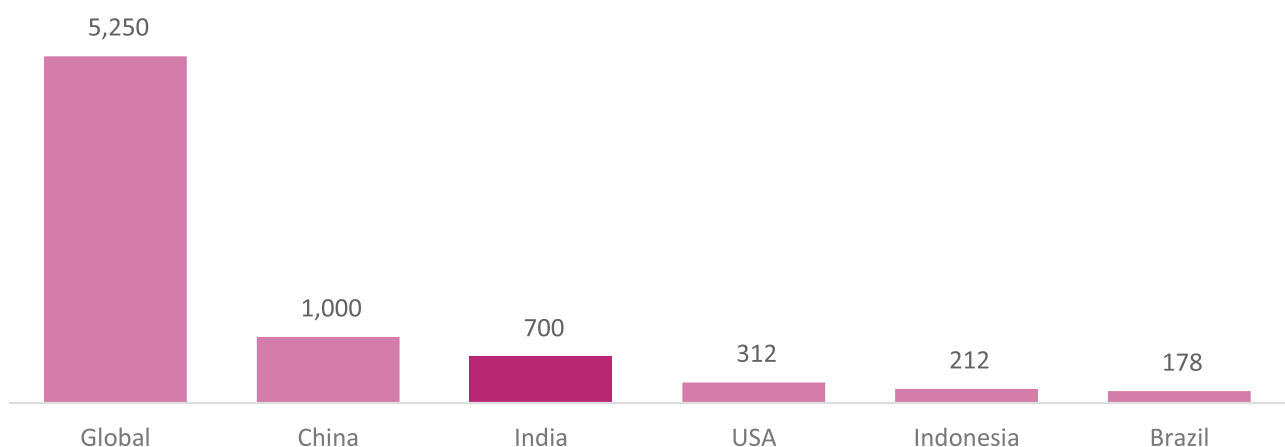
3. Advancements in Technology:

- Artificial intelligence and machine learning are revolutionizing digital marketing
- Automation of processes, optimization of campaigns, and delivery of personalized experiences
- Increased efficiency and effectiveness in marketing efforts

KEY STATS #1: RISE IN NUMBER OF INTERNET USERS

India is witnessing the fastest adoption of the Internet which is driven by various direct and indirect initiatives. Globally, we estimate the total Internet users to be around 5.25 billion i.e., ~65% of the total world population in 2023 (~8.0 billion Source: UN Mid-Year Estimates).

Internet Users by Country (mn)



Source: worldpopulationreview, UN, Ipsos Estimates

The “Jio Effect” revolutionized Indian digital marketing, with Reliance Jio’s affordable high-speed Internet, sparking a surge in online activity and prompting marketers to adapt strategies for the growing digital audience.

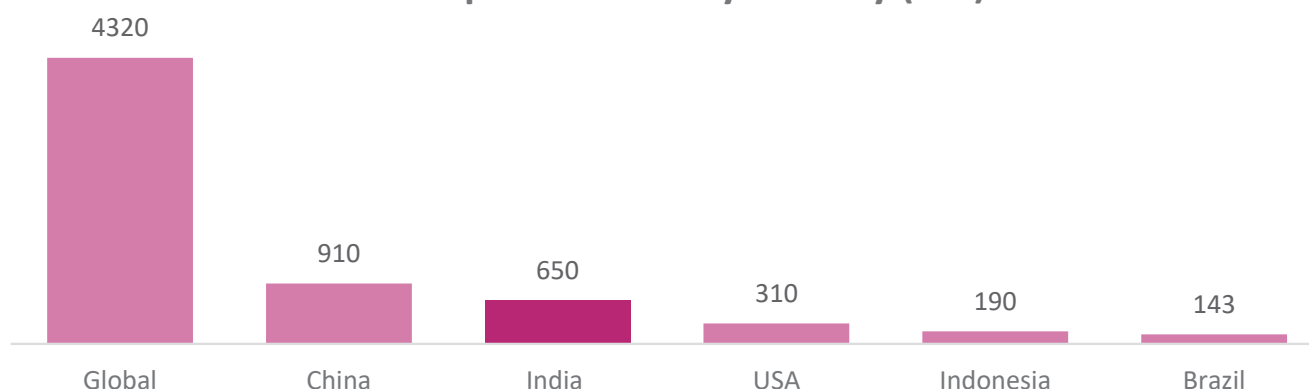
In FY 23 India is estimated to have about 700 million Internet users, which is ~49% of its total population. India has added ~42 million new users, which accounts for ~40% of the new additions globally.

Daily media consumption averages between 6 to 7 hours in India, with a predominant focus on activities like social media engagement, entertainment, online browsing, shopping, gaming and much more.

KEY STATS #2: RISE IN SMARTPHONE OWNERSHIP

Smartphone ownership is on the rise: The ownership of smartphones has risen to 55% of the global population, an increase from 52% in 2022. This growth is attributed to the declining prices of devices and the expanding accessibility of mobile Internet services.

Smartphone users by country (mn)



Source: GSMA, Ipsos Estimates

Globally, we estimate that the total number of smartphone users is around 4.32 billion which is around 54% of the global population and 4 billion users use the Internet on their smartphone which is around 50% of the global population.

Intense competition among smartphone manufacturers has led to price wars and the constant introduction of feature-rich, budget-friendly models. This competition has further contributed to making smartphones more affordable for a broader consumer base.

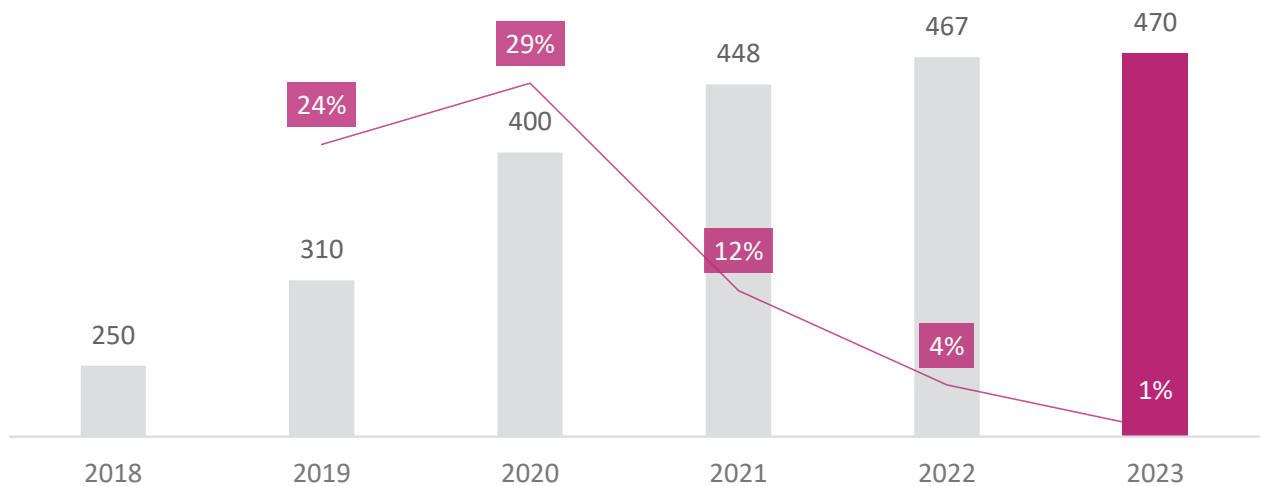
The smartphone users in India stood at 650 million which accounts for 46% of the total population of the country.

KEY STATS #3: RISE IN NUMBER OF SOCIAL MEDIA USERS

Globally, the penetration of social media users stood at 4.95 billion users which is around 62% of the population. Social media users grew by 4.5% against last year adding 215 million new users globally.

In India, the penetration of social media stood at 32.8% of the total population, which is around 470 million social media users.

Social Media user in India

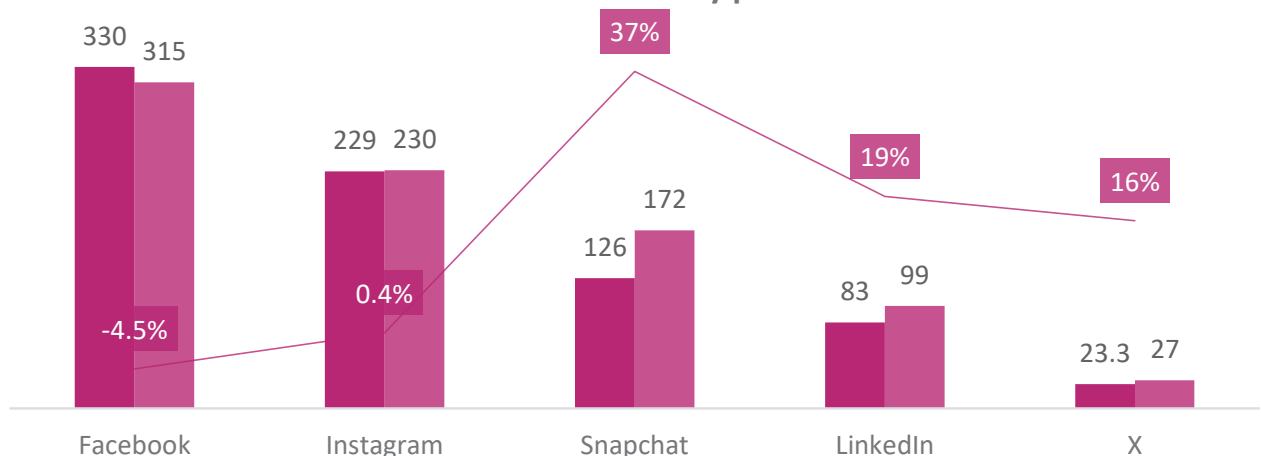


Source: Datareportal

■ User base (In Mn) — Growth Rate %

India's social media landscape is diverse and dynamic with each platform offering unique features and engagement opportunities to the table. The popularity of these platforms is driven by factors such as user interface, content formats, and evolving trends in digital communication.

Social Media user by platform



Source: Datareportal

■ User base 2022 (Mn) ■ User base 2023 (Mn) — Growth Rate %

“Globally, the amount of time people spend on social media has also increased as compared to the same time last year. This impacts how people access information, communicate, and express themselves online, which is why we think carefully about how and where we reach potential customers.”

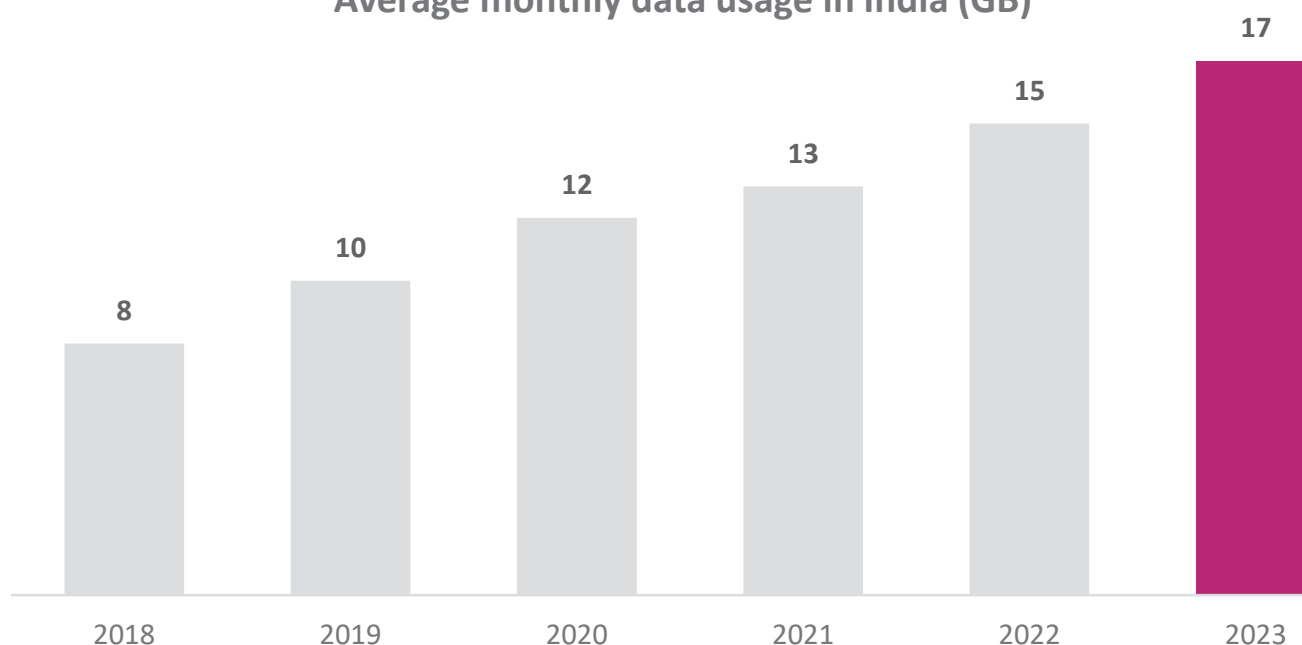
Santosh Kumar,
Country Manager for India, Sri Lanka, Maldives and Indonesia at Booking.com

KEY STATS #4: INCREASE IN QUANTUM OF DATA

The average monthly data used per person grew from 15 GB in 2022 to 17 GB in 2023 (Source: TRAI). By 2028, the average data traffic per smartphone in India is estimated to touch 62 GB per month (Source: Ericsson Mobile Data Traffic Outlook).

The growth of online activities, such as video streaming, online gaming, and social media usage, can contribute to increased data consumption. These activities often require higher data bandwidth, leading to a surge in overall data usage.

Average monthly data usage in India (GB)



Source: TRAI

INSIGHTS AND TRENDS FOR 2024 AND BEYOND

Over the last few years, digital marketing has witnessed immense growth, also propelled by the macro forces during the pandemic - with shutdowns and lockdowns moving consumers from brick and mortar to online. We also saw the emergence of the direct-to-consumer model and marketers rejigging their advertising spends to include digital as a key media vehicle to tap into their captive audiences. High penetration of smartphones and Internet usage across socio economic groups in India are two key reasons for the adoption of online being all pervasive. Marketers have adapted to the fast-paced change around technology, consumers & business by going digital and adoption, to tap into their key audiences. Here are some key trends in Digital Marketing that will dominate, as we step into 2024.

TREND #1: GENERATIVE AI WILL REVOLUTIONIZE DIGITAL INDUSTRY

Generative AI is revolutionizing digital marketing by autonomously creating content that resonates with target audiences. This technology, powered by advanced algorithms, analyses vast datasets to produce compelling, contextually relevant material, including text, images, and even videos. By understanding user preferences and behaviour, Generative AI tailors content to specific demographics, enhancing personalization and engagement. It streamlines the creative process, enabling marketers to produce diverse and high-quality assets at scale. Furthermore, Generative AI optimizes ad targeting, improving the efficiency of campaigns thereby maximizing return on investment. In the ever-evolving landscape of digital marketing, embracing Generative AI offers a strategic advantage, driving innovation and efficiency in content creation and audience engagement.

“By leveraging AI algorithms to analyze vast amounts of customer data, brands can now gain deep insights into individual preferences and behaviors, allowing them to tailor their messaging and offerings to deliver delight to the end consumer. As we move forward, the long term effectiveness of harnessing Gen AI hinges on addressing AI bias. Brands must prioritize data integrity, ensure explain-ability and transparency in AI decision-making, and adopt a culture of continuous monitoring to mitigate biases and foster equitable, inclusive customer experiences.”

Rahul Talwar,
Chief Marketing Officer, Max Life Insurance

TREND #2: SHORT FORM VIDEO CONTENT & LIVE VIDEO CONTINUE TO BE IMPACTFUL

In the forthcoming years, the online content landscape is expected to be increasingly ruled by video, potentially outpacing social media in market prominence. As attention spans keep dwindling, the need for video content to be brief, targeted, and engaging is more crucial than ever. The trend of concise, and powerful advertisements known as bumper ads is projected to persist. For those engaged in content marketing, maintaining focus on live video should be a continued strategy into 2024!

A significant number of social media collaborations with Influencers now incorporate short video content to convey messages in easily snackable segments. Short-form video platforms have emerged as the top choice for content creators, owing to their soaring popularity among both users and creators. These platforms provide Influencers with a conduit to convey succinct and potent messages to their followers. Live streaming has also become a popular trend, enabling real-time interactions with audiences. This popularity prompted major e-commerce entities like Amazon and Flipkart to introduce a live commerce feature on their platforms.

“Videos will continue to grow and all kinds of videos in the form of storytelling, influencer collabs, short-form videos, product-related videos, etc. We will try to leverage storytelling videos on various platforms.”

Kunal Sharma,
Head of Marketing, KRBL

TREND #3: INFLUENCER MARKETING WILL PLAY A CRITICAL ROLE IN ENHANCING BRAND-CONSUMER RELATIONSHIPS AND DRIVING BUSINESS GROWTH

What makes this trend so exciting to watch is that it will help all parties to increase the value of their relationships. Brands will be able to implement better campaigns. Influencers will be treated as the professionals that they are. Consumers will find the products that they need at the best price.

In India, Influencers have become a vital channel for businesses, forging authentic connections with audiences through relatable content. They play a crucial role in influencing consumer purchase decisions and product research. The Influencer marketing industry has witnessed widespread adoption across sectors, like the personal care vertical, & other key sectors like food, fashion, jewellery, mobile, electronics etc. have also embraced Influencers to strengthen brand messages and connect with their target audiences.

“Influencer marketing works well for us as it builds awareness and drives consideration. As a D2C brand with innovative offerings, Influencers educate consumers on how to use our products and show its benefits. Nano and micro Influencers feature prominently in our execution as they build strong reach, going to newer audiences.”

Vanda Ferrao,
CMO, WOW Skin Science

TREND #4: PERSONALIZED & CUSTOMIZED MARKETING TO GAIN PROMINENCE CATALYZED BY AI & ML

Marketers are actively striving to create highly personalized website experiences, product recommendations, and content based on user behaviour and preferences. Brands are increasingly leveraging Artificial Intelligence

(AI) to customize not only email marketing campaigns but also pop-ups and in-app advertisements, tailoring it to individual consumer behaviours and preferences. This reflects the contemporary consumer demand for personalized experiences, wherein individuals actively seek products and services uniquely suited to their tastes.

In the current era, this inclination towards personalization has become so ingrained that consumers are willing to allocate additional spending for products that align seamlessly with their preferences. As the influence of technology continues to grow, the role of personalization in marketing, extending to various digital channels, becomes even more pivotal, reinforcing its significance in fostering a deeper, more individualized connection between brands and their target audiences.

“Personalization is an inherent human need. AI is democratizing high-end personalization and marketing, which means today with the help of an AI tool, even small brands, digital-only brands, brands that spend on only one medium are able to actually deliver a stellar personalized experience to consumers at a cost that’s affordable to them.”

Pooja Baid,
CMO, Versuni

TREND #5: MULTI-CHANNEL SOCIAL MEDIA MARKETING

Multi-channel social media marketing leverages diverse platforms like Facebook, Instagram, Twitter, and others, tailoring content for unique demographics. While promoting across channels, marketers must ensure consistent branding and customize content to suit the requirements of each platform. Data-driven insights optimize campaigns, integrate emerging platforms, foster engagement, and enable real-time customer interaction.



TREND #6: SECURITY BECOMES MORE IMPORTANT THAN EVER

One in four consumers say they are less comfortable with their personal information being used for personalization compared to a year before. Businesses need to prove to them that they can be trusted to keep their personal data safe so that consumers will continue to provide the insights they need to make better personalization possible. (Source: Twilio)

TREND #7: GOOGLE ANALYTICS 4

Google Analytics 4 (GA4) transforms digital marketing by leveraging audience insights for targeted remarketing in Google Ads, optimizing campaigns for superior performance. Its cookie-independent operation, GDPR compliance, and avoidance of IP address storage prioritize user privacy. GA4 introduces predictive metrics for understanding customer behaviour. Customizable events track specific interactions, enhancing data control and deepening insights. It allows for improved cross-device tracking and enables precise targeting across mobile, desktop, and tablet platforms, empowering marketers to create more impactful, multi-device campaigns. GA4's evolving features ensure adaptive and privacy-conscious strategies, promising enhanced user engagement in the future of digital marketing. Stay attuned to maximizing campaign effectiveness.

TREND #8: WHATSAPP MARKETING PICKING PACE

WhatsApp Business is a rising force in the digital marketing domain, capitalizing on its 2.5 billion active users globally, ~500 million in India.

WhatsApp marketing channel helps brands reach an enormous audience, build strong relationships with customers, and increase sales. Further, with chatbots, marketers can convert more leads into customers and provide 24/7 client support.

It allows for improved cross-device tracking and enables precise targeting across mobile, desktop, and tablet platforms, empowering marketers to create more impactful, multi-device campaigns.

Employing a full-funnel approach, businesses engage customers effectively at different stages:

- 1. Top of Funnel:** Utilize media-rich messages for product awareness and engagement.
- 2. Middle of Funnel:** Deploy personalized messages and unique offers to nurture leads and drive conversions.
- 3. Bottom of Funnel:** Leverage reminders for cart abandonment and remarketing ads to guide users back into WhatsApp conversations.

The “click to WhatsApp” ads feature empowers businesses to extend the reach of their ads across Facebook and Instagram, fostering user-initiated conversations. This functionality goes beyond targeting wider audiences; it facilitates personalized messages and diverse content types, including engaging media messages and recommended products. WhatsApp Business stands out as a pivotal tool for cultivating lasting customer relationships and elevating digital marketing outcomes. This integration of user-initiated conversations amplifies the effectiveness of the platform, providing businesses with a powerful means to connect directly with their audience and enhance the overall customer experience.

INFLUENCER MARKETING TRENDS

SIZE & SCALE

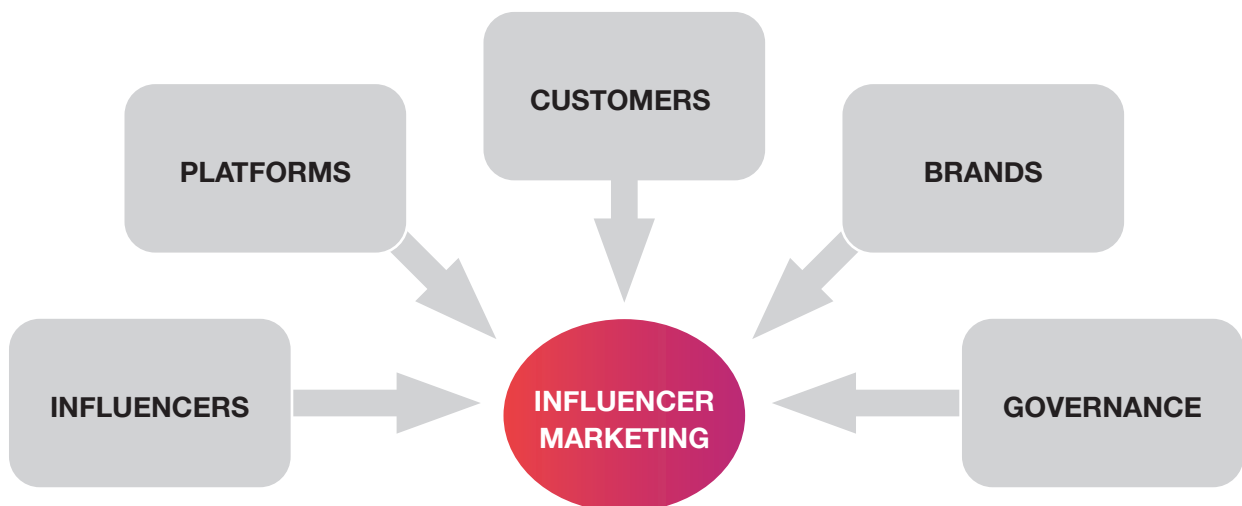
In today's era, Influencer Marketing is no longer a new kid on the block. In fact, in several categories it has started playing the protagonist. Based on our expert conversations, we estimate that marketers on an average tend to spend 8-12% of their digital marketing budgets on Influencer Marketing, depending on various aspects.

Based on this, Ipsos estimates an approximate spend of INR 3,000 crore on Influencer Marketing in FY 23 in India and it is likely to grow at a pace higher than the total digital spend growth. This growth is fuelled by 470 million social media users. Of these ~65% of users follow at least one influencer.

In India, there are an estimated ~2.2 - 2.5 million Influencers, who are divided into 4 broad buckets (type of Influencers).

Type of Influencer	Number of Followers	Estimated Size (mn)	Engagement Rate	Share of Influencer Marketing Spend
Nano	1 – 10 k	2 mn+	4 - 6%	10%
Micro	10 – 100 k	270K+	1.5 – 2.5%	20%
Macro	100 k – 1 mn	32K+	1 - 1.5%	30%
Mega	1 mn+	2.2K+	1 - 2%	40%

These numbers have helped create an ecosystem which includes Influencers, Brands that leverage these Influencers, Customers who are consuming these products/ services as well as Governing bodies to protect stakeholders' interests.



SHIFT IN CONTENT QUALITY

With an overwhelming number of Influencers, there is a growing skepticism among consumers on their acumen, fitment and capability. Hence, content 'relevance' and 'Influencers' expertise' is going to play a major role in content quality, along with 'relatability'. Localised and vernacular content is a major draw as it increases reach and engagement in smaller towns and among rural audiences.

Micro & Nano Influencers Gaining Prominence:

These categories of Influencers have fewer followers, and this enables them to –

- Create content for their niche audience**
- Make personal connections with their followers**
- Have higher engagement rates**
- Help brands reach niche consumers**
- Lower cost to brands (as compared to Macro, Mega/ Elite Influencers)**

INCREASING NEED FOR GOVERNANCE

Like any industry, Influencer Marketing is not untouched by breaches, uncorroborated claims, misrepresented facts, etc. As per ASCI, "one in every four ads processed by them in 2022-23 had violations by Influencers." Leading the pack in violations were Influencers from 'personal care' followed by 'food & beverages' and 'fashion & lifestyle' segments. In the recent past, the Union government enforced a set of guidelines for Influencers endorsing products related to medical conditions.

Given the fact that these Influencers are shaping users' choices and behavior, these control measures become imperative. There is also a need for the Influencers to participate in policy-making to ensure a balanced approach and promotion of the industry.

ADDRESSING CONCERNS: THE CHALLENGES AND CONSIDERATIONS IN INFLUENCER MARKETING

Like any emerging entity in an ecosystem, industry veterans have concerns towards Influencer Marketing as well. Since there is a heavy dependency on Influencers' customized content, marketing managers are sceptical to hand over the brand messaging to these Influencers, particularly to micro and nano Influencers. An alternative is to closely collaborate with Influencers to co-create content, but this approach may inflate costs. Additionally, there is a belief that Influencers provide only short-term advantages and may not be committed for the long term. These are some of the concerns that marketing managers must consider when planning collaborations with Influencers.

FUTURE TRENDS

AI is Set to Transform Influencer Marketing: From harnessing information to integrating ChatGPT for advanced messaging features to Virtual Influencers, AI will change the landscape of this industry.

Multiplatform Creator Loyalty: Many Influencers maintain their presence on multiple platforms, leading to their fans following them across platforms as well. This fosters a seamless relationship between an influencer and his/ her followers.

Live Shopping in Influencer Campaigns: Facebook and Instagram have already leveraged this trend and are set to gain prominence.

Rise of Diversity & Inclusion (D&I): Leading LGBTQ+ Influencers boast ~20 million followers reflecting its relevance and importance.

Performance-based Deals between Brands and Influencers: This will lead Influencers to commit to delivering result-oriented outcomes and make them more accountable.

Short Videos to Lead the Pack in the Content Format: Subject matter as well as niche expertise play an important role.

“Some Influencers add this amazing layer of authenticity or credibility to what you’re trying to say. So, Influencers are increasingly becoming the go to for your tier two dimensions of marketing, so to speak. So, your basic reach frequency, etc. happens via advertising. And the rest of the job actually gets done via a lot on digital, one of which very recently, and by very recently, I mean last couple of years, has very prominently been Influencer marketing.”

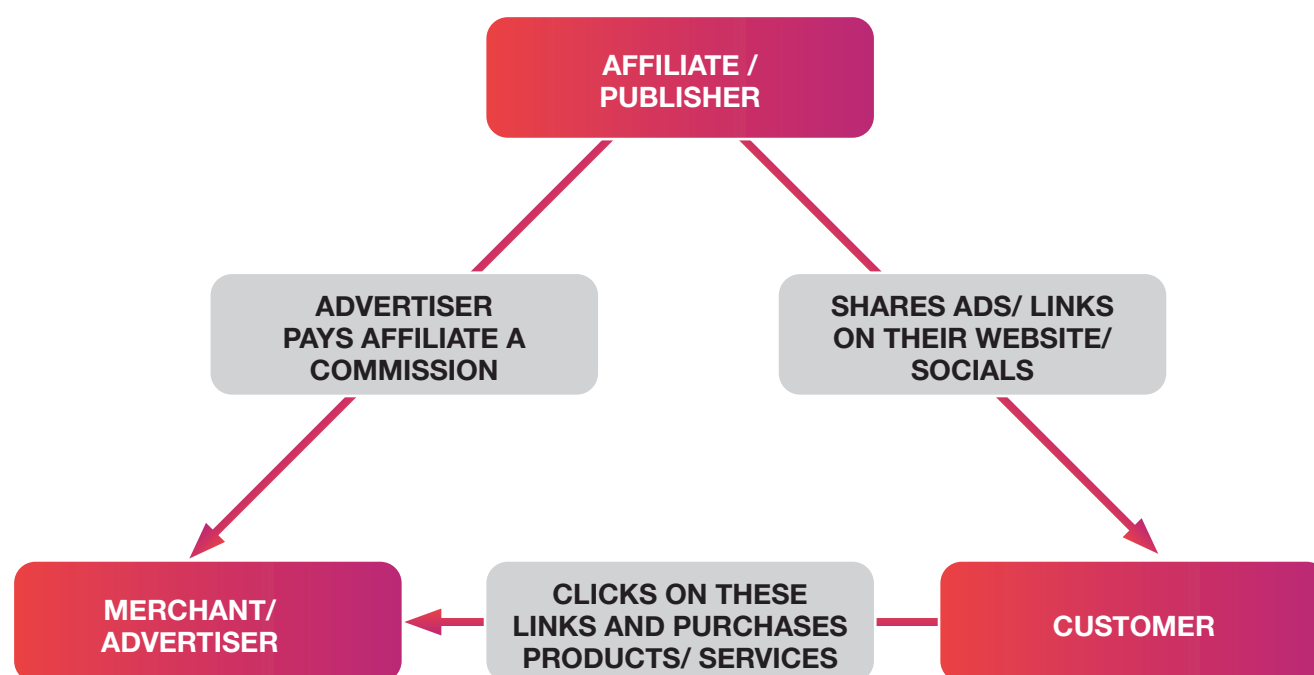
Pooja Baid,
CMO, Versuni

“In India, you will see a separate set of Influencers, yes of course, Hindi is very widespread, but you actually see it in other regional languages as well. You find Bhojpuri Influencers; you find some Tulu Influencers and in Kannada and so on and these big brands are really exploring these avenues.”

Shoma Narayanan,
Group Strategic Marketing & Communication, DBS Bank

AFFILIATE MARKETING TRENDS

Affiliate marketing is a performance-based marketing strategy where a business rewards external partners for driving traffic or sales to the business's products or services. In this arrangement, the affiliate earns a commission for each customer or lead brought in through their marketing efforts. The goal is to create a mutually beneficial relationship where the merchant gains increased exposure and sales, while the affiliate earns a commission for their promotional efforts. This form of marketing is commonly employed in online businesses and utilizes various digital channels for promotion, including websites, blogs, social media, and email.



STAKEHOLDERS IN AFFILIATE MARKETING

E-commerce giant Amazon popularized this marketing for their online model. This was quickly adopted by others and its growth was fueled by easy and ready access to the Internet among customers. Recently, high-growth startups in India have started leveraging this model ensuring heavy participation from all the stakeholders.

CURRENT STATE OF AFFILIATE MARKETING

It started with being a 'source of side income'. With the advent of blogs and bloggers, it gained prominence, especially for products/ services relevant to the bloggers. Then came social media which opened up a whole new avenue to promote products.

In the recent past, mobile affiliate marketing has surpassed all benchmarks. Both advertisers as well as affiliates are paying close attention to mobile content as more consumers have easy access to mobile and are spending more time on it.

As per Ipsos estimates, affiliate marketing spends is valued at INR 2,500 crore (FY 2023) in India, ~8% of the Digital Marketing Spends.

Based on their involvement, the affiliate marketing model is of 3 types –

- 1 Unattached** – In this model, affiliates have no connection/ relation with the product/ service they are endorsing.
- 2 Related** – In this format, affiliates are experts on the said product(s)/ service(s) and they do endorsement based on their skills. In this case, the affiliate has enough influence and expertise to generate traffic.
- 3 Involved** – As the name indicates, these affiliates are involved in the marketing process. They use these products, and their views are based on their own experience. This brings more credibility to the product. In this case, because affiliates are making recommendations, their reputation is at stake if a problem arises with the offerings and vice versa.

For seamless functioning, there are a few best practices which should be implemented –

- 1. Right affiliates:** Affiliates associated with a brand should be compatible with brands' needs, values, and target audience.
- 2. Guide Affiliates as per Brand requirements:** Once right affiliates are onboard, it's important for advertisers to clear expectations and guidelines keeping brand priorities in mind.
- 3. Competitive Commission Rates:** Attractive commissions will help onboarding quality affiliates and effective incentives will help motivate and retain them.
- 4. Performance to be monitored:** Along with motivating, it's also important to monitor them. Effective monitoring can be achieved through well-defined metrics and advanced analytics. This will help advertisers to design better incentive programs as well.
- 5. Incentivize 'customers':** It's not only important to motivate affiliates but also customers need incentivising. This will increase sales.
- 6. Effective communication:** Transparent and prompt communication with affiliates will build a robust relationship between entities and support for affiliates.
- 7. Manage malpractices:** Use tools to detect fraud and establish healthy relationships.

AFFILIATE MARKETING LIKE ANY OTHER MODEL, HAS ITS...

PROS

- a. Access to broad market
- b. Generation of more reliable leads
- c. Low-cost advertising/ promotion

CONS

- a. Affiliate onboarding/ management
- b. Commission/ fee
- c. Subject to fraudulent practices

EMERGING TRENDS

- 1. Intersection of Affiliate and Influencer Marketing:** Advertisers will start including Influencers specifically micro-Influencers to be their affiliates. This is due to these Influencers' capability to create better connections with their audiences increasing conversion rates.
- 2. Enhanced Tracking & Analytics:** Accurate tracking & analytics will take centre stage. Real-time analytics, multi-touch monitoring and improved attribution models will give better insights and RoI to advertisers. This will also help them manage affiliates better.
- 3. Increased Adoption of AI:** Like any industry/ sector, AI will play a key role in optimising affiliate marketing initiatives. Starting from 'selecting best affiliates' to 'efficient keyword search' to 'leveraging data' to 'personalised experiences' to 'providing customer support' to 'avoid fraudulent activities', AI will do it ALL.
- 4. Wide Range of Content Formats:** To keep the audience interested, advertisers as well as affiliates will keep evolving content formats. Quizzes, videos, vlogs, podcasts, etc - the list will keep growing.
- 5. Local to Global Shift:** Brands have this unique opportunity to develop affiliates internationally and enter new avenues.

Affiliate Marketing has its share of issues on the way forward. With more informed customers, a wide range of options, stringent policies and ever-changing technologies, affiliates will need to keep evolving themselves.

"I have seen our affiliates scale more than 4X in the last few months, but you need tools, multiple tools, one is to be optimized at the right moment, and push back the data to affiliates and second thing you need affiliate real time, automated payments as well, basis which learning goes up."

Arpan Biswas,
Marketing Head, Reliance AJIO

"Affiliate marketing is picking up; however, one has to be extremely careful with it."

Shoma Narayanan,
Group Strategic Marketing & Communication, DBS Bank

METHODOLOGY & DISCLAIMER

This white paper has been conceived and written through accessing multiple data sources. Analysis and interpretation of the data is based on Ipsos's consultants' understanding & experience. The key sources for information gathering include:

- 1. Secondary research:** Ipsos has accessed several resources such as but not limited to Ipsos internal POV, news articles, company websites, sectors reports, industry reports available in public domain, blogs etc. Ipsos also analyzed advertising & marketing / promotions spends of 120+ companies representing 10 major sectors.
- 2. Expert interviews:** Ipsos carried out interviews with senior marketers to get their perspective on the Industry Size, Spend Mix, Factors driving spend, Trends & Industry Challenges. The stakeholders interviewed represented different industry segments. Cross referencing of available data points was also carried out.

To estimate the size of the industry, Ipsos has carried out thorough analysis of all the secondary & primary data in addition to making necessary assumptions. The starting point of the estimation was to arrive at sector wise spend on advertising & marketing / promotions, which is believed to be the spend head under which Digital Marketing is classified. This was arrived at by deriving the spend as a % of revenue for the sample companies, multiplied with the relevant sector. At a sector level, Ipsos funneled down the estimates to determine the Digital Ad spends.

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Awards '25

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MARCH '25



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Disruption**
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OUR INDUSTRY PARTNERS

Anand Bhatia

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Arpan Biswas

Marketing Head, Reliance AJIO

Krishnarao Buddha

Senior Category Head - Marketing, Parle Products

Kunal Sharma

Head of Marketing, KRBL

Pooja Baid

Chief Marketing Officer, Versuni

Rahul Talwar

Chief Marketing Officer, Max Life Insurance

Santosh Kumar

Country Manager for India, Sri Lanka, Maldives and Indonesia, Booking.com

Shoma Narayanan

Managing Director-Group Strategic Marketing & Communication, DBS Bank

Vanda Ferrao

Chief Marketing Officer, Wow Skin Science

IPSOS TEAM

Deepak H

Partner, Strategy3, Ipsos India

Priyanshu Singh

Consultant-Ipsos Strategy3

Baidhani Mandal

Consultant Ipsos Strategy3

Madhurima Bhatia

Media Engagement & Partnerships Lead, Ipsos India & APEC

ETBRANDEQUITY.COM TEAM

Satrajit Sen

Head of Product & Community

Devesh Gupta

Content Lead - Product & Community

Anirban Roy Choudhury

Assistant Editor - Special Initiatives

Sonali Bindra

Community Manager

Varun Markande

Senior Officer - Communities

DESIGN

Pramod Gupta



Marketing is a business driver as well as a social changemaker. ETBrandEquity.com is a celebration of this spirit and power of marketing to make the world a better place. We bring to fore the biggest questions, challenges, developments: all that elevates marketing as a driving force for an individual, a business and the community-at-large. Through our rich portfolio of content as well as in-house events, conclaves and more, we're here to help you build influence, enhance your effectiveness and become the best marketer you choose to be.

Today, ET BrandEquity has grown into a globally-networked media brand focusing on data and analysis, people and culture, and innovation and forecasting. Furthermore, we transfer our core values of honesty, curiosity, quality, and integrity to the events, conclaves, sessions, and other such gatherings in the fields of MarTech, AdTech, PR, corporate communications and more. The DigiPlus Conclave and Awards, Martech Asia, India Communication Summit, Kaleido Awards, Brand World Summit, Shark Awards, iStream Congress, SPOTT Awards, Brand Disruption Awards, Brand Bharat Summit, CX+ Summit, are just some of our landmark properties that have grown from strength to strength in recent years.

Much like the rest of marketing, the story of ET BrandEquity is still being written.

