

Festive cheer boosts ad spends for regional channels

After two dreary festive seasons owing to the Covid19 pandemic, Indians have once again welcomed festivities with positivity and cheer this year. After the pandemic broke out in 2020, this is the first festive season free from all Covid19-related government restrictions. While the pent-up demand has made consumers more willing to open their purse strings, brands have also increased their ad spends this year.

Regional channels have also made the most of this festive season and some report that their revenues have reached the pre-Covid levels. Industry experts suggest that these channels would have raked in as much revenue as 2019 or at least 5-10% more than that.

"If we are to look at only the festive season, the ad spends are back to the pre-Covid levels or maybe even marginally higher. This could be due to some pent-up demand," says Ashish Bhasin, co-founder, and chairman, RD&X Network.

With festivities returning to the old normal, there is a positive sentiment among consumers. Traditionally, Indian consumers wait for festivals to make big purchases like automobiles, jewelry, or consumer durables. It is also the time when brands bring out good discounts or attractive offers. Almost 40-45% of the annual ad spends in most categories are made during this time.

The festive season begins with Ganesh Chaturthi and continues until New Year's. During this time, several regions have relevant festivals like Kerala celebrates Onam, West Bengal celebrates Durga Puja and Bihar celebrates Chhath Puja. For the vernacular channels, it is their moment in the sun as not only brands from their particular region but also national brands reach out to them.

"Overall the ad spends have been good in the festive season so far. In the festive season, brands want to quickly reach as many people as possible. Depending on the geographical spread of their target audience, the channels in that particular region become very important for them. The festive season tends to be fairly crowded as everyone is advertising at this time - national brands with certain geographical preferences and regional brands," he says.

Samrat Ghosh, cluster business head - Zee Bangla and Zee Bangla Cinema, says the advertiser's investments have gone up as compared to the last two years. Several categories that had reduced their spends during Durga Puja have resumed their spends.

"Many brands that would heavily advertise during Durga Puja have come back. For example, the paint category or the automobile industry," he says.

Amarpreet Singh Saini, chief channel officer, Zee Ganga, and Zee Biskope, says brands are looking to tap the pent-up demand. For the Bhojpuri channels, Chhath Puja, which was on October 30, is a much-anticipated festival.

"Until last year people were not able to celebrate on the ghats. Now after two years people will be going out. So the entire enthusiasm and fervor are very different. Every advertiser wants to make the most of it and the response is overwhelming," he says.

However, Sandeep Gupta, COO, Broadcasting Business, Shemaroo Entertainment, which owns MarathiBana, a movie channel, says there is an increase in the volume of ads, but effective growth in the value is missing.

"The inventory has grown by 59% from 2019 to 2022 in the Marathi genre. There is a growth of ads but they are not monetizing the same value for the broadcasters," he says.

Gupta says the overall GRP the channels were garnering from 2019 to 2022 is much lower vis a vis right now. "The benchmarks will not be delivering the same amount of money. There has to be a time when CPRP benchmarks have to be done away with. The CPRP benchmarks are not correct and that remains a major challenge," he adds.

He also points to the concerns of an imminent recession and says brands are being cautious about their spends. Moreover, he says that as digital is growing it is taking away a large share of television's pie.

For regional channels, FMCG, automobiles, entertainment, and e-commerce are usually the highest spenders during this period. "Retail tends to be an important category for them. Some of the retailers may be restricted to a region and it becomes an important medium. Then there are some categories that witness a spike due to market trends. For example, a real estate boom will see more ads coming from the category," Bhasin adds.

Gupta says to have their share of voice, all national brands allocate at least 80% spends in regional media.

Saini says the EdTech category is now making its presence felt in markets like Uttar Pradesh and Jharkhand. "Post-pandemic new categories like health and sanitation have started making their presence within our market. However, the larger chunk is still with FMCG brands," he says.

However, the funding winter affecting the startup ecosystem has seemingly taken a toll on their ad spends. Bhasin says while the well-funded startups or the larger ones have continued to advertise, the trend of new startups has definitely slowed down.

"Every day a new startup was splurging with VC money. That has slowed down a bit. However, the older ones, which are in a more mature stage, have continued to spend and make the most of the festive period," he says.

Gupta also says that startup brands have become more cautious about their spends. "Most of the new-age upcoming startups were spending based on their funding. Their fund flows have significantly reduced and they need some time to come back. But now only the e-commerce brands, who are getting good returns, have been bullish," he says.

The Task

Keeping in view the above context, an EdTech company wants to encash on the upcoming festival of Basant Panchami in the month of January 2023. This festival is also celebrated as Saraswati Puja in some parts of the country. This festival signifies the worship of the Goddess of Knowledge "Maa Saraswati". Indian parents lay extraordinary emphasis on Education and want their children to be well-educated.

The Edtech Company wants you to develop and manage its advertising program for this occasion. You are expected to submit a 4 slide presentation that includes the following aspects:

1. Mission
2. Money
3. Message
4. Media
5. Measurement

Some Assumptions

1. The EdTech Company deals in supplemental education for students of class 6 to class 12.
2. They offer video lectures in English, Hindi, and major regional languages.
3. They offer video lectures, which are supplemented by numerous tests and reading material available in English, Hindi, and major regional languages.
4. There are one-to-one remedial classes for underperforming students and this is available to subscribers of the premium plan.
5. They offer content for all major boards available in the country.
6. They have been operating in India since 2009 and enjoy a customer base of approximately 1.2 million
7. They have an average retention of approximately 3 years for a student acquired.

Note: You are free to make any logical assumptions based on publicly available data.