

## Crafting a Global Image: Advertising the 'New India' After Economic Liberalization

*Dr. Mohd Iqbal Khan & Dr. Syed Irfan Shafi*

*Assistant Professor, Department of Management Studies, Islamic University of Science and Technology Awantipora- Pulwama, Kashmir*

### Abstract

The rapid expansion of India's advertising market has positioned the country as the fifth-largest in the world, with projections indicating it may surpass the UK to become the fourth-largest by the end of 2023, according to the Gunn Media Report. Since the liberalization of the Indian economy in 1991, multinational advertising agencies have established a strong presence through joint ventures with Indian firms. These collaborations have enabled them to cater not only to global clients but also to a growing number of domestic advertisers. This research examines the growth trajectory of the Indian advertising industry from 1991 to 2020, highlighting the significant developments driven by economic, social, political, and technological changes. The advertising sector's growth is evident in the figures: in 2023, the Indian advertising market was valued at ₹70,715 crores, marking an 18.6% increase from 2020. The digital advertising segment, in particular, has experienced explosive growth, with a compound annual growth rate (CAGR) of 35.3%, rising from ₹15,782 crores in 2020 to ₹21,353 crores in 2023. Looking ahead, digital media is expected to continue its robust expansion, with an anticipated CAGR of 29.5% by 2024. This analysis underscores the dynamic nature of India's advertising industry, which has adapted and thrived amidst significant shifts in the country's economic landscape. The growth of digital media, in particular, reflects broader technological advancements and changing consumer behavior, positioning India as a key player in the global advertising market.

**Keywords:** *India, Liberalization, Technology, Culture, Advertising, Evolution.*

## **Introduction**

Advertising has been defined as non-personal communication of information usually paid for & usually persuasive in nature, about products (goods & services) or ideas by identified sponsor(s) through various media (Arenes, 2010). Almost the same has been defined by other authors (Blech & Blech 1998, Wells, Burnett & Moriarty 1998, Bearden, Ingram & Laforge 1998) More narrowly it has been defined as “Impersonal *one way communication* about a product or organization that is paid by marketer” (Lamb, Hair & Mc.Daniel 2000). Taking into account the above definitions or interpretations of advertising it can be constructed that the function of advertising is

- Non-personal communication about products for an identified sponsor through usage of suitable media channels.
- To perform informative, persuasive and educative role.
- To either substitute or compliment or supplement role of the salesman

Advertising lies at the place where the culture and economy interact: its primary purpose is to sell products and by acting as a stimulus for purchasing behavior and it does this by using strategies that rework culture, creating the action of aspiration for and new desires for products. The major environmental factors that impact on advertising are: the economy, demography, culture, the political and legal system (Belch & Belch, 1990). Advertising is itself a cultural product which increasingly affects social attitudes, defines social roles, and influences cultural values. Influenced by these factors advertising evolved and developed a particular profile in western industrialized society in the 20th century as a means of stimulating the consumption of products generated by new and expanding industries. In recent decades, advertisers from the industrialized nations have increasingly targeted international markets, expanding the consumption of foreign products and bringing about widespread cultural change.

## **Liberalization and Advertising Industry in India**

In the early 1990s the Gulf War, caused rising oil prices implemented a major impact on the Indian economy, and reduced workers’ remittances from the Gulf which played an important economic role. The collapse of the Russian economy in 1991 lead to loss of markets for Indian goods and of subsidized imports. The sector most disturbed was energy (MacDonald et al, 1995). Other Eastern Bloc markets also contracted at this time. In the 1990s the liberalization of the economy continued, some of this externally imposed. In 1991 balance of payments crisis and the IMF restructuring package enforced a stabilization programme which devalued the rupee by 20%, controlling inflation through

fiscal austerity along with opening up the economy to the market (MacDonald et., al, 1995). Taxes were lowered, debt base was widened and foreign investments were encouraged. Changes did not address rural poverty or the bureaucracy. Investment expanded from 1994-1995 but it was often undisciplined. Industry expanded as well though there were also many casualties. Manufactured goods became cheap relative to farm products and previously scarce consumer goods were more readily available (Economist, 2001, May 31st). GNP growth per capita increased slightly in the 1990s from 5.8% 1980-1990, to 6% 1990-2000, and then declined to 5.2% in 2000 (World Bank, 2002). Growth averaged 5.5% from 1995-2002 (World Bank, 2004). Growth in 2006 reached 6% according to the CIA (2002). This growth rate dropped during the global recession from 5.7% in 2009, the growth reached 9.7% in 2020 (International Trade in India 2023).

During 1990s, Social instability on account of religion and caste (birth related) dispute along with the breakdown of communist ideology globally, lead to development of consumerist society in India with a propensity to go forward with free market ideology. By 1995, Indian consumers had forsaken the Nehruvian concept of self-reliance and embraced the only ideology remaining i.e. capitalism/laissez faire (Austrevicus & Boozman, 2008). Liberalizers and globalizers however viewed this as a space of unwanted articles and misleading communication, the very opposite of a well ordered system with cosmopolitan outlook. (Jameson, 1991) Making this relevant in Indian context became challenging for marketers including advertising industry. In the initial stages, there seemed possible clash between neo- liberalizers and status quosits leading to formation of various groups like Bombay club (indigenous domestic industrial groups) and other liberalizers like late Adyta Birla (AB group), Narayan Murthy (Infosis), who were determined to make their organizations global The fall of Berlin Wall (1989) and breakup of Eastern bloc (1989-92) initiated the entry of capitalism in continent Europe, which took almost 10 years to set in, although with a lot of pains and travails. Thomas Frank's illuminating study of economic restructuring in the 90,s lead the concept of Flat Cultured World .The fall of Berlin Wall was an indirect reason for the fall of trade unions and redundancy of labour laws .Global market economies insisted on removal of protectionist barriers and level the playing field. This ultimately led to the rise of W.T.O (Challakere, 2007)

In 1990, India adjusted to an extremely transformed external reality and an emerging internal financial crisis. Both these factors played a key role in framing the Indian politics with some new emerging concepts. While media options multiplied in response to liberalization in India, the advertising industry was not far behind. 11 of the top 20 advertising agencies in 1992-1993 were affiliated with MNC agencies with access to their research and training methodology. As the numbers of multinational agencies increased during 1990s, also affiliations of multinational brands with these agencies started increasing. Six of top ten advertisers in 1992 were Hindustan Lever, Procter & Gamble, Colgate, Palmolive, Nestle, ITC and Philips, all subsidiaries of well-known multinational companies. (Sengupta & Pashupati, 1996). New investments of approximately US \$ 20 billion were made by companies including Daimler Benz, Coca-Cola, DuPont, Ford, Fujitsu, General Electric, General Motors, IBM, Intel, Kellogg, Microsoft, McDonald's, Motorola, Texas Instruments, Timex, Pepsi, Phillip Morris, and several other multinational companies during 1990,s. (Ranjan 1997, Jain 2001 & Economist, 2005). In this developmental process, advertising played a vital role in India by creating demand for global brands of goods and services thereby ensuring awareness of competing products. In other words, to reach masses of affluent Indian consumers, the advertising industry brought a sea of changes in terms of modes of advertising. During the 1990,s a substantial amount of advertising budgets was utilized on advertisements of capital goods, consumer goods and services for creating a connect with the growing middle class population of India. which approximately equalled the population of U.S.A (250 million) (Jain 2001) Advertising agencies thus increasingly turned multinational and showed the phenomenal growth rates ,with increased billing of almost Rs 30000 Million in 1993,and Rs 50000 Million in 1994-1995. Advertising started to grow at a phenomenal rate of 40% plus after liberalization (Chunawalla & Sethia, 2007).

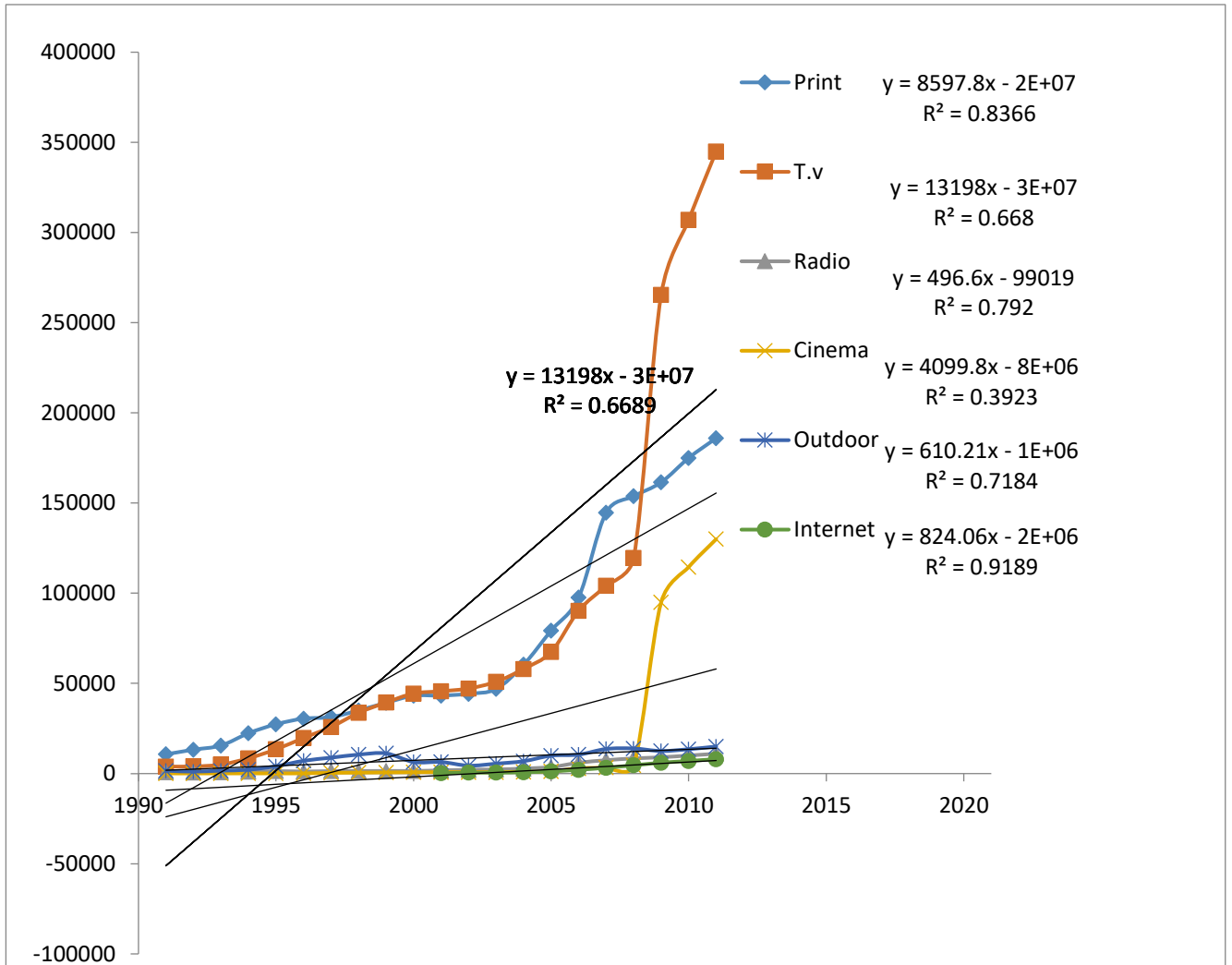
**Table 1: Evolution of Indian Advertising Expenditure by Medium from 1991 to 2023**

<b>Year</b>	<b>Print</b>	<b>T.V</b>	<b>Radio</b>	<b>Cinema</b>	<b>Outdoor</b>	<b>Internet</b>	<b>Total (RS MILLION)</b>
1990	10543	3800	670	65	1583	-	14534
1991	10690	3900	680	70	1584	-	16924
1992	13250	3950	590	80	1080	-	18950
1993	15550	4960	680	90	1632	-	22912
1994	22390	8480	1020	100	2152	-	34142
1995	27350	13450	1340	90	4064	-	46294

1996	30470	19750	1130	110	7072	-	58532
1997	31280	25840	1360	410	8800	-	67690
1998	35030	33670	1400	500	10512	-	81112
1999	39240	39410	1450	620	11200	-	91920
2000	43160	44390	1460	700	6400	-	96110
2001	43250	45640	1760	790	6400	300	98140
2002	44240	47170	2110	790	4392	500	99202
2003	46890	50940	2270	820	5488	540	106948
2004	60348	58020	2769	984	6860	702	129683
2005	79290	67460	3600	1160	9940	1229	162678
2006	97633	90262	6000	2900	10500	2100	209395
2007	144709	104242	7400	3291	13640	3200	276482
2008	153750	119521	8400	4445	13896	4600	304612
2009	161500	265500	9030	95000	12500	6000	549000
2010	175000	307000	10000	114500	13500	7000	627000
2011	186000	345000	11000	130000	15000	8000	695000
2012	195000	354000	1300	142000	14600	8200	72300
2013	197000	364000	1400	145000	14700	8400	75400
2014	198000	365000	1800	150000	14800	8500	76000
2015	199000	362000	1920	152000	14900	8600	76500
2016	210000	370000	1985	162000	15000	8650	79800
2017	215000	375000	2012	180000	16500	9230	80200
2018	224000	397000	2121	185000	15800	9870	85500
2019	234000	415000	2343	194000	17600	121000	89330
2020	254000	457000	2545	198000	18200	13200	9020

*Table 1 is an indicator of the evolution of the direction of expenditure in various channels of advertising in India.  
Source: The Indian media (2023)*

Figure 1: Evolution of Advertising expenditure from 1990-2020 with their linear Trend Lines (Linear equation and value of R<sup>2</sup>)



The value of R<sup>2</sup> of different medium shows that Internet has maximum impact on Indian advertising with highest value of R<sup>2</sup> = 0.918 and the value of R<sup>2</sup> of print shows the second highest impact on Indian advertising with value of R<sup>2</sup> = 0.836.

Figure 2: Distribution Of Indian Advertising Expenditure in The Year 1990 By Medium (In %).

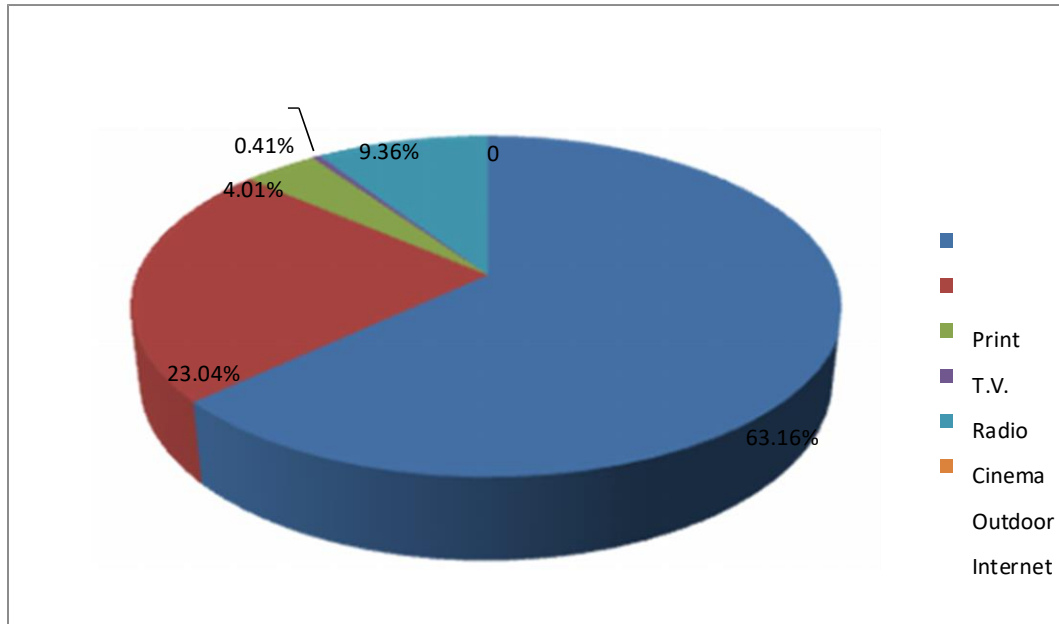
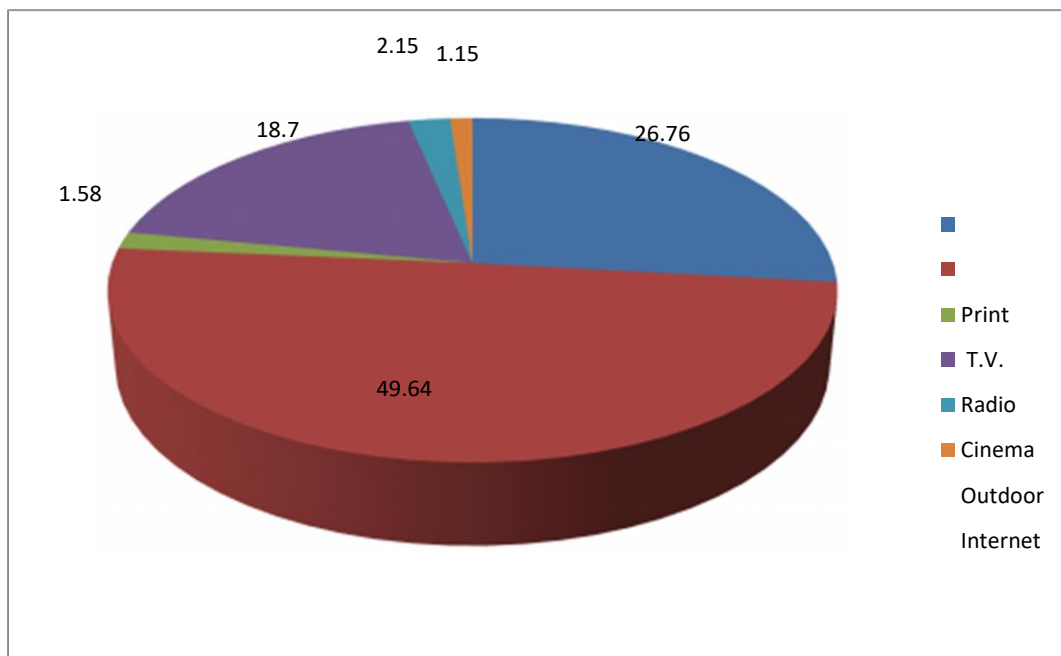
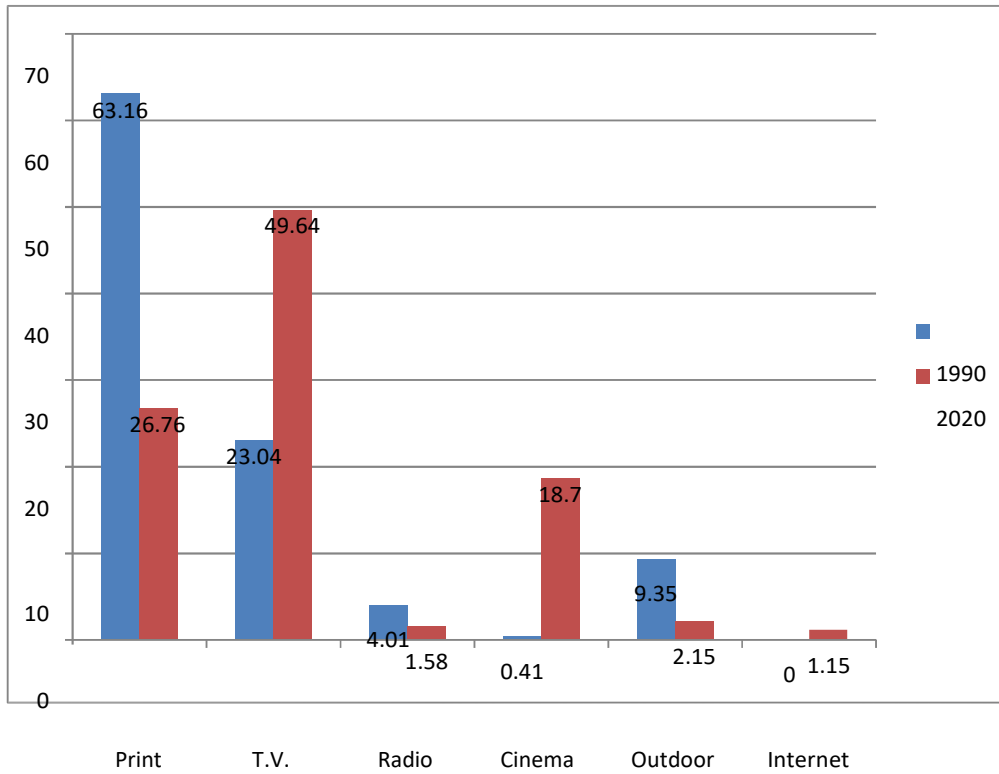


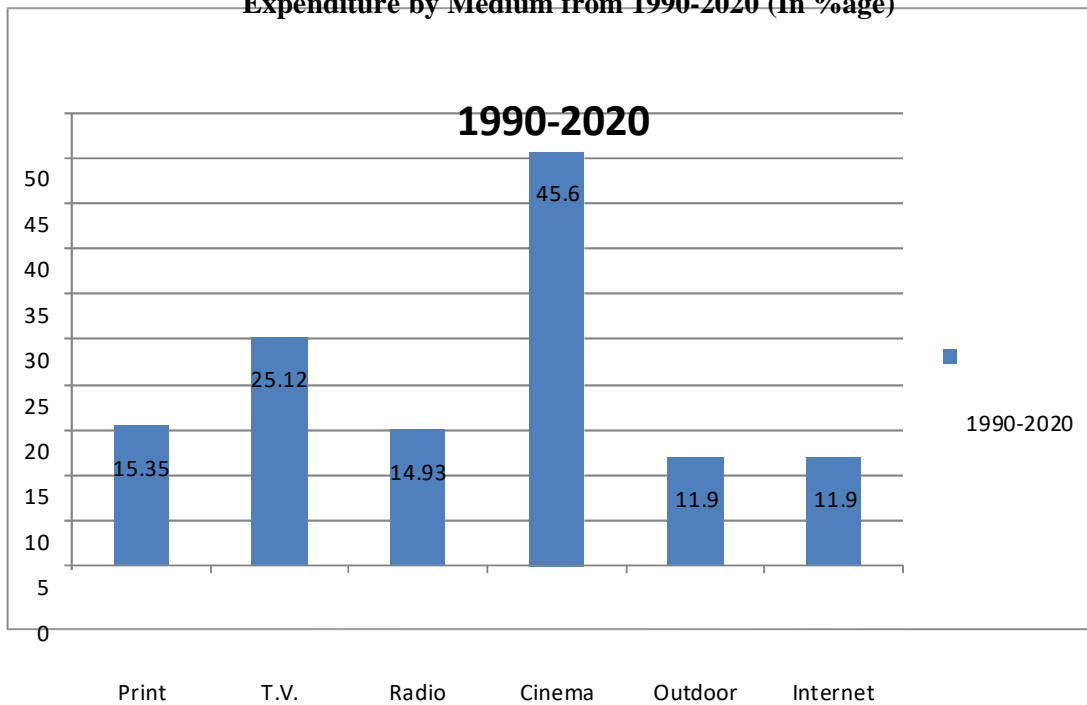
Figure 3: Distribution of Indian Advertising Expenditure in the Year 2020 By Medium (In %age)



**Figure 4: Pie Chart Indicating Evolution of Indian Advertising Expenditure By Medium in Year 1990 and 2020 in (%age)**



**Figure 5: Compound Annual Growth Rate (CAGR) Of Indian Advertising Expenditure by Medium from 1990-2020 (In %age)**





The high CAGR (1990-2020) shown in case of Cinema (Medium) can be put down to low base in 1991. The high CAGR (1990-2020) shown in case of T.V medium can be explained on account of entry of private channels through satellite T.V (Zee, Sony, Fox, etc.) resulting in large viewership. The recession of 2008 also affected advertisers, media and entertainment sectors. However rising income led to increased domestic demand (Consumption) in spite of recession. Companies diverted a substantial measure of efforts (including expenditure on advertising) to cater to rising domestic demand.

## **Strategies**

The advertisers in India moved from focusing on demand creation to brand creation and the promotion of specific products after 1990s (The Economist Intelligence Unit Ltd 1997). Before 1990 the advertising message was simple and straightforward communicating the benefits of product. Liberalized appeals after 1990s work through values and value changes (Srinivasan and Hanssens, 2009). Product endorsements by celebrities, cricket stars and Models were key market developers for advertisers to target Indian audience (Fanin, 1999). Colour theory, implementing appeals by using certain colour were also used in India after 1990s, example Lifebuoy soap used red colour for promotion and in packaging as red colour has a value in India as per hindu mythology (Pashupati & Sengupta 1996).

The Advertisers also used the innovative concept of Bilingualism, The mixing of Hindi and English language and the formation of the concept of 'Hinglish' advertisement. Advertisers and MNC, s in India used this, as an advertising strategy to communicate to the widest possible audience. The advertisements produced were with Westernized thought and concept. The number of multinational advertising agencies started increasing during 1990s and with it happened the concomitant affiliation of multinational brands with these agencies. Six of the top ten advertisers in 1992 were Hindustan Levers (Unilever subsidiary), Procter & Gamble, Colgate, Palmolive (now Colgate Palmolive), Nestle, ITC (Imperial Tobacco Company) and Philips, all subsidiaries of multinational companies (Sengupta & Pashupati 1996). Post liberalization English-language advertising in India became among the most creative in the world. TV advertising (especially in the Hindi language) has made major headway after 1990s, especially with digitalization. Domestic TV channels - like Zee and ETV - have imitated themselves on the lines of Western channels, and majority of advertising

in such channels is tailored for the aspirant middle class (150 million) by. Such channels have forced the state-owned channel, Doordarshan, to make drastic changes in their programmes and contents which, earlier in the absence of competition were drab and staid. The importance of Hindi-speaking audience (which is also fluent in English) is borne out from the fact that STAR TV (of Fox Network), once an all-English channel, is now predominantly broadcasting vernacular programmes. Even British Broadcasting Corporation was contemplating with the idea of airing programmes dubbed in Hindi (Parmar 2020).

**Table 2: Change in Social, Technological & Economic Sectors in post liberalized India 1990-2020 (Changing Macro-economic Parameters from 1990-2020)**

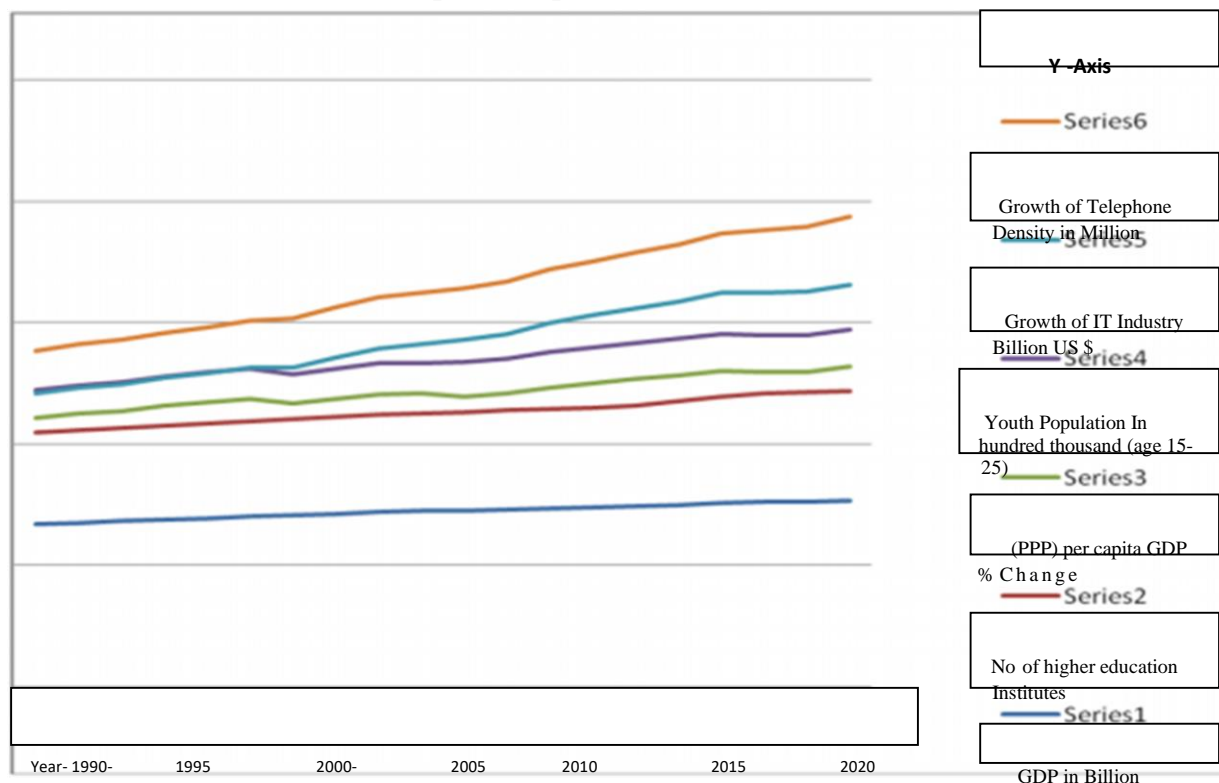
Year	GDP in Trillion	Number of Higher Educational Institutes in India	(PPP) per capita GDP % Change	Youth Population In hundred thousand (age 15-25)	Growth of IT Industry Billion US \$	Growth of Telephone Density in Million
1990	5.15	5932	3.70	15	0.70	55
1995	9.25	7538	7.47	17.7	0.90	76
2000	17.86	10150	6.14	19.6	5.75	135
2005	28.77	13942	10.99	31.3	28.5	187
2010	48.79	30,689	9.82	33.3	73.1	654
2015	50.76	35,690	9.99	38.5	78.0	765
2020	55.79	39,687	10.5	42.8	99.1	867

*Source: Information Technology in India (2023)*

It can be seen that three factors namely, Growth of IT industry in Billion US\$, Growth of Telephone density in Million and GDP in Trillion all show double digit CAGR between 1990-2020.

In table 2 semi log graph of the individual growth factors plotted across the time period (199-2020) is shown. Use of natural log is used to smooth the curves. It can be seen that telephone density and IT industry have shown the steepest curve. Though telephone density is going to taper down on account of saturation, yet the rapid growth of IT industry, social media, broadband usage in India are pointers to rise of advertising expenditures directly or indirectly.

**Graphical Representation of Table 2**



**Y -Axis** comprises of Natural Log of GDP in Billion –No of Higher Education Institutes - Youth Population in Hundred Thousand - Growth of IT industry in Billion US\$ & Growth of Telephone Density in Million. Apart from these the major key effecting role in rising of advertising expenditure in India was by Rise in usage of Consumer goods in India.

**Table 3: Consumer Durables Owned by Indian Households (In %age).**

Product	1990-1995	2001-2005	2006-2010	2011-2020 (Estimated)
Television	49.1%	57.8%	64.7%	77.32%
Cell phone	-	17%	39%	67%
Refrigerator	12%	21%	31.2%	38.3%
Washing machine	11.7%	26.8%	34.7%	41.2%
Cars	7.3%	9.8%	13.4%	29.8%

Shukla., 2023

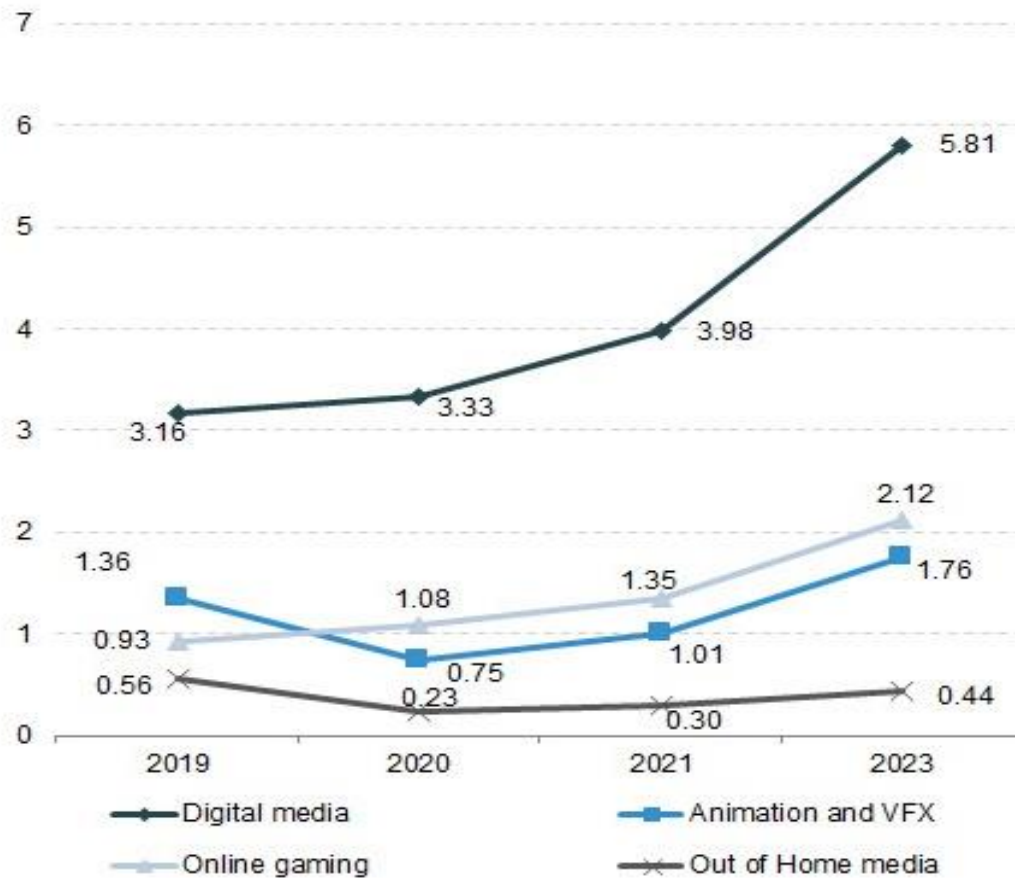
Secular growth in the above mentioned consumer durable suggest further rise in coming years. This growth has been primarily due to, Rising Per capita income, change in life style, change in buying behavior, change in cultural values, norms and beliefs, awareness of products and their uses and rise in youth population (315 million young people aged between 10-24 years representing 30 percent of population. with nearly 70 percent of them being literate) With changing lifestyles, innovation & creativity along with convergence via information technology (due to digitalization) in the last decade has brought about major changes in advertisement industry and has boosted the Indian advertisement industry with revenue exceeding U.S \$ 6 Billion in 2011 (IBEF 2023).

### **Future of advertising industry**

As per the study conducted by Boston Consulting Group, India's Media & Entertainment market will expand between US\$ 55 and US\$ 70 billion by 2030. From Rs. 18,938 crore (US\$ 2.47 billion) in 2023, India's digital advertising market is predicted to increase to Rs. 23,673 crore (US\$ 3.09 billion) in 2023. In 2024, television will account for 40% of the Indian media market, with print media (13%), digital advertising (12%), cinema (9%), and the OTT and gaming industries accounting for the remaining 9%. (8 percent). Between 2020 and 2024, the market is expected to grow at a CAGR of 17%.

Within the M&E sector, the Animation, Visual Effects, Gaming, and Comic (AVGC) sector is developing at a pace of 29%, while the audio-visual sector and services are increasing at a rate of 25%; is recognised by the Government of India as one of the champion sectors. According to Union Minister of Commerce and Industry, Consumer Affairs, Food & Public Distribution and Textiles, Mr. Piyush Goyal, the AVGC sector is expected to develop at a rate of 9% by 2024, reaching Rs. 3 lakh crore (US\$ 43.93 billion). From Rs. 596 billion (US\$ 8.46 billion) in 2020, advertising revenue in India is expected to reach Rs. 915 billion (US\$ 12.98 billion) in 2024. India's subscription revenue is projected to reach Rs. 940 billion (US\$ 13.34 billion) in 2024, from Rs. 631 billion (US\$ 8.95 billion) in 2020. Key growth drivers included rising demand for content among users and affordable subscription packages.

Figure 6: Industry size of emerging segments (US\$ billions)



Source: India Brand Equity Foundation (2023)

The Indian mobile gaming market is growing at a pace in tandem with the global trend and is expected to reach US\$ 7 billion in 2025. The online gaming market in India is projected to reach Rs. 155 billion (US\$ 2.12 billion) by 2024, from Rs. 76 billion (US\$ 1.08 billion) in 2020, due to rapid increase in consumption. The music industry is predicted to grow at a CAGR of 15% between 2020 and 2024, from Rs. 15 billion (US\$ 210 million) in 2020 to Rs. 23 billion (US\$ 330 million) in 2024. Gaana, the streaming service owned by Times Internet Ltd., had a 30 percent market share in 2020, according to a study conducted by Kantar and VTION, an audience measurement and analytics company. JioSaavn (24 percent), Wynk Music (15 percent), Spotify (15 percent), Google Play Music (10 percent), and others (6 percent) followed. By 2025, there are estimated to be 40-50 million linked smart televisions on the market. Gaming, social media, short video, and content items generated particularly for this demographic by television, print, and radio marketers will account for 30% of the content viewed on these displays. Due to significant expansion activities adopted by original equipment

manufacturers (OEMs) for their smart TV portfolios, smart TV exports from India surged by 65 percent YoY in the second quarter of 2023. Short-form videos would be consumed by 600-650 million Indians by 2025, with active users spending up to 55 to 60 minutes each day.

According to a FICCI-EY poll of the media and entertainment business, individuals who watch online videos through bundled packages (online video services combined with mobile and broadband connections) would account for half of all online video watchers (399 million) by 2024, up from 284 million in 2020. India had 803 million online video viewers in 2020, which included streaming services and videos on free platforms like YouTube. The number of mobile video viewers is expected to reach 356 million in 2020, thanks to an increase in the number of users who prefer video material in recent years. The Indian OTT video services market (on-demand and live) is expected to grow at a CAGR of 29.52 percent to US\$ 5.12 billion by FY26, owing to rapid advancements in online platforms and rising demand for high-quality content among viewers.

## **Conclusion**

The purpose of Advertising is to sell product or service so, the massive expansion of foreign companies and advertising, whether coming from overseas or created in India, has meant the massive expansion of sales of foreign products in India These increases in advertising expenditure and the promotion of foreign products has made an impact on culture, through the undermining traditional habits and behaviors, the creation of new wants and desires, often for products that have no nutritional benefit, and also by strategies that rework cultural values and beliefs. The roles of men, women and children are changing in traditional places within home and family. Concepts of beauty, identity and personal cleanliness are undergoing major change. The overall impact of massive increases of foreign company advertising is the acceleration of India into a culture and ideology of consumerism, the expansion of foreign businesses into India and the export of profits to foreign corporations.

\*\*\*\*\*

## References

- Advertising Age. (4 October 1993) India permits foreign ads, 64 (42): 61
- Austrevicus & Boozman (2008). 162 *ESCTER 08 E bis - The Rise of the Indian Economy*
- Bearden.OM, Ingram, N. T & LaForge, W. R. (2000) *Marketing Principles Perspectives : (Third Edition)* McGraw Hill. Book Condition: Fair
- Belch.G.E & Belch.A.M (1998). *Advertising and promotion: an integrated marketing communications perspective (second Edition)* Irwin/McGraw-Hill.
- Boston Consulting Group (2023), Future of advertising industry in India, 1 (3), 70-76
- Chunawala S.A & Sethia K.C (2007) *Foundations of Advertising: Theory and Practice, 6<sup>th</sup> Edition*, Himalaya Publication, Mumbai. exporting cultural stereotypes, *Media Culture and Society*, 16: 487-507.
- Fannin, R. (1999, February 8th). Q&A, ask the expert. *Advertising Age International*, 1(1), 6-19.
- Griffin, Michael, Viswanath, K. and Schwartz, D. (1994) Gender stereotyping in the US and India:
- Hamilton, C., & Bennis, R. (2005) *Affluenza: when too much is never enough*, Crows Nest, Australia: Allen and Unwin .
- Jameson, F. (1991). *Postmodernism or the Cultural Logic of Late Capitalism*. Durham: Duke University Press
- Lamb CW, Hair JF, McDaniel C (2000). *Marketing. 5th edition*. South-Western College: USA.
- MacDonald, S.B., Evans, J.E. & Crum, D.L. (1995) *New tigers and old elephants: the development game in the nineties and beyond*. New Brunswick, New Jersey: Transaction 5(5), 87-90
- Pashupati, K. & Sengupta, S. (1996). Advertising in India: the winds of change. In Frith, K.T. (Ed). *Advertising in Asia: Communication, culture and consumption*. Ames: Iowa State University Press. 3(12), 155-186.
- Sengupta,S & Pashupati,k (1996) ,Advertising in India :the windows of change, 1(2), 24-26.
- Subramanian, D. (6 September 1999) Economic slowdown fails to dampen adspend by India's top marketers, *Marketing Magazine*, 104, 37:7.
- Top Gunns: The Gunn Report (2013)"; *Campaign*; February 12, 2014. Retrieved March 12, 2014
- Vilanilam, J. (1989) Television advertising and the Indian poor. *Media, Culture and Society*, 11(4) 485-97.
- Wells, Burnett, & Moriarty (1998) *Advertising Principles and Practices (Fourth Edition)*: Prentice Hall (Upper Saddle River, N.J.)
- Yadvinder Parmar, Mandeep Kaur Ghuman, & Bikram Jit Singh Mann, (2020), The Match-up Between Celebrity Associations and Product Type, *Journal of Creative Communications*, 15( 1), 19-24.
- Yu, F. (2002) The tyranny of the brand. Online. Available <http://www.apmforum.com/columns/china-recon2.htm> (accessed 20 December 2007).
- Zhang, Y.B., Harwood, J., Williams, A. Wadleigh, P. and Thim, C. (2006), the portrayal of older adults in advertising: a cross national review, *Journal of Language and Social Psychology*, 25(3): 264-82.