



Business Media Opportunities in India
A white paper researched and written for American Business Media by Business Strategies Group Ltd.

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1. Executive Summary

- India is enjoying a period of sustained economic growth. The government has launched a campaign “India is Shining” to rally enthusiasm for modernization and growth. International business is once again putting India on its development agenda.
- The Indian economy is growing strongly. For the fiscal year end 31st March 2004, the country saw growth of 8.1% and, for some parts of the year, was growing faster than China.
- Accurate numbers are scarce but we estimate that business publications in India generate revenues in the region of US\$21 million. The market is seen as relatively immature and, although there was a fall-off in advertising revenues during the global downturn in the past two years, a strong rebound is anticipated by many publishers as businesses rebuild.
- B2B accounts for only around 1% of advertising spend in India.
- The three big weekly/fortnightly general business titles account for roughly 50% of the total business publishing spending in India.
- IT magazines make up the single biggest sector accounting for some 50% of spending among the specialist magazines.
- The market for B2B events is currently worth around \$75 million in organisers’ revenues. It has been constrained in the past by lack of good quality infrastructure but the emergence of some new exhibition centers is an encouraging sign for international companies who face little restriction on their activities in this market sector.

- On-line revenues from Internet-based promotional and marketing activities could double in 2004 to reach \$22 million. We have no breakdown for what proportion of this is attributable to business-to-business although, given the rapidly increasing Internet usage within business, it is likely to grow fast.
- Regulatory barriers to involvement in the market by foreign companies remain substantial. The changes in government policy on foreign investment in mid-2002 were, however, fundamental and have completely changed the range of opportunities open to international players. Companies can now concentrate on resolving the myriad commercial challenges which still exist in this market which is seen to have great, as yet largely untapped, potential.

Introduction

Business Strategies Group (BSG) has been invited to work with American Business Media (ABM) to produce a white paper on opportunities in the Indian B2B media market for its members. The topic is particularly challenging as there is very little good quality research and data available on the market. In attempting to determine what the opportunity is, we have endeavored to outline for companies elsewhere in the world the basic size and shape of the Indian publishing business, the key players and the special characteristics of the market.

1.1 Background to Indian market

India is the world's second most populous country with a little over 1 billion people and the 10th in terms of economic size, representing around 1.2% of world GDP in 2004. It has a market which has been largely closed to foreign media companies until relatively recently. There has, however, been a resurgence of interest in recent months among large corporations in the opportunities there.

Figure 1: India Map



Source: CIA World Factbook 2003

India is a culture of multiple religions and ethnicities, many with histories dating back several thousand years. Through its history, the country has taken many forms, at times fragmented and at times united into a huge and powerful force. The challenges of managing the diversity and scale of this sub-continental nation dominate the complicated political environment.

1.1.1 India's emergence as a modern economy

India's history in the 19th century and first half of the 20th was largely influenced by the fact that British traders had taken effective control of most of the country and made it the centerpiece of the Empire. Legacies of British rule can still be seen in many of the structures of government and in the legal system not to mention the dominance of the English language as the common tongue of the educated and most of the more sophisticated businesses.

India achieved independence from the United Kingdom in 1947, a bloody transition marked by the separation of the Moslem state of Pakistan in the country's north-west and north-east. Given the country's colonial history, much of the first period following 1947 was focused on establishing genuine economic as well as political independence. This, combined with the fashion of the era for interventionist government policies and the machinery of bureaucracy left behind by the British led to what became known as the "License Raj". In this environment, business activity was severely constrained by the need for government permissions for almost every activity. While this may have had some benefits in resource allocation in the early stages of building a new economy, the results were eventually stultifying and India gradually fell behind many other countries as growth rates slowed. Foreign business was also largely removed from real involvement in the economy.

By 1991, the cumulative impact of these policies and changing world economic trends meant that India faced a severe foreign exchange crisis. The government moved quickly to remove many of the regulations governing investment, including many although not all restrictions on foreign investment. Quotas and tariff designed to protect domestic industry were significantly reduced as it was recognized that these had contributed largely to maintaining trade at very low levels. The reforms also saw deregulation in many key industries and privatization of some public enterprises.

The combined effect over the past 12 years has been to push Indian growth rates

way above their previous sluggish levels to the 5 – 6% range. Economists are now predicting that this will accelerate further to the 6 – 8% range, putting India just behind China in terms of fast-growing major economies.

1.1.2 India as an IT power

Much attention has, of course, been focused on India as an emerging IT power. Much attention, of course, has been focused on India as a centre for outsourcing. Business process outsourcing (BPO) and IT-enabled services (ITES) are the acronyms of the day in India. Although there is some concern over the extent to which these have become a political issue in the United States during the Presidential election year, most are still predicting strong growth. Estimates are that IT-related outsourcing to India will grow in 2004 by anything between 30% and 60%.

According to Gartner, BPO was a \$1bn business in 2003. They think it could grow to \$10bn by 2007. There are some capacity issues to address if those totals are to be reached. “We are already seeing saturation in major cities so have to create much wider capabilities” Gartner’s Sujay Chohan told BSG. To support those sorts of revenues, the BPO/ITES sector would have to employ up to 2 million people.

There are already 500,000 people working in India’s IT sector. Industry commentators see the next step as a “massive expansion” of business services. “BPO is just the start”, says Gartner’s Chohan. There are already four Indian services companies with revenues over \$1bn and a further 10 BPO companies selling over \$100mn of services a year.

A much less-told story is India’s potential emergence as an important domestic market for IT products and services. This trend is being led by government. Services and software they use will be Indian-developed but the hardware will continue to be imported. Every local government has some kind of technology plan and education is seen as likely to be the next key focus of IT development in the country.

1.1.3 The business environment

There are many aspects of the Indian business environment which make it relatively familiar to western companies. These include:

- Legal system: the India is a common law jurisdiction like the United States and Great Britain. Although the court system is notoriously slow, it does function in a manner which American businesses which will find broadly recognizable.
- Language: there are hundreds of languages and dialects in use across India. Partly in response to this and partly as a result of the country's colonial history, English is widely used among the business groups with which international publishers are likely to work. For the most part, English is the language of business publications and is likely to remain so.
- Middle class market: There is some degree of dispute over the real size and definition of the Indian middle class. By some definitions, there are 500 million Indians who can now afford at least basic home appliances. Others draw the line at the 35 million who may be able to afford a car. The reality will depend on the business sector being addressed but whichever way you look at it, the Indian middle class represents the equivalent of anything from a mid-sized to a large European country in terms of middle class consumer buying power.
- Vibrant private sector: Unlike China, where the first 10 - 15 years of the reform period saw the emergence of a completely new private sector, India has a well-established private business sector which has been ready and willing to step up to take advantage of the opportunity presented by the Government's gradual opening up of the country's economy since 1991. Smaller companies in particular are aggressively competitive in seeking advantage. Many of the larger, listed firms have been slower to reform as they had enjoyed a comfortable existence under the old system with monopolies protected by licenses.

There are, though, obvious challenges in the business environment. These include:

- Cultural and religious tensions: India is a complex country divided into multiple racial, religious and social groups. From time to time, these groups clash in ways which can cause serious social and economic disruption to some parts of the country. These divides can also express themselves in the business world and it is important for a new entrant into the market to develop a clear understanding of how these operate in the industries they are targeting.
- Poverty and literacy: Much is made of the exciting opportunity presented by the emerging middle class. India remains, however, a country in which much of the population is extremely poor. There may be as many as 300 - 400

million at or close to the poverty line. For magazine publishers, one important implication of this is that many of those poor lack even a basic education meaning that adult literacy across the whole population is only 59.5% and, among women, only 48.3%.

- Pakistan: India's relationship with Pakistan has been strained since the country's painful birth in 1947. This has been exacerbated by the still unresolved issue of the two countries' disputed claims to the Kashmir border region. Several wars have been fought over this and in 2001 this looked to be a risk once again. That was averted and relations between the two countries once again seem to be warming. The fact that both are nuclear powers means that any conflict between them makes the world particularly nervous.

1.2 The economy

1.2.1 Economic highlights

India's economy has become a story of increasingly good news over the past two years. By early this year, the country was reporting growth rates of 8.5%, numbers previously only seen in China for an economy this big. The fiscal year ended March 31st with year-on-year growth of 8.1%.

Although helped by a good monsoon season – India's economy still depends to quite a large degree on its agricultural sector – there was more happening here than just good weather for the farmers. As *The Economist* noted in its survey of the country¹:

Foreign-exchange reserves stood at record levels of more than \$100 billion; the stock market had recorded its biggest annual rise in 12 years; inflation and interest rates were low; the current account was in balance.

Prospects for the country have rarely seemed so positive. The impact of 12 years of economic reform finally appears to have kicked in and allowed India to move up to a sustained rate of higher speed economic growth.

The government has recognized that encouraging business development, both domestic and, to a slightly lesser extent, foreign, is a very effective way of improving peoples' livelihoods and, by extension, fuelling their enthusiasm for re-electing their politicians.

¹ Source: *The Economist*, Feb. 19th 2004

Table 1: India economic highlights, 2002 - 2004²

	2002	2003	2004 (f)
Population (million)	1,037	1,055	1,072
GDP (US\$ billion)	506	555	615
Real GDP growth (%)	4.3	8.1	7.3
GDP per capita (US\$)	487	526	573
Inflation (%)	3.9	4.9	5.0
Exchange rate (per US\$, period average)	47.2	48.4	43.9 ³
Exports (US\$ billion)	43.8	52.7	22.1
Imports (US\$ billion)	51.4	61.4	28.7

Source: BSG/Economist Intelligence Unit/Hong Kong Trade Development Council

In short, this all means:

- The economy is likely to continue to grow relatively fast for the foreseeable future, generating new business opportunities.
- The government is likely to continue to be more business-friendly than it has for most of the past 50 years.
- As the country grows in economic confidence, the perceived need to stack business regulations in favour of domestic companies will probably lessen and a more level playing field will emerge for foreign investors.

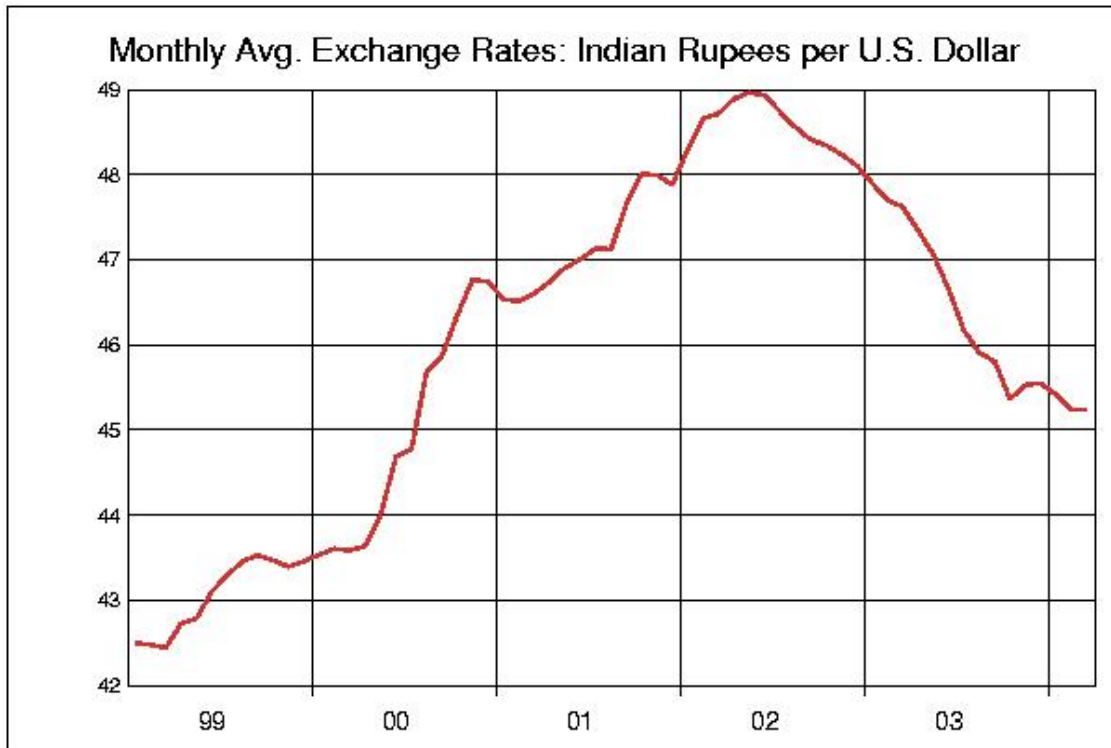
1.2.2 The currency

The Indian currency is the Rupee. The Rupee has generally traded within a US\$1 = Rs45 - 50 range over the past five years. Even with the current US\$ weakness, a range of 43 - 47 appears to be a likely scenario. We have used Rs45 = US\$1 in this report where conversions have been made.

² India's government reports an April - March fiscal year while some other commentators calculate calendar year figures so there can easily be discrepancies between reports on these basic numbers.

³ At the time of writing.

Figure 2: Rupee:US\$ trading, 1999 - now



Source: BSG/Pacific Exchange Rates Services

1.3 Politics

India is the world's largest democracy. In a country of such diversity and with such special economic and social challenges, this has proven to be the underpinning of relatively stable growth over many years. Business people regularly complain about the inefficiencies of the system and the extent to which they slow down reform and decision making. The alternatives, however, are genuinely unimaginable.

Power is currently held by the National Democratic Alliance, a coalition in which the leading party is the Bharatiya Janata Party (BJP). The BJP's Atal Behari Vajpayee is prime minister. The alliance has called elections for April/May this year and the general consensus is that a BJP coalition will be returned to power. This has not been harmful to business since they were elected in 1999 and BSG's impression on visiting India in February was that it would be widely welcomed by business people.

1.4 Abbreviations, special terms and place names

Abbreviations and special terms used in this report include:

BPO	Business Process Outsourcing
BSG	Business Strategies Group Ltd., the consultants who have produced this study on behalf of American Business Media.
Crores	An Indian expression for the number 10 million
ITES	IT-enabled services
Lakh	An Indian expression for the number 100,000
NASSCOM	National Association of Software and Services Companies
NRS	National Readership Survey – the definitive survey of readership of larger Indian publishing managed by an organisation associated with India’s ABC.
RNI	Registrar of Newspapers for India – the body with which all publications have to be registered.

As can be seen from the map on page 5 above, there have been changes to several of the city names which have been in common use in much of the world. These changes have been made as a result of political pressure from groups who felt that the older names had been imposed in colonial times and wished to see a reversion to more genuinely Indian names. Of most significance to international business people are:

Mumbai	->	formerly Bombay
Chennai	->	formerly Madras
Kolkata	->	formerly Calcutta

1.5 Acknowledgements

Many individuals and organizations have made valuable contributions to this project. We would like to thank the following in particular:

- Santosh Goenka, former head of Business Publications Division at Indian Express Newspapers and CEO of Strategic Newspapers. Now CEO of Diagonal Globalcom, a media consultancy who collaborated enthusiastically on this project contributing his wide knowledge and considerable range of contacts in the industry in India.
- The companies and individuals who agreed to be interviewed for this report and who participated with advice and suggestions including:
 - ABC India, Mr. Hormuzd Masani, Secretary General
 - Business India, Mr. Ashok Advani, Chairman
 - Cybermedia, Mr. Pradeep Gupta, Chairman & CEO
 - Exhibitions India, Mr. Prem Behl, Managing Director
 - Gartner Group, Mr. Sujay Chohan, Research VP
 - Global Pharma Expo, Mr. Paresh Jhurmarvala, Founder & CEO
 - Grey Interactive, Mr. Sudhir Nair
 - India Trade Promotion Organisation, Mr. Ranjan Chatterjee, IAS, Executive Director
 - India-Tech Foundation, Mr. Indra Mohan, President & Director General
 - Indian Express Newspapers Business Publications Division, Mr. Sandeep Khosla, CEO, Mr. Sajid Desai, General Manager,
 - IT Nation, Mr. George Nelson d'Souza,
 - Jasubhai Digital Media, Mr. Jasu Shah, Chairman
 - Mindshare India, Mr. Ashutosh Srivastava, Managing Director
 - New Media Communications, Mr. Satya Swaroop, CEO
 - Tata Infomedia, Mr. Manesh Patel, General Manager
 - US Embassy, New Delhi, Mr. Lee Brudvig, Minister Counsellor for Commercial Affairs

Kim Cheng, and Candice Siu, my colleagues at BSG, for their careful and thorough research.

2. Business Media in India

2.1 Overview

The first point to make in an overview of the industry is that business media remains a very small business in India by international standards. We estimate that combined revenues from business-to-business events and publishing are in the region of \$100 million.

The past 2 - 3 years have been tough ones for publishers in particular with advertising revenues falling dramatically as they have elsewhere in the world. Estimates vary but we have typically heard of drops of 30% from the peaks of 2000 and, in the case of technology publishing 40 - 50%.

2.1.1 Publishing

Our estimates suggest that business magazines generated revenues of only around US\$20 - 25 million in India in 2003. To get a perspective on this, it is worth noting the media research company ORG-MARG has identified the tobacco, paper board and hotels conglomerate ITC as India's top magazine advertiser. In 2001, their spending in this sector was only Rs105 million (US\$2.3 million); this figure includes consumer and other general interest publications.

There is very little published data on Indian business media in this category and the following estimates are, by necessity rough. We do believe, however, based on a number of interviews conducted during February 2004, that they do give an accurate view of the overall scale of the market:

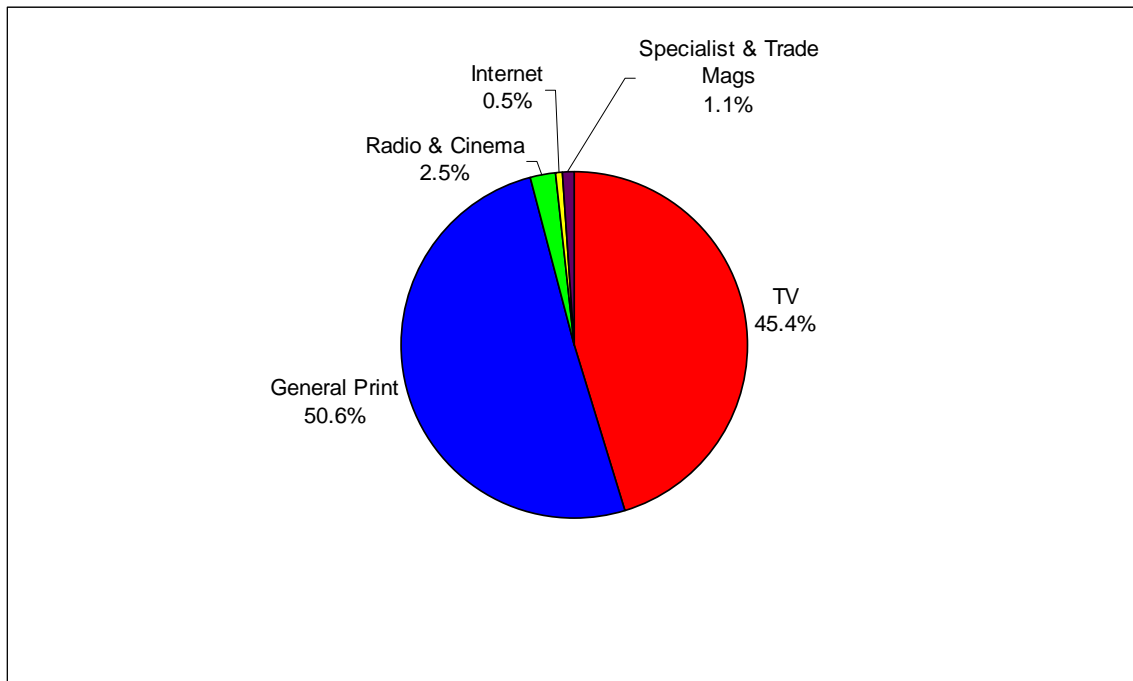
Table 2: Magazine advertising expenditure in India, 2003

Category	Advertising Revenues	Estimated Circulation Revenues	US\$ millions
			Estimated Total Revenues
General Business Magazines	\$6.5	\$3.5	\$10
IT and Technology Magazines	\$5	\$1.0	\$6.0
Other Specialist Media	\$5	\$0.5	\$5.5
Total	\$16.5	\$5.0	\$21.5

Source: BSG estimates

Advertising is heavily skewed towards newspapers and television which are relatively much larger businesses in India. A combination of various data sources generates the following from India's total Rs95bn (US\$2.1 bn) advertising expenditure⁴:

Figure 3: Advertising spend split between media



Source: BSG/Mindshare India

In a number of categories, the split is erring towards television with major companies such as IBM for example switching \$5 million, a substantial chunk of its India advertising budget, into the increasingly competitive and business-oriented TV sector.

Circulations are moderate by US standards although much larger than those in many other Asian markets.

⁴ Source: FIPP/Zenith Optimedia 2003/04 *World Magazine Trends*.

Table 3: Circulation of top Indian business and finance magazines

Magazine	Frequency	Circulation
Business World	Weekly	135,000
Business Today	Fortnightly	116,000
Business India	Fortnightly	89,000
Dalal Street Journal ⁵	Fortnightly	100,000
Business Newsweek	Monthly	48,000

Source: FIPP ZenithOptimedia World Magazine Trends/ABC/NRS

The FIPP/Zenith Optimedia report also lists *Intelligent Investor* magazine with the business titles. This was acquired by the Raheja Group, the publisher of the news weekly *Outlook* and has now been re-titled *Outlook Money*. This is a general investor title along the lines of *Money* magazine in the US and we have not included it in our analysis as a business magazine. We understand that publications of this type face particularly severe competition from the personal finance sections of the major daily newspapers and their financial daily spin-offs (e.g. *Economic Times* and *Financial Express*).

2.1.2 Events

The events business is one very much driven by infrastructure. With a couple of exceptions, India lacks convention and exhibition centres of international standard. Our research shows that a little over 500,000 net m² of space was sold in 2003 in India making the market around one-quarter the size of China. We believe that the business is worth around \$75 million in terms of revenues earned by organisers:

⁵ With the economic and stock market downturn of the past 2 - 3 years, Dalal Street Journal has not had such a high profile in the market. It is not yet clear from published data what impact that has had on their circulation

Table 4: Space sales at Indian trade fairs, 2003 by industry

	Industry	Estimated Annual size in sqm	No. of events
1	General	61,500	11
2	Textiles/Apparel	61,028	17
3	Printing/Packaging	39,702	16
4	Engineering, Industrial	31,320	17
5	Environmental Protection	29,000	5
6	Premium, Toys, Gifts, Stationery	27,600	4
7	Leisure	25,950	10
8	Plastics	25,290	7
9	Food	22,380	10
10	Construction	21,222	14
	Others	157,511	81
	Total	502,503	192

Source: BSG

On a smaller scale in terms of money, but important in terms of business exchange, there is a dynamic and thriving conferences and seminars industry using the hotel facilities and small conference centres which do exist across India.

We are also seeing business publishers, particularly in the technology sector, using their circulation databases as a platform for sponsored road shows which take their clients' message out to the hundreds of small cities and towns across India.

2.2 Key players

The market for business publishers is dominated by a small number of companies each of which we believe has around 10 - 15% of the business publications market. The following table shows the top six publishers who, between them, account for 67% of the market ranked here by BSG's private estimates of revenues from business publications. We do not believe that any other publishers achieve more than 5% share of the market:

Table 5: Top 6 business magazine publishers in India

	Company	Comments
1	Cybermedia	Leading and longest-established major technology publisher. Research and events revenues not included in this calculation.
2	ABP Group	Publisher of <i>Business World</i> .
3	Living India	India's largest magazine publisher. Now publishes only one B2B magazine, <i>Business Today</i> .
4	Jasubhai	A leading publisher of technology and other business magazines.
5	Business India	Flagship publication is <i>Business India</i> . Some events and other media activities.
6	Indian Express BPD	The Business Publications Division of Indian Express Newspapers has a range of specialist business titles of which <i>Express Computer</i> is the flagship.

Source: BSG Analysis

Because of its relatively small size and the fact that it has remained tightly closed to foreign publishers, the presence of international business media companies in India is very limited. The following summarises our understanding of the current situation. The companies are listed in alphabetical order.

Table 6: Activities of major international B2B companies in India

Company	Activity in India
CMP Asia	Content licensing for Networks Magazine with Indian Express Group.
CMP Media	Licenses Computer Reseller News, Network Computing and technology content to Jasubhai Digital Media.
CNET Networks	License with Jasubhai Digital Media for ZDNet India.
McGraw Hill	Content sharing arrangement with Cybermedia to carry <i>Business Week</i> technology content pending more wide ranging agreement which is expected to see launch of Indian edition of <i>Business Week</i> later in 2004.
Vogel	License with Tata Infomedia to produce CHIP magazine.

Source: BSG

2.2.1 Publisher profiles

The following profiles represent the largest and most important of India business publishers. Some of this information was compiled from interviews while other parts of this section are drawn from companies' own publicity materials:

Cybermedia

Cybermedia is one of the best established of the business publishers in India. Founded in 1982 by Pradeep Gupta, the Chairman and Managing Director, the company has for most of its 20+ years history focused on technology publishing. Most recently, it has announced its intention to work with McGraw Hill to launch an Indian edition of *Business Week* although approvals for that venture are still pending.

The company is also planning an IPO. Press reports in early March suggested that this could take place as early as May 2004 although no further details have yet been released.

The company has various business lines, as well as its eight magazines, it has an events division and what is regarded as the leading on-line service for the technology industry (www.ciol.com).

The company has also ventured successfully into producing technology programming for television as well as multi-media content and CDs. Its market research business is the Indian arm of IDC and it has separately started a media education business, the School of Convergence.

Chairman, Gupta, told BSG in February that the company now also wants to move into the business of content generation as an offshore outsourcing service to international media and IT companies. In recognition of the importance of the Business Process Outsourcing Business to India, they are also looking at launching a magazine focusing on that and IT enabled services.

Cybermedia employs 375 staff with offices in Delhi (its Gurgaon head office is one of the more sophisticated publishers' offices in India), Mumbai and Bangalore.

Corporate web site: www.cmil.com

ABP Group

The weekly *Businessworld* has emerged as the leading general business title in India with a circulation of 135,000. Although it carries rather fewer pages in each



www.bsgasia.com

issue than its fortnightly rivals, *Business Today* and *Business India*, our estimates still put the magazine in the top spot with over 10% of all India's business revenues.

Businessworld is published by the Kolkata-based ABP Group which also produces the English language *The Telegraph* newspaper and the Bengali newspaper *Ananda Bazar Patrika*.

Web site: www.businessworldindia.com

Living India (India Today)

India's leading magazine publisher now has one major business title, *Business Today*. The Group was launched in 1975 with the fortnightly English news-magazine, *India Today*. Today, that magazine claims a circulation of 417,505 and total readership of 15.9 million across all its editions. The publishers say it is "the most widely read magazine in the country" and that Living Media India is the largest magazine publisher in the country.

The company also published *Computers Today* for a number of years but pulled back from that market. An attempt to re-launch as *Smart Inc.* was not sufficient to keep the company in that market, leaving *Business Today* as the only business-focused title in a portfolio which otherwise focuses on consumer titles.

Web sites: www.india-today.com
www.business-today.com

Jasubhai Group

Jasubhai Chairman, Jasu Shah, is one of India's business media pioneers. Starting with his flagship Chemtech trade show some 30 years ago, he has built what is now clearly one of the leading business media groups in the country. As well as the chemical industry, the Group's magazine portfolio covers IT (*DIGIT*, *Computer Reseller News*, *Network Computing*, and *Developer 2.0* are the main titles), architecture, interiors and, in its newest venture, the pharmaceuticals and biotechnology sectors.

Corporate web site: www.jasubhai.com

Business India

The original Indian general business magazine founded by Ashok Advani 26 years ago, *Business India*, is a powerful brand in the Indian market. Published every two weeks, the magazine bears some resemblance to *The Economist* and has a reported circulation of 89,000.

Along with all the other publishers with whom BSG spoke for this research, Advani commented that “the magazine market has been terrible for the past three years”. Commenting on the future, he said, “All the media companies are under-capitalized and run on old networks. There will be a lot of consolidation as we saw in UK in the 70s and 80s. Those with national brands will be able to take advantage of that”.

As well as *Business India* magazine itself, the company produces magazines and events for interiors (*Inside Outside*). The events division was previously very active producing, amongst other things, Comdex India. Advani expects that once again to become an important part of their activities.

Indian Express BPD

The *Indian Express* is one of the great Mumbai newspaper titles founded by independence campaigner Ramnath Goenka. Its Business Publications Division was founded in the early 1990s by his grandson and remains an important publisher of trade titles in the IT, hospitality, pharmaceuticals and textiles. The group’s flagship weekly *Express Computer* competes vigorously with Cybermedia and Jasubhai in the IT sector.

Web sites: www.indianexpress.com
www.expresscomputer.com

2.2.2 Event organizer profiles

Our analysis reveals 81 trade show organisers active in the Indian market. Only 15 of these are selling more than 10,000m² of space a year on an annualized basis. Event organizing is dominated by the Government’s Indian Trade Promotion Organisation which has over 20% of the market and operates the country’s only

major exhibition centre, New Delhi's Pragati Maidan.

Our analysis of the Top 10 organisers, who account for almost 52% of space sales, shows the following rankings:

Table 7: Top 10 business event organisers in India by estimated space sales, 2003

Organiser	Annualised sales net sqm.	%ge of total
1 India Trade Promotion Organization (ITPO)	104,520	20.7%
2 Confederation of Indian Industry	30,474	6.0%
3 Jasubhai Media Pvt Ltd	25,000	5.0%
4 Export Promotion Council for Handicrafts	21,600	4.3%
5 Gems & Jewelry Export Promotion Council	16,000	3.2%
6 India Printing, Packaging & Allied Machinery Manufacturers Association (IPAMA)	15,000	3.0%
7 ANZ International	13,500	2.7%
8 All India Plastic Manufacturing Association	13,000	2.6%
9 All India Photographic Trade and Industry Association	12,000	2.4%
10 Cidex Trade Fairs Pvt. Ltd	10,833	2.1%
Others	242,707	48.1%
Total	504,634	

Major organisers include:

ITPO

The Indian Trade Promotion Organisation is the government body tasked with the promotion of Indian products around the world. Its events account for approximately 20% of the total space sold at business exhibition in India and it is the owner/operator of two of the main exhibition centres in the country, the Pragati Maidan in New Delhi and the Chennai Trade Centre (managed jointly with the Tamil Nadu State government). ITPO's flagship event is the massive Indian Industrial Trade Fair which attracts over one million visitors every year.

Web site: www.indiatradepromotion.org

Confederation of Indian Industry

The CII is a non-government, not-for-profit, industry organisation. It was founded in the last years of the 19th century and is regarded as one of India's

most influential business organizations. Over 4,800 companies from the private and public sectors are direct members with an additional indirect membership of over 50,000 companies from 226 national and regional sectoral associations.

CII organizes its own events in the automotive, IT, Defense and refrigeration industries. It also organizes industry presence at many other events in India and overseas

Web site: www.ciionline.org

Chemtech Foundation

Chemtech operates as a separate division of Jasu Shah's group of company's (see page 20 above for an overview of the Jasubhai Group's publishing activities). As well as the 26 year old Chemtech event, the Foundation organizes Oceantex, an offshore energy and related industries event in Mumbai. This is the only organiser in our Top 5 which is a private company.

Web site: www.chemtech-online.com

Export Promotion Council for Handicrafts

The Export Promotion Council for Handicrafts (EPCH) was established by the Indian government in 1986. It is supported by the Ministry of Textiles and is tasked with promoting India's handicrafts. The twice yearly fairs EPCH runs in New Delhi are amongst the largest events of their type in Asia.

Web site: www.epch.com

Gems & Jewelry Export Promotion Council

India's gemstones and jewelry industry is one of its most important with over 10,000 manufacturers' involved. The GJEPC organizes the annual Indian International Jewelry Show, the largest of its kind in the country.

Web site: www.gjepc.org

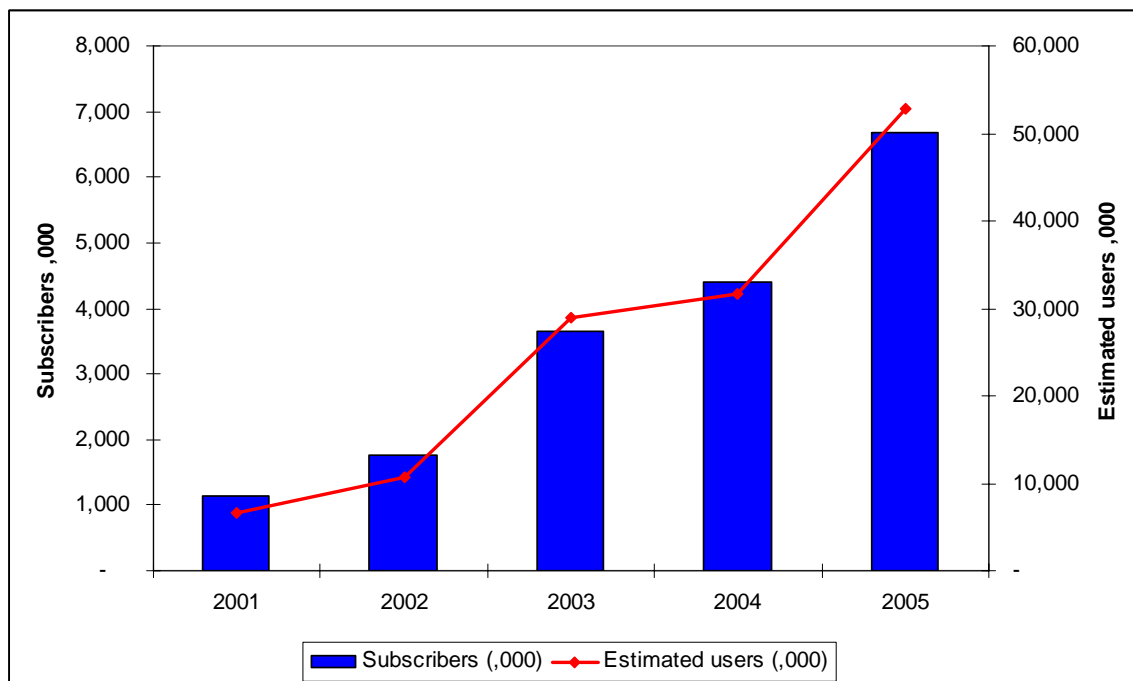
2.3 Information, Internet & mobile data services

2.3.1 Internet

Regulatory restrictions on telecommunications have meant that India opened up relatively slowly to private Internet usage. This is changing fast. The National Association of Software and Service Companies, NASSCOM, in its annual review of the IT industry noted, “Internet penetration became more widespread with bandwidth becoming readily available, Internet tariffs coming down and computer hardware becoming cheaper”⁶. The report goes on to note, however, that “the Indian Internet and E-commerce market...is nowhere close to its expected potential. E-mail applications still constitute the bulk of Net traffic in the country”.

The number of users is growing rapidly but remains behind a number of India’s rivals including China and the Philippines.

Figure 4: Internet subscribers and users, 2001 - 2005



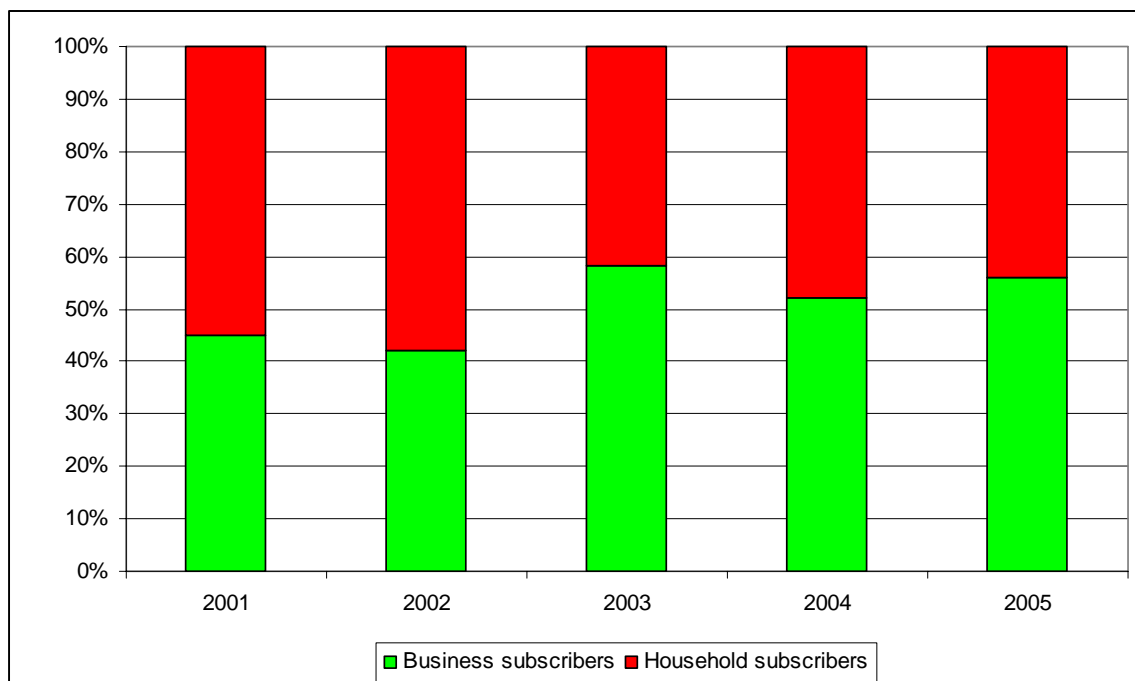
⁶ Source: *Strategic Review 2004: The IT Industry in India*, National Association of Software & Services Companies

Source: NASSCOM

High speed access also continues to lag behind other countries. A recent report says that, at the end of 2003, India had only 82,000 high speed lines. This compared with the United States with over 25.1 million lines, Japan with 13.6 mn, China with 13.5 mn, and South Korea with 11.1 mn⁷. One of the national telephone companies, BSNL, is quoted in the report as saying that they aim to have 500,000 broadband lines installed by the end of 2004.

A closer analysis of the estimated users data shows a heavy weighting towards business users. NASSCOM's estimates show business and household subscribers relatively evenly weighted. In terms of users, however, business outweighed household use by a factor of 7.35:1 in 2003:

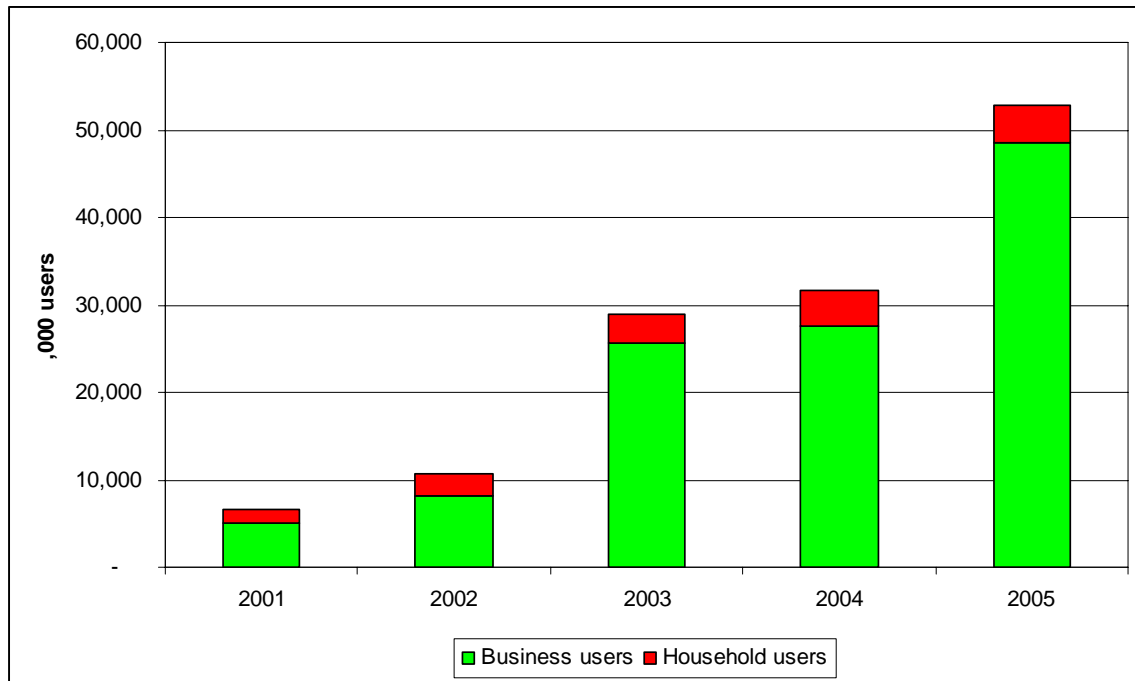
Figure 5: Business vs. household Internet subscribers, 2001 - 2005



Source: NASSCOM

Figure 6: Business vs. household Internet estimated Internet users, 2001 - 2005

⁷ Source: *Times of India*, 12 April 2004



Source: NASSCOM

The implications of this for business media are clear: the Internet is only just emerging in India as a truly powerful tool for business communications. It is likely, however, that the rapid increases in penetration of Internet usage in the business environment could make the web and related tools a powerful B2B media tool in the next 2- 3 years.

The impact of this on business practices is already beginning to be seen. Sudhir Nair heads Grey's on-line activities in Mumbai and noted "interactive has moved from brochure web sites to being a direct adjunct to business. We are working on fully integrating the web with business processes."

Spending on advertising and related services is soaring. Accurate data is hard to come by but, according to Grey's Nair, as recently as 2002, online spending was as low as Rs20 crores (US\$4.4 million). In 2003, this number had risen to Rs50 crores (US\$11.1 million) and may be as high as Rs100 crores (US\$22.2 million) this year.

As would be expected, IT companies are leading the way. A few, such as Oracle, are reported to be spending up to 40% of their Indian promotional spend on various forms of on-line promotion and marketing activities.

2.3.2 Mobile data services

The introduction of real competition into the Indian cell phone market in the past 2 - 3 years has seen tremendous development in this sector. Soaring subscriber numbers and reduced tariffs mean that the emergence of mobile data as a valid media format has begun. The market more than doubled in 2003 from 10 million to 28 million users⁸. Expectations are that the growth will continue at something like the same rate through 2004 and that, during the course of the year, cell phone subscribers will outnumber the 42 million fixed line subscribers, still a highly regulated market.

Peer-to-peer SMS traffic grew 46% in the 2002 - 2003 period while application-driven SMS traffic was up 204% in the same period⁹. Merrill Lynch has estimated that SMS could generate over US\$75 million for mobile telephone operators by 2005.

2.4 Opportunities for foreign involvement in the market

India in the first three months of 2004 has seen visits from at least a dozen major international magazine publishers. It is clearly high on many corporate agendas. The international association, FIPP, organized a magazine publishers delegation to the country in early March. All are clearly interested in what opportunities now exist for foreign publishers.

Until recently, opportunities in this market were limited by regulatory constraints to licensing arrangements (see "The regulatory environment" on page 31 below for more details about how this has recently changed). Those constraints have been removed but there are still commercial issues which have to be considered by any foreign company entering the market. The most significant of these are:

- Competition: This is a highly competitive market in which a well-established set of domestic competitors already vie for supremacy with a huge range of products.
- Pricing: By any standards prices are low in India and the market is small

⁸ Source: BBC Online, 4th April 2004

⁹ Source: NASSCOM

in dollar terms. Market conditions in the past three years have seen further downward pressure. For most international publishing companies, it is going to be very challenging to structure a business in a way which can generate sufficiently large returns to look attractive in a global context.

There are, though, a number of factors which mean that companies will consider this market. These include:

- Consolidation opportunity: There has so far been very little consolidation of business media of the type that was seen in the US and Europe and in the 1980s and 1990s. As *Business India's* Ashok Advani pointed out to us, this means that most media companies are relatively small and poorly capitalized. The 'giants' such as Bennett, Coleman of the *Times of India* and, to a lesser extent, the Living India Group are exceptions. In non-news media in particular, there are clearly opportunities for foreign investors with a long-term perspective to build up a portfolio of titles in a larger company than currently exists.
- Language: English is the language of business in India and that makes it more accessible in some respects than the other major markets in Asia, Japan and China. There are no additional translation costs and, in theory at least, communications between partners should be more direct than in markets where language is a constraining factor.

2.5 Recent developments

The following is a summary of business media developments in India tracked by BSG since the middle of 2002. These reports originally appeared in BSG's free weekly e-newsletter which tracks business media developments in Asia (for subscription information, please see www.bsgasia.com):

June 2002 **Restrictions on foreign investment lifted:** Foreign holdings in news and current affairs publications are now allowed up to 26% while technical and other non-news media can sell up to 74% to non-Indian companies. Information and Broadcasting Minister Sushma Swaraj as reported as saying that editorial and management control have to remain in Indian hands.

The Government retains veto rights over investments by foreign companies and needs to approve subsequent changes of

ownership. It also requires that 75% of all employees are Indian nationals. The move received a mixed welcome from Indian media groups. The major ones remained opposed to it while smaller players saw it as an opportunity to tap outside capital sources.

June 2003 **Indian trade fair organisers moves offshore:** In a move considered unusual at the time, Indian organiser PDA Trade Fairs announced the International Maritime Expo (INMEX) 2004 to be staged at Malaysia International Exhibition and Convention Centre in February 2004. The show was to be co-hosted by PDA and Malaysia-based MINES Exhibition Management Sdn Bhd and is claimed to be the first of its kind in Malaysia. PDA had previously organised three INMEX events in India.

Following this announcement, other Indian organisers have begun to step offshore with events organised, for example, for the pharmaceuticals industry in Bangladesh and Malaysia.

Aug. 2003 **AMP acquires stake in *Hindustan Times*:** Australian financial services group AMP acquired 19% of the *Hindustan Times*, a Delhi-based general newspapers, the first transaction of its type after the 2002 regulatory liberalization.

Sept. 2003 ***Financial Times* acquires stake in *Business Standard*:** The *Financial Times* (FT) announced the acquisition of a stake in the Mumbai-based *Business Standard* newspaper. The investment of Rs141 million (US\$3.1 million) gave the FT a 13.85% stake in the pink broadsheet which is printed in seven Indian cities.

The existing shareholders, investment bank Kotak Mahindra and Great Eastern Shipping, both retained their equity positions following the deal.

ICICI acquires Tata Infomedia: India's industry giant, Tata Sons entered into a definitive agreement to sell its controlling stake of 49.99% in Tata Infomedia Ltd. to ICICI ePayments Limited, wholly owned by India Advantage Fund at a price of Rs176/= per share.

Expomedia/Informa alliance: India is identified as one of the countries targeted in an agreement between Expomedia Group Plc

and Informa Group PLC to co-launch a conferences programme in five countries. The other countries are Russia, Poland, Hungary and North West Africa. Expomedia is separately investing in a new exhibition and convention centre in Delhi.

Dec. 2003 **CHIP re-launched in India:** Infomedia India Limited (formerly Tata Infomedia) launches a new Indian edition of Vogel's *CHIP* magazine. Originally launched in India in the late 1990s with Jasubhai, the magazine pioneered high quality, newsstand IT publications with cover-mounted CDs.

Jan. 2004 **Wall Street Journal announces Indian edition:** Dow Jones announced an agreement with Bennett, Coleman & Co. Ltd., publisher of *The Times of India* and *The Economic Times*, to establish a joint venture to publish an Indian edition of the *Wall Street Journal*. Dow Jones will own 26% of the new business, the maximum allowed under current rules. The Indian *Journal* will be published five days a week.

Bennett, Coleman has been among the more aggressive Indian companies in taking advantages of the liberalization of foreign media ownerships rules first announced in June 2002. Last year it also announced a joint venture with BBC Worldwide to publish speciality consumer magazines in India.

March 2004 **Cybermedia announces IPO:** Cyber Media, India's longest-established and largest IT media company, confirmed that it plans to go public possibly as soon as the end of May this year. The online newsletter exchange4media quoted Cybermedia Chairman and Managing Director, Pradeep Gupta saying, "We intend to go public by May-end...In the next 10 days, things will take a definite shape." He reconfirmed to BSG that this is indeed his plan.

Gupta added that the pricing of the initial public offer hadn't been finalized although market analysts are speculating that the price would be around Rs60 (US\$1.33).

The regulatory environment

There have been significant changes in the regulatory environment for media in India and this is clearly under-pinning the general flurry of activity there from international companies.

2.6 Foreign ownership

Until June 2002, foreign companies were not allowed to own print media operations in India. At that time, the government announced a limited relaxation of those restrictions. The new rules are as follows:

- News publications can take up to 26% foreign investment;
- Technical and non-news media can take up to 74% foreign investment.

The two highest profile deals in this sector have been the *Financial Times* acquisition of 13.85% of the *Business Standard* newspaper in Mumbai and Dow Jones announcement that it will work with Bennett & Coleman, publishers of the *Times of India* to publish an Indian edition of the *Asian Wall Street Journal* of which it will own 26%.

So far, BBC Magazines acquisition of a stake in the Times of India Group's *Filmfare* and *Femina* titles is the major magazines investment so far. The financial details of this arrangement have not been released although market rumours in Mumbai have speculated on a high price paid for the stake of up to Rp80 crores (US\$17.7 million).

We are not aware of any firm deals for business magazines although it is understood that there is an agreement in principle between Pradeep Gupta's Cybermedia and McGraw Hill to produce an Indian edition of *Business Week*. More announcements on this are expected later in the year after the Indian general elections in April and May this year.

There is much discussion in India today about these deals and associated valuations. Our impression is that, given the size of the market, those valuations are likely to be inflated for some time to come and that only those particularly enthusiastic to close deals will be doing so.

2.7 Licensing

All print publications in India have to be registered with the Registrar of Newspapers for India (RNI). This is a powerful organisation and tends to be inclined to support the claims of local publishers in disputes with foreign title owners.

We understand that all magazines must be registered with the RNI and have to be registered by an Indian individual. This is typically done on behalf of a corporate body and the RNI recognizes that the corporate owner, not the individual has precedence. It is not yet clear what the implications of foreign ownership are to this system. As far as we are aware, the RNI still requires that registrations be made by an Indian national. The assumption is now, though, that he can now do that on behalf of a joint venture company in which a foreign company has a shareholding of up to 74%.

There is a "use it or lose it" principle in registrations. Anybody can register a title regardless of internationally recognized ownership or trademarks. We were told that the Times of India Group has registered the name *Financial Times* and publishes a supplement with that name twice a month in order to protect it. If, however, a registered name is not used for 12 months, the registration lapses and another company can make an application to use it.

Entirely separate from the NRI registration process, trademark law has been described to us as being more in line with international practice. We have been told that the courts will recognise the precedence of an international trademark holder if that mark is well established internationally so 'first past the post' registration rights for trade marks do not necessarily apply if it can be shown that internationally that trade mark is recognized as belonging to somebody else.

Media industry specialists in India tell us that the RNI registration system has been abused on a number of occasions and various Indian publishers have tried to register international titles with a view to extracting some kind of pay-off from their owners when they want to bring them into the market. The 'going rate' for that type of deal is said to be Rs2 million (US\$44,400).

3. Operational issues

3.1 Editorial content

The Indian press is proud of its traditions as guardian of political and democratic freedoms in this very complicated country. The editor is a respected position and journalists expect to have freedom to write investigative stories.

As everywhere, standards vary and blatant linking of advertising and editorial copy is not uncommon in many trade titles and weaker publications. Readers appear to have a fairly high degree of sensitivity to this and discussions we have had regarding the comparative standards of different titles tend to focus on editorial quality more than they do in other parts of Asia.

Journalists are, by international standards, very inexpensive to employ in India which means that even relatively modest publications can have a more extensive staff than is often found in higher cost markets. As in many other developing countries, the fact that they are poorly paid can make some writers and editors prone to ethical indiscretions which are preyed upon by unscrupulous marketing and PR executives.

Journalists are also likely to be reasonably well educated and will be competent in English to a degree which can put counterparts from the United States and UK to shame. Indian usage can, though, sound archaic or unusual to readers in other parts of the world so some caution needs to be exercised in using writers in India to produce copy for publications in other places.

India, like the United States, is geographically a huge country. This means that even relatively small magazines may well have to establish some kind of editorial coverage outside the head office locations. Typically, if a magazine is based in Mumbai, it will have a bureau in Delhi and perhaps Kolkata and Bangalore. These offices often also contain sales offices.

3.2 Circulation

3.2.1 Controlled vs. paid circulation

By and large, this is a market where business publishing is dominated by controlled circulation titles. Where subscriptions are collected, as with the large

weekly and fortnightly business titles, they are very low:

Table 8: Sample subscription rates and cover prices

Publication	Cover price		Annual subscription	
	Rs	US\$	Rs	US\$
Business India	15	\$ 0.33	245	\$ 5.44
Business Newsweek	10	\$ 0.22	240	\$ 5.33
Business Today	10	\$ 0.22	215	\$ 4.78
Business World	5	\$ 0.11	228	\$ 5.07
CHIP	100	\$ 2.22	900	\$ 20.00
Developer 2.0	50	\$ 1.11	450	\$ 10.00
DIGIT	100	\$ 2.22	900	\$ 20.00
Linux for You	50	\$ 1.11	450	\$ 10.00
Living Digital	100	\$ 2.22	900	\$ 20.00
PC Quest	100	\$ 2.22	900	\$ 20.00

Source: BSG

Circulations are not particularly high for such big market as can be seen from the table below and Table 3 on page 16 above.

Table 9: Circulations of major IT publications

Title	Publisher	Freq	Circ.
Living Digital	Cybermedia	Monthly	95,000
PC Quest	Cybermedia	Monthly	91,000
DIGIT	Jasubhai	Monthly	74,000
CHIP	Tata Infomedia	Monthly	55,000
Data Quest	Cybermedia	24 times	45,000
Express Computer	Indian Express	Weekly	45,000
Voice + Data	Cybermedia	Monthly	32,500
360 Degrees	IT Nation	24 times	27,000
DQ Week	Cybermedia	Weekly	25,000
Network Magazine	Indian Express	Monthly	25,000
Developer 2.0	Jasubhai	Monthly	25,000
Network Computing	Jasubhai	Monthly	25,000
IT Information Technology	EFY Enterprises	Monthly	20,000
Linux for You	EFY Enterprises	Monthly	20,000
Computer Reseller News	Jasubhai	24 times	17,500
DQ Channels India	Cybermedia	24 times	11,000

The development of circulation lists is relatively labor-intensive although there are a number of firms who can assist with this in a manner which would be

reasonably recognizable to a circulation manager in other parts of the world. What is particularly challenging is to extend these lists beyond the major metropolitan cities. Many publications are largely limited to 8 – 10 major cities. There has been some success in working around this physical limitation with on-line publications such as ITNation.com whose e-newsletter goes to IT distributors in 200 or so small and medium-sized cities.

3.2.2 Auditing

India's ABC was established in 1948 and endeavors to establish standards in what is often a chaotic market. Mr. Hormuzd Masani, Secretary General, says that members include "most of leading publishers that matter". Some 400 of India's leading newspapers and magazines are audited by ABC, around 1.5% of the total.

The organisation requires six-monthly audits through one of the 80 accounting firms it has empanelled. The ABC India head office in Mumbai undertakes back checks of the audits itself. These typically take the form of surprise visits to printers and all publications are covered on a 2-3 year cycle.

Relatively few business magazines are represented in the list of members. At time of writing, they were restricted to the following:

- Business India
- Business Today
- Outlook Money (this is more of a personal financial publication than a business-to-business title)

Masani notes that ABC in India chooses not to cover controlled circulation titles and has not yet started to do online audits.

Readership surveys

ABC's Masani told BSG that there is a trend towards providing readership data. The organisation has established a division, the National Readership Studies Council which carries out this work together with the country's top research agencies. The National Readership Survey has been carried out four times with reports produced in 1995, 1997, 2000 and 2003. As elsewhere in the world, these have sometimes been controversial and the publication of the 2003 report was delayed by a series of lawsuits.

Given the scale of the country, the sample has to be reasonably large. In the case of the most recent NRS, it is 227,000 people, covering each town with a population of more than 200,000. Fieldwork takes 1.5 years to complete and analyze.

Masani says that many business publications use the readership survey although most of them cannot meet ABC circulation audit requirements. Particularly challenges in ABC's regulations include the fact that publishers are not allowed to pay over 40% commission to circulation agents and there are severe restrictions on what are termed "aggressive" promotion schemes. "We want to make sure that magazines are bought for themselves and not for a gift", Masani says. The value of gifts can be up to 50% of cover price. Given low cover prices in India, that seriously limits the flexibility of circulation managers to boost purchases with merchandising of the type seen elsewhere in the world.

ABC India web site: www.auditbureau.org

3.3 Distribution

Most controlled circulation titles use the Indian Postal System for distribution. It is regarded as reliable and inexpensive for registered titles: average costs are 50 paise to Rp1 (1 - 2 US¢) per copy depending on the weight of the parcel.

Some of the more up-market titles use courier networks which today have become very cheap and reliable. These are local city couriers which charge Rp3 - 4 (6 - 8US¢) per packet and bring the proof of delivery for their client. There is also a network of bulk delivery companies who do city-wide deliveries while some publications have their own local delivery teams.

There are a couple of national and regional distributors of mass circulated

journals and magazines. IBH and IBD are the largest and they undertake distribution of both national and international journals. There are several regional players like the CNA in the north, and similar strong distributors in each State Capital who distribute copies to book stalls and shops including airports and railway stations. The distributors get up to 40% commission on sold copies and pass up to 25% of that to the retail distributors including hawkers, book shops and stalls.

IBD are the largest distributors for the International titles although there are a number of other agents too. Both the above-mentioned companies are Mumbai based and have an all India network of offices to manage distribution of magazines as well as books.

There is a market for international magazines but industry insiders in India believe it is essential to have a large local media firm to publicize these titles. The Times of India, for example, does this through its portal indiatimes.com for quite a number of titles. Without the local boost, the sale of most international titles do not exceed 1,000. *Time* magazine and *Cosmopolitan* have an arrangement with the India Today group and the BBC, now managing the two top brands of the Times Group, has indicated that it wishes to launch a number of other consumer titles into the market. They would use the distribution infrastructure of the Times Group for this which does not depend on other agencies.

3.4 Advertising sales

3.4.1 Selling in India

The single biggest issue for a foreign publisher relates to advertising page rates which are, generally, very low by international standards. Even the big national business titles struggle to achieve much more than Rp50,000 a page (although their rate cards show double this amount).

Heavy discounting off low basic rates is prevalent. BSG has been told that negotiations will typically start at 40% off rate card and go down from there.

As in many parts of Asia media data is frequently limited, unreliable or, in some instances, non-existent. Sales are made on the basis of relationships with CEOs and marketing managers. With advertising rates as low as they are, buyers are often willing to forego professional purchasing criteria and make 'friendly' placements in the magazines whose sales managers keep most closely in contact

with them. In many cases, even where large multi-nationals or domestic advertisers work with agencies and professional media buyers for their TV, newspaper and consumer magazine placements, their trade and business magazine purchasing decisions are made separately and directly by senior managers.

Circulation audits are restricted to handful of the best established business titles. ABC's restrictions against controlled circulation titles mean that this will be difficult to change for the time being although there is a growing recognition in some parts of the industry that improved professional standards may be one way to start to address the low status of business publications in media buyers' minds.

3.4.2 Sales for international titles

There are many small/medium-sized media rep companies working on behalf of international titles. As elsewhere in the world, standards and effectiveness vary.

A particular challenge for this companies is to sell space beyond a small number of the more sophisticated large domestic companies: the difference in cost between advertising in Indian magazines and larger international titles is huge. There may also be challenges for smaller Indian companies obtaining foreign currency to pay for advertising in titles elsewhere in the world.

The two largest and best established media rep companies are Mediascope (www.media-scope.com) and a specialist division of the Times of India Group (www.indiatimes.com).

4. Practical guide to market entry

Beyond well-established, traditional content and brand licensing models, entry into the Indian market for business magazine publishers is largely uncharted territory. We are, therefore, highlighting a number of issues which we understand that international publishers are currently considering as they review opportunities in India.

4.1 Choosing business model

The first step in this process is choosing an appropriate business model. The range that we believe to be under consideration include:

1. **Licensing:** Various content and title licensing arrangements are tried and tested in India (as elsewhere in the world). Given the challenges of operating in an ultra-low rate environment, this option still looks attractive to many international publishers.

There are some concerns about protection of trademark and the foreign owners' rights to their own title because of the RNI licensing procedures which are still in force (see "Licensing" on page 32 above for more details of this). There have also been cases in which payment of license fees has been a concern.

2. **Joint ventures:** Wholly-owned foreign ventures are still not allowed so joint ventures in which the international partner owns up to 74% are the only choice if a more direct involvement in publishing is of interest. There are no such restrictions on an events business which may be wholly owned.

Some publishers have tried to structure joint ventures through Singapore or other offshore corporate entities in the same way that they use Hong Kong to protect their international revenue streams in China ventures. The Indian authorities tend to be wary of this approach and at least one venture has been dissolved because of problems with it.

3. **Outsourcing:** Some publishers are looking at India as a potential location for outsourcing content-generation work and publishers in India see this

as a business opportunity. Given the political sensitivity of the issue, particularly in the United States in this election year, it seems unlikely that we will see wholesale relocation of editorial departments to Mumbai in the near future although we may see technical content for international titles being generated in Bangalore within the next 2 - 3 years.

4.2 Choosing partners

The success of all of the business models above is completely dependent on effective choice of a business partner and this has been a challenge for most international publishers. None was willing to go on the record for this research but we heard several unhappy tales of failed partnerships from major publishers who are otherwise well-versed in international operations. There is a substantial difference between the aggressively entrepreneurial small/medium business approach which typifies most Indian media companies and the needs of the large corporations with which they have often tried to partner.

Before an agreement is reached, a very clear and explicit understanding needs to be reached by both parties of both sides' business objectives, financial expectations, service performance expectations and longer-term plans for the market. Issues of exclusivity and working with competitors need to be addressed very clearly; several ventures have collapsed or become very unproductive where either the Indian or the foreign partner has entered into business arrangements with companies that the other considers to be a direct competitor.

Choosing the right local partner is a major challenge for publishers operating anywhere in the world. Historically, India seems to have been a market in which establishing a partnership which lasts the tests of time is more challenging than most.

4.3 The future

We anticipate a number of important trends in business media over the next several years in India. These will all have significant impacts on the way foreign companies can do business there:

1. **Consolidation:** We will see the beginnings of a process of consolidation over the next 3 - 4 years in which smaller publishers will be acquired or

- will go out of business. Foreign publishers are likely to be involved, at least in part, in this process.
2. **Listings:** Several Indian business media firms are considering IPOs. This move will inevitably be linked to an acceleration of mergers and acquisitions as well as pressure from market regulators for significantly improved professional standards in those companies which do list. Investors will also be looking for higher returns than have traditionally been achievable in this sector. This will presumably lead Indian business media groups to look to diversify into other media and to seek foreign partnerships to help improve their capitalization and give them access to international markets.
 3. **Events:** Indian business events, particularly large trade fairs, are under-developed as a result of poor infrastructure outside Delhi. New exhibition and convention centers developed in Chennai and Hyderabad will help spur the industry's growth. If a new facility of international standard can finally be built in Mumbai, this will generate a huge opportunity for business media companies. Smaller, traveling events, road shows which move around the country's many secondary markets will also be significant income generators for some business media firms. There are no real restrictions on foreign participation in this sector.
 4. **'New' media:** We believe that 2004 - 5 are likely to see the emergence of the Internet as a significant business tool in India. This will lead to the emergence of new business opportunities which are subject to much less regulatory constraint for foreign companies. The same may be true for some mobile data and information services.

5. Resources

A section providing lists of useful information resources to readers.

Media specific

Association of Indian Magazines (AIM) Fax: +91 (11) 362 5020

ABC India www.auditbureau.org

Exchange4media www.exchange4media.com

General business sites

CIA World Factbook www.cia.gov

Indian Trade Promotion Organisation www.indiatraderpromotion.org

National Assoc. of Software & Service Companies www.nasscom.org

The Indo-American Chamber of Commerce www.indous.org

United States Embassy, New Delhi <http://newdelhi.usembassy.gov/>