
State of Indian Public Relations Industry: 2016

Final Report

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Engagement Objective and Approach

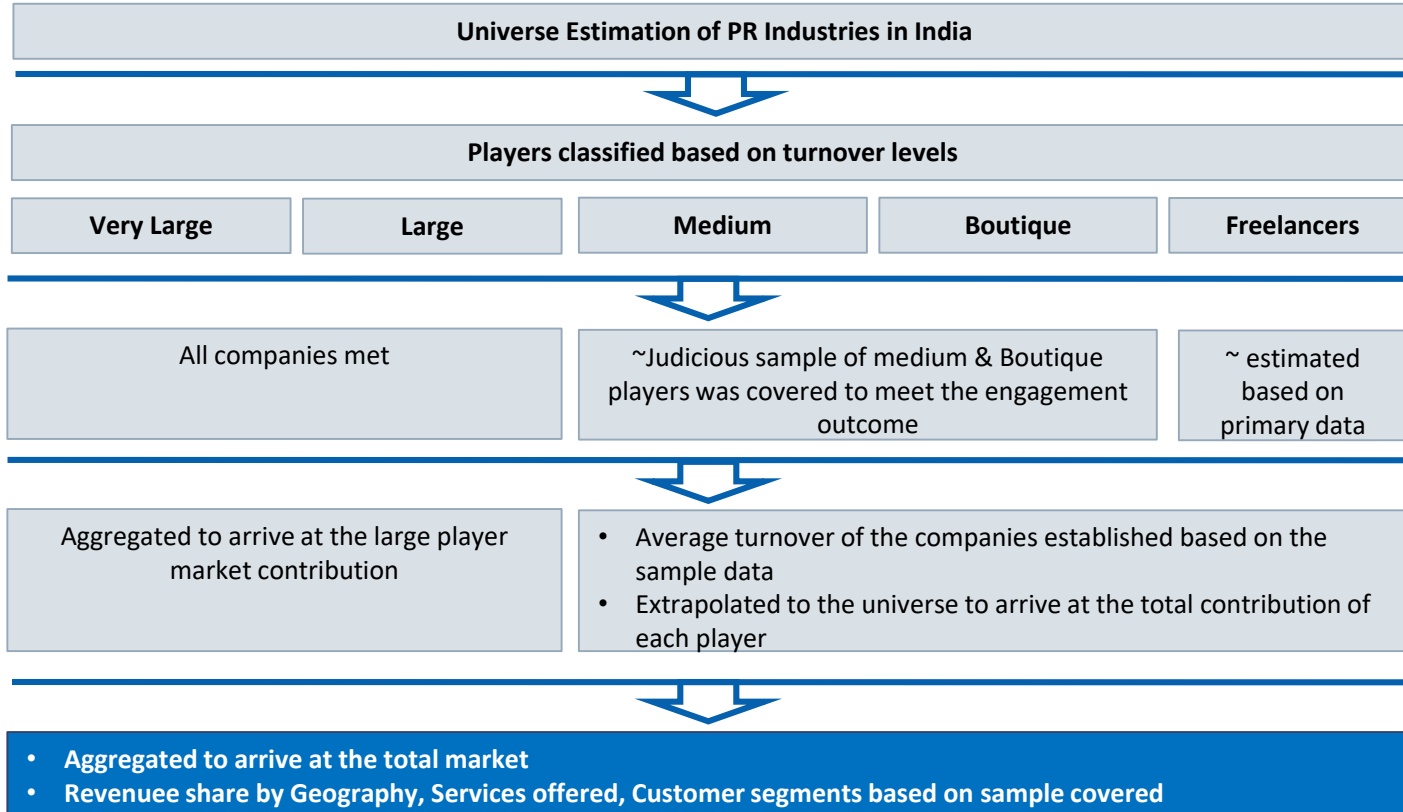
- PRCAI appointed Feedback Business Consulting to carry out a study to **understand the current status, size, share, trends and forecast of the PR Industry in India**
- The survey was conducted between **August – September 2016, Covering 42 Companies in all**
- Mode of data collection: **Online / web survey** and **qualitative discussions** with specific companies
- All individual company information has been maintained confidential by Feedback Business Consulting. Only aggregate level analysis have been shared In the report & for all discussions

Sample Coverage

	Approached	Responded to websurvey
Members	35	25
Non Members	27	7
Total	62	32
Annual Reports Analyzed of companies who didn't respond		10
Total Sample Companies Analyzed		42

Note: All Analysis and Interpretation in the current report is based on views and information shared by the survey participants. Feedback Consulting does not hold responsibility to the information correctness or accuracy

Approach to Current Market Size Estimation



Primary Interviews

- Information from Primary Interviews will be validated with the Secondary data

Secondary/Desk Research

- Based on the secondary data available, market size will be built
- Source of data- Annual Reports

Industry Structure and Market Size (Current and Past)

Indian Public Relations Industry Structure

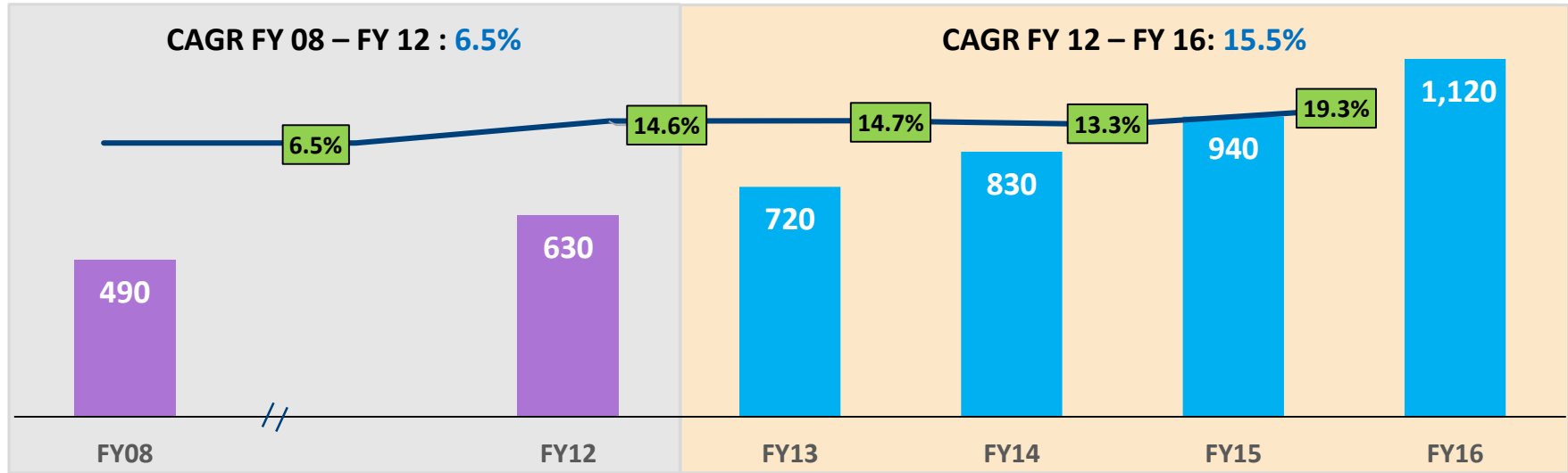
1,100+ companies estimated to be present

Company Category	Very Large Cos	Large Cos	Medium Cos	Boutique Cos	Freelancers
Number of Companies	4	4	10	100	1000
Turnover Range FY 16 (Rs. Crs)	> 60	30 - 59	11 - 29	1 - 10	<1
Operations	Presence in 8+ cities	Presence in all Metros	Presence in 2- 3 locations	Present majorly in North	Present in one city

The Indian public relations industry is quite developed considering every major global agency operates in India today. There is intense competition for business and clients have more choices than ever, from home grown to global firms, specialist agencies and freelance consultants – all of which are vying for much of the same business

Public Relations Industry Size (Rs. Crs)

Values in Rs. Crs

















Growth of only 6.5% was observed from FY08 to FY12 due to the economic slowdown in the Industry in FY10 and FY11, though the industry was anticipated to grow at 15% during the survey in the year 2008

Industry recovered from the slowdown in FY13, FY14. FY16 was a better year for the PR Industry in India where a growth of 19% was observed

xx% Year on Year Growth Rate

Source: Feedback analysis of Survey information, Annual Report, Qualitative Discussion, Feedback assumptions where necessary

Profitability Percentage by Company Structure

Company Category	FY13		FY14		FY15	
Overall	N = 26	 10%	N = 30	 12%	N = 21	 11%
Very Large	N = 3	 12%	N = 3	 13%	N = 1	 13%
Large	N = 2	 7%	N = 1	 10%	N = 1	 7%
Medium	N = 4	 14%	N = 4	 14%	N = 3	 12%
Boutique	N = 17	<i>No data</i>	N = 22	 2%	N = 16	 8%

Profitability percentage is Profit/Revenue

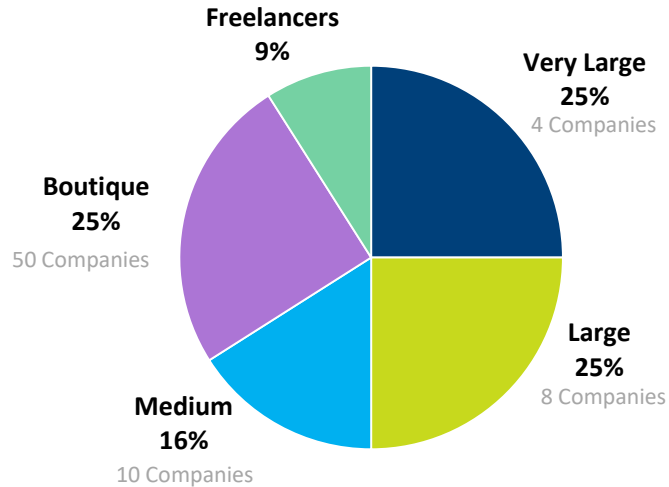
The profitability of small companies has increased from 0% in FY13 to 8% in FY15
Very Large, Large and medium companies, the profitability ratio has been the same from FY13 to FY15

Source: Annual Report

Market Estimate by Company Category

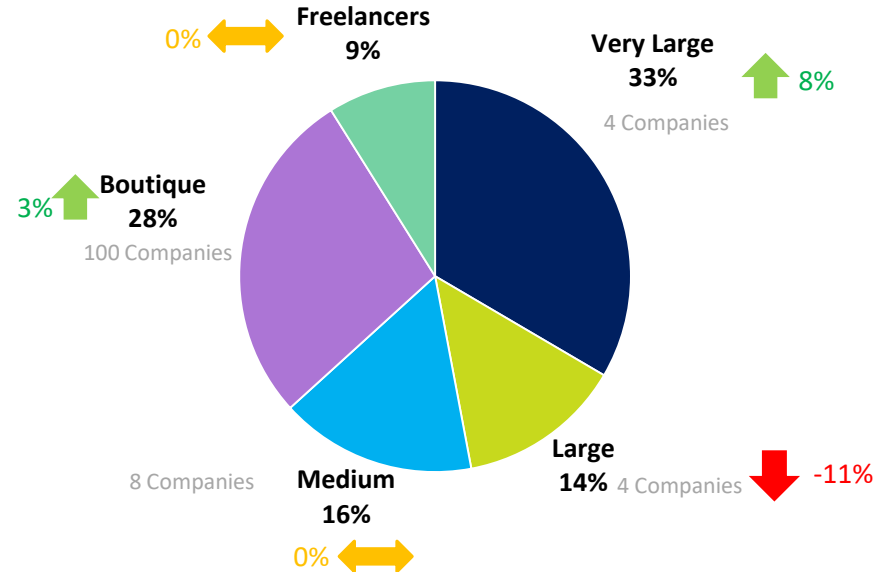
Revenue Share by Company Category in FY 08

Base: Rs. 490 Crore



Revenue Share by Company Category in FY 16

Base: Rs. 1,120 Crore



↑ The % change from FY08 to FY16 by company category

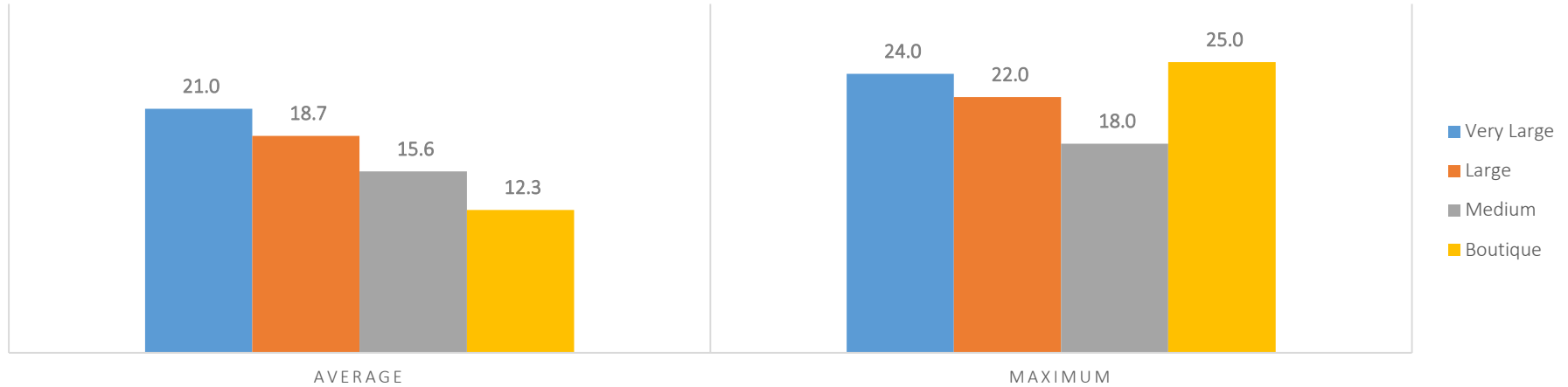
- The Industry has seen consolidation at the top of the pyramid, resulting in very large players gaining higher market share, while the bottom has expanded with respect to the number of players, with lower growth in revenue
- Large & Medium Players may not be comparable because of the consolidation that has happened in the industry

Note: In FY 08 the company categorization was: Very large: Rs. 30 – 50 Crs, Large: Rs. 10 – 29 Crs, Medium: Rs. 5 – 10 Crs, Boutique: Rs. 1 – 5 Crs

Source: Feedback analysis of Survey information, Annual Report, Qualitative Discussion, Feedback assumptions where necessary

Revenue Per Employee Trend by Company Category

AVERAGE & MAXIMUM REVENUE PER EMPLOYEE (RS. LAKH PER ANNUM)



Total number of people employed in the Indian PR Industry:
~7,750

Average Revenue per employee:
Rs. 14.5 Lakh

Number of new employees added every year:
~ 5 – 10% of total employed

Attrition rate of PR industry:
28%

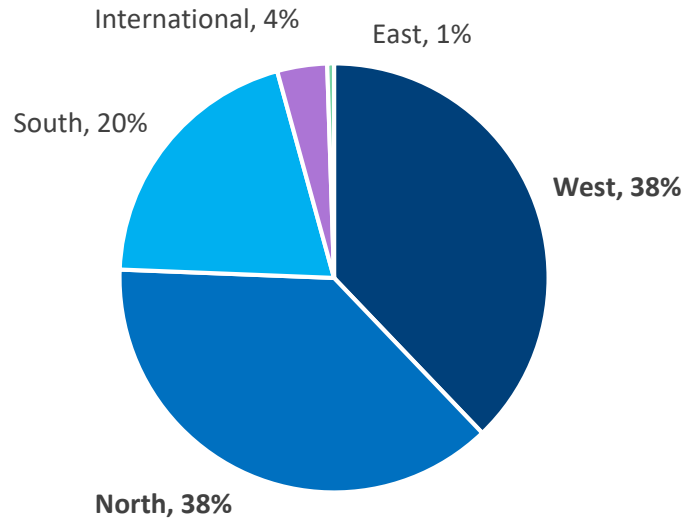
Source: Feedback analysis of Survey information, Qualitative Discussion, Feedback assumptions where necessary
Note: Outliers have been removed in specific categories

Market Share Analysis

Revenue Share by Geography

Share of Revenue for Sample Companies Covered (N = 29)

Base = Sum of Revenue = Rs. 580 Crs (Base = 100%)



- Although Very large and large firms have offices in the East part of India, they don't have any revenue coming in form there
- Delhi in North, Mumbai in West and Bangalore in South are where the offices are located majorly
- Large firms have 11% of their revenue coming from International business

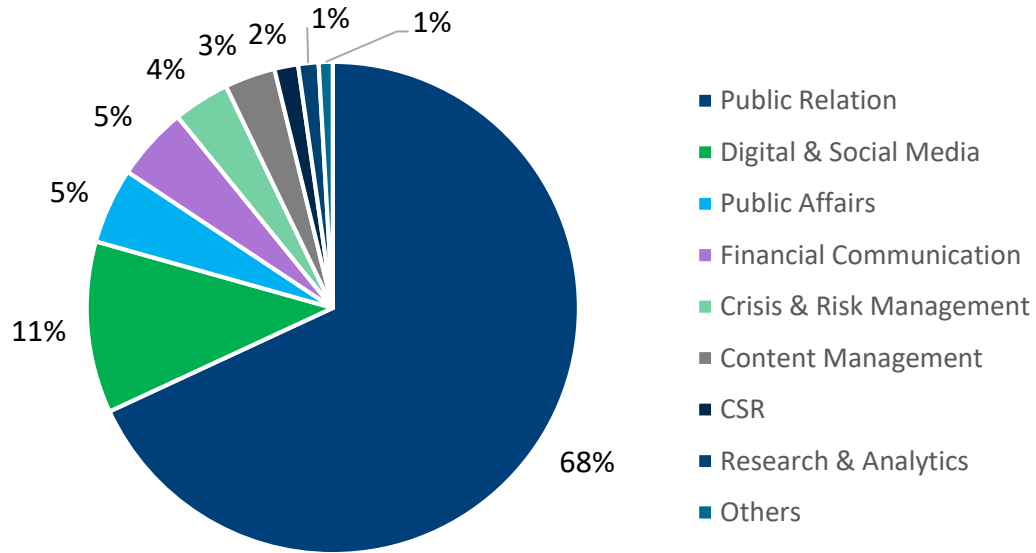
N = Sample

Source: Feedback analysis of Survey information, Qualitative Discussion

Revenue Share by Services Offered

Share of Revenue for Sample Companies Covered (N = 31)

Base = Sum of Revenue = Rs. 665 Crs (Base = 100%)

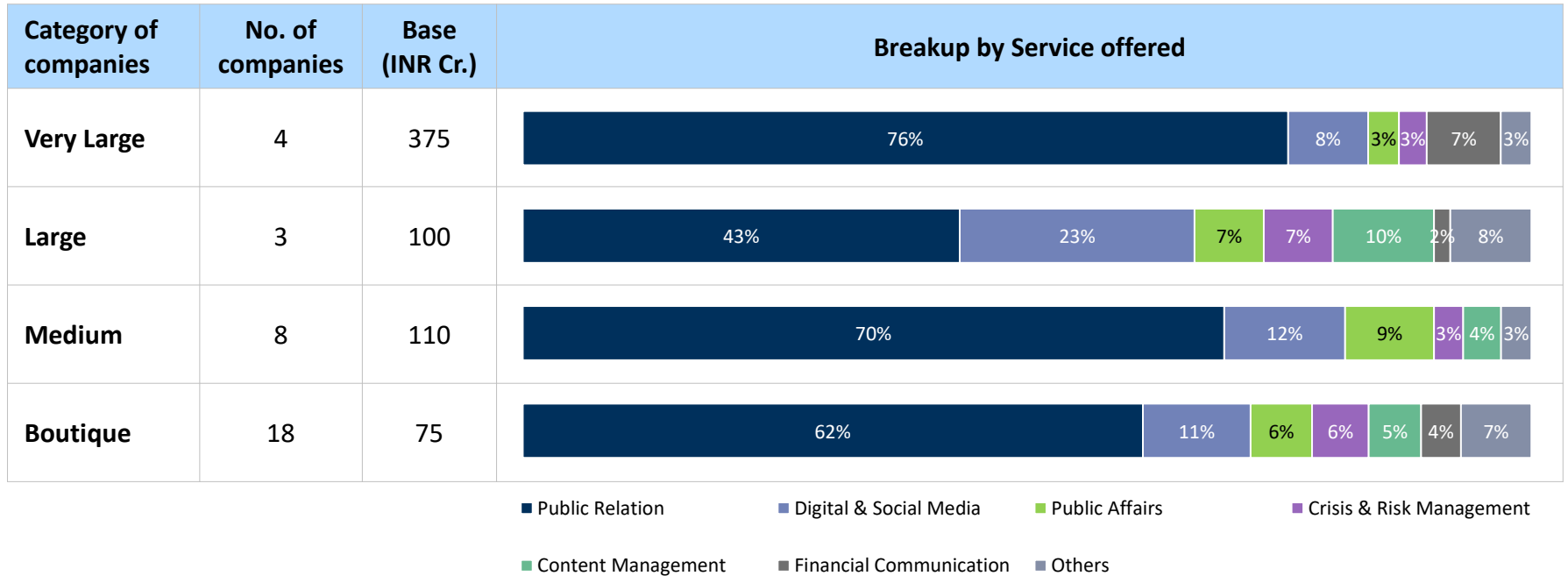


- **The heart of the business was Public Relations and Public Affairs**
- **Digital and Social Media are gaining significant market share (11% in FY 16)**
- **CSR, Content Management and Research and Analytics are seen as insignificant revenue contributing segments for most firms**

N = Sample

Source: Feedback analysis of Survey information, Qualitative Discussion

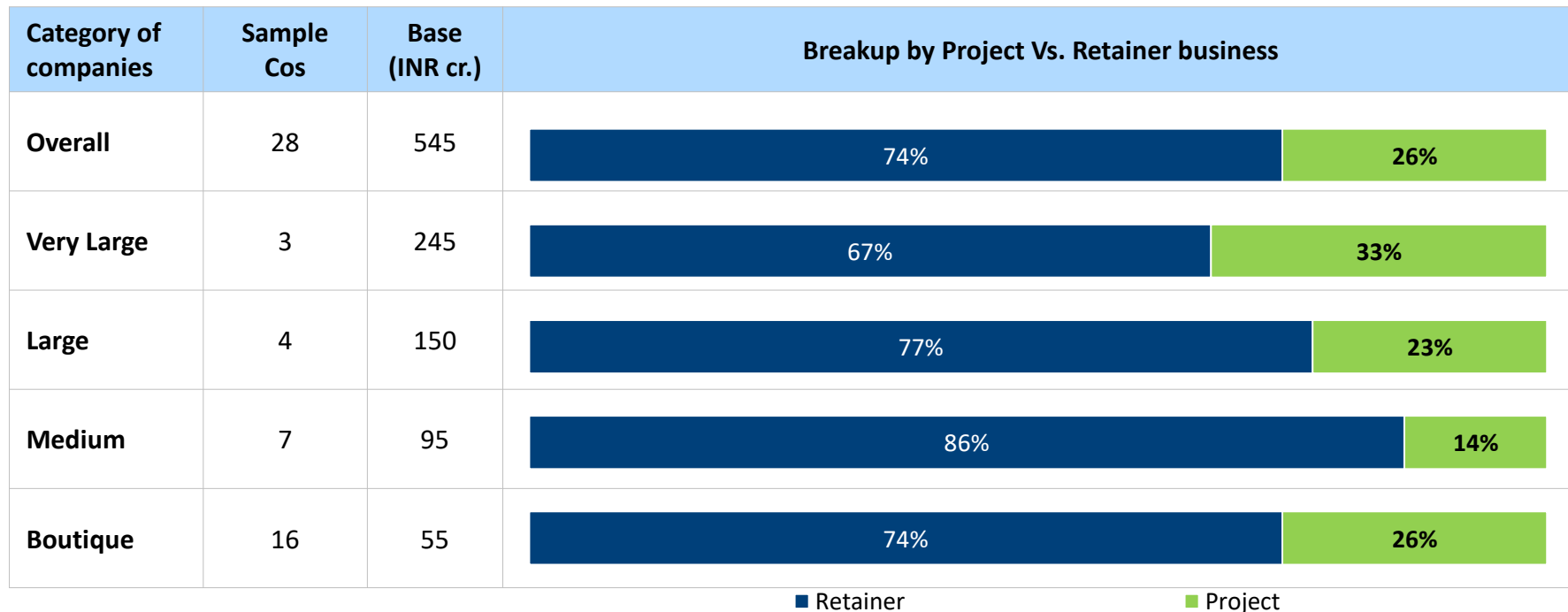
Revenue Share by Services offered



▪ Large firms are adapting to the change in the PR industry and driving their revenues from Digital and Social Media, However very large firms are slow in doing the same

N = Sample
 Source: Feedback analysis of Survey information, Qualitative Discussion

Revenue Share by Project Vs Retainer Business



- New clients are shifting away from retainer based relationship in favour of a project based relationship model
- Medium sized companies have the maximum retainer business and very large sized companies have the least retainer business

N = Sample

Source: Feedback analysis of Survey information, Qualitative Discussion

Revenue Share by Customer Segments

Segments	Overall	Very Large	Large	Medium	Boutique
Government	4%	2%	5%	3%	2%
Private	96%	98%	95%	97%	98%
ICT	21%	28%	17%	18%	7%
Financial Services	12%	19%	5%	7%	7%
FMCG & Retail	9%	4%	10%	19%	9%
Start-up's (Across sectors)	6%	2%	6%	19%	5%
<i>Food & Beverage</i>	5%	3%	8%	5%	5%
<i>Auto OEM's & Auto Components</i>	4%	3%	9%	3%	4%
<i>Aviation (including Aerospace)</i>	4%	3%	5%	5%	
<i>Education & Skills</i>	4%	3%	7%		7%
<i>Energy</i>	4%	4%	7%	2%	
<i>Healthcare Delivery</i>	4%	3%	5%	3%	11%
<i>Sports & Entertainment</i>	4%	5%		4%	4%
<i>Chemicals</i>	3%	2%	5%		7%
<i>NGO's</i>	3%		5%	5%	6%
<i>Travel & Hospitality</i>	3%			5%	4%
<i>Others</i>	10%	17%	5%	3%	22%
N=	30	3	3	8	18
Base (INR cr)	560	270	100	110	75

N = Sample

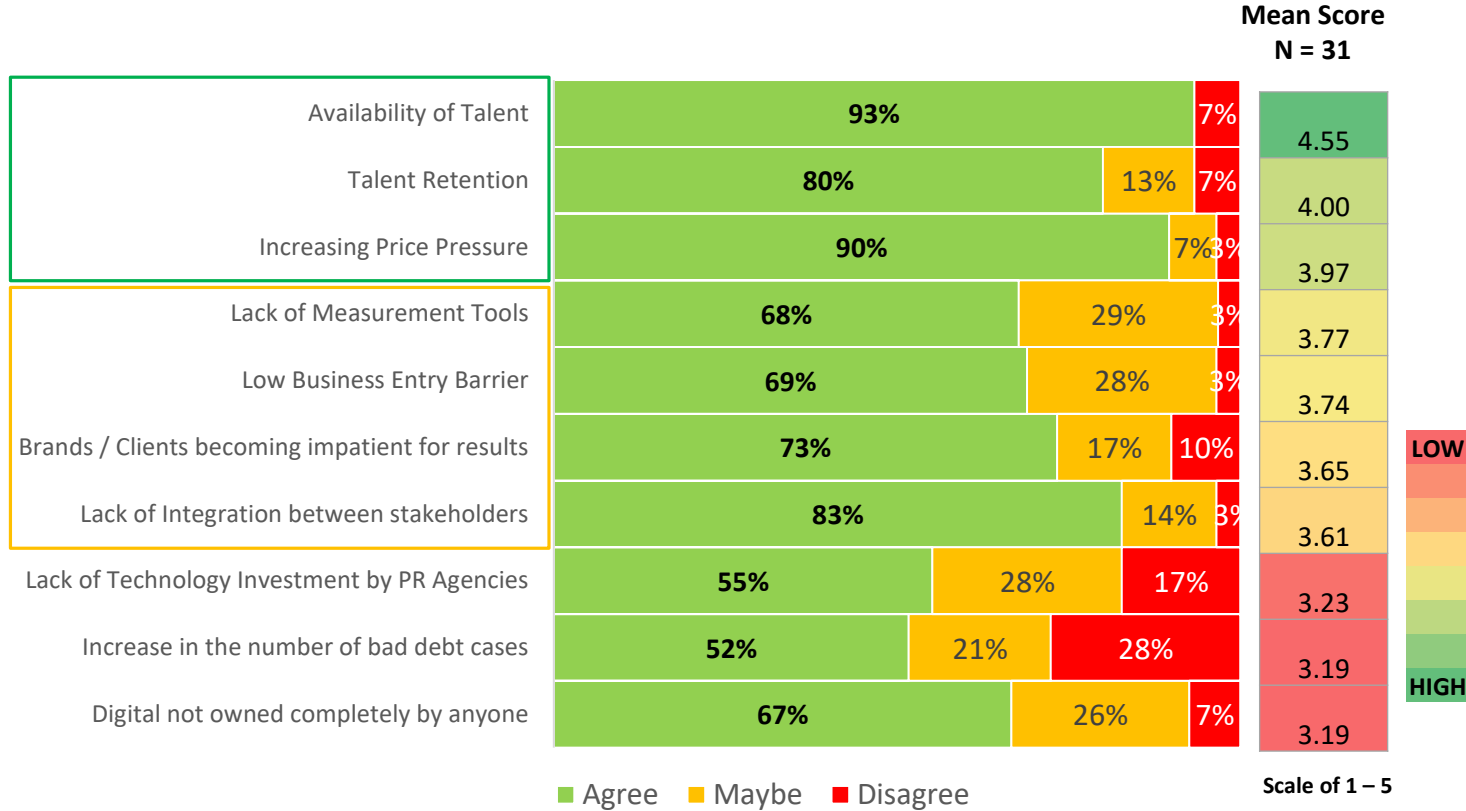
Source: Feedback analysis of Survey information, Qualitative Discussion

Industry Challenges

Challenges for Future Growth

Talent Pool Availability and Retention seen as a biggest challenge in the Industry, while the issue of price pressure continues

“Increasing Need for Result Oriented Approach”



N = Sample

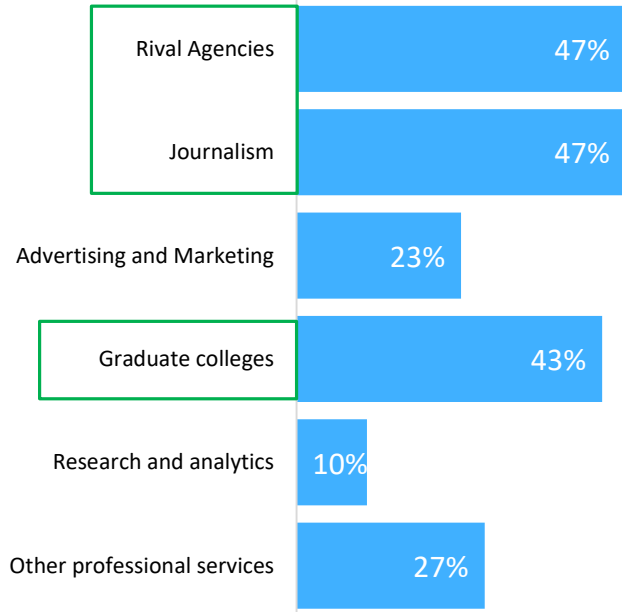
Source: Feedback analysis of Survey information, Qualitative Discussion

Hiring of Talent Pool in FY 16 and FY 17 (Intended)

Hiring of Talent pool by PR Firms in FY 16

N = 28

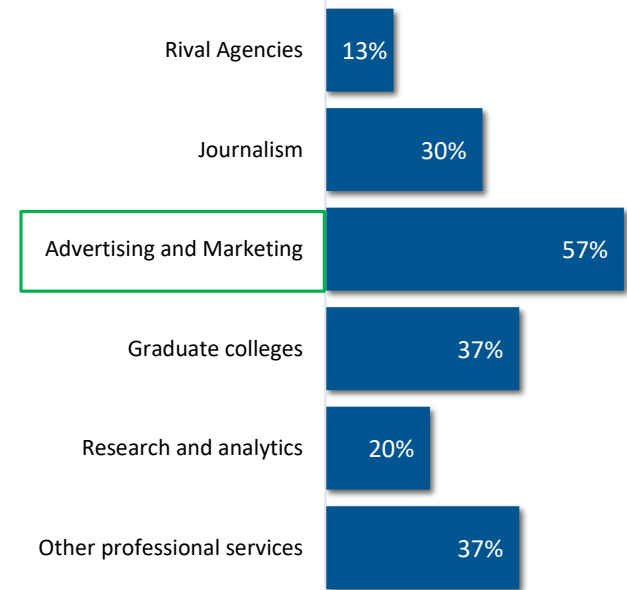
Firms are currently hiring from Rival agencies and graduate colleges (Journalism) to plug the immediate talent gap



Hiring of Talent Pool by PR Firms in FY 17 (Intended)

N = 28

Firms intend to hire from Advertising and Marketing cos / students as Creativity and Digital Media is a major requisite for PR companies



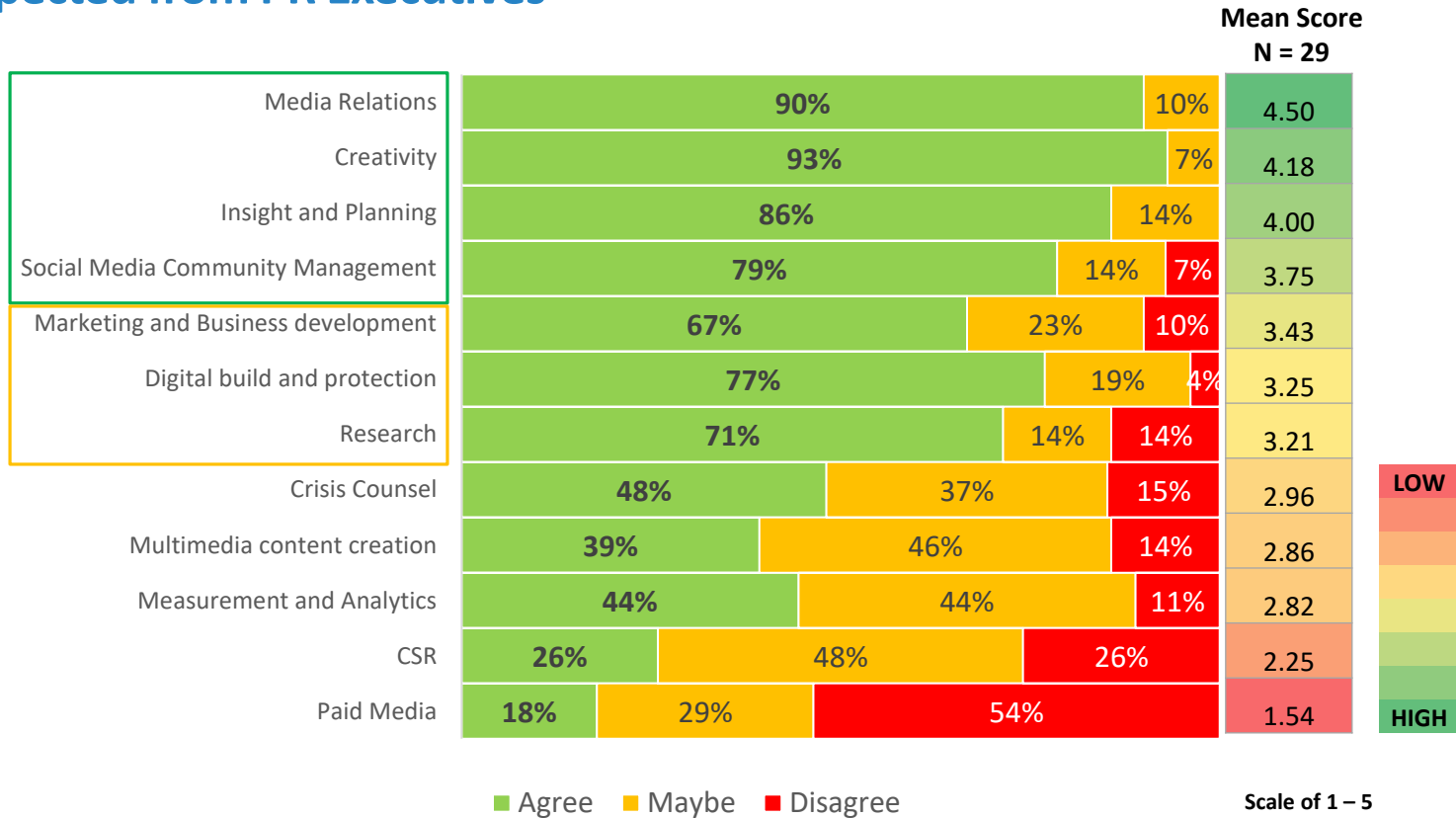
N = Sample

Source: Feedback analysis of Survey information, Qualitative Discussion

Desired Skills Expected from PR Executives

Creative individuals with social media management skills in demand

Increasing need for specialized individuals in Business Development & Marketing and Research



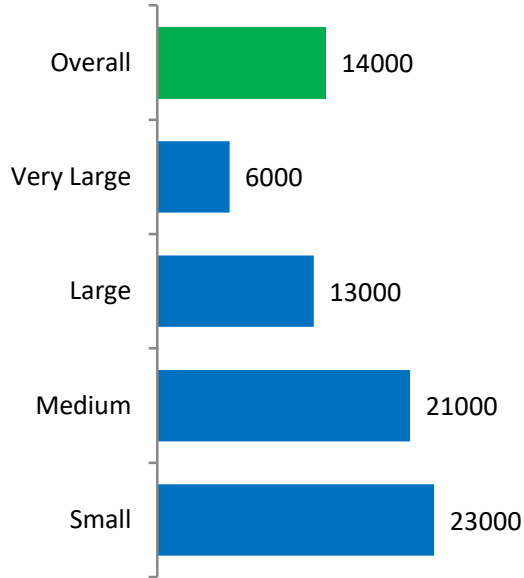
N = Sample

Source: Feedback analysis of Survey information, Qualitative Discussion

Spend on Training and IT: Seen as an key investment area to bridge the talent gap

Spend on Training per Employee in INR '000

N = 18

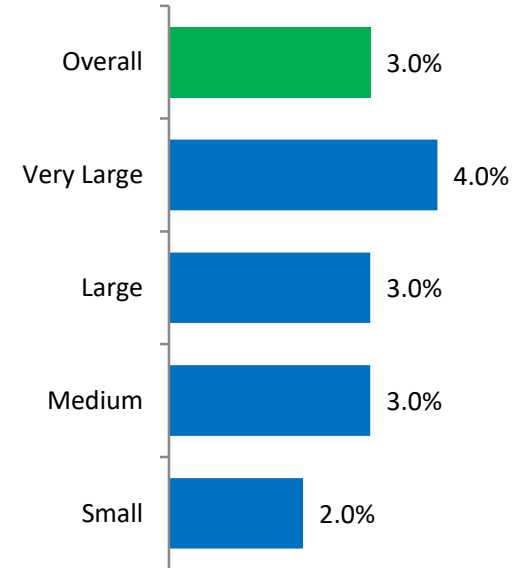


- The average training spend of the PR industry is half of the service industry spend

Spend on IT

N = 21

Sizable investment on IT by the PR firms



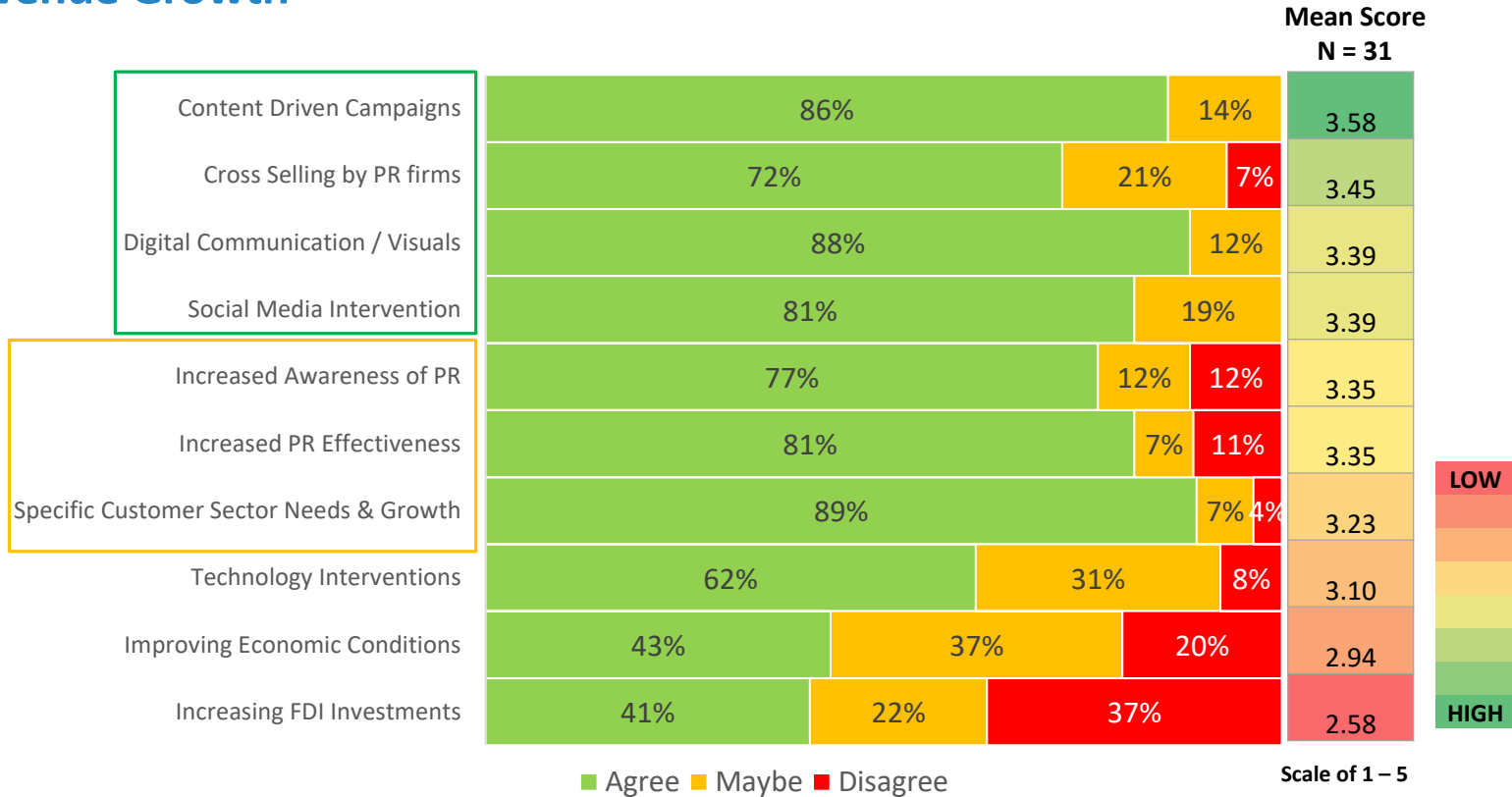
N = Sample

Source: Feedback analysis of Survey information, Qualitative Discussion

Future Outlook

Drivers of Revenue Growth

- **New Business Areas and Retention of account (Cross Selling) to Drive growth**
- **Increasing Awareness & Effective are key enablers of growth**
- **Needs of specific customer is changing, increasing cost of service**

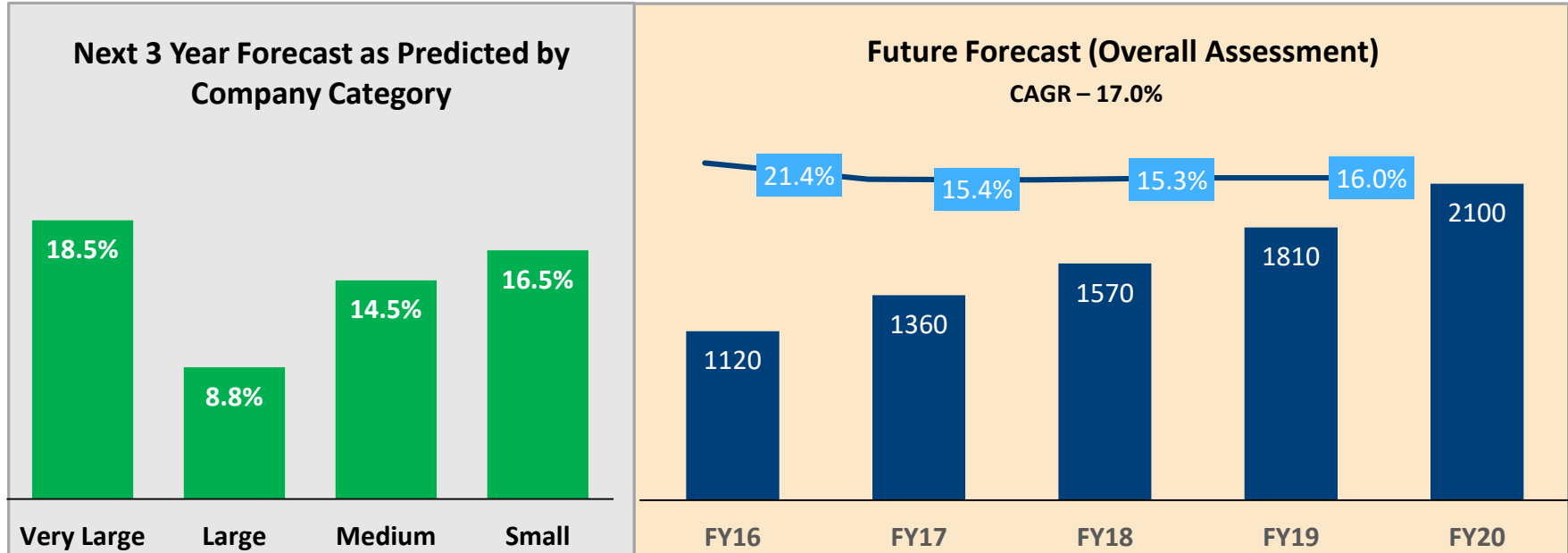


N = Sample

Source: Feedback analysis of Survey information, Qualitative Discussion

Public Relations Industry Future Forecast

Values in Rs. Crs



- The Indian PR Industry is expected to grow at a rate at about 17% from FY18 - FY20 according to the estimates made by the players
- The very large companies are very optimistic about the growth in the industry in the next 3 years
- Digital, Social media and Content driven campaigns will be the game changers in the Industry and may contribute to as high as 25% of the revenue share

Source: Feedback analysis of Survey information, Qualitative Discussion, Feedback assumptions where necessary

xx% Growth Rate

Key Trends Foreseen in the Public Relations Industry

- The ratio of **retainer vis-à-vis project model** for new business acquisition was around 70-30 earlier but now there is a **shift taking place**, due to an **increasingly competitive agency landscape in India** and mushrooming of freelancers wherein clients have more choices than ever before
- Companies are having a **separate division to specifically cater to start ups**
- Companies are looking forward for **complete integration of all the communication disciplines** including PR, digital, content, advertising and **reaching out to multiple stakeholders** with a unifying message and story
- **Upselling in the Industry**, variety of products re upsold to the same clients which brings in additional revenue
- **Storytelling has gone visual** and increasingly brands are opting for infographics and videos, hence there has been an increased emphasis on Visual communication

Thank You

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