



India's digital advertising surge: Navigating growth in the changing media landscape

Seizing growth opportunities

About the report

PwC's Global Entertainment & Media Outlook is its flagship thought leadership report that provides a detailed analysis of consumer and advertising spending across the E&M industry in 53 countries. Covering 11 revenue segments, one data segment and three trackers (AI, metaverse and non-fungible tokens [NFTs]), the report provides a comprehensive overview of market dynamics and future trends shaping the E&M landscape.

This report, Global Entertainment and Media Outlook 2024–28: India perspective, provides an in-depth analysis of the Indian entertainment and media (E&M) sector, and identifies four significant opportunities for growth. The report starts with a brief overview of the global E&M market, highlighting key trends and revenue figures to set the context for a comparative analysis. It then transitions to a comprehensive examination of the Indian E&M landscape – detailing its various segments and market dynamics and key growth opportunities. The final section discusses winning strategies that companies could adopt to maximise their success in the evolving entertainment and media landscape.

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Overview

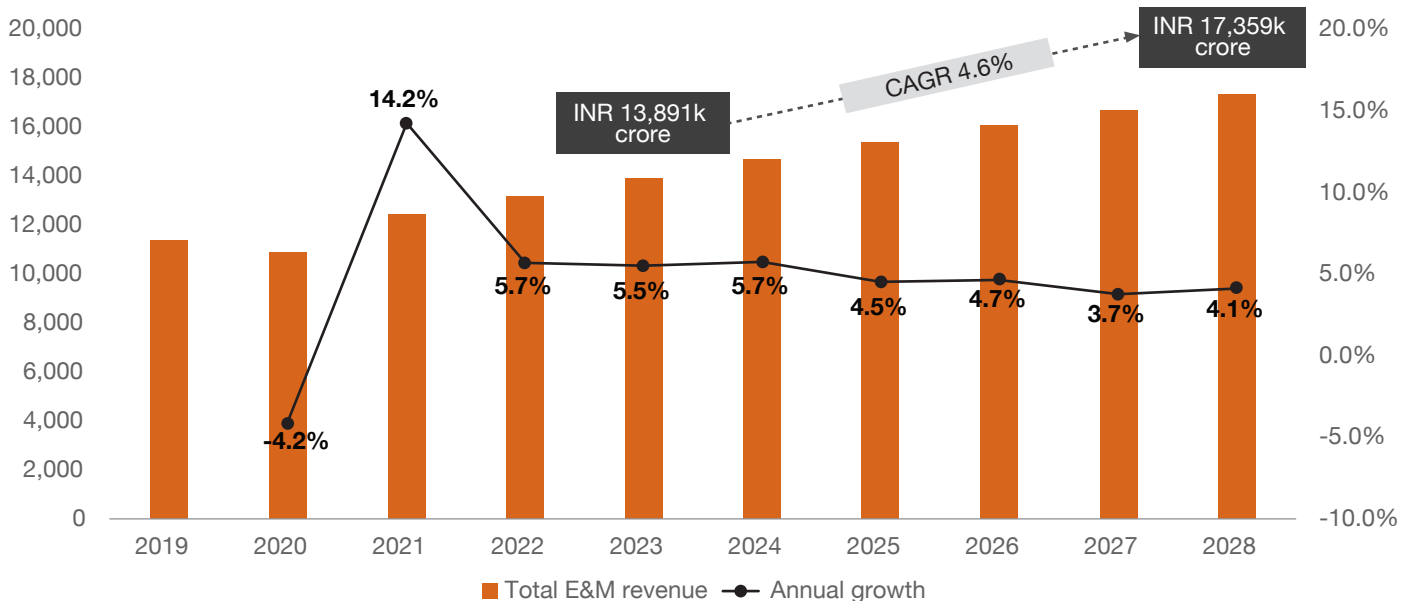
India's entertainment and media (E&M) sector, a sunrise sector for the economy, is growing rapidly, backed by robust economic growth, rising per capita income and supportive technological infrastructure. One of the key enablers of the sector's growth, the digital public infrastructure (DPI), is facilitating seamless transactions, boosting financial inclusion and expanding access to digital services. DPI has also democratised content consumption by removing barriers to entry, particularly for rural and underbanked populations, and driven the growth of subscription-based and ad-driven media platforms, accelerating the E&M sector's expansion across India.

Fueled by these advancements, the Indian E&M industry's revenue grew by 8.9% in 2023, reaching INR 245,000 crore, and is further projected to reach INR 365,000 crore by 2028, growing at a compound annual growth rate (CAGR) of 8.3%.* This percentage surpasses the predictions for the E&M complex globally, which is expected to witness a more muted growth at 4.6% CAGR over the next five years.

Despite the headwinds from economic slowdown, a cost-of-living crisis unfolding in several countries and geopolitical uncertainties, 2023 was still a strong year for the global E&M sector. Revenues witnessed year-on-year growth of 5.5% between 2022 and 2023, and are predicted to increase from INR 13,891k crore in 2023 to INR 17,359k crore in 2028.

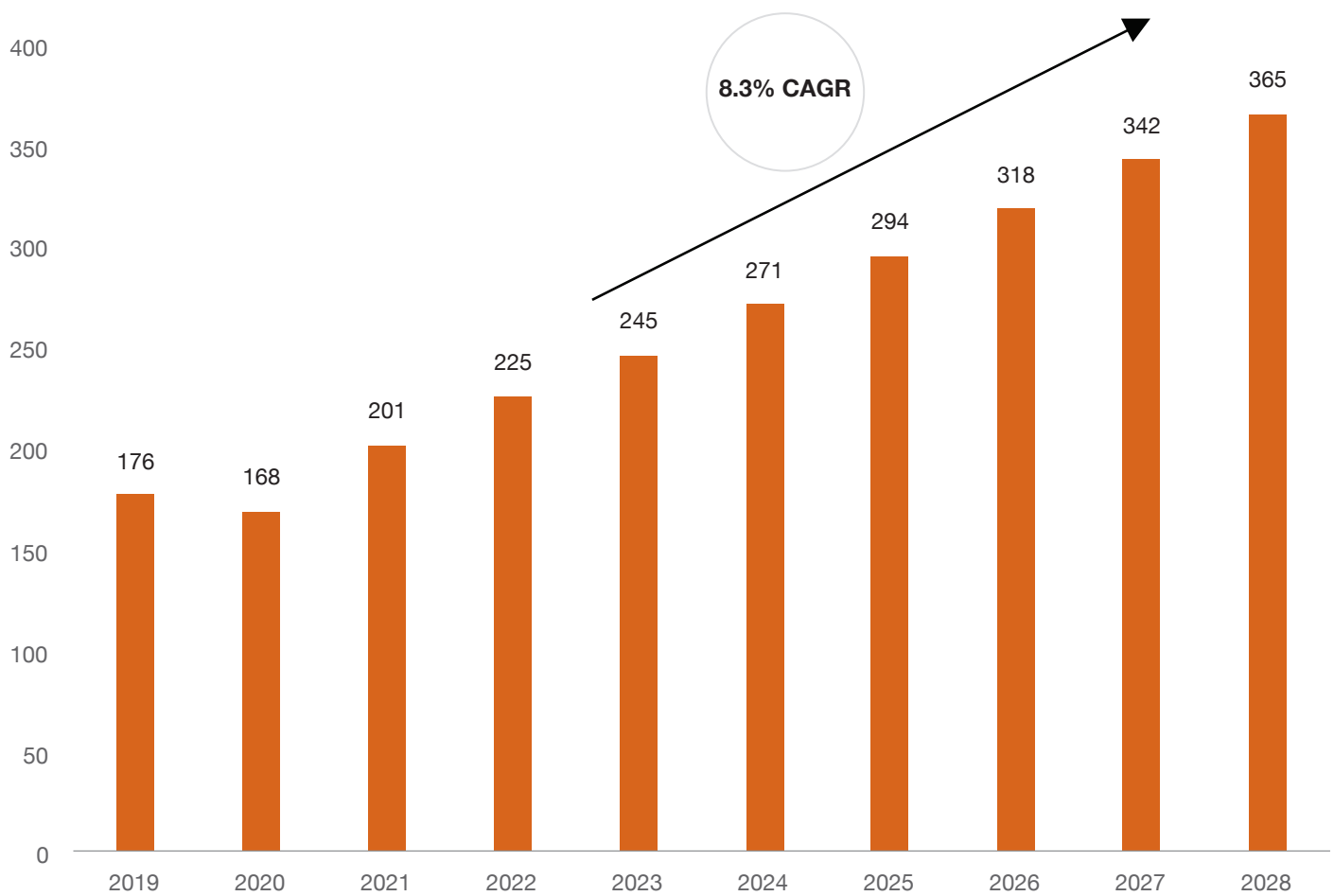
Note* This excludes connectivity revenue (i.e. revenue from internet and telecom services).

Figure 1: Global E&M revenue (INR thousand crore) vs annual growth (%), 2019–2028



Note: Connectivity revenue is not included.

Figure 2: Total E&M revenue in 2028 (INR thousand crore) and 2023–28 CAGR (%)



* Connectivity revenue is not considered.

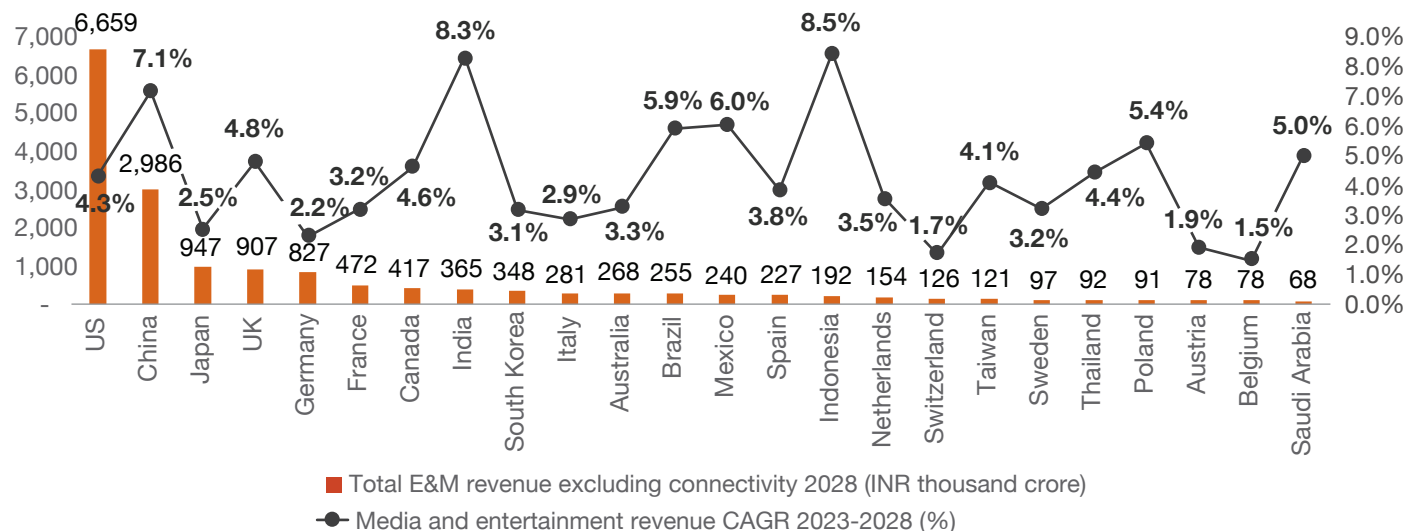


The US is the largest E&M market, accounting for a third of the global revenue in 2023 at INR 5,397,000 crore.** The CAGR for 2023–28 is at 4.3%, which falls below the global average of 4.6%. China is the

second-largest market to grow at a CAGR of 7.1%, with internet advertising revenue accounting for the majority of its growth.

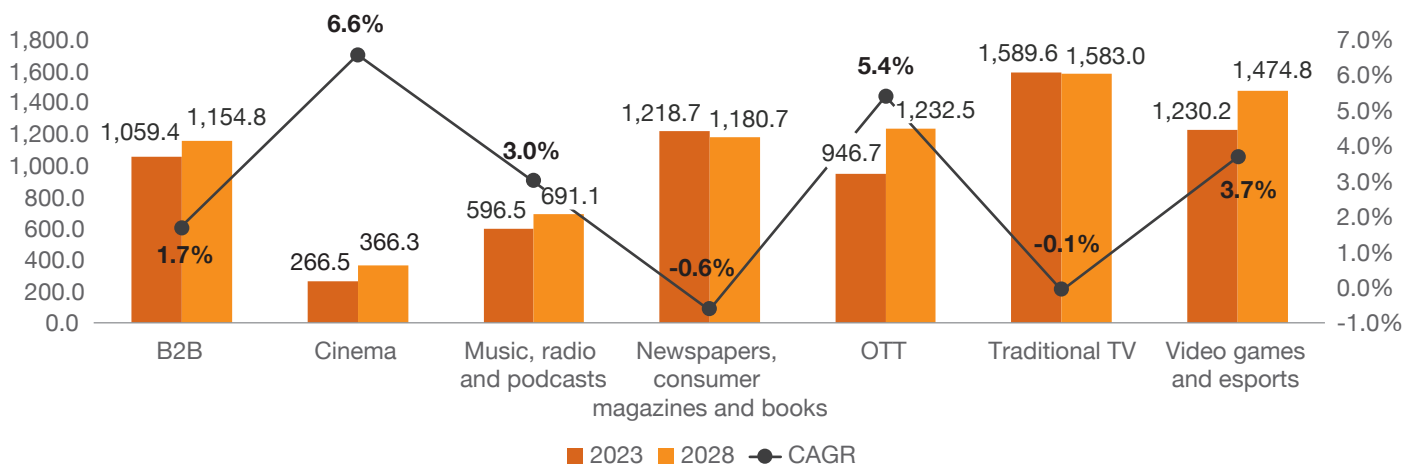
**This excludes connectivity revenue.

Figure 3: Total global E&M revenue in 2028 (INR thousand crore) and CAGR (%) for 2023–28



Note: Connectivity revenue is not included.

Figure 4: Global E&M consumer revenue split by type, 2019–28 (INR thousand crore)



The Indian E&M sector has continued its strong growth trajectory and is currently the ninth largest market globally (Figure 3). With India’s improved connectivity, rising advertising revenues and favourable Government policies around foreign direct investment (FDI) propelling its growth, the country is predicted to see one of the highest growth rates in the

next five years. The country’s large millennial and Gen Z population base of over 91 crore has access to the world’s cheapest data costs. At present, India has 80 crore broadband subscriptions, 55 crore smartphone users and 78 crore internet users. In fact, Indians are spending 78% of their time on mobile phone apps related to E&M.¹

1. Invest India, Media & Entertainment Industry in India

WAVES: A Government of India initiative

Leveraging India's strong growth trajectory in the E&M sector, the Government of India is set to host the inaugural World Audio Visual & Entertainment Summit (WAVES) from 5–9 February 2025. This global event will focus on enhancing India's E&M industry and increasing its international reach by bringing together key stakeholders, innovators and industry leaders from various sub-sectors within the industry, and policymakers to foster dialogue, trade collaboration and innovation. As a catalyst for growth, WAVES will help explore opportunities, address challenges and shape the future of the E&M industry. The key objectives of WAVES are as follows:

- Provide a platform to present ideas, fuel conversations, facilitate knowledge exchange and engage in meaningful collaborations with E&M industry leaders from across the globe.
- Boost the country's creative economy through intellectual property (IP) creation for India and the world.
- Position India as a business-friendly investment destination.
- Showcase India's E&M infrastructure and enhance industry outcomes.
- Embrace and adapt to new trends, technology and transformations in the E&M landscape.

Key highlights of India's thriving E&M journey

Figure 5: With the highest predicted CAGR, India is set to climb from 10th to 8th position in E&M revenues by 2028.

E&M revenues 2023-2028 (INR thousand crore) and CAGR (%)

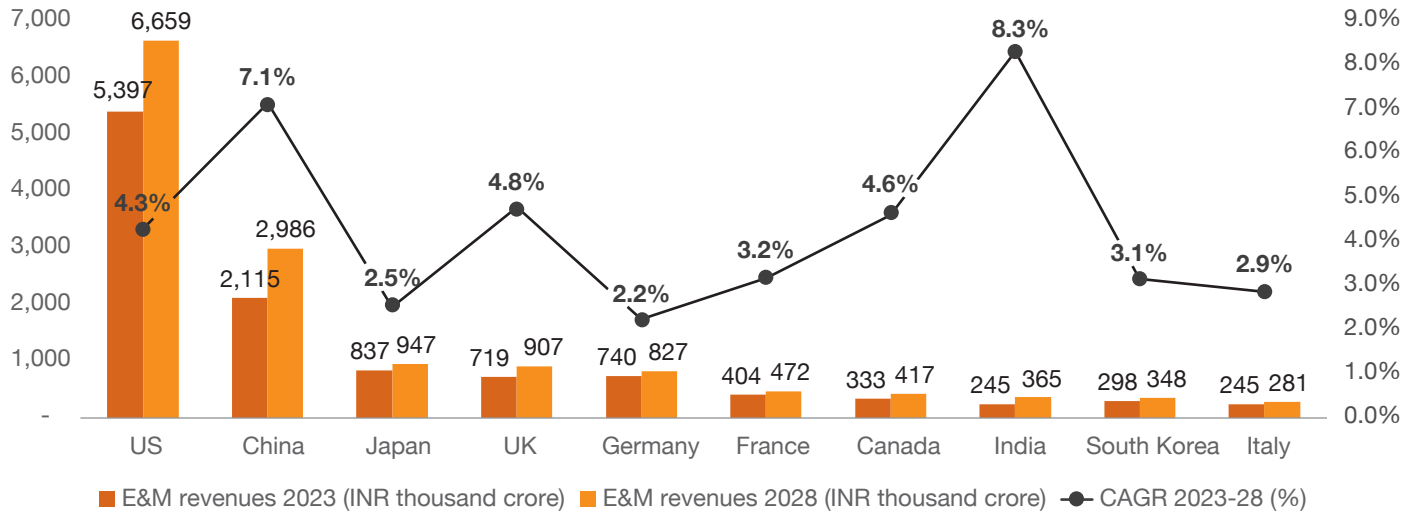


Figure 6: India's advertising revenues, boasting the second highest CAGR, are set to outpace those of Australia, South Korea, Indonesia and Brazil by 2028.

Advertising revenues 2023-28 (INR thousand crore) and CAGR (%)

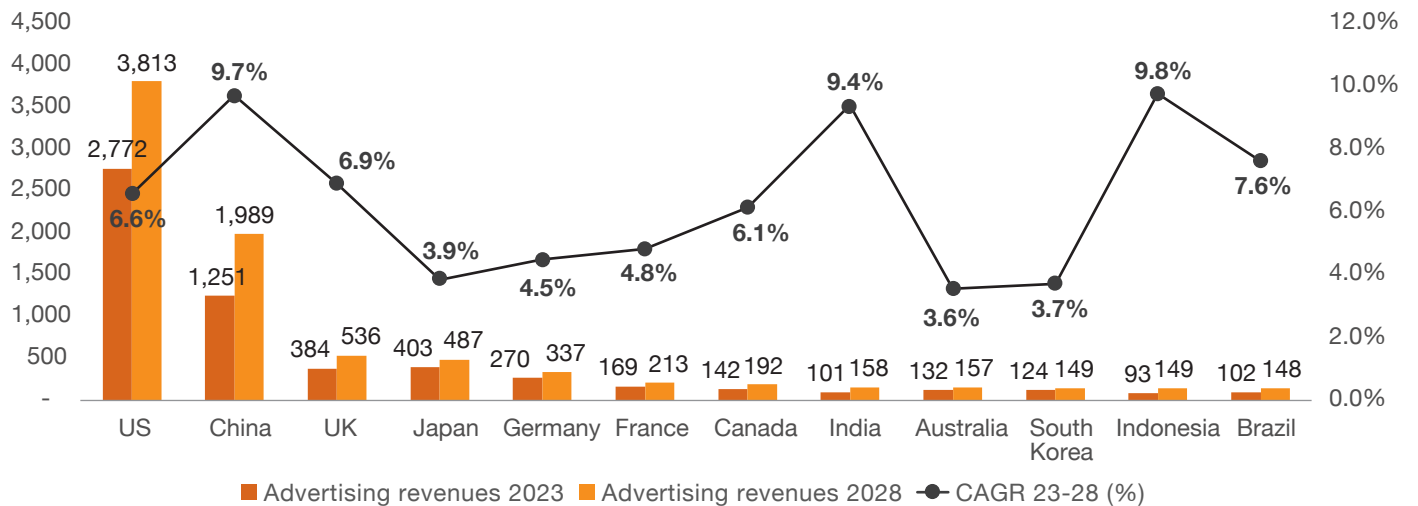




Figure 7: By 2028, India's internet advertising revenues are projected to be twice as high as they were in 2023, with a CAGR of 15.6%. India has the highest CAGR amongst the top 15 countries.

India's internet advertising revenues (INR thousand crore), 2019-28

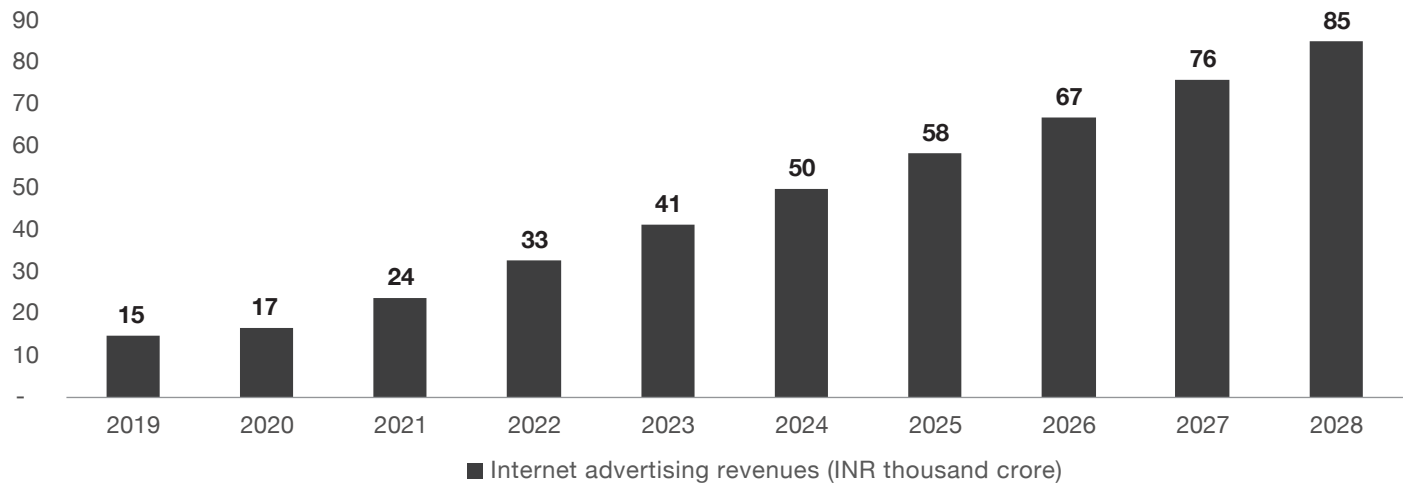


Figure 8: Since 2019, the share of Internet advertising has doubled while TV's share has halved; however, it is important to note that TV revenues in India continue to grow.

Share of advertising revenues for traditional, internet and newspaper advertising in India (%) 2019-2028

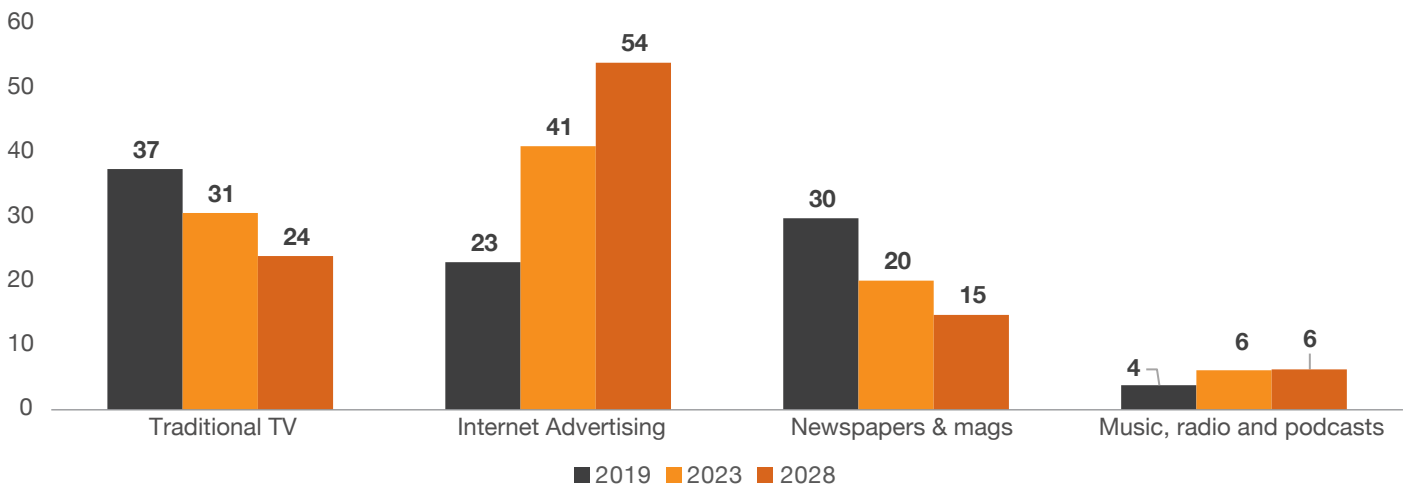


Figure 9: While global TV advertising revenues are expected to decline at a CAGR of -1.6%, India's TV market is projected to grow at a rate of 4.2%, positioning it as the fourth-largest TV market in the world by 2028.

Traditional TV advertising revenues 2023-28 (INR thousand crore) and CAGR (%)

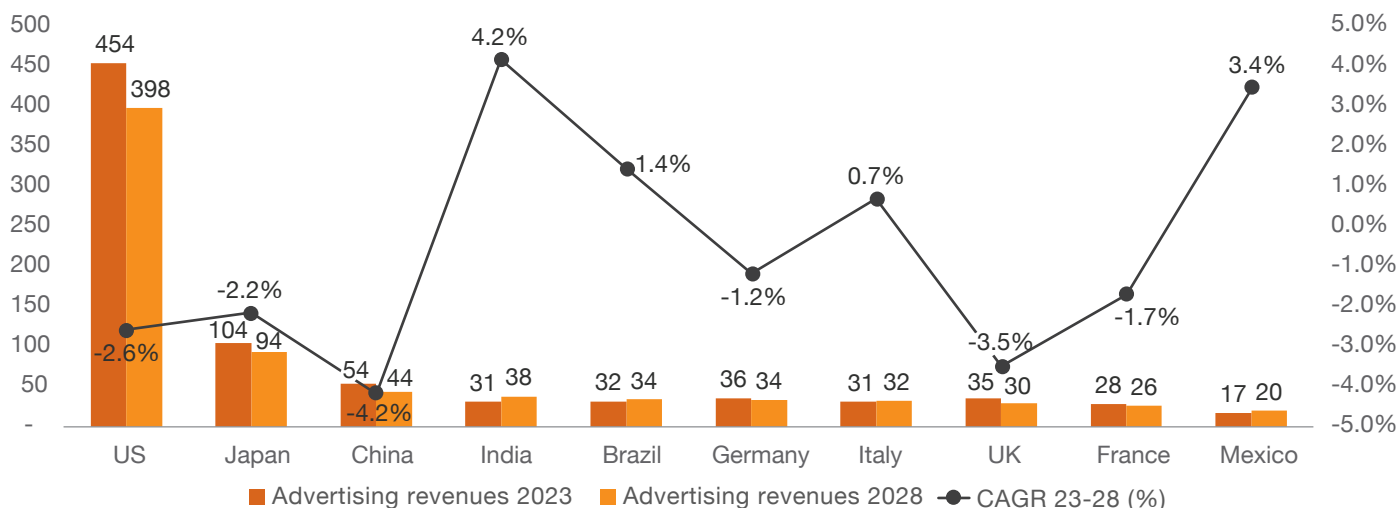
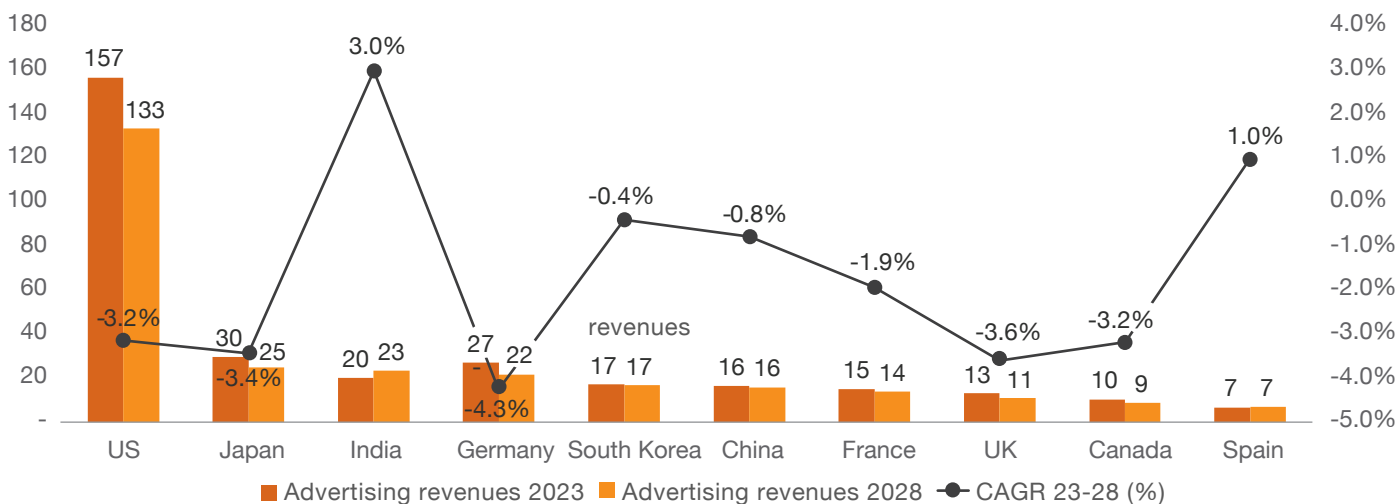


Figure 10: Despite a global decline in print advertising revenues at a CAGR of -2.6%, India's market is expected to grow at a rate of 3%, making it the third-largest print market in the world by 2028.

Newspaper and magazines' advertising revenues 2023-28 (INR thousand crore) and CAGR (%)





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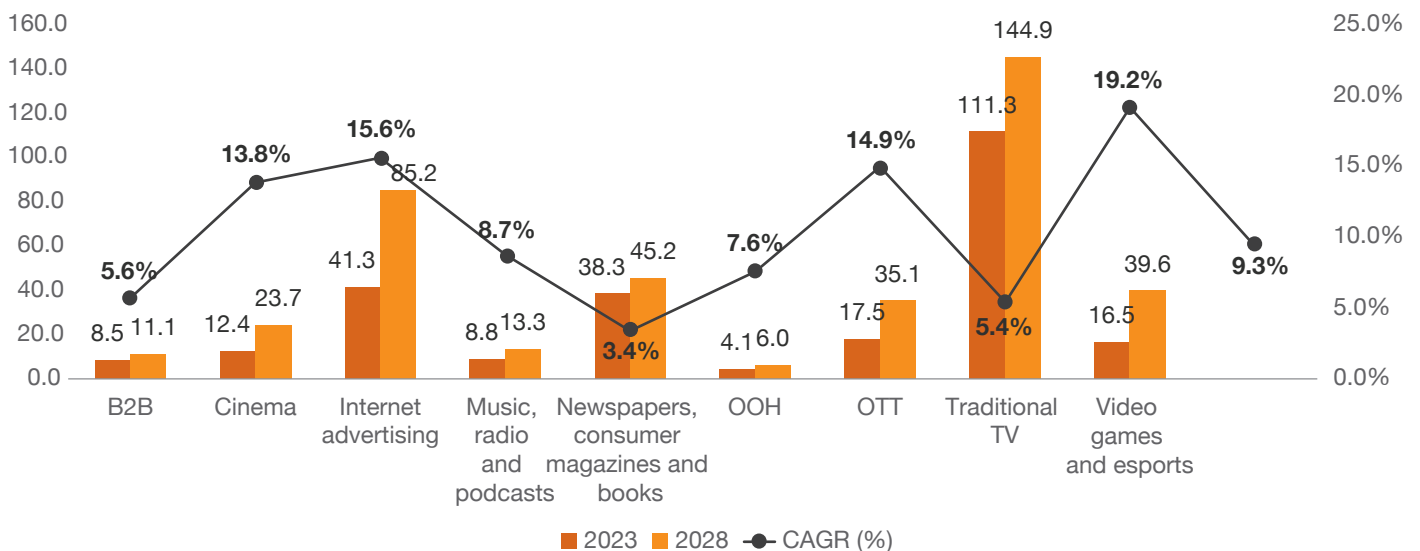
India highlights: Thriving in the digital renaissance

- With growing consumption and gross domestic product (GDP) growth in India, the advertising market is projected to grow at a 9.4% CAGR from INR 1,01,000 crore in 2023 to INR 1,58,000 crore in 2028, which is 1.4x the global average. Most of this growth will come from the digital front (internet advertising).
- Internet advertising is set to grow at a CAGR of 15.6%, up from INR 41,000 crore in 2023 to INR 85,000 crore in 2028.
- Internet advertising's year-on-year growth, which was 26.0% in 2023, will remain in double digits throughout the forecast period (2024–28) and is expected to be 12.2% in 2028.

Among advertisers, there is a growing preference towards internet and connected TV formats. Internet advertising is gaining dominance owing to its unique offerings such as targeted advertising, high engagement, data-driven insights, cost efficiency and interactive capabilities. This has also resulted in a decline in traditional TV and growth in connected TV/internet TV. This cord-cutting phenomenon is expected to accelerate further.

Globally, traditional TV revenue is set to decline at a -0.7% CAGR between 2023 and 2028. However, India is still one of the fastest-growing traditional TV markets. TV will remain the highest contributor to domestic E&M (advertising and consumer) revenues during the forecast period; however, its share will drop from 43% to 36%. Moreover, traditional TV advertising will grow at a 4.2% CAGR between 2023 and 2028, while global revenues are set to drop by -1.6%. India is poised to become the fourth-largest TV advertising market by 2026.²

Figure 11: Segment revenues in India (INR thousand crore) and CAGR (%) – 2023–28



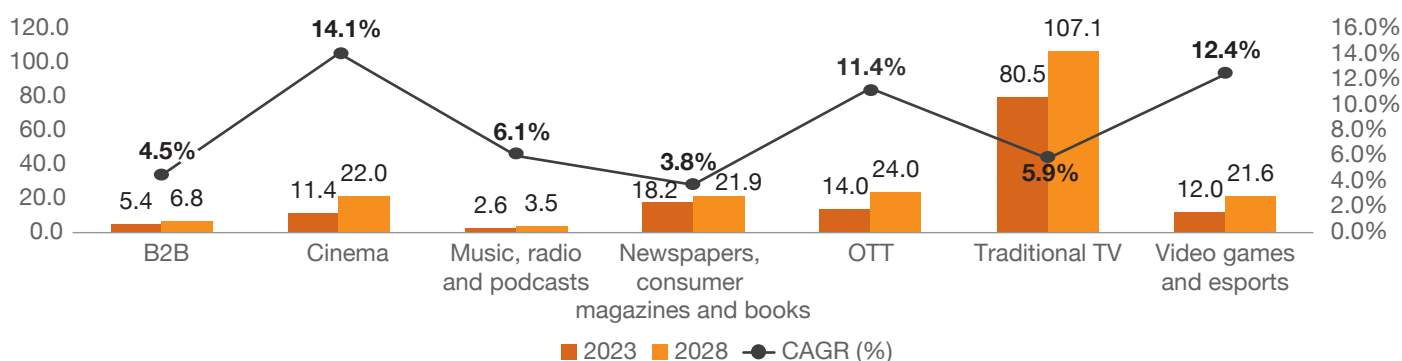
As per the 2024 outlook, other subsectors will also witness growth that surpasses global averages. Some key growth metrics for other subsectors are listed below:

- The total **online gaming and esports** revenue in India stood at INR 16,480 crore in 2023 and is expected to reach INR 39,583 crore by 2028, **growing at a CAGR of 19.2%**. With the inclusion of real money gaming (RMG; please note that RMG is not covered in the GEMO), the total gaming and esports revenue would amount to INR 33,000 crore in 2023 and is expected to reach INR 66,000 crore by 2028 at a CAGR of 14.5%.³ Globally, video games and esports revenue will increase at a CAGR of 8.0%.
- **Over-the-top (OTT) will be the third-fastest growing segment with a CAGR of 14.9%**, putting the country in the lead by 2028.
- Infrastructure enhancements have supported massive growth in India's **out of home (OOH) advertising market** which grew by 12.9% in 2023, reaching INR 4,140 crore, outpacing Asia-Pacific's average growth of 10.2%. The market is **expected to grow at a 7.6% CAGR**, reaching INR 5,961 crore by 2028, compared to a 5.3% CAGR across the Asia-Pacific region.
- When it comes to print advertising, India is one of the markets that continues to grow, contrary to the global decline in this segment. **Newspapers will continue to have a muted growth at 3.4%**. India also leads the Asia-Pacific region in the consumer book market revenue which is growing at a CAGR of 4.5%.
- India's **cinema market continues to expand**, with box office revenue reaching INR 12,419 crore in

2023 and is expected to increase to INR 23,748 crore by 2028, **growing at a 14.1% CAGR**.

- The music industry is also witnessing a streaming surge. India's recorded music industry is experiencing rapid growth as more global players enter the Indian music market and smartphone users increasingly seek out content through legitimate, licenced music apps. The **total music revenue** grew from INR 2,416 crore in 2019 to INR 6,686 crore in 2023, and it is expected to cross INR 10,899 crore by 2028, **growing at a CAGR of 10.3%**. Streaming platforms have been a major driver for this growth, with India's music streaming consumption ranking second globally, with over 1 lakh crore streams in 2023.
- There were 15.3 crore monthly podcast listeners in India in 2023. Presently, paid models dominate revenue generation, with podcast ad revenue expected to rise from INR 285 crore in 2023 to INR 437 crore by 2028. India's radio market remains a relatively underdeveloped one compared with that of other countries, leaving it with much room for expansion. **Advertising revenue from radio** grew from INR 1,308 crore in 2019 to INR 1,868 crore in 2023 and is **expected to reach INR 2,012 crore by 2028, with a CAGR of 2.1%**.
- India's status as one of the fastest-growing major economies and the most populous nation in the world will serve as an important driver for B2B market growth. **At a 5.6% CAGR, India will stand out as having the highest B2B revenue growth rate in the world over the next five years. In contrast, global B2B revenue growth is forecasted at 1.9% CAGR.**

Figure 12: India E&M consumer revenue split by type – 2019–28 (INR thousand crore)



TV share of consumer spending will continue to be disproportionately higher than the other segments.

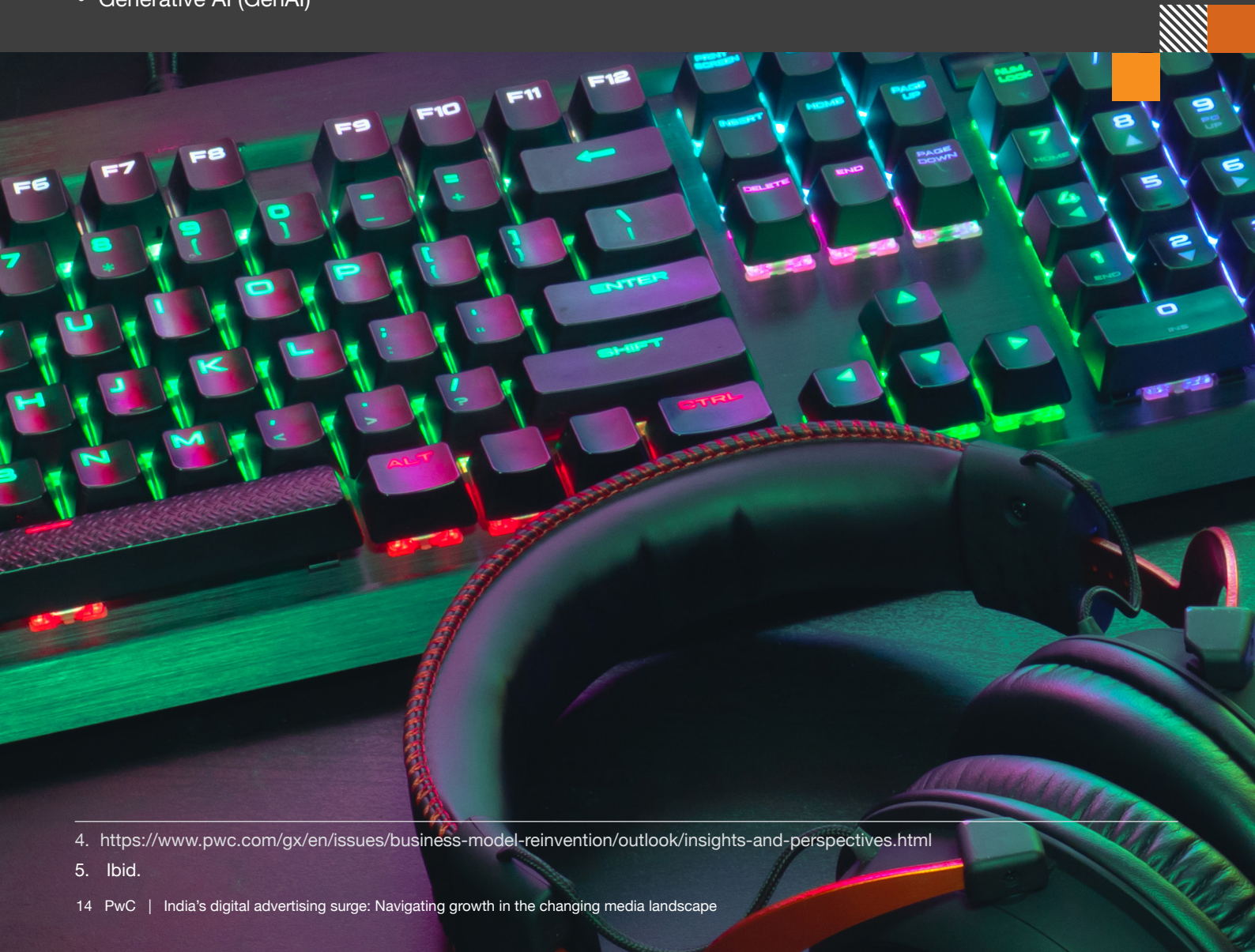
3. PwC, From sunrise to sunshine: The contribution of online gaming to the Viksit Bharat Journey

3

Four key opportunities in the E&M sector

The E&M landscape is rapidly evolving as shifting consumer behaviour is changing the way content is distributed and consumed. In PwC's 27th Annual Global CEO Survey, 57% of E&M CEOs, compared with 45% of all CEOs, said their current business path would no longer be viable in ten years.⁴ Therefore, as business models evolve, new revenue pools and value pools will emerge, both geographically and within specific subsectors.⁵ In India, four key areas represent promising avenues for innovation and investment:

- Internet advertising
- OTT platforms
- Online gaming and esports
- Generative AI (GenAI)



4. <https://www.pwc.com/gx/en/issues/business-model-reinvention/outlook/insights-and-perspectives.html>

5. Ibid.

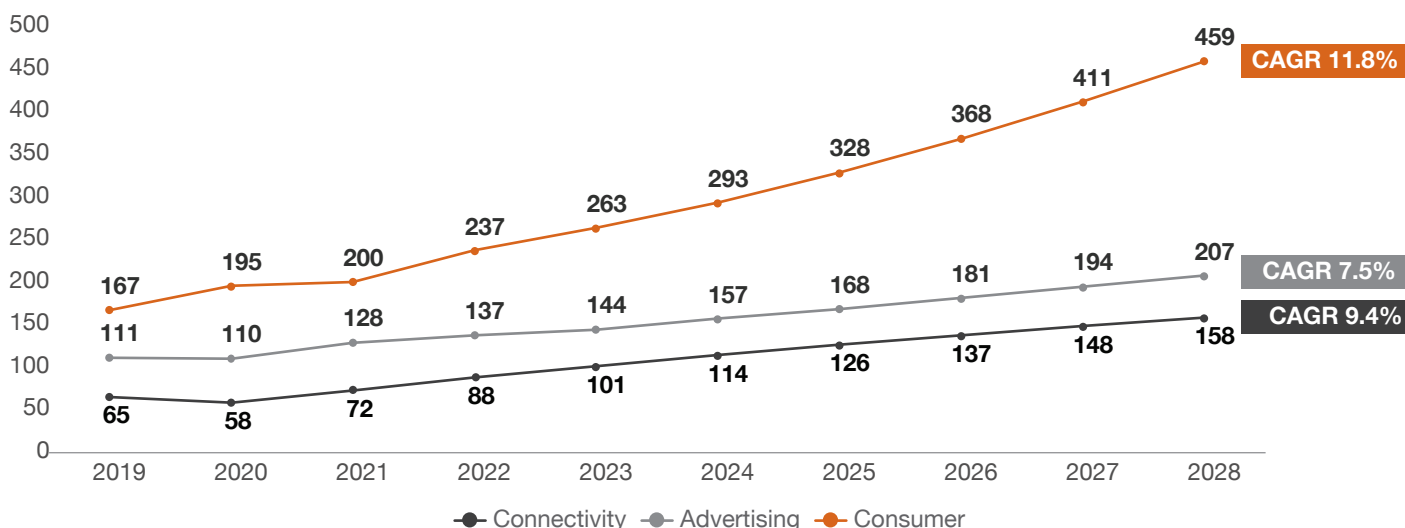
3.1. Internet advertising: Leading the charge in a growing AdEx

Globally, advertising remains the fastest-rising subsector of the E&M market, driven predominantly by the rapid growth of the internet advertising segment. During the forecast period, the share of advertising revenues is expected to be consistent at about 20%, while the share of connectivity is estimated to increase from 52% to 56%, lowering

the contribution of consumer revenues. Connectivity revenues include fixed voice, fixed broadband access and value-added services, as well as mobile service revenue. Connectivity revenue totalled INR 263,000 crore in 2023, or 52% of the total Indian E&M revenue, and will reach INR 459,000 crore in 2028.

Figure 13: Higher growth rates in India compared to global numbers – advertising (1.4x), connectivity (4.1x) and consumer (3.4x)

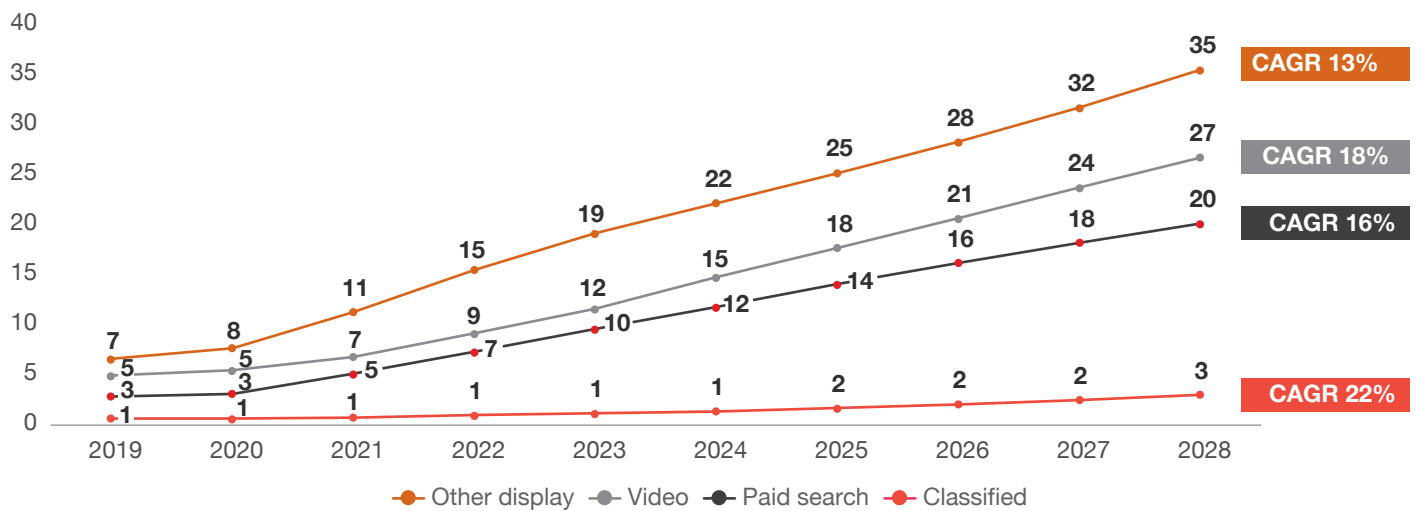
India E&M revenue split by type – 2019–28 (INR thousand crore)



India's internet advertising market is the fastest-growing market in the Asia-Pacific region and the second-fastest-growing market in the world after Kenya. Projected to grow at a 15.6% CAGR from 2023 to 2028, the total revenue from internet advertising in India will increase from INR 41,310 crore in 2023 to INR 85,231 crore in 2028. Year-on-year growth, which was 26.0% in 2023, will remain

in double digits throughout the forecast period, and is expected to become 12.2% by 2028. With the advertising exchange expanding rapidly since the pandemic, internet advertising has overtaken TV advertising in terms of size. So, although the growth percentage may have decreased, the base has expanded significantly.

Figure 14: India internet advertising market – 2019–28(e) (INR thousand crore)



India has a huge addressable audience which makes digital an attractive proposition for advertisers, facilitating the growth of the internet advertising market as more people go online. With increasing consumer spending power, brands are keen to increase awareness through advertising. With social media's popularity in India, influencer marketing has become a growing trend.



Seize the opportunity now

1

Prioritise regulatory compliance to build trust: The Digital Personal Data Protection (DPDP) Act 2023 is being implemented in phases and will impact the digital ad market – particularly because first-party data and its processing is increasingly important for targeted advertising, with the forthcoming withdrawal of third-party cookies. The new law will penalise companies for data security breaches and require data deletion once its purpose is served. Businesses that proactively comply can build trust with stakeholders and also gain a competitive edge. The proposed Digital India Act, replacing the Information Technology Act of 2000, aims to regulate the online advertising market to prevent dominance by a few large tech firms. By adhering to the DPDP Act, marketers can foster trust and transparency with consumers, leading to stronger relationships and more effective, personalised marketing campaigns. Restrictions on third-party data create opportunities for first-party data collection, resulting in more accurate data and better-targeted marketing. While the DPDP Act presents challenges, it also offers opportunities for innovation, trust-building and more effective marketing strategies. Brands that prioritise compliance will likely benefit from stronger customer relationships and gain a competitive edge.

2

Leverage data analytics to enhance understanding of customer behaviour: Significant opportunities exist to use data analytics for gaining deeper insights into customer behaviour and identifying trends. This enables more precisely targeted and personalised campaigns for specific cohorts, leading to higher engagement and conversions. Data analytics can also provide a better understanding of the customer journey from the initial contact to final purchase. By analysing these touchpoints, marketers can identify areas for improvement and enhance the overall customer experience.

3.2. OTT: Revolutionising content consumption

With streaming platforms utilising mobile plans and partnerships with local telcos to boost take-up, OTT revenues have increased four-fold since 2019. India will be the world's fastest growing OTT market in the next five years. In 2023, the market grew by 20.9%, reaching INR 17,496 crore. It is expected to double

by 2028, growing at a CAGR of 14.9% and reaching a value of INR 35,062 crore. Subscription video-on-demand services (SVOD) will account for 65% of the market by 2028. Advertising video-on-demand (AVOD) is projected to grow at a 26.0% CAGR, reaching INR 11,097 crore by 2028.

Figure 15: OTT market in India – 2019–28(e)
(INR thousand crore)

Figure 16: India OTT revenues split - 2023

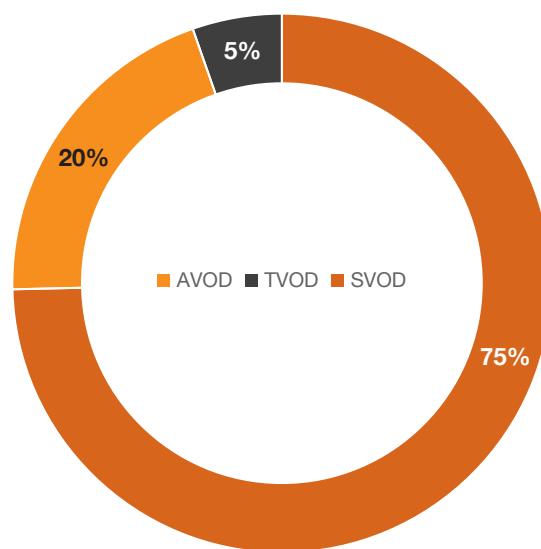
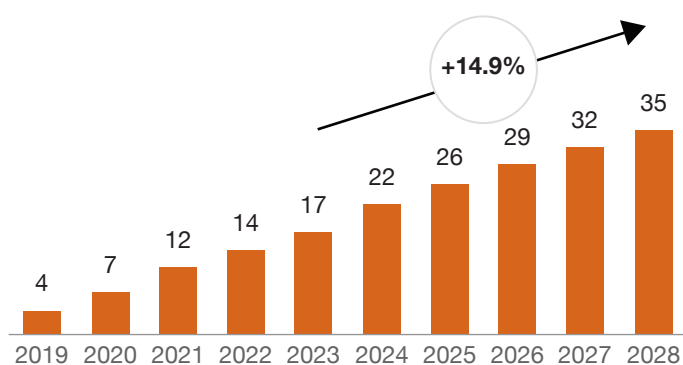
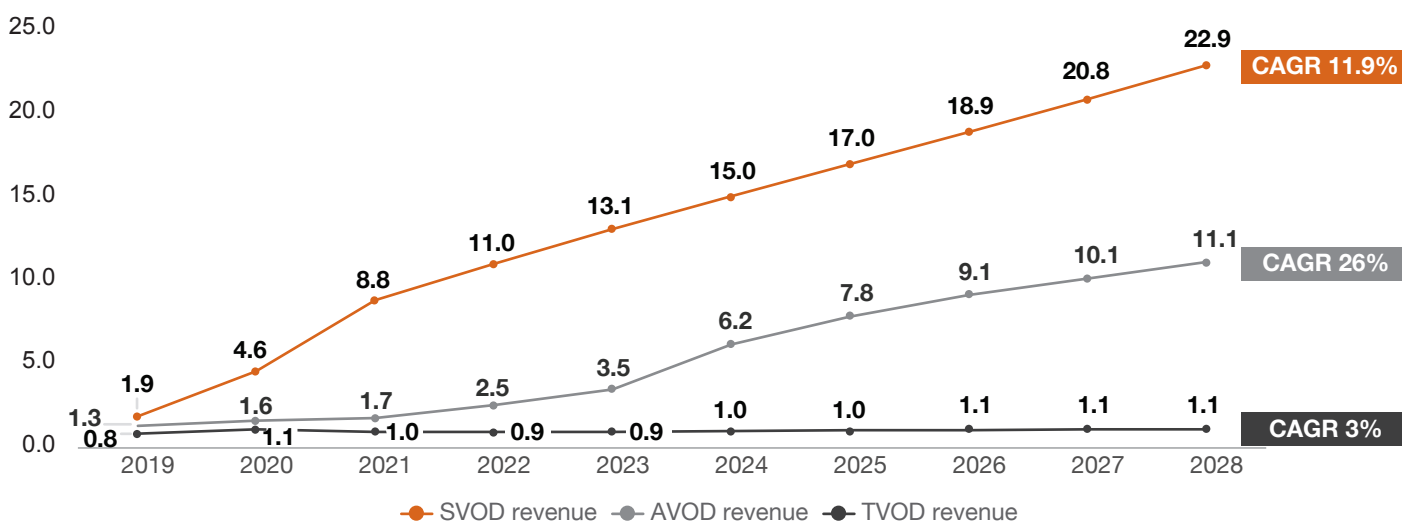
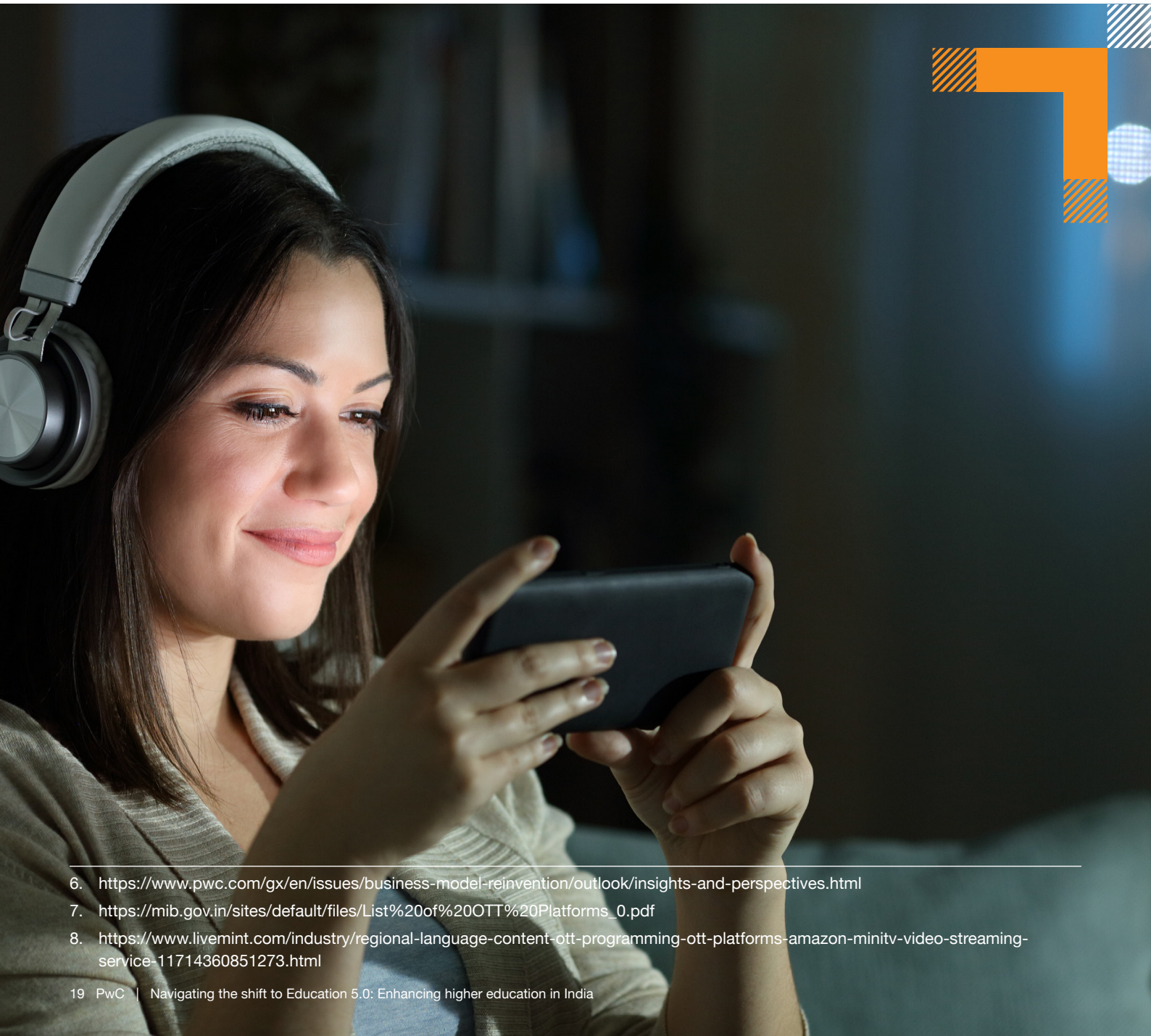


Figure 17: India's OTT market revenue lines – 2019–28(e) (INR thousand crore)



With the pandemic-induced subscriber boom fizzling out, fiscal responsibility, consolidation and partnerships will define the forecast period as streamers seek sustainable profitability and diversified content offerings. Amid macro-economic uncertainties and inflationary pressures, consumers are reining in household budgets and re-evaluating the number of OTT subscriptions they need. Leading OTT platforms are reinventing business models and have rolled out ads in return for a lower subscription fee, while also considering boosting the revenue through a crackdown on password sharing.⁶ Advertising-funded models will continue to thrive on the back of lite and free streaming options.

At present, India's competitive market has around 57 OTT platforms with 10.1 crore video OTT subscriptions in 2023, which is growing at a CAGR of 10.8% and will reach 16.9 crore in 2028.⁷ More OTT operators are now offering regional content to cater to the country's linguistic diversity. More than 50% of the OTT content was in regional languages in 2023.⁸ However, at just INR 1,290 in 2023 – and set to grow at a minimal CAGR of only 1% till 2028 – India has one of the lowest annual revenue per subscription figures globally, prompting the need for streamers to explore partnerships for content and distribution or diversify their revenue streams.



6. <https://www.pwc.com/gx/en/issues/business-model-reinvention/outlook/insights-and-perspectives.html>

7. https://mib.gov.in/sites/default/files/List%20of%20OTT%20Platforms_0.pdf

8. <https://www.livemint.com/industry/regional-language-content-ott-programming-ott-platforms-amazon-minitv-video-streaming-service-11714360851273.html>

Seize the opportunity now

1

Work towards consolidation in the OTT market:

The Indian OTT market is experiencing consolidation as larger players look for growth while smaller platforms face high content costs and monetisation difficulties. With over 50 platforms in the space, smaller players are either being acquired or closing due to mounting losses. One of the biggest recent mergers signals a move towards a more streamlined market, with fewer but stronger competitors offering a broader range of content.

Consolidation is also attracting increased investment, as a more stable market promises higher returns. This capital influx is expected to fuel further growth and innovation, positioning India's OTT sector as a global leader.

Additionally, content aggregation is becoming more prevalent, with large platforms partnering with smaller or regional OTT services to diversify content offerings. OTT aggregators are also emerging, providing users with single sign-on access and unified billing across multiple streaming services, enhancing the overall viewing experience.⁹

2

Focus on advertising-supported tiers:

The prevalence of lite and free streaming plans will ensure that advertising-funded models continue to thrive over the next five years. All leading international streaming services now offer low-cost mobile plans or even free access to sports. This balance of lower costs and accessible content will drive revenue for streamers while appealing to budget-conscious consumers.

3

Adapt to evolving content categories: The growing popularity of leagues in indigenous sports such as Kabaddi and Panja offers streamers the opportunity to target niche audiences with tailored content. India's booming esports and online gaming sector – driven by increasing downloads, higher ARPU and the largest gamer base – presents a lucrative market for streaming platforms. User-generated content (UGC) also has great potential for new platforms offering localised content. The mix of traditional entertainment and digital trends makes this a dynamic category poised for future growth. A couple of content categories which may be explored are highlighted below:

- a. **Streaming of gaming and esports leagues on OTT platforms:** This is a key growth opportunity in India's rapidly expanding animation, visual effects, gaming and comics (AVGC) industry. With the rise of mobile gaming and an esports culture, OTT platforms are partnering with top gamers and influencers to broadcast popular tournaments, targeting a tech-savvy, young audience.¹⁰ A recent collaboration between a DTH operator and a gaming company offering interactive games demonstrates how platforms are blending gaming with traditional content. This strategy boosts engagement, thereby creating an interactive ecosystem that provides revenue opportunities through ads, sponsorships and microtransactions as the digital economy evolves.
- b. **Developing regional content and hyperlocal storytelling:** The rise of regional content and hyperlocal storytelling in India's OTT sector offers a significant growth opportunity for platforms aiming to expand their market share. With over 20 major languages and diverse cultural nuances, regional audiences increasingly seek content that mirrors their local experiences, languages and stories. This demand has led to the emergence

9. Hindustan Times, OTT aggregators in India: All you need to know about the emergence of these services

10. Financial Express, As esports mania takes off, TV channels and OTT platforms make a dash for it; will it bring in the moolah?

of regional OTT players and investments in original content for Tamil, Telugu, Marathi and Bengali audiences. Additionally, high demand from NRIs contributes significantly to subscription revenue for regional OTT players.

For OTT platforms, focusing on hyperlocal storytelling enables them to tap into the vast, underserved regional market and foster deeper viewer engagement. Regional content is often more relatable, driving higher consumption and loyalty. By producing and promoting content in regional languages and collaborating with local creators, OTT platforms can differentiate themselves and build stronger connections with regional audiences. As this trend continues, capturing the regional market would become imperative for platforms looking to broaden their reach and establish a foothold in India's diverse entertainment landscape.



3.3. Online gaming and esports: The next frontier for growth

The video games sector, which include esports, is among the fastest-growing large sectors in the E&M industry. While the pace of annual growth will decline as the segment matures, gaming will account for 9% of the E&M industry by 2028.¹¹ The Asia-Pacific region will constitute over half of the global video games and esports revenue by 2028. India is one of the fastest-growing video games market in the world and has considerable potential as a gaming powerhouse in the future. However, the country has around 1% share in the global online gaming and esports market, despite having the second-largest number of gamers globally.¹²

In the last three years, the Indian gaming sector has seen the rise of three gaming unicorns, while being home to 1,400 startups, including 500 gaming studios, operating in the online gaming segment.¹³ The Indian gaming market raised INR 23,000 crore from domestic/global investors in the last five years.¹⁴ In 2023, India had close to 45 crore gamers – the second-largest number in the world after China.¹⁵ An estimated 12 crore gamers are paid gamers.¹⁶ India's video games market is dominated by social/casual gaming and RMG.

The total social and casual gaming revenue was INR 13,800 crore in 2023, and it is forecast to exceed to

INR 36,600 crore in 2028, expanding at a rapid 21.6% CAGR. The social and casual gaming sector's actual growth will be propelled by in-app games advertising where revenue is expected to quadruple in the next five years, expanding at a formidable 34.4% CAGR. The in-app games advertising revenue, which was INR 3,950 crore in 2023, will grow to INR 17,300 crore by 2028, by which point it will represent almost 50% of the sector.

Figure 18: India's video games and esports revenue split by market share revenue (INR thousand crore), 2023-28

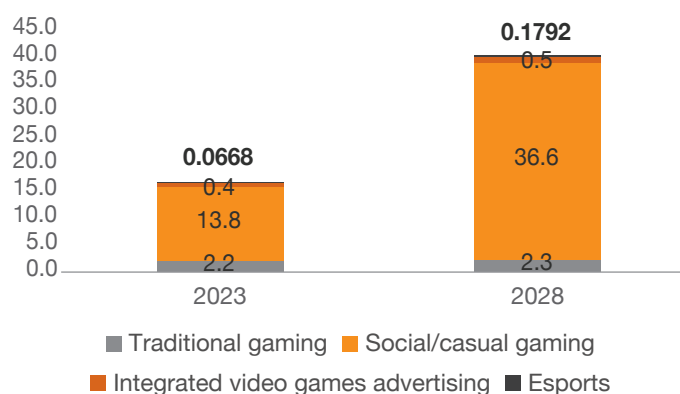
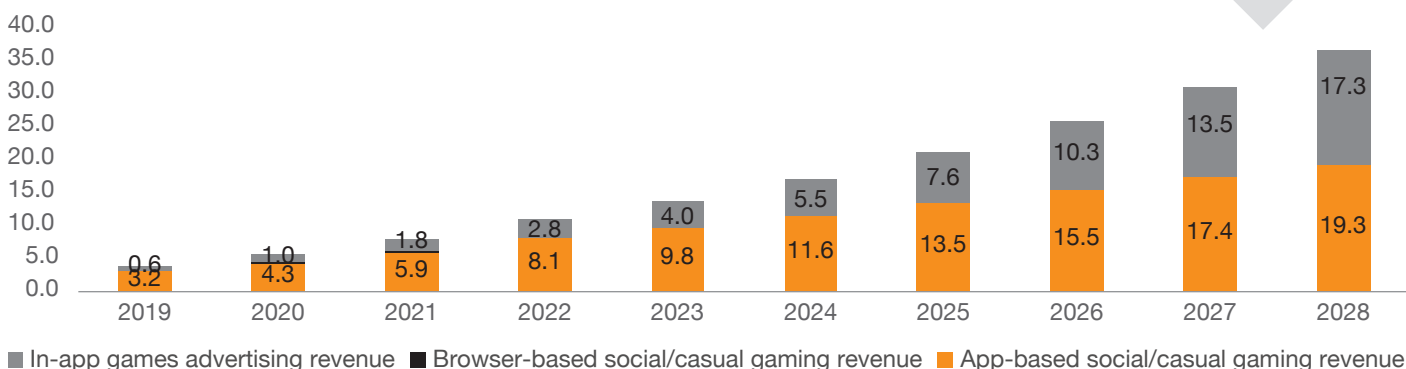


Figure 19: India casual gaming revenue split (INR thousand crore), 2019-28



11. <https://www.pwc.com/gx/en/issues/business-model-reinvention/outlook/insights-and-perspectives.html>

12. PwC, From sunrise to sunshine: The contribution of online gaming to the Viksit Bharat Journey

13. <https://www.storyboard18.com/gaming-news/online-gaming-market-ripe-for-innovation-fueled-by-youth-and-mobile-gaming-says-siddharth-patel-of-cvc-capital-partners-29516.htm>

14. Invest India, Gaming Industry in India

15. PwC, From sunrise to sunshine: The contribution of online gaming to the Viksit Bharat Journey

16. <https://economictimes.indiatimes.com/tech/technology/game-theory-how-fortunes-of-indias-gaming-industry-turned-from-being-a-sunrise-sector/articleshow/105683818.cms>

Traditional gaming comprises a much smaller part of India's video games market, with revenue amounting to only INR 2,183 crore in 2023. The sector also exhibits minor growth and is forecast to reach INR 2,280 crore by 2028 at a 0.9% CAGR. This slow growth is in line with the global trends as sale of physical copies of console games witnesses a decline and players transition towards buying digital games, choosing free-to-play games that rely on microtransactions to generate revenue. However, cloud and subscription gaming revenue is also growing rapidly in India owing to increased adoption of cloud gaming. Total cloud and subscription gaming revenue was INR 193 crore in 2023 and is expected to reach INR 592 crore in 2028, expanding at a 25.1% CAGR.

While RMG is not covered in this report, India's RMG market is rapidly expanding, driven by increased smartphone ownership, affordable data connection costs and a strong digital payments infrastructure. The RMG segment in India is the world's largest RMG market, with a revenue of approximately INR 16,000 crore in 2023. By 2028, this segment is predicted to grow by 10% to reach INR 26,500 crore.¹⁷ The share of the RMG sector in 2023 was about 50%. This number is expected to gradually reach 32% in 2028, with the growth of other components as discussed earlier.

Taxation in RMG increased from 18% gross gaming revenue (GGR) to 28% on deposit.¹⁸ This may impact gaming companies in the medium and short term. Ongoing efforts to create a well-defined regulatory framework may stabilise regulations, allowing India's RMG sector to unlock its full potential.

India has maintained its position as a major player in the global gaming industry with 1,540 crore game downloads.¹⁹ The average gaming time per player increased by 20% to 10–12 hours per week.²⁰ The average revenue per paying user (ARPPU) reached INR 1,600 in 2023,²¹ marking nearly a ten-fold growth since 2019.²² About 50% of gamers in the country fall in the age group of 18–30 years, with a male-to-female ratio of approximately 60:40.²³ In 2023, the number of gamers from non-metro cities increased to 66% from 57% in 2022.²⁴

About 62% of users prefer using Unified Payments Interface (UPI) as their payment method for games, making it the most preferred payment method for gamers.^{25,26} The industry has become more lucrative now that UPI allows users to make microtransactions.²⁷ For instance, the ARPPU in India is around INR 1,600 a year.²⁸ But microtransactions worth INR 29-30 tend to work for the masses to buy add-ons and enhance their gaming experiences.²⁹ This eventually leads to very high margins.³⁰

17. PwC, From sunrise sunrise to sunshine: The contribution of online gaming to the Viksit Bharat Journey

18. Financial Express, GST on online gaming – Industry's compliance a big win for the GST Council

19. The Economic Times, Indian digital gaming industry to more than double to \$7.5 billion by FY28: Lumikai

20. Business Standard, \$8.9 bn in notices! Why India's gaming revenue forecast has been slashed

21. Ibid.

22. Ibid.

23. Ibid.

24. Ibid.

25. Ibid.


26. Ibid.

27. Inc42, Decoding Lumikai's Investment Playbook For India's \$30 Bn Gaming & Interactive Media Industry

28. Ibid.

29. Ibid.

30. Ibid.



Additionally, gaming companies can better leverage ad monetisation as the effective cost per mille (eCPM) rate (indicates how much an advertiser pays per 1,000 ad impressions) in India has increased.³¹ In 2008, the eCPM was in the range of INR 24–30.³² Now, it has gone up to INR 80 or even INR 120.³³ This can add more value and set the pricing accordingly for the sector.³⁴

India's esports segment also has significant potential for expansion. India is the second-fastest growing esports market in the world. Total esports revenue in 2023 was INR 67 crore, forecasted to reach INR 179 crore by 2028, growing at a CAGR of 21.8% as esports tournaments gain significance. At present, India has around 18,00,000 esports players.

The Government of India's formal recognition of esports as a sport in 2022 has fuelled its mainstream acceptance in India. Once relegated to niche gaming conventions, esports events are now drawing large crowds. Esports sponsorship is the largest sector of India's esports market and generated INR 31 crore in 2023. This is expected to increase to INR 92 crore in 2028, at an impressive CAGR of 24.4%. At this rate, sponsorship will expand its share of the market considerably, potentially rising from 46.2% in 2023 to 51.31% by the end of 2028.

31. Inc42, Decoding Lumikai's Investment Playbook For India's \$30 Bn Gaming & Interactive Media Industry

32. Ibid.

33. Ibid.

34. Ibid.



Seize the opportunity now

1

Promote responsible gaming practices: The Indian gaming sector is increasingly focusing on responsible gaming due to regulatory pressures. There is an increasing concern around addictive behaviour, cyberbullying, gambling and mental health. Efforts are being made to establish comprehensive frameworks to combat addiction, with states introducing relevant guidelines and the industry adopting self-regulation measures. Game developers are incorporating features such as time tracking and spending limits, while awareness campaigns are being organised to educate players on financial prudence and safe gaming practices. Future trends include the use of AI and data analytics for real-time monitoring and interventions, stronger national regulations, global best practices adoption, and enhanced public-private partnerships. AI, big data and machine learning can be applied by gaming companies to analyse player behaviour to detect excessive patterns early. This data can be used to offer personalised support and guidance to players while adequately protecting their privacy. Gaming companies and platforms must also provide self-assessment tools and advocate for the use of self-exclusion features to help players manage their gameplay habits responsibly. Additionally, they must enable player defined limits (deposit limits, time locks amongst others) to promote responsible gaming practices and foster healthier relationships with gaming.

2

Improve investor confidence: The Ministry of Electronics and Information Technology (MeitY) has introduced a self-regulatory framework for the online gaming sector in India,³⁵ although plans to establish self-regulatory bodies (SRBs) are currently on hold as consensus among stakeholders is awaited.³⁶ SRBs are anticipated to boost stakeholder confidence by fostering ethical practices, ensuring a stable regulatory environment and promoting adherence

to global standards. Furthermore, they are expected to drive innovation through indigenous research and development, enhancing India's competitiveness as a global innovation hub, while also ensuring swift grievance redressal and compliance with legal frameworks, thereby building trust and investor confidence in the process.

3

Invest in AAA games: India's gaming industry has seen notable success in mobile and mid-core games, but the development of AAA games – high-budget, high-profile games that are often produced and distributed by large, well-known publishers – remains in its early stages. Creating AAA titles requires substantial investment, typically between USD 30–300 million, posing a significant challenge for Indian developers. Moreover, AAA game production involves large teams of 100–500 specialists in design, development, art, writing, testing and marketing, with development cycles spanning 5–7 years.³⁷

While interest in Indian gaming studios is growing, the required level of investment for AAA games is still developing. However, India's potential in this space is evident. The country has a rapidly expanding talent pool, supported by Government initiatives such as the AVGC policies, aimed at fostering skill development. With strategic investments, enhanced skills and continued Government support, India could make a significant impact in the global AAA gaming market. By creating games that blend India's cultural heritage with the quality standards of AAA titles, developers can set new industry benchmarks. AAA games are also fuelling the rise of esports in India, gaining popularity in professional gaming circuits and integrating Indian cultural elements to resonate with domestic audiences.

35. Indian Express, Breaking down MeitY's new online gaming rules: How it will impact the Indian gaming industry

36. The Economic Times, NLU preparing recommendations for a online gaming regulator, to submit to MeitY soon

37. Moneycontrol, India Eyes Global Gaming Market: Crafting the next generation of AAA games

**4**

Make Indian gaming studios an integral part of the global gaming value chain: Several Indian gaming studios have gained prominence. In addition to developing popular games, these companies are exploring innovative monetisation strategies and expanding their reach through partnerships and new projects.

Globally, the trend of acquiring gaming studios has been significant, especially during and after the COVID-19 pandemic. Driven by the desire to expand gaming portfolios and leverage popular game franchises, this trend is also on the rise in India. Companies are looking to boost growth and tap into the lucrative gaming market. In August 2024, a listed media and gaming firm announced that it acquired a UK-based gaming studio that makes story-based games in an all-cash transaction.

An Indian mobile gaming company acquired a Middle East-based gaming company last year to expand its presence in key international markets and tap into new demographics to fuel growth.

Apart from Indian gaming companies starting to acquire global companies, homegrown Indian games are also expanding their footprint by tapping into global markets through culturally rich, high-quality content. Certain India-based games successfully launched on global platforms are gaining international recognition for blending Indian mythology with modern gameplay. Moreover, homegrown developers are capitalising on mobile gaming's popularity in regions like Southeast Asia, the Middle East and parts of Europe. Partnerships with global distributors and publishers have further enabled Indian games to access wider audiences globally.

**5**

Leverage GenAI to elevate user experience: GenAI has already become an established part of video game development, with game developers using GenAI tools to assist in coding and creating game components. GenAI can be used to enhance dialogue

generation, animation and chat moderation. Gaming companies are investing and experimenting with GenAI to improve gameplay and creative expression and to provide more immersive experiences. GenAI tools under development will allow non-layer characters (NPCs) to evolve beyond predefined roles, adapt to player behaviour and learn from interactions, essentially enabling the shift from dialogue- to player-driven narratives.³⁸

**6**

Explore gaming-as-a-service (GaaS) opportunity: Bundling cloud and non-cloud games under subscriptions is driving new ways to play. In this context, GaaS is an evolving opportunity for the gaming community at large wherein indie developers and gaming giants can coexist by leveraging predictable revenue through precise marketing. With barriers to play such as expensive hardware removed and greater opportunities for bundling music and movies opening up, the platform and player can evolve together, crafting experiences that resonate deeper with users.

Doing so can help the platform and the player leverage subscription-based models in collaboration with non-gaming entities like telcos and media firms, which can effortlessly integrate gaming as a new vertical, thereby enriching their comprehensive media offerings. Adopting such an approach provides the platform with the much-needed financial bandwidth to invest into building more engaging games. Moreover, such an inclusive approach empowers companies to transcend traditional boundaries and embrace diverse entertainment landscapes with agility and lesser friction.

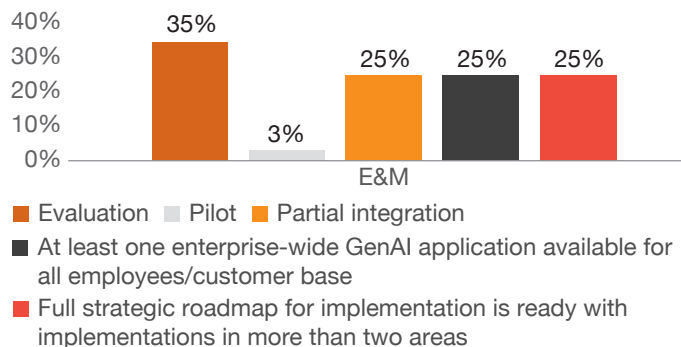
38. <https://www.cnbc.com/2023/12/23/the-first-minds-controlled-by-gen-ai-will-live-inside-video-games.html>

3.4. GenAI: The future of creativity at scale

GenAI holds the promise of unlocking new creative avenues and revenue opportunities. It is estimated that by 2025, over 70% of companies globally will have integrated some form of GenAI in their operations. The E&M industry is among the early adopters of GenAI, leveraging its capabilities for content creation and personalisation. GenAI, with its extensive range of capabilities, is all set to be a gamechanger in the Indian media industry. As India's digital transformation progresses, AI-driven technologies like GenAI are facilitating new models of content creation, audience engagement and monetisation. Indian media companies are starting to invest in AI-powered platforms which can automate editing processes, optimise ad placements and provide more personalised experiences. Collaborations are on the rise between tech companies and media houses with the objective of developing cutting-edge AI solutions tailored to the needs of the Indian market.

In March 2024, PwC India conducted an online survey with 100 C-Suite executives and senior leaders to gather comprehensive insights into how GenAI is shaping the technology, media and telecom landscape and how organisations are responding to its implications. The key focus areas of the survey included adoption level and use cases, implementation approach, impact on operations and services, and understanding and navigating the challenges in GenAI's adoption. Some of the key findings in the report, 'GenAI in media, technology and telecommunications: From concept to reality' are as follows:³⁹

25% of E&M organisations have a full strategic roadmap ready for implementation with an additional 25% having at least one enterprise-wide implementation of GenAI application.



Source: PwC, GenAI in technology, media and telecommunications: From concept to reality



39. PwC, GenAI in technology, media and telecommunications: From concept to reality

Within the E&M sector, 'content generation' was chosen by 90% of the companies, while 77% opted for 'personalised marketing' with 50% planning to implement GenAI within a year. Additionally, 70% of organisations were leveraging GenAI to amplify their services.

Use cases/top insights	Subtitles generation in multiple languages	Hyper-personalised recommendation	Real-time translation and localisation	Interactive storytelling	Personalised marketing	Content generation (video/audio/text)
Percentage of respondents (most relevant use case)	50%	48%	48%	50%	78%	90%
Nature of impact	Innovation/new product development	Go-to-market (GTM)	Innovation/new product development	GTM	GTM	Product/service amplification

Least disruptive

Most disruptive



The primary use case of GenAI was its utilisation for personalised customer experiences and enhancing engagement. 'Content generation' and 'personalised marketing' emerged as the most relevant use cases for the E&M companies. For content generation, the primary impact area is expected to be 'product/ service amplification' while for personalised marketing, it is expected to be 'go-to-market (GTM)'.⁴⁰

40. PwC, GenAI in technology, media and telecommunications: From concept to reality

Seize the opportunity now

1

Create interactive content

- **Scalability:** GenAI can produce text, images, videos and even music on a large scale, addressing the demand for diverse content across India's many languages and cultures.
- **Regional content:** AI-generated translations, voiceovers and adaptations allow for content to be quickly localised for different regions and languages, tapping into India's vast multilingual market.
- **Interactive and dynamic storytelling:** AI enables new formats of content, such as interactive stories or real-time personalised recommendations, enhancing viewer engagement.
- **AI video editing:** GenAI can help in video production by suggesting edits, generating transitions or creating videos from text prompts.

2

Engage the audience

- **Hyper-personalisation:** GenAI helps analyse viewer data to tailor recommendations and create unique content experiences that keep audiences engaged.
- **Chatbots and virtual assistants:** AI-powered customer interaction tools can be used to address audience queries, recommend content and personalise interactions, thus enhancing user satisfaction.
- **Sentiment and trend analysis:** AI can also analyse social media trends and audience sentiment in real time, helping media houses adjust their content strategies accordingly.

3

Use AI to advertise

- **AI-generated advertisements:** AI can create personalised ad campaigns at scale, using consumer data to tailor messages based on demographics, behaviour and preferences.
- **Dynamic ad insertion:** Media platforms can use AI to insert targeted ads in videos or live streams based on real-time audience data, maximising ad revenues.

Into the future: Strategies for success

The robust growth in the E&M sector underscores the country's position as a rapidly expanding market in the global E&M landscape. As mentioned earlier, India's growth story is being driven by factors such as a large young population with rising disposable incomes, increasing internet access, the rollout of 5G and other technological advancements. Businesses need to tap into these opportunities at the right time in order to capitalise on this dynamic market. India is a mobile-first market with diverse languages, and while the country offers a huge market opportunity, both global and domestic players need to understand India's uniqueness and tailor their offerings as well as their GTM strategy accordingly. Some winning strategies for companies in the sector could include:

- consolidation by regional/niche players to increase their size and scale to stay relevant and sustainable, as large behemoths get created through mergers and acquisitions.
- increasing use of social media for marketing and distribution, as media players continue to harness social media platforms for content promotion.
- innovation in content strategy – e.g. getting into esports, online gaming, indigenous sports – to align with evolving consumer behaviour.
- investment in cost optimisation to reduce operational, production and post-production costs, leveraging analytics, audits and automation.
- harnessing GenAI to drive hyper-personalised content along with enhanced user experience, enabling regional players who, unlike their global peers, are yet to bridge the technology gap.



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