

Digital media players on consolidation mode

Offering bigger platforms for brand campaigns

Amit Mitra

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As the younger generation is increasingly getting hooked on to social networking sites on the Internet, giving brand planners in the corporate world a broadening platform for parading their products, the Indian digital media space is experiencing swift consolidation in the form of mergers and acquisitions.

With established players in this sector looking to buyout start-up companies to expand their user bases and new entrepreneurs setting up their own companies, industry analysts feel that the consolidation trend is only going to gain further traction in the coming months; especially as digital media is clearly grabbing bigger space in the ad spends of corporates.

Consider these. Vdopia, one of the largest video advertising platforms in India, got a \$4-million investment last month from venture capitalists Nexus

Venture, which has funds of \$320 million under management. Social and career networking site ApnaCircle, founded by Mr Yogesh Bansal, and backed by Mr Sabeer Bhatia, co-founder of Hotmail, merged with European networker Viadeo in a cash-less swap deal and, last week, snapped up Canadian networker Unyk in a multi-million dollar deal.

A couple of months ago, Sabsebo, another company started by the Sabeer Bhatia, acquired Jaxtr, a widget-based tool for making free calls from computer to phone.

"Consolidation through mergers and acquisitions is the quickest way to expand our user bases across geographies, which actually drives this business. The bigger the user base, the bigger platform it is for ad campaigns," says Mr Yogesh Bansal, CEO of ApnaCircle.

Indeed, not only in India, but in other developed countries, these sites are increasingly at-

tracting the advertisement world. A recent report by Nasdaq-listed comScore, which measures the digital world, has shown that about one of every five Internet display ads in the US is viewed on a social networking web site.

Back home, a recent report by Webchutney, a digital agency which works with HUL, P&G, Airtel and Microsoft, among others, says that though overall ad spends from the 445 advertisers it surveyed were likely to fall by 10 per cent to reach Rs 4,663 crore, their ad spends on digital media will grow by 44 per cent (from Rs 278 crore to Rs 399 crore) this fiscal. In India, Vodaphone, Airtel, Samsung, Kwality, Adidas and a host of other companies across sectors such as FMCG, mobile handset makers and consumer durables are positioning their bands on some of these sites.

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