BEYOND ADVERTISING

ADASIA 2007 - KOREA

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When I think of Korea, I think of lots of electronics, cars, mobiles and everybody wired up and connected. So beautiful and scenic Jeju comes as a surprise and has broken that image in my mind.

One of the first lessons in my business school in the Strategy session that I remember was to correctly or appropriately describe or define the business or market you are in. If you did this correctly, I was taught, your organization would be assured of long-term sustainable growth, despite whatever changes in the environment in consumer habits or attitudes, new inventions or arrival of new technologies. I think it was **Philip Kotler** who said *"The Rail Road Company should understand that they were not in the business of railways but in the business of transportation of people and goods. Or in a lighter vein the Cosmetics manufacturers were not in the business of selling cosmetics but selling hope."*

Advertising over the years has had many definitions. Most of these definitions revolve around the fact that it was:

"Paid communication from the manufacturer or advertiser to millions of customers;

from one to many or one-way communication;

that relied on mass media for transmission."

These definitions have held us in good stead, atleast in our part of the world for over half a century.

But in the last decade the world has changed. The Consumer has changed, a new consumer has emerged:

- He now has less time
- He has more money
- He is more demanding
- He is more fickle
- He has a mind of his own
- He is more difficult to reach
- He is more individualistic
- He is willing to spend more money on himself
- He is more selfish
- And He is spendthrift

In terms that affect media, 3 significant Changes have taken place:

1) He is **over-communicated to**. For the number freaks - In India in Television Media alone the number of channels grew from 152 to 320 in last 3 years. Advertising time on Television increased from 138 million

seconds to 306 million seconds, television time per hour during waking hours per entertainment channel has gone up from 6.8 to 8.8 minutes.

2) He wants to achieve, accomplish or simply do more, so he **multi-tasks**
3) He is a more **active consumer** today, rather than a passive one.

Also given increasing competition, and the more elusive customer, the marketer has used his ingenuity and constantly come out with a new tricks to **arrest, surprise, or even shock** the consumer. And the marketer from using just 4 traditional mass media of Press, TV, Radio and Outdoor, now uses upto 50 Media that would include not just Internet and Mobile, Human Advertising, Word of Mouth, Buzz Marketing, Face-book, and what not. And then there are a whole set of Specialist and support services like Direct Marketing, PR, Sponsorship, Events, Market Research and Retail.

If the global ad spend on Mass Media is in the region 400 billion USD, it is estimated that the spend on Non-Mass Media is another 400 billion, if not a little more if you charitably include services related to Trade and Retail promotions.

Therefore, I submit to you that there is no need to think “Beyond Advertising”. Advertising is and continues to be the most powerful, cost efficient and cost effective tool available to man for selling his product or service.

What we need to do is to **redefine** advertising to include all activities and actions by the marketer or the consumer (Yes consumer too, since we know that clever marketers use consumers to bring in more consumers through word of mouth or more aggressive means) to ultimately induce the sale of a brand or service. One of the earliest definitions and my favourite one, which passes the test even today, is by **Steven Leacock** *"Advertising is the science of arresting human intelligence long enough to get money from it."*

And we need to convince the powers that be that advertising is an engine of growth for the economy and it is not a coincidence that those economies that spend more on advertising as a percentage of GDP, grow faster and move from Developing to Developed Nations quicker.

A rough and ready parameter that I would use as a barometer of health of the mass media market would be to compare the growth rate of the market with the growth rate of the country's GDP. It should be atleast 2-3 times in young and growing economies, which have a lot of catching up to do. In India the relevant figures for 2006 would be 22% advertising market growth Vs. 9% GDP growth, resulting in a factor of 2.4. No wonder India is beginning to make waves. The other country that makes the grade is Indonesia at 2.8.

I was delighted to read that one Mr. Nayaradou recently did a large study on this subject and its findings are contained in a report that was released last month and a presentation made to the European Parliament. The study looks at data from the nineties right upto 2002 for US, Western Europe, including France and Japan and concludes that ad spending correlates with GDP growth alteast in the nineties, with US leading the race in both spending rates and GDP growth. I am eagerly looking forward to reading the full 40 page report.

Why is mass media advertising not growing as fast in our part of the world as it should or certainly as fast as we want it to? In my view it is because the ROI that the advertiser gets from mass media advertising is sharply decreasing. It is decreasing for 2 reasons. On the one hand there is increasing competition for the advertiser in his market, resulting in difficulty in increasing output, and on the other there is increasing fragmentation of viewership, thanks to multiplicity of channels and decreasing viewership, thanks to lower technology costs, and a lot of investor money chasing investments in media.

I dare say, media agencies in the last 5 years have become acutely aware of the implication of the changed media environment and have begun to think differently, experiment, innovate and signs of change are now emerging though it is true we are doing too little, too late, if you look at it from a macro level.

What should the media planner's response be, in the new scenario? I have 3 thoughts or ideas for the house today to consider:

1. **Media Insight:**

To me it is clear that we need to rethink our approach in media, the way we develop the plan and the measurement metrics we use and the currency we use for paying for them. I am delighted that experiments are right now being conducted in some parts of the world to measure not just exposure but ENGAGEMENT. But all that is going to take a long time. In the meanwhile what can we do, that is within our total control? Is there something that we can do? I believe there is.

EVOLUTION OF MEDIA CONCEPT

The creation of advertising has evolved over the years, moving from Rosser Reeves concept of USP in the 60s to the concept of positioning propounded by Jack Trout and Al Ries and finally to the unearthing of consumer insight in the 90s.

Similarly, in media in the current context of declining ROI on media investment, we need to move up from the concept of merely reaching the maximum number of people at minimum cost and refinements thereof like, eliminating wastage, using evaluation metrics like CPT, duplication, CPRP, GRPs or reach and frequency curves or impact on scores like TOMA or ECT or BCT. Because all this is old hat now.

With everyone using virtually the same techniques and tools, it is not helping us cut through the clutter, only contributing to it. You cannot beat your competitor at his game if you use the same tools and techniques to arrive at your strategy, that he uses.

Just like how advertising began to become more effective when its creators discovered the concept of Consumer Insight, we in Media need to learn from this and unearth what I call MEDIA INSIGHTS. The Media discipline in Communications has come a long way, thanks to unbundling (contrary to what creative agency heads may say!) but to maintain our sterling record of the last decade, of adding genuine value to our clients, we will have to FIND FOR THEM USERS for THEIR BRANDS, USING **MEDIA INSIGHT**. As we all know finding an insight is probably the most difficult thing in the world to do. Doing research with your consumers cannot guarantee that you will stumble upon it.

What is Media Insight? Just as we know that data is not knowledge, knowledge is not insight. Having a large amount of knowledge cannot guarantee insight. Just like how a brilliant Creative Director can go beyond the brief and the knowledge provided in it, through his own powers of observation and personal experience, the media man will have to delve deep into his past experiences as a child, student, mother, father, executive and what-not and use his powers of observation, apply dollops of creativity to it, to arrive at a Media Insight.

At an elementary level, media insight could define those moments or times or that environment at which if a stimulus (meaning the ad message) is delivered, it would result in a sale or at least a decision to buy in the prospect's mind. Media Insight could also mean to include an idea that on the face of it, does not appear to be an advertising idea, but one that leverages the media environment or rides on the need of a medium to provide news/entertainment or the need of a wanna-be celebrity to be seen in media, thus resulting in an opportunity to expose the brand's message to a prospect in a conducive environment resulting in a substantial saving for the advertiser; let me clarify, not to didle the Media *out of its share of money, because the money will ultimately go back to media, in even greater measure, if the agency succeeds in increasing ROI for the advertiser*.

What is not Media insight: It is not consumer insight based on which the communication content is created. It is an add-on to consumer insight to derive for the advertiser the full value of that consumer insight by delivering the stimulus at a time and in a manner and in an environment when it is most likely to be acted upon, resulting in a sale or at least a mental decision to purchase.

The challenge before us is to develop media insight relevant to the brands and categories that we handle.

Many agencies today have varying models for Communication Planning; My concern with this approach is that it substantially overlaps with what the creative agency does, by way of Account Planning and leads to avoidable turf conflicts.

Media Insight, though more difficult to arrive at, does not! And creative agencies love it because it does not impinge in their area, infact delivers their idea in a more impactful manner.

I want to share with you an example from my media agency, which I believe, is arguably a good example of discovery of a good media insight based on which an effective media decision was made. Atleast the jurors at Cannes, year before last thought so, since it made us the first media agency from India to win a Cannes Lion.

The example that I have is of Cadbury Dairy Milk from India, the land where traditionally Indian sweets and mithai even today hold sway on all festive, happy and celebratory occasions. Chocolates, whilst its penetration has sharply increased are still on the periphery. In this climate Cadbury Dairy Milk came out with a campaign based on the theme "KUCH MITHA HO JAYE" meaning, "let's have some sweets". (PLAY CLIP) The media agency used the occasion of 'passing out of school final exams called S.S.C. to deliver the message which itself was developed based on consumer insight. Every year 40 million children appear for S.S.C. exams and out of them 20 million pass out. Combining the power of mobile telephony and the net, Madison tied up with a leading mobile operator- Reliance and if you selected your exam and entered your exam id number, you could get your result in terms of whether you have passed or failed and your full marks sheet. And here comes the winner of an idea. For all those who passed, the marks came with an accompanying message, which says "Pappu Pass Ho Gaya", borrowing from the theme of the Cadbury ad and persuaded the candidate to have some 'meetha' or sweet in terms of Cadbury Dairy Milk. Conventionally when a student passes his final exams parents distribute mithai or Indian sweets. The idea of providing the stimuli at the exact moment when the student and the parents is delivered the news of passing, is in my view a good piece of media thinking, which comes about by pursuing the concept of 'media insight'.

A more recent example.. A large private sector bank was changing its name from UTI Bank to AXIS Bank and the creative thought was nothing has changed except the name, if anything the range and scope of services would expand. The Media agency convinced Mumbai's largest afternoon tabloid MIDDAY to upgrade to a broadsheet just for a day, the day of the name change.

2. Multi Media:

The second concept that I would like to propose is Multimedia.
In the early 80s I know of no respectable brand in India that would **not** use a multimedia plan. Unilever, one of the India's oldest and even today the largest advertising spender and the most prominent FMCG Company in detergents, soaps and toiletries, built its brands on the back of multimedia advertising plans.

Why did brands in the olden days use multimedia plans? I believe the basis was more experiential and intuitive with a view to envelope the prospective consumer and attack all his senses at different points in time and in different ways. In the name of progress and advancement and science and availability of volumes of data on Reach, Frequency, Exposure, GRPS and concepts like CPRP and CPT we tended to move towards the option that offers highest reach at lowest possible cost. And in the process I believe overlooked some of the basic concepts of how advertising works or how a human being behaves or what needs to be done to change his behavior.

A typically Indian meal has always consisted of several courses of small portions of highly varied fare with varying tastes – sweet, sour, salty all in the course of one meal. And you balance a meal in terms of taste, calories and what not and not just choose the dish based on the lowest cost of ingredients. Yes, cost of course is a consideration, but I dare say you cannot make a good meal using only the cheapest ingredients. You use some that are expensive, use little of them and use more of the stuff that is relatively cheap and I believe, so it should be with a media plan. In India we have done several studies, all of which demonstrate that multimedia works better than a single medium alone. Take a look at some figures. See the increased indices on Ad Salience, Brand Salience and ITP, when a TV + Press plan is used, V/s a TV Alone plan.

A more recent study done using a more sophisticated methodology and a score known as Iconography score consistently moved ahead amongst those respondents who were exposed to TV and Print versus those who were exposed to TV alone. The increase in score varied from between 8% to 16%.

I was happy to read recently that Alan Rutherford, the ex-global media director at Unilever, stated that whilst the company spent 85% of its global advertising budget in 2000 on TV, the figure is now down to 65%. And even more happier to see Jim Stengel, global marketing officer at P&G say that P&G is preparing for a world in which all consumers are spending less time watching television … testing new ways of engaging consumers when they want to be engaged. Ad Age recently reported that P&G one of the strongest proponents of TV advertising trimmed TV spend in the first half of 2006 for the first time to below 70% and upped its spends on print.

Don't get me wrong. I was, in the early 90s one of the most vocal proponents of TV as a medium because I have experienced the magic it played on my clients' brands. And in those early days of TV in India many of my close friends from Print called me a traitor. But the environment changes and so should our response. And I am comforted by the fact that most of my prosperous friends from the media in India now straddle more than one medium. Right way to go.

But how does one arrive at a reach/frequency of print and television plan when viewership and readership data come out from completely independent studies. At Madison we developed a tool which we call "M-SPECTRA" that enables us to get a rough and ready fix on the combined reach of upto 4 media. M-Spectra uses the principles of probability to estimate the multi-media reach/frequency. Using this tool for a large Telecom client we were able to alter the ratio of TV to Print spend of 37 to 63, to 52 to 48 and generate a savings of 18%; yet meeting the same objective. If one used print alone it would result in a 9% overrun of budget or if one used TV alone it would cost 18% more.

In yet another case, this time when a new variant of a soft drink was to be launched in summer with an objective of 90% at 3 plus, we found that TV alone was inefficient to achieve the media objective as, diminishing returns set in as reach objectives move up. Using TV alone to reach the objective would cost

270. Optimization, using M-Spectra indicated that by adding print we could achieve the same media objective at almost half the cost – 140.

3. Engagement:

My third point in terms of response to the changed environment is on the subject of Engagement and I ask is TVR or TRP, the right metric based on which channels should be paid. There is a growing awareness in almost all fields that the basis for price determination should be: what the buyer receives and not what the seller sells. I submit to you that exposure is more a function of what the seller gives and not a good metric of what the buyer receives. All advertisers, after all resort to advertising to ultimately induce a sale and given the competitiveness of most markets around the world, reducing profit margins and lowering of returns on investments, I think the time is right for us to seriously question whether it is mere exposure that we are after, and whether we should not incentivise a media owner or a channel owner who offers us a more favorable environment under which if an exposure is given, the probability of completing a sale is higher in the ultimate stage or in the interim, enables the message to be received by the viewer with greater impact leading to better message retention and conversely penalize that media owner who does not offer a favorable environment that is conducive to meeting the advertiser's objective.

At Madison, in the course of the last decade, working with some of the largest and most enlightened and media savvy advertisers, we have seen that exposure or TRP is in many cases an inadequate measure and does not always fully correlate to sale or message retention.

Questions that have consistently played on our minds are:

- Is it more profitable to address an active viewer or a passive viewer?
- Is it better to advertise in a high involvement programme or low involvement programme?
- Is it better to reach the respondent when he is involved in appointment viewing OR at the time of channel surfing?
- Which genre of programming is best suited to message retention?

Basically, we felt that we needed to understand our consumers and their interactions with different programs/viewing situations better. The assumption that higher the TVRs, the better for the brand, seems too simplistic in today's complex world.

To answer some of these nagging and difficult to answer questions, we initiated a pilot research in Mumbai to arrive at what we call *Madison Engagement Correction Factor* – **M:ECF**, which when applied to TVRs would provide a more accurate basis on which TV time could be paid for.

It was a complex study and I will not bore you with details. But let me share with you some of the findings:

Which genres work best for the advertiser? The pilot study blew our belief that Soaps do. Infact soaps got a negative correction factor of 0.93, whereas reality shows got a positive correction factor of 1.08. Movies on the other hand have to be hugely discounted by as much as 0.5. I must clarify that this huge discount factor has emerged, not intrinsically because movies as a genre don't work for advertisers, but in India movies have too many breaks and each break again has too many ads. I must also tell you that in the absence of data that we now have, when a leading channel offered movies with very few breaks and few ads in each break and wanted a small premium for it, no advertiser came forward to pay that premium and the channel went back to its ways.

Let's move to another area "REPEATS AT OFF PRIME TIME". Most advertisers have a fascination for original programming at prime time. But our pilot study shows that the correction factor for the top rated soaps for both the original airing at prime time and repeat airing at off prime was identical at 0.98.

Should an advertiser pay more for a top cast and how much? Channels want to demand huge premium for those programmes featuring very well-known and highly billed stars. But our pilot study shows that the correction factor to be applied to such programmes can be no more than 1.11.

Specials and finales are other favourite excuses of channel owners to demand higher costs and it is true that advertiser demand for such programmes is generally high. But how much premium should an advertiser be willing to pay for such specials. Our study determines a correction factor of only 1.06.

Given, the continuing decline in technology costs, and easy availability of cash either from the market or their own resources, I have no doubt there is going to be media proliferation of a magnitude that is unimaginable. Given this, the advertiser and the buyer would have to institute systems to strictly buy and pay for what actually helps lead the prospect to a sale rather than get carried away by the hype and hoopla that generally accompanies new channels and new programmes. This approach if adopted on a wider scale would also help focus media investments into such programming and at such times, which lend themselves to higher return on media investments for the advertiser, without sacrificing the media owner's profitability.

The change in environment obviously requires advertisers to also alter their actions in areas other than media. And I would like to share with you my views relating to this:

1. **Advertising must be liked.**

   For long many seasoned advertisers have held the belief that we are in the business of selling and not entertaining. Given today's scenario, I think advertisers would be well advised to do a rethink. Eric Du Plessis in his ground breaking book "The Advertised Mind" says; for an ad to work above everything else, it has to be liked. So no amount of exposure will help an advertiser whose advertising is not liked.

2. **"If it's safe, it's risky":** As advertisers get larger and larger and I dare say richer and richer, one would have thought that their risk-taking

ability should increase. But surprisingly I find that whilst they are prepared to invest millions if not billions on research and development on new products and infrastructure, when it comes to advertising, for some reason they become risk-averse. Our view at Madison has long been that in advertising "If it's safe, it's risky".

3. **Research through observation:** Most of the research even today in the world based on which advertising decisions are made are based on asking the respondent, questions. I believe in today's world when buyers and viewers and readers are busy people and all their so called wants and desires are already met by a myriad range of products and services, this is an inadequate way of assessing what your consumer wants or predicting how he will behave to certain stimuli. Advertising decisions are best when either they are initiated by one strong belief based on observation across a period of time and then ratified through research; And if one has to rely on research, one should rely on such research which observes consumer behaviour rather than asks respondents for their opinions, action or behaviour. Ethnography is indeed the way forward.

4. I would also strongly advocate replicating Apollo experiment in our part of the world where Media exposure is correrelated to purchase in single source research not just to prove that advertising works, but , when where and how well.

As one unravels the complex world of understanding and predicting human behaviour for commercial benefit, perhaps **likeable ads**, exposed through a multi-media plan built on Media Insight and exposed, in an environment when the prospect is **not purposefully engaged** is the answer.

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