

THE FUTURE OF ADVERTISING

Sam Balsara

November 8, 2002

In my 30 years in Marketing and Advertising, not once have I heard a talk or speech or read an article or a book on the 'Future of Advertising'. The fact that I have been given this subject, no doubt hints that the publishers of this prestigious publication are beginning to get doubts about the continued well being of Advertising. And I don't blame them. Newspapers have been on a roller coaster ride through the 90's enjoying a healthy year-on-year growth in advertising revenues and come the 21st century, it's as if somebody has closed the tap.

My favourite author, Al Ries who has written so many wonderful books on Advertising along with Jack Trout, now writes 280 pages along with his daughter to convince us about "The Fall of Advertising". Sergio Zyman, arguably the world's most well known marketing man of our times, who I had to fly to Manilla to answer his question, 'what makes Indians love cricket?' writes another 234 pages to try and convince us that indeed it is "The End of Advertising".

Man proposes; God disposes and these men no doubt are the current thought leaders (Gods?) of our field, so who am I to question their prognosis. But let me over the next few pages extend my arguments to say, perhaps these men are wrong, and perhaps are in too much of a hurry to make a proclamation (as many did in the US when Marlboro reduced its price in 1993) or alternatively are using an essential principle of advertising to sell their books and strengthen further their own brand.

In India, Advertising is fine, still growing and what's more a majority of Indian entrepreneurs are yet to taste the power and benefit of Advertising.

The future of Advertising in India is sound. All economists, and Dr. Deepak Chopra tell us that the future belongs to India. Indian economy cannot but grow, what's a few mistakes here and there between friends! And if the economy has to grow, can advertising be far behind. After all, Advertising today is only 0.3% of our GDP. In the US, despite the size of its economy it is 2.5%. And in many small, but advanced countries, it is close to 3.0%. In US, the current ad spend estimate is USD244 billion, which makes it a per capita of USD847. In India, at Rs.8000 crore and even if you take the consuming population at just 200 million, the per capita expenditure works out to Rs. 400 or just 8 USD.

To be fair to the two gurus, perhaps they are swayed by the US which no doubt is an over-communicated-to society and if advertising is in trouble there, we need to take heed, perhaps get jolted, so that we take course-corrective steps to ensure that we do not fall into the same trap.

Having said that Advertising is fine, thank you, let me also state that there is no room for complacency. We cannot take our act, our art and skill for granted. Change is the catchword today and the only constant today is the accelerating pace of change. To ensure that Advertising expenditure reaches a near 1% of our GDP, over the next few years, it is certain that we cannot continue to practice Advertising the way we have been. We need to change. We need to be more pro-active in moulding the environment. What are the watch-outs? I give below my personal 8-point plan:

1. Launching differentiated products:

The adage that “there is no such thing as a superior mousetrap” is no longer true. The strongest argument against Advertising has been the successful creation of brands like Starbucks and Body Shop with little or no advertising support. But we forget that it is indeed the uniqueness of these ideas when launched and their relevance to a growing audience that made them successful. The more differentiated the product, the less is the need for advertising; parity products, on the other hand in entrenched markets need massive doses of advertising, just to keep them where they are and most often it is such brands that give advertising a bad name. Such brands need to be augmented over time with new features/benefits to enable advertising to do its job cost effectively. Advertising agencies need to sit back and evaluate at the briefing stage of a parity product, whether advertising can help succeed in building the brand and even if it can, whether the brand in the short term, say two years can become economically viable. If the answer is no, then we would be well advised to counsel against the launch of such a product. Shouldn't an Advertising Agency caution an advertiser against launching new lime soap at parity price with Liril/Cinthol.

2. Attracting Talent:

The future of our industry can only depend on the quality of people we hire today, from among whom will emerge leaders of tomorrow. We need to have the resources to be able to hire from the finest Institutes of India and compete with the Management Consultancies, Software firms and Consumer Goods companies to attract the best talent at the managerial level. We need to convince marketing companies to remunerate us adequately to attract and

nurture such talent. Any negotiation to lower remuneration is counter productive to the advertiser and we need to marshal all the resources at our command to convince the advertiser about this. On our part we need to adopt better HR practices, streamline our business processes and improve efficiency so as to reward the high performers, which in turn will attract high quality recruits.

3. Advertising is more than a 30-second commercial:

I do maintain that television is the cheapest and most impactful medium we have in our armoury to invade the consumer's mind for a mass product. But that does not mean that Television is the ideal medium for all products and needs to be used in isolation. Radio, Outdoor and Press can often produce spectacular results in limited geographies and when budgets are small. And more often than not we overlook the contribution that Events, Sponsorships, PR and Direct Marketing can make. We also need to constantly keep our eyes and ears open for constantly emerging new media, because most often payoffs are highest when the medium is new. Early adopters of the television media in India made huge gains. We also need to keep our eyes and ears open to emerging new technologies, which, using our basic communication skills and our proximity to marketing departments of client companies, we may be in the best position to exploit.

4. De-standardization and De-tabooing of processes:

By its very nature the job of advertising is to stand out among the clutter, enter the consumer's mind and somewhere trigger it, to elicit a response. The process calls for a high amount of intuition, lateral thinking and a complete out-of-the-box act. But over a period of time in the name of

advancement and sophistication, the processes within the brand management teams and at agencies have got so standardized, that competing teams are virtually following identical processes to beat the other at their own game. Can the final output of identical regimented processes be different enough to beat the competitor? We need to trash the belief that success can come *only* when all the rigid processes are followed.

5. Tempering the euphoria of creative awards:

“The advertising business is going down the drain. It’s being pulled down by the people who create it, who don’t know how to sell anything, who have never sold anything in their lives who despise selling, whose mission in life is to be clever show offs and con clients into giving them money to display originality and genius.”

Phew! Guess who said this? Not an unsuccessful advertiser, not a hard-nosed business man, but one of the most well known advertising men of sixties and seventies – David Ogilvy. I was surprised to read this quote attributed to him. I am sure he was talking to his own agency people behind closed doors and more to alert them.

Whilst we do need awards to get our adrenalin up and pat ourselves on the back, once a year, excessive hype in the press about such awards especially in a year when most advertisers are having a tough time growing their shares could become counter productive. I think, we need to temper the euphoria of awards given for creativity with something else. Whilst a good beginning was made with “Advertising Works” and which has now grown into the larger Effie awards, I think it is a good idea to simultaneously award and recognize brands, which have grown in market share irrespective of whether

advertising contributed to the growth or not. This action of ours would correct the perception of our own David Ogilvy, in time to come.

Also, whilst we do know that brands may fail for a variety of reasons, it may be a good idea for organizers of Creative Awards to do periodic analysis of the awarded brands in terms of sales and market share and pass the result of this analysis to all the Jury members.

There was a time not long ago, the story goes, that the kind of advertising that ran depended on the likes and whims of the Chairman's wife. It would probably be correct to say that the Chairman's wife has now receded in the background, and power executives who frequently have occupied positions on the other side of the fence are deciding on what advertising to run, so we don't have too many people left to pass the blame on to.

Agency people who are overly concerned about their key number appearing in not-so-creative advertisements, because of the potential damage it could do to the agency's image, need to be as concerned about the sales pulling ability of the ad and the potential upswing of this at the next new business pitch. Whilst there are many guardians appointed within the agency to protect and safeguard creative standards, we need to build in at least one guardian who will protect the cause of direct action, leading to a phone call or a purchase.

6. Making research really do its job

I agree research is necessary and good for our business, to avoid the arbitrariness of the Client or the Agency. But if the creation of advertising process has got standardized at the marketers and agencies end, I submit the

process of gaining insights and pre testing of ads has got mechanical at the researchers' end. Researchers need to demonstrate that ads that are pretested and modified and then run have a better sales pulling power than those that run without such rigorous inquiry. The sales and market share results of most FMCG companies who use elaborate research at every stage from product identification to communication, compared to the performance of relatively smaller companies who often go on their own gut, no doubt, based on observation and conviction developed over a period of time seems to suggest that very often research is not able to provide the answers that both the marketer and the advertising agency is looking for.

7. Bringing in more advertisers:

One of the major reasons for my belief that the future of advertising is good is the fact that the advertiser base in our country is relatively low, at about 3000 – 4000 and I submit that the rate of increase in the number of advertisers in our country will be dictated not by the propensity of these clients to consume our services, but by agencies' ability to service them, and offer them cost effective solutions that work for them in the short term, at a price that is remunerative for the agency. The strongest advocate for advertising can only be spreading the word about brands successfully built on the back of advertising.

8. Sensitize media on returns to advertiser:

It is generally believed that we live in a world that is so fragmented and so large that there is enough for everyone to survive and each must therefore protect his own turf to ensure his future. But is this really true when it comes to Media? Globally, a few dominant players have always dominated media

and whose stake is so high in advertising's continued growth that it could be frightening. Yet how many of these media barons, in their elaborate growth plans factor in data, on what kind of results advertisers get when they advertise in their medium? To my mind it is not enough to price the product according to viewership/readership and demand/supply on space/time, but more importantly, to price the product with an eye on the results it delivers to the client.

I eagerly look forward to reading in our newspapers , in the next few years, the headline: “**ADEXP ZOOMS TO 1% OF GDP**”.

Sam Balsara is Chairman and Managing Director of Madison Communications. He is also currently President of Advertising Agencies Association of India and Past President of Advertising Standards Council of India