

Safe advertising is a mistake

By VIDHI CHOUDHARY
vidhi.c@livemint.com

MUMBAI

For advertising, 2016 will continue to be a year of volatility and uncertainty, and consolidation in the sports broadcasting business will lead to higher ad rates in the genre, said Sam Balsara, chairman and managing director of Madison World, the largest independent media company in the country.

In an interview, Balsara talks about the impact of the Jio launch on telecom ad spends, the quality of current advertising and Madison's search for acquisitions in advertising, mobile, digital, search and rural (marketing) agencies. Edited excerpts:

Your thoughts on Mukesh Ambani's mammoth Jio launch and its media strategy.

It's brilliant, I think. The way they are going, they almost don't need advertising. They have created so much of media hype before the launch, it's quite unprecedented. The only thing that is required now is that the product must deliver and Reliance is known to be not very customer-friendly. It's not their strong point. Their ability to leverage this hype, which has been created over the last one year, will all depend on whether the product lives up to the expectation that they have created. Mobile service ultimately leaves more people unhappy than happy. I know no one who is happy with his mobile service provider. I think that's going to be the critical test, the actual product and how it delivers.

Telecom is among the largest spenders on advertising. Will the Jio launch impact ad spending by other leading telecom operators?

It (telecom ad spends) has been a little subdued in the last two years except for Airtel, which has been aggressive. The others seem to have quietened down a lot more. On television, print and outdoor, telecom as an industry seems to have reduced its ad spend. Of course, the Jio



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Brand strategy: Madison World chairman and MD Sam Balsara.

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launch could shake things up. On the other hand, you could argue that the existing guys are going to be so consumed by fighting Jio in terms of rate wars that they will have little money left for anything else. That's also a possibility.

So far, it seems that 2016 is likely to be the year of slow ad growth. Does that worry you?

One of the reasons for the slower growth in the first half has been the clampdown on e-commerce spends. It's been the most visible and notable reduction in spends, especially, on television. It's not so worrisome because everybody realized that it was not likely to be sustainable, so nobody expected it to continue forever.

However, personally, what I find disappointing is that the number of new entrants in e-commerce who started advertising aggressively seems to have come down. That is, to my mind, a little worrying because we need a continuous flow of new advertisers in the e-commerce space to keep the momentum going.

With what is happening right now, FMCG (fast-moving consumer goods) has been stable to the growth in advertising in

terms of spends. I think the next six months, especially because of a good monsoon, are likely to be good. And FMCG, which is the largest spender on television, is certainly likely to bounce up because they benefit the most out of the monsoon.

How do you think consolidation in sports broadcasting with Sony's acquisition of Ten Sports play out in terms of tournament-led ad spends?

When channels put up very expensive programming or when channels pay top dollars to buy another channel, I must say it's never good news for the advertiser. Because, ultimately, the channel has to recover that money from the advertiser. I don't think distribution income is growing so much, although it has grown a bit. Having said that, you can't stop this kind of consolidation because everybody wants to grow and consolidate in their areas of strength.

In some ways, consolidation is a good thing because you are able to get better-quality content, which is required to keep the viewership glued.

What are your future plans at Madison?

We have a programme at Madison called Madison Next, which we launched last year. As part of the initiatives, we have both an intensive and extensive

training calendar with a considerable digital focus. We now have over 75 people within Madison Media who are digital specialists. We have just finished an intensive two-day Madison leadership training programme. My daughter Lara is also aggressively scouting for acquisitions across advertising, mobile, digital, search and rural (marketing).

What's your take on the quality of current advertising that audiences are exposed to?

I would say the current work is pretty good. Having said that, let me say that advertising has an onerous task. There was a time some years ago when if you advertised, you succeeded. It was as simple as that. Today, it's a little bit more difficult in the sense that not only do you have to get your brand strategy and creative strategy right, you also have to get your share of voice right, which means you need to spend a hell of a lot to make an impact because the competition in the marketplace has increased dramatically and more people are spending more money on advertising. It is not unusual to find large companies with budgets of ₹500-700 crore, (which was) unheard of earlier. Certainly, the quantum of advertising that Indians are subjected to has gone up dramatically. The Indian ad market has now crossed ₹50,000 crore.

But is the content out there worthy or is it just volume-led?

I think we are doing our best to create cut-through advertising that would work for brands and I think the 80:20 principle works in advertising too. 20% of advertising I would say is pretty outstanding, 80% of course is run of the mill. One of the mistakes advertisers still make is to create safe advertising and safe advertising never works.

By definition, safe advertising will not work and you will have to spend at least three times more to make it work. So, safe advertising, which unfortunately a lot of brands for whatever compulsion get tempted to do, doesn't work quite so well.