

AD CONVENTION: INDIAN ADVERTISING AGENCIES URGED TO HARNESS INTERNET TECHNOLOGIES

BY MADANMOHAN RAO, PLANETASIA, INDIA

Indian advertising agencies need to wake up to the challenges posed by global economic trends and emerging interactive technologies like the Internet, according to speakers ranging from the Indian finance minister, Mr. P. Chidambaram, to academics and marketing executives from the U.S., Europe and Asia.

The theme of the two-day convention in Chennai, called "Advertising's Future Shock," held earlier this week, was inspired by the highly-acclaimed business strategy bible "Competing for the Future," co-authored by Chennai native and University of Michigan professor C.K. Prahalad.

Prahalad said Indian companies need to pay attention to characteristics of the new economy like open standards, digitalisation and volatility. The Internet-mediated commercial environment, via multiple migration paths like PC-TVs and TV-PCs, offers "tremendous new opportunities for Indian companies via media convergence and reintermediation."

This also requires Indian advertising agencies to pay attention to the importance of online market research, since new media like the Net are bound to affect people's perceptions of advertising, according to Nigel Hollis, group research and development director at Connecticut-based Millward Brown International.

He said more money is spent on market research in the U.S. than anywhere else, for sectors ranging from retail outlets to World Wide Web sites and users. "Our research has shown that interstitial Web ads can sometimes score twice better than TV ads."

"Consumers are getting access to more and more information via the Net, and are comparing brands and prices. This will lead to advertising on demand," Hollis said.

Furthermore, the Internet is one of the "most wonderful ways" to get and distribute information, according to Shunu Sen, CEO of Quadra Advisory Private Limited. "But the Net user base is still small in India, and hence it is not yet on the radar screen of Indian ad agencies." India has an estimated 150,000 Internet users, but may have as many as 8 million by year 2002, thanks to the newly liberalised ISP policy.

The backdrop to the advertising convention included the recent purchase of the Hotmail Internet e-mail service by Microsoft (Hotmail was founded by an Indian, Sabeer Bhatia) and the nomination of Intel CEO Andy Grove as Time magazine's man of the year in 1997, which clearly showed the growing importance of IT and the Net as media platforms and markets.

Arnold Vlas, Intel's marketing manager for South and South East Asia, said the Internet has been an excellent platform for its marketing and advertising campaigns. "Internet commerce in Asia will grow 100 times by the year 2001 from its present level," Vlas said, citing figures from International Data Corporation.

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In India, Intel has been working on Internet commerce solutions for organisations like the National Film Development Corporation, and various artists and publishers for the development of rich multimedia content and applications.

"The Internet is creating new communities of interest, new tribes, and new communication models. The age of true one-to-one interactive communication is here, leading to new types of branding and advertising strategies," said Chris Jacques, chairman of BBDO Asia Pacific.

However, Internet diffusion patterns are at different stages in countries around the world, so online advertising may take some time to take off in India, Jacques said.

"The challenge for Indian advertising agencies in the coming years is to be able to target the rural market as well as the sophisticated urban market who may have Internet access," said Kiran Khalap, CEO of Bates Clarion, which he claimed was one of the first ad agencies in India to set up an Internet presence.

"Indian branches of worldwide ad agencies also need to harness Web technologies internally, via Intranets," Khalap added.

Indian ad agencies are faced with an exploding consumer base, unlike their counterparts in developed economies which face underpopulation in the future, as in the case of Japan and Italy, said Gautam Rakshit, managing director of Advertising Avenues India.

Several publishers addressed the growing impact of the Net on their business models, and the role of advertising in the world of online news.

Daniel Okrent, new media editor at Time Inc., said that the dramatic explosion of the Net is an important lesson for publishers and advertisers to not underestimate the march of technological progress.

The Time-Warner group of publications draws revenues from five streams. Okrent said: targeted advertising, e-commerce, syndication of content, title development, and niche products.

"For publishers and advertisers, the Net is about four things: instant delivery, deep storage, searchability, and deep targeting," Okrent said. "It gives you precise targetability and direct response at a low cost - something unmatched in the history of advertising."

Another contribution of the Net to advertising, according to Glenn Pennock, managing director of CyberLabs for Euro RSCG in the Netherlands, has been the creation of "electronic rumours" by entertainment companies like Disney even before the launch of a brand, as in the case of the Lion King production.

Pennock urged Indian advertisers and marketers to pay attention to India's international profile in terms of exports of books, such as those regarding spirituality, for which India is one of the largest exporters to the Netherlands.

Eric Salama, strategic planning director at the world's leading marketing services organisation WPP Group, agreed that advertisers need to understand and harness the new kinds of business models evolving around the Internet, such as online commerce via Amazon.com, Dell computers, and Federal Express. "And agencies need to understand how the communication process works in these business models," Salama said.

Elaborating on new communication models, Suresh Nair, director of planning at McCann-Erickson New York, said the post-industrial age was marked by the presence of "hyperbrands" like Microsoft, which signify not just market position but market direction. "Such hyperbrands leverage the synergy between other brands like Windows, Office, and Internet Explorer."

Gary Koh, director of e-commerce for Sun Microsystems in South and South East Asia and a Microsoft rival, said Web advertising revenues in the U.S. were \$37 million in 1995, \$260 million in 1996, and were all set to grow at the rate of 226 per cent per year.

"The receiver of much of these ad revenues has not been traditional media sites, but other non-traditional sites like Netscape, Yahoo, Infoseek and Excite," Koh said.

He observed that the Internet advertising market in Asia is not yet mature. "Ad agencies in Asia need to stop thinking of the Net as a technology, and re-think it as a medium," Koh advised. "The Net needs to be integrated with the traditional media mix - that is the mindset that is needed."

But the Internet is also proving to be a challenging platform for Indian news publishers in terms of coming up with viable business models, said Arun Pourie, chairman and managing director of the India Today group of publications.

"Setting up a comprehensive Web site for all our publications was like going on a blind date - but the blind date had my wallet," said Pourie. He cited research which showed that the New York Times had lost \$15 million last year on its online edition; the Tribune group lost \$30 million on its online operations.

"Still, we have to be on the Net. I know have to be there. It is the future," Pourie concluded.

Indian Department Of Telecommunications Finalises ISP Policy

India's Department of Telecommunications (DoT) has finalised the standard licence agreement and application form for ISPs. The forms will be available for sale from February 18, 1998. Three categories of licences will be issued. Category A includes the whole of India; Category B includes each one of the 20 territorial telecom circles and the four metros of Delhi, Mumbai, Calcutta and Chennai. Category C service areas include Secondary Switching Areas (SSA). There will be no caps on the number of licenses. Foreign equity in ISPs will be restricted to 49 per cent. ISPs will be free to fix their own tariff, subject to a review by the Telecom Regulatory Authority of India (TRAI). Direct interconnectivity between two ISPs has been permitted but international traffic shall flow only through DoT's Internet nodes or VSNL's Internet gateways. DoT has banned voice traffic over the Internet.

(Source: Business Line, Indian Express; January 15, 1998)

PREVIEW / CALL FOR PAPERS

ISSUE 2/98, VOL. 8, No. 2, 1998:

The spring edition will focus on Electronic Commerce in Europe. We intend to continue our series commenced with last year's spring issue on Electronic Commerce in Asia.

We look for articles dealing with the current status of related projects, visions and policies on Electronic Commerce, key players and their strategies to employ EC efficiently, leading and pursuing regions, range of planned investments and time schedules for implementation, regional aspects and governmental policies to promote the diffusion of EC, technologies used and the question of open versus closed platforms, the strategy for the future, etc.

Deadline for submission:
March 20, 1998.

ISSUE 3/98, VOL. 8, No. 3, 1998:

The autumn edition will be dedicated to Electronic Contracting and Contracting Tools and Techniques.

We focus on the need of contractual arrangements in electronic (trading) environments. Electronic Contracting involves electronic agreement or contract negotiations, hence the exchange of structured messages between prospective buyer and seller. A second important point is the signing of such contracts and its implications on the business at large. We are interested in papers describing the state-of-the-art, pilot projects, international aspects, etc.

Deadline for submission:
June 20, 1998.

ISSUE 4/98, VOL. 8, No. 4, 1998:

The last edition of the year will focus on the Convergence of the New Media and their implications on (electronic) businesses. Another topic covered will be the Insurance Industry and Electronic Commerce.

Deadline for submission:
September 20, 1998.

PUBLICATION DATES:

ISSUE 2/98, VOL. 8, No. 2, 1998:

May 28, 1998

ISSUE 3/98, VOL. 8, No. 3, 1998:

August 28, 1998

ISSUE 4/98, VOL. 8, No. 4, 1998:

November 28, 1998

CALL FOR PAPERS:

FIFTH EUROPEAN RESEARCH WORKSHOP ON ELECTRONIC MARKETS

Brunel University, Uxbridge, London, England, September 14-15, 1998

The Fifth European Workshop on Electronic Markets will be held at Brunel University in September. The goal of the workshop is to bring together researchers in all areas of electronic markets to present and discuss research in progress.

Attendance is limited to a maximum of 30 contributors. We seek a mix of participants ranging from PhD students to senior academics and practitioners. Every participant must be a contributor, i.e., present and/or be a discussant. Participants will pay a workshop fee that will include registration, accommodation for two nights and meals; in the past this has been less than £200.

We seek suggestions for:

1. Brief overviews of research at workshop participating institutions.
2. Research in progress papers.
3. Case studies.
4. Reviews of research topics.

Areas that we wish to emphasise at this year's workshop include, but are not limited to,

1. Obstacles and facilitators of electronic commerce. Behavioural, cultural, regulatory, and sector/ industry specific dimensions. Gender issues. The role of the shadow economy.
2. Structural changes in commerce. The impacts of ICT on market characteristics, innovative coordination mechanisms, business opportunities, organisation of commerce in an information society. The impact of electronic commerce on the locational decision of companies. Competitive advantages of nations. The role and strategy of major corporations.
3. Electronic commerce and media. The impact of new media, including the Web and digital television. The adoption patterns and experiences of corporations.

Individuals interested in participating should e-mail an extended abstract to Bob.O'Keefe@brunel.ac.uk before May 15th. The abstract should be no more than 500 words and included in the main body of the e-mail. Notification of acceptance will be made by June 26th. Participants are expected to register immediately after acceptance.

Organising Committee:

- ◆ Bob O'Keefe (Chair), Brunel University
- ◆ Stefan Klein, University Muenster
- ◆ Ron Lee, Euridis Institute, Erasmus University
- ◆ Beat Schmid, University of St. Gallen
- ◆ Howard Williams, Strathclyde Business School