

LOOK OUT WORLD, HERE COMES ASIA!

Advertising comes of age in Asia.

IT'S SCINTILLATING. It's ecstatic. It's frisky. However, one may want to describe the four-day 17th Asian Advertising Congress which took place at the Putra World Trade Centre in Kuala Lumpur recently, it was definitely mega sized.

For starters, the occasion was graced by His Majesty, Sultan Azlan Shah, and the Prime Minister Datuk Seri Dr Mahathir Mohamad. His Majesty officially opened AdASIA '90 by a ceremonious striking of the gong.

The general mood at AdASIA '90 seemed to herald the grooming of Asia into an advertising force to be reckoned with in the decade of the nineties.

Perhaps Asia has finally come of age to be trusted with the responsibility of marketing products and services to the world. Move aside, Madison Avenue. Stay out of the way, London. Asia's taking charge now.

Currently the Asia-Pacific Rim is experiencing the most rapid period of economic expansion. According to Victor Kiu, Ogilvy & Mather Advertising (O & M) regional media director based in Hong Kong, the world's gross national product (GNP) by the year 2000 will be roughly divided into four major quarters: the Asia-Pacific Rim, Europe, the United States and the rest of the world. Says Kiu, 'The giants of the 21st century are the East and Southeast Asian countries.'

Kiu believes this shift of economic emphasis will cause media professionals to pay more attention to the escalating media costs, options and audience fragmentation within Asia. How successful the media can be in the new environment will largely depend on how creative and innovative media professionals are in developing strategies and tactics that can effectively exploit these issues and opportunities.

Consumerism continues to steamroll the market to conformity. And advertisements remain the leading vehicle that carry marketers' message to the masses. A healthy advertising expenditure (Adex) may not mean much to the man on the street, but a good Adex can be indicative of a nation's economic progress. Already the Adex for the major economies of Southeast Asia and East Asia have swelled to enormous proportions.

Japan, the world's new economic superpower registered an Adex of US\$40.5 billion (approximately 109.35 billion rgt) in 1989. South Korea has a total spending of US\$2.3 billion, while Taiwan's Adex stood at US\$1.73 billion (see table).

ASIAN ADVERTISING EXPENDITURE (1989)

Country	Adex (US\$)
Hong Kong	710 mil
Indonesia	258 mil
Japan	40.5 bil
South Korea	2.3 mil
Malaysia	233 mil
Philippines	122 mil
Singapore	248 mil
Taiwan	1.73 bil
Thailand	417 mil

Malaysia's advertising expenditure expanded by a sharp 35 per cent for the first six months of this year, thus making the market among the fastest growing in Asia. An industry source contacted by **Malaysian Business** expects the Malaysian Adex to hit approximately 820 million rgt by the end of 1990 and exceed 1 billion rgt in the next year or so.

Indonesia registered the highest growth with Adex increasing at 57.3 per cent for the same period, says Alex Kroll, chairman and chief executive officer of Young and Rubicam Worldwide.

Taiwan's Adex was up by 13.5 per cent; Singapore's jumped an encouraging 23 per cent; a 27.5 per cent increase was seen in South Korea; 29 per cent in Thailand for the same period.

And healthy Adexes are just the beginning. With information technology paving the way and communication systems galloping along the road to greater sophistication in terms of speed and quality presentation, media professionals in Asia look set to 'conquer' in the next couple of years what they have all been dreaming for decades – a wider array of television channels operating in freer markets, increased competition between stations to improve programme selection, better collection of media data and more efficient regulation of air time cost to advertisers.

The local advertising scene has progressed in leaps and bounds – thanks to the support of a cresting economy and a stable political environment. In the Klang Valley itself, new advertising vehicles are being developed each day with fresher and more innovative concepts continually being introduced – electronic billboards, directional boards and bulletin boards.

Henry Tan, senior media planner at O&M Malaysia shares Kiu's views on audience fragmentation. According to Tan, audience fragmentation will be quite a serious problem in the advertising industry in the 1990s. 'Television will be the battleground for audience fragmentation and the job of allocating advertising ringgit will become more complicated for media professionals,' he thinks.

Demand for air time in Malaysia is incredibly high, Tan adds. Modern audiences are also no longer loyal to anything (particularly with regards to which television channel they watch). They will take the best offer given (quality of programming) and this will leave the advertising and agencies constantly scrambling for new ideas and more effective campaigns to entice the consumers.

Media professionals also witnessed Malaysia's only privately-run television station TV3 increasing its audience share at the expense of the government-run channel TV2. With intense competition between the two stations, TV2's share of television advertising revenue has seen a hike from 29 per cent in 1989 to 32 percent in 1990, while TV3's plunged from 50 per cent to 43 per cent.

The emergence of a more complex and fragmented media and consumer market in Asia is no surprise to media professionals, but the pace at which the Asian market has accelerated in the last five years has certainly stirred the imaginations and expectations of industry players.

In the local scene, Tan says that existing advertisers are spending substantially more to boost their marketing efforts. The buoyant economy has also enabled new advertisers to come in, thus contributing to what media professionals have termed as 'ad clutter'.

In ad clutter situation, there are more advertisements than usual competing for the audience's attention. The clutter has also pushed up the cost of media (media inflation) as there is a scarcity of air time and advertising space. Media inflation has also led to the shrinking of advertisers' real budget. Essentially, the advertiser has to spend more money now to get the message across.

The same scenario is also seen globally. When there is ad clutter, Tan says that there are no clear winners (as far as advertisers are concerned). Even if there is a winner, it is not long term or permanent winner.

In the 1990s, Kiu reckons consumers will become even more powerful. 'More East and Southeast Asians are going to be armed with a remote control device which will enable them to "veto" programmes,' Kiu says. 'In the 1990s, we should focus on commercial consumers and not just programme audience. We need a more sophisticated television audience measuring device to measure not only who watches what programmes, but more importantly, which commercials.'

While change is running rampant in the consumers' camp, it is also creating some waves amongst the advertisers. In the 1990s, advertisers' media needs are also changing. Kiu says that advertisers are demanding more information/data and a faster service. 'They want easily assimilated information and an appraisal of the implications to their business.'

As such, media operations need to be upgraded as an equal partner to the other major functions of the advertising industry like account servicing, creative sales promotion, direct response and public relations in order that a more co-ordinated industry might be established. To meet these new demands, Kiu says that there is a definite need to recruit a new breed of media people and suggests that all existing media professionals take refresher courses.

The new breed of media people, as Kiu puts it, 'need to understand business and marketing'. In addition to understanding statistics and computers, they must also understand research, sociology and psychology. These professionals must be good communicators and negotiators apart from being strategic thinkers. Most important, 'they must know how to use the media to help a client's cash register ring.'

And with the industry's emphasis currently resting on the shoulders of research, Dr Newell Grenfell, founder and chairman of the Survey Research Group (SRG) said in a recent press report that the market research industry in Asia is expected to increase by 30 per cent this year. Grenfell expects Asia to spend approximately US\$65 million on market research this year, compared with US\$50 million in 1989.

Despite the anticipated growth in the market research industry, Grenfell says that even more needs to be done. According to him, for every dollar invested in measuring media audiences and monitoring advertising expenditure, less than 40 per cent of the dollar will be spent on researching what the advertisements should say, how to say it and whether it is effective.

The role of advertising has changed quite dramatically over the decades. From merely informing prospective consumers of the availability of a product or service, advertising's role now has a compounded part – to heighten the perceptions of brand excellence and brand personality. And in a decade where brands are especially salient, advertising and media research has a multiple mission to accomplish, particularly in assessing concepts and treatments.

ALTHOUGH seemingly impressed by the tremendous growth in the Asian advertising industry as a whole, Grenfell said that investment in media measurement is not yet what it should be in some countries in the region. Media measurement include the monitoring of Adex, television ratings, readership and other audience surveys.

He cited Indonesia as an example where only four per cent of the total research spent will be on media measurement this year. Malaysia, Hong Kong, Taiwan and Thailand are expected to spend around 14 per cent of their total research budget on media measurement.

That more money should be channelled into human resource training is more than painfully obvious. The industry, as a whole, has been so caught with making money that it has forgotten to invest for the future of the industry. The shortage of trained professional manpower in Asia's advertising industry was among the dominant issues discussed at AdASIA '90.

In his official opening address at the four-day event, Datuk Jaffar Mohd Ali, chairman of the organising committee of AdASIA '90, estimates a shortfall of essential specialist staff of five per cent annually in Malaysia. Jaffar says there is no solution in sight to this problem that would in turn lead to a wage spiral that forces overheads to shoot up and make mayhem with margins. 'It aggravates advertisers who feel that salaries for their agencies' personnel are getting out of line with what they are paying their own marketing and sales executives.'

Jaffar also points out that there is a serious need for the industry to examine how it can train a corps of young media professionals, fully grounded in all the elements of advertising and media and able to move into the industry on an annual intake and be immediately productive. He says that this is particularly important to Asian advertising as this group would be the force to 'power tomorrow's powerhouse: Asia.'

A spark has been lit. A plan to set up a Pan-Asian institute of advertising has been mooted. The Asian Federation of Advertising Associations (AFAA) will conduct a feasibility study for its establishment in 1991. Currently, there are several schools of advertising in the region, but none cater to the industry's needs on a Pan-Asian basis.

Even though the current economic indicators point to a rosy future for the advertising industry, players must not be complacent and start basking in the achievements of today and yesterday. In an industry where change is part and parcel of the business, players must continually be on their toes or be left behind.