LOCAL ADVERTISING

COMING OF AGE

Local advertising comes into its own as various inexpensive options open up. Here’s what has changed. By Prajjal Saha

It is the sheer unexpectedness of it that catches your attention. “How,” you wonder, “could a small, local brand like Anu Coco afford to advertise on a national channel?”

The times have changed. A number of local brands are advertising on national television, national newspaper jackets and other prime media slots. And their visibility is increasing. It is no longer about a classified ad here or a hoarding there. More and more local brands are rubbing shoulders with mighty corporate brands in the arena of their choice–mainly the city or town they are operating in.

The local Indian brand is now bold enough to take risks. Helped by the explosion in media options, their advertising strategies have taken a huge leap. Anu Coco is a tender coconut water brand, by the way.

afaqs! Reporter finds out what triggered this burst in local advertising and how the advertisers do it.

WHO AM I?

So, which are these local Indian brands? They are the ones that are mostly decoupled from the effects of global economy. They believe in their own principles of marketing that might not find a place in textbooks.

Local advertisers could range from a departmental store, jewellery outlet, sari showroom, educational institute, coaching centre, realtor, manufacturer of construction materials like iron rods to a local FMCG brand dealing in soaps and detergents.

They could be based in one of the metros or a tier II city, but their area of operations is mostly limited to one city, one state or one region. And their ad budget ranges from a few thousands to a few crores.

They usually seek value in every penny that they spent on advertising. They do not believe in industry currencies such as readership or viewership numbers. Here, media is bought, based on parameters such as gut feel, relationship with the seller, or because the competitor is advertising in the same newspaper or channel.

Traditionally, local brands were print advertisers who also used outdoor occasionally. But now, the same advertiser can be seen on television, heard on the radio – some of them have even moved to digital media.

For most categories of advertisers in this segment, TV is used for regular brand building exercise, while print and radio are used for greater impact during the festival season.

Individually they might be small but their cumulative strength can be estimated from the fact that according to TAM AdEx, in the first half of 2011 (January-June), a quarter of the total ad volume in the Indian print media was consumed by local advertisers such as educational institutes, coaching centres, hospital and clinics, independent retailers or jewellery brands.

WHEN DID IT ALL START?

The growth of these local Indian brands can be traced back to five-six years, when the Indian economy started opening up. “The growth of local brands is linked with the Indian growth story,” says Santosh Desai, MD & CEO, Future Brands.

As the India beyond metros gained affluence, consumption in these markets increased. The local trader scented opportunity. One success story inspired many others. Fighting the Goliath that was a national brand didn’t seem so nightmarish now. “The local brand understood the local needs better. While the national brand came with a pre-determined and central view, local brands knew what worked in the market,” adds Desai.

Spends on advertising and marketing started growing as these entrepreneurs moved to capture new territories. Many of these traders and entrepreneurs had already reached a saturation point in their respective markets and felt that the time was right to widen the radius. This search for newer markets upped ad spends and forced them to explore newer platforms of advertising.

As the trader with one outlet extended his
services to other parts of the city, he realised that one small hoarding wouldn’t suffice and he had to switch to a front-page ad in a local newspaper. Or when a Chennai-based sari showroom opened another shop in Madurai, it realised the importance of television commercials for brand building.

THE STEPPING STONE

Print publishers identified the goldmine in local brands quite early. This is quite evident from their regional focus and hyper-local editions. Advertisers reciprocated wholeheartedly.

It wasn’t difficult to convince the low-end advertisers to believe in brand promotions. “These local traders saw how the dealers of large national brands multiplied their business through advertising and drew inspiration from them,” says Bharat Kapadia, who has worked with regional dailies such as Deyya Bhaskar and Lokmat. He now runs a media consultancy firm, ideas@bharatkapadia.com.

Most newspapers created special packages to accommodate these advertisers who contended themselves with cinema slides, leaflets and pamphlets or, at the most, classified advertising. Organising shopping festivals, for instance, has become part of the annual calendar for most regional dailies.

During these festivals, the association of print dailies is not restricted solely to selling ad space. They also ensure that the local trader gets higher visibility factor. The Visibility factor

THE FACILITATOR

Amagi Media was founded in 2008 to bring targeted advertising (just like split runs on print where certain ads run only in certain editions that are earmarked in advance) on television that enables advertisers to target their offerings to specific geography on national TV channels. The Bangalore-based company sells city or regional-level advertising on national TV channels at a fraction of the regular rate for advertisers with specific needs. Currently, Amagi’s targeted offering is available in 27 cities or regions across India.

Amagi was founded by serial entrepreneurs Baskar S, Srinivasan K A and Sridviya.

How it works

• Amagi partners with broadcasters to acquire specific television advertising spots (FCt) on channels (Amagi Spots).
• It has tied up with the multi-system operators (MSOs) that distribute the local advertising on channel, enabling Amagi to install its proprietary system at each MSO’s head-end. This proprietary system can recognise when the broadcaster is transmitting an Amagi Spot.
• When the Amagi system at the MSO head-end recognises that an Amagi Spot is being transmitted, it seamlessly switches the content being transmitted to a local advertisement that is stored on a hard disk that is part of the proprietary Amagi system located at the MSO head-end. The stored local advertisement is then transmitted by the MSO to television viewers and local cable operators.

WANT TO BE ON THE TELLY

When FM radio came in, it was evident that local advertisers would make a beeline for this highly-localised medium. Unfortunately, that wasn’t the case—radio still continues to be used as a reminder medium by the national brands rather than the local ones. As per industry estimates, out of the ₹800 crore that radio garnerers as ad revenue, only 20 per cent is from local brands.

Radio also failed to position itself as an aspirational medium. It was TV that took a quantum leap in the process. It not only positioned itself as a highly aspirational medium for this segment of advertisers, but also emerged as a local platform due to the growth of regional television and emergence of new technologies.

A reputed Marathi news channel with an annual revenue of ₹26 crore earns almost 25 per cent of its revenue from these local advertisers. “Seeing their brand on TV gives them an emotional high. The TVR numbers of the channel doesn’t bother them. They are happy if their family, friends, dealer and distributor have seen their brand on TV,” says Nilesh Thakkar, senior vice-president, new regional division, Mahua Network. Thakkar has headed several regional GECs and news channels such as Zee Marathi and STAR Majha.

Services like Amagi (see box) which allow split editions on TV have got multiple brands on television which looked impossible a few years ago. The technology allows an advertiser to take a particular city, state or region instead of a pan-India plan on a national or a regional channel and at a cost which is affordable—almost at 10-25 per cent of the regular cost.

What’s more interesting is that there aren’t any pre-defined time slots for the local advertisers. In any given time slot, the local brands are accommodated in the leftover inventory. In fact, it’s common to see a Berger paint ad following a Ganesh Sattu ad on a national news channel.

If the cost of producing TV commercials was a barrier earlier, channels have made it easier now. Today, many channels offer production as part of the package. A senior source at a news channel, says, “Today, it’s possible to make a flash-based TVC for a mere ₹3,000 and news channels offer it to the local advertisers.”

A local brand can get onto national news channels for as low as ₹10,000. Of this, ₹5,000 goes for production and ₹7,000 for an airtime of 140 seconds (which means the commercial will be aired around 14-15 times a day). A full-day tickers is also available on national news channels for a mere ₹5,000, which makes it cheaper than advertising in print. From getting a foothold to sponsoring programmes is just a matter of time for local brands.

There are brands such as Ozone Floor Cleaners, which started its TV Advertising by providing gift hampers in a reality show. Today, it sponsors four format shows on ETV. One category that has...
made a major shift from print to TV in the education sector. “They were heavily skewed towards print a few years ago, and almost 90 per cent of the spends went to print. But today, 30 per cent of their spends have moved to television,” says, Srinivasan K A, business head, Amagi.

Not all small businesses take the channels’ sales pitch at face value. As the local entrepreneur moves up the advertising cycle, he wants to do his own research, and also solve and unlock the clues around viewership and readership numbers.

“Channels make tall claims while promoting their own platforms to the entrepreneurs, which the latter easily buys into. Now, this half information becomes dangerous,” says Madhusudhan GK, CEO, Innovative Advanced Media, which handles local entrepreneurial clients.

“The advertiser now knows that a channel is No. 1 or No. 2 and would build his preference, accordingly. However, he fails to understand that one needs to invest in shows, and not the channel,” he adds.

Local advertising is serious business for the media. Many newspapers and television channels have a separate team to service these local accounts. “You do not need an MBA for such advertisers. All you need is someone with a pleasant personality and persistence,” says I Venkat, director, Eenadu Group.

DIGITAL SIGNATURE
It is not just traditional media. Local brands are also ready to experiment with digital media. This media has also turned out to be a financially viable option for the first time advertiser. Says Shankar B, CEO, Fourth Dimension Media, “A trader in Mumbai, with a budget of ₹20,000, has two options. Either advertise in a tabloid where the life of the ad will last only 25 minutes, or advertise on Google for three months, for the same amount. Many traders find the second option better.”

In fact, one can advertise on search engine marketing platforms such as Google for only ₹500 for three days, and there will be a guaranteed response. “The digital media is all about building communities and the local trader has built his initial part of the business by building communities. He is not the one to go after just reach,” says Desai. Currently, local brands contribute around ₹70 crore to the total digital ad pie of ₹1,000 crore.

With affordable media options available to them, local advertisers can only prosper. If it is a coming-of-age situation for small brands, it is good business for the media owners. And as small brands find themselves more in the limelight, they will start casting their net wider. That should keep all stakeholders in the advertising business happy too.

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(Based on additional interviews with Verghese Chandy, Malayalam Manorama; Indranil Datta, Sakal Media, RS Suriyaranayan, LMG)