

Bangladesh: the next hotspot in ad business

Senior official of McCann Worldgroup talks with The Daily Star on the advertising trend in the country

SUMAN SAHA

BANGLADESH'S advertising industry will grow further as the country is one of the emerging markets in Asia, says an international marketing expert.

"I think Bangladesh would be the next emerging market in the advertising sector in Asia after Indonesia and Vietnam," says Dave McCaughan, strategic planning director of McCann Worldgroup, a leading marketing communication solution provider.

"This country is important just for some numbers such as 160 million people, 6.32 percent GDP growth, and an increased per capita consumption," says McCaughan in an interview with The Daily Star recently.

All these factors will lure more international brands to the country, which will ultimately fuel the growth of the advertising sector, he adds.

Unitrend, one of the largest houses of marketing communication in the country, is the Bangladesh affiliate of McCann Worldgroup.

McCann operates in more than 185 countries and handles hundreds of major, global brands such as Coca-Cola, Microsoft and Nestlé.

McCaughan, who came to the country to share knowledge on the global advertising trend, is also upbeat on the advertising sector as it has witnessed a positive change in terms of quality and content.

He says the country can produce world-standard commercials as it has developed the required expertise.

The marketing expert also sug-

gests the marketers of the country go for innovative use of technology to reach the target customers as the advertising sector has witnessed a radical change, especially in the Asian markets.

"There is no barrier now to sourcing or checking information," says McCaughan, who also worked as a yoghurt maker, children's storyteller, suit seller and a butler before pursuing a career in advertising.

He says people can get information instantly through internet, forcing the marketers to use innovative modes of communication rather than only focusing on the traditional media.

The marketing strategist says evolution of internet during the last 15 years is one of the biggest changes in the global arena.

With the internet, the next biggest change is the growing use of cellular phone during the last five years, says McCaughan.

"Information gathering is no more static as it was in the past," he says. "People can get access to information wherever they go through their smartphones or SMS."

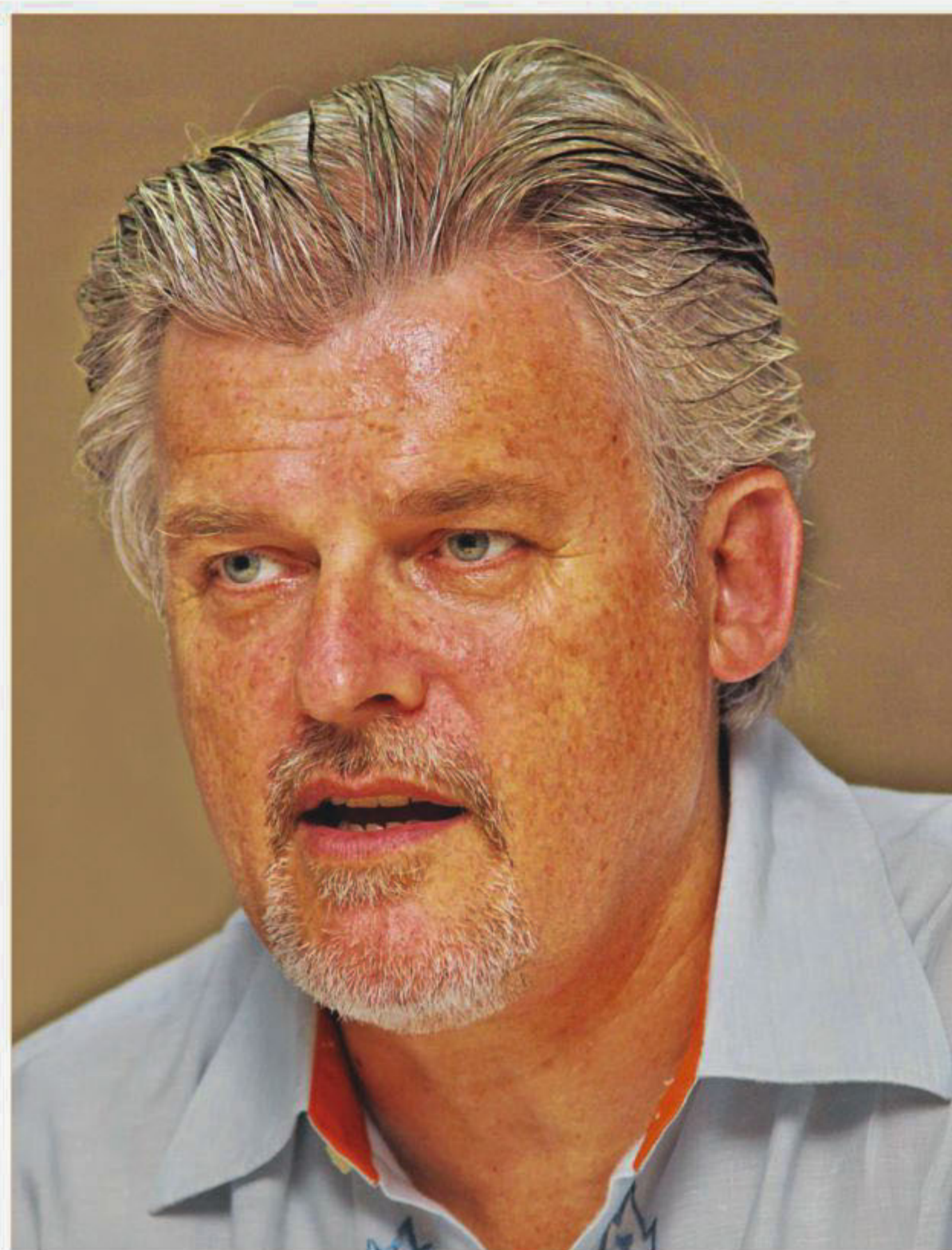
He says global trends show that more people are using cellular phones to buy products.

"For example, in many markets in the world, we see people buying products from one store after checking the prices of other stores via mobile phone."

"So, it is a dynamic change," says McCaughan, "we have to connect ourselves to these changes."

"I see a big change in Bangladesh market due to the growing use of social media," says McCaughan, who now lives in Japan.

Four years ago, there was not so much usage of social media like



Dave McCaughan

Facebook, but more people, especially the young, are using social media, he adds.

The size of the advertisement market in Bangladesh including print, electronic, online and billboard is estimated at more than Tk 2,000 crore annually and it grows at 10 percent a year, according to industry insiders.

McCaughan says the growth of the advertising sector depends on a number of factors such as nature of the economy, competitiveness of the country and presence of international and local brands.

Some Asian countries are growing at a phenomenal rate due to these factors, he says.

Big developing markets like

China and India have witnessed a 20 percent average growth in the advertising sector in last several years, says McCaughan.

He also oversees insight searching and communication strategy for clients such as Nestlé, Johnson & Johnson, Coca-Cola, Cathay Pacific, MasterCard, OrientalLand, and many other local and global brands across 13 countries.

On tourism marketing, he suggests the government launch massive campaigns focusing on a broader aspect rather than targeting a single aspect.

"The actual success of 'Incredible India' campaign relates not to a single thing," says McCaughan, who has been with McCann for over 22 years, "it is about the essence of the country."

He says Malaysia succeeds by the campaign of "Truly Asia" as it did not talk about any specific thing. Thailand does a very fantastic job on tourism marketing as it focuses on the people issue, he adds.

"I think these are the big clues for Bangladesh," says McCaughan, "for tourism marketing, you should figure out something that people constantly talk about, through niche marketing."

He also suggests the young marketers of the country study more history and try to be 'marathon runners' as it will help them be creative marketers.

He emphasised understanding 'people' as they are, not only as consumers.

Unitrend became affiliated with McCann Erickson Worldwide in 1996 with over 100 employees.

suman.saha@thedailystar.net

Fitch downgrades India's outlook to negative

AFP, Mumbai

Fitch Ratings downgraded India's credit outlook from stable to negative Monday, saying that the country's growth potential will deteriorate without a quickening of structural reforms.

The latest blow to India's economy follows a similar downgrade by Standard & Poor's in April, with both agencies maintaining India's rating at BBB- but raising concerns over flagging growth and troublesome deficits.

A statement from Fitch called for measures to create a more positive environment for businesses and private investments.

"The Negative Outlook also reflects India's limited progress on fiscal consolidation and, in particular, on reducing the central government deficit despite improvement in the financial health of state governments," it said.

Earlier on Monday, India's central bank policy-makers surprisingly kept interest rates unchanged in a bid to curb inflation, despite pressure to cut the cost of borrowing to help boost growth.

The statement from Fitch said it "notes that India faces an awkward combination of slowing growth and still-elevated inflation".

Asia's third largest economy is facing a raft of economic woes including plummeting investor confidence and GDP growth of just 5.3 percent in January to March, its slowest quarterly expansion in nine years.

Standard & Poor's warned this month that India could be the first of the BRIC major emerging economies to lose its investment-grade debt classification unless it revived growth and rekindled its reform agenda.

Decisive euro action is needed at the G20 summit

GORDON BROWN

THE European crisis is no longer a European crisis. It is now everyone's. Unless Monday's G20 summit in Mexico coordinates a concerted global action plan right now, we face a global slowdown that will also have a deep impact on the US presidential election and even on China's transition to a new leadership. This is the last chance.

The standard, but often empty, language of summit communiqués will simply not do when the euro area is finally approaching its own day of reckoning. Whichever way the Greeks vote in Sunday's election, a chaotic exit from the euro is becoming more likely: Its tax revenues are collapsing, not rising as promised. Unable to regain access to markets, Portugal and Ireland will soon have to ask for their second IMF programs. Sadly Italy -- and potentially even France -- may soon follow Spain in needing finance as the European recession deepens. Even German banks, which are some of the most highly leveraged, are not immune from needing more capital.

At G8 and G20 summits, world leaders have tended to be mere spectators as Europe has gone from one failed intervention to another. Now they must move decisively as they did in 2009. They must not leave Mexico without agreeing to support a big European firewall to stop contagion. And they must construct a global growth initiative for East and West.

For four years now Europe's one-dimensional obsession with public debt meant it took its eyes off the seismic tremors in banking and quite failed to grasp the underlying structural problem: how to achieve growth within the current euro. In the four years since American and British banks recapitalised, added capital (around 4 percent more) and wrote off bad debts (an equivalent 4 percent write-off), Europe has vacillated. Its euro-area bank recap added only half a percent of new bank equity -- and an even smaller write-off of toxic debts. Now, we must look for a bank recapitalisation of anything between 200 billion and 500 billion euros.

Yet Europe's financial sector has an even bigger problem: their banks still have 24 trillion euros of outstanding loans, as against America's \$14 trillion (11 trillion euros), and because of their size, they depend on wholesale financing, which is starting to dry up. Gene Frieda of Moore Capital has shown how Spain's private-sector external debts -- debts owed to the rest of the world -- are now so large that they cannot be repaid on any normal timetable. They dwarf any bank capital shortage. Recapitalizing the Spanish banks with 100



billion euros cannot wish away what are, in effect, 2 trillion euros of external private-sector liabilities that are difficult to refinance. For months now the Spanish have relied on the European Central Bank to step in, but soon their collateral on offer will not be good enough. So as yields rise, the debt dynamics become unstable, and at some point soon, as Frieda suggests, Spain will face a funding crisis that will require either large concessionary financing or debt write-downs. And when that happens, there is only one institution inside the euro that can offer the unlimited support needed: the European Central Bank. Of course the final showdown can be postponed with private-sector haircuts, bank recaps and ECB conditional liquidity, but they'll not be able to forever disguise the inescapable logic of a single currency area: that, to secure private-sector funding, free of continuing crises, you need an effective lender of last resort and a fiscal union to pay for it.

Already we are in the downward spiral that shows no sign of ending. Austerity means decreasing economic

activity and then an ebbing of confidence. As, in turn, wholesale funding becomes more difficult to obtain, confidence ebbs further, and, just as the economy sinks deeper into recession, bank losses get larger and government deficit targets cannot be met. What's more, with Greek private debt already subordinated to that of official funders, private funders will not be easily attracted back as long as they fear defaults and even exits from the single currency. They have to be satisfied with stronger guarantees that their money will be safe.

So the Spanish bank recap cannot work and the euro area is being pushed inexorably toward its moment of truth and the fundamental weakness at the heart of the original design of the euro -- that no bank bailout can resolve -- is being laid bare, not in the abstract but in real time, with devastating consequences. This newly discovered but elemental characteristic of an economic union -- that a lender of last resort is essential -- will have to be acknowledged for Spain, Italy and possibly even France as well as for Portugal and Ireland and for Greece, too, if they stay in the euro. And every time

now that the euro area attempts a new set of well-meaning half-measures -- further recaps, bank deposit guarantees and the latest "solution," a banking union -- without facing up to the fundamental issue, it makes the endgame even more painful.

Of course Europe's necessary shift in policy can be dressed up in different ways. Germany and the Europeans have protectionist publics to persuade; the G20 could help that process. China and the oil states could signal that they will back European reform by helping the ECB refinance the outstanding loans of countries like Spain, Italy and France. This could be done directly or through lending to the IMF. The benefit is to reassure the German public that the world is sharing the burden of reigniting growth and to give the private sector confidence to play its part.

But even then higher global growth will remain elusive. With inflation generally low, a globally coordinated Central Bank stimulus is justifiable, but there is now a unique structural imbalance in the world economy that cannot be rectified by a repetition of ordinary post-recession policies. Ten years ago American consumer spending (\$10 trillion annually) could propel the world to a higher plateau of growth. Ten years from now Asians, with nearly half of all consumer expenditure, will drive world growth. But we are in transition from an old world to a new one. The world's biggest producers are already the emerging markets, but the world's biggest consumers are still the advanced economies. Today neither the Western consumer, who now needs to earn to spend, nor the Asian producer, who needs someone to buy his goods, can drive the world economy forward independently of each other. So high growth will return only when Asians are confident that markets are reviving in the West and when Americans and Europeans are confident they can earn some money selling to the East.

The starting point for China is to expand consumer demand faster than planned and for the West to advance infrastructure investment. The G20 plan I propose is good for Asia, but it is even better for America (which needs to export) and a lifesaver for Europe, which needs a way to escape years of stagnation. If there is a failure of global leadership next week, not only will Europe be condemned to a lost decade but the whole world will pay a fearful price. The lesson I learned in 2009 is that when a problem escalates into a global problem, you need a global solution.

Gordon Brown was prime minister of the United Kingdom from 2007 to 2010. He is currently an adviser to the World Economic Forum.