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Speakers take part in a conference on creative communication, organised by Bangladesh Brand Forum, at Sonargaon Hotel in Dhaka yesterday.

Think of new angles for TV commercials

Marketing experts speak at daylong conference

Star Business Report

MARKETERS have to focus on wider angles while developing commercials to build a strong brand, renowned marketing experts said yesterday.

"Time has come for re-dedication on different insights such as brand, category and product, rather than sole focus on consumer," said Partha Sinha, director and chief strategy officer of Publicis South Asia.

Most commercials have now started to look the same in terms of aesthetic, scenario and benefits, owing to globalisation, tendency for oversimplification and lack of differentiation, he said.

"We need to recognise that all consumers are not equal -- there are people with 1 pair of shoes and also with 15 pairs and 100 pairs. We always target those with 15 pairs."

Marketers have to come out from the traditional and structured thinking, said Santosh Desai, managing director of Futurebrands India.

He went on to call for marketing methods that give valuable meaning to customers, and also asked marketers to refrain from the use of

Santosh Desai

'customer' in their marketing communication.

"Marketers should use the term 'people' instead of consumer -- consumer is now a hateful word."

They spoke at a daylong conference to mark the fourth edition of Commward, an event to recognise excellence in creative communication in the field of marketing and business, organised by the Bangladesh Brand Forum at the capital's Sonargaon Hotel.

Sinha recommended emotional selling proposition. "If you can define the emotional triggers that prompt a person to buy, then you can define your ESP or emotional selling proposition. An ESP gives you a number of competitive advantages."

It lends an emotional connect to customers and the basis for a more meaningful and long-lasting customer relationship than those built on purely rational grounds.

The subtleties of the ESP are much harder for the competition to copy than rational product features, he added.

Nazim Farhan Choudhury, managing director of Adcomm Ltd, said production of TV commercials has improved over the years. "We are doing really phenomenal work now."

Agencies and production houses should be collaborative, said Piplu R Khan, managing director of Applebox Films.

Sharfuddin Ahmed Chowdhury, head of PR and Communication at Banglalink, stressed higher efficiency.

The event felicitated 49 winners from 16 categories ranging from press, radio, outdoor to copy, mobile marketing and direction for ad films.

The Daily Star was the event's media partner.

Exploiting interest in social recognition to raise tax compliance

Nasiruddin Ahmed

THE infrastructure of Dhaka, the epicentre of the country's economic activities, is bursting at the seams owing to high rates of economic growth, in-migration and urbanisation.

Addressing this issue, subsequently, has become a pressing need. Huge investments are required, which, in turn are only feasible if revenues can be raised.

But, Bangladesh has one of the lowest tax-to-GDP ratios in the world, and boosting revenue collection using audits, fines and other punishment-based methods has proven difficult due to firms' ability to evade payment and the difficulties of enforcing legal sanctions.

Given such circumstances, leveraging firms' interest in social recognition can be used to increase VAT compliance.

For long, universities, charities and museums in the US and other countries have successfully been leveraging people's interest in status and public recognition to generate funding (for example, by naming exhibits or buildings after large donors).

The same approach can be employed for tax collection, and to test the hypothesis, researchers from Harvard and Yale universities teamed up with the National Board of Revenue and ran experiments on 32,432 firms from the Dhaka South area.

The programmes attempted to exploit the firms' interest in social incentives and peer recognition to increase voluntary tax compliance. Eight different types of letters were randomly allocated across sample, and each letter contained either zero, one, two or all three of the following information treatments:

Baseline Information: Firms assigned to this treatment received additional information on the aggregate registration, filing and payment rates for their cluster in the previous period.

Recognition Cards: Firms in this treatment group were told that they would be eligible to receive a gold, silver or bronze recognition card based on their tax compliance and their cluster's tax compliance.

Peer Group Information: Firms assigned to this treatment were told that their tax compliance behaviour would be shared with other firms in their cluster in a subsequent letter.

The results suggest that in the neighbourhoods where some firms were already complying, the promise of exposing information about all firms' tax payment behaviour led to a positive behavioural response and an increase in tax compliance, especially among firms who had not paid in the previous year.

In high compliance clusters, firms receiving the peer information treatment were not only more likely to pay, but conditional on paying, paid more than firms not receiving this treatment.

Combining these two effects, firms receiving the peer information treatment paid 17 percent more on average during the study period than other firms.

The high compliance areas accounted for 66 percent of all VAT revenues generated from the sample area, and the 17 percent increase therefore represents a quantitatively meaningful increase in total revenues.

The estimated increase in revenue from the small sample of firms in the study area alone is Tk 870,000 during the short duration of the experiment.

The increase in payments is derived from a 17-percentage-point rise in firms paying exactly the package VAT amount and a 6-percentage-point increase in firms that make payments exceeding the package VAT amount.

When examining the timing of the increase in VAT payments, it was seen that the spike in payments in the peer treatment group occurred exactly in the month when the intervention was implemented.

Furthermore, the time series of payments in high compliance clusters by those who did not pay the VAT in the previous year shows a substantial increase in payments over the control group during the month of the intervention.

What drove the observed increase in payments may be attenuated by firms who had already committed to paying at the bank but exerted more effort after receiving the treatment letters to ensure that their payments were correctly recorded by the NBR.

READ MORE ON B3

India, Indonesia take different, but similar coal paths

Clyde Russell

INDIA, poised to become the world's largest importer of thermal coal, appears to be opening up its domestic mining sector to foreign competition just as Indonesia, its biggest supplier, is making it harder for exporters.

On a superficial level it appears that India and Indonesia are choosing different paths for their coal sectors, but the policies being pursued by the countries' new, reform-minded leaders may have more in common than first appearances suggest.

India may allow foreign companies to mine coal, as long as they set up units in the country, Reuters reported on Oct. 22, citing a source familiar with the matter.

This would be a major change for the South Asian nation, which has the world's fifth-largest coal reserves but suffers from ongoing shortages because of inefficiencies across the mining, transportation and distribution chains.

Coal mining has been dominated by state-controlled Coal India, which consistently fails to meet targets for production and supply.

What private mining existed in India was thrown into chaos recently by court rulings that found the allocation of coal blocks by the previous government had been illegal, and that these areas would be returned to the state and Coal India.

Prime Minister Narendra Modi now appears to aim to open up the coal mining sector to both foreign and domestic competition, a necessary step if he is to end electricity shortages that threaten to thwart plans to return the economy of the world's second-most populous nation to rapid growth.

The scale of Modi's challenge can be seen by the 37 coal-fired plants that recently had less than four days of stocks left, a situation that results in power cuts, which in turn force businesses and wealthier households to maintain costly diesel-powered generators.

Allowing more companies in the mining space may go some way to boosting output and closing the gap between domestic production and demand, which the government estimated at between 185 million to 265 million tonnes by the 2016-17 fiscal year.

But unless the other legs of the Indian electricity system are tackled as well, having extra coal available will be of little use.

Rail, port and other infrastructure will have to be boosted in order to ensure coal can reach power stations.

Most importantly, the pricing of electricity will have to be reformed as many private generators can't run profitably in an environment where their fuel costs are floating but the power they sell is at fixed tariffs.

If Modi is prepared to tackle the state electricity boards, as well as the railways, then his plans to have reliable, and still relatively cheap electricity, may come to fruition.

Modi's plan to free up India's coal sector and boost competition through allowing foreigners to participate looks quite different to the policies of the Indonesian government.

Shipments from the world's largest exporter of thermal coal are likely to decline this month, and possibly for several months to come, as new rules on government permits came into force on Oct. 1.

The regulations require that miners get approvals from the mining and trade ministries before exporting cargoes, a process the coal industry believes may be one burden too many for companies already battling coal prices near five-year lows.

These policies were put in place by the former Indonesian government, which was recently replaced by the administration of President Joko Widodo, who was sworn in on Oct. 20.

Like Modi, Widodo is a known reformer and many members of his new cabinet have been described as technocrats, including Sudirman Said, the new energy and mineral resources minister.

It's likely that the former government's moves to regulate coal mining will be continued, or perhaps even strengthened, given illegal mining and exports have plagued Indonesia.

The trend in Indonesia seems fairly clear, miners will be expected to abide by the laws and pay royalties, and the sector must meet national interest goals by ensuring sufficient domestic supplies, adding value to products and by employing more Indonesians.

For coal mining, enforcing a level playing field, eliminating illegal mining and treating miners equally from a tax perspective could ultimately serve to boost output by encouraging exploration and investment.

However, like Modi in India, Widodo has a long road to travel and many entrenched interests to take on.

Clyde Russell is a Reuters columnist. The views expressed are his own.

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Models walk the ramp during a fashion show as part of the HSBC Export Excellence Awards ceremony at Radisson Blu Hotel in Dhaka on Friday.