

Advertising: from papyrus to digital platform



SAZZADUL HASSAN

THE aggregate spend on advertising globally was a mammoth figure of \$550 billion in 2017. Forecast for 2018 is to reach \$558 billion mark. That's a staggering number! North America spends the most followed by Asia and Western Europe.

Advertising has been an integral part of not only business but human civilization since long. The fundamental objective of advertising is to persuade an individual or a group of individuals to decide and take certain course of actions. History shows, advertising has been around in one form or the other for more than thousand years.

The first known method of advertising was outdoor display also termed as "out of home" similar as billboards today. Three thousand years ago papyrus sheets were used in ancient Egypt to announce the reward for return of runaway slaves.

In ancient Rome, businesses used mosaics, pictures on signs or walls to promote their wares. Archaeologists discovered some interesting signs from various excavation works done in Greece and Italy. One such object excavated in Rome was a sign for renting a property; while in Pompeii there was a painting on the wall drawing the attention of the travelers to a tavern located in another town was also dug out.

In medieval days, the Athenians came up with an innovative idea of using "town criers" who used to shout to praise the merchant wares at the time of the arrival of the merchant ships to make people aware. The invention of printing press in 1445 boosted the advertising sector as the technology had facilitated to the production of advertising materials in bulk quantity for broader distribution. Newspaper ads became popular these days as those could reach to wider audiences and were able to cover widespread geographies.

Advertising grew tremendously in England during the first half of the early printing period. America started following the suite during 1700's. During that time ad was mostly limited to trade related information like arrival of shipments of certain commodities like tea, coffee etc. This sector was controlled by the printers and publishers of the newspapers at that time.

With the development of the printing technology like Chromolithography in the late 19th century enabled people to use colour picture which made the advertisement more colourful and eye-catching. The appearance of consumer product advertisements started to increase in the magazines in the late 19th and early 20th century.

The invention of Radio in 1920 made advertising world to enter a new era of development. With Radio, it became so easier to reach out to the customers in virtually no time. In the 1950s, television became very popular as an advertising media. With the emergence of internet in late 70's, advertising also started to adopt the technology. Email was the first form of online advertising. Gray Thuerk, a marketer from Digital Equipment Corporation (DEC) sent an email to 400 odd users on May 03,

which would derive the desire and finally the desire would lead to action. AIDA concept gradually changes to a model called "The complex cognitive model" which further breaks down the process into attention, interest, understanding, conviction, action and satisfaction. Understanding refers if the message is clearly understood by the target audience while conviction is all about convincing customers about the beneficial features of the product.

Statistics suggests, global spending on digital ad was \$229 billion in 2017. Google's ad revenue in 2017 was \$93.4 billion!

The concept to advertising has also evolved with the changes of time. During the late 19th century, a concept called AIDA (Attention, Interest, Desire and Action) was comprehensively applied to develop ads. It says, an ad should firstly catch the attention of a target audience, then the interest would be generated

In the mid of the 20th century another concept named "The Unique Selling Proposal" was emerged. It says a commercial must have a single and compelling reason for the consumers to buy the product. Thereafter comes the concept known as "The Lavidge and Steiner Hierarchy of Effects Model" which fundamentally considers three stages: think, feel and do.

Think refers to making the customer aware of the product by providing knowledge, which is the actual cognitive process. Feel is about liking and preference. Finally, Do refers to conviction and purchase.

In the 80's, marketers realised that there is no "one size fits all" formula in advertising. Therefore, a model called "The FCB Grid" emerged. This model was developed by Richard Vaughn, a senior vice president of Foote, Cone and Belding Advertising.

Depending on the products and the target customers, different model should be used. There are basically two types of products: products that are bought because of rational reasons and those bought for emotional reasons. The degree of involvement and feelings of the customers vary with the type of products.

Advertising has passed through a strong evolution overtime. The most fundamental change has occurred with regard to emotions. It's not only about presenting facts anymore, it's all about touching the feelings of the customers.

The writer is chairman and managing director of BASF Bangladesh Ltd. The views expressed here are personal.



1978 to promote a new model of DEC computer. Slowly, Email became popular as an advertising media. Mark Ebera, an American business man, also known as the inventor of internet advertising, started first ever email marketing company in January, 1994 in the US.

As online shopping is increasingly becoming popular among consumers, businesses now-a-days are focusing more on online advertising. As a result, this sector is moving thick and fast with different innovative ways of reach-

ing out to the target customers.

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Germany trade union Verdi called on workers at two Amazon logistic centers to strike on Monday, part of a long-running campaign for better pay and conditions. Verdi has organized frequent strikes at Amazon in Germany since 2013 to press demands for the retailer to raise pay for warehouse workers in accordance with collective bargaining agreements in Germany's mail order and retail industry. Amazon has repeatedly rejected Verdi's demands, saying it believes warehouse staff should be paid in line with competitors in the logistics sector, not as retail staff. Germany is Amazon's second-biggest market after the United States.

Workers in Germany and Spain staged strikes last month on Black Friday, the discount spending spree that kicks off the start of the crucial Christmas shopping season, but Amazon said there was no impact on customer orders. On Monday, Verdi called on workers to strike at a warehouse in Werne in the west of the country until Tuesday, while it said the protest should continue until Christmas at the Amazon warehouse in the eastern city of Leipzig.

Govt meddling in RBI could dent stability: S&P

REUTERS, London

The increasing involvement of the Indian government in the affairs of the country's central bank is a negative for the ratings of giant Asian economy's banking system, S&P Global said on Monday.

"S&P Global Ratings views as credit negative the circumstances leading to the recent resignation of Urjit Patel, governor of the Reserve Bank of India (RBI)," S&P analysts Michael Pulic and Andrew Wood said in a note.

"Sustained and intense external pressure from the Indian government risks eroding these (central bank independence and prudent policy) settings over time, and could also undermine the long-term financial stability in the country."

S&P's lead global sovereign analyst said last week that India's 7 percent annual growth would be enough to keep the Indian government's investment grade BBB-rating stable.

German union calls strike at Amazon warehouses

REUTERS, Duesseldorf, Germany

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BOJ to warn of rising growth risks, policy seen steady

REUTERS, Tokyo

AS the risks to the global economy rises, the Bank of Japan is expected to join a chorus of warnings from other policy-makers of the threat to growth from protectionism and signal its resolve to keep the money spigot open.

At this week's policy review, the BOJ is seen maintaining its ultra-easy monetary settings even as years of heavy bond buying dries up market liquidity and hurts bank profits, leaving it well behind its US and European counterparts in dialing back crisis-mode stimulus.

Adding to the plight of narrowing margins for financial institutions, the 10-year yield hit a five-month low of 0.025 percent on Monday as investors flocked to the safety of Japanese government bonds.

Some analysts say 10-year yields may fall below zero, a move that would undermine the BOJ's efforts to steepen the yield curve and give financial institutions some breathing space.

The central bank will tolerate negative long-term rates, as long as the 10-year yield moves within the range of around minus 0.2 to plus 0.2 percent set in July, say sources familiar with the central bank's thinking.

"The BOJ decided to allow yields to move more flexibly, which applies to both rises and falls," one of the sources said.

At the two-day rate review ending on Thursday, the BOJ is widely expected to keep its short-term rate target at minus 0.1

percent and the 10-year yield target around zero percent.

While the nine-member board is set to maintain its view Japan's economy will continue expanding moderately, it may warn of heightening global risks including from the Sino-US trade war, slowing demand in China and volatile financial markets.

"With interest rates falling across the globe, it would make sense for the BOJ to tolerate declines in long-term rates," said Mari Iwashita, chief market economist at Daiwa Securities.

"The focus would be on whether the BOJ will acknowledge some weakness in global growth."

Fears over the potential fallout from the Sino-US trade war prompted the International Monetary Fund to cut its global economic growth forecasts in October. Growing external headwinds also drove markets to scale back expectations of steady US interest rate hikes.

Japan's economy shrank in the third quarter but analysts expect growth to have rebounded by year-end, as solid domestic consumption softens the blow from trade frictions and slowing global demand.

Companies appear unfazed by the trade tensions for now, with the BOJ's quarterly "tankan" survey for December showing big firms are sticking to their upbeat capital expenditure plans.

But some in the central bank worry the trade woes may discourage firms from ramping up spending in the next fiscal year beginning in April 2019, the sources say.

Malaysia files criminal charges against Goldman, ex-bankers in 1MDB probe

REUTERS, Kuala Lumpur

MALAYSIA on Monday filed criminal charges against Goldman Sachs and two of the U.S. bank's former employees in connection with an investigation into suspected corruption and money laundering at state fund 1MDB.

Malaysia will seek jail terms as well as billions in fines from Goldman Sachs and four other individuals who allegedly diverted about \$2.7 billion from 1Malaysia Development Bhd (1MDB), Attorney General Tommy Thomas said in a statement.

This is the first time Goldman Sachs has faced criminal charges in the 1MDB scandal. The bank has consistently denied wrongdoing.

A Goldman Sachs spokesman said in a statement, the charges were "misdirected" and the bank would vigorously defend against them. The bank continued to cooperate with all authorities in their investigations, he said.

Goldman Sachs has been under scrutiny for its role in helping raise \$6.5 billion through three bond offerings for 1MDB, which is the subject of investigations in at least six countries.



REUTERS/FILE

A view of the Goldman Sachs stall on the floor of the New York Stock Exchange in New York.

The U.S. Department of Justice has said about \$4.5 billion was misappropriated from 1MDB, including some money that Goldman Sachs helped raise, by high-level officials of the fund and their associates from 2009 through 2014.

Thomas said criminal charges under securities laws were filed on Monday against Goldman Sachs, its former bankers Tim Leissner and Roger Ng, former 1MDB employee Jasmine Loo and finan-

cialier Jho Low in connection with the bond offerings.

"The charges arise from the commission and abetment of false or misleading statements by all the accused in order to dishonestly misappropriate \$2.7 billion from the proceeds of three bonds issued by the subsidiaries of 1MDB, which were arranged and underwritten by Goldman Sachs," Thomas said in a statement.

He said the offering circulars filed with the regulators contained

statements that were false, misleading or from which there were material omissions.

"Having held themselves out as the pre-eminent global adviser/arranger for bonds, the highest standards are expected of Goldman Sachs. They have fallen short of any standard," Thomas said.

He said prosecutors would seek fines against the accused "well in excess" of the allegedly misappropriated \$2.7 billion bond proceeds plus \$600 million in fees received by Goldman Sachs.

Malaysia would also seek jail terms of up to 10 years for each of the individuals accused, he said.

Thomas accused the four individuals charged of conspiring to "bribe Malaysian public officials in order to procure the selection, involvement and participation of Goldman Sachs in the bond issuances".

US prosecutors filed criminal charges against the former Goldman Sachs bankers, Leissner and Ng, last month. Leissner pleaded guilty to conspiracy to launder money and conspiracy to violate the Foreign Corrupt Practices Act. Ng, detained in Malaysia, is facing extradition to the United States.



REUTERS/FILE

A man walks past the Bank of Japan building in Tokyo.

Nissan meets to replace Ghosn, as tensions grow

AFP, Tokyo

THE board of automaker Nissan was meeting Monday to discuss a replacement for former chairman Carlos Ghosn after his arrest for financial misconduct, as tensions grow in the firm's alliance with Renault.

The Japanese company removed Ghosn from his post last month after he was detained on allegations of under-reporting his salary.

But it appears unlikely to agree on a permanent replacement for him immediately, in part because of open discord with French automaker Renault.

Nissan itself faces charges of allegedly submitting financial documents that understated

Ghosn's pay, and Renault is now reportedly seeking more sway on the Japanese firm's board.

The Wall Street Journal reported Sunday that Renault urged Ghosn in a letter to hold a shareholder meeting to discuss Renault's representation on the firm's nine-member board and within its top management.

It warned Nissan's indictment "creates significant risks to Renault, as Nissan's largest shareholder, and to the stability of our industrial alliance", the Journal reported.

A source with knowledge of the issue confirmed Nissan had received the letter and was planning an extraordinary shareholders' meeting, though regulations on calling such a meeting make it



Hiroto Saikawa

unlikely to happen before February.

Renault's letter is the latest sign of the tensions in the alliance that groups the firm with Nissan and Mitsubishi Motors -- a partnership that Ghosn forged and was often credited with holding together.

While Nissan and Mitsubishi Motors quickly removed Ghosn from leadership positions after his arrest, Renault has kept him on as CEO and chairman.

And while Nissan CEO Hiroto Saikawa launched a broadside against his former mentor shortly after his arrest, describing his "dark side", Renault has approached the allegations more cautiously.

The decision on replacing Ghosn at Nissan is being led by an advisory committee that includes a former Renault executive, and Japanese media reports suggested it was unlikely to reach a decision on Monday.

"It slows things down, but it isn't the end of the world," a source close to the issue told AFP.