

DIGITAL MARKETING

A two thousand crore taka market!



MUHAMMAD ZAHIDUL ISLAM

DIGITAL media undoubtedly has a clear edge over traditional media in wooing customers at lower costs.

Using its vast user-base and technology, this non-conventional media is able to reach out to target customers instantly and expose them to advertisers. And this advantage has made the media, a by-product of digitalisation, immensely popular all over the world.

Taking into consideration the marketing imperative of reaching a wide customer base at a low cost, let us start the discussion with a news report from last week. Published in the digital section, the report that caught the eye was: three leading private mobile phone operators in Bangladesh have spent a combined \$1.04 billion or Tk 8,744.20 crore on social media advertisement in recent years!

It was later acknowledged that the amount was incorrect, with taka figures being mistakenly counted as US dollar figures. Instead of discussing the accuracy of these numbers, let us try to understand, how much is actually spent in this sector? How much money is actually going to the accounts of Facebook-Google-YouTube-Yahoo and other digital media platforms? And how much of that money is actually going through proper banking channels to the accounts of all these platforms?

Over the last two years, there have been many discussions about the market and income of Facebook and Google in Bangladesh. Even the National Board of Revenue has given some instructions to the



PHOTO: REUTERS/MIKE SEGAR/FILE PHOTO

banks regarding this. These digital media platforms have been asked to open their offices in Dhaka. But the question remains, is that enough? Can this alone ensure that all the payments are being sent or will be sent through banks?

Before digging for answers, let's take a look at those who use digital platforms for communication or advertising. It would be absolutely incorrect to think that only the big companies are advertising on digital platforms. In fact, small companies are spending proportionately more of their marketing budgets on digital marketing.

In addition to companies offering digital services, all sorts of small and big companies, even those whose services are limited to local neighbourhoods, are trying to reach out to clients on digital platforms. Instead of asking who is involved in this modern method of marketing, we should rather inquire who isn't.

Starting from finding home tutors for children to haircut services, laundry services, domestic help or information about CNG auto-rickshaw rides, everything is available in the digital world. Those who depend on e-commerce or Facebook for their businesses

are also spending hundreds of dollars to boost the news of their products.

No one objects to advertising on digital platforms. Rather, the objection is that none of the digital media platforms including Facebook and Google have offices in Bangladesh. Although these companies are earning hundreds of crores of taka from the country, the government is getting almost nothing from that revenue.

The government gets 15 percent VAT plus another four percent advance tax for every advertisement on local mass-media. It is possible to avoid this taxation when advertising on digital platforms.

Bangladesh has now many digital service businesses that spend all their advertising fund on digital platforms. Among them, there are companies that spend the whole amount overseas, never spending on local digital platforms. Some ride-sharing and e-commerce companies are sending their payments to Facebook or Google or other digital platforms from overseas, even though their whole advertising campaign is being conducted in Bangladesh, targeting specific age groups or region.

There are now over fifty thousand accounts of local digital businesses, e-commerce and F-commerce in the country. They spend between five and one hundred dollars per day on advertising. Based on this estimate, the total expenditure per day would go over one crore taka. According to experts, this would amount to more than Tk 100 crore per month.

Talking to different people involved in this sector and doing research, it appears that digital markets earn around Tk 2,000 crore per year from the digital advertising sector in Bangladesh. This market is growing at the same rate as that of Facebook. But confusion arises when one sees that only

Tk 135 crore went to Google and Facebook through local banking channels in the last five years, even though the process of sending money through the banks started in 2014.

According to the banks, money was remitted from the country to only one more account, other than Facebook and Google. Yahoo and Emu were not on that remittance list. Yet, at least two mobile operators, Robi and Banglalink, mentioned the names of Yahoo and Emu on their accounts, which they provided about their digital marketing expenditure. So what has happened? It is thus evident that the money was not sent through proper banking channels.

This poses another question. The banks are saying that they have remitted Tk 135 crore. However, the combined expenditure by Grameenphone, Robi and Banglalink in this sector is Tk 435 crore. One wonders how the remaining Tk 300 crore was remitted!

Some software companies now get a card from the government that allows them to spend a maximum of 12,000 US dollars for expanding their product market abroad. Many are making payments through this card. Others are getting their payments made from outside the country. Payments are also made from within the country using foreign debit or credit cards. As a result, the government is not getting its due.

So what is the way out of this situation? If not all, at least 90 percent of these transactions has to be brought under proper banking channels. In that case, our main source of power is the 3.5 crore consumers in the digital space. We have to attract the presence of Google-Facebook in Bangladesh using this huge customer base.

Muhammad Zahidul Islam is a senior reporter for The Daily Star.

How much is Bolsonaro responsible for the Amazon fires?



GWYNNE DYER

THE Amazon is not on fire. There are fires in the Amazon rainforest, as there are every year in July-September, because this is the dry season. There may be more fires than usual this year, and it may even be the fault of Jair Bolsonaro, the Trump mini-me who became the president of Brazil last January, but that is not clear.

Yet there now is a great outcry, with French president Emmanuel Macron saying that Bolsonaro lied to him about his stance on climate change. Macron is even threatening to withhold French ratification of the recently signed free trade agreement between the European Union and Mercosur (of which Brazil is the biggest member).

British Prime Minister Boris Johnson declared that it is "an international crisis", and German Chancellor Angela Merkel called the fires "an acute emergency...for the whole world." The Finnish foreign minister even suggested that the European Union should boycott Brazilian beef. Concerted international action at last!

Well, no. They might have done it at the G7 summit of the world's richest countries last weekend in Biarritz, but they all knew it would just prompt another Donald Trump walk-out like last year's. And some of their advisers may be warning them by now that they are not on very safe ground when they paint Bolsonaro as the sole culprit of the piece.

Bolsonaro is not a good person. He is an obtuse and obnoxious bully who doesn't give a fig about the climate and advocates "developing" the Amazon in ways that would ultimately destroy the rainforest.

When environmental activists claimed that farmers encouraged by Bolsonaro's incendiary rhetoric were setting fires to clear Amazonian land for ranching, he blamed the activists themselves, saying that they were setting the



Charred areas of the Amazon in Brazil, August 27, 2019.

PHOTO: JOAO LAET/AFP

fires to discredit him. He had no evidence, he admitted, but he had a "feeling" about it.

Of course Brazilian farmers and the agribusiness interests behind them are setting fires to destroy bits of the forest, but this is not new with Bolsonaro. The amount of forest they destroyed annually went into steady decline after the Workers' Party (PT) took power in 2003, but the damage has been trending back up again since the last PT president, Dilma Rousseff, was impeached by Congress (on spurious charges) in 2015.

Bolsonaro is definitely the icing on the cake, but it's questionable how much impact

he has had after less than eight months in power. The number of fines handed out for illegal burning has dropped by a third this year, but the great majority of illegal burns always went unpunished anyway.

When Brazil's National Space Research Institute reported an 88 percent increase in deforestation in June compared with the same month a year ago, nobody except Bolsonaro questioned the data. But that was before this year's burning season (Queimada) began, and presumably referred to losses of forest due to illegal logging and land-clearing for mining operations, not to fires.

When the same Brazilian space institute claimed more recently that satellite data showed an 83 percent increase this year in forest fires, mainly in the Amazon region, Bolsonaro promptly fired its director, claiming that he was manipulating the data for political reasons.

Bolsonaro's relationship with the truth is distant but it must be pointed out that NASA's Earth Observatory, also relying on satellite data, reported on 22 August that "total fire activity across the Amazon basin this year has been close to the average in comparison to the past 15 years."

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There is, to be sure, a pall of smoke hanging over Sao Paulo, Brazil's biggest city, at the moment. It's as bad as Singapore six years ago or Vancouver last summer, and there's no doubt that it comes from forest fires. They are, however, fires in the Bolivian part of the Amazon, not Brazil's.

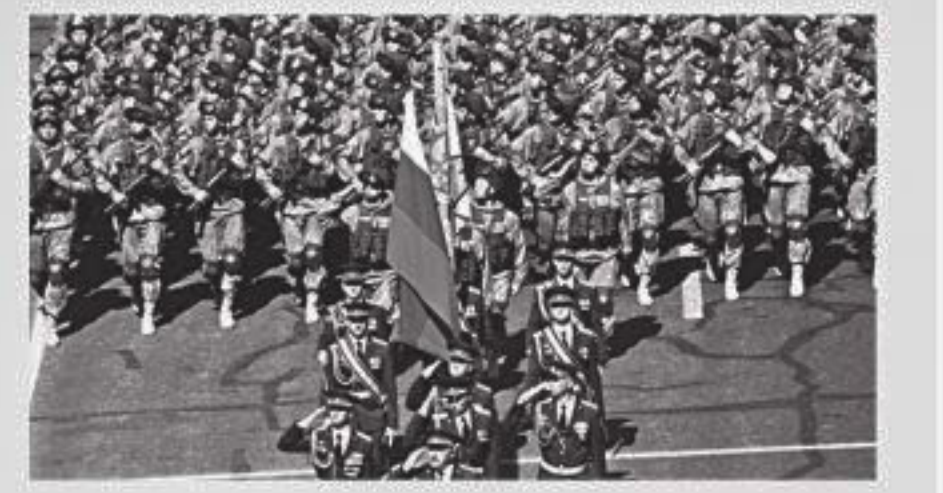
Bolsonaro may not be guilty this time, but he's guilty of lots of other things, so let's hang him anyway. This is not a wise way of proceeding, even if you are doing it with the best of intentions.

The data about the climate crisis are always complicated and open to dispute, because the planet is a very complex system. Those who claim to understand enough about it to offer policy advice must be above suspicion, and to go along with the assertion that "the Amazon is on fire" and that it's all Bolsonaro's fault is neither prudent or provable.

Although I must admit that it's very tempting.

Gwynne Dyer is an independent journalist. He is also the author of *Growing Pains: The Future of Democracy (and Work)*.

ON THIS DAY IN HISTORY



AUGUST 31, 1994
RUSSIA OFFICIALLY ENDS ITS MILITARY PRESENCE IN THE FORMER EAST GERMANY AND THE BALTICS

The Russian army today ended a half-century of military occupation in Germany with a somber ceremony that marked the final dismantling of the Soviet empire in Eastern Europe.

CROSSWORD BY THOMAS JOSEPH

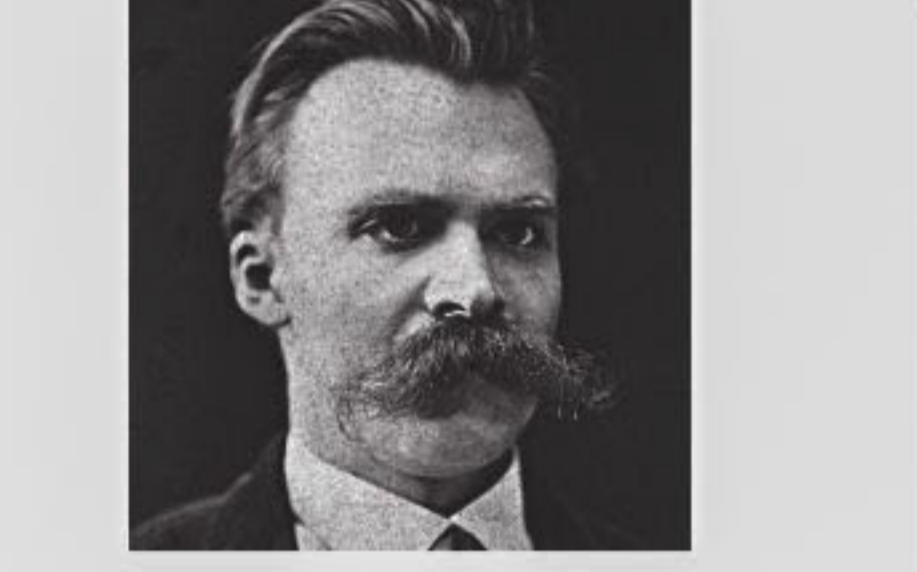
- | | | |
|-----------------------------------|-------------------------------|--------------------|
| ACROSS | 30 Residence | 8 Bach piece |
| 1 River vessel | 31 Suitable | 9 Prickly plants |
| 5 Drill parts | 32 Play-ground fixture | 11 Fill completely |
| 9 Island off Naples | 34 Church topper | 15 Atlantic fish |
| 10 "Bye!" in Baja | 37 Fad | 19 Whiskey serving |
| 12 Ventilated | 38 Macho fellow | 20 Paving goo |
| 13 Singer Summer | 39 "Message received" | 22 Cook's mint |
| 14 \$100 bills, in slang | 40 Tear asunder | 23 Tote |
| 16 Have dinner | 41 Exploits | 24 Little boy |
| 17 Addition column | | 25 Punctual |
| 18 Will subject | DOWN | 26 Rx amount |
| 21 Check-cashing needs, for short | 1 Came down | 27 Astounds |
| 22 African desert | 2 Chefs' protectors | 28 More original |
| 23 Toil | 3 Worries | 29 Big party |
| 24 Chewy candy | 4 Shore eroder | 30 Long sandwiches |
| 26 Football's Marino | 5 Naughty | 33 Beige |
| 29 Sprees | 6 Wedding words | 35 Galloped |
| | 7 Lack of musical discernment | 36 Finish |



YESTERDAY'S ANSWERS

S E A S O R H A U L S
T U T O R O P R A H
A R O S E S T A T E
T O M V I E N E E
S P I R E S M U S T
E C O L O G I S T
E C O N O M I S T
S C A R P E S T E R
E L L W E D R A E
R A I S E A N I S E
V I C A R Y O K E L
E R O D E Y R E D S

QUOTABLE Quote



FRIEDRICH NIETZSCHE
(1844-1900)
GERMAN PHILOSOPHER, CULTURAL CRITIC, COMPOSER, POET AND PHILOLOGIST

That which does not kill us makes us stronger.

Notice
Tomorrow's Editorial and Opinion pages will be published on pages 10 and 11, respectively.