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**CUSTOMER
ACUMEN**

**INSIGHTS TO BUILD
CLIENTS FOR LIFE**



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LEARNING
SYSTEMS



ED/TORIAL



Dear Reader,

The year 2020 saw the pandemic make its move and disrupt businesses and the relationships built with customers over time. As we welcome the New Year, organisations are looking for ways to re-ignite their relationships with existing clients and forge new ones in a post-pandemic economy.

The advertising industry took a hit but is slowly gaining traction with companies increasing advertising spends to reconnect with customers. Moving away from the traditional ways of advertising, new forms of digital advertising are taking centre-stage. The future of advertising lies in the use of technology - videos with storytelling, augmented reality with personalized targeting - are expected to lead to high customer engagement.

This quarter in Customer Acumen, we look at **'The changing face of advertising in the new economy.'**

Advertising professional, **Rishabha Nayyar** shares some nuggets of knowledge on the impact of Covid-19 on the advertising industry and how connecting with customers has changed over the years.

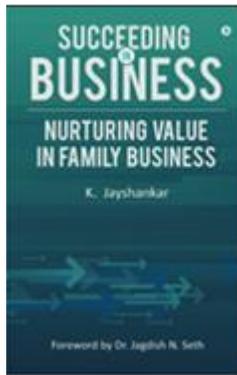
Jay shares his views on the world of advertising and how marketers use this as a tool to lure their customers. We review **Tim Harford's 'How to make the world add up'** where the author opens up his thoughts to the world of numbers and data, driving home the message that understanding statistics can help change the way we think and live.

The convincing power of advertising as highlighted by **Vikram Nandwani's** toon!

We value your relationship with us and look forward to your feedback and comments on how best we can serve you through our e-zine, **Customer Acumen.**

We wish our readers the very best of 2022!





Out Now!

Succeeding in Business: Nurturing Value in Family Business

What makes some family businesses grow from strength to strength? How do you ensure that value is created and not destroyed when a business passes hands from one generation to the next in the Indian context? How can old families incorporate new ideas to revitalize themselves? Is there a role for professional management in Indian family business?

*This book offers answers to the vexatious issues that families face in their growth journey. The pointers provided can be used as a guide for nurturing the business and to leverage the traditional strengths that family businesses possess. As a counsellor and trusted advisor, the author, **K. Jayshankar (Jay)**, has had a ring-side view of how family businesses have functioned. The practical insights drawn from his experience of four decades has been combined with conceptual elements to become a valuable primer for a family that wishes to succeed in the competitive marketplace that is India.*

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MUSINGS



The not-so hidden persuaders

- Jay

'At one of the largest advertising agencies in America psychologists on the staff are probing sample humans in an attempt to find how to identify, and beam messages to, people of high anxiety, body consciousness, hostility, passiveness, and so on.' These words are from 1957 – and presaged Instagram, Facebook and other such media who are masters of such tools. Perhaps Vance Packard would not have guessed that his expose of the methods of the advertising industry would still be valid nearly six decades after he wrote these words in his classic, 'The Hidden Persuaders'. Instead, his words seem prophetic now, given the insidious turn towards consumerism that has enveloped the world. And, he did warn that privacy would be at risk once the unbridled power of technology was let loose.

While technology has changed the world of business in all fields, if there is one domain that has undergone a sea-change, it is Advertising. Ads in days past (think *Mad Men*, the widely popular television series) was all about flashy billboards or solus space in newspapers. Although it is true that this has not gone away, what we encounter now is the pesky versions, creeping on you unannounced, even sneakily, disturbing your viewing or reading experience on a screen. The principles of advertising remain the same: it is about persuading the consumer (or recipient of the missive) with a message (not always subtle) to win her over and to act in a manner that the advertiser wishes - buy the product or service; or convince her to modify her behaviour to suit a social need (as in public service messages). The purpose continues to be marketing communication but a close scrutiny of the industry will reveal that what has changed is not just the fashion of delivery - as new avenues of sending the message have emerged (social media, search engines, etc.) - but something more significant, more subtle is at play.

The ubiquitous role of technology in our life is now a given. No longer are we surprised to see automation driving many aspects of our interactions. However, what is not recognised yet is that advertising today is no longer the old blunderbuss scattering slugs at all and sundry. Instead it is a laser sharp device that can be manoeuvred to your precise location, and predilection, to offer you just what your heart desires at that very moment. That bespoke approach can generate immense satisfaction to a consumer (and bring in moolah to the seller) and also be a vehicle for political machinations (as was perfected by the Trump acolytes) to those

who control the transmission levers of communication. The techno-fuel that propels the message takes viral wings and the consequences are extremely unpredictable on many occasions.

History tells us that the first banner ad appeared on Hotwired.com in 1994 with AT&T eliciting response from 44% of its viewers. A novelty then, it was actually a new dimension in the field of consumer communication, much like the innovation by Thomas Barratt in 1867 – acknowledged as the father of advertising - when he began informing customers of the virtues of the Pears soap. Thus began a new chapter in business that has endlessly fascinated everyone with its creative ability to induce the hesitant, incite the outraged, and swallow the gullible.

While marketing professionals have always sought to interact with customers, the nature of engagement has dramatically changed. We have travelled far from the days of the information economy (when there was a craving to know more and more) to today's world labelled as the conversation economy, where attention deficit consumers are chatty about everything. While this is a godsend to companies, the downside is strong too. Sane words are drowned by trolls who pour vitriol on brands for assumed offences. Many brands have run for cover when the conversation has turned so nasty that brand value has been diminished at a rapid pace.

What does the future offer? While the crystal ball is hazy still, one can firmly conclude that artificial intelligence and machine learning will play a hand to create new, personalized hooks to reel in customers, with minute-to-minute messages to numb the senses of the jejune customer. With data scientists figuring out the chinks in your persona, and privacy being a foreign idea in a blasé world, the risks of being exploited are very high. Will regulators step in to question the puppeteers? We are still at voir dire stage as an impartial panel is hard to find in a world where the hands that influence all of us is deeply entrenched!

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SPOTLIGHT



Rishabha Nayyar

Planner & Co-Founder at Fatmen



Rishabha Nayyar has spent more than 19 years in advertising and entrepreneurship. He has been associated with Lowe Lintas where his last role was Executive Director. He later moved to 82.5 Communications (an Ogilvy Group agency) as the Head of Strategy. In this role, he was responsible for leading the function nationally with teams across Mumbai, Delhi, Bangalore and Kolkata reporting into him. Being very passionate about the increasing gap between management education and practice, he co-founded a management institute in Pune - Genesis Institute of Business Management in 2007. Currently, he is the co-Founder of a new agency, Fatmen.

Rishabha has to his credit the development and incubation of many Indian and international brands that have today gone on to become big players in their segments. Some of the brands he has worked with include Bisleri, Pepsodent, Wheel, Kissan, Domex, Knorr, Milo, Idea, Axis Bank, HIT, Britannia, Himalaya, First Cry, Grofers, Burger King, Practo and Zee to name a few. Rishabha has also been involved in the development of many brand-building models and tools at both

agencies.

He has over the years won many an award at India Effies (including a Grand Effie), APAC Effies, Tambuli & Golden Glove. He has also been on the jury of India Effies on many occasions. He is a passionate speaker and lecturer who has been delivering courses and guest talks on various subjects in the areas of marketing, advertising, consumer behaviour and brands at the IIMs, Symbiosis and NMIMS.

Rishabha is currently pursuing a PhD from IIMK, holds a PGDM from Goa Institute of Management and is a Commerce graduate from Punjab University.

CA. What has been the impact of Covid-19 on the advertising industry?

RN: The advertising industry was hit hard in 2020 owing to Covid-19. The lockdown led to a crash in demand for most categories and to ensure that spends are not wasted, most brands paused their advertising. What followed was something the industry had never witnessed before. One set of industries saw an unprecedented spike in demand leading to a growth in their advertising spends. The other set saw a slump in their demand leading to a shrinkage in their spends. With the latter being a more prevalent phenomenon, the industry at an overall level closed at Rs. 65,053 crores which was a 21.5% degrowth on the 2019 spends. However, demand across categories has seen a resurgence post the pandemic coming under control and the industry is hopeful of being able to bounce back to 2019 numbers by the end of 2021. What the pandemic has also done is that it has changed the media shares of spending. Mediums such as outdoor, print and cinema have taken a significant hit and digital has been the beneficiary of all of it.

CA. In your opinion, how has connecting with customers changed over the years in your business?

RN: In a market that continues to become more and more competitive, forging deeper connections with customers is perhaps the most effective way of driving both share of mind and market. As brands try to establish these connections, it is important to factor in 3 key changes that have taken place. (1) The points of contact with customers have undergone a huge change over the years. Mobile and technology have introduced many new points of connect which till a decade ago did not even exist. Advertisers need to ensure they cover the right mix of contact points to achieve the required reach and impact. (2) The content of the contact has also seen a multi-fold expansion. No longer can brands simply plaster the same 'value proposition' across all contact points and expect to get the desired results. Brands need to understand the role that each of the contact points play in the decision-making journey of the consumer and ensure that the message is customised to cater to that. (3) The sequence of contact points is no longer linear. Potential consumers do not follow the textbook sequence of being exposed to an ad, visiting the website, evaluating the product in-store and purchasing it. The consumer journey these days can follow any sequence and marketers need to ensure that the messaging at each contact point is equipped to handle that.

CA. Advertising is all about enticing your audience and ensuring that your clients increase their wallet share in the market. What are the challenges faced by your business today in not only maintaining existing client relationships, but in building new ones in the face of competition?

RN: Just like any other industry, advertising as a business also has its share of challenges. Amongst all of them, there are three that I feel are currently impacting the business the most:

#1 Fragmentation

While advertising spends on the whole have continued to grow over the years, the advertising industry has seen massive fragmentation owing to which the growth for any one agency has been limited. What was once a full-service communication agency has now gotten divided into a dozen specialist outfits catering to different client needs. This fragmentation has reduced the revenue potential and profitability of the business.

#2 Project Led Engagement

There was a time when agencies acted as co-owners of the brand in terms of building and managing its equity. Being on an annual retainer fee, they would continuously work alongside the client in furthering the agenda of the brand. However, wanting to manage the costs, clients have increasingly started engaging agencies on a project basis. In such a model, agencies come on board for 12-16 weeks, deliver on the project and move on. This has at an overall level reduced the quantum of work and revenue for agencies. It has also made it difficult for agencies to plan for future growth as the business pipeline is uncertain.

#3 Lower Investments in Brand Building

Brand building has never been an overnight affair. Given that brands are built in the minds, the process has always been one that yields results gradually over a period of time. However, in an era where brands are under constant stakeholder pressure to show disproportionate growth, many a times tactical interventions (sales, cashback, deals, partnerships etc.) take precedence over strategic brand building. In such a scenario, the scope for advertising campaigns also gets reduced.

CA. Social Media, Influencer Marketing, among others, are just some of the buzzwords taking the advertising industry to another level. Please share some thoughts on how technology and innovation will impact brand building in the coming years.

RN: While this may sound odd to some, I believe that technology and innovation in the realm of marketing and brand building, is a double-edged sword. While the two will surely have a significant impact on the industry going forward, the net impact (positive or negative) will depend on how brands use them.

On the positive side, technology and innovation will help brand building and communication at multiple levels. They will help brands reach audiences in geographies which till now were seen as outside of the scope. They will help brands sharpen their targeting in terms of both demographics and psychographics to ensure conversions are better. They will help develop a deeper understanding of consumer behaviour which is backed by data. They will provide brands an opportunity to constantly engage with their consumers and make the most out of every moment of a marketing opportunity. They will help brands improve the feedback and customer service mechanisms that are currently in place. They will allow for a more precise calculation of return on marketing investments owing to the results and tracking mechanisms available.

On the negative side as well, technology and innovation can pose a challenge for brand building and communication at multiple levels. They are an invasion into the privacy of the consumers which can over a period of time create hostility for the consumer.

They are creating so many new communication touchpoints that brands run the risk of overcommunication which could eventually lead to negatively impacting brand equity. They also pose the risk of marketers getting lost in the world of data and technology and in doing so missing the softer side of building a brand. Lastly, there is also the risk of brand interventions becoming more and more tactical with technology always throwing up quick return solutions.

CA. Please tell us more about your career arc and the new venture, Fatmen, and how you intend to differentiate your firm as a brand.

RN: Over the last 20 years of my working life, I have been very fortunate to have worked with the two biggest agencies of the country – Lowe Lintas and Ogilvy. While we continued to work in the large agency setup, my co-founder and I noticed a challenge that was emerging. The big agency model by its nature was always under pressure to grow and expand at a certain rate. This was leading to agencies having to stretch their key resources to a point where their depth and involvement on brands was getting increasingly compromised. This was beginning to show in the work with lesser standout campaigns coming from their stables. This challenge led us to the idea of starting Fatmen, an advertising agency that takes pride in being the smallest agency in the world! With only a 5 member team across functions, we take on lesser work but make sure we are deeply involved in whatever we are doing. When we are working on a brand, we don't just remain the agency but become a part of the extended brand team in terms of our involvement and understanding. Through this approach, we hope to be able to create standout campaigns that help our clients grow their brands. While it is still early days for us, the start has been a very encouraging one.

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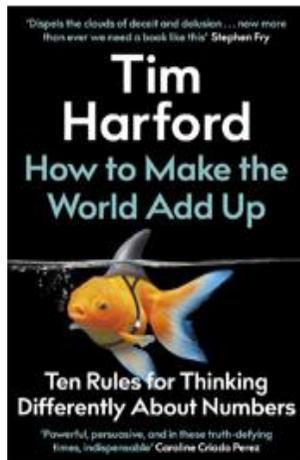


RESOURCES



How to Make the World Add Up

- Tim Harford



As we ring in the New Year, the Internet is abuzz with what the world went through in the previous year – natural disasters, political wins and losses, the pandemic linked mortality numbers, stock market indicators, corporate disclosures – all represented with the help of infographics and numbers. Statistics tell a vital story in a world filled with data overload. This begs to ask...how does one trust all the numbers and data?

In his book, *How to Make the World Add up*, Financial Times Economist, Tim Harford offers ten rules that will help readers how to think effectively and differently about numbers and data rather than to be daunted by the sheer overload. We live with data that is noisy and is easily modified with the increasing use of artificial intelligence and algorithms. Data can be altered to obtain a different result that may benefit certain interest groups. It becomes imperative to analyse what one reads and to reason with data. To quote the author, "we should look for ways to combine the 'bird's eye' statistical perspective with the 'worm's eye' view." Fancy graphs need not only have to look and 'sound' good, but we need to

stop, concentrate, and understand what we are actually looking at and look for comparisons and context, putting any claim into perspective. As a summary of the ten rules, readers should always keep an open mind, ask questions, and make sure that our understanding is not driven by emotions.

The book points out an important paradox of statistics as a discipline. Apart from statistics as a practical subject which helps to analyse problems, from how to identify effective vaccines to how to contain viral outbreaks, the read highlights the conceptual importance of statistics. It offers a way of thinking seriously about uncertainty, providing a framework for how one can understand the world.

Drawing on his experience as an Economist, Harford takes readers from looking at disinformation and bad research to finding beauty in data and analysis. His story-telling skills make the book a compelling read as the author draws together both historical and current anecdotes to create convincing arguments in favour of statistics and the power behind data and information.

The author has shared his honest opinion and has cited real-time examples of how statistical integrity has an important role to play. Case in point is the author's plea for governments to invest in honest statistics particularly at a time when the US government was attempting to intervene in the running of the national census for transparently political motives.

At first glance, the book's title is daunting. However, the read is simple and easy to relate to as the examples enable readers to understand all the ten rules. A must read to get over the fear of numbers and information overload. If we manage to approach statistics in the correct way, it can help us to live better and work smarter (and makes for a good New Year's resolution). To quote the author who till the end highlights the strength behind numbers: "Statistics in the right hands have the power to change the world for the better."

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101, Lords Manor, 49, Sahaney Sujan Park, Lullanagar, Pune – 411040, Maharashtra, India

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