

Who said \$1,000 doesn't buy you much in Asia?

Today's marketers are often faced with two problems – how to allocate funds *across* markets and how to allocate funds *within* markets.

A fresh approach to examining, quantifying and comparing the cost and effectiveness of an expanding range of communications channels provides a shiny new tool for marketers in Asia.

Data captured by MindShare's international network of offices has been processed into easy-on-the-eye-and-brain tables that cover multiple channels and show how much capacity in each one could expect to buy for US\$1,000 on a by-country basis.

A simple heuristic model to aid channel planning was built to:

1. Define a standardized set of 20 different channel units (*see Table 1*).
2. Collect costs for each channel unit across 14 markets (12 Asian plus the US and UK).
3. Translate the various cost formats into a common framework that the brain can easily process – ie: What can you get for US\$1,000?

Table 1: Summary of channel unit definitions

Channel Unit Name	key specifications
TV Spot (National)	30 second TV spot, prime time, top rating, national
TV Spot (Large City)	30 second TV spot, prime time, top rating, large city focus
TV Spot (Cable/Pay TV channel)	30 second TV spot, prime time, top rating, cable/pay TV
Magazine (Women's Fashion)	Full page colour, run of magazine, leading women's fashion
Magazine (Top Readership)	Full page colour, run of magazine, leading magazine
Newspaper B/W (Top Readership Daily)	Quarter-page black and white, right hand page, news
Newspaper Full Colour (Top Readership Daily)	Quarter-page full colour, right hand page, news
Radio Spot	15 second, morning drive-time, top rated show
Bus Shelter Ad (1 month)	Vertical/portrait unit, part of large city package
Large Billboard on Airport Road (1 month)	Approx 12m by 3m, approx 1km from airport
Taxi Wrap (Both sides)	Advertising on both sides of a taxi, part of package (50+)
Cinema Spot	One 30 sec spot shown once on one screen before film
Local celebrity for an event	One hour appearance, no performance, top celebrity
Event/Sampling Promotion Girl	Full 8 hour day handing out samples
Postcard Advertising	Branded postcard advertising distributed in cafes, etc
Google search: airline tickets	Google's cost-per-click bid price for this search keyword
Google search: used cars	Google's cost-per-click bid price for this search keyword
Google search: mortgage	Google's cost-per-click bid price for this search keyword
Yahoo finance (Super N)	Finance page display banner ad 728 X 90 pixels
CNET electronic DM list rental IT manager	Sent to IT specialists in companies over 500 employees

The study demonstrated that comparing costs across channels and countries is a well worthwhile exercise because it empowers multi-country strategists to identify patterns and opportunities, equips media-neutral channel planners with greater channel-value awareness when planning and enables in-country teams to compare channel value beyond their own market horizons.

Interesting questions posed by the exercise included: Can marketers and agencies get smarter by looking at costs in fresh ways? Asia is clearly rising, but is it now overpriced? What new opportunities do new digital media channels offer? And, can useful comparisons be made across non-standardized markets?

Early and elementary analysis gives rise to a potentially “magnificent seven” useful insights for marketers in Asia. They are:

- Emerging Asian markets still offer exceptional value.
- You get far more bang for your buck in India than China.
- Asian channel media costs are ultra-local and irregular.
- Digital channels promise new levels of multi-market standardization.
- A cinema ad costs less than US\$10 in most Asian markets.
- Outdoor advertising is inexplicably expensive in several developing Asian countries.
- Hiring celebrities comes a lot cheaper in Asia.

Lessons learned during the exercise also positions MindShare well to improve the methodology for future generations of the model, thereby providing even greater visibility and granularity on which marketers can base buying decisions.

This all comes at a time of seismic shifts in the global media landscape powered by disruptive technologies and major changes in human behaviour. Continuous digital innovation is presenting media consumers with more content and choice and audiences are fragmenting rapidly.

Asian marketers and their support agencies are seeking new ways to reach and engage with consumers, mainly as a result of new technology and the rising cost and perceived “tiredness” of established media.

While the bulk of investment will probably continue to follow traditional patterns, one interesting lesson to emerge over recent years is that the effective use of new marketing channels always lags the speed at which audiences adopt new media behaviour.

Growing at 8% against a worldwide average of 5%, total media investment in Asia Pacific will reach US\$99 billion in 2007, according to GroupM estimates. This follows steady growth over the last five years of between 7% and 9% a year. Digging into the detail reveals some chasm-like differences. For example, media spend per capita ranges from US\$3 per annum in India to US\$596 in Hong Kong.

Also, Internet spend will represent more than 12% of media investment in Australia compared with less than 1% across southeast Asian markets, China will command 71% of total TV spend compared with Malaysia's 32% and Internet spend will grow by 60% in India against 18% in South Korea.

The relentless trend of fragmenting audiences, growth of exciting new communications channels and perceived inadequacy of traditional media plans have given rise to a strong demand for media-neutral communications planning.

Quoted in Jim Taylor's *Space Race* (Wiley, 2005) Unilever Bestfood Robertson Chairman Kees Kruythoff, explained: "Ten years ago, (a) there were fewer communication channels, and (b) we accepted 50% was wasted and we closed our eyes and just threw some money on it. But increased shareholder-value pressure on businesses is driving continuous improvement in communications effectiveness. And communications planning as a discipline comes in here because it takes communication objectives and has an honest and detailed assessment of the most appropriate way to use communication to fulfill these. It is the logical way to be true to your marketing and communications objectives each year."

A key objective of the MindShare study was to explore ways to make comparisons across channels and markets easier to digest. Once all the data was in one place, it was relatively easy to translate costs into a common format to respond to the simple question: What can you get for US\$1,000?

A number of interesting points (*see Table 2*) emerged, such as:

- Media costs in China and the UK are surprisingly similar for several traditional media channels, including radio, newspapers, women's fashion magazines and cinema advertising.
- In terms of national TV spots, US\$1,000 can reach 284,000 Chinese compared with just 74,000 British viewers.
- Beauty and charm come cheaper in China, where US\$1,000 will pay for 39 event promotion girls to hand out samples, compared with only four in the UK.
- Taxi advertising is considerably cheaper in China, where US\$1,000 will get your message on 172 taxis against just four in UK.

Table 2 - What you can get for US\$1,000 in China and UK

	China	UK
Radio Spot listeners	473,765	401,606
Newspaper B/W (Top Daily) readers	459,434	389,105
Magazine (Top Readership) readers	405,359	167,224
Newspaper Full Color (Top Daily) readers	300,721	259,740
TV Spot (National) viewers	284,419	73,707
Yahoo finance (Super N) page displays	142,857	44,643
Magazine (Women's Fashion) readers	50,003	55,279
Cinema goers (est 200 Pax/screening)	33,696	36,630
TV Spot (Large city) viewers	33,082	41,271
Google search clicks: airline tickets	1,639	1,333
Big Mac Burgers	735	262
Taxis Wrapped (Both sides)	172	4
Cinema Spot screenings	168	183
Event promotion girls for a day	39	4
Days for 1 Bus Shelter Ad	36	65
Minutes of celebrity event appearance	31	1.7
Days for 1 Large Billboard	0,5	5,1

Asia has been attracting the attention of foreign investors, media and international marketers for years, thanks to high GDP growth rates, FDI growth, a population of more than 3 billion and a rapidly emerging middle-class, which translates into increased consumption. According to China's national statistics, for example, 2004 saw total retail sales of consumer goods rising 13% year on year, reflecting 14% growth in urban areas and 11% in rural.

This increased consumption begs the question: Do Asian media costs still represent good value?

Historically, media costs in Asia have been considered relatively low compared with the west, but media inflation rates have been high over the past decade and a recent 2005 analysis by MindShare identified six markets with inflation rates of 15% or more.

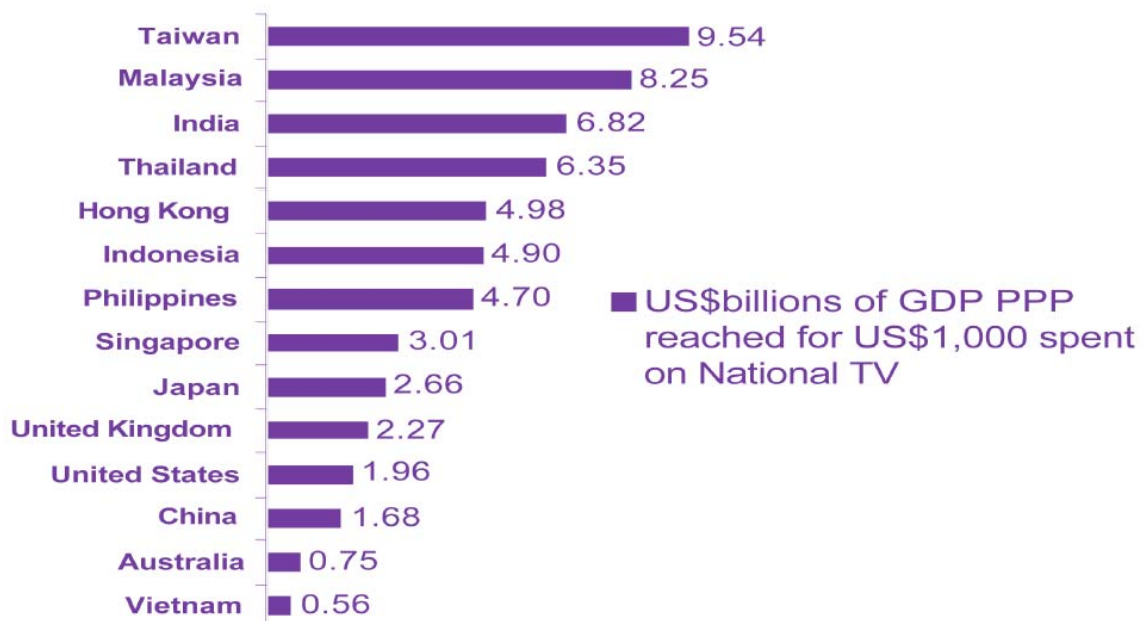
Of course, we should expect to spend less to reach a less affluent audience, so a

further level of analysis was performed to get a different perspective on true value of media investments in different markets.

Figures were arrived at by first calculating how many adult individuals could be reached in each market with the US\$1,000 spend multiplied by the latest world Bank estimates for GDP per capita in each country. This was further adjusted to take relative purchasing power parity (PPP) into account (see Figure 2).

Surprisingly, Taiwan emerged as best value for media investment, with a massive reach of US\$9.54 billion GDP PPP for a US\$1,000 spend. The top nine value markets were all in Asia Pacific. Western markets such as the UK, US and Australia appeared further down the results league table, while the emerging markets of China and Vietnam figured in the bottom three, suggesting lower relative value.

Figure 2 – Total GDP at PPP reached for a US\$1,000 national TV spend



Comparing the “Elephant” and the “Dragon” – India and China

Hardly a week goes by in the international media without a comprehensive comparison between the two most populous countries in the world, India and China. Both have rapidly developing economies and dynamic media environments. Although China’s population of 1.3bn only narrowly beats India’s 1.1bn, GroupM’s forecasted US\$22.8 billion media investment in China for 2007 dwarfs India’s US\$3.8 billion.

However, a US\$1,000 investment in national television can reach US\$6.2bn of

GDP PPP in India compared with just US\$1.68bn in China.

Table 3 - What you get for US\$1,000 in India & China

What you get for US\$1,000	India	China	India cost as % of China cost
Radio Spot Listeners	21,751,391	473,765	2.2%
TV Spot (Large city) viewers	904,820	33,082	3.7%
TV Spot (National) viewers	2,170,773	284,419	13.1%
# Days for 1 Large Billboard	2.9	0.5	17.6%
# Radio spots on top rated morning show	14.4	3.7	25.7%
Magazine (Women's Fashion) readers	159,217	50,003	31.4%
Newspaper B/W (Top Daily) readers	1,261,189	459,434	36.4%
Newspaper Full Colour (Top Daily) readers	753,814	300,721	39.9%
# branded postcards distributed	9,091	5,000	55.0%
# Google search clicks: mortgage	3,704	2,273	61.4%
# Google search clicks: used cars	2,857	1,887	66.0%
Yahoo finance (Super N) page displays	178,571	142,857	80.0%
# event promotion girls	44	39	88.2%
# IT manager names for eDM	2,353	2,353	100.0%
Magazine (Top Readership) readers	372,586	405,359	108.8%
# Google search clicks: airline tickets	1,493	1,639	109.8%
Cinema movie goers (assuming 200 Pax per film)	29,299	33,696	115.0%
# Days for 1 Bus Shelter Ad	16	36	232.7%
# minutes of celebrity event appearance	5	31	646.6%
# Taxis Wrapped (Both sides)	2.2	172.2	7837.5%

Study results show that mainstream channels in India, such as national television (13% of China cost), national newspaper advertising (36% for black-and-white print ads) and radio (just 2.2%) represent considerable value advantages over the China market (see Table 3). Exceptions show that cinema, taxi and bus shelter advertising and celebrity appearances are cheaper in China than India.

Asian media costs are ultra-local and irregular

The way media is delivered, sold, packaged and measured is different in every market in Asia and around the world, which makes the planning of international media investment fascinating and frustrating at the same time!

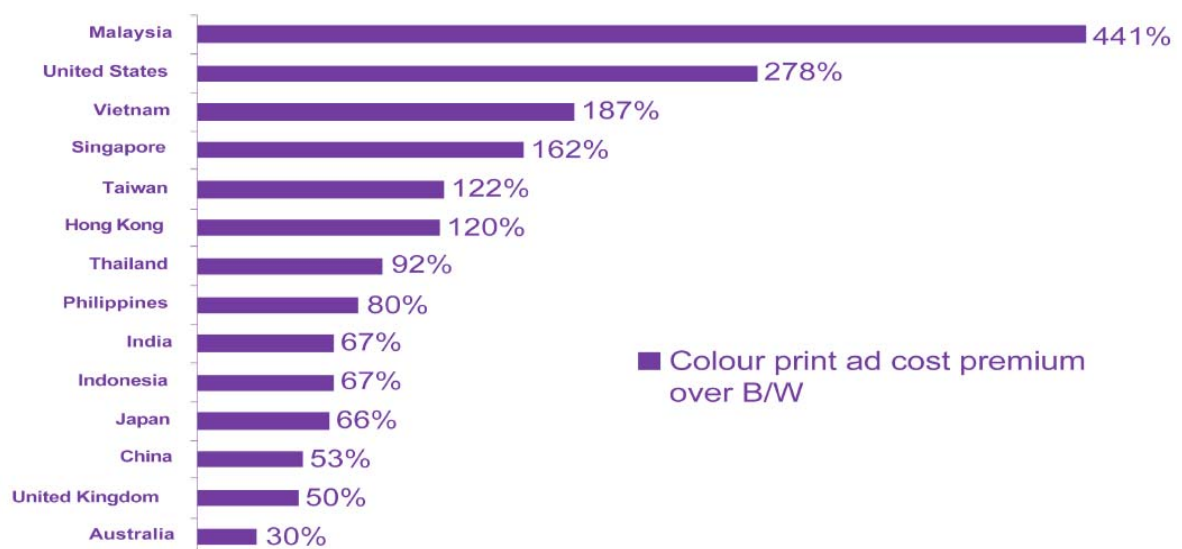
Asian media costs are similarly diverse and it is not uncommon to find that a country is ranked one of the most expensive for one channel type, while being ranked one of the cheapest for another channel type (see Table 4).

Table 4 – Multi country summary highlighting cost diversity of channel types

	What's relatively expensive	What's relatively cheap
Australia	National TV CPM over US\$40 was the highest in the study	Bus shelter cost of US\$611 per month was cheaper than 6 other markets
China	Large billboard at US\$58,000 was one of highest quotes	Taxi advertising was cheapest quoted, at under US\$6 per taxi
Hong Kong	Women's fashion magazine print ad at US\$24 CPM was second highest	Bus shelter cost of US\$179 per month was cheapest
India	Bus shelter cost of almost US\$2,000 per month was highest	National TV CPM of 46 cents was cheapest
Indonesia	Bus shelter cost of almost US\$1,400 per month was one of highest	National TV CPM of 74 cents was one of cheapest
Japan	Event sampling promotion girl cost of US\$340 was second highest	Google search cost-per-click of 61 cents for 'airline tickets' was cheapest
Malaysia	Bus shelter cost of US\$860 was one of highest	Mass magazine CPM of 58 cents was one of cheapest
Philippines	One cinema spot cost of US\$30 was highest	National TV CPM of around US\$1 cents was third cheapest
Singapore	Mass magazine CPM over US\$12 was highest	Bus shelter cost of US\$195 per month was one of cheapest
Taiwan	Women's fashion magazine print ad at over US\$24 CPM was highest	Yahoo Finance home-page advertising of US\$5,60 CPM was cheapest
Thailand	One cinema spot cost of US\$25 was second highest	Lowest newspaper CPMs for colour and black-and-white
Vietnam	The most expensive country to advertise in terms of GDP PPP reached by television for US\$1k	Women's fashion magazine print ad at US\$1.40 was cheapest
Unites Kingdom	Google search cost-per-click of 75 cents for 'airline tickets' was highest	Cinema advertising was second lowest at US\$5.46
United States	Newspaper colour CPM of US\$29 was highest	Women's fashion magazine print ad at US\$9 CPM was one of lowest

Another way to illustrate the point is to look at the colour premium charged by publishers in each country. This was calculated as the cost premium of a colour print ad over black and white, with the same specifications in the same publication represented as the percentage of premium charged (*see Figure 3*).

Figure 3 – Premium charged for newspaper colour print ad vs black – and - white

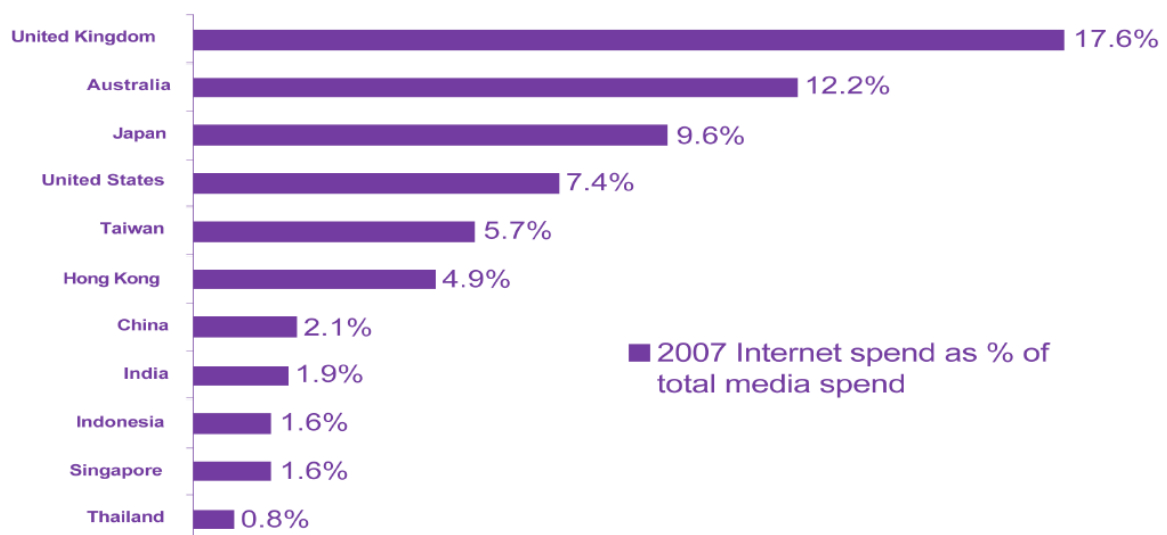


One clear implication of this diversity is that marketers and their agencies need to be more aware of the relative costs of different channels across markets, especially when planning pan-regional campaigns.

Digital channels promise new levels of multi-market standardisation

Internet advertising has grown rapidly over the past five years – in total dollars and as a proportion of total media spend in each market. According to latest GroupM estimates, Internet advertising will represent 6.7% of Asia's total media spend in 2007, equalling the 6.7%, global total and narrowly behind the US and western Europe, which will reach 7.5% in 2007. Internet advertising is set to grow by 28% in 2007 to a total of US\$6.7bn (see *Figure 4*).

Figure 4 – 2007 Internet spend as % of total media spend



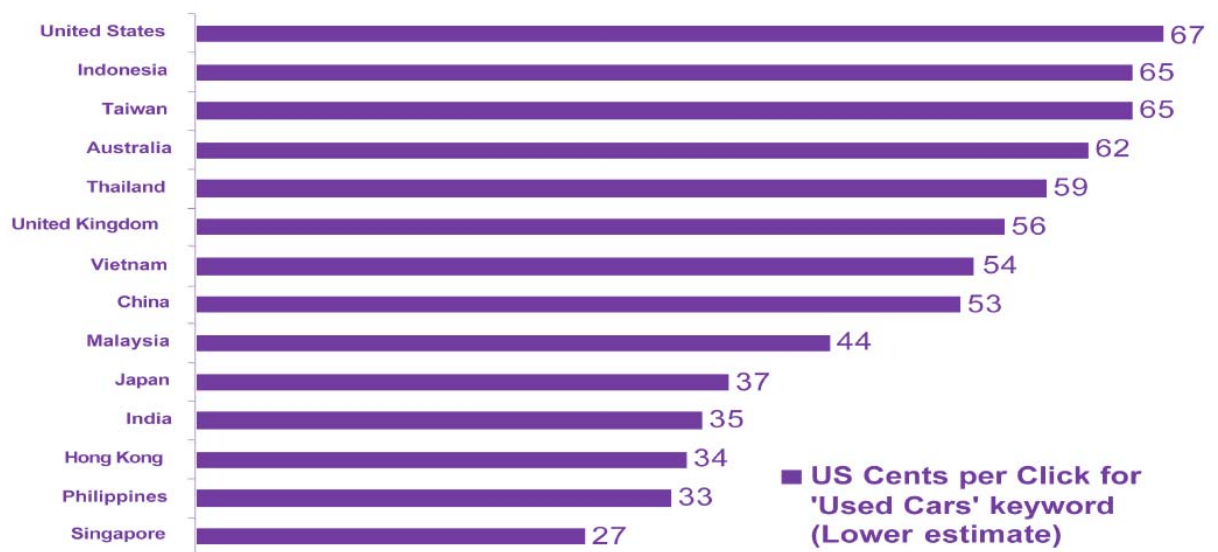
Source: GroupM forecasts, December 2006

One insight that emerged was that Internet media costs were more homogenous across markets than other channels and that it was far easier to get multi-market costs and information from Internet media owners. Working with the regional offices of pan-regional Internet media companies, such as Yahoo! CNET and Google, the multi-market, standardized data was extremely simple to collect and was presented in extremely transparent and granular form. The estimated bid cost for a search keyword such as “used cars” on Google is relatively similar across markets (see *Figure 5*).

The costs for search keyword clicks of course are significantly higher than other channels in the study, which reflects the fact that search delivers a far more concentrated proportion of customer prospects who are more likely to be close to a purchase decision.

For example, in Australia, where Internet media investment is most developed in Asia Pacific (12.2% of total spend), a US\$1,000 investment will deliver a national television audience of 24,765 compared with 1,613 clicks for the search keyword “used cars”. This prompts marketers to consider whether they would pay 15 times more for a “qualified” search clicker than a passive television viewer. Given the phenomenal growth of the search industry and Google’s market capitalization, many marketers are deciding that *it is* worth the premium.

Figure 5 – Cost comparison of Google keywords (US cents cost-per-click)



Source: Google, 2007

A cinema ad costs under US\$10 in most Asian markets

Forecast at US\$165m in 2007, cinema advertising represents just 0.2% of total media investment in Asia Pacific and just 0.5% worldwide. Despite numerous research studies that have demonstrated the effectiveness of cinema advertising, this channel is still a very niche medium.

One possible reason is the lack of measurement data for cinema. In fact, given all the different ways cinema advertising packages are sold in each market, it was difficult to compare costs, let alone calculate cost per thousand. In order to compare costs across markets, each was asked to quote for a standard unit – a one 30-second advertisement shown once on one screen as part of a typical-sized package.

Results showed just how affordable cinema advertising can be, with nine Asian

markets costing under US\$10 per spot (see Table 5).

If we assume an average cinema audience size of 200 viewers, we can draw the conclusion that cinema advertising is not considerably more expensive than TV advertising in several markets. Using this assumption in Australia, for example, a US\$1,000 investment reaches 24,765 television viewers and just over 20,000 cinema viewers, which makes cinema advertising only 30% more expensive than TV, while delivering a significantly more intimate experience.

Table 5 – Comparative cost of one cinema ad spot (US\$)

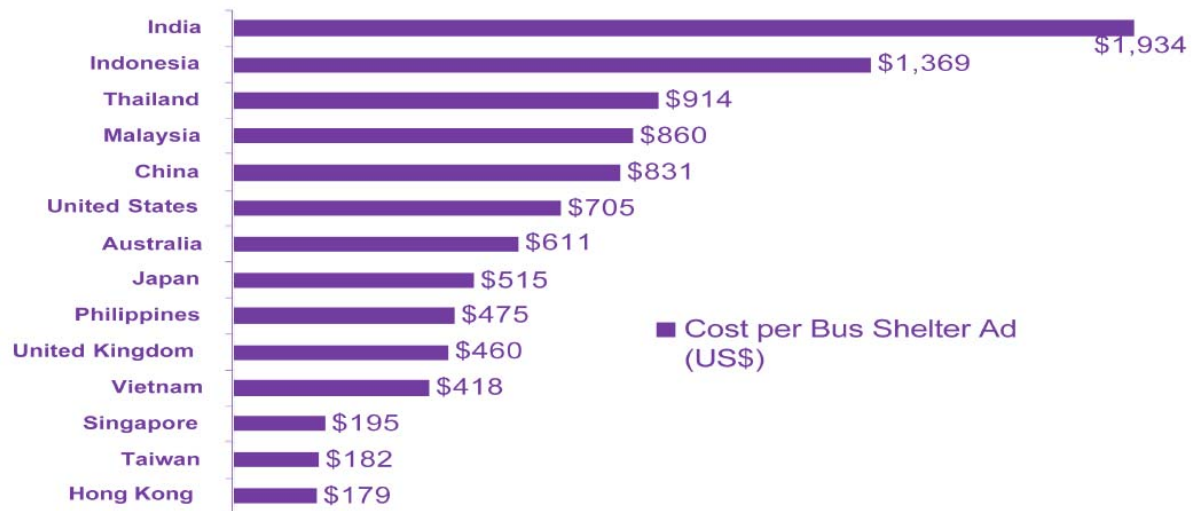
	US\$ per cinema spot
Thailand	25.63
Japan	19.62
United States	12.50
Vietnam	11.31
Australia	9.95
Singapore	8.16
Taiwan	7.67
India	6.83
Indonesia	6.09
China	5.94
Malaysia	5.85
United Kingdom	5.46
Philippines	4.30
Hong Kong	3.82

Outdoor ads inexplicably expensive in developing Asian countries

Many Asian cities are notorious for traffic jams and congested streets, but even these factors cannot justify the relatively high costs charged for outdoor advertising in several developing Asian countries (see Figure 6). One surprise to emerge was that Indonesian outdoor advertising costs were 10 times those of Hong Kong, which is difficult to understand given the vastly differing levels of affluence.

Study results underline the fact that outdoor advertising industries in several emerging markets charging the highest prices need to undergo structural change to bring prices more into line with international standards.

Figure 6 – Comparison of bus shelter ad unit costs (US\$)



Hiring the glitterati

Another area of marketing not well understood outside each local market is the use of local celebrities by brand marketers. By collecting estimates for hiring a top-5 celebrity for a 60-minute, non-performing appearance at a marketing event, we were able to calculate how many “celebrity minutes” can be purchased for US\$1,000 (see Table 6).

The findings need to be digested with caution because of the difficulty in defining a “standard celebrity” and the variability of costs depending on assignment, but it may surprise many to know how affordable hiring a celebrity can be in Asia, which explains the frequent appearance of the glitterati in campaigns across the region.

Table 6 – Number of celebrity appearance minutes for US\$1,000 investment

	Celebrity minutes for US\$1k
Vietnam	300
China	31
Singapore	23
Philippines	21
Thailand	21
Malaysia	11
Indonesia	5
India	5
Australia	3
Taiwan	3
Hong Kong	3
Japan	2
United Kingdom	2

At the top of this particular league table, our study showed that you can buy 300 minutes of a celebrity's life for US\$1,000, 31 minutes in China, 23 in Singapore and 21 in the Philippines and Thailand – but only five in India, three in Hong Kong and a miserly two minutes in Japan and the UK!

For a full copy of the ESOMAR paper please contact Jacqueline.chua@mindshareworld.com

About MindShare

MindShare is a global media investment management company with billings in excess of \$18.7 billion (source: RECMA). The network consists of 97 offices in 66 countries throughout the USA, Latin America, Europe, Middle East, and Asia Pacific. MindShare is a member of WPP, one of the world's leading communications services groups. For more information, please visit: www.mindshareworld.com.

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