

CONCEPT PAPER ON INDIAN ADVERTISING IN NEWSPAPERS WITH SPECIFIC REFERENCE TO EDUCATION SECTOR ADVERTISING

Mr. Sanjeev Kumar *
Dr. Arvind Kalia **
Dr. Renu Pareek***

ABSTRACT

Newspapers have two distinct models for their revenue generation - subscription model and advertising model. In the subscription model, newspapers bring income to their organization by charging from their readers, whereas in the advertising model, the responsibility of revenues lies with advertising. In India, advertising model is followed by all leading newspapers. Like their counterparts in the industrialized world, Indian newspapers generate around 80 percent of their income from commercials or ads and rest from subscriptions (Donica Mensing, 2007) (1). In this paper we have discussed about the Indian advertising in newspapers with specific reference to education sector advertising.

KEYWORDS: Revenue Generation, Subscription Model, Advertising Model, Indian Advertising.

Introduction

Newspaper advertising can be broadly divided as Display and Classified advertising. Out of the two, the latter contributes negligible revenue and the former brings majority of revenues to the newspaper. In the classified advertisement, not much freedom is given to advertisers who are supposed to restrict their messages to a few words only whereas in display type of advertising, advertisers can use the space as per their creativity, budget and need. The definition of Advertising can be - any paid form of non personal communication about an organization, products, service or idea by an identified sponsor (Ralph, Alaxender, ed., 1965) (2). The characteristics of being paid shows that advertiser should purchase the space in the newspaper. It does not include social advertisement where the payment is adjusted through donation of space by newspapers.

History of Print Advertising

The history of paid advertising began with a French newspaper (La Presse) in 1836. It accepted paid promotion by advertisers. It enabled it to reduce cover price for its readers, thereby increasing its popularity and readership among masses. Its strategy was soon emulated by other newspapers (Eskilson, Stephen J. 2007) (3).

The practice of paid promotion gave rise to the institution of advertising agency. In its raw form in 1840, the city of Boston saw the foundation of an advertising agency - Volney Palmer (Eskilson, Stephen J. 2007) (3). In the same year, France got its first agency - Charles-Louis Havas – who started as a news agency and later started providing ad-space on some brokerage. These earlier formats of advertising agencies were not giving any creative or media services to their clients. They were just providing space for some brokerage. The first agency in the modern senses – i.e. providing creative and media services to the client - was N. W. Ayer & Son, which started its shop in the year 1869 in the USA (Philadelphia) (Eskilson, Stephen J. 2007)(3).

* Vice President, Max Healthcare Institute Limited.

** National Head, Rajasthan Patrika, Jaipur, Rajasthan, India.

*** HOD, Department of Management, Suresh Gyan Vihar University (SGVU), Jaipur, Rajasthan, India.

In India, the classified advertisements were the first paid ads. They were spotted for the first time in Hickey's Bengal Gazette (Wordpress,2009) (4). The display advertisements were late to start. May be it is due to lack of technology and art of creating them. So the newspaper created their own studios to make display ads for their clients. It stopped the practice of creating ads by hiring professionals in Britain. Slowly, these studios created battalions of advertising artisans, which make a fertile ground for opening up of first advertising agency of India in its modern sense. Many retailers (Laidlaw, Whiteaway, Army & Navy and Spencer's) came forward to encash this newly emerging advertising opportunity. The style of their advertising was similar to simple catalogues of retailers. Apart from retailers, some owner of patented medicines such Horlicks being the pioneer malted milk in 1883 started advertising to attract consumers (Wordpress,2009) (4).

India had to wait till 1902, when the first advertising agency -B Dattaram and Co. - started its operation in Mumbai. Very soon prominent global advertising agencies such as Hindustan Thompson Associates began their operation in India in 1920s. Till now, these agencies and marketers were advertising foreign imported stuff just grafted on Indian consumers mind. Then in 1939, the Anglo-Dutch giant Lever Brothers created a product Dalda, only for Indian consumer and its advertising department created its advertising and launch campaign, suited to Indian circumstances. After independence the profession of advertising got further consolidated when ad professionals created many associations to protect their interest and also of their clients. So far the advertisements were restricted to print media only. Then came Indian government with a decision to open its radio stations (Vividh Bharati) to commercials in 1967. Television followed suit in 1978 (Wordpress, 2009) (4). The year of 1991 was a remarkable year for Indian media industry. TV was opened to private players and ZEE started its broadcast. Later FM channels were auctioned to private players with a condition to broadcast non news based program. It was followed by Community Radio. This period also saw increase in print products (Wordpress, 2009) (4).

Analysis of Indian Advertising

The total expenditure on Indian advertising in 2011 as per Zenith Optimedia, (a unit of France based advertising group Publicis Groupe SA) is Rs.23,631.9 crore as against Rs.21,602.5 crore in 2009 (Anushree Chandran,2010) (5). In another report by Pitch-Madison, 13 percent growth was projected for advertising expenditure. (Anushree Chandran, 2010) (5). The study projected that majority of advertising will be done on TV and print (TV – 12,000 crores and Print – 11,000 crores of Rupees). As per advertising expenditure (ADEX) report by TAM media, Mumbai, the print media advertising is dominated – to the extent of 50 percent – by four major types of advertisers who are – FMCG, Entertainment, Educational Institutes and Telecom in 2008 (Group M , 2009) (6).

Advertising by Indian Educational Sector

Out of these four major categories of advertisers, the category of education saw rapid rise in its expenditure. It gained supreme status in the year 2004, when it spent nearly 209 crores to attract students to different courses and degrees. At that time the total ad spends were nearly 5,500 crores Rupees on print media. (TAM Media research, 2005)(7). As per the TAM-ADEX report of 2009, the educational sector advertisers – coaching classes to colleges and universities – contributed 19 percent of total advertising in print and also hold the numero uno position among all categories of advertisers, followed by Services category (11 percent) and Banking and Finance (9 percent). (TAM,2009) (8). In the year 2010, the TAM-ADEX study reported that there was no change in the position of advertiser categories except fourth and fifth positions got interchanged. As per the tables given below, in 2011 also education remained at the top and it also experienced one percent negative gain in its overall share against other categories:

Print: Top 10 advertising CATEGORIES (Jan - Nov 2011)		
Rank	Category	Share %
1	Educational Institutions	8
2	Social Advertisements	8
3	Properties/Real Estate	4
4	Cars/Jeeps	4
5	Independent Retailers	4
6	Hospital/Clinics	3
7	Corporates/Brand Image	2
8	B2C & O-line Shopping Portals	2
9	Coaching/Competitive Exam Centres	2
10	Jewellery	2

Print: Top 10 advertising CATEGORIES Jan - Nov 2010		
Rank	Category	Share %
1	Educational Institutions	9
2	Social Advertisements	7
3	Properties/Real Estates	4
4	Independent Retailers	4
5	Cars/jeeps	3
6	Corporate/Brand Image	3
7	Hospital/Clinics	2
8	Events	2
9	cellular Phones	2

If these reports are further explored at the deeper level, we find amazing findings. Education category can be divided into educational institutes, competitive exams coaching centers etc. Educational institutes captured lion share in the entire education category. They had a market share of whopping 71 percent as against 15 percent by Competitive exam coaching centers and 7 percent by computer education institutes. The remaining spend is divided evenly by other sub-categories. (TAM, 2009) (8).

Amazingly, Indian Institute of Planning and Management (IIPM) at Delhi with branches in a few important cities emerged as biggest spender on advertising, followed Mangalayatra University and Chate Coaching Classes (TAM, 2009) (8).

Another way to go deeper in to education category advertising expenditure is to see the distribution state wise. Tamil Nadu accounts for 15 percent of ad expenditure, followed by Uttar Pradesh (11 %) and Maharashtra (10 %) (TAM, 2009) (8).

One of the top CEOs of the advertising world of India -Srinivasan Swamy who heads and owns the agency RK Swamy BBDO, Mumbai reinforced the importance of education category by saying that the print media and ad agencies can and should encash this available opportunity. As per his opinion, education category can be the growth engine for advertising industry as a whole. (FE, 2005) (9).

As per NSO 2003 report, the expenditure on education by an individual reached to the level of 4.4 percent from its earlier level of 1.2 percent in 1983. (NSO-2003) (10). This report further explains that the growth in the urban as well as rural sector is very good. Rather, rural surpassed the growth of urban areas, the rural sector experienced growth of 262 percent as against 200 percent of urban area. The individual expenditure in rural areas increased from mere 0.8 percent (1983) to 2.9 percent (2003). Similarly, for the urban areas, this figure increased from 2.1 percent (1983) to 6.3 percent (2003). This report suggests that the Indian masses have tremendous thirst for equipping themselves with relevant education and they want to explore newer varieties of innovation in the education sector. So the result is jump in the admissions and fees and now there is competition among educational institutes to gain larger share of the fees paid by these aspiring youth. (NSO-2003) (10).

Indian Newspaper Response to Emerging Education Sector Advertising

Print media geared up very fast to grab this exceptional prospect of increasing their advertising revenues. The leading newspapers of India, whether English or vernacular, started well planned educational pull outs and supplements with education specific quality inputs from editorial to capture readership of aspiring youth and also greater pie of advertising revenue from this sector. This sudden bombardment of advertisement was due to the fact that in last ten years many universities, institutes and coaching centers sprung up to fulfill the dream of young masses of India. It resulted into severe competition and rivalry among them. So they worked very hard to provide unique and better courses with desired location and cost.

Now the speculations are on regarding probable entry of best foreign universities in India – whether independently or in collaboration with some big business houses – will further open up many smart choices with Indian young masses, who can opt for best of the universities from Europe, USA, China etc. With liberal availability of educational loans on subsidized interest rates will definitely cause rush to such educational opportunities. This will be further augmented by the more liberal availability of foreign exchange to these aspiring students. The present century, due to globalization and other factors, are also witnessing the new options for career such as software architects, financial services, scientific research, airlines, physical therapists etc. All need to advertise themselves aggressively to make place for themselves, so advertising boom is inevitable in India.

If we carefully analyze the nature of print ads of this category, it looks like crude notice to the young smart generation. In times to come, these ads will be more creative and persuasive. Therefore, the future will be far more superior to the present scenario. The competition would certainly become fierce. The industry might see consolidation and some players might have to exit as well. Every player in this category is bound to use all arms and ammunition of marketing chest to emerge as a winner. They need to be more concentrated on requirements and aspirations of students and their parents. Such trends are already visible. Many educational institutes are now resorting to corporate image advertising to make themselves different from crowd. It is almost certain that this sector will provide print media tremendous opportunity to enhance their revenues and also their dwindling base among young readers.

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