

'Advertising cos need to align biz practises with emerging trends'

Corporate Bureau

Chennai, Jan 21

Ever heard of a gravitation-like pull controlling markets? This force pulls successful companies down from a higher level to a lower level with time.

R Gopalakrishnan, executive director, Tata Sons Ltd, defined this force as an entropy, a natural disintegration of successful companies, at the Advertising Club Madras' Advertising's Future Shock III, a two-day annual international advertising convention. This deterioration is caused because companies fail to align their business practises with emerging trends, he explained.

Echoing Balakrishnan's hypothesis, Prof. Jagdish Sheth, professor of marketing, Emory University, USA and business consultant of several global brands, said that the life expectancy of a Fortune 500 company is calculated to be 14.5 years and declining.

Balakrishnan said, special energies in the form of "brand re-launch" or "new brand introduction" are required to restore differentiation and sustain companies. This is where advertising companies come into play. But, as entropy affects markets, so too is the advertising business subjected to the "gravitational pull".

Moreover, Sheth said, advertising companies are forced to integrate communication because of the influence of fast-emerging and fast-changing technology. A company that can offer services to media such as print, broadcast, outdoor and new media is at a greater advantage than a specialised player, in the information era, he added.

"Besides, with emerging trends in technology and non-alignment, core competencies of companies will turn to be core traps," he said.

The problem is that advertising agencies are disintegrated, he said. The factors include ad agencies are not able to serve clients globally, differential margins in value chains

and cross subsidisation of services, where clients expect more for less, he explained.

For ad agencies to sustain, cross-functional relationship should exist between clients

and the advertising companies, so that together deliver services that not only satisfy the clients but also the end customer, thereby building the brand, he said.