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Challenging times



S4/2

Digital Marketing



S4/2

Mad Men



S4/8

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Advertising in challenging times

By Jeffrey O. Valisno *Sub-Editor*

WE ARE in a consumer age, and advertising remains an important tool for businesses to call attention to their products. We are also in a period of aggressive economic growth and technological innovation, which means that more money is being poured into advertising — but the other side of that coin is that competition is intensifying, while new media are also making many advertising business models obsolete.

“The Philippines is developing. We are progressing — we’re getting more affluent,” advertising executive Randy Aquino of The Ad Foundation of the Philippines told reporters during the launch of the business sector initiative #IntegrityNation-Now held earlier this month.

ABS-CBN Corp. corporate communications head Ramon “Bong” R. Osorio said in an interview that while advertising “has become a lucrative enterprise that no shrewd businessman can do without,” the advertising industry is also being disrupted by clients moving away from traditional forms of advertising to embrace new methods.

Mr. Osorio said that as in many markets around the world, these new models may mean less of a need for “traditional advertising” — those that go through channels like TV, radio, and newspapers.

“Since most of our advertising agencies here in the Philippines are affiliated with international agencies abroad, any change in the global market has a direct impact on how we do business here in the country,” he added.

As clients adopt new business models, advertising companies must contend with the proliferation of in-house creative departments of some businesses, media networks competing directly with creative ad agencies, and freelancers selling their work at rock-bottom fees.

“With the pie growing smaller and smaller every year, it is common for a new business pitch to have more than five ad agencies scrambling and bidding to win the account,” Mr. Aquino said.

Advertising consultant Rene Santamaria said some companies are now opening up their advertising businesses to independent agencies on a per-project basis, and slowly doing away with long-term contracts.

Challenging times, S4/3

THE MONTHLY cost for a 40x60 ft space in one of EDSA's prime locations is P280,000-P300,000 per month. The best location is near the Guadalupe bridge where billboards can cost up to P500,000.



Changing the landscape of the advertising industry: The dawn of digital marketing

By Jasmine Agnes T. Cruz
Reporter

TELEVISION, radio, and print — those used to be the three main options for marketing campaigns, but now brands — oftentimes with the help of advertising agencies — are launching their campaigns on Web sites, social media, sponsored search, mobile applications, and more online platforms. To understand this shift, *BusinessWorld* interviewed some experts on how digital is changing the landscape of the advertising industry.

BEGINNINGS OF DIGITAL

The dawn of digital marketing happened during the ascent of Yahoo and Friendster in 2005, said Donald Lim, chief digital officer of ABS-CBN Broadcasting Corp., and chief e-Marketing Strategist of Mansmith and Fielders, Inc., in an interview with *BusinessWorld*. “This is just my subjective view,” he said, recalling a time when most advertising campaigns were banner ads on these top Web sites. Even though there was a budding interest in digital, only the dregs of an agency’s budget were allocated to such campaigns, said Mr. Lim. If a brand had a Web site, these were managed by someone from the technology department, not marketing.

The years from 2008 to 2009 were what Mr. Lim considers as the “dark ages of digital.” “Almost all the players [in digital marketing] over committed and under-delivered because no one knew better,” Mr. Lim said. This experience was why brands were harsher on digital than TV, radio, and print, he said. For the traditional media, brands never asked, “What is my ROI (return on investment) on this?” and yet they asked this when it came to digital media. “People lost trust in digital,” said Mr. Lim, but a resurgence would happen in 2010.

Early adopters of digital marketing were Nike, Smart, Globe, and call centers which began using digital in 2003 to 2004, said Internet and Mobile Marketing Association of the Philippines President (IMMAP) President Mike Palacios, in an interview with *BusinessWorld*. He remembers how in 1999, there were 250,000 users who were mostly on dial-up, but now there are more than 38 million Internet users in Philippines, from the A, B, C, and D classes.

“Over the last 15 years, there is a significant shift of consumer attention from traditional media to digital,” said Mr. Palacios, explaining that people are spending more time in front of their desktops, laptops, smart phones, and tablets.

Consumer attention to digital is similarly making brands and advertisers pay attention to these platforms. “Brands now know, like it or not, they have to be there, because the consumers are there,” said Mr. Lim.

“Digital will become the center of all marketing,” added Mr. Palacios. “It’s not a question of if but when.”

FACTORS DRIVING GROWTH

When Facebook hit a peak of popularity in 2010, it revolutionized the advertising industry, said Mr. Lim, explaining that through Facebook advertisers suddenly understood that digital is a different animal from television, radio, and print. Digital is personal; digital is a space for engagement — characteristics that traditional media doesn’t have. “A testimonial from a customer is more powerful,” said Mr. Lim, comparing this to whatever glowing write-ups a company can make about itself.

“People don’t search for *safe-guard.com*,” said Mr. Lim, making an example of how people don’t go straight to brand Web sites. But through Facebook, brands



can publish relevant content, and users can like it or click on it if it catches their attention, and these can be gateways towards the brand’s site.

Multinational companies are also driving growth in digital marketing, said Mr. Lim.

Multinationals are mandated by their foreign-based parent companies to spend a portion of their budget on digital marketing. Mr. Lim estimates that local units of multinational companies are allocating 5% to 10% of their advertising budget on digital, slightly lower than the 15% to 20% allotted by global brands.

In comparison, local companies are spending only 1% to 2% of their marketing budgets for digital and yet these numbers have already risen compared to prior years, said Mr. Lim.

The reason the multinationals are ahead of the game is that their foreign counterparts saw how digital marketing grew in influ-

ence abroad, and when they didn’t innovate, they were left behind, said Mr. Lim. Thus they are telling their Asian counterparts to begin understanding digital even before it booms in the country.

“Digital marketing is a totally different discipline,” said Mr. Lim. For traditional media, the strategy is to “lean back.” Once you made your spot ad, you run it on TV, and you rest. For digital, one has to “lean forward.” If you don’t keep posting new content, your online presence will dim and your customers will not see your messages. “The marketing culture has to adjust,” said Mr. Lim, remarking that one can’t just “copy and paste” strategies from traditional media to digital media.

GOODBYE TRADITIONAL MEDIA?

Just because digital marketing is getting stronger, brands still have to evaluate if such online platforms fit them. A company’s busi-

ness goals, what problems they want to solve, and where their consumer is will dictate the platform, said Mr. Lim.

He advised brands to do a digital plus one strategy, which means digital plus one traditional medium. When it comes to marketing, there are four consumer touch points, which can be summarized as AIDA (Awareness and Interest, Desire and Action). Traditional media is strong in AI, said Mr. Lim. To spread awareness and thus trigger interest about your brand, you need mass media which has a wide reach. Digital is strong with DA, said Mr. Lim. When people are aware of your brand, they will like your Facebook page, and then they will see a coupon, or an invitation to go to the brand Web site to register for points, then they will desire the product, and then buy it, said Mr. Lim.

Digital can’t do mass awareness, said Mr. Lim. “How many

ads on Facebook can you recall?” he said, explaining that in TV, one doesn’t have a choice but to watch the commercial. But consumers are merciless when it comes to closing or skipping ads online. “If on Facebook, you see an ad of a brand you don’t know, you close it because you have no relationship,” said Mr. Lim, but if you are already aware of the brand, then you might welcome its presence on social media.

So which is better? Digital or traditional media? Mr. Lim says neither as they complement each other.

You also have to judge if the digital platform fits your company. Mr. Lim said that if you have a problem with awareness, then you shouldn’t go digital, and if you’re a B2B (business to business) company then your customers are not individuals, so there’s no sense for you to make a Facebook page.

MORE THAN LIKES

There are no standard measurements to judge whether an online campaign is successful, said Mr. Lim. Even when it comes to Facebook page likes, the metrics don’t cut across the board. You can’t compare one page which has 1 million likes and the other with 2 million and conclude that the 2 million is more successful.

Mr. Lim said that it all depends on the brand’s target market. For example if, say, a brand’s target market is 15 to 19 year olds, then one must look at how many of them are on Facebook. If there are 6 million of them, then you don’t shoot for 10 million. From that base, one should know that getting 20% to 25% of that is good already.

For Facebook posts, an engagement rate of 1% and up is ideal. This means, that for every post that the brand makes on its Facebook page with 1 million fans, there should be 10,000 likes, shares, or comments.

Digital marketing, S4/7

Challenging times,
from S4/2

WE ARE in a consumer age, and advertising remains an important tool for businesses to call attention to their products. We are also in a period of aggressive economic growth and technological innovation, which means that more money is being poured into advertising — but the other side of that coin is that competition is intensifying, while new media are also making many advertising business models obsolete.

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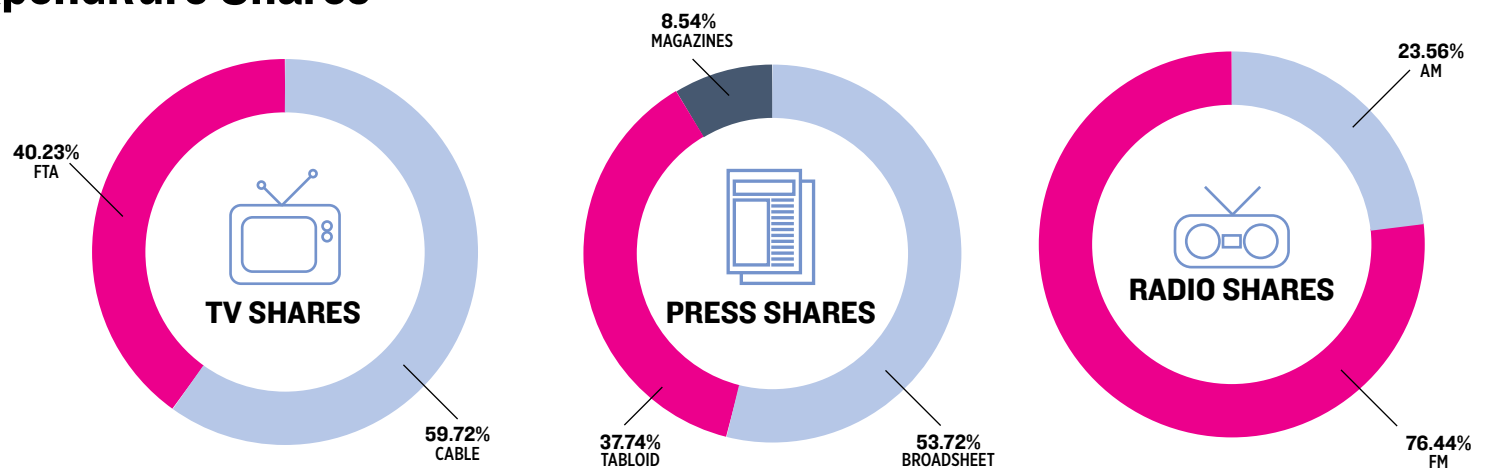
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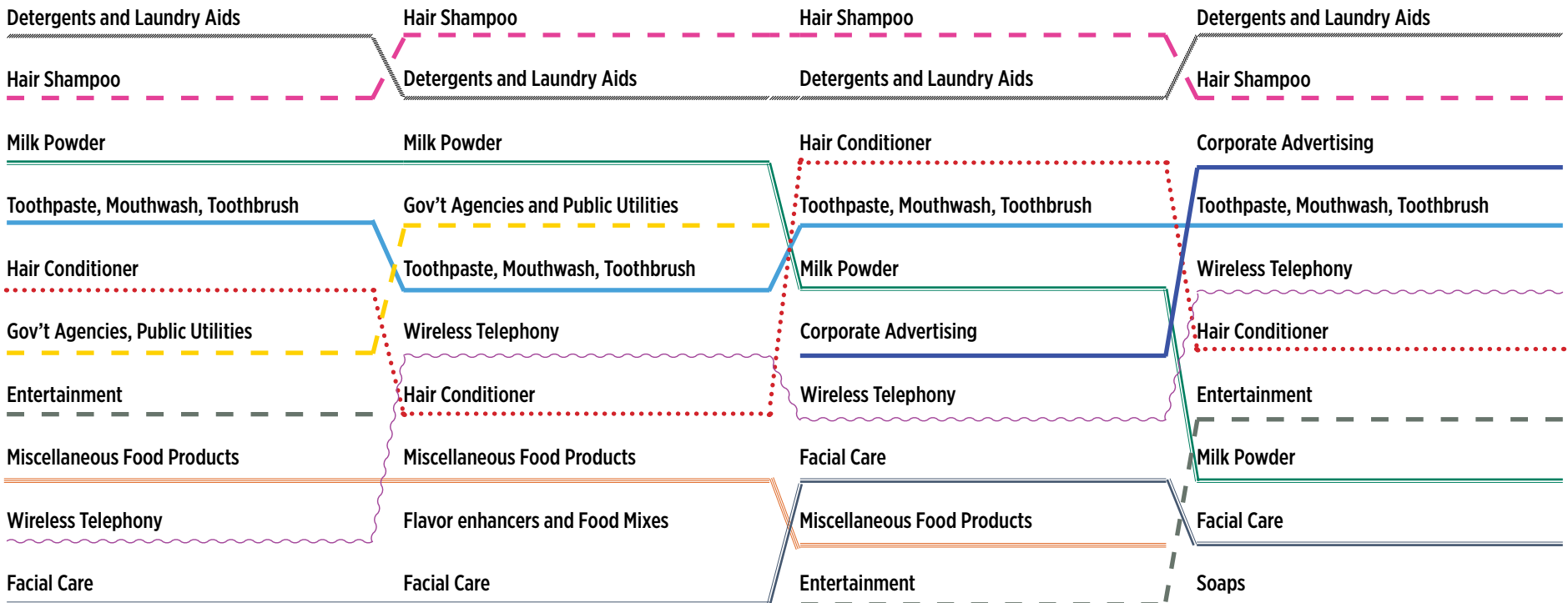
Advertisement Expenditure Shares

Based on Insertions



SOURCE: KANTAR MEDIA
ILLUSTRATION BY: SAMANTHA GONZALES

Top Advertising Categories by Quarter, 2013



SOURCE: KANTAR MEDIA
ILLUSTRATION BY: SAMANTHA GONZALES

bottom fees.

“With the pie growing smaller and smaller every year, it is common for a new business pitch to have more than five ad agencies scrambling and bidding to win the account,” Mr. Aquino said.

Advertising consultant Rene Santamaria said some companies are now opening up their advertising businesses to independent agencies on a per-project basis, and slowly doing away with long-term contracts.

“With this setup, unscrupulous advertisers can pitch their business then just conveniently ‘steal’ the ideas of a bidder behind their backs,” Mr. Santamaria said in an interview.

He said because of these developments, it has become im-

perative for advertising agencies to adjust and become “business transformation consultants.”

“Agencies must now learn how to provide clients with product innovation, brand development, and a myriad of production capa-

bilities. The agency part of these new companies will just be a piece of the whole, and not the entire business,” Mr. Santamaria said.

Based on a report by research group Kantar Media, advertisers in the Philippines last year spent

— SEPTEMBER —
MILLIONAIRES
— MONTH —

P16 MILLION

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Finding your spot in the market

By Zsarlene B. Chua Reporter

FOR BOTH START-UPS and established businesses, getting the word out to target consumers is one way of boosting sales and further building your following.

If you have been in the business for a while, you already know how advertising works. But if you are new in it — an entrepreneur who has done OK with word-of-mouth but now wants to expand, for example — here is a quick guide on what to do and how to do it.

Naturally, the first thing that comes to a business owner's mind is to place an ad on traditional media (print, TV and radio) or on new media (Web sites and social media sites). But for Martin D. Sarmenta, senior strategic planner of Ace Saatchi & Saatchi, what is most important is knowing what you want to achieve with advertising — knowing what purpose the advertisement should serve.

"The first question is, 'What is the problem?' or 'What's the issue' — why are you advertising in the first place?" Mr. Sarmenta said in an interview with *BusinessWorld*. "If the objective is unclear, you would have wasted millions."

AD AND MEDIA AGENCIES

Now, let's say the objective is clear and the company owner wants to place an ad, Mr. Sarmenta suggests approaching an advertising agency in order to plan a project.

"You go to ad agencies or brand-handling agencies first because they will look out for what the brand is going to be. They will do the research and they will craft communication for you," he said.

"Many agencies would offer different services today — some have their digital [or] activation inside the agency," Mr. Sarmenta said.

A big part of what agencies offer is research and strategy. Other services could include account management, as well as partnering with media agencies — the ones who buy placements in the media to show the ad — although, Mr. Sarmenta said, clients might have their own preference or have already bought ad placements.

"In short, ad agencies map out how the advertisement would look like as they are in charge of churning out the idea that would best communicate the message of the objective to the target market, and they are the ones in charge of producing the materials for the advertisement. Media agencies are the ones who buy time slots from TV channels and radio stations as well as placements for print publications and the Internet," Mr. Sarmenta said.

"Media agencies know who watches at a certain time, why they're watching, what screen they're watching on, and which shows would best complement your product [as well as time slots]," he added. They have the best packages for clients as they are privy to programming schedules as well as which publications would best capture the target market. "They know which soap is included in the next few months," Mr. Sarmenta said.

Another insight worth noting: "The advertising agency is more than the commercials we see... Actually, the best client will know how to treat their agency like a business partner and the best agencies function as business partners," Mr. Sarmenta said.

'STORE EXPERIENCE'

While an ad campaign complete with traditional media ads and new media ads would easily cost millions of pesos, not all businesses need this whole package in order to get the customers coming in.

"Every product will have its own quirks," Mr. Sarmenta said, citing the Starbucks cafe chain as an example.

"Starbucks doesn't do TV, the most Starbucks does is print ads [and banners] and that's it, but they invest heavily in the store experience. [It] depends on who you are, who you are after, who you want to be."

Those looking for cheaper ways to advertise would usually look at the new media (the Internet and mobile applications). But Mr. Sarmenta said that advertising online might not be as cheap as many think, as there are Facebook ads, search engine optimization, search engine marketing, Web sites, online apps — basically a whole campaign in itself.

"There's definitely a shift to online — it has been felt in the last decade, not just in [Internet] ads — mobile devices are also increasing," Mr. Sarmenta said.

The shift does not necessarily mean that consumers are getting younger, as consumers of a particular brand 20 years ago might also be shifting online.

More than the issue of cost — because spending a lot does not necessarily mean having a successful advertisement — he said that the strategy involved and the power of the creative side are even bigger factors.

"Did I get the right insight for this particular target market?" is a good question the prospective advertiser should ask," Mr. Sarmenta said. "Because the right insight, expressed through a powerful creative, will get you millions. That, I think, is what the industry is rich in — the ideas. You can see it anywhere, no matter what your specialization is."

He emphasized that the success of an ad or a campaign does not depend on how much it cost but on how well it was planned.

"Clients want to make sure and know where the money goes, as there are measures to everything: from the number of clicks [on a link], [the amount] spent, to how much is earned.

Market spot, S4/8



GRAPHICS BY BRIAN M. ARIANG



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Globe Digital Advertising, Mobext, and IDDI bring Beacon technology in the country

Revolutionizes in-store shopping experience using mobile devices

Globe Telecom, the leading telecommunication network, joins forces with Mobext, the country's first pure-play mobile marketing agency, and In-Store Digital Display International (IDDI), a technology-based information marketing company, to bring Beacon technology in the country, which will provide a more unique in-store shopping experience using mobile devices.

"Studies show that more than 95% of transactions worldwide are still made in physical venues. In addition, more than half of consumers visiting stores have smartphones, and that number is growing rapidly in the Philippines," shares Bela Gupta D'Souza, Globe's Mobile Advertising head.

"We have listened closely to the requirements of our clients and by introducing Beacons in the market, we are confident we can help brands reach target customers in their "last mile" of purchase. By delivering in-store notifications to smartphones all the way down to an aisle level, Beacons will enable retailers to establish one-to-one connections with shoppers, be it as rewards, coupons or product information. We couldn't be more thrilled to partner with Mobext and IDDI to bring this technology to the Philippines and we are already seeing a very positive response from top retailers in the country, including Globe stores nationwide," she added.

Beacons are a low-cost, battery-friendly hardware device that attach onto a wall or shelf in an aisle. Through the use of a low-energy Bluetooth wireless connection, Beacons can send messages or prompts to smartphone users who are within a 5-inch to 200 feet radius of the device. Beacons are already being used in the retail industry to push loyalty points, display ads, coupons and product information in-store, but they are also poised to transform how event organizers, enterprises, and institutions communicate with people indoors.

"This partnership will build the largest location-based marketing or "point-of-sales" mobile marketing network in the country. IDDI, with close to 1,000 screens across the country, will give Beacons extensive footprint when it comes to penetrating major retail locations," said Arthur Policarpio, chief executive officer (CEO) of Mobext Philippines.

"Globe, as the smartphone leader in the market, will give us enviable scale when it comes to acquiring our user base and we are also tapping Globe's strong retail partnerships to widen the Beacon network in the Philippines. Mobext, with its expertise in mobile technology and strategy, will provide long-term solutions for retailers and brands who want to incorporate Beacons in their marketing," he added.

"IDDI is pleased to partner with industry leaders Globe and Mobext in this pioneering beacon rollout as the our first digital-out-of-home advertising platform offering of the group. This complements the existing in-store digital display network of IDDI in over 300 stores and will definitely provide added value to our partner retail chains. This will enable advertisers to engage with consumers thru contextually relevant content on a one-on-one basis at point-of-purchase. And of course, ultimately, consumers win not only because they receive brand content that is relevant to them but also because they have the opportunity to participate in the universal rewards program that is built-in to our beacon system," said Bingo Soriano, CEO of IDDI, Inc.

Globe Digital Advertising is exploring to offer the Beacon technology to some of the partners of IDDI. For more information on Beacon technology, contact any of the partner representatives: Aaron Carreon of Globe at zacarreon@globe.com.ph; Raymon Cayabyab of Mobext at mon.cayabyab@mobext.com, or Bingo Soriano of IDDI at bsoriano@iddi-group.com.

Ad industry watch group ready for ASEAN integration

By **Claire-Ann M. C. Feliciano**
Senior Reporter

THE PROSPECT of Southeast Asian economies becoming a single economic bloc may appeal to industries that are ready to embrace the opportunity, but scare those that are ill-prepared.

Philippine advertisers luckily belong to the first group, having geared themselves up — early on — for tighter competition with regional players.

The industry began preparations for the so-called Association of Southeast Asian Nations (ASEAN) Economic Community 2015 as early as 2012, according to the top official of the Ad Standards Council (ASC).

The ASC groups the country's advertisers, ad creators and agencies, and the media — all aiming to ensure that whatever comes out on TV, radio, print and billboards meet an agreed standard. The Philippine ad industry has been operating on a self-regulated basis for over 30 years, although Republic Act 7394 or The Consumer Protection Act empowered the industry watchdog to come up with a "Code of Ethics."

Advertisers have to remain faithful to that code — which has continuously been evolving since 1974.

ASC Executive Director Mila M. Marquez said advertising industries in some Southeast Asian economies are being handled by the government, while others just do not have any regulatory body at all.

"I think we are 10 steps ahead of them," she said in an interview, noting that the Philippine industry's principles are on a par with those of the United States.

"We should be very proud that in as far as the region is concerned, the Philippines is being looked up as the champion when it comes to this aspect," Ms. Marquez pointed out.

The domestic ad industry has to work together to promote compliance and bring the standards to the highest level, she added.

"Being self-regulated, our members have the responsibility to secure clearance from the ASC," she said. "In reality, there are still billboards that don't pass through the ASC. However, in broadcast, the television networks don't air anything that doesn't have ASC clearance."

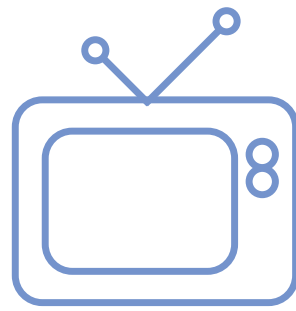
With ASEAN integration, the Code of Ethics again has to be reworked to take into account changes in the digital space, Ms. Marquez said.

"We review that every two years. Currently, we are working on enhancing the provision on digital advertisements," Ms. Marquez said. "We are even looking at digital provisions of the International Chamber of Commerce, so that we are up to the level of global standards as well," she added.

"Integrating our Code of Ethics with international rules will make the industry even more prepared for the integration," she said.

GOING DIGITAL

The integration could change the way advertisers sell their products. Through the years, the way to promote goods and services was through paid advertisements via print and broadcast. One of the essential changes in advertising involves the shift to digital, and advertisers are faced with the dilemma of trying to understand how the medium behaves and use it to their advantage.



P275,000 - P300,000
cost of a 30-second TV spot

SOURCE: OAMP
ILLUSTRATION BY: SAMANTHA GONZALES

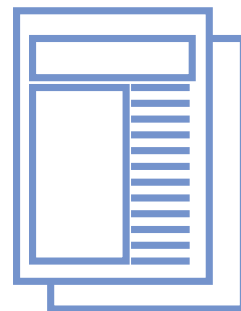
"The change essentially is in the different ways by which advertisers and advertising agencies are actually communicating or the use of different formats when it comes to messaging," said Ms. Marquez.

Digital advertising could be more difficult to monitor — an advertisement posted online could change in a matter of minutes, ignoring pre-screening, she noted.

"Digital is something new. We're trying to understand the behavior but it becomes very difficult from a monitoring standpoint," she said.

This leads to yet another challenge: protecting the consumer.

"Parts of the region, even Singapore, are actually concerned



P300,000
cost of a full-page ad in a leading broadsheet

[over] how we protect consumers when it comes to the Internet and social networking sites," said Ms. Marquez.

"On Facebook alone, there are lots of advertising materials being put out there which do not go through the ASC. Even the sourcing is very difficult as posting can be coming from anywhere in the world," she added.

Currently, the ASC screens an average of 2,000 application materials every month.

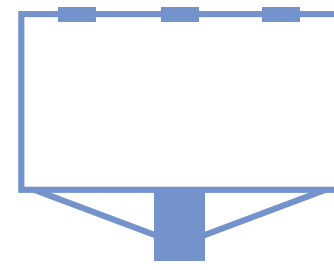
Striking a balance between regulation and not undermining creativity is the aim of ASC, Ms. Marquez said. Ad materials should be creative and compel consumers to buy the product, but, at the same time, the ad should be truthful and not mislead consumers.

INCREASED COMPETITION

Other challenges that accompany regional integration remain. With more products expected to enter Philippine borders as ASEAN economies bring down tariffs and trade freely, competition would heat up.

"Are we really prepared to take on advertising materials or more content that will be pre-screened by ASC? From a structure standpoint, yes," Ms. Marquez said.

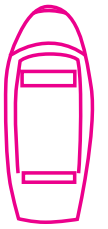
There will be concerns, she said, over how flexible the ASC will be in terms of concepts. But with other economies' advertising industries yet to be structured, the



P280,000 - P300,000

monthly cost of a 40x60 ft space in one of EDSA's prime locations. Space near the Guadalupe bridge can cost up to P500,000

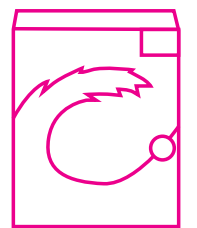
THE TOP BRANDS THAT ADVERTISE ON TV IN 2013



PALMOLIVE SHAMPOO WITH CONDITIONER



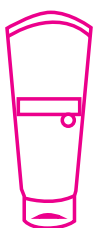
COLGATE TOOTHPASTE



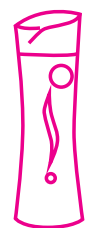
SURF DETERGENT POWDER



ARIEL DETERGENT POWDER



CREAMSILK HAIR CONDITIONER



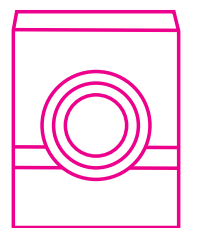
SUNSIK HAIR SHAMPOO



SELECTA ICE CREAM



DOWNY FABRIC CONDITIONER



TIDE DETERGENT POWDER

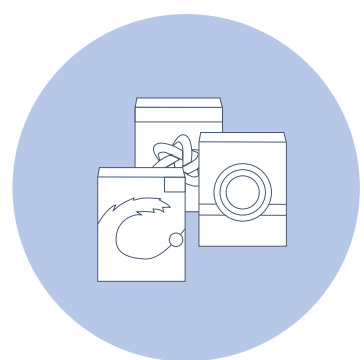


JOY DISHWASHING LIQUID

SOURCE: KANTAR MEDIA
ILLUSTRATION BY: SAMANTHA GONZALES



P48 billion
the amount Unilever Philippines, Inc. spent for TV ads, making it the top advertiser in 2013



P24 billion
the amount spent on advertising various detergents and laundry aids on television in 2013.

SOURCE: KANTAR MEDIA
ILLUSTRATION BY: SAMANTHA GONZALES

Fish, icebergs and plastic bags: the first Pinoy CLIO winners this year

INGENIOUS ADS featuring fish, icebergs, SIM card textbooks, sleeping babies, mosaics of plastic bags, and a heart-warming campaign of families brought together earned Philippine agencies several honors at the 2014 CLIO Awards.

Winners in several categories were announced piecemeal this month, leading up to the 55th CLIO Awards which will be held in New York City on Oct. 1.

The "TXTBKKS" campaign for Smart Communications by DM9 JaymeSyfu's took the Grand CLIO in Direct Advertising. The campaign revolves around telecommunication company Smart's lightening public school children's load by turning surplus SIM cards into phone-readable textbooks. The campaign also won a Gold CLIO in Innovative Media and a Silver CLIO in Content & Contact.

Meanwhile, Ace Saatchi & Saatchi got a bronze in the same category for "Cebuana - Family Reconnect" for Cebuana Lhuillier.



The campaign involved secretly bringing Cebuana Lhuillier customers to personally hand over remittance money to their relatives and filming the reactions.

Leo Burnett Manila bagged one of four Golds in Print for "Iceberg" for the World Wild Fund for Nature's Earth Hour project.

The print ad features what at first looks like a ship approaching

a giant iceberg which turns out to be a burnt-down candle.

Lowie Philippines bagged one Silver and one Bronze in Print Technique for "Plastic Dudes" for SM Eco Bag. The series of

ads promoting the use of SM Eco Bags, features artworks of people wading through a flood, the images being made out of plastic bags. The sentence "Plastic bags clog drains and make floods worse" makes the point of the ad extra clear.

A campaign that literally put its audience to sleep, Pamper's "ZZZ Radio" by Ace Saatchi, got a silver in Branded Entertainment. The campaign branded a radio frequency — 99.1 FM — as Pamper's "ZZZ Radio". The channel aired nothing but white noise which puts babies to sleep.

Edible invitations bagged a silver in Design for TBWA\ Santiago Mangada Puno. Its "Koi Fish Feed Invite" for Ayala Land were invitations to feed the fish in the lake at the Ayala Land development of Nuvali. The invitations themselves were made of natural ingredients and featured different patterns of koi fish printed in edible ink. The visitors could then feed the invitations to the fish at the lake.

Mad Men,
from S4/8

First of all, you have to have a liberal arts mind. You have to be interested in anything and everything. You cannot just sort of be interested in the numbers; you just have to be interested in everything. You could never tell when something is going to come out of the woodworks and become a factor.

MANNY HERMOSA

Q: How did Club Media start?

Manny Hermosa (MH): Club Media started [being] mainly driven by the major changes happening in our industry — and that is the formation of media independents, [or] agencies that are largely focused on media planning and buying. So unlike before, where there was a full service — an agency would have creative, media, digital, below the line, PR, etc., also broadcast production. As early as [the] late '90s, it started spinning off into separate media departments... Production was now outsourced to producers and freelancers. A lot of below the line agencies were formed, also stand-alone below the line agencies. As far as creative [goes], some agencies are formed largely as creative boutiques. No media department, no PR, no below the line, just a pure creative shop. We call that the unbundling of our industry, of the full service, and the media is one of them. So Club Media was formed largely driven by our acquisition of Abbott [as a client for] media planning.

Q: You've been around for 31 years. In 2010, social media really picked up. How do you think have trends changed?

MH: Since 2010, doing media became a more splintered task, unlike before [when] you just had to have the traditional TV and print... Social media, of course, is growing at breakneck speed, and splintering into other media like print, evolving into digital as well... TV into digital, radio into digital, aside from the traditional frequency signals that we have been accustomed to. So media planning and buying became a bit more complicated... [This] started as early as 2004, although not in great numbers. The numbers are happening now. There are a lot of digital agencies out there being formed. That's why there is an oversupply of creative agencies, there is an oversupply of digital agencies — not yet an over-

supply of media agencies, because it's more expensive to have a media agency. You have to subscribe to databases to monitor the habits of the consumers, the mass media consumption, you have to monitor TV stations, ratings programs, radio, TV, and print circulation... There's a lot of research you have to buy, so it's more expensive to do a media agency business. That's why they're fewer.

Q: You mentioned the unbundling of businesses. When did that start — going from full service to little houses doing different things?

MH: I would think that unbundling started as early as [the] late '80s, when P&G, for example, started looking for a very focused, specialized service on media... It was only P&G who was experi-

menting with that. The other clients — Unilever, Colgate — were just watching on the sidelines, so they were still on full service. P&G was trying it out for about four or five years, so the real unbundling, I would say, happened in the '90s already, with an old technology called direct marketing or direct mail. You would actually send mailers — letters — to targeted audiences based on, well, the old post office type of mailing. This was before the advent of e-mail. Back then, it was really more direct mail. A classic example would be, I'd be getting letters from *Newsweek*, or *Readers' Digest*... At that time, the direct mailing agencies started happening. Before, it used to be handled also by the full-service creative agencies, advertising agencies. After that, the database came in, they had more databases, and they were able to

pin down exactly where the target market is, especially among the A, B, [and] broad C class.

Q: You would save more money, because you'd give [the ad] to people who actually need it.

MH: Yes, targeted, very targeted, and they started setting up companies that are just direct mail, away from the full service agencies... but then, the advantage of the media agencies started to gain steam.

So it started happening globally. At that time, the first one to form a media agency was Starcomm, because it was driven by the needs of P&G. Because P&G said, "Yeah, maybe we should just focus our media requirements [on] one agency," because that is a very important part — largely because if you look at the clients, why did the media agencies hap-

pen faster and in a more significant way? It's because, you have to understand, out of 100% of our client's budget, I would say 90% immediately goes to media. Only 10% [goes] to creative and production... Therefore, clients probably started thinking, "This has to be a very specialized service because we want to maximize the cost efficiency of our media placements." So media independents were born globally and [later] started cascading into the Philippines and all other countries.

Q: How big is advertising in the Philippines as compared to ASEAN?

MH: Ours is small, very small. Our budgets for advertising, I would think, would be just 1/5 of what they spend in advertising, and their advertising cost per spot, for example, of a full-page [ad] is a lot higher than ours... It's relatively cheap to advertise in the Philippines than in other ASEAN countries, for example.

Q: Why is that so?

MH: Our ASEAN neighbors, our Asian neighbors, were largely dominated by very autocratic governments wherein press freedom may not be as 100% as what we have here. Which drove the business of media. Press freedom results in media. And with that, there's a lot more stations, radio stations, etc. In my earlier years, when we'd say we want to do a TV plan, we're talking about eight TV stations. Now, there are still eight TV stations, plus cable, etc., but it is largely dominated by two networks, GMA and ABS-CBN — which, honestly, my opinion is, I don't think that's healthy... It's healthier when there is a lot more competition, not dominated by just two players, to be brutally honest.

Q: How is Class C so much bigger now?

MH: They are a lot more mobile now than ever before. The audience was less mobile before. Thirty years ago, you can just have one medium, and you'll probably hit most of your target already. Radio was radio, print was print, TV was TV. Not anymore... The media consumption of the consumer is a lot more splintered, and when it comes to print, they also have a lot [more] print options than ever before. As far as the class is concerned, A, B, Broad C — yes, there is a growth of the Broad C class. I'd love to confirm that. It actually means that they have more access to other forms of media as well,

and it's a lot more sophisticated than ever before. [But] the younger generations have less loyalty to this or that media. They don't stick to it for so long. They are a moving target.

Q: What award-winning campaigns have you been personally involved in? I talked to somebody, asking the same question, and he said that he looks at how much [the campaign] has affected the client. What campaigns did that for you?

MH: I would think it's when we relaunched Cosmos: Sarsi, Pop Cola, in '89. That really was unforgettable for me. At that time, '89 was really a relatively good year for the country, because we just came out of the Martial Law control of the Marcos era. We were tasked with relaunching these brands that were really not doing very well against Coke and Pepsi... We launched the campaign that somehow, I would like to think, influenced the industry on what advertising should be, because we launched a campaign that was very nationalistic, that was worth a lot of high production values — which was not much... seriously considered by most advertisers, because [they] would try to keep the production cost of TV very low. But in [this] case, the client believed in what we recommended... That's exactly, I think, what made my career and helped my agency, Basic FCB, in '89.

Q: Is it seen on YouTube?

MH: Yes, "Sarsi Angat sa Iba," "Pop-Cola Bilib Sila sa Pinoy" — that's one campaign I would be very proud of.

Q: What are the things you should avoid in the industry?

MH: Avoid thinking that everybody is like us in Metro Manila. That's one thing we should avoid. Because Metro Manila is just a part of the whole Philippines... I've seen a lot of ads, as if they're just going to the Makati people, and I would say, "If I'm actually in Davao... will I be able to connect with this ad, done by an advertising agency or a person who thinks the world is Makati? How will that be relevant to me?" I've seen a lot of that happen. It's sad because that's a lot of pesos being wasted out there. Insights that are borne out of Makati... the world is not Metro Manila. The world is the Philippines, and every part of this country has a unique psychographic, has a unique culture, has a unique demographic.

Digital marketing,
from S4/2

This way, one knows that the posts are getting attention. If such engagement doesn't happen, then it doesn't matter if you have millions of fans. "Likes are not the end all and be all of digital marketing," said Mr. Lim, explaining that likes are potentials. "What matters is what you do with those likes."

SKILLS OF A MARKETER OF TODAY

"Digital media brings together marketing and data like never before," said Mr. Palacios. In the past, consumers' behavioral demographics were based on "surveys and guesswork," he said, but now one can fine tune an advertising campaign to the actual disclosures of users. On Facebook, users disclose their birthdays, age, gender, and likes, and this information can help the marketer understand their customers better.

Mobile is even taking this data to a new level, said Mr. Palacios, because now advertisers can make geo-targeted ads. "I want to target everyone in Ortigas Center who is searching for a gym," or "I want to target everyone who is interacting with parenting content inside Megamall right now" are some examples of how specific these ads can be, said Mr. Palacios.

"The essential skill for the marketer today is the ability to understand customers in motion," said Mr. Palacios, explaining that marketers have to think about what their customers are doing during the day, where they are, what they are feeling at that moment, and how can the brand be a part of that everyday experience. "Through technology, we can insert ourselves into their lives more intimately than before," he said.

The marketer who best understands such customers will be ahead of the pack.

"Who will own the customer?" said Mr. Palacios. "What's their go-to Web site for shopping for item A?" he said. "What's their go-to site for determining where to go out tonight? What's their go-to site for beauty advice? Those races are wide open right now. There's an opportunity for brands to come in and own it."

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• Up to 10 Users
• Open Link
• 2500 mAh
• Expandable up to 32GB

ZTE Grand X2 L V969 SRP: 6,980
• Quad Core 1.2GHz
• Android 4.2 Jellybean
• MP Camera (Back)
• 5 MP Camera (Front)
• 5.3" TFT Capacitive Touch Display
• Yearly Backup, FM Radio

ZTE MF63 SRP: 3,180
• 21.6 MBPS DOWNLOAD / 5.75 MBPS UPLOAD
• Up to 10 Users
• Open Link
• 1700 mAh
• Expandable up to 32GB

ZTE Grand X Quad V987 SRP: 6,180
• Android 4.2 Jellybean
• 8.0" HD, 16M Color
• S-MP MP
• Dual Core 1.2 GHz
• 2500 mAh
• Dual SIM

ZTE Blade G Pro V825 SRP: 3,160
• Android 4.2.2 Jellybean
• 4.5" FVWGA
• S-MP MP
• Dual Core 1.3 GHz
• 1600 mAh
• Dual SIM

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Blade E V950 SRP: 4,500
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Meet the 'Mad Men':

Manny Hermosa of Club Media Asia, Inc. and Gallardo and Associates
JJ Calero of J. Walter Thompson

By Joseph L. Garcia Reporter

THE OFTEN glamorously portrayed, the advertising industry is gritty and cutthroat. The massive industry churns out advertisements that present an image of how wonderful life could be if we begin to use certain products, yet, TV viewers and people driving by huge billboards never really get to know how these things are made and the hard work that goes in them. *BusinessWorld* held separate interviews with two renowned industry veterans, Manny Hermosa of Club Media Asia, Inc. and Gallardo and Associates, top media planning and advertising agencies in the country, and retired advertising executive JJ Calero, whose storied career with J. Walter Thompson (JWT)

spanned 42 years, to know what life can be like in the advertising business. Here are excerpts from the interviews.

JJ CALERO

Q: What have been the trends in advertising after 2010?

JJ Calero (JJC): Since the early 2000s the trend was already directed to below the line, but it took time in being adapted because those in positions of management were the oldies who were not inclined to take on the new media. Even today those who are left rely on their secretaries to download their e-mail and print it out for them to read.

Q: How different is the advertising scene from when you started in the business?

JJC: When I first started, it was a ragtag group. Mostly school drop-outs! The Art Directors — save Edwina Arroyo — were artists who were inarticulate. They just did what you wanted them to do. Copy was generally written by the Account Executive [as this position was known then]. Only J. Walter Thompson — then McCann when it came into the picture in 1964 — had professional writers, mostly Americans. At Thompson, we had one American and she trained our writers — the likes of Ines Camayao and Enrie Manalo. It was also JWT that first introduced in-house research [departments] when it hired Manny Garcia, a London School of Economics graduate, and the son of the owner of Man G 11, a soap that competed with the multinationals.

Guerrero of BBDO — can compete with the best in the world!

Q: What should new people in the industry watch out for?

JJC: Going for the frost rather than the substance — being mesmerized with the glitter, not realizing [that] you have to give up nights and weekends working to create substantive campaigns. [Not] getting your shoes dirty and finding out what the people really think or feel!

Q: How have audiences and consumers changed from when you first started?

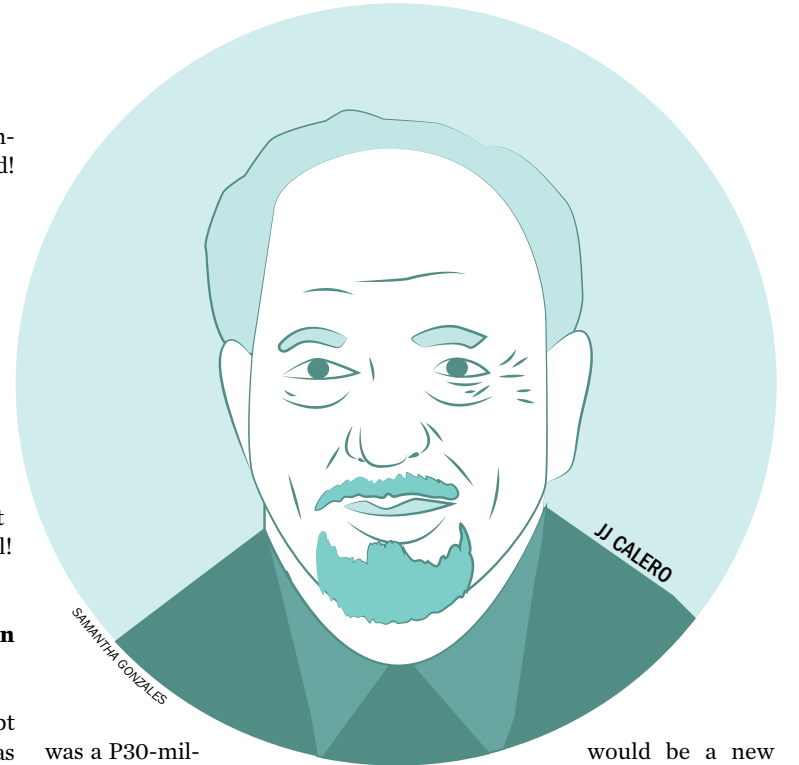
JJC: More or less the same, except perhaps the C-income class has expanded, but still we have a pyramid economic breakout: The AB in the [top] 3-5%! The upper C's up to 15% and the lower C's up to 30%.

Q: What successful campaigns had you personally worked on?

JJC: It's very hard to remember these things, there were so many... [But] one of the things I'm very proud about was taking in small accounts and then building them up. The likes of Boysen Paint [were] a nothing, but I found in Mr. Ong a very, very nice guy, and I immediately latched on to him, and I would go all the way to his office in Quezon City, just to meet with him, because I was impressed with what he was trying to do. And, well, look at Boysen today. I also took on the likes of Century Tuna when it was still a small account, and Mr. Po would personally come over to the office, to look at the label and correct the elements of the label with the art director beside him, but it

Q: How well-placed was the Philippines in the global advertising industry during your time?

JJC: "In the valley of the blind the one eyed is King!" We were the kings in Asia except for Australia and Japan. Most of Southeast Asian countries were composed of trading houses. The P&Gs and Colgates had not [yet] branched off from their prized American dominion, the Philippines. At that time, we led the way. Today, we are holding our own and some work — like DM9, Ferrer at JWT, Saatchi & Saatchi, and David



was a P30-million account...

would be a new agency.

Q: How stiff was the competition in advertising, especially in the Philippines?

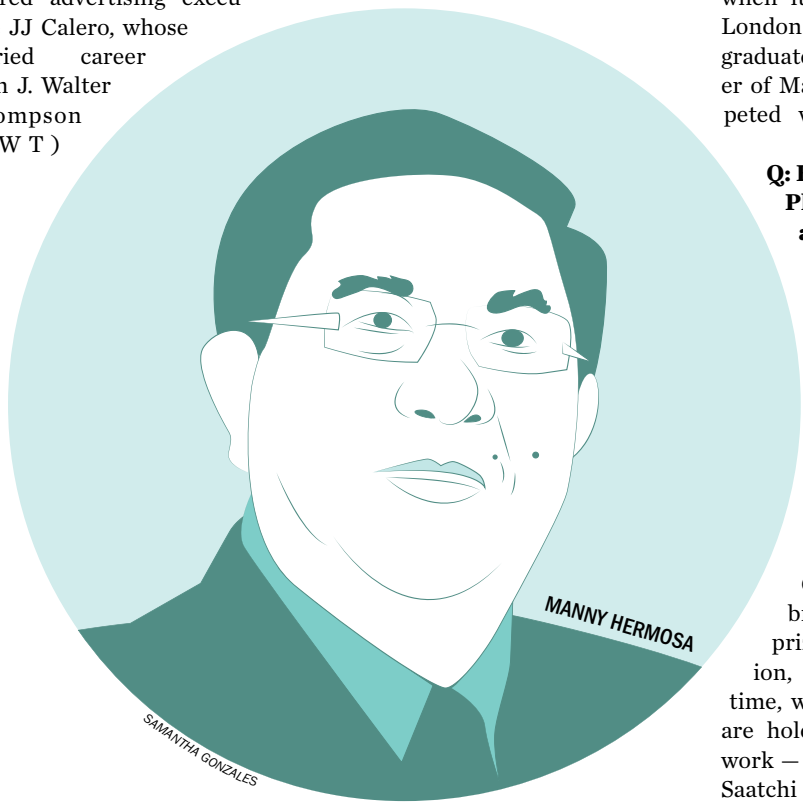
JJC: Well, it got to be more and more intense, and... it was very interesting, it was most interesting, precisely [because] the Philippines went from strength to strength to strength... You cannot compare apples to oranges. It's very difficult to try to compare what was happening then, because the likes of Singapore — in the beginning anyway, in the '50s and '60s — they were still trading outposts, and marketing had not crept in to those countries, and they were handled by old British companies that were in trading. In Manila and the Philippines, it was different. We were really competing on a toe-to-toe basis with the better American companies when they were coming in droves. Every time we would blink an eye, there

Q: How stiff was the competition late in your career?

JJC: It was very, very competitive... At the time I left, I was already very old. In '86, the JWT old school lost their control to a guy called Sorrell, a Britisher, and they took over the company, and then later on, they did the same with Ogilvy & Mather. Two landmarks of advertising in Madison Avenue were owned by this British gentleman.

Q: What advice would you give to people just starting in advertising?

JJC: If you have two hours and 33 minutes, I'll be able to answer that question. It's not one of those things that you want to flippantly give, because that takes a whole semester [at the University of Asia and the Pacific] where I teach...
Mad Men, S4/7



MANNY HERMOSA

SAMANTHA GONZALES

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Market spot, from S4/4

There's a return of investment to everything. You can't just make things up," Mr. Sarmenta said. "Social media is powerful because consumers feel more powerful [using it]."

REGULATIONS

Advertising, being a creative industry, enjoys freedom of ideas — up to a point. But before a production ad is screened, it has to get clearance by the Ad Standards Council (ASC), which gives the go-ahead for production, printing, etc., or disapproves the material, depending on the standard, guidelines, and code of ethics.

Mr. Sarmenta explained that for claims such as "Number one!" brands would need substantiation. Meaning, there has to be a study done by a research organization to back up the claim, or from which the claim is cited.

"So no one can just go around claiming stuff. Now, the ASC's role is to ask: where is the substantiation of this claim? What makes you say that? Then there are guidelines, of course, as to how it should be said in the ad."

One recent ad which perfectly married the right insight and a powerful creative was last year's "Epic Split" of Volvo Trucks and its agency Forsman and Bodenfors. The ad featured action star Jean-Claude Van Damme doing a split between two 18-wheelers while Celtic singer Enya's "Only Time" played in the background.

David Griner, in his article last year in *Adweek.com*, "Undivided attention: how epic split became the buzziest in Cannes," described the ad as "a testament to boldness, blue-sky creativity and willingness to have faith in your creative vision even when it sounds patently ridiculous."

The video went viral, garnering more than 75 million views on YouTube. It also inspired parodies and won the Grand Prix of the Cannes Lions Festival of Creativity in 2014, together with the "Sorry, I spent it on myself" Harvey Nichols ad, among other awards.

But the true measure of its success would be if it managed to catch the interest of truck companies, and according to Volvo, in the *Adweek* article, a survey of more than 2,000 truck owners and buyers resulted in almost

half saying they were more likely to buy Volvo trucks and in a third already inquiring about it.

"You have an old action star and you have a song that is out of date, and when you combine it, it's like a Tarantino movie," explained Bjorn Engstrom, one of the creative executives quoted in the article. "You combine two things, and suddenly it works."

Another successful ad is "Dumb Ways to Die," a public service announcement of Metro Trains Melbourne and McCann Melbourne — a video with animated characters dying in patently "dumb" ways with a catchy song in the background.

"[The objective was] to stop people from getting killed around trains and that's it," Mr. Sarmenta said.

The video, which was released in the latter part of 2012, now has more than 88 million views and has spawned mobile games. It also won the Cannes Grand Prix. And the best part was that, according to Metro Trains Melbourne, there has been a 21% reduction in the number of train accidents since the video was released.

"[It was] successful in terms of its results, successful in terms of its creativity, [and] creativity led to results. I don't think you'll ever see trains the same way again," Mr. Sarmenta said.

Locally, he cites Saatchi, of course — the Cebuana Lhuillier "Re-meet" ad launched last year and featuring Coco Martin, in the company of customers getting remittances from relatives abroad. That these relatives were the ones handing over the money was a nice touch — the genuine reactions during the unexpected reunions were caught on film.

The ad won the Silver and Grand Lotus Roots Awards at the 2014 Ad Fest in Pattaya, Thailand.

"The target market is left with a warm feeling for Cebuana Lhuillier, luring patrons to continued loyalty, or even better, bringing in new clients for its myriad of remittances and other services," Nanette Franco-Diyco wrote in her column for *BusinessWorld* on May 16, 2013.

"It's a real ad. It just humanized something that was so cold — money. This whole transaction is important to millions of Filipinos. It means a lot," Mr. Sarmenta said.

