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Cyberletter Media

Special Annual Edition: Advertising Expenditure (Adex) in Pakistan
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In this Issue

From the Editor

We are happy to present to our readers this Special Annual Edition of Media Cyberletter focusing on the Ad Spend index and top advertisers and brands on TV and in print. The Cyberletter also includes a special feature on "Annual Review of Advertising Expenditure (Adex) in Pakistan" for the fiscal year July 1, 2007 to June 30, 2008.

We would greatly welcome Observations, Comments and Questions from our readers from the world of Practitioners, Academics, Students and all those interested in the emerging and growing Media Scene in Pakistan.

The data reported in this Cyberletter is for the period ending September 2008. For those interested in more recent data please consult our next Cyberletter expected in March 2009, if not earlier!

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Ad Spend Index

Ad Spend Index is the indicator of advertising activity in the country in print and electronic media.

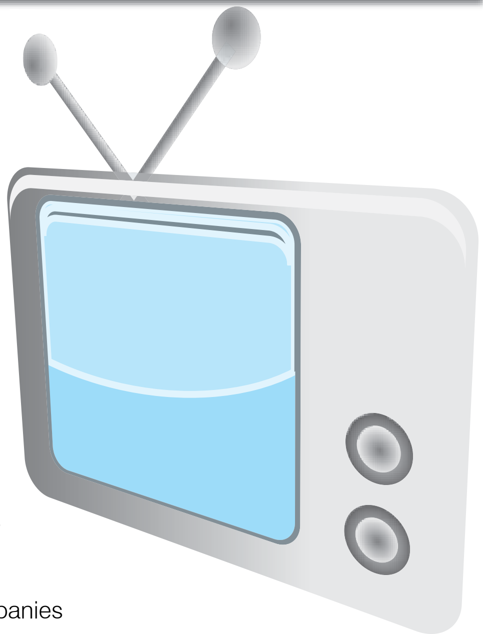
Ad spend index is calculated in comparison with figures of last year. If we consider 100 as the standard advertising spend in the same month last year then the current value exceeding 100 or going below 100 shows increase or decline in the advertising spend relative to last year.

We see that the total advertising spend this year has basically increased except in January and September it declined. Although the print ad spend has decreased in January, April, July, August and September, TV ad spend did not fall other than in January.

MONTH	TOTAL	TV	PRINT
Sep 08	97	121	63
Sep 07	100	100	100
Aug 08	103	116	84
Aug 07	100	100	100
Jul 08	113	127	95
Jul 07	100	100	100
Jun 08	107	106	108
Jun 07	100	100	100
May 08	121	131	107
May 07	100	100	100
Apr 08	117	132	96
Apr 07	100	100	100
Mar 08	102	102	103
Mar 07	100	100	100
Feb 08	114	111	118
Feb 07	100	100	100
Jan 08	94	92	96
Jan 07	100	100	100

*Considering the anomalies of rate card, the ratios may not precisely match the reality. But this should not alter the main findings from these data. *TV Index is based upon terrestrial & all the leading satellite channels running Pakistani commercials.*

TV*



The top 10 advertisers on TV made up more than half (54%) of the total TV advertising spend in September.

This figure is almost the same as the share of top 10 TV advertisers in August. In September, Telenor was at the top of the list of advertisers on TV in terms of percentage share value. This is a very rare case as Unilever almost always has the highest share in TV advertising value. In fact, in August the top most share was of Unilever at 11% of the total advertising on television.

Another drastic change from August to September was that Pepsi's share fell from 2nd place to 10th place (from 11% share in TV advertising value to 3%). This can probably be attributed to seasonal changes.

7 out of the top 10 advertisers on TV in August remained on the list in September. 3 companies (Nestle, Warid and Habib Bank) exited the list and Dalda, Hilal and Engro entered the list.

The Top 10 brands advertised on TV made up 28% of the advertising share in September.

This figure is much higher than that of August (22%).

Three of the top 10 advertised brands in terms of percentage share in August remained on the list in September (namely, Ufone UWON, Surf Excel and Pantene Pro V Shine Shampoo).

Brands of Telenor and Pepsi were on the top 10 list in both September and August but the brands that were being advertised were not the same in both the months (Telenor corporate, Pepsify and Pepsi Max were advertised in August and Telenor Sim Offer, Telenor Tele Doctor and Pepsi Ramzan Offer in September).

TOP BRANDS

September 2008	...Share %
Olpers Milk (Ramadan Offer)	4%
Telenor Sim Offer	3%
Manpasand Banaspati and Oil	3%
Ufone UWON	3%
Jazz Consumer Promotion	3%
Pepsi Ramzan Offer	3%
Surf Excel	3%
Pantene Pro V Shine Shampoo	2%
Head & Shoulders Shampoo	2%
Telenor (Tele Doctor)	1.88%

Top Advertisers

AUGUST Share%		SEPTEMBER Share%	
11%	Unilever	8 %	telenor
9%	PEPSI	8 %	Unilever
7%	Mobilink	6 %	P&G
7%	ptcl	5 %	ptcl
4%	P&G	5 %	Mobilink
4%	telenor	5 %	Coca-Cola
4%	Nestlé	4%	Dalda
4%	Coca-Cola	4 %	Hilal
11%	WARID TELECOM	4 %	ENGRO
11%	HBL	3 %	PEPSI

*-Govt. of Pakistan has been excluded from the commercial top ten advertisers' ranking
-In-house advertising by Newspapers and TV channels have been excluded from the list of top 10 advertisers.
-The individual figures above are not very prominent due to the fact that Services, Classified and Government advertising enjoy the lion's share, leaving the rest with relatively meager portions.
-Note on rounding off: All figures above 2% have been rounded off to the nearest whole number. However those under 2% are reported at two decimal point level, wherever that is applicable in this Cyberletter.

PRINT*

The top 10 advertisers in print media make up around 15% of the total print advertising spend in September.

This figure is almost the same as the share of top 10 print advertisers in August.
In both September and August PTCL topped the list of advertisers in print in terms of percentage share value.

5 out of the top 10 advertisers in print in August remained on the list in September, namely, PTCL, DHA, HBL, PMC (Mobilink) and Warid. 5 names that were not on the list in August were seen in September. These names were, ABN AMRO, Telenor, Unilever, American National College and Bank Al-Habib.

A large share of print advertising comprises of government institutions and in-house advertising by newspapers and TV channels. 2% of print advertising in September was of government institutions. Jang Group (5%) and Aaj TV Channel (0.92%) were also among the top advertisers but have not been included in the list of top 10 advertisers.

The Top 9 brands advertised in print made up around 10% of the advertising share in September.

This figure is almost at par with that of August.

4 of the top 10 advertised brands in print in terms of percentage share in August remained on the list in September (ABN AMRO, Ufone GSM, Bank Al-Habib and HBL).

A brand of PTCL was also on the top 10 list in both August and September but the brand in August was PTCL Broadband and in September it was PTCL V fone.

Geo Programs (4%), Aaj TV (.92%) and Akhbaar-e-Jahan (0.77%) were also among the top advertised print brands but these have not been included in the list.

TOP BRANDS

September 2008	...Share %
ABN AMRO	2%
DHA	2%
Ufone GSM	1.03%
PTCL Vfone	0.94%
American College	0.82%
Bank Al-Habib	0.79%
PSO	0.75%
Nokia	0.75%
HBL	0.73%

Top Advertisers

AUGUST Share%		SEPTEMBER Share%	
3%	ptcl	3%	ptcl
1.69%	EDEN	2%	DHA
1.54%	HBL	1.95%	ABN·AMRO
1.38%	WARID TELECOM	1.58%	HBL
1.29%	DHA	1.26%	telenor
1.09%	STAR Marketing (Pvt) Ltd	0.98%	Unilever
1.02%	Forman College	0.91%	Mobilink
0.86%	UBL	0.83%	WARID TELECOM
0.85%	Mobilink	0.82%	ANC
0.77%	INDUS MOTOR COMPANY LTD.	0.79%	Bank Al-Habib

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Annual Review of Advertising Expenditure in Pakistan

An exercise undertaken jointly by Gallup Paksiatn (www.gallup.com.pk) and Aurora Magazine (www.dawn.com)

COMPARATIVE FIGURES FOR PRINT AND TV: Gallup, Mindshare & Aurora						
	Print	TV	Total	Print % Share	TV % Share	% Total
Gallup	Rs 8.16 bn	Rs 11.91 bn	Rs 20.07 bn	41	59	100
Mindshare	Rs 6.52 bn	Rs 10.98 bn	Rs 17.5 bn	37	63	100
Aurora	Rs 9.99 bn	Rs 11.7 bn	Rs 21.69 bn	46	54	100

Print

Newspapers contribute more that 95% of print Advertising Expenditure (Adex) in Pakistan. Consequently, the share of magazines in Adex is meager and so the findings of the Adex of print media as a whole are almost the same as that of newspapers. Despite its small share Magazine advertising is in many ways distinct. Below we report on both of them.

NEWSPAPERS

The **product category** with the largest share of advertising in newspapers is **Classified Advertising** at 20% share. Classified advertising is made up of the hundreds small individual advertisers who place advertisements in newspapers every day. This was followed by share of **Telecom**: telephone/mobile communications (10%) and **Educational Institutes** (7%).

The **company** that advertised most in newspapers was **PTCL** (3%) followed by **Mobilink** at 2% and **Telenor** (1%).

The top **brand** advertised in newspapers was **Paktel** (after its acquisition by China Mobile) with 1% share. This was closely followed by **Mobilink GSM** (1%) and **Telenor** (1%).

MAGAZINES

The top **product category** advertised in magazines in terms of share was **beauty creams/lotions/face wash** at 12%. This was followed by **milk and dairy** products (7%) and **beauty soaps** (6%).

The company that advertised the most in magazines was **Abbot Laboratories** (4%). **Forvil of France** was at number 2 with 3% share and **Azhar Corporation** followed with another 3% share.

The brand advertised most in magazines was **Hoor Beauty Soap** (3%), **Care Honey Lotion** was at number 2 with 2% share and at number 3 position was **Shan Recipe Masala** (2%).

ANALYSIS AND CHANGE OVER PREVIOUS YEAR

- Classified Advertising remains the top product category in newspapers. The overall share of classified advertising has remained unchanged since last year and is 20%.
- The share of telecom advertising in the print media has increased from 9% to 10% this year.
- The share of real estate advertising in the print media has declined from 9% to 6% this year.
- Two new categories appear in the print rankings this year: savings and investment, and the energy sector.
- P&G Pakistan, which did not appear in the print rankings last year, appears this year as one of the top companies adverting in magazines.
- The top 10 companies account for just 13% of total ad spend in newspapers, whereas they account for 27% of the total Ad Spend in magazines.
- Only telecoms and banks appear in the top 10 brands rankings for print/newspapers.

Print

- The most advertised product category on TV was Telecom: telephone/mobile communications with 27% of the share. Shampoo followed far behind with 6% of the share and milk and dairy products were at number 3 with 5% of the share.
- The most advertised company was Unilever (11%) followed by Mobilink (6%) and P&G (5%).
- The most advertised brand on TV is LG GSM Mobile at 3%, followed by Nokia (2%) and Telenor Talkshawk at 2%.

ANALYSIS AND CHANGE OVER PREVIOUS YEAR

- For the most part, the top 10 categories on TV remain the same except for toothpaste, which has pushed out to make room for real estate.
- Telecoms account for 27% of the total ad spend on TV, representing an increase of 4% from last year.
- Seven of the top 10 categories that advertise on TV are FMCGs, as opposed to eight last year.
- The top 10 companies accounted for 52% of total Ad Spend last year, this year they account for 58%.
- Unilever Pakistan continues to be the top advertiser on TV, but P&G Pakistan has also moved from number 5 to number 3 this year.
- LG Electronics, Nokia and Hilal Confectionary enter the list of top 10 companies this year, pushing out Warid Telecom, Colgate Pamolive and Coca Cola.
- Only two telecom brands (Telenor Talkshawk and Warid Zem Prepaid) figure in the top 10 brands this year, as opposed to four last year.
- Mobile handset brands (LG, Nokia and Samsung) account for 6% of the Ad Spend by the top 10 brands.

ADVERTISING & TYPES OF CHANNELS – News, Business, Entertainment, Music

- The most advertised product on news channels in Telecom (33%) followed, by banks (6%) and real estate (5%).
- The most advertised product category on business channels was Investment Finance: investment companies/saving centers (32%) followed by Telecom (17%) and banks (8%).
- On top of the list of top product categories advertised on entertainment channels is Telecom (26%) followed with a wide margin, by shampoos (7%) and milk and dairy products (6%).
- The number one share of advertisements on music channels was of the product category Telecom (35%). The second largest share of advertisements on music channels is of carbonated soft drinks (20%) and then shampoos (6%).

ANALYSIS AND CHANGE OVER PREVIOUS YEAR

- The share of telecom advertising on news channels has increased from 29% to 33% this year, while that of banks has declined from 11% to 6%.
- The telecom, banking and real estate sectors continue to dominate the top three positions on news channels.
- The share of investment companies/savings centers has seen a marked increase, going from just 3% last year to 32% this year.
- Telecoms and banks have seen a decline in their share of spend on business channels, declining by 6% and 5% respectively over last year.
- Brokerage houses and insurance companies are the most noteworthy new entrants advertising on business channels.
- Telecoms remain the number one category on entertainment channels and their share has increased by 5%,
- Carbonated soft drinks account for 10% of the ad spend on music channels this year as opposed to 11% last year.
- The top 10 categories on music channels account for 78% of total Ad Spend this year , a 10% increase over last year.

TOP COMPANY ADVERTISED BY TYPES OF CHANNELS

- On news channels LG Electronics (9%) was most advertised. Mobilink followed with 8% and Telenor with 5% share.
- The top advertised company on business channels was AKD Investment Management (9%). Diamond Polymers at 6% and Mobilink at 6% followed.
- On entertainment channels Unilever had the largest share (13%). P&G followed with 7% and Mobilink was 3rd with 7% of the advertising share.
- On music channels Unilever had 15% share. Pepsi (13%) and PTCL (11%) followed

ANALYSIS AND CHANGE OVER PREVIOUS YEAR

- Unilever Pakistan is no longer present in the list of top 10 companies on news and business channels; however it remains the top advertiser on entertainment and music channels, increasing its spend by 2% and 4% respectively over last year.
- LG Electronics is a new entrant in the top 10 advertisers on news channels and occupies the top slot with a 9% contribution to total Ad Spend.
- No FMCG companies are present in the top 10 slots on both news and business channels.
- The top 10 companies account for 72% of total ad spend on music channels this year, while they accounted for 59% last year.
- Pepsi Cola International's share on music channels has increased from 8% to 13% this year.

TOP BRAND ADVERTISED BY TYPES OF CHANNELS

- The most advertised brand on news channels was LG Mobile (7%), followed by Telenor (2%) and Kissan Vegetable Ghee (2%).
- The top brand on business channels was National Investment Trust (17%). This was followed by AKD Opportunity Fund (5%) and Daily Times (4%).
- The most advertised brand on entertainment channels was LG Mobile (3%) followed by Nokia (3%) and Telenor Talkshawk (2%).
- The most advertised brand on music channels was Ufone Prepay Life (6%). Pepsi Cola followed with 5% and Coca Cola was 3rd with another 5% share.

ANALYSIS AND CHANGE OVER PREVIOUS YEAR

- Only one FMCG brand (Kissan Vegetable Ghee) figures in the top 10 brands on news channels.
- The top 10 brands account for 47% of total ad spend on business channels this year, as opposed to 17% last year.
- Financial products and services account for 35% of the top 10 brands spending on business channels.
- FMCGs and telecoms make up the entire top 10 brands that advertise on entertainment and music channels.

COMPARATIVE FIGURES OF AD SPEND: by Gallup and Aurora

Gallup's Data	Rs (bn)	% share	Aurora's Figures	Rs (bn)	% share
TV	Rs 11.91	47	TV	Rs 11.7	48
Print	Rs 8.16	33	Print	Rs 9.99	41
Outdoor	Rs 2.70	11	Outdoor	Rs 1.50	6
Direct Marketing	Rs 1.68	7	Direct Marketing	Rs 1.06	4
Radio	Rs 0.60	2	Radio	Rs 0.11	1
Total	**Rs 25.05**	**100**	**Total**	**Rs 24.36**	**100**

ANALYSIS AND CHANGE OVER PREVIOUS YEAR

- Uotal ad spend (revenue) had increased by 10% in the last fiscal year (from Rs 22.76 billion to Rs 25.05 billion). This is significantly lower as compared to the 62% increase in 2005-06 and the 32% increase in 2006-07.
- TV ad spend (revenue) has increased by 13% (from Rs 10.55 billion to Rs 11.91 billion) in the last fiscal year. This is significantly lower than the 88% increase in 2005-06 and the 55% increase in 2006-07. in terms of share of spend, however, TV's share has increased by one percent.
- Print media Ad Spend (revenue) has increased by 9% (from Rs 7.46 billion to Rs 8.16 billion) in the last fiscal year. This is significantly lower compared to the 24% increase in 2006-07. In terms of overall share of spend, the print media remains steady at 33%.
- Radio Ad Spend (revenue) has increased by 9% (from Rs 0.55 billion to Rs 0.60 billion) in the last fiscal year. This is significantly lower compared to the 22% in 2006-07. in terms of overall share, radio has decreased by one percent.
- Outdoor ad spend (revenue) has increased by 4% (from Rs 2.6 billion to Rs 2.7 billion) in the last fiscal year.
- Direct marketing ad spend (revenue) had increased by 5% (from Rs 1.6 billion to Rs 1.68 billion) in the last fiscal year. In terms of overall share, direct marketing has retained its 7% share.