

**Welcome Address by Srinivasan K Swamy, President, AAI
at the AAI Diamond Jubilee Celebrations Inauguration**

It is indeed my privilege to welcome every one of you this evening. I am particularly delighted to welcome Andrew, who came in just for this event. He arrived last night and is returning tonight to New York. Welcome Andrew. And thank you for taking all the trouble to be here. Equally, I am delighted to welcome Goutam Rakshit, our dear friend. This evening is special on two counts. It marks the launch of the yearlong celebrations of our Diamond Jubilee. And secondly, it celebrates the recognition of one of our industry leaders, who has done so much in less than his 25 years career in advertising. Yes, the ceremony to present the coveted AAI-Premnarayan Award to Goutam Rakshit. But more on him later.

On September 21, 1945, 60 years ago, AAI was registered as a society in Calcutta. 4 agencies from Calcutta – D J Keymer, General Advertising Agency, J Walter Thomson Co. and Press Syndicate – and 3 agencies from Bombay – Adarts, Lintas and National Advertising Service – were the signatories in the registrar's office doing the honours. Calcutta, under the British Raj, was a vibrant commercial city. However, 5 years later the AAI office was shifted to Bombay.

What was the size of the ad industry then? The Government's own Press Commission in 1953 noted that the value of print advertising was Rs. 35 million. Other media spends were estimated at another Rs. 15 million.

In such an era, these were some real bold men, who felt the need to create a platform to promote advertising, as a professional activity!

We must also understand the background under which AAI grew in stature. After India became a Republic in 1950, our successive Governments promoted the policy of self-reliance and import substitution. Public Sector was given the primacy of place. Industrial development was guided by allocation of scarce resource through license and quota. Competition from overseas was not allowed and import restrictions were placed.

Thus for three decades – from 1951 to 1980 – advertising in India had limited purpose to play. Print was the dominant medium, with support from Radio, Cinema and Outdoor. Radio itself was available for commercial purposes only from 1970; it gained in importance, contributing 10% of the budget by 1980. Black and White television transmission with Doordarshan programmes had started then, with very limited viewership.

The Press Commission recorded that the Print advertising grew from Rs. 3.5 Cr. in 1953 to Rs. 191 Cr. in 1981 – 55 times in 28 years in value terms – but the space consumed hardly increased by 90%. Government restrictions were placed on the growth of the advertising industry in many ways. Government discouraged PSUs from advertising. Indian Banks Association was asked to develop advertising for all its member banks, to promote savings schemes. Disallowance on advertising expenditure was introduced for certain periods in these three decades. MNC advertising agencies were not allowed to work for Government or PSUs. Foreign ownership in agencies was discouraged and foreign equity had to be divested in favour of Indian counterparts.

Thus, it was only from the mid 80's that we have witnessed some real growth. Colour Broadcast was introduced in 1982 and the first phase of liberalization came in 1985. Foreign brands were allowed, but they should be used in conjunction with Indian ones. Hence we had BPL Sanyo, Leher Pepsi, LML Vespa, Maruti Suzuki, Hero Honda etc., on our shores.

With opening up of the economy, the Indian advertising agencies also partnered with many international ones. Today, the top 15 agencies are aligned to one or other of the top MNC agency network.

From about Rs. 146 Cr. in 1980 during the controlled era, the advertising budgets grew to Rs. 675 Cr. in 1990, to over to Rs. 11,000 Cr. today. The last 15 years has seen heady growth of some 15 times in as many years.

Till the 80's, while the Government did not encourage competition, the Government did grudgingly acknowledge the importance of communication in social aspects like in family planning programmes, nutrition, education, the modernization of agriculture and ushering in the green revolution. AAI Members were called upon to provide support in the Government efforts in some of these critical areas.

The Government also had a healthy respect for AAI and always consulted it in matters of consequence. For example, it was at AAI instance that the Government permitted foreign equity holding in ad agencies in the late 80's.

Whenever required, AAI has stepped in to protect its business interests to regulate orderliness in the industry. In this context, it is important to acknowledge the contributions of our Past Presidents and their committees in dealing with the Government, be it for restoring the 15% commission for Government business in Government owned media, or in lobbying for removal of tax on advertising way back in 1965 and subsequently in 1978 and 1983, or during the most recent Fringe Benefit Tax where advertising and promotion was included as Fringe Benefit!

AAI's contribution in regulating the industry is no less significant. In 1987 when TV sponsored programmes became a reality; it determined how the income should be shared between the placing agency and the creative agency. In 1988 and again in 1990, AAI was actively involved in determining the procedures and policies of the electronic media i.e. Doordarshan. In 1983, AAI was involved in a serious dialogue with INS when the credit period was proposed to be reduced from 75 to 45 days. Finally we agreed on 60 days. In 1991, when the proposal came to reduce this 60 days to 45 days, it was persuasively defended.

AAI has been behind the National Readership Survey as a joint industry initiative in collaboration with INS and ABC. Having felt the need for a self-regulating body in Advertising, AAI was highly supportive to the formation of ASCI.

Similarly, AAI encouraged the formation of Indian Broadcasting Foundation so that it could address the needs of TV channels. About 4 years back, AAI signed a unique Agreement with IBF, which codified the working relationship between the members of IBF and AAI in the matter of placing and paying for the ads. This initiative has been a resounding success for both sides.

AAI enjoys a healthy relationship with ISA. Time and again, AAI has been called upon by its members to resolve disputes with advertisers for which formal Arbitration proceedings have been conducted. AAI also assists our members to collect payment from defaulting advertisers.

In summary, AAI, over the last six decades, has stood by its members and have protected their business interests, be it in dialogue with Government, media bodies or advertisers; AAI has regulated its members in the orderly conduct of their business affairs, whenever the need arose; And last, but not the least, AAI provided a platform for training of

advertising professionals, recognition of creative work through its coveted Triple-A Awards and honouring outstanding advertising men through its AAI-Premnarayan Award.

AAI has thus come a long way from its humble beginnings 60 years ago. But as they say, the future is always more exciting than the past. It is more so today when the world is a much smaller place thanks to speedier air travel, telecommunications, satellite television and the Internet. The Indian consumer, as is elsewhere, is today unwilling to wait to reap the benefit of any product developed anywhere in the world. Not just product – ideas, concepts and even attitudes get across borders freely. The agency profession too has undergone substantial changes in the last decade. The full service agencies, to answer the demands of various specialized needs in the market place, have started various independent divisions to handle aspects like Media, CRM, Interactive, Promotions, Healthcare, Brand Consultancy, Rural and Social Communications, etc.

Each of these business divisions presents a great opportunity to grow, while simultaneously throwing up interesting challenges. AAI is alive to these changes and the next decade would be a stimulating period when all these businesses take firm root, ushering them in newer challenges and opportunities.

To celebrate our Diamond Jubilee, we have firmed up a 10-point agenda.

- 1) The first one was to give ourselves a new corporate identity. I believe the earlier logo was developed nearly 25 years ago and therefore needed to be contemporarised. As you would notice, the three 'A's are the support on which the 'drum' base depends. The 'I' has been turned into the proverbial stick to signal professional empowerment.
- 2) **Book on the History of Advertising**
India has matured as an Advertising Market over the years. Yet we do not have a book which traces the initial days of advertising, its progress over the decades and the role played by it at various times. AAI is intending to bridge this information gap by producing a well-researched book during this Diamond Jubilee Year.
- 3) **AAI Publications on Business Practices**
We intend bringing out a series of publications including an AAI Official Handbook for Advertising Agencies and Advertisers. It will cover areas like best practices, responsibilities and ethics.
- 4) **Diamond Jubilee Seminars**
Four one-day Seminars are planned. The first one starting tomorrow would look at the changes happening in the industry and provide some solutions. The other three Seminars would be on Creative, Media and Research.
- 5) **International Symposium on Advertising**
We plan to have a 2-1/2 day Symposium on advertising in Mumbai in November 2005. Several business leaders drawn from Marketing and Advertising world would address this Symposium.
- 6) **Afro-Asian Awards**
As part of the Diamond Jubilee offering, AAI is planning to launch an international Afro-Asian Creative Awards show. India truly would establish its rightful place in the world over time by establishing this as a major awards event every year, which creative people would look forward to.

- 7) **Advertising Centre**
AAAI would actively be involved in the setting up of the Advertising Centre where all organizations involved in advertising – Advertising Council of India, Advertising Standards Council of India, Audit Bureau of Circulations, and Indian Society of Advertisers – would locate themselves in one building so that all the organizations can benefit from use of common resources.
- 8) **Closer involvement with Media and Advertisers**
This Diamond Jubilee year provides a new opportunity to further strengthen the traditional ties with industry bodies like the Indian Newspaper Society (INS), The Indian Broadcasting Foundation (IBF) and the Indian Society of Advertisers (ISA). Joint Committees now work together to monitor bilateral interests and concerns at very regular intervals with both INS and IBF.
- 9) **Evolving a new code for Business Practices**
AAAI has set up a Business Practices Committee, which has been mandated to develop a code of Business Practices, which would be followed by all the members of AAAI. The recommendations would also become the basis for a review of the AAAI Constitution.
- 10) **Promoting Ad industry for talent**
With increasing competition in the job market, the advertising industry needs to present itself as an exciting place for young people to work in. An advertising campaign is being planned in both TV and Print during this year.

You would thus see that we have plans to celebrate our Diamond Jubilee in a fitting manner. The celebrations would be complete only if all of you participate in it enthusiastically and support us in our efforts. I am sure I can count on the co-operation of our members, advertisers and our friends from media to make this happen.

May I once again welcome every one of you to this function? I am grateful to you for your presence.

Thank you.