



Sunjjoy Daadhicch, president, Explo Media Pvt Ltd, has set many milestones in the Indian outdoor advertising landscape while giving shape to his firm's projects and initiatives. In the seven years at the helm of Explo Media, which he founded, Daadhicch has set several benchmark standards in premium and popular outdoor advertising. He is credited with the distinction of developing the entire advertising media on the DND Flyway from a scratch to 125 sites. The sites have displayed many leading campaigns over the last five years.

Explo Media has also tapped into mall advertising opportunities in the NCR, particularly at the Great India Place, Noida, MGF Metropolitan, Gurgaon, Pacific Mall, Kaushambhi, and Shipra mall, Indirapuram. In addition, the company has developed conventional media inventory for Delhi Metro, DND Flyway, and MCD Subways.

Daadhicch is a business management graduate. He had worked for some five years in the sales and marketing streams with companies like BPL Sanyo, Mescos, Shoppers' Stop and Lacoste before venturing out as an entrepreneur.

The Indian outdoor industry is fast regaining normalcy after having witnessed a period of frenetic business-defying activities led by several new generation outdoor outfits for whom number-totting was the sole pre-occupation. The new players had entered the fray to win at all costs with no apparent long-term plans for sustainable business. Their leadership displayed paid scant regard for the dynamics of the industry.

The aggressive posturing was more to further their corporate diversification plan than to stay invested in the outdoor industry. No wonder, the wheels have come off the bandwagon the new players had boarded, and in no time. We have seen some of these players shutting shops or cutting down on business in less than 12 months, after having created so much hype about their dominating presence in the industry.

The traditional players who had all along pursued a conservative approach toward doing business in the outdoor space were no doubt affected by the aggressive pricing strategy. But the sheer determination to ride out the difficult times saw them outlast the overly aggressive new players.

Smart traditional players preferred to hang on to their inventories and pursued a conservative approach toward tenders that saw aggressive bidding. It was clear that the aggressive approach wouldn't work for long, and it made little sense to lose money from day one, or even to sub-let such inventory to people who would exit from them in a short time.

The 'new kids on the block' were apparently in undue hurry to pick up business. And the professionals who spearheaded their operations were more focused on the numbers that would improve their own prospects of earning big bonuses. Also, the brief to their teams were to aggressively increase the firms' footprints and shore up the valuation of their businesses. As it turned out, this was all an eyewash.

The outdoor industry is not a place where you can earn four times the cost. You can barely stretch the margins beyond 15%, which the bosses of the new outfits seldom understood. Also, the corporate players tend to monitor their business on a monthly or quarterly basis, whereas the traditional players check their numbers at least twice a day.

Repercussions on industry

Aggressive pricing led to a sharp price spiral. While a rational approach would have been to aim for 9 months occupancy at 12 months cost, the tactics of the new players defied any norms for sustainable business. As a result, prices shot up and all firms including the traditional players experienced a contraction of business. For instance, when the price of outdoor properties shot up at the airports and such other high visibility areas, clients started to consider opting for 'popular mediums' over 'premium offerings'.

It was clear that the new players had come to the party overdressed, largely misguided by their consultants and media houses. They had apparently entertained thoughts of arm-twisting the government bodies into conceding them big business. But that was not to be.

The outcome is nerve-jangling. Most corporations who created the hype have either withdrawn from the industry or are awaiting the financial year closings, having served notice to their employees. They are not visible at the tenders.

Some of the new players have realised that the aggressive approach does not pay and have come around to being more reasonable. The last NDMC tender for unipoles saw very reasonable rates being quoted.

Also, the economic slowdown put paid to the unrealistic business tactics as clients started to look for genuine value for money.

As the boom time returns

Now, as the Indian economy makes a quiet comeback, the traditional players are poised to walk away with the gains, especially since the market is geared towards 'value for money' propositions. Paying Rs 5 lakh for a hoarding near the Oberoi's will not work.

The traditional players have had the benefit of experiencing potent threats to their business and have emerged stronger from it. Now, they know that the environment needs to be managed. Also, there was a time when the agencies were looked upon as Gods. The agencies held a vice-like grip on the OOH players and went about taking harsh decision such as reducing the period of campaign from 30 days to 21 days and even 7 days. There was no transparency in the dealings. For instance, an agency would book for 21 days and then persuade the vendor to grant additional place for the product for 30 days.

The vendors wondered why they should bear the losses or wait indefinitely for payments when they were the ones to have made the payments and deposits for the bids. So, now the vendors are going directly to the clients with offers of better illumination and sustainable prices.

As normalcy is restored, the conventional players are also attracting people who worked with the new players, in areas like accounting, management, etc.

Importantly, the traditional players are imbued with a sense of contributing positively to the growth and development of the outdoor industry, which was not the case with the corporate players. JC Decaux is an exception to this. The firm has adhered to the gold standards and has done well in this period.

The key learning for the industry as a whole is that this is the age of specialisation. The media owning agencies need to be highly focused in pursuing their business objectives, be dogmatic and follow a strict code of conduct. Above all, have a plan for five years.

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