

Can advertising spend really reach US\$10 bn?

by Diana Milne on Sunday, 10 December 2006

There was a sense of urgency in the air at the inaugural *Campaign* Conference when Antoine Choueiri revealed his master plan for advertising spend in the region.

According to Choueiri, chairman of The Choueiri Group which sells advertising for MBC, LBC and several leading newspapers to name but a few, advertising spend in the Middle East must reach US\$10 billion by the year 2010 if the region's media industry is to keep up with the rest of the world.

Claiming the Middle East media market has reached a "tipping point", he warned: "If we do not act quickly and decisively, the future will pass us by."

Choueiri has set an aggressive goal for the industry he wants per capita advertising spend in the GCC to rise from US\$40 today to US\$100 by 2010, and claims that the value of advertising spend in the region last year was just US\$2 billion.

These targets have been greeted with scepticism by some industry experts who believe Choueiri's master plan is over ambitious.

Clark Williams, executive vice president of PR firm Bates PanGulf, says the target is "fairly unrealistic" and that increases in spending should happen more gradually as they have in more mature markets such as Europe and the US.

"As an advertiser, I would love to see 300% growth, but I think advertising spend has to be gradual," says Williams.

Samir Ayoub, CEO of media agency MindShare, points out: "Looking at the previous five years, ad spend was growing on average by 15 to 20%. Therefore increasing the spend in the coming five years by five times seems to be impossible considering the above."

Choueiri described the current ad spend in the region as "nothing less than shocking" and blames the low numbers on "a lack of concerted effort from the industry to ensure a balanced and professional approach to advertising spend decisions".

He has called for more accurate data to enable clients to make more informed decisions and has suggested this could be achieved through regular and stringent auditing of the print media and for the television industry, people metering.

Industry experts agree that the media industry's lack of transparency is a major factor, which could stand in the way of Choueiri's vision being realised.

They have called for greater regulation of the industry and more data from media owners themselves in order to enable clients and media buying agencies to make the types of well-informed buying decisions that Choueiri claims are lacking.

"You are going to need more data from the mediums themselves so that they can break down their target market, the number of readers they are reaching and the segmentation of those readers," says Williams. This, he claims, would enable clients to make more analytical decisions on their advertising spending rather than basing it on competitive considerations.

"In other markets I've been in those discussions and they are always around research and competitive analysis and the research provided by the mediums themselves on how they segment their target," Williams continues.

"Here it's more a case of 'how much did my competitor spend? Okay, I'll top that by 5%."

Ayoub says he believes the industry's lack of transparency is resulting in a lack of confidence among clients when making decisions on investing in advertising.

"The market needs far better transparency, research currency and regulations to have healthy growth and professional dealing between the various parties.

"This is the challenge we all face in the industry," he adds.

According to Ayoub, as well as data from the various mediums on audiences and the effectiveness of advertising, better regulation is needed to govern the pricing of ads.

He claims that there is a "lack of a clear and reliable benchmark on what the price of each medium should be", creating, he claims, "unprofessional competition, which pushes prices down".

He claims that the introduction of better regulation on pricing, would lead to increased investment by clients.

However, according to Hesham Tahssin Selim, Americana Group's marketing director for Saudi Arabia, the main factor stopping companies in the region from investing in advertising is a lack of awareness of the benefits it can bring them.

He says his company, which holds the regional franchises for fast food chains Pizza Hut, Hardee's and KFC, has seen a direct correlation between the amount it spends on advertising and rising profits.

Selim claims the same cannot be said for many other Middle East companies, which have been slow to realise the benefits of advertising.

If Choueiri's goal is to be realised, he says, then this awareness must increase. "The real challenge is on the client side," says Selim.

"Clients need to be more aware of how [advertising] spending is relevant to their profits.

"Media people are aware, creative advertising people are aware and people in the industry and the channels are aware, but clients are not aware," he says, adding that it is up to the advertising industry to drive this awareness.

However, according to Williams, even with the cash to invest in advertising and the awareness of where to spend that money, at present there simply is not enough choice for clients when it comes to where they can place their ads.

He claims that one of the reasons why advertising spend is so much higher in more mature markets is because there are so many more places where they can advertise. Increasing the advertising options for clients, is, he says, the biggest way to increase advertising spend.

"When I look at capital ad expenditure in the more mature markets in the West or in Asia everyone is participating, from the smallest flower shop to the biggest bank. And one of the reasons for this is that there are a lot more media options for them and a lot more ways for them to advertise."

Williams is confident, however, that there is room for growth in this area and hence for growth in advertising spend.

"It's not like we've finished building the roads, putting up the billboards and there's no room for any more magazines and newspapers.

"There's plenty more room and this is the biggest way that we can increase advertising spend," he says.

Despite setting ambitious targets Choueiri has stated he is well aware of the shortcomings of the market and has pledged to resolve these problems through the setting up of a MENA Advertising Action Group under the umbrella of the International Advertising Association.

While Choueiri's ambition has been greeted with scepticism by some, the mere fact that the region's most influential media sales man is making the calls means they can't be ignored.



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