

Demonetization Thwack on Advertising

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Abstract- The authors attempt to highlight the various issues faced by an organization by taking the example of a regional newspaper. The issues faced by the print media during demonetization and the manner in which the employees were under pressure to identify different streams of revenue while facing the shortage of cash and competition from newspapers with higher penetration. The case study utilizes a story-telling approach and provides a plausible solution for the problems faced by the organization. It is aimed at students of Post-Graduate students of Management and Mass Media and hopes to provide insight into how to tackle the various issues at the workplace.

INTRODUCTION

Mr. Dinesh, the regional manager of DC newspapers Nagpur, looked at the screen of his computer. The head of 'space marketing' for DC papers was facing an unprecedented situation. Just a few days ago, the Prime Minister had implemented Demonetization throughout India. This rendered all the currency in the country to be worthless. Mr. Dinesh stared at the screen and read the mail sent to him by Mr. Agarwal, the owner of DC Corp Ltd., under whom the entire DC newspapers worked. Mr. Agarwal, in his mail, had informed Mr. Dinesh, "We cannot increase the prices of our product and yet we need to meet the demands of our customers. It is your job to identify any and all means to ensure revenue generation does not falter." The email also informed him that there would be a Cash Crunch for at least the upcoming 6 months. Mr. Dinesh pondered his situation. The increasing competition from national and local newspapers, a declining readership base and changing pattern of news consumption were all the challenges he faced along with the day to day issues and now this.

HISTORY OF THE ORGANIZATION

DC Corp Ltd wholly owned and ran the DC Newspaper since 1955. It was one of the premiere Hindi language daily newspaper being circulated across Maharashtra and Madhya Pradesh with certain portion of Uttar Pradesh when it started. Today, it stood amongst the highly ranked Hindi language daily newspapers in almost 10 states with editions in vernacular languages providing newspapers, magazines, supplements and such editions. The news corporation also had Bureau Offices in up-country regions in these states as well. Although the effective penetration in these areas was not very high as compared to other newspapers. The bright yellow sun representing the DC newspaper was used to resemble the shining light which would drive away the darkness. Mr. Dinesh, Head of the 'Space Selling' department, the Regional Head of DC newspaper was engulfed in darkness.

THE DEMONETIZATION DEMON

Demonetization had especially affected DC newspapers. The newspaper was heavily dependent on advertising revenue, which contributed 70-80% to its total revenue. This area was anyways showing little growth in the last few years for DC. The increasing influence of other newspapers, both national and local, had heavily impacted DC. At the same time, the increasing trend of heavier consumption of English newspapers was also poaching readers away from them. Moreover, the advent of news applications, e-papers and heavier interest in online media was also slowly but steadily stealing readers away from them.

Demonetization had a direct impact on 'cash availability' among not only individuals but also companies across India. The high revenue generating clients from the infrastructure, retail and educational institutions earlier, were now strapped for cash and thus, did not have the funds necessary to carry out

campaigns. It had an immediate estimated impact of 1.5-2.5% across TV, print and radio. The loss from advertising stood around Rs.1500 crores. FMCG, Auto, real estate and E-Commerce were the worst hit and these were the players on whom newspapers depended upon for large 'space ads' throughout the year. The impact was still being experienced two months down the line. Now, Mr. Dinesh had to work out a plan to do well in such an environment for another 6 months. Since the newspaper industry was dependent up to 70-80% on advertising revenues (Gaur, 2019).

FUTURE COMPETITION

The upcoming players such as mobile wallets and payment banks were comparatively minor players who had approached for advertisements. The sector was reeling due to the loss of cash-rich clients from the infrastructure sector, which used to be one of the biggest contributors earlier for DC. E-commerce companies had to quit cash-on-delivery options and as a result their revenues were also hit. The other categories of advertisers were also hit as their own advertising budgets from were slashed extensively across organizations from the education, automobile and realty sectors (Sharma, 2017).

DC was hit quite hard by Demonetization. DC did not have a network as large as other national players across India. Until now, it had been largely dependent upon its readership base for revenues and had a few set clients which ensured steady advertising revenues. Mr. Dinesh was faced with the challenge of generating revenues through space advertising in times when the economy was stumbling and stabilizing itself after being hit by a cash crunch on a national level.

QUESTIONS

1. Discuss the effect of Demonetization on print media.
2. 'Overall effect of emergence of digitalization in media affected the print form'. Discuss.
3. What can be the various remedies for a print media outlet to tackle such a situation?

TEACHING NOTES

Summary:

The newspaper industry depends heavily upon the revenues generated from advertisements. Demonetization carried out by the Indian Government led to a great decline in cash availability in the Indian economy. This directly affected the revenues from advertisements and also ended up affecting the advertising budgets of players in the fields of infrastructure, retail, education etc. This impacted the advertising revenues generated by the newspaper in this case. The protagonist in this case now faces a challenge on how to tackle this change in the environment and plan a way out for his organization.

Teaching Objectives & Target Audience:

1. To discuss the various marketing strategies that can be adopted while facing an environmental change.
2. To design steps to tackle environmental change while the organization is facing a resource crunch

Target Audience: Post-Graduate students from Management and Mass Media.

Teaching Approach & Strategy:

The above is a case for analysis. A group of students will be given the case in the form of an assignment and they will be asked to formulate answers for the questions listed below the case.

ANALYSIS

Space Selling Possible Options:

1. Missing case of advertisements
2. Identify new clients for space contents
3. Tie-ups with agencies
4. Educational tie-ups with schools and colleges
5. Institutional tie-ups with academies, restaurants, hospitals, retailers and industries
6. Regional Marketing Campaigns
7. Seasonal Campaigns
8. Government Schemes promoted via space
9. Festival challenging offers
10. Bank (Official Statements to be made public e.g. defaulters etc.)
11. Jewellery
12. Electronic gadgets (mobiles, washing machines...white goods)

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