

No logo

Empty billboards are a glaring reflection of the international economic slowdown, [Niveen Wahish](#) reports

Not so long ago stood colourful ads of all shapes and sizes advertising everything from fizzy drinks to underwear, today stand lone empty billboards, glaring uncovered neon lamps or just phone numbers inviting onlookers to "advertise here".

These are not hallucinations, nor are these billboards under maintenance. The reality is, as the international economic slowdown is making itself felt, advertising budgets are the first thing being sacrificed.

Assem Khalifa, head of the Outdoor Advertising Division of Al-Ahram Advertising Agency, registered a 25 per cent drop in demand for outdoor advertising. "Companies are worried; that is why they are holding back on spending," he said.

But Khalifa is not put off. He has been through similar slumps before. To survive, he said, advertising companies offer bargain deals to encourage clients, giving them more value for their money with schemes such as an extra month of free advertising. What is important to Khalifa is to make sure the billboards do not stand empty because fees are being paid anyway for these billboards.

More importantly, Khalifa says that it is important for advertisers to maintain their brand image. "Even if business is slow, it is not advisable to write off the advertising budget altogether. Companies should maintain their brand in the subconscious." He reminisces that in the late 1960s and during the 1970s, Coca Cola was not allowed into the Egyptian market, yet the company kept advertising. "And when the market was opened up, people were ready to pick it up." He is certain if companies start having more confidence -- if fear of the future is gradually dispelled -- the situation will improve.

Billboards are just the tip of the iceberg. May Abdel-Asim, managing editor of *What Women Want*, has seen advertising spending drop by 60 per cent in her monthly magazine. She lamented that some of her annual contracts got cancelled. Even the companies that do not have financial problems, she said, have cut back on advertising just because it is the trend. "April was the worst. In May things improved slightly. Things may pick up more as the summer approaches. However, the outlook remains unpredictable," she said. In her opinion, when it comes to downsizing advertising budgets, "print is the first thing that gets scrapped."

"The 60 per cent drop in advertising that we are witnessing is not eating into our profit, but into our very existence," Abdel-Asim said, explaining that as a relatively young magazine they are not at a stage in their development where they have started making profit yet. "Whatever we gained in the past two years, we are paying now to be able to sustain ourselves and to make ends meet."

Abdel-Asim believes that advertisers need to realise that "we are all in the same boat," and that "no one will benefit if the ball stops rolling and we go back in time when there were only a



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couple of players in the market, be it manufacturers or advertising agencies."

Dalia Wahba, communications and development director of CID Consulting, works closely with her client companies to develop marketing strategies. She is seeing a reallocation of marketing budgets. "Companies may be cutting on adverts, but they are diverting the rest towards better targeted communication and reaching out to their audience in a more efficient manner through digital media for example." Furthermore, she says, companies are deciding their advertising budget quarter-by-quarter and based on the achievement of preset targets. However, she says, companies in the process of creating brand awareness cannot cut their spending; they are investing in the future.

Hisham Ezz El-Arab, marketing director of Danone Egypt and chairman of the marketing committee at the American Chamber of Commerce in Cairo, says that his company's advertising spending has not changed. He strongly believes that "marketing is an investment opportunity in times of recession. It is a way of increasing one's market share." Ezz El-Arab explained that in a downturn consumers make tough choices and are forced to make more brand loyalty decisions because they have less money to spare.

According to Ezz El-Arab, research data on the fourth quarter of 2008 and the first quarter of 2009 has shown that durable goods, automobiles and banking are the most affected industries, and accordingly so has their marketing been affected. Household products, personal hygiene products, and food products are less hit.

Research has also shown, he says, that advertising in print has been affected because banking institutions, automotive companies and the government are the biggest clients for print advertising. These three sources have all been affected by the economic slowdown. Moreover, some of the largest newspapers have raised their prices, which was not a "business oriented move". But TV advertising, he says, remains quite strong, especially since most channels did not raise prices to be able to weather the economic storm.

But regardless of the industry, Wahba believes that the crisis is helping companies realise that marketing is not about advertising alone and that there are other creative ways of better customer communication. She also believes the post-crisis period will see more competitive pricing because traditional mass advertising will have to prove its worthiness.

Abdel-Asim agrees that the crisis will help streamline prices. "The days of overspending are over," she says, adding that to attract clients "prices are being dumped. And once prices fall, it will be very difficult to raise them again."

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