Global recession a catalyst for change in the advertising industry

The downward spiral of the global economy is having some serious implications for the advertising industry, says Steve Henry, co-founder of London-based advertising firm Howell Henry Chaldecott Lury (HHCL).

Indeed, Henry is convinced the industry is at a watershed, as it is going through an extraordinary time of change and challenge – one like never before.

The global recession, he says, has started to get people thinking about greed and excess; that if the rest of the world were to consume at the same rate as the US does, we would need four planets to sustain ourselves.

“In advertising, we’re here to fuel demand – which is a good thing. It isn’t … maybe advertising has created unsustainable over-demand,” he says.

“People are getting fed up and bored with consumerism. For the last 20 years in the UK, people have filled their houses full of stuff, but they were not really happy. People wonder what’s going to come after consumerism. Capitalism doesn’t seem to be the final answer,” Henry told INSEAD Knowledge on the sidelines of a Singapore Institute of Advertising conference.

What he thinks will happen – and is already starting to happen – is a shift towards anti-consumerism, given that the recession is a response against excessive consumption, which he says has been “rampant” for several years.

But with consumerism changing, so too will advertising. Henry explains: “Advertising is so inherently tied in with consumerism and capitalism. As the public mood shifts away from that, what are the implications for advertising? I don’t know what the answer is, but I think what it’s going to be about is advertising understanding the notions of appropriate consumption and building brands that really understand that and understand the notion of appropriate consumption as opposed to excessive consumption. That is essentially an anti-capitalist sentiment. I think the anti-consumerist movement is going to get bigger and bigger.”

“But it’s a difficult concept because essentially advertising is there to provoke demand. If you start asking the question ‘is that demand that advertising provoked? Is that sustainable?’ then that pokes the question right at the heart of advertising.”

The digital age has also thrown a spanner in the works for the advertising industry. The internet, Henry says, has had “massive implications” for the industry, though surprisingly not enough people in the industry have embraced ‘new media’. “The advertising industry has resisted change, at great cost. We’ve seen massive change in the last 10 years, and the industry needs to embrace that.”
He adds that while the traditional media have served the advertising industry well in the past, the problem is that this pre-supposes a captive audience. “We’re seeing the erosion of that captive audience through technology like Sky+ (in the UK), on-demand viewing and the rest of it. So the new media has, and will, fundamentally change advertising.”

Henry says he never believed there was ever a captive audience. He says that when he took a short break from the industry, he saw how advertising was really perceived. “I realised how real people looked at advertising – which is that they don’t. Real people walk past posters.”

So is traditional advertising dead? Henry seems to think so. “It’s dying, very simply because there is no captive audience anymore. Technology means we can avoid advertising. Therefore we are to engage in a new way.”

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