

Singapore Government

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**SPEECH BY MR. PETER CHEN, SENIOR MINISTER OF
STATE FOR TRADE AND INDUSTRY, AT THE SECOND
SINGAPORE INTERNATIONAL ADVERTISING CONGRESS,
27TH OCTOBER 2000 SUNTEC CITY BALLROOM 2, LEVEL**

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Mr. Gerry Pereira, President of the Institute of Advertising
Singapore,

Governors and Council Members of the IAS,

Distinguished speakers and guests,

Ladies and gentlemen,

It gives me great pleasure to be here this morning, at the 2nd Singapore International Advertising Congress.

Introduction

1 First of all, let me congratulate the IAS for assembling such an impressive group of management and creative talent from the regional advertising, marketing and communications industries.

2 I would also like to welcome The Research Alliance, whose members have come from North America, Europe, Asia and Australia to be with us today. Given the importance of market research to successful advertising, it seems most appropriate that the World Meeting of the Alliance should coincide with this Congress.

The Advertising

3 There are currently more than 80 advertising agencies registered with the Association of Accredited Advertising Agencies of Singapore. Total advertising expenditure in Singapore in the first eight months of this year was \$959.9 million -- 29 per cent more than in the same period last year. Capitalising on such strong growth, Initiative Media, one of the world's biggest media specialist company opened its regional headquarters in Singapore just two weeks ago. The development in advertising industry will further strengthen Singapore as a services hub.

4 Singapore's advertising industry is unique in that the print media enjoys a two-thirds share of the nation's advertising expenditure, with the remaining accruing mainly to broadcast media. By contrast, in the US, the advertising expenditure

through broadcasting media is more than twice that through magazines and newspapers. The advertising industry in Singapore is thus still riding on a very tried-and-tested model of paper-based advertisements.

5 Nonetheless, changes are taking place that could alter the nature of the industry in Singapore dramatically. The opening up of the local media industry in Singapore has fuelled the level of competition in the media industry, and led to an increased number of TV stations and daily news publications such as *Streets* and *Project Eyeball*. All of these new businesses are competing for advertising revenue, with some doing better than others. Last year, for instance, we saw an increase in the television media's share of advertisement revenues.

Advertising revenues for television grew by 29 per cent, while that for newspapers grew at a slightly slower rate of 24 per cent.

6 In addition to the increased competition from broadcast media, the onset of new technologies like interactive media and the Internet also poses new challenges to the printed press as the dominant advertising media. With ever increasing global advertising expenditure going to Internet advertising, the dominance of traditional media for advertisements is slowly being eroded. The Internet provides exciting new possibilities and opportunities to advertising companies not previously available through traditional media like print and even broadcast.

Challenges Facing the Advertising Industry

7 The Internet knows no international boundaries, surpassing even the broadcast media in its potential to reach out to customers in all parts of the world. It is also interactive unlike

traditional print and broadcast media. This allows for the integration of functions such as online customer surveys, provision of information on demand to customers, mass customisation to meet individual needs, and even sales transactions.

8 These new capabilities force a change in paradigm for the advertising industry. Whereas in the past advertisements bring more customers to the product, they can now bring more products to the customers. With the multitude of television and cable channels, magazines titles and web pages that fight for the attention of consumers, advertisers need to work out a way to engage the audience. This aspect is as important as how you create and present the marketing messages.

9 However, advertising companies in general do not distinguish themselves from their competitors through ownership of proprietary technology. Rather, they often do so through their ability to value-add when developing new advertising concepts for clients. While in the past, the advertising companies would simply develop an advertising concept based on briefs provided by the clients, today, successful companies have to assist their clients in long-term strategic planning for product branding, and examine how the clients can best make use of the various different media to advertise their products.

10 With all these new developments and business models, the advertising industry's demand for skills and creativity has seen tremendous growth. There will be expansion of competencies in advertising companies when they embrace new technologies and changes in the industry. This is a phenomenon that is common to many other industries as we move into a knowledge-based economy.

11 To meet the manpower needs of this new economy, the government has placed great emphasis and resources in developing our local manpower. We are investing resources in training for the workforce, and reinventing our education system to focus more on creativity, so that the next generation of Singaporeans would be better equipped to meet the fast changing needs of the new economy. Several tertiary institutions already have communications and design courses. In these institutions, the course on mass communication is the most competitive and get a fair share of the best talent. At the same time, we welcome foreign talent to work or do business in Singapore. They not only bring in knowledge and expertise to the industry, but help to stimulate new ideas in working with our local talent.

Singapore as Asia's Advertising Hub

12 Almost two years have passed since the Asian Financial Crisis. Most of the regional economies are steadily recovering. Collectively, the East Asia and Pacific region registers a positive impressive economic growth of 6.4% in 1999. On an average, the ASEAN economies are likely to hit a growth rate of 4.8%. With the economic turnaround and advent of the New Economy, the industry anticipates strong growth in advertising. The rise of e-commerce will further fuel this growth.

13 Singapore's current advertising expenditure of \$1.4 billion represents only 0.9 per cent of our GDP. In comparison, Hong Kong's advertising expenditure stands at 1.5 per cent of GDP. Clearly, there is room for expansion for the local industry.

14 Singapore is today a premier communications hub for the region. We have excellent telecommunications infrastructure and a highly educated workforce. Many MNCs have set up their

headquarters in Singapore, or use Singapore as the launching pad for expansion of their business into Asia. This provides the critical mass essential for the growth of the advertising industry.

15 Advertising is all about communications through creativity. Singapore is a multi-racial, multi-lingual and multi-cultural society, where spectacular cultural exchanges often crystallise and then explode into something new. This is the very hotbed of innovation, creativity and vibrancy. With the gradual liberalisation we are now witnessing in the local media industry, we can expect greater innovation, creativity and vibrancy in this sector. As the IT Age approaches, the advertising industry can further sharpen its competitiveness edge by leveraging on the high standards of IT professionals and network in Singapore. Successful advertising has become a fusion of both art and science.

16 Singapore is a global city, well connected to the world. We are the gateway to both the East and the West. These favourable factors made us a major international service hub. This has certainly attracted many internationally renowned media research companies, which have begun to locate themselves in Singapore. I am sure more will arrive.

17 The trade associations of the advertising industry and the IAS, for their part, must continue to meet the challenge of upgrading the skills of advertising practitioners. The government's open immigration policy will facilitate the industry to attract the best foreign talent to work here to grow the industry. We are confident that the advertising industry will develop in strength and Singapore can become Asia's new advertising hub.

Closing

18The theme of this year's Congress is "New Age Creativity; Cutting Edge Artistry and Imagination." It is a powerful theme. Creativity is a key element for success in your industry. It can only be developed if we have the right environment. The guests and speakers who are gathered here today represent some of the world's finest practitioners in the art of creative selling. By putting the best minds in the industry together in the same room, we have created the environment for learning and sharing. Hopefully innovative ideas will flourish, get bounced around, and multiply.

19I trust that everyone here will participate fully in the discussion and exchanges. I am sure that you will find the experience both fruitful and exhilarating. For your overseas delegates, we hope that you will enjoy your stay in Singapore. And what you see here is exactly how we have advertised.

20Thank you.

National Archives of Singapore