

BRAND EQUITY

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Having spread their tentacles into business planning, marketing strategy and even creative content, media agencies are no longer the poor cousins of their creative brethren but are now the marketer's blue-eyed boys.

BE plunges into the media ocean and swims along side the big fish

Harish Narayanswamy

A FEW weeks ago media agencies were finally recognised by the apex body of Indian advertising, Advertising Agencies Association of India (3A's of I) and granted full memberships. A full fifteen years or so since they came into existence. This might have been cause for media agencies to celebrate for after all publicly they have welcomed the change. However, in private most of them will tell you that they don't give a damn about such recognition. The only recognition they care about is that of their clients. Remarking on this largesse, one amused media head said, "As always creative agencies seem to be behind the curve, clients recognised us as equals almost five years ago."

And it is in this observation that the changing story of Indian media agencies lies. Today, more so than ever before, marketers are leaning on their media agencies to help plan and execute marketing strategy. As the market grows bigger and more complex and media becomes more and more fragmented, marketing spends are rapidly expanding. So much so that marketing expenditure is among the four largest items of expenditure on corporate balance sheets. Punitha Arumugam, Group CEO, Madison, puts it succinctly when she says, "Of Rs 100 the client spends on advertising, about 3% is spent on producing the creative, while the balance 95% is spent on the recommendations that the media agency makes."

In such a scenario it's only natural that marketing directors are spending a lot more time with their media counterparts rather than their creative counterparts. Shashi Sinha, CEO, Lodestar Universal, who up until 2005 worked with a creative agency, says that chances are he gets to meet the business head maybe four to five times more often than the leadership at the creative agencies. This is a fact borne out by many of the marketing heads who say that media agencies today are integral not just to the communication mix but to the overall business plan. Media agencies have been quick to grasp the opportunity and retool themselves accordingly.

Cross Hats on Pg2 →



**Divya Radhakrishnan,
TME**



**Shashi Sinha,
Lodestar**



**Divya Gururaj,
MediaCom**



**Jasmin
Sohrabji,
OMD**



**Ravi Kiran,
Starcom**



**Ajit Varghese,
Maxus**



**Punitha
Arumugam,
Madison**

**R Gowthaman,
Mindshare**

THE GRANDMASTERS

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According to R. Gowthaman, leader, Mindshare, India's largest media agency, the company no longer sees itself as a media outfit. "Our stated vision," he says, "is to be the marketing spine for our clients and their lead business partners." Much of the retooling though has been at the behest of clients who were the first to realise that media agencies could do a lot more of business thinking and pushed them in that direction. Opines Ravi Kiran, CEO, Starcom MediaVest, "Client realisation that better usage of data and non-classical media options can drive business results meant that media agencies started being asked business questions." From once being given 10 minutes to make their case to today being asked to pitch in to help formulate annual business plans, media agencies have expanded rapidly. Another change that is taken place, seemingly under the radar, which puts media agencies in a better position to be business partners than their creative siblings, is the 'umbrella' status. That is while a multi-brand client normally has multiple creative agencies it will have only one media agency. This means that only the media agency is cited in the big picture or the overall priorities of the marketer. Jasmin Sohrabji, managing director, OMD, says that she was both flattered and felt vindicated when recently a key client asked OMD executives to be part of the annual business planning exercise for the company. The advertising agencies on the roster were not invited to this party. Ditto with Divya Radhakrishnan, president, TME, who tells us that recently she met an MNC looking to come up with a new brand. TME to work on its entry strategy. The client's rationale was that the creative would come from abroad and media agencies have a better understanding of the competitive landscape.

Media agencies believe that the change in status is one they have worked hard to achieve. For most part they argue that unlike the advertising business, which still remains mired in the 30 second mindset, the media scene is constantly evolving. Some like Divya Gururaj, managing director, Mediacom, believe that media professionals live in a world that is constantly in flux. She

Since creative's not our core proprietary, we are able to get neutral

Ajit Varghese, MAXUS

points to OTX, Internet and social networking as just some of the major developments that have taken place in the last three years, which have redefined the media landscape. Says Gururaj, "I don't think that clients have become more demanding. It is more to do with change. Since we are seen as the specialist clients expect you to be on top, if not ahead of the curve. And in order to be on top, I'm ahead of the curve. And in order to achieve that you have to be a superman or superwoman!" Many media heads believe that media agencies are far more evolved in the way that they understand the medium much better than their creative counterparts, who for example see TV merely as being an 'ad break'. Says TME's Radhakrishnan, "Media agencies were all about OTS (Opportunity to Sell) till a few years back. Today they are all about OTX (being experience)". Radhakrishnan believes that once a campaign is created by an ad agency it runs for a fairly long time. In the interim though the marketer still has numerous tasks at hand for which he turns to the media agency. For media agencies are more task-driven, in that they begin by asking clients "What do you want to achieve?"

And it is here the big change has taken place. Today a client running a single brand commercial could have totally different marketing objectives for different regions and more often than not it is the media and not the creative agency that can help achieve them. Mindshare's Gowthaman be-

Message creation is no longer the sole prerogative of the creative agency

Divya Gururaj, MEDIACOM

Checkmate

The one point where creative agencies can stick it to the media agencies is remuneration. No matter how equal marketers might consider media agencies, they remunerate creative agencies on a much higher scale. Most media agencies believe that this is a legacy problem and it is a matter of time before marketers begin to correct the anomaly. Mindshare's Gowthaman says that while there are

In any industry you can't stop people from selling their wares cheaper

Jasmin Sohrabji, OMD

Because We Are Worth It

clients who pay higher commissions or have fee structures to reward performance, for many clients, media agency remunerations are determined by the historical precedents. For many media bosses the problem is that clients are demanding a lot more than what they are willing to pay for. Which means that while media agencies are constantly being forced to spend more to keep up with the demands, the remuneration is not keeping pace. Says Sudha Natrajan, president and COO, Lintas Media Group, "We make serious attempts in understanding the relationship between media cost inputs and the response for the same, in terms of consumer perceptions, same, in terms of consumer perceptions, health of brand awareness, or in some cases, even brand sales. Hence, it is my perspective that media agencies are not being remunerated currently to the extent to which they input into brands."

Shashi Sinha believes that part of the problem is that media agencies are under monetised and under leveraged as a business. He says, "For some reason they (creative) get paid a lot more for the intangible value they deliver, than we do for the tangible value we deliver." On the whole though most media heads we spoke to believe that clients do pay above the market rate for value delivered (though they do think they should be paid on par). Manu's Varghese believes that it is imperative that clients remunerate those agencies better who add value to their business' thoughts or challenge status quo. Says Varghese, "Proven performance and record in the market place is something

leaves that increasingly marketers are realising that "this media is where the rubber hits the road." The multiplicity of what he says, means that media agencies are constantly looking to new ways and means to achieve client ends in a cost effective way. Observes Gowthaman, "Gone are the days when we were waiting for tapes from the creative agency. Today we are well ahead of them. Their refusal to accept this

clients should encourage. If all of us agree that media agencies can make a huge difference to brand's topline and bottom-line, why pay them the lowest?" Madison's Arumugam perhaps put the argument in perspective when she says: "The query to address here is whether the premium for addressing a "WHAT TO SAY" is worth 5 times what the media agency earns?" She along with Mediacom's Gururaj advance the argument that an increase in budgets always means a higher workload for the media agency. Which in turn would imply that marketers need to relook at the rates they are willing to pay for the agency services. However, many believe that the fault lies partly with the advertising industry and not with the clients alone. Arumugam says that she has clients who admit that the media agencies should be paid more but who point out that it was the advertising industry which valued their services at the 2.5-3.5% that they currently get. Besides the above the industry leaders

also admit that there is fierce undercutting that agencies resort to in order to win business. They believe that this needs to stop. However, some like OMD's Sohrabji, who while believing that remuneration should increase, think that undercutting is a way of life. She argues say that in any industry you can't stop people from selling their wares cheaper and if there are agencies which can make money at those rates then why blame clients. Radhakrishnan, who believes that media agencies are under-valued believes that media agencies are under-selling themselves perhaps makes the

Today we are well ahead of creative agencies. Their refusal to accept this is ostrich mentality

R Gowthaman, MINDSHARE

most compelling argument for a change when she says, "When we came into being the inputs we give clients was perhaps 1/6th the value. But now everything has changed and given that surely it's time for a relook."

nothing but an ostrich mentality." And he is bang on target when it comes to the new focus being made by media. Today, perhaps the greatest factor working in the rapidly growing stature of media agencies is the fact that they are 'creative neutral'. What this means is that they are not biased towards any one type of creative over the other. As Varghese, MD, Maxus, believes that media

Creatives get paid a lot more for intangible value they deliver, than we do for tangible value

Shashi Sinha, LODESTAR

people, because all their closeness to the media and hundreds of people they meet from the media owners side, have the width of shading and borrowing ideas from so many minds. And so media guys mesh the creative insights media knowledge. Contends Varghese, "Since it's not our core proprietary, we are able to act neutral and concentrate on how best to reach the audience better and what can improve ROI's." OMD's Sohrabji and Lodestar's Sinha take the argument further pointing out that creative is no longer the domain of just the ad agency. Increasingly, they say, creative solutions come from TV channels, film makers, radio jockeys and what have you. Says Sohrabji, "Very often clients brief us on say a radio activity, we talk to the radio station and the deal is done." The point is further amplified by Mediacom's Gururaj who argues that message creation is no longer the sole prerogative of creative agency. She cites the example of Gillette's Mach 3 where every year the creatives on the brand had been changing but with no great results to show. The media agency then was drafted in and it worked in concert with a research agency and a radio station. The resulting activity led to a jump of almost 400% in brand trials. Sudha Natrajan, president and COO, Lintas Media Group says that today media agency is the think tank and that today media agency is the think tank and catalyst that puts together strategic alliances between media owners and clients, with the end result of sorting out business/marketing issues for the client. Says Natrajan, "For example, a consumer perception problem in Punjab can be sorted out by understanding the issue, by working out possible solutions and this is done more often than not with the help of specific initiatives with local media owners. Clearly it would seem that media agencies are now increasingly making forays into domains that hitherto were the creative preserve."

It is unlikely that creative agencies would agree with this assessment but then most media people believe that creative agencies are living in denial. They believe that this partly stems from the fact that in India, most media agencies were created as spin offs from the agency and very often reported to the creative agency head. Today however with the scale they are at, most media agencies directly report into their global bosses and have little connection with the creative agency, that gave birth to them. Starcom's Ravi Kiran sums it up well when he says, "Most creative agencies still haven't got the plot. That is why many go all nostalgic about structural re-integration, but they will get back the media department they themselves spun off or even sold, as agencies."

It's a cry that is being heard the world around as media agencies increase their footprint and standing in the marketers domain. The question though is that if such a reintegration should happen whether creative agencies will be content playing the poor cousin this time around?



Punitha Arumugam, MADISON

The media agency today has multiple roles to play:

1. We are a 'Consultant' to client when we aid clients on marketing/communication decisions
2. We are a 'Researcher' to clients when we tell them what works backed by quantitative data or qualitative data
3. We are a 'Creative specialist' to clients when we revert to clients with media ideas/innovations that enhance the brand proposition
4. We are a 'Statistician' to clients when we deep dive into data and develop models
5. We are a 'Negotiator' to clients when we buy and negotiate media
6. We are a 'Operations Research executive' to clients when we streamline processes and procedures to optimise resources and time
7. We are a 'Speculator' to clients when we punt on decisions based on gut feel/instinct
8. We are 'Aggregators' to clients when we consolidate across group companies/brands and recommend solutions

So a media agency has today become a multi-tasking generalist versus playing a uni-dimensional specialist role of a media planner/boy.



Sudha Natrajan, LMC

Today media agency is the think tank and catalyst that puts together strategic alliances between media owners and clients

Sudha Natrajan, LMC

The real debate today is between creative and media any longer. Big consulting companies have seen how their creative value has dropped, now our talent quality no longer compares with that of our client companies and how at least some clients are willing to pay someone who can take charge of the intellectual side of marketing. They have seen our infighting and our lack of self-respect and pride. They have seen our shallowness, represented by our award systems and our obsession to play service, under the garb of customer orientation. They know we have built businesses on ego and personal charisma and they know the vulnerability of that model. They have closely watched our inability to walk away from bad businesses, which we fall prey to under revenue pressure. They are moving in. Most of the big consulting companies and even smaller local companies and individuals now have set up a strong marketing practice. BCG and McKinsey are doing for a hefty fee, what the account planner of yesterday gave away free. Companies such as Deloitte are no longer happy to be just consultants, they are rapidly building capability in activation as well. We may perhaps say that it isn't happening in India yet, and we may be right. We must remember two things however. Since consultants are not used to publicise every single account they win, we may not even know to what extent they are taking over the 'marketing counsel' role agencies took as their birthright. Plus, didn't we say similar things about digital until recently?

Change does not just pass, it sweeps the people who either live in denial or in delusion.

BEWARE THE CONSULTANTS



Ravi Kiran, STARCOM

THE FORCE MULTIPLIER