

BrandLine

THURSDAY, DECEMBER 10, 2009

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Play it again, Sam.

Sam Balsara, CMD, Madison World, says the ad industry should go beyond paying lip-service to the concepts of consumer insight and engagement.

Sam Balsara,
 Chairman &
 Managing Director,
 Madison World.
 -RUSHI GOSAI



VINAY KAMATH

People give him various appellations: 'Lil' the big man' of Indian advertising or 'rocket dynamo', but whatever he's called, Sam Balsara, Chairman and Managing Director, Madison World, is acknowledged as one who has trail-blazed his way through an industry dominated by multinational agency networks. Last month, Balsara was awarded the AAAI Lifetime achievement award for 2009 for his outstanding contribution to the ad industry and his "enthusiastic and willing participation in the agenda of the AAAI, ASCI, Ad Club and development of professionalism in the ad industry". What Balsara has done with his homogenous agency is legion, especially with the rapid MNC-isation of the industry amidst which he held his own and in a 21-year period built Madison into a diversified communication group with 20 units across ten specialised functions with a gross billing of around Rs 2,000 crore. Recently Channu Balsara took time out to speak to BrandLine about the state of the industry, trends and his often despairing view of the way the industry conducts itself and that it is no drawing the right talent. Excerpted.

From the time specialist units appeared on the scene, the ad industry has 'unbundled' its services. But is bundling coming back in the way? Are full service agencies the way to go again?

As they say, the toothpaste is out of the tube and you can't get it back in. But, unbundling has its advantages: It leads to rapidly building up a body of knowledge, creates a cadre of people, proud in the work they do, that allows building up of processes, creates institutions which are able to offer a quality service at a reasonable cost. So, while the key is not on whether the specialisation of unbundling has been good for the advertising industry, there is no doubt that it has been good for the advertiser.

With so many specialist units, what will define the successful ad man? Will he also be from creative or media or the likes?

It does appear that the successful advertising person of tomorrow, in addition to being very good in his chosen field of ad-

vertising will need to possess a high degree of collaborative skills - the person who can collaborate well will be the star of tomorrow and will rise faster than a person who is highly skilled and proficient in his narrow field of specialisation. As the number of specialist units an advertiser has to deal with has increased, a need has emerged for arriving at a collaborative model so that the different units don't pull in different directions. After all the communication message should be unified. One can't be working at cross-purposes. Again, the advertiser at his own end was, in the past, happy bringing it all together, but increasingly he wants to out-source that role as well.

Madison, as an agency model with so many different units - do you present a common face to the advertiser?

Not necessarily, we present different faces. If you see our clients, each of the units has different clients, of course with many overlaps. We don't have too many advertisement clients, our services, sometimes we can use PR plus creative plus media. Or many use media plus PR or a combination. The agency model has evolved in a slightly different manner. There is no going back to the old full agency concept.

But, what are clients demanding?
 The reality is that it is sort of dependent on the size of the client. What a small client wants is very different from what a large client wants. The client who is spending Rs 200-300 crore on advertising, his outlook, approach and need is very different from someone who is spending Rs 1-2 crore. There isn't a future-size-for-all kind of thing. Our structure allows us to mix and match and offer a service that is best suited to an advertiser.

So, do you have an integrator? Are the divisions talking to each other?

They do, but how does that would like them to, that's the honest truth. That's why I see the future successful advertising man will be a good collaborator because I think somewhere, collaboration calls for a slightly higher degree of maturity and understanding, a sense of give and take rather than trying in your own narrow specialised field.

So, would you be the great integrator for Madisons?

In some sense, yes, but there are others

too. And there have to be many more. If a client uses two or three services from our Madison World, they tend to have a stronger relationship with us. For example, if it's media and outdoor, media tends to have a closer relationship, so outdoor can be played through media. So, it's a bit of mix and match. If it's activation and outdoor, then chances are that outdoor will be closer to the client and activation will be provided through outdoor.

How did you evolve this structure?

As you know, earlier Madison was a full service agency. Sometime in 1994-95, Procter & Gamble (P&G) asked me whether the time was right to do a media AOR. I didn't know what an AOR was. Then when the C&S scene heated up in India I thought the time was right. P&G called for a pitch and appointed us. That in a way started the unbundling process in India and our early success in the 'media alone' offering convinced me of the advantages that specialisation has for the advertiser and that's how after media, the creative and specialist units in outdoor, then PR, P&I and mobile evolved and the benefits that can accrue to them made other advertisers sit up and take note of them. The trend escalated fast. It was a culture shock for full service agencies. Till then for them media was a backroom activity. Of course, there were a few media choices then, and it was a routine activity to get a number of such advertising agencies.

What are the big trends you are seeing shaping advertising?

It's clearly one that we need to move away from exposure to engagement to consumer and media insight. I think the unfortunate truth is that more lip-service is being done to the consumer. As the number of publications and channels multiply and at the noise levels increase in the marketplace and the number of competing brands increases, mere exposure is not enough to lead the consumer to a buy decision. The need is more to engage the consumer with your brand or allow the brand to enter into a two-way dialogue with the consumer and then chances are you have won him or her, making in your own narrow brand. It's clearly not enough in this area.

“The major issue likely to hit advertising in the coming years is that of talent”

Sam Balsara on cost-cutting, hiring top-notch talent and advertiser-client relationships.

VINAY KAMATH

Who's driving this change? The agency or the client?

It's a little bit of both. Clients express the need for it, agencies need to develop a proper conceptual framework for it and then need to train their people to implement that and develop scale.

What are the issues and challenges the industry is likely to face in the coming years?

The major issue as I see it that is likely to hit the advertising industry in the coming years is that of talent. And whilst there is nothing wrong in any manufacturer or organisation's desire to save on costs, I think the honest truth is that as costs come down HR costs could go up.

So while you may be able to manufacture a product at a far lower cost today than five years ago, you are doing that on lower raw material costs, and improved manufacturing processes, but individual salaries go up sharply in a developing economy. Collectively your HR costs may go down because your volumes have gone up.

So as an agency the major input cost is only one, people cost. The global trend is that these costs always go up.

Unfortunately, I think some advertisers are making the mistake of wanting to buy advertising and related services in the same way they would buy chemicals or packaging material or whatever. And treat it as a raw material.

Every manufacturer has the drive right to bring cost down and I don't dispute that but somewhere they need to bring in the recognition that this is a creative industry that needs nurturing, that needs love, needs attention, needs fueling because you are not just selling this set of people to come up with ideas to drive your brand and sales.

If you incapacitate the very machinery that fuels your brand by depriving it of fuel, then I think over a period of time, it would suffer. If you put kerosene in your car instead of petrol, it will run for a while but ultimately you are depriving your car's engine. This recognition needs to be brought into every firm.

In the current scenario with the so-called slowdown and tremendous focus on costs I think advertisers are making the mistake of cutting the good with the bad.



Sam Balsara, Chairman & Managing Director, Madison World

BY VY KAMATH

cut from the best business schools like it was earlier, while your clients are, isn't advertising paying enough to hire the right talent?

When I joined advertising from marketing we were hiring people from the IIMs, Jamnalal Bajaj and the like. When the advertising industry has multiplied in size we are not able to whereas the clients are continuing to hire the best talent at market prices.

There was a time when both the client and the agency went to the same institute but for the last several years only the client has been going.

That's because a lot of industries have

were to undertake cost-cutting it has to cut down on its HR costs and that then becomes customer productivity and affects the quality of its product.

It's a vicious downward cycle and only the advertiser has the gear in his hand to either drive it upwards or downwards.

What's the dialogue that the ad industry is having with the industry?

We have not had much dialogue at the advertisers are of the view that this is between an individual agency and the client but I would beg to differ there. I must also mention that the other aspect that fuels this downward spiral, if I may call it, is the agencies' weakness for growth and acquisition of new business.

Agencies go crazy trying to get that eye heading in the papers that "XXX wins this account" that for that one day of glory they are shouting themselves in the dust.

Also, I think, in my view, one of the issues the ad industry is obsessed with is growth for the sake of growth. Not profitable, respectable and sustainable growth, but growth at any cost.

I think if the advertising industry as a whole grew by 12 per cent, every agency wants to grow at 20 per cent.

At a macro level, you will agree, this is not possible, in the bargain the advertising agency is kind of becoming meopic in offering its services at a lower cost to bag the business but in the long term it's depriving the industry of much-needed fuel which actually helps grow the industry.

According to me, the only way our 20,000-cruze industry can double is if the value of goods and services that our clients sell doubles. It's not going to increase by advertising agencies charging less nor improve by media rates going up.

An advertiser does not increase his budget because the media hikes its rates or agencies drop their earnings - advertising budgets are by and large decided on economic considerations based on a number of factors, the primary one being rates of sales.

The very thing that can trigger sales is the quality of advertising and therefore, I feel that the people responsible for creating and managing it must be nurtured and fuelled so that they can come up with more powerful ideas and there are resources enough so that they can come up with ideas to do their jobs and not desert from the hip.

Somewhere this whole cycle must be deeply understood by the advertiser.