

The Media Agency of **Tomorrow**

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Chairman – Madison World

Thursday October 6, 2022

Origins



1968

France



1980

USA



1995

India

UNBUNDLING



**“The toothpaste
has left the tube
and it can’t be put
back.”**

Sir Martin Sorrell

The background is a solid red color with a halftone dot pattern. Two diagonal lines, one from the top-left to the bottom-right and one from the top-right to the bottom-left, intersect in the center. The halftone pattern is denser in the corners and sparser in the center.

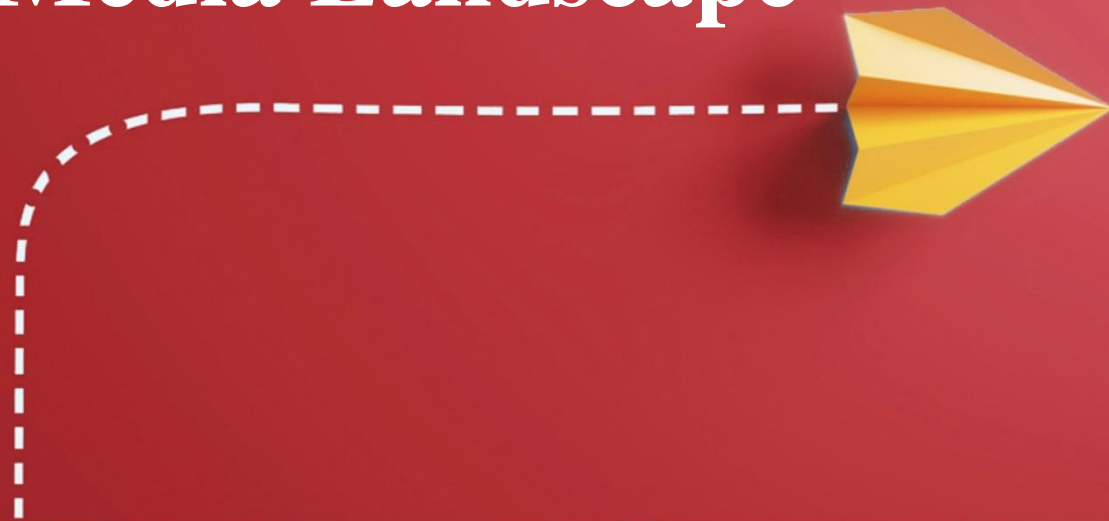
Growing importance of Media Agencies in A&M

**Media Agencies
keep pace with change in
Media Landscape and
Advertiser needs**

**Will the
Media Agency of Tomorrow
continue its pre-eminent position
in the A&M Industry?**

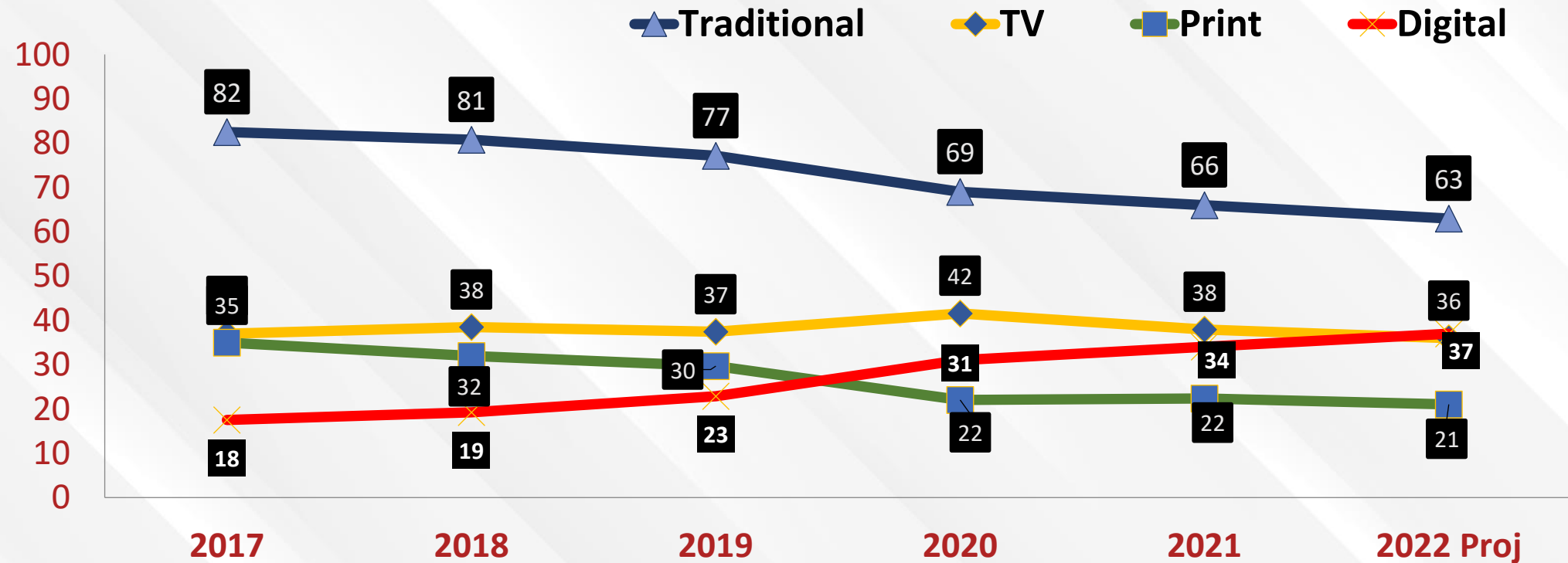


Dramatic Changes in Media Landscape



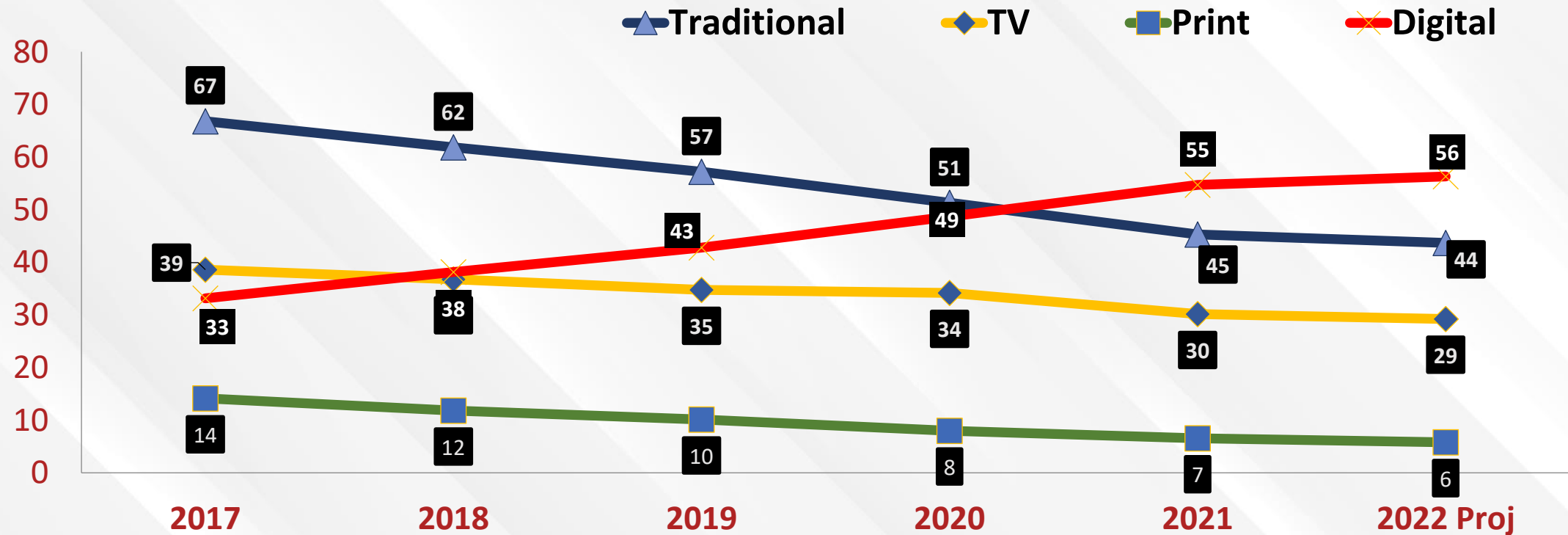
Traditional vs Digital media share in India

% Share



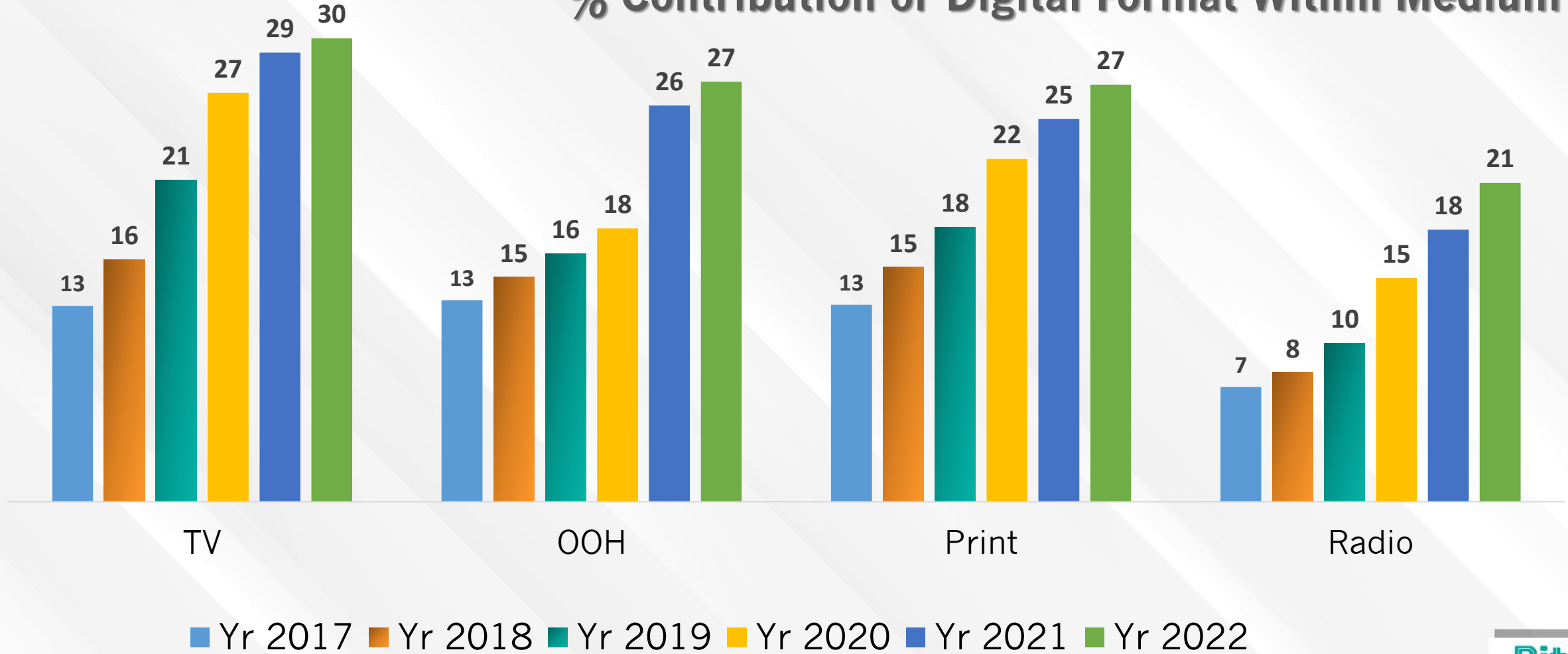
Global Traditional vs Digital media share

% Share



Global Share of Digital Format across Medium Increases YoY

% Contribution of Digital Format Within Medium



Source : WARC

PULL



Awareness

Leads - Conversion

PUSH

• **Traditional Media - simple**

• **Digital Media - brought **complexity**
into the Media Agency**

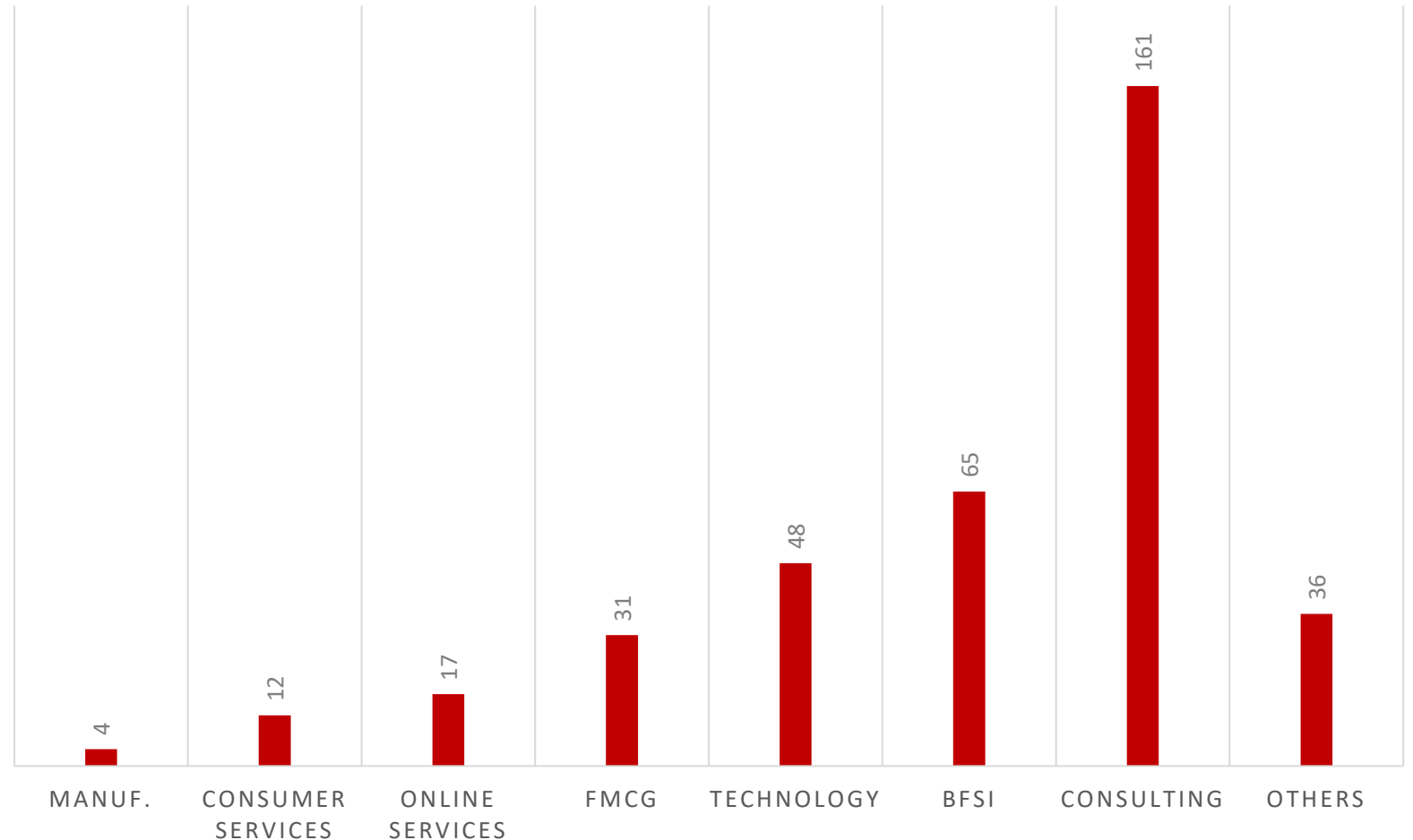


**What should
Media Agencies do**



Business needs top notch talent. Yet, missing at placement season of tier 1 Institutes

NUMBER OF JOB OFFERS AT INDIAN INSTITUTE OF MANAGEMENT, AHMEDABAD - 2021



Source: PGP Placement Report

- **ICS**
- **IAS**
- **TAS**

- **Time for MAS**

Need CXOs who understand

- **Branding**, how it works
- **Brand Finances**



Alongside
communication
specialists
we need

Need a mix of Math men and Mad men



Data specialists



Data Scientists



Martech Professionals



Content Creators

Engineers

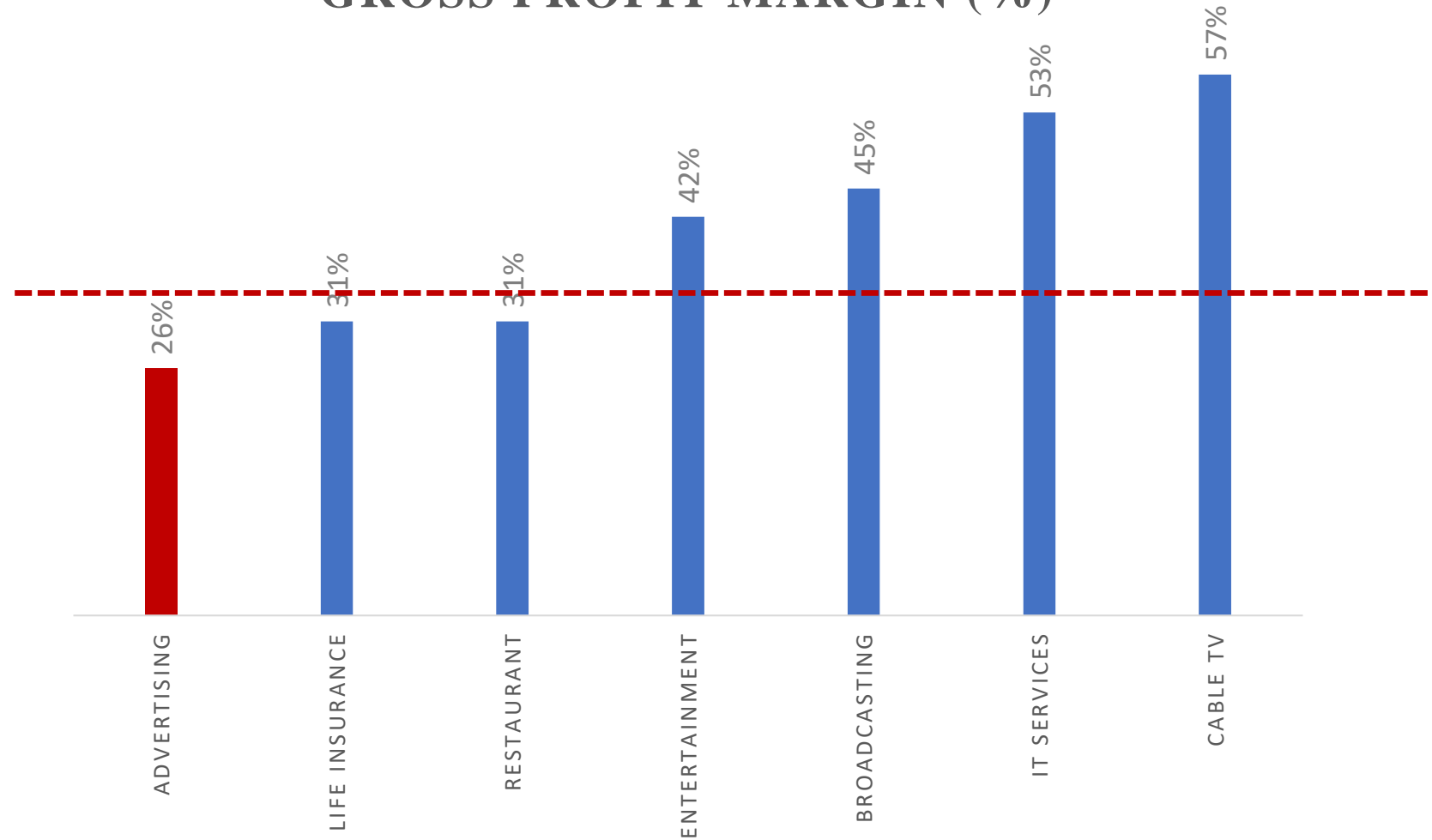


• More **COWS**

• Less **Milkmen**

Advertising Business garners lower Gross Margins when compared to other service sectors

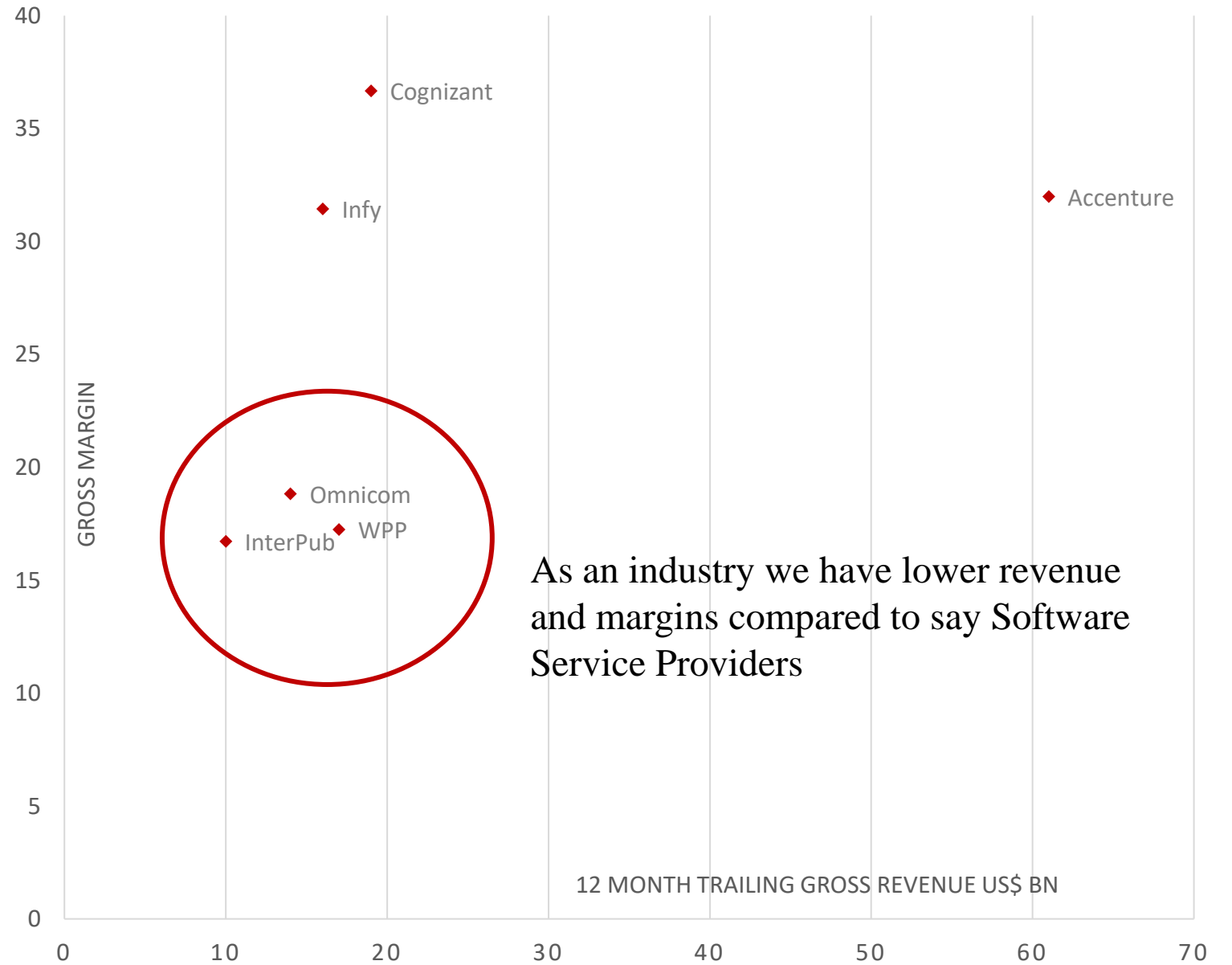
GROSS PROFIT MARGIN (%)



Source: [Stern University](#)

Lower
Revenues

Lower
Margins



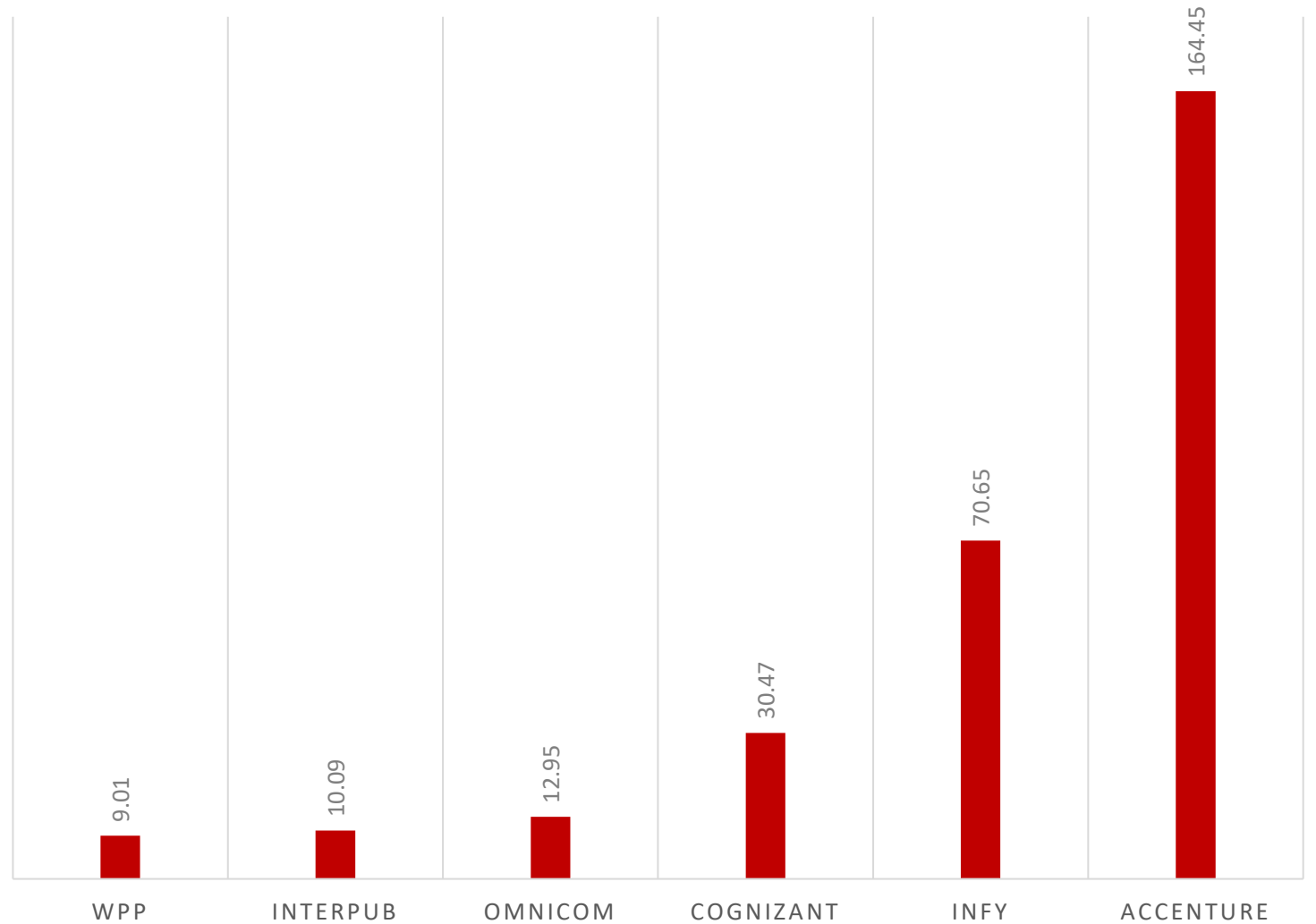
As an industry we have lower revenue and margins compared to say Software Service Providers

12 MONTH TRAILING GROSS REVENUE US\$ BN

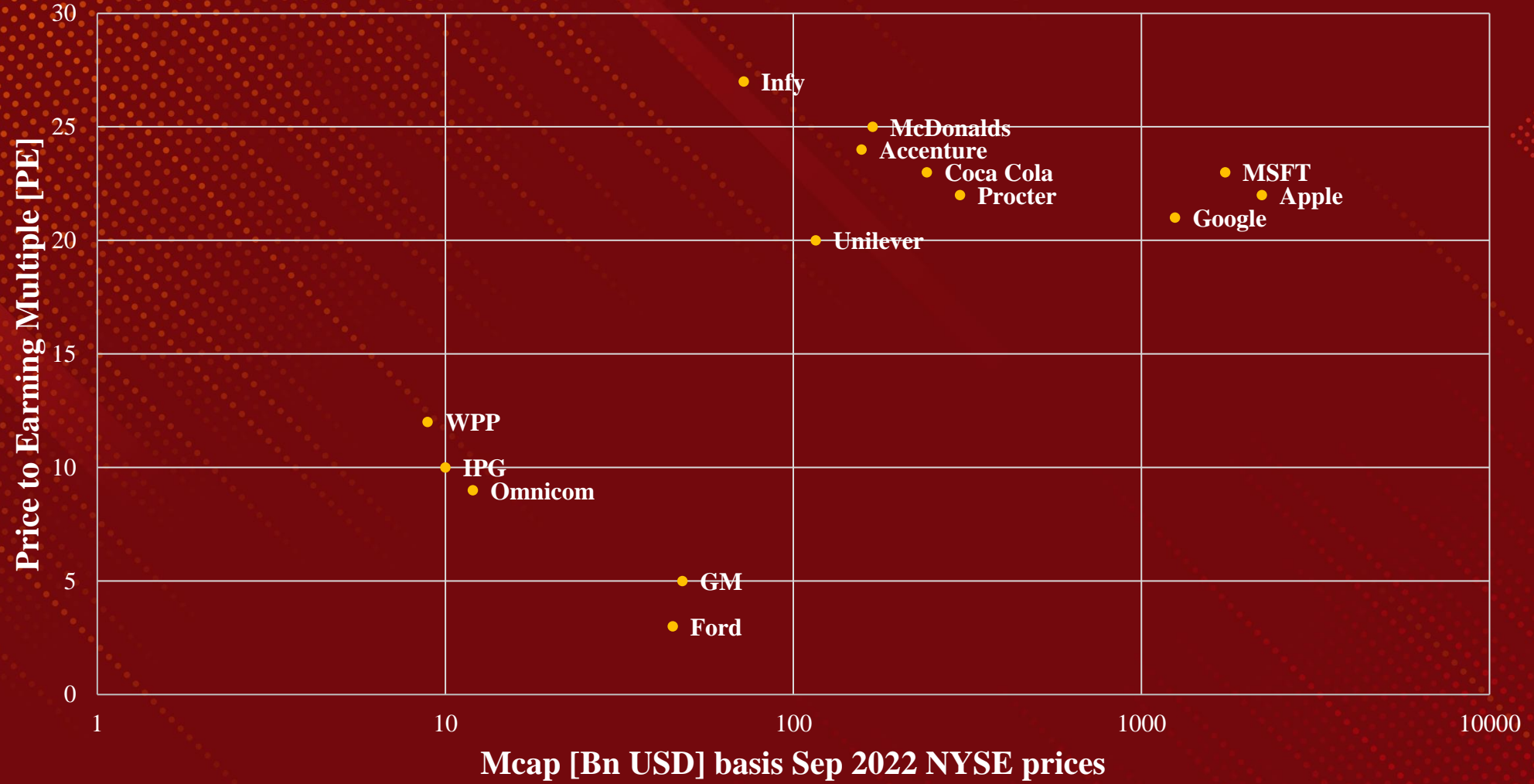
Source : NYSE

Market cap of
Ad Agency Groups
is lower than say IT
service providers

MARKET CAP [USD BN]



M-Cap & Price Earning Multiple





**Use scarce human talent only
when *technology* can't help**

- **Insights - through quantitative and qualitative studies**
- **Insights - through Data mining**

Brands which
mine customer
level data
dominate

Top 10 Most Valuable Brands

2007	2017	2022
Google	Google	Apple
General Electric	Apple	Google
Microsoft	Microsoft	Amazon
Coca-Cola	Amazon	Microsoft
China Mobile	Facebook	Tencent
Marlboro	AT&T	McDonald's
Walmart	Visa Inc.	Visa
Citigroup	Tencent	Facebook
IBM	IBM	Alibaba
Toyota	McDonald's	Louis Vuitton
7	10	10
Companies with customer level data is marked Peach		

Local Insights are key

Thums Up becomes a billion-dollar brand

PTI • Last Updated: Feb 10, 2022, 10:46 PM IST

Synopsis

Brand Thums Up was launched almost 45 years ago in 1977, after Coca-Cola had exited from the Indian market after the then Morarji Desai government had directed it to reduce the ownership stake of its Indian operation.



Desi soft drink brand [Thums Up](#) has become a billion-dollar brand in 2021, global [soft drinks](#) major The [Coca-Cola](#) Company, which owns the brand, said.

"Our local Thums Up brand became a USD one billion brand in India, driven by focussed marketing and execution

Thums Up was acquired by The Coca-Cola

- “A good agency is a small agency with a few large clients”
- **Large is wonderful**
- **Scale up**



An illustration of two stylized business figures in blue suits and yellow ties running towards a large, glowing yellow lightbulb. The lightbulb has a white filament and several small white stars around it, suggesting an idea or innovation. The background is a dark red color with a pattern of small white dots.

Mergers?

#4 Learn to say “No”!



General Electric was among the first western companies to work with Indian software firms.



GE worked with several vendors, including Infosys, and would constantly renegotiate billing rates by playing one against the other.



By 1994, GE accounted for almost a third of Infosys’ revenues. Yet Infosys refused to work on new rates



Courageous move saw Infosys reap better margins than most of its competitors over the next decade and a half.



GE still does work with Infosys



Outcome

Not Output

Digital has improved access to Advertising to a large number of Businesses

Google India Ad Revenues as recorded by credible sources

Advertiser tier	Number of advertisers	% Column	Revenue [INR]	Revenue contrib	Spend/Advertisier [INR]
Tier 1 Advertiser	250	0%	6,720	42%	26,88,00,000
Tier 2 Advertiser	35,000	1%	3,360	21%	9,60,000
Small business	5,00,000	16%	2,880	18%	57,600
Micro Business	25,00,000	82%	3,040	19%	12,160
	30,35,250	100%	16,000	100%	52,714

Media Agency
Marketing Agency

Marketing Consultancy

Thank you!