

Business Line, Delhi

19 May, 2017

Page No. 02

Some see them as fulfilling specialised needs, while others see it as limiting access to a larger pool of talent

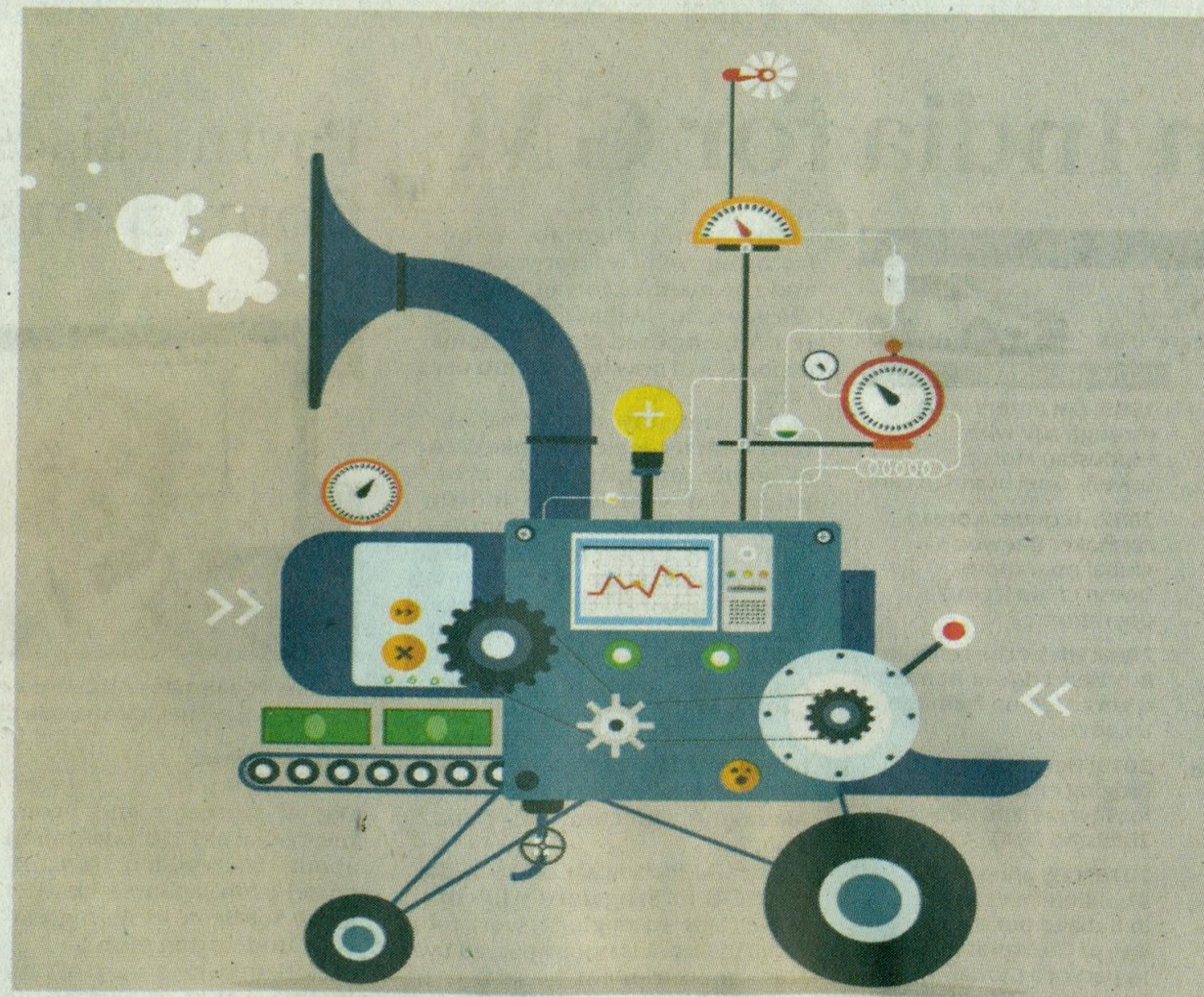
Do startups need dedicated ad agencies?

SRAVANTHI CHALLAPALLI

In recent weeks, two major advertising agencies announced the launch of divisions dedicated to startups. One was DDB Mudra West's Karma and the other was FCB Ulka's Bushfire. While they say separate divisions can give startups the quick solutions they need, others think it is just a matter of adjusting one's mindset and getting on with the work.

Everybody *cat.a.lyst* spoke to emphasises the importance of startups needing solutions fast as their go-to-market time is short. Rohit Ohri, Group Chairman and CEO, FCB Ulka, says it requires agencies to work differently. With a large client, such as a multinational company, there is a lot of input needed, and much back and forth as ideas and actions have to be approved at various levels. "In a startup though, often, the founder and the CEO are the same person. Then, the founders tend to sit in on all meetings, unlike what happens with large clients where we spend a number of man hours. It's a much leaner process."

Theoretically, a regular agency should be able to deal with startups too, but that's not happening, says Sanjay Panday, Business Partner, Karma. Startups need ideas to drive business and market share very quickly. Customer acquisition, and not brand building, is the primary goal as their success is measured



Giving startups a voice requires a change of pace at ad agencies PODIS/SHUTTERSTOCK.COM

by the number of people using their service, or the number of app downloads.

Needed: New skills

While some in the business see separate divisions as limiting the expertise available to startups, others are not sure

they are necessary. "I think all our clients, big or small, should get the best talent available across our group. I am, therefore, not in favour of setting up divisions for any particular type of client and limiting the talent pool available to them," says Tarun Rai,

CEO, JWT South Asia.

What emerges is that there is consensus on the shift in pace and skills that are necessary. MA Parthasarathy, Chief Product Officer of media and marketing services company Mindshare South Asia, says what he is sure of is that "we

do need separate kind of skill sets. Budgets aren't very big, so one needs to be innovative."

Satbir Singh of ThinkStr, who worked on the Startup India project for the Union Government, says yes and no to whether startups need dedicated units.

"Ad agencies tend to have a slower response time than what a startup would like it to be. These businesses have highly-driven founders who gave up everything for a goal and we have to walk in step and show the same kind of ambition for the brand," says Singh.

Why discriminate?

"If yours is an agency that has worked on a variety of brands, why would I not, as a new startup, hire people working on well-established, mature brands to help me with marketing my startup? Flipkart, OLX, and other such startups have worked with some of the largest agencies in the industry," observes Naresh Gupta, Managing Partner and CSO of ad agency Bang In The Middle.

Of course, payment is a major factor. "Startups don't know how things will go so they don't want to commit to a retainer or a commission. We've created a menu card of options and customise services depending on the budget," says Ohri of FCB Ulka.

Panday of Karma says big clients come with very large budgets, which means that a

big agency cannot do justice to small clients and so it makes sense to create a separate agency. Karma is working with traditional startups as well as startups from some big business brands such as Future group's discount fashion chain Brand Factory and India Bulls' LED lights business.

"New business clients and startups need attention from bigger minds. If a client's requirement starts going up, we will charge accordingly. We're not a cheap alternative to a big agency, we're giving them attention and solutions that work for them with intensity and speed," says Panday.

Sometimes what's needed is consulting and support much before the spending happens, observes Mindshare's Parthasarathy.

"Most important is how we structure the team to handle the client and the partnership itself. It's also about having new financial models. You could have contracts where a part is fixed and the another is variable. There is no fixed formula, what is fixed is being adaptive and having a strong sense of metrics."

Gupta of Bang In The Middle says not all startups are different or new. The format (an app, e-commerce) may be new, but if the product or the service is not, why would an agency look at a new division?" he wonders. "At the end of the day, a brand is a brand and all brands want the same kind of expertise," he says.