

Cressanda
SOLUTIONS

Advertising Agencies in the Threos of Transition

Concept Paper

Transition

Building a case for establishing a synergistic arrangement between an advertising agency and Cressanda Solutions, an IT (web/multimedia) solutions provider



The Spark:

One leads to another

The Spark

“The functions performed by an ad agency are critical to businesses. Put simply, it helps companies communicate.” Coming from a big gun in the ad world, it had first struck us by surprise. For it is precisely this goal that we, at Cressanda, had geared our services toward.

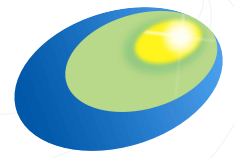
As we dwelt on this further, the resemblance unraveled with some clarity. Although, it is not as if ad agencies and Cressanda are exact replicas. The difference lay in the delivery medium for the message.

At Cressanda, our efforts are usually centered around the Web and usage of other multimedia technologies. We build websites to help our clients communicate with their customers. Various multimedia solutions are also carefully geared to that end. Add to that the numerous CRM solutions that we have architected, helping our clients effect a seamless progression of the sales cycle. All of this is done with the sole purpose of “enabling a sale by communicating with a given target audience.”

But the emergence of IT as also the rapid spread of the Web coupled with wide-spread adoption of other digital communication tools have introduced another dimension to the communication necessities of companies.

On the other hand, advertising agencies too, as our knowing friend from the advertising fraternity had put it, help their clients sell products or services. Though the goal has been the same, the medium has been markedly different for the advertising agencies. At least until sometime back. Traditionally, advertising agencies adopted the usual delivery mediums for the dispersion of the message: press, TV, direct mails, brochure, leaf lets, and what have you.

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New Era Spawns

New Delivery Mediums For the Message

If you study the business of advertising closely you will realize that it relies on a very simple premise: It can work only when the sales message reaches the target audience. For this, until some time back, TV, newspapers, and other traditional media sufficed. Not anymore. As people increasingly show allegiance to new technologies and mediums, particularly the Web, companies find delivering sales messages through these mediums as a critical part of their marketing and communication efforts.

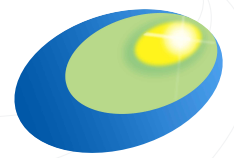
It has now become increasingly clear that many ad agencies are no more content in doing things the old way. With time, they have taken it upon themselves to change. Simply churning out ads and brochures will no more do. Today, the new buzzword doing the rounds of boardrooms of advertising agencies is “Complete Communication Solutions”.

This is hardly surprising. For agencies have cottoned on to the need of factoring in the new mediums in the roster of services offered by them. The fact that quite a few have gone a step ahead and established interactive divisions is testimony to that.

In fact, a leading light from one of the better-known agencies in India, Rediffusion, has gone to the extent of unequivocally declaring CRM as one of the major growth areas for ad agencies. A few years back, this would have been taken with a pinch of salt. Today, it sounds extremely probable.

After all, there is precedent to this trend. Ogilvy One is just one landmark on the advertising firmament that has boldly made inroads into this area. Others have also met with some success.

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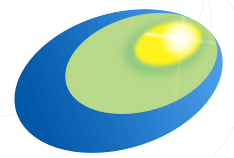
Ad Agencies Learn to Pick Up the Tricks of the “New” Trade

The eagerness of ad agencies to adopt these new mediums is understandable. For in this new day and age, birth of every new website, the instance of every computer sold, or even a person logging into the Web, all of these constitute an opportunity for companies to speak to their present or prospective customers. Take for instance the Ogilvy One site referred to above. It makes a landmark proclamation: “360 degree branding”. This they qualify as “Every point of contact builds the brand.”

The implications are obvious. Whenever and wherever the present or prospective customers interact with the company, in the offline or online world, all communication emanating from the company should reflect the same message. Be it an e-mail, which can either be a direct mail or a thank you note for registering with company’s site, or the banner ad on the website, or the website itself, all of these should be in synch with the message in the offline world dispersed through the traditional advertising methods or even the sales agent’s pitch to a customer.

Extending this concept further, the attributes of the brand should also be reflected in annual reports, whether on paper or CD. The voice reflected through the copy on the company’s e-CRM interface right down to its look and feel, besides the key strengths of the features or services offered through it should all reinforce the same attributes of the brand.

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Paradigm Shift In Communication Needs Raises New Worries

New Worries

Many advertising personnel have expressed grave doubts about the sustainability of this trend. Such worries are rooted in credible reasons. Ad agencies are in uncharted territory here. So long as advertising personnel operate in their own backyard, that is strategizing, planning and ideating, they take to it like the fish takes to water. But, today, the indispensability of IT in conducting marketing campaigns has put a different spin on things. Advertising personnel now have had to learn the tricks of this new trade from a scratch. Because it is no more just about planning and creating good communication pieces. Now, it is also equally about technology.

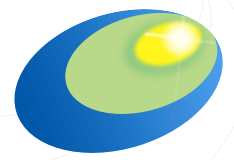
This problem has given rise to another concern: that of diverting their attention from traditional advertising issues and areas that have so far won them their bread and butter to technical aspects, an area where engineers are much more at ease than advertising professionals.

Let's build a scenario, where the ad agency decides to go it alone and sets up an interactive division. For sometime, they would go about their business of making static corporate websites and interactive presentations. A few months down the line, they would feel the need of putting up 3D models of products on the website. They would have to morph into a 3D design studio for this purpose. Then, it would be the turn of database driven sites. After all personalizing interaction is the next big thing in customer care. This would entail hiring engineers trained in Information Technology.

This would be followed by the need to target online ads based on the profile of the users as well as their time zone and geographical orientation. Next, comes the wireless angle to the marketing game plan. After all the number of users of wireless devices are expected to climb to 800 million by 2005. This would make it inevitable that the ad agencies gain some grounding in wireless technologies.

As has been clearly illustrated above, the flow of new requirements would not abate. As new ways and methods of reaching the customer emerge, it would automatically be inducted as part of the marketing game plan of the company. The ad agency then would be confronted with the necessity of upgrading their skill set and infrastructure at every such instance. To what extent can the agency keep redefining its roles?

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Gearing Up to Preserve Both Creative and Technological Edge of the Message

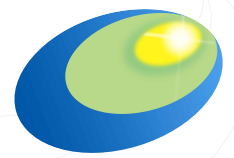
Problems are inevitable. Especially when the full might of the technological revolution is stacked up against the ad agencies. It would no more suffice to deliver sales messages by simply using traditional methods of advertising. Ignoring the new mediums of communication would be tantamount to missing out on substantial opportunities to convey the message to the targeted customers. For solutions like websites, CRM and multimedia, as we have alluded to above, have become important touch points for customers. And, from here on, their importance will only elevate in the customers' life, as technology seeps into each every facet of our society.

The way forward for such arrangements is not necessarily smooth. This brings us to a critical stumbling block. A common refrain in the advertising circles is: "execution is the key". This has also doubled as another reason for advertising agencies to set up their own interactive outfits, however rag tag they end up being.

Initially, this line of thinking caused a lot of unease among some of us. But with closer inspection of the problem, the unease melted away. There was really no reason for any apprehension as far as we were concerned. The reason being, ever since the web and multimedia technologies emerged as a viable business area, we have plucked the finest human resource from leading ad agencies. It is these people who have executed and managed our Web and multimedia ventures. No wonder, we have consistently won accolades for finesse in creative execution from our clients and their customers. Issues like branding, the look and feel, the voice represented through the copy, all of these are being diligently handled just as their traditional cousins are in advertising agencies. Therefore, we are eminently qualified to attend to all IT requirements and at same time let the creative finesse of the message shine through.

Add to that the fact we have also built up a substantial portfolio of exemplary creative in the digital medium. Be it designing sites, building interactive presentations using the latest interactive design tools, making digital collaterals like e-newsletters and annual reports on CD to Virtual Reality Modeling, 3D animation, virtual walkthroughs and online games.

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The Clincher: Shift Inescapable for Retaining the Edge

The more we scratched the surface of this idea, the clearer the picture became. Surely, there was a case to be made in favour of some sort of arrangement between us, a Web and Multimedia Solutions Provider, and an advertising agency. A strong one at that. Consider these:

- With technology turnover being high, ad agencies would find keeping up with the latest a daunting task. Instead, ad agencies can choose to focus on creating cutting-edge messages. Their delivery, in so far as IT requirements are concerned, can be outsourced to Cressanda. While upgrading IT skills would prove difficult for ad agencies, besides being a huge diversion from their core business area, for us it has been the key to not just growth, but also survival.
- Such an arrangement would allow ad agencies to rapidly deploy more resources or down scale resource requirements without incurring overhead costs. Fluctuation in demand would have an almost immediate and corresponding effect on the supply of resources. For we would be able to immediately expand or cut down the size of the team as and when the need arises.

To secure the same level of preparedness on the part of advertising agencies would demand investments in infrastructure and people, which would have to be maintained for a certain benchmark of performance.

- Ragtag outfits set up as interactive divisions of ad agencies would find it within their ambit to tackle low-end jobs like corporate websites or interactive presentations. But graduating to high-end jobs like database driven sites, e-mail management systems, user tracking modules, intranets or even CRM solutions will prove to be a huge challenge. Overcoming it will prove tricky for most interactive outfits of ad agencies, as it requires huge investments in time, resources and effort. Not to mention dollops of commitment on the part of the senior management to pull it off.

Ever since the incident that provided the spark for this idea took place, we have relentlessly racked our brains. Brainstormed till the wee hours. Supped with many from the advertising world trying to work out the modus operandi of a relationship with a technology company that is as concerned about creative execution of the communication solutions as advertising agencies are, even while technological preeminence of the solutions are maintained. If these ideas excite you enough to make you want to dwell deeper into it, we would happily oblige over a cup of coffee.