

Kya Picture Abhi Baaki Hai?

As traditional film production houses raise concerns around the systems followed by agency-owned production houses, BE looks at the real picture. By Priyanka Nair



A few weeks ago, at an industry event Brand Equity heard a senior ad agency man saying out loud, "advertising is the world's biggest open book of secrets." There was both laughter and awkwardness in the room thereafter.

On April 9, various ad industry stakeholders, including the press got a detailed letter from the Association of Advertising Producers (ASAP), for the first time. The association that has around 82 production houses as members, raised concerns over "certain unethical practices" by agency-owned production houses.

As per the letter, in various instances the bids and directors' treatment notes from independent production houses, which typically is first submitted to the advertiser for evaluation, have been indirectly accessed by agency-owned production houses. It further stated, "This helps them manipulate their own bids and treatment notes."

Now, we hear that this woke up many global ad agency bosses to make calls to their India teams.

The Big Picture

The producers' community has got together to make their clients aware of these "unethical" practices. Cyrus Pagdiwala, general secretary, ASAP, explains, "As a community, we have been seeing several cases over the last few months where a few agency-owned production houses are freely accessing our quotes and treatment notes. One must understand these are closed bids especially if an agency wants to quote as a production house on the same job. We believe that agencies in no way can gather our trade secrets to manipulate their bids and thereby undercut. This is complete unethical practice and unfair trade. We are up for competition but we request them to play a clean game."

Bilool Sandhu, who is a member of ASAP, echoes Pagdiwala's sentiments. He says, "It is an open playing field. There is enough work for everybody. Can't we just be transparent? A few agencies need to understand that this game plan is not for the long run. Marketers will soon understand the crust of this issue, and more than anything else trust will be at stake."

While various independent production houses are making an effort to talk about their worries, many others feel there is another issue that's not often discussed. But it should be.

Sneha Iype Varma, executive producer

and partner, Nirvana Films, is of the opinion that while blurry pricing models are creating confusion and angst in the industry, the idea of free flow of talent isn't pleasant too. "The exclusivity factor is missing from the business. Today, a director is loaned out to multiple setups. A lot of them don't really know where they belong. In the process, many of them don't even discover their style. It doesn't make business sense for directors to be available for multiple production companies and agencies."

The Other Side Of The Story

Two years ago, in a Brand Equity report on the future of agency-owned production houses, Roopak Saluja, founder and CEO of 120 Media Collective (that houses production brands Bang Bang Films and Sniper), had raised concerns about the bidding system. That's one of the reasons why Saluja wasn't surprised by ASAP's letter. "The key then, now, and even in the future is transparency. Agencies must understand that the client is making a note of their every move."

If production work from agencies are to be evaluated, according to sources, 50% of all production work within the Publicis Groupe in India is insourced. Thanks to its in-house production company Prodigious. When we sent an email to the company to gauge reactions on ASAP's letter, a



That's where an in-house set up grooves them. He states, "Agencies need to decide if they are glorified scriptwriters or if they are ready makers and creators. We at Publicis Groupe want to be creators, not just scriptwriters."

If we look at the Indian advertising history, the late Aiyque Padamsee brought to the fore and, in equal parts, glamorised the art of ad film making during his time at the celebrated ad agency Lintas. The agency has housed renowned directors such as Shyam Benegal, Prasoon Pandey, Nitesh Tiwari and R. Balki, who was the chairman of the agency. However, over the years, the agency hasn't focused on expanding that side of the business through Lintas Productions.

Amar Jaiswal, group CCO and chairman, MullenLowe Lintas Group, tells us, "We are happy with the size and scale of Lintas Productions. For us, it's never about how big or how small. As an agency, we make close to 10 films a year through various production houses. If we had chosen to go after size, Lintas Productions would have been the biggest production house in the country - which it isn't."

According to Jaiswal, ASAP should be speaking to agencies concerned directly to break the tension, rather than approaching the issue through multiple other routes. Also, he believes agency-owned production houses should be given "the space they deserve."

"Today, the content space is exploding and there is a requirement for agencies to be nimble and thrifty. The lines between writing and direction/production are disappearing. There are enough examples of production houses that are writing scripts for brands directly. We've never complained about that. As long as it is clean and transparent, it is a fair play for everyone," he says.

Harshil Karia, founder of Schbang, which has an in-house production wing for both pure digital and mainline clients, has similar views. Karia also thinks agency-owned production houses are here to stay. However, he predicts, "When it comes to traditional production houses are concerned, only highly specialised ones which are run by directors who are truly valued and can demand for clients to route production through them will be around. The production houses that are independent and do easily replicable work over time will either merge with agencies or their teams will be employed by agency run production houses. In my opinion, very few will survive."

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THE HONEST CLIENT

Emami Group has worked with several celebrity directors for its ad films. From Rishi Kapoor, Hiran, Nitesh Tiwari, Imtiaz Ali, Anurag Kashyap to Bhargava Krishna, the company when it comes to production work of its campaign prefers working with the experts directly. Aditya V Agarwal, director, Emami Group, tells us, one of the reasons to work with production houses or directors directly is to keep the cost in check. "The biggest advantage while working with directors closely is that we have complete transparency in what's happening. We can also take the liberty to push them to fasten the work. As a client, that's where my bucks are going."

Note: Brand Equity also reached out to several agencies including Coca-Cola India, Amazon India, and Bajaj Auto, who have closely worked with agency-owned production houses. Spokespersons of these brands were unavailable for a comment.



Publicis spokesperson said, "The production business has been living with almost a cartel system of a few production houses owned by directors and in tight cohorts with a few agencies with opaque pricing and choice spectrum. The attempt with Prodigious is to break this compromise in favour of our clients with transparent pricing. Every category goes through this moment where value is unleashed in favour of the customer. We invite the larger industry of producers to be a part of the open system of choice and pricing and build an open system too for our clients."

Saurabh Varma, CEO, Publicis Communications - South Asia, who has ambitious plans for Prodigious, strongly believes that agencies sooner or later will have to take ownership of their content.

BE chats with Hogarth Worldwide's Richard Glasson

"PRODUCTION IS NO LONGER TRANSACTIONAL BUT IT IS STRATEGIC"

Glasson believes that clients today are looking at production in a much more holistic way. According to him, today, a TV commercial is just one strand in the bouquet of communication. "While the

demand for different content formats is shaping up, honestly, marketing budgets are not increasing at the same rate. In that case, as experts, we need to start thinking strategically. Many traditional production companies are worried about business changes. However, everyone



The CEO of Hogarth Worldwide, a specialised creative production company owned by WPP, on the changing demands of clients and his piece of advice to traditional production houses.

in this space needs to understand it's time to respond to the client's need."

"EMBRACE CHANGE AND DON'T RESIST IT"

Glasson clarifies that Hogarth partners with independent production houses and

doesn't compete with them. As he works closely with these companies, he thinks, it's time for them to accept change and work together. "It's time for production companies to look at a setup like ours and agency owned production houses as partners and not as competition."