

MPOs Enter NCR Market

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FIERCE competition in the field of marketing takes toll on in-house marketing departments of companies. To ease their load and cash-in on this opportunity, marketing process outsourcing (MPO) firms have come to the fore. The new-age phenomenon was concentrated in southern states till now. Now, MPO firms are heading to the national capital region (NCR).

An MPO is an end-to-end marketing solutions provider that undertakes the entire array of marketing, sales, advertising and PR operations for clients. It helps save the company the pillar-to-post run to hire multiple agencies for marketers.

"Outsourcing some or all of the marketing operations enables an organisation to focus on its core business. Unlike the traditional way when outsourcing was 'task-based' where the chief marketing officer and his/her team were managing outcomes through an ecosystem of multiple agencies," says Vinod Harith, founder and CEO of CMO Axis.

"We have focused on India for the first four years. Our major market was Bangalore and Chennai but now we are shifting to Delhi-NCR and Mumbai. This year we will focus on the US and Middle East market and then to Europe and Singapore in the next phase," emphasised Mr Harith.

CLIENT BASE

The clientele of these MPOs range from MNCs to small and medium businesses to start-ups. It's the latter two that generate large business as usually they lack the marketing muscle.

"We are trying to build upon functional expertise that focuses on functional outsourcing, execution excellence and complete outcome management," added Mr Harith.

"There has been a significant growth in SMBs over the past few years and only a small fraction of them have in-house marketing facilities. Many small enterprises find it difficult to expand their business despite good products and services. This is where we enter," said Mr Harith.

MPO ADVANTAGE

An MPO firm has two sets of offering—partial and complete—depending on the size of the company. For large organisations it supplements parts of marketing function, mostly from the company's central hub.

For SMBs, it has the Go-To-Market offering, which provides integrated sales



and marketing processes, to take their product or services to market and deliver tangible results, predominantly revenue growth or leads.

MPOs like Axis, for start-ups, have pioneered a new service called 'pay per use' marketing or Virtual Marcom Engine where they leverage their expertise to provide a host of marketing services on an hourly or unit-based pricing. This is used by SMBs as well.

"We work with clients in various domains, including IT, healthcare, financial services, FMCG and education," said Mr Harith. Starting with three to four clients, today CMO Axis has over 35 active clients and expects to touch 100 clients by this fiscal.

GURGAON LEADS

A major player in this domain is Wittal See Marketing from Gurgaon. Less than a year old, launched in late 2011, the company focuses on product manufacturers and real estate players. SMBs and start-ups are the key growth drivers for them as well.

"These days, success depends on understanding customers, exceeding their demands for service and delivering value. With our core multiple marketing services, we have added muscle to the marketing needs of our clients," said Jyoti Narayan, founder and director of Wittal See Marketing.

The Gurgaon-based firm has 20 to 25 accounts from the manufacturing sector and more than five real estate developers. "We are providing direct marketing facilities at 14 major cities, with Delhi-NCR being the hub for SMBs and Mumbai-Bangalore for real estate," said Mr Narayan.

Wittal See has tied up exclusively for real estate projects with Pearls Group, Synergy One at Bangalore, DDPL of Mumbai and is under process of tying up with others like Supertech, Mahagan and Amrapali to sell projects.

"We expect to breakeven in the next 3-4 years and we are sure of hitting a CAGR of about 25 percent over the next 4

years," said Mr Narayan.

BUSINESS GENERATORS

"Over 60 percent of our revenue comes from SMBs, and the engagement cost is about ₹1 lakh per month. The average rate is about ₹1,000 or \$20 per hour. However, commercial calculations are based upon the processes involved, resources used and the deal structure," said Mr Harith.

CMO Axis has grown from ₹1.2 crore in revenues in 2009-10 to ₹3.5 crore in 2011-12. The current returns on investment (ROI) is 15 to 20 percent with a revenue target of ₹20 crore this year and over 30 percent ROI for the revenue target of ₹100 crore by 2015. MPO market is at a nascent stage worth around ₹1,200-1,500 crore.

One challenge for MPOs is the perception that marketing, a core function of an organisation, cannot be outsourced. Hence educating firms about MPO and its benefits is a vital task. The other challenge is building right people, processes and infrastructure to make this a scalable model.

MOBILISE MARKETING

Sasi Kumar, director, EDC India, an e-learning company based in Bangalore, got the MPO advantage. "After building a critical mass, we felt the need of core marketing skills. So we contacted CMO Axis. Over the last one-year, they facilitated us with necessary marketing strategies and resource mobilisation to penetrate into the north and west region markets.

Their key role has been in fast tracking the marketing efforts and multiplying them further," he said.

Muralidhar, co-founder and CEO, Meritrac, India's largest skills assessment company said, "An MPO is one in all with its umbrella marketing services. Apart from strategising, ideating and quality resources, it takes complete ownership of the outcome of the marketing objective and links it directly with the payment plans."

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