



India, already the world's largest democracy, is set on a growth track that is poised to make it the number three global economy. **Ranjan Kapur,**

Country Manager, explains what WPP is doing to maintain its leading position in one of the most dynamic markets today

The jewel in WPP's crown

REGIONAL FOCUS

INDIA is the flavor of the decade. It has begun integrating with the rest of the world and is both economically and politically geared to take its rightful place in the world order.

But India remains an enigma to most outsiders.

Cows continue to rub shoulders with BMWs and Toyotas on our city streets, and millions of homeless souls who sleep on our cities' pavements live in reasonable harmony with the wealthy who sport Armani suits and wine and dine at restaurants whose prices would put some really classy joints in Europe to shame.

We call India "The world's largest blotting paper." Over the centuries, India has played host to the Aryans, the Greeks, the Moguls, the Portuguese, the Dutch, the Brits and even the Chinese. It has absorbed their cultures and yet remained relatively unchanged. It has selectively absorbed what has suited it and conveniently rejected the rest.

As a result it is a potpourri of cultures, religions, languages and dialects, but remains uniquely Indian. It has the world's second largest English-speaking population. It is the world's largest democracy. As a matter of fact it is perhaps the only true democracy that democratically elects even communist parties to power.

There is a host of amazing 'Trivial Pursuit' data, which puts India in context in the world order (see Inside track, above right).

The Goldman Sachs report on the BRICs economies (Brazil, Russia, India, China) projects India to become the world's third largest economy after the US and China, and, as if on cue, India has taken to the path of becoming politically stable and economically vibrant. Its GDP growth is registering upwards of seven per cent growth year-on-year, and could well reach 10 per cent in the next few years.

Consequently the communications business is projecting robust double-digit growth and within that, the WPP group is well positioned to

maintain its lead.

WPP has five of its operations in the top 10 agency groups in the country. Two of its agency groups, JWT and Ogilvy, are among the oldest in the country, as well as being the two largest.

Ogilvy, in its first incarnation, D.J. Keymer, entered India in 1928 and JWT followed in 1929.

Today we have almost every WPP operation worldwide represented in India and almost all of them are in a dominant position in their categories. (See above right for complete list of companies.)

GroupM is by far the largest media agency in the country, almost twice the size of its nearest competitor, as is the Kantar Group, through its research and consultancy offerings.

"Indian managers have consistently produced high growth with high margins"

The WPP group of agencies offers the widest choice of communications services to some of the bluest of blue chip companies, that include IBM, Ford, Unilever, Nestle, GlaxoSmithKline, Kodak, Coca-Cola, Pepsi, Nokia, LG, HSBC, GE, Tata and ITC. There is a healthy mix of local and multinational clients in

all of the operating companies.

Industry observers estimate WPP's share of market to be over 50 per cent. It attracts some of the best talent from universities and management schools, and competes admirably for this talent with financial service organizations, banks, management consultancies, and a host of multinational and local advertisers, who have much higher entry-level packages to offer.

The attraction to the WPP group is the intense training young recruits receive and the experience of working with agencies that have an iconic status in the marketplace.

WPP CEO, Sir Martin Sorrell often comments on the management capabilities of his agencies in India, and he was once quoted as saying that if all his agency heads elsewhere had the capabilities of his managers in India, he could (almost) sit back and retire. Indian managers have consistently produced high growth with high margins and have contributed to WPP's higher share of market.

The WPP office in India operates as a representative of the WPP group, and acts as a liaison between WPP and the media, WPP and the operating companies and WPP and its major clients that share two or more operating companies. It also identifies and targets prospects for acquisitions and mergers.

Our greatest focus, however, is on procurement. Ajit Chander acts as procurement director for

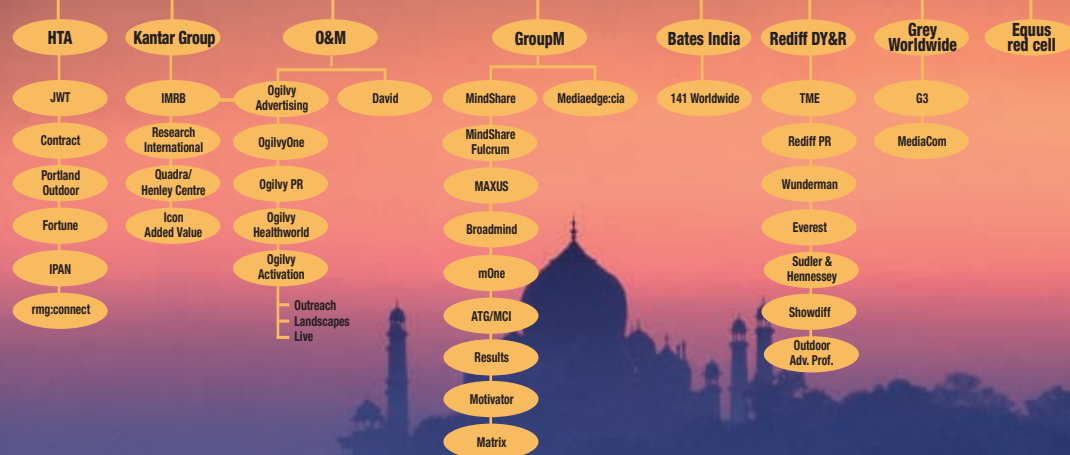


Y&R company Everest Brand Solution's TVC for Tortoise Mosquito Coils



An ad from Ogilvy's environmental awareness-raising campaign

WPP companies in India



Inside track on India

- The world's second largest English-speaking population.
- The world's largest democracy.
- 30% of the medical fraternity in the US is Indian.
- 33% of NASA, 42% of Microsoft, and 28% of IBM employees worldwide are Indian.
- The largest producer of movies.
- The world's largest consumer of gold.
- The world's largest producer of tea.
- 90% of all gems sold in the world are cut in India.
- Four out of 10 Silicon Valley start-ups are Indian.
- India will become the world's third largest economy by 2035.
- 220 of the Fortune 500 outsource their software-related work to India.
- India already has an elite class six times larger than China's.
- India is the world's largest offshore provider of BPO services.
- Indians make up the largest medical workforce in the world.



JWT's print campaign for Pepsi-Cola

WPP in India and has successfully built economies of scale with the cooperative efforts of all the main agency groups. Our emphasis has been on 'kiss' rather than 'punch'. Agency heads are encouraged to talk to each other regularly and also to encourage dialogue between the unit heads of the different operating companies.

We are also currently looking at best practices of other WPP offices, particularly Thailand, which has been successful at creating a common platform for training young recruits from across the operating companies. These platforms are a good way to create a spirit of partnership and cooperation among the different operating companies. Such platforms are being currently reviewed by us for implementation.

A procurement and negotiation workshop has also been reviewed and will be carried out in 2006. This is vital in a market that has only recently begun to transit from commission-based remuneration to a fee-based remuneration. The experience of our procurement heads in Asia Pacific, led by Kelly Liew, will be put to good use to train negotiators facing tough challenges from procurement officers at the client end.

In the true spirit of cooperation between WPP offices across countries, Ajit Chander's services are now being used by Thailand to kick start and strengthen their own procurement processes.

WPP is alive and kicking in India and the task ahead is to keep growing from an existing large base and to continue to outpace the competition.

This is a real challenge for us, in the face of an aggressive push into India from large groups such as Omnicom and Publicis, who have a disproportionately low share of the market. They have been less fortunate in acquiring good companies and/or getting the organic growth that WPP has witnessed and are on an acquisition spree that threatens to raise the price of M&As.

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