

Advertising industry is at an inflection point

There's never been more data, tools and service providers available to evaluate the business return from marketing investments, yet it's never been more challenging to be an effective and efficient marketer. Ignite Digital's map of the media landscape (*illustrated*) shows the abundance of choice available to brand owners in the Irish market. Is it any wonder clients are confused, and the long-standing conundrum of how to gauge advertising's effectiveness continues to frustrate us all?

The marketing industry is experiencing unprecedented change. Technology is disrupting established business models and providing more choice. As a result, the range of digital options available to brand owners is getting more complex, and this is prompting many brand owners to rethink how they plan and buy media.

Advantage removed

It used to be that media buying at scale delivered an advantage, but media fragmentation fuelled by significant changes in consumer habits has largely neutralised this competitive advantage. Google and Facebook's absolute dominance in digital channels compounds this issue.

I believe we're starting to see the rise of *new types of scale* that will offer media agencies a significant competitive advantage – provided they can grasp the opportunity fast. Agencies need to focus less on buying clout and more on data, talent and ideas.

1. **Scale of data:** Media agencies are realising that collecting, refining and leveraging data are what's driving the fast growth and highly value of companies like Amazon and Google.
2. **Scale of talent and ideas:** History teaches us that every advance in technology places a premium on superior talent. Technology is a lever, but the availability of talent affects how agencies scale. The challenge lies with attracting and retaining this talent in a marketplace where certain data and programmatic advertising skills are in huge demand yet short supply.

Media agencies also have to contend with new, yet familiar, entrants to the marketing services fray. A 2016 report from the US Association of National Advertisers damning agency behaviour opened the door for consultants to start pitching their wares to senior marketers, CEOs and CFOs who trust their brands and competencies. Names like Deloitte, Accenture, IBM, PwC and McKinsey are starting to appear in larger markets like the UK.

(Accenture's entry into the media buying programmatic space recently drew criticism over a perceived conflict of interest because it also offers clients a media auditing service. Accenture Interactive Operations President Nikki Mendonca's succinct response turned the complaint back on the accuser: "When you prick an elephant's arse, the elephant screeches".)

Agency groups' reputation remains damaged. Brand owners that spend significant amounts on advertising are still concerned about the lack of transparency and trust in media planning and buying activities that the ANA report brought to light.

It's heightened calls for a complete reform of current media agency remuneration models, at a time when brand owners are under pressure to deliver better outcomes and they are often limited by legacy systems and a lack of resources.

Value-centric media trading models are the future

So, we have a burgeoning buyer community that is completely dissatisfied with the status quo – and with the proxy media and marketing metrics. Clients want real business outcomes, not non-committable metrics or inconsequential media buying cost reviews. In my opinion, media agency groups' linear TV buying moat won't be enough to deter consultants from storming the barricades and plundering their clients.

New technology has created new challenges for brands, forcing them to rethink how they communicate. The convergence of ad tech and martech, the move towards a customer-first world, and the increasing importance of tech and data in the marketing function, has created a new opportunity where agencies, consultancies, and specialist solution providers are all fighting to own the marketer relationship.

Media in-housing in vogue

There's a perceived wisdom that in-housing can help cut costs by taking a layer out of the system, while ensuring marketers have a better understanding and more control of their buying processes. In-housing seems very practical – until you realise the 'unseen' human resource that goes into programmatic buying. An IAB paper on Programmatic In-housing estimates that it takes at least a year to set up an in-house programmatic capability.

The hype around media in-housing completely overstates how pervasive it is. Infectious Media found that only 1.4% of marketers currently have an in-house media team and only 4% use a hybrid model. Its survey found that most brands don't want to do everything themselves. Clients are under pressure to cut costs, but I'm not convinced that media in-housing is the solution to their advertising woes. In the short to medium term, you can expect to see hybrid models prevail where clients will use specialist partners for certain aspects of their marketing activities.

The adage, "*that which does not kill us, makes us stronger*" holds true for media agencies. They can still survive and thrive provided they develop a more value-centric approach that delivers real business outcomes for clients.

By John Dunne, Independent Media Consultant, Ignite Digital