C JOHN BRADY

# A new view of the future media landscape

Forecasting is always difficult in periods of disruption – and the communication environment is in just such a situation. **C John Brady** looks at three possible business models for the industry – powerful commodity volume media buyer; supercharged media planner; and the emergence of a comprehensive pure creative agency

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**THE MEDIA** landscape – by which I mean the corporate topography of the industry (advertising agencies, media agencies, full marketing services firms, old media and new) – is adapting in response to the change all around us. But how will it look?

The most striking feature about the media landscape is how it has continually restructured itself over the past 50 years, in order to respond to forces for change, to innovate and to shape the value it delivers to its clients.

In the 1960s and early 1970s, there was the raft of mergers of small local advertising agencies to form bigger international firms. Then, in the 1970s and 1980s, there was the separation of media agencies (which did the planning and buying of media) from advertising agencies to bring more focus and reduce costs – ie separation either as independents or divisions within traditional advertising firms. The 1980s and 1990s saw more consolidation as the firms grew worldwide.

In the 1990s and 2000s, many adjacent services were added – for example, research, impact measurement, direct marketing – as the industry expanded its horizons, and full marketing services firms were created.

In the 2000s, further-flung independents (particularly in the BRIC countries) were swallowed up as the big groups went completely global, such as WPP's acquisitions in India and Aegis' recent acquisition in China. Yet, over the same period, we have seen the emergence of a plethora of new firms to address the phenomenon of digital communications, albeit many of them are now being swallowed up by the big boys.

## BOUNDARY CHANGES

There have been ebbs and flows in this activity over the years. Perhaps the most formative changes have been around the inflection points of the 1970s and 1990s when media agencies and full marketing services firms emerged.

Where are we now? Are we in a period of relative stability, as we claw our way out of recession, or are we at another point of inflection when the landscape will restructure dramatically again? Most creative agencies now seem quite similar and the media agencies (bar Aegis, perhaps) look much the same. They all seem rather to have lost the influence they once had. Maybe it's time for change.

Let's consider three hypothetical press releases of the 2010s.

**1. Forte Media Buying powers into marketplace:**

*'Today, the media world has been shocked by the launch of a new global media buying*


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*business, Forte Media Buying, opening simultaneously in 100 offices around the world and with ten mega-deals already in place with the top ten media suppliers, including Google and Facebook.*

*'Forte Media's goal is to provide super-low-cost media for big sophisticated advertisers who can do their own planning but want access to global buying power at minimum cost. Much of the buying process at Forte will be done by automated algorithms, cutting out the expense of hoards of young graduates doing it, in effect, by hand. It has already signed up three global consumer goods companies, and aims in the next 12 months to halve the cost of media buying and reduce media prices radically in this new world of massive oversupply (of media).'*

**2. Pure Planners' secret plans unearthed:**

*'A novel media-planning business has been secretly establishing itself over the past three months. Pure Planners is a firm led by boffins, and powered by an army of analysts in India. Its goal is to become a real strategic partner for their clients. It will provide a comprehensive integrated perspective, as others have with mixed success in the past, but it will do it quite differently – by leveraging technology to do it in an entirely data-driven way.*

*'It will do only three things – media research, planning, and impact measurement – albeit with a new level of analytical skill and financial rigour. It will provide detailed data on how clients' customers use all types of media (even social media), and how use of the different media (old and new) is interconnected. It will do media planning with the same in-depth analysis, claiming that it can deliver 50% extra impact for the same media spend, because of the deep understanding it has of the effectiveness of each type of media and their interplay. It will prove its effectiveness by measuring the impact with the same rigour.*

*'It will not do any creative work, but will demand a close relationship with the client's chosen creative agency which it will brief* >

All clients are not the same. Some are happy with a basic service and its low cost, while others see value in a more sophisticated service and will pay for it

The three hypothetical new models discussed could all coexist but would dramatically disrupt the current industry structure

*as tightly as the client will. It will not do media buying: it argues that is a commodity business that it can subcontract to a few "partners" at competitive rates given the scale of business it will speak for.*

*'It intends only to open in the key 40 cities around the world, and will be selective about the clients it will take on, for it will not serve head-to-head competitors, given the competitive advantage it believes it will deliver. It will not be cheap, but it will deliver value. Its policy is not to name clients, but it is rumoured to have signed up a leading mobile phone company and global financial services business.'*

**3. Ovington, Pandit & Quangdou launch party:**

*'Last night saw the biggest agency party of the year. OP&Q celebrated its arrival with a party held simultaneously in its 15 offices around the world. In a throwback to the early days of the industry, this is an independent advertising firm staffed with top creative talent and led by its 12 senior partners – eight of whom are new media guys. By the way, the name is made up. There is no Ovington, Pandit or Quangdou. OP&Q wants to escape the syndrome of "names on the door", but does want to highlight its global credentials and the personal nature of its business.*

*'It claims it is re-establishing the intellectual independence that advertising agencies used to have before they became listed businesses (and staffed up accordingly), and will invest in being leading-edge on all aspects of creative content planning and design – and nothing else.*

*'It will integrate old and new media, and aims to deliver the "bright idea" that works across the lot. It will charge for ideas, not bodies on the job. It only wants to serve clients whose businesses need this level of sophistication; it has already signed up a major luxury goods company and a world-leading technology company.'*

## PARALLEL UNIVERSE?

The hypothetical trio above are like the Ryanair, the dunnhumby and the Dreamworks of the media industry. 'Amusing but crazy stories' you might say. But it all depends on whether we are at one of those inflection points or not.

The more sophisticated clients are on a mission to reduce costs as their procurement departments flex their muscles – they want more for less.

As they globalise their businesses, the same companies now want to be served by just two or three advertising and media agencies around the world – emerging economies included.

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But digital communications have transformed the complexity of the marketplace – not only with the internet and its new media but also the burgeoning number of new digital channels in the old media.

With the emergence of all the new firms that deal with digital communications, the industry now looks very confused to clients who long for an integrator to provide an overview for them. Yet, dealing with old and new media separately is surely a development phase we need to work quickly through. Customers don't think that way; they see it as a joined-up journey. Why don't agencies?

## DIGITAL DIRECTION

With digital technology there is the widespread hope that the industry – or at least certain parts of it – will become much more data-driven. No one has cracked it yet, but surely they must as the skill sets in the different industry roles diverge and develop.

Similarly, many people are talking about digital technology having the power to change the way simple jobs get done in the industry and hence make a step-change in costs. It has not happened yet, but surely it will. Just as profoundly, the economics of the different roles in the industry are also diverging increasingly – media buying may now need to be a global-scale business, but arguably creative businesses do not. The logic for role separation is therefore increasing.

In addition, the creatives are not happy that they are now playing second fiddle to the media agencies who are spending all the money. How long can that persist?

All clients are not the same either. Some (possibly in well-established consumer goods) are happy with a basic service and its low cost, while others (possibly in new, more complex consumer services) see the value in a more sophisticated service and are happy to pay for it.

Put together sets of these forces for change and you can make plausible arguments for any or all of the three fictional press releases set out above. But could these powerful forces for change be thwarted? Yes, for certain – cultural inertia, essentially, is the likely cause.

Some commentators argue that clients still don't really use new media much because they are stuck in a time warp, even if their new recruits personally use it all the time. They know how to commission the perfect 30-second TV ad but they don't yet know how to crack Google. The old media advertising men may still believe too much that the 'big idea' will conquer all and don't want to change. Frankly, some of them seemed just to miss the start of the boom in digital communications and allowed the young upstarts to move in.

The new media guys don't want to lose their independence for they feel they are the future. The media agencies are traders at heart; they are most comfortable doing what they know well. And who can argue they haven't been successful?

Cultural inertia – or institutional grooving – is not to be underestimated. It is hard to unlearn the winning ways of the past – indeed, maybe even unwise if they still hold some scope for further improvement. Change is disruptive and costly. Maybe the time isn't right for it now. But technological change, the like of which we are currently experiencing, often triggers points of inflection. Projecting the status quo into the future seems a high-risk assumption.

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## IMPACT ON VALUE DELIVERED

The real risk is that any potential restructuring of the industry, whatever form it might ultimately take, will not be a smooth transition. It will create winners and losers. As in the past, if companies are shaped correctly, then their ability to do their job will be transformed, and maybe they can regain that influence they once had. If not, then today's tensions and inefficiencies will only get worse.

The value delivered to clients, therefore, will be determined – as much as by anything else – by the anatomy of the companies that emerge, clients' abilities to recognise what they need and choose the right firms to serve them. ■

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