

Local, intl trends for advertising, marketing



By Johanna McDowell

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Here are 11 trends that apply to advertising and marketing, as well as the small, intermediary sector of agency review and pitching that is a part of those industries. A number of these trends come from both local and international intelligence, as well as trends observed together with the AAR Group UK (Independent Agency Search and Selection (IAS)'s international partner), and input from the October 2010 Ad Forum in New York City.

BIZ 2011 MARKETING TRENDS

1. On an international level among the agencies, **the large international network agencies are continuing to invest** in countries where there is perceived growth greater than in the developed countries. This is good news for South Africa but we will have to continue to compete for funds alongside Brazil, India, China and Russia.
2. **The emergence of micro networks of agencies** continues, such as Arnold and even Droga 5. These micro networks have different centres of excellence which they draw upon, depending on the client brief.

Typically there are three to four centres in locations dotted across the world with specific areas of expertise, which are even easier to draw upon as a result of the digital age.

However, these agency networks do not have the intention of having offices in every country, as with the large international networks.

3. **Digital is at the heart of most agency groups** and this confirms the talk in New York in 2008 at Ad Forum. It was agreed then that, within three years, there would be no such thing as a "digital agency" as this practice would be prevalent among all agencies if they wanted to succeed into the future.

Our observation is that, while this is certainly true in most internationally sophisticated markets, it is not completely prevalent in South Africa and Africa.

4. Among the consultants (intermediaries) such as IAS, **the need for an international code of practice** when we met in Copenhagen early in 2010.

Although we all agreed that it would be desirable to have a code which would protect the integrity of the consultants' work, we believe that as long we (the consultants) keep to the international codes of practice in advertising and marketing in our respective countries, there is no need for a code that might be difficult to enforce.

As our forum is a loose association, it does not have a whole lot of rules and regulations and we believe that there is little need for that at this stage.

5. **Procurement, marketing and consultants** - procurement specialists continue to be more and more important in the marketing sector. Some of them are willing to work with consultants like the IAS but others believe that they know a great deal about the advertising, media and PR agencies and do not need assistance to make a selection.

This is an ongoing debate and we predict that this debate will intensify over the next 12 months as procurement and its role will continue to develop, despite the fact that there is often a big gap between the procurement and marketing departments of many organisations, both locally and internationally.

6. Among South African advertisers and marketers, **Client's use of intermediaries (consultants) will continue to grow**. In developed countries, the statistics for clients using consultants to help find agencies is interesting: 90% of all pitches in the US is being conducted via intermediaries, 65% in the UK and Europe and about the same in Australia.

In SA, we think the percentage of pitches conducted with intermediaries is less than 15% *but* that percentage is growing quickly if we look at our own statistics. It is very evident that clients are using intermediaries more and more frequently in pockets of marketing across their organisations.

7. **The need for regular assessment**. IAS is of the view that pitching should be the last resort and that clients and agencies should work on their relationship constantly - just like a marriage - in order to avoid a break up.

We predict that the trend for regular assessment work will increase as clients *and* agencies recognise that an early diagnosis, along with some speedy remedies, can save a relationship breakdown.

8. **More careful spending of budgets**. The recession was a real wake-up call for many client companies and we believe that the care taken over budgets and costs will continue to be a reality in the industry.

We see the emergence of media auditing and evaluating as a growing trend, along with the need for independent companies to conduct those evaluations. Such exercises have to be independent of a client's agencies.

9. **Fewer people in marketing departments** with more to do and less time and money is another result of the recession and we do not see any change in this trend for some years to come.

Clients are employing part-time marketing experts and consultants rather than full-time marketing directors in order to keep the head count and costs low. This means that agencies have to work even harder at implementing their ad campaigns for clients.

10. **Shorter honeymoon periods** after the pitch. Clients used to be prepared to allow agencies a settling in period of three months - now it is more like three weeks, with agencies expected to know a client's business in depth from the word go. This will continue into 2011.

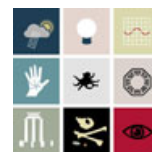
11. And finally among agencies, **more competitive than ever with new startups, new international players entering the SA market, and the ever-present need to win awards**.

Agencies that have worked smart in the past two years will continue to do well and attract great clients. We observe a constant redefining of the role of marketing and advertising and the impact that this has upon agencies and their future growth.

In the public relations space, we see an increasing trend among clients to use PR more effectively for brand-building campaigns, rather than the old "tactical" style of PR that was prevalent in the '90s.

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MD of the Independent Agency Search and Selection Company (IAS), and partner in Scopen Africa, with a background that includes being on both the agency and the client side of the fence, Johanna McDowell is well-placed to offer commentary on marketing and advertising in the South African and international contexts. She built her career in marketing and advertising since 1974, holding directorship in both SA and British advertising agencies. She was MD of Grey Phillips Advertising in 1988.

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