

# 'The great agency 're-bundling'

By [Johanna McDowell](#)

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Stronger collaboration among agencies on behalf of the client brand is on the cards.



Most agencies tell us that the majority of their client business requires that they work in collaboration with other agencies. This trend has dramatically increased in the past few years and will continue to grow in importance. Marketers will continue to require the best 'specialisms' available and are very aware that one agency cannot do everything at the required levels in this channel-fragmented world.

Collaboration is now an inevitable part of the marketing ecosystem and those agencies who manage it better than others will derive the best results with their clients. Systems designed to reinforce collaboration will become the norm within the industry.

## 1. The great re-bundling

Media and creative in one agency was the way agencies operated back in the 70s and 80s ahead of the separation of media agencies that occurred during the early 90s. We see a return to media and creative under one roof - described as "the great re-bundling" - and already in practice in some leading international agencies and locally here in South Africa.

It could be that creative will be handled by media agencies - in some parts of the world this is already happening. It could also be that creative agencies take some media strategy work back in house - and this is already happening. The multiplicity of media channel options, including digital media, makes it more and more important for strategic media and creative thinking to happen simultaneously. This is driving the re-bundling of these two essential ingredients in any advertising campaign.

## 2. Payment for results

Long practiced by Silicon Valley is the belief that agencies should be paid on results - this is in place for the new economy companies such as AirBnB and Uber, where their agencies are paid on the results that those companies achieve as a result of the ad campaigns created. This marks a major and very welcome change in the industry.

Scary for some agencies used to the apparent comfort of a monthly retainer fee, where they are paid based on hours worked, but exciting for those more modern agencies who are prepared to go on risk with a portion of their payment from marketers.

The risk depends on the results generated by the campaign's creative - and provides a potential upside for agencies that they have not seen previously. It will be interesting to see how this concept takes off across our local industry. Agencies that are prepared to commit to results-driven work will reap the rewards of accountability.

## 3. Investment and the era of 'specialism'

We saw in New York at Ad Forum in October last year that finally - after several years of "survival economics" - agencies are starting to re-invest into their systems and people. Building new competencies into agencies is becoming more and more important and helps create those key differences that drive marketers to select those agencies to help them increase their market share or place in the community.

A lot of this is being made possible by the new technologies that are available, but it is not only about tech, it is about applying these to traditional advertising processes and moving to a whole new level in communication solutions for marketers.

Clients will be attracted by such 'specialisms', i.e., mobile B2C, as they see these solutions as 'quick wins' to their business issues. It makes it easy for a marketer to choose such agencies as their partners.

## 4. Time-poor marketers

The role of the marketer just got much more complex and they will increasingly have less and less time to spend on agency management. This means that agencies will be increasingly involved in more areas of the marketers' business and their role will increase as a result.

Knowing this, the savvy agencies will be offering more and more solutions to those marketers in order to enable their client companies to spend more time at the coal face with their own stakeholders, i.e., customers and end users, retailers and other stakeholders, suppliers and other members of the marketers' ecosystem.

Agencies that have well-structured reporting systems, which will support and alert the marketer, will do well as they will free up marketer time to focus on the other key areas of the marketing mix. A level of accountability by the agency regarding costs, delivery and proactive solutions will ensure a more 'partnership' approach in the client-agency relationship.

## 5. More pitches

The advertising and communication industry thrives on pitches. As one agency CEO remarked to me 12 months ago: "If we do not have at least one or two pitches happening continuously, then we are not growing". So pitches will continue - possibly more specialised as a result of the fragmentation of channels - and we believe that the pitching process will need more and more independent supervision and expertise so that marketers obtain the very best result when choosing their agency to meet the next major need in their business.

Pitching needs to be independently managed in our view and we see this area growing more and more in South Africa. Navigating the various types of agencies, service-level agreements and contracts becomes more and more complex as channels and agency types increase.

Ethics, accountability and corporate governance will start to become more and more important and this is where intermediaries will come to the fore in the pitch process. In the US and UK, few pitches happen without the intervention of an intermediary company or consultancy such as IAS or AAR (our international partners). We are anticipating that this worldwide trend will continue to grow here.

## ABOUT JOHANNA MCDOWELL

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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