

# The evolution of digital agencies

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31 May 2018

For those who like riddles, an old favourite, "when is a door not a door?" springs to mind when looking at the evolution of the digital agency.



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For the longest time the industry has been fretting about consultancies encroaching on agencies' space. As the local digital landscape continues to mature and companies understand the need to be more data driven, the line between consultancy and agency has blurred in order to deliver what clients are asking for.

More than this though, is the emergence of a new offering. An organisation which: understands the power of big data and machine learning; is able to untangle and re-assemble a client's data in a way that allows for the creation of a meaningful digital strategy and that ties together cross/omni channel attribution mapping user journeys across key touch points; and, most importantly, is able to work with agencies and the in-house team to design and oversee campaigns which can pivot to adjust for user behaviour.

The emergence of the specialist digital marketer is making its mark both internationally and locally.

## **Adapt the business model based on reality**

One of the reasons for the shift towards a more hybrid model of agency/consultancy is how clients choose to engage with their service provider – including the business models driving that engagement.

There is a trend in South Africa to pitch a 'performance-based model'. But when you scratch below the surface, the billing shows it is really just a management fee model.

For the client, deciding between a through the line agency, a performance agency or a consultant can be confusing and, sometimes, misleading. Unpacking the progression of the shifts in business models, coupled with the addition of new technologies, helps plot the evolution of the new specialist digital marketer.

The company I work for started out as an affiliate player developing technology and IP to maximise margins and returns. Campaigns would be run on a pure risk model where the media costs would sit with the company and it would be paid solely on performance. The business was incredibly focused on how to optimise margins, which required it to be as efficient as possible, even developing its own technology to manage campaigns.

By adding the evolving tech layer of products, the company can now also leverage the benefits of machine learning to extract those insights and really get to the bottom of the entire user journey. As a result, it is having a very different, much more strategic conversation with its clients.

Practically, this means it can take information from loyalty schemes, ecommerce offerings as well as multiple channels and apply strategic insight into the client's marketing performance. The business is then in a position to have a conversation about budget and remarketing with a real understanding of audience segmentation.

I have found companies which are particularly open to this type of business model are those in the financial services sector. Because they are measuring lead generation, a company can take an holistic view on cost-per-acquisition by taking into account direct marketing (email and SMS), display, social, paid search and SEO, and then understand how these channels interact. It's far more accurate to analyse how these all work together, rather than just applying KPIs to each channel individually.

## **Client-driven evolution**

The biggest change over the last two years has been Google shifting from a mobile-first to an AI-first company. This shift reverberated in the market and clients are understanding that the systems can do a lot more of the heavy lifting, freeing up companies like ourselves to focus on the strategic side of things.

On the back of this, many companies are creating their own in-house teams. While building depth of skills to manage the day-to-day delivery is useful, there is definitely still a need to help train and upskill in-house resources.

Another trend is companies understanding that they may have a solid digital agency, but they still need a very high-level strategic consultant to help define the overarching campaign and measure its delivery.

Perhaps this role as an apex strategic resource could be likened to the creation of a super-agency. One which has the specialist knowledge of how to get the most out of technologies like machine learning, big data, and mixed realities. Along with the experience of how to set up and run campaigns based entirely on efficiencies and margin optimisation. Add to this the ability to resource and train the most relevant internal digital marketing team, and the agility and mindset to work as both consultant and delivery agent, and the term specialist digital marketer is made flesh.

Now, to answer the riddle at the beginning of the piece: When is a door not a door? Well, when it is ajar. This sums up the complex environment of digital marketing today. What is required is the ability to look at things in a different way, without the constraints of the obvious. It's this ability which lies at the heart of the specialist digital marketer's success and which is likely to shape the market for years to come.

## ABOUT TICHAONA SAVANHU

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