

Agency Scope Insights: Marketing and communication budget increases by 78%

By [Johanna McDowell](#)

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The third edition of the Agency Scope South Africa (2019/20) report has been released and shows the latest trends in client-agency relationships, as well as evaluations of creative and media agencies.

Additionally, the report analyses the differences and similarities with respect to previous editions and with the other markets and countries where the study is conducted: Spain, Portugal, United Kingdom, Argentina, Brazil, Chile, Colombia, Mexico, China, India and Singapore.



Image source: [Unsplash.com](https://unsplash.com)

The report reveals that, increasingly, large advertisers are aware of the importance of being able to rely on good partners in the marketing and communications area. So much so, that the budget destined for these areas increased by 78% in the last two years, and marketers are investing an average of R204,040,000 of their budget in these disciplines.

Comparing this with the other countries where the study is conducted, South Africa is the fourth highest-ranked country for investment in these areas, behind the United Kingdom, Brazil and India. Investment in digital areas already accounts for 32% of all investment in marketing and communication (8% more than in 2017).

53% of large advertisers claim to work with specialist agencies

Currently, 53% of the largest South African marketers state that they work with different agencies who are specialists in different disciplines, while 47% state that they work with integrated agencies that address all of their communication needs. However, it is worth noting that 5 in 10 would prefer to work with integrated agencies in the future, instead of working with specialist agencies. This statistic places South Africa slightly below the global average for countries analysed, where 54.3% state that they would prefer to work with integrated agencies in the future.



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Regarding services that advertisers prefer to manage internally, these are comprised of: Strategic Planning, CRM and performance, followed by branding, social media and data science, while shopper marketing, consultancy, e-commerce and B2B are the least developed at an internal level and thereby represent growth opportunities for current agencies.

On the other hand, production, media buying, media planning, programmatic and digital production are the services for which advertisers collaborate mainly with external partners.

One of the most concerning areas for marketers is their creative needs. In this area, 7 out of 10 respondents are relying on input from partners, especially advertising agencies, to whom they outsource the service. However, marketers who address creativity internally, state that they do so because they know the market, brand and consumers better than agencies do.

The 'ideal' agency

The most mentioned qualities by advertisers when it comes to defining the 'ideal' creative agency, regardless of the type of agency, and whether they work with them now or in the future are creativity/innovative ideas, account service, knowledge of the market/client/brand and digital capabilities.

Pitching is the most frequently used agency selection method by marketers

The most frequently used agency selection method in South Africa is pitching (both strategic and creative), which accounts for 83% of cases. Other common methods used by marketers in the agency selection process are trial assignments (34%) and workshops (26%). Only 25% of marketers state that they always remunerate agencies that participate in pitches. In addition, more than half of the marketers state that their procurement departments are involved in the negotiation processes with agencies.

High levels of satisfaction

Marketing professionals in South Africa work with, on average, 3.1 creative agencies and 1 media agency with which they maintain an average relationship of 4.5 years with the former (a slight increase on the 4.3 years declared in the second edition of the study in 2017) and 4.7 with the latter.

Levels of both recommendation (7.2 points on a scale of 0-9) and satisfaction (77.4% of marketers are satisfied with their agencies work) are high, and the percentage of marketers who declare having an intention of changing agencies has decreased (17.7 in 2019 vs 19.5 in 2017), with bad account services being the main reason to change.

The percentage of the contribution of agencies to the growth of marketers' business for whom they work, according to their opinion, has increased in the last two years, being 20% for creative agencies (17% in 2017) and 18% (14% in 2017) for media agencies.

Nando's was the most admired brand for its campaigns by the industry in 2019

Among the brands most highly rated for their campaigns, Nando's is situated in first position (32%), followed by Nike (14%) and Allan Gray (9%). Nando's also leads the ranking of companies most admired for their marketing (by 43% of those interviewed) followed by Coca-Cola (15%) and FNB (12%).



Nando's tops the ranks in Scopen's Agency Scope report

21 Jan 2020



Regarding the most admired marketers in the sector, Doug Place from Nando's places first, followed by Enzo Scarcella from MTN and Heidi Brauer from Hollard Insurance.



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Amongst the most admired professionals working in creative agencies are Alistair King (King James), Pepe Marais (Joe Public United) and Peter Khoury (TBWA), and the professionals who lead those working in media agencies are Wayne Bishop (PHD), Chris Botha (Park Advertising) and Ricardo Valente (Dentsu Red Star).



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Lastly, the industry challenges which marketing professionals in South Africa identify for the near future concerning better consumer and market knowledge, just like in the rest of the countries, as the biggest challenge to face in 2020. Other future goals to achieve are reducing the marketing budget, digital transformation and measuring results. Creative agencies are also being asked to reduce their budgets while also producing innovative creative ideas and improving their digital service, and for media agencies, a better understanding of platforms and of the consumer and their behaviour, and the confrontation with a saturated and fractured market.

Agency Scope is a study of the creative and media agency landscape in South Africa. It is a biennial study conducted by Scopen Africa which is part of the Scopen Global group that is active in 12 countries. Our universe of analysis in 2019/2020 in South Africa consisted of 239 face-to-face interviews with the highest-level decision makers in marketing.

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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