

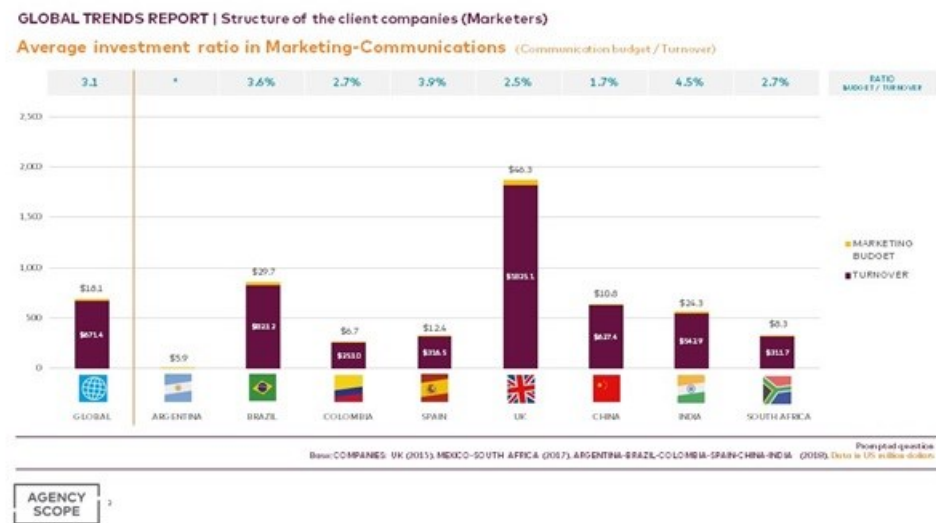
Marketing spend per platform - and who takes the lead?

By Johanna McDowell

20 Dec 2018

The chart below details what the average investment in marketing communications is as a percentage of the client company's turnover. The question that would have been asked of the marketer is: "What percentage of your company turnover is allocated to marketing?"

According to this chart, the UK has the highest percentage of marketing spend in relation to turnover, with Argentina having the lowest. South Africa's ratio is fairly low at \$8.3 to \$311.7. While this is calculated in US dollars for global consistency, South Africa still ranks as one of the lowest spend ratios in the world with only Colombia and Argentina being lower.

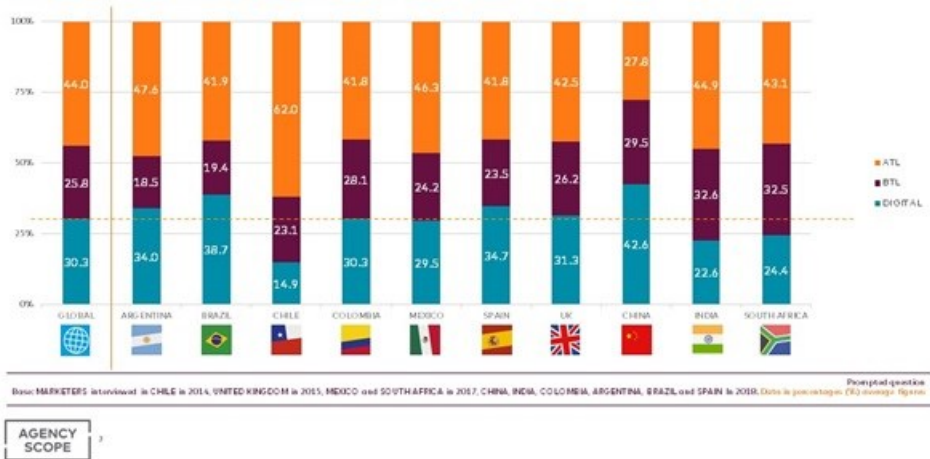


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The following chart shows budget distribution by disciplines, those being what percentage is spent on above line, below line and digital. It is interesting to note the variation among the different countries, particularly that the percentage of digital spend does increase year on year, as we have already come to believe.

Based on what the IAS is hearing in general, marketers are suggesting that the line between creative, digital and below line is disappearing. While what you see here is how Scopen currently captures this data, I would say that in the near future there will be a need to start thinking about this differently, as marketers are starting to see it more and more as a single entity, as opposed to the traditional separation which is likely outdated now.

Marketing- Communication Budget (Budget distribution by disciplines)



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How the relationship model stacks up

The third chart shows the ways of working with agencies when asked, “Do you work with a lead agency?”

The lead agency model is often confusing, with many asking what it means, precisely. Is the “lead agency” the creative agency? What is the specific role of the lead agency? Does the lead merely co-ordinate all marketing initiatives, or are they orchestrators of all marketing, regardless of platform, who provides the big idea for the other agencies to implement?

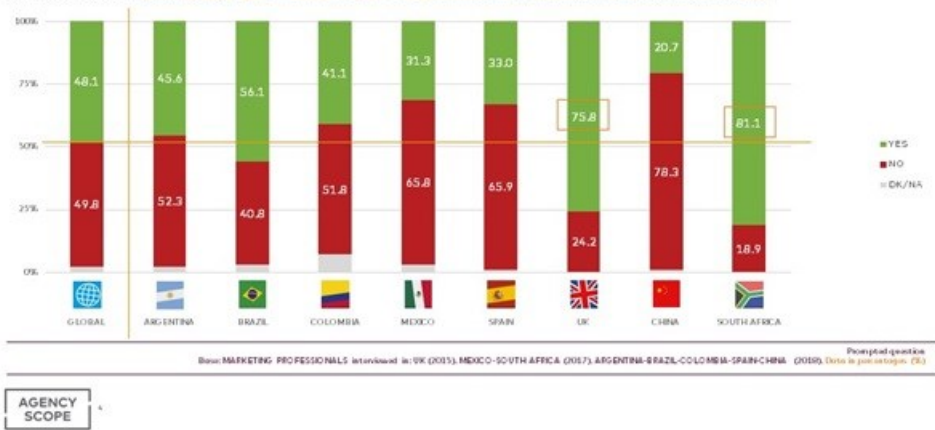
The main confusion is around what the ideal lead agency model is and that every agency has a different model also, that every model is tailored to suit a particular client.

China leads in not working with a lead agency, followed by Spain and Mexico; whereas 81.1% of South African respondents said they work with a lead agency. The closest ranking country to us is the UK at 75.8%.

It may be time for a solid explanation from both marketers and agencies as to their view on what a “lead agency” is and does.

Relationship model (ways of working with agencies)

DO YOU WORK WITH A LEAD AGENCY? Source: Marketing Professionals interviewed in UK (2013), Mexico-South Africa (2017), Argentina-Brazil-Colombia-Spain-China (2019), China in post-pandemic (2021)



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ABOUT JOHANNA MCDOWELL

MD of the Independent Agency Search and Selection Company (IAS), and partner in Scopem 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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