



Up, up and away

Media agencies continue to flourish as adspend grows

BRIEFS

TRAINING

Training, transformation, retention and upskilling to alleviate the dearth of talent in the industry, pose another major challenge, all agree.

Says Mindshare CEO Maria Phillips: "The talent, retention and development issue in the industry is going to be crucial going forward. Also, the development of efficiency modelling tools, because there's an increasing amount of media auditing by clients to ensure that they're getting best bang for bucks."

Media Compete's Britta Reid adds there's a constant call for agencies to commit to more training but that it's extremely hard to find youngsters with numeric skills, creativity and the commitment to work the hours needed to establish themselves in the business, at the price the industry can afford to pay trainees. And they also need to fit BEE requirements.

"It's time the industry re-looked at the approach to training - an apprenticeship approach would be far better - real on-the-job engagement, allowing access to real tools and real problems to be solved, and supplemented by text book learning."

Gordon Patterson argues that the industry is fixated on outcomes rather than incomes. "Fundamental to our continued growth as an industry, the development of resources, transformation and staff retention are crucial. Young individuals with aptitude and commitment are often lured away prematurely and ultimately fail to make long-term contributions as a result, particularly candidates of colour."

The lack of planners of colour must affect the credibility of the industry in terms of communicating with the mass market, adds Harry Herber, who singles out shorter deadlines with more options to consider, a need for greater sophistication, more innovation, and more research than ever before, as other challenges.

Rob Smuts agrees: "When one considers shrinking agency margins and the current skills shortage that the industry faces, time will become the media planner's scarcest resource."



Rob Smuts

"**E**XTREMELY positive." "Another great year." "The growth continues." "Very successful, with little to trouble the industry from a commercial viewpoint..." Etcetera, etcetera.

Across the board, media agency heads agree about their good fortunes in 2006, courtesy of the buoyant economy that saw total above-the-line (ATL) adspend increase by 27% to R24bn. They also agree that the boom will most likely continue, at least until 2010.

Both ATL and BTL (below-the-line) spending will increase and even accelerate as 2010 approaches. At the same time, the scope of services delivered by what was called a media independent will continue to expand well beyond media, predicts Starcom MD Gordon Patterson.

MediaEdge's Mike Nussey, who, after a

year-long sabbatical, surprised the industry by rejoining MediaEdge as its MD, agrees and believes that it is unlikely this trend will cool off for a while. "For some agencies the bull run will continue, certainly for this year, as client profits soar to record-breaking levels."

Trends: big vs small

RMS MD Rob Smuts believes a new trend has emerged among sophisticated marketers seeking out personal skilled services, delivered not surprisingly by smaller to mid-sized media specialists, hence the emergence of a healthy new breed of smaller agencies, all of whom are enjoying considerable success.



Mike Nussey

Only two major account moves spring to mind: Cell C and Edcon, says The Media Shop group MD Harry Herber, cautioning that the economy is in fact so buoyant that "anyone who didn't post a great performance, should get out of the business."

The SA media agency industry has continued to polarise itself around large volume-based media buying houses and smaller value-based media agencies



Josh Dovey

competing on strategic ability and customer service, argues Universal McCann MD Brad Aigner, whose agency achieved remarkable success in 2006.

He also believes that the industry has continued to commoditise itself, largely as a result of overt price competition among the few large players whose business models rely on volume.

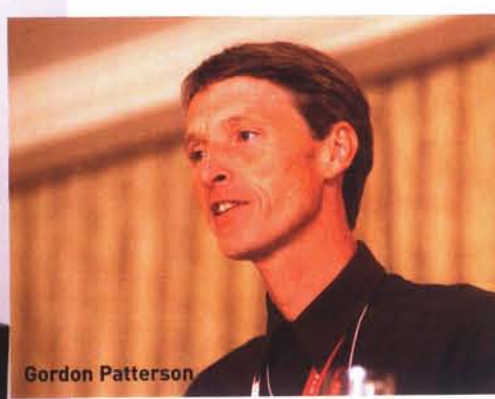
Alphabet Soup MD Nicolette Lewin fully agrees with Aigner, and says that one of the current trends seems to be the ongoing debate on group buying. She predicts that the issue of better rates being offered by media owners to one agency due to collective buying power will continue.

Consumer demand
Patterson believes the changes the industry is currently experiencing, both locally and globally, are influenced by two factors, namely access to technology and growing demands by us, the public, to have greater control - when we want it, where we want it and what we want - even if we don't know we want it right now!

"These factors have materialised in greater fragmentation of content providers - previously called media owners. Mass to me communication and increasing content portability and control over when it's consumed are - and will - increasingly impact on our landscape," he predicts.

Challenges

Parallel to the divergent trends and developments in the industry, there are three growing concerns and challenges, Patterson believes.



Gordon Patterson

The first is the robustness and frequency of industry research, due to marketers abandoning both their significant financial contribution as well as their responsibility to maintain the data as a currency for decision making on their behalf.

The other factor that in theo-

ry should add more value than it currently does, is procurement. In many situations this important function is sadly being used prematurely to select candidates rather than refine and redefine costs associated with an agreed scope of services. The result: appointments are based on unprofitable structures. This situation is unhealthy and compromises the product produced," argues Patterson.

Adds Media Compete MD Britta Reid: "The media industry is a constantly evolving one, and this evolution has been accelerated by technological development. The challenge for media agencies is to keep abreast of change and work out how to add breadth and depth to their roles, and ways to add value to clients. There is no room for arrogance or complacency.

"Media agencies that continue to play the fee undercutting



Maria Phillips



game will be unable to sufficiently re-invest in talent, skills, technology and their own development. They will become languishing dinosaurs," she argues.

Lewin stresses that planners are going to have to grow their knowledge of media with the advance of technology and multimedia options.

"Good planners are those who respect and have an understanding of the creative process; those who work closely with creative agencies need to be involved from inception. Planners will have to have an understanding of all the options and this might lead to some kind of specialisation in the future, depending on the sectors, like Print planners and New Media planners," she notes.

Aigner throws a curve ball: "The biggest single challenge facing media agencies is to be able to shift their focus from the current 'horse trading' mentality, back to intellectual capital as their core business offerings.

"The commoditisation of the media industry has resulted in a



Britta Reid

general decline in the appreciation of the strategic and innovative value that agencies and planners can contribute to their clients' businesses; hence the industry has lost its appeal to young emerging strategic and innovative brains."

Future

So, where is the SA media planning industry heading?

"There is a defined need for media agencies to broaden the scope of their services into other areas and channels of communication.

So sponsorship, product placement, sponsored programming, on the ground promotion, and new media are real areas of potential development," says Herber.

Aigner believes that there will be a shift away from the volume-based offerings featuring vanilla, one-size-fits-all media plans, to



Nicolette Lewin

value-based offerings by small groups of multi-skilled communications practitioners whose priority it is to deliver solutions that truly "connect" with consumers rather than "drown" them in cheaply bought media exposure.

Consolidation will continue to be a factor, though perhaps not as visible as it's been in the past. "Mega groups consisting of several entities are now functioning as single units. Accounts that are moving are encouraged

to move to another member of the "family". These relationships are not always communicated to clients," says Patterson

Phillips sees an increasing blurring of the roles in the entire agency arena. "We hear from our global partners that they are focusing more and more on creating content, and apparently creative agencies are also focusing on the creation of content."

Lewin predicts an interesting shift if, or when, the current status quo changes. "The smaller media agencies will need to ensure that they offer high levels of service, retain staff and operate profitably. Smaller media agencies will need to be clear on how they position themselves in the current market and have a clear understanding of their particular business model."

All in all, however, in Patterson's crystal ball "a bright future lies ahead for the medium to long term, but the short term will certainly be exciting as we wrestle with all the challenges."



Harry Herber