



MediaSense®

# Media2020

## Preparing for a very different media ecosystem

in association with

The Voice  
of British  
Advertisers





# Introduction

**For many industry commentators, the relentless developments and the speed of change in the media landscape are enough to fuel columns and pixels of commentary and debate.**

However, for marketers, the need to be prepared for a 2020 media ecosystem is a very real challenge and absolutely paramount to realising their businesses' strategic and commercial vision.

Recently, many of our global and local clients have come to us with a similar question – what do I need to do now to be ready for a 2020 media environment? This challenge focused our thinking around the key issues marketers need to address for 2020. How should they organise themselves to be sufficiently agile in this new environment? How will their agency models have to change? Who will become their most trusted advisor in navigating this ecosystem? Will they need to in-source more to retain control and secure the skillsets they require?

We devised Media2020 to address these questions and provide marketers not just with reassurance that they are not alone but to offer guidance on how to be successful in what will be a very different media environment. The research offers a fascinating insight into where marketers see themselves on this journey and we hope that our interpretation and commentary, particularly around data and technology, organisational design, content and talent, will be useful to readers.

Media2020 doesn't end here. As 2020 draws closer, our intention is to repeat the research with a view to monitoring how marketers' perspectives change, as they inevitably will, as new ideas and challenges arise.

Finally, Media2020 could not have happened without the significant contribution of several organisations and individuals. Thank you to the Executive and Media committees, Debbie Morrison, Bob Wootton and their teams at ISBA, who have been so supportive of the entire initiative. Thank you also to our partners at Ipsos Connect, led by Andrew Green, who developed and facilitated the research. Most importantly, thank you to all of our advertiser contributors who gave up their time to talk to us and complete the research.

I hope you find the results informative and enjoy reading what we have to say.



**Graham Brown**  
Director and Co-Founder, MediaSense

# Executive summary

**It is clear that marketers are at different stages on their evolutionary journey towards a 2020 media ecosystem. However, despite these differences, they agree that data analytics, content development and channel and content planning are emerging as the key disciplines. Success in 2020 will require having the appropriate talent and skills in place to exploit these areas and access to the right data to generate insights and understanding.**

Unsurprisingly, data-driven businesses, such as e-/m-commerce retail and financial services, are much further down the road to 2020 than, for example, their marketing FMCG counterparts. Indeed, this former group is beginning to talk of media, particularly acquisition media, as a cost of sale: such a development has far-reaching implications in both advertiser and agency boardrooms alike.

Despite all the industry ‘noise’ around viewability, ad blocking, brand safety and transparency, when we asked marketers about these headline issues, they all agreed that these were important topics but *not* critical to success or failure in 2020.

The significant shift in marketing focus to customer centricity requires marketers to have much deeper and broader internal capabilities to manage these customer relationships and the corresponding data than has been required to date. Indeed, many companies are planning to bring a number of functions, previously outsourced to agencies, in-house. In this way, they can exert much closer control, especially in areas relating to customer interaction.

Organisational structures within client companies are necessarily changing as are their requirements of agencies. Many leading marketers are becoming more self-reliant and agile, and are therefore more likely to pursue a

best-in-class approach to agencies. Followers tend to be more dependent on their agencies and more likely to look for single agency solutions.

In response to these changes, the agency model is in a substantial state of flux – some call it “broken” – and changes to the model will be faster and become more evident as we progress to 2020. There is little consensus among marketers on the right agency model but one respondent’s comment is typical of the widely held view that, *“The days are gone when an agency can really be experts on everything.”*

In this evolving order, media agencies are well-placed. They are comfortable in this data-driven world, although they need to become deliverers of insight as opposed to purveyors of analysis. However, the greatest threat to their status comes from their self-imposed metamorphosis from buyer to vendor, which is leading many marketers to question their neutrality. Unless they address it, the issue will fundamentally, and potentially fatally, undermine their status as a trusted advisor, leaving the door open to media and platform owners.

Creative agencies are not conflicted in the same way media agencies are, however. They have a different challenge. Their survival requires them to evolve their business models to develop

dynamic content. Many marketers still believe that creative agencies are the best place to go for big creative ideas but they are less convinced that, without changes to their model, they will retain control of content development in all its guises.

All marketers recognise that the metrics they use to evaluate their organisation's performance are changing and will continue to evolve as we approach 2020. Similarly, those metrics used in planning, executing and evaluating media performance will evolve to shadow content, from exposure to advocacy, as well as the all-important outcomes of revenues and profit. This has significant implications for agency trading teams, who have, to date, relied upon intermediated media metrics but will now have to become more accountable for business outcomes.

As the models and metrics change, so too will agency compensation models. They will have to evolve to be much more aligned with this performance-based culture. As one of many marketers put it, *"In 2020, agencies will have to have more real skin in the game."*

The journey from 2015 to 2020 looks different for every client, and needs careful and diligent planning. The areas of greatest focus for marketers – performance insight from analytics, dynamic content development and single customer view planning – are likely to be significant pain points but also offering huge opportunities for differentiation. Success in 2020 will be dependent on transitioning with speed from legacy models to more agile ones in these inter-related areas. Marketers are (and will continue) adapting their organisations internally and, in so doing, will look to innovative solutions outside their current agency rosters to accelerate the pace of change.

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# 10 'to-dos' for Media2020

## 1. Find your location and plan your route

Every organisation is starting from a different place and should chart its own route to 2020. While business transformation and marketing transformation are closely linked, Media2020 shows that the latter can progress independently of the former.



## 2. Check you are 'match-fit'

Marketers should decide how, when and where they are going to be in/dependent on their agencies to get them to their 2020 destination, as well as what they will need them for when they get there.



## 3. Keep it in the family

Marketers need to evaluate early on which skillsets and datasets to bring in-house (particularly for those disciplines which touch most directly on the consumer).



## 4. Control your own data

Many marketers are sleep walking into a data give-away. Contracts must be water-tight on all fronts but particularly in relation to data, which should be owned and controlled by the marketer wherever possible.



## 5. Go to where the content is

Quality content is a scarce resource that needs to be carefully mined: marketers should initiate and nurture direct relationships with media and content owners, developers and providers.





## 6. Accelerate your knowledge exchange

Marketers should ensure their organisations are benefitting from a regular in-flow of relevant and current analytic and creative skills, irrespective of where those capabilities may reside.



## 7. Develop more flexible agency rosters

No agency is the best at everything. Genuine innovation and expertise in new and emerging disciplines may be best found outside of traditional agency and advisor landscapes and should be pro-actively sought out.



## 8. Demand more accountability

The industry's frenzy around NHT and transparency can consume time and resources. Marketers should ensure they understand and manage their media supply chain – that every component is understood, contributing appropriately and properly accountable.



## 9. Re-programme your media metrics

Traditional media metrics are comforting in their familiarity but they can also be a barrier to change. Focusing on outcomes can be challenging and will be resisted by agency trading teams. They are right way forward for marketers who sit, or aspire to sit, at the boardroom table.



## 10. Ensure everyone has 'skin in the game'

Delivering better outcomes is everyone's responsibility. Marketers should review their commercial models and contracts to ensure they are encouraging committed partners to collaborate and embrace more risk and reward.

# Media2020

## Every company is in a different place, at a different stage in their digital transformation.

We conducted interviews across the spectrum of product and service businesses: from food to media, technology to cosmetics, B2B, insurance, retail banking, gambling, travel, pharmaceuticals, toys, transport, entertainment, drinks and confectionery. Although we found they shared a lot of common challenges, each organisation was in a different media 'state'.

There is consensus that marketing spend must be directed into more targeted, less wasteful activity and that consumer messages need to become more timely, relevant and dynamic. Mobile has moved front and centre of every marketer's mind and, while TV has its place, it has already – in many instances – been consigned to a secondary role in marketing planning.

Each company's current state is, to a large extent, determined by its category and its competitors' activities so, naturally, manufacturers with disintermediated customers have a different marketing model to brands which control the customer distribution channel. For the majority of companies, marketing transformation lags business transformation.

A key driver of media capability is hiring history and, as such, the blend of traditional and digital skillsets residing within a marketing organisation. All companies recognised the gaps in technical knowledge between traditional marketers and digital marketers. Companies which have invested in digital hires were confident in their capabilities but not always confident in their ability to execute as a team. Companies

without digital capability find themselves more reliant on their agency partners to maintain their competitive edge.

Changing working practices is hard. All organisations have felt pain points in adapting or transforming their business models. Companies are struggling to define their destination and, as a result, are unclear about how to reach it. Many interviewees used the same language, some citing "tension" in the marketing model, while others spoke about "blurring" or "overlap" between disciplines or roles.

Everyone senses impatience around development speed (internally and externally), worrying about the agility of action and mobility of their people. Plans are no longer set in stone: they have become organic. The onus on process automation and the pressure to improve operational efficiency internally and externally are felt acutely. Large organisations, in particular, are frustrated at their own lack of speed and the responsiveness of their external partners.

Although change is painful, we noted that those organisations which have made the most progress on the marketing transformation journey appear more confident and have a clearer vision of their future media state. These organisations appear in control, are more self-reliant and are setting the media agenda for their agency, rather than reacting to it. The organisations in their wake will either have to pedal extremely hard or innovate their model to catch up. We sense that, by 2020, it will become quite clear who the winners and losers are.



## Metrics must be meaningful

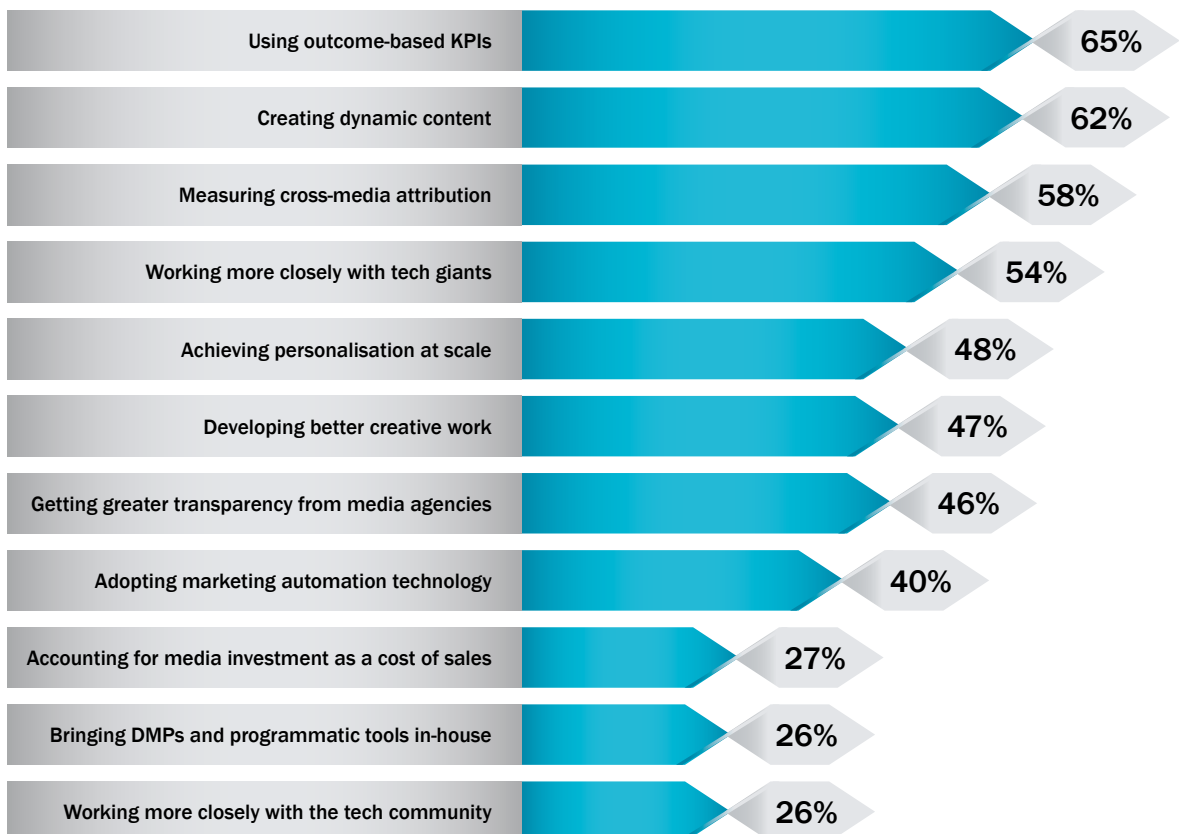
Marketers have always wanted things to be better, faster and cheaper. However, the digital revolution has opened up a myriad of opportunities – and pressures – to move quickly and decisively.

We asked about the challenges our participants were facing over the next few years from two different angles. First, we asked them simply to pick the issues that were most relevant to them from a list and then we asked them to rank them in order of strategic importance (Table 1).

There was strong agreement that measuring performance was the top priority and the greatest challenge. Issues such as transparency and developing in-house programmatic capabilities were of far less of a concern.

“ In 1960, you probably knew exactly what your plans would look like in 1965. Today, I don’t think anybody has a firm view of what 2020 will look like... but it’s about embracing change, not standing still. ”

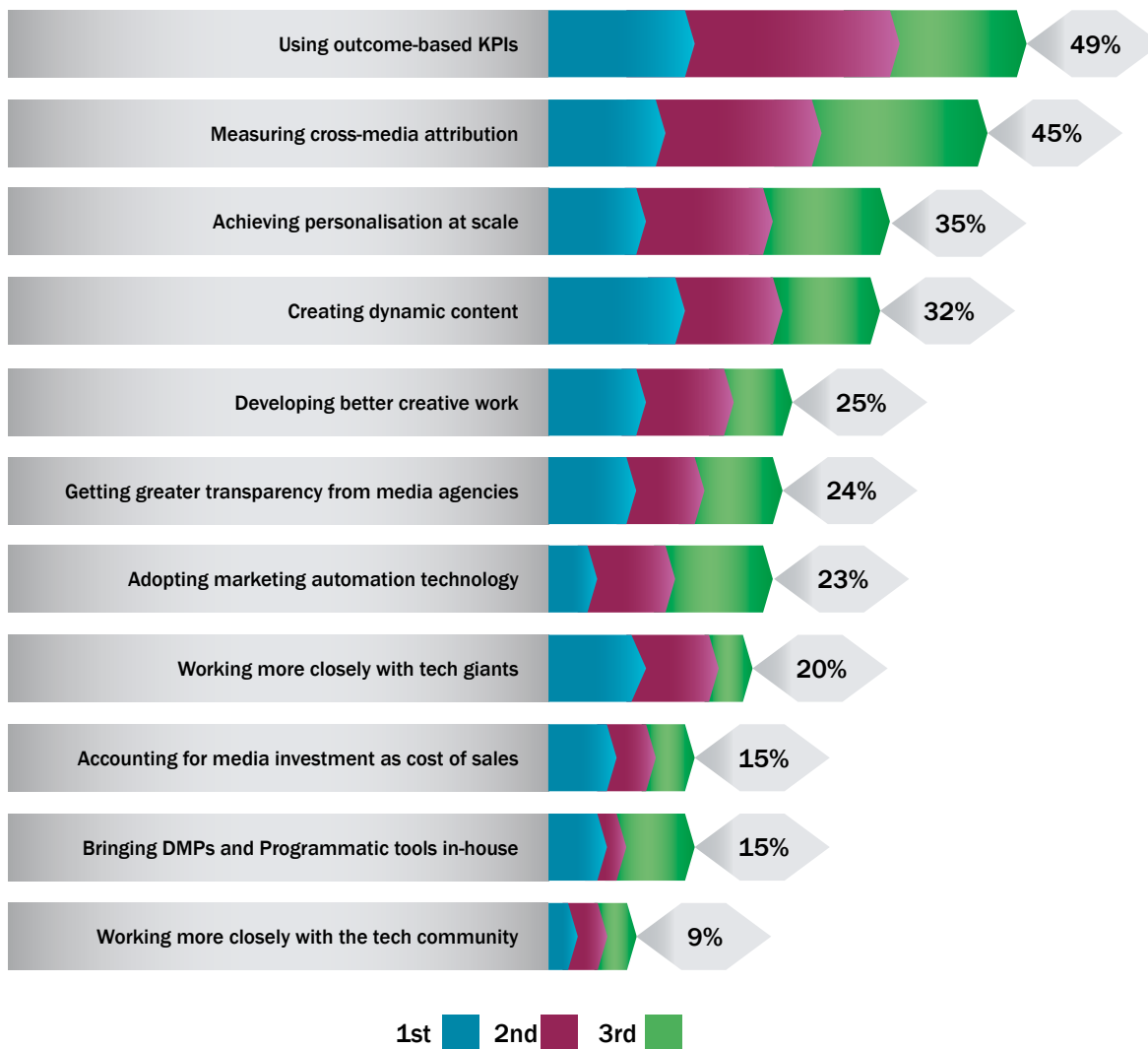
**Table 1: Thinking about how a 2020 media ecosystem might look and how your organisation will need to prepare for it, please identify which of the following would be relevant to your organisation?**



Looking at the results in more detail, the ability to match media investment decisions more closely to business results with outcome-based KPIs such as sales, profits and customer satisfaction came out as the top priority. The ability to measure cross-media attribution was mentioned by just under 60% of participants. Other stand-outs were related to customer interactions with content. More than 60% rated the creation of more dynamic content as important. The ability to speak to their customers and prospects *en masse*, yet with tailored messaging was noted by half.

Just under half agreed that transparency was an issue that would continue to be relevant to them but less than a quarter ranked it amongst their top three concerns. As to bringing Data Management Platforms (DMPs) and programmatic tools in-house, this also turned out to be low on the list of priorities. Around a quarter agreed it should be on their list of things to watch over the next few years but only 15% ranked it amongst their top three concerns (Table 2).

**Table 2: Indicate, in rank order, which you expect to be the three most important challenges**



## The greatest challenge is to get the right skills in and then to organise around them

A lot of clients spoke to us about the imperative of balancing the brand (long-term) and the sales-driving (short-term) needs of their business. This creates a tension in the marketing metrics and for stakeholder management within an organisation. Brand and business metrics can pull in opposite directions. Brand metrics are slow to take hold and trend, whereas sales metrics are real-time and immediate.

To balance brand and performance requires a blend of classically trained marketers and technical specialists. Many interviewees noted both a lack of digital specialists and the physical separation of digital teams within their organisation. These are causing capability gaps and management issues to emerge. The increased dependency on technical expertise is striking: *“IT used to be the geeks in the corner but now they are the centre of our business. We’re crippled without them.”*

The technical skills gap is a key issue. Without appropriate skills, clients feel unable to make the right operational decisions for their business. As one puts it, *“Advances in technology are actually making it more difficult to take decisions.”* The biggest skills gaps tend to be found in the management and leadership functions as most are not digitally “grounded”. Tensions arise between the qualitatively trained and the data natives. CMOs are therefore more prone to outsourcing data management, preferring to appoint specialists to manage complex data for them. Unicorns (marketers with a hybrid set of technical and branding skills) are extremely rare.

It is clear that the opportunity of matching personalised content to individual customers cannot be achieved without improved capability in data management, digital activation and content adaptation. Executives are acutely aware that their roles will need to change. *“Everyone is a manager – managing external partners. But bringing people in will mean that we need to become doers”*. The statement, *“We haven’t developed our programmatic model because we are not sure what to change it to.”* is understandable now but it won’t be acceptable in 2020.

**“ IT used to be the geeks in the corner but now they are the centre of our business. We’re crippled without them. ”**

Organisational silos, legacy ways of working and reporting structures were all cited as obstacles to data-driven marketing. Traditional organisations sense that they are *“behind the curve”*, losing their competitive advantage because they are less agile than smaller competitors. Rather than seeking those elusive unicorns, success is more likely achieved by building start-up centres of excellence within large organisations and encouraging collaboration across teams to fuel change. A change in roles means a change in the marketing structure. As one put it, *“You need a completely different marketing structure to develop dynamic content.”*

Another organisational requirement of digital transformation is the accelerated movement or “cross-pollination” of people between organisations. Technology companies have very powerful insights to transfer to clients. Equally, agencies will benefit from implanting specialists into client organisations. The constant importing and exporting of knowledge has two benefits: it strengthens understanding and relationships, and it ensures expertise and ways of working remain current. One interviewee in-sources specialists, “... so that I can take the knowledge and move on.”

In-sourcing experts to integrate data, content and technology is also an affordable way to keep headcounts under control. “Manage your customer data, in-source expertise and outsource tools”, as one put it. As the marketer turns project manager and communications planner, the allocation and management of internal and external resource will become a key focus. This is especially true for companies whose adherence to the annual plan has more or less disappeared. Like the media landscape itself, we must all become far more mobile.

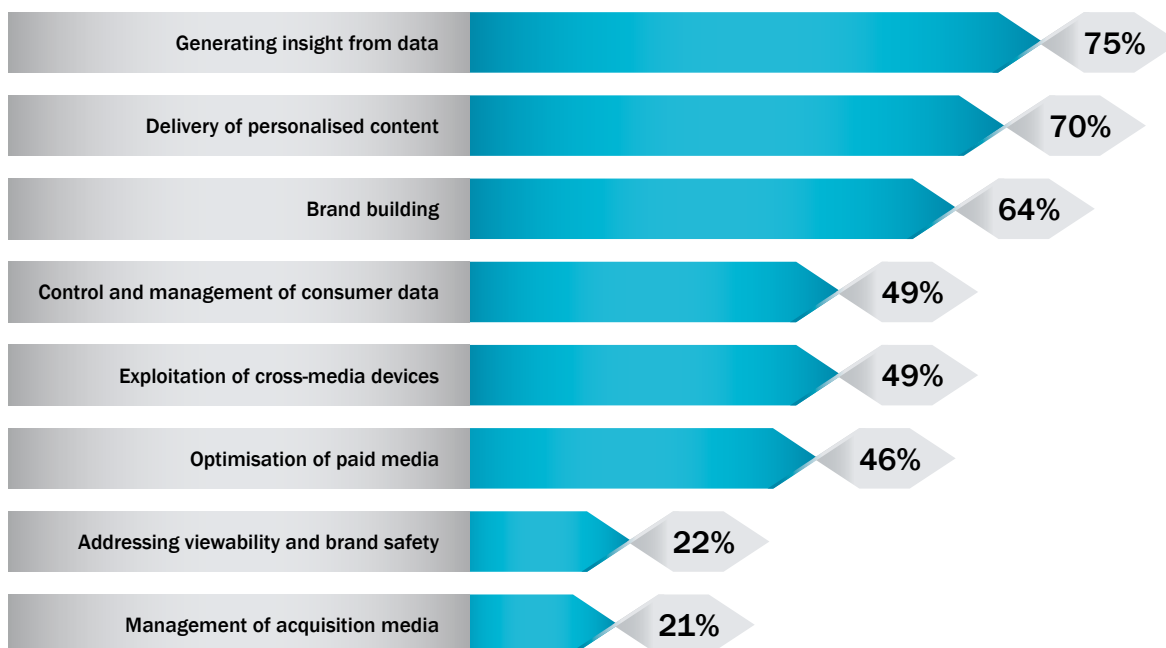
## Insight is key to delivering competitive advantage

We presented our survey participants with a list of areas where competitive advantage could be derived in the emerging media ecosystem and asked which ones they judged as being most important for their organisations (Table 3).

Three-quarters felt that generating insight from data was critical – with most ranking it top of their list. A similar number believed that delivering personalised content would be important for them. As we note later in this report, the whole area of data understanding and data management is one where skills remain scarce within many client organisations and where the need to buy or rent these skills is uppermost in their minds.

Challenges, such as viewability and brand safety, remain important but far fewer see these as sources of competitive advantage. Just under half believe that optimising their paid media investments – still the majority

**Table 3: Which of the following areas do you envisage being a source of competitive advantage for your organisation by 2020?**



of spending for most advertisers – will remain critical.

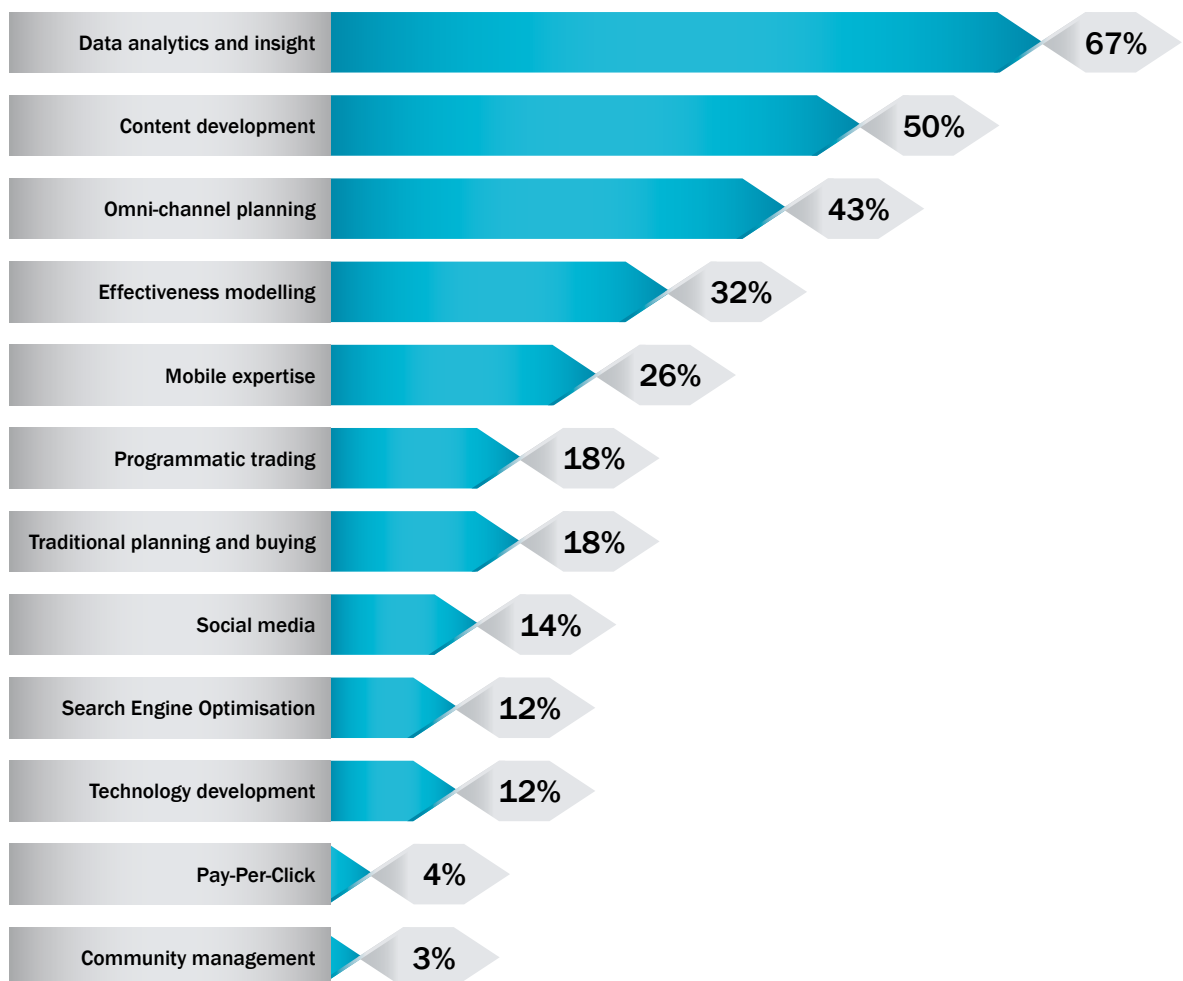
When we asked media decision-makers which three capabilities would be most critical to the success of their businesses going forward (Table 4), it was, perhaps, unsurprising to find a similar rank order: data analytics and insight, content development and in omni-channel planning topped the list.

Interestingly, of the specialisms we listed, mobile expertise ranked higher than traditional planning and buying, signalling

this as another priority area for many businesses. The number selecting ‘traditional planning and buying’ was identical to the number choosing ‘programmatic trading’ – although both were far lower than other priorities, at just 18% of respondents.

Clearly, the deluge of data and information generated by consumers using digital media is something that needs to be harnessed and leveraged by advertisers if they are to reach people effectively at the right time, in the right place.

**Table 4: If you had to pick just three, which of the following media capabilities do you judge will be most critical to the success of your business?**



## The shift of focus around the customer requires better internal media capabilities

In a connected world, marketing organisations understand very clearly the power that individual customers can exercise and are, increasingly, seeing the need to manage the customer relationship (and with it the customer data) more closely than before.

Interviewees talked of the transition from brand-/product-based marketing with its focus on awareness, preference and sales, to brand-/customer-based marketing with a focus on stimulating demand, engagement and loyalty. Several clients we spoke were bulking up their in-house market modelling capabilities. ROI continues to rise up the agenda. The aim of many in 2020 to position marketing as a 'cost of sale' rather than as a line item within their organisation's cost base.

Many organisations are building capability around consumer insight. One interviewee told us, *"The skillset I would protect most is the insight. You can find many data analysts but the number of people who can understand the business, make the link and inform is very rare."* Building customer datasets and drawing the insights around those data are clearly seen by organisations as their responsibility to manage. The social ecosystem is a key area of risk but also opportunity as it is effectively a hybrid working as media channel, shopper channel, engagement channel, feedback loop and community channel.

Customer insights are moving to the heart of marketing and with it the communications planning function. As one put it, *"We're becoming multi-channel*

*planners."* Many see a future where customer analytics underpins social, content, communications planning, data and analytics, all of which are inter-connected and fuel further insights. Some would go even further, putting "content planning" together with "communications planning". This casts the clients not just as project manager but as the orchestrator or curator of their customer engagement.

**“ The skillset I would protect most is the insight. You can find many data analysts but the number of people who can understand the business, make the link and inform is very rare. ”**

As the disciplines of advertising communications, digital communications, customer insights, product development, product communications and community management become more integrated, a more federal and collaborative approach is required between client and agency. Some organisations' response to this is to build dedicated agencies; others may establish in-house agencies. The success of either model is dependent on the quality of talent management and continuous external referencing of industry innovation and best practice.

## Owned and earned media oversight is moving in-house

According to *Agencies: Pressure Builds*, published by Liberum in July 2015, the agency business model is threatened by the digital revolution. The creative process remains slow and cumbersome, when what is required is fast and nimble. Media buying may become commoditised, disintermediating the media agency. When it comes to the area of strategic media advice – the art and science of navigating a path through the maze of media opportunities and matching these to a receptive audience – can the media agencies continue to play their traditional role as the first port-of-call to their clients?

When we asked our participants where they saw themselves looking for advice and assistance in the area of strategic media planning (Table 5), nine out of ten were comfortable that media agencies would continue as their go-to people when it came to paid media. Significantly, fewer (69%) agreed that they would also remain their key advisors in the area of communications and channel planning.

Eight out of ten believed that creative development would remain firmly in the hands of creative agencies. Whereas nearly all clients are determined to maintain their creative capability, many see earned media and content development functions moving in-house.

More than half saw themselves retaining control of owned media, while a substantial proportion envisaged retaining control of earned media, content management, data management and social media strategies.

Programmatic was an area where the jury is out: more than half did not see media agencies as their first port-of-call for strategic advice here, relying rather on their own resources or on specialist tech or digital agencies. Only 42% were comfortable placing responsibility for programmatic with their media agencies.

Our survey also confirms the importance of the specialist to many advertisers, particularly in the area of data management (31%) and programmatic media. 57% of the survey rely on a digital or specialist agency for their Search Engine Optimisation (SEO).

**Table 5: Who will your organisation rely on most for strategic advice in the following areas?**

	In-house	Creative agency	Media agency	Digital agency	Tech specialist
Communications/Channel planning	22%	4%	69%	3%	-
Creative development	14%	82%	2%	2%	1%
Paid media	3%	1%	90%	4%	1%
Owned media	58%	5%	22%	13%	3%
Earned media	37%	7%	30%	20%	1%
Content development	33%	41%	4%	15%	3%
Data management	42%	-	12%	11%	31%
Programmatic	18%	2%	42%	17%	18%
Search Engine Optimisation	23%	1%	18%	46%	11%
Social media	45%	9%	11%	30%	2%

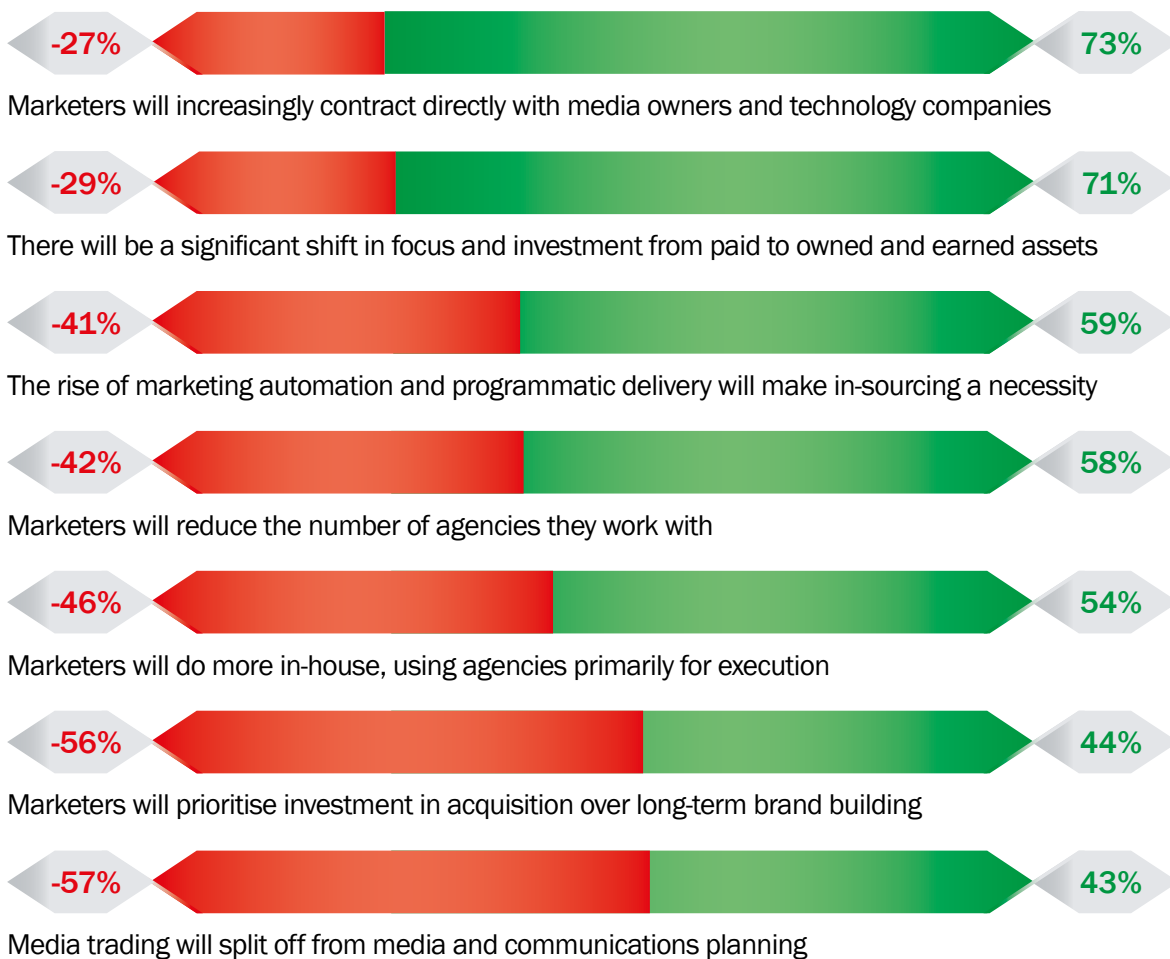
## Fewer external agencies yet more communications partners

When asked about their media strategies over the coming years (Table 6), most respondents agreed that owned and earned media assets would increase in importance versus paid media. Three-quarters of our respondents also agreed that there would be an increasing number of direct deals done with media owners and technology companies, by-passing the media agency.

A majority (54%) agreed that more in-sourcing was likely and that the number of agencies they worked with would decline (58%).

The survey was split on the extent to which more work would be carried out in-house or about the prioritisation of customer acquisition over long-term brand building. However, we saw greater certainty with two of the statements in particular: the likelihood that they would work with fewer agencies and that there will be more direct deals with media and technology companies.

**Table 6: Thinking about the strategic use of media, to what extent do you agree/disagree with the following statements?**





## Leaders are becoming more self-reliant and have options in their roster

There is a divergence among clients between those becoming less reliant on their creative and media agencies, and those becoming more dependent.

The companies which imagined a future where they could become truly self-sufficient shared two key characteristics: an ability to invest in resource and an availability of skills in-house. These organisations look set to become more self-reliant and see building internal capabilities as a means of sustaining competitive advantage. They see the disadvantages of releasing data to agencies for programmatic buying and the potential leakage of this data into the hands of their competitors and are therefore keen to preserve knowledge in-house. For these companies, the agency's role is more executional: to get things done.

A number of these client organisations have built teams around insight or digital specialists. These teams work across organisational product or functional siloes. Most organisations cite the success of these initiatives, not least as a means of injecting energy into passive ways of working. To go even further and build a more dynamic, real-time, programmatic marketing organisation will require even more investment and resource. Only the few (or the very large) are likely to go this far. Most will stop short, as in the US, where the much touted 'in-house agency' focuses predominantly on creating content adaptations rather than to plan or buy media itself.

By the same token, those companies which are investment-constrained and lacking the requisite skills in-house are becoming more

reliant on their agencies. Many of them realise that their skillsets are very traditional, and express a desire to change, but they *"don't have anyone in the business knowledgeable enough to do this yet"*. There was a feeling that some businesses are sowing the seeds of their own failure, by freezing hires at a time where their organisations are desperately short of skills.

A single agency solution remains attractive for many clients. This is especially so for organisations which lack the skills to challenge their agency or a business model capable of real change. Reluctant to bring expertise in-house and preferring to outsource, these companies are far more likely to look for a single agency solution if it delivers efficiencies.

Although several people mentioned that *"it would be easier to brief one agency"*, interviewees expressed caution against becoming too externally dependent. CMOs do not seem totally convinced by the idea of working with a single Agency of Record housing multiple disciplines. Retaining an ability to bring specific services in-house, or maintaining the flexibility to spin off functions to alternative providers, is seen as commercially astute and possibly more cost-effective.

There is clearly a tension between "convenience" and "best-in-class" when deciding on the agency roster. Like shoppers, clients see their media and creative agencies as convenience stores but will go best-in-class when appointing digital, programmatic or other specialist agencies. To prepare for 2020, marketing organisations need to remain flexible and agile around their data and tech requirements and scope.

## Agency disruption acknowledged, but solutions differ

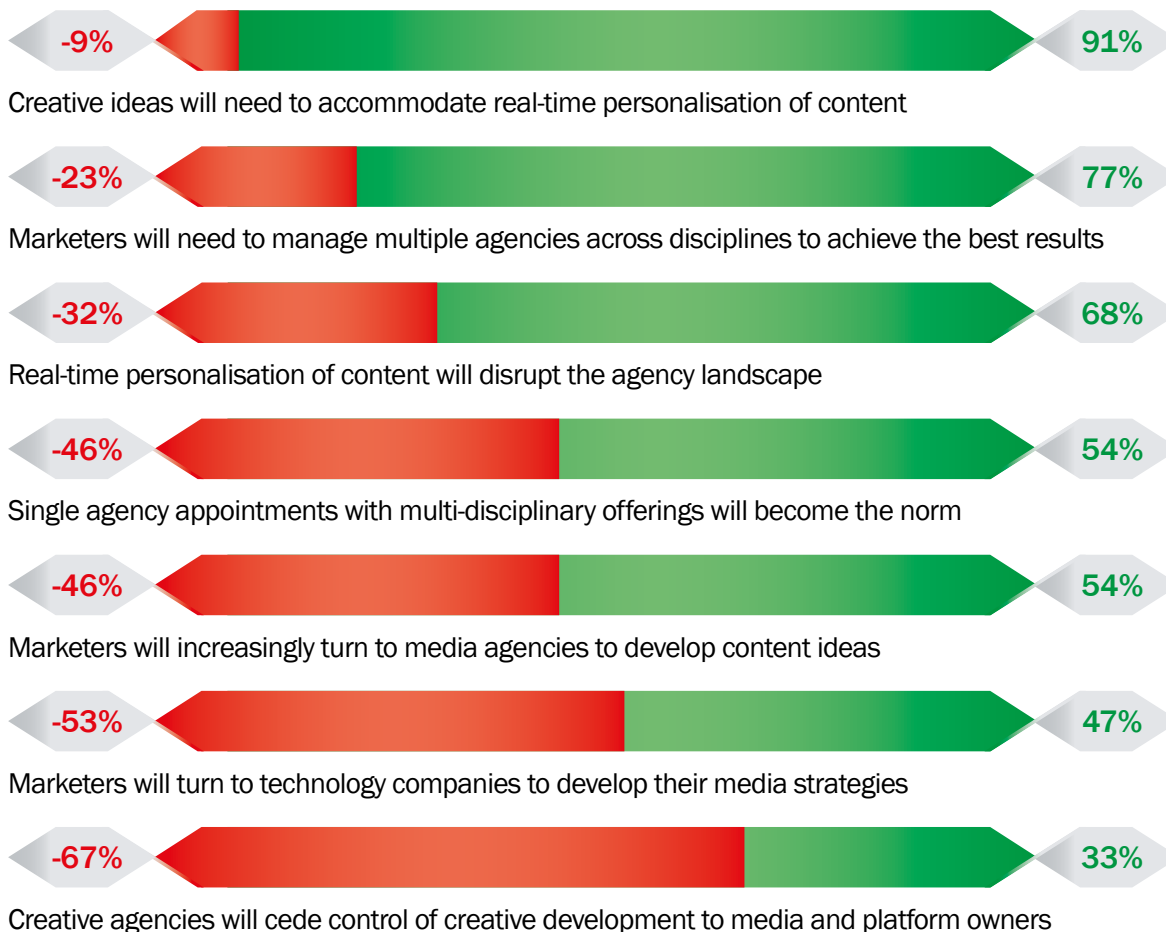
Almost all respondents to our survey agreed that creative ideas would need to accommodate real-time personalisation of content – reaching people at the right time, in the right place (Table 7).

Most also believed that marketers would have to manage multiple agencies across disciplines to achieve the best results, given that few individual organisations can accommodate all the skills and expertise needed to do this. However, our survey participants were split on whether to go down a specialist or a generalist route.

Interestingly, more than half felt they would increasingly turn to media agencies to develop content ideas. On the other hand, most disagreed with the notion that creative agencies would cede control of creative development to media and platform owners. Almost half the respondents expect to work with technology companies to develop their media strategies but do not see this as substitutional to their media agency relationship.

This again brings up the question of whether the skills and abilities to match these needs sits within with traditional creative organisations, whether it will be developed there or whether it will need to move outside of these companies.

**Table 7: Thinking about your own organisation’s needs for content and creative, to what extent do you agree/disagree with the following statements?**



## Creative agencies at risk of disintermediation by media owners and media agencies

In a highly fragmented media landscape, the premium on ideas has never been greater. *“It’s still going to be about the Big Ideas and Creativity and Storytelling that is going to differentiate us from everybody else,”* said one advertiser. However, in the journey towards *“personalisation of messages at scale”*, there is a strong consensus that creative agencies are currently behind the curve, mainly because their business models are set up in a different way: to deliver single messages to audiences of millions.

Creative agencies are under the spotlight. Ways of working, a lack of speed and agility, and affordability are all cited. For many, the cost of creative is too high and, as content is set to multiply in a programmatic world, the cost of creative needs to come down. Into the gap step a host of much smaller, agile start-ups.

Few clients want to manage more agencies. This becomes an opportunity for the more agile media agencies and large holding groups. Horizontality can address this (e.g. WPP’s launch of Truffle Pig) but so can transformational moves such as Dentsu Aegis’s acquisition of John Brown. As one interviewee says, *“Clients need the efficiency to turn around a video in two days not on a TV budget, so the small, lean start-ups are winning a lot of new business as a result. Tomorrow I can see the media agency being a one-stop shop in that area.”*

It’s not just content companies that are eating the creative agency lunch, it’s also performance agencies. Many of these started life as search, direct mail or CRM agencies but, through the application of technology and data analytics, they are becoming more important to marketing organisations. Pay-per-click (PPC) is a business critical discipline, and, for some companies, this makes the digital agency a more important strategic partner than the creative agency.

Whether the performance agencies can start eating the media agency’s dinner is another matter – they don’t have their foot on the media owners’ throats after all – but what these companies have in common with creative start-ups is the trust of the CMO and they are deeply embedded within the marketing organisation.

Content is set to become the common battleground for creative, media, performance and digital agencies alike. Whilst having big ideas is still the creative agency’s core competence, the adaptation of content and the creation of dynamic content overlaps with digital and media agency specialisms and it is from this angle that they will be attacked. *“The ad agencies will have to re-invent themselves if they want to be involved in content,”* said one interviewee.



Dynamic content is seen particularly by senior people in our survey as critically important. The speed at which brand-owners can create, engage and optimise their content will determine their competitive advantage (the concept of developing, testing and “failing fast”), which means having fast and integrated capabilities to adapt, distribute, analyse and re-calibrate content.

If publishers move into content creation, their close relationships with media agencies could squeeze the creative agency. Clients may also feel that content planning sits better in-house or with the media agency, shifting influence further away from the creative agency.

## Media spend converging on screens but TV next in the firing line

When asked to think about where they thought media investments would be moving over the next five years (Table 8), almost all our respondents anticipated spending more on mobile and social media and more than three-quarters expected to be involved in programmatic buying at some level.

There was a predictable gap between intentions to spend money on digital media (most expected this to rise) and

expectations for more traditional media (less than a fifth expected any increase in spending in any of the traditional media). The pre-eminent delivery mechanism for media has become the screen.

However, we were most struck to see that the number of clients expecting to reduce spending on broadcast TV was twice as high as the number expecting to increase it. Broadcast media stock prices have taken a beating over the summer – perhaps the analysts have been listening to the advertisers!

**Table 8: Thinking about your organisation’s media investments over the next five years, please indicate which types of media you anticipate spending more, less or about the same as in 2015?**

	More	About the same	Less
Mobile	91%	6%	2%
Social media	77%	20%	3%
Programmatic	76%	14%	4%
VoD	73%	10%	3%
Digital OOH	65%	23%	4%
Search	57%	37%	6%
Online display	50%	28%	21%
Addressable TV	49%	20%	10%
Native advertising	46%	33%	7%
Broadcast TV	19%	39%	36%
Out of Home	18%	48%	28%
Radio	9%	38%	38%
Cinema	7%	30%	31%
Regional newsbrands	6%	25%	31%
Newspapers	2%	17%	72%
Magazines	2%	25%	62%

## Media agencies entrusted with more tasks, but clients still have options

When organisations are unsure of the best way to proceed, they often turn to trusted advisors for advice and guidance. In the discussions held with senior advertisers prior to sending out the survey questionnaire, almost everybody we spoke to admitted to feeling slightly daunted by the impact of the digital revolution on their businesses. All were reasonably clear that they needed to get better at measuring the business impact of media decisions in order to be able to compete. They were less clear on exactly how to do this and who to ask for help.

When we questioned our respondents about the advisors they felt they would need to rely

on in various parts of their jobs (Table 9), media agencies remained firm favourites in traditional areas such as audience verification and also – in more than half of cases – on the whole area of programmatic trading. There is still a strong reservoir of trust for the current agency advisors for task-based activities.

However, there are many areas which clients expect to bring in-house or to manage outside of traditional agencies, particularly in areas where their own customer data or relationships are concerned. Two-thirds expect data management to sit outside media and digital agencies, for example. A similar number envisage web analytics in the same light and more than half plan to retain control of social monitoring. Disciplines which touch the consumer are moving in-house.

**Table 9: In 2020, who will you rely on most to manage the following tasks?**

	In-house	Creative agency	Media agency	Digital agency	Tech specialist
Web analytics	42%	1%	10%	28%	20%
Social monitoring	41%	5%	12%	30%	10%
Data management platforms	39%	1%	16%	17%	27%
Social advertising	30%	8%	28%	33%	1%
Attribution modelling	23%	1%	37%	20%	12%
Ad verification	12%	3%	42%	18%	23%
Search bid management	12%	-	48%	30%	9%
Audience verification	12%	-	50%	13%	19%
Programmatic trading	10%	-	54%	21%	14%
Ad serving	6%	3%	54%	20%	17%

## Media agencies need to re-focus around technical excellence and re-discover their purpose

Media agencies are undergoing serious change. Their bread and butter of media planning and media buying is in decline. Nearly everyone we talked to questioned the future role of TV in their marketing mix. This is driven by four factors: a shift from campaigns to customer dialogue, the availability of TV alternatives which combine scale and precision, the focus on performance and digital transformation. TV's place in the mix is being ceded to mobile. As one put it, *"Mobile just crept up and happened."*

The client dialogue with media and platform owners (Facebook and Google were named by almost everyone) is changing from a commercial dialogue to a more strategic partnership. One of our interviewees observed that, *"More and more is happening without the agency present."* For brand-owners, these partnerships serve a number of purposes: they play to their emerging role as orchestrator/curator, they help to leverage influence with the media agency and they offer the potential to learn or even implant new skills in-house.

It is clear that media agencies need to pedal hard to acquire and maintain the technical capabilities required to retain their 'gatekeeper' role. Trust appears to be moving to organisations which can manage data professionally, protect clients from reputational risk and give impartial advice, and, in some cases, *"from the agency that bought TV campaigns to the agency that manages digital spend"*.

For the present, media agencies occupy a very strong aggregating position and are accumulating digital capability fast. Programmatic is currently a specialism but media agencies are well-positioned to take charge in this area. Digital agencies will cede

ground to media agencies as clients look to integrate brand and performance marketing.

Clients will reward their agency if they focus around operational and executional excellence and develop genuine capabilities around data and content scaling. *"We still need a vibrant media agency community – it's more about evolution than revolution in that space,"* as one interviewee put it. Over the next five years, clients will work out which agencies are actually "road-ready" and which are "winging it" – and migrate spend accordingly.

**“ Agencies don't seem to be driving performance – they are driving their own P&Ls. ”**

It is ironic (and tragic) that, at a time when media agencies are being asked to give transformational advice in a transformative media landscape and when programmatically planned and bought media promises to transform marketing performance, trust in their capabilities and stewardship of these areas is in question. There is a clear call-out to agencies in our research that they must take responsibility and a far more proactive leadership role in sorting out the industry issues surrounding digital and programmatic media.

It is the media agency business model – more so than their technical challenges – which emerged as a key concern. Put simply, if media agencies continue their trajectory from buying for their clients to buying on their own account (the transition from buyer to vendor), their grip on communications planning will loosen and they will lose the strategic ear of

their clients. As one put it, *“Agencies don’t seem to be driving performance – they are driving their own P&Ls.”*

Clients see the issues surrounding non-human traffic, brand safety and viewability as industry issues. They cannot solve them alone. They expect their agencies to tackle them on their behalf. As one put it, *“Agencies have to take responsibility for their product. We don’t think we should be paying extra to verify.”* We’d go further: if media agencies wish to re-establish their role of trusted advisor, they must be seen to be marshalling these areas actively rather than exploiting them for commercial profit. This is a fundamental pivot point for the industry, and represents a key “purpose” that clients expect from their partners.

Nearly all our interviewees questioned their agency’s ability to plan and buy with neutrality given this recent shift. Media agencies acting like aggregators, presenting solutions back as optimum and impartial, when they are actually driven in part by commercial factors. They are acting as the sales channel increasingly to media owners, especially those which are not able to compete on a self-serve basis. The trading tail is wagging the marketing dog.

## Digital metrics to the fore

In the past, costs-per-thousand impacts delivered were the standard way of measuring media performance, with targets set for reach and frequency, weekly or monthly strike rates and so on. When we asked how advertisers saw performance measurement developing over the next five years, the vast majority saw themselves doing more KPI tracking and more ROI analysis than they do at present. Digitisation has also led to a rise in the perceived importance of attribution modelling, conversion tracking and – most recently – tracking of viewability and fraud.

There was a very clear preference expressed by our respondents, when quizzed about the metrics that would be most important to them in 2020 (Table 10). They revolved around predominantly digital metrics measuring Return on Investment, customer value, conversions to outcomes and the level of engagement with the content they were producing.

The only measurement approach a significant number of clients saw themselves doing less of (and even then only 18% said this) was pool-based auditing.

**Table 10: When measuring the performance of your media investment, what are you likely to do more/less of by 2020?**

	More	About the same	Less
KPI tracking	76%	24%	-
ROI analyses	70%	24%	3%
Attribution modelling	63%	21%	2%
Conversion tracking	62%	29%	4%
Viewability and fraud tracking	61%	23%	3%
Brand safety monitoring	46%	42%	3%
Brand tracking	46%	45%	7%
Sentiment analysis	45%	38%	3%
Pool-based auditing	18%	36%	18%

## Organising media metrics around a single customer view is a common goal

Marketers are fully aware of tensions in the media agency reward system. Buying efficiency and business results don't always pull in the same direction. Digital performance metrics are richer and more actionable; traditional media metrics are indicative and disengaged. One-size fits all standardised media measurement is contrary to the requirements of a dynamic content media ecosystem. Never have the media trading metrics been so divorced from metrics clients need.

Our interviewees recognise that metrics can be transformational. However, most organisations are still unsure about what the right metrics are for their own ecosystem. By way of example, no-one doubts the opportunities to distribute and amplify content to customer networks but very few see evidence of its effectiveness. According to one client, *"I think the biggest challenge is that a lot of content is often not created with the end in mind."* This makes the case not only for setting the right metrics, it shows the importance of establishing outcomes at the very start of any briefing process.

This requires a real change in the evaluative mind-set: establishing specific KPI targets at the outset and drawing learnings from the full customer journey both during and after the event. To move to this point, where data informs all marketing decisions and insights, and media technology enables more predicative and anticipatory activities, all organisations aspire to a 'single customer view'.

There are many hurdles in the way of achieving data-driven marketing but this is a nettle that must be grasped. The journey from here to 2020 will see significant

consolidation in the data analytics marketplace as the land grab intensifies for the single customer view.

To achieve visibility of performance across the media ecosystem will require investments in data and technology. This necessitates a new debate around industry remuneration and reward. There is a new value exchange at play here. Those companies (agencies, media owners, tech companies *et al*) which create tangible business value will expect to charge a premium price to support their investments in data and technology. This signifies a sea-change in the media agency reward system, where advertisers pay more for specific audiences, which reverses the prevailing industry practice of paying less for generic audiences.

For many years, agencies have been in a comfort zone of achieving their buying commitments to earn their bonus. That time is coming to an end. As one client puts it, *"The industry is still using a very old methodology in the trading market and consumers are not consuming content in the same way anymore. Marketers will therefore determine their own metrics and price their own campaigns."*

## Problems remain in converting 'big data' to 'smart data'

Nearly all respondents saw cross-device attribution as an important priority, one which measurement organisations have been struggling to achieve as mobile internet has become more ubiquitous and consumers more streetwise around how their information is being stored and used for marketing purposes (Table 11).

As the rise of ad blockers has revealed, there is an important balance between personalisation which brings utility and



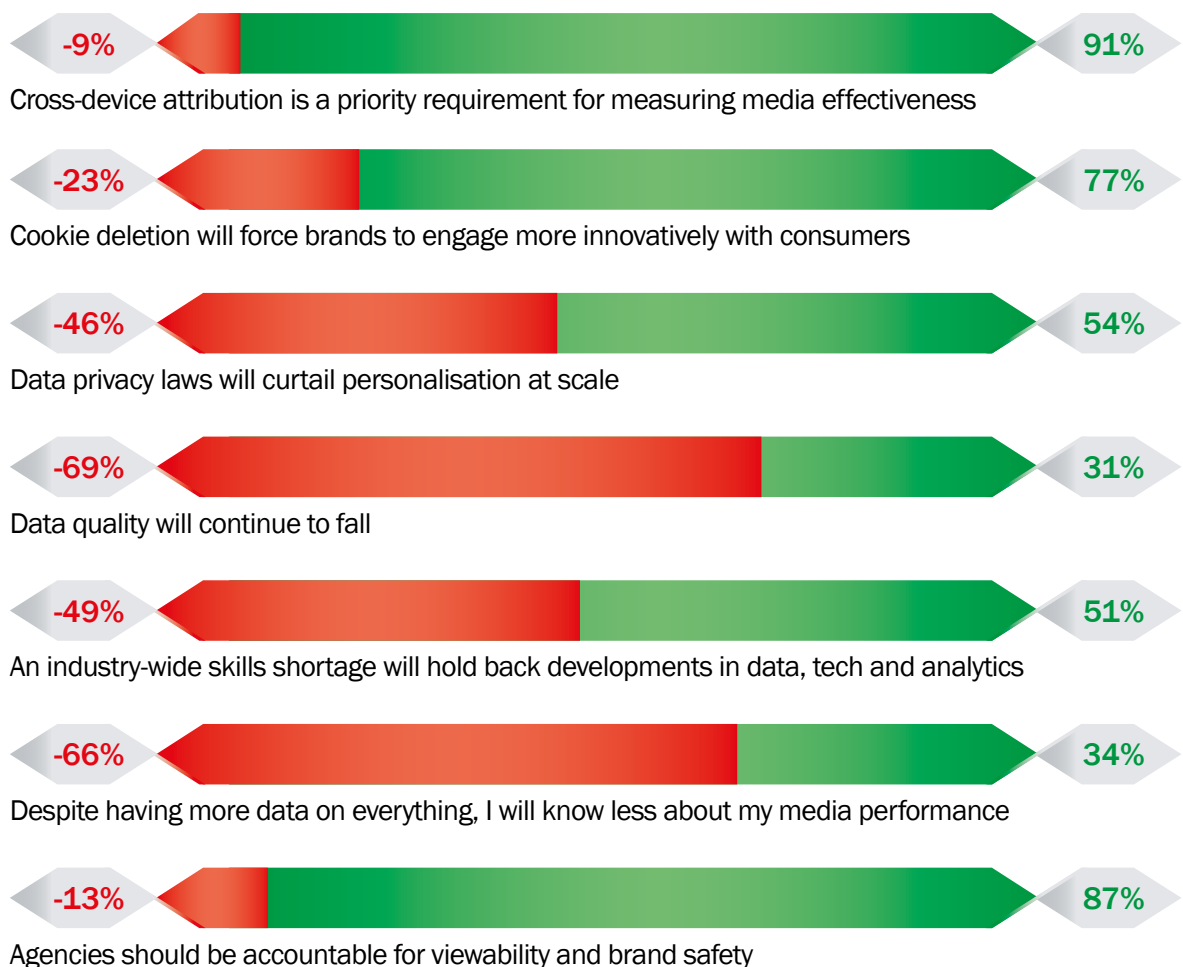
personalisation which, when executed poorly, can create a “Big Brother” effect. This explains the polarity in the views expressed around data privacy. For brands to be successful, they need to find that balance and execute in a way which is sensitive to how their customers want to be communicated to.

The anticipated improvements to cross device tracking and integration of first-party data (across owned and earned channels) should lead to improvements in data quality and with this we expect brands to accelerate their internal capabilities in the management of this information via DMPs. This will help to improve the quality of data

and also break down some of the organisational silos which currently inhibit the sharing of data.

While technology will help with the organisation of data, concerns remain around the ability of the industry to activate and interpret this data, which raises questions over whether the promise of big data will be fulfilled. Perhaps there is simply too much of it, as underlined by the emergence of new data sources, such as viewability, audience verification and brand safety reporting systems. While they offer incredibly rich insight, they can often be underused.

**Table 11: Looking forward to 2020, to what extent do you agree/disagree with the following statements?**



## More skin in the game

Performance-related compensation has become increasingly popular, though it has sometimes been challenging to isolate the precise contribution of different parts of the marketing mix (with pricing, distribution, competitive activity and other marketing activities outside the control of individual agencies).

The digital landscape promises much better measurement of performance. In step with improvement in the ways media performance can be measured, there has been increasing pressure on businesses to improve performance in all parts of their

organisations. To do this, they need to measure, track and maximise the efficiency and effectiveness of every investment pound.

More than three-quarters of respondents agreed that performance target-based remuneration would become even more important in 2020 than it is today – few imagined it would become less important (Table 12). Half thought hybrid commissions and fees would be more common.

New remuneration models are emerging: revenue share and profit share model are indicative of a more ‘closed loop’ marketing ecosystem.

**Table 12: Do you see the following remuneration models becoming more/less important by 2020?**

	More	About the same	Less
Performance target-based	76%	21%	2%
Hybrid commission and fee	46%	34%	16%
Revenue share	27%	29%	15%
Profit share	21%	26%	17%
Fees only	8%	46%	39%
Commission only	3%	29%	55%

## An industry in transition, with a common focus around data, skills and performance

At the end of our survey, we asked people to name the three things they thought a marketer should do now to ensure success in 2020. The leading priority was people – bringing new people in where appropriate and training existing teams to be comfortable in the new ecosystem.

A large number also talked about making better use of their agency partners and the critical importance of data – collecting the right data and using it in the right ways. Although advertisers are concerned about areas including viewability, digital fraud, brand safety and the rise of programmatic trading, these are day-to-day rather than deep strategic concerns.

Our survey points to three clear areas which all respondents are prioritising:

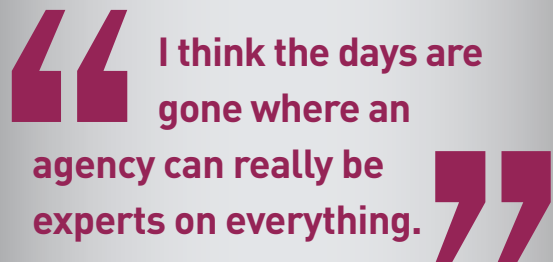
- The critical importance of marshalling, understanding and exploiting data about customers, potential customers and media audiences
- The need to develop or bring in new skills
- The continuing shift towards performance-related KPIs and compensation.

There is no ‘right way’ for managing media in 2020. CMOs must decide which model will work best for their business, based on its own organisational legacy, its competitors, its internal capabilities and its strategy.

The ideal state is for an organisation to be self-reliant, data-driven, technology-enabled and with a clear view of the key drivers within its own ecosystem. This is not the reality for the majority of companies. Most clients will rely on their media agencies for a long time as

the experts on channel selection and as the most efficient route to market. However, all marketing organisations need to have a strategy to avoid dependency, by identifying areas where they are able to build their own capability or where their agency does not yet have the best expertise.

Customer data, technology and content are the fundamental ingredients of communications planning in 2020. To make the journey from 2015 to 2020 successfully, CMOs need a route map, supported by a data (and technology) strategy, a content strategy and a communications strategy.



**I think the days are gone where an agency can really be experts on everything.**

One of our interviewees was very insistent that no organisation could navigate to 2020 without living and breathing experimental design. Put simply this is the 70/20/10 rule (70% base volume, 20% test and learn, 10% innovation).

We think this rule of experimental design should also extend to the disciplines of data, technology, content and the communications plan. Equally, experimental design should apply to the media and creative roster, around the choice full-service, specialists and start-ups. As one interviewee puts it, *“I think the days are gone where an agency can really be experts on everything.”* Last but not least, it applies to the people you work with and how to combine managers with specialists and entrepreneurs to deliver exceptional marketing performance.

# Media2020: the research

**In the second quarter of 2015, MediaSense took soundings from senior marketing and media decision-makers to help identify the questions that matter to them as they look ahead to 2020.**

We came up with a list of the key challenges and choices facing them and proceeded to ask a broader group about their views on these topics. We held in-depth interviews with around 30 senior decision-makers across a broad cross-section of industries. These conversations created an opportunity to capture what was on their minds, drill down into some of their business challenges and provide additional insights for the research programme as a whole.

We were able to design a survey that resonated with marketers and span the priorities and concerns of modern marketing organisations. Looking five years ahead to 2020, we wanted to understand what the most important pain points are, how well-equipped executives felt themselves to face an uncertain and rapidly evolving media marketplace and what their key priorities were going forward. Nearly 200 senior decision-makers responded to the survey, carried out by our partners at Ipsos Connect, representing well over £1 billion in advertising investment.

All the executives we spoke to are at different stages in a journey – a journey from the analogue world of “one message to many people” to a predominantly digitised world serving “many messages to one person”. Our participants have been brutally honest with us. Many admit that, while they know they have to do more to prepare themselves and their companies, not everything is clear cut. A common response was along the lines of, *“I know what I need – just not how to get it.”*

## About ISBA

ISBA is the only trade body focused solely on the interests of advertisers in the UK. With over 450 advertisers in membership representing in excess of £10 billion spend on marketing communications, ISBA protects its members' freedom to advertise responsibly and maximise their effectiveness in deploying their marketing spend.

ISBA works with UK CBI, the International Chamber of Commerce Advertising and Marketing Commission, the UK Advertising Association and are members of the World Federation of Advertisers (WFA), based in Brussels, as well as being a member of CAP and BCAP the UK advertising code owning body.

ISBA is a representative membership body offering expertise, unique advantages for members, cost savings and campaigning for advertiser freedoms. In supporting the freedom to advertise responsibly, we actively support self-regulation and work with government to achieve effective but fair rules for marketing communications.

The knowledge ISBA bring and the expertise of its team helps its members in the constant battle for competitive advantage. Through our regulatory work and through our tailored advice, we deliver substantial cost savings for our members.

## About Ipsos Connect

Ipsos Connect is a global specialised business to co-ordinate Ipsos services in the domains of Brand Communications, Advertising and Media. Ipsos Connect amalgamates the legacy brands of Ipsos ASI and Ipsos MediaCT.

As the world of brand communications, advertising and media become increasingly complex, fragmented and digitalised, Ipsos is helping clients better embrace this modern complexity with investment in new approaches and products that will fit with the digital age. Ipsos Connect aims to be the preferred global partner for companies to measure and amplify how media, brands and consumers connect through compelling content, great communication and relevant media planning.

Ipsos Connect is a specialist division within Ipsos, one of the world's largest market research agencies. Ipsos has offices in 87 countries, generating global revenues of €1,669.5 million (\$2,218 million) in 2014.

# About MediaSense

**MediaSense is a global media advisory firm, specialising in helping clients engineer value and navigate change to deliver improved outcomes. We evaluate our clients' entire media architecture and make it better.**

Our proposition is unique in the marketplace – built at the intersection of data, technology and media, it fulfils a growing need among clients for impartial evaluation and over-sight of their media supply chain.

Our approach supports the drive for better business performance by aligning internal capabilities with the best blend of resources, tools, technologies and agencies.

Our services enable marketers to optimise content across the paid, earned and owned media spectrum to ensure they derive maximum value strategically, operationally and financially.

Through global media performance and relationship management, we adopt and put into practice the view that marketers will derive greater value through careful organisational design and rigorous media governance.

We advise major global and UK advertisers with media investments of more than \$3 billion.

MediaSense is future-facing, embracing new media, new technologies, new trading platforms, new metrics and emerging communications planning techniques. Clients benefit from rounded, intelligent and high value advice, insight and analytics on their media challenges.

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