MediaSense® Media 2020: Refresh

Helping brands prepare for the future

2014 2015 2016 2017 2018 2019 2021 2022 2023 2024 2025 2026

In partnership with

The Voice of British Advertisers ISBA

Ipsos

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About MediaSense

MediaSense specialises in engineering value and navigating change for better outcomes across the paid, earned and owned media spectrum.

Helping brands take greater control since 2009, we are proud to work with a wide selection of clients including Adidas, Aviva, BGL Group, BP, Dixons Carphone Warehouse, Lloyds, Royal Mail and Tesco.

In an increasingly integrated and digitised media ecosystem, our services enable clients to optimise their internal and external resources, media budgets, contracts, technology and content to drive better business performance.

Our specialist advisory team focus on four areas for clients;

> We help brands to redefine and reset their media performance levels

> We bring a stronger process to commercial governance

> We have developed innovative techniques for open or closed pitch management

> We equip brands with a deeper understanding of data and technology

Find out more: www.media-sense.com

Forward thinking

Andy Pearch,
MEDIASENSE
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Graham Brown,
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Conceived in 2015 as an industry survey, both as a barometer of, and forecast for change, Media2020 is designed to help marketers benchmark their thinking as they prepare their business for the future media ecosystem.

For its second iteration in 2017, we have kept our methodology consistent so that we can identify trends and the direction of travel for the industry. Blending the qualitative and the quantitative, 250+ senior marketers took part in interviews and an online survey to answer questions on key topic areas to better understand how attitudes have changed since our baseline study.

The results of this research affirm and surprise in equal measure. Many of the nascent trends we identified in 2015 are now crystallising, and a clear route map to 2020 is emerging for those brands which are prepared to see media as an investment area. The study also helps to clear the fog of industry “debate” around significant issues such as brand safety, transparency, accountability, organisational models and identifies the real issues demanding consideration and ingenuity of marketers.

Our findings indicate that the media ecosystem, driven by rapid developments in technology and customer data, is undergoing a profound and sustained shift.

The 2020 ecosystem we see is far from homogenised; rather it is characterised by more varied, hybrid, agile and customised organisational models. The rate of progress and change however, we believe will be frustrated by legacy attitudes, systems and processes as well as unfortunately, vested interests.

We are committed to reiterating the study as we approach 2020 and beyond, to identify shifts, new areas of concern or opportunity, changes in sentiment and actions that are being taken.

We continue to be extremely grateful for the significant contribution of ISBA’s Executive and Media committees and Debbie Morrison and her team for their continued support and endorsement of this initiative. We are also indebted to all the marketers who gave their time to be interviewed and responded to the questionnaire and for providing frank and thoughtful insights on their businesses and the media industry. We also thank our research partner Ipsos Connect who have again risen to the challenge of developing, hosting and collating the quantitative research.

We hope you will find the results of the 2017 study useful, informative and actionable for your own business.

“We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don’t let yourself be lulled into inaction.”

BILL GATES

Contents

Executive summary – key findings

1. Brands are taking more control – customer data is empowering marketing to drive growth

Marketing is now considered as a driver of business growth, not an expense for some brands. The study reveals marketers have a sense of renewed empowerment and are more positive about their ability to contribute to business success. Traditional media planning and buying is becoming less of a concern for brands as they become more capable fuelled by ownership of actionable data.

2. Brands are building marketing teams around their data capability and seeing the benefits

The overwhelming majority of respondents, – a whopping 78% – confirm that data analytics and data insight is the critical media capability. Brands are taking control, recognising that they need to build distinct skillsets within their organisations and continue to bring more specialists into their business, particularly those with data science skills, as they build marketing around the customer.

3. Brands and agencies are experimenting with more agile operational models

To meet the needs of a more data-driven, customer centric marketing model, all those we interviewed recognise that a more “agile” internal and external operating model is now required. A more dynamic creative and media operating model is emerging out of the imperative to be more agile, but over 80% think significant organisational change is still required to deliver it.

4. Media Agencies continue to extend their remit, but there is an elephant in the room

Media Agencies continue to acquire more technical tasks, but will need to work hard to stay up-stream. Brands seek simplicity and control, and are experimenting with On-Site and In-House agencies to achieve this. The threat comes from the big Management Consultancy firms, capable not just of solving marketing, but also addressing entire business challenges.

5. Brands expect transparency to be fixed, but brand safety is causing sleepless nights

“The one thing that keeps me awake at night? That we are spending in the right area and that it is a good environment.” Marketers believe “transparency” is fixable, as it is primarily in the agencies power to do so; their concern is that brand safety, now a board level issue, is systemic, which will be much more difficult to solve.

6. The measurement industry is failing brands on multiple fronts

“Give me one body and one consistent set of metrics for measuring media consumption across all media.” Never has data been so important, but never has measurement been so unreliable, with a lack of credible evidence for success for large proportions of media investment. A fractured and non-standardised media measurement ecosystem is an impediment to better communications planning, efficient budget allocation and consumer insight.

7. Brands are falling out of love with technology platforms and demanding quality

With so many issues around the effectiveness of digital, marketers are ‘fleeing to gold’ – less than half (44%) think they will be shifting funds from paid to owned and earning channels versus 71% in 2015. A lack of trust is apparent with technology platforms as marketers protect not only the value of their own data, but also their brand values.

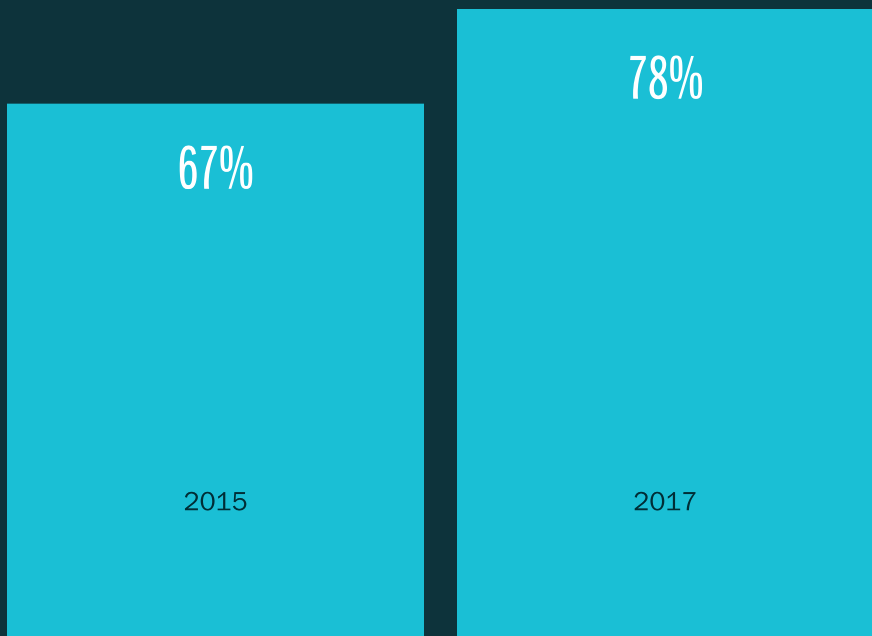
8. We have reached peak media complexity

The media ecosystem has now reached ‘peak complexity’, and we will start to see greater consolidation, integration and simplification. Much of the hype and expectation created by automation, dynamic content and social platforms has subsided. The rise of performance marketing is plateauing. There seems to be a rediscovery of the importance of brand building to retain and anchor customers, powered by intelligent data analytics and robust data management platforms.

1

Brands are taking more control – customer data is empowering marketing to drive growth

"The one thing I am most optimistic about is that we are as marketers getting more important."



78% of respondents confirm that data analytics and insight is the critical media capability, an increase of 11% since 2015.

Brands are taking more control – customer data is empowering marketing to drive growth

Since 2015, every organisation we spoke to has been re-organising into a more data-driven and customer-centric business. All respondents acknowledged that organising resources around customers also means owning customer strategy and customer data. Whilst bringing data in-house was a key trend in 2015, data ownership and activation is now a prerequisite for any company aspiring to deploy data-driven marketing.

This has significant implications for marketers and their roles within the organisation. Most feel more empowered and more positive about their contribution to business success. Control of customer data provides greater visibility over the customer journey to purchase, which means marketers are more accountable and more authoritative in the boardroom. As one brand marketer said, “Marketers now are actually - if they care to be - much better equipped to deal with investment accountability than they have been before.”

For many organisations, marketing is increasingly seen as a business growth driver, not just an expense. The emergence of the Chief Growth Officer role is the outcome of major organisations reorganising themselves around customer data. Reflecting on a recent organisational restructure, one interviewee stated:

“Marketing should be viewed and activated as a P&L discipline in its own right, not as a cost with a spurious ROI.”

The ownership and activation of customer data is a key asset and is becoming the core currency driving internal and external change. One interviewee even spoke of activating their own Media P&L, since all their investment was now driving business outcomes.

Insight from data, not the data itself, is crucial to marketers: “We merge our own data with industry data; we wouldn’t want to lose this capability and the insights we get from analysing it.” Data analytics and insight is now by far and away the most critical media capability, confirmed by **78% of respondents (↑11% from 2015).** Effectiveness modelling is also a more important capability to own **(2017: 42%, ↑10% from 2015).** The corollary to this is that traditional media planning and buying is less important to brands as customer data is more actionable than survey-based data **(2017: 13%, ↓5% from 2015).**

TABLE 1 | **P8**

The ownership of customer data is changing media planning, the fundamentals of which are personalisation of content, relevance of messages, and holistic communications touchpoints.

Increasingly, media plans are built around the customer journey and invite customer dialogue and feedback. Live data insights from campaign analytics are being recycled into ongoing activity, creating a virtuous circle of improving effectiveness.

As we saw in our original research, brands have decided they should in-source capabilities which are critical for delivering competitive advantage, leading to data management, modeling and activation being brought in-house.

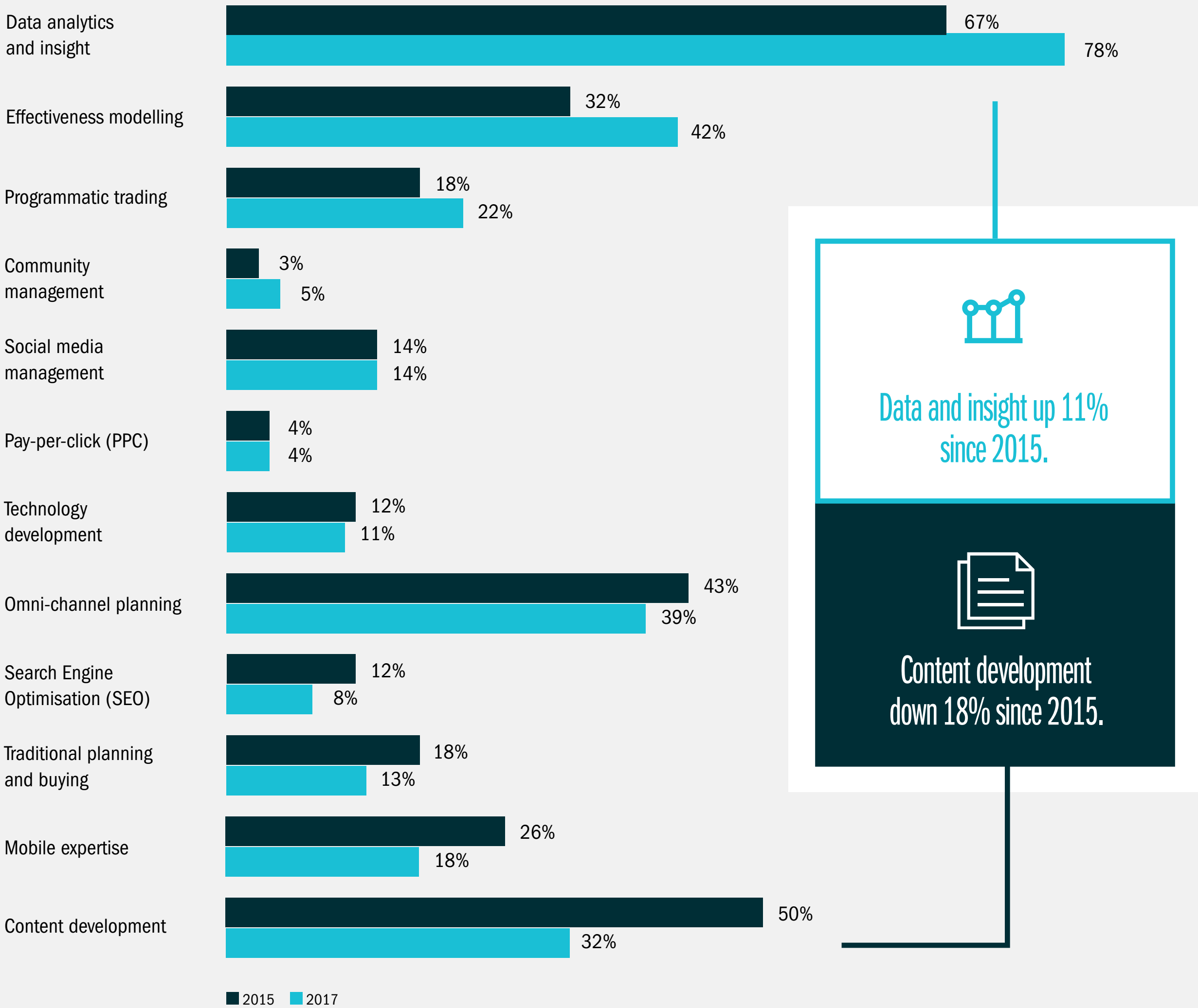
TABLE 2 | **P10**

Unsurprisingly, many of the brands we spoke to are becoming more confident in managing data platforms themselves and are open to having direct relationships with AdTech and MarTech companies. Our interviewees all recognised that data ownership requires commitment and persistence: “If you have a DMP (Data Management Platform), you need a strategy and you need to own it.” For many, the complex challenges of building a DMP are causing sleepless nights, but once committed we see few brands reversing back out.

WHAT WE SAID IN 2015

- “Every company is in a different place, at a different stage in their digital transformation.”
- “Insight is key to delivering competitive advantage.”
- There was still a long way to go in restructuring the marketing department for data driven marketing, but brands were expressing requirement for data ownership and repatriation.

Table 1. Which of the following media capabilities do you judge will be most critical to the success of your business?



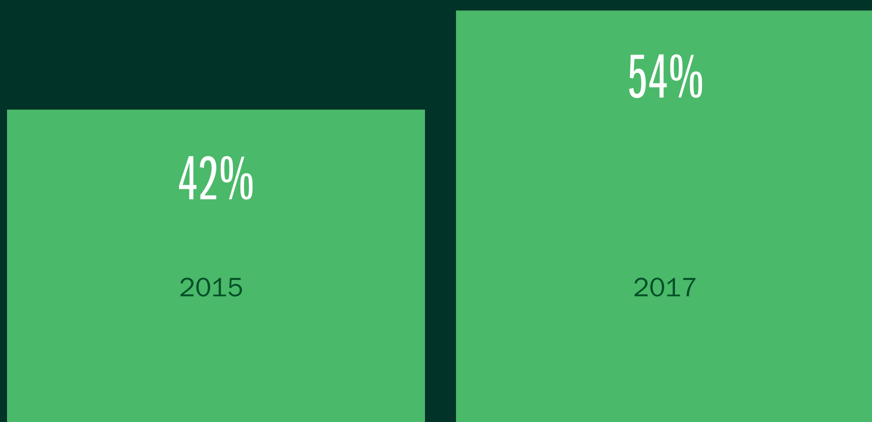
Brands no longer seem to be in awe of data technology, and are using it to harness and activate customer data. Marketers understand that technology is a means to an end, not an end in itself.

“We need better customer data, and more insight; our insight capability is arguably even more important than our technological capability.”

Nevertheless, in the same way as marketers want to take control of their data, most of our respondents want to own their own technology stacks, even if they don’t ultimately want to manage them.

2 Brands are building marketing teams around their data capability and seeing the benefits

“As a result of the new insight performance teams, we have taken back strategic control of our brands from our agencies.”



54% rely on in-house for strategic advice in data management, an increase of 12% since 2015.

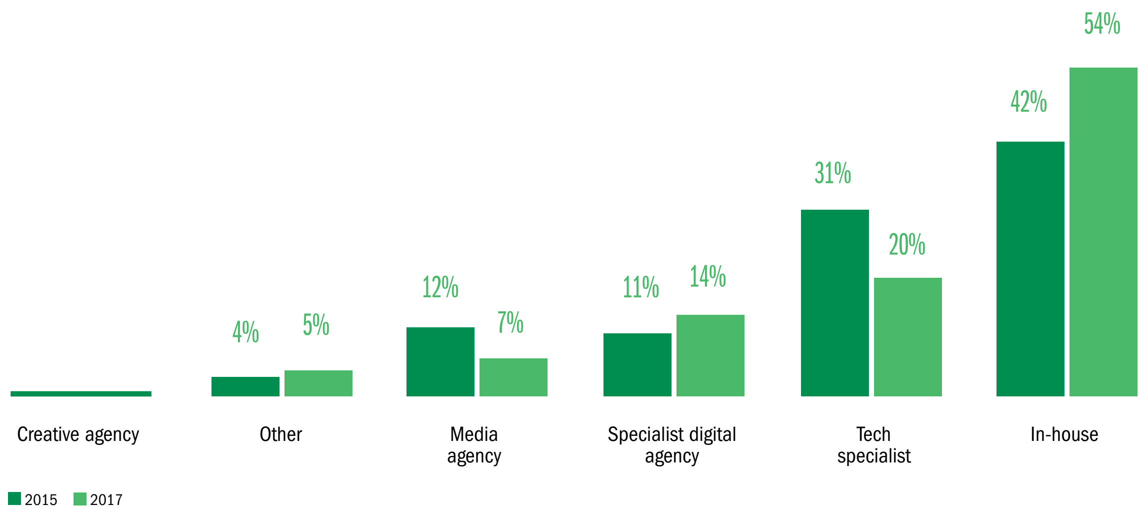
Brands are building marketing teams around their data capability and seeing the benefits

When we asked respondents where they would seek strategic advice on data management, the majority **(2017: 54%, ↑12% from 2015)** saw this as an internal capability. External specialists and media agencies are less likely to play this key role than in our original survey.

TABLE 2 →

Two years ago, we found many organisations struggling to integrate cross-discipline teams. The increased focus on digital marketing and the rising investment in conversion channels was causing significant disruption within marketing structures. Whilst all the marketers we spoke to acknowledge the challenge of balancing brand marketing and performance marketing, there is now a recognition that the skills and capabilities required for both are highly valued and mutually dependent. The C-Suite is leading the in-house charge: 68% of Directors agree marketers will do more in-house, compared to the survey average of 56% and 36% among procurement respondents.

Table2: Who will your organisation rely on most for strategic advice in data management?



WHAT WE SAID IN 2015

- "The greatest challenge is to get the right skills in and then to organise around them."
- "The shift of focus around the customer requires better internal media capabilities."
- "Owned and Earned media oversight is moving in-house."
- Brands were starting to bring more customer centric disciplines in house but were struggling to integrate their teams.

There is also a sense that teams are becoming more integrated and are finding a rhythm of working together:

“When we get together as a marketing team, some of the people in the room we would not traditionally think of as marketers; by that I mean engineers, analysts and marketing scientists.”

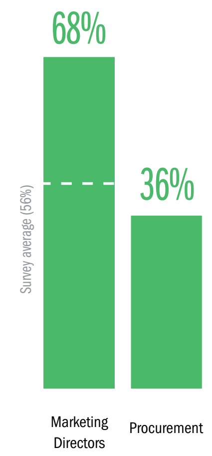
Brands are recognising that they need distinct skill sets within their organisations and continue to bring more specialists into their business, particularly those with data science skills: “As a team we have imported even more specialists. Rather than one person spending a tenth of their time thinking about longer-term effectiveness measurement and what’s the right AdTech for us to think about, we’ve got somebody doing that 100%.”

Some brands are recognising the importance of these skill sets by setting up centres of excellence or global labs to ensure they retain a focus in areas such as programmatic media, personalised content and technology partnerships. This remains an area of discovery for brands - where marketers are considering bringing more in-house they are looking for guidance around what and when to phase in new capability.

A key focus is in-housing of programmatic technology for media and content. This starts with centralising data, is followed by internal upskilling, and then inevitably leads to decisions around resource allocation – people, process and technology. However, this is not a universal trend. Whereas digital-first companies are developing technology and specialist capabilities in-house, more traditional business organisations are renting skills from their agencies, bringing resources on-site or simply outsourcing more services to their agencies. Those businesses that have embraced data driven marketing are more likely to see marketing as a growth driver, therefore the investment case for increasing costs and headcount is more straight forward than it would be for businesses with scarcer resources and/or a legacy model.

As brands take more control of their data and strategy, their agencies risk losing their positions as owners of consumer insight. For the first time, we heard some clients openly talking about not sharing their data with their agencies:

“I do not want an agency telling me what’s working and what’s not working. I want the agency providing me with insights with the small data they see,



68% of Marketing Directors agree marketers will do more in-house, compared to the survey average of 56% and 36% among procurement.

and then I want to use that in conjunction with a much richer view that I have to get a sense of whether it’s been successful or not.”

For some, the role of the agency is becoming more executional. “We have spent a long time in the ad industry listening to the advice we were given by media planners, creative planners, creative directors, telling us that they know what the customer wants. They don’t know, they are just as clueless as we are.” In the longer-term, agencies will need to up their game, finding the means to maintain top-table status with brands – or risk being gradually disintermediated.

3

Brands and agencies are experimenting with more agile operational models

“One of the things that keeps me awake at night is the complexity of the (media) landscape and our brand team’s abilities to keep up.”

80% of respondents believe that organisational change is required if they are going to develop and deliver dynamic creative.

Brands and agencies are open to experimentation with more agile organisational models

To meet the demands of a more data-driven, customer-centric marketing model, all participants interviewed recognise that a more agile internal and external operating model is now required. “Agile” was a very common descriptor among interviewees, and it was attached variously to Organisation, Resource, Collaboration, Development, Creativity, Production and Media.

Integration is now a given – all marketing departments are composed of teams with mixed and complementary skills. Delivering on integration means becoming more agile, and this requires flexibility, adaptability and scalability of skill sets and processes. As one interviewee noted, “You have to continue to iterate it.” Many brands have imported specialist and agency personnel on-site to accelerate the development, application and deployment of data and content platforms: agencies have been very quick to respond to the On-Site agency opportunity, as a counterbalance to the existential risks of the In-House agency.

Agile ways of working are breaking down organisational silos and compartmentalised marketing processes. All interviewees recognised that activating customer-centric communications requires ‘iterative thinking’ rather than a rigid process. Legacy marketing processes tend to be methodical, linear and sequenced, which works well for repetitive activity but is not designed for agility or speed. In the words of one respondent: “We want to organise ourselves to manage the customer journey in a much more efficient way and be more consistent and effective at each point of that customer journey.”

Having said all this, further reiterations of structure and process lie around the corner.

A whopping 80% of respondents believe that organisational change is required if they are going to develop and deliver dynamic creative.

Compared to 2015, brands are expecting more flexible, varied and agile agency models to emerge. For many, the agency model and its organisational structures are not evolving quickly enough: “There are some interesting experiments going on but no coherent operating model has emerged…yet.” Our sense is that marketers are interested in exploring new ways of working, and are highly receptive to trialling operational models which fit their evolving requirements.

Taking their place alongside the well-established Best in Breed and Holding Company agency models are two relatively new trends – the In-House and the On-Site agency. Each model is motivated by different circumstances, and provides a different level of control. By choosing one of these models, or a hybrid of two, brands are indicating their direction of travel – taking back more control or ceding more control, becoming more self-reliant or more dependent, determining who and what to in-source and out-source (Diagram 1).

The traditional model of orchestrating multiple agencies and specialists is subsiding to a new media operating model created out of the increasing complexity of the media ecosystem and the imperative to be more agile:

Greater integration is becoming a valued behaviour, even if it entails a compromise on choice: in other words, simplicity has its attractions. Since 2015 there has been an uptick in respondents stating they will use fewer agencies in the future **(2017: 62% agree, ↑4% from 2015).** For many brands, moving to a holding company model has numerous benefits, chiefly alignment.

WHAT WE SAID IN 2015

- “Leaders are becoming more self-reliant and have options in their roster.”
- “Fewer external agencies yet more communications partners.”
- We discovered that the leaders were starting to bring more specialists into their organisation and own tech & data. The need for flexibility and simplicity would influence the choice of agency model.

Several interviewees believe that a single agency model is more likely to achieve media-neutral strategies, agency collaboration, plus shared and common KPIs and datasets: “With the new Holding Company entity we are getting truly media neutral solutions for the first time – it feels very different.” Another interviewee quips: “Having ‘one throat to choke’ really works!”

For others, the prospect of a single agency is a compromise too far: “I wouldn’t set out on a course that would limit my talent pool.” Some respondents questioned the depth of expertise offered by Holding Companies, particularly in digital media, data and technical competencies. Many however, believe these capabilities still need to be carved out due to the speed of change within the data analytics industry, and they argue that no one can be sure of the competencies required in future, or which company is best placed to supply them.

A word of caution from one of our respondents reverberated this point: “Data ownership is a competitive advantage. If you share this sort of data, you have to be very clear about the rights and ownership of its use and reuse.”

Our survey suggests that Specialist companies can continue to thrive, but will need to be very fleet of foot to stay ahead of the networks. SEO and Social Media specialists are losing market share, but digital specialists remain strong alternatives to the networks in Content Development, Data Management and Programmatic Media.

TABLE 3 ↓

Fast moving areas will continue to attract specialist expertise until those disciplines themselves mature and/or are acquired.

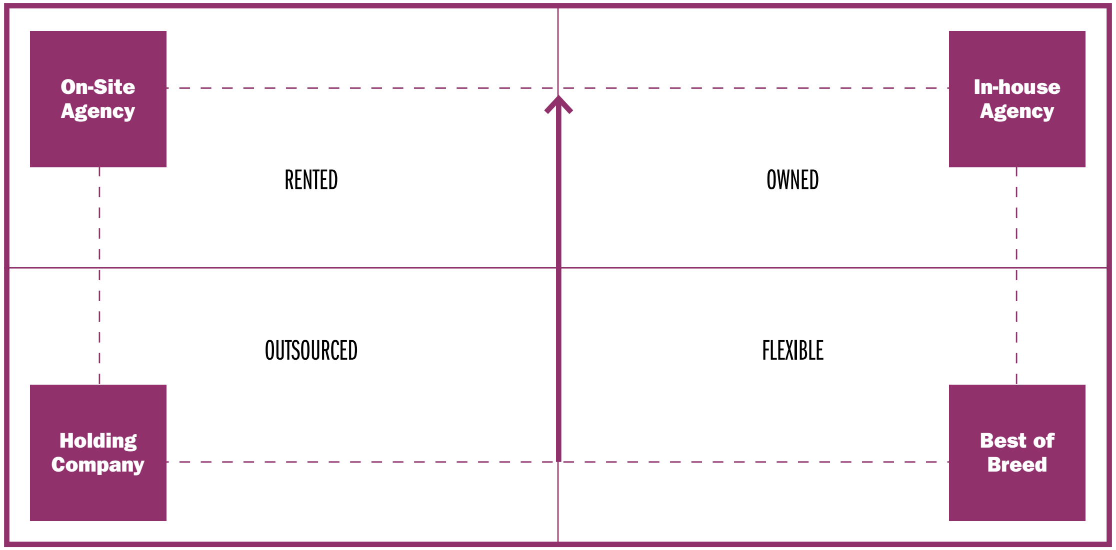
For the majority of brands that are not absolutely committed to internal self-reliance or external dependency, a modular operating model is attractive. Existing resources are fortified by plugging into specialist resource at the right time, which can be taken in-house or outsourced. This is a “hybrid” model which, as explained by one interviewee:

“In today’s world, getting one agency to do everything loses a degree of specialism, while getting specialist agencies to work together in coherent sufficiency is also not possible. Every brand is struggling to work out what its optimal agency model looks like and will probably be forever tweaking it.”

Table 3: Who will your organisation rely on most for strategic advice in the following areas?

	Communications/ channel planning		Data management		Programmatic		SEO		Social media	
	2015	2017	2015	2017	2015	2017	2015	2017	2015	2017
In-house	33%	28%	42%	54%	18%	19%	23%	28%	45%	39%
Creative agency	41%	44%	-	-	2%	-	1%	-	9%	4%
Media agency	4%	5%	12%	7%	42%	48%	18%	30%	11%	19%
Specialist digital agency	15%	16%	11%	14%	17%	18%	46%	39%	30%	34%

Diagram 1: The organisational models for media (page 13)



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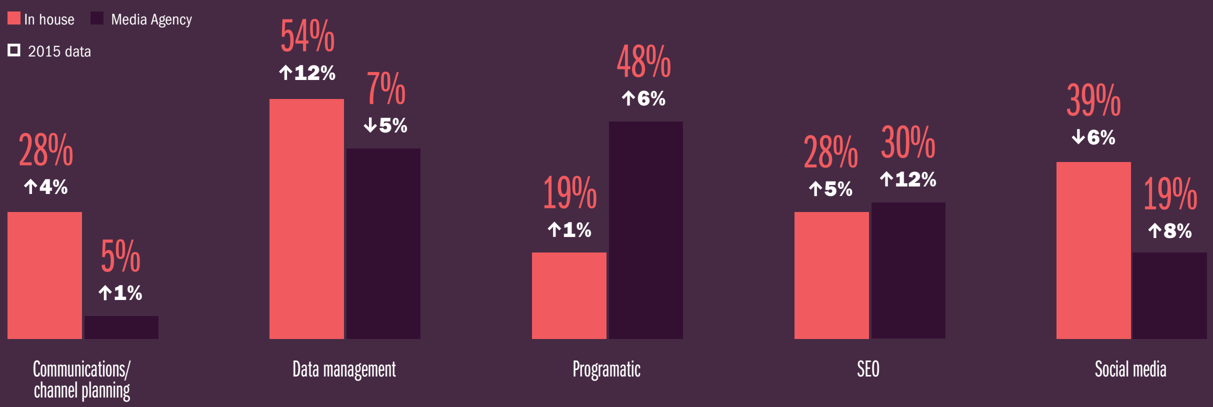
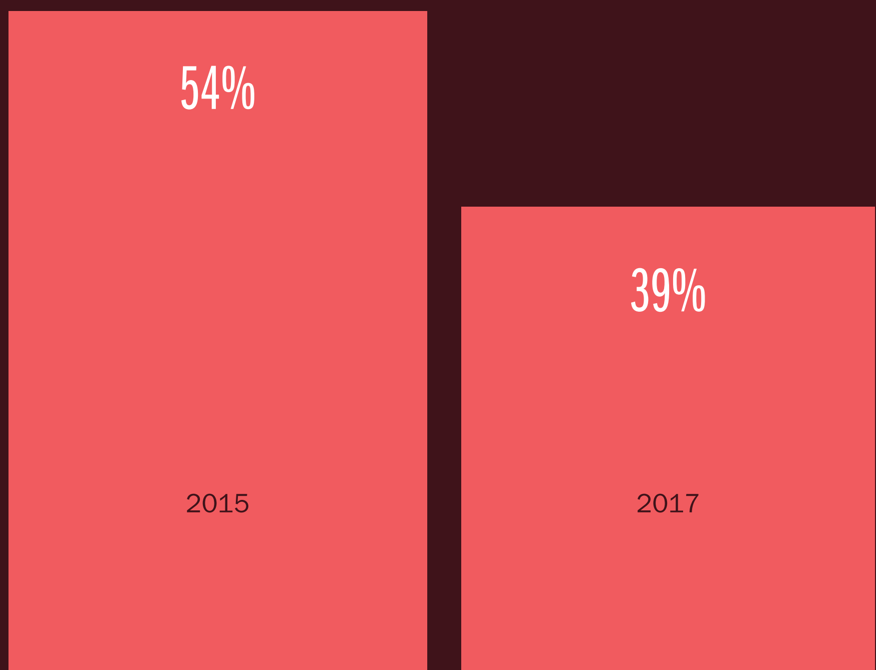


4 Media Agencies continue to extend their remit, but there is an elephant in the room

"Agencies are not organised to help marketers in the way that marketers need help."



Q: 'Marketers will increasingly turn to media agencies to develop content ideas', down 15% from 2015.

4. Media Agencies continue to extend their remit, but there is an elephant in the room

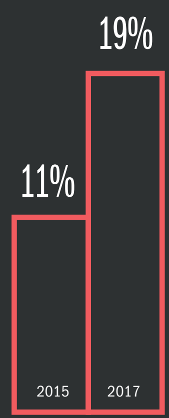
In 2015, we saw media agencies picking up additional tasks as they developed their competence in new disciplines. In 2017, they continue to hoover up technical assignments, but have made little or no inroads into creative services. In 2015, we saw the creative agency model under pressure from media owners and media agencies. Two years on, respondents actually believe media agencies are far less likely to make an impact with content **(2017: 39%, ↓15% from 2015)** (Table 4). In 2017, creative agencies' hold on content development is maintained.

TABLE 4 | **P18**

Brands are still interested in turning around personalised creative at speed and at lower cost, and the majority of respondents continue to see content personalisation as an agency disruptor. Our study was evenly split on the question of whether brands would bring more creative in-house (50% for, 50% against) (Table 4). Our interviewees believe that while content versioning and distribution capability may increasingly move in-house along with customer data management, the creative agencies will continue to produce the big campaign ideas. The buzz of collaborating with other creatives is something that in-house agencies find difficult to replicate.

Media agencies are making good progress elsewhere. Specialist disciplines such as SEO, Social and Programmatic are more likely to be channelled through a media agency. However, we were struck that 19% of our survey believed strategic advice on paid media will not sit with the media agency (2015: 11%). There is evidently a growing cohort of brands which are sufficiently confident to use in-house and self-serve buying platforms alongside their DMP for managing and transacting digital campaigns, either with or without their media agency.

Brand owners are not going to bite off more than they can chew. Their agencies excel in delivering big creative ideas across media platforms. However, brands are signalling they are prepared to work with specialists on addressable creative and performance media, both of which are powered by data, which are increasingly being brought in-house.



19% of our survey believed strategic advice on paid media will not sit with the media agency (2015: 11%)

WHAT WE SAID IN 2015

- "Agency disruption acknowledged but solutions differ."
- "Creative agencies at risk of disintermediation by media owners and media agencies."
- "Media agencies entrusted with more tasks, but clients still have options."
- We noted that media agencies were very adept at adding capability, while creative agency scope was narrowing.

The “elephant in the room” is a management consultant. Management Consultants will be launching a two-pronged attack on the weak ‘performance marketing’ underbelly of media and creative agencies; it is in these areas where they can apply their technical excellence to power automated and personalised marketing. Technology presents an opportunity to solve not just marketing but entire business challenges, elevating the management consultants above the communications and media mainstream. This provides a very strong bridgehead to develop more services which encroach into agency core territory, and this tension will inevitably play out as we near 2020.

Media agencies will need to work very hard to stay up-stream. Most have taken up the challenge of competing directly with the management consultants, combining their own technology and platform prowess with their expertise in content and communications strategy development and deployment. Some agencies may take a different tack, working more closely with their new frenemies. It is also noteworthy that Holding Companies are starting to brandish their own consultancy credentials at enquiring brands. For so long, media agencies in particular have used scale, resource and negotiation leverage as their USP – but in an increasingly biddable, programmatic world the advantages of technical competence, speed and flexibility will give size a real run for its money.

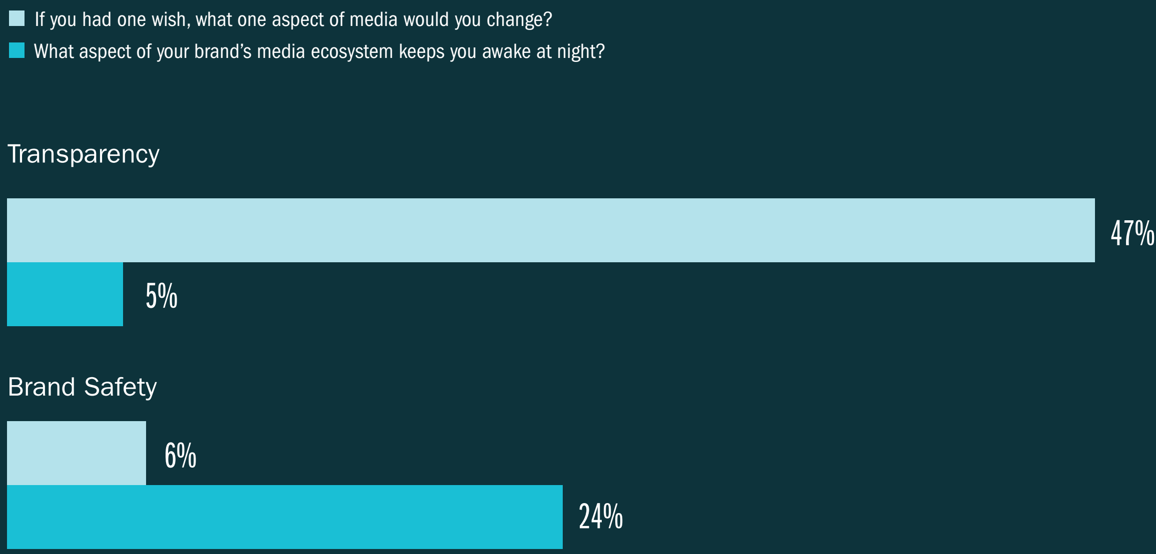
Table 4: Responses to questions on media

	AGREE	DISAGREE
Appointments with multi-disciplinary offerings will become the norm	77%	23%
Real-time personalisation of content will disrupt the agency landscape	73%	27%
Marketers will need to manage multiple agencies across disciplines to achieve the best results	69%	31%
We shall actively look to reorganise our agency operating model	67%	33%
Marketers will reduce the number of agencies they work with	62%	38%
Marketers will do more in-house, using agencies primarily for execution	56%	44%
We will increasingly look to work with a single agency or holding company which has multi-disciplinary offerings	53%	47%
We will be producing and delivering more creative in-house	50%	50%
Media trading will split off from media and communications planning	42%	58%
Marketers will increasingly turn to media agencies to develop content ideas	39%	61%
Creative agencies will cede control of creative development to media and platform owners	29%	71%

5

Brands expect transparency to be fixed, but brand safety is giving marketers sleepless nights

“The one thing that keeps me awake at night? That we are spending in the right area and that it is a good environment.”



Brands expect transparency to be fixed, but brand safety is giving marketers sleepless nights

As first predicted in 2015, we expressed major concern that the media agencies were morphing from a buyer of media to a vendor of media, an indication that Holding Companies were putting profits before clients, and those concerns were played back by everyone interviewed in 2017:

"I'm not entirely sure that most shareholders in media agency groups are terribly interested in the long-term."

In the words of one of our interviewees, agencies and clients need to face up to their responsibilities and all parties need to get to the table: "There needs to be honesty about where the money is made on the agency side - and recognition about the importance of paying fairly by the advertisers. We have created a ghastly chicken and egg situation between us, and that paradigm needs to shift."

Several marketers were also dismayed by the disconnect they observed between the commercial behaviours of the holding company back office in contrast to the integrity and diligence of their agency teams on the shop floor.

Marketers are disturbed that their agencies are not internally aligned, and doubtless this is a toxic issue within agency organisations too.

Our research shows that marketers are becoming increasingly savvy and more aware of the pitfalls of technology. They are modifying their behaviours and starting to take active involvement in the value chain and supply chain within which their content appears. Programmatic risk has caught up on them and it is this issue which is causing marketers to lose sleep. When we asked what aspect of the media industry respondents would like to fix, transparency was the most commonly mentioned topic (at 47%), but when we ask our respondents which topic kept them awake at night, 24% of our survey cited brand safety as the main cause of insomnia, with only 5% citing transparency.

TABLE 5	P21

In other words, marketers believe transparency is addressable, and that it is within agencies' power to fix it. However, there are concerns that brand safety is a systemic issue that will be much more difficult to solve.

Placement transparency is the overriding concern for marketers. In 2015 87% of clients expected their agency to be accountable for their brand safety and viewability, and this is still the case in 2017 (89%).

Marketers believe agencies have been too slow in sorting out the supply chain. One marketer notes: "I would be pretty embarrassed if I was an agency boss and I hope they will take a tougher stance on brand safety and represent clients." Their agencies clearly did not realise this was the case two years ago – hopefully they do now.

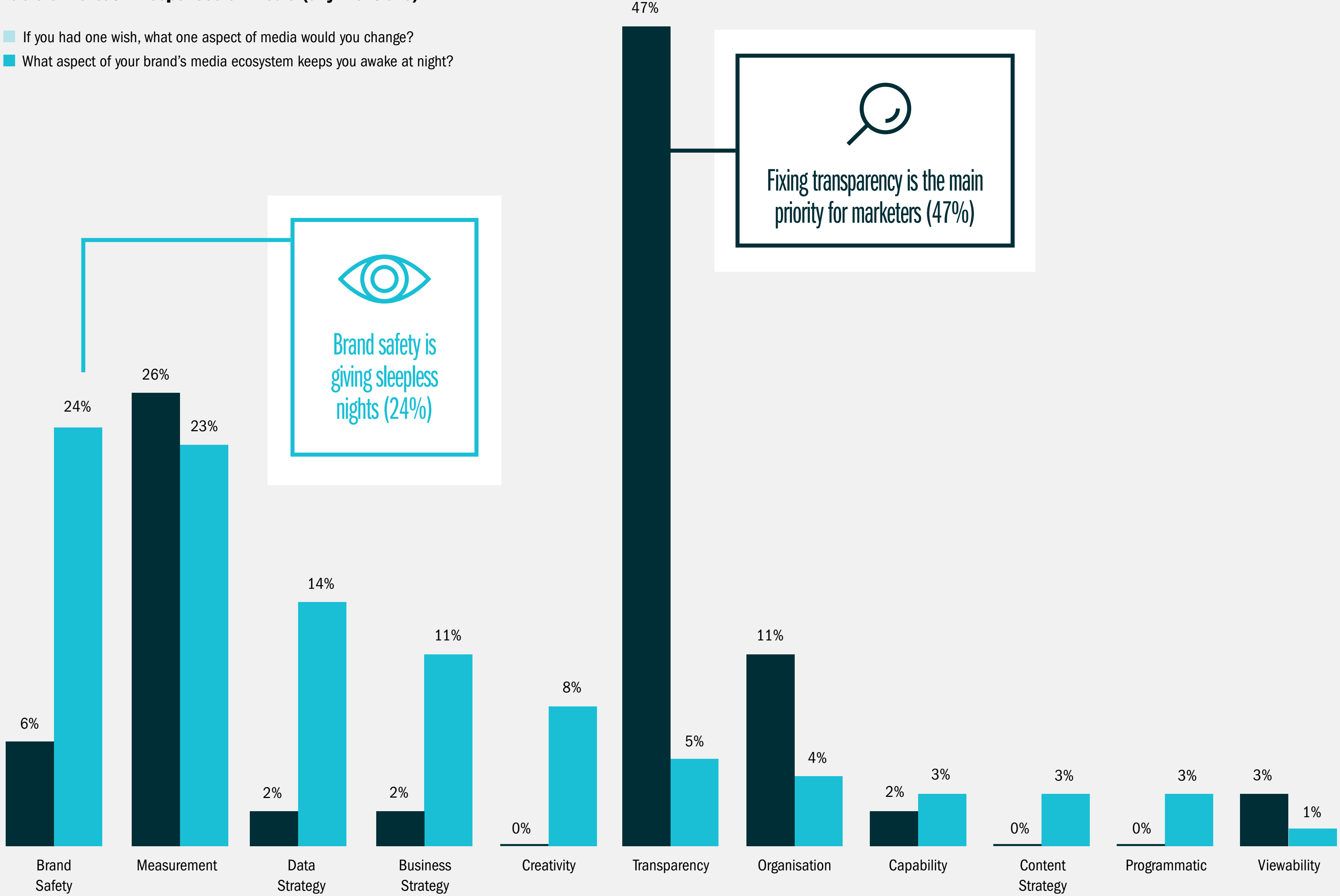
Looking ahead, we expect transparency (of fees and of placements) will be a less significant issue by 2020. Steps are being taken to clean up the digital supply chain with transparent programmatic models, TAG registration to minimise fraud, automated restrictions of non-compliant formats, independent verification of the walled gardens and more active policing of social media users. Publishers too, are starting to tackle this issue. Fearful that they will lose revenue if they don't, they are attacking the supply chain from the bottom up. But there is still much more to do.

WHAT WE SAID IN 2015

- "Media agencies need to refocus around technical excellence and rediscover their purpose."
- We flagged that agencies had a responsibility to act on behalf of their clients rather than themselves and to clean up the supply chain.

Fundamentally, agencies face an existential risk if they cannot offer complete disclosure to their clients, stamp out the brand safety risks, resolve the transparency issue and their own conflicts of interest. Moreover, if agencies want to be part of this data-driven world and retain trust and credibility among their clients, they must apply principles of transparency to their own businesses and to their business partners. As one interviewee puts it, "In a world of transparency, you are just better able to make the right decisions."

Table 5: Verbatim responses on media (any mentions)



6 The measurement industry is failing brands on multiple fronts

“Give me one body, and one consistent set of metrics for measuring media consumption across all media.”

70% of respondents believe media measurement currencies are becoming increasingly corrupted

The measurement industry is failing brands on multiple fronts

It is difficult to know where to begin on the topic of media measurement.

Never has data been so important, but never has measurement been so unreliable.

Our survey shows that measurement is a core requirement for the modern-day marketing organisation; it also shows that measurement comes second to transparency as requiring change; and a remarkable 23% of marketers are losing sleep over measurement concerns. (Table 5).

ROI remains the number one metric for respondents, followed by Conversions to Outcomes then Brand Sentiment and Brand Advocacy. These metrics bear witness to an industry which is attempting to measure the full customer journey from awareness to advocacy, and which understands that brands power marketing performance and accelerate media effectiveness. Unsurprisingly, at the same time, the standard intermediated media metrics of Share of Voice and Reach and Frequency are losing currency.

TABLE 6 P24

Most interviewees felt there has been little or no progress in industry measurement since 2015. Expected enhancements in attribution and cross-device tracking are painfully slow. Marketers surveyed expressed disquiet about difficulties with attribution, their choice of metrics, media effectiveness measurement, and openly distrust the measurement currencies themselves. The majority of those surveyed believe measurement currencies are no longer fit for purpose.

TABLE 7 P24

Marketers expressed an intent to spend more time on cross-channel measurement and attribution, but few are making sufficient progress. All marketers, however, are moving away from last touch attribution methodologies which have disproportionately skewed investment away from higher funnel activities to lower levels which has made it easier for fraudulent actors to penetrate the supply chain.

Multi-touch attribution is seen as imperfect but a better solution: it is ironic that as brands see more and more value in joining data with insights to drive competitive advantage, the media supply chain appears to be structured against data integration. Marketers are concerned that walled gardens are not helping: “The monopolies and closed ecosystems that exist for all the big platform companies limits how effectively we can run campaigns across them.”

A fractured and non-standardised media measurement ecosystem is an impediment to better communications planning, efficient budget allocation and consumer insights, e.g. it is difficult for KPIs to be shared across agencies and media channels, which frustrates integration. The video landscape is a good case in point, where the lack of cross-industry measurement frustrates planning and perpetuates siloed structures within agencies too: “Video is the most effective means of communication in many instances but is impossible to plan cohesively and is often bought by three different teams at media agencies. This needs to change fundamentally.”

When respondents admit to a “lack of credible evidence of success for large proportions of investment,” they are usually referring to digital spend where, due to the prevalence of data, the expectations are higher. Many brands expressed low confidence in digital data and return on investment because despite its accountability, digital is measured so poorly and inconsistently. Many take issue with the integrity of the data too: “The key challenge is digital measurement. Third-party measurement and consistency of measurement is very poor.” Several respondents went further, pointing out that the ’measurable’ platforms seem to enjoy a bias of spend because they supply a plethora of metrics, not because they are more effective:

WHAT WE SAID IN 2015

- “Organising media metrics around a single customer view is a common goal.”
- “Problems remain in converting ‘big’ data to ‘smart’ data.”
- We noted that cross media attribution and outcome-based metrics continue to be the key focus but were held back by the silo-based structure of the measurement industry.

“People optimise towards the things they can measure. I do wonder whether there is a touch of emperor’s new clothes about some of these things and we should rethink and reset.”

The next two years will be the time where brands will get tough with digital and will arrive at their own digital truth. Brand safety has become a boardroom issue and provides agencies with a golden opportunity to re-establish their purpose. GDPR comes into view in May 2018 and will force brands and agencies into better practices and should improve the quality of data. However, two thirds of respondents believe that GDPR will curtail personalisation at scale (Table 7) In two years’ time Transparency won’t be an issue, but measurement most probably will.

Table 6: Which will be your organisation's three most important metrics in 2020?

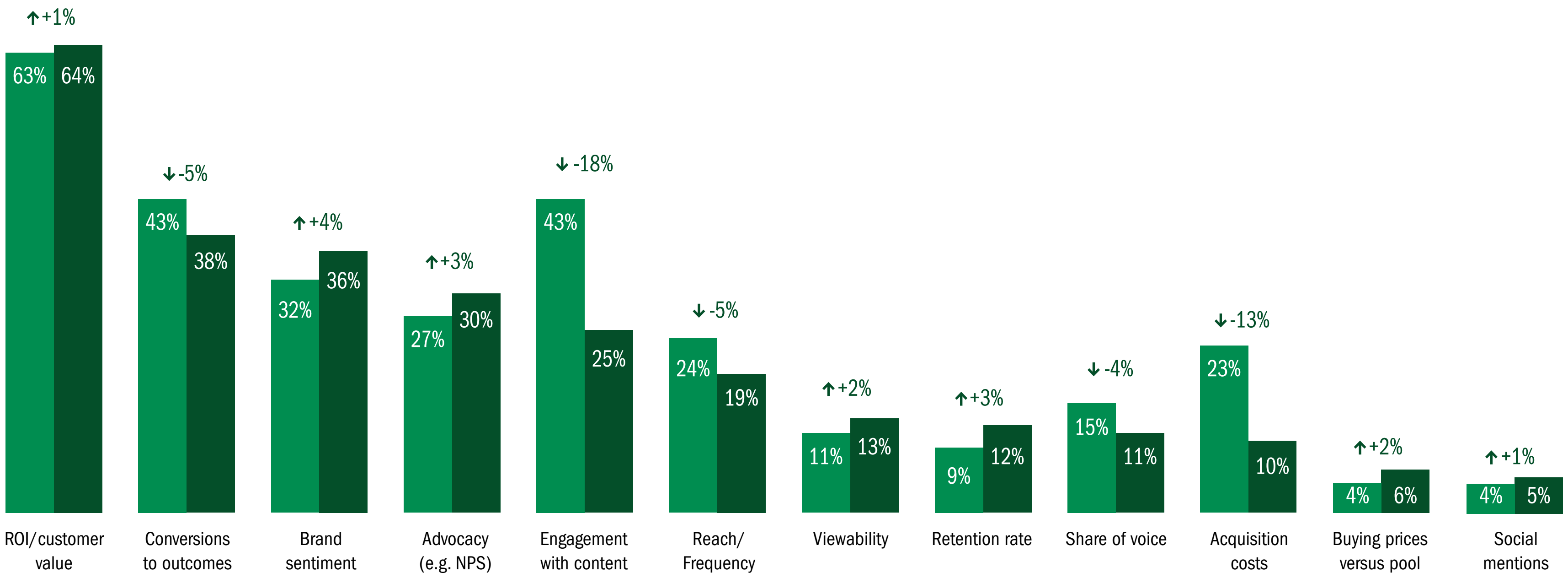
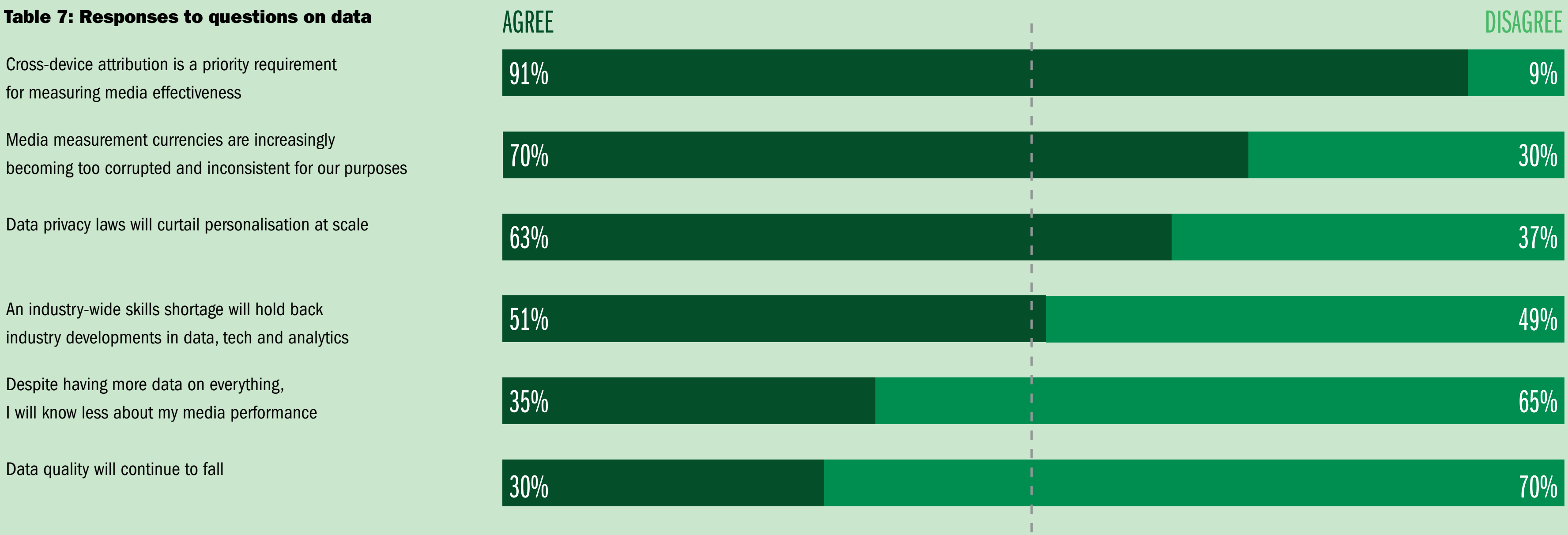


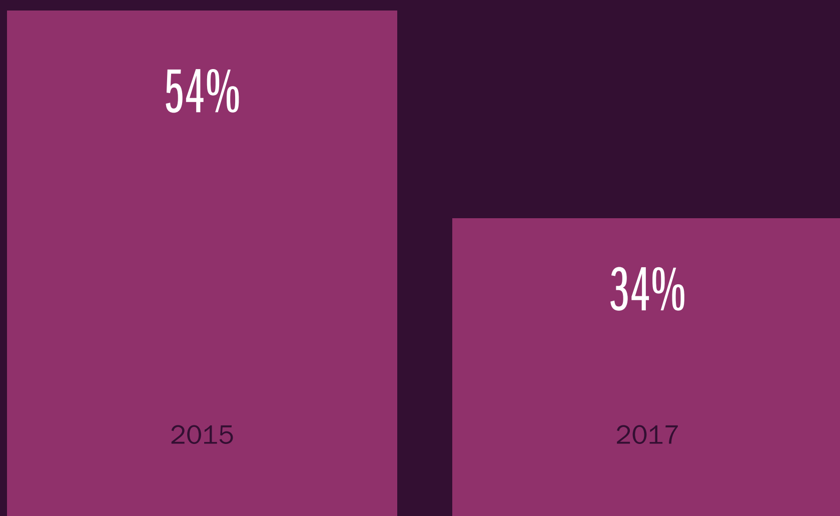
Table 7: Responses to questions on data



7

Brands are falling out of love with technology platforms and demanding quality

“Quality will always win in the end.”



Working closely with tech platforms, down 20% from 2015.

Brands are falling out of love with technology platforms and demanding quality

One of the most noticeable trends since 2015 is that brands are falling out of love with technology platforms. Perception of media technology as the panacea to deliver mass personalisation has changed and all signs indicate that brands are increasingly looking for quality. Brands are far less likely to be working closely with the tech giants and the tech community in general **(2017: 34% ↓20% from 2015).**

Most brands have made the journey to mobile and are now living and breathing omni-channel, so some of the sheen has rubbed off. There are trust, complexity and effectiveness issues for the tech players which are inhibiting deeper collaboration and there is wariness among brands around dependency, in much the same way that marketers are becoming increasingly cautious about sharing their data with their agencies: “We need to be very careful we don’t create a system where all the data sits within the big digital companies.”

Another striking outcome from our interviews was the sense that in contrast to “brand-safe” traditional media, the personal feed is becoming too cluttered and in some cases alienating. The following comment was not a lone voice: “Facebook is becoming a very transactional channel with very little personal value.” Recent studies applying industry viewability standards to the personal feed appear to support this view, indicating that scrolling is happening at such a speed that people are not absorbing brand messages.

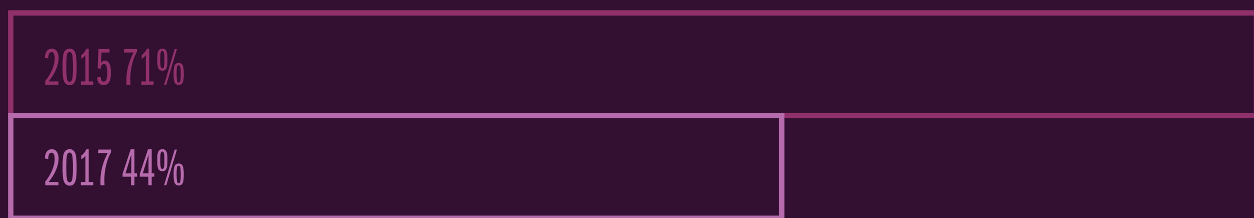
Increased clutter in digital is pushing clients back to the safe-haven of paid media because from experience marketers know that it harms engagement. One of the most prominent findings of our research was that brands are not only turning away from traditional media metrics, but they are also down-rating engagement as a KPI. In 2015 43% of the survey valued engagement with content as one of their top three metrics, but in 2017 that has fallen to 25%, perhaps in part because engagement is proving an inadequate predictor of outcomes, and in part because it lacks a standard definition.

TABLE 6 P24

WHAT WE SAID IN 2015

- “Digital metrics to the fore.”
- “Media spend converging on screens but TV next in the firing line.”
- We noted an accelerated shift in investment into performance-based digital channels.

In 2015, 71% of respondents agreed that there would be a significant shift in investment and focus from paid to earned and owned media – in 2017 this group is now in a minority at 44%.



The hype around earned media appears to be subsiding, as brands are struggling to evaluate content, finding content distribution complex to manage and discovering the landscape is becoming increasingly littered. For many marketers too much content is sitting in low interest media channels delivering no measurable return.

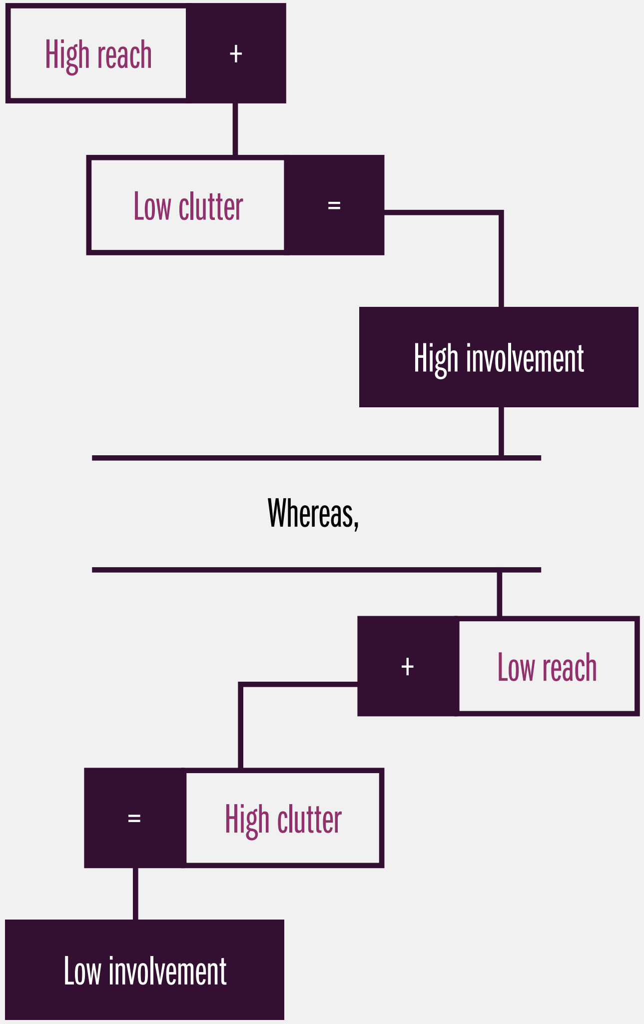
"I think you can tell a brilliant story through media but you don't do it through low involvement, low reach media."

The promise of earned and owned media, providing the means for brands to reduce paid media costs, appears far less likely.

In 2015, 71% of respondents agreed that there would be a significant shift in investment and focus from paid to earned and owned media – in 2017 this group is now in a minority at 44%.

We are unlikely to see paid digital media budgets falling, but we can expect to see a stronger fight from the traditional media fighting the corner of high reach + low clutter = high involvement, and denigrating where possible the digital sector as low reach + high clutter = low involvement. From the survey, it appears that the days of double digit digital growth are coming to an end, and dollars are less likely to flow so freely as brands recalibrate their budget allocation. "From a brand side, I'm yet to see really convincing evidence that budgets should be flooding into digital at quite the rate they seem to have done."

As Marc Pritchard of P&G recently said, "We targeted too much and went too narrow." Digital channels make mass media work harder, but digital channels also rely on mass reach for momentum. The digital gold rush is perhaps about to turn into a flight to gold.



8 We have reached peak media complexity

"Creative needs to think of costs and speed as well as ideas and impact, media needs to think about ideas and impact as well as costs and speed."

We have reached peak media complexity

A key take-away from our survey and interviews in 2017 is that the media system is reaching Peak Complexity.

Much of the hype and expectation created by automation, dynamic content and social platforms has died down. There seems to be a rediscovery of the importance of brand building to retain and anchor customers, powered by intelligent data analytics and robust data management platforms.

Marketers are confirming the key role of brand in starting and driving the customer journey through the sales funnel.

The steady march of performance marketing appears also to be approaching its peak. For many companies, budget allocation into brand-building and conversion-driving activity is settling down close to a 50/50 ratio. In the media channels, we see a similar ratio of spend allocated into digital and traditional media channels. Within organisations, we see brand and performance marketing spends settling into a similar ratio.

The vast majority of brands are moving towards a data-driven ecosystem, but there is less consensus than before on how to get there. Many brands are seeking simplicity from external partners – for these companies the holding company model is attractive, but creates dependency. For other brands their future is predicated on taking more ownership and control of data and technology, and are set on a path to minimise dependency. Most brands are somewhere in between, and will mix and match agency models until they reach their end game.

The balance is shifting towards direct-to-consumer business models, for which CRM is a core requirement. It is natural that more brands will seek to attain self-sufficiency with addressable content and addressable media, and it is these organisations that the management consultants will court. For quality content that scales however, for the moment brands will continue to rely on their creative and media agencies as the gatekeepers to big ideas and reach.

While management consultants will focus on building data models and platforms to drive efficiency and reduce external headcount, agencies may increasingly focus on providing resource and expertise into client organisations. The 'Oliver model' is one to watch for agencies as they consider their future, implanting personnel to work alongside clients on-site may strengthen client/agency relationships. If they are unable to match the technical competence of the management consultancies, agencies will have to refocus around content and channel planning to retain trusted advisor status. Brands will need to take care their data-driven platforms don't completely drive (automate even) the agenda and swallow budgets like digital advertising has. Agencies will be urging their clients to stay open to creativity and other routes to market. The battle lines are drawn between management consultants and media agencies.

As brands bring their own customer data in-house and unlock the insights within it, they will increasingly establish their own custom benchmarks and rely less upon industry averages. As media and content become more accountable and attributable, each brand will build its own KPIs conversion benchmarks along the customer journey. Those brands looking to focus on outcomes are already rejecting industry averages.

"I think the trouble with industry wide benchmarks is you have from the worst to the best in there and you take an average, and we just don't want to be average. As we learn how our brand plays in a channel then we will set our own."

Each organisation has a different perception of quality criteria and attitudes to risk, and this extends into media KPIs such as viewability, brand safety, whitelisting etc. Media is moving from relying on proxies to creating large universal datasets which equip brands to understand consumers through their actual observed behaviours rather than claimed.

WHAT WE SAID IN 2015

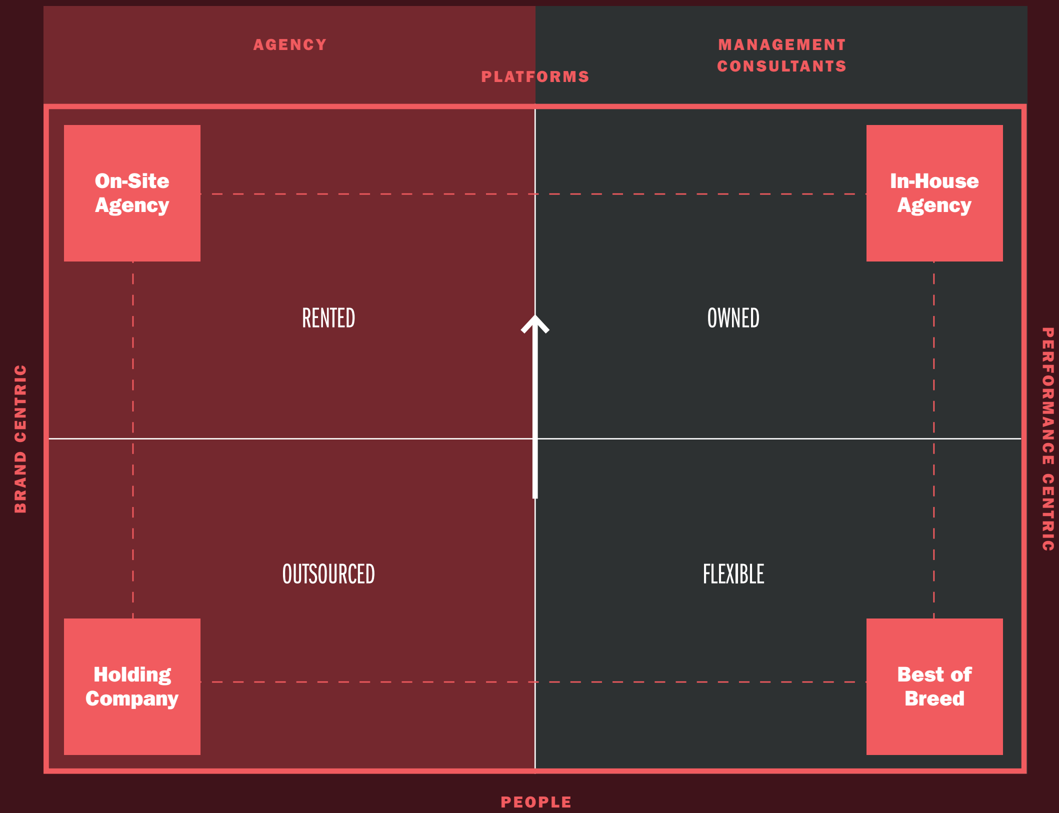
- "The greatest challenge is to get the right skills in and then to organise around them."
- "The shift of focus around the customer requires better internal media capabilities."
- Owned and Earned media oversight is moving in-house."
- Brands were starting to bring more customer centric disciplines in house but were struggling to integrate their teams.

The media industry should worry less about providing media trading metrics and start thinking more about providing common measurement standards for content across multiple platforms. The long-term interests of the industry must prevail over short term self-interest. This is something which brands, agencies and their advisors can all agree on.

"I think more and more we will move away from industry standards because we all can't agree on it."

In 2017, it is clear that the ecosystem of 2020 for all major brands will comprise the following key features: resources will be organised around profitable growth and customer retention; campaigns will be built on data platforms and powered by data insights; more consistent measurement standards will be developed and adopted to enable better attribution; more relevant and customised KPIs will become barometers of accountability; client and agency organisations will embrace more flexible and agile ways of working and collaboration across disciplines and companies will become an essential behavioural attribute.

Diagram 2: The competitive landscape of organisational models for media



About ISBA

Representing hundreds of brands, ISBA is unique as we are the only body solely focused on protecting the interests of British advertisers and their £10 billion marketing communications spend.

We protect members freedom to advertise responsibly and maximise their effectiveness in deploying marketing spend. As a representative membership body, ISBA'S manifesto is clear and we aim to:

- Champion improved standards in digital media to create a transparent, responsible and accountable market which serves the needs of advertisers
- Promote innovation in media and marketing, together with new ways of working, to improve effectiveness and ROI for advertisers
- Promote a diverse, high quality media environment, offering choice for advertisers
- Champion the freedom to advertise responsibly and effective industry self-regulation

As the voice for the industry, ISBA actively supports industry self-regulation and works with both government and the Code owning bodies, CAP and BCAP to achieve effective but fair rules for marketing communications.

ISBA also offers a number of exclusive, member-only consultancy services aimed at helping brands achieve an effective and efficient relationship with their agencies. In addition, nurturing professional development is a key priority for ISBA and our current capability programme includes a range of workshops, webinars and insight events all designed to build our members' marketing skills.

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.

Find out more: www.isba.org.uk

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Ipsos Connect specialises in measuring and amplifying how media, brands and people connect through compelling content, great communication and relevant media planning. Our insights (both qualitative and quantitative) enable clients to build great campaigns, that impact brand success through sales, boosting brand relationships, and great content to attract audiences. We deliver economic value for media owners and advertisers alike. Our solutions put people at the heart of strategy for media and advertisers.

Ipsos Connect is a specialist division within Ipsos, one of the world's largest market research agencies. Ipsos has offices in 88 countries, generating global revenues of €1,782 million in 2016.

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