MediaSense®

MEDIA
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& BEYOND

May 2019

Key Findings

1

The marketing organisation is now in a permanent state of change.

66% of brands are actively looking to reorganise their internal model for marketing and 61% of brands are planning to reorganise their agency operating model. All brands recognise they need to become faster and more agile to grow in the face of new competition from disruptors. D2C brands are adapting more naturally than FMCG brands to a more fragmented and performance-driven media ecosystem.

66%

of brands are actively looking to reorganise their internal model for marketing.

2

Brands, Agencies and Platforms are all competing for the same 'T-shaped' talent.

Brands recognise that improving their internal and external media capability is now a critical priority. As brands recruit more specialists in areas such as performance marketing, data analytics and programmatic media, they are fishing in the same talent pool as their agencies. Brand marketing teams are increasingly mirroring their agencies, and signalling they intend to bring strategy and planning functions in-house too, relegating agencies to a more executional role.

11% 62%

of our survey agree that a skills shortage is holding back the industry in data, tech and analytics compared to 51% in 2017.

3

In-housing is gaining momentum, but insourcing the media function looks set to remain a minority pursuit.

A significant majority of brands are planning to bring more media functions in-house, but a minority (27%) intend to do their own programmatic buying and even less (17%) are considering insourcing media buying. Our research finds that, for media insourcing to be considered, brands must meet five key criteria and, for insourcing to succeed, brands must overcome ten key challenges. The pioneering insourcing brands still retain media agency partners.

27%

of brands intend to do their own programmatic buying and even less are considering insourcing media buying.

4

As brands experiment with their own media operating model, five relationship archetypes are emerging.

The vast majority of brands will take in-housing to an intermediate level which equips their organisation with the level of control and agility that fits with their culture and capability. We discovered five different archetypes: Natural Insourcers, Adaptive Insourcers, Elective Collaborators, Natural Collaborators and Committed Outsourcers. Brands are more likely to move in increments along this spectrum than jump from one extreme to another.

59%

of brands agree they will be bringing more media functions in-house.

5

Agencies are remodelling their workforce in favour of specialist services as the holding company model loses favour.

Given the trend towards in-housing, it is unsurprising to discover brands are now less inclined to bundle services (media, creative and both) into fewer agency partners. Media agencies are remodelling their businesses to provide more niche, specialist capabilities and to take cost out of traditional planning and buying resource. Specialist agencies are well-positioned given their laser focus on new or technical disciplines, and to support brands with their in-housing agenda.

15%

47%

Fewer people agreed that marketers will reduce the number of agencies they work with (a 15 point swing since 2017).

6

Agencies will act more like technology companies to head off insourcing.

Operational excellence is a high priority for agencies, which have understood that their future lies in blending people and experience with automation and technology to stem the trend of insourcing and to compete more effectively against new competitors. As agency workflows become more consistent and atomised, legacy time-based or commission-based compensation systems look set to be replaced by longer-term, output-based models.

49%

agree that media planning and buying will be replaced by automated systems.

7

Performance marketing is becoming a zero-sum game and marketing needs a reset.

Compared to previous surveys, fewer brands (38%) are now prioritising performance marketing over long-term brand building. The consensus is that there has been too much focus on the technical and operational, aided and abetted by the technology platforms, which has led to a deficit in focus on strategy and communications planning. Most brands will adopt a more unified approach across brand and performance media.

38%

Fewer brands are now prioritising performance marketing over long-term brand building.

8

The advancement in media best practice is being held hostage by the industry's failure to bring quality and standards to measurement.

Measurement has continually featured as a problem in Media 2020 surveys, and this year has become the number one issue keeping brand owners awake at night. The industry needs to urgently address its failure to create an interoperable media ecosystem - an existential stumbling block which will deter brands from investing in more relevant, dynamic and effective advertising.

11% 46%

of respondents are more likely than ever to agree they know less about their media performance despite having more data.

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The full report is available to download at:

Media-sense.com/media2020

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About MediaSense

MediaSense are global media advisors. We unlock greater media value for the world's leading brands.

We recognise that every client has a unique ecosystem in place for media, and design solutions to fit each client's organisation and ambitions.

We work with major brands including adidas, BP, Chanel, comparethemarket.com, Dixons Carphone, Dyson, Liberty Global, Lloyds Banking Group and Pernod Ricard.

Our services include:

Operating Models Transforming internal and external media operating models to unlock value and productivity

Pitch Management Enabling brands to run a successful, end-to-end pitch management process

Agency Governance Ensuring brands receive return on investment from their appointed media agency and contractual agreements

Media Auditing Improving performance and accountability in media planning and buying

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