

Competing for the future

 By [Wayne Bishop](#) 19 May 2014

I was recently asked to do a talk at the University of Johannesburg entitled "What does the Future Ad Agency look like". I thanked the lecturer for asking me the question (the only problem was that now I had to think of the answer).

Since I work at PHD and we are generally obsessed with thinking about the future, I delved into our time machine (AKA trends databank) and then consulted a handful of individuals whose opinion I often borrow to use as my own. I have come with the following eight characteristics of the agency of the future.

Most of these points arise from a rigorous research process however, some of them are mere guesses since I had to come up with a few more to fill the list of eight - six characteristics of the agency of the future just didn't sound right! So, in order to maintain your attention, here are the eight:



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The in-sourcing of client service

Let's face it. Since the 2008 GFC, most companies around the world have emerged leaner, meaner and probably more desperate than they were before. Cost cutting became the new acceptable norm for staying in business and sadly, most marketing departments were seen as 'too fat' and trimmed accordingly.

The default reaction to this phenomenon was the outsourcing model. Client service teams became the new marketers and although their revenues remained unchanged, the tasks they were fulfilling became like a distant cousin (pricing reports as JDs for marketing jobs come to mind). But whilst client service directors were learning new skillsets, accountants were doing the math on trimming the client service cost on an agency contract. They worked out that it was cheaper to hire these teams internally whose sole function was to 'look after the agency'.

No more client service on the contract and an expanded, cheaper marketing team. Bargain! Don't believe me? Have a look at Twinkl's are doing in the UK. They have an internal 'agency' team called The Connections Team. Their sole function is to get the best out of the ad agency. It's no longer out-sourcing that's changing the structure of the ad agency, it's in-sourcing.

The Programmatic Farm

Ever seen the image of the Gatorade Social Media Monitoring Room? Google it, it's impressive. Whilst you're doing that, think about how this could be applied to other online media across paid, owned and earned... in real-time! Quite possible, yes? Now think about how this could be applied to offline media. Not so easy to picture is it?

The truth is that we are only a couple of years away from the full digitization of offline media advertising. Once this is up and running, algorithms emerge overnight and suddenly you have a Gatorade Monitoring Room for all their media and a 'programmatic' farm in the background writing optimization software.

Easier to picture now? I don't see this team as being sourced exclusively outside of the industry. Instead, I think this team come almost exclusively from media agency online teams. Otherwise, it would be like hiring a hedge-trimmer as your new stylist.

Bye, bye to three-year contracts

Ok, so whilst you're still shaking from the last point, think about how an accountant.... uh, I mean... think about how a client structures his or her contract with the agency. They're thinking "why do I need a three-year contract again?" And they'd be right. What's the point in having a long term agency contract when new algorithms can come from anywhere and anyone?

As much as clients can now serve hundreds of messages at a time and optimize these instantaneously, they also want the flexibility to use agencies whose messages are working better than others. Make sense? This basically puts a bullet hole in through the three-year contract.

Clients want to use whoever is bringing in the dough and for that, the best they might do is have a roster of agencies on a small retainer with the ability to change between them (maybe even in real-time?)

Adaptable Resource

Right, so now that we are working on a client who might not be our client in five minutes, our stress levels begin rising. How does the agency pay me? Where is the next client? Holy sh*t it's only Monday - is the rest of the week gonna be like this? The truth is agency resource models are going to need to be highly adaptable and flexible if they are going to exist in the 'new world'.

The Barbarian Group agency in New York were onto something when they constructed the now heavily pinterested 'super desk'. Of course, they did this more for aesthetic reasons however, the practicality of this installation is pretty spot on. Adaptable resource can come and go as they are needed and can literally 'plug in' to the super desk when they're in the office. To make a long story short, lots of freelancers (maybe 80% of the agency?) and a pretty open working environment (including remotely).

Tech is the new strategist

I love being a strategist, in fact, it's the reason I get up in the morning. I go to work to solve client problems every day and is astonishingly gratifying. It's a great job but is it future-proofed? In short, it depends whether or not you have a handle on technology. You see, media strategists have almost become databanks for communication problem solving. We draw on lots of different data points to construct our argument and really need to know a little about everything.

What happens when this process becomes automated by a machine? Well, for a start, we should try and develop our social skills, "surely the client will want me in the meeting today? I'm a nice guy". Truth be told, software engineers could already do parts of our job. What they can't do is link unrelated data points that require looking 'outside' of the rules of an algorithm. So what this is telling us, is that it's not software engineers who will become strategists, it's actually the other way around.

Real-time creative

Ever heard of Smart Versioning? No? Well, it's a piece of tech that allows you to upload elements of a piece of creative (e.g. font, backgrounds, borders, colour templates etc). It then uses a pre-determined template and produces hundreds and thousands of different versions of that creative. This stops the creative team having to develop 150 different types of banners to upload into a DSP.

You essentially upload the separate components and voila, thousands of options get served in seconds. So what is the creative director's job I hear you ask? Simple. Come up with as many new templates as possible to give the algorithm more options to serve. Big Idea? Huh, where? All that's left is the creative that works. The future is Smart Versioning on steroids with everybody striving for the "Big Execution".

Hybrid capability

Late last year PHD locally launched our strategic positioning in market as being the first truly hybrid agency, which means

that some of our strategists can write strategy across online & offline. We have the specialists to implement, just like everybody else, but instead of creating an online department, we embedded the specialists into our teams. The result is that you don't get your lead strategist on the account saying "let me check with the online guys and get back to you".

We thought this was a good step to take and are now gearing ourselves up for the next 10 years which sees the notion of 'Hybrid' take on an expanded meaning. At CES this year, 'the internet of things' trend became quite a talking point and you can see why. It is a fascinating example of just how malleable the technology of the internet is and how incredibly exciting opportunity of communicating with audiences will become.

Being truly hybrid means agencies will need to move from online vs. offline into a world of virtual vs. physical, both surrounded by the possibilities of digital technology. The trick? Plan by user journeys and not by numbers.

The media agency as the lead agency

Yep, you guessed it. I left this point until last to increase the likelihood that you read through the entire article. But I bet you're asking why? Well, I think there are three reasons. Number one, media agencies now have access to more consumer data than clients. Number two, media agencies have adopted technology quicker than our creative and PR counterparts. / number three, media agencies are a big part of the 'accountability pie' since we are the ones actually spending the marketing budget.

So the question is: Who is better placed to set up Programmatic Farms, train planners to become software engineers or have true hybrid capability? In my mind, it's the media agency. Is this the death of the creative agency? Hell no. It just means they will likely play a different role.

The reality as we sit today, is that the difference in creative and media comes down to one thing. Content. Creative agencies create content and media agencies distribute content. But, the way the world looks from here is that there is a lot more competition on content creation than content distribution. This means that creative agencies' new competitor is not media agencies, it's consumers. And, who has the greater understanding of the consumer? Well, I'll leave that one with you....

ABOUT WAYNE BISHOP

After completing his B Com degree at the University of Johannesburg in 2003, Wayne began a 6 month internship at OMD Media South Africa. It wasn't long before his passion for strategy emerged and he took up a post at WPP's Not a Bene spending 4 years with the Unilever team. Wayne is now the Managing Director of Omnicom Group's PHD and is dedicated to growing the business's strategic output across current and prospective clients.

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