

Shaping the agency of the future

 By [John Little](#)

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Ad agency CEOs entering 2019 have much to think about. Here is my list of 'future trends' that might deserve their full attention:



John Little, regional managing partner of The Observatory International.

1. Agility

Historically, traditional agencies have been too slow. There's a need to respond faster to changes in the marketing ecosystem.

To satisfy the demands of 'always-on' content means agencies must adopt new, agile ways of working to accelerate turnaround time. Failing that, clients will continue to take agency work in-house.

2. Artificial Intelligence (AI)

Currently, we don't fully appreciate AI capability in communications creativity, but AI will impact the work of agencies.

In February 2017 *Adweek* stated, "Coca-Cola wants to use AI bots to create its ads". #Ogilvy70 predicts the business will become 50% human and 50% robot! Agencies must embrace AI and explore its capabilities to help them become more efficient and effective.

3. CX/customer journey

The Observatory International collaborated with the World Federation of Advertisers (WFA) to release [research in mid-2018](#).

It revealed that 'customer journey' ranked in the top three 'gaps' between marketer importance ranking and agency roster performance. A key priority for agencies, this skill may help deter increasing encroachment by consultants.

4. Collaboration and Integration

Marketers often complain that their agencies operate in silos, both within an individual agency and within a network or holding company group. Brands adopting omni-channel consumer engagement strategies tend to receive output that lacks a holistic and truly integrated focus. The [VMLY&R merger](#) partly attempts to address this.

The Omnicom integrated McDonald's agency, 'We are Unlimited', is an original approach to the problem (see 11 below). More agencies need to address this fundamental challenge.

5. Consultants

The 'big five' consultancies deserve special mention, not only because they dominate global digital agency rankings, holding the top five spots, but also because of their relentless acquisition of agencies to enhance their offering.

Increasingly they'll compete with traditional, creative agencies in communication strategy, CX, data, analytics and insights and digitally lead ideation.

6. Content

A trade press article in early 2018 predicted that "content studios are poised for a remarkable bloom in 2018". Another stated, "publishers are expanding their studios to do more agency work". Almost every major publisher has a content studio: BBC Storyworks, *The Financial Times'* FT Squared, *The Huffington Post* Partner Studio, *The Washington Post* WP BrandStudio and Reuters Content Solutions, to name a few.

There's also Google's agency, Toaster and the Facebook Creative Shop. Agencies need a 'collaboration' strategy for these new frenemies.

7. Cost management

Agencies are often perceived to be expensive, both in terms of time costs (often due to complex internal processes) to deliver a specific output and due to production costs being out of kilter with the overall value of the project.

Time is a complex issue and not easily solved. More agile ways of working can help, but moving to outcomes-based costing may be a more practical solution. Regarding production costs, the parties need to agree upfront what a realistic budget is, in relation to the potential ROI for the project as a whole. Put it in the brief.

8. Data, analytics and insights

To continue to own the creative process, agencies need to demonstrate a mastery of data, analytics and insights.

Unfortunately, this 'knowledge' registers the lowest performance score of the criteria measured in the WFA/Observatory research, and sits second highest in terms of the gap between agency performance and importance to marketers.

9. Digitally led

Big ideas remain the primary *raison d'être* for creative agencies. While many marketers are calling for agencies to deliver digitally led ideas, traditional agencies still tend to start with the 30" TV spot.

Many agencies speak of integration, with digital at the core, but, in reality it's not the case. Digital truly needs to be embedded in the creative process as, for example, the mobile phone becomes the dominant channel of choice.

10. Effectiveness

The call for greater accountability from marketing and its partners will intensify in 2019, as the C-suite demands to know the

ROI generated by marketing initiatives.

Agencies need to help clients isolate and measure the impact of their work. This should start at the outset of a project, when both parties should agree on specific objectives and the means of measurement.

11. Frenemies

Ken Auletta published a book called *Frenemies* in mid-2018. Sub-titled, *the epic disruption of the ad business*, he wrote, “if you think about the threat to the ad-agency business, you’re surrounded by friends who are also your enemies”.

These include clients/marketers, who are taking work in-house; consultancies, which are extending their service offering into the agency space; tech companies like Google and Facebook, which dominate digital audience data; and publishers, which are now offering content to marketers directly.

Agency CEOs must devise strategies to compete with, or accommodate these frenemies. As an example, Omnicom created ‘We Are Unlimited’ for McDonald’s by embedding teams from Google, Facebook, Twitter, Adobe, The Marketing Store and *The New York Times’* T Brand Studio into their model.

12. In-house

The ‘taking agency work in-house’ trend continued unabated in 2018 and it’s unlikely to change in 2019.

Agency CEOs must adopt an ‘if you can’t beat ’em, join ’em’ strategy and pursue the inside option – establishing a dedicated, agency-staffed unit within the marketer’s organisation.

13. Trust

In 2018, the global trade press published articles aplenty about the loss of trust between marketer and agency.

“ *Whilst this loss of trust is mainly focused on media agencies and their supposed lack of transparency, other agency types are not immune. The erosion of trust relates to failing to deliver best possible value, or not spending clients’ money wisely, and/or lacking the commitment or ability to measure the efficacy of their work.* ”

Trust is the cornerstone of any client/agency relationship and a pre-requisite to great work. Restoring and growing trust should be a priority.

This is not an exhaustive list, but a guide for marketers who wish to assess the extent to which their agency partner/model is ‘fit for future purpose’.

ABOUT JOHN LITTLE

John Little is regional managing partner, Middle East and Africa at The Observatory International. Between 1981 and 2009 he held the positions of MD of Ogilvy Jhb, Group MD of Leo Burnett, MD of Ogilvy Africa and CEO of GroupM, Africa. He served on the board of the Association of Advertising Agencies for 16 years. He chaired that body, as well as the Marketing Industry Trust and the Advertising Standards Authority. Little launched The Observatory International in SA in 2009.

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