



Digital dilemmas

GMR Exclusive: So, where does all this Big Data, automated marketing leave clients? In a spin on a level? We team up with da Vinci Marketing to find out in our inaugural *Value Exchange Study*.

THE RESPONSIBILITY of managing a brand and embedding it within a business does not rest on the shoulders of any one individual. Thankfully.

However, individuals, rather than agencies and their teams, are becoming more accountable, because clients are increasingly seeking specific talent with particular skills.

This was the overriding theme that resonated throughout a qualitative research project that da Vinci Marketing instigated exclusively for *GMR*.

In its capacity as a marketing consultancy, da Vinci conducted face-to-face interviews with a significant number of marketing directors representing renowned brands across key categories.

The aim was to gain a deeper understanding of what clients value in an agency and how their marketing strategies affect the industry and spend in the Mena region.

One would naturally assume digital communications would take centre stage throughout the project, but the conversation of digital only served as an example to illustrate the change in how clients select, manage and evaluate partners.

In fact, when discussion did focus on digital marketing the client's demand

was for a better understanding of the innovations and new technology that will affect the broader business – not just the marketing strategy.

This, then, is opening the field to a host of new stakeholders competing against traditional communications, such as companies in the ICT sector and/or management consultancies.

For example, a well known regional bank was the first to offer thumb identification technology, a mobile ATM (on an emission free bus) and the first Islamic bank to use Facebook effectively – all of which ideas were driven by marketing.

With the consistent change in technology, the bank repeated what every other brand wants – to be the first in its respective category to make effective use of new technology.

This means the dynamics between clients and their agencies is changing. What clients demand, beyond the obvious, is change and the industry, despite any potential increase in competition, is well placed to adapt, as our research around certain topics has illustrated.

SPECIALIST OR GENERALIST ?

This topic of conversation is not to be confused between independent versus net-

work, because every client we spoke with believed there were merits to using both. This means the argument for using either an independent or a network is inconsequential to the future of the industry.

Indeed no single client exclusively uses an integrated agency and certain elements of the marketing strategy will always be delivered by boutique agencies.

Some 67 per cent of those interviewed preferred specialist talent for pure creative or digital briefs.

What is important now is the ability to continually adapt to the changes in technology and present those changes to the client in a way that will help their brand and operational effectiveness.

In this regard, the specialist agencies have the edge as they are more “nimble” at integrating new technology, while the traditional agencies are better at educating clients on technological trends.

Despite this, clients still have more confidence in bigger agencies, because they know that delivery is a guarantee, especially for the global brands which feel the networked agencies are better placed to create big ideas and are able to ensure those campaigns engage local audiences.

But, while the bigger agencies might be given more opportunity to ►

RELATIONSHIP BUILDING



Beyond the answers to the standard questions across the board, we managed to unearth some interesting, often unprompted additional insights.

So, listen up...

Clients say they are consistently networking with other industries identifying who they use and it is clear from our research that, regardless of sector, the values they seek from an agency are unanimous:

- The agency acts like an employee
- Provides 24 hour support
- Has a passion for creativity
- Is 100 per cent transparent
- Has an ability to communicate bilingually and biculturally
- Meet over and above the contracted hours (ie not clock watching)
- Provide added value through training and new client introductions
- A level of business acumen at an account management level

Clients also admitted that:

- Sometimes colleagues treated agencies like suppliers or competition
- The 'client is only as good as the brief they deliver'
- And marketing still requires a greater impact at a board level for brave ideas to be approved

implement the big-ticket ideas, those same agencies are tasked with the majority of briefs that have very little creative value, simply because the clients know they will 'get the job done'.

So much so, that an over reliance on what one client called 'churn' could actually harm the brand.

This means clients are breaking their own rules. For example, an FMCG brand that has a company policy to review its

global network every three years, from which it can select regional partners, is now allowing itself to work with locally based specialists without a pitch or procurement being involved.

As these agencies get integrated into the roster, many clients are ensuring it is a collaborative environment.

One client in the aviation sector called it a "community coming back together" and felt that the big agencies were now

at a point where they could justify calling themselves 'full service' as a result of upping their game.

But another FMCG client disagreed: "Big agencies need to work harder to recreate themselves and teamwork is breaking down. They have been used to high margins and low transparency, so they need to change in a new era of compliance."

Either way, the general consensus is that boutique agencies have the specialist talent which is what clients are buying. And they use these agencies to experiment with new ideas and technology and therefore are not so concerned about failure. But when they need to ensure delivery and success, especially on cross-border campaigns, clients will always revert to the networks.

STRATEGY

There is certainly a trend towards more BTL. One telco client called it "acquisition and retention with a focus on high value subscribers".

This means clients are updating processes and systems especially in regards to CRM and data management. The aim is to segment audiences, tailor communications and find ways of ensuring campaigns are effective and measurable.

Corporate governance is also moving further up the marketing strategies.

Those clients in FMCG are placing an increasing amount of resources into the environmental impact their advertising is having and the message it communicates, a guideline that comes from global HQ, which is dictating the strategy.

In a similar vein, CSR was high on the agenda. Clients were not defining the acronym literally, but instead focussing on 'community communications' or 'corporate affairs'.

Considering the marketing budgets, regardless of channel or media, 47 per cent of the brands interviewed have increased marketing spend for this year, with 33 per cent spending the same and 20 per cent reducing spend.

Every client also considered the development of their internal teams as part of their marketing strategy and nearly half of

the clients – 47 per cent – are restructuring departments and developing in-house capabilities, rather than appointing an agency – specialist or not.

Some 41 per cent of clients are increasing their team (which is aligned with clients increasing their budget). Six per cent are reducing internal marketing teams. There is a need to work with individual talent to close the skills gap, because just under half of those clients believe the region still has a dearth of exceptional talent, hence many brands end up working with agencies in Europe and beyond.

Saudi Arabia was a particular problem in this respect, for two reasons. Recruiting is difficult as many candidates refuse to relocate and temporary travel is only a short term solution that holds no interest.

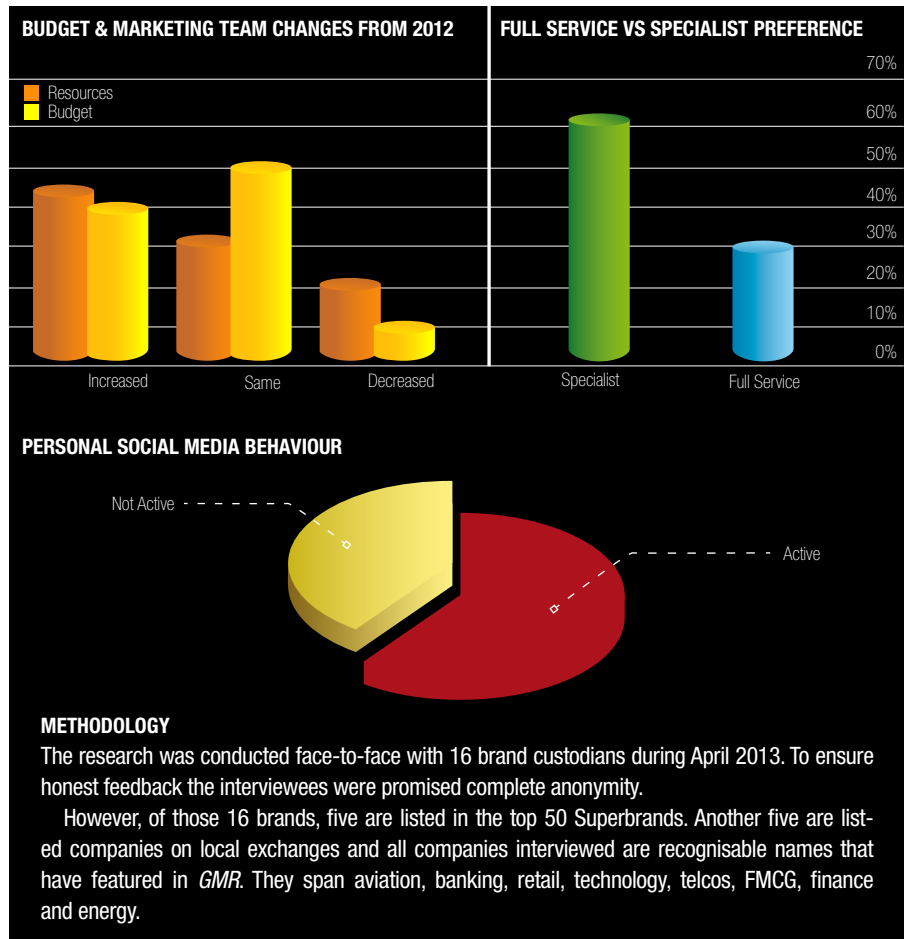
GLOBAL VERSUS LOCAL

From our interviews, the consensus was that the development and standard of the regional market was more affected by global strategies than local delivery.

For example, a global FMCG highlighted that ad spend per capita is greater in the Mena region than in Europe, except the market development is “focussed on low cost products in new markets” which, from a communication’s perspective, means a focus on quantity, not quality and therefore the creative output, staff and global exposure fall some way short of international standards.

Another client with a range of retail franchises struggles with the autonomy it has, because the global brands within its portfolio own the digital platforms and don’t allow local partners to control content. Even though Saudi Arabia, for example, contributes the largest number of followers to one particular Facebook page and Kuwait is one of the world’s biggest users of Instagram.

Most global companies that have regional roots considered themselves global brands, which just happened to have started life in the Middle East. The strength of their marketing teams is not necessarily based here, so it is not vital that their lead agencies have a strong regional heritage or presence.



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DIGITAL

Nearly every interviewee explicitly mentioned a desire to be ahead of the game. Not just keeping up with digital communications, but being the first to implement digital innovations and new platforms.

But the big question was who should own the space in terms of the agencies on each clients’ roster and internally? The majority of clients felt that agencies were best placed to build digital platforms and develop the creative ideas, but managing and populating the content was best handled in-house, especially for social media.

Mobile and search were particular areas of focus for clients who felt neither their

in-house teams nor agencies were best placed to leverage the latest innovations. Hence clients are building closer relationships with technology and media owners themselves, such as Samsung and Google. A surprising statistic, given the importance marketing directors placed on social media, was how few were involved in social media on a personal level, with 47 per cent not interacting with friends or family through any social media at all. ■



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