

Transformation, agency consolidation and real consumer insights

8 Jan 2018 By Kgaugelo Maphai

There is no doubt that there's loads of uncertainty ahead of the coming year. I believe that digital integration, continued agency consolidations, consumer insights and the looming MAC Charter deadline will be recurring themes.

Transformation remains a huge priority for the industry. There are agencies that have improved their BEE ratings over the last three years or so, but we should expect more to happen leading up to the deadline set for the MAC Charter in March 2018. I can guarantee that between now and then we'll be seeing a lot of BEE deals being cemented. If not, non-compliant agencies will get left behind and clients will have to enforce this requirement when going to pitch to drive the required transformation. There's been a lot of lip service paid to this topic over the years. It's now time to act.

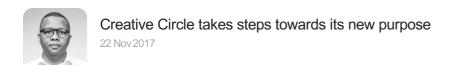


(c) Christopher Smith - 123RF.com

Most agencies started this transformation process late and are now trying to play catch up – it's blatantly clear at agency Exco and senior management level where there is little to no diversity. Transformation is not only about how many interns you bring in, although I'm excited to see the impact of that in the next five years or so; it's about having a paradigm shift in understanding why it's important to have diversity within the workplace. In the interim, as an industry we need to find a balance in driving transformation without purging experienced senior white management.

The sweet spot is combining the experience with new, fresh, consumer-centric thinking – that's what transformation at senior levels will give you.

Agencies should be identifying those talented black people within their agencies and invest in fast tracking their leadership development. We need to approach our businesses with the core values of good corporate governance and comply with the law, which requires us to transform our organisations at all levels, and agencies aren't exempt from this expectation. We need to embrace this and understand why it is imperative. I do however believe that there are agencies that are transforming for compliance purposes only and not because they believe it's the right thing to do, which is a shame.





The outcome of the **54th National Conference** will also have an impact on the 2019 national elections. I believe there's a strong possibility that there will be a coalition government. The ruling party seems to be divided and unless this changes, opposition parties will win some votes from disgruntled members. Whoever becomes ANC president will have the responsibility of uniting the organisation going into the elections. However, in 2018 their responsibility will be to give business and citizens hope that the economy will be stabilised and that jobs will be created. This will give the business sector a reason to invest further in the economy. The irony is that some listed companies on the JSE continue to perform well, while the economy struggles.

Companies struggle to grow in this sluggish economy because the consumer sentiment is low. A strong ANC leadership coming out of the conference will go a long way in stabilising the economy and hopefully reversing the rating agency downgrades that we have experienced.

From a **broadcast media** point of view, local content in indigenous languages will continue to be popular drawing big audiences. Vernacular radio (ALS and community), SABC 1, 2 and Mzansi Magic should continue to reach the majority of South African consumers and therefore keep attracting advertising. OOH continues to be effective and with the Road measurement tool, it will be interesting to see how this affects investment on this medium.

Digital integration will increase. The cost of mobile data in South Africa is still a barrier to entry because costs are prohibitive. Spend should continue to grow on digital platforms like Facebook and Google. These platforms have proven to be effective channels especially those brands that are wanting to engage younger consumers where social media consumption is huge. Overall though, the majority of South Africans still consume traditional media like radio, TV and OOH – I expect these stats to come down marginally next year but it won't make a massive difference until there's a significant drop in data costs.

With the rapid changes in the research methodologies within the media space, it's going to be imperative that agencies get to grips with the evolved research tools. **Consumer insights** will continue to be an integral part of the work agencies do for clients because our work is both an art and a science.

Because media accounts for a large percentage of the marketing spend, and clients are becoming more prudent, it is going to be important for clients to engage their media agencies sooner when **communication strategies** are being formulated so that decisions are made earlier on what media is going to be utilised before creative is developed.

Many clients spend a lot of time focusing on the creative that needs to produced, and by the time they want to flight the work, there is insufficient media budget to support the campaign over a long duration. So clients that are media-led are likely to get better bang for their buck because media agencies are not designed to push clients to use any particular

mediums or channels – **campaign objectives and budget** are key considerations. Creative agencies would far rather produce a television advert than a print or a billboard ad because it is more profitable.

All in all, I'm looking forward to an interesting 2018. Hopefully the economy will stabilise and the consumer sentiment will be positive. Great minds think different!

ABOUT KGAUGELO MAPHAI

Kgaugelo Maphai is the Johannesburg MD of digital marketing agency The MediaShop.

"#BizTrends2018: Transformation, agency consolidation and real consumer insights - 8 Jan 2018

View my profile and articles...

For more, visit: https://www.bizcommunity.com