Key advertising industry trends for 2017

By Johanna McDowell

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Here are our forecast trends for 2017, from IAS:

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1. Brands will increasingly have to construct campaigns around their consumers – putting their consumers first and if necessary, adapting their brands to suit the new environment. Plan around people not products. Now that consumers have experienced brands such as Uber, AirBNB, Netflix – their expectations are raised towards the more traditional brands which will now need to adapt to those expectations or lose out on any growth among new consumers.

2. Young talent that went over to the tech side a few years ago is starting to return to digital agencies. They want the chance to work on a variety of brands – not be limited to one. This trend was identified by a few of the agency leaders who we met in the US at Ad Forum. A couple of years ago everyone wanted to go to Facebook, Google, etc., but now, as agencies beef up their digital outputs and develop greater and greater depth to their offerings, digital folk will obtain much more experience and growth by working on a variety of brands and by being part of developing the agency offering.

3. A greater demand for media transparency and an end to "opaque" practices among media agencies and media owners. This was raised as a big issue two years ago in the US and UK. The ANA – American National Advertisers association - conducted some research in the market place over several months with independent researchers not linked to the advertising industry. The research revealed some practices which could be considered unethical. This research was borne out in the UK via the Incorporated Society of British Advertisers (ISBA) which has produced a guideline contracting process for their marketers which will enable those marketers to take greater control of their contracts with media agencies. The trend is also taking place in Australia and we predict that South Africa will be looking at this in 2017. As IAS we will be writing more report backs on this for industry.

4. Independent agencies are holding on to their independence – refusing to be part of the holding company networks. Those agencies which are still independent are making sure that they remain so. Locally we know who are strong independent agencies are such as Joe Public and King James – as well as smaller operators which have resisted and will continue to resist the lure of the networks. Agencies such as Mother – one of the world's leading creative agencies – talks about their independence and about being a place for "refugees from the networks".

The level of reporting within the network groups can be off putting for many an entrepreneur who is used to running their own show. We are also predicting that a number of local agency CEO's who sold a few years ago to the various networks such as WPP and Publicis Groupe, will be at the end of their earn out periods in 2017. We may see some new start-ups during the next 12 months as a result.

5. Even if content is sponsored by brands, it does not diminish the value of the content. With internet video expected to account for 79% of global internet traffic by 2020, 52% of marketing professionals name video as the type of content with the best ROI – return on investment.

In addition, 55% of consumers say that when they learn that content is sponsored by brands, it does not diminish the value of that content as long as that content is authentic and relevant. One of the agencies we visited at Ad Forum in Los Angeles believes that "brands will be the next great producers" in terms of short form and long form content.

6. Moving to output based contracts rather than time sheet based contracts has been proven to be successful. More marketers will be looking for this in future. They just need help on how to do this. One of the most successful agencies that has pioneered this along with incentive based or performance based contracts – Anomaly – has enjoyed exponential financial, sustainable growth over the past decade with net margins easily above 20% and often as high as 25- 29%. It is possible.

7. Virtual Reality technology will be used more and more to solve societal problems – the ability to help minds see things differently. It is predicted that VR will be used in entertainment, education, retail, real estate, as well as marketing.

8. Convergence is happening – ad agencies are building editorial competence along with digital in house. Traditional ad agency models are now incorporating large scale editorial competence along with digital in house. This means that true 360 degree thinking is happening well in advance – especially in the PR area.

9. Agencies are actively investing in their in house production facilities – with great success - this continues to increase as the demand for more and more content grows. Speed to market, familiarisation with brands, etc., are requiring that agencies conduct this activity in house, saving time and costs with new technology.

10. Growth in number of integrated agencies and service offerings – we identified this need with our recent SCOPEN research. Time poor marketers are working with a variety of agencies and would prefer to find one integrated agency that can do most things – definitely creative and digital – and preferably with media and PR in house. This trend is growing all over the world and is happening slowly here in South Africa but we are anticipating a surge in this during 2017.

ABOUT THE AUTHOR

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