



Marketing metropolis

Contagious Insider's [Dan Southern](#) lays out a new map for navigating adland's ever-expanding boundaries.

In the five short years Contagious has been running our Insider consultancy, we've worked on a wide-ranging selection of projects, from developing creative leadership programmes to creating marketing innovation labs. But the one question that brand leaders and agency heads have repeatedly asked us is this: how should they navigate the constantly shifting terrain of the modern agency landscape?

Little wonder. Marketing leaders are having to take on more responsibility than previously expected. According to research from Marketo and *The Economist*, 75% of chief marketing officers are preparing to assume responsibility for the entire customer journey by 2020, though only 33% claim to have it today. That means they must identify and then orchestrate a wider array of partners to work with than ever before.

Meanwhile, their traditional agency partners see competitors from unexpected quarters moving in on their patch, forcing them to work harder to ensure their own house is in order: whatever it takes to stay relevant – and valuable – to their clients.

The result is that for clients, the business of marketing has become an ever-expanding urban sprawl of options and complexity. So we've developed our own map to help leadership teams across the industry frame their thinking and chart a course for the future. You could be a client considering who to partner with and how to work, in which case it pays to get to grips with the lie of the land. Or you may be a partner business, such as an agency, consultancy or media/technology provider considering where and how to grow. If so, being aware of what's going on beyond your own backyard could help you detect opportunities or threats. Ultimately, this map is our way of making sense of an industry in an ongoing state of flux.

Integrating again

In recent years, adland and its adjacent boroughs have changed in two important ways. First, they have grown substantially more complex. Marketing now encompasses more disciplines than ever, with a nine-fold increase in subdivisions and specialisms in 20 years, from just 40 to

360, according to research by Craig Hanna of GM Knowledge. It may seem unlikely, but consider the roles we take for granted today, such as community management and UX research.

Despite the current resurgence of integrated agencies that aim to offer clients a one-stop shop, these disciplines are typically split across players with deep specialisms in a specific field. We can see this in the burgeoning ad-tech sector, whose ever-expanding presence at Cannes Lions prompted Jeff Goodby to lament the conversion of the Croisette into a strip mall of technical vendors: 'Nowadays, it is more like a plumbers' or industrial roofing convention, after which I go home and begin to explain to a friend that there is an amazing new fiberglass insulation technology that will enable us to cost-effectively sheathe surfaces exposed to the sun and make them blah blah blah... can I get you another drink?' he complained in *The Wall Street Journal*.

Yes please Jeff, and perhaps order a shot for our good friend the client. If the landscape wasn't so characterised by myriad partners with niche expertise, rather than truly broad-based integrated offerings, all this wouldn't be such a brain ache for them. Keith Weed, chief marketing and communication officer of Unilever, made a stand on their behalf at the aforementioned plumbing and roofing convention last year, saying: 'I want a 110% solution for my brand [not an individual agency's area of expertise] – even if it's a 90% solution for mobile or an 80% solution for social. Fragmentation is pulling our brands apart. We must have trust between the players to truly integrate the business again.'

With that in mind, a key goal in creating our map has been to confront the complexity by incorporating a wide cross-section of the players and show where the competition for marketing budgets lies.

An altered vista

The second important change is that there is more uncertainty. How and where marketing evolves is now subject to innovative new players with the potential to disrupt categories, attract significant audiences and create alluring new experiences, all at an unprecedented pace.

For some marketers, the rise of these new kids on the block has been very welcome and forms a vital part of their strategy. Speaking at last year's ANA Masters of Marketing conference, GE CMO Linda Boff said: 'We look for these opportunities. And sometimes people say, "Are you chasing the shiny object?" Maybe a little bit. But we do this for a reason... We think you only get one chance to be out in front. The moment passes and it passes quickly. Platforms get saturated, people move on and the spoils go to the first early adopters.'

There is, however, an increasingly vocal faction that believes marketing has been in thrall to the 'shiny object' for too long. These are the disciples of Professor Byron Sharp, followers of the teachings outlined in his book *How Brands Grow*. For them, the emerging, upstart platforms are largely unproven compared with tried-and-trusted media like TV when it comes to getting one crucial job done: increasing the number of infrequent buyers a brand has. (You can read an interview with Jenni Romaniuk, Sharp's co-author for the follow-up, *How Brands Grow Part 2*, on page 72.)

It should come as little surprise that the intensity of this debate has been rising as the low-growth macro environment means many clients feel compelled to get a firmer grip on agency costs. Procter & Gamble, for example, reported savings of \$370m in non-working agency costs in 2015 and expects to save an additional \$200m across this fiscal year. (Non-working costs are defined as agency-related, the cost of production and administration, as opposed to 'working costs' relating to the placement and distribution of marketing – what people actually see and experience).

Some clients, however, are avoiding Madison Avenue altogether: the Society of Digital Agencies has found more and more are building digital capabilities in-house. In 2015, its annual report revealed that 27% of clients claimed to work without agency partners – that's a 100% increase compared with the year before.

So with an increasing number of new neighbourhoods cropping up, our industry map and analysis helps users identify where the key changes in the landscape are occurring.

MaShCreaTr... Do the twist...

The map is called 'MaShCreaTr', a simple four-box matrix that imposes some order on this increasingly chaotic marketing landscape. It stands for 'Make, Share, Create, Transform' and clarifies where different types of player, old and new, operate. Awareness of what's going on in each of these quadrants should help users see the opportunities and threats, wherever they lie for their business.

Across one axis it reflects that some types of partner are closer to internal consultation with clients and overall strategy. Others are closer to execution and responsible for what consumers experience: a TV ad, native content, a search result or mobile application and so on. On the strategy side, costs are more likely (though not strictly) to be categorised as 'non-working' and on the other, costs are more likely to be working.

The second dimension then distinguishes between storytellers and systems-thinkers and in doing so contrasts between the masters of linear – and sometime disparagingly named 'traditional' – media and the new generation of digital services wunderkinder.

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Keith Weed, Unilever

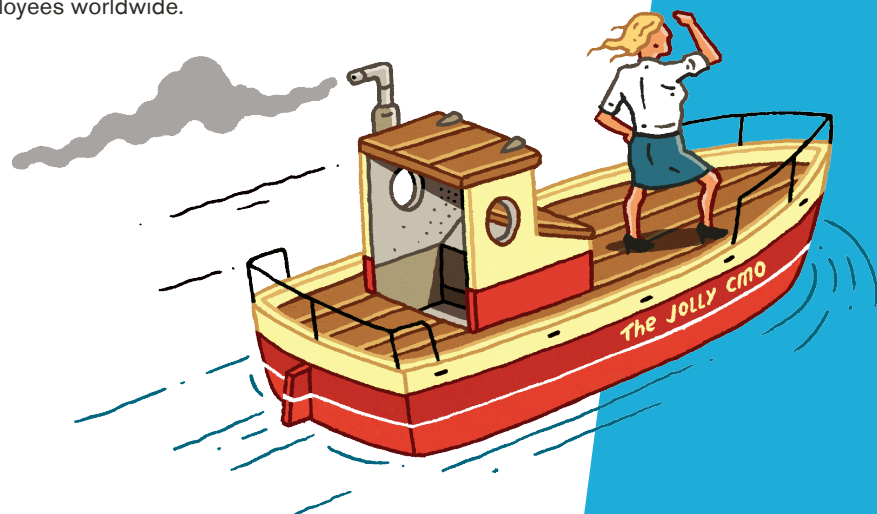
Each of the quadrants can be populated with different types of agency offerings and disciplines. And an agency (or any other type of partner) can, of course, have a combination of offerings and diverse capabilities that span more than one quadrant. We're sure that there are many that would claim to be proficient in all four – and the holding companies would certainly be among them. The truth is that an honest appraisal of promises, capabilities and the corresponding ability to deliver would reveal strengths and weaknesses across the board.

Standing still is an option, but don't complain about being left in the shadows of a changing skyline

A path to reintegration

The map reveals a much more extensive, dynamic landscape than ever before, with both fast-growing and regenerating quarters. The picture is clear though: more entities are vying for direct access to clients and dominance of the customer experience. For the agencies occupying the centre ground, the challenges come in different guises.

One of the most conspicuously expanding populations are the traditional management and software consultancies. While they once would have been peripheral to the Transform quadrant and the marketing world, firms such as PWC, Accenture and Deloitte are now making major inroads, staking a determined claim on prime marketing real estate. For example, since buying design and innovation consultancy Fjord in 2013, Accenture has doubled the size of its design team and number of studios. IBM is emerging as a key player too, as it continues its own transformation into consultancy. Interactive Experience (iX), its digital agency, has revenues of \$1.9bn and is hoovering up both digital and creative shops as it scales; it now counts 10,000 employees worldwide.



Strategy / Systems Transform

Here come the suits

Who's here / Digital integrated agencies, management consultancies, service designers

Offer / Typically within this quadrant, partner businesses promise to help transform their client's operations so that they're fit for the digital age, creating a joined-up customer journey. They will combine business analysis with technological competencies to solve business problems and create new opportunities.

Challenges /

- Proving their ability to tackle gnarly business challenges and building value
- Building their creative capability

Execution / Systems Make

Friend or foe?

Who's here / Developers, adtech, digital production, community management

Offer / The platform behemoths and startups that are building the digital world. They are developers, technologists, innovators and emerging media players, promising to reach and engage customers in new ways.

Challenges /

- Proving the impact of emerging technologies while also being a reliable collaborator that helps clients join the dots across the end-to-end experience
- Avoiding commoditisation
- Lacking creativity as a differentiator

MaShCreaTr

Strategy / Stories Create

Home to the incumbents

Who's here / Traditional integrated agencies, brand and marketing consultancies

Offer / Storytellers par excellence, these guys are experts at leveraging customer and cultural insight to distil complex ideas and solutions into simple narratives that connect with customers, investors and employees.

Challenges /

- Championing the virtues of classic brand management in the face of persistent competition from the systems thinkers and in-house agencies (both client and media/tech)
- Improving processes and efficiency in order to manage costs
- Adapting to use digital creatively to solve business problems, rather than dreaming up PR gimmicks

Execution / Stories Share

Content and community

Who's here / Production, PR, traditional media and in-house creative agencies

Offer / Strategies and ideas are crafted in collaboration with production companies for distribution via media. Likewise, communications can weigh in, identifying opportunities to catapult brands into the cultural zeitgeist via newspapers, magazines, influencers, etc.

Challenges /

- Avoiding commoditisation and moving upstream
- Creating more strategic offerings that add value and lead to direct relationships with clients, rather than going through intermediary agencies

While the immediate threat is to digital agencies, it might only be matter of time before others are looking over their shoulders too. In his 2015 book *Madison Avenue Manslaughter*, author and consultant Michael Farmer contrasts what he calls the 'balkanised evolution' of the ad industry with that of the large integrated management consultancies. 'Management consultancies added specialist consultants but at the same time expect senior partners to become adept at understanding a growing number of disciplines.' Is it inconceivable that one day advertising would be one of those?

Part of the motivation for last year's reorganisation of Publicis Group into four groups of businesses (communications, media, digital and consulting, and healthcare) alongside the appointment of 'chief client officers', was to simplify the centre ground of the map for its clients and at least give the impression of more integrated offerings among its constituent companies. With so much activity at the extremities of the landscape, the lack of cohesion and simplicity in the centre, where the massive holding companies own vast swathes of the ground, has been thrown into relief. For clients the cityscape has become unnecessarily tricky and cumbersome to navigate.

A new interface for engagement

The other rapidly changing part of the map is the Make quadrant. While home to powerhouses such as the client-facing offerings of Google and Facebook, there are also alluring startups appearing all the time. Because there can be a mismatch between these and clients, in terms of size, speed and process, new types of intermediary have emerged.

Some of these have even come from clients themselves. Unilever's Foundry is an example of clients choosing to build their own bridges to connect to this burgeoning community. In its first year, Foundry vetted well over 3,000 startups to identify a core set of partners to collaborate with on brand briefs. As Marc Mathieu, CMO of Samsung USA, told *Contagious* last year: 'Agencies have always tapped into the ecosystem of the most creative people, which used to be within their four walls and our four walls. Today it's much more diverse.'

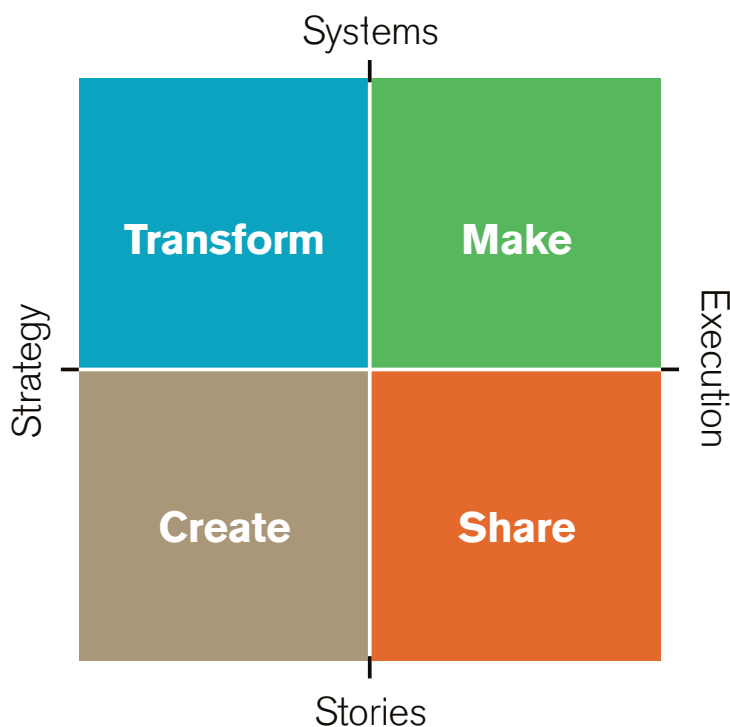
Creative collaborations

Simon Lowden, president of global snacks group and global insights at PepsiCo, agrees and told *AdAge* in January: 'Five years ago, we would have expected the agency to do everything, soup to nuts — figure out strategic partnerships, social strategies and digital initiatives — but now we go to other partners. In the past, we would have maybe worked with one or two agencies; now there are four or five creative partners and our own content studios.'

PepsiCo has worked directly with TV network Fox to create an integration for the brand with the series *Empire*, showing how players in the Share quadrant have taken note of goings-on among the Makers. NBC Universal and Turner Broadcasting is among the more traditional organisations seeking to develop direct relationships with senior marketers, the latter, for example, having established CNN Create, a dedicated unit to promote creativity together with clients.

Expanding limits

The MaShCreaTr view of the marketing landscape presents a metropolis that is still, 20 years into the digital era, persistently pushing back the city limits. New arrivals are buying up important real estate, blessed with the opportunity to begin afresh and break new ground. Agencies need to consider their offer with fresh eyes and a much broader perspective: how do they wish to be placed in the world and how best can they create value for clients? Standing still is an option, but don't complain about being left in the shadows of a changing skyline. 🌆



How to use MaShCreaTr

Agency leaders

Plot what you promise your clients on the map. Now consider your true capabilities. Where are the opportunities? What about the threats?

Brand leaders

What are your business challenges? What capabilities do you have in-house? Where do you need help? Plot on the map to identify your needs.



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