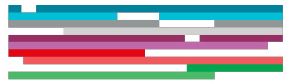


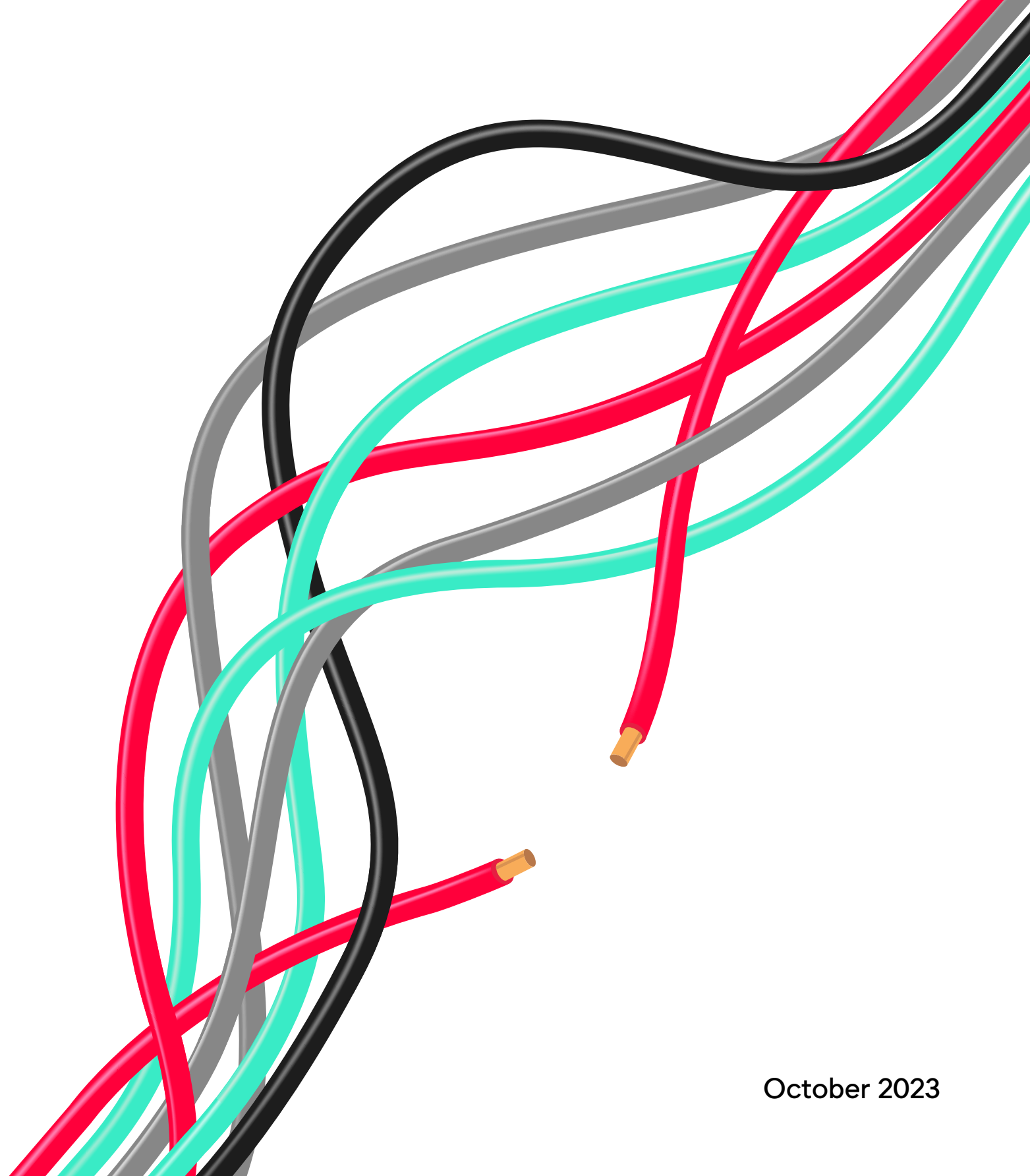
Future of Media Agency Models

In partnership with:



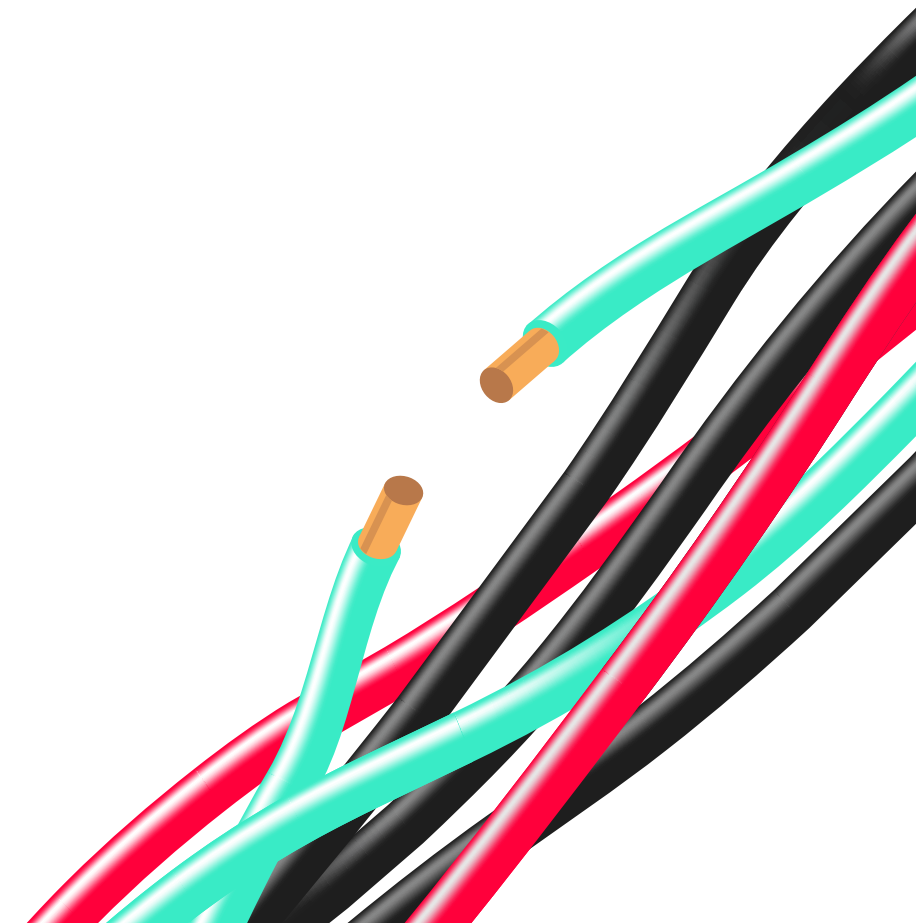
MediaSense[®]

October 2023



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Foreword from the WFA



Working towards a better marketing ecosystem.

This initiative is one part of a broader programme of work designed to help resolve the challenges articulated in the [WFA's Global Media Charter](#)



Simplification, integration, consolidation, flexibility... There's an appetite for change in media agency models reflected in this new WFA and MediaSense research.

Clients are looking for a more 'networked' model, where global agency capabilities can be leveraged to unlock speed, agility and talent. Yet this research reveals that the gap between expectation and reality is found to be largest for these very attributes. So, as an industry, we have work to do to come up with the models and approaches that unleash greater effectiveness.

Some issues are harder to address than others. The earlier WFA & MediaSense paper (['Media's Got Talent'](#)) identified

that we're facing a "crisis" in skills. This prompted us to feature talent heavily within the People and Partners section of WFA's latest [Media Charter](#). In this document, the client community asks agency and publisher partners to adopt better hiring practices, to get better at marketing the marketing industry but, more than anything else, we want partners to look after their people.

And for good reason. Speed, agility, flexibility (and brilliant results) will not be forthcoming when people are burnt out.

It's also clear that clients have a role to play in the maintenance of a healthy agency ecosystem. As we say in the Media Charter, "we need talented people to help us invest our media wisely and we must invest in that talent." For clients, the impetus needs to be on treating people with respect, setting fair and competitive agency remuneration, streamlining agency selection processes and more.

Whatever your role in the industry, we hope that the insights in this paper serve to remind us to prioritise people. In the end, this is the route to better agency models and, ultimately, stronger business results.



Catherine Lautier

VP, Global Head of
Media & Integrated Brand Communication, Danone
Brand Champion within the
People & Partners section of WFA's Media Charter

Foreword from MediaSense

The last three years have seen some of the biggest disruption across the agency ecosystem, with a number of economic and strategic factors contributing to a highly transformative period.

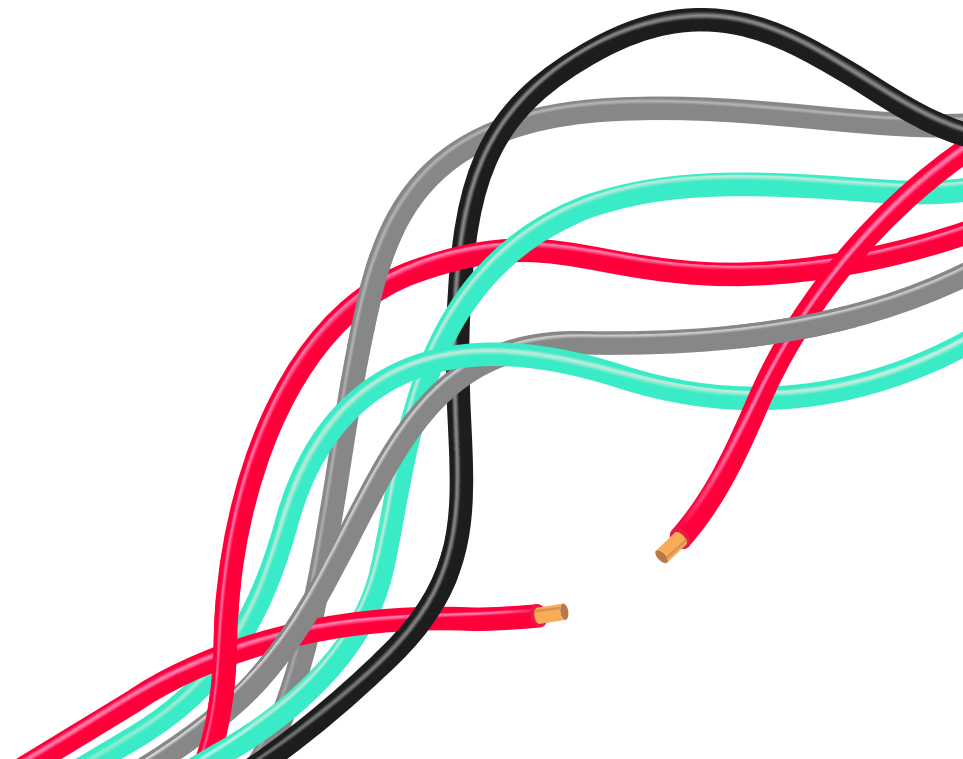
During this time, the industry has seen concerted moves by the established Holding Companies to simplify their operating models through fewer brands and centralised services to unlock organic growth. Alongside this, there have been a number of highly acquisitive challenger agencies seeking to challenge the legacy model with operating models designed for the digital age. It is during this time that brands themselves have been through tremendous change with greater control now assumed across their media ecosystem through the capabilities and data/tech infrastructure they have established.

With growing ownership and clarity, they are demanding more flexibility in the agency operating model to ensure it provides the supplementary support they require, rather than building dependency.

Consequently, there is growing collaboration and partnership between brands and their agencies as they test different operating models, embrace automation, and strike the balance between integration and specialisation, centralisation and localisation.

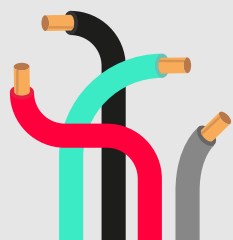


Ryan Kangisser
Managing Partner, MediaSense



Executive Summary

- Over the past two years, there has been a marked shift in the way agency models are being optimised by clients. Many advertisers have been on a journey to simplify their model through consolidation (i.e. into fewer partners), with **35%** of respondents pursuing this agenda as they look to prioritise consistency.
- The established Holding Company model (i.e. Dentsu, Havas, IPG, OMG, Publicis and WPP) is well aligned to this ambition through the vast breadth and depth they can offer. Accordingly, **77%** of respondents are operating within this model, with most operating a combination of a localised and centralised servicing model.
- But looking to the near future, more change among agency models is anticipated. Just **11%** of respondents believe that their current model aligns well to their future requirements. **24%** believe it is in fact unfit for future purpose.
- **Flexibility is the watchword. 45% of respondents are looking for more of this, specifically in the way they are serviced.** The focus is on a more ‘networked’ model, where global agency capabilities – regardless of where they are based – are being leveraged to unlock speed and agility and improve access to talent.
- There is also a growing theme towards integration, with a recognition that the complexity which exists within the agency ecosystem is inhibiting brands from being able to deliver more integrated experiences to their consumers – powered by data and technology.
- These very attributes appear to be a key Achilles’ heel for many agency models. **92% of respondents believe that speed and agility are important**, but just 31% are satisfied with how their agency delivers in this area, creating a ‘gap’ of 61% points.
- Other gaps lie in the areas of automation (**66%**) and talent (**50%**). Talent remains the highest priority when optimising the agency model. There is a growing need for connectors and integrators (the ‘horizontal’) to work with the vertical specialists to optimise the customer journey. Although currently nascent among our research sample, these are gaps that the newer (and growing) breed of Challenger Holding Companies and Specialists may be well-positioned to fill.
- Some gaps can be hard to plug when the compensation models reinforce a certain behaviour. Many would argue that commission or fixed time and materials-based models limit flexibility and fluidity when bringing in talent or exploring different servicing models. **52%** of respondents believe that there is room for improvement in their compensation model.



About this research

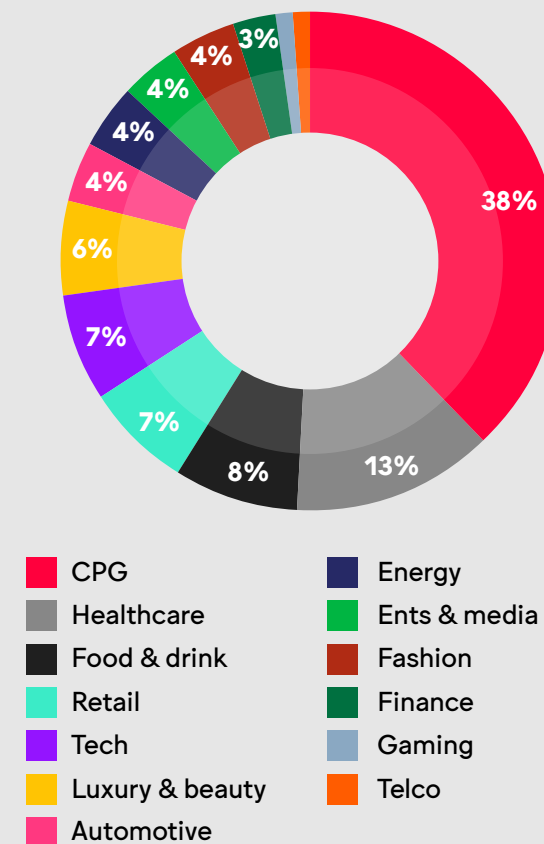
This joint WFA & MediaSense study examining the state of media agency models was launched in summer 2023 with the objective of understanding the different models utilised by major advertisers, and how these are evolving to support a future media ecosystem.

This study follows a number of relevant reports such as WFA & MediaSense’s ‘[Media’s Got Talent](#)’ study and MediaSense’s [Media2025](#) research, both of which highlighted the challenges faced with people and partners, and an overall appetite for change. For example, Media2025 revealed how **79%** of brands were planning, or in the process of, an external (agency) transformation. With such significant transformation on the agency side (with increased self-sufficiency and integration), our research has identified a desire to better align the external model to their internal organisation.

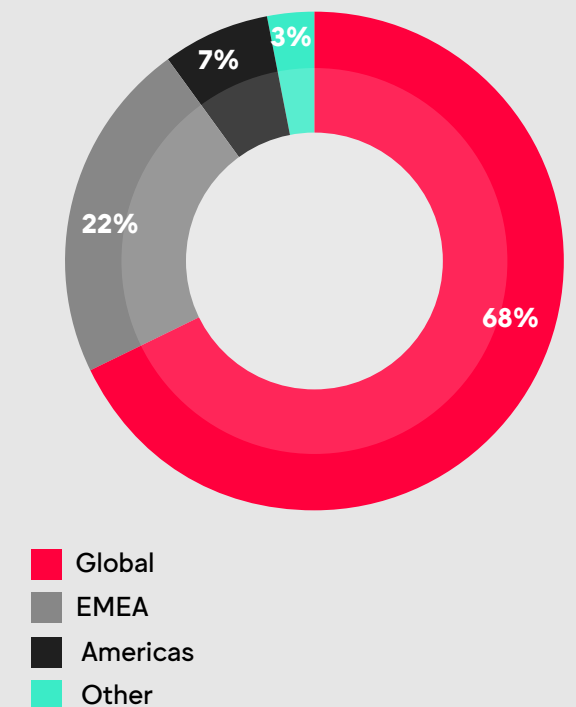
This new WFA & MediaSense report on agency models was also commissioned to examine progress within the People & Partners ‘pillar’ of WFA’s latest [Global Media Charter](#). The Charter outlines the change clients want to see in the industry and calls for an “investment in talent”. This report examines the state of play with some of the issues identified in the Media Charter.

Over 70 major multinational marketing organisations completed the online survey which this report is based upon, representing over \$50bn of global media spend. In addition, interviews were conducted with a number of global media agency CEOs to reflect on the key findings. Of the 70 participants, Consumer Packaged Goods (CPG) companies made up the majority of responses (**38%**), with the remaining distributed against Healthcare, Food & Drink, Retail, Tech, Luxury & Beauty and more. **68%** of respondents have a global remit, with the remainder across EMEA (**22%**) & Americas (**7%**).

Which of the following industry sectors does your organisation operate within?



Which of the following region(s) are you responsible for?



Which model are you? Evolving archetypes + Service models

In general, it's possible to classify agencies by using four archetypes. Under each of these archetypes there are, of course, thousands of agency operating companies, providing capabilities which span the entire marketing ecosystem.

The Established Holding Company model is most prevalent

Over three quarters (**77%**) of respondents are currently organised around these companies (in some shape or form) for their media requirements, with:



47% consolidated around a single Established Holding Company;



25% using two or more Established Holding Companies; and



5% working with a Bespoke Holding Company unit (a model designed to provide a dedicated and integrated unit, leveraging the best of a Holding Company);



5% using a distributed model with both Established and Challenger Holding Companies;



27% buying their media in-house¹

This concentration around Established Holding Companies will be a symptom of the breadth of service required by many global advertisers, which these agency organisations can serve effectively through their operating model.

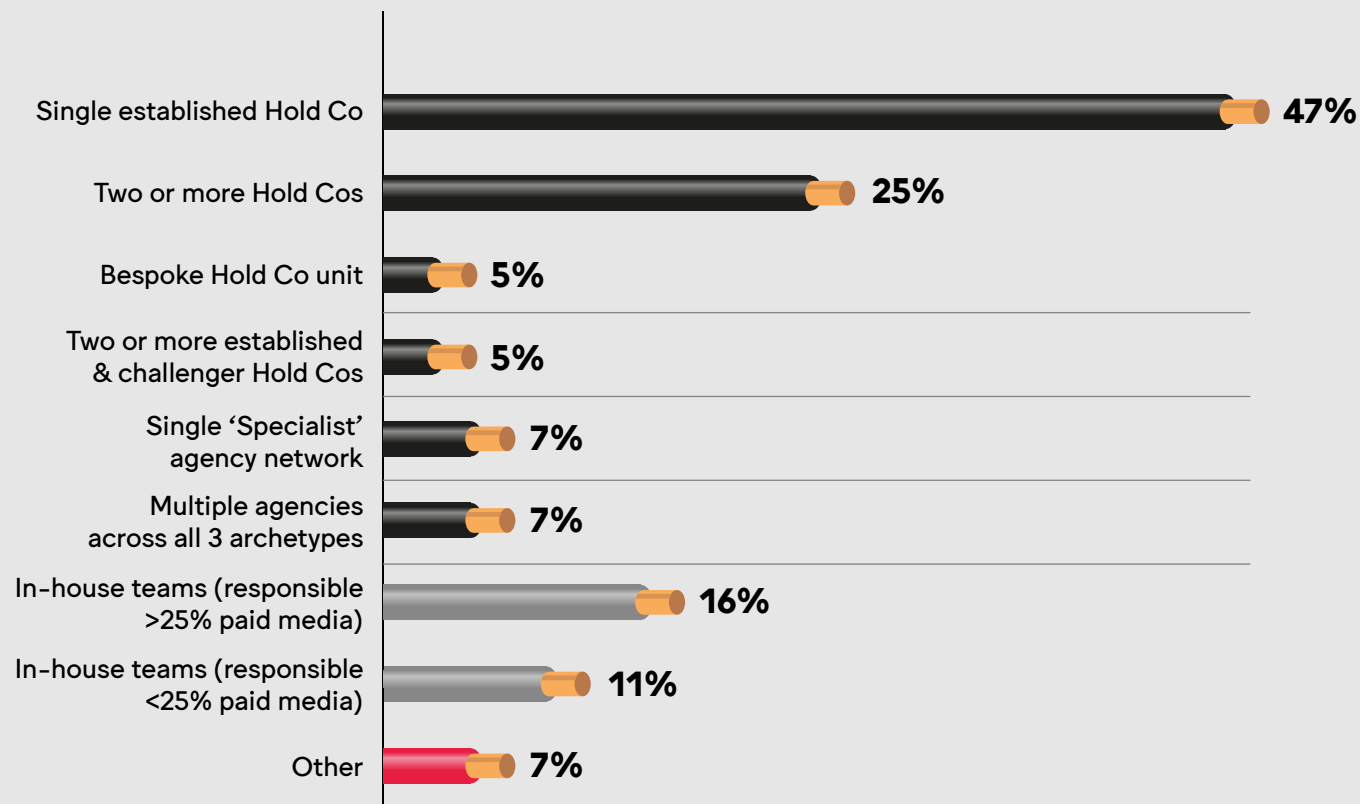
Agency archetypes explained

When considering the different agency archetypes, advertisers were presented with the following options:

- 1** Established Holding Companies
(e.g. Dentsu, Havas, IPG, Omnicom, Publicis, WWP)
- 2** Bespoke Holding Company unit
(e.g. Open X @ WPP, Rufus @ IPG, P&G One @ Publicis)
- 3** Challenger Holding Companies
(e.g. BrandTech Group, Dept, S4 Capital, Stagwell)
- 4** Specialist agencies
(e.g. Brainlabs, Croud, Kepler, PMG, Tinuiti, Vayner)

When facing such choice, the decision-making criteria for advertisers can be challenging as they seek to balance scale with local relevance, standardisation and best-in-class expertise.

Which of the following agency archetypes make up your current media agency model?



There were no instances of advertisers working exclusively with a Challenger Holding Company in our sample.

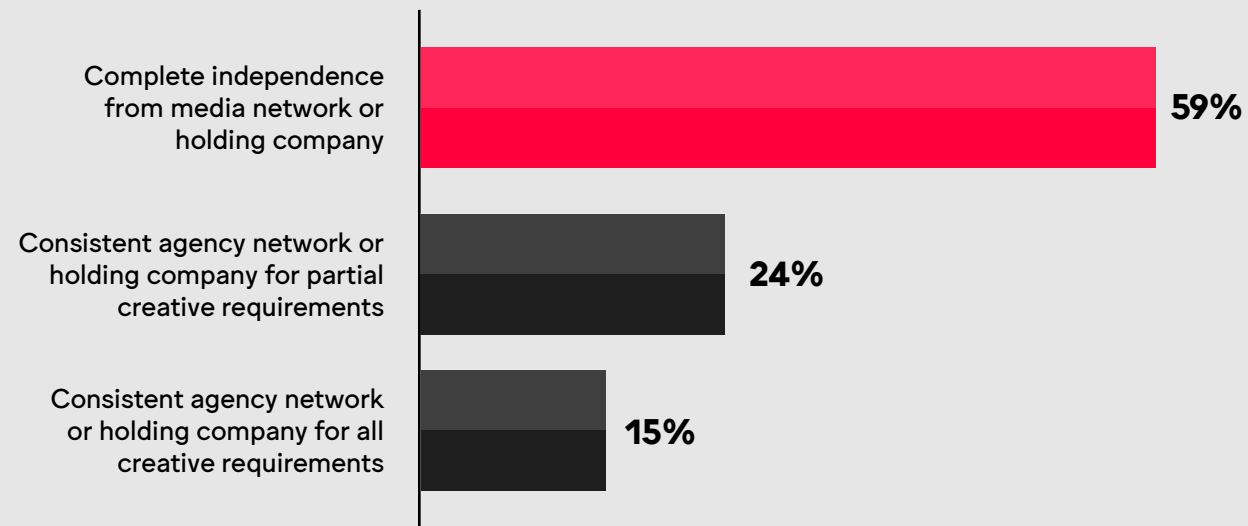
This is largely explained by the level of maturity of this rapidly developing and highly acquisitive archetype. While organisations such as BrandTech Group, Dept, S4 Capital and Stagwell have been fast acquiring and integrating businesses over recent years, there may be geographic or capability limitations, which prevent global brands (in particular) from going ‘all in’ at this stage.

However, for digital-first brand organisations, there is growing appetite to collaborate with Challenger Holding Companies (or Specialists) due to the level of centralisation, flexibility and expertise they provide.

The reality for many advertisers is that the different models are not mutually exclusive, and as new specialisms emerge (e.g. gaming, influencer, retail media, etc.), it’s anticipated that there will be a growing need for specialist agency support. Hence, **12%** of respondents are working with a combination of Established Holding Companies and Challenger/Specialist agencies, with the latter likely to be deployed across some of these emerging areas.

This research appears to reinforce the dominance of the Established Holding Company model. But the growth experienced by Challengers and Specialists suggests a growing appetite from brands for specialist expertise and more nuanced operating models which align more closely to their organisations. More on this later.

How does your current agency model for media align to your creative requirements?



Aligned media and creative assignments far from the norm

Despite the breadth of capabilities offered by the Holding Companies, it is also interesting to note the level of independence in how media and creative capabilities are handled.

Just **15%** of respondents have organised their media and creative requirements with a consistent agency network or holding company. The remaining **59%** operate with complete independence or utilise a single network for partial media and creative requirements (**24%**).

Despite the increasing pervasiveness of data and technology (the so-called ‘spine’), there remains (today) limited appetite to bring media and creative closer together – more on this later too.



“We consolidated media, creative and PR with one holding company but in effect it is still like working with three separate agencies and I feel that their internal politics are more difficult to work with than when we had three separate agencies.” WFA Member

Localised servicing most common

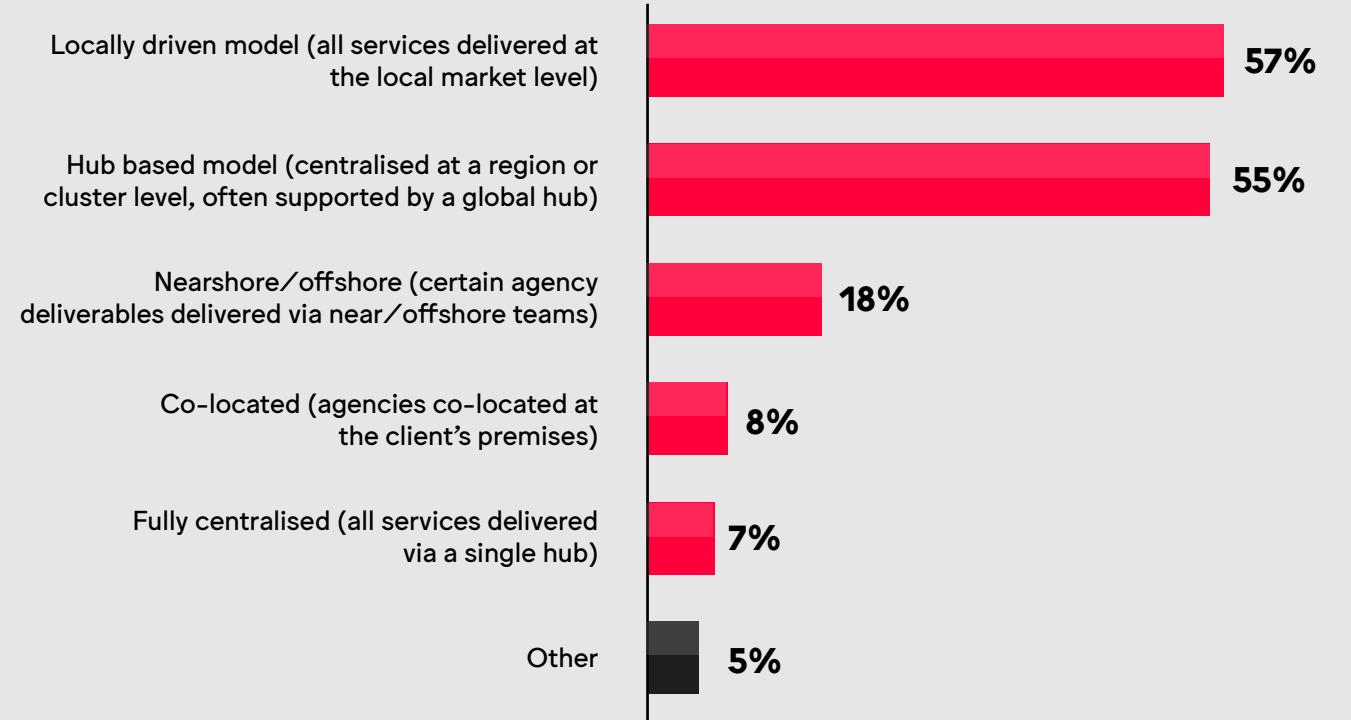
How an advertiser is serviced can range from a fully localised model to entirely centralised, with different permutations depending on the individual disciplines provided.

Localised models are naturally aligned to advertisers with high decentralisation in their organisation, who often require ‘boots on the ground’ to service their marketing communities and needs. This is also particularly acute where high volumes of traditional media are utilised. Conversely, those who are more centralised – typically Direct To Consumer (DTC) brands – are already organised to support multiple markets from a central hub, and therefore look for a similar external model.

In between these two extremes are hub-and-spoke models which will be aligned to key regional centres and may support some, if not all, capability requirements.

With all these models, there is rarely an ‘all or nothing’ and whilst our research reveals that the localised model is the most prevalent, there are also different models and factors in play (hence our sample percentages well exceed 100%).

How are your media agency services currently delivered?



“Centralisation of resources was necessary at a time when our agencies were unable to access the right local talent but I fear we may have centralised too much at the detriment of understanding and leveraging local insights. If anything, we may start to reverse the trend, particularly in our high growth, less mature markets.”

WFA Member

There are also iterations of these models involving co-located agency services and near or offshoring, where certain services may be executed from lower cost centres to unlock operational efficiencies.

Centrally delivered servicing on the up

Just **7%** of respondents claim to have media agency services fully centralised (all services delivered via a single hub). But despite the focus on local delivery, there is a question over whether the traditional servicing model is fit for purpose, and the results to this survey point to a growing march towards centralisation.

Of the advertisers who have changed their service model over the past two years, **32%** have moved to centralise more of their model (compared with **10%** towards localisation), with **14%** having explored near/offshoring to drive operational efficiencies.

And when asked to think about the next 3 years, the results were unequivocal:

- **66%** agreed (**12%** strongly agree) that demand for productivity and efficiencies will force most agency services to near/offshore centres.
- **53%** agreed that the continued growth and influence of global platforms and publishers will lead to greater centralisation of agency services with limited need for local execution.

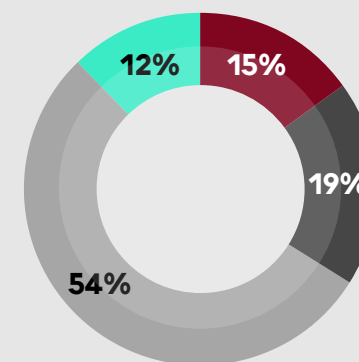


“We have been supportive of plans to offshore certain services as not only has it helped to unlock efficiencies, it has also created much needed standardisation and quality control, while allowing our local teams to focus on more strategic work.” WFA Member

As you think ahead to the next three years, to what extent do you agree/disagree with the following possible trends?

Demand for productivity and efficiencies of agencies services will force most agency services to near/offshore centres

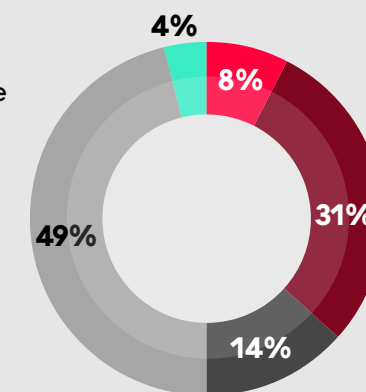
- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly Agree



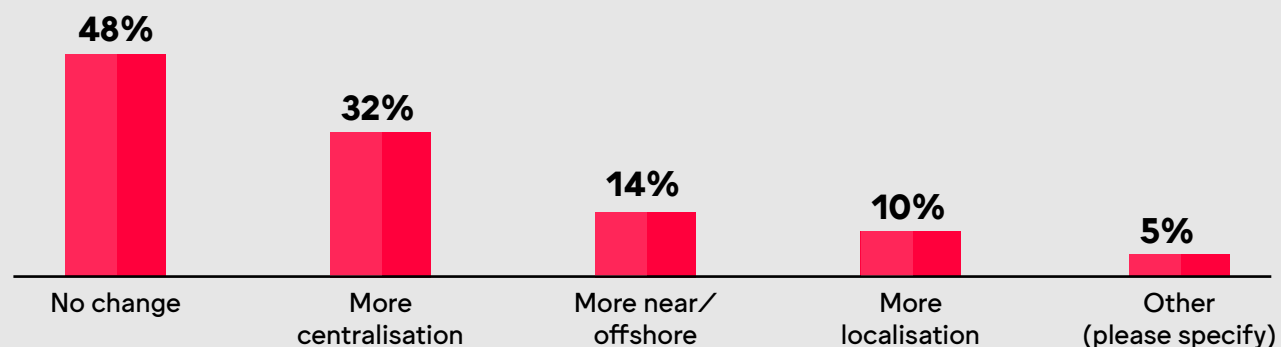
As you think ahead to the next three years, to what extent do you agree/disagree with the following possible trends?

Continued growth and influence of global platforms and publishers will lead to greater centralisation of agency services with limited need for local execution

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly Agree



How are your media agency services currently delivered?



Last two years: Consolidation, Internalisation + Specialisation

Over the past two years, there has been a marked shift in the way agency models are being optimised by clients.

Consolidation into fewer partners

Faced with increased complexity and a growing desire to improve speed and consistency in the way they operate, many advertisers have been on a journey to simplify their model through further consolidation (i.e. into fewer partners). **35%** of respondents are pursuing this agenda as they look to prioritise consistency.



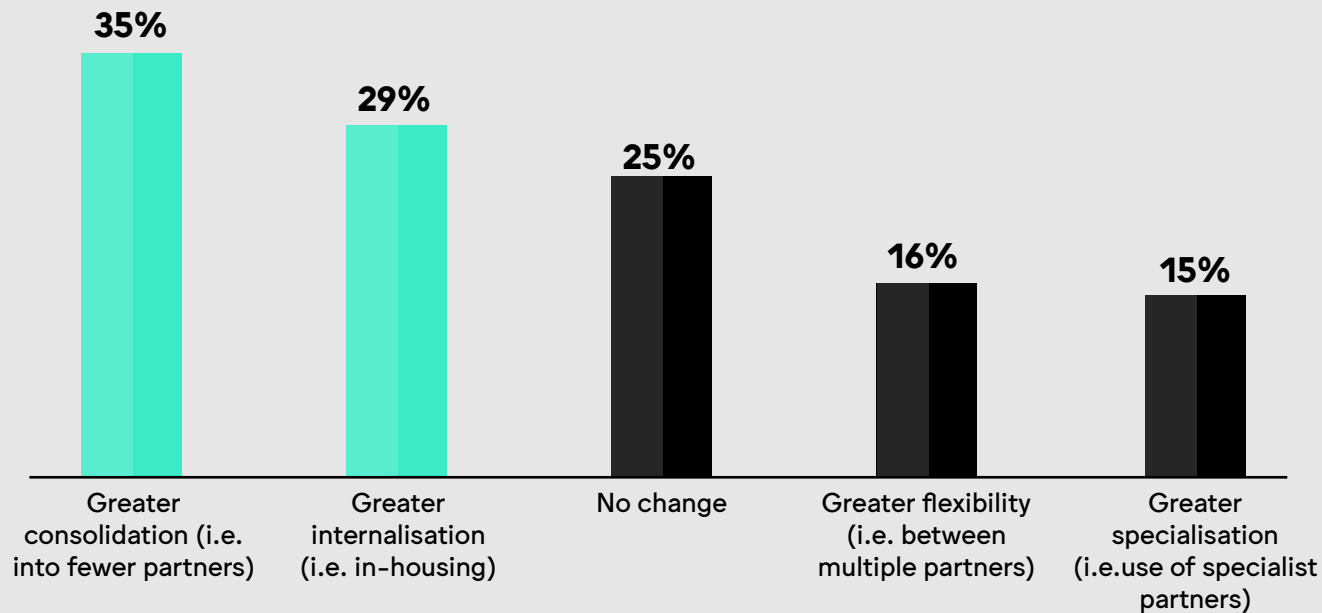
“Consolidation for us was a necessary step in us becoming a more consumer-centric marketing organisation.” WFA Member


Further internalisation of expertise and execution

Not far behind, **29%** of respondents have been seeking greater internalisation. Of course, this doesn't necessarily equate to in-house media buying, but there are **27%** of respondents who have specifically in-housed parts of their paid media buying, with **16%** now operating more than **25%** of their paid media budget in-house.

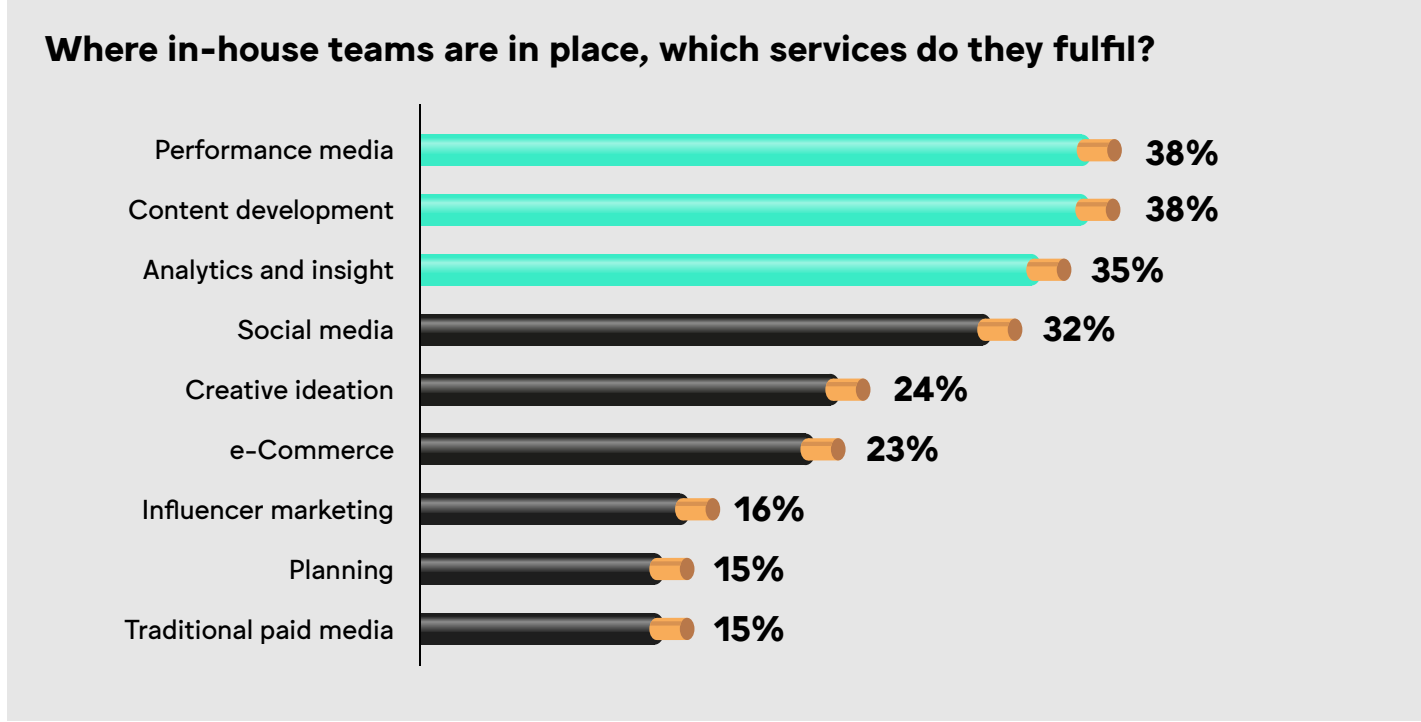
Naturally this approach demands a different type of service model where clients will be looking to buy different (more supplementary) services, rather than an end-to-end service.

How has your agency model changed (for paid media) in the last two years?



 **“Despite our in-housing journey, we continue to see a valuable role for agency partners, but the right partners who understand our needs and stand by our side, rather than in our way.” WFA Member**

For brands who have in-housed core agency services, the study revealed the focus to be on content development, which is on a par with Performance Media (both at **38%**). These are closely followed by Analytics & Insight (**35%**) and Social Media (**32%**).




Considering the increased demand for asset creation to enable cross-channel personalisation at scale, it follows that for in-house performance teams to be successful, they need the requisite assets (content development) to optimise and measure (analytics & insight) the customer experience.

With tailored content being such a key dependency in the optimisation of performance, social and ecommerce media, it follows that brands are looking to bring this discipline in-house at a similar rate to the other executional channels.

The relatively low share into (communications /connections/audience) planning (**15%**) is less surprising given the need for a 360° perspective which goes beyond those disciplines managed in-house.

Whether in-housing the management of a discipline or in-housing expertise (i.e. through upskilling and hiring), advertisers pursuing this route should now be better equipped to leverage their agencies’ capabilities in more decisive ways.

 **“We are clearer now than we ever have been about what we need, and where our agencies can fundamentally add value.”**
WFA Member

Making room for Specialists

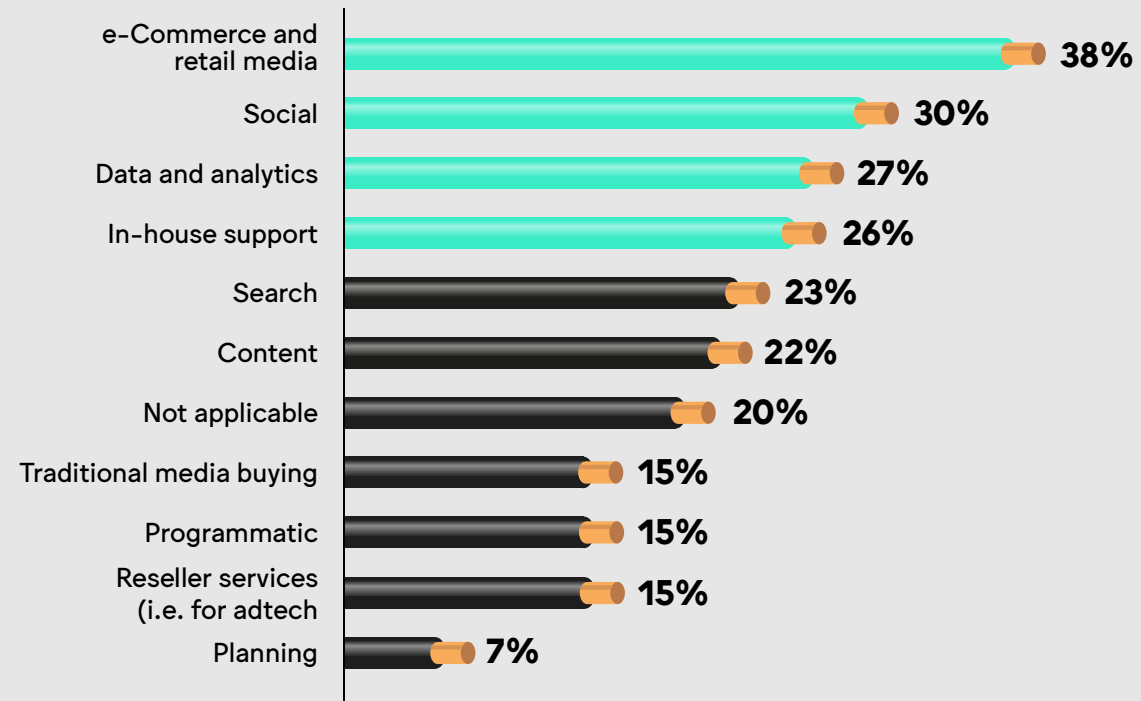
Where do you go when you're looking for support with your in-house journey? **26%** of respondents turn to a specialist agency for support in this area.

Services here will likely centre on those elements which require scale (negotiation, ad operations), innovation (automation, artificial intelligence) or expertise (specialist advisory services, overflow support).

Elsewhere, as advertisers look to specialist capabilities as a way to accelerate their transformation, specialist agencies are being used across a range of other disciplines, with ecommerce and retail media chief among these (**38%** of respondents).

Established Holding Companies and in-house teams have been able to effectively leverage the scale of performance marketing (given the concentration of investment into global media platforms), but the growth of ecommerce and retail media has exposed certain capability deficiencies, potentially best plugged by specialists.

Where specialist agencies are in place, which services do they fulfil?



“The growth of retail media and ecommerce has taken us all by surprise and to fully leverage the opportunity, we need to know we are working with the best.”

WFA Member

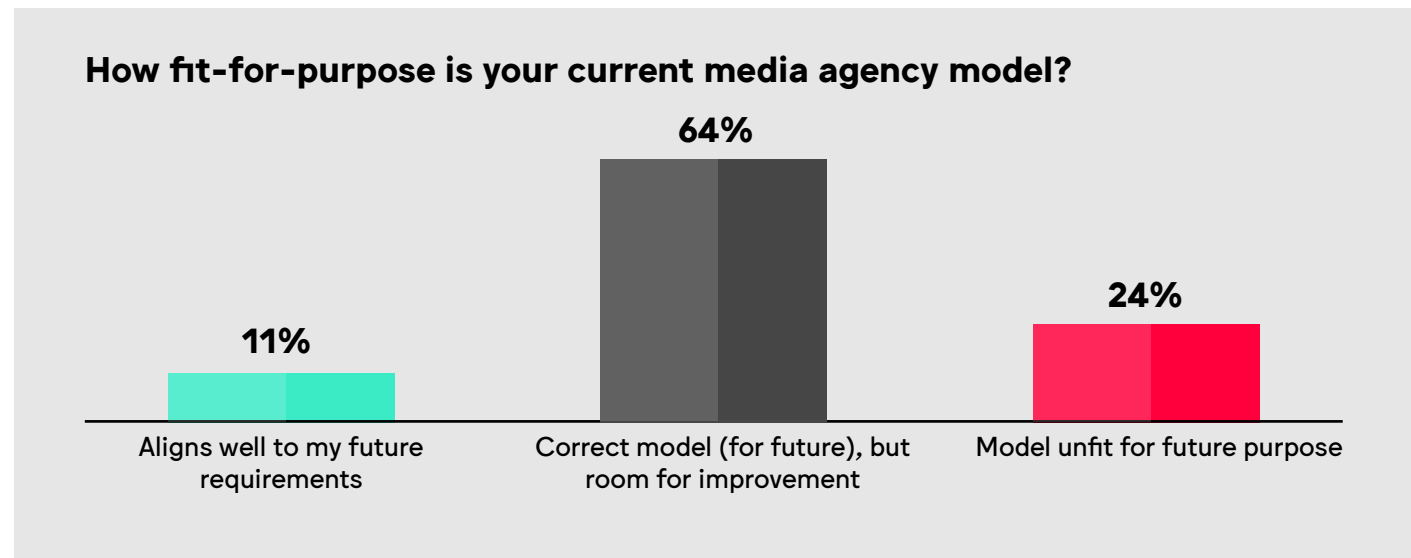
Next three years: Flexibility + Simplification

Looking forward to the next three years, we're seeing a continuation of the direction of travel established in recent years, but with a greater emphasis on two trends: flexibility and simplification.

Right model but with room for improvement

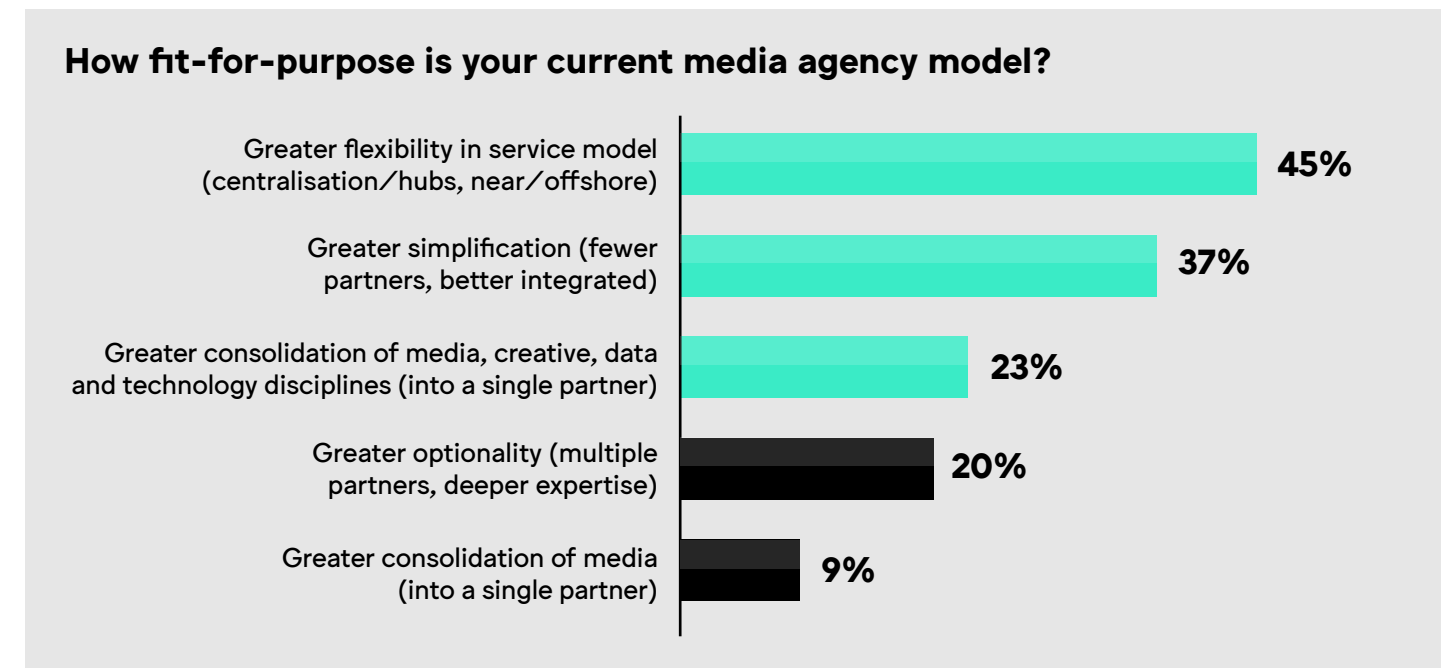
When considering whether the current model is fit-for-future-purpose, just **11%** of respondents believe that their current model aligns well to their future requirements. **24%** believe it is in fact unfit for future purpose.

As a means to improve the model, evolution is preferred over revolution for many – much of which may be achievable within their current construct.



Need for flexibility

When asked how respondents wanted to evolve their media agency model, it was clear that flexibility (**45%** of respondents) in the way advertisers are serviced and simplification (**37%**) through fewer partners better integration, were the central areas of focus.



In this context, flexibility refers to a desire to move to a more 'networked' model, where global agency capabilities – regardless of where they are based – are being leveraged to unlock speed and agility and improve access to talent.

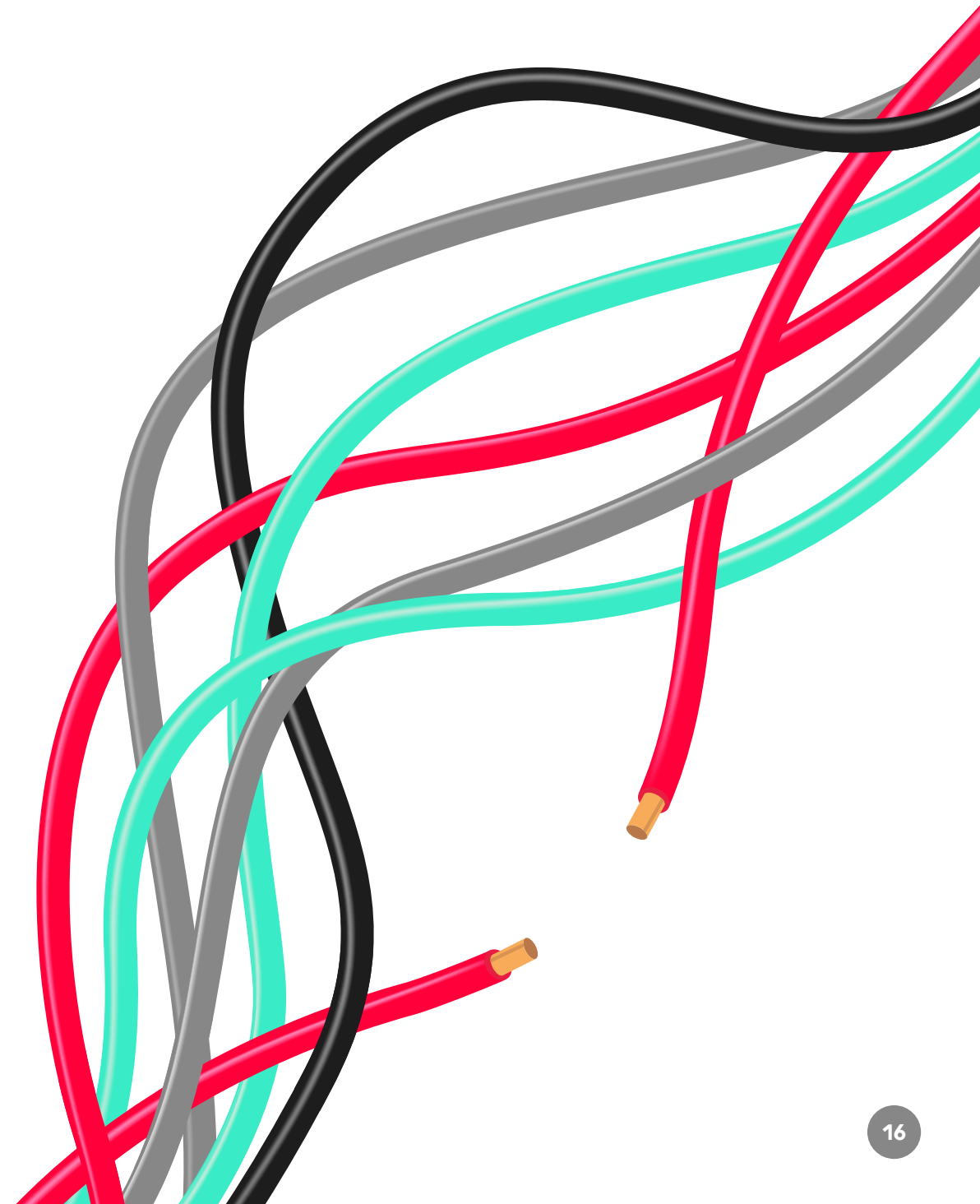
Given their scale, this should be achievable within a large Holding Company, but often may not be realised through existing operational or commercial constructs. Where this is not being realised, brands are forced to seek outside specialists, or indeed accelerate in-house journeys.

Nevertheless, the age of AI and automation is helping agencies to optimise their workforce through the reduction of manual and repeatable tasks. With the ability to execute tasks more efficiently and consistently, the growing standardisation of tasks is also accelerating the shift to near or offshore centres. The operational efficiencies this can create is where many advertisers are looking to achieve much needed speed in the system, alongside improved access to talent.



“We are seeking greater flexibility to enable us to switch between different capabilities and resources in real-time. Our business demands it.”

WFA Member



Simplifying the model

The proliferation of media and blurring of lines (as alluded to above) is contributing to high complexity in agency management and poor consumer experience, particularly where distinct agency partners are deployed across different consumer touchpoints (e.g. media, creative, ecommerce, influencer etc.). Unless they are effectively integrated, it can be highly challenging to deliver a truly integrated experience for consumers. The suggestion here is that a more simplified agency model, combining multiple marketing disciplines into one shop, could accelerate the journey towards true full-funnel marketing.



“We need full-funnel understanding, not just media.”

WFA Member

This is borne out by the research. Not content with consolidating into fewer media agency partners (see earlier on Consolidation, Internalisation + Specialisation), 23% of respondents are taking the simplification agenda even further, and aim to consolidate media, creative, data and technology into a single partner, in order to evolve (and simplify) their current model.

The assumption is that, through a single partner, advertisers will be able to access the desired capabilities and unite them under a common process and data and technology spine.

This signals both an opportunity and a risk to the wider agency ecosystem. Naturally, Established Holding Companies are well placed to deliver this level of breadth, from the most decentralised marketing organisations to the more centralised. The latter is where the Challenger Holding Companies are likely to compete more effectively, given the centralised or hub-and-spoke models they have largely adopted. The role of Specialists within this model is potentially more precarious, unless they can integrate seamlessly within the wider model.

To be clear, this appetite towards consolidation of all services under a single Holding Company can be satisfied through a more distributed model (particularly as there is no guarantee that integration would be seamless within the same Holding Company). Integration can be achieved with a distributed model where the processes, ways of working, incentives and governance are aligned, and where there is the right organisational structure (and talent) both internally and externally.

Identifying the gaps: Talent, Tech + Commercial

When overlaying the importance of various agency attributes with the satisfaction felt by respondents, a number of gaps were highlighted.

Need for speed

Progress around Artificial Intelligence (AI) has revealed to many the art of the possible, and **86%** of respondents rate automation as an important area to unlock efficiencies. But while it's important and the level of industry conversation on automation and AI is high, our research finds that satisfaction with current agency capabilities is low – hence we see the biggest 'gap' (**66%** points) in this area.

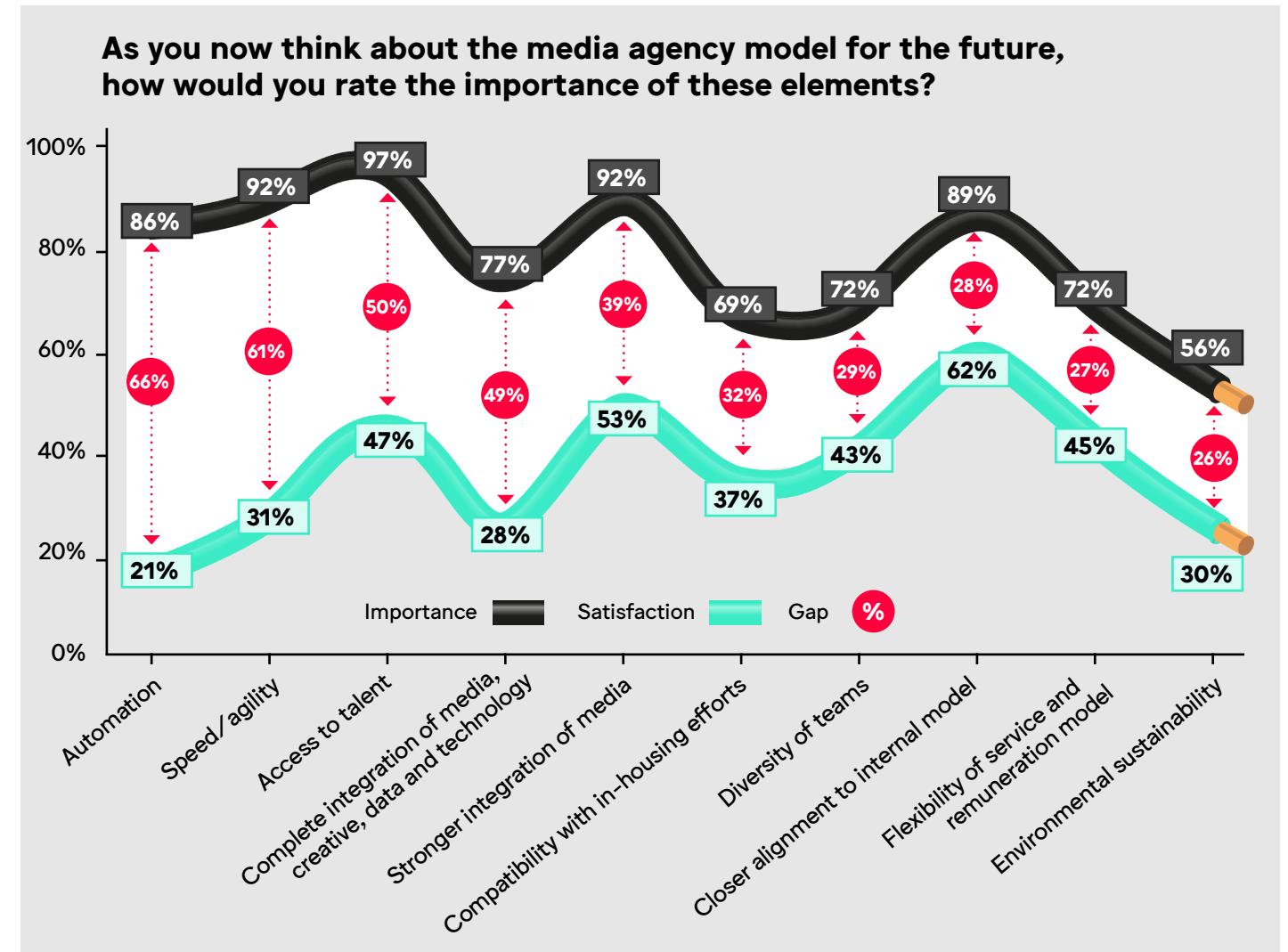


“The constituent parts are all there, but the delivery is slow. The technology often seems antiquated and there is still too manual Excel behind the scenes.” WFA Member

The 'need for speed' is a direct reaction from many advertisers who have emerged from the pandemic better organised, integrated and intent on delivering more relevant and timely experiences to their consumers. Accordingly, advertisers are looking to their external partners to align themselves more closely with their organisations, and to unlock operational efficiencies which enable greater agility. **92%** of respondents believe this is important but satisfaction is low at just **31%** (creating a large gap of 61% points).



“We can't afford to wait 3 hours, let alone 3 business days to publish a social post.” WFA Member



Talent remains a key battleground

As the WFA Media Charter revealed, “people are the fuel that drives our business. Even as data and automation become more important to the way we work, people remain the number one asset”.

While the gap between importance and satisfaction in this survey is smaller than other areas, no attribute is rated as important as talent (**97%** of respondents).

The 2022 WFA & MediaSense ‘Media’s Got Talent’ study helped to highlight the crisis facing the industry and identify where the scarcity was most profound. The report was centred around technical areas such as ecommerce and data. However, based on the survey data included in this new report, we can infer that the priority is shifting away from the ‘verticals’ (i.e. discipline specialists) to the ‘horizontal’ i.e. those who can connect the dots across media, creative, data and technology.



“We are desperately short of people who can connect the dots, talk across our different touchpoints, and challenge us to think differently. Everything has become far too channel-centric and executional.”

WFA Member

Whether or not advertisers decide to bring all disciplines under a single agency entity, they will still demand agency teams to operate transversally across channels and disciplines to seamlessly connect the customer journey. Furthermore, as in-housing continues to gain momentum (away from tactical media buying), the expectation will be on how agencies interact within an advertisers’ ecosystem, rather than that of their own. It’s clear that access to talent will remain a key battleground for agencies (as well as brands) for a variety of reasons. One in seven respondents to WFA’s recent Global DEI Census say they would consider leaving their company (and the industry) on the basis of a lack of diversity and inclusion. This is a stark finding that illustrates how important it will be to re-evaluate where talent is sourced from, to ensure the industry is pulling through the right talent for the future.

In the People & Partners section of the WFA Media Charter, there is a clear call for clients and agencies to pay attention to how people are treated within their businesses and to adopt better hiring practices to help diversity. The recommendations made in the Charter should act as an urgent call to the industry to address some of the short and long-term issues faced.



A new remuneration model?

A reasonable challenge from the agency fraternity is that change is harder to achieve when the compensation models reinforce a certain behaviour. Many would argue commission or fixed time and materials-based models limit the flexibility and fluidity when bringing in talent or exploring different servicing models.

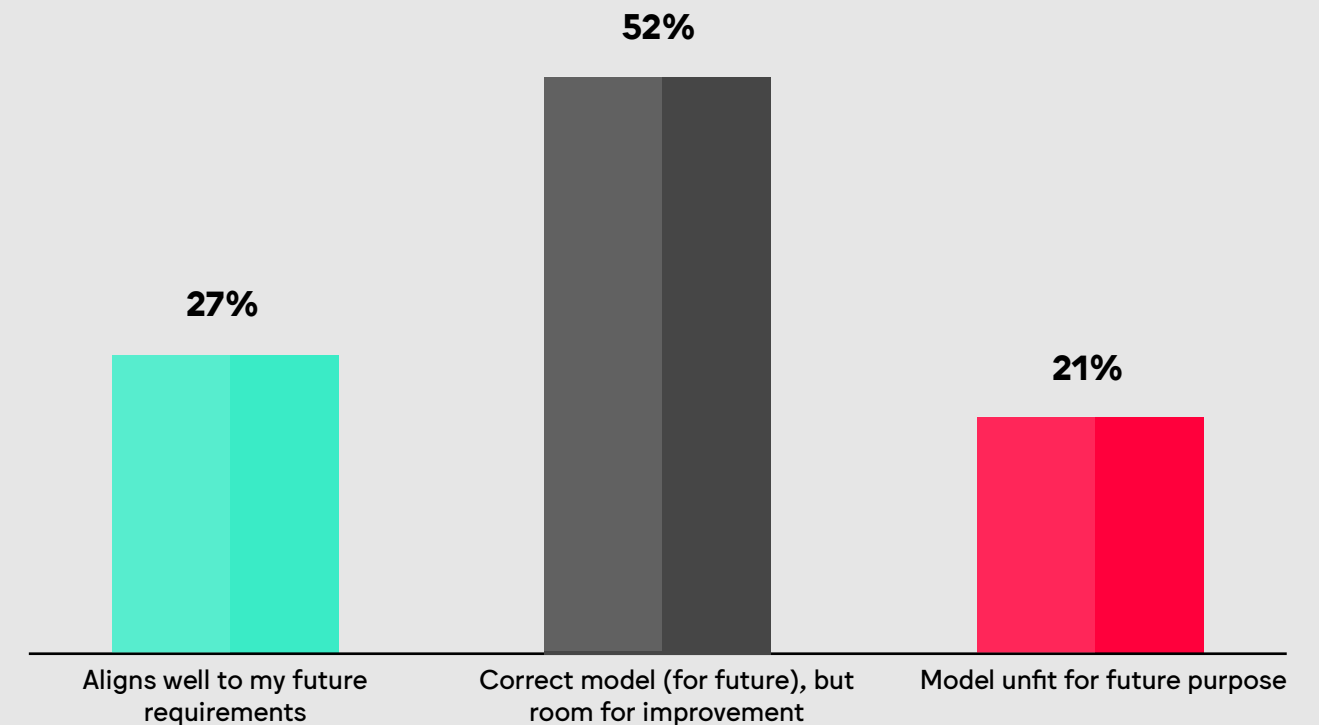
Within this structure, there is also limited incentive to embrace automation when the model is predicated on headcount and hours.

When asked to evaluate their compensation models, over one in four respondents believe that their model is currently aligned to future requirements, while **52%** agree there is room for improvement. **21%** believe it is unfit for future purpose.

Evolving the model will require leadership from both advertisers and agencies, but as the Media Charter reveals, fair and competitive remuneration is a means to accessing the best people and outcomes.

If we start to see greater consolidation and integration of agency rosters over time, agencies will arguably have more influence on business performance and will need to be compensated accordingly, potentially with more values or outcome-based pricing. This form of remuneration is currently fairly unique, but when asked to consider what could happen in the next three years, an overwhelming **74%** of respondents believe there will be a shift towards outcome or output based pricing.

How fit-for-future-purpose is your current remuneration model?



Fit for future purpose? Agency perspective on models

Agency perspective – Is the agency model fit for future purpose?

In order to provide a rounded perspective, MediaSense interviewed a number of agency CEOs spanning the range of agency archetypes.

The same question was asked as posed to clients through the survey: Is the agency model fit for purpose?



CEO of a large agency brand within an Established Holding Company

“As with all aspects of an agency over the years they evolve. From search through to programmatic and now becoming a driver of digital transformation. More broadly an agency invariably has the depth and resource provided by their parent group to deliver global production, consulting and creative needs. This combination is unrivalled.”



CEO of a Specialist Performance Marketing Agency (as part of an Established Holding Company)

“Most media agency models reflect a heavy reliance on legacy media channels, broad strokes and a myopic paid-only lens. Fit-for-future agencies put the consumer at the center and are focused on deepening relationships with current and prospective consumers. This means leveraging three industry forces (ID-based addressability, advanced automation and robust attribution models) to create holistic experiences for brands that ultimately further consumers lifetime value. Fit-for-future models will need to provide a rich understanding of people, connecting marketing across every touchpoint (paid, owned, earned, influenced...) with an emphasis on orchestration to improve the value of brands to consumers. This will make often complex work easier for clients to drive stronger consumer relationships and better outcomes.”

“NO”

CEO of a Specialist Agency

“The media agency ecosystem was built off the back of a volume/trading play. That commercial model is designed to make money from buying, re-packaging and re-selling inventory. The model is decaying fast, and so are the inefficient operating structures built to support this ecosystem. Brands who want high performing media that impacts the bottom line are starting to choose the media agencies of the future: audience-led, agile, data-driven, powered by technology. They are choosing brainpower over buying power.”

“MAYBE”

CEO of a full-service Specialist Digital Marketing Agency

“The purpose of an agency needs to evolve, away from traditional services such as media buying (which is now often perceived rightly or wrongly as commoditised) and into areas in which agencies can offer true value add, such as data, consultancy and tools. It’s important for agencies to shift the mentality around what they add to their clients’ business, and this starts from the fundamentals of the charging model. Move away from a percentage of media and have the confidence to charge for consultancy and tools/proprietary technology that drive significant insight or value to clients’ businesses.”

“NO”

Global Head of Media of a full-service Marketing & Communications Agency

“From a data infrastructure perspective, as regulatory bodies catch up with the industry and enforce data protection rules with more conviction and clout, media agencies will need to take a hard look in the mirror and determine whether their tech stack and partnerships are fit-for-purpose in a “red pill” world that’s waking up from a decade long slumber induced by the FAANG firms and the ad tech community at large. From an integration perspective, I think there is a lot of headroom for agencies to offer more flexible teams and workflows to cater to different client needs and creative agencies.”

“NO”

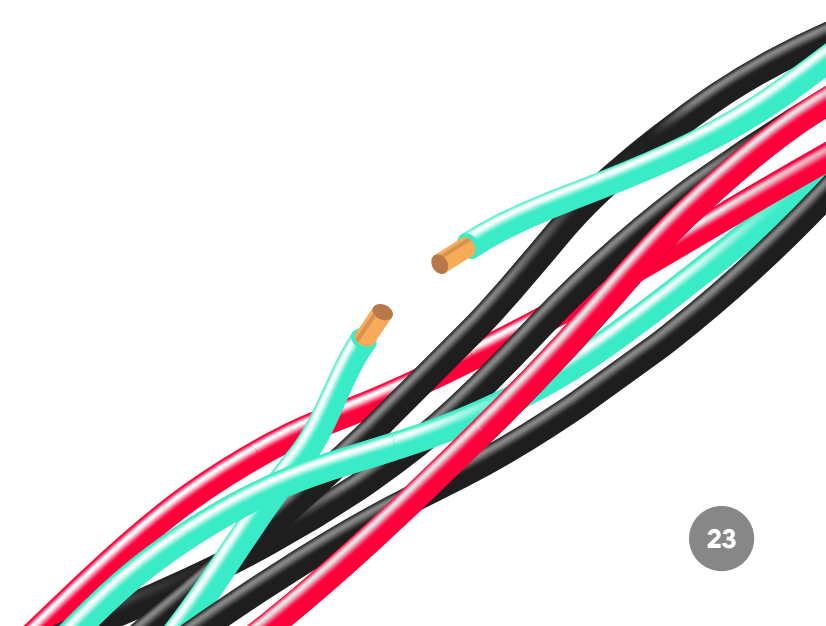
EMEA Managing Director of a Challenger Holding Company

“We are adamant, and always have been, that the future of the agency model requires departments to work in an integrated manner, ideally under one roof. It is the cornerstone of our model. The agency model in the future needs to be deeply consumer-centric and deeply connected. We need to move away from boardroom-down subjectivity, to a world of consumer-up informed creative and media. We need to move away from fixed media plans and SLAs to a world of always-on comms planning that evolves and follows consumer attention.”

“NO”

CEO of a Challenger Holding Company

“A system built around broadcast inventory models and selling bodies isn’t fit for purpose for a world powered by AI, automation, mercilessly efficient tech spines and client centric agile teams. In a world that was designed to be about clients’ interests, it is now about self-interest and about the data companies you own - not the data that clients need. A new open-source hybrid model founded on the true power of AI driven performance based content with automated pipes into the platforms wrapped around by brilliant strategists who understand brand and demand, reinvented MMM and a new wave of creative talent is the new integrated future.”



Where to next

This study revealed a number of important shifts in the evolution of media agency models with a particular theme around talent, agility, integration and simplification.

The reality, of course, is that these are both internal and external challenges for brands and require strong partnerships with agency partners to drive progress.

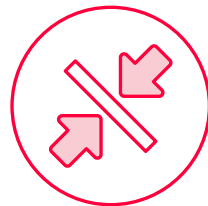
But with continued proliferation (and complexity) of channels, and with the increasingly pervasive role of data and technology, brands are choosing consolidation (of the media agency model) over a more curated ‘best of breed’ route (more commonly used for creative services).

As we continue to see disruption in the agency ecosystem with the continued evolution of Established Holding Companies, and the growth of Challenger models, consolidation need not be the only solution when partnership and process can be just as effective.

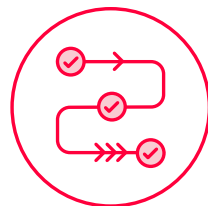
But regardless of the agency model, there are certain enablers which will help ensure it remains fit-for-future purpose:



Define expectations: The most effective agency models are those where agencies have complete clarity on their clients’ needs and expectations. Being transparent with one’s own organisational realities and objectives (now & next) are essential in establishing stronger partnerships where future needs can be better anticipated.



Internal & external alignment: The external agency model should seek to mirror the internal client organisation in a way that the capabilities are suitably supplemented (and complemented), and unnecessary duplication or ambiguity is minimised.



Workflow efficiency: Brands and agencies should be on a continuous pursuit to unlock speed and agility, leveraging technology and operational excellence to better utilise their respective resources. The benefits can be vast in terms of better performing workforce, as well as more effective marketing output.

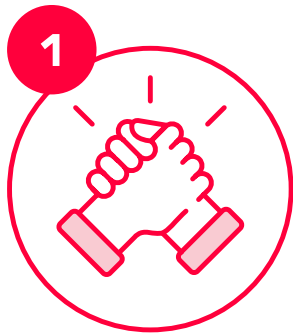


More ‘horizontals’: An urgent rebalancing of talent is needed in the industry to address the increased specialisation that brands are experiencing with their agency partners. The need for more ‘horizontals’ (people who are capable of joining the dots between all the different consumer touchpoints and marketing disciplines) was identified as a vital enabler to improve integration and reduce inefficiencies.



Commercial bravery: Commercial models with agencies are often maligned as driving the wrong behaviours, and yet rarely is there much impetus to change this. Except with a clear appetite towards integration, strong determination towards talent progress around automation, data & technology legacy commercial approaches will simply need to change. The starting point is to partner with agencies to ensure the desired behaviours are aligned to the commercial model and continually iterate as requirements evolve.

And finally... we asked our members what advice they would provide to newly formed agencies



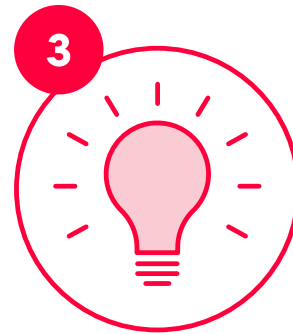
Partnership:

- Aim to be a business partner, not just a service provider
- Focus on demonstrating how you drive business, not just media value



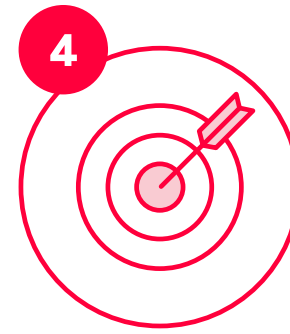
Customer-first:

- Be customer-first, not channel-first, and build your teams to reflect the diversity of the target customer
- Simplify how you bring together all consumer touch points; from paid, earned, shared and owned



Innovation:

- Build your agency based on estimated future client needs (AI, automation, measurement), rather than the needs of today
- Truly leverage the use of technology to accelerate standardisation, automation and insight



Focus:

- Don't try to do everything. Be excellent and grow from there
- Own your specialism and build partnerships with others who can supplement your gaps



Talent:

- Define a clear plan to attract, reward and retain talent
- Rather than being specialist in one subject, build people to be allrounders

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About MediaSense

MediaSense are a global media advisory firm, empowering the world’s leading brands to engineer greater productivity from their media investments, and design more agile and effective media operating models.

MediaSense specialises in three areas;

Models: Transforming internal and external operating models to break down silos, enhance productivity and drive value creation.

Partners: Managing pitches and optimising partnerships in line with value, performance and capability requirements.

Analytics: Auditing and analysing cross channel data to optimise the performance of media assets and investments.

More information at www.media-sense.com



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