In Pursuit of The Holy Grail: Building Interactive Capability and Culture in Agencies

Bernard Petit – VT SCAN & IAA France

SEMPL 11 Conference, Nov. 27 Portoroz

Sélection d'agences de communication
Consulting
Marketing Efficiency

Agenda

- A short presentation of VTScan
- Publiphobia and the I-Generation
- Facing A Major Paradigm Change
- The Agency of the Future (?)

- VT Scan
  - Leader of **Agency Review Consultants** in France since 1978
- Positioning

  "Helping advertisers and agencies to better work together :

  From agency selection to communication re-engineering management
- **3 Business Units**
  - **VT Selection** (around **60** selections per year)
  - **VT Consulting** (Brief Optimization, Agency repositioning)
  - **VT Efficiency**
    - Remuneration consulting
    - Client Marcom re-engineering,
    - Client:Agency Relationship Evaluation with APRAIS
- **9 Senior Consultants, 14 people, 90 missions per year**

Who is calling upon us ?

- All sectors, all sizes, private and public
- Budgets : from Auchan (120 M€) to Côtes du Rhone (2 M€)
- From CapGemini WW to Milleret regional cheese

A few recent clients

- Adecco
- Auchan
- Banques Populaires
- BIVB
- CapGemini
- Visa
- Etam
- KPMG
- ING Direct
- INPI
- La Banque Postale
- Marionnaud
- MSN
- Mr Bricolage
- Pages Jaunes
- Renault
- Yves Rocher

VT Scan is a Founding Partner of Scan International

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www.scaninternational.com

Scan International is built around the outstanding experience and expertise of 6 specialised consultancy companies

France	VT Scan	Bernard Petit
Germany	Cherrypicker	Oliver Klein
Benelux	SCAN Managt Consult.	Hein Becht
Iberia	GrupoConsultores	Kika Samblas
UK	The Haystack Group	Alan Thompson
USA	Joanne Davis Consulting	Joanne Davis
Brazil	GrupoConsultores	Graziela Di Giorgi
China	R3 Asia (partnership)	Greg Paul

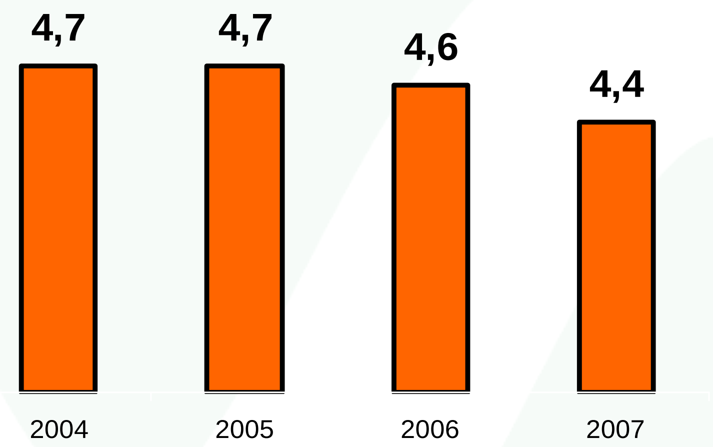
Publiphobia
And The I-Generation

Australie / IPSOS Survey 12/07

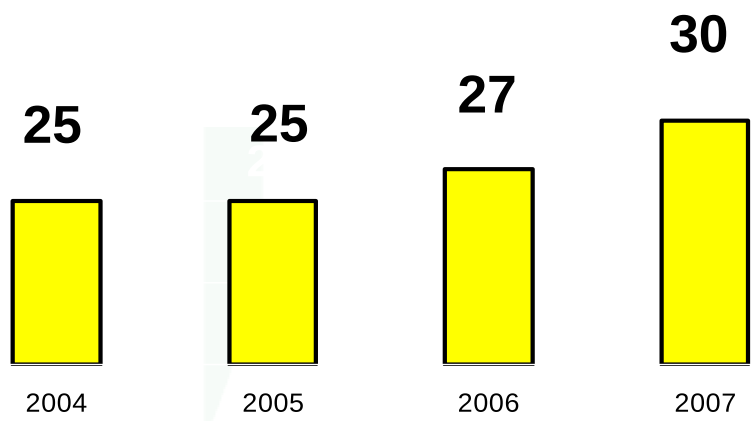
Overall Image Of Advertising

Average score goes down

0-10 Appreciation

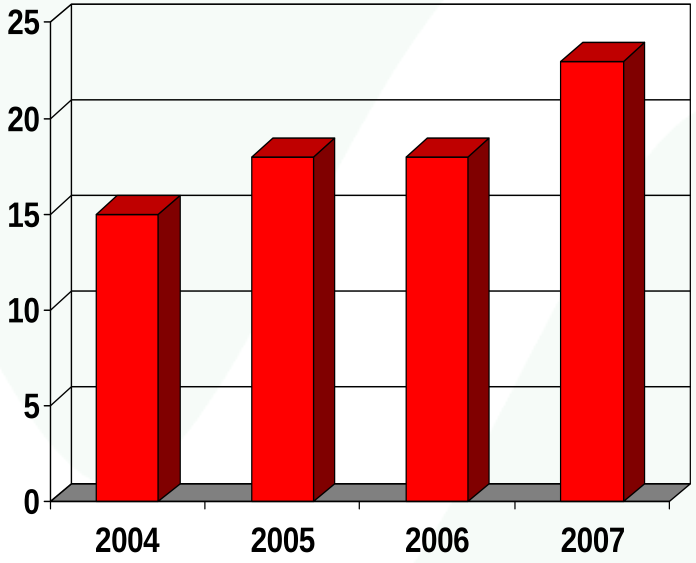


% of Publiphobics is up



Overall Image Of Advertising

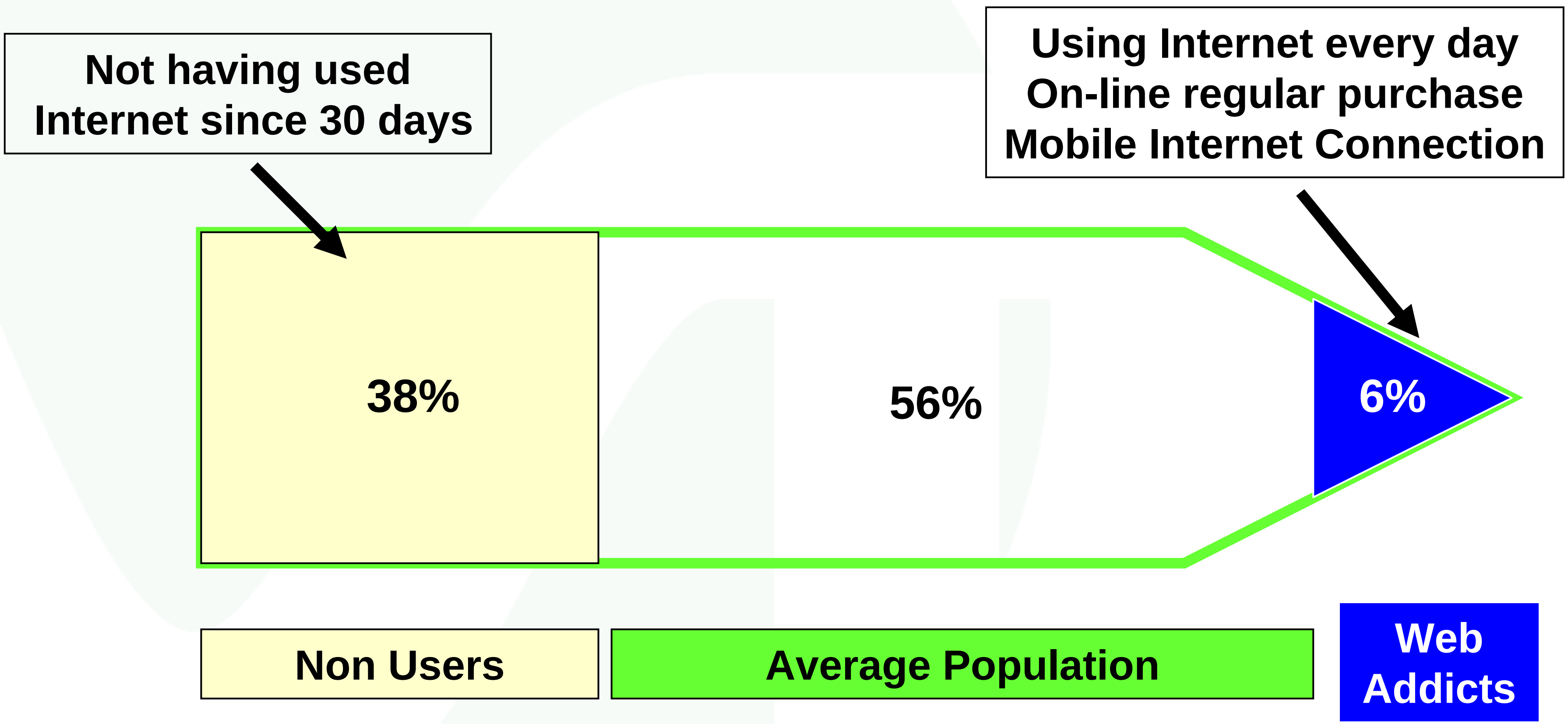
Growing Population of « Radicals » (Scores 0-2)



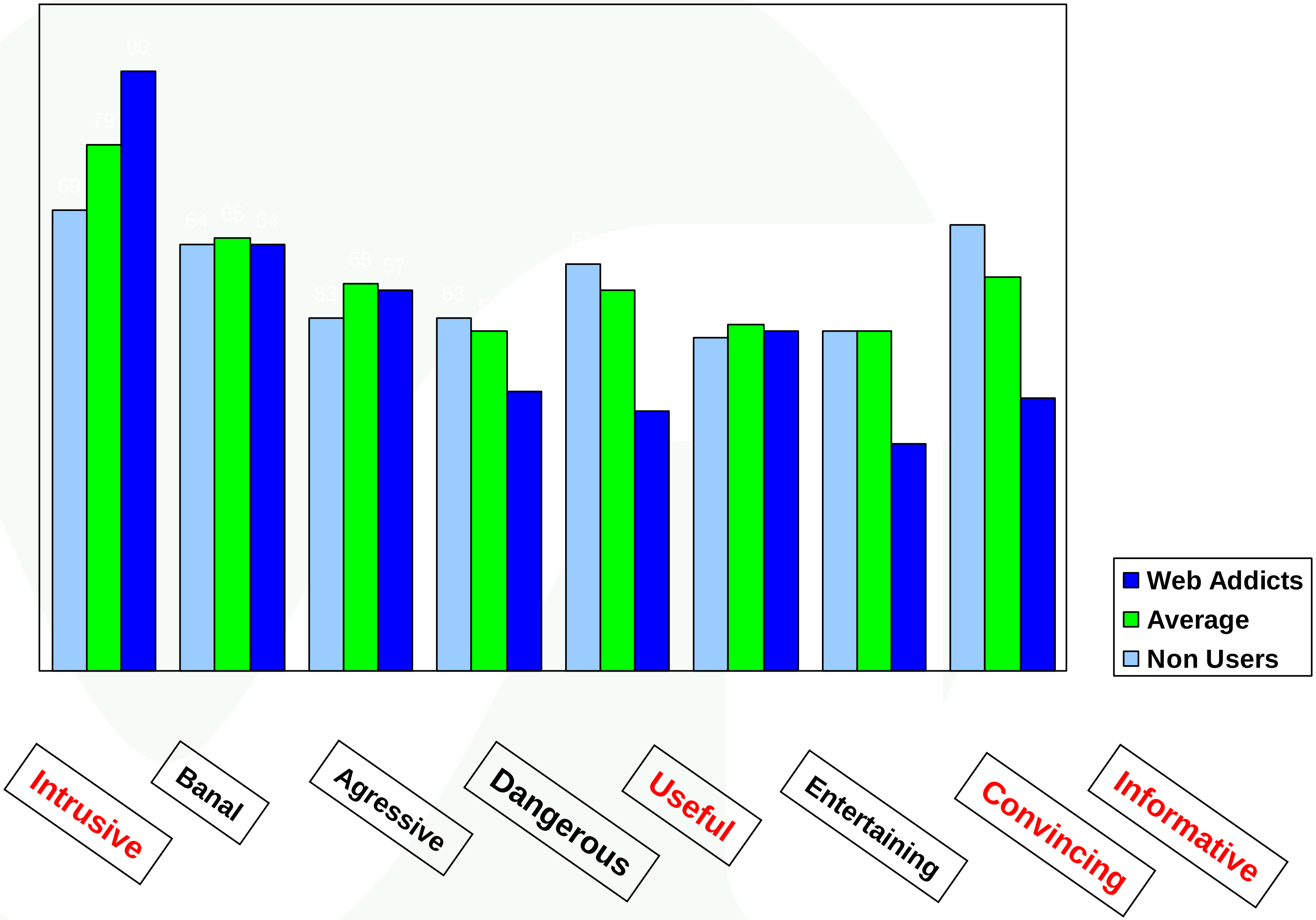
Evolution of key items

Intrusive	+ 4
Casual	+ 1
Aggressive	+ 3
Dangerous	+ 1
Useful	- 2
Convincing	=
Entertaining	=
Informative	+ 1

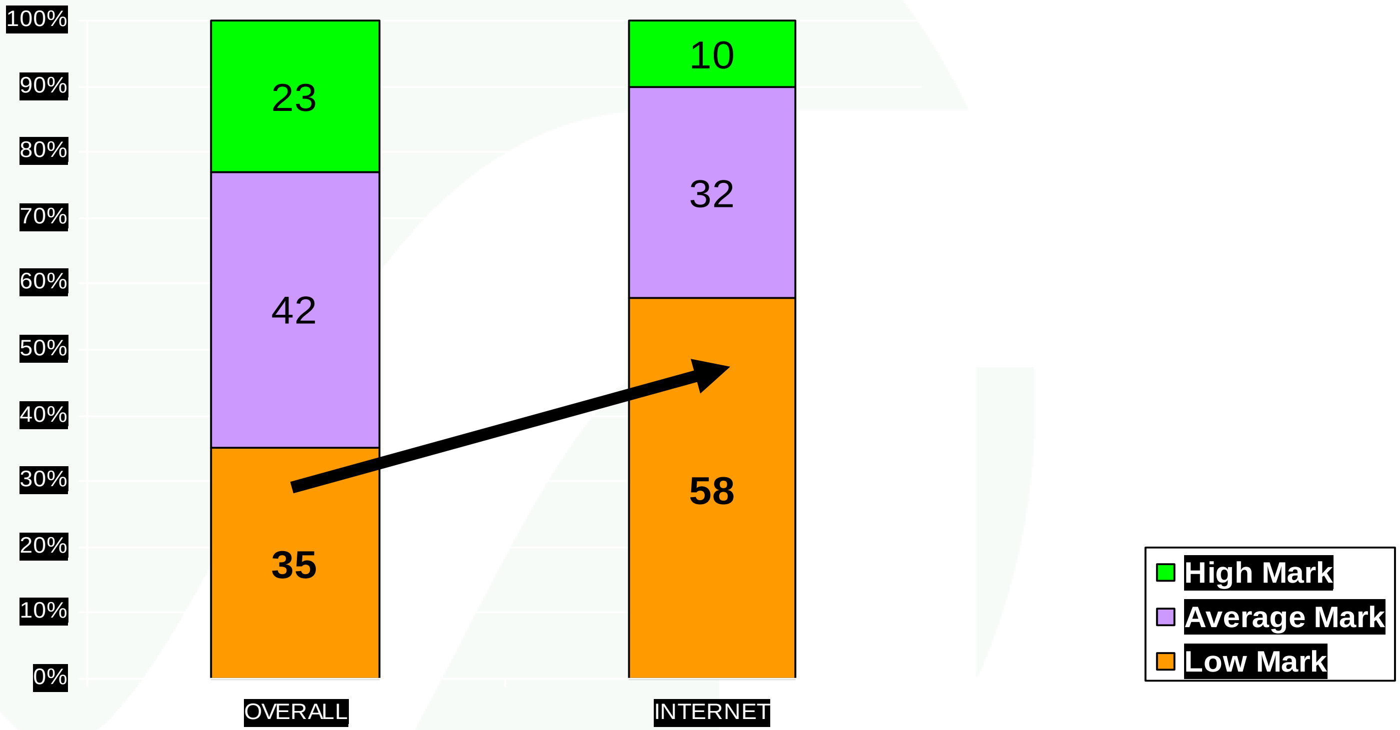
Segments / Internet Usage



Web Addicts Are Much More Negative About Advertising



Web Users Hate Advertising On The Net



Web Addicts Are Even More Negative About Advertising On The Net

	Advertising in General	Advertising On the Net	Average Population
Intrusive	90%	94%	79%
Agressive	57%	77%	58%
Casual	64%	68%	65%
Dangerous	42%	51%	51%
Informative	41%	39%	59%
Entertaining	51%	29%	52%
Useful	39%	28%	57%
Convincing	34%	20%	51%

Advertising On The Net
SHOULD NOT BE INTRUSIVE

How would you assess the following communication practices that a brand may use on the Net ? (0-10 Scale)

VIDEO SHARING PLATFORM	5.8
MINI SITES	4.6
FREE GAMING /ENTERTAINMENT	4.2
RICH MEDIA	3.7
DISPLAY	3.3
POP-UPS	0.6

Facing a Major Paradigm Change

Building Digital/Interactive Capability and Culture in Agencies

A never seen before change in the communication market

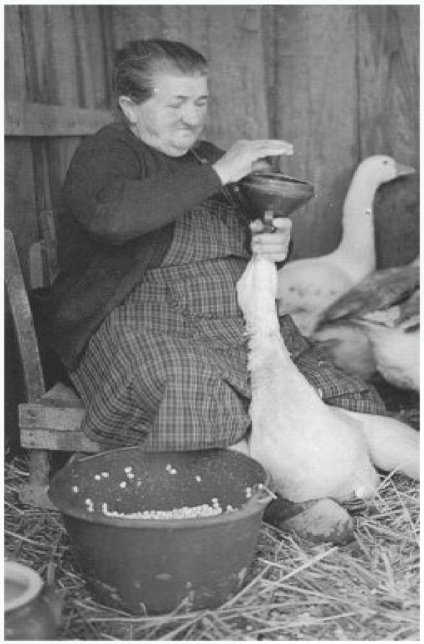
On Demand and Mobile Media Consumption

Consumer Engagement

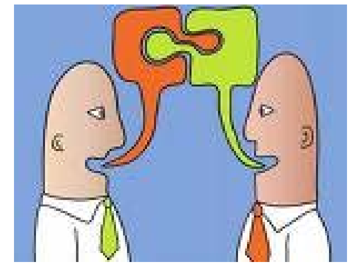
Concentration and new players

A Major Paradigm Change

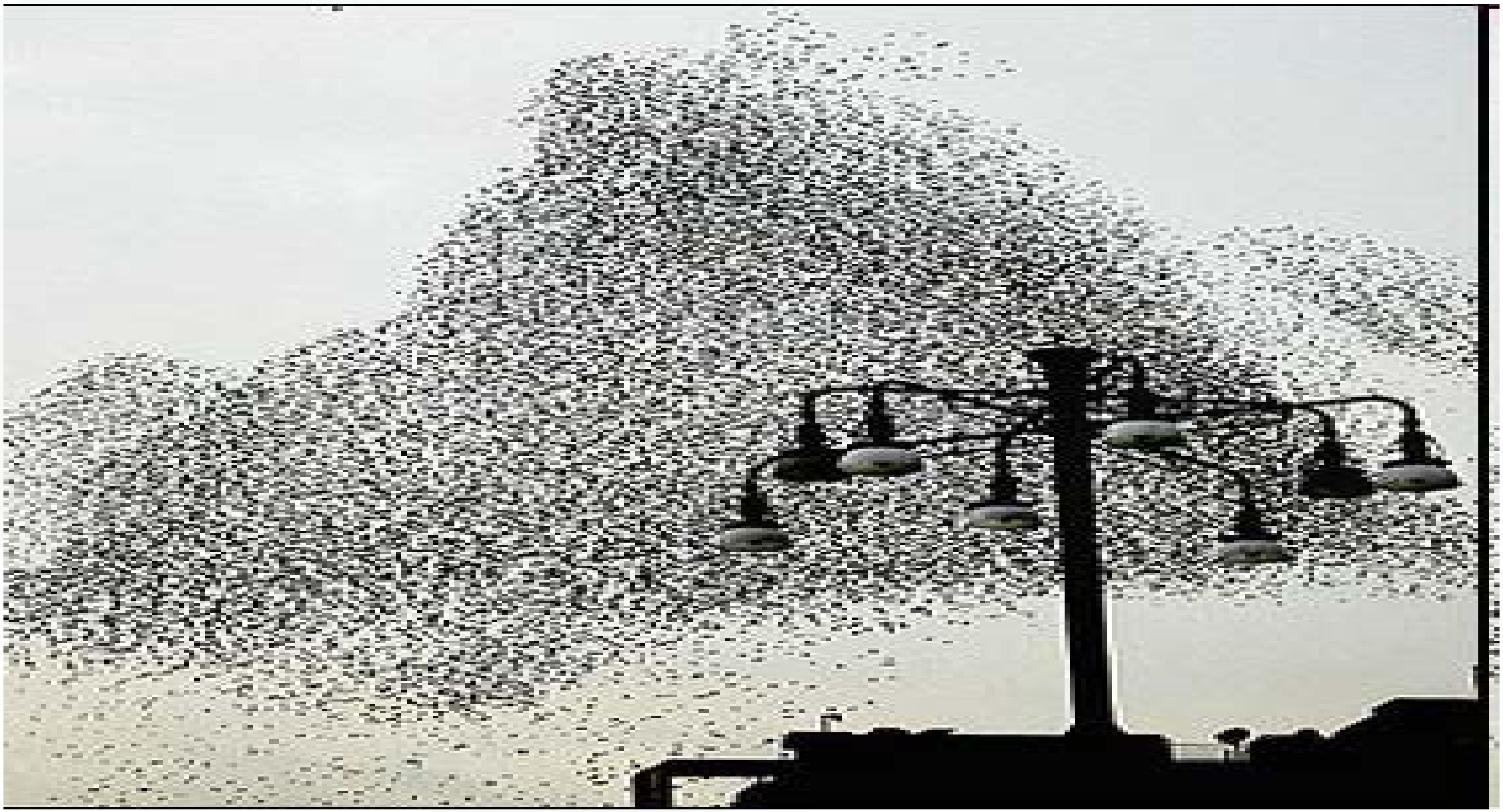
Advertising Model



Digital Model



A Major Paradigm Change: The Swarm Theory



Chuck Bryner   DDB Worldwide

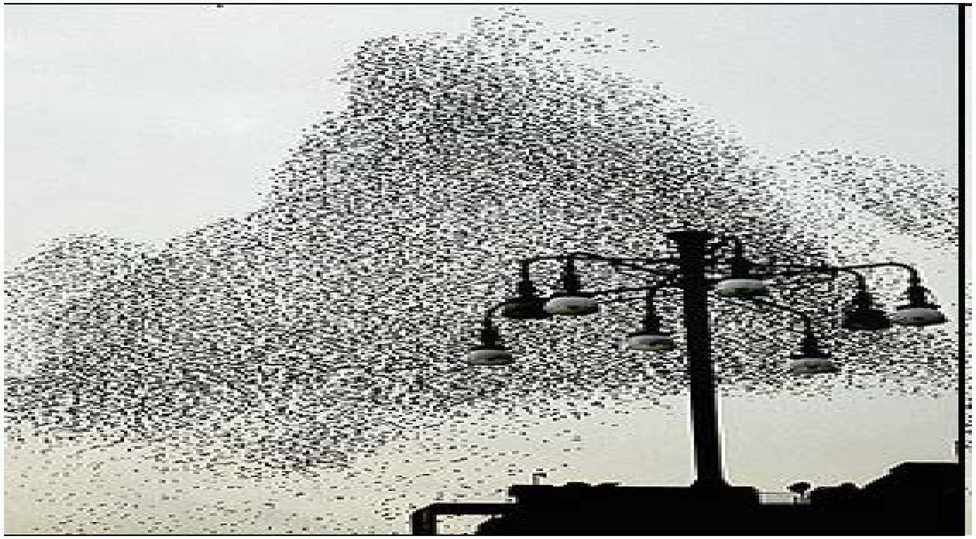
Flock vs. Swarm

An Identified Leader

+ Dog ?

No leader

Community Model



Advertising Model

Web 2.0 Model

Market lines are disappearing

Microsoft
+

Web Marketing Technologie Atlas
(competing with DART)

aQuantive
(6 milliards $)

avenue a razorfish

Community Sites

facebook
($240M for 1,6%)

- Positionned on e-advertising market
- learning community business potential
- Developping a meta-media buying shop

Google
+

Technology DART, banners management

DoubleClick
media. technology. people.
(3,1 billion $)

- Entering the banner market (34% of e-adv revenue
- Global leader on sponsored links (43% of e-adv. revenue)
- Monopoly on US e-adv market (32% SOM)

Growth By Agency Type

Source AdAge Report

Revenue Growth	**2006 Worldwide**	**2007 USA**
Advertising Agencies	4,2%	7,5%
Marketing Services Agencies	13,1%	11,7%
Digital Agencies	23,1%	26,8%

The End of Advertising dominance ?

For the first time ADAge has nominated a non traditionnal agency, **Tribal DDB,** as **Best International network ...**

Previous winners :

2007 Euro RSCG Worldwide (Havas)
2006 BBH (Publicis 49%)
2005 TBWA Worldwide (Omnicom)
2004 DDB Worldwide (Omnicom)
2003 Saatchi & Saatchi (Publicis)

The French Case

- Ad Expenditure + 6,2% in 2007, +34.5% on-line
- Only 3,2% growth excluding online
- Internet now the # 4 media, ahead of Outdoor

a. Market consolidation
b. End of advertising dominance
c. How to infuse digital culture within agencies and clients?
d. How to get rid of silos ?

France : Fast market consolidation

- In March 2007, Duke , the #1 independant pure player is bought by Avenue A/Razorfish
- Aquantive bought by Microsoft

Business Interactive, **Phonevalley** (Mobile marketing) and **Wcube** purchased in 3 months... by Publicis

In Oct. 2007, L'Enchanteur des nouveaux médias is purchased by The MarketinGroup, a mainstream Marketing Services agency

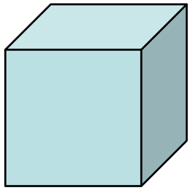
In Aug. 2008, Nextedia, founded in Dec 2005 by Henri Le Menestrel (ex-CEO Carat France), is purchased by Lagardère Active with a 10 times sales multiple

Clients have new requests (1)

- A new generation of clients (35+) much more open to change.
- New consumption trends, linked to web use, which explodes traditional business models (travel, retail)
- « Marketing is sick » : a smarter consumer, less stable/loyal, more « zapping » more active, even competing against brand message through communities,
    - ➔Clients looking desperately for new approaches
    - ➔Acceleration of strategies… and partner changes
    - ➔Ready to go for new agencies (H, FF, La Chose, @Just), all with built-in digital resources/approach and “web at the heart”

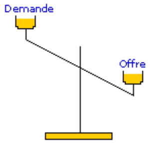
Clients have new requests (2)

- More solid strategic input (3 dimensions)
  - Business Strategy
  - Creative strategy,
  - Communication Planning (including On-line)



- "Online" as a key strategic block
  - *New jobs: OnLine Communication Manager*

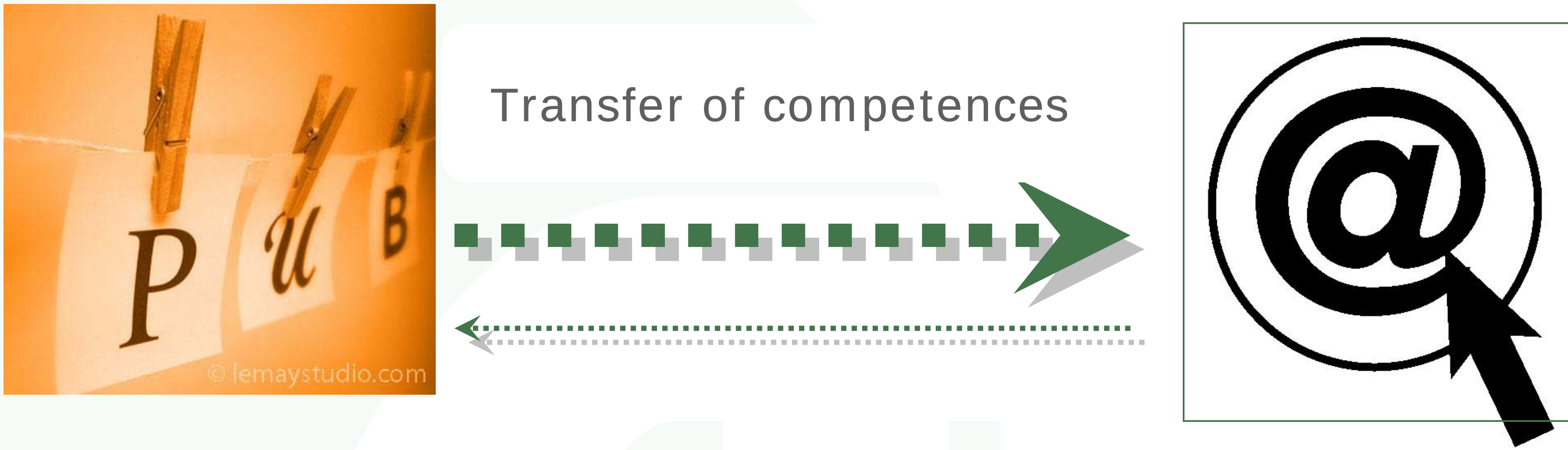
- Faster Trade offs
  - ✓ Measurement of Actions
  - ✓ Plan B
  - ✓ Shift Resources



Towards « cross-over » pitches

Pure Player/ Digital agencies	Media agencies	Traditional Communication Groups
•**Move up on Brand Strategy** •**Attract best young talents** •**Start winning large clients**	Recruit creative people	• **Buy digital agencies and strive for integration** • **Name digital champs in charge of culture change**
The CRM Company	**Isobar**	**Modem vs. Publicis Dialog**

Changing Culture :
An unbalanced process



- For digital agencies, it is less difficult to get into advertising culture than for traditional ad agencies to :
  - Acquire technology competences
  - Enter a continuous measurement and innovation process
  - Make a lot with little money
  - Use new media and the opportunities they offer

Communication re-engineering is an agency….but also a client issue

- Who is coordinating ?
- Key role of client
  to create synergies between agencies

Remuneration systems

Measurement and agency Performance evaluation

Which Lead Agency ?

Old Model :

Lead = Creative Agency

Guardian of concept

New Model

Lead = Agency Managing Clients Data

Segmentation and business drivers

Is the current crisis going to accelerate this trend ?

« Spray and pray » is a little harder to do when you are under economic pressure.

So performance-based advertising will gain share.

***Ted McConnell**,*
General Manager-interactive marketing and innovation P&G

The new battlefield (1)

- Digital at the heart of everything….
  - Boom of digital agencies (growth, multiples)
  - Lines disappear (agencies, medias, consumer, software Cies)
  - From Media Planning to Contact strategy
  - From Message to Center of interest
  - From Advertising to Permission marketing
    - (J. Stingel P&G CMO in 2004)
  - From revenue/age clustering to Behavioural Clustering
  - From application briefs to a marketing strategy brief for digital agencies

The new battlefield (2)

- Evolution of agency portfolio (Open source approach ?)
  - A rocket rising complexity (coordination)
  - Resource crunch for agencies
  - « Value Based Remuneration » as THE solution

- Fighting for Digital integration in Communication Groups
- Fighting for Talents.

Now,

What Agency Model

for The Future ?

The Traditional Agency Model

Account Management

Copy Writing | Art Direction | Planning

Account Management

Media

R/GA

The Agency Of The New Era

AdForum '08
New York

ACCOUNT MANAGEMENT + PROJECT MANAGEMENT

Planning | Media | Data | Copy Writing | Visual design | Interaction Design | Technology

Websites

Advertising

e-commerce

CRM

360º Campaigns

DIGITAL STUDIO

A more radical view of the Future: The Connected Agency (1)

An agency with a deep understanding of consumer communities, helping brands to create and nurture connections, deliver targeted on demand messages and network for talent and insights

Mary Beth Kemp & Peter Kim (Forrester)

1. Consumer : from messages to connection
2. Media : from push to pull interactions
3. Operations : from campaigns to conversations

Future :The Connected Agency (2)

- Agencies will evolve on 3 key stages
  - 2008-2009 : the agency involves the community
    - Selecting bloggers
    - Co-creation
    - Influential communication
  - 2010-2012: agencies promote the community
    - From Account Management to Community Management
    - Promoting the community to compatible brands
  - 2013 on: the agency is part of the community
    - Managing a kaleidoscope of consumer groups
    - Handling off appropriate brands as community evolves

"It might be some sort of evolution thing. Your baby's navel is an Ethernet port."

Thank you for your attention

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