



Independent media agencies must box smartly in a competitive world

By its nature, the South African media landscape is cut throat. The competition for resources is intense because of its small size leading to a space often characterised by goal posts that shift on a constant basis. This unpredictability brings into sharp focus the sustainability and business acumen of independent media agencies viz-a-viz multinational agencies with a financial muscle, tipping the scales in favour of those with bigger resources and a larger global footprint.

In this article I attempt to unpack the survival skills that independent media agencies will need in order to remain in business and attract big accounts.

Some of the multinationals, such as Publicis Groupe have been in business for close to a century and operate in over 100 countries, so they have finessed the art of the craft and the science of the business as they say 'through a powerful alchemy of creativity and technology'. Dentsu has been in business for over 120 years as a major innovator and shape shifter. Others like IPG employ about 56 000 professionals in major world markets and sell themselves as values-based, future-facing and client-centric. WWP touts itself as the most creative company and boasts clients who are part of the Fortune Global 500 companies.

The offers from multinationals are attractive and reassuring to clients. They position themselves as agencies of the future with experience spanning many years, but where does this leave the independent owner operated agencies. What stake can they still claim in this competitive environment?

The greatest advantage independent media agencies assert is agility. This pertains to their ability, as boutique operations, to adapt and absorb any changes that may impact how they operate and put the client first. But the real battle is in the boxing ring of creativity and innovation as they compete for resources with multinationals. This calls for independents to box smartly and ensure that agility stays as a strength in a fast-changing world that challenges businesses to adapt quickly taking into considering technological advances, trends in business and regulations that apply in the countries they do business in.

The scales will always be tipped in favour of multinationals in that they can offer far more impressive salary packages that independent firms can only dream of. But that's not where it ends, the work culture contributes hugely to staff retention, in fact, I would wager that the environment in a company will determine how long an employee stays with an employer more

than a salary offered. In other words, while earning more is still a motivation, fulfilment in the workplace is what keeps the staff loyal and sticking with an employer far longer.

The media space is complex and is impacted by many factors. To stay in business, a media agency must win accounts, and it does so on the strength of the team it attracts and how it pitches including the consultants it works with. This leads to issues of staffing and ensuring that your teams include the best in the industry. While multinational agencies offer great career prospects, independent agencies may offer flexibility and a more nuanced experience rooted in local culture and reflecting the zeitgeist of a nation. This comes through in how pitches are positioned and what determines whether a pitch is a success or a flop.

In a challenging economic climate, it is worth noting that media fees have gone low due to a variety of factors and that intensified the competition between independent agencies and multinationals. As the pie shrinks, who gets to benefit? This leads to the popular adage that is often bandied about: 'survival of the fittest'. It calls for a renewed way of thinking and being innovative in how money is spent in order to mitigate what may result in a shortfall.

The twin effect of reduced media fees is media owner credit. What we have observed over the years is how independent agencies have to contend with dwindling media owner credit. This has a direct impact on how our businesses operate. Once the cushioning effect of media credit is removed, companies are opened up to more risk than ever before. Without the scaffolding that comes with being a multinational, independent agencies face a cashflow problem that can be so severe that it threatens their existence.

To survive the onslaught of a rapidly changing business world and challenging economic environment, independent agencies have to employ all they have in their toolbox. As owners, we have to recognise the power that we possess due to the mere fact of being locally rooted while competing internationally, the opposite can be said of multinationals that they are rooted in the world and competing locally. In the boxing ring of ideas, the understanding of local dynamics, idiosyncrasies and peculiarities is a home ground advantage that gives a competitive edge.

How independent media agencies express their ethical conduct, corporate responsibility and customer-centric attitude will stand them in good stead. Sustainability is not just a word en vogue these days, but is truly a mantra to live by. Independent media agencies are better positioned to explore it in how they deal with people and their impact on the planet. This must be a strategic choice and one that is implemented with great zeal, for it will augur well for the prospects of the agencies and the industry as a whole.

The competition in media agencies has reached the proportions of the Biblical David and Goliath, however, not all is lost. Independent agencies have the advantage of tapping into their local ingenuity, agility and innovation to rise above and remain a significant role player.

Contributed by The AMF Board

About the AMF

The Advertising Media Forum (AMF) is a collective of media agencies and individuals including media strategists, planners, buyers and consultants through whom 95% of all media expenditure in South Africa is bought. The AMF advises and represents relevant organisations and aims to create open channels of communication and encourage and support transparent policies, strategies and transactions within the industry.

For more information on the AMF, visit amf.org.za.

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