



# What are the Key Commercial, Operational and Strategic Considerations facing *Digital* Media Agencies?

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# Introduction

We're living through a period of unprecedented change at the moment. Agencies are constantly having to up their game to demonstrate their value back to their end clients. Rising inflation and a shortage of talent are adding to the uncertainty facing many of our clients in this market sector.

Even in good times, it can be a challenge for Agencies to make money: let alone when facing such worldwide headwinds. However, during these periods of upheaval and pressure, businesses adapt, and their talented leadership teams provide original thinking catalysing positive and successful change.



This article is the culmination of interviews with several key industry leaders from businesses, including MC Saatchi, krow.x and Space & Time Media (with over 200 years of experience between them). It covers their key challenges - and potential opportunities - from a commercial, operational and strategic viewpoint.

## *Marcus Harding*

*Marcus is the founder/owner of a digital creative specialist agency called Deviceful. He has spent the last 22 years working with some of the worlds leading agency businesses and regularly consults for their commercial and digital creative teams.*



# Agency Article

## CHALLENGES

Many agencies are navigating a challenging recruitment marketplace, suffering from a dearth of available talent. We're in a time when client expectations around experience and knowledge have never been higher; both are viewed as prized assets in an industry which continues to evolve at breakneck speed.

"Over the last three years, we've seen the client focus shift from expertise in implementation (now a given) to multi-channel strategy, where digital fits all marketing aspects. This requires a fundamentally different approach as an agency and a different approach to recruitment and talent - this is a huge challenge."

### Neil Cunningham, Cream



The changing advertising solution landscape has also thrown up challenges around tracking and reporting. Measurement tools can quickly become outdated or fail to deliver the granularity that brands believe should come as standard with digital campaigns. Agencies increasingly must be more forward-thinking than ever to ensure they can meet client expectations. For pure performance agencies, planning strategically with high visibility on tangible metrics can expect to glean the most success.



## FASTEST GROWING MEDIA CHANNELS

"There's a huge increase in the demand for video and creator-produced content on platforms like TikTok. Recent changes in consumer behaviour as well as a realisation that the old methods of measurement simply aren't enough have given advertisers a bit more confidence to explore these new and emerging areas."

### Mazen Hussain, Croud

Industry change always throws up exciting new platforms and channels which pique agency clients' interest. None more so than TikTok, whose stratospheric growth shows no sign of stopping and frequently comes up in our survey. It demonstrates consumer demand for more video and this channel's increased perception among younger audiences as a provider of more traditional content segments such as news. In a video-first media world, brands are keen to experiment, knowing that if they don't, they could easily be left behind.

Elsewhere, the growth of audio advertising continues unabated as brands wrestle with an effective style and tone of messaging to reach a broader valuable audience. Solutions still need refining, from better targeting to improved production values.

Reddit is increasingly generating curiosity as clients attempt to capture the attention of a diverse younger audience with an eye on relevant context and authenticity.

The fragmentation of audiences has ratcheted the importance of agencies understanding which channels audiences are moving to and interacting upon while researching and developing the most effective strategies to harness this.

## AD PRODUCTS IN DEMAND

The rise of TikTok has proven the increased value and importance that brands attach to UGC and their recognition that being aligned with the right partner helps to quickly build product trust.

Agencies are refining their solutions to match these bespoke platform targeting opportunities. In general, the demand for more segmented creative solutions continues to grow, as does interest in dynamic ad units or those that offer data capture. Social media cut-through for brands remains a high priority.

New platforms are entering a crowded market and sifting through the ones which provide genuine value, instead of costly failure, is another aspect that agencies need to grapple with.



“Authentic, user-generated content, drives engagement.”

**Ben Foster,  
Kite Factory**

## THE COOKIELESS WORLD

All the agencies we spoke to believe that the changes in attribution will require them to offer robust, smart, and holistic solutions. Something they are well underway preparing for. First-party data use will become more valuable as advertising performance is monitored with differentiated metrics. The importance of creativity will grow too.

Greater creativity can help make platform investment work harder. As context becomes more important for targeting, agencies also remain keen to embrace the creative opportunities that this offers.



“Moving forward creative is going to be one of the few levers we have full control over and one we can still fully use to optimise performance.”

**Jake Martin,  
M&C Saatchi**



“The demise of cookies is challenging us to be more thoughtful – and think about the end-to-end customer experience.”

**Sam Bettis,  
krow.x**

## HOW WILL AUTOMATION CHANGE THE INDUSTRY?

Automation is viewed as a net positive by the agencies we spoke to. The most prominent value of automation will be the opportunity for more productive and impactful work practices.

Areas such as search are expected to become heavily automated in the coming years, vastly reducing headcount in these businesses. AI is also already revolutionising copywriting and will disrupt numerous traditional agency job functions within the decade. DCO is becoming both cleverer and more cost-effective, even for performance campaigns. But automation will still need creative minds to understand human nuances. Technological change will lead to different roles in many cases, rather than eliminating them.

We expect areas such as search to become heavily automated in the coming years, stripping out the need for a workforce.



“Automation will free up more time to focus on strategy and help us to make decisions and provide insights faster.”

**Hannah King,  
Ad-Fabric**



Paid media and creative are so intertwined that there’s no real way to have a meaningful conversation about one without referencing the other.

**Jake Mason,  
Incaloop**

## FORGETAVERSE, FOR NOW?

The metaverse might be a hot topic but is still way down the priority list for agencies: if it’s even on the list. Excitement might be overblown, and there is no doubt much of the infrastructure remains nascent. We expect specialists who provide solutions for the metaverse to emerge: but with their already overflowing inboxes, more traditional agencies are inclined, for now, to take a back seat.

## MEDIA AGENCIES AND CREATIVE SOLUTIONS

The importance of a symbiotic relationship between media buys and effective creative has never been more important. Agencies are increasingly concentrating more resources on making sure this works efficiently. Some internally, others by putting structures in place to interact with third parties involved in the creative process.

As the media landscape becomes even more dynamic, it’s intrinsic that creative does too.

## Disclaimer

This article has been put together based on the amalgamation of the views and opinions of multiple contributors.

All views and opinions presented within this article have been entirely submitted based on the personal experiences of these contributors, and in no way does it officially represent the company’s views where the contributors work.



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