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Agencies are the hurdle to faster adoption of new/emerging media

In a survey among nearly 400 Marketing and General Management leaders on new and emerging media, we learned that advertisers plan to move more resources to these areas soon and they need more help from their Agency partners to get there. This summary will share the learning from these respondents.

The study reviewed traditional media which we defined as—television, print, radio, direct mail and outdoor versus new and emerging media. Thus, new and emerging includes on-line.

A key question posed to the participants revolved around their media spending allocations on a current versus an ideal basis. If a gap existed, the participants provided a time frame to close it. Further, we probed the hurdles to achieve their ideal media spending allocations and how well their Agency partners are helping them.

As expected, the bulk of media is currently allocated to traditional vehicles. For perspective, 60% of respondents had at least 50% of their media spending in traditional vehicles. However, this also suggests that most of them are already employing other vehicles at a meaningful level.

Today about 45% of the respondents allocate less than 10% of their budget to new media. They indicate that this spending mix will shift significantly to only 20% allocating less than 10% of their media budgets to this area. The expectations are that 52% of the respondents plan to spend 10 to 30% and 28% plan to spend over 30% on new/emerging media.

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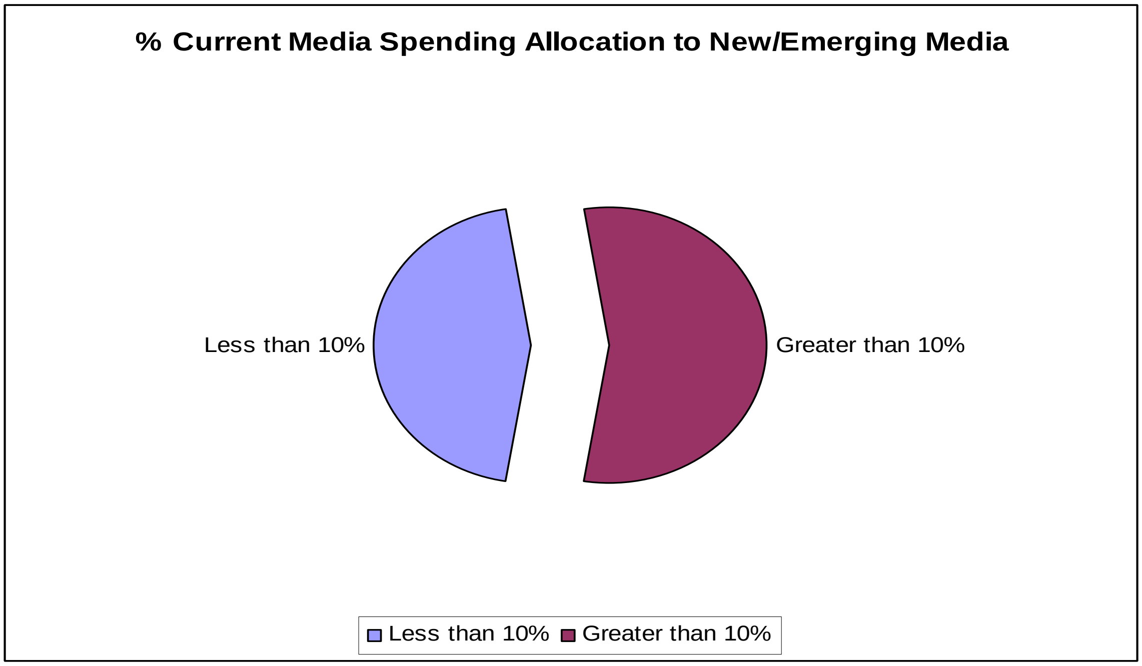
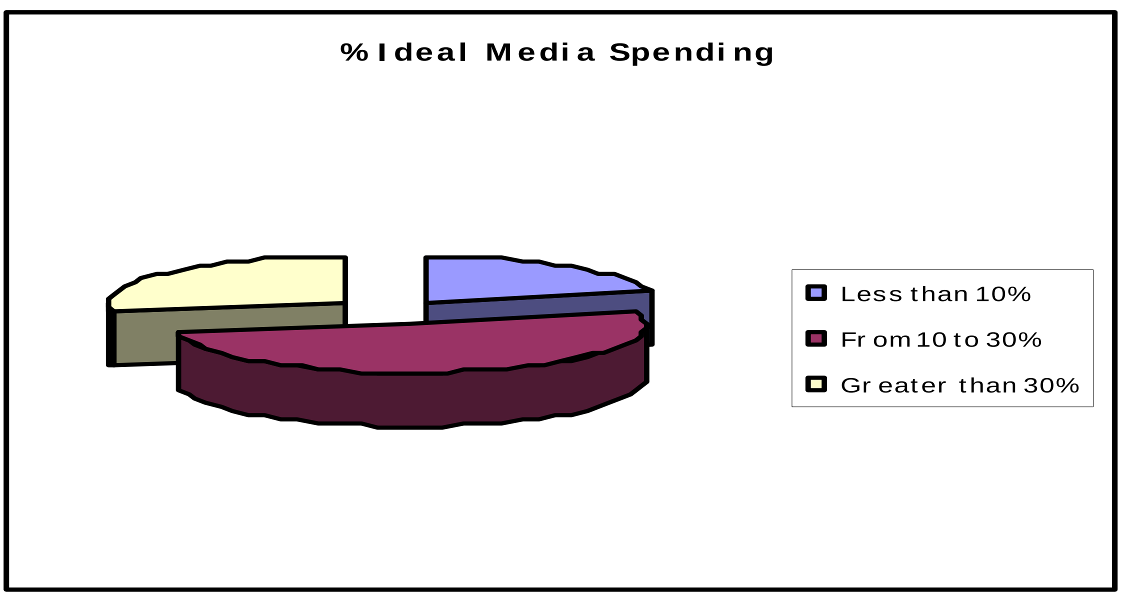
New/Emerging Media Spending





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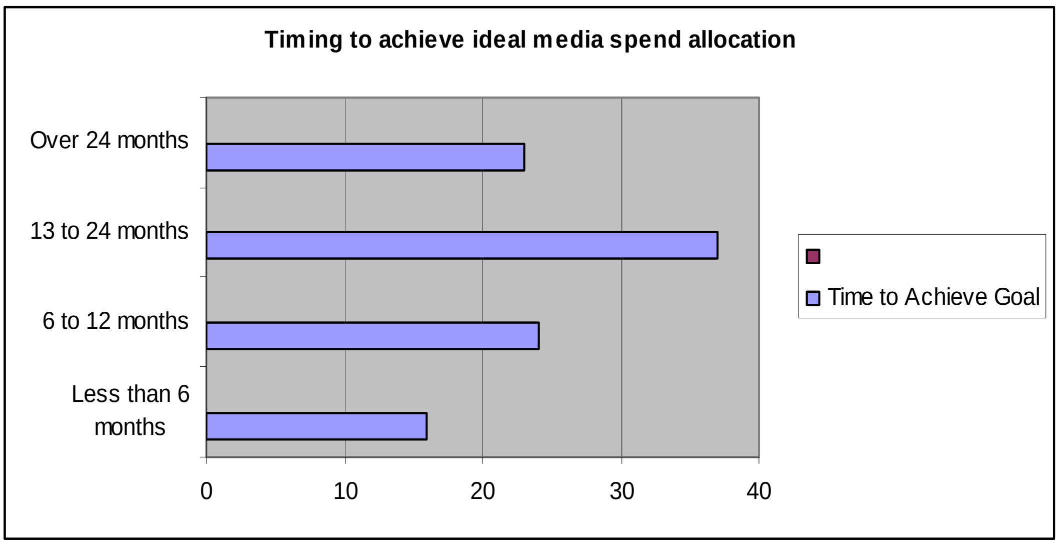
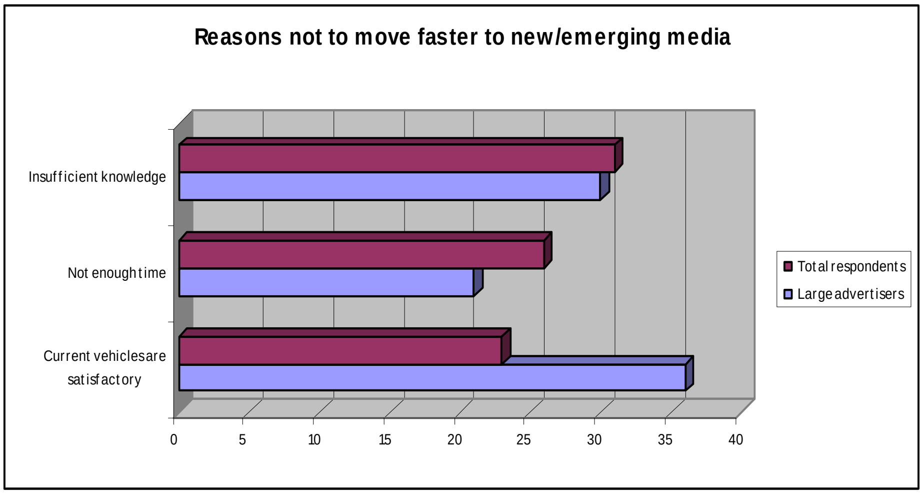
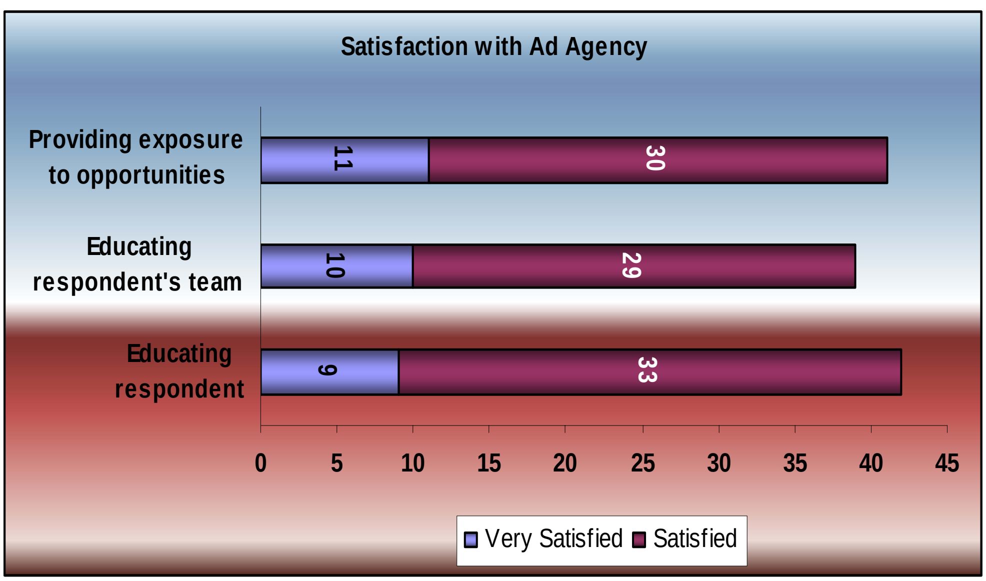
80% of respondents plan to achieve their ideal level of new/emerging media within 2 years. In fact, 35% plan to achieve this ideal goal within 12 months. This suggests a deliberate effort to rebalance media spending to be more in line with how consumers are using assorted media vehicles.



Information is the key hurdle to closing the gap faster. Of the hurdles mentioned, nearly 40% cited insufficient knowledge and 33% stated not having enough time to evaluate them. This would seem to provide an opportunity for Agency partners to add tremendous value.



Unfortunately, Agencies did not fare well in satisfying advertiser information needs in this space. Specifically, there were less than 50% top two box scores for “educating and exposing clients to new/emerging media”. This applied to both Advertising and Promotional agencies, with Promotional agencies scoring lower.



Larger Advertisers, those spending $50MM and up on media, tended to be more conservative in their spending. They had a greater allocation of spending in traditional media. They were also more comfortable with current vehicles. This is due in part to the comfort of measurement of those vehicles, as over 70% were satisfied with the measurement of traditional media. Interestingly, their level of satisfaction was 60% for measuring new/emerging media.

The inherent difference between large and smaller advertisers allows Agencies to build a knowledge base with smaller advertisers. They could gain experience, improve competencies with new/emerging media, and subsequently share it with their larger advertisers. This experience and insight would be valuable to all advertisers.

Opportunities

There is an important gap in the knowledge base of most advertisers with regard to new/emerging media. Not only are there a wide variety of options, but because of the dynamic nature of the space, these options are constantly changing. Given the amount of change, metrics do not generate the same level of confidence as in traditional media.

Advertisers have indicated their interest in these vehicles. Thus, providing both information and counsel would appear to be value adds for Agency partners. This could be beneficial with existing clients and new business presentations.

Second, given the uncertainty over the relative value of alternative media, someone needs to take the lead in establishing metrics for comparison. This would appear to be a significant revenue opportunity.

Third, traditional advertisers are likely to demand a test/control model to evaluate a number of alternatives. Agencies with a point of view on how to construct this sort of testing could have an advantage on the field.

Many new/emerging media firms are willing partners to testing. This approach works for both parties to create a knowledge base that can be shared with advertisers.

Process

This was an internet survey conducted by Gundersen Partners among 377 leaders in the marketing community. The respondents consisted of 12% CEO/COO/Presidents, 47% CMO/EVP/SVP/VP level, 32% Directors and 8% Managers. Each person completed 16 questions anonymously.

Gundersen Partners is a global management consulting and retained executive search firm with offices in New York City, Chicago, San Francisco, Atlanta, Detroit, London and Melbourne with relationships in Asia, Latin America and Africa.

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