

Ad agencies of the future are building new models

 By [Bogosi Mtshegwa](#)

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Things have changed and continue to do so at a dramatic speed. Wise ad agency leaders are not just observing; they are taking the right steps to ensure that they are not rendered obsolete during this inevitable transformation process. Those who get it are primed to thrive, and those who don't are destined to shut-down.



Bogosi Mtshegwa, founder/brand consultant, Thinkerneur.

A shift

To ad agencies, whether your clients told you this or not, and whether they (clients) know this or not, things need to change.

The client demand is shifting; if not, then it should:

- Ad agencies need to be held accountable for what they bring to the table.
- Clients need to demand more from ad agencies.
- The flip side is that clients need to be more brave.

I predict the following shift for ad agencies of the future. A shift:

- **From retainers to value.**
- **From lead agency to value partner.**
- **From creative excellence to solutions excellence.**
- **From brand-marketing specialists to value-chain specialists.**

Some advertising agencies in South Africa are either starting or have been building offerings of the future. These are ad agencies that are going to be of value to their clients, and be the envy of their competitors, both agency and clients.

From retainers to value

Clients are no longer looking for suppliers, they are looking for partners who are invested in their businesses, and not just interested in securing a retainer. To ad agencies; retainers mean 'security', but to clients, retainers mean 'expected consistent value'.

Agencies need to think differently about retainers, because 'creativity' and 'creative talent' are commodities. Clients need value that is not replicable.



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The value that clients receive from agencies needs to be based on new thinking. Things are changing now, advertising alone is not enough, as a result, agencies need to provide value that goes beyond communication; i.e.: solutions that drive business growth. The shift in focus is moving away from 'what we get' (retain) from clients, to 'what we give' (value) to clients.

From lead agency to value partner (VP)

The role of lead agencies needs to be redefined, they need to become 'value partners', meaning that they need to drive for not just strategic and creative ideas, but also for solutions that will grow businesses.



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Apart from providing strategic and creative direction, ensuring that all partner agencies are aligned, and collecting a bigger cheque, what else can ad agencies offer?

They need to get into the habit of being obsessed with their clients' businesses, understanding how each moving part affects other aspects of the business, and not just be concerned with communications only.

It has been [reported](#) that DStv/Multichoice customers are being lost to Netflix and other streaming services. DStv has a lead agency, but the brand and company continue to struggle, what's the point of having a lead agency if all that they can offer is creative communication ideas? In the midst of stronger competitors and tough economic times, clients need solutions that drive growth and limit competitor threat by ensuring competitive advantages are not easily replicable.



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Wimpy was reported to be suffering, with [a number of stores shutting down](#). Again, if a brand is in the presence of a lead agency, what is the point of having one if the business continues to suffer? It is, therefore, safe to ascertain that the challenges faced by Wimpy are far more complex than just communication. If Wimpy stores are closing down, a brand campaign alone may not be the most effective approach to solving business challenges.



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From creative excellence (CX) to solutions excellence (SX)

If people are switching from paid TV to online streaming services like Netflix, then a brand campaign for DStv will not suffice in dealing with the real challenges faced by the company. A different approach is required. [Requesting for Netflix to be regulated](#) is not a smart approach, not even strategic to say the least. What DStv/Multichoice needs is a value partner that will help them be more competitive through their products and services, not through the courts.

Agencies need to view themselves differently if they are to shift from CX to SX. By no means am I implying that agencies shouldn't be creative, they should, in fact, creativity is imperative, but the question is, is your creativity driving business success?

From brand-marketing specialists (BMS) to value-chain specialists (VCS)

Do agencies really know where and how exactly their clients make their money? Agencies should, therefore, be concerned with every aspect of the client's value chain. This broadened understanding of client's business will enable agencies to add depth to their creative potential and also start to think of solutions whose impact will have a ripple effect on sales results. As a result:

Agencies will have the power to do what is right for the brand, and not get conflated in egos. This will give credence to the

agency, elevating them from implementers to collaborators in strategic and business conversations.

Agencies of the future are not just happy to collect a retainer; they using the above principles to build models that help client businesses grow both consistently and exponentially.

ABOUT BOGOSI MOTSHEGWA

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