

Interview with Tom Fels on Publicis MACHINE merger

 By [Ilse van den Berg](#)

17 Sep 2014

Publicis Groupe has made another South African acquisition by buying MACHINE, and merging it with Publicis Worldwide South Africa to launch Publicis Machine. We had a chat with MACHINE Group MD, Tom Fels recently to find out more about the merger and its impact on the agencies, clients and industry. (video)

■ So the Publicis/MACHINE merger is big news! What has the journey up to here been like?



Tom Fels

Tom Fels: Well, let me start at the beginning. It's been an interesting and exciting few months now that we have come to the conclusion of it, which kind of sets the framework for our next step... our next evolution. Technically MACHINE is only two years old, but the businesses within the group has been running for quite a number of years... like 8-10 years. We sort of burst onto the scene as an integrated agency and attracted quite a lot of attention and we also attracted the attention of a couple of networks and we felt initially that it was too early to look at a merger/acquisition etc.

I think Publicis was very interested in what we represented and saw the synergies in what they have in their current offering in South Africa. I think our skills played into their vision for where advertising is going in the shape of agencies in the future, so we engaged in conversations that obviously became more serious and then ultimately ended up in the

acquisition of MACHINE.

■ Practically, what does this move mean for MACHINE?

Fels: What's really exciting for us is the change from an independent to a networked agency which brings us opportunities of working in Africa and being able to tap into a global network of intellectual property and advice etc. which as an independent, you don't get. That part is great for us. Publicis also has some great client alignments globally.

Publicis Worldwide currently only has an office in Joburg with approximately 30 people. They look after Nestlé and L'Oréal. They are certainly making a big play into Africa which is exciting. I think that is something that attracted [Adrian](#). So essentially we've now got these global clients but the model that Publicis Worldwide had in Joburg couldn't service them entirely. We bring digital to the mix, a very strong below-the-line (BTL) focus and shopper marketing focus. We've got a content marketing business, a research business, and a PR business. We're positioned to my mind as a very future-facing agency with a strong root in digital. Even internally in MACHINE over the last couple of months we've been upticking our technical competence. We've recently appointed [Alistair Fairweather](#) who was the Head of Digital at *Mail & Guardian* and we'll be pairing him with a very senior technical director.



So I think there are big things in the pipeline and it's aligned with the Publicis global vision of being a really strong digital player... and that's where MACHINE has come from - a strong heart in digital and BTL which has always been our DNA.

■ And what will be the benefits for clients at the end of the day?

Fels: First and foremost it's a broader skills offering. Publicis is in many ways more of a traditional above-the-line (ATL) shop. While we have ATL competence, we offer a whole lot of specialist skills as well. So it really opens up opportunities for our clients to get access to solutions from research - so right at the inception all the way through to execution on the

ground. And whether the execution is through a traditional media channels, activations, digital... we can do all of it. We've got a very channel-neutral way of thinking, whereas if you go to a traditional agency, they'll more than likely give you a TV ad. We will decipher the link between the brand and the target audience and figure out how best it will get to market. It could be through any channel and because we can execute through any channel we'll allow that to happen.

Secondly, for our clients, it's the ability to get into Africa. Prior to the merger with Publicis we didn't have any partnerships or networks that would be able to facilitate delivery into Africa. So that's a huge benefit for us and our clients.

Also from a client point of view, we like to see synergies where there's possible clients. We've paired clients like Miller, adidas and Red Bull for events for instance, and that's quite an exciting space as well. So suddenly we potentially have more clients to co-brand or co-market with which is great. I think those are the predominant ones. Obviously internally for the staff there's opportunities for cross-learning, but also opportunities in future into the network - whether it's locally or internationally, for more African exposure. It just makes the playing field a whole lot bigger.

■ How has the merger's integration plan panned out?

Fels: Well, we've already had the parties and welcomed everyone and there is a great energy there. It's fantastic, you know, both of us are very eager rather than cautious around the merger, the people, the culture etc. I think we've set a really good framework for where we're going to go. Both teams are very pumped about it.

They have also already moved into our offices in Joburg and is actually at capacity with about 60 people. So we'll be looking to move to a new premises in the upcoming months. The total group will grow to 150+ which has accelerated us. That's also another benefit of doing this move - it's accelerated us into a mid to almost large-sized agency which again gets you the ability to access bigger clients and bigger exciting brands.

As a growing independent you're always challenging to keep stepping up and this has almost catapulted us into a bigger league. And we intend to compete ferociously in that.

■ Would you say joining this bigger league is to some extent going to affect who MACHINE was at the core as an independent?

Fels: I think a lot of the success of MACHINE has been built on people and our culture... and we see this specifically as an evolution of that and not to create a new culture but always to focus on people, knowing that if you've got the best people and they're working hard and they are feeling fulfilled, you'll always succeed. And that's very much part of our vision. It's not external-facing, it's not just money capitalism. The people are front and centre in our strategy. We have big ambitions and we want to do great things.

We're taking the best of both. There's an amazing synergy actually between the global values of Publicis and where it came from and how it grew. There's amazing synergy in their mantras and ours. It may be different words but a lot of it mean the same thing. In the process of credentials and how we go to market, the words may be slightly different but the message is not. That's one of the really attractive things as well, was when we started looking at the two businesses side by side and what they stand for, there is a synergy there... so it wasn't like trying to fit a round peg into a square hole, it was actually quite easily understood. There's been a whole lot of factors and it felt right... it felt like a good opportunity. We'll continue to learn and continue to grow and love what we do.

■ What are your thoughts on this supposed trend of the bigger internationals acquiring more and more independent South African agencies?

Fels: Look, the network's at war... so it's very much a trend and I suppose many businesses who are approached by the networks will have to weigh up where they see their own vision going because they run the risk today of not taking the opportunity and then having to compete in a very tight marketplace that's dominated by a networked aligned agencies... which presents its own opportunities, but it's always going to be a difficult decision to make. Some people will jump and make the most of it and embrace it, and others might resist it now and do it later, or all be really happy. But there's no doubt

that the likes of [WPP](#) and Publicis are pretty actively growing their footprints not only in South Africa, but the rest of Africa as well.

▣ ***Do you foresee, say in the next five years, that there will still be a lot of independent agencies locally?***

Fels: I think there will always be independents and some of the independent agencies might be founded by people who leave those big networked agencies. That seems to be my experience of what typically happens... people who have worked at the big agencies envision different way of working so they decide to make the leap and take the chance and I think it will always happen. It's human nature. I think the market isn't completely saturated - it gets more interesting, and maybe those independents will become more specialised rather than generalist agencies, you know, because that's going to be a difficult space to play in. So I think there will always be a need and niche for independent and specialist agencies.

Check out the Publicis Machine launch campaign here:

ABOUT ILSE VAN DEN BERG

Ilse is a freelance journalist and editor with a passion for people & their stories (check out [Passing Stories](#)). She is also the editor of [Go & Travel](#), a platform connecting all the stakeholders in the travel & tourism industry. You can check out her work [here](#) and [here](#). Contact Ilse through her website [here](#).

- ▣ #YouthMonth: The superpower that enables you to design the future - 26 Jun 2018
- ▣ #YouthMonth: This 16-year-old developer is dominating the gaming industry - 19 Jun 2018
- ▣ #YouthMonth: Equipping unemployed youth aboard the SA Agulhas vessel - 1 Jun 2018
- ▣ #AfricaMonth: The need for value chain transparency - 22 May 2018
- ▣ #AfricaMonth: Growing market in Africa - 14 May 2018

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>