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Are Australian agencies leading or lagging in the AI race?

By Lydia Feely | 2 August 2024

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TrinityP3's Lydia Feely recently toured the US agency scene in New York and called out three of the standout trends in how US agencies are building AI into their product offering.

We all know Gen AI is shaking up both the agency and marketing space like never before.

Lydia Feely.

We're a little over 18 months since ChatGPT became available to the world and in that time many agencies, both globally and locally have already found ways to add a level of AI to their product mix.

What's interesting is that there appears to be a spectrum in how agencies, particularly in the US, are doing this. Some are playing where you might expect using AI's abilities to improve workflow and looking to use AI to drive maximum efficiency.

Others are going further and using Generative AI as an insight tool to uncover cultural trends and provide insights, particularly in niche communities, which might not be otherwise obvious to those outside of that community.

I recently toured some of the US's top agencies in New York as part of the Adforum Summit along with around a couple of dozen of the world's leading pitch consultants. Here are some of the standout agencies who are leaning into AI and what it might unlock for the marketers they are working with.

BrandTech Pencil promises to go better/cheaper/faster

BrandTech is pitching their Generative AI tool Pencil with the promise that ": they want to become the default way ads get made." Their claim is that AI ads are twice as fast and also twice as cheap to make but also twice as good in performance than making them without AI.

It's a big claim - and CEO of BrandTech David Jones in a recent interview claimed more than $1 billion worth of media had already gone through Pencil. Jones frames this as "$1 billion of learning, over 1 million ads created over 5000 brands" (Check out 18 minutes in on the video for those interested).

Brandtech is definitely seeking to deliver on the obvious promise that AI should be able to deliver efficiency to advertisers - which simply put is better/cheaper/faster. Their Pencil product promises they can create a brand from scratch in 59 minutes.

The questions clients will have is what quality and insight comes with that but it's clear that Brandtech is leading a global trend in advertising here.

.Monks tackles workflows/consumer research

Martin Sorrell's newly renamed .Monks (formerly Media.Monks) is going further. When they talk about AI they claim "AI Isn't a Pivot—it's our reason for Being". A bold claim.

On a practical level they claim they are re-creating workflows and helping clients achieve brand integrity, data autonomy and structural and process adaptation to be able to use AI properly. Something that clients will want and seems like an obvious potential to unlock.

They also recently launched Persona.Flow, a digital twin concept in which aims to give marketers digital twins of their consumer base, allowing the ability to run hypotheses of your creative and marketing. This in turn streamlines speed to market by delivering detailed, granular insights in real time and in natural language, making it easier to respond to market trends as they emerge.

The promise of a professional managed service that claims to give brand marketers "the ability to talk to their data" will be intriguing for many marketers. This is definitely applying a different lens to consumer research, and will be of interest to CMOs if they can deliver on their promise of "a cost-effective alternative to traditional focus groups… the need for the weeks of planning and deliberation that are commonly associated with building consumer intelligence."

The rise of Culture Agencies - using AI to tap cultural insights and niche communities

Perhaps one of the more interesting groups of agencies using AI in the US are those tapping into the culture economy, examples of this include Virtue and Qulture.

The pitch here is industry is moving from the traditional market economy lens to a "culture economy" via a perfect storm of disruptions – the rise in subscriptions, the strength of the creator economy and the rise of AI.

The message from agencies like Virtue and Qulture is that we know audiences now form around passions and interests online, with 81% of communities defined by their passions.

Creators within these communities are becoming the new A-list, and are gaining more audiences than traditional A-List celebrities.

These agencies are also responding to this new economy by using real time insights to pick up on cultural trends and help brands become part of culture and achieve growth.

Virtue Worldwide, a leading culture-first creative agency, has recently launched PIGEON, an accelerator and strategic consultancy for businesses looking to capture and create value in the culture economy.

Pigeon is underpinned by a proprietary cultural operating system which is an AI-driven, big-data engine trained to identify interrelated cultural territories that can drive new growth for brands.

The engine is able to compare cultural influence between competitors, identify tastemakers and trending cultural nodes over time by using a range of channel listening tools. By understanding the needs of active communities, audiences and co-creators this ultimately gives brands a first-mover advantage to occupy cultural spaces before competitors are even aware of them.
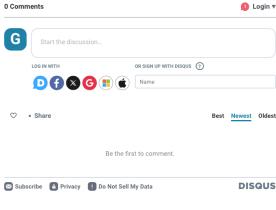
In this view, niche communities are the new demographics, and #trends is the new pop culture and we're seeing these agencies develop innovative ways to tap into these cultural trends types of channel listening to determine what signals a cultural trend (eg. the above example), or in a similar way to the Persona Flow using tools like a digital twin of a brand's consumer target – to build a continuously evolving digital version of your target audience in terms of habits, interests and behaviours used for community management, creative testing, research, trends globally and 24/7.

The sell from culture agencies in the US is that brands risk becoming irrelevant if they don't connect culturally with their audience. Tapping into these communities, via social media, and cultural trends could become crucial for retailer and experiential marketers wanting to bring their communities to life.

From what I saw in the US, it's clear some of the agencies outside Australia are leading in the AI race. What's working well for them is they are focusing on clear areas of expertise in the AI race and how it can help their clients.

They are focused on becoming the best at that area of speciality rather than trying to solve everything. Australian agencies are getting up to speed, but they also need a marketer or client to be able to move with them, and from what I saw, this takes a lot of work and dare I say bravery from both sides.

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