OPINION

If marketers seize back control, what does that mean for agencies and media owners?

In this two part opinion piece TrinityP3's Stephen Wright looks at the need for CMOs to wrestle back control of key aspects of their media spend and why, despite the risks, agencies and media should welcome the move.

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by STEPHEN WRIGHT

In part one yesterday, I outlined the clear potential benefits that market mix modelling can have and how it has the capacity to wrest back control from both the media agency and media owner.

However, market mix modelling is only a platform – a tool, if you will. It needs to be complemented by a framework of actions and aligned capabilities for successful delivery.

For any marketer thinking about setting it up you need to think about the following:

- Sales measurement – Today's market mix models have an increased sensitivity to even minor changes in strategy. The accuracy of sales information is imperative to the reliability and relevance of findings.
- An appetite for change – Embracing change recommendations and challenging the status quo. Clients we have worked with, who set up MMM, have often been surprised by what they learnt but there's no point setting it up if there's no desire to adapt to the insights it will provide.
- Recognising both the value and limitations of AI – Market Mix Modelling and the AI it incorporates only raises the floor, it doesn't lift the ceiling.
- As others within your category (read: your competitors) secure access to high quality algorithms it will help those operating inefficiently by driving them to the places that work where others are already getting results.
- It will cluster activities to the tried and tested environments at which point another fundamental principle of media kicks in 'share of voice' and typically only market leaders will benefit from the clustering of category activity.

Finally, there are limits to what a model or algorithm can tell you – the goal here is wrestle back control of the media spend and have some clearer sense of the media spend and return.

The data is looking backwards at historical information. The best award winning campaigns use data but they also break new ground and often that comes from strategic thinking and new insight.

At TrinityP3, we've yet to see any AI model that has developed to the extent of being able to identify new unproven territory. This is and will hopefully remain the domain of the best thinkers and human strategists.

This is where a media agency can act as a true partner. Embracing the more flexible needs of marketers and their brands in the delivery of services.

But how readily will media agencies and media owners embrace a marketplace of greater client control?

On the agency side there might be some that initially grapple with the loss of control. Particularly because of the following factors:

- Agency's have long championed their own particular 'blackbox of tools', defaulting to external market mix modelling to drive media selection and usage that often diminishes their role as value providers and throws into question some of the tools for which the client is charged extra i.e. our programmatic tool recommends you spend more on programmatic (of course it does).
- Principal based trading and the deals are increasingly a means by which they generate revenue and profit but at the price of transparency.
- Many agency deals are negotiated based on significant share of revenue commitments. The capacity to control and direct funds an individual client's media spend is integral to taking back control and the MMM framework.
- Some will push for the use of their own branded 'in house' market mix

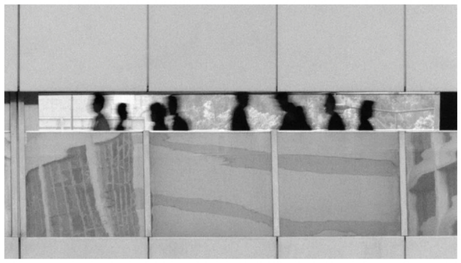
models, but the outputs of these systems have been increasingly questioned by clients when they point to media based solutions where favoured deals are in place.

Ultimately clients should be wary of any agency MMM solution which sees them marking their own homework.

In our experience at TrinityP3 we have seen the rising tide of growing smaller independent agencies far more wiling and able adapt to MMM models. This is because:

- They don't have their own 'in house' market mix model to defend.
- They don't have the global agency deal commitments to meet.
- They have built their product around customised client needs and higher end strategic thinking, an important complement to the AI.

This is not to say the larger multinational agencies can not adapt if clients increasingly "break the black box" and demand a higher level of visibility. The biggest issue they face will be consolidating more flexible media selection with the existing framework of deals in place. In the short term there would likely be some losers.



Clients back in control of media usage and selection within media rendering deal guarantees far more difficult to deliver.

A further concern for agencies will be the realisation by some clients of the increased relevance and potential value add of 'in housing' certain activities.

What agencies need to remember is that this is a service based industry and they need to adapt to the service demanded by clients.

The major multinational media agencies remain profitable, indeed, commentary from the US and Europe suggests that in leaner times they are being used as "cash cows" by their groups to shore up bottomline profit.

If greater investment is required to deliver the media service demanded by clients local media agency management teams need to push back for the funding required. No easy task, I concede, but the winners will be the ones that can win this struggle.

For media owners there will also be implications. In particular:

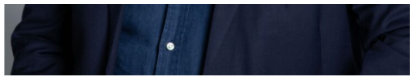
- Media owners hiding behind deals to receive shares unjustified by audience delivery should be very concerned.
- Likewise tech giants overplaying monopolistic positions sheltering behind walled gardens will be exposed as their inventory finds its true market price and value via MMM.

Amid an ongoing and growing debate about the platforms and their role in the media landscape and our wider society, there is an irony that bold measures by newly informed marketers might be the only thing that can truly bring the major technology players into line.

Smarter media owners will recognize the longer term benefits of allowing their products to find their natural market value and will focus on content quality and delivery to improve themselves.

Within the perspective outlined a lot hinges on the value and benefits touted by what in the coming years will be a new wave of Market Mix Models. As ever the defining factors will be the bravery of marketers to seize that opportunity and on the other side the winners will be the agencies and media owners who recognise the opportunity.

Roman playwright Terence was right when he said "fortune favours the brave". I suspect the rise of the Market Mix Model will truly expose and reward those in our industry who are truly brave.



Stephen Wright is global media business Director of TrinityP3.

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