
Look ahead: Media and advertising

The road to responsible growth

**How media organisations
can accelerate recovery
and growth through purpose**

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Responsible growth for media and advertising

Few parts of the economy have experienced such extremes during the pandemic as the media, advertising and entertainment sector. Around the world, lockdown made home entertainment – in all its forms – the only choice.

4.6bn

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Internet access proved essential with 1.1 billion household fixed broadband connections and 4.6 billion smartphones putting unprecedented pressure on networks during 2020. Meanwhile live and outdoor events were cancelled, with ticket and advertising revenue reduced to nearly nothing.

The pre-pandemic trend towards online advertising has quickened and much of this movement will be permanent.



As the media sector contemplates recovery, so the economy as a whole will experience growth. Globally, the World Bank forecasts a 5.6% global growth recovery in 2021. Domestically, PwC expects the UK economy to grow by between 6.5% and 7.2% in 2021 and between 4.1% and 5.5% in 2022. But despite such projections, the effects of the pandemic will linger. Many consumers will remain cautious in their activities and spending levels. Long-term trends around remote and hybrid working, and online purchasing, are still forming and the economic ‘scarring’ of the pandemic will not be repaired straightaway.

Companies able to navigate pandemic-accelerated structural shifts, while redefining their social purpose are well positioned to capture a greater share of market growth.

A wider appreciation of the challenges and opportunities facing the Media and Entertainment sector are explored in detail in our [‘Global Entertainment & Media Outlook 2021–2025’](#) report.

What follows here is a detailed examination of responsible recovery and growth through the prism of brands and agencies, and the marketing services they provide and use.

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The case for change



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Changes underway pre-pandemic, including the systemic transformation of marketing services, is likely to gather pace in the coming months.

This transformation is driven by a need to deliver more personalised marketing and overcome barriers such as the imminent demise of third party cookies. The adjustment in the client demand is changing the very nature of what a marketing services firm does and how it is structured. In short, it must be ready to execute insights-led, digital campaigns.

The case for change is being shaped by the sustainability agenda, too. Growth must have a clear Environmental, Social and Governance (ESG) mandate. That might mean a duty of care to the planet and greater diversity and inclusion. The sector is also accelerating its shift to net zero by reducing long-distance business travel, fossil energy use, and waste which currently account for more than 50% of the [industry's carbon emissions](#).

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Levers of growth

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There are three areas, above all others, where the marketing services sector can begin to shape its future:

1. Massive marketing transformation

Brands are increasingly seeking control and a better, first-hand understanding of what drives user behaviour. Many brands are frustrated by the lack of transparency offered by the major ‘walled garden’ advertising platforms, and by the control those platforms exert on the market. That frustration is exacerbated by fading access to meaningful data.

As such, they are seeking control and oversight into the platforms they deploy and the data they use before drawing on outsourced agencies to help with implementation and execution. And in line with greater adoption of marketing technology in-house, brands are changing their approach to recruitment, seeking to bring in those with technical, data science, engineering, and quantitative marketing skills .

The move in-house is also fuelling huge capital investment in MarTech platforms from the likes of Salesforce and Adobe. And, in an apparently contradictory twist, platform ownership is leading to a growth in managed services, with 95% of clients from mid to large consulting firms saying they would shift all or some of their consulting spend to managed services (Source: The UK Consulting Market in 2020, Global Source Consulting). The reason? While brands are keen for greater insights, capabilities and control, they are happy to outsource day-to-day execution. This change in need is reflected in a realignment among large agencies. The likes of WPP and Publicis are collapsing their house of brands into a streamlined set of propositions and services that better match an increasingly data-driven, digital landscape. The realignment also better meets brand requirements, namely a process-driven and performance-based service.

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2. Shifting consumer engagement

The big change in customer relationships is not so much who the brand is engaging with but where that engagement is taking place. Both B2B and B2C digital relationships have moved beyond search and social. New and emerging venues for engagement include direct-to-consumer environments and third-party marketplaces. They include in-app and in-game advertising. A growth in usage and dwell time means video and gaming – sometimes in combination – create new opportunities.

Gaming prospered during the pandemic with [revenues up 14% during 2020](#) and consumers, across most demographics, continue to spend more time immersed in game play. As a result, brands are increasingly keen to reach gamers either in-game or around the game. Many agencies have set-up specialist gaming divisions. Tencent and the Amazon Twitch ecosystem highlight an environment ripe for brand sponsorship and influencer marketing.

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Audio is another area for engagement. Podcast platforms – from Apple to Spotify – provide access to mainstream and specialist programme-making, while Clubhouse and Spotify (again) offer a radio-like experience through a combination of live streaming and pre-recorded shows.

In most of these cases, marketing has the ability to get much closer to the point of purchase than ever before. [PwC's Global Consumer Insights survey](#) highlights the accelerating shift in consumer behaviour. In 2018, 4% of respondents shopped online at least daily. By March 2021 the figure had risen to 19% and by June 2021 to 23%. For brands, the challenge is first to identify the right location for engagement and then to ensure messages resonate in that environment. Witness the growth of Amazon as an advertising destination. More brands are spending their ad dollars where people are researching products, nearer to the point of online purchase.



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3. Changing data landscape

A renewed focus on privacy is reshaping the data landscape and rewriting the rules of engagement. This shift is exemplified by Apple’s decision to allow consumers to choose if applications can track user movements across other apps, and by Google’s intention to retire the use of third-party cookies by 2023.

The actions of these Big Tech firms reflect the growing impact of personal information restrictions embodied in the European Union’s General Data Protection Regulation (GDPR). In the United States, GDPR inspired the California Consumer Privacy Act (CCPA). Now other US states are rolling out similar legislation. As a result, focus will inevitably turn to first party data. Brands and publishers will need to review the data they collect and the partners they use. Meanwhile, providers of MarTech platforms must continue to explore compliance and alternative methodologies, or seek identity solution partners to mitigate changes in legislation.

Underscoring these moves is customer sentiment. Consumers are increasingly concerned about the dual issues of online safety and data privacy. According to [PwC/IAB research](#) three quarters of consumers around the world consider sharing personal information with firms as “a necessary evil” and more than a third (36%) are less comfortable sharing their information today compared to a year ago.

The shift to cookie-less advertising will increase pressure on marketers to demonstrate responsibility and preserve privacy. There is likely to be short-term disruption as the market adjusts to the new rules of engagement and perhaps seeks alternative digital media buying solutions. In the longer-term, however, continued growth in performance-based digital marketing activity is likely.

What to do next

Among the items on the responsible growth to-do list, firms should consider the following:

Seek partners that can support transformation

Facing up to technology and ecosystem complexity, brands are looking for a mix of technology advisors alongside agency partners that can help them adapt and unlock opportunities. At the moment, this battleground is being fought over by large systems integrators taking a greater share of the transformation agenda than agencies who continue to dominate the marketing “run” services.

It is curious that there has not yet been any meaningful alliances (at scale) between parts of this ecosystem and that remains an opportunity as the transformation boom will continue for years to come. Brands continue to look for agencies that demonstrate digital capabilities, as well as specialist data and content skills, both in terms of creative and technology acumen. As a result, agencies have a real opportunity to help clients with their digital transformation providing they have been through that process themselves.

Rethink the agency business model

As the demands on advertising and marketing change so the agency model must change to deliver value-added services. Among the key pillars of this transformation, agencies should:

- Standardise sales and client management business services in order to maximise opportunities and reduce complexity
- Develop a standard service catalogue that offers clear lines of business and propositions. In doing so agency management can better communicate the value it delivers
- Drive standardisation (not centralisation) across business operations to improve time to market, collaboration, process efficiency, and portfolio performance management
- Accelerate standardisation through integrated enterprise resource planning (ERP) software that harmonises language (common meta-data), processes and reporting across portfolios.





Mirror client and consumer values

Agencies should renew their focus on talent, diversity, sustainability and ethical behaviours to meet the corporate values of their clients and their clients' customers. For brands, openness about the way demographic and personal data is applied will be essential for sustaining profitable customer relationships. It is the definition of responsible brand management. Agencies that can support brands in this endeavour will be in a good position.

For corporate brands and marketing agencies alike, transparency and trust are expressions of responsible growth. Those agencies that can help brands chart a path through the complexity of this emerging technology, consumer, and data landscape – with a constant eye on social purpose – are most likely to prosper.

Who to contact

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