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Autumn 2021

THE PARADOX REPORT

HOW MARKETERS CAN NAVIGATE A WORLD IN FLUX

Contents

Analysis and actions to enable marketers to plan with more certainty

Never before have marketers had so much in their armoury to plan, deliver and measure campaigns. But never before have they been so challenged to make informed decisions about their marketing strategies, where to invest and how to retain and remunerate their agencies.

Why? Because despite game-changing technologies and capabilities, consumers are more empowered, making it more difficult for CMOs and their teams to 'control' the environment in which their brands operate. Despite the explosion in data and tools, there are often deficits in knowledge and insights. And despite multiple agencies, platforms, ad tech and other solutions, there are sometimes gaps in transparency and accountability.

Quite simply, it's a paradox. Layer on the profound changes that have happened as a result of Covid-19 and across supply chains, and the role of marketers is infinitely more complex. The phasing out of third-party cookies in 2023 will add to this complexity and will test many marketing departments and their agencies.

As two independent digital strategists who advise leading brands and organisations on their marketing strategies, we felt that there was a need for more deep analysis of a market in flux. The Paradox Report is the first research study of its kind in Ireland. It draws together data, insights and commentary from thought leaders on the big themes that affect today's marketers. It also includes primary research we conducted for the Paradox Report, as well as analysis based on our own experience of providing strategic advisory services to marketers and other decision-makers on market trends, operating models, procuring agency services and optimising their marketing budgets.

It is designed to equip marketers with more knowledge but also propose action points to enable them to plan with more certainty and achieve the commercial outcomes they are seeking. Instead, marketers need to embrace change and to plan, execute and measure holistically – and with a greater deal of flexibility and accountability than in the past.

The Paradox Report includes data that has never been previously published about the Irish market, along with global trends and perspectives of leading Irish and international experts on the major themes. We would welcome feedback on this report through email or our social media channels.

John Dunne & Aileen O'Toole

The big message

"The strategies and models of the past are not a fit for the future. Instead, marketers need to embrace change and to plan, execute and measure holistically – and with a greater deal of flexibility and accountability than in the past."

Trusted, independent advisors for results-driven marketers

Marketing, media and digital services

Pitch management: Providing informed, independent expertise on agency pitches

Media consultancy: Ensuring clients' media investments are working efficiently and effectively

Talent development: Building the capabilities of marketers and their teams

Digital consultancy: Advising on digital strategies and maximising ROI from digital budgets

John Dunne

Ignite's Principal John Dunne has over 20 years' experience in advertising strategy, media supply-chain management, supporting clients to procure advertising services and troubleshooting contractual and other performance issues that arise with agencies. He has a particular expertise in digital advertising, media buying, pitch consultancy and talent development.

Before he established Ignite Media Consulting, John held senior roles in leading media agencies in both Ireland and the UK, including Core, GroupM and Dentsu Aegis (UK), AKQA and Modem Media. He is an in-dependently accredited media practitioner (IAPI/AAI) and has lectured in digital marketing in UCD Smurfit Business School and Technological University Dublin.

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Aileen O'Toole

Aileen O'Toole is a Chartered Director and a C-Suite adviser on digital strategy, digital marketing, communications and technology. She has 20 years' experience of digital strategy assignments for brands and organisations, and has supported them to specify requirements, procure agencies, technologies and other solutions as well as restructure teams and processes.

Aileen is a leading media executive and is a Co-Founder of The Sunday Business Post newspaper. She currently combines digital consultancy assignments with board roles. She is a member of the Governing Body (the equivalent of a board) of Technological University Dublin.

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The seven factors driving marketing transformation

Never before has the marketing profession had to embrace so much change, uncertainty but also potential opportunity in such a brief time. The traditional marketing landscape was already being upended by technology, changing consumer behaviours, automation, disintermediation and a host of other factors – and then the pandemic hit. It accelerated the pace of change particularly in digital adoption, new business models and responding to customer needs with speed and precision.

This is not just about digital transformation. It is about marketing transformation and has far-reaching implications for marketers, agencies, media organisations and others in marketing's wider ecosystem. We have identified seven main factors that will shape the marketing profession as economies reopen and businesses adapt to what McKinsey calls the "next normal."

1. Covid-19 is rewriting the marketing playbook

Countless reputable research studies on the effects of pandemic have drawn a similar conclusion – life will not return to what it was in early 2020, with many of the major changes that have been witnessed remaining permanent such as:

- Customer behaviours and buying habits
- Brand building
- Digital adoption, particularly eCommerce

Marketing after the pandemic: the new reality

Old truth	New truth
Marketing begins with knowing your customer	Marketing begins with knowing your customer segment
You are competing with your competitors	You are competing with the last best experience your customer had
Customers hope you have what they want	Customers expect you to have exactly what they want
Customers must sit at the heart of your marketing strategy	Customers must sit at the heart of your customer journey
Your brand should stand behind great products	Your brand should stand behind great values
Agility is a technology process	Agility is a modern marketing approach
Marketing is important for growth	Marketing is at the centre of the growth agenda for the full C-suite

Source: Article by Janet Balis, EY Americas Customer and Growth Market Leader and Marketing Practice Leader, published in the Harvard Business Review, March 2021.

Marketing in a post-Covid world requires "the confluence of strategies, operations, and technologies required to drive growth, " EY's Janet Balis wrote in the Harvard Business Review. Drawing on the EY Future Consumer Index which tracks changing consumer sentiment and behaviours in global markets, she had identified a series of "new truths" about marketing which are included in the table.

2. Customers are raising the bar

A sea change is happening in how customers behave, engage and buy. Homes have been turned into hubs where we live, work, learn, shop and play. This has led to a proliferation of products and services which are anchored in the home.

Throughout the pandemic, customers have increasingly been drawn to brands which are local, which offer an excellent end-to-end customer experience, which "get" their individual needs, often through personalisation and with messaging that cuts

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through amid the clutter. While customers still value quality, price, convenience, brand values — such as trust, sustainability and community — are resonating with more customers. Changes in customer behaviours and heightened expectations will drive even more change in marketing.

3. Digital is the top business priority

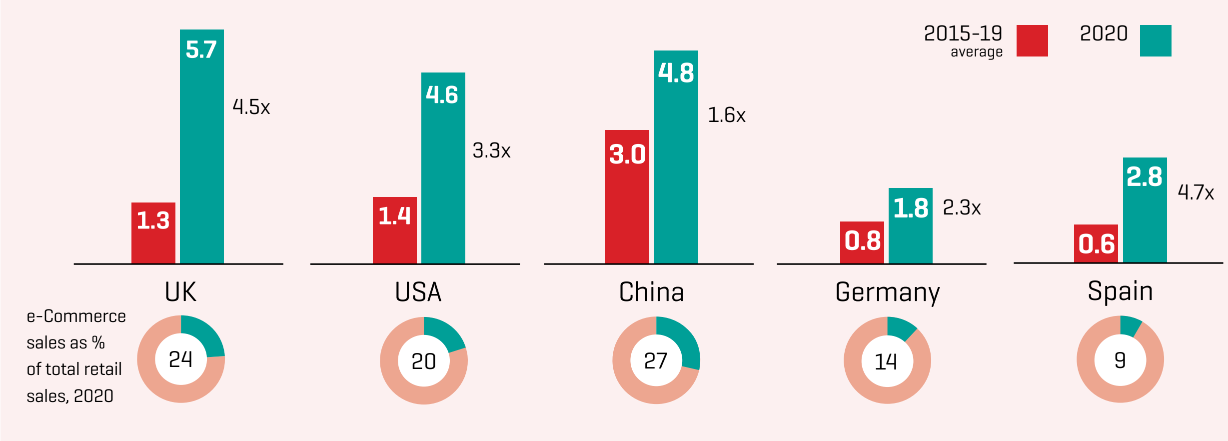
Digital has moved to the top of the business agenda. Board members globally ranked it as the top strategic business priority for the two years to the end of 2022 in a survey conducted by Gartner. Digital is "a strong enabler in addressing employee, customer, supply chain, and broad brand impact to position the enterprise to come out of the crisis stronger," Gartner observed.

Many businesses have moved at lightning speed to adopt digital-first models. Marketers' roles in digital transformation can vary but more organisations are recognising the intrinsic value that marketing offers. As the voice of the customer, they bring infinite value to strategic planning and execution of digital projects – and avoid the trap of internally driven groupthink.

4. eCommerce has hit a critical tipping point

eCommerce adoption across all large consumer markets took a quantum leap during the pandemic – and the signs are that gains will be retained once economies fully reopen. As the graphic drawing on

Growth in eCommerce as % of total retail sales



Source: Retailing by Euromonitor 2021, McKinsey Global Institute analysis

McKinsey research shows, growth in eCommerce as a proportion of retail sales rose in the UK by over four times the annual average over previous years. In the US there was a threefold increase while large spikes were also evident in other markets. While the McKinsey research does not cover Ireland, there are strong indicators that Irish eCommerce growth levels mirrored those of the UK.

Some customer groupings, such as those in older demographics and who see themselves as not particularly digitally savvy, tried eCommerce for the first time during the pandemic. They valued its convenience, extensive choice and competitive price points on offer. McKinsey found that around three-quarters of those who used digital channels for the first time indicated they will continue to do so once restrictions end.

5. CMOs face strategic planning challenges

Covid-19 has not been kind to marketers. Budgets have been cut, while expectations have grown about doing more with less to deliver higher conversion rates and other hard metrics. The proportion of company revenues allocated to marketing contracted from 11% in 2020 to 6.4% in 2021 across all categories, as shown in the graphic on Gartner's research among 400 global marketing leaders.

Marketers face several strategic planning dilemmas. Consumers are becoming more elusive and their media habits – less linear TV, more streaming or on-demand services – make targeting more challenging. Forrester reports that consumers are saying that they regularly avoid ads and even

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question advertising's usefulness in learning about new products and services.

Cross-channel measurement continues to be a challenge. While marketers strive to offer a seamless experience to customers across multiple channels, they lack a holistic, integrated system to measure activity. Despite such difficulties and what the pandemic threw at them, marketers remain an optimistic bunch and are upbeat about recovery and growth.

6. Human capital still matters, despite the bots

While arguably there has been a transfer of power from humans to algorithms, it does not spell the death knell for expert marketers. Artificial intelligence (AI) and machine learning will play an ever-increasing role in marketing but bots won't replace the human expertise needed to set strategy and interpret data and trends.

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Justify ROI and focus on future to win C-Suite support

***Mary Lambkin** considers why, when there is no shortage of data and tools to track advertising campaigns, marketers often struggle to communicate advertising effectiveness and the business case for marketing spend to the C Suite and the board.*

The statement about communicating effectiveness is a truism that I have seen evidenced in many different companies. In my view, it is the result of several factors which could easily be remedied.

The first is that marketers tend to focus only on communication metrics and are not inclined to push that data forward to draw out its financial implications. They may argue that the communication metrics are facts but that estimating their effect on sales and profitability would be speculative and unwise. I would counter this by saying that all investment is speculative, made in the expectation and belief that it will yield an acceptable return on investment (ROI).

This requirement is the same for marketers as any other managers. To have credibility with senior management and boards, marketers must talk their language which is the language of finance and must be willing to stand over their data in terms of justifying ROI.

The second is that marketers tend to focus on a product or brand level in the corporate hierarchy for which they have direct responsibility and restrict their attention to that. This means that they do not tend to place their product or brand in its broader context – to identify what it is contributing to overall corporate revenue and profits and whether it is under- or over-indexing in terms of its contribution to the corporate portfolio.

They need to remember that the CEO and the board is looking at the company as a whole and considering whether each product/brand is pulling its weight so they would do well to adopt this perspective themselves. This would also enhance their own decision-making because it would provide a useful benchmark to compare against. Thirdly, focusing on the communication metrics means focusing on the past – what has happened rather than what we would like to happen. The sign of a clever marketer is one who can take this historical record and use it as a base to project for the future, to set objectives and targets that give a sense of positive momentum and confidence in the future.

As we know, companies' share prices reflect a view on their future stream of earnings so marketers would do well to follow this approach too. It is useful to remember that you are paid for what you will deliver in the future, not for what was delivered in the past.

Mary Lambkin is Professor of Marketing in the UCD School of Business, holds a number of Non-Executive Director roles and is the author of several research studies on corporate and marketing strategy.

Predicting the skills that will be in demand by 2025, the World Economic Forum has put 'digital marketing and strategy specialists' at number four, respectively behind data analysts and scientists, AI/machine-learning specialists and Big Data specialists. There is also growing awareness of the importance of soft skills, like creativity, curiosity and problem-solving which are available in abundance within the marketing profession. With such a foundation and a willingness to learn, the argument goes, hard skills can follow.

While that augurs well for many marketers, short-term talent gaps persist. Client teams, agencies and vendors of ad tech and other technologies are struggling to fill eCommerce, data analytics, performance marketing and other roles.

Irish marketers are being forced to restructure their teams, outsource some functions and seek more

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Seamless customer experience vital for omnichannel success

***Gordon Newman** recommends how to address the challenges in creating a compelling omnichannel experience – and what brands that are playing catch-up need to do.*

Brands need to be where customers are and show up seamlessly. There are a proliferation of media channels and purchase points, not all within the direct control of marketers. Therefore, it is crucial to take a step back to consider how customers navigate across digital and physical touchpoints and the role they play as part of the overall brand experience. From initial discovery and consideration through to the point of purchase and after-sale service, technology can play an enabling role in both understanding the journey and delivering consistency in message and experience.

For eCommerce, the brand experience doesn't end when the customer taps the buy button. The fulfilment, delivery and potential return present both challenges and opportunities. When carefully planned and executed, a frictionless experience with strong communications at key moments can elevate the perception of the brand, build loyalty and grow lifetime value.

Poorly designed post-order experiences can mean that the marketing expenditure on customer acquisition becomes relatively less efficient due to lower repeat purchase and subsequently reduced lifetime values. Existing customers will discuss their experience over social media and review sites, while potential customers will check reviews. While that content isn't in the direct control of the brand, the experience that leads to its generation is.

Brands playing catch up should resist the urge to implement new technologies in the belief that these will accelerate the move to omnichannel. Instead, understanding customers and what's most important to them is the best place to start. For business selling directly to consumers, they will already know what the customer values and understand expectations about servicing. Meeting, or ideally exceeding, these expectations in the design of the omnichannel experience can be used to inform the technology and operational priorities. What is important in one vertical may be less important in another, depending on the brand, product, and customer need. There is no 'one-size fits' approach or playbook to follow. Customers may value discoverability and delivery speed in one business, whereas in another it may be product expertise and information that takes priority.

Where a business sells indirectly , the requirements may be focussed on product discovery, presentation and the positioning on the 'digital shelf' in retailers or marketplaces. So the priorities may shift towards digital assets and the integration of these assets within the point of purchase.

Gordon Newman is Go to Market Director at Life Style Sports, Ireland's largest sports retailer and a recognised leader in Irish omnichannel retailing.

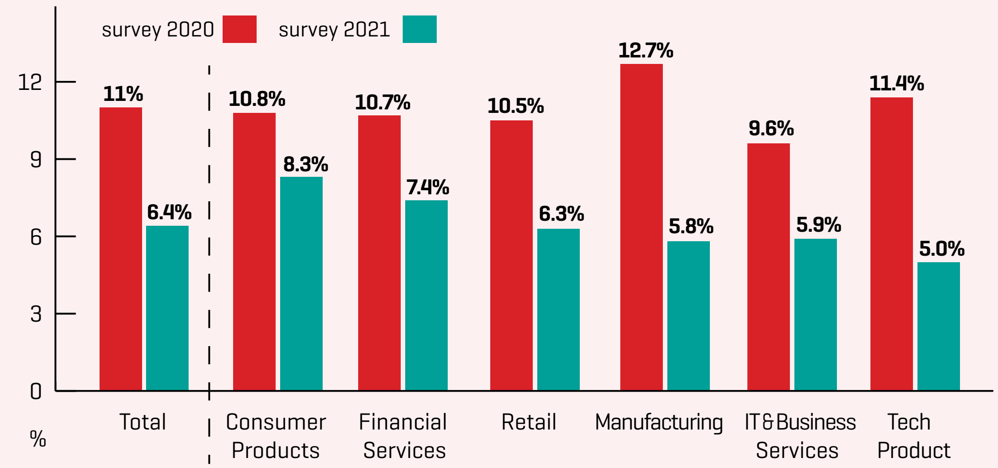
support from their agency partners. Agencies are under pressure to keep up with client requests and to fill gaps in their teams, some of which have been caused by a loss of talent to Big Tech, and others by strong demand from clients for services such as video editing and design.

7. Long-term brand building remains important

Throughout the pandemic, many marketers were tasked with more short-term objectives – primarily delivering the numbers through higher sales conversions for campaigns – at the expense of longer-term, brand-building campaigns.

Mark Ritson, brand consultant and Marketing Week columnist, observes that growth and financial success come from a combination of both long-term brand-building and shorter-term sales conversion. "These two alternatives each require approximately half the marketing budget, for that success to eventuate. We know that the two don't just require separate investments, they demand different objectives, tactics and timelines. And we know that, if you look for returns from your marketing on a 12-month or shorter timescale, you will inevitably undervalue long-term brand-building and move too much of your marketing investment into shorter-term tactical fare."

Revenue allocated to marketing 2021 v. 2020



Source: Gartner CMO spend surveys, based on survey of 400 leading CMOs, published July 2021. Mean percentage of budget shown

Action points

1. Be brave in defining strategy. Incremental change won't necessarily cut it
2. Create a culture of agility, flexibility and collaboration in how your strategy is executed
3. Prioritise the customer perspective across all touchpoints
4. Stay on top of trends and customer insights – and respond quickly
5. Aim to deliver a frictionless omnichannel customer experience
6. Harness data for personalised propositions within ever-narrowing customer segments
7. Use personas and customer segmentation to inform media buying strategies and creative campaigns
8. Avoid the rear-view mirror and focus on the future with a narrative and KPIs that will chime with the board and the C-Suite
9. Create KPIs using real-time data that cover all elements of the customer experience, not just those controlled by marketing
10. Ensure your brand values and marketing campaigns reflect changing customer preferences and their emotional needs
11. Get comfortable with marketing technology, or mar-tech
12. Commit to continuously learn and acquire new skills

How CMOs should navigate a disrupted agency landscape

While marketers who rely on agencies to plan and execute campaigns have a wealth of agency choices, they face multiple challenges in selecting and remunerating their agencies, while ensuring accountability for spend. The market comprises the big media agencies groups, a plethora of smaller agencies but also management consultancies.

It is an increasingly complex market for CMOs to navigate, given how agency services have become disintermediated by technology, and media buying has been separated from creative services. This has led to "competing agency factions and disintegrated campaigns," according to Forrester. Through the lens of media spending, there are six agency groups in the Irish market as profiled by COMvergence on page 12 but this does not fully represent the entire market. The shift to digital has seen an explosion in the number of digital agencies, creative agencies and performance specialists. Our Marketing and Digital Services Tracker has logged over 160 digital agencies alone operating in Ireland servicing big brands, government bodies and SMEs. And that excludes overseas agencies which are active here.

The increasing presence of the management consultancy houses has a sizeable impact on the bigger agency groups, particularly in the delivery of higher ticket strategy services. For example, Accenture Interactive combines creative capabilities, acquired through the acquisition of Rothco, with core strategic, technological, innovation and other services.

Advertising pricing model

PRICING MODELS	HOW IT WORKS	PROS	CONS
Time & materials	Defined time, rates	- Simple - Easy to budget	- No performance criteria - Inflexible, no defined outputs
Output	Fixed price (outputs)	- Defined budget - Sign-offs easy	- Inflexible - Potential disputes
Results	Performance-Related Incentive Payments (PRIPs)	- Results-driven - Agency relationships	- KPIs disconnect - Tracking KPIs - Potential disputes

Source: Ignite Media Consulting analysis

While advertising agencies usually can only influence the CMOs whose roles in overall business strategies may be limited, consultancies are more likely to engage with boards and the C Suite. Consequently, they are getting more strategic marketing transformation projects while also providing design, data management, performance marketing and other fulfilment services.

Strategic reviews

Given the market complexity, it is little wonder then that CMOs are often tested to find the right agency partners, manage multiple relationships, create the right type of engagement models and ensure accountability for what they spend. Where to start? Putting the agency business out to pitch might seem the obvious answer but the outcome often falls short on expectations, in relation to potential cost savings and better agency servicing. Also, it tends to be too narrowly focused on one aspect of the dilemma CMOs face.

Instead, we would recommend that CMOs commission independent strategic reviews to:

- Map out current and future requirements, with a particular focus on technology, integration, and changing consumer media habits
- Assess the pain points in the current model

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and agency relationships

- Determine requirements and capabilities in-house and externally
- Analyse existing agency contracts, Service-Level Agreements to ensure they are fit for purpose
- Set the strategy, objectives and KPIs

Results-driven models or Performance-Related Incentive Payments (PRIPs) are increasingly popular. They work best when there is clarity on objectives, where KPIs can be easily tracked and where client/agency relationship is on a solid footing. As for the agencies, they need to plot their way through disruption, client demands for 'faster, better and cheaper' solutions and Big Tech poaching their talent. They will need to find further efficiencies in the way they deliver services and create models where their services are valued and are commercially viable.

Action points

1. Ensure clarity about strategy, objectives, KPIs

2. Define internal and external capabilities

3. Set concrete performance benchmarks and servicing criteria for agencies

Agencies can recover relevance through skills and expertise

***Colin Lewis** gives his take on current and future client /agency models.*

Like brands, agencies were optimised for business models built on margins around TV advertising and brand-building. The agency world, particularly internationally, has not helped itself with its obsession with abstractions like 'creativity', 'bravery', 'storytelling' and purpose-driven brands.

Agencies are still looking backwards. "One of the biggest own-goals of the advertising industry is the invention of the 'brand-building' campaign," according to Professor Jenni Romaniuk of the Ehrenberg-Bass Institute. CEOs and CFOs can't manage 'creativity' or 'bravery', they can only deal with outcomes. And they like measures, as that is how they are judged and incentivised.

The agency of the future has to:

1. Convert existing brand demand with performance marketing and have a high level of expertise to position itself around that. It has to have a set of propositions that will always capture existing demand – with clear measures and ROI. This is a lower margin stream of business for agencies, but still needs to be done.

2. Have another set of propositions that are built around marketing science, peer-review journal articles and data delivered by a team that has deep domain knowledge in marketing effectiveness. This team can create 'future demand' to enable brand growth that can be maintained sustainably. This team is not called 'brand-building' or any such term. It is the growth team and with such deep domain expertise, agencies can charge higher margins.

The good news about this model is that no client company outside of the biggest can afford the latter. By having skilled people who know about delivering growth regardless of the channel of distribution — on Google, in retail, in marketplaces – agencies can recover their relevance.

Also, there is an important hidden trend – the roles of skills and expertise. Clients, unless they are very big or very attractive to work for, cannot by definition have all the skills they need in-house. Clients will want them – but won't be able to hire them. But who can hire skilled people? Agencies.

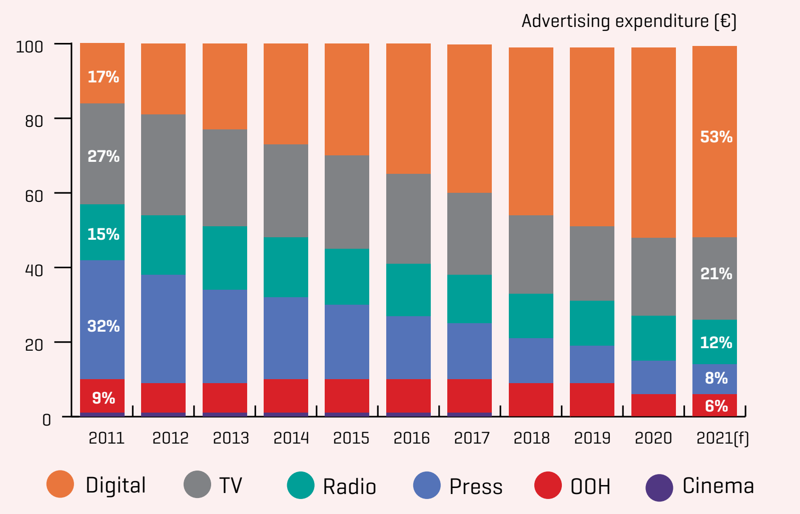
Colin Lewis is an experienced international marketer, a columnist with Marketing Week, the author of several research publications and is the Founder of DMX Dublin, Ireland's largest marketing conference.

Growth linked to understanding ad spend and share of voice

With more than 15 sources of expenditure, and no appetite for creating a single definitive source, the Irish marketing profession has to rely on guesstimates on the value and composition of the Irish advertising market.

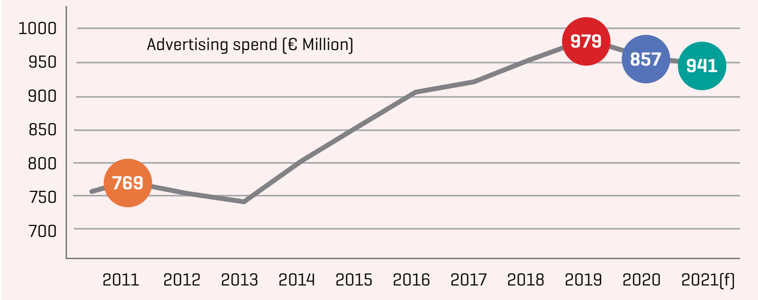
Our own guesstimates, reflected in the charts, are based on the averages from the Core, GroupM and Dentsu media agency groups. Digital will take an estimated 53% of a market reckoned to be worth €941 million this year. Google and Facebook account for as much as 80% of the digital advertising market, which based on our analysis means they are taking a gross €400 million from the Irish advertising market.

Advertising spend by channel



Source: Ignite Media Consulting based on averages of aggregated data published by Core, GroupM and Dentsu

Advertising spend: a 10-year view



Source: Ignite Media Consulting based on averages of aggregated data published by Core, GroupM and Dentsu

Digital's growth has been at the expense of traditional media. Press has taken the biggest hit, with its share contracting by a quarter over the decade to just 8% followed by TV whose share has contracted by more than a fifth to 21%.

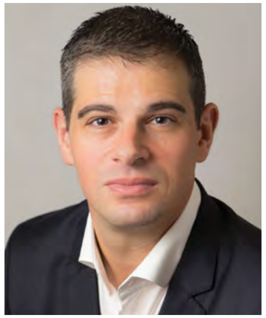
Why spend matters

A fundamental component of Excess Share of Voice (ESoV) is advertising spend. Academic John Philip Jones argues it makes sense to set advertising budgets according to the demands of a brand's category and competitors.

His study found that brands with a share of total category ad spend ahead of their market share were more likely to achieve their growth forecasts. He found a direct correlation between a brand's consumer mental availability (the extra share of voice versus rivals) and differing advertising attention performance metrics across media channels to deliver business results. Simply put, if you are overspending on low-attention media platforms and underspending on high-attention media platforms while your competitors are doing the exact opposite, your brand will not grow or is more likely to decline. But that's only half the story. The outcome of the advertising must be taken into account when considering return on advertising spend. Expect to hear a lot more about 'attention' and 'attention adjusted SOV'. While 'attention' has always been a key metric, it's only recently that there is far more proof from the likes of The Attention Council, Amplified Intelligence and Lumen to make it accessible in a way that has the potential to influence how agencies plan and buy media.

The lack of a universal trading currency (an accepted mechanism for independently measuring, validating and reporting audience numbers, that forms the basis for how media is bought and sold) is an immediate impediment to changing the status quo and putting it on the mainstream marketing agenda for now.

GroupM landed most new Irish advertising business in 2020



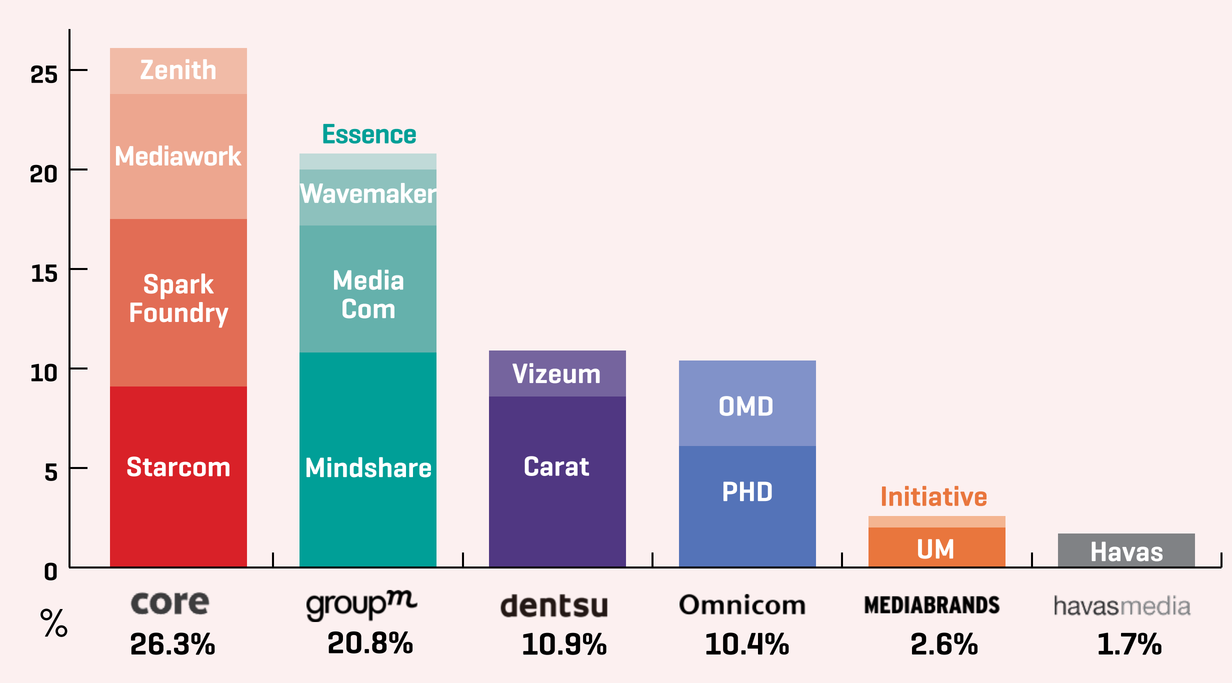
Olivier Gauthier *considers the main advertising data and trends from the latest Irish study conducted by COMvergence, his international advertising research company.*

Globally, the advertising market is experiencing major changes, with agency consolidations, the growing dominance of international groups and networks, and with brands reviewing their agency relationships and putting their accounts out to pitch more frequently. COMvergence has been tracking these trends at global, regional and country level since 2016.

Our 2020 global study which covers 45 markets shows an overall decline in billings for all the networks of 10.5% compared with the previous year. It ranks GroupM as the leading media agency group with billings of $53.1 billion, followed by Publicis at $36.6 billion.

Our Irish report shows broadly similar trends to this global study, but the decline in billings is less severe at just 5.6%. It shows that the top six media groups account for almost 73% of the Irish market and that 41 accounts were the subject of pitches or moves during the year.

Media agency groups: market share



Source: Irish media billings ranking and market share 2020, COMvergence

The top two media group rankings in the global study are reversed in the Irish study. Core, which is affiliated with Publicis, emerges as the market leader, accounting for a 26.3% share – its agency brands include Starcom, Spark Foundry, Mediaworks and Zenith.

Group M comes next with a 20.8% share through its agency brands such as Mindshare, MediaCom and Essence. Dentsu which controls Carat and Vizeum is in third place with a 10.9% share. Omnicom which owns OMD and PHD had a 10.4% share, followed by Mediabrands (2.6%) and Havas (1.7%)

COMvergence values the Irish advertising market at $900 million, based on the cumulative spend by Ireland's top 400 advertisers, all of which had

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an annual spend of more than $400,000. Our research sources include Nielsen, our own proprietary methodologies and validations with agencies.

International groups dominate

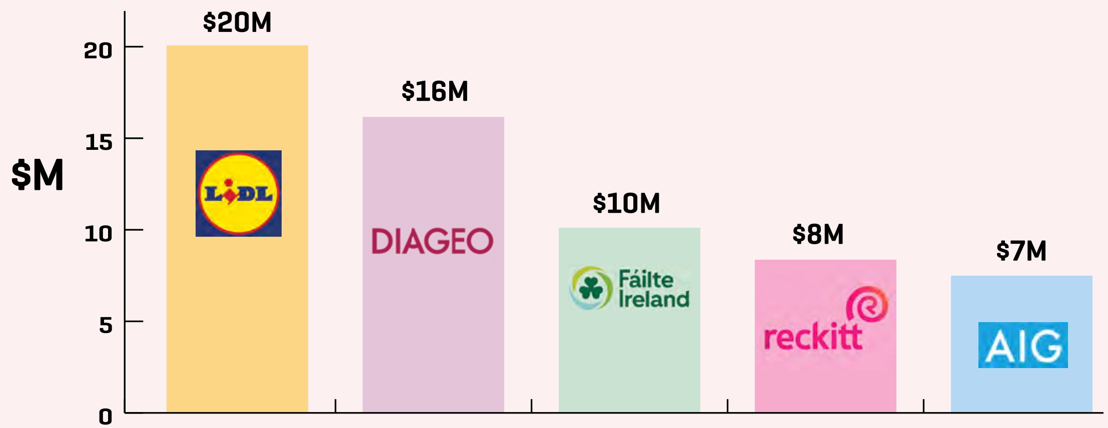
Our New Business Barometer shows that the international media agencies and networks dominate in the Irish market – they accounted for 34 of the pitches or moves in 2020, or 83% of the total. Incumbent agencies retained just nine of the total 41 accounts that were subject to pitches or moves.

The increasing tendency for major brands to put their business out to pitch on either a regional or a global basis is also evident in our Irish research – 17 pitches/moves arose from regional or global client decisions, in comparison with 24 where the decisions were taken locally.

The biggest gains were recorded by GroupM with a $41 million increase in the billings it managed through a net 20 new account wins or retentions, while Dentsu showed the largest loss, through a drop of $15 million in billings following a net 19 account losses.

The biggest account to go out to pitch in 2020 following was Lidl with $20 million in billings, where the incumbent MediaWorks lost out to MediaCom. The next largest account – Diageo with billings of $16 million – was put out to pitch globally and saw PHD

Top 5 major media pitches and moves



Outcome	MediaCom	PHD	Mindshare	Zenith	Mindshare
Incumbent	Mediaworks	Carat	Mindshare	Zenith	OMD/Carat

Source: Irish media billings ranking and market share 2020, COMvergence

succeed at the expense of the existing Irish agency, Carat. The other three accounts in the top five were:

- Fáilte Ireland, where Mindshare retained the account with billings of $10 million
- Reckitt, a $8 million account, which also saw the incumbent Zenith retaining the business
- AIG, which resulted in the existing two agencies OMD and Carat losing out to Mindshare

The remainder of the top 10 accounts that went out to pitch were:

- ESB Group with billings of $6 million, which saw Spark Foundry lose out to Carat
- Irish Life Assurance with billings of $4 million, where Mediaworks retained the account
- Heineken another $4 million account, with Starcom losing out to Carat
- Boots (Walgreens) again with billings of $4 million with the incumbent MediaCom retaining the account
- Gas Networks Ireland, another $4 million account where OMD won out against incumbent Carat

Olivier Gauthier is the Founder and CEO of COMvergence, the independent research firm providing benchmarking studies and online databases at a global, regional and country level. COMvergence data is a critical resource used globally by CMOs and other marketing professionals to understand the evolution of the marketing and communications landscape.
For more details, visit www.COMvergence.net

More outcome KPIs needed, less 'vanity metrics'

The old adage that what gets measured gets done needs to be front of mind with marketers and their agencies, particularly in demonstrating the value of advertising campaigns to boards and the C Suite. There has been a shift in measurement from buying media to buying audiences and to more commercial KPIs. Yet too often in our experience 'vanity metrics' are used. Examples include unique visitors, rather than real people, and 'likes' and 'shares' on social media, rather than indicators about brand sentiment.

Outcome measures – such as return on advertising spend (ROAS), customer lifetime value and conversions – are important in measuring business results and value of campaigns delivered through media. Brands which benchmark ROAS against industry norms and competitors and act on those insights as well as other data are more likely to have an edge. There is also a growing recognition of the importance of quality metrics, such as brand safety, reputation and the quality of data sources.

But there's a disconnect. While internationally marketers recognise the importance of outcome KPIs, they tend not to be the most widely used. Media KPIs that matter (the 2021 study by the USA's Association of National Advertisers) found that the most commonly used KPIs relate to efficiency KPIs (CPM, CPC) and media exposure KPIs (unique reach, viewable impressions).

KPI category	Key consideration
Efficiency	What is achieved per unit of investment?
Effectiveness	What profit or market share growth metrics are being measured?
Exposure counting	What summary metrics are being measured?
Audience measurement	Who is your audience and are they real people?
Measurement quality	What quality metrics and sources are being used?
Other	What future focused metrics are being considered?

Source: Ignite Media Consulting analysis

Action points

1. Measure what you can control

2. Set KPIs for brand health, sales, future growth

3. Align KPIs between your brand and agency partners

4. Avoid 'fast' data, as it only focuses on the here and now

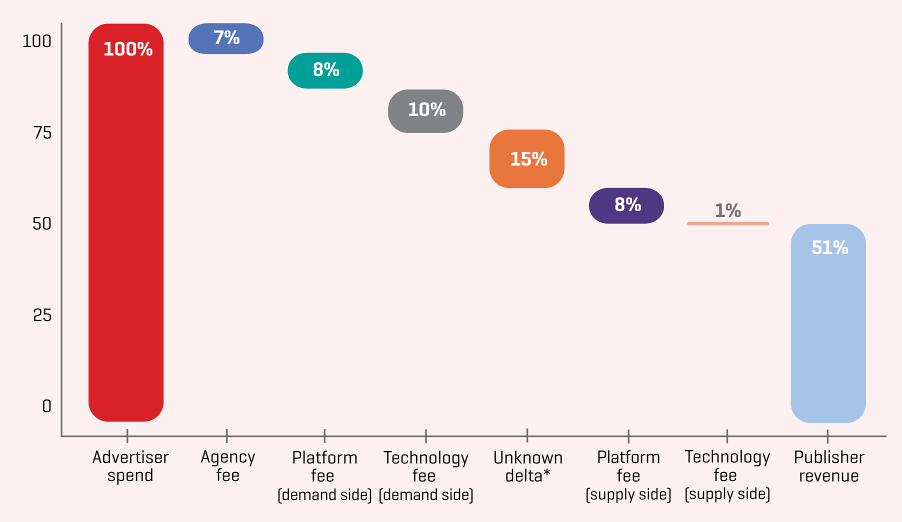
Our experience in the Irish market reflects this disconnect and also indicates that many brands and their agencies are at an early stage of determining outcome KPIs and factoring them into remuneration models and Service Level Agreements (SLAs) with their agencies. The table on the left provides an overview of what marketers need to consider when creating and monitoring KPIs.

Marketers also need to set KPIs for creative and other agencies. This tends to be more nuanced given the intangibles of their outputs and the nature of the contractual arrangements. That said, an area that is applicable to all agency partners that often gets overlooked is the framing of a robust SLA that is current, reflects client priorities and has associated benchmarks linked to key deliverables.

Programmatic advertising still dogged by transparency concerns

First-party data is becoming the critical ingredient for all key phases of programmatic operations, from audience targeting and segmentation to optimisation, measurement and attribution. This is likely to be the foundation of digital marketing in the future. Such assets can be bolstered through partnerships with trusted publishers that are open to first-party data-sharing. Initiatives such as private data clean rooms (where aggregated rather than customer-level data can be shared with advertisers using strict protocols while still exerting strict controls) will potentially become more important than ever. This will help improve the reputation of programmatic advertising, which has taken a series of knocks in recent times.

Programmatic transparency



Source: adapted from the ISBA Programmatic Supply Chain Transparency Study, in association with the Association of Online Publishers (AOP) and carried out by PwC

RTB was meant to stand for Real-Time Bidding but has ended up meaning a Race to the Bottom. It was meant to ensure that programmatic could deliver the right message to the right person at the right time, with the only concern being delivering impressions at the cheapest possible price. Instead, there is a burgeoning programmatic marketplace which is valued globally by eMarketer at €147 billion that needs to be disentangled from opaque trading practices and made more trans-parent and simplified.

In May 2020, the lid was lifted on program-matic practices with the publication of the PwC study Programmatic Supply Chain Transparency commissioned by Incorporated Society of British advertisers (ISBA) and the UK's Association of Online Publishers (AOP). An inconvenient truth still persists. The governance of the programmatic supply chain is weak and there are too many intermediaries.

As the graphic shows, one of the most striking observations in the report was that half a brand's advertising spend never reaches the publisher. PwC was unable to trace 15% of the money spent by advertisers and called this the 'unknown delta.'

A cross-industry programmatic taskforce has since been established to standardise the data structures and identify and mitigate the drivers of the unknown delta. Findings from the study and the taskforce outputs will now be used to inform a new study into the programmatic supply chain announced in the

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Action points

1. Demand greater transparency over supply chain costs

2. Seek better control of data, media strategies and campaign execution

3. Seek better control of data, media strategies and campaign execution

4. Understand better how your agency makes money and, specifically, how it makes money off you

US by the Association of National Advertisers (ANA).

Breakdown in trust

At a global level, some agencies have challenged accusations of non-transparency by arguing that it's an inevitable and necessary result of downward pressure on fees from clients. Some industry observers believe the drive to reduce fees from the advertiser side has led to client relationships becoming more transactional and trust breaking down as a result. The crux of the issue is that agency fees need to be based on transparent principles – and agencies have the right to say 'no' if they can't reach agreement.

Now more than ever, advertisers must know they are getting the best media plans or creative work possible for their money – particularly as budgets have tightened throughout the pandemic. That fundamentally relies on a relationship of trust. The Russian proverb, most famously used by Ronald Reagan, "trust, but verify", makes a lot of sense in the current marketplace. Good business is based on trust between people. With the media landscape more complex than ever, objective media planning is needed, which puts clients' best interests first rather than those of agencies and intermediaries.

Testing and contextualising customer behaviours essential for marketers

***Colin Gordon** considers the role of research and innovation in marketing, given the wealth of data, but not always the right type of data, that is at a marketer's fingertips.*

There is no real 'assurance' that can be gained by solid research. All you can do is to take the best possible decisions based on all the relevant data points – other sectors, trade reports, bespoke research, cultural trends, past mistakes and actions within your organisation and sector, international signals, etc.

Marketing is more art than science, and art is whatever the viewer or listener perceives it to be! The proof of its 'rightness' will only manifest over time. To help inform and to reduce some of the risk, test marketing and using trusted devil's advocates are critical, as too often there is too much momentum behind a particular direction without it being really held up for scrutiny.

Too often 'innovation' is seen as trying to invent something new. That's a bit like the unknown unknowns. As the old saying goes, there are only seven basic storylines and everything else is a derivative of one of those. That doesn't mean that everything has already been invented but it's rare and wonderful to invent something. Much more pertinent to business overall is 'development', 'improvement', 'renovation'. That's easier, less time-consuming and very relevant to respond to a post-Covid world – or more realistically, a post March-2020 world as we are by no means sure when there will be an end to the current pandemic context.

In terms of research, it's not all about briefing a trusted agency. It's always important to really understand your customer or end consumer. That understanding is gained by not only having a full view on how all the various segments of the value chain work together to bring the product or service to life in front of the critical point of interaction.

Your customer/consumer does not operate in a bubble just designed by you. They operate and interact with a huge array of products and services. It's a useful 'tool' for marketers to look into what's happening within other sectors. Also, it's worthwhile spending time understanding cultural and 'fashion' trends to more fully contextualise the customer/consumer behaviour(s).

Colin Gordon is the Founder of Engage Consulting, the former CEO of Glanbia Consumer Foods, and is the author of Marketing in Trouble, which explores what's wrong with marketing and how it can be fixed.

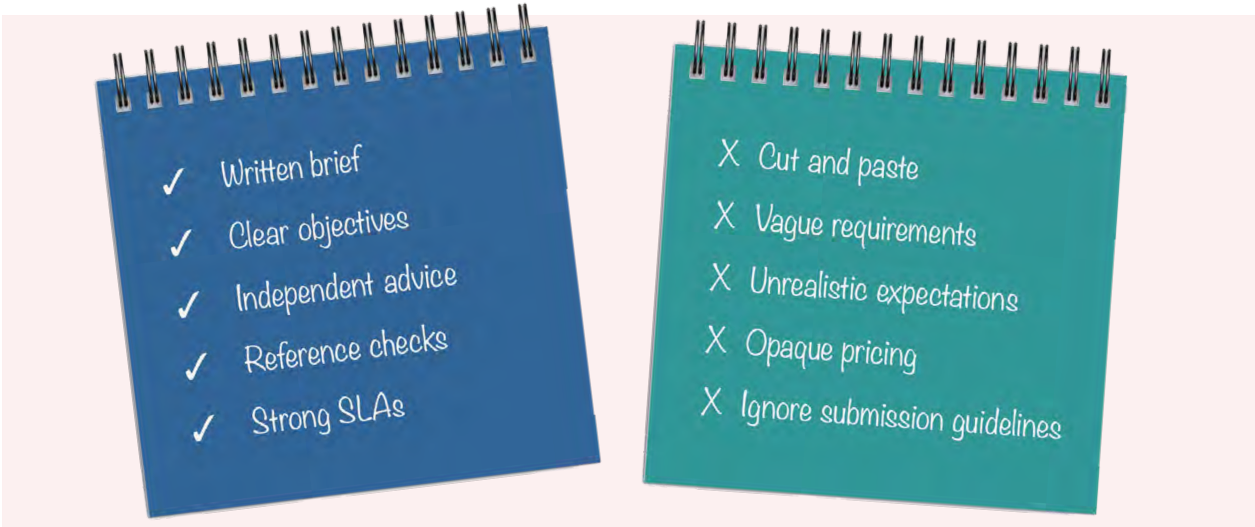
How to be a smart buyer of advertising and digital services

Clients of advertising and digital services, as well as ad tech and other solutions, are spoilt for choice, given the abundance of agencies, marketing and other providers operating in the Irish marketplace. Yet they are more challenged than ever to select the right agency partners, choose the technologies that best suit their business needs and differentiate between what is on offer.

Among marketing suppliers alone, Ignite Media Consulting is aware of over 200 suppliers in the Irish market which we have profiled and segmented in our Marketing and Digital Services Tracker. These include media-buying agencies which account for over 50% of media buying in Ireland to creative agencies, digital marketing and performance agencies, web design and development agencies, data analysts, social media agencies, content specialists, ad tech and other technology providers.

For many clients, identifying the agency/supplier model that works best for them and selecting agencies can be fraught with difficulties. In our experience, these problems are more acute for SMEs, as they do not always have the necessary skills and knowledge. But big brands, with large budgets and more expertise, also encounter problems in managing agencies, putting their agency business out to pitch and managing agency relationships.

Some clients have a fragmented supplier structure – too many agencies and third parties to manage, with potential overlaps in their service offerings and the potential for disputes. Some clients have consolidated their structures successfully. Others find that a smaller number of full service agencies do not necessarily have all the specialist skills they need – and that servicing the account falls short of what was promised in the glitzy proposal and the Hollywood-style presentation.



Clients need to develop a better blend of internal and external capabilities, while becoming more agile and adaptive. It is essential to establish that your preferred suppliers have the right credentials and sufficient expertise to improve marketing performance and achieve other objectives.

Supplier and service models vary a lot in terms of quality, cost and functionality. It is all too easy to focus on costs and pay less attention to other important factors. So how can clients become smarter buyers of advertising, digital services and technologies?

1. Communicate your needs

Document clearly what your business wants to achieve in the agency brief. In advance, consult with important internal and external stakeholders and ensure objectives are unambiguous. Draw on strategy documentation, research and data to ensure agencies you approach fully understand your goals. Where necessary, and particularly for media-buying accounts, share the budget and some performance data. Consider getting agencies to confirm no conflicts of interest and signing a non-disclosure agreement (NDA) in

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advance of receiving the brief.

2. Be transparent

Be upfront about the evaluation process for the pitch and your expectations. In the brief, set out the criteria by which proposals will be assessed. Detail what you expect in terms of client servicing, timelines, deliverables and other factors that can be transposed into a Service Level Agreement (SLA) following a contract award. For all pitches, set expectations about the extent of the work and draw on guidelines from the likes of the advertising bodies such as the Institute of Advertising Practitioners (IAPI), the Association of Advertisers in Ireland (AAI) and the Marketing Institute of Ireland (MII).

3. Seek independent advice

Be conscious that some suppliers may have vested interests when recommending vendors and may not be entirely neutral. This can mitigate against the delivery of optimal solutions and performance. Seeking an independent advisor at an early stage in the process, before the brief is finalised, can pay dividends in avoiding risks and provide marketing, advertising, digital and other experience and insights that may not be available in-house.

4. Value experience

Ask for case studies showing evidence of improved performance, ROI, client servicing, quality and other criteria. Request the names and contact details for those clients and also inventory and data partners and take up those references. For media-buying agencies, scalability and ability to integrate other platforms and media channels should be a top priority. For creative, digital and web development agencies, seek evidence that projects were delivered on time, on budget and to the quality standard the clients expect. For technology vendors, seek details on functionality, differentiation as well as any relevant data that is relatable to your business.

Also ask for details of the team who will manage the account. Seek commitments that the senior people on the team will service the account and so avoid the risk that senior people will not be as involved as they promise to be during the pitch.

5. Ensure selection process is robust

Evaluate and score proposals against robust criteria where like-for-like comparisons can be made on cost, experience and other factors. Involve others from outside the marketing department who will add value to the process. Seek presentations from agencies to clarify what are in proposals and to get a sense of the people behind those proposals. Get clarifications if there are gaps.

Once the selection is made, ensure that the SLA reflects the requirements, the agency responses and performance criteria. Always provide feedback to disappointed agencies and give them concrete reasons based on the evaluation process about why they weren't selected.

6. Follow submission guidelines

Spend time on completing application forms for the various digital marketing, eCommerce and other grant schemes which are operated by State agencies. From evaluating such applications, we are conscious that the same issues arise which prevent SMEs from accessing funding. Specifically, in our experience, the content is cut and pasted from other documents which are not always relevant to the scheme in question. In some cases, agencies complete the forms on behalf of clients or potential clients. As a result, the same content can appear in multiple applications.

There are often big gaps – for instance, setting out the vision for the business and what specific objectives applicants are trying to achieve under the scheme. Too often, unrealistic expectations are set that are unachievable in the context of a short-term assignment with an agency. Pricing of projects sometimes can be unclear. The State agencies submission guidelines and scoring criteria are sometimes not taken into account when completing the forms. This can prevent applicants getting funding, as evidence is needed against the stated criteria to ensure high scores.

While form filling can be a headache, we would strongly advise SMEs to spend time on these submissions and to continuously check the submission guidelines. We would advise against asking an agency to complete the form but by all means draw on relevant sections from an agency's proposal or work programme, if they meet the requirements.

Identity crisis looms once cookies are phased out

Delivering personalised advertising by tracking consumers online and managing campaign reach and frequency will become more difficult for advertisers from 2023, when third-party cookies can no longer be used. Research conducted by Ignite Media Consulting for the Paradox Report highlights the extent of reliance on cookies in the Irish advertising marketplace and the fallout of the loss of cookies, in relation to attribution, targeting and greater reliance on Google and Facebook.

Third-party cookies and device identifiers have been the foundation of personalised digital marketing for more than a decade, enabling granular targeting and precise measurement on cross-site, cross-channel advertising campaigns.

With privacy concerns on the rise, and regulators giving consumers greater control of their data, brands need to prepare for a 'cookieless' future.

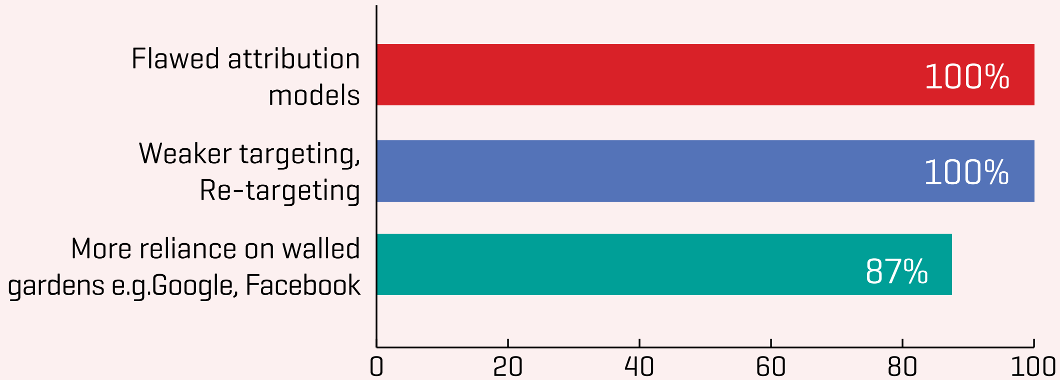
It is clear that the impact is not yet fully understood, with only 37% of companies globally saying that they are 'very prepared', according to an Adobe survey conducted in early 2021. Many are taking a wait-and-see approach, which typically results in last-minute, short-term fixes and workarounds.

In an era of data-driven marketing, brands and their agencies were already struggling with how best to leverage data. Rishad Tobaccowala, an authoritative figure on media strategy and data, captured the dilemma with his comment: "Data, data everywhere, so much data I will sink. Data, data everywhere, which is the data that will help me think?"

Internationally, the consensus is that a media marketplace with no third-party cookies has the four main effects on advertisers:

1. They will no longer be able to run digital campaigns with reliable audience reach metrics
2. Targeting and re-targeting will become weaker
3. Attribution models will no longer be robust
4. The changes will benefit Big Tech players like Google, Amazon and Facebook and their so-called 'walled gardens', a term used to describe when all data and technology are only available within the platform itself.

Impact in Ireland of loss of cookies



Source: Ignite Media Consulting survey of media agencies

Replacing third-party cookies

The loss of third-party cookies will force brand owners to reimagine user experiences and seriously consider the advantages of taking control of capturing and using their own first-party data. This is the data they collect through a direct relationship with consumers, such as transactional data, CRM and data submitted through online forms. While such data typically is beneficial as it reflects the needs and interests of consumers, it is not always easy to access or to act upon. Brands with direct-to-consumer models are more likely to be able to avail of first-party data. Brands which rely on inter-

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mediaries will be more seriously affected, with some commentators saying that it will have negative consequences for their marketing strategies.

There are alternatives to first-party data, each of which is not without its challenges. Advertisers might consider using data collected by publishers or eCommerce providers. Authenticated user data can help manage campaign reach and frequency, but the downsides are that this media-owned data can be fragmented across multiple smaller media owners. Another option is contextual targeting which is on offer by many publishers using ad tech solutions. It allows campaigns to be tailored based on content, devices and user context. Its benefits include that it can improve campaign relevancy and allow brands to monitor and manage the suitability of their content. However, that needs to be weighed against the challenges of scalability and measuring campaign effectiveness.

Impact on Irish advertising

In Ireland, we estimate that around circa 53% of all

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Culture of transparency needed to avoid privacy risks

***Steven Roberts** sets out the steps Irish marketers need to take to navigate an increasingly complex privacy ecosystem.*

GDPR principles such as data minimisation and data protection by design and default require a culture change in many companies about obtaining and processing personal data. Consumers are both weary and wary of trading their personal information for access to products and services. Many are fearful of the trade-offs involved in what author Shoshana Zuboff terms "surveillance capitalism."

There needs to be increasing emphasis on ethics. Through automation, Big Data and machine learning, marketers are accessing increasingly powerful technologies and can combine datasets in new ways. With over 8,000 marketing platforms available, they must ensure these are utilised in an ethically sound manner and avoid both financial and reputational risks.

The marketing profession relies heavily on technologies such as programmatic advertising, currently under scrutiny from data protection authorities across Europe for their complexity and lack of transparency. The UK's Information Commissioner's Office (ICO) states that the "complex system of Real-Time Bidding (RTB) can use people's sensitive personal data to serve adverts and requires people's explicit consent, which is not happening right now."

Marketers face a significant challenge. On one hand, they have access to increasingly powerful technologies that will help them achieve commercial targets. On the other, many of these technologies are complex and opaque, making it difficult to ensure personal data is used in a GDPR-compliant manner.

To address current gaps, marketers need to commit to ongoing data protection training. Regular audits should be undertaken, so their organisations clearly understand what data is being processed and how it is being used. Clear policies and procedures must be in place and championed from the top. For larger marketing teams, identifying data champions at a departmental or business unit level can be effective in keeping data privacy top of mind.

Competence requires consistent, iterative and ongoing commitment to developing a culture of transparency and respect for the use of personal data. Marketers who take the time to truly understand data protection best practice will be well placed to progress in their careers in the coming decade.

Steven Roberts is Head of Marketing and Data Protection Lead at Griffith College and Vice Chair of the ACOI's Data Protection and Information Security Working Group. He is the author of Data Protection for Marketers: A Practical Guide, published by Orpen Press.

current media spend is digitally enabled and therefore reliant on some sort of an identifier. Consequently, a cookieless environment has major repercussions for brands, agencies and publishers.

To establish the extent of this impact, we conducted research among the major players in Irish media-buying which collectively accounted for €574 million in spend. That is equal to 73% of the overall market in 2020, according to the study conducted by COMvergence (see page 8). The media-buying groups surveyed were Core, GroupM, Dentsu, OMG, IPG Mediabrands, Havas and Accenture Interactive.

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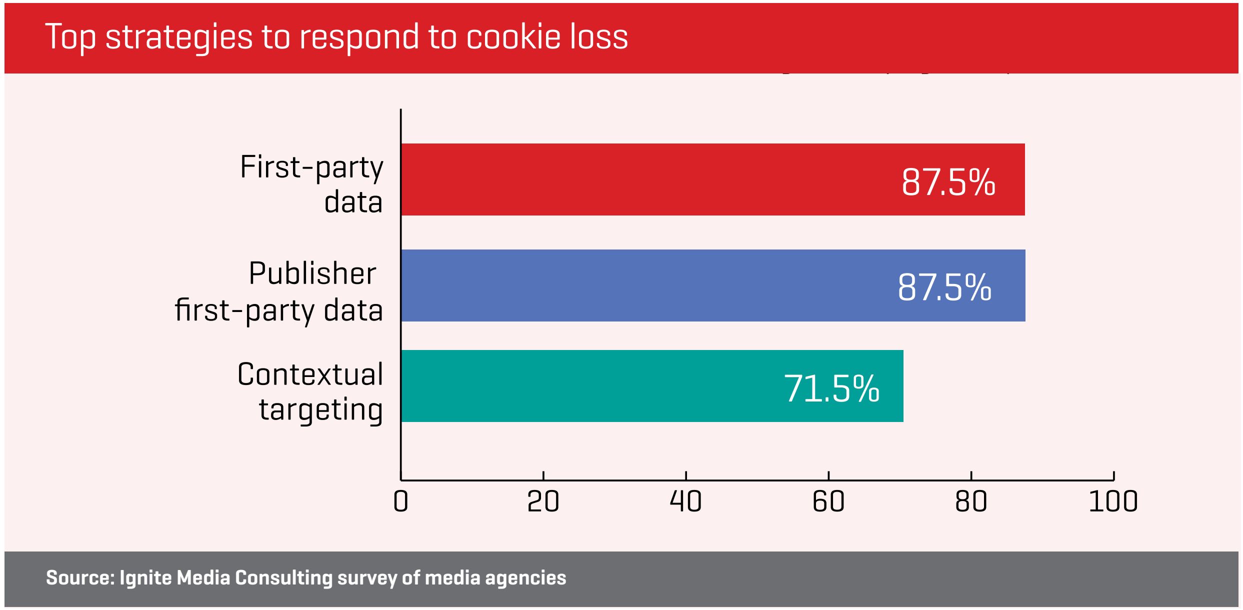

Incremental growth is the KPI, in a 'cookieless' world

***Robert Webster** on what advertisers need to prioritise.*

There are two impacts from the loss of third-party cookies and identifiers. Firstly, attribution, as without identifiers, clients are less able to understand what activity is working. Secondly, they find that their ability to identify available audiences for re-targeting campaigns has dropped substantially.

In terms of how to respond, the first step marketers need to take is to understand the problem. Look at how many sales are currently being delivered on different browsers and apps, and which channels are attributable to those sales. Then understand how the impact of the changes. Today many businesses are not spending money on Safari or IOS — tactics not because they are not effective, but because their attribution and targeting does not work easily.

Once the gap is understood, the next step is to look at how it can be filled. Many of the new options in the largest markets such as probabilistic techniques to ID replacements, notably in the US, will not be available in smaller markets like Ireland. If brands are unsure where to turn, then there are data experts in the market who can advise them on what options they should pursue.

Ultimately, any solution needs to show how businesses can get more sales and value from marketing. Incremental growth is the KPI. Anything else is just hot air.

Robert Webster runs London consultancy Canton Marketing Solutions, which enables brands to take control of their digital marketing activity.

Five of the eight agency group say that more than 70% of the digital campaigns they run outside of the walled gardens of Google and Facebook are reliant on cookies. All agencies agreed that the biggest consequences on the loss of cookies were flawed attribution models and weaker targeting and re-targeting.

A large majority - 87% of the agencies – agreed that their clients will be more reliant on walled garden environments such as Google and Facebook. This doesn't bode well for indigenous publishers which are already under considerable pressure to compete, given the dominance of Big Tech leaving a shrinking market share of digital advertising for publishers to compete. Asked to rank the top strategies for responding to the loss of cookies, the use of first-party data and publisher data were ranked highest, with each receiving an 87% agreement score, followed by contextual targeting at 71%.

Action points

1. Devise a data strategy that fits with the new reality of the loss of cookies

2. Audit your current identity landscape

3. Evaluate how your marketing data is collected, stored, transformed, distributed and used

4. Be clear on the contact permissions associated with first-party data

5. Take control of first-party data capture and usage

6. Upskill your team to reduce any gaps around data management and usage

7. Assess opportunities from publishers outside walled gardens

8. Determine if you have the optimal technology stack in place to suit your current and future needs and that it's being deployed correctly

Accessing scarce talent with no geographic limits

***Peter McPartlin** reviews the impact of talent shortages and remote working on advertising clients and their agencies.*

One of the many challenges facing all involved in marketing and advertising, particularly in a relatively small market like Ireland, is the shortage of exceptional talent for certain skills, not least digital.

As a services-based sector, marketing and advertising offer huge potential for remote working, which leaves it vulnerable to shifts in the relative demand for particular roles. The potential to work from anywhere means that talented Irish people can work for overseas companies without leaving home. Simultaneously, agencies and clients potentially can access the best international talent outside of Ireland.

Ultimately, the success of the latter will depend on open-mindedness and an acceptance that talent has no geographic barriers and can work as part of blended and diverse teams. Success will also hinge on the ability of clients to manage this new model or allow agencies to integrate all services and the talent involved and charge accordingly.

I believe agencies will continue to be the primary way to access a combination of strategic, creative and implementational skills for some time to come. However, the range of brilliantly talented people that now exists outside agencies is attractive for many companies, large and small.

Peter McPartlin is the Co-Founder with Úna Herlihy of The Indie List, a new source of independent, strategic, creative and digital talent.

Let’s connect!

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