Technology companies are the new media owners

Oliver Orchard, Senior Client Director – EMM International

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I was fortunate to attend The Debating Group at The House of Commons sponsored by the IAA last night, where the motion was "Technology Companies are the new media owners". The motion was supported by Rory Sutherland, Executive Creative Director and Vice Chairman of O&M and seconded by Anjali Ramachandran, Head of Innovation at PHD. It was opposed by Hugo Rifkind of The Times and Chad Wollen, Group Head of Innovation and Commercial Futures at Vodafone.

Rory and Anjali focused on the idea that ever since the Caxton Press printed the first secular work technology has always been the new media owner; whilst Hugo and Chad focused on the idea that media owners display some sort of moral conscience, or in some way better the world, through editorial. Naturally, with Hugo's work as a journalist this focused on print media and the role of Twitter and Google in events such as the Arab spring; though what sort of conscience media owners such CBS Outdoor, Exterion or Decaux demonstrate was conveniently overlooked. Chad explored the idea that the message is separate to the medium; which as any junior planner will tell you is exactly why they have a job.

The panel spoke eloquently for 40 minutes, and ultimately the motion was defeated. I voted against it myself, though with a different line of argument I feel the result would have been very different.

The proposers missed a trick by ignoring media agency trading desks, DSPs, SSPs, RTB and inventory wholesaling. Media agencies are the new technology companies, they are also the new media owners. This situation is becoming more and more apparent to advertisers. Many are scrambling to change their contracts in order to maximise their returns on the 'good' output of these technologies (the fantastic targeting and pricing), whilst seeking to limit the 'negatives' (unaccountable placements, lack of evidence of genuine exposures and the opaque margins anecdotally between

20% and 80% depending on quality of placement as one rather inebriated global head of a big five DSP network let slip to me recently).

These technologies are increasingly supplanting the traditional agency/vendor relationship and are replacing transparency with opaqueness in an unprecedented way. The share of digital on the schedule grows every year, the number of clients with a DSP clause in their contract grows weekly and every day traditional media channels become more and more digitalised.

Clients are often under-informed about these developments and contractually deficient when it comes to agency scopes. So what can you do?

1. Make sure that your contract with the agency is updated every year to cover all new technologies that might emerge – mobile advertising, RTB and interactive TV were all unthinkable until quite recently.
2. Employ a specialist with a broad helicopter view of the market to ensure you are giving and receiving best practise in your process and relationships with the agencies for traditional and new media.
3. Ensure you understand fully what the benefits and limitations are of new technologies. With a recent study showing that just 8% to 15% of impressions online are actually "real" does that CPM deal really offer the best value?
4. Understand which data is relevant and which is not. Don Peppers, the social media guru, once said "trying to extract relevant data from digital is like putting a fire hose in your mouth when you're thirsty" – it's easy to be blinded by numbers, but in reality very few of them are important.
5. Don't go it alone, a market specialist can save you time and money by getting to the point, training your staff, and sitting on your shoulder during important future strategic discussion with the agency. Once you understand the game, ask the right questions, and make informed decisions, increased effectiveness will follow.

Some technology companies are the new media owners, they also happen to be your media agency.

oliver.orchard@emminternational.com **T: +44 20 7801 1380**