

Agency Scope Insights: Marketing spend per platform and who takes the lead - the latest view

By [Johanna McDowell](#)

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The chart below details what the average investment in marketing communications is as a percentage of the client company's turnover. Marketers responded to two questions here, 'What is your company turnover?' and 'What is your Marketing budget?'. From this, an average ratio is calculated.



Photo by Carlos Muza on [Unsplash](#).

According to this chart, India has the highest percentage of marketing spend (4.9%) in relation to turnover, with Mexico having the lowest (0.4%). While this is calculated in US dollars for global consistency, South Africa's ratio is high at 4.3%, and has increased substantially over the past 2 years from 2.7%. It is now second only to India. This number has been affected by the inclusion of larger corporates in the respondent panel. The biggest ratio was found in China in 2006 (6.5%) when companies and brands were investing heavily to promote and position brands that were arriving in the Asian giant.



The following chart shows budget distribution by disciplines. The percentage is spent on above line, below line and digital. It

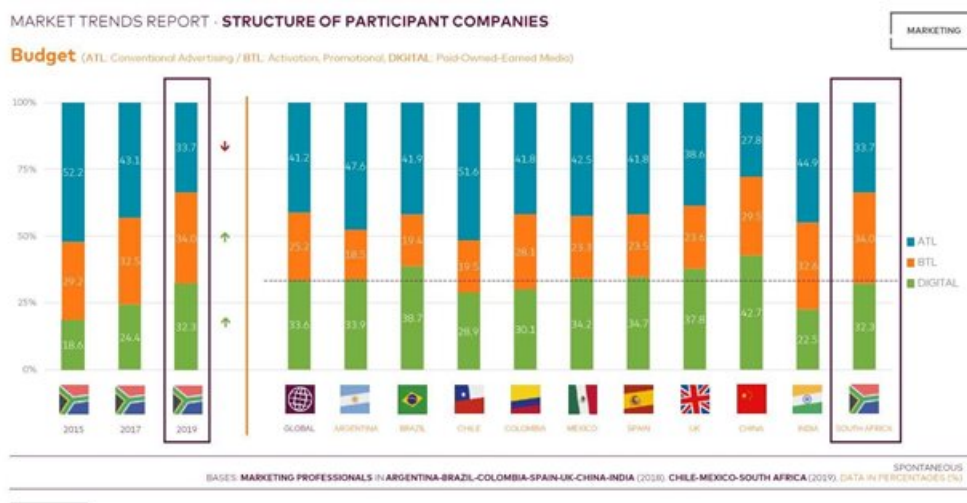
is interesting to note the variation among the different countries, and in particular the increase of the digital spend year on year as expected, which, in SA, is now sitting at 32%.



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Jessica Tennant 28 Apr 2020



Based on what the IAS is hearing in general, marketers are suggesting that the line between creative, digital and below the line is disappearing. While what you see here is how Scopen currently captures this data, to make it simpler for marketers to respond and to facilitate easier comparisons between countries. I would say that in the near future there will be a need to start thinking about this differently, as marketers are starting to see it more and more as a single entity, as opposed to the traditional separation, which is likely outdated now.



How the relationship model stacks up

The third chart shows the ways of working with agencies when asked, 'Do you work with a lead agency?'

The lead agency model is often confusing, with many asking what it means, precisely. Is the 'lead agency' the creative agency? What is the specific role of the lead agency? Does the lead merely co-ordinate all marketing initiatives, or are they orchestrators of all marketing, regardless of platform, who provides the big idea for the other agencies to implement?

The main confusion is around what the ideal lead agency model is and that every agency has a different model also, that every model is tailored to suit a particular client.

China leads in not working with a lead agency, followed by Spain and Mexico; whereas 69.9% of South African respondents said they work with a lead agency, although this was down from 81.1% in 2017. The only country ranking higher than SA is the UK at 74%.



Marketing spend per platform - and who takes the lead?

Johanna McDowell 20 Dec 2018



It may be time for a solid explanation from both marketers and agencies as to their view on what a 'lead agency' is and does.

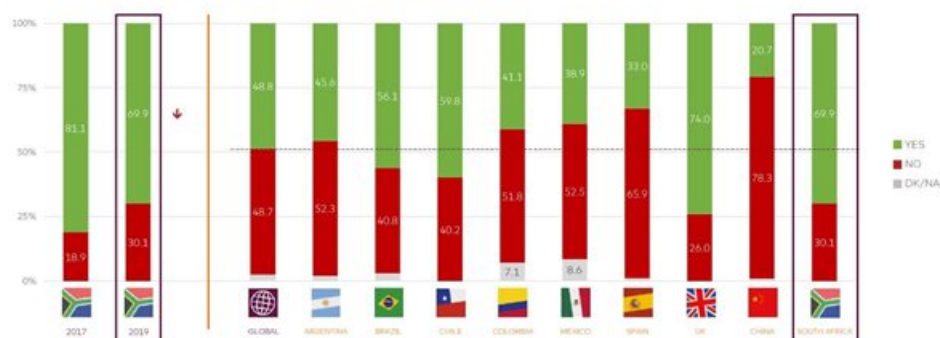
What we find is that the stronger the position an agency has in strategy and creativity, the more they are perceived as 'lead' agencies by their clients.

"In other countries we find some media agencies are perceived also as lead agencies and not only creative agencies. This is because the strong position of media agencies in Data and their focus in strengthening their teams with strategic planners and even, in some cases, creatives," said Cesar Vacchiano, President and CEO of Scopen.

MARKET TRENDS REPORT - STRUCTURE OF PARTICIPANT COMPANIES

Model of collaboration (with Creative and Media Agencies)

DO YOU HAVE A LEAD AGENCY? (ANY CURRENT AGENCY THAT LEADS AND COORDINATES ALL COMMUNICATION SERVICES)



Agency Scope is a study of the creative and media agency landscape in South Africa. It is a biennial study conducted by Scopen Africa which is part of the Scopen Global group that is active in 12 countries. Our universe of analysis in 2019/2020 in South Africa consisted of 239 face-to-face interviews with the highest-level decision makers in marketing.

ABOUT JOHANNA MCDOWELL

MD of the Independent Agency Search and Selection Company (IAS), and partner in Scopen Africa, with a background that includes being on both the agency and the client side of the fence, Johanna McDowell is well-placed to offer commentary on marketing and advertising in the South African and international contexts. She built her career in marketing and advertising since 1974, holding directorship in both SA and British advertising agencies. She was MD of Grey Phillips Advertising in 1988.

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