

In short supply

There's one thing in short supply in the media industry for sure. What, you say? Talent? OK, there are two things in short supply. Let's talk about the second one - cash.

 By [Harry Herber](#) 7 May 2013

Honestly, things have gone from bad to worse. Sometimes I really feel like you don't need strategists, planners or buyers in this business. What you need is a litigation of lawyers and a balance sheet of accountants.

And year on year it's getting harder to make a buck. Clients are (maybe rightly so) hellbent on achieving more for less, boxing more cleverly, and spending less cash. The economy is fragile so there are really no long-term marketing strategies anymore. Solutions are, in the main, designed to generate traffic - immediately - and turnover sooner than that. Plus, they seriously don't want to pay over the odds for anything. So media agency fees are scrutinised, and media owner discounts squeezed.

Then, those great folks in far-off lands get involved. They, too (again, maybe rightly), want their cake. Not a slice, more than that. So they inform you of worldwide best practice. No, you can't run screaming naked down Kelvin Drive! You will adhere to staff billings ratios, extraction rates, and what they consider to be real income. No, they aren't interested in local peculiarities or business conditions. They're interested in playing guitars and you rock 'n' rolling...

The \$64-million question

And in this environment, media - both sides of the fence, owner and agency - have to make more cash? How? Well, that's the \$64-million question.

And the situation is becoming more complex by the day. We live in a world of change and innovations where one struggles to know what is hot and what is not. What seemed a massive business opportunity is suddenly no more.

Just think of brands like Pontiac and SAAB. Gone. Along with products like the VCR, the tape recorder and the cassette. Soon the fixed line phone will go the same way as the telex and typewriter. Even in the digital space: Ask Jeeves, Magellan, AltaVista are all just fond memories. So to keep your finger on the pulse, and knowing where and when to invest - whether you are the media owner or agency - is like playing corporate Russian roulette.

But despite this unpredictability, the only solution to long-term sustainability is paradoxically, reinvention. Media and agencies alike have to reinvent themselves to ensure their survival. So from here on I will concentrate on the agency picture, as I'm certainly not qualified to give advice to media owners on how to structure their futures. (Though sometimes I'm not sure they are either!)

Insisting on fair pay

I have beaten the 'change drum' for a decade now. But honestly, it's time we address some key issues. I don't understand why clients imagine one price 'fits all'. I truly believe that those who go the extra yard,

demonstrably delivering a better product, should reap the rewards. It's too easy for clients to dismiss paying fair remuneration.

Statements such as "I know you deliver, that's why you have my account" are just not good enough. Media agencies must insist on fair pay.

But the one thing that media agencies have learned from operating on really tight margins is to extract value and pass it on to their clients. And in this area lies the reinvention opportunity.

There are a myriad of channels today. Everyone recognises this. The concept of 'media' has blurred in a communication sense. As a result, the agency has to examine the revenue opportunities that exist in the new world of media. Invest in expertise, and deliver solutions that may involve some, or all of the following: in-house production, PR activations, research and tracking. And one thing we can be sure of is that the services will be delivered on time (we understand deadlines) and keenly priced (we understand margins).

A win-win situation

It's a win-win situation. Client gets integrated thinking and one-stop shopping. And they will pay less for services. The media agency gets improved turnover and margins, and actually delivers a better product.

Does it sound far-fetched? I don't think so. Honestly, in a dog-eat-dog environment, the above may end up being more of an absolute necessity than an option. Sure it will shake up the industry, but really, isn't that what we really need?

ABOUT HARRY HERBER

Harry Herber has a passion for delivering on promises and an attitude that demands that The MediaShop 'goes the extra mile'. With a BA in Classics and Anthropology behind him, Harry plunged into the media industry in 1975. Under Harry's leadership, The MediaShop has earned numerous client awards. He believes in added value for clients. Contact details: email: harry.herber@mediashop.co.za.
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