

Customers drive the changing face of advertising



By [Antonio Petra](#)

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Advertising is changing fundamentally. It is being significantly challenged by internal and external forces such as an ongoing global economic crisis and increased measurability which are hammering it into a new shape, and possibly a new industry. What it will become is still to be determined. The learning is however clear. In today's world, people buy advertising, not the other way round.

The external challenge to advertising is based on a much simpler human need - the need for value for money.

The economic crisis has made people more aware of how they spend their money. This has meant that people now look for one of two things in products they purchase. They either want cheaper products, or they want products that appear to give them more value than the actual cost of the products. In our global market, it is becoming more difficult to compete on price, and the second option is actually the only option for most companies.

These value products are most often found on a web or mobile-based application that helps customers unlock new layers of value or introduces them to the company's values. The common opinion is that the age of interruption marketing is coming to an end. We already know that in order to get consumers' attention, we need to give them something back to replace the time we take explaining the virtues of our product.

This simple truth will become even more extreme as technology allows consumers access to simple hacks (i.e. web browser ad blockers) that eliminate advertising from most of their lives.

The obvious option

Consider the impact PVRs have had on television advertising. Imagine a world where all of our content was customisable in this way. The convergence of advances in mobile phone technology and cheap broadband will result in most people being able to customise their own content schedule without interacting with advertising.

Wireless technology will allow this content to be available through any device, so a mobile phone could be a content hub, pushing that content to a target's TV or radio. If advertising does not change in this model, people will simply choose pirated, paid, or hacked streams of content that are devoid of advertising.

The obvious option here is for brands to start producing branded content.

What we call advertising will need to become a form of content which attracts consumers to it, rather than forces its way

into consumers' lives. The best example of this right now is Red Bull, which has evolved from a business selling soft drinks to a media company that sells drinks. Red Bull's plan is to turn its media house into a profit centre for the business.

Internal challenge

The internal challenge for advertising is simple and can be summed up in the phrase: "Cost Per Acquisition" (CPA). CPA has always been a factor in marketing, but it was never so fundamentally and concretely realised as it has been through Pay Per Click (PPC), the simple mechanism popularised by Google AdWords allowing companies to pay for visitors and ultimately consumers.

PPC represents the most fundamental shift in advertising. It has crystalised the idea that advertising can be absolutely measurable. In fact, PPC has probably done more than any other digital channel to cement digital media spend as a part of the marketing budget of any serious business.

The ramifications of this simple mechanism has led to a shift in marketing spend away from traditional advertising and into digital. And, not necessarily to digital advertising agencies, but rather to their media buying departments which collect only a small portion of the spend, most of which ends up in the coffers of Google, Facebook, et al.

PPC introduced a "for dummies" science of advertising: A clear and repeatable way to measure the impact of marketing spend on a company's bottom line. Never in the history of advertising has it been as easy for marketers to draw such a rapid and clear line between the costs of marketing and the return on that investment. Entire businesses are now modeled around cost-per-click, which is not bad for a product introduced nine years ago. One day PPC may also be filtered out, but one cannot deny its impact on the future of advertising.

These external and internal changes are having a profound impact on marketing all around the world and are forcing agencies to change how they are structured and how they work, in some instances choosing to drop the word agency altogether. Ultimately, the future of advertising will not be decided by agencies, or clients, but by what people will allow into their lives.

ABOUT ANTONIO PETRA

Antonio Petra is GE of Strategy & Innovation at FCB Joburg, he has been in the digital and marketing environment for over 25 years, and is a specialist in strategy, marketing, analytics, and measurement. He is recognized as an industry expert both locally and internationally in this field.
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