

BCG



Talent Revolution

The Talent Revolution Survey

Agencies

March 2017

THE BOSTON CONSULTING GROUP

Executive summary

Customer engagement via digital continues to increase, diversify and get personal

- Global smartphone usage and digital advertising spend are at an all-time high (and growing)
- Digital marketing is moving towards 'hyper-active' targeting via mobile and video, shaped by always-on connectivity and customer feedback

Given the above trends, performance of agencies is broadly satisfactory (68 DCI)

- Agencies have a strong understanding of social media and search, and feel they do an excellent job across the measurement capabilities such as metrics and marketing analytics
- However, scores for mobile are the lowest, showing diverging skills in a marketing world increasingly dominated by smartphone users (vs. traditional TV / phone)
- Data-driven testing also remains relative low reflecting the fact that the industry is yet to fully adopt a test-fail-learn approach

Agencies should not be tempted to be good across all skills, but focus on emerging needs

- Build comparative advantage around key shortfalls of advertisers
- But also... work to reduce the cost of doing business, given the increased complexity of agency-advertiser relationships and greater industry fragmentation

Context

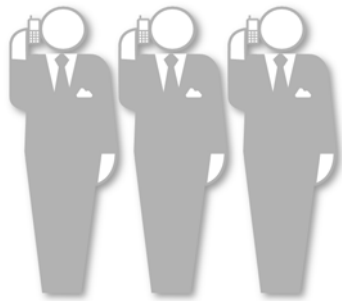
This document is prepared as an aggregate report on findings from the Talent Revolution Survey – a digital marketing skills benchmarking study.

All assessments presented in this report are based on the following digital marketing skills framework.

| | | | |
|----------------|------------------------|---------------------|------------------|
| Plan | Build Strategy & Plans | | Enablers |
| Act | Digital Content | Digital Targeting | Digital Channels |
| Measure | Metrics & Measurement | Marketing Analytics | Testing |

Responses to an online survey form the basis of all the assessments provided in this report. With the online survey, Agency employees worldwide are asked to assess their organization's capabilities on a 7-points scale vs. best practices across the skills areas highlighted in the framework above. Survey responses are turned into assessment scores (out of 100) that are presented in this report.

Over the last year, the importance of digital marketing has continued to increase



*Mobile users spend
4 hours / day
on their smartphone devices*

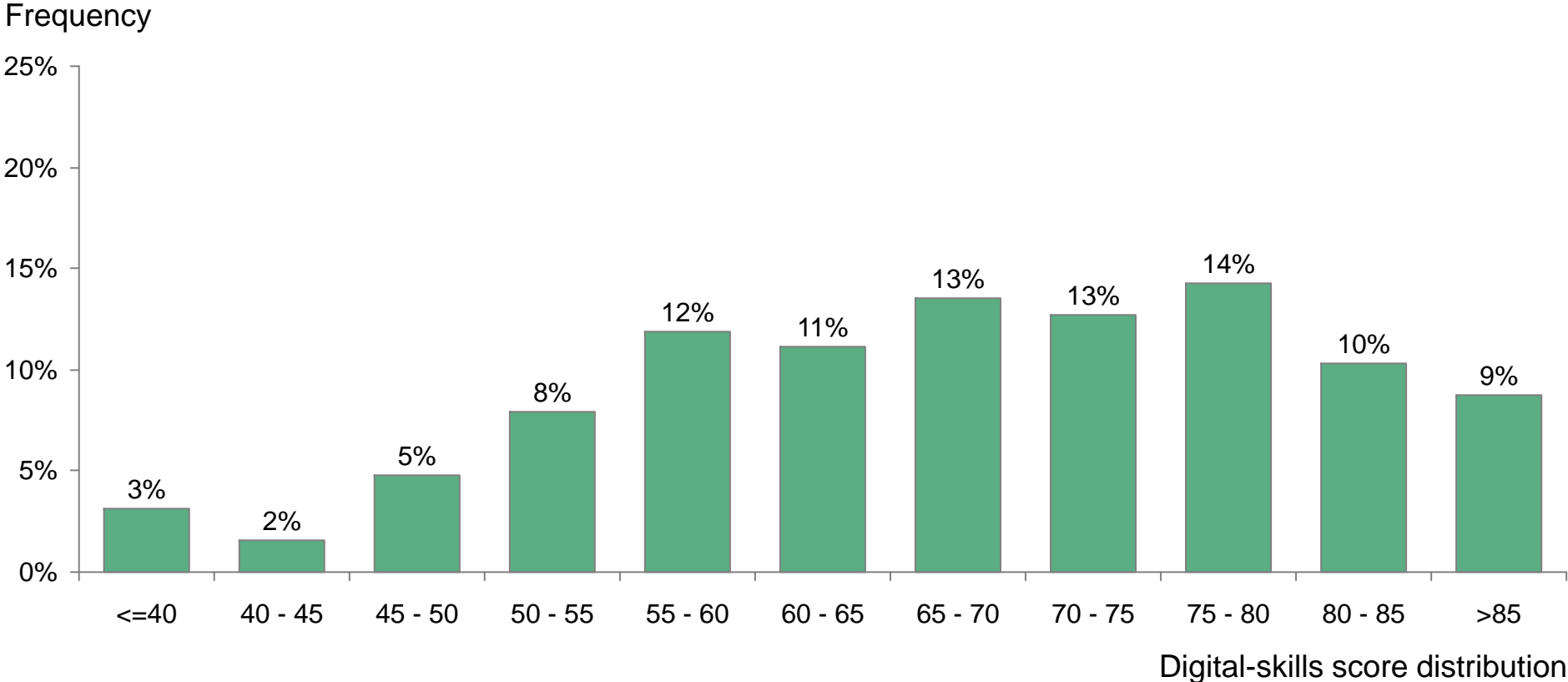


*Hyper-active targeting,
always-on connectivity
are re-shaping digital marketing*



*Digital ad spend now
1/3 of global total
estimated at \$182bn in 2016*

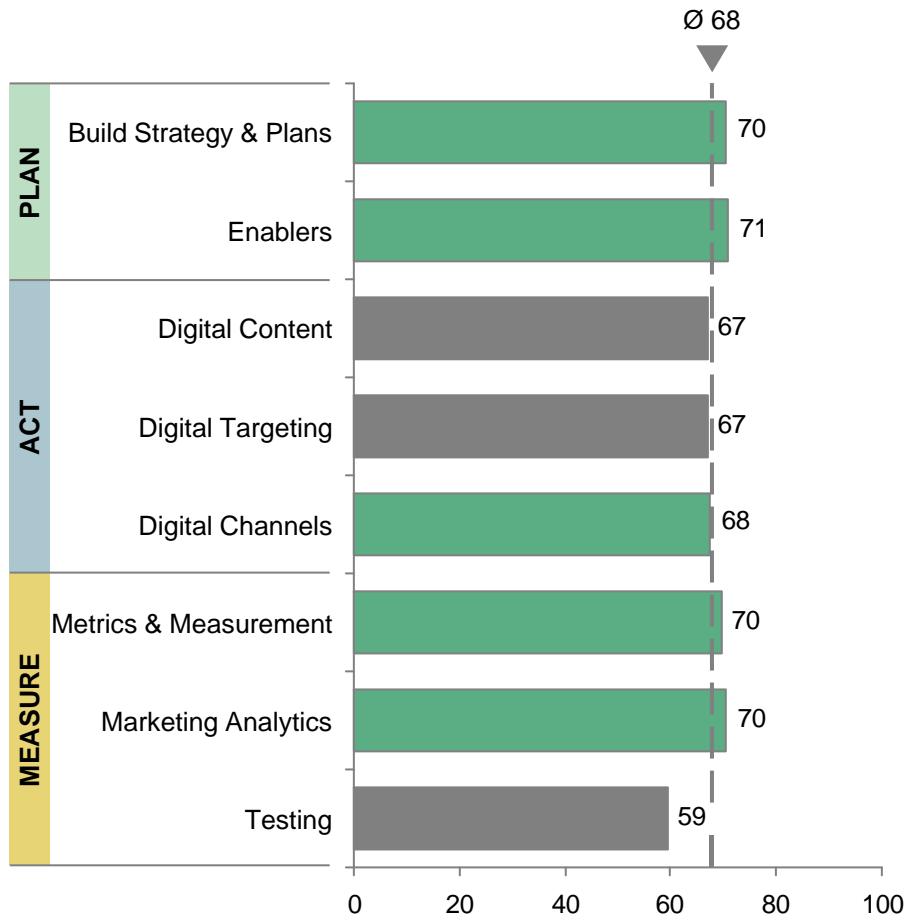
The average digital-skills score for all agencies is 68, with most uniformly distributed in the 55-to-85 range



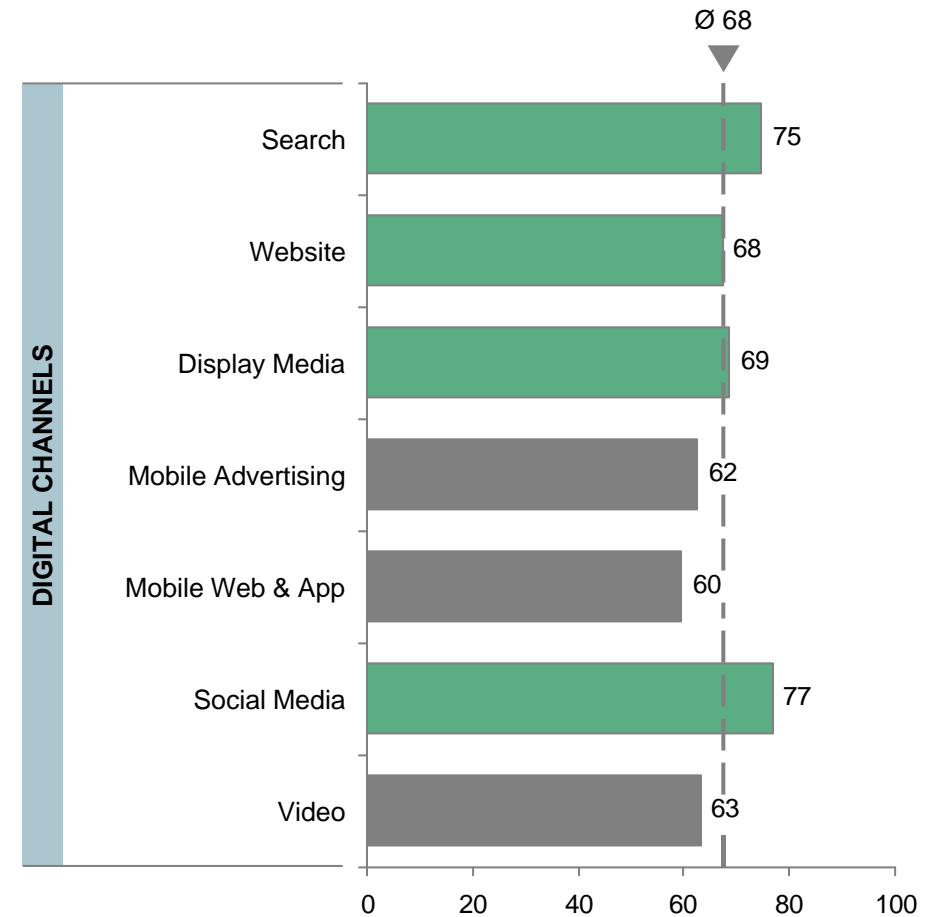
Source: BCG Talent Revolution survey (N=126)

Despite the relatively good performance, agencies face some shortfalls across key capabilities – testing, mobile and video

Digital marketing skills scores



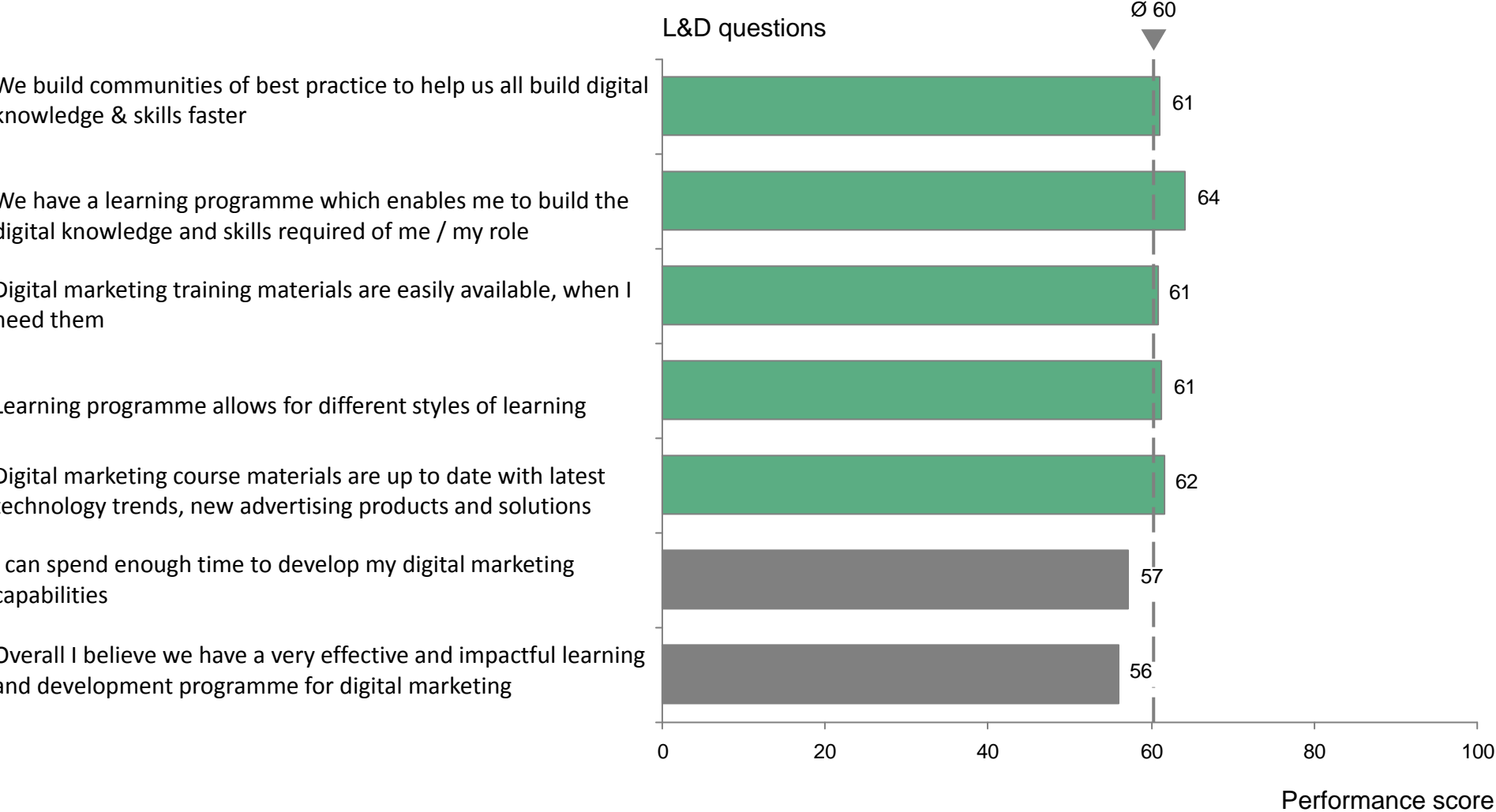
Digital channels drill-down



Note: Agreement scale, where 0 is don't know and 100 is strongly agree
 Source: BCG Talent Revolution survey (N=126)

■ Above average score ■ Below average score

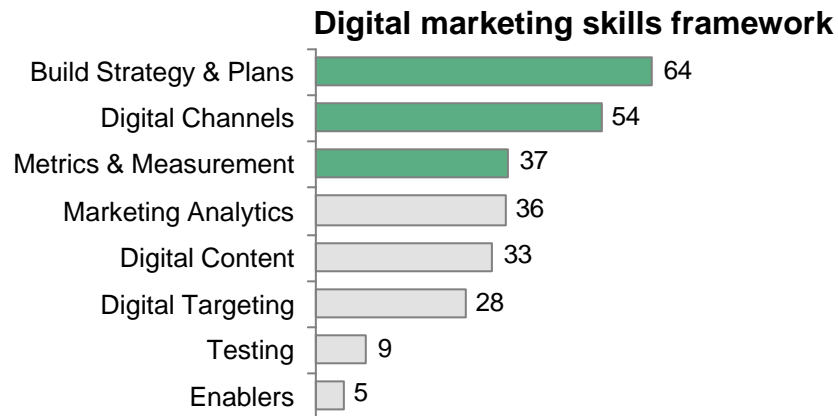
Agencies rate the level and quality of training programmes consistently lower than their overall performance (60 vs. 68)



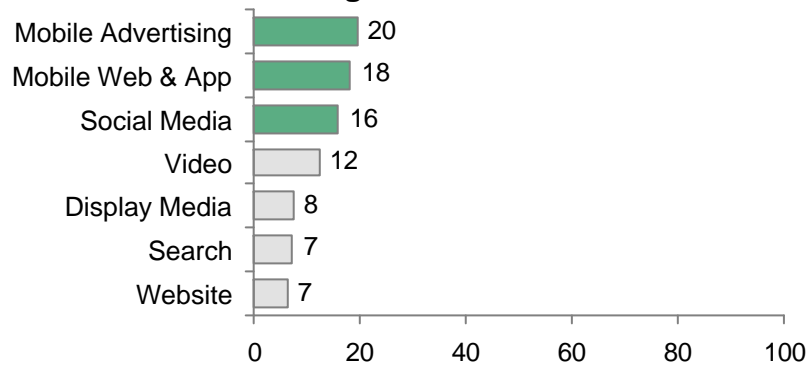
Note: Agreement scale, where 0 is don't know and 100 is strongly agree
 Source: BCG Talent Revolution survey (N=141)

Digital channels, planning and strategy execution seen as critical in short and mid-term

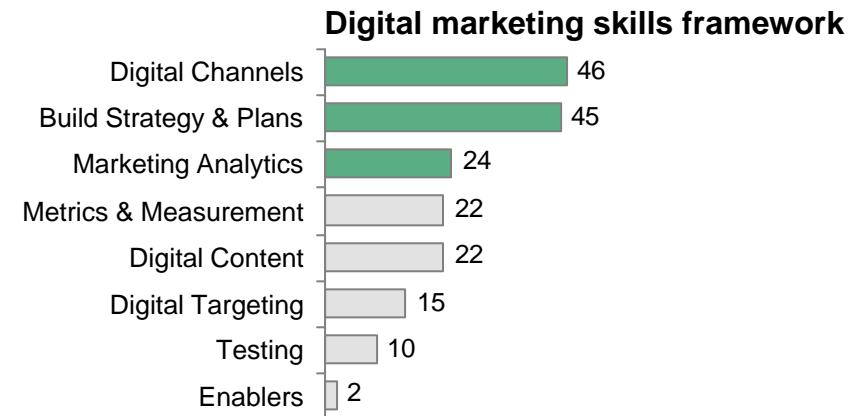
The most important capabilities to success over the next 3 years¹



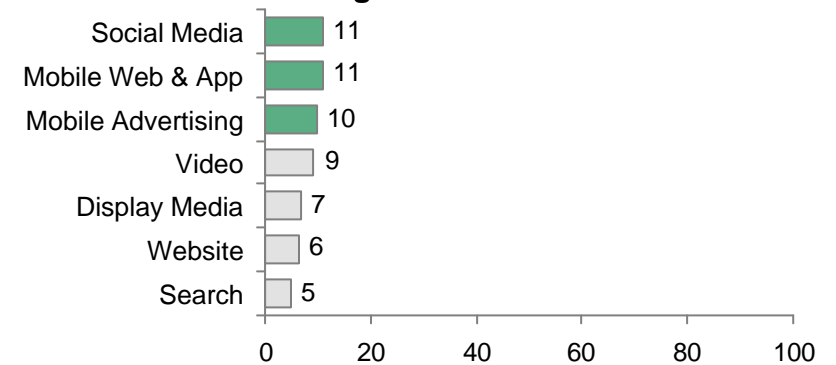
Digital channels drill-down



Top capabilities teams need to develop this year²



Digital channels drill-down



1. When thinking about your organisation over the next 3 years, which of the following digital marketing capabilities will be most important for your success? (Please pick top 5); 2. Thinking about your immediate team, what are the most important 3 capabilities you need to develop this year?; Source: BCG Talent Revolution survey (N=141)

■ Top 3 capabilities ■ Other capabilities

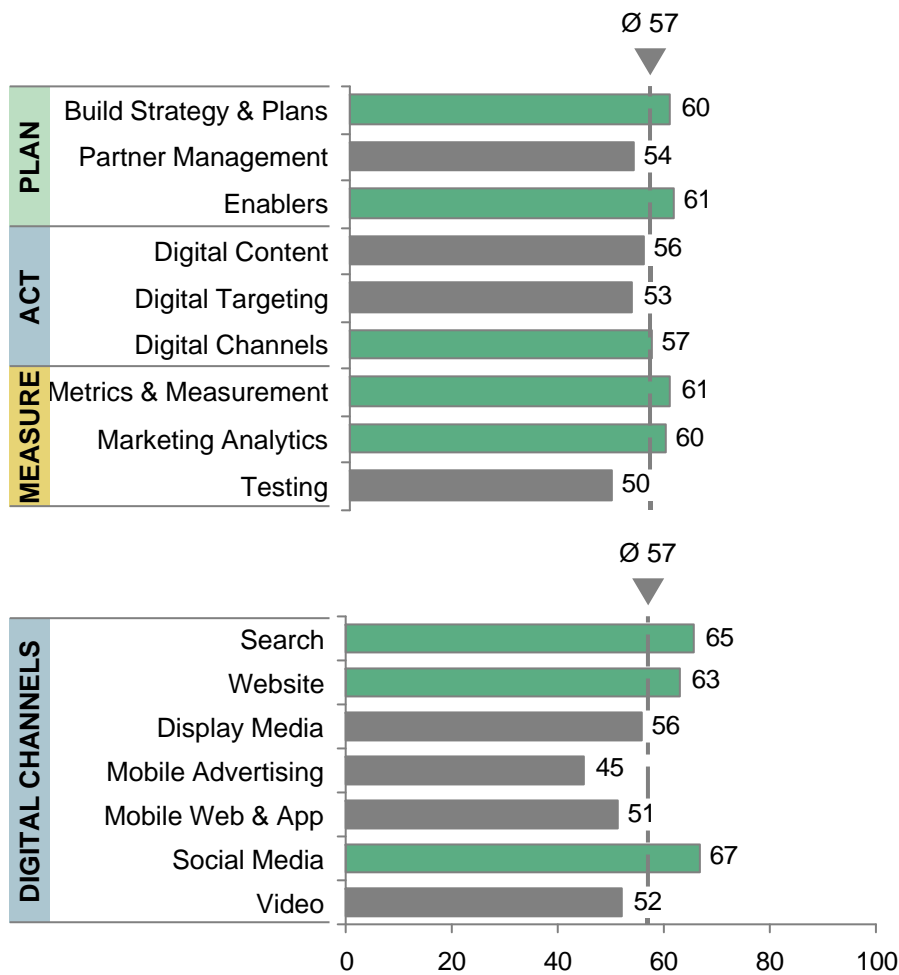
Cross-Europe: UK agencies struggle to catch up others, with agencies in Germany are the top performers

| | | Performance scores by European region | | | | | |
|--------------|-----------------------------|---------------------------------------|-----------|-----------|-----------|--------------|-----------|
| | | UK | Germany | Benelux | Nordics | Other Europe | Total |
| PLAN | Build Strategy & Plans | 66 | 73 | 69 | 68 | 71 | 70 |
| | Enablers | 66 | 72 | 72 | 71 | 68 | 71 |
| ACT | Digital Content | 67 | 70 | 67 | 62 | 68 | 67 |
| | Digital Targeting | 52 | 73 | 64 | 68 | 67 | 67 |
| | Digital Channels | 59 | 68 | 68 | 66 | 67 | 68 |
| | <i>Search</i> | 63 | 70 | 78 | 73 | 68 | 75 |
| | <i>Website</i> | 62 | 68 | 71 | 62 | 74 | 68 |
| | <i>Display Media</i> | 59 | 67 | 68 | 73 | 69 | 69 |
| | <i>Mobile Advertising</i> | 51 | 64 | 63 | 59 | 52 | 62 |
| | <i>Mobile Web & App</i> | 48 | 63 | 61 | 55 | 61 | 60 |
| | <i>Social Media</i> | 74 | 78 | 76 | 75 | 78 | 77 |
| | <i>Video</i> | 57 | 69 | 61 | 64 | 67 | 63 |
| MEASURE | Metrics & Measurement | 60 | 68 | 69 | 71 | 71 | 70 |
| | Marketing Analytics | 63 | 73 | 70 | 68 | 71 | 70 |
| | Testing | 49 | 59 | 59 | 56 | 59 | 59 |
| Total | | 60 | 70 | 67 | 66 | 68 | 68 |

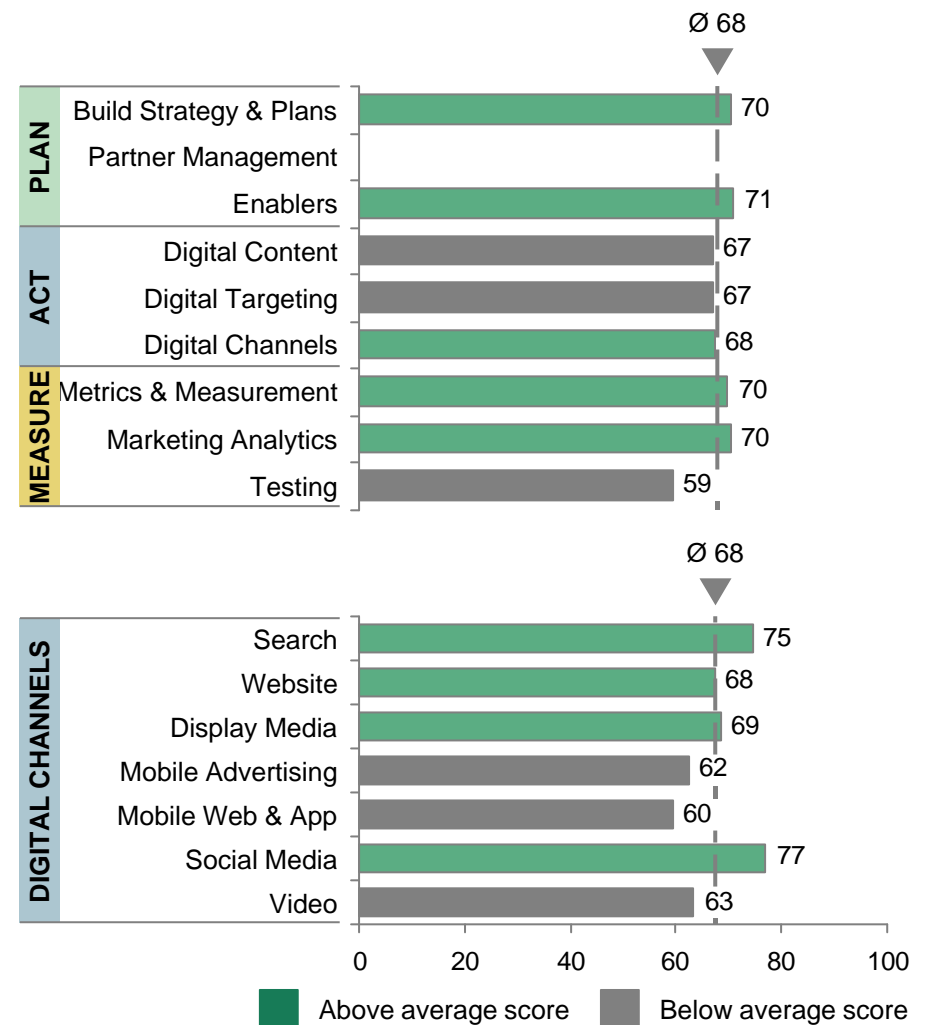
Note: Agreement scale, where 0 is don't know and 100 is strongly agree; The number of respondents from the public sector was deemed unsatisfactory this year to draw robust conclusions
 Source: BCG Talent Revolution survey (N=141)

Agencies perform well compared to advertisers, but have similar shortfalls across the individual capabilities

Advertisers 2016 performance



Agencies 2016 performance

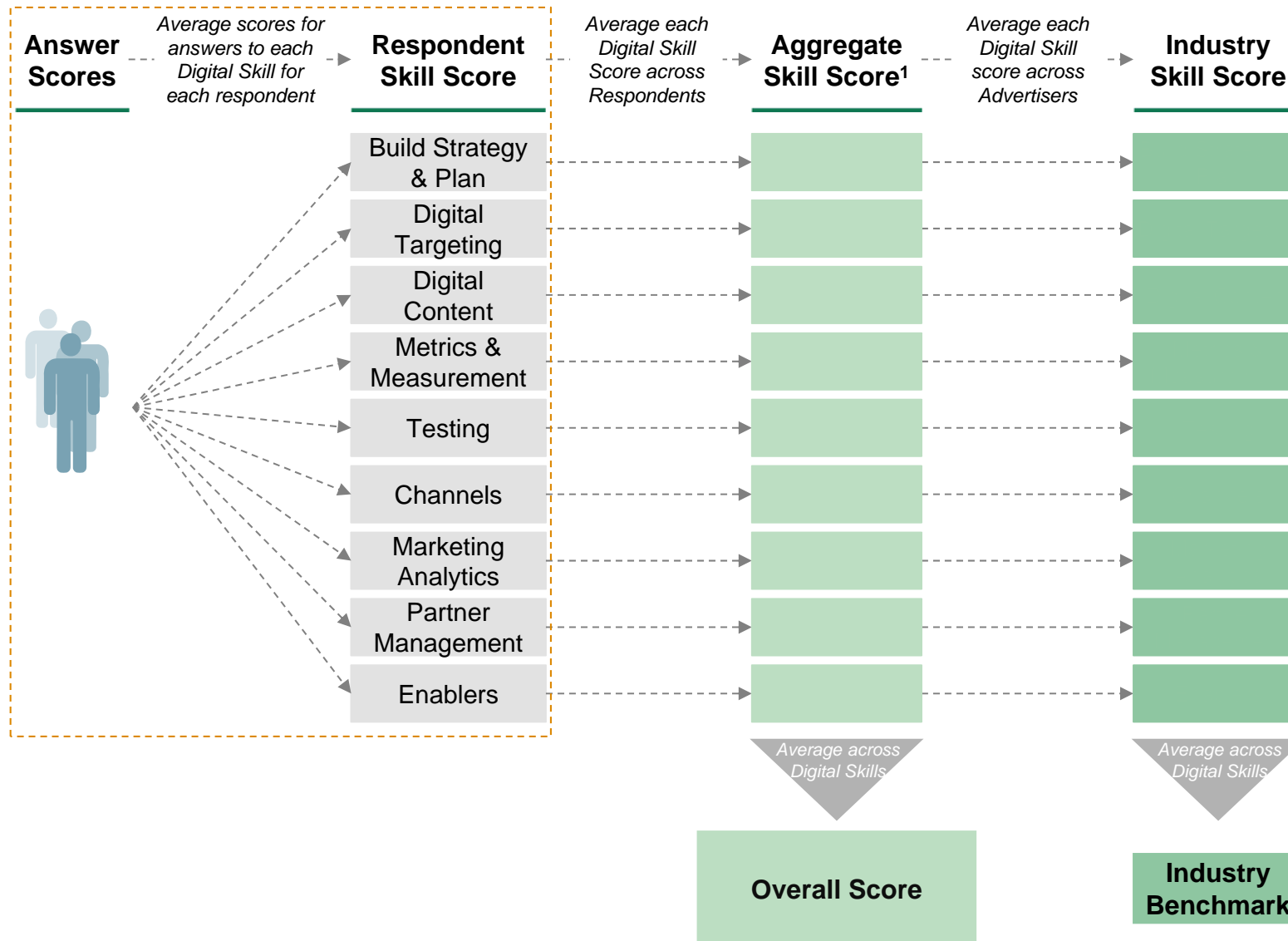


Source: BCG Talent Revolution survey (N=57 in 2015, N=36 in 2016)

Agenda

Appendix: Methodology

Scores are calculated by taking the average across the 9 Digital Skill scores



1. Scores are aggregated on the basis of different participant profiles



Thank you

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