

The Digital Services Your Clients Really Want

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June Blocklin
Gilbert & Company



The digital marketing landscape



We talked to clients...



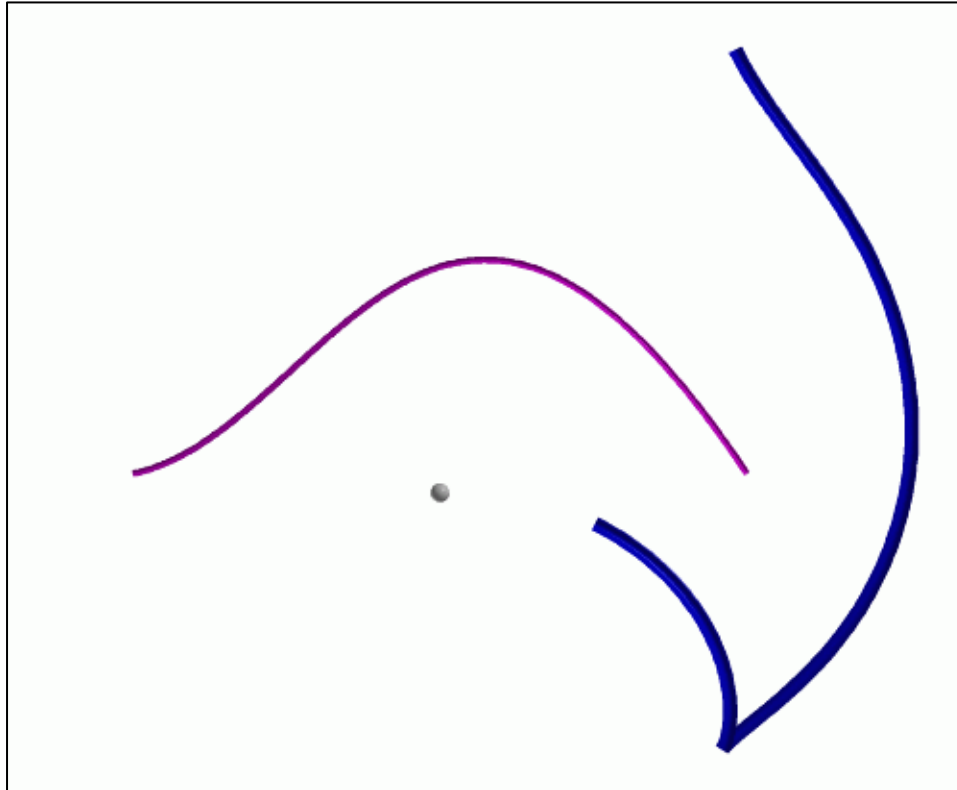


...And to agency leaders

- Independent digital agencies
- Agencies within holding companies
- New paradigm agencies



Digital marketing is causing a strategic inflection point in the Marketing Services industry.



“An inflection point occurs where the old strategic picture dissolves and gives way to the new.”



Polling Question #1

Dynamics driving change across the marketing industry include which of the following? (check all that apply)

- Consumers co-creating content and products
- Continuous improvement in metrics
- Maturing e-commerce businesses
- Declining TV viewership
- All of the above



Consumer Dynamic: Participatory Culture.





Economic Dynamic: Positive business results.





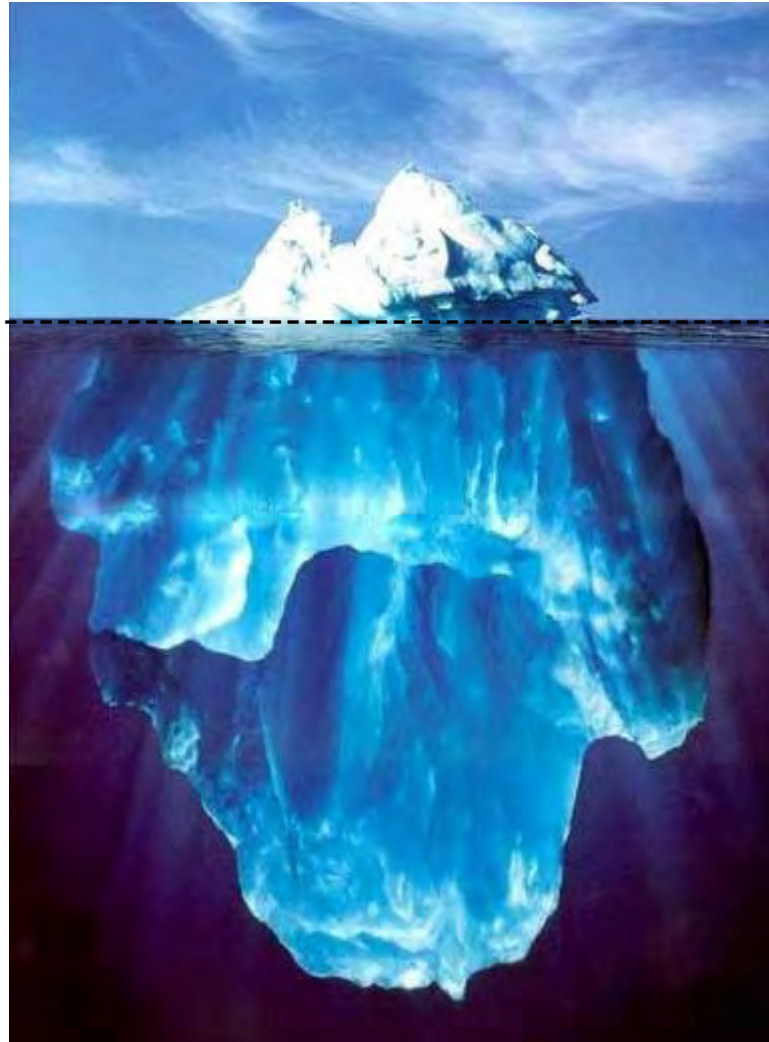
New Technology Dynamic: More dramatic changes ahead than what we see.

TV NETWORKS

60B

TELECOM/TECHNOLOGY

860B





Nothing will remain the same.

- Narrower targets
- Greater accountability
- Greater efficiencies
- New techniques and formats
- New economics



“The idea that there can be a divide where the old world can operate in the same way it has been and only the digital world is different is simply not going to work. Everybody needs to wake up to the idea that it is all different. Digital changed everything.”



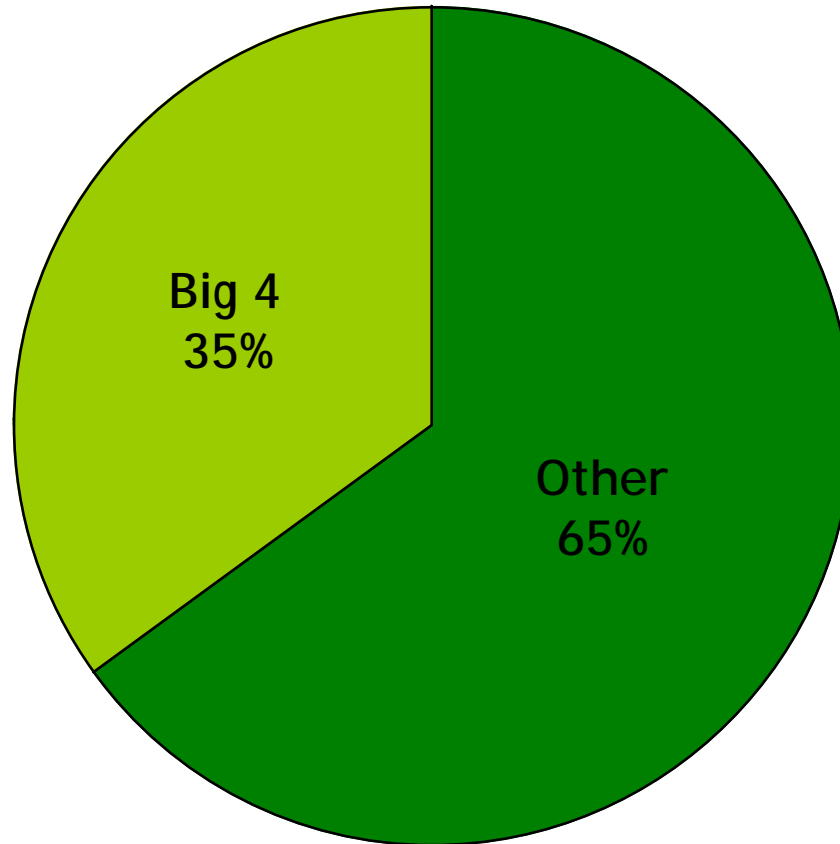
Demand for digital agency services continues to outpace other marketing disciplines.





Independents dominate the space.

2007 U.S. Digital Agency Revenue*



*Source: Advertising Age

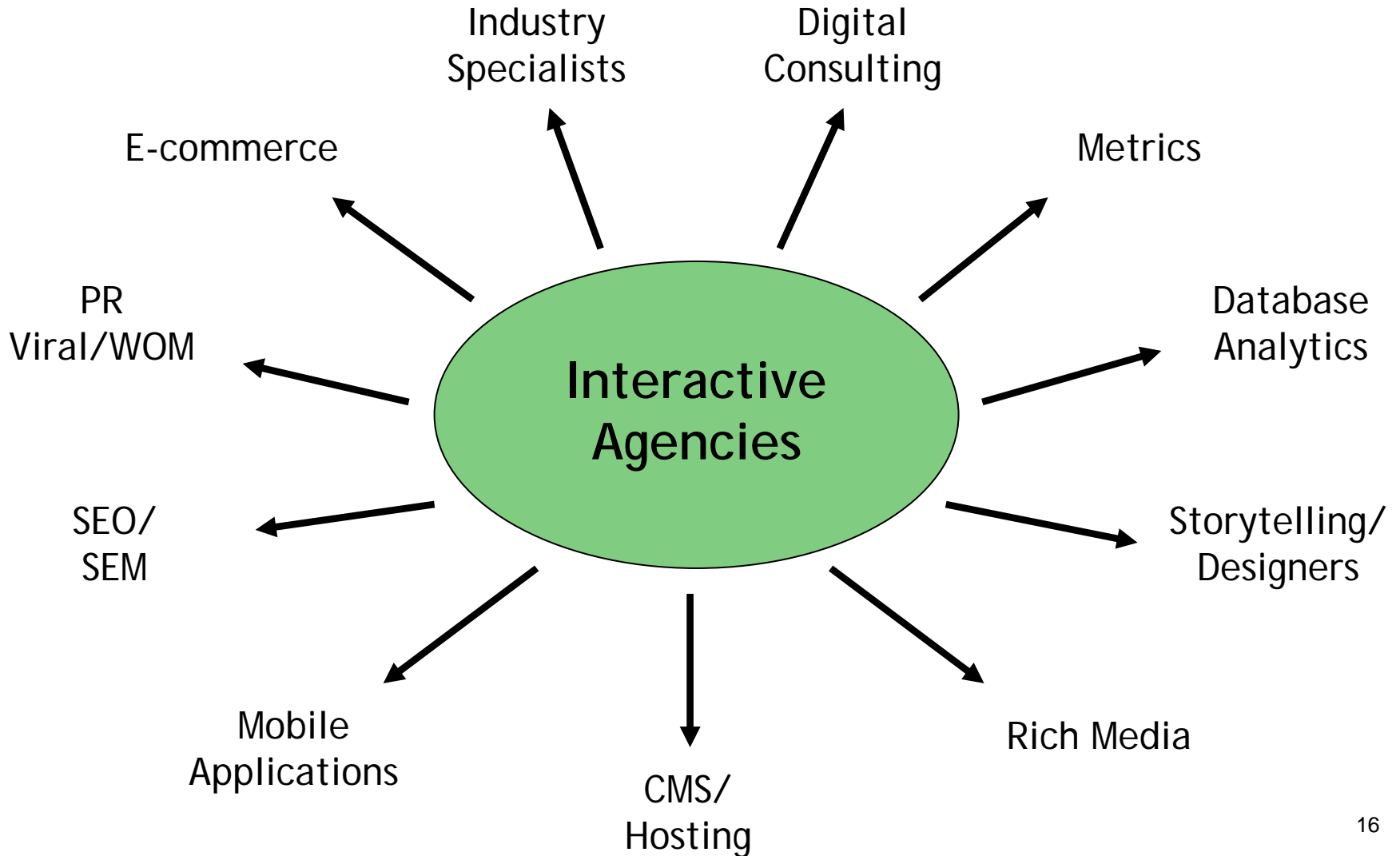


Who are these guys?

ID Society
Rokkan
Full House Interactive
webliquid
Night Agency
Latin 3
Flying Point Media
WDDG
Digital Marketing
Fusebox
Sarkissian Mason
Upper Quadrant
Magnitude 9.6
Steak Media
Digital Pulp
The Happy Corp.
Market Vision
Digital Grit
First Born Media
Freedom Interactive
Adfecta
Squeaky Wheel Media
Deep Focus
Code and Theory
Campfire
133
HNW
Big Spaceship
ngagenow
Sharpe Partners
Domani Studios
Ultra 16
adverplex
Intercept Interactive
T-3



Core competencies of the digital agency landscape



Approached by potential acquirers.





Engaged in lots of experimentation.





Who will come together and will it work?





Clients say Digital is THE priority.

“If we don’t get this right, we will cease to exist as a company. That’s how important it is to us.”



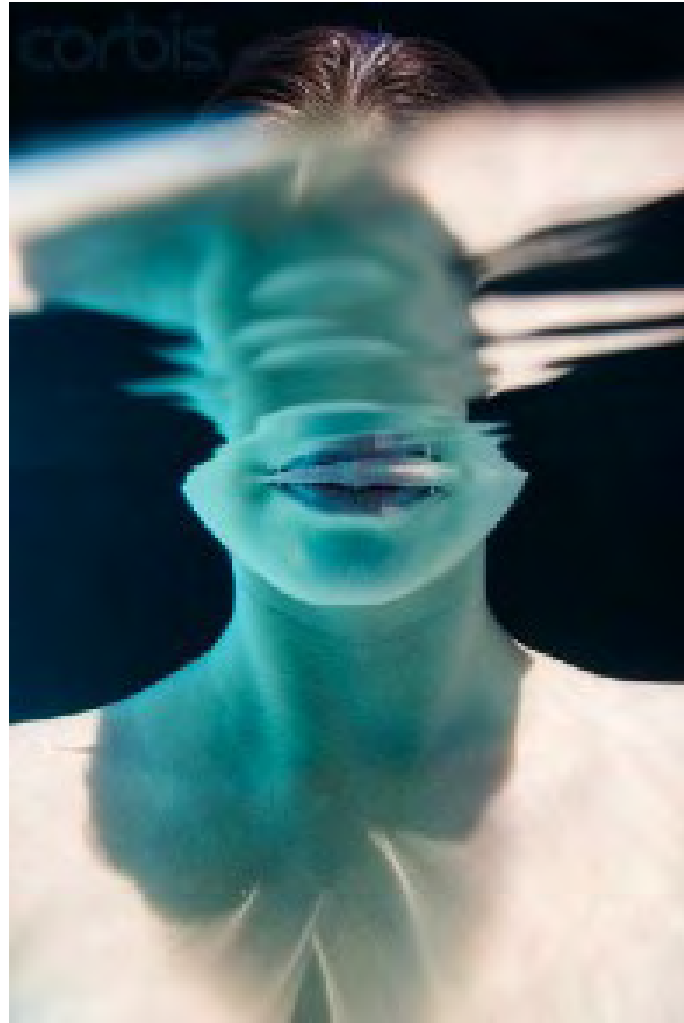
Polling Question #2

Which statement best describes the digital orientation you encounter most frequently across your client base? (Select only one)

- Advanced: Marketing and Technology groups are aligned
- Siloed: Digital expertise not within Client Marketing/Marcom
- Unsophisticated: Rely on outsiders, laggards in Digital



CMOs are immersed in the digital world.





Elements of the evolving digital organization

- Centralization
- Migration from technology led to marketing led
- Emergence of transnational management
- Catalyst for change across all marketing processes



“Marketing communications is no longer about effective reach. It is about relevance. And that is an entirely new operating model.”



Search is ascending.





“Positive search metrics are a highly predictive leading indicator of brand and business health.”



“The way we think about search
is dramatically evolving.”



What are their biggest challenges?



Polling Question #3

What are your biggest digital challenges? (Select only one)

- Scarcity of talent
- Difficulty pricing recommended digital programs
- Blending online and offline disciplines
- Prioritizing what to do in house vs. outsource
- Other

Talent is scarce.

Seeking Executive to Tame the Digital Future (NYT)



Brand building on the Web is new territory.



Managing the interplay of media is complex.





Messaging needs to be more digestible.



Disciplines need to align.

DIGITAL MARKETING

CREATIVE

TECHNOLOGY

Disciplines need to align.



They need to learn to live with risk.



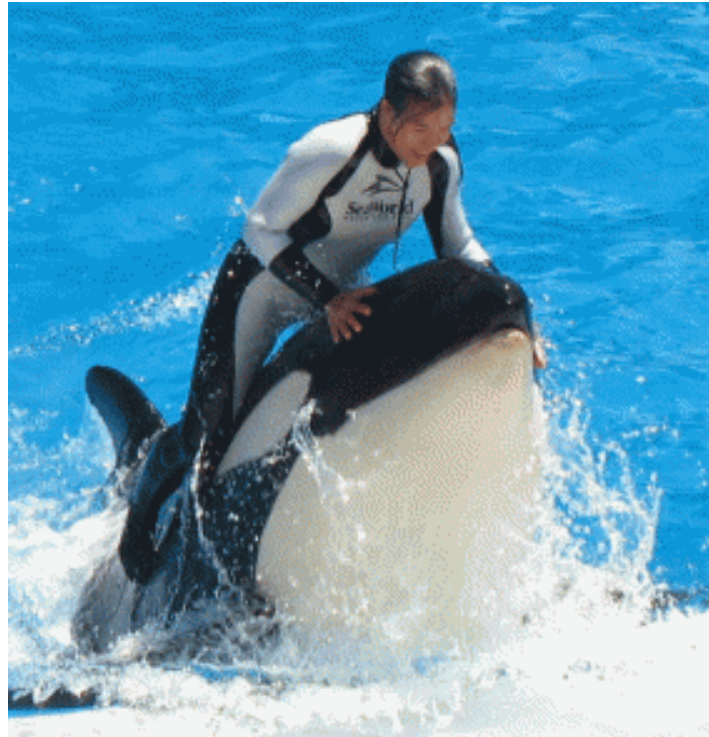


Costs need to be rationalized.





The Shamu principle





What is the role of agencies in all this?

Clients are open to solutions from anywhere...



...but not willing to wait.



Polling Question #4

Who do you think Clients consider best positioned to deliver on their digital marketing requirements? (Select only one)

- Media Agencies
- Traditional Creative Agencies
- Independent Digital Agencies
- None of the above
- All of the above



How Clients see Agencies.

- Media Integrated on- and offline planning
- Creative Strategic, Big-idea thinking
- Independent Digital Digitally-savvy and nimble





Polling Question #5

What do Clients want most from digital services providers? (Select only one)

- End-to-end digital solutions
- Strategic leadership
- Creativity
- Digital innovation
- Speed and efficiency

The five biggest things Clients want from digital marketing service providers



1. Streamlined solution across digital landscape
2. Strategic leadership and cross discipline account management
3. Search, Social Media understanding embedded in the creative development process
4. A scalable operation
5. A credible digital answer

...that I can take to the board!

Client advice to the holding companies:

“You have been busy acquiring digital operations but they are largely standalone. If you care about where we are headed, you will have to move faster to integrate them better.”



To the agencies:

“The idea that there are two separate worlds - traditional and new - and that the traditional world can continue to operate in the same way is a myth, and a very dangerous one for an agency to believe in.”



An exciting future...



...If you move quickly

“Agencies are fond of telling clients their principles. The only principle I am interested in hearing about now is the principle of evolution.”

Digital Services Your Client Really Want
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-Marketing Services
-Management Consultants
 -Consulting
 -M&A Advisory Services
 -Executive Recruiting

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