

Future-proof ad sales:

The new transformation
imperative

 **accenture**



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The global advertising market has certainly experienced plenty of disruptions over the years that have made their marks—some of them lasting—on advertising spend and placement.

The most recent disruption—COVID-19 and the resulting economic crisis—has created extremely turbulent and challenging advertising dynamics for global broadcasters, media firms, and telcos that’s hammering ad spending in the near term while accelerating some of the trends that have been unfolding across the industry for years (principally, the ongoing shift to digital).

But in the current crisis there’s opportunity for companies that seize the moment to transform their ad sales organization. By infusing automated, AI-driven processes and workflows, new skills and incentive systems, easy-to-interpret enterprise data, and holistic visibility of inventory and forecasts, media companies can achieve true “media-tech” status and be better positioned to grow as ad spending recovers.

The benefits of acting now

Clearly, because of its scale, scope, and complexity, this transformation requires a lot of time, work, and resources. But the payoff is well worth the effort. In our work with media sales organizations around the world, we've seen transformations deliver sizeable, measurable results—and, importantly, in months, not years. Representative benefits include:

10%

Boost in sales win rates

13% higher quota attainment, 20% rise in overall sales performance, and 30% or more increase in converged sales

85%

Improvement in inventory forecast accuracy

50%

As much as 50% drop in sales operating costs

(with automation of media planning workflow eliminating 95% of manual labor)

20%

Overall growth of CPMs by as much as 20%

(one company we worked with improved programmatic CPMs by 250%)

10%

Increase in revenue from existing clients

and a 5 percentage-point increase in margin

10%

Lift in multiplatform TV + digital over standalone digital

reinforcing media companies' value proposition for their clients

A shock to the advertising system

We're facing a seismic moment in the global advertising market, as the current economic shock delivers a massive impact on advertising around the world.

Historically, economic shocks have always hit ad expenditures harder than GDP. Across previous crises dating back to the turn of the millennium, advertising underperformed GDP by an average of 9 percent (Figure 1). This time around, ad spend is tracking closely to GDP.¹

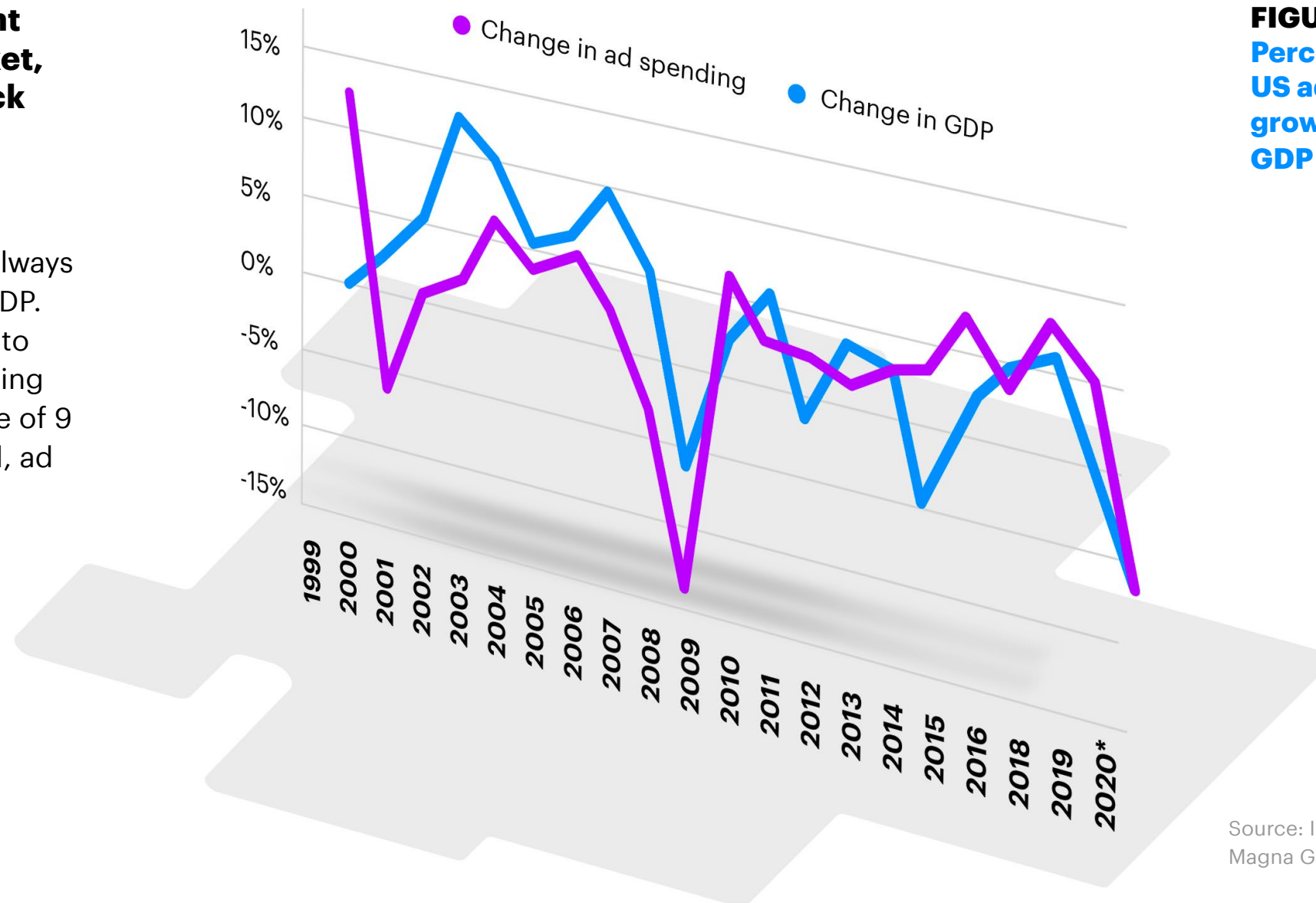


FIGURE 1:
Percentage of US ad spending growth versus GDP growth

Source: IMF, European Commission, Magna Global, Accenture Research

Accompanying each of the economic crises in the past twenty years has been major shifts in the advertising mix between digital and non-digital. For instance, in 2008-2010, North America and Europe non-digital ad spending dropped by 18 percent while digital spending grew by 41 percent (Figure 2).²

Since then, digital spend has surged while non-digital continued to decline. Digital eventually overtook non-digital in 2018.

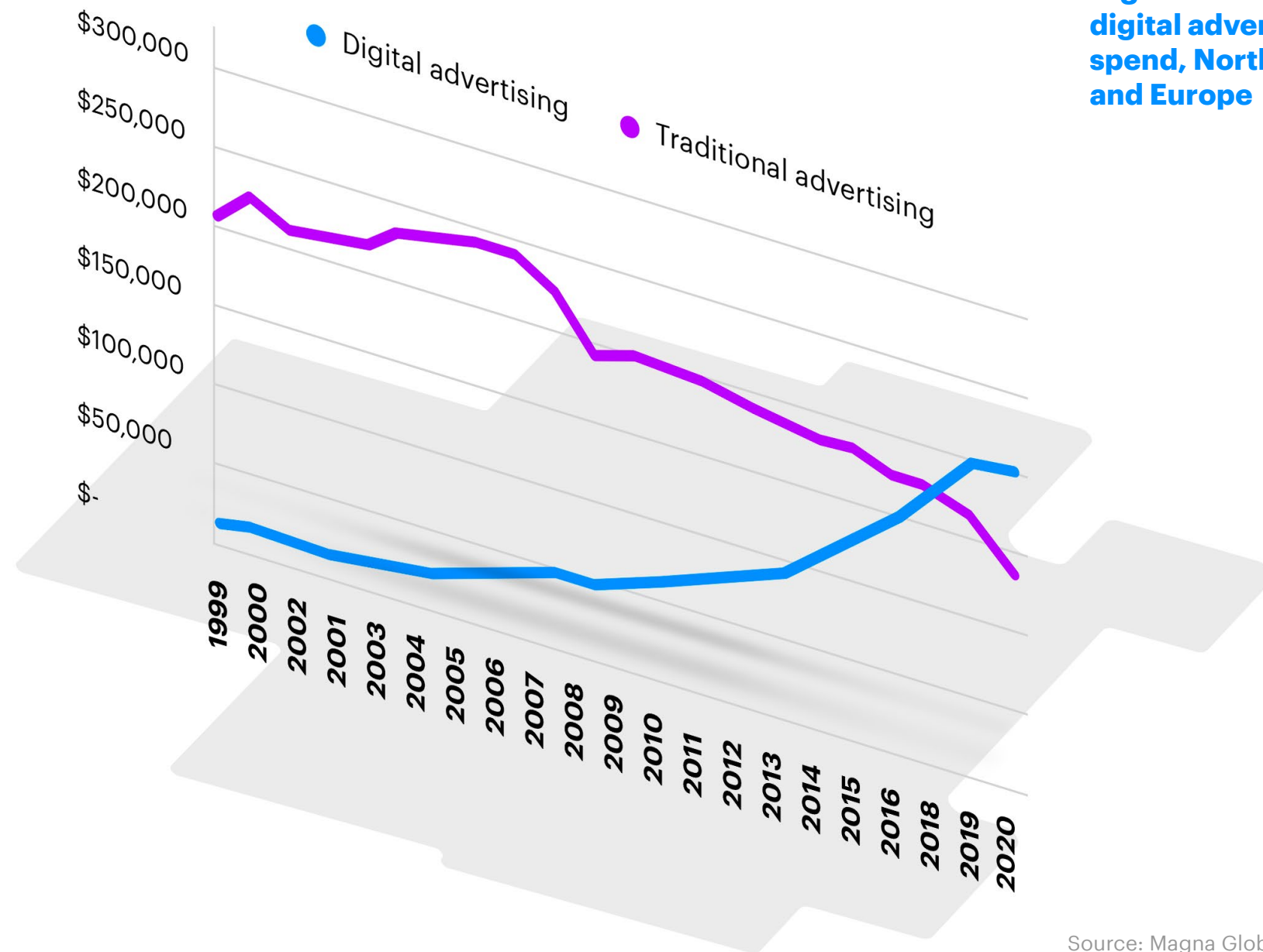


FIGURE 2:
Digital versus non-digital advertising spend, North America and Europe

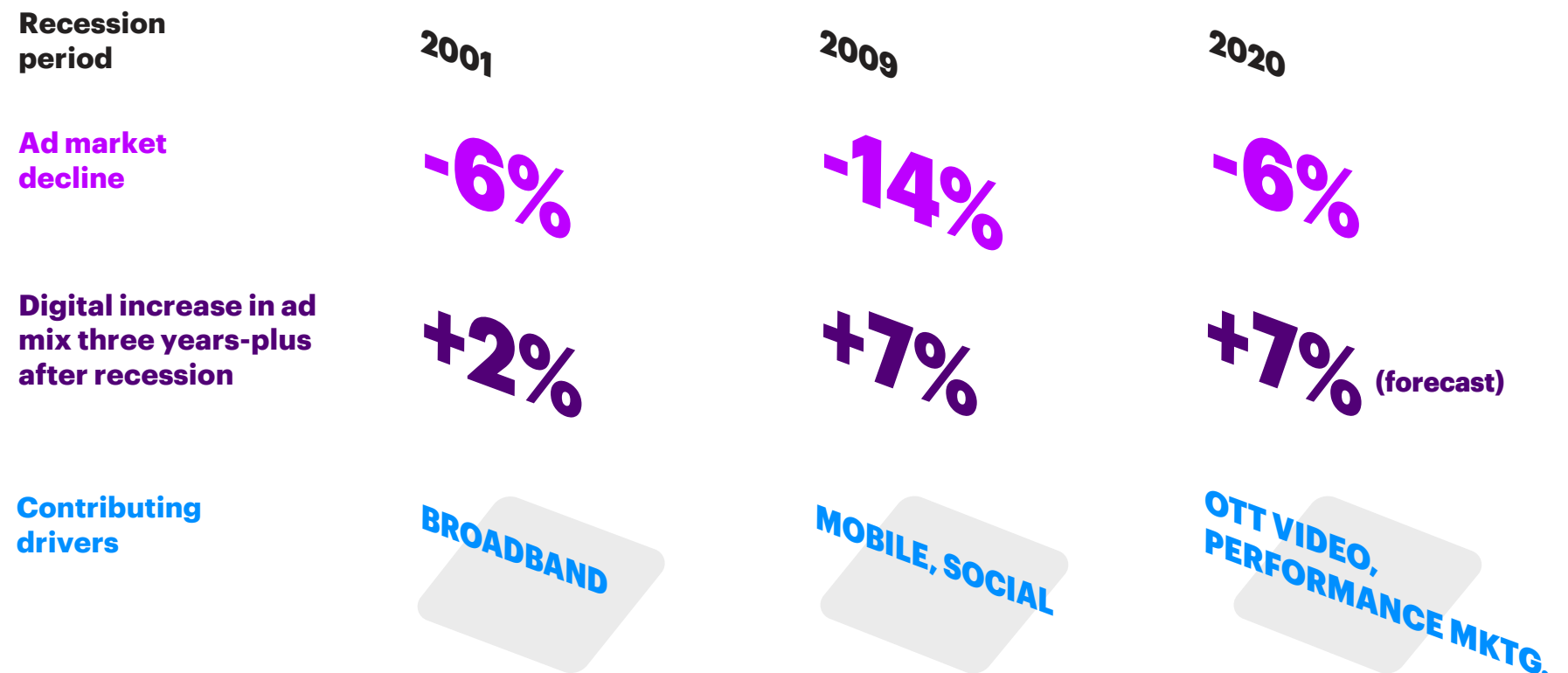
Source: Magna Global, Accenture Research

In the current crisis, the third in the past 20 years, the impact on the advertising mix will be large and enduring, with the environment disproportionately favoring digital.

In fact, as illustrated in Figure 3, the rebound in digital spend three years from now is forecast to be stronger than what we saw three years after the 2001 recession and about the same as the 2009 downturn.

Globally, as GDP increases in 2021, global ad spend is expected to recover—especially in Europe, the Middle East, and Africa (+7.1%); Asia Pacific (+8.1%); and Latin America (+6.7%). In North America, a weaker rebound of 4 percent is expected, with spending forecast to remain below pre-COVID-19 levels.³

FIGURE 3:
Rebound in digital advertising after recessions



Source: Magna Global, Accenture Research

However, basing advertising revenue forecasts purely on GDP recovery misses the full story of how the current environment has affected ad spend and where the advertising market is headed in the near future.

For instance, in the US and Europe, the share of advertising spend in TV will drop one percentage point in 2021 and five points by 2024. Non-TV and non-digital spend will similarly decline by three points by 2024⁴, while digital spend climbs by nine points over that time horizon.⁵

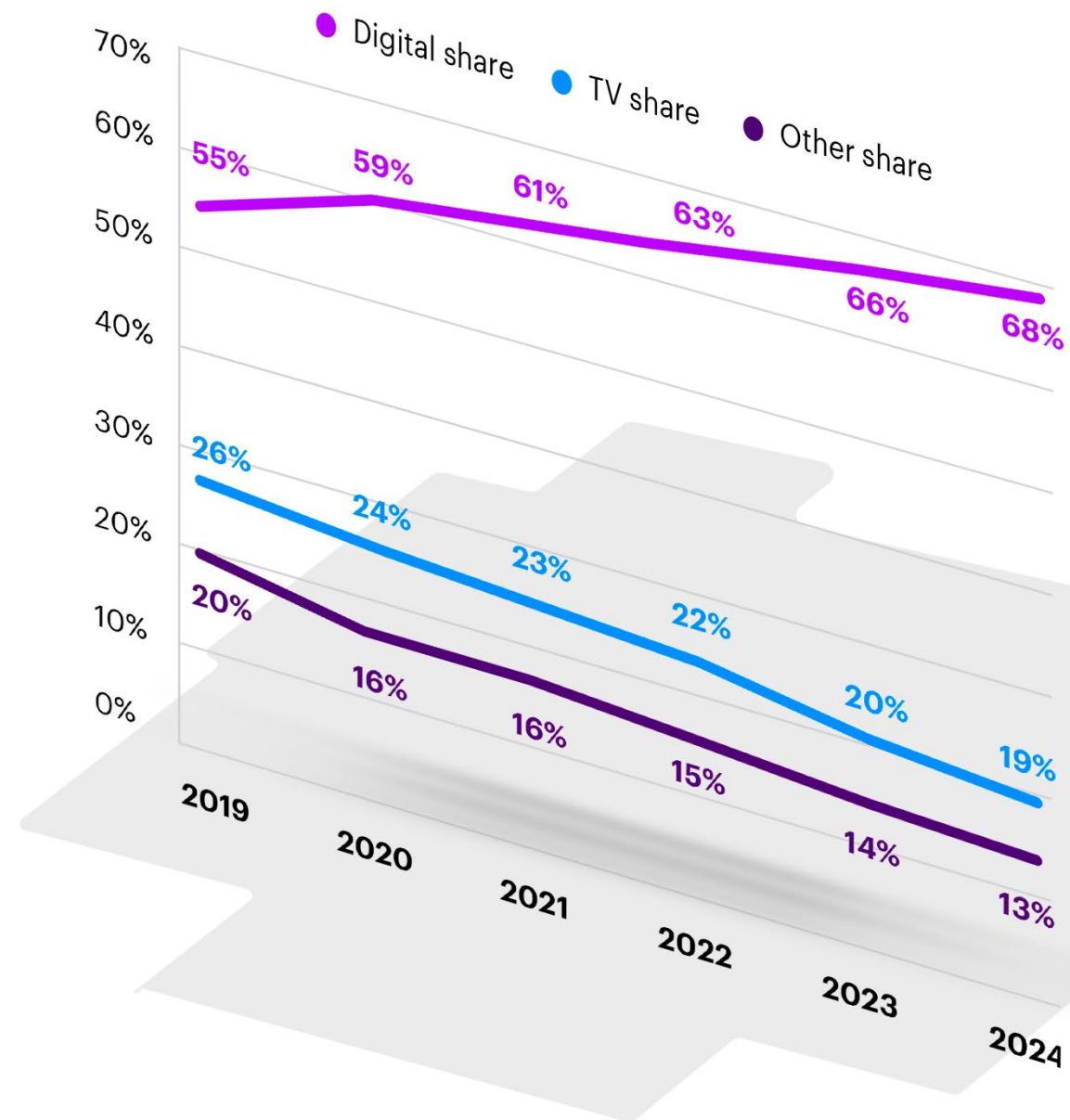


FIGURE 4:
Share of advertising revenue in the US 2019-2024: digital, TV, and other, North America and Europe

Source: Magna Global, 2019, Accenture Research

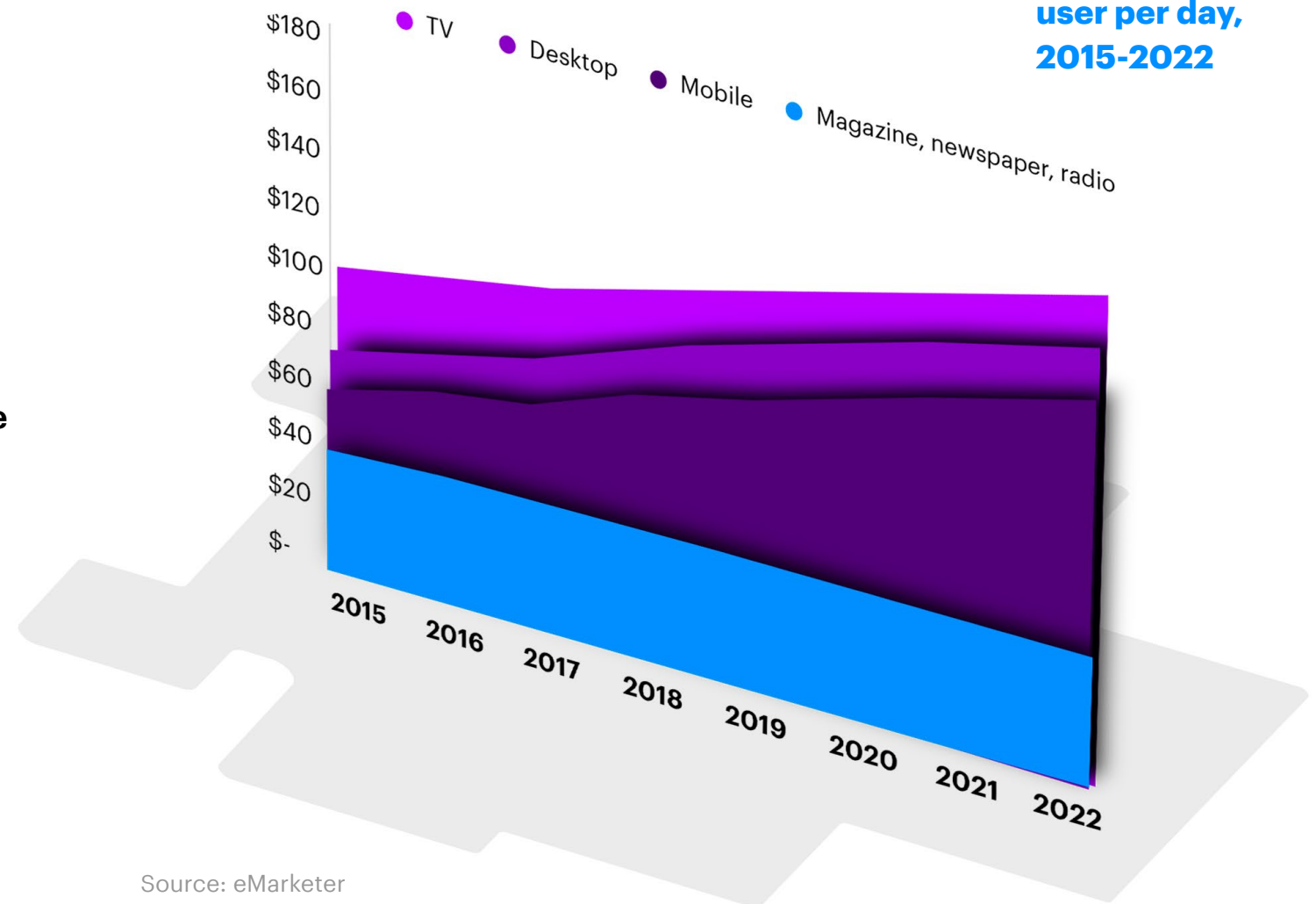
A new post-pandemic ad world order

What comes next is a rapidly evolving advertising market that will continue to disproportionately favor digital over other media, especially linear TV.

As global markets recover from COVID-19, the mix of returning ad dollars will be drawn to an increasingly performance-driven ad ecosystem. This will create a significant and growing threat from digital natives for traditional media advertising across global markets. At the same time, consumer attention and ad spend on over-the-top (OTT), connected TV (CTV), and mobile is expected to grow (Figure 5). **At some point in the near future, consumers' video consumption will become fully multiplatform, making the distinction between TV and digital far less important in the advertising world than audience segments.**

Even before COVID-19, digital video was the top choice of agencies and marketers looking to increase reach because it effectively reaches audiences with lower traditional TV viewing. And while ad spend on both digital and TV both declined during the pandemic, the drop was much less for the former than the latter—indicating the gap between digital and TV has only grown in the past year.

FIGURE 5:
US ad spend per user per day,
2015-2022



Source: eMarketer

Against this backdrop, we expect a number of major trends to play out in the next one to three years in global ad markets.

On the buy side, we see the pandemic-driven disruption accelerating shifts in performance orientation, operating model efficiency, transparency, and virtualization. At the same time, marketers' and agencies' expectations will grow. **They'll increasingly emphasize multiscreen, micro-segmentation, data-driven audiences and attribution, and customer experience—especially the ability to transact more easily with managed campaigns.** And, marketers will become more hesitant to agree to long-term commitments and will place more conditions on reserved buys. Combined, these trends will put enormous pressure on traditional salesforces and will drive growth in self-service and data-driven programmatic buying.

On the media side, we expect a continued widening of the capabilities gap among salesforces, product, and tech resources, as digital natives double down on investments in AI, automation, and data. Furthermore, sales organizations that fail to invest in AI tools for margin growth and forecasting will continue to struggle with inventory management, yield management, and dynamic pricing in a multiplatform ads ecosystem.

Finally, the demand for more personalized, relevant, multiplatform sales and delivery will become stronger in the face of unfolding privacy initiatives in Europe and North America and the imminent death of third-party cookies.

Are you prepared to win in this environment...today and beyond?

The new transformation imperative

Amidst these macro trends, ad executives face two interrelated challenges. First and foremost, with ad spending hit hard by the pandemic, they have to do whatever they can to protect their revenue in the near term. At the same time, however, they have to keep their eyes on the future, pivoting to strategic change and investment in a sweeping operating model transformation to make them competitive in a post-pandemic world.



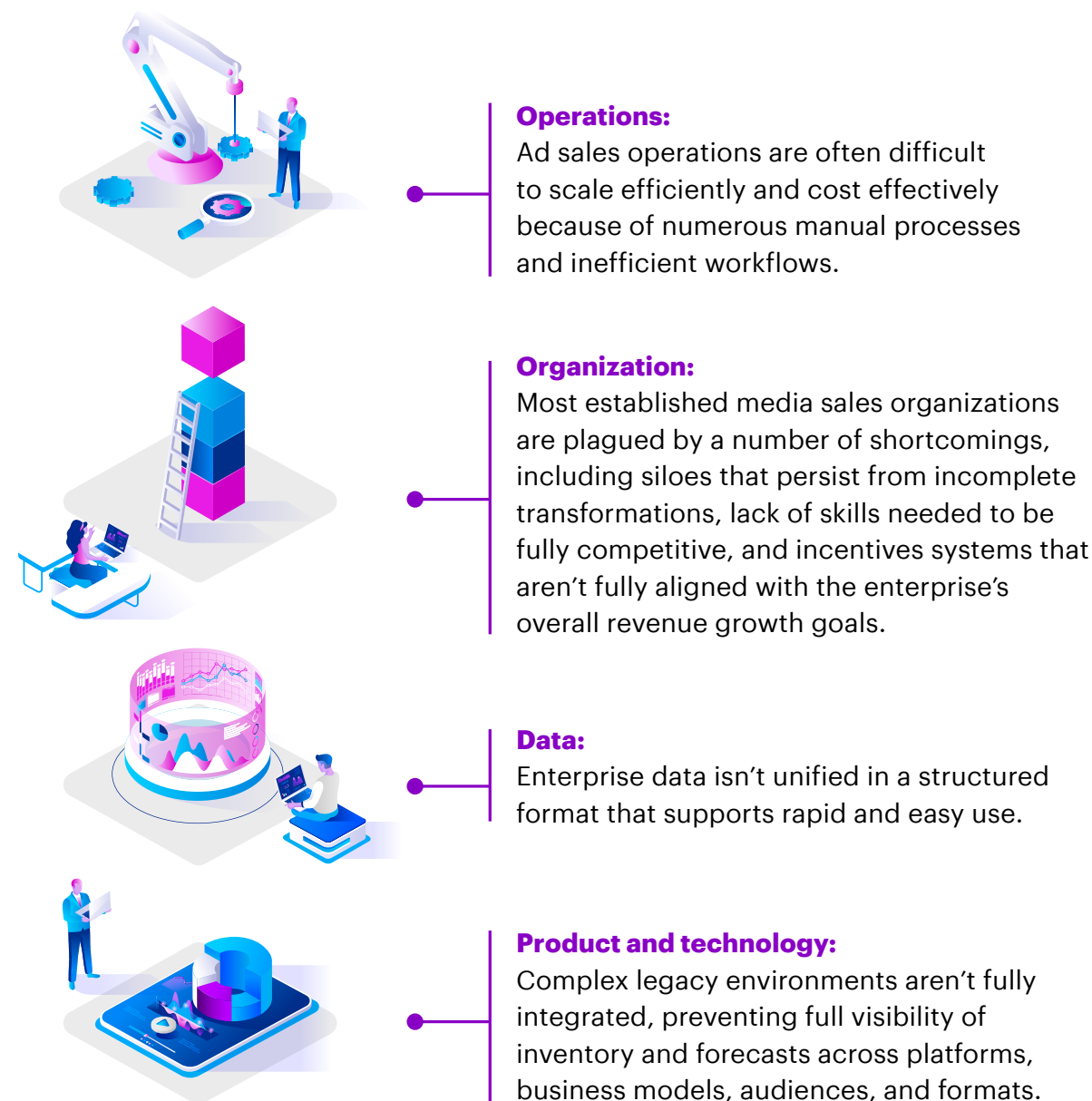
It seems like a daunting balancing act—and it can be. But it's already happening, with some sales leaders moving quickly to neutralize threats and getting results.

The fact is, despite this competitive, dynamic advertising marketplace, we know from experience that it's possible for media companies to differentiate and grow. While the macro backdrop may appear gloomy, this really is a significant time of opportunity.

But it won't be easy. Rotating from near-term revenue preservation to longer-term growth is hard enough. But striving to avoid cannibalizing traditional revenue streams while expanding digital ones is further complicated by entrenched organizational challenges (Figure 6) that remain the biggest obstacles to fully transforming and becoming more competitive in ad sales.

All of these are complicating traditional media companies' ability to participate fully in the long-tail recovery from COVID-19. The pandemic is accelerating digital transformation in the larger ad ecosystem and traditional media companies aren't fully positioned for this change.

FIGURE 6:
Organizational challenges



Therefore, getting results will require moving beyond the ad hoc, incremental initiatives companies have pursued in the past—historical investments in organizational change and technology that often have fallen short of the expected transformation. It will require a more holistic transformation of ad sales organizations—and now is an essential time to do it.

So how do media organizations do what may seem like the impossible—protect revenue in the immediate term and set a course to revenue growth and differentiation over the longer term, while delivering improved profitability for the ads business?



Responding today to protect revenue

Let's start with the near term. Several initiatives can help sales organizations protect and increase revenue and improve cost efficiency.



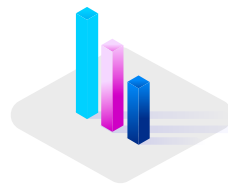
Optimizing tactical areas such as pricing.

We've found the application of analytics to optimize pricing can drive double-digit CPM increases.



Accelerating scaling of ad products that can deliver meaningful near-term revenue.

This could include offering multiplatform campaigns that enable advertisers to target hard-to-reach audiences that prefer digital platforms over traditional linear TV, or giving viewers a dynamic list of options they can choose from to interact with an advertiser (such as watching a 30-second ad or taking a short survey).



Getting ahead of industry dynamics to drive revenue from growth verticals.

In a post-COVID world, ads and outlets that will perform well will likely be different from those before the pandemic. So, for example, if the travel and leisure markets are down, ad sales should focus on quickly developing solutions for, say, healthcare or B2B technology services.



Increasing agility and speeding decision making through more real-time visibility and awareness.

If a media company knows at any point in time how much inventory across its properties is already spoken for, it can more easily price dynamically and set prices to reflect the demand for and supply of certain content—thus, generating a higher margin. The company also can more confidently offer guarantees with a more accurate forecast, lowering the chance it has to offer make-goods.

Mobilizing for change to pivot to the future



In parallel with protecting revenue with agile, iterative tactics, sales organizations must prepare to pivot to a strategic “2.0” transformation of the core ad sales operating model and related capabilities to build a modern ad sales operation that can compete effectively.

This move is part of the broader transformation media companies must enact to become a media-tech company that uses “digital factories” to rapidly create and scale ad products, solutions, and experiences.

Advertising transformation framework

A media-tech company takes advantage of content and technology to develop and offer innovative products and business models, at scale and at speed, to respond properly to ever-changing consumer and market demands. This pivot will help future-proof the ad sales business and differentiate it from fast-moving competition, and requires investing in **transformational change across six elements** that are essential to a media-tech company's ad sales organization.



01



Boost sales organization effectiveness

Ad sales and operations teams are working harder than ever. And because media companies lack intelligent processes and automation, smart, creative, and ambitious people are getting burned out. Worse yet, many are quitting. The more companies automate, the more they'll be able to create unmeasurable and measurable benefits within their teams:

- **Infuse sales teams with consultative and digital selling skills and operations teams with more analytical capabilities**
- **Focus salespeople more on customers and ad products instead of doing time-consuming administrative work**
- **Spend more time analyzing and acting on channel strategy and partnerships**
- **Create an omnichannel orchestrated selling platform, with automated media planning, execution, measurement, and billing**

02



Enable multiplatform sales

We are slowly and somewhat surely realizing the promise of multiplatform audience engagement. Yes, culture, advertiser, and agency readiness are factors that are generally out of a media company's control. But the friction of doing business is one factor that's completely within a media company's control that can be solved starting today by integrating systems, cleaning data, and improving analytics. Doing so can accelerate culture change, which will result in:

- **Additional automation that enables greater intimacy with audiences no matter the platform**
- **Fully support impression-based selling, across platforms**

03



Accelerate creative and ad product development

There isn't a lot of creative scale in advertising. That's not to say creative action is lacking—there's plenty of that today, but typically it takes a long time to get creative ideas to market and their execution is very manual. It's also costly and still predominantly done for one platform. More automation will lead to:

- **More real-time insights into what's effective about which creative enabled by dynamic, data-driven creative and a rapid test-and-learn insights loop**
- **Rapid scaling of innovative ad products, which in the current environment, is impossible to do**

04



Create fast, agile, and efficient ad operations

It's hard to believe that ad ops is still manual and error prone and there's been such little progress towards automation. It's especially bewildering because automation now is neither expensive nor complicated. Automation of ad ops workflows can drive:

- **Accuracy and quality assurance, KPI tracking, and alerting**
- **Great cost efficiency, including process simplification and workflow optimization**

05



Grow revenue through AI

AI-driven integration, automation, and analytics can lead to significant enterprise-wide, revenue-generating benefits:

- **Enterprise first-party data activation, with a centralized analytics hub, data quality, orchestration, and governance**
- **Insights for media planning to support outcomes-based selling encompassing both demand forecasting and capacity forecasting**
- **Personalized and automated lead generation (both inbound and outbound)**
- **Dynamic pricing, price optimization, and bundling strategies**
- **Customer segmentation and CRM analytics to drive client acquisition, upselling, and retention**
- **Predictive audiences to increase CPMs and differentiate with first-party data**

06



Manage multiplatform inventory and ad services more effectively through a unified ad tech stack

Ad tech stacks have historically been a ramshackle group of technology—sometimes used and sometimes not, sometimes homegrown, rarely with clean data, and almost never without a lot of manual intervention. Fixing the stack will both save media companies money and boost revenue by:

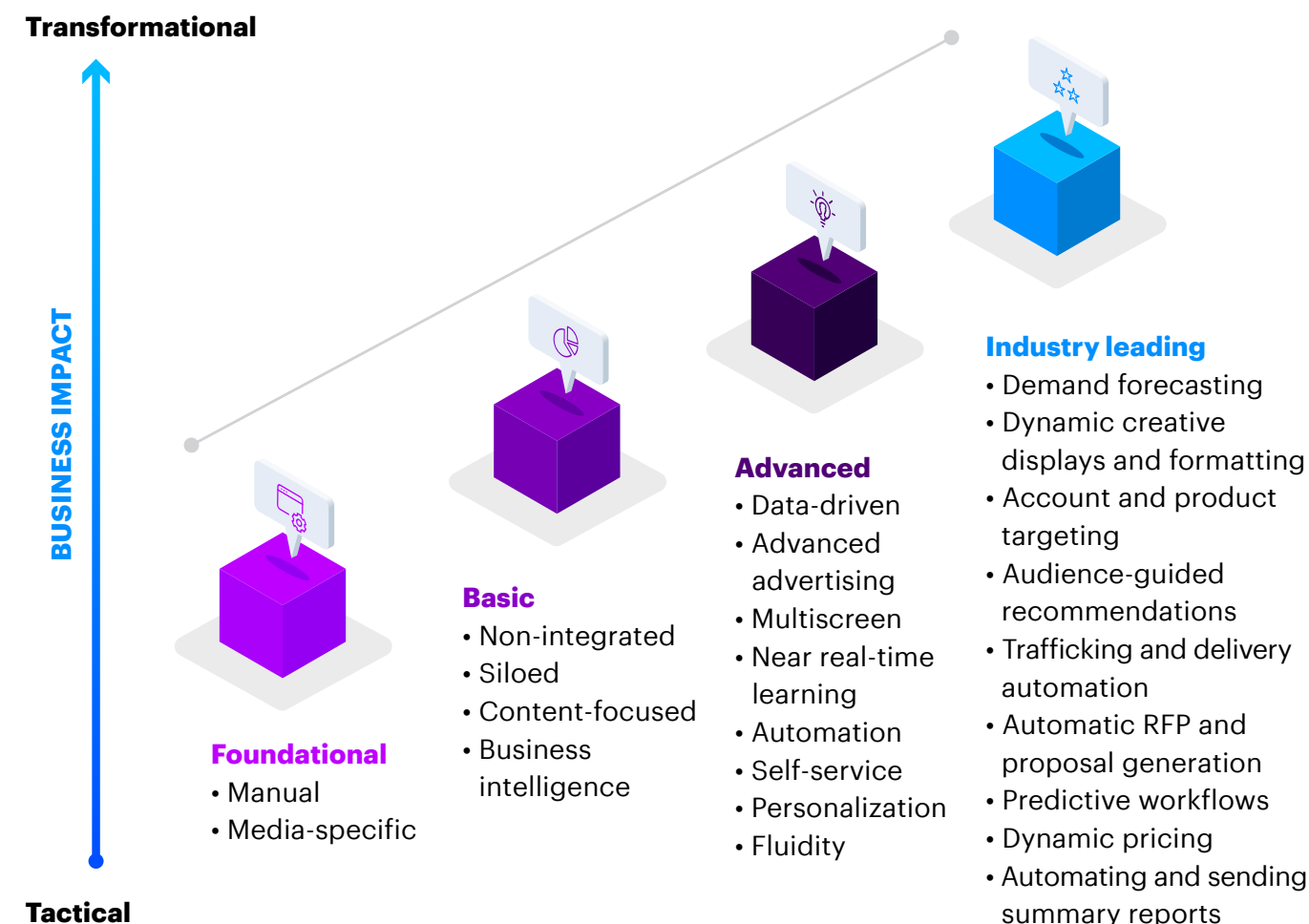
- **Disrupting silos with a cloud-based platform for integration, automation, and data activation**
- **Facilitating true multiplatform yield management, inventory management, and forecasting**
- **Delivering self-service tools, insights, and virtual collaboration capability**
- **Providing attribution as a service**
- **Ensuring automated integration of the multiple ad tech components needed for effectively and efficiently running ad ops**

Getting started today

A transformation of ad sales and operations can be executed quickly and successfully with the right roadmap and plan, as well as an iterative, agile approach that frees up cash via process improvement, automation, and optimization to invest in growth.

Where should companies start? **In our experience, transforming ad sales begins with understanding where and what to transform—and to what extent—to establish the organization’s baseline maturity.** The maturity framework in Figure 7 can help media companies identify where they are on the maturity spectrum and, in turn, prioritize the highest-ROI initiatives, align stakeholders, and set the organization on a path to long-term success.

FIGURE 7:
Ad sales transformation maturity framework



With a baseline established, a media company can then plot its course to the desired end state. At this stage of the game, a true cultural and emotional commitment to speedy action is needed among sales leaders, accompanied by informative communications that make the case for change. These two key elements are vital to giving the transformation the organization-wide impetus and drive it needs to succeed.

Finally, everyone involved has to agree to invest the money generated by revenue growth and unlocked through cost savings into changing the ad sales operating model to build media-tech capabilities and strong data skills and deeply integrate the art and science of ad sales.

To be sure, it's a tough time for traditional media companies today. But there's opportunity in the challenges they face. Media companies need to seize that opportunity now. It's time to take stock of your plans, evaluate how achievable they are, what they'll deliver—and, most important, how you change to make them reality.

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⁴Magna

⁵eMarketer

⁶IAB Europe

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