



## The Digital Transformation of the “Mad Men” Model

**The ad agency business needs to reinvent itself and embrace the two key challenges of the coming decade.**

When the pandemic hit, technological changes had already profoundly reshaped consumer-brand interactions. Yet in hindsight, those pre-Covid digitalisation trends look gentle and gradual. Amid lockdown, for instance, 71 percent of consumers in the United States shifted to purchasing certain products or services online. The new breed of connected consumers demand much more in terms of speed, convenience, personalisation and quality of interaction and are far less loyal towards brands that fail to deliver on digital-era expectations.

Being at the interface between businesses and customers, the ad agency model must also reinvent itself by fully embracing online data and analytics and swiftly acting on shifting consumer behaviour. With more connectivity comes greater amounts of data, and with more consumer power comes a complex dialogue between brands and consumers. Ad agencies need to pull insights and push content, charged with having the foresight to get ahead of trends. As a result, how businesses and ads interact is in flux and the agency of the future is being redesigned. To provide insights on this ongoing revolution, we interviewed seasoned industry leaders in both leading brands and ad services. Our analysis revealed three main transformational pillars.

*Data and technology enable the customer/brand*

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### *relationship*

Agencies first need to become experts in the science of relationships (or, if you prefer, relationship scientists), including how to initiate, sustain and – most importantly – repair them. Being a relationship scientist requires taking the other’s perspective, based on data. For François Vogel, President of agency 65dB Paris, “the bulk of an agency’s job five years ago was reporting lessons from the past – a sort of rear-view mirror. Now, we do brand scans and topic scans, and big data is turning us into a windshield.” Brett Macfarlane, a global product and experience consultant, said, “Data is a dark room full of hidden treasures. We use data tools as a spotlight that surfaces unmet needs and to speculate on future needs to guide our way forward.”

Turning to execution, agencies need to master the art of balancing data and the human touch. Data can help immeasurably in expanding reach and effectiveness, but it cannot compensate for non-engaging campaigns or content. As Rohit Padukone, Client Partner Lead at global media agency Wavemaker puts it, “Technology can help to micro target and track behaviour, but human connection with each other in the real world drives different kinds of experience.” Similarly, Mailine Swildens, Director at Google for ZOO EMEA, believes that

“optimising everything is not human. We need to anticipate, understand and deeply touch human emotions, that’s the role of the agency.” To this end, the ad of the future needs to design new processes that empower creative talents to leverage data more effectively.

As one example of such a process, Singapore e-commerce platform Shopee launched its **Media Agencies Partner Programme** (SMAP) with Dentsu Aegis Network, Omnicom Media Group, Publicis Groupe, Havas Group and Mediabrands. This platform allows Shopee and its partners to leverage its insights, knowledge and suite of advertising solutions to share best-in-class practices for e-commerce, media and communications for a better end-to-end experience. In the end, says Taryn Mook, former Group COO of Singapore digital agency Bonsey Jaden, “human insights, not data, best help decision making with the most effective creative solutions”. For agencies, this means developing analytics capabilities and interdisciplinary teams to match clients with the right solution providers for the best partnership possible.

#### *Creativity channels actionable insights into storytelling*

In a multichannel space, the big idea remains central and technology is only an enabler of agile creativity. As Rory Sutherland, Vice Chairman of Ogilvy UK puts it, “good targeting finds customers but good creative finds new customers. In other words, strong creativity can open doors to customers that are not a business’s usual target audience. Storytelling with a technological edge allows businesses to engage with these customers in unexpected and new ways – something that the traditional marketing strategy toolbox cannot achieve alone, especially when used with short-term focus. For agencies, this means initiating and developing genuine relationships with customers rather than transactional ones (for instance, trading social media mentions for discount codes).

TikTok, one of the most popular storytellers currently, is focusing its efforts on **building relationships** with ad agencies and media companies. Together, TikTok and partners are growing their capabilities in data-driven storytelling, offering new ways to link brand equity and storytelling to actual sales and conversion. This gives businesses actionable insights and a clear view of what TikTok has to offer as a creative platform.

Data-driven storytelling also requires using a different lens to view customers. The 2020 lockdowns saw creativity unfold. **Clarins** let consumers preview what the future stores will look

like. **Procter & Gamble** offered a virtual home experience to increase basket size. We saw online fashion shows like that by **Moschino**, **virtual fitness classes** and new ways to try and buy such as **Farfetch’s app** to try on sneakers. Put simply, storytelling in a digital age requires going beyond a creative resource or an insight. The key is to contextualise, personalise and put meaning in perspective for customers, be it through communications, products or partnerships.

#### *Transforming the agency from within*

While some ad agencies increasingly invest in digital capabilities and talent, others instead fully rethink their business models (e.g. new revenue models). For instance, agencies such as Bullish has a “**pay-for-performance compensation model**” and is “**one part strategic creative agency and one part early-stage consumer investment firm.**” Publicis recently launched **The Pact** for midsize clients, promising results on agreed-upon KPIs or 100 percent of their investment back. With these new models, the devil is lodged even deeper in the details: who prepares briefs and how, where and how the teams work, and how teams are staffed and structured. One way is insourcing – inspired by consulting firms, UK-based agency 65dB places teams on the ground with clients.

Responding to growing customers’ needs for the new and trendy, as well as for greater **brand purpose** and **ethical consumption** requires greater integration across companies, silos and borders (geographical, technological and cultural). “As the lines continue to blur across the ecosystem, agencies are adapting quickly to deliver on multiple areas, from sharing with clients their smart thinking to campaign creation and digital execution. The ‘optimal’ combination of ad agencies and other partners can help brands to embed brand building throughout an organisation,” said Karen Yew, Group Chief Communications and Branding Officer at Surbana Jurong, a global urbanisation consultancy headquartered in Singapore.

In the future, there will be more **centralisation, automation, optimisation** and deeper subject matter expertise. Jamshed Wadia, former Director of Marketing at Intel APAC and Japan, points out that “data reliance is higher and agencies need to understand it better” and it is time to embrace this head-on. A growing number of agencies and businesses are either training their employees in the world of digital and data to engage customers, or investing in in-house agencies, as **Procter & Gamble and Unilever** have done. As much as businesses hope to be self-sufficient, a **middle ground** may maximise synergy **now** with a division in responsibilities or media.

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Looking ahead, the agency of the future is one that will build on relationships, analytics and creative capabilities. Ana Maria Aboitiz-Delgado, Chief Customer Experience Officer at UnionBank of the Philippines, sums it up, “Success is putting ourselves in the brand’s shoes, having a stake and care in the brand, and being able to react on the fly.”

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