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The End of Advertising and Media as We Have Known It

Why Tacoda CEO Dave Morgan Thinks Sir Martin Sorrell's Got it Wrong

By Dave Morgan, Ceo Of Tacoda
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Sir Martin Sorrell, the CEO of WPP and certainly one of the luminaries of the advertising world, recently penned an opinion piece on the digital revolution for The (London) Times. In it, he tried to calm the fears of those in the traditional advertising business who are uncertain what the internet and the digitization of media will mean for them, their work and their jobs.



'Marketers are shifting away from advertising, which favors media, to direct marketing and promotion, which do not,' writes Dave Morgan. 'While this has been happening for decades, the digital revolution has helped accelerate the shift. This means less advertising in the future and less money for media -- all media. That's a reality.' | ALSO: Comment on this article in the 'Your Opinion' box below.

Like television?

His thesis? The digital revolution we are experiencing today is not much different from what the advertising industry experienced 50 years ago with the introduction of television. To him, the Internet is just one more new medium -- like television was -- and while it might disrupt the advertising world and advertising agencies in the short term, the storm will subside, the essence of the advertising world will endure much as it is today, and the internet will settle in alongside other media, displacing none of them.

Certainly wrong

I hope Sir Martin doesn't take too much solace in his own words, and nor should others working in more traditional roles in the advertising industry, because he is certainly wrong. The digital revolution unfolding today is about much more than the introduction of a new medium into the advertising mix. The web as a medium in which to place ads is only part of the story.

There is no question the internet as a medium is quite powerful -- you only need to have seen any one of the 20 or so cross-media measurement studies the Interactive Advertising Bureau has conducted to know that. There's also no question that it's quite pervasive -- you only need to have seen the new media-audience study from the Online Publishers Association, which shows that the reach of the web is now comparable to television, to know that. If this was all that was going on, Sir Martin's words might have proved correct over time.

Bigger storm coming

The world of advertising is in for a much bigger storm than most can even imagine. And almost certainly some of the media we know today will not continue forward.

Consider, if you will:

Marketers are shifting away from advertising, which favors media, to direct marketing and promotion, which do not. While this has been happening for decades, the digital revolution has helped accelerate the shift. This means less advertising in the future and less money for media -- all media. That's a reality.

All media are going digital. The digital revolution is not just impacting the web; it's impacting television, radio, newspapers, magazines and outdoor. They're all becoming digital in part and will almost certainly be fully digital within a decade. This will fundamentally change how they operate. Is a digital magazine still a paper magazine? Or is it a website or an e-mailed copy? Definitions and traditional 'siloed' differentiations we use today, such as magazine or newspaper or television or direct mail, will become meaningless to most consumers. To them, it will just be news or information or entertainment or games or great offers. Most folks in traditional media are not prepared for this -- and they are powerless to stop it.

Hyper-competition for all

Markets, media, advertising and marketing are all globalizing thanks to digital networks and communication. Not only does this mean many of the boundaries within which advertisers and advertising traditionally operated are falling away; it also means hyper-competition for everyone, from the media to the agencies to the clients themselves. Organizations that have protected their client relationships over the years with great account management -- though they claimed, of course, that it was great advertising -- will find themselves in pitched battles for business with more and more companies that have great teams, great ideas and great account management. Surviving and succeeding in service businesses like advertising will require lighter, faster, nimbler and more flexible approaches. Light, fast, nimble and flexible are terms not generally used to describe companies in traditional advertising media. Anyone with a heavy cost structure better watch out.

Capital markets and business enterprises are becoming more transparent and more accountable. There was a day when unaccountable advertising expenditures were taken for granted and no one cared who paid for the trips to Cannes. Those days are over. Over the past 30 years, technology has brought accountability to every division of the business enterprise with the exception of marketing. Finance is digitized. Manufacturing is

digitized. The supply chain is digitized. Distribution and logistics are digitized. Even human-resource management is digitized. All of them are accountable in real time for costs and results. And now, as advertising and media are digitized, they are becoming accountable too. That means only advertising and media that work will be funded. And whether they 'work' will be decided by the accountants, not the chief marketing officers.

Foreign to today's editors

We're now in a consumer-centric world. To consumers, it's "all about me." This world makes traditional advertising and media very uncomfortable as they are used to talking to, or shouting at, consumers. Now, it's about having a conversation, in some cases with one consumer at a time. This is foreign to almost every editor and programmer and creative in the business, and is fundamentally different from how they operate today. Digitization of media and communication means real-time interactivity and response and conversation all are possible. Media and advertising that don't embrace this way of operating -- and for many it's actually physically impossible -- will go away. Consumers will leave them behind, and marketers will refuse to fund them.

Sir Martin, the digital revolution is about much more than a new medium. It is about the beginning of the end of advertising and media as we have known it. Why? Because that's what consumers and marketers want.

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