In2Innovation Summit: Are PR agencies simply consolidating rather than innovating?

These are exciting times for the South African PR sector - as a relatively young industry in a world where the speed with which we are able to exact change is greater than ever before, local agencies literally have the opportunity to rewrite the PR rulebook.

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This was the view point from which industry thought leaders tackled a broad range of issues affecting communications professionals at the Holme's Report's In2Innovation Summit in Sandton on 8 May.

But amid the conversations around the growing need for rapid transformation, the most important question of the day was - are we as an industry innovating?

The answer from We Communications' International president, Alan Van der Molen, was – in short – not nearly as much as we should be.

The rise of the 'FrankenAgency'

He pointed out that the most significant trend we are seeing among agencies at the moment is consolidation – not innovation. As part of a trend, which he calls the 'FrankenAgency Epidemic', large holding companies such as WPP and Omnicom are merging their agencies to cut costs.

And this at a time, says Van der Molen, when agencies should be taking a more aggressive stance and playing across the entire media system rather than just in earned media, where they are highly limited. Instead consolidation forces companies to swim in very particular lanes so they don't compete among their various lines of business.

"There has been a 50% decline in journalists worldwide – meaning we have less people to smile and dial," Van der Molen commented. "Agencies must get better at dropping branded content with very particular outcomes in mind. And we need to understand the ecosystem for delivering that content."

Agencies are abhorrent at insight and analytics

He believes that operating across paid, earned and owned will help agencies become more scientific and creative. Agencies must also develop far better insight and analytics abilities, he said, adding that right now the industry's capabilities in this area are "abhorrent".

To do this, Van der Molen suggests agencies must drive new skill sets, something which We will be focusing on through the development of Motion Labs – a platform, which, through collaboration with smart, young entrepreneurs, will help communications professionals understand how content moves.

Along with improving capabilities in terms of research and insights, Tom Manners, MD of Clockwork Media, pointed out that agencies also need to offer more strategic counsel to clients rather than simply acting on instructions.

Bell Pottinger should have pushed back

In fact, the foresight to push back on a truly horrendous brief might have seen Bell Pottinger's story end quite differently, commented Robyn De Villiers, chairman and CEO of Burson-Marsteller in Africa. She said that if we isolated the question of whether or not Bell Pottinger was successful in their PR campaign – the answer would be yes, they would get 100% for fulfilling their brief. The issue, De Villiers said, wasn't that they shouldn't have taken on the client, but rather that they should have pushed back on the brief.

Thought leaders agreed that issues like the Bell Pottinger crisis, have prompted PR professionals to call for the industry to be held to a much higher ethical standard.

The role of ethics and brand purpose dominated many of the discussions which took place during the summit. "Risk plans will increasingly include ethical risks and must become living documents which companies look at all the time," said De Villiers.

Ethics will come to the fore in crisis

Only some of risk management is controllable and when the incidents which a brand can't control occur, brands must have an anchor, commented Heidi Brauer, brand mama and CMO at Hollard Insurance. She pointed out that anchor is a brand's "way of being" – it's culture and ethics.

The question of ethics bled into an extremely interesting panel on ESG. James Brice, group CEO of the EBS Advisory, questioned whether businesses are simply ticking boxes when it comes to CSI, "doing just enough and no more". He also questioned the level of authenticity in corporate reporting. "No-one trusts perfection," he said, saying that companies must learn to report the bad with the good.

Are brands just pulling heartstrings?

Jean Pierre Verster, equity portfolio manager at Fairtree Capital, agreed, saying the best way to truly change corporate behaviour would be to change the incentive for behaving differently. He says, in Japan, for example, company equity is tracked – and those companies with better equity receive greater investment.

Reporting alone isn't enough to encourage equity, Verster commented. "Rather executives should be remunerated according to their long-term ESG goals."

At the end of the day, it comes down to this – are companies simply stating values rather than implementing them? "Are brands simply pulling on the heartstrings of a country that's desperate for hope?" Brice questioned.

And if so, what needs to happen within the communications industry to regulate this?