

# Agency Scope Insights: In Colombia, marketers invest 35% of their communication budget on digital

Marketing and advertising consultancy Scopen presents the fourth edition of the Agency Scope Colombia 2020/21. The study analyses the trends of the communication industry in Colombia, the relationships between marketers and their agencies (both creative and media), and the way agencies are perceived in the market. The results are also compared with those of previous editions and with the rest of the countries where the study is carried out: Portugal, United Kingdom, Argentina, Brazil, Chile, Mexico, Spain, United Kingdom, China, India, Singapore and South Africa.



Image source: [123RF.com](https://www.123RF.com)

Comments Johanna McDowell, partner for Scopen Africa and CEO of IAS independent Agency Search and Selection: "There are some interesting similarities between Colombia and South Africa in terms of size of population and income distribution. Colombia has many of the social contrasts that characterise South Africa, which is why it is useful to review the Agency Scope 2020 Colombia findings against our own in the 2019/2020 Agency Scope South Africa edition."

Marketers, in Colombia, invest on average 3.6% of turnover in marketing-communication-advertising. Of that investment, more than a third is allocated to digital, which represents an increase of 15% in the last two years.

Colombia, with 34.7% digital spend, has already reached the level of digital investment of other neighboring countries such as Argentina (33.9%) and Mexico (34.2%), with a figure equal to that of Spain and approaching Brazil, the country with the highest investment in digital on the continent (38.7%). This shows a greater commitment by marketers to projects in the digital environment, despite barriers such as the lack of digital knowledge, the lack of budget or not having the right provider/partner.

## 56% of marketers work with specialised agencies

Currently, 56% of advertisers in Colombia work with specialised agencies (in different disciplines), while 44% work with integrated agencies where one agency solves all their marketing and advertising needs. However, more than half of the marketers (59%) state that they would prefer to work with integrated agencies in the future, compared to 41% who would prefer to work with specialised agencies.

The more media agencies attract and hire strategic planners and digital experts, the better positioned they will be to meet the needs of marketers, and the more essential their services will become.

## **23% of marketers carry out in-house creative tasks**

Although 23% of Colombian marketers state that they are involved in tasks related to creativity, when specified, they refer to the adaptation of international creative campaigns or digital-related campaigns (web, display and social media). However, a positive fact for agencies is that in 2020 we found fewer marketers trying to solve communication tasks internally (23% compared to 30% 2 years ago) and those who do so, solve fewer tasks.

Five out of ten marketers of those who claim to solve creative needs internally, justify it because they consider that they have a better understanding of their brand, product and competitors. 43% prefer to do it, to save costs and 35% think that they are faster and more agile in-house.

Marketing managers affirm that, among all communication disciplines, the five most important for their company are: strategic planning, creativity, digital strategy, research and media planning.

## **Pitches remain the most widely used agency selection method for marketers**

The most used agency selection method in Colombia is the pitch (67%), both to choose creative and media agencies, while only 7% opt for direct assignments. 5% declare that the agency selection depends on the international decision.

Regarding the characteristics that marketing managers consider a creative agency must have, the following, and in this order, is highlighted: creativity / innovative ideas, the offer of integrated services, and knowledge (of the market, the client and the brand) . Similarly, when they define their 'ideal' media agency they mention: knowledge (of the market, the customer and the brand), capacity and negotiation power / good prices and research / data / tools.

44.7% of marketers in Colombia (52.9% in 2018) declare that the procurement department is involved in negotiation processes. United Kingdom shows the highest percentage (69.9%), among those analysed. The interviewees confirm that the processes are led, above all, by 'marketing+procurement' (50.4%) and, in other occasions, 'marketing leads' (39.4%) or 'procurement leads' (10.2%).

Each marketing manager works, on average, with 3.9 agencies: 2.8 creative agencies and 1.1 media agencies, with an average relationship length of 4 years.

## **High level of satisfaction and less intention to change**

There are few marketers in Colombia that show dissatisfaction with the agencies they are working with (either creative or media). Eight out of ten marketing managers that have been interviewed, state that they are satisfied or very satisfied with their agencies. This is both above the global average, and the levels registered in 2018. Héctor Abanades, research manager at Scopen tells us that "marketers value the work of their agencies even more than two years ago. They especially appreciate their contributions in areas such as strategy, creativity and service, providing greater value to their companies and profitability for their investments. It is time for agencies to start evolving by offering more services, training their teams

in new areas and / or attracting new talent”.

As a result of this satisfaction there is a low intention of marketers to consider a change of agency in the medium-short term. Only 14% of marketers (17.2% in 2018) intend to change their creative agency and 11% their media agency. Among the main reasons for change, they mention in both cases, is the poor account service, the termination of the contract and dissatisfaction with the team of professionals they work with.

## **Challenges for the future**

The main challenge for agencies, looking ahead, is to move into new areas, such as e-commerce, precision marketing and all tasks related to personalisation and automation. There are few agencies that are considered experts in these areas that are becoming increasingly important to marketers, and they are looking for partners that can offer them this specialisation.

The crisis and lockdown caused by Covid-19, in many countries, have shown marketers that they need to sell online and have strong partners to help them navigate this new market.

César Vacchiano, president and CEO of Scopen states that “Colombia's focus as a country on the Orange Economy, an economy whose goods and services are based on intellectual property, is bearing results that are difficult to find elsewhere. Agencies belonging to advertising holdings have important spots of excellence in Colombia, with the potential to be regional hubs, offering solutions to clients in the Andean region and throughout the continent. Furthermore, in recent years, we have seen independent agencies growing and consolidating positions. It will be interesting to follow them and analyse how they evolve”.

## **Top-rated festivals and publications**

The Effie Awards are the most valued and desired by marketers in Colombia, closely followed by the Cannes Lions Festival. The value of both competitions grows in this edition, as a result of the recent successes of Colombian agencies at Cannes Lions Festival and the fact that some of them obtain leadership positions in the World Effie Index.

\*Sample: 834 interviews with 360 professionals who are the highest decision makers in communication/marketing/advertising from the most important marketers in Colombia (including 12 procurement directors) and 474 creative and media agency professionals. Interviews were conducted from January to April 2020.

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