

International networks shift SA media landscape



By [Jacques du Preez](#)

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"It's back to the coalface - we need to sell product."

Almost overnight, local South African media owners and advertising agencies have become global players as international agency and media networks continue their acquisition spree in southern Africa, preparing for a stronger push into Africa, the last continent for true growth.

This is the view of Jacques du Preez, founder and managing director of Provantage Media Group, which dominates in the out-of-home and transit media environment in southern Africa.

Media owners like Du Preez don't pull their punches when talking about 2014 as one of the toughest years in the business, when brands cancelled contracts and pulled back on spend during the platinum miners' strike and the recession.

"We reduced our own visibility, putting our marketing spend into pitches and direct client events and presentations. We applied a lot more focus in our own business, understanding the environment we work in. In this economy, we had to fight a lot harder for the business."

So it became a year of introspection for them, in which they relooked at their own business model. "It was a pitiful year for most media owners. No one could control the economy. Business underestimated the impact on the mid-LSM consumers. Brands are definitely spending less, taking longer to spend, want more for their money."

Du Preez believes, unfortunately, that 2015 will see another round of retrenchments, this time at media agencies, which were some of the hardest hit, he believes, losing multi-millions in turnover, as well as continued retrenchments at media owners nationwide.

He counts his business fortunate in that they began their digital conversion and investment early on in the curve and are set for expansion into Africa and other opportunities.

Within all of this, there are always opportunities, says Du Preez. "In today's world where nothing is certain, where things are in flux, we look for resourcefulness. If you are resourceful and entrepreneurial, there are lots of opportunities. It's about keeping positive. "

Du Preez's key trend predictions for 2015 are:

1. **Globalisation and business unusual.** The South African media landscape is becoming part of the global set up very quickly, with WPP, Publicis, VML and others, buying into local agencies and media houses. They are changing behaviour. WPP used to be an advertising agency owner, now they have bought into Smollen merchandising and field marketing, and experiential agency, EXP. So how far are they buying down the media value chain? Where is this vertical integration trend going? Africa is the last growth continent left in the world. If you are in the industry, you can't say it will be 'business as usual' going forward. It might be that they change buying behaviour and marketing overnight. These are mega-trends. And now I'm not competing against local companies, but with global players. Overnight. There is no doubt it will lead to further consolidation as smaller players will have to align with larger players to be competitive.
2. **Scale up North into Africa.** Clients are expecting a sub-Saharan Africa footprint, they don't want to deal with 17 different businesses in each company. It makes sense to establish a hub in South Africa, with a footprint up North.
3. **Smaller budgets:** Budgets are smaller and commitments shorter. It is rare to get an advertising contract longer than three months these days.
4. **Broadband** will get a lot better and that will change consumer patterns.
5. **Integration:** What we haven't seen properly done is integration with other media types and online media.
6. **Budgets under pressure:** Consumer and advertising budgets will remain under pressure. There will be a slow recovery over the next 24 months, depending on our political leadership.
7. **Media consolidation:** We will see consolidation of media ownership. More print titles will die.
8. **Mid-LSM going online:** With the broadband access a lot of cities are rolling out, we will see a lot of activity on the web from smartphone consumers. They will be more skilled at using the internet on their mobile devices than higher-LSM consumers. It is a big opportunity for brands and retailers.
9. **Top-end TV viewers will fragment** as broadband to the top-end market will become what it is supposed to be. That market will fragment.
10. **Media agencies are under pressure** with smaller budgets and shrinking margins. I predict they will be pulled back into advertising agencies - that scenario has been coming for a while.
11. **Advertising direct:** advertisers will almost want a back to basics approach with campaigns. They want hard-working campaigns to move product and talk to the consumer at grass roots levels. It's back to the coalface - we need to sell product.
12. **Total media transformation:** It will take two years, but SAARF will be gone and there will be new measurement models across media.

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* *Jacques du Preez* was interviewed by *Louise Burgers*, specialist editor of *Biz Trends 2015*.

ABOUT JACQUES DU PREEZ

Jacques du Preez is CEO of Provantage Media Group. He is the founder and a shareholder of the group, which is one of southern Africa's leading out-of-home and transit media and marketing companies.

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