

# The Business Model Innovation Process

Three studies on advertisers, media agencies, and TV broadcasters

Industrial PhD dissertation submitted by

**Henrik Jensen**

Department of Social Sciences and Business



Academic supervisor: associate professor Kristian Sund

Business supervisor: commercial director Kasper Kryger

ISSN no. 0909-9174

## Foreword

This dissertation is about business model innovation and the business model innovation process.

After an English and Danish abstract of the findings, the dissertation is divided into two separate parts: synopsis and papers. The latter consist of three academic studies or scientific articles, of which two have been published as of November 2018. The synopsis is a summary of the relationship between the three studies and their contribution to the entire PhD dissertation.

Furthermore, it provides additional information about and discussions of the background, methods, and results that are not presented in the scientific articles.

The journey for this dissertation started in April 2013, when I, a former executive from the media industry, read an article in a Danish business newspaper in which a professor in media management claimed that media organizations were facing significant business challenges and would benefit from applying industrial PhD candidates. Several actors deserve thanks for making this journey happen: Discovery Networks, undertaking a PhD project for the first time ever globally, and, from Roskilde University, my supervisor, Kristian Sund, and, for his initial support, Søren Jagd. However, my biggest thanks are due to my fantastic wife, Lone, who supported the journey all the way!

After more than three years of studies, I am confident that the phenomenon of business model innovation provides some key answers to the question of how firms can survive in both the short and the long term. Business model innovation really matters!

## Abstract

Academic interest in business model innovation has accelerated in the past decade. The legitimacy of studying the phenomenon is driven by the fact that business model innovation improves firm performance. When a firm changes from its current business model to a novel business model, the journey is considered to be a business model innovation process. Multiple academic reviews have pinpointed an improved understanding of the process that firms undertake on the journey from one business model to another as a gap in the existing literature. The objective of this dissertation is to contribute to an improved understanding of the business model innovation process for incumbent firms.

The empirical field of investigation in this dissertation involves three groups of actors in the advertising industry: the media, in terms of TV broadcasters; agencies, in terms of media agencies; and advertisers, in terms of firms that advertise. The actors studied can be classified as incumbents and belonging to the traditional media industry, in which advertising is a fundamental source of revenue and internet-based innovations since the mid-1990s have created major transformations of actors' business models. The dissertation is article-based, containing three specific studies of advertisers, media agencies, and TV broadcasters. The three studies are complementary in their methodology, since they provide a historical, current, and future perspective on the business model innovation process phenomenon. The applied research method is a combination of a multiple-case study, a modified Delphi method, and a survey. The respondents in the studies are characterized as being based mainly in Denmark but with regional responsibilities or perspectives.

In the study of media agencies, a process model describing how agencies have altered their business model over a decade is developed. Three separate stages in the process are identified: business model innovation awareness, business model exploration, and business model exploitation. The study finds that the different building blocks of the business model are a focal point of innovation in

each stage of the business model innovation process. In the study of TV broadcasters, programmatic advertising is found to be an emergent technology that has the potential to disrupt and transform the business model of TV broadcasters. Thirteen implications for the business model of TV broadcasters are identified. The short-term implications focus on altering the components' value proposition and key partnerships. Instead of looking backwards, the study documents how the Delphi method, combined with a content analysis with meta-analysis characteristics, can provide an assessment and predictions of the future implications of a given technological disruption. In the study of advertisers, 13 marketing challenges that advertisers are currently facing are identified. The majority of these challenges are internal and linked to missing capabilities as well as issues of organizational design. The study finds that technology-based actors, such as digital agencies, along with Facebook and Google, are the novel key partners for advertisers in their value creation.

Beyond the contributions from the three single studies, this dissertation contributes five areas of theoretical implications that advance the business model innovation process field: (1) the definition of a business model innovation process; (2) business model innovation as a three-stage process model; (3) the business model innovation process and the business model components; (4) the business model innovation process and the dimensions of business model innovation; and (5) new technology as the primary driver of business model innovation.

A practical implication from this dissertation is a study on the future business model for agencies in Denmark. The study combines the academic literature on business models and business model innovation with the opinion of experts within the agency business. The study has been very well received by practitioners. In a narrow empirical context, the study provides evidence that it is possible for academia to create practical relevance and guidance with the investment of limited resources.

## Dansk resumé

Den akademiske interesse for innovation af forretningsmodeller er steget markant i det seneste årti. Årsagen til interessen skyldes, at innovation af forretningsmodellen forbedrer virksomhedernes resultater. Når en virksomhed går fra deres nuværende forretningsmodel til en ny, er der tale om en forretningsmodels-fornyelses-proces. På engelsk hedder det en ”business model innovation process”. Flere gennemgange af den akademiske litteratur peger på, at en bedre forståelse af den proces virksomheder går igennem på rejsen fra en forretningsmodel til en anden, er et område, som kræver mere forskning. Ambitionen med denne afhandling er at bidrage til forskningen indenfor det område, som på engelske kaldes ”business model innovation process”.

Det empiriske undersøgelsesområde for afhandlingen er tre grupper af aktører indenfor salg af medie og reklame: medievirksomheder i form af Tv-stationer, bureauer i form af mediebureauer og annoncører i form af virksomheder, som annoncerer. De undersøgte aktører kan karakteriseres som etablerede og tilhørende mediebranchen. En branche hvor salg af reklamer er en grundlæggende indtægtskilde, og hvor innovationer, som følge af internettets indtog siden midten af 90’erne, har skabt markante forandringer af forretningsmodellerne. Afhandlingen er artikel-baseret med tre særskilte studier af annoncører, mediebureauer og tv-stationer. De tre studier er metodisk komplementære, idet de giver et historisk, nutidigt og fremtidigt perspektiv på processen. Endvidere anvendes en kombination af kvantitative og kvalitative metoder, idet der gennemføres et case-studie med flere aktører, en tilpasset Delphi-metode samt en spørgeskemaundersøgelse. Respondenterne i studierne er karakteriseret ved i overvejende grad at være baseret i Danmark, men med et regionalt ansvar eller perspektiv.

I studiet af mediebureauerne udvikles en proces model, som beskriver, hvordan bureauerne har forandret deres forretningsmodel over et årti. Tre separate faser i processen identificeres:

Forretningsmodel-fornyelses-opmærksomhed, forretningsmodel-udvikling, forretningsmodel-

udnyttelse. Undersøgelsen finder frem til, at de forskellige komponenter i en forretningsmodel er et fokusområde for fornyelsen i hver af de tre faser i processen.

Studiet af Tv-stationer viser, at programmatisk reklame er en ny teknologi, som har potentialet til at disrupte og transformere forretningsmodellen for Tv-stationer. 13 forskellige implikationer identificeres. På kort sigt er implikationerne forandringer af Tv-stationernes værditilbud samt de vigtigste partnere. Fremfor at kigge bagud dokumenterer studiet, hvordan Delphi-metoden, kombineret med en indholdsanalyse, kan anvendes til at vurdere og forudsige konsekvenserne ved en potentiel disruptiv teknologi.

I studiet af annoncørerne identificeres 13 forskellige marketing udfordringer. Størstedelen af udfordringerne er interne og relateret til manglende kompetencer samt organisationsstruktur. Undersøgelsen finder frem til, at teknologibaserede aktører som digitale bureauer samt Google og Facebook er de vigtigste forretningspartnere for annoncørerne i deres værdiskabelse.

Udover bidragene fra de tre studier bidrager afhandlingen med yderligere indsigter indenfor fem områder: (1) definition af en forretningsmodels-fornyelses-process (2) fornyelse af forretningsmodellen som en proces i tre faser, (3) sammenhængen mellem forretningsmodel-fornyelses-processen og elementerne i forretningsmodellen, (4) sammenhængen mellem forretningsmodel-fornyelses-processen og typer af forretningsmodel-fornyelse samt (5) nye teknologiske muligheder som den primære driver af forretningsmodel fornyelse.

En praktisk implikation fra denne afhandling er et studie om fremtidens forretningsmodeller for danske bureauer. Studiet kombinerer den akademiske litteratur med holdninger fra bureau eksperter. Indenfor et mindre empirisk felt er studiet et eksempel på, hvordan det er muligt for forskere at skabe praktisk relevans og værdi med begrænsede ressourcer.

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## Part I: Synopsis

### 1. Introduction

#### 1.1. Research theme and objective

Despite earlier notions of a business model, it was with the launch of the Internet in the mid-1990s that academia applied the construct to describe a firm's key business processes and the way in which they are linked. The academic "interest in the concept virtually exploded" from 1995 onwards (Zott, Amit, & Massa, 2011, p. 1022). The increasing interest was reconfirmed in a later review of the business model literature (Massa, Tucci, & Afuah, 2017). A new technology, the emerging internet paradigm, provided new opportunities for firms in their interaction with the environment. The existing ways of explaining the capitalization of new technologies were found not to be adequate. The business model lens was an appropriate approach to make sense of these novel forms of doing business (Spieth, Schneckenberg, & Ricart, 2014). Consequently, business models emerged as a significant instrument both for academics to study firms, and for firms to "commercialize new ideas and technologies" (Chesbrough, 2010, p. 354).

Lambert and Davidson (2013) reviewed the business model literature from the mid-1990s to 2010. They highlighted the emergence of three partly overlapping streams of research. The first stream was the business model as a base for enterprise classification in terms of providing a novel perspective for a homogeneous grouping of firms (i.e. new e-businesses, etc.). The second stream was business model and firm performance in terms of types of business models or elements of a business model leading to improved performance for the firm. The third stream was business model innovation, i.e. the study of how firms change their business model.



Lambert and Davidson found that the smallest of the three streams is the business model innovation stream. Foss and Saebi (2017) discovered that research on business models had increased significantly and reached 7391 publications in the Scopus database for the period 1980–2015. Of these – despite the rapid increase – research on business model innovation only accounted for 349 publications. In their literature review, Wirtz, Göttel, and Daiser (2016b, p. 6) identified 178 publications on business model innovation in academic, peer-reviewed, English-language journals. The growing interest in the business model innovation literature is confirmed by the fact that more than 80% of the publications were published in this decade. The growing and accelerating academic interest in business model innovation is also evident in several other reviews of the business model innovation literature (Boons & Lüdeke-Freund, 2013; Massa & Tucci, 2014; Schneider & Spieth, 2013; Spieth et al., 2014). The literature contains numerous studies that have linked business model innovation and positive development of firm performance. Business model innovation has been found to be a driver of improved performance in both emerging and mature industries (Zott & Amit, 2007). Consequently, the academic legitimacy is driven by the fact that the phenomenon influences firm performance, and the progressive internet-based business environment has been predicted to increase the significance of the literature (Wirtz et al., 2016b).

A relevant distinction in the business model innovation literature concerns whether business model innovation is undertaken by an incumbent actor or a start-up. Massa and Tucci (2014) categorized business model innovation for start-ups as *business model design* and for incumbents as *business model reconfiguration*. Business model design “refers to the entrepreneurial activity of creating, implementing and validating a BM for a newly formed organization” (Massa & Tucci, 2014, p. 424). Business model reconfiguration can be defined as follows: “managers reconfigure organizational resources (and acquire new ones) to change an existing BM”. Business model reconfiguration is about the process of changing from one business model (BM  $x$ ) to another business model (BM  $x+1$ ). Business model design involves launching a new business model (BM 0

to BM 1). Incumbents face a range of challenges rooted in organizational inertia and modes of organizational learning; these are challenges that start-ups do not face (Massa & Tucci, 2014). Innovation of the business model has generally been found to be a significant and complex challenge for incumbent firms (Euchner & Ganguly, 2014; Koen, Bertels, & Elsum, 2011; Moingeon & Lehmann-Ortega, 2010; Wirtz et al., 2016b). Scholars have agreed that business model innovation for incumbent actors requires specific skills to achieve improved firm performance (Chesbrough, 2007; Mezger, 2014; Wirtz et al., 2016b).

In their review of the business model innovation literature, Schneider and Spieth (2013) found that academia lacks a better understanding of the business model innovation process. Specifically, the question “What determines the process and elements of business model innovation in specific contexts?” (Schneider & Spieth, 2013, p. 23) was identified as an area for further research. When a firm begins an innovation of its business model, it is caused or triggered by some internal or external mechanism. The external driver or antecedents of business model innovation have been found to be the changing demands of stakeholders, changes in the competitive environment, or opportunities derived from new technology. The relevance and relative importance of these antecedents have been identified as a gap in the existing literature (Foss & Saebi, 2017, p. 18; Wirtz et al., 2016b, p. 13).

The purpose of a business model innovation process is to create and capture more value for the firm, and the consequence is a change to the business model (Massa & Tucci, 2014; Santos, Spector, & Van der Heyden, 2015). The academic legitimacy of studying business model innovation is driven by the fact that the phenomenon improves firm performance. In their study of an incumbent US-based automotive insurance provider, Desyllas and Sako (2013) found that innovation of an existing business model in terms of conceptualization and implementation does not necessarily lead to improved firm performance. Chesbrough and Rosenbloom (2002) investigated

Xerox' efforts to find new business models in the 1970s. In this case as well, Xerox failed to capitalize on new business ideas. Consequently, business model innovation is an opportunity for, but not a guarantee of, improved firm performance (Chesbrough & Rosenbloom, 2002).

In summary, the scientific problem is that we lack a better understanding of how successful business model innovation actually occurs, i.e. the details of the business model innovation process. What determines the process and elements of business model innovation? Furthermore, what are the relevance and relative importance of the different elements? The process of business model innovation has been found to be a significant and complex challenge for incumbent firms. This fact, combined with the societal importance of incumbent businesses makes incumbent actors an applicable context.

Consequently, the research theme for this dissertation is the business model innovation process for incumbent firms. An improved understanding of the process that firms undertake on the journey from one business model to another has been found to be a gap in the existing literature (Foss & Saebi, 2017; Schneider & Spieth, 2013; Wirtz et al., 2016b). The objective of this dissertation is thus to contribute to an improved understanding of the business model innovation process for incumbent firms.

## 1.2. Empirical field of investigation

Apple is among the highest-valued companies in the world. It has managed several business model innovations. The majority of its revenue is directly related to business model innovations around new technologies, like the iPod, iPad, and iPhone. According to Johnson, Christensen, and Kagermann (2008, p. 59), "business model innovations have reshaped entire industries and redistributed billions of dollars of value". Johnson et al. (2008) highlighted that new business model

concepts in the US came to account for 75% of the valuation of the retail sector (i.e. WalMart and Target) and 55% of the valuation of airline carriers (i.e. low-cost carriers).

The practical relevance of studying business model innovation can also be found in IBM's 2006 CEO study. It interviewed 765 leaders from around the world. The main conclusion was that innovation of the business model is a primary focus among top leaders. When analysing the data, IBM discovered that firms that included innovation of their business model financially outperformed firms that did not. Furthermore, the study revealed that innovation of the business model offers more rewards than other types of innovation within the firm's product, services, markets, or operations (Pohle & Chapman, 2006). Business model innovation is of relevance for corporate leaders.

The empirical field of investigation for this dissertation was determined by the fact that it is an industrial PhD project co-financed by the TV broadcaster Discovery Networks in Denmark. Discovery Networks is part of the US-based Discovery Communications. Discovery currently operates 13 TV channels in the Danish market. The channels are Kanal 5, 6'eren, plus the Eurosport and Discovery channels. Finally, the streaming services Dplay and Eurosport Player are also part of the Danish operation.

Advertising is a key revenue source for Discovery Networks. For Discovery Communications, the annual report from 2015 revealed that advertising represents almost half of the total revenue. The origin of this dissertation was a conversation between the previous Nordic CEO of Discovery Networks and the author. The logic was to invest a fraction of the advertising revenue in a PhD project to gain input on what the future business model for advertising would look like for a TV broadcaster and how they could respond.

TV broadcasters have been a fundamental part of the media industry for more than 50 years. A review of the media management literature agrees to major ongoing transformations of the business models in the media industry (Aris & Bughin, 2009; Doyle, 2013; Küng, 2008; Picard, 2011). The transformation is driven by technological changes. Historically, the evolution of the media industry has been characterized by the continuous introduction of new media formats led by new technology. The emerging internet paradigm and digitalization have accelerated the pace of new technologies being introduced into the industry in the past 20 years (Küng, 2008). In the business model literature, the media industry is characterized as operating in a “high-velocity environment”. This is an environment that is significantly influenced by the emerging internet paradigm. Consequently, a constant focus on innovation and adjustment of the business model is required to survive (Lambert & Davidson, 2013; Wirtz, Mathieu, & Schilke, 2007).

One of the implications of digitalization is the significantly lower distribution cost of media content. Examples of the consequences include the completely transformed music industry and an explosion in the number of TV channels and programmes available to consumers. The consequences also include new devices for the consumption of media, like smartphones and smart TVs. For consumers, this means more options, and more options mean more digital and more fragmented media consumption. New technology-based actors, like Google and Facebook, have also entered the media industry as part of the new emerging internet paradigm. For the existing actors in the media industry, the outcome has been significant challenges to their existing business model (Aris & Bughin, 2009; Doyle, 2013; Küng, 2008).

Advertising as a revenue source is fundamental to the business models in the media industry (Aris & Bughin, 2009; Picard, 2011). The increased speed of technological innovations has also had implications for advertising. The way in which advertising works has changed with the Internet and online advertising (Bugge, 2009; Perez-Latre, 2007; Sinclair & Wilken, 2009; Vernuccio &

Ceccotti, 2015). In the new paradigm, a digital advertising landscape has arisen, and actors like Google and Facebook have been instrumental in disrupting the previous advertisement paradigm (Klopfenstein, 2011; Young, 2014).

The purpose of advertising is to motivate the consumption of specific goods or services. Firms or organizations that advertise are labelled advertisers. Advertisers advertise to create value for themselves, and the fundamental challenge is to identify the right message, in the right media, at the right time (Young, 2014). Besides advertisers, the actors in the value creation process are different types of advertising agencies and advertiser-funded media. Advertisers employ agencies for the development and handling of the advertisements and media for exposing an audience to their message. Agencies are typically specialized within a specific capability, like creativity, media, digital marketing, and so on. Advertiser-funded media include actors like TV broadcasters, newspapers, Google, Facebook, and others. The three groups of actors have been part of the media industry for decades and are considered to be “the tripartite institutional structure of the advertising industry” (Arzaghi, Berndt, Davis, & Silk, 2012, p. 2). The three groups of actors are the empirical field of investigation for this dissertation. Regarding media, the primary focus will be on TV broadcasters, and for agencies, the primary focus will be on media agencies. The three groups of actors are illustrated in Figure 1.

Figure 1. Empirical field of investigation: The three groups of actors in the advertising industry



Source: Author, based on Arzaghi et al. (2012, p. 2).

The new advertising paradigm has had implications for the way in which the advertising budgets are allocated in Denmark. Advertisers are spending an increased amount of their advertising budgets on digital media. The share was less than 3% in the year 2000. By 2014, it had grown to 43%. The increasing share of the advertising budget comes from printed media, like newspapers, magazines, and trade magazines. Their share of the advertising budgets in Denmark fell from 76% in 2000 to 34% in 2014. The majority of the digital advertising budgets is allocated to Google and Facebook. They have evolved to become dominant actors in the advertising market. TV managed to maintain a market share of approximately 17% during the period. The accumulated market shares for radio, outdoor, and cinema advertising also remained constant during the period, at a level of approximately 6%. Table 1 provides an overview of the allocation of advertising expenditures to different types of media in Denmark in this century. The evolution of the Danish advertising market has been found to be quite similar to that of other media markets in the Nordic countries (Agency for Culture and Palaces, 2015).

Table 1. The allocation of advertising budgets across media groups in Denmark from 2000 to 2014

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Daily newspapers	29%	27%	26%	26%	26%	27%	26%	22%	19%	17%	16%	15%	13%	12%	11%
Other print media	47%	49%	48%	45%	44%	42%	38%	37%	37%	34%	31%	28%	26%	25%	23%
Radio/outdoor/cinema	5%	6%	6%	6%	6%	6%	5%	6%	6%	6%	6%	7%	6%	6%	6%
TV	16%	16%	16%	19%	19%	19%	18%	17%	17%	17%	18%	19%	18%	18%	17%
Internet	3%	3%	4%	5%	5%	6%	13%	18%	22%	26%	29%	32%	36%	39%	43%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Calculated on the basis of data from the Agency for Culture and Palaces (2015). Its sources were Dansk Reklameforbrugsundersøgelse and Danmarks Statistik.

According to the Agency for Culture and Palaces (2015), Danish advertisers invested 9.8 billion DKK in advertiser-funded media in 2014. Bureauanalyse (2015) stated that, in 2014, Danish advertisers invested 5.5 billion DKK in different agency services. Consequently, advertisers invested 15.3 billion DKK in agencies (36%) and media (64%) in 2014. The new advertising paradigm has also had implications for the way in which advertisers in Denmark allocate their

budgets to the different types of agencies. Advertisers are spending an increased amount of their budgets on agencies that focus solely on digital services. In 2009, 18% of advertisers' budgets spent on agency services were allocated to digital agencies. In 2014, the share had increased to 30%. In the same period, creative agencies' share of the budgets invested in agencies declined from 53% to 39%. Media agencies and other types of agencies had an accumulated market share of approximately 30% during the period (Bureauanalyse, 2010, 2011, 2012, 2013, 2014, 2015). Table 2 provides an overview of the way in which advertisers have distributed their investments in agency services across the different types of agencies in Denmark.

Table 2. The distribution of advertisers' investments in agency services across agency types in Denmark from 2009 to 2014

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Creative agencies	53%	51%	48%	45%	42%	39%
Media agencies	14%	14%	14%	14%	15%	15%
Digital agencies	18%	19%	21%	26%	28%	30%
Other types of agencies	15%	16%	17%	15%	15%	16%
	100%	100%	100%	100%	100%	100%

Source: Calculated on the basis of data from Bureauanalyse (2010, 2011, 2012, 2013, 2014, 2015).

In summary, the empirical field of investigation for this dissertation is the three groups of actors in the advertising industry: media, in terms of TV broadcasters; agencies, specifically media agencies; and advertisers. The three groups of actors have all been part of the media industry for decades and are thus incumbent actors in their industry. Furthermore, they have been found to operate in a "high-velocity environment" in which transformation is driven by technological changes that require a constant focus on innovation and adjustment of the business model to survive.



### 1.3. Research questions

The process and elements of business model innovation have been identified as an area for further research (Schneider & Spieth, 2013, p. 23). Several studies have attempted to investigate and describe the business model innovation process (Foss & Saebi, 2017; Wirtz et al., 2016b). These studies have acknowledged that the process can be clustered into stages or phases but disagreed on the number and content of the different stages (Wirtz et al., 2016b). Some studies have suggested three stages (Mezger, 2014; Micheli, 2015), some four (Frankenberger, Weiblen, Csik, & Gassmann, 2013; Sosna, Treviño-Rodríguez, & Velamuri, 2010), and some six (Euchner & Ganguly, 2014; Eurich, Weiblen, & Breitenmoser, 2014).

Providing a deeper understanding of the process in various contexts is useful to reach more general conclusions about the phenomenon (Schneider & Spieth, 2013). A relevant context is Danish media agencies. Scholars have shown a growing interest in media agencies and their role in the advertising industry (Bogart, 2000; Bulearca & Bulearca, 2009; Jacobs, 1991; Knuth, 2013; Ots, 2009). Such agencies guide advertisers on the effectiveness of different media and execute the actual buying of media space. In a declining Danish media market, media agencies have managed to grow their revenue and profit margins substantially (Agency for Culture and Palaces, 2015; Bureauanalyse, 2008–2015). Media agencies thus capture more value in the marketplace than previously. The business model innovation construct can help document and explain this observation.

From the above, the following research question can be derived:

*Does the process of business model change occur in stages, and what differentiates such stages in the context of Danish media agencies?*

New and emerging technology is core to business model innovation research and the business model phenomenon (Chesbrough, 2010; Spieth et al., 2014). In their longitudinal study of 45 firms,

de Reuver, Bouwman, and MacInnes (2009) also found that technological factors, together with market-related factors, are the main triggers of business model innovation. Malholtra (2000) discovered that, due to new technologies like the emerging internet paradigm, the environment that firms operate in is characterized by more rapid and discontinuous changes. Wirtz et al. (2007) found that some industries even operate in “high-velocity environments”, requiring an even greater focus on innovation and adjustment of the business model to survive.

When a firm undertakes an innovation of its business model, it is caused or triggered by some internal or external mechanism. The external driver or antecedents of business model innovation have been found to be the changing demands of stakeholders, changes in the competitive environment, or opportunities stemming from new technology. A better understanding of the relevance and importance of technology as a trigger or enabler has been identified as a gap in the existing literature (Foss & Saebi, 2017, p. 18; Wirtz et al., 2016b, p. 13).

Programmatic advertising is an emergent technology that has the potential to disrupt and change the business model of television broadcasters. It can be defined as “an automated, technology-driven method of buying, selling or fulfilling advertising” (American Association of Advertising Agencies, 2015, p. 6). The technology itself finds its roots in the 2000s at the lower end of the online display ad inventory (Gonzalvez-Cabañas & Mochón, 2016) or what can be called lower-value banner advertisement. Gradually, what was to become programmatic advertisement moved towards other types of display advertising, and around two-thirds of the online advertisement market was traded programmatically by 2016 (WideOrbit, 2016). Programmatic advertising is now evolving into new formats and media, such as television broadcasting and streaming. The advertising expenditure on programmatic TV was non-existent in 2014 but has been estimated to reach 5% of the TV advertising expenditure globally by 2019, with the United States as the leading market (IDC, 2015).

From the above, the following research question can be derived:

*How do early stages of new technologies affect the business models of incumbent firms in the TV broadcasting sector?*

Technological innovations have transformed the media industry (Küng, 2008). The implication for advertising is a new advertising paradigm. The way in which advertising works has changed with the Internet and online advertising (Bugge, 2009; Perez-Latre, 2007; Sinclair & Wilken, 2009; Vernuccio & Ceccotti, 2015). The efficiency of advertising seems to be declining, and, since the introduction of the Internet, it has been historically low (Cheong, De Gregorio, & Kim, 2014). The rise of a new digital media landscape has increased the complexity and uncertainty for advertisers. They are searching for ways to understand advertising effectiveness in the new paradigm (Leeflang, Verhoef, Dahlström, & Freundt, 2014; Tolvanen, Olkkonen, & Luoma-aho, 2013). The investigation of this phenomenon has been of significant interest for Discovery Networks in Denmark.

In the new paradigm, a digital advertising landscape has arisen, and actors like Google and Facebook have been instrumental in disrupting the previous advertisement paradigm (Klopfenstein, 2011; Young, 2014) at the expense of traditional media. Historically, advertising agencies have been instrumental in the value creation process with advertisers (Arzaghi et al., 2012; Eagle & Kitchen, 2000; Farmer, 2015; Horsky, 2006). As part of the new digital media landscape, a range of digital specialist agencies have also emerged as actors within the agency construct (Nabout, Skiera, Stepanchuk, & Gerstmeier, 2012; Soberman, 2009; Vernuccio & Ceccotti, 2015). They have developed into partners for advertisers in the value creation process.

The definitions of business model innovation have two dimensions: the degree of novelty and the scope of business model innovation. The degree of novelty can be related to whether the business

model is new to the firm or new to the industry. The scope of business model innovation can be linked to whether it is a single module in or the architecture of the business model that is altered by the business model innovation. Foss and Saebi (2017) proposed a typology, as presented in Figure 2. Evolutionary business model innovation is characterized as fine-tuning of the business model. Adaptive business model innovation is characterized by a significant adaptation of a business model that is known to the industry, which most commonly occurs in response to business model innovation conducted by a competitor. Focused business model innovation affects one area of the business model, whereas complex business model innovation affects several components or the entire business model.

Figure 2. Business model innovation typology

	Modular	Architectural
New to firm	Evolutionary	Adaptive
New to industry	Focused	Complex

Source: Foss and Saebi (2017, p. 18).

Marketing is fundamental for firms and their value creation. From a business model innovation typology perspective, Foss and Saebi (2017) would classify marketing challenges as a potential modular business model innovation, since the scope can be linked to a single module in the business model. Whether it is an evolutionary or a focused business model innovation depends on whether the innovation is novel to the firm or to the industry. Giesen, Berman, Bell, and Blitz (2007) identified three types of business model innovation for incumbents: industry model innovation, in terms of innovating in relation to the industry value chain, enterprise model innovation, regarding altering the firm's role in the value chain, and revenue model innovation, involving innovating with the way in which revenues are generated. Marketing challenges would be classified as a potential revenue model innovation by Giesen et al. (2007).

From the above, the following research question can be derived:

*What marketing challenges do new technologies create for advertisers, and how do such challenges affect their selection of business model partners?*

To advance the literature, Gebauer and Saul (2014) proposed an agenda that studies business model innovation from a process-based perspective at the expense of the outcome-based perspective, like improved firm performance. Process theorizing provides knowledge on how a phenomenon evolves. The understanding of process questions has in general been found to be beneficial for the advancement of management knowledge and thus also for the business model innovation process (Langley, Smallman, Tsoukas, & Van de Ven, 2013).

This dissertation takes a processual perspective on business models and business model innovation. Process studies follow three fundamental approaches in terms of temporal orientation: past, present, or future (Langley, 2007, 2009). The three research questions involve the application of each of the three approaches to process studies. The past or tracing-back approach is about looking back to identify how an element emerged processually. This approach is adopted for the research question *Does the process of business model change occur in stages, and what differentiates such stages in the context of Danish media agencies?* The future or following forward approach concerns following the consequences of current events. This is adopted in the research question *How do early stages of new technologies affect the business models of incumbent firms in the TV broadcasting sector?* The present or current approach focuses on phenomena that are regarded as a constant but affected by ongoing processes. This is applied to the research question *What marketing challenges do new technologies create for advertisers, and how do such challenges affect their selection of business model partners?* The overall unit of analysis is the business model innovation process phenomenon of incumbent actors in the advertising industry. The unit of analysis is addressed from

three different perspectives: the *historical* perspective, in terms of how the actual process for media agencies evolved, the *future* perspective, regarding the consequences that a potential disruptive technology like programmatic advertising will have for the business model of TV broadcasters, and, finally, the *current* perspective, in terms of how environmental conditions affect the marketing challenges and business model partner selection of advertisers.

Schneider and Spieth (2013) found that approaching business model innovation in various contexts and situations is useful for providing a basis for understanding the phenomenon. This dissertation contains studies of three different empirical incumbent contexts (media agencies, TV broadcasters, and advertisers) and applies three different process approaches (past, future, and present). These will hopefully fulfil the research objective of this dissertation, which is to contribute to an improved understanding of the business model innovation process for incumbent firms. Table 3 on the following page provides an overview of the dissertation.

## 1.4. Dissertation overview

Table 3. Dissertation overview

Research objective	To contribute to an improved understanding of the business model innovation process for incumbent firms		
	Study 1	Study 2	Study 3
Research question	Does the process of business model change occur in stages, and what differentiates such stages in the context of Danish media agencies?	How do early stages of new technologies affect the business models of incumbent firms in the TV broadcasting sector?	What marketing challenges do new technologies create for advertisers, and how do such challenges affect their selection of business model partners?
Empirical context	Media agencies	TV broadcasters	Advertisers
Process perspective	Past	Future	Current
Title of study	The journey of business model innovation in media agencies: Towards a three-stage process model	The implications of programmatic advertising on the business model of TV broadcasters	The advertiser perspective: Marketing challenges and advertising partner selection
Methodology	<p>Primarily qualitative</p> <p>Embedded multiple-case study based on semi-structured interviews and secondary data</p> <p>Interviews conducted with 11 managing directors from Danish media agencies. They represented 78% of the revenue in the Danish media agency market in 2014</p>	<p>Mix of quantitative and qualitative</p> <p>Combination of a modified Delphi method and content analysis of 12 documents</p> <p>Semi-structured interviews with an expert panel consisting of 6 respondents from Discovery (2), agencies (2), and technology providers (2). The respondents were based in London (2), Copenhagen (2), and Stockholm (2)</p>	<p>Primarily quantitative</p> <p>Survey of 146 Danish advertisers</p> <p>Respondents were responsible for the advertising and marketing budget within their organization</p>
Key findings	Three separate stages labelled business model innovation awareness, business model exploration, and business model exploitation. The different building blocks of the business model are a focal point of innovation in each stage	Programmatic advertising has the potential to disrupt and change the business model for TV broadcasters. Thirteen implications for the business model of TV broadcasters are identified	The majority of marketing challenges are internal and linked to missing capabilities and issues of organizational design. Technology-based actors are the preferred partners for advertisers
Overall theoretical implications	<p>The definition of a business model innovation process</p> <p>The business model innovation as a three-stage process model</p> <p>The business model innovation process and the business model components</p> <p>The business model innovation process and the dimensions of business model innovation</p> <p>New technology as the primary driver of business model innovation</p>		
Practical implications	<p>Method to assist in the prediction of the implications of new technology</p> <p>Updated perspective and knowledge on media agencies, programmatic TV advertising, and advertisers</p> <p>Translating business model innovation findings into a practical context</p>		

Source: Author.

## 2. Theoretical background

In this chapter, I will present the conceptual background and theoretical framing of my dissertation. The first section will provide a discussion of the business model innovation concept in terms of origin, definition, and theoretical foundation. The second section discusses the implication of taking a processual perspective on business model innovation. The third section frames the empirical field of investigation in a business model innovation typology. The objective of my dissertation is to contribute to an improved understanding of the business model innovation process for incumbent firms. This leads to three research questions focusing on the business model innovation process, the role of new technology, and finally new technology and the impact on business model partners. For each of the research questions, a section presents the state-of-the-art knowledge as well as the specific research gaps addressed.

The formulation of the three research questions evolved as a process. The initial research question was about the business model innovation process. When investigating this topic, the findings and specific events led to the second research question about the role of new technology. The findings from this, combined with the specific interest and request from Discovery Networks in Denmark, generated the third research question about new technology and the impact on business model partners. The presentation of the state-of-the-art knowledge for the three research questions overlaps and is included when first of relevance. Consequently, the section related to the first research question is longer than the section related to the third research question.

### 2.1. The business model innovation concept

The story about business model innovation starts with the business model construct. Numerous definitions of a business model have been introduced in the past 20 years (Spieth et al., 2014; Zott et al., 2011). The differences in the definitions have been found to occur at the operational level of



the definition or depending on the role of the business model object that they are trying to explain (Spieth et al., 2014). In their review of the various business model definitions, Foss and Saebi (2017, p. 3) concluded that “most current definitions are close to or consistent with Teece’s (2010, p. 172) definition of a business model as the ‘design or architecture of the value creation, delivery, and capture mechanisms’ of a firm”.

As mentioned earlier, Lambert and Davidson (2013) reviewed the business model literature from the mid-1990s to 2010. They highlighted the emergence of three partly overlapping streams of research. The first stream was the business model as a base for enterprise classification in terms of providing a novel perspective on a homogeneous grouping of firms (i.e. new e-businesses, etc.). The second stream was business model and firm performance in terms of types of business models or elements of a business model leading to improved performance for the firm. The third stream was business model innovation. In the first stages of this stream, business models were primarily recognized as commercialization of innovations. In later stages, business models themselves were increasingly being studied as the subject of innovation (Schneider & Spieth, 2013).

Like most other emerging research fields, business models and business model innovation lack construct clarity (Foss & Saebi, 2017). Spieth et al. (2014, p. 237) made a distinction between the two phenomena: “While business models are traditionally concerned with firm-level value creation and capture, business model innovation poses in addition questions about novelty in customer value proposition and about respective logical reframing and structural reconfigurations of firms”.

The logical assumption is that the definition of business model innovation is Teece’s (2010) definition of a business model with the addition of the term innovation. The various definitions of business model innovation agree with this. The differences arise in the interpretation of the term innovation: how much innovation of the business model is required before it can be defined as a

business model innovation? (Foss & Saebi, 2017; Massa & Tucci, 2014; Wirtz et al., 2016b).

Schneider and Spieth (2013, p. 26) distinguished between business model development and business model innovation. The first includes “adjustments and incremental innovations within the established business model framework”, while the latter implies that the business model “removes itself from the status quo”.

The first generation of definitions was quite absolute in its approach to the interpretation of innovation; Mitchell and Coles (2004, p. 17) talked about “business model replacements”, and Markides (2006, p. 20) discussed “a fundamentally different business model”. The recent generation of definitions can be characterized as taking a more relative or softer approach to the interpretation of innovation. Casadesus-Masanell and Zhu (2013, p. 464) stated that “business model innovation refers to the search for new logics of the firm and new ways to create and capture value for its stakeholders”. Two recent reviews of the business model innovation literature agreed with the softer approach. Foss and Saebi (2017, p. 17) defined business model innovation as “designed, novel, and nontrivial changes to the key elements of a firm’s business model and/or the architecture linking these elements”. Wirtz et al. (2016b, p. 3) used the definition from Wirtz (2016, p. 189): “Business model innovation describes the design process for giving birth to a fairly new business model on the market, which is accompanied by an adjustment of the value proposition and/or the value constellation and aims at generating or securing a sustainable competitive advantage”.

As previously mentioned, the definitions of business model innovation have two dimensions: the degree of novelty and the scope of business model innovation. The degree of novelty can be related to whether the business model is new to the firm or new to the industry. The scope of business model innovation can be linked to whether it is a single module or the architecture of the business model that is altered by the business model innovation. Foss and Saebi (2017) proposed a typology

whereby evolutionary business model innovation is characterized as fine-tuning of the business model. Adaptive business model innovation is characterized by significant adaptation of a business model that is known to the industry, which most commonly occurs in response to business model innovation conducted by a competitor. Focused business model innovation affects one area of the business model, whereas complex business model innovation affects several components or the entire business model.

Other scholars have also tried to create a typology of business model innovation. Massa and Tucci (2014) made a distinction between the business model as an innovation itself and the business model as a vehicle for innovation in terms of commercializing a new technology. The former is more radical than the latter for the core logic of the firm. In Foss and Saebi's (2017) terms, the former would be architectural business model innovation and the latter modular business model innovation. Wirtz and Daiser (2017) supported the perspective of Foss and Saebi (2017) and Massa and Tucci (2014) by arranging different levels of business model innovation intensity between radical and moderate business model innovation. The literature lacks a consensus on a concise categorization of business model innovation (Wirtz & Daiser, 2017). Foss and Saebi (2017) found that understanding the interdependencies of the four types of business model innovation is an interesting area for further research. In the implications for theory section, my three studies allow me to propose that a temporal and thus processual perspective could explain the interdependency between the different dimensions of business model innovation.

### **The theoretical foundation for business model innovation**

The academic literature agrees that the business model innovation concept lacks a proper theoretical foundation (Foss & Saebi, 2017; Schneider & Spieth, 2013; Spieth et al., 2014; Wirtz et al., 2016). Business model innovation is found to be "a slippery construct to study" (Casadesus-Masanell &

Zhu, 2013, p. 480) from a theoretical perspective. The majority of the challenges arise from the inconsistencies in the conceptual framework of the business model itself (Teece, 2010).

The business model innovation literature has been found to link dimensions of corporate strategy, innovation, and technology management as well as entrepreneurship (Schneider & Spieth, 2013; Spieth et al., 2014; Wirtz et al., 2016). Recent reviews of the business model innovation literature have disagreed slightly about who to credit for the first contributions to the literature. Foss and Saebi (2017) gave credit to Mitchell and Coles (2003), while Wirtz et al. (2016) acknowledged Malholtra (2000).

From a corporate strategy perspective, Mitchell and Coles (2003) addressed the way in which business model innovation is linked to the creation of a sustainable competitive advantage. They studied the 100 US companies with the highest growth in stock price during the 1990s. The findings revealed that the best-performing firms altered the components of their business model in terms of pricing, operational cost, or customer benefits on a regular basis (every two to four years). The link to corporate strategy has been debated among scholars. Some have regarded the business model concept as “an invitation for faulty thinking and self-delusion” (Porter, 2001, p. 73). Others have recognized a close link between the corporate strategy and the business model literature. Casadesus-Masanell and Ricart (2010, p. 212) stated that “a business model is the direct result of a strategy”. This perspective has been supported by a range of other scholars who have emphasized that innovation of the business model needs to take the overall strategy of the firm into account (Abraham, 2013; DaSilva & Trkman, 2014).

Malholtra’s (2000) views were based on the innovation and technology management literature. He found that, due to new technologies like the emerging internet paradigm, the environment that firms operate in is characterized by more rapid and discontinuous changes. Consequently, Malholtra

(2000) proposed a framework for the reconfiguration of the knowledge management and sense-making within firms. The framework implies fundamental rethinking of the firm instead of only changing the processes and workflows to create a sustainable competitive advantage.

The link to the innovation literature arises from the fact that innovation of the business model has emerged as a new source of innovation that adds to the traditional innovation focuses, like process, product, and organization (Massa & Tucci, 2014; Sinfield, Calder, McConnell, & Colson, 2011; Wang, Voss, Zhao, & Wang, 2015; Zott et al., 2011). Innovation of a business model has been found to require more resources than other types of innovation, because the core logic of the firm is revised (Schneider & Spieth, 2013). The benefit of innovating within the business model is that it creates and captures more value than other types of innovation (Pohle & Chapman, 2006). In their study of 69 innovations in the telco industry, Wang et al. (2015) found that innovation of the business model includes innovation of either product or process. They also concluded that process innovation and product innovation are more isolated and interact less with other types of innovation. Consequently, innovation of the business model seems to imply simultaneous innovation of product and/or process.

In their review of the business model innovation literature, Wirtz et al. (2016) found that the literature in the early phase (up to 2005) was dominated by the link to the corporate strategy plus the innovation and technology management literature. The link between the entrepreneurship and the business model innovation literature was found to increase and evolve after the initial and first phases of the business model innovation literature. Zott and Amit (2007) have been acknowledged for introducing the link (Wirtz et al., 2016) in their study of 190 entrepreneurial firms. They found that entrepreneurial firms focused on a novel-centred business model design perform better than entrepreneurial firms focusing on efficiency-centred business model design.

## 2.2. A processual perspective on business model innovation

This dissertation takes a processual perspective on business models and business model innovation. This will contribute to an improved understanding of the business model innovation process for incumbent firms. As mentioned previously, Gebauer and Saul (2014) proposed an agenda that studies business model innovation from a process-based perspective at the expense of the outcome-based perspective to advance the literature. This section will discuss the relevance of a processual perspective based on the existing business model innovation literature.

Process theorizing provides knowledge on how a phenomenon evolves. The understanding of process questions has in general been found to be beneficial for the advancement of management knowledge and thus also for the business model innovation process (Langley et al., 2013). Process theorizing is directed towards the dynamics in evolving processes rather than the relationships among variables as its primary focus. Mohr (1982) has been credited for introducing the distinction between “variance” and “process” theories. Variance theories provide explanations of relationships among dependent and independent variables. Process theories provide explanations of how an entity changes and develops over time. In simple terms, process theories focus on how something happens, while variance theories focus on why something happens (Langley, 2009).

The literature contains a significant amount of “variance”-embedded studies that have linked business model innovation and the positive development of firm performance. Business model innovation has been found to be a driver of improved performance in both emerging and mature industries (Zott & Amit, 2007). In their study of the 100 US companies with the highest growth in stock price in the 1990s, Mitchell and Coles (2003) found that innovation within their business model could explain their superior performance. When analysing the data from their study of 765 leaders from around the world, Pohle and Chapman (2006) discovered that firms that innovated within their business model achieved superior profit-level performance in terms of their operating

margin. Superior performance in both operating profit margin and stock value were also found by Giesen et al. (2007) in their study of 35 firms recognized for their ability to innovate in relation to their business model (Apple, IKEA, etc.). The link between business model innovation and improved profit level was also identified by Cucculelli and Bettinelli (2015) in their study of 376 small- and medium-sized Italian enterprises in the clothing industry over the period 2000–2010. A link between business model innovation and improved sales and profit level was found by both Aspara, Hietanen, and Tikkanen (2010) and Huang, Lai, Kao, and Chen (2012). Aspara et al. (2010) conducted a study of 545 Finnish firms and found a positive correlation between innovation within the business model and improved financial performance in terms of sales and operating income. Huang et al. (2012) investigated 189 electronics and information industry manufacturers in China. They concluded that business model innovation is positively correlated with firm performance (measured on six items, two of which were sales and the profitability level).

The literature has reported that business model innovation improves the value creation and capturing for firms, and the improved firm performance is measured in sales, profit margin, and stock valuation. The initial academic legitimacy is driven by the fact that the phenomenon influences firm performance. Innovation of the business model has generally been found to pose a significant and complex challenge for incumbent firms (Euchner & Ganguly, 2014; Koen et al., 2011; Moingeon & Lehmann-Ortega, 2010; Wirtz et al., 2016). Scholars have agreed that business model innovation for incumbent actors requires specific skills to achieve improved firm performance (Chesbrough, 2007; Mezger, 2014; Wirtz et al., 2016). The fact that firms that conduct business model innovation perform better than firms that do not reveals nothing about how firms conduct a successful business model innovation. Consequently, a processual perspective on business model innovation should contribute to an improved understanding of the business model innovation process for incumbent firms.

A process can be defined as “a sequence of events or activities that describes how things change over time” (Van de Ven, 1992, p. 170). Process research involves dynamic questions about temporally evolving phenomena. The time construct is vital for process theorizing and has in general been found to be lacking in the management literature (Langley et al., 2013). The business model innovation literature has suggested that changing a business model is a process that takes a considerable number of years (Habtay, 2012; Kaplan, 2012; Markides, 2013; Porra, 2000; Sosna et al., 2010). In the case of the Spanish dietary products business Naturhouse, Sosna et al. (2010) identified a process of fifteen years divided into five years of business model exploration followed by ten years of business model exploitation. Markides (2013) found a business model exploration period of more than ten years prior to the launch of the Nintendo Wii in 2007. Similarly, Bogers, Sund and Villarroel (2015) examined business model innovation in the postal sector over a more than ten year long period. The centrality of temporal dynamics is embedded into the business model innovation process. A perspective that includes time and temporal evolution is of relevance when contributing to an improved understanding of the business model innovation process for incumbent firms.

### 2.3. The empirical field of investigation in a business model innovation typology

As mentioned earlier, Massa and Tucci (2014) categorized business model innovation for start-ups as *business model design* and for incumbents as *business model reconfiguration*. Business model design “refers to the entrepreneurial activity of creating, implementing and validating a BM for a newly formed organization” (Massa & Tucci, 2014, p. 424). Business model reconfiguration is defined as “managers reconfigure organizational resources (and acquire new ones) to change an existing BM”. Business model reconfiguration is about relocating from one business model (BM  $x$ ) to another business model (BM  $x+1$ ). Business model design involves launching a new business model (BM 0 to BM 1).



By definition, all firms will have to be born as a start-up and emerge into an incumbent.

Consequently, the distinction made by Massa and Tucci (2014) is, by nature, more overlapping than separate in its categorization. An incumbent actor can operate multiple business models of which some might be start-ups and others might be incumbent. In the initial stages of the business model literature, the scholarly focus is on classification of the start-ups and thus business model design (Lambert & Davidson, 2013). Start-ups tend to operate in market niches, and their business models can, to some extent, be characterized as experiments in the industry rather than proven value-capturing businesses (Massa & Tucci, 2014). The growing evidence that business model innovation correlates with improved firm performance combined with the societal importance of incumbent businesses stimulated the scholarly focus on business model innovation for incumbent actors.

Another relevant distinction of the business model innovation actors is whether it is the business model of a single actor or multiple actors. Business model innovation starts with one actor; eventually, the new business model will replace the existing business models and core logic of the industry (Magretta, 2002). Actors compete with other actors, and consequently business model innovation will, over time, include multiple actors: the original actor and the actors who respond to the changing competitive environment to survive. An innovation of a business model will reshape the industry value chain and exert an impact on the relationship between the actors (Zott et al., 2011). Lambert and Davidson (2013, p. 669) made a distinction between whether the scope is the firm or whether it is a network of firms. Consequently, a study of business model innovation can adopt a single-firm approach or a multiple-firm approach.

Giesen et al. (2007) identified three separate business model innovation opportunities for incumbent actors. The first includes innovation and thus redefinition of the existing industry value chain. The second consists of reconfiguration of the offering and pricing models. The third and most commonly used opportunity is an altered role in the existing value chain. All three routes have been

found to result in improved firm performance. Industry model innovation and enterprise model innovation are focused on a multiple-actor approach, while revenue model innovation leans more towards a single-actor approach. Three separate business model innovation opportunities have also been identified by Amit and Zott (2012) and Johnson (2010). Amit and Zott (2012) made a distinction between adding new activities, linking activities in a novel way, and changing the parties that perform an activity. Johnson (2010) distinguished between developing a new value proposition, identifying new customer segments, and entering new industries. Half of the business model innovation opportunities are focused on a multiple-actor approach (new activities, changing the parties that perform an activity, or entering new industries) and the other half on a single-actor approach (linking activities in a novel way, developing a new value proposition, or identifying new customer segments).

Based on Lambert and Davidson (2013) and Massa and Tucci (2014), a typology of the different actors in the business model innovation literature can be derived. This is illustrated in Figure 3.

Figure 3. Typology of the actors in business model innovation

	Single actor	Network of actors
Start-up actors	Business model design for a single actor	Business model design for a network of actors
Incumbent actors	Business model reconfiguration for a single actor	Business model reconfiguration for a network of actors

Source: Author, based on Lambert and Davidson (2013) and Massa and Tucci (2014).

The empirical field of investigation for this dissertation is the three groups of actors in the advertising industry: media, in terms of TV broadcasters; agencies, specifically media agencies; and advertisers. The three groups of actors have all been part of the media industry for decades and are

thus incumbent actors in their industry. Therefore, the appropriate classification in business model innovation terms is business model reconfiguration for a network of actors.

Malholtra (2000) found that, due to new technologies like the emerging internet paradigm, the environment that firms operate in is characterized by more rapid and discontinuous changes. Wirtz et al. (2007) concluded that some industries even operate in “high-velocity environments”, characterized by constant changes in demand, competition, regulation, and technology. Firms that operate in these environments require an even greater focus on innovation and adjustment of the business model to survive (George & Bock, 2011). “High-velocity environments” are typically industries that are significantly affected by the emerging internet paradigm, like the media industry (Lambert & Davidson, 2013; Wirtz et al., 2007). Consequently, the appropriate classification of the empirical field of investigation is business model reconfiguration for a network of actors in a high-velocity environment.

#### 2.4. The business model innovation process

An improved understanding of the process that firms undertake on their journey from one business model to another has been found to be a gap in the existing literature (Foss & Saebi, 2017; Schneider & Spieth, 2013; Wirtz et al., 2016). The process and elements of business model innovation have been identified as a specific area for further research (Schneider & Spieth, 2013, p. 23). Providing a deeper understanding of the process in various contexts is useful to reach more general conclusions about the phenomenon (Schneider & Spieth, 2013). The Danish media agencies were identified as a relevant context. From the above, the following research question was derived:

*Does the process of business model change occur in stages, and what differentiates such stages in the context of Danish media agencies?*

When a firm changes from its current business model to a novel business model, the journey is a business model innovation process. The purpose of a business model innovation process is to create and capture more value for the firm, and the consequence is a change to the business model (Massa & Tucci, 2014; Santos et al., 2015). A review of the literature did not offer any definitions of a business model innovation process. The business model innovation construct can be defined as “designed, novel, and nontrivial changes to the key elements of a firm’s business model and/or architecture linking these elements” (Foss & Saebi, 2017, p. 17). A process can be defined as “a sequence of events or activities that describes how things change over time” (Van de Ven, 1992, p. 170). Consequently, a business model innovation process can be defined as “a sequence of events or activities that describes how designed, novel, and non-trivial changes to the key elements of a firm’s business model and/or architecture linking these elements change over time”.

When a firm begins an innovation of its business model, it is caused or triggered by some internal or external mechanism. This is followed by a range of enablers in terms of drivers and barriers in the business model innovation process. Innovation of the business model has been found to be a significant and complex challenge for incumbent firms (Euchner & Ganguly, 2014; Koen et al., 2011; Moingeon & Lehmann-Ortega, 2010; Wirtz et al., 2016). The challenge is, by nature, internal, since business model innovation includes an organizational change process for incumbent actors (Foss & Saebi, 2017). This was confirmed in my third study, in which the largest group of challenges was found to be internal. Scholars have agreed that business model innovation for incumbent actors requires specific skills to achieve improved firm performance (Chesbrough, 2007; Mezger, 2014; Wirtz et al., 2016).

The literature on the drivers of and barriers to business model innovation has been considered to be heterogeneous due to its origin from various industry contexts (Wirtz et al., 2016). However, the literature has pointed to four overlapping clusters of conditions as the key to enabling successful

business model innovation: leadership, capabilities, experimentation and organizational learning, and stakeholders.

### **The role of leadership**

In their longitudinal study of eight bioscience firms, Brink and Holmén (2009) found that business capabilities are more decisive than technological capabilities for successful business model innovation. In fact, the initial technological capability has limited relevance for the future firm performance. Business model innovation includes an organizational change process for incumbent actors; consequently, leadership, specifically change leadership, is required for successful business model innovation (Foss & Saebi, 2017; Schneider & Spieth, 2013).

The role of leadership is vital in deciding on the timing of innovation within the current business model (Johnson, 2010). The decision has been found to be taken under circumstances involving a high degree of uncertainty due to aspects like organizational complexity, divergent opinions in the leadership team, and financial uncertainty (Massa & Tucci, 2014). The management of conflicts is an essential capability for the leadership role in business model innovation (Sund, Bogers, Villarroel, & Foss, 2016). The organizational change process often implies separation between the new and the old business model, which creates a level of tension between the two business models (Bogers et al., 2015; Moingeon & Lehmann-Ortega, 2010). The conflict between the new and the old business model is a potential barrier to successful business model innovation (Chesbrough, 2010). Markides and Charitou (2004) proposed four different strategies, depending on the level of conflict (serious or minor) and strategic relatedness (similar markets or different markets). In cases with serious conflicts and low strategic relatedness, a separation strategy is optimal. In cases involving minor conflicts and high strategic relatedness, an integration strategy is optimal.

### **The role of capabilities**

The second condition for enabling successful business model innovation is capabilities. In a dynamic and constantly changing environment, firms have been found to have a continuous need for change or innovation in their business model. Capabilities within business model innovation have been seen as a competitive advantage in the current environment (Chesbrough, 2010; Schneider & Spieth, 2013). Engaging in a business model innovation process improves the business model innovation capability itself. This capability means that the firm can operate its business model to a greater extent as a variable instead of a constant (Sinfield et al., 2011).

### **The role of experimentation and organizational learning**

The third condition for enabling successful business model innovation is experimentation and organizational learning. As mentioned earlier, several longitudinal case studies have defined the business model innovation process as an ongoing learning process that involves an initial experiment followed by continuous reassessment (Chanal & Caron-Fasan, 2010; Sosna et al., 2010). In their study of a French security transportation firm, Moingeon and Lehmann-Ortega (2010) found that double-loop learning elements, and thus constant reassessments based on experience, are instrumental in a business model innovation process. The same conclusion was reached by Sosna et al. (2010) in their study of the Spanish dietary products business Naturhouse. Furthermore, due to the high degree of uncertainty involved, several studies have pointed to a “discovery-driven” trial-and-error approach rather than an “analytical approach” to the business model innovation process (McGrath, 2010; Sosna et al., 2010).

Chesbrough (2010) also emphasized the elements of experimentation and effectuation, and thus the benefits of failure, in an ongoing learning process. To guide the experimentation, Chesbrough (2010) found that maps or frameworks for the different components of a business model are beneficial for management in the business model innovation process. Massa and Tucci (2014) also

found business model frameworks to be valuable for management in the business model innovation process because of their simplicity and ability to create collective sense-making. The frameworks can be divided into four different groups, depending on the level of abstraction from the specific firm. The highest level of abstraction is when the new business model is a narrative, the second level is the use of business model archetypes, and the third level is graphical frameworks including the specific business model components. The fourth level is meta-models, which include an assessment of choices and consequences in a business model innovation process.

### **The role of stakeholders**

The fourth condition for enabling successful business model innovation is the involvement of stakeholders. Innovation of a business model will reshape the industry value chain and affect the relationship between the actors (Zott et al., 2011). Consequently, stakeholders, as actors who can affect or can be affected by a firm's actions, will be influenced or will influence the business model innovation process.

A key stakeholder for most businesses is the customer, and the role of the customer has been identified as an underresearched but important source of successful business model innovation (Spieth et al., 2014; Wirtz et al., 2016). A lack of demand from customers has been found to be a barrier to business model innovation (Richter, 2013). Plé, Lecocq, and Angot (2010) found that there is value to be created and captured in making the customer an active player in the innovation of the business model. Based on a review of the service management literature, they proposed a categorization into seven different types of input from customers: mental, physical, emotional, financial, temporal, behavioural, and relational. Based on their study of IBM, Lego, and Coloplast, Hienerth, Keinz, and Lettl (2011) supported the finding that the involvement of the customer in business model innovation creates and captures more value, but at the same time reported that it is a task that can lead to internal complexity. Pynnönen, Hallikas, and Ritala (2012) proposed a

customer-driven business model innovation framework with four phases that are based entirely on the customer needs and value identified in their extensive case study of a Nordic actor in the information and communication technology (ICT) industry. The findings in the three studies confirmed the importance of customers and partners, allowing me to propose a typology of customers and partners in the early stages of the business model innovation process in the implications for theory section.

### **The stages in the process**

The four enablers of successful business model innovation, leadership, capabilities, experimentation and organizational learning, and stakeholders, are closely related to the process. They should be regarded as deciding factors for progress in the business model innovation process.

As mentioned earlier, several studies have attempted to investigate and describe the business model innovation process (Foss & Saebi, 2017; Wirtz et al., 2016). The studies acknowledged that the process can be clustered into stages or phases but disagreed on the number and content of the different stages (Wirtz et al., 2016). Some studies suggested three stages (Mezger, 2014; Micheli, 2015), some four (Frankenberger et al., 2013; Sosna et al., 2010), and some six (Euchner & Ganguly, 2014; Eurich et al., 2014). A useful way of creating an overview of the different studies is to create two overall stages based on the labels used by March (1991) to describe two different types of organizational learning: business model exploration and business model exploitation (Bogers et al., 2015; Sosna et al., 2010).

In the business model exploration stage, the focus is on exploring the new business model. The business model exploitation stage centres on exploiting the new business model. The distinction between the two stages should be regarded as a more-or-less perspective instead of an either-or perspective; that is, exploration and exploitation occur to some degree in both stages. The stages



proposed by Mezger (2014), Micheli (2015), and Sosna et al. (2010) include both business model exploration and business model exploitation. The six stages suggested by Euchner and Ganguly (2014) and Eurich et al. (2014) plus the four stages from Frankenberger et al. (2013) are all part of the business model exploration stage. An overview of the suggested stages in the business model innovation process is provided in Table 4.

Table 4. The suggested stages in the business model innovation process

Source	Stages of exploration	Stages of exploitation
Mezger (2014)	<b>Sensing</b> Generation of new business model ideas <b>Seizing</b> Systematically developing new business models	<b>Reconfiguring</b> Building new competences and implementing organizational renewal
Micheli (2015)	<b>Set up</b> Initiation of actions to generate ideas for BMI <b>Development</b> Advancement of plans for business model innovation – develop and finalize	<b>Implementation</b> Realization of concrete actions for business model change
Frankenberger, Weiblen, Csik, and Gassmann (2013)	<b>Initiation</b> Understanding the needs of the players Identification of change drivers <b>Ideation</b> Overcome the current business logic <b>Integration</b> Integrate all the pieces of the new business model Management of partners <b>Implementation</b> Overcome internal resistance Pilots, trial and error, experimentation	
Sosna, Treviño-Rodríguez, and Velamuri (2010)	<b>Initial business model design and test</b> Apply prior knowledge, design of initial experiment, resilience <b>Business model development</b> Trial-and-error learning, new learning and unlearning, resilience	<b>Scale up with a suitable business model</b> Capitalize prior accumulated experience, trial-and-error learning for adaptations, integrate into routines, processes, etc. <b>Sustained growth through org.-wide learning</b> Integrate from own previous experience, other firms in the same business, and the organization's own learning
Euchner and Ganguly (2014)	<b>Demonstrate value creation</b> Understand the new value that the innovation will create for customers <b>Generate business model options</b> Explore business model options <b>Identify the risks for each option generated</b> Identify risks based on business execution risks, co-innovation risks, and adoption risks <b>Prioritize the risks</b> Quantify the chances of business success given the current state of knowledge <b>Reduce risk through business experiments</b> Business experiments conducted in the real world using prototypes, simulated user experiences, and short trials <b>Organize for incubation</b> Small-scale incubation to demonstrate profitability and scalability in the market	
Eurich, Weiblen, and Breitenmoser (2014)	<b>Determination of the mission and business environment</b> List assumptions about the organization's business environment and its internal dynamics <b>Analysis of interdependencies</b> Visualization of the business assumptions, their consequences, and their interdependencies <b>Determination and analysis of design alternatives</b> Assessment of potential future developments <b>Creation of business model design alternatives</b> Set of drafts of business model design alternatives <b>Selection of one business model innovation</b> Criteria catalogue against which the most promising business model design is selected <b>Test and realization of the business model</b> Plan to examine underlying assumptions and refine the business model design; strategies and measures to realize the business model	

Source: Author, based on the literature review.

My first study indicated that there is a first stage that precedes the exploration and exploitation stages. Prior to entering the business model exploration stage is the awareness of the need for a new business model. This first stage, which I have chosen to label business model innovation awareness, has not previously been investigated in the literature. However, two recent studies, like mine, have suggested that something precedes business model exploration. Leih, Linden, and Teece (2015) characterized this initial stage as aiming to identify an opportunity. Micheli (2015) described it as the “initiation of actions”. The quality of leadership and managers’ understanding of the building blocks in the business model are important in this early awareness stage. Although awareness could originate elsewhere in the organization, this stage has been assumed to require support from the top management (Sosna et al., 2010). Consequently, three related and independent stages can be identified: business model innovation awareness, business model exploration, and business model exploitation.

The second stage is dominated by the logics of business model exploration, which find their origin in the awareness stage. This stage has been the most studied in the literature and has, to some degree, an overlap with the enablers of business model innovation. The section on enablers of business model innovation revealed that business model innovation is a complex and time-consuming process that requires skills within leadership and organizational capabilities, an experimental and learning attitude, plus the involvement of stakeholders to be enabled successfully. For the organization, there is an element of both unlearning and new learning as business logic changes and transforms during the business model innovation process (Linder & Cantrell, 2000). The changes in business logic cause organizational tensions (Bogers et al., 2015), and resilience is required. The role of leadership moves from sense-making in the awareness stage to sense-giving in the business model exploration stage (Bogers et al., 2015). Customers are part of the business model exploration stage via acceptance and trial of the new business model (Micheli, 2015).

The third stage is business model exploitation. In this stage, the organization ceases to question why or how the business model must change, focusing instead on optimizing the new model. A new business model has emerged and must be implemented. This results in new collective perceptions of organizational frameworks and lower perceived organizational uncertainty (Bogers et al., 2015). The stage implies the realization of concrete actions for business model change (Micheli, 2015). The new business model becomes scalable, and the performance expectations in terms of financial value are at a higher level (Sosna et al., 2010).

## 2.5. The role of new technology

When a firm engages in innovation of its business model, it is caused or triggered by some internal or external mechanism. The external drivers or antecedents of business model innovation have been found to be the changing demands of stakeholders, changes in the competitive environment, or opportunities from new technology. A better understanding of the relevance and importance of technology as a trigger or enabler has been identified as a gap in the existing literature (Foss & Saebi, 2017, p. 18; Wirtz et al., 2016, p. 13). Programmatic advertising is an emergent technology that has the potential to disrupt and change the business model of television broadcasters. From the above, the following research question was derived:

*How do early stages of new technologies affect the business models of incumbent firms in the TV broadcasting sector?*

The role of new technology as the driver of creative destruction and transformation of industries has been acknowledged for decades (Schumpeter, 1942). New and emerging technology has also been found to be the core of business model innovation research and the business model phenomenon (Baden-Fuller & Haefliger, 2013; Chesbrough, 2010; Spieth et al., 2014). In their longitudinal study of 45 firms, de Reuver et al. (2009) found that technological factors, together with market-related factors, are the main triggers of business model innovation.

Malholtra (2000) found that, due to new technologies, like the emerging internet paradigm, the environment that firms operate in is characterized by more rapid and discontinuous changes.

Wirtz et al. (2007) discovered that some industries even operate in “high-velocity environments”, requiring an even greater focus on innovation and adjustment of the business model to survive. Due to the nature of the technological antecedent, innovation of the business model can occur at any stage of a firm’s life cycle (Wirtz et al., 2016).

Garcia and Calantone (2002) presented a typology of technological innovations: radical technological innovations, moderately technological innovations, and incremental technological innovations. Radical technological innovations involve a new technology that creates a new market structure. Incremental technological innovations involve existing technology in an existing marketplace. Moderately technological innovations involve either a new technology in the existing marketplace or an existing technology creating a new market structure. Garcia and Calantone (2002) defined discontinuous technological innovations as “game changers” that include radical and moderately technological innovations.

The literature on business models and business model innovation was triggered by a radical technological innovation, the launch of the Internet, in the mid-1990s. The academic “interest in the concept virtually exploded” from 1995 onwards (Zott et al., 2011, p. 1022). The new technology – the Internet – created new market structures in most industries. The emerging internet paradigm and digitalization have accelerated the pace of new technologies being introduced into the media industry in the past 20 years (Küng, 2008). One of the emerging technologies was the introduction of the Web 2.0 phenomenon around 2005. This involved constructs like social networking, interaction orientation, personalization, and user-added value (Wirtz, Schilke, & Ullrich, 2010). Web 2.0 can be characterized as a moderately technological innovation, since it created new market

structures based on an existing technology. From a process perspective, a radical technological innovation is followed by moderately technological innovations and finally incremental technological innovations.

Another typology of technological innovations is the distinction between sustaining technologies and disruptive technologies (Christensen, 2013). Sustaining technologies operate in existing markets and are comparable to incremental technological innovations. Disruptive technologies have the same characteristics as radical technological innovations in that they are new technologies that creates a new market structure. In general, incumbent actors are found to face significant challenges in responding to discontinuous technological innovations or disruptive technological innovations (Christensen, 2013; Hill & Rothaermel, 2003; Tongur & Engwall, 2014).

The dynamic capabilities construct has often been used in the literature and has been seen as an essential condition for achieving a competitive advantage and improved firm performance with business model innovation (Foss & Saebi, 2017; Schneider & Spieth, 2013). Dynamic capability is “the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments” (Teece, Pisano, & Shuen, 1997, p. 516).

Dynamic capabilities can be grouped into a firm’s capacities to sense business model opportunities, seize them through the development of new business models, and transform its competences and resources correspondingly (Mezger, 2014; Teece, 2018). The sensing and thus the identification of opportunities are driven by technological possibilities and technology development (Teece, 2018, p. 44). The sensing of business model opportunities has a link to Prahalad and Bettis’s (1986) notion of a dominant logic within a firm. The dominant logic is the firm’s understanding and knowledge about the competitive environment. A dominant logic trap occurs when the firm is not able to cope effectively with a changing environment in terms of awareness of the need to innovate in relation to

the current business model. Chesbrough (2010) found that a barrier to business model innovation is insufficient knowledge and understanding of the current environment among the management. Pateli and Giaglis (2005) proposed a three-phase model embedding the sensing of technological innovations in the early stages of the business model innovation process. The three phases are understanding the current business model, identifying the technological influence, and finally describing the new business model. In identifying the technological influence, two steps are required: assessing the influence of technological innovation and identifying the missing roles in terms of technological competencies or actors.

The significant challenges that incumbent actors face in responding to discontinuous technological innovations was investigated by Tongur and Engwall (2014) in their study of two premium truck manufacturers. Tongur and Engwall (2014) found that discontinuous technological innovations or technology shifts include simultaneously the transformation of a firm's technological capabilities and a transformed value proposition. The interconnectedness of disruptive technologies and an amended value proposition were also found by Christensen (2013). In my study of TV broadcasters, I discovered that programmatic advertising is a discontinuous technological innovation that in the short term will alter the value proposition and key partnership components in terms of partners with technological capabilities. This could suggest that the findings are consistent across high-velocity environments and less high-velocity environments.

The interrelationship between a technology shift and the business model innovation process is an area for future research (Tongur & Engwall, 2014; Wirtz et al., 2016). Tongur and Engwall (2014) make a distinction between before, during, and after. This is similar to my previous suggestion of three stages in a business model innovation process: business model innovation awareness, business model exploration, and business model exploitation.

Tongur and Engwall (2014) conducted a longitudinal study of the process that two premium truck manufacturers experienced. They were at the early stages of the study. They predicted at this stage that the technology shift will transform the value chain, business logic, and value appropriation in the industry. This is consistent with the long-term predictions that I identified in the study of programmatic advertising and TV broadcasters.

## 2.6. New technology and the impact on business model partners

Technological innovations have transformed the media industry (Küng, 2008). The implication for advertising is that the way in which advertising works has changed with the Internet and online advertising (Bugge, 2009; Perez-Latre, 2007; Sinclair & Wilken, 2009; Vernuccio & Ceccotti, 2015). The rise of a new digital media landscape has increased complexity and uncertainty for advertisers. They are searching for ways to understand advertising's effectiveness in the new paradigm (Leeftang et al., 2014; Tolvanen et al., 2013). In the new paradigm, a digital advertising landscape has arisen, and actors like Google and Facebook have been instrumental in disrupting the previous advertisement paradigm (Klopfenstein, 2011; Young, 2014) at the expense of traditional media. Historically, advertising agencies have been instrumental in the value creation process with advertisers (Arzaghi et al., 2012; Eagle & Kitchen, 2000; Farmer, 2015; Horsky, 2006). As part of the new digital media landscape, a range of digital specialist agencies have also emerged as actors within the agency construct (Nabout et al., 2012; Soberman, 2009; Vernuccio & Ceccotti, 2015). The fragmentation of the agency construct can be seen as a direct consequence of technological developments, where advertisers struggle to handle these developments within their existing business models, and therefore seek new partners to deal with technological complexity.

From the above, the following research question can be derived:

*What marketing challenges do new technologies create for advertisers, and how do such challenges affect their selection of business model partners?*



The interrelationship between a technology shift and the business model innovation process is an area for future research (Tongur & Engwall, 2014; Wirtz et al., 2016). Innovation of a business model will reshape the industry value chain and exert an impact on the relationship between the actors (Zott et al., 2011). Consequently, stakeholders, as actors who can affect or can be affected by a firm's actions, will be influenced or will influence the business model innovation process. As mentioned earlier, technological shifts create challenges for incumbent firms. To sustain the value capturing, firms will review their relationships with the current actors.

The involvement of actors or stakeholders is a key condition for enabling a successful business model innovation process. The selection of relevant actors with the appropriate "cognitive frames" in relation to the technological innovation is imperative for a successful business model innovation process (Baden-Fuller & Haeflinger, 2013). In the study of advertisers, I found that the key partners in the value creation are actors with capabilities within technology, like digital agencies instead of creative agencies and Google and Facebook instead of TV and newspapers.

The literature on open innovation has found that it influences and drives the business model innovation process (Foss & Saebi, 2017). Open innovation is "the use of purposive inflows and outflows of knowledge to accelerate internal innovation and expand the markets for external use of innovation" (Chesbrough, 2012, p. 20). In a business environment characterized by more rapid and discontinuous changes, a more open approach to innovation is found to improve firm performance. Business model innovation in an open innovation environment has been discovered to take place under conditions of restricted freedom and complex interdependencies with other stakeholders (Berglund & Sandström, 2013). Consequently, successful business model innovations require internal and external alignment with the different stakeholders (Giesen, Riddleberger, Christner, & Bell, 2010). In the study of advertisers, I found that their decision tree is becoming more and more

complicated and heterogeneous and hence requires more internal and external alignment than previously.

As mentioned earlier, dynamic capabilities can be grouped into a firm's capacities to sense business model opportunities, seize them through the development of new business models, and transform the firm's competences and resources correspondingly (Mezger, 2014; Teece, 2018). Logically, the constitution of new competences and thus the selection of new business model partners do not occur in the very early stages of the business model innovation process.

Marketing is fundamental for firms and their value creation. From a business model innovation typology perspective, Foss and Saebi (2017) classified marketing challenges as a potential modular business model innovation, since the scope can be linked to a single module in the business model. Whether it is evolutionary or focused business model innovation depends on whether the innovation is novel to the firm or to the industry. Giesen et al. (2007) identified three types of business model innovation for incumbents: industry model innovation in terms of innovating in relation to the industry value chain, enterprise model innovation concerning altering the firm's role in the value chain, and revenue model innovation in terms of changing the way in which revenues are generated. Marketing challenges would be classified as a potential revenue model innovation by Giesen et al. (2007). Chesbrough and Schwartz (2007) made a distinction between core, critical, and contextual capabilities when selecting a firm's business model partners for the value creation process. Core capabilities are the key sources for a firm's value creation, critical capabilities are those capabilities that are fundamental to the offering in the marketplace, and contextual capabilities are the capabilities required for finalizing the offering. The selection of agencies is a decision rooted in contextual capabilities. Firms select business model partners with core capabilities in areas identified as contextual capabilities, since this creates more value than developing the capabilities internally (Chesbrough & Schwartz, 2007).

### 3. Methodology

In this chapter, I will initially provide an overview of the research design for the dissertation. The second section discusses validity and reliability. The third section presents the evolution of the research questions. Finally, the fourth section contains a discussion of my journey towards becoming a scholar-activist researcher.

#### 3.1. Research design

The overall unit of analysis for this dissertation is the business model innovation process. This dissertation uses the business model innovation phenomenon to provide a better understanding of the relations between and the context for the actors in the advertising value chain. They are all part of the same environment and are thus exposed to similar external factors. The dissertation consists of a combination of quantitative and qualitative data, because each of the three studies applied the relevant research method to answer the specific research question. The unit of analysis is addressed from three different perspectives: the *historical* perspective in terms of how the actual process for media agencies evolved, the *future* perspective in relation to the consequences that a potential disruptive technology like programmatic advertising will have for the business model of TV broadcasters, and, finally, the *current* perspective in terms of the environmental conditions and corresponding marketing challenges that advertisers are facing.

The dissertation utilizes three complementary research methods. The study of the business model innovation journey in media agencies applied an embedded multiple-case study approach. The study was based on interviews with key decision makers, representing 78% of the Danish media agencies, supported by secondary evidence from annual reports, presentations, industry and newspaper reports, and anecdotal data. The study of the implications of programmatic advertising for the business model of TV broadcasters adopted a modified Delphi method for the systematic collection and aggregation of expert judgements. The basis was a content analysis of 12 industry

reports containing previous studies examining the impact of programmatic TV through surveys or interviews. As such, the content analysis of these documents constituted a type of meta-analysis. The study of the advertiser perspective on marketing challenges and advertising partner selection applied a survey approach with 146 respondents identified as being responsible for the advertising and marketing budget within their organization. An overview of the research design for the dissertation is provided in Table 5.

Table 5. Overview of the research design for the dissertation

	Study 1	Study 2	Study 3
Title of study	The journey of business model innovation in media agencies: Towards a three-stage process model	The implications of programmatic advertising on the business model of TV broadcasters	The advertiser perspective: Marketing challenges and advertising partner selection
Research question	Does the process of business model change occur in stages, and what differentiates such stages in the context of Danish media agencies?	How do early stages of new technologies affect the business models of incumbent firms in the TV broadcasting sector?	What marketing challenges do new technologies create for advertisers, and how do such challenges affect their selection of business model partners?
Perspective	Past	Future	Current
Quantitative or qualitative?	Primarily qualitative	Mix of quantitative and qualitative	Primarily quantitative
Methodology	<p>Embedded multiple-case study based on semi-structured interviews and secondary data</p> <p>Interviews conducted with 11 managing directors from Danish media agencies. They represented 78% of the revenue in the Danish media agency market in 2014</p>	<p>Combination of a modified Delphi method and content analysis of 12 documents</p> <p>Semi-structured interviews with an expert panel consisting of 6 respondents from Discovery (2), agencies (2), and technology providers (2). The respondents were based in London (2), Copenhagen (2), and Stockholm (2)</p>	<p>Survey of 146 Danish advertisers</p> <p>Respondents were responsible for the advertising and marketing budget within the organization</p>

Source: Author, based on the studies in the dissertation.

The studies in the dissertation followed both a deductive and an inductive approach. The study of the journey of business model innovation in media agencies had a deductive approach, while the study of the advertiser perspective on marketing challenges and advertising partner selection adopted an inductive approach. The study of the implications of programmatic advertising for the business model of TV broadcasters primarily used the deductive approach.

Wirtz et al. (2016) found that the business model innovation literature has an overweight of (single) case study approaches. This indicates that business model innovation as a research field is in its early stages and has a strong practical focus. Wirtz et al. (2016) proposed a future research agenda with a smaller share arising from (single) case studies. The research design for this dissertation contributes to filling this gap.

### 3.2. Validity and reliability

In this dissertation, I take a processual perspective on business model innovation. Process research includes a range of issues, and “the practise of process research does not always fit the need distinctions suggested by theorists and philosophers” (Langley, 2009, p. 410). Consequently, an overall discussion of validity and reliability is of importance. Guba and Lincoln (1982) proposed six areas of validity assessment (prolonged engagement, persistent observation, peer debriefing, triangulation, referential adequacy materials, and member checks). Based on the areas of assessments proposed by Guba and Lincoln (1982), the following is a discussion of the validity and reliability of this dissertation.

For the three studies, acknowledged and previously tested methods were selected to ensure the validity and reliability of the findings. In the study of the journey of business model innovation in media agencies, the usage of semi-structured qualitative interviews was consistent with the methodology previously used in similar studies (Bogers et al., 2015; Sosna et al., 2010). The

multiple-case approach should have improved the reliability, since the bias from varying performance within the sample was reduced. In the study of the implications of programmatic advertising on the business model of TV broadcasters, six experts were identified, which is an appropriate number given that the guidelines for the Delphi method include the usage of more than five heterogeneous experts with appropriate domain knowledge (Rowe & Wright, 2001). The experts were also used to confirm the final selection of relevant industry reports for the content analysis. This should have improved the validity, since content analysis depends largely on document selection (Bryman, 2012). In the study of the advertiser perspective on marketing challenges and advertising partner selection, the questionnaire was developed with input from MyResearch, a research company specializing in quantitative studies of advertisers and agencies in the Danish market. Furthermore, MyResearch provided contact information on the relevant respondents. The utilization of the expertise from MyResearch should have enhanced the validity of the survey.

The use of overlapping methods and triangulation in terms of applying different data sources, perspectives, and methods improves validity and reliability, according to Guba and Lincoln (1982). The dissertation applies the three different perspectives (past, future, and present) relevant to process studies (Langley, 2009). In the study of the journey of business model innovation in media agencies, an implicit assumption was that the respondents were able to recall the transformation that their company had been through in the past decade. The study bases itself on the sensemaking of key respondents. Using the managing director as respondent ensures that the key decision-maker is the one providing a description of their sensemaking. Their decisions are the result of their own perceptions, hence measuring these respondents' subjective perceptions is a relevant method. "Hindsight bias", in terms of the limitations of memory and rationalization, is of course a common issue in retrospective process studies (Langley, 2009). The multiple-case approach should reduce the "hindsight bias" and improve the validity compared with a single-case approach.

The study of the implications of programmatic advertising on the business model of TV broadcasters provided a future perspective. Process studies with a future perspective are typically an ethnographic longitudinal case study (Langley, 2009). My approach was driven by the fact that it was a unique real-time opportunity to understand how a potential disruptive technology affects an organization in the awareness stage and the early stages of business model exploration. The Delphi method provided an opportunity to predict future implications. Contrary to the first study where sensemaking is retrospective, in the second study the Delphi method allows for prospection. In this method experts provide informed predictions and are confronted with other experts' opinions. The aim is to force a prospection that leads to a consensus of perceptions. The findings should be beneficial to scholars conducting a traditional ethnographic longitudinal case study on how programmatic advertising has transformed the business model of TV broadcasters. The study of the advertiser perspective on marketing challenges and advertising partner selection provided a current perspective. Beside complementing the future and past perspectives, the fact that firms operate in an environment characterized by more rapid and discontinuous changes (Malhotra, 2000) makes the current perspective relevant. Findings that are consistent across the three process perspectives should improve the validity of the overall findings from this dissertation.

This dissertation addresses the business model innovation process phenomenon through the lens of incumbent actors, specifically TV broadcasters, media agencies, and advertisers. TV broadcasters are an instrumental part of the traditional media industry (Picard, 2011), and media agencies are part of the professional service firm community (Løwendahl, 2005), while advertisers represent a variety of industries. Despite the variety among the actors, they are all part of the same network, which operates in a "high-velocity" environment (Lambert & Davidson, 2013; Wirtz et al., 2007). If the findings are consistent across all three actors, this should improve their overall validity and reliability.

The respondents in the studies can be characterized as being mainly based in Denmark, with a regional outlook. In the study of the journey of business model innovation in media agencies, the eleven managing directors had operational responsibility for the Danish operations. All of them either had leadership responsibilities for the Nordic region or were part of a Nordic leadership team. In the study of the advertiser perspective on marketing challenges and advertising partner selection, the respondents worked for advertisers in the Danish media market. This did not exclude responsibilities for other markets as well. In the study of the implications of programmatic advertising for the business model of TV broadcasters, the six experts were based in London (two), Copenhagen (two), and Stockholm (two), with local and/or regional responsibilities. Consequently, the findings are generalizable to actors in the Danish marketplace and should allow for some degree of generalizability to similar actors in similar markets. Denmark is characterized by relatively high ad expenditure per capita and high broadband penetration. The latter creates relatively sophisticated digital media consumption. Finally, the media expenditure accounts for a relatively large share of print advertising and a corresponding smaller share of television advertising.

Guba and Lincoln (1982) suggested member checks and referential adequacy materials as areas that could improve validity. Member checks mean continual checks of data and interpretation based on input from respondents. In October 2018, 9 out of the 11 respondents in the study of the journey of business model innovation in media agencies still occupied the same position. The remaining 2 had director positions on the advertiser side. In the study of the implications of programmatic advertising on the business model of TV broadcasters, 4 of the 6 experts remained in the same position. The 2 remaining experts had either changed to a similar job position or recently pursued new challenges in a different industry. MyResearch conducted its annual survey of Danish advertisers in June and included questions on marketing challenges and the most important agency in resolving the challenges. Consequently, a member check, as suggested by Guba and Lincoln (1982), would be possible to improve the validity of the findings across the three studies. However,



due to limited time resources, it was not possible to conduct a member check. Regarding referential adequacy materials, all the recordings and transcriptions of the interviews with the 17 respondents are still available as well as the individual data from the 146 respondents in the survey conducted.

Prolonged engagement at a research site was found by Guba and Lincoln (1982) to improve validity, since it reduces misinterpretations and biases in the interaction between the researcher and the respondents as well as enhancing the opportunity to understand the context of the problem. The eleven respondents in the studies on media agencies were all interviewed face to face at their location. A prolonged engagement in terms of time could have improved the validity, according to Guba and Lincoln (1982). On the other hand, my practical background in the industry and personal relationships with them should be beneficial for the validity issues addressed by Guba and Lincoln (1982). Two out of the six experts in the study of TV broadcasters were initially interviewed face to face at their location, and one was interviewed face to face in a neutral meeting room. The remaining three respondents were interviewed via telephone. Face-to-face interviews with all the experts at their own location could have improved the validity, according to Guba and Lincoln (1982). However, these were not possible for financial and time reasons.

Peer debriefing and persistent observation are the two remaining areas that Guba and Lincoln (1982) reported to improve validity. Peer debriefing includes testing findings with uninvolved peers. The three studies have been presented to uninvolved peers through conference papers, research groups, and reviewers. All three studies have been presented as a conference paper at the EMMA (European Media Management Association) conference in Porto in May 2016 (media agencies) and Ghent in May 2017 (programmatic and advertisers). The programmatic advertising study was also presented at the ISMI (International Symposium on Media Innovations) conference in Oslo in October 2016. All the studies have been presented to the relevant research groups at Roskilde University and the University of Southern Denmark in Kolding. Finally, the study of

media agencies has been accepted (after a review process) by the *Journal of Media Business Studies*, and the study of programmatic advertising has been accepted by and published in Springer's *Competitiveness in emerging markets*. The validity of the survey in the study of advertisers has been discussed above. In terms of interpretation, different coders could have resulted in different numbers and labelling of the marketing challenges. It is worth mentioning that the overall conclusion about the majority of the marketing challenges being internal due to missing capabilities and organizational design issues found support in the peer debriefing sessions. I have 20 years of managerial responsibilities in the empirical phenomena that I am investigating. This has an impact on the area of persistent observation identified by Lincoln and Guba (1982). Having practical experience in the subject field does provide some advantages. First, this is the accumulated knowledge of the field. This should give a faster and better insight into the interactions of the different actors in the field. It also offers better access to the relevant sources of information, that is, respondents. Another possible advantage is the fact that Discovery Networks felt more secure as it entered its first industrial PhD project by having a candidate with a practical background in the industry. In fact, it stated that the project would not have taken place without a candidate with a practical background.

A disadvantage of the practical background is the accumulated experience. Technological changes are part of the media industry's history and evolution. My practical career developed alongside the evolution of commercial television in Denmark. This could result in some cognitive biases and potential dominant logic traps compared with the digital evolution of the commercial media industry. Furthermore, a more objective perspective on the subject field could have identified other findings that typically would have a more disruptive character. Disruption is a central part of the media industry. Additionally, the fact that this dissertation is an industrial PhD co-financed by Discovery Networks could include some potential biases. The empirical field of investigation could have been different if the project had been undertaken for Google or Facebook.

### 3.3. The evolution of the research questions

Discovery Networks invested in this PhD project to gain input into what the future business model for advertising would look like for a TV broadcaster and to enable it to respond. Langley (2009) found that the site relationship is of specific relevance in process studies. Trade-offs between the quality of access and the researcher's independence are common, since the granting organization may have specific contribution expectations in exchange for access. A focus on direct application instead of broader knowledge production is usual in process studies (Langley, 2009). This was the case for this dissertation, and it evolved in a collaborative and explorative manner with Discovery Networks.

The initial study that I conducted was entitled "What is the value of TV advertising?" and addressed the customer value proposition for TV broadcasters towards advertisers. A meta-analysis including research, studies, and presentations from 2013 onwards identified nine different ways in which TV broadcasters substantiate and document the value that they create for advertisers. Despite the limited academic relevance, the study had a significant impact at Discovery Networks (and will hopefully be published as a business book during 2019).

The initial study was followed by the study of media agencies, since Discovery Networks would like to have a deeper understanding of this topic. During the interviews with managing directors from the media agencies, it was apparent that they had identified dominant logic gaps within TV broadcasters in Denmark. The observation was reported to Discovery Networks to improve learning but was not assessed as an area for further investigation. Instead, the introduction and emergence of programmatic advertising in the context of TV broadcasters in the US was collaboratively found to be an interesting topic for the second study. During the three years of my PhD study, Discovery Networks experienced that traditional TV advertisers excluded TV from their media mix only to

include it again later. The third study was requested by Discovery Networks because it had a significant interest in gaining a deeper understanding of advertisers and their challenges.

### 3.4. My journey towards becoming a scholar-activist

In an article in the Danish business newspaper *Børsen*, a professor in media management, Anker Brink Lund, claimed that media organizations were facing significant business challenges and would benefit from introducing industrial PhD candidates (*Børsen*, 24 April 2013, “PhD studerende skal udvikle medier”). The article kicked off my own journey as an academic researcher. After 20 years as an executive (the last 12 as a CEO) in the media industry, I was on sabbatical leave in 2013 and ready to begin a new adventure. An unforgettable process with Innovationfund Denmark, including the detection of a 23-year-old candidate certificate, ended with me, after 22 months, starting as an industrial PhD student at Roskilde University with the financial support of Discovery Networks and Innovationfund Denmark.

As a researcher, I present a specific version of reality. This version is influenced by 20 years of managerial responsibilities in the empirical phenomena that I am investigating. This means that my findings risk not being definitive and instead merely my version of the phenomena. In ontological terms, I adopted an implicit constructionism perspective in my research studies. In epistemological terms, my research always started with knowledge of the subject field and thus included an element of rationalism.

This dissertation addresses the business model innovation process phenomenon through the lens of incumbent actors, specifically TV broadcasters, media agencies, and advertisers. The dissertation is based on a belief that it is possible for me as a researcher to improve the understanding of the mechanisms and drivers behind the transformation of advertisers, media agencies, and TV

broadcasters. A basic assumption for the mentioned belief is that the dissertation is rooted in a concrete and current research problem.

My ontological and epistemological characteristics also reflect the type of researcher that I am (and strive to become). PhD candidates are expected to build theory. Jackson (2010) defined theory as an explanatory framework for some observations. From here, the wider definition, according to Jackson (2010), depends on the ontological and epistemological aspects of the researcher. Jackson identified four approaches to theory and the definition hereof, the first being “scholars”, who are pure theoreticians, the second being “experts”, who are pure theoreticians who master the language of practitioners, the third being “scholar-activists”, who are practitioners who master the language of theoreticians, and the fourth being professionals, who are pure practitioners. Scholar-activists are characterized by Jackson (2010) as “reflective practitioners”, since they step back from their specific field of expertise to make better sense of it. I am a scholar-activist, and this is where my motivation for becoming a researcher is rooted.

At the beginning of my PhD journey, I attended the Frontiers in MOC conference at Roskilde University in June 2015. In the final roundtable discussion, Professor Kevin Rockmann emphasized the need to ground research in real organizational problems (<https://www.youtube.com/watch?v=V-LAO88umw>). Calhoun’s (2009, p. 1) thinking is in line with Kevin Rockmann: “we have to produce better social science. This means more work addressing public issues.” According to Calhoun, researchers have an obligation to investigate “real-time” public issues and involve themselves in the public debate, including guidance on practical improvements. The societal and business value of the academic community is an ongoing discussion in Denmark, most often initiated by practitioners. As a researcher, I am a “scholar-activist” with an ambition to make the literature on the business model innovation phenomenon accessible to management in a specific empirical context with some significant business challenges.

## 4. Findings from the three studies

This chapter presents the findings from the three studies. At the end of the chapter, a section provides a synthesis of the three studies.

The research theme for this dissertation is the business model innovation process for incumbent firms. An improved understanding of the process that firms undertake on the journey from one business model to another has been identified as a gap in the existing literature (Foss & Saebi, 2017; Schneider & Spieth, 2013; Wirtz et al., 2016). The objective of this dissertation is to contribute to an improved understanding of the business model innovation process for incumbent firms. The empirical field of investigation is three groups of actors in the advertising industry: media, in terms of TV broadcasters; agencies, specifically media agencies; and advertisers. The three groups of actors have all been part of the media industry for decades and are thus incumbent actors in their industry. For each of the actors, a specific research question is addressed in a specific study:

- Does the process of business model change occur in stages, and what differentiates such stages in the context of Danish media agencies?
- How do early stages of new technologies affect the business models of incumbent firms in the TV broadcasting sector?
- What marketing challenges do new technologies create for advertisers, and how do such challenges affect their selection of business model partners?

Before going through the specific findings from the three studies, Table 6 presents the abstracts from the three studies.

Table 6. Abstracts of the three studies

<b>Study 1</b>	
<b>The journey of business model innovation in media agencies – Towards a three-step journey</b>	
Abstract	Digital entrants have changed the competitive landscape for advertisers and media. Over the past decade, media agencies have grown more rapidly than the media market as a whole, securing a larger share of the value generated in the advertising industry. We develop a process model describing how these agencies have altered their business models over a decade. We discuss three separate stages in this innovation process, labelled business model innovation awareness, business model exploration, and business model exploitation. We find and document how different building blocks of the business model are a focal point of innovation in each stage of the business model innovation process. The findings offer a way for the media industry to understand the transformation of media agencies.
Authors	Henrik Jensen and Kristian J. Sund
Publication status	Published by <i>Journal of Media Business Studies</i> , 14(4), 2 April 2018
<b>Study 2</b>	
<b>The implications of programmatic advertising for the business model of TV broadcasters</b>	
Abstract	Technological changes produced by digital convergence are driving a paradigm shift in advertising and mass communication and resulting in the emergence of a new market. Programmatic advertising is, in this context, an emergent technology that has the potential to disrupt and change the business model of incumbent media companies, such as television broadcasters. As the technology is new, we know little about the effects that it will have on the actors in the sector, and the definition of the programmatic TV construct is still evolving. We present the results of a predictive study of the business model implications of this new technology. Based on a combination of interviews, documentary content analysis, and the Delphi method, involving a range of industry executives, we identify 13 implications for the business model of TV broadcasters. The findings offer a way for academia and actors in the media industry to understand the coming disruption from programmatic TV.
Authors	Henrik Jensen and Kristian J. Sund
Publication status	Accepted as a chapter in the book <i>Competitiveness in emerging markets – Market dynamics in the age of disruptive technologies</i> from Springer International Publishing, published 15 May 2018
<b>Study 3</b>	
<b>The advertiser perspective: Marketing challenges and advertising partner selection</b>	
Abstract	Internet-based innovations have, since the mid-1990s, transformed the media industry and created new marketing challenges for advertisers. The rise of new types of agencies, such as the media and digital agencies, has accompanied this transformation. This paper explores advertisers' current marketing challenges and investigates how these challenges influence agency partner selection. Through a survey of 146 Danish advertisers, 13 marketing challenges that advertisers currently face are identified. The majority of these challenges are internal and linked to missing capabilities as well as to issues of organizational design. This paper finds that technology-based actors, such as digital agencies plus Facebook and Google, are the new preferred partners for advertisers. The findings update what academia knows about the marketing challenges of advertisers and suggest an altered academic perspective on the complexity around agency selection and the role of the advertising agency.
Author	Henrik Jensen
Publication status (05/18)	Conference paper presented at the EMMA conference in Ghent in May 2017; submitted to the <i>Journal of Interactive Advertising</i> on 18 April 2018

Source: Author, based on the studies in the dissertation.

#### 4.1. The journey of business model innovation in media agencies

The research question for study one was: Does the process of business model change occur in stages, and what differentiates such stages in the context of Danish media agencies? The study identified a pattern indicating that a successful business model innovation process consists of at least three different stages of business model innovation awareness, business model exploration, and business model exploitation. These findings are in line with the recent findings from Leih et al. (2015) and Micheli (2015).

The components of a business model act as different focal points in each of the three stages and were consequently found to be a differentiating factor for the three stages. The study used the framework of the business model canvas (Osterwalder & Pigneur, 2010). This framework defines a business model as consisting of nine components or building blocks: customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. The business model canvas has previously been used to describe business models in the media industry (Peters, van Kleef, Snijders, & van den Elst, 2013). The study showed how the stages in the business model innovation process can be differentiated according to the role played by these nine different components and focused on how each element acts to enable business model innovation in each of the stages.

The study revealed that the components of the business model have a different enabling role in each of the three stages. The components can be neutral or can act as a primary or secondary focal point, with a primary focal point having a strong interaction with the specific stage. A secondary focal point has a relationship, but it is not a strong one. Four of the business model building blocks were focal points in the awareness stage. In the exploration stage, all the building blocks in the business model were primary or secondary focal points. In the exploitation stage, seven out of nine building blocks were focal points. From this pattern, it can be concluded that the most dynamic stage for a successful business model innovation process is probably the exploration stage. This is the stage in



which awareness turns into action and the foundations are laid for the new business model. Table 7 provides an overview of the findings and consequently illustrates how the stages in the business model innovation process can be differentiated according to the role played by the nine different components from the business model canvas.

Table 7. Business model focal components in the case of Danish media agencies ca. 2005–2015

	<b>Business Model Innovation Stages</b>		
	<b>1. Awareness Stage</b>	<b>2. Exploration Stage</b>	<b>3. Exploitation Stage</b>
<b>Primary Component Focus</b>	Key Resources Customer Segments	Key Resources Customer Segments Value Proposition Channels Key Activities Key Partnerships Cost Structure	Key Resources Customer Segments Customer Relationships Revenue Streams Key Activities Key Partnerships
<b>Secondary Component Focus</b>	Channels Key Partnerships	Customer Relationships Revenue Streams	Value Proposition
<b>Neutral Component</b>	Value Proposition Customer Relationships Revenue Streams Key Activities Cost Structure		Channels Cost Structure

Source: Jensen and Sund (2018a, p. 289).

The business model innovation process literature is dominated by organizational design and context findings. This is not surprising, as the findings indicate the “key resources” building block as a primary focal point in all three stages of the business model innovation process. In some ways, using the business model canvas to examine the process of business model change reveals that successful business model innovation is more complicated and sophisticated than the existing literature has revealed. In particular, the process is likely to be highly contextualized. Examining a change in the dominant business model in a different industry and context might reveal a different pattern in terms of the role of each business model component across the stages. As such, the

conclusions in terms of the components that were focal points are not likely to be generalizable across industries. However, the method could be empirically useful for industry studies such as this one.

New technological innovation has changed the requirements and demands for advertisers. The response from the media agencies was to explore this as a business opportunity to create and capture more value. This paper addressed a business model innovation process that lasted approximately ten years. During this period, a number of technological innovations appeared. It started with display advertising, followed by search marketing and social media, and currently big data and programmatic advertising are gaining traction. Against this backdrop, media agencies have managed to create and capture more value.

Scholars have shown a growing interest in media agencies and their role in the advertising industry (Bogart, 2000; Bulearca & Bulearca, 2009; Jacobs, 1991; Knuth, 2013; Ots, 2009). This paper has contributed to the ongoing discussion on media industry change generally and the role of media agencies specifically. These have developed from being only a buyer of traditional media into offering consultancy services in marketing, with a focus on digital media. They have transformed their core logic from services within only paid media into a combination of paid, owned, and earned media. Nevertheless, the business model innovation journey was not a planned journey but an emergent one, in which actors linked to some components of the business model acted as triggers, pushing the management in these organizations to explore and adapt their business model to a changing environmental context.

## 4.2. The implications of programmatic advertising on the business model of TV broadcasters

The research question for study two was: How do early stages of new technologies affect the business models of incumbent firms in the TV broadcasting sector? The study concluded that programmatic advertising will have implications for the business model of TV broadcasters.

The results allow a robust prediction of how the programmatic technology is likely to affect television broadcasters in the near future. There was considerable agreement among the experts in the Delphi panel that programmatic TV will transform the business model for TV broadcasters in the long term. There was a high level of agreement regarding five additional implications linked to the business model of TV broadcasters, while another seven still showed some disagreement after two rounds of adjustments with the experts. The view of the experts that most of the implications will occur in the long term is consistent with the fact that the potential disruption is still in its early stages. The short-term implications focus on the business model elements value proposition and key partnerships. The value proposition for TV broadcasters will still be to deliver great content that can attract audiences, but the core proposition will become more screen agnostic and video-centric.

In the short term, the experts found a change in the external partnerships for TV broadcasters. For the advertisement sales activities within TV broadcasters, programmatic TV technology partners, data suppliers, TV platform owners, and media agencies will all be key partners. The first three partners are new compared with the existing business model for ad sales operations, while the fourth, media agencies, could well be challenged. According to the experts, industry consolidation centred on the new actor in the arena, the programmatic TV technology specialist, will start in the short term.

Table 8 provides an overview of the findings. The implications achieving a high level of agreement within the expert panel are labelled as “primary” implications. These were all the implications with which each expert either agreed or highly agreed. A further seven implications are labelled as “secondary”. These are the implications with which all the experts either agreed or highly agreed but for which one expert reported only some agreement. All the other implications were dropped, as it was deemed that the level of disagreement was high enough to suggest that they were not valid representations of the shared perceptions of the group of experts and that a consensus would be hard to reach. Table 7 also indicates whether each implication was seen to be a short-term (less than three years) or long-term (three years or more) implication.

Table 8. Implications from programmatic advertising for the TV broadcaster business model

<b>Primary Implications from Delphi</b>	<b>Short term (&lt;3y)</b>	<b>Long Term (3y+)</b>	<b>Don't know</b>
1. Programmatic TV will transform the business model for TV advertising	0%	100%	
2. Programmatic TV will improve advertising effectiveness for advertisers	17%	83%	
3. The improved targeting opportunities are an important advantage for advertisers	33%	67%	
4. TV broadcasters will continue to sell GRPs alongside impressions	33%	50%	17%
5. Successful TV broadcasters will still be the those who can attract audiences via great content	50%	33%	17%
6. An important activity for TV broadcasters will be to sell more screen agnostic and data enriched audiences	33%	67%	
<b>Secondary Implications from Delphi</b>			
7. Programmatic TV will give advertisers better opportunities for executing advertising closer to real-time	17%	83%	
8. Programmatic TV will help TV broadcasters on the journey into a more screen agnostic and video centric value proposition	50%	50%	
9. Selling and buying of TV advertising will be a more automated process	0%	100%	
10. TV ad sales organisations will be restructured and have much more programmatic ecosystem capabilities	17%	83%	
11. The key partners for ad sales organisations within TV broadcasters will be programmatic TV technology partners, data suppliers, TV platform owners and media agencies	87%	13%	
12. Consolidation will happen. Not only between programmatic TV technology specialists but also between programmatic TV technology specialists and TV broadcaster and other actors	67%	33%	
13. The cost structure for TV broadcasters will be less manual and more technology and data driven	17%	67%	17%

Source: Jensen and Sund (2018b).

A positive interpretation of the long-term programmatic TV transformation is that viewers benefit from advertising that is more relevant; advertisers benefit from better advertising effectiveness; TV broadcasters benefit from an improved pricing of the inventory; and media agencies and technology providers benefit from making the transformation happen. A situation of improved value creation could be predicted for all the actors involved. The results indicate that TV broadcasters are concerned about whether this is the case.

Programmatic TV is, for now, an underresearched phenomenon. The programmatic technology in general is not limited to any particular geography, as the devices, software, apps, and databases that enable the collection and use of the big data underlying this technology are, by now, universally distributed around the world. Similarly, TV broadcasters funded by advertisement use a consistent business model globally. Thus, the results of the study could well be generalizable to all TV advertising markets worldwide. All media will eventually be part of the programmatic advertising ecosystem. Whether any of the findings can be transposed to other media, such as radio or newspapers, remains to be examined.

This paper documented how the Delphi method, combined with a content analysis with meta-analysis characteristics, can provide an assessment and predictions of the future implications of a given technological disruption. Instead of looking backwards at a given technological disruption and the corresponding business model change process, this paper offered a method to look forward and predict the implications of a significant new technology. This technology gives the research community a unique opportunity to examine a technological and business model transformation as it is occurring.

### 4.3. The advertiser perspective on marketing challenges and advertising partner selection

The research question for study three was: What marketing challenges do new technologies create for advertisers, and how do such challenges affect their selection of business model partners?

This study identified thirteen different marketing challenges for advertisers: media mix, technology, communication, capabilities, organizational design, branding, customer journey, resource constraints, social media, segments, data, globalization, and product development. The first five challenges represent two-thirds of all marketing challenges. Based on a review of the literature, this study was, despite its explorative nature, the most up-to-date overview of the marketing challenges that advertisers are facing in the internet-based advertising paradigm.

A review of the academic literature on “marketing challenges” for advertisers during the past twenty years identified eight challenges: making strategic choices, developing capabilities, having appropriate organizational design, achieving an optimal media mix, sensing opportunities, increasing the understanding of customer behaviour, improving brand performance, and having appropriate distribution. Developing capabilities, an appropriate organizational design, an optimal media mix, customer understanding, and brand performance remain primary challenges for advertisers. Additional significant challenges from the study are technology and communication. Technology is a prerequisite for performance and value creation in most industries today and is a natural addition to the challenges identified in the review. The technology agenda is also supported by the fact that the digital agency is the most important agency partner and that technology-based media, like Facebook and Google, are perceived as being the best at resolving the biggest marketing challenges.

The literature review clustered the marketing challenges into three groups: external, internal, and a combination of external and internal. The findings showed that only 35% of the marketing challenges are purely external challenges. This indicates that organizational learning of new technology and innovations is a key challenge for advertisers, supporting the recent academic discussions on the balance between organizational learning and utilization of new technology-based innovations for advertisers.

The academic literature on agencies has identified the advertising agency as a key construct. The literature has pointed to an unbundling of media from advertising agencies, giving birth to media-buying agencies. This paper found that the advertising agency category is more heterogeneous than the literature suggests. At least six actors (creative, media, digital, PR, design, and direct marketing) are part of the advertising agency landscape.

Horsky (2006) developed a decision tree for advertisers in their agency selection based on the unbundling of media from advertising agencies. The literature review identified three phases in the evolution of value creation between advertisers and agencies: the first phase was the full-service agency phase and a one-agency model; the second phase was the media unbundling phase and a two-agency model; and the current third phase includes digital agency actors and thus a multiple-agency model. Advertisers' decision tree is becoming increasingly complicated and heterogeneous. In the first phase, agency selection involved a simple make-or-buy decision. For phase 2, Horsky (2006) identified eight specific decisions, since it is a make-or-buy decision for both the advertising and the media-buying agency. In the new third phase, the complexity for advertisers is accelerating even more.

The majority of the academic literature used the creative or media agency as the unit of analysis. This paper found that the digital agency is the most important partner for advertisers in value

creation. The speed of technological changes has created a range of continuous disruptive innovations for advertisers. This evolution has made the digital agency the most important partner in solving the biggest marketing challenges for advertisers. A likely scenario is that the speed of technological changes will continue, and, consequently, digital agencies will improve their position in value creation with advertisers.

Marketing is fundamental for firms and their value creation. From a business model innovation typology perspective, Foss and Saebi (2017) would classify marketing challenges as a potential modular business model innovation, since the scope can be linked to a single module in the business model. Whether it is an evolutionary or a focused business model innovation depends on whether the innovation is novel to the firm or to the industry. Giesen et al. (2007) identified three types of business model innovation for incumbents: industry model innovation in terms of innovating in relation to the industry value chain, enterprise model innovation in relation to altering the firm's role in the value chain, and revenue model innovation in terms of innovating with the way in which revenues are generated. Marketing challenges would be classified as a potential revenue model innovation by Giesen et al. (2007).

Malhotra (2000) found that, due to new technologies, like the emerging internet paradigm, the environment that firms operate in is characterized by more rapid and discontinuous changes. The study revealed that technology plays a more significant role than the literature review pinpointed. This has two implications for advertisers. First, if the current environment is characterized by more rapid and discontinuous changes than Malhotra (2000) reported, this requires continuous improvement of the organizational learning capabilities. Advertisers will need to be in a constant mode of business model innovation, and having capabilities within business model innovation is therefore a competitive advantage (Chesbrough, 2010; Schneider & Spieth, 2013). Second, the key partners or stakeholders in the value creation will be actors with capabilities within technology, like

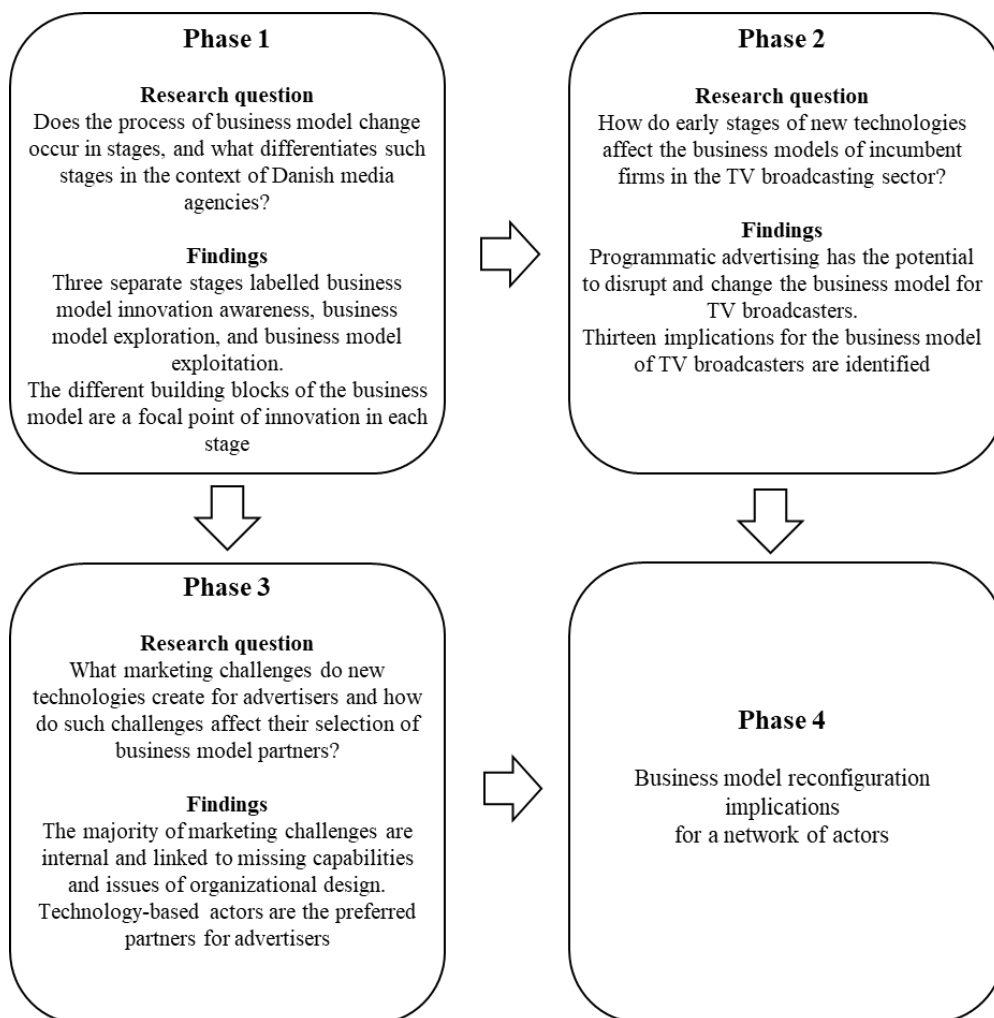


digital agencies instead of creative agencies plus Google and Facebook instead of TV and newspapers. This paper found that, in roughly 10 years, Google and Facebook have managed to take a lead role in the value creation for advertisers.

#### 4.4. The synthesis of the three studies

The objective of this dissertation is to contribute to an improved understanding of the business model innovation process for incumbent firms. The three research questions and studies contributing to fulfilling the objective have evolved four overlapping phases. These are illustrated in Figure 4.

Figure 4. The four phases synthesizing the three research questions and studies



Source: Author, based on the studies in the dissertation.

The first phase started with my literature review. I found that incumbent firms, like Discovery Networks, face challenges in changing their business model and that the academic literature lacks a deep understanding of the process that firms undertake on the journey from one business model to another (Foss & Saebi, 2017; Schneider & Spieth, 2013; Wirtz et al., 2016). My supervisor had studied the postal industry and suggested stages of exploration and exploitation in business model innovation (Bogers et al., 2015; Sund et al., 2016). Furthermore, the literature lacked business model change case studies driven by opportunities instead of external pressure (Sosna et al., 2010). This led to the first study and research question: Does the process of business model change occur in stages, and what differentiates such stages in the context of Danish media agencies? The findings were three separate stages labelled business model innovation awareness, business model exploration, and business model exploitation. The different building blocks of the business model are a focal point of innovation in each stage.

The second phase was an outcome of the first study. Besides suggesting the three separate stages of business model innovation awareness, business model exploration, and business model exploitation, the first study also revealed the importance of new and emerging technologies in the business model innovation process. New technologies, like display advertising, search marketing, social media, and programmatic advertising, had emerged sequentially during the approximately ten years that the business model innovation process had lasted for media agencies. A better understanding of the relevance and importance of technology as a trigger or enabler has been identified as a gap in the existing literature (Foss & Saebi, 2017, p. 18; Wirtz et al., 2016, p. 13). Examining how the emergent programmatic advertising technology affected the business model components for TV broadcasters, especially in the stages of business model innovation awareness and early business model exploration, was an obvious research task. This led to the second study and research question: How do early stages of new technologies affect the business models of incumbent firms in

the TV broadcasting sector? The findings were that programmatic advertising has the potential to disrupt and change the business model for TV broadcasters. Furthermore, thirteen implications for the business model of TV broadcasters were identified.

The third phase was also an outcome of the first study, since it revealed that partners with technological capabilities, like Google, play a key role in business model innovation. This was also confirmed in the second study with novel external partnerships with technology providers emerging for TV broadcasters. Finally, the significance of uncertainty among advertisers was found in the study of media agencies. This led to the third study and research question: What marketing challenges do new technologies create for advertisers, and how do such challenges affect their selection of business model partners? The findings were that the majority of marketing challenges are internal and linked to missing capabilities and issues of organizational design. Consequently, technology-based actors are the preferred partners for advertisers in the value creation.

The fourth phase was a summary of the implications for the three groups of actors in the empirical field of investigation or business model reconfiguration for a network of actors. They have all been part of the media industry for decades and are thus incumbent actors in their industry. They are all part of the same environment and are thus exposed to similar external factors. New and emerging technology has been found to be the core of business model innovation research and the business model phenomenon (Chesbrough, 2010; Spieth et al., 2014). The three studies confirmed this finding in the context of the three actors. Technological innovations have transformed the media industry (Küng, 2008), and the implication for advertising is a new advertising paradigm. The way in which advertising works has changed with the Internet and online advertising (Bugge, 2009; Campos-Freire, 2013; Cappo, 2003; Nail, 2013; Perez-Latre, 2007; Sinclair & Wilken, 2009; Vernuccio & Ceccotti, 2015). In the new paradigm, a digital advertising landscape has arisen, and actors like Google and Facebook have been instrumental in disrupting the previous advertisement

paradigm (Klopfenstein, 2011; Young, 2014). The implications for the three actors were found to be somewhat different. The study of the journey of business model innovation in media agencies found that Danish media agencies from approximately 2005 to 2015 were successful in adapting to the new digital advertising environment. The study of the advertiser perspective on marketing challenges and advertising partner selection revealed that the rise of the new digital media landscape is currently increasing the complexity and uncertainty for advertisers. The study of the implications of programmatic advertising on the business model of TV broadcasters pointed towards a technological innovation that has the potential to affect business model TV broadcasters significantly. From an overall perspective, new technology is driving paradigm shifts in marketing and redefining the business models in the existing industry value chains. An innovation of a business model will reshape the industry value chain and exert an impact on the relationship between the actors (Zott et al., 2011). My findings indicated that this is the case from both an intra and an inter perspective. In terms of agencies, business model innovation within existing actors, like media agencies, in combination with new actors, like digital agencies, creates a dynamic within the agency construct. New actors, such as Google and Facebook, are also creating a dynamic within the advertising media construct.

## 5. Discussion and conclusions

The research theme for this dissertation is the business model innovation process for incumbent firms. The existing literature has found an improved understanding of the process that firms undertake on the journey from one business model to another to be necessary (Foss & Saebi, 2017; Schneider & Spieth, 2013; Wirtz et al., 2016). The objective of this dissertation is to contribute to improving the understanding of the business model innovation process for incumbent firms.

Beyond the contributions from the three single studies, this dissertation contributes a range of additional insights into the literature on the business model innovation process. The theoretical implications that advance the business model innovation process field can be grouped into five contributions: the definition of a business model innovation process, business model innovation as a three-stage process model, the business model innovation process and the business model components, the business model innovation process and the dimensions of business model innovation, and new technology as the primary driver of business model innovation. The practical implications from this dissertation can be grouped into three contributions: a method to assist in the prediction of implications from new technology, an updated perspective and knowledge on media agencies, programmatic TV advertising, and advertisers, and, finally, the translation of business model innovation findings into a practical context.

When an incumbent firm changes from its current business model to a novel business model, the journey is a business model innovation process. An overview of the theoretical and practical implications from this dissertation is presented in the framework in Table 9. The chapter will include a discussion of the theoretical and practical implications as well as a section on limitations and areas of further research.

Table 9. Overarching framework for the theoretical and practical implications

Contributions to an improved understanding of the business model innovation process for incumbent firms		
BM x	Business model innovation process	BM x+1
Overall theoretical implications	Definition of a business model innovation process The business model innovation as a three-stage process model The business model innovation process and the business model components The business model innovation process and the dimensions of business model innovation New technology as the primary driver of business model innovation	
Practical implications	Method to assist in the prediction of implications from new technology Updated perspective and knowledge on media agencies, programmatic TV advertising, and advertisers Translating business model innovation findings into a practical context	

Source: Author.

### 5.1. Implications for theory

#### Definition of a business model innovation process

When an incumbent firm changes from its current business model to a novel business model, the journey is a business model innovation process. The purpose of a business model innovation process is to create and capture more value for the firm, and the consequence is a change to the business model (Massa & Tucci, 2014; Santos et al., 2015). This dissertation suggests the first (to my knowledge) definition of a business model innovation process: “a sequence of events or activities that describes how designed, novel, and non-trivial changes to the key elements of a firm’s business model and/or architecture linking these elements change over time”.

#### The business model innovation as a three-stage process model

Providing a deeper understanding of the business model innovation process in various contexts is useful to reach more general conclusions about the phenomenon (Schneider & Spieth, 2013). A contribution from this dissertation to the literature is the identification and empirical confirmation of the business model innovation process as a journey in three stages. The first stage is labelled business model innovation awareness, the second stage is business model exploration, and the third stage is business model exploitation.

Innovation of a business model has been found to be a significant challenge for incumbent firms (Euchner & Ganguly, 2014; Koen et al., 2011; Moingeon & Lehmann-Ortega, 2010; Wirtz et al., 2016). The challenge is, by nature, internal, since business model innovation includes an organizational change process for incumbent actors (Foss & Saebi, 2017). The existing literature, especially within organizational learning and cognition, can help describe and characterize the three stages and consequently support their existence. Table 10 provides an overview of nineteen dimensions for characterizing the three stages.

Table 10. Characteristics of the three stages in the business model innovation process

	<b>BMI awareness</b>	<b>BM exploration</b>	<b>BM exploitation</b>	<b>Based on</b>
Exploitation of a new BM	None	Low	Higher	Sosna et al. (2010) Bogers et al. (2015)
Exploration of a new BM	Highest	Medium	Lowest	Sosna et al. (2010) Bogers et al. (2015)
Performance expectations of a new BM	Low	Promising	Higher	Sosna et al. (2010)
Business logic	No change in business logic	Change to business logic	Business logic transformed	Linder and Cantrell (2000)
Managerial attention	Attentional perspective	Attentional engagement	Attentional selection	Micheli (2015)
Top management team	Supporters	Partners	Integrated	Sosna et al. (2010)
Dynamic capabilities	Seizing	Sensing	Transformation	Leih et al. (2015) Mezger (2014)
Customers	Acceptance	Trial	Integrated	Micheli (2015) Jensen and Sund (2018a)
Required new capabilities	Low	Higher	High	Micheli (2015) Bogers et al. (2015)
Uncertainty	Highest	Lower	Lowest	Bogers et al. (2015)
Organizational tension/conflicts	Low	High	Medium	Sund et al. (2016) Bogers et al. (2015)
Required resilience	Highest	High	Lowest	Micheli (2015) Sosna et al. (2010)
Frameworks	More individual than organizational	More organizational than individual	Shared organizational frameworks	Micheli (2015)
Sense-making/-giving	Sense-making	Sense-giving	Sense-making and -giving	Bogers et al. (2015) Micheli (2015)
Organizational design	Separate unit	More corporative unit	Restructuring	Bogers et al. (2015)
Integration	Low	Higher	Highest	Bogers et al. (2015)
Trial and error	Low	High	Refinements	Sosna et al. (2010)
Organizational learning	From individual to organization	Collective learning	From organization to individual	Micheli (2015) Sosna et al. (2010)
Cognitive maps	Maps based on prior knowledge	More complex maps	Maps based on the organization's own learning	Sosna et al. (2010)

Source: Author, based on the literature review.

Spieth et al. (2014, p. 244) identified a gap within the business model innovation literature: “Are deliberate corporate-level decisions the exclusive means to drive business model innovation in firms, or is the process more organic and resulting from many iterative and interwoven sequences of unit- or group-level changes in the existing business paradigm?” The studies of the journey of business model innovation in media agencies and the implications of programmatic advertising on the business model of TV broadcasters suggested that it is a combination of, and thus a balance between, the two approaches. The “many iterative and interwoven sequences” are more dominant in the early stages of the business model innovation process. In the study of media agencies, one managing director reported: “There were some really innovative people around at the right time, [and] they were at the same time very competitive against each other, and kind of started a culture in those companies”. In the study of programmatic advertising, a conversation with a local commercial director from Discovery Networks on programmatic advertising included: “last week I didn’t know what it was ... next week I am going to make a presentation on it”. This phenomenon was supported by Micheli (2015), who found that the individual choices of managers are the main trigger of business model innovation in the early stages. The “deliberate corporate-level decisions” seem to be more dominant in the later stages of the business model innovation process. As one of the managing directors in the study of media agencies related: “When I started here in 2006 we started a lot of things. It went really fine, but at a certain point, someone said ‘How the hell do we prioritize?’ Then we started working much more with a strategic plan about what we are launching, when, and why.”

The study of media agencies revealed that the components of the business model have a different enabling role in each of the three stages. The theoretical background section identified leadership, capabilities, experimentation and learning, and stakeholders as enablers of business model innovation with a positive impact on firm performance. The business model exploration stage is



dominated by the enablers from the literature review allowing for transition to the business model exploitation stage.

Spieth et al. (2014, p. 243) identified an additional gap in understanding: “How is business model innovation different from traditional, product or process-related innovation processes?” Massa and Tucci (2014) suggested that the evolution of innovations traditionally starts with a product innovation, then a process innovation, and, finally, a business model innovation. My findings indicated that a business model innovation process in the exploration stage is initially dominated by the search for new value propositions in the form of commercializable services. In the study of media agencies, the service offering was broadened via the continuous launching of new (digital marketing) services. In the study of TV broadcasters, the framework for programmatic TV advertising identified 15 new types of TV advertisements compared with traditional TV advertising. Each of the 15 new types of TV advertisements represents an opportunity for launching new services.

A conclusion from the study of media agencies was that the journey of business model change appears to have been an emergent rather than a planned one. This was a journey in which external factors acted as triggers, pushing the management to reconsider and adapt their business model to a changing environmental context. Indications of the same were found in the study of programmatic advertising, in which TV broadcasters were found to be launching new advertising products based on the additional devices on which audiences increasingly view TV programmes and TV content. This emphasizes the relevance of addressing business model innovation in general and the business model innovation process specifically from a processual perspective. The business model innovation process is evolving with the dynamics produced by sequential events and activities.

## **The business model innovation process and the business model components**

Wirtz and Daiser (2017) developed a conceptual framework for business model innovation based on six previous frameworks. The business model innovation process and the business model components are grouped under “BMI Areas”, indicating that they are separate but still interconnected. The findings from this dissertation provide further clarification of the interconnectedness between the business model components and the business model innovation process. The stages in the business model innovation process can be differentiated according to the role played by the nine different components of the business model from the business model canvas. The study of media agencies revealed that the components of the business model have a different enabling role in each of the three stages.

Four of the business model building blocks were focal points in the awareness stage. In the exploration stage, all the building blocks in the business model were focal points. In the exploitation stage, seven out of nine building blocks were focal points. From this pattern, it can be concluded that the most dynamic stage for a successful business model innovation process is probably the exploration stage. Foss and Saebi (2017) found a lack of systematic studies linking business model innovation and firm performance. They concluded that the lack is due to the facts that business model innovation takes a long time and the links between business model innovation and financial performance are complex. The study of the Danish media agency used the business model innovation process and the components of the business model to explain improved performance. It also confirmed the complexity, since all the elements in the business model have been transformed over a decade-long period.

The studies in this dissertation provided some specific contributions regarding three business model components: customer segments, key partnerships, and value proposition. The existing literature has found that including customers as an active actor in the business model innovation process will

improve value creation and capturing for the firm (Plé et al., 2010). Consequently, the literature would benefit from more research on the role of the customer (Pynnönen et al., 2012; Wirtz et al., 2016). This dissertation finds that the role of the customer as a component of the business model differs through the three stages. In the study of media agencies, customers in the awareness stage were the ones requiring the media agencies to develop their service offering. A lack of demand from customers has been found to be a barrier to business model innovation (Richter, 2013). Customers who were active in the awareness stage were the early adopters of new digital marketing services, demanding an agency that could provide specific digital services. In the exploration stage, a broader cross-section of advertisers transitioned towards demanding digital marketing services. In the awareness stage, the customers take the “lead”. In the exploration stage, it is increasingly the media agency that takes the “lead”.

This dissertation finds that technology-based actors are emerging as key partners in a business model innovation process. For media agencies, they are Google and Facebook, for TV broadcasters, they are programmatic TV technology partners and data suppliers, and, finally, for advertisers, they are digital agencies. External collaboration and partnerships have been found to be effective for the business model innovation of incumbent actors (Giesen et al., 2007).

From the above, a typology of customers and partnership in the early stages of the business model innovation process can be derived: a typology in which the customer or partner can lead in terms of driving the business model innovation process, be late in terms of not driving, or in some cases maybe even hinder the business model innovation process. Lead customers and lead partners can increase the speed and the proactivity of the business model innovation process due to the impact on organizational learning and top management skills in terms of sensing and seizing the opportunities. Consequently, lead customers and lead partners can act as a destructor of potential dominant logic traps. The typology is presented in Figure 5.

Figure 5. Typology of customers and partners in the early stages of a business model innovation process

		CUSTOMERS	
		Late	Lead
PARTNERS	Lead	Partner-driven Business model innovation	Faster and more proactive Business model innovation
	Late	Slower and more reactive Business model innovation	Customer-driven Business model innovation

Source: Author, based on the findings from the studies in the dissertation.

Spieth et al. (2014, p. 244) found that the “integration of stakeholders into business model innovation” is relevant for further research. The typology developed from the studies in this dissertation could contribute to this area. Spieth et al. (2014) also reported that the co-creation of value proposition is relevant for further investigations. This dissertation finds that the value proposition is instrumental for the definition of business model innovation. The study of media agencies found that they had developed from being only buyers of traditional media into offering consultancy services in marketing, with a focus on digital media. They have transformed their core logic from services within only paid media into a combination of paid, owned, and earned media. Whereas the study of media agencies considered the entire business model innovation process, the study of programmatic advertising and its implications for the business model of TV broadcasters investigated the initial stages of business model innovation. The short-term implication is a sense-making focus on the value proposition: What type of company are we? The value proposition for TV broadcasters will still be to deliver great content that can attract audiences, but the core proposition will become more screen agnostic and video-centric. Consequently, Wirtz (2016, p. 189) definition of business model innovation applies best to my empirical findings, since it

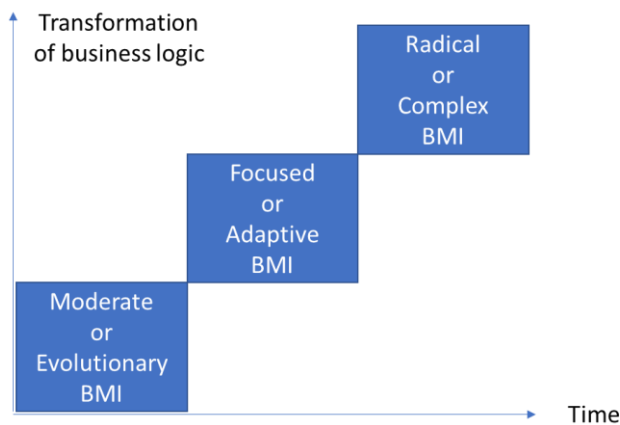
specifically includes the value proposition: “Business model innovation describes the design process for giving birth to a fairly new business model on the market, which is accompanied by an adjustment of the value proposition and/or the value constellation and aims at generating or securing a sustainable competitive advantage”.

### **The business model innovation process and the dimensions of business model innovation**

The theoretical background section revealed that the literature lacks a consensus on a concise categorization of business model innovation (Wirtz & Daiser, 2017). Foss and Saebi (2017) stated that understanding the interdependencies of the four types of business model innovation that they presented would be an interesting area for further research.

The findings from this dissertation agree with the conclusion that business model innovation differs in intensity or dimensions. However, in the existing literature, no temporal discussion has been found: How long does it take to change a business model? My findings suggested that a temporal perspective could add to the understanding of the interdependency between the different types of business model innovation. The study of the media agencies revealed that an initial moderate innovation of the business model turned out a decade later to be a radical innovation of the original business model. The study on TV broadcasters also suggested that a moderate innovation would eventually result in a radical innovation of the business model. Continuous moderate business model innovation will, over time, result in radical business model innovation. This again emphasizes the relevance of a processual perspective. Figure 6 shows how a temporal perspective can classify the dimensions of business model innovation. The basis for the classification is the typology from Foss and Saebi (2017), Linder and Cantrell (2000), and Wirtz and Daiser (2017).

Figure 6. Dimensions of business model innovation from a temporal perspective



Source: Author, based on the findings from the studies in the dissertation and the typology from Foss and Saebi (2017), Linder and Cantrell (2000), and Wirtz and Daiser (2017).

The study on advertisers and their marketing challenges revealed organizational learning issues with new technology. With more rapid technological innovations, it is likely that a business model change is required to take less than ten years to improve value capturing. In the current business environment, there will always be business model issues to be resolved (Schneider & Spieth, 2013). It is tempting to conclude that firms will be in a constant evolutionary or moderate innovation mode.

### **New technology as the primary driver of business model innovation**

The existing literature has identified the need for a better understanding of the relevance and importance of technology as a trigger or enabler (Foss & Saebi, 2017, p. 18; Wirtz et al., 2016, p. 13), and the interrelationship between a technology shift and the business model innovation process is an area for future research (Tongur & Engwall, 2014; Wirtz et al., 2016).

This dissertation finds that opportunities from new technology are the primary driver, based on the studies of TV broadcasters, media agencies, and advertisers. In the case of advertisers, the majority of the marketing challenges arose from recent technological innovations. For TV broadcasters, the

emergent technology programmatic advertising was found to have the potential to disrupt and change their business model. Media agencies managed to create and capture more value for a decade thanks to the continuous rise of new technological opportunities, like display advertising, search marketing, and social media.

My study predicts that, in the long term, the new technology of programmatic advertising will transform the business model for TV broadcasters. In a business model innovation process typology, this will occur in the business model exploitation stage. My three studies allow me to suggest how a technology shift interacts with the business model exploration stage. In the business model innovation awareness stage, technology acts as a trigger, and, in the business model exploration stage, technology acts as an enabler.

Tongur and Engwall (2014) found that a technological shift has implications for a firm's value proposition and technological capabilities in the business model exploration stage. This is consistent with my findings. As previously mentioned, my findings in the study of media agencies and TV broadcasters indicated that a business model innovation process in the exploration stage is initially dominated by the search for new value propositions. In terms of technological capabilities, external collaboration and partnerships have been found to be effective in business model innovation for incumbent actors (Giesen et al., 2007). As mentioned earlier, this dissertation finds that technology-based actors are emerging as key partners in the business model innovation process. To improve the organizational learning from the continuous rise of new technological opportunities, partners with more technological capabilities have been selected. For media agencies, these were Google and Facebook, for TV broadcasters, they were programmatic TV technology partners and data suppliers, and finally, for advertisers, they were agencies.

The findings in this dissertation support the notion of a close interrelationship between business model innovation and strategy. The primary driver, new technological opportunities, has been found to be capable of creating multiple business models based on the same strategy. In the study of TV broadcasters, the strategy is to generate revenue from the consumption of content on more devices than the traditional TV set. This emerges as three different business models based on the way in which the TV content is viewed: the traditional linear TV advertising business model, long-form content viewed on other devices than traditional TV sets (for example, pure advertising-funded streaming services, also called AVOD, i.e. advertising video on demand), and finally non-linear short form viewed on other devices than traditional TV sets (such as joint ventures with news publishers on sport highlights). The latter two are novel to the industry.

## 5.2. Implications for practice

This dissertation addresses the business model innovation process phenomenon through the lens of incumbent actors, specifically TV broadcasters, media agencies, and advertisers. It should be of relevance for practitioners to know that the business model innovation process is a complicated, decade-long journey that is likely to be triggered by a technological innovation and contain three stages, which eventually will affect all the components of the business model.

### **Method to assist in the prediction of implications from new technology**

As presented previously, the literature on business models contains a significant amount of studies on industries that have been affected by technological changes (Lambert & Davidson, 2013).

Successful innovation of a business model is driven more by business capabilities than by technological capabilities (Brink & Holmén, 2009; Chesbrough, 2010). The key to business model innovation therefore has more to do with the management of such innovation than the type of current technologies available. A practical implication from this dissertation is that technological innovations are the primary trigger of business model innovation. It is vital for the future



performance of a firm to sense the implications from technology. Instead of looking backwards at a given technological disruption and the corresponding business model implications, this dissertation offers a method to look forward and predict the implications of a new technology.

The recruitment of more than five heterogeneous experts with appropriate domain knowledge and the gathering of documents with studies on the topic could supplement other approaches to sensing and predicting implications from new technology. Using a combination of content analysis and the modified version of the Delphi method presented in the study of the implications of programmatic advertising for the business model of TV broadcasters could be of relevance for both scholars and practitioners. The method includes five steps, which are presented in Table 11.

Table 11. Method to assist in the prediction of implications from new technology

Phase	What?	How?
1	Collection of available secondary data on topic	Review of the literature, including articles, white papers, consultancy reports, and so on
2	Expert interviews	Loosely structured interviews on the topic, including awareness of additional secondary data
3	Content analysis	Identify implications from relevant documents
4	Delphi round 1 with experts	Semi-structured interviews on the implications found in the documents
5	Delphi round 2 with experts	Follow-up survey based on the revised implications from the previous phase. Can be repeated numerous times if relevant

Source: Author, based on the research design in the study of TV broadcasters.

### **Updated perspective and knowledge on media agencies, programmatic TV advertising, and advertisers**

The empirical field of investigation in this dissertation could have practical relevance for both scholars and practitioners in three areas. Firstly, this dissertation provides an updated perspective on the media agencies. The role of media agencies has changed in relation to what the existing literature has suggested. They have developed from being only a buyer of traditional media into offering consultancy services in marketing, with a focus on digital media. They have transformed

their core logic from services within only paid media into a combination of paid, owned, and earned media. Secondly, programmatic advertising is a relatively new instrument within media and advertising in general that has the potential to disrupt the business models of the various actors in the media industry. This dissertation provides an overview of the programmatic advertising construct as well as introducing a typology for programmatic TV advertising. Thirdly, the dissertation offers an updated perspective on advertisers, their marketing challenges, and their key partners in value creation.

### 5.3. Translating the business model innovation findings into a practical context

I am a practitioner who has stepped back from my specific field of expertise to make better sense of it. In Jackson's (2010) terms, I am a "scholar-activist", and this is where my motivation for becoming a researcher is rooted. I want to make the literature on the business model innovation phenomenon accessible to management in a specific empirical context involving some significant business challenges. A cornerstone of the practical implications and relevance of this dissertation, and thus the business model innovation literature in general, is a study of what the future business model should look like for Danish agencies. The basis for the study was a grant in 2015 from the Lommer Scholarship, which is part of the national agency industry association "Kreativitet & Kommunikation". The grant is given to projects that provide new knowledge that is beneficial to the Danish agency industry. In this case, the new knowledge involved making the literature on business model innovation accessible to management in a specific empirical context with significant business challenges.

This study would not have been regarded as research from the perspective of pure theoreticians, like scholars and experts, but for the agency industry in Denmark it is. The primary target group for this study consists of the management and owners of Danish agencies. It provides them with a framework for discussing business models as well as identifying the areas in which they need to be

innovative with their current business model to survive. My study was published in February 2016 in Danish with the title “Hvordan ser fremtidens forretningsmodeller ud for de danske bureauer?” at <http://kreakom.dk/wp-content/uploads/2016/04/Hvordan-ser-fremtidens-forretningsmodeller-ud-for-de-danske-bureauer.pdf>. It is also included in the appendix section. The English translation of the title is “What do the future business models look like for Danish agencies?” In the following, I will introduce the study, present the methodological approach, summarize the findings in the context of the business model innovation literature, and finally discuss the academic and practical implications of the study.

The study of the advertiser perspective on marketing challenges and advertising partner revealed that various types of specialist agencies with specific capabilities exist (digital, creative, media, PR, direct marketing, and design agencies). According to Bureauanalyse (2015), Danish advertisers have invested 5.5 billion DKK in services from 252 different agencies. The agencies in Denmark are facing increasing financial challenges. From 2007 to 2013, the profit margin declined from 14% to 8%; that is, the industry’s profit margin is declining by approximately 1% p.a. Furthermore, in 2013, 1 out of 5 agencies were making a loss, and 88% of the agencies accounted for 1% of the profit. The latter means that more than 2,500 people are employed in agencies that are struggling to cover their costs (Bureauanalyse, 2008–2015).

Through the business model lens, it is evident that the firms in the Danish agency industry are struggling to capture value with their current business model. The academic literature provides some guidance, since the agency industry is found to be transforming because of the emerging internet paradigm introduced in the mid-1990s (Bugge, 2009). New digital-based actors, such as Google and Facebook, have been instrumental in this transformation process (Klopfenstein, 2011; Young, 2014). The business model literature contains a substantial number of studies showing how technological changes have affected an industry and its actors (Lambert & Davidson, 2013).

Innovation of the business model has been found to be beneficial for value capturing (Pohle & Chapman, 2006), and successful innovation of a business model has been found to be driven more by business capabilities than by technological capabilities (Brink & Holmén, 2009; Chesbrough, 2010).

The overall research question for the study was: “What do the future business models look like for the Danish agencies?” The local trade press (Bureaubiz.dk and Markedsforing.dk) has published several articles and debates on successful business models for agencies. From an academic perspective, the suggested solutions are not business models per se; they are more like simple narratives or incomplete value propositions. From this observation emerges the question: “What does a business model for an agency look like?”

### **Research design for the practical context study**

The methodological approach to the study included four steps. The first step was a review of the literature on business models and business model innovation. My supervisor and databases like Ebscohost and Google Scholar were useful in this stage. The unit of analysis was the business model for Danish agencies. The selection of a conceptual business model framework that could later be adjusted to Danish agencies was required. The business model canvas by Osterwalder and Pigneur (2010) was selected, since it is one of the most cited frameworks as well as being particularly practitioner oriented.

Innovation of the business model is an opportunity for Danish agencies to recapture value. For each of the components of the business model, the study presented the relevant practical areas of innovation. Therefore, the second step was to conduct a review of the relevant literature on agencies and their specific business challenges. The academic literature is limited and not up to date. Only Bugge’s (2009) work on the digital transformation of the advertising industry has made a

contribution. Instead of specific academic literature, the business literature on agencies proved to be more relevant. After an initial search, sources were selected based on two criteria, the first being that it was a contribution with sufficient substance and reflection, making published books relevant, and the second being that the source contained an opinion on the industry transformation and was not merely explaining or praising itself. This made consultants working with agencies and former executives relevant as informants. The review initially started on Amazon.com and afterwards was extended via references and searches. From here, the sources in Table 12 were identified.

Table 12. Sources for the review of agencies and their specific business challenges

Source	Biography	Literature
Tim Williams	Founder and CEO of US-based Ignition Consulting Group, specialized in agency management consulting	<i>Positioning for professionals</i>
Paul Roetzer	Founder and CEO of US-based PR agency 20/20	<i>The marketing agency blueprint</i>
Robert Craven	Executive at UK-based consulting firm “The Directors Centre”	<i>Grow your digital agency</i>
Michael Farmer	Founder and CEO of US-based consultancy Farmer & Co.	<i>Madison Avenue manslaughter</i>
Rick Webb	Former co-founder of the agency The Barbarian Group	<i>Agency: Starting a creative firm in the age of digital marketing</i>
James Hurman	New Zealand-based innovation consultant. Several executive positions in advertising agencies	<i>The case for creativity</i>

Source: Author, based on the review of the agency business literature.

Systematic collection and aggregation of the expert judgements in the sources were accomplished by grouping the summaries of the sources into the nine business model components from the business model canvas framework. The third step was to conduct follow-up interviews via telephone or e-mail. The purpose was to elaborate on specific issues. E-mail interviews were conducted with Tim Williams, Paul Roetzer, and James Hurman, and a telephone interview was conducted with Robert Craven. The guidelines for proper expert interviews include the usage of more than five experts with appropriate domain knowledge (Rowe & Wright, 2001). Consequently, an e-mail interview with former agency CEO Marc Cranmer was organized. From the literature and the follow-up interviews, 23 specific current and upcoming challenges to the business model for agencies were identified.

The literature and insights in steps two and three are primarily from English-speaking agency communities. The fourth step was conducted to ensure relevance for Danish agencies in terms of local cases and industry findings. The author of this dissertation has held several executive positions in the industry for more than a decade. This fact adds an ethnographic and, to a certain extent, a subjective element to the study. To ensure the validity of relevant cases and findings, ongoing conversations were conducted in the second half of 2015 with managing director Mogens Østergaard from MyResearch and editor Finn Graversen from Bureaubiz. MyResearch is a research agency that specializes in insights for Danish agencies and advertisers. Bureaubiz is a Danish internet-based trade magazine focused on providing news to the Danish agency business. Furthermore, for the design of the specific agency business model canvas, the chairman, Preben Christensen, and the CEO, Hans Henrik Goth, from the Copenhagen-based advertising agency Mantra were consulted. The overall ambition in step four was to create relevance for the target group, which also included the development of an easy-to-read text version.

As previously mentioned, the basis of the study was a grant in 2015 from the Lommer Scholarship. The application for the grant was submitted on 11 May 2015. The incoming applications were judged and evaluated by the board of “Kreativitet & Kommunikation”. On 28 May, the scholarship was awarded. Step one was conducted as part of my introduction to being a PhD student during most of 2015. Step two was conducted from June to September 2015. Step three was conducted in October and November 2015. Step four was conducted from Q4 2015 until the delivery of the study to “Kreativitet & Kommunikation” on 12 February 2016.

### **The findings in the context of the business model innovation literature**

This study contained three overall findings. The first was relevant scenarios for the environment of the agency business models in 2020. The second was the development of a tailor-made business

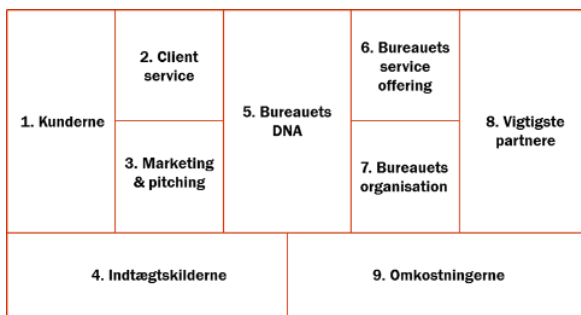
model framework based on the business model canvas. The third was the identification of 23 specific challenges and trends influencing the components of the current business model for agencies. The specific findings and their relationship to the business model innovation literature are presented in the following.

Designing a competitive business model depends on the environment in which the business model will operate. Consequently, scenarios for the future environment are imperative (Osterwalder & Pigneur, 2010). The study presented six scenarios for the agency business model environment in 2020. They are complementary in the sense that they originated from the academic literature (2), agency management consultants (2), and agency executives (2). The scenarios from Agarwal and Bugge originated from the academic literature, those from Williams and Farmer from the agency management consultancy perspective, and finally those from Roetzer and AdForums worldwide CEO summit represented the agency executive perspective. The conclusion from the scenarios pointed to a continuous digital transformation. The implication is that the industry and the business models will continue to be affected by technological innovation. This is consistent with the findings from Lambert and Davidson (2013). The scenario findings also emphasized the roles of leadership, change management, and strategic agility. These are consistent with the conditions required for successful business model innovation identified by Foss and Saebi (2017) and Schneider and Spieth (2013) in their reviews of the business model innovation literature.

Business model frameworks are valuable for understanding business model innovation (Chesbrough, 2010, Spieth et al., 2014). The business model canvas groups business models into nine building blocks or components. The labels and illustrations of the nine building blocks are generic. An example is the building block “channels”, which describes how a service or product is delivered “through communication, distribution, and sales channels”. The illustration of the building block is a truck. This is of limited relevance for the agency business. Based on the business

model canvas framework, a specific agency canvas model was developed. The building block channels are labelled “marketing and pitching”, which are the relevant terminology for agencies. The agency canvas model is illustrated in Figure 7 with labels in the Danish language. Compared with the original business model canvas, the building blocks have been rotated, so the first building block is “Kunderne” or customer segments instead of key partnerships or “Vigtigste partnere”. This was found to be a more logical structure for the agency business. Agencies are part of the professional service firm sector and, according to the academic literature, there is a much more intimate dialogue between suppliers and customers in this sector (Løwendahl, 2005; Maister, 2012). Consequently, the rotation of the canvas framework is relevant to the usability and interpretation for management in agencies. Adaptation of the business model canvas has previously been found to have academic relevance. Peters et al. (2013) reconfigured the business model canvas with an emphasis on the relationship between key partnerships and value proposition to fit two specific actors (public broadcasting and theatre production) in the media industry.

Figure 7. Business model canvas adapted to the Danish agency industry



Source: Author, based on Osterwalder and Pigneur (2010).

The study identified twenty-three challenges or trends that have an impact on the current business model. They are evenly distributed among the nine business model components: three for the building blocks customer segments, customer relationships, channels, revenue streams, key activities, and key resources; two for key partnerships and cost structure; and, finally, one for the building block value proposition. Foss and Saebi (2017, p. 17) defined business model innovation



as “designed, novel, and nontrivial changes to the key elements of a firm’s business model and/or the architecture linking these elements”. The number and distribution of challenges supports the conclusion that a business model innovation, as defined by Foss and Saebi (2017), is required. The distribution of the challenges across all the building blocks means that the industry is in the business model exploration stage, according to the findings from the study of the journey of business model innovation in media agencies presented earlier in this dissertation. The twenty-three challenges were found to be a mix of traditional leadership challenges, like client satisfaction, talent management, and so on, and challenges emerging from technological innovations, like a more automated client service function and agencies marketing themselves as online business-to-business brands. This supports the fact that successful innovation of a business model is driven more by business capabilities than by technology (Brink & Holmén, 2009; Chesbrough, 2010).

### **Discussion of the academic and practical implications from the study**

In this study, I combined the academic literature on business models and business model innovation with the opinion of experts within the agency business. The contribution was not intended to build new theory but to confirm a range of previous findings within the business model and business model innovation literature in the context of Danish agencies. The implication is that the methodological approach is deductive.

The study and its findings are generalizable to agencies in Denmark. The agency business is, to a large extent, international (Knuth, 2013), and the experts used as sources operate outside the Danish marketplace. This leads to the conclusion that the identified scenarios, the adapted business model canvas framework, and the majority of the challenges to the business model are generalizable to other agency markets that are similar to the Danish agency market.

The framework is based on the business model canvas. Other relevant business model frameworks could also have been adapted to the Danish agency industry. This would have created another framework, but the scenarios towards 2020 and the corresponding challenges and trends would have been identical. The study was conducted during 2015 and included the limited literature on agencies. If the literature on professional service firms (Løwendahl, 2005) had been included, the RBV approach could have developed a framework that would be generalizable to more categories within the professional service firm sector. This is an interesting and relevant area for further research.

The unit of analysis was the business model for Danish agencies. This involved an element of heterogeneity, since both new and incumbent agencies were included. In their previous work on Danish agencies, Freytag, Møller, Evers, Mortensen, and Clarke (2014) added dimensions such as origin and management ambitions to the business model canvas. An interesting area for further research could be to investigate and elaborate on the findings from this study and Freytag et al.'s (2014) study to explain heterogeneity in agency performance better.

The 23 challenges to the existing business model for Danish agencies are, to some extent, based on a judgemental selection of relevance. The author of this dissertation has more than a decade of experience as an executive in the Danish agency industry. This implies a potential limitation to the findings, since another researcher with a dissimilar background could have identified a different number of challenges. A notable possible limitation is that the findings represent the observations of the researcher in 2015.

This study has multiple practical implications. According to the industry association, it has created an awareness of and focus on what a business model actually looks like for a Danish agency. The practical ambition of the study was to create a toolbox for innovation of the business model – a

toolbox that eventually could contribute to survival and job creation. According to the industry association, dozens of its members have actively used the study in strategic reviews of their agency. Over time, the practical implications have the potential to benefit all the actors in the Danish agency industry and thus improve value capturing and job creation in the industry.

The literature on business models contains several examples of business model frameworks being adapted and created for specific purposes (Lambert & Davidson, 2013). Massa and Tucci (2014) classified business model frameworks into four categories, depending on the level of abstraction from the specific firm. The third level is the approach presented in this study, namely a graphical framework including the specific business model components.

There is a continuous discussion of the value that academia creates and delivers to the corporate world, which is often initiated by practitioners. In a narrow empirical context, this study provided evidence that it is possible for academia to create practical relevance with the investment of limited resources and to make vital business decisions on the basis of substantial evidence instead of headline news in the trade press.

This study would never have happened if it were not for the fact that I was in the initial stage of my PhD and thus conducting a literature review on business models and business model innovation. It provided me with an opportunity to “test” my new knowledge base deductively in an empirical context with which I am familiar. From this study, I have learnt that I want to undertake research that creates instant value for decision makers.

#### 5.4. Limitations and further research

In this section, I will address some limitations to this dissertation beyond the ones presented in the three studies. Furthermore, I will suggest further research avenues that might be derived from this dissertation.

The empirical field of investigation is three groups of actors in the advertising industry, specifically TV broadcasters, media agencies, and advertisers. The respondents in the three studies are predominantly characterized as being based in Denmark and having a regional outlook or responsibility. The findings from this dissertation could be biased by both the industry researched and the characteristics of the respondents. The media industry has been characterized in the literature as a “high-velocity” environment that requires maximum focus on innovation and adjustment of the business model to survive (Lambert & Davidson, 2013; Wirtz et al., 2007). It would be interesting to repeat the studies in more stable industries to determine whether the findings are consistent. The Danish advertising market is characterized by relatively high ad expenditure per capita and high broadband penetration. The latter creates relatively sophisticated digital media consumption. It could be beneficial to repeat the studies with respondents with other market characteristics.

The business model canvas by Osterwalder and Pigneur (2010) was applied in the study of media agencies and TV broadcasters. Furthermore, it was part of the practitioner-oriented study on the future business model for Danish agencies. The frequent usage of the business model canvas could bias the findings in this dissertation. The business model canvas was developed based on twenty contributions to the business model literature, and, if a component was mentioned by “at least two authors”, it would be integrated into the framework (Osterwalder, 2004). The business model canvas has been subject to different areas of critique. One area is the lack of integration of external business partners in each of the different building blocks instead of accumulated in the “key

partnership” section (Lindskow, 2016). The role of external business partners is vital for the business model literature, since “the business model concept extends beyond boundaries of the traditional unit of analysis, the firm, to include network partners” (Lambert & Davidson, 2013, p. 677). Another criticism is rooted in the fact that business model innovation for incumbent actors implies an organizational change process (Foss & Saebi, 2017). Consequently, changes to the organizational designs create an environment of significant organizational tension during the process. This and other significant organizational change characteristics of a business model innovation process are not addressed in the business model canvas (Chesbrough, 2010; Sund et al., 2016). The third area of critique is that the business model canvas lacks a dynamic element in terms of the relationship between choices and consequences (Massa & Tucci, 2014) and the competitive position and quantification of the financial implications (Euchner & Ganguly, 2014).

The business model canvas is one of the most cited frameworks. It is popular among practitioners because of its simplicity and graphic representation (Klang, Wallnöfer, & Hacklin, 2014).

Furthermore, the framework has proven to be useful in the original or amended version for scholars in different academic contexts, that is, for the media industry (Peters et al., 2013), for business model ideation (Hoveskog, Halila, & Danilovic, 2015), and for agencies (Freitag et al., 2014). In the studies of media agencies and TV broadcasters, the business model canvas was applied as a conceptual framework to structure and organize the data. This has been found to be one of the strengths of the business model canvas (Chesbrough, 2010; Massa & Tucci, 2014). The alternative to using the business model canvas would be to apply different business model frameworks in the different studies. This could, however, introduce a bias due to the inconsistency arising from this.

This dissertation finds that opportunities from new technology are the primary external antecedent of business model innovation based on the studies of TV broadcasters, media agencies, and advertisers. New technological phenomena, like the Internet, digitization of information, and

increasing computer power and bandwidth, are all causing construct convergence, which affects delivery platforms, devices, and industries (Küng, 2008). Arising from the work on this dissertation, I have a hypothesis that a universal and specific convergence cause–effect model exists for the media industry. An example is that the search engine technology was not invented by Google. However, Google was the best in commercializing the technology. It achieved this by launching the Google adwords concept in 2003. This gave birth to the notion of search engine marketing, which again transformed marketing for advertisers in general and categories like travel and e-commerce specifically. This again affected the selection of agencies and existing media in the value creation for advertisers. In Denmark, Google has emerged as one of the biggest media companies today, and agencies with search capabilities are dominating their category.

New technologies are driving paradigm shifts in marketing and redefining the business models in the existing industry value chains. A longitudinal study of the interaction and correlation between new technological opportunities, actors that can commercialize and conceptualize the technology, and the impact on the business models in the existing industry value chain could be an interesting task for future research. The theoretical lens could be the business model innovation process, the unit of analysis could be the ecosystem, in terms of multiple and interconnected actors, and the specific area of empirical investigation could, besides search marketing, include recent technologies, like display advertising, social media, programmatic advertising, and perhaps news publishers as well as the impact of the Internet from the mid-1990s. Further inclusions could be the specific value capturing and value appropriation among the actors. Will new industry value be created or will value (in terms of revenues and profits) simply be shifted from one actor to another?

This dissertation takes a processual perspective on business models and business model innovation. Gebauer and Saul (2014) proposed an agenda that studies business model innovation from a process-based perspective at the expense of the outcome-based perspective to advance the literature.

The understanding of process questions has in general been found to be beneficial for the advancement of management knowledge and thus also for the business model innovation process (Langley et al., 2013). The literature would benefit from more processual and longitudinal studies to understand the business model innovation concept.

## Declarations of co-authorship

### Title of article:

The journey of business model innovation in media agencies: towards a three-stage process model

### Declaration of the individual elements:

The extent of the candidate's contribution to the article is assessed on the following scale:

A. contributed to the work (0–33%)

B. made a substantial contribution (34–66%)

C. performed the majority of the work (67–100%)

	Henrik Jensen	Kristian Sund
1. Formulation in the concept phase of the basic scientific problem on the basis of theoretical questions that require clarification, including a summary of the general questions that it is assumed will be answered via analyses or actual experiments/investigations	C. performed the majority of the work (67–100%)	A. contributed to the work (0–33%)
2. Planning of experiments/analyses and formulation of investigative methodology in such a way that the questions asked under (1) can be expected to be answered, including the choice of method and independent methodological development	C. performed the majority of the work (67–100%)	A. contributed to the work (0–33%)
3. Involvement in the analysis or the actual experiments/investigation	C. performed the majority of the work (67–100%)	A. contributed to the work (0–33%)
4. Presentation, interpretation, and discussion of the results obtained in the form of an article or manuscript	C. performed the majority of the work (67–100%)	A. contributed to the work (0–33%)

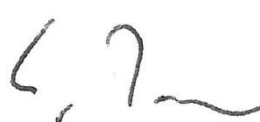
### Signature:

9 May 2018:



Henrik Jensen

9 May 2018:



Kristian Sund



**Title of article:**

The implications of programmatic advertising on the business model of TV broadcasters

**Declaration of the individual elements:**

The extent of the candidate's contribution to the article is assessed on the following scale:

A. contributed to the work (0–33%)

B. made a substantial contribution (34–66%)

C. performed the majority of the work (67–100%)

	Henrik Jensen	Kristian Sund
1. Formulation in the concept phase of the basic scientific problem on the basis of theoretical questions that require clarification, including a summary of the general questions that it is assumed will be answered via analyses or actual experiments/investigations	C. performed the majority of the work (67–100%)	A. contributed to the work (0–33%)
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4. Presentation, interpretation, and discussion of the results obtained in the form of an article or manuscript	C. performed the majority of the work (67–100%)	A. contributed to the work (0–33%)

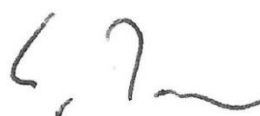
**Signature:**

9 May 2018:



Henrik Jensen

9 May 2018:



Kristian Sund

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## Part II - Papers

### Paper 1: The journey of business model innovation in media agencies: towards a three-stage process model

Published as Jensen, H. & Sund, K.J. (2018) The journey of business model innovation in media agencies: towards a three-stage process model, *Journal of Media Business Studies*, 14:4, 282-298

#### **THE JOURNEY OF BUSINESS MODEL INNOVATION IN MEDIA AGENCIES: TOWARDS A THREE-STAGE PROCESS MODEL**

Henrik Jensen\*

Department of Social Sciences and Business  
Roskilde University  
PO Box 260, 4000 Roskilde, Denmark  
E-mail: [hkjensen@ruc.dk](mailto:hkjensen@ruc.dk)

Kristian J. Sund

Department of Social Sciences and Business  
Roskilde University  
PO Box 260, 4000 Roskilde, Denmark  
Phone: +45 46 74 21 98  
E-mail: [sund@ruc.dk](mailto:sund@ruc.dk)

(\*) Corresponding author

#### **ACKNOWLEDGEMENTS**

We are grateful for comments from Jan Mattsson and Poul B. Olsen. An earlier draft of this paper was presented at the 2016 European Media Management Association Conference in Porto, Portugal. This research was made possible through a grant from Discovery Networks International and Innovation Fund Denmark (grant 5139-00025B).

## **ABSTRACT**

Digital entrants have changed the competitive landscape for advertisers and media. Over the past decade, media agencies have grown more rapidly than the media market as a whole, securing a larger share of the value generated in the advertising industry. We develop a process model describing how these agencies have altered their business models over a decade. We discuss three separate stages in this innovation process, labelled business model innovation awareness, business model exploration, and business model exploitation. We find and document how different building blocks of the business model are a focal point of innovation in each stage of the business model innovation process. Our findings offer a way for the media industry to understand the transformation of media agencies.

**Keywords:** Business Model Innovation Process, Business Model Canvas, Media Agencies, Advertisers, Exploration, Exploitation

## INTRODUCTION

Scholars have shown a growing interest in media agencies and their role in the advertising industry (Bogart, 2000; Bulearca & Bulearca, 2009; Jacobs, 1991; Knuth, 2013; Ots, 2009). Such agencies guide advertisers on the effectiveness of different media and execute the actual buying of media space. In a declining Danish media market, media agencies have managed to grow their revenue and profit margins substantially (Agency for Culture and Palaces, 2015; Bureauanalyse, 2008–2015). Media agencies thus capture more value in the marketplace than previously. In this paper, we suggest that the business model construct can help document and explain this observation.

Technology has changed the media industry and resulted in a challenge to existing business models (Kung, 2008). In what is sometimes referred to as the “post television” age (Auletta, 2005; Cappo, 2003; Perez-Latre, 2007), new digital advertising actors such as Google and Facebook have been instrumental in disrupting the previous advertising paradigm (Klopfenstein, 2011; Young, 2014). The digital media landscape has increased the complexity and uncertainty for advertisers, who search for ways to understand advertising effectiveness in this new paradigm (Tolvanen, Olkkonen, & Luoma-aho, 2013). In the face of this, media agencies have explored and redesigned their business models the better to serve advertisers. Media agencies have diversified from being simple buyers of media to becoming marketing consultancy actors (Knuth, 2013), and have become a significant and independent part of the advertising industry (Bulearca & Bulearca, 2009; Ots, 2009). Advertisers appear to rely increasingly on their media agencies in making media budget decisions and buying advertising space from media, allowing such agencies to capture value in the marketplace. Exactly why, and how, media agencies have been successful in adapting to the new digital advertising environment remains largely unexplored in the media management literature.

The general management literature on business models contains a number of studies on the information, media, and telecommunications industries, but focuses on the classification of business

models rather than on the process of business model innovation (Lambert & Davidson, 2013). Studies from other industries suggest that business capabilities, rather than technological capabilities, drive the successful innovation of a business model (Brink & Holmén, 2009; Chesbrough, 2010; Lambert & Davidson, 2013). Successful business model innovation (BMI) has to do with the management of the innovation process, not the actual technologies currently available to the firm. Moreover, several recent studies have suggested that successful BMI involves a process that occurs in stages. Such studies have posited the existence of at least two stages, referred to sometimes as stages of exploration and exploitation (Bogers, Sund, & Villarroel, 2015; Sosna, Trevinyo-Rodríguez, & Velamuri, 2010). These stages differ in terms of organizational challenges or barriers to innovation that need to be addressed in each stage (Santos, Spector, & Van der Heyden, 2015; Sund, Bogers, Villarroel, & Foss, 2016), but as yet it has not been determined what components of the business model typically enable efforts at BMI in each stage (Wirtz & Daiser, 2017). We also know little about the correlation between successful BMI and the organizational design and context for incumbent organizations (Bogers et al., 2015; Santos et al., 2015).

In this paper, we attempt to address some of these gaps by developing a process model of BMI that although focused on the media industry, can be replicated in other industries. We describe the new business model and the evolutionary path of media agencies – one they are to some extent still on. To do this, we use the framework of the business model canvas (Osterwalder & Pigneur, 2010). This framework defines a business model as consisting of nine building blocks and has previously been used to describe business models in the media industry (Peters, van Kleef, Snijders, & van den Elst, 2013). We show how the business model stages can be differentiated according to the role played by these nine different components and focus on how each element acts to enable BMI in each of the stages.

## THE CHANGING ROLE OF THE MEDIA AGENCY

Advertisers use multiple types of agencies for their marketing activities (Knuth, 2013).

According to market research company MyResearch<sup>1</sup>, in 2015 approximately 2,000 Danish advertisers used some kind of agency service in their marketing. Danish advertisers used three types of agency service. Advertising agencies (84%) and digital agencies (71%) were the largest agency types, besides media agencies. For advertising agencies, the basic service offering is “what to advertise” and for media agencies it is “where to advertise”, while digital agencies are specialists within digital services.

The purpose of advertising is to motivate the consumption of specific goods or services. Advertiser-funded media sell access to their audience to advertisers. Historically, broadcast media, such as television and radio, have been more dependent on advertising revenue than, for example, magazines and newspapers (Picard, 2011). Similarly, Google and Facebook are today highly dependent on revenue from advertisers. According to the Danish Association of Creativity & Communication, the share of the Danish advertising media market handled via a media agency was 37% in 2015. The advertiser makes the final decision on a media budget, but the media agency acts as a gatekeeper or influencer in the relationship between media and advertisers (Aris & Bughin, 2009; Ots, 2009).

Media agencies developed from media-buying departments in advertising agencies, into separate entities in the 1990s (Brierley, 2002). The driver was the launch of the people meter system measuring television audience viewing. This made buying space for a television commercial significantly more complicated. The role of the new independent media agencies was to guide advertisers on the effectiveness of different media and to execute the actual buying of media space on behalf of the advertiser.

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<sup>1</sup> Personal communication with Mr. Ostergaard, managing director at MyResearch, December 1, 2015.

There is limited market data available on media agencies. Furthermore, no study has attempted systematically to analyse and describe the development of media agencies over the past decade. Yet, media agencies would appear to play an increasing role. From 2008–2014, the Danish media market on average declined 2% annually (Agency for Culture and Palaces, 2015). Media agencies, however, increased their revenue by 8% annually in the same period. Furthermore, the average profit margin for media agencies was 12%. For all agencies in Denmark, it was only 8% (Bureauanalyse, 2008–2015). Media agencies thus appear to have captured more value in the marketplace, despite difficult general economic conditions in the aftermath of the financial crisis. Table 1 provides an overview of the media agency share of the advertising revenue for specific types of media.

Advertisers using media agency services are typically larger in size, as well as operating on a regional or national basis. Advertisers may use media agency services when they lack particular resources and capabilities, such as knowledge of local consumers or media. However, there is a trade-off between insourcing and outsourcing of the media-buying function in terms of developing capabilities (Knuth, 2013). Consequently, advertisers tend to use media agency services for some media, while other media are handled by the advertisers themselves. On a global level, media agencies have consolidated during the last 20 years. In 2011, the 13 largest media holding groups were active in 50 countries on average (Knuth, 2013), and the five marketing communication holding groups WPP, Omnicom, IPG, Publicis, Dentsu, and Havas, today control 90% of the global media agency market (RECMA, 2012). This development has made it possible for media agencies to provide better service to advertisers across multiple markets. It has also meant increasing consistency in media agency operations globally. A systematic analysis of how media agencies have developed in recent years could help media industry researchers understand all these observations.



**Table 1: Share of the Advertising Volume in Denmark Handled by Media Agencies**

<b>Media</b>	<b>Media agency share</b>
Daily newspapers	27%
Weekly newspapers	11%
Magazines	18%
TV	97%
Radio	32%
Cinema	72%
Outdoor	57%
Digital/internet	23%
<b>Total</b>	<b>37%</b>

(Source: Danish association of Creativity & Communication)

## **TOWARDS A MODEL OF BUSINESS MODEL CHANGE**

The business model concept has become increasingly popular with both academics and practitioners (Klang, Wallnöfer, & Hacklin, 2014; Lambert & Davidson, 2013). A business model describes a “recipe” for creating and appropriating value in the market place, and can be thought of as comprising the key components of a business (Hedman & Kalling, 2003). Scholars have identified a number of such components, the most cited framework being the business model canvas developed by Osterwalder and Pigneur (2010). In their conceptualization, the business model consists of nine components, or in their language, “building blocks”: customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure.

The *customer segments* building block defines the segments of the market for which the organization creates value. The *value proposition* defines the value the organization delivers to the customer segments. It thus “describes the bundle of products and services that create value for a specific customer segment” (Osterwalder & Pigneur, 2010, p. 22). The *channels* building block describes how the value proposition is delivered to the customer segments, while *customer*

*relationships* are the types of relationships with the customer segments. *Revenue streams* are the revenue sources. The *key resources* building block “describes the most important assets required to make a business model work” (Osterwalder & Pigneur, 2010, p.34), while *key activities* “are the most important actions a company must take to operate successfully” (Osterwalder & Pigneur, 2010, p. 36). *Key partnerships* describe “the network of suppliers and partners that make the business model work” (Osterwalder & Pigneur, 2010, p. 38). Finally, the *cost structure* building block describes costs required to operate the business model.

The business model is over-all defined as describing “the rationale of how an organization creates, delivers, and captures value” (Osterwalder & Pigneur, 2010, p. 14). For businesses, the definition of value is linked to the financial performance of the business model. The purpose of a BMI process is thus to create, deliver, and capture more value, while the consequence is a change to the business model (Santos et al., 2015). A BMI process is linked to the strategic development of the organization and the literature suggests that changing a business model is a process that can take many years (Kaplan, 2012; Markides, 2013; Sosna et al., 2010).

A number of studies have attempted to explore and describe the process of BMI. Such studies suggest that the process occurs in stages. Prior to actual changes in the building blocks of the business model is the awareness of a need for a change. This awareness occurs early in the process. Leih, Linden, and Teece (2015) characterize this early stage as aiming to identify and assess an opportunity. Micheli (2015) describes it as the “initiation of actions.” The quality of leadership and managers’ understanding of the building blocks in the business model are important in this early awareness stage. Although awareness could originate elsewhere in the organization, this stage is assumed to require support from top management (Sosna et al., 2010).

The second stage suggested in the literature is dominated by the logics of business model exploration that find their origin in the awareness stage. Sosna et al. (2010) identify a substantial degree of trial and error followed by constant fine-tuning in this stage. For the organization, there is an element of both unlearning and new learning, as business logic changes and transforms during

the BMI process (Linder & Cantrell, 2000). The changes in business logic cause organizational tensions (Bogers et al., 2015), and resilience is required. The role of leadership moves from sense-making in the awareness stage to sense-giving in the business model exploration stage (Bogers et al., 2015). Customers are part often active in the exploration stage via acceptance and trial of the new business model (Micheli, 2015).

The third stage is business model exploitation. In this stage the organization ceases to question why or how the business model must change, focusing instead on optimizing the new model. A new business model has emerged and must be implemented. This results in new collective perceptions of organizational frameworks and lower perceived organizational uncertainty (Bogers et al., 2015). The new business model becomes scalable and the performance expectations in terms of value are also at a higher level (Micheli, 2015; Sosna et al., 2010). The three stages outlined above are suggested by examining a variety of studies in the literature.

Changes in technology and market conditions require that businesses constantly look for BMI opportunities (Leih et al., 2015). There is always a balance between exploration for new business models and the exploitation of existing business models in the incumbent organization (Bogers et al., 2015; Sosna et al., 2010). Despite existing studies on the process of BMI having indicated the existence of these various stages, we know relatively little about the roles of the various components of the business model in this process (Wirtz & Daiser, 2017). Yet, Chesbrough (2010) has identified business model mapping as a “promising approach” to clarifying the process underlying change (p. 359). For now, the BMI process literature is dominated by organizational design and context findings. The focus has to some extent been on the building block labelled “key resources” by Osterwalder and Pigneur (2010). There is a need to link the remaining building blocks of a business model with the stages in a successful BMI process. Furthermore, business model frameworks such as the business model canvas have been criticized for being too descriptive and lacking a dynamic element (Chesbrough, 2010; Peters et al., 2013). Linking business model components to each of the stages in the BMI process provides precisely such a dynamic perspective.

In particular, it provides a systematic way of empirically analysing how a business model changes over time, and what actors are involved in operating these changes. We will demonstrate this in the context of Danish media agencies.

## **METHOD**

The conceptual framework of our study combines the three stages in a BMI process with the nine building blocks in the business model canvas (Osterwalder & Pigneur, 2010). It thus contains 27 nodes to be examined. The question we ask ourselves is to what extent each node acted as a focal point during the business model change process of media agencies over the last decade. We fully recognize that other frameworks exist, but there are good arguments for selecting Osterwalder and Pigneur's (2010) business model canvas as the framework for describing changes to the business model in this paper. First and foremost, the business model canvas is "the most well-known and widely used framework" (Fielt, 2014, p. 93), and a review conducted by Peters et al. (2013) concluded that the business model canvas framework is useful for studying media industry businesses.

Our study focuses on the media industry, and more specifically on media agencies. The approach is deductive as we use the framework to trace business model changes over time. The study is based on interviews with key decision makers, supported by secondary evidence from annual reports, presentations, industry and newspaper reports, and anecdotal data. Personal interviews provide us with the perception of the course of change from the relevant decision maker's perspective. Although media agencies are typically members of international holding groups, operating in multiple markets (Knuth, 2013), in business model research the relevant unit of analysis is typically the business unit (Santos et al., 2015). The key informant in BMI process research then becomes the operational manager (Sosna et al., 2010). The local media agency managing director is typically responsible for and involved in, all relevant decisions regarding the

local agency business model, and is therefore a relevant target for our interviews. The operational responsibility of our informants ranges from 20 to 350 employees, and in their role, they are responsible for the local profit and loss (P&L) statement, staffing, and relationships with clients and media. We used semi-structured interviews with agency managing directors in what could most accurately be described as an embedded multiple case study approach with a sample of media agencies in Denmark.

We limited ourselves to studying changes over a period of approximately 10 years, from around 2005 to 2015. Managing directors who have been part of the media agencies in the past 10 years are relevant, and we interviewed 11 such current or previous media agency directors in September and October 2015. The respondents represent 11 agencies, generating 78% of the total market revenue of media agencies in Denmark in 2014 (Bureauanalyse, 2015). Due to the consolidated nature of the industry, these 11 agencies belong to only four international holding groups, but operate with semi-independent brands. We would therefore expect some diversity in our sample. Table 2 provides an overview of the organizations represented. The main criticism, and thus limitation, of the case study approach, is the generalizability of the findings beyond the Danish context. However, having the four big international holding groups, as well as entities with varying performance within the sample, should allow for some degree of generalizability (Yin, 2003).

**Table 2: Overview of the Sampled Organizations**

<b>Owner</b>	<b>Media agency holding group</b>	<b>Media Agencies</b>	<b>Revenue (2014 in DKK)</b>	<b>Number of interviews</b>
WPP	Group M	Mediacom, Mediabroker, MEC, Mindshare, Maxus	347.588.000	6
Dentsu	Dentsu Aegis Network	Carat, Vizeum	179.196.000	3
IPG	IPG Mediabrands	Initiative Universal Media, BPN	85.990.000	1
Publicis	Vivaki	Starcom, Zenith Optimedia	29.371.000	1
Total			642.145.000	11

In the first phase of the research, we used secondary sources of data, including industry data, financial reports, and trade magazines, to trace the journey of BMI in these agencies over the 10-year period. In the second phase, we conducted semi-structured qualitative interviews. This is consistent with the methodology previously used in similar studies (Bogers et al., 2015; Sosna et al., 2010). The interviews were structured around the nine building blocks from the business model canvas (Osterwalder & Pigneur, 2010). The interview guideline consisted of 36 questions and sub-questions. We categorized these into 10 sections, starting with overall questions regarding the journey of business model change (7), and then the specific business model canvas elements: customer segments (5), customer relationships (3), channels (1), value proposition (2), key activities (5), key resources (7), revenue streams (1), cost structure (1), and key partnerships (4). An example from one of the building blocks is for key activities: “What services do you offer to the customers today? And has it changed?” One of the authors of this paper has himself 15 years of experience in media agency management and access to additional anecdotal information that helped in conducting and interpreting the interviews.

We transcribed and coded the interviews according to the nine building blocks in the business model canvas. If response data were applicable to more than one building block in the

coding frame, it was included in all relevant building blocks. An example is the role of Google and Facebook in relation to which one of the respondents remarked: *“They have forced everyone to focus on digital. Forced us to invest in search. Forced us to focus on social media. So they are in reality a generator for new business areas for the media agencies.”* This response was coded under both key activities and key partnerships.

Second, we coded the data into the three stages of the BMI process. Data from the nine building blocks in the coding frame were divided into the business model awareness stage, the business model exploration stage, or the business model exploitation stage. An example from the revenue streams building block is the statement: *“It changed a lot since we previously had contracts and revenue sources that were very tightly correlated to the media turnover.”* We coded the above statement as belonging to the exploration stage. An additional statement from the same respondent was coded in all three stages as it encapsulated the entire BMI process the agency had been through: *“...so our percentage fee has gone from 70–80% of our revenue to become the opposite now, i.e. it’s about 25–30% of the revenue.”* Coding was conducted by one of the authors over a relatively short period of time (three weeks).

From the coding we were able to determine whether the building block was a focal point in the specific stage. Each of the 27 nodes from the conceptual framework was given a value based on the interaction with the BMI process. Initially all the 27 nodes were given a neutral or positive value. Neutral was defined as the node not being a focal point of change. Positive nodes were those mentioned in relation to a stage of the BMI process. Through this categorization, 20 of the 27 nodes were identified as focal points. On the one hand, those nodes show where management focused their attention on business model adaptations during each stage. On the other, as we will discuss in the analysis section, the changes and actors involved in each enabled the process to move forward. The 20 focal modes were then divided into primary and secondary focal points. Primary focal points have a strong impact on change in the specific stage. Secondary focal points have a weaker impact. A focal point was considered primary if respondents from all the four media agency holding groups

focused on the node. The remaining focal points (those mentioned by only a subsample) were defined as secondary.

An implicit assumption of our method is that the respondents were able to recall the transformation their company had been through in the past decade. The data and change stories were consistent across the respondents. Furthermore, five out of the eleven respondents had acted as media agency director during the entire period examined. Four respondents had held executive positions in a media agency before being promoted to their current managing director role. The remaining two respondents were employed in roles and companies closely related to the services of media agencies before being appointed to the director role. Finally, the responses appeared consistent with the various secondary data we examined prior to conducting the interviews.

## ANALYSIS

### *The three stages in the BMI process for media agencies*

Through our coding, outlined in table 3, we identified a pattern in our data indicating that the BMI process indeed consisted of at least three differentiable stages. The nine building blocks in the business model act varyingly as focal points during the three stages of the process. Before discussing each stage in more detail, illustrated with quotes from the managers we interviewed, we here provide an overview of the over-all industry change during the period we studied.

In the business model awareness stage the rise of new technology in terms of search marketing and display advertising changes demand and requirements from advertisers. This is especially the case for advertisers where the internet is more core to their marketing activities. The primary interaction between agency and advertiser is the dedicated account management function at the agency. The changes in demand are sensed by the account management function and passed on to management. The changing demand and corresponding pressure from advertisers was by management perceived as an opportunity for the media agencies, rather than a threat.



Interaction between management and new technology players like Google and suppliers of display advertising strengthened the perception of an opportunity that could create and capture more value for the agency. In business model terms, the customer segments component, in terms of advertisers, acted as a primary focal point in launching the BMI process. Key resources in terms of management also acted as a primary focal point. A general observation when studying our data was that the journey of business model change for these media agencies appeared an emergent, rather than a planned one, where external factors have acted as triggers, pushing management in these organizations to reconsider and adapt their business model to a changing environmental context.

In the second (exploration) stage, all nine building blocks in the business model appear to have played a role. New employees with digital skills were recruited, and a test-and-learn culture was adopted in order to explore the opportunities. Consequently, the service offering was broadened via a continuous launch of new (digital marketing) services. The marginal cost of launching the new services was limited due to economies of scope. The revenue source for media agencies was in this stage still primarily based on a percentage fee from the media turnover, but new and alternative fee models was tested. In other words, the core logic of the agencies started to change in this stage. Media agencies gradually transformed their business from being only a buyer of traditional media, into offering consultancy services in marketing, with a focus on digital media.

A new typology for media activity emerged with the rise of the digital media landscape. This typology falls into three categories: paid media, owned media, and earned media (Corcoran 2009; Goodall 2009). Paid media, or traditional advertising, refers to media activities that advertisers acquire from traditional media. Owned media refers to media activity that advertisers generate in channels they control themselves, like company websites or retail stores. Earned media refers to media activities that are not generated directly by the advertiser but by other entities, like digital word of mouth among customers. Previously, media agencies only handled paid media for advertisers. During the exploration stage, they developed their value proposition into handling paid media, earned media, and owned media for advertisers. The dialogue with advertisers according to

one managing director developed from “media-language” to “marketing-language”, and the media agencies penetrated their portfolio of existing advertisers with the new services. The suppliers of display advertising and especially Google, and later Facebook, became strategic partners for agencies in this stage. In business model terms, we identified customer segments, channels, value proposition, key activities, key resources, cost structure and key partnerships as primary focal points, and client relationship and revenue streams as secondary focal points.

In the third (exploitation) stage, “digital natives” dominated the culture in the words of one managing director, i.e. the majority of the staff worked with digital services. Furthermore, the organizational design was typically adjusted in order to make way for and accelerate investments in digital services. New services are still being launched but with a more strategic approach, based on what was learned in the exploration stage. Adjustments to the value proposition are minor compared to the exploration stage. New revenues streams, such as project fees, fixed fees, or technology fees, now exceed the old revenue stream based on a percentage fee on the media turnover. Internet-based marketing services are now a core element of advertisers’ campaigns, and the role of the media agency is to drive the digital transformation. This makes the media agency a more important partner for the advertisers than was previously the case. The core role of digital marketing services also anchors Google, Facebook and other technology based media players into strategic partners, at the expense of traditional media. In business model terms, we identified key resources, customer segments, customer relationship, revenue streams, key activities and key partnerships as primary focal points, and value proposition as a secondary focal point.

**Table 3: Business model focal components in the case of Danish media agencies ca. 2005-2015**

	<b>Business Model Innovation stages</b>		
	<b>1. Awareness stage</b>	<b>2. Exploration stage</b>	<b>3. Exploitation stage</b>
<b>Primary Component Focus</b>	Key Resources Customer Segments	Key Resources Customer Segments Value Proposition Channels Key Activities Key Partnerships Cost Structure	Key Resources Customer Segments Customer Relationships Revenue Streams Key Activities Key Partnerships
<b>Secondary Component Focus</b>	Channels Key Partnerships	Customer Relationships Revenue Streams	Value Proposition
<b>Neutral Component</b>	Value Proposition Customer Relationships Revenue Streams Key Activities Cost Structure		Channels Cost Structure

***The awareness stage***

The primary focal points in the awareness stage were “customer segments” and “key resources.” The secondary focal points were “channels” in terms of the client service function and “key partnerships” in terms of input from the international network. Advertisers are interested in marketing efficiency. Interviewees told us that there was growing pressure from their customers, seeking help with understanding new technologies. This pressure was quickly perceived as an opportunity for media agencies, rather than as a threat. One managing director commented *“In the beginning it was display advertising, then it became search marketing, then social media, and now it is big data and programmatic ... the more complex the bigger opportunity it is.”* The threat–opportunity interpretation of environmental change is well known from the literature on organizational sense-making (Sund, 2015), and the collective early opportunity interpretation thus appears to have played a role in the successful change made to the business model in this group of firms. We categorized “customer segments” as a primary focal point as advertisers were the ones

requiring that the media agencies help, thereby creating a new perceived business opportunity for the agencies.

One of the ways in which agencies altered their business model in response to the changing needs of their customers was to start conducting customer research. This was not just at one agency, but was something copied very quickly by others. One managing director commented: *“We do a bunch of research for advertisers. We have outperformed the research agencies. It was actually the first major business we disrupted.”* Management at media agencies sensed a need in the market. The interviewees suggested the importance of visionary managers in identifying the need for this change. As human resources, such managers are part of the “key resources” building block. As an example, one managing director told us: *“There were some really innovative people around at the right time, [and] they were at the same time very competitive against each other, and kind of started a culture in those companies.”*

Media agencies service advertisers via their client service unit. This department within an agency is the point of contact for the advertiser. The client service function can be considered part of the “channel” building block in the business model canvas. It is responsible for the relationship between the agency and the advertiser. Channels had an impact as a secondary focal point in the awareness stage. The regular dialogue with client services provided the opportunity for media agencies to sense needs, advertiser challenges, and future requirements; as one managing director commented: *“That’s why the most important thing is to listen to the advertisers. Because if we are not listening, we do not know their needs.”*

### ***The exploration stage***

In the exploration stage, all nine building blocks acted as focal points to one degree or another. The primary focal points were “customer segments,” “value proposition,” “channels,” “key resources,” “key activities,” “key partnerships,” and “cost structure.” We only categorized “customer relationship” and “revenue streams” as secondary focal points. Rather than illustrate all

nine building blocks, we here focus on those that were not present in the awareness stage, and only briefly mention the others, starting with “customer segments.” These were still a primary focal point, but advertisers active in the awareness stage were the early adopters of new digital marketing services, demanding an agency that could provide specific digital services. In the exploration stage, a broader cross-section of advertisers transitioned toward demanding digital marketing services. This allowed media agencies to determine with more clarity what new customer segments were developing and what their requirements would be.

In addition, in the exploration stage, the media agencies started to develop legitimacy for the new business model. In this process, the building blocks “channels” and “customer relationship” were focal points. One managing director said about customer relationships that “*...in the early years we just did as the advertisers asked. Now we tell them what to do.*” The implications of this type of statement are profound. Agencies had to change their approach from being buyers of media space *on behalf* of advertisers to selling digital services *to* advertisers. As some interviewees indicated to us, media agencies moved from talking “media language” to talking “marketing language” with advertisers. In the exploration stage the distinction between paid media, owned media, and earned media also emerged. This required a transformed revenue model. The previous revenue model was based on a percentage fee for turnover in paid media such as television, newspapers, and radio. This fee covered the planning and buying of the different media. Today, owned media and earned media are priced on hourly workload and consequently a new revenue stream based on a project fee or a retainer has emerged. These streams were identified in the exploration stage. One managing director mentioned, “*It changed a lot since we previously had contracts and revenue sources that were very tightly correlated to the media turnover.*” The new revenue stream was a primary focal point for the exploration of the new business model. Another managing director remarked: “*It is obvious that [with our digital services] if you move more budgets to digital ... this is not rocket science ... then you make more money*” The “value proposition” building block had similarly transformed as it redefined media from being only paid

media to also include owned media and earned media. The core logic of the media agencies was thus redefined in the exploration stage. One managing director said: *“We tell the story in a completely different way.”*

The “key resources” building block was still a primary focal point in the exploration stage. In the awareness stage it was a focal point in terms of management sensing the need for change in the business model. Later, in the exploration stage, culture and talent management played a role. Agencies needed to adopt a new and more innovative culture, allowing for trial-and-error learning. One managing director illustrated this, describing how they had to develop the ability to *“test things and if it is not working close it down. And test something new all the time. And have an organization that is geared for it and thinks it is exciting.”* The recruitment and training of young talent with the required attitudes and skills was equally important. One managing director told us:

*“It has become more and more important for us to educate and develop internally. It has always been important to let people move from down [the organization] and up. Both cost wise, but also because the higher you get in the organization, the more important it is that you have experience of being part of this type of organization.”*

The “key activities” building block became a primary focal point in the exploration stage. In this stage the media agencies annually launched one or two new services and on top of this 10–15 product innovations within the existing service offering. There was an element of trial-and-error learning, as one managing director illustrated when he told us: *“We probably launch 3–4 new products for each time we close one down.”* Consequently, media agencies in this stage developed a significantly broader service offering. The services that survive make it to the exploitation stage. Key activities are of course linked to “customer segments” and “key resources”, as new services will typically be developed in relation to customer needs and employees need to be trained to deliver these.

“Key partnerships” were also a primary focal point. It was initially Google and later Facebook that played a major role. The traditional media has apparently not played a role. One managing director said: *“It is Google and Facebook and those kinds of players that have been part of it. The rest of the media has fallen asleep.”* Another told us, *“We don’t have the close dialogue we had with traditional media ten years ago. They are much less a partner. Today they are more a supplier.”* Key partnerships include those with sister companies abroad, which are the result of being part of an international network. Such networks benefit from economies of scope. A managing director remarked, *“You can get things from outside that you would not be able to do on your own in Denmark [...] and when we employ new SEO or SEM staff, we have actually begun to send them to London to ensure that they learn from the best.”*

The final building block, “cost structure,” was also a primary focal point in the exploration stage of business model change. The actual cost structure remained stable during the process, consisting mainly of salaries. It was in terms of economies of scale and scope that the cost structure was a focal point. The marginal cost for launching new services was low, and became even lower compared to those that would be faced by a new entrant in the market. As these agencies were all incumbents in the market, they could gradually change their business model at low cost.

### **The exploitation stage**

In the exploitation stage, seven building blocks were focal points. “Customer segments,” “key resources,” “key activities” and “key partnerships” were still primary focal points. “Customer relationships” and “revenue streams” moved from secondary to primary focal points, while “value proposition” moved from primary to secondary focal points. We did not identify “channels” or “cost structure” as focal points in this stage.

Advertisers continued to request support from the media agencies on their path to digital transformation. Some advertisers went as far as having internal performance indicators linked to their digital investments to challenge the dominant logic of old media within their organizations.

One managing director said the following in relation to one client: *“20% of their media spend must be digital. And they are measured on this in their bonuses. That too makes them push.”* Others told us: *“On the client side there is a serious lack of people who understand the digital economy,”* and *“A challenge is to understand the digital and how the digital should be integrated in their business and where they should use it. And that also means that many advertisers don’t know where to put something like e-commerce.”* Complexity and uncertainty for advertisers thus continued into the exploitation stage, allowing agencies to crystalize their new business model, scale up their services, and start reaping the financial benefits.

The development of both complementary services and more strategic services has transformed the perception of the media agency in the mind of the advertisers. Media agencies have increasingly become the most important agency partner at the expense of the simpler advertising agency. Customer relationships were a primary focal point. A managing director told us, *“One of my KPIs is to be the most important marketing partner for our clients”* and another that *“We have a quote from the Nordic marketing director that we have been the most important strategic partner for them.”* In the exploitation stage, agencies introduced a new revenue stream, the so-called technology fee. This revenue stream was on top of existing ones, and allowed agencies with the new business model to gain bargaining power over their customers. As one managing director told us, *“The complexity in our business model has become so great that the clients cannot see through it. We have made it enormously complex with the new trading model, and all sorts of other products.”* Media agencies have moved from one dominant revenue stream to a combination of three. Previously, the majority of revenues were from a percentage fee from media turnover. During the BMI process, a project or retainer fee based on the number of hours, and a technology fee based on the usage of technological platforms supplemented this. The percentage fee is now less than half of the total revenue. Our findings suggest that the share of the percentage fee in the revenue will continue to diminish and the technology fee will increase its share of the revenue. This has been a primary focal point in the exploitation of the new business model.



Moreover, in the exploitation stage, the “value proposition” acted as a secondary focal point, linked to “customer relationships.” More than half the revenue now comes from digital services. Ten years ago, it was less than 10%. The core value proposition of media agencies has therefore changed. As one managing director told us, *“It is marketing services. We must be the preferred partner within marketing services.”*

“Key resources” remained a primary focal point in terms of a “digital native” culture and organizational design. The interviewees expressed concern about perfecting the organizational competences linked to selling digital marketing services. One managing director reflected on this, saying, *“If I should hire again, maybe it would not be some of the people out there from the traditional advisors. I would maybe aim a little more for individuals with digital skills.”* In terms of organizational design, the agencies strive in this stage for a leaner organization to maximize the value capture from the new business model. The skills and resources linked to the old business model become obsolete and the numbers of staff are reduced accordingly. As one managing director put it, *“There is one thing that can slow down the transformation: if you are not willing to say that there are things we close down, there are some things we don’t do, [and] there are some people and skills we don’t need anymore.”*

“Key activities” were still a primary focal point during business model exploitation. However, to ensure a much more successful exploitation there was more strategic control in terms of which services and products were launched compared to the exploration stage. Several directors commented on this:

*“We have more strict control regarding what we put on the map and what we do not put on the map.” (Managing Director)*

*“When I started here in 2006 we started a lot of things. It went really fine, but at a certain point, someone said ‘How the hell do we prioritize?’ Then we started working much more with a strategic plan about what we are launching, when, and why.” (Managing Director)*

“Key partnerships” were also a primary focal point in the exploitation stage. First, international ownership played a considerable role in this stage, especially when it came to bigger investments in technology. One managing director mentioned that *“...some of it is decided elsewhere. Some of it is not my decision. Until today I had more or less made all the decisions.”* Second, the large digital partners like Google and Facebook affected decision making, but were perceived as both partners and competitors in the business. As a managing director put it, *“In the long run, they are the best thing that has happened to our industry.”* Another commented: *“We wouldn’t have been here today if it hadn’t been for them, but they are not going to succeed with their plan, which is to disrupt us.”*

## **DISCUSSION AND IMPLICATIONS**

We clearly see a pattern in our data indicating that a successful BMI process does indeed consist of at least three different stages of awareness, exploration, and exploitation. We found that the components in the business model have a different enabling role in each of these three stages. The components can be neutral, or act as a primary or secondary focal point, with a primary focal point having a strong interaction with the specific stage. A secondary focal point has a relationship, but it is not a strong one. Four of the business model building blocks were focal points in the awareness stage. In the exploration stage, all the building blocks in the business model were primary or secondary focal points. In the exploitation stage, seven out of nine building blocks were focal points. From this pattern, we conclude that the most dynamic stage for a successful BMI process is probably the exploration stage. This is the stage in which awareness turns into action and the foundations are laid for the new business model.

The BMI process literature is dominated by organizational design and context findings. This is not surprising as our findings indicate the “key resources” building block as a

primary focal point in all three stages of the BMI process. In some ways, using the business model canvas to examine the process of business model change reveals that successful BMI is more complicated and sophisticated than the existing literature reveals. In particular, the process is likely to be highly contextualized. Examining a change in the dominant business model in a different industry and context might reveal a different pattern in terms of the role of each business model component across stages. As such, the conclusions in terms of the components that were focal points are not likely to be generalizable across industries. However, the method is in our view empirically useful for industry studies such as this one.

New technological innovation changed the requirements and demands for advertisers. The response from the media agencies was to explore this as a business opportunity in order to create and capture more value. This paper addresses a business model innovation process that lasted approximately 10 years. During this period a number of technological innovations appeared. It started with display advertising, then came search marketing and social media, and currently it is big data and programmatic advertising that is gaining traction. Against this backdrop, media agencies have managed to create and capture more value.

In this paper, we have contributed to the ongoing discussion on media industry change generally, and the role of media agencies specifically. These have developed from being only a buyer of traditional media, into offering consultancy services in marketing, with a focus on digital media. They have transformed their core logic from services within only paid media into a combination of paid, owned and earned media. Yet, the BMI journey was not a planned journey, but an emergent one, where actors linked to some components of the business model have acted triggers, pushing management in these organizations to explore and adapt their business model to a changing environmental context. A possible avenue for future research in the media industry could be to distinguish conditions under which successful business model change is intended and planned, and those where it is emergent and realized.

The media agencies interviewed all followed a similar journey. Eight out of the eleven managing directors interviewed previously worked at a competing media agency group in Denmark. How this mobility affects shared cognition and performance, which plays a role at the inter-organizational level, is beyond the scope of this paper, but it is worth noting its existence as a potential area for further research.

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## Paper 2: The implications of programmatic advertising on the business model of TV broadcasters

Accepted as chapter in Khajeheian, D., Friedrichsen, M. and Mödinger, W. (eds.). (2018). *Competitiveness in Emerging Markets - Market Dynamics at the Age of Disruptive Technologies*. Springer International Publishing. Published May 15<sup>th</sup> 2018.

### **The Implications of Programmatic Advertising on the Business Model of TV Broadcasters**

Henrik Jensen  
Department of Social Sciences and Business  
Roskilde University  
PO Box 260, 4000 Roskilde, Denmark  
E-mail: hkjensen@ruc.dk

&

Kristian J. Sund  
Department of Social Sciences and Business  
Roskilde University  
PO Box 260, 4000 Roskilde, Denmark  
E-mail: sund@ruc.dk

**Henrik Jensen** is a Ph.D. Candidate at Roskilde University in Denmark. His research and dissertation focus on business model innovation in the media industry with a specific interest in television and advertising. Prior to becoming a Ph.D. Candidate Henrik Jensen has held a number of executive positions and board memberships in the Scandinavian media industry. He holds a M.Sc. in Economics and Business Administration from Copenhagen Business School.

**Kristian J. Sund** is Associate Professor of Strategy and Organization at Roskilde University in Denmark. He is co-editor of the New Horizons in Managerial and Organizational Cognition book series. His research currently focuses on business model innovation, uncertainty, and management education, and has recently appeared in outlets like MIT Sloan Management Review and Studies in Higher Education. Kristian holds a Doctorate in Management and Licentiate (M.Sc.) in Economics from the University of Lausanne, and a M.A. from the Ecole Polytechnique Fédérale de Lausanne (EPFL), where he also completed his post-doc.



## ABSTRACT

Technological changes produced by the digital convergence are driving a paradigm shift in advertising and mass communication, and resulting in the emergence of a new market.

Programmatic advertising is, in this context, an emergent technology that has the potential to disrupt and change the business model of incumbent media companies, such as television broadcasters. As the technology is new, we know little about the effects it will have on actors in the sector, and the definition of the programmatic TV construct is still evolving. We present the results of a predictive study of the business model implications of this new technology. Based on a combination of interviews, documentary content analysis, and the Delphi method, involving a range of industry executives, we identify 13 implications for the business model of TV broadcasters. Our findings offer a way for academia and actors in the media industry to understand the coming disruption from programmatic TV.

**Keywords:** Programmatic; Business model innovation; Advertising; Delphi technique; Media industry.

## INTRODUCTION

Programmatic advertising, defined generally as “an automated, technology-driven method of buying, selling or fulfilling advertising” (American Association of Advertising Agencies, 2015, p. 6), is a relatively new instrument within media and advertising in general that has the potential to disrupt the business models of the various actors in the media industry (Busch, 2015). Tasks traditionally performed by human actors can be automated using programmatic solutions, and in this sense, programmatic has the characteristics of a production technology that could alter the business models of actors in the industry. In the traditional business model, advertising space is bought and sold by human actors as insertions in a media (magazines, television, and so forth) that will reach and expose a given audience to a general message. With programmatic advertising, each individual in a given audience can be reached, bought, and sold independently and separately from other media users (Kosorin, 2016). Advertisers can target each customer with a tailored sales message with minimal human overhead costs. This technology has created a new emergent media market, that some media players are adapting their existing business models, or inventing new ones, to enter, thereby leading to media entrepreneurship (Khajeheian, 2017).

The literature on advertising agrees that a paradigm shift in advertising has occurred online (Campos-Freire, 2013; Cappo, 2003; Nail, 2013; Perez-Latre, 2007). For TV broadcasters, programmatic technology represents the next disruption with the potential to change the way advertisement space is sold to advertisers and is presented to the wider society. Traditional media, such as television broadcasters, will see their businesses affected by this new technology, but exactly how remains somewhat speculative in industry reports, and we have found no academic studies examining this question.

The business model construct can help us investigate how technological changes affect an industry and its actors (Lambert & Davidson, 2013). A business model describes the key components of a business (Hedman & Kalling, 2003), one of the most cited frameworks being the business model canvas suggested by Osterwalder and Pigneur (2010). Examining how a technological change affects each business model component separately yields a holistic picture of the impact of that change on the business. Although many media will be affected by programmatic advertising, and have the opportunity to enter this emerging market as buyers or sellers, each media is likely to act differently with respect to the programmatic construct (Mediacom, 2015). In this paper we will focus primarily on television (TV), although we recognize that some findings and discussions could be applicable more broadly. One criticism of programmatic technology as applied to TV is the uncertainty surrounding the definition of the construct and its effects (DataXu, 2015; Experian, 2015; SpotXchange, 2016; Tradedesk, 2016). Here, a business model approach can help sharpen the definition.

In this paper, we therefore explore the construct of programmatic TV and propose a methodology for understanding how programmatic TV will affect the business model of TV broadcasters, based on the perceptions of experts. Using a combination of a content analysis of industry reports and a subsequent Delphi study of a group of six industry experts, we explore what programmatic TV is, some features of the emerging programmatic market, and how programmatic advertising will affect the business model of TV broadcasters. By applying such a mixed method we achieve some degree of triangulation, increasingly seen as a necessity for studies using managers as informants (Molina-Azorin et al, 2017; Hodgkinson, Galavan, & Sund, 2017). We find that the experts agree that the influence of media agencies will decrease, as new partnerships will emerge between TV broadcasters, technology partners, data suppliers, and TV platform owners. The value proposition for TV broadcasters will still be to deliver great content that can attract audiences, but

the core proposition will be more screen agnostic, as content is delivered on multiple platforms such as streaming video.

## **PROGRAMMATIC TV TECHNOLOGY AND BUSINESS MODEL CHANGE**

Convergence in digital physical devices has changed media consumption patterns. For television, this means that audiences increasingly view TV programs and TV content on new and additional devices as a supplement to the traditional TV set (Jenkins, 2008), such as mobile telephones, or tablets. A review of whitepapers reveals that the technology is still evolving, and that there is some confusion among industry actors as to the benefits and opportunities programmatic TV offers, but a new market is emerging around the technology (DataXu, 2015, p. 2). According to Khajeheian (2017) new media markets typically emerge due to changes in technology, consumption habits, societal patterns, laws and regulations, social demands, or values. The programmatic technology offers researchers an opportunity to examine how such a technology shapes the emergence of such a new media market, and how existing players in parallel markets adapt their business models to meet the demands of the new market. It also offers the possibility to examine how new market players can emerge (Jensen & Sund, 2017).

The technology itself finds its roots in the 2000s in the lower end of the online display ad inventory (Gonzalvez-Cabañas & Mochón, 2016) or what can be called lower value banner advertisement. Firms like Google and Facebook have been instrumental in creating this early disruption online (Klopfenstein, 2011; Young, 2014). Gradually, what was to become programmatic advertisement moved towards other types of display advertising, and around two-thirds of the online advertisement market was traded programmatically by 2016 (Wideorbit, 2016). Programmatic advertising is now evolving into new formats and media, such as television

broadcasting and streaming. The advertising expenditure on programmatic TV was nonexistent in 2014, but is estimated to reach 5% of the TV advertising expenditure globally by 2019, with the United States as the leading market (IDC, 2015). This happens as TV broadcasters increasingly move their business from standard programming and broadcasting towards more program-centric and screen agnostic models, involving streaming via websites and apps.

TV viewing is traditionally measured as panel data, with a representative sample of the audience. TV advertising is then bought and sold based on age and gender demographics that are approximated for each program and time slot based on data from the sample. However, TV consumption is fragmenting and moving online, which is a challenge to the value of TV meter panel measurements (Napoli, 2011). With this in mind, programmatic TV as a technology promises to deliver more advanced audience data than the traditional age and gender demographics (DataXu, 2015; Doubleclick, 2015; Experian, 2015; IDC, 2015; Ogilvy, 2015; Tradedesk, 2016; TubeMogul, 2015; WideOrbit, 2016). Table 1 provides a framework for programmatic TV advertisement types or strategic positions. The first dimension in this framework is data availability. According to the data and analytics company DataXu (2015), there are three potential levels of availability:

1. *No additional audience data is available.* Measurement is based on age and gender from the TV panel. This cluster can be characterized as traditional TV advertising, where the same ad is shown to all viewers of the TV content. For this type, programmatic technology may help automate some previously manual tasks (DataXu, 2015). We label this cluster “more Automated TV” advertising.
2. *Some additional audience data is available.* Internet-based devices and connected TVs add limited data on the specific viewer. Consequently, it is possible to show different ads to different groups of viewers of the same TV content. An example could be different types of

travel advertisements depending on the weather conditions for the audience. We label this cluster “more Targeted TV”.

3. *Advanced additional audience data is available.* In this cluster, more detailed data on the specific individual or household is available. Different ads for each individual or household become possible in this cluster. We label this cluster “Addressable TV”.

The other dimension of the evolving programmatic TV definition is how viewers engage with television content. Previously, viewers watched programs at a specific time on a given TV set, which is referred to as linear viewing. The traditional viewing of television is linear but linear can also be transmitted as simulcast, i.e. the linear signal is transmitted to non-traditional devices. The consequence of digital convergence is the concept of “TV everywhere” (DataXu, 2015, p. 8; Experian, 2015, p. 5; TubeMogul, 2015, p. 3). Viewers can now watch programs on demand, on multiple devices, which is referred to as non-linear or time-shifted viewing (DataXu, 2015). Non-linear viewing can be divided into short-form or long-form. Table 1 provides a framework for programmatic TV advertising and identifies 15 new types of TV advertisements compared to traditional TV advertising. Each of the 15 new types of TV advertisements represents a strategic option for TV broadcasters and their business model. Linear online TV viewing or simulcast is still limited, while non-linear (on demand) TV viewing is growing on devices such as computers, tablets, mobile phones, and so forth (IDC, 2015). Consequently, targeted TV and addressable TV are, at this stage, an opportunity primarily within non-linear TV viewing. However, the increasing penetration of smart TVs and internet-based set-top boxes, such as Apple TV or Google Chromecast, will eventually add additional audience data to linear TV viewing.

Programmatic TV advertising Framework		How much additional audience data is available?			
		Traditional TV	More Automated TV	More Targeted TV	Addressable TV
How is TV content viewed?	Traditional Linear	Traditional TV advertising			
	Linear Simulcast				
	Non-linear Short- form				
	Non-linear Long-form				

**Table 1: Typology of Programmatic TV advertising**

### **Business Model as a Unit of Analysis**

A business model describes the key components of a business that form the recipe of how the business creates and appropriates value (Hedman & Kalling, 2003). The most cited list of components comes from the business model canvas developed by Osterwalder and Pigneur (2010). They described nine components or building blocks: customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. While the canvas has mainly been very popular as a practical framework for managers to think about their business, it has also been used as a framework for describing business models in the media industry (Chesbrough, 2010; Peters, van Kleef, Snijders, & van den Elst, 2013).

Successful firms adapt their business models over time in response to changes in the external environment, such as external technological developments (Giesen, Riddleberger, Christner, & Bell, 2010; Pohle & Chapman, 2006). Such adaptations can be incremental or a more radical switch from one model to another (Santos, Spector, & Van der Heyden, 2015). Similarly, programmatic advertising can result in both adaptations of the existing business models and the

creation of new ones (de Reuver, Bouwman, & MacInnes, 2009). A change in business model alters the core logic of the organization (Linder & Cantrell, 2000). The literature suggests that this change can be a slow process (Kaplan, 2012; Markides, 2013; Sosna, Treviño-Rodríguez, & Velamuri, 2010), which is theorized to consist of three stages: business model innovation awareness, business model exploration, and business model exploitation (Bogers, Sund, & Villarroel, 2015; Jensen & Sund, 2017; Sund, Bogers, Villarroel, & Foss, 2016). Experiments with programmatic TV started in the US in 2014 (IDC, 2015). We are thus in the early stages of change, where various components of the business model may be the subject of change and innovation (Jensen & Sund, 2017).

We can assume that programmatic TV will alter both the incumbent business models and the distribution of value creation and appropriation among the various actors in the TV industry. Furthermore, a new technology like programmatic TV is likely to affect actors such as TV broadcasters in more than one way. To provide a holistic view of the effects of such a technology, we can examine how it affects each component of the business model individually. Our central premise in this paper is therefore that the business model construct provides a useful unit of analysis to predict how a technological disruption will affect an industry and its actors.

## **CONTEXT AND METHODOLOGY**

Although this study does not rigorously examine the ecosystem, it is useful to comment on the TV ecosystem, as it is changing rapidly. Key actors within TV advertising are (1) the advertisers, who use (2) media agencies to do their planning and buying of audiences, from (3) TV broadcasters. The media agency is the buyer, while the advertiser is the user of the audience (Ots, 2009). For TV broadcasters, viewers are at the heart of the business model, paying for subscriptions and creating an opportunity for broadcasters to sell access to an audience to advertisers (Küng,



2008). Historically, private sector TV broadcasters have been mostly dependent on revenue from advertising (Picard, 2011), but they now have to share the market with new entrants such as Google, YouTube, Facebook, and Netflix. The move from linear to non-linear TV consumption is allowing these and other technology players to enter the TV advertising sector, and many of them have experience in programmatic advertising from display advertising (Winslow, 2014).

The emerging market for programmatic advertising consists of two sides: a buy side and a sell side. On the buying side are advertisers, and on the selling side are media owners. Buyers use demand-side platforms (DSPs), and sellers offer their inventory via supply-side platforms (SSPs). Technology and data are central for both types of platforms. A DSP is the gateway to the programmatic world for advertisers, and they can handle this programmatic advertising in-house, via media agencies, or via independent DSP providers. A SSP makes it possible to sell advertising inventory in a programmatic way. The SSP connects media owners to the potential buyers' demand platforms. SSPs are designed to maximize yield using more or less sophisticated rules and algorithms. Pricing is set via auction, direct deals, or other transaction methods. The third construct in the ecosystem is a Data Management Platform (DMP). It is a platform used to collect, store, classify, analyze, and manage large quantities of data from various sources. DMPs are used by publishers, advertisers, and agencies. For publishers, it makes data-enriched inventory more valuable. Agencies can use DMPs to manage data from client campaigns. For advertisers, DMPs can make data actionable across a wide range of channels. The industry consists of a long range of technology providers that previously specialized in one area of the ecosystem, but now increasingly provide services in more areas of the ecosystem (Busch, 2015; Kosorin, 2016)

## **Methodology**

We wanted to explore some features of the emerging programmatic market, with a focus on the future impact of programmatic technology on TV broadcasters. Given that this technology is

still in its infancy, and that we need to make inferences about the future, we decided to adopt a modified Delphi method for a more systematic collection and aggregation of expert judgments (Armstrong, 2001; Rowe & Wright, 2001). However, rather than ask very general questions, we used the business model components as a structuring framework. The research design involved five phases. Table 2 outlines them. The first was a general search for and review of the available articles from trade magazines, consultancy reports, and whitepapers (primarily from technology companies). This served to identify the relevant terminology to prepare for the subsequent phases.

Phase	What?	How?	Source?	When?
1	Available secondary data on programmatic TV advertising	Literature review	Whitepapers from technology companies and agencies. Trade magazine articles and consultancy reports	Q1 2016
2	Expert interviews	Loosely structured personal and telephone interviews around programmatic TV as a disruption.	Three from media agencies Two from Discovery One from technology company	Q2 2016
3	Content analysis of 12 documents	Coding into the nine building blocks from the business model canvas	See table 2	Q3 2016
4	Delphi round 1 Experts interviews	Semi-structured personal and telephone interviews based on the 16 implications identified in phase three.	Two from media agencies Two from Discovery Two from technology companies	Q3 2016
5	Delphi round 2 Expert interviews	Follow up survey based on the revised implications from phase four.	Same respondents as phase four	Q3 2016

**Table 2: Research Design**

The second phase was a series of exploratory expert interviews conducted in person or via telephone. Guidelines for the Delphi method include the usage of more than five heterogeneous experts with appropriate domain knowledge (Rowe & Wright, 2001). There are few thought leaders with knowledge of the specific implications of programmatic TV. We managed to identify six

initial experts in collaboration with the relevant managers at Discovery Networks, who supported this research. The experts were executives from media agencies (three), Discovery (two), and technology providers (one). The question asked was how programmatic advertising will affect the business model of the different TV actors. We also asked the experts to pinpoint further relevant industry reports for analysis. For this phase, the purpose was to ensure that we included the most relevant industry reports, as perceived by the experts, in our documentary analysis and to formulate the initial terminology and implications inductively. This helped us to conduct the subsequent content analysis.

In phase three, we conducted a more detailed content analysis on 12 industry reports identified in the previous phases, which are listed in Table 3. The majority of them came from the review in the first phase, but a few were chosen because the interviewees pointed to them. A content analysis depends largely on document selection (Bryman, 2012). As programmatic TV is a recent and evolving construct, all 12 documents in the sample are from 2015 or 2016. Some of these documents were themselves reports of previous studies examining the impact of programmatic TV using surveys or interviews. As such, our content analysis of these documents provides a type of meta-analysis.

<b>Publisher</b>	<b>Title</b>	<b>Data Sources</b>
IDC	Programmatic TV advertising: Bigger than RTB by 2019	Interviews with 62 industry executives
DataXu	The rapid rise of programmatic television	Interviews with unknown number of thought leaders
WideOrbit	The power and potential of programmatic TV	Interviews with senior media decision makers
Experian	Addressable TV - harness the power of audience data for one-to-one targeting	Quotes from industry experts
Ogilvy	Programmatic TV: from linear to digital	30 references from articles in press and trade magazines, consultancy reports, whitepapers, blogposts
doubleclick	The promise of programmatic TV	Authored by two experts from Google and doubleclick
Mediacom	The programmatic future of TV	Authored by two experts from Mediacom (agency)
OOYOLA	State of the broadcast industry 2016	Quotes from industry experts
TubeMogul	An advertisers guide to programmatic TV	Not known
Tradedesk	Programmatic: The future of television	Survey with 425 respondents from agencies, advertisers and media companies
spotXchange	A programmatic TV guide for sellers part 1-4	Not known
RBC Capital Markets	Dynamic ad insertion and programmatic — thoughts from the channels	Interviews with "leading industry players"

**Table 3: Documents Consulted in the Analysis**

We conducted a deductive thematic content analysis of the 12 chosen documents, based on the nine building blocks in the business model canvas. We coded over a short period to ensure reliability (Bryman, 2012). For each of the 12 documents, the relevant content was color coded into each of the nine building blocks, and excerpts were transferred to an Excel file. Figure 1 illustrates some examples. For each building block, we then clustered the implications based on the frequency

of appearance. If an implication had a frequency of four or more (i.e., appeared in four or more reports), it was included in the results. The analysis identified 16 initial implications for the business model for TV broadcasters.

<b>Case #</b>	1
<b>Title</b>	Programmatic TV advertising: Bigger than RTB by 2019
<b>Category</b>	Primary
<b>Document type</b>	Report
<b>Publisher</b>	IDC
<b>Publisher type</b>	Research company
<b>Launch date</b>	August 2015
<b>Sources</b>	62 interviews
<b>How will programmatic TV advertising affect the building blocks?</b>	
<b>Customer Segments</b>	Improves return on advertising spending for advertisers <ul style="list-style-type: none"> <li>• Better targeting opportunities</li> <li>• Easy-to-use interface integrating and simplifying their workflow</li> </ul>
<b>Value proposition</b>	TV is a multisided business model platform. Viewing will change. This will make TV advertising more effective “Capabilities of traditional TV targeting as if it was the web in 1995” “With programmatic TV it’s a little like instead of your old glasses, you now have new glasses and see everything crisp and clear” (p. 17) Reach viewers everywhere and create scale. Programmatic TV makes this job easier. “No other media can offer the massive reach of TV”. Lift KPIs four times that of other media

**Figure 1: Extract (Example) from Coding Document**

In phase four, we applied a modified Delphi method. We conducted semi-structured interviews with an expert panel. The panel consisted of six respondents from Discovery (2), agencies (2), and technology providers (2), three of whom were in the panel in phase one. We chose to replace one media agency expert with a technology provider in order to have a balanced view between the three types of actors. We changed two additional panel members because they became unavailable. These changes do not affect the methodology in any way. The basis for the selection of all members was their knowledge of programmatic TV and the TV business model, as well as their availability. We decided not to include advertisers. This decision was made because the experts in phase two indicated that advertisers have limited knowledge of programmatic TV and the TV business model. The respondents work out of London (2), Copenhagen (2), and Stockholm (2). The

16 initial implications were sent to the respondents prior to the interview with instructions to reflect on their agreement with each of them and their wording, and on whether any implications were missing. We then conducted, recorded, and transcribed structured interviews with each expert, half in person and half by telephone, following this structure.

Based on the interviews in phase four, we reviewed and altered the implications, taking account of the perceptions of our experts. Two implications were removed due to the experts' agreement that they were not relevant, and two new ones were added. In phase five, a revised version of the implications was sent to the respondents via an e-mail-based survey, prompting them for their level of agreement measured on a 5-point Likert scale and an assessment of whether the implications would occur in the short or long term. Again, there was the option of changing the wording or suggesting new implications. This time, the experts suggested no further changes. We therefore chose to stop the Delphi rounds at this stage, concluding that the primary implications would be those for which there was high agreement from all the experts. Implications with which only some experts agreed were labeled secondary implications.

## **COMMENTED RESULTS**

The results section is divided into two parts. First, we present the expected effects on the TV broadcasters' business model as derived from the content analysis. In the second part, we present the revised implications derived from the Delphi method, indicating the perceptions of our panel of programmatic TV experts. We continue to use the business model components of Osterwalder and Pigneur (2010) to structure our presentation.

### *Implications from the Content Analysis*

Table 4 outlines the implications derived from our content analysis. They have been grouped according to the nine building blocks. We will comment on each building block individually. Next, we will address the business model change in more general terms and discuss the corresponding barriers identified in the content analysis.

### *Customer Segments*

As the actual segmentation and decisions about what segments to serve are individual to each broadcaster, we focus here on the more general implications for customers that we could find in the documents analyzed. Programmatic TV has the potential to improve advertising effectiveness, and thus, the value creation and capturing for advertisers. According to two of the studies we examined, a range of cases on programmatic TV have shown positive results in terms of efficiency (DataXu, 2015; WideOrbit, 2016). Furthermore, surveys confirm a growing appetite for testing programmatic TV among advertisers (Tradedesk, 2016). The single most important advantage for advertisers is the improvement in targeting opportunities. According to some of the documents, this will also make commercial messages more relevant for consumers. Better opportunities for analyzing and reporting advertising across multiple media insertions are also considered a significant advantage for advertisers. TV advertising today requires long-term planning. Programmatic TV improves the opportunity to act in the short term.

<b>Implications for Customer Segments</b>	<b>Frequency</b>
1. The improved targeting opportunities are the most important advantage for advertisers	12
2. Programmatic TV will give advertisers better opportunities for analyzing advertising across multiple media	9
3. Programmatic TV will give advertisers better opportunities for planning advertising closer to real-time	6
4. Programmatic TV will improve advertising effectiveness for advertisers	4
<b>Implications for Value Propositions</b>	
5. Programmatic TV will redefine the value proposition for TV broadcasters into a more screen agnostic and videocentric proposition	8
6. Programmatic TV will secure TVs' position as the most effective media ( <i>subsequently removed</i> )	5
<b>Implication for the Customer Relationship</b>	
7. TV must reinvent itself to stay relevant in the programmatic ecosystem	6
<b>Implications for Channels</b>	
8. Selling and buying of TV advertising will be a more automated process	8
9. Media agencies and programmatic TV technology specialists will capture more value	4
<b>Implications for Revenue Streams</b>	
10. TV broadcasters will sell impressions instead of GRPs	10
11. TV advertising will be sold and bought in the same way as any other programmatic inventory ( <i>subsequently removed</i> )	7
<b>Implication for Key Resources</b>	
12. TV advertising sales organizations will be restructured and have much more programmatic ecosystem capabilities	5
<b>Implication for Key Activities</b>	
13. The key activity for TV broadcasters will be to sell screen agnostic and data-enriched audiences	4
<b>Implication for Key Partnerships</b>	
14. The key partners for TV broadcasters will be programmatic technology partners and media agencies	5
<b>Implication for Cost Structure</b>	
15. The cost structure for TV broadcasters will be less manual and more technology and data-driven	4
<b>Implication for the General Business Model</b>	
16. Programmatic TV will fundamentally transform the business	4

**Table 4: Implications Derived from Industry Reports**



### *Value Proposition*

As discussed previously in this paper, non-linear viewing is growing. Programmatic TV bridges digital and traditional TV, and is considered screen agnostic. One report quoted an executive as saying: “I don’t care where you watch our shows. We just want it to get counted and we want to get paid appropriately” (SpotXchange, 2015, p. 5, III). A number of the reports analyzed indicated a view that programmatic TV will be a way for TV broadcasters to secure a position as the most effective media, combining content creation and broadcasting.

### *Customer Relationship*

The business model for TV advertising has not changed for several decades and is considered “old fashioned” in the reports examined. Despite the benefits of reach and scale, TV must reinvent itself to stay relevant in the ever-evolving programmatic ecosystem. From the content analysis, the perception that “everything eventually will be programmatic” arises. This was stated in several of the reports we analyzed, as well as by our initial interviewees, suggesting that TV broadcasters must reinvent themselves in terms of how they deal with advertisers.

### *Channels*

Media agencies buy more than 95% of all TV advertising on behalf of advertisers (Experian, 2015). Very little advertising space is sold directly to the advertisers. Advertisers need a data aggregator that can bring programmatic to life. The key role is to create “actionable insights at the transaction level” (IDC, 2015, p. 17). As one report stated, “agencies continue to dominate when it comes to the primary responsibility for buying programmatic TV/video advertising, with 84% of agency respondents claiming this role” (Tradedesk, 2016, p. 3). Agencies will continue to invest in technology and programmatic capabilities in order to capture more value. The investors behind the programmatic technology providers have the same ambition, i.e., to “look for increased

consolidation in the advertising industry as a response to all this convergence” (OOYALA, 2016, p.10).

### *Revenue Streams*

The trading of TV airtime is based on the viewing measured in the TV meter panels. The currency is GRPs (Gross Rating Points). The increasing media fragmentation creates the need for more and more commercial breaks, with lower ratings in the existing currency. Broadcasters aim to capture value, and thus, to get the most value out of their inventory. However, some commercials may have a rating as low as zero percent, and thus, no commercial value for the broadcaster with the existing currency. Programmatic TV, with all its data enrichments, will create a more valuable inventory from advanced audience data compared to the existing TV meter. As one report stated, “you have to tap into inventory that’s typically been deemed low value simply because it hasn’t been measured” (Tradedesk, 2016, p. 7). The inventory will be more individually “addressable,” and sales will become auction-based and closer to real-time.

### *Key Resources and Key Activities*

TV broadcasters like Discovery sell their airtime inventory via manual sales forces. Broadcast selling will be a much more automated process, and thus, will create operational efficiency gains in the selling and buying interaction. The reports we examined held that all media will eventually be bought via the principles of programmatic (Mediacom, 2015). On the other hand, producing premium TV content such as big sports events requires significant investments and will still include a significant amount of manual negotiations. One report stated that “the marketplace has shown that data is overwhelmingly the future” (OOYALA, 2016, p. 9).

Broadcasters will have to develop their data capabilities. This means that more work flow automation capabilities need to be purchased or developed. As a consequence, the advertising sales

organizations will undergo a restructuring. Joint ventures with and acquisitions of technology companies with programmatic capabilities are already taking place. The key activity for broadcasters will increasingly be to collect and sell screen agnostic data based on impressions. One report called this “big data comes to linear TV” (WideOrbit, 2016, p. 4). The activity will not only be automated, but simplified as well; as one report stated: “If it is coming through the internet there is a way to stitch it together” (Tradedesk, 2016, p. 8).

### *Key Partnerships*

The various actors in the TV broadcaster business model will increasingly rely on programmatic technology partners. Vendors stand to gain by providing the infrastructure (IDC, 2015). Media agencies are investing in programmatic capabilities, and the existing vendors of TV-meter data are also transforming more into programmatic technology partners. Mergers and acquisitions between vendors are predicted (Tradedesk, 2016).

### *Cost Structure*

The selling and buying of broadcasting is a manually consuming process. Broadcasters will experience cost reductions through a more automated and less manual workflow. Cost of sales in terms of labor will therefore decline compared to today. The investment in programmatic TV, however, requires some capital investments in data and data capabilities. Only 10% of the value capturing from programmatic is estimated to arise from cost reductions according to one report (IDC, 2015).

### *The Business Model Overall*

Finally, in a few of the reports we examined, we found a general statement that the business model of advertisement-funded TV broadcasters will transform. One report cited an expert as saying: “I am convinced that there is no path forward for TV that does not include the large

scale-scale application of programmatic technology” (IDC, 2015, p. 26). In fact, programmatic TV will transform the business model for all the actors in the TV industry.

### ***Implications from the Expert Panel***

The content analysis identified 16 business model implications from programmatic TV. The results from the first Delphi round with six experts showed that the experts agreed fully with only six of the implications. Three of the implications required minor adjustments in the wording, while five of the implications needed a major adjustment of the wording. The experts disagreed with two of the implications, and two new implications were added to the list. The ones removed were implications 6 and 11, as indicated in Table 4. The two new implications address the role of content for a successful business model change and consolidation among the existing actors and the programmatic TV technology specialists. These new implications are found in Table 5. It was possible to identify common ground for agreement and disagreement across the six experts. However, the two experts with a background as TV broadcasters were the least convinced about an overall transformation in the short term, while the programmatic TV technology specialists were the most positive. The media agencies were in the middle of the two.

<b>Additional Implications</b>	<b>Frequency</b>
Successful TV broadcasters will still be those who can attract audiences via great content	Mentioned by 2 out of 6
Consolidation will happen, not only between programmatic TV technology specialists but also between programmatic TV technology specialists and TV broadcaster and agencies	Mentioned by 4 out of 6

**Table 5: New Implications Added in the First Delphi Round**

The results from the second round of the Delphi survey with the six programmatic TV experts are found in Table 6. This round revealed a high level of agreement about six of the implications, which we have labeled as the “primary” implications. These were the implications with which each expert either agreed or highly agreed. A further seven implications were labeled as “secondary”. These were the implications with which all the experts either agreed or highly agreed, but with which one expert said they only somewhat agreed. The rest of the initial implications were entirely dropped, as it was deemed that the level of disagreement was high enough to suggest that they were not valid representations of the shared perceptions of this group of experts, and a consensus would be hard to reach. Table 6 also reports on whether each implication was seen to be a short-term (less than three years) or long-term (three years or more) implication.

<b>Primary Implications from Delphi</b>	<b>Short term (&lt;3y)</b>	<b>Long Term (3y+)</b>	<b>Don't know</b>
1. Programmatic TV will transform the business model for TV advertising	0%	100%	
2. Programmatic TV will improve advertising effectiveness for advertisers	17%	83%	
3. The improved targeting opportunities are an important advantage for advertisers	33%	67%	
4. TV broadcasters will continue to sell GRPs alongside impressions	33%	50%	17%
5. Successful TV broadcasters will still be the those who can attract audiences via great content	50%	33%	17%
6. An important activity for TV broadcasters will be to sell more screen agnostic and data enriched audiences	33%	67%	
<b>Secondary Implications from Delphi</b>			
7. Programmatic TV will give advertisers better opportunities for executing advertising closer to real-time	17%	83%	
8. Programmatic TV will help TV broadcasters on the journey into a more screen agnostic and video centric value proposition	50%	50%	
9. Selling and buying of TV advertising will be a more automated process	0%	100%	
10. TV ad sales organisations will be restructured and have much more programmatic ecosystem capabilities	17%	83%	
11. The key partners for ad sales organisations within TV broadcasters will be programmatic TV technology partners, data suppliers, TV platform owners and media agencies	87%	13%	
12. Consolidation will happen. Not only between programmatic TV technology specialists but also between programmatic TV technology specialists and TV broadcaster and other actors	67%	33%	
13. The cost structure for TV broadcasters will be less manual and more technology and data driven	17%	67%	17%

**Table 6: Implications after Second Delphi Round**

## DISCUSSION

Our results allow us to comment on how the nascent programmatic technology and market is likely to affect television broadcasters in the near future. In general terms, there was high agreement between our experts that programmatic TV will transform the business model for TV broadcasters in the long term. Five implications linked to the business model of TV broadcasters were identified as primary implications, while another seven still showed some disagreement after two rounds with our experts. Our experts' view that most of the implications will occur in the long term is consistent with the fact that the disruption is still in its early stages. The short-term implications focus on value proposition and key partnerships. The value proposition for TV broadcasters will still be to deliver great content that can attract audiences, but the core proposition will become more screen agnostic and video-centric.

In the short term, our experts saw a change in the external partnerships for TV broadcasters. For the advertisement sales activities within TV broadcasters, programmatic TV technology partners, data suppliers, TV platform owners, and media agencies will all be key partners. The first three partners are new compared to the existing business model for ad sales operations, while the fourth, media agencies, could well be challenged. According to our experts, industry consolidation centered on the new actor in the arena, the programmatic TV technology specialist, will start in the short term.

A positive interpretation of the long-term programmatic TV transformation is that viewers benefit from advertising that is more relevant; advertisers benefit from better advertising effectiveness; TV broadcasters benefit from an improved pricing of the inventory; and media agencies and technology providers benefit from making the transformation happen. A situation of improved value creation could be predicted for all involved. Our results suggest that TV

broadcasters are concerned about whether this is the case. An area for future research would be the specific value capturing and value appropriation among the actors. Will new industry value be created, or will value (in terms of revenues and profits) simply be shifted from one actor to another?

Programmatic TV is, for now, an under-researched phenomenon. The programmatic technology in general is not limited to any particular geography, as the devices, software, apps, and databases that enable the collection and use of the big data underlying this technology are, by now, universally distributed around the world. Similarly, TV broadcasters funded by advertisement use a consistent business model globally. Thus, the results of our study could well be generalizable to all TV advertising markets worldwide. All media will eventually be part of the programmatic advertising ecosystem. Whether any of the findings can be transposed to other media, such as radio or newspapers, remains to be examined.

In this paper, we have documented how the Delphi method, combined with a content analysis with meta-analysis characteristics, can provide an assessment and predictions of the future implications for a given technological disruption. Instead of looking backwards at a given technological disruption and the corresponding business model change process, in this paper, we have offered a method to look forward and predict the implications of a significant new technology. This technology gives the research community a unique opportunity to examine a technological and business model transformation as it is occurring.



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### Paper 3: The advertiser perspective: marketing challenges and advertising partner selection

Submitted to Journal of Interactive Advertising April 2018.

A previous version of the paper was presented at the 2017 European Media Management Association Conference in Ghent, Belgium

#### **AUTHOR INFORMATION PAGE**

Henrik Jensen

(Master of Science in Economics and Business Administration, Copenhagen Business School)

Ph.D. candidate

Department of Social Sciences and Business

Roskilde University

E-mail: [hkjensen@ruc.dk](mailto:hkjensen@ruc.dk)

#### **ACKNOWLEDGEMENTS**

An earlier draft of this paper was presented at the 2017 European Media Management Association

Conference in Ghent, Belgium. This research was made possible through a grant from Discovery

Networks International and Innovation Fund Denmark (grant 5139-00025B).

## **ABSTRACT**

Internet based innovations have since the mid-1990s transformed the media industry and created new marketing challenges for advertisers. The rise of new types of agencies, such as the media and the digital agency, has accompanied this transformation. This paper explores advertisers' current marketing challenges and investigate how these challenges influence agency partner selection. Through a survey of 146 Danish advertisers, 13 marketing challenges that advertisers currently face is identified. The majority of these challenges are internal and linked to missing capabilities, as well as issues of organizational design. This paper finds that technology-based actors such as digital agencies plus Facebook and Google are the new preferred partners for advertisers. The findings update what we know about the marketing challenges of advertisers, and suggest an altered academic perspective on the complexity around agency selection, and the role of the advertising agency.

**Keywords:** Advertisers, Marketing Challenges, Digital Agencies, Advertising Agencies

## INTRODUCTION

“Advertising is defined as any paid form of non-personal communication about an organisation, product, service, or idea by an identified sponsor” (Belch and Belch 2004, p. 16). The purpose of advertising is to motivate the consumption of specific goods or services, and organisations advertise in order to create value for themselves. Beside advertisers, other actors in the value creation process are advertising agencies and advertiser funded media. Advertisers employ agencies for the development and production of the advertisement, and they employ media for exposing an audience to their message. The three actors are considered “the tripartite institutional structure of the advertising industry” (Arzaghi et al. 2012, p. 2).

Technological innovations have transformed the media industry (Küng 2008). The implication for advertising is a new advertising paradigm. The way advertising works has changed with the internet and online advertising (Perez-Latre 2007; Bugge 2009; Sinclair and Wilken 2009; Vernuccio and Ceccotti 2015). In the new paradigm, a digital advertising landscape has risen, and actors like Google and Facebook have been instrumental in disrupting the previous advertisement paradigm (Klopfenstein 2011; Young 2014). The efficiency of advertising seems to be declining, and since the introduction of the internet, it has been historically low (Cheong, De Gregorio and Kim 2014). The rise of a new digital media landscape increases complexity and uncertainty for advertisers. They search for ways to understand advertising effectiveness in the new paradigm (Leeflang et al. 2014; Tolvanen, Olkkonen, and Luoma-aho 2013).

This paper report the results of a study to identify the current marketing-related challenges that advertisers face. It also identifies the most important agency and media partners in solving these challenges. The methodological approach is a survey of 146 Danish advertisers. The 13 marketing challenges that advertisers are facing in the new advertising paradigm is discussed and ranked. The

majority of the identified challenges are internal and emerge from recent technological innovations. The paper also finds that key agency partners in the value creation for advertisers are somewhat different than what the academic literature suggests. Historically, the advertising agency has been instrumental in the value creation process (Arzaghi et al. 2012; Horsky 2006; Eagle and Kitchen 2000; Farmer 2015). This paper finds that the key partner for advertisers in the value creation process is the digital agency and that advertisers select at least six different types of agencies in their value creation; they are creative, media, digital, PR, design, and direct marketing. Google and Facebook are relatively new actors in the media industry. This paper finds that in roughly 10 years they have managed to take a lead role in the value creation for advertisers. This suggests a need to re-examine what we know about the advertising ecosystem, not just in terms of how value is created, but also how various actors appropriate value in the system.

## **ADVERTISERS: MARKETING CHALLENGES AND THEIR SELECTION OF AGENCIES AND MEDIA**

In this section a review of the literature on marketing challenges since the introduction of the internet in the mid 90's is provided. Furthermore, the literature on advertisers and their selection of agencies and media has been reviewed.

### **Advertisers and their marketing challenges**

The speed of technological innovations and digital convergence in the media industry has accelerated in the past 20 years (Küng 2008). Phenomena like Google, Facebook, YouTube, Twitter, smartphones, tablets etc. are now part of the marketing landscape. Consequently, a range of new marketing constructs, like e-commerce, relationship marketing, and multichannel marketing, have been introduced (Hughes 2003; Grönroos 1999; Rangaswamy and Van Bruggen 2005), and online marketing has moved from the periphery to the core for marketing and advertisers (Edelman 2007). Understanding the contribution of these innovations to advertising efficiency is a key



challenge for advertisers, especially since the evolution of innovations appears to be outpacing organisational learning capabilities (Cheong, De Gregorio and Kim 2014; Grönroos 1999).

Despite its significant implications for advertisers, no specific review of the term “marketing challenge” in peer reviewed academic journals has been found. Nine academic papers from 1995-2016 which address the term “marketing challenges” have been identified via Ebscohost and Google Scholar. The papers differ across sectors and geographies. The universal conclusion is that changes are occurring and that they will transform the core logic of marketing for advertisers. An overview of the nine papers is provided in table 1.

TABLE 1. Overview of references on marketing challenges 1995-2016

Reference	Context
Aaker, David. (2010). Marketing challenges in the next decade. <i>Journal of Brand Management</i>	Editorial
Alajoutsijarvi, Kimmo, Mannermaa, Kari, and Tikkanen Henriikki. (2000). Customer relationships and the small software firm: A framework for understanding challenges faced in marketing. <i>Information &amp; Management</i>	(Smaller) Finnish software companies
Colbert, Francois. (2009). Beyond Branding: Contemporary Marketing Challenges for Arts Organisations. <i>International Journal of Arts Management</i>	Arts industry
Dev, Chekitan, and Olsen, Michael D. (2000). Marketing challenges for the next decade. <i>Cornell Hotel and Restaurant Administration Quarterly</i>	Travel & tourism industry. Think tank with 45 international experts
Grönroos, Christian. (1999). Relationship marketing: Challenges for the organisation. <i>Journal of Business Research</i>	Conceptual paper
Hughes, Tim. (2003). Marketing challenges in E-banking: Standalone or integrated? <i>Journal of Marketing Management</i>	E-banking (in the UK)
Leeflang, Peter S., Verhoef, Peter C., Dahlström, Peter, and Freundt, Tjark. (2014). Challenges and solutions for marketing in a digital era. <i>European Management Journal</i>	Expert interviews with marketing scientists
Rangaswamy, Arvind, and Van Bruggen, Gerrit H. (2005). Opportunities and challenges in multichannel marketing: An introduction to the special issue. <i>Journal of Interactive Marketing</i>	Introduction to a special issue of the journal
Vernuccio, Maria, and Ceccotti, Federica. (2015). Strategic and organisational challenges in the integrated marketing communication paradigm shift: A holistic vision. <i>European Management Journal</i>	86 in-depth personal interviews with top managers and senior communication specialists

From the literature, it appears that the nature of the marketing challenges advertisers face can be clustered into internal, external, or a combination of both. Internal marketing challenges are defined as a challenge rooted inside the advertiser's organisation; external marketing challenges are defined as a challenge rooted outside the advertiser's organisation. All the reviewed papers agree on the existence of internal marketing challenges. Those challenges can be divided into three clusters. The first cluster is labelled "make strategic choices." This cluster is focused on finding the right business

model; consequently, the marketing challenge is based at the corporate level as opposed to the marketing department (Dev and Olsen 2000; Hughes 2003). The second cluster is labeled “develop capabilities.” This cluster addresses the continuous technological innovations within marketing and the corresponding capabilities required (Hughes 2003; Grönroos 1999; Vernuccio and Ceccotti 2015; Leeflang et al. 2014). It also focuses on keeping control of and capitalising on opportunities within technology and IT (Dev and Olsen 2000; Colbert 2009). The third cluster is “appropriate organisational design.” The cluster is focused around organisational design issues like structure, incentives, collaboration, and power (Aaker 2010; Rangaswamy and Van Bruggen 2005; Alajoutsijärvi, Mannermaa, and Tikkanen 2000; Hughes 2003; Grönroos 1999; Leeflang et al. 2014).

External marketing challenges can also be divided into three clusters. The first cluster is labelled “customer understanding” and is focused on understanding customers’ and the service requirements in a constantly changing environment (Rangaswamy and Van Bruggen 2005; Hughes 2003; Dev and Olsen 2000; Colbert 2009; Vernuccio and Ceccotti 2015). The second cluster is “brand performance” and is focused on the vitality, performance, differentiation, and position of the brand portfolio (Aaker 2010; Colbert 2009; Leeflang et al. 2014). The third cluster is “appropriate distribution” and is focused on the optimal distribution strategy in a constantly changing environment (Dev and Olsen 2000; Rangaswamy and Van Bruggen 2005).

The challenges defined as a combination of both external and internal factors are called “optimal media mix” (Rangaswamy and Van Bruggen 2005; Leeflang et al. 2014; Vernuccio and Ceccotti 2015) and “sensing opportunities” (Dev and Olsen 2000). Sensing opportunities address opportunities related to future technological innovations, while optimal media mix focuses on the role of and resource allocation to different media within the media mix. An introduction to a new

typology for media, that has emerged with the rise of the digital media landscape, is relevant at this stage. The typology falls into three categories: paid media, owned media, and earned media (Corcoran 2009; Goodall 2009). Paid media, or traditional advertising, refers to media activities that advertisers acquire from traditional media. Owned media refers to media activity that advertisers generate in channels they control themselves, such as company websites or retail stores. Earned media refers to media activities that are not generated directly by the advertiser, but by other entities, for example, by word of mouth among customers. An overview of the different marketing challenges is provided in table 2.

TABLE 2. Overview of marketing challenge clusters

<b>Internal Challenges</b>	<b>Mix of Internal and External Challenges</b>	<b>External Challenges</b>
<p><b>Make Strategic Choices</b> (Dev and Olsen 2000; Hughes 2003)</p> <p><b>Develop Capabilities</b> (Hughes 2003; Grönroos 1999; Dev and Olsen 2000; Colbert 2009; Vernuccio and Ceccotti 2015; Leeflang et al. 2014)</p> <p><b>Appropriate Organisational Design</b> (Aaker 2010; Rangaswamy and Van Bruggen 2005; Alajoutsijarvi, Mannermaa and Tikkanen 2000; Hughes 2003; Grönroos 1999; Leeflang et al. 2014 )</p>	<p><b>Optimal Media Mix</b> (Rangaswamy and Van Bruggen 2005; Vernuccio and Ceccotti 2015; Leeflang et al. 2014)</p> <p><b>Sensing Opportunities</b> (Dev and Olsen 2000)</p>	<p><b>Customer Understanding</b> (Rangaswamy and Van Bruggen 2005; Hughes 2003; Dev and Olsen 2000; Colbert 2009; Vernuccio and Ceccotti 2015)</p> <p><b>Brand Performance</b> (Aaker 2010; Colbert 2009; Leeflang et al. 2014)</p> <p><b>Appropriate Distribution</b> (Dev and Olsen 2000; Rangaswamy and Van Bruggen 2005)</p>

## **Advertisers and their selection of agencies and media**

For advertisers, the usage of agency services is a “make-or-buy” decision (Horsky 2006).

Advertisers develop in-house capabilities for some marketing services that alternatively could be provided by agencies. The outsourcing or insourcing decision of marketing services depends on the contribution from agencies in the value creation process. The reason advertisers develop in-house capabilities is to reduce cost, increase control, and improve coordination of activities (Belch and Belch 2004). The primary reason for outsourcing is improved value creation via improved skills and capabilities in performing the marketing service (Horsky 2006; Knuth 2013).

Historically, the advertising agency has been instrumental in the value creation process with advertisers (Arzaghi et al. 2012; Horsky 2006; Eagle and Kitchen 2000; Farmer 2015). An advertising agency is a “firm that specialises in the creation, production, and/or placement of the communications message and that may provide other services to facilitate the marketing and promotions process” (Belch and Belch 2004, p. 69). Up until the 1980’s, the advertising agency was characterised as full-service, i.e. providing all the services relevant to advertisers. The increased fragmentation and complexity of the media landscape unbundled media buying from the advertising agency. The media buying departments transformed into independent media buying agencies and advertising agencies emerged from “full-service-agencies” to “creative-agencies” (Horsky 2006; Belch and Belch 2004). The media buying agencies continued their development and changed from only buying traditional media into also offering consultancy services in marketing with a focus on digital media (Jensen and Sund 2017). As part of the new digital media landscape, a range of digital specialist agencies has also emerged as actors within the agency construct (Soberman 2009; Nabout et al. 2012; Vernuccio and Ceccotti 2015). From the above, three phases in the selection of agency partners for advertisers can be identified. In the first and original phase, there was merely the full-service advertising agency. In the second phase, a two-agency model emerged with “media” and “creative” as separate components of the value creation process. In the current third phase,

additional digital agency actors are involved in the value creation process. During the three phases, the agency landscape has become more fragmented and heterogeneous. Originally, the creative based advertising agency was the preferred partner or “lead agency” for advertisers, but with digital capabilities as a core competence, this is shifting towards more digital specialist agencies (Edelman 2007).

The purpose of an advertiser-funded media organisation “is to provide an environment for the firm’s (i.e. advertiser’s) marketing communications message,” and the “primary objective is to sell itself as a way for companies (i.e. advertisers) to reach their target markets with their messages effectively” (Belch and Belch 2004 p. 70). The role of media organisations for advertisers in the value creation process implies reach of target audiences. Other factors, like marketing and brand management capabilities within media owners, have also been found to influence the role in the value creation process (Wirtz, Pelz and Ullrich 2011; Sommer and Marty 2015). Historically, the expectations of advertisers regarding media were found to focus on reach and enhanced sales. With the rise of the digital media landscape, additional expectations, like engagement, recommendation, measurability and innovative service, have emerged. Future expectations may include more long-term relationships and a more customised and flexible dialogue (Tolvanen, Olkkonen and Luoma-aho 2013).

## **METHODOLOGY**

The purpose of this paper is to identify the current marketing challenges advertisers face and the key partners in the value creation process. The unit of analysis is the specific marketing challenge. In order to create a sufficient sample of marketing challenges, a survey with advertisers was conducted. The respondents in the survey were the “marketing responsible” within the specific advertising organisation. They were identified as being responsible for the advertising and

marketing budget within their organisation. The assumption is that they have a central position in assessing the marketing challenges for their organisation and have knowledge of which agencies and media are vital in resolving the challenges. The respondents work for advertisers in the Danish media market. This market is characterised by a relative high ad expenditure per capita and a high broadband penetration. The latter creates relatively sophisticated digital media consumption. Finally, the media expenditure has a relatively high share of print advertising and a corresponding lower share of television advertising.

The methodology was inductive and consisted of four steps. The first step was to develop a questionnaire. This was done with input from MyResearch, a research company specialising in quantitative studies of advertisers and agencies in the Danish market. The questionnaire addressed the biggest marketing challenge for the advertiser (“What is the biggest marketing challenge that the company faces in 2016?”) and the type of agency best at solving the biggest marketing challenge (“Which type of agency is best in helping to resolve the biggest marketing challenge that the company faces in 2016?”). In defining the various types of agencies, a local yearly financial report, “Bureaurapporten,” published by the trade magazine “Bureaubiz,” was used. It provides an overview of 250+ agencies in the Danish marketplace. It categorises the agency landscape into six different types of agencies: creative, media, digital, PR, direct marketing, and design. The questionnaire also addressed which type of media is best at resolving the biggest marketing challenge (Which media is best in helping to resolve the biggest marketing challenge that the company faces in 2016?”). Based on a report from the Danish agency association “Kreativitet & Kommunikation” on the actual media expenditure, the different types of media were grouped into TV, other traditional media besides TV, Google, Facebook, display/banner advertising, and other medias. Finally, the questionnaire also addressed advertisers’ way of working with agencies (insourcing/outsourcing, one or multiple agencies) plus advertiser characteristics (marketing budget and organisational marketing structure).

The second step was to conduct the survey via an online questionnaire. Four hundred thirty respondents were approached via their email address, and 146 respondents completed the questionnaire. Consequently, the response rate was 34%. The email addresses were provided by MyResearch and are likely to overrepresent medium and larger advertisers. According to MyResearch, smaller advertisers tend to focus on a specific local market, and thus, smaller advertisers may contain a disproportionate number of traditional retailers. Larger advertisers tend to have a national scope and are represented across all categories. Furthermore, larger advertisers tend to work with more agencies. Consequently, the sample represents large and medium-sized advertisers from the Danish market who focus on national advertising and are used to working with several types of agencies. The survey was conducted from May 30th to June 24th 2016.

The third step was to gather the responses (in SPSS) and identify similar categories of marketing challenges for the 146 respondents. The response to the question on the biggest marketing challenge for the advertiser was open. In order to minimize inter-coder and intra-coder variability, coding was conducted by the author and a colleague simultaneously over a period of three weeks. In some cases, the response was very short, like “digital.” In order to categorise this sort of response, the two coders discussed, interpreted, and decided the categorisation of the specific marketing challenge. A respondent’s marketing challenge could be grouped into multiple categories. An example of this is *“user journeys and data gathering”* where the response was coded as both the marketing challenge “customer journey” and “data.” In total, 187 marketing challenges (from 139 respondents since seven out of the 146 respondents did not respond to the question with a specific challenge) were clustered into 13 different (but not completely independent) marketing challenges. After the initial clustering was completed, all the responses were checked for their actual belonging to the specific cluster once again. This was done in order to ensure consistency and to optimise the



validity of the clustering of the various marketing challenges. The fourth step was to analyse and test (in SPSS) the marketing challenges advertisers are facing with the selection of agencies and media in the value creation process.

## **FINDINGS**

### **Advertisers and their marketing challenges**

Thirteen different marketing challenges for advertisers have been identified: media mix, technology, communication, capabilities, organisational design, branding, customer journey, resource constraints, social media, segments, data, globalisation, and product development.

Media mix is about determining the optimal media mix in a changing and more fragmented media landscape. It includes allocation of resources across owned, paid, and earned media, plus digital marketing opportunities and traditional media. Accounting for 14% of all marketing challenges, finding the right media mix is the most common marketing challenge for advertisers. Technology and communication each comprise 11% of all marketing challenges. Technology covers developing and successfully implementing an IT-based marketing automation platform. Communication is about making communication work in terms of increased sales, brand awareness, generation of leads, or customer penetration. Capabilities comprises 10% of all marketing challenges and includes having sufficient capabilities to keep up with development within digital marketing and technology. Organisational design also comprises 10% of all marketing challenges and is characterised by restructuring, power balance, and lack of internal alignment across marketing, sales, IT, markets, and HQ etc. Branding is the 6<sup>th</sup> largest marketing challenge at 8%. It includes brand management across markets in terms of positioning, performance, equity, and awareness. Customer journey comprises 7% of the marketing challenges and is about understanding customer behaviour when customers are in the market for a product or service and identifying their relevant communication

touchpoints. Resource constraints, social media, and segments each comprise 6% of the marketing challenges. Resource constraints are limited financial and organisational resources compared to complexity and ambitions. Social media relates to developing and managing a strategy for social media and content marketing. Segments relates to efficient segmentation of markets as well as the determination of the point of differentiation of a relevant target group. Data is 5% of the marketing challenges; it relates to the management of data driven marketing in terms of gathering, enrichment, conversion into actionable customer knowledge, and legal matters. Globalisation is about management and growth across multiple markets. It makes up 3% of the marketing challenges. Product development makes up 2% of the marketing challenges and is defined as developing and innovating the product portfolio (in mature markets).

Six of the marketing challenges – media mix, technology, communication, missing capabilities, organisational design, and branding -- represent 2/3 of the marketing challenges. By nature, technology, capabilities, organisational design, resource constraints, and product development are an internal marketing challenge. These five challenges represent 39% of all marketing challenges. Marketing challenges, such as communication, branding, customer journey, segments and globalisation, are external marketing challenges. External marketing challenges, therefore, represent 35% of all marketing challenges. The remaining 26% (media mix, social media, and data) of the marketing challenges is a combination of external and internal marketing challenges. The speed of technological changes has created a range of continuous disruptive innovations for advertisers. Almost 2/3 of the marketing challenges (media mix, technology, capabilities, organisational design, customer journeys, social media, and data) can be more or less directly linked to recent technological changes or innovations.

## **Advertisers and their agencies**

Advertisers apply at least six different types of agencies in their value creation: digital, creative, media, direct marketing, PR, and design. The most important partner in value creation for advertisers is the digital agency. Twenty-eight percent of the advertisers state that the digital agency is best at resolving the biggest marketing challenge. The creative agency (23%) and the media agency (14%) are the second and third most important partner for advertisers. These three types of agencies (digital, media, and creative) are the preferred partner in 2/3 (65%) of the value creation cases. Direct marketing, PR, and design agencies are a key partner in 7% of the cases. Eleven percent of the respondents state that an agency other than one of the six types is their key partner. This indicates that the landscape of agency actors is even more heterogeneous than the six agency types mentioned. The variety of agency actors is also supported by the fact that 17% of the respondents reply “don’t know” to the question on which agency type is best in resolving the biggest marketing challenge.

Seventy-nine percent of the advertisers coordinate the activities among the different agency types themselves. The remaining 21% either work with a one-stop-shop model [i.e. one agency provides all the services needed (14%)] or appoint one of the agencies to a lead-agency role [i.e. leading the coordination across all type of agencies (7%)]. From this pattern, it appears that a significant amount of advertisers’ resources is dedicated to managing agency relationships. In the review of the literature, three phases in the relationship between advertisers and agencies were found. In the first phase, there was only one agency. The second phase included two agencies, and is labelled the two-agency model. The third and current phase includes multiple agency partners. The evolution during the three phases leads to the conclusion that advertisers spend an increasing amount of resources on managing agency relationships.

For advertisers, the usage of agency services is a “make-or-buy” decision. The findings regarding in-sourcing or out-sourcing of agency services suggests that overall no changes will occur. This is reflected in table 4. However, almost 60% of the advertisers will adjust the balance between in-sourcing and out-sourcing of agencies services which supports the conclusion that a significant amount of resources is dedicated to managing agency relationships.

TABLE 3. Changes to in- or out-sourcing of agency services in the coming 12 month

<u>Degree of change</u>	<u>Share</u>
Large increase in outsourcing (10%+)	5%
Small increase in outsourcing (3-9%)	23%
No changes (+/-2%)	40%
Small increase in insourcing (3-9%)	23%
Large increase in insourcing (10%+)	8%
Dont know	2%
	100%

A correlation is found between the specific marketing challenge and key partner in resolving the marketing challenge. The biggest marketing challenge is setting the optimal media mix. The ranking of the top three agency types is consistent with the overall ranking. Digital agencies are regarded as being more relevant for value creation regarding internal marketing challenges like technology and capabilities. On the other hand, creative agencies are regarded as the key partner in creating value for external marketing challenges like branding and communication. The role of media agencies is more or less consistent across all types of marketing challenges, except capabilities; where no advertisers regard them as the key partner in the value creation. Table 4 creates an overview of the six biggest marketing challenges (65% of all marketing challenges) and the key partners (65%) in resolving the challenge.

TABLE 4. Top six marketing challenges and the best agency partner in resolving challenge

Agency type	All challenges	Media Mix	Technology	Communication	Capabilities	Orga design	Branding
Digital	28%	26%	38%	19%	58%	26%	7%
Creative	23%	22%	14%	19%	21%	21%	40%
Media	14%	15%	14%	14%	0%	11%	13%
Other	18%	7%	19%	24%	16%	21%	13%
Dont know	17%	30%	14%	24%	5%	21%	27%
Total	100%	100%	100%	100%	100%	100%	100%

### Advertisers and their media selection

Half of the respondents (52%) answered “other” or “don’t know” to the question regarding which media is best in helping to resolve the biggest marketing challenge that the company faces. When examining the respondents’ comments, one finds that it is difficult for advertisers to prioritize the role of the different media since all campaigns involve significantly more than one medium.

Facebook (16%) is perceived as the best media partner in resolving the biggest marketing challenge for advertisers. Television and Google follow; 12 % of advertisers perceive them as best at resolving their marketing challenges. The three types of media are the key partner in 40% of the value creation cases. Display/banner advertising is regarded by 5% of the respondents as the best media in resolving the biggest marketing challenge. Only 4% of the advertisers consider other legacy media besides TV as their key partner in value creation.

Advertisers, agencies, and media are considered “the tripartite institutional structure of the advertising industry” (Arzaghi et al. 2012, p. 2). Some correlations have been found between media types and agency types that are best at resolving the biggest marketing challenges. When TV is the best media at resolving the biggest marketing challenge, the creative agency is a significant part of value creation. When Google is the best media at resolving the same issue, digital agencies are a

significant partner in value creation. When Facebook is the best media, the distribution of agency type tends to be similar to the overall pattern, but with an overrepresentation of creative agencies. The role of the media agency is more or less consistent across all types of media. Table 5 illustrates the three biggest type of agencies and medias in the value creation.

TABLE 5. Correlation between best type of media and best type of agency

Agency type	All challenges	Facebook	TV	Google
Digital	28%	26%	11%	59%
Creative	23%	30%	44%	12%
Media	14%	13%	17%	12%

## DISCUSSIONS AND IMPLICATIONS

Thirteen different marketing challenges for advertisers have been identified and ranked: media mix, technology, communication, capabilities, organisational design, branding, customer journey, resource constraints, social media, segments, data, globalisation and product development. The first five challenges are 2/3 of all marketing challenges. Based on the review of the literature, this is the most updated and quantifiable overview of the marketing challenges advertisers are facing in the new internet based advertising paradigm.

A review of the academic literature on “marketing challenges” for advertisers during the past 20 years identified eight challenges: making strategic choices, developing capabilities, having appropriate organisational design, achieving an optimal media mix, sensing opportunities, increasing understanding of customer behaviour, improving brand performance, and having appropriate distribution. Developing capabilities, appropriate organisational design, optimal media

mix, customer understanding, and brand performance remain primary challenges for advertisers. Additional significant challenges from the study are technology and communication. Technology is a prerequisite for performance and value creation in most industries today and is a natural addition to the challenges identified in the review. The technology agenda is also supported by the fact that the digital agency is the most important agency partner and that technology based media like Facebook and Google are perceived as best at resolving the biggest marketing challenges.

The literature review clustered the marketing challenges into three groups: external, internal, and a combination of external and internal. The findings show that only 35% of the marketing challenges are purely external challenges. This indicates that organisational learning of new technology and innovations is a key challenge for advertisers. This supports recent discussions on the balance between organisational learning and utilisation of new technology-based innovations for advertisers (Cheong, De Gregorio and Kim 2014). This trade-off could be an interesting area for future research.

The survey covered advertisers based in Denmark and can be generalised to them. The literature reveals that some marketing challenges can be characterised as internal. Two-thirds of the respondents are based in organisations that operate in more markets than Denmark. This allows the conclusion that the finding that marketing challenges are significantly internal is generalisable to most advertising markets in the Western world. A limitation of the survey is the number of interviews. The sample size was too small to test for differences across types of advertisers like mature or new players, etc. This could also be an interesting area for future research as well.

The academic literature on agencies identifies the advertising agency as a key construct. The literature has pointed to an unbundling of media from advertising agencies. This gave birth to media-buying agencies. This paper finds that the advertising agency category is more heterogeneous than the literature suggests. At least six actors (creative, media, digital, PR, design, direct marketing) are part of the advertising agency landscape.

Horsky (2006) identifies a decision tree for advertisers in their agency selection based on the unbundling of media from advertising agencies. The literature review identified three phases in the evolution of value creation between advertisers and agencies: the first phase was the full-service agency phase and a one-agency model; the second phase was the media unbundling phase and a two-agency model. We are now in the third phase with digital agency actors, and thus a multiple agency model. For advertisers, their decision tree is becoming more and more complicated and heterogeneous. In the first phase, it was a simple make-or-buy decision when it came to agency selection. In phase 2, Horsky (2006) identifies eight specific decisions since it is a make or buy decision for both the advertising and the media buying agency. In the new phase 3, the complexity for advertisers has accelerated even more. This process could be an interesting field for future research.

The majority of the academic literature has the creative or media agency as the unit of analysis. This paper finds that the digital agency is the most important partner for advertisers in value creation. The speed of technological changes has created a range of continuous disruptive innovations for advertisers. This evolution has made the digital agency the most important partner in solving the biggest marketing challenges for advertisers. A likely scenario is that the speed of technological changes will continue, and consequently, digital agencies will improve their position in value creation with advertisers. This points to a relevant area of future research.



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## **Part III – Appendix**

### Hvordan ser fremtidens forretningsmodeller ud for de danske bureauer

Published in February 2016 in Danish with the title “Hvordan ser fremtidens forretningsmodeller ud for de danske bureauer?” at <http://kreakom.dk/wp-content/uploads/2016/04/Hvordan-ser-fremtidens-forretningsmodeller-ud-for-de-danske-bureauer.pdf>.

The basis for the study was a grant in 2015 from the Lommer scholarship, which is part of the national Danish agency industry association “Kreativitet & Kommunikation”.

The English translation of the title would be “What do the future business models look like for Danish agencies?”

# Hvordan ser fremtidens forretningsmodeller ud for de danske bureauer?

1. Kunderne	2. Client service	5. Bureauets DNA	6. Bureauets service offering	8. Vigtigste partnere
	3. Marketing & pitching		7. Bureauets organisation	
4. Indtægtskilderne			9. Omkostningerne	

**HENRIK JENSEN**

Ole Stig Lommer legat 2015

# Hvordan ser fremtidens forretningsmodeller ud for de danske bureauer?

Dette projekt handler om fremtidens succesfulde forretningsmodeller for danske bureauer.

Google, Facebook og Apple har forandret marketing landskabet for altid. Der er sket et paradigme skift. Det vil fortsætte med at forandre den danske bureaubranche i de kommende år. For at overleve skal danske bureauer løbende tilpasse, udvikle og transformere deres forretningsmodel.

Hvordan fremtidens forretningsmodel ser ud for danske bureauer, er der ikke et entydigt svar på. Det afhænger af din bureautype. Det afhænger af, om du er lokal eller international. Det afhænger af, om du er nystartet eller etableret. Det afhænger af, om du er lille eller stor. Det afhænger af, hvor godt din nuværende forretningsmodel fungerer.

Ambitionen med projektet er at udvikle en værktøjskasse, som alle danske bureauledere kan anvende i arbejdet med deres forretningsmodel.

Projektet er baseret på to kilder. En række internationale eksperters vurdering af fremtidens udfordringer og trends for bureauer. Den seneste forskning indenfor virksomheders forretningsmodel og strategiske udvikling.

Projektet henvender sig til bestyrelse, topledelse og ejere af de danske bureauer. Dem som skal stå på mål for bureauets overlevelse. Målsætningen er, at de med projektet har bedre forudsætninger for at få succes. Og dermed udvikle og fastholde arbejdspladser i den danske branche.

En stor tak til alle dem som stillede op og kom med deres bidrag. Uden Jer havde der ikke været noget projekt. Også en stor tak til Ole Stig Lommer og bestyrelsen for legatet. Jeg er bæret over at være den (desværre) sidste, som er blevet tildelt dette legendariske legat. Gid danske bureauer altid må have folk, som er ligeså visionære som Ole Stig Lommer var tilbage i 1983.

God fornøjelse



Henrik Jensen





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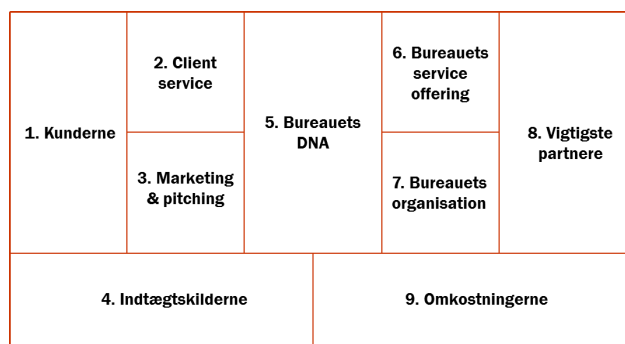
## Executive Summary

Danske bureaux overskudsgrad falder med 1% om året. De fleste danske bureaux har svært ved at dække deres omkostninger. Danske bureaux har brug for en bedre forretningsmodel. Den nuværende fungerer dårligt.

Der er forskellige bud på branchens fremtid. En ting er alle dog enige om. Bureaubranchen bliver i disse år ”disrupted” af den teknologiske udvikling. I 2016 er digitale bureaux for første gang den største bureautype. Alle scenarier for fremtiden peger på mere forandring og innovation af branchen. Fremtiden tilhører hybridbureauerne. Alle bureaux skal levere hurtigere, bedre og billigere. Nogle efterlyser stærkere og mere fokuserede ledere for at branchen skal overleve. Andre peger på, at det er de nystartede bureaux, som skal sikre branchens fremtid.

Fremtiden vil kun stille større krav til bureaux forretningsmodel. Det bliver sværere og mere krævende at være en succesrig bureauleder.

Fremtidens forretningsmodel for danske bureaux består af ni elementer. De ni elementer er bureauets kunder, client service, marketing & pitching, indtægtskilder, DNA, service offering, organisation, vigtigste partnere samt omkostninger. De ni elementer kan samles i en Bureau Canvas. Den er vist ved siden af. De ni elementer hænger sammen som et økologisk system. En ændring i et element har indflydelse på de øvrige elementer.



Der er ifølge syv internationale eksperter 23 forskellige udfordringer og trends indenfor fremtidens forretningsmodel. De er jævnt fordelt indenfor de ni elementer i bureaux forretningsmodel. Det er forhold som bureauets kategorividen, shareholder value, kunder som driver af bureauets forretningsmodel, andelen af meget tilfredse kunder, evnen til at samarbejde med andre bureaux, en mere automatiseret client service, bureaux som online BtB brands, kendskab til styrken af bureauets brand, en bedre pitchkultur, mere værdibaseret prissætning, årlige prisstigninger på 5%, work for equity, at vide hvad bureauet står for, serviceudvikling med kunderne, fokus eller diversifikation?, opkøb og fusioner, bureauets ledelse, tilfredse medarbejdere og talenter, en endnu bedre HR funktion, bureauet som en god partner, flere og bedre partnerne indenfor teknologi, ærlighed om bureauets evner samt ”You must run a tight ship”.

Nogle af udfordringerne har været kendt i årtier. Andre er en konsekvens af den teknologiske udvikling i disse år. Succesfulde bureaux finder løbende de trends, som påvirker deres forretning. De er hurtige til at tilpasse deres forretningsmodel til udfordringerne. De ender ikke som Kodak eller Blockbuster.

## 1. Hvordan ser dit bureaus forretningsmodel ud?

### 1.1. Hvad er en forretningsmodel?

Forretningsmodel er en oversættelse af det engelske ord business model. Begrebet udspringer af strategi-litteraturen.

I takt med kravene til hurtigere at tilpasse og justere sin strategi er begrebet forretningsmodel blevet aktuelt. Det hjælper med hurtigt at kunne adressere: Hvor er vi i dag? Hvor vil vi gerne hen? Hvordan kommer vi derhen?

Begrebet forretningsmodel anvendes i flæng i mange forskellige sammenhænge. Når dagen er omme, er det identisk med en model for dit bureaus forretning. Forretningsmodel handler om eksistensberettigelse. Om at skabe værdi. Den mest anvendte definition af en business model er

*“A business model describes the rationale of how  
an organization creates, delivers and captures value”*

Hvordan formår bureauet at skabe værdi, at levere værdi samt fastholde værdi? Oversat til bureausprog betyder det dit bureaus evne til at skabe bruttoavance. Har bureauet nogen medarbejdere, som kan udføre et stykke arbejde, der har en værdi, som nogle kunder vil betale for?

Et bureaus forretningsmodel måles ved dets evne til skabe bruttoavance og overskud. Har du vækst i bruttoavancen er bureauet blevet bedre til at skabe værdi. Er der en god bundlinje er bureauet god til at fastholde den værdi, det skaber.

Et bureau med en stigende bruttoavance og en højere overskudsgrad end de nærmeste konkurrenter har en forretningsmodel, som virker. Omvendt har bureauer med faldende eller stagnerende bruttoavance og en overskudsgrad under gennemsnit en forretningsmodel, der virker mindre godt.

Bureaubranchen er under forandring. Google, Facebook og Apple har forandret marketing landskabet for altid. Bureaubranchen er blevet og er i gang med at blive ”disrupted” af den teknologiske udvikling. Bureaubranchen gennemgår en transformation i disse år. For det enkelte bureau betyder det, at en løbende tilpasning og udvikling af forretningsmodellen er nødvendig for at overleve. Så bureauet ikke ender som Kodak og Blockbuster.

### 1.2. Danske bureauer har behov for en bedre forretningsmodel

Formålet med udvikling af dit bureaus forretningsmodel er at skabe mere værdi. Bureaubiz har med deres årlige Bureauanalyse lavet et uvurderligt værktøj til at evaluere de danske bureauers evne til at skabe og fastholde værdi.

De årlige Bureauanalyser viser tydeligt, at der er behov for innovation og forbedring af de danske bureauers forretningsmodel. Branchens overskudsgrad falder med 1 % om året. Og det på trods af en stigende bruttoavance. Se udviklingen i branchens overskudsgrad og bruttoavance i detfølgende.

	2007	2008	2009	2010	2011	2012	2013	2014
Vækst i bruttoavance	11,3%	10,7%	-10,1%	2,2%	7,0%	2,1%	1,9%	3,8%
Overskudsgrad	14,3%	11,3%	1,4%	6,8%	10,2%	8,6%	8,0%	7,6%

Kilde: Den årlige Bureauanalyse fra Bureaubiz

Hvis udviklingen fortsætter vil branchens overskudsgrad i 2020 være mindre end 3%. Den seneste Bureauanalyse viste endvidere, at 1 ud af 5 bureauer kører med underskud. Herudover er der 2% af de danske bureauer, som hvert år må dreje nøglen om. En højere andel end i andre brancher.

En sammenligning af den danske bureaubranche med de fem internationale bureaugrupper WPP, Publicis, Havas, Omnicom og IPG viser en identisk vækst i bruttoavance. Forskellen ligger i overskudsgraden. De internationale bureaugruppers forretningsmodel er væsentlig bedre til at fastholde den værdi, som de skaber. Gennemsnittet for de internationale bureaugrupper er 14%. Det er næsten dobbelt så højt som niveauet i den danske branche.

Den danske branche svarer i øvrigt størrelsesmæssigt til 1/2 af Havas, som er den mindste af de internationale bureaugrupper.

#### 88% af bureauerne skaber 1% af branchens overskud

De to største grupper af bureauer i Bureauanalysen er reklamebureauer og digitale bureauer. I 2015 udgaven udgjorde de 179 bureauer i de to kategorier næsten 3/4 af alle bureauerne i analysen. Digitale bureauer har de sidste tre regnskabsår formået at skabe væsentlig mere værdi. Bruttoavancen er vokset med over 10% om året. På trods heraf har de en lavere overskudsgrad end resten af branchen (6,1% i forhold til 8,1% for de øvrige bureauer). Hvis de ti bedst indtjenende digitale bureauer udelades, repræsenterer de resterende 51 digitale bureauer en bruttoavance på næsten 1,1 mia. Og et stort 0 som samlet overskud.

Den største gruppe af bureauer i Bureauanalysen er reklamebureauerne. I 2015 udgaven var der 118. Hvis de 11 bureauer med de største overskud udelades er der 107 bureauer tilbage. Der har en bruttoavance på lidt mere end 1,3 mia. Og laver et overskud på 2 mio.

158 bureauer med en samlet bruttoavance på 2,4 mia., som kæmper med at få dækket omkostningerne til det arbejde de laver for kunderne. De 158 bureauer svarer til 88% af alle bureauer i de to kategorier. Deres forretningsmodel fungerer dårligt i dag. Udviklingen vil i de kommende år kun sætte deres forretningsmodel under endnu mere pres.

Paul Roetzer, der har skrevet bogen "The Marketing Agency Blueprint", er ikke i tvivl om, at bureaubranchen er ved at blive "disrupted". Han mener, at branchen i mange år har været klar til at blive "disrupted". Det skete ikke under dotcom-bølgen for 15 år siden. Men nu sker det.

### 1.3. Det handler om ledelse

En konklusion er alle forskere enige om: Succes med forretningsmodellen handler ikke om teknologi. Det handler om ledelsesmæssige evner. Google opfandt ikke søgemaskinen. Men deres ledelse var dygtigst til at udnytte det forretningsmæssigt.

MyResearch lavede i 2015 en undersøgelse blandt de administrerende direktører på bureauerne i Danmark. På trods af den faktisk kritiske udvikling var 7 ud af 10 CEOs tilfredse med den økonomiske udvikling på deres bureau. Den succesfulde udvikling af forretningsmodellen starter med ledelsens erkendelse af, at der er behov for at udvikle og transformere forretningsmodellen.

Ifølge forskningen inkluderer de optimale ledelsesmæssige kompetencer også bureauets evne til hurtigt at tilpasse sig forandringerne i omgivelserne. Det handler om at have et indgående kendskab til din eksisterende forretningsmodel. Det handler om iværksætterånd. Det handler om at skabe en kultur drevet af faglighed og vindermentalitet. Det handler om organisatorisk læring. Det handler om at få både medarbejdere og kunder med på rejsen. Det handler om løbende udvikling af organisationsstrukturen. Det handler om udholdenhed og modstandskraft. Det handler om at finde balancen mellem at udnytte den gamle model og udvikle en ny model på samme tid.

Alle bureauer er en del af en eksisterende branche. En branche hvor den forretningsmodel, der virker i dag, skal tilpasses i morgen for at være succesfuld. Der er ikke noget alternativ til den løbende udvikling og tilpasning. Udvikling af din forretningsmodel er en konstant ”søge-lære” proces.

### 1.4. Hvordan ser dit bureaus forretningsmodel ud?

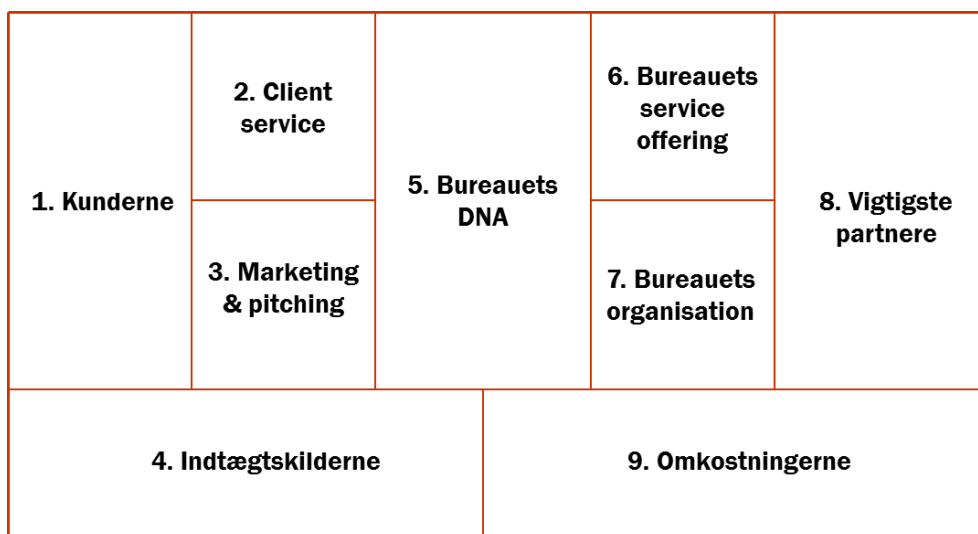
Alexander Osterwalder er en schweizisk forsker indenfor forretningsmodeller, strategi og ledelse. Han er kommet frem til, at alle forretningsmodeller kan inddeles i ni elementer. De ni elementer er samlet i hans Business Model Canvas.

En Business Model Canvas inddeler forretningsmodellen i fire overordnede områder: **Hvem** er kunderne? **Hvad** tilbyder bureauet kunderne? **Hvordan** laves dit bureaus serviceydelser? Hvordan tjener bureauet **Penge**?



Med Osterwalders Business Model Canvas kan der udledes en skræddersyet model til bureauer. En model som indeholder alle de relevante aspekter og faktorer i et bureaus forretningsmodel. En model som indeholder de ni elementer, der findes i et bureaus forretningsmodel.

## Et bureaux forretningsmodel består af ni elementer



Udviklingen af din forretningsmodel skal ske med udgangspunkt i et eller flere af de ni elementer. De ni elementer hænger sammen. Ligesom i et økologisk system. En ændring i et element har indflydelse på de øvrige elementer. Den succesfulde udvikling af din forretningsmodel sker når alle relevante elementer er tilpasset.

Læs mere om de ni elementer i et bureaux forretningsmodel i det følgende.

Hvordan ser fremtidens forretningsmodeller ud for de danske bureauer?

1. Kunderne	<ul style="list-style-type: none"> <li>Hvem skaber bureauet værdi for?</li> <li>Hvem er bureauets vigtigste kunder?</li> </ul>
2. Client service	<ul style="list-style-type: none"> <li>Hvordan servicerer bureauet kunderne?</li> <li>Hvordan fastholdes og udvikles relationerne til kunderne?</li> </ul>
3. Marketing & pitching	<ul style="list-style-type: none"> <li>Hvordan markedsfører bureauet sig overfor nye kunder?</li> <li>Hvor god er bureauet til at tiltrække nye kunder?</li> </ul>
4. Indtægtskilderne	<ul style="list-style-type: none"> <li>Hvordan betaler kunderne bureauet?</li> <li>Hvad betaler kunderne bureauet for?</li> </ul>
5. Bureaues DNA	<ul style="list-style-type: none"> <li>Hvad laver bureauet til kunderne?</li> <li>Hvad er det for et problem bureauet løser for kunderne?</li> </ul>
6. Bureaues service offering	<ul style="list-style-type: none"> <li>Hvilke services og ydelser er nødvendige for at levere bureaues DNA?</li> <li>Hvad laves der på bureauet?</li> </ul>
7. Bureaues organisation	<ul style="list-style-type: none"> <li>Hvilke organisatoriske kompetencer er nødvendige for at levere bureaues DNA?</li> <li>Hvilke ressourcer kræver det at drive bureauet?</li> </ul>
8. Vigtigste partnere	<ul style="list-style-type: none"> <li>Hvem er bureaues vigtigste partnere?</li> <li>Hvordan samarbejder bureauet med de vigtigste partnere?</li> </ul>
9. Omkostningerne	<ul style="list-style-type: none"> <li>Hvordan er bureaues omkostningsstruktur?</li> <li>Hvilke omkostninger kræves der for at levere bureaues DNA?</li> </ul>

## 2. Bureaubranchen på vej mod 2020

Før du kan starte med at udvikle og transformere din forretningsmodel skal du have sat nogle overskrifter på fremtidens konkurrence situation. Hvad er det for vilkår bureauet konkurrerer på? Hvilke trends kommer til at forandre de vilkår? Og ikke mindst hvordan?

Forskningen er ikke i tvivl: jo bedre du er til at forudsige scenarierne for fremtiden, des større succes får bureauet. Det afgørende er at finde de trends, som passer til dig og dit bureau i det kommende år. Derefter tilpasser du forretningsmodellen hertil. Det er lige der, at dit bureaus konkurrencemæssige fordel opstår.

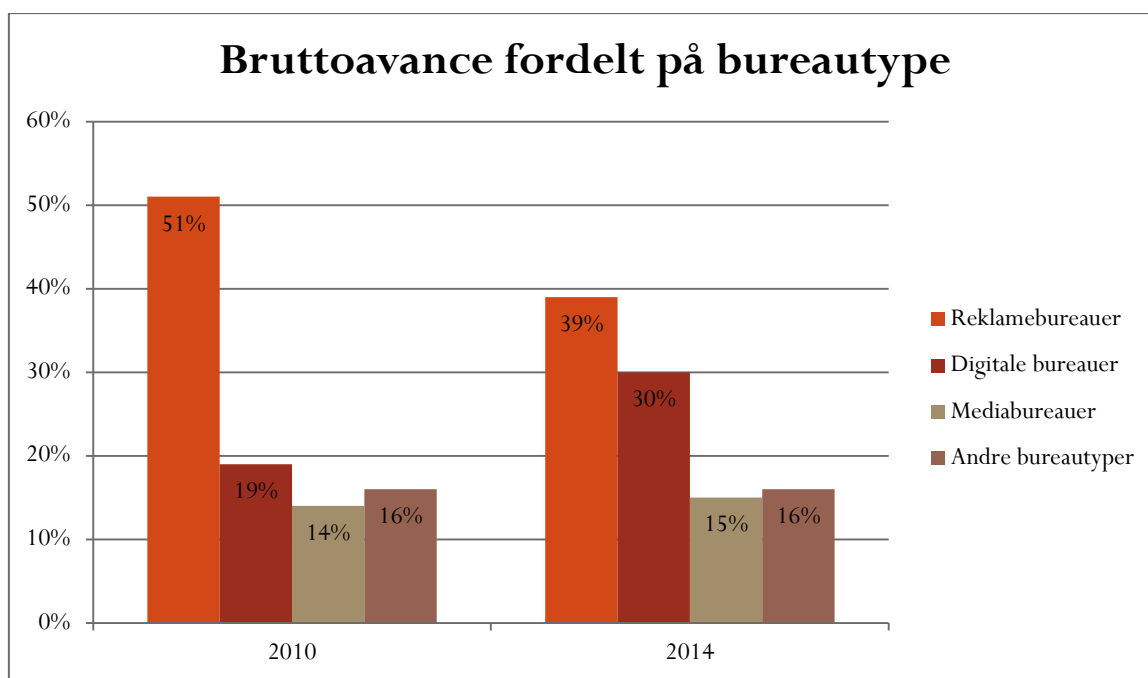
De vigtigste specifikke fremtids scenarier kan være forskellige fra bureautype til bureautype. Det er en individuel øvelse. Der er mange forskellige bud på de vigtigste trends på vej mod 2020. Fællesnævneren er en teknologisk udvikling, som stiller større krav til udvikling af bureauets forretningsmodel. Nedenfor er samlet seks aktuelle bud. De har forskellige tilgange. Alle er baseret på internationale undersøgelser og eksperter. Find de trends som er relevante for dig og dit bureaus konkurrencesituation. Og tilpas elementerne i din forretningsmodel hertil.

Seks bud på de vigtigste trends på vej mod 2020	
1	Den seneste forskning om branchers udvikling
2	Ti trends fra den internationale bureau-CEO
3	De otte byggeklodser i et succesfuldt 2020 bureau
4	Digital konvergens skaber en mutation af bureaubranchen
5	Stærkere og mere fokuseret lederskab efterlyses!
6	Hybridbureauerne vinder til sidst!

### 2.1. Den seneste forskning om branchers udvikling

Definitionen af bureaubranchen har ændret sig over tid. Ligesom mange andre brancher er den gået fra at være homogen til at blive mere heterogen. I tidernes morgen var den domineret af reklamebureauer. I 90'ernes kom mediabureauerne på banen. I dette århundrede er det tilgangen af digitale bureauer, som har præget udviklingen.

Reklamebureauerne udgør en stadig mindre del af den værdi bureaubranchen skaber. I 2010 udgjorde reklamebureauerne 51% af branchens bruttoavance. I 2014 var andelen faldet til 39%. Faldet modsvarer den stigning, som digitale bureauer har oplevet. Mediabureauerne og alle øvrige bureauer har i samme periode udgjort en konstant andel af bureaubranchen.



Kilde: Bureauanalysen fra Bureaubiz

Der er masser af dynamik i den danske bureaubranche. På få år er der sket store forskydninger mellem de forskellige bureautyper. Digitale bureauer vil i år være den største bureautype i den danske bureaubranche. For første gang i branchens historie er det ikke mere reklamebureauerne, som er den største gruppe.

Rajshree Agarwal er en amerikansk professor fra University of Maryland. Hun forsker i udviklingen af brancher. Hendes resultater viser, at der er masser af dynamik i alle brancher. Det er innovation, som skaber dynamikkerne i brancherne. Nye digitale marketingplatforme er en af disse innovationer. En innovation, der har betydet, at 1/3 af den danske bureaubranche i dag udgøres af rene digitale marketing bureauer. Herudover udgør de nye digitale marketingplatforme størstedelen af den værditilvækst, som skabes i de øvrige bureautyper.

De nye digitale marketingplatforme vil fortsætte med at skabe innovation i bureaubranchen. De konstante innovationer giver mere brancheglidning. Begrebet branche er i dag mere en samling af forskellige clusters i et økosystem end en entydig definition af alle spillere på markedet.

Agarwals forskning peger stadig på fem faser i en branches livscyklus. Hun siger også, at prisen falder konstant gennem de fem faser i en branches livscyklus. Den gennemsnitlige bruttoavance pr. medarbejdere falder med 2% om året. Hvis bureaubranchen ligner andre brancher, vil denne udvikling fortsætte frem mod 2020.



### Det er nye bureauer som driver branchens innovation

Innovation i brancher kommer primært udefra. Enten ved at andre diversificerer ind i branchen. Eller ved, at der sker nyetableringer i form af start-ups.

De mest succesfulde start-ups er ”able founders”. Det er bureauer, hvis grundlæggere har en viden om branchen og markedet. Typisk i form af erfaring fra eksisterende bureauer. Eksempler fra de senere år er Another, Orchestra, Blackwood Seven, Think Digital mv. Flere af dem vil efter 10 år være toneangivende i branchen. Eksempler herpå er Magnetix og Hjaltelin Stahl. De toneangivende bureauer i den danske bureaubranche i 2025 er i gang med at blive etableret i disse år.

John Sutton er en anden forsker indenfor udvikling af brancher. Han er kommet frem til, at brancher skabes af virksomheder. Virksomheder skabes af iværksættere. Det er disse iværksættere og deres innovationskraft, som alle brancher har brug for. Jo mere disse iværksættere konkurrerer, des mere innovation skabes der. Det er derfor vigtigt, at den danske bureaubranche tiltrækker fremtidens talenter. Så de ikke går til gastronomi, arkitektur eller film.

De mest succesfulde diversifikationer kommer fra spillere, der er beslægtet med den eksisterende branche. Det er f.eks. mediabureauernes lancering af nye services til eksisterende kunder. Services som tidligere primært blev udbudt af enten reklamebureauer, digitale bureauer eller analysebureauer. Det kan også være spillere, som er repræsenteret på andre markeder, men som gerne vil ind på det danske bureaumarked. Svenske Vaimos opkøb af ehandels bureauet Customerwise i Kolding i januar 2016 er et eksempel herpå. De seks bureauer som sammen med &Co i starten af 2014 dannede NoA – The North Alliance – er endnu et eksempel herpå.

Internationalisering af den danske bureaubranche er vigtigt for branchens værdiskabelse. Professor Bruno Cassiman fra IESE Business School i Barcelona har fundet frem til, at jo flere internationale relationer en branche har, des mere værdi skaber den. På trods af, at de internationale bureaugrupper nok ikke har den store appetit på at investere i det danske bureaumarked, er deres repræsentation afgørende for en innovativ og dynamisk branche.

### Eksisterende bureauer sidder fast i deres historiske forretningsmodel

De eksisterende spillere på markedet skaber sjældent innovationen. De har en forretningsmodel, som virker. Det giver en indbygget inertie eller ”dominant logic”. Der gør, at de ikke er motiveret til at drive branchens innovation. Hvis der sker radikale forandringer i omverden vil det etablerede bureau være låst af deres ”dominant logic”. Det er en barriere for udviklingen af deres forretningsmodel.

Clayton Christiansen fra Harvard Business School har beskrevet dette fænomen i ”The Innovators Dilemma”. Etablerede spillere var innovative dengang, de blev lanceret. Det som gjorde dem succesfulde engang, holder de fast i. Og bliver ved med at tro på. Og det selvom omverden ser fundamentalt anderledes ud. Jim Collins kalder det i bogen ”How The Might Fall” for, at organisationen er blevet vidende fremfor lærende.

Bruno Cassiman fastslår, at succes ikke handler om en enkelt innovation. Et bureaux konkurrencemæssige position er defineret af det akkumulerede antal succesfulde innovationer. Derfor skal du konstant forsøge at skabe udvikling og innovation af bureauets forretningsmodel. Eksempler på bureauer, der blev etableret i sidste århundrede, men som alligevel har formået at skabe og fastholde værdi i disse år er Kunde & co, Envision, Advice, Umwelt samt ikke mindst de store mediabureau-grupper.

For at den danske bureaubranche skal fortsætte med at skabe værdi i de kommende år er innovationen af branchen nødvendig. Forhold som ændring i fordelingen mellem de forskellige bureautyper, udnyttelse af de nye digitale marketingplatforme, brancheglidning og faldende priser er alle faktorer, som bidrager til branchens dynamik.

De primære drivere af branchens innovation vil komme flere steder fra. Det vil være bureauer, som etableres af ”able founders”. Det vil være diversificerende spillere i beslægtede brancher og bureautyper. Det vil være den del af de etablerede bureauer, som formår at skabe tilstrækkelig innovation af deres eksisterende forretningsmodel.

#### Spørgsmål til den seneste forskning om branchers udvikling:

- ✓ Om 10 år er branchen sandsynligvis domineret af bureauer, som ikke findes i dag. Hvad skal vi gøre i dag for at være et af de dominerende bureauer om 10 år?
- ✓ Hvis vi skulle starte bureauet forfra i morgen, hvordan ville bureauet og dets forretningsmodel se ud?
- ✓ De digitale marketingplatforme transformerer bureaubranchen. Hvad skal vi gøre for at tilpasse bureauets forretningsmodel hertil?

### 2.2. Ti trends fra den internationale bureau-CEO

På AdForums Worldwide Summit i New York i oktober 2015 var der samlet 23 CEOs fra større internationale (og amerikansk baserede) bureauer. En konklusion på konferencen var ti trends for bureaubranchen. Selvom de er baseret på store amerikanske bureauer med et globalt footprint, kan de med fordel også anvendes af danske bureauer.

De ti trends er:

#### 1. Maturity and normalization

Creative agencies have digested the digital revolution. Once seen as out of step, they have reconfigured, re-emerged and regained control. Ironically, given the primacy of content, many digital agencies have now strayed onto the territory of the creative networks. The remaining digital agencies are becoming more specialized than ever.

#### 2. Re-bundling communication services

Increased complexity is stimulating the integration of agency services. Clients want simplicity and the ghost of “full service” is hovering. Both media and production are being taken back inside agencies as they adapt content for social integration, experiential and enhanced engagement. This could spell trouble for the media agencies.

### 3. From silos to specialism

But the integrated model won't look like it did before: agencies have developed new structures in order to stay "agile and nimble". Whatever the buzzword, it comes down to making sure teams are multi-disciplinary, reactive and flexible.

### 4. Technology is not an attribute

Digital is now everyone's focus. In fact it's the new normal, so digital agencies are finding it hard to differentiate themselves. The game now is in the way you apply the principles of digital. Technology isn't everything – you need more.

### 5. From big data to smart data

As data continues to transform the industry, including in the area of performance accountability, there is a shift from data mining towards data interpretation that leads to action. Data and ideas should work in tandem. Real-time marketing is on the increase and smart metrics are seen as a driver of efficiency.

### 6. It's about business, not just communications

Agencies are heading back for the client boardroom as they evolve into consultancies. As a result, they are meeting a larger set of competitors. Nonetheless, they see their goal as "solving any business issue" – not just those that require an advertising response.

### 7. Product innovation

Many agencies at the Summit referred to their involvement in developing products ("DO" instead of "TELL"). They are adopting a product-first approach to the customer, as the product and the related experience are more important than the advertising. Design a good product, then work on building the relationship.

### 8. The return of emotionally-grounded creative

While in previous years agencies fought to prove their efficiency through complex web tactics supported by an avalanche of Views and Likes, we are witnessing the return of simple heart breaking stories. This may reflect a perceived need for brands to be "authentic".

### 9. Iterative and real-time marketing

Thanks to smart use of data, campaigns can "learn" in real time and adapt to consumer responses as if they're living, breathing things. Missteps can be corrected and messages subtly retuned.

### 10. Collaborate, don't brief

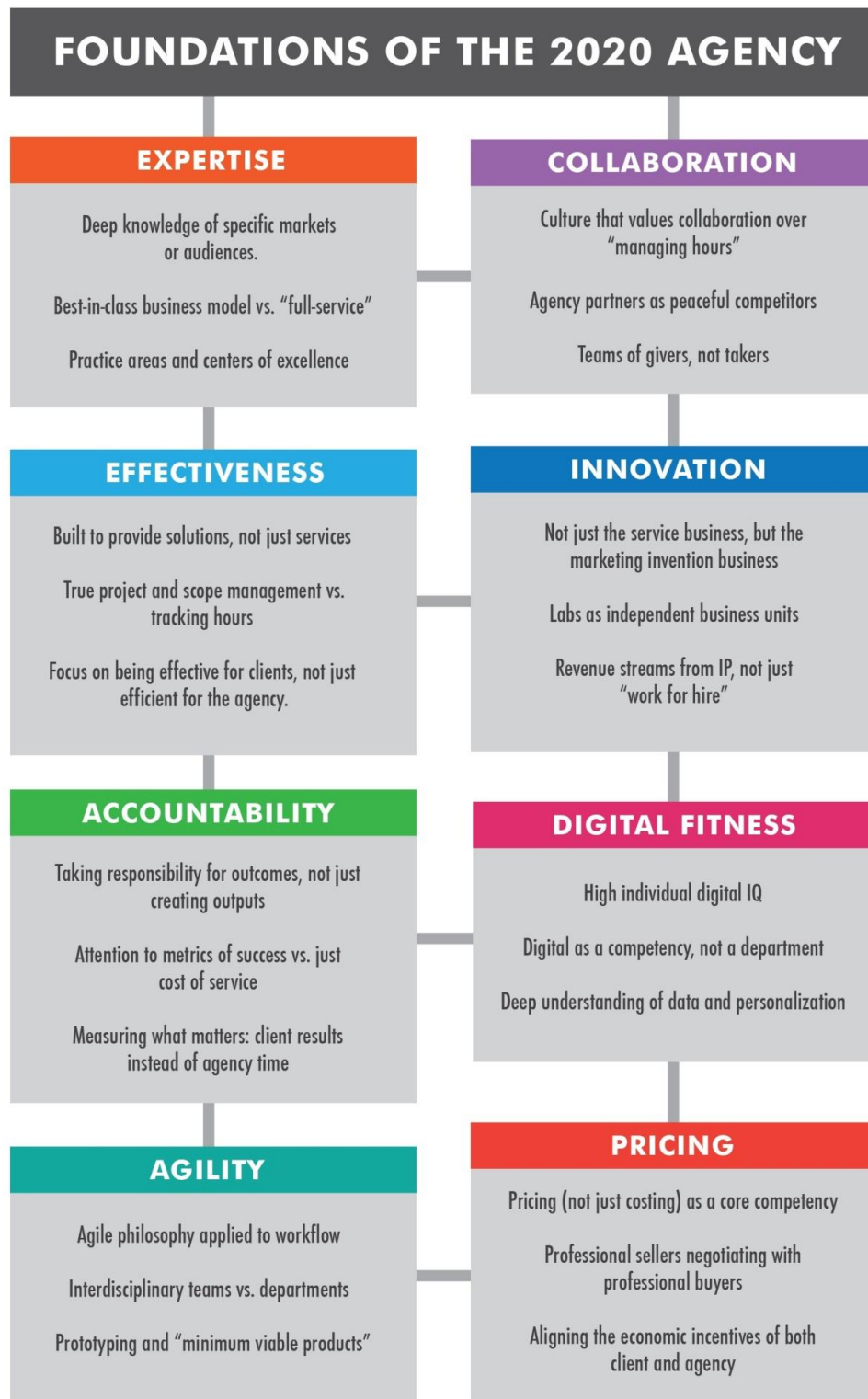
Real time marketing and the new silo-free structure leave little room for the conventional brief. Instead, both client and agency are developing a collaborative approach to work processes. Today's multiplatform environment requires an on-going partnership rather than a campaign over a fixed period.

## Spørgsmål til de ti trends fra den internationale bureau-CEO:

- ✓ Hvordan påvirker de ti trends bureauet i det kommende år?
  - Brug en skala fra 1-5, hvor 5 er meget stor betydning, 4 er stor betydning, 3 er gennemsnitlig betydning, 2 er mindre betydning og 1 er ingen betydning.
- ✓ For de trends som scorer meget stor betydning eller stor betydning (4 eller 5): Hvilke konsekvenser har det for tilpasningen af bureauets forretningsmodel i det kommende år?

### 2.3. De otte byggeklodser i et succesfuldt 2020 bureau

Ignition Consulting Group i USA er en konsulent- og rådgivningsvirksomhed. De hjælper bureauer med at finde frem til en bedre forretningsmodel. Med udgangspunkt i kundernes udfordringer frem mod 2020 har de identificeret otte områder. Det er deres bud på de otte byggeklodser, der findes i succesfulde bureauer i 2020.



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Spørgsmål til de de otte byggeklodser i et succesfuldt 2020 bureau:

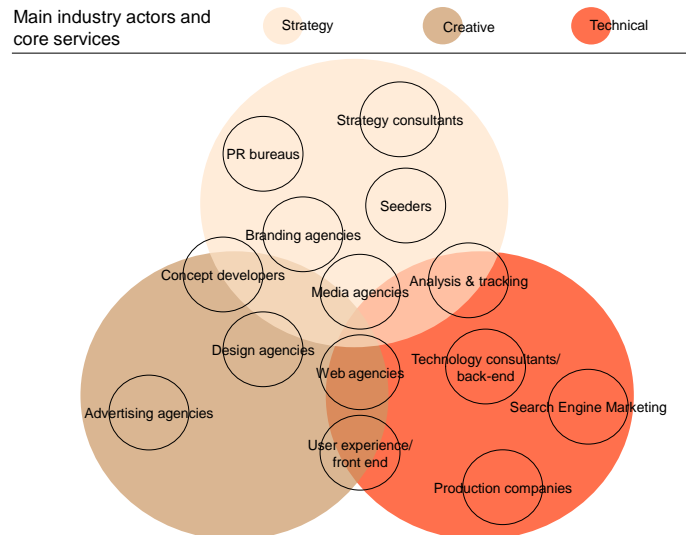
- ✓ Hvor gode er vi som bureau indenfor hver af de otte byggeklodser: Expertise, Collaboration, Effectiveness, Innovation, Accountability, Digital Fitness, Agility og Pricing?
  - Brug en skala fra 1-5, hvor 5 er meget stort forbedringspotentiale, 4 er stort forbedringspotentiale, 3 er gennemsnitligt forbedringspotentiale, 2 er mindre forbedringspotentiale og 1 er intet forbedringspotentiale
- ✓ For de byggeklodser som scorer meget stort forbedringspotentiale eller stort forbedringspotentiale (4 eller 5): Hvilke konsekvenser har det for tilpasningen af bureauets forretningsmodel i det kommende år?

#### 2.4. Digital konvergens skaber en mutation af bureaubranchen

En norsk forsker ved navn Markus Bugge har kigget nærmere på, hvordan begrebet digital konvergens ændrer bureaubranchen i Norge. Han taler om en ”mutation” af bureaubranchen. Mutation stammer fra naturvidenskaben. Det er udtryk for en ændring i en celledns DNA. Mutationen er en fordel i de tilfælde, hvor mutationen fører til, at individets efterkommere har større chance for at overleve end det muterede individ.

Begrebet digital konvergens refererer til, at de fire brancher IT, tele, forbrugerelektronik og underholdning smelter tættere og tættere sammen til en branche. Det er teknologiske forandringer, som driver forandringerne, og redefinerer brancherne. Google, Youtube, Facebook, smartphones, ”programmatic” mv. er alle fænomener, der er opstået som en konsekvens af den digitale konvergens. Digital konvergens er urkraften bag den digitale transformation af forbrugere, annoncører og bureaubranchen.

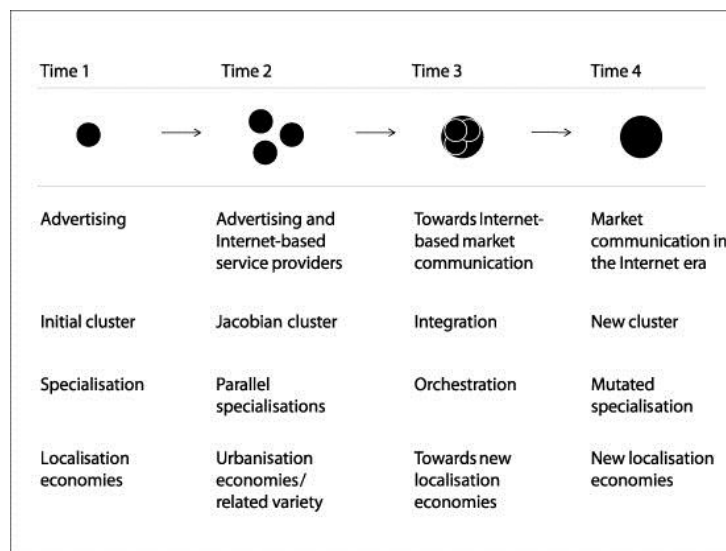
Ifølge Bugge er den digitale konvergens i færd med at mutere bureaubranchen for bestandig. Mutationsprocessen er i gang. Det er udelukkende et spørgsmål om, hvad der sker hvornår. Bugge har identificeret tre overordnede typer af service områder indenfor internet baseret kommunikation: udvikling af kreativt indhold, strategisk rådgivning og teknisk implementering.



Kilde: Markus M. Bugge – Main service providers and services in internet based market communication

Alle bureaux DNA - eller value proposition - skal tage sit afsæt i et af disse tre overordnede service områder. Ellers overlever de ikke i ”den nye” bureaubranche. Via 50 interviews med forskellige aktører i bureaubranchen har Bugge identificeret 14 forskellige bureautyper eller kerneydelser indenfor de tre overordnede serviceområder.

Bugge forudsiger, at bureaubranchen vil udvikle sig i fire faser. Første fase er før den digitale konvergens begyndte at påvirke branchen og dens struktur. Det var før, de digitale bureauer fik fodfæste i branchen. De gode gamle dage er der sikkert nogle, som vil kalde fase 1.



Kilde: Markus M. Bugge - Cluster evolution across advertising and internet-based market communication

I fase 2 begynder digital konvergens at spille ind på bureauerne i branchen. Der kommer flere og flere digitale bureauer. Der er en udbredt grad af samarbejde mellem de nye digitale bureauer og de eksisterende bureauer. De digitale bureauer fungerer i høj grad som underleverandører til de øvrige bureauer i branchen. I fase 2 opstår der også en lang række nye bureauer på baggrund af det nye paradigme. Af danske cases kan nævnes DIS/play, Zupa mv.



I fase 3 – som vi ifølge Bugge er i nu – begynder en tættere integration mellem digitale services og klassiske bureauydelser. De etablerede bureauer begynder i stigende grad at udvikle deres forretningsmodel. Den inkluderer nu egne afdelinger med digitale services såsom search, sociale medier mv. Der sker også en række opkøb og fusioner, som blander digitale kompetencer med det klassiske bureauhåndværk. Danske eksempler er fusionen af Gorm Larsen og Zornig til Gorm Larsen & Zornig, Umwelts opkøb af Fonqi samt Recommendeds opkøb af Zupa (som endte med en skilsmisse 4½ år senere). I Norge købte et af de førende reklamebureauer – TRY – for mere end 10 år siden det digitale bureau Apt. De er stadig ”gift”, og har erhvervet sig en dominerende position på det norske marked med deres forretningsmodel.

I fase 4 er mutationen tilendebragt. Der er tale om en ny bureaubranche, hvor alle dominerende spillere har integreret teknologi, kreativitet og strategisk rådgivning. Hvordan sker denne integration? Er det via samarbejde eller ejerskab? Er det full service bureauet, som er kommet tilbage? Nu i en version som passer til det 21. århundrede? En version som kan kaldes ”integration-of-specialists”? Eller ”det integrerede bureau”, som Mindshare har positioneret sig som?

#### Spørgsmål til digital konvergens skaber en mutation af bureaubranchen:

- ✓ Den digitale konvergens skaber en mutation af bureaubranchen. Uanset om det kaldes ”full service”, ”integration-of-specialists” eller ”det integrerede bureau” vil der ske en konsolidering. Hvilken betydning får det for os og vore kunder næste år?
- ✓ Hvilken betydning får det for os og vore kunder om tre år? Hvordan skal vi reagere?

#### 2.5. Stærkere og mere fokuseret lederskab efterlyses!

Michael Farmer fra Farmer & Co er en ældre herre, som har arbejdet som management konsulent i 40 år (!). De seneste 25 år har han arbejdet med bureauer og kunder indenfor primært reklamebureauer.

Han har i 2015 udgivet bogen ”Madison Avenue Manslaughter”. Den peger på, at (reklame) bureauer er på vej mod selvdestruktion. Ikke på grund af den digitale udvikling. På grund af dårligt lederskab.

Prisen på reklamebureauernes ydelser er faldet med 5% om året i de seneste 10 år. Det viser en analyse af de projekter, som Farmer & Co har været involveret i de seneste 10 år. Prisen falder fordi bureauernes arbejdsbyrde stiger med 2-3% om året. Samtidig falder indtægterne med 2-3% om året. Efter 15 år vil konsekvensen være, at reklamebureauer får ½ honorar for det samme arbejde.

Reklamebureauerne har reageret på udviklingen ved at nedbemande og reducere omkostningerne. Det er ifølge Farmer ikke den rigtige løsning, hvis reklamebureauerne vil generobre deres position overfor kunderne. Det er en anden kultur og ledelsesstil, der er løsningen.

Han ser tre hovedudfordringer for bureaubranchen

### 1. The Workload challenge

- Bureauer skal blive markant bedre til at måle, følge og dokumentere deres ressourceforbrug i form af tid på opgaver. Kun herved har de mulighed for at få en bedre betaling. Det kræver en kulturændring i form af nye politikker, værktøjer og organisatorisk disciplin.

### 2. The Mission challenge

- Reklamebureauer skal redefinere deres positionering fra kun at handle om kreativitet til i højere grad at omfatte ”results for clients”. Denne positionering giver muligheder for en højere timepris. Og for igen at blive en strategisk partner for kunderne. Konkurrenterne er management konsulenterne. Det kræver opgradering og investering i bureauets kompetencer og forretningsmodel.

### 3. The Accountability challenge

- Bureauer er ikke anderledes end andre typer af virksomheder. De skal ledes og drives som andre professionelle virksomheder. Ikke nogen ”creative-laissez-faire” kultur. Succesfulde kreative organisationer kræver et fokuseret lederskab med målstyring og performance reviews.

Michael Farmer mener, at årsagen til problemerne findes på direktionsgangen hos bureauerne. Det er også der, at løsningen skal findes. Branchen mangler dog stærkere ledere. Ledere som er klar til at få løst op for de tre udfordringer.

Farmer kommer med 10 gode råd. Hvis de følges, kan det starte en succesfuld transformation af bureauet og dets forretningsmodel:

1. Erkend det fundamentale problem
  - Lav en gennearbejdet historisk analyse af bureauets SOW (Scope of Work) arbejdsmængde, tilhørende betaling og ressource allokering pr. kunde. Der vil ikke være nogen sammenhæng mellem prissætning og arbejdsmængde.
2. Afstå fra nedskæringer og udskydelse af investeringer
  - Et mindre bureau, som ikke har investeret i de rette kompetencer, er ikke løsningen. Farmer mener, at transformationen kan ske på to år.
3. Lav en ambitiøs handlingsplan for, hvordan bureauet hæver prisen
  - Hvad skal der til for at bureauet kan få en bedre betaling for arbejdet? Det kræver bl.a. investering i SOW (Scope of Work) kompetencer.
4. Mål og følg løbende op på bureauets arbejdsbyrde
  - På alle kunder implementeres et ensartet format til måling af SOW (Scope of Work) arbejdsmængden. Hvad får bureauet betalt for hvilke typer af opgaver? 100% implementering er målet på trods af de mulige kulturelle barrierer.
5. Lav en klar fordeling af ansvarsområder og målsætninger
  - Ændr kulturen. Få de ansatte til at tage et medansvar for arbejdsmængde, tilhørende betaling og ressource allokering pr. kunde.
6. Etabler faste opfølgingsprocedurer
  - Alle medarbejdere får kvartalsmæssigt review af deres indsats og resultater. Især funktioner med kundekontakt er afgørende for succes.
7. Prioriter at bureauet bliver betalt for alt udført arbejde
  - Genforhandlinger tages seriøst og forberedes minutiøst. Det er lettere at få prisen op ved at få betalt for alt udført arbejde, end det er at forhandle bedre priser og betingelser.



8. Erkend at kunderne er styret af ”value for money”
  - Bureauets opgave er at forbedre vækst og indtjening for kunderne. Kreativitet bidrager til at levere resultater. Men det er ikke altid den eneste løsning. Balancen skal skifte fra ”vi er kreative” over mod ”vi er dedikerede til at levere resultater”.
9. Hav en holdning til hvordan kommunikation skaber resultater
  - Bureauerne skal blive bedre til at udvikle en holdning til, hvordan kundernes udfordringer med vækst og indtjening kan løses af kommunikation. Invester i bureauets intellektuelle kapacitet. Gør bureauets viden og holdninger eksternt tilgængelige.
10. Opgrader client service og strategisk planning
  - Client service funktionen skal ikke udelukkende bestå af projektledere. En client service funktion skal have strategiske evner. Konkurrenten er management konsulenten med speciale i brand performance. Bureauer skal genetablere sig selv indenfor ”strategic brand and performance consulting”. Alternativet er, at kunderne kun vil betale for koordination af kreative processer. Kunderne skal nok finde en løsning på deres udfordringer. Det er mere, om bureauerne er en del af den.

Farmers udgangspunkt er reklamebureauerne. Der er dog helt sikkert også en række andre bureautyper, som konkurrerer på samme vilkår. Fremtidsscenariet kan blive de samme for alle andre bureautyper. Medmindre forretningsmodellen udvikles og tilpasses i tide.

### Spørgsmål til stærkere og mere fokuseret lederskab efterlyses:

- ✓ Har vi som bureau et problem med vores prissætning? Er vores bruttoavance pr. medarbejder stigende?
- ✓ Hvis ikke: Hvilke af Michael Farmers 10 gode råd kunne vi som bureau med fordel følge? Hvordan skal vi følge de relevante gode råd i det kommende år?

## 2.6. Hybridbureauerne vinder til sidst!

Paul Roetzer har skrevet bogen ”The Marketing Agency Blueprint”. Han tror på ”open source” og dermed en mere åben og samarbejdende fremtid for bureaubranchen.

I hans fremtidsscenarie kommer der til at være seks typer af bureauer: hybridbureauer, traditionelle bureauer, specialistbureauer, marketing konsulent bureauer, IT marketing software bureauer og freelancere. Hovedparten af bureautyperne fandtes ikke for 10 år siden.

Fremtiden tilhører hybridbureauerne. En hybrid er en krydsning mellem flere genetiske egenskaber. Hybridbureauernes DNA er en kombinationen af IT færdigheder og det gamle reklamebureauhåndværk.

Denne kombination vil ”disrupte” de traditionelle bureauer. Det er nærmest som i en krig mellem det gode og det onde. Branchen har i mange år været klar til at blive ”disrupted”. Under dotcom-bølgen skete det ikke. Men nu sker det. Udfordringerne er de samme, som de hele tiden har været. Der er masser af muligheder for at ”disrupte”.

De traditionelle bureauer er eksisterende bureauer, som er stærke i de traditionelle bureau-discipliner. De vil tabe markedsandele i forhold til andre bureautyper. De traditionelle bureauer kan ifølge Paul Roetzer godt transformere sig til at blive et hybridbureau. Det kræver dog, at de tilpasser sig hurtigere og bedre til fremtidsscenarierne. Som i en "turn-around"-proces, hvor de kæmper for bureauets overlevelse.

Hybridbureauer er mere adrætte, teknologi kyndige og åbne for samarbejde på tværs. De vil ændre branchen. Dybden, alsidigheden og drivet i deres talentmasse vil være hjørnестenen i forandringerne. Styrken og stabiliteten ligger i den konstante forandringsproces: "Change is the only constant". Evnen til at eksekvere og tilpasse sig hurtigere end konkurrenterne er afgørende. At genopfinde sig selv og udvikle bureauets forretningsmodel løbende er et must.

Den nye verden vil skabe nye indtægtskilder gennem et mix af services, konsulenttydelser, uddannelse, publishing og softwaresalg. Prissætning sker ikke mere på timer, men på den værdi som bureauet skaber.

Digitale services og IT færdigheder bliver en del af alle bureaux DNA. Kombineret med de traditionelle metoder vil integrerede kampagner blive eksekveret hurtigere. Investeringer i infrastruktur i form af processer og systemer giver bedre og hurtigere service til kunderne samt højere effektivitet og produktivitet til bureauet.

### Spørgsmål til hybridbureauerne vinder til sidst:

- ✓ Hvad karakteriserer os? Er vi mest et hybridbureau eller mest et traditionelt bureau? Hvordan bliver vi i højere grad et hybridbureau?

### 3. Hvordan ser fremtidens forretningsmodel ud for dit bureau?

I dette kapitel samles en række internationale eksperter på, hvilke udfordringer og trends bureauer står overfor frem mod 2020. Indsamlingen er sket via interviews og/eller en gennemgang af deres litteratur på området.

Kilderne har været

#### Tim Williams:

Har etableret Ignition Consulting Group i Utah, USA. Er taler ved alle større bureauleder konferencer i disse år. Har specialiseret sig i bureauernes forretningsmodeller med særligt fokus på positionering. Har skrevet flere bøger om emnet - bl.a. "Positioning for Professionals".

#### Paul Roetzer:

Er CEO for bureauet PR 20/20, som ligger i Cleveland, USA. Har skrevet bogen "The Marketing Agency Blueprint". Her argumenterer han for, at fremtidens forretningsmodel kræver mere teknologi og mindre afhængighed af timepriser.

#### Mark Cranmer:

Er baseret i London med egen konsulentvirksomhed. Har en lang karriere som international leder i alle typer af bureauer. Startede på reklamebureauet BBH i London og har været europæisk chef for mediabureauet Starcom. Senest stod han for at udvikle og lancere de digitale bureauer iProspect samt Isobar som globale brands.

#### James Hurman:

Er tidligere kaldt en af verdens bedste plannere. Har base i New Zealand med egen konsulentvirksomhed indenfor innovation. Har skrevet bogen "The Case for Creativity". Den beviser sammenhængen mellem kreativitet og kommerciel succes. Og dermed kreativitets betydning for bureauer og deres forretningsmodel.

#### Robert Craven:

Er baseret i Bath i England med konsulentvirksomheden "The Directors Centre". Har bl.a. rådgivet en række digitale bureauer omkring deres strategiske udvikling. Er forfatter til bogen "Grow Your Digital Agency".

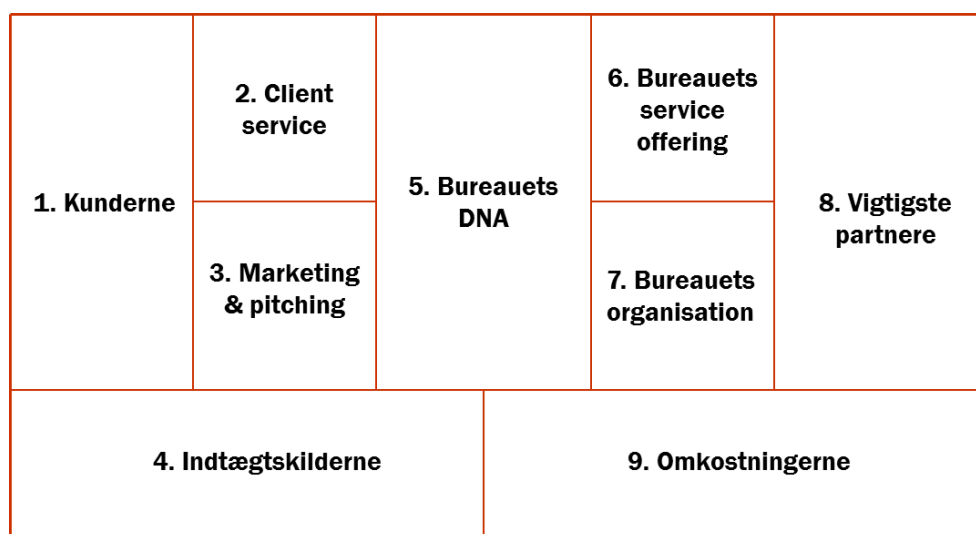
#### Michael Farmer:

Driver konsulent virksomheden Farmer & Co med base i New York. Har i 2015 udgivet bogen "Madison Avenue Manslaughter". Den er baseret på hans 25 år lange konsulenterfaring fra bureauverden.

#### Rick Webb:

Er baseret i New York. Arbejder i dag som partner i et venture selskab. Har på baggrund af egne erfaringer fra opstart og salg af bureau i 2015 udgivet bogen "Agency: Starting a creative firm in the age of digital marketing". Den er en håndbog i udvikling af forretningsmodellen for kreative specialistbureauer.

Kapitlet er struktureret omkring de ni elementer i et bureaus forretningsmodel.



Kapitlet kan anvendes, som inspiration til udvikling af din forretningsmodel indenfor det enkelte element.

Til at supplere de internationale bud på trends og udfordringer er medtaget en række danske cases og analyser. Der er sikkert mange andre gode danske cases. De medtagne er begrænset til dem, som forfatteren har kendskab til.

Inkluderet er også en række relevante ledelsesspørgsmål til det enkelte element i forretningsmodellen. Spørgsmål som sammen med de aktuelle trends og udfordringer kan starte diskussionerne i bureauets ledelse. Diskussioner som gerne skulle føre frem til en mere succesfuld forretningsmodel.

### 3.1. Kunderne

Kunderne handler om, hvilke kunde-segmenter dit bureau er sat i verden for at servicere. Hvem er det bureauet skaber værdi for? Hvem er bureauets vigtigste kunder? Kunderne er og bliver det centrale i et hvert bureaus forretningsmodel. Uden gode og profitable kunder er der ingen bureauer som kan overleve.

#### Der er 24 kunder til hvert bureau

MyResearch spørger i deres årlige MyImage undersøgelse 3.500 respondenter fra ca. 2.000 forskellige virksomheder og organisationer om deres vurdering af de danske bureauer. Der er 2.000 kunder i Danmark med et behov for bureausamarbejde.

I analysen spørger de til kundernes anvendelse af seks forskellige bureautyper. Danske bureaukunder anvender i gennemsnit tre bureautyper. Den største bureautype er reklamebureauer, som anvendes af 84% af kunderne. Anvendelse af mediabureau og digitalt bureau deler 2.pladsen med godt 70% af kunderne.

Det danske bureaumarked består af 6.000 bureaukunder (2.000 kunder og 3 bureauer i gennemsnit). I den seneste Bureauanalyse fra Bureaubiz var der medtaget 248 danske bureauer. Det giver 24 kunder til hvert bureau.

### Kategorividen er afgørende for succes

Bureauer med en specifik viden og kompetence indenfor et givent område er mere succesfulde. Der findes tre uafhængige (amerikanske) undersøgelser fra konsulenthusene Bain og Mirren samt konsulenten Reardon Smith Whittaker. De har alle påvist, at viden om og indsigt i kundens forretning og branche er et af de allervigtigste kriterier, når der skal vælges nyt bureau. Det bekræftes også i den seneste MyImage undersøgelse. Her er det vigtigste kriterie ved valg af bureau "Har god forståelse for min forretning". Bureauer med en dyb kategorividen har bedre muligheder for at få succes med deres forretningsmodel.

Tim Williams har i hans bog "Positioning for Professionals" beskrevet et californisk bureau, som ved at fokusere har udviklet sin kategorividen. De opererer indenfor "healthcare marketing". Indenfor healthcare marketing servicerer de "pharmaceuticals". Indenfor pharma har de specialiseret sig i "chronic diseases". Indenfor kroniske lidelser er det især "cancer, HIV & diabetes", som de fokuserer på. Her er der tale om et bureau, som tør stå for noget. Og som har en unik kategorividen.

### Shareholder value er kommet for at blive

I 90'erne begyndte bølgen omkring "shareholder value" begrebet at tage fart. Shareholder value betyder, at alle aktiviteter, som en virksomhed foretager sig, skal have en positiv effekt for aktionærerne og virksomhedens aktieværdi. Det er i den forbindelse, at begreber som cashflow, aktieoptioner og investment banking bliver en del af hverdagssproget.

Konsekvensen for bureaubranchen er, at procurement kommer ind. De begynder at kigge kritisk på de services, bureauerne leverer. Ifølge Michael Farmer var bureaubranchen helt uforberedt. Procurement kørte rundt med bureauerne og kaldte dem ifølge Farmer uorganiserede, kaotiske og overbetalte. Samtidig bliver management konsulenterne og investment bankers i højere grad faste rådgivere for CEO'en. Bureauernes CEOs får mindre og mindre adgang til direktionsgangen.

I det som Michael Farmer kalder "The Golden Age" fra 1945-1975 var reklamebureauerne den vigtigste partner for direktionen. Perioden kalder han også "Creative Revolution". Kreativitet solgte varer og gjorde brands mere værdifulde. I dag kæmper de fleste brands med manglende vækst. Ifølge Farmer er det et udtryk for, at bureaubranchen ikke har gjort et tilstrækkeligt godt job for kunderne og deres aktieværdi.

Verdens største annoncører har udfordringer med at bevise deres værdi på børsen. Derfor jagter de effektiviseringer i deres værdikæde. Det betyder færre bureauer og færre penge til bureauer. De tror ikke på, at omkostningerne til at udvikle en kommunikationsplatform og en kreativ eksekvering til hvert eneste marked giver mening. De tror på, at en konsolidering af deres omkostninger til bureauer giver dem en hurtigere, bedre og billigere serviceydelse.

Her er hvad Adage skrev i juli 2015 omkring verdens største annoncør P&G:

**P&G has cut \$300M in agency, production fees in past year**

Procter & Gamble trimmed the number of agencies it works with worldwide by 40% in its recently concluded fiscal year, resulting in savings of \$300 million in agency and production fees. "We're simply shutting down the unproductive non-working dollars and we're converting it to working, and we're getting a heck of a lot more out of our digital, mobile, search and social programs," said A.G. Lafley, CEO and chairman

De besparelser, som P&G har realiseret i det seneste år på bureauer og produktion, svarer rundt regnet til den bruttoavance de 118 danske reklamebureauer i Bureauanalysen genererede i 2014.

Ifølge Mark Cranmer er den største udfordring for kunderne det konstante pres, der er, for hurtigt at levere et afkast af de investerede marketingkroner. Den naturlige konsekvens er, at de vil kræve mere "value for money" fra deres bureauer. Der skal ifølge Cranmer leveres mere og hurtigere. Og prisen skal i højere grad afspejle resultaterne.

Pendulet svinger ikke tilbage. Shareholder value begrebet er kommet for at blive. Der skal leveres hurtigere, bedre og billigere i fremtiden.

**De gode kunder udvikler og driver bureauets forretningsmodel**

Det er kunderne, som definerer bureauet. Dan Wieden, CEO for Wieden+Kennedy, har sat ord på betydningen af deres lange kunderelation med Nike: "Without Nike we would have been just a little blip on the screen". På disse breddegrader er der tilsvarende eksempler: Volvo & Forsman Bodenfors, PFA & Umwelt, VW & DDB samt Norwegian & Vizeum.

Mange bureauer har ikke brug for flere kunder. Men derimod bedre kunder. Ron Baker, der har etableret tænketanken Verasage Institue for professionelle service virksomheder, er ophavsmanden til Bakers lov: Bad Clients drive out Good Clients. "Good clients" briefer bureauet på opgaver, som bureauet elsker at lave, presser bureauet til at yde sit ypperste, sætter pris på bureauets medarbejdere og betaler for det udførte arbejde.

Du kan ikke forvente at få succes med din forretningsmodel, hvis du har for mange "bad clients" tilknyttet bureauet. James Hurman har i bogen "Case for Creativity" ført bevis for betydningen af kreativitet i kommunikation. Og ikke mindst hvordan de kunder, som sætter kreativitet i højsædet (målt på bureauernes vundne kreative awards for dem), outperformer børsmarkedet. Kreativt forankrede bureauer passer bedst sammen med kreativt forankrede kunder. Det handler om, at bureau og kunde har det samme grundlæggende syn på kommunikation og bureauets rolle.

Ingen kunderelationer varer evigt. Derfor skal dit bureau have en ønskeliste med kunder, I gerne vil arbejde for. Og en liste med kunder som I under ingen omstændigheder vil arbejde for.

Alle bureauer rådgiver deres kunder til at få en større indsigt i deres kunders gøren og laden. Det er også tilfældet for bureauer. Hvordan, hvorfor og hvornår køber kunderne en service af bureauet?

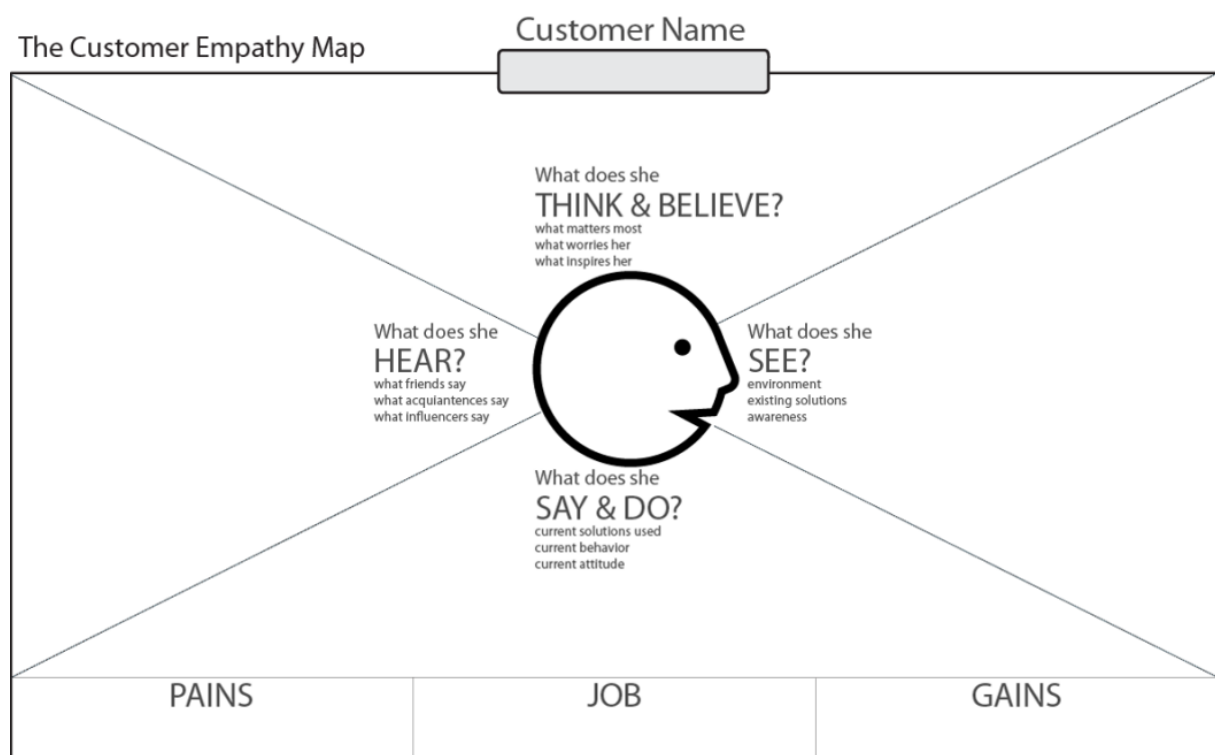
### Empathy Maps gør det nemmere at forstå kunderne

Den schweiziske forsker Alexander Osterwalder peger på, at en succesfuld udvikling af forretningsmodellen indenfor især professionelle service erhverv kræver en dyb forståelse af kunderne. "Customer-centric" forretningsmodeller er mere succesfulde end andre typer af forretningsmodeller. Michael Farmer er enig heri. Reklamebureauernes kritiske situation er opstået, fordi de har været for langt væk i forståelsen af kundernes reelle problemstillinger. Jo bedre kendskab til kunderne des mere effektiv forretningsmodel.

Et godt værktøj til udvikling af "customer-centric" forretningsmodeller er ifølge Osterwalder det såkaldte "Empathy Map". Det giver input til dit bureaus viden om de vigtigste kundesegmenter. Og dermed til forbedringer af forretningsmodellen.

Empathy Map er udviklet af en virksomhed, som hedder Xplane. Beskriv de seks områder i et Empathy Map for dit bureaus vigtigste kunder. Derefter tilpasses de resterende otte elementer i Jeres forretningsmodel ud fra deres evne til at skabe værdi for kundesegmentet.

### Empathy Map skabelon



Kilde: Xplane

Hvordan ser fremtidens forretningsmodeller ud for de danske bureauer?

### Spørgsmål til bureauets forhold til Kunderne:

- ✓ Hvilke kundetyper og opgaver har vi været gode til at tiltrække og fastholde indenfor de seneste år?
- ✓ Hvilke brancher og kategorier kender vi bedst? Kan vi udvikle vores kategorikompeterencer yderligere?
- ✓ Hvordan er vores forhold til procurement funktionen hos vore kunder? Hvordan kan vi forbedre relationerne?
- ✓ Hvordan, hvorfor og hvornår køber vores kunder en serviceydelse af os?
- ✓ Har vi nogle "dårlige" kunder? Hvem er vores drømmekunder? Hvem vil vi aldrig arbejde for?

### 3.2. Client service

Client service handler om, hvordan kunderne håndteres og serviceres af dit bureau. Hvordan servicerer I kunderne? Hvordan fastholder og udvikler I relationerne til kunderne?

#### Andelen af meget tilfredse kunder er altafgørende

Meget tilfredse kunder er afgørende for successen af Jeres forretningsmodel. Det bedste for et bureaus udvikling er at vokse med eksisterende kunder. Loyale kunder er fundamentet for alle bureaus succes. De fleste succesfulde bureauer er vokset op med deres eksisterende kunder. Deres "basket size" hos den enkelte kunde er vokset støt gennem tiden. Meget tilfredse kunder køber mere af dit bureau end øvrige kunder.

Ifølge flere målinger er kundernes loyalitet overfor bureauer vigende. The Bedford Group i USA har registreret, at det gennemsnitlige kundeforhold varer fire år. Tilsvarende har Campaign i England registreret en varighed på mindre end tre år. Det er ifølge Michael Farmer historisk lave tal.

Der er stor forskel på en "tilfreds kunde" og en "meget tilfreds kunde". Ifølge MyResearch er loyaliteten overfor bureauet 1½ gang højere for "meget tilfredse" kunder i forhold til "tilfredse" kunder. De meget tilfredse kunder er bureauets ambassadører. 29 % af de danske kunder er meget tilfredse. Det betyder, at mere end 7 ud af 10 kunder ikke er meget tilfredse. 1 ud af 4 kunder er neutrale eller negative i vurderingen af deres bureau. Her er der et stort potentiale i udviklingen af bureauernes forretningsmodel.

Der er mange bud på, hvad der skaber en meget tilfreds kunde. Paul Roetzer og Robert Craven er inde på vigtigheden af en "clients come first" kultur. Rick Webb nævner bureauets evne til at skabe værdi i form af "fedt" arbejde. Tim Williams anfører, at den største forskel på middelmådige bureauer og fantastiske bureauer er evnen til at eksekvere. Det er ikke, hvad bureauet selv siger. Det er, hvad kunderne siger om bureauet, der er afgørende. Derudover pointerer alle adgangen til bureauets talenter og dygtigste medarbejdere som væsentligt for kundetilfredsheden.



Som bureauleder er din vigtigste opgave at sikre, at kunderne er meget tilfredse. De bedste bureauer har ifølge Tim Williams, Rick Webb og Paul Roetzer udviklet et manifest til håndtering af kunder. Et manifest, som præciserer forventningerne til den enkelte medarbejder. Et manifest som får bureauet til at gå hele vejen for at gøre kunderne ”meget tilfredse”. Et manifest, som ikke kun måler tilfredsheden en gang om året. Men derimod løbende i form af projekt evalueringer, personlige interviews mv.

### Evnen til at samarbejde med kunder og andre bureauer får større betydning

De fleste kunder er i disse år igennem en digital transformation. Den inkluderer alle dele af virksomheden. Ifølge analysebureauet Gartner bruger marketing inden 2017 flere penge på IT end IT afdelingen.

Scott Brinker, der skriver Chief Marketing Technologists Bloggen, har identificeret 14 forskellige måder at organisere marketing og IT. Den digitale transformation kommer kun til at gøre købscentrene på kundesiden endnu mere komplekse. Mange bureauer er nu i berøring med både salg, marketing, IT, e-commerce, økonomi og direktion på kundesiden. Alle beslutninger kræver deltagere fra flere sider. MyResearch har i deres årlige MyImage undersøgelse registreret, at der i dag er mere end ti forskellige funktioner/titler involveret i valg af bureau. Om fem år er der endnu flere.

Alle bureauer skal ifølge Mark Cranmer udvide og tilpasse deres service offering til den digitale transformation. Det giver nye kontaktpunkter på både kunde- og bureausiden. At holde styr på interaktionerne bliver en udfordring. Derudover har mange kunder i dag flere bureauer end de havde for 10 år siden. Begge dele gør client service opgaven mere kompliceret for det enkelte bureau.

Tim Williams og Michael Farmer ser tre grundlæggende måder, som kunder og bureauer arbejder sammen på:

Samarbejdsmodeller		
”Bedste-bureau”	”One-Stop-Shop”	”Lead-bureau”
Kunden er projektlederen og står for integrationen af de forskellige bureautyper.	Ses oftest når kunderne ikke ønsker at anvende ressourcer på styring af flere bureauer.	Her udvælges et bureau til at lede integrationen af de øvrige bureauxs ydelser.
Ses oftest blandt større kunder.	One-stop-shop bureauet har enten de forskellige services in-house eller har outsourcet dem til andre partnere. De internationale bureaugrupper udbyder denne model i stigende grad på tværs af landegrænser.	Mange bureauer vil gerne være lead agency, men den anvendes sjældent af kunderne.  P&G’s ”Brand Agency Leader” (BAL) model er det mest kendte eksempel herpå.

I den årlige imageundersøgelse fra MyResearch har udsagnet ”Gode til at samarbejde med andre bureautyper” stor betydning for kundetilfredsheden. Udsagnet ”Gode til at integrere kommunikationsløsninger” har meget stor betydning for tilfredsheden med bureauet.

Evnen til at samarbejde vil kun få større betydning. Det er ikke kun værdien af dit bureaus kerneprodukt, som er afgørende i vurderingen af bureauet.

Et bud på fremtidens forretningsmodel er at færre kunder vil benytte ”bedste-bureau” modellen. En større andel af kunderne vil foretrække samarbejdsmodellerne ”one-stop-shop” eller ”lead-bureau”. De fungerer mere effektivt for kunderne. I MyImage undersøgelsen er andelen af annoncører, som foretrækker et bureau, hvor alle kompetencer er samlet steget fra 30% i 2014 til 37% i 2015.

MyResearch spørger også de danske annoncører om deres vigtigste samarbejdspartner. Her siger 44% reklamebureauet, 28% et digitalt bureau, mens 17% siger mediabureauet. Som vigtigste samarbejdspartner har bureauet lettere ved at udvikle deres position til at blive ”one-stop-shop” eller ”lead-bureau”.

#### Client service funktionen vil blive mere automatiseret

Client service har alle dage været manuelt med dedikerede account teams og specialist teams. Det kommer også til at være tilfældet i den nærmeste fremtid. I en verden med shareholder value og ”real-time” marketing er der dog i alle kunderelationer et stigende pres for, at der skal leveres hurtigere, bedre og billigere.

Paul Roetzer peger på, at også en del af dit bureaus client service funktion på et tidspunkt bliver mere automatiseret. Hans eget bureau har en frit tilgængelig prisliste med 102 services fordelt på 19 forskellige kategorier. Det har kostet mange ressourcer at udvikle. Men har i dag resulteret i en mere automatiseret, hurtigere og omkostningseffektiv client service funktion.

#### Spørgsmål til bureauets Client service:

- ✓ Hvor stor en andel af bureauets kunder er meget tilfredse? Er det mere end 29 %?  
Hvordan øges andelen af meget tilfredse kunder i det kommende år?
- ✓ Hvad ville der stå i et manifest for, hvordan vi håndterer vores kunder?
- ✓ Hvordan fordeler bureauets kunder sig på de tre samarbejdsmodeller: ”bedste-bureau”, ”one-stop-shop” og ”lead-bureau”?
- ✓ Hvordan udvikler vi vores evne til at samarbejde med andre bureauer på vores kunder?
- ✓ Hvor stor en andel af bureauets kunder karakteriser os som deres vigtigste samarbejdspartner?
- ✓ Kan vi automatisere og effektivisere vores client service funktion yderligere?

### 3.3. Marketing & pitching

Marketing & pitching handler om, hvordan dit bureau markedsfører sig overfor nye og eksisterende kunder. Hvordan markedsfører bureauet sig overfor nye kunder? Hvor god er bureauet til at tiltrække nye kunder? Kort sagt dit bureaus brand i markedet.

#### Kend styrken af dit bureaus brand

Bureauer kan blive bedre til marketing. Det er der ikke noget nyt i. Det er bare blevet vigtigere. John Hegarty fra Bartle Bogle Hegarty (BBH) har formuleret det på denne måde: ”Its amazing how so many agencies never behave like brands despite the fact that they are constantly advising the clients on brand behaviour”.

MyImage analysen spørger om, hvilke informationskilder, der har betydning ved valg af bureau. Mere end 3 ud af 4 nævner anbefalinger fra deres personlige netværk som værende af stor eller meget stor betydning. Word of mouth er afgørende for markedsføringen af dit bureau. Ambassadører er vigtige. Hvis danske bureauer kan få mere end 29% af kunderne til at være ”meget tilfredse” vil en stor del af markedsføringsopgaven være løst.

Der er ifølge MyResearch i gennemsnit 2,7 informationskilder, som har betydning, når der indsamles information om andre bureauer. Det er ikke word of mouth alene, som gør det. PR, bureauets hjemmeside, seminarer samt cases er de næstvigtigste informationskilder. Alle nævnt af lidt mere end 1 ud af 3 som værende af stor eller meget stor betydning som informationskilde ved valg af bureau.

Formålet med bureauets markedsføring er at tiltrække nye kunder og fastholde de eksisterende. Alt for mange bureauer har ifølge Robert Craven ikke styr på deres marketing udfordringer. Er det en kendskabs udfordring eller en image udfordring? Er udfordringen at generere leads til bureauet? Eller er det i konverteringen fra leads til prospects, at problemerne opstår? Hvordan er bureauets invitation-rate og conversion-rate? Basale spørgsmål, som bureauet forventer, at kunderne kan svare på i en brief. Men også basale marketing KPIer for et bureau. KPIer som de færreste bureauer har styr på.

MyResearch har spurgt annoncørerne om styrken af de danske bureauers brand siden 2009. De stærkeste bureaubrands kalder de ”Power Brand” bureauer. De er karakteriseret ved, at der er mange flere annoncører, som vil invitere dem næste gang, de skal gennemføre en bureaupitch. De har et højt niveau af annoncører, som har et kvalificeret kendskab til bureauet (kvalificeret kendskab fremkommer ved de annoncører, der svarer, at de kender bureauet godt eller indgående). ”Power brand” bureauer har top placeringer på de betydende imageudsagn. De er kendt for noget relevant hos annoncørerne.

At udvikle et ”Power Brand” bureau samler flere elementer i forretningsmodellen. Client service i form af meget tilfredse kunder/ambassadører, Bureauets DNA i form af de relevante imageparametre og endelig Marketing & pitching i form af et højt kvalificeret kendskab til bureauet.

### Bureauer skal tænke som online BtB brands

Den kolde kanvas er uddøende. Markedsføring af bureauet vil være mere pull og mindre push fremover. Bureauer skal tænke som online BtB brands. Det handler om sociale medier og content marketing i form af linked-in, blogs, e-bøger, webinars, SEO, video, whitepapers mv. Google har fået lavet en undersøgelse af beslutningsprocessen på BtB markedet. Den viser, at 57% af kundernes beslutning er taget før de får kontakt til bureauet. Det handler om at være der, hvor kunderne er.

For de fleste bureauer er det en ny rejse, de skal ud på. Forretningsmodellen skal udvikles. Paul Roetzer har i "The Marketing Agency Blueprint" opstillet en "Inbound Marketing Game Plan". Det er en checkliste baseret på erfaringer, som andre bureauer har fået på deres rejse. Se den nedenfor i en tilpasset version.

### Inbound Marketing Game Plan

En klar og tydelig bureau positionerings platform	<ul style="list-style-type: none"><li>• Guidelines og retningslinjer for al marketing og kommunikation</li></ul>
En content drevet website	<ul style="list-style-type: none"><li>• Grundfundamentet i bureauets kommunikation</li><li>• Designet til BtB kommunikation</li></ul>
Gå efter den brede målgruppe	<ul style="list-style-type: none"><li>• Skab en base og platform i den digitale verden</li><li>• Alle interessenter er relevante: kunder, medarbejdere, partnere, media mv.</li></ul>
Sæt målsætninger for rejsen	<ul style="list-style-type: none"><li>• Search ranking på de 30-50 vigtigste key words</li><li>• Tænk i trafik, leads, followers mv.</li></ul>
Lav integrerede kampagner med fire grundpiller	<ul style="list-style-type: none"><li>• Search marketing, social media, content marketing, PR</li></ul>
Lav en aktivitetsplan	<ul style="list-style-type: none"><li>• Marketingkalender for året med vigtige events og begivenheder.</li><li>• Aktiviteter på search, social, content og PR</li></ul>
Evaluer effekten løbende	<ul style="list-style-type: none"><li>• Mål alt. Find sammenhænge og juster ressourcerne efter effekten</li></ul>

Paul Roetzers eget bureau PR 20/20 ser "Inbound Marketing" som en måde at disrupte den traditionelle bureauverden. De har formået at skabe værdi med deres forretningsmodel: Bruttoavancen er steget med 500%. Årsagen er, at det månedlige besøgstal på bureauets hjemmeside er steget fra 1.000 til 8.000. Samtidig er tilmeldingen til deres blog steget med 1.400%.

Alle succesfulde bureauer kommer til at bruge flere ressourcer på marketing. Og ligesom for alle andre BtB brands bliver relevant content en barriere. Michael Farmer efterlyser bureauer, som påtager sig "thought leadership" rollen og publicerer relevant content.

Crispin Porter + Bogusky anvendte PR i business magasiner og dagblade til at bygge deres brand. Fallon McElligot Rice var efter sigende de første til for alvor at anvende awards i deres markedsføring. Robert Craven nævner i "Grow Your Digital Agency" tre forskellige marketing cases. I den første kom 95% af de nye kunder via word of mouth, 2. I den anden kom 50% af de nye kunder via word of mouth. 50% kom via en bog som bureauet udgav. I den tredje kom alle nye kunder via en kombination af 16 forskellige digitale marketing kanaler.

Alle bureauer skal gøre sig sine egne erfaringer om, hvad der virker for dem.

Der er mere og mere teknologi involveret. Det er ikke kun et simpelt CRM system mere. Der kommer flere og flere leverandører, som kan hjælpe bureauerne med at udvikle deres forretningsmodel indenfor marketing. En af disse er Hubspot. Hubspot har udviklet en software platform til inbound marketing. En platform som PR 20/20 sammen med en række andre bureauer anvender til at disrupte den traditionelle bureauverden.

### Bliv bedre til "The Art of The Pitch"

Nogle taler om en "Uber" trend hos kunderne i deres valg af bureau til en given opgave. I kundernes portefølje af bureauer er der flere bureauer, som kan levere de samme ydelser. Kunderne vælger det af deres bureauer, som er ledigt her og nu, til en given opgave. Kunderne bliver mindre loyale overfor deres bureauer. Michael Farmer går så langt som til at konkludere, at begrebet AOR – Agency Of Record – er dødt.

Ifølge en undersøgelse fra RSW/US svarede 40% af de marketing ansvarlige, at de i 2016 ville øge andelen af det projektbaserede bureauarbejde. At udvikle og drive en pitch kultur bliver vigtigere.

Rick Webb sonder mellem tre typer af pitches. Nye projekter for eksisterende kunder. Silent pitches, hvor bureauet er det eneste bureau, som er i dialog med kunden. Og full pitches, hvor bureauet er oppe imod andre bureauer. Der er forskellige omkostninger og potentiel indtjening ved de tre typer af pitches. I det første tilfælde er det primært referencesalg, i det andet tilfælde primært processalg, mens det i det sidste tilfælde ofte indebærer det ressourcekrævende løsningssalg.

Kurla & Associates er en amerikansk konsulentvirksomhed indenfor salgstræning. Når de sammenligner bureauers salgsevner med deres øvrige kunder er resultatet, at bureauer er "elendige" sælgere. De har identificeret 23 kompetencer hos de bedste sælgere. Af dem er bureauledere kun i besiddelse af de fem. Skabelse af en salgskultur kan kun gøre dit bureau bedre. Ifølge Peter Coughter, som har skrevet bogen "The Art of The Pitch", er der nemlig kun 1% af ideer fra bureauer, som sælger sig selv. Resten skal pitches.

### Spørgsmål til bureauets Marketing & pitching:

- ✓ Hvor stort er det kvalificerede kendskab til bureauet? Hvilke imageudsagn er vi kendt for? Hvad skal der til for, at vi kan blive et "Power Brand" bureau?
- ✓ Hvor mange prospects skal vi have for at nå vores mål for det kommende år? Hvordan skal vi generere dem?
- ✓ Hvor gode er vi til inbound marketing? Har vi en content drevet website, der er designet til digital BtB marketing? Har vi nyt og relevant content marketing at markedsføre os på i det kommende år?
- ✓ Hvordan er vores pitch performance? Hvordan forbedrer vi salgskulturen på bureauet?

### 3.4. Indtægtskilderne

Indtægtskilder handler om, hvordan kunderne betaler dit bureau. Hvordan betaler kunderne? Hvad betaler kunderne bureauet for? Der er kun indtægterne til at betale for resten af elementerne i bureauets forretningsmodel. Indtægtskilderne får alt for lidt opmærksomhed i forhold til vigtigheden for bureauets succes.

#### Gå fra timebaseret til mere værdibaseret prissætning

Er dit bureau et premium brand eller et handelsmærke? Brands sælger på perceived value. Ikke cost. Hvordan genererer vi den maksimale indtægt pr. time? Der er ifølge Tim Williams, Michael Farmer og Paul Roetzer brug for et paradigme skifte: Bureauer skal sælge resultater ikke tid. Prismodellen i bureauverden vil gå fra en timebaseret til en mere værdibaseret prissætning.

Kunderne køber ikke bureauernes indsats. De køber udbyttet af bureauets indsats. Bureauets interne omkostninger har intet at gøre med den værdi, dit bureau skaber for kunderne. De vil ikke betale for medarbejdernes anciennitet. De vil ikke betale for gamle mænd i store biler. De vil ikke betale for ineffektive bureauer, hvor den samme opgave kan laves for færre timer af en lavere lønnet medarbejder.

Der er et paradoks i, at jo flere timer bureauet anvender, des flere penge tjener det. Der er ingen sammenhæng mellem omkostninger og værdi.

Kunderne er utrygge ved transparensen. Det er altid dyrere end de regnede med. Og de skal redegøre for omkostningen internt i organisationen. Det slider. Kunder vil gerne betale for talent. Hellere Van Gogh maleriet fremfor en anden kunstner som har brugt ligeså mange timer og samme materiale.

Eneste holdbare løsning er at flytte mod mere standardiserede services og faste priser. Der er skala fordele i produktion og levering af services. Jo mere effektivt bureauet arbejder des større indtjening. Det handler om "lean". Det kræver en grundlæggende forandring af måden at tænke på. Bureauer er traditionelt eksperter i projektets omkostninger, men ikke den værdi det skaber.

Værdibaseret prissætning er både i kundens og bureauets interesse. Bureauer skal ikke straffes for at arbejde effektivt. Det er ikke enten-eller. Det er en bevægelse over mod mere værdibaseret prissætning. Budskabet er ikke, at den timebaserede fakturering helt skal elimineres. Det skal ikke være den primære indtægtskilde. Det er ikke holdbart i fremtiden.

Det er bureauets ansvar at opbygge en infrastruktur i form af systemer og processer, som sikrer en effektiv og profitabel levering.

Værdibaseret prissætning er mere kompliceret. Der skal defineres scope og prissættes rigtigt. Det tager tid at udvikle. Der er masser af gynger og karusseller involveret. Værdibaseret prissætning handler om test-and-learn. Ifølge Paul Roetzer er der ingen grund til at vente med at få nye kunder eller starte helt forfra. Start med nogle projekter på de eksisterende kunder og evaluer.

For at komme i gang anbefaler Tim Williams, at bureauet udpeger en Chief Value Officer. En med ansvaret for at starte den interne dialog op, forstå hvordan bureauets kunder definerer værdi og identificere de potentielle kunder og serviceydelser.

Ifølge Tim Williams er der tre basale former for værdibaseret prissætning

De tre basale former for værdibaseret prissætning		
Straight Fee	Usage Fee	Results Fee
Et fixed fee samt et veldefineret scope.  Eksempelvis som PR bureauer gør det.	Jo mere der forbruges des højere pris.  Et lavt flat fee med licensbetaling efter i hvor høj grad det anvendes.  Ligesom for fotografer. Jo bedre billede des mere bliver det brugt.	Finde de relevante KPI'er: perception, performance eller finansielt  Baseret på KPI laves split risic aftale.  Et base fee + split på målopfyldelse.

Priselasticiteten afhænger af, om kunden selv kan udføre opgaven. Hvis de kan er ydelsen mere prislelsom. Herudover sonder Paul Roetzer mellem "builder" og "driver" produkter. Builder-produkter har ikke stor direkte værdi for kunden. Driver-produkter har stor direkte værdi for kunden. Driver-produkter skal prissættes værdibaseret, mens builder-produkter skal prissættes mere timebaseret.

Der er også situationer, hvor prissætningen har en stor strategisk værdi for bureauet. Det er eksempelvis i pitches, hvor det sidste argument for at vinde kunden skal findes. Det kaldes en loss-leader. Ligesom i detailhandlen. En trafikskaber, som er prissat lavt for at skabe trafik. Og som kan anvendes til efterfølgende krydssalg eller opsalg. De fleste mediabureauers forretningsmodel er bygget op omkring "Get-in-low-and-build-up".



### Sæt prisen op med 5% nu!

Michael Farmer har registreret at bureauernes priser automatisk falder med 5% om året. Status quo kræver altså at prisen sættes op med 5% hvert år.

Bureauer skal blive bedre til at måle, følge og dokumentere deres ressourceforbrug i form af tid på opgaver. Kun på den måde har du mulighed for at få en bedre betaling for arbejdet. Det kræver en kulturændring i form af nye politikker, værktøjer og organisatorisk disciplin.

Der skal laves analyser af bureauets SOW (Scope of Work) arbejdsomfang, tilhørende betaling og ressourceallokering pr kunde. Der vil ikke være nogen sammenhæng mellem prissætning og arbejdsomfang. Der skal laves handlingsplaner for, hvordan bureauet hæver prisen. Hvad skal der til for at bureauet kan få en bedre betaling for arbejdet? Det kræver bl.a. investering i SOW (Scope of Work) kompetencer.

At danske bureauer heller ikke er i stand til at sætte prisen op på deres arbejde viser bruttoavance pr. medarbejder fra 2007-14. Hvis den årlige inflation indregnes er der tale om et prisfald på 2% om året.

	2007	2008	2009	2010	2011	2012	2013	2014
Bruttoavance pr. medarbejder (kr.)	851.515	837.806	778.615	813.047	840.288	835.176	827.978	838.734

Kilde: Bureauanalysen fra Bureaubiz

Ifølge Rick Webb og Robert Craven er langt de fleste bureauer ganske simpelt ikke dygtige nok til at sætte prisen op. Bureauer skal være bedre til hele tiden at sætte prisen op. Det kan ske ved en kombination af reelle prisstigninger, kontraktsforhandlinger og bedre fastlæggelse af scope-of-work.

Michael Farmer anfører, at den bedste måde er at få betalt for ALT det arbejde, der udføres. Der er for mange bureauer, som laver et stykke arbejde, som de ikke får betaling for. Vær sikker på, at bureauet udfakturerer, hvad der allerede er aftalt i kontrakten. Prøv at få betaling for 50% af arbejdet før det påbegyndes. Det hjælper på likviditeten og er standardvilkår i en række andre brancher.

Det er en kunst at hæve og forhandle prisen løbende. Træn det! Især når det handler om procurement. Det er ifølge Rick Webb det bedste sted at se, om du er blevet bedre.

### Work for equity er risikabelt

“Work for equity” er en relativt ny mulighed, som flere bureauer har testet af. Typisk i form af et stykke bureauarbejde for et lille kontantbeløb samt en ejerandel i en kundes virksomhed. Det er få, som efterfølgende anbefaler modellen. Udfordringerne handler om likviditet samt de organisatoriske ressourcer, som mange gange kunne være brugt til noget bedre. 1 ud af 20 cases er succesfulde ifølge Rick Webb.



Bureauet R/GA er gået noget mere radikalt til værks. De har etableret en ”R/GA Accelerator” enhed. Enheden identificerer og rekrutterer nye start ups, som har brug for marketingekspertise for at komme videre. Det er ikke kun kommunikation, men al form for marketing som de assisterer med. Foreløbig har de ejerandele i 70 forskellige start up virksomheder.

Det afgørende er at kunne udvælge de gode cases. De cases som passer til bureauet og bureauets kompetencer.

### Spørgsmål til Indtægtskilderne:

- ✓ Hvor stor en andel af bureauets bruttoavance er prissat henholdsvis timebaseret og værdibaseret?
- ✓ Hvordan øger vi den andel, som er værdibaseret i det kommende år? Hvad er målsætningen for det kommende år?
- ✓ Hvordan bliver vi dygtigere til at sætte prisen for vores arbejde op? Hvad skal vi konkret gøre for at blive dygtigere i det kommende år?
- ✓ Hvornår og hvordan skal vi sætte priserne op med 5% i det kommende år?
- ✓ Vil vi indgå aftaler med kunderne, hvor vi udfører et stykke arbejde mod at få en ejerandel af deres virksomhed? Hvis vi gjorde: Hvordan skulle det gøres?

### 3.5. Bureauets DNA

Bureauets DNA handler om den værdi, dit bureau skaber for kunderne. Hvorfor er dine kunder hos dig og ikke et andet bureau? Hvad laver bureauet til kunderne? Hvad er det for et problem, bureauet løser for kunderne?

#### Bureauer ved ikke hvad de står for

Indenfor bureauernes DNA er der enighed om, at der ikke findes en masse forskellige trends. Der er kun 1: Bureauer ved ikke hvad de står for. En succesfuld forretningsmodel forudsætter, at dit bureau ved, hvad det står for.

Tim Williams har skrevet en hel bog omkring positionering af bureauer: ”Positioning for Professionals”. Han anfører, at langt de fleste bureauer har problemer med at finde ud af, hvad de leverer. Der er alt for mange, som ikke tør positionere sig. ”The best agencies know that standing for everything is the same as standing for nothing”. Det handler oftest om at fokusere. I den årlige MyImage har udsagnet ”Adskiller sig markant fra andre bureauer” meget stor betydning.

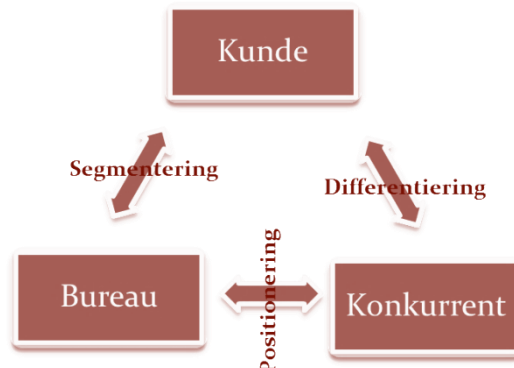
Ifølge Tim Williams klarer full service bureauer sig dårligere end andre bureauer. Som Michael Porter konkluderede: ”The essence of strategy is choosing what not to do”.

De fleste brands er kopier af nogle andre. Kategorier udvikler sig sammen. Til sidst bliver kategorien moden og dermed udifferentieret. Mange bureauer klager over, at de bliver ”commoditized”. De bærer selv en stor del af ansvaret. Du skal positionere dit bureau der, hvor ”offering” i markedet er underudviklet. Der har aldrig været bedre muligheder for at differentiere sig på markedet for bureauer.

### Vinderbureauer har et pindsvinekoncept

I foråret 2014 lavede denne forfatter sammen med MyResearch og Bureaubiz et projekt omkring ”Vinderbureauernes DNA”. I perioden 2008-13 var der 14 danske bureauer, som voksede 3 gange så hurtigt som markedet. Projektet handlede om at identificere, hvad der karakteriserede denne gruppe af bureauer.

Med udgangspunkt i Jim Collins’ ”From Good to Great” blev 11 af de 14 bureaudirektører interviewet. En af konklusionerne var, at vinderbureauerne havde det, som Jim Collins kalder et ”pindsvinekoncept”: Noget som bureauet elsker at lave, noget som bureauet kan blive bedst til samt noget som skaber værdi for andre. Kombinationen af de tre faktorer giver en skarpere positionering, differentiering og segmentering af bureauet.



Ifølge Farmer skal positioneringen af dit bureau i højere grad fokusere på de resultater, I skaber for kunderne. Kun på denne måde kan bureaubranchen i højere grad tage kampen op mod management konsulenterne, der i stigende grad er inde over marketing beslutninger. Management konsulenter får ifølge Farmer en timepris, som er 2½ gange højere end bureauernes. Begge er blevet godkendt af procurement. Kunderne vurderer den værdi, som management konsulenter bidrager med, væsentlig højere.

Mark Cranmer er enig i, at dit bureaus value proposition i højere grad skal afspejle den kommercielle værdi, som I skaber for kunderne. Det handler om shareholder value, resultater og ROI.

Både Cranmer og Farmer er også enige om, at de fleste bureauer har problemer med at identificere og sætte ord på den kommercielle værdi, som de leverer til kunder. Og at være

modig nok til efterfølgende at stå ved deres value proposition. De savner en klar holdning til, hvad der er rigtigt eller forkert for en kunde at bruge deres penge på.

Bureauer eksisterer kun fordi kunderne ikke selv kan udføre opgaven tilstrækkeligt godt, hurtigt eller billigt. Ifølge Cranmer er det afgørende konstant at fastlægge den værdi, som der leveres til kunderne. Og tænke stort om de løsninger, som dit bureau leverer.

Tim Williams mener, at fremtidens bureauer i højere grad skal positionere sig som en ”marketing invention business”. Ikke som en ”service business”. Bureauer skal i stigende grad basere sig på, hvilke problemer kunderne prøver at løse fremfor, hvad kunderne har behov for.

James Hurman refererer i bogen ”The Case for Creativity” til en undersøgelse fra USA. Den viser, at de seks bureauer, som fik flest kreative awards, voksede hurtigst på bruttoavance. De formåede at fastholde et stramt fokus på kreativitet, som bureauets DNA, samtidig med, at de skabte mere værdi med deres forretningsmodel. Det er ikke alle annoncører, som ligger vægt på kreative priser. Men for kreative bureauer i fastholdelsen af deres DNA er det vigtigt. Bartle Bogle Hegarty (BBH) har gjort et forsøg på at kombinere tingene med ”Our objective is effectiveness. Our strategy is creativity”

Det handler om at udvikle Bureauets DNA og det som dit bureau skal stå for. De internationale eksperter har nogle praktiske øvelser hertil. Grundlæggende er alle øvelser relativt simple. Det simple og traditionelle er oftest det mest effektive:

- ✓ Rick Webb: ”Start with why”
- ✓ Rick Craven: ”Elevator taler”
- ✓ Paul Roetzer: ”Twitter test”
- ✓ Tim Williams: ”Touchpoint test”

### Start with why

Word of mouth er vigtigt for de stærkeste brands. Også bureaubrands. Er dit bureau værd at tale om? Alle bureauer er startet et sted. WHY kommer før HOW og WHAT. Hvorfor og hvordan kom bureauet til verden? Hvad er det for nogle ”core beliefs” og værdier, som det hele startede med og på? Hvad elsker bureauet at lave? Hvad er bureauet stolt af? Vær tro mod det, som du kommer fra. Ifølge Rick Webb skal kreative bureauer have kreativitet i deres DNA ligesom, at mediabureauer skal have media i deres DNA.

### Elevator taler

En elevator tale er en tale på tre minutter. Den får en potentiel kunde til at blive en ny kunde. Eller et talent til at vælge dit bureau fremfor et andet. Der er forskellige varianter af den samme elevator tale. Det handler om at gøre dit bureau relevant. Elevator talen er funderet i bureauets mission, vision og værdier. Den kan med fordel få input fra en empathy-map af kunderne.

### Elevator Tale skabelon

Elevator speech element	Indhold
Vi arbejder med...	Vær specifik på typen af kunder og personerne heri
Som har en udfordring med...	Hvad er deres marketing udfordring? Lav den negativ
Det som vi bidrager med er at..	Bureauets bidrag
Således at...	Den simple forklaring
Hvilket betyder at....	

Kilde: Grow Your Digital Agency

Robert Craven anvender også en model, der kaldes ”The Cascade”. Den kan med fordel, anvendes som fundamentet for elevator talen. Modellen hedder ”The Cascade” fordi den maksimalt må tage 1 time at udforme og kun må fylde 1 side. Den har de seks steps, som er vist nedenfor

### The Cascade

1	Purpose	Hvorfor eksisterer bureauet? Hvad er bureauets WHY?
2	Vision	Hvordan ser succes for bureauet ud om 5-10 år
3	Mission	Hvad gør vi for at levere bureauets vision?
4	Strategy	Hvordan opfylder vi visionen?
5	Milestones	Hvilke målsætninger er der på rejsen?
6	KPIs	Hvilke KPIer måler vi rejsen på?

Kilde: Grow Your Digital Agency

### The Twitter Test

Paul Roetzer anvender en ”Twitter Test”, som en måde at identificere et bureaus DNA. Hvis du skal ”tweete” bureauets DNA på 140 tegn, hvordan ville det se ud?

*140 tegn svarer til denne længde 4 gange. 140 tegn svarer til denne længde 4 gange. 140 tegn svarer til denne længde 4 gange. 140 tegn svarer til denne længde 4 gange.*

### Touchpoint test

Tim Williams inddrager alle bureauets touchpoints i en touchpoint test. Er der ”look & feel” sammenhæng mellem navn, logo & farver? Hvad med e-mails og e-mail signaturer? Hvad med det skriftlige materiale, som går ud af bureauet? Hvad med kontorets placering, indretning, design, møblering og dekoration? Hvad med receptionen og resten af bureauet? Hvordan føles, høres og dufter bureauet?

## Spørgsmål til Bureauets DNA:

- ✓ Et pindsvinekoncept er noget bureauer elsker at lave, kan blive bedst til og som skaber værdi for kunderne. Hvad er vores bureaus pindsvinekoncept?
- ✓ Hvorfor og hvordan kom bureauet til verden? Hvad er bureauets "core beliefs" og værdier? Hvad elsker bureauet at lave? Hvad er bureauet stolt af?
- ✓ Hvordan lyder bureauets elevator tale til potentielle kunder? Til det unge talent, som sidder på et konkurrerende bureau?
- ✓ Hvordan lyder bureauet på Twitter?
- ✓ Hvordan er bureauets strategiske snapshot? Purpose? Vision? Mission? Strategy? Milestones? KPIs?
- ✓ Er der sammenhæng mellem bureauets navn, logo og farver? Er der sammenhæng til alt der skriftlige materiale, som går ud af bureauet? Hvad med kontorets placering, indretning, design, møblering og dekoration? Hvordan føles, lyder og dufter bureauet?

### 3.6. Bureauets service offering

Bureauets service offering handler om de services, der skal til for at levere bureauets DNA. Hvilke services og ydelser er nødvendige for at levere dit bureaus DNA? Hvad laves der på bureauet?

#### En kontinuert serviceudvikling med kunderne

Udvikling af bureauets service offering kan ske ved opsalg i form af mere konsulent og strategitunge services. Det kan også ske ved krydssalg i form af komplementære services. Der er ifølge Tim Williams fem faktorer, som afgør, hvilke services dit bureau skal udbyde.

Kriterie	Spørgsmål
Relevans	Støtter den givne service bureauets positionerings strategi?
Differentiering	Hjælper den givne service bureauet med at differentiere sig?
Performance	Hvor god er bureauet til den specifikke service? Den bedste?
Investering	Hvad koster det at blive bedst?
Efterspørgsel	Vil der være en kontinuert efterspørgsel på sigt?

Al forsknings viser, at det vigtigste i udvikling af bureauets service offering er, at de er kundedrevne. Nye digitale services involverer en del "test-and-learn". Det tager både tid og ressourcer at opbygge digitale kompetencer på bureauet. At kunne udvikle dem sammen med de eksisterende kunder er optimalt.

### Mediebureauerne har gjort det med succes

Mediabureauernes udvikling i Danmark er det bedste eksempel herpå. Til deres eksisterende kundeportefølje har de gennem de seneste 10 år lanceret en lang række nye produkter og services. Mange af de nye services er lanceret i samarbejde med nye partnere som Google og Facebook. Diversifikationen af mediabureauernes service offering har betydet, at de har lettere ved at tiltrække de unge talenter i markedet.

I finansielle termer har konsekvensen været, at mediabureauerne har outperformet markedet. Fra 2008-14 faldt mediemarkedet i Danmark med 2% i gennemsnit pr. år. Bureauanalysen registrerede, at mediabureauernes bruttoavance i samme periode steg med 8% pr. år. Den gennemsnitlige overskudsgrad for mediabureauerne var 12% fra 2008-14. For alle bureauer i Danmark var den 8% i samme periode. Mediabureauerne har været igennem en succesfuld udvikling af deres forretningsmodel. En udvikling der betyder, at de skaber og fastholder mere værdi i dag end tidligere.

Tim Williams sonderer mellem overudviklede services og underudviklede services. Indenfor de overudviklede services er der mange udbydere med den konsekvens, at det er svært at differentiere sig. Indenfor de underudviklede services er der bedre mulighed for differentiering og højere marginer. Det sidste under forudsætning af, at serviceudviklingen bygger på bureauets eksisterende styrker.

Mark Cranmer mener, at alle bureauer har et bredere kompetence- og serviceniveau end for fem år siden. De er blevet mere komplekse forretninger. Alle bureauer kommer til at udvikle deres service offering hurtigere. Flere digitale services og mere data skal integreres i dit bureaus forskellige services. Der vil kun komme flere "her-og-nu" services. De afspejler kundernes "short-term" agenda. På den rejse er det udfordring at identificere, hvad bureauet er god til. Og hvor der er behov for yderligere kompetenceløft. Udfordringen bliver at fastholde de oftest unge medarbejdere, som skal være med til at udvikle og levere de digitale og databaserede services.

Ifølge Rick Webb er udvikling af en overordnet proces for bureauets service offering værdifuldt. Det giver bureauet sammenhængskraft at have en proces, som samler alle services. Bureauets way of working, som har et direkte link til bureauets DNA. "The Toyota Way" er en legendarisk proces. Den behøver ikke at være ligeså avanceret.

### Tror bureauet på fokus eller diversifikation?

Der er altid en diskussion af, hvor fokuseret eller diversificeret et bureau skal være med sin service offering. Begge strategier virker. Hvis de implementeres rigtigt. Mediabureauerne er et eksempel på en vellykket diversifikation. Omvendt er der også talrige eksempler på ikke-vellykkede service diversifikationer. Alle turnarounds i bureauverden er et resultat af kundetab eller en mislykket service diversifikation.

"Dumme penge" er et begreb, der dækker en service bureauet har, men som ikke har nogen relevans for bureauets strategiske udvikling. Det er indtægter bureauet kan få fra kunderne.

Men som ikke har noget med bureauets DNA at gøre. Penge som kan erodere bureauets DNA og dermed berettigelse.

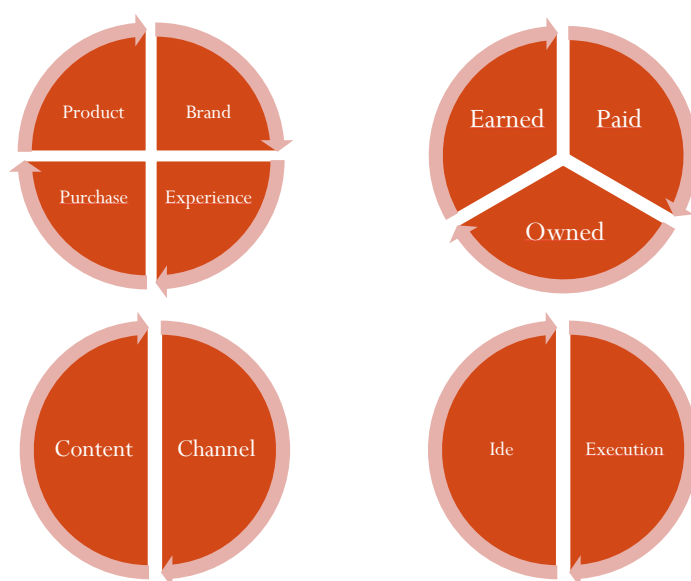
Ordet bureau betyder at handle på vegne af andre. Shareholder value bølgen har den konsekvens, at kunderne i stigende grad forsøger at insource opgaverne. En analyse fra Boston Consulting Group viser, at 80 % af det arbejde digitale bureauer udfører for kunderne er "low-value" manuelt arbejde. Med en skarpere service offering kan der skabes mere værdi. Det kan i sidste ende betyde, at danske bureauer oplever at færre kunder insourcer opgaverne. Kundernes priselasticitet afhænger af, om de selv kan lave opgaverne. De opgaver kunderne selv kan udføre, vil de betale mindre for.

### Specialister har lettere ved at skabe værdi

I en mere "open source" bureauverden vil der komme flere bureautyper a la dem som Tim Williams kalder "The Hollywood" model. De består af en lille kerne af specialister, som er blandt de bedste på deres felt. Til hver opgave sammensætter de et team med dem selv og relevante freelancere. Deres service offering er snævert og fokuseret. Men de er bedst, til det de laver.

Forskningen er som udgangspunkt enig i, at fokus er den bedste vej frem når det handler om vedvarende finansiell vækst og værdiskabelse. Kunderne efterspørger (de bedste) specialister. Det er nemmest at dyrke denne kompetence, hvis bureauet er fokuseret. Ifølge Tim Williams vinder det fokuserede bureau altid. Specialisters indtjeningssevne er bedre end generalisters. Differentiering er vigtig. Det er nemmere med et fokuseret offering.

Tim Williams har udviklet en model, der hurtigt og nemt giver dig et overblik over dit bureaus service offering. Den analyserer, hvordan bureauets bruttoavance fordeler sig på udvikling af kundernes Produkt, Brand, Købsoplevelse eller Brugsoplevelse. Earned, Paid eller Owned media. Content eller Channel. Ide-generering eller Eksekvering.



Kilde: Ignition Consulting Group



Alle typer af bureauer kan placeres i modellen. Et kreativt forankret reklamebureau vil have hovedparten af sin bruttoavance indenfor The Brand, Paid media og Content. Et mediabureau vil typisk have størstedelen af bruttoavancen indenfor The Brand, Paid media, Channel og Eksekvering. Et PR bureau vil typisk være størst indenfor Earned media.

### Opkøb og fusioner er en (risikabel) mulighed

Alle bureauer ender i sidste ende med at lukke eller blive solgt. Opkøb eller fusion er en strategisk mulighed. Det går væsentlig hurtigere end at udvikle bureauets service offering organisk.

Ifølge Markus Bugge vil den fase, bureaubranchen er inde i, betyde flere opkøb og fusioner end i tidligere faser. De internationale bureaugrupper foretager opkøb i stor stil. De seks store grupper WPP, Publicis, Dentsu, Omnicom, IPG og Havas har købt to bureauer om ugen i de sidste otte år. Det handler om at udvikle spidskompetencerne eller sikre repræsentation på strategisk vigtige markeder.

Et eksempel er Dentsu Aegis Networks opkøb af iProspect. I 2004 blev det search baserede digitale performance bureau opkøbt. Der var 85 ansatte i iProspect. De fleste sad på hovedkontoret i Boston. I dag er der 2.500 ansatte fordelt på 49 markeder og iProspect er en vital del af forretningsmodellen for Dentsu Aegis Network.

En gennemgang af opkøb og fusioner i den danske bureaubranche på denne side af finanskrisen viser, at succeserne er begrænsede, hvis resultatet opgøres på den efterfølgende finansielle performance. Ingen nævnt. Ingen glemt. Det er forbundet med en vis risiko at lade sit bureau indgå i en fusion eller et opkøb. Og det går særligt galt, hvis det er købere, som ikke er en del af bureaubranchen.

### Spørgsmål til Bureauets service offering:

- ✓ Hvilke services burde vi investere i? Flere strategiske? Flere komplementære?
- ✓ Hvilke services støtter bureauets positionerings strategi, hjælper med at differentiere bureauet, er en service vi kan blive bedst til og som der er efterspørgsel efter?
- ✓ Hvordan passer bureauets forskellige services sammen med bureauets DNA? Hvilke services kunne vi undvære?
- ✓ Hvordan er bureauets bruttoavance fordelt på udvikling af kunders Produkt, Brand, Købsoplevelse og Brugsoplevelse? Hvad er fordelingen på Earned, Paid og Owned media? Hvad er fordelingen på Content og Channel? Hvad er fordelingen på Ide-generering og Eksekvering? Har vi en optimal fordeling?
- ✓ Hvem ville det give mening, at vi arbejdede tættere sammen med i form af enten opkøb eller fusion?



### 3.7. Bureauets organisation

Bureauets organisation handler om, hvilke kompetencer og ressourcer, der skal til for at levere bureauets DNA. Hvilke organisatoriske ressourcer og kompetencer er nødvendige for at levere dit bureaus DNA? Hvilke ressourcer kræver det at drive bureauet?

#### Har bureauet den rigtige ledelse?

Al forsknings indenfor innovation og udvikling af organisationer peger på ledelsen som den vigtigste faktor. Det er ledelsen, som skal kende bureauets forretningsmodel godt nok til at identificere, hvor der skal ske udvikling. Det er ledelsen, som skal igangsætte udviklingen af forretningsmodellen. Det er ledelsen, som er ansvarlig for transformationen af bureauets forretningsmodel.

I projektet omkring vinderbureauernes DNA var konklusionen, at det vigtigste element er, at bureauet har en ledelse, som fungerer som et velfungerende band. Det er forskelligheden som skaber resultaterne. Ligesom i sammensætningen af et band, hvor guitaristen, vokalisten og trommeslageren skal finde frem til en samklang. Der er masser af spændinger i et band. De er drevet af forskellighederne. Det er de forskelligheder, der gør, at ledelsen præsterer bedre end, hvis de var hver for sig. Vinderbureauernes ledelse er karakteriseret ved, at der ikke er tale om et stort band. En sammenspillet kerne på 3-4 medlemmer kan gøre forskellen. En kerne som committer sig til hinanden og til bureauets succes. En kerne hvor medlemmerne ikke behøver at være de bedste på deres felt. Men hvor de kommer fra øverste hylde på deres område og evner at give hinanden plads.

Lederskab og ambitioner med bureauet hænger også sammen. Leaders must lead. Paul Roetzer siger: "Great teams need great leaders! Create and setting a winning culture and developing the vision". Rick Webb mener endvidere, at bureauet skal have en partnerstruktur for at nå helt til tops. Det kan ikke udføres af enkeltpersoner.

High performance teams er vigtigere end high performance individuals. Også når det handler om ledelse af et bureau. Udvikling af ledergruppen til et high performance team er relativt simpelt. Cathrine Juell i Oslo har mange års erfaring hermed. Hun sonderer mellem fire forskellige arketyper af ledere samt gruppens samarbejdskompetencer. Grundlæggende kræves der kun en simpel personlighedsprofil af hvert medlem. Herudfra kan ledelsen sammen med en HR kyndig fastlægge ledergruppens styrker og svagheder.

Jay Haines er grundlægger af Grace Blue. Det er en amerikansk headhunternervirksomhed indenfor kommunikationsverden. Han er ikke i tvivl om, hvilken type leder bureauerne har brug for i dette årti. Det handler om at være "agil". Ikke kun som bureau, men især som bureauledelse. Agilt lederskab handler om at udvikle omgivelser, der skaber resultater. Kun herved kan bureauet reagere hurtigt nok på forandringerne i omverden. Det handler for ledelsen i højere grad om at skabe en vision for bureauet og uddelegere ansvaret derfra. Agile ledere er karakteriseret ved masser af energi og appetit på at skabe forandringer, at drive kulturen på bureauet og kunne tage beslutninger hurtigt og effektivt.

### Danske bureauer udvikler sig i fire faser med fire forskellige ledelsesopgaver

Danske bureauer udvikler sig typisk i fire faser. I første fase er der op til 10 ansatte. Der er tale om en stærk iværksætter kultur. Grundlæggeren er den ypperste til at levere bureauets service offering. De øvrige ansatte er med for at støtte i leveringen af bureauets service offering. I den anden fase udvikler bureauet sig fra 10 til 20 ansatte. I fase 2 er organisationsstrukturen karakteriseret ved en række "multikunstnere", som står for levering af bureauets service offering. I den tredje fase har bureauet fra 20-50 ansatte. Her bliver bureauet opdelt i forskellige enheder og afdelinger: client service/kontakt, digital/teknisk, kreative mv. I fase 3 er den ledelsesmæssige opgave væsentlig anderledes end i den første fase.

I fase 4 begynder bureauet at udvikle sig til en bureaugruppe med flere bureauer og bureautyper. Eller bureauet begynder at operere i flere markeder. Den ledelsesmæssige opgave i de fire faser er forskellig. Ifølge Robert Craven er der mange bureauiværksættere, som tager konsekvensen og lader en ny person overtage roret. Den optimale sammensætning af bureauets ledelse er også forskellig. High performance teamet i fase 2 er forskelligt fra high performance teamet i fase 3 eller 4.

Michael Farmer er hård i sin dom over (reklame) bureauernes ledelse. Han efterlyser bureauledere, som har modet og evnerne til at få (reklame) bureauer væk fra den katastrofe kurs, de er på. Han mener, at branchen mangler stærkere ledere. Ledere som kan få løst op for branchens udfordringer. Clayton Christiansen og hans fænomen fra "The Innovators Dilemma" kan overføres hertil. Bureaubranchen har brug for ledere, som ikke holder fast i det, som gjorde dem og deres forretningsmodel succesfulde engang. Det er en fundamental anden verden og dermed ledelsesopgave.

### Tilfredse medarbejdere og talent er en forudsætning for succes

Et bureau er afhængigt af at have engagerede medarbejdere. Det er nøglen til meget tilfredse kunder. Engagerede medarbejdere er identisk med meget tilfredse medarbejdere. Ifølge management gurun Peter Drucker er vidensmedarbejdere motiveret af de samme faktorer som frivillige medarbejdere: udfordringen, resultater af indsatsen samt ikke mindst en mission, som de tror på. Det skal ifølge Rick Webb føles som et kald at være på bureauet. Her er værdier og kultur vigtigt. Den helt særlige vision fra Bureauets DNA skal kommunikeres igen og igen og igen. For mange regler og begrænset transparens skaber bureaukrati og mindre engagement.

Rick Webb anfører, at et "super great" bureau har lavere omkostninger end de mindre gode bureauer. Det skyldes ene og alene medarbejdernes engagement i bureauet. Forsman & Bodenfors er hjemmehørende i Göteborg. De er igennem de seneste år kommet ud som et af de bedste bureauer i verden. De har ca. 125 ansatte og deres gennemsnitsløn er ½ mio. om året. Det er mere end 10% lavere end de gennemsnitlige personaleomkostninger for de 248 bureauer i den seneste Bureauanalyse.

MyResearch har lavet en analyse af medarbejdertilfredsheden for en række danske bureauer. Herudfra kan de sammenligne bureauernes medarbejdertilfredshed med udviklingen i bruttoavancen. Der er en positiv sammenhæng. MyResearch måler medarbejdertilfredsheden

på en skala fra 1-5. Hvis medarbejdertilfredsheden er under 3,5 er faldet i bruttoavance 2-cifret. Hvis medarbejdertilfredsheden er 3,5-4,0 er faldet i bruttoavance 1-cifret. Hvis medarbejdertilfredsheden er højere end 4 er der vækst i bruttoavance. Det betyder, at medarbejdertilfredsheden er afgørende for bureauets værdiskabelse og dermed forretningsmodel.

Steen Holm fra Havas Worldwide Copenhagen fik i 1997 Lommer legatet og udviklede her en model, som kategoriserede bureauer efter, hvordan de fordelte værdien i form af bruttoavance mellem bureauets medarbejdere og ejere. De mest succesfulde bureauer tilhørte WinWin kategorien. De mindst succesfulde bureauer er i LoseLose kategorien. MyResearch fandt i deres undersøgelse også en sammenhæng med medarbejdertilfredsheden: Den er lavest på LoseLose bureauerne. Igen et bevis på værdien af medarbejdertilfredsheden i et bureaus forretningsmodel.

### Hyr de bedste folk og undgå at stå i vejen for dem

“Talent is the traditional differentiator of agencies, and it continues to be the traditional differentiator”. Det var Martin Sorrell, CEO for verdens største bureaugruppe WPP, som sagde det tilbage i september 2015. Dan Wieden fra Wieden & Kennedy er citeret for at sige: ”Succes er simpelt. Hyr de bedste folk og undgå at stå i vejen for dem”.

De bedste bureauer har ikke problemer med at tiltrække talent. De har ofte problemer med at fastholde dem. En medarbejder på et dansk bureau er ansat i gennemsnit i 3½ år ifølge MyResearch. Talenterne endnu kortere, hvis de ikke er engageret i bureauets DNA og egne muligheder. Talent er afgørende for kundernes tilfredshed og dermed bureauets evne til at udvikle forretningsmodellen. Paul Roetzer mener, at de er afgørende for at bygge fremtidens hybridbureauer.

Der er tre nøglefunktioner i sammensætningen af et bureaus optimale organisation. De er udover talenter, ”solid key players”, og de ledelsesmæssige ”star performers”. Talenter er under 30 år. Kunderne elsker dem. De fordobler typisk deres løn på de første tre år på bureauet og er klar til lederjobbet efter fem år. De bedste ledere bliver rekrutteret internt. Projektet omkring vinderbureauernes DNA viste, at bureauledere topper når de er mellem 35 og 45. Det er her, de er ”star performers” ledelsesmæssigt. Det betyder ikke, at de ikke kan præstere senere. Men de bedste resultater sker typisk i aldersspændet 35-45 år.

### Tag HR endnu mere seriøst

Bureau business er peoples business. Det skal tages mere seriøst. Rick Webb, Tim Williams og Paul Roetzer peger allesammen på betydningen af en professionel og værdiskabende HR funktion. Kvaliteten af bureauets evner indenfor HR er en begrænsning for vækst. Der er forskellige fortolkninger af, hvornår der skal være en HR ressource på bureauet. Nogle siger ved 30 ansatte. Andre ved 70.

Uanset hvilken størrelse er der masser af relevante opgaver for en HR funktion. Det er nok også lidt afhængigt af ledelsens involvering. Hvor alvorligt tager den administrerende direktør HR rollen? Og af om bureauet får fat i den rigtige HR person. Der er mange eksempler på HR folk, som har svært ved at skabe en reel værdi på et bureau. I en "open source" bureauverden kan flere bureauer måske dele den samme HR person? Jobbeskrivelsen kunne ifølge Rick Webb, Tim Williams og Paul Roetzer inkludere nogle af de følgende elementer

- ✓ Løbende måling af medarbejdertilfredsheden og hurtig opfølgning herpå.
- ✓ Sikre at alle medarbejdere får en udbytterig udviklings samtale mindst to gange årligt. I tillæg hertil 360 graders evaluering på alle ledere.
- ✓ Har bureauet gode nok folk på alle pladser? Hav styr på churnen og "worst performers". 3 ud af 4 forlader bureauet på grund af deres chef. Hvad med sammensætningen? De bedste bureauer er en blanding af senior kompetence og talent på vej.
- ✓ Er bemanningen rigtig? Bureauer fungerer bedst når de er tæt på fuld kapacitetsudnyttelse: Fokuseret og i rytme. Hav styr på KPI'er og benchmarks når det handler om bemanning.
- ✓ Jobbeskrivelse for alle ansatte inkl. KPI'er og lønniveau.
- ✓ Konsistent og meningsfyldt titelstruktur på bureauet. Titler er vigtige for bureauets struktur og medarbejder motivation samtidig med, at de skal være meningsfyldte for omverden. Pas på med for mange direktører, som har titlen mere af navn end af gavn.
- ✓ Sikre at alle udnævnelser sker baseret på performance. Ellers kommer middelmådigheden og opsigelserne snigende. En udnævnelse skal ikke komme af at gøre et job godt. Det forventes for at kunne arbejde på bureauet. Det kommer af at være kvalificeret til at tage mere ansvar.
- ✓ Bureauer er notorisk kendt for at være dårlige til intern kommunikation. Implementer en struktur som sikrer, at det sker.
- ✓ Der er også en uddannelsesplan som skal passes. Ikke mindst indenfor teknologi. Der kommer en ny stor digital innovation hver 18. måned. Hvordan håndteres kompetence udviklingen i forbindelse hermed?
- ✓ Der er også en eller anden involvering i "firing & hiring". Hvilke kriterier skal der bruges? Også være med til at skabe reelle og meningsfyldte exit samtaler samt "onboard" kurser for nye ansatte.
- ✓ Talent management. Intet er vigtigere for et bureau end top performing young professionals. Også involvering i spotting af talenter, som bureauet gerne vil have fat i.
- ✓ Arbejd konstant med at skabe high performance teams i de forskellige afdelinger samt i bureauets ledelse.
- ✓ Hvad er den optimale struktur for bureauets organisation?
- ✓ Hav styr på det juridiske.
- ✓ Hvordan håndteres bureauets freelancere HR-mæssigt?

### Spørgsmål til Bureauets organisation:

- ✓ Er bureauets ledelse stærk nok til at realisere ambitionerne for bureauet? Hvor og hvordan kan teamet styrkes?
- ✓ Hvordan er bureauets medarbejdertilfredshed? Hvordan kan den forbedres i det kommende år?
- ✓ Har bureauet tilstrækkeligt med talent? Hvem er de og passer vi godt nok på dem? Hvordan tiltrækker vi nye talenter i det kommende år?
- ✓ Har vi den rigtige kultur på bureauet? Er vi et agilt bureau med en kultur drevet af faglighed og vindermentalitet? Hvordan kan vi gøre den endnu stærkere?
- ✓ Hvordan får vi en endnu stærkere HR funktion?

### 3.8. Vigtigste partnere

Partnerne handler om bureauets vigtigste partnere i værdiskabelsen for kunderne. Hvem er dit bureaux vigtigste partnere? Hvordan samarbejder I med de vigtigste partnere? I en "open source" bureauverden med samarbejde på tværs af alle bureautyper bliver bureauets partnere vigtigere og vigtigere i udviklingen af bureauets forretningsmodel.

#### Partnere i bureauets service offering

Indenfor bureauets service offering er der ifølge Tim Williams tre kategorier af service og tilhørende partnere.

Service	Partner
Core	Bureauet leverer selv serviceydelsen
Partnership	Bureauet har tæt samarbejde med et andet bureau
Outsourced	Bureauet anbefaler eller henviser til et andet bureau

Bureauets service offering kan udvikles med både nationale og internationale partnerbureauer. Det åbne økosystem betyder, at nogle freelancere er tættere på bureauet end andre. Disse relationer skal udbygges og vedligeholdes på samme måde som relationerne til kunder og medarbejdere.

Udover at have gode partnere er det også centralt at udvikle bureauet til at være en attraktiv partner for andre. Der er ifølge Paul Roetzer fem faktorer, som definerer en attraktiv service offering partner:

1. Komplementære services
2. Transparent prissætning
3. Samme (eller forståelse for hinandens) processer
4. Levering af det aftalte til tiden
5. Finansiell ballast.

#### Der kommer flere og flere vigtige partnere

Nogle mener, at den danske bureaubranche mangler "Fyrtårne". Der er ikke nogen fra den danske bureauverden, som er med til at sætte dagsorden ved den årlige Cannes festival. De danske fyrtårne findes i stedet indenfor gastronomi, arkitektur og film. Inspiration er vigtigt i udvikling af bureauets forretningsmodel.

De internationale bureauer har fordele ved at kunne blive inspireret af viden og indsigt, værktøjer samt kunderelationer fra andre markeder. Lokale bureauer har ikke den fordel. De bør udvikle internationale partnerskaber. En mulighed er at identificere de internationale ressourcer indenfor bureauets DNA (databaser, konferencer mv.). En anden mulighed er at deltage på nogle af de relevante kurser, som udbydes af VCU Brandcenter, Hyperisland, Boulder Digital Works, Miami ad school mv.

Medierne kan også være partnere for bureauerne. Google og Facebook har været nøglepartnere for mediabureauerne i udviklingen af deres forretningsmodel. TV2 har i disse år fokus på betydningen af kreativitet.

I jagten på talent er de forskellige relevante uddannelsesinstitutioner også relevante partnere. Det kan være via medarbejdere, som er eksterne lektorer eller praktikanter på bureauet. Der er også en anden mulighed: Carat har hvert år i Aarhus en case competition. Det er en problemstilling for en af bureauets kunder. Der er 24 udvalgte kandidatstuderende, som dystet om at løse opgaven. Halvdelen af bureauets nyansættelser i de seneste to år er deltagere fra Carat Case Competition.

I projektet omkring Vinderbureauernes DNA var en af konklusionerne, at vinderbureauer har en bestyrelse, som sikrer, at bureauets forretningsmodel bliver udviklet i overensstemmelse med bureauets DNA. Paul Roetzer har også haft stor gavn gode sparringspartnere. Det optimale er når de komplementerer ledelsens svagheder. Det kan være indenfor IT, HR, strategi og ledelse, kundesiden mv. Paul Roetzer foretrækker DOers. Nogle som selv har prøvet det.

### Partnere indenfor teknologi bliver vigtigst

Teknologi bliver vigtigere og vigtigere for bureauerne. Det bliver en konkurrence parameter. Både når det handler om løsninger til kunderne og om løsninger til forbedring af bureauets infrastruktur. Der er ifølge Paul Roetzer et utal af teknologidrevne services derude. Antallet af tredjeparts software løsninger eksploderer. Her er der utallige udviklingsmuligheder til bureauets forretningsmodel.

IT analysevirksomheden Gartner Group har lavet en rapport, som hedder ”Getting the right IT: using Business Models”. Her anbefaler de at anvende Osterwalders Business Model Canvas til at identificere, hvor en given organisations IT infrastruktur kan forbedres. Det samme kan dit bureau gøre med den bureau canvas, som er en del af dette projekt.

Hvilken applikation eller teknologi anvender bureauet i dag indenfor hvert element? Hvilke applikationer eller teknologier findes der på markedet? Hvor meget kunne de forbedre bureauets performance? Forskerne Weill & Vitale foreslår, at du i din udvikling af forretningsmodellen også kan tage udgangspunkt i den bedste IT infrastruktur på markedet. Og derfra udvikle den mest værdiskabende forretningsmodel.



Paul Roetzer har nogle holdninger til, hvor langt et bureau bør gå indenfor IT. Som bureau må du aldrig blive software udvikler. Det går oftest helt galt. Det eroderer bureauets DNA. Bureauer som teknologidrevne servicevirksomheder er den optimale løsning. Bureauer skal



anvende IT, som en konkurrence parameter. Til at levere værdi mere effektivt. Det er her, at Paul Roetzer mener, at de timebaserede gamle bureauer kommer til kort. Lidt i dag, mere i morgen og helt væk om fem år. Det handler om den teknologiske og IT-mæssige forankring på bureauet. Det kræver i dag mere end at abonnere på WIRED. Det handler om at skabe en kultur, som har appetit på ny viden indenfor teknologi.

Paul Roetzer er fokuseret på, at hans bureau PR 20/20 skal vedblive med at opbygge en skalerbar teknologisk infrastruktur. Han tror ikke på egen udvikling, men derimod på at opbygge en infrastruktur omkring etablerede partnere. Se nogle af hans teknologiske partnere nedenfor.

Hvad	Produkt	Firma
Tids registrering	Timefox	Functionfox.com
Projekt & kampagne styring	Basecamp	37signals.com
CRM	Highrise	37signals.com
Internet marketing	HubSpot	Hubspot.com
Internal social network	Yammer	Yammer.com
Webinars	GoToWebinar	Gotomeeting.com

Der er out of pocket costs forbundet hermed. Men investeringerne kommer mange gange igen i form af en mere effektiv forretningsmodel, som disrupter den traditionelle bureaubranche.

### Spørgsmål til bureauets Vigtigste partnere:

- ✓ Hvem er bureauets fem vigtigste partnere?
- ✓ Er det også de vigtigste i det kommende år? Er der nogen partnerområder, som bureauet bør investere flere ressourcer i?
- ✓ Er vi som bureau en god partner for andre bureauer?
- ✓ Hvem er de vigtigste partnere indenfor teknologi?
- ✓ Hvordan kan vi som bureau udvikle den teknologiske infrastruktur med partnere?

### 3.9. Omkostningerne

Omkostninger handler om bureauets omkostningsstruktur. Hvordan er dit bureaus omkostningsstruktur? Hvilke omkostninger skal der til for at levere bureauets DNA?

#### "You must run a tight ship"

Der er altid flere ting at bruge penge på, end der er penge i bureauets kasse. Det handler om at være lean. Og blive ved med at være lean. Som Rick Webb siger "You must run a tight ship".

3/4 af omkostningerne på bureauer i Danmark er personale omkostninger. Det er her det batter strukturemæssigt. Den årlige Bureauanalyse viser, at den gennemsnitlige personaleomkostning på bureauerne i Danmark er steget med 9% siden 2007. Det svarer til knap 50.000 pr. medarbejder. I samme periode er branchens overskudsgrad faldet fra 14,3% til 7,6%.

	2007	2008	2009	2010	2011	2012	2013	2014
Personale omkostning	523.162	541.506	539.817	541.831	559.312	569.960	566.987	572.375
Overskudsgrad	14,3%	11,3%	1,4%	6,8%	10,2%	8,6%	8,0%	7,6%

Kilde: Bureauanalysen fra Bureaubiz

Hvis den gennemsnitlige personaleomkostning i 2014 var lig med 2007 ville branchens overskudsgrad ikke kun være 7,6%. Den ville være 13,4%. Den gennemsnitlige personaleomkostning har en direkte effekt på branchens overskudsgrad. Hver gang den gennemsnitlige personaleomkostning stiger med 7.000 falder branchens overskudsgrad med 1%.

I bogen "Madison Avenue Manslaughter" viser Michael Farmer en case på et bureau. I 2005 modtog bureauet 479 briefs fra kunder. I 2013 var tallet steget til 1.506. En tredobling af antallet af briefs. I 2013 var indtægterne 15% lavere end i 2005. "Always on" i den digitale verden har konsekvenser. Der kommer mange flere briefs fra kunderne. Medarbejderproduktiviteten er afgørende for fremtidens forretningsmodeller.

Det centrale er at analysere sig frem til den rigtige bemanning. Det handler om kvantiteten i form af det rigtige antal medarbejdere. Og kvaliteten i form af de rigtige mennesker på de forskellige positioner. Det afgørende er sammenhængen mellem indtægt pr time og omkostning pr. time. Jo mere effektivt bureauet arbejder des lavere omkostning pr. time. Det kan ske ved at have medarbejdere, der arbejder hurtigere/ bedre og/eller ved at opgaverne udføres af medarbejdere med en lavere løn.

Michael Farmer har identificeret en model for, hvor mange ansatte der skal være på reklamebureau. Det centrale er indledningsvist at få afklaret den kreative arbejdsbyrde. Herudfra fastlægges antallet af kreative fte (full time employees). For hver kreativ fte skal der i gennemsnit være en 1,0 fte i client service og strategisk planning. For mere komplekse kundeforhold er det op til 1,6 fte pr. kreativ fte. For mere ukomplicerede og simple kunderelationer er det mindre end 1,0 fte pr. kreativ fte. Herudover har Farmer identificeret, at der skal være 0,7 fte indenfor produktion for hver kreativ fte. For hver kreativ fte er der behov for 1,7 fte indenfor client service, strategisk planning og produktion. Sammensætning af den rigtige medarbejderstruktur for dit bureau er afgørende for forretningsmodellens succes.



Det rigtige antal medarbejdere kan også identificeres ved at analysere sig frem til det rigtige mix af forskellige medarbejderkategorier:

Front- vs. Back-office	Hvor mange økonomimedarbejdere og andre administrative funktioner skal der til for at få bureauet til at præstere?
Høvdinge vs. Indianere	Hvor mange ledere i form af chefer og direktører skal der til for at få bureauet til at præstere?
Rookies/talenter vs. Seniorer	Hvor mange unge rookies og talenter skal der til for at få bureauet til at præstere?

Mark Cranmer mener, at det vigtigste for et bureau er at fastholde og udvikle bureauets talenter indenfor alle områder og discipliner. Der skal gøres plads til dem. Det er mennesker, som bureauer skal leve af. Og det er de bedste af dem, som gør forskellen for bureauet. Økonomisk er det afgørende, at der er plads til at investere i dem.

Jo mere fokuseret bureauet er, des lettere er det at generere indtægter på den samme viden. Der er indlæringskurver og skalafordele, som kan bidrage hertil. Robert Craven er optaget af, at bureauer skal blive bedre til at rense ud i "underperformers". Der findes masser af eksempler, hvor en given medarbejder er både billigere og bedre til at udføre den givne opgave. Der er også eksempler på medarbejdere, som er 50% dyrere, men som kan håndtere 80% mere end gennemsnittet. Underperformers er de medarbejdere, som skaber den mindste nettoværdi for bureauet. Udover medarbejdere peger Robert Craven også på underperformers indenfor bureauets service offering, leverandører og kunder.

### Bureauets finansielle performance er konsekvensen af forretningsmodellen

De færreste bureauer er (udelukkende) sat i verden af finansielle grunde. Bureauets finansielle performance er konsekvensen af forretningsmodellen. Det er en test af bureauets værdi på markedet.

Benchmarking mod andre bureauer giver værdifuldt input. Tallene for bureauets nærmeste og sammenlignelige konkurrenter findes i Bureauanalysen.

En forretningsmodel handler om værdi. Den værdi som forretningsmodellen skaber oversættes til bureauets bruttoavance. Bureauer opererer indenfor den del af strategilitteraturen, som kaldes "professional services". Her er kapacitetsudnyttelsen af den enkelte medarbejder afgørende. Bruttoavance pr. medarbejder er udtryk for den værdi, som bureauets medarbejdere skaber for kunderne.

MyResearch arbejder med noget de kalder den 3-dobbelt bundlinje. Det er en bundlinje, som inkluderer medarbejdertilfredshed, kundetilfredshed samt finansiell performance. Oftest er alle 3 bundlinjer i top samtidig. Tilfredse kunder og medarbejdere skaber forretningsmodeller og bundlinjer, som præsterer.

Vækst i bruttoavance er ofte en del af bureauets målsætning for det kommende år. Tim Williams er skeptisk overfor jagten på vækst. Hans budskab er, at det er bedre at være bedst end at være størst. I Danmark viser Bureauanalysen fra 2015, at i 4 ud af de 6 bureau kategorier er det største bureau ikke det mest profitable.

Paul Roetzer er også inde på noget af det samme. Hvis du ikke kan vokse bundlinjen samtidig med bruttoavance er der ingen grund til at vokse. Bundlinjen skal vokse hurtigere end topline. Hvis det ikke er tilfældet, er det et tegn på, at der ikke er en skalerbar infrastruktur på bureauet.

Den danske bureaubranche er ikke skalerbar. I de sidste tre år er branchens bruttoavance steget hvert år. Samtidig er resultatet af primær drift konstant. Det er ifølge Paul Roetzer et bevis på en branche, som er moden til at blive disrupted.

Magnetix har udviklet sig til at have branchens største overskud. Større end bureauer der både medarbejdermæssigt og bruttoavancemæssigt er større end dem. Magnetix har fundet formelen til en skalerbar vækst. Deres overskudsgrad er stigende.

	2009	2010	2011	2012	2013	2014
Bruttoavance (1.000)	33.795	34.014	39.696	55.336	82.055	109.648
Primær drift (1.000)	861	3.607	7.885	13.865	22.136	31.486
Overskudsgrad	2,5%	10,6%	19,9%	25,1%	27,0%	28,7%

Kilde: Bureauanalysen fra Bureaubiz

De store internationale bureaugrupper prissættes ud fra en P/E (= price pr. earning) på ca. 16. Hvis denne metode anvendes, betyder det, at Magnetix i 2014 havde en værdi på ½ mia. I 2009 ville værdien være under 15 mio. Her er en forretningsmodel, som har skabt stor værdi.

Det er vigtigt at benchmarke bureauets finansielle performance. Som bureauleder er det afgørende at være ærlig overfor sig selv omkring værdien af bureauets forretningsmodel. Det er her det er allervigtigst at være lærende og ikke vidende som bureauledelse.

### Spørgsmål til Omkostningerne:

- ✓ Er bureauets ledelse stærk nok til at realisere ambitionerne for bureauet? Hvor og
- ✓ Har vi den rigtige sammensætning af medarbejderstaben? Kan vi forbedre bureauets produktivitet ved at ændre sammensætningen?
- ✓ Har vi en skalerbar infrastruktur, som kan sikre os en profitabel vækst? Hvis ikke: Hvad skal vi gøre for at det er tilfældet?
- ✓ Hvor er vores finansielle styrker og svagheder i forhold til de nærmeste konkurrenter? Hvordan kan vi forbedre vores forretningsmodel?

### 3.10. Hvordan ser fremtidens forretningsmodeller ud?

”Magic and Logic” er titlen på et projekt, som udkom i England tilbage i 2006. Det er lavet på vegne af brancheforeningerne indenfor bureauer, marketing og procurement. Formålet var at identificere, hvorledes de tre parter kunne arbejde bedre sammen.

Projektet identificerede, hvad der karakteriserede de mest succesfulde bureauer:

*”Run their agency as a business, have a differentiated product, in business to create value for clients and are results oriented, confident about their ability and their value, run their business with a high degree of professionalism and integrity, have disciplined processes”.*

På trods af at projektet er 10 år gammelt er der en række konklusioner, som er identisk med udfordringerne i 2016. Der er et element af ”Magic and Logic” over hvordan fremtidens forretningsmodeller ser ud for de danske bureauer. Logic i form af en række succeskriterier, som har været kendt i årtier: betydningen af shareholder value, meget tilfredse kunder, at bureauet ved hvad det står for, tilfredse medarbejdere, talent mv. Magic i form af en række nye forhold, som skal integreres i bureauets forretningsmodel: en mere automatiseret client service funktion, bureauer skal tænke som online BtB brands og ikke mindst at partnere indenfor teknologi bliver vigtigst.

Der er ifølge en række internationale eksperter hele 23 forskellige udfordringer og trends som fremtidens forretningsmodel skal tage højde for. De 23 udfordringer og trends er jævnt fordelt indenfor de ni elementer i dit bureaus forretningsmodel. Frem mod 2020 er der behov for transformation af bureauets forretningsmodel indenfor alle de ni elementer i forretningsmodellen. Opgaven som bureauleder er ikke blevet mindre krævende. Se overskrifterne for de 23 udfordringer og trends i det følgende.

1. Kunderne	<ul style="list-style-type: none"><li>• Kategorividen er afgørende for succes</li><li>• Shareholder value er kommet for at blive</li><li>• De gode kunder udvikler og driver bureauets forretningsmodel</li></ul>
2. Client service	<ul style="list-style-type: none"><li>• Andelen af meget tilfredse kunder er altafgørende</li><li>• Evnen til at samarbejde med kunder og andre bureauer får større betydning</li><li>• Client service funktionen bliver mere automatiseret</li></ul>
3. Marketing & pitching	<ul style="list-style-type: none"><li>• Kend styrken af dit bureaus brand</li><li>• Bureauer skal tænke som online BtB brands</li><li>• Bliv bedre til "The Art of The Pitch"</li></ul>
4. Indtægtskilderne	<ul style="list-style-type: none"><li>• Gå fra timebaseret til mere værdibaseret prissætning</li><li>• Sæt prisen op med 5% nu!</li><li>• Work for equity er risikabelt</li></ul>
5. Bureauets DNA	<ul style="list-style-type: none"><li>• Bureauer ved ikke hvad de står for!</li></ul>
6. Bureauets service offering	<ul style="list-style-type: none"><li>• En kontinuert serviceudvikling med kunderne</li><li>• Tror bureauet på fokus eller diversifikation?</li><li>• Opkøb og fusioner er en (risikabel) mulighed</li></ul>
7. Bureauets organisation	<ul style="list-style-type: none"><li>• Har bureauet den rigtige ledelse?</li><li>• Tilfredse medarbejdere og talent er en forudsætning for succes</li><li>• Tag HR endnu mere seriøst</li></ul>
8. Vigtigste partnere	<ul style="list-style-type: none"><li>• Der kommer flere og flere vigtige partnere</li><li>• Partnerne indenfor teknologi bliver vigtigst</li></ul>
9. Omkostningerne	<ul style="list-style-type: none"><li>• You must run a tight ship</li><li>• Bureauets finansielle performance er konsekvensen af forretningsmodellen</li></ul>

## 4. Hvordan kommer du i gang med at udvikle bureauets forretningsmodel?

### 4.1. Hvor radikalt skal forretningsmodellen udvikles?

Formålet med udvikling af bureauets forretningsmodel er at skabe og fastholde mere værdi. ”It is purpose, not profits, which defines an agency”. Den finansielle performance er dog udtryk for den værdi, som bureauets forretningsmodel skaber.

Hvis bureauets finansielle performance er utilfredsstillende samtidig med, at bureauet befinder sig i en situation, hvor forandringer i omverden kan få store konsekvenser er der behov for radikale ændringer af forretningsmodellen. Omvendt er der kun behov for tilpasninger af forretningsmodellen, hvis den finansielle performance er tilfredsstillende og der er flere muligheder end trusler i den nærmeste fremtid.

Alle fremtidsscenarier peger på store forandringer i bureaubranchen. Status quo er ikke en mulighed. Det vil kun resultere i en forretningsmodel med lavere værdiskabelse og ringere finansiell performance.

Indledningsvist skal du fastlægge, hvor radikalt behovet er for at udvikle bureauets forretningsmodel. Der er tre niveauer. Hvis bureauet har behov for en helt ny forretningsmodel skal der ske en disruption af bureauet. Hvis forretningsmodellen er velfungerende er det oftest tilstrækkeligt at tilpasse den eksisterende forretningsmodel. Niveaut mellem de to er karakteriseret ved, at bureauets forretningsmodel har behov for en ny arkitektur.

Bruno Cassiman fastslår, at succes ikke handler om en enkelt innovation. Et bureaux konkurrencemæssige position er defineret af det akkumulerede antal succesfulde innovationer. Flere års tilpasnings af forretningsmodellen betyder oftest, at bureauet får en helt ny arkitektonisk platform efter 3-5 år. Det er blevet et andet bureau med en fundamentalt anden og mere konkurrencedygtig forretningsmodel.

De tre forskellige niveauer er beskrevet i det følgende

#### Tilpasning af bureauet

- Ikke stort behov for at udvikle forretningsmodellen. Mere tilpasning end udvikling.
- Det klassiske årlige strategi review. Kan eksempelvis være at lancere en ny service, forbedre bureauets teknologiske infrastruktur samt forbedre evnen til at prissætte værdibaseret.

#### Ny bureau arkitektur

- Her er der tale om en større grad af udvikling af forretningsmodellen. Det er arkitekturen i forretningsmodellen, som forandres.
- Nu er det et historisk strategi review. Det kan være et opkøb. Det kan være, at bureauet nu er blevet så stort, at der skal en grundlæggende anden organisation til med de bemandingsmæssige konsekvenser det har.

#### Disruption af bureauet

- Her er der et behov eller mulighed for en fundamental anden forretningsmodel.
- Eksempler herpå er turnaround eller etablering af helt ny type bureau.

## 4.2. Hvordan kommer vi i gang?

Alle bureauer evaluerer i en eller anden form dagligt deres forretningsmodel. Der kommer masser af input fra kunder, medarbejdere, konkurrenter, partnere mv., som diskuteres i ledelsen.

Startskuddet til en mere formaliseret udvikling af forretningsmodellen er ikke kompliceret. Sæt en eller to dage af til et review af bureauets strategi og forretningsmodel. Invester lidt ressourcer i form af et inspirerende sted, nogle eksterne indlæg, en moderator mv.

Hvem skal involveres? Hvordan ser det rigtige team af mennesker, som kan evaluere bureauets eksisterende forretningsmodel og komme med nye ideer, ud? Det er altid en god ide at inddrage dem, som forstår kunderne bedst. Og måske nogle af de unge talenter. Husk på Clayton Christiansen. Der er et nyt paradigme: Det som gjorde bureauet succesfuldt engang virker måske ikke mere?

Hvad skal der forberedes inden bureauets strategireview? Præsentation af key trends for bureauet, empathy maps på de vigtigste kunder, bureauets 3-dobbelte bundlinje, review af IT infrastruktur, relevante pointer fra dette projekt, spørgeskema til deltagere mv.

Strukturen for strategidagene kan være den simple model for strategisk udvikling:

Hvor er vi?	Hvor skal vi hen?	Hvordan kommer vi derhen?
Alle gode strategier er baseret på egne styrker.	Hvad er overskrifterne på fremtidens konkurrence situation?	Hvor skal vi tilpasse vores forretningsmodel?
Den eksisterende forretningsmodel: Hvor virker den? Hvor virker den ikke?	Hvad er det for nogle vilkår bureauet konkurrerer på?	Hvor stor en grad af udvikling er nødvendig?
Hvor gode er vi på den 3 dobbelte bundlinje: kundetilfredshed, medarbejdertilfredshed og finansiell performance?	Hvilke trends kommer til at forandre de vilkår? Og ikke mindst hvordan?	Skitser den nye forretningsmodel med udgangspunkt i de ni elementer i bureauets forretningsmodel.
Brug de ni elementer i forretningsmodellen til at evaluere den eksisterende situation.	Brug de bedste og mest relevante trend præsentationer. Evt. dem fra denne rapport. Spørg kunderne.	Opsæt målsætninger samt de handlinger, der skal til for at få det til at ske.
Brug de forskellige spørgsmål fra dette projekt	Find frem til de 3 trends, som er vigtigst for bureauet i de kommende år.	

### 4.3. Udvikling og implementering af den nye forretningsmodel

Strategidagene afsluttes typisk med en skitse til bureauets forretningsmodel for det kommende år. Der er behov for at udvikle skitsen til en egentlig handlingsplan, som efterfølgende skal implementeres. Alt dette samtidig med, at bureauet skal fungere på daglig basis.

Ifølge Mark Cranmer er ”speed” afgørende i forbindelse med udvikling og implementering af bureauets nye forretningsmodel. Det er især afgørende indenfor udvikling af bureauets service offering. At kunne være på forkant med den teknologiske innovation og de services som opstår derfra er en konkurrenceparameter. ”Real time is all the time”. Bureauet skal skifte dæk på bilen samtidig med, at den kører.

Tim Williams argumenterer for, at alle bureauer burde etablere et ”innovation-lab”. Et innovation-lab kan arbejde med nye services, nye indtægtskilder, de største udfordringer for kunderne og alle mulige andre relevante projekter. Et innovation-lab kan etableres på tværs af flere bureauer.

Det vigtigste for et innovation-lab er tilstrækkelige ressourcer til konstant at udfordre, udvikle og transformere bureauets forretningsmodel. Det kan ske ved at dedikere en ressource i en given periode. Eller ved at lave det som et projekt for bureauets unge talenter. Det kan ske ved at investere i et nyt bureau set up for at teste nogle elementer af, som ikke kan testes i den eksisterende forretningsmodel. Det afgørende er muligheden for at tænke ”out-of-the-box”.

Al forskning peger på, at ledelsen har den afgørende betydning for succesfuld udvikling og implementering. Om det er som supporter eller direkte partner, afhænger ofte af bureauets størrelse.

Medarbejderne skal informeres og håndteres. På individ-, gruppe- og bureau-niveau. Jo større ændringer af forretningsmodellen des mere usikkerhed med tilhørende spændinger og konflikter. Jo bedre ledelsen er til ”sensemaking”, des bedre vil implementeringen forløbe.

Kunderne skal føres igennem tre faser: De skal acceptere den tilpassede forretningsmodel. De skal prøve den af. De skal gøre den til en integreret del af den værdi, som bureauet leverer.

Verden er fyldt med bureauer, som har været på den årlige strategidag uden, at der efterfølgende er sket nogen forandringer. De bureauer får det sværere i fremtiden. Det er ikke hvad der aftales på strategidagene. Det er bureauets efterfølgende performance, der tæller.

## Hvis du vil vide mere

De bøger og rapporter, som jeg har haft mest gavn af i forbindelse med projektet er:

### Marilyn Baxter:

Magic and Logic. Re-defining sustainable business practises for agencies, marketing and procurement

### Markus M. Bugge:

Jacobian cluster mutation across advertising and internet based market communication

### Peter Coughter:

The Art of The Pitch. Persuasion and presentation skills that win business

### Robert Craven:

Grow Your Digital Agency

### Michael Farmer:

Madison Avenue Manslaughter. An inside view of fee cutting clients, profit-hungry owners and declining ad agencies

### James Human:

The Case for creativity. Two decades evidence of the link between imaginative marketing and commercial success

### Henry Jenkins:

Convergence Culture

### Saul Kaplan:

The Business Model Innovation Factory. How to stay relevant when the world is changing

### Alexander Osterwalder & Yves Pigneur:

Business Model Generation

### Paul Roetzer:

The Marketing Agency Blueprint. The handbook for building hybrid, PR, seo, content, advertising and web firms

### Rick Webb:

Starting a creative firm in the age of digital marketing

### Tim Williams:

Positioning for Professionals. How professional knowledge firms can differentiate their way to success

### Bureauanalysen fra Bureaubiz 2008-2015



### Lidt om projektet og dets forfatter

Projektet er lavet af Henrik Jensen. Jeg er bestyrelsesmedlem hos reklamebureauet Mantra.

Fra 2007-2012 var jeg Nordic CEO for de mere end 20 bureauer, der findes i Dentsu Aegis Network i Norden. Før da var jeg i årene 2002-06 administrerende direktør for Dentsu Aegis Network i Danmark.

I 2014 var jeg sammen med Bureaubiz og MyResearch involveret i projektet ”Vinderbureauernes DNA”. I 2015 lavede jeg endvidere projektet ”Den vellykkede bureau turnaround”.

I dag er jeg PhD studerende på Roskilde Universitet indenfor ”Business Model Innovation”. Min forskning handler om, hvordan reklamefinansierede medier kan tilpasse deres forretningsmodel til den digitale tidsalder. Hvordan ender man som Netflix og ikke som Blockbuster?

Dette projekt er lavet løbende fra sommeren 2015 til januar 2016. Det startede med en masse læsning. Ca. 1.500 siders aktuel litteratur om bureauer og deres forretningsmodel. Det blev suppleret med halvt så meget akademisk litteratur omkring business models. På grund af deres tilgængelighed og manglende tid fik jeg ikke besøgt de forskellige internationale eksperter. Det blev i stedet til en række interviews over mail og telefon. Undervejs blev der heldigvis mulighed for en tur til Insead og deres ”Advanced Strategic Management” kursus. Og til juni møder jeg forhåbentlig Alexander Osterwalder i Schweiz. Så kan vi diskutere bureauers Business Model Canvas.

Dette projekt har fået en masse uvurderlig hjælp! En stor tak til Jer alle! Ikke mindst til Ole Stig Lommer. Det kan godt være, at tiden er løbet lidt fra legatet. Men international inspiration og viden om bureaudrift er vigtigere end nogensinde før for den danske bureaubranche.



Hvis du har spørgsmål eller kommentarer til projektet kan du nemmest fange mig på **hkjensen@ruc.dk**