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## **HIGH COSTS, COMPLEXITY DEFERRING AGENCIES’ ADOPTION OF EMERGING MARKETING TECHNOLOGIES**

*Though slow to adopt new automation and campaign execution tools, marketing agencies appear poised to increase their technology investment significantly over coming years, according to new white paper sponsored by DMA’s Marketing Technology and Direct Marketing Agency councils*

**September 3, 2008** — Marketing agencies stand at a critical crossroads. Changing consumer priorities, a proliferation of new media alternatives and increasingly complex multichannel integration requirements are driving up the pressure to develop and execute seamless, flawless campaigns. And clients are compounding the pressure, expecting their agencies to master an array of marketing execution tools just as well as they master the creation of a new advertisement, landing page or direct mail piece.

For all the complexity inherent in their work, though, agencies are only now beginning to awaken to the critical role that technology plays in their marketing process. And despite the emergence of some leading-edge visionaries, most agencies remain locked in a “wait-and-see” attitude when it comes to technology, hoping that their clients will ultimately show them the way to technological innovation.

That’s one of the findings of a new white paper released today by Winterberry Group, a leading strategic consulting firm focused on servicing marketing services, advertising and digital media companies. Sponsored by the Direct Marketing Association’s Marketing Technology and Direct Marketing Agency councils, the study—entitled *State of the Agency: Digital Marketing and the Technology Driven Ecosystem*—explores the challenges and changes impacting agency/client relationships in the digital world and the role that marketing automation will play in strengthening these relationships in the future.

The product of in-depth interviews and surveys with over 100 senior executives across the marketing services and marketing technology industry, the white paper identifies six key trends that are transforming the agency landscape. They are:

## Agency Automation Presents Best Defense Against Heightened Marketer Demands

- Heightened economic pressures, media costs and a cluttered advertising landscape have motivated marketers to rapidly adopt nontraditional methods of building brand content, driving strong demand for digital advertising services—especially in Web 2.0 media
- The 24/7, real-time, global communication platform presented by the Internet has heightened competitive pressures and given rise to numerous execution and financial challenges (for both marketers and their agency partners alike) that are best resolved through the integration of comprehensive marketing automation tools and processes
- Seeking to maintain their influence in the marketing process, agencies are in the midst of an unprecedented wave of restructuring initiatives that typically include brand repositioning, service expansion, talent development and experimentation with new pricing models
- Marketing automation systems are garnering interest within the agency environment, but many feel it is too early to purchase enterprise-wide systems, opting instead for home-grown, customized solutions and external corporate licenses through client organizations
- Marketing technology providers—in pursuit of anticipated future revenue—have recently increased their investment in the agency channel, offering education and customized products
- Strong technology expertise and competence will be the defining component of agency “DNA” in the future, driving deeper client relationships motivated by increased collaboration and performance-based programs.

“As the integrated service provider becomes a reality, technology will play an increasingly critical role in defining the agency landscape over the coming years,” said Bruce Biegel, senior managing director at Winterberry Group. “Competitive advantage will fall to those players that generate profitable customer insights, while effectively and efficiently managing the campaign execution process—all of which will be facilitated by technology expertise and usage”

*State of the Agency: Digital Marketing and the Technology-Driven Ecosystem* is available for complimentary download via the Research page of Winterberry Group’s Web site, located at <http://www.winterberrygroup.com/research>. DMA members may also access the paper through the DMA’s Web site at <http://www.the-dma.org/whitepapers>.

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### *About Winterberry Group*

Winterberry Group is a unique research and strategic consulting firm that helps marketing industry companies increase profits and build shareholder value. Affiliated with Petsky Prunier LLC—a leading investment bank providing merger and acquisition advisory services to companies in the same industry—Winterberry Group offers its clients strategic perspective that is unparalleled in the marketing sector, while PPLLC maintains exceptional relationships with industry executives and business owners. This combination of market intelligence, research and strategic operating experience (as well as the ongoing dialogue among buyers and sellers of marketing businesses) provides an educated outside perspective we bring to each engagement.

## “Marketing Revolution” Afoot With Growth of Marketing Automation Solutions

Over the past four years, Winterberry Group has successfully completed more than 120 engagements for a broad range of marketers, service providers and technology developers, as well as the private capital firms that invest in these businesses. WG’s clients include Acxiom Corporation, Alterian plc., American Capital Strategies, Apax Partners, arvato Services (the marketing services division of Bertelsmann AG), Canada Post Corporation, Capital One Financial Corp., The Carlyle Group, Hewlett-Packard Co., Gryphon Investors, ICOM Information & Communications, IWCO Direct, MetroGroup Marketing Services, MediMedia USA Inc., Modern Postcard, Onex Corporation, Roark Capital Group, Rosetta Marketing, Sterling Capital Partners, Transcontinental, Inc., V12 Group, Xerox and Yahoo!.

For more information on Winterberry Group, please visit [www.winterberrygroup.com](http://www.winterberrygroup.com).

### *About the Direct Marketing Association*

The Direct Marketing Association is the leading global trade association of business and nonprofit organizations using and supporting direct marketing tools and techniques. The DMA advocates industry standards for responsible marketing, promotes relevance as the key to reaching consumers with desirable offers, and provides cutting-edge research, education and networking opportunities to improve results throughout the entire direct marketing process. Founded in 1917, DMA today has more than 3,600 members from the U.S. and 46 other nations, including the majority of companies listed on the Fortune 100.

For more information on the DMA, please visit [www.the-dma.org](http://www.the-dma.org).