



European University

CENTER FOR MANAGEMENT STUDIES

Media and Design Agencies What is the Future's Winning Business Model?

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Hypothesis Statement

The topic for the capstone project is from the branch of advertising and design:

Media and Design Agencies

What's the future's winning business model?

This is my profession and the line of business I'm going to work in. As a Media Designer, my special interest lies in the field of design. The research for this topic provides me with valuable information for my later business activities. So the hypothetical argument I will investigate in this project is:

Full service media and design agencies compared to agencies concentrating on one field of design – What will be the winning business model for the future and why?

Research

The research efforts needed to perform such a project must relate to very up-to-date information because the market changes very quickly. This is especially true today, when the whole branch, having suffered a big crisis in the last few years, is about to reform itself. Thus, the sources of information used are primarily interviews with heads in the branch and people in closely related companies, professional journals and the internet. This guarantees information to be the most updated available. Another reason for my choice of sources is the lack of published literature written about this topic. As a result, it was sometimes difficult to find valid information for certain parts of the project.

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1 Introduction

1.1 Description of the Topic

The paper "Media and Design Agencies" describes all kinds of agencies, not only related to, but actually creating some kind of multimedia production or producing communication design; even if this is only a part of their business. There are a lot of companies which are not primarily in the business of design but do have a design department anyhow. This is a very broad field, though you can divide it into two very basic business models, full service agencies and specialized agencies. These two models are described and compared more precisely later in this essay.

The whole media and advertising scene has faced hard times the last few years and a lot of agencies went bankrupt. But times of crisis are times of change. Now the recession seems to be over and the branch expects higher growth again.¹ So the purpose of this project is to provide a basic overview of the agency scene and to analyze if the current business models are still appropriate for the changing requirements of the market. In addition, it has to be determined which of the existing business strategies will be successful in the future, or if a different form of business has to be developed and how it would have to be to meet the future's market situation.

¹ "Frühjahrsmonitor," GWA Pressekonferenz 2004, 7 March 2004

1.2 Executive Summary

To explain and to substantiate the topic and the hypothesis, the paper was split in four basic parts and the conclusion. The first part is a retrospect in the history of the agency scene. If one wants to predict where a trend is going, he needs to find out where it came from, where its origins are. After that, an analysis of the current situation will state where we are today. This part contains an explanation of the market as well as the comparison of the most common business models and will grant a deeper insight into the agency scene. It shows certain properties of specialized and full service agencies, as well as their pros and cons. In the third part, referring to the analysis of the history and the current situation, the hypothesis of how existing business models can be improved is stated. Moreover, a concept of a new business model for media and design agencies will be created, which fits into this new environment. It shows how the agency should be organized, what concepts it should pursue and which industrial sectors it should concentrate on. The fourth and last main part is an outlook into the future business. It expresses prospects of how the market for media, design and advertising agencies is going to change and what role the new concept of a business strategy will play.