

THE ST. LOUIS AMERICAN MARKETING ASSOCIATION PRESENTS

WAYS IN WHICH THE CLIENT/AGENCY RELATIONSHIP IS CHANGING/EVOLVING

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- THE CLIENT PERSPECTIVE -

American Marketing Association-St. Louis Chapter White Paper #12

by Lon Zimmerman, Zimmerman Marketing Research

The St. Louis AMA recently conducted a roundtable discussion with local marketing executives on how the client/ad agency relationship is changing or evolving. This discussion was the twelfth in a series of Roundtables sponsored by the AMA.

The Roundtable with local marketing executives was held February 10, 2010, at the John Cook School of Business of St. Louis University. The session was

moderated by Mr. Lon Zimmerman of Zimmerman Marketing Research.

A similar Roundtable discussion was held in March with advertising executives to explore their perspective on the topic. See White Paper #13:

“Ways in Which the Client/Agency Relationship is Changing/Evolving – The Agency Perspective” at www.ama-stl.org/resources/

PARTICIPANTS IN THIS ROUNDTABLE DISCUSSION INCLUDED:

Ms. Kathy Button Bell
Vice President, Chief Marketing Officer
Emerson

Mr. Steven Kutheis
Director, Communications & Marketing
St. Louis Children's Hospital

Mr. Travis Wools
Director of Marketing
TLC Vision Corp.

Ms. Christine Chamberlin
Director of Marketing
Dent Wizard International

Ms. Trina Muniz
Senior Advertising Supervisor
Ameren Corporation

Ms. Terra Corno
Assistant Brand Manager
Triumph Pharmaceuticals

Ms. Christie Solomon
Strategic Initiatives Analyst
Novus International

The Roundtable was held February 10, 2010 and was moderated by Mr. Lon Zimmerman of Zimmerman Marketing Research.

WAYS IN WHICH RELATIONSHIP IS CHANGING

The marketing executives identified several key ways in which the client/agency relationship has changed in recent years. Among them are the following:

1. Greater Specialization

Today, the client/agency relationship is driven largely by the need for greater specialization. Few agencies handle the “whole enchilada” for their client. Nevertheless, there does seem to be a need for a “keeper of the brand” to oversee integration of all the marketing elements.

About eight years ago we had most of our stuff with one shop. We had them design our website but they kind of oversold their capabilities in that area. Now we work with a separate agency on our website. For search engine optimization, we have another agency that does that for us. I agree that the days of an agency that can do it all for you and do all parts equally well, it's very difficult to find that. And I would say it's not really even necessary.

We have been looking at agencies in a more specialized manner. I can't remember the last time I truly had an AOR that I relied on to really run things from the top down. I've wanted either myself or my folks to sort of serve more as an AOR to drive things as we know what we want to do from a strategic standpoint. Then go out and find, whether it be smaller shops or not, somebody with a little more specialized expertise to go and take care of, whether it's creative, media, interactive, what have you.

I think it's harder because there are fragmented agencies that do different things. You might be bringing some elements in-house, I think it makes it more difficult for the agency to look at all that and how it all connects to what your goals are. I think it really makes it more important than ever I think for them to collaborate with someone who they might view, I don't want to say a direct competitor, but sometimes they need to collaborate with other agencies in some areas to better council us on strategies and integration and things like that. And I think some are more reluctant to do that than others. But I think once they are able to do that more effectively, I think it's going to benefit them in the long run. They are going to be more successful.

It's not just mass media any more that we expect from them. I think that has been hard to communicate that we want so much more than just the creative piece.

2. Blurring of Functions

Along with the increasing specialization, there is greater blurring of the roles of what ad agencies do versus PR firms or others. This is further complicated by the increasing use of Social Media, e.g., is this function one that the ad agency should handle, a PR firm, or should it be handled internally?

Social media is blurring the lines so much. It's all converging. We are working on videos and we are hosting them online and in social media. Then integrating it into PR.

I think social media is PR and marketing together. It's not one or the other. They are connected like never before. So then how do you go about integrating that into your current agency relationship. Who handles that? Do you do it internally? Do you have your advertising agency do it? Do you have your PR firm do it? I think for us, as a client, it could be a little bit challenging.

I have a tremendous problem internally explaining the difference between PR and advertising and marketing to our internal team. It's difficult getting them to understand whose sandbox we are playing in today.

3. Leaner Staffing

With few exceptions, both clients and agencies are making do with smaller staffs than in the past. Current business models just don't support the levels of staffing seen in the past. This often leaves both client and agency staffed with younger, less experienced personnel.

It seems like one of the top changes I've seen on the agency side over the last four or five years is the lesser amount of personnel they have, maybe not at their senior level but at the mid-tier level.

I think the old agency model was so expensive for them to run. They had way too many people. Fifteen percent must have been the way to pay for that. When fifteen percent went away, the models started to come apart. So then those teams get leaner and it gets a little tougher. You know who they take out first, the senior people I think. And you end up, there have been times I go, 'Is there anyone over 25 around? I need some grown-ups on this.'

UNINTENDED CONSEQUENCES

Roundtable participants agree that the changes they have observed have led to a number of unintended consequences.

1. Greater Stress/Distrust

The primary unintended consequence has been a general increase in stress and mistrust as agencies are asked to do more with less (both staff and financial resources).

We ask our agencies to be more aggressive right at the time that everyone is being a little more conservative. So you are asking them to be great when it's hard to be great. You have all this pressure on them and then tell them take a risk. It's a lot to ask.

Difficulty getting approvals is another stressor for the agency. Often you are not their only client. They have their creative team tied up on your project. It's six months later and they can't get any approval so they can move my people onto the next thing. And you know that is what it's about. It has to be so frustrating to them.

We are taking a lot internal. An unintended consequence is that there is a tension. We are asking everyone to do so much at this time. So there is this conflict over creative and if you know anything about creative, you can stifle it so easily.

2. Need for Grown-up Supervision

Another unintended consequence is that lean staffing has sometimes led to a need for someone within the agency to take on the role of “grown-up” or “parent” to mediate disputes within the agency and to keep the “dysfunctional families” functioning.

Sometimes you just need better parents on the account to run a more functional family. And I've found especially the bigger the agency, the more important those parents are for people. And they may not actually do a lot of work on the account so much as keep the family functioning.

We are really lean and I bet you guys are, too. Not every St. Louis company has 300 people in their marketing department. We don't have time to mediate their issues.

CHANGES IN HOW AGENCIES PITCH NEW BUSINESS

Roundtable participants agree that there have also been changes in how agencies pitch potential clients for new business.

1. Smaller Upfront Investment

The biggest change is that few agencies are attempting to attract new business by knocking on the door with finished campaigns or other work on comp. This approach is clearly too expensive for agencies today.

It's too expensive for them to come in and pitch like I think they would have years ago. Leo Burnett in 1979 would have come in with 12 practically finished campaigns for you to pitch your business. They can't afford to do that any more.

I don't have as many larger shops or mid-sized shops coming to me, saying, 'We want to be your partner. We are going to invest in this with you.' I used to have PR focus shops come in and say, 'We will cut our cost by 50% to 60% in order to get paid on the back end for the new business we can drive.' No one is bringing that to the table any more.

2. Pitches More Concise and Problem Focused

Agencies that stand out today when pitching new business are those who are very concise and focus on the client's problems and the agency's proposed solutions. Clients don't want and don't have time for a dog and pony show. They want to talk with agencies that do their homework, understand their problem, and concisely present a solution.

I don't know if it's a difference in how they are pitching their business but I think they are getting smart, the good ones are getting better about being more concise. They will find out what your problem is, what is your need, what are you missing and then they will come with an answer to that. And those are the ones I will usually listen to. The ones that bring me the whole pie in the sky, everything under the sun, here is the old standard dog and pony, here is everything we can do; forget it. I don't have time.

I don't have the time for dog and pony shows. If I come to you looking for advice or looking for how you can solve this problem, then by all means I will make the time for you to come back in. But the cold calling, I don't know about everyone else, but right now I don't have time for it. Nobody wants to just send me some information. They say they need to meet with me. Again, I don't have time for that.

HOW TO GET THE MOST OUT OF THE AGENCY RELATIONSHIP

The marketing executives offered their advice on how to get the most out of the client/agency relationship. Most recommendations deal with issues of communication and trust.

1. Establish Clear Expectations

A crucial element in any client/agency relationship is to make sure that there are clear expectations for the relationship and/or the project. Unless expectations are consistently set, and everyone is on the same page from the start, trust will erode and the finger pointing will begin.

I think it's always doing the best job you can setting expectations early in the go, whether it's by project or just being in the relationship. I've made that mistake of thinking, 'Hey, we are paying for some highly creative people, let's kind of let them run wild.' Yeah, well if you don't give them the right direction, they really are going to run on you. So I think it's very important that as the client you set expectations as clearly as you possibly can.

Getting people to agree upfront: Here is what our goal is. Here is what we want to accomplish. Here is all that background stuff. The strategy is agreed to. So that usually makes the end product a little bit easier to arrive at.

Once a year, we have our President and our Senior Vice President give our agency team an overview on our goals and our objectives for the year so that if they are working on strategy, they know what our goals and our objectives are. I think just having one meeting with them face to face, with the President of the company, it helps tremendously because they feel like they are being heard. They know who is doing what. It's also helped in the strategic process.

2. Maintain Open Communications

To have a successful relationship, open avenues of clear communication are needed. The better agency personnel know how you feel and what you want, the better they be able to deliver on your needs. Clients must promote open communications and seek feedback to ensure that the relationship continues to meet the expectations of all involved and endures over the longer term.

Don't be afraid to tell them you don't like it. If you hurt their feelings, they are not doing their jobs. Sometimes our product managers come in, sit there and say, 'That is not what I wanted.' And I say, 'But you just told them to execute it. Don't tell me. Tell them.'

I feel much better asking for exactly what I want and going up, up, up to get it. I think now they see what I want and they are doing it before I ask. Oh my, being a squeaky wheel makes me not have to be a squeaky wheel.

3. Annual Review

One marketing executive mentioned that their company has a formal review process where both agency and client review the other annually. Other Roundtable participants agreed that this was an excellent idea.

Once a year we do a 360° review. We have forms. I do a review on them. They do a review on me. We get together with senior management. The President of the company and our senior team leader are in the room. We go over step by step. We grade each other and share. It's been tremendous for us. The review process for us has been incredible.

4. Measure Performance

Accountability for results is also important. Participants believe that it's necessary to develop metrics to evaluate the performance of the advertising. Are the ads and other marketing communications having the desired effect? Are phones ringing? Are the ads bringing in new customers?

I think you have to build in some kind of measurements. You have to know whether or not what they are doing is effective. Either you do it or they have to build it in. If not, it's all wishy-washy. You just have to have some mechanism for understanding whether or not the message you are putting out is making the phones ring or bringing in new clients or new customers.

(For further review of evaluating the performance of advertising, see White Paper #6: "Measuring Up, How Companies Measure the Effectiveness of Marketing" at www.ama-stl.org/resources/)

5. Change People Rather Than Agencies

Finally, when things aren't going well in the relationship, it's often better to change people rather than agencies. Often a fresh face is more valuable and less traumatic than taking on a new agency.

I think in PR, the personality of the person you are working with is huge and we have requested a change. We love this guy for these reasons but we need a fresh face and a fresh spin on the story. It worked out well for us.

I've had to do that though with advertising because I've had people that were too young, too condescending. I expect them to defend their creative, but if it just comes to the point that the client is stupid, like wait a minute. There is a disconnect there. I've had people removed from our account because I didn't think their personality matched our account. If nobody likes them, nobody wants to deal with them.

A similar Roundtable discussion was held in March 2010 with advertising agency executives to explore their perspective on the topic. Visit www.ama-stl.org/resources/ and search for "Agency Perspective on Client-Agency Relationship."

For more information about this or future AMA St. Louis Roundtable Discussions, contact the Roundtable Chair:

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