



# IT'S NOT ME, IT'S YOU

What clients want from their agency partners is an oft-discussed topic in the marcomms sector. Problem is, it's usually just adland talking amongst itself. So, what shape do New Zealand marketers really want their agencies to take? As part of a dissertation for his MBA, bcg2's planning director Abe Dew decided to ask them. Herewith, six things that agency insiders need to know about clients, but are too scared—or too dumb—to ask.



It's a tricky business critiquing creativity. Every client and every agency wants to believe the best possible work is being presented. But even in the best relationships, we've all experienced those awkward silences once scamps are on the table; a shuffling of feet as questions are searched for and clients assess whether an idea is capable of bringing their brand and business objectives to life or if the process needs to start from scratch. Sometimes it's difficult to describe why an idea isn't right when a suit, planner or creative is adamant it 'ticks all the boxes'. If you've suspected your advertising agency secretly feels you don't really understand creativity in these meetings, then this anonymous post in one of

OPTIMISTIC CLIENTS ASSUME AGENCIES THRIVE ON CHANGE, EXPLOIT ITS OPPORTUNITIES FOR THEIR CLIENTS AND EMBRACE THE POTENTIAL TO TRANSFORM THEIR OWN BUSINESSES. YET MOST BELIEVE THAT INCREMENTAL REACTIONARY RESPONSES ARE MORE TYPICAL OF THE INDUSTRY

Australasia's leading advertising blogs may not come as a complete surprise.

"Clients typically have very little appreciation of the difference between good and bad creative. They will post-rationalise any dross on the basis that it is their dross ... Once the pitch is won what we often laughingly call 'creative' is just an opportunity for a good suit to sell an idea to someone who is usually almost comically stupid. The difference between agencies is far less than juniors and creatives believe; the reality is that the end product is as good as the client

lets it be. The good chief executives and senior people in agencies know this. It is like a dirty secret. They know that if the client thinks you are good, then you are good. It is like an epic version of *The Emperor's New Clothes*."

This may just be the venting of an angry insider who's just lost an account. A more sinister possibility is that it is a window into a systemic disrespect permeating an industry undergoing a crisis of confidence and relevance. Or does it have deeper roots on both sides of client/agency relationships? Have you ever questioned if your advertising agency really understands your business? Basics like where and how you make or lose money, your internal planning cycles or those of your key suppliers? I've even been told of a wall of shame in one client organisation where the worst agency creative concepts are posted to ridicule. There's a certain lack of respect right there.

So how well do agencies and clients understand each other, especially as this relationship needs to be one of the tightest if it is to live up to its productive potential? Sure, there's always posturing as the agency start-up du jour or the latest radical offering from a gnarled industry warhorse who claims to understand why the mainstream industry is doomed. But this is usually just adland addressing itself as agencies position themselves against their peers with the well-worn dialogue about the dangers of bureaucracy or the benefits of adhocracy. Are clients actually consulted in developing their new creative offer when start-ups typically start with no clients? At the end of the day, who controls this creative industry? The practitioners or their paymasters?

I sought responses on these industry wide issues in ten interviews with mid to senior level New Zealand marketers.

In the UK, asking clients what shape they want the advertising industry to take is the kind of thing you'd expect a professional body like the IPA to do. But this external view is surprisingly rare and, in New Zealand, our scope is usually limited to agencies checking in with their clients or prospects about the health of current relationships.

The opportunity to conduct these interviews arose because while working in Japan I experienced a world of business school-trained marketers who I urgently needed to understand. An MBA seemed like a logical path, but it isn't a common degree in advertising

Discussing this degree with the agency principals in Tokyo revealed MBAs are regarded with suspicion. It is a 'client side' degree that might taint my thinking with the uncreative business of business and it could harm my chances of career progression. In retrospect my bosses were right, because I quit the agency, headed to the UK and enrolled in Henley's international degree course.

So why, in a service sector industry with such a shocking service ethic, should there be such a deep distrust of 'client thinking' among members of the establishment? And after all that what did a dissertation entitled 'What clients want' actually reveal?

### Discovery 1: Clients are always looking for new ways to follow consumers

Agencies tend to see digital as the big shift that empowers consumers to change their behaviour. This is scary because it's a new skill set that agencies need to invest in to learn about. Clients see the opposite. Consumer activism drives change in the business environment and technology is secondary in empowering those new behaviours. After all, file sharers invented

Napster well before Apple invented the iPod. The challenge of communicating with an elusive, distracted and proactive new generation of consumers is always the first concern. Consumers began splintering mass markets into behavioural niches well before digital media technologies devised the channels to communicate with them.

"They've [consumers] changed the way they buy and consequently keeping up with the market depends on understanding them because they're using technology in different ways and so that means we have to be doing the same thing as well."

So, rather than seeing consumer activism as a threat, clients want agencies that engage with consumers in advantageous new ways. Ability to exploit this challenge is how nimble agencies can distinguish themselves from the status quo.

### Discovery 2: Agencies seem reactive in the face of change

Advertising exists to create change in people's minds. Because clients engage agencies to change the performance of their business, they expect the advertising industry to embrace change. Optimistic clients assume agencies thrive on change, exploit its opportunities for their clients and embrace the potential to transform their own businesses.

"I've always assumed more than thought that agencies are in the business of creating change. Agencies need to get you from here to there. Why else would you advertise? No-one really likes advertising."

Yet most believe that incremental reactionary responses are more typical of the industry. One reason is that agencies' shorter planning cycles, driven by clients' annual budgetary cycles, create a kind of

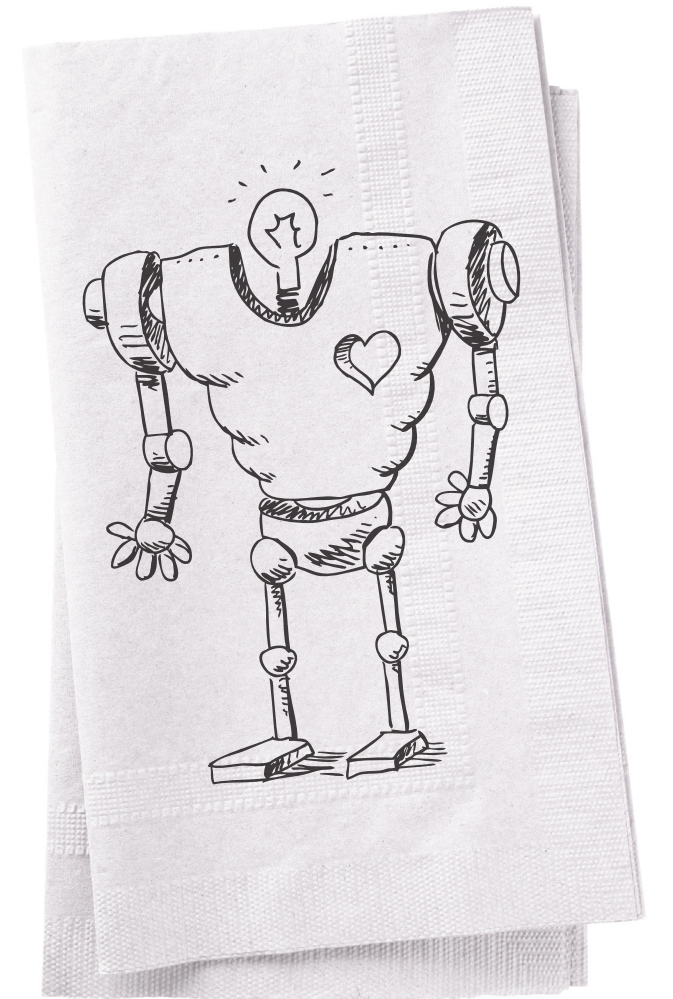
amnesia. Short staff tenure and lack of formal training also reduce the industry's ability to consolidate and disseminate experience. This compromises its ability to make a strategic contribution to clients' businesses.

Paradoxically, as agencies become more successful they tend to adopt less radical and more hierarchical business structures. They offer security but they're unadventurous and costly structures compound resentment of 'big agency' retainer fees, fuelling interest in performance-based remuneration models based on measurable added value to clients' businesses.

### Discovery 3: Clients demand creativity, but seek brand innovation

As marketing mainstreams into business thinking, clients become more creative and traditional divisions between capabilities blur. Several clients managed external costs in the recession by bringing agency studio and branding skills inside their businesses.

Clients see 'pure creativity' as a core advertising industry competence, while the growing importance of business-centred innovation is better understood by design and branding specialists. Creative ability to generate ideas or promising new strategic moves for the organisation is different to innovation. The latter includes the former but also entails the ability to translate the ideas into fully marketable and profitable products. This definition describes the accepted boundary between the advertising agencies and their clients' businesses. Innovation is more than, for example, inventing Yellow Chocolate. It means developing brand metaphors to re-imagine the entire experience of Yellow's knowledge offering in order to improve its value to users.



### Discovery 4: Clients drive the structure and strategies of agencies

When new agency business models succeed, it is likely that client dissatisfaction drove the search for alternative solutions. This helps explain why larger agencies are expected to be more likely to adapt and survive than smaller start-ups. Big agency experimentation tends to be well-funded, take place within strong relationships and be made in response to clearly articulated client needs rather than as random unfunded spin-offs into new industry niches.

"In order to survive in advertising in the future you have to go beyond advertising in terms of what the agency

Agencies and clients alike will love the new 'Creative Ideas Robot'

# IN DEEP

## OCEAN DESIGN'S ANDY ALLISON KNOWS A THING OR TWO ABOUT LONG-STANDING RELATIONSHIPS

Like drug dealing—and, until recently, prostitution—pitching is pretty much invisible to the measurers of GDP. Creative agencies that spend large tracts of time ‘pitching’ in a highly competitive and often fickle market are burning unknown millions of dollars a year. Which begs three fairly obvious questions. 1) What if this energy was invested in better outcomes for existing clients? 2) How much less pitching would there then be? And 3) how much longer and fruitful would relationships be?

The counter argument, of course, is that pitching often does for clients what spring does for daffodils. There's a balance to be struck, naturally. There's also a strong argument that organisations are becoming more transactional, short-termist and fashion conscious in their management and choice of relationships. And it's pretty well founded. But rather than dive in there, here's a quick tale of two companies that tend to think

of relationships in terms of decades, not years.

Boffa Miskell is by a head and shoulders New Zealand's leading landscape, urban design, planning and ecological services company. But what really differentiates it is the size of its vision.

It's in the game of literally shaping the future and it makes sense to think and act ultra-long-term. As such, it takes a 25 year view of its business practices, goals and relationships. And it also knows that reacting to every twist and turn of fashion makes you reactive, not visionary.

Ocean Design's approach is similarly future oriented. Take, for example, The New Zealand International Film Festival: 2010 is the 20th anniversary of Ocean's relationship with the event, with the marketing being built around iconic public art that relates to the upcoming film fare and leveraging this for all its worth.

In two decades, neither party has seen any reason to part company, which makes the relationship one of the most enduring around. Constant—and constantly well-executed—it's a reminder that good things can become even better with time.

It's more than coincidence Boffa Miskell and

Ocean are both involved in design. One designs environments, the other helps organisations create environments to achieve organisational goals. Design takes them somewhere often quite deep with their clients. They help clients shape their businesses and make them better by design (with or without initial caps).

Contrast this with the common experience of the broader advertising industry. With obvious exceptions, where a single idea has defined a brand for eons (Ira Goldstein or even Barry Crump, for example), advertising seems to breed promiscuity in even the most proper organisations.

And why? Because proximity (or otherwise) to the heart of a client's organisation tends to corollate neatly with longevity of relationship. These companies don't get inside their clients' businesses simply because of the word 'design'. They need to earn the right. But their experience—and the experiences of those like them—may be useful for those more accustomed to waiting for briefs than forming them.

Andy Allison is a director of Ocean Design ([www.oceandesign.co.nz](http://www.oceandesign.co.nz)) and Pre-empt ([www.pre-empt.co.nz](http://www.pre-empt.co.nz))

does. It's interesting, the role of an agency should be about future proofing a client's business. Advertising might be part of that but there should also be a whole bunch of other things.”

### Discovery 5: Clients want agencies to be passionate and gutsy survivors

A shared culture, attitude and behaviour defines successful agencies, irrespective of size, business model or market niche. Its features are: “bravado, competitiveness, creativity and the overwhelming desire to chase profitable business”.

Large agencies can behave in this way if culture or leadership means they remain nimble, connected and open to new ideas. However, traditional agencies can't remain competitive if they are also hierarchical, expensive and bureaucratic.

### Discovery 6: Agencies end relationships by giving up on them

No-one has ever seen a relationship fail through rejection of an agency's plan to modernise its client's business. The most common cause for agencies to lose a client is not because they're sacked, but because they resign the business over creative disagreements. The root of the problem is the failure of agencies to deliver work that clients feel is appropriate for their changing needs.

“The main reason the relationship ended was they were still offering us the same things they always had and didn't recognise the changes ahead, despite the information we'd shared with them. They kept on increasing the pricing year on year despite offering no further added value. So, in the end, the decision was justified by cost, but in reality the issue was the value in the relationship. I don't think they understood the business at all.”

### Conclusion: Advertising's future is to embed itself into clients' businesses

These six discoveries reveal a potentially bleak scenario for the advertising industry. They also shed light on a few of the truths in the blog comments at the head of this article. Clients do perceive they control the quality of work in the advertising industry. But rather than the 'comically stupid' dupes it describes, clients search for creativity and innovation in an industry that often leaves them feeling disappointed. One solution being explored by bcg2 is a co-creative partnership between agencies, clients, consumers and customers, where agencies seek to integrate further into their clients' business processes. And this has several strategic benefits.

Firstly, if agencies are closer to strategic development they have greater creative influence and are better prepared to counter perceptions. Clients don't anticipate a hostile reverse integration into their businesses by letting the tail wag the dog. Despite the blog pundits who suggest Saatchi & Saatchi will never lose Telecom as long as Kevin Roberts is on the Board.

New business opportunities from product and brand innovation also reduce current dependence on shrinking budgets in traditional media. This shift requires an entirely new set of skills to be integrated into the ad industry. Greater business and financial literacy combined with practical innovation. In this capacity future agency personnel could be 'embedded' as change agents within clients' businesses. They could oversee creative reinvention of internal cultures, processes and external communication of brand identity.

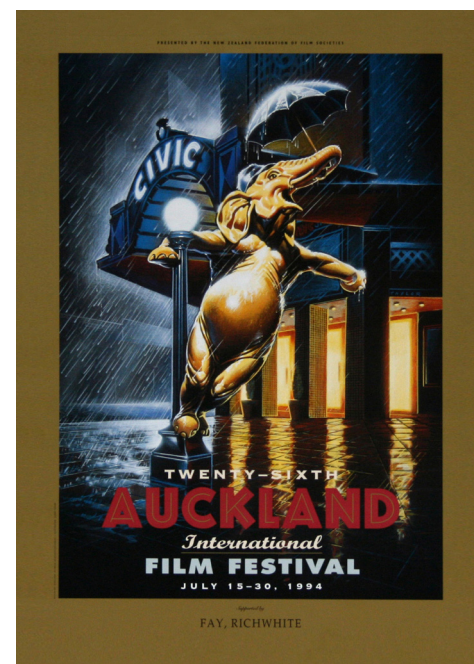
And, finally, sustainable revenue is possible if agencies shift from a dependence on ephemeral ideas in paid media and shift towards remuneration

models acknowledging intellectual property rights in ideas that are also easier to justify. An embedded relationship suits semi-permanent contracts based on hitting agreed brand health or financial performance measures. However, medium to long term access to detailed performance data would be required to adequately monitor a lifetime value-based ideas remuneration system.

CLIENTS DO PERCEIVE THEY CONTROL THE QUALITY OF WORK IN THE ADVERTISING INDUSTRY. BUT RATHER THAN 'COMICALLY STUPID' DUPES, CLIENTS SEARCH FOR CREATIVITY AND INNOVATION IN AN INDUSTRY THAT OFTEN LEAVES THEM FEELING DISAPPOINTED

“In the long run, agencies want to be on the strategic side and involved in your planning, to see what your overall budgeting for the year looks like and how it all rolls out so that they can innovate, but also so they can understand totally and inherently what your objectives are; so that every brief that rolls out of that shows they understand our business and what we want to achieve.”

Abe Dew joined DDB Auckland in 2000, transferred to DDB Tokyo as lead planner in 2003 and moved on to become a senior digital account planner at Tribal DDB London, where he won two UK IPA advertising effectiveness awards in 2006. And, in case you were wondering, he received an A+ for his dissertation



The top three Film Festival posters, as chosen by the public