



MAD MEN TO SAD MEN

A REVIEW OF THE
CLIENT AGENCY
RELATIONSHIP



THE DEATH OF THE GREAT AD DAYS



THE IPA RELATIONSHIP GROUP

Earlier this year, the IPA Client Relationship Group believed it was time to review the state of the relationship between agencies and clients.

It was acknowledged that this is not the first time a review has been carried out. In fact, The Marketing Society, ISBA, and even the IPA have all commissioned studies to review the state of the agency-client relationship. All the previous research concluded that the relationships between agencies and clients could be stronger.

This time the purpose of the review is to spark a debate to move the industry forward and to identify practical steps to improve understanding on both sides.

This is a short summary of what was discovered.



The review was commissioned by the IPA Client Relationship Group and sponsored by The Marketing Society.



LEIGH THOMAS
Director, Global
Categories
Facebook



JOYCE KELSO
Associate Director,
Marketing
IPA



RICHARD ALFORD
Partner
M&C Saatchi
Accelerator



JASON COBBOLD
CEO
BMB London



KATE COX
CEO
Bray Leino



**PIPPA
GLUCKLICH**
CEO Amplifi UK
Dentsu Aegis
Network



**SARAH
HENNESSY**
Former Managing
Director
MEC Global



SARA TATE
CEO
TBWA London



MARK BOYD
Founder
Gravity Road



HELEN JAMES
Managing Director
Crispin Porter +
Bogusky



**JAMES
DENTON-CLARK**
Managing Director
Karmarama

THE AGENCY-CLIENT RELATIONSHIP

The modern agency and client landscape is evolving at a faster pace than ever, with many different client and agency models being mooted as the way forward. Whilst there is much literature written about the pros and cons of these new models, very little is being addressed around the agency value proposition.

'Do I need a content agency, a lead agency, an integrated or social media agency?' or indeed 'How many agencies do I need?' are what clients are asking. This is not always the right start point.

At the IPA, we believe that if the advertising community are to be taken seriously, we need to connect at a higher level inside client organisations, at a more strategic level. We need to focus more on the commercial outcomes of our work. There is a growing sense that we are slipping further away from this goal. To start, we need to redefine the value we bring and answer the fundamental question – Why?

LEIGH THOMAS

Chair, IPA Client Relationship Group /
CEO, Dare

THE BRIEF

We are all experiencing change. In order to adapt to this new environment, agencies need a better understanding of evolving client needs and the role of marketing inside client businesses.

The competitive set of agencies is widening and the traditional boundaries are blurring.

The IPA were interested in exploring how different clients are responding to change in different ways. They wanted to understand more about how clients view the advisory landscape and also what new and evolving needs and challenges they face, when working with agency partners.

In addition, they wanted to understand the new models they are using to organise and integrate their advisory partners and agencies.

Following this work, it is clear that unless agencies step up and respond more consistently to clients' growing needs, there is a chance clients will continue to build what they need in-house, or look elsewhere.

There needs to be a real commitment to a new shared agenda and vision of the future.

VANELLA JACKSON

Global CEO, Hall & Partners

THE NEW WHY

IN SHORT,
ARE AGENCIES
DELIVERING
VALUE TO
CLIENTS?

DO WE NEED





A 'NEW WHY'?

INVOLVING HALL & PARTNERS

Hall & Partners are a strategic brand consultancy powered by data and insight. Everything we do at Hall & Partners is about helping to create commercially and emotionally rewarding brand relationships, closing the 'relationship gap' between people, brands and business.

We recognise there has been a significant amount of work on this topic previously. Nevertheless, we hope this review will be a catalyst to bring all this work together, so that collectively agencies and clients can create a new vision of how agencies can deliver value in this ever-changing world.

BRANKA OROSNJAK

Managing Partner, Europe, Hall & Partners



BUILDING
BRAND
RELATIONSHIPS
that matter

GOALS

Understand clients' evolving view of the agency and advisory landscape

Identify clients' driving needs and how these are changing what clients are looking for from their agencies

Explore the current nature of the relationship and whether agencies are seen to deliver

Identify a new why. A call to action for agencies to recognise the potential to play a broader role within businesses, delivering clearer value to clients

WHAT WE DID

A SERIES OF INTERVIEWS

01 Discussion with the IPA Agency Group

24 Senior marketing clients

24 Agency CEOs and leaders

Reviewed previous work on this topic: ISBA's Evaluating Creative Agencies, and Future Foundation's The Future of Marketing and Agencies 2015. We also spoke to ISBA, The Marketing Society, the AAR and Oystercatchers.

THE CLIENTS



adam&eveDDB°



MEDIACOM

GENIUS
STEALS

J. WALTER THOMPSON

WORLDWIDE

M&CSAATCHI

haymarket

Cheil



KARMARAMA
Good Works

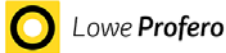


B B H



23red

HAVAS



TBWA\

AMV BBDO

RAPP



THE AGENCIES

WHAT WE FOUND OUT

While there are always good and not so good relationships, there is clear evidence of a widespread breakdown in between agency and client communication.

Many of the conversations were highly charged, expressing frustration and emotion. Both sides tended to point the finger of blame at each other.

Overall, there was a universal acceptance that the agency client relationship could be better. Whilst many agencies are committing significant time and resource to evolving their ways of working, several felt they lacked a clear navigation plan.

These sentiments reflect previous work carried out by The IPA, ISBA and The Marketing Society.

The opportunity is for an open debate on how to rebuild the relationship and create a shared agenda to deliver new value.

WHAT WE HEARD FROM AGENCIES

01 FEELING LESS VALUED

02 STRUGGLING TO DELIVER
BETTER, FASTER, CHEAPER

03 DRIFTING DOWNSTREAM
TOGETHER

04 COLLABORATIVE
COMPETITIVENESS

05 NOT GETTING REWARDED
FAIRLY



FEELING LESS VALUED

Almost everyone we spoke to felt that agencies are less valued by their clients than they used to be.

In some instances this is expressed emotionally in terms of declining levels of trust and respect.

There is also a belief that they are less connected to the conversations going on inside the business and less involved in the broader issues.

Several suggested that clients are holding back, not opening up, or sharing the wider agenda.

There are obviously a few exceptions, where people feel they have established strong, working partnerships. However, even in these instances there is a general acknowledgement that agencies are more inclined to be put in a box, away from the heart of the business.



STRUGGLING TO DELIVER BETTER, FASTER, CHEAPER

The pressure to deliver faster is palpable. Everyone realised this as a key issue. Clients were seen to want it all and want it now, demanding an acceleration of delivery.

The growing presence of procurement is seen as driving cost down, increasingly at the expense of ability to deliver. The relentless drive to deliver faster and faster is seen as threatening the essence of what makes agencies valuable. However, there is a recognition that clients themselves are under increasing pressure and an acceptance, that together they are facing a spiral of decline.



DRIFTING DOWNSTREAM TOGETHER

The focus on speed and “always on” responsiveness is seen as taking its toll on long-term strategy and thinking. The marketing conversations are increasingly seen as focusing on short-term tactics and sales, rather than long-term relationship building.

There is a recognition that marketing’s own role is shifting and evolving. However, as yet, many feel they are no longer involved in the broader business decisions.

They believe that there is a general drift down and away from central, top table issues.

**“WE’RE NO LONGER
CONNECTED AT CEO LEVEL.
WE NOW WORK WITH MID-
LEVEL MARKETERS WHO
LACK ACCOUNTABILITY
AND SIGHT OF THE TOP-
TABLE AGENDA”**

4 COLLABORATIVE COMPETITIVENESS

Every agency said they are being encouraged to work more collaboratively. However, they believe it is challenging to do so without clearer guidelines, principles and models being set by their clients. They talk of the need to set the right environment for collaboration.

Several criticised the lead agency as being too controlling. Many identified the key issue being that everyone tries to claim they can do everything, without respecting the specialisms other agencies could provide. Inevitably, pressure on their own sales and margins, was identified as the key driver of this behaviour and also a difficult conundrum to resolve.

5 FAIRLY REWARDED

The laser focus on costs has led to a feeling that agencies are no longer rewarded fairly for their work.

Reduction of costs is playing a bigger part of the conversation. Agencies believe there needs to be a new way to value the commercial contribution of their work, in order to justify their margins.

There is growing openness to performance-driven rewards and payment.





What's your story?



WHAT AGENCIES WANT

ACCESS TO THE WIDER PARTS OF THE
BUSINESS

INVOLVEMENT IN BROADER STRATEGIC
DISCUSSIONS

SPACE TO DELIVER CREATIVE EXCELLENCE
AND BUILD LONG-TERM VALUE

CLIENTS TO ESTABLISH CLEAR PRINCIPLES
AND MODELS FOR COLLABORATION

CLEAR KPIS AND INCENTIVES FOR
COLLABORATION

NEW REWARD MODELS AND FAIR PAYMENT

WHAT WE HEARD FROM CLIENTS

Overall, the response from clients was more negative than positive.

Obviously, there were some great partnerships and relationships cited. However, the overwhelming response was that agencies are missing what clients now need.

- 01** AGENCIES SEEN AS SELLING, NOT LISTENING
- 02** NOT UNDERSTANDING THEIR WORLD
- 03** NOT UNDERSTANDING THE NEW WORLD
- 04** NOT UNDERSTANDING THEIR CUSTOMERS
- 05** NO LONGER DELIVERING THE TALENT NEEDED
- 06** NOT COLLABORATING EFFECTIVELY

SEEN AS SELLING, NOT LISTENING



One of the first things clients say is that agencies are poor listeners. They describe their agencies as always being in sell mode.

They talk about how there was no space in meetings for real discussion, as everyone was competing for airtime. This problem has been exacerbated as marketing needs have expanded across multi-disciplines and channels. The agencies have responded by trying to sell more things, rather than providing more wise counsel.

The overwhelming request is for agencies to listen more.

2 NOT UNDERSTANDING THEIR WORLD

Clients describe how dramatically their world has changed. They explain how advertising has become a smaller and smaller part of what they do.

They also claim that agencies do not recognise the commercial realities and pressures they are operating under.

Increasingly, they are thinking about building strong connected customer experiences. It is less and less about advertising.

Bringing together all the specialist skills they need is a consistent challenge.

They believe most agencies are behind on understanding how far their world has shifted. The feeling is that agencies remain focussed on the creative, rather than becoming the proactive business partners they are looking for.

They want agencies to acknowledge how far the world has changed and to innovate, bringing new ideas and ways to help clients.

NOT UNDERSTANDING THE NEW WORLD



The key challenge clients face is how to navigate the complexity of the new world; bringing together all the necessary skills to solve problems and create, new distinctive solutions.

The general belief is agencies are not as advanced as their clients in seeing how far the world has shifted; nor are they fully aware of the technology available.

It is no longer just about TV, nor is it just about advertising or digital communications. What clients want is agencies to help them navigate the complexities, creating a rich tapestry for people to experience. Clients believe some agencies are slow to accept the new reality, still responding in traditional ways.

**“SHOREDITCH
MICROCOSM. PEOPLE
ALL COMING OUT OF
THE SAME WORLD,
WITH NO IDEA ABOUT
THE REAL WORLD.”**



NOT UNDER- STANDING THEIR CUSTOMERS



Clients have become experts in understanding their customers. They have more exposure to data, their own access to customer communities and more control over research.

By contrast they believe agencies have become less attached to customers, and less able to offer real world insights.

While they recognise the great talent of agencies, there is a request for more self-awareness and respect for customers.

Agencies were accused of becoming more and more remote from customers, locked into a “Shoreditch hipster” view of the world. While this, some will argue, has always been the case, clients are less prepared to accept it.

NO LONGER DELIVERING ALL THE TALENT NEEDED

Many discussions turned to talent. The value agencies offer has always been in the talent and skills of their people. However, many clients feel agency people no longer have a disproportionate share of the talent. They are seeing a broader range of great talent from a wider group of advisory businesses.

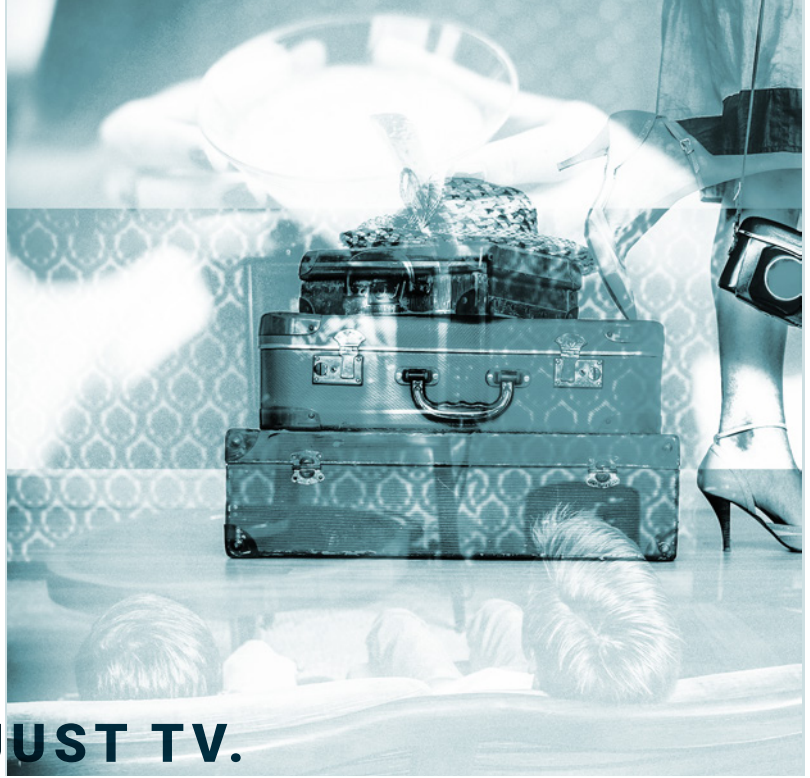
The new talent they are looking for extends from innovative IT, through to smart data and analytics. Clients are also, in many instances, building this talent in-house. The general view was that agencies no longer have a monopoly on talent, or exclusively attracts all the sexy, bright new things.

NOT COLLABO- RATING EFFECTIVELY



Clients want and need agencies to collaborate more. They are frustrated by agencies claiming they can do everything and constantly pitching for a bigger share of the pie. They recognise the value of specialist skills, external thinking, and the inspiration agencies bring. However, they talk about how agencies can undermine this value through poor collaboration.

Clients recognise collaboration is a skill and are open to new ways agencies can deliver genuine and productive collaboration.



**“NOT JUST TV.
NOT JUST ADVERTISING.
NOT JUST DIGITAL.
IT’S ABOUT CONNECTED
CUSTOMER EXPERIENCES.”**

CLIENT NEEDS HAVE EVOLVED DRAMATICALLY

The lines between client functions are blurring. Marketing is getting involved more broadly; in setting company organisational strategy, defining purpose, creating new products and services, and adopting innovative new technologies. Their world has gone beyond creating communications to creating engaging, connected customer experiences. They are adapting and innovating fast. There is a thirst for new skills and imagination. They are truly open to where this comes from.

The agency conversation is still TV and digital, often confusing communication discipline with channel. Everyone claims to be able to deliver it all, without the specialist skill or vision for genuine integration.

WHAT CLIENTS WANT

GREATER COMMERCIAL AWARENESS

A BROADER CREATIVE CONTRIBUTION

**BEYOND COMMS, MORE FOCUS ON CUSTOMER
EXPERIENCE**

COMMERCIAL CREATIVITY, WITH CLEAR ROI

**BETTER INTEGRATION OF SPECIALIST SKILLS
TO DELIVER THE CONNECTED EXPERIENCE**

**MORE DIVERSE TALENT INCLUDING
TECHNICAL SKILLS**

GENUINE COLLABORATION





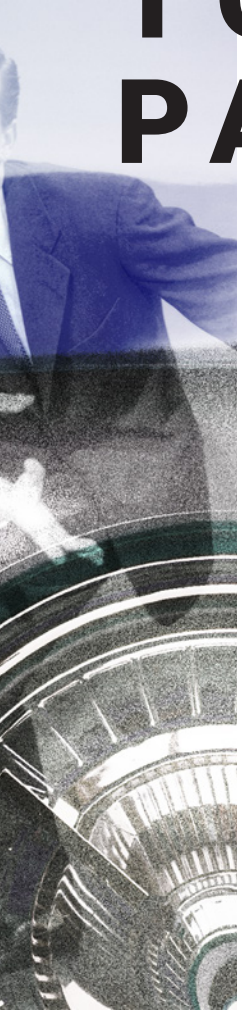
Thank
You for
Shopping
With us!

Please return this bag to a participating store for recycling.


Walmart.com



NO NEED TO PANIC



The industry has faced similar disruption on many occasions previously. The advent of television, digital communications and social media have all created similar moments of dramatic inflection. These are natural market forces at play, and agencies (and clients) have proven to be good at adapting and changing. We are just having to do it at an increasingly frequent pace.



**THE OPPORTUNITY
IS TO HAVE AN
OPEN DEBATE AND
TOGETHER CREATE A
NEW SHARED AGENDA
TO RE ENGINEER
THE AGENCY-CLIENT
VALUE PROPOSITION**

A NEW SHARED AGENDA TO RE-ENGINEER THE AGENCY CLIENT VALUE PROPOSITION

GREATER COMMERCIAL FOCUS AND RESPONSIBILITY

FOCUS ON LONG-TERM AS WELL AS SHORT-TERM GOALS

**ARTICULATE HOW PURPOSE UNDERPINS CUSTOMER
EXPERIENCES AND GALVANISES NEW BEHAVIOUR**

DEFINE THE COLLABORATIVE WORKING MODEL

**ESTABLISH CLEAR ACCOUNTABILITY AND PERFORMANCE
MEASUREMENT/ ROI**

BROADEN THE DIVERSITY OF TALENT

CREATE FAIR REWARD MODELS AND PAYMENT STRUCTURES

SOME CONSIDERATIONS MOVING FORWARD

COMMUNICATIONS OR TOTAL CUSTOMER EXPERIENCE

Focus on communications and the valuable role they play in creating demand

or

Work with clients to create value for the business in other ways by connecting the entire customer experience (which includes CVM, content and technology enabled product and service design)

LONG-TERM OR SHORT-TERM

Partner with a client on a long-term basis as a brand and commercial partner and get remunerated to do so

or

Get brought on board when a specialist is required, further down stream and focused on delivery, implementation and high impact solutions. Become a sought after micro-player

AGENT OR AGENCY

Play a management consultancy type role helping clients to orchestrate and integrate the marketing mix, and specialist agencies (including client in-house agencies).

or

Focus on delivering best in class, high impact specialist solutions.

IPA

Hall & Partners