



PULSE

FOR MARKETERS
2023





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Welcome to Pulse.

Q1 2023 IS ALREADY OVER. I'M SURE TIME IS SPEEDING UP!

As we sit at the intersection of where brands and agencies meet, this affords us a privileged ringside view of the marketing and communications industry landscape. It's this perspective that enables our consultants to offer up to the minute, informed opinion that we hope is of value to all our clients. And what we observe and learn on any individual project has a broader and often longer lasting relevance beyond the immediacy of the moment.

As such we hope you'll find something in this edition of Pulse, a collection of observations and insights, speculations and predictions, that will be of use in your current and future marketing challenges.

One thing that's clear is that change is now the constant steady to keep pace with the rapidly evolving needs and views of customers. I am

seeing more structural change within client organisations than I have ever witnessed before. A seamless omnichannel customer experience is basic table stakes in keeping up with customer expectations, but it is certainly not enough to get ahead of your customer and to find and drive real, meaningful growth.

I have seen two pieces of similar research coming out of the consultancies stating that over 95% of B2C and B2B executives believe their customers are changing faster than they can change their businesses. It's evident that many of us have changed the ways we work, shop and live in the past five years and this is driving real change in marketing's role. As the voice of the customer within the organisation, the breadth of marketing's role continues to widen, which is a continuing challenge for marketers. →

I think this offers a real opportunity for agencies:

▶ 1

To be a trusted and supportive partner to the increasingly stretched CMO. We share some pearls of wisdom from senior client marketers who have worked in agencies in previous lives later in this edition of Pulse; it's quite enlightening.

▶ 2

To be a flexible, adaptable partner that can respond to changing client needs. More than ever the 'navigator' or business lead in an agency must be an orchestrator who is fully under the skin of the client's business and able to mix-up the right blend of talent from within their organisation to help solve client challenges.

▶ 3

To sell in the business case for creativity and, importantly, unlock the power of creativity with clients to help solve business challenges.

Last year AAR researched over 100 CMOs about the importance of creativity to drive growth. We found there was a real disconnect. While the importance of creativity was evident, very few CMOs were even thinking about engineering the right conditions for creativity to flourish on a sustainable basis.

74%

of senior marketers are confident their company sees creativity as fundamental to driving growth

20%

said their organisation was highly focused on engineering the right conditions for creativity to flourish

33%

said the subject was rarely or never debated



welcome

SO, IF CREATIVITY IS A KEY BUSINESS DRIVER WHY LEAVE IT TO LUCK?

It's worth reading our 'Creative Capital' manifesto featured in this edition of Pulse. It is a rallying cry to brands and their marketing teams, and the wider ecosystem of creative partners, to start investing in what we call Creative Capital: Engineering the right conditions within their organisation for creativity to flourish.

Agencies have such an important role to play in helping their clients make the business case for creativity. Providing marketers with the evidence and structured arguments for solutions they are presenting internally. Talking their language. Understanding their business and its challenges and helping the CMO to gain a following in the boardroom.

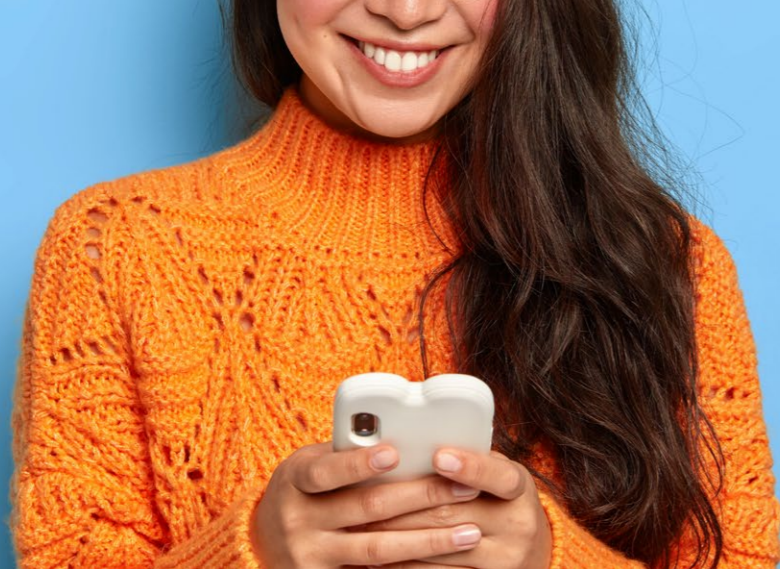
Clients really need their agencies to help them simplify the increasingly complex; breaking down false siloes between remits and disciplines as they do so.

The greatest support that any agency can offer their clients right now is generosity of thought. Thinking more agnostically about their business and the solutions that will drive growth; moving beyond the specialist siloes, giving advice that solves the challenges a brand faces as if the business was their own.

If I had a crystal ball, I'd expect it to tell me that 2023 is going to be more similar than different to 2022, with a bit of volatility thrown in here and there for good measure. So, essentially, completely unpredictable! That being said, if we make creativity the life raft to get us through the storm, I believe it will make it easier for brands to 'keep calm and carry on', leaving us in a better situation whenever, whatever the new normal is eventually emerges ●

Victoria Fox
CEO, AAR

vfox@aargroup.co.uk



Vantage: Expert perspectives direct to your inbox

By Katrina Law

Those who are on good terms with their inboxes and those who've been with us for a while will be familiar with Vantage, our curated newsletter sharing hand-picked content, research and insight from across the industry.

We took the decision to move from fortnightly to monthly issues at the start of 2022, delivering the very best thinking from marketers, brands and agencies straight to your device every four or so weeks. The same stellar quality; less email quantity!

It's fair to say we include an eclectic mix of thought-provoking stories in each edition. Here are links to our top three favourites from 2022. Some are slightly left field, but still as good now as when we first shared them!

We're delighted so many of you enjoy reading Vantage, take inspiration from the very best thinking in our community, and we always welcome your feedback.

1. The most important of all the stories shared throughout the year – and the one which commanded the most traffic. The fantastic [Brand Solidarity](#), formed to bring brands together to express a chorus of support for all the people of Ukraine.
2. The inspirational Trevor Robinson on how diverse thinking transforms creative briefs on the [Google Firestarters video podcast](#).
3. Optimism, excitement, and enthusiasm from the ever-brilliant Andrew Geoghegan. [Six reasons to love being in marketing](#).

Look out for Vantage in your inbox throughout 2023, and if you're not already receiving a copy and would like to, drop me a line on klaw@aargroup.co.uk and we'll rectify that for the next edition. ●



Sustainability: Promoting positive change

By George Porteous

Like many companies, AAR has been undergoing our own transformation to ensure we can meet the current and future needs of our agency and brand partners. As part of this, we have been examining our approach to sustainability, the importance of which is widely recognised across society, business and our own marketing and communications industry.

There are two specific actions we are taking:

1. Getting our own house in order

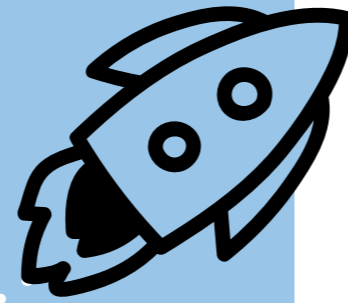
Following a carbon audit conducted by Green Element and subsequent improvements, including a move to our new serviced offices powered by 100% renewable energy, we are pleased to report that as of March 2022, AAR has been a net zero carbon emitter.

2. Agency sustainability data

We believe we have a role to help promote positive change in our pitch consultancy. Going forward we will ask for data on the

agency's sustainability credentials that will inform what has become an increasingly important element of clients' decision-making criteria. To date AAR has been collecting this data informally but has now adopted the Advertising Association's Ad Net Zero measures to add to its agency partner database, including CO2 emissions, ESG initiatives and sustainable business travel policies as key criteria. This will add another lens through which brands can consider potential agency partners alongside existing considerations such as relevant expertise, culture, capability, chemistry, and experience.

We are in the process of collating data from various agencies on these metrics. Thank you to those who are supplying their data for supporting this initiative and thank you in advance for your help. ●



With Chris Hirst
No Bullsh*t Leadership

Forget everything you've ever been taught about leadership: the need to be a tough boss, snake oil 'shortcuts' to success and tired cliches about 'leading from the front'. It's bullsh*t.

The truth is when developing leadership skills, there is no secret formula or set path to follow. From those who manage one person to heads of entire departments, everyday leaders are all around us and good leadership can unlock the potential in us all.

This is the straightforward, uncomplicated belief set out by Chris Hirst in his best-selling book, No Bullsh*t Leadership. AAR has partnered with Chris to adapt the book into an e-learning programme with online classrooms, specifically designed to create more everyday leaders.

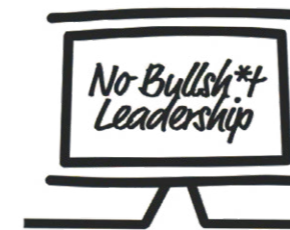
At AAR, we are not seeing enough emerging leaders coming through and it is such a competitive advantage to invest in them. This course is for anyone with influence over outcomes - be that people, projects or business. They should see themselves as leaders.

Alongside Chris, Vonnie Alexander (AAR Consultant, Executive Coach) will deliver the course, bringing a powerful combination of theory and practice, ensuring every delegate leaves with real-world tools to take into their everyday work and life, straightaway.

The course comprises eight modules that each focus on a different aspect of No Bullsh*t Leadership. Everything from building brilliant teams, the importance of decision-making, culture as a leader's superpower and much, much more. The modules have been crafted to not only get to the core of this uncomplicated leadership philosophy, but to also provide all participants with the practical everyday skills required to develop their personal leadership. Whether you manage one person, an entire business or want to empower your team to lead, this course is focused on creating the kind of everyday leaders that every organisation is crying out for.

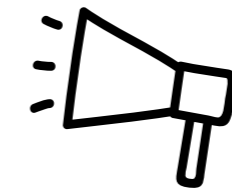


As a tangible commitment to creating more everyday leaders, AAR will be giving one free place away for every two sold in partnership with the incredible MAMA Youth Project. The MAMA Youth Project recruits, trains and nurtures young people between 18- 25 years of age from under-represented groups or with limited educational or employment opportunities.



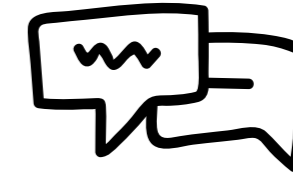
100% Online

Flexible learning with 8 on-demand lessons to fit around you.



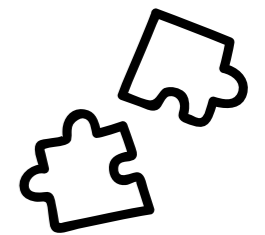
Guest Speakers

In each module, a special guest speaker will share their unique experiences.



Live Q&A

Opportunities to ask Chris & Vonnie your questions live.



Networking

Share the experience with with alumni and fellow delegates in the online classroom.

What others have said about the book that inspired our course:

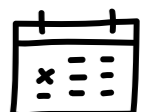
A punchy, plainly written guide, offering a readable and enlightened view of what leaders do and how they should do it

Financial Times

A brilliant set of leadership tools that will help you succeed, whatever your goal

Sir Clive Woodward

Launching June 2023



No Bullsh*t Leadership's first cohort launches in June 2023.

Register your interest now for early bird discounts.

Email us today at elarning@aargroup.co.uk.



Pitch Positive Pledge

A joint initiative by  

Pitch Positive Pledge

By Paul Phillips

This year saw the introduction of the Pitch Positive Pledge, an initiative supported by the IPA and ISBA, championed by Julian Douglas, President of the IPA.

Whilst not the first initiative to address the pitch experience, its motivation came from a different place, namely to improve the behaviours of agencies and advertisers around pitching for the benefit of its people, the planet and profit.

The pledge asks for three commitments:

1. Be positive that a pitch is required
2. Run a positive pitch
3. Provide a positive resolution

It's encouraging to know that the sentiment and manner in which AAR has always strived to support brand owners and agencies in their pitch requirements is reflected in and endorsed by the pledge.

And while bad behaviours are not going to be eradicated overnight, if at all, shining a light on the issues with a positive intent is to be applauded.

We are active supporters of the pledge ensuring that the brands we support act in a manner that's entirely in keeping with the sentiment and ambition of the PPP; something we will continue to do.

At the time of writing there were 178 agency, 41 intermediary and 21 brand owner signatories reported on the Pitch Positive Pledge [website](#). ●

inside / out AWARDS

Inside Out Awards In-House Creative Leaders Mastermind Breakfast Club, in partnership with AAR

By George Porteous

Last Autumn, AAR was excited to announce a brand-new partnership with the Inside Out Awards. Initially set up as an awards scheme 10 years ago to recognise the creative work that in-house agencies produce, Inside Out is now a network of 750 in-house practitioners. Their Inside Out Community is a great audience and a natural fit with AAR's in-housing expertise.

On 16 November, we held a virtual event with Inside Out Awards and 25 in-house agency leaders from their community to debunk some of the myths around in-house creativity. The three key myths explored were that 'No great creative work gets made in-house', that 'In-house teams struggle to recruit and retain creative talent', and that 'In-house creatives get stale working on one brand'.

The webinar was facilitated by Emma Sexton, founder of Inside Out, and there was healthy debate, opinion and tips shared between the audience, supported by contributions from AAR with latest insights, intelligence, and survey data that we have on in-housing.

If you want to find out how these teams tick, what worries them, what they see as their USP's and how best external agencies and in-house teams can work together, please be sure to drop [George](#) a line. ●

INSIGHTS AND PERSPECTIVES.



Creative Capital: A strategic asset for growth

By Victoria Fox

There is a fundamental disconnect at the heart of the marketing industry: The vast majority of organisations and brands still aren't investing sufficiently in creating the conditions required for creativity to occur on a regular, repeatable basis. In 2022, AAR's Creative Capital Manifesto aimed to change this.

What is Creative Capital?

What do we mean by Creative Capital? Quite simply, the extent to which the marketing ecosystem is fine-tuned to deliver more creative outcomes more frequently. It's a critical, tangible asset for growth, not something that can be wished into place, and it has a profound impact on the whole marketing ecosystem, across an organisation's people, processes, partners and platforms.

Organisations know that infusing creativity throughout their operations is a crucial part of growth, but they struggle to activate it.

This was backed up by our survey of over 100 CMOs (as part of our Marketing Ecosystem

Blueprint – more on this follows in the next article) which showed that despite 74% of businesses identifying creativity as being key to business growth, only 20% said their organisation was highly focused on engineering the right conditions for creativity to flourish, and 33% said the subject was rarely or never debated.

We introduced the concept of Creative Capital, and produced our Creative Capital Manifesto, to provide a foundation of thinking that businesses can adopt to help engineer the right conditions for creativity to flourish. Our hope is that businesses will start to reflect on their Creative Capital in much the same way as they do their financial capital, as a vital, measurable asset for business growth. →

How does Creative Capital relate to marketing operations?

With a solid stock of Creative Capital, a business can unlock a wealth of new opportunities for growth holistically, not just in marketing. Creative Capital gives brands the power to imagine things differently, and establish a culture where thinking is constantly positively challenged to allow innovation, fresh thinking and improved efficiencies.

Currently, most of the brands AAR works with are looking mainly at the output: A new agency, a new campaign, a new website. There's not enough focus on the inputs, and the engineering within their marketing ecosystems to create the right conditions for creativity to sustainably flourish. If brands can understand how to engineer Creative Capital across their people, processes, partners and platforms, then they can unlock a wealth of benefits.

We asked marketers to identify what benefits would result from their organisation possessing greater Creative Capital:

88%

Improved business growth

69%

More effective competitive response

73%

Accelerated business transformation

65%

Improved marketing ROI

73%

More motivated marketing team

51%

Enhanced agility and speed-to-market

People

An organisation's people are the core of unlocking more Creative Capital. People are at the heart of the cultures that need to exist to tap into creativity; those that encourage, activate and learn from challenge and risk-taking.

Even the processes for hiring can, and should, be approached creatively. Are hiring practices geared towards nurturing a creative mindset, in every part of the business? Do job descriptions open the floor to opportunity, or hem potential originality within the confines of pure deliverables?

Similarly, incentives also need to be aligned to the goal of stimulating creativity and growing Creative Capital. As one senior marketer put it, "There's no point stating we need more creativity, then remunerating people on something else."

Partners

Agencies have always had an edge when it comes to infusing creativity - with a capital 'C' - throughout their operations. But agencies must be prepared to collaborate and integrate with organisations who are in the process of trying to grow their own creativity across the marketing mix.

The biggest opportunities lie with finding ways to break down boundaries and creating meaningful ways to share knowledge and learnings. Clients need to bring their agencies into the fold around shared goals, and agencies need to adopt the mindset of being a true partner, not just a supplier. Agencies can offer some of the most potent routes into embedding this type of creativity at the organisational level, given the space to do so.

Processes

When it comes to process, we all know that creativity by committee is not only exhausting, but ineffective. Trimming the fat where possible is key to not only increasing efficiencies, but also removing barriers to autonomous creativity and innovation. Key questions apply. Do processes focus solely on short-term deliverables and metrics, and could they be expanded to more actively explore testing and failing?

While establishing ways to move things from A to Z is essential, it's also vital to ensure you have processes in place designed specifically to facilitate and encourage creativity.

Take the working environment as an example, it's a lot harder to cultivate an organic, creative workplace for your teams if your office resembles a call centre. It's not enough to throw in some beanbags or baristas; but being imaginative, injecting doses of stimuli, and providing inspiring forums which are carefully and deliberately designed to drag people out of their comfort zones, can help foster truly creative workplace cultures.

Platforms

Only 22% of our CMO survey respondents stated that a focus on platforms had proved most fruitful in their efforts to build Creative Capital. This is perhaps unsurprising and comes down to a central challenge: the failure to fully integrate new capabilities into the marketing ecosystem, around a clear singular goal. If platforms are to contribute effectively to an organisation's Creative Capital, the North Star has to be clear across the entire ecosystem, and people need to feel empowered and supported in activating it using whatever suite of capabilities they have access to. →

||
Creativity is much more than the advertising campaign, it is the application of lateral thinking and a Creative mindset to solve business challenges ||

Victoria Fox, AAR CEO

||
When things become tough - when you've got less budget, when you've got less time - that's when you get more Creative ||

Isabelle Maratier, Head of Brand & Portfolio UK, Innocent Drinks



A rallying cry

Cultivating creativity is an issue that's at the forefront of many people's thinking, and this isn't something businesses can continue to ignore. AAR's research clearly shows people are conscious of how important unlocking the potential of creativity is, but they struggle to successfully engineer it.

It's this disconnect that led to us creating the [Creative Capital Manifesto](#): A report designed to help organisations understand and cultivate Creative Capital - by engineering the right conditions across the marketing ecosystem to unlock greater creativity on a sustained basis.

And while this report and our rallying cry to the industry may be aimed at brands and organisations, there's a reason we're sharing it with our agency clients as well; we firmly believe that agencies are already far better at building Creative Capital, and there's so much that agencies can offer their clients to help on their own journey in engineering these conditions.

If agencies understand the opportunities here, they'll be able to find ways to help their clients unlock the potential of Creative Capital, which will lead to truly collaborative relationships and the very best outcomes – something we all strive for.

Creative Capital is a concept we're constantly exploring at AAR - if you have any related thoughts, ideas, or suggestions, we'd love to hear from you. ●

The Creative Capital Manifesto Round Table Debate

[The Manifesto](#) was launched at a round table debate hosted by Creative Salon in May 2022, consisting of a panel of industry leading CMOs and marketers. Some of the key challenges they identified and explored included:

- Not having enough time to nurture Creative Capital
- The ability to measure the commercial impact of their Creativity
- The importance of culture and mindset as a condition for nurturing Creative Capital

A video summary of the round table can be [viewed via this link](#).

The Marketing Ecosystem Blueprint

By George Porteous

Agency partners play a crucial role in the marketing ecosystem. They bring different perspectives and 'outside in' thinking that can unlock different layers of creativity. But the CMO needs partners that are proactive and curious in their approach and have a proven track record of delivering results.

In 2022, AAR's [Marketing Ecosystem Blueprint](#) posited the question: In an age of continuous disruption where businesses must innovate fast, what should a modern marketing ecosystem look like? Is there a blueprint to set brands up for success?

Key areas of focus

Several key questions faced by CMOs informed the development of the Marketing Ecosystem Blueprint:

- How do I effectively manage change and build the right culture?
- How do I build a vision for marketing that the organisation can get behind?
- What's the best organisational structure?
- Should I in-house or not? How do I find the right talent?
- How do I find and manage the best agency partners?
- How should I sweat the process?
- How do I win the martech race?

Key findings of the research

With the current challenges set to continue well into 2023, understanding how and why CMOs are making decisions about their ecosystem design will be crucial for agencies.

The [Marketing Ecosystem Blueprint](#) was created in collaboration with The Drum, and combined interviews with marketing leaders from BT, TSB, Molson Coors and Nomad Foods with a landmark study with over 100 CMOs. The results of this research were enormously insightful, and several findings bear particular significance for agencies.

The number one ranked aspect CMOs look for in an external partner is **creativity and innovation (50%)**; aspects that **73% feel are missing** from their internal marketing functions. They also want partners that have a proven track record and are proactive in their approach.

In the past year, a quarter of CMOs have cut agencies, a quarter have switched while keeping the same amount overall and 31% have added more agencies to their roster to support with media (38%), performance (37%), social (31%), creative (30%) and growth marketing (27%).

For 50% of survey respondents, the biggest driver of change when adding new agency partners is to ensure better alignment between disciplines, followed by cost savings (48%), better alignment with the internal marketing function redesign (41%) and to enable colleagues to enhance their skills (32%).

Seven pieces of the puzzle

By distilling the findings, we created the final blueprint, where seven core 'puzzle pieces' fit together to create a holistic ecosystem that can enable genuine creativity and effective marketing. These are:

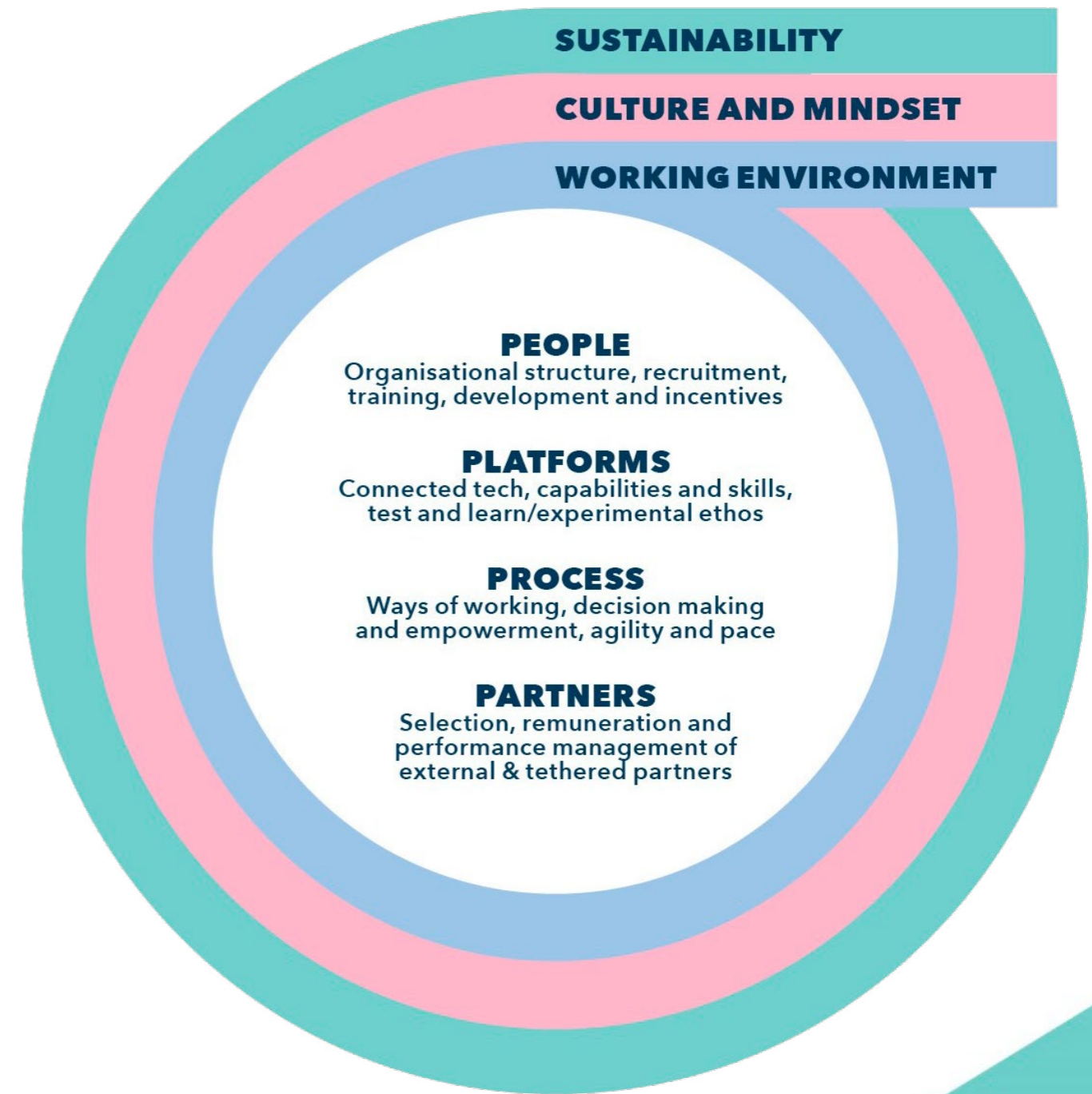
- 1. Always-on change** - How to implement change management initiatives
- 2. Organisational design** - Rethinking this to unlock creativity, including in-housing and innovation
- 3. People: Mind the (skills) gap** - Ensuring the availability of critical people skills internally
- 4. Partners: Bringing out the best** - Finding the right external agencies or in-house set up
- 5. Platforms: The martech race** - How to compete in a world of increasingly advanced technology
- 6. Process: Changing a culture** - The battle to optimise processes and streamline ways of working
- 7. Measuring success** - Confidence in CMO's ability to measure success

Top 5 challenges faced with external marketing partners:

- ▶ Cost/value for money **42%**
- ▶ Pace and turnaround times **36%**
- ▶ Collaborative working (with other partners) **36%**
- ▶ Quality of output **31%**
- ▶ Agility and responsiveness **32%**

CMOs are facing countless ecosystem challenges, from curating the right culture and creating the perfect blend of in-house and outsourced capabilities, to building a vision for marketing that the wider organisation can get behind. To tackle these issues and capitalise on emerging opportunities, insight into how other marketing leaders are thinking and working is invaluable.

The Marketing Ecosystem Blueprint not only provides an outline for an effective ecosystem but helps offer a perspective on the thought process of CMOs during what has been - and remains - a tumultuous period. It sheds light on the pressure points and key challenges facing CMOs that agencies should be aware of, and prepared to respond to, as we move into 2023. Read the full report now via this [link](#). ●





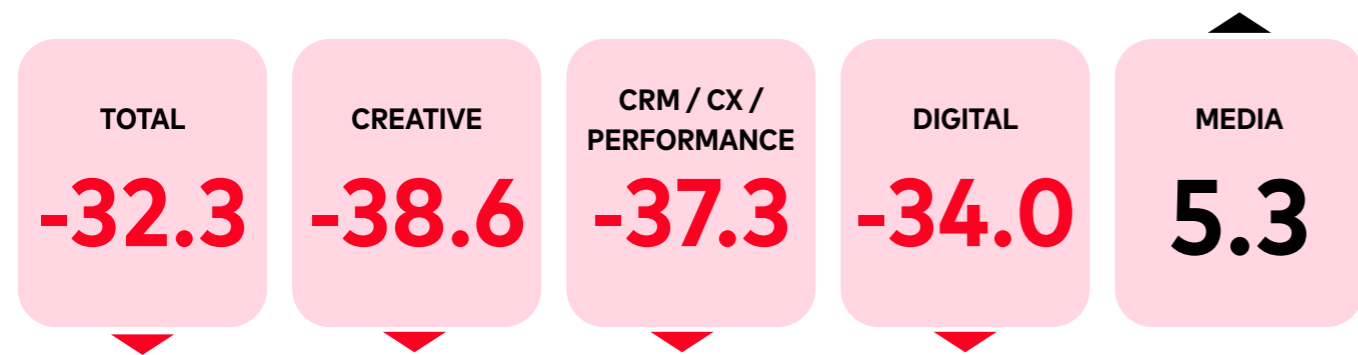
New Business Market 2022

By Martin Jones

By three quarters of the way through 2022, the overall number of agency appointments was down 32.3% YOY although there were clear differences within the various disciplines, with the 'creative' marketplace showing the greatest decline, and media being comparatively stable.

DISCIPLINE % DIFFERENCE

Q1-Q3 2022 v Q1-Q3 2021



Source: AARnewbizmoves

A full quantitative analysis of the 2022 new business market will follow later in January. However, one would not need to have a crystal ball to predict that the figures for the full year will not be a million miles from those relating to the first three quarters, although we suspect that we will witness some improvement, particularly in the advertising/integrated space which does appear to have picked up in Q4.

Reasons for reviewing... and not reviewing

The understandable post-lockdown bounce back in 2021 in the new business marketplace appears to have been a blip and has returned to a gradual YOY decline.

Historically, with the exception of the media space, the new business/pitch market has been driven by four factors:

1. General optimism about the future (economically, politically, and personally)
2. Dissatisfaction with existing agency relationships (combined with the belief that there is 'something better out there')
3. New entrants (start-ups/scale ups) to the market
4. A requirement for a new discipline (e.g., social, UX, CX etc.) that cannot be delivered by the existing agency ecosystem

The combination of an uncertain world, agencies 'over-servicing' their existing clients, a decrease in private equity money and agencies' abilities to deliver multi-discipline solutions have undoubtedly caused a decline in competitive pitch opportunities.

Added to this, particularly during the last few months, has been the fact that many clients have been focused on their own internal reorganisations, which has resulted in less focus on external agency needs and requirements.

Size of clients

In 2022, major creative reviews (i.e., brand owners with budgets in excess of £20 million) remained rarities with only British Gas, Morrisons and Dreams holding open pitches, while the recently merged Virgin Media and O2 business consolidated their account and only considered agencies with whom they already worked.

In contrast, the media new business marketplace remained comparatively buoyant, with few weeks going by without another review being announced, often because a contract had come to an end rather than through dissatisfaction with an existing relationship. Significant UK national and global brand owners who made appointments or reappointments in 2022 included AB InBev, Aldi, Amazon, BMW, British Gas, Danone, Santander, Sky, Tesco and Vodafone.

Clients at different stages

In 2021, almost half of new agency appointments did not have an incumbent agency. This was either because they were a first time or lapsed advertiser or, in some cases, had previously taken their business in-house or put their communications on hold.

Although there was definitely a decrease of available 'new' money from Private Equity etc. in 2022, almost 40% of appointments were for relationships where there was no existing relationship. →

Selecting agencies

The increased emphasis on running a fair and appropriate process, as epitomised by the IPA/ISBA [Pitch Positive Pledge](#), has highlighted the stress and impact on the mental wellbeing of agency staff, and also appears to have led to a behaviour change in both brand owners and agencies.

In the first eleven months of 2022, 24% of agency appointments were made without a formal comparative pitch process. Selecting an agency following chemistry meetings is a concept that is being supported by a number of agencies, and it will be interesting to see whether more agencies take up this position in the coming months.

Over the last few years, we have witnessed agencies being more selective when assessing pitch opportunities, preferring to only go for those where they can give it 100% while not negatively affecting the welfare of their staff, the ability to service current clients or their ability to compete for other pitch opportunities.

Sectors

Although there have been changes in both the type of client reviewing (start-ups through to established brands), and the ways in which appointments were made, there has been little movement in the categories in which clients operate. Unsurprisingly, the number of travel brands looking for new agencies increased while the number of financial service brands reviewing showed a decline, however.

Jan to Nov 2022 (2021)

1. Food (2)
2. Retail (3)
3. Travel (7)
4. Charities (4)
5. Motoring (6)
6. Financial (1)
7. Alcoholic Drinks (5)
8. Government (9)
9. Telecoms (14)
10. Non-Alcoholic Drinks (8)

Source: AARnewbizmoves

2023 and beyond

Sadly, we don't have the benefit of a crystal ball or the gift of endless foresight. Nevertheless, we have canvassed consultants and associates from across the globe for their predictions for 2023. You can read their thoughts in the article immediately after this piece.

However, in terms of the market for UK agencies, with incumbent agencies over-indexing on servicing their current clients and, in many cases, able to provide an increased number of outputs, disciplines and services, it would appear that the emphasis going forwards is going to be more on retention and business development and less on new business. ●

2023 Predictions

By Paul Phillips



At the time of researching and writing this piece, we were all doing it. Trying to ascertain what 2023 was going to look like for our businesses. I was certainly asking everyone what growth figures they were hoping for, with responses broadly falling into one of three categories:

1. Medium to high single digit growth, mainly from mature heritage agencies
2. 15-20%, from agencies with a range of focus across lower funnel marketing, specialists in e-commerce, data analytics, Amazon, B2B and health marketing
3. 'I have no idea, what's everyone else saying?'

To offer some meaningful insight, I contacted colleagues across the globe, all of whom run consultancies that operate at the intersection of where the world of brands and agencies meet, as we do at AAR Towers. Some are pitch consultants; others focus on optimising the relationship between brands and their agency partners. Others have practices that help brands sort out their marketing ecosystems. A few, like AAR, do all of the above.

I asked their opinion on four topics that at the time seemed relevant, were of interest to me and hopefully will be of use to you.

1. In 2023 what do you think will happen to the new business market? Will it stay flat, increase, or decline vs 2022?
2. Will CMOs show a preference for fewer agency partners that can do more for them or rosters of agency specialists?
3. Is the interest in in-housing capabilities such as performance marketing or organic social set to continue?
4. What are your clients focusing their attention on next year?

For clarity, my findings are not based on a statistically significant sample, have not followed the guidelines set out by the Market Research Society and were all coerced with the promise of a large glass of Rioja or chilled Chablis for responding to the call to share their POV.

If some or all of these predictions prove to be accurate, the glory is all theirs. If not, I will own the shame.

So here goes...

New Business in 2023

Perhaps not surprisingly the general consensus is that 2023 will be relatively flat in terms of *new* new business opportunities for agencies, as opposed to any organic growth that is achieved.

2021 was a bumper year for many as the post-COVID bounce took effect. But by the end of 2022 the new business ball was certainly not bouncing as vigorously as it had done the previous year with some predicting that it will have lost its bounce completely by next year.

But there are some pockets of optimism, with growing opportunities predicted in areas of specialism including data analytics, e-commerce, tech automation and integrated agency offerings.

This is surely aligned to the advent of a cookieless world (will someone please let me know when this is actually happening!) and the need for expertise (more of which later).

Then there's always media. I think media is too often seen as the soft under-belly of marketing; an opportunity for brands to go to market and make some savings. And there is a never-ending stream of global supertanker media brands that are on a continuous cycle of pitching their business.

For next year's brands that may come to market, all you need to do is identify which were last in market three or four years ago. And a word of caution, for any businesses that pitched their media within the last two years and are back in market in 2023, my advice to you is step away. Step away!

Encouragingly there are also some notable exceptions where new business activity is predicted to be on the up. Public Sector is predicted to be more active but, of course, you must be on the roster to benefit from this.

And as with London 2012, the Paris Olympics in 2024 is expected to engender a flurry of activity for domestic and international brands to prepare for the upturn that the Olympics bring.

More or fewer agency partners?

The overall sentiment is an expectation that CMOs are looking to simplify their agency arrangements, the result of which will be fewer agency partners. This is considered to have practical and financial benefits. Russel Wohlwerth of Roth Ryan Hayes referred to this as radical simplification; a phrase that I think captures the sentiment rather well.

But alongside this point of view comes a universal recognition that such an approach will require an orchestrator or lead agency partner to set the overall direction of travel. And in our experience the CMO needs to make clear which of their agency partners is to take on this leadership role. Without this direction, ensuing chaos and inter agency discord is an inevitability.

But fewer agencies cannot come at the cost of the expertise CMOs demand of their agency partners. Indeed, to paraphrase, expertise eats operational simplicity for dinner (breakfast was already taken by culture). Without such expertise, operational excellence can only strive to achieve, at best, marketing mediocrity and who has ever set mediocrity as a brief? →

Again, there are exceptions. Notably in less mature markets in which the desire for more specialist agencies is still strong, driven by a combination of eggs and baskets, and less choice of multi-disciplined and integrated agencies of the calibre required by CMOs.

In-housing

Predictions about future trends in in-housing are less clear cut. Markets in which this is a well-established practice, notably USA, are indicating that in some quarters, serious questions are now being asked as to the benefits of in-housing. The immediate cost saving originally achieved are not being replicated to the same extent, if at all, in subsequent years.

Another observation is that some in-house operations when first established, were not set up for success and there has been more than a few that have quietly been de-commissioned, with agencies picking up duties for work that was in their original scope, was subsequently taken in-house, and has now been re-instated. Such occurrences rarely enjoy any trade press headlines.

The other significant aspect around in-housing is the attraction and retention of talent. The post-pandemic talent crisis is one that affects in-house departments as much as it does agencies; something that's giving pause for thought to brands struggling to fill their in-house marketing vacancies.

Not surprisingly in a market the scale of America there were alternative views by some who see a take up of in-housing for the first time, if only for the immediate cost benefits it offers.

And other markets (Australia, Spain and Italy) are showing a continued interest in and growth of in-housing, particularly at the more operational end of the marketing services spectrum.

One aspect of this debate that those smart people at Navigare Cam Carter and Jeff Estok pointed out is what can be considered an alternative to in-housing, namely that of off-shoring, in particular to India. Off-shoring has commercial, creative and operational appeal without the down sides that in-housing can bring when it doesn't work out as planned.

One subject where there was complete agreement is around the in-housing of digital media expertise, driven to a large extent by the lack of transparency that currently exists about where and how much of the marketing £ or \$ or Euro, or Yen is seen by the end customer. Media agencies need to do more on this or will lose out.

CMO focus in 2023 (Winter is coming!)

You may recognise the saying 'If America sneezes the world catches a cold'. I think it's pretty clear that Europe has a bad case of influenza whose origins are Russian, not American. Against this backdrop, what are CMOs focused on in 2023?

ROI, cost management, growth (or lack of it), inflation, ROI, supply chain and supply chain costs, justification of marketing as an investment, ROI, measurement and attribution. Did I mention ROI?

Of course, none of this is news to you but what I find somewhat disappointing is there was hardly any mention of creativity. For creativity must be the not-so secret weapon that brands can employ to help achieve their marketing and business ambitions. At least that's what we think here at AAR Towers!

Other topics mentioned are sustainability in marketing and the wider CSR ambitions that all businesses now have. The continued rise of a mixed economy in which e-commerce is taking more and more focus and customer share of wallet has become a permanent fixture on every CMOs to do list.

And on ROI, one small point...whether it's ROI or ROAS, about which there has been much recent debate as to what's right to measure, fighting for marketing in the boardroom is what matters. If agencies of all descriptions don't provide their CMOs with the ammunition to make their case in the boardroom, The City, The Street or to PE and VC investment, then we are all doing a disservice to those that put food on all our plates.

In conclusion

This all makes for rather sobering reading, but we're living in sobering times. As I said in my introductory comments, thanks and praise goes to those who will be proven to have gotten it right.

Hopefully some of this will help as we look to navigate 2023 successfully for our own companies as well as those of our clients. ●

With thanks to and recognition for their wise observations:

- AAR Partners,
- Roth Ryan Hayes,
- Joanne Davis Consulting,
- Agency Mania,
- Navigare,
- Trinity P3,
- Scopen,
- Cherrypicker,
- Francis Drake,
- Pitchville,
- VT Scan,
- GG Marketing,
- Breezway,
- Independent Agency Selection and R3.

"What I wish I'd known about clients when I worked in an agency..."

By Rebecca Nunneley

When chatting to clients who have previously spent time working at agencies, there's a recurring discussion around how different their actual role is within their client organisation compared to their impression of the role through their agency lens.

With this in mind, we thought it would be interesting to ask a few friendly clients who began their careers agency-side what they wished they'd known about life as a brand owner back then.

The responses vary from the practical through to the emotional, and there are clearly a number that overlap and are consistent. Hopefully these pearls of wisdom will help you and your colleagues in your quest to understand your clients a little better, as well as providing you with ideas to improve your interactions and relationships with both your existing clients, and to some extent new business prospects, too.



Katrina Curl
Marketing Director, Xampla

1

The agency brief is only 5% of the client's workload. They are thinking about, and often worrying about, many other things so an excellent way to win favour quickly is to make things as easy and fast as possible. Everything from concise emails, to being on top of the detail, to getting information about the products right first time in creative work. It all helps and will ultimately lead to greater partnership and trust in the working relationship.

2

Asking how the business is going and what is new regularly (not just when you take the client for lunch) makes for better, and ultimately more, work. Understanding a client's changing pressures and priorities will not only help you to understand why you are being given certain feedback but can also open doors to new and unexpected business opportunities.

3

Chemistry meetings are about chemistry, not creds. The agencies that performed best in our initial meetings, and ultimately were chosen to pitch, spent less time talking about themselves and more talking about our brief. The best performing teams also crucially demonstrated a chemistry and warmth with each other that made rapport building with us, the client, much faster and easier.



Amy Gilbert
Marketing Director, Virgin Media

1

Life client side is complex. We have multiple things to juggle, and multiple internal stakeholders and external partners. Advertising campaigns are the most visible, one of the most powerful and for most of us, the best part of what we do, but behind the scenes there is a lot that goes on to get us to this point. We spend a lot of time day to day on things that you don't see, be that managing budgets with finance, working with product and commercial teams on propositions and pricing, sales teams on trading performance and optimisations, procurement teams on agency management as well as HR and people management. This is in addition to bigger picture strategy, planning and objective setting. So, bear with us if we have other things going on and make life as easy as you can for us by planning ahead, scheduling time in advance etc. so we can make sure we spend the right time with you.

2

We see our agencies as partners; an extension of our team. You can be the strongest asset to us if you know the business, the market and our challenges inside out. Ask lots of questions, delve into our competitor set, come along to customer closeness events, immerse yourselves in our brand tracking and come and work in our offices regularly. We want you to provide a different perspective and challenge us on our strategy or trends or details we may have missed.

3

We have to fight for every £ of our marketing budget and prove its worth, particularly when it comes to less obviously sales driving channels. Demonstrating marketing effectiveness is a critical part of what we do. This is why we always ask what is this idea going to do for the brand/ business. The answer may be at the top of the funnel driving brand connection which plays a key role in consideration, but we ultimately need to be confident that it is money well spent. Most of us are in this business because we love advertising, we want to make outstanding work that will make us famous, but for us the barometer is real impact on the brand and the business, not on awards won (although if we get the first bit right awards should follow!).



Matthew Heath
Chief Marketing Officer, EMEA, Invesco

1

I had no real idea how little time I would actually spend thinking about marketing communications and creative work. I used to panic when I couldn't get the attention of my senior clients and make pessimistic assumptions it meant they weren't happy with the agency. If they are unhappy, they would tell you. Otherwise, it is just because CMOs are busy with a huge range of things; the job spec has grown beyond recognition in the last decade or so.

2

Marketing success stems from a classic blend of art and science. As the latter has grown, with an explosion of data and digital cleverness, we must not forget the equally vital role of the former. This is such an opportunity for agencies. Their immense strength is in applying creative, lateral thinking to solve problems. Those problems can range way beyond marketing communications. We can use your help at a business level, not just a marketing one.

3

It is always, always about the people. I do not 'hire agencies', I work with a team of partners, and I have little interest in the label above their door. As clients, we value genuine collaboration from a team which provides consistency alongside diversity, challenge alongside pragmatism and brilliant strategic thinking alongside brilliant execution. The only thing that really matters is whether the right people are in place to provide that. If they are we have no inbuilt desire to change. Partnership is a long-term game, but far more rewarding than switching agencies in search of a magic answer.



Elliott Moss
Partner and Chief Brand Officer,
Mishcon de Reya LLP

1

Clients value someone who knows their business. This has become a truism, but it shouldn't be. Really knowing what is what in a client's business makes a major difference to the advice you are selling; to its value and to your longevity as Agency partners. Know what drives our economic engine, know what the category is up to; know what the wider world is up to so that you can help us be brave about embracing what makes our business different.

2

Clients value someone who challenges them. We don't want yes men and women; we want intelligent, passionate, knowledgeable creative strategists who can help us. Agencies who take instructions aren't worth the fees they are paid.

3

Clients are happy to pay proper fees for proper advice. Don't short-change the investment you make in your people and clients won't short-change on paying for the great advice that those people are able to deliver. The opposite is also true.

4

Clients value attention to detail. Please care. It's painful, stressful, wastes time and undermines trust if you don't. Whatever it is, paying attention generally means there are less mistakes, too. But more than that, it shows you are invested in our success.



Sam Southey
SVP Global Head of Brand
Equity and Creative, Coty

1

Worrying Work: Ensuring the creative work works is the thing that keeps your client awake at night. Actually. For real.

2

The IRL Epiphany: That creativity really does power growth in real life, is gold dust... and addictive. It's client catnip. So, create the circumstances that allows the client to live that feeling on their brand, however big or small or sexy or boring, and you will never look back.

3

Simplicity: When you think you have made the creative work simple, make it simpler still for the client ... and the consumer.

4

Less, Much Less: Too many people, too much talk often gets in the way, of real discussion and progress. Time is precious. Keep it small.





Chris Taggart
Director of Marketing, Smart Energy GB

1

I wish I'd known the magic felt as a client when an agency is keen and capable of working with the whole organisation, not just marketing.

Nothing 'sparks joy' for a time-poor senior marketer like hearing an agency has helped us unlock progress directly with insight, e-commerce, operations, public affairs, or a product team! Good agencies are fielding talent that is capable and confident enough to bring their unique skills and influence inside client's own project teams, alongside marketing, working directly with a whole client organisation. Agencies benefit by getting work away faster, building new relationships, and gaining a holistic understanding of how to increase their scope of work beyond marketing.

2

I wish I'd known that agencies seem to be struggling increasingly with their organisational 'working memory' about their clients' brands and businesses.

When I worked in agencies, we sold ourselves as the guardians of long-term strategy and implementation, often codifying them for our clients in great detail. And yet our client's day to day frustrations seemed to grow about the burden of training the agency's new people, and repetitiously alerting the agency to their day-to-day ignorance about own strategies, guidelines or common practice on our account! Now I'm a client, I do feel that growing gap between agency's ambition and practice here. Which is understandable. Agency people are changing at a faster rate, more are working on a project basis, and are led by fewer, more time-constrained leaders. Can agencies devise living systems and set expectations that create the survival of working client knowledge amongst their people, from project to project?

3

I wish I'd known predictability in how an agency shows up is a vastly under-valued currency in agencies. Most agencies rightly delight in creating brilliance, raising the ceiling in a client's thinking. But that can't of course mean an agency strike-rate of 50% brilliance, and 50% disaster. It is not until you're a client that you realise quite how much value there is in an agency that is predictably good. It was not until I was a client that I felt the sheer relief that is working with an agency that consistently delivers good answers, most of the time. It is very hard to work with a wide variety of performance, in terms of impact upon wider business delivery, and the time-cost on the client to frequently support wayward agency response to briefs. Consistency must not, of course, mean consistently average. But I do suspect that the currency of trust accrued of agencies showing up consistently enables clients to buy into the rarer, high-risk 'moon shot' brilliance from the agency when that is on the table.



Kate Waters
Director of Client Strategy and Planning
(Commercial and Online), ITV

1

Know how the other half lives. I spent my career in creative agencies before making the jump to a media owner. It was only then that I really took the time to understand the media side of the advertising equation. If I'd known what I know now when I was sitting in an ad agency, I'd definitely have asked better questions of my media agency partners in crime and done a better job for my clients. So, take the time to find out how the other half lives; the work, the brand and the business will be better for it.

2

Be a corporate detective and historian. Big companies are like microcosms of society: Full of hierarchy, deeply embedded cultural norms, conflicting priorities, politics, and emotion. Let's face it, business is anything but rational. So, if you want to be a helpful and effective partner to your clients, make sure you understand this deep (often legacy) cultural stuff. Ultimately, it's what will shape your budget and the corporate appetite to buy whatever it is you're trying to sell.





Lisa Thomas
Chief Marketing Officer,
Motability Operations Ltd

1

Don't automatically assume that creativity is valued across the business. Outside of the Marketing and Brand teams, creativity is seen as 'fluff' (and even if it isn't, it is generally best to assume that is how creativity is perceived when you first arrive). That means you need to demonstrate the value that creativity and any marketing activity delivers for the brand and the business.



Hamish Kydd
Brand Marketing Manager, The AA

1

Clients only have one brand to work with and so they are naturally going to be more demanding. This isn't usually the case for an agency team who is often juggling it's time between lots of accounts and needing to manage expectations as best they can. I've been agency-side and had frustrations with very demanding clients, especially when it's more than one of your clients at the same time. That said, having now experienced client-side, I am much more empathetic to why clients can be overtly demanding and always pushing for perfection. As long as the demands are reasonable, and they get the work to a better place then try and find empathy where possible!

2

A slower pace and more complex organisational structure means it can be challenging for client teams to get things done quickly.

I appreciate this varies depending on what agency and business you're at, but I moved from a small agency to a large corporate brand and this was a massive shift. I used to find it frustrating responding to briefs with multiple scenarios and struggled to understand why clients would often miss deadlines. The reality is that clients have a lot of internal stakeholders to manage and therefore they need to be as good at Marketing internally as they are externally to build stakeholders' confidence. Confidence within functions makes decision-making within businesses happen faster and more easily but can be difficult to achieve, especially when senior management changes client-side. Acknowledging this and being proactive with how an agency can help makes a massive difference.

3

Getting to the point quickly when communicating (whilst knowing when the detail is required).

'I didn't have time to write a short letter so I wrote a long letter instead' is a quote I can only recently appreciate. Moving from an agency to client-side has taught me to be much more to the point. Obviously, this varies depending on what is being communicated but as a general principle, I wish I was more ruthless whilst agency-side in getting to the point (rather than spending too much time building up to it). On the brand side, especially when dealing with senior stakeholders who have little time, this is a skill that I was, thankfully, forced to become much better at. ●



How I've learnt to embrace complexity

By Paul Phillips

'Is it just me, or have the pitch projects we manage become a lot harder work than they used to be?'

This is something I've been asking colleagues at AAR Towers as another week goes by when I felt I'd definitely earned my money!

I'm sure that supporting CMOs and their teams in an agency review used to be a lot more straightforward: Understand the client's brief, match relevant agencies to this brief, meet to establish chemistry (or a lack of it), invite three or four to pitch, pick one and do a deal with them.

Today, while the destination hasn't changed - namely, to find the right agency partner for the next stage of a brand's development - getting there is a far more involving and complex journey than it once was.

Why is this?

And does it matter?

To answer the first question, I think there are four standout reasons that are inevitably interconnected: The brand, the agency, the customer, and AAR. Let's start with the brand...

1. The Brand

That there are multiple touchpoints with which we can engage with a brand means to stand any chance of success, all of these touchpoints need to operate in harmony, and all in service of the customer. But I'm not telling you anything you don't already know.

The implication, when it comes to a pitch, is that while marketing's requirements may be for just one aspect of the brand's communications, such as driving fame, this has an implication across the whole customer journey. Hence, in my example of fame being the north star, marketing needs to consider mid funnel education and lower funnel conversion to ensure the brand's multiple touchpoints are aligned and joined up... in service of the customer.

All of which means more internal considerations and conversations across everyone who has customer marketing responsibility down at Marketing HQ.

Make sense?

Let's move on to the agency's role in making me work harder than I used to!

2. The Agency

CMOs want their agencies to be strategically aware of the full customer journey, if not always executionally responsible for delivering against all aspects of it. At the same time, agencies want to become stickier to their clients' business by delivering better work across a broader portfolio of their services, and in doing so make more money.

The consequence is that there are more agencies that are brilliant at doing a lot more stuff to a very high standard and the competitive set for any agency is no longer exclusively those that appear more similar than different to each other.

Not so long ago a pitch list consisting of AMV, Ogilvy, Saatchi's and McCann could be taken as a sign of a CMO who knows what they want from an agency partner. But today the very same CMO might choose MullenLowe, Wunderman Thompson, Mother and NCA to pitch, with all four agencies having a more than credible reason for being invited to participate, despite their superficial lack of similarity to each other.

The consequence being that there's a greater number of justifiably credible agencies to be considered for any one opportunity than ever before. All of which we need to take account of when advising marketers and their teams.

See why I'm having to work so hard? And so, to the customer. Or more specifically the access to data about the customer with an abundance that is bordering on pervasive.

3. The Customer

Customer understanding and segmentation is at a level of sophistication that make my days as a media planner striving to achieve an ABC1 adult coverage and frequency target seem positively amateur (which, in my case, was definitely true).

This will invariably manifest itself in questions around data, platforms and tech stacks, and the compatibility between what sits within the brand organisation with what the agency can accommodate.

Moreover, who and where to partner for all of this? The specialist standalone CX agency? The integrated network? The media agency?

And if you're still with me, are you getting the picture about how complicated this all is?!

So on to AAR and our role in helping to manage and navigate this complexity. →

4. AAR's role

The biggest change in our approach, and rightly so, is not to jump straight into thinking about what agencies might fit the brief, but to step back and start by interrogating the CMOs internal organisation and marketing ecosystem.

What stage of transformation are they at? We're all in transformation aren't we, so it's important to find out at what stage the brand team is.

Questions about structure, ways of working, internal capabilities and competence within the marketing team all need to be answered and dealt with before going anywhere near an agency longlist.

All of which has transformed the job of an intermediary (glorified matchmaker, as I've been described) into a consultant (much more in keeping with what I tell my kids I do).

These are, for me, the four standout reasons why it's all got a bit more complicated and hence I'm working harder than I used to.

As for my question as to whether any of this matters, it most certainly does!

Opportunities across the agency and consultancy landscape for CMOs are ever more diverse and impressive. Having clarity about your agency's superpower will help you decide where to place your new business efforts as much as it will help a CMO to decide whether your agency is worthy of closer inspection.

And if that weren't reason enough, it means that I may not have to work as hard as I have been doing.

Here's hoping! ●

Is your retention strategy a winning one?

By Vicky Gillan

One could argue that retention has always lagged behind the shiny 'sexiness' of new business. At least, that's certainly always been the perception. Previous AAR client/agency research showed that 76% of clients and 61% of agency leaders agree that 'agencies appear to value new business more than existing relationships'.

Given the immense challenges ahead (likely recession, a talent crisis, the skills gap, not to mention the knock-on effect this is having on budgets as reported in the 2022 [IPA Bellwether](#) report) there's never been a more crucial time for agencies to put retention at the heart of strategy.

Demystifying how we think of retention

It's clear that there's a perception that agencies over-index on new business, and that 'shiny new' clients will get their attention while existing accounts may not be given the same level of priority.

But is it not more the case that agencies are so used to measuring and tracking new business that it's naturally seen as carrying

more significance than retention? After all, it's hardly newsworthy that an agency retains a client's business, whether for another project or to celebrate a 10-year anniversary, is it?

Well, in my book it should be. There should be league tables, awards and media headlines that scream 'retention'. Maybe if we started thinking about retention as 'continuously winning' there would be.

During the pandemic, when many clients stopped searching for new partners and pitching was more or less off the table, agencies doubled down on over-servicing existing clients out of necessity and started actively using their high client satisfaction stats in the pitches that did happen.

With the raft of challenging and changing external factors and relentless internal focus on budgets, effectiveness, efficiency and the various continuous planning loops, clients need top advice, great strategy and transformative ideas more than ever. They're also taking long looks at their marketing ecosystem and asking big questions about the best way to deliver: The **how** as well as the **what**. →

That all means it truly has to be the Age of Retention. Now is the time to openly examine the ways you as an agency discuss, reward and elevate retention. It should be as important in all the same ways as new business is. To help, we've gathered some questions, some observations and some suggestions to ponder and probe.

1. Hold up the mirror - get curious

To get all of these things right, agencies need to get curious. They need to ask questions of themselves, and their team:

- Do you have the right information to deliver an objective, informed and useful view across your client base?
- Are you totally reliant on red flag alerts from your business/ client service team?
- What are you measuring to inform you and your Exec/Board?
- What would genuinely help your teams to deliver better for your clients?
- Is your retention MI informing Exec/ Board discussions about your operational and investment strategy? Or is it a tick box exercise?

2. Measure what matters - what informs your strategy

A group marketing director once told me: "you can either get measurement that tells you the truth or measurement that backs up your story; choose wisely and don't be seduced by fool's gold". We measure what we value, don't we? Ask yourselves these questions with your retention MI data in front of you:

- Are you measuring the right things?
- Are you measuring regularly enough, and in the right way?
- Are you measuring certain things because you always have done?
- Are you in a healthy groove, or in a reassuring rut?
- Is your measurement useful?
- Is it encouraging discussion and debate?
- Is it used to drive change? Or used to blame?
- Would your clients recognise and applaud the approach, and see the benefits?
- Would your team be excited to see the latest MI, or dread it as it means more work or blame?
- Who are your superstar retention people?

For some agencies the challenge might be the reverse, they have too much data and suffer from 'paralysis by analysis'. Or it's not remotely diagnostic and has no early warning sign intent.

If that's the case, try this challenge. If you could get rid of half of what you spend time and money measuring that adds no useful perspective or tells you what you already know, what would it be? What impact would it have? And if you had to measure three **new** things you currently don't, what would they be?

3. It's time to get sensitive - differentiated approach

Just as with price sensitivity, agencies need to start thinking about how they index, track and respond to fluctuations in their retention sensitivity. They need to be able to continuously "dipstick", tracking what's important to celebrate progress and success, but also to lean into hard issues or difficult conversations to drive change, and continuous improvement.

Agency leaders need to be able to make informed decisions about where their array of clients are on their retention sensitivity curve, at any point in time, and to be confident in how they are tracking success. To do that they need to develop robust MI. Getting ahead of a problem is crucial, to better understand when a relationship is going off the boil so they can respond, but also to maintain that wonderful feeling that we're "on fire" and delivering the best work ever.

Being informed of what dials and levers to change on the account in terms of capability and capacity is a must, as is knowing what not to change if it's working brilliantly, all based on robust MI directly informing your short-term choices and longer-term investment decisions.

To do this requires data that sensitively probes the relationship, enabling truth to be revealed that will drive your retention strategies. And of course, it's not a one-size approach. Retention strategies must be differentiated by different types of clients along with factors such as profitability, cross-sell potential, category and client appeal internally. Differentiation will help you trust the 'green flags' and get the 'amber flags' on the radar early enough to prevent them turning 'red'.

Final thoughts

These are challenging times. Everyone is tight for time, facing relentless internal and external challenges; from efficiency and effectiveness, market disruption and challenger brands, to media inflation and supply chain problems. However you approach MI, the goal is the same, though: Ensuring that decisions about agency strategy, resources, talent, structure and data/ tech are being fuelled by regular objective intel, not just anecdotal hearsay and positive intent.

These are also the times to ponder and challenge how we do things, as well as what we do.

The agility and the variety of ecosystem models and agency options available to clients makes rapid change crucial. The question is how do you continuously evolve and drive excellence, and confidently evidence excellent relationships? Retention should be as rewarding as new business, not just given a spotlight during lockdowns or as a reaction to negative feedback.

We know most agencies know this, and have their own plans and planning cycles but our challenge to you is to ask: Are we doing enough? Do we have enough data/ MI on a regular basis? Is it robust, objective, diagnostic and asking the right questions to inform change and drive better retention? Would our clients and our teams agree?

This isn't about pulling away from new business. It's about 'and' not 'or'. It's all about balance. Simply put, is your MI telling you what you need to do to make the best decisions for your agency and, therefore, your clients? Is your retention strategy a winning one? ●



Are you buying or selling?

By Tony Spong

Every year on the first or second weekend of August, the village of Kalloni on the island of Lesbos holds a huge sardine festival lasting for three days.

During the festival, the fishermen bring the fish to the village port and offer it fried and for free to tourists and locals, along with an ouzo or two. Greek music is played and the locals, along with the tourists, have a great time.

So many sardines arrive for the festival that they can afford to give them away for free because the locals and tourists can't possibly eat all that is landed. Shortly afterwards, they begin the process of salting and canning them to preserve the fish for when there are none to catch. You can buy a tin for just under 7 euros.

With the current debate about pitching, could it be that agencies giving ideas away for free is analogous to the fisherman of Kalloni? What was purely a local festival has turned into something that attracts the tourists (clients) in large numbers. How many of them go on to buy the salted tins of sardines, I wonder?

Markets, be they for sardines or other goods and services, are greatly affected by the ebb and flow of supply and demand. Think of house prices driven ever upwards by high demand but a lack of supply.

As any business owner knows, understanding the dynamics of the market you are in is a key factor in developing any strategy for growth. Today, oversupply can arrive rapidly and for some sectors five players is too many while in others it can cope with over 2,000.

As a market matures and growth slows many businesses turn to price promotion to maintain sales. Giving away ideas for free is our industry's equivalent of a price promotion; more 'get one free and then buy one' than BOGOF. But this is easily copied and, slowly but surely, this promotional tactic becomes firmly embedded.

Often described as the 'spiral of doom', where selling more of what we 'make' is the main driver of growth rather than looking to maintain and grow value. The spiral of doom typically ends in a price war in an effort to retain market share, which reduces margin,

which reduces the ability to invest in creating differentiation, which means that you risk... well, you know.

There has been a growing trend among agencies to move to output-based pricing in an effort to protect this value, but it does take time to make this change and understandably the pressure on growth through volume of sales is still front and centre.

Indeed, I've spoken to many agencies this year with 'ambitious growth plans' keen to explore all channels in the search of new clients. When many of these enquiries come from the same part of the market, one is alerted to the fact that we may be entering the tipping point of over supply v demand, which then runs the risk of being the first rung of the spiral of doom, if ladders can be spiral!

Many admit that the reason for these 'ambitious plans' is to get their EBITDA number up to a level that makes them attractive to buy. Mergers and acquisitions help take supply out of the market, helping to maintain margins by reducing costs that can be invested in innovation to grow value.

Two very active sectors right now are performance media/ digital marketing and content creators, where we have reached the tipping point of supply exceeding demand. We are seeing mergers and acquisitions in the former while technology that automates many of the processes involved in adapting and distributing content is driving the latter.

To compound matters further we are entering a period of inflation, especially where talent is concerned, so prices are probably going to have to start going up for many agencies. For those where there is already an oversupply in the market it leaves very little room for manoeuvre.

Understanding the dynamics of markets in general, and the one you are in, are essential. Ambitious growth plans, therefore, can feel a bit, well, ambitious. ●

Talking Hats: Are we oversimplifying the briefing conversation?

By Vicky Gillan

Imagine you're going out for a meal at a fancy restaurant. You'd expect to take your time, immersing yourself in the experience and savouring every mouthful of all 3 courses, with time no issue (relatively). But if your food was made quickly and brought to you all at once in a variety of takeaway boxes with plastic cutlery, you'd be horrified. Compare that to what you'd expect if you visited a drive through where speed and convenience are essential, and more than a 15-minute wait would raise eyebrows.

There's no single best method for operating a restaurant: The experience should match the customer's expectations, which screams to me a differentiated approach. This is the problem with the current briefing conversation. It remains a hot topic, but to my mind it's often oversimplified with one-size-fits-all thinking, suggesting a lack of understanding of how client teams work, the scope of work and, therefore, the wide range of briefs on the go at any given time.

The issue, in brief...

I'm certainly not criticising any discussion intended to drive better practice, but I think we need to acknowledge the complications

and look deeper to help marketers develop better briefing skills and raise the craft across the industry.

There are just so many different types of briefs, all with different purposes and needs, so a one-size-fits-all approach doesn't cut it if we are going to take a leap forward in solving this repetitive issue.

To give your in-house or agency team what they need to create their best work, you need to be prepared to put on several different hats ... and differentiate your 'brief writing' approach according to the outcome needed.

Respect the three 'I's

It's helpful to look at things simply. For a brief to be effective, it needs to balance three key elements:

1. Informing
2. Instructing
3. Inspiring

This is a simple graphic equaliser, but it's hugely powerful at differentiating the requirements of different briefs. For instance, a simple change brief should be heavy on 'instruct' but lighter on 'inspire', compared to a

new creative platform, brand strategy or new product launch where the opposite would apply.

Using this equaliser effectively requires careful thought, and a clear vision to identify the needs of the brief. To achieve this, it's helpful to talk about hats (yes hats!). Five actually...

The Detective Hat

In crafting a fantastic brief, the first hat you'll need to wear is that of a detective; exploring, probing and being curious about the context for the brief. The 'why' and 'what' this brief must achieve. You should be asking questions: What's the context? What's the competition doing? What consumer insight do we have, and what does it tell us? What's the problem, tension or opportunity we are trying to solve?

You should be wearing this hat well before you start writing the brief, to inform the right balance between informing, inspiring, and instructing. This 'detective' phase is about doing the right amount of leg work and research for the task. Think about your sources, be that customer complaints and feedback, web reviews and survey results, store visits, call centres, focus groups, or bespoke research. Also think about the

context for the brief; in 'hat terms', think about the 'scene of the crime'.

For some briefs, you'll only need to wear this hat for 30 minutes, whilst others will require weeks of in-depth work, and possibly even a pre-briefing stage well ahead of the final brief. Make that call now and move forwards with absolute clarity.

The Chef Hat

Once you've finished your detective work, the chef's hat comes next. This is where you select the right ingredients and prepare them in the right way.

Sure, you could make Spaghetti Bolognese with just mince, tomato puree and pasta, but would it taste great? A few clever ingredients can transform the dish, from roasted peppers to sundried tomatoes, marmite to chocolate and (apologies to any Italians reading!) apparently chicken livers. The same is true of briefs.

If the brief is complex, and requires complex ingredients, you'll need to spend time with your chef hat on sourcing, gathering and testing. Make sure you're giving your in-house or agency team the right ingredients to →

work with as stimuli, to instruct, inform or inspire their work and give them as much of a chance as possible of achieving their best.

The Storyteller Hat

Once you've done your detective work, and assembled your ingredients, it's time to put it all together and don your storyteller hat. In the case of a brief, this means creating a compelling throughline, or as we like to say at AAR, the consistent DNA that runs through the brief. Time to tell one story, well.

Does everything connect in your brief? Do all of the different elements of your brief knit together, in the same way a great story does? It needs to connect to the reader, whether that's an internal or external team, and it needs to leave them saying 'ooh' rather than 'eh?'

Consistency and connection are key: The story has to resonate. Imagine a novel with the first third written by Stephen King, the second by Margaret Atwood, and the last by J.R.R.Tolkien. It would probably be a head mash. The same applies here. If your brief jars, so will the creative process for your agency.

The Scientist Hat

Along with storytelling, you do need a bit of science, too. When wearing your scientist hat you need to approach things analytically. Are you being precise enough about the numbers, the objectives, the metrics, KPIs, budgets, and timescales?

You need to make sure things are measurably defined; for example, what are you driving awareness to, by what, in what time frame, and using what data? What will a successful metric or KPI look like?

One of the most repetitive issues, in my experience, is a lack of objectives or - even worse - over use of the dreaded 'tbc', which gives no sense of scale, intent, or ambition to deliver against.

For some briefs, simply being on time and on budget might be an acceptable metric; for others, work should not start until there is 100% internal alignment of customer, marketing, and business objectives if the stakes and ask of the brief are fuzzy.

You can also differentiate by the amount of time your agency or in-house team has for different briefs. While a Bolognese might taste better if simmered gently for 3 hours, some things don't need to be cooked slowly (you wouldn't stew beans on toast!) and depending on the type of brief you're working on, asking for a quick response may or may not be suitable.

The Editor Hat

This one is simple and involves a BIG (virtual) red pen working to the 3 R's: Refine, Reword, and Remove! How much editing you do will depend on the type of brief, but being to the point, succinct, honest, and warm will be best in almost any case. And ditch the jargon and buzzwords. Please.



Giving yourself the right amount of time to reflect here is vital. As Blaise Pascal beautifully put it "I have only made this letter longer because I have not had the time to make it shorter". Be sure to bake in adequate reflection time, be that 10 minutes, a couple of hours, or overnight in the case of complex briefs.

The key goal during this stage is to make sure that every word is meaningful to this brief. As with any great dish, every ingredient must count, and only the right ones should be used.

Conclusion

Clients are under more commercial and creative pressure than ever, and while it's brilliant that we're talking about how we can brief better, we need to move the conversation out of the singular mindset arena.

We need to stop talking about creating 'a brief' and start exploring the potential of creating the 'right type of briefs', for the many and varied challenges today's marketers face. We need to perfect the art of being clear and effective with the ask, the task, and the intent for the work - in every kind of brief we create.

To get this right, you're going to need to get comfortable wearing the hats I've mentioned above. If you don your different hats, and consider the three I's in the graphic equaliser, then you'll already be helping your agency or in-house team deliver their very best work: whatever the type of brief. ●

ABOUT US.



Who we are

AAR: Experts in Marketing Ecosystems

AAR specialises in developing marketing ecosystems that will drive growth in the modern marketing age. With over 45 years of experience, AAR works with brands to design marketing ecosystems, build inspiring partnerships and drive commercial performance.

In an age of complexity and disruption, businesses that can explore both challenges and innovative solutions to their marketing operations with a creative mindset will be better equipped to successfully meet the future.

Our purpose is to engineer Creative Capital as an asset throughout the entire ecosystem; across people, partners, platforms and processes, building a culture and an environment that allows creativity to flourish. ●



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