

AAR PULSE

FOR MARKETERS 2019



The Experts in
Client:Agency
Relationships

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The AAR team led an impeccable pitch process with a superb outcome for MoneySuperMarket. As we seek to reinvent the price comparison category, we had the right level of support all the way, from a clear set of governing principles, to coaching and consultancy, to hands on project management and the app that helped us make our briefings, immersions & pitch presentations without a glitch.

When there were inevitable challenges, AAR stewarded with candid and practical advice and kept a watchful eye on engaging stakeholders throughout the business at the right time. They kept the day to day team up to speed on all aspects of the pitch programme and handled themselves and us with real grace, purpose and ease. Thank you AAR. You've done us proud.

MONEYSUPERMARKET



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Foreword

The woes of Brexit - whether you are a Leaver or a Remainer, the word 'woe' seems universally appropriate - continue to fan the flames of uncertainty, creating difficulties in planning effectively for brand success over the next two to three years.

Dismay at some of their heritage tasks being brought back to the centre by their clients, as nervous about this 'taking back of control' as Remainers are of the loss of the UK's position in the EU club.

Marry this to the fact that many brands are in the throes of being disrupted by smaller, nimbler challenger brands, are transforming their businesses at a macro level from a digital technology perspective, and are wrestling with how to improve both their customers' experience and the performance marketing of their brands, in the face of directives to improve efficiencies and cut costs.

It is no wonder that marketers are seeking greater efficiency of output from their external agency partners – the holy trinity of faster, better, cheaper – and if they don't find it, they will look at alternative strategies such as insourcing or in-housing to effectively join up the dots of their marketing communications and data.

This is all wrapped up in a desire for simplification of their agency model that reduces duplication, improves integration, and is agile and transparent.

Agencies who have enjoyed the legacy business model of incumbent relationships with their clients, broadening their offering accordingly to deepen and extend those relationships, look on with some dismay at some of their heritage tasks being brought back to the centre by their clients, as nervous about this 'taking back of control' as Remainers are of the

loss of the UK's position in the EU club.

In mid November, we gathered together 70 communications agency CEO's representing all parishes of the marketing agency community at a breakfast presentation of AAR's research on the evolving client/agency model. We left time for questions and debate at the end of the presentation and it soon became clear that there is considerable anxiety amongst many – particularly those in the creative and media disciplines – about what they perceive as a growing trend of in-housing or insourcing and their attendant loss of income and margin.

It's clear to me that it's not just self-interest at work here; there is a genuine and heartfelt concern that the focus on improving efficiency and reducing costs may undermine the creative process. Indeed, in a recent article in Campaign reporting on the highs and lows of taking work in-house, the Director of Digital Content and Editor at U-Studios, Unilever's in-house agency for North America, commented that the drive for efficiency and the resulting new agency remuneration model, whilst extremely efficient and transparent, was "hurting the creative process". She added "So we're looking at it. Maybe we went too far to the right and maybe we need to ▶



come back a little bit". Her view was that a focus largely on costs meant risking losing out on the best creative talent from external agencies.

There is no doubt that pulling together a new hybrid structure which marries the talent in external agencies with in-house creative talent, working together seamlessly to create communications which are more personalised, more creative, and more agile, represents a huge opportunity for brands. And however their model is evolved, clients still need external agencies for those transformative ideas that will accelerate the success of their brand in a rapidly changing market context, and to help make sense of the tsunami of data available to them.

Agencies can help their clients to achieve this hybrid structure but they will have to adopt a new mind-set in order to do so. The consequence of this will also be the commensurate need for marketers and procurement to reset their approach to agency remuneration, 'investing' in

the talent of their external agencies in the same way that they have invested in creating their own in-house talent.

Not easy for either party to do but a necessary pain barrier to go through if the resulting model is to work optimally and be sustainable.

Some of these themes and issues are explored in the articles and perspectives from my AAR colleagues that follow; I hope that you enjoy reading them. If you have any feedback to share, please do get in touch.

In the meantime, all good wishes for a prosperous and successful 2019. ■

Kerry Glazer, CEO, AAR
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Need for marketers and procurement to reset their approach to agency remuneration, 'investing' in the talent of their external agencies in the same way that they have invested in creating their own in-house talent.

News



AAR launches new practice to help firms find the right innovation partners

September saw the launch of our new innovation practice, which will help clients navigate the increasingly sophisticated and vibrant landscape of potential partners for their innovation efforts. The practice is led by Robin Charney, Director, Digital and Innovation.

Choosing the right partner can have a dramatic impact on the effectiveness of a company's attempts to innovate, but the growing range of options available makes that choice increasingly complex. Businesses have to contend with a spectrum of potential partners from startup incubators to innovation consultancies. They have to consider factors including any potential partner's experience with the specific problem they are looking to solve, as well as

scale, cost, processes, culture and team fit. The innovation practice will help clients make better choices about who to work with.

This complex landscape was also analysed in our report, Navigating The Corporate Innovation Partner Landscape, published to coincide with the launch of the new practice, and based on in-depth interviews with innovation leads in a range of major organisations, as well as CEOs of innovation and management consultancies, accelerators and entrepreneur networks.

The report found that businesses in every sector believe innovation is imperative for survival in a rapidly-changing and increasingly disrupted competitive environment. It's now a priority for

C-suites everywhere and impacts every part of the business. To be successful it requires continuous investment, and the creation of a culture of innovation within the organisation.

As a result, companies are dedicating increased funding and resources to establishing and maintaining internal innovation functions and initiatives. At the same time they're looking for innovation partners who can help with all of this.

If you want to talk about how we can help you find your perfect innovation partner, contact Robin on rcharney@aargroup.co.uk. To download a copy of the report, Navigating The Corporate Innovation Partner Landscape, visit aargroup.co.uk/innovation-landscape. ■

AAR CEO Kerry Glazer appointed NABS President

We were incredibly proud when our CEO, Kerry Glazer, was appointed President of NABS, the advertising and media industry's support organisation, earlier this year. She took over from Karen Blackett OBE in May, at the end of Karen's two-year term in office.

Kerry is a long-standing supporter of NABS, having been a trustee and a member of the Support Committee. Now, as President, she's championing NABS' critically important work in supporting the wellbeing of everyone working in advertising and media.

"We have never been under as much pressure to perform as we are today. Our clients' budgets are tighter than ever, yet the need to succeed and deliver outstanding results continues to grow," Kerry said. "We are all working longer



Kerry's aims as President include driving further awareness of the support NABS offers, and forging new partnerships with creative agencies.

and harder. If you factor in a culture of being online and available 24/7, it's no surprise that many of us end up needing advice and support."

"The NABS SHEPARD Model [an evidence-based model encompassing the latest research and neuroscience to identify the seven characteristics of wellbeing] is vital in helping us better understand our own wellbeing, showing us how we can take positive steps to stay healthy and productive, with NABS being there as a safety net with unfailing support and advice if it all gets too much."

Kerry's aims as President include driving further awareness of the support NABS offers, and forging new partnerships with creative agencies. She is also committed to the fight to end sexual harassment in the workplace. As a past President of WACL (Women in Advertising and Communications London) - a role she relinquished last July - she worked with NABS and the Advertising Association to launch the **timeTo** initiative detailed overpage. ■



timeTo initiative calls on advertising industry to end sexual harassment at work

timeTo, the collaboration between the Advertising Association, NABS and WACL that aims to end sexual harassment in the UK advertising and media industry, has already signed up more than 160 companies - including AAR - to its Code of Conduct.

The Code includes advice for senior management and HR professionals, for people who have been sexually harassed, for people who have witnessed sexual harassment, for people who fear they have behaved inappropriately and for people who may have been wrongfully accused. You can find the code and more information about **timeTo** at timeTo.org.uk.

The Code was created as a result of a survey, commissioned by **timeTo** and carried out by Credos, to find out the scale of the problem in the industry. It found that over a quarter of those surveyed had been sexually harassed at work; a third of women and 9% of men. Three-quarters of those who said they'd been harassed said it had happened more than once. The research also revealed that 83% of those who said they'd been harassed hadn't reported it, because they distrusted the reporting mechanisms and were worried about damage to their career.

Kerry Glazer, CEO of AAR, President of NABS and former President of WACL, is one of the founders and chairs the steering committee for **timeTo**.

"The survey findings revealed that all sectors of the marketing communications



industry are affected; sexual harassment occurs across all genders, sexualities, roles, and company types," she said. "The negative impact of this on achievement, productivity, happiness, safety, and people's basic right to equality and respect in the workplace cannot be underestimated. By adopting the **timeTo** Code and increasing awareness that NABS is here for you if you need help, our industry can take huge and positive steps forward in making things better; safe, respectful, and equal for all."

Then, in October, **timeTo** launched its first advertising campaign. Using creative developed by Lucky Generals, and based on real-life experiences, the campaign included three 30-second online adverts as well as out-of-home advertising.

"I hope this new campaign will enable people to reflect on where the line is drawn on sexual harassment," Kerry said. "Our campaign is about making sure that everyone in the industry is aware that any unwanted conduct of a sexual nature that makes a person feel uncomfortable, offended, intimidated, or degraded is not acceptable. It's **timeTo** end sexual harassment in our industry once and for all."

For more info and to sign up to the Code, visit timeto.org.uk ■

Supporting creativity in UK plc

At the beginning of the year we were delighted to be asked to be part of Promote UK, an initiative launched by the Advertising Association to support the Government's Industrial Strategy.

The aim of the initiative is to position the UK as the top global hub and centre of excellence for advertising as the post-Brexit transition period approaches.

AAR Managing Director Paul Phillips and Managing Partner Martin Jones have participated in the key group meetings, offering advice and insight into which countries and sectors should be targeted, as well as the motivations and barriers for CMO's considering the UK as a provider of best-in-class creative solutions. In addition, we'll continue to play a key role in providing metrics to benchmark the effectiveness of the initiative. ■

The Campaign for Great British Creativity

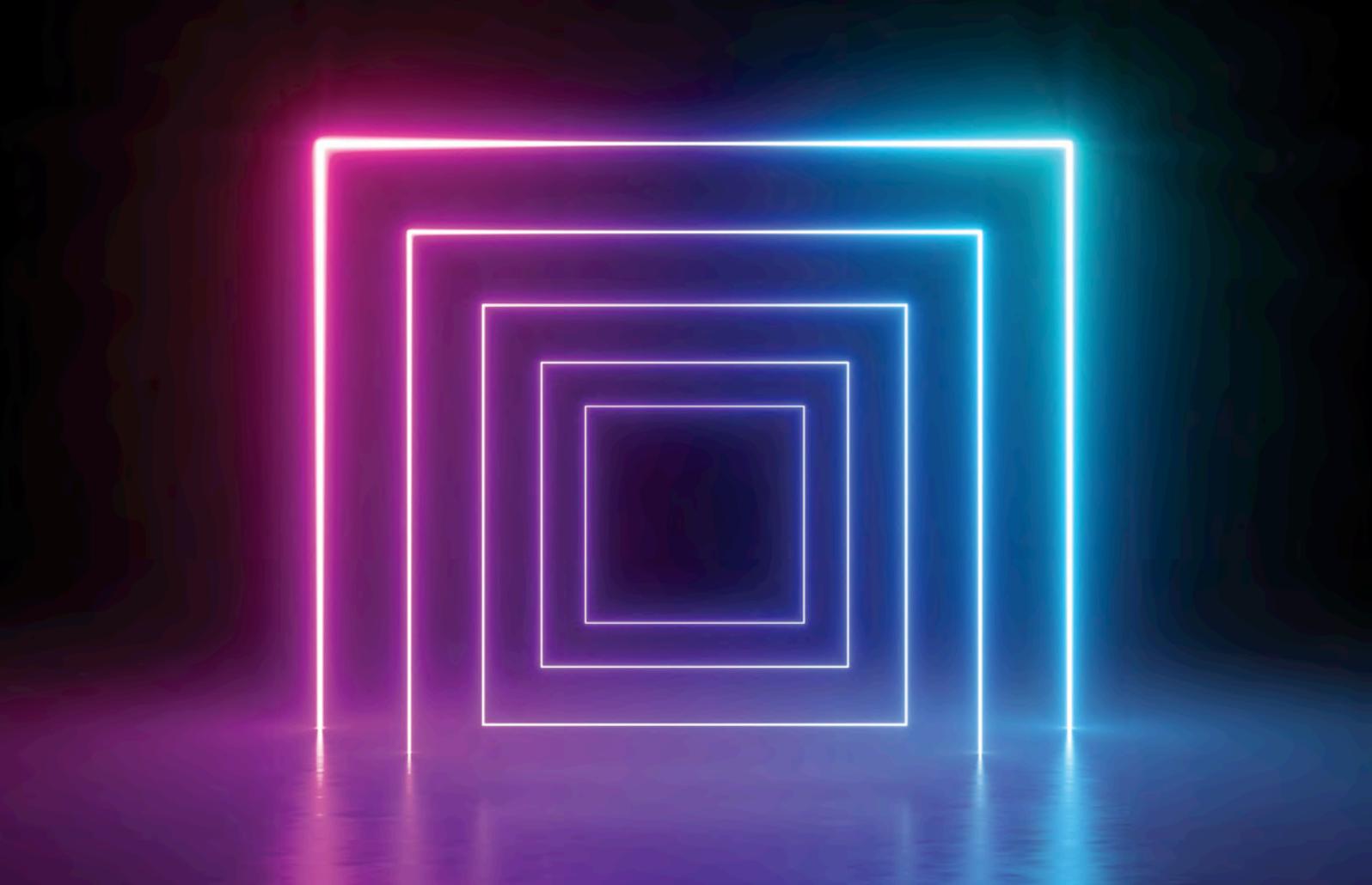
In parallel, our Managing Partner Tony Spong now sits on the DMA's Creative Committee, which is looking to inspire and champion creativity in business, society and government.

The Creative Committee will be kicking off a piece of research by the time you read this with the aim of launching the Campaign for Great British Creativity in March 2019.

Tony has also been involved in research undertaken by Warwick University into the value of creativity and how this might be measured going forward.

So there is a lot of focus on creativity at the moment, and with organisations such as nesta.org.uk working to grow the creative economy, one senses a real momentum behind this at all levels. ■

Insights



Navigating the corporate innovation partner landscape

by Robin Charney

AAR has launched a practice that will help businesses find the best partners from the growing pool of innovation, growth and management consultancies, incubators, accelerators and venture partners. We've accompanied the practice launch with the publication of 'Navigating the Corporate Innovation Partner Landscape' which can be downloaded from our website.

There surely can't ever have been a time when corporate innovation was talked about more or the innovation marketplace changed quite so swiftly. Every organisation is feeling the sharp threat of disruption, the need to ramp up innovation programmes and to develop a continuous stream of new value and growth to drive business transformation. And yet, there is a relative paucity of insightful and independent information on the options open to businesses for partnerships, consultancy and support in this rapidly evolving area.

This report sets out to map the innovation partner landscape and provides organisations with an essential guide

to making intelligent decisions about innovation partner selection. It looks at key trends in innovation and the context surrounding a quickly expanding marketplace, including the increasing sophistication of innovation functions, the need for operationalising innovation at scale, the different types of innovation and what clients are looking for from innovation partners.

We look at the key factors that are important in partner selection, the range of innovation partners, the different options for engagement and remuneration and how to ensure success when selecting and working with partners, including innovation and ▶

Every organisation is feeling the sharp threat of disruption, the need to ramp up innovation programmes and to develop a continuous stream of new value and growth to drive business transformation.

It's clear from our research that the innovation landscape is growing rapidly in vibrancy and sophistication, enabling a greater diversity of partner proposition and more partnership choice than ever.

strategic consultancies, management consultancies, corporate venture building and startup accelerators.

It's clear from our research that the innovation landscape is growing rapidly in vibrancy and sophistication, enabling a greater diversity of partner proposition and more partnership choice than ever. The opportunities have never been greater to work with experienced practitioners to help solve business problems and develop new value in smarter ways.

Our research established some key trends and criteria to inform smarter choices in innovation partnerships.

Some of the key points:

- Innovation itself is changing. It's apparent from the research that continuous innovation is now regarded as essential for business survival. As innovation becomes more embedded and sophisticated, corporates are making more informed decisions about which partners can solve specific challenges
- Alongside this growing sophistication, service design and agile innovation

methodologies are enabling businesses to validate concepts rapidly and move more quickly towards innovative solutions

- Businesses are hungry to learn from their innovation partners and apply new thinking towards supporting broader transformation in the company
- As innovation partnerships evolve, there are some key attributes which corporates are increasingly looking for that can help enable smarter partnership decisions

These include the ability for the partner to:

- Provide unique insight, useful interpretation of rapidly changing contexts and to challenge thinking
- Afford broader learning and capability development
- Deliver a good solution fit for the type of innovation required
- Align process methodology with desired outcome and the problem to solve
- Ensure a productive culture and team fit
- Facilitate access to great talent or networks, tools and assets
- Work at the appropriate scale
- Support broader business growth and transformation efforts
- As the innovation partnership landscape grows increasingly diverse, it's becoming ever more important to understand the key strengths of different players in the market, and how they can align these with their specific needs

This report is designed to provide an informed overview and direction to making smarter partnership choices in the innovation marketplace. We've detailed not only the key types of partner organisations operating in the space but also some key insights into the features and benefits that each can provide, drawn from the interviews that we have conducted. The report can be downloaded in full at aargroup.co.uk/innovation-landscape. ■



Evolving client agency models

by Robin Charney

As marketing becomes more complex and the environment in which marketers operate continues to change, how are clients' demands on their agencies changing, and how are agencies responding? Our latest report reveals a hunger for insight into how to capitalise on shifting trends in order to make smarter partnership decisions.

In the past 18 months, there have been a large number of brands examining their agency operating models in light of a number of key factors including the increasingly complex operating environment for marketing, budget pressures and an overarching need to simplify what has become, for many, a complex ecosystem of agency partners often with overlapping remits.

The cost of getting it wrong, or worse leaving things as they are, is high. As marketing departments emerge from their own transformation projects in a bid to move to a more customer centric approach, they are now starting to examine their agency ecosystems and operating models to determine whether they are fit for purpose and fulfilling the right remits.

It's clear from our research that there is broad diversity in how clients are choosing to structure their agency ecosystems, and also a significant number of key factors that are shaping how marketers are making decisions about the optimal partnership set-up for their needs. Some of the key contexts and findings discussed in this report focus on:

1 Growing marketing complexity

As organisational focus has aligned around the importance of customer experience, marketing has expanded to encompass a much broader set of touchpoints, channels, technologies, specialist knowledge areas and levers for growth. This presents both challenge and



opportunity, but has led to a heightened complexity for marketers to navigate, meaning that the overarching focus and trend for agency partnerships is shifting towards greater simplicity

2 Changing contexts for partnerships

Alongside growing complexity, marketers are facing a number of new challenges to partner decisions, including heightened accountability and attribution pressures, the impact of zero-based budgeting and a general shift towards more short-term decision-making and prioritisation

3 A changing environment

As marketing (and the context in which it operates) changes, agencies are broadening and adapting their capability and propositions. This is leading to plenty of blurred lines and crossover between agency types, but also some key shifts in what clients are looking for from their partner agencies

As marketing departments emerge from their own transformation projects in a bid to move to a more customer centric approach, they are now starting to examine their agency ecosystems and operating models.



4 What clients want

Our research identified a number of key trends on how client demands are shifting; dynamics that can also provide a roadmap for partner selection:

Simplicity – ease of coordination, effective use of time, limited duplication of resource, getting the balance right between specialisation and generalisation on the roster

Integration – a macro trend for media and creative coming closer together, and for more joined-up approaches through the funnel between branding/ above the line, performance marketing and optimisation

Agility and performance – more responsive working processes, smart use of data and analytics, market-beating performance

Transparency and trust – catalysed by well-reported issues around the media supply chain, a heightened level of transparency around arrangements

and processes but also the important role of the trusted advisor

Creativity – truly transformative ideas that can take business and brand performance to another level are still believed to best be originated outside the client organisation. The opportunity is in how agencies can apply creativity in new ways

Sensemaking, learning, credibility – in a complex, rapidly changing world, partners can add significant value by helping clients make smarter decisions, understand and interpret changing contexts, and learn new ways of working and operating

5 Balancing single discipline agencies vs multi-discipline agencies within the ecosystem

This has emerged as a key dynamic. Getting the right mix is down to balancing a number of key factors including the need for integration, specific expertise, effective collaboration and coordination, agility and simplicity

6 Changing remuneration and engagement models

The diversity in engagement models gives clients the opportunity to shape arrangements in ways that suit their particular circumstances. Engagement and remuneration are typically shaped by three factors: retainer, project and performance. But the subtlety is in how clients can bring these together in the optimal way

7 In-housing and talent

The other key balance is what to take in-house, and what to leave to external agencies. We look at the key elements that are coming in-house, the main reasons behind the changes and how the talent dynamic is presenting both challenges and opportunities for clients

It's apparent there are multiple influences that impact on how marketers make decisions about the shape of their agency partnerships, but also a hunger for good insight into how to capitalise on shifting trends in order to make smarter partnership decisions. To read the report in full visit aargroup.co.uk/models ■



■ ■ AAR was an indispensable partner during the running of several of our brand pitches. They provided wise, impartial counsel when needed and their fair approach on process established a real sense of trust with all agencies, allowing them to bring their best thinking to the pitch. ■ ■

KFC UK

Latest insights on client: agency relationships

by Vicky Gillan & Tony Spong

This spring, AAR undertook a qualitative research project with brand owners and agency leaders exploring the concepts of Trust and Goodwill in client/agency relationships, along with the future role of Account Management.



We were curious as to whether trust is earned over time or is a default position at the start of a relationship? Whether trust and expectation levels vary depending on the role and remit of the agency? Is trust a virtual contract? How is it regained once lost? We also asked questions of marketers and agency leaders around the future of account management. Is the function still needed or on the road to extinction? How do they think it needs to change? What impact will those changes have on both clients and agencies? Is the label the wrong one in today's world? What qualities make a great account director from a client's perspective? Here's a summary of our findings.

THOUGHT STARTERS

■ Clients expect Creative agencies to be providers of 'top table insights'. They don't automatically expect the same from their Media agencies. Is this capability or opportunity or trust?

■ All clients want to be 'relentlessly' challenged and always supported, in equal measure. That's a real dilemma for agencies and internal teams, and a real skill to recognise where the line is and get the balance right. We believe clients need

to be clearer about where they absolutely do and absolutely don't want to be challenged.

■ The key ingredients of a good client/agency relationship from both sides is communication: clear, honest, transparent communication and an aligned shared purpose. Easy to say, harder to maintain.

■ The honeymoon period doesn't exist. While there is much optimism in the beginning, issues that understandably might not have been discussed in the pitch process can quickly emerge which need careful management and expectation setting within both teams.

TRUST & GOODWILL

■ Trust comprises a combination of reliability, ability and truth.

■ Trust is there from the start of a relationship. It's there when an agency is appointed. It's assumed and expected, until it's broken.

■ Trust is threatened when relationships change. On the client side, that can be market forces, strategic and personnel changes. For the agency, that can be changes in the account team, multiple

departures, pitching and new clients to service. Interestingly, client talent turnover is felt to be accelerating whilst agency is felt to have stabilised.

■ Trust is not broken by an honest mistake. Especially if the mistake is owned up to! Indeed, an error spotted and made good can strengthen a relationship.

■ Warning signs in a breakdown of trust for clients include calls not being returned, non-attendance at meetings, a rise in cost and a decline in quality of work. Clients will forgive their creative agencies a bit of disorganisation if the work is strong.

■ Those warning signs can be addressed by having open and honest conversations with senior colleagues to resolve known problems, anticipating issues through regular reviews, and swiftly replacing team members when appropriate to do so. Replacing the agency is seen as disruptive, time consuming and very much a last resort.

■ Goodwill is outside of the 'trust' contract. It's seen as 'money in the bank' by both clients and agencies which, if built up now, will bring benefits later.



An agency shows goodwill by going beyond their remit and over delivering for the client. A client shows goodwill by stretching deadlines and overlooking mistakes. There is an expectation of reciprocity though – does that happen or do one off goodwill acts just set an expectation for next time?

ACCOUNT MANAGEMENT: THE FUNCTION AND THE ROLE

- Clients have put pressure on account management “value” for years, but agencies have also undermined and underplayed account management and overplayed planning and project management.
- Account management has evolved in the client's eyes from the old school long lunches and trips to Wimbledon to wanting smarter, more involved, careful, ‘hungry’ teams who can lead the client's agenda within the agency (and not vice versa). Building relationships is still critical but needs to be built through work initiatives and successes, not social.
- Account management must be strategic. It's all about driving the client's business, not about hierarchy and layers.

Clients don't have the time and need agencies to reflect their own flatter internal structures.

- Clients value active listening; a point of view; delivering the best of the agency; keeping it fresh, relevant, leading-edge. There is a real difference between listening (and acting) and hearing (and seemingly doing nothing).
- Most clients disagree that the account management role is extinct but acknowledge a need to overhaul into more of a business lead role that is effective whatever the job title is.
- A lead figure with empathy, intelligence and gravitas. They may be or have been a lead planner, a strategy director, a partner, an account director. It's not about titles. It's about what they deliver and how. Implicitly multi-skilled and with an informed perspective to draw on.
- Whilst there's much debate and, to a degree, a long list of the required characteristics, there was a sense that what was crucial was dynamic leadership (relentlessness, inspiration, bravery, curiosity) AND emotional intelligence (empathy, pragmatism, supportive,

collaborative) wrapped with authority, leadership and integrity.

- With some interesting parallels to other “leads”.
- Football Managers - They refresh the team just before it has the chance to become stale
- Orchestra Conductors - There are reasons why some conductors are paid the big bucks
- Maître d' - Any service business that doesn't have good client service will not exist for long
- Finally, a sense that one size does not fit all. A flexible approach is needed. And to sum this section up, ‘Bad account management will soon be extinct, great account management is more necessary than ever’. ■

The research was undertaken by The Nursery during spring 2018. In depth interviews were carried out with senior clients and agency leaders, selected for their marketing experience and industry tenure. We thank them enormously for their time and perspective.

New business market 2018

by Martin Jones

Having a sense of what your competitive set in the market is doing in terms of reviewing their agency arrangements seems like a useful piece of context for us to include in this report, so here's our take on the state of the nation for the new business market in 2018.

The number of brand owners calling pitches during 2018 remained constant when compared with 2017, but there were variances across the disciplines year on year.

The number of brand owners calling pitches during 2018 remained constant when compared with 2017, but there were variances across the disciplines year on year. Whilst the same number of advertising/creative agency reviews took place, there was a greater proportion of brands spending in excess of £20 million pitching their business, with Asda, Betway, Camelot, Coral, Ford, Lidl and MoneySuperMarket all bringing their accounts to market.

The volume of media pitches was marginally up, especially at the global level where brands used their pitches as a means of evaluating their incumbent agency's transparency versus the marketplace. Meanwhile, the number of CRM reviews were down, partly due to businesses preferring to stick with their incumbents in the face of GDPR rather than seek a new partner at a very complex time for CRM marketing.

There was definitely a change of emphasis in the digital space, with

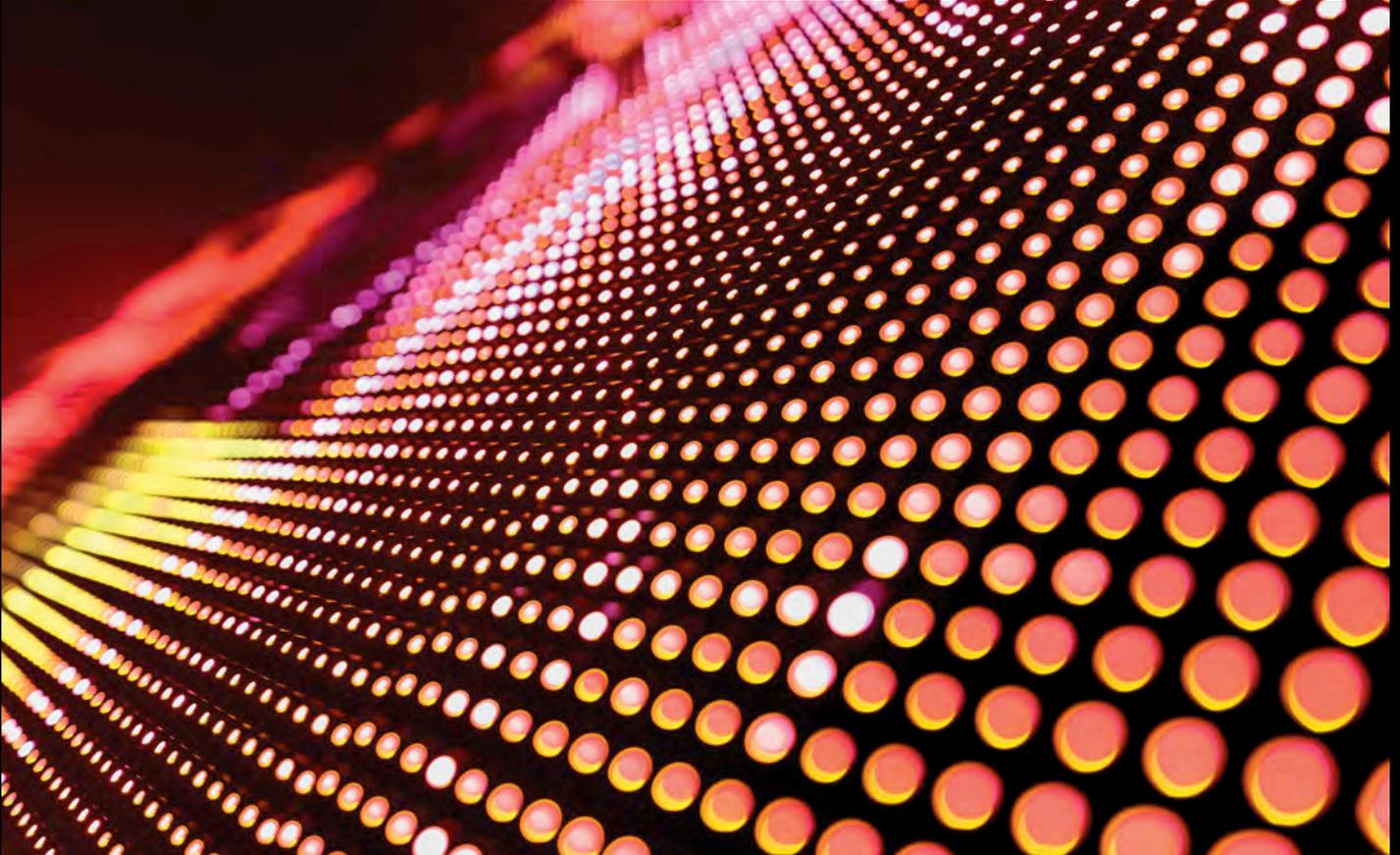
very few stand-alone digital "comms" reviews, and an increase in the number of appointments where clients felt the need to seek specialist assistance in areas such as UX, digital strategy, and ecommerce.

In addition, while impossible to measure accurately, we are aware of an overall increase in the incidence of brands seeking strategic consultancy and business strategy services – and they are buying it from dedicated strategic and brand consultancy agencies rather than from any of their other generalist agency partners.

In terms of other key trends, we saw a change in the sectors who were most frequently bringing their accounts to pitch. For the first time in several years, the Retail sector wasn't at the top of the table. In 2018, clients in the Motoring sector provided the greatest number of new business opportunities for agencies, with Food closely following.

Rank	Pitches by Sector 2018	Rank	Pitches by Sector 2017
1	Motoring	1	Retail
2	Food	2	Motoring
3=	Finance	3	Charity
3=	Retail	4=	Finance
5	Charity	4=	Travel
6	Travel	4=	Alcoholic drinks
7	Alcoholic drinks	7	Food
8	Government	8	Government
9	Cosmetics & Toiletries	9=	Telecommunications
10	Clothing	9=	B2B

Source: AARnewbizmoves.co.uk



The second trend we observed was the increased propensity for agencies to decline an opportunity to pitch which, previously, they would have accepted. With increasingly limited resources, agencies have become more selectively and commercially pragmatic about what they are prepared to pitch for, taking the view that, unless they have the available resource to give the pitch one hundred per cent, they would prefer to turn it down. This is in direct contrast to the previous cultural optimism of

many agencies where they would have been prepared to “give it a go” and accept the consequences – and cost - of not doing their best. There is clearly an upside for brands in that they can feel reassured that the agencies who do accept their invitation to pitch are giving it their all; the downside is getting used to the idea that, no matter how large your budget or attractive your opportunity, there is no guarantee any more that you will get all of those agencies that you would like to see on your final pitch list. ■

The second trend we observed was the increased propensity for agencies to decline an opportunity to pitch which, previously, they would have accepted.

Perspectives



Why you should outsource your innovation

by Robin Charney

Businesses of all sectors are feeling the need to innovate in the face of disruption. There isn't a single conversation I have with senior business leaders that isn't about the often-uncertain future of their company.

Many businesses are being squeezed from two sides: competitors adapting faster than them and start-ups entering their sector to steal market share. As a result, business leaders and CEO's are very focused on fostering a culture of innovation. However, innovation is most easily achieved by looking outside your organisation. Just like the electrics or divorce, some things are best left to the professionals.

LOOKING BACK TO MOVE FORWARD

Not that long ago, most big businesses had a wholly internal innovation function. It was called new product development (NPD) – a separate department, where new products were invented. It was

relatively simple back then: you created new products based on insight from your existing customers; marketing told the world about them and retailers sold them.

Then, two things happened: the internet and the recession. Consumers now had more choice about what and how to buy, and businesses achieved growth through cost-cutting and retrenching. While innovation remained on the C-suite agenda, staying in business was a bigger priority. These new dot com businesses? Surely not a threat...

As we know, the world had changed forever. Corporates who had once been able to overtake their smaller competitors through a bigger spend on innovation ▶

Innovation is most easily achieved by looking outside your organisation. Just like the electrics or divorce, some things are best left to the professionals.

The best partner for your business must be the right fit in terms of culture, approach, process and team (not to mention your budget).



at product level or more investment in marketing communications were now struggling to compete with new start-ups intent on disrupting their sector. These new, digitally-enabled players had innovation at the very heart of their business model – something which money can't buy.

THE RISE OF INNOVATION THEATRE

With the market changing rapidly, businesses had to adapt, and began dipping their toe back into the waters of innovation. Entrepreneur networks, incubators, accelerators were all the rage. You could become more entrepreneurial and invent new products and services just by working with a start-up. Many FMCG, auto and retail businesses jumped on the bandwagon. Incubators like Techstars, Startupbootcamp and Ycombinator helped corporates connect to start-ups, often without a clear brief of the challenges they were trying to address.

Though some good examples did emerge out of this early era, such as Unilever's Foundry and Diageo's Distill Ventures, much of the activity was innovation theatre, heralded by PR departments and CEO's looking to reassure the markets that innovation was firmly on their agenda.

WELCOME TO INNOVATION 2.0

Today, both the innovation function inside businesses and the partner marketplace are much more sophisticated. Businesses have learned from their early missteps. Successful programmes such as those of Unilever and Diageo have been joined by the likes of Aviva's Garage and Bupa's Blue Table accelerator initiative.

However, innovation teams, who remain relatively small, can't deliver the scale and scope of innovation required by most companies, which also require different types of innovation. Some need new business models, others need new products and others need to move into completely new markets. Innovation is simply too important, too varied and too vast. To do it well, it's essential to call on external resource.

WHO YOU GONNA CALL?

Our recent research supports the idea that there is enormous value in working with businesses outside your organisation to deliver innovation programmes. Here's why:

- 1** Partners challenge existing thinking and offer unique insights
- 2** Partners act as sensemakers - helping navigate rapidly changing markets, technologies and consumer behaviours

3 Partners deliver executional abilities – this is crucial. No one is short of ideas. Delivering on them is where most companies fail

4 Partners are great at knowledge transfer. They teach you to develop your own innovation processes and help you hire the right people

This increasing need for outside help and the growing sophistication of the innovation function has led to the UK becoming one of the world's most diverse marketplaces for innovation partners.

Innovation consultancies, growth consultancies, management consultancies, digital product and service design studios, start-ups, entrepreneur networks and venture builders are but some of the types of businesses you can and should turn to for innovation help.

Each of these partner options has its own benefits, and there are many different factors to consider when entering the selection process. The best partner for your business must be the right fit in terms of culture, approach, process and team (not to mention your budget).

This vibrant innovation landscape is more complex than ever, but the right partner for your business is out there, and finding them could be the key to your survival. ■



AAR's brief was to evaluate the effectiveness of our main agency relationship and working model. They worked efficiently, diligently & collaboratively with all stakeholders, covering a lot of ground in a short period of time. They effectively assessed the health of the agency relationship and identified a number of actionable opportunities to improve the way we work-both internally & across the broader agency network.



SANTANDER UK

Insourcing doesn't mean you have to do everything yourself

by Tony Spong

When my girlfriend (now wife) and I bought our first flat, we were pretty skint. So we learned how to assemble flatpack wardrobes, put up shelves and walked miles carrying secondhand furniture because we couldn't afford the cost of delivery.

Over the years I've acquired the knowledge, the confidence, and more importantly the tools to take on most jobs myself. But recently I've had someone (Chris) in to lay a beautiful but tricky patio, another (Stuart) to do some plastering and yet another (Vlad) to build something out of metal for me. These three guys are specialists in their fields and as craftsmen are a joy to watch.

Many start-up businesses do a lot of DIY as well, not only because they have no budget but also because they want to retain control of the product or service they're providing. We're all familiar with the great campuses of Facebook, Google and Microsoft, and more recently the likes of trainline.com, Booking.com, MoneySuperMarket.com have built huge internal teams to optimise media and customer journeys. Then there are those in manufacturing such as James Dyson and Specsavers who seem to be fans of doing a bit of DIY.

Interestingly, a trend we're beginning to see is that many of these businesses have optimised as much as they can and are beginning to outsource their marketing as they search for ways to maintain the steep growth curves they have grown accustomed to.

Meanwhile, almost in perfect synchrony, those brands which are being disrupted are looking to refresh and transform their businesses and, armed now with greater knowledge, feel confident to explore a bit of DIY for themselves.



Two brothers, William and James, worked with a chemist to develop a new manufacturing process for their product idea which they turned into a global business. They decided to set up their own in-house agency to help with their aggressive expansion plans. 'If you're too slow, someone will get there before you', they were thinking.

Their in-house agency quickly expanded and set up offices in many of the new markets where their products were being sold. After a while, the brothers realised that the experience the agency had gained had become an asset in its own right, similar to Ocado realising that it should sell space on its tech platform alongside its grocery business.

The brothers sold off 49% of the agency so that it could compete in the open market and by the 1960s it was the largest advertising agency in Europe. The name of this agency? Lever International Advertising Services, or LINTAS for short.

William and James Lever started their soap business in 1885 and opened

LINTAS in 1899. They eventually sold their remaining 51% stake in 1982. At its peak in the 1960s, 80% of the agency's billings were accounted for by Unilever brands and it was operating in 26 countries.

Today we have Specsavers who do their own work, so taking us back to 1899, and Jaguar Land Rover investing in Spark 44 as a joint venture, so updating the 1930's LINTAS model. Much in-housing of digital content and media is well underway with the likes of Direct Line and Vodafone setting up sizeable in-house teams now that processes are well understood.

The Lever Brothers were obviously huge DIY fans, and it remains to be seen whether any of these newer approaches will last as long as LINTAS did. At the end of the day, whatever makes you most competitive will always be the right way to go. Right now, laying your own patio makes perfect sense for some, but there's always a need for a Chris, Stuart or Vlad to give you that something special that you can't do yourself. To navigate this current cycle of DIY, agencies need to focus on the things that clients simply can't do themselves. ■



“ The guys at AAR bring a deep understanding of the agency landscape, and will help you deliver a pitch that will give you the confidence you want in appointing your next agency partner. What’s also noticeable is that they extend their support to the early stages of appointment, helping represent the client in the early stages of transition. They are good people, who work hard, have great integrity and run a process built to find the right long-term agency partner for clients.”

OMD

Why CMO's pitch and how they choose the winner

by Paul Phillips

Earlier this year I was invited to offer a consultant's perspective to a global agency's leadership team.

In preparation for the talk, I wanted to answer two questions that I thought would be interesting and helpful to the audience:

- Why do CMO's choose to pitch their business?
- When pitching, what are the primary reasons for CMO's picking the winning agency?

Of course, the decision to pitch and the reasons for an appointment are not the exclusive domain of one individual, so please just recognise the term CMO to be a proxy for all brand owners across marketing, procurement and management who are involved in working with agencies, the decision to review them and the pitch process.

To ensure a global perspective, I enlisted the help of 16 pitch consultants from Europe, Asia, Australasia, South America and the East and West Coasts of the United States, to share their experience of the brands on whose behalf they have worked. And while I don't know the exact number of pitches these consultants have collectively managed, I can say with confidence it's an awful lot.

THE TOP 10 REASONS WHY CMO'S PITCH THEIR BUSINESS

In order of strength of sentiment, the reasons given are:

- 1 Poor service** – This can manifest itself in many different ways, but it is universally reported as the primary reason why CMO's go to market.
- 2 The work's not working** (hard enough for the brand) – If the brand's business isn't performing to expectation, the agency's creative output is often cited as a significant reason why.
- 3 A capability gap** – If there's an apparent lack of expertise, this will be the catalyst for brands to undertake a review. Emerging digital media and technology platforms over the last five years have proven a fertile territory for such reviews.
- 4 Transparency and a fast-changing media landscape** – This is clearly levelled at media agencies, where complacency and ignorance among CMO's and agencies alike is no longer being tolerated.
- 5 Agency team turnover** – Brand owners crave team stability and consistency. The agency that fails to deliver on this is simply bringing forward the day their client calls a pitch.
- 6 Fear Of Missing Out (FOMO)** – The pace of change in marketing communications, technology, platforms and data has contributed to a perfect storm of too much choice, leaving brand owners bewildered and bemused. They may already have the right agency resource without necessarily realising it, but they will often pitch their business just in case there's something better out there.
- 7 New CMO** – It happens. All agencies have experienced it in their favour (when a former CMO who has changed companies invites them to pitch), and against them (when the previous incumbent has been doing a great job but their replacement calls a pitch). Deal with it.
- 8 It's just time** – Sometimes the very strength of the relationship can be the catalyst for change.
- 9 Statutory review** – Either for reasons of corporate governance or simply because it's law, there are organisations and government bodies that have no choice but to review all their supplier arrangements periodically, regardless of the contribution made by those suppliers.
- 10 Cost** – It was notable that an agency's cost of service was rarely cited as a reason why CMO's review their agency arrangements and, when it was referenced, cost was never the primary motivation. ▶



THE FIVE MOST POPULAR REASONS WHY CMO'S CHOSE THE WINNING AGENCY

- 1 Fresh thinking and ideas** – This is particularly the case in very mature sectors and business categories, where growth is usually low single digit and very difficult to achieve. Agencies that offer innovative thinking that disrupts category conventions and challenges the status quo will win. It may be clichéd, but it's true.
- 2 The team** – Chemistry between the brand and agency teams has been a constant feature in why agencies are selected. It's also just as important that the chemistry between members of the agency team is equally strong and respectful; clients will notice when it's not there.
- 3 Expertise** – As more agencies have built services beyond their core skills, so they are being judged against a wider canvas of capability. Where clear and market leading expertise is evident, this will always be

considered favourably, particularly in marketing technology, data and specialist digital services.

- 4 The work** – Long gone are the days of agencies pitching to a phantom brief, with the winning agency then being given the actual brief on which to work. Brands want to see the answer in the final presentation; they want to buy a version of the work that will run, accepting that agencies are unlikely to nail it creatively at pitch stage. But if an agency comes creatively close, this goes a long way to that agency winning the pitch.
- 5 "They get me and they get my business"** – This sentiment has been increasingly cited by CMO's who are looking for a trusted advisor, their go-to person in whom they are prepared to invest time and money.

AND WHAT CAN WE CONCLUDE FROM ALL THIS?

If you're a CMO, the best advice I can offer is for you to consider carefully why you're thinking about pitching the

The pace of change in marketing communications, technology, platforms and data has contributed to a perfect storm of too much choice, leaving brand owners bewildered and bemused.

business. Have you got the right agency but are not getting the best out of them? If so a pitch is unlikely to help resolve this. But if you recognise one or more of the 10 reasons cited, then it may be time to give AAR a call.

And if you're an agency, do all you can to make sure that the reasons for a pitch being called where you are the incumbent are ones that are outside of your control rather than ones you could have foreseen and managed. Easier said than done, I know. ■

Back from the dead: 10 reasons why the pitch is still with us

by Paul Phillips

Earlier this year, the small village that is advertising got all over-excited about the death of the pitch.

The eulogies were led by journalists looking for copy and consultants pedaling their version of the “new improved” pitch, the “non-pitch” pitch and, my personal favourite, the “let’s not meet the agency before we invite them to pitch” pitch.

Meanwhile, at AAR we quietly went about our business. Our business being, among other things, to run pitches with the willing participation and encouragement of brands looking for agency partners, and agencies super-excited to pitch for these opportunities.

We chose not to comment in the moment (we were too busy pitching) but with the benefit of time to reflect, I thought I’d share what we know about pitching and how it’s evolved over the years.

HERE ARE THE 10 THINGS I KNOW – AND THAT I KNOW YOU KNOW – ABOUT PITCHING:

- 1** Pitching is not dead, nor old fashioned, nor inappropriate, as long as it’s run professionally and respectfully to all involved; brands and agencies alike.
- 2** There are already many flavours of pitch – strategic, creative, with and without RFIs, workshop, chemistry/pitch, deep dives, fireside chats and pitch safaris. The skill comes in employing the most appropriate approach.
- 3** No brand would, or should, run a media pitch without the necessary due diligence across media pricing, quality, technology capabilities and transparency.
- 4** Many brands and publicly funded institutions undertake pitches as a matter of corporate governance and best practice. Such pitches are not necessarily as a result of dissatisfaction with the incumbent and, therefore, need to be managed differently.
- 5** Some opportunities don’t require a pitch, such as small-scale projects and pro-bono charity opportunities. Meet some agencies, see their work and make a decision.
- 6** Any old fool can run a pitch and appoint an agency. But achieving the sort of long-term relationship proven to deliver better work and business outcomes needs a level of skill and insight from those running and participating in the pitch that’s not always evident.
- 7** The strategic consultancies appear to have it right; they’ll show work done for others, their methodology and approach as the basis on which the brand has to make a decision. They don’t do all the work in the pitch and hope their agency wins so they can get paid for it.
- 8** Agencies freely admit that pitching is as close as they are going to get to a legal high. It’s when they can be at their most potent and persuasive. A pitch will galvanize an agency in a manner that can’t be replicated.
- 9** Pitches are essentially insurance policies – the more reassurance you want, the more involving the pitch is likely to be. And still there are no guarantees. The best-run pitches are not a guarantee of great work that will deliver great business success. And only 26% of work presented in pitches makes it into the target market’s living room.
- 10** If, as an agency, you don’t want to participate in a pitch then don’t. It’s always your choice. And if you’re a CMO about to embark on a pitch, work out what it is you want from your agency, then undertake the most appropriate pitch programme that stands the best chance of delivering this. ■

And if you’re not sure what to do, give us a call.

Managing disruption calls for creativity, cooperation and better ways of charging

by Paul Phillips

This year we carried out research into the way client/agency models are evolving, prompted by universal interest among brand owners as to whether or not they had the right operating model to help future-proof their business in the face of current disruption.

There's a summary of the research earlier in this edition of Pulse, and if you're interested in reading the complete report, you can download it at aargroup.co.uk/models/

Following publication, we've met with many CMO's and their teams to discuss the research findings in more detail, as well as hosting a thought-provoking session with over 60 agency leaders to discuss the issues raised. So with the benefit of a little distance and perspective, I have three observations on the research findings, and reactions to them.

1 Our collective attention has shifted away from creative excellence.

Our industry - brands owners, agencies, media owners, tech platforms and consultancies - has become obsessed with how we do what we do, at the expense of the quality of what we deliver. With all attention apparently focused on operating models, we appear to have collectively lost the focus on the creative excellence that used to drive agencies to produce great work for their clients.

The link between creative excellence and business success is proven. We must give creativity greater attention.

2 Disruption is constant and all around us. We have to manage it all at the same time.



One of the reasons there's been so much talk about new models is the continuous disruption that's taking place. But the operating model is just one element of how brands and agencies are looking to deal with that disruption. In-housing, in-sourcing and out-sourcing capabilities also have a direct impact on the operating model, and their impact on talent recruitment and retention across agencies and brand organisations has yet to play out. An agency's access to first-party data has a huge impact on its ability to add more value. And short-termism across agencies' performance measurement and CMO's job tenure both contribute to the sense of never-ending disruption.

Greater success will come from the visionaries that exist in brands and agencies working more closely together to navigate this continuous disruption. It will be uncomfortable and difficult. But isn't anything that's worth doing well?

3 The value exchange between agencies and clients needs to be recalibrated if agencies are to continue to add value.

The fault lines in a remuneration construct based exclusively on time are increasingly evident and unsustainable. Agencies have maintained and, in some cases, grown their margins through judicious cost management, but the cuts have run pretty deep and there's little opportunity for more meaningful efficiencies without the quality of the offer being seriously compromised. Agencies have to adopt and sell a more dynamic pricing structure that rewards thinking that transforms businesses, and work that commands higher-margin returns. This, in turn, can be balanced by low-margin fees for lower-value services.

It feels like the financial race to the bottom has been run, and there's only one way to go to survive - up. ■

Don't wait for a crisis before taking care of trust

by Vicky Gillan

Trust is the most important element of any relationship. It's the firm belief that the other party can and will do the things they've said; everything else flows from there.

The challenge is for both agency and client to maintain that trust in order to keep the relationship productive and successful for as long as possible.

According to research we carried out recently among a group of senior marketers who manage more than 150 agency relationships between them, most clients start from a position of trust in their agencies. As one interviewee put it, you wouldn't appoint an agency if you didn't trust them. That means the challenge, once the appointment has been made, is for both agency and client to maintain that trust in order to keep the relationship productive and successful for as long as possible.

But in the real world circumstances change, new demands emerge, mistakes are made. Does this mean that trust inevitably ebbs away or, worse still, never recovers from a crisis? The good news, according to our research, is that it doesn't have to.

TRUST MANAGEMENT

In fact, we discovered a number of techniques of what you might call "trust management"; ways of making sure trust is retained or rebuilt in the face of real-world challenges.

The first thing is to be honest. Our interviewees told us their trust in an agency isn't broken by someone making

a genuine mistake, but the agency has to own up to it, and ideally present a solution at the same time. Trust will definitely be damaged if the client discovers their agency trying to hide a screw-up, irrespective of its size.

It also means the agency being honest with itself. It has to acknowledge that a mistake slipping through probably means there's a flaw in its processes, so it needs to find that flaw and fix it. And presenting the client with evidence of taking those steps will help restore any loss of trust in a way that an apology alone simply won't.

WARNING SIGNS

We also discovered that there are a number of warning signs for clients, changes in the way their agency behaves that makes them nervous and eats away at their trust. These include simple things like calls not being returned and people not turning up at meetings, right through to costs going up and key staff being replaced.

Trust is questioned when there are changes to senior client or agency leads, but we often find that agencies don't understand how much it bothers clients when the most important people on



their account vanish with little explanation or warning, or without an agreed plan.

But our interviewees also told us that they're prepared to tolerate a bit of organisational sloppiness, particularly from creative agencies, if the work is strong.

There's a difference, though, between the agency being a bit sloppy while coming up with brilliant ideas, and them taking their eye off the ball. That's when the work starts to suffer, which is the biggest warning sign of all.

BE BRAVE

The second thing is to be brave. Our research showed the most important step is to address any warning signs immediately, rather than ignoring them in the hope that the problems will blow over.

The best client/agency relationships work on a regular dialogue, with wash-ups and mutual reviews, which means issues can often be anticipated before they become too serious. Even if there isn't a regular review schedule in place, both client and agency should have the courage to pick up the phone when they realise a problem has arisen or, better still, when they think one might be about to arise. That way they can work through the issues together and agree the immediate solution, before addressing root causes.

It's always difficult to alert the other party in a relationship to a problem – or potential problem – with that relationship. The challenge for us all – client or agency – is to face that difficulty and proactively manage and maintain trust, rather than just trying to rebuild it after a crisis has occurred. ■

The best client/agency relationships work on a regular dialogue, with wash-ups and mutual reviews, which means issues can often be anticipated before they become too serious.

Is goodwill really a good thing?

by Vicky Gillan

Clients have always asked their agencies for favours: a small change to the artwork at the last minute; some help with a slide deck for a big presentation; a minor project that needs a speedy turnaround. Nothing special there, you might think. But at what point do those few favours start to distract the agency from what you really need them to do?

Likewise agencies have always done favours for their clients, assuming they're storing up goodwill for some point in the future when they need a little more time or flexibility in return. But is that how things really work? What if all they achieve by doing a favour is set the expectation that they'll do it again the next time? And the next? And at that point it's not a favour, it's part of the job.

These were the questions that went through my mind when I read the results

of our recent research into client/agency relationships. This found that goodwill is seen as being separate from the trust that the two sides have in each other.

- Agencies show goodwill by going "above and beyond" for the client
- Clients show goodwill by stretching deadlines and overlooking mistakes
- Both sides say they see it as 'money in the bank'; something which, if built up now, will bring benefits later

I don't see it like that.

Yes, there will always be favours traded between clients and agencies. It's only human to ask for help and to offer it; and favours are part of what oils the wheels of the client/agency relationship as we all

strive to deliver faster, quicker and better results. But my view is that those favours, like everything else in the relationship, need to be discussed and managed properly when considered over time.

Agencies need to manage them to make sure they're delivering value and maintaining their margin; clients because they need to know what their fees are really buying is the best value and return. The risk on both sides is that 'favour culture' masks what's actually going on.

SEPARATING SCOPE-FLEX FROM SCOPE-CREEP

In the moment, it's hard to say no when someone asks for help. Nobody at an agency, particularly at a junior level, wants to refuse a client's request, partly because they don't want to jeopardise the relationship, and partly because they see the chance to earn some goodwill. ▶

I think the important distinction to make is between scope-flex and scope-creep.

Everyone's come across scope-creep; it's the slow, informal expansion of the workload, and one of the common ways this happens is by a one-off favour request becoming a regular expectation. Scope-flex is the natural human tendency to ask for, and offer, help. The trick is to avoid flex turning into creep.

TRANSPARENCY IN ALL THINGS

It's important that any discussions of favours should happen when the heat is off. All staff need to be encouraged to tell their managers when they've done favours, rather than just working late to catch up or moving on. Equally, they need to admit when they've asked for them.

This transparency means that both client and agency know what's really happening.

Repeated requests for the same favour can distract the agency from work needed to hit the client's objectives, but they could also be hiding a significant flaw in internal processes that needs to be addressed. By putting recurring favour requests on the agenda for the regular review meetings between client and agency, problems can be uncovered and addressed, and workloads managed, in a calm and measured way.

At this point, client readers might be worrying that this will end up costing them money.

There are two answers to this.

First, you were always going to end up paying anyway the next time you re-negotiated the scope of work. Scope-creep soon materialises into over burn conversations and increased fee requests.

Secondly, and if a request for increased fee materialises then at least an active choice can be made to say 'this is important, this is needed, this is valued – now what's the smartest way of delivering?' But if, on review, you decide these "favours" don't add value then you have a choice and can make out of scope, establish a protocol for handling and communicate to all teams, client and agency, accordingly.

So, while it might seem contrary to the spirit of doing someone a favour, thinking about it in terms of scope-flex and scope-creep means there's still room to accommodate the sudden and unexpected need for one-off help, without either party relying on the somewhat nebulous accountancy of goodwill, or risking those favours masking underlying waste within the relationship. ■

What I learned from an hour with Mark Ritson

by Robin Charney

Forget AI, VR, 3D printing, blockchain and all the other new technologies that marketing commentators tell you are going to change marketing. The only future marketers need to worry about right now is next year. 2019 planning and strategy should be done and dusted by now.

That was one of the key points made by professor, consultant and marketing fundamentalist Mark Ritson in his lecture for the Marketing Academy Foundation in March. AAR was lucky enough to co-sponsor the event.

And Ritson argued the way to succeed in that future is by navigating between competing ideas of purpose and distinctiveness, mass and micro-targeting, traditional and digital. That, and getting some training in what marketing actually involves.

Ritson's basic premise was that marketing – and marketers – are 'f*cked'. Not necessarily damned forever, he said, but certainly a bit 'f*cked' right now. And he suggested five reasons for that: an obsession with new technology; a pre-occupation with the death of everything from brand to marketing as a whole; a belief that marketing training is unnecessary; the rise of brand purpose creating unrealistic expectations of brands; and a fixation with being "digital-first". In fact, if you've got "digital" in your job title you're on borrowed time

and should be thinking about how you get out of the digital silo, fast.

He also railed against what he called the communification and tactification of marketing, driven, he argued, by our obsession with digital. So, I also got to learn some new words in his deliciously swearsy presentation.

"There are always three steps in thinking about marketing; diagnosis, strategy and tactics," he said. The problem is that the rise of digital has caused marketers to focus on tactics at the expense of research and strategy, and within tactics to focus on communications to the detriment of distribution, product and pricing. The result is that clients don't have strategies – all they have is tactics. Unfortunately, I've seen far too many marketers fall into this trap too many times.

The way to find out whether you have this problem is to apply what Ritson calls "The Four-Beer Test" to your agency. Ask them what they think about your strategy (when they're sober) and they'll tell you how clear and impressive it is. Ply them ▶

Ritson argued the way to succeed in that future is by navigating between competing ideas of purpose and distinctiveness, mass and micro-targeting, traditional and digital.



with huge amounts of alcohol and after about four pints they'll be telling you your strategy is either non-existent, or a joke.

So he also shared some advice about briefing agencies. You need three things, he said: a strategy, a knowledge that your tactical ideas are shit, and training in briefing agencies properly. Amen!

"I've got £400k is NOT a strategy."

ENOUGH OF THE MIDDLE FINGER, HERE'S THE MIDDLE WAY

Ritson's path out of "the f*ck stuff" is a middle path: for our development, our positioning, our targeting, our tactics, and our focus as marketers. He reiterated his belief that training in marketing makes you a better marketer although, he said, 57% of marketers disagree.

"You need to learn about our discipline. It needs to be respected and studied, and then updated. But we seem to be proud of not being trained."

Don't worry about whether you should focus on brand purpose or distinctiveness, he said; they're both wrong. Concentrate instead on brand meaning; what do you stand for and what do you deliver?

Equally, don't think you need to make a choice between mass-marketing or micro-targeting, the siren calls of Professor Byron Sharp and the Google/Facebook duopoly respectively. You need to do both – sophisticated mass-market campaigns that then focus in on tight targeting for individual products.

And don't think of traditional and digital marketing as separate; "It's not a binary choice, they're just tactics. There is a strategy and that should dictate the tools you use."

Why, he asked, would you set yourself up as a client-side digital marketer?

"Agencies have to specialise, but as a client marketer, why tie one hand behind your back? Digital marketers are missing all the synergy effects. The more you spread your money across platforms the better the results."

Perhaps most importantly, in a marketing world drowning in predictions both positive and negative, he argued against spending too much time thinking about the past or the future. The only way to do marketing, he said, is one year at a time.

It was the best hour I spent in 2018. Now I'm off to change my job title. ■

Don't worry about whether you should focus on brand purpose or distinctiveness. Concentrate instead on brand meaning; what do you stand for and what do you deliver?

For better, but not for worse: why the client:agency relationship isn't like a marriage

by Vicky Gillan

“Marriage is the wrong metaphor for the client/agency relationship; it's more like a harem.”

So said Professor Mark Ritson in his provocative Marketing Academy Foundation lecture. His point was that clients need to keep bringing new blood onto their roster to make sure things stay competitive and stop their established agencies from getting complacent. I get that, but otherwise I think Mark is only half right. I agree that agency/client relationships aren't like marriages, but they're not like harems, one-night stands or any other type of interpersonal relationship either.

MANAGING BUSINESS RELATIONSHIPS

At AAR, we describe the different ways clients work with agencies as being like the relationship you might have with your barrister, your interior designer, or your builder (you acknowledge your barrister is an expert and let them get on with their job without interfering; you swap ideas with your interior designer until you get the result you want; and you tell your builder exactly what you want them to do). But crucially, these are all business relationships and they have to be managed as such.

A successful client/agency relationship involves the client setting out exactly what they want, how they're going to measure success and how much they're going to pay for it right from the start, accepting that while things may change in the detail, the overall direction is clear. That way everyone knows where they stand, and both sides can clearly see when things are going well – or less than well – as the relationship progresses.



INCREASING COMPLEXITY

The other thing that makes the dealings between clients and agencies very different to a marriage is that it's not just one relationship; it's several, with multiple layers. As specialisations proliferate and rosters expand, client/agency relationships have become complex matrices, with teams of people over several locations needing new ways of working to deliver effectively and efficiently. More than ever, agencies need to be able to work together, whether that's in a consultative, collaborative or cooperative manner, just as much as they need to be able to work with the client.

FRAMEWORKS

Beyond that, the people on your teams have to be able to work with the people in your agencies' teams. The CMO and the agency head might get along fine, but

if it's difficult to get the work done or it's not good enough, then the relationship is failing at some point further down the chain. That needs to be addressed, but talking about it in terms of marriage guidance won't help. Nor will adding to the harem. The problem has to be assessed in terms of the framework set out at the start. And if there have been changes and roles have evolved, the framework needs to be reassessed too and a new one agreed, with the differences articulated to all agencies and all teams at the same time.

The point of a metaphor is to help better understand the thing we're describing. But talking about a business relationship in terms of a personal one misses the point of what good client/agency relationships are all about, which is delivering business results. ■



The AAR team is a tremendous resource, bringing a wealth of expertise connecting clients to a whole spectrum of agency talent. They have a great insider view on aligning the right partnerships for the right brand needs and AAR gives great objective advice along the way.



N BROWN



Trust, tolerance and tenacity: the keys to a long-term relationship

by Paul Phillips

In early 2018, I braved the throng at Advertising Week Europe in central London to join a panel on 'How to build a long-term partnership in a short-term world'.

The focus was the eight-year relationship between The Brooklyn Brothers, their client Visit Iceland and their Icelandic partner agency Íslenska. We covered a lot of ground but, thinking about it afterwards, there were three things that stayed with me.

TRUST THROUGH DELIVERY

The first was the importance of trust in forging a long-term relationship. The objective for every brand's brief is the business results that need to be achieved,

and agencies earn their client's trust by playing their part in delivering those results.

If the agency delivers for its clients, the agency earns permission to get things wrong occasionally. And because mistakes are often a sign of trying something new – because new things don't always work – achieving some early success in delivering on the business objectives means you can try new things later on, knowing that if they don't work you've earned the opportunity to go again. ▶

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PEOPLE BUY PEOPLE

My second thought was that the old idea that “people buy people” still holds true, even more so in an AI/VR/programmatic/Alexa world. If a CMO and their team buy into the agency’s people, there’s a much better chance of the relationship succeeding and, therefore, lasting. If there isn’t chemistry and a good cultural fit, working together to deliver results can be much more challenging.

And there’s always another agency that can probably do the job just as well, whose people are far more friendly.

But while it’s preferable to have a good working relationship with your agency, there’s always the exception that proves the rule.

In a pitch for an aggregator site a little while ago, the marketing director’s single selection criterion was the strength of the creative idea; to him, nothing else mattered. Advertising was effectively their shop window. In that market, at the time, the model was binary – the brand remembered from TV the night before was the brand Googled the morning after.

For this marketing director, getting

on with the agency team was a nice to have, but getting great work that delivered against the business objectives was a must have. He was prepared to endure a more challenging working relationship if that’s what it took to get standout effective creative work.

I don’t believe a good relationship with the marketing director in and of itself will help an agency scale the creative heights but, once again, if the previous work has delivered, that will encourage the marketing director to suck up any pain involved in getting there.

ALL THINGS MUST PASS

All this led me to my third thought, which is that no matter what we do in the world of marketing communications, all relationships are transient. All the goodwill developed between brand and agency evaporates at the CMO’s leaving drinks.

The ‘trust-o-meter’ is reset to zero and the agency has to prove themselves to the new Chief Marketing Officer: a Chief Marketing Officer who will have in the back of their mind the great relationship they had with a different agency in their previous job.

Brands change their agencies far more often than they change other professional advisers; their lawyers for example, or their accountants or auditors.

The impact marketing services providers can have on the fortunes of the business is much more tangible, which may explain why the temptation to change is so much greater. It might well improve things, and at least it’s a demonstration of having tried something. But all the evidence indicates that brands enjoy better business results from long-standing relationships with their agencies.

REASONS TO REVIEW

At AAR we’ve seen that there are four main reasons for brands reviewing their agency: a statutory requirement to do so; a new need (wanting to use a specialist agency, for example); a new CMO coming into post; and general dissatisfaction. In three-quarters of the reviews we handle, dissatisfaction is cited as the primary reason for the review, which brings us back to where we started.

For CMO’s, a successful relationship is one that delivers results. For agencies, too often a great relationship is success in itself. ■

About us

Who we are

AAR is a management consultancy that specialises in helping brands establish and manage modern marketing and innovation partnerships. We work with those seeking to appoint partners to deliver brand management, PR, communications and advertising, media management, digital and business transformation.

We work with marketing and innovation teams to help them make the right decisions in choosing new partners. Typical marketing briefs include consultancy in the appointment of new agency partners, roster rationalisation, agency model evaluations, benchmarking fees, and help delivering more effective working partnerships. In our innovation practice typical briefs include helping brands find partners to drive growth and deliver business transformation.

Established in 1975, we were the first intermediary in the world and have pioneered best practice for over four decades. We remain the leading consultancy in the marketplace.

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Vicky Gillan

We are so pleased we chose to work with AAR to search for a new lead creative agency for World Vision UK. The team at AAR really took the time to understand the journey we are on and the step change we wanted to achieve both in the way we work internally and how our brand is perceived externally.

Thank you AAR for meeting our brief, timelines and ultimately introducing us to the right lead creative agency for us at this moment in time. We are excited by what together we might achieve for the world's most vulnerable children.

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