



Reardon Smith Whittaker
2007 NEW BUSINESS REPORT:

A CLIENT'S PERSPECTIVE
ABOUT AGENCIES

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Background

The 2007 New Business Report: A Client's Perspective was completed by 140 key marketing decision makers from across the United States during November 2007. This study was commissioned by Reardon Smith Whittaker.

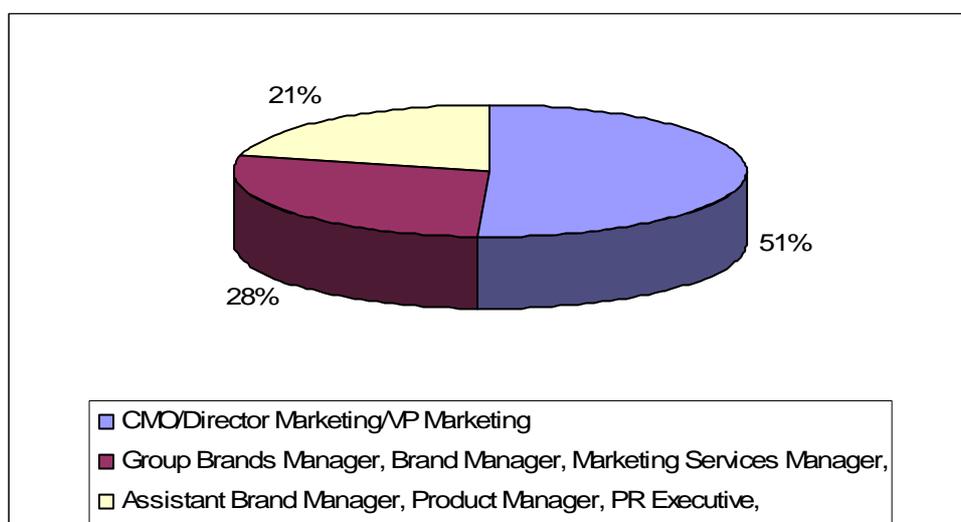
The sample came from a database of decision makers each with marketing budgets estimated to be in excess of \$2M per year. They were largely senior and middle management marketers as shown in the breakdown below.

Some of the larger companies represented included: Citibank, General Mills, Hoovers, Abbott, IBM, Alberto, Bell South, Heinz, Bayer, Dunkin Donuts, GE, Lego, Rubbermaid, and ESPN, among many others.

Some of the smaller/mid-size companies included: Electrolux, Elmers, Bose, Moen, Maserati, Guaranty Bank, Frisch's, Goodwill, and Johnson Outdoors, among many others.

We have prepared an overall Executive Summary for ease of reference. Perspective papers will be issued on various subjects in this report throughout the first half of 2008. The perspective provided will hopefully be of value to you as you work to better your overall new business development program – whether it be through use of outside services like Reardon Smith Whittaker, or shoring up the efforts you manage internally.

If you would like to reproduce any of our findings in any format whatsoever, please ask permission.

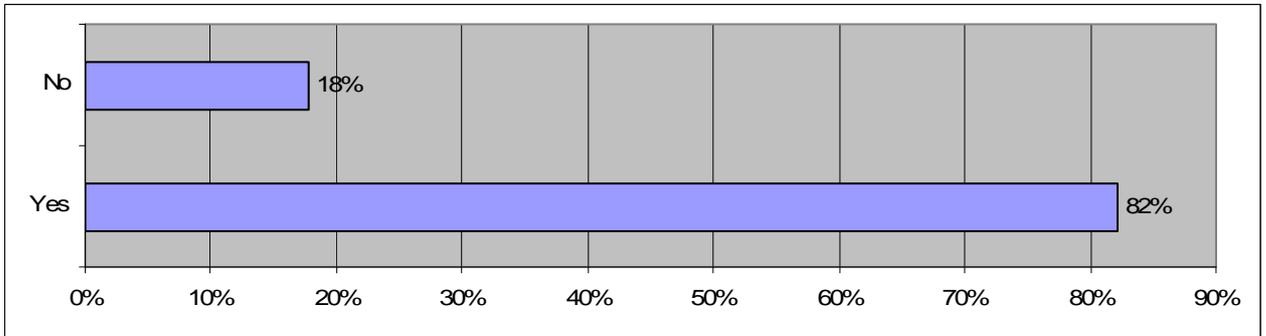


Executive Summary

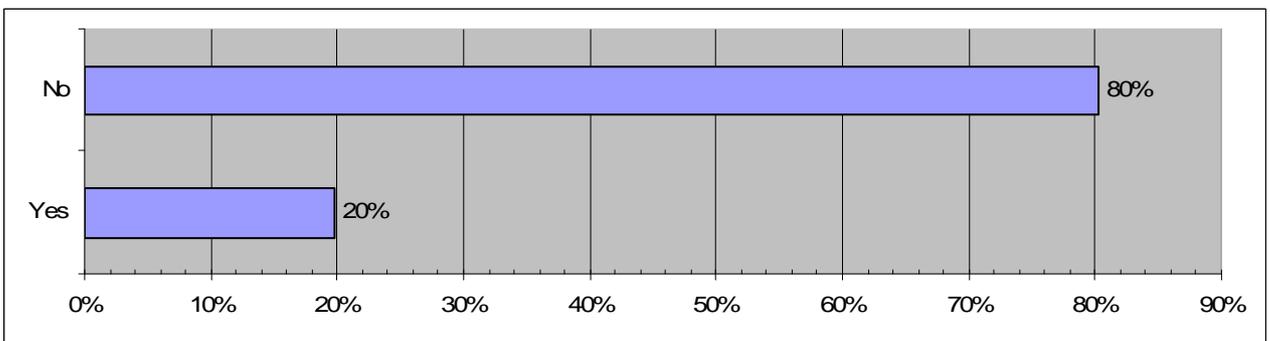
- While there are many AOR type relationships, **82% of clients state that they do assign work to non-roster agencies** – suggesting that there are some real opportunities to open up doors and showcase work! With the fragmentation of mediums and the increasing demands on investment return, it isn't surprising that clients are continually looking for new and better help.
- Search consultants continue to be a limited use means for finding a new agency, with only 20% of clients stating they have used a search consultant. At the end of the day, it appears that search consultants have a nice home in the bigger client assignments, but will continue to play a small role broadly in the industry.
- Only 23% of clients use a roster system (pre-determined list of agencies dictated by the company), suggesting that most clients use other means to learn about the strength and value of agencies when they are looking for new, fresh thinking and/or better strategic help. The implication is that agencies need to be constantly in front of prospects to keep awareness high – so they are there when the aperture is open wide!
- Among agency specializations, advertising agency appointments figured nearly four times as high as any other agency type, suggesting either that advertising is higher up on a clients' agenda or the length of agency tenure is extremely short...and shortening.
- Agency tenure hasn't gotten any better since 2006 with 46% of clients stating that their previous agency relationship lasted less than 2 years. This is an insignificant improvement over 2006, with 48% stating that their relationships lasted less than 2 years. This pretty much parallels the tenure of a CMO...so it could be that when CMO goes...so goes the agency. The other big reason is likely the fact that agencies take their eye off the ball. When you examine the reasons why clients get rid of agencies, a lot of it has to do with weaknesses in strategic thinking, creative, and service. Too many agencies try and do too many things well. They are in the business for being great creative and strategic thinkers and do-ers...not to be a great lead generation/business making machine. Too many agencies take their eye off the ball soon after an account is won, only to look for the next new win. Staying more focused on existing clients and leaving the business of building business to experts is likely a more productive strategy, long-term.
- Nearly one in 5 agency appointments (21%) involved a procurement specialist, so don't ignore them!
- Whatever they may have felt in the past, marketers now appear to place some modicum of value on the role of procurement in the selection process – so don't ignore it, or blow it off!

- Of the 4 main reasons given by clients for reviewing, **3 reasons clients look to review involve issues that are in the power of agencies to control and prevent:** Bad creative; Weak strategic thinking; Lack of pro-activity and lack of focus!
- When reviewing, 68% of clients saw 4 or more agencies, so if the prospect is aware of your agency, you might have a shot to get on the preliminary review list. Key is keeping in front of the prospects on-going, because you never know when that need will surface.
- **Maintaining a consistent outreach among prospects is key to building a successful new business development program.** Of the factors influencing clients to meet with an agency, **a timely approach continues to be highly significant, with 53% of client decisions influenced in this way.** Among other factors within the control of agencies, it is clear that agency marketing efforts (which can build “**unattributable awareness**”) and agency websites are also very influential.
- In keeping with other RSW surveys, clients invite 3-6 agencies to pitch when there is a full-blown review.
- Fewer clients now incorporate a form of payment by results in their terms of business than they did one year ago (19% versus 23%). While clients state in open-ended comments below that they demand results, it appears that they aren’t willing to make agencies’ compensation dependent on a results-driven program.
- **Clients aren’t afraid to make changes...in fact, many seem to enjoy it...41%+** of respondents saying they either “look forward to it” or “find it exciting” when looking for a new agency. We suspect that this has to do with the fact that new agency means new, fresh thinking (and potentially new life for the marketing client!).
- Among the “new wave” of growing or emerging marketing communications disciplines experiential marketing is by far the most interesting to clients, followed by internet marketing, then by discipline of buzz or word-of-mouth marketing

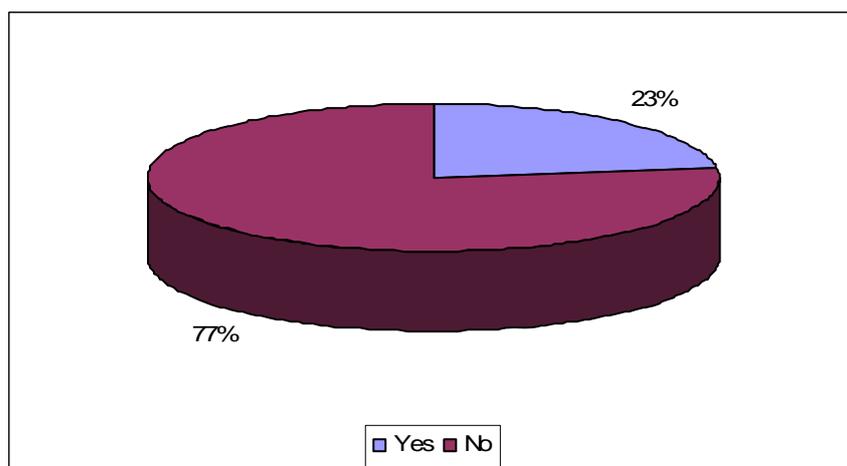
1. Do you ever assign work to non-roster agencies?



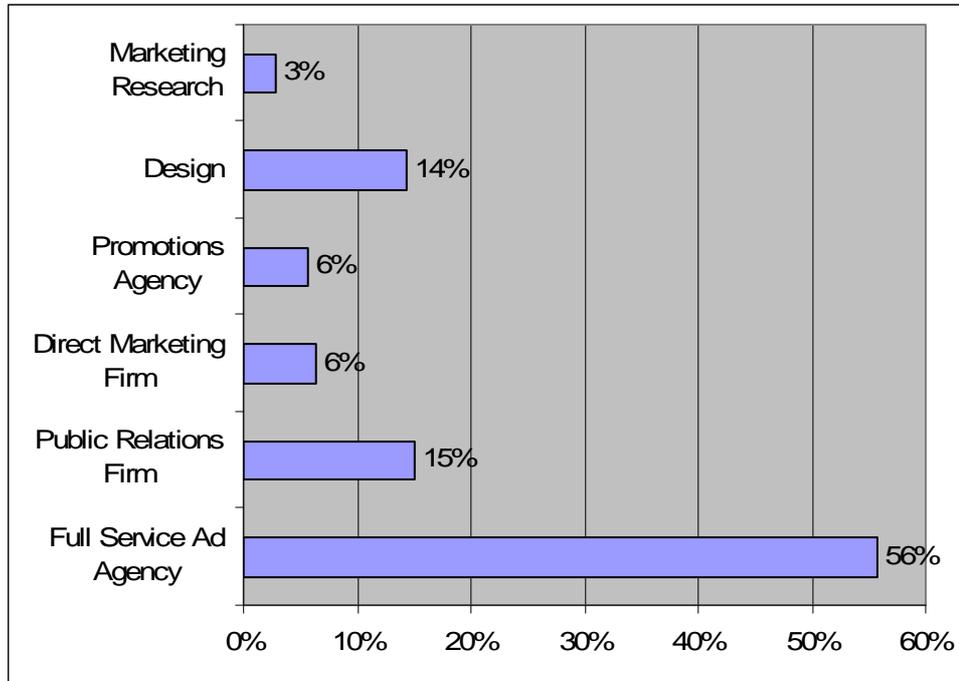
2. Have you ever used an outside consultant to help with a search for an agency?



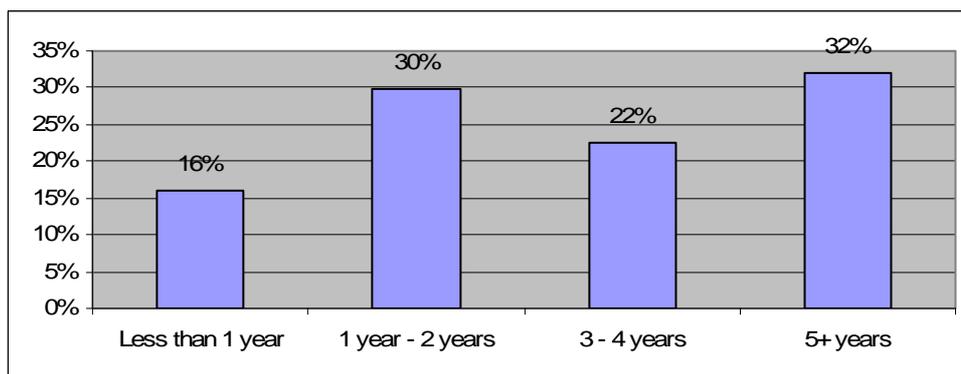
3. Does your company have an official roster policy applicable to the type(s) of agency(s) you are personally authorized to appoint?



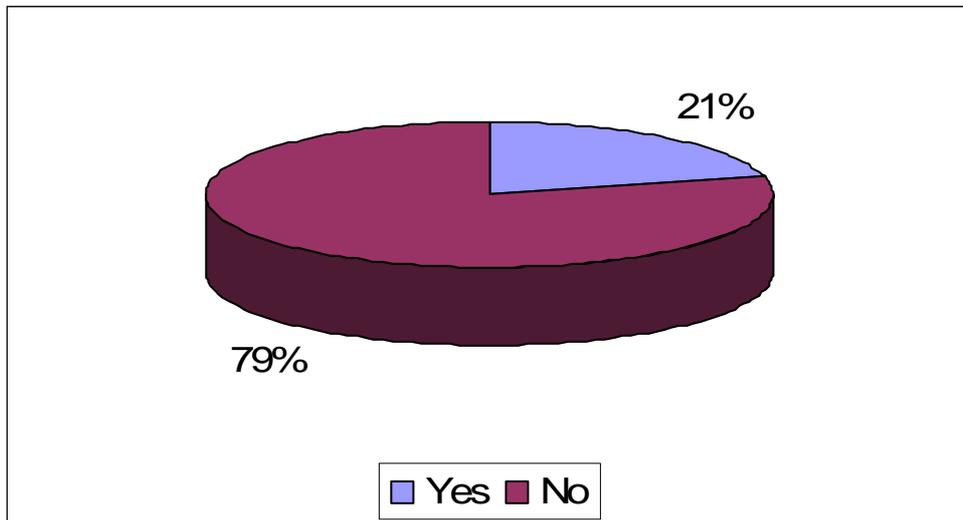
4. What discipline was the last marketing agency you appointed?



5. Approximately how long did you work with the previous agency of the same discipline?

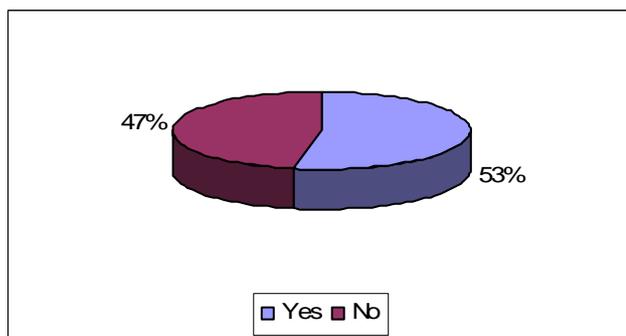


6. Was a procurement specialist involved in the selection of the new agency?

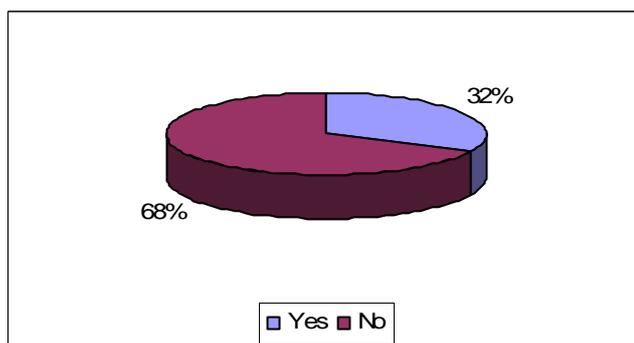


7. Thinking about the procurement process....

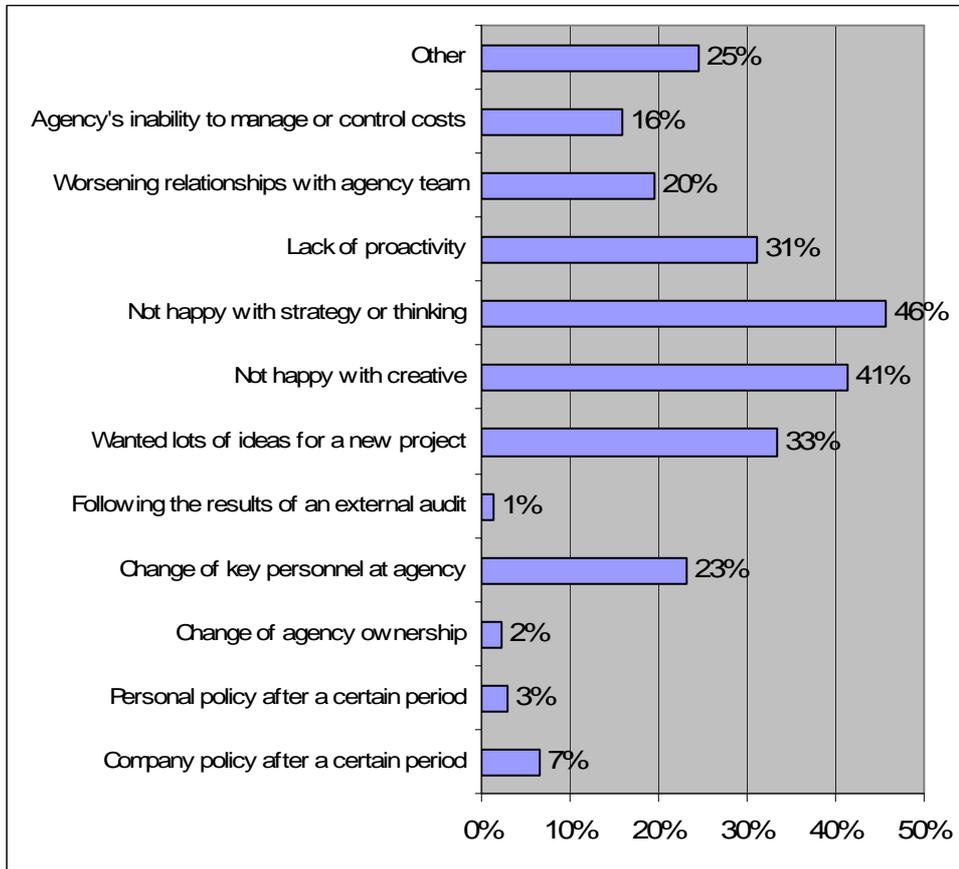
a) Do you believe the process added value for the company?



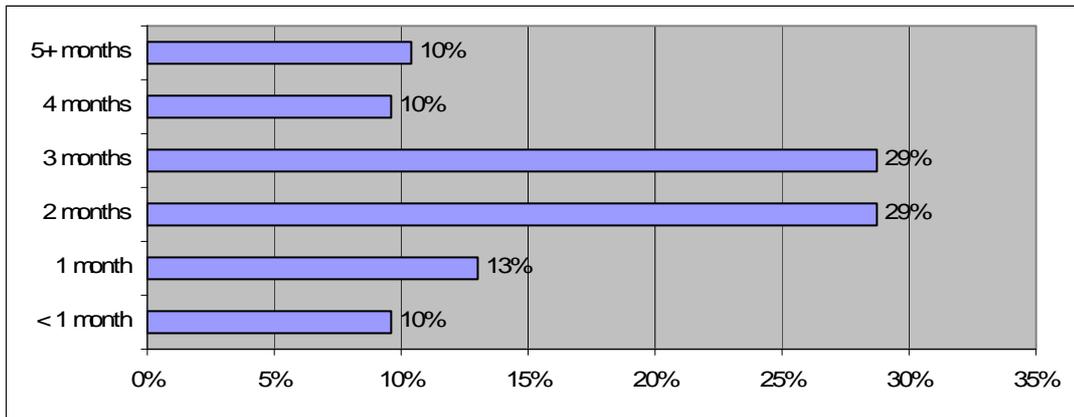
b) Did the process benefit you personally?



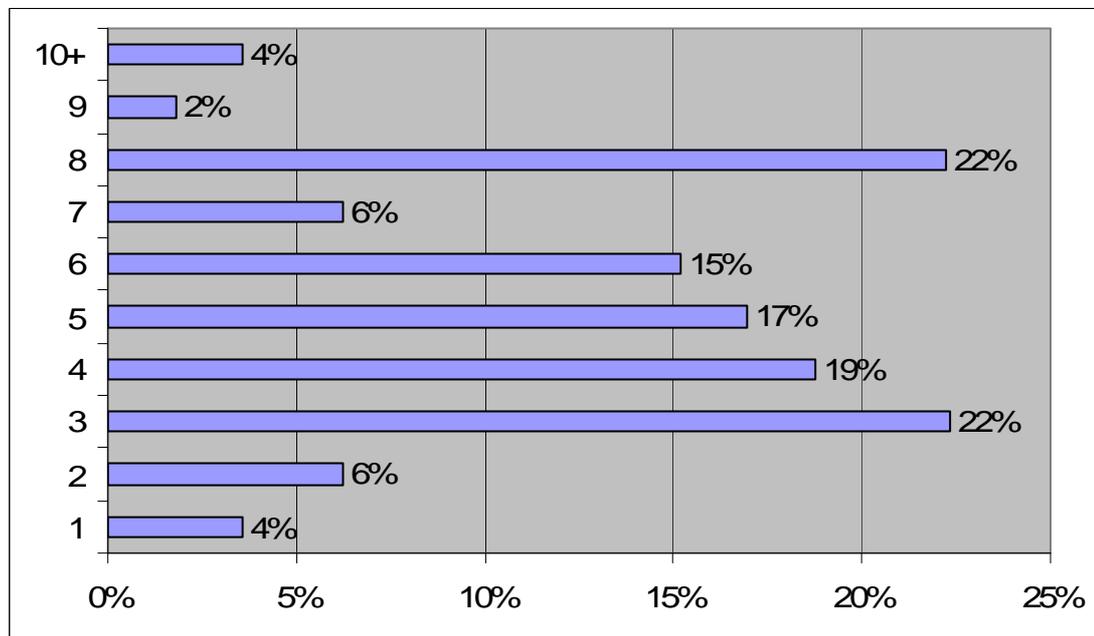
8. Why did you decide to review? (Choose as many reasons as were a major influence)



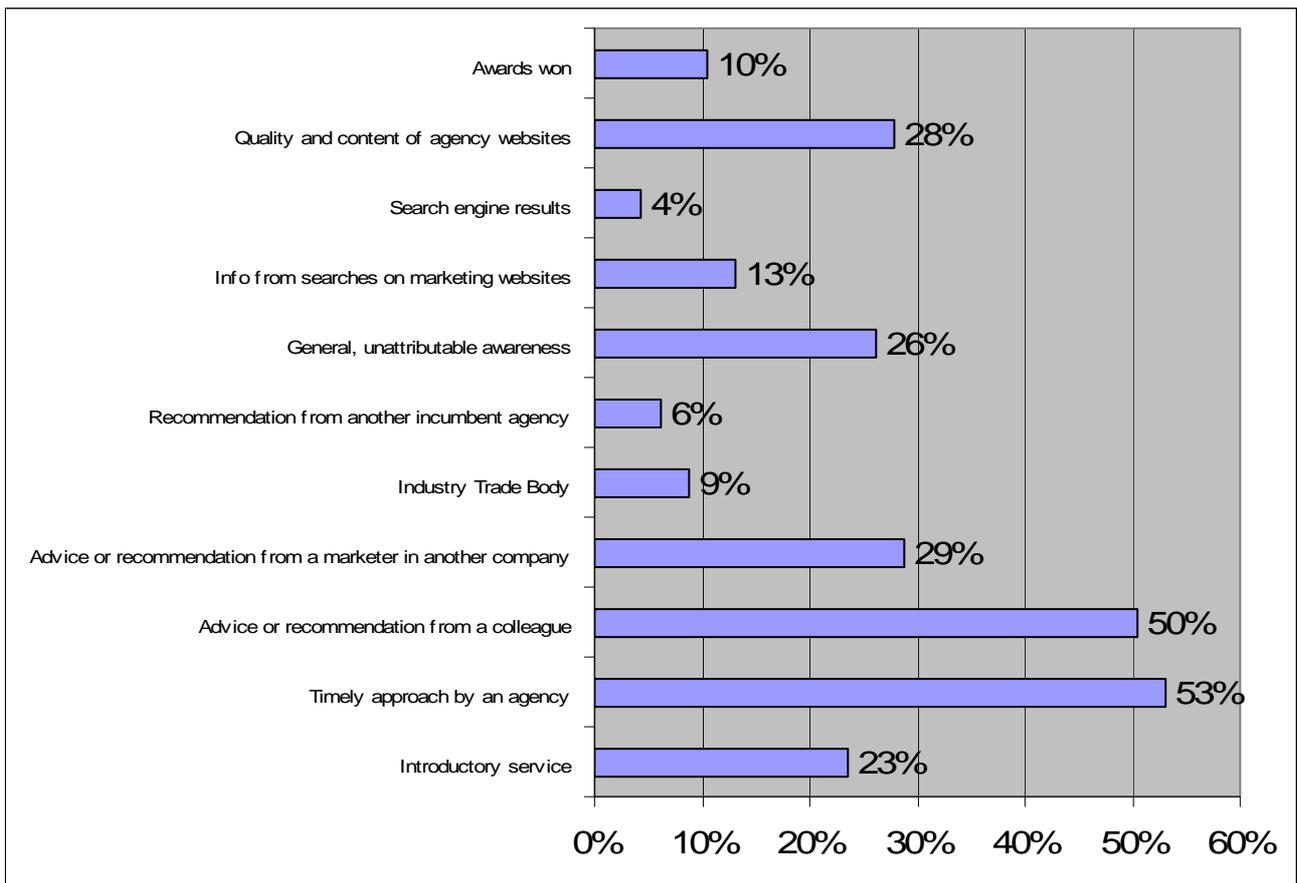
9. From the point when you decided to review, approximately how long was it before you arrived at a final pitch list?



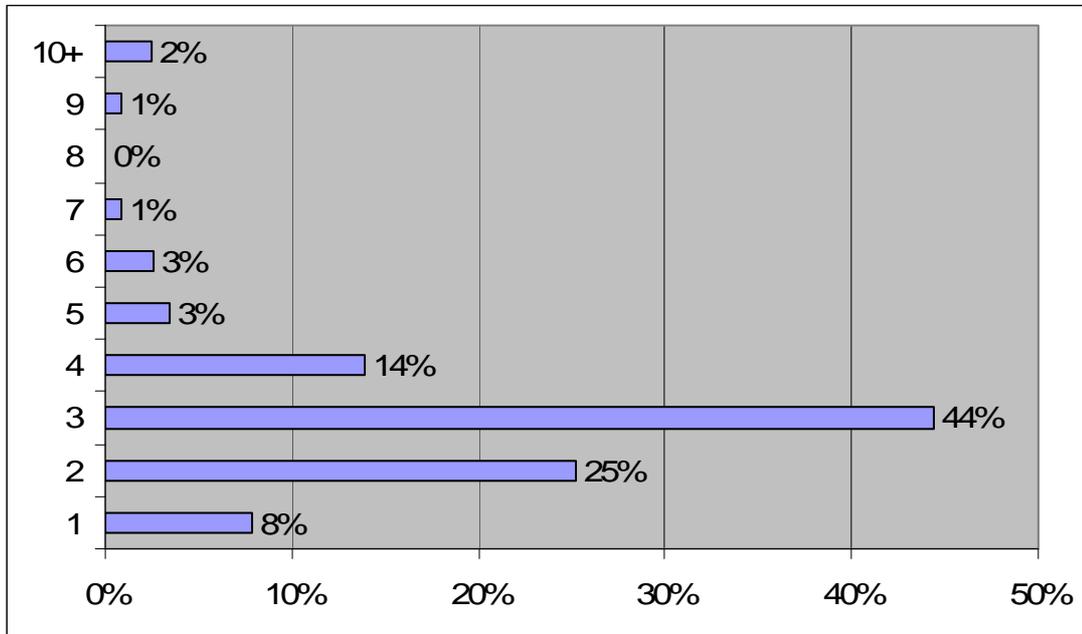
10. To get to your final pitch list, how many agencies did you meet?



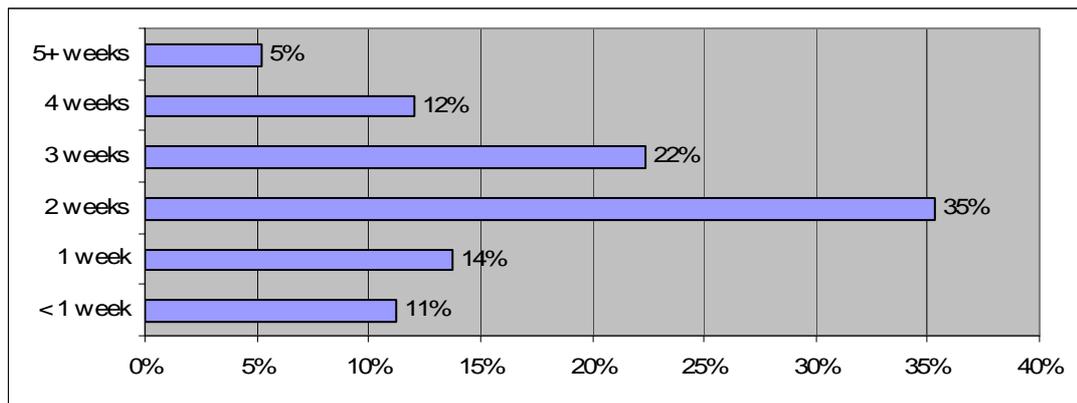
11. When deciding which agencies to meet, which factors influenced your choice (choose as many as were a major influence)?



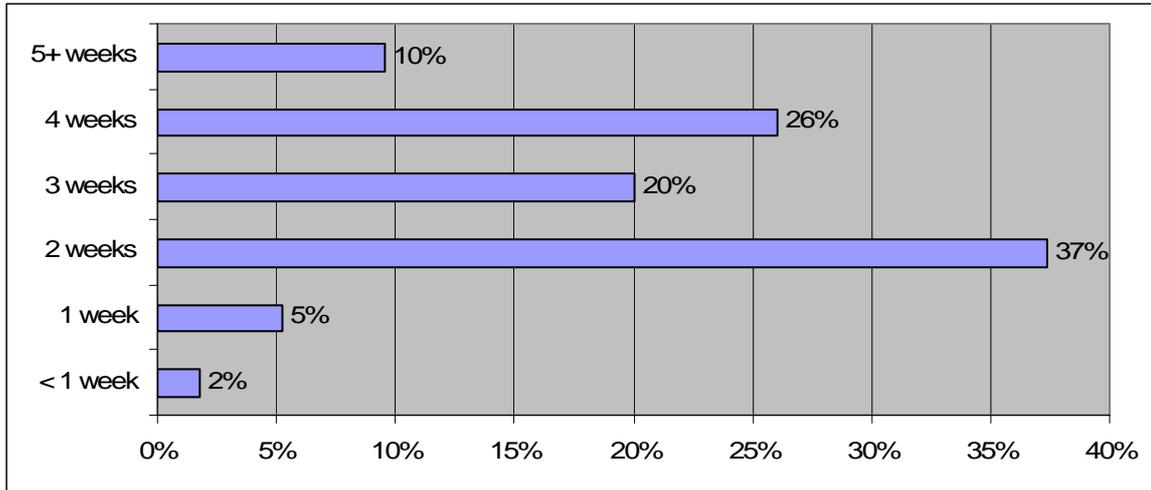
12. How many agencies were finally invited to pitch?



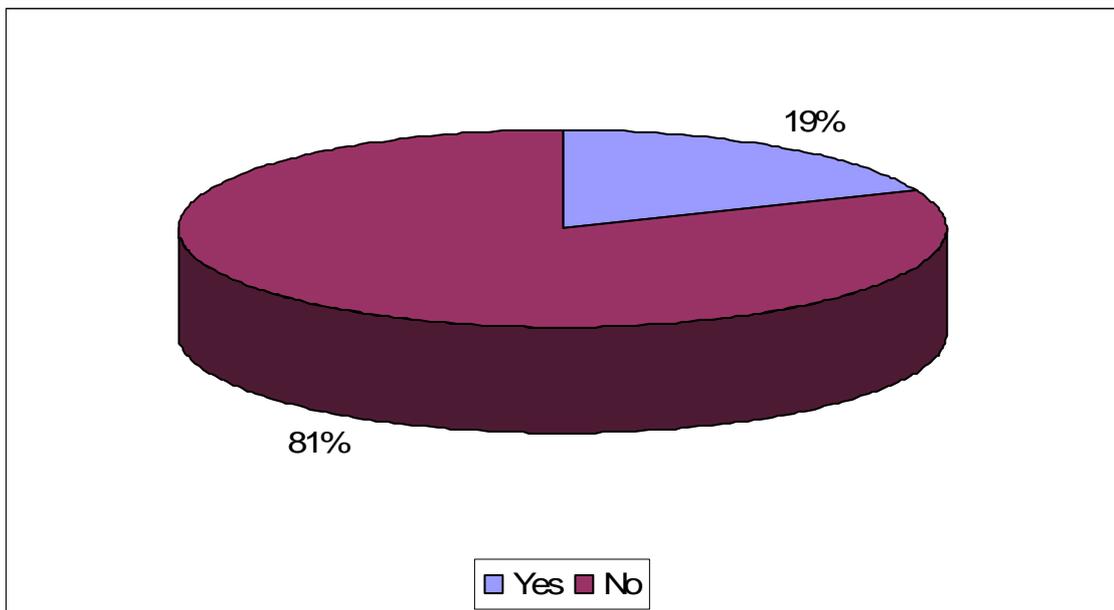
13. How long did it take you to prepare and brief the pitching agencies?



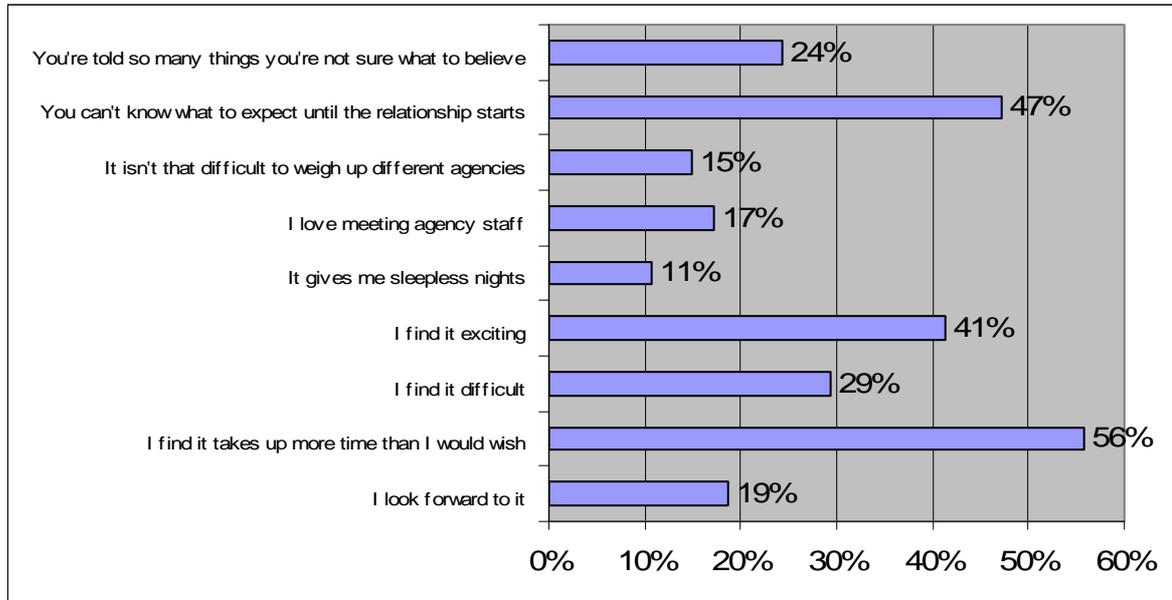
14. How long did the agencies have to prepare their pitches?



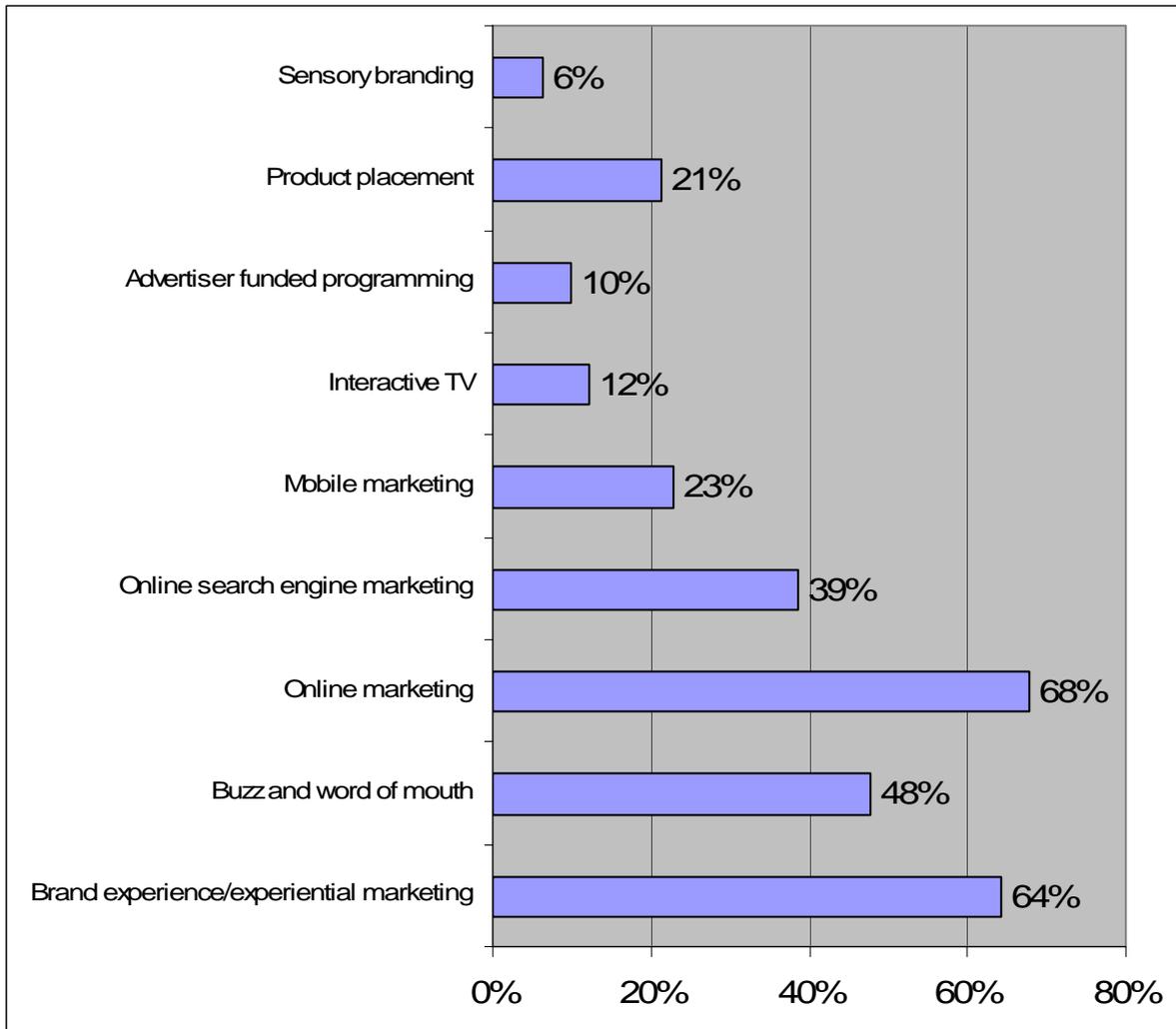
15. Does your new agency arrangement include some element of payment by results?



16. When it comes to appointing a new agency which of the following best describes how you feel about the process?



17. Which of the following growing areas of marketing communication are you most interested in at present? (Choose as many as are of interest)



18. If you had one piece of advice to give to agencies about their marketing efforts, what would it be?

Note: Comments have not been proofed for grammar or spelling. They were included as typed on the survey.

show current samples with clear strategic back-up. Have a good way to navigate website for people to review

Analagous clients. Do not have to have specific industry experience, but make sure it's transferrable

cut through the clutter

keep the clients needs and wishes at the forefront

Understand a client's business

Know your client and their audience.

be consistent

Make it relevant to my strategic direction

be straightforward

Integrity. Sometimes other people have better ideas. SOMETimes there are better ideas than the one your CD want to produce

Bring those who will be the day-to-day contacts to the pitch.

have a true point of difference

Keep the ideas simple and impactful. Collaborate with the client on creating a strong idea.

be on the cutting edge

Customize

Focus on results -- for your clients, and on how you'd get results for prospective clients

Make sure to always meet the deadline

Be Proactive

listening is key.

Make sure you are a true partner with your clients

Get rid of the fluff and be real about what makes you a better agency.

Keep it simple

Be flexible

Communicate Well



18. If you had one piece of advice to give to agencies about their marketing efforts, what would it be?

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Make it simple to understand and to manage. Great ideas that are not implementable are not great ideas

focus on measuring impact

stay grounded in strategy

Don't overtalk when it takes you 15 minutes to answer a simple question it makes us wonder how long am I going to have to talk to this guy each time I need something.

Never forget who the client is AND NEVER put less experienced staff on accounts & expect the client to train them.

make sure ideas you present are vetted legally and meet clients execution capabilities

Be straight--don't oversell.

Understand the target audience and what the competition is doing beter/differently.

Don't stop marketing or making effort with current clients. We can tell when we are on autopilot.

understand the client as best you can

do your homework.

Your words and actions should make the client feel as though you are in complete partnership with them.

BE UPFRONT ABOUT COSTS AND CHARGES

Under promise and over deliver

Understand your client

know the customers business

Satisfy the brief before adding any bells and whistles.

Show enthusiasm and research the client well

Take risks.

Demonstrate tangible and relevant results.

Follow instructions. Don't make assumptions or provide something we haven't asked you for.

Listen to what we ask for (at all levels)

It a long term process, not a one contact home run.



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Think about your prospective new client as you would a prospective customer -- what's in it for them; don't make it all about you

Know the category and the place the advertiser currently occupies and the place it must or wants to get to

focus less on promoting awards and more on telling me about how you made clients successful (case studies)

Be honest and be your self

Do what you say you are going to do & then do some more.

Be honest on your capabilities

need to have associates with many specialties, especially media

Read the RFP - answer the questions in the format that is requested. And, make sure you understand the product.

energy and clarity

Consider the clients budget before presenting unaffordable creative

Show how to stick to strategy and deliver results

Recognize that the client has talent too.

don't take textbook tactics and retro fit them to my needs.

Back up ideas with consumer insights, not just "wouldnt it be cool". Show relevance and success.

Be honest. Keep costs in check.

know the customer's market and if you don't know it, get to know it, or don't waste your time or mine

Understand the brand's DNA

1 - invest in knowing your clients business and position yourself as a strategic contributor to the growth of the business

2- always put your best talent on the work - do us both a favor... don't "sell me" a relationship where we'll both be frustrated and disappointed.

3- show respect and appreciation for your client lead... send a holiday gift; a nice note; be proactive on how you can help your client lead be well received across their peers. The more you can do to help them communicate the work the more it will get noticed and work to your long term advantage.

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Get it right the first time

Viral and online elements are key today.

Show what make us unique

Give good case examples on your web site. Have good information on your site

Be persistent but do not cross over into pushy.

do your homework on the client.

Do your homework on your prospects

Research, listen, ask a lot of questions and be strategic.

Listen to your customers.

When I tell you we already have an agency, don't keep calling. If or when I'm ready to search, I'll look you up.

Stop underestimating time and cost

Listen to the customer

Be honest about your approach to business and to the relationship. If your firm is the "take over" kind, say so. Some clients want that kind of leadership, others don't.

honesty

no bs just content

Make sure to follow up and keep your staff happy so they can keep the customer happy

Don't bait and switch (don't win the account with the A team and then hand it off to the D team).

Don't be too smooth. Be authentic. Clients are looking to be reassured. Confidence without cockiness. Deliver on what you promise. Work the deal with your client; do it together; ask for their input, but please remember, they are turning to you to come up with options - ALL of which should work, but one GREAT recommendation. And be prepared to make a case for it. Thanks.

Give up

Know the client's business better.

Understanding the industry and customers and being creative

Truly understand the clients end goal of growing the business and measurable results.



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Stay focused on the bigger picture and markets

Cold calls are not good for either of us if you don't know who we're currently using and what we're currently doing. Do your homework.

Know your client's industry well, make sure you understand the pressures the client faces every day

Agency websites are notoriously "cute". They make it too hard to find out information about the agency. An example is Boathouse, Inc. There is virtually no information about the agency on their site. I like their work but feel pretty insulted by the website. I might call them if I could learn a little bit more about them. I see that website and think there must be some pretty big egos over there.

Another issue - agency sites often take forever to load. If they can't master this for their own website, don't claim to be "online" experts during the pitch.

stop talking and listen

Understand the client needs. Listen.

Listen. Respect my expertise, and provide yours!

Base everything on solid research

Remember that you are hired to help your client and need to respect their decisions.

Payment should be based on results.

Creative must stand out

know your audience

Be relevant to advertiser

work with them client and not just for them- know their market/ customers as well as they do

Make them measurable and help us focus on getting results

Understand the business and what our key challenges are in the market over the next few years.



19. If you had one piece of advice to agencies about their presentations (other than making them shorter), what would it be?

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Do the research on the customer - know our space, look at website, come with ideas

Be strategic. Be concise. be targeted. I know that's three!!

reduce your history story - you wouldn't be there if we had not checked on you - present the targeted creative, take a least one chance on the creative, don't pitch for more of the business than was asked for. You can earn that opportunity based on results and relationship. If you present, this is what you asked but we can do this and this and this and it is out of the scope of requested project... you lose.

options

Make sure they fully understand the clients business. Include many options.

Understand a client's business as much as possible

Have facts or case studies to back up your recommendations.

know the potential clients business

Concise

be concise, be creative, be honest

Don't waste words

Make them relevant to your prospective clients business.

tailored to client situation

Know your audience. Don't spend too much time explaining tactics, spend more time explaining the results.

start with a great first impression

Be concise with very brief PowerPoint when presenting to top management

do your homework, customize presentation to the brand

Need a breakthrough approach. Take a risk. Show a different way to approach the business.

show me that you believe in what you're presenting.

Make sure you deliver what is asked for.

short and impactful. energetic. enthusiasm of presenters. Understanding of the current product, company



19. If you had one piece of advice to agencies about their presentations (other than making them shorter), what would it be?

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Be true about the pricing and billing policies - hourly rates - be flexible.

Make sure you understand our business. Don't come off as if you're superior to everyone else. Simply state why our business will be served by your company.

include concrete recommendations

Target towards your market. Give examples that relate to your client's industry..not something totally different.

Make them simple and to the point. Have an idea and stick to it. Also dont bait and switch gift certificates as an incentive

focus on how you're going to measure the impact

provide examples / case studies that demonstrate their success

Don't assume you know the target market, specify the presentation is for _____ and of course we would customize it completely.

Research the perspective clients strengths & weaknesses.

present executable, cost effective solutions that are grounded in driving sales

Cut to the chase--too much, too long is overkill.

Take notes...it shows me that you really plan to do something with my feedback.

Talk about effectiveness

make sure a clear strategic direction is visible

practice

Have conviction without arrogance.

Concise and to the point... Have cost available for each segment of program

Make sure you bring in the individuals who will be working on the business, not just good presenters. Nobody wants to think they are getting the "A" team, only to have the "C" team show up for work the following week

Do your research

Use the correct words for the business situation. One faux-pax will ruin your credibility. If you dont know, ask ahead of time. Dont try to wing-it.



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Show that you've done some competitive analysis and thought about the category.

Sick to the brief - all else is "noise".

Tell a story.

Be relevant and get to the point.

Pay attention to the audience. The reason we hired the agency we did was because they were able to read my boss's expressions and tailored the presentation to meet her. We had so many agencies present that were not paying attention to our reactions.

Be on time and be flexible through the presentation (allow/answer questions)

Make it about me and what you would do for me. Work for other client's isn't that helpful.

Make it relevant to your audience/prospective client

Make sure the sit ananalysis, strategy and work al fall like dominoes

less text

Be honest and true to your firm

include best practices from other agencies

Be direct, lose the fluff

Too much data makes me look for the loop holes. Be credible and believable.

Relevancy.

Exciting, visual

Show the work, research, etc that lead up to the creative

Demonstrate how the specific team is going to deliver

Research the prospective client.

offer content that is relevant to the business you are pitching

don't overinflate your ability or your success. it will be uncovered within the first 2 weeks of a new relationship.

Show what success looks like. ROI.

Don't sell me - inform me. Bring actual team to pitch.

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Don't waste too much time on the obvious information (ie: awards you won, existing clients, etc.) Focus on the company you are presenting to and what you can do for them.

knock it out of the ball park - put your best creative people on the project - how else do i know what you'll do for me on my projects?

Give us options

It's not about "shorter" it's about doing your homework... evaluate my company with an external view and come to the table with your own thinking about how we need to communicate. This shows me your hungry for my business and taking the opp serious. Come to the meeting with a case study of sorts - tell me the challenge company X faced and what you did to help... the strategic role and the creative work.

Keep to the pitch request RFP. Anything else is often a waste of time.

Tailor them to the advertiser's objectives

If you've provided capabilities in writing, don't make the same exact presentation in person

Stay focused and present your best not what you think we want to hear. If you don't know say so!

do your homework on the client, speak about the client, not so much about the agency.

Well - short is key but also show as many results from past work as possible

Bells and whistles don't always sell. Be thoughtful and strategic. Don't come across like you know it all. And who cares about awards.

Demonstrate that you have done your homework and understand the client's environment.

Understand their industry

Sell us on strategy, back it up with creative

keep making them shorter, stop overdoing it,

Make your point - you may or may not be asked to back it up, but don't start with the background.

Do your homework about my organization and present something about my business that you would recommend changing (doesn't have to be and shouldn't be in detail) but get me thinking that only your firm "gets" my business and in particular, my organization.

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think through the brand

Make sure you understand where the client is coming from as far as industry and their internal plans

Make them relevant

Make sure they're relevant and true to the brand.

Be genuine. Want their business.

Get rid of pitches all together

take time to listen to what potential client has to say.

Bring the day-to-day staffers to the presentation.

Discuss and evaluate deliverables

Sell what you pitch...nothing less but actually MORE!

Learn about the client's business before the presentation. Seems basic but you'd be surprised.

Make it relevent to my business and make it clear that you understand my industry

Be honest about what you've actually done, and what you haven't. Please don't present work that never actually ran on behalf of a current/former client. When you present work that ultimately wasn't selected by a client, it probably means that it didn't fit their strategic direction. Please present your best work that was used by the client, and let us know how it worked.

exceed customer expectations

Do your homework

Individual to the client. Nothing stock.

Simpler is better. How you think is what I'm most interested in.

speak to me, not any client

Show what you can do.

Reality check!

Know the products, company and culture you are targeting - Do your homework



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do your homework and be relevant

Style is important

make sure you address/deliver all items asked for in the rfp

Be more concise, demonstrate insight, not just experience.