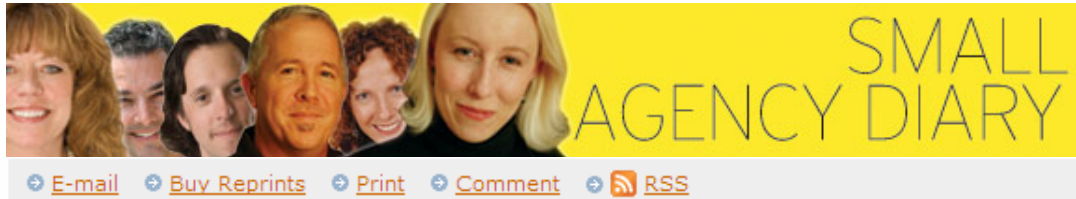

Advertising Age.



The following is an excerpt from a series of postings at Advertising Age's Small Agency Diary: http://adage.com/smallagency/post?article_id=113024#comments. We recommend this as a good resource for small agencies and marketing services firms.

This point of view is from Brent Hodgins. He is Partner/Director of Client Services at Mirren Business Development, the new business training and recruiting firm. It replies to an original posting from Marc Brownstein, asking:

How Much Should Category Experience Really Matter When Evaluating an Agency?

I am a partner in a boutique new business consulting practice in New York. Almost 500 agencies have participated in our various consulting programs, workshops and our annual new business conference. We also have a partnership with Harvard where we produce a quarterly roundtable series for marketing chiefs.

Here is what we see on the topic of relevant category experience:

1. Most of the ad industry believes that you do not need relevant category experience to do good work and generate business impact. Are they correct? Probably. In fact having worked at agencies like Chiat and Wieden myself, I'd have to say that I agree with this sentiment.
2. However, clients generally disagree. Whether or not they're right or wrong doesn't matter. This is their perception and therefore their reality. They believe that agencies with the most amount of experience in their particular product category will generate results more quickly.
3. Why do clients feel this way? Because they're nervous. And they should be. The average tenure of a marketing chief is now only 18 – 24 months. Not only do they need results for their company... they need results to keep their job. They fear for their job security. As a direct result, clients have become more risk adverse. If a campaign fails and does not produce business impact, the marketing chief risks being fired – often a very public beheading. Who wouldn't be nervous? What happens to the agency team that worked on the campaign? Well, they get to go on with their day.

This fear is a tremendous amount of pressure for clients to be under. Again, is this desire for relevant experience what's best for the client's company? Maybe not. But they are human.

4. Clients believe most agencies don't get it. Clients believe most agencies don't truly understand their business model and what the agency's role is in helping them make more money from that business model. Clients believe that agencies "act" like they get it... and often "lecture" like they get it, but they don't. Right or wrong, this is their perception and this perception has created a credibility gap. Agencies with the most amount of experience in a certain category help offset this credibility gap.

5. The key consumer insight (read: "client insight") here is that clients believe those agencies that have the most relevant experience will get the best results, more quickly. In fact, they gravitate even further to those agencies that have taken advantage of this insight and packaged themselves as "specialists." While all the other agencies are whining about clients and how they don't know how to select an agency, these specialists are cleaning up. Right or wrong, this business strategy works. And by the way, this is business.

Imagine you have a health issue. Would you want to go to a general practitioner? Or, would you want to go to a specialist? ...clients feel the same way.

6. As an agency, you can choose to fight your target audience (clients) on this insight or you can choose to leverage this and tip the odds in your favor. Can you win new business in a category where you have no (or limited) experience? Absolutely. But it will be 10 times harder - because you are choosing to fight an uphill battle.

7. So, how do you leverage this? Proactively pick one category at a time. Focus in where you have the most experience. That experience equals instant client credibility. Then, add on a category study, a category point of view, a point of view on the prospect's business. Use that point of view in your pitching... or even better, use that point of view as a calling card on prospects that you've proactively targeted as a good fit for the agency.

Only promote this specialization to your target category - that will help to keep from pigeon-holing the agency. Once you've saturated the first category, then move on to the next. This also provides focus to your new business efforts. That's how the best agencies are winning new business right now. We see it all over the country.

Yes, you can name many accounts that have been won by agencies with no experience in a particular category. I've done it myself. But for each one you name, I'll name another 10 that were won by depth of experience.

--Brent Hodgins, Mirren Business Development brent.hodgins@mirrenbd.com

-- www.mirrenbd.com

Following are two additional postings from Small Agency Diary participants on the topic:

Over and over and over again, these blog posts display a very agency centric point of view that shows that you don't see yourselves as the world does (or at least as your vendors see you). Understandable, but you folks need to look in the mirror more often. What happens when YOU select a DP, a director, a composer, an editor? You look for "category" experience nearly EVERY time. The stories amongst DP's and directors are many; some legendary. Agencies have been known to say things like, "yeah, you've got car work on your reel, but have you done any trucks?" I'm not making this up.

Do you take a chance on a music video editor with work all over MTV and ask him/her to cut your next comedy driven spot? Do you take the composer with a reel heavy on orchestral drama and emotional empathy and let him stretch on a BET spot for urban wear? Do you hire a director with lots of toy/kid experience to shoot the next SUV spot for the NEW FORD LEVIATHAN as it careens over the Great Divide?

No, you don't any of those things... and often with fairly good reason. DP's & directors talk constantly about what kind of reel it takes to get a job. Many submit custom cut reels to show their category experience and... many times the turn downs are laughable. They verge on "yeah, but had you shot any hair commercials with RED heads?" Please buy a mirror. You're as risk averse as your clients.

-Rust Belt, Cincinnati, OH

As a former marketing advertising manager for a Fortune 500 company, I have to agree. Most internal managers are scared of choosing the wrong agency. It costs too much, potentially your job. Like said above, we are all consumers outside of the office. We typically buy specialists - in virtually every category. When you buy your next LCD tv, who are you going to look at, the mega branded consumer electronics gorilla or the no name China startup with the lowest prices? When you have a mole on your back that getting a little bigger, do you want your GP to take care of it or do you want her to refer you to a top oncologist? Where do you prefer to buy your suits, Wal Mart or the boutique downtown with the old school tailor?

I can go on and on. Consumers like specialists. They are willing to pay more for specialists. Specialists demand more respect. They work with more senior executives.

That's why my small firm is in the middle of the painful exercise of choosing a vertical to solely market to. We won't necessarily turn down work outside of that vertical, but we will no longer seek it out. And we're raising our prices on top of it.

-Nick Rice, Wilmore, KY
