

## **HOW AGENCIES NEED TO EVOLVE FOR CLIENT NEEDS**

This has been an extraordinary twelve months to be an agency.

It seemed that with the stockmarket crashes in September last year, big marketers were some of the first to react. GM's bankruptcy left a lot of holding companies with bad debts. Unilever publicly announced they were reducing their global agency baseline profit to 5%. P&G changed their model (again) from a sales percentage to a new lead agency structure. And Coca-Cola launched a new "Value Based" model for their agencies. The world's four biggest marketers - with four massive changes.

In Asia, it was every market for itself. China still continued to grow, albeit more slowly - and with the locals outperforming foreign brands in a lot of categories. In a semantics battle, an Indian marketing publication got in trouble for talking about the "downturn" (India is only going through a "slowdown"...but still suffering). Singapore and Hong Kong are hemorrhaging - and only now are things starting to turn around. Almost every agency made cutbacks (mostly privately). M&C Saatchi closed a few countries.

If history is a guide, the challenge may not be the fact this is a temporary setback, but rather if this is the new business as usual. No return flights home yet. It might be time to think through a new destination

So what's an Agency to do this year?

It's a bit of a cliché to talk about fragmentation and integration - these are hackneyed words and all most top agencies are already aware and working with their clients in this way. We'd urge a few new words to be created to go forward "Skin-In-The-Game-ation" - agencies need to take a more active return on the work they create. The Coke move is just the start. For years, actors and photographers all over the world get paid 'royalties' for their talent. It's about time agencies did.

"Digital First - ation" - which mainstream agency is going to finally put digital people in the centre of the process, rather than just an adjunct, department or outsourced option. One of the fastest growing agencies in the US, R/GA is digital first, no traditional baggage, great work for Nike, Nokia and others. This trend is not going away.

"Pre and Post Test -ation" - it still astounds us that too many campaigns are developed without clear metrics, and without a pre and post test to measure campaign effect. And by Pre Test, I don't mean artificial LINK and BUY tests, I

mean tracking research that shows awareness and brand image before and after a marketing initiative. This is the lowest cost of research possible (in most countries, it can also be done through online panels) and will pay a critical part in agencies getting paid more for moving the needle (err.....or less if they don't....) "Social-ize-ation" - while it might be all the buzz with the trade press, it's an even bigger buzz with endusers in the region. Imagine Australia now has 35% of the population on facebook. Hold that thought - because QQ in China now has 920 million users (thank God some of them are multiple, or that would include my local noodle store seller) . But beware - social media is now a place where brands must prove they are welcome, not just bang on the door. The best companies are finding the right way to engage - take a look at Coke's Expedition 206 as one great example - <http://www.expedition206.com/>

Anyone who has survived the last twelve months intact deserves full credit and respect. Here's to more prospering through getting paid for results

### **ABOUT R3**

R3 is a consulting group focused on measuring the ROI of marketing and media. We offer independent insight, process and strategies to improve marketing efficiency and effectiveness

Our clients include Coca-Cola, Samsung, VISA, Johnson & Johnson, GSK and Singapore Airlines.

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