

A Long-term client agency partnerships may seem a thing of the past, but those who stay committed often find it a far more rewarding experience. **Suzy Bashford** reports

PROMISCUOUS RELATIONSHIP...

Asia's ad industry is going through something of a mid-life crisis when it comes to client/agency relationships. Just like that all-too-familiar stereotype of the married man who hits his forties then ditches his wife for a younger model, many clients are signing project-based contracts at the expense of longer term partnerships.

Why should this be the case? There are many contributing factors, but the biggest is the effect of the Asian market suddenly rising to such prominence in brands' marketing plans.

"The stakes are higher with growth and globalisation, so relationships have had to become more professionalised," says Chris Harris, managing director at UK-based Leagas Delaney. "We've switched largely from a very practical relationship with a local agency, which was command and control, to valuing what a more strategic and sophisticated agency can bring to the game."

With this elevated relationship status, come new responsibilities. From the client side, Andres Kiger, senior director of integrated marketing at Coca-Cola China, stresses that "speed, efficiency and effectiveness have become even more critical for us to succeed in these challenging times."

The knock-on effect is that clients are shopping around more, checking they are getting value for money from their agency compared to what is available on the market. Often, procurement is now heavily involved in this process too, making agencies prove they are providing bang for every buck.

The involvement of procurement has soared by a staggering 40 per cent in China over the last two years. This is according to fresh research from consultancy R3's biennial study, called R3:GC, on agency relationships, which involves more than 400 face-to-face interviews with marketers. R3 principal Greg Paull attributes the steep increase to the financial crisis exerting more pressure than ever on clients' top-lines.

The global financial downturn has made clients more

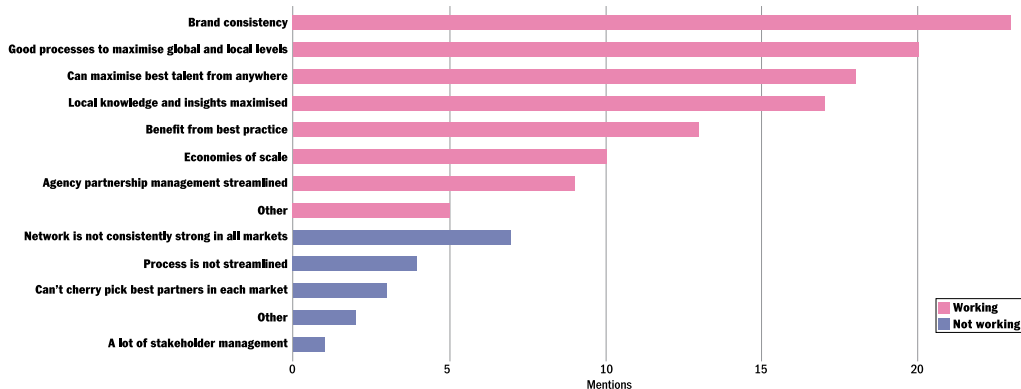


**Relationship
Counsellor**

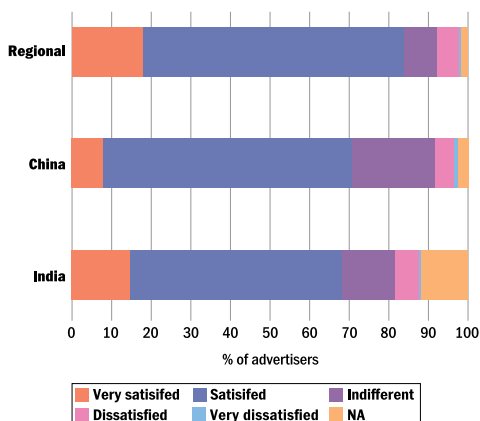


AGENCY PERCEPTIONS The client view across Asia

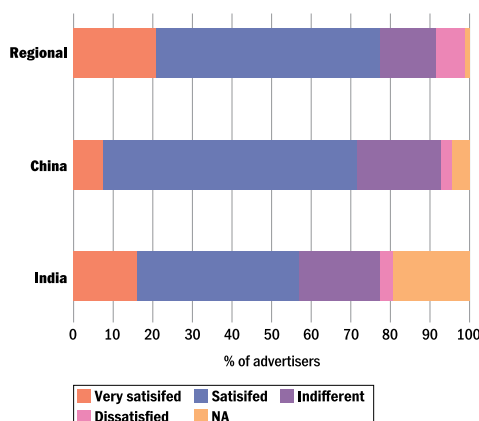
Networked agencies - what is working and what is not



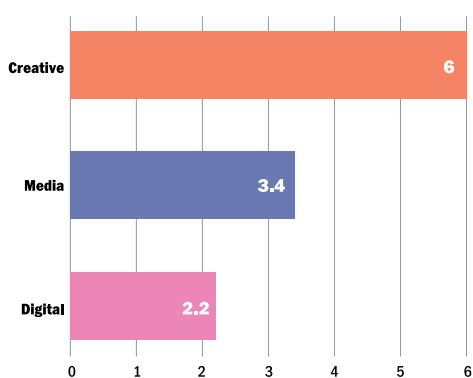
Overall level of satisfaction - creative agencies



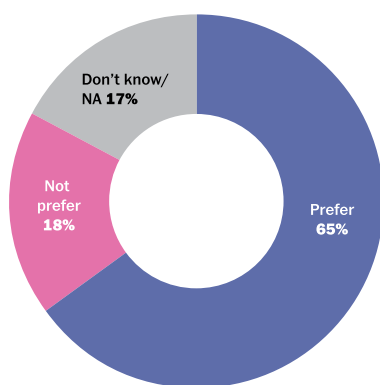
Overall level of satisfaction - media agencies



Average number of agencies known



Preference for digital agency over traditional



Source: R3:GC

promiscuous, as they seek out one-night stands to validate their choice of long-term agency. Many agency heads reference the huge jump in the number of pitches (particularly re-pitches for existing business), the need to perform in the short-term to please shareholders, high client turnover and agencies being squeezed, sometimes unfairly so. Indeed, this promiscuity is borne out by the numbers.

According to R3, the average creative agency relationship in China now lasts only 2.5 years. In India the figure is little better at just 3.6 years. In the US and Europe it is 6.8 years. Paull adds that the situation is even more depressing if you remove the stable relationships of the multinationals, often in excess of 20 years, from the equation.

"When you remove these, the Asian relationship is definitely as short as it's ever been. I often say that agencies are like concubines in China in particular," he says. As well as this, Chinese marketers are increasingly managing more and more agencies, as they turn their backs on the 'full service' option.

This makes it harder for roster agencies to foster close relationships with clients, as they tussle for

SAVE YOUR MARRIAGE...

- 1 Talk it out.** Lack of communication breeds mistrust and is often the start of a downward spiral. Learn to talk and listen effectively and with cultural sensitivity
- 2 Spice it up.** Perhaps the initial chemistry has gone after the first flutter of the love affair? Try changing teams
- 3 Be honest about your capabilities and limitations.** If you're really in it for the long haul, they're going to be exposed anyway
- 4 Give credit where credit is due.** Both sides in a relationship find positive feedback hugely motivating
- 5 Adapt to the inevitable changes that will come your way and try to grow together**



Global accounts... some agencies are able to

attention. It also means there is a growing tendency by clients to view agencies as disposable commodities. Paull jokes that working with many clients in Asia is like going on *The Apprentice*. "You have no idea when and how you might be fired," he says.

Arto Hampartsoumian, CEO BBH China, agrees. "Yes clients are more promiscuous," he says. "And agency turnover is generally a problem, particularly in the bigger agencies."

The fact that many agencies are still paid by commission, instead of fee-based remuneration as part of a retained relationship, is not helping. Fee-based pay is the model of choice in more developed markets, but the shift is occurring more slowly than anticipated in Asia. In India, fee-based remuneration levels are among the lowest in the world, with 56 per cent of clients using a commission approach with their creative agencies. The figure is even higher for media agencies.

With such short tenures, lack of retainers and the inevitable lack of trust in relationships, it's no wonder that R3's research also reveals that Chinese marketers have consistently shown lower satisfaction levels than in nearly every other market. In



transport key global partnerships into Asia, including DDB's campaigns for McDonalds. The agency has worked with the fast-food chain for 39 years

another rather depressing twist, this year's study shows satisfaction levels plummet even further, revealing that promiscuity doesn't pay off.

Chinese marketers are particularly dissatisfied with digital agencies, especially their evaluation methods and way of working. This is probably because marketers feel least confident about this growing area, shown by the fact that 92 per cent want more training in this specialism. But digital is not such a concern for all Asian markets. In India, for example, the provision of digital services by their creative agencies rates as the lowest in the priority list for marketers, with 30 per cent still handling digital in-house.

While it is true that there is a new focus on the short-term, it's also true there are still some very strong relationships in the region. Unilever, Procter & Gamble and Coca-Cola, for instance, have all seen their businesses flourish off the back of stable and balanced relationships.

"The people that have it right attract better agency talent, better marketing brains and usually better ideas," says Paull. "A great client/agency marriage will always achieve more than having

"Speed, efficiency and effectiveness have become more critical"

Andres Kiger,
Coca-Cola

freelancers darting in and out of your business, second-guessing your business objectives. Coke, P&G, Unilever and others who invest in long-term partnerships have much higher agency consistency and loyalty."

As in any marriage, clients are looking for a partner who really cares and is not afraid to show it. Agencies who have held on to business for extended periods repeatedly talk about how they eat, breathe and sleep the brand. Success stories come from 'immersion' techniques: such as when P&G put their agency teams through rigorous training courses on their business strategy and marketing disciplines; or when McDonald's insist ad teams work in a store flipping burgers; or when Coke and Unilever send their agency partners out into the sales field.

Paul Pi, vice-president, marketing, adidas Greater China, says clients generally could do "a lot more to really engage their agency partners into the company's strategies and business goals."

At adidas, he is always interested in finding new ways to involve his agencies, as well as bring his various agencies together, so they are all working towards the same goal.

MARRIAGES MAKING IT

Coke & Red Lounge:

Red Lounge is the agency collaboration model launched by the brand in China, with R3's help, in 2007 for the Olympics campaign. Kiger says the model is still working well and agencies are invited to join the concept on a case-by-case basis.

Lowe & Unilever: This global relationship recently celebrated over 50 years together. The India collaboration is the longest in the Asian network, dating from 1939.

BBH China & Johnnie Walker: This relationship is now over five years old.



Long-term... commitments can still be found

That may not seem very long on the face of it, but this account is as old as the agency is, and the famous whisky brand is one of BBH China's founding businesses.

DDB & Various: DDB has carried a number of its global relationships over to Asia: Working with Volkswagen for 50



The Volkswagen Teaming



Volkswagen, DDB... together for half a century

years, McDonald's 39 years, Philips eight years and Johnson & Johnson 23 years. Campaigns include the 'Cheer for China' Olympic work for McDonald's.

Grey & Procter & Gamble: have been working together globally since 1971. A year later, Grey picked

up the GSK account, which it also still holds and handles globally.

TBWA & adidas: have been working together for more than eight years in Asia-Pacific. Key work includes the Olympic campaign for China, which won a Gold Lion at Cannes, the first ever Gold for mainland China.

Johnson & Johnson client Ellesha Kirby, regional franchise director, beauty care, agrees that this kind of immersion leads to better outcomes: "Always the benefits of a strong client/agency relationship are in getting the best work that is creative, beautiful and brings a new level of insight and intelligence to the strategy."

Nirvik Singh, chairman and CEO of Grey Group Asia-Pacific, recalls his experience with client Dunlop. "The joy of my weekend was counting tyres on the street, going to the factory and seeing how tyres were made. That built up immense trust."

However, keeping a global client happy is getting harder (see box). Singh points out that often agencies lose business because they are not able to gauge the temperature correctly. "You need to read the client correctly and there comes a point in any relationship where you may have to sit down and clear the air. You can find ways to be direct in Asia. It depends on where and how you have that conversation."

Kiger believes the agencies that will successfully hold on to key accounts will be those that "create, co-create or adapt. Agencies we want to work with on a long-term basis are those with the capacity to adapt to assignments and put the same amount of energy and drive into projects, regardless of the roles being solicited," he says. "A lot is changing and the 'traditional' roles between agencies are getting more and more blurred. Cooperation between otherwise competing agencies is sometimes difficult to achieve."

Hampartsoumian argues that while agencies need to show clients more love, they also need to have a firm vision. "You have to show clients you really care about the brand," he says. "Be honest. Have a point of view, and stand up for it. Don't play the 'suit' or the 'ad man'. Clients can see right through that."

One changing relationship dynamic causing unrest seems to be the growing ascendancy of the media agency. According to R3, 41 per cent of marketers see media agencies leading the communications process now. Inevitably, this is putting some creative agency noses out of joint.

Mike Cooper, global CEO of PHD Network, argues that media agencies are better structured to

WHERE DID IT GO WRONG?

Lowe/Johnson & Johnson In August, Lowe and Partners lost J&J's US\$20 million global baby account to BBDO, after holding it for almost 20 years. Asia was seen as a major consideration in the pitch. Lowe had been delivering some of the brand's strongest work in Asia. It had masterminded J&J's involvement with the 2008 Beijing Olympics with impressive results and managed to significantly limit damage following a product recall in 2009. Its efforts had even been lauded at the J&J internal awards. But despite all this, the agency still lost the account.

How? Lowe declined to comment, but sources close to the agency say that relations with senior management had been deteriorating for quite some time before the pitch was actually called.

What can be learnt from this tale? If a regional operation is to be successful, then it shouldn't be too reliant on any one global business; accounts can be pulled from under your feet at any moment with little notice.

help clients negotiate the constantly fragmenting media landscape. He explains that in PHD's China operation, it has a department dedicated to creative channel planning, to link creative thinking with media planning and buying strategies across all media channels. "It's this ability to offer clients control that is changing the nature of relationships media agencies have with clients," says Cooper, adding that one PHD China client has even asked the agency to help pick a creative digital agency, such is the level of trust between them.

Another deal-breaking agency dynamic which affects relationships in Asia is the balance between local and expat talent. iris Worldwide's regional CEO for Asia-Pacific, Josh Thomson, argues that getting this mix right is one of the "keys to a long-term relationship".

"We actively 'manage' this balance at iris, as it can be difficult. In the early phase of our development we relied on expats but, as we mature, employing local talent is more and more important. In our Indian operation, for example, there are no expats at all," he says.

The problem with expat talent, according to Thomson, is that it can be transient and lack the necessary cultural understanding. With clients feeling so promiscuous at the moment, iris doesn't want to leave anything to chance.

However, despite the current frisky fickleness of clients, most agency heads are optimistic that clients' collective mid-life crisis will soon blow over. Like many a married man waking up after a one-night stand, they will soon yearn again for the cosiness and comfort of a long-term marriage. While the courtship and honeymoon may be exciting, there is nothing quite like someone who knows you well — warts and all.

"Long-term relationships allow us to better understand each other's strengths and weaknesses. There's no steep learning curve or wasted time 'courting' to impress. Agencies and clients can then concentrate all of their energy identifying challenges and finding solutions," says Kiger. "The danger, of course, is a relationship going stale. All parties need to ensure that every day is seen as a new day and that every assignment is as challenging and as exciting as the first one." ■