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...intelligent new business

The Intelligent New Business Survey 2007
(150 U.S. Marketing Decision-Makers)

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Executive Summary

The Intelligent New Business Survey seeks to understand how marketing communications agencies should best engage with prospective clients for the purpose of winning new business. We polled opinion from 150 US corporations regarding three areas where accurate insights are critical for agencies to be successful with new business activity. We put a series of questions to marketing decision-makers to confirm: (1) what prompts them to search for a new agency, (2) the most effective ways for agencies to engage with them, and (3) the reasons they choose one agency over another.

Our method was to contact senior decision-makers at major marketing spenders, using a mixture of telephone calls and emails, throughout March and April 2007. We then gathered statistical and free text data from them via an email form. The sample group comprises decision-makers with remits across the marketing spectrum, including: advertising, PR, design, research, experiential, promotion, digital, media and direct marketing. Decision-maker titles range from brand manager to VP marketing and CMO.

The findings reveal sharp contrasts between what marketing agencies tell us and what marketing decision-makers are telling us. These have enabled us to make some straightforward recommendations for how agencies might alter their approach to become more effective at new business: -

- In the main, clients don't feel that size matters, but in the main agencies do. **Agencies should not sell themselves so vigorously on size, neither should they worry so much about size being an issue.**
- The majority of clients (83%) don't feel geographical location is an issue – many agencies think it is. **Agencies should not overly worry that their physical location will prevent clients from buying a winning solution from them.**
- 85% of clients don't feel agencies prepare enough – many agencies don't invest much in this area or prefer to fire from the hip – which looks cool, but you can often miss. **Agencies must invest more in effective intelligence on their prospects.**
- Most clients (75%) are buying solutions to their business problems - most agencies think the client is looking for advertising, or PR, or design or whatever other silo fits their model. **Agencies should present a solution, not a discipline.**
- Clients want agencies to be far more proactive – most agencies like to sit in the bunker. **Agencies should proactively reach out to the brands they want to work with.**
- A major trend, and one which will undoubtedly impact on all marketing communications agencies depending on how prepared they already are, is the increase in demand from clients for better customer insights. This tallies with our own experience – the improved new business performance of agencies that embrace this point speaks for itself. **Agencies should develop keener customer insights and communicate these energetically to their prospect-base.**

The Responses

1. What prompts you to search for a new agency?

We asked about the triggers that would cause an organization to look for a new agency and not surprisingly 'a drop in creative quality by the incumbent', provides the most dramatic animus for review. 99% of respondents said this would either definitely (48%) or might (51%) prompt them to look for a new agency. Also unsurprisingly, 87% said a breakdown in chemistry would, or might, prompt a review.

('Never underestimate a change in a key mid-level account person. I have called for full agency reviews if a Senior Account Executive or Account Supervisor that I have respected has left the agency.')

Interestingly however, ahead of 'chemistry' as a trigger, 93% of decision-makers said that if they noticed a lack of strategic thinking that this would cause a review. We have noted the growing importance of failure in strategic thinking to prompt a search or review over the last ten years.

We've often wondered about the nature of many compulsory (often annual) reviews – and that in certain circumstances they appear rather cosmetic. The survey reports no statistical advantage one way or the other for this as a search trigger. 47% said it might prompt a search for a new agency, but 48% said it would have no effect on arrangements. It simply depends on the organization.

Similarly, with changes to ownership or the structure of an agency, 41% thought it would prompt a review, yet 40% thought that it would not. 13% of respondents said they would *never* be prompted (the highest score in this category) to look for new agency support if there were a change to the incumbent's ownership or structure. This underscores that clients are used to changes at their agencies and are focused on delivery rather than the politics or (reasonable) modus operandi behind the delivery.

('My agency should share the same views & ideals as I hold.')

A notably high 73% of decision-makers say that in order to stay abreast of 'new thinking or emerging marketing channel / disciplines' that they would, or might be prompted to, look for new agency support. 15% would *always* be prompted to look for new agency support if there were new disciplines emerging, whatever the circumstances. The continual reinvention and fragmentation of the marketing support sector serves this requirement. Innovative thinking and presentation is increasingly critical for agencies to cut-through and be perceived as in touch. If you're in the forefront of a particular discipline you should also exploit this phenomenon by being as proactive as possible with your new business outreach.

When decision-makers require additional support for a new project, 67% of them look for a new agency. In theory, there are many opportunities for agencies to get the attention of spending brands. Irrespective of the hold of the incumbent, one important way for agencies to make a new connection is to monitor the media for indications of potential marketing activity at corporations. If the approaching agency can make a focused case for excellence for a niche deliverable, they can often get on board and compete fair and square for share of new budgets from there.

('If I'm in a new job then I want to see what options are available.')

20% of decision-makers say when they start a new job that they review almost immediately, with the majority (53.4%) doing so within a year. It has always been a good time for agencies to approach decision-makers new to the job but these figures are higher than we expected. The simple mistake most agencies make however is to send them generic credentials. It is far more effective to contact them first, understand their agenda and then submit a tailored document or even outline proposal. Doing desk research, or using Hoovers or Factiva etc. is not very helpful, as in the majority of cases there'll be a bit of a shake-up coming and you'll be basing your approach on old or irrelevant news. We'll look at what decision-makers have to say about generic approaches later.

Blurring the lines between traditional disciplines and fragmenting out of new ones, 31% said they decide from experience which type of marketing discipline will solve their challenges, but 62% invite agencies to show how they would solve the specific business problem regardless of marketing discipline. This latter statistic bears out the fact that it is not what the agency does or even how it does it that matters - the old distinctions are continuing to dissolve. Rather, it's the output for better understanding of consumers

and then affecting their behavior that truly counts. The best thing an agency can do to engage with a decision-maker is to put some thought into how its offer can solve a particular company's business challenges.

(‘I select agencies on their market successes – pure and simple.’)

We asked how people go about selecting agencies when they issue RFI/RFPs. Most select from those they've worked with in the past, but the majority also said they keep relevant approaches from agencies 'on file' (which is not in this case a euphemism for throwing them away) and issue briefs to them directly. The key here to standing out from the rest of the pile is to maintain the relationship via a series of distinctly branded communications, that outline how the agency can solve that specific organization's issues better than anyone else.

(‘Personally I feel RFP's are a waste of time with limited ROI. Typically I will invite 3-5 agencies to present after giving them a brief on what we're looking for.’)

2. What is the most effective way for agencies to engage with you?

(‘Don't try to sell me on a case study for a business that isn't directly related to me.’)

We asked how likely the decision-makers would be to respond to, or follow up on, a range of different approaches. A very high 92% said that they might respond if the agency had produced some research or insights into their category. 85% said they would respond positively if the agency wanted to inform them about a recent case study in their category. They point here is of course is in 'their category'. This fits very much with the anecdotal evidence that decision-makers are only really interested in thinking and experience that directly affects their world. Further, as only a minority will have a reasonably current and compelling case study in any specific category, the majority of agencies will benefit from developing research based insights into the category that want to penetrate instead.

(‘Results first and foremost. If they're not there, and the team cannot resolve the issue in an agreed period of time, we'll look elsewhere.’)

75% said they might or would definitely 'follow up' where an agency wanted to pitch a solution relating to one of their current business challenges. Obviously it depends how appropriate the solution being speculatively pitched is, but the survey shows that decision-makers are getting ever more open-minded. A few years ago, for many, the marketing budgets, the marketing plan and the traditional agency roster to support it, were set in stone. Increasingly, the best partnership for the pressing business issues of the moment is sought, irrespective of discipline. The longevity of a new agency relationship then simply depends on its ability to keep delivering, every time. The less flexible, imaginative and strategic its approach, the less likely it is to remain in a long-term relationship with the brand.

If an agency wants to promote the fact it's won an award, then 23% said they would be unlikely to respond to this. The majority of those polled (55%) said they would never respond to this type of approach. We learned that decision-makers are a little cynical about the objectivity of awards and levering them for marketing purposes. Self-promotion is only appreciated if it helps to publicize a relevant solution to an organizations' agenda. This contrasts with the instincts of many agencies we work with, who think that column inches in the trade press are importantly. This may well be the case for the purposes of internal consumption, investor relations and recruitment etc., but for the purpose of new business...the marketing decision-makers disagree.

(‘Blind calls are almost never effective. In fact, the wrong pitch can be detrimental.’)

A sizeable 42% said that they evaluate approaches based on the skills of their telephone representatives. There was a slight numerical advantage for agencies based on the quality of their direct mail, but not as much as we were expecting. When given four choices for manner of approach and the opportunity to rank these from 1 to 4 as preferred manner of contact, 50% rated email their first preferred route. With a telephone call and networking both ranking 2nd highest preferred route. Direct mail scored fairly low, circa 30% and rated for most as only 3rd or 4th choice.

A large majority of respondents (82%) dislike cold calls because of lack of understanding of their situation or irrelevance to their needs at that time. Pushy telephone pitches that rely on force of personality and chutzpah are viewed as an irritant, tending to have the negative effect of harming the approaching agency's brand.

Where an agency cold calls the respondents after reading about a review in the press, 61% said they'd be very unlikely to respond. The reason is that in 9 out of 10 cases the decision has already been firmly made by the time the press gets it and / or the press report is inaccurate so that the imagined basis for the approach is unfounded. This confirms the point that press-monitoring and desk research alone is insufficient to enable effective new business prospecting.

(‘Find out who I know and use them to get to me. Networking. Small talk first, but move to content quickly (within 3 minutes).’)

79% said they might follow-up on an approach at a recent networking event, with 24% unlikely to follow up. This highlights the importance of U.S. agencies continuing to invest in networking opportunities. It's a far more significant aspect than in the UK, where although 10% of decision-makers regularly attend networking events that feature agencies. However, only 2% of U.S decision-makers regularly engage in 'speculative one-to-one' networking.

(“Being wined and dined... I think it’s a bit superficial. I just want people I can rely on.”)

Further to the trigger for a search mentioned earlier, where decision-makers wish to stay abreast of latest marketing disciplines and offerings, where agencies 'possess a new marketing approach or unusual take on solving marketing problems' - 53% might want to find out more. As a manner of engagement then, if agencies can access the decision-maker, having a different proposition will enable them to make progress, most of the time.

(‘Learn the company’s business and what’s important to them before you talk about yourself.’)

We wanted to know how prepared agencies were before they made approaches and how important this was to the respondents. 61% thought the majority of agencies that approach them have not done *any prior research* on their company. 85% thought the preparation was 'only very rudimentary'. In fact, the majority strongly agreed with the statement that 'agencies rarely possess enough knowledge of my company to make their unsolicited approaches worthwhile'. 75% said they wouldn't respond to an approach if there were a lack of understanding about their particular business challenges. So clearly if agencies want to be successful they must be prepared to do their homework and not just fire from the hip.

(Q. How valuable do you find agency 'thought-leadership' pieces on general issues affecting your category? A. ‘Mixed. Only about 5% are valuable (and they are truly valuable) and the rest are total garbage.’)

We looked at the rise of 'thought-leadership' marketing collateral in terms of building agency profile and supporting brand positioning. 38% felt that they were 'very valuable'. 'They add a new perspective to solving my business challenges.' 30% felt them 'fairly valuable'. However 23% think they are 'not valuable at all' - in the main due to limited understanding of particular business challenges. This suggests that many agencies understand the point of thought leadership but that they are either not expending enough effort in the creation of compelling pieces, or alternatively they are not using them in the right way. That is that they should be forwarded only to the absolutely relevant portion of the agency's new business database.

(‘Be specific, know my business and be smart about what you say.’)

Looking in more detail at the reasons decision-makers declined to follow up on agency approaches, we learned 67% would not, or would be unlikely, to follow up on an agency approach if the agency got their contact details wrong (name, job title, address etc.). Only 16% didn't think this mattered. Attention to detail then is as we can see - especially if one is pitching oneself as an expert in marketing communications - paramount. Contact data should be same-day or freshly researched just prior to using or the agency risks wasting resources, or at worst risks damaging its brand. Taking into account HR churn in all areas of marketing departments, utilizing the accuracy of data commonly available in the

U.S. (as long as a 4-month / 120 day rolling cycle!) is in our opinion way too risky. In the UK the average is less, cleaned on a 2-month cycle, but this is still too high. In our experience, 2-week old is the max cleaning cycle we would feel comfortable about using for our clients' brands.

57% wouldn't follow-up on an agency approach if the marketing subject fell outside their specific remit. The only way you're going to know this is to speak to them. Again, desk research will provide insufficient clarity. It is increasingly unlikely that decision-makers simply handle one or more of the old marketing silos: PR, advertising, design etc. The blunt categorizations of data list brokers encourage this mistake, so you must check each remit carefully with the decision-makers.

On the significance of geography, very interestingly, only 17% felt they wouldn't respond if the approach were from an agency outside of their state. Most were neutral about this, though 33% did 'slightly agree' that this would factor into their evaluation.

(Q. What other factors would stop you following up on an agency approach? Answer sample 1. *'Negative reviews from trusted sources.'* Answer sample 2. *'Boilerplate proposals'*)

On this question a very notable 92% agreed that they 'evaluate approaches from agencies based on the relevance of their approach to my current needs'. You would think this is obvious, and yet the majority of free text comments on this point are complaining about the lack of tailoring and of relevance. In our view the problem is that although agencies understand the importance of making their approaches relevant, if they don't have accurate intelligence into what the decision makers are actually thinking then how are they going to achieve this?

Just over 50% neither agreed nor disagreed with the statement 'I evaluate agencies based on their size.' So size it seems is relatively immaterial. Our respondents want to work with whoever can deliver, which notion ties in well with the fact that in the modern marketing landscape, organizations are increasingly looking for large effect from modest outlay.

Nearly 50% 'slightly agree' that they tend to be approached by the same agencies again and again. The agency market is made up of those that practice proactive prospecting and those that don't.

(Q. "If you were an agency new business representative approaching you, what advice would you give?" Response sample 1: *'Don't bother - Wait til I have a need.'* Response sample 2: *'I'm looking for creativity, flexibility and value for my marketing dollars.'*)

On search consultants, 23% say they do or would use them, but what appears to be a growing number, and reminiscent of the trend in the UK, 69% say they would never use them. Anecdotally, there are questions of conflict, trust, backhanders and double dipping, which may explain some of this. Recently a search consultancy in the UK set up in conjunction with a major news portal. The proprietor of the search agency neglected to tell the portal that they also owned an agency network! Further, only 16% of U.S. decision-makers said that in their experience search consultants have been effective. 24% use member directories or trade organization websites such as www.aaaa.org and we can surmise that this might be the same group as those that use search consultants. However, 54% never use them. 23% find them fairly effective, a similar number to the 25% that find them fairly ineffective.

46% rely on recommendations about agencies from colleagues (our survey of UK decision-makers shows this to be the most important factor when they search for a new agency). 62% of U.S decision makers rate this as 'fairly effective' or 'very effective' in their experience.

(*'A combination of sources usually work the best.'*)

As effective ways for agencies to engage with organizations, the column inches in the trade press and advertising influences only around 2% of decision-makers. 77% never refer to press or press-based information such as league tables for example, to assist their search. Those conducting their own research from scratch via Google, or similar starting points, are still a relatively small group at just 7%. This demonstrates that agencies should 'get out there more', make more direct contact, and that they have an opportunity to be more proactive.

3. What are your reasons for choosing one agency over another?

Though 'chemistry' and 'strength of creative work' scored highly by the categories 'highly significant' and 'fairly significant in my decision', interestingly 100% of the respondents rated quality of customer insights under both these categories and customer insights gained the top scores for being 'highly significant in my decision' (58%). Quality of customer insight is becoming more and more critical to brand marketing support as marketers aim to remove as much of the guesswork as possible.

Strict adherence to the brief was rated by 25% as 'fairly insignificant', but 75% thought level of client service in terms of speed and responding to ongoing needs, as 'fairly significant'. Flexibility is what the decision-makers are looking for here. It's not so important to stick to the brief, it is important to be fleet of foot.

Ability to control costs was also rated very highly. Less important in the choice, echoing the questions about preferred manner of engagement, were the agency's size, geographic location, and its client list. A clear case for ROI, a flair for innovation and creative thinking as you would expect scored highly too. The polling group rated them by order: -

1. Quality customer insights	7. Case for ROI
2. Chemistry	8. Client list
3. Creative work	9. Strict adherence to brief
4. Service level / response to needs ongoing	10. Seniority of account team
5. Cost control	11. Location
6. Innovative / strategic thinking	12. Size

Conclusions & Recommendations

(Q. What advice would you give agencies wishing to approach you? A. *"Opportunities to work together should be driven by my needs and not the agency's. Don't sell, listen!"*)

There is a noticeable gap between what the agencies tell us and what we hear from the agencies in many important areas. These have enabled us to make some straightforward recommendations for how marketing agencies might alter their approach to become more effective at new business: -

- In the main, clients don't feel that size matters, but in the main agencies do. **Agencies should not sell themselves so vigorously on size, neither should they worry so much about size being an issue.**
- The majority of clients (83%) don't feel geographical location is an issue - most agencies think it is. **Agencies should not overly worry that their physical location will prevent clients from buying a winning solution from them.**
- 85% of clients don't feel agencies prepare enough – many agencies don't invest much in this area or prefer to fire from the hip – which looks cool, but you can often miss. **Agencies must invest more for effective intelligence on their prospects.**
- Most clients (75%) are buying solutions to their business problems - most agencies think the client is looking for advertising, or PR, or design or whatever other silo fits their model. **Agencies should present a solution, not a discipline.**

- Clients want agencies to be far more proactive – most agencies like to sit in the bunker. **Agencies should proactively reach out to the brands they want to work with.**
- A major trend, and one which will undoubtedly impact on all marketing communications agencies, depending on how prepared they already are, is the increase in demand from clients for better customer insights. This tallies with our own experience of the success levels of agencies that deliver this, and the improved new business performance of agencies that embrace this point. **Agencies should develop keener customer insights and communicate these energetically to their prospect-base.** Not only will they increase their chances of winning work, they will also be able to better evolve the relationship and hold on to the account moving forwards. Proximity to the mind of the customer is critical.

And Finally

Though a sizeable amount of research is available on the pitching and review environment, largely from search and selection intermediaries in a position to analyze their own data, the gap between what clients and agencies perceive as valuable in key areas of proactive prospecting, indicates more research work is required. However, what this survey does underline is that if agencies present themselves in the right way and are tenacious enough to get through the voicemail, 'out of office' replies and over-protective PA, that decision-makers are quite happy to talk and to answer questions about their agenda.

Agencies should certainly never give up too quickly or be afraid of talking to prospects from cold. If they just send an email and hope for a response back, then they're only dipping their toes in the water. Clients want to be properly engaged, not wade through what might be perilously close to being designated 'spam'. We learned that clients prefer email when their business is likely to generate short-term project-based work and that a scattergun approach can yield dividends in these circumstances. However, where the client requires more strategic support, the prospecting approach by the agency needs to be commensurate - combining great intelligence, good preparation and a proactive human being on the other end of the phone.