

A GLIMPSE INTO THE AGENCY OF THE FUTURE

WHAT IS THE AGENCY OF THE FUTURE? WHAT WILL IT LOOK LIKE? WHAT KIND OF CLIENTS WILL IT HAVE? AND HOW WILL IT GET PAID? WILLIAM AND SANGEETA LEACH PONDER THE BIG QUESTIONS.

Discussions about the future of the industry are occupying agendas in industry forums. Interestingly, most of these debates end up in skirmishes about new models versus old and get stuck at the *impasse* of getting clients to pay for the true value of ideas.

The mood, in general, seems to be that the future of advertising is bleak and the ad agency, as we know it, is about to be relegated to a museum piece.

The crux of the issue is not about whether the old model is dead, or even which model best represents the agency of the future; it is about recognising that the time has come for a paradigm shift. We need to think about how the industry can evolve to meet the needs of a changing client and consumer landscape. We need to shift the focus from media and delivery mechanisms back to someone who keeps getting ignored – the consumer.

We've spent the better part of a year analysing the industry, the views of industry bodies and agencies, and initiated a series of "conversations" around the globe on what these new paradigms might be. We've visited a number of agencies in London and New York that are doing things differently (CHI, Fallon, Kitcatt Nohr, Anomaly, Droga5, RGA and Naked, to name a few) to test our hypotheses, discuss our thoughts and share ideas.

In the first of a series of articles on the agency of the future, we take a look at another person often overlooked in the debate – our customers, clients.

The agency of the future needs the client of the future. This sounds obvious, as many phrases that simplify issues do, but it is key.

In the current environment, clients claim not to be getting what they want and agency margins suffer as a result – it is a lose/lose situation. Add to this the fact many established clients and agencies are structured *not* to change and you get to the old adage "agencies have the clients they deserve and clients have the agencies they deserve", which is both a good and bad situation.

The consumer landscape is changing. The increasing power of the consumer, demonstrated by the Nike sweatshop problems of a few years ago, and *Time* magazine's

recent decision to make "You" the person of the year, is one aspect of this changing landscape. Another is the plethora of communication vehicles with which to reach the consumer, from social networking sites to mobile mini-series.

The internet is another example of the changing landscape challenging clients. Despite a considerable number of businesses in the US conducting as much as 15% of their business online, few spend even 1% of their sales revenue on the medium – they'd rather sink a million dollars into a TV production than into this "unproven" medium.

This change is both a threat and an opportunity for clients. As one agency leader we spoke to said: "Clients are excited and paranoid."

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And this represents a great opportunity for the agency of the future. An opportunity to engage clients in new ways; to reinforce the excitement and take away any paranoia by adding real value through consumer understanding and across-the-board creativity.

We have perhaps been victims to the stimulus-response theory. As long as briefs have kept coming with a standard requirement for ads, and agency contracts are signed based on head hours, things are unlikely to change.

So we need some trail blazers. We need some strong agencies to lead clients into this exciting new world, to be proactive rather than reactive partners, and we need more exciting clients such as Nike (take a look at Nike+), Virgin (which is sharing with its agency the profits from the sale of branded items designed by the agency) and Red Bull (which "engages" an average of one million people at each of its Air Race World Series events) to



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challenge the agency of the future to even more imaginative ways to engage their customers.

And it isn't only the "trendy" clients who are waking up to this new reality. Procter & Gamble is investigating new remuneration models, Unilever is reconsidering its "infrastructure-led" approach to agency engagement and, recently, J&J surprised more established media and creative agencies with the appointment of Naked.

What should the client of the future do? Encourage their agency to put the consumer "upfront" in the process. Reward agencies that build a client's business through thinking about where and how the consumers of today gain their knowledge and experience of their brand. Then create imaginative ways to engage them, rather than the media channel-led approach of today.

When agencies are rewarded for the work they do, and the results they get, rather than the time they

spend or the number of people they employ, expect an inspiring and rewarding partnership.

This will have a flow-on effect of agencies structuring better and being motivated to get back to the business of – to steal a great line from Kitcatt Nohr in the UK – "Creating work that makes people do something they've never done before and then keep making them do it over and over again – while telling all their friends."

And here's a final thought for the budding agency of the future: There should be no question of "taking the money" from clients good for the bottom line, but unwilling to partner the agency in embracing the new world – long term it undermines the reasons the agency brand is attractive. Try to attract clients that build the agency brand and reputation as well as its business. <

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