



An Incentive to Use the Right Strategy

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To stand a better chance of winning a pitch, promotions and incentives agencies should not be overly creative. Instead they must demonstrate sector knowledge, good strategy and be ready to question the client's brief, says Paul Gander

Above-the-line advertising budgets may be the worst affected by the downturn, but all marketing budgets are now beginning to feel the pinch. Promotions and incentives agencies are once such sector experiencing leaner times. This makes the hunt for more opportunities more challenging, and requires greater effort to convert a lead into firm business.

Half the battle, believes Maritz director of new business acquisition Graham Burt, is knowing where to look. He says: "Some sectors are more buoyant than others. With IT and telecoms companies at the moment, the question is usually: 'What tactical business can we pick up from the reduced budgets available?' But other industries, such as automotive and financial services, are still spending and a promotions agency looking for new, long-term business would do well to focus its attentions here."

The automotive sector provides at least one recent example of success for Maritz. The company helped Renault launch a strategy with its dealerships for two new luxury car marques. Positive determination and creativity were not enough here. Burt says: "We demonstrated that we understood their business and the fact that it would be a major challenge to convince the dealer network of the wisdom of going into luxury cars. We had to give those dealers a reason to buy into this."

Winning business

If this clear understanding of the negatives as well as the positives helped Maritz to win Renault's business, so too did the agency's willingness to go beyond the original brief. This included developing training modules and putting together a field team to reinforce the client's message.

So what are clients like Renault looking for when they sit down for a first meeting with an agency? Jonathan Posner, vice-chairman for agencies at the Institute of Sales Promotion (ISP), believes that clients are looking for sector experience, great account service, impressive creativity and evidence that the agency can think outside the box. However, in his role as group account director at Geoff Howe Marketing Communications, he knows that creativity on its own can count for little – especially at the pitching stage. He says: "Agencies should confine their initial creativity to the way they approach and engage the client to get the brief."

Existing clients can also be a valuable source of new business. Maritz began working for Barclays on staff incentive programmes for its high street banks, and stepped into the shoes of a competitor agency. This achieved



good results for Barclays, and the programme was extended into the business banking and off-shore side of the bank's activities.

Burt says that new business also came in the form of increased communications work such as conferences and brand internalisation.

Whether dealing with prospective or existing clients, talking to managers at the highest possible level is clearly important, if for no other reason than that more junior figures may not be the final decision makers.

Making contact

With a Europe-wide network of promotions agencies, including Dialogue in the UK, the Ogilvy Group is as attuned to the promotions and incentive market as it is to any other. Group development director David Muir underlines the benefits of maintaining more senior client contacts among larger multinational businesses such as Unilever, Kraft and Nestlé.

He says: "Every big multinational of this type is reviewing its sales promotions strategy constantly." This is one area where Dialogue has done particularly well. He adds: "You'd think the relationship might operate further down the food chain; but promotions are important for packaged goods companies, and people are willing to give agencies more airtime."

Posner at the ISP is well aware of the benefits of establishing contacts at as high a level as possible in the client company. He says: "It is not surprising that if they are impressed with your work you can be directed down the other side of the pyramid."

For Muir, the pitch for a promotions and incentives agency is little different from tendering in other areas of marketing, above or below the line. When the pitch is prompted by the need to promote a new product or service, the process can be stressful enough for the client. However, when the client fires an agency for a job poorly done, the pressure to choose well second time around is even more intense, he says.

Muir adds: "Clients increasingly buy people supported by an agency, rather than an agency supported by people." The finest credentials and reputation on a company level may cut little ice with a client, while understanding on an individual level not only helps to win pitches, but also to secure new business when client contacts move on.

Budget chasing

Burt believes there are differences between a pitch for promotions and incentive specialists and other types of agency. He says the trend over the past couple of years has been to reduce the size of marketing budgets to allocated at the beginning of the year, leaving the client's marketing department chasing one-off budgets for a far higher number of projects.

But this general trend has been accentuated even more with promotions, he believes, where budgets have always been generated on a more tactical basis.

Advertising and direct marketing spends may be suffering as a result of the downturn, says Burt, but they are still more likely to benefit from strategic thinking and longer-term budgeting. Three key areas of experience for Maritz – promotions and incentives, communications and training – on the other hand, are finding tough times made tougher by this tactical approach. Burt says: "We're having to put a really strong case before the clients are willing to commit. They want a real bang for their buck."

Burt believes that clients may want to see how the costs and benefits balance out even at the pitch, but this can be made particularly difficult if no information is given as to the size of the budget. When this happens, as is increasingly the case, it may be because the client contact themselves do not know. Burt says: "Often they will brief us on an initiative before they've even got a case together for a signing off on the budget."

Finding out whether the brief is a serious one can be difficult, says Burt, but if it comes from buying, that is a good sign. Agencies have to

ask fairly blunt questions, he believes, to ascertain whether the contact is the ultimate decision-maker, whether the budget has been singed off, and whether there are any circumstances in which this would not happen.

Posner agrees that clients searching for promotions agencies are becoming both more hard-nosed about return on investment and more reticent about the financial background. He says: "They are asking, 'What's the payoff?' But it is difficult to give them the answer, if they don't let you have access to the financial information you need before the pitch."

But ISP sees more evidence than Maritz of strategic thinking among users of promotions. Posner says: "Clients are starting to recognise the value of promotional work in the longer term. There is a mix between clients working tactically and those taking a more strategic line."

Again, he returns to the idea that creative thinking on its own has limited value: strategy has to come first. "Once they have the strategy pinned down, then they can excite the client with their creativity," he says.

Posner believes that excessive creative zeal can simply be inappropriate. He says: "the pictures-on-paper type of creativity need not be new and innovative; it just has to be right for the market."

Thinking ahead

Going into an agricultural supplier with the latest hi-tech ideas may simply be misguided. But even this potential client is likely to be searching for an agency that thinks several steps ahead. Posner says: "The gift or the incentive has to come from a sound strategic basis. There will always be the exceptional brief where they just want good ideas and no strategic thinking, but it's rare."

As ever, the smaller agencies set great store by their agility in dealing with clients. Direct marketing specialist Fwd is itself a user of promotions, and believes it operates in a similar business climate to other below-the-line agencies. "It's a question of moving quickly and being seen to move quickly, but without seeming desperate," says managing director Steve Paterson, adding that speed of response must not detract from the quality of work provided.

With any kind of creative and strategic marketing, there is a balance to be struck between the client's preconceptions and the agency's experience. Paterson says: "If you're dealing with decision-makers, they want to work with people who challenge their ideas." Burt at Maritz puts it slightly differently: "You must always answer the brief, but where possible, you should also challenge it and go beyond it."

Martiz's new business with Barclays and Renault proves that as long as any additional agency input demonstrates a thorough knowledge of the client's business, and shows clear strategic thinking, doors will continue to open and pitches will be won.