



the intelligent new business survey
2010

New Business in the New Economy

The Intelligent New Business Survey 2010:

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Introduction & Methodology

In recent years, our survey has been shaped by agencies, who we've asked to nominate the questions they wanted us to pose to decision-makers. The results have not only helped to inform the new business strategies for such agencies, but have also spawned a series of further debates that we've hosted on topics such as procurement and digital client development.

This year, we've focused in on the questions we're most frequently asked when we do our own new business. Several of these relate to the new economy and how it's affecting the way people buy marketing services. Another question that is consistently asked of us relates to the inclusion of social media in an agency's own marketing strategy.

And then there are the other questions regarding the key things that influence decision-makers when it comes to selecting agencies – several of which we've asked every year since we conducted our first survey back in 2002, but continue to ask, to ensure that we're advising agencies correctly.

Specifically, the questions we posed were:

- Are you influenced in any way by an agency's own social media activity? Are there any particular applications that you're more interested in than others?
- Which disciplines will be under more scrutiny in 2011?
- In broad terms, where will investments be made?
- Assuming the approach is tailored and relevant to your role, how much are you influenced by agencies making a direct approach to you?
- When you meet a new agency for the first time, what can the agency do to ensure a successful outcome, both during the meeting and in terms of follow up afterwards?
- Which publications do you regularly read for information on agencies? Are you influenced by the numerous league tables or the agencies that win industry awards?
- What role do the intermediaries play in your relationships with agencies?

Our targets were selected from organisations spending over £2m per year on marketing across our database and interviews were conducted with key decision-makers across marketing and PR, including both on and offline decision-makers and procurement. The majority of our research was conducted in the private sector, but 10% was conducted with public sector organisations including the COI, Transport for London, VisitScotland and the Department for International Development.

Within the private sector, we spoke with senior decision-makers at organisations including: -

- BSKyB
- Casio
- The Co-operative Group
- HJ Heinz
- LG Electronics
- L'Oreal
- Marks & Spencer
- Mars
- Orange
- Peugeot
- Procter & Gamble
- RWE npower
- Santander
- Sony Ericsson
- Sony Europe
- The Telegraph Media Company
- Virgin Holidays
- William Grant

On social media...

Rather than asking about the brand's own plans for social media, the aim was to identify whether an agency's own social media activity was of interest.

A significant minority of respondents (21.5%) were clear cut in their response – social media is extremely important to them. They would fully expect a good agency to engage in a variety of social media and use them effectively as part of their own marketing and new business activity.

“Broadly speaking it’s a good thing to be engaged with social media, but sticking up a Facebook page that isn’t part of a wider strategy is a big mistake.”

“I haven’t yet appointed an agency this way [via social media] before, but I can see it happening before too long.”

Others agreed that social media is increasingly important, although offered certain caveats:

- Social media is important but it needs to be part of a mix of other channels (12%)
- It’s important but needs to demonstrate a clear strategy, rather than them just jumping on the bandwagon (12%)
- It’s usefulness all depends on whether they’re saying anything interesting (17%)
- It’s a useful secondary check, once they’ve already engaged with an agency via more traditional routes (10%)
- It’s a useful way of bringing personality to an agency (6%)

“I don’t have the time to dig too deeply into every agency’s social media activity, but further into the process of appointing an agency, I’ll use it to sense check their offer, especially if it’s a digital agency.”

There are still a number of decision-makers who aren’t interested – in our survey, 21.5% claimed it to be of no interest at all. Interestingly, there doesn’t appear to be any correlation between this and a non-digital remit. It seems to be very much a matter of personal preference.

As far as useful applications go, the only ones mentioned were Twitter, Facebook and LinkedIn. Twitter was the favourite with 50% of decision-makers, followed by LinkedIn (26%) and Facebook (24%).

Twitter seemed to be of particular interest as a way of monitoring an agency from a distance, and while several liked the ‘networky’ feel of LinkedIn, and the opportunity to read recommendations of an agency’s work, some disliked its directness (“The next thing will be a direct pitch for their work”). Many objected to agencies that seem to just fire out LinkedIn requests to everyone they’ve ever met (not to mention some they haven’t).

“I dislike LinkedIn’s directness, but Twitter’s good – it lets me see what an agency has to say and then gradually start engaging.”

At the same time, others like applications such as LinkedIn that challenge them to consider new agencies, and offer up what they see as a more personal way to engage. Similarly, fans of Facebook like the way that they get to see a more personal/emotional side to an agency that they wouldn’t normally see until after they’ve begun working with them.

“It’s useful to check out the testimonials and recommendations that agencies have on LinkedIn – I’m definitely open to people building up a dialogue with me through this kind of channel before they call me.”

“Facebook brings a more personal and emotional element to b2b marketing – and I’m all about personal networks.”

Some said that they see agencies as the trendsetters in social media, so keep an eye on what they’re up to, to ensure they’re ahead of the curve.

As expected, pet hates include agencies just “sticking up a Facebook page in order to tick the box of social media”, and certainly the same rules of engagement apply here as elsewhere in new business – have something interesting to say, and don’t neglect attention to detail.

‘Practice what you preach’ is also something that several respondents mentioned – “Too often, agencies talk a good game, but fall down by having a poor approach to their own social media presence.”

“Social media’s not even remotely of interest, although I expect it’s probably a generational thing.”

A word of warning from one respondent – “It can be useful but most agencies get it badly wrong – personally I don’t think it’s worth taking the risk!”

The vast majority of decision-makers questioned had integrated roles, with just 3 responsible for purely digital or e-commerce activity.

We concluded: -

- Social media is now very much a part of the mix. Compared with last year, opinions and preferences on the topic are much more clearly formed, and even those who don’t engage with it simply stated a preference for ‘more traditional forms of engagement’ rather than suggesting that it’s just a fad that won’t last.
- As in other areas of marketing, you can’t create a strategy that pleases everyone – so in the absence of that option, you need to create a strategy that fits with your agency, your business objectives, and your personality, and then you need to stick to it. If social media is going to be a key channel for you, ensure that someone in the agency champions it and doesn’t leave a Twitter feed to go quiet for weeks on end. Make sure that Facebook pages or LinkedIn profiles echo your brand values and don’t leave them open for everyone in the company to post whatever they like.
- And of course, don’t ignore the new business best practice that you apply elsewhere: if you’re making a direct approach to a prospect (eg. via LinkedIn), be tailored and relevant and keep an eye on attention to detail in every post you make.

On key disciplines...

To get a better understanding of the appetite for marketing services, we wanted to understand the disciplines that are most under scrutiny moving into 2011.

By some way, digital and social media are the areas that people will be considering more closely in the coming year – 25% of respondents cited social media, and 31% a more general ‘digital’.

“We’ll continue to invest in the traditional channels, but there’s going to be a significant rise in social media spend – it’s going to be our core focus in 2011 and a key part of a strategy for differentiating ourselves from our competitors.”

Reasons offered included keeping up with the competition, the measurability of digital and the fact that it’s changing so frequently, means there’s a need to invest regularly.

And where other disciplines are being brought more in-house, digital is an area where expert support seems to be a requirement across the board: “We’re pretty new to digital marketing and definitely need assistance in getting our strategy right.”

The next most frequently cited area of scrutiny is agencies in general – 20% said that they were planning to do more to ensure they’re getting value for money and only using agencies where

“Everything is under scrutiny and all areas of marketing need to justify their work to a much higher degree.”

absolutely necessary. Within this figure, just under half of the respondents work for the

“As a public sector organisation, we don’t know specifics yet, but it’s clear that marketing is going to be slashed.”

public sector – however this in fact represents every single person we spoke with in the public sector, as our sample was weighted more to private than public sector organisations.

Another 16% were planning to wait before making any firm plans for the year ahead – for some, it seems planning always is done fairly last minute, but a couple suggested that they wanted to wait for the dust to settle on the election and budget reforms before sticking their flag in the sand.

“This year we’re planning as late as possible because of the economic situation, so that we don’t waste time on things that turn out to be irrelevant.”

“More than ever, agencies need to demonstrate an ability to actually *deliver* strategic and creative briefs, rather than just talking the talk.”

The rest of those surveyed were planning to scrutinise a range of disciplines – consumer insight (2%), TV advertising (3%), R&D (2%), Mobile (2%), Brand Partnerships (2%), Events (4%), and Branding (4%).

We concluded: -

- Yet again, digital and social media remain at the top of the agenda in terms of opportunities for agencies – being proactive about raising awareness of your agency if you operate in this field is vital to make the most of this.
- However as with last year, there’s no relaxation in terms of how money is spent on agencies – procurement remains very hands-on in terms of getting value for money from agencies, so be transparent with your fees and wherever possible, demonstrate where and how you’re adding value.
- Later in the year, we’re expecting a bit of a surge in agency interest, as people make belated decisions on plans for the year ahead.

On investment...

In the main, feedback on investment plans for the year ahead was broadly optimistic. The primary focus for investment in general terms amongst our respondents is going to be customer acquisition, with 21% looking to increase their customer base over the next year. And in a similar vein, 9% cited

“Sure the market is going through some tricky times, but you’ve got to invest to keep on top of trends and make sure you’re meeting consumer demands.”

international expansion as a key focus, with 4% specifically looking to reach new audiences into 2011.

“Customer acquisition is our focus. We’re also looking into ways of tapping straight into key influencers and opinion-formers so that we can channel word of mouth more effectively.”

The next most popular response to this question was brand building – 18% of our respondents will be focusing their investment here – some explained that they’re keen to maintain competitive edge or respond to a competitor’s activity, some were looking to

“Brand building is our priority – and also ensuring our brand message and brand experience are tied together seamlessly.”

change perceptions of their brand in the marketplace, and others simply looking to increase awareness amongst their target audience.

“We’re looking to strengthen our presence internationally, so will be investing in market research and branding in the first instance.”

"We're going to be looking at the touchpoints that customers have with our brand, specifically in-store. The customer experience is becoming more and more important for us."

Customer retention was flagged as a key objective by 9%, and increasing customer spend by 5%. A further 5% talked about looking more closely at the customer journey, improving the experience at certain key touchpoints. Similarly, 9% highlighted their relationship with their customer as a key focus for investment.

"We're looking at customer development, and our plans revolve around making sure that our customers' shopping experience is the same online as it is in-store."

Some of our respondents were more specific about their plans for investment – and as with our question on disciplines, online is the leader of the pack, with 18% focusing their investment on online (this includes social media) in the coming year. Field marketing, NPD and 'traditional marcomms' were all mentioned by 4% of our respondents, with ontrade activity mentioned by 3%. Customer insight is considered by 11% to be a priority.

"Our main focus is keeping on top of new and innovative ways to connect with our target audience – and I see digital as the key to making this happen."

"Although we're still waiting for the specifics, it's impossible to foresee investments being made anywhere at all." (Public sector)

For a good minority, however, concerns over the economy are still looming large – 13% said that very little investment would be made for the foreseeable future.

As before, though, the majority of these (71% of these or 9% overall) are within the public sector, with the vast majority of the private sector planning investment for the year ahead.

On direct approaches...

Ever since we began the Rainmaker survey, asking about direct approaches has inevitably provoked a whole raft of horror stories about the generic, ill-informed and at times downright aggressive calls and letters or emails our decision-makers receive on a daily basis.

We know, beyond any doubt, that decision-makers number one irritation is agencies who don't bother to tailor their approach – but what of the good approaches? The ones supported by a strategy, a new idea, and patient but regular follow up? Are they worthwhile or not?

For those of us that believe passionately that the right kind of cold approach will bear fruit, there was encouraging news from our respondents. More than 80% of the decision-makers we approached confirmed that they

"I've worked in the industry for a long time, and for me it's about relationships and trust. So although I am influenced by the right kind of cold approach, they need to be in it for the long-haul if they really want to win my business."

"Provided the agency can demonstrate a genuine interest in my business, then I'm willing to consider cold approaches."

had been or are regularly influenced by agencies contacting them directly. Just 19% said that such a tactic had limited influence – 13% because they have a roster in place that is only seldom reviewed, and 4% because there's another person in their team who deals with agencies at the first point of call.

"Agencies shouldn't shy away from promoting thought leadership – it's what I'm looking for, but not that many do it."

The rest all said that while they receive more bad approaches than good ones, they do come across worthwhile approaches from time to time. 46% said that quality approaches will always be taken into account, and a further

"I was approached by an agency who had spotted a gap in our mobile marketing activity and offered a solution. I was completely unaware of it, so was interested straightaway."

7% qualifying that the agency needs to be prepared for it to take a while, but if they stick with it, they'll get the opportunity eventually.

Others flagged a preference for an email or letter before calling (15%), and others are looking for certain types of info in a cold approach (9% want to see new ideas, 4% thought leadership, 2% fantastic case studies and 1% finds event invitations of particular interest).

"I need the agency to be business-like throughout the dialogue. Ideally, some sector-specific research would be included in their approach, and also research on our company specifically. Case studies, including ROI are also important. And if all of these pieces come together then absolutely, I'm influenced by the direct approach."

Really the results speak wholly for themselves. Risk the generic approach at your peril – it really is a complete waste of time with pretty much everyone we spoke with.

"Cold approaches haven't ever been hugely successful for me. Too often they're unfocused, pestering and ignorant of the real issues I'm facing."

"It's rare that a cold approach will translate into new business – it's not that I mind them, it's just rare that everything will align and the agency approaches at the right time. Agencies need to find another path to engage with me. Events and seminars, for instance, can be really useful. I always attend the ones that seem interesting and if it's good, it puts the agency firmly on my radar."

Put together a strategy, and consistently deliver it to your target audience. If you have something new to say, lead with that and wherever possible, back up your claims with results.

Be interesting, be polite and be relevant.

On meeting success...

We asked decision-makers about the steps agencies can take to ensure a successful outcome, in the first instance from a first meeting – and thereafter in terms of follow up.

One of our respondents summed things up well when they said, "Don't assume you're in after one meeting." And while many agencies seem to see the first meeting as the holy grail, our survey confirms that the agencies who don't perform during and after the first face-to-face encounter are losing the client before it's even won.

According to a quarter of our respondents, the key to success actually comes before the meeting – with the right kind of preparation and research. Time after time, we were told tales of poorly prepared presentations (even presentations that were obviously

"You need to do the right kind of research before the meeting so that you're prepared to answer any question that's fired at you."

"The agency must LISTEN! So many just push their own agenda without actually listening to the questions I'm asking. The best ones are consultative, adjust their presentation on the fly and think on their feet throughout the meeting."

re-hashed from previous meetings), lack of research and a poor understanding of the business. Going in and 'winging it' just won't cut it.

At the same time, don't be wedded to a presentation at all costs. Listening, asking questions, thinking on your feet

and being consultative during that first meeting (and beyond, of course!) was mentioned by 28% of our decision-makers.

You should ensure that strong, relevant case studies are showcased during the meeting, wherever possible highlighting results that have made a tangible difference to your

"For me, case studies don't just need to be the ones from my sector – I'm keen to see campaigns that have actually affected the company's profits, irrespective of the sector."

clients' P&L (30% need to see these from an agency they will ultimately work with).

As well as an understanding of the business, decision-makers are also crying out for something

"Creativity is really important to me – something a bit different or a bit risky is great – but they need to not lose sight of measurability at the same time."

new, with 15% specifically flagging this as a key driver. But be warned – in these market conditions, make sure that your ideas are grounded in reality – 11% have been left unimpressed by random creativity or idealistic strategies that don't fit with the practical requirements of their business.

As ever, 'people' remain an important driver with 38% of respondents referencing this in some way. Within this figure, a 'cultural fit' was mentioned by 11% and 'good quality, credible people' by a further 11%. Another 12% of respondents are keen to meet the actual team they'll be working with very early on in the

"Personality is important but first and foremost, be relevant."

"For me, working collaboratively is the most important thing, so I really want to be in touch with the people I'll be working with, right from the first meeting."

process – ideally the first meeting. And a few (4%) highlighted negative experiences with overtly pushy, salesy types who failed to listen or aggressively sold their agency.

In previous years, when we asked this kind of question, 'chemistry' was by far the most common response – and for the first time, this year not a single respondent used this word, suggesting that they are now all too aware that gut feelings aren't going to get past procurement. However the fact is that even the best of presentations still needs to be delivered by the right team if you're going to win the account.

Beyond the meeting, many an agency has been let down by poor follow up – 29% spoke about the importance of swift and relevant follow up – "Poor follow up – and by that I mean anything that's generic, slow or sloppy suggests to me that the agency is disorganised and puts me off." Timing, too, is important – "I find a lot of agencies don't react quickly enough after a meeting... I mean – I don't want to be called three times a week but it's important to keep up the impetus." And tying into the point the importance of passion, radio silence after a meeting does nothing to demonstrate your keenness – as another decision-maker put it, "Be proactive – it shows that you're enthusiastic about working with us."

Having the right processes in place is important, but it goes beyond this, as one of our respondents summed it up: "Everything that's important during the meeting is still relevant afterwards." So continue to reinforce your understanding of the brief, relevant case studies and impressive results as the relationship develops.

So, in summary: -

- Do your homework on the company you're meeting – be prepared to offer opinions and suggestions from the word go
- It seems that your style of presentation (PowerPoint or off the cuff) is entirely up to you – but however you approach it, make sure it's relevant and tailored
- Case studies are vital to prove that you've got the substance to back up your ideas
- Ensure you have clear processes for post-meeting follow up – and make sure that anyone who leads meetings in your agency is briefed on what they are
- Be clear on who is responsible for post-meeting follow up – it can often get lost between the cracks if you don't

On public relations...

As well as checking on the role of the press for agency new business, we also wanted to understand whether any particular type of PR (league tables, awards etc) was especially helpful for agency new business.

Of the decision-makers we spoke with, just over half (55%) regularly reads at least some of the trade press, with the remainder irregularly dipping in, or never reading any industry publications.

Of those regular readers, just 11% recognise that they are actively influenced by the press – 5% are looking for agencies who win the best awards (those linked to effectiveness, or ones that are industry specific are the most useful), 3% look at the league tables, and 3% are interested in agencies getting 'clever' PR –

"The league tables can be quite interesting, but as far as awards go, it's more down to who chooses to participate rather than who does the best work."

thought leadership, white papers and so on seem to get the best cut through.

"I'm interested in who wins awards – it's good to be written about for doing something noteworthy."

The rest of those surveyed see the press more as a means of keeping on top of industry trends and competitor activity than a way of finding out about the best agencies.

"I'm interested in agencies who use PR to offer their insights into a particular topic – it shows confidence in themselves."

"I read the trade press a lot but it has absolutely no influence when I'm looking for an agency – that would be like looking for a needle in a haystack."

The publications that are of most interest are Marketing (48% of regular readers cite this as their favourite), Marketing Week (38%), PR Week (14%), Campaign and Design Week (5% each). Industry specific publications (for instance Third Sector for charity) are also worthwhile if you're keen to break into a new field.

Our recommendations: -

Entering for awards can be extremely time-consuming – and in many instances seems to be viewed more as an agency hurrah than something that positively impacts your new business. As such:

- Choose the awards you go for carefully to ensure they fit as relevantly as possible with your new business strategy
- Be aware that many decision-makers take them with a pinch of salt, so we'd advise against using an award as a key point of difference
- Be realistic about what you're looking to get out of the process. They're great for motivating your team, raising your profile in the agency world and celebrating something you're really proud of – but they're unlikely to transform your new business fortunes overnight.

PR in general:

- As with awards, PR shouldn't be your sole focus, but can be useful, especially as part of an overall mix.
- If you're targeting a particular sector, don't neglect the niche publications
- Whenever possible, use PR as a means of demonstrating your knowledge, insights or opinions on a particular topic, rather than just news of wins or personnel changes

On intermediaries...

We wanted to understand the role that intermediaries play in brands' relationships with agencies – a question we've asked many times over the last 8 years. This year was the most negative for the likes of the intermediaries, with a substantial 92% claiming to neither use currently nor have any plans to use an intermediary for their company.

"We don't use intermediaries any more – procurement does the job they used to do."

Of those who did use intermediaries, the only names that came up were Billetts, Oystercatchers and Aquanima (a Spanish company used by Santander bank) – the AAR (which has consistently been our most frequently mentioned resource in previous years) didn't feature at all.

Few offered in depth reasons for this: 23% said that it was a service that had been replaced by their procurement department, thus rendering the intermediaries superfluous. A further 8% felt strongly that to get the best out of their agencies, they should own the process from start to finish – they didn't feel that outsourcing helped in the long term.

"We don't use intermediaries at all. From a personal perspective, I think a client needs to own the entire journey to ensure they get the best out of the agency – both in terms of selecting the right one, and in terms of the relationship in the longer term."

Of those positive about intermediaries, they reported a good deal of support in 'sorting the wheat from the chaff' and helping to build the best pitch list.

"I just went through a sizeable review and I used Billetts to build the pitch list, and ensure that the agencies were all of a high enough quality to provide the right level of service.... They really took the pain out of the process."

In previous years, we've always taken a balanced view of the intermediaries – for some agencies, they appear to be the primary source of new business but for others, in spite of sizeable investments, very little seems to come from them.

And while this year's survey paints the bleakest picture yet for the intermediaries, we don't for one minute think that this sample necessarily indicates the demise of the service.

However, clearly procurement is having an effect here – marketing decision-makers have greater levels of support internally for building pitch lists and don't have the budgets that they used to put into the pitch process itself (has anyone been paid for a pitch recently?!).

As such, our advice remains pretty much what it has been in previous years: if you're going to invest in using intermediaries, don't rely on it as your sole source of new business.

Do your due diligence both in terms of selecting the right partner and in monitoring your successes with them. Make sure that the intermediary is kept fully informed of your best case studies, key strengths and new team members to ensure you're considered for the right projects. And if the relationship doesn't bear fruit, don't just keep your fingers crossed and hope for the best – be proactive about making adjustments to ensure a positive outcome.

Conclusions

This year's survey indicates a few general trends: -

- Private sector brands are refocusing on the consumer – investment is no longer a dirty word, but value for money is still a key requirement
- The public sector, as expected, is focusing on in-sourcing as much as possible, and investment from here on in will be negligible
- Social media and digital in general are key areas in the drive to invest in customers
- Procurement is now a fully established part of the mix – if you haven't already worked out how to communicate with them effectively, now's the time to do so

We'd advise: -

- Ensure you have a fully realised new business strategy – consider every aspect and address any areas of weakness
- At the same time, don't use every channel if it's not appropriate for your business
- Offer your opinion, but first and foremost, listen
- Be prepared to be patient: maintaining a conversation with interesting thoughts and case studies will generate results in the long term

If you'd be interested in finding out more about how Rainmaker or its sister companies Pearlfinders and Blossom could help you in doing just this, we'd be delighted to discuss things further.

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