

Agency Reviews Have Reached Unprecedented Proportion

BY [MIKE DREXLER](#) OCTOBER 06, 2016 [THOUGHT LEADERS ARCHIVES](#)

Agencies need to be concerned about the unprecedented number of reviews planned for the upcoming months. (Much of the last two years were also extreme.) A recent AdAge article pointed to a survey conducted by Advertiser Perception that revealed approximately two-thirds of advertisers plan to review their agencies in the next year. And that includes virtually all types of agencies. The study covered 420 marketers in 118 companies which represent about 90% of the top 100 U.S. advertisers.

While some will lose and some will win, when it occurs on a grand scale it becomes an industry problem. Cost and transparency seem to be the key factors that currently perpetuate the reasons to induce a review. In addition, the fast paced, rapidly changing digital environment contributes significantly to advertisers' concerns over the ability of their agencies to keep them effectively and efficiently ahead of the communication process.

Because of the issue of non-disclosure and lack of transparency among some in the agency community, trust looms largely as a problem in the relationship. The ANA and 4As seem to have dug in their heels differing about what needs to be done. Much of it centers around contractual language and explicit revelation about the process and procedures surrounding financial disclosure and specific functions to be performed. It also focuses on how agencies are to be compensated and whether client results should be factored into the equation.

As far as shared responsibility is concerned many advertisers do seem to admit that they are somewhat culpable to the dislocation of agency harmony. They acknowledge they don't always (if at all) provide KPIs (key performance indicators) to help the agencies obtain greater insight into their marketing objectives and 40% (according to the study) do not share sales data with their agencies. It is also possible that advertisers haven't accumulated the knowledge and understanding of how their agency system works within the holding company environment and the advent of globalization with different countries operating under different methods.

I don't know how we expect to resolve these issues without both parties coming to the table with a willingness to understand each other's concerns and offering reasonable compromise. What I do know is that we need a new model that will set up a more comprehensive and accountable money management system for all sides of the industry to consider -- one that begins with written agreement on goals and objectives, specific use and accounting of both client and agency complimentary resources, selection of agency specific capabilities relevant to the individual client's business and coordinated development of an integrated strategy that leverages cross-platform multi-media options and attribution. There must be monitoring and measurement of KPIs along the way and adjustments made in real time to help assure the best outcome. And, of course, the right to audit.

