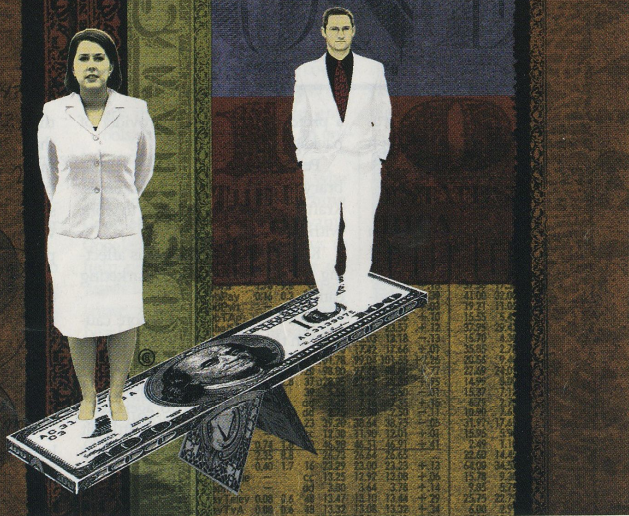


BTOB SPECIAL REPORT

SELECTING AN AGENCY

Weighing your options

Marketers are being more selective about agencies they work with and how they work with them **by Kate Maddox**



THE RECESSION IS having a marked impact on agency searches and relationships as marketers seek to streamline their operations, cut costs and maximize their limited marketing budgets. B-to-b marketers that have recently undertaken agency evaluations say the economy is causing them to rethink how many shops they work with, their overall agency business models, expectations of agency partners, pricing and specific services they require.

Eastman Kodak Co., for example, is in the midst of a global agency consolidation that began in July.

"We are deploying a new agency model," said Kodak CMO Jeff Hayzlett. "Worldwide, we need to streamline our operations to better fit the things we are trying to accomplish. So we are taking a close look across all of our partners and vendors, and really keying in on the players and partnerships that are most important for us."

Previously, Kodak worked with hundreds of agencies worldwide. Now, it has boiled its roster down to a much smaller core group of agencies and specialty shops, according to Hayzlett, who declined to give an exact number.

As part of the agency consolidation, Kodak is keeping Ogilvy Worldwide, New York, as its advertising agency of record; Eric Mower & Associates, Syracuse, N.Y., as its b-to-b agency; and other agencies for specific projects. For example, Kodak recently hired Deutsch, New York, to handle its consumer inkjet business.

Kodak also formed a new agency council made up of its top agency partners, which meets regularly to coordinate global campaigns. The council had its first meeting in New York last month.

"We are putting together a single worldwide calendar and syndicating all of our efforts so that, in each market around the world, we can hand them one campaign to tailor to their needs," Hayzlett said.

Kodak also named a relationship manager to coordinate relationships with its various agency partners. Previously, it managed agency relationships individually. "We may have negotiated one contract for one group, but we weren't maximizing our spend," Hayzlett said. "We are taking more control of that."

Hayzlett said the economy is forc-

Tips for selecting an agency in a recession

1. Make sure the agency is financially sound. This means you may have to do more due diligence upfront.
2. Ask for the agency's average client size and average marketing budget to make sure it is a good fit.
3. Establish a budget range and pricing plan upfront.
4. Ensure the agency has staffing resources or partner relationships to handle your needs.
5. Select a partner that understands your business and your industry.
6. Look for an agency with strong analytics capabilities and find out how it will prove ROI.
7. Identify a team or a person on the client side to coordinate agency relationships, particularly if multiple agencies are involved.
8. Be clear about your business objectives and have a road map for delivering results.
9. Coordinate global marketing efforts and meet regularly with marketing and agency counterparts in global regions.
10. Make sure there is a good fit culturally between your people and the agency's people.

Sources: Michele Harris, president, Smart Solutions, New York; Jeff Hayzlett, CMO, Eastman Kodak Co.; Kevin Kelso, exec VP-CMO, Farmers Insurance Group

ing Kodak to be smarter about the way it negotiates prices with agencies.

"We are reviewing our spend with each agency to make sure we are getting all the discounts we should be receiving," he said. "We are working with our agencies to make sure our payment plans are consistent across every vendor. We didn't have some of those in place before."

Other marketers that have recently been through agency reviews say it is

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more important than ever to make sure agency partners can deliver demonstrable results, particularly in a down economy.

Farmers Insurance Group, for example, in November named the Richards Group, Dallas, as its new agency of record, following a review that began in July. Its previous agency was Campbell-Ewald, Detroit.

"We have done a lot of analysis of what our advertising is doing for us, and we saw that it was not delivering the kind of results we wanted," said Kevin Kelso, exec VP-CMO of Farmers. "We are the fastest-growing major insurance carrier, but we didn't feel that our advertising was driving as much growth as it should."

Kelso said Farmers felt Richards Group could do a better job of telling the company's story.

"In times like these, people are re-considering their insurance needs, and they are looking for companies that have strength, and stability and values similar to their own," he said. "I don't think we've done a very good job communicating that."

Under the new agency partnership, Farmers will introduce a broad repositioning campaign this spring, Kelso said. It will focus on how Farmers is in the business of helping individuals and small businesses during times of extreme need.

Farmers used search consultant Select Resources International, Santa Monica, Calif., to help it choose an agency partner. "In this economy, where the advertising business is fast-changing, the stability of some players is going to be of question. Having someone who knows the players very well and can guide you through that is a very valuable thing," Kelso said.

Some marketers are expanding their agency rosters, adding more

specialized agency partners to provide needed services during tough economic times.

PEARSON TAPS MENTUS

Pearson Packaging Systems, a Spokane, Wash.-based manufacturer of packaging equipment, recently hired San Diego marketing and advertising agency Mentus for a "visual vocabulary" project.

Pearson works with Spokane design shop Klundt Hosmer, but according to Janelle Kraft, director of marketing at Pearson, "We wanted to take our marketing up a notch."

So it selected Mentus to help it communicate, through visual images, some core messages about Pearson. "We were really looking at ways in which we could visually represent our company with our target audience that would have meaningful impact, based on what our customers have said," Kraft added. "We wanted to show that Pearson is

a professional, friendly provider of packaging solutions."

Pearson plans to use the visual library for other marketing materials, Kraft said, and will continue to work with Klundt Hosmer.

Kraft said the economy is affecting specific projects and marketing campaigns.

"We are clearly being more cautious in the investments we are making in our marketing programs. It does trickle down to the projects that are being outsourced to agencies," she said. "We are focusing a little bit more on the day-to-day operations as opposed to a longer-term vision."

For example, Pearson decided to launch a very targeted marketing campaign around Pack Expo, the packaging industry's largest trade show, which was held in Chicago in November.

The effort, called "Sweet Deal," included direct mail and e-mail to Pearson's clients and top prospects

that were designed to drive them to the Pearson booth at the show. The mailer included a box of chocolates from Spokandy, a Spokane candy shop, and postcards customized with the recipient's name. The campaign was developed by Mentus.

Kraft said the campaign exceeded Pearson's expectations. While the goal had been to increase booth traffic by 20% over the Pack Expo show of 2006, the campaign helped boost traffic 68% and resulted in more than \$1 million in new business.

"This was due to being very selective as to what we would dedicate our marketing dollars toward and being selective in using our agencies," Kraft said.

"The secret to success, despite the down economy, is having great agency relationships, as we do with both Mentus and Klundt Hosmer. If you get down to marketing nuts and bolts, combined with creativity, you can really be focused and succeed." □