

Marketing & Media

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Opportunity knocks

Agencies in the region aren't yet feeling the pinch of the supposed looming recession and, as **Rachel Machin** discovers, they're actively encouraging their clients to spend

Global brand Kit Kat has been splashing the cash in early 2008 with its biggest product launch for nearly ten years, roping in Girls Aloud to star in its TV advertising campaign, while Alton Towers has also launched its biggest TV campaign in a decade. Evidence that the bigger brands aren't that perturbed by the predicted economic slowdown.

According to Mick Greer, a senior freelance creative who works with North West agency giants TBWA and The Chase among others, the gloomy forecast is all in the mind. "I'm scratching my head to think why people are saying we're heading for a recession," he says. "I've never been busier – in fact recently I had the best week I've had in three and a half years. It's just lazy people who can't be bothered to work."

While many are convinced advertising expenditure in the UK is expected to take a dip this year, research published by the Advertising Association's *Advertising Forecast* says the opposite, predicting a 3.2 per cent rise with outdoor and transport advertising and the internet leading the growth.

Sequoia, an independent advertising and marketing services agency in Chester, has also started the year with a bang, bagging two high-profile account wins to add to its already bulging portfolio of big brands, which include Oddbins, The Co-operative, HBOS, Microsoft and Woolworths.

Virgin Media, for which the agency is creating an interactive point of sale designed to evolve the current customer service in stores, and Comet, which will be the recipient of a new information centre designed by Sequoia where consumers can interact with the item being sold, have both recently come on board.

Carl Whitney, one of the directors of

Sequoia, says that the agency is on course to hit its targets this year. "We're fortunate to have a huge range of national brands in our portfolio. We've seen market dips and declines in the 20 years we've been in business so the recession is not a worry for us," he says.

"However, in the near future there will

"Recession is can become a self-fulfilling prophecy. If you talk about it enough, it will happen. We've had no experience of cuts in our marketing and advertising budget." **LAOISE FLANAGAN**

be an economic slowdown, so we've made it our priority to look at our own brand."

So the creative bods in the region say they're quids in at the start of this year, but are businesses using their services saying the same thing?

Laoise Flanagan, North West marketing manager at accountancy firm Deloitte, hasn't had the boardroom knocking on the door just yet asking for its budget back. "Recession is something that can become a self-fulfilling prophecy," she says. "If you talk about it enough, it will happen. We've had no experience of cuts in our marketing and advertising budget. In fact it's the partners who are coming to us with ideas they've picked up from their clients."



TIME FOR CHANGE Johnson and Bramley

The business-to-business (B2B) world is still firing on all cylinders when it comes to marketing spend as Tony Carter, media manager at Manchester-based marketing agency MC2, says.

"We look particularly after the legal and finance sectors, which to a certain degree will feel any slowdown if there is one. We've not seen dramatic changes in spend or attitude," he says. "In fact, now's the time to push yourself harder when others are pulling out of the race. There are two things that are contagious – fear and excitement. We need to make sure we're not spreading the gloom and

fear and instead standing, or maybe kneeling, from the rooftops talking about the good things."

Steven Johnson, a senior copywriter at The Hub in Preston, also believes the industry needs to take a firm lead on how to react to recession and strongly encourage clients not to panic.

"The knee-jerk, default client reaction to cut ad spend is often a reflection of the short termism that still prevails in some of even the biggest boardrooms – a short termism relating to both the past and the future," he says. "Clients, and some agencies, seem to forget hard lessons learned from previous recessions and ignore the need for a strategy for what happens when emerge at the other end."

Recent research from advertising and marketing trade body IPA in its report *Advertising in a downturn*, supports this view and warns clients that cutting budgets will only be profitable in the short term and ultimately the brand will emerge much weaker.

Other key findings are that it is better to maintain SOV (share of voice) at or above SOM (share of market) during a downturn and, if other brands are cutting

budgets, the longer-term benefit of this will be even greater.

So if or when the going gets tough, who is going to come out fighting? Danny Turnbull, Gyro International, Europe's largest B2B marketing agency, is convinced it is agencies like his, those with a national or global presence.

"People always say canny marketers spend in a recession," he says. "It might sound unpleasant, but we're looking forward to it. The agencies that do well are those that are accountable. Our whole business is about delivering return on investment. We're driven to generate response.

"A lot of agencies have got a lot of fat on them. We believe we're lean, mean and responsive. We've got a broad portfolio of business so we're able to spread out the pain. Our market growth is 3 or 4 per cent so we're outperforming the market."

Johnson from The Hub doesn't entirely share this view. He believes smaller agencies, if they handle the situation responsibly and are strategically-led, will be able to encourage existing clients to stand their ground.

"If they respect your expertise and take your advice, then your fee revenue could remain relatively static – they will carry on advertising. On the flip-side, if you're dealing with smaller clients and budgets simply have to be cut out of necessity, then this creates opportunities for the more creative shops."

With almost all advertising spend on traditional media in decline, it has fallen on digital to prop up growth in the UK. For the first half of 2007, advertising across all traditional media combined fell to £466.1m year-on-year, representing a 2.9 per cent decline. But, taking on board the increase in online advertising spend, the entire market grew by 1.1 per cent according to IAB figures.

Turnbull believes traditional advertising has been dying for ten years. "Advertising has become a proxy for marketing and communications whether it is offline or online," he says. "Advertising is diminishing because it isn't accountable."

The meaning of the word 'advertising' is now shrouded in mystery and the creative insiders aren't even sure what it has come to represent in the noughties. Warren Bramley, co-founder and creative director of four23, a creative agency whose clients include the Arts Council England and Rocco Forte Hotels, thinks that there are still too many traditional agencies out there.

"The big ad agencies have, for a while, tried to convince us that they no longer follow a traditional model and instead have transformed into full-service communication agencies," he says. "But you still get the feeling that the advertising department in these agencies has the dominant voice – they still generate the most income from their billings. It's difficult to see how these agencies can be fully objective when advising clients on the best mix of communication tools."

This media mix is the key. To an outsider it's just common sense. Creating an integrated campaign that has the flexibility to be spread across a variety of channels has to be the way forward.

Sue Little, chief executive of UK advertising agency McCann Erickson, which launched a new Shreddies TV ad in April 2008, says that, because it's not fixated on any particular channel, it is able to work in a media neutral way.

"Consumer behaviour is undoubtedly being pushed towards online but using it in the right way is vital, and often in conjunction with other channels," she says. "You have to understand the mindset of your customers in different environments and tailor your message."

Flanagan of Deloitte is convinced that the main challenge for business is not the credit crunch, but balancing off and online advertising. The firm is in the second phase of a national advertising campaign that has used a number of online and offline methods. Evidence of its move into online is also backed up by increasing use of blogs and podcasts.

But despite the eagerness of clients to rush towards the internet, the web still has some way to go before it starts matching the big bucks generated by TV and initial results from the US indicate that growth may even slow this year as the internet becomes more established in the overall marketing mix.

And Johnson has a word of warning for those clients who want to jump on the internet bandwagon. "Our approach is to explain that there's a difference between what you want and what you need," he says.

"If you went to the doctor with a chest pain and told him to operate immediately, and he did, would he be doing his job responsibly? You have to diagnose before operating and, in theory, that is what the client is paying us for. We'd be letting ourselves down if we were to blindly give them what they wanted to get our hands on their cash. ▶

MEDIA MONITOR

Who's hot and who's not this month



Peter Cowgill

The renaissance of JD Sports under Cowgill's stewardship continues, with a jaw-dropping 73 per cent leap in profits. In committing to the business for another two years, he will trouser a £5m retention bonus.



Dawn Gibbins

Colourful entrepreneur Gibbins sold her business, Sandbach flooring manufacturer Flowcrete, for a price assumed to be above the £30m asking price. She will invest £2m in her new venture, Barefoot Living, making floors for luxury homes.



Chris Ronnie

The JJB boss announced the closure of 72 under-performing shops, with the loss of 800 jobs, as JJB's profits fell 28.5 per cent. Retail's tough at the moment, England aren't in the European Championships. Ronnie will be hoping for a hot summer



Ethel Austin

A sign of the times? The Liverpool-headquartered discount retailer became the latest victim of the credit crunch, although administrator Menzies Corporate Restructuring is hopeful of finding a buyer.

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