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News Marketing Services

Chime wins London 2012 marketing comms account

By Robert Lester

Chime Communications has been appointed to handle the marketing communications account for the London 2012 Olympics on a one-year contract.

The group will be responsible for advertising, promotional, digital and PR activity, as well as media planning and buying. Vallance Carruthers Coleman Priest will co-ordinate media planning and advertising, with Pure Media – also part of Chime – handling media buying. The majority of media activity will be based around co-promotional deals and media partnerships.

The London Organising Committee of the Olympic

Games (Locog) began talking to agencies in December last year. The pitch was run by the AAR.

Chime is thought to have beaten WPP and Naked in the final round. The group, headed by Lord Bell, put together a pitch team comprising VCCP, VCCP Digital, BMT, Bell Pottinger and Fast Track, the sports marketing agency founded by former Olympians Alan Pascoe, Edward Leask and Jon Ridgeon that was bought by Chime last year. Pascoe was vice-chairman of the London 2012 bid.

The pitch was overseen by Locog chief executive Paul Deighton, commercial director Chris Townsend, com-

munications and public affairs director Jackie Brock-Doyle and head of marketing Chris Denny.

Townsend says: "Chime came up with a marketing communications strategy that we feel perfectly suits the overall strategy of London 2012 and our vision of making this 'Everyone's Games!'"

Locog adds that it may require additional agency support, particularly in the arts and culture sector. This will be tendered separately.

A Locog spokeswoman says that no decisions have been taken about agency relationships beyond the end of Chime's contract in March 2009.

Hong Kong Tourist Board to review £46m ad business

The Hong Kong Tourist Board (HKTB) has called a review of its £46m global advertising account. The incumbent agency, DraftFCB, is not repitching.

Euro RSCG, Ogilvy & Mather, Publicis, Saatchi & Saatchi, DDB Worldwide and Grey are believed to be on the shortlist, and will pitch for the business next month. The review is being handled by the tourism body's head office in Hong Kong.

Agencies had been given until February 28 to respond to the HKTB tender. The body is looking for a global network to handle the brief.

DraftFCB resigned the business after eight years following a reshuffle at HKTB. It is understood that global networks, Leo Burnett, JWT

and BBDO declined to pitch for the account.

The body's strategy for 2008 will focus on promoting the destination in conjunction with this year's Beijing Olympics. Hong Kong is to host the equestrian events and has highlighted seven markets, including the UK, that it will target.

HKTB is also eager to overcome the perception that Hong Kong is simply a city stop-off between flights – at present the average length of stay for visitors is just three days.

Hong Kong is attempting to establish itself as a cruise hub and is in the process of developing a cruise terminal in Kowloon.

HKTB has offices in several countries, including the UK.

Analysis

Is the imminent 80% capital gains tax hike spurring on the sale of agencies?

A wave of agency sell-offs is sweeping UK marketing services as advertising bosses race to beat the 80% capital gains tax (CGT) hike which kicks in this April.

Last week, Engine Group bought direct marketing agency Partners Andrews Aldridge in a deal rumoured to be worth £18m. Earlier this month, communications planning agency Naked was sold to Photon for £16.5m upfront and in January Havas acquired media agency BLM for £20m.

Owners of independent agencies stand to pay hundreds of thousands of pounds in extra tax if they fail to sell their businesses before the end of March.

Engine chief executive Peter Scott denies that the upcoming CGT hike hastened the Andrews Aldridge deal. He says talks had started well before the rise was announced by Chancellor Alistair Darling in last October's pre-Budget statement.

But Scott adds: "The rest of the market is looking at the tax changes and calling for March completion on sell-offs. You'll see a lot more deals before then. But it will be as quiet as a mouse from April 6 onwards."

Darling's new rules "simplify" CGT.

At present, entrepreneurs who have owned a stake in their businesses for more than two years pay as little as 10% tax on their gains, while others pay 40%. From April, there will be a single rate of 18%.

Sell-off predictions

After October's announcement, Naked chief executive Nigel Long rushed out a memorandum alerting the agency's six partners to the tax hike and indicating that the pressure was on to strike a deal before the April cut-off date. At the time, *Marketing Week* predicted a wave of sell-offs as agency start-ups looked for a speedy exit (*MW.co.uk* October 12, 2007).

Long says: "The CGT rise was a factor for the founding partners and provided another reason to take approaches seriously. We engaged in talks in November rather than letting them drag on into January or February. Anybody contemplating a deal would be looking to get it done to a tighter time scale than normal. I'm sure there are people burning the midnight oil to get their deals away."

Long was a non-executive at Partner Andrews Aldridge before its sale to Engine and says the tax dead-

line was a motivating factor in last week's deal.

Additional factors

However, there are other causes adding to the flurry of acquisition activity. Keith Hunt, managing partner at corporate financiers Results International, says: "There have been other drivers. Last year was busy and we did 18 deals, twice the number on the previous year, as people sold up after five years of solid growth in marketing services. There is an element of getting out while the going is good. People wonder how long the good times will last and see choppy waters ahead." But he adds that there are no signs of a downturn in marketing services.

One deal Results has helped ink in recent weeks is digital specialist Mason Zimble's sale to US operation Harte-Hanks.

Speculation is rife about other deals likely to emerge before the end of March. There are rumours that shareholders at digital agency i-Level are looking to cash in their chips, though the agency denies this. Meanwhile, direct marketing agency Archibald Ingall Stretton managing



Darling: Announced an 80% rise in capital gains tax, which could hit agency owners selling their businesses

partner Stuart Archibald declines to comment on whether any marketing services groups have approached the company. But he denies it is up for sale. Rapier also denies a deal is imminent. Another direct marketing operation, Kitcatt Nohr Alexander Shaw, is also in the frame as a buy-out target.

For those looking at a deal, to miss the April deadline would be costly. But it could turn out far more costly for all concerned if inappropriate deals are struck quickly solely to save agency entrepreneurs a few hundred thousand pounds.

David Benady