

Promotions & Incentives – September 2008



Carve a niche, or offer it all?

Opinion is divided on whether it is best to be an integrated agency – and what that actually means

By James Quilter

The word 'integrated' has become something of a cliché in marketing, and its definition can vary from practitioner to practitioner. However, one thing is certain: multi-channel campaigns are held in high regard by clients.

Media fragmentation, coupled with a desire by clients to create campaigns across a variety of disciplines, has given rise to integrated agencies and encouraged specialist consultancies to offer services beyond their traditional field. But there are signs of a backlash against this industry development. For instance, Sainsbury's agency, Wax Communications, which until recently described itself as integrated, has repositioned itself as a sales promotion specialist. Managing director Matt Tabb says that despite the agency being able to offer a variety of disciplines, he wants it to focus on a single practice.

Industry insiders say the strategy could help Wax to bring in new business. Tony Spong, head of DM and sales promotion at the AAR, says agencies can alienate themselves from big clients by flying the integrated banner. "It's driven by the client's size," he explains. "If a client has several departments, it will ask for individual agencies to work for each of them. The more specialised the client's departments, the more specialised the agencies they want."

Tony Walford, senior consultant at Results International, suggests that while it is natural for groups such as WPP to present themselves as integrated, it is more difficult for smaller agencies to do so. He says that many clients are seeking specialist skills and require

demonstration of experience in specific areas, partly because of the rise of commercial brand managers within client companies.

Patrick Allen, marketing director at The Co-operative Group, agrees. "It is difficult to get the right level of quality all under one roof," he says. "I am uncomfortable with one-stop shops because you don't get the level of expertise provided by a specialist. If my sales promotion agency offered other services, such as PR and design, I'd be rather sceptical of that. There is an argument that [using one agency] guarantees consistency, but that's the marketing department's job."

Simon Mitchell, managing director of The Marketing Store, is a little more cautious about dismissing his integrated badge. "The problem with questioning the integrated strategy is that it is a bit like asking if one believes in 'mom and apple pie'," he says. "Of course we believe in it – clients need their campaigns to work together. The problem occurs when all agencies have a right to the integrated model."

Mitchell adds that just because an agency is

able to implement campaigns across a number of channels, it should not obsessively position itself as integrated, because doing so can obscure its area of expertise.

Of course, there are plenty of agencies that would passionately argue the case for being integrated (see table). Inferno founder Tim Doust says integrated agencies have some big advantages over specialists. "Being an integrated agency enables us to do the right thing for our clients," he says. "If you go to a big ad agency, it is likely to sell you TV work; a DM agency will offer you direct activity. As a through-the-line agency, we offer what's best for the client, not what's best for us."

Doust adds that it is cheaper for a client to use a single integrated agency than a roster of specialist ones. However, Spong argues that clients do not prioritise low fees when seeking an agency, and that prices are negotiated later in the appointment process. Having said that, he does see future success for integrated agencies if they evolve their business model.

There is also an argument that sales promotion has itself become an integrated discipline. What was previously typified by an on-pack promotion can now be carried out online or via mobile phones – all of which is within Wax's offering. Andrew Edwards, chief executive of Arc, says: "Wax is integrated, it has just decided that the best way to get business is through a sales promotion message."

So, the integrated model looks set to have a strong future, although there could be disagreement over which agencies are integrated, and which are specialist.

FACT FILE

How do 'SP' agencies describe themselves?

- Iris Integrated
- Pulse Integrated
- Space Integrated
- The Big Kick Below the line
- Kitchen Promotional
- Intelligent Marketing Integrated
- Wax Promotional
- BD NTWK Multi-discipline
- Arc Multi-discipline