

# The real cost of pitching - and is it always necessary?

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Creating relationships with new clients and customers may be the recipe for business success, but most creative agencies today are finding it hard to maintain ties that last even five years. With most marriages lasting longer - at eight years on average - this begs the question about how long-term relationships can be improved and nurtured in the industry.



Luca Gallarelli

TBWA\SA CEO Luca Gallarelli is the right person to ask - his agency collective and retailer Spar recently celebrated a rare golden anniversary when cementing a 50-year partnership.

"I believe maintaining a strong client-agency partnership boils down to three main ingredients: Trust. Care. Ongoing value contribution. Naturally, trust is foundational, but it compounds over time like any relationship. It is essential to work from the position that both parties want to succeed and have an active role to play," says Gallarelli.

Research in the Agency Scope 2021/2022 South Africa study tells us that the average length of a client/agency relationship is 4.3 years for a creative agency, and 4.5 years for a media agency. This means that there are relationships that are longer than that and many that are shorter - but South Africa is in line with the global average for these relationships. MD of TBWA\Hunt\Lascaris in KZN and lead on the Spar account, Wimpie le Roux, says these poor industry statistics serve to highlight the need for a mindset shift across the industry.

"A short-term switch after, say, a three-year retainer very often means wasted time on onboarding a new agency, immersing them in the values and culture, and ensuring the business is fit-for-purpose in the fast-paced digital age - never mind the extensive costs associated with the initial pitch. Spar has shown this need not be the case.

"What makes our relationship with Spar different is that we provide the business with a window into the broader South African market, consumer behaviour and opportunities on the horizon. Like many other businesses, their focus and priorities are often inward focused. But we keep an objective eye on the market, and on the levers that we, and Spar, can pull to remain relevant and resonant with customers," says Le Roux.

Spar's group marketing executive, Mike Prentice, echoes this by saying that working with a genuinely vested agency partner helps drive success and growth. "Due to the tenure and understanding, the agency has been instrumental in bringing many innovations to market - TOPS and Build It as stand-alone business propositions are two good examples. To unlock this value at scale and with long-term sustainable business impact is likely to be difficult in a three-year cycle."

The Agency Scope study recommends that to achieve success and to build better partnerships, relationships should be optimised through regular performance tracking - preferably on an annual basis unless there is a major reason to conduct these more frequently. They say clients and agencies often make the mistake of only conducting relationship management exercises when and if the relationship is in trouble and recommend a more proactive approach so that performance can be maximised on both sides and monitored. That is the optimum way of managing these relationships over time.

Le Roux agrees, saying the value contribution has to be ongoing - month after month, quarter after quarter, year after year.

This way, costly, time-consuming and sometimes unnecessary shortterm agency turnover and pitches can be prevented, or at least circumvented.

Research shows that the pitching process itself, whether strategic or creative, requires a substantial financial and time investment by agencies - all hard costs. Agencies do not have the luxury of dedicated new business teams, with regular pitching putting immense strain on existing resources. An agency will often put their best teams, strategic intent and creative output on the line, which could easily lead to loss of focus on the existing clients and potential loss of business.

Then there are the emotional costs - as pitching and new business are the life blood of agencies, they put their hearts and souls into pitches and are devastated when they lose.

Mathe Okaba, CEO at the Association for Communication and Advertising (ACA), the official industry body, says the relative cost associated with pitching for work has unfortunately been “a longstanding proverbial thorn in the side” of our profession.

“While the cost is variable and dependent upon the size of the business being pitched for, the reality is that for small to medium agencies, the investment required becomes prohibitive, effectively resulting in the exclusion of the smaller agencies from participating in the pitch process,” she says.

Historically the ACA recommended a pitch fee of R50,000 to be paid to unsuccessful agencies in lieu of the costs incurred. This in most instances, however, did not cover the cost of the exercise.

Currently the ACA recommends that clients should consider a short list, consisting of a maximum of five agencies, (allowing for small through large agencies to participate) in the final stages of the pitch process. This provides all participants a greater chance of success, and for the smaller agencies, a greater opportunity of being part of and building a more diverse and equitable playing field.

Clearly, there is a lot that needs to be done to fine-tune pitching processes, on-boarding and maintaining relationships. The key to longevity, symbiosis and healthy client relationships for an agency, as a consulting partner, is ensuring it has a voice from the start and that it is heard loudly and clearly when it matters most.

“Due to the power dynamics in a client-agency relationship, clients are sometimes positioned as ‘all-knowing,’ which could negatively impact creativity, strategy and decision-making. However, the ability to know when to give and when to heed agency inputs - as long as those inputs add value - is a critical component to achieving success and cementing a relationship that reaches its golden anniversary,” concludes Gallarelli.

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