

# Make the consumers pay

**John Griffiths**, *Planning above and beyond*, asks, if agencies are so creative why don't they get consumers to pay them?

**E**VERYBODY ELSE DOES. TV production companies make programmes then take a percentage from every network that syndicates it. Film companies absorb the cost of production and make it all back on video and merchandising rights. Broadcast networks spawn programming ideas that create giant websites for only a few weeks and generate thousands of pounds in telephone calls. Internet providers tried their damndest to offer free access to the internet but are now resigned to getting punters to pay for the turf they want to surf.

Only agencies insist on playing the honest broker and never take a penny from the consumer. This would be fine if their paymasters thought they were worth it. But they don't. Agencies used to be paid by media commission, until clients started to chip away at the percentages. So agencies gave back the commission and charged the clients fees. And the clients kept whittling. Then agencies bundled advertising with higher-margin communication and called it integration (and now media-neutral communications). The clients collected the savings, continued to use different suppliers, and demanded integrated thinking as standard. So margins kept falling. It would be instructive to include in annual agency listings the cost of rent indexed against inflation. It wouldn't make pretty reading, as agencies hop slowly out of the West End. It is hard not to conclude that the industry is slowly and painfully restructuring. But into what?

What is wrong with being paid by consumers? It can be immensely profitable, with margins way higher than marketing services. If the income is shared, it doesn't make for a conflict of interest between client and agency. In fact, it reduces marketing costs for the brand and makes it more difficult for a client to move the account if there is a profitable revenue stream direct from communications.

So what are the objections? The classic agency objection is risk. Agencies don't

have the financial muscle to buy raw materials and to take risks on unsold stock. This is why HHCL had the idea for the Tango doll, but Britvic had the means to get the doll made – and kept the profits. Similarly with ITV Digital's Monkey, the Carphone Warehouse mascot and the BT Chameleon phone – all ideas agencies have not made a penny on. Only they do not need to. Freephone (0800) telephone numbers, websites and interactive TV scripts mean that creative ideas can be adopted on a pay-as-you-go basis. Write the script and collect as much money as punters generate when they respond. Widgets are old economy, services the new. Channel 4 can only make so much money on Big Brother from advertisers – the upside for revenue from telephone calls, and promotional spin-offs is unlimited and involves no risk: programme making absorbs the set-up costs.

The other objection is that agencies would no longer work in their client's interests because campaigns would be developed to benefit the agency rather than the client. Aside from noting that this isn't much of a departure, the real objection is that agencies would run promotional advertising to promote the revenue-generating ancillary services – direct response gone mad. Yes, clients will be concerned, but only if the agency fails to achieve the primary campaign objectives. But if the agencies' work is achieving this, taking higher-margin income from consumer-generated revenue

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streams won't undermine it. And remember the high profile great advertising creates without the need to do direct response. The Chameleon phone is selling off the back of a great ad campaign (not designed to sell phones) and through signage at online retailers. If the agency thought they could get a return, they could run small ads in press and banner ads online, which wouldn't cost much and would extend recall of the core campaign.

This would push communications towards experiential marketing and websites that those interested could explore when they had time. Increasingly, clients are forging alliances with brands in other sectors to create experiential content, and the revenues flow straight to the client, not the agencies, which often have the ideas but cannot capitalise on them.

## Two recommendations

1. Every agency should appoint a consumer revenue director to look for opportunities to generate revenue from customers of existing clients.
2. The IPA should offer a prize for the first agency who is able to run an account without charging any fees because of the income generated from their ideas – an obvious candidate is TBWA, who could forfeit their fees if they got a percentage of every FCUK t-shirt sold!

The interesting thing is that when you talk to clients they say the agencies won't do it – because they won't take risks. And when you talk to agencies they say clients won't let them do it – because they won't take risks. Perhaps it is time we put it to the vote and let customers decide. With their wallets.

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