

Media

The Boca Blog: Day 3

ShuFen Goh reflects on her third and final day at the AIA Financial Conference in Boca Raton, Florida this week. Read about her [first](#) and [second](#) days at the conference [here](#).



ShuFen Goh (R3)

After a late dinner, we were greeted with scrambled eggs and a desperately needed coffee at 7.30am this morning here in Boca Raton, on our third and last day of the ANA Financial Conference, with 400 marketers, consultants and agency leaders chewing the fat.

It took until now for The Agency To Strike Back - with TBWA Chairman, Jean Marie Dru taking center stage. Dru had been quite outspoken recently on how compensation (err....or the lack of it...) was killing the industry, so we were all ears for this. What started as a nice agency credentials session (Apple, Absolut, Pedigree, Tag Heuer and more) finally got very specific with no holds barred comments - "Because clients have still not aligned on how to accurately measure the value of advertising, most just choose to ignore it" he said in his dulcet French accent. And he had a point - everyone knows value based is the ideal model, but no-one has figured out that model yet - and been prepared to mutually accept the risks. Obscure at the time, but beautifully clear on reflection, he quoted Picasso (in French, initially, bien sur!) as saying "I don't look. I find". Yet most compensation right now is paid for agencies to look (on inputs) and not find (the output). He wants to discard labor and hourly based fees, and look to value, even to compensate the agency as a percentage of sales ("This is the easiest way and my preferred option"). But in the end, he played the room well, and made everyone second guess themselves.

Next was a breakout on paying for media and digital - with Tiana Lang, director, media and interactive for Burger King sharing the secrets of how to incentivise an agency to produce www.whopperfreakout.com, www.subservientchicken.com and other classics. Here we learnt that Crispin get a base fee to cover their costs, but that the incentive can be as much as (...hold your breath...) double that based on agreed metrics and results. Hope they are not telling whoppers here. Or paying with them.

Finally, the 'keynote' of the conference (yes - at the end. Go figure - I guess it's like a Chinese lucky door prize...), the latest 2010 results of the triennial ANA study on Agency Compensation. Covering more than 1,000 agency relationships, the awesome threesome of Jim Zambito of JNJ, Rich Delcore of P&G (both Co-Chairs of the Financial Committee) and Tom Finneran, head of the 4A's laid it on us. Spoiler alert - we had an inside track, since our Chicago partner Dave Beals prepared the research. Write to me if you want the highlights.

So what's new?

Most US marketers prefer fee compensation (76%) over commission (3%) and others (21%). Value-based compensation? Just 1% of all US marketers are using it right now. Gee. That sucks

Take this one to the bank - on AVERAGE, these marketers worked with 13.9 agencies. That's not a roster, that's a litter.

And the last chart on the last day? Well, it was "How much profit should an agency make?" Clients think it should be 12%. Agencies think it should be 16%.

Hmmm.....all this travel, meetings, debate and pain over 4% of an agency fee?

According to my math, that's around 0.6% of the marketing spend, and 0.06% of sales.

Here's to us all looking more at improving the remaining 99.94% at future events