

AdvertisingAge®

Hmm, It's 2010 -- About Time for Chipotle to Switch Up Ad Agencies

'Serial Reviewers' Risk Brand Damage, Fewer Shops Willing to Pitch

By [Rupal Parekh](#)

Published: January 18, 2010

NEW YORK (AdAge.com) -- For some marketers, a new year means a new agency. If that's your company's annual resolution, you should know that line of thinking will lead to a bad reputation in adland.

Agency new-business executives and industry search consultants report a growing blacklist of sorts, composed of marketers that tend to put ad duties into play every year or two. Thanks to rapid turnover in the chief marketing officer seat (a CMO's tenure averages 28 months, according to the most recent figures from executive search firm Spencer Stuart) and pressure to perform amid the troubled economy, long-lasting agency-marketer relationships are becoming more rare.

"I have a huge disagreement with people changing their agencies like they change their underwear," said Jane Bedford, partner at the Bedford Group, a consultancy based in Atlanta. "Our clients tell us it takes them about three to six months for them to get fully engaged with their agencies. It's very difficult for an agency to get up and running, and totally please the client, within the first year."

And that's coming from an exec who actually benefits when accounts go into review.

Take Chipotle: In January 2004, the burrito chain tapped Mother, New York, to be its first advertising agency. Six years later, that account has cycled through four different shops: After Mother came TDA Advertising & Design, Boulder, Colo.; Devito/Verdi, New York; Butler Shine Stern & Partners, San Francisco; and, its latest, hired this month, Compass Point Media, a division of Campbell Mithun in Minneapolis.

Thinking twice

The regularity with which Chipotle changes its agencies is more than most. But it's hardly the only marketer with a penchant for flitting from shop to shop. Retailer Ikea and luxury automaker BMW are

known for frequently reviewing their creative and media accounts, and Mitsubishi Motors North America moves its ad business around a fair amount as well.

Too many reviews could also mean that, over time, the very best shops will think twice before going after those accounts. "Agencies do a risk assessment when deciding whether to pitch an account, and there's definitely a toxicity factor they look at. If [a client] does a lot of reviews, the client gets blacklisted," Ms. Bedford said.

Even at a time when agencies are hungry for more revenue, such flip-flopping has consequences: Two different new-business executives said two accounts they wouldn't touch with a 10-foot pole are 1-800-Flowers and Quiznos, as the businesses seem to be too volatile, regardless of their billings. The marketers did not respond to requests for comment.

Another consequence is cost: Constantly opening reviews can be incredibly costly and disruptive to both the marketer -- for whom travel and other fees associated with agency reviews racks up -- and the agencies, which shell out thousands of dollars in the hopes of crafting the perfect pitch that could win the business. If they do land it, there's often an added cost of having to quickly ramp up freelance and full-time staff to work on the new account.

Michael Houston, chief marketing officer at Grey, New York, said the window for agencies to prove themselves has lowered dramatically.

"Results in our business are no longer evaluated on a semi-annual or quarterly basis, but on a monthly, weekly and sometimes daily basis," Mr. Houston said. "Couple that with the level of dollars attached to the advertising line item on a client's balance sheet, and we find clients forced to justify their marketing ROI in a way never seen before. In that process, agencies sometimes become the scapegoat, with the easy solution being to call an agency review."

Consistency

What's more, "serial reviewers" risk damaging their brand with inconsistent marketing messages.

"Clients shouldn't be constantly jumping ship," said Lisa Colantuono, managing partner at AAR Partners. As communication between consumer and client evolves, "they need to work together with their agencies. If that foundation is constantly changing, the marketer is hurting themselves in the long run in terms of building brand loyalty with the consumer."

The Association of National Advertisers, the marketer's trade group, doesn't exactly see it this way. The ANA's position is that conducting formal agency evaluations on a regular basis offers the best chance for fixing problems before frustration sets in. It believes that the companies that have two-way assessments at regular intervals have the most-productive relationships. "Having a formal agency evaluation process is always imperative but even more so at a time of heightened focus on marketing accountability," Bob Liodice, president-CEO of the ANA, has said.

Said Grey's Mr. Houston: "Desperation may be something new to many industries in the recession, but it's something the agency business has known, embraced and perpetuated for decades. Agencies only have themselves to blame by playing right into the hands of these serial agency-review 'players' [and] making it too easy for the client to bully us."