

# Five Costly Advertising Mistakes



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## Avoiding Five Costly Advertising Mistakes

The world of advertising is going through a profound transformation, a transformation which allows us to work more cost-effectively and efficiently than ever before. However, many advertisers are still making costly mistakes which can easily be avoided.

The following mistakes are being made by the smallest businesses and largest conglomerates alike. Do you make them?



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## The Agency Retainer Model

If your agency (Digital, Branding, Print, etc.) insists on a retainer, do not agree to it. Why? A large retainer is not necessary to create effective marketing communications, which can instead be accomplished through a cohesive, integrated set of projects, which can be quoted to you at a fixed amount. Many times, a \$50,000 retainer will produce \$10,000 or less in comparable projects or less.



Moreover, the retainer model (a holdover of the Madmen era when it was based on a 15% commission on TV sales) breeds an unhealthy, overly personal relationship between client and agency. On the other hand, an agency that produces projects with you will strive to make sure each one is effective so you work on more projects with them. On the other hand, an agency with a one year retainer contract will most likely be more concerned about their “relationship” with you so that you will not fire them at the end of the year.



## Antiquated Agency Staffing

You might have noticed that your agency seems awfully well staffed, from the receptionist to administrative assistants to three or four layers of account men and creative. In some ways this is also simply a holdover from the Madmen era, when a 15% commission on a large TV buy could staff the office very well, and help it grow.

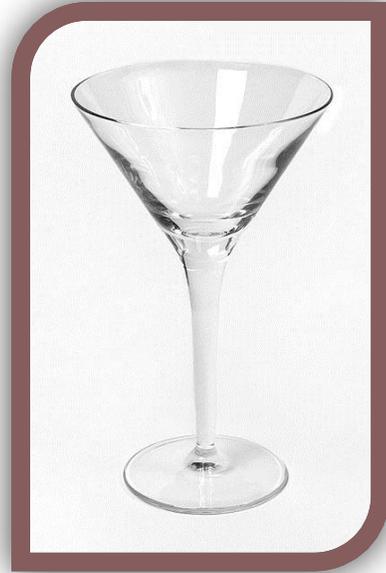


However, that retainer staffing model has generally been turned on its head in a perverse way. Now, large agencies generally bill on an hourly basis, so all extraneous staff member's hours are added to your bill! Even more pernicious is the fact this model rewards mistakes and lack of organization! For example, if the agency routs your ad three times internally before it is presented to you – because of their own mistakes – you get charged three times as much.



## Excessive Agency Staffing and T&E Billing Practices

Have you ever noticed how many expensive meals and cocktails your account executive buys for you? It's nice, right? Actually it's not, and it is very bad for your business. Every time an adman travels to see you in person, buys you a meal they are charging these costs back to you. And if the travel is excessive and intended to simply strengthen your "relationship" (and retainer) you can bet time and effort needed for your advertising will be lost as well.



## Aversion to ROI Projections

We have learned a bit about the danger of traditional agency retainers, and how they can lead to excessive staffing, travel and associated costs as well as detract from the actual work of producing effective, strategic advertising.

However, there is a further danger: the adman trying to protect his retainer will often be very hard pressed to set up ROI (Return on Investment) projections for you. These projections are critical; while both an art and a science, these good faith projections of how your advertising will pay out profitably have never been more powerful. But why would an adman protecting a large retainer and taking you out to dinner to cement your “relationship” make ROI projections? He or she might actually be judged against them! Don’t count on them wanting that to happen.

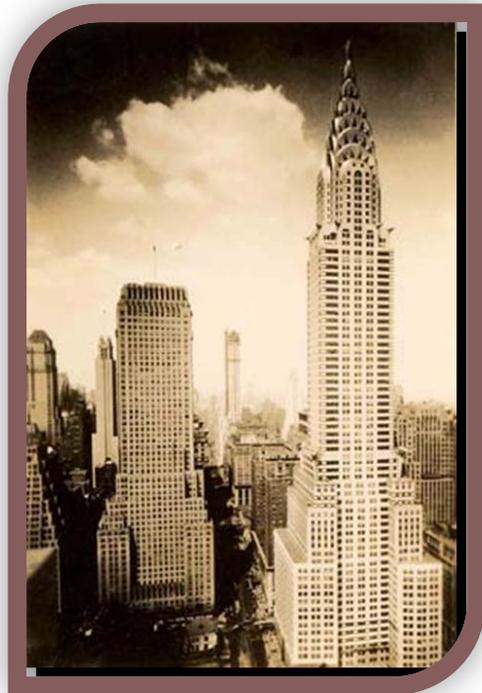


## One Size Fits All Agency Consortiums

There is a last way the dangers of the agency retainer have been increased fivefold: the pre-packaged group of agency retainers that are “necessary” to execute communications for your business. Specifically, you may be told that you need several large retainer relationships between agencies who will “work together” to further the interests of your business (a traditional, a digital agency, a media planning agency, a branding consultancy, etc.). And these retainers will cost dearly, an effect multiplied by the efforts and hours of these large firms expend to work together while waging their inevitable turf wars.

Wouldn't it make more sense if your agency staffing was customized to reflect the unique needs of your business? Couldn't a hybrid, custom team of professionals be assembled in the cloud to reduce costs, travel, and avoid the pitfalls of the agency retainer model?

Fortunately, just such a team can be assembled through the new discipline of Cloud Marketing.



## A Simple Way to Avoid These Costly Advertising Mistakes: Cloud Marketing

Fortunately there is already a way to avoid the costly, ineffective agency retainer model. Multiple firms are now creating custom agency teams in the cloud, an approach that proves much more cost effective and often produces a much larger return on investment for your business.

To learn more about how Cloud Marketing can help you, please call 646-233-1543 or visit [www.ny-advantage.com](http://www.ny-advantage.com) for news, updates and Cloud Marketing case studies.

