

THE ILLUSION OF “COMPETITIVE ACCOUNTS” IN INDUSTRIAL MARKETING

By Ian Deavin BSc, M.D. – The Industrial Marketing Agency

e-mail: ian@theindustrialmarketingagency.co.uk, www.theindustrialmarketingagency.co.uk

Many years ago when I worked in the motor industry it was considered that a car company would not use an advertising agency that was already working for another car company, generally on the basis of some vague ill-defined suspicion – or simple exercise of power for its own sake – much publicised power plays took place around this approach – with occasionally an agency switching from one account to a more lucrative/more prestigious one. All the while this was going on the design agencies, like Pininfarina and the engineering consultancies like Ricardo, had for years been beneficially and securely working for many different car and engine manufacturing companies – even in some cases one car company e.g. Porsche or Lotus, designing major parts of vehicles for another manufacturer. This spread eventually to the advertising scene where it became recognised that specialist expertise is the important factor and can be accommodated quite comfortably.

Having worked over nearly 20 years for industrial component companies that consider themselves to be “competitive accounts” – and done so to the benefit of all - I still from time to time come across the objection that having “competitive accounts” debars an agency from other work.

This has turned on 3 things:

1. The illusion of competition - actually the 2 companies are rarely if ever actually competitors at the promotional level. Their product lines often overlap to a far lesser extent than they believe – surprisingly little in fact. Although they may not appreciate this as they tend to see the small area where they do overlap and ignore the huge areas where they do not. This is quite understandable at a psychological level, since a fundamental strategy of business is to diversify to products that others do not have. Equally they may well approach the market differently e.g. one selling direct, the other through distributors. Their customers may well occupy different markets e.g. one focuses on medical and the other on automotive. So the company is selling different products to a different market through different channels. Where is the competition?
2. “Denial of service” – essentially the leveraging of business to deny another company the services of a good agency. While apparently a valid business reason, if the company is a genuine competitor and if it works - this too turns out to be illusory since like accountants, engineers, and other suppliers there are always more out there and your “competitor” will simply employ another “good” one. You will not stop them achieving good promotion but you will sour the relationship with your present agency.

3. The idea that industrial marketing agencies are party to “secrets” at all. Clearly this may be partially true although since everything an agency has insight to is destined for publication in a very short time frame, this is far less important than might be imagined – certainly we are really not concerned in the B2C sectors that a competitor will spoil a promotion by getting there first.

And it begs the question – what is a secret and from whom? It is remarkable how many “secrets” are freely discussed and trusted to other outsiders such as ad reps, component suppliers and buddies in the business, staff that move around etc. Niche markets are such close knit communities that the last ones to worry about leaking are the specialist agencies whose living depends on their security.

So we have 3 illusions – what are the benefits?

1. Specialisation – like an engineering consultancy a marketing agency can develop specialist expertise in their field which can lead to savings in time and cost as well as enhanced performance. This is very real and worth careful consideration – it is after all what you are looking for and expect to pay for.
2. Commitment – specialists have to be committed to maintain their performance edge and reputation ahead of the generalist agencies. And recognise that they are in a very small and competitive niche. They also have to take particular care regarding the security of information since the suspicion tends to continue that they will “leak secrets”.

So would you deny yourself a good accountant because of who else he works for – would you even know or care?

Would you seek out specialist engineering design consultants or machine tool or component suppliers – partially on the basis of the good work they have done on similar products for other companies?

Marketing services are just the same.