



## What next for the Digital Boutique?

### **Oliver Orchard, Senior Client Manager at EMM International**

EMM International has undertaken a study in the UK into the future of specialist 'Digital Boutique' agencies in a rapidly consolidating world. The i-Level collapse brought the findings of the study into sharp focus.

Recessional market conditions, and the subsequent resurgence of procurement-led supplier appointments and re-pitches, have driven digital fee and commission revenue for specialist digital agencies down. The 'cash rich' media buying powerhouses have capitalised on this, squeezing the boutique agency's margins and snapping up digital business that previously sat outside the traditional multi-national remit.

Clients that have moved into the agency groups have begun to see fantastic cost efficiency improvements and heavily accountable ROI online, but is this everything? Digital media has seen more growth during the last one or two years as a result of the recession than most predicted. Advertisers are slowly getting smarter at investing, and digital has become the weapon of choice for a client looking to stretch their ever decreasing budget. However, the boutique digital agency provides something lacking from many of the consolidated media agency groups - Soul. As one of our respondents put it "process hinders creativity".

Flair, the personal touch, innovation, service levels and creativity are the strengths of the Digital Boutique, and these are the battlegrounds left for it to fight on. As the economic situation eases, advertisers with a new found love of digital may start to shop around for more than just good prices; they're going to start looking for the 'big idea' again, the campaign that makes their name in the industry. Digital boutiques are much more suited to the bespoke solution and setting digital trends. As independents they don't have the volume related deals to fulfil with vendors that agencies with a buying group have to contend with during planning.

It's not just about the creative output of the Boutique though. Small companies and agencies live and die with their staff. A digital planner has a tough choice – opt for the fast-paced promotion-rich world of the specialist agency, with the inherent risks of being more sensitive to market conditions; or sit it out in a group agency, with a slower moving career path and fewer opportunities to shine, but with enhanced job security. In order to survive, the Digital Boutique needs to work hard to reassure and retain staff. With one or two big clients providing a huge slice of revenue some employees will be looking at what happened at i-level with trepidation.

The equity companies responsible for i-Level's downfall clearly took the view that the Digital Boutique business model was unsustainable following the loss of two major clients; COI to WPP's and GroupM's consolidated M4C and Sony Electronics to OMD, as the most recent part of their consolidation. These two clients represented a huge portion of i-Level's revenue, and the company hit trouble with its value plummeting from a high of £46million.

Our study concluded that the Digital Boutique still has a unique place in the market, just as the Group Agencies do, differentiation of products, skills, services and the people have ensured that the boutique remains relevant. It's just that, right now, it's all about survival, and the group agencies are more experienced in that field.

**For further information please contact Oliver Orchard at EMM International  
on 020 77801 1380 or 07990 806109  
[www.emminternational.com](http://www.emminternational.com)**

**About EMM International:**

EMM international is 16 years old and one of the world's leading media management and media auditing/consulting companies. We evaluate, benchmark, and monitor our clients' media investments, bringing savings and added value.

We help clients understand the complexities of the media process, then empower them to make better judgements and enabling them to save money through more effective strategy, planning and buying performances.

-END-