

Opinion:

The effect of the credit crunch in Europe

The effect of rising fuel costs and lower levels of consumer spending can be seen right across Europe, with some slight differences to the situation in the UK. Germany and France, for instance, are notable for energy markets that are much less liberalised than the UK. In France EDF is the only provider and energy prices are seeing massive increases. In Germany we are now enduring the fifth round of price increases in just two years.

For outsourced sales agencies with contracts to provide services at set prices this is squeezing margins further. Running a contract is now more expensive but it is not easy to renegotiate terms mid-contract. So, when these contracts come up for renewal there is bound to be some renegotiation and it will be imperative to show that what we do still makes sense – still justifies itself in terms of ROI. The competition for budget will come not so much from other marketing channels or from competitor agencies, but from in house sales teams. Clients will be under pressure to make the most of internal resources first of all.

Agencies will be required to justify the value of outsourcing and I expect there to be more performance related work. A greater percentage of remuneration will be variable – based on results.

Successful operations will show professionalism, experience and focus. Larger agencies that offer a mixture of services will be challenged to focus uniquely on the organisation of each client account so that each one receives a service that is uniquely customised to the needs of that company

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