

ADVERTISING

Agency Gets Its Cut at the Cash Register

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MOST everyone on Madison Avenue waxes rhapsodic about the "partnerships" between agencies and their clients, ignoring the reality that agencies all too often prove about as indispensable as Pez. Now, a boutique agency is hoping to rectify that by actually going into business with a client.



Gary Hershorn/Reuters

Trudie Styler and Sting are selling organic food products including olive oil produced on their estate in Tuscany.

The boutique, Sugartown Creative in New York, is working with Trudie Styler and her husband, the musician Sting, to introduce a line of premium-priced organic food items that are produced on the couple's estate farm in the Tuscany region of Italy.

Sugartown Creative is responsible for the packaging and marketing of the line, named Il Palagio after the villa on the estate, as well as subsequent advertising campaigns for the products.

Rather than being compensated through commissions or fees, Sugartown Creative will earn a percentage of the revenue that the products generate at specialty food stores. The four initial Il Palagio products - an olive oil and three flavors of honey - are scheduled to be introduced today at the Harrods department store in London.

Plans call for Il Palagio products to be brought next year to the United States, where Sugartown Creative will serve as the sales agent.

The deal is indicative of efforts that agencies are making to broaden their scope - and their revenue sources - as the industry undergoes wrenching changes. Not only are client relationships growing increasingly volatile, but marketers are seeking to reduce the sums they spend on advertising by cutting budgets or assigning procurement departments to handle agency payments.

In another example, Gyro Worldwide, a boutique agency in Philadelphia, has entrepreneurial operations that include marketing apparel and rum under the Sailor Jerry brand (sailorjerry.com). In August, Gyro signed a licensing agreement with the Converse division of Nike to sell Chuck Taylor All Star sneakers in four Sailor Jerry designs.

"It's about advertising as product and product as advertising," Steven Grasse, chief executive of Gyro, wrote in a letter. "And it's about an agency transcending its traditional role to become both brand and marketer."

Another agency known for its creativity, Bartle Bogle Hegarty in London, opened a music publishing company named Leap Music in 2003 in a joint venture with a veteran music industry executive, Richard Kirstein.

Leap Music was inspired by the popularity of television commercials created by Bartle Bogle for clients like Levi Strauss. The songs featured in some of the Levi's jeans spots sold well enough to land on the charts of best-selling British recordings.

"It's putting your money where your mouth is because it's showing you believe your work will help a product succeed," said Fritz Westenberger, co-president of Sugartown Creative. "Small agencies like us have to do things like this to protect our revenue stream and protect our future," he added.

Mr. Westenberger and the other president, Jolie DeFeis, acknowledged in a telephone interview that there was no guarantee of success for the Il Palagio products.

"It's a roll of the dice," Ms. DeFeis said. "If it doesn't sell, we make zero money."

"But if it wins, it wins," she added.

Sugartown Creative, which opened in June 2004, works for clients like Bacardi, creating campaigns for Bombay Sapphire gin and Grey Goose vodka. Indeed, Ms. Styler said in a telephone interview, it was the agency's ads that led her to Sugartown Creative more than a year ago.

"I was impressed with the campaign for Bombay Sapphire; it's really original," Ms. Styler said. "Someone said, 'I know the creator,' and I met with Fritz in New York and really hit it off."

"I told him I'd been bottling the olive oil and honey in-house and was thinking I'd like to branch out and asked how best to do that," Ms. Styler said. "Fritz came and spent a bit of time at Il Palagio and we worked on what to sell and where to place it, and he designed beautiful packaging."

As for the brand, it seemed an easy decision to use the name of the estate, which dates to the 16th century.

"How corny would it be to call it Sting's Honey?" Ms. Styler said, laughing. "You'd be leaving yourself open to a lot of jokes."

The sales pitch for the products will include a pledge to donate 10 percent of the proceeds to "one of the charities we are most known for," Ms. Styler said. They include the Rainforest Foundation, Unicef and the Soil Association, which supports organic farming.

Mr. Westenberger and Ms. DeFeis said that Sugartown Creative would receive 7.5 percent of the revenue from the products sold in Britain and 10 percent in the United States.

The products are being sold at Harrods for £19 (\$33) for a 500-milliliter bottle of the olive oil and £6 (\$10.50) for a 350-gram bottle of the honeys, Mr. Westenberger said.

"We're not going to sell them here for \$40," he added, but they will bear premium prices reflecting their imported and organic origins.

Il Palagio foods, which mention Ms. Styler and Sting on the labels along with a reference to the "Estate di Sumner," are the most recent on a lengthy list of products that seek to sell celebrities as brands (and vice versa).

Other examples include the L.A.M.B. and Harajuku Lovers brands of clothing sold by the singer Gwen Stefani; the wines sold by the actor Fess Parker, which were spoofed under the "Frass Canyon" name in the movie "Sideways"; the Intimates line of lingerie sold by the model Elle Macpherson; and the Rbk athletic shoes sold by [Reebok](#) that are named for rap artists like 50 Cent and Jay-Z.

Sugartown Creative and Ms. Styler are considering additional products under the Il Palagio brand, Ms. DeFeis and Mr. Westenberger said, including balsamic vinegar, lemon marmalade, pasta sauce, rose jam and sea salt.

Sea salt? Perhaps they could form a partnership with Sailor Jerry.