





# THE QUICK GUIDE TO COMPENSATION METHODS BY AGENCY TYPE



Certain remuneration methods lend themselves better to certain agencies and services than others. The following summarizes some nuances and alternatives for each of these agency disciplines:

	 <b>CREATIVE AGENCY</b>	 <b>DIGITAL AGENCY</b>	 <b>MEDIA AGENCY</b>	 <b>PR AGENCY</b>
COMMISSION	Limited application in modern day for creative and digital agencies since paid / owned / earned media models overtake pure play advertising media spends.		Most likely agency type to be paid on commission. Marketers are increasingly moving to fee based arrangements, however.	Not typically used.
LABOR-BASED	Most common when agency services revolve around strategic partnering whether its consumer insights, customer journeys, media planning services.			Most common method for PR, as agency services at different times carry high value, such as for crisis communications.
OUTPUT-BASED	Works well for project fees and deliverables where consistent and well known processes are followed, and output speed and quality can be anticipated and replicated such as retail/BTL deliverables.		Not typically used.	Less typical as the 'output' is less quantifiable and efficiencies are not driven by volume of deliverables.
VALUE-BASED	Can be applied to any type of agency, as the methodology for arriving at value is independent of agency input costs and instead arrived at based on business value drivers as determined by the marketer.			
PERFORMANCE-BASED	Can be applied across creative, digital & media agencies with a balanced score card approach that measures agencies on brand, business and marketing metrics as well as qualitative agency performance results.			Until such time as PR influence can be more closely tied to business results, performance based model opportunities are limited, or tied wholly to agency performance.



To find out more about different Agency Remuneration models, please visit [www.rthree.com](http://www.rthree.com)

