What’s Next For the Clients That Fired The Richards Group?

The rapid exodus of clients from The Richards Group in recent days has created painful uncertainty about the agency’s future and the fate of its 700 employees. But in the brutally competitive world of advertising, the fallout means there’s also a number of sizable accounts suddenly up for grabs.

This week, Motel 6 ended its relationship with longtime agency The Richards Group. The hospitality brand severed ties with The Richards Group following remarks by agency founder Stan Richards in an internal meeting that a campaign for the client was “too Black.”

Richards subsequently stepped down, leaving the agency he founded 44 years ago. But Richards’ departure wasn’t enough to comfort clients, as a series of other brands ended their partnerships with the independent Dallas agency. The losses included The Home Depot, grocery chain H-E-B, Keurig Dr Pepper and Salvation Army.

H-E-B, which has worked with The Richards Group for the better part of two decades, spent nearly $24 million on media last year, according to Kantar Media. The grocery chain recently topped a customer satisfaction survey among food retailers during the pandemic. Salvation Army spent $10 million on media last year, according to Kantar Media.

For Motel 6, review was already underway

Motel 6 was in the midst of an agency review process initiated

earlier this summer when it initially parted ways with The Richards Group, according to a spokesperson. The Motel 6 representative added that the company had planned to announce a winner by the end of the year and the termination of the process with The Richards Group may have accelerated the process. The motel chain also indicated that The Richards Group didn't have an advantage in the process as an incumbent and was weighted equally with other participants.

Motel 6 spent nearly $19 million on media last year. The company reduced spending to just over $1 million in the first six months of 2020, according to Kantar Media.

Motel 6 plans to continue its relationship with spokesman Tom Bodett and has no plans to change its "We'll leave the light on for you" tagline with its new agency, according to a spokesperson.

Will Home Depot add creative to its media search?

The Home Depot launched a U.S. media agency review last month, with incumbent Carat defending. That process is expected to conclude some time in December, according to sources with knowledge of the review. Home Depot is now in the process of reviewing creative as well. Consultancy Roth Ryan Hayes now tasked with helping the home improvement chain find a new creative partner as well as a new media agency, according to sources with knowledge of the process.

Home Depot declined to comment on the process of searching for a new creative agency partner at this time. Roth Ryan Hayes also declined to comment.

It's unclear at this point whether Home Depot may seek to consolidate media and creative with a single holding company. While sources speculate the process could move faster than a typical creative review, it seems unlikely it could wrap up by the expected conclusion of Home Depot's media agency review.

Home Depot spent over $444 million on media last year and a little over $153 million in the first six months of 2020, down from nearly $209 million over that period last year, according to Kantar Media.

Looking to recent history for parallels

The current situation with The Richards Group may be unparalleled in recent advertising history. Still, there is some precedent for a quick pivot to a new creative agency following a client ending a relationship in the wake of racist comments.

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