

ID Comms Best Practice Guides:

HOW TO RUN A MEDIA AGENCY PITCH

Your manifesto for running a productive media agency review in the digital age.

Version 2

About these guides

The ID Comms Best Practice Guides series is designed to help marketing and procurement leaders unlock greater productivity from investments in media.

They have been written by ID Comms Senior Consultants based on many years' experience working with some of the world's most demanding brands and their agencies.

Please use and share these guides freely, we ask that you reference us in any direct quotations.

Finally, we value feedback on everything we do. Please get in touch and share your thoughts. Thanks.

<http://www.idcomms.com/>

ID Comms: Your Partners in Media Change

ID Comms is a strategic media consulting company, founded in 2009. We act as trusted media partners to the world's leading advertisers, helping them to navigate the complexities of the changing media landscape.

Media is a very powerful lever for growth for brands, but the landscape is complicated, cluttered and confusing. Making sense of this and knowing what to focus on is a challenge for marketers.

It comes down to having the right knowledge to make decisions with confidence and the right controls to implement them, and that's what we do.

We provide clarity in this complex landscape by empowering our clients with the knowledge they need to take the right decisions and we provide the data and tools to give them more control over their media performance.

What this guide gives you

This Best Practice Guide is a 10-step Manifesto for running a media agency pitch which you can use for inspiration for your own business.

It gives a snapshot of ID Comms' thought-leadership in managing a search and selection process for a global media agency.

ID Comms has designed and managed over \$10bn of media agency reviews and negotiations since we launched in 2009. This is a summary of our deep experience of the good, the bad and the very ugly of agency pitches. This has allowed us to shape innovative best practice in how brands should manage agency reviews.

We believe agency reviews should be about more than just securing better media pricing. They offer an opportunity to identify the right agency partner to unlock new productivity in marketing investments for the long-term.

Recent pitches include:



L'ORÉAL



Context points for this guide

1. Research by the ISBA found that 58% of clients they surveyed recognize the need for a new type of pitch process.
2. The agency pitch process has hardly evolved since the birth of media agencies in the early 1990's. Put another way, most consultants' pitch templates are older than the internet.
3. Pitching is all about getting the best agency you can. Clients tend to get the agency they deserve. Aim high: If you are going to pitch (and if you're not the biggest) create the best pitch possible.
4. This guide is intended for marketing and procurement professionals who have already potentially identified the need for a review, we are not advocating or championing an agency review as a 'problem fixer' (indeed you can find another ID Comms Best Practice Guide about how to avoid pitches altogether if you'd prefer).

Agencies are more powerful today

Media fragmentation, agency consolidation, digitization and consumer complexity are four main things that have endowed huge power to media agencies.

Many are now acting as media vendors themselves and controlling your media inventory.

As a client, even a large spending multi-national client, you want to be in a position of priority with your agency to make sure you are on the right side of average when it comes to access to media discounts, the best talent, thought leadership and innovation.

Yes, there is a talent famine

Madison Avenue is a myth. The big agencies don't always have the best people any more.

A combination of the digital revolution, the recession and under-investment in talent have resulted in a mini-exodus in the last decade of some talented people from large agencies.

There are still many great people, just fewer of them available. This means, as a client of a big media agency you want to make sure you have the best people the agency can offer you.

The way you go about pitching yourself has a big bearing on this.

You are not NIKE

(unless of course you are NIKE)

As a media client, your agency will always have a NIKE. Even if it doesn't actually work with NIKE, they will have a 'sexy' brand client that they will do absolutely anything for.

If that brand is your brand, then lucky you. Sit back and enjoy.

But for most of you in the long-tail this means there is probably always going to be one client at your media agency that everyone in the agency would rather work on than your brands. Sad, but true.

If you appreciate and confront that, then you can work to make your brands and your briefs as brilliant as you can and thus make sure the best people in the agency want to work with you.

Be the best client you can be

For years agencies have wanted to “sit at the top table” of their client’s marketing operations. The tables have turned; now clients need to work out how to sit at the agency’s top table.

This is hugely important because the distribution of a lot of media value is largely discretionary on the part of the agency.

This means that your objective should not be solely to reduce costs, but you should focus on how to get more than your fair share of additional value delivery by being an important client for that agency.

This will attract the best people, the best media value, the best deals and the best innovation to your account.

Have a strategic ambition

A common feature of many agency reviews is the need to unlock competitive media costs or improve the media trading position. This has been even more prevalent in the recent economic climate.

Whilst it is true that a media pitch can usually get agencies to give access to lower costs, it is usually a bad idea to have this as your sole ambition or motivation for a review.

Media is one of the most powerful levers you have to grow your business. We therefore advise clients to spend time upfront defining their strategy for media across their organization and how they will challenge agencies to deliver against that strategy.

Improving costs can certainly be an outcome of the pitch, it should not be the sole ambition.

How to Run a Media Agency Pitch

1. MINIMIZE THE IMPACT AND DISRUPTION OF A REVIEW

Try to identify opportunities to trim time, resource and money drain.

These days everyone will appreciate a review process that allows both sides to do their best work but whilst minimizing any negative on the bottom line.

This means finding ways to make meetings more concise, written materials more focused, evaluation criteria succinct and simple, and decision making exact and constructive.

For example, consider the role of the 'chemistry meeting'. This shouldn't require a formulaic run through of a creds presentation by a suited and booted team in a handshake line. There are more creative ways to get a sense of agency personality, cultural fit and their hunger to work on your business.

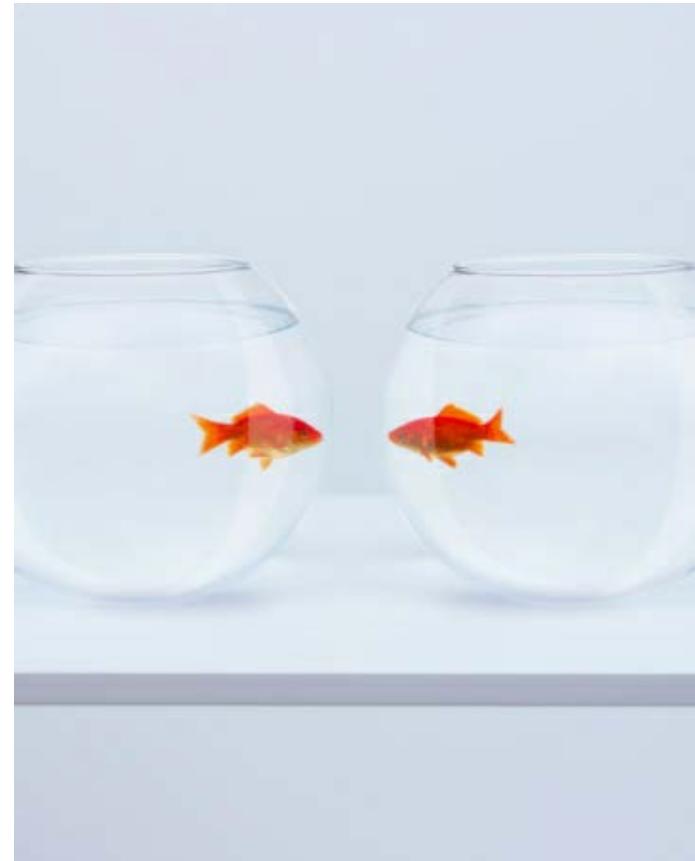


2. SEPARATE THE PLANNING AND BUYING ELEMENTS

Consider separating the buying and planning elements of the process, thereby ensuring only those agencies able to commit to a competitive pricing position are shortlisted to the final planning phase.

Many traditional pitches give the agencies both the planning and costing exercises together. We believe this makes both ineffective as they tend to corrupt each other because the agency will tend to plan media they can buy cheaply, which may not be the best for the client.

This is not a behavior you want to encourage in the agency. So, split planning and buying exercises so you can evaluate them in their pure form.

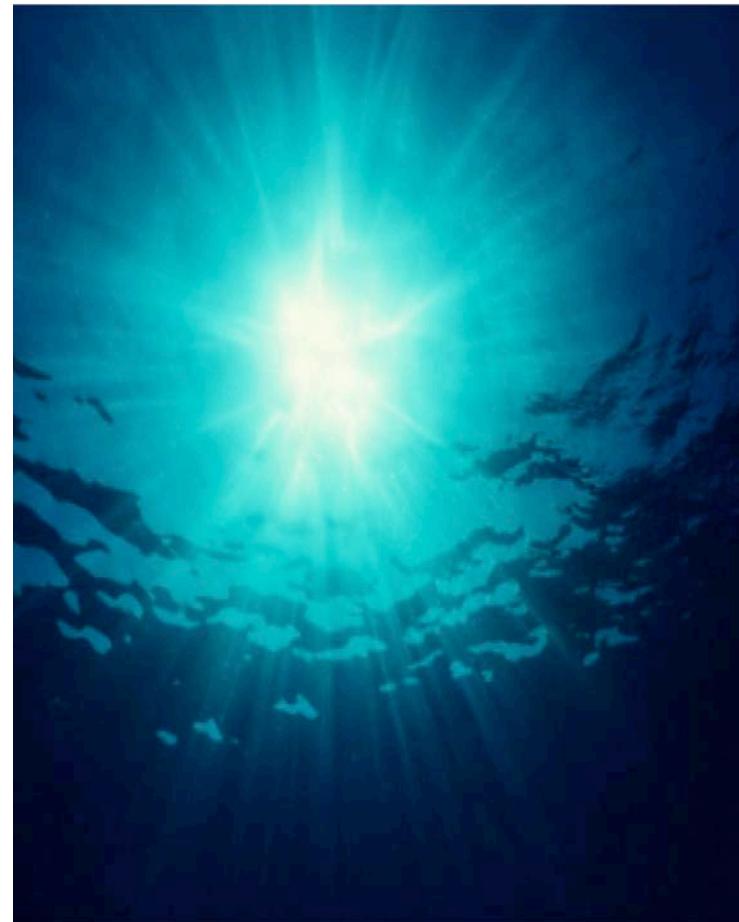


3. A NEW TYPE OF MEDIA COST EXERCISE

Creating a new type of media cost exercise that will simply and transparently identify best-in-market pricing without compromising quality. The most effective media cost exercise is one that generates realistic commitments for the future rather than a competition about what costs could have been achieved yesterday.

Consider a new approach; can you tell your agencies what costs you require as a client with any improved position built in and allow them to commit to (or challenge) those costs positions? What you may get as a result is a more realistic commitment from the agencies that they can achieve your future cost ambitions but without creating a race to the bottom, which would affect ongoing value creation.

By benchmarking costs in this way, you may avoid the need to pay for industry generated 'pool' costs from a media auditor.



4. GREATER TRANSPARENCY IN THE EVALUATION

Too many pitches become derailed by subjective and emotional decision-making so you will need to have an evaluation methodology which ensures the objectivity of the process is protected. It is important for the participating agencies to see and understand this transparency.

This transparency creates a more productive review and a more focused set of agencies, producing a better final result because they are clearer about what they need to do to win.

The methodology you use needs to ensure that agencies can be offered on-going constructive feedback on their performance throughout the process.

We advocate the use of an agency evaluation methodology which protects transparency and determines what levels of feedback agencies should receive.



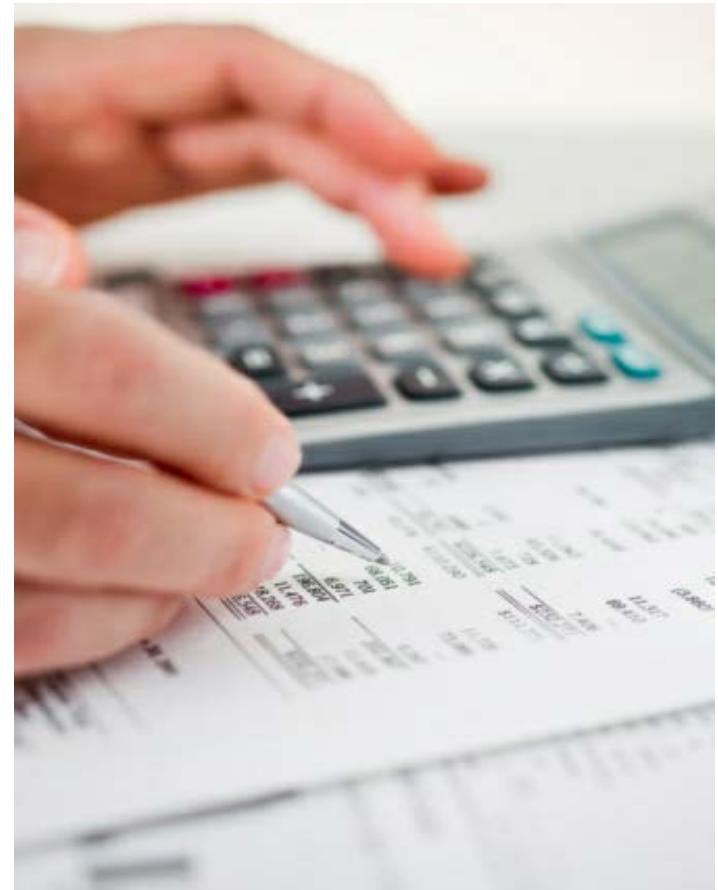
5. MODERN CONTRACT AND REMUNERATION APPROACH

We advise bringing remuneration terms into the process early, thereby making agency resourcing a key component from the outset and allowing them to innovate beyond traditional media solutions.

Remuneration models usually enter the pitch process at the negotiation stage. We believe this is far too late. We therefore make the remuneration model a key component of the pitch from the outset.

This also includes making it clear to agencies how to work within a remuneration model that better rewards media neutrality and value creation, and might incentivize them to work in a more focused way to deliver your marketing KPIs.

Allowing the agency to understand upfront how you intend to incentivize and reward their performance makes it easier for the agency to propose the best talent to work on your business and you'll be more likely to get to see the best people the agency can offer you.



6. HIGH-QUALITY BRIEF AND MATERIALS

The quality of agency planning, and indeed their entire response can be traced back to the quality of the briefing given to them.

ID Comms believes that a quality brief not only gets the participating agencies at their best game, but also raises the bar for them in quality of response.

Well-written and well-presented documentation from the client sets the benchmark for each agency's response.

We find that this creates more care and attention from agencies to tailor their response better to your brief.



7. A RESOURCE PLAN BUILT AROUND A SCOPE OF WORK

Too many client-agency contracts don't give any detail on the resources that the agency will provide.

We believe you should encourage agencies to be more prescriptive about the resource they propose offering. They should be designing their resource proposals with specific roles to deliver against your scope of work.

Having a detailed resource plan holds the agency to account for the resource they have proposed and avoids or penalizes under-delivery.

The traditional challenge with commission based media contracts is that they effectively incentivized the agency to under-resource clients in order to maximize their profit margins.

We believe a detailed resource plan is important because it allows that resource to be committed and held accountable for delivery of a scope of work.



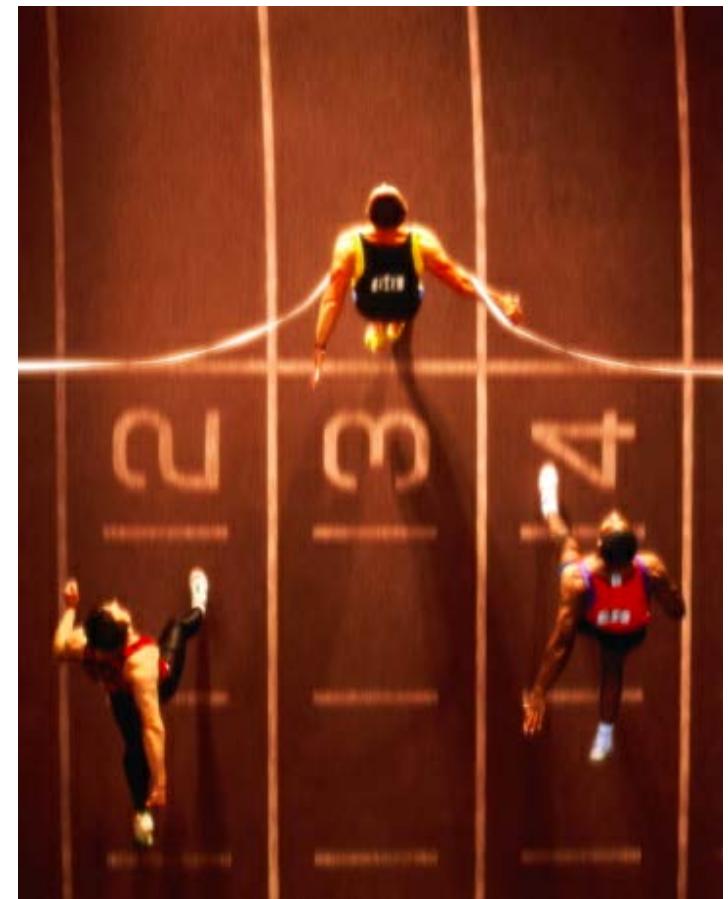
8. A GREATER COMMITMENT TO SUCCESS BY THE AGENCIES

In the final stages, when you are comparing the final proposals you need to make sure that there is no ambiguity and be able to hold the agencies accountable for their pitch promises.

In some cases, the amount of value you get from your media investments is discretionary by the agency; meaning that the more committed they are to you as a client and your ambitions then the more likely you are to get a decent share of the media value available in the market.

Getting the agencies' full commitment to your review can pay dividends in unlocking new productivity in media.

Consider if you could cover a small amount of each agency's expenses of pitching. As a small gesture it could pay for itself many times over in value delivery from the winner.



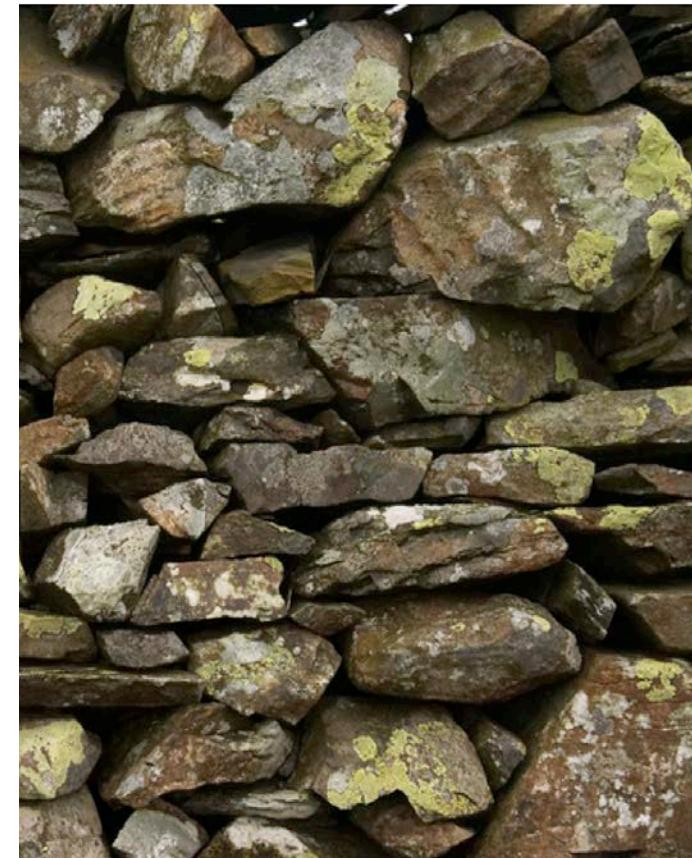
9. VALUE YOUR INCUMBENT AGENCY

It is easy to leave an incumbent agency feeling bruised in a review, even if they retain the business.

Your incumbent agency has a special relationship with you, they understand your business and so for example, asking them to host a credentials-based chemistry meeting as part of the review is potentially a waste of an opportunity to have a different, more constructive meeting with them.

You need to make provision for how you will manage your incumbent relationship during the review and have a grown-up conversation with the agency leaders to ensure that the pitch doesn't create a distraction (or worse a convenient alibi for poor performance) resulting in loss of media value.

Most traditional pitch processes treat the incumbent the same as everyone else. We advocate treating the incumbent slightly differently during a review and devise a bespoke plan for how the team should best manage the incumbent agency and its people.



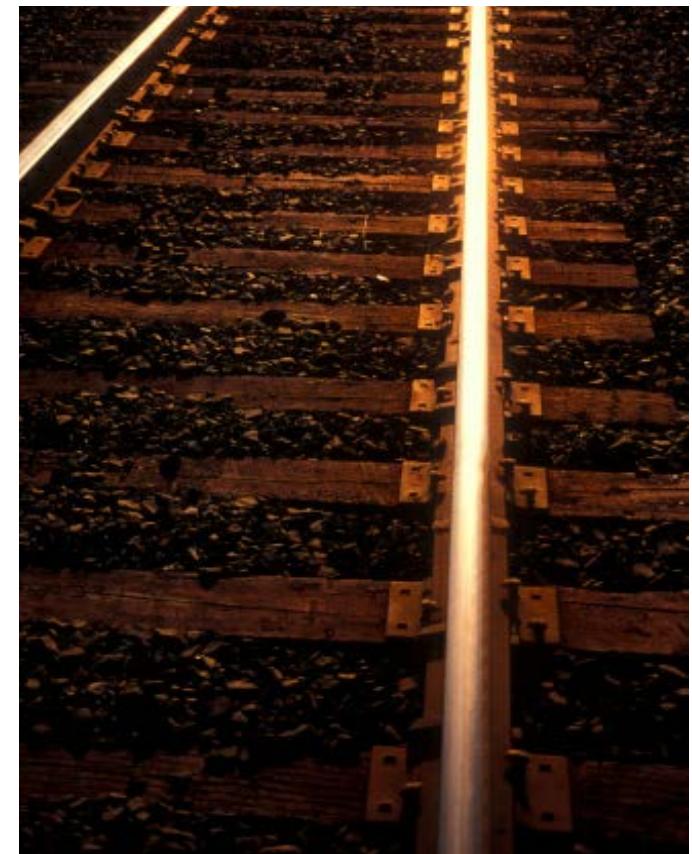
10. A COMMITMENT TO CLEAR COMMUNICATIONS

Many pitches are flawed by poor quality communication, both internally and externally. This can lead to one of the biggest enemies of a successful pitch - the loss of energy and commitment from people.

Most pitches leak to the trade press at some stage and this causes problems for managing information flow to participating agencies. Every pitch has its share of rumors and myths, however with good planning these can be managed.

We make process and communication a priority, with the aim of maintaining a consistently high-level of energy and commitment throughout the process. We therefore ensure that all communication is clear, focused, and timely.

We recommend for corporate comms to be closely involved in creating internal and external communication plans, with dedicated plans for managing information flow to the press and the agencies participating.



Ten-part manifesto for managing a great media agency pitch



1. MINIMIZE THE IMPACT AND DISRUPTION OF A REVIEW



2. SEPARATE THE PLANNING AND BUYING ELEMENTS



3. A NEW TYPE OF MEDIA COST EXERCISE



4. GREATER TRANSPARENCY IN THE EVALUATION



5. MODERN CONTRACT AND REMUNERATION APPROACH



6. HIGH QUALITY BRIEF AND MATERIALS



7. RESOURCE PLAN BUILT AROUND A SCOPE OF WORK



8. A GREATER COMMITMENT TO SUCCESS BY AGENCIES



9. VALUE YOUR INCUMBENT AGENCY



10. HAVE A COMMUNICATIONS PLAN DEVELOPED

Want more..?

This is just the introduction

We have extended versions of this guide which drill down into these headlines with more practical advice for marketing and procurement professionals.

If you would like us to meet with you and share with you the full version of this guide, or perhaps tailor it to your requirements, then please get in touch:

<http://www.idcomms.com/>

We look forward to helping you get more value from your media pitch.

For more information and to arrange a demonstration of how ID Comms can increase the value of your media investments, please contact us:

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