# ANA MAGAZINE

Spotlight on

## MEASUREMENT AND MARKETING PROCUREMENT

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# COMING INTO VIEW

## New standards, technology hold promise of verified video ads

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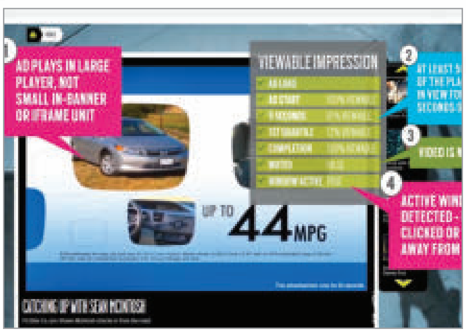



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# Coming into View

## New standards, technology hold promise of verified video ads

**By Erik Sherman**

Online video ads have long been like putting a million messages in a million different bottles at sea: While they can be enormously powerful, you can never be sure if anyone will actually see them.

A video might auto-play somewhere on an obscure webpage or be covered over by other tabs in a browser. Maybe the viewer isn't a human but a bot. Or perhaps the quality is so poor that it's unwatchable. And how can you compare any results to that of traditional television advertising when the audiences can overlap significantly?

The Media Rating Council (MRC), the Association of National Advertisers (ANA), the Interactive Advertising Bureau (IAB), and the American Association of Advertising Agencies (4A's) have created Making Measurement Make Sense (3MS), a set of standards for measuring when a video ad is actually viewed. That plus new technology from the likes of Nielsen, comScore, and Google promises the world of verifiable video ads will be here soon. But this new media-buying world, in which audiences for traditional TV and online videos can be realistically compared with gross rating point (GRP) figures, will require marketers to know what questions to ask before using one of those systems.

## Allure of the Small Screen

Little wonder why advertisers find online video attractive. That's where the consumers are. According to Forrester Research, a third of U.S. adults who own PCs stream video from the Internet at least once a week. About 35 percent of adults who use tablets and 21 percent of smartphone owners do the same.

But the allure is not just about an eyeball count. The North American office of computer and consumer electronics manufacturer Lenovo has publicly said it found video ads get as much as 10 times the click-through rate of Flash ads. They're more engaging and, ultimately, effective.

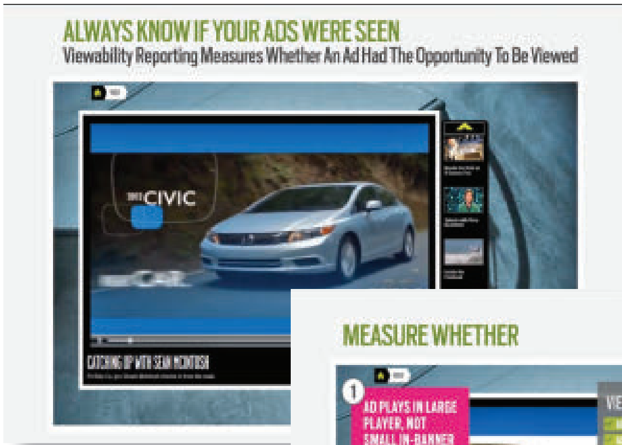
That is why video ad spending is on a tear. Forrester pegs the U.S. total last year at $3.6 billion and projects a compound annual growth rate through 2018 of 22.4 percent, compared to a 15.1 percent rise in overall online ad spending. And yet, even as online video advertising has entered maturity, the question of verification has remained.

According to Ann Hunter, senior vice president of global marketing strategy at comScore, there are four aspects to validating a video ad: "We say an ad is valid when it's served in the target geography by country, when the ad is in brand-safe content, when the ad is viewable, and when the ad is served to an actual human," she says.

In other words, at a minimum, the ad has to be seen by real people in the country the advertiser expects it to show. And it must be in an appropriate environment for the brand to avoid damage to the company's image. A video rolling out of sight on a page or sitting in an inactive tab is not only useless for the advertiser but can be annoying for the consumer who hears only the audio, a scenario that potentially creates a negative impression of the sponsor.

## If an Ad Plays on a Crowded Screen, Does Anyone See It?

Unscrupulous firms have taken advantage of the lack of verification by selling space even though the ad has little or no chance of actually getting seen. “As the marketplace for advertising becomes more valuable, it becomes more attractive to the black hats, those smart programmers sitting in a foreign country, saying, ‘Wow, there’s money to be made here!’” says John Montgomery, North American chief operating officer of media buyer GroupM Interaction.





TubeMogul’s Open VV, an open-source tool, tracks what portion of a video ad was in view, for how long, and whether its audio worked.


This problem has been exacerbated by the number of companies purchasing large amounts of advertising space without key details. “So many companies are acquiring impressions ultimately in places where they don’t know they’re going to run,” says Adam Kasper, chief media officer of advertising agency Havas Media North America. “In the most innocent form, they’re buying them on exchanges where there’s no verification of their quality. At their worst, it’s companies intentionally defrauding advertisers to sell them impressions that are essentially valueless.”

The issue is far smaller with premium publishers. “They’re viewable, they’re human, their delivery is fine,” Hunter says. So why don’t advertisers just stick to the top tier? The top tier alone is too expensive. Being able to publish in a mix of top tier and smaller, less expensive outlets is what makes the economics of online video ads work.

Montgomery suggests imagining a slider that moves between premium sites and long-tail ones, with the CPM, or cost per 1,000 impressions, ranging from as high as $50 down to 25 cents. The risk of bots or video not being visible or sitting alongside inappropriate material is inversely proportionate to cost. To find the balance between what they can afford and the risk they’re willing to accept, companies should push the slider between the extreme CPMs.

“As soon as you get out of those very well-known environments, your pricing goes from $23 CPM to $8 CPM, and that’s a very attractive option,” Kasper says. “If video was $30 across the board, we wouldn’t see the money we’re seeing now online because it’s inefficient [compared to] TV. The lower-tier players have created scale.”

## Making the Best of It

So online video advertising wouldn’t be possible without the lower-tier players, which are the ones that offer the most risk. But what if you could reduce the unknowns and remove a good chunk of that risk?

Enter verification. Advertisers, ad networks, ad exchanges, and ad agencies can’t necessarily prevent ads at long-tail publishers from rolling for bots or invisibly sitting on someone’s screen. However, they can demand verification to identify the problems and then insist on not paying for video ad placements that might as well have never happened. Advertisers could then pay only for ads that were theoretically seen, the way they do with TV.

“Television is by definition viewable,” says George Ivie, CEO of the MRC. “We know the ad appeared on the screen. In digital, we never had that.”

The groups involved in 3MS have extended their efforts to video ad verification. It took some time for two reasons: One was that even three years ago the industry didn’t realize “it was as big a problem as it is,” Kasper says. “Now it’s apparent.”

The other reason was technical limitations. “The technology to measure video impressions has been around a long time on the Internet,” Ivie says. “Unfortunately, the technology fell short in several ways. Within the last two years, new technology has become available to get an apples-to-apples type of measurement to television. Instead of a served video impression, this technology has enabled a viewable impression.” Video will have to be a minimum of 50 percent in view for at least two seconds to count.

“This has been in the works with our associations and the advertisers,” says Jeffrey Holecko, North American media manager for paper product maker Kimberly-Clark and cochair of the ANA’s Research & Measurement Committee. “It’s taken a long time, but actually the groundwork has been in place for a while.”

Having a standard is fine, but it takes more to ensure that ad delivery meets it.

Beyond viewability, advertisers also want assurance that impressions aren't racked up by bots. They need information about the audience in the form of an online equivalent of GRPs. And as advertising moves more toward programmatic buying, this becomes even more important. The more automated the methodology, the greater the need for verification.

## Bring In the Vendors

The software and services to provide verification services and the GRP figures advertisers want are becoming available. Two names in the certification process right now are Nielsen, with its Online Campaign Ratings (OCR), and comScore, which offers vCE, or validated Campaign Essentials. But that isn't the whole field. Google has its Active View and Active GRP, which will undoubtedly extend to video. The company is already selling guarantees on YouTube using OCR and vCE, according to a Google spokesperson.

"Many companies have come to market with viewability solutions," says Keith Eadie, chief marketing officer of video advertising software vendor TubeMogul. "We actually developed our own viewability code, open-sourced it, and created a video consortium: OpenVV." The Emeryville, Calif.–based company is trying to drive an industry-common approach to video viewability.

Vendors also often employ large panels of volunteer consumers who let their habits be monitored. These panels provide a range of information from how people behave when watching videos under specific conditions as a microcosm of society that can help vendors statistically project the demographics for specific sites. The combination of data, methodology, panel information, and software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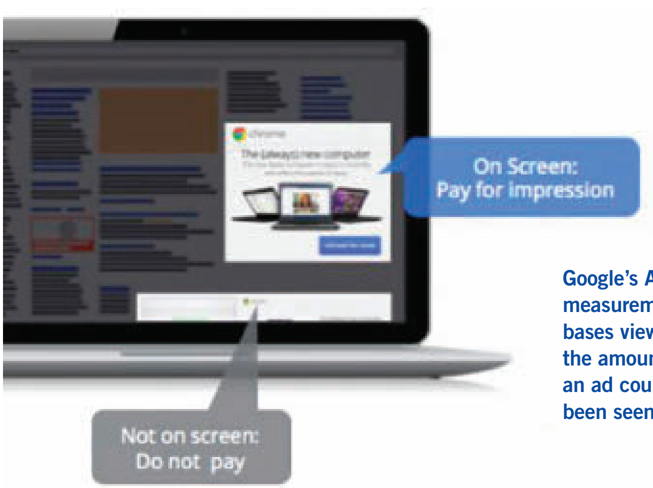


Google's Active View measurement tool bases viewability on the amount of time an ad could have been seen.

# Audio Verification: The Sound of Ad Success

Verification of video is one thing, but what happens when you cut the moving pictures out and just leave the sound? Whether the result is a podcast or a streaming radio station, trying to verify an audio ad has its own challenges.

"There's a war going on between terrestrial radio broadcasters, satellite radio, and digital radio," says George Ivie, CEO of the trade organization Media Rating Council. "There's a big debate in our industry about how you measure that." The MRC has also been working on a standards draft for the measuring of online audio ads. Currently under vetting, the standard will likely come out sometime this year.

It's a complex issue, including knowing if someone's audio registration is valid and understanding the "efficacy of the stream." A continuous connection can offer a "heartbeat" indication of activity on the client side. But if a connection is broken, how much was downloaded?

All that said, advertisers aren't necessarily in a hurry. Adam Kasper, chief media officer of Havas Media North America, says that audio is "safer in a way" because relatively few players — Pandora, Spotify, Yahoo, AOL, and some local radio stations, for example — are like premium players in video. "The audio is generally emanating from a relatively known place," he says. Without the equivalent long tail, the pressure for verification is less.

*— E.S.*

creates the differences in how vendors will report on validation. This work is the online extension of a long-standing broadcast advertising habit, as Nielsen and Arbitron continue to use recruited consumers to report on audience demographics.

Choosing which service to use depends on how a company's advertising strategy meshes with the approach of a given vendor. For example, Kasper likes the "single source methodology" that Nielsen offers and the potential for crossing over between a TV show and the online experience. "ComScore's advantage is that it has a much larger panel," he adds. The larger the panel, the more nuanced the understanding the vendor can gain of how people act on sites, which could make it easier to filter out bot responses and get more accurate demographics.

"It's still premature to talk about the competitive landscape," says Aravindh Vanchesan, digital media program manager at analyst firm Frost & Sullivan. "I've also spoken to some of the ad server vendors. They'll obviously be trying to implement the new standards over time and also keep a close eye on what Google is doing."

No one thinks any one vendor's approach will be perfect. But, as happened in print media and television, advertisers will likely come to coalesce around a small group of models, creating an accepted, if flawed, currency. Expect publishers and networks to at least support Nielsen and comScore as advertisers will want a choice of one model across all sites. Google could make headway because it owns YouTube, while an open-source approach like OpenVV could provide unmatched transparency.

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Then the question becomes how verification and GRP measurements might affect pricing. It could be an additional cost passed on to advertisers. "Clients are understandably concerned about what they call non-media costs, which increase the costs of the buy," Montgomery says. "My media buy is $100,000, but all these things are adding $10,000 to my costs without more exposure."

Then again, perhaps publishers and networks will eventually absorb the cost as a necessary business expense if advertisers insist. Or perhaps verification will become part of what goes into a premium ad offering that will, of course, cost more. If video verification rules out many of the video views on long-tail sites, could that effectively lower inventory and, as supply meets demands, drive up price? If so, and if long-tail video advertising became just expensive enough, that could make many advertisers reconsider their buying strategy, which, again, depends on the long-tail aspect to make online video cost-effective.

There are no clear answers at the moment, just questions marketers need to start asking. Take the time while it is available to investigate the different offerings, understand the strengths and weaknesses of the models, and determine which make the most sense for your company. Put it off, and you could find yourself scrambling to catch up as the capabilities become widely available and affect your media-buying strategy.

Ivie has another suggestion as well. "If you're a marketer and care about this stuff, you should try to participate, at least lightly, in the standards-setting so your voice is heard," he says. "Marketers should try to get involved with some of these tail-end standards-setting processes that are taking it home." After all, what better form of verification is there than helping to set the standards yourself? ■

# Marketing Analytics Leadership Award

Cue the red carpet and spotlights: It's time for the Marketing Analytics Leadership Award (MALA). Presented for the first time last year, MALA recognizes the value of analytics for measuring and optimizing global marketing investments. The ANA developed the award in conjunction with the Advertising Research Foundation and the Marketing Science Institute.

"Analytics are transforming the marketing function and turning it into a growth driver in most organizations," says Pat LaPointe, executive vice president of analytics company MarketShare, which presents the award. "Yet unlike creative and media, there was no recognition of the rising importance."

"The goal of the award is to recognize achievement using sophisticated analytics to drive marketing ROI," says MarketShare Marketing Director Lynn Schlesinger. The award promotes "leveraging the data in order to make better allocation decisions."

Companies self-nominate a project demonstrating the innovative use of analytics. A panel of highly qualified judges chooses the winner and two runners-up, who will share a $100,000 prize pool for the charity of their choice. Last year's winner, financial services company USAA, gave its prize money to the Fisher House Foundation, which provides housing for military families while a veteran is receiving medical treatment.

Nominations are already open for this year's free-to-enter award; the deadline is July 15. The award will be presented at the ANA Masters of Marketing Conference in October. For more information, go to www.analyticsaward.com.

*— E.S.*

# Similar But Different

## The unique challenges of marketing procurement

**By Richard Benyon**

**MOST SENIOR EXECUTIVES** are familiar with the invaluable role that procurement plays in the supply categories that directly contribute to the manufacturing of their product or the provision of their services. Procurement has delivered measurable benefits in helping companies obtain the most appropriate materials at the best cost available, assisting with the engagement of logistics providers for product distribution, and helping with the sourcing of services for the business to run as efficiently as possible.

In the area of professional services — and more specifically, the relationship with marketing and advertising agencies — there has been historical misalignment. The good news is that this has recently improved, as evidenced by the latest ANA survey about the health of the marketing and procurement relationship (see Figure 1).

While companies have encouraged their procurement departments to become more engaged in managing marketing spend, often they have simply used the same tools and techniques they use to manage other direct and indirect suppliers. At best, this is somewhat detrimental to the company's marketing. At worst, it can have a distinctly negative impact on the performance of the entire advertising spend.

This article looks at three key touchpoints between clients and agencies where procurement can appropriately apply strategic sourcing and supplier relationship management (SRM) techniques to add value to the relationship. They must, however, be applied with care and recognize the sensitivities of high-value professional services.

### Touchpoint 1: Select

The goal of every major procurement department is to have the best portfolio of strategic suppliers working on its stakeholders' business, at the best price possible. In the direct-supply categories, many companies use refined techniques, such as having approved panels of suppliers and consistent requests for proposal and reverse auctions processes.

Interestingly, the marketing department has identical goals, just applied to its own unique domain. Marketers want to know that they have the most appropriate agencies working on each brand and that they are spending an appropriate amount for the work delivered.

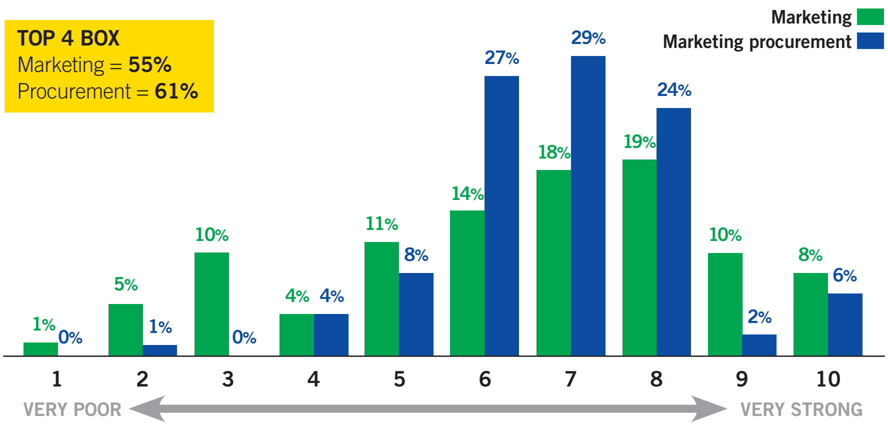
A recent white paper by the ANA and 4A's called "Agency Selection Briefing Guidance" identified a set of best practices that advertisers should use when selecting an agency. It suggests that many RFx processes can be used with agencies but applied in a slightly different way. Appropriate use of a request for information is one of the most useful tools marketing procurement can utilize. What is important to recognize is that apart from common information, like the size and location of the business, the information captured is quite different from the kind collected for materials purchasing. This data typically includes:

- whether the agencies are affiliated with the network or holding company.
- primary and secondary capabilities (i.e., the services that they provide, such as creative, digital, media planning/buying, public relations, outdoor).
- their areas of specialty (e.g., multicultural, segment-specific, social, email marketing).
- existing brands they work on.
- whether they have any competitive conflicts.

It is important that the technology the organization utilizes to manage the selection and on-boarding process has the ability to store and segment the pieces of this critical information. Generally this information needs to be collected from multiple agencies in dispersed locations. For that reason, the

FIGURE 1

**The Strength of the Relationship Between Marketing Procurement and Marketers**




SOURCE: ANA 2014 SURVEY "OPTIMIZING THE PROCUREMENT & MARKETING RELATIONSHIP." MARKETERS AND MARKETING PROCUREMENT WERE ASKED: HOW WOULD YOU CHARACTERIZE THE CURRENT AVERAGE RELATIONSHIP BETWEEN MARKETING AND MARKETING PROCUREMENT AT YOUR COMPANY? PLEASE ANSWER FOR THE OVERALL AVERAGE RELATIONSHIP AND NOT JUST ONE SPECIFIC RELATIONSHIP. PLEASE USE A 10-POINT SCALE, WHERE 1 MEANS "VERY POOR" AND 10 MEANS "VERY STRONG."

Internet provides a perfect vehicle for requesting and collecting this data.

## Touchpoint 2: Scope

Once a supplier has been selected, the next job for procurement is to formally engage with that organization, specifically looking at the product, budget, and costs associated with what needs to be delivered. In direct supply, this often revolves around specifications, parts catalogs, and price lists. The more generic the type of supply being provided, the easier it is for clients to engage with that particular supplier.

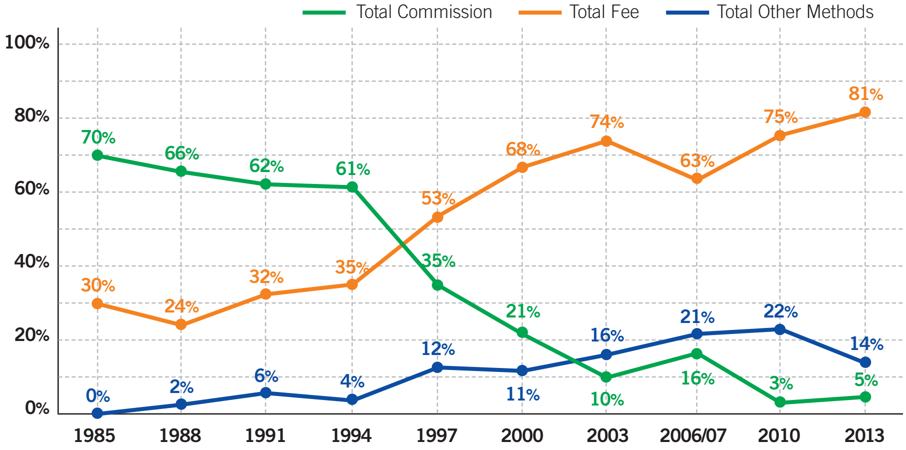
Marketing is at the other end of the spectrum and probably the most complex category of supply. It involves concepts, ideas, research, creative talent, and interdependent channels, all of which involve a high level of qualitative decision-making. The primary mode for budgeting (and payment) revolves around the labor fee model. In the "2013 ANA Trends in Agency Compensation Survey," 81 percent of all major advertisers surveyed reported using a fee-based model for remunerating their agencies (see Figure 2). For larger advertisers, those with a spend in excess of $500 million, this figure jumps to 94 percent.

To handle these fee-based agency budgets, which can annually run in the tens or hundreds of millions of dollars, most major advertisers now have a disciplined scope of work (SOW) process in place. Each SOW generally defines the major buckets of work that the advertiser is looking for and provides the agency with a staffing plan that it will use across the year to fulfill this work. Many advertisers are increasing their level of definition, listing individual deliverables that they will ask the agency to provide. This level of granularity allows the agency to review what work needs to be undertaken to provide accurate costs.

FIGURE 2

### Compensation Agreements by Form of Agreement

*The dominance of fee-based compensation agreements*




SOURCE: "2013 ANA TRENDS IN AGENCY COMPENSATION SURVEY." BASE: SUM OF ALL AGENCY AGREEMENTS AMONG TOTAL SAMPLE.

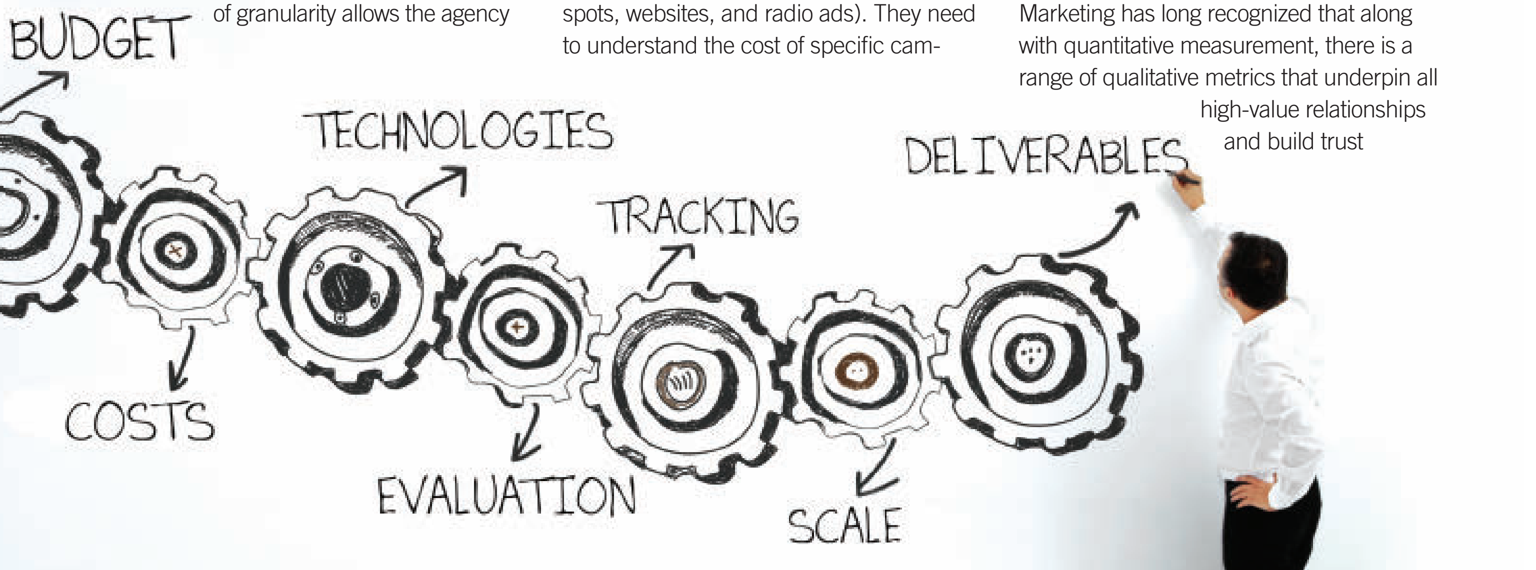
Rather than product price lists, advertisers also utilize rate cards. They ask their agencies to provide rates for specific roles or fixed costs for defined outputs. Capturing this role-based information lets advertisers confirm that the appropriate staffing mix has been applied to the deliverables it requires. Because marketing is an investment, it's not necessarily the "cheapest" mix of staff that should be requested. High-complexity, high-value deliverables will often require senior talent to be deployed in order to achieve outstanding marketing results.

The technology for driving the SOW process needs to handle the complexities associated with the entire marketing mix. Users need to define, track, and benchmark deliverables (such as 30-second TV spots, websites, and radio ads). They need to understand the cost of specific campaigns and have the ability to review the seniority and experience of the talent working on their business. And they need to ensure that approvals are done rapidly and in compliance with corporate policy.

## Touchpoint 3: Evaluate

One of the fundamental roles of SRM is to measure the performance of suppliers. Most organizations will have a series of service level agreements (SLAs) with their strategic suppliers and will often utilize scorecards to measure the performance on a range of metrics. Suppliers that do not meet their SLAs may need to provide appropriate rebates.

In many ways, marketing leads its direct-supply counterparts in the utilization of scorecards. Agency scorecards started with one fundamental point of difference: Marketing has long recognized that along with quantitative measurement, there is a range of qualitative metrics that underpin all high-value relationships and build trust



between the parties. As a result, it is important for major advertisers to measure their agencies not just on hard quantitative metrics but also to understand at a much deeper level how clients feel about the agency. They also need to understand the agency's perspective on their marketing clients. With industry standardization occurring, in an "ANA Insight Brief" on agency evaluation, we identify that most agency performance evaluations are now done twice yearly, have between 15 and 25 criteria, and use a five-point rating scale.

Agency evaluation often underpins key incentive compensation programs. These programs are utilized to improve alignment between agencies and clients, often using a combination of business and brand results to calculate bonuses and reward excellence. One difference between supplier and agency SLA programs is that agencies tend to get rewarded only for outstanding performance rather than get penalized for poor performance. This is changing somewhat as some advertisers are asking their agencies to put some "skin in the game" in their pay-for-performance programs (i.e., risk some downside for an increased upside).

Technology needs to effectively support the evaluation process. It should allow one to quickly and effectively survey teams of stakeholders, as well as deliver reports to the "owners" of the agency relationship in a timely and digestible format. Because these people are often geographically distributed, work on different brands, and engage with many types of agencies, the software system needs to be highly scalable and able to slice and dice the data on these different dimensions. It should also handle 360-degree evaluations, where agencies have a mechanism for providing feedback to the client.

## Managing the Differences

The techniques and tools that marketing procurement should use for agencies and suppliers are similar, and yet different. Proven strategic supply management techniques can be utilized to get the most effective and efficient return on your marketing investment. Finally, it is vital that the technology you utilize has the ability to handle the unique nuances of the marketing category of supply. ■

*Richard Benyon is CEO of Decideware Inc.*

# Making the Most of Your Production Spend

## Focus on value, not the dollar signs

**By Richard Benyon**

**IN MOST ORGANIZATIONS,** procurement is deeply involved in purchasing the machinery, services, and raw materials needed to manufacture products. It's exemplified in an automotive production line, an impressive feat of engineering excellence where advanced robotics produces high-quality cars at an incredibly rapid rate. Manufacturing in the marketing domain (i.e., the production of advertisements) is just as complex, with a huge number of elements needed to plan for and track, including suppliers, individuals (directors, cinematographers, etc.), locations, sets, sound, lighting, preproduction, CGI, and so on. To manage these complexities, procurement increasingly includes ways to help marketers get the best value for their production budget. Common techniques clients are using include the collection of detailed budget forms, triple-bidding, and engaging production consultants to conduct in-depth reviews of project costs. Decoupling is also becoming a popular tool in procurement. It lets the client work directly with a lead production company rather than have an agency manage the production process. With decoupling, the client will also potentially directly engage with talent and other suppliers.

### Cost Analytics

To understand the costs and value associated with each production, the client should perform a detailed cost analysis for each project. The best way to do this is with standardized hierarchies in which project cost information is formatted. While the

**"Lowest cost" does not always translate to "best value." The technology needed here must account for the many variables found in the commercial production environment, no matter if it's TV, radio, print, outdoor, digital, or anything else.**

raw data provided on paperwork, such as the AICP (Association of Independent Commercial Producers) and AICE (Association of Independent Creative Editors) forms, is useful, it's vital to transform such information into a more understandable form, one that is easily grasped and consistent across all projects. This lets marketing procurement quickly review it and get additional value within the top-line cost drivers, comparing and benchmarking elements in the three major phases: preproduction, production, and post-production. Of course, as with the creative phase, procurement needs to be sensitive to the nuances of the marketing area. "Lowest cost" does not always translate to "best value." The technology needed here must account for the many variables found in the commercial production environment, no matter if it's TV, radio, print, outdoor, digital, or anything else. It is vital to automate this cost-collection process and share information between the client, agency, production companies, and consultants.

## Second-Tier Suppliers

Whether clients are managing production through their agency or decoupling (utilizing a specialist or production management house, or supervising directly), most of the fees in a production are with second tier suppliers like production companies, talent vendors, CGI specialists, music licensees, and others. In working with these organizations, clients can utilize key strategic sourcing techniques to obtain better value. Using their cross-brand or global spend, clients can create panels of preferred suppliers for negotiating more favorable rates (based on their volume of spend). This really is a win-win as the suppliers receive more work based on their preferred status while the client gets the best rates possible — as well as the best work — as long as the vendors are incentivized to produce excellent outcomes to remain in their "preferred" position. This panel approach is also taking place with critical individuals, like directors and cinematographers, where clients are looking to place more work with talent that they believe gives them the optimal value.

## "On Location"

Procurement can also be highly beneficial when reviewing the type of media, timing, and location used across projects. It's an increasingly common practice to have multidiscipline production shoots occur, where the costs of talent and location can be shared across the different media types being produced. For example, when clients are producing a primary 30-second TV advertisement, they can also execute other media types at the same time, such as YouTube, print, and outdoor. Of course, care has to be taken in planning, as it can be a false economy to have an entire TV production crew and labor waiting around for hours while the still photography is getting shot. It's also possible for larger advertisers to look at projects occurring around the same time and in the same geography. Again, these synergies can be used to share costs, by extracting the best value from the cross-brand, cross-geography scale. ■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# We're making best, better.

## Decideware provides major advertisers with the world's best Agency Lifecycle Management Platform. Our clients include many of the most well-known brands.


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| | |
|---|---|
| **Software** | We are collaborating with clients to define and build the next generation of Evaluation Manager, the leading tool for agency assessments |
| **Services** | We're expanding our range of services and making it even easier to get just the right level of help you need |
| **People** | We're investing in our people to ensure you can access the best expertise available |
| **Brand** | We're working with member organizations like the ANA & WFA to provide thought leadership and play our part as industry partners |

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To find out more, please contact Steven Wales at Decideware
Email **swales@decideware.com** or Phone **+1 610.248.1592**

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# ANA Member's Point of View

A conversation between Steven Wales, COO of Decideware, and Christine Eaton, senior sourcing manager of advertising and agencies at General Mills

**Q. I know you are working with highly strategic relationships at General Mills. Do you see a place for strategic sourcing practices within the marketing/advertising space?**

**A.** Absolutely! Sourcing marketing services requires a different mindset to the traditional procurement role, but there are elements of the sourcing skill set that work well in both areas. The challenge for the sourcing person is not only to become comfortable with the ambiguity and pace of change in this space but also to step away from cost as a driving metric and instead focus on effectiveness, value, and relationships as core elements to be nurtured. This marketing lens leverages core elements of the sourcing skill set, including category strategy and knowledge depth, and the ability to analyze not only traditional cost measures but also effectiveness and growth metrics. Strategic sourcing in the marketing space also demands a heavy external focus — how are consumer behaviors changing and technologies advancing, how are competitors positioning their products and services, how do our brand needs map to agency capabilities and strengths, and how can we build strong relationships with core partners to continuously improve our brand and its consumer engagement.

**Q. Do you see this as a delicate balance?**

**A.** Definitely. I think the challenge for marketing procurement lies in ensuring fiscal responsibility while investing in the right ideas to grow the business. That means getting comfortable with looking at outcomes rather than inputs, using consumer engagement and growth metrics as measures of success rather than cost or scope reductions. It was Oscar Wilde who wrote, "Nowadays, people know the price of everything and the value of nothing." In marketing procurement, it's really important not to lose sight of the value we are trying to drive through our marketing investment. At the end of the day, it's more important to focus on growing our business and finding an agency partner who can elevate consumer engagement and drive sales and share growth than to cut a couple of percent from the cost of the scope.

**Q. How do you see this trend moving? Is it going to remain largely labor based, or do you see it moving somewhere else in the future?**

**A.** Yes, I think labor-based pricing will continue to be the norm, but I expect that we will see many advertisers look for more transparency into the cost of outputs — requiring agencies to align labor and effort to deliverables, rather than just focusing on labor alone.

**Q. In your experience, do you see production as one of the most complex areas of the marketing procurement role in terms of managing all the moving pieces?**

**A.** Production certainly has the most moving parts in the advertising process, with multiple parties and subcontractors engaged in everything from finding locations and talent to the actual production and post-production of a shoot. Cost and agency transparency in this area has historically been limited and labor intensive to manage from a procurement perspective.

**Q. And how important is the overall evaluation process for you and the General Mills team?**

**A.** Agency evaluation is a critical part of the agency management process — it allows us to measure the strength of our relationship and look closely at key performance indicators and see how we are tracking. Because sourcing is often not involved in day-to-day business but has responsibility for managing the agency relationships, it's critical that we give our brands and our agencies an opportunity to voice their perspective. General Mills looks at the data collected not just from a brand perspective but also from an overall agency perspective. This helps us identify themes that cross all brands as well as issues or strengths that are unique to just one area. The insight allows us to craft specific measures and goals to address opportunities and focus efforts on elevating the relationship and the work.

Performance evaluation also allows us to look across agencies and identify strong and weak performers. It allows us to track performance over time and understand if our performance improvement plans are working or if adjustments are necessary. Performance evaluation is a critical tool in the agency management life cycle; it focuses our agencies and our brands on the importance of their relationship and keeps both sides accountable for ongoing success.

**Q. Any closing comments about the overall end-to-end agency management process from your perspective?**

**A.** As sourcing professionals, if we want to be credible and add value in the marketing space, we have to think bigger than cost. For me that means a defined strategic agency management life cycle that provides marketers with a view of agency selection and capability management, scoping, transparency into costs, and performance management that drives increased effectiveness and accountability across both agencies and brands. By creating a framework for faster and more effective agency engagement, I believe sourcing can free up time for agencies and brands alike, allowing them to focus on the business of marketing and creative excellence. ■

ANA

Digital Exclusive

# A Measured Approach

While programmatic media buying is taking hold, marketers' concerns about transparency and confusion over how it works still persist.

**59%**

of marketers said they understand programmatic media buying, but only 23 percent have ever actually used it.

**Fifty-four percent of marketers voiced concerns about relying on served impressions rather than viewable impressions for digital media.**

**Fifty-one percent were concerned about not knowing whether their agencies make money from media sellers for a media buy.**

**Of the 46 percent of marketers concerned about media transparency in general, 43 percent are uncertain if or where their ads will run.**

## Where Marketers Are Using Programmatic Buying

Marketers are using programmatic buying in a variety of media, but mostly in the realm of social, mobile, and digital.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **77%** | **41%** | **36%** | **36%** | **36%** | **13%** | **10%** | **5%** | **3%** |
| online display | online video | online search | mobile | social | television | digital place-based media | print | outdoor |

Source: 2014 ANA/Forrester Evolution of Media Buying Survey

**To read the full report, visit www.ana.net.**

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