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media release

Inexperience and Ignorance Increases the Cost of TV Commercials

Australian companies may be wasting substantial sums of money by spending big on television production without knowing how it really works.

Commenting on the effectiveness of television advertising, Darren Woolley Managing Director of P3 said that marketing decision makers in large companies, responsible for commissioning and approving television production costs, may have little practical TV production experience.

“Given the cost of production, commissioning of TV commercials is likely to occur only once or twice a year, meaning it is not core expertise for most marketing professionals. Limited experience and technical knowledge can result in waste and production overruns, costing companies big dollars.

“This combined with lack of detail and transparency in most agency estimate formats means that advertisers are not suitably informed about the process”, he said.

Woolley said that traditionally TV production cost was benchmarked at 15% of the media expenditure, but in recent years this had increased with some productions up to 45% of a company’s media spend.

Commenting on the new era of innovative TV Commercials, Woolley said that while technology has decreased costs in many areas, television and film production costs have increased with the implementation of new technology. He said that digital visual effects are a great creative tools, but the technology that drives this is invariably cutting edge and expensive.

“Many advertisers focus on reducing costs but the single biggest driver of increased production costs is late changes to production. These may contribute 15% or more of the advertising production cost and means that the production process ends up controlling the advertiser, not the other way around”, he said.

P3TV has this year again teamed up with Channel 9 to provide workshops for marketing executives to provide them with a better understanding of how the television production process works and how they can be involved to achieve the outcomes they want.

“In marketing and advertising, knowledge is power. By having a better understanding of the creative process, executives can directly influence commercial outcomes. The cutting room floor is no place to admit you don’t understand what’s going on,” Woolley said.

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About P3TV

P3TV operates independently to provide, expert knowledge and advice on production processes allowing the advertiser to participate more effectively in the production process, achieving greater cost efficiencies without compromising quality.

*P3TV’s **Production Workshops for Advertisers** will be held at the Nine Network Studios from 9.00am – 1.00pm in Sydney on 29 September and 6 October and from 1.00pm – 5.00pm in Melbourne on 4 October. For more information contact Georgia Suttie on 03 9378 3223.*