



PERSPECTIVES: Add value and keep evolving

By Peter Horgan, CEO, Omnicom Media Group Australia and New Zealand | 4 December 2019
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This first appeared in the AdNews 2019 Annual edition. Subscribe [here](#) for your copy.

Looking at the big themes over the past 12 months, they align with some of the imperatives for how we improve media agency structures for a sustainable and prosperous future.

Let's start with value.

The value agencies create, and the contribution they make in driving client outcomes. Our challenge has been to pivot from a cost of input narrative, where the cost of expertise and pricing risk is outsourced to an agency entity for low margin and variable strategic recognition.

The conversation, this year are shifting to value creation. To deliver on the ambition, agencies need to improve their navigation across the consumer journey and hone their attribution capabilities to prove and drive marketing return.

In this environment smart marketers are compelled to ask how quickly we can scale, rather than allowing procurement to control the priorities. There is much work still to be done, but huge progress is being made.

The importance of the pivot to effectiveness is mirrored by the MFA's decision to pause their awards programme for over a year and relaunch in October with a single-minded focus on client outcomes.

CMOs are under duress in many organisations and in defining agency contributions in commercial terms, we help them win internally in their own Board structures and externally in their industry verticals.

Trust is another theme where the dialogue has become a lot more open in the past 12 months.

Granted, we are coming from a low base and there is a long way to go, but for the first time, the MFA and AANA are unpacking Mark Prichard's murky supply chain with refreshing candour.

The contracting principles released in September are a big step forward. They unpack the questions clients should ask in seeking transparency.

They challenge the nebulous definition of agency and clarify that in the media world, agencies are in fact contractors that aggregate expertise and market leverage. They owe a primary duty to shareholders and staff. The duty they owe to clients is to add value, and that self-regulating notion dictates that bad agencies should not have many clients.

The final and most progressive recognition, openly called out by the AANA and MFA, is that there is a spectrum of behaviour on both sides. There are agencies who have not been doing the right thing by clients and there are clients that have no interest in paying for the expertise they access. In short, those two entities deserve each other, and they should not contaminate



Peter Horgan. Portrait by Rocket Weijers
www.rocketic.co using a Samsung Galaxy Note10+ smartphone

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the best practice endeavours of the rest of the industry in seeking to provide value and transparency for fair clients.

In a year of more frank discourse between agencies and clients, Matt Baxter's Ditch the Pitch cri de coeur, while being unlikely to gain lasting traction in its own right, has been a catalyst for sensible reflection across the industry. Trigger happy pitch behaviour is destroying value for clients and agencies. The pitch pageant is a terrible way to pick a sustainable strategic partner. Industry relationship experts like Darren Woolley have endorsed this sentiment saying unless a relationship is fundamentally broken, a client is better off investing the time in fixing it and reflecting on their role in shortfalls. If a client is calling a pitch to turn the screw on pricing, they will end up with the service structure they deserve. Not the best, but the most desperate.

Personal challenges for 2020. Well, it's a high attrition business. Few of my peers from 18 months ago are still in the same roles. My own challenge is the same as the challenge for our industry.

Demonstrate you are adding value and keep evolving. For Omnicom Media Group, that means prove and drive effectiveness and help your CMOs win.

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