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### 'Complete bulls\*\*t': Media bosses clash over 'killer questions' at MFA Ex



By Josh McDonnell | 18 October 2019

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Some of the Media Federation of Australia's (MFA) top members have gone head-to-head over the issues of pitching, payment terms, procurement and pricing at this year's inaugural MFA Ex event.

During the final panel of the event, which was designed to bring together the entire media agency community, heated discussion broke out between Dentsu Aegis Network boss Henry Tajer and Publicis Media CEO Toby Barbour, as well as audience members.

The panel aptly named 'Killer Questions', that also featured Initiative CEO Mel Fein and Bohemia Group leader Brett Dawson, saw members from the audience given the chance to ask any question they wished to the four media agency leaders.



L to R: Henry Tajer, Mel Fein, Toby Barbour and Brett Dawson

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Argument began after Initiative chief strategy officer Sam Geer asked, "if four out of five media agencies [in a pitch] are valuing their product and one isn't, then [those four agencies value] doesn't matter, so how we maintain a united front and ensure that from holding group to holding group our product is valued and paid for appropriately in the future?"

What Geer was referring to was the heavily discussed topic of "the race to the bottom", which has been at the forefront of the pitching conversation in recent years and came to a head this year following information regarding the [Kellogg's media pitch coming to light](#).

"The reality is most of us here is that we are part of groups who are publicly listed companies, who have the same short-term pressures for earnings results as our clients. In that environment, it isn't always local, there can be global benchmarks that need to be followed," Barbour says.

"There is always someone else who is prepared or has a need to convert, it's a cycle. So it's an incredibly difficult dynamic to change because we can all probably list three pitches that we walked away from this year because we looked at the contract and said there is no way we could service that. But I can also list the three agencies that won them."

Barbour added that in this environment there are simply economic and business pressures that impact agencies that are in different financial stages.

These factor into the way those agencies in more difficult positions engage with those less-appealing contract terms. At this stage Tajer interjected, stating that Barbour's answer was "complete bullshit".

"This is the biggest problem we have, that being the industry pricing other people's business. If a company wants to give away their product, then that's their call. But when you start to price someone else's product, that's a much bigger issue," Tajer says.

"Historically price has always been set by the most desperate agency group in the market, which you would assume would be Dentsu, however, it's not, so I would put to you all that we have to educate ourselves."

In answering Geer's question regarding a united front, Dawson highlighted that a sincere problem with the concept was the legality of agencies sharing information and terms set out by a client during a pitch.

As in the majority of cases, agencies involved in pitches are forced to sign a non-disclosure agreement, forcing them to keep the contents of the pitch, from start to finish, within their relevant agency.

The issue came up again later in the panel after Trinity P3's, a pitch and media consultancy firm, Stephen Wright put to the panel that their response "was woefully inadequate".

"We run pitches and in every pitch, there will be someone who puts a low ball price in or an agency group that agrees to the 120 or 150-day payment terms. We look at these things and say 'how can they possibly agree to these and make money'," he says.

"We are forced to send those offer through to the client and procurement are hardwired to gravitate towards the lowest price, so from that point on it's a real struggle to get procurement back up to what fair terms are."

Wright added that those "low ball" offers poison the well and that across the years, this has been what has pushed margins down.

He continued, urging agencies to do something that wasn't collusive but done collectively to stop agencies from "stabbing each other in the back" at pitch time.

Dawson retorted, reiterating that the answer was in client education and that those like Trinity P3's roles were incumbent in helping solve the issue.

"They are paying you to find the best agency for them," he says.

Fein interjected, reminding the panelists and the audience that the solution would only be found if agencies began to set precedent in pitching, highlighting her agency and Omnicom's

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decision this year to walk away from "a major client pitch".

"We walked away from a big pitch in the market because of payment terms in the market this year," Fein says.

After ignoring Tajer's continued questioning as to whether she was directly referring to the Kellogg's business, Fein added "it is important that we start setting precedents because one or two of the major holding group's need to lead and then hopefully clients get educated that it is not the right thing to do.

"Moving forward, there are a few of us that are doing that and it does have to come from global to start making that change at this level to start valuing our product."

Fein also added that her team had since been invited to another pitch in the FMCG category, stating that before they even thought about putting a team together for it they closely examined the payment terms and objectives.

"If it's purely about driving the price down or crazy payment terms, and we've had this conversation in the past couple of weeks, we simply will not entertain it," Fein says.

Addressing the matter of Kellogg's, Barbour, who's agency [Zenith won the account](#), says the master services agreement had already been in place and therefore it was not the agency's role to negotiate locally.

"We didn't even have that opportunity," Barbour says. "You have to understand the reality of our world, a global MSA is in place, I can give you another CPG brand that we walked away from after being asked three times to review our pricing. We didn't come back, not once, but I know who did and who won."

For the complete video of the panel, [head here](#). Other matters also discussed were agency models, transparency and the future of the media agency.

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**9:30 AM** Sorry to question your completely anecdotal evidence as a source, but how would you know if students...

**disqus\_d9uvcOGHSJ** on [Lack of Indigenous talent a â€œmythâ€](#)

**2:43 PM** As a past student of RMIT, I'm surprised. Have you not heard of the Ngarara Willim Centre? Maybe you...

**Andrew Ostrom** on [Lack of Indigenous talent a â€œmythâ€](#)

