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Pitch Report - Frenzy slows, and why change agencies anyway?



By **Chris Pash** | 24 August 2022

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Brands have slowed their pitching demands since the frenzy of the early pandemic, according to pitch doctors.

But a legacy of the pandemic, video meetings, has had a lasting impact. The number of face-to-face meetings has risen but virtual is still ruling.

And with costs rising, fueled by an inflationary economy and a shortage of talent, agency fees are rising.



Credit: Alex Azabache via Unsplash

Darren Woolley, TrinityP3: "After the post lockdown rush, which lasted until the end of the first quarter 2022, the level of pitching has slowed to a more manageable level. It feels like many of the pitches that were postponed during lockdown have now been undertaken and the backlog satisfied."

Peter Coffey, Enth Degree: "Post Covid lockdowns we are seeing clients emerging with different priorities and market challenges and this is leading them to question their supplier's capabilities, hence we are seeing an increase in pitch activity from both a creative and media perspective."

"While it might be a surprise to the market, we are rarely approached by a marketer who is dissatisfied with price; it is always a dissatisfaction with service and quality of output. The service aspect is exacerbated by staff shortages affecting all suppliers. This often leads to inexperienced or underqualified staff taking on responsibilities beyond their capability."

"From a media perspective, with so much money spent programmatically now, there are major issues with a lack of transparency and accountability. Agencies are often pushing their own products before practicality."

"Agencies are more concerned with talking about their social perspectives as opposed to their capabilities and the practicality of the task they are there to be hired for i.e., buying media, creating a commercial."

Ed Womersley, Hustle: "It's been busy the last three months. Seems like lots of changes in agencies."

"Finding talent is the biggest issue I'm hearing from agency owners now. Many overseas visa holders left during covid, leaving the market short of agency talent."

"Every sector is different. However, the 'lockdown proof' brands that boomed during covid are now facing a period of correction goes into other lifestyle areas. This has forced a lot of pressure on their media agencies to save their businesses from failing."

Fees

Woolley at TrinityP3 says one of the increasing challenges is managing expectations regarding the increases in agency salaries and the flow on to agency fees.

"Considering some end of contract pitches are undertaken from a procurement perspective to achieve lower costs, this makes pitching counter productive, with the in-demand agency brands maintaining their price premium and passing this on to the client," he says.

"Even with the looming recessionary outlook, agencies are needing to recoup higher talent costs from clients, and pitching is a better time to try and negotiate this than mid-contract."

"Higher salary costs is a knock-on effect of another issue - the acute talent shortage affecting agencies. We're finding that agencies have more 'gaps to fill' on resourcing plans, which is entirely understandable in the current climate, but is challenging in the context of a pitch where the client expectation is often that the agency should be able to 'hit the ground running'."

"Another issue, particularly affecting creative agency pitches, is the degree of uncertainty over the scope of works. Scopes thrown into disarray by the pandemic are still in flux, and we've found that some of our clients are struggling to provide a clear picture. This causes challenges in pitches, where the establishment of a clear initial scope to use as a base point is fundamental to ensuring that the agency can respond with a sustainable resourcing and remuneration plan."

"In the past 12 months, we have managed to convert more than 60% of the clients who have come to us for media pitches to undertaking a commercial review of their incumbent agency. This is where the client is largely happy with the performance of the incumbent agency, but is

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required to go to market at contract end.

"In conversation with the client around the business disruption and the recorded low success rate of incumbents to maintain the business in a pitch (just one in four), we offer an alternative.

"The commercial review assesses all aspects of the incumbent relationship from contract, fees, resourcing, and performance and provides the marketer with a detailed commercial report assessing the current value of the relationship and identifying opportunities for increased value from both sides of the relationship.

"Of the clients who chose this option, 100% went on to appoint the incumbent for another contract period. We also perform this kind of work with creative agencies. Our position is that if there's a feasible alternative to pitching, which is labour-intensive and disruptive for both advertiser and agencies, then that alternative should always be considered.

New Business League:

The June R3 new business league [June 2022 R3 New Business League Asia-Pacific Creative](#) and for Australia [2022 June CREATIVE AGENCIES NEW BUSINESS LEAGUE - Australia](#)

In **Australia** for the creative aside, R3 lists M&C Saatchi Group on top with recent wins including Jimmy Brings Project, Woolworths Social, World Pride Project, Origin, Shift, Worksafe VIC and Hireup.

Among media agencies, R3 shows Ryvalmedia as number one with ergoPouch, Manniax, Cardiotech.

Is face-to-face back or has it died?

Coffey, Enth Degree: "We have had no face-to-face tenders since COVID commenced. Online tendering has an advantage in that it puts the focus more on the actual work and less on pitch theatrics."

Womersley at Hustle: "50% of pitches are still virtual. As staff are working from home more, remote staff more common now."

Woolley at TrinityP3: "The market has transitioned to a hybrid model with some meetings held by video conference and some face-to-face. Agencies appear to struggle where they have some of the team connecting from home via video conference and the rest in person, particularly if the meeting is in the client's premises and the technology is unfamiliar.

"The advantage of maintaining the use of video conference is reducing the need to have interstate or overseas agencies flying in, with travel still a challenge. It is also less time consuming from a client perspective allowing them to meet with more agencies in less time, particularly at the initial credentials or chemistry presentations.


"The other effect of the hybrid model is that we're finding significantly less concern about 'the tyranny of distance' – agencies operating in different locations to their clients. Some clients still prefer local agencies, but there is definitely more appetite for interstate relationships than there was pre-pandemic."

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