

Why the Media Pitch trading exercise template needs to go



By Stephen Wright | 24 January 2024

0 Comments



Both the MFA (Media Federation of Australia) and AANA (Australian Association of National Advertisers) pitching guidelines advocate the use of a trading exercise template.

A glorified excel for completion by agencies asking for rates, discounts and CPMs across a range of media currently used.

For larger domestic and global agency reviews these can be exhaustive across every medium covering every eventuality.

Definitive pricing and certainty in trading value are the goal and numeric comparisons of the responses quickly reveal the agency through whom the media budget will go furthest.

Job done...trading sorted...savings achieved.

All fine in theory but the media pricing template exercise is often misleading and more of a liability than an asset.

In the real world the Media Agency buying exercise template has become every agency's worst nightmare.

No agency can afford to be trailing the field in terms of pricing promises.

Completing the exercise is nothing more than a guessing game based loosely on the truth.

How low can I feasibly pitch my prices?

How low will my competitors go?

The true pricing at which an agency believes it can trade is very much secondary.

And for good reason...the system plays into the hands of agencies on the outer, fully aware they might not stack up in other areas.

The trading promise is an area where scant proof and substantiation is required.

Nothing to lose...a chance to stay in the game and at worst you get to 'poison the well' and make it uncomfortable for the party that eventually wins. Procurement might well force them to improve their offer closer to the rock bottom rates you've introduced.

All too frequently the numbers will seduce those in purchasing and procurement.

It's a commitment in writing... and that's good enough for them.

But it is far from a bankable commitment.

In recent years TrinityP3 has been approached by several large Australian based advertisers who've appointed agencies with just such trading commitments key to the selection decision.

Media Agency Reviews in which we weren't involved.

Lured by discount pricing and promises of 7 figure savings they've signed up and now 6 months into the relationship the new agency is falling woefully short of the promised savings.

Why aren't they delivering? What can we do? What remedial steps do you recommend? And in one instance the questions asked, Can I take legal action?

Unfortunately for these clients there is no magic solution.

The options are stark. They have 2 choices:

1. Act now – provide the 90 days notice in your contract and go back to market.(with egg on your face)
2. Or if the agency is delivering in other areas - accept the mistake you've made on trading and ride out the contract term.

One client approached us to provide support for them in taking legal action against the agency for failure to deliver a massive pool of bonus and added value. On the surface they had a strong case with extensive under delivery of pricing and bonus promises however they had failed to read the conditional small print.

For delivery of added value and bonus on TV, they were committed to providing booking approval 13 weeks in advance for all campaigns. A quick audit revealed 95% of activity to have fallen short of the requisite lead-time. There was no legal recourse.

Put all of this together and it is patently clear that the pricing template has now become the riskiest way in which to evaluate trading ability.

Win the pitch and worry about delivery down the track is too often the approach.

An underperforming agency under pressure to secure a win will do whatever it takes.

In TrinityP3's experience the higher performing agencies will rarely be the cheapest in the trading exercise.

To use lowest price promise derived from a template for any aspect of agency selection is deeply flawed.



Stephen Wright.

emerging leaders. 2024 celebrating champions across the advertising, media and marketing industry. powered by AdNews

AdNews Newsletter

The AdNews newsletter, brings you the latest advertising and media news direct to your inbox! [Become a member](#) and get the weekly newsletter free!

[Subscribe](#)

AdNews Magazine

[Subscribe](#)

- Editor's Picks**
- Clients just want cheap: Redundancies in adland
 - Private equity firms are on the hunt for media agencies
 - Meta draws first blood in unfriend war

emerging leaders. 2024 celebrating champions across the advertising, media and marketing industry. powered by AdNews

AdNews Social

- Latest Comments**
- 8:56 AM Great operator - well deserved JT on [Anthony Ellis promoted to CEO of Publicis Media Exchange ANZ](#)
 - 1:48 PM LINDA! Great news, LindaFan on [Mediahub appoints Linda Fagerlund chief strategy officer ANZ](#)
 - 7:34 PM Top signing! Bob on [Nine's Jonathan Fox Joins Mutinex](#)
 - 5:46 PM I was Bob's personal assistant for a few years at Saatchi & Saatchi. Such a kind and wonderful human... Peta Dawkins on [Australia's Bob Isherwood honoured in New York](#)
 - 1:19 PM Surprised not to see AAMI on this list. Surely they're number 11. Jimbo on [The most prolific advertisers in Australia](#) Ekav...

As support to this is feedback from mainstream media owners who have frequently expressed an intense dislike of this exercise.

At the Media Federation summit in 2019 James Warburton called out the trading template and its use in pitches as a flawed mechanism that raised unrealistic expectations on pricing.

TrinityP3 strongly advises clients against the inclusion of a trade pricing template but when ruled mandatory by procurement, we ensure it is carefully balanced within other mechanisms far more reliable at determining trading capability and value delivery.

It is time to bid farewell to the trading exercise and we would urge the AANA and MFA to embrace this within their media pitch guidelines.

In the second of our trading articles we provide alternatives to the template that more reliably assess trading capability and performance delivery.

Stephen Wright is Media Business Director, TrinityP3 Marketing Management Consultancy

0 Comments

Login



Start the discussion...

LOG IN WITH

OR SIGN UP WITH DISQUS



Name

Share

Best Newest Oldest

Be the first to comment.

Subscribe Privacy Do Not Sell My Data

DISQUS

