'STOP HITTING AGENCIES OVER THE HEAD ON PRICE' – WHY THE PITCHING PROCESS IS CHALLENGED, PROCUREMENT'S ROLE & HOW TO IMPROVE IT

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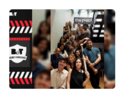
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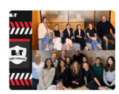
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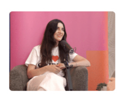
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TrinityP3's State of Pitch report unearthed a decline in the pitching process and a polarisation between good pitch processes and bad. The latest **Managing Marketing podcast***—featuring TrinityP3's Darren Woolley, Kylie Ridler-Dutton, Nathan Hodges, Nick Hand and Stephen Wright—offers invaluable and alarming insights into where the process is challenged, and what agencies and marketers can do to fix it.*

The old idiom 'if pay for peanuts, you get monkeys' might summarise a lot of pitching processes that are going wrong.

Earlier this year, TrinityP3 released its second State of the Pitch report that found the quality of the pitch process has dropped from a score of 3.13 to 2.99 in the space of a year.

The report said that far more pitches were being marked between 1-3 than in the past year Pitch response times are being shortening but the process is dragging on for longer, leaving agencies more squeezed throughout the process.

In addition, payment terms are stretching leaving smaller agencies out of pocket, while communication and feedback continues to be a concern.

Some of the reasons for this decline can be explained by the cost of living crisis that has placed pressure on marketing budgets, and too many processes being run by marketers and procurement teams that don't understand the value equation of creative and media planning and buying.

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TrinityP3, the authors of the report, provide advisory services to brands that are looking to review their agency services.

Their team has explained some of the problems they have encountered in the process.

They said that there is often a disconnect between the desired outcomes clients expect from a pitch process and what consultants advise them is likely to happen.

"Marketers are not looking at the feedback and agencies are still feeling the pain. And the key pain points are the (lack of) transparency and communication in these processes," said TrinityP3 senior consultant Kylie Ridler-Dutton. "For agencies, feedback is currency, especially as there's a very low percentage of pitches that are actually offering a pitch fee to them. A lot of the commentary (we received) was around a lack of communication, and I think extending the timeframe of a pitch process, not understanding why the process was actually changing throughout and during the process itself, (left) a lot of agencies hanging."

Media reviews are where the process can become dire, especially when pitches are being run for the wrong reasons— such as cutting costs of the supplier.

"I've always said that you can be blinded by the fool's gold of something being cheaper, but if that's not the right agency for what you need them to do, then you've wasted all that money…you might as well pour your money down the drain. It's not going to push the business forward," said Nick Hands, TrinityP3's senior management consultant who has previously served as a CFO at Havas Media Group and other agencies.

If you want to run a pitch purely based on reducing costs and the pitch is purely a procurement exercise, just be upfront, argued Hands: "If you want an agency that is a commodity and you don't particularly care about the quality of the services, and (not being upfront about budgets) is an excellent way to go about it, but if you do care about value and making sure you're getting the best result you possibly can."

The growing complexity and rapid changing nature of media means that multiyear upfront commitments on inventory price are not only redundant, but ineffective.

"If you're using a pitch to reduce costs from a client's point of view, then you're asking the wrong question and using the wrong tool for the task. If you need to go and increase efficiency or reduce costs, a pitch is a really bad way to do that," argued TrinityP3 managing director Nathan Hodges, who has previously held managerial roles at Whybin TBWA and Singleton Ogilvy Mather in the noughties.

"If you want to get to your figure that's in your head by hitting people over the head until they do it, or or putting your business out there until somebody low balls enough to take it, It's a really short-term way of doing things, and it's not terribly productive… If you want to make an agency relationship more efficient, then there are specific ways of addressing that with the agency in a grown up way

Stephen Wright, TrinityP3's global head of media who previously had an extensive career agency and media owner side, added: "If you're focusing on price and not value… (then your aim) is buying cheap eyeballs, not finding the environments that resonate with the audience and buying them at a market appropriate price.

"I was a new business director, and (we used to) get these templates (about pricing), and it's like pinning a tail on a donkey. It's how low where do I pin it? What do I have to promise so that I'm not adrift from other people?

"Unfortunately, very rarely is that attached to the reality of what you might be able to deliver. And I've had (agency) CEOs who have said, 'don't worry about it. We'll worry about the price we promise once we win the new business'."

Procurement teams, which TrinityP3 deals with often, are regularly brought into the process too late, creating a disconnect between what marketing teams want and what they end up with.

This can sometimes happen because they are not aware of how different it is to assess the value of "highly skilled" agency talent versus procuring products like office stationery.

"They (sometimes) don't understand that they're dealing with very skilled people running a business themselves and they need to be treated slightly different to just acquiring goods," Ridler-Dutton said.

"Perhaps it's a breakdown between the internal communication (of) marketing and procurement. Marketers should actually take the time to sit down with the procurement person who's going to be involved and explain what the expectations are and what the output of actually acquiring a marketing partner."

Nathan Hodges, Trinity P3's managing director, said that if done well, "procurement brings a real sense of professionalism, respect and an objectivity to this process", but when they are brought in too late the pitch process becomes a battle of which agency teams marketers like at a chemistry session rather than hard, cold business outcomes desired.

TrintyP3 founder and global CEO also bemoans a lack of clarity in why pitches take place, describing some agency responses as "a bit like a smorgasbord".

He explained: "The client has paid for entry into the smorgasbord, and then the value equation is a matter of how much you can eat for each year".

Agencies don't get off lightly. The podcast panel said they sometimes fall victim of "not walking away" when they should but are often under pressure of the relentless new business cycle. The better agencies do walk away from pitches and ask a lot of questions upfront to make sure they understand the size of the prize versus what it costs to deliver.

Here is TrinityP3's tips to improve the pitch process:

1. Agencies should engage in a detailed discovery process to find out what a client wants and what outcomes are possible with the different options.
2. Marketers should consider why are they doing a pitch process and set their expectations at the beginning of the process. Communicate this to all relevant stakeholders internally and upfront.
3. Marketers going into a pitch should be a flexible and open to different ways of solving their business problem. A pitch is not often the answer.
4. Marketers should consider media solutions for the future, not the next quarter, due to the rapid changing nature of media.
5. Have a really tight timeline for a pitch process and let agencies know the approval framework (don't keep them hanging).
6. Don't split marketing needs and processes with procurement. The best outcomes are when the commercial and marketing needs are united ufront.
7. Feedback is currency for these agencies. Communicate with all agencies throughout the process and give constructive feedback afterwards.

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