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News Analysis | 10 Aug 2023 - 5 min read



Pitch Palooza becomes Pitchageddon: Review slew across VW, Unilever, Nestlé, BMW, Kia, McCain and more have agencies stretched, raging at procurement as consultants predict demise of village model

By Arvind Hickman - Editor - Media | Agencies | Consulting



The merry-go-round of pitches has sped up a few clicks as stretched agency teams battle late nights, coffee and pizza to charm the pants off some of the world's biggest brands. There's talk of 'pitch palooza' becoming 'pitchageddon'. Accounts in play include VW, Unilever, Nestlé, BMW and Kia, while some of Australia's most prized accounts such as the Australian Government, Tourism Australia, IAG and Kmart may soon be firing off RFPs. Agency bosses complain they are stretched and question some of the motives at play, taking aim at "compliance reviews that just go through the motions". Consultants are not so sure – but see bigger brands moving away from agency village models.



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By Martin Medcraf - Sport Sales and Brand Partnerships Director, Foxtel Media | Partner Content



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Sponsorships: The four things you need to maximise ROI and quantify sales – and why missing two of them could get it cancelled

By Jonathan Fox - Director of Client Services, Mutinex | Partner Content



Sponsorships can either power growth or turn out an expensive mistake. Mutinex MMM data for major Australian brand sponsorships shows dramatic ROI swings – from \$8 for every \$1 invested, to losses of fifty cents on the dollar.

Agencies across the media and creative divide are crunched by a heightened level of pitching activity with numerous large global and domestic accounts up for grabs.

Media agency reviews currently in play include VW, Unilever, Nestlé, BMW, McCain and Kia. On the horizon, the Australian Government's master media services account, which had billings of \$239m last year (but closer to \$190m in non-Covid years), is poised to go to tender in the next few months, while whispers grow louder that IAG and the soon-to-be merged department stores Kmart and Target will review.

On the creative front, the coveted Tourism Australia account is coming into play, and the rumour mill has suggested Telstra and Virgin Australia may dip their toes into the creative pond either side of Christmas.

This follows recently completed reviews involving TPG/Vodafone (won by Starcom), Mitsubishi (Wavemaker), Procter & Gamble (Starcom), Ikea (Host/Havas), Specsavers (TBWA/Melbourne), P&O Cruises (Supermassive) and the South Australian Government (Wavemaker and Carat).

But agency bosses complain their teams are being stretched to breaking point – and they are privately seething at the rise in procurement-led reviews despite strong client-agency relationships.

"You feel that some of them are just going through the motions of having to review after a certain period of time. It will be interesting to see how many stay with the incumbent and how many leave," per one agency boss.

Another was more forthright: "You have to question what extra value procurement thinks it is getting by running a costly and time-consuming pitch when the marketing team is happy with their agency partner. Our teams are stretched and we're supposed to keep the account wheels spinning while being wheeled into unnecessary reviews. It's not sustainable."

A constant gripe: "There is a divide in how you're being remunerated versus what the marketer wants to achieve because you've got procurement driving pricing and outcomes as a core component of a pitch."

Pitchageddon or correction?

The term 'Pitch Palooza' was industry jargon in late 2016 and 2017 when seemingly every major company reviewed their media agency in the wake of a damning ANA report that suggested media owner kickbacks were rife across the industry.

But does the current flurry of pitching activity really stack up to the legend of Palooza '16?

Tumbleturn Media managing partner Jen Davidson told Mi3 the simple answer is "no". She said the volume of activity domestically is "business as usual", but there have been a lot of larger regional and global reviews that have come to market, and there's a perfectly reasonable explanation for it.

"During Covid a lot of larger global companies hit pause on pitches and what we've seen over the past 18 months is that some of these are now going to market and coming here. So it's more of a correction," she said. "Domestically we haven't noticed anything out of the ordinary, or even a higher level of compliance reviews."

Volkswagen Group – one of the world's largest advertisers whose media agency is Omnicom's PHD – illustrates Davidson's point. It had called a review in 2021, but delayed and extended PHD's contract and

illustrates Davidson's point. It had called a review in 2021, but delayed and extended PND's contract, and only rekindled the pitch in June this year.

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— Darren Woolley, Founder and Global CEO, TrinityP3

Sacking the village

TrinityP3 CEO Darren Woolley said that although there has been a “consistent volume” of pitches, it was more a catch up from the Covid disruption.

“We were concerned last year that uncertainty around the economy could cause clients to go to pitch hoping to get a better deal, but we're not seeing that in most cases. The pitches we're running are much more about wanting to get better agency alignment across their roster,” he suggested.

Woolley said that TrinityP3 is doing a significant amount of work reviewing the current structure of agencies and designing better models to serve client needs – much the same as Davidson is doing at Tumbleturn, which in May launched a cross-discipline marketing advisory to address precisely the same issues.

Woolley thinks there's a trend from brands moving away from an agency village model, using a group of agencies with different specialisms work on different parts of the remit.

“We're seeing that particularly amongst larger advertisers,” per Woolley. “There's a trend probably for looking where there can be consolidation ... because some of those villages can grow organically and become quite unwieldy and more difficult to manage.”

Woolley said procurement-led compliance reviews are an ongoing problem, but claimed TrinityP3 has had some success in talking procurement teams out of pitches in favour of commercial reviews.

“Commercial reviews take less time, are less disruptive and end up being less costly, which means that legal, finance, procurement and the marketers can assess where an agency is against the marketplace, and if they are happy then can go ahead for another three years.”

But that's cold comfort to the agencies now scrambling.



What do you think?

Great	Insightful	Interesting	Like	Not Sure
3	3	1	6	

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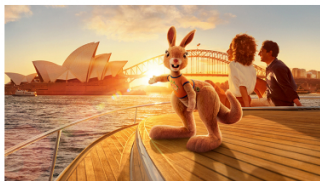
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