

News Analysis | 27 Apr 2021 - 5 min read



After flat first quarter, media agency bosses scramble as pitch tsunami hits Australia

By Josh McDonnell - Senior Writer



Media agencies brace for monster wave of pitches as global brands hone in on Australia and local marketers shrug off Covid. Pic: iStock

If you'd asked agency bosses how the market was tracking before Easter, you would have received an uneasy response along the lines of "a bit slower than usual". A few weeks later, the response is "we're under the pump" after an influx of global and local pitches. The market's stacked from here to Christmas.

What you need to know:

- After a slow start to 2021, the media agency pitch machine is approaching top speed.
- The intensity is currently driven by global pitches from international giants Coca-Cola, Facebook, Dyson and ING, local brands testing the market and a slew of others coming up for statutory review.
- Agency leaders say they expect a rush of local new business over the coming months as marketing teams "recalibrate" post-Covid.
- Plus the new financial year brings new, untapped budgets, which usually means new pitches.

“ This [year] it feels like there are more eyes on Australia and it's likely going to see us become a test market for a lot of product launches and services, given the strength of the economy.

— Sam Geer, Managing Director, Initiative

It never rains...

You could be forgiven for thinking the start of 2021 was going to be a big one for pitching, brands such as Toyota and Vic Gov had everyone talking, while L'Oreal and Pepsi remain in market.

However, bosses from holding group media agencies claim the start to the year was one of the slowest they had seen in years.

"We'd all been told that pitches were going to be ramping up at the start of the year, pitch auditors were making a push to hire more people, it felt like there was going to be a mad rush," said PHD National General Manager Lucy Formosa Morgan.

"So by the end of February, it was really shocking how quiet the entire market had remained."

Pitch consultant and Trinity P3 boss Darren Woolley suggested the market is still adjusting to Covid fallout, with brands developing closer bonds with their existing agency or simply reluctant to pitch until they know what's in the pot.

"The first few months have been really quiet, in some instances we've told clients not to pitch and just continue with the relationship they've already established," Woolley told Mi3.

"My thinking is there is still a lot of brands hesitant to come out and pitch before the end of the financial year, as there may be some shake-ups to budgets."

Starcom CEO Nick Keenan, who has also seen the slowdown despite recently picking up the media account for Tourism Tasmania, agreed many marketers are still dealing with Covid impacts.

Many marketing teams are "depleted of resources", following cuts that were made at the height of the pandemic locally, he said.

"There are still a lot of brands working out how their marketing structure functions now, where they put their resources and how they approach hiring or managing existing talent.

"Some clients have been caught short following internal changes and if you're a CMO dealing with that, the last thing you want to do is call a pitch. It's just another rod for your back."

The slow start will likely cause woes for agencies worst hit by client pullbacks in 2020, suggested Initiative MD Sam Geer.

"A slow market is never what you want if you're an agency that is in need of new business, but a quiet market in the first quarter is even worse," Geer says.

"Often a good start to a calendar year can be a saving grace to a tough financial year, whereas winning clients in FY Q4 isn't ideal, as it only counts for 2-3 months of the year. I'd say this start to 2021 had some agencies nervous."



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“Groups that have been able to connect the dots between capabilities during Covid, particularly digital, media, CX and e-commerce, are going to walk into pitches with a distinct advantage this year. Those that have been Luddites are going to struggle.”

— Nick Keenan, CEO, Starcom

...but it pours

In “what felt like a matter of days”, the floodgates opened and pitches, primarily global accounts, poured in, said Geer.

Brands pitching include Coca-Cola, Facebook, Dyson and *M&S* understands ING is also in the mix.

Geer thinks the pressure from the global pitches “feels different this year”, with many looking at Australia more intensely.

“Often our Australian team play a role in the global pitch team, a good chunk of the executive pitching team are located here so it makes sense,” he said.

“But this time it feels like there are more eyes on Australia and it’s likely going to see us become a test market for a lot of product launches and services, given the strength of the economy.”

GroupM Interim Chief Investment Officer Claire Butterworth agrees, adding that while the Australian market certainly isn’t driving global pitches, it’s increasingly involved in the outcome.

She expects to see a lot more global pitches where Australia becomes a more important factor in the overall brand strategy, with the country’s relative freedoms and economic recovery now “the envy” of many other major markets.

But she thinks that is not entirely down to Australia’s successful Covid strategy.

“Australia has always been of interest for global clients, both because the local market is sophisticated and because Australians are fast adopters, but also because Australia is a gateway to the APAC market and all the growth opportunity in the region,” said Butterworth. “We’re uniquely placed as a test market, and are often at the forefront of innovation.”

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— Claire Butterworth, Interim CIO, GroupM

What’s next?

PHD’s Lucy Formosa-Morgan said the “frenzy” is now truly in full swing.

In Australia, brands such as Pepsi, L’Oreal, Tourism Australia and IAG are all out to pitch, with sources indicating an avalanche of more in the coming weeks.

“We’re back to a point we were at four or five years ago and there are some meaty pitches on the horizon,” she said.

“There will be some changes to what clients expect, given what has gone on this last year and the impacts on marketing budgets, but right now it’s a frenzy.”

One industry insider told *M&S* said data, analytics and CX are at the forefront of most RFPs.

However, they suggested in some instances this could ultimately be “smoke and mirrors”, with marketers and procurement ultimately just looking to cut costs.

GroupM’s Claire Butterworth thinks there may be more movement than usual after clients that planned to pitch in 2020 held off through the pandemic.

“Many of the reviews seem to be from brands that have been with an agency for a long time – and it’s time to look around,” she suggested.

But Initiative’s Sam Geer countered that the opposite could also be true, given goodwill and bonds forged over a difficult year.

Either way, he thinks there will be some strong contenders – which is good news for marketers willing to pay fair fees for quality talent and teams.

“There are a few agencies out there who have done a great job managing talent and winning business over the last year,” said Geer. “They’ll be formidable in a pitch and have a lot of interest.”

Keenan’s offered a holding group’s take: that brands will use their next pitch as an opportunity to “slim down the agency village”.

He thinks marketers post-Covid seek simplified structures between brand and agency, with fewer firms on the roster that can provide broader capabilities.

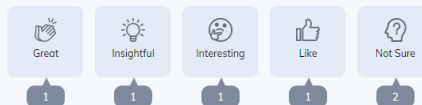
“Those groups that have been able to connect the dots between capabilities during Covid, particularly digital, media, CX and e-commerce, are going to walk into pitches with a distinct advantage this year,” said Keenan.

“Others who have been Luddites when it comes to linking talent, tools and data are going to struggle.”



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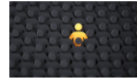


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