



International media procurement: Three reasons it beats the global network solution

The Challenge for Global Clients

Until recently, global advertisers had practically no choice when it came to choosing their media solution: they would have to pick an agency from the six global media network behemoths, who jointly serve 90% of the global media market, essentially offering 17 different shades of vanilla.

They all have one compelling argument going for them, though: they are globally present. Other than that, they rarely get anybody excited.

Network Media Agencies are built for the \$100million+ crowd of advertisers, they lack the creative and innovative talent that gets ambitious marketers delighted and above all, they are completely unable to silence the accusation of intransparency: Even in the US, media agencies have now come under scrutiny from the ANA and others for their standard business model that appears to benefit the holding groups much more than their clients – especially their non-trophy clients.



In this industry environment, it is no wonder independents and in-house agencies are on a sharp rise. While they often cannot provide the scope of their network rivals, many clients prefer them: they deliver better, cheaper, faster solution because they operate in an entrepreneurial environment and nourish an innovative culture. But it gets even better.

How International Media Procurement Works

With a new approach to international media services – “International Media Procurement” – CROSSMEDIA has introduced a new service and business model ensuring the agency can stay focused on what it does best: providing excellent advice. This procurement approach brings three previously unattainable benefits to clients in need of global media services: full transparency, closing in on the market price and retaining budget power.

But first, let us see how it works:

Separating Strategy from Execution

As the “Media Procurement Team” rather than the media agency, we provide a hub of internationally savvy media strategists and account leaders. With the help of thenetworkkone, we also are responsible for assembling, contracting and leading a WorkNet of local media agencies around the world responsible for tactical planning and execution on the local level. They work closely with our central hub to inform strategy and translate a global idea into local benchmarks. This combines the scope of global executional capabilities with the need for strategic excellence and central steering.

Four-Way Relationship

Usually, these local agencies have direct relationships with the local client level, strictly regulated by a standard global client contract: for example while local agencies are paid directly by

the local client, the local client is obliged to pay only for media space and time approved through our global media management system (“Fox”). With fiscal responsibilities on the local level, the core of the transparency issue is solved: the planners simply never touch the money.

True Procurement

Finally, we leverage the fact that media inventory can increasingly be purchased not just from the originator of such media inventory, but from a multitude of sources including trading units of agencies, bartering companies and increasingly electronic marketplaces. Instead of the client running a global pitch every couple of years, CROSSMEDIA constantly (market and media type permitting) bids out a client’s execution of campaigns, channels or disciplines among a growing market of suppliers. Essentially, this turns the media agency into a media procurement team firmly planted on the client’s side: specifying the media needs in the first step, then ensuring it gets purchased.

Client Benefits

So yes, an independent WorkNet beats the global network solution offering three surprising and compelling benefits to clients:

Transparency

Media Procurement provides a structural solution for the transparency issue, firstly by splitting planning from buying and secondly by ensuring the neutrality of the advice: because those who specify the plan simply do not handle the fiscal responsibilities.

“Market Price”

The Media Procurement Model systematically closes in on the market price, because it regularly compares the prices of different solution providers. The approach also holds much more flexibility: in the event of an underperforming local agency, it is relatively painless to replace such partner without risking the whole model.

Retaining Budget Power

Finally, because the media agency’s own financial interest in the outcome of the media plan is completely neutralized, they can once again act in the role of trusted business partner: their scope is limited to specifying the client’s need, so that the clients gain not only neutral strategy, but also retain the power of their budgets usually lost in the pitch and award model.



To summarize, this new model combines the advantages of the independent with the network solutions: the innovative differentiating thinking of a smart agency partner combined with the global scope in execution.

International Media Procurement is an approach designed for clients concerned about the neutrality of their agency’s advice, worried about paying too much and hating the idea that they simply hand over the financial power of their biggest line item to an agency they barely know or understand.

Martin Albrecht is Managing Director and partner of Crossmedia in Dusseldorf, Germany and New York, NY, USA.