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# Optimizing Transparency in Your Agency Relationships

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A report recently released by the Association of National Advertisers (ANA) titled, "An Independent Study of Media Transparency in the U.S. Advertising Industry" has sparked a debate regarding rebates and financial transparency in the U.S. It also highlights the fact that now, more than ever, collaboration and transparency are paramount to ensure clients and their agencies clearly understand the flow of dollars and remuneration, locally and globally.

As the ANA report generates increased discussion in the industry, and it will, those debates will also drive more transparency. The discussion is important – and it should be leveraged to put steps in place to help organizations get the most from their media investments.

Based on Accenture's experience, particularly in the face of an ever more complex media and audience landscape, we suggest the following practices to get the most productivity out of media budgets:



1. **Formalize the process for performing a Contract Compliance Review** on all marketing agency contracts. This review should be comprehensive, covering major spend areas including media, digital, marketing, CRM, event marketing, content and social media agencies.



2. Be certain you know how your agency is representing your interests in the market. A clear, formal **Business Relationship Assessment** can provide clarity on how your agencies are representing your business – and can help with agency and client alignment. While this is important in media, given the complexity in marketing today, it should extend to the broader business ecosystem to confirm that your relationship is being used in adherence with your policies – especially if your agency is acting as principal in the marketplace.



3. Have third parties take on the responsibility of performing **Financial Invoice Audits** on your agencies to assess the effectiveness of your media spend across your media supply chain. The complexity of media means that only specialists with media audit, measurement and benchmarking experience can assess the media supply chain properly and accurately.



4. Employ **Media Performance Benchmarking** against cost and quality benchmarks. Confirm that any media utilized where the agency serves as principal seller meets your identified quality criteria.



5. Get an assessment of the entire media landscape, not just broadcast, but including **Digital Media and Social Media Measurements**. Many of the findings in the ANA study are associated with digital media and the digital adtech (advertising technology) ecosystem, which is natural as digital media transactions are becoming more complex. A **Programmatic Supply Chain Review** can be the most effective starting point as it will analyze both customer-facing and non-customer-facing spend.

## As to the specifics of the ANA report<sup>1</sup>, its recommendations include the following:

"Re-examine all existing media agency contracts and meticulously review all terms and conditions. As appropriate, use an expert, independent third party to provide insight and contractual expertise to optimize transparency, upgrade reporting and analytics, and substantially expand audit right if necessary.

"Confirm and reaffirm the basis on which your media agency is conducting your media business. Be critically clear and comfortable with the agency's role as agency and principal. Ensure there are no conflicts of interest and that there are clear processes in place for resolving conflicts that might emerge.

"Assess whether contract terms permit you to "follow the money" by having full accountability for every dollar that is invested with a media agency. It is recommended that audit rights cover not only the media agency holding company and any affiliated companies that touch your business. Understand what caveats the agency contract (or holding company MSA) has that diminishes their ability to maximize value on your behalf.

"Understand how your volume expenditure (or that of the group) leads to agencies receiving any goods, value or services (or revenue) from the Media Owners engaged. Understand where agencies are providing services back to Media Owners and being paid a fee for this."

### The Accenture Bottom Line

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While the mechanisms may be complex, the underlying principles of trust and transparency are simple – and should never be compromised. Only with transparency and trust will agencies be able to continue doing great work, helping clients reach their media, marketing and business goals.

<sup>1</sup> ANA Webinar on 6/7/16 on The Independent Study of Media Transparency in the US Advertising Industry

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