



Industry bosses: Procurement is here to stay

DAVID BLIGHT

AS DISCUSSIONS around agency discounting continue to raise heated debate, leaders including Ten's James Warburton and Kraft's Sophie Madden have argued procurement departments aren't going anywhere, despite the industry's disdain for them.

Earlier in the year, Slingshot Media Ventures boss Simon Rutherford lamented a culture of steep discounting on remuneration deals as agencies fight to win over clients' procurement divisions. He argued this could bring the industry to its knees by damaging agencies' value propositions.

The 'price war' topic has generated significant buzz within the industry, and at a recent event hosted by the Media Federation of Australia's young talent organisation NGen, some of the industry's heavyweights waded into the debate.

UM chief executive Mat Baxter was particularly critical of many procurement departments, suggesting many look only for short-term value. "Businesses like Telstra may have the ability to afford a procurement department which specialises in marketing," he said.

"But it does get very difficult when you have a procurement department that one day is literally doing a deal to buy paper clips and the next day is in media negotiations. It can be difficult to get a well-educated procurement person who really knows what they are assessing.

"Less sophisticated procurement people will go every time for something they can pin a decision against today, versus something that might benefit them in the future."

However, while most on the client and media side spoke of the need for value, they stressed price and procurement are here to stay, and increasingly so.

Ten chief executive James Warburton said: "It's absolutely about the poacher and gamekeeper, the cheapest price possible. If a brand is totally happy with its agency, it will only move business because of a global repositioning or because someone got a better price. This may not be true for every business, but it is for most pieces of business, especially if the bottom-feeders are there."

Kraft Foods Australia head of marketing services Sophie Madden said procurement is not going away but argued it still needs to mature in the local market. "Five years ago they weren't really part of the industry, and now they are. When I worked overseas procurement was on that spectrum where they were marketing partners, but I don't think it has gotten to that point in Australia yet," she said.

"You don't want to compromise to get something super cheap, but from a marketer's point of view media is one of the biggest costs, so procurement has to be part of that."

NBN to promote new ad focus

PAUL MCINTYRE

BROADCASTERS HAVE nothing to fear from the NBN but it will unleash a new focus on ideas and creativity for commercial messages, according to NBN's chief marketing officer, Kieren Cooney.

The ability of IP-based media to allow greater targeting and "addressability" of ad messages to individuals meant technology and channel planning would become less of a competitive advantage for agencies and brands, Cooney told an International Advertising Association (IAA) Thought Leadership forum last week. But the high-speed IP network will mean more attention will need to be applied to developing smarter ideas and crafting messages more cleverly to stand out in an environment where most marketers will know the interests and whereabouts of individuals.

Cooney, who joined a panel with Mi9 chief executive Mark Britt, Microsoft's marketing head Joanna Stevens Kramer and Mediabrands chairman Henry Tajer, was also unconvinced that the NBN would kill traditional TV broadcasters.

"I don't think the internet will kill the broadcast star, much the same as TV didn't kill the radio star," he told IAA attendees during a panel debate on the impact the NBN would have on TV. "We do have this fatalistic

tendency for change, as in something new is going to wipe everything off the map. It generally doesn't."

But Cooney said what the NBN would do is swing the current obsession in the media and marketing sectors from media channel planning back to messages and ideas.

"I think it does come down to the idea. Down to the insight and the execution of it," he said. "It's less about the media, more about the message."

Mediabrands chairman Henry Tajer said technology-led initiatives like multivariate testing will become more central to communications campaigns in an NBN environment.

"Multivariate testing lets you measure the channels and whether the placement is right but you also measure whether the message is right," he said. "A number of advertisers are really good at it and are getting superior levels of return on their marketing spend versus some of the more traditionally minded in the marketplace. As the broader industry gets more comfortable with the concept and gets skilled up with people and technology to execute I think the market will head in that direction. The good news for media companies is it will refocus the discussions away from price to value."

Elle to launch in 2013

ALEXANDRA ROACH

ACP MAGAZINES will launch an Australian edition of *Elle* magazine next year after plans to launch the title this year alongside *Women's Fitness* were postponed.

Elle's Australian launch was announced in November by then-managing director Phil Scott, only for it to be pushed back in March to an unconfirmed date.

ACP head of sales Louise Barrett told *AdNews*: "*Elle* is absolutely coming next year. Without doubt." In regard to the delay, Barrett said ACP decided to take "more time" after Matt Stanton took over Scott's role earlier this year.

"You can't release a magazine of *Elle's* calibre on a small scale because it is the largest fashion magazine in the world," Barrett said. "It's a massive brand, not just in the sense of a magazine brand, but also digitally and with licensed product. No one sells as much licensed product as the *Elle* brand does. The launch has to be done properly. You can't rush it."

ACP publishing director Gerry Reynolds said the launch was never put on hold. "*Elle* has always been rolling along," he said. "*Elle's* reach proves the inherent strength of the validity of the brand out of the page. There's been a tendency in mag-land the past few years to sit back and moan about things rather than be on the front foot."

Barrett agreed: "As the market leader, ACP has to adopt that position. That's what we've tried to do in launching brands and new technologies and being first to market. *Women's Fitness* launches in September. How much can you do in a year?"

ACP will publish *Elle* in partnership with Hearst International Magazines (which also co-publishes *Cosmopolitan*, *Harper's Bazaar*, *Madison* and *Grazia* with ACP) and *Elle* brand-owner Lagardère Active.



AdNews Challenge launched

DAMIAN FRANCIS

THE ADNEWS Challenge has been officially launched. Taking place on 18 November, the event will incorporate 14.6 kilometres of premium Sydney harbour foreshore scenery with cycling, running, swimming and kayaking legs.

In a recent *AdNews* survey on fitness it was revealed that 41% of executives train daily, while 37% of companies offer fitness-related activities.

Chantal Brodrick, owner of Energyinxs Personal Training and Group Fitness, said people who exercise are happier, suffer less stress and are more productive at work. "The *AdNews* Challenge is great motivation to get active, increase the intensity and frequency of your exercise routine and challenge yourself to something new."

Ten percent of every ticket sold will go to MAYDAY, the not-for-profit representative body for the media, marketing and advertising industry. "MAYDAY represents the collective consciousness of the media, advertising and marketing sector in support of Australia's young people in need," MAYDAY founder Kerry McCabe said.

The event starts at 7:00am and concludes at 12pm and will be an ideal way to get a bit of fresh air and do some networking. Tickets will cost \$180 per person with a \$20 discount if you get in early before 1 September. For more information on the *AdNews* Challenge, visit the website, AdNewsChallenge.com.au.