

# ID Comms Global Media Trading Report 2021

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ID COMMS

Welcome to the 2021 Wave 2 Global Media Trading Report.

<b>ID Comms Media Reports Wave 1</b>	
April 2016	Media Transparency
June 2016	Media Talent
November 2016	Media Training
March 2017	Media Thinking
September 2017	Media Technology
December 2017	Media Terms
March 2018	Media Trading

<b>ID Comms Media Reports Wave 2</b>	
September 2018	Media Transparency
November 2018	Media Talent
March 2019	Media Training
September 2019	Media Thinking
November 2020	Media Technology
February 2021	Media Trading
Coming in 2021	Media Terms



Welcome to the 2021 Wave 2 Global Media Trading Report. This report explores how attitudes to media trading have evolved since 2018. The ID Comms 2021 Media Trading Report is one of seven ID Comms research projects that are undertaken every two years and explore the seven critical media behaviours of successful marketers. Trading is the sixth topic to be revisited, having previously been researched in 2018.

For the second wave of ID Comms Global Media Trading research, we have continued to ask advertisers the same mix of qualitative and quantitative questions.

This has allowed us to identify the most pertinent trends and concerns currently shaping the industry and establish a benchmark to assess how attitudes have (or have not) changed over time.

The results of this research demonstrate that media trading is increasingly influenced by quality, rather than cost-based factors. However, there are still lingering concerns around agency trading practices, as well as a growing interest in media targeting and measurement in a cookieless world.

Key findings from the 2021 Media Trading report are as follows:

- The industry is in agreement (92% strongly agree or agree) that advertisers who treat media as a quality buy rather than a commodity buy are at an advantage
- Being able to demonstrate business results / ROI is recognised overwhelmingly as the biggest indicator of success in media buying, followed by better targeting and financial transparency
- Respondents are split in their opinions on whether media buying within agencies is driven by strategic planning, or whether channel and vendor biases mean buying tends to dictate planning decisions
- More people now recognise auditing as a critical component of good media governance, although advertisers remain more convinced than agencies
- Hiring talent remains the biggest challenge in expanding in-house buying capabilities, followed by access to good quality data

ID Comms conducted this research between the 7th and 20th of December, and received 162 responses.

The respondents were comprised of Media, Marketing, and Procurement professionals with a range of global, regional and local market responsibilities. 62% were based in Europe, 27% were from North America, with the remaining participants coming from Middle East & Africa, Asia Pacific, Australia and New Zealand, and Latin America. The advertisers that responded to this survey represent a wide variety of brands in diverse categories including

FMCG/ CPG, retail, pharmaceutical, food and drink, entertainment, automotive, luxury, finance, energy, and telecommunications, with a combined global media investment in excess of \$20bn.

All major agency holding groups and some independent media agencies are represented in this survey. The 7Ts® Global Research Project started in 2016 and has looked at the seven media behaviours of successful marketers: Transparency, Talent, Training, Terms, Thinking, Technology & Trading.



Paul Stringer  
Consultant  
ID Comms

# “ The industry is in broad agreement that treating media as a quality buy is a source of competitive advantage for advertisers.

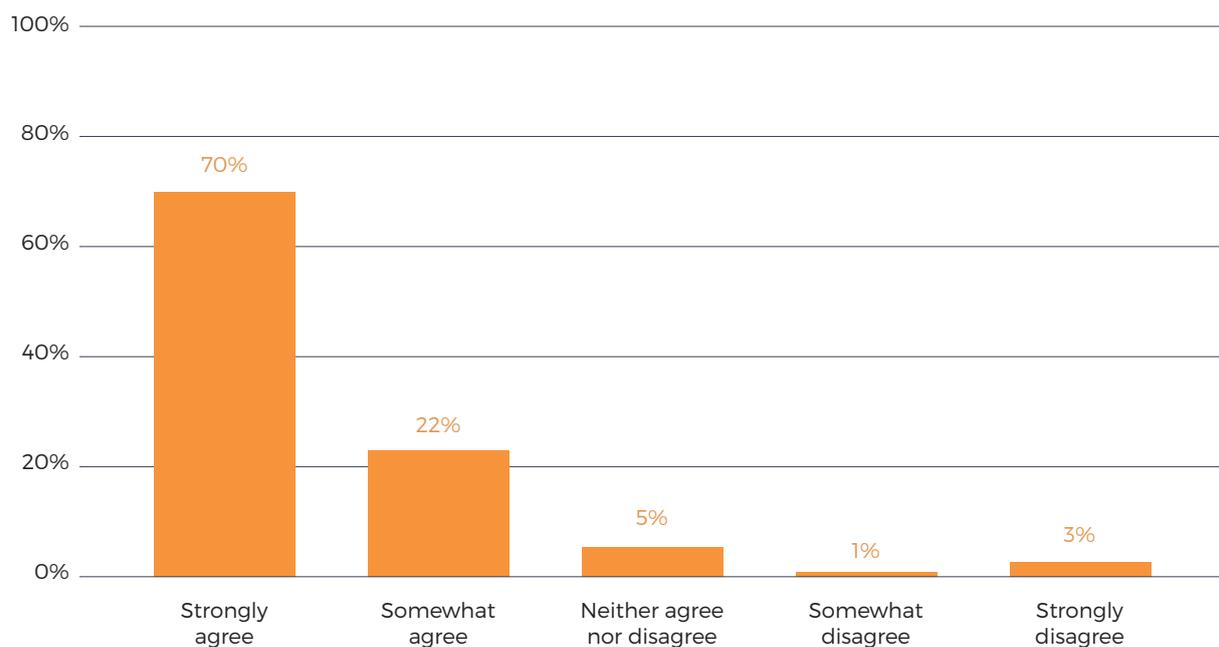
Ninety-two percent of respondents either somewhat agree or strongly agree that advertisers who treat media as a quality buy rather than a commodity buy are at an advantage. This is broadly the same as when we conducted this research in 2018, however, 70% of respondents now strongly agree with the statement compared to 50% of respondents two years ago.

Results support the growing consensus that media has evolved beyond a cost to be managed downwards and is now seen as an investment in business growth.

As one respondent highlighted: “A race to the bottom is not a winning strategy in today’s fragmented market”.

*“Choosing the right way to connect with your consumers and ensuring your making the most out of your investments is a combination of art and science and should be treated like that.”  
(Advertiser Respondent)*

Question 1: To what extent do you agree with the following statement: To what extent do you agree with the following statement: “Advertisers who treat media as a quality buy rather than a commodity buy are at an advantage”



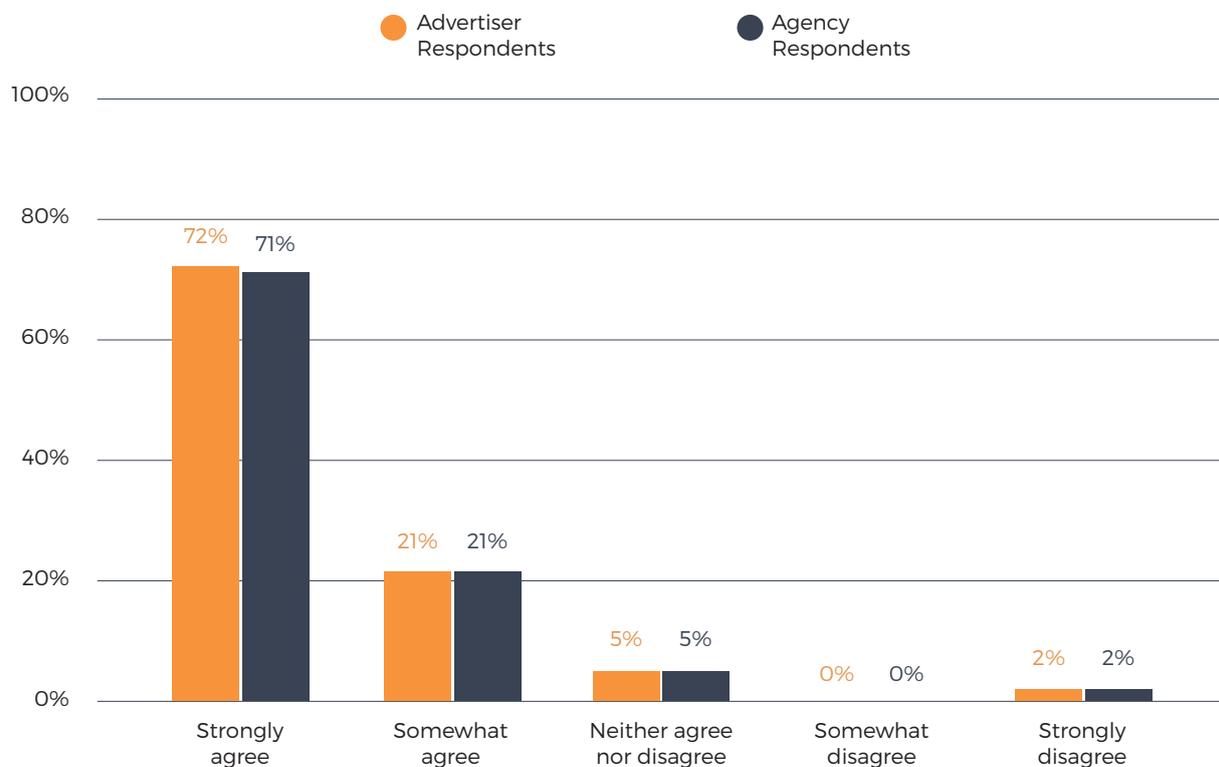
We observe a similar pattern of results among advertisers. Nonetheless, there has been a remarkable increase in the number of procurement stakeholders who now strongly agree that media should be treated as a quality buy rather than a commodity buy. In

2018, just 18% of procurement stakeholders strongly agreed with the statement compared to 72% in 2020. This is hugely encouraging and illustrates the growth of procurement beyond a functional 'cost-centre' to a strategic partner of the wider marketing function.

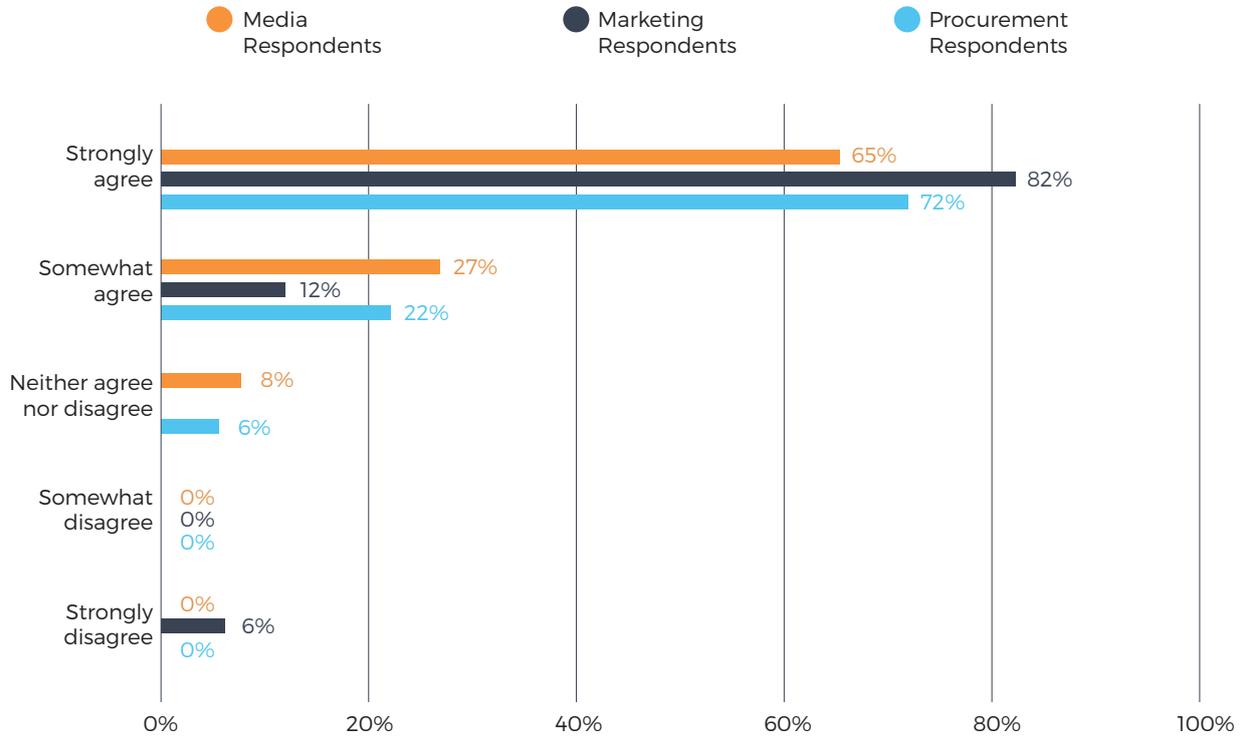
*"The balance between quality and commodity aspects of media is an important one and measurement is the key to finding that balance. Work done in a simpler time supports lowest cost incremental reach point as a valuable deliverable. Other work shows there's value in context."*  
 (Advertiser Respondent)

*A race to the bottom is not a winning strategy in today's fragmented market. That just means less reach and more frequency to the same audience*  
 (Advertiser Respondent)

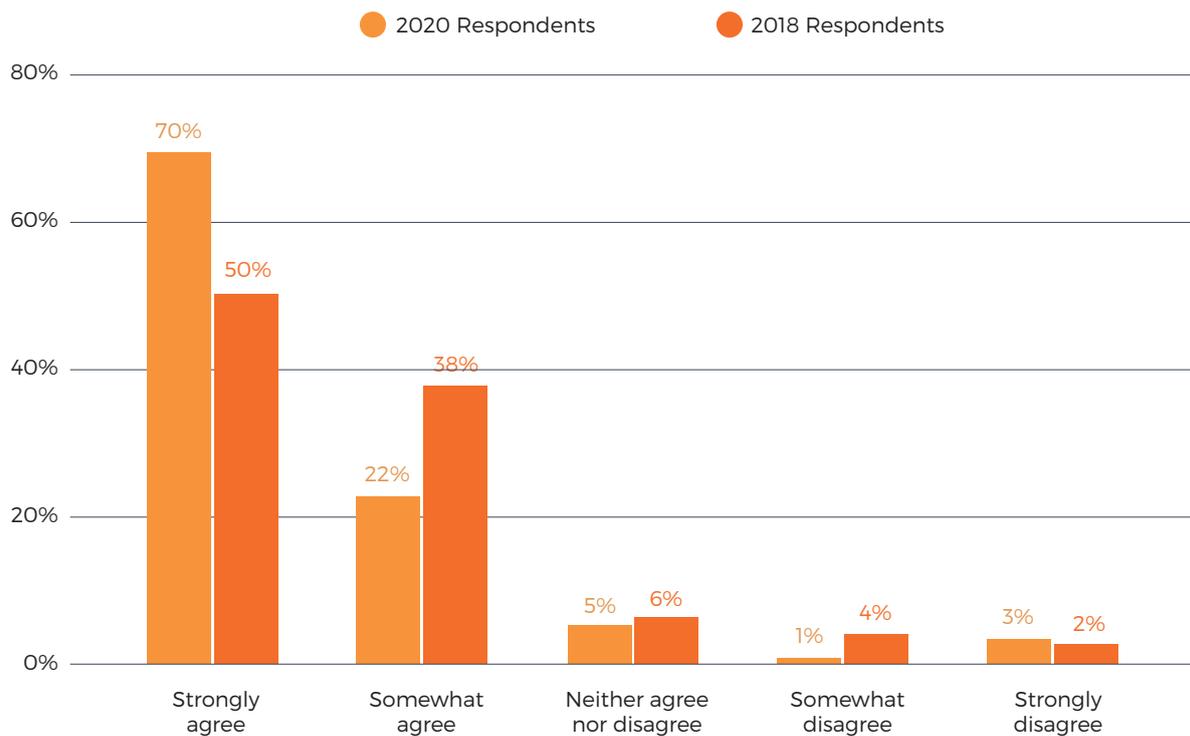
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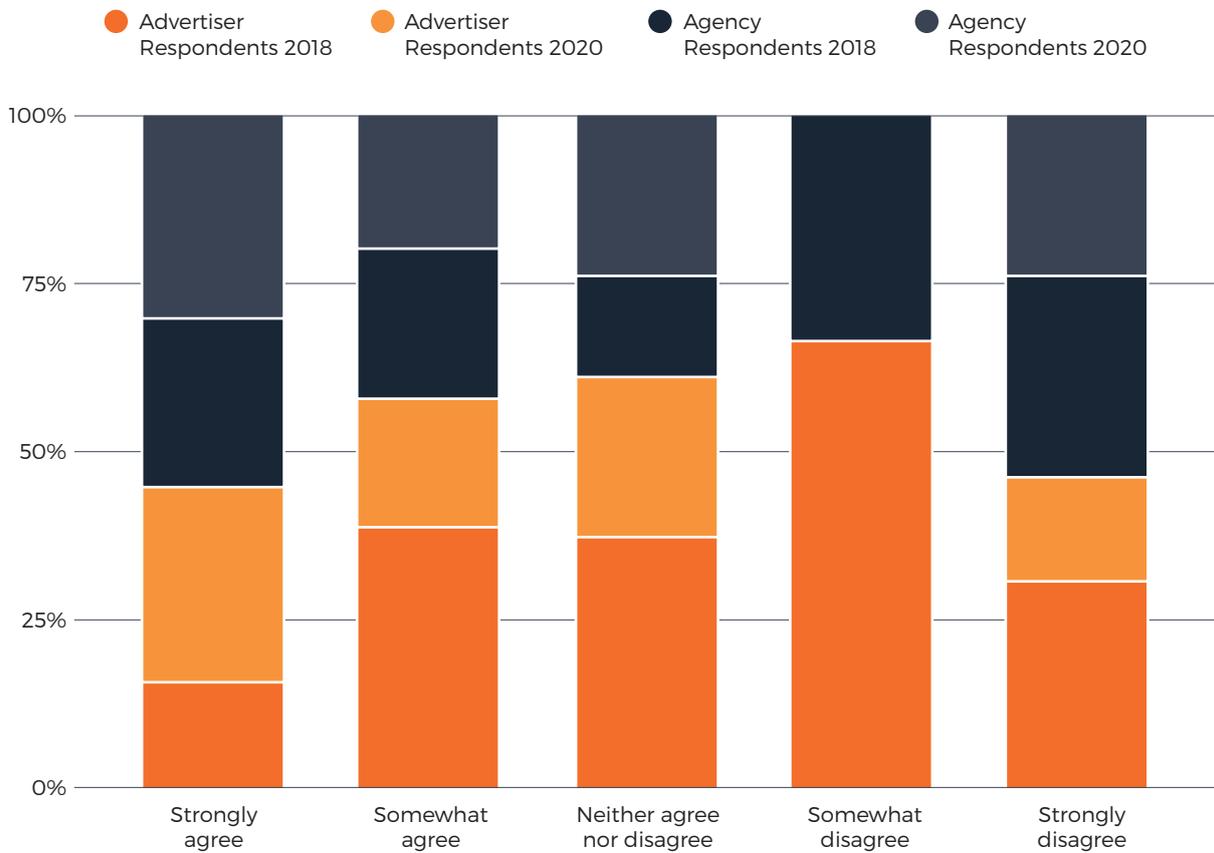
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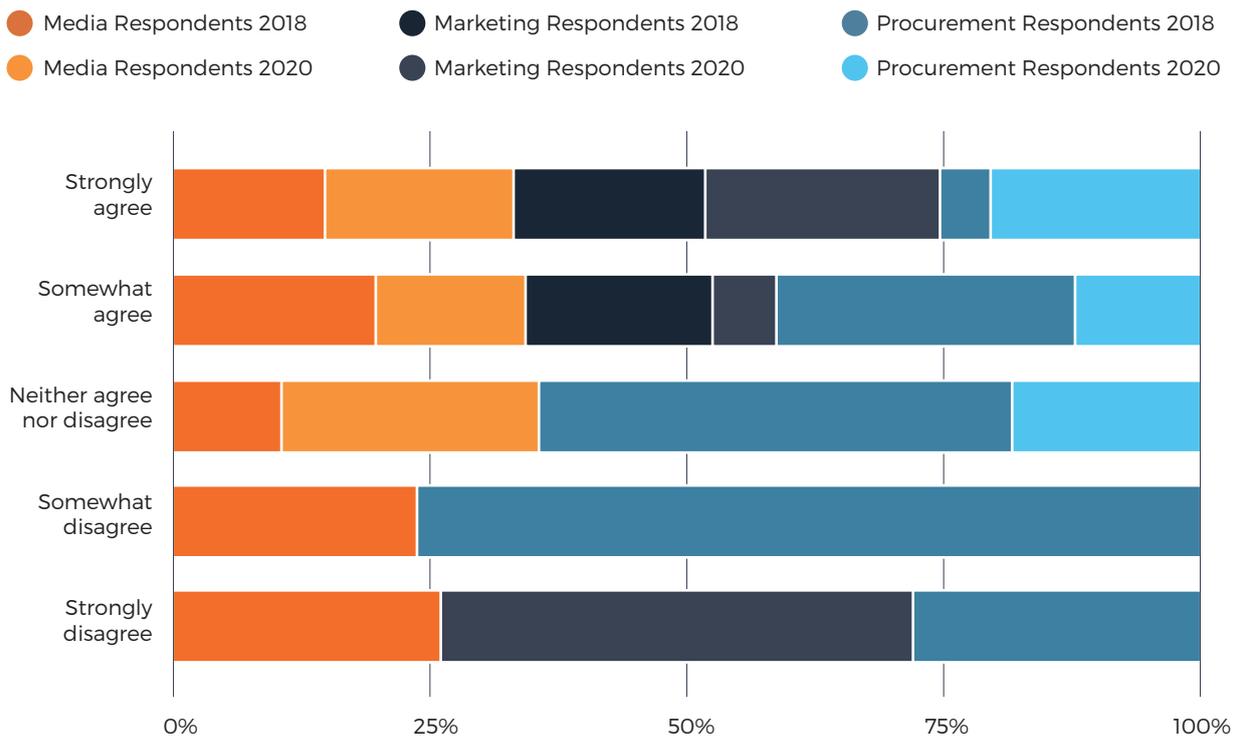
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“Given the size, complexity and share of marketing spend - plus the potential revenue of media to the business - anyone that does not regard it as a quality buy is not in the right position”  
(Advertiser Respondent)

“Media can be as strategic as any form of advertising and has moved well beyond its legacy baggage as a commodity buy”  
(Advertiser Respondent)

“ **Above all areas, being able to demonstrate business results / ROI is recognised overwhelmingly as the biggest indicator of success in media buying.** ”

Business results / ROI was ranked as the most important indicator of success by every group surveyed - exactly the same as 2018 - highlighting the important role that media can play in driving business outcomes.

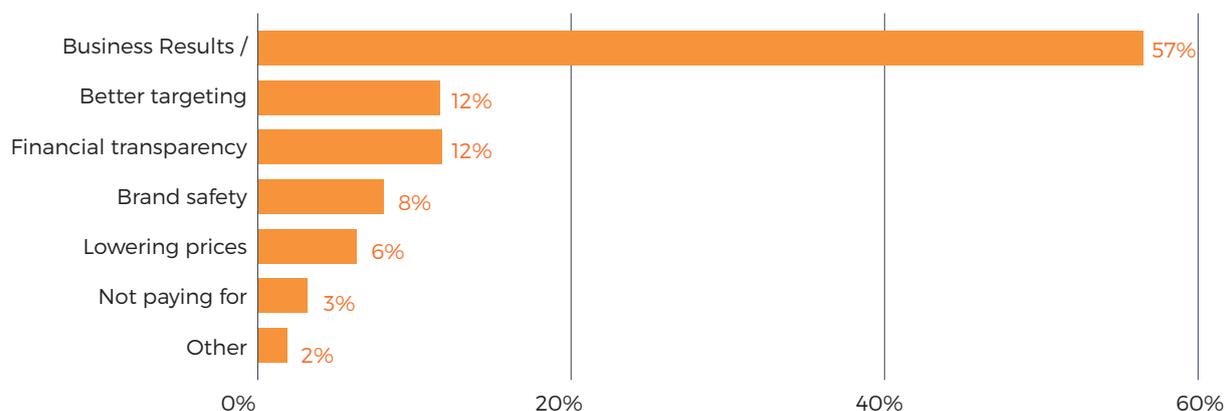
the upcoming demise of third-party cookies, which is going to dramatically alter current approaches to audience targeting, particularly for those advertisers lacking a solid first-party data strategy.

Across all areas, we find advertisers and agencies are broadly aligned on what indicates success, with business results / ROI; better targeting; and financial transparency being ranked first, second and third, respectively. This ranking is similar to 2018, however, we find 'better targeting' has risen several places to take precedence over 'financial transparency' and 'lowering prices', both of which were ranked among respondents' top three indicators of success two years ago.

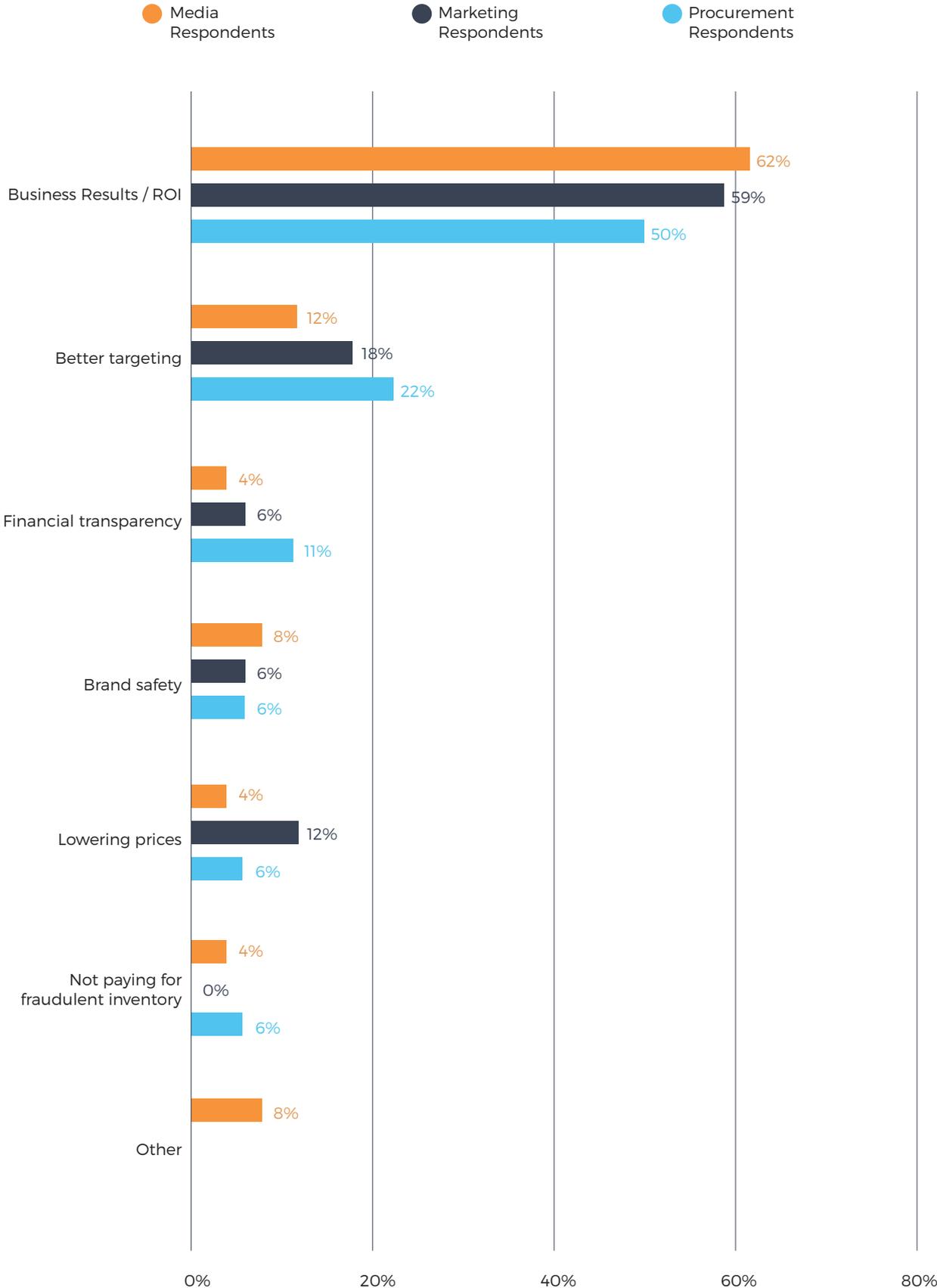
In the 2020 data, there are some interesting differences to note between advertisers, with procurement stakeholders rating 'lowering prices' as more important in media buying compared to marketing and media stakeholders. Likewise, media and marketing stakeholders rate 'not paying for ad fraud' as more important than their procurement stakeholders, even though this still remains a relatively minor indicator of success.

**One explanation for this shift is**

Question 2: Please rank in order - from most important (1) to least important (7) - the biggest indicators of success in media trading for most advertisers in 2021



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“Pricing guarantee obligations dictate many of the decisions as agencies risk massive financial impact if these are not met. Thus, relentless prioritisation on lowest pricing is detrimental to the client’s strategic interests”  
(Agency Respondent)



## Respondents are split on whether media buying within agencies is driven by robust planning, or whether channel choices and vendor relationships dictate planning decisions.

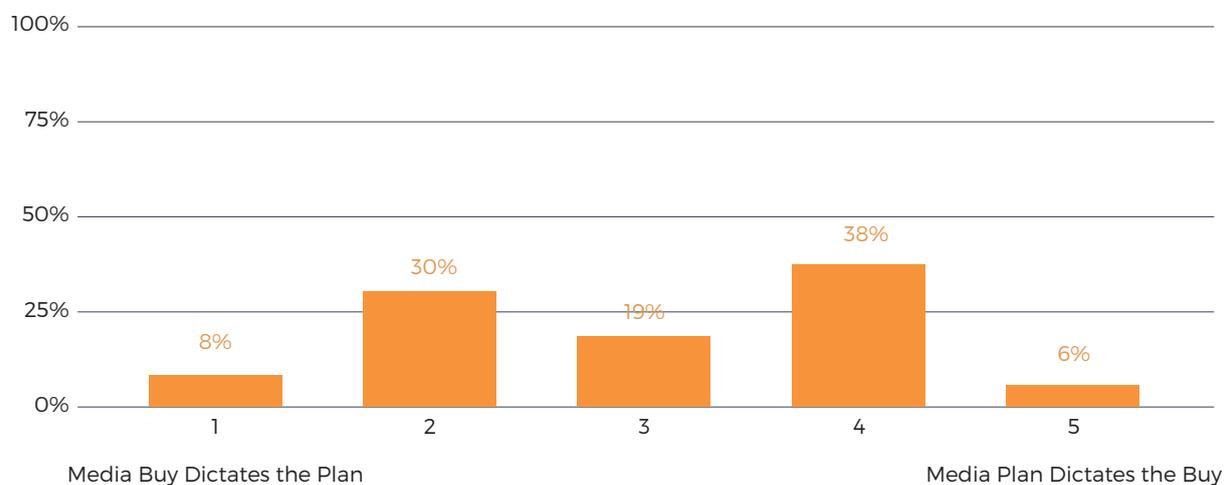
Thirty-eight percent of respondents are more inclined to believe the media buy dictates the plan, while around 40% of respondents think the opposite.

Unsurprisingly, we find advertisers are generally more pessimistic than agencies, with nearly half of respondents implying that media buying considerations take precedence over media planning decisions. Still, it is interesting to note that 38% of agency stakeholders feel the same, reflecting the intense commercial pressures and constraints that many agency trading professionals are operating under.

*"In my experience, agencies are more agnostic than clients. Clients still insist on cheap, mass inventory, rather than inventory that addresses a plan"*  
(Agency Respondent)

*"Pricing guarantee obligations dictate many of the decisions as agencies risk massive financial impact if these are not met. Thus, relentless prioritisation on lowest pricing is detrimental to the client's strategic interests"*  
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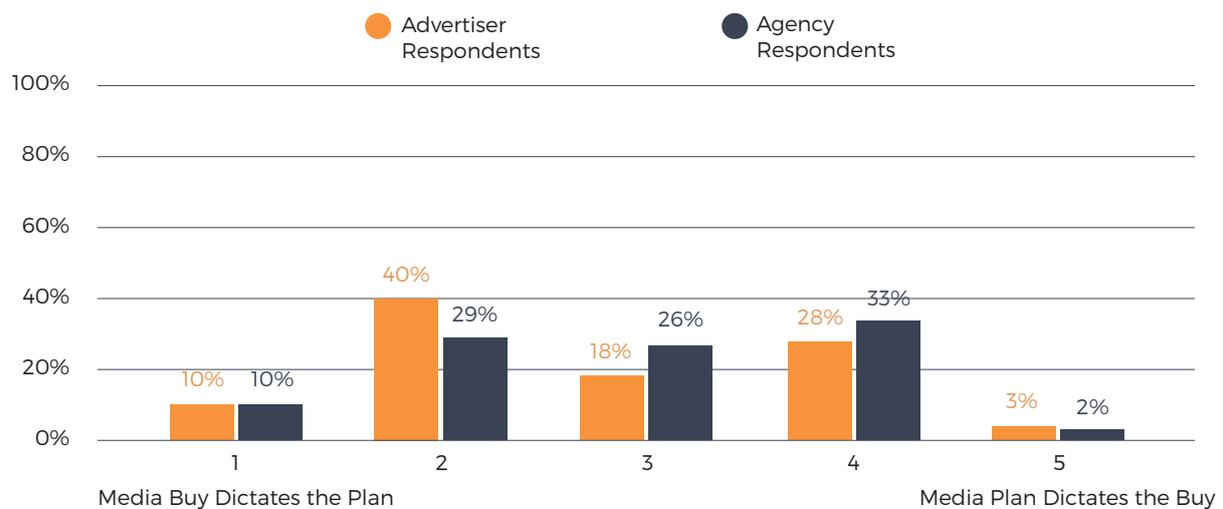
Question 3: Considering media agencies in general, to what extent do you think that the media plan dictates the buy or the media buy dictates the plan?



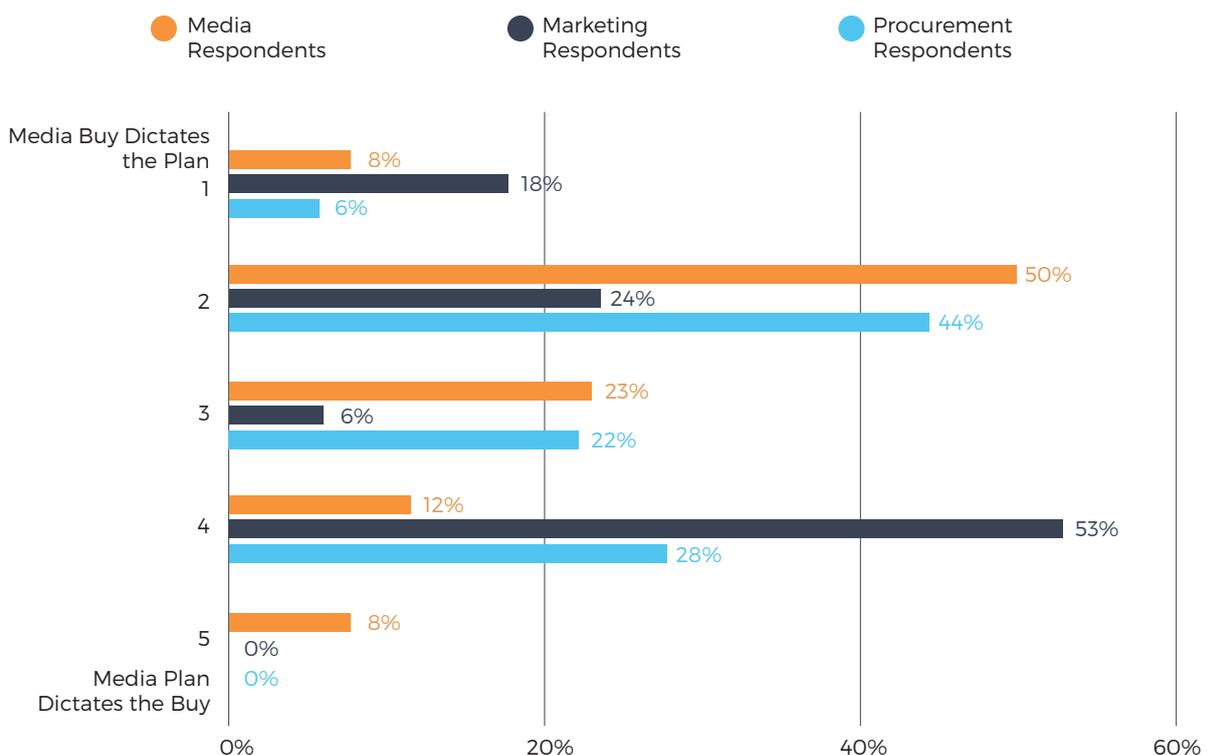
Among advertisers, we find it is media stakeholders, above both marketing and procurement stakeholders, that are most skeptical about agency media buying practices. This is true of all media, not just traditional channels, where

there is a strong sense that agencies benefit from bigger margins because of a combination of lower labour costs and non-transparent relationships with third-party vendors and data providers.

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“I would say despite protestations, media trading still dictates the plan - and even if it's not trading directors pushing through 'partners' then it's the fact that media agencies make money when clients spend, so paid media dominates the planning”  
(Agency Respondent)



## **Most respondents believe auditing is an integral part of good media governance, although advertisers are more strongly convinced than agencies.**

Eighty-six percent of respondents somewhat or strongly agree that media auditing is a critical component of good media governance. This is similar to 2018, although there has been a 23% increase among those who strongly agree with the statement, underlining the centrality of auditing to media governance best practice.

Both advertisers and agencies broadly recognise the importance of media auditing, however, 67% of advertisers indicate they strongly agree with the statement. This figure is double compared to the number of advertisers that strongly agreed (31%) with the statement in 2018, highlighting the growing belief in auditing as an important component of good media governance, as well as increasing concerns over current levels of transparency in the digital media supply chain.

Compared to advertisers, just 29% of agency respondents strongly agree that media auditing is a critical component of good media governance. Given it is agencies on the receiving end of auditing, and the process can sometimes be fairly labour intensive and operationally disruptive, this result is somewhat to be expected.

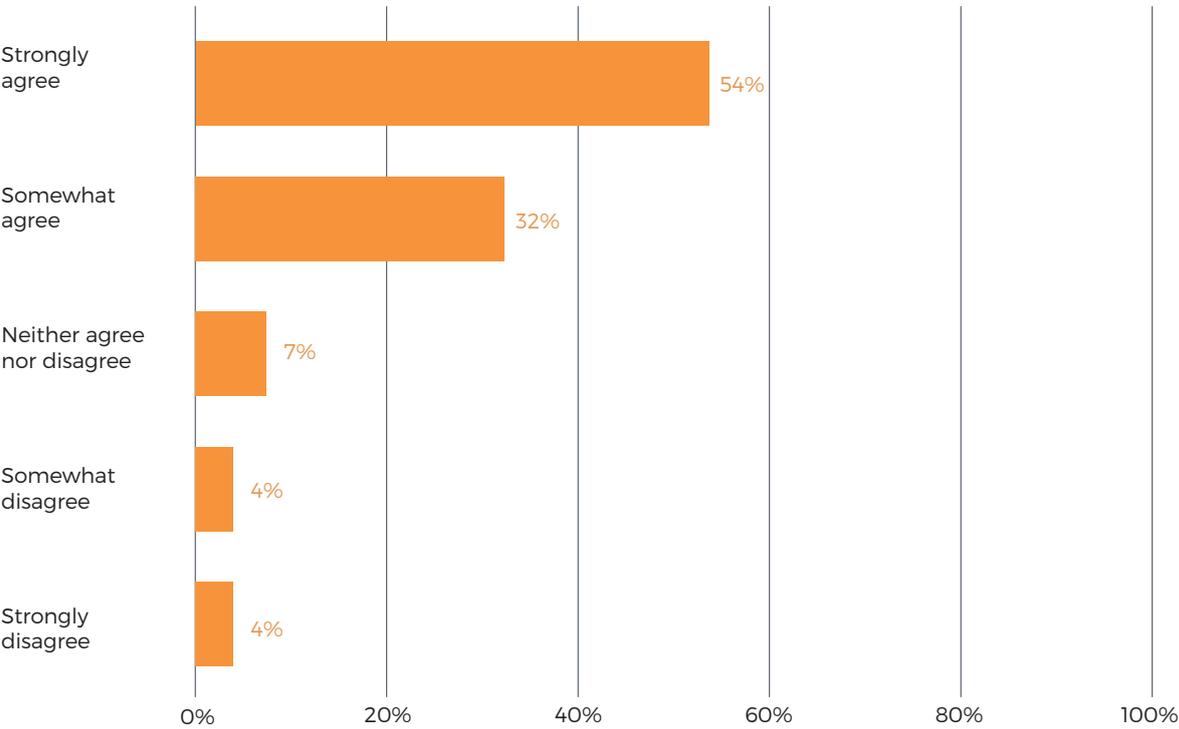
What is more surprising is the

data on advertisers, which shows that among all stakeholders, it is media professionals who are least convinced by the importance of auditing. Of this group 46% strongly agree with the statement compared to 94% and 72% of marketing and procurement stakeholders, respectively.

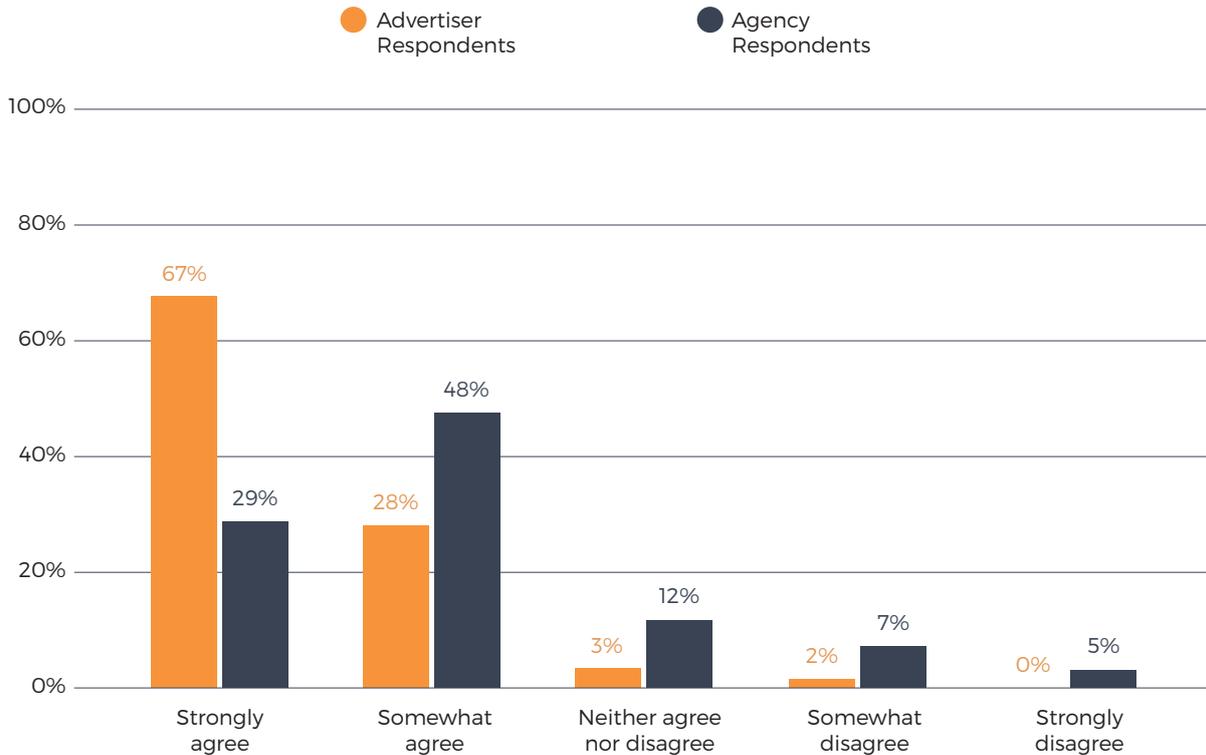
This may speak to the dissatisfaction with current auditing practices and methods, which are being reinvented to meet the demands of the digital age. Indeed, when we conducted this survey in 2018, 58% of respondents disagreed that auditing methods were suitable for an age of digital auction based media buying, with this year's data suggesting there is still a fair distance to travel until auditing methodologies are considered fit for purpose.

*"Because of a lack of transparency in media buying, media auditing helps, but [technology] still feels somewhat of a black box"*  
(Advertiser Respondent)

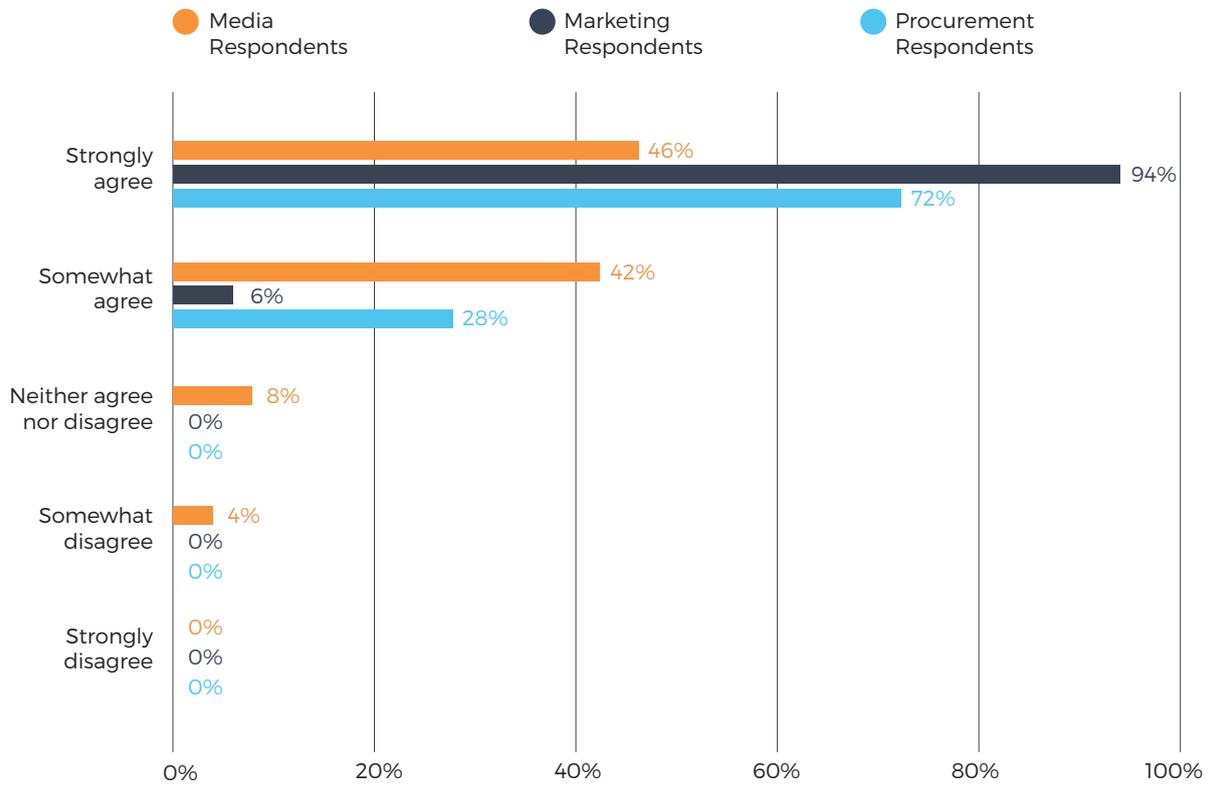
Question 4: To what extent do you agree with the following statement: "Media auditing is a critical component of good media governance"



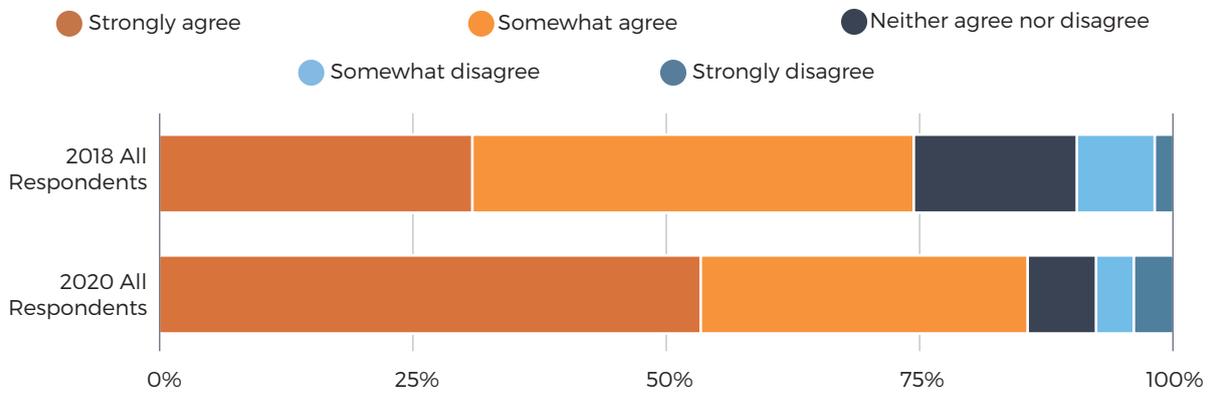
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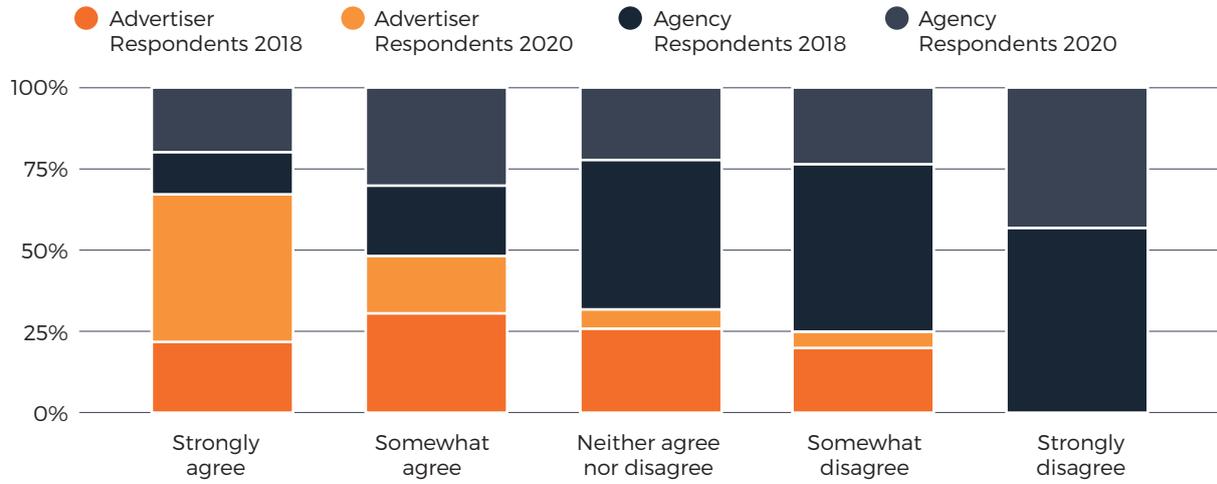
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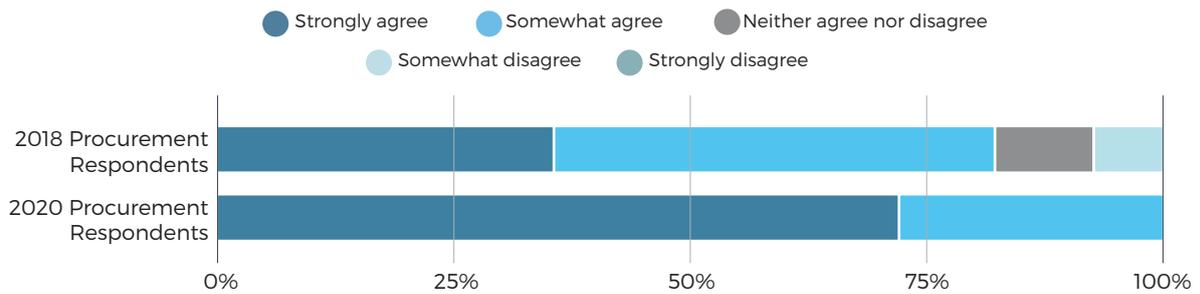
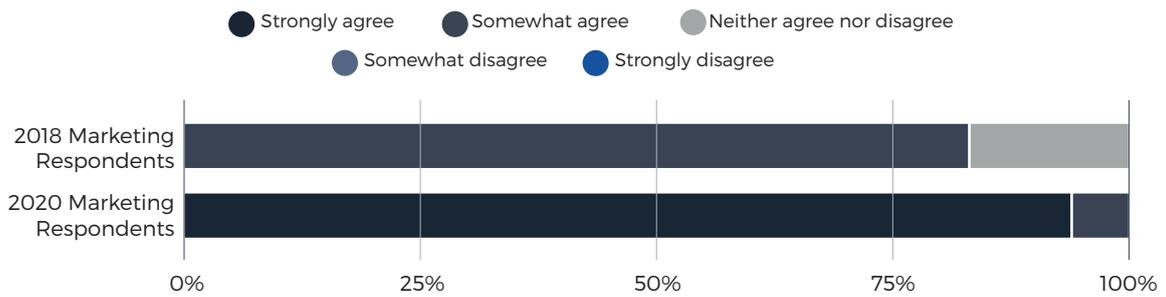
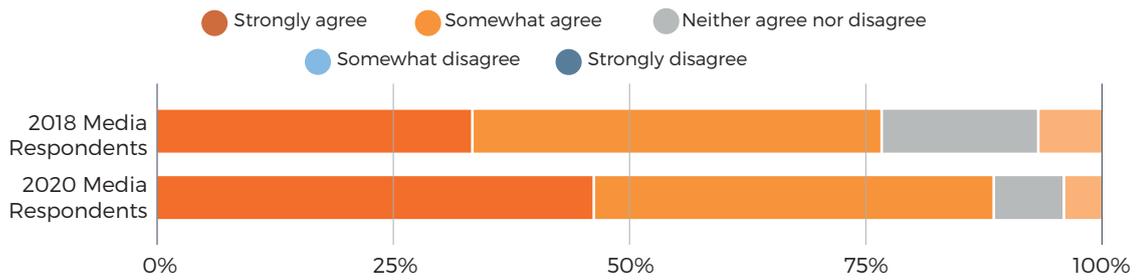
*"Full transparency on a day to day basis is somewhat unrealistic. Monthly/quarterly audits ensure full transparency and the opportunity to adjust/correct executions and other agency operations (billing, posting etc) to align with client expectations on an ongoing basis"*  
 (Advertiser Respondent)

*"[We] need external partners to help evaluate the media bought by our media agencies"*  
 (Advertiser Respondent)

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“I believe that many media agencies are driven by high margin media buys and they often promote inventory media deals or buying media from 3rd party providers (within their network) to avoid disclosing prices/margins”  
(Advertiser Respondent)

“ **Hiring the best talent remains by far and above the biggest challenge in expanding in-house buying, followed by accessing good quality data.** ”

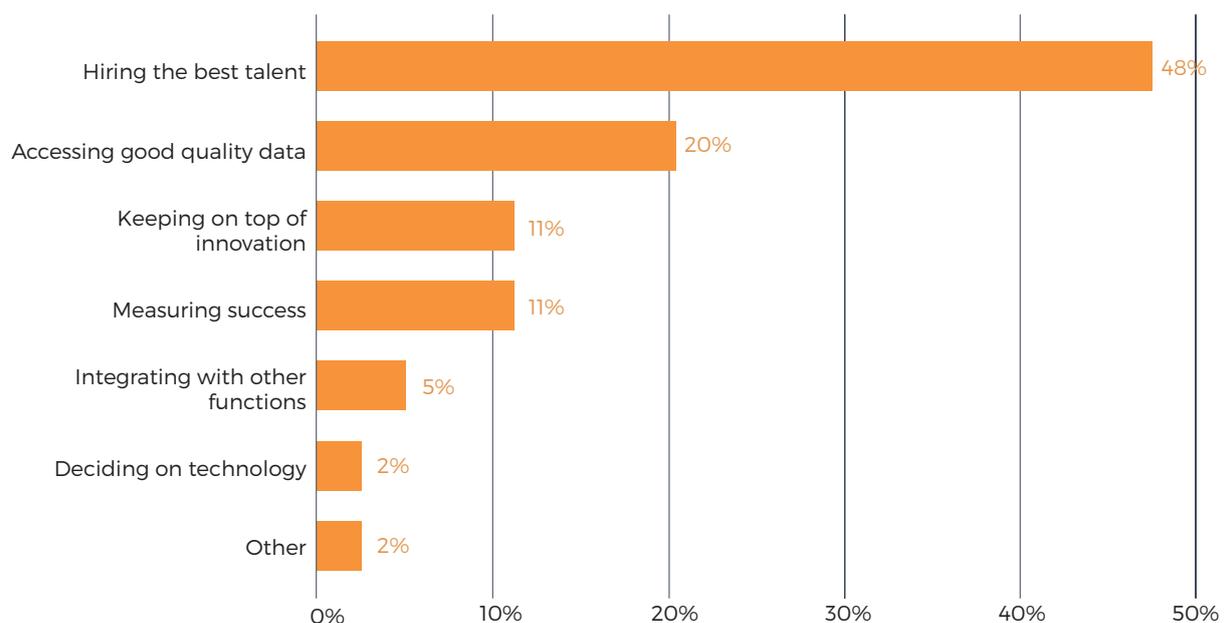
Around half of respondents (48%) rate hiring the best talent as the biggest challenge in building in-house buying capabilities with accessing good quality data a distant second (20%).

On the one hand, this is consistent with results from 2018, where hiring talent was also the number one concern around in-housing media buying. However, two years ago, accessing good quality data was ranked as bottom of advertiser’s overall concerns, and is now rated by around a quarter of advertisers as the most important challenge. This undelines current concerns in

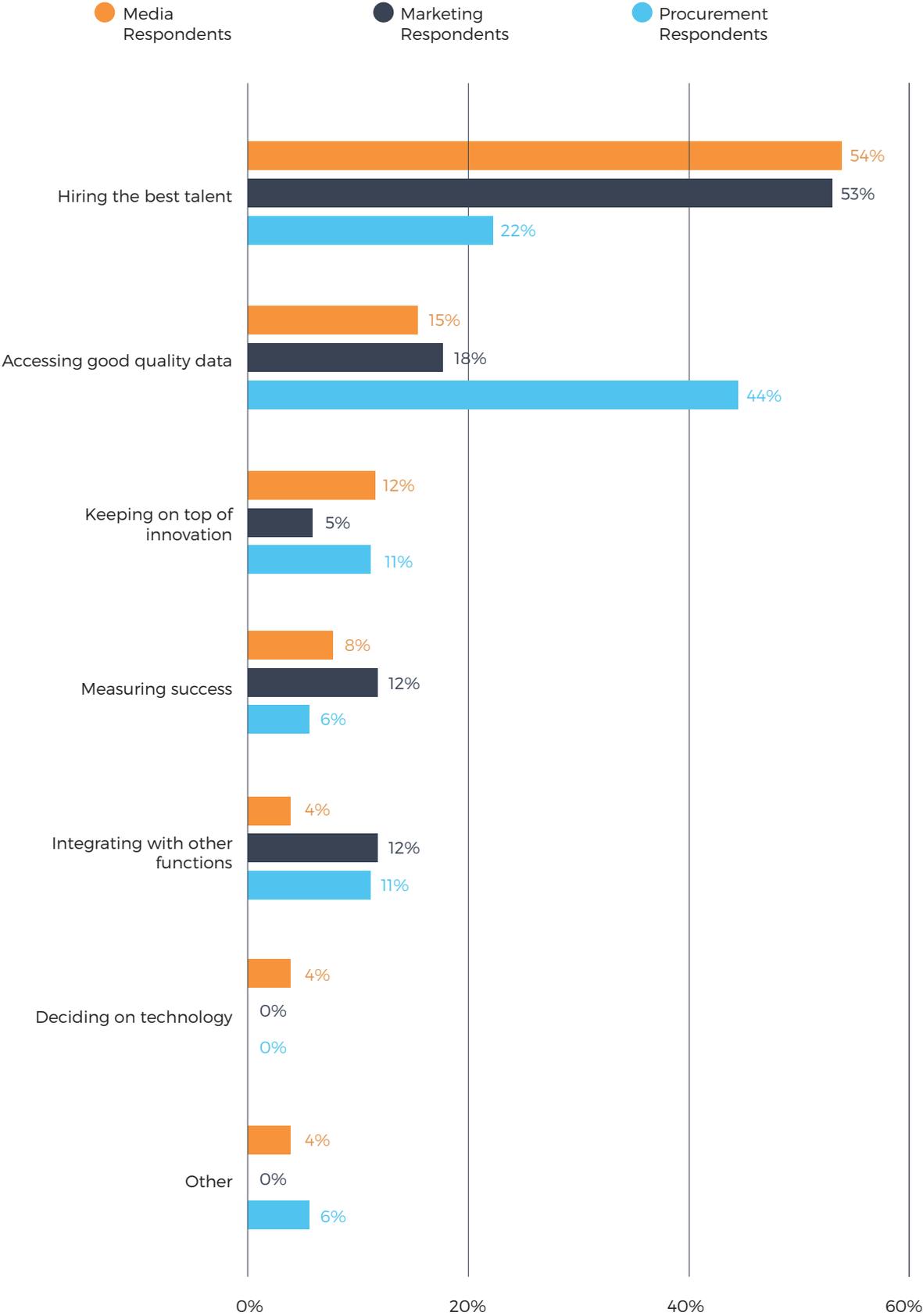
the industry around data, targeting and measurement, and shows the shifting priorities among advertisers as they migrate more spend to digital channels while dealing with the challenges of ‘walled gardens’ and accessing good quality and reliable data sources.

Among advertisers, we observe a fairly consistent ranking of challenges. One interesting difference to note, however, is with procurement professionals, who rank accessing good quality data above hiring the best talent as the most critical challenge in building in-house buying capabilities.

Question 5: From the list below, please rank in order - from most important (1) to least important (7) - the biggest challenges for marketers expanding in-house media buying capabilities:



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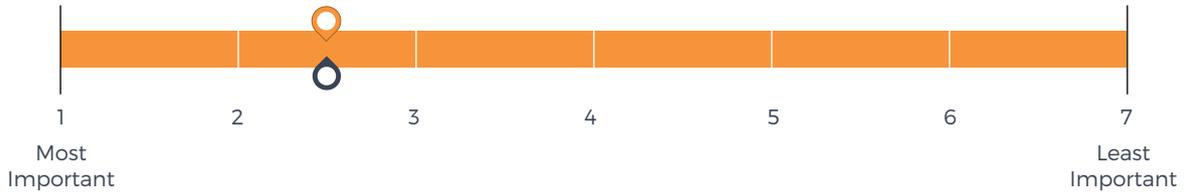


Question 5: From the list below, please rank in order - from most important (1) to least important (7) - the biggest challenges for marketers expanding in-house media buying capabilities:

 Advertiser Respondents

 Agency Respondents

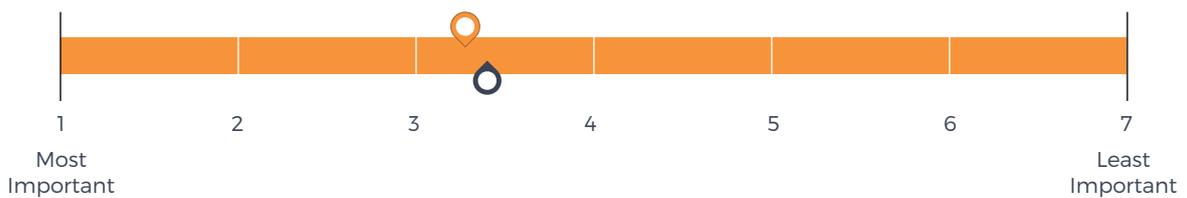
**Hiring the best talent**



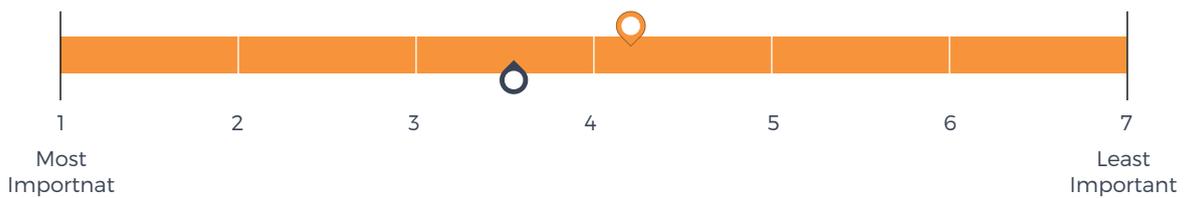
**Accessing good quality data**



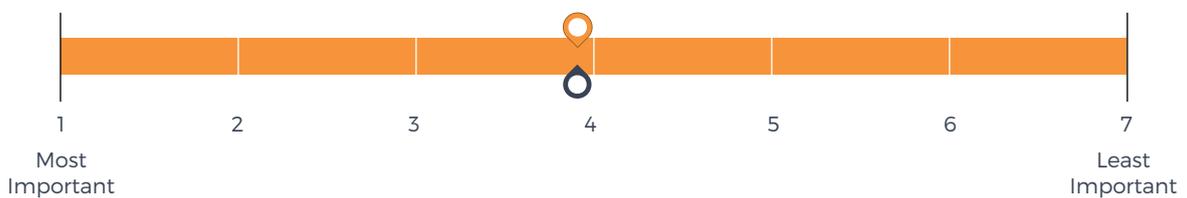
**Keeping on top of innovation**



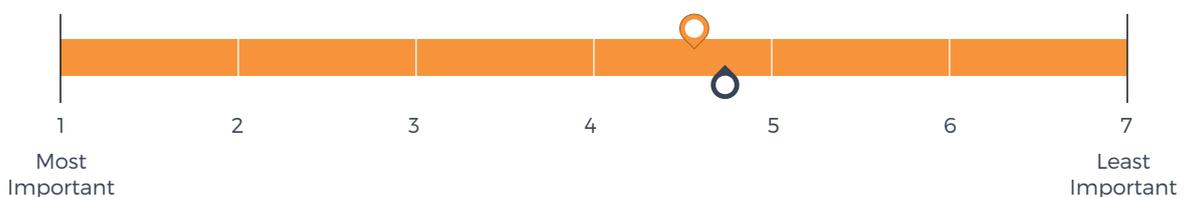
**Measuring success**



**Integrating with other functions**



**Deciding on technology**



## Conclusion

Since media reached 'peak commodification' a few years ago, there has been a growing emphasis on quality and value in media buying, over purely cost-based decision making. Technology has accelerated this shift, with aggregated buying power diminishing as programmatic methods gain traction.

Media efficiency still matters, however, the very definition of efficiency is changing as more advertisers - marketing, media and procurement colleagues alike - begin to recognise media as an investment in growth as opposed to a cost to manage downwards..

This puts a renewed focus on areas such as targeting and measurement, where efforts are underway to draw stronger links between inputs and outputs, or between media investments and business outcomes. Given the impending changes to third party tracking, along with an acceleration in online-based consumer behaviour, this is going to become even more critical while at the same time presenting major

challenges to those advertisers lacking a robust first-party data strategy.

What's encouraging, is that we appear to be moving towards a future of far greater alignment between media, marketing and procurement. In just the last couple of years there has been a dramatic shift in narrative around the role of procurement, which is repositioning itself as a strategic arm of the marketing organization that puts business growth above all other factors in commercial decision making.

This level of alignment will be critical as advertisers transition towards more integrated, automated, and effectiveness-first forms of media trading in the future.

Founded in 2009, ID Comms empowers ambitious marketers to reduce waste and find new value and growth in a complex and fast-changing media landscape and works closely with marketing, media and procurement teams to improve media performance.

Did you know that beyond the 7Ts® reporting series, ID Comms have developed a proprietary diagnostic tool that empowers marketers to achieve media success?

The 7Ts® is a strategic consulting framework designed to assess the most critical components of an advertiser's media operations and identify clear opportunities for improvement. Behind the 7Ts®, is a simple ambition:

“To simplify the complexity of the media function and make it accessible to a broader range of stakeholders”

Media deserves to be better understood because for most leading businesses, it represents a sizeable investment. Media can also play a critical role in driving marketing effectiveness and competitive advantage, so long as it is treated as an integral part of the marketing process.

The 7Ts® Framework simplifies the complex by dividing your media function into the seven key levers for media growth.

Through these key levers we analyse your current activity, identifying:

- Areas of strength in your current media function
- Opportunities for improvement in media, both internally and externally
- Clear, actionable recommendations designed to reduce wastage and stimulate new sources of growth in media.
- A roadmap for change, with respective sequencing identified for each key workstream

The 7Ts uses a robust analysis framework and methodology, grounded in qualitative and quantitative data inputs. These inputs are all put through a rigorous scoring system and generate an output score out of 7 for each T.

Find out more at [www.idcomms.com](http://www.idcomms.com)