



Tumbleweed, hyper-real style, by NightCafe AI.

Elucidation

In this edition, **Gordan Domlija** examines the role of media buying in the marketing process, and addresses one of the perennial questions of media - **why do all media plans look the same?** - by explaining the systematic issues within the process of advertising, and how these can be remedied to reduce wastage and exponentially improve the performance of media spend.

What is media buying?

Let's step back before we move forward. What is media buying? Put simply, thank you Chat GPT, it is the process of purchasing advertising space across various media channels to reach a target audience.

This activity is carried out on behalf of advertisers all over the world by marketing or media buying agencies. It is generally the final part of the brand marketing process, which includes brand strategy, planning, design and ad creation. Media is the delivery device of communication (ads) from advertisers to potential customers.

Total global media (advertising) spend was US \$793.2 billion in 2022 (source: Statista). It's big business.

Why should I care?

As an end consumer of advertising, you shouldn't, there are far more important things that should be occupying your valuable head space. Perhaps it's interesting to know that there is a near-trillion dollar industry behind why you get chased around the internet by the same picture of a mattress you accidentally clicked an ad for two months ago, but that's about it.

However, if you're an advertiser, you really should care, because, of the billions of dollars being spent on advertising, the vast majority is wasted. There's a famous 120-year old quote by John Wanamaker; "Half the money I spend on advertising is wasted, the trouble is I don't know which half". Ironically it is sometimes used by agencies to signpost a solution to greater effectiveness, whereas the reality is that often they perpetuate and accelerate wastage to far more than 'half'.

There is more technology to measure and track media than ever before, and total advertising spend grows each year, but effectiveness decreases. How and why does this happen? Read on...

The problem in the process

Media buying is generally the end of an extensive process of brand planning, creative development, media planning, workshops and white-boarding, run by senior agency and client folk. The output is likely a powerpoint presentation extolling the virtues of a strategy, highlighting innovations and ideas that show your brand will not be left behind by more savvy competitors.

This is circulated to senior client management and stakeholders of the business, to be aligned to global objectives, and approved. Then the people responsible for the vision and strategy, both on brand and agency side, hand the over responsibility for delivery of that plan to the people who manage the execution. The media buying bit.

What should be a critical part of the process; responsibility for how, where and by whom your ads are seen, is passed to someone uninvolved in the strategic and planning process. Sometimes they are in a different company, a different building, or different country. Geographic proximity doesn't automatically equal wastage, that can always be managed with effective communication. What can't be managed is if motivations and objectives of those executing the media buy are divergent from the strategy. In this case the result is always inefficiency and wasted media spend.

Why does this wastage happen?

To understand that, we need to look at how the system is set up.

- 1. The gap between media "planning" and "buying".** This is huge. In most media agencies planning and buying are separate functions. There are many reasons for this which I won't go into here, but the key thing to know is that the two functions exist pretty much independently. The planning in an agency (front office), the buying in a holding group (back office).
 - Planning teams work directly with clients, they try to align client business or marketing plan into a media strategy. Their KPIs are mostly client satisfaction.
 - Buying teams tend to be internal, with different reporting lines. Their objectives are to extract and retain as much revenue as possible from client media budgets. They do this by aligning volume spend deals with media owners that maximise returns and rebates, this means that up to 90% of a media plan can be fixed before any strategy or planning is done.
- 2. The unknown buyer.** If that revelation about divergent objectives baked your noodle, what's really going to blow your mind is knowing that the same person assigned to buy the media for your brand is buying dozens of campaigns, across multiple categories and brands, all with the same objective of extracting maximum returns for the agency from clients' media spend.

The media budget is directed into the channels that meet the agency objective. Of course there is a 'target audience', but here I can let you into another little secret. A target of young, urban, 'likes to try new things', is not all that unique of an audience.

So, not only does your media plan look similar to all your previous media plans, it also looks the same as every other brand's media plan. Whether it's for a premium car, a mobile phone, or a toothpaste, the parameters of the brief to the buyer are EXACTLY the same, chances are the brief

the buyer gets doesn't even mention the name of the brand, just a job number. Therefore it's easy to see why the output would look the same. Same platforms, same formats, the only difference being the unit cost and extraction for the agency, depending on your specific deal with the agency.



A glitch, by The Matrix.

3. **Advertiser apathy.** Surprising as it sounds when it comes to execution of media, many clients switch off at this point. Surprising not because it is really interesting, it really isn't, but surprising because it involves such huge amounts of money being potentially wasted.

Maybe it's just too boring for some, or too unnecessarily opaque, messy and complicated, whatever the reason, it is a responsibility that is very quickly and happily delegated by senior clients, meaning unscrupulous actors in the process can take advantage.

4. **KPIs are set to the lowest common denominator, unit price.** Brands can spend a huge amount of time and effort developing insights and strategy, using sophisticated tools and data sets to define audiences, tribes and clusters, writing super impressive presentations that are circulated around the globe. And then the people responsible for media set a measurement criteria of achieving the lowest possible cost of an advertising unit, or of the lowest cost of serving an ad impression to (maybe) a person.

It is for this reason that within many companies that advertise, the management see advertising as a cost centre, not a business driver. Advertising has no more proven impact or bearing on business performance than the stationery they buy or the office furniture that is procured.

5. **The system self perpetuates.** Cost and the illusion of improvement in a world of constantly shifting, technology and adspace, perpetuates the industry indefinitely. There is no incentive for agencies to change this, there is no great desire from most clients, many of whom would rather just quietly take things in house or go direct to tech providers and platforms. While the media audit industry, despite the claims of providing 'strategic partnership' generally focus on apple to apple cost benchmarking of the commoditised contractual agreement. They too are beneficiaries of the system, dress up marginal cost improvement as progress while not changing anything that would make a significant difference.

Depressingly, the more things change, the more they stay the same. Surely there must be a way to make it work better? Luckily there is. On the next page.

What can I do about it as an advertiser?

If you want to improve your media accountability and performance, the first thing to do is ensure visibility, ownership and responsibility for the entire process. There's a lot more detail to cover on how the system works, for those that are interested to dig into it, and in many cases there is a lot of bad practice to unravel. So, think about this as the start point, and if it seems too much to take on, remember, you are not alone, there are plenty of people who know the system inside out, and many of them can help you navigate it. Me for one.

1. End to end responsibility. It sounds obvious, but it is shocking how few organisations have someone accountable for the entirety of a process. When you have many departments and specialisations, all with individual objectives and KPIs, having someone specifically responsible for bringing it all together across disciplines and tasks is invaluable. Remember if you are not aligned, you can't expect your agency to be.
2. Ask questions. Ask who actually buys your media, and where are they (particularly for programmatic, the answers may surprise you). More granularly, if you are told that data led targeting will reach a defined strategic audience, ask what % of your impressions will actually be bought that way, and how many will be traded blindly for top funnel volume and reach. There's nothing wrong with this, but it's your prerogative to know this is how your money is being used.
3. When using agencies, insist on knowing the people in key roles in all departments on your business. Are they all aligned to your goal? Are they protecting your interests? Ensure the people you trust in the agency have oversight of the tools of delivery and execution. If they don't, you're talking to the wrong people.
4. Set media KPIs that are aligned to your business. It's more difficult than taking a rate card price and then applying an improvement %, but honestly there's a whole world of opportunity out there beyond CPMs and CTRs. And who knows where this could lead... media might even become a profit centre.
5. Engage a specialist, objective consultant or advisor. This can be internal or external, but needs to be someone who sits outside the vested interests of the industry and system with a clear success metric and remit. There are already enough people with their own agendas already involved, so no need to add to the complexity.

Good luck. And if you don't want to rely on luck, ask a professional.

If you would like to know more...

I hope you found this useful and informative. This is only the tip of the iceberg when looking at media investment, there is a lot more detail and nuance to how the system works, and importantly, how to

get the most out of it. Not every advertiser suffers in the same way or to the same degree with wastage, inefficiency and lack of effectiveness. It is far from a level playing field in this regard, so it is worth knowing where you stand and if you are being genuinely looked after by your agency or are being used as a cash cow to fund other clients or business priorities.

Once you know where you stand, you can start making improvements.

We would love to hear your thoughts and comments, and if you want to understand more about the system and how to make it work for you, set up a time to discuss further on the specifics of your business and advertising activities. We would love to help you make your media more efficient, and exponentially, demonstrably, more effective.

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Gordana is a highly successful, awarded and transformative CEO. He has worked in senior roles in London, Shanghai, Hong Kong and Singapore. A renowned humanist leader of people, he is on a lofty mission to make the world a better place through his actions and behaviours. Amongst numerous accolades, he is the twice winner and current holder of Campaign Asia-Pacific CEO of the Year.



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