

P3 targets costly TV ads

SYDNEY: The issue of TVC production costs is again under the spotlight as audit firm P3 targets what it claims is a waste of money.

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Darren Woolley, managing director of P3, said advertisers are wasting money on expensive television production and are forced to divert money out of their media budget to compensate.

According to Woolley, in some cases TV production is costing clients up to 45% of the media spend – significantly higher than the benchmark of 15%.

“Especially for FMCGs and major brands . . . in one case, we saw a production budget that was 50% of the media spend,” Woolley said. “We are seeing a high use of visual effects and they’re really expensive.

“The creative agency isn’t concerned about media spend – they’re concerned with getting the best ad possible.”

Part of the problem, Woolley said, is that clients are often sold on a concept by their ad agency that ends up exceeding their

budget. “Quotes are done after the concept is approved – and that’s a big process. You can’t reverse it and do more concept testing.

“It doesn’t happen every single time, but when it happens, it’s a big issue. That’s when we get the client on the phone asking: ‘How do we make this ad cheaper?’”

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The view from creative agencies, however, is different. “Production budgets are tighter than they’ve ever been,” said Dale Rhodes, executive creative director of Euro RSCG. “Generally, spend on production is less now in real terms dollar-per-dollar than it was 10 years ago.”

Rhodes said that in some rare cases the agency may encourage a client to spend more on production if the idea is “extraordinary”, but: “There’s an understanding of what the budget is, and you write to fit.”

Arnold Sydney creative director Jay Furby said exceeding a client’s budget is “nonsensical and not sound business sense”. However, he added: “When a lot of money has been spent on production, it’s justified. Consumers want to be, in certain target markets, bloody well entertained and sometimes that costs a bit.

“I’m sure people at Carlton [Draught, which is currently running the ‘Big Ad’] don’t think they wasted a penny and their sales will reflect that.”

John Petropoulos, MD of Mindshare Melbourne, said the competition between creative and media over the marketing budget was probably an issue five years ago, but has since resolved itself.

“It pops up occasionally,” he said. “If it’s an issue, we overcome it by making a decision with the creative [agency].”

Andrea Sophocleous