

OPINION

Did the Federal Government miss a trick or two in pitching the biggest media account in Australia?

The master media account has reportedly been retained by UM. But TrinityPS's Stephen Wright argues - regardless of who may or may not have won the account - how Governments, both Federal and State, approach to the appointment of its media agency needs to change.

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by **STEPHEN WRIGHT**



It's possibly the biggest prize in media agency land. Depending on the year, worth anywhere between \$130m and \$240m the Federal Government's master media buying has long been a closely fought over account.

This week we saw reports that the account was being retained by UM for another three years and while all parties are silent (presumably while final details are being sorted) you have to question whether the approach of the past is still valid today in a very different media landscape.

Master Media arrangements are a throwback to an era long passed when pricing and annual deals with media owners reigned supreme.

It was a means by which a disparate group of products (or in this case, government departments) could enjoy the benefits of centrally negotiated rates where price was core to the delivery of media value.

Times have long since changed.

The list of government departments with budgets to spend has grown and substantial campaigns on TV and in print are significantly reduced in number.

Print, and arrangements with the publishers, would be a fraction of what they used to be, and one wonders how much will be going through the medium in three years when this contract is up.

Already we have seen [governments on a state level axe all metropolitan print newspaper advertising](#).

While free-to-air television is still a major medium with billions of dollars spent every year. It too is fragmenting as a plethora of digital video channels emerge (Netflix, Prime etc) providing competition for both eyeballs and advertising.



Australian Government

Spends have fragmented and the diversity of media used is now widespread both across and within media.

Media Value is derived more by the thinking than the buying.

For many campaigns finding environments that resonate with customised target audiences is significantly more important than the pursuit of cheap low-quality inventory against broad demographics.

Lesser spends for a growing tail of smaller departments are now the norm for governments.

Smarter, customised more strategic campaigns are the way in which government funds can be delivered efficiently and effectively.

There remains a role for Master Media negotiation albeit now of lesser overall importance.

But perhaps the biggest question mark over the current Federal Government arrangement is that the Master Media buying model has over the years morphed into Master Media planning and buying arrangement.

There is no group of agencies appointed for the planning component...

the Master media buying agency gets it all.

For over 20 years the Federal Government has appointed one of two of the large multinational media groups.

Given the diminished importance of the buy and the elevation of customised strategic thinking, you must ask whether a better option now exists to provide a better service for smaller departments?

One of the most innovative approaches to the media tender came from the Independent Media Agencies of Australia (IMAA) which proposed an independent agency consortium to service its master media account.

This approach was ultimately rejected but it had some major benefits.

Firstly, it would have assisted government policies for procurement in terms of preferencing and supporting local businesses.

But more broadly, the break-up of the master media account across a group of agencies, independent or otherwise, might have produced other dividends too.

Typically, there are three or four departments that will spend much of the media budget (e.g. tourism, road safety, health, defence etc). Then there is a long tail of much smaller spends across a multitude of government departments and agencies.

It is natural for the big spenders to have well developed processes for managing the media spend and to be well serviced by the "bigger is better" multinational holding company approach.

But the smaller spending government departments also need significant assistance in planning and buying media especially in today's media environment. Indeed, when it comes to government accounts, from what we hear, even some of the larger governmental departments struggle under a master media agreement to get the type of detailed and expert advice they need to optimise their investment in the changing media landscape.

None of this is to criticise UM, if indeed they have retained the account, they run a high-quality media operation.

The problem is, in the current media turmoil, a procurement process which solely assumes media is a commodity to be bought at the lowest possible cost is a false economy and in extending the service to include planning, risks reducing the winning agency to a simple provider of the most basic services.

There is limited opportunity or capacity to properly service smaller government clients, who might require specialist strategic thinking, or larger clients who have media challenges under this procurement model.

Finally, there are questions as to if the current master media arrangements actually deliver the lowest media cost for taxpayers.

Contract negotiation with the media is just one part of the opportunity to negotiate rates for media. The other is on a campaign basis and the opportunity for added value in negotiations.

While this is naturally kept highly confidential it would be interesting to see if government campaign processes (either very fast or extremely slow) allow agencies to negotiate the best rates and outcomes on a campaign-by-campaign basis.

Anecdotally there is a belief, in the market, that the Government struggles to get the price or the value that other large advertisers are obtaining. Fully negotiated upfront deals are increasingly being beaten by flexible arrangements that take advantage of lower market demand and the falling audiences currently experienced by many of the main players.

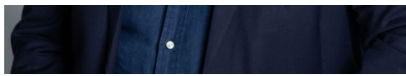
All of the conditions under which Master Media buying traditionally delivered advantage have gone.

The master media account is the important account in ad land. Not just because of scale or how it influences the fate of agencies and media owners alike but also because of the message its strategy sends to the market.

While nothing is officially settled yet, and regardless of who the winner is confirmed to be, I hope that we see some different thinking rather than an antiquated approach that plays to the needs of the past.

This is an account that can and should lead the market.





Stephen Wright is Business Director of TrinityP3.

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Anonymous 15 Aug 24

I've worked on these accounts and also within indies, and it amazes me that this is the hill you want to die on. Accounts like this would destroy an independent agency within months. The margins are small, the workload is barely manageable and the reporting/finance function alone requires a team of 20.

You're kidding yourself if you think anyone outside of the major holding companies could ever win, nor successfully manage, a client with this many moving parts.

7

User ID not verified.

Anonymous 13 Aug 24

Steven, are you implying our federal and state governments just throw out their pre-existing and longstanding audit processes just because some indies want some cash? Do you want a federal department to just chuck their Meta ads spend on a corporate credit card too because you can't facilitate a credit line? Maybe they should get rid of estimates hearings while they're at it just in case you think that's also an antiquated approach? There's a reason \$200M accounts are set up the way they are, and there's a reason they work with the same few agency groups.

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Stephen Wright 13 Aug 24

Great thinking anonymous. Aren't audits supposed to validate the delivery of value? So you're suggesting we stay with an inefficient arrangement to comply with an antiquated system of auditing. Here's a radical though...we could establish a means of delivering improved media value then work out a new way of auditing and cross checking for delivery. Lots of smart clients very happy with the value delivered by their indie agencies. Far more transparent than some of the multinationals.

2

Here's an idea 16 Aug 24

One centralised buying and reporting agency (large) and a panel of fully integrated media planning/creative agencies to ensure that message and channel strategies are created in unison. Now that is a new way to do things and it would result in infinitely more effective, tax payer funded ad campaigns. You can all have that one for free!

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Stephen Wright 13 Aug 24

Throw out ...no. ADAPT...are governments completely incapable of managing an arrangement that embraces smaller Australian owned businesses? There isn't a single other large advertiser so resistant to change. A Master Media trading arrangement can still centralise negotiations to ensure value for the \$200 million spend is optimised. Where the current system is flawed is by locking in all the planning for smaller departments to the same single Master agency. Indies know best how to work a smaller budget and are thriving picking up advertisers from the larger players. Compliance, auditing and benchmarking might all be a little more

complicated but eminently possible with an upside of using tax payers funds to greater effect....and supporting home grown agencies to boot. Or would you prefer to just roll on another 20 years. You seem convinced the current system works.....I'm sure it does from a compliance point of view.....but in the delivery of value question marks remain...

1

Anonymous 13 Aug 24

A consortium of indie agencies sounds effective in theory, but there's one glaring and significant government requirement that would be a nightmare in that case – audits.

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