



One Year Later: How ANA Members Are Addressing Media Transparency Issues

In July 2016, the ANA and Ebiquty/FirmDecisions released **“Media Transparency: Prescriptions, Principles, and Processes for Marketers.”** That provided advertisers with a set of recommendations to address the issues identified in the June 2016 report from K2 Intelligence commissioned by the ANA, **“An Independent Study of Media Transparency in the U.S. Advertising Industry.”**

We can now report that one year later, a new ANA survey has found that a majority of ANA members have taken steps to address the transparency issue.

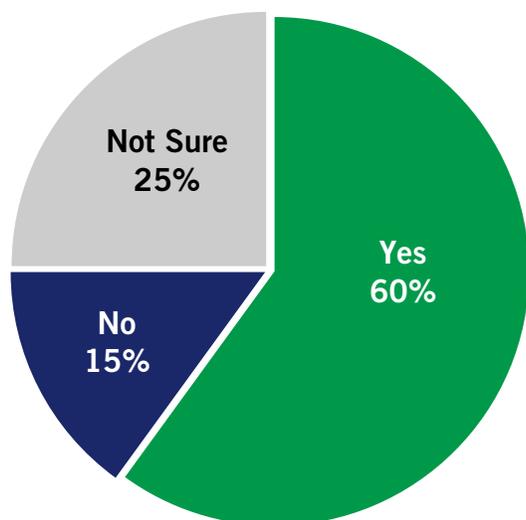
In the survey, we asked:

One year ago, the ANA issued its reports on media transparency. That consisted of a “findings” report from K2 Intelligence on media transparency and a “solutions” report that provided advertisers with a set of recommended principles and processes for addressing the transparency-related issues identified by K2. In the past year, has your company taken any action steps to address media transparency issues?

The survey was conducted the week of July 10, and 192 members participated.

Survey Findings

Sixty percent of respondents indicated their company has taken action steps to address transparency issues, while 15 percent answered “No” and 25 percent responded “Not Sure.”



In an open-ended follow-up question, we asked:

“What action steps has your company taken to address media transparency issues?”

The most common responses related to the contract, which was noted by over half of those whose companies have taken action steps to address media transparency issues. Representative responses were:

- “We have improved our contract language.”
- “Revised our MSA with the media agency AOR.”
- “Used ANA/Reed Smith media-transparency language as a guide in drafting contract with our new media agency.”

Audits were noted by about 20 percent of respondents. Changes to programmatic buying practices to increase transparency was the third most reported action step.

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For those respondents whose companies had not taken any steps to address media transparency issues, the most cited reasons for not doing so were having limited resources and the belief that transparency is not an issue. Representative responses for the latter were:

- “We believe that we have a good relationship with our agency and that there is no problem.”
- “Not an issue in our business. Sufficient transparency exists already.”

ANA Perspective

We applaud ANA members who have begun paying closer attention to the advertiser/agency contract over the past year. The contract, of course, addresses areas including the right to audit and opt-in agreements for programmatic buying. The ANA, in conjunction with its general counsel, Reed Smith LLP, has developed a media agency **“Master Media Planning & Buying Services Agreement”** which can be used by advertisers in developing their own agency agreements.

A key finding of the K2 Intelligence report was that there is a “fundamental disconnect” in the industry about the basic nature of the advertiser/agency relationship. In general, advertisers expressed a belief that their agencies were duty-bound to act in their best interests. They also believed that this obligation, essentially a fiduciary duty, extends beyond the stated terms in their agency contracts. While some agency executives expressed similar beliefs, many others told K2 that their relationship to advertisers was solely defined by the contract between the two parties.

K2 Intelligence found evidence of situations where media agencies sought to avoid explicit contract language to preserve their ability to retain various types of incentives. The K2 report also showed that many advertisers have contracts that are unsigned by the parties, contain ambiguous or “gray” areas, and have not been adapted relative to the rapidly changing media landscape. Other findings revealed that many contracts contain opt-in agreements that limit advertisers’ rights, and have inadequate audit/review rights and/or inadequate enforcement of them.

Work here is not done. Those advertisers who have not taken action steps to address media transparency issues are strongly encouraged to do so. Even the most sophisticated advertisers — including some members of the ANA board of directors — have uncovered transparency issues when they took the time for close examination.

Perhaps Marc Pritchard, who is the current ANA chairman and chief brand officer at Procter & Gamble, said it best at the 2017 ANA Media Conference when he stated, “I started digging into the details and learned a very valuable lesson. Media transparency can’t be delegated. The CMO needs to work with all of their media and marketing partners to lead, and that means getting into the weeds, setting expectations, following through, and being willing to break some furniture every once in a while.”