



THE MFA GUIDE

Everything you need to know
about the media agency industry.

You would be hard pushed to find any other industry that can offer so much in terms of diversity in your day-to-day role or experience such enormous change over a short period of time as the media communications sector. Not surprisingly, this is driven largely by the continual roll-out of new technology and devices that continually change and shape the way consumers interact and engage with them.

Our goal as professionals in media communications to find the right people at the right time in the right environment to deliver the right message has never been more dynamic or exciting, and yet also challenging.

The challenge for marketers to make a successful connection with the consumer is where media communication agencies (Media Agencies) provide expertise. We do that through identifying consumer and media insight, developing innovative communication solutions, forming efficient and effective ways to implement these strategies, and applying rigorous post-evaluations to ensure our clients know what worked, what didn't and what to do as a result of this.

Clients regard Media Agencies as business partners rather than suppliers, due to the impact of our services in delivering commercial results – which requires in-depth knowledge of clients' brands and services to ensure their goals are met.

Annually in Australia over \$15 billion was spent on media space and time, and the majority of this is placed by media communication agencies on behalf of their clients. So, this sector is not only a very dynamic field, but also influential economically. As spending increases year on year, the number of media channels to buy has increased. So, it will continue to have a bright future.

The Media Federation of Australia (MFA) is the industry body for media communication agencies (our members). With people development a vital element of the MFA's focus, we are proud to offer this guideline to you, as it will provide greater insight into what this industry is about and what it has to offer.

For tertiary students, this industry is relatively unknown, yet the opportunities that exist are endless, and the day-to-day functions are incredibly exciting and dynamic – it is, after all, an industry that rides the crest of the technology wave and plays a vital role in influencing behaviour, so you can easily gather from this alone, that no two days are the same.

We hope you find inspiration from The MFA Guide and consider joining the thousands of young and vibrant people that make up this amazing industry.

FOREWORD

We would like to acknowledge the contribution and support from our member agencies.

annalect

ATOMIC 212°



avenue.C
WHERE EXPERIENCE TAKES YOU



CARAT
LABORUM CREATIV

CHEP'

cummins&partners

dentsu

dentsu x

essence

flow

F Foundation



groupm

halfdome



& Hearts & Science

Initiative



iPROSPECT

Match & Wood

MEDIABRANDS

mediacom

MEDIAHUB

MERKLE
DWA

MINDSHARE



OMG
OmnicomMediaGroup

pearman

Performics
mercerbell

phd

pmg
publicismediagroup



PUBLICIS
MEDIA

REPRISE

Resolution
Digital.

SPARK
FOCUS



stratosphere

themediastore.

TOWN SQUARE

tug



Wavemaker

Zenith
The ROI agency

FOREWORD



Several years ago, the MFA launched a youth development program for people within the industry. This initiative is called NGEN and it boasts over 2,800 members from agencies and media owners / publishers.

For more details check out:

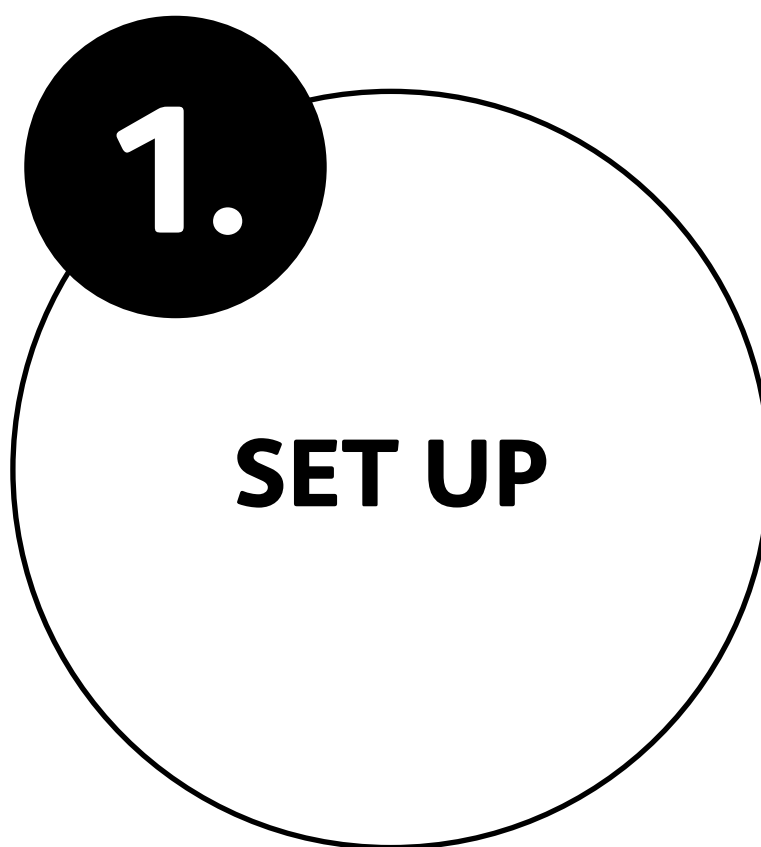
www.ngen.org.au



THE MFA GUIDE

Everything you need to know
about the media agency industry.





1.

SET UP

Everything you need to know about the media agency industry.

Introduction

Media Agencies

Media Agencies were founded primarily to offer advertisers (clients) better insight into consumer behaviour, consumers' relationship and use of media platforms and then to provide better rates through collective media buying clout.

Over time, the depth and range of information and data necessary to assist in the process of delivering the right message to the right person at the right time in the right environment grew to require even greater expertise and focus.

Media planning and buying are the most recognised services provided by a media agency.

The core functions today remain fairly consistent; however, as technology and its impact on consumer behaviour evolved, a broader range of services became necessary to provide a complete communication solution.

Clients appoint media agencies for a contracted period of time, usually around three years. The appointment process involves a number of agencies pitching for the business. Quite often clients retain their agency after the term ends and undergoes annual reviews.

Scope of Services

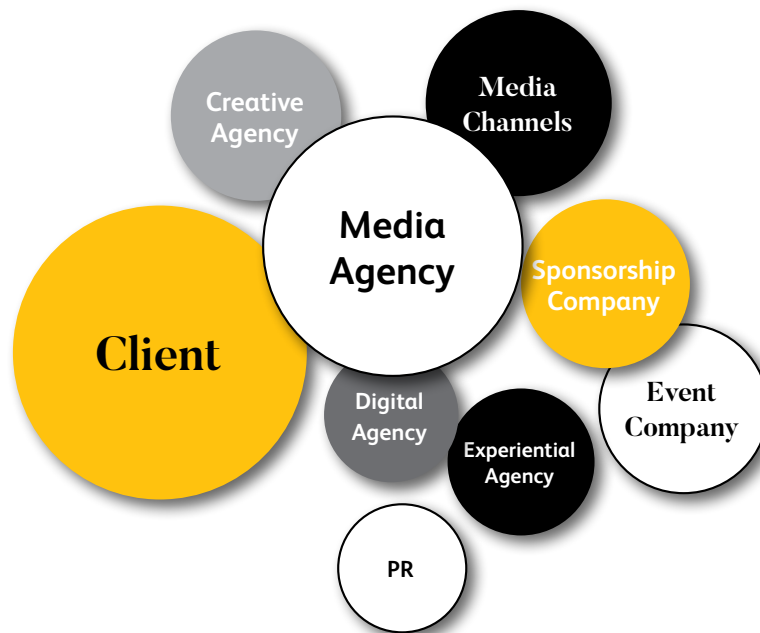
The **SCOPE OF SERVICES** may vary, depending on the client, but the majority of marketers appoint a media agency to provide the complete suite of services. Certain clients choose to separate some functions to different companies services – such as strategic planning, media negotiation, digital planning and buying, search, social media, content development, sponsorship etc. Some media agencies specialise in some of these areas and others provide a complete range of services to meet clients' needs.

Other services media agencies offer include:

Management, Client Service, Strategy, Research and Insights, Planning and Buying (also known as trading) – Paid, Earned, Shared and Owned Media (including negotiation, placement, reporting, monitoring), Programmatic trading, Search, Social, Marketing, Content development, Promotions, Sponsorships, Partnerships, Public Relations, Experiential, Adserving, Data and Analytics.

Partners

COLLABORATION is vital to success and all stakeholders involved in the marketing efforts must maintain effective communication and a sound teamwork approach. Marketers work with an ever-increasing range of suppliers and partners to achieve their goals and media agencies often having a major influence on all efforts and play a significant role in ensuring the smooth running of the business.



Market Profile

UNDERSTANDING THE MEDIA LANDSCAPE and following media trends is almost a daily requirement. As media consumers, we have many choices and we are very adaptable to new technologies and platforms. As our media consumption changes by the minute, it is imperative for Media Agencies to be the experts on all the media options available, their performance, trends and predictions.

There is a vast array of resources available for understanding the Australian media landscape.

This information is widely used by media agencies and analysed to help uncover knowledge and insight into the following areas:

- Understanding potentials for a region or media market.
- Profiling a region or media market.
- Identifying patterns of change over a period of time.
- Forecasting change.
- Understanding what the advertising demand is and where it is coming from.
- General media performance compared to other media sectors.
- Overlaying media performance with costs to justify rate increases.

There are many questions that need to be asked, which requires knowledge of basic facts about our market and the media. The following pages provide a snapshot of just some of the data used to help in this process.

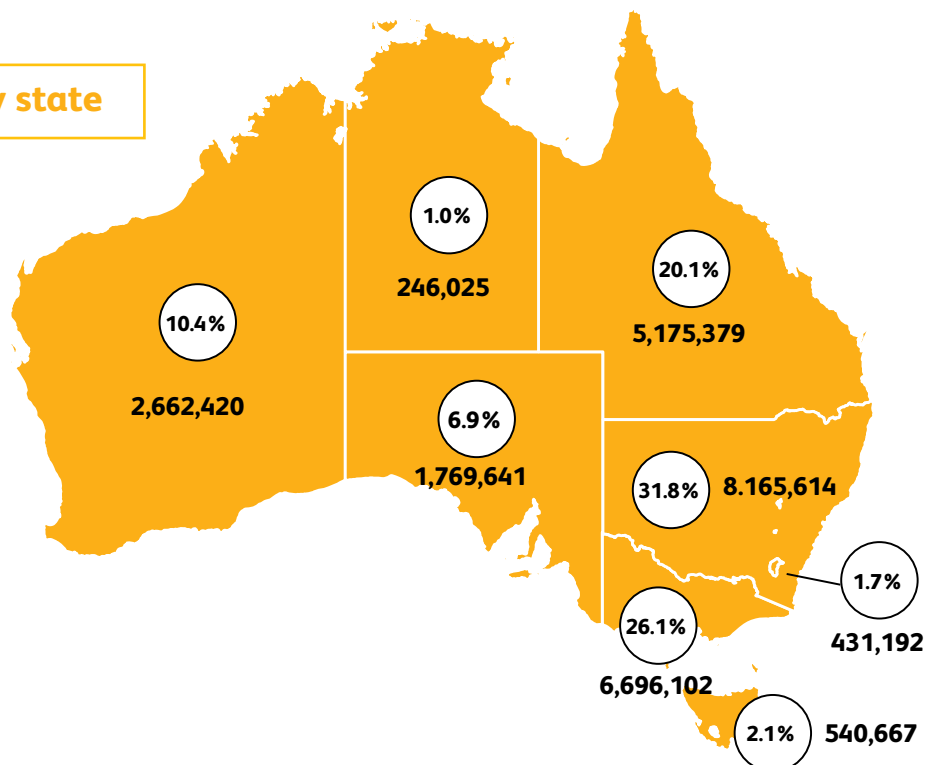
Australian Demographic Statistics

Estimated resident population, by age - Source: ABS & <http://www.tradingeconomics.com/australia/gdp>

AGE (years)	AUSTRALIA (at 30 June 2020)	% (at 30 June 2020)	AUSTRALIA (at 30 June 2015)	% (at 30 June 2015)
0-4	1,557,467	6.06%	1,544,611	6.49%
5-9	1,629,058	6.34%	1,515,281	6.37%
10-14	1,596,095	6.21%	1,420,359	5.97%
15-19	1,492,853	5.81%	1,476,699	6.21%
20-24	1,712,736	6.67%	1,661,913	6.99%
25-29	1,906,551	7.42%	1,761,857	7.41%
30-34	1,924,355	7.49%	1,751,028	7.36%
35-39	1,835,579	7.15%	1,576,123	6.63%
40-44	1,620,761	6.31%	1,654,412	6.95%
45-49	1,676,720	6.53%	1,564,682	6.58%
50-54	1,564,167	6.09%	1,557,077	6.55%
55-59	1,552,740	6.04%	1,450,832	6.10%
60-64	1,432,211	5.58%	1,286,771	5.41%
65-69	1,254,318	4.88%	1,153,258	4.85%
70-74	1,102,983	4.29%	857,678	3.61%
75-79	772,923	3.01%	634,347	2.67%
80-84	528,108	2.06%	453,182	1.90%
85-89	316,098	1.23%	302,427	1.27%
90-94	158,412	0.62%	133,324	0.56%
95-99	46,492	0.18%	29,612	0.12%
100 and over	6,414	0.02%	4,279	0.02%
	25,687,041		23,789,752	

LANGUAGE:	English
POPULATION:	25,687,041
AREA:	7,692,024
POPULATION DENSITY:	3.34 people per square km
HOUSEHOLD INCOME:	\$2,341 week
UNEMPLOYMENT LEVEL:	6.9%
INFLATION:	1.9%
2020 GDP (PPP):	1,320 billion USD\$

Population by state



Media Spend

There are two primary sources that collect media spend information in Australia:

- **Nielsen Adex** (Advertising Expenditure)
- **SMI** (Standard Media Index)

Nielsen advertising expenditure is based on many elements, including station logs, media reports, rates (i.e., the cost of advertising) and volume discount estimates. While Nielsen is considered an indicative representation of media spend within Australia, there are limitations – including the fact that it does not include all digital spend and does not adequately capture all regional radio, programmatic, social, search and outdoor spend.

Nielsen’s Pathmatics report is used for competitive reporting. Data can be drilled down to specific client and brand/ product spend and even advertising placement level. **Some report examples are included below and on the following pages.**

Top 15 Advertiser Group/ Advertiser - CY20 v CY19

RANKING		Advertiser Group / Advertiser	\$000s		%
CY20	CY19		CY20	CY19	YOY%
1	1	Harvey Norman Holdings	\$341,388	\$165,981	106%
2	4	Government Commonwealth	\$119,923	\$91,955	30%
3	3	Woolworths	\$114,194	\$115,004	-1%
4	12	News Corporation	\$100,367	\$72,164	39%
5	7	Coles Group	\$96,880	\$85,931	13%
6	8	Nine Entertainment Co	\$93,529	\$84,809	10%
7	18	Streamotion	\$89,093	\$51,750	72%
8	5	Foxtel	\$86,991	\$90,536	-4%
9	3	Wesfarmers	\$77,493	\$107,907	-28%
10	9	McDonalds Restaurants	\$69,708	\$82,823	-16%
11	11	Suncorp Group	\$69,683	\$72,277	-4%
12	10	Government Victoria	\$68,928	\$78,408	-12%
13	14	Reckitt Benckiser	\$68,495	\$62,160	10%
14	25	Sportsbet	\$65,928	\$35,370	86%
15	15	Commonwealth Bank Australia	\$65,672	\$57,861	13%

CY20 Top 5 Categories - Spend distribution by month

CATEGORY SECTOR	SPEND BY MONTH											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Retail	7.1%	6.2%	7.2%	6.2%	7.0%	7.9%	7.2%	8.6%	8.4%	10.2%	12.4%	11.6%
Communications	7.0%	7.3%	8.8%	5.9%	7.7%	10.3%	7.9%	9.5%	8.3%	9.0%	9.8%	8.5%
Motor Vehicles	9.5%	9.8%	11.4%	5.0%	6.3%	8.0%	5.7%	7.5%	8.4%	9.5%	11.2%	7.7%
Finance	6.5%	8.0%	12.4%	8.4%	7.9%	8.0%	7.6%	9.0%	8.7%	9.6%	9.3%	4.6%
Travel/Accommodation	20.5%	22.0%	13.3%	1.9%	2.2%	4.8%	5.1%	4.1%	4.0%	6.2%	9.1%	6.9%

SET UP

Top 15 Category - CY20 v CY19

RANKING		Category Sector	\$000s		%
CY20	CY19		CY20	CY19	YOY%
1	1	Retail	\$1,794,221	\$1,726,119	4%
2	6	Communications	\$598,717	\$505,464	18%
3	3	Motor Vehicles	\$506,879	\$734,226	-31%
4	4	Finance	\$469,710	\$511,573	-8%
5	2	Travel / Accommodation	\$369,098	\$786,038	-53%
6	7	Real Estate	\$354,795	\$441,109	-20%
7	8	Media	\$328,735	\$371,245	-11%
8	9	Insurance	\$320,814	\$338,171	-5%
9	12	Food	\$275,701	\$234,041	18%
10	11	Gambling / Gaming	\$271,244	\$276,935	-2%
11	13	Government	\$266,281	\$218,652	22%
12	10	Services	\$254,651	\$278,357	-9%
13	5	Entertainment & Leisure	\$252,678	\$508,840	-50%
14	15	Community / Public Service	\$159,477	\$185,013	-14%
15	16	Pharmaceutical	\$149,995	\$177,236	-15%

SMI uses a data extraction process collecting all the actual spend as booked by media agencies. As a result, it does not capture direct bookings (through media owners and not an agency) and is limited to the media agencies that supply the data. **Some report examples include:**

Agency Spend by Media Type

	CY-2010	CY-2015	CY-2018	CY-2019	CY-2020
Television	\$3,328,158,898	\$3,231,414,079	\$3,000,209,006	\$2,893,721,421	\$2,546,830,402
Digital	\$648,440,001	\$1,621,854,114	\$2,054,218,983	\$2,252,177,819	\$2,195,762,543
Outdoor	\$553,667,864	\$765,209,210	\$997,342,078	\$1,038,652,978	\$640,222,923
Radio	\$476,578,971	\$550,366,777	\$626,310,542	\$621,292,099	\$479,981,035
Newspapers	\$1,291,785,746	\$574,534,273	\$354,459,717	\$307,624,549	\$226,285,999
Magazines	\$429,055,019	\$206,660,943	\$105,304,040	\$91,731,487	\$52,879,591
Cinema	\$44,700,206	\$74,235,133	\$73,650,401	\$79,036,928	\$25,387,394
Other	\$24,218,958	\$38,124,175	\$28,579,280	\$65,117,422	\$77,356,553
Grand Total	\$6,796,605,663	\$7,062,398,704	\$7,240,074,047	\$7,349,354,703	\$6,244,706,440

% Spend by Media Type

	CY-2010	CY-2015	CY-2018	CY-2019	CY-2020
Television	49%	48%	44%	43%	37%
Digital	10%	24%	30%	33%	32%
Outdoor	8%	11%	15%	15%	9%
Radio	7%	8%	9%	9%	7%
Newspapers	19%	8%	5%	5%	3%
Magazines	6%	3%	2%	1%	1%
Cinema	1%	1%	1%	1%	0%
Other	0%	1%	0%	1%	1%

Total Advertising Expenditure

While clients, agencies and media owners use SMI and Nielsen to understand how media is spent, the data collection limitations of these services means we can only use them as guides for calculating total advertising revenue.

As a result, individual media bodies (e.g., OMA – Outdoor Media Association) collect spend data across their channel and supply to PWC to combine and report.

The diagram below details actual and forecasted total advertising expenditure across all media type.

	CY-2010 (A)	CY-2015 (A)	CY-2019 (A)	CY-2020 (F)	CY-2024 (F)
Advertising Expenditure (Billions)	\$13.7	\$14.2%	\$16.9	\$15.0	\$17.9

The expectation is that the Australian entertainment and media industry will contract in 2020 due to several structural and **COVID-19 driven headwinds**, including:

- a reduction in advertising and marketing investment due to increased economic pressure;
- brands' limited ability to supply, serve or operate, eg in the travel category, and;
- companies' increasing tendency to monetise their content via direct-to-consumer revenue, rather than advertising.

We expect the industry to move into a positive trajectory in 2021.