

MEDIA & MARKETING

ADVERTISING | *By Suzanne Vranica*

Internet Reshapes Role of Media Buyers

WPP's Gotlieb Is Wary Over Proposal to Open Ad-Sales Marketplace

About 1,500 advertising and media executives are gathering in Las Vegas today for the ad industry's big annual conference of media buyers, the people who help marketers choose and purchase ad time and space on different media outlets. With the Internet and other new digital technology forcing the ad industry to rethink age-old ways of operating, this year's meeting promises plenty of intense debate.



Irwin Gotlieb

Once a relatively pedestrian function on Madison Avenue compared with the glamorous creative jobs, media buying has become a critically important role since the Internet and other digital media have exploded the variety of media outlets available for marketers. But not all the changes flowing from digital

technology are as welcome. A push by several advertisers for the creation of an online ad-sales marketplace, run by eBay, has proved controversial on Madison Avenue and is likely to be among issues discussed this week.

One of the most powerful media-buying executives in the industry is Irwin Gotlieb, chief executive of Group M, a unit of WPP Group that houses various media services firms including Mindshare and Mediaedge:CIA. Group M-owned firms account for about \$40 billion in annual spending on ad time and space around the globe. Below, Mr. Gotlieb talks about developments in the industry.

WSJ: Much noise has been made about the eBay Media Marketplace, the online system that a group of advertisers hope could make ad sales more transparent. No network has agreed to participate, which casts some doubt on the plan. Why is there so much fear about the idea?

Mr. Gotlieb: A lot of media transactions are complex and don't lend themselves to the kinds of restrictions or constraints that exist when you try to do something through an exchange or auction. ... We very often deal with each vendor separately because each has different circumstances. What is

feasible with one may not be with another. There may be a price adjustment that is factored into your negotiations. ... You can't line these deals up so they are identical.

The second element is that we are a business where personal relationships have real impact. Trust and reputation have a lot to do with these transactions. You have to sit down and look

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someone in the eye and agree. ... We are a business where we know each other and we live up to our deals, and very often one has to sit across from each other to get this done, and I am not sure I want to do that across the platform. Still, if I have to buy 100 spots in 150 of the smallest markets in the U.S. and it's just a volume thing, would I like an exchange to facilitate? Of course; there is a place for all these things.

WSJ: What's your opinion on the system being developed?

Mr. Gotlieb: I would welcome various automated models for this area where

we do high-volume transactions. ... I would not welcome these platforms in these areas where we are retained by our clients to ensure they have an advantage and where these platforms level the playing field for all players. Frankly, I have no interest in playing on a level playing field.

WSJ: Last year's "upfront" negotiations were stalled because of the argument over how to value viewers who watch TV shows on digital video recorders. Did that standoff help media buyers get better pricing?

Mr. Gotlieb: What happened last year had little to do with marketplace standoffs, but it had everything to do with a need for a resetting of the marketplace. Historically, there has been a need for the upfront to be favorable to long-term players—otherwise why make an early commitment that ties you up? If you can buy it later for less, why buy it now? There is an underlying implication that the upfront must be favorable.

In the prior two years, the marketplace had allowed that balance to go slightly the wrong way. It got precariously close to being near parity. So the marketplace needs an adjustment that provides benefit to the long-term players. ... Last year's demand didn't grow at rates that had been hoped for, and the industry took an opportunity to rebalance the relationship between long-term pricing and the short-term pricing.

WSJ: The drumbeat from ad firms about taking back planning duties from the media firms continues to percolate. What is your position on media planning duties and who should own them?

Mr. Gotlieb: I hate to stoop to this. I am reluctant to allow this to degenerate into a catfight. This is not about slugging it out over who does media. It is about how we collaborate and do the best possible work for our clients.

From a structural standpoint, clients made a decision to separate media implementation, what most call media buying, into [an] agency-of-record structure. They did that because by consolidating the volume, they get better deals. ... Any procurement guy will tell you that you are foolish if you do not consolidate that stuff. ... Martin [WPP Chief Executive Martin Sorrell] said a couple of years ago, "Stop talking about it, because the toothpaste is out of the tube, and we can't put it back."