

INDEPENDENT COMMERCIAL PRODUCERS' VOLATILE INDIGNATION!

Around forty producers have signed an open letter condemning 'unfair practices' of full-service advertising agency companies, provoking turmoil in a market that is in the process of a complete transformation.

The issue continues to rankle. After years of observing advertising agency groups develop an integrated production body, the independent producers – representing the core of the market – have raised the alarm in an open letter with a core message that will annoy the advertising profession. Titled *Unfair practice among France's advertising agencies* it accuses companies, notably Prodigious (Publicis Publicity Group), Hercules (Havas) and Else (TBWA), with falsifying invitations to tender.

“These agencies have introduced the integrated production organisation into the tender system. This could compromise our ideas and working methods. The organisations will have knowledge of the competition before we do and will thus have a better chance of winning commissions by advertisers,” explain Julien Pasquier and Francois Brun, President and Vice-president of the Association of Producers of Film and TV Commercials (APFP).

An international phenomenon

The independents reveal that they are competing more and more with integrated production agencies, particularly Publicis, who don't represent creative directors. *‘How are creative agencies supposed to judge this?’*, asks Brun. *‘We are not against integrated production agencies per se but we are against the fact that they deal directly with the advertisers. They should let us know when they are pitching so that we can elect not to compete. A pitch costs us time and money – at least €3000 on average.’*

Independent producers participate in between 200 and 300 tenders a year. As Pasquier says, *“It’s paradoxical because we are tightly controlled by the big agencies. Our quotes amount to many tens of pages containing 300 to 400 entries, with budget lines going from €20 to €350,00 and €400,000.”*

Endorsing his colleagues’ views, Pasquier demands greater transparency by the big agencies along with an undertaking *‘Not to present directly or indirectly proposals from their internal production organisation when an advertiser puts out a tender.’*

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The French independent producers feel even more justified in beating the drum as the same thing is happening across the Atlantic and the UK. *“It’s an international phenomenon,”* argues Brun. *“To date we have been silent because we know the risks. The big agencies are our clients.”* Now, there is annoyance and frustration everywhere. *“95% of independent producers – members and non-members of APFP – have signed this open letter because in the past three months we’ve reached a new stage.”*

The independent producers' open letter (extracts)

'... Like any precarious ecosystem, we are threatened by greater and more frequent competition. For several months, the activities of the big advertising agencies have been under surveillance and are suspected of unfair competition. ... advertising agencies benefit from... The creative investment by independent producers who make up the industry's technical and artistic portfolios... We re-affirm our opposition to a system in which (the leading agencies) become both judge and jury in certain tenders, sacrificing the required impartiality for the orderly functioning of our industry... We consider the current process by which a company can call on a partner to prepare a tender to be unfair... it is too easy for an integrated production company to obtain internal information (design concept, location choices, shooting options, tender process, budgets etc.) to improve their own offers... We look forward to securing an agreement between all those involved in the advertising industry for advertising agencies not to use their internal production organisation to respond to requests for tender, directly or indirectly. Without such a commitment we are entitled to judge whether these procedures constitute a genuine invitation to tender or if they are against our interests.

Talents in demand

Once again, the spotlight is on Publicis. In effect, the agency was in the process of setting up a structure to sign exclusivity agreements with its providers to offer tenders. Some fifteen producers had already signed up. *"That's fifteen so far, but tomorrow why not everybody?"*, asks Pasquier, who emphasises that the agencies ought to be following the producers, not the other way round, as the big agencies themselves have neither the means nor the competence to produce the goods. *"Each to his own trade. We invest 5 to 10 percent of our gross*

profits in developing new talent. It's like bringing up children. You don't just see them at the weekend and take them to the park. It's a full-time job. What the agencies do is equivalent to deforestation."

Maxime Boiron, President of TWBA Else, has no problem with an integrated production solution. "A *production company's added value is above all its talent,*" he says. "The creative agencies are not going to be deprived of their talented workers."

The evidence is that the market has changed radically in the last few years. "We don't always feel right for some projects," says Francois Brun, Vice-president of APFP. "But two or three companies closed down last year." Francois Chillot, President of the Producers Young Director Awards and a signatory of the open letter, adds: "Every production company has seen a drop in revenue. We've got this image of a stinking rich producer sitting in his Cadillac smoking a huge cigar. The reality is that the money we make doesn't go into our pockets. It goes into developing new talent and nowadays we can't even do that."

International outcry

The protest by independent producers in France is part *of a* movement which goes beyond the country's borders. In December the United States Justice Department launched an antitrust investigation into complaints against advertising agencies issuing false invitations to tender. Subsidiaries of Omnicom and Publicis were cited. A month later UK independent producers published an open letter condemning unfair competition in the British market. German independent producers are believed to be on the point of doing the same.

Replying point by point

In opposition to the charges, the big agencies point to the inevitability of market economics. *“It’s a phony war,”* says one director of an integrated production company. *“Integrated production is a fact. It’s the way the market is going. The increase in commissions which are outside our traditional areas of activity forces us to move from a cottage industry to a more industrial approach. There is no going back.”* Placed in the spotlight, Frédéric Trésal-Mauroz, Vice-president of Prodigious, the precursor of the integrated production model in advertising, reminds us that only a third of hundreds of production agreements signed every year by the company are TV commercials. The Production delegation of AACC (Association des Agences-Conseil en Communication), a trade association which represents over 200 French producers of commercials and which he presides over, will respond point by point to the criticisms of the independent producers. *“We will send a letter to the companies in the market in the next few days,”* he says. *“We specifically note that there are creatives who work above all for TV producers. There are also ‘cost controllers’ in the client’s organisation, a second filter, that, in addition to the financial aspect, checks the impartiality of each tender. Finally, we mustn’t forget that the final choice lies with the advertiser. For our part, we don’t criticise independent producers for working directly with advertisers.”*

A guide to best practice

Other integrated production agencies have tended to avoid the question. *“Hercules has never been in competition with independent producers and will continue to uphold this agreement,”* assures Christophe Thierry, Director General of HRCLS-Hercules. Maxime Boiron of TWBA Else states: *“This [open letter] does not reflect the realities of the market. Regarding the other points, we are not concerned by these allegations of unfair competition.”*

And what about the overseers of this debate, the advertisers? Says Athénaïs Rigault, CRM Director at the Union of Advertisers: *“We are familiar with this problem. In 2015 and 2016 we met with the majority of players in the market, ADFP, AACC Production, TV producers and freelancers... and as a result of these discussions we have produced a guide to best practice that we will publish in Spring 2017.”*

This doesn't preclude getting all parties round the table to seek agreement. Maxime Boiron regrets that APFP haven't accepted members of integrated production companies. *“We need to continue a dialogue and work together to improve our industry's image which continues to be sometimes negatively perceived. Why don't we make a production delegation film for AACC with APFP?”*

That promises to be a long debate!