POV: BATNAS BEYOND BUYING - IMPROVING MARKETERS' POSITIONS WITH DOMINANT MEDIA OWNERS

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Digital platforms and TV networks often appear to be "must-buy" solutions for marketers. In the face of a difficult negotiation or displeasure with the actions taken by a commercial partner, one party may feel they have no alternative but to proceed with a transaction. This should occur far less often than it does in reality. We see this play out in media much as it does in other fields of business, especially with large digital platforms and television network owners. Marketers often feel they lack pricing power (even if some fare better than others) and lack as much leverage as they might like around qualitative elements of the media owner's advertising environment, including content, advertising formats, measurement, viewability and brand safety.

Procurement-based frameworks can help explain and analyze the situation. Framing this issue using the Kraljic Matrix described in a POV we published previously (*"Procurement and Media Buying – Optimizing Forests, Not Trees"*) media owners dominating a market will sometimes have inventory that is both strategically important and scarce. If the inventory (or the owner of such inventory) is perceived to be relatively strategic and relatively scarce by advertisers, the media owner will have the power to dominate the relationship with the marketer and generally realize higher pricing more than would otherwise be the case. Procurement theory describes solutions to improve the power dynamic through a range of tactics such as entering long-term contracts in order to secure supply at a fixed price. However, if the seller knows the buyer has few options available to accomplish its goals, pricing and other trade terms may still be worse than they could be.

An important alternative solution to this problem is to de-couple the attributes of the strategic and scarce inventory and look for something similar somewhere else. De-coupling occurs when we focus on what the buyer is really trying to achieve with a seller (for example, not an ad running alongside a specific content asset uniquely owned by a single media owner, but an engaging environment for a marketer to showcase its brand while borrowing a content brand's brand equity on some relatively non-specific basis) and then look for different ways to accomplish those goals. This may require flexibility and operational capacity to shift budgets and creative assets beyond proscribed media owners or across media channels. As well, different workflows may be required to accomplish goals in different ways at scale. If alternative suppliers can deliver the audience attributes the marketer desires, the strategic and scarce good could be turned into a strategic and plentiful one, which could produce improved negotiating positions.

The BATNA is an important concept: advertisers need a credible ability to walk away from any given negotiation. A parallel approach for thinking about managing situations involving must-buy media solutions involves the notion of the "Best Alternative To A Negotiated Agreement" (a BATNA). This concept was developed within the broader field of negotiations by researchers Roger Fisher and William Ury in the 1981 book *"Getting to Yes."*. While buyers of media may not commonly use the term BATNA, they typically create BATNAs whenever they can any time there are multiple entities selling broadly similar inventory, as doing so creates a credible ability to walk away from any given supplier. Such a threat can lead to better pricing or other terms than might otherwise have been realized.

The BATNA concept needs to be applied beyond buying to including planning and marketing more generally and more often. There will be cases where a media owner is so dominant or is perceived as being so important that it's not possible to find a directly comparable alternative supplier who can meet goals exactly as they have been defined. Marketers reinforce this dominance when they are then specific about the media owner they want to secure media from, or the content assets they want to be associated with as those preferences limit the buyer's ability to establish a BATNA. BATNAs can be further limited when the creative assets associated with a campaign are relatively fixed (perhaps because of efforts to cost-consciously leverage preexisting creative investments).

Marketers may benefit if they exhibit flexibility in their use of creative assets, media preferences and media goals as well. While not necessarily optimal for creative effectiveness, marketers may be able to repurpose assets to other channels. For example, TV commercials can be used in cinema or digital video and digital display assets might be used on email or digital out-of-home-based media. If the brand has not historically used all of the media platforms that can serve as substitutes to their preferred media owners, they may lack relevant benchmarks for relative effectiveness against a pre-existing media goal. However, efforts to assess the circumstances under which those alternatives may be used can make the threat of a budget shift more credible.

Finding an alternative may also sometimes depend on maintaining flexibility to use entirely different goals. A marketer may be buying media because they have decided to focus on brand awareness and have a process in place that assess media placements with brand awareness outcomes. A next-best-alternative might be something entirely different and require the buy-in of a broader marketing department rather than media alone. BATNAs are not commonly applied at this level, but marketers would probably benefit if they could organize to apply them more often.

If lead-times ahead of campaigns are substantial enough, BATNAs are only limited by the creativity of a given brand and the individuals who steward it, and the flexibility they're given to accomplish their goals, even with fixed budgets. Depending on the scale of investment required against a strategic and scarce resources, a BATNA is can also include a shift of resources away from paid media to further investment into the creative concept (or insights behind it), the product itself, or some kind of brand experience.

There should always be alternatives. Marketers should never believe there is no alternative to a specific buy from a specific media owner, at least so long as they have a sufficient degree of flexibility in how they manage their marketing activities. By definition, there is always a "next-best" alternative to support a campaign's goals, and sometimes the rising costs of a first-best alternative will make the pursuit of a next-best alternative increasingly worthwhile. Applying different strategies to finding those next-best alternatives will help marketers realize their strategic goals while better controlling their costs – financial and otherwise.