

Should Ad Agencies Embrace Audits?

Brands want to make sure agencies are transparent

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- The digital ad industry is in a **crisis of trust**.
- Brand clients are auditing their agencies to verify transparency of their business practices.
- But agencies have pushed back against audits.
- Agencies should embrace audits because they facilitate transparency that brand clients demand.

Like gold, advertisers find transparency so valuable because it is so scarce.

A lack of transparency is media buyers' greatest concern about programmatic advertising, according to a **Digiday poll**. Meanwhile, a 2018 survey of advertisers by marketing consultancy ID Comms found that agency-client trust levels **hit a new low** this past year.

The erosion of trust explains why "transparency" will be the **most important word** in the ad industry this year, according to a survey of ad execs by Advertiser Perceptions. And in a study from ad measurement firm **Integral Ad Science** published in January, 63.3% of US agency professionals and 59.7% of US brand professionals said that a lack of transparency was a strong threat to their digital ad budgets in 2019.

Strong Threats to Digital Ad Budgets in 2019 According to US Digital Media Professionals*

% of respondents

Inability to connect campaign exposure to ROI/return on ad sales



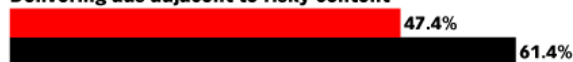
An overall lack of media quality transparency



Fraudulent impressions



Delivering ads adjacent to risky content



Nonviewable impressions



■ Brand professionals

■ Agency professionals

Note: rated 4 or 5 on a scale of 1=being no threat and 5=being the strongest possible threat; *from agencies and brands
Source: Integral Ad Science (IAS), "Industry Pulse: Advertising trends, technologies, and priorities that will shape the industry in 2019," Jan 29, 2019

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Following a 2016 [Association of National Advertisers \(ANA\) report](#) that found kickbacks and other nontransparent business practices to be pervasive in the digital ad world, brands placed **more emphasis on auditing** their agencies. While **media audits skyrocketed** in the ensuing years, some agencies **pushed back** against the practice. Auditors have also been criticized for having **flawed methodologies**, while agencies have been accused of **gaming the data** that auditors examine.

But agencies should embrace audits because they facilitate transparency, which brand clients demand more of, said Ali Plonchak, managing director of digital strategy and integration at ad agency [Crossmedia](#). She also noted that competition from consultancies is driving agencies to pivot their conversations with clients from commoditized buying to strategy.

Why do many agencies dislike audits?

Agencies don't want to have an audit if they have business practices that would showcase things that don't allow them to be a neutral agent for their client.

So what is the incentive for an ad agency to agree to an audit?

The incentive is that in the long term, we don't want to just commoditize the business to the transaction of media. There is value in strategic thinking and how the media works to drive outcomes. It's important that agencies have the ability to fulfill that value.

Do you worry about conflicting interests when the consulting firms doing the audits are also trying to win over agencies' clients?

If you have an entity auditing your results, and that entity also buys media themselves, there are conflicts of interest. It depends on who is doing the audit. I do think, in general, that consultancies are doing a good thing in this industry.

The consultancies entering this space are reframing the conversations to be less about buying and more about strategic thinking, operating systems and outcomes. They are also reframing those conversations with clients. They've done a good job reintroducing some conversations and some services that should be happening on the agency side. That is ultimately what is going to be of value.

But doesn't competition from consultancies create new challenges for agencies?

The challenge will be for agencies to pick up services in a way that they're properly compensated.