



Crown  
Commercial  
Service

# Invitation to Tender

## Attachment 3c.3

## Lot 3 Media Measurement Methodology

### **RM6123 Media Services**

## **Attachment 3c.3**

### **Lot 3 Out of Home Media**

### **Media Measurement Methodology**

#### **RM6123 Media Services**

#### **CCS Media Measurement Framework**

The purpose of this document is to:

- a. To build a governance framework for the basis of performance evaluation
- b. Provide a clear means of measuring the performance against the separate offline and online Pricing Matrices for the purposes of Pricing Performance Bonus calculation
- c. Ensure the Agency has full knowledge of performance evaluation basis upfront and prior to providing media cost and quality commitments
- d. Put rules in place for managing schedule evolution and optimisation, particularly if targets are not being met
- e. Establish professional and efficient ways of working between Agency and Performance Evaluator

#### **Pricing Matrix (Media Buying Commitments):**

These cover the price targets and media quality KPIs specified in the Pricing Matrix templates provided to the Agency. Delivery of these commitments will determine whether an annual pricing performance bonus is payable.

#### **Media Buying Commitments Measurement Methodology**

1. The buying performance measurement shall be conducted for all in-scope media channels. Assessments will be carried out according to CCS requirements, provided these are reasonable and consider the amount of time required to source data suitable to the analysis conducted. Media that are included:
  - Offline: OOH
2. The Performance Evaluator will be appointed to determine compliance fairly and impartially with bid commitments by conducting calculations which abide by this contractual methodology, and any other subsequent agreements between CCS, the Agency, and the Performance Evaluator. The means by which the Performance Evaluator realises these calculations is according to their own employees or contractors, internal tools, and processes.
3. The Agency must maintain frame ID/site-list level data including granular cost data clearly describing the media buys in accordance with the buying

commitments. This will include detailed Frame ID/site-list information with breakdown of rate card/net/net net spends and any other applicable taxes or levies for all campaigns in scope for each evaluation period, plus any supplementary reports required to validate KPIs such as ad verification or play out reports etc. This full record of media buying history and investment will be the property of CCS. The Agency agrees to provide this record, and any supplementary data that will allow the Performance Evaluator to impartially measure data quality and media performance against the commitments to the highest level of accuracy. These must be on templates supplied by the Performance Evaluator or through direct access to digital platforms to agreed timelines. Given the expectations around data granularity and transparency within CCS records, the agency should not make any agreements with 3<sup>rd</sup> parties that contradict CCS right to access complete media buying data to this specification, or for that to be provided to CCS chosen Performance Evaluator.

4. Precise contents of agency record requirements, and data request templates will be determined by the Performance Evaluator before the commencement of the process.
5. The Agency agrees that the Performance Evaluator will have the right to verify the accuracy of buying data through compliance procedures at CCS discretion. These include, but are not limited to, visits to offices (in person or virtually via video conferencing) to verify data supplied matches with industry data and/or agency bookings (both current year and historic baseline) and the completeness of supplied buying data against agreed media plans.
6. The Performance Evaluator agrees to be covered by an NDA in relation to the Performance Evaluation and not use any data or information provided to it to the benefit of any other advertiser or agency.
7. The agreed basis for evaluating Agency buying performance shall be any media quality KPIs and rate commitments on the buying submissions.

## Cost Assessment

8. The Performance Evaluator shall compare actual rates paid with committed rates and shall calculate for each unit of media (i.e. station, title, format, month as specified in the bidder's buying submission) the differential between the actual rate paid and the committed rate. Each bought unit of media shall be multiplied by the commitment rate to establish a total equivalent commitment cost for that unit. These values will be summed to give a total equivalent commitment cost across all vendors and media channels used. The difference between the paid cost and the equivalent commitment cost shows whether the buying commitments were achieved or not within a given market. The % difference between the paid cost and the equivalent commitment cost is the over-/under-delivery figure from which the pricing performance bonus. An example of this calculation is below:

A	Target Rate (£)	50	
B	Delivered Spend (£)	500	
C	Delivered Inventory (Eq. Imps/Units/imps)	15	
D	Delivered Rate (£)	33	=B/C
E	Spend at Target (£)	750	=A*C
F	Value over/under delivery (£)	-250	=B-E
G	Value over/under delivery (%)	-33	=B/E-1

Where adjustments are made to the commitment pricing (e.g. inflation, volume adjustments) these are applied as a % to the Spend at Commitment

9. For Digital OOH buys the target rates provided are based on 14-day rates. Individual day rate indices for buys of greater or less than 14 days will be applied. In the event that individual digital sites are bought for fewer than 14 days, the indices submitted in the pricing matrix will be applied to the target CPPF or CPT rate
10. For Digital OOH buys the target rates provided are based on full day rates. Individual daypart/package types indices for non-full day buys will be applied. In the event that digital sites are bought against these dayparts/package types, the indices submitted in pricing matrix will be applied to the target CPPF or CPT rate
11. For Digital OOH, the following are example calculations using the day rate and daypart indices:

A	Digital Format name	Waterloo Motion	
B	Panel Duration (days)	12	
C	Gross Cost (£)	2,800	
D	Panel weeks	1.71	=B/7
E	Daypart Period	All day	
F	# Hrs (Max 18 hrs)	8	
G	Cost per Panel wk (£)	1,633	=C/D
H	Day factor	0.92	
I	Day index	1.07	=14*(H/B)
J	Day Normalised C/Panel wk (£)	1,522	=G/I
K	Daypart factor	1.00	
L	Daypart index	2.25	=(18/F)*K
M	Daypart Normalised C/Panel wk (£)	1,522	=(J/(L*F))*18

A	Digital Format name	Waterloo Motion	
B	Panel Duration (days)	14	
C	Gross Cost (£)	2,800	
D	Panel weeks	2.00	=B/7
E	Daypart Period	AM & PM Commuter	
F	# Hrs (Max 18 hrs)	8	
G	Cost per Panel wk (£)	1,400	=C/D
H	Day factor	1.00	
I	Day index	1.00	=14*(H/B)
J	Day Normalised C/Panel wk (£)	1,400	=G/I
K	Daypart factor	0.45	
L	Daypart index	1.01	=(18/F)*K
M	Daypart Normalised C/Panel wk (£)	3,111	=(J/(L*F))*18

## **General**

12. The agreed media quality KPIs and Target costs may only be changed in the event that:
- Their analysis can be demonstrated to have become technically impossible
  - Both Agency and Performance Evaluator agree that the media quality KPI or target costs unduly restricts the comparable sample of analysed investment
  - The Client no longer wishes to measure a particular media quality KPI in agreement with the Agency
  - The agreed media quality KPIs and target costs are deemed unsuitable due to a strategic change in client/campaign objectives as agreed between the Client, Agency, and Performance Evaluator
13. Exact points of comparison are determined by the agreed media quality KPIs and target rates set. If these points of comparison restrict the comparable sample of analysed investment or prevent the Agency from optimising the media value delivery across the schedule, the Agency and Performance Evaluator must, prior to the commencement of analysis, discuss whether these points of comparison should be reviewed.
14. Media buys for which there are no corresponding comparison points would ordinarily be excluded from the evaluation. Nonetheless there may be activity which would appear to share comparison points with the baseline which the Agency may choose to flag for exclusion:
- CCS negotiated buys: Where it is proven the Agency had no influence over the buy, then this should be excluded
  - CCS mandated buys: Where it can be documented that CCS has instructed the Agency to buy media they advised against, making CCS aware of the cost premium it entails, and where the Agency is unable to exercise its leverage to maximise cost efficiency, then this should be excluded. Note that if a commitment for this activity has been requested

and provided at bidding stage, then this reason cannot be given as a reason for exclusion from the evaluation.

15. Where media buys are added to the schedule which cannot be realistically captured under the commitment rates, lowering the comparable sample of analysed investment below 80%, the Agency must flag this to both CCS and Performance Evaluator at pre-agreed time(s) prior to the evaluation, as this could potentially jeopardise value reporting.
16. In the event of low anticipated comparable spend, the Agency should, except where covered in point 14 above, propose means of normalisation for alignment with the Performance Evaluator. These may include:
  - Normalisation of formats or premium positions for which there is no commitment using a ratecard or cost index
  - Use of an historical rate (e.g. the year before the commitments baseline was set), drawn into line with post-bid competitiveness and with inflation/deflation applied
  - Use of a relevant group or category rate (e.g. comparison on a genre basis, standard/premium format groupings, etc.)
  - As a last resort, a mutually agreed benchmark rate may be used so long as it can be shown that its level of competitiveness is in-line with similar media buys within the existing commitments.
17. New media that is bought, for which there are no cost commitment set at the bid submission, will join the existing commitments at exit rate the following year.
18. The new contract prices have been constructed using the Agency's best forecast of the market's media inflation/deflation for May 2022 - Mar 2023. It is expected that commitment pricing should hold, and not be liable to any inflation until Apr 2023. Should the market be deflationary in the initial period May 2022 - Mar 2023, then pricing, if constructed on the assumption of inflation, should reduce accordingly by the difference between the inflation assumption and the determined level of deflation.
19. From Apr 2023 onwards, it is accepted that the market level of media inflation/deflation shall be applied to the May 2022 - Mar 2023 commitments (or exit positions for new media bought across May 2022 - Mar 2023), and adjusted for subsequent years/periods and any additional improvement commitments made by the Agency at the time of bidding by market by media channel.
20. Agency must supply their view on media inflation/deflation prior to any performance evaluation. Where the Agency and Performance Evaluator hold differing views on media inflation, both parties must endeavour, in good faith, to come to agreement on the basis of transparent evidence and intuitive rationale. This would include:
  - Media inflation/deflation is the outcome of changes in advertiser demand (expenditure) and changes in commercial audience supply). The Agency must provide the Performance Evaluator with numerical justification of these for each media/market in scope where such data is available, in case of disagreement. Revenue data should be the published, industry-

standard source where available, but where this is not available the Agency should provide the revenue figures calculated by the holding group's trading arm.

- If an agreement on a rate of inflation is not reached within 3-months of the audit period end date i.e. by the end of March for a calendar year audit, CCS will determine the final level to be used.
- All inflation rates will be reviewed and approved by CCS before being used

21. If annual expenditure volumes grows an adjustment will be made according to the volume ratchets the Agency provided in the Pricing Matrix. These amendments to commitments will be specified at market and media level. At an interim evaluation (i.e. not full year), the forecast total budget will be used in the volume ratchet calculation.

22. It is the responsibility of the Agency to ensure all costs at the media planning stage are within guarantees. If there are known reasons at the pre-burst stage, why costs will not be within guarantees these must be specifically drawn out and highlighted with CCS.

23. Any adjustments required to cost, and quality guarantees need to be flagged to CCS and the Performance Evaluator. Any required adjustments which have not been flagged prior to the performance evaluation shall not be considered in the evaluation.

24. Costs submitted must be the Net Net Cost, defined for the purposes of this methodology, as the Media Costs or other amounts of money actually charged by the relevant Media Owner for Advertising time and/or space purchased by or on behalf of the Agency for CCS, less applicable Standard Agency Commission for the Market concerned, less any sales or other similar tax levied in respect of such purchase and less any other charge or expense in respect thereof (and before the netting out of cash AVBs). Production or technology costs should not be included.

25. Material change accounts for significant alteration to macro factors that could not have been foreseen at the time of forecast. These will include, but will not be limited to, economic factors that change the media supply and demand mechanic, government legislation, media legislation, changes to research currency, changes to media plurality and changes in current political or governmental situation which impacts supply and demand. Should there be material change to these circumstances then that change will be factored into the commitment amended by the Performance Evaluator accordingly.

26. Similarly, if any Media Owner were to change their distribution or business model, leading directly to a significant change in audience delivery, and in-turn a significant change to the price that they charge advertisers across the market, then that change will be factored into the final local inflation number and the local cost commitment amended by the Performance Evaluator accordingly.

27. Similarly, if the Agency wishes to significantly deviate from historic quality baselines at a media channel level, and provided the Agency have supplied documented evidence of this local request, then there is scope for the cost commitment to be normalised accordingly, but this requires tripartite agreement by the Agency, CCS and the Performance Evaluator. If the quality change is agreed, the Agency will still be eligible for the Pricing Performance Bonus.
28. If there is an unforeseen circumstance not covered by this methodology, then all parties will act responsibly and constructively to resolve the methodological issue.
29. In the event that the Performance Evaluator and the Agency fail to reach agreement on any matter relating to the evaluation, and its impact on the Pricing Performance Bonus, the parties will confer with CCS whose decision will be final and binding. CCS shall act reasonably and in good faith in such decisions.