# Agencies voice concerns over intermediary business models in advertising



Intermediary business models in the advertising sector have come under scrutiny as agency executives voice their frustrations about the growing practice of requiring agencies to pay for the right to pitch for new business. This trend was highlighted in a recent op-ed by VoxComm, a global association representing agency associations, which discusses the increasing payments agencies are being asked to make to intermediary consultants.

The op-ed outlines that this practice, which some industry analysts indicate originated in the UK, entails agencies either paying an upfront fee or a percentage of the fees from client billings if they succeed in securing a new account. As stated in the VoxComm piece, in some instances, the financial burden is uniquely shouldered by the agencies. Concerns have arisen about advertisers possibly lacking a full understanding of the implications of these arrangements. The op-ed references a notable example where a large brand paid a pitch consultant's fees only after it became apparent that the agency had been handling these costs after winning a CRM account.

In discussions among advertising agency leaders, frustration was directed particularly at a specific intermediary's business model. Many agency heads expressed dissatisfaction; however, their responses varied according to the financial health of their agencies. One agency executive indicated that the choice to decline an opportunity based on the consultant's terms can be difficult when the agency is seeking to grow, even if it means impacting profitability. The pressure to comply with such models is amplified when agencies are experiencing financial challenges.

Concerns regarding the ethical implications of these intermediary models have sparked discussions within the industry. Nick Louisson, director of agency services at the Incorporated Society of British Advertisers (ISBA), shared insights on the matter. Speaking to Campaign, Louisson remarked, "We advise our members to apply the same commercial due diligence when selecting intermediaries as they do when selecting other suppliers." He emphasised the importance of advertisers examining the commercial models of their suppliers and understanding how these structures could influence the objectivity of their services. Moreover, he cautioned that advertisers should be aware of how these models can affect the agency selection process and have financial ramifications for the agencies involved.

As the conversation continues, industry stakeholders remain cognisant that while some selection processes may appear to involve no costs to the advertisers, there are inherent risks and ethical considerations that can complicate the landscape. The discourse highlights an evolving tension within the advertising sector regarding the balance of power between agencies and the intermediaries that facilitate access to new business opportunities.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://voxcomm.org/2025/02/19/pay-to-play-advertising-pitching/> - This article discusses the growing practice of pay-to-play pitching in advertising, where agencies are required to pay intermediaries for the opportunity to pitch for new business. It highlights concerns about fairness and competition in the industry.
* <https://www.campaignlive.com/article/intermediaries-pay-to-play-pitches/1907262> - This piece explores the perspectives of intermediaries on pay-to-play pitches, noting that such practices can limit advertisers' access to talent and affect the motivation of agency teams. It also discusses the need for transparency in intermediary funding models.
* <https://www.trinityp3.com/agency-fees/who-should-pay-for-pitches/> - This article examines the financial costs associated with advertising agency pitches, discussing models where agencies or advertisers pay for pitches. It highlights the economic pressures on agencies and the potential for cost recovery through client fees.
* <https://www.noahwire.com> - This source provides background information on the scrutiny of intermediary business models in the advertising sector, including the frustrations of agency executives and the ethical implications of pay-to-play practices.
* <https://www.voxcomm.org> - VoxComm's platform serves as a global voice for agency associations, advocating for fair competition and transparency in the advertising industry. Their op-ed on pay-to-play pitching highlights these concerns.