

Media Agency Association of Thailand
The Media Planning & Buying Proposal Process Rules and Regulation

Principles and Reasons

Presently, there are so many unnecessary pitching requests for media agencies thus causing media agencies to spend considerable amount of time, manpower as well as incurring unnecessary expenses for these pitches. Agencies at the same time cannot be assured that they will win the Clients' business and gain earnings to compensate their lost opportunity costs and expenses.

Accordingly the Association has initiated the "Pitching Fee" project since early 2010, facing many operating problems and difficulties, therefore the Association now requires to adjust some of the regulations so as to prevent relevant problems and minimize operating interruptions.

Key adjustments is regarding the collection of "proposal fee" for all proposals regardless of pitching competition in order to secure compensation for opportunity costs and presentation expenses after pitching, no matter whether the Client will hire or sign the contract with agency or not.

However, once the Client hires or signs the contract with any Media Agency, that company is considered being accepted by the Client. Consequently, "proposal fee" should not be charged since it is the initial investment of the Agency to win the business. In this case, "proposal fee" will be exempted or fully refunded.

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Definitions:

Presentation refers to advertising media planning presentation, advertising media buying, or any other relevant presentation from the media agencies, except credentials presentation, regardless of the need of Client.

Proposal Fee refers to the fee that Media Agencies charge to the Client as compensation for pitching presentation based on the work scope and the pitching rate in this regulation.

Media Agency Service Contract refers to any contract that creates legal relation between media agency and advertiser, regardless of its title.

Current Agency refers to the Media Agency that is obliged to a service based on an existing contract and the Client has not terminated the contract, legally or de facto.

New Agency refers to Media Agency that the Client signs the new contract related to “presentation”, based on this regulation.

Participating Agency refers to all Media Agencies that accepts the pitching invitation, including the current agency of the particular Client.

New Client refers to the Client who has not signed the contract for any participating Agency.

Agreement Contract refers to contract between the Client and the Association, referring to acceptance of conditions and proposal fee based on this regulation.

Proposal Procedures for Media Agencies

1. Once the Media Agency is contacted by the new Client to request for any presentation, excluding credential presentation, the Media Agency is obliged to inform the new Client that a proposal fee will be charged based on this regulation, regardless of the competition with other Media Agencies.
2. If the Media Agency accepts the presentation request, the company is obliged to inform the Association regarding that presentation within 24 hours.
3. The Association will contact the Client to send the invoice and collect full proposal fee prior to the presentation date.
4. In the case that the duration between presentation date and invoice date is less than 3 days and advertiser cannot pay the charge before presentation date, The Association may accept proposal agreement contract instead of the proposal fee in item 3. However, advertiser must pay the relevant proposal fee within 7 days of the invoice issued by The Association issues.
5. The Association reserves the right to monitor information from all Media Agencies regarding the presentation request from Clients. It is The Association's responsibility to inform and monitor current Agencies of the Client regarding the proposal of new Agencies to maintain fair proposal fee for all related Media Agencies.
6. In all cases, the Media Agencies will not propose new agencies if the Clients reject to pay the proposal fee based on this regulation.
7. The Association will send the receipt to the Clients who pay the required proposal fee and immediately inform all involved Media Agencies for further procedures.
8. The Association will keep the proposal fee so as to refund to Clients or allocate to Media Agencies based on the proposal fee refund and allocation identified in this regulation.
9. In any case, the Media Agencies cannot decline to do the presentation once advertisers have paid proposal fee.
10. In the case that the Client have problems or difficulties in paying the proposal fee but does not reject to pay, The Association will inform participating Media Agencies so as to update the Client. Any Media Agency that decides to withdraw from the pitching presentation must immediately inform The Association.

11. In the case that the Clients have problems or difficulties regarding proposal fee collection and payment, the Media Agencies invited for the presentation must postpone the presentation until the Client pays the full proposal fee or have signed the proposal agreement contract referred in item 4.
12. In the case that the Client rejects to pay the proposal fee to some of the Media Agencies, the rejected Agencies must not participate in the presentation, as per the case in item 6.
13. Media Agencies involved in the presentation are obliged to inform The Association about the results or conclusion of the particular presentation so that The Association can proceed to refund to the Client or allocate the proposal fee to the related Media Agencies.
14. In the case of conflicts or problems occurring that the participating Media Agencies cannot mutually accept, these Agencies must agree to postpone the presentation date until the case is finalized or accepted by all involving parties.

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Scope and Proposal Fee Rate

1. The Client must pay the “proposal fee” (in Thai Baht) to all “participating Agencies”, including “current Agencies” based on the fee identified in this regulation.
2. Whether new Clients have current agencies or not but if they request one or more Media Agencies for the advertising media presentation or media planning or both, Baht 100,000.00 will be charged per one media agency.
3. In the case that the presentation is a part of all advertising presentations of the Advertising Agency or Creative Agency Baht 100,000.00 will be charged per one Media Agency, exclusive of the fee paid for Advertising Agency or Creative Agency.
4. “Presentation fee” in this regulation is charged from Client to compensate opportunity costs and expenses that the Client requests for the advertising presentation and, later, does not hire that particular Media Agency. Therefore, once the Client signs the “Media Agency Service Contract” with any Media Agency, that Agency has no right to charge the “presentation fee” and is obliged to refund the fee to the Client.

Refund and Allocation of Presentation Fee

1. The proposal fee of the Media Agency that signs the contract will be fully refunded (100%) within 7 days, since the date of contract signing.
2. Proposal fee of Media Agencies that have not been hired or signed will be allocated back to all Media Agencies at the rate of eighty percent (80%) within 7 days since the date of confirmation that the Client has officially signed the contract with one or more Media Agencies.
3. The rest of proposal fee in item 2. (20%) will be allocated as revenue to support operating expenses of The Association based on this regulation.

Fee Exemption

1. The proposal fee is exempted for current agencies whose contract is terminated by the Client.
2. The proposal fee is exempted in the case that the Client selects the Media Agency by considering only the company profile and performance of company in credentials presentation.
3. Government organizations, public organizations, or state enterprises that operate as public companies but have not registered with the Stock Exchange.
4. In the case that the Client requests for the presentation and hires the new Agency without terminating current Agency and completes payment for all Agencies, including current one, the Client may be exempted from the presentation fee of the current Agency if the current Agency confirms that company does not work in such a way that is similar to proposal of new Agency. Consequently, The Association will refund the full presentation fee to the current Agency.

Penalty

Members violating this regulation, for instance, participating in pitching competition without informing The Association or intentionally supporting the Client to avoid the fee payment, directly or indirectly, or proposing jobs beyond the scope that the Client identified will be penalized as following steps;

1. Warning letter from The Association
2. Limited membership benefits
3. Withdrawn membership status

Argument Analysis

Analysis of any argument will be conducted by no less than 5 Association committees and related members may be invited to share opinions. The Resolution of the committees shall be final.

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List of Agencies under these rules and regulations:

1. Amex Team Advertising Limited
2. Brand Connections Co.,Ltd.
3. Carat (Thailand) Co.,Ltd.
4. Dentsu Media (Thailand) Ltd.
5. Fame Line Company Limited
6. Initiative
7. Mediaedge:cia
8. MediaCom
9. Matchbox Co.,Ltd.
10. Media Intelligence Co.,Ltd.
11. Mindshare
12. Optimum Media Direction (Thailand) Co.,Ltd.
13. PHD (Thailand) Co.,Ltd.
14. Prakrit Holdings Public Company Limited
15. Ruyi Company Limited
16. Starcom MediaVest Group
17. Universal McCann
18. ZenithOptimedia Limited

**These Rules & Regulations are effective from
December 7th 2010**

Media Agency Association of Thailand (MAAT)

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