

## **AVBs: From Hidden Incentives to Compliance Catalysts — How the Industry Evolved Beyond Rebates**

*Agency Volume Bonuses (AVBs) once shaped the economics of media buying — driving both agency behaviour and client relationships. As the media landscape transforms, AVBs have given rise to new compliance needs, transparency expectations, and evolved revenue models across the advertising ecosystem.*

### **Definition**

Agency Volume Bonuses (AVBs) — also known as cash rebates or volume incentives — are financial rewards paid by media vendors to advertising agencies based on the total volume of media purchased on behalf of clients.

These bonuses historically encouraged agencies to concentrate spending with specific media owners. While most clients now receive their share of AVBs, the amount, fairness, and timing of distribution have often lacked full transparency.

### **History**

AVBs gained prominence in the early 2000s, when leading holding companies — starting with Initiative Media — began returning AVB income to clients and integrating transparency clauses into contracts.

As awareness grew, AVBs became a key performance indicator (KPI) in agency pitches and were explicitly addressed in media agreements, ensuring auditability and validation. This era marked the beginning of the compliance-driven audit market we see today.

### **Media Landscape Changes**

Over the past two decades, media realignment has profoundly impacted AVB practices.

In 2010, over 90% of global ad spend flowed through AVB-generating channels. By 2024, that share dropped to below 60%, driven by the rise of digital platforms, which now represent half of global advertising revenue.

These shifts have reduced traditional AVB opportunities and forced both agencies and advertisers to adapt to new commercial models.

### **The Challenge Today**

The sharp decline in traditional AVB volumes has exposed several issues:

- Reduced incentives and income for agencies, as AVBs are now fully passed back to clients.

- Complexity and cost in managing AVB claims and reconciliations across fragmented markets.
- Emergence of alternative revenue streams – to compensate retained AVBs - such as further shift into free space, Service Level Agreements (SLAs), inventory media, and other innovative buying mechanisms that replace former AVB income.

As transparency improves, the role of AVBs as a revenue source has declined, yet the need for oversight remains stronger than ever.

## AVB Recommendations

1. *Strengthen Contract Clauses*: Update your AVB definitions and rebate clauses to capture all possible incentives. Use ISBA and ANA templates as baselines, but tailor and expand them for maximum coverage.
2. *Negotiate Guaranteed Commitments*: Secure clear AVB commitments during price agreements or pitches to ensure agency maximises your media value.
3. *Clarify Inventory Media Terms*: Define “inventory media” in contracts to prevent repurposing of free space or hidden rebate mechanisms.
4. *Control Timing and Disclosure*: Align AVB payout schedules to ensure balances sit with you — not the agency.
5. *Audit Regularly*: Conduct periodic media and AVB-specific audits to identify leakages, confirm compliance, and maintain transparency.

## How 3A Compliance Delivers Value

*Audit*: Conducts end-to-end contract compliance audits across all media disciplines — or AVB-only reviews — to identify financial leakage and non-compliance.

*Analysis*: Translates complex audit data into actionable insights that enhance operational and strategic decision-making.

*Assessment*: Provides clear, pragmatic recommendations to improve controls, strengthen transparency, and maximize commercial returns.

## Summary

Agency Volume Bonuses (AVBs) — once a major source of agency income — have evolved from opaque rebates into a cornerstone of marketing compliance. As digital platforms reshape media spend, AVBs have declined, giving rise to new transparency and audit requirements. Today, strong contracts, regular audits, and clear definitions are essential to ensure clients capture full value and maintain trust in agency partnerships.

*3A Compliance turns contract compliance into competitive advantage — delivering actionable audits, proven ROI, and clarity that strengthens agency partnerships and business performance.*