



Price Index for Advertising Services

An International Comparison



Plan of the presentation

- Nature of the advertising industry
 - The CPC classification
 - The scope of the survey
 - The relationships between the firms
- Pricing methodologies
 - The price of ad placement
 - Advertising agencies
- Published data
- Conclusion



The CPC classification

- Advertising
 - Planning, creating and placement (83610)
 - Purchase or sale of space, on commission (83620)
 - Other advertising services (83690)



The Scope of the Survey

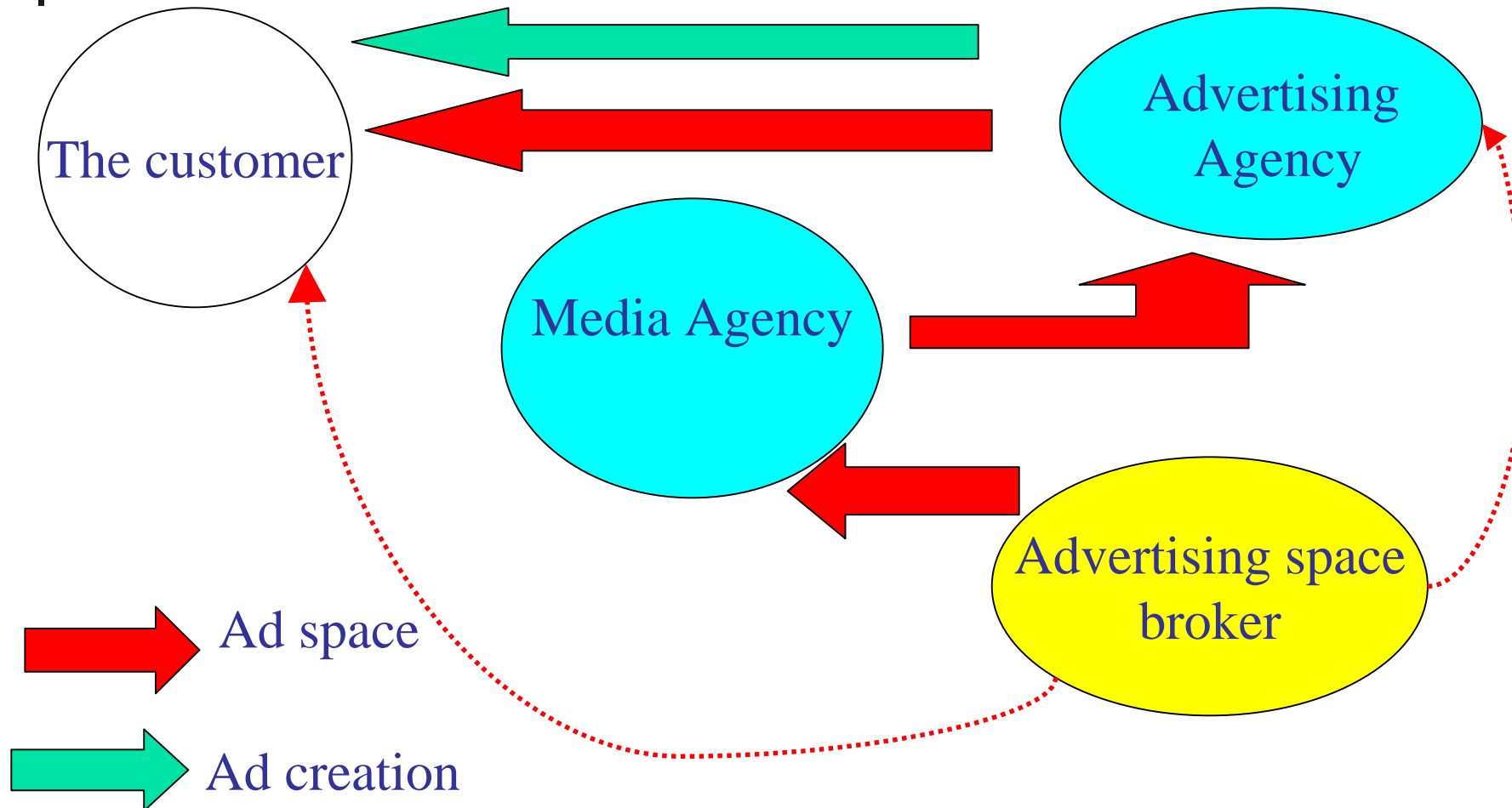
- New-Zealand and France : all the components of advertising services
- USA : Advertising agencies (ad creation and ad placement)
- UK : placement of advertisements
- Australia : placement on television



The Scope of the Survey

What is the best proxy for PPI on advertising services ?

The relationships between the firms





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The Price of Ad Placement

- Price setting
- The French experiment for television : each week is segmented into several hourly slots
- The approaches of UK and Australia are more aggregated
- The UK approach for newspapers and magazines : the only approach at very fine a level



The Price of Ad Placement

What is the accuracy of average price ?

What type of audience and what for ?



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Advertising Agencies : Price Setting

- Mark-up on the purchase of ad space
- Mark-up on technical consulting
- Price per hour and per qualification
- Price based on incentive scheme



Advertising Agencies : Price Setting

	Mark-up ad space	Mark-up T.exp	Hourly fee	Incent.
Agencies for media	54 %	6 %	39 %	1 %
Other agencies	0 %	9 %	79 %	12 %
Media- Agencies	75 %	0 %	9 %	16 %
All	34 %	5 %	54 %	7 %



Advertising Agencies

- Experiments from New-Zealand and France

How can we avoid list prices ?

What can we do to improve quality
adjustment ?



Advertising Agencies

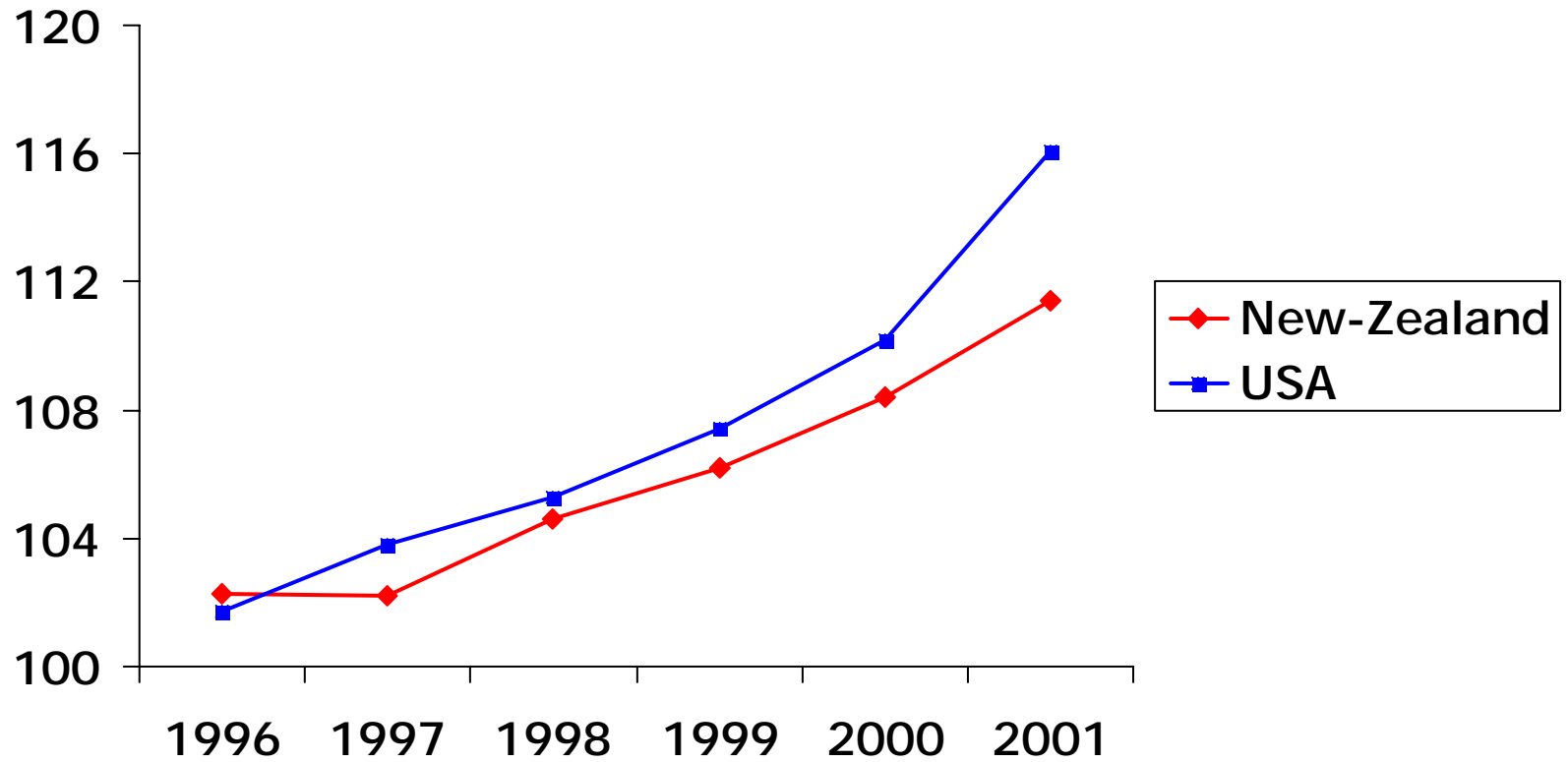
- Experience from USA

What is the burden for firms ?

How can we measure the discounts ?



Published Data





Conclusion

- What is the best proxy ?
- Price of ad space and the link with audience
- A comparison between New-Zealand and USA methodologies.