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## **A MODEL SURVEY FOR MARKETING RESEARCH AND ADVERTISING SERVICES**

*Didier CADIN - Philippe TROGAN, INSEE, France*

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## **MODEL SURVEY ON MARKETING STUDIES AND ADVERTISING SERVICES**

### **INTRODUCTION**

At the fifth meeting of the Voorburg Group (Paris, 1990), Statistics Canada proposed a model survey of computer services.

At the seventh meeting of the Group (Williamsburg, 1992), two other model surveys were proposed, one on telecommunication services, and the other on audiovisual services. These projects made large use of the model survey of computer services.

The present project is made in the same spirit. It deals with marketing research and advertising services. It refers to ISIC Rev.3 and to CPC, to which it provides the explanatory notes.

A first draft of this paper has been submitted to some countries in June 1993. The present draft has made profit of remarks from the British Central Statistical Office (R.NORTON) and from Statistics Canada (S.NIJHOWNE and D.APRIL).

In comparison with the model survey of computer services, the following differences can be pointed in the present project :

- reference is made only to enterprises whose main activity is advertising or marketing research ; a specific investigation should be carried out on the production of advertising or marketing research services by other units ;
- the module dealing with own account production has been left out ; own account production of advertising or marketing research services is negligible, which is not true for computer, audiovisual and telecommunication services ; however, in order to ensure accounting consistency across the various surveys, a special item "own account production" has been introduced in section VI of module 1 ;
- imports and exports are not broken down into detailed products ;
- a specific module (module 0) has been added for the determination of the main activity ; this allows the simplification of the break down of the turnover in the case of services of sale or leasing of advertising space or time (CPC 8711).

## **THE SCOPE OF THE SURVEY**

### **ISIC Rev.3**

- 7413 Marketing research and public opinion polling
- 7430 Advertising

### **CPC**

- 864 Marketing research and public opinion polling services
  - 86401 Marketing research and similar services
  - 86402 Public opinion polling services
- 871 Advertising services
  - 87110 Sale or leasing services of advertising space or time
  - 87120 Planning, creating and placement services of advertising
  - 87190 Other advertising services

## **COMMENTARIES**

### **Marketing research activities**

These activities can be defined rather easily ; as to "marketing research and similar activities", it seems preferable to separate "marketing research" from "economic studies" made on a "client's account", which may raise boundary problems with information and documentation activities (which are not included with marketing research activities).

### **- 743 Advertising**

### **- 871 Advertising services**

The principal difficulty is to point out the possible double counting at the revenue level : purchases for resale, multiple sub-contracts, ...

Turnover has no significance per se for units selling or leasing advertising space or time (CPC 8711) and for advertising agencies (part of CPC 8712). It may correspond either to the sole "commercial margin" of the unit, or to a total invoice which includes the rights paid back to the proprietors of the advertising media, the purchases of advertising space and time, the payment of the various sub-contractors, ... In order to arrive at significant and comparable results, it is therefore necessary to use, at the same time, a detailed classification of the revenues and a detailed classification of the expenditures (purchase-resale, sub-contracts).

### **- 8711 Sale or leasing services of advertising space or time**

There are three types of intervening entities :

- *Middlemen* (concessionnaires) in advertising space acting on the account of the owner of advertising media (newspaper, radio, TV, ...), also called "media representatives".

They have the duty of selling the advertising space to those who advertise, to advertising agencies or to the so-called "media buying agencies".

Their income is made up of either commissions (margins), or of the total invoiced costs, in which case they make associated expenditures consisting of "back payment of receipts to medium owners".

The medium owners who sell their advertising space directly are not classified in advertising (except if advertising is their sole purpose)<sup>1</sup>.

- *Media buying agencies* which are comparable to retailers : they make "wholesale" purchases of advertising space either directly from media owners, or from media representatives and make "retail" sales either directly to advertisers or to advertising agencies.

- *Auxiliaries to advertising space management*, who consist of providers of services of posters, advertising panels, ... setting and maintenance, which are not included in the media representatives' companies.

#### **- 8712 Planning, creating and placement services of advertising**

There are advertising agency ,advertising creation activities as well as "advertising campaign engineering" which may result in a turn key product including the provision of advertising space, of advice, of creation , ... but also of poster reproduction, movie production, booklet printing services, which do not belong to classifications connected with advertising, neither in the ISIC, nor in the CPC.

It is thus necessary for advertising agencies to make a refined analysis of purchases for resale and of various sub-contracting services, since gross turnover has no significance per se.

#### **- 8719 Other advertising services**

This CPC class can be interpreted as the place to enter the advertising actions "off media" such as sales promotion, telephone selling, direct advertising under its various forms, at the point of sale, by visiting persons or by distribution of leaflets or of samples.

**Remark :** The advertising services and activities which are studied here do not cover all the domain of advertising :

- There may be direct sales of advertising space by the medium owners.
- The advertisers may prepare their own advertising campaign (ancillary service on own account).
- Some activities, while related to advertising are classified with other ISIC heading :
  - advertising publishing (ISIC 2219) ;
  - manufacture of advertising artefacts (ISIC 3694 or others) ;
  - services of advertising window setters and decorators (ISIC 7499) ;
  - services of issuing advertising coupons and bonus stamps (ISIC 7499) ;
  - photographic services (ISIC 7494) ;
  - production of advertising movies (ISIC 9611).

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<sup>1</sup> For the calculation of the main activity of the media (radio, press, television, ...), the revenues from the rental of advertising space is not taken into account, otherwise practically all the corresponding enterprises would be classified in the sector of advertising activities.

## PRODUCT CLASSIFICATION AND EXPLANATORY NOTES

### - 864 Marketing research and public opinion polling services

#### - 86401 Marketing research and similar services

##### - 86401A Marketing research services on consumers' products

Studies for a third party aiming at gathering information on the future development and the performances of the products. Included in this heading are marketing analysis, analysis of consumers' habits and preferences. These analyses may be achieved through direct household surveys, through telephone or through mail or ...

##### - 86401B Marketing research services on intermediary goods

Studies for a third party aiming at gathering information on the future development and the performances of the products. Included in this heading are marketing analysis, analysis of users' habits and preferences. These analyses may be achieved through direct surveys of users, through telephone or through mail or ...

##### - 86401C Economic studies

Economic studies carried out for a client who is their owner, which do not deal with tradable products but are concerned with industrial, demographic, econometric, ... analyses. Economic studies for public documentation are not included here.

### - 86402 Public opinion polling services

#### - 86402A Public opinion polling services

Surveys aiming at collecting information on the position of the public opinion on questions of social, economic, political or other character. These surveys may be carried out by telephone, mail or direct individual interviews.

### - 871 Advertising services

#### - 87110 Sale or leasing services of advertising space or time

##### - 87110A Sale or leasing services of advertising space or time by advertising representatives.

Sale or renting of space or time for advertising on the account of newspaper, other periodicals, radio, television, ... This is an intermediation service. Direct sale by the owner of an advertising medium (newspaper, TV, ...) is not included here. Are only included intermediation services between the "owner of an advertising medium" and an advertiser or an advertising agency acting on the account of an advertiser. However, the owners of advertising media (outdoor furnishing, for example) whose sole

activity is the creation of advertising spaces and who sell their spaces directly have products which are actually classified here.

The relevant media are press, radio, television, outside advertising places (posters, panels, ...), movie theatre, classified ads, ...

The publishing of journals of free classified ads is not included here.

**- 87110B Sale or leasing services of advertising space or time by media buying agencies**

Included here are the services of media buying agencies which make wholesale purchases of advertising space or time from an owner or from an intermediary (media representative) and make retail sales to advertising agencies or to advertisers.

**- 87110C Auxiliary services to advertising space management**

Services of posters and advertising panels setting and maintenance.

**- 87120 Planning, creating and placement services of advertising**

**- 87120A Integrated services of advertising agencies**

On the advertiser's account, the agency achieves the engineering of the advertising campaign : conception, selection of media (television, radio, printed media, mail, artefacts, multi-media, ...), ... ; it makes itself or sub-contracts the creation, the production of posters, of artefacts, ...

The invoice to the advertiser may or may not include, according to existing legislation or to accounting habits, the resale, after purchase on the advisor's account, of advertising space.

**- 87120B Advertising consulting services**

Advising services to advertisers in matters of conception, selection of media, ... but without any achievement or provision of products.

These services may be integrated within the services of an advertising agency, in which case they are excluded from the present heading and included in heading 87120A.

Excluded are public relations and communication advice.

**- 87120C Services of advertising creation**

These services concern the conception and the achievement of models, illustrations, posters, advertising movie scenarios, ... on the account of an advertiser or of an advertising agency.

These services may be integrated within the services of an advertising agency, in which case they are excluded from the present heading and included in heading 87120A.

The services of "reproduction" of advertising creation, of manufacture of advertising artefacts, of reproduction of posters, of advertising publishing, ... are not included in the present heading but classified with the relevant industrial headings.

- **8719** Other advertising services

- **87190A** Sales promotion (except direct advertising and telemarketing)

Sales promotion services may be provided directly, at the level of the product's distributor (bonuses for special efforts, establishment of demonstration teams, ...) or at the consumer's level (special rebate, contests, games, test samples, coupons providing special offers, ...). Sales promotion services often make use of mailing techniques, but the sorting services themselves are not included in the present heading.

- **87190B** Telemarketing

Research of purchasers through direct telephone calls.

- **87190C** Point of sale advertising

This is some kind of sales promotion, which is carried out at the point of sale in order to induce purchases through special rebates, various animation techniques, decoration, presentation, ... The services of decorators, advertising window setters, stalls installators, ... are not included in the present heading.

- **87190D** Direct advertising by visit

Services of direct customer canvassing, on a specialised producer's account (pharmaceutical laboratory, for example) including the provision of free samples but excluding any sale. The visiting person has only an informative role.

- **87190E** Distribution of leaflets and samples

This is a kind of direct advertising through the distribution of leaflets and samples in the streets or into mail boxes.

- **XXX** Non advertising activities

- **22190** Advertising publishing

Reprint of advertising posters, booklets, catalogues, labels on the account of an advertiser or an advertising agency

- **36940** Manufacture of advertising artefacts

Manufacture of advertising artefacts, reproduction of objects for the purpose of advertising on the account of an advertiser or an advertising agency.

The conception of the artefact is not classified here but in the heading 87120C.

- **74940** Photographics activities

- **74990** Services of advertising decorators

Services of advertising decorators, window setters, services of advertising coupons and stamps issuing.

- **87502** Photographic services

- **961110** Production of advertising movies

Production on order of advertising movies. The conception of the scenario is not included here but in heading 87120C.

- ~~XXXXXX~~ Others

## **PROPOSAL FOR A SURVEY CLASSIFICATION OF PURCHASES OF GOODS AND SERVICES FOR RESALE (MODULE III).**

In the questionnaire of Statistics Canada on computer services, module III was called "purchases of goods and services for resale". It is proposed here to widen the scope of the module by taking into account not only the purchases for resale without major transformation, but also all the sub-contracting of goods and services integrated in the products which are sold.

In this manner, it is possible to find out the various double counting which lies within or outside of (manufacturing, advertising publishing) the advertising and also the marketing research sectors.

### **A. Back payments or usage rights paid to the owners of advertising media by the media representatives**

The media representatives acts as the owner *vis-à-vis* the advertisers or the advertising agencies ; he is a trader : he sells space or time and bills the cost to the customer.

As a counterpart, he pays back a major part of the billing to the media's owners ; this re-payment must be included in the present heading while the corresponding revenues are added to the heading 87110A (sale or leasing of advertising space or time to media representatives).

However, there exist other types of invoicing, in which case there may be revenues in heading 87110A without corresponding expenditure in the present heading A (back payments or usage rights paid to the owners of advertising media by the media representatives) : the sale of space or time is made directly from the medium's owner to the advertiser or the advertising agency ; the media representatives receives a remuneration in the form of a commission paid by the medium's owner ; there is no invoicing by the media representatives to the advertiser or the advertising agency, and, therefore no re-payment by the manager to the owner.

Some medium's owners may create themselves their advertising space (outdoor panels, for example) and sell them directly, which is their sole activity. They are classified, for this main (and sole) activity in ISIC class 7430. As they are, at the same time, the medium's owners and the media representatives, there is obviously no re-payment.

### **B. Purchase or renting of advertising space or time on the account of the advertisers by the advertising agencies or the media buying agencies**

the advertising agency, which makes the engineering of the advertising campaign on the account of the advertiser, has two possibilities for billing the space or time to the advertiser :

(i) the agency, which has selected the relevant media, is not in charge of the transaction for advertising space or time ; they are billed directly to the advertiser by the media representative or by the medium's owner ; in this case, the present heading B is not relevant ;

(ii) the agency purchases, on the advertiser's account, the advertising space or time from the media representative or from the medium's owner, and re-bills it to the advertiser (this is the turn key version) ; the amount purchased by the agency on the advertiser's account must be included in

the present heading B ; the amount re-billed to the advertiser will be included as a revenue in heading 87120A.

The media buying agencies are strictly traders : the amount of their "wholesale" purchases of space or time from the advertising representatives or the media's owners must be included in the present heading B ; the amount of "retail" re-sales to advertising agencies or to advertisers must be included in heading 87110B.

#### **C. Sub-contracting of market studies and of public opinion polling services**

Marketing research companies act in particular through consumer surveys, and may, for this purpose, sub-contract to public opinion polling companies ; the total receipts from market studies is however included in the heading 86401A (marketing research).

Advertising companies may also use the services of public opinion polling enterprises.

#### **D. Sub-contracting of advertising creation services**

The advertising agencies (revenues in heading 87120A, integrated services of advertising agencies) may sub-contract advertising creation and conception on the advisor's account.

#### **E. Sub-contracting of sales promotion and of direct advertising**

As in D for creation, the agencies providing a turn key advertising campaign may purchase, on the advertiser's account, and re-bill him services of sales promotion, of telephone sales, of point of sale advertising, of leaflet and sample distribution. The total re-billing to the advertiser is included in the revenue heading 87120A (integrated services of advertising agencies)

#### **F. Sub-contracting of advertising manufacturing, publishing and printing, of advertising movie production, of routing, of advertising decorators and window setters, photographic services**

As was said hereabove, advertising agencies may also sub-contract with various producers or service providers, and re-bill to their customers.

In the present heading F, one has grouped all possible sub-contractings linked to advertising but which do not pertain to the advertising sector.

#### **G. Other purchases of goods and services for resale and sub-contracting**

### **REMARK ON MODULE 9 (EMPLOYMENT)**

Public opinion polling enterprises, as well as direct advertising companies (point of sale advertising, distribution of leaflets) employ many salaried casual personnel. They should therefore be questioned not only on the total employment, but also on the permanently and casually employed persons. The employment fluctuates over time ; it would therefore be useful to ask, for the salaried persons, the quarterly units, permanent and casual.

**DATA COLLECTION MODULES**

### MODULE O : ACTIVITIES OF THE ENTERPRISE

Indicate your main activity during the last accounting period ; tick only one entry for the main activity.

MAIN  
ACTIVITY

- |  |                          |
|--|--------------------------|
| - Market studies, economic studies   | <input type="checkbox"/> |
| - Public opinion polling   | <input type="checkbox"/> |
| - Publishers' advertising representative   | <input type="checkbox"/> |
| - Radio advertising representative   | <input type="checkbox"/> |
| - TV advertising representative  | <input type="checkbox"/> |
| - Aerial advertising services  | <input type="checkbox"/> |
| - Poster setting, outside advertising representative   | <input type="checkbox"/> |
| - Classified ads representative  | <input type="checkbox"/> |
| - Other media (cinema, ...) representative (please specify)  | <input type="checkbox"/> |
| - Media buying services  | <input type="checkbox"/> |
| - Advertising poster, outdoor furnishing setting and maintenance   | <input type="checkbox"/> |
| - Full service advertising agency (development and placement of advertising campaign incl. direct marketing and special advertising campaigns)   | <input type="checkbox"/> |
| - Advertising counselling and/or creation  | <input type="checkbox"/> |
| - Sales promotion and/or telemarketing services  | <input type="checkbox"/> |
| - Point of sale advertising and/or advertising by visitors   | <input type="checkbox"/> |
| - Leaflets and samples distribution  | <input type="checkbox"/> |
| - Other (publishing, manufacturing of advertising artefacts, advertising decorators and window dressers, routing, advertising movies production, photographic services...) please specify. | <input type="checkbox"/> |

## **MODULE 1. REVENUES FROM THE SALE OF GOODS AND SERVICES AND OWN ACCOUNT PRODUCTION**

This section is concerned with the revenue generated by this organization from the sale of goods and services both to the domestic and the export market, and the own account production. For the purpose of this survey, transactions with related parties (sales at market prices or transfers at internal prices) should be included. Please exclude from the amounts reported any taxes collected by this organization on behalf of the government.

	VALUE
<b>Section I</b> Revenues from marketing research and public opinion polling services	
86401A Marketing research services for consumers' products	_____
86401B Marketing research services for intermediary goods	_____
86401C Economic studies	_____
86402A Public opinion polling services	_____
<b>Section II</b> Revenues from sale or leasing services of advertising space or time by media representatives	
87110A Sale or leasing services of advertising space or time by advertising sales representatives.	_____
87110B Sale or leasing services of advertising space or time by media buying agency	_____
87110C Auxiliary services to advertising space management	_____
<b>Section III</b> Revenues from planning, creating and placement services of advertising	
87120A Integrated services of advertising agencies	_____
87120B Advertising consulting services	_____
87120C Services of advertising creation	_____
<b>Section IV</b> Revenues from other advertising services	
87190A Sales promotion (except direct advertising and telephone selling)	_____
87190B Telemarketing	_____
87190C Point of sale advertising	_____
87190D Direct advertising by visit	_____

87190E Distribution of leaflets and samples \_\_\_\_\_

**Section V Revenues from non advertising activities**

22190 Advertising publishing \_\_\_\_\_

36940 Manufacture of advertising artefacts \_\_\_\_\_

74940 Services of photographic activities \_\_\_\_\_

74990 Services of advertising decorators \_\_\_\_\_

961110 Production of advertising movies \_\_\_\_\_

**Section VI Revenues from other services (not included above)**

- ROYALTIES AND PATENT FEES RECEIVED \_\_\_\_\_

- PRODUCTION ADDED TO FIXED ASSETS \_\_\_\_\_

- SERVICES TO RELATED PARTIES NOT INCLUDED ABOVE  
(RESEARCH AND DEVELOPMENT CHARGES,  
MANAGEMENT FEES, . . . ) \_\_\_\_\_

- OTHER GOODS AND SERVICES (please specify) \_\_\_\_\_

**TOTAL - SECTIONS I TO VI** \_\_\_\_\_

- OPERATING SUBSIDIES \_\_\_\_\_

**GRAND TOTAL - OPERATING REVENUES** \_\_\_\_\_

**MODULE 2 : GOODS AND SERVICES USED IN THE OPERATIONS.**

This section is concerned with the expenses incurred by this organization for goods and services used in the regular conduct of its business. For the purpose of this survey, transactions with related parties (purchases at market prices or transfers at internal prices) should be included. Please exclude capital expenditures and income taxes.

	VALUE
<b>A - WAGES, SALARIES AND EMPLOYEE BENEFITS</b>	
a) Wages and salaries	_____
b) Employee benefits	_____
<b>B - BUSINESS SERVICES</b>	
a) Computer services for own use (CPC 84)	_____
b) Professional services legal, auditing, management consulting, etc. (CPC 86)	_____
c) Insurance (CPC 812)	_____
<b>C - RENTAL AND LEASING OF MACHINERY (CPC 83)</b>	_____
<b>D - TELECOMMUNICATION SERVICES (CPC 752)</b>	_____
<b>E - MATERIALS AND SUPPLIES FOR OWN USE</b>	
a) Operating supplies	_____
b) Office and other supplies	_____
<b>F - OCCUPANCY COSTS</b>	
a) Rental and leasing of land and buildings (CPC 82)	_____
b) Utilities (CPC 17)	_____
<b>G - PROPERTY AND OTHER NON-COMMODITY INDIRECT TAXES</b>	
a) Property and school taxes	_____
b) Permits, licenses and other non-commodity indirect taxes	_____
<b>H - ROYALTIES AND PATENT FEES PAID</b>	_____
<b>I - SERVICES FROM RELATED PARTIES (not included above)</b>	_____
<b>J - DEPRECIATION</b>	_____
<b>K - OTHER OPERATING, ADMINISTRATIVE AND GENERAL EXPENSES (please specify)</b>	_____
<b>TOTAL - CURRENT OPERATING, ADMINISTRATIVE EXPENSES (A TO K)</b>	_____

**MODULE 3.  
EXPENDITURES ON GOODS AND SERVICES FOR RESALE AND  
SUBCONTRACTING**

	VALUE
A. Back payments or usage rights paid to the owners of advertising media by the media representative	_____
B. Purchase or renting of advertising space or time on the account of the advertisers by the advertising agencies or the media central buying agencies	_____
C. Sub-contracting of market studies and of public opinion polling services	_____
D. Sub-contracting of advertising creation services	_____
E. Sub-contracting of sales promotion and of direct advertising	_____
F. Sub-contracting of advertising manufacturing, publishing and printing, of advertising movie production, of routing, of advertising decorators and window setters, photographic services	_____
G. Other purchases of goods and services for resale and sub-contracting	_____
<b>TOTAL : GOODS AND SERVICES FOR RESALE AND SUB CONTRACTING (A TO G)</b>	_____

### MODULE 4. INVENTORIES

This section is concerned with the change in the level of the various types of inventories held by your organization during the period covered by this report

	Opening	closing
a) Goods purchased for resale	.....	.....
b) Goods purchased for use in the operation	.....	.....
c) Other inventories	.....	.....

### MODULE 5. SUPPLEMENTARY QUESTION CONCERNING THE BASIS OF ACCOUNTING

A). Did your report revenues (module 1) on an accrual or cash basis ?

accrual basis .... cash basis .... please go to next question

B). If you were unable to report revenues (module 1) on an accrual basis, please provide an estimate of

	Opening	Closing
a) Value of work in progress	.....	.....
b) Value of accounts receivable	.....	.....

### MODULE 6. EXPORTS

This section is concerned with exports of goods and services. If this organization has foreign clients, please provide an estimate of the proportion of total sales to non-residents for each of the following products. Sales or transfers to foreign related parties should be included.

	% of revenues declared in module 1	or value
A Sales or leasing of advertising space	.....	.....
B Sales of others advertising services	.....	.....
C Other goods and services (please specify.)	.....	.....
TOTAL EXPORTS (A to C)	.....	.....

### MODULE 7 - IMPORTS

This section is concerned with imports of goods and services. If this organization has foreign suppliers, please provide an estimate of the purchase value of the following imported goods and services.

	value
A Purchases or leasing of advertising space	.....
B Purchases of others advertising services	.....
C Other goods and services (please specify..)	.....
TOTAL IMPORTS (A to C)	.....

### MODULE 8 : VACANT

**MODULE 9 : EMPLOYMENT NUMBERS**

	MALES	FEMALES	TOTAL
Working proprietors and partners - Full Time	.....	.....	.....
- Part time	.....	.....	.....
Wage earners on December 31st - Full time	.....	.....	.....
- Part time	.....	.....	.....
<b>TOTAL</b>	.....	.....	.....

*\* No definition of part-time is provided as it differs between countries. Each country define part-time according to its own conventions.*

**AVERAGE NUMBER OF WAGE-EARNERS PER TRIMESTER**

	1st quarter	2nd quarter	3rd quarter	4th quarter
Permanent	.....	.....	.....	.....
non permanent (casual worker)	.....	.....	.....	.....
<b>TOTAL</b>	.....	.....	.....	.....

### MODULE 10. FIXED ASSETS, ADDITIONS AND DISPOSALS

Include all fixed assets shown in your accounts and all assets operated by your business under finance lease arrangements. Exclude expenditures on maintenance and on intangible assets such as goodwill

	ADDITION DURING THE YEAR	DISPOSAL DURING THE YEAR	BOOK VALUE AT THE END OF THE YEAR
Land	.....	.....	.....
Building-Residential	.....	.....	.....
- Non-residential	.....	.....	.....
Other construction	.....	.....	.....
Motor vehicles and other transport equipment	.....	.....	.....
Furniture and fittings	.....	.....	.....
Computer equipment	.....	.....	.....
Other plant, machinery and equipment	.....	.....	.....
All other fixed assets (specify main additions during the year)	.....	.....	.....
<b>TOTAL</b>	.....	.....	.....