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Revisited Sector Paper on:

ISIC 7310 Advertising

ISIC 7320 Market Research and Public Opinion Polling

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The intended purpose of this paper was to enhance previous work on Advertising SPPI's through incorporation of current information concerning the measurement of turnover for Advertising. Additionally, these data were to be supplemented through incorporation of information on both SPPI's and turnover for the Market Research and Public Opinion Polling industry.

While a summary of SPPI and classification materials for Advertising are presented here, the intended improvements have not been completed. This paper will be revised and completed, and thereafter submitted to the Voorburg Group before the end of March 2009.

1 Introduction

Advertising services were first considered by the 8th meeting of the Voorburg Group as part of development proposals for model surveys¹ in Oslo, Norway 1993. Price index measurement was first considered with a series of mini-presentations² in the 16th meeting of the Voorburg Group in Örebro, Sweden 2001, followed by a principal paper³ at the 17th meeting in Nantes, France 2002. The importance of this industry was demonstrated by a second round of mini-presentations⁴ at the 19th meeting of the Voorburg Group in Ottawa, Canada 2004, together with a session on Advertising turnover⁵. Advertising SPPI's have also been described⁶ in OECD-Eurostat Guide to SPPI's.

This paper aims at supplementing the previous work with more recent experiences of national statistical offices, and incorporation of data regarding turnover. The paper submitted to the 23rd Voorburg Group, in an incomplete form, will focus solely on *Advertising Services*.

2 Classification

Classification of advertising products and activities generally considers two main streams of outputs: the first is the creative component, planning, designing, creating and placing advertising products; and the second is concerned with the sale of advertising space or time. Since initial consideration by the Voorburg Group, the detailed levels of both industry and product classifications need to contend with not only traditional modes of advertising (print, television, radio etc.) but also the greater emphasis placed on internet advertising, as well as the emergence of other types of campaigns. These growing sectors influence both the creative and the placement activities.

2.1 Industrial classifications

The International Standard Industrial Classification (ISIC Rev 4) considers all Advertising activities as part of one class (Advertising 7310). This class includes:

- creation and realization of advertising campaigns:
 - creating and placing advertising in newspapers, periodicals, radio, television, the Internet and other media
 - creating and placing of outdoor advertising, e.g. billboards, panels, bulletins and frames, window dressing, showroom design, car and bus carding etc.
 - media representation, i.e. sale of time and space for various media soliciting advertising
 - aerial advertising

¹ Cadin & Trogan (1993)

² Buisson (2001), McKenzie (2001), Palmer (2001)

³ Buisson & Lenseigne (2002)

⁴ Auer & Puchter (2004)

⁵ Velasco Gimeno, M (2004)

⁶ OECD-Eurostat (2005), 4.17

- distribution or delivery of advertising material or samples
- provision of advertising space on billboards etc.
- creation of stands and other display structures and sites
- conducting marketing campaigns and other advertising services aimed at attracting and retaining customers:
 - promotion of products
 - point-of-sale marketing
 - direct mail advertising
 - marketing consulting

However, this class explicitly *excludes*:

- publishing of advertising material, see 5819
- production of commercial messages for radio, television and film, see 5911
- public-relations activities, see 7020
- market research, see 7320
- graphic design activities, see 7410
- advertising photography, see 7420
- convention and trade show organizers, see 8230
- mailing activities, see 8219

ISIC itself does not make the distinction between creative and sales type activities (other than to explicitly include these activities within the ISIC class). This joint approach is reflected in the Australian and New Zealand Industrial Classification 2006 (ANZSIC 2006).

However other national and regional industrial classifications make the delineation between the media agency type activities, and those activities of a more creative nature.

The Statistical Classification of Economic Activities in the European Community, Rev. 2 (NACE Rev. 2), splits Code 73.1 Advertising into 73.11 Advertising Agencies (the creative component) and 73.12 Media Representation.

Similarly the North American Industrial Classification System 2007 (NAICS 2007) splits these activities into more detail, with the industry group 5418 Advertising, Public Relations, and Related Services split into 54181 Advertising Agencies, 54182 Public Relations Agencies (not considered here), 54183 Media Buying Agencies, 54184 Media Representatives, 54185 Display Advertising, 54186 Direct Mail Advertising, 54187 Advertising Material Distribution Services and 54189 Other Services Related to Advertising.

Note that under the industrial classification, the sale of advertising space on own account is excluded from the Advertising class (e.g. sale of advertising space by a television station is considered part of the operation of the television station, whereas sale of advertising space by a media agency is considered Advertising activity).

2.2 Product classification

Following the need to separately measure the creative and sale activities, the Central Product Classification (CPC 2.0) delineates group Advertising services and provision of advertising space or time (836) into the creative class 8361 Advertising services, plus two sales classes 8362 Purchase or sale of advertising space or time, on commission, and 8363 Sale of advertising space or time (except on commission).

This approach is reflected in the Statistical Classification of Products by Activity in the European Economic Community, 2008 version (CPA 2008), which splits Advertising Services (73.1) into Services provided by Advertising Agencies (73.11) and Media Representation Services (73.12).

Similarly, the North American Product Classification System (NAPCS, still being finalised) delineates advertising services according to sales type activities and a range of creative activities.

As indicated above, beyond the split between sales and creative activities, a key feature of the detailed levels of classifications is differential focus on type of media. A comparison of the detailed product and industry classifications for advertising services is provided in the Appendix.

3 Advertising turnover⁷

The 22nd meeting of the Voorburg Group in Seoul, Korea, determined that much of the previous work undertaken for SPPI's required extension to turnover statistics. Such an extension would better enable the Group to make recommendations to better enable comparable measurement of the output of the Service Sector to constant prices.

3.1 INSEE 1993

With respect to Advertising services, the issue of turnover had, in fact, been previously considered. A model survey for Advertising services was proposed by Cadin & Trogan (1993). Consistent with later work on classifications (as described above) this proposal breaks Advertising Services into two types – creative services and sale & leasing of advertising space (and time). Cadin & Trogan point out, most importantly, that revenue (turnover) and the output of the establishments under consideration may not align.

“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)⁸. 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 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).”⁹

The authors are describing distinctly different modes of operation that are especially evident for the sale & leasing types of activities. For these particular types of activity, they go on to say

“There are three types of intervening entities

- *Middle men* (concessionaires) in advertising space acting on the account of owners 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 “media buying agencies”. Their incomes 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 receipt to medium owners”. The medium owners who sell their advertising space are not classified in advertising¹⁰ (except if advertising is their sole purpose).
- *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 their “retail” sales either directly to advertising or advertising agencies.

⁷ As indicated in the PREFACE, this section needs expansion to include discussion of practices of a broader range of national statistical offices

⁸ The authors are using codes from CPC 1.0.

⁹ Cadin & Trogan (1993), *op. cit.*

¹⁰ See the earlier comment regarding this issue in the preceding discussion on classification

- *Auxiliaries to advertising space management* who consist of providers of posters, advertising panels ... setting and maintenance, which are not included in the media representatives' companies."¹¹

The activities can be considered as “brokerage” activities – bringing together the buyer and the seller, or “distributive trade” activities, which involve a change of ownership of the advertising space, where the advertising sales establishment purchases advertising space (or time) and resells to different customers.

Measurement of turnover, and the related statistical operation of measurement of industry output, will depend upon the type of activity undertaken. Correspondence with representatives of both national and international statistical agencies¹² indicates that the type of activity undertaken varies dramatically by country, and by establishment within country. This variation has implications for the tools and methods employed to measure turnover, as well as the compilation of national accounts. As such the chief recommendation (thus far) regarding turnover measurement for Advertising industries is in determining what type of modes of operation are employed by Advertising sales establishments, and where necessary ensuring comparable¹³ treatment in the national accounts.

A key concern raised in Cadin & Trogan was that the model survey, as described, only measured Advertising services as primary output; the survey did not consider visiting other types of establishments and therefore missed all Advertising services produced as secondary production.

3.2 INE 2004

The second piece of turnover research, presented to the 19th Voorburg Group in Ottawa, Canada, were analyses of the Eurostat project to provide quality harmonised statistics on business services. Velasco Gimeno (2004)¹⁴ describes the 2002 phase of the project with specific focus on Advertising turnover – turnover by product, turnover by type of client and turnover by residence of client. In addition to describing the statistical operations undertaken in Spain, this detailed paper also provides a comparison of the results of the parallel research undertaken in Denmark, France, Ireland, Portugal, Finland, Sweden and the United Kingdom. The paper provides a confrontation of different product classifications, and demonstrates that although sale & leasing and the creative services are the two largest products encountered amongst the participating national statistical offices, the mix between the two varies across national boundaries.

Like the Cadin & Trogan paper, Velasco Gimeno indicates that the survey was only undertaken on a sample of those establishments (statistical units) where the primary activity was advertising. A conclusion to be drawn from this, as work Cadi & Trogan, is that Advertising products produced as secondary activity from non-Advertising establishments are not considered.

3.3 Advertising turnover and other national statistical offices

NOTE: This section needs expansion and completion before recommendations can be made to the Voorburg Group

¹¹ *ibid*

¹² Matt Berger (ONS), Vera Norrman (Statistics Sweden), Manuel Wirsing (DeStatis), Roslyn Swick (US Bureau of Labor Statistics) and Seppo Varjonen (OECD), *et al*, contributed to this discussion

¹³ Comparable here does not, of course, mean *identical*

¹⁴ *Op. cit.*

3.3.1 ONS

The United Kingdom Office for National Statistics (ONS) has produced a preliminary survey of the advertising industry that is designed to measure total turnover focused upon the services offered by media representation services and advertising agencies, as well as retail sales direct to the general public. The survey is designed to capture advertising turnover grouped by industry activities, i.e. by product and full service advertising, broken down by residency of client. By the very nature of the modern advertising industry, spin-off services are produced which are closely allied to the primary services. The ONS survey contains a series of background notes, specifying which products and services are to be included and which are to be excluded in turnover reporting. At present, a broad representation of the industry is being captured, based upon high-level groupings of products and services.

In lieu of further research and refinement, this survey gathers the information required by EU regulations, but does not yet address the issue of how to identify comparable products, particularly where the nature of the industry produces bespoke products, individually tailored to the client's needs. Within the pricing structure of advertising products and services are large variations contributed by elements such as commission and discounting. Temporal and spatial positioning of the advertising materials are also fundamental issues in price negotiations.

3.3.1.1 Total turnover

In order to measure total turnover, ONS requests data detailing the total amount receivable, excluding VAT and reimbursements from clients, including total sales to consumers and total sales to clients. As a broad measure of income, this approach achieves a high level view. However, despite guidance to exclude public relations and communications elements, additional services remain undefined.

3.3.1.2 Breakdown of total turnover by products

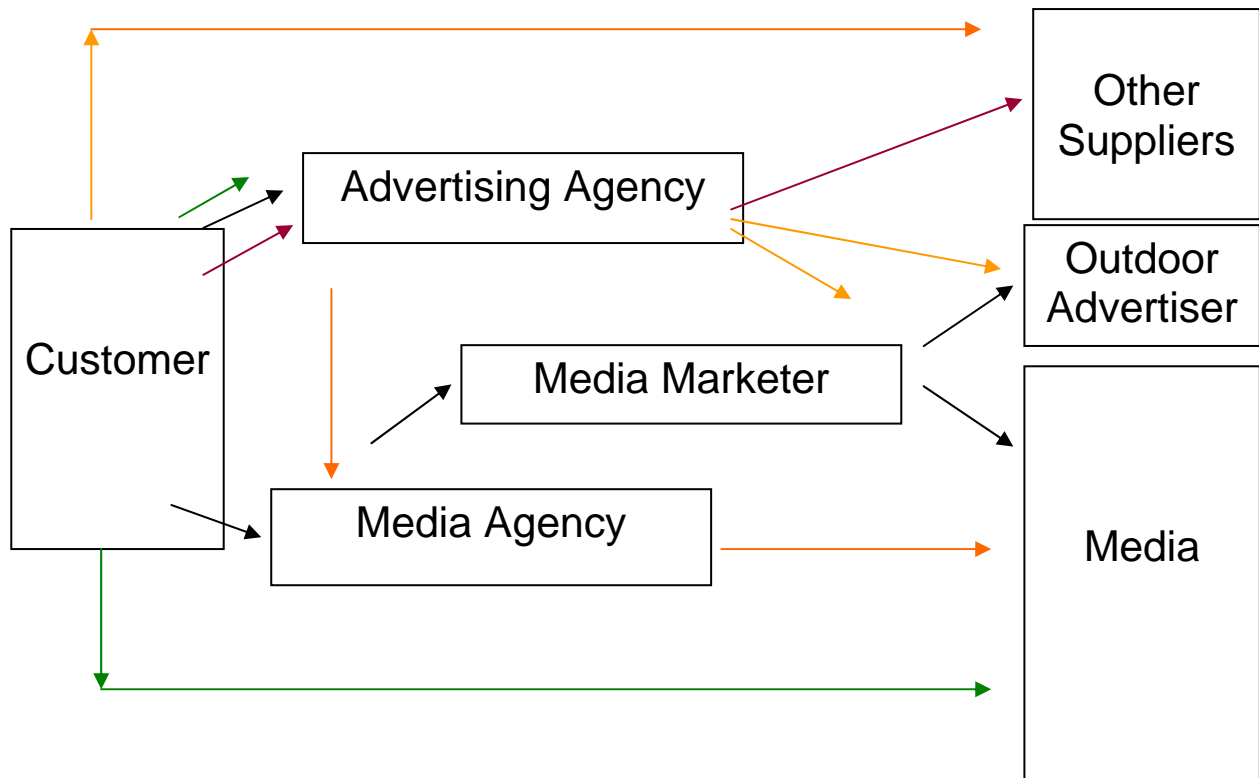
The list of products is grouped in terms of media representation services, i.e. sales of advertising space or time on a fee or contract basis for print media, TV/radio, Internet, events and other sales. Advertising agency services are grouped as follows: full service advertising, direct marketing and mailing, advertising design and concept development and other advertising services. Finally, retail income is measured as the sale of goods direct to the general public for personal or household use. In order to produce an index which can provide an internationally comparable measure, it will be necessary to select products which are more clearly defined, in terms of, for example, timings and placement of advertisements, contract types and auxiliary services.

3.3.1.3 Total income broken down by residency of client

The company is required to state whether the income originates from resident, intra-EU or extra-EU clients. The measurement of advertising revenues is, however, compounded by cultural, regulatory, compliance and legislative differences at an international level. These are not currently factored in, and the difficulty of providing allowances for these is one that needs to be addressed.

3.4 Other considerations

Figure 1 shows the main company types and possible connections between customer, media and agency. This new breakdown of advertising may form the basis to provide new classifications for a full advertising SPPI in the future. As a guide the German, French and Czech presentations on advertising services were used.



Entity

Advertising Agency

Activities

Creating advertising-content, planning and guiding campaigns

Media Agency

Consultants or experts on ad-space and target groups, consulting on and buying of ad-space

Media Marketer

Sellers of ad-space on behalf of the media, often affiliates of media companies – also known as Media sales houses

Outdoor Advertiser

Owning, selling and/or physically placarding outdoor ad-space

Media

TV and radio, newspaper, magazines, internet, billboards, means of transport, buildings, leaflets

Other suppliers

Non-media agencies (e.g. Post, Transport companies)

Figure 1 – Connections between customer, media and agency

4 Advertising SPPI's

In early 2008, the ONS in conjunction with the Czech Statistical Office sent out a questionnaire on Advertising SPPI's to the main statistical offices (23 countries including OECD). The key feature of Advertising classification and turnover – the division into creative activities and sales activities – is borne out in the Advertising SPPI developments for most national statistical offices.

4.1 SPPI's for Sale or Leasing activities of Advertising space or time

4.1.1 Defining the product

The common approach to sale or leasing activities of advertising space or time is to consider these types of activities for each of the more typical advertising media: Television or radio, print media (newspapers or magazines), internet and outdoor advertising. Whereas type of medium is the most significant price determining characteristic, many other characteristics need to be considered when determining representative transactions, and in allowing products to be priced to constant quality. These include:

- length, size and type of the advertisement,
- placement and positioning,
- coverage,
- colour,
- day and time of diffusion etc.

4.1.2 Pricing method

The price of a repeated service (both transaction and list prices) and the unit value method are the main types of pricing methodologies used for SPPI's for this industry. The typical approach is to define a product using the types of characteristics identified above, and then either repeatedly price this product over time, or take a per unit average of revenue received. In each case, some indication of "size" of the advertisement is used.

For example:

- Price per half page advertisement in a Thursday edition of a particular large city newspaper (repeated service from Czech Republic)
- Average revenue received per 30 second radio commercial in a zone 1 timeslot (average unit value from Australia)
- Price charged per second for radio commercial (repeated service from Japan)
- Price per m² per month for billboard advertisements (repeated service from Czech Republic)

However, two recurring issues arise, which are approached differently by different national statistical offices.

4.1.2.1 Price for the service, or total price paid by the customer?

Depending upon the particular business model employed within a country (or perhaps, by the advertising sales establishment) a divergence may appear between the *price for the service* (of selling the space for the advertisement) and the *price paid to the owner of the media*. If the sales agency receives income on commission, and the rate of commission stays fixed, then changes in the prices collected do measure changes in the prices paid for the service. However the validity of this assumption is at best questionable. The US Bureau of Labor Statistics attempts to avoid this issue by measuring prices as follows:

For advertising placement services, an additional type of price may be collected which is a commission fee. For commission fees, the respondent typically estimates the commission rate that would be charged for providing placement services for a specified type of media. This commission rate is then applied to the estimated cost of the advertising space or time that is purchased. If possible, an average commission rate may also be collected and applied to the estimated cost of the advertising space or time. These average rates are collected less often.

4.1.2.2 The most important characteristics – actual and expected audiences

Although medium is an important price determining characteristic of advertising sales, perhaps the most important characteristics are “who is expected to see this advertisement?”, and “who sees this advertisement?” As explained by Buisson & Lensitive (2002)¹⁵:

“**The handling of audience data** constitutes another source of interrogation for television and radio space brokers. Initially, it appears natural to take the audience into account. However, several questions arise: for what target audience data should be collected, and should we be considering the expected or the observed audience? When an advertiser chooses a station and a time for its commercial, it negotiates the price according to the expected audience (often calculated by media agencies) on a target audience corresponding to its product. The space broker sets its prices according to the expected audience on a generic target (housewives less than 50 years old for television). Nevertheless, according to industry players, the estimation of expected audiences is not very accurate. It may moreover vary, for a given slot, depending on who is doing the estimation. In fact, we decided to take into account the audience observed on a generic target. It was « reasonable » to expect that taking this audience into account would smooth price variations. Yet it is not always the case, and the audience taken into account may increase variations and even cause them to change sign. It would be interesting to conduct studies on this subject at international level in order to determine the best strategy to consider (is it really necessary to take the audience into account?). In France, we are waiting the latest data from television and radio space brokers to carry out a more in-depth analysis.”

In the Annexes to this 2002 INSEE paper, and in response to the recent ONS/CSO inquiry, national statistical offices attempt to account for the “audience” issue in many ways. First and foremost it is (as appropriate) included in the product description. An explicit description (such as “per 1,000 viewers” for a given 30 second television commercial) is applied in those cases where the audience is likely to vary substantially. Other approaches here include descriptions of the composition of the intended audience, a broad description of the expected audience by reference to the timeslot, or inclusion of television or radio “ratings”. More implied approaches are typically undertaken for print media (where readership patterns are more stable over time), and statement of day or edition indicates differences in expected audience.

Second, the impact of “audience” is often reflected in the pricing method, where a discount or rebate is applied to another rate.

Examples of the treatment of audience and discounts are shown in Table 1.

¹⁵ *Op. Cit.*

TABLE 1 – EXAMPLES OF PRICE SPECIFICATIONS USED FOR ADVERTISING SALES FOR DIFFERENT MEDIA
Selected from ONS-CSO inquiry, 2008

	Australia	Czech Republic	France	Germany	Spain	United Kingdom
Print media	The average price per column centimetre	Price of ½ page on Thursday	Price for one column in selected page	Unit value = $\frac{\text{Price of one page in press} - \text{discount}}{\text{Circulation figures}}$	Unit Value = $\frac{\text{Turnover}}{\text{Number of advertising pages}}$	Advertising rate card price, adjusted by audience and discounting factors ¹⁶
Radio commercial	Average price per 30s	Price per 20 seconds	Price per second 30 seconds	Unit value = $\frac{(\text{Price of radio spot} - \text{discount})}{\text{audience figures}}$		Unit Value = $\frac{\text{Revenue}}{\text{audience figures}}$
Television commercial	The average cost per 1000 rate - price per 30s, zone 1 timeslot	List price per one reference rating point = price per 1% of target audience (one advert display, length of 30s, 1% of the target audience 'age 15+'). The size of ratings as a quality variable is not taken into account; discounts are not surveyed	Price for one minute in prime time on weekend (the size of audience is included)	Unit value = $\frac{(\text{List Price} - \text{discount})}{\text{audience figures}} \times 1,000$	Unit value = $\frac{\text{Turnover}}{\text{minutes} \times \text{audience}}$	Unit Value = $\frac{\text{Revenue}}{\text{audience figures}}$
Internet		Unit Value = $\frac{(\text{Cost per 1,000 views})}{\text{Area of internet banner}}$	Price per internet banner of specified size (300 × 250) = Cost per 1,000 views			

¹⁶ The ONS has until very recently incorporated measures in their Advertising SPPI's to account for change in discounts for press advertisements. Recent analysis has indicated that these "discount" data are unreliable, failing to capture actual discounting practice and simply adding noise to the index. The ONS will discontinue the use of "discounts" for this particular SPPI until more robust measures of discounting can be reliably determined.

4.2 Planning, creation and placement of advertising activities

Service PPI's for the more creative aspects of advertising are covered by fewer national statistical offices¹⁷. Measurement of this activity is, in many ways, similar to measurement of a range of other business services, where a different bespoke product is delivered to each individual customer, and where the service provider (advertising creator) uses a pricing mechanism that incorporates a fee for time worked. As such the typical solution to the creative side of the advertising industry is to use a model pricing approach, and where that approach is too burdensome (or deemed to result in data of unsuitable quality), resorting to a pricing method based on working time.

4.2.1 Model pricing

The price collected by the US BLS¹⁸ is a transaction price for a model, which includes the total revenue amount billed for labour (labour rates multiplied by number of hours worked by each individual involved in the project) plus any additional non-labour fees charged (for example, mark-ups on services provided by outside vendors, travel, and administrative fees). Another type of price is a unit value for a specified professional providing a specified type of service. For example, an item's unit value price may be the "average" rate charged by all junior copywriters working on television advertisement creative services. To calculate this price, the total revenue billed by these workers is divided by the total number of hours billed during a specified period. This type of price is collected far less often than the model transaction prices.

4.2.2 Pricing Methods based on working time

Most countries indicated some use of methods based on working time. As with other business services, these methods are adopted where provider burden or data quality issues cause the failure of model pricing approaches. The chief concern with this approach is that the resulting SPPI (and hence any resulting volume measures) are biased because of the inability to capture changes in productivity¹⁹. National statistical offices indicated that to reduce (although not eliminate) this bias, the methods based on working time collect data based on different functional expertise of staff, as well as different experience and seniority. Examples of such approaches are provided in Table 2.

TABLE 2 – EXAMPLES OF METHODS BASED ON WORKING TIME USED FOR ADVERTISING CREATIVE ACTIVITIES
Selected from ONS-CSO inquiry, 2008

Country	Method based on working time
Australia	Respondents are asked to provide the hourly rate for the following services: TV Art Direction; Art Director; Senior Art Director; Broadcast Producer; Senior Broadcast Producer
Finland	Collect rates per hour
France	Charge out rates per qualifications or percentage fee per type of client
Hungary	Pricing based on working time (Hungarian forint per hour)
Ireland	Contract of 100 hours work –breakdown of people involved and their charge rate for % of work done in project
Netherlands	Realised charge out rates, divided in the specialties: Strategy, Creation (desktop publishing and creation of ideas), Operations, and Account. ²⁰

¹⁷ Only eight of the countries surveyed confirmed price indices for the creative component

¹⁸ The BLS was the only agency to confirm the use of model prices, although CBS Netherlands indicated that they wish to adopt this approach since "realised charge out rates does not work because there is almost no relation between the hours and revenues".

¹⁹ Some European nations indicate that this method is classified as "B-method" by Eurostat (2001), together with other services industries like legal services, accounting, book-keeping and auditing services, architectural, engineering and related technical consultancy services among others. Despite this recommendation, methods based on working time remain biased in those circumstances where the relationship between labour and outputs is not fixed.

²⁰ This method does not work as hoped, and CBS Netherlands have indicated they are developing model prices similar to USA's approach with architects.

4.3 Other considerations for SPPI's

From the answers to the ONS-CSO questionnaire, at the moment, 15 countries produce SPPI's for advertising, in whole or in part. Apart from questions about the classification being used and the types of collected prices for individual advertising services, which are analysed in previous chapters, the questionnaire asked additional questions on aspects of SPPI operations.

4.3.1 Sampling techniques

Results from questionnaires show that sampling methods differ from country to country. The vast majority of countries use non-probability sampling (purposive and judgemental) based on turnover. Among other techniques some countries also use PPS (e.g. Finland) and cut off sampling (e.g. Hungary). Sampling is mainly based on their business register. However, some countries apply different sources such as the databases or registries of associations or external companies.

4.3.2 Periodicity of data collection

In nearly all countries data collection is quarterly; the exceptions are Austria, the Czech Republic and Japan, where prices are collected more frequently. Since the main goal is to provide a suitable deflator for value developments, mainly for national accounts, quarterly frequency is considered sufficient²¹. Furthermore, for the moment in the EU Member States it has been agreed to collect prices for SPPI quarterly.

4.3.3 Sample sizes

Table 3 shows that several countries use external sources for collecting prices or additional data. As large companies do not dominate in advertising services large sample sizes are required. Countries which have small sample sizes have indicated plans to extend the number of selected companies.

²¹ Provided, of course, that national accounts are produced no more frequently than once per quarter.

TABLE 3 – SAMPLE SIZES OF ADVERTISING SPPI's
Selected from ONS-CSO inquiry, 2008

	Coverage	Sample size
Australia	Sale or leasing activities of advertising space or time	8 companies
	Planning, creation and placement of advertising activities	
Austria	Sale or leasing activities of advertising space or time	External source
Czech Republic	Sale or leasing activities of advertising space or time	TV advertising: 3 companies Radio advertising: 10 companies Print media: 6 companies Outdoor ad: 14 companies Internet: 3 companies
Finland	Sale or leasing activities of advertising space or time	Outdoor advertising: 6 companies Radio advertising: 9 radio stations Advertising in newspapers and magazines: 7 companies TV advertising: 2 companies
	Planning, creation and placement of advertising activities	30 companies
France	Sale or leasing activities of advertising space or time	Media agencies 7 companies, 15 quotations Ad agencies 61 companies, 340 quotations Other ad services 33 companies, 84 quotations Ad placement agencies 44 companies, 853 quotations
	Planning, creation and placement of advertising activities	
Germany	Sale or leasing activities of advertising space or time	120 companies and about 600 price and viewer figures through data-bases (not through company surveys)
	Planning, creation and placement of advertising activities	
Hungary	Sale or leasing activities of advertising space or time	50 companies
	Planning, creation and placement of advertising activities	
Irish Republic	Sale or leasing activities of advertising space or time	65 companies
	Planning, creation and placement of advertising activities	
Israel	Sale or leasing activities of advertising space or time	40 companies
Japan	Sale or leasing activities of advertising space or time	Confidential information
Netherlands	Sale or leasing activities of advertising space or time	90 companies
	Planning, creation and placement of advertising activities	
Spain	Sale or leasing activities of advertising space or time	External source
Sweden	Sale or leasing activities of advertising space or time	5 companies
United Kingdom	Sale or leasing activities of advertising space or time	External source
USA	Planning, creation and placement of advertising activities	Confidential information

5 Future deliverables to the Voorburg Group

The information presented in this paper provides a foundation on which to build a set of recommendations for the Advertising sector. However, to ensure the recommendations are robust, and deliver comparable methodologies for the measurement of constant price output of the service sector, additional work is required.

The UK ONS, working with the Czech Statistical Office, plan to undertake the following work

1. Determine national statistical office practices for the measurement of turnover for the advertising sector, to supplement the material provided to date from ONS and INE Spain
2. Provide a set of recommendations on the measurement of Advertising turnover
3. Provide a set of recommendations on the measurement of Advertising SPPI's
4. Extend and replicate the work on Advertising to cover Market Research and Public Opinion Polling, for both Turnover and SPPI's
5. Deliver an updated and complete report for this sector to the Voorburg Group before the end of March 2009

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APPENDIX – Classifications of Advertising Activity

A1 Industrial classifications

ISIC Rev 4	NACE Rev 2	NAICS 2007
<p>7310 Advertising This class includes the provision of a full range of advertising services (i.e. through in-house capabilities or subcontracting), including advice, creative services, production of advertising material, media planning and buying.</p> <p>This class includes:</p> <ul style="list-style-type: none"> - creation and realization of advertising campaigns: <ul style="list-style-type: none"> · creating and placing advertising in newspapers, periodicals, radio, television, the Internet and other media · creating and placing of outdoor advertising, e.g. billboards, panels, bulletins and frames, window dressing, showroom design, car and bus carding etc. · media representation, i.e. sale of time and space for various media soliciting advertising · aerial advertising · distribution or delivery of advertising material or samples · provision of advertising space on billboards etc. · creation of stands and other display structures and sites - conducting marketing campaigns and other advertising services aimed at attracting and retaining customers: <ul style="list-style-type: none"> · promotion of products · point-of-sale marketing · direct mail advertising · marketing consulting 	<p>73.11 Advertising agencies This class includes the provision of a full range of advertising services (i.e., through in-house capabilities or subcontracting), including advice, creative services, production of advertising material, and buying.</p> <p>It includes:</p> <ul style="list-style-type: none"> - creation and realisation of advertising campaigns: <ul style="list-style-type: none"> • creating and placing advertising in newspapers, periodicals, radio, television, the Internet and other media • creating and placing of outdoor advertising, e.g. billboards, panels, bulletins and frames, window dressing, showroom design, car and bus carding etc. • aerial advertising • distribution or delivery of advertising material or samples • creation of stands and other display structures and sites - conducting marketing campaigns and other advertising services aimed at attracting and retaining customers <ul style="list-style-type: none"> • promotion of products • point-of-sale marketing • direct mail advertising • marketing consulting 	<p>541810 Advertising Agencies This industry comprises establishments primarily engaged in creating advertising campaigns and placing such advertising in periodicals, newspapers, radio and television, or other media. These establishments are organized to provide a full range of services (i.e., through in-house capabilities or subcontracting), including advice, creative services, account management, production of advertising material, media planning, and buying (i.e., placing advertising).</p>
	<p>73.12 Media representation This class includes - media representation, i.e. sale or re-sale of time and space for various media soliciting advertising</p>	<p>541830 Media Buying Agencies This industry comprises establishments primarily engaged in purchasing advertising time or space from media outlets and reselling it to advertising agencies or individual companies directly</p>

A2 – Product classification – Classification of Products by Activity

Code	Description	This item includes
73.11.11	Full service advertising services	This subcategory includes: <ul style="list-style-type: none"> - provision of the full range of advertising services, including planning, creation and execution services, such as: - selection of media to be used - design of advertisements, illustrations, posters, etc. - writing of scenarios for advertising movies, placement in media, planning (without production) of advertising objects or films - organisation of direct marketing or direct mail advertising campaigns
73.11.12	Direct marketing and direct mailing services	This subcategory includes: <ul style="list-style-type: none"> - the developing and organisation of direct marketing advertising campaigns, that is, organising sending of advertising and promotional messages directly to consumers, rather than via mass media <p>Includes methods such as direct mail and telemarketing.</p>
73.11.13	Advertising design and concept development services	This subcategory includes: <ul style="list-style-type: none"> - creating the basic idea for an advertisement, drafting the words - designing the layout for a print advertisement, illustration, poster - writing of scenarios for advertising movies
73.11.19	Other advertising services	This subcategory includes: <ul style="list-style-type: none"> - aerial advertising services - delivery services of free samples and other advertising material - demonstration and presentation advertising services at point of sale - sales promotion services (if no orders are received)
73.12.11	Sale of advertising space on a fee or contract basis in print media	This category includes: <ul style="list-style-type: none"> - sale or leasing services of advertising space or time on a fee or contract basis
73.12.12	Sale of TV/radio advertising space or time on a fee or contract basis	- services of media buying agencies, which buy media space or time on behalf of advertisers or advertising agencies
73.12.13	Sale of Internet advertising space or time on a fee or contract basis	
73.12.14	Sale of events related advertising	
73.12.19	Other sale of advertising space or time on a fee or contract basis	This subcategory includes: <ul style="list-style-type: none"> - sale of advertising space or time on billboards, buildings, vehicles, etc. - sale of advertising space or time in electronic media other than online - sale of advertising time in video and motion pictures (product placement)
73.12.2	Resale of advertising space or time on a fee or contract basis	
73.12.20	Resale of advertising space or time on a fee or contract basis	