

Advertising (ISIC 7310)

Itsik Tal

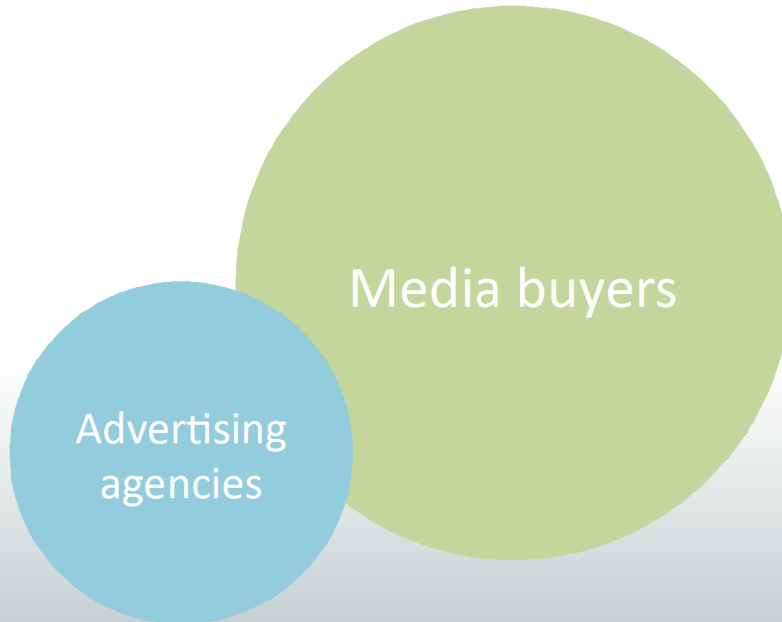
Israel Central Bureau of Statistics

It's All in the Numbers <<<

Services

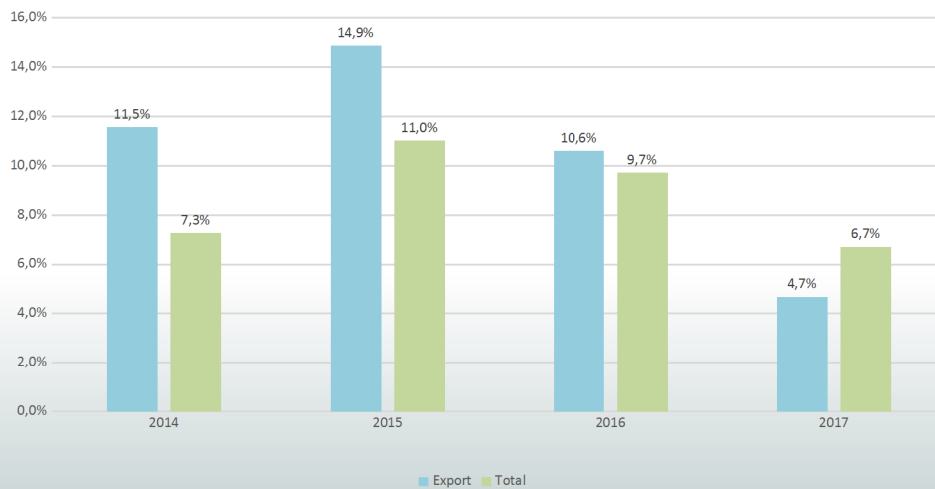
- **Media representation services:** The service of buying media space or time in the different types of media (television, digital, print, radio, billboards, etc.)
- **Advertising services:** Consulting, planning of an ad campaign, creative, and production of advertising material (excluding the production of commercial messages for television and radio)

Two Types of Companies



Export of Advertising Services

Annual Growth in Advertising Services

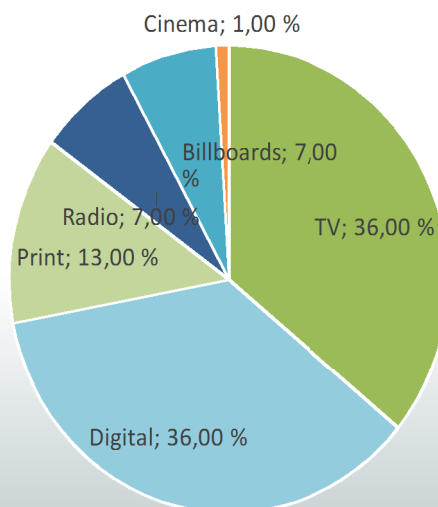


Market Concentration

- A very concentrated market of media representation services in television – 5 media buyers buy almost all the advertising time.
- Dozens of advertising agencies – a market with no entry barrier.

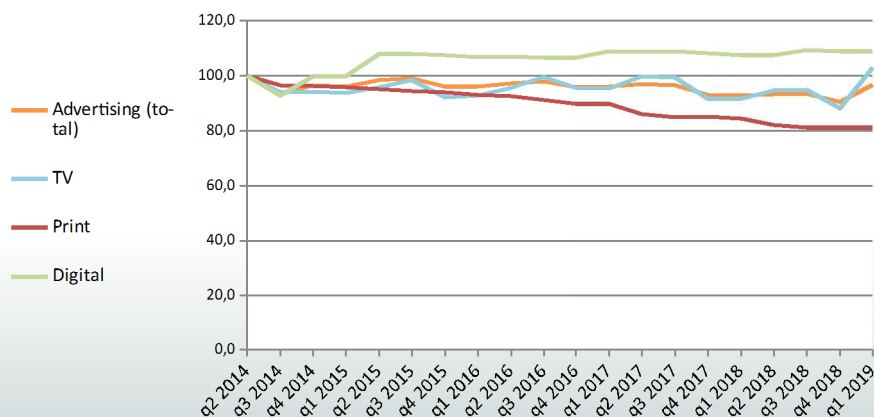
Local Advertising Expenditures

Advertising expenditures distribution by media type in Israel, 2018



Price Movement

Advertising price change by media type in the past 5 years



Advertising Price Index

- B2B
- A bundled service that includes media buying and other advertising services is measured.
- Prices are received from advertising agencies only.

Prices and Pricing Methods

- Advertising agencies work mostly on commission.
- The commission is usually 15% of the price paid for the media space or time.
- The “prices of repeated services” method is used for price collection.

Factors Affecting Prices

- Media type
- Exposure (e.g., national or local)
- The client
- The specific channel, website, or newspaper
- The popularity of specific shows on television or radio
- Television: broadcasting time (prime time, late night, etc.)
- Digital and print: ad placement and size
- Digital: type of ad (CPC, CPM)

Price Examples

- **Television:** Price per ratings point in semi-prime time on channel X to client A
- **Digital:**
 - CPC on website X [ad placement and size] to client A
 - CPV on website X to client A
- **Print:** Full page ad, left side before the middle, in newspaper X to client A

Quality Adjustments

- **Case 1:**

A significant change in the number of readers of a specific newspaper

Method Used: **class mean imputation**

Quality Adjustments

- Case 2:

A merger or split between two television broadcasting channels

Methods used: **explicit quality adjustment (preferred)**, class mean imputation

Quality Adjustments

- Case 3:

A move from one pricing model to a different one in digital advertising (e.g., from CPM to CPC)

Method used: **overlap**

Future Challenges

- More frequent updates
- Move from B2B to B2All
- Separate price measurement for media representation services and other advertising services
- Measuring new products such as programmatic advertising (digital category) and large electronic screens (billboards category)

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