MEDIA AUDITING

A GUIDEBOOK ON BEST PRACTICES FOR THE CANADIAN MARKET

2008

By David Chung

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A NOTE FROM THE PRESENTING ORGANIZATIONS

The Association of Canadian Advertisers, Canadian Media Directors' Council, Institute of Communication Agencies and Association of Quebec Advertising Agencies have pooled their resources to produce this guidebook on the process and value of conducting a media audit.

We have learned a lot during the development of this guidebook and trust that by sharing this knowledge we will contribute an enhanced understanding and acceptance of the media audit for client marketers and their media agency partners. We believe the benefits of the audit process serve to enrich media practices and product, increasing the value offering by the agency and a better return on investment for the client.

We extend special thanks to the industry leaders, clients and media agencies who donated their expertise and valuable time to provide their valuable insights. With your continued support, we continue to improve our effectiveness as an industry. The list of contributors is on page 66 of this document.

We wish to thank David Chung for his contributions to this project.

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Introduction/Purpose of the Guidebook

Why this document

The cliché – *the only constant is change* – scarcely does justice to the rapid transformation taking place in our media world today. The fragmentation of existing media into a multitude of new channels (both off-line and on) is escalating exponentially, as is the explosion of new media being launched at an unprecedented rate.

Most, if not all, marketers are facing increasingly fierce competition in the communications arena, where advances in technology are enabling the proliferation of niche channels that make it ever more difficult to reach and engage consumers with brand messaging.

At the same time, the pressure is rising to constantly prove and improve the ROI on communications and advertising programs, prompting many marketers to wonder if their advertising and media investments are as sound as they could be. For their part, media agencies are feeling a heightened urgency to be on top of these changes in order to lead their clients through the media upheaval.

Questions about effectiveness, efficiency and ensuring value are not new; monitoring and auditing media performance and delivery have been part of many marketers' mode of operations for decades. But in today's tougher marketplace there is even greater need for transparency, compliance and independent third-party reporting standards, and this is rendering 'historical' methods and processes no longer suitable or appropriate.

Media auditing has taken on an increased depth of scrutiny with the growing involvement of other sources, ranging from traditional financial auditors (internal and external) and procurement departments to media consultants and specialized media auditors. With this growing involvement, there are also growing concerns over conflicts of interest and confidentiality of information that is shared through this audit process.

With the differing knowledge and experience bases from these various disciplines being applied to the media sector (with its own unique set of planning, buying and selling practices), it is not surprising some of the auditing parameters that are being used and recommended are not as relevant as they should be for our marketplace.

Trends in the business world, together with legal imperatives for greater accountability, transparency and return on investments, have created the synergy and critical motivation to force media auditing to the forefront for everyone involved in media communications, regardless of role or level of responsibility.

Media auditing affects all constituents in some way, shape or form. If it has not as yet, it certainly will. Hence the need for this guidebook, which not only tables the key issues and considerations, but sets guidelines for best practices for all stakeholders to take into account.

Our objectives

Our overall goal is to assist advertisers, agencies and auditors better understand and take into account key media auditing issues and considerations, and to provide guidelines and best practices that will result in continuous improvement in media processes and products.

Our intent is to foster a more streamlined and standardized process, with all parties capitalizing on the positive benefits of a media audit.

Throughout the audit process the relationship between the advertiser and the agency can be affected and changed. In certain situations, there can be tension. How the media audit is executed is therefore contingent on the advertiser-agency relationship.

While we are using the phrase “best practices” a more apt description might be “better practices,” as these practices will change and evolve with ongoing enhancements.

Finally, it is not our intention to be prescriptive, but to offer a directional compass through the media audit journey.

Executive Summary

“Media audit.” The mere mention of these two words can sometimes elicit negative feelings and thoughts in advertisers and media agencies alike.

But media auditing should be viewed in a positive light, since both parties stand to gain significant benefits and advantages. Moreover, how media auditing is positioned, managed and handled are critical to ensuring the relationship between advertiser and agency is preserved and strengthened for the long term.

These guidelines on best practices take into consideration the perspectives and points of view of advertisers, agencies and auditors and address these key issues:

- Auditing process and transparency
- Confidentiality and disclosure
- Conflict of interest
- Contracts
- Data requirements
- Remuneration
- Workload and timelines
- Global audits versus local requirements

The ideal media audit

Best practices suggest achieving or striving toward the ideal. So what is the ideal media audit?

The ‘ideal’ audit is comprehensive, thorough and complete. It covers the entire media process from beginning to end, incorporating the strategic, financial, process and compliance-to-contract measures.

The intent of an audit should be to ensure the agency and the advertiser are complying with the terms of business as detailed in their contract/agreement, and also employing better practices which are in the advertiser’s and agency’s best interests. Key considerations include:

- The audit is tailored to the advertiser’s specific requirements and objectives.
- It tracks and measures performance achievements versus goals (both quantitative and qualitative).
- Checks compliance to the media plan/buying guidelines.
- Identifies and compares both financial and marketing impact and deviations (positive and negative).
- Provides the necessary documentation to obtain compensation for discrepancies and shortfalls, if applicable.
- Provides key findings and identifies areas for consideration to improve efficiencies and ensure problems do not recur.

It is acknowledged there are usually budget, resource and time limitations which may inhibit the ‘depth and breadth’ of media auditing conducted by many advertisers. Prioritizing and focusing on the most important areas and/or areas of greatest concern will ensure at least the critical areas are audited and addressed.

It is important to keep in mind an audit should be taken seriously, and implemented if there are substantive issues and concerns about the agency’s abilities to competitively deliver on its contracted services.

When audits are undertaken to improve and enhance the relationship, the results usually drive greater transparency with improved mutual understanding and appreciation between the advertiser and the agency.

Initiating the media audit

1. Select a media auditing company that has in-depth knowledge and experience in the Canadian media marketplace. Have the personnel who have worked in the country, have the requisite local market expertise, with relevant and current experience. Have local resources and access to the required data bases and research sources.

2. If an international media auditing company is handling the project on a global basis, and if it does not have an established Canadian office, ensure they partner with a Canadian media auditor with the necessary expertise and credentials.

3. Have an auditing process/template that is flexible and adaptable to accommodate local market differences, yet retain the integrity of the global auditing mandate and measurement parameters.

4. Solicit input from the local media agency on the various aspects of the audit.

Most, if not all, agencies will provide accurate and genuine input to the audit as it is in their best interests to cooperate and be a part of the solution. If they suggest changes or different approaches it will likely be for good reasons, which can be easily validated by cross-checking other sources.

Getting input from the agency will also help to establish a more positive working relationship between the agency and the auditors.

Carrying out the media audit

1. Inform the agency on the intention to conduct a media audit, ideally during the upfront contract negotiations and prior to commencement of the media planning process.

2. Decide on the media auditor, based on the type of audit required (see *Checklist for selecting the right media auditor, page 24*)

3. Meet initially with the auditor (without the agency) to fully understand their process, and develop the audit plan with agreed-to terms and conditions, covering:
    - Audit contract
    - Remuneration
    - Confidentiality/non-disclosure agreement
    - Data ownership
    - Conflict of interest/exclusivity issues

4. Meet with the auditor and agency to initiate the audit and establish guidelines for the audit and process:
    - Communications
    - Audit briefing
    - Data requirements
    - Measurement parameters
    - Timelines
    - Audit report

5. Auditor pre-meets or provides the audit report to the agency to ensure they have the opportunity to understand the findings and ask questions, clarify any issues and provide initial feedback on the audit report.

6. Conduct debriefing with the auditor and the agency on the audit report findings.

7. If the audit identifies areas for improvement, the client and agency should establish performance targets for the agency to meet within a set time frame (e.g., six months).
    - Conduct another audit after six months to determine if they have met the new performance goals.
    - If the audit results continue to be unsatisfactory and improvement areas have not been addressed, consider an agency review.

Media Audits

Before getting into the issues, considerations and opportunities concerning media auditing, we should describe and define the major types of media audits. This will help ensure we are all starting from a common point, and hopefully avoid misinterpretations and confusion.

What is a media audit?

The *Webster Dictionary* definition of an audit is: “a formal or official examination and verification of an account book, through a methodical review process, conducted by (certified) auditors.”

By extension, a media audit encompasses the same examination and verification of the books for a media account.

In today’s environment, it appears many interactions and activities between client and agency are being referenced or perceived as ‘auditing.’ We often hear the comment, “Everything we do is audited or going to be audited in some way.”

In a general sense that comment may not be far from reality as media auditing is broadening and can conceivably cover any aspect of the operations of a media agency in servicing its clients.

What is not considered a media audit

Some reviews and checks that currently take place are not under the ‘media audit’ umbrella.

For example, in many media agency search and selection reviews, participating agencies are requested to supply their proposed costs/CPRs to buy various media (online and/or off-line), based on specific media campaign parameters and guidelines created for the review. Some media agencies may consider this to be an audit of their media-buying capabilities. However, these media-buying cost submissions are not considered to be an audit, as the data is not ‘audited’ as defined above.

Media audits are limited to reporting on the findings from the audit process and identifying areas for improvement, and do not get into recommendations on how to address or fix those issues or problem areas.

The stage of addressing the issues with recommendations on how to fix the problem areas is considered to be in the consultation arena, outside the scope of media auditing. It is important that the role of the auditor and the consultant be understood and adhered to. The potential for ‘conflicts of interest’ to occur must be eliminated to protect the confidentiality of the audit and the best interests of stakeholders involved.

Types of media audits

There are several approaches to auditing the media agency and its media products/services. They range from the more 'traditional' financial, cost benchmarking, verification and compliance audits, to broader based 'review/audits' on performance, process or strategy.

The various media audits are linked and overlap to some extent in varying degrees, but are identified separately to ensure the major types are covered as comprehensively as possible.

In our interviews with the three groups, media auditing projects that have been conducted tend to encompass elements from the various types, as the audits are usually customized to each client's needs and requirements.

A brief definition of each audit type follows, with more comprehensive descriptions detailed in the appendices.

1. Financial

A financial media audit or, more accurately, an audit of financial statements, is the examination of the financial statements of the media agency by an independent third party. This results in the publication of an independent opinion on whether those financial statements are relevant, accurate and complete.

Financial compliance audits of advertising agencies ascertain the amount the agency charges the advertiser is the same amount paid to third-party vendors. Media auditors select random invoices from a pool of campaigns, then check and verify that the following sample elements match through the process:

- Invoices to the client
- Client approvals (purchase authorizations)
- Client contract
- Cash receipt of client invoice payments
- Supplier invoices
- Copies of cashed cheques used for payment of the supplier invoices, to compare when the client paid versus when the agency paid

2. Cost benchmarking

A cost benchmark audit is an independent assessment of an advertiser's media performance in terms of cost within similar qualitative parameters. There are different approaches to evaluating media cost performance:

- Comparison to a pool of comparable data (historical benchmarks)
- Comparison to year-on-year efficiencies, taking media inflation into account
- Comparison to actual market data (rate card program costs versus negotiated costs)

3. Verification

A media verification audit confirms the media booked by the agency aired correctly and that an advertiser received what they paid for. It validates the amount of money the agency paid to the media versus the amount charged to the advertiser. It is dedicated to uncovering discrepancies and calculating reimbursements or credits due back to an advertiser not identified through normal accounting audits, post-buy analyses, internal audits or other verification systems.

Most verification services also monitor the stations and programs specified in the media buy to determine if there are any discrepancies. The auditor reports back to the client and agency any discrepancies between the affidavits and tracked spots.

A verification audit does not critique or comment on the strategic direction agreed to by the advertiser and agency.

4. Contract compliance

A contract compliance audit is a review of the contract between the advertiser and the agency to ascertain if the agency is adhering to the terms and conditions of the agreement. The advertiser may also include within the scope of the review an audit of their own operations to determine if they are also complying with the terms of the contract.

The compliance audit is an in-depth analysis of all elements contained in the client/agency contract, compared against the scope of the assignment (description/listing of assigned products and/or services):

- Scope of work
- Resources provided
- Remuneration
- Billable expenses
- Estimates, invoicing and payment
- Reporting requirements
- Regulatory restrictions
- Confidentiality and security

The contract compliance audit can be very broad-based and extensive if the advertiser wishes to examine every aspect of the contract. However, usually these audits are focused more on certain areas where there may be specific concerns about the agency's adherence to the agreement.

5. Remuneration

A remuneration audit focuses specifically on the compensation aspect of the client-agency agreement, with the details of scope of services. It must be noted that this type of audit reflects compliance with the agency services contract.

The more common remuneration methods include:

- Fees based on projected personnel time required for the scope of work
- A commission percentage on the client's media expenditures (gross or net)
- A combination of fees and commissions
- Payment by Results (PBR)

The audit checks and verifies the agency's adherence to the agreed specifics of the remuneration methodology and calculations:

- Fees based on time commitments
    - Verifies time reporting accuracy
    - Checks and compares fees to agreed hourly rates
- Verifies if correct commission percentages applied
    - Checks media billing accuracy (with reconciliations) to commission invoices

If part of the remuneration is based on performance results, the audit will examine the performance measures. The audit will then apply these results to the contracted remuneration package to ensure appropriate payment.

6. Performance

A media performance audit is a bit of a catch-all for auditing the media agency on a number of different aspects, depending on what specific issues the advertiser wishes to review and investigate.

A basic buying performance audit reviews the media buys and compares them to the objectives established in the media plan on the various measures (e.g., GRPs, reach/frequency, effective reach, effective frequency, rotation distribution, channel mix, programming – % in top 10/20).

For television, commercial placements, pod positions, preferential or equitable rotations are being increasingly reviewed (although, in some instances, it is not possible for the agency to negotiate or confirm placements in advance).

For online media, search engine optimization, content sponsorships, sticky content scores and rich media elements are also being scrutinized.

The audit reports on how the buys deliver against primary, secondary or tertiary target markets. Qualitative aspects and added-value components of the buys are also evaluated for synergy and suitability to the strategy and objectives of plans.

7. Process

A process audit reviews and attempts to improve overall productivity, efficiency and effectiveness in all aspects of an advertiser's media program. This includes more than the financial components of the media buy – it involves all appropriate disciplines within the marketing and financial groups at the advertiser and agency. A process audit can cover a range of areas, as follows:

- Ensure cost controls and financial systems are sound
- Review communication channels and protocol
- Ensure measurable marketing/media criteria are in place
- Review advertiser and agency roles and responsibilities
- Review systems, procedures and reporting formats for consistency/efficiencies
- Ensure timetables are in place to consolidate activity and maximize efficiency in all disciplines
- Review the scope of work agreement and agency compensation structure
- Ensure better practices are in place and being followed

Typically, a process audit will report on the communications, operations and work flow among the advertiser, media agency, creative agency and other communications partners involved in the process, and identify any areas for improvement in effectiveness and efficiency.

8. Strategic

A strategic audit analyzes the direction and impact of media campaigns to determine whether they are helping the advertiser achieve its sales and marketing goals. It focuses on active and continuous improvements rather than reporting the facts using a passive audit method. Some of the areas covered are:

- Industry research usage
- Testing different media strategies to create learning and to improve strategies
- Consumer target analysis
- Measurement and analysis of results by media campaign

Industry Input & Preparation

This guidebook is based on input from the three groups directly involved and impacted by media audits: advertisers, media agencies and media auditors.

We also explored and researched media auditing in other countries (e.g., U.S., UK, Europe and Australia), capitalizing on their learning and experiences and, where suitable, adapting them for our guidelines and best practices.

Media audit surveys and interviews

We conducted an online survey among advertisers, media agencies and media auditors. The surveys were sent to members of the ACA, ICA and CMDC, and a list of media auditors operating in Canada.

Follow-up personal interviews were conducted with participating respondents from each of the three groups willing to provide more in-depth perspectives and opinions on media auditing.

The objectives of the survey and interviews were to:

- Solicit interest and participation from the three key groups
- Collect qualitative information on the current state of media auditing in Canada
- Get in-depth perspectives, opinions and views from real-life actual experiences with media auditing
- Identify key issues and considerations facing the industry from the standpoint of the three groups
- Secure input and comments on how media auditing can be improved now and in the future

The online survey and personal interviews, based on sample sizes, are intended to be qualitative, not quantitative. However, the information received from this research provided greater insights for better understanding and appreciating the topic's complexity.

(*See appendix for the summary highlights of the online survey, page 57*)

It was not surprising to see the similarities and differing perspectives among the three groups. It was also interesting to see some contradictions evident on a few points. These are summarized in the next section.

Issues & Considerations

There are a number of issues, concerns and considerations about media auditing. As advertisers, agencies and auditors view auditing from somewhat different perspectives there are differing positions on some key issues. There are also differing points of view within each of the groups, making this complex topic even more intricate.

Since advertisers and agencies share the same end goal – to develop strong, productive and enduring working relationships – a common middle ground and consensus must be found to address these outstanding issues and differing perspectives.

Following is a summary of comments received from advertisers, agencies and auditors regarding various aspects of media auditing.

Media auditing in general

1. Advertisers' comments

- Most advertisers view media auditing favorably as it is designed to protect their interests. But a few see media auditing as an unnecessary expense and burden, and believe clients should work very closely with their agencies as true partners.
- Many believe that auditing media is long overdue, and should be an inherent part of the agency's operations/service agreement.
- Media auditing should be viewed in a similar fashion as accounting/financial audits, and take place on a more regular basis.
- Trust is based on the knowledge and confidence that the agency's performance is evaluated against a set of standards and measures, and they are being achieved.
- The trust necessary for a strong business relationship needs to be built on a solid base. Agreeing – or even offering – to be audited shows an openness to develop and maintain a true partnership relationship.

2. Agencies' comments

- Media agencies are realizing a good audit report and/or having the opportunity to improve performance and reduce errors are ultimately beneficial in strengthening trust and relationships with clients.
- There is recognition and agreement that new corporate governance requirements make media auditing a necessary part of best practices for clients.

3. Auditors' comments

- The contract between client and agency should include considerations for the media audit, including the scope of work, as it is the basis for everything the agency does and the performance metrics upon which the audit is performed.
- The role of the auditor is to check and validate what the media agency has delivered. The ultimate goal is to strengthen the relationship between the client and agency by helping to manage expectations of both parties through improved communications and adherence to better practices.
- In spite of industry claims of constantly having to adjust to significant change, there is no change in the basic requirement for organizations to seek competitive advantages, to evaluate delivery and continuously improve performance, internally and externally. These are all achievable through auditing.

General concerns about auditing

1. Advertisers' comments

- Advertisers are under increasing pressure to justify media spending, especially with the high cost of media and inflationary increases. This means agencies have to better demonstrate the value of their services and be more accountable and transparent in their operations.
- A media audit should not be restricted to the financial aspects of a media buy. It should be the reconciliation of all the strategic planning, tactics, negotiating/buying, budgeting and stewardship of the advertiser's media communications program.
- The industry needs better analytical tools to be able to more accurately measure the impact and ROI of various media channels.
- Advertisers need to know what works and what does not work, and how the agency is performing comparatively.

2. Agencies' comments

- Initially, media agencies may have been resistant and defensive, as they perceive auditing as questioning their professionalism, honesty and integrity in accurately reporting on their performance/delivery.
- Many agencies are leery and skeptical of media auditors, who they perceive as competitors and a threat to their client relationships. They are concerned that media auditors are privy to highly confidential and sensitive information that can be used in ways that are detrimental and not in the agencies' best interests.
- Audit processes view media as a commodity to be bought at the lowest possible price, which is increasingly irrelevant and ineffective in trying to determine and measure the effectiveness of a media campaign.
- There is a perception that current media auditing focuses too much on costs and financial performance, with very little appreciation for innovation and creativity. This is in sharp contrast to what advertisers ask for and need. When planning media and developing strategy, there is significant time and attention paid to reaching target markets in new and innovative ways. These solutions are usually premium priced. In the audit process, these creatively driven elements seem to be of much lower importance, and are usually not properly valuated and recognized due to a focus on low costs and better cost efficiencies.
- Cost benchmark audits are at odds with innovation, which seek breakthrough ideas to gain competitive advantage. These qualitative innovations are usually precedent setting and more difficult to measure and compare.

3. Auditors' comments

- There is an element of frustration with the lack of proper paper trails, giving the impression many people are involved in planning and buying, but no one with ultimate responsibility for all the parts. For example, the briefing, media plan, authorization and buy reports are rarely packaged together either by brand, campaign or fiscal year.
- Auditors often find media plans are insightful and innovative, with initiatives supported by research. But these plans do not always get translated into buys, resulting in good planning work not being capitalized on and therefore 'wasted.'

Compensation

1. Advertisers' comments

- Some advertisers believe agencies should receive additional compensation for media audits.
- Some others view it as part of the agency's scope of work and should not be treated incrementally for remuneration purposes.

2. Agencies' comments

- Being compensated fairly for media auditing is one of the biggest issues for agencies, as many do not receive incremental compensation.
- While some agencies currently receive some compensation, invariably the time and resources dedicated to a media audit far outweigh the remuneration received.
- The time and resources required for media audits are financially significant, but some agencies are reluctant to raise the issue for fear of possibly further upsetting clients who may have called for an audit in the first place because they are 'dissatisfied.'

Independent / Third-party auditing

1. Advertisers' comments

- In today's highly competitive business climate, and with greater governance and accountability requirements, third-party auditing is necessary to provide confidence and trust that what the agency says it is doing is verified and endorsed by independent sources.
- Advertisers want to understand how their agencies operate in order to know that media funds are being invested properly and they are receiving full value. This can only be done by an independent auditor.
- Agencies may consider it intrusive for their operations to be scrutinized and their processes questioned, but it is to their benefit to prove the way they conduct business is transparent and they are delivering what was promised to their clients.

2. Agencies' comments

- There is now a more positive appreciation for greater accountability and stricter controls needing independent third-party review of our 'performance.'

3. Auditors' comments

- In the current corporate governance environment and the increasing requirement for accountability, there is a greater need for independent/third-party expert opinion to review and validate agencies' performance.
- Agencies should recognize they need unbiased auditing since they cannot credibly audit themselves.

Conflict of interest

1. Advertisers' comments

- Some advertisers believe there is a conflict of interest if a media auditor or an affiliate is engaged in consulting work for media owners, agencies or other competitive clients on a strategic basis.
- There is also a potential conflict of interest if the auditor or affiliate is handling agency search projects for competitors of current clients, with use of confidential audit information.
- However, some advertisers do not perceive a conflict, but see the auditor as having useful 'inside' information on agencies, which may be beneficial in other areas, e.g., the agency search process.

2. Agencies' comments

- Agencies believe there is a serious conflict of interest if a media auditor or an affiliate is engaged in consulting work for media owners, agencies or other competitive clients on a strategic basis.
- There is also a significant conflict of interest if the auditor or affiliate is handling consulting projects or agency search/selection projects with the possible use of confidential audit and cost benchmarking information.

3. Auditors' comments

- Media auditors agree they should not be in the business of, or under contract for, planning or buying media. This is a conflict of interest to their media auditing work.
- If media auditors sometimes act as media consultants and vice versa, the roles and responsibilities need to be separate and distinct.
- There should be no conflict of interest unless the media consultant is involved in a strategic project for a client competitive to another client for whom the auditor has information and data that could affect or influence the strategy.

Data requirements

1. Agencies' comments

- Agencies are required to complete very detailed 'buying information forms,' and claim the data requested are not always relevant or useful to the advertiser for the audit – but would be helpful in building up the auditor's databases.
- Some questions from the auditors do not relate to the client's communication goals, but more to the agency's proprietary data, thus re-enforcing concerns about the ultimate purpose and use of the information.
- Auditors should not have the right to suggest pricing to advertisers without complete and transparent information about comparable accounts/buys.

Concluding thought

The question is no longer whether there should be an audit, but what type of audit is suitable for the operation. Of critical importance is how best to conduct the audit to provide the desired information while preserving the relationship between advertiser and agency.

Guidelines/Best Practices

Guidelines for best practices address the previously mentioned perspectives and points of view, as well as other key issues and considerations, including:

- Auditing process and transparency
- Confidentiality and disclosure
- Conflict of Interest
- Contracts
- Data requirements
- Remuneration
- Workload and timelines
- Global audits versus local requirements

Plan / Preparation

Planning and preparation for media audits should take place long before the audit is required or executed.

Contract / Agreement

If media auditing is anticipated, it should be incorporated into every client-agency service agreement. In addition to the right to audit, the terms of the type(s) of audit, process and requirements should be included when the agreement is being developed. Existing contracts that do not have a media auditing clause should be revisited and revised to include an addendum for media auditing.

With the right to audit established within a properly structured contract and remuneration agreement, the advertiser and agency can focus attention on the marketing and media issues, knowing that when the media audit needs to be done, it has been planned for and under control. This control can be established by appointing a 'champion,' an individual in the advertiser's organization to be responsible for the various aspects of the contract, ensuring compliance and overseeing the audit process.

Including media auditing in the contract, and agreeing to the terms and conditions beforehand, will help to ensure that there are no surprises when an audit is called to take place. Both the advertiser and the agency will be able to plan ahead to ensure resources are in place and the information that will be required has been determined so data collection will be more efficient.

For example, if ongoing reports are formatted and structured with future auditing requirements in mind, the agency will be able to quickly respond and provide the information requested by the auditor in a timely manner, and not have to allocate an inordinate amount of time and resources to the audit process.

It is recognized that at the time of developing (or revising) the service agreement some advertisers may not know the type(s) of media audits or the specifics that may be needed in the future. However, in tabling and discussing media audits with the agency at this stage, as well as getting input from other internal and external resources, a fairly comprehensive media auditing section can be incorporated in the agreement.

The contingency for media auditing within the agreement is very important to help establish the mutual expectations of the scope of work, and the working relationship between the client and the agency. The audit clauses in the contract should cover the following:

- The right to audit
- Types of media audit that may be conducted
- Frequency of audits (e.g., annual, bi-annual, etc.)
- Establishment of the measurement criteria suitable to the task(s)
- The measurement sources (i.e., third-party media research databases)
- Identification/agreement on conditions for media buying/negotiations
- Basis for financial management of media buys
- Compliance/defining guidelines and parameters
- Payment for the audit
- Agency resources required for the audit

Some of the findings from the audit may be a result of differing interpretations of some clauses in the contract between the advertiser and agency. Some terms may be misleading or there may be clauses that are missing but which should be added. The audit should identify areas for improved clarity in the contract.

Internal or external audit resources

An important and inherent part of the decision to conduct the media audit is who should manage and conduct the audit – someone internally or an external third-party resource?

This decision will be made by each advertiser depending on their specific situation and the type of audit that needs to be conducted. If the advertiser has the internal resources with sufficient media knowledge and expertise to conduct the audit, then it would be appropriate and cost efficient to have the auditing role and responsibilities assigned internally.

This would be the case if the advertiser has someone (or a group) on staff with media management responsibilities and experience. For example, some larger organizations have media directors/managers or directors/managers of advertising services. These individuals are usually responsible for the media advertising campaigns, work closely with their advertising and/or media agency or agencies, and have the necessary media knowledge and experience.

However, even advertisers with these internal media resources may wish to consider hiring external auditing resources, such as specialized media auditing firms, to conduct the audit(s) on their behalf. This would be the preferred option if the advertiser wants to have truly independent third-party management of the media audits, or if a cost benchmark audit is needed. If the benchmark comparisons are against industry cost efficiency norms, then database(s) with sufficient robustness will be necessary.

Selecting the media auditor

When an advertiser is selecting a media auditor, the decision should be treated in the same manner as when selecting/hiring a new agency or supplier through an RFP process. The media auditor/auditing firm selected should be the one best able to meet all the media auditing requirements within the established budget.

Such specialized third-party organizations should have the requisite knowledge, experience and expertise to handle all the roles and responsibilities of the specific media auditing project. For example, if online media is to be audited, then sufficient experience in this medium is paramount.

The auditor should supply comprehensive résumés of the personnel who will be engaged on the project in order to demonstrate relevant capabilities and qualifications. They should have in place the systems, processes, resources and access to data to professionally manage and meet the advertiser's requirements.

They should also employ the best practices detailed in this guidebook.

The auditor's market knowledge, expertise and professional ethics are essential. Request references from past and current clients, and follow up and check those references. Ask colleagues for their opinions and recommendations.

Another important factor in selecting the right auditor is to consider how well they will work with your agency. The media auditing process is sometimes adversarial in nature. Therefore the auditor will need to be able to work with the agency and should be respected by them.

As one media auditor puts it: "I am not here to be liked, but the agency knows that I am here to do a thorough job for the client, and respects me for my expertise and professionalism."

<u>**Checklist for selecting the right media auditor**</u>

1. Preparation

- Identify internal media audit team
  1. Appoint audit champion
  2. Appoint supporting team/departments

- Prepare media audit briefing and RFP
  1. Determine the type(s) of media audit to be considered/conducted
  2. Define requirements
  3. Establish budget
  4. Set timetable/schedule

- Develop list of candidate media auditors
  1. Define skill sets
  2. Determine required experience and knowledge
  3. Develop selection criteria

2. Communication/contact plan

- Advise agency (and get input on auditor list)
- RFP/briefing to short list (2 to 3) of suitable candidate auditors

3. Review Process

- Review responses to RFP
- Meet with short list of candidates based on selection criteria score
  1. Secure more information on capabilities, process, methodologies, databases, etc.
  2. Fit – personality and cultural
  3. Fee/remuneration
- Check references

4. Selection / Appointment

- Develop media audit contract
  1. Scope of services
  2. Remuneration
  3. Confidentiality/non-disclosure agreement
  4. Rights of ownership

(See appendix – Listing of Media Auditing Service Providers, page 43)

Objectivity & Independence

To provide surety and confidence in the objectivity of their evaluations and findings, ideally media auditors should not have direct or indirect business connections to an advertising/communications/media agency nor media owner/supplier. If any business connection, ownership or link exists, it should be proactively disclosed by the media auditors to ensure full transparency.

The agency has the right to table any issues and concerns on the objectivity and independence of any media auditor being considered by their client. These situations are usually resolvable by the client and the agency. In the event neither side can agree on the acceptability of an auditor, an arbitrator may be required to settle the dispute.

To be truly objective and provide independent third-party reporting, the auditor's remuneration should not be linked in any way to results of the audit. It is important the auditor is not only independent, but unbiased as well. *(See Remuneration, page 32)*

Confidentiality

The media auditor is responsible for the absolute confidentiality of all client and agency information. This is applicable to the entire audit process – prior, during and following completion.

Any databases collected and used for conducting and delivering its services should be of sufficient size to provide full confidentiality of each advertiser's information. It is the media auditor's responsibility to ensure this is maintained. Advertisers should have the option to decide if their information and data are to be included in the auditor's database.

A confidentiality/non-disclosure agreement (NDA) should be a standard provision, signed by and binding the agency and auditor. *(See appendix for sample NDA template, page 40)*

While an advertiser may choose not to be bound by the NDA, this should be discussed and resolved on an individual basis among the parties. The advertiser should respect the sensitivity of the information and how it may be dispersed and used. For example, an advertiser may not want to be bound by the confidentiality/NDA because of a need to provide the media audit report to another third party/consultant to follow up on the findings and solicit recommendations.

The media auditor is prohibited from providing <u>any</u> information about the advertiser or the agency to any other party or individual, without prior written consent from the advertiser and/or the agency. This includes, but is not limited to, market data, research methodologies or results, or any other proprietary tools or intellectual property belonging to the advertiser and/or the agency.

Any data or information provided by the advertiser or agency cannot be used for any purpose other than the audit.

To help maintain confidentiality, it is recommended the media audit be conducted on the premises of the advertiser or the media agency whenever possible. All information and materials provided by the advertiser and the agency should be returned to them at the conclusion of the audit.

Client/advertiser disclosure is a thorny confidentiality issue, with conflicting interests to take into consideration. Prospective advertisers may request a list of clients from a media auditor to ascertain depth of experience and capabilities, and possibly expertise in specific categories.

Some advertisers may not wish to be disclosed as a client, requesting confidentiality on this matter. This could be verbal or through a non-disclosure agreement. While it is best to be as open and transparent as possible, in these situations the auditor is bound to keep this information confidential.

Audit information / ownership

The advertiser normally initiates an audit and pays the media auditor, and therefore any information collected and resulting from the audit is owned by the advertiser.

However, such information and data may be made available to the agency and the media auditor for specific applications and use. For example, agencies may wish to merchandise positive audit results in their new business development programs, and media auditors may want the cost information collected to add to their cost benchmarking data pools.

Ownership of data, and the terms and conditions for the availability and specified use of any audit information, should be discussed, agreed on and included in the advertiser/agency agreement, and the audit contract between the advertiser and the media auditor.

Process

Communications

Once it has been decided that a media audit is to be conducted, the advertiser (not the auditor) should advise the agency. Preferably this should be a face-to-face meeting with the agency's management team to provide top-line information on the audit, discuss implications and agree on next steps.

While the media auditor may be introduced at this meeting, it is advisable that this initial meeting be between the client and agency only so that any sensitive topics and issues can be more openly tabled and discussed. For example, agency resources and (incremental) remuneration for the agency will need to be discussed and resolved as early as possible.

All communications between the three parties should be in writing to avoid any misunderstanding or misinterpretation. Meetings and telephone calls should be followed up in writing with meeting/call reports to keep all parties in the loop.

Audit briefing
To initiate the media audit, the auditor should prepare an audit briefing for the agency. This briefing should cover all aspects of the audit for the agency to be able to comply with the audit requirements.

As indicated earlier, preliminary preparation for a media audit should be when the advertiser/agency agreement is developed with a media audit clause/section. This section in the agreement can serve as the base from which the media audit briefing can be developed, thus maintaining consistency to the audit plan. The briefing should include:

- Type of audit
- Objectives
- Information/data required from participants (advertiser/agency/auditor)
- Methodology of the audit
- Measurement parameters
- Timetable/timelines
- Communications flow
- Contact information
- Any other pertinent information

Data requirements
The information required by the media auditor from the agency should be tailored specifically to the advertiser's needs and relevant to the audit.

The breadth and depth of information required for the audit is one of the major issues that needs to considered and addressed. At one end of the spectrum, the auditor may request all data related to the areas being audited in order to conduct a complete and thorough review.

This usually amounts to a tremendous volume of information, in the form of reports, schedules, etc., that needs to be printed or photocopied. At times the data also needs to be re-created to suit the auditor's formats or templates. Data collection is usually the largest and most time-consuming part of the audit process for the agency.
At the other end of the spectrum is the provision of a random representative sample of the data to be audited. This will be less time consuming and onerous for both the agency and the auditor. The audit based on sample data will also be less costly.

The decision on which way to go is up to the advertiser, based on the level of comfort and confidence in the accuracy of auditing a representative sample versus a total scan. Ideally, this issue is addressed in the advertiser/agency contract, so the two parties are in agreement in advance of an audit.

[*Note:* The research industry has successfully operated on the sampling model, recognizing that the degree of accuracy (+/- error factor) achieved from sampling is the more cost effective method.]

The agency is required to provide all the information requested by the auditor for the specific audit assignment(s). The media auditor will require contractual access to all relevant information, research data and related software where original analyses are sourced.

Copyright regulations or subscriptions may apply in certain situations, which inhibit the media agency from supplying some required data. For example, the advertiser may utilize customized target market and related data from media audience research companies, which is considered proprietary. In these cases, it is the responsibility of the agency to secure the required clearance and access for the media auditors.

These restrictions and potential additional costs should be tabled and addressed as soon as they arise or become known, and agreement made on how they will be accommodated.

Basis for measurement

The advertiser's marketing and finance departments, with input from the media auditor, should establish the scope of the audit and the measurement criteria to meet the goals and parameters. The media agency's input should also be solicited as they are most knowledgeable and work closest with the data.

The main marketing criteria which have media auditing implications include:

- Establishment of key target market segments
- Identification of geographic/coverage areas
- Basis for media mix selection and budget allocations
- Basis for determining media weight levels by medium/channel and advertising units (ad size, commercial length, etc.), and calendar timing/flighting patterns
- Identification of media research/audience measurement databases to be utilized for each medium
- Understanding and agreement on specific sources, methodologies and interpretation of their use and application
- Determination on requirement for full review or random samples of data
- Identification of period(s) to be audited (prior year, 2 years, etc.)

Transparency

The media agency should be fully aware of the reasons for the audit.

The media auditor should identify and reference all the data sources utilized in conducting the audit and report. When databases/data-pools are used, only the most current and relevant information should be used. The auditor should declare the robustness (size and scope) and age of the information, along with the methodologies and processes used in conducting and delivering its services.

The auditor should also be able to justify and defend the databases and methodologies used, and their suitability and applicability in the audit.

Advertisers should have the rights to an assessment and examination of the methodologies and data utilized by the auditor, providing this is done by a mutually agreed on independent third party with the necessary knowledge and expertise, and subject to and part of the confidentiality and non-disclosure agreement.

The cost of this assessment, while normally borne by the advertiser, should be discussed and agreement reached on how these costs will be accommodated.

Audit report

The audit report, analyses and findings should be fully transparent, and provided to the agency. The auditor should provide full rationale for the conclusions and all findings made to the client.

Assuming the advertiser agrees the audit report is to be shared with the agency, it is suggested the agency receive the report with ample time to review and digest the results prior to the audit debrief meeting.

For the agency to focus on the findings and any areas for improvement, they should be provided sufficient time (at least one week) for preparation, and to understand and 'accept' the findings. Likely, it will not be a constructive or forward-thinking meeting if the agency has significant issues and questions on the audit process and findings.

At the end of the auditing process, the agency should be satisfied the audit was fair and justifiable in the findings. The auditors should be fully prepared to disclose and rationalize their findings, especially on claims for credits/refunds due to errors or over-charges identified during the audit process.

At the conclusion of the audit, the 'final' stage will be to ensure all the appropriate personnel working at both the advertiser and the agency have a complete understanding of their respective roles and responsibilities in order to act on the findings from the audit. These actions are an important element in the goal of achieving continuous improvement from the media auditing process.

Workload / Timelines

The data and personnel time requirements from the agency for the media audit should be specific and limited to the advertiser's needs and established on a reasonable time schedule suitable for all parties.

To comply with the requirements of an audit, the media agency may not have the resources readily available to accommodate the extra work, along with the usual workload in servicing the advertiser. In these situations it is incumbent on the agency to table and resolve these issues with the advertiser and auditor before the start of the audit process.

The agency should be given sufficient notice of an upcoming audit, to allow time to prepare and allocate personnel resources for the audit. Presumably, the more time the better, with at least two to four weeks notice.

However, it should not be too far in advance to act as a warning to the agency to pay closer and special attention to the account. The intent of the audit is to check and evaluate the agency's operations and performance under normal circumstances.

Remuneration

Agency remuneration

Compensation for the time and resources anticipated for media auditing will likely be included as part of the agency's remuneration package, when media auditing is incorporated in the overall scope of services by the agency.

As the time and resources for auditing can be significant, it is reasonable that separate fees for auditing be negotiated between the advertiser and agency in situations where media audits are clearly not part of the agency's existing remuneration.
If the agency's remuneration is linked to performance and results of the media audit, it is important that these agreed-to performance measures are included in the audit. Any changes or deviations from the contract should be mutually agreed to by the agency and the advertiser.

Media auditor remuneration

Media auditors should only be contracted by the advertiser to ensure independent objectivity and neutral third-party status. There are various methods that media auditors charge for their services and they generally can be placed in the following categories:

- Fixed fee
- Commissions on recovery
- Combination of a base fee plus commission

The fixed fee method is usually based on the projected time and resources required to conduct the audit, with fees varying depending on the size and scope of the auditing project. This method is more in line with best practices principles. It fairly compensates the media auditor based on anticipated time and resource investment.

The 'commissions on recovery' method is based on the advertiser paying a percentage (%) commission on monies recovered, or the dollar value of errors or variances uncovered, by the audit.

This method may be quite attractive to some advertisers as they do not incur any costs to pay the media auditor, and stand to gain from any funds that are recovered from the audit. However, payment based on the recovery of refunds is contrary to the principle of auditing based on "best business practices," rather than auditing "to find problems."

This method of payment creates a more adversarial auditing environment and relationship between agency and auditor. This negative positioning will likely hurt the advertiser-agency relationship rather than enhance it. In addition, the commissions on recovery bears little relationship to the amount of work being done by the auditor, resulting in the likelihood of significant over- or under-payments through this method.

Remuneration to the auditors should be separate and independent of the results of the audit, ensuring they are truly objective and not influenced or motivated by any recovery generated by the audit.

Conflict of interest

Conflict of interest is often quite complex, dealing in shades of grey on issues that are usually not fully definitive or clear cut.

Media auditing companies may have other divisions or links to companies that are consultancies that handle projects or assignments for media owners or other clients, which may be serious potential conflicts of interest.

Third-party auditors or an affiliated company/division may also be handling projects for competitors of current clients, or handling agency search projects.
These are considered potential conflicts of interest, or potential use of confidential information for purposes other than the media audit.

In these situations, there should be full disclosure to the advertiser/client at the outset. It is the responsibility of the media auditor to declare and disclose any possible conflicts of interest to a prospective advertiser before proposing or undertaking any media auditing project.

The agency has the right to table any concerns on (potential) conflicts of interest with any media auditor being considered by the advertiser.

It is usually at the advertiser's discretion to determine if the (potential) conflict of interest exists, if it is significant and whether it is acceptable or not. However, the advertiser is obligated to give full and serious consideration to any objections by the agency on conflicts of interest, as the (potential) conflicts of interest often have as significant, or even greater, impact on the agency.

For example, the agency may be aware that the consulting division affiliated with the media auditor has been working with a direct competitor of one of the agency's other clients on a strategic project. Information gleaned by the auditor on the agency's operations and proprietary planning or buying processes could be used inappropriately.

It should be noted that currently in Canada there is limited choice for the advertiser. There are relatively few media auditing companies in operation that have a comprehensive range of media auditing services with the necessary local knowledge, expertise and data/resources.

Exclusivity
An advertiser may request an auditor to work for them on an exclusive basis, thus not working with any specific competitors, usually within the same category.
For these exclusivity arrangements, if the auditor is already working with any of the specified advertisers the auditor is obligated to advise the advertiser that exclusivity cannot be provided.

However, the auditor is not obliged to identify the ‘conflicting’ client, and in fact will be bound to keep it secret if there is a confidentiality/non-disclosure agreement in place. It will then be up to the second advertiser to decide if they can accept working on a non-exclusive basis.

If the auditor already has an exclusivity agreement in place with an advertiser, they are bound by that agreement and cannot accept any clients barred in the agreement.

Global parameters / Local requirements
Media auditing in Canada is a relatively young discipline and underdeveloped in comparison to many other countries, especially the UK and the rest of Europe.
The UK is reported to have the highest media auditing penetration with over 70% of TV expenditures audited.

With the much greater scope and depth of expertise in the discipline, we can learn a great deal from these countries, benefiting from their experience and knowledge base.

Globalization has been a fact of life for many years, and is increasingly influencing the media landscape. Many of the players – media owners, marketers, media agencies or media auditors – are internationally linked or globally owned.

A number of global marketers have initiated media auditing programs and initiatives on a worldwide basis, utilizing an international template and measurement parameters. For these global audits, the auditing template and data requirements are usually based on the standards and practices of the country initiating or leading the audit project.

In these situations, the international template is usually suitable and usable in many of the countries that are being audited. However, there were a number of cases mentioned in our survey in which some parts of an ‘international or U.S.-oriented template’ being utilized were not relevant or suitable for the Canadian market, or the data being requested was not (readily) available.

For example, for television campaigns, information was required on CPRs for households, on national and regional areas, for specific day-parts, by network, cable and syndication buys. In Canada, television is not planned or purchased in these defined categories or segments, so the information was not readily available or relevant on those parameters.

In these cases the advertisers likely have global or U.S.-oriented contracts in place with one or more media agency networks servicing them throughout the world and utilizing the auditing services of global auditing organizations.

Until recently, most of these global auditing companies did not have any local knowledge or resources in Canada, so it was assumed that the ‘international or U.S. templates’ would be fine as is, and they were ‘forced’ onto the market and the agency.

When Canadian media agencies raise these issues and attempt to educate international auditors and clients about the differences and uniqueness of the Canadian media market, they should not be perceived as being uncooperative and defensive about being audited.

It is recognized that from a global perspective there needs to be centralized direction and control with consistency in the audit process, data collection, reporting, etc. It would not be time-effective or cost-efficient to have different audits taking place in each country. However, trying to force fit an unsuitable or irrelevant audit onto Canada, or any other country, is probably just as ineffective and costly if the data is not accurate or meaningful.

It is recommended that for global auditing projects that include the Canadian marketplace, the advertiser keep in mind that Canada is one the most complex and fragmented media markets in the world, especially the television medium.
While there are some similarities with the U.S., and we are exposed to a significant amount of U.S. media, Canada’s media landscape is very different from the U.S.

In Canada, there are unique media planning, buying and selling practices which have a significant impact on how:

- Target groups are defined/identified
- Geographic markets are defined
- Commercial TV networks, cable/specialty networks, and local market stations are bought and sold
- Costs are calculated and determined (e.g., network cost allocations)

Therefore, when initiating a media audit:

- Select a media auditing company that has in-depth knowledge, experience in the Canadian media marketplace; have personnel who have worked in the country, have the requisite local market expertise, with relevant and current experience; and have local resources and access to the required databases and research sources.
- If an international media auditing company is handling the project on a global basis, and if it does not have an established Canadian office, ensure they partner with a Canadian media auditor with the necessary expertise and credentials.
- Have an auditing process/template which is flexible and adaptable to accommodate local market differences, yet retain the integrity of the global auditing mandate and measurement parameters.
- Solicit input from the local media agency on the various aspects of the audit.

Most, if not all, agencies will provide accurate and genuine input in the audit as it is in their best interests to cooperate and be a part of the solution, rather than be ‘part of the problem.’ If they suggest changes or different approaches it will likely be for good reasons, which can be easily be validated through cross checks with other sources.

Getting input from the agency will also help to establish a more positive working relationship with the auditors.

Checklist for carrying out the media audit

- Inform your agency on intention to conduct a media audit
- Decide on the media auditor, based on the type of audit required
  *(*see *Checklist for selecting the right media auditor, page 24)*
- Meet initially with the auditor (without the agency) to fully understand their process, and develop the audit plan with the agreed to terms and conditions, covering:
    1. Audit contract
    2. Remuneration
    3. Confidentiality/non-disclosure agreement
    4. Data ownership
    5. Conflict of interest/exclusivity issues

- Meet with the auditor and agency to initiate the audit and establish guidelines for the audit and process:
    1. Communications
    2. Audit briefing
    3. Data requirements
    4. Measurement parameters
    5. Timelines
    6. Audit report

- Auditor pre-meets or provides the audit report to the agency to ensure it has the opportunity to understand the findings and ask questions, clarify any issues and provide initial feedback on the audit report
- Conduct debriefing with the auditor and the agency on the audit report findings
- If the audit is negative, establish performance targets for the agency to meet within a set time frame (e.g., six months)
    1. Conduct another audit after six months to determine if they have met the new performance goals.
    2. If the audit results are still unsatisfactory, consider an agency review.

Summary & Concluding Comments

Media auditing is here to stay. In fact, audits are likely to increase in the coming years as Canada catches up to other countries where media auditing is standard practice for the industry.

It is ironic that while auditing may have negative connotations, especially from the agency sector, media agencies stand to benefit significantly from auditing. Research in other countries conclusively shows that advertisers who audit "have happier, healthier, longer and more effective relationships with their agencies" – to the benefit of both parties.

Audits improve the relationship with advertisers as there is renewed trust and confidence in the agency's services delivery. As a result of the audit process there is also greater transparency, understanding and appreciation of what agencies do for their clients.

When agencies perform well or improve their performance in their audits they often use the results to merchandise their capabilities in new business pitches.

We trust this guidebook of best practices raises the level of awareness and understanding of the myriad of issues inherent in media auditing, and fosters a better appreciation of what the person on the other side of the desk has to deal with.

Final thoughts

These guidelines and best practices may seem to be focused on the world of traditional media. Audits of new media are expected to be more difficult and need to be addressed specifically.

However, the principles of best practices are just as applicable to new media as they are to traditional media. The underlying principles of measurement, planning, buying and selling media, and the laws of supply and demand, do not change. For the new media world, it may be that just the terminology and metrics will be different.

The future

Current media audits are conducted on historical activity and campaigns, sometimes a year or more old. With technological advancements, electronic data interchange (EDI) between media owners and media agencies is now becoming a reality, primarily in the broadcast (TV and radio) sector. It is anticipated that other technologically oriented media (e.g., online/interactive) are not far behind and are ideally suited to be EDI enabled.

With similar advances in e-security, future agency systems are expected to be able to allow media auditors access to conduct and report audits ‘virtually in real time.’ These electronic capabilities with seamless data integration will help to alleviate the significant time commitments agencies have to allocate to comply with data and other auditing requirements.

It is anticipated there will be continued increases in media auditing activity, with more auditing service providers who are knowledgeable and experienced in the unique requirements of the Canadian marketplace.

As a result, there will be increased transparency and accountability, which will lead to enhanced advertiser-agency relationships and improved ROI on media investments.

APPENDICES

1. Media Audit Confidentiality and Non-disclosure Agreement (legal template)
2. Ownership Clause for Media Audit Agreement (legal template)
3. Listing of Media Auditing Service Providers
4. About the ACA
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Appendix 1

MEDIA AUDIT CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

THIS CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT is made this _______ day of __________________ 20______ between ⊗ (the “Auditor”), ⊗ (the “Agency”) and ⊗ (the “Client”).

WHEREAS the Auditor has agreed to provide media auditing services (the “Services”) to the Client; and

WHEREAS the Client, and the Agency on behalf of the Client, in connection with the Services, may disclose to the Auditor or to the Agency certain information in relation to the Services that is confidential and proprietary to the Client (such information is herein referred to as the “Confidential Information”).

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the Client retaining the Auditor to provide the Services and for other good and valuable consideration, the Auditor and the Agency hereby agree with the Client as follows:

1. Except with the prior written permission of the Client, the Auditor and the Agency shall keep confidential and shall not disclose to any person any Confidential Information. Confidential Information disclosed to the Auditor in connection with the Services shall be used solely for the purpose of the Services and shall remain the property of the Client. The Auditor shall deliver to the Client all Confidential Information, together with every copy, draft, working paper and note thereof that contains Confidential Information upon completion or termination of the Services or at such time as the Client may require.

2. This Agreement does not apply to any information which:

(a) is publicly available from a source other than the Client;
(b) is or becomes known to the Auditor or the Agency from a source other than the Client except any source that is known by the Auditor to be under an obligation to the Client not to disclose the information; or
(c) is developed by the Auditor without use of the Confidential Information.

3. It is understood that neither this Agreement nor the disclosure of any Confidential Information to the Auditor or the Agency shall be construed as granting to the Auditor or the Agency any license or other rights in, or in respect of the Confidential Information.

4. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision hereof.

5. It is understood that a breach of any of the covenants contained in this Agreement would cause the Client to suffer loss which could not be adequately compensated for damages and that, in addition to claiming damages in respect of any breach hereof, the Client shall be entitled as a matter of right, to seek an injunction to prohibit disclosure by the Auditor or the Agency, or both, of any Confidential Information, and such right shall be available to the Client in addition to, and not in substitution for, any other remedies which may be available to the Client as a result of such breach.

6. No provision of this Agreement shall be waived unless waived in writing by the parties hereto.

7. This Agreement shall enure to the benefit of, and be binding upon, the respective successors and assigns of the parties hereto.

8. In the event that either the Auditor or the Agency, or both, becomes legally compelled to disclose any Confidential Information, the Auditor or the Agency, or both, as applicable, shall immediately provide the Client with notice of such compelled disclosure so that the Client may seek an order of a court of competent jurisdiction, or any other appropriate remedy, to prevent such disclosure.

9. This Agreement shall be governed by the laws of the Province of Ontario and of Canada applicable therein. The Auditor and the Agency hereby attorn to the jurisdiction of the courts of such province.

IN WITNESS WHEREOF the Auditor and the Agency have executed this Agreement as of the date first above written.

[Auditor]

per: ______________________________

Print Name: ______________________________

Title: ______________________________

[Agency]

per: ______________________________

Print Name: ______________________________

Title: ______________________________

Appendix 2

OWNERSHIP CLAUSE FOR MEDIA AUDIT AGREEMENT

Auditor acknowledges that all information which it may conceive, develop or produce in connection with its audit of **[Agency's media services provided to the Client and]** all reports and analyses developed or delivered by it to the Client **[and the Agency]** in connection with its audit are the confidential proprietary information of the Client.

[Auditor]

per: ________________________________

Print Name: ________________________________

Title: ________________________________

Date: ________________________________

Appendix 3

Listing Of Media Auditing Service Providers - Contacts and Services Offered

Company	Contacts[1]	Services Offered	Comments
Accenture	www.accenture.com	• Consulting • Technology • Outsourcing	• International • Bought Media Audits 11/05
Advantage Media Management Inc.	www.advantagemediainc.com	• Media placement auditing • Strategic media consulting • Multi-resource buying process • Agency transition process	• U.S.
AuditStar	www.auditstar.co.uk	• Media process audit • Media strategy and evaluation • Media budget setting • Agency contract evaluation • Media agency selection • Media performance audit • Performance benchmarking	• UK, Germany
Belenson Associates	www.belenson.com	• Out-of-home consulting and new media development	• U.S.
Billetts	www.billetts.com	• Media effectiveness – media performance monitoring • Marketing effectiveness • Market research	• UK originated
Callaghan-Osborne	Janet Callaghan E-mail: jsc@janetcallaghan.com Jeff Osborne E-mail: jeffosborne@symaptico.ca	• Strategic audit • Process audit • Contractual audit • Media execution audit • Verification of TV schedules	• **Canadian**
Effective Media Management (EMM)	www.emminternational.com	• Media evaluation (auditing, cost/quality, benchmarking, POP audits) • Consultancy services (agency selection, contracts/fees, performance incentive programs, best practices)	• UK

[1] All websites accessed on January 30, 2008.

Listing Of Media Auditing Service Providers - Contacts and Services Offered (cont'd)

Company	Contacts[2]	Services Offered	Comments
Eloda	www.eloda.com	• Eloda audit – media placement audit • Eloda analysis – competitive monitoring • Eloda creativity – creative archive	• **Canadian**
Ernst and Young – Marketing and Advertising Risk Services	http://www.ey.com/global/Content.nsf/US/AABS_-_BRS_-_Services_-_Marketing_and_Advertising_Risk_Services (Global site www.ey.com)	• Media compliance risk • Media ops and finance risk • Strategic risk – marketing effectiveness	• Global
Fairbrother Lenz Eley	www.flemedia.com	• Media financial controlling • Media auditing • Strategic media consulting	• U.K., Germany • Part of MMI
Faulkner Group	www.faulknermm.com	• Media planning, buying and benchmarking	• Australia
Firm Decisions	www.firmdecisions.com	• Compliance audit • Search consulting • Contract/fee evaluation • Accountability	• UK, U.S., South America, Asia Pacific
Forde & Semple Media Works	www.forde-semple.com	• Benchmarking (SMART Report) • Media audits • Media management consultation	• **Canadian**
Hawk Audits	www.hawkmedia.com	• Planning and managing media buys • Customized media services	• U.S. • Sold to Cable Audit Associates
isd inc.	www.isdinc.com	• Media auditing & analysis • Pre-buy & post-buy analysis • Invoice matching • Competitive reports • Media verification	• U.S.
Media IQ (M-IQ)	www.m-iq.com 55 5th Ave Fl 18 New York, NY , 10003-4301 Phone: 212-941-8413	• Strategic auditing firm focused on ROI • Proprietary technology that manages data • Planning versus buy analysis	• U.S.

[2] All websites accessed on January 30, 2008.

Listing Of Media Auditing Service Providers - Contacts and Services Offered (cont'd)

Company	Contacts[3]	Services Offered	Comments
Media Management Inc. (MMI)	www.mediaaudit.com	Audit services: • National TV, auditing • Spot TV, print and radio auditing and billing reconciliation • Radio clearance analysis • Media management Media management services: • Plan reviews • Media buying guidelines • Media cost benchmarking • Monitoring of agency performance • Media training • Econometric modelling	• Includes Fairbrother Lenz Eley, Rojak Consulting and Wanamaker Associates
Media Performance Monitor America	www.mpma.us	• Independent benchmark measurement • Competitive media • Value measurement	• U.S.
Media Strategy	www.mediastrategy.cz	• Efficiency of media planning and buying • TV price pool audit • Media pitch consultancy	• Europe (Central/Eastern)
MosbyGrey	www.mosbygrey.com	• Media audit system / measures $ and audience • Remodelled media plans and placement • Post analysis	• U.S.
Naked Communications	www.nakedcomms.com	• Creative problem-solvers to advertisers & agencies	• Australia/Asia • UK • U.S.
Performance Analysis Group (PAG)	www.pag-adsave.com	• Advertising verification and auditing	• U.S. • Part of RA Shain & Associates
Robert Ray Associates	www.robertrayassociates.com	• Pitch and tender consulting • Communications strategy counsel • Research project management • High performance training	• UK
Spatial Access Media Solutions	www.spatialaccess.com	• Assessment and evaluation of media • "SAS" Spatial Access Media Solutions Investments	• India

[3] All websites accessed on January 30, 2008.

Appendix 4

About the ACA

DRIVING MARKETING SUCCESS

Founded in 1914 and incorporated in 1917, the Association of Canadian Advertisers (ACA) is a national, not-for-profit association exclusively dedicated to serving the interests of companies that market and advertise their products and services in Canada. Membership cuts across all products and service sectors, and speaks on behalf of over 200 companies and divisions who collectively account for estimated annual sales of $350 billion.

The success of the ACA is predicated on the level of marketing success achieved by our members, both individually as corporations and collectively as an industry. As such, the ACA, Canada's only association exclusively representing client marketers, is dedicated to helping our members maximize the value of their investments in all forms of marketing communications. We do this by:

- Leading initiatives that enhance knowledge and understanding of practices that build brands, business and shareholder equity
- Safeguarding the right of marketers to commercial free speech, while informing them of their attendant responsibilities
- Providing forums for learning, networking and professional development that enrich expertise and capabilities in the management of marketing communications
- Being a resource that members depend on for proprietary services and customized solutions
- Our vision is that ACA is the first call for marketers seeking authoritative and dependable leadership, guidance and support in all matters related to marketing communications.

We welcome all inquiries about the value and benefits of membership with ACA. Visit us at www.ACAweb.ca or reach us in Toronto at (416) 964-3805 or 1-800-565-0109, and in Montreal at (514) 842-6422 or 1-800-883-0422.

Appendix 5

About the CMDC

The Canadian Media Directors' Council (CMDC) is a non-profit body comprised of media professionals representing advertising and media management companies, working to advance the effectiveness of media advertising in Canada.

The Canadian Media Directors' Council was founded in 1966. "Founding Fathers" were Keith Campbell, Colin Davis, Don DeNike, Bill Givens, Jack Graham, Graham Hem, George Murray, Mel Norman, Barry Thomas and John Tomlinson.

Today the CMDC has 38 members comprising advertising agencies and media management companies who jointly account for approximately 80% of all advertising investment in Canada. The majority of these companies are based in Toronto, but the CMDC also has members from Montreal, Ottawa, Waterloo, Halifax, Sackville, NB and Edmonton.

The CMDC's opinion is frequently sought by media sellers and by other government and advertising organizations. For example, the CMDC recently collaborated with the ACA and the ICA on a brief to the House of Commons Standing Committee on Canadian Heritage, with reference to that Committees' Review of the Broadcasting Act.

An elected board of representatives governs the Council. These meetings occur the second Tuesday of every month, September - June.

For more information: www.cmdc.ca.

Appendix 6

About the ICA

The Institute of Communication Agencies (ICA) is the professional business association which represents Canada's communication and advertising agencies. ICA promotes thought leadership, higher standards and best practices. It serves as the largest source of information, advice, education and training for Canada's communication and advertising industry. ICA's member agencies and subsidiaries account for over 80% of all national advertising in Canada with an economic impact worth more than $15 billion annually.

For more information: www.icacanada.ca

Appendix 7

About the AAPQ

Created in 1988, the Association of Quebec Advertising Agencies (AAPQ) has a membership of 60 agencies which generate more than 80% of the advertising revenues of Quebec agencies. Its mission is to enhance the quality of advertising and create awareness in the general public regarding the role played by agencies in marketing communications. The association also invests in training the next generation of practitioners so they can increase their knowledge and perfect their skills in order to develop a product that is ever more creative and strategic, and that will allow them to remain competitive in international markets. For more information: www.aapq.ca.

Appendix 8

Media Auditing Types & Descriptions

1. Financial

A financial audit or, more accurately, an audit of financial statements, is the examination by an independent third party of the financial statements of the media agency related to the client's business. This results in the publication of an independent opinion on whether or not those financial statements are relevant, accurate and complete. A financial audit covers more than media verification.

Financial compliance audits of advertising agencies make certain the amount the agency charges an advertiser is the same amount paid to third-party vendors. Media auditors select random invoices from a selection of campaigns and verify the following elements:

- Invoices to the client
- Client approvals (purchase authorizations)
- Client contract
- Cash receipt of client invoice payments
- Supplier invoices
- Copies of cashed cheques used for payment of supplier invoices, to compare when client paid versus when the agency paid

In addition, compliance auditors perform agency fee reconciliations, cash flow analyses and monthly billing reviews. This is primarily for the advertiser's benefit, but other parties such as tax authorities, banks and regulators may also have an interest in ensuring the financial statements are accurate.

The audit is designed to reduce the possibility of a reporting error such as false or missing information, whether caused by fraud (including deliberate misstatement) or oversight. Reporting error is very broadly defined as being large enough or important enough to cause a misrepresentation of the campaign results.

The exact 'audit opinion' will vary between countries, firms and audited organizations. Many advertisers separately employ or hire internal auditors, who do not attest to financial reports but focus mainly on the internal controls of their agency. External auditors may choose to place limited reliance on the work of internal auditors in financial audits.

2. Cost Benchmarking

A cost benchmark audit is an independent assessment of an advertiser's media performance in terms of cost within similar qualitative parameters. There are different approaches to evaluating media cost performance:

- Comparison to a pool of comparable data (historical benchmarks)
- Comparison to year-on-year efficiencies taking media inflation into account
- Comparison to actual market data (rate card program costs versus negotiated costs)

Currently in Canada, the most common form of media audit is the benchmark audit, which enables advertisers to understand the value of the buys relative to the quality of programs purchased and the prices paid. Television is the primary medium audited in this manner. Radio and newspaper databases are just starting up/in the development stages, and are considerably less robust than television.

Typically, the audit firm collects advertising data from companies that subscribe to the service. The data is then aggregated and analyzed to give subscribers a benchmark against which they can compare media buy pricing and quality. Quality parameters can include station mix, % of top-rated programs, % of weight airing in prime time (6 – 11 p.m.), specials, sponsorships, etc. The comparative data indicates if the advertiser paid higher or lower rates versus the market for the television schedule. The SMART Report is an example of this type of audit.

Results for advertisers may vary widely depending upon the nature of the buy – in some cases unit pricing on the same show on the same night can vary by as much as 100% from one advertiser to the next. It is important the auditor takes into account any conditions that may impact the media results, such as the advertiser's category, target group, market list, approval/buying lead-time, media budgets, program restrictions, etc. Ideally, only advertisers with similar buying parameters should be compared in a cost benchmark audit.

In addition to cost benchmarking, audit companies can perform a qualitative analysis of media data to evaluate whether the buys are being allocated to the appropriate media channels, have the optimum mix and have the correct positioning for their target audiences.

3. Verification

A media verification audit confirms the media booked by the agency aired correctly and the advertiser received what they paid for. It validates the amount of money the agency paid to the media versus the amount they charged to the advertiser. A verification audit does not critique or comment on the strategic direction agreed to by the client and agency. It is dedicated to uncovering discrepancies and calculating reimbursements or credits due back to an advertiser that are not identified through normal accounting audits, post-buy analyses, internal audits or other verification systems. Most verification services involved in the broadcast media monitor the stations and programs specified in the media buy to determine if there are any discrepancies. They further evaluate the buy based on various criteria including:

- Actual spot verification regarding date, time, program, commercial length, rate. This information is usually taken from the broadcaster affidavit or from other recognized monitoring services.
- Agency accuracy regarding estimated program audiences and ratings to ensure that the target audience was delivered as promised
- Position in the commercial cluster to ensure there are no competitive or self-separation issues
- Equal daily/hour distribution for programs sold on Monday – Friday rotations
- Negotiated distribution of audience by day-part and by brand
- Competitive data on weight levels, SOV, etc.
- Audience underperformance and whether appropriate make-goods were negotiated within the correct timeframe
- Consideration to positioning in the pod and clutter environment

The auditor reports back to the advertiser and agency any discrepancies between the affidavits and tracked spots. One of the drawbacks to this type of audit is that affidavits are generally received up to 45 days after airdate, which is often too late to take corrective action during the campaign period. However, there are systems currently being tested in Canada that provide overnight tracking results. With overnight monitoring, corrective action can be taken immediately to ensure required compensation is negotiated during the campaign timeframe. In future, if this continuous monitoring becomes the norm it may eliminate the need for station affidavits.

4. Contract Compliance

A contract compliance audit is a review of the contract between the advertiser and the agency to ascertain if the agency is adhering to the terms and conditions of the agreement. The advertiser may also include within the scope of the review an audit on their operations to determine whether they are also complying with the terms of the contract.

The compliance audit is an in-depth analysis of all elements contained in the client-agency contract, compared against the scope of the assignment (description/listing of assigned products and/or services).

- Scope of work
  - Check and verify services provided
  - Assess role and responsibilities of the agency

- Resources provided
  - Ensure structure and staffing levels/% of time match commitments
  - Verify research and data sources
  - Assess utilization of planning and buying models/systems and proprietary tools

- Remuneration
  - Assess agency compliance to the specifics of the remuneration methodology/calculations (fees based on time commitments, correct % on accurate billings and reconciliations, etc.)
  - Validation of services rendered, accuracy of time reporting

- Billable expenses
  - Verify compliance to the agreement on reimbursable expenses and out-of-pocket costs
  - Check for accuracy and transparency

- Estimates, invoicing and payment
  - Check for accuracy and inclusion of entitled rebates and discounts
  - Verify the deals between the agency and the media suppliers
  - Ensure timely reconciliations and payment to the media

- Reporting requirements
  - Check compliance on reporting requirements and standards - frequency and timeliness
  - Verify accurate and proper utilization of third-party information (media research databases)

- Regulatory requirements
    - Check for compliance to all applicable regulatory requirements by the various federal and provincial industry bodies (ASC, CBC, CRTC, Telecaster, etc.)
    - Verify all applicable industry permits, approvals and clearances are submitted and received in a timely manner

- Confidentiality and security
    - Check security measures put in place and verify there are no security leaks and disclosure of confidential information

The contract compliance audit can be very broad based and extensive if the advertiser wishes to examine every aspect of the contract. However, they usually are more focused on specific areas where there may be specific concerns about the agency's adherence to the agreement, or compliance in areas of greatest impact and importance.

5. Remuneration

A remuneration audit focuses specifically on the compensation aspect of the client-agency agreement, with the details of scope of services. The more common remuneration methods include:

- Fees based on projected personnel time required for the scope of work
- A commission percentage (%) on the client's media expenditures (gross or net)
- A combination of fees and commissions
- Payment by Results (PBR)

The audit checks and verifies the agency's adherence to the agreed specifics of the remuneration methodology and calculations:

- Fees based on time commitments
    - Verifies time reporting accuracy
    - Checks and compares fees to agreed hourly rates
- Verifies correct commission percentages applied
    - Checks media billing accuracy (with reconciliations) to commission invoices

If part of the remuneration is based on performance results, the audit will examine the performance measures. The audit will then apply these results to the contracted remuneration package to ensure appropriate payment.

Some remuneration audits may extend into the specifics of the compensation agreement and the scope of services. These two key elements of the client-agency contract are compared to 'industry benchmark norms.' The audit identifies whether the agency's remuneration is within 'acceptable' ranges, relative to the scope of services.

6. Performance

A performance audit is a bit of a catch-all for auditing the media agency on a number of different aspects, depending on what specific issues the advertiser wishes to review and investigate.

A basic broadcast buying performance audit reviews the media buys and compares to the objectives established in the media plan on the various measures (e.g., GRPs, reach/frequency, effective reach, effective frequency, day-part distribution, channel mix, programming – % in top 10 / 20.)

With television for example, commercial placements, positions in pod, preferential or equitable rotations are increasingly being measured (although, in some instances, it is not possible for the agency to negotiate or confirm placements in advance). For online, factors such as search engine optimization, content sponsorships, sticky content scores and rich media elements are also being scrutinized.

The audit examines the buys with comparisons to competitive or similar demographical campaigns. It reports on how the buys deliver against primary, secondary or tertiary target markets. Qualitative aspects and added-value components of the buys are also evaluated for synergy and suitability to the strategy and objectives of plans.

The performance audit can be expanded to be an evaluation of the agency's performance in servicing the client, covering the various areas in the scope of work/scope of services, as detailed in the agency agreement.

This performance audit evaluates the media agency, reviewing and examining how they delivered in key areas:

- Client servicing
- Planning skills
- Buying skills
- Delivery of value added
- Reporting/timeliness
- Campaign stewardship
- Budget/financial management

Typically the performance audit is conducted by the client as the performance evaluation of the agency, handled internally with input from those within the client organization who work closely with the agency. This evaluation, conducted annually as a matter of course, identifies areas the agency has performed well in, and areas for improvement on these measures as well as other relationship measurements.

The outcome of the evaluation is often linked to the agency's remuneration, where the agreement stipulates that (part of) the agency's revenue is dependent on their performance evaluation and other bonus incentives related to the advertiser's business results (PBR).

The performance audit on the media agency includes input from the agency on interaction with the client, and on how the client 'performed' in areas that directly impact the agency's performance:

- Communications flow
- Briefings
- Approvals/timing
- Changes/revisions

The performance audit is now being outsourced sometimes to external third-party auditors to conduct on behalf of the advertiser. This provides a more neutral independent review of the agency's performance, with the client organization also being reviewed and evaluated. There are a number of similarities and overlaps with the process audit.

7. Process

A process audit reviews and attempts to improve overall productivity, efficiency and effectiveness in all aspects of an advertiser's media program. This includes more than the financial components of the media buy; it involves all appropriate disciplines within the marketing and financial groups at the advertiser and agency. A process audit covers a wide range of areas, as follows:

- Ensures cost controls and financial systems are sound
- Reviews communication channels and protocol
- Establishes measurable marketing/media criteria
- Reviews client and agency roles and responsibilities
- Reviews systems, procedures and reporting formats for consistency/efficiencies
- Reviews timetables in order to consolidate activity and maximize efficiency in all disciplines
- Reviews the scope of work agreement and agency compensation structure
- Reviews and identify better practices

Typically, a process audit will report on the communications, operations and work flow among the advertiser, the media agency, the creative agency and other communications partners involved in the process, and identify any areas for improvement.

8. Strategic

A strategic audit analyzes the direction and impact of advertising campaigns to determine whether they are helping the advertiser achieve its business and marketing goals. It focuses on active and continuous improvements rather than reporting the facts using a passive audit method. Some of the areas covered are:

- Industry research usage
- Testing of different media strategies to create learning and to improve strategies
- Consumer target analysis
- Measurement and analysis of results by media campaign

Appendix 9

Industry Input

This guidebook is based on input from the three groups directly involved and impacted by media audits: advertisers, media agencies and media auditors.

We also explored and researched the world of media auditing in other countries (e.g., U.S., UK, Europe and Australia), capitalizing on their learning and experiences and, where suitable, adapted them for our guidelines and best practices.

Media Audit Surveys & Interviews

We conducted an online survey among advertisers, media agencies and media auditors. The surveys were sent to members of the ACA, CMDC, ICA and AAPQ, and a list of media auditors operating in Canada.

Follow-up personal interviews were held with participating respondents from each of the three groups, who were willing to provide more in-depth perspectives and opinions on media auditing. The objectives of the survey and interviews were to:

- Solicit interest and participation from these three key groups
- Collect qualitative information on the current state of media auditing in Canada
- Get in-depth perspectives, opinions and views from real-life experiences with media auditing
- Identify key issues and considerations facing the industry from the standpoint of these three groups
- Secure input and comments on how media auditing can be improved now and in the future

With the sample sizes utilized, the online survey and personal interviews are intended to be qualitative, not quantitative.

The response samples from the on-line survey are as follows:

- Advertisers: 15
- Agencies: 39
- Media Auditors: 4

We believe the information received from this research provided us with greater insights and better understanding and appreciation on the complexity of the topic. It was not surprising to see the similarities and differing perspectives from the three groups. It was interesting to see some contradictions evident on a few points.

Media Auditing Survey - Advertisers

1. Has your company conducted an audit of the media plans and / or media buys executed by your agency in the past 2 years?

	Response Percent	Response Count
Yes	**60.0 %**	**9**
No	40.0 %	6
Don't know	0.0 %	0
	answered question	*15*
	skipped question	*0*

2. Are media audits a priority in assessing the performance and developing the working relationship with your media agency? Rate on a scale of 1 to 10
(1 = low priority, 10 = high priority)

Low 1	2	3	4	5	6	7	**8**	9	High 10	Rating Average	Response Count
13.3 %	13.3 %	13.3 %	0.0 %	6.7 %	0.0 %	6.7 %	**33.3 %**	6.7 %	6.7 %	5.53 %	15
(2)	(2)	(2)	(0)	(1)	(0)	(1)	**(5)**	(1)	(1)		

answered question	*15*
skipped question	*0*

3. Will your company be conducting a media audit in the next 2 years?

	Response Percent	Response Count
Yes	**53.3 %**	**8**
No	6.7 %	1
Don't know	40.0 %	6
	answered question	*15*
	skipped question	*0*

4. For international companies. Are Media Audits initiated & directed by the management in Canada, or by your parent company/head office?

	Response Percent	Response Count
Canada	**62.5 %**	**5**
International	12.5 %	1
Head office	0.0 %	0
Don't know	25.0 %	2
	answered question	*8*
	skipped question	*7*

Media Auditing Survey - Media Agencies

1. Have any of your clients conducted an audit of the media plans &/or media buys executed on their behalf, in the past 2 years?

	Response Percent	Response Count
Yes	37.8 %	14
No	**59.5 %**	**22**
Don't Know	2.7 %	1
	answered question	*37*
	skipped question	*2*

2. If yes, please indicate the number of clients / audits performed in the past 2 years.

Total Audits Performed	*51*
answered question	*12*
skipped question	*27*

See below for full text of responses, totalling 51 audits from question above:

1. **2**
2. **Two**
3. **10**
4. **1 client / 3 audits**
5. **5 / year**
6. **approx. 10**
7. **1**
8. **3**
9. **3**
10. **3**
11. **5**
12. **1 Client, 2 audits**

3. Please rate the outcome of the media auditing process. Rate on a scale of 1 to 10 (1= extremely negative, 10 = extremely positive)

Negative 1	2	3	4	5	6	7	8	9	Positive 10	Rating Average	Response Count
0.0 %	0.0 %	**25.0 %**	8.3 %	16.7 %	8.3 %	8.3%	8.3 %	16.7 %	8.3 %	6.00	12
(0)	(0)	**(3)**	(1)	(2)	(1)	(1)	(1)	(2)	(1)		

answered question 12

skipped question 27

4. Has Media Auditing had an impact on your operations? Rate on a scale of 1 to 10 (1= no impact, 10 = extreme impact)

None 1	2	3	4	5	6	7	8	9	Extreme 10	Rating Average	Response Count
47.1 %	11.8 %	5.9 %	8.8 %	0.0 %	8.8 %	8.8 %	8.8 %	0.0 %	0.0 %	3.09	34
(16)	(4)	(2)	(3)	(0)	(3)	(3)	(3)	(0)	(0)		

answered question 34

skipped question 5

5. Do you anticipate any of your clients to be conducting a media audit in the next two years?

	Response Percent	Response Count
Yes	**41.2 %**	**14**
No	17.6 %	6
Don't Know	**41.2 %**	**14**

answered question 34

skipped question 5

6. Do you expect Media Auditing in Canada to increase or decrease in the next 2-5 years?

	Response Percent	Response Count
Increase	**63.6 %**	**21**
Decrease	0.0 %	0
Same	36.4 %	12
	answered question	*33*
	skipped question	*6*

7. For your international clients. Are Media Audits initiated & directed by the management in Canada, or by the parent company / head office?

	Response Percent	Response Count
Canada	12.5 %	4
International	9.4 %	3
Head Office	31.3 %	10
Don't Know	**46.9 %**	**15**
	answered question	*33*
	skipped question	*6*

Media Auditing Survey - Media Auditors

1. How knowledgeable & prepared are your clients on Media Auditing?

Rate on a scale of 1 to 10 (1 = no knowledge, 10 = extremely knowledgeable).

Knowledge

1	2	**3**	4	5	6	7	8	9	10	Rating Average	Response Count
0.0 %	0.0 %	**50.0 %**	25.0 %	0.0 %	25.0 %	0.0 %	0.0 %	0.0 %	0.0 %	4.00 %	4
(0)	(3)	**(2)**	(1)	(0)	(1)	(0)	(0)	(0)	(0)		

Rate on a scale of 1 to 10 (1 = not prepared, 10 = very prepared).

Preparedness

1	**2**	3	4	5	6	7	8	9	10	Rating Average	Response Count
0.0 %	**75.0 %**	0.0 %	0.0 %	25.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	2.75 %	4
(0)	**(3)**	(0)	(0)	(1)	(0)	(0)	(0)	(0)	(0)		

answered question	*4*
skipped question	*0*

2. How knowledgeable & prepared are the media agencies on Media Audits?

Rate on a scale of 1 to 10 (1 = no knowledge, 10 = extremely knowledgeable).

Knowledge

1	2	3	4	5	**6**	7	8	9	10	Rating Average	Response Count
0.0 %	0.0 %	0.0 %	0.0 %	25.0 %	**75.0 %**	0.0 %	0.0 %	0.0 %	0.0 %	5.75 %	4
(0)	(0)	(0)	(0)	(1)	**(3)**	(0)	(0)	(0)	(0)		

Rate on a scale of 1 to 10 (1 = not prepared, 10 = very prepared).

Preparedness

1	2	3	**4**	5	6	7	8	9	10	Rating Average	Response Count
0.0 %	0.0 %	25.0 %	**75.0 %**	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	3.75 %	4
(0)	(3)	(1)	**(3)**	(0)	(0)	(0)	(0)	(0)	(0)		

answered question	*4*
skipped question	*0*

3. Do you expect Media Auditing in Canada to increase or decrease in the next 2-5 years?

	Response Percent	Response Count
Increase	**100.0 %**	**4**
Decrease	0.0 %	0
Same	0.0 %	0
answered question		*4*
skipped question		*0*

4. For international clients. Are Media Audits initiated & directed by the management in Canada, or by the parent company / head office?

	Response Percent	Response Count
Canada	25.0 %	1
International	0.0 %	0
Head Office	**75.0 %**	**3**
Don't Know	0.0 %	0
answered question		*4*
skipped question		*0*

Appendix 10

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- Jennifer Dawkins, General Motors of Canada
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- Hugh Dow, M2 Universal Communications Management
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Appendix 12

About the Author

David Chung is Managing Partner of Lourica Group Inc., a management and communications consultancy, which he launched in 2005. The Lourica Group is focused on working with marketers, helping to address and resolve issues and concerns in the communications and media arenas.

David's extensive knowledge and experience in the advertiser, advertising agency and media sectors provides the necessary platform to offer a comprehensive suite of consultancy services.

He is a senior executive with comprehensive media communications and managerial expertise gained through highly challenging agency management roles and responsibilities spanning over three decades. His agency experience includes:

- MPG/Maxxmedia – President
- Lowe/SMS – Senior Vice President, National Media Director
- MacLaren: Lintas – Senior Vice President, Director of Media Planning
- Lintas Canada – Senior Vice President, Director of Media Services
- Foote Cone & Belding – Vice President, Media Manager
- J. Walter Thompson – Group Media Director

His hands-on management involvement with major blue-chip marketers in diverse and highly competitive sectors (including automotive, beverages & beverage alcohol, entertainment, packaged goods, quick serve restaurants, retail, telecommunications and tourism & travel) has created unique insights and perspectives on the industry.

Through the unprecedented media revolution of recent years, he has successfully stayed at the forefront and continued to lead and advise his clients on various projects.

David is very involved in the industry and has held board directorships with various organizations, including CMDC, NABS and PMB. He is a regular contributor on current industry issues, trends and developments to industry publications, conferences and seminars.

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