SURVEY RESEARCH

2013 SURVEY RESEARCH REPORT

Payment Terms — Current Practices for Marketing Services

ANA surveys are based on topics identified by the ANA and its membership as critical issues and emerging trends that nearly all marketers face today.

Access all ANA survey reports at:
www.ana.net/surveys

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Executive Summary

This report covers the findings from an ANA survey of client-side marketers on the topic of payment terms for marketing services.

Payment Terms Are Either Being Extended or Kept the Same

In the past year, 43 percent of respondents report extending payment terms and 17 percent report shortening terms for a list of marketing services covering agency fees, research, media, production, and talent payments. Meanwhile, 90 percent report keeping payment terms the same. (Numbers add up to greater than 100 percent because a given marketer could extend payment terms for one service, shorten for another, and stay the same for yet others.) Most marketing services have had payment terms extended, including agency fees, research, and various types of media. Note that, according to the survey, the historic payment terms for marketing services varies by specific service with the mean ranging between 37.9 and 45.9 days.

Reasons for Extending Payment Terms/Finance and CFO Main Drivers

The majority of respondents who have extended their payment terms have done so in order to derive better cash flow. Next in importance is upper management's focus on accounts payable, which is tied directly to cash flow.

By far, the finance department and/or the CFO have the most impact in driving payment term changes. The procurement/purchasing area also plays a role.

Negative Consequences of Extended Payment Terms

Extended payment terms can have negative consequences, notably:

- Strained relationship with vendors
- Higher prices
- Strained management process

Changes in Terms Most Likely to Happen Across the Supplier Base

Among those companies that have evaluated implementing changes to payment terms, about 60 percent have done so to suppliers across the board, and 40 percent are evaluating changes to a segment of their supplier base.

As a Supplier/Vendor, Almost One-Third Saw Payment Terms Extended

Just under one-third of respondents claim that, as a supplier/vendor, they have seen their company's payment terms extended.

More Than 40 Percent Likely to Change Payment Terms Within the Next Year

Forty-two percent of respondents say they are "very/somewhat" likely to change their payment terms for advertising/marketing services within the next year, including 29 percent who are "very likely." Those respondents who are likely to change their payment terms cite three primary reasons for doing so:

- Improving cash flow
- CFO/internal management pressure
- External forces/keeping up with competitors

Introduction and Methodology

This report covers the findings from an online survey conducted by the ANA during August and September 2013. The survey was initiated due to member interest resulting from reports in the advertising/marketing trade press and mainstream business press regarding changes in payment terms being implemented by a handful of companies to some suppliers. The purpose of this survey was to determine if such changes were isolated examples or reflective of a broader trend.

ANA worked closely with Reed Smith, our outside legal counsel, on the survey questionnaire. Reed Smith advised that we benchmark recent past activity on this topic by asking about the “snapshot” time period between May 1, 2012 and April 30, 2013.

The survey was sent to ANA’s survey panel (about 1,000 individuals) and members of ANA’s marketing and media committees (another 2,800).

In total, 98 client-side marketers participated in this survey. It is interesting to note that 62 percent of respondents are in procurement/sourcing.

In aggregate, respondents have an average of 14 years of experience in the marketing/advertising industry.

December 2013

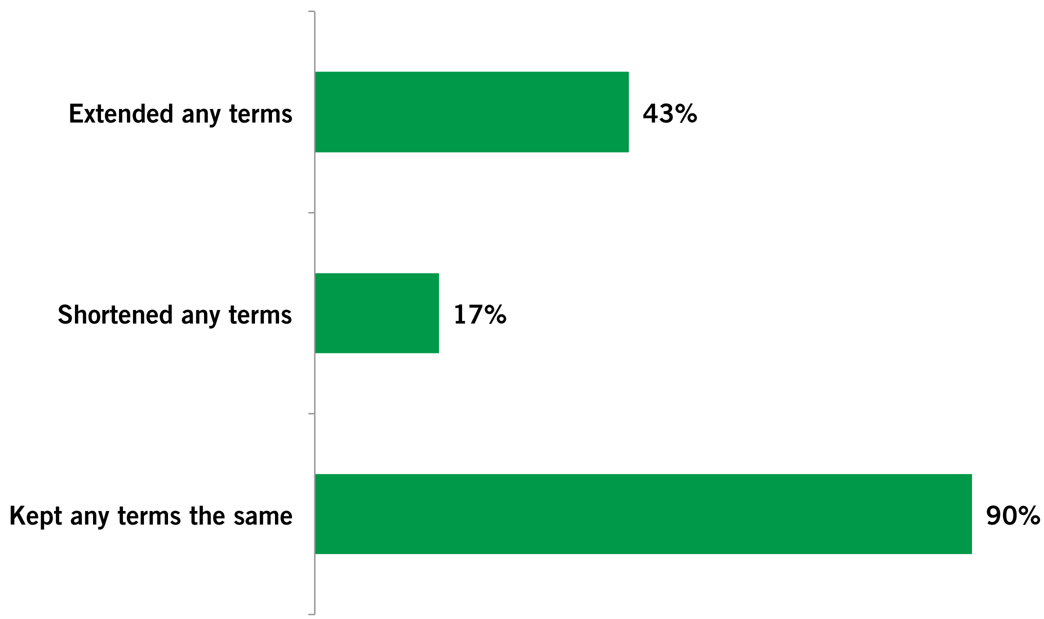
Detailed Findings

Payment Terms Are Either Being Extended or Kept the Same

In the past year, 43 percent of respondents report extending payment terms and 17 percent report shortening payment terms for a list of marketing services covering agency fees, research, media, production, and talent payments. Meanwhile, 90 percent report keeping payment terms the same. (These numbers add up to greater than 100 percent because a given marketer could extend payment terms for one service, shorten for another, and stay the same for yet others.)

Overall Change in Payment Terms — Past Year

Base: 98



Q1. In the past year (May 1, 2012–April 30, 2013), has your company extended, shortened, or kept the same terms for payment of services listed below?

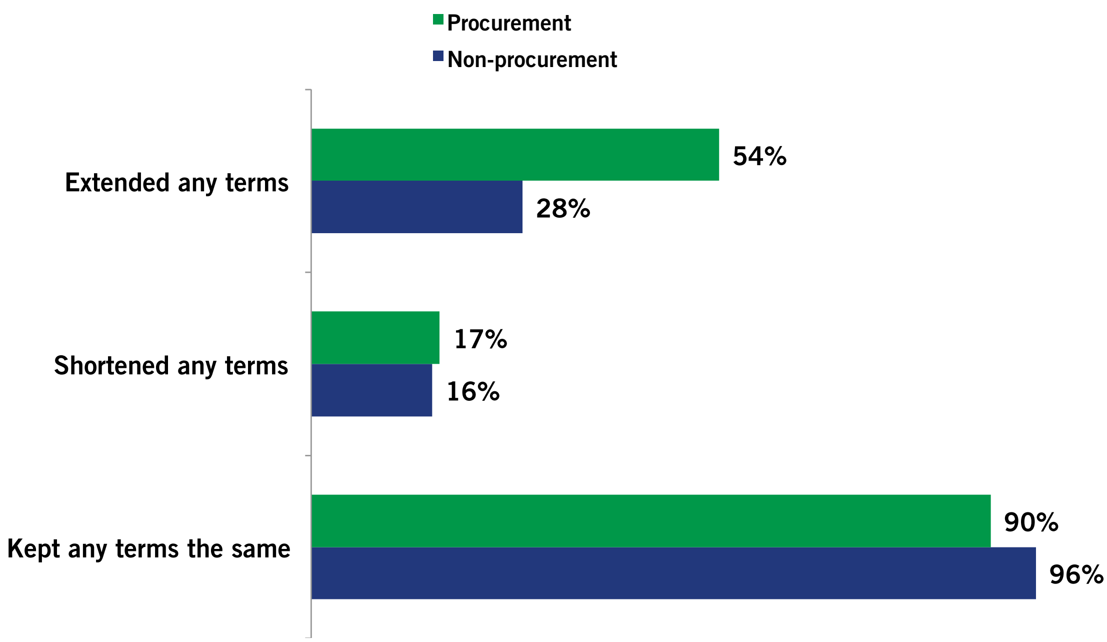
Source: 2013 ANA Payment Terms Survey

Procurement Departments Extend Payment Terms More than Others Do

More than half (54 percent) of those respondents in procurement departments say they have extended payment terms in the past year. This is higher than those who are not in procurement departments. Nonetheless, the percentage of non-procurement respondents (28 percent) who have extended terms is significant.

Overall Change in Payment Terms — Past Year

Base: Procurement (41); Non-procurement (25)



Q1. In the past year (May 1, 2012–April 30, 2013), has your company extended, shortened, or kept the same terms for payment of services listed below?

Source: 2013 ANA Payment Terms Survey

Specific Services Affected by Changes in Payment Terms

Most marketing services have had payment terms extended, including agency fees, research, and various types of media.

Production is the service with the highest incidence of shortened terms (11 percent), although 20 percent of marketers also report extending payment terms for production.

Overall Change in Payment Terms — Past Year

Base: 98

	Extended Terms	Kept the Same Terms	Shortened Terms
Agency fees (compensation)	36%	59%	5%
Research	32%	67%	1%
Digital media	31%	68%	1%
Print media	27%	72%	1%
Network broadcast media	23%	74%	3%
Local broadcast media	22%	74%	4%
Out-of-home media	21%	77%	2%
Production	20%	69%	11%
Talent payments	13%	80%	7%
Other/Out-of-pocket	26%	65%	9%

Q1. In the past year (May 1, 2012–April 30, 2013), has your company extended, shortened, or kept the same terms for payment of services listed below?

Source: 2013 ANA Payment Terms Survey

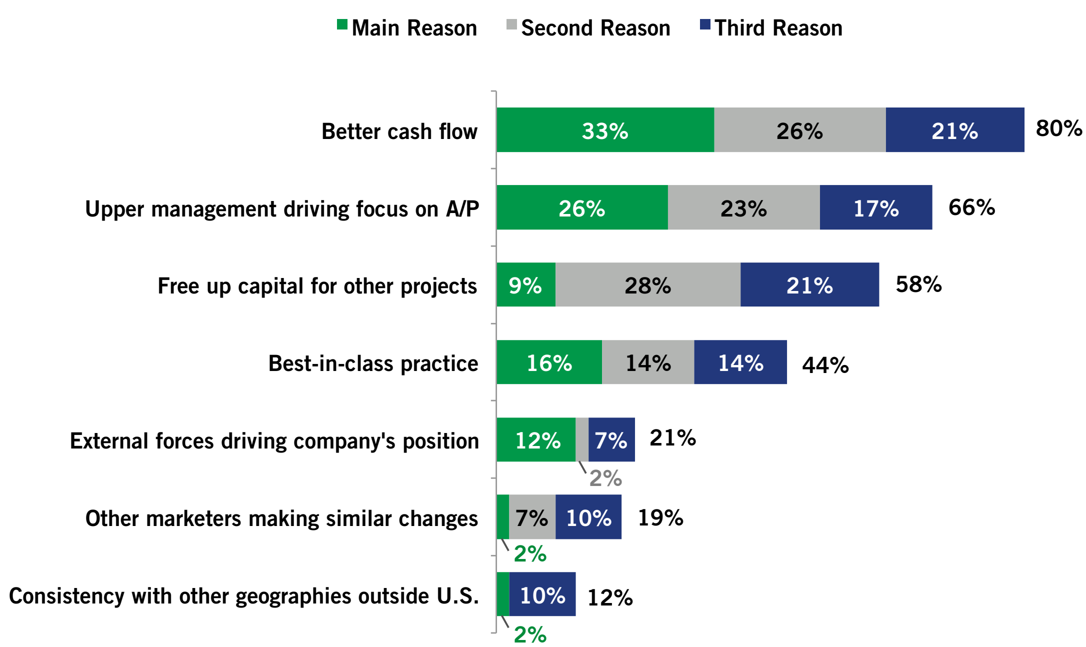
Better Cash Flow Is the Most Important Reason for Extending Payment Terms

When asked to rank the top three reasons for extending payment terms, the great majority of respondents (80 percent) who have extended their payment terms claim to have done so in order to derive better cash flow. Better cash flow was also rated as the main reason by 33 percent of respondents. Next in importance is upper management's focus on accounts payable, which is tied directly to cash flow.

In addition, freeing up capital for use on other projects was mentioned by more than half of respondents (58 percent) as one of the top three reasons for extending payment terms, and rated as the main reason by 9 percent. And being a best-in-class practice was cited by 44 percent as one of the top three reasons and rated as the main reason by 16 percent.

Reasons Behind Extending Payment Terms

Base: 43



Q2. Please rank the top three reasons behind the change to extend payment terms.

Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

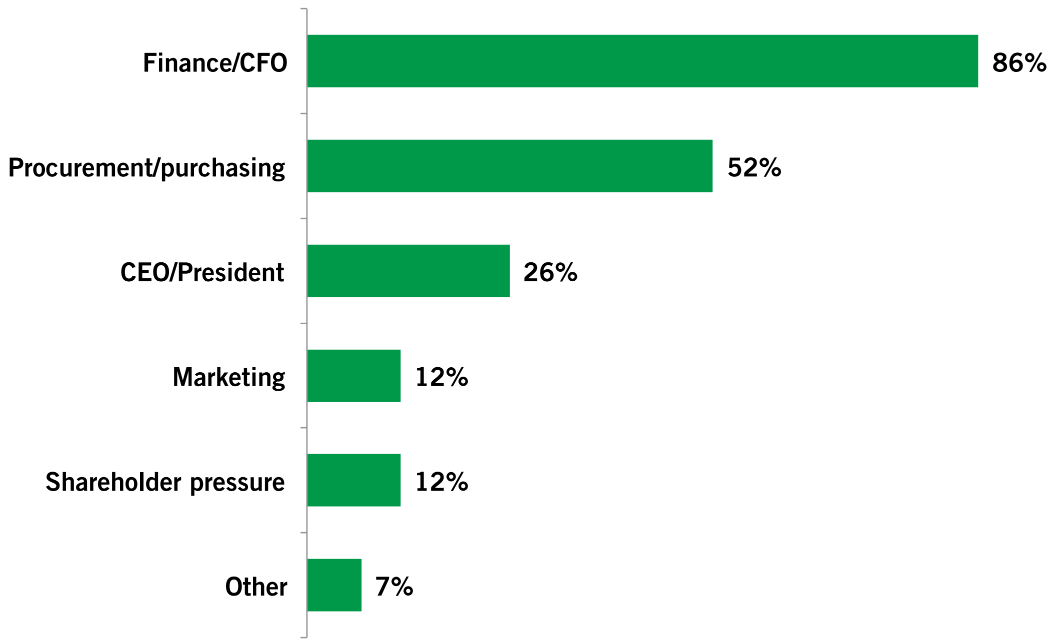
Source: 2013 ANA Payment Terms Survey

Finance and the CFO Are the Main Drivers of Payment Term Changes

By far, the finance department and/or the CFO have the most impact in driving payment term changes (86 percent). The procurement/purchasing area also stands out, noted by 52 percent of respondents.

Areas of Company Driving Change to Payment Terms

Base: 42



Q3. What areas of the company drove change to overall payment terms? Select all that apply.
Note: Please provide answers based on a “snapshot” time period ending on April 30, 2013.

Source: 2013 ANA Payment Terms Survey

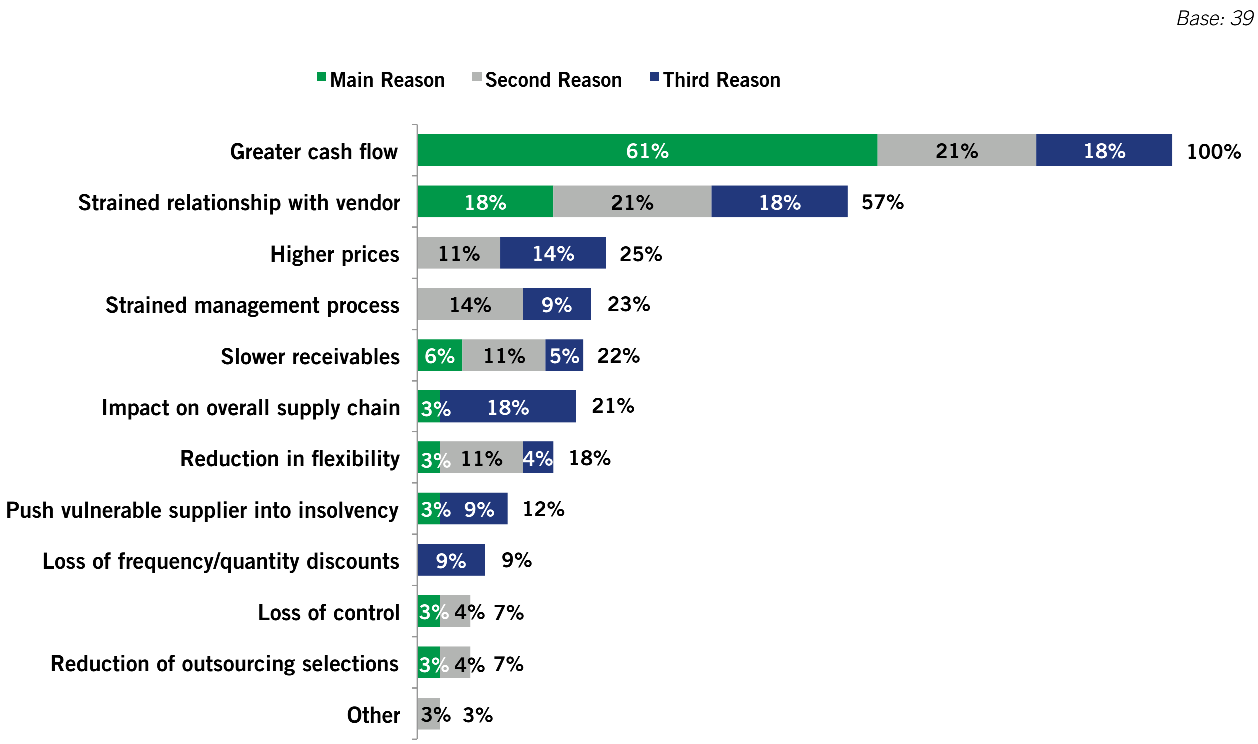
Extended Payment Terms Positively Affect Cash Flow, But Can Strain Vendor Relationships

Greater cash flow is cited as one of the top three elements affected the most by extended payment terms (100 percent). It is cited as the main reason by 61 percent.

However, extended payment terms can also have negative consequences, and the following were most frequently noted (as the top three reasons), among those who have extended terms:

- Strained relationship with vendor (57 percent)
- Higher prices (25 percent)
- Strained management process (23 percent)

Elements Extended Payment Terms Affected Most



Q4. Please rank the top three elements that extended payment terms affected the most.
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

Source: 2013 ANA Payment Terms Survey

Payment Terms Billing Start When Invoice Is Received

About two-thirds of respondents said the billing payment term starts on the date that they receive the supplier's invoice, no matter the service. A much smaller number, about 25 percent, said the payment term starts on the supplier's invoice date. Those numbers are consistent across all types of services.

Start of Billing Payment Term Period

Base: 80

	Supplier's Invoice Date	Date Supplier's Invoice Received	Date Services Rendered
Agency fees (compensation)	25%	69%	6%
Digital media	27%	62%	11%
Local broadcast media	27%	63%	10%
Network broadcast media	24%	64%	12%
Out-of-home media	27%	64%	9%
Print media	28%	65%	7%
Production	29%	64%	7%
Research	28%	65%	7%
Talent payments	29%	63%	8%
Other/Out-of-pocket	27%	71%	2%

Q5. When does your billing payment term period start?
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

Source: 2013 ANA Payment Terms Survey

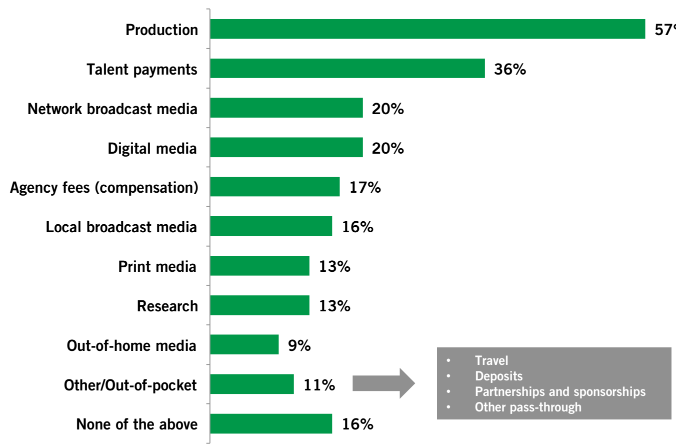
Advance Billing: Most Commonly Allowed for Production

Advance billing is billing prior to service activity. More than half those surveyed (57 percent) said that their company has allowed advance billing of services rendered for production. Secondarily, 36 percent claim that they have allowed advance billing for talent payments. That is usually a standard practice for celebrity talent contracts, which almost always require an upfront payment.

However, overall, advance billing is not typically allowed for most marketing services rendered.

Services for Which Advance Billing Allowed

Base: 76



Q6. For which of the following has your company allowed advance billing of services rendered? Select all that apply.
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

Source: 2013 ANA Payment Terms Survey

"As production timelines only seem to shorten, and given that so much of television commercial production is sub-contracted out by most production companies (crew, equipment, sets, props, etc.), it's understandable that they need substantial initial funds from the advertiser to secure vendors and begin pre-production as soon as estimates are approved."

John Lick
Executive Producer, Target
Co-Chair, ANA Production Management Committee

"Industry practices for advance billing of production vary. For television production, one common practice is to pay 50 percent upon awarding the job, another 25 percent on the first shoot day, and the final 25 percent upon delivery of the dailies. Another practice is to pay 75 percent upon awarding the job and 25 percent upon delivery of the dailies."

Valerie Light
Manager, Broadcast Production, Verizon
Co-Chair, ANA Production Management Committee

Most Commonly Allowed Billing Date for Media: Plan/Cover Date/Service Month

No matter the media type, the most common allowable billing date is a "specific month based on plan/cover date/service month" (about 43 percent).

Date Billing Allowed for Specific Media

Base: 67

	Upon Signing of Estimate	Prior Month of Service/Cover Date	Specific Month Based on Plan/Cover Date/Service Month	Month Following Activity	After Being Actualized
Digital media	6%	8%	40%	21%	25%
Local broadcast media	5%	9%	43%	21%	22%
Magazine	6%	7%	41%	17%	29%
Network broadcast media	5%	7%	44%	19%	25%
Newspaper	6%	7%	41%	18%	28%
Out-of-home media	5%	7%	46%	18%	24%

Q7. When has your company allowed billing to take place for the following specific media?
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

Source: 2013 ANA Payment Terms Survey

Payments for All Media Are Made Once a Month

By far, the largest percentage of those surveyed (about two-thirds) make payments once a month for all types of media services.

Frequency of Making Payments for Specific Media

Base: 61

	More Often Than Once a Week	Once a Week	Once Every Two Weeks	Once a Month	Less Often Than Once a Month
Digital media	13%	3%	8%	64%	12%
Local broadcast media	15%	4%	7%	69%	5%
Magazine	15%	4%	8%	65%	8%
Network broadcast media	15%	4%	8%	65%	8%
Newspaper	17%	4%	9%	61%	9%
Out-of-home media	15%	4%	8%	67%	6%

Q8. How often does your company make payments?
Note: Please provide answers based on a “snapshot” time period ending on April 30, 2013.

Source: 2013 ANA Payment Terms Survey

Historically, Payment Terms for Most Advertising/Marketing Services Have Been Between 40 and 45 Days

The largest percentage of those surveyed (about 40 percent) claim that their historic payment terms for advertising/marketing services have been between 31 and 44 days. Another one-quarter say that payment terms ran from 45 to 59 days, and 20 percent or fewer claim that payment terms were between 60 to 89 days. While respondents were provided options for 90 to 119 days and more than 120 days, no one noted those as historic terms. On average, payment terms across all services have been about 43 days.

Historic Payment Terms for Advertising/Marketing Services

Base: 64

	0–15 Days	16–30 Days	31–44 Days	45–59 Days	60–89 Days	Mean
Newspaper	2%	17%	32%	30%	19%	45.7 days
Digital media	2%	17%	40%	21%	20%	45.9 days
Agency fees (compensation)	—	17%	39%	24%	20%	45.7 days
Research	—	19%	38%	29%	14%	44.0 days
Out-of-home media	2%	15%	43%	24%	16%	44.2 days
Magazine	2%	18%	36%	24%	20%	45.0 days
Local broadcast media	5%	14%	40%	23%	18%	43.5 days
Pass-through items	2%	19%	46%	20%	13%	41.7 days
Network broadcast media	4%	18%	41%	20%	17%	42.6 days
Production	9%	22%	42%	15%	12%	37.9 days
Talent payments	11%	21%	39%	18%	11%	38.7 days
Other/Out-of-pocket	—	20%	39%	31%	10%	42.6 days

*Q9. What were **historic payment terms** for your company's advertising/marketing services?*
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

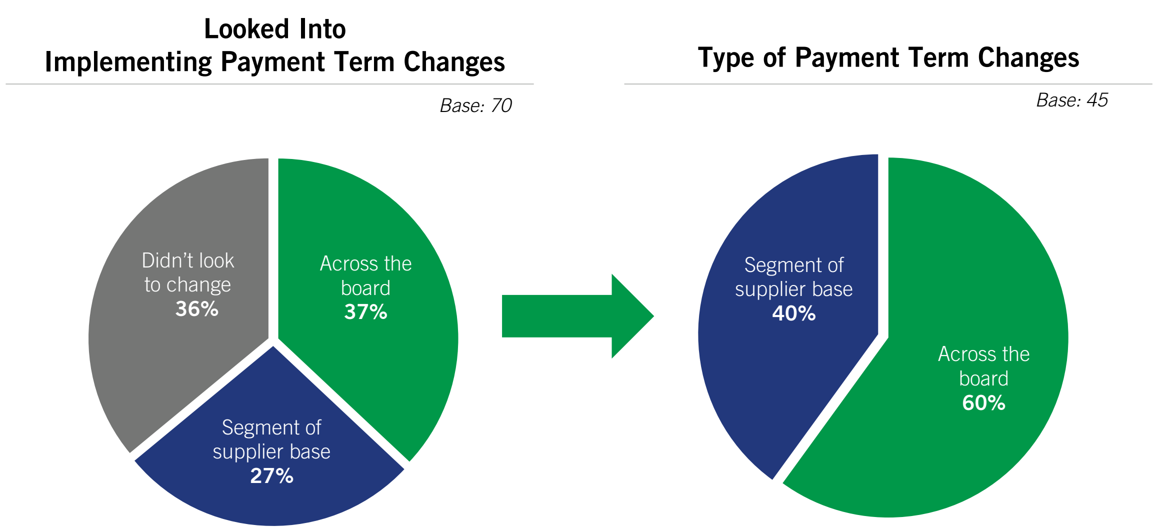
Source: 2013 ANA Payment Terms Survey

Almost Two-Thirds of Companies Have Evaluated Changes in Payment Terms

Almost two-thirds (64 percent) of respondents' companies have evaluated changes to their payment terms. More than one-third (37 percent) said that those changes would be across the board, and more than one-quarter (27 percent) said changes would be to a segment of their supplier base.

Among those companies that have evaluated changes to payment terms, about 60 percent have done so to suppliers across the board and 40 percent evaluated changes to a segment of their supplier base.

Method of Implementing Payment Terms Changes



Q10. Has your company looked into implementing changes to payment terms across the board, or to a segment of your supplier base, based on appropriateness?
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

Source: 2013 ANA Payment Terms Survey

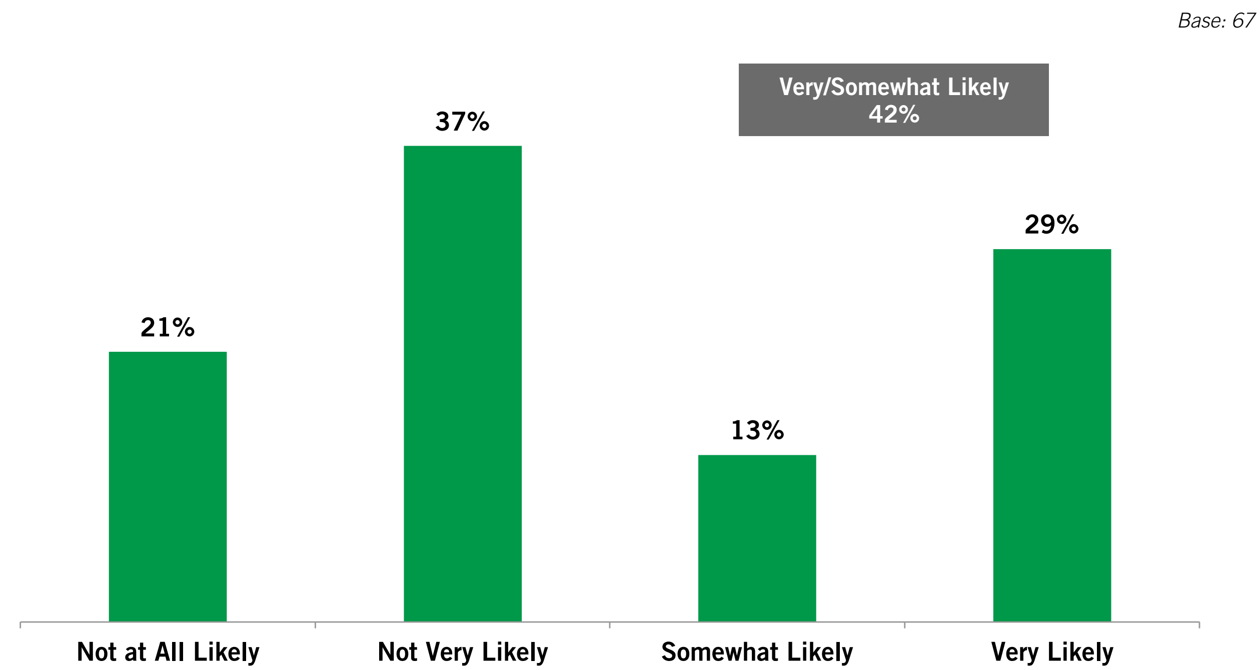
"Companies have been re-examining payment terms with all or most of their suppliers for some time… not just those in the advertising and media space. So it should come as no surprise to agencies and media companies that many firms are now re-examining payment terms there as well."

Mike Thyen
Director of Procurement, Emerging Markets, Eli Lilly and Company
Chair, ANA Advertising Financial Management Committee

More Than 40 Percent of Marketers Are Likely to Change Payment Terms Within the Next Year

Forty-two percent of respondents say that they are “somewhat/very” to change their payment terms for advertising/marketing services within the next year, including 29 percent who are “very likely” to do so.

Likelihood of Changing Payment Terms for Advertising/Marketing Services Within the Next Year



Q11. How likely are you to change the current payment terms for your company’s advertising/marketing services within the next year?

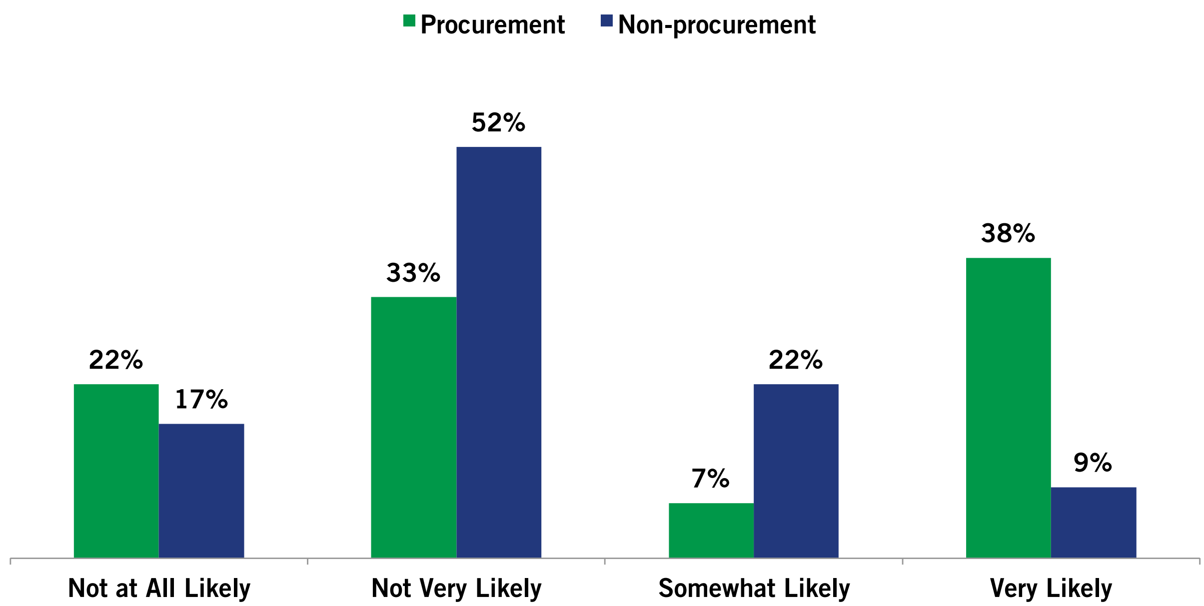
Source: 2013 ANA Payment Terms Survey

Procurement Departments Are More Likely to Change Payment Terms in Next Year

Procurement departments are significantly more likely than their non-procurement counterparts to change payment terms. Over a third (38 percent) of procurement respondents say that they are very likely to change payment terms in the next year.

Likelihood of Changing Payment Terms for Advertising/Marketing Services Within the Next Year

Base: Procurement (40); Non-procurement (23)



Q11. How likely are you to change the current payment terms for your company's advertising/marketing services within the next year?

Source: 2013 ANA Payment Terms Survey

Internal Management Pressure and External Competitors Fuel Payment Term Changes

Those respondents who are "somewhat/very" to change their payment terms for advertising/marketing services within the next year were then asked on an open-ended basis, "Why?" Responses can be grouped into the following categories:

- Improving cash flow
- CFO/internal management pressure
- External forces/keeping up with competitors

Improving Cash Flow

- Cash flow
- Eliminate potential float
- Improve overall cash flow
- Considering opportunities to better manage cash flow
- Continuing desire to improve working capital position

CFO/Internal Management Pressure

- Asked by finance to look into more favorable terms
- CFO
- Procurement has been tasked with moving all suppliers (including most agencies) to standardized payment
- Senior management directives
- Continued pressure from management to further extend terms
- Request from company

External Forces/Keeping Up with Competitors

- External forces in our industry require us to move quickly
- Currently paying too fast vs. best demonstrated practices
- Competitors have longer terms
- To stay competitive with peers
- Desire not to be "behind" our competitors
- Industry standards
- Because we are working to have best-in-class standards

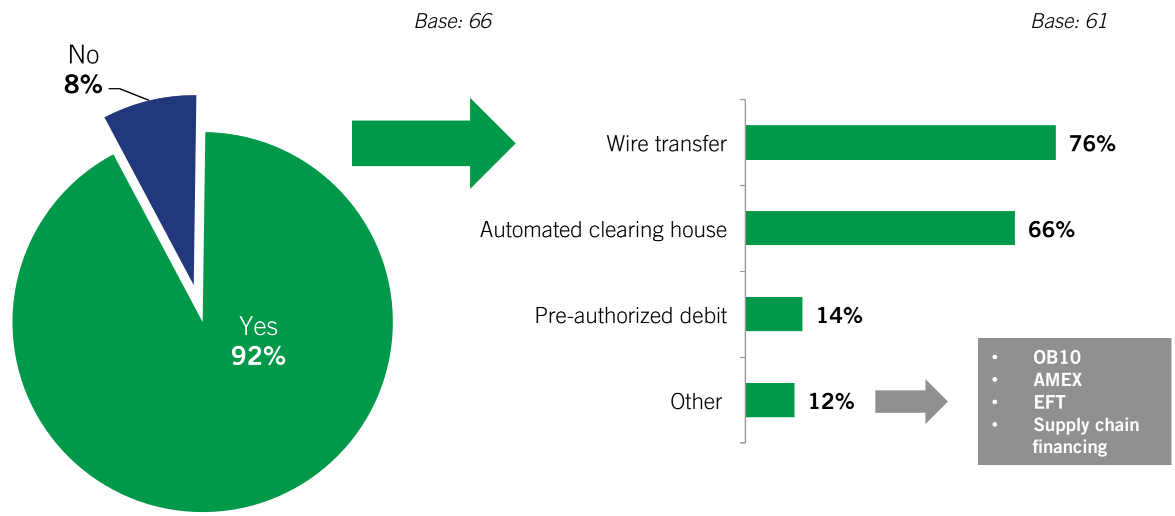
Most Companies Use Wire Transfers and Automated Clearing Houses as Electronic Payment Solutions

Almost every company surveyed (92 percent) uses electronic payment solutions. Among those, the large majority (76 percent) use wire transfers, followed by automated clearing houses (66 percent).

Usage of Electronic Payment Solutions

Whether Electronic Payment Solutions Provided

Type of Electronic Payment Solutions Used



Q12. Does your company provide electronic payment solutions?
Q13. What type of electronic payment solution does your company use? Select all that apply.

Source: 2013 ANA Payment Terms Survey

Two-Thirds Have Considered Discount Programs for Early Payment

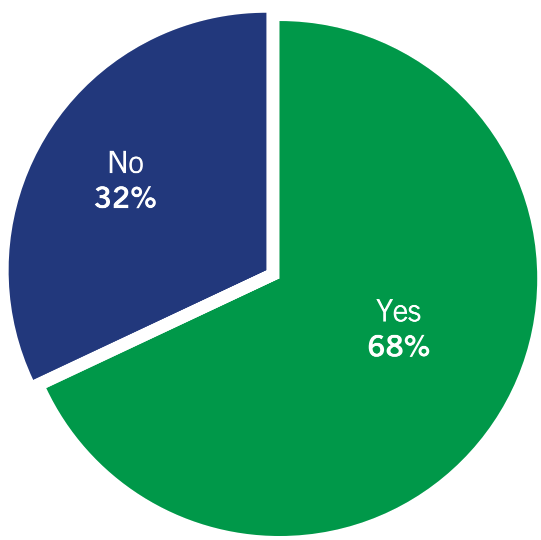
Of those surveyed, just over two-thirds (68 percent) say that their company has considered a discount program for early payment (prompt payment and buyer discounts).

One respondent noted, "We offer early payment discounts. For example, if our terms are N60, we will offer 2 percent 30, N60. So, if the supplier will allow us to take a 2 percent discount to pay early, we will consider that. We offer a dynamic option of this via a website where the suppliers can offer various discounts at different times in the process."

Note that the wording in this question was "has your company considered?" rather than "does your company have?" Therefore, the percentage of companies who indeed have a discount program for early payment is certainly less than 68 percent. Also note that this question did not delineate specific services or media types to show if early payments are considered overall or are focused on some specific marketing services.

Company Considered Discount Program for Early Payment

Base: 63



Q14. Has your company considered negotiating a discount program for early payment (prompt payment and buyer discount)?
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

Source: 2013 ANA Payment Terms Survey

Few Use Supply Chain Financing

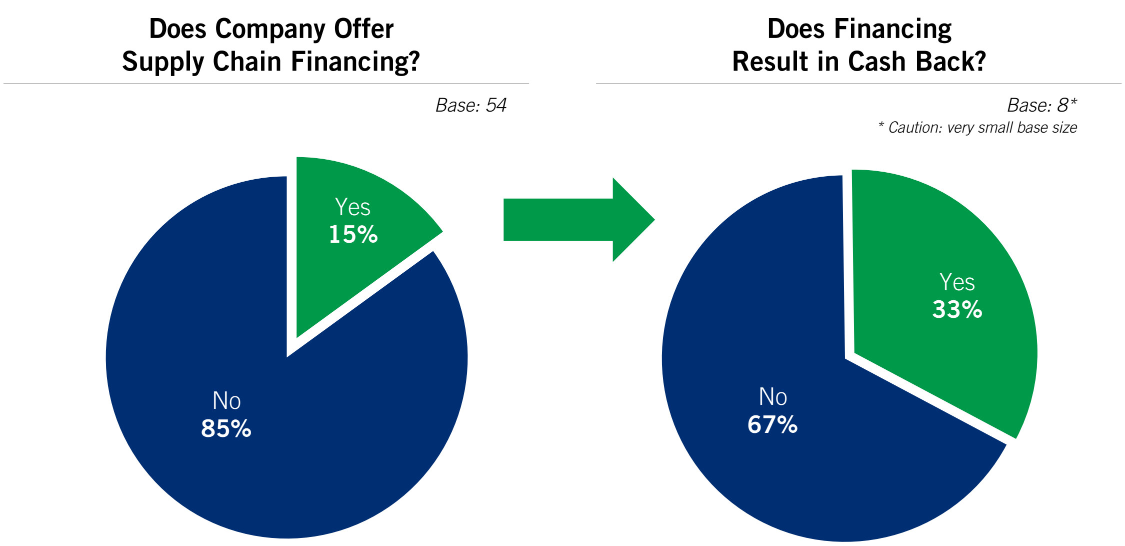
A small percentage (15 percent) of those surveyed say that their company offers supply chain financing to advertising/marketing vendors. Supply chain financing is where the ultimate buyer of the product provides some partial payment to a party earlier in the chain, allowing both the buying company and the vendor to optimize cash flow.

One respondent noted that such financing provides small business suppliers the opportunity to leverage the respondent company's good credit rating and lower borrowing rates in return for accepting their suggested payment terms.

Another respondent gave this example: "Sometimes in the printing area we may have a bulk paper buying program with one distributor, and when print work is awarded, the paper is delivered directly from the distributor, billed to us, and all the printer does is the printing, labor, and services. The paper is not included in the printer's invoice."

Of those who do offer supply chain financing, one-third claim that the structure of the financing arrangement results in cash back or a rebate to the marketer. Please note the small sample here.

Supply Chain Financing Offers/Results in Cash Back



Q15. Does your company offer supply chain financing to advertising/marketing vendors?
Q16. Does the structure of the financing arrangement result in any cash back or a rebate to the marketer?

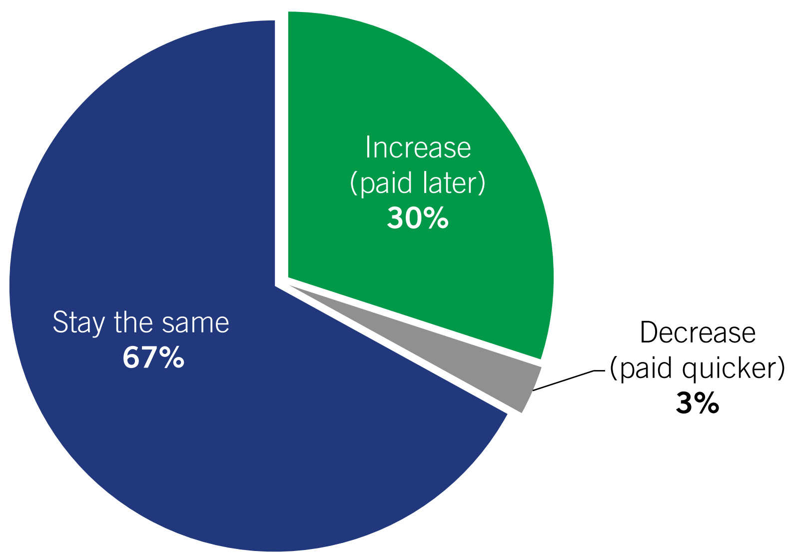
Source: 2013 ANA Payment Terms Survey

As a Supplier/Vendor, Almost One-Third Saw Payment Terms Extended

Companies are managing both account payables and account receivables and the respective companies of survey respondents can also be suppliers/vendors. As a supplier/vendor just under one-third claim that they have seen their company's payment terms increase and are therefore being paid later themselves.

Payment Terms Changes as a Supplier/Vendor

Base: 43



*Q17. **As a supplier/vendor**, have you seen your company's payment terms stay the same, increase, or decrease?*
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

Source: 2013 ANA Payment Terms Survey

Conclusions

Client-side marketers who are considering changes in their payment terms for marketing services — particularly extended terms — should proceed with caution, and are encouraged to evaluate the downstream implications of such payment term extensions. There can be serious tradeoffs resulting from payment term extensions that can have both immediate and longer-term negative consequences. Noted in this survey are strained relationships with vendors, reduction in flexibility, and higher prices. According to Tom Finneran, executive vice president, agency management services at the 4A's, "Extended payment terms will result in elevated supplier pricing and reduced supplier choice. It's that simple."

Furthermore, the very livelihoods of some of the smaller players in the marketing supply chain are threatened. This includes smaller agencies, production companies, editorial houses, and media outlets. Such companies require a predictable cash flow, often don't have access to large lines of credit, and have pricing models that do not currently reflect the costs to their business resulting from extended terms.

The Association of Independent Creative Editors recently released a policy statement which says, "The imposition of extended payment terms could cripple many post-production companies, drive them out of business, and deprive advertisers and their agencies of such valued and important resources as creative editorial houses, audio studios, color grading facilities, design shops, visual effects companies, and finishing houses."

Client-side marketers need to consider what is fair and how they would want to be treated. If the payment terms they are suggesting to their suppliers would not be acceptable to them as suppliers, a re-think might be in order.

With 42 percent of survey respondents stating that there is a likelihood of changing payment terms for advertising/marketing services within the next year, it would make good business sense to review the pros and cons of such a change, as well as both near- and longer-term implications. Companies are encouraged to open honest dialogues with suppliers to assess the consequences.

Our sister organization, the WFA (World Federation of Advertisers), recently published their own survey results on payment terms. Respondents were multinational marketers with responsibility for marketing investment from 61 companies in the WFA membership. Key findings were directionally consistent with ANA research.

- More than half (56 percent) of the respondents are currently reviewing payment terms.
- For those respondents who are reviewing payment term policies, around 40 percent may extend them.

The full WFA survey report can be accessed here.

In closing, the ANA does not recommend any specific payment terms practice.

About the ANA

Founded in 1910, the ANA (Association of National Advertisers) leads the marketing community by providing its members with insights, collaboration, and advocacy. ANA's membership includes more than 550 companies with 10,000 brands that collectively spend over $250 billion in marketing and advertising. The ANA strives to communicate marketing best practices, lead industry initiatives, influence industry practices, manage industry affairs, and advance, promote, and protect all advertisers and marketers. For more information, visit www.ana.net, follow us on Twitter, and like us on Facebook.

Additional ANA Resources

Marketers are encouraged to tap into the various resources of the ANA to learn more about the marketing industry:

ANA Marketing Knowledge Center: To find articles and presentations on a range of marketing topics, visit www.ana.net/mkc, or to submit a customized information request to the Insights Team, visit www.ana.net/asktheexpert.

ANA Survey Research: ANA surveys are based on topics identified by the ANA and its membership as critical issues and emerging trends that nearly all marketers face today. To access survey reports, which allow you to tap into members-only research and perspective, please visit www.anasurveys.net.

ANA Insight Briefs: ANA Insight Briefs are compilations of the ANA's best resources on a given subject. Filled with charts, quotes, and client-side marketer case studies, they provide today's busy marketer with top-line information on the hottest topics in marketing. For more information, please visit www.ana.net/insightbriefs.

ANA Committees: ANA committees offer members a forum for sharing best practices, the opportunity for peer-to-peer networking and benchmarking, and the ability to learn about new industry developments through the exchange of ideas with guest speakers and fellow committee members. ANA committees also often take leadership roles in shaping industry issues. For more on ANA committees, please go to www.ana.net/committees. The ANA has a number of committees for which payment terms is a topic of interest, including Advertising Financial Management, Agency Relations, Media Leadership, and Production Management.

ANA Conferences: The ANA helps the marketing community stay abreast of cutting-edge trends and best practices via a comprehensive calendar of national conferences. In addition, the ANA goes on the road to offer members a portfolio of peer-to-peer gatherings that afford opportunities to discuss special needs in a convenient, informal setting. Find more information at www.ana.net/events.

ANA School of Marketing: The ANA School of Marketing offers marketers on-site training sessions and full-day classes that help marketers grow as brand builders. Find more information at www.ana.net/schoolofmarketing.

Appendix A: Survey Firmographics

NOTE: Tables in this section may not add to 100% due to rounding.

In which category of product or service does your organization primarily market?	
Base: Those Answering	**%**
Apparel, Footwear	1
Automotive, Motorcycles	3
Business and Professional Services	2
Computers and Technology	6
Consumer Durables	3
Consumer Electronics	1
Consumer Services	—
Energy, Utilities	3
Entertainment, Media, Sports	3
Financial Services, Insurance	9
Food, Beverage, Tobacco	26
Health and Beauty	—
Pharmaceuticals, Health Care	16
Real Estate and Construction	—
Restaurants, Fast Food, Grocery Stores	3
Retail	7
Telecommunications	3
Travel, Transportation, Tourism, Hospitality	4
Other	10

Survey Firmographics

Is your company primarily B-to-C, B-to-B, or an about equal combination of both?	
Base: Those Answering	**%**
Primarily B-to-B	13
Primarily B-to-C	50
About equal combination of both	37

Which of the following best describes your organization's annual revenue?	
Base: Those Answering	**%**
Less than $1 million	—
$1 million–$9.9 million	2
$10 million–$49 million	2
$50 million–$99 million	7
$100 million–$249 million	—
$250 million–$499 million	4
$500 million–$999 million	7
$1 billion–$4.9 billion	20
$5 billion–$9.9 billion	16
$10 billion–$24 billion	16
$25 billion–$49 billion	9
$50 billion–$99 billion	5
$100 billion or more	12

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Which of the following best describes your organization's annual U.S. media budget?	
Base: Those Answering	**%**
Less than $250,000	2
$250,000–$499,999	2
$500,000–$749,999	—
$750,000–$999,999	—
$1 million–$4.9 million	3
$5 million–$14.9 million	5
$15 million–$29 million	10
$30 million–$49 million	9
$50 million–$99 million	12
$100 million–$199 million	19
$200 million–$499 million	17
$500 million–$999 million	16
$1 billion or more	5
Mean	$272M

What is your job level?	
Base: Those Answering	**%**
CEO/President	—
Chief Marketing Officer	2
Executive Vice President	—
Senior Vice President	1
Vice President	15
Director	22
Brand or Product Manager	11
Associate Brand or Product Manager	—
Manager	40
Assistant Manager	—
Other	9

Survey Firmographics

In what functional area do you currently work?	
Base: Those Answering	**%**
Executive	2
Marketing	24
Advertising	6
Brand Management	2
Communications	—
Product Management	—
Information Technology	—
Procurement/Sourcing	62
Sales	—
Strategy	—
Research	—
Other	4

How many years have you personally been working in marketing/advertising?	
Base: Those Answering	**%**
Less than 1 year	4
1 to less than 2 years	2
2 to less than 5 years	12
5 to less than 7 years	12
7 to less than 10 years	11
10 to less than 15 years	21
15 to less than 20 years	5
20 to less than 25 years	18
25 to less than 30 years	9
30 years or more	6

Appendix B: Survey Questionnaire

Q1. In the past year (May 1, 2012–April 30, 2013), has your company extended, shortened, or kept the same terms for payment of services listed below?

	Extended	Kept Same	Shortened	Not Applicable
Network broadcast media				
Local broadcast media				
Print media				
Out-of-home media				
Digital media				
Production				
Talent payments				
Agency fees (compensation)				
Research				
Other/out-of-pocket (please specify) _______________				

Media: Includes payment via agencies or directly to media organization for print, television, radio, outdoor, direct mail, etc.

Digital media: Includes media and creative for services relating to banner ads, SEO, SEM, social, mobile, etc.

Production: Includes payment for required preparation of material to produce creative executions, paid either via agency or directly to production companies or editorial companies for post-production work.

Talent/usage payments: Cost associated with talent and usage charges in television, radio, outdoor, collateral advertisements, etc.

Agency fees: Includes payments to agencies as a retainer, fees on a project basis, etc.

Research: All costs associated with syndicated and proprietary research, etc.

Other/out-of-pocket: Any other out-of-pocket costs billed by the agency to the client (travel cost, printing, shipping, etc.).

IF ANSWERED “EXTENDED” TO ANY SERVICE IN Q1, ASK Q2. OTHERWISE SKIP TO Q3

Q2. Please rank the top three reasons behind the change to extend payment terms.
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

	Main Reason	Second Reason	Third Reason
Better cash flow			
Free up capital for other projects			
Other marketers making similar changes			
Best-in-class practice			
External forces driving company's position			
Upper management driving focus on A/P			
Consistency with other geographies outside the U.S. (U.K., N. Europe, S. Europe…)			

Q3. What area(s) of the company drove change to overall payment terms? Select all that apply.
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

- ☐ Shareholder pressure
- ☐ CEO/President
- ☐ Finance/CFO
- ☐ Procurement/purchasing
- ☐ Marketing
- ☐ Other (please specify) ___________________________
- ☐ None of the above

Q4. Please rank the top three elements that extended payment terms affected the most.
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

	First Ranked	Second Ranked	Third Ranked
Greater cash flow			
Loss of established vendor			
Strained relationship with vendor			
Reduction in flexibility			
Higher prices			
Slower receivables			
Impact on overall supply chain			
Loss of frequency/quantity discounts			
Loss of control			
Reduction of outsourcing selections			
Strained management process			
Inability to successfully outsource required services			
Push vulnerable supplier(s) into insolvency			
Other (please specify) ______________________			
None of the above			

Q5. When does your billing payment term period start? Select one date for each service.
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

	Supplier's Invoice Date	Date Supplier's Invoice Received	Date Services Rendered	Not Applicable
Network broadcast media				
Local broadcast media				
Print media				
Out-of-home media				
Digital media				
Production				
Talent payments				
Agency fees (compensation)				
Research				
Other/out-of-pocket (please specify) ________				

Q6. For which of the following has your company allowed advance billing of services rendered? Select all that apply.
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

- ☐ Network broadcast media
- ☐ Local broadcast media
- ☐ Print media
- ☐ Out-of-home media
- ☐ Digital media
- ☐ Production
- ☐ Talent payments
- ☐ Agency fees (compensation)
- ☐ Research
- ☐ Other/out-of-pocket (please specify) ____________________________
- ☐ None of the above

Q7. When has your company allowed billing to take place for the following specific media? Select one for each medium.
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

	Upon Signing of Estimate	Prior Month of Service/ Cover Date	Specific Month Based on Plan/ Cover Date/ Service Month	Month Following Activity	After Being Actualized	Not Applicable
Network broadcast						
Local broadcast						
Newspaper						
Magazine						
Out-of-home						
Digital media						

Q8. How often does your company make payments? Select one for each medium.
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

	More Often Than Once a Week	Once a Week	Once Every Two Weeks	Once a Month	Less Often Than Once a Month	Not Applicable
Network broadcast media						
Local broadcast media						
Newspaper						
Magazine						
Out-of-home media						
Digital media						

Q9. What were the **historic payment terms** for your company's advertising/marketing services? Select one for each.
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

	0–15 days	16–30 days	30–44 days	45–59 days	60–89 days	90–119 days	120+ days	Not Appli-cable
Network broadcast media								
Local broadcast media								
Newspaper								
Magazine								
Out-of-home media								
Digital media								
Production								
Talent payments								
Agency fees (compensation)								
Research								
Pass-through items (no mark-up)								
Other/Out-of-pocket (please specify) _____								

Q10. Has your company looked into implementing changes to payment terms across the board, or to a segment of your supplier base, based on appropriateness?
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

- ☐ Across the board
- ☐ Segment of supplier base, based on appropriateness
- ☐ Did not look to change
- ☐ Don't know

Q11. How likely are you to change the current payment terms for your company's advertising/marketing services within the next year?

- ☐ Very likely
- ☐ Somewhat likely
- ☐ Not very likely
- ☐ Not at all likely
- ☐ Don't know

IF ANSWERED "VERY LIKELY" TO Q11, ASK Q11a. OTHERWISE, SKIP TO INSTRUCTION BEORE Q11b.

Q11a. Why are you very likely to change the current payment terms for your company's advertising/marketing services within the next year?

____

____

IF ANSWERED "SOMEWHAT LIKELY" TO Q11, ASK Q11b. OTHERWISE, SKIP TO Q12

Q11b. Why are you somewhat likely to change the current payment terms for your company's advertising/marketing services within the next year?

____

____

Q12. Does your company provide electronic payment solutions?

- ☐ Yes
- ☐ No
- ☐ Don't know

IF ANSWERED YES TO Q12, ASK Q13. OTHERWISE SKIP TO Q14

Q13. What type of electronic payment solution does your company use? Select all that apply.

- ☐ Automated clearing house (ACH)
- ☐ Wire transfer
- ☐ Pre-authorized debit
- ☐ Other (please specify) ___________________________

Q14. Has your company considered negotiating a discount program for early payment (prompt payment and buyer discount)?
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

- ☐ Yes
- ☐ No
- ☐ Don't know

Q15. Does your company offer supply chain financing to advertising/marketing vendors?

- ☐ Yes
- ☐ No
- ☐ Don't know

IF ANSWERED YES TO Q15, ASK Q16. OTHERWISE SKIP TO Q17

Q16. Does the structure of the financing arrangement result in any cash back, or a rebate to the marketer?

- ☐ Yes
- ☐ No
- ☐ Don't know

IF ANSWERED YES TO Q16, ASK Q16a. OTHERWISE SKIP TO Q17

Q16a. Please describe the structure of the financing arrangement that results in any cash back, or rebate to the marketer.

____

____

Q17. **As a supplier/vendor**, have you seen your company's payment terms stay the same, increase, or decrease?
Note: Please provide answers based on a "snapshot" time period ending on April 30, 2013.

- ☐ Stay the same
- ☐ Increase (paid later)
- ☐ Decrease (paid sooner)
- ☐ Don't know