April Report **2013** | Volume 2, No.2

MARKETER'S PULSE

EXECUTIVE SUMMARY

The Marketer's Pulse Panel of senior Canadian marketers has tracked three key indicators over the past five surveys. Results of the April 2013 survey indicate a moderating trend in the levels of reported optimism for business, and a slight decline in expected levels of consumer confidence versus the January survey. MarCom budget expectations remained unchanged.

While all aspects of the MarCom budget are under intense scrutiny, we wanted to understand the relative importance of each component. To that end this latest survey asked a set of questions focusing on the video (TV and/or digital media) production component. The key findings are:

- In terms of budgetary items, advertising production is not scrutinized as highly as are media costs and MarCom agency fees.
- The actual costs of physically producing the commercial are of higher concern than talent or associated agency fees.
- The vast majority of respondents only work with agencies that are signators to the ACTRA Agreement.
- On those occasions when a non-signator agency is engaged, the purpose is to reduce costs primarily for digital media videos.
- Almost half of respondents profess limited knowledge of the ACTRA Agreement and are therefore assumed to rely on the expertise of their MarCom agencies.

ACA is pleased to provide you with the fifth report from the ACA Marketer's Pulse panel.

This report contains results of what Canadian marketers are thinking, planning and experiencing at their workplaces, and with their suppliers, partners and consumers.

Thank you to the senior Canadian marketers who agreed to provide their perspectives and insights. The ACA will continue to monitor the pulse of the changing dynamics in the Canadian marketing environment, and to provide you with current results and trend lines as they develop.

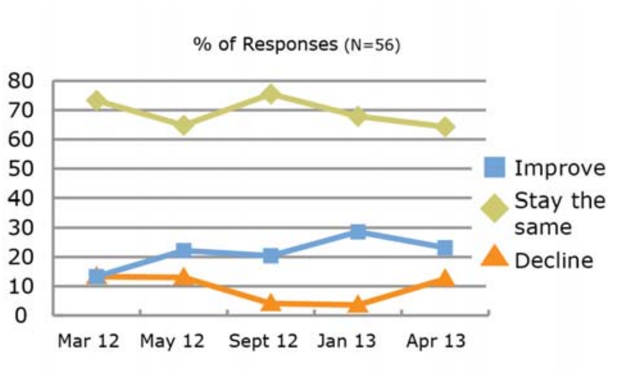
To learn more about this report and how you can realize value from your ACA membership, contact Susan Charles, Vice President, Member Services at *(416) 964-1538* or *scharles@ACAweb.ca*.

DETAILED RESULTS

1. Business (sales/revenue) expectations

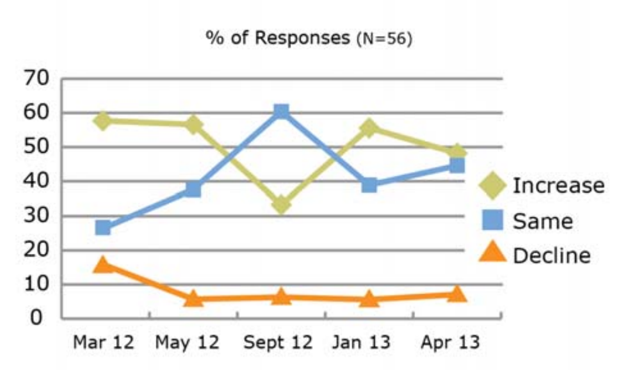
The Marketer's Pulse panel of senior marketers has reported on three key indicators in each of the five surveys undertaken since February 2012. The results provide a trend line for business expectations, perspectives on their consumer confidence levels and anticipated changes in MarCom budgets.

In April 2013, there is a moderation in the levels of optimism for 'business to increase' and a decline in 'consumer confidence levels.' However, MarCom budget expectations remain unchanged versus January 2013.



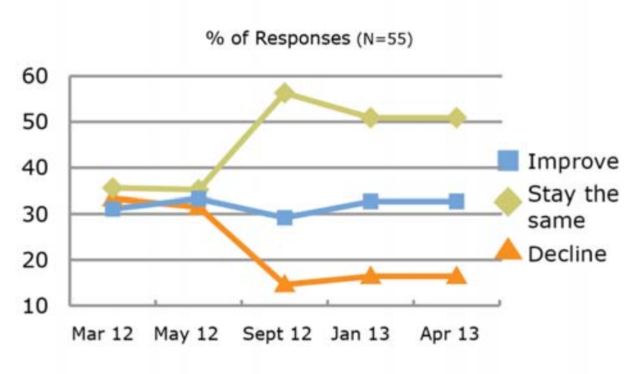
	Mar 12	May 12	Sept 12	Jan 13	Apr 13
Decline	13.3	13.0	4.1	3.6	12.5
Same	73.3	64.8	75.5	67.9	64.3
Improve	13.3	22.2	20.4	28.6	23.2

Question: *Over the next 6 months I expect my consumer's confidence level will Improve, Stay the same or Decline.*



	Mar 12	May 12	Sept 12	Jan 13	Apr 13
Decline	15.6	5.7	6.3	5.6	7.1
Same	26.7	37.7	60.4	38.9	44.6
Increase	57.7	56.6	33.3	55.6	48.2

Question: *Over the next 6 months, I expect my business (sales/revenue) will: Increase, Stay about the same, Decline.*



	Mar 12	May 12	Sept 12	Jan 13	Apr 13
Decrease	33.3	31.5	14.6	16.4	16.4
Same	35.6	35.2	56.3	50.9	50.9
Increase	31.1	33.3	29.2	32.7	32.7

Question: *Going forward, I expect my marketing communications budget will: Increase, Stay about the same, Decrease.*

2. Scrutiny of Marketers' Budgets

Media is usually the largest single line item on a marketer's P&L. Not surprisingly, it receives the highest degree of scrutiny. MarCom agency fees rank second highest of five items. With the high demand for metrics to measure program performance, research budgets receive less scrutiny and presumably are less vulnerable to budget cutbacks.

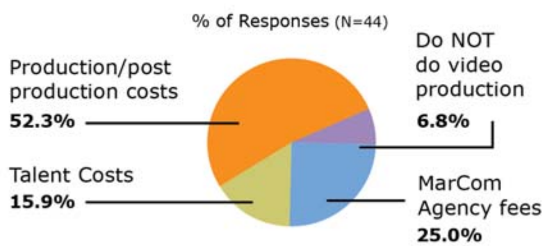
See top of opposite page for table with detailed results.

N=43	1	2	3	4	5	Total	Rank	Top 2
Media	2 4.9%	2 4.9%	12 29.3%	8 19.5%	17 41.5%	41	1	25 61.0%
Advertising Production	0 0.0%	11 26.2%	14 33.3%	12 28.6%	5 11.9%	42	4	17 40.5%
Agency Fees	0 0.0%	9 23.7%	6 15.8%	11 28.9%	12 31.6%	38	2	23 60.5%
Headcount (Mktg Dept)	2 5.1%	13 33.3%	4 10.3%	9 23.1%	11 28.2%	39	3	20 51.3%
Marketing Research	32 76.2%	3 7.1%	4 9.5%	2 4.8%	1 2.4%	42	5	3 7.1%

Question: *In recent times, all aspects of marketers' budget have come under intense pressure. Please rank the following budget items in terms of the current degree of Scrutiny. (5= highest degree of scrutiny, 4= next highest, etc.)*

3. Video Production (TV and/or Digital Media) Concerns

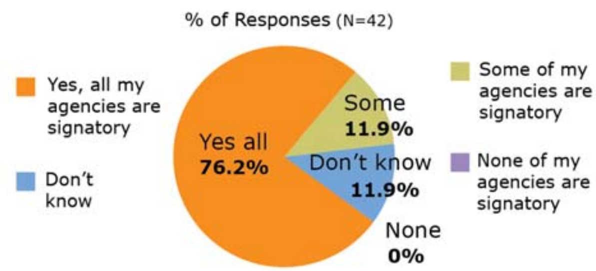
The cost component of video production expenditures marketers are most concerned about is the actual costs to physically produce the commercial. On a relative basis, they are less concerned about the talent or associated agency fees.



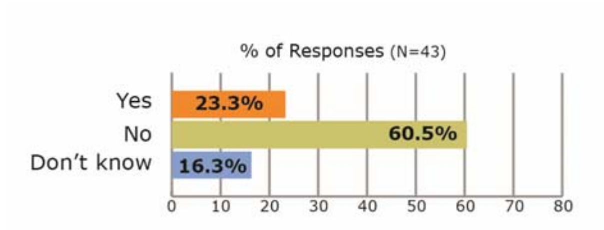
Question: *Which cost component of your video (TV or digital media) production expenditures are you most concerned about? (Select one)*

4. MarCom Agency Signatory Status with ACTRA Agreement

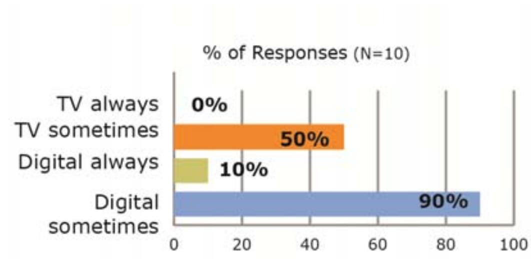
The vast majority (over 75%) of marketers work only with MarCom agencies that are signators to the ACTRA Agreement. Conversely, 60% never use a non-signator agency to produce video (TV and/or digital media) production. For the 23% who do use a non-signator agency, it is predominantly 'some of the time' to address their digital requirements. The primary reason to engage with non-signator agencies was cited to be cost.



Question: *To the best of your knowledge, are the agencies you work with to produce video (TV or digital media) commercials signatory to the ACTRA Agreement?*



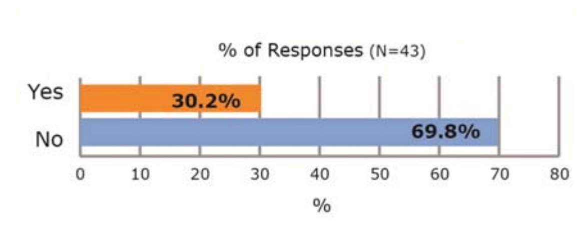
Question: *Do you ever engage non-signatory companies to produce non-union video (TV or digital media) commercials?*



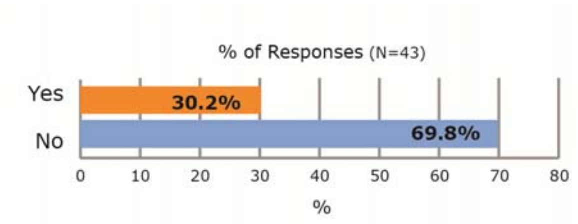
Question: *If you answered yes in question #10 above, please indicate which media.*

5. Production of Commercials for Use in Canada

Commercials are imported for use in Canada by less than 1/3 of respondents. Equally, less than 1/3 of Canadian marketers will produce commercials outside Canada for the Canadian market.



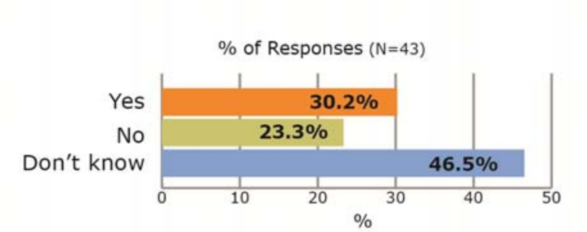
Question: *Question: Have you recently imported a video (TV or digital media) commercial from another country for the Canadian market?*



Questsion: *Have you recently produced a video (TV or digital media) commercial outside of Canada for the Canadian market?*

6. Canadian Marketers' Knowledge of the ACTRA Agreement

Almost half of respondents indicated they had limited knowledge of the ACTRA Agreement, presumably relying on the expertise of their MarCom agency partners. When asked what they considered to be a hindrance to the ACTRA Agreement. The focus was on costs and inflexibility.



Question: *Are there any aspects of the ACTRA Agreement that you consider a hinderance to your business?*

ACA MARKETER'S PULSE

ACA seeks input from senior Canadian marketers to provide valuable insights into Canadian marketing dynamics. The ACA Marketers' Pulse Panel, comprised of senior Canadian marketers, shares what they are thinking, planning and experiencing at their workplaces, and with their suppliers, partners and consumers. The panel is asked questions about their current business conditions, perceptions and strategic priorities. The ACA Marketer's Pulse Report provides the results of this and future surveys.

- **Panel composition**
  - The panel consists of senior marketers in Canada, representing a cross section of industry sectors and marketing/MarCom spending levels.
  - More than 90 senior Canadian marketers are registered to date.
- **April 2013 survey respondents**
  - 56 (85% English, 15% French)
- **Field dates**
  - April 9 - 23, 2013
- **Methodology**
  - Survey questions developed by ACA with input from ACA members
  - Survey Monkey link emailed to panelists
  - All results are reported in aggregate to protect confidentiality
  - Report written by ACA

ABOUT ACA ABOUT

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. For more than 95 years, the ACA has been the premier Canadian marketing association, with an unparalleled track record in driving marketing success for our members. For more information visit www.ACAweb.ca

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