



***“Guide to choosing
and using
a media auditor”***

In association with:



EUROPEAN ASSOCIATION OF
COMMUNICATIONS AGENCIES

1 *Introduction*

The media spend of any advertiser company is typically one of its highest outgoings and it is for this reason that most companies wish to assess this spend regularly to ensure that maximum efficiency is being achieved.

One way to do this is to employ an independent media auditor to evaluate how its media budgets are being deployed and the level of value being delivered by its media planning and buying agency.

Although these auditing companies are sometimes referred to as media consultants, the functions can be separated. Media auditing involves assessments of media performance, usually comparative, whereas media consultancy usually implies more bespoke project work. This guide concerns itself only with auditing practice.

The media auditor has become an important figure in assessing the performance of media agencies over the last 10 years.

There are different approaches to auditing media value – performance can be compared to a pool of comparable data; year-on-year after the deduction of prevailing media inflation; by comparison with whatever market data can be accessed; or by benchmarking performance against market prices with market modelling. It is not the purpose of this guide to express a preference for one route over others – indeed, different solutions may be best for different markets.

However, while many advertisers may now employ an auditor, there is no independent international or local guide as to their working methods/operating principles.

This paper is designed to address this and is intended to help the client and agency obtain optimum value from the audit process. It is intended to apply to assignments where the media auditor is analysing independent performance data. In the interests of best practice and transparency, the advertiser would normally choose to involve his media agency in the auditor's reports to the client.

This guide is not intended to be prescriptive and refers to Best Practice principles which should be borne in mind by all parties involved in a media audit.

In case of conflicts when applied to a specific country, national codes prevail over this international charter.

2 *Objectivity*

- 2.1** To ensure the objectivity of its advice, the media auditor should have no business connections, either itself or through any subsidiary or linked company, with any media owner or advertising or media agency.

3 *Confidentiality*

- 3.1** It is the responsibility of the media auditor always to ensure the absolute confidentiality of every client's individual data and other information. This applies before and during the audit, as well as following its completion.
- 3.2** The media auditor should ensure that any data pools or databases used in the course of delivering its services are of an adequate size to protect the absolute confidentiality of each individual client's data (see also 5.2).
- 3.3** The media auditor should not pass any information about the media agency's business to any third party without specific prior consent of the client and agency nor should it pass on any other market data, research findings, or research methodology, which are exclusive to the agency.
- 3.4** It is recommended that the media auditor's undertaking to keep all client and agency data confidential is reinforced by a non-disclosure agreement which binds the three parties.

4 *Transparency and best practice*

- 4.1** The media auditor should clearly identify in all reports all the data sources used in the delivery of its services.
- 4.2** The agency is required to provide the media auditor with all information relevant to the assignment on request.
- 4.3** Where databases or pools are used, the media auditor should make clear to the advertiser the size and scope of any such database, the age of the data where relevant and the methods of calculation used in the delivery of its services. Under normal circumstances, only the most relevant and up to date data will be used. In the interests of Best Practice, the auditor would normally choose to keep both the advertiser and agency informed on these issues.

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- 4.4** Media auditors should allow clients the right to commission an examination of data and methodology used, subject to this being carried out by an agreed, neutral expert and being subject to absolute confidentiality on all matters relating to individual client companies and individual media agencies.
- 4.5** Ensuring that all audit presentations and analyses describing the media agency's performance are entirely visible to that agency can help make the process more transparent. It is Best Practice to share these analyses with the media agency.
- 4.6** If the advertiser decides that the media auditor's results are to be discussed with the media agency, the media auditor should send his report to the media agency in advance of the meeting to allow the media agency a reasonable opportunity to review the findings. The objective of these meetings will be to achieve the best quality verification, learnings and actionable points, as such it will be preferable to circulate all relevant material at least one week in advance in order to give all parties adequate time for preparation.
- 4.7** Where a media agency's contract with a client includes an incentive element linked to media agency performance, the media auditor should consult with the advertiser and the media agency to ensure that the agency is evaluated specifically against the pre-agreed objectives. Any deviation should be subject to mutual agreement.
- 4.8** Media auditors should under no circumstances seek or call for media buying economies which would be to the detriment of the effectiveness of the media plan.
- 4.9** If a media auditor audits any media schedule in which it or any associated company has had any involvement in planning or buying, it must be clearly disclosed to all parties.
- 4.10** In the event of being appointed to evaluate an agency's performance and consequently recommending an agency review, the media auditor must provide the advertiser and the agency with a full breakdown of the basis for that recommendation. The agency should then be given appropriate opportunity to address its perceived shortcomings. The media auditor should demonstrate absolute integrity throughout the audit process.
- 4.11** The client may choose to enlist a media auditor to advise them on any review of their media arrangements, in which case the choice of which media auditor will perform this rests with the client. It is the responsibility of the auditor to draw attention to any potential conflicts of interest. Where a review is deemed necessary, the advertisers' representative body can contribute expertise to this process in some markets.

4.12 The client may seek the media auditor's advice on agency remuneration, in which case they must obviously be given access to all relevant information. The auditor must then be able to justify their recommendations to the advertiser and the agency when it has been decided, with the agency reserving the right to challenge this figure – either with the client and auditor together, or confidentially with the client, at the client's discretion.

In any event, all such information must be treated in total confidence by all parties. If clients wish for further guidance in this area, then they may ask the agency to make all appropriate data available to an independent financial auditor, whose confidentiality is mutually recognized. However, it should be noted that whilst such parties might offer further objectivity, they may not be as close to issues of specific detail.

Again, the local advertiser representative body may be able to offer further advice and assistance in this area.

4.13 Client disclosure presents a difficult issue. On the one hand, existing clients' wishes for their custom not to be disclosed must be respected. On the other, it is reasonable for an advertiser considering using an auditor to request a current client list, particularly those in the same sector. Within these opposing constraints, auditors should therefore make every effort fully and transparently to provide such data on request.

Subject to their mutual agreement, an advertiser may ask a media auditor to work exclusively for them and not accept any work for any named competitor. If an advertiser requests exclusivity but a named competitor is already client to the auditor, then he is bound to inform the advertiser he cannot accept this clause though he need not divulge the identity of the conflicting advertiser. The advertiser will then retain the choice of whether to engage the auditor in the knowledge that they also work for a competitor. If an auditor has already agreed to work for a client on an exclusive basis, it must decline any approach from a competing client.

4.14 The media auditor's requests for data from agencies should be specific to clients' needs and operate to a fair and reasonable timescale, but one which is also relevant to the client's business needs.

4.15 In some circumstances the work required to be carried out by the media agency in order to comply with the requirements of the media auditor will be extensive and extra to the normal workload carried out in the normal course of servicing the client. Where this is the case, the agency will reserve the right to raise any concerns with the advertiser and media auditor prior to the commencement of the audit in order to identify workload implications.

5 Professionalism

- 5.1** The media auditor should provide full CV's of all relevant personnel working on the business to the client and the agency, in order to demonstrate the qualifications, experience, ability and in-depth craft skills necessary to the media consulting/auditing process. This experience should be appropriate for each market in which services are offered.
- 5.2** Whichever technique or combination of techniques a media auditor uses to deliver the media audit, they should be able to demonstrate the robustness and sensitivity of their approach and/or methodology in its application to the individual advertiser's requirements.
- 5.3** If data pools are used, they should be of sufficient size and relevance to offer a meaningful benchmark. They should therefore ideally comprise no less than four pieces of activity in the same medium, running at broadly similar weights across a closely-comparable period and aimed at the same target group. Local circumstances may also mean that attention should be given to each constituent's media mix. The media auditor must always be able to defend the robustness of any data pool/base they use and the client should be provided with details regarding the size, structure, and methodology behind the benchmarking pool.
- 5.4** The media auditor should have the necessary contractual access to all relevant media data and adequate software in those markets in which it sources original analysis. It should be noted that in certain circumstances, copyright regulations may prevent media agencies from passing some data to auditors or other third parties. It will be the agency's responsibility to gain all such necessary clearances, but where incremental access costs are incurred, this may need to be funded by the client. Any and all such additional cost implications should be highlighted by the relevant party – agency, auditor or both – as early as possible.

6 Remuneration and data ownership

- 6.1** It is recommended that the media auditor's remuneration is independent of the client's delivered and assessed media buying performance (see also 4.8).
- 6.2** All reports and findings relating specifically to the advertiser's business will belong to the advertiser but cannot be passed on beyond their organisation or resold; ownership of generic data and benchmarking pools rests with the media auditor.

7 *Representation & conflict of interest*

- 7.1** Media auditing is a commercially-offered advertiser-focused service activity. Media auditors are not representative bodies, but should nevertheless stand for, and indeed promote, their advertiser customers' interests in at all times every area of their activities, including participation in industry issues and the public arena. This may involve consultation and/or liaison with the appropriate global or local advertiser and agency representative bodies.
- 7.2** Media auditing companies may have consultancy divisions which undertake work for media owners, amongst other clients. This raises serious potential conflicts of interest. Ideally, media auditing companies should therefore not undertake work for media owners. In those cases where a media auditing company, a division of it or an associated company does undertake work for media owners, this work and its scope should be declared upon request to its advertiser clients.