

RECMA Overall Activity Rankings 2013 – June 2014

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T0- 32-Czech Rep **Structure of the industry**

RECMA defines an agency brand as a local agency having its own identity, management team, client list and services offerings.

Owner groups / media branch	Networks	Local agency brands	Sub-brands (in traditional media)
WPP / GroupM	Maxus	Maxus	-
	MediaCom	MediaCom	-
	MEC	MEC	-
	Mindshare	Mindshare	-
Publicis / Publicis	Starcom MediaVest SMG	Starcom MediaVest	-
	ZenithOptimedia	ZenithOptimedia	-
Omnicom / Omnicom Media Group	OMD	OMD	-
	PHD	PHD	-
	-	Attention ! Media	-
Aegis / Dentsu Aegis	Carat	Carat	-
	Vizeum	Vizeum	-
	Dentsu Media	(not established)	-
Interpublic (IPG) / Mediabrands	Initiative	Initiative	-
	UM	UM	-
	BPN	(not established)	-
Havas / Havas Media	Havas Media	Havas Media planning (60% owned by Havas SA, 40% owned by MEDEA)	-
		Arena (not established)	-

INDEPENDENTS / NON-PART OF THE NETWORKS

MEDEA	Affiliated with Havas Media	MEDEA (does buying for Havas Media)	
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T0b- 32-Czech Rep **Methodology** & definitions

Overall Activity vs. Buying billings	<p>Overall Activity is now the unique metric retained by RECMA for ranking media agencies. It includes buying & planning billings as well as three other categories of services :</p> <p>1- Digital services (six segments from display to web production);</p> <p>2- Diversified Services (Branded Content/ Events/ Sponsoring/ Sports marketing; Local/ retail / multi-cultural/ Econometrics/ ad hoc research; Marketing consulting/ Bartering etc);</p> <p>3- International Account Coordination.</p> <p>Therefore Overall Activity (OA) volume is larger than Billings which represents from 90% to 50% of a media agency OA.</p>
Traditional vs. Non traditional media (Specialized Resources)	<p>Traditional media cover TV, radio, posters, newspapers and magazines. These advertising placements are measured by research companies as well as internet display partly. These ad spend figures are defined by RECMA as "Buying billings". They are adjusted for balancing each country weight, following international references (ZO Forecasts, etc).</p> <p>In addition RECMA adds Diversification in order to measure the whole of the agency activities. Hence the concept of Overall Activity volume.</p>
Industry shares vs. adspends	<p>Adspends are the data produced by research companies when they monitor traditional billings. Industry shares are data established by RECMA through the calculation of Overall Activities managed by the six Groups of media networks (not counting independents).</p>
Networks vs. independents	<p>RECMA evaluates 15 networks part of the six major international Communication and Marketing services Groups. About one hundred of independent media agencies are also studied and evaluated by RECMA. Globally their share is less than 10% of the six Groups.</p>
Independents Affiliated vs. Partners	<p>A local agency is considered as Partner of Media Network/Group if the Network has a 51% majority share of ownership.</p> <p>In this case the Partner agency should follow the rules and processes of the International Network.</p> <p>When the Media Network/Group has either no equity capital link or a minority share of ownership with the local agency, the local agency is considered as Affiliated and therefore Independent from the Network.</p>
Agency brand vs. sub-agency or units	<p>RECMA defines a media agency brand at a local level, by country, as having its own identity reported in corporate press releases or articles, website, client list, manager and participating to pitches as a stand-alone agency. Several brands can be part of a same network in one country.</p> <p>Are defined as sub-agency the second brands integrated to the major agency organization often for managing client conflicts but without any pitch activity or corporate identity.</p> <p>Are considered as internal branded unit those fully dedicated to a single client - <i>Fulcrum (Unilever India), Primus (J&J Europe)</i> or other brands integrated in the agency (<i>for example in Germany : 4 regional brands part of OMD and two brands part of Vizeum</i>).</p>
Ratio Overall Activity/ Staff	<p>The ratio Overall Activity per head (staff) is reported for each brand, in table 1.</p> <p>This ratio is a country indicator of the maturity of the industry as well as an index of productivity & activity per head.</p> <p>The variance of this agency index within the same country is generally correlated with agency size or with client profile (example: agencies with big FMCG clients such as P&G/ Unilever use to have higher ratio)</p>
Country adjustment deflators applied to Buying billings	<p>In order to balance countries weights in the RECMA global reports a deflator is applied, leading to buying billings GROSS ADJUSTED. They are not average discount rates.</p>

Country methodology

Sources & process	<p>1/ RECMA has established client lists to estimate the agencies Buying amount. Advertisers budgets are based on Admosphere ad-monitoring amounts adjusted after deflators (see below).</p> <p>2/ RECMA has also asked the agencies to declare their Staff number, Overall activity growth rate and Non Traditional activity share.</p> <p>3/ Using historical data, previous years declarations as well as Specialized Resources staff structure, the declared Non traditional share have been revised to estimate Non traditional billings amount.</p> <p>4/ Based on buying & non traditional activity evolution and agencies declarations, RECMA has estimated the final Overall Activity growth rate.</p> <p>RESTATES: 2012 Overall billings are restated in order to stick to the agencies' growth rate declaration when consistent with the three different metrics used for the OAB's calculation or further to new elements.</p>
Country adjustment deflator applied to Buying billings	<p>A -50% deflator was applied on all media.</p>
Currency exchange rate	<p>in €m (€1 = CZK 25,95)</p>

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Table 1- **32-Czech Republic Overall Activity 2013**
by local agency brand

R A N K 2013	Industry shares 2013	Agency brands part of the networks / Media branches Independents / non-part of the networks	(A)	(B)	(C)	(D&E)		(F= A/D)
			OVERALL Activity 2013 rounded € Mo	OVERALL Activity 2012 rounded € Mo	Growth rate 13/12 % rounded	STAFF		Ratio OA/ Staff 2013
						2013	2012	
1	15,7%	MEDEA affil. Havas Media / Independent	145	132	10%	170	165	0,9
2	13,7%	MediaCom / GroupM	126	120	5%	58	61	2,2
3	10,3%	MEC / GroupM	95	100	-5%	67	62	1,4
4	9,9%	OMD / OMG	91	125	-27%	113	130	0,8
5	8,7%	Starcom MediaVest / Publicis	81	79	2%	47	47	1,7
6	7,7%	Mindshare / GroupM	71	62	14%	48	48	1,5
7	6,1%	ZenithOptimedia / Publicis	57	50	13%	42	36	1,3
8	5,7%	PHD / OMG	53	66	-20%	36	37	1,5
9	5,1%	UM / Mediabrands	47	49	-4%	26	29	1,8
10	4,8%	Havas Media planning / Havas Media 60%, 40% MEDEA	44	40	10%	32	30	1,4
11	4,0%	Maxus / GroupM	37	33	11%	15	12	2,4
12	3,3%	Carat / Dentsu Aegis	30	46	-34%	24	23	1,3
13	2,3%	Vizeum / Dentsu Aegis	21	18	16%	16	17	1,3
14=	1,6%	Initiative / Mediabrands	14	19	-24%	17	17	0,8
14=	1,3%	A!M / OMG	12	15	-23%	10	10	1,2
-	100%	Total 15 brands Media agency industry according to RECMA	923	954	-3%	721	724	1,3

For detailed explanation per agency see T3

- 1- Czech Rep (media agency industry billings) growth rate 2013 vs 2012 of -3% to be compared to 2012 vs 2011 = +2%
- 2- Czech Republic (media agency industry staff) growth rate 2013 vs 2012 of -0,4% to be compared to 2012 vs 2011 = +6%
- 3- growth 2013 vs 2012 in billings (-3%) slightly lower with staff growth (-0,4%).
- 4- ratio billings/ Staff 1,3 in 2013 versus 1,4 in 2012 = same ratio
- 5- overall billings 2012 of €m 994 restated €m 954
- 6- Ratio Billings / staff by agency 1,3. Lowest Initiative&OMD 0,8 to highest Maxus 2,4.
- 7- Growth rates see Table 3 : significant gaps between agencies (from -34% to +16%) to be compared as well to the size of the agencies.
- 8- Structure of billings between buying billings and digital/ diversified services : see Table3.

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Table 2- **32-Czech Republic Overall Activity 2013**
by Network and Group of Networks

R A N K 2013	Industry shares 2013	Media Networks incl. agency brands & other media entities	(A)	(B)	(C)	(D&E)		(F= A/D)
			OVERALL Activity 2013 rounded € Mo	OVERALL Activity 2012 rounded € Mo	Growth rate 13/12 % rounded	STAFF		Ratio OA/ Staff 2013
						2013	2012	
1	13,7%	MediaCom / GroupM	126	120	5%	58	61	2,2
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12	2,3%	Vizeum / Dentsu Aegis	21	18	16%	16	17	1,3
13	1,6%	Initiative / Mediabrands	14	19	-24%	17	17	0,8
14	1,3%	A!M / OMG	12	15	-23%	10	10	1,2
-	84%	Total Networks studied by RECMA	778	822	-5%	551	559	1,4
1	15,8%	MEDEA affil. Havas Media / Independent	145	132	10%	170	165	0,9

R A N K 2013	Industry shares 2013	Media Branches (Group of Networks)	(A)	(B)	(C)	(D&E)		(F= A/D)
			OVERALL Activity 2013 rounded € Mo	OVERALL Activity 2012 rounded € Mo	Growth rate 13/12 % rounded	STAFF		Ratio OA/ Staff 2013
						2013	2012	
1	42%	GroupM	328	315	4%	188	183	1,7
2	20%	Omnicom Media Group	156	206	-24%	159	177	1,0
3	18%	Publicis	137	129	6%	89	83	1,5
4	8%	Mediabrand	61	68	-10%	43	46	1,4
5	7%	Dentsu Aegis	51	64	-20%	40	40	1,3
6	6%	Havas	44	40	10%	32	30	1,4
-	100%	Total Groups studied by RECMA	778	822	-5%	551	559	1,4
1	15,8%	MEDEA affil. Havas Media / Independent	145	132	10%	170	165	0,9