

**FOR IMMEDIATE RELEASE****May 22<sup>nd</sup> , 2004****New U.S Agency Compensation Survey Reveals Continued  
Trend Toward Fee-Based and Incentive-Based Models**

*Only 10% of advertisers pay commissions,  
while 82% now rely on fixed/hourly fees;*

*Use of performance incentives rises as more than 50% of large  
advertisers now rely on this method of compensation*

*R3 sees early signs of Asian marketers following this trend*

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Scottsdale, Arizona, US – May, 2004 – U.S advertisers are continuing to move away from commissions to fees, including incentives, according to findings from agency compensation consultants, Jones Lundin Beals (JLB). The 2004 Agency Compensation Survey is the latest of a triennial study commissioned since 1980 by the Association of National Advertisers (ANA). The findings were first presented at ANA Financial Management Conference in Scottsdale this week by David Beals, CEO of JLB.

According to the survey, a mere 10% of the 112 major advertisers surveyed said they still pay commissions, down from 21% in 2000. Over four in five marketers (82%) rely on either fixed/hourly fees or a blended compensation model that includes fees and commissions.

“Asia is behind the curve with still 50% of marketers in commission” said Greg Paull, Principal of R3 Asia Pacific, JLB’s Asian partner. “Certainly, all our work has been migrating clients to fees – and the smarter marketers and agencies in Asia are now really embracing this” he added.

Advertisers continue to increasingly use performance incentives to compensate their agencies, the survey found, although at a slower rate than in previous years. Some 56% of the largest respondents use performance incentives for one or more of their agencies, up from 35% in 2000. This increase appears to be having an impact on agency performance as well – 68% said that incentives improved performance, up from 58% in the last survey.

Greg Paull of R3 added “While the Asian average is still below 20% in this area, there’s a far greater interest from both sides now than there was two years ago – we expect Asia to reach current U.S levels in three to five years”

There has also been a significant increase in use of “agency-specific” measurement criteria. Sixty-three percent of advertisers report they evaluate their agencies based on brand/ad awareness (up from 50% in 2000), while 40% said the same for brand perceptions (23% in 2000)

Bob Liodice, President and CEO of the ANA said “Advertisers are increasingly looking at performance across a number of key metrics, both hard and soft, which means they’re looking much more closely at fine tuning their ROI. The change results in more appropriate agency compensation and effective marketing results.”

This year’s U.S ANA Agency Compensation survey also looked at media agency services in greater detail than prior studies. The research found that about half of all respondents (56%) said they will conduct media audits in 2004, with most using external auditors.

### **About Jones Lundin Beals**

David Beals is President/CEO of Jones Lundin Beals, Inc. (JLB), a leading client-agency relationship consultancy. Since 1973, JLB has set the standard in helping marketers more productively select, compensate and manage their communications agency resources. In addition to the triennial “Trends in Agency Compensation” report, JLB has authored the most current ANA guidebooks on “Agency Compensation”, “Selecting an Advertising Agency” and “Evaluating Agency Performance”. JLB is headquartered in Chicago with offices in New York and California.

**About R3 Asia Pacific**

R3 Asia Pacific is JLB's Asian partner and specialises in the areas of agency compensation and relationships. They hold data and benchmarks on more than 250 Asian marketers through a parallel Asian study to the ANA / JLB survey. Their Asian clients include Coca-Cola, Johnson and Johnson, Visa, BMW and Heineken.

**About the ANA**

The ANA's mission is to be the Center of Excellence for Marketing—to provide industry leadership and proprietary resources that enable members to build brands, improve marketing productivity and drive business results. The trade association represents 330 companies with 8,000 brands that collectively spend over \$100 billion in marketing communications and advertising. The full 2004 ANA Agency Compensation Report will soon be available for purchase on the trade association's Web site at [www.ana.net](http://www.ana.net)

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