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Preface

For many marketers the investment that they make in media support for their brands is one of the most strategically important and financially significant elements of their business model. Given the importance of a marketer’s advertising activities, many advertisers want to ensure that their investment in media is properly calibrated, expertly managed and carefully monitored.

There are many aspects of optimizing a marketer’s advertising initiatives. This publication has been developed for advertisers that utilize audits as part of their governance approach to managing and monitoring digital media activities.

“Best Practices Guidelines for Digital Media Audits” is structured to provide advertisers with important information about the way digital media transactions are planned, negotiated and executed. The publication suggests industry best practices and recommends constructive steps that advertisers can and should take to ensure that their media investments are effectively and efficiently planned, purchased and verified. This publication is part of a series of 4A’s media auditing guides.

For the purposes of these audit guidelines, “Digital Media” is defined as text, display and video advertising within online, mobile or gaming environments.

Since the digital business changes so quickly, some of the greatest challenges we face include shifting definitions and standards. Digital media standards are still being refined and at this time digital standards are incompatible with other media types (such as television and print) making comparisons difficult. As such, several industry organizations (4A’s, ANA and IAB) have been working on a significant project titled “Making Measurement Make Sense.” At publishing time, the final results of this initiative are still in progress, but several guiding principles have been introduced. These are mentioned below as their adoption will invariably have an effect on auditing and some of the current business practices today.
Principle No. 1 – Move to a “viewable impressions” standard and count real exposures online.

Today, we count “served impressions” as recorded by ad servers. Often, ad units are not in a viewable space to the end-user or fail to fully load on the screen – potentially resulting in substantial over-counting of impressions. Viewable exposures are increasingly the norm across other media and better address the needs of brand marketers.

Principle No. 2 – Online advertising must migrate to a currency based on audience impressions, not gross ad impressions.

Brand marketers target specific audiences. Marketers need to understand the quality and number of exposures against their targets – and the respective reach and frequency of such exposures. The existing digital currency makes this extremely difficult. Moreover, the practice of selling ad impressions makes cross-media comparisons extremely difficult, if not impossible.

Principle No. 3 – Because all ad units are not created equal, we must create a transparent classification system.

Unlike traditional media, which have a limited number of inventory types (30-sec spot, full-page back cover), digital has a myriad of units. A transparent classification system will:
• Reduce complexity from a creative standpoint.
• Simplify the comparison of ad units across Web sites.
• Enhance the ability to track how different types of ad inventory drive different outcomes.
• Facilitate planning and evaluation across media.
• Move towards a transparent classification system, adhered to by all publishers. Such a system will enable marketers to identify and spotlight the best offerings for brand building, and for other marketing objectives.
Principle No. 4 – Determine interactivity “metrics that matter” for brand marketers, so that marketers can better evaluate online’s contribution to brand building.

Currently, the industry is awash in digital interaction metrics. However, these metrics are not necessarily relevant for brand marketers. Aside from click-throughs, there are few standards for enabling reliable comparison across sites. The industry must identify and define the specific metrics most valuable to brand marketers and define and implement reliable standards for existing metrics.

Principle No. 5 – Digital media measurement must become increasingly comparable and integrated with other media.

Measurement solutions must facilitate cross-platform planning, buying and evaluating of marketing and media. This is a substantial issue that hampers analysis and decision-making throughout the ecosystem.
# Best Practices Guidelines for Digital Media Audits

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Larger marketers, that invest considerable economic resources in media-driven marketing programs, are endeavoring to leverage scale and optimize both the effectiveness and efficiency of their media investments. This critical task has become more challenging due to the proliferation of media vehicles, dynamic changes in the media buy-sell marketplace and evolving audience measurement methodologies. As a result, media planning and buying services have taken on great significance in the advertiser’s marketing service mix.

The increased complexity of media operations necessitates that client organizations work with knowledgeable media professionals and utilize appropriate media specific authorization, disbursement and media stewardship systems and suppliers. Comprehensive stewardship of media transactions includes communications planning, media planning, media buying, disbursements and post-buy analysis. Many advertisers also include verification, audits and marketing accountability/ROI in their stewardship process.

This guide specifically deals with best practice approaches applicable to digital media audits.

The media audit is more comprehensive and serves a different purpose than a traditional financial audit.

Generally, a media audit is based on buy performance and compliance with pre-established client guidelines (which can and do vary from client to client). Advertisers will often utilize a separate specialist media audit company to conduct a media audit while utilizing a traditional CPA or internal audit group to conduct a financial audit.

The media audit is an operational review that can help identify (and hopefully prevent in the future) sub-optimal practices, mistakes, inappropriate shortcuts or missed opportunities across the media advertising supply chain.
Substantive media guidelines and implementation parameters/assumptions should be determined and agreed upon by the advertiser and agency to prior to the start of the buying process.

The guidelines established by the advertiser and the agency will subsequently become the sole basis of performance and measurement in any media audit.

This best practice requires consistent communication and scope planning when the marketer establishes the parameters of the audit. These agreed-upon guidelines and audit parameters must be communicated to the auditor and adhered to by the auditor.

From time to time during the course of a media audit, some auditors ignore or unilaterally amend advertiser guidelines in their analysis, and report on how they believe the buy should have been purchased, reported, etc. In addition to ignoring advertiser guidelines, some ill-informed auditors do not understand, or worse choose to ignore, accepted industry best practices for reporting buys. These types of audit deviations are an inappropriate and inefficient business practice for both advertiser and agency.

A media audit entails a post-buy analysis. A post-analysis in the digital space typically includes data from 3rd-party ad servers to prove that a media buy has run according to the parameters agreed upon by client and agency.

The auditor’s role is to analyze and verify the buy/post as per parameters established utilizing industry accepted measurement criteria. Principal marketing criteria that have auditing implications will include:

- Auditing parameters prior to start of buying, e.g., post criteria, client guidelines
- Measurement criteria to be used in performing the audit, e.g., Doubleclick, Atlas
- Communication process between agency and auditor (e.g., determine how data will be sent to auditor, timing and due dates for audit delivery and agency response)
- Agency procedures for following up on any significant and mutually agreed upon variances revealed during audit

In addition to the criteria noted above, there are a number of considerations that should be recognized in digital media audit procedures. These considerations include:

- Actual campaign deliveries as per 3rd-party ad server should be utilized as the basis for audit – in the cases where activity is not run through 3rd-party, data from site-side ad server can be used
- If savings guarantees are part of audit, benchmarks should be in place in order to provide data for comparison (if no benchmarks exist, agency may elect to have that media as part of an “exclusion” list to the audit)
- It is critical to establish definition of savings before the audit commences (weighted average CPM based on spend level vs. overall average CPM mean, etc.)
- Other industry standard practices should be followed, e.g., editorial adjacency guidelines, makegoods, cancellation clauses, etc.

Guidelines for Digital Media Audits
Step 2

Establish Conditions Under Which Display Buys Are Made

There are many ways to buy digital media. For the purposes of this document, we keep it focused to ad delivery and geographic location for the buy.

The results that are generated from a display buy vary depending upon brand objectives, strategies, parameters, target audience, timing, budgets and market conditions. Desired inventory is a key success tool for any digital buy and its availability (or not) is integral to the buy. For example, if a buy is made on a site that does not deliver on reach goals then meeting performance KPIs can be an issue. If a buy requires both national and geographic specifications, or if vendors are added to the buy, costs as well as inventory requirements will be affected. The impact of market conditions on each buy’s results and costs is one of the reasons that it is inappropriate for advertiser and auditors to evaluate a buy solely based on the performance of previous buys.

Before any planning and buying commences, it is critical that an advertiser’s marketing and financial personnel, in conjunction with the agency or third-party media buying service, identify and agree upon buy specifications, authorization procedures, makegood policies, transparency guidelines, flexibility of the buy, post-buy analysis and performance standards, e.g., +/- 10% market delivery.

It is important for advertisers to instruct their auditors that media buy guidelines, verification methodology and industry practices for post-buy analysis methodology that the advertiser and agency jointly agreed upon in advance of the buy should be the focus of an audit.

Specific conditions that must be considered when assessing a media buy include:

Buying Guidelines.

Each media buy that is authorized for purchase comes with a set of buying guidelines from the display group. Those guidelines determine such things as:

- Percent of purchase above the fold vs. below the fold
- Traffic guidelines
- Target demo
- Flight dates
- Unit size/mix
- Days of the week
- Daypart parameters
- Total Budget by market
- Makegood policy
- Impression delivery substitution and tolerances
- Any additional information specifications relating to an individual advertiser’s buy guidelines.

Anything not detailed in the advertiser’s buying guidelines or in the methodology of the agency’s media vendor buying guidelines should not be part of an audit verification process.

Basis of unit costs.

Media costs are generally negotiable. Most media rate cards have become little more than guidelines for advertising unit or schedule pricing and do not necessarily reflect the final price paid. Advertising rates are greatly affected by the decisions made on which buying parameters and techniques are used. Several examples that illustrate the impact of buy specifications on unit costs: (1) sell-out conditions could also require higher rates to get on the site; (2) if specific premium size or location is required, a higher CPM might be incurred, since rates are generally established using average placement rates; and (3) some digital properties price their units differently, depending on how or when the buy is made. Some of these differences provide greater assurance of delivery integrity to advertisers who pay a higher price. Advertisers that are willing to pay a higher price may gain access to inventory units by preempting
those advertisers paying lower rates. (4) If the buy is required to have competitive separation, and none are available, a higher rate may need to be paid.

It is critical that the advertiser understand the basis on which the buy will be negotiated, and the risks and opportunities associated with the selected buying criteria.

Buying criteria.

The criteria under which unit rates were established (e.g., lead time, density of planned Impressions/delivery in a daypart, placement guarantees, etc.) need to be considered as part of the audit. Industry benchmarks cannot be used without applying the same criteria.

Year-to-year cost changes.

Because published rates are either inaccurate or do not exist for many digital vendors, annual cost changes are sometimes used as a barometer to gauge pricing. Comparisons to prior year rates for advertising bought for an advertiser can be compared to year-to-year changes.

Enhancements to media buys.

Many media vendors offer buyers promotional enhancements/value adds, including editorial coverage, sponsored features or special events in lieu of lowered advertising rates, making industry pricing comparisons difficult to determine. Before a buy is made, the advertiser’s marketing or media units must delineate to the agency or buying service how they expect to value media buy enhancements in lieu of conventional audience delivery metrics. If there are enhancements included as part of the buy, the value of those enhancements should be included in value delivered with the buy and should be included in the post-analysis as media delivered.
Both primary sources and secondary research providers can be used to measure digital media.

There are essentially two methodologies for measuring an online audience, and an advertisers’ exposure to online audiences. First is analysis of the ad server logs, e.g., DART and/or Web site management tools such as Omniture. Though accurate, both these methodologies are cumbersome and require combing through raw data from systems that often report on variations of similar data sets.

Currently, the preferred method is to leverage third-party ad server log data from companies such as DART (Google) and Atlas (Microsoft). These logs provide a record of ad impressions served on behalf of an advertiser. These tools, however, generally do not provide detailed audience metrics, such as the demographics of the audiences reached in a campaign.

As we move toward a more data-driven (audience-targeted) advertising world, we anticipate third-party research companies’ (e.g., comScore and Nielsen) methods would become preferred for auditing impressions delivered against specific audiences.

Note: because both comScore and Nielsen use either panel-based or blended panel/pixel schemes, they require a minimum campaign size and length in order to collect enough data to report on delivery accurately. These variables should be discussed in advance when establishing the ground rules for evaluating the delivery compliance of an advertising schedule.

Timing

Frequency of measurement varies by market size. The method of measurement to be used in evaluation should be established upfront.

Types of Information Available

The amount of data that can be provided online grows almost daily, but some of the most common types of online advertising data collected through secondary research providers include:

- Impressions delivered
- Context of impressions
- Click-through rate
- Date/time of impressions delivered/clicked
- Browser types and connection speed
- Geography
- Demographics (age, income, presence of children, occupation)
- Lifestyle segmentations (PRIZM)

Reliability

It is important to understand the limitations of audience measurement methodologies. There are significant sampling issues with some media and with certain demographics, which can cause wide deviations in ratings data from survey to survey. This is a significant consideration when projecting audience size and dimension especially for media categories and media vehicles with smaller audiences.
Step 4

Establish the Basis for Appropriate Financial Management of the Buys

Introduction

Media service arrangements between an Advertiser and Agency are generally well defined in the form of an advertiser-agency contract.

When it is appropriate to conducting a media audit, it is advisable that the advertiser make relevant media planning and buying information from the advertiser-agency contract available to the media auditor. During the course of the media audit, the auditor should then be guided by the advertiser-agency agreed-upon terms and conditions that are contained in the contract. In lieu of a formal contract that addresses specific financial arrangements between advertiser and agency, the auditor should base their review on the prior business practices between the two parties as the basis of audit compliance. Client payment and discrepancy resolution policies should be provided to the media auditor and discussed prior to engagement of the audit.

Financial Considerations

Payment Policy

Media-related payment policies are commonly guided by payment terms provided by the respective media suppliers. However, industry practice recognizes that payments to the media may be extended primarily due to “discrepancy” resolution resulting from differences between estimated or ordered activity vs. actual media deliveries. Accordingly, the advertiser and its agency should consider these circumstances when establishing an agreement on media payment policies and determining what constitutes timely advertiser remittance and timely agency payment.

Media Discrepancy Resolution Policy

When there are discrepancies between the service paid for and the service delivered, the resulting negotiation between buyer and seller may result in one of either the buyer receiving a “makegood” (in which case the discrepant media falls into a future media placement) or the buyer receiving a credit from the media supplier.

With regard to discrepant media, specific policies should be pre-established between the advertiser and their agency. For purposes of media audit compliance, the advertiser’s discrepancy resolution policy should be provided to the media auditor and discussed prior to engagement of the audit.
Step 5

Compliance

When developing media performance expectations, the advertiser’s compliance parameters should include reasonable performance latitudes that recognize the multifaceted dynamics of the media marketplace.

Industry best practice compliance considerations recognize pragmatic realities of the media buying process.

I. Negotiating media buys and securing advertiser authorization based upon estimated expectations that are in line with established plan goals

The first step in determining compliance focuses on expectations of the buyer to deliver the goals that were established and authorized by the advertiser and the planning team. Inasmuch as this is the buyer’s estimate of delivery and achievement, the advertising, marketing or media staff should be responsible for establishing guidelines and evaluating results with the agency or buying service in advance of the buy. These guidelines are best developed in conjunction with the buying team so that reasonable expectations can be established based upon such areas as market conditions, advertiser asset realities, and industry practices.

Compliance considerations include:

- Identifying expected timing for completion of the buys
- Detailed buying guidelines and adherence to those guidelines
- Identifying the extent of buy detail required for buy completion as per client authorization
- Determining what target audience(s) should be displayed, estimated delivery of those audiences and the source(s) used to compare estimates to goals
- Displaying estimated impression delivery by publisher, site, channel for the formats specified and targeting parameters identified
- Summary of costs compared to budget
- Discrepancy makegood policy.

Deviations from plans or buying guidelines, as noted above, must be thoroughly explained and supported with reasonable and appropriate rationale.

2. Campaign delivery achieved expectations

The next stage of determining compliance entails a post-analysis of campaign delivery compared with the estimated delivery projected in the original buy authorization and the buy details. The post-analysis may also reference the original goals, but the primary report should focus on the authorization and corresponding buy details since that was the agreed upon buy.

Consistent with previously discussed phases of the buying process, post-buy compliance is the joint responsibility of both the advertiser’s media staff and the agency’s buying staff.

The post-buy stage assesses the buying agency’s ability to effectively steward all of the elements of the buy and to demonstrate how they have worked to fulfill client expectations.

All guidelines and criteria concerning the post-buy evaluation should be established ahead of time by the advertiser and the buying agency, before any media is purchased. These guidelines, which should be communicated to an auditor, should address the following:

- Identification of success metrics
- Determining frequency of optimization (as applicable) and reporting, identification of means to monitor adherence to schedules

Guidelines for Digital Media Audits
• Data sources to be used – these will vary depending on success metrics, from target audience delivery (e.g., comScore or Nielsen) to impression delivery (e.g., Doubleclick’s DFA or Atlas) to client Web site activity (e.g., Omniture, Google Analytics)

• Method of data transfer from agency to auditor – this should be electronic and in a format that allows the agency to transmit data efficiently (for example electronic transmission of Excel formats rather than PDFs, providing applicable logins for ad server reporting tools and publisher dashboards)

• Impression (or other KPI) Deviation Limits – The current industry standard states that this deviation should not exceed plus or minus 10% of the estimated impressions

• Reconciliation of underdelivery and makegoods to run on future flights

• Delivery of impressions within acceptable ranges by publisher, site, channel for the formats specified

• Adherence to specified targeting parameters (e.g., U.S. only) and/or placement specifications (e.g., 100% above the fold).
Summary Observations

The best practice gold standards for conducting media transactions and verifying performance through audits involve five important steps:

STEP 1 — Substantive media guidelines and implementation parameters/assumptions should be determined and agreed upon by the client and agency to prior to the start of the buying process.

STEP 2 — The ultimate results that are generated from a media buy will vary depending upon buy specifications, timing and market conditions. Ramifications of buying conditions must be clearly understood and recommended in writing.

STEP 3 — In advance of placing media, the advertiser and the agency should reach a mutual understanding as to the selection of the available media research, along with an understanding of the limitations of the methodology and interpretation of its use.

STEP 4 — Relevant media planning and buying information from the advertiser-agency contract along with client payment and media discrepancy policies should be made available to media auditors. The auditor should then be guided by those terms and policies.

STEP 5 — The advertiser’s compliance parameters should include reasonable performance latitudes that recognize the multifaceted dynamics of the media marketplace. Industry best practice compliance considerations recognize pragmatic realities of the media buying process.

Well-designed media audits, conducted by appropriate and capable auditors, can be an integral component of a well managed, efficient and accountable advertising investment program.
Appendix A

Guidelines

There are two primary types of Media Buying Guidelines:

- **General Buying Guidelines** - Issued by the advertiser (or its parent company or a franchisee group or dealer group) and agreed upon by the planning and implementation departments of both the advertiser and the agency.
- **Campaign Buying Guidelines** – Issued by the Planning Department to the Implementation Departments as part of a buy authorization regarding the specific campaign to be purchased.

The different types of Guidelines including the contents, timing and other considerations are described below:

**General Buying Guidelines:**
Digital buying guidelines will typically include properties on the “do not buy” list; separation policy from competitors, unacceptable content adjacencies, cancellation and makegood policies, payment/payment liability, and data usage governance.

General buying guidelines can be issued by the advertiser (parent or franchisee/dealer group) individually or together. In some cases, the parent company (who may not actually be the client) has preferences that will have to be approved by the franchisee/dealer group prior to the campaign guidelines being issued. These two separate advertisers should agree upon a single set of guidelines prior to the buy being authorized otherwise the buy may be made without adherence to either group’s specific parameters.

**Campaign Buying Guidelines**
Campaign buying guidelines will normally include the following elements:
- Percent of purchase above the fold vs. below the fold
- Target demo
- Flight dates
- Unit size/mix
- Days of the week
- Daypart parameters
- Total Budget by market
- Makegood policy
- Impression delivery substitution and tolerances
- Any additional information specifications relating to an individual advertiser’s buy guidelines.

The combination of comprehensive General Buying Guidelines and Campaign Buying Guidelines provides a solid platform for planning, executing and assessing media buy activities in a manner that is compatible with both advertiser’s business goals and industry best practice media buying methods. Any media audit should focus exclusively on verification of compliance with these established guidelines.
Appendix B

Measurement Services

The 4A's recommends that any data used should be from ad servers that have gone through the auditing and certification process for IAB measurement guidelines, and that the ad server be in complete compliance with the specified measurement guidelines for the measurements in question.

The IAB currently maintains three types of industry guidelines:

- Measurement guidelines, for which companies’ methodologies are audited by a third party
- Ad network & exchange quality assurance guidelines to provide brand safety to advertisers, for which companies self-certify
- Ad standards, which relate to creative formats and ad serving, for which companies self-certify.

A list of the companies that have gone through measurement certification can be found at:

www.iab.net/iab_products_and_industry_services/1290962
Appendix C

4A’s Standardized Advertiser Questionnaire for Media Auditors/Consultants

Introduction

The Standardized Advertiser Questionnaire for Media Auditors/Consultants is designed as an aid for advertisers who are seeking a media specialist organization to conduct an agency media audit.

The advertiser’s assessment of a media audit organization should include the organization’s ability to review and report audit results based upon the pre-established guidelines to which advertisers and their agencies have agreed to prior to conducting the audit.

Utilizing this questionnaire will provide advertisers with the key information they will need to better assess the specific qualifications of the media specialist organizations that they have identified as a possible resource in this area.

Recommended key areas to be discussed with media specialist organizations include:

A. Organization Information
B. Auditing Qualifications
C. Compensation Methodology
D. Experience with Third-Party Providers
E. Computer Systems Used for Evaluations
F. Methodology
G. Uses of Data Collected
H. Data Sources and Related Product Subscriptions
I. Audit Practices

This questionnaire is specifically customized for a pending digital media audit.
Appendix C

4A’s Standardized Advertiser Questionnaire for Media Auditors/Consultants

Questionnaire

A. Organization Information
- How many employees are in your organization?
- What level of experience do they have (buyer, biller, client service, planner, etc.) and in what areas of media (digital, spot, network, print, DR)?
- What is the average number of years your employees have been in the media business?
- Is experience hands-on or supervisory?
- How many employees are involved in a standard audit?
- What role do they play?
- Provide organization chart detailing overall organization including titles.
- Provide organization chart for this assignment.
- How many years has your company been in business?
- How did your business evolve? (Accounting firm? In-house agency?, etc.)
- If you are a public company, who are your partners?
- Do you practice full disclosure?
- Is all work done on premises? Is anything farmed out to a 3rd-party for data inputting, etc. If yes, explain.

B. Auditing Qualifications
- How many accounts do you audit annually?
- How big is your current client roster? Of this list, how many short-term clients vs. long-term?
- How diverse is your client roster? What categories do you cover?
- What categories does your client roster include (entertainment, retail, packaged goods, etc.)?
- What is the average number of markets per audit?
- What is the average expenditure per audit?
- Does your organization contract to purchase ad time/space for clients independent of your audit duties?
- If buying is a function of what is planned, how or do you audit a plan?
- Provide references.

C. Compensation Methodology
- What compensation terms do you employ?
  - Fee?
  - Fee plus bonus? (What would bonus be based on?)
  - Other? Please be specific (example: recovery).

D. Experience with Third Party Providers
- # of years engaged with provider
- Hands on or supervisory with:
  - Mediaocean
  - Doubleclick
  - Atlas
  - Other
- Do you work with any monitoring services? If so, which one(s)? What type of confidentiality clause do you have with them?

E. Computer Systems Used for Evaluation
- If proprietary, provide an overview of system capabilities.
- Do you work with agency via electronic transfer?
- If yes, do you have data file written for agency to follow?
F. What Methodology is Used in a Typical Digital Media Audit?
   • Describe ad verification methodology
   • Audience delivery and cost per action methodology

G. Uses of Data Collected
   • Detail any differences between auditor’s methodology and other major third-party providers.
   • Is your benchmarking based on pure data or does it include conversion factors calculated from another demo?
   • What happens to the data once the audit is over? Is the data used to populate a proprietary database? If so, what all is included in the database and how do you use it?
   • Do you keep all information obtained in an audit confidential and use it only for purposes of the audit?

H. Sources and Related Product Subscriptions:
   • To which sources and products does auditor/consultant subscribe?
     o Nielsen NetRatings/AdRelevance
     o comScore
     o SQAD (If yes, how many issues a year, all levels?)
     o Other

I. Audit Practices
   • What information does agency need to provide?
   • Is audit completed with or without agency involvement? Will auditor discuss explanations with agency in advance of speaking with the advertiser, regarding discrepancies between agency/auditor reports?
   • Please provide an overview of the timeline for a typical audit, including a list of reports, when they are issued, and appropriate formats.

• What method(s) of data transfer from agency to auditor, and auditor back to agency, is being used?
• Do you issue “client/auditor guidelines” to agency so that all expectations are clearly communicated?
Appendix D

SQAD WebCosts ® Data Description and Guidelines for Use

Description

WebCosts is an online database for display advertising that reports CPMs for Web sites and ad networks. All reported CPMs are the result of aggregating buy-side, negotiated rates contributed to SQAD by the subscribing marketer and agency community.

WebCosts reports Low, Average, and High, display CPMs for Web sites and ad networks on four levels.

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<tr>
<th>WebCosts Reports</th>
<th>Low CPM</th>
<th>Avg. CPM</th>
<th>High CPM</th>
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<td>1. Channel CPM</td>
<td>Site / Ad network</td>
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<td>2. Channel CPM IAB</td>
<td>Site / Ad network</td>
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<td>Wide Sky Scraper</td>
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<td>3. Channel CPM Time Span</td>
<td>Site / Ad network</td>
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<td>Week Time Span</td>
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<td>Quarter Time Span</td>
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<td>4. Channel CPM IAB / Time Span</td>
<td>Site / Ad Network</td>
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<td>(Combination of size and time)</td>
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CPM data is provided confidentially to SQAD on a monthly basis. In turn, WebCosts updates the database monthly. WebCosts utilizes ad server file structures as its primary source of data. Additionally:

- Advertisers’ names are not included in the contributor’s data.
- WebCosts uses the Nielsen MarketView Dictionary as the reference for all site and ad network classifications.

WebCosts Report CPMs are made available to subscribers via a proprietary, online system. The system also provides a robust set of filter and data sort capabilities, allowing the subscriber multiple ways to format and analyze report data. WebCosts allows data contributors to view their own aggregated CPMs along side the WebCosts market CPMs.

Guidelines on Use of WebCosts

WebCosts, at any report level, provides a market price scale: Low, Average, and High. WebCosts subscribers utilize this scale to see how well their costs align with CPMs that the market has negotiated. This is helpful for a one-time event, as well as for campaigns over time. Subscribers also use WebCosts reports prior to the RFP process to construct estimates and cost scenarios.

WebCosts also features the “Include Your Data?” tool. This tool allows the contributing company to see the aggregate of their display negotiated rate data as Low, Average, and High CPMs. Contributor CPM data is displayed along side the WebCosts data. The WebCosts tool provides export features, which allow the above to be formatted in Excel for presentation purposes.
Sample Confidentiality Provision of a Media Services Contract

The contract between an agency and an advertiser should include a confidentiality section that protects each party’s proprietary information. The confidentiality section of the agency-advertiser agreement should cover any disclosure of information to third parties such as media auditors and use of information.

A comprehensive confidentiality section of a contract should include the following components:

- Mutual protection
- Cover 3rd party organization and their employees
- Definition of C.I. includes media rates + agency cost and compensation info
- Restrictions—Access to and Use of Confidential Info
- Duration of Confidentiality Provisions

Illustrative language that can be considered when drafting the confidentiality section of an agency-advertiser contract is provided below:

Confidentiality. Both during and after the term of this Agreement, both “Agency” and “Client,” as well as their employees, agents, consultants and any other intermediaries agree that a confidential relationship exists wherein each party (each a “Receiving Party”) understands that the other party (the “Disclosing Party”) has disclosed or may disclose certain confidential and proprietary information which has commercial and other value in the Disclosing Party’s business. In consideration of the access the Receiving Party may have to Confidential Information (as defined below) of the Disclosing Party, each Receiving Party hereby agrees as follows:

“Confidential Information” shall mean all strategic and development plans, business plans, co-developer identities, rate data, business records, client lists, project records, market reports, employee lists and business manuals, policies and procedures, information related to processes, technologies or theory and all other information which may be disclosed by the Disclosing Party or to which the Receiving Party may be provided access by the Disclosing Party in accordance with this Agreement or which is generated by the parties hereto as a result of or in connection with this Agreement.

Client acknowledges that the rates negotiated by “Agency” on behalf of “Client” are protected by “Agency” as trade secrets and are not generally known by the public, “Agency’s” competitors or Client’s competitors (“Agency Confidential Information”). The disclosure of Agency Confidential Information to third parties, including but not limited to any advertising agency, media planning firm, buying service, marketing consultant, auditor or discussions of these rates with the media by Client, may cause the media to withdraw the rates or otherwise disrupt the business relationships of Agency. Furthermore, Agency may also disclose...
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Sample Confidentiality Media Services Contract Provisions (continued)

commercially valuable confidential information concerning the terms and conditions of Agency’s financial position with Client, including but not limited to Agency’s compensation for services rendered for Client as well as the Agency’s direct and indirect overhead expenses, and the method for calculating said compensation (“Agency Confidential Information”). For purposes of this agreement, “overhead expenses” are business expenses of the Agency, including but not limited to employee wages, payroll related expenses such as payroll taxes and employee benefits, corporate expenses such as advertising and publicity expenses, professional fees such as fees paid to auditors and legal counsel, and facilities expenses such as rent, light, heat, electric and repairs. Notwithstanding the foregoing, Client agrees to restrict dissemination of Agency Confidential Information received to those of its personnel and those consultants (the person to whom such disclosure is permissible being collectively referred to as “Representatives”) who require knowledge of that confidential information in order for Client to evaluate Agency’s performance under this agreement. Agency Confidential Information shall be used for no other purpose including, but not limited to, use in databases or benchmarking tools of Client Representatives or agents. Client shall not disclose Agency Confidential Information to its Representatives or agents without written consent from Agency. Upon consent from Agency, Client shall require its Representatives and agents to sign an agreement in the form approved by Agency agreeing to hold all Agency Confidential Information in confidence and to forward a copy of said agreement to Agency. Client agrees to be responsible for any breach of this agreement by its Representatives and agents. Any unauthorized use of Agency Confidential Information or disclosure thereof to third parties is likely to be damaging to Agency and may constitute a violation of applicable securities laws. Client further agrees that it will not trade in securities of Agency or any of Agency’s affiliates on the basis of Agency Confidential Information and acknowledges that any transaction in any of such securities affected on the basis of Agency Confidential Information may constitute a violation of United States Federal securities laws punishable by monetary fine, imprisonment or both.

Agency shall use all reasonable efforts to prevent disclosure to any third-party of any proprietary information or data developed by “Agency” on behalf of Client or under this Agreement; and/ or disclosed by Client to “Agency”, including, without limitation, any information regarding Client’s operations, processes, products, concepts, ideas, inventions, formulations, improvements, packaging, trade secrets, marketing plans or strategies, or other confidential information or affairs (collectively, “Client Confidential Information”).
Overview

Larger marketers that invest considerable economic resources in media-driven marketing programs are endeavoring to leverage scale and optimize both the effectiveness and efficiency of their media investments. This critical task has become more challenging with the proliferation of media vehicles, dynamic changes in the media buy-sell marketplace and evolving audience measurement methodologies. As a result, media planning and buying services have taken on great significance in the advertiser’s marketing service mix. The increased complexity of media operations necessitates that client organizations work with knowledgeable media professionals and utilize appropriate media-specific authorization, disbursement and media stewardship systems and suppliers. Comprehensive stewardship of media transactions includes communications planning, media planning, ...

Appendix E – Contract Examples

Sample Confidentiality Media Services Contract Provisions (continued)

The Confidential Information, Agency Confidential Information and Client Confidential Information set forth in this Section shall exclude information that:

a) At the time of disclosure to the recipient, is in the public domain; or

b) After disclosure to the recipient, becomes part of the public domain, by publication or otherwise through no fault of the recipient; or

c) The recipient can show by written documentation was in its possession at the time of disclosure to the recipient and had not been acquired, directly or indirectly, from the disclosing party;

d) Is later furnished or made known to the recipient by third parties as a matter of right and without restriction or disclosure; or

e) Is required to be disclosed by court order or other legal process binding on the recipient, in which case the recipient shall promptly notify the disclosing party of such requirements so that it may take steps (with recipient’s reasonable cooperation) to obtain a protective order.

This section will continue to apply for two years following any termination of this agreement. Upon written demand from either party, the other party will destroy or return all documents and other materials containing or reflecting any such confidential information of the demanding party.

Each party acknowledges that the other would be irreparably damaged by its breach of any of its obligations under this section and each party further acknowledges and agrees that the other party will be entitled to injunctive relief to prevent its violation of its obligations under this section.
Appendix E - Contract Examples
Sample Audit Provision of a Media Services Contract

Sample Audit Media Services Contract Provision

The contract between an agency and an advertiser should include a section that stipulates each party’s rights and obligations. A comprehensive audit section of a contract should include the following components:

- No Contingency Auditors
- Advance agreement on Scope of Audit and an audit plan
- Adherence to reasonable & customary industry best practice procedures
- Verification versus disclosure
- Time frames
- Costs

Illustrative language that can be considered when drafting the confidentiality section of an agency-advertiser contract is provided below.

Agency agrees that it will retain and maintain accurate and complete records and files (including without limitation, all contracts, papers, correspondence, records, copybooks, accounts, invoices, and/or other information) relating to the services provided under this Agreement and/or its dealings on behalf of Client with media, production vendors, and other third parties (collectively, “Records”). Agency, at its discretion, may receive, submit and/or retain Records in an electronic/digital format.

Agency shall maintain the Records in accordance with recognized commercial accounting practices for a minimum period of one (1) year after termination of this Agreement, other than Records required by government regulation, which shall be retained for the time period required by law (if longer than one (1) year). Client may conduct audits of Agency Records relating to the provision of services under this Agreement pursuant to the following terms.

Client at its expense shall have the right, no more frequently than annually, upon reasonable notice (no less than ten business days for a local audit and three weeks for a regional or global audit), during normal business days and hours, to examine the Agency’s records of expenditure pertaining to Client’s account for the purpose of verifying any media, production or other bills of outside suppliers which Agency has re-billed to Client for the period of up to one (1) year immediately preceding receipt of written notice of intent to audit. The Agency’s services, scopes of work and compensation specified in this Agreement do not include time or charges to accommodate any Client audits and Client acknowledges that the cost of additional Agency time and other charges associated with compliance under this Audit provision is incremental and will be paid for by Client.

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Sample Audit Provision of a Media Services Contract

Agency agrees that Client and the auditor chosen by client and subject to Agency’s approval may verify and have access to Agency Records that specifically relate to the Client account. Client agrees that it can not choose as an auditor under this provision any person who, or the division of any firm that, is engaged in the business of providing consulting services to businesses in the advertising industry. The Client also agrees that auditors or consultants whose compensation is in whole or in part derived from analysis of advertising industry audit findings have an inherent conflict of interest and are prohibited under this section of the Agreement.

Client or Client’s authorized auditor will conduct the audit in such a manner as to minimize interference with Agency’s ongoing operations. Client, Agency, and the auditor will agree to an audit plan and scope of audit work prior to commencement of the audit. As part of the scope of audit work, the parties will agree upon which Agency Confidential Information, if any, will be disclosed to the auditor but not disclosed to Client (Client access being limited to verification from the auditor of Agency compliance or non-compliance with contract terms). Client agrees that it will not accept disclosure of Agency salary data, overheads, non-billable expenses, other internal Agency costs or other proprietary information of the Agency in any audit report to Client.

Agency will have the right to review a preliminary draft of all auditors’ report to Client and provide comments to the auditor prior to the presentation of any report to Client.

Prior to conducting an audit, the auditor and Client shall require their participating representatives to sign an agreement in a form approved by Agency agreeing to hold the Agency’s Confidential Information in confidence, and to forward a copy of said agreement to Agency.
Appendix F
Illustrative Agency Digital Planning, Approval, Billing and Reporting Process Schematic

Given the complexity of digital media activity, we have included an illustrative agency digital planning, approval, billing and reporting process schematic.

It must be noted that the procedural steps associated with digital media planning and buying activity will vary from agency to agency and by client within the same agency. The schematic included within this 4A’s Guidelines for Digital Media Audits document is intended to be an overview in outline form of illustrative digital media stewardship steps.

1) Strategic Assessment of Channels, Media Partner Relationships and Investment Strategy
   • Assess existing and new marketplace channels (Display, Search, Mobile, Video, Gaming, etc.)
   • Based on scale, content, targetability, efficiency, standards compliance, etc. prioritize media vendor relationships
   • Forecast marketplace conditions and frame directional digital budget allocations.

2) Digital Media Briefing
   • Develop digital media objectives and strategies within the context of the client’s marketing brief and overall media strategy
   • Assess creative considerations
   • Establish key planning parameters and KPI’s.

3) The Digital Media Plan
   Based on creative and media agency collaboration on formats, sites, customization and optimization opportunities, develop a comprehensive digital media plan incorporating all relevant channels and digital analytics requirements. The digital media plan will likely include:
   • Objectives, strategies and success metrics
   • Channel allocation and rationale
   • Site selection rationale and recommendation
   • Channels and publishers that were considered but not recommended
   • Creative and tagging considerations
   • Timeline and flowcharts.
4) Negotiating the Plan
The initial digital media plan utilizes estimated pricing that is based on historic pricing and marketplace predictions. The agency must then negotiate a client specific rate card with all digital media suppliers.

5) Plan Approval
The digital media plan that reflects negotiated rates (inclusive of third party ad serving costs) is presented to client stakeholders. Upon client review and based upon any agreed upon refinements, a media purchase authorization is developed by the agency and approved by the client.

6) Media Buy Execution
Once the plan is approved and authorization obtained, the agency will issue insertion order(s) to publishers. Insertion orders normally include:

- Placement details
- Pricing and budget
- Pacing /flighting and inventory details
- Client buying guideline T’s & C’s (including makegood or rollover of unspent dollars procedures)
- Trafficking specifications
- Billing terms.

7) Digital Billing Process—Media Vendor Invoices
The variable nature of planned/bought versus fulfilled digital media activity requires timely coordinated communication and reconciliation of media delivery information to support accurate billing. Digital media billing procedures generally entail:

- Comparison of third party and site-served delivery data
- Reconciliation of discrepancies
- Input, review, reconciliation and approval of publisher invoices
- Issue payment to publisher.
Appendix F
Illustrative Agency Digital Planning, Approval, Billing and Reporting Process Schematic (continued)

8) Digital Billing Process—Client Invoicing

Most agency-client agreements specify a media billing cycle and payment due date calendar (normally monthly on a set date schedule). The agency-client agreement normally provides for client billing based on estimate with reconciliation and adjustment to actual cleared dollars at agreed upon intervals or and the conclusion of the campaign.

9) Optimization

Digital media plans are often optimized throughout the campaign flight. The optimization process includes site-specific review of placements (and if appropriate, creative executions). In the event that the overall execution of the plan varies from targeted expectations, the agency may recommend to the client adjustments to the media placements (and/or creative) within existing sites or a re-allocation across sites.

10) Digital Media Execution Reporting and Ad Verification

Digital media reporting procedures vary based on client information needs and service expectations, budget size, campaign dynamics, availability of site and third party verification information, as well as agency systems and procedure parameters. Digital media execution reporting activities can include:

- Campaign start up reporting i.e., representative site placement confirmation, data capture and tracking tack verification, interim performance metrics on time sensitive or sort duration placements
- Aggregation of third-party and site serve data
- Creative and video delivery reports
- Tabulations of channel data
- Analysis of monthly results including macro performance, key learning and actionable implications.

Digital ad verification is conducted when it is important to ensure that creative is running in appropriate quality relevant environments, as well as within designated geographic markets.
Larger marketers that invest considerable economic resources in media-driven marketing programs are endeavoring to leverage scale and optimize both the effectiveness and efficiency of their media investments. This critical task has become more challenging with the proliferation of media vehicles, dynamic changes in the media buy-sell marketplace and evolving audience measurement methodologies. As a result, media planning and buying services have taken on great significance in the advertiser’s marketing service mix. The increased complexity of media operations necessitates that client organizations work with knowledgeable media professionals and utilize appropriate media-specific authorization, disbursement and media stewardship systems and suppliers. Comprehensive stewardship of media transactions includes communications planning, media planning.