

Nepal Advertising Agency Survey

2014/15

Central Bureau of Statistics
National Planning Commission Secretariat
Government of Nepal
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Background of Survey of Advertising Agencies

In general, an advertising agency is an establishment or company, primarily engaged in preparing advertising materials such as writing copy, artwork, graphics, and other creative work and placing such advertising in periodicals, newspapers, radio and television, internet, and other advertising media for clients on a contract or fee basis. Creating and placing of outdoor advertising (e.g. billboards, panels, bulletins and frames, window dressing, showroom design, car and bus carding etc.); conducting marketing campaigns and other advertising services aimed at attracting and retaining customers for promotion of products, point-of-sale marketing, direct mail advertising, marketing consulting. In short, establishments/industries classified in class 7310 of International Standard of Industrial Classification (ISIC Revision 4) are the advertising agencies. The features of advertising agencies are:

- ✓ An Advertising Agency is an independent organization of creative people;
- ✓ It assists the client organizations in developing marketing plans;
- ✓ It designs and executes various promotional tools for the clients;
- ✓ It helps in acquiring advertising space and time for the clients in various advertising medias conveniently and economically;
- ✓ It helps creating demand for the products and services of the clients and
- ✓ It does not have a commercial use alone, but it also helps in developing public relations for the client organizations.

Advertising activities helps business as well as the national economy to prosper and makes the consumers aware of the various choices that are available in the market. Advertisement about product or service helps a lot to create brand image of products, services of companies but only the challenge is that to make effective advertising plans and programs.

The survey of advertising agency was one of the statistical activities of fiscal year 2072/73 of the CBS. The service provided by the advertising agencies is one of the important services and its contribution to the economy is ever growing.

The activities covered in this survey pertain to the class 7310: Advertising under the group 731: Advertising and division 73: Advertising and Market Research of major section “M” Professional, scientific and technical activities; of the ISIC rev 4 or NSIC (International standard Industrial classification). The division 73: Advertising and Market Research includes the creation of advertising campaigns and placement of such advertising in periodicals, newspapers, radio and television, or other media as well as the design of display structures and sites.

The Advertising class 7310 includes the provision of a full range of advertising services (i.e. through in-house capabilities or subcontracting), including advice, creative services, and production of advertising material, media planning and buying. The fiscal year 2071/72 (2014/15) was the reference period of the survey.

Objectives of the Survey

Central Bureau of Statistics (CBS), Nepal has conducted the survey of advertising agencies to assess the contribution of advertising agencies of Nepal in the national economy and provide their information on various aspects for policy makers, planners, researchers, students as well as concerned organizations.

The main objectives of this survey are:

- ❖ to assess the current size and nature of the advertising agencies in the country,
- ❖ to generate principal indicators of advertising agencies such as number of advertising agencies, number of persons engaged, value of fixed assets and the other,
- ❖ to prepare a list of operating advertising agencies that provides a frame for future sample survey of the sector,
- ❖ to assess the value addition in the economy made by this sector,
- ❖ to fill the gap of information about the changes and developments-taking place in the advertising agencies.

Coverage and Reference Period of the Survey

The survey of advertising agency has covered the registered agencies providing advertising services around the country. The lists of advertising agencies registered in the Inland Revenue Department of Government of Nepal and Advertising Association of Nepal were used to prepare the survey frame.

The reference period of the survey was the fiscal year 2071/2072 B.S. (2014/2015). Particularly, it is mid-July 2014 to mid-July 2015. The actual enumeration work of the survey was carried out during the period from January 2014 to July 2015. Information of the agencies which were established after the reference period or closed before the reference period was not considered in the survey. The survey was regulated with the prevailing Statistical Act, 2015 and it has ensured the confidentiality of the individual information as provided by the advertising agencies.

Personnel Involved in the Survey Operation

The entire survey operation was undertaken by the staff of the Central Bureau of Statistics and the District Statistical Offices. Officers from the CBS and Statistical Offices were involved in supervision of the field operation to improve the data quality.

Contents of the Survey

In this survey, the following contents were kept in questionnaire. Information of advertising agencies was collected through questionnaire containing the following headings:

- Part 1: Introductory information
- Part 2: Employment information
- Part 3: Employee expenditure information
- Part 4: Running cost information
- Part 5: Income information
- Part 6: Stock information

Part 7: Capital and permanent Assets and

Part 8: Miscellaneous (Factors affecting the advertising agencies and their suggestions).

Along with the questionnaire, a manual was also prepared. The manual helped the enumerators and supervisors to understand the questionnaire and execute the process of the survey. The manual explains the questions and provides the understanding on what exactly is being sought on each question.

Data Processing

The filled-up questionnaires were collected in CBS. The coding and processing work was done by the staff of the Establishment and Survey Section. Data entry was undertaken using CPro 5.0 software. The data checking, tabulation and summarization work was done using the statistical software package IBM SPSS Statistics Version 19.

Quality Control

To ascertain the quality of the survey, strict statistical norms were followed. Pretest of the questionnaire was undertaken prior to finalization of questionnaire. To ensure the consistency and quality, effort was made to train all personnel to be involved in the survey procedures. The training was imparted to the enumerators and supervisors, and Statistical Officers. The chief of the Statistical Office supervised the field work in the district. Officers from the central office (CBS) visited as many districts as possible for supervision while the field work was underway.

Problems and Challenges of the Survey

In this survey, many problems and challenges were raised, due to such problems survey could not meet to provide weighted figures as its objectives. Some of the noted problems and challenges are as follow:

1. Proper sampling frame is very important for any survey but in this survey it was very difficult to prepare the proper sampling frame. The list of 2,178 advertising agencies of Office of Company Registrar is cumulative figure of registered advertising

agency i.e. it could not provide the operational existing advertising agency, so it could not be used as sampling frame . In the other hand, the list of 1,577 advertising agencies registered in PAN (Permanent Account Number) in the Inland Revenue Department of Government. This list also could not sufficiently applicable because most of the agencies were not functioning and existing in the field. Besides above list, Advertising Agency of Nepal (AAN) had a registered list of 298 advertising agency at that time which was not comprehensive i.e. the list didn't cover the entire advertising agency.

2. Sample were drawn from list of advertising agencies registered in PAN (Inland Revenue of Office) by adjusting the list by assuming who pay the revenue at least three fiscal years among last consecutive five fiscal years. By this assumption nearly 1,409 advertising agency could meet the assumption.

3. The given addresses and phone numbers of the many advertising agencies were not match while doing inquiry. They were shifted to another place and their telephone number was changed. Some of advertising agency has no office i.e. they have no permanent business location.

4. Functionally, some of the advertising agencies were found merge to each other but legally they were separate establishments.

5. Some of the establishments were repeated and some of them changed the name of the company and

6. Some of establishments were closed and some of establishments refused to answer and switch off their mobile number for skipping to provide information.

Summary of Principal Indicators

Principal Indicators	
Number of Advertising Agency	235
Authorized Capital	74,92,76,061
Issued Capital	51,45,85,948
Number of persons engaged	2,044
Total number of employees	1,848
Total wages/salaries of person engaged (in Rs.)	39,67,40,672

Tables

Table 1 Number of advertising agency by district

Districts	Number of Advertising Agency	Percent
Jhapa	4	1.7
Morang	7	3.0
Sunsari	6	2.6
Dhankuta	1	.4
Lalitpur	22	9.4
Bhaktapur	1	.4
Kathmandu	145	61.7
Dhading	3	1.3
Parsa	1	.4
Chitawan	9	3.8
Gorkha	1	.4
Tanahu	2	.9
Kaski	7	3.0
Baglung	2	.9
Rupandehi	3	1.3
Kapilbastu	3	1.3
Arghakhanchi	2	.9
Banke	2	.9
Surkhet	3	1.3
Dailekh	1	.4
Kalikot	1	.4
Kailali	3	1.3
Kanchanpur	4	1.7
Dadeldhura	2	.9
Total	235	100.0

Table 2: Number of advertising agency by ownership

Ownership	Number of Advertising Agency	Percent
Individual	89	37.9
Partnership	18	7.7
Private limited	127	54.0
Others	1	.4
Total	235	100.0

Table 3: Adverting agency by issued capital

Issued capital	Number of Advertising Agency	Percent
Less than 1 lakh	30	12.8
1 to 5 lakhs	130	55.3
5 to 10 lakhs	21	8.9
10 to 20 lakhs	13	5.5
20 to 30 lakhs	19	8.1
30 to 40 lakhs	1	.4
40 to 50 lakhs	8	3.4
More than 50 lakhs	13	5.5
Total	235	100.0

Table 4: Number of employees by job category

Job categories	Employment Type						
	Total	Female	Male	Paid		Unpaid	
				Female	Male	Female	Male
Working proprietors and Partners	425	80	345	41	218	39	127
Administration/Account Section/ Department	342	138	204	134	198	4	6
Creative Section/Department	319	63	256	62	248	1	8
Research Section/Department	105	28	77	28	75	-	2
Marketing Section/Department	489	135	354	133	350	2	4
Institutional contracted employees	115	26	89	26	89	-	-
Others	249	120	129	117	129	3	-
Total	2,044	590	1,454	541	1,307	49	147

Table 5: Employment expenditure on employees by different items

Employment Expenditure	Annual expenditure (in Rs.)	Mean per establishment (in Rs.)
Salary	344,683,202	1,466,737
Insurance premium	1,550,693	6,599
Medicine allowances	1,276,548	5,432
Transportation allowance	14,187,544	60,373
Dwelling allowances	181,000	770
Uniform allowance	201,223	856
Reserved leave amount	1,324,382	5,636
Communication allowance	5,049,649	21,488
Employee bonus	14,048,140	59,779
Over Time	1,551,256	6,601
Meal and Tiffin allowances	8,390,197	35,703
Others	4,296,838	18,284
Total	396,740,672	1,688,258

Table 6: Annual operational expenditure by different items

Running cost	Annual expenditure (in Rs.)	Mean per establishment (in Rs.)
Printing and Official goods Expenditure	12,904,683	54,914
Electricity Expenditure	9,635,288	41,001
Fuel expenses	15,484,764	65,893
Communication Expense	13,301,823	56,604
Water Expenditure	2,420,795	10,301
Rent (Building, Storage, Raft, Vehicles)	50,803,103	216,183
Rent (Land)	961,387	4,091
Outsourcing	13,769,524	58,594
Talent fee	5,588,480	23,781
Advertisements Expenditure (own)	17,240,440	73,364
Service Sale Commission	9,826,748	41,816
Purchase goods for sale	397,514,365	1,691,550
Color separation	567,500	2,415
Travel Expenditure	15,078,213	64,163
Recreation Expenditure	20,860,479	88,768
Simple Repair Expenditure	6,565,360	27,938
Auditing Expenditure	4,140,750	17,620
Training and workshop expenses	1,238,019	5,268
TV advertisement Sensor Expenditure	1,196,500	5,091
Membership/Renew Charge to Association	2,725,460	11,598
Accidental and non-life insurance	1,225,807	5,216
Gifts, donation, etc.	2,798,003	11,906
Other	19,003,568	80,866
Total	624,851,059	2,658,941

Table 7.1: Annual Income of advertising agency by different items

Income category	Income (in rupees)
Radio, F.M.	305,830,481
Television, Film (income)	1,005,653,509
Print Media (income)	1,628,585,023
Online (income)	64,291,348
Outdoor (income)	258,861,443
Social Network (income)	40,193,996
Advertising production material purchase (sale)	476,396,900
Selling of purchased goods for sale	428,056,842
Total	4,207,869,542

Table 7.2: Annual other Income by different items

Other Income category	Other income (in rupees)
Advertising production equipment rent	17,000
Agency bonus received	43,592,634
Commission	22,967,531
Market promotion	2,529,000
Designing (out servicing)	25,089,740
Service (except designing)	32,446,764
Other	25,522,554
Total	152,165,223

Table 7.3: Annual expenditure by different items

Expenditure category	Expenditure (in rupees)
Radio, F.M.	181,708,796
Television, Film	663,974,491
Print Media	1,396,123,548
Online	44,992,970
Outdoor	157,928,380
Social Network	34,440,941
Advertising production material purchase	343,854,745
Total	2,823,023,871

Table 8: Stock of surveyed advertising agency by stock category

Stock category	Stock at the Beginning (in Rs.)	Stock at the End (in Rs.)
Raw material	6,097,308	10,431,633
Sale of goods purchased for sale	4,245,373	8,845,620
Fuel	243,566	103,652
Work in Progress	1,653,310	1,745,026
Others Stock	43,874,060	27,796,846
Total	56,113,617	48,922,777

Table 9 : Capital investment on different items

Description	Capital investment (in Rs.)	Capital income (in Rs.)
Building Construction	11,368,905	-
Others Construction	1,698,217	-
Land Acquisition	20,439,551	-
Land Improvement	916,867	.
Transportation vehicle	74,232,390	4,300,835
Office equipment	63,270,467	90,609
Intellectual property	1,072,000	450,000
Computer and software	5,131,067	-
Furniture and Fixtures	23,261,236	35,034
Capital Repairs Cost	2,926,050	.
Others	11,690,638	87,170
Total	216,007,388	4,963,648

Table 10: Opinion on impact in various aspects (rating scale in %)

Description	Very Positive	Positive	No Effect	Negative	Very Negative	Not reported	Total
1. Advertisement Policy/Act/Regulation	4.3	6.0	41.7	35.7	10.2	2.1	100.0
2. Labour Policy/Act/Regulation	0.9	3.4	51.9	32.3	7.7	3.8	100.0
3. Environment Policy/Act/Regulation	0.0	10.6	53.2	25.1	7.7	3.4	100.0
4. Local Body Policy/Act/Regulation	3.4	19.1	46.8	24.7	3.4	2.6	100.0
5. Minimum Wage Policy	1.3	11.1	40.4	37.9	7.2	2.1	100.0
6. Skill Manpower	9.4	26.0	26.4	29.8	6.0	2.6	100.0
7. Access to Credit	7.7	25.1	35.7	25.1	2.6	3.8	100.0
8. Availability of Electricity and Fuel	37.0	34.5	14.9	8.5	3.4	1.7	100.0
9. Trade Union	6.0	17.9	65.1	6.4	0.9	3.8	100.0
10. Government Policy	12.3	24.3	47.7	11.1	1.7	3.0	100.0
11. Political stability	33.2	31.9	28.5	3.4	0.9	2.1	100.0

Table 11: Satisfied with the business of surveyed Advertising Agency

Satisfaction Level	Percent
Very satisfied	1.7
Satisfied	33.6
Neither satisfied nor unsatisfied	54.9
Unsatisfied	8.1
Very Unsatisfied	.4
Not reported	1.3
Total	100.0