

2008 Executive Summary of the 4A's Television Production Cost Survey

The development of a computerized system for the reporting and analyzing of television production costs was begun by the 4A's Committee on Broadcast Production in 1987. This report represents the 22nd year of this continuing project.

Nineteen agencies and branch offices participated in the 2008 Television Production Cost Survey. They include most of the top 20 U.S. agencies.

There were 1,120 national commercials *of all lengths* reported in the 2008 National Advertisers database. The average cost of these commercials, without agency commission or any other form of agency markup, decreased 5 percent in 2008. The average cost went down from \$318,000 in 2007, to \$302,000 in 2008.

National Advertisers—Average Costs of a 30-Second Commercial

To facilitate the interpretation of the 2008 survey, and to assist the reader in applying it to his or her own production statistics, both the survey and the executive summary will continue reporting the average cost of a 30-second national commercial. In the 2008 Survey, 689 of the 1,120 national commercials in the database, or 62 percent, were 30 seconds in length, at an average cost of \$342,000, 5 percent less than 2007.

National Advertisers—Production Facility Costs

The practice of studio shoots increased to 16 percent. Sixty percent of the thirties were shot on location in 2008, down 7 percent from 2007. Combination shooting (using both studio and location shots) was 24 percent, an increase of 1 percent from 2007.

The hours it took to shoot a studio commercial went down 2 percent from 2007 and the number of hours to shoot location commercials went down 8 percent in 2008. The average studio thirty took 9+ hours to shoot and the average location thirty took 11 hours. The average combination shoot took 12+ hours, 14 percent less than 2007.

The survey showed that in 2008, 99 percent of the thirties reported were identified as firm-bid, while 1 percent were cost-plus, 5 percent less than 2007. Also, 46 percent of the thirties were single bid, while 54 percent were multiple bid. This represents an 8 percent increase in single bids over 2007.

The average total production company net costs went down 10 percent from \$256,000 in 2007, to \$231,000 in 2008. The total director's fee per 30-second commercial was \$21,000 in 2008, 9 percent less than 2007, and the production company's percent of markup averaged 23 percent, the same as 2007.

National Advertisers—Post-Production and Talent Costs

The average cost to edit and complete an original thirty in 2008 was \$51,000, 4 percent less than 2007. Video finishing decreased 19 percent in 2008 and sound recording mixing increased 7 percent. Creative/labor fees remained the same and the cost of an editor's mark-up decreased 14 percent to \$3,200. Music costs decreased in 2008, averaging \$32,000 per job. Talent costs were 18 percent less than 2007, costing \$14,000 per spot. Commercials using on-camera principals averaged 4 on-camera principals and commercials using extras averaged 14 extras.

TOTAL COST AVERAGES – BEFORE AGENCY COMMISSION

<u>Displayed by Product Category</u>	<u>#Cmcls. In Database</u>	<u>2008 National Thirties</u>	<u>#Cmcls. In Database</u>	<u>2007 National Thirties</u>	<u>+ / -</u>
Autos/Trucks/Mtrcyls.	34	\$426k	60	\$625k	-32%
Auto Accessories/Supplies	3	\$632k	15	\$168k	>50%
Beauty/Fashion/Cosmetics	55	\$435k	39	\$420k	4%
Gifts/Toys/Hobbies/Recreation	28	\$406k	27	\$303k	34%
Furniture/Appliances/AV Prods	18	\$372k	24	\$291k	28%
Apparel & Clothing	15	\$310k	31	\$263k	18%
Banking/Financial/Insurance	77	\$365k	91	\$487k	-25%
Consumer Svcs./Retail/Stores	20	\$395k	10	\$552k	-28%
Corp. Image/Media Promotion	2	\$254k	17	\$273k	-7%
Travel/Vacation Destination	3	\$239k	0	0	0%
Beer/Wine	2	\$781k	3	\$411k	>50%
Soft Drinks/Snacks	22	\$411k	52	\$450k	-9%
Retail & Fast Food Restaurants	64	\$329k	55	\$343k	-4%
Packaged Foods	118	\$348k	130	\$326k	7%
Household Products	35	\$230k	49	\$256k	-10%
Drugs/Toiletries	71	\$299k	107	\$273k	10%
Office Equipment/Computers	30	\$231k	24	\$324k	-29%
Telecommunications	40	\$258k	32	\$261k	-1%
Other Products	52	\$308k	60	\$307k	0%

<u>Displayed by Commercial Type</u>	<u>#Cmcls. In Database</u>	<u>2008 National Thirties</u>	<u>#Cmcls. In Database</u>	<u>2007 National Thirties</u>	<u>+ / -</u>
Monologue	43	\$388k	11	\$303k	28%
Interview/Testimonial	29	\$99k	13	\$186k	-47%
Tabletop - ECU Products/Foods	8	\$147k	6	\$199k	-26%
Multi-Story Line/Vignettes	214	\$335k	228	\$429k	-22%
Song & Dance	6	\$271k	6	\$593k	<-50%
Animation	63	\$297k	94	\$253k	17%
Special Effects	33	\$463k	63	\$380k	22%
Large Scale-Product Performance	71	\$351k	48	\$457k	-23%
Single Situation – V/O	101	\$377k	151	\$380k	-1%
Single Situation – Dialogue	121	\$367k	179	\$294k	25%

The report does not display the actual percentage difference (+ or -) if the amount of difference is greater than 50 percent. If an increase is more than 50 percent, it will be shown as ">50%"; if a decrease is more than 50 percent, it will be shown as "<-50%".