GOODWIN SIMON
STRATEGIC RESEARCH

July 23, 2010

TO: **DAVID PHELPS**
Association of Independent Commercial Producers

RE: **<u>Findings from 2010 AICP Member Survey, PART 1</u>**

INTRODUCTION AND METHODOLOGY

The Association of Independent Commercial Producers (AICP) asked Goodwin Simon Strategic Research to conduct its eighth annual on-line survey of its members.

The 2010 survey was conducted on-line between April 21 and May 25, 2010, and asked members to share information about their work activities from January 1 to December 31, 2009. The dates and coverage periods for previous member surveys are found in Table 1.

Table 1: AICP Member Surveys

Survey Date	Coverage Period	N Size
June/July 2002	January 2001-July 2002	108
September 2003	July 2002-June 2003	68
March/April 2005	January –December 2004	87
September/October 2006	January-December 2005	82
August 2007	January-December 2006	155
November/December 2008	January-December 2007	126
October/November 2009	January-December 2008	103
April/May 2010	January-December 2009	101

In total, 101 members completed an interview, yielding a response rate of 33%. The 2010 response rate is similar to that recorded in 2009.

<u>Data Collection Improvements</u>: In 2010, respondents received a preview of the survey along with the letter of introduction announcing the survey period and protocols, a practice we initiated in 2009. Providing respondents with a preview of the online

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survey allowed them to gather information and research records before they proceeded to answer the questions online. In addition, to encourage participation:

1. We targeted specific respondents or personnel positions to direct the survey to the person best able to answer it.

2. AICP staff personally contacted many respondents both to encourage initial participation and completion of the survey. This continues the practice of personal contact to encourage responses that began in 2007.

Changes to the Survey in 2010: The 2010 survey did not incorporate any major changes to the question wording or format used in the 2009 survey. However, in the 2009 survey, we reorganized the survey into comprehensive sections covering projects, sales, and expenditures. We continued to use this framework for organizing the flow of the survey and the analysis of the survey data this year. The continuity of the survey items over the last two years will allow for a more precise comparison of various economic and industry indicators during the study period, 2008 plus 2009, an arguably challenging economic time for AICP members.

An analysis revealed the distribution of member companies responding to the survey approximates the actual distribution of companies compared to billings figures and main office location from 2009. Therefore, the survey respondents appear to represent the AICP membership as a whole. While some previous surveys included a larger percentage of smaller companies, the 2010 survey included a fairly representative sample of companies across the spectrum of AICP members.

In the 2010 survey (looking at data for 2009), trends in shoot day locations and main office locations are comparable to those found in past years. Further, the number of California companies is closer to that found in all of the surveys conducted in 2002 – 2009, with the exception being the 2008 survey (looking at data from 2007). In the 2008 survey, California companies comprised over half of all survey respondents, impacting the distributions of office locations and shoot days.

This report refers to both mean and median results. The mean is what is commonly referred to as the "average," in which the total response is divided by the number of responses. For example, the mean when the responses to a question were 3,5, and 10 would be (3+5+10)/3 = 6. The median response refers to the point at which there are as many data points above as below that point. Thus in this example, the median response would be 5.

Note that while the survey was conducted in 2010, it reflects findings from 2009 member activities. Thus we report the results as 2009 data while referring to the 2010 study in other places throughout the report.

SUMMARY OF KEY FINDINGS – PART 1

Production Expenditures

- A rough calculation shows that AICP members spent about $2.37 billion on production during the study period of January 1, 2009 through December 31, 2009. This figure includes $2.2 billion on live action production of which 95% was spent on traditional commercials and the remaining 5% was spent on non-traditional advertising-related projects. The total expenditure figure also includes $174 million that was spent on in-house digital production. The live action expenditures accounted for 93% of all expenditures while the in-house digital made up the remaining 7%. The expenditure totals for digital production in 2009 increased substantially over that reported in 2008.

- The comparable expenditure figure for 2008 was $2.51 billion. In 2007, production expenditures reached $3.23 billion while the 2006 figure was $3.1 billion. In the 2004 study it was $3.2 billion, and the figure in the 2003 study was $3.5 billion. The 2010 numbers, which focus on financial data for 2009, highlight a decline in production expenditures for AICP members. This decline reflects the unquestionably challenging economic environment in which members conducted business last year. However, the decline from the 2008 figure was far smaller than the decline recorded last year from the $3.23 billion recorded in 2007.

- In 2010, we continued using the more direct, precise measures of spending we inaugurated in last year's survey. These measures included the direct questions to respondents about expenditures on live-action production (through shoot days) and the amount spent on labor for in-house digital production.

- Once again in 2010, we directly asked members how much they spent on various aspects of production, and then we subsequently weighted the sum of all respondent expenditures to project a total level of expenditure for all AICP members. These more complex questions on expenditures prevented inflation of overall expenditures by an average shoot day cost for live action production which could not reasonably be applied to in-house digital production and other techniques not included in the live action genre.

- In a separate finding, we see that 88% of the live action production expenditures were made within the United States, while only 12% was spent on live action production in international locations. Virtually all (99%) of the in-house digital production labor expenditures occurred domestically.

- Of the $2.37 billion spent on production, very roughly $2.09 billion was spent on domestic production and approximately $284 million was spent on overseas production.

- California-based companies reported production expenditures totaling $1.43 billion in 2009, with New York-based companies spending $757 million and those located elsewhere spending $187 million.

Sales

- In the 2010 survey, we asked members to report their sales numbers for all commercial or advertising-related projects completed by their companies in 2009. This was the third time we have directly asked for a measure of each member's total sales (rather than expenditures only) and the second year we have asked for a single, comprehensive number combining all production categories. We found that in 2009, the total sales of AICP members for live action and in-house digital projects and those combining both mediums was $2.87 billion. The average (mean) sales per company was $9.33 million while median sales was $2.79 million.

- In 2009, overall sales figures fell by approximately 4% to $2.87 billion from the 2008 levels of $3.0 billion. Mean sales experienced a similar decline falling to $9.33 million in 2009 from $10.4 million in 2008. Median sales per company fell from $3.95 million in 2008 to $2.79 million in 2009.

- In the 2010 survey, members allocated their sales across three categories. Thus, the $2.87 billion overall sales figure includes approximately: $2.41 billion (84% of total) for live action projects, $316 million (11%) for in-house digital production, and $144 million (5%) for production combining both live action and in-house digital components.

- California-based companies reported sales of $1.72 billion in 2009, while New York-based companies' sales totaled $952 million and those located elsewhere had sales of $203 million.

Projects and Shoot Days

- In the 2010 survey, members were asked to account for their production volume in terms of a total number of projects, which included traditional commercials and non-traditional advertising-related projects produced in live action or digitally in-house. The mean number of projects completed during 2009 was 33, a similar figure to that recorded (31) in 2008. While this number is not strictly comparable to those from previous years as it includes all production types, it does highlight a decline in completed projects of all types from the levels recorded in previous years. The median number of projects completed by member companies in 2009 was 20, similar to the median (22) from 2008 and for numbers of commercials shot in 2006 (mean of 37, median of 20) and 2007 (mean of 35, median of 20). However, the average of all projects members completed in 2009 is lower than the average number of commercials members completed in previous years.

- Of the total projects completed by members during 2009, 68% were live action production only, 22% were completed using in-house digital production only, and the remaining 10% were completed using both live action and in-house digital production. The amount of in-house digital production in 2009 increased over that recorded in 2008 (13%) potentially suggesting the participation of more specialty digital production houses in the survey.

- Graphic design accounted for the largest share, nearly one-third (32%), of the digital production techniques in 2009. Visual effects was a close second (29%) followed by animation (24%). Graphic design moved into the top spot in the digital production techniques for the first time in the three years members were asked about the distribution of their work across these production types.

- More than three-fourths (80%) of the projects members completed in 2009 were intended to be distributed as traditional commercials, while about 1 in 10 projects (12%) were meant for distribution as an internet or broadband film.

- In 2009, the mean number of live action shoot days for AICP members was 51 days, while the median number of live action shoot days was 24. The overall live-action shoot day totals and statistics for 2009 fell from the levels reported for 2008. In 2008, AICP members reported a mean average of 59 live action shoot days, with a median of 32 days. The 2009 numbers for live action shoot days are the lowest recorded since the survey series began in 2002.

- The median number of live action shoot days for traditional commercials in 2009 was 20, a decline from the number recorded in 2008 (25). The mean number of live action shoot days for traditional commercials was 45, again a lower number than that reported in 2008 (52) and far below past levels, which averaged between 57 to 72 days.

- In 2009, the median number of live action shoot days for non-traditional advertising-related projects fell to 2, a decrease from the median of 3 reported for the same category in 2009. The mean number of live-action shoot days in the non-traditional category also decreased to 6, a drop from the mean average of 7 reported in 2008.

- In 2009, members also completed an average of 6 non-traditional advertising-related projects in addition to the traditional live action projects they produced. This is a rough estimate based on reported distribution methods for members' completed projects (i.e., 17% of the average 33 projects completed).

- As we have seen in past years, the companies with the most shoot days also tend to spend more per shoot day. We also see that companies that do non-traditional advertising tend to have more shoot days than those companies that only produce traditional television commercials.

<u>Shoot Locations</u>

- In 2009, 44% of AICP members shot only in the United States. This continues a decline in domestic-only shooting that began last year (in 2008 51% shot only in the U.S). The high for domestic-only shooting was recorded in 2007 (57%). While the 2009 figure is still higher than the figures for previous years, which ranged from 36% to 41%, it illustrates a rise in the companies that are returning to some overseas shoot locations. Larger companies in terms of revenue and size, and those located in California, New York, Texas and Florida are more likely to shoot overseas compared to smaller companies and those located in other places.

- Eighty-eight percent of all reported shoot days took place domestically, with 12% abroad. This ratio continues a trend toward an increasing concentration of shoot days in domestic locations and a decline in the percentage of shoot days overseas.

- In 2009, the mean number of shoot days in the U.S. was 47, with a median of 26 days. The 2009 shoot day average declined from that recorded in 2008 when the mean number of shoot days in the U.S. was 52, with a median of 26 days.

- Of those who shot abroad in 2009, the mean number of international shoot days was 11, with a median of 6. This represents a decline from the figures for international shoot days recorded for 2008 when the mean number of international shoot days was 14 days, with a median of 8.

- Southern California remained a popular shoot day location. Slightly less than half of all shoot days (48%) took place in Southern California, with 43% of all shoot days occurring in Los Angeles County. Further, Southern California locations accounted for 56% of all domestic shoot days. These numbers are very similar to those recorded for Southern California shoot locations in 2008. While they are still below those recorded for 2007, the 2009 percentages of shoot days in Southern California are still higher than those recorded from 2002 through 2006, when between 38% to 43% of all shoot days were in Southern California.

- New York is a distant second with 16% of all shoot days and 18% of the domestic shoot day total, again nearly the same as in past years.

- About 19% of all shoot days took place away from the major domestic production centers of Southern California, New York, and Illinois. These figures represent a change from the 2008 results. In 2008, 20% of all shoot days and 26% of domestic shoot days were located away from Southern California, New York and Illinois.

- In 2009, Canada recaptured its previous position as the most frequent international location for shoots with 4% of all shoot days and 31% of all foreign shoot days, supplanting Central/South America (2% of all shoot days and 19% of international shoot days in 2009), the top international venue for shoots in 2008. This returns Canada to the top spot for international shoots, a ranking it held from 2002-2007.

- The percentage of shoot days in locations other than Canada, Europe, and Central/South America remained at 25%, a level similar to that recorded in 2008 and in 2006 and years previous to it.

- Since 2002, we have seen a decline in agency or client requests to shoot overseas. In 2009, only 55% of members reported receiving requests to shoot overseas, the same percentage reporting this request in 2008. This is down from 96% of members reporting such requests in 2002 to 76% in 2003 to 75% in 2004, 68% in 2005, 56% in 2006, and 58% in 2007. Larger companies continue to be more likely to get such requests compared to smaller ones, as are companies based in New York or California.

- In 2009, two-thirds (67%) of shoot days were completed on location. This is a slight decline from the 71% of shoot days were conducted on location in 2008. However, in general, this figure has been relatively stable over the course of the survey.

Payments

- About 37% of payments arrived on time in 2009, with 24% that were 31 or more days late. While the number of on time payments in 2009 declined slightly from that recorded in 2008 (40%), the proportion of payments 31 or more days late increased substantially from the 14% that were late by a month or more in 2008.

- By contrast, less than half (47%) of AICP members reported that payment delays had increased in 2009, compared to the 61% reporting these delays in 2008, the highest level recorded for this measure since 2003. Interestingly, while members a decline in payment delays so far in 2010, their receipt of payments in 2009 was later than previously reported in past years.

- By far the most frequent explanation for late payments received by members is that the client has not yet paid the agency (82% in 2009). This persists as the most common reason for late payments, and a similar percentage or members cited this explanation for delays last year (82% in 2008).

- This issue of timely payment of contracts retains its place for another year as the most important factor for members when it comes to their financial health, more important than client guidelines, the influence of cost consultants, and wrap-up insurance.

- Members report that on average 37% of their jobs produced in the U.S. were paid using the AICP payment guidelines (75% up front and a final payment of 25%), continuing the increase trend from 32% in 2008 and 26% in 2007 and more than double the 16% reported in 2006. For jobs shot outside the U.S. in 2008, members reported that 46% of the foreign jobs were also paid according the AICP guidelines. This represents an increase in payments according to these guidelines from those recorded in 2008 (41%) and in previous years.

Non-Traditional Advertising-Related Projects

- In 2009, AICP members reported that non-traditional advertising-related projects comprised 23% of their business, virtually the same percentage (24%) members reported in 2008.

- Looking ahead, members expect that in 3 years such non-traditional projects will comprise 37% of their business on average, a figure similar to those recorded in previous surveys. For those who are not currently working on such projects, the estimate for three years from now is 23%, compared to 45% for those already engaged in non-traditional production.

- Ad agencies and advertisers are most frequently the client for these non-traditional projects. Advertising agencies are most frequently generating the concepts for such projects.

- Members themselves and advertising agencies most often generate the contract for non-traditional advertising-related projects. For non-traditional projects where the contract is generated by the ad agency, a traditional commercial agreement is most frequently used, with an AICP.next agreements and other non-traditional media agreements used least frequently.

- Members say they very frequently provide a bid letter or a standard AICP bid form when producing non-traditional projects. They rarely provide either the AICP short form or an AICP spec sheet.

- Members say they are most frequently compensated for non-traditional projects with a percentage of production costs, followed by a combination of a percentage of production costs plus a creative fee, followed by a creative fee only. They are least likely to be compensated with a licensing fee/retention of ownership of materials produced.

Impact of Tax Incentives

- Just less than one-third of members (31%) said they made location decisions based on tax incentives, with 58% who said incentives played no role in their decisions, and 11% who were not sure, similar to figures reported for 2008.

- Among those who made such decisions based on tax incentives, on average 30% of their location decisions were based at least in part on the incentives. Again, among those who made location decisions based on tax incentives, 36% said their company generally made this decision. Very few members said that ad agencies or advertisers pushed them to make location decisions based on tax incentives.

PROJECTS AND SHOOT DAYS

In the 2010 survey, members were asked to account for their 2009 production volume in terms of a total number of projects, which included traditional commercials and non-traditional advertising-related projects produced in live action or digitally in-house. This continued the project framework inaugurated in the 2009 survey, which marked a shift from a count of commercials completed to a project-based assessment of members' production volume.

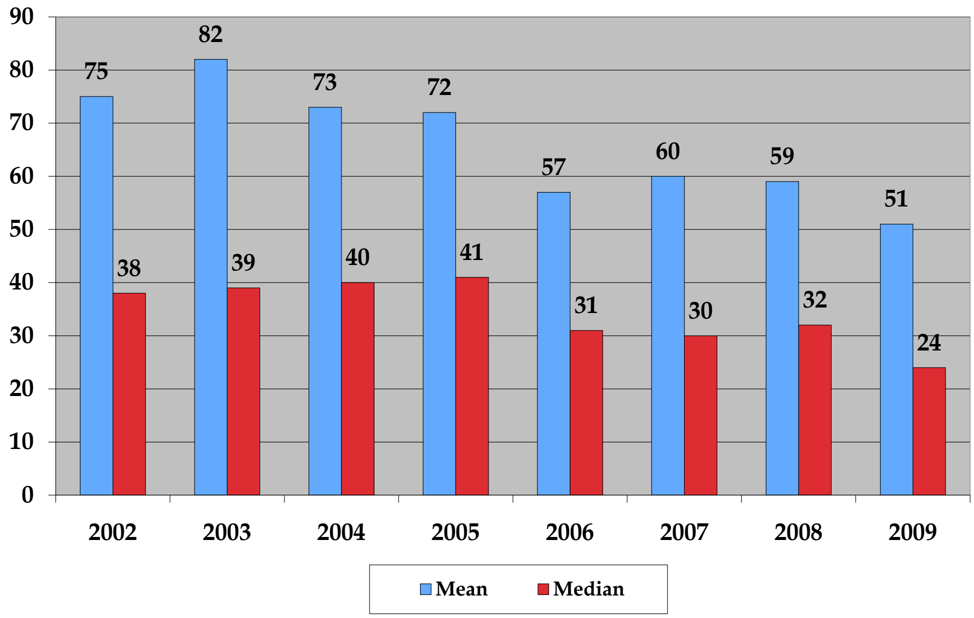
Further, in the 2010 survey, we asked members for an overall count of the total number of live action shoot days their companies had in 2009. This included live action shoot days for traditional commercials and non-traditional advertising-related projects, both domestic and international shoot days, and those filmed on location or on a sound stage. This aggregated, comprehensive live action shoot day total was intended to produce the most accurate and direct measure of the total number of shoot days members recorded while allowing for more in-depth analysis of the location and distribution medium of these shoot days in subsequent questions.

As the mix of production types for AICP members continues to evolve with the growth of digital techniques and non-traditional advertising projects, building a model of AICP members' production based on traditional shoot days will become less relevant. Instead, AICP members' production can be framed more accurately in terms of the number of projects produced and the corresponding live action shoot days and days of in-house digital production members record each year. As a result, the total shoot day statistics for 2009, while not strictly comparable based on exact question wording with those recorded before 2008, allow us to continue our over-time analysis of shoot day statistics while strengthening our understanding of the allocation of shoot days to various production types.

<u>Total Live Action Shoot Days</u>

This study found that the mean number of live action shoot days between January 1 and December 31, 2009 was 51 days, with the median at 24 days. As illustrated in Figure 1, these figures highlight a decline from both the mean (59) and median (32) reported for 2008. Further, the 2009 numbers fall below the levels recorded in all previous years of the survey.

Figure 1: Mean and Median Shoot Days, 2002-2009



Looking specifically at the results from 2009, we find that 2% of AICP members reported no live action shoot days last year, while 13% reported more than 100 shoot days.

Table 2: Shoot Days Distribution, 2003-2009

Shoot Days	% 2003	% 2004	% 2005	% 2006	% 2007	% 2008	% 2009
0-10 shoot days	16	9	11	19	20	15	31
11-25 shoot days	16	26	20	23	26	30	21
26-50 shoot days	29	24	29	23	24	23	17
51-100 shoot days	13	18	21	23	10	16	19
101-300 shoot days	19	18	16	13	19	16	11
301+ shoot days	7	3	2	0	2	1	2

Looking at the cross-tabulation tables to evaluate members' shoot days statistics across company size and live action production expenditure totals, we find the following:

- Companies that spend more on live action production (those spending above the median of $2.0 million in 2009) tend to have more shoot days with an average of

87 in 2009 compared to just 18 for those spending at or under the median on all live action expenditures in 2009.

- We also see that companies producing non-traditional advertising-related projects also tend to have more shoot days, at a mean of 61 compared to a mean of 36 for those who produce only traditional television commercials.

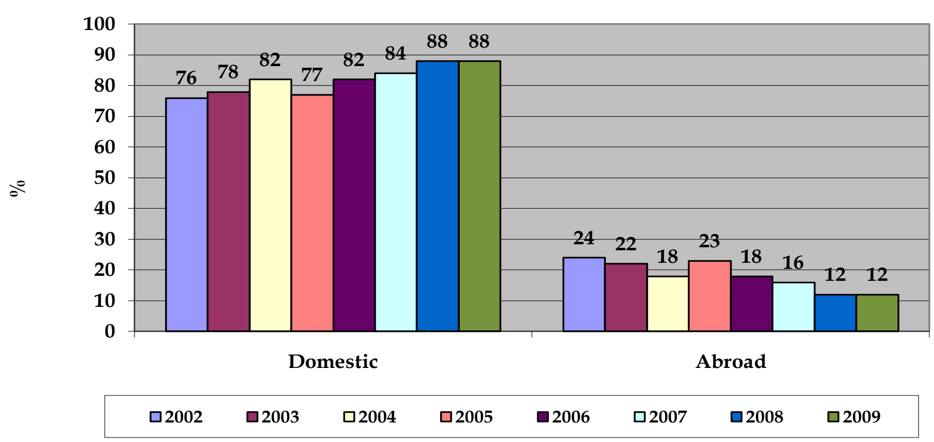
- Companies with offices in California (mean of 59 and median of 30 shoot days) and New York (mean of 60 and median of 41 shoot days) tend to have a significantly higher number of live action shoot days than those located in other areas (mean of 28 and median of 19 shoot days).

- Companies that shoot abroad tend to have far more shoot days, at a mean of 77, compared to a mean of 19 for companies that only shoot domestically.

Shoot Days in the U.S. Compared to Foreign Locations

Eighty-eight percent of all reported shoot days took place domestically in 2009, a replication of the domestic/international ratio of shoot days recorded in 2008 (See Figure 2). While the year to year change in the proportion of all shoot days occurring domestically has not been very substantial, the over-time trend shows a growing concentration of domestic shoot days and a decline in foreign shoot days with the gap between the two percentages generally increasing from 2002 to 2009.

Figure 2: Percent of Domestic/Foreign Shoot Days, 2002 - 2009



As Table 3 illustrates, the mean number of shoot days in the U.S. in 2009 was 47, a decline from the mean of 52 days recorded in 2008 (compared to 57 in 2002, 64 in 2003, 60 in 2004, 56 in 2005, a low of 44 in 2006, and a similar total in 2007 of 51 days). The median number of domestic shoot days, 26, remained the same as that recorded in 2008.

Table 3: Mean and Median Shoot Days in U.S. and Non-U.S. 2002-2009

	2002	2003	2004	2005	2006	2007	2008	2009
Mean Domestic	57	64	60	56	44	51	52	47
Median Domestic	32	32	32	30	29	22	26	26
Mean Non-U.S.	18	18	13	16	10	10	7	6
Median Non-U.S.	5	6	5	6	3	3	2	2

The mean number of non-U.S. shoot days for all companies in 2009 was 6 while the median number of days was 2. The 2009 figures for international days are very similar to those for shoot days abroad recorded in 2008.

Note that in Table 4, we see that 44% of member companies shoot only in the U.S. (similar to the 47% who shot domestically only in 2008) with 56% who also shoot abroad. If you exclude the companies that do not shoot abroad, we derive a slightly different, and perhaps more informative number, seen in the right column in Table 4: the 56% of member companies that work outside the U.S. shot a mean of 11 shoot days abroad during the study period (with a median of 6 days).

Table 4: Shoot Days in the U.S. and Abroad in 2009

Shoot Days in the U.S.		Shoot Days Abroad	
0	4%	0	44%
1-10	29%	1-10	38%
11-100	56%	11-50	14%
101+	11%	50+	3%
Mean (all members with shoot days)	47 days	Mean (all members)	6 days
Median (all members with shoot days)	26 days	Median (all members)	2 days
		Mean (only companies shooting abroad)	11 days
		Median (companies shooting abroad)	6 days

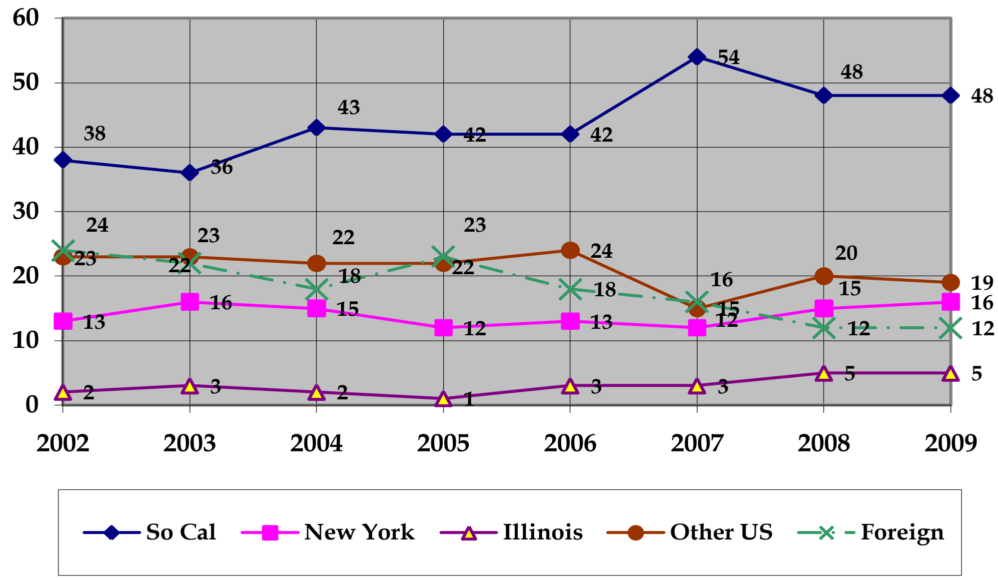
- As we have seen in past years, larger companies (those with more shoot days, those that complete more projects, those that spend more on live action production, and those with higher annual expenditures) are much more likely than smaller companies to shoot overseas. In fact, only 40% of smaller companies (based on expenditures) shot overseas, while 73% of those with higher expenditures (above the median for all respondents) report shooting in international locations.

- Companies located in New York or California are more likely than companies located elsewhere to shoot overseas: 65% of California members and 60% of New York members shoot overseas, compared to 35% of members located elsewhere.

Shoot Days in U.S. Locations

Southern California remains by far the most frequent location for member shoots. In both the 2008 and 2009 studies, members divided Southern California shoot day totals into those within Los Angeles County and those outside Los Angeles County. Unless specified, Southern California will refer to the combined totals inside and outside Los Angeles County. As Figure 3 illustrates, 48% of all shoot days took place in Southern California in 2008, a decline from the all-time high of 54% of all shoot days occurring in Southern California in last year's study and closer to the proportion we found in the previous three years.

Figure 3: Percent of All Shoot Days by Domestic Location, 2002-2008



In 2009, the proportion of all shoot days based in California, 48%, remained at the same level recorded in 2008. Overall, shoot days in domestic locations in 2009 are virtually unchanged from those in 2008 and fairly similar to patterns we have recorded in past years.

The pattern in overall shoot days does not change when we look at domestic shoot day totals. In fact, the dominance of Southern California as a shoot day location is reinforced: more than half (56%) of all domestic shoot days take place in Southern California, with about 18% in New York and just less than one fifth (19%) elsewhere in the U.S.

In Table 5, we detail mean and median shoot days for all members in each domestic location as well as mean and median shoot days by location for those members who actually shot in that location. Specifically, in 2009, 48% of all shoot days took place in Southern California, (combining the first two rows of data in Table 5), and the average member shot 25 days there. As some members did not shoot at all in Southern California, the average number of shoot days in that location for those who did shoot there was 41 days.

Table 5: Shoot Days in the U.S. by Location 2008

	Sum of all shoot days in this location	% of all shoot days	% of domestic shoot days	Mean for those with shoot days	Median for those with shoot days	Mean for those who shoot in this location
Q11a. L.A. County	2197	43%	50%	22	7	31
Q11b. Southern California (Outside L.A. County)	250	5%	6%	3	0	10
Q11c. Northern California	62	1%	1%	1	0	3
Q11d. New York City	720	14%	16%	7	1	14
Q11e. New York State (Outside New York City)	77	2%	2%	1	0	6
Q11f. Connecticut/MA	28	1%	1%	0	0	3
Q11g. Illinois	250	5%	6%	3	0	10
Q11h. Florida	100	2%	2%	1	0	4
Q11i. Southeast Outside Florida (GA, NC, SC)	193	4%	4%	2	0	8
Q11j. Louisiana	13	0%	0%	0	0	3
Q11k. Southwest (TX, NM, AZ)	136	3%	3%	1	0	8
Q11l. Other U.S. locations	410	8%	9%	4	0	9

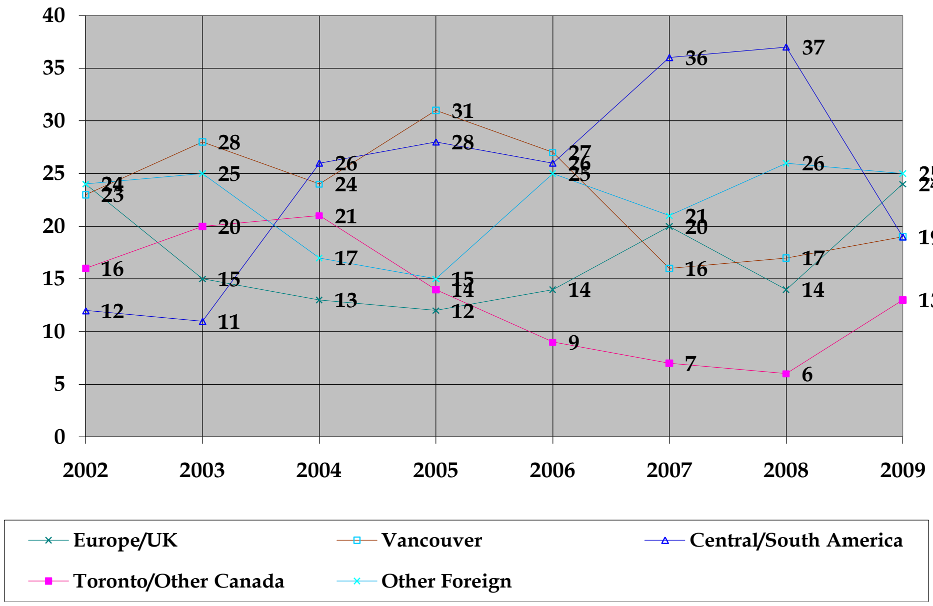
Companies based in California shot on average 40 days in Southern California, compared to 33 days for companies based in New York. Companies based in New York shot on average 19 days in New York, while companies based in California shot 14 days in New York.

Shoot Days Outside the U.S.

As shown in

Figure 4, Central/South America remains the most frequent non-U.S. location for shoots in 2008, with 5% of all shoot days and 37% of all foreign shoot days, continuing its dominance over Canada which has previously been the most popular international destination for shoot days in past years.

Figure 4: Percent of Non-Domestic Shoot Days by Foreign Location, 2002-2009



The number of shoot days in Central and South America in 2009 fell to 19%, a decline from the high of 37% recorded in last year's survey. By contrast, shoot days in Canadian locations increased and accounted for nearly one in three (32%) of all international shoot days. As Table 6 illustrates, Central and South America surrendered the top spot for foreign location shooting in 2009, while Canada resumed some of its past dominance as an international shoot location.

The number of international shoot days recorded for all other foreign locations (those not in Europe, Canada or Central/South America) remained steady at 25% in 2009, a figure nearly identical to that for 2008 (26%) and more similar to proportions recorded in this category in past years.

Table 6: Shoot Days Abroad by Location 2009

	Sum of all shoot days in this location	% of all shoot days	% of foreign shoot days	Mean for those with shoot days	Median for those with shoot days	Mean for those who shoot in this location	Median for those who shoot in this location
Q11m. Vancouver	117	2%	19%	1	0	5	3
Q11n. Toronto	74	1%	12%	1	0	4	4
Q11o. Other Canadian locations	7	0%	1%	0	0	2	1
Q11p. United Kingdom Western Europe	89	2%	14%	1	0	5	3
Q11q. Central/Eastern Europe	66	1%	10%	1	0	6	3
Q11r. Australia/New Zealand	53	1%	8%	1	0	5	4
Q11s. South Africa	39	1%	6%	0	0	4	3
Q11t. Mexico and Central America	37	1%	6%	0	0	5	5
Q11u. South America	81	2%	13%	1	0	4	3
Q11v. Other non-U.S. locations	69	1%	11%	1	0	5	4

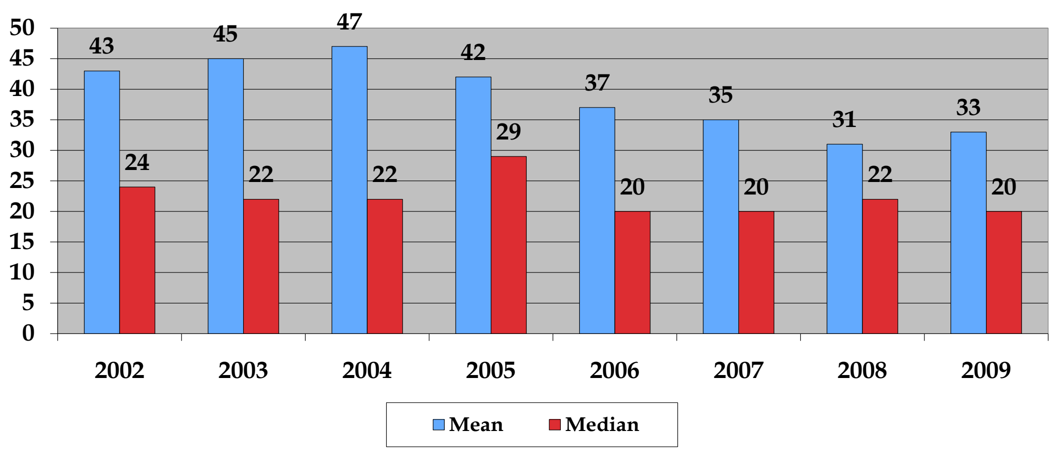
Percent is less than 1%

TOTAL NUMBER OF PROJECTS COMPLETED IN 2009

We asked members to report the total number of projects they completed in 2009 across all types of production and intended distribution methods. This approach continues the projects-based measurement that began in 2009. Again, the perspective marks a shift away from our previous lines of questioning which focused on the number of commercials completed in past years and a move toward a project paradigm to assess more accurately the complete volume of work members produce.

In 2009, members completed an average total of 33 projects, with a median of 20 completed projects. The 2009 project totals are fairly similar to those recorded in 2008 when members reported an average of 31 completed projects and a median of 22. Again, the switch from commercials to projects does not allow a strict comparison of the 2009 and 2009 data to that collected in past surveys. However, the recorded levels of completed projects for 2009 are similar to the number of commercials completed in the last few years as Figure 5 details.

Figure 5: Number of Commercials*/Projects Completed, 2002 - 2009**



From 2002 through 2007, members reported the total number of commercials completed.
***In 2008-2009, members were asked about the total number of projects completed. This switch in terminology reflects the evolving nature of the work produced by AICP members.*

Table 7 details the actual distribution of commercials completed by range since 2003 (2002 data is not disaggregated in the same way and therefore can't be compared easily to successive years).

Table 7: Completed Commercials/Projects Distribution, 2003-2009

Commercials	% 2003	% 2004	% 2005	% 2006	% 2007	*Projects*	*% 2008*	*% 2009*
0 commercials				3	0	*0 projects*	*0*	*0*
1-10 commercials	21	22	24	27	32	*1-10 projects*	*27*	*37*
11-25 commercials	31	30	21	30	27	*11-25 projects*	*30*	*18*
26-50 commercials	19	22	25	19	23	*26-50 projects*	*22*	*23*
51-100 commercials	17	12	19	12	12	*51-100 projects*	*17*	*17*
101+ commercials	10	14	11	9	7	*101+ projects*	*4*	*6*

- As we have seen in the past, companies based in New York appear to have completed more projects (a mean of 42 compared to 33 for California-based companies). Those who work in the non-traditional domain averaged 40 projects, compared to 19 for those who produce only traditional TV commercials.

Further, we asked members for the second time in the 2009 survey to allocate their projects to live action production, in-house digital production, or a combination of the two. As Table 8 highlights, about two-thirds (68%) of all projects AICP members completed in 2009 were produced using live action only, while 22% of projects were produced only digitally in-house, and one in ten projects (10%) was produced using a combination of both production types. The 2009 distribution of project types marked a shift away from that reported in 2008, a year in which 80% of all projects were completed solely with live action. Further, the 2009 sample included a higher percentage of respondents working on exclusively in-house digital production (22%). In fact, nearly one-third (32%) of projects completed in 2009 included some digital production.

Table 8: Number of Projects Completed in Each Production Category, 2008-2009

Category	% of total in 2008	Mean #	Median #	% of total in 2009	Mean #	Median #
Projects were completed using live action production only	80%	25	13	68%	22	10
Projects were completed using in-house digital production only	13%	4	0	22%	8	0
Projects were completed using both live action and in-house digital production	8%	2	0	10%	4	0

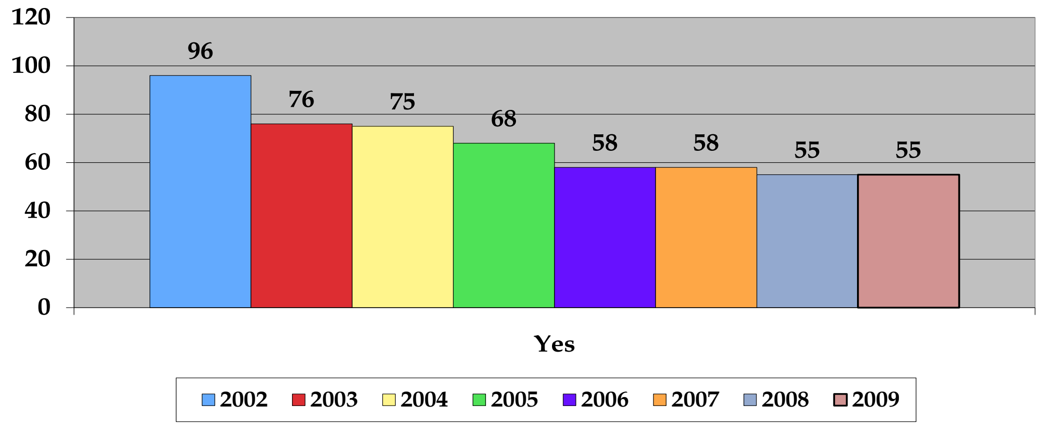
- On average, companies based in New York and California completed similar numbers (26 and 25 respectively) of live action only projects, while the mean average for live action only projects was 14 for those based in other areas.

- Companies based in New York reported the highest number of projects completed using in-house digital production, with a mean of 17 compared to those in California who completed only 6 in-house digital only projects and those in other areas who completed only 5 of this type of project.

REQUESTS TO SHOOT OVERSEAS

The proportion of members who report being asked to shoot overseas remained at the same level recorded in the 2009 survey. Fifty-five percent said they received a request from a client or agency to shoot overseas in both 2009 and 2008, compared to 58% in both 2006 and 2007, 68% in 2005, 76% in 2003 and 2004, and a much larger 96% in 2002. Since we began asking this question in 2002, the percentage of AICP members who receive requests to shoot abroad has fallen by more than 40%. This decline in requests to shoot overseas has impacted the overall decline in percentages of foreign shoot days highlighted previously in this report (see Figure 2).

Figure 6: Requests to Shoot Overseas from Agencies or Clients, 2002 -2009



We find that the larger companies are more likely to get requests to shoot overseas. That is:

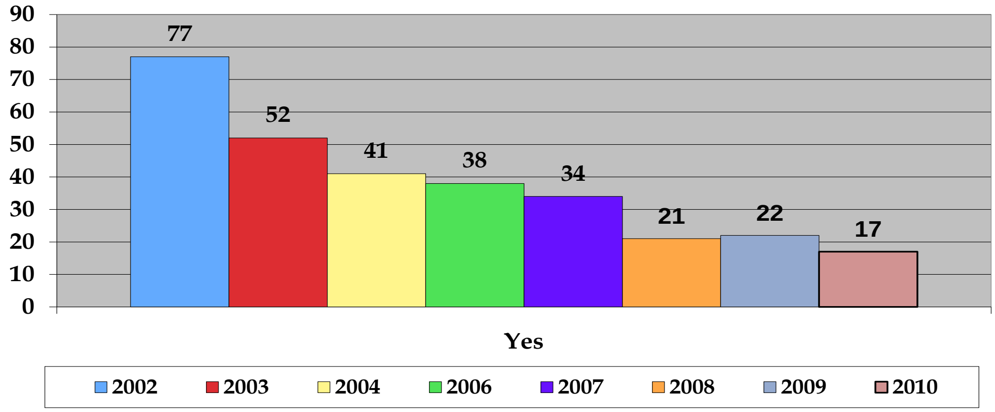
- Among companies with 25 or more shoot days (above the median of 24 for all respondents), 71% received requests to shoot overseas, compared to just 42% of those with fewer shoot days.

- Among companies that complete 21 or more projects a year (above the median of 20 for the entire sample), 68% received a request to shoot overseas, compared to 43% of those that completed fewer projects in 2009.

- Among companies that spend more on live action production (those spending above the median of $2.0 million in 2009), 71% received a request to shoot overseas, compared to 42% for those spending at or below the median for live action production.

Less than one in five (17%) of those participating in the survey reported an increase in requests to shoot overseas in 2009. As Figure 7 highlights, this continues the decline in the proportion reporting an increase in these requests.

Figure 7: Have You Seen an Increase in Requests to Shoot Overseas Compared to Previous Years, 2002 - 2009



We did not find any statistically significant differences in the volume of requests to shoot overseas across member companies of company size (based on expenditures), number of projects completed, shoot day totals, or production of non-traditional advertising-related projects.

SALES

In the 2010 survey, we asked members to report their sales numbers for all commercial or advertising-related projects completed by their companies in 2009. This continues the direct measurement of total sales (rather than expenditures only) we began in 2008 and the second year we have asked for a single, comprehensive number combining all production categories. We found that in 2009, the total sales of AICP members for live action and in-house digital projects and those combining both mediums was $2.87 billion. As Table 9 highlights, the average sales per company was $9.3 million while median sales was $2.79 million.

Table 9: Total Sales for Your Company for All Commercial or Advertising-Related Projects, 2008-2009

	2008 (N = 101)	2009 (N = 100)
Mean	$10,430,000	$9,332,788
Median	$3,957,000	$2,793,500
Up to $1 Million	20%	28%
$1.01 - $4.99 Million	34%	33%
$5.00 - $20 Million	31%	25%
$20.01 Million+	16%	14%

In 2009, overall sales figures fell by approximately 4% to $2.87 billion from the 2008 levels of $3.0 billion. Mean sales also experienced a decline falling to $9.3 million in 2009 from $10.4 million in 2008. Median sales per company fell from $3.95 million in 2008 to $2.79 million in 2009.

In the 2009 survey, members allocated their sales across three categories: live action projects, in-house digital projects, and combined projects (those produced using both live action and in-house digital techniques). As Table 10 illustrates, live action projects accounted for the vast majority of all sales in 2009. The distribution of sales across production types remained fairly consistent from 2009 to 2009 with a slight increase in the percentage of sales for in-house digital projects and a decrease in sales for combined projects.

Table 10: Percentage and Dollar Amount of All Sales by Production Type, 2008

	%2008 (N = 101)	Dollar Amount 2008 (N = 101)	%2009 (N = 100)	Dollar Amount 2009 (N = 100)
Live action projects	85%	$2.56 billion	84%	$2.41 billion
In-house digital projects	7%	$220 million	11%	$316 million
Combined Projects	7%	$220 million	5%	$144 million

Thus, the $2.87 billion overall sales figure includes approximately: $2.41 billion (84% of total) for live action projects, $316 million (11%) for in-house digital production, and $144 million (5%) for production combining both live action and in-house digital components.

- California-based companies reported sales of $1.72 billion in 2009, while New York-based companies sales totaled $952 million and those located elsewhere spent $203 million.

- Companies that shot both domestically and internationally reported average sales of $14.6 million for 2009, while those that shot only in the United States reported average sales of $3.0 million.

- Companies who completed non-traditional advertising-related projects reported higher sales on average ($10.5 million) than those who did not produce any projects in the non-traditional arena ($7.4 million average sales for 2009).

PRODUCTION EXPENDITURES

A rough calculation shows that AICP members spent about $2.37 billion on production during the study period of January 1, 2009 through December 31, 2009. This figure includes $2.08 billion for live action production of which 95% was spent on traditional commercials and the remaining 5% was spent on non-traditional advertising-related projects. The total expenditure figure also includes $174 million that was spent on in-house digital production. Live action accounted for 93% of all expenditures while the in-house digital made up the remaining 7% of the expenditure total.

The 2009 expenditure figures declined approximately 5% from the $2.51 billion reported for expenditures in 2008. The comparable expenditure figure for 2007 was $3.23 billion while the 2006 figure was $3.1 billion. In the 2004 study it was $3.2 billion, and the figure in the 2003 study was $3.5 billion.

The 2010 numbers, which focus on financial data for 2009, highlight a continued decline in production expenditures for AICP members. This decline reflects the unquestionably challenging economic environment in which members conducted business last year, arguably a continuation of the hardship the economy presented to members in the prior year (2008) as well.

Further, 86% of the live action production expenditures were made within the United States, while only 14% was spent on live action production in international locations. Almost all (99%) of the in-house digital production labor expenditures occurred domestically. The 2009 distribution of live action expenditures both domestically and abroad is virtually unchanged from that recorded for 2008.

Of the $2.37 billion spent on production, very roughly $2.04 billion was spent on domestic production and approximately $332 million was spent on overseas production.

California-based companies reported production expenditures totaling $1.43 billion in 2009, with New York-based companies spending $757 million and those located elsewhere spending $187 million. California companies accounted for a sizable majority (60%) of all production expenditures, a figure very similar to that recorded for California expenditures in 2008 (58% of the total).

TIMING OF PAYMENTS

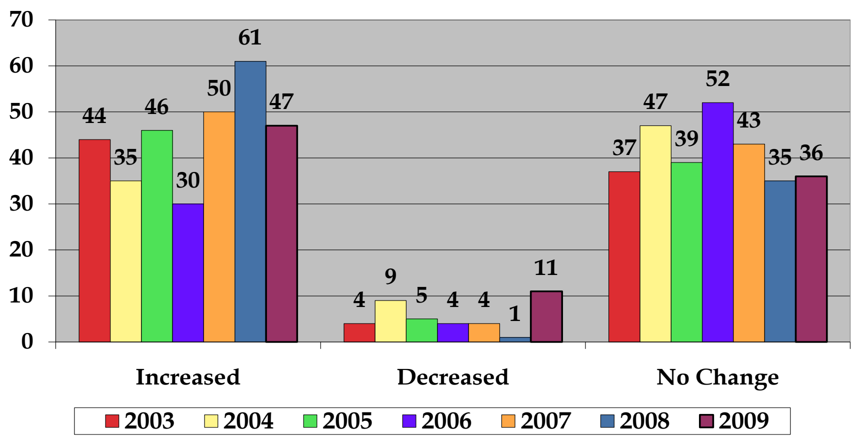
We asked members when payments from clients typically arrive. As shown in Table 11, 37% of payments made by clients arrived on time or before the due date. However, about one in four (24%) of payments were more than 30 days late. These general figures are similar to what has been reported in previous years.

Table 11: What Proportion of Your Payments Arrived…

	% 2003	% 2004	% 2005	% 2006	% 2007	% 2008	% 2009
Before due date	4	4	4	6	5	6	6
On Time	38	35	38	37	34	34	31
1-15 days late	16	20	19	16	18	16	21
16-30 days late	17	17	15	16	16	16	18
31-45 days late	11	12	12	18	12	14	13
46+ days late	13	11	12	5	15	16	11
No payment	0	0	0	2	0	0	1

Members report a decrease in the length of payment delays in 2010 when comparing their experiences to 2009. As shown in Figure 8, 47% said that payment delays increased in 2010, compared to 61% who said they increased in 2009. The payments delays reports in the 2010 survey are more similar to those found in previous study years than that reported in the 2009 survey, a year in which the profound impact of the poor economy was evidenced in many aspects of AICP members' financial and overall business performance.

Figure 8: Did Payment Delays Increase, Decrease, or Stay Same in Study Period (2003-2009)



We then asked members to report the explanation they most frequently hear when they try to collect late payments. As was the case in the past, the vast majority (82%) say the most frequent explanation they hear is that the client has not paid the agency. Eight percent report that the most frequent explanation they hear is that the agency billing procedures do not allow for timely payment. These responses are very similar to those from previous years.

Table 12: Most Frequent Explanation for Late Payment, 2004-2009

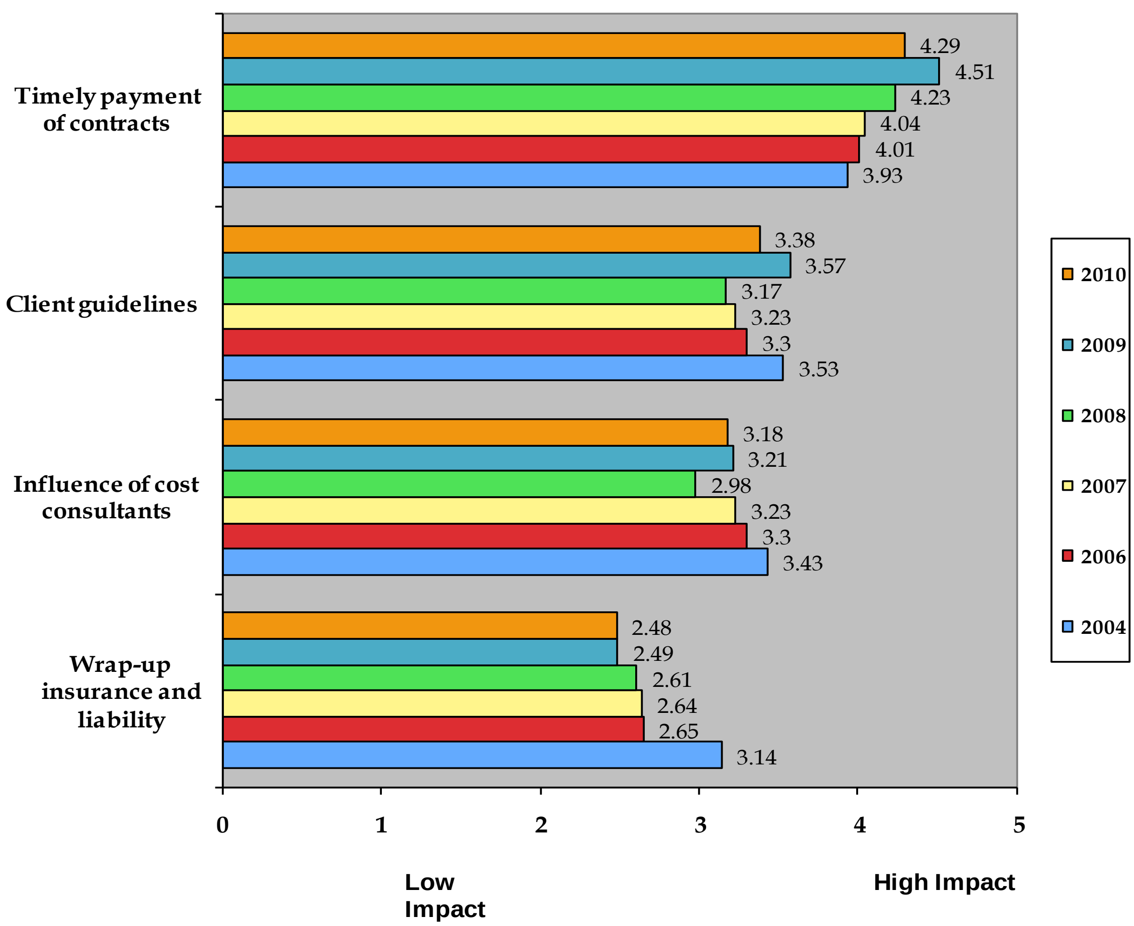
	% 2004	% 2005	% 2006	% 2007	% 2008	% 2009
Client has not paid agency yet	81	82	74	79	84	82
Agency billing procedures do not permit timely payment	12	12	12	11	10	8
Other	1	2	6	9	7	10
Not sure	12	4	8	1	0	0

Larger companies are somewhat more likely than smaller companies to be told that payment delays are caused by the client not paying the agency. Smaller companies are slightly more likely than larger companies to attribute payment delays to agency billing procedures. Both of these findings continue trends in payment delays recorded in previous years.

FACTORS INFLUENCING FINANCIAL HEALTH OF MEMBER COMPANIES

We asked members to rate on a five-point scale the possible impact of various factors on the financial health of their company. A response of 1 indicated they felt the factor had a very low impact on their company, and a response of 5 indicated they felt it had a very high impact. In Figure 9, we show the mean score response to each factor, with higher numbers indicating a greater impact.

Figure 9: Impact on Financial Health of Company (Mean Score Rating) 2004, 2006, and 2007- 2010



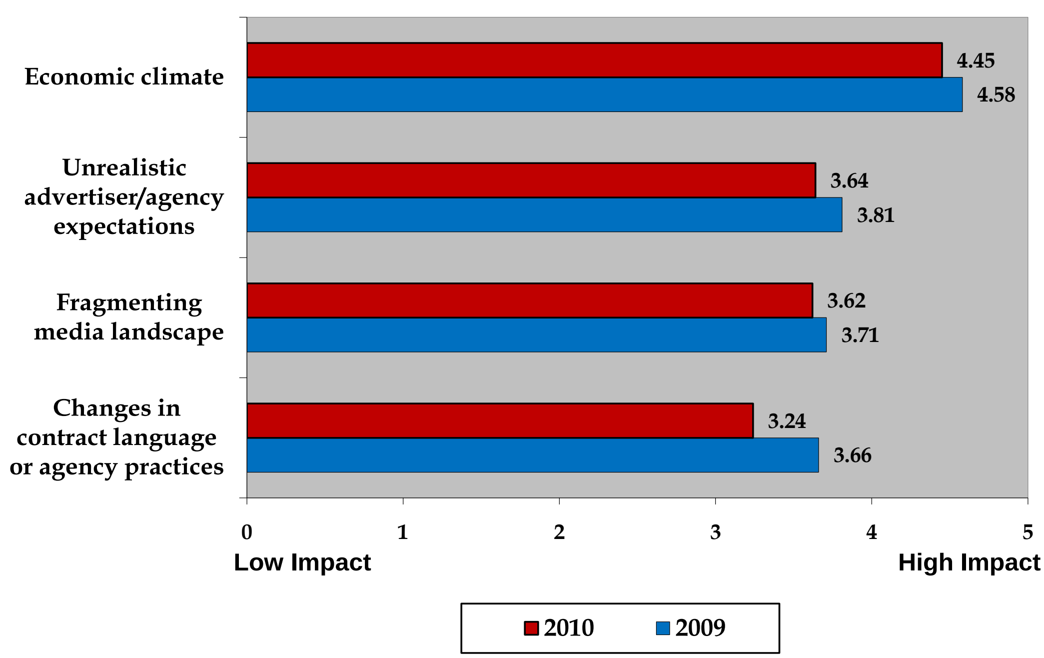
The most important factor remains timely payment of agency contracts, with 80% who gave a 4 or 5 rating. The factor rated as least important was wrap-up insurance and liability issues, with just 16% who rated it as important.

As illustrated in Figure 9, responses in the 2010 survey are similar to those in previous years, although the timely payment of contracts seemed an even more pressing issue for respondents in this year's survey.

- Members from larger companies (based on live action expenditure totals) are more likely to say that cost consultants and timely payment of contracts have a high impact on the health of their company.

Further, in the 2010 survey, we continued another battery of items we began in 2009 to assess other economic and industry factors that may have impacted the business of member companies. As Figure 10 highlights, members rated the economic climate as the factor with the most influence on the health of their businesses last year, with 85% of members rating it as high impact. Members rated the other three factors very similarly and far below the impact of the economic climate. These results were consistent across companies regardless of size, expenditure levels or location of main office and illustrated a similar pattern to that reported for these factors in the 2009 survey.

Figure 10: Rate The Impact Of The Following Factors On The Health Of Your Business



PAYMENT GUIDELINES

Once again this year, we asked members whether their payments from clients were meeting the recommended guidelines of 75% upfront and a final payment of 25%. On average, 36% of members said their payments were meeting these guidelines for jobs shot in the U.S. in 2009, an increase over the proportion (26%) saying payments met these guidelines in 2007. In fact, as shown in Table 13, less than 1 in 4 members (23%) reported that none of their clients were meeting these guidelines for jobs shot in the U.S. in 2009. For jobs shot outside of the U.S., 46% said that their jobs shot outside the U.S. met the payment guidelines in 2009, while 35% of those shooting abroad reported that none (0%) of these jobs met the 75%/25% guidelines.

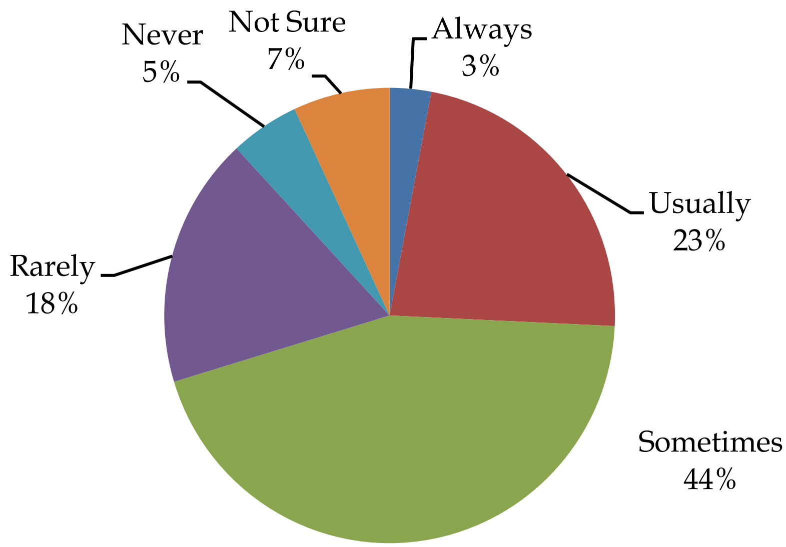
Table 13: % of Payments Meeting Recommended Guidelines: 2006-2009

	% 2006 U.S.	% 2006 Abroad	% 2007 U.S.	% 2007 Abroad	% 2008 U.S.	%2008 Abroad	% 2009 U.S.	%2009 Abroad
Mean	15	29	27	46	32	41	37	46
Median	0	0	15	50	25	15	31	50
0%	62	53	34	27	21	42	17	35
1%-24%	18	7	21	14	28	11	23	9
25%-69%	10	18	30	19	37	8	43	15
70%+	10	22	15	40	14	38	17	42

CONTRACTS

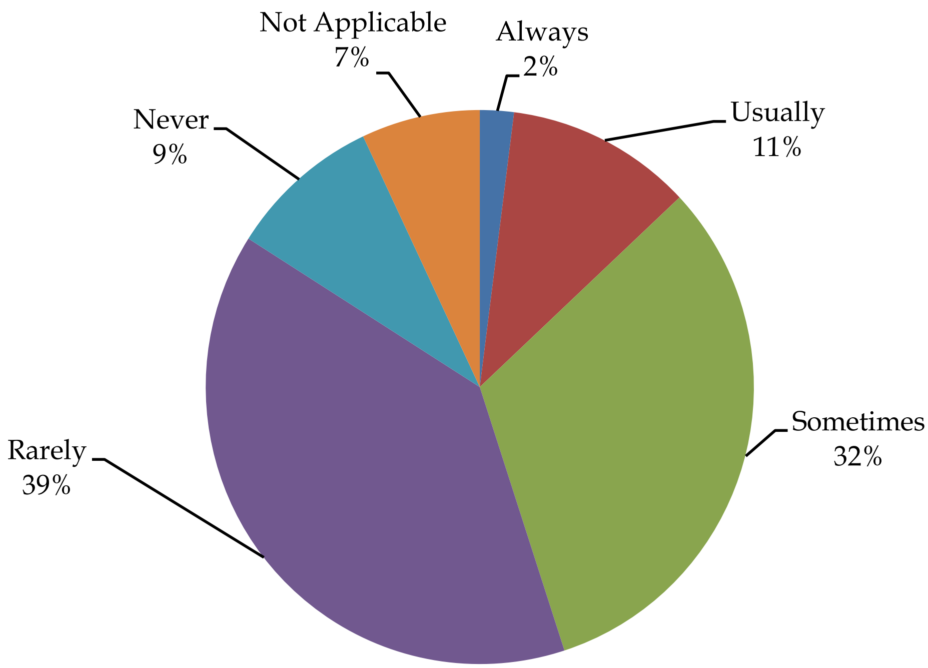
In the 2010 survey, we asked members how often they are required by clients or agencies to agree to contract terms prior to bidding a job. As Figure 11 illustrates, such agreements are required *"always"* or *"usually"* 26% of the time, and are *"rarely"* or *"never"* required 23% of the time.

Figure 11: How Often Do Agencies Or Clients Require You To Agree To Contract Terms Prior To Bidding A Job?



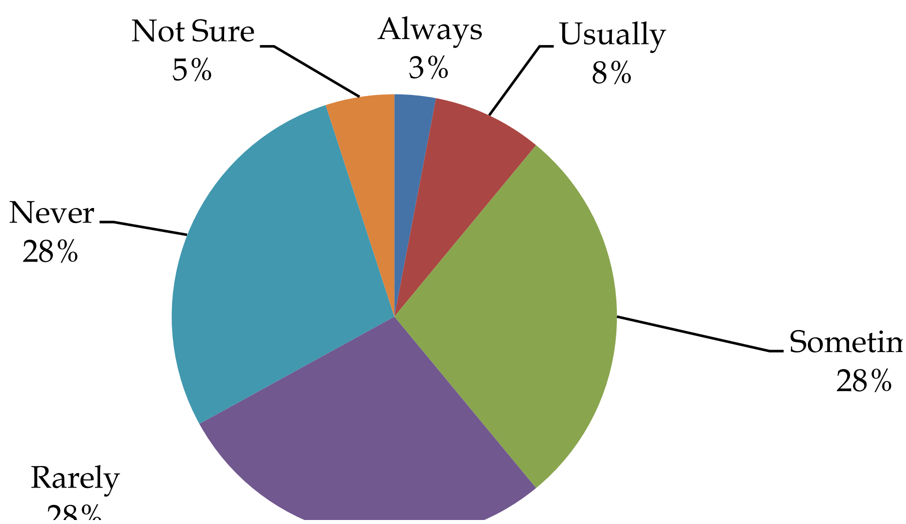
In a follow up question, we asked those who said they are required to agree to contract terms prior to bidding a job (i.e. we excluded those who said they are *"never"* asked to agree to terms prior to bidding) how often they are able to amend the language of the contract in the instance of a disagreement with its terms. As Figure 12 highlights, only a small percentage of respondents said they were "*always*" (2%) or "*usually*" (11%) able to amend contract language. In contrast, nearly half (48%) of respondents said they "*rarely*" or "*never*" were allowed to amend contract language.

Figure 12: How Often Are You Able to Amend the Language of the Contract in the Instance of a Disagreement with its Terms?



We also asked those members how often they are able to amend the contract once the job is awarded. Only about one in ten said changes could *"always"* (3%) or *"usually"* (8%) be made after contract awarding and 56% said this happens *"rarely"* or *"never."*

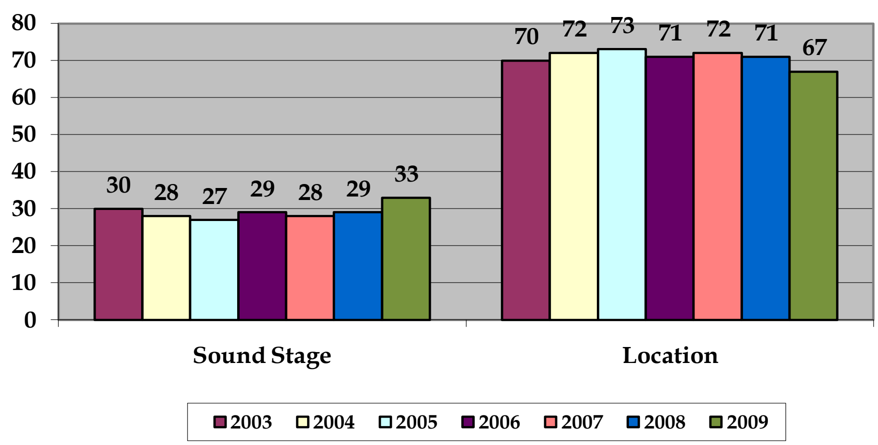
Figure 13: How Often Are You Able to Amend the Contract Terms Once The Job Is Awarded?



SOUND STAGE OR ON LOCATION?

Most shoot days -- 67% on average -- are conducted on location, with the balance conducted on stages. As Figure 14 illustrates, these figures are generally stable since 2003. However, this year location-based shooting did decline slightly with a concurrent rise in sound stage shooting.

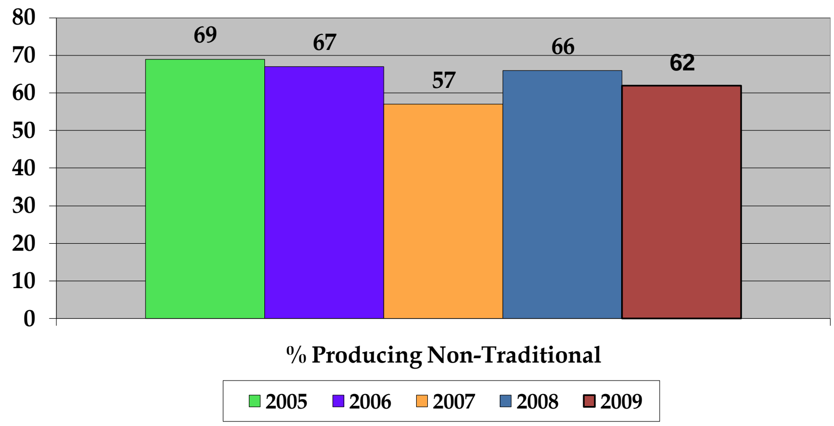
Figure 14: Mean % on Sound Stage or Location (2003-2009)



NON-TRADITIONAL PROJECTS

A large majority (62%) of AICP members produced non-traditional, advertising-related projects outside of the traditional broadcast television commercial in 2009. This figure is similar to that recorded in previous years, although it declined slightly from the proportion of members producing non-traditional projects in 2008 (66%).

Figure 15: Percentage of Members Producing Any Non-Traditional Advertising-Related Projects, 2005-2009



- Companies completing more than the median (20) number of projects in 2009, were much more likely (74%) to have produced non-traditional projects than were companies that completed fewer projects (51%).

Once again, we found that the most common format for these non-traditional advertising-related projects was an internet or broadband viral, followed by original content. Table 14 details the distribution of these non-traditional projects across various formats which has remained fairly stable over the three years we have asked members to classify their non-traditional project formats.

Table 14: Format for Non-Traditional Projects: 2006 - 2009

	2006 % (N = 56)	2007 % (N = 104)	2008 % (N = 68)	2009 % (N = 63)
Internet/broadband virals	49	49	63	62
Original content (branded entertainment)	21	24	15	10
Mobile contact (cell phones, Ipods)	10	10	5	4
Podcasts	6	5	**	**
Experiential marketing	***	***	7	7
In-game advertising (video games)	3	2	0	1
Other (banner ads, music video, print ads, industrials, etc.)	12	10	9	15

***The Podcasts category was not included in the 2009and 2010 surveys*
****The Experiential marketing category was not included in the 2007 and 2008 surveys*

SOURCE OF CLIENT OR IDEA FOR NON-TRADITIONAL PROJECTS

As shown in Table 15, ad agencies are most frequently the client in these projects, as are advertisers directly. These figures are fairly consistent with those we found from 2006 through 2009.

Table 15: Who Is the Direct Client in Non-Traditional Projects? 2006 – 2009

	% 2006 (N = 56)	% 2007 (N = 104)	% 2008 (N = 72)	% 2009 (N = 68)	% 2010 (N = 63)
Ad agency	73	75	74	84	82
Advertiser	59	45	47	81	77
Branded entertainment specialist	18	9	19	43	54
Other (corporations, network, etc.)	5	8	8	9	9

**Exceeds 100% as multiple responses permitted*

We then asked members where the concept for their non-traditional advertising projects is generated. As seen in Table 16, ad agencies were the source for most of the concepts generated, followed by the member's company. The relative rankings of concept sources for these non-traditional projects has remained fairly consistent over the five years we have been asking members this question.

Table 16: Where are Concepts for Non-Traditional Ads Generated? Mean Scores for 2006 - 2010

	2006 (N = 56)	2007 (N = 104)	2008 (N = 72)	2009 (N = 68)	2010 (N = 63)
Ad agency	3.4	3.67	3.48	3.56	3.57
Your company	2.8	2.54	3.00	2.87	2.82
Advertiser	2.4	2.27	2.35	2.77	2.50
Branded entertainment specialist	2.0	2.01	2.20	2.38	2.59

PROPORTION OF BUSINESS FROM NON-TRADITIONAL PROJECTS

Among members who do non-traditional advertising projects, the mean proportion of billings from non-traditional projects is 23%, with a median of 15%. This is fairly comparable to the mean and median percentages for this item in past surveys although both figures declined slightly from those recorded for 2008. Further, now more than one quarter (30%) say this type of advertising comprises more than a quarter of their billings. (See Table 17).

Table 17: Proportion of Current Billings or Current Business* from Non-Traditional Advertising (Excludes Those Not Doing Any Non-Traditional Projects) 2006 – 2009

	2006 % (N = 155)	2007 % (N = 126)	2008 % (N = 103)	2009 % (N = 101)
Mean	15	18	24	23
Median	10	10	20	15
0%-5%	38	36	29	33
6%-10%	23	20	12	17
11%-25%	20	24	31	21
26%-50%	16	14	16	19
51%+	4	7	13	11
Not Sure	4	0	0	0

***In 2006 and 2008, members were asked "What percentage of their company's business (i.e., time and effort) is made up of non-traditional advertising-related projects?" In 2007, members were asked the same question with the exception of the substitution of the word "billings" for business.*

Members do think that these non-traditional projects will comprise a growing share of their work. Members estimate that in 3 years, on average such projects will comprise 37% of their work. This includes estimates from those who do not currently handle non-traditional projects. These findings are fairly similar to the three year projections members recorded in the 2008 and the 2009 surveys.

Table 18: Proportion of Expected Business in 3 Years from Non-Traditional Advertising, 2006-2009

	% 2006 (N = 82)	% 2007 (N = 155)	% 2008 (N = 103)	% 2009 (N = 101)
Mean	30	38	40	37
Median	30	35	35	35
0%	6	4	4	8
1-5%	6	3	4	5
6-10%	11	7	8	5
11-25%	26	28	19	26
26-50%	42	37	41	37
51+%	9	22	24	20

NON-TRADITIONAL PROJECT CONTRACTS

As noted previously, ad agencies tend to be the client and the source of concepts for non-traditional projects. Ad agencies and member companies are also the entities most likely to generate the contract for such projects, as seen in Table 19. Distinct from past years, members reported in 2009 that their own companies were the most likely source of the contracts for these non-traditional projects, a shift from the ad agency as primary source for the preceding years.

Table 19: Source of Contract for Non-Traditional Projects: 2006-2009

	% 2006	% 2007	% 2008	% 2009
Ad agency	49	42	39	37
Your company	33	38	37	42
Advertiser	12	14	15	14
Branded entertainment specialist	5	2	6	7
Other	1	4	3	0

We followed-up on this question for those who said that at least some of their contracts for non-traditional projects come from advertising agencies. We asked them to rate how frequently they get various types of contracts from ad agencies. As shown in Table 20, the traditional agency broadcast agreement is still most frequently used. In fact, 41% rated this type of contract as a 4 or 5, where 5 meant they always use these types of contracts. Members also used traditional commercial agreements amended for the particular project nearly as often as the traditional agreements without amendments.

Table 20: How Often Do You Receive Each Type of Contract from Ad Agency for Non-Traditional Project: 2007-2010 (1-5 Scale)

	2007 Mean Score	2008 Mean Score	2009 Mean Score	2010 Mean Score
Traditional agency broadcast/commercial agreement	3.11	2.92	3.21	3.11
Traditional agency broadcast/commercial agreement amended specifically for this project	2.70	2.94	3.19	2.86
An AICP.next agreement	***	1.74	1.98	1.85
Other non-traditional media agreement	2.01	1.90	1.96	2.02

****Not asked in 2007*

We also asked those who produce non-traditional projects how often they provide different types of bid forms. As shown in Table 21, the standard AICP bid form and bid letters are most often used by members. Only 10% rated the use of AICP spec sheets with a 4 or 5, and just 15% rated the use of AICP short forms with a 4 or 5, suggesting that both of these types of forms are used infrequently.

Table 21: How Often Do You Provide the Following Documents when Producing Non-Traditional Advertising-Related Projects? 2006-2010 (1-5 Scale)

	2007 Mean Score	2008 Mean Score	2009 Mean Score	2010 Mean Score
Standard AICP bid form	4.02	3.92	4.05	3.95
Bid letter	3.69	4.00	4.05	3.87
Other	1.58	2.52	4.00	3.57
AICP spec sheet	1.48	1.67	1.63	1.80
AICP short form	1.38	1.49	1.46	1.86

MEANS OF COMPENSATION FOR NON-TRADITIONAL PROJECTS

We asked members to rate how often they get compensated in each of five ways for non-traditional projects. As shown in

Table 22, the most common form of compensation for non-traditional projects is being paid a percentage of the production costs. Fifty-six percent rated the frequency of being paid this way with a 4 or 5. The next most common way of getting paid is a combination of production costs and creative fees, with 34% rating the frequency of being paid this way with a 4 or 5.

Table 22: How Often Do You Get Compensated in Each Way for Non-Traditional Projects (1-5 Scale) 2007-2010

	2007 Mean Score	2008 Mean Score	2009 Mean Score	2010 Mean Score
% of production costs	3.74	3.56	3.68	3.63
% of production costs + creative fee	2.61	2.65	2.82	2.98
Creative fee only	2.19	2.43	2.66	2.55
Licensing fee + retention of ownership of materials	1.38	1.33	1.34	1.28
Other	1.10	2.00	3.00	2.00

LOCATION OF MAIN OFFICE

We asked members to share with us the location of their main office. As highlighted in Table 23, 48% of the members who responded to the survey were located in California, and 75% were located in California or New York. The distribution of member companies has varied slightly over time, although the mix of companies by office location in the 2010 survey is closer to that found in most past surveys, excepting the 2008 survey which included more California-based companies.

Table 23: Location of Main Office

	% 2004	% 2006	% 2007	% 2008	% 2009	% 2010
California	44	44	50	54	46	48
New York	23	26	20	18	19	27
Minnesota	3	1	3	2	3	3
Illinois	6	1	5	6	7	4
Texas	5	4	3	3	4	1
Florida	3	5	3	3	3	5
Georgia	3	5	3	3	3	3
Other	12	14	16	13	16	10