

# ADMA agrees on shorter ad payment terms as crisis worsens

By [Dumisani Ndelela](#)

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The Zimbabwe Advertising Media Association (ADMA) has abandoned its 30-day payment system for new payment terms for newspaper advertisements as inflation continues to escalate in the crisis-torn economy. A statement issued by the ADMA chairman, Pilate Machadu, said a meeting of the ADMA executive committee held on July 1, 2008 had unanimously agreed to reduce the payment period.

ADMA groups the country's media houses and grants recognition to advertising practitioners in the advertising placing business in Zimbabwe.

Advertising agencies will have to settle their accounts with newspapers in cash or adjust to seven-day accounts from date of publication of an advertisement. All direct customers have been placed on cash terms. The new payment terms will become effective on July 14, 2008.

"This is as a result of the hyperinflationary environment we are operating under, where all payments are now on a cash basis. Media houses do not enjoy credit terms for any services or input costs and suppliers demand cash payments as a result of the galloping inflation," Machadu said.

"Continuing with the old 30-day payment system would severely threaten the continued existence of the media houses. Most players in the economy now realise that long-term credit terms are simply untenable," he said.

Advertising agencies will still earn 16,5% commission on both cash and seven-day term options but agencies that fail to pay within the seven-day framework would lose their commission and the debt would be recalculated at the prevailing advertising rates.

"The media will provide invoices together with tear sheets immediately after advertisements have been flighted," Machadu said.

The last time ADMA agreed with advertising agencies to lower the payment period was in May 2003, when it reduced the 45-day payment system, which it said had "severely threatened the continued existence of media houses," to a 15-day payment term, although this failed to materialise. However, ADMA subsequently amended its by-laws to reduce the payment terms to the current 30-day system.

Advertising rates have been going up weekly due to escalating inflation. ADMA started negotiating for the current reduction

in payments terms as late as October last year when inflation was then at around 8,000%. Inflation is now officially said to be above 9,000,000%, although there has been a blackout from the Central Statistical Office which releases the inflation rates.

Speaking at a meeting of advertising gurus last year, Machadu said: "Thirty days against cash payments to our major suppliers of inputs, for instance, newsprint, plates, inks, etc. This is something we're working on to come up with realistic payment terms that will enable the media to survive and at the same time enabling advertisers to continue advertising."

## ABOUT DUMISANI NDLELA

Dumisani Ndlela is a Zimbabwean journalist specialising in business and financial reporting, with experience reporting on commodities, stock and financial markets, advertising, marketing and the media. He has previously reported from a number of regional countries as well as from the UK and Germany on commodities and regional integration. He can be contacted on [dndlela@yahoo.co.uk](mailto:dndlela@yahoo.co.uk).

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