

Advertising Association: Response to the Migration Advisory Committee call for evidence

About the Advertising Association

1. The Advertising Association promotes the role, rights and responsibilities of advertising and its impact on individuals, the economy and society. We bring together companies that advertise, their agencies, the media and relevant trade associations to combine strengths and seek consensus on the issues that affect them. We develop and communicate industry positions for politicians and opinion-formers, as well as publish industry research through advertising's think-tank, Credos, including the *Advertising Pays* series which has quantified the advertising industry's contribution to the economy, culture, jobs and society.

Why the advertising industry matters

2. *Advertising drives economic growth, competitiveness and jobs:*

Advertising is a driver of economic growth and competition. Every pound spent on advertising returns £6 to GDP. Advertising spend will be over £21 billion this year and this results in over £120bn to GDP, supporting 1 million jobs across the UK. This is equivalent to 3.2% of overall nationwide employment.¹ The UK is the largest exporter of advertising services in Europe, at £4.3 billion per annum.²

3. *Advertising is a bellwether for the wider economy*

Advertising forecasts are important not just for advertising and media industry sectors but because they can give an indication of future economic trends. Advertiser confidence can be fragile when there is political and economic uncertainty, and UK adspend forecasts have softened in light of the vote to leave the EU. We are now predicting 2.6% total growth in 2018, compared to the 3.3% growth we were forecasting in April 2017.

4. *Advertising funds the media, arts and creative industries:*

Advertising is the third largest creative industry in terms of GVA³, and also funds culture and the other creative industry sectors, from TV and publishing to the arts, through advertising and sponsorship.⁴

¹ <http://www.adassoc.org.uk/news/adspend-growth-holds-firm-in-quarter-after-brexit-vote/>

² [Advertising Pays 6: World class talent, world class advertising, 2017](#)

³ <https://www.gov.uk/government/statistics/dcms-sectors-economic-estimates-2016>

⁴ [Advertising Pays 3, produced by Credos/Deloitte for the Advertising Association in 2013](#)

EEA migration trends

EEA and non-EEA workers in advertising and marketing communications

Advertising Association research

5. According to Deloitte research carried out on behalf of the Advertising Association, the one million jobs supported by advertising can be broken down as follows:
 - 350,000 jobs in advertising and the in-house (brands) production of advertising
 - 76,000 jobs in the media sectors supported by revenue from advertising
 - 560,000 jobs supported by the advertising industry across the wider economy⁵
6. The Advertising Association's *Advertising Pays 6: World Class Talent, World Class Advertising* report was published in October 2017. Through unique access to LinkedIn's member data, the report identified that 328,000 people in the UK work in the marketing and advertising sector, which aligns closely with the 350,000 calculated by Deloitte.⁶
7. Advertising Pays 6 shows that more than half (53%) of all new arrivals to London's advertising and marketing workforce is from overseas. Around 2.5% of the current advertising and marketing workforce in London has migrated from abroad during the last 12 months, which is a higher proportion than in Amsterdam and Paris, and almost three times the figure for New York.
8. More than a third (37%) of workers in advertising and marketing who have come to London during the last 12 months have arrived from EU countries. More workers came to London from France than any other country in the EU (8% of all new arrivals). However, the largest contingents of international workers arriving from individual countries were from the United States (15%) and Australia (12%).
9. Of all new arrivals to the UK employed in advertising and marketing, 29% are working outside London.
10. A cross-industry survey carried out by the Advertising Association and its members in November 2016 and June 2017⁷ ('AA Brexit survey') provided indicative data which shows that:
 - 69% of businesses across the advertising and marketing communications sector employ people from outside the UK
 - Within this 69% of businesses, on average, 17% of the workforce is from the EU and 10% from outside the EU.

⁵ [Advertising Pays 6: World class talent, world class advertising](#)

⁶ In July 2017 LinkedIn created a pool from its 23 million UK members for analysis, which satisfied the following criteria:

- Members who indicated that they were located in a particular region of the UK; and
- Members who indicated that they were currently employed at a company classified as being in the 'marketing and advertising' industry; and/or
- Members who indicated that they were employed in a current role with a job title from the occupational group 'advertising specialist'; and/or
- Members who indicated that their work title included one of the following words – 'advertising', 'brand' or 'media'

⁷ The survey was completed by over 100 companies. Respondents were members of the following organisations: Advertising Association, Chartered Institute of Marketing, Professional Publishers Association, Market Research Society, Institute of Direct and Digital Marketing, Direct Marketing Association, ISBA – the voice of British advertisers, Institute of Promotional Marketing, Internet Advertising Bureau and Institute of Practitioners in Advertising.

11. A number of case studies were included in Advertising Pays 6 which show the proportion of non-UK workers in their business:
 - MediaCom: 21% of the UK workforce is non-British, two thirds of these from EU countries
 - Dentsu Aegis Network: 15-20% of their UK and Irish workforce is non-British⁸
12. The UK market has also provided more workers to the advertising industry in the other global hubs analysed in Advertising Pays 6 (Amsterdam, New York, Paris and Sydney). More than a third of recent arrivals to Sydney are from UK companies (35% of arrivals), who also provide 20% of recent arrivals to Amsterdam, and 17% to both New York and Paris.

ONS Labour Force Survey

13. Data extracted from the ONS Labour Force Survey (2016) by the Creative Industries Technical Working Group suggests that around 4% of the workforce in the advertising and marketing sector is from the EU and just 3% from the rest of world.
14. However, this figure does not include those employed in client-side marketing roles. It also dilutes the impact of international employees in high-end advertising, which employs the biggest proportion of international workers and adds the greatest value to the economy. In addition, this analysis covers a broad definition of 'advertising and marketing', incorporating PR and communications.
15. The Advertising Association undertook analysis of the Labour Force Survey based on a narrower definition of advertising and marketing, excluding PR and communications, which suggests that the proportion of non-British workers is significantly higher both in the advertising and marketing industry (fig.1) and in advertising and marketing occupations including client side (fig.2).
16. Fig.1 shows there are a total of approximately 155,000 people working in advertising and marketing⁹, of which around 27,000 people (18%) were born outside the UK. EU/Single market nationals make up 57% of that total, equating to around 10% of the overall workforce.¹⁰
17. Fig.2 shows the main occupational groups by country of origin. It indicates that there were around 285,000 people working in related occupations in 2016. Of those around 20,000 were born in EU/Single Market countries (equating to 7% of the overall workforce in the named occupations).

Occupations for migrant workers

18. The AA Brexit survey indicates that the roles most commonly recruited from outside the UK are for IT (16%), creatives/designers (15%) and management (13%) positions (fig.3).
19. Analysis of LinkedIn data as part of Advertising Pays 6 also shows the top occupations of workers coming to the UK (January 2016 – January 2017) in the advertising and marketing sector. Key roles include 'marketing specialist', 'business strategist' and 'software developer'. While these figures do not refer to nationality (i.e. this could include British people), they are a strong indicator of talent flows across the sector.

⁸ [Advertising Pays 6: World class talent, world class advertising](#)

⁹ Including SIC codes 73.11 and 73.12 as defined by Deloitte in [Advertising Pays 1: How advertising fuels the UK economy](#)

¹⁰ Please note that some jobs included in fig.1 will also be counted in fig.2

Future trends and possible impact of restrictions

20. The AA Brexit survey shows that four in ten businesses (42%) send individuals from the UK to other EU countries to deliver services on a temporary basis (e.g. fly in fly out). Of those businesses, 91% stated that it was an important form of service delivery. UK businesses must continue to be able to send individuals to other countries to work on a temporary or short-term basis.
21. According to DCMS creative industries figures, around a quarter of people in advertising work on a self-employed or freelance basis. Businesses in the sector often need to hire people quickly, and need talented workers who can bring their local expertise and skills to projects. It is essential that EU nationals can continue to find work in the UK on this basis.
22. The June 2017 edition of the AA Brexit survey showed that 74% of businesses are worried about retaining EU workers. This showed an increase from 63% in November 2016.

The impact of an international workforce

Advantages of an international workforce

23. The UK exported £4.3 billion in advertising services in 2015, second only to the US. Advertising and marketing are 1.2% of all UK service exports, and 61% of advertising's exports are to Europe.
24. UK advertising is a world leader in part thanks to the wealth of talent we attract from all across the globe. International clients pick UK-based agencies, research and production companies over others because the UK offers a pool of talent which provides a wide range of skills, and perhaps most importantly, the necessary linguistic ability and cultural awareness to handle global clients. This creates a multiplier effect that enables advertising businesses, which win business on the strength of their culturally diverse teams, to generate more jobs for the UK economy.
25. There is a 'virtuous circle' of businesses across the wider creative industries that benefit from each other's proximity. The UK is a world-renowned international hub for global media companies carrying advertising, and a number of UK news publishers rank among the top 10 news websites in the world. These industries also benefit from a high proportion of skilled international workers; for example, 15% of staff across the Commercial Broadcasters' Association's membership are from the EU, while 7% are from other non-EU countries.
26. A continued flow of highly skilled people is necessary for us to maintain our edge not only as one of the world's leading exporters of advertising but also as a global hub for media and the creative industries. EU cities such as Amsterdam are already pushing to attract business and employees from the UK.
27. The Advertising Association supports a flexible system that keeps the UK as an attractive place for exceptional people to grow their careers. The Tier 2 visa system is burdensome, expensive (the immigration skills charge places financial strain on businesses) and time-consuming for creative businesses that often need to hire people on a tight schedule. If the Tier 2 system was replicated for the EU then this would drastically reduce the attractiveness of the UK to young professionals wanting a career in advertising or the wider creative industries.

28. Failing to implement a flexible system that enables advertising and creative businesses to employ talented workers could also result in businesses or departments relocating to other regions, jeopardising the UK's position as a leading creative and media hub.

Recruitment practices and skills

29. Free movement enables EEA migrants to come to the UK to find a job in the advertising and marketing communications sector. Creative businesses benefit from the specialist expertise and experience relating to international markets that cannot be acquired through training. Employers should also be able to bring in EEA migrants for roles that do not meet the current minimum salary requirement.
30. Industry also supports the development of domestic talent. Trade bodies and companies provide high quality training programmes for people working in and those yet to start working in advertising and marketing communications. Qualifications provided by e.g. the Institute of Practitioners in Advertising, the Market Research Society and the Marketing Academy are internationally respected. Specialist advertising apprenticeships run by the industry are now commonplace, such as the Creative Pioneers scheme.
31. The industry has programmes in co-operation with universities already, as well as programmes to attract graduates to the industry. For example, the Chartered Institute for Marketing has accredited courses, such as a 3-year marketing course at the University of Hertfordshire. Framstore and the Arts University Bournemouth have partnered to create a studio staffed by recent graduates who are trained to undertake work for the wider company.
32. The IPA AdMission microsite provides guidance to undergraduates on entry opportunities to the industry; and information on the industry's Advertising Unlocked Open Day (29 September) and Apprenticeship programme, Creative Pioneers. In 2017/18 the IPA expects to help deliver over 500 apprenticeships in the advertising, creative and digital media sector.
33. Businesses across the wider advertising ecosystem also support the development of domestic talent in the creative industries, through for example training programmes provided by media owners.
34. Closer relationships between the industry and university/college marketing courses should be encouraged so that we foster the right skill-sets and combine practical knowledge with academic knowledge. It is well known that universities feed talent to local businesses (e.g. Cambridge Science Park) and encouraging close ties between local advertising and media businesses will help create talent hot spots in the regions and Nations, as well as in London.

27 October 2017

Annex:

FIGURE 1: Industry class in main job grouped by country of birth

| | 73.11 Advertising agencies | | 73.12 Media representation | | Total | |
|--------------------------|----------------------------|-----|----------------------------|-----|---------|-----|
| | Count | % | Count | % | Count | % |
| UK | 93,867 | 84% | 34,158 | 78% | 128,025 | 82% |
| EU/Single Market | 8,924 | 8% | 6,457 | 15% | 15,381 | 10% |
| Rest of the World | 8,846 | 8% | 2,993 | 7% | 11,839 | 8% |
| Total | 111,637 | | 43,608 | | 155,245 | |

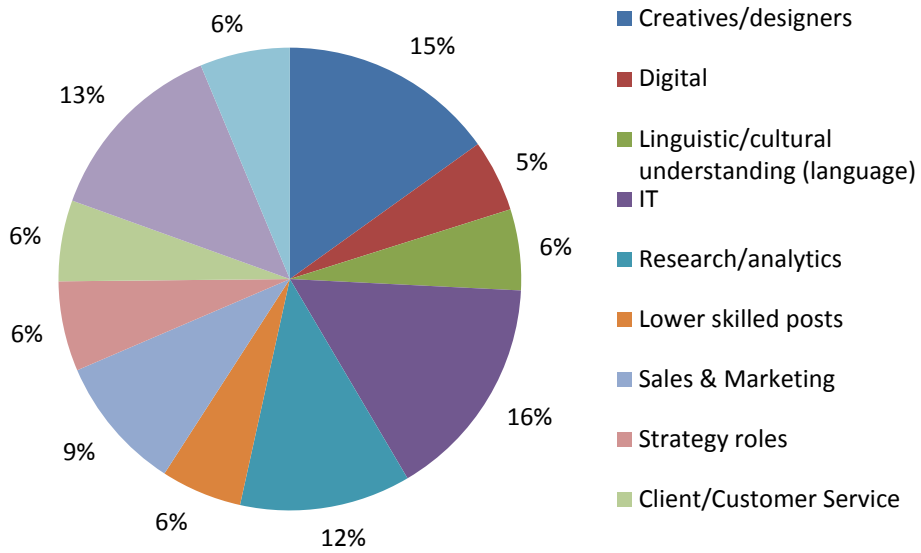
Source: Quarterly Labour Force Survey, July - September, 2016

FIGURE 2: Standard occupation group (SOC) by country of birth

| | 1134 'Advertising and public relations directors' | 2472 'Public relations professionals' | 2473 'Advertising accounts managers and creative directors' | 3543 'Marketing associate professionals' | Total | Total % |
|--------------------------|---|---------------------------------------|---|--|---------|---------|
| UK | 32,277 | 39,741 | 28,032 | 141,477 | 241,527 | 85% |
| EU/Single Market | 2,625 | 3,465 | 4,105 | 9,429 | 19,624 | 7% |
| Rest of the World | 5,319 | 814 | 1,571 | 16,757 | 24,461 | 9% |
| Total | 40,221 | 44,020 | 33,708 | 167,663 | 285,612 | |

Source: Quarterly Labour Force Survey, July - September, 2016

FIGURE 3: The roles most commonly recruited from outside the UK:



Source: AA Brexit survey